REFERENCE DOCUMENT

including
the Annual
Financial Report

2014

Lagardère

Profile

The Lagardère group is a global leader in content production whose powerful brands leverage its virtual and physical networks to attract and enjoy qualified audiences.

The Group's business model relies on creating a lasting and exclusive relationship between the content it offers and its customers.

It is structured around four business lines:

- Books and e-Books: Lagardère Publishing
- Travel Retail and Distribution: Lagardère Services
- Press, Audiovisual (Radio, Television, Audiovisual Production), Digital and Advertising Sales Brokerage: Lagardère Active
- Sports (Marketing, Media, Consulting, Athletes) and Entertainment (Shows, Venues, Artists): Lagardère Unlimited

REFERENCE DOCUMENT

including the Annual Financial Report

2014

Lagardère SCA

French partnership limited by shares (*société en commandite par actions*)
with share capital of €799,913,044.60 divided into 131,133,286 shares with a par value of €6.10.

Registered office: 4 rue de Presbourg - 75116 Paris - France

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

Lagardère is registered with the Paris Trade and Companies Registry
(*Registre du commerce et des sociétés*) under number 320 366 446

Corporate website: www.lagardere.com

The original version of this Reference Document (*Document de référence*) in French was filed with the French financial markets authority (*Autorité des Marchés Financiers* – AMF) on 1 April 2015 in accordance with article 212-13 of the AMF's General Regulations. It may be used in connection with a financial transaction if supplemented by an information notice approved by the AMF. This document has been prepared by the Company under the responsibility of the persons who signed the French original *Document de référence*.

CONTENTS

Items appearing in the Annual Financial Report are cross-referenced with the following symbol AFR

The Annual Financial Report prepared in accordance with article L.451-1-2 of the French Financial and Monetary Code (*Code monétaire et financier*) and article 222-3 of the General Regulations of the French financial markets authority (*Autorité des Marchés Financiers* – AMF) comprises the information, documents and reports listed below, which are presented in the chapters, sections and pages indicated of the accompanying Reference Document.

1

PERSONS RESPONSIBLE FOR THE REFERENCE DOCUMENT AND STATUTORY AUDITORS

Items appearing in the Annual Financial Report are cross-referenced with the following symbol AFR

1.1 PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THE REFERENCE DOCUMENT AFR

MANAGING PARTNERS

- Arnaud Lagardère,
- Arjil Commanditée-Arco, represented by:
  - Arnaud Lagardère, Chairman and Chief Executive Officer;
  - Pierre Leroy, Deputy Chairman and Chief Operating Officer;
  - Dominique D'Hinnin, Chief Operating Officer;
  - Thierry Funck-Brentano, Chief Operating Officer.

1.2 DECLARATION BY THE PERSONS RESPONSIBLE FOR THE REFERENCE DOCUMENT AFR

DECLARATION BY THE MANAGING PARTNERS

"We hereby declare, having taken all reasonable care to ensure that such is the case, that the information set out in this Reference Document is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

We further declare that to the best of our knowledge, the financial statements have been prepared in compliance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and all the entities included in the consolidation, and that the accompanying management report (Chapter 3, pages 9 to 16; Chapter 4, pages 17 to 21; Chapter 5, pages 23 to 83; Chapter 6, section 6.1, pages 86 to 87; Chapter 6, section 6.2, pages 88 to 92; Chapter 7, pages 195 to 249; Chapter 8, pages 251 to 265; Chapter 9, pages 267 to 268) provides a fair view of the business, results of operations and financial position of the Company and all the entities included in the consolidation, together with a description of the main risks and uncertainties to which they are exposed.

We have obtained a letter from the Statutory Auditors issued upon completion of their engagement, confirming that they have read the Reference Document in its entirety and verified the information contained therein relating to the Group's financial position and the financial statements.

The Statutory Auditors' report on the consolidated financial statements for the year ended 31 December 2014, presented on page 193 of this Reference Document, contains an observation concerning note 10 to the consolidated financial statements related to the intangible assets of Lagardère Unlimited and the LeGuide group.

We remind you that:

- *the Statutory Auditors' report on the consolidated financial statements for the year ended 31 December 2013, presented on page 195 of the 2013 Reference Document, contained an observation concerning note 10 to the consolidated financial statements, which presented the assumptions used for impairment tests carried out on goodwill and other intangible assets, relating in particular to Lagardère Unlimited.*
- *the Statutory Auditors' report on the consolidated financial statements for the year ended 31 December 2012, presented on page 197 of the 2012 Reference Document, contained two observations:*
  - *one concerning note 10 to the consolidated financial statements with respect to impairment losses on goodwill and other intangible assets, relating in particular to Lagardère Limited and Lagardère Active;*
  - *the other concerning note 19 to the consolidated financial statements, which presented the accounting treatment applied at 31 December 2012 for the investment in Canal+ France."*

Paris, 31 March 2015

Arnaud Lagardère **For Arjil Commanditée-Arco**

Arnaud Lagardère Pierre Leroy

1.3 DETAILS OF THE STATUTORY AUDITORS AFR

	First appointed	End of current term of office
Principal Statutory Auditors		
Ernst & Young et Autres represented by Jeanne Boillet Tour First - 1 place des Saisons - 92037 Paris-La Défense Member of the Versailles Regional Institute	29 June 1987	2017
Mazars represented by Thierry Blanchetier 61 rue Henri Regnault - 92400 Courbevoie Member of the Versailles Regional Institute	20 June 1996	2020
Substitute Statutory Auditors		
Auditex - Tour First - 1 place des Saisons - 92037 Paris-La Défense	10 May 2011	2017
M. Thierry Colin - 61 rue Henri Regnault - 92075 La Défense	6 May 2014	2020

Items appearing in the Annual Financial Report are cross-referenced with the following symbol AFR

2

CONSOLIDATED KEY FIGURES FOR 2014

2.1 CONSOLIDATED KEY FIGURES

(in millions of euros)	2014	2013	2012
Sales	**7,170**	7,216	7,370
Recurring operating profit of fully consolidated companies(1)	**342**	327	339
Non-recurring/non-operating items	(142)	1,193	(216)
Income from equity-accounted companies(2)	9	7	105
Profit before finance costs and tax	**209**	1,527	228
Finance costs, net	(73)	(91)	(82)
Income tax expense	(87)	(117)	(40)
Profit for the year	**49**	1,319	106
o/w attributable to minority interests	8	12	17
o/w profit attributable to owners of the parent	**41**	1,307	89
Shareholders' equity	**2,081**	2,927	2,991
Cash and cash equivalents (net debt)	**(954)**	361	(1,700)
Goodwill	**1,740**	1,619	1,799
Investments	**531**	337	648

(1) Recurring operating profit of fully consolidated companies is described in note 3.3 to the consolidated financial statements as profit (loss) before finance costs and tax excluding the following income statement items:
- income/(loss) from equity-accounted companies;
- gains (losses) on disposals of assets;
- impairment losses on goodwill, property, plant and equipment and intangible assets;
- restructuring costs;
- items related to business combinations:
  - acquisition-related expenses,
  - gains and losses resulting from purchase price adjustments and fair value adjustments due to changes in control,
  - amortisation of acquisition-related intangible assets.

(2) Before impairment losses.

2.2 PER SHARE DATA

(in euros)	2014 basic	2014 diluted(1)	2013 basic	2013 diluted(1)	2012 basic	2012 diluted(1)
Profit attributable to owners of the parent, per share	**0.32**	**0.32**	10.22	10.09	0.70	0.69
Equity attributable to owners of the parent, per share	**15.53**	**15.34**	22.27	21.98	22.79	22.51
Cash flow from operations before change in working capital, per share	**3.15**	**3.11**	3.55	3.50	4.32	4.27
Share price at 31 December	**21.60(4)**		27.02		25.285	
Dividend	**1.30(5)**		10.30(2)		1.30	
Extra dividend	**-**		6.00(3)		-	

(1) The method used to calculate diluted earnings per share is described in note 15 to the consolidated financial statements.
(2) Including €1.30 corresponding to the ordinary portion of this dividend and €9 corresponding to the extra portion paid as an interim dividend following the decision of the Managing Partners on 21 May 2013.
(3) The General Meeting of 6 May 2014 approved the payment of an extra dividend of €6 per share, the entire amount of which was deducted from "Share premiums".
(4) After the payment of the extra dividend indicated in footnote (3).
(5) Dividend submitted for approval to the General Meeting to be held on 5 May 2015.

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RISK FACTORS

Items appearing in the Annual Financial Report are cross-referenced with the following symbol AFR

The following description concerns the Group's exposure to certain risks considered significant. Risk management procedures are described in section 7.4.1.8 – Risk management procedures.

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

3.1 RISKS ASSOCIATED WITH THE ECONOMIC ENVIRONMENT

AFR

3.1.1 ADVERTISING, PRINT MEDIA AND BROADCASTING RIGHTS MARKETS, AND AIR TRAFFIC

A large portion of the Group's revenues derives from business that is sensitive to the economic environment, and changes in that environment may affect sales of products such as magazines and partworks, customer numbers in the Group's store locations, especially air travel areas, and revenues directly or indirectly associated with advertising. For example, a 1% downturn in advertising sales across the whole of Lagardère Active would lead to a decrease of €2 million to €3 million in the division's operating profit over a full year, before any adjustment.

Cuts in the funding allocated by certain governments to buy textbooks can have a negative impact on Lagardère Publishing's business.

In sports events, as has already been seen, the financial difficulties encountered by certain broadcasters could lead to issues in recovering receivables, bankruptcies or mergers between broadcasters, reducing the intensity of competition among non-premium sports rights broadcasters. Certain broadcasters – notably public operators – have also changed their programming strategy by reducing or delaying the sports content that they buy or by subjecting rights holders to tighter financial conditions. This is affecting the sales and profitability of Lagardère Unlimited.

As regards Lagardère Services, the current tight macro-economic environment coupled with austerity measures deployed by numerous governments, especially in Europe, has increased the tax burden and this may in turn distort the operating ratios of the division's businesses. Currency fluctuations may also materially impact the numbers and purchasing power of travellers spending money in duty free outlets.

In addition to the factors which influence demand for Group products and services, competition from other well-established or new market players can have a significant impact on the Group's sales and profitability on its markets, especially when Lagardère Unlimited and Lagardère Services submit a bid in a call for tenders.

All these factors have a direct influence on the growth rate of future cash flows expected by the Group in each of its divisions.

Assumptions ("Perpetual growth rate") must be made about these growth rates to determine the impairment losses on goodwill and intangible assets described in note 10 to the consolidated financial statements.

The table below presents the sensitivity, for each division, of these impairment losses to an increase or decrease in the growth rates used, in millions of euros.

Differences compared with the perpetual growth rates used for the impairment tests	Lagardère Publishing	Lagardère Services	Lagardère Active	Lagardère Unlimited
- 1%	-	-	(10)	-
- 0.5%	-	-	(5)	-
0%	-	-	-	-
0.5%	-	-	-	-
1%	-	-	-	-

3.1.2 SENSITIVE GEOGRAPHIC AREAS

Lagardère conducts business in many countries, and some of these countries are considered particularly sensitive to the risk of a credit or liquidity crisis. If a crisis combined with a recession in these countries, this would have an influence on the sales and profitability of the activities concerned; however, this does not mean that a direct link can be established between the results of the Group's operations and the solvency states of these countries and their banking systems.

In 2014, the Group generated around 3.9% of its sales in countries rated Ba1 or lower by Moody's. Examples include Portugal, Hungary, Russia, Morocco, Tunisia, Egypt, Lebanon, Democratic Republic of the Congo and Argentina.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol AFR

3.2 RISKS ASSOCIATED WITH THE BUSINESS ACTIVITY AFR

3.2.1 EVENTS AND SPORTS MEDIA RIGHTS

In the sports sector, certain sports organisations and/or broadcasters review their policies or strategies, substantially changing the sales and marketing models for certain sports media rights and/or the level of competition between purchasers. Certain countries' recent or proposed changes to the lists of events that can be broadcast on free access channels can be expected to have similar consequences.

Certain sports federations have also been shifting their strategy to make the marketing of media rights for their competitions more centralised. UEFA has centralised the marketing of broadcasting rights for qualifying matches for the 2016 European Football Championship and 2018 World Cup throughout Europe and this has significantly reduced the division's portfolio of media rights to national football team matches in Europe since 1 July 2014.

In addition, the conditions for the operation of each sports event depend directly on how these competitions are organised by the federations and the countries hosting the events, and in particular the budget policies and resources of these countries especially in terms of the quality of the sports facilities where these events are organised.

Future development of sports marketing will depend to a large extent on political efforts as regards prohibited or regulated sectors of advertising.

New regions have come to the fore as future growth drivers (e.g., the Middle East and Brazil). Lagardère Unlimited already has operations in some of these regions. Others still need to be conquered, although there is no guarantee of success.

Moreover, as has already been seen, the structure and timing of sports events and the nature of the agreements under which the division operates (acquisition of rights or agency fees) can lead to an irregular sales pattern for Lagardère Unlimited.

3.2.2 DIGITAL AND MOBILE TECHNOLOGIES

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

It needs to pursue acquisition-based or organic investment in digital businesses to ensure future development and the business models that underpin such development are subject to considerable volatility and in many cases have yet to prove themselves in the market over the long term. Consequently, the corresponding business plans are exposed to considerable risks.

Lagardère Publishing sees the development of e-books as an opportunity in so far as profitability in this business is at least similar to that of printed books. However, uncertainties in various markets as to whether publishers can determine the sales policy of their publications could have a negative impact on the profitability of this division. Note 34 to the consolidated financial statements describes the investigations by certain antitrust authorities concerning e-books and the related settlements accepted by Lagardère Publishing.

Section 5.2.1.B.2 outlines the recent settlement agreement reached with Amazon for North America.

In the United States, the Association of American Publishers, which includes Hachette Book Group and Google, reached an agreement in October 2012 under which US publishers can choose whether or not to make available books and journals that are part of the Google Books Library Project. As previously stated, in July 2011, Lagardère Publishing signed an agreement with Google on the digitisation of works in French.

Over time, a high concentration downstream of sales of digital media and e-books and online sales of printed books could create a situation of dependency for some Group activities, particularly Lagardère Publishing. Such a trend could influence the profitability of sales networks for printed books, especially in bookstores, potentially resulting in unpaid receivables for Lagardère Publishing.

Substantial unauthorised digital reproduction and sharing of protected content (books, sports content, etc.) has been observed. These practices can lead to lost revenues for copyright holders, and as such the Group's subsidiaries that are concerned have put in place measures to prevent these practices. However, these measures have their limits, especially given the uncertainties relating to case law and how difficult it can be to enforce legal decisions in certain countries.

A large portion of sales from Lagardère Services' distribution activities comes from press and print media distribution. A rapid decrease in demand for these formats, as digital and mobile technologies develop, could have a significant impact on the profitability of this division or lead to costly adjustments. Moreover, restructuring of press distribution activities in France could lead to market disruption, at least initially.

Lagardère Active's investments in the digital sector expose it to the afore-mentioned risks inherent to the business models of companies operating in this sector. In addition to the competitive pressure being exercised by digital media on print media, the big global social media and search engine operators have a growing influence on web store traffic and on-line media. Changes in strategy or modifications to algorithms by these operators, which in some cases benefit their own web stores or media, could have a negative impact on the operating ratios of some of the division's websites, particularly LeGuide.com as explained in section 5.2.3.B.5 of this Reference Document.

For Lagardère Unlimited, changes in broadcasting technologies on the Internet, particularly Internet-based TV, mean that it is difficult to determine how broadcasters will produce and broadcast their programmes in the future and exactly which broadcasters are likely to buy sports content. Over time, technological changes will determine growth both for long-standing players that are able to develop a strong position and for new players from the field of new technologies.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol AFR

3.2.3 RISKS AND DEPENDENCY ASSOCIATED WITH MAJOR CONTRACTS

Some contracts, particularly agreements entered into in connection with sports events or concessions managed by Lagardère Services, may have high unit values (several hundred million euros), extend across several years and entail significant commitments for the Group in return for the future expected cash flows. Difficulties relating to their application, an adverse economic environment or unfavourable market conditions may have a negative impact on income derived from these contracts, and as a result it cannot be guaranteed that they will be profitable upon termination.

As indicated in sections 3.1.1 and 3.2.2, there is no guarantee that these agreements will be renewed once they expire. This factor depends extensively on how the Group's competitors, be they long-standing or newcomers to the market, handle the situation.

3.2.4 KEY TALENT AND SKILLS

The Group's success in some areas may be a direct result of the skills and expertise of certain individual employees or Group contractors, such as content creators (book authors and others) or specialists in sports markets, services or certain digital technologies. Should any of these individuals resign or be unavailable, the Group could be exposed to losses in sales or earnings.

3.3 LEGAL RISKS AFR

3.3.1 SPECIAL REGULATIONS APPLYING TO THE GROUP

In its book publishing and distribution businesses, the Group is subject to specific local regulations in the countries in which it operates, including intellectual property rights, legal copyright registration requirements, rules governing the pricing of books, and VAT rules. In France, for example, the Group is subject to regulations imposing a fixed book price set by the publisher or importer, which restrict qualitative or quantitative discounts to distributors. Further regulations also apply to publications for children and young adults and to broadening access to out-of-print books.

In both its book publishing and press and audiovisual operations, the Group is subject to laws and regulations on copyright, libel and slander, image rights and privacy.

In its wholesale and retail distribution activities, the Group must comply with certain specific local regulations in the countries in which it operates, principally those applicable to the sale of print media, foodstuffs, tobacco, alcohol and duty-free products (which may be governed by conventions signed with the local customs authorities), and transport operations. In France, for example, press distribution and the legal structure of press distribution cooperatives are subject to a specific law (*Loi Bichet*).

Both in France and abroad, prior authorisation may be required to carry out certain distribution activities. The World Health Organization's Framework Convention on Tobacco Control recommends various measures to reduce the supply and demand of tobacco, in particular, banning or restricting duty-free and tax-free sale of tobacco products to international travellers and banning smoking in public transport and public places. In response to this Framework Convention as well as to other measures, stricter regulations are being put in place regarding the sale and consumption of tobacco and this could have an impact on Lagardère Services' activities although the geographic spread of the network mitigates this risk. Some countries have also introduced environmental protection measures (e.g., recycling certain products) that may affect points of sale.

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

The French law of 30 September 1986 on freedom of communication is applicable to the Group's French audiovisual communication operations. Operation of broadcasting services (namely radio and television) by the Group in France requires authorisations, which are issued for specific periods by the French Broadcasting Authority (*Conseil Supérieur de l'Audiovisuel* – CSA). This activity also subjects the Group to specific obligations, which primarily include broadcasting quotas and the contribution to audiovisual production. These obligations are set forth in a convention signed with the CSA, and renewed in compliance with this law. The legislation in most other countries in which Lagardère's Audiovisual business operates is similar to the French law of 30 September 1986 and is overseen by a broadcasting authority. These laws generally define the terms for attribution of frequencies for broadcasting services, and the terms of use for programme broadcasting (included in the licence agreements signed with the relevant broadcasting authority), antitrust regulations and the broadcasting authority's powers to verify compliance and apply sanctions. Moreover, pursuant to the French laws of 30 September 1986 and 1 August 1986, foreigners are prohibited from holding, directly or indirectly, more than 20% of the capital of a company that has a radio or terrestrial TV service authorisation in France or a company that publishes works in French (this provision applies subject to France's international commitments, i.e., it does not apply to nationals from the EU or the European Economic Area).

The Group's digital businesses may be subject to legislation such as the French law of 21 June 2004 designed to build trust in the digital economy, the "Data Processing and Freedoms" law of 6 January 1978 or the provisions of the French Consumer Code relating to on-line retailing. Certain digital services may also be covered by specific regulations due to the nature of the services provided. For example, websites providing healthcare or comparator services may be subject to certain provisions of the French Public Health Code or Consumer Code, respectively.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol AFR

For its sports sector activities, in the countries where it markets sports rights and organises sports events, the Group is subject to international and local legislation and the regulations of sporting organisations governing matters such as sports events (organisation and security) and the marketing of those events (purchase and broadcasting, including events deemed to be of "major importance"), and public rights to sports information. It is also subject to the laws governing sports-related bodies through its business links with them, particularly national federations and supranational organisations, such as football associations. The Group's sports infrastructure management and sports training activities are subject to various French regulations including those relating to private legal entities formed for sports purposes (approved sports associations and professional sports companies), or establishments receiving members of the public and occupying public land. Depending on the countries concerned, agency and career management activities for professional athletes may be subject to national regulations and sports organisations' rules on agents' activities and the protection of minors. Finally, activities relating to the development of sports facilities must take into account regulations governing construction, urban planning, safety and security standards for sports events and approval by sports authorities.

The Group's live entertainment activities are subject to intellectual property law, labour law and standards for establishments receiving members of the public, as applicable to this sector, as well as special regulations pertaining to certain professions (entertainment producers, venue operators, etc.).

3.3.2 RISKS ASSOCIATED WITH BRANDS AND OTHER INTELLECTUAL PROPERTY RIGHTS

The Group pays particular attention to the protection of its portfolio of commercial trademarks and intellectual property rights, which form an essential component of its assets and rights (see 7.4.1.6-E).

3.3.3 RISKS THAT HAVE OCCURRED BY BREACH OF CONTRACTUAL COMMITMENTS

Like all economic players, the Group is exposed to default by partners, service providers, suppliers or customers, especially following the initiation of bankruptcy proceedings or temporary financial difficulties.

Counterparty risks are described in section 3.4.3 below.

The Group is not aware of any other risks that have occurred by breach of contractual commitments which could have significant effects on its financial position or profitability.

3.3.4 RISKS ASSOCIATED WITH LITIGATION IN PROCESS

In the normal course of their business, Lagardère and/or its subsidiaries are involved in a number of disputes principally related to contract execution. Adequate provisions are set aside where necessary to cover any risks that may arise from general or specific disputes. The total amount of provisions for litigation is shown in note 27.2 to the consolidated financial statements for 2014.

The main litigation and claims involving the Group are presented in note 34 to the consolidated financial statements for 2014 (see Chapter 6).

To the best of the Group's knowledge, in the twelve months immediately preceding publication of this Reference Document, there were no other governmental, legal or arbitration proceedings (including pending or threatened proceedings, of which the Group is aware) which may have or had a significant impact on its financial position or profitability.

3.3.5 GOVERNMENTAL, ECONOMIC, BUDGETARY, MONETARY OR POLITICAL FACTORS AND STRATEGIES WITH A POTENTIALLY SIGNIFICANT INFLUENCE ON THE GROUP'S OPERATIONS

In addition to the disclosures presented in this section and in section 5.2, it should also be noted with regard to the activities of Lagardère Publishing that a single VAT rate of 5.5% has applied to all books, irrespective of format (print or digital) since 1 January 2013 pursuant to French law 2012-958 of 16 August 2012. Following the same principle, which involves the activities of Lagardère Active, the French government announced its plans to bring the VAT rate applicable to the online press (previously 20%) into line with the 2.1% reduced VAT rate that already applies to the printed press as of February 2014. As regards the VAT rate applicable to e-books, the European Commission has initiated an infringement procedure under EU law against France and Luxembourg for applying a reduced VAT rate. On 5 March 2015, the European Court of Justice heard the Commission's arguments and noted that Annex III to the VAT Directive of 28 November 2006 only includes "the supply of books on all physical means of support" among the products and services eligible for the reduced rate; furthermore, the Court noted that the Directive excludes any possibility of a reduced rate of VAT being applied to "electronically supplied services" and that, in the Court's opinion, the supply of digital books or electronic books constitutes such a service. France will therefore have to reintroduce VAT at 20% on e-books. Nevertheless, the French Government along with other EU Member States called on the European Commission to come up with proposals to introduce a principle of fiscal neutrality into EU law that would allow VAT at a reduced rate to be applied to all books, irrespective of format. As regards the VAT rate applicable to online press publications, the Commission has already initiated an infringement procedure which could also oblige France to reintroduce the 20% rate. Meanwhile, the European Commission is currently envisaging a general VAT reform at EU level.

3.4 FINANCIAL OR MARKET RISKS AFR

3.4.1 LIQUIDITY, INTEREST RATE AND EXCHANGE RATE RISKS

Market risks (liquidity, interest rate, exchange rate and equity risks) are described in note 29.1 to the consolidated financial statements for 2014 (see Chapter 6).

3.4.2 RISKS RELATED TO PAPER PRICE

Lagardère Active and Lagardère Publishing need to use large volumes of paper for their business activities. Total paper purchases reached nearly 211,000 tonnes in 2014, as described in section 5.3.2.3 A. Although it is not possible to link the cost of paper purchases to a single index, the Group is subject to the risk of fluctuations in paper prices, particularly in the European, North American and Asian markets.

A significant increase in paper prices notably in Europe could therefore have a material negative impact on these divisions' operating profit – up to €15 million in the case of a long-term 10% rise in paper prices over a full year, before any adjustments.

3.4.3 CREDIT AND COUNTERPARTY RISKS

Credit and counterparty risks are described in note 29.2 to the consolidated financial statements for 2014 (see Chapter 6).

As also indicated in note 29, "In 2014 the Group was unable to recover certain receivables in the areas of sports rights marketing and the organisation of sporting events."

Furthermore, in various geographic areas and in particular due to the impact of the economic crisis on the financial position of companies, there has been a trend toward longer average collection periods for receivables (broadcasters, sponsors, etc.) as well as dispute resolution.

Press distributors represent a major counterparty for the Group, along with the associated receivables risks discussed in section 3.2.2 – Digital and mobile technologies.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol AFR

3.5 OPERATIONAL RISKS AFR

3.5.1 INDUSTRIAL AND ENVIRONMENTAL RISKS

The industrial and environmental prevention and risk management policy is described in section 7.4.1.8 – Risk management procedures.

3.5.1.1 IDENTIFIED RISKS

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

Only activities primarily related to the warehouses and distribution sites of the Press, Publishing, Distribution and Services divisions and the Automobile spare parts business are potentially exposed, and the specific risks involved are limited and identified. Some of the sites concerned are operated subject to a specific authorisation or declaration delivered by the administrative authorities, but none of the Group's sites is classified SEVESO 1 or SEVESO 2.

3.5.1.2 ASSESSMENT OF IMPACTS

The Group has no knowledge of any items or situations relating to industrial or environmental risks likely to have a significant impact on its assets or results, apart from the dispute with a Brazilian authority mentioned in note 34, and is unaware of any environmental issue that may affect its use of property, plant and equipment in its operations.

Due to the limited nature of the Group's exposure to industrial and environmental risks, costs related to the assessment, prevention and remediation of those risks are included in the relevant investment and expense items and are not separately valued.

Under this policy, the consolidated financial statements for 2014 do not incorporate any material provision or guarantee for environmental risk or any material charge resulting from a court ruling in an environmental case or action taken to repair environmental damage.

3.5.2 RISKS ASSOCIATED WITH SUPPLIER CONCENTRATION

Default by one or more suppliers could cause losses in results and sales for the Group, without prejudging any adjustments and alternative solutions sought. The proportion of purchases procured from the largest, five largest and ten largest suppliers is respectively 8%, 19% and 26%.

3.5.3 OTHER OPERATIONAL RISKS

In the course of its business, the Group may have to bear losses or liabilities. While it is not possible to quantify or identify all such contingencies, these risks may include either risks generally related to any predominately service-related activity and risks related to the performance of contracts mentioned in section 3.2.3, or risks related in particular to fraud, organised crime, information networks and systems, the organisation of events open to the public and the management of facilities, especially sports facilities, open to the public.

As recent events have shown, media and events that are open to the public are increasingly being targeted by terrorists.

Computer hacking and fraud is also on the rise and the related risks are exacerbated by the critical importance of IT systems for conducting business.

More localised phenomena such as health epidemics, insurrections or armed conflicts may also threaten or delay sporting events in which the Group is involved.

The growth in the Group's airport sales business has increased its exposure to the risk of an extended disruption in air traffic.

3.5.4 INSURANCE POLICIES – RISK COVERAGE

The Group's insurance policy is described in section 7.4.1.8 – Risk management procedures.

The Group has a captive insurance company based in the United States which covers certain risks of Lagardère Services in North America. It provides insurance exclusively for Lagardère group entities. The relevant policies are in addition to the insurance described in 3.5.4.1 below, or as primary cover for non-significant amounts of risks at Group level. This captive insurance company has not had to indemnify any claims since it was set up.

3.5.4.1 INSURANCE POLICIES SUBSCRIBED

The major insurance policies cover property damage and business interruption as well as liability. Depending on the type of risk, coverage consists of permanent policies and temporary or specific policies.

In 2014 and for the policies covering 2015, Lagardère and its divisions have been able to renew insurance coverage for their activities throughout the world.

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

3.5.4.2 LEVEL OF COVERAGE

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

Items appearing in the Annual Financial Report are cross-referenced with the following symbol AFR

3.5.4.2.1 INSURANCE FOR PROPERTY DAMAGE AND BUSINESS INTERRUPTION

A) Risks covered

Insurance policies cover notably the risks of fire/explosion, lightning, water damage or storms, natural disasters, and terrorism. When specific national legislation applies to these risks, the coverage is implemented in compliance with the laws in force in each country concerned.

B) Limits of coverage

As a general rule, insurance for property damage and business interruption is subscribed for the amount at risk (value of the assets and cost of some potential business interruption). In some cases, the policies comprise contractual indemnity limits agreed with the insurer. Deductible levels are appropriate to the capacities of the divisions and their sites.

For 2015, the highest insurance coverage limit subscribed by the Group is €400 million for certain Hachette Livre facilities. The other amounts insured are for no more than €150 million. Lower limits of coverage for certain risks may also apply within these overall limits (e.g., for storms, earthquakes or flooding).

3.5.4.2.2 LIABILITY INSURANCE

A) Risks covered

Liability insurance policies are subscribed at the level of the divisions or certain activities; they include coverages for public, product and professional liability in the event of material damage or consequential loss or bodily injury caused to third parties, depending on the nature of their business and locations.

B) Limits of coverage

Regarding liability, maximum exposure is difficult to assess, and the level of insurance for the divisions and their sites depends on the availability of coverage and at an acceptable economic cost.

For 2015, except in the United States, Canada and countries under an international embargo, the highest amount of coverage subscribed stands at €50 million, while in the United States the highest total limit is €57 million (excluding self-insurance).

Sub-limits specific to certain types of insurance coverage may also apply within these overall limits.

3.5.4.3 PREMIUMS

In 2014, the overall budget for the main permanent insurance policies subscribed by the Group was estimated at 0.15% of sales (excluding collective insurance).

4

GENERAL INFORMATION ABOUT LAGARDÈRE SCA

4.1 GENERAL INFORMATION ABOUT THE ISSUER

4.1.1 COMPANY NAME AND COMMERCIAL NAME

Company name: Lagardère SCA

Commercial name: Lagardère

4.1.2 REGISTERED OFFICE, ADDRESS, TELEPHONE

Registered office:

4 rue de Presbourg, 75116 Paris, France

Postal address:

4 rue de Presbourg, 75116 Paris, France

Telephone:

+33 (0)1 40 69 16 00

4.1.3 LEGAL FORM AND GOVERNING LAW

Lagardère is a French partnership limited by shares (*société en commandite par actions* – SCA).

4.1.4 PLACE OF REGISTRATION AND REGISTRATION NUMBER

Lagardère is registered with the Paris Trade and Companies Registry (*Registre du commerce et des sociétés*) under number 320 366 446.

4.1.5 DATE OF INCORPORATION AND TERM OF THE COMPANY

Lagardère was incorporated on 24 September 1980 for a term that will expire on 15 December 2079.

4.2 HISTORY

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

Under the initiative and management of Jean-Luc Lagardère, the Company then took control of Hachette, followed by Matra which returned to the private sector in early 1988. At the end of 1992, the activities of these two companies were combined when their two holding companies were merged to form Matra Hachette. At the same time, the Company changed its legal form and became a French partnership limited by shares.

The restructuring process was completed in June 1996, when Lagardère Group absorbed Matra Hachette, and adopted its current name of Lagardère SCA.

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

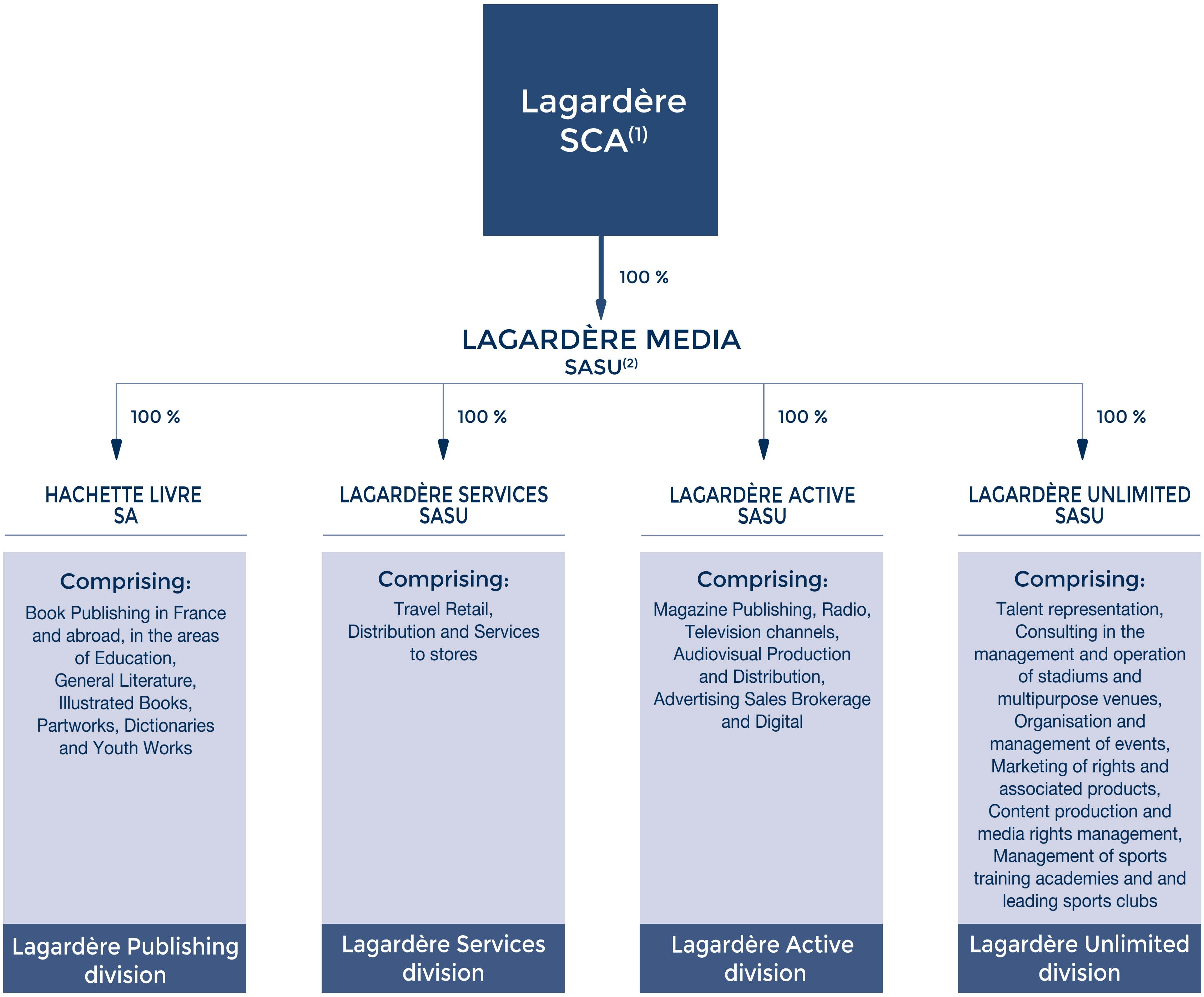
- **Major alliances in the Defence and Space industries:** this European alliance strategy was initiated in the early 1990s, and underwent an important development in 1999 when Aerospatiale Matra was formed through the contribution of Matra Hautes Technologies – which held all of Matra Hachette's aerospace operations – to Aerospatiale. The process was completed on 10 July 2000 when all of Aerospatiale Matra's businesses were merged with those of DaimlerChrysler Aerospace A.G. and the Spanish company CASA to form the European company EADS NV (whose commercial name has been Airbus Group since 2 January 2014), in which Lagardère SCA indirectly held an interest of approximately 15%. This interest was reduced to 7.5% in 2009 following the sale of three tranches of EADS' capital in June 2007, June 2008 and on 24 March 2009, respectively. Following a series of transactions carried out in coordination with the other joint shareholders, on 12 April 2013 Lagardère sold its entire interest for €2,283 million (€37.35 per share) by means of private placements through accelerated bookbuilding with qualified investors. The Lagardère group no longer owns any interest in EADS NV;
- **Repositioning in the media and communication industries, by means of:**
  - a total takeover of businesses in these two sectors, with the bid for Europe 1 Communication (Audiovisual business line) in 1999, and the share exchange offer for Hachette Filipacchi Médias (Magazine Publishing business line) in 2000, followed by an offer to purchase all of the remaining minority interests,
  - several agreements signed since 2000, essentially in the audiovisual sector (acquisition of a 34% interest in CanalSatellite, replaced in early 2007 by a 20% interest in the pay television operator Canal+ France and the sale of this interest to the Vivendi group on 5 November 2013) and Book Publishing business (acquisition in 2002/2004 of Vivendi Universal Publishing's European assets in France and Spain, purchase of Hodder Headline in the UK, and agreement in 2006 for the takeover of Time Warner Book Group),
  - the growing importance of the Magazine Publishing, Distribution and Services businesses, but through internal growth rather than external acquisitions.

    However, the following should also be noted:
    - in September 2012, Lagardère Services Travel Retail acquired ADR Retail Srl (since renamed Lagardère Services Travel Retail Roma), an operator of 13 duty free/duty paid stores in two airports in Rome;
    - in January 2014, Aelia SAS, a subsidiary of Lagardère Services, acquired an operator of retail stores in Amsterdam's Schiphol airport (Netherlands);
    - in April 2014, a partnership was created between Lagardère Services and a company operating over 200 stores in 11 countries, including Venice and Treviso airports;
  - the combination of the Magazine Publishing, Audiovisual and Digital businesses within a new entity, Lagardère Active, was announced in 2006. This division was formed as a result of the Group's ambition to become a leading international content publisher for all media as well as a worldwide "brand factory", and to accelerate its migration towards digital media.

  In line with this goal, Lagardère Active has since acquired Newsweb and Doctissimo, France's top online content publishers:
  - sale by Lagardère Active of its International Magazine Publishing business to Hearst in 2011 (102 publications in 15 countries);
  - sale by Lagardère of its Radio business line in Russia on 23 December 2011;
  - sale by Lagardère Active of ten French Magazine Publishing titles in July 2014.
- **Creation of a "Sports" division, now named "Lagardère Unlimited":**
  - through the acquisitions of:
    - Sportfive (early 2007), which acts as a partner to sporting bodies and clubs, helping them to extract maximum value from their broadcasting and marketing rights;
    - IEC in Sports (2007), a Swedish company specialised in the marketing of sports rights;
    - World Sport Group, which manages audiovisual broadcasting rights in Asia; Upsolut, which organises endurance sports events; and PR Event, the organiser of the Swedish Open Tennis tournament (all in 2008);
  - and the combination of all of the Sports division entities with Best (Blue Entertainment Sports and Television), acquired in 2010, within a new division called Lagardère Unlimited in 2010. This gives Lagardère strategic positioning along the entire sports rights value chain, comprising:
    - organisation and management of sports events;
    - talent representation;
    - consulting in the management and operation of stadiums and multipurpose venues;
    - marketing of sports rights and associated products;
    - management of broadcasting rights;
    - management of sports training academies.

4.3 ORGANISATION CHART – PRINCIPAL SUBSIDIARIES – RELATIONS BETWEEN THE PARENT COMPANY AND SUBSIDIARIES

Lagardère SCA's role in respect of its subsidiaries is described in Chapter 7, section 7.4, and in the Lagardère SCA parent company financial statements (including the notes) as contained in Chapter 6, sections 6.4 and 6.5. Note 5 to Lagardère's consolidated financial statements also includes segment financial information, by division and by geographical area.



(1) Organisation chart at 1 March 2015.
(2) Lagardère Media is the holding company for all media operations.

As indicated in Chapter 7, section 7.4 on the Group's organisational structure, Lagardère SCA is a holding company and the Group's operating activities are exercised through subsidiaries.

The principal subsidiaries are held via Lagardère Media, which is itself fully-controlled by Lagardère SCA. They are:

- Hachette Livre, a fully-controlled French company and holding company for the Lagardère Publishing division;
- Lagardère Services, also a fully-controlled French company and holding company for the Lagardère Services division (Relay stores, airport shops);
- Lagardère Active, another fully-controlled French company and holding company for the Lagardère Active division. Lagardère Active holds the Group's investments in the Magazine Publishing, Audiovisual (Radio, Television, Audiovisual Production, etc.), Digital and Advertising Sales Brokerage businesses via several sub-holding companies;
- Lagardère Unlimited, another fully-controlled French company, which unites all subsidiaries in the division, including Sportfive and World Sport Group.

A detailed list of the Group's subsidiaries (457 consolidated companies) and their locations is provided in the notes to the consolidated financial statements (Chapter 6, note 38). Details of the positions held in these subsidiaries by Lagardère SCA management are presented in Chapter 7, sections 7.2.2 and 7.2.3.

The Group's economic organisation (i.e., the breakdown of business activities by sector) is described in Chapter 5, section 5.1. There is no significant functional dependency between the Group's various entities.

Chapter 5, section 5.2 presents the businesses carried out by the principal Group subsidiaries and affiliates, and the key consolidated financial information concerning these companies is reported in the notes to the consolidated financial statements (Chapter 6, note 5 –

Segment information). The Group has not identified any case where access to its consolidated subsidiaries' results is restricted.

Finally, the amount and nature of financial transactions between Lagardère SCA and Group subsidiaries are described in Chapter 7, section 7.4.

4.4 MAJOR INVESTMENTS

4.4.1 INVESTMENT AND INNOVATION POLICY

4.4.1.1 PURCHASES OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

(in millions of euros)	2014	2013	2012
Lagardère Media	**246**	291	260
Other Activities	**3**	5	4
Total	**249**	296	264

In relation to its media activities, the Group's innovation policy is not reflected in the capital expenditure recorded. The internal costs of creating a work, principally in the Book Publishing, Magazine Publishing, e-Publishing and Digital Terrestrial Television sectors, are not capitalised.

4.4.1.2 PURCHASES OF INVESTMENTS

(in millions of euros)	2014	2013	2012
Lagardère Media	**281**	37	383
Other Activities	**1**	4	1
Total	**282**	41	384

These figures are taken directly from the consolidated statement of cash flows.

4.4.2 MAJOR INVESTMENTS IN 2012

Like in 2011, purchases of property, plant and equipment and intangible assets principally concerned Lagardère Unlimited (sports rights) and Lagardère Services (store refits).

The most significant investments in 2012 comprised (i) the acquisition by Lagardère Services of ADR Retail, a duty free/duty paid concession operator in two airports in Rome, and (ii) the acquisition by Lagardère Services of the LeGuide.com group, an online shopping guide operator.

4.4.3 MAJOR INVESTMENTS IN 2013

Like in the two previous fiscal years, purchases of property, plant and equipment and intangible assets principally concerned Lagardère Unlimited (sports rights) and Lagardère Services (store refits).

Purchases of investments related to several mid-sized acquisitions by Lagardère Publishing and Lagardère Services. For Lagardère Unlimited, this item relates to small acquisitions in the golf sector and to the payment of a guarantee deposit in connection with the AFC contract (World Sport Group).

4.4.4 MAJOR INVESTMENTS IN 2014

Purchases of property, plant and equipment and intangible assets mainly concerned Lagardère Services (store refits in line with the growth in Travel Retail) and Lagardère Publishing (one-off real estate investments, chiefly the new headquarters in France).

Purchases of investments related to strategic acquisitions carried out by Lagardère Services in Travel Retail: Gerzon Holding (Schiphol airport) and Airest (mainly Venice airport), and to a lesser extent various acquisitions carried out by Lagardère Publishing (publishing businesses in the UK), Lagardère Unlimited (Casino de Paris) and Lagardère Active (acquisition of France Télévisions' 34% stake in Gulli).

5

INFORMATION ON THE BUSINESS ACTIVITIES OF THE COMPANY AND THE GROUP

Items appearing in the Annual Financial Report are cross-referenced with the following symbol AFR

5.1 BUSINESS ACTIVITIES AND STRATEGY AFR

Lagardère, a world-class diversified media group, operates in nearly 40 countries and is structured around four distinct, complementary divisions.

Lagardère Publishing[1] includes the Group's **Book Publishing and e-Publishing businesses,** which cover the areas of Education, General Literature, Illustrated Books, Partworks, Dictionaries, Youth Works and Distribution. Publishing is predominantly in the three main language groups, English, French and Spanish, that represent 60% of the world market.

Hachette Livre is the world's third-largest trade book publisher for the general public and educational markets (number one in France, number two in the United Kingdom, number three in Spain, number four in the United States).

There are several key success factors in Hachette Livre's strategy:

- well-balanced positioning (across geographic areas and publishing segments), allowing it to capitalise on the fastest-growing markets;
- decentralised organisation, giving a large degree of autonomy to its different entities and publishing houses;
- sustained investment in digital technologies.

The digital and Internet era represents an exciting opportunity for Hachette Livre. The division offers products suited to multiple formats, distribution channels and media, in line with emerging market trends.

Lagardère Services encompasses the **Travel Retail and Distribution businesses**. The division's development focuses on two business lines:

- LS travel retail consists of retail operations in travel areas and concessions in three fields: Travel Essentials, Duty Free & Luxury, and Food Services.
- LS distribution operates distribution and services activities for convenience stores, in both independent and integrated retail networks. LS distribution also offers a complete range of services to e-tailers.

The division's strategy is focused on the following priorities:

- Travel Retail:
  - continued diversification of the product mix in Travel Essentials, through the modernisation of concepts;
  - development of the Duty Free & Luxury and Food Services segments;
  - faster expansion in Asia-Pacific, the Middle East and Africa;
  - external growth through new partnerships and a transformative acquisition if the right opportunity arises.
- Distribution:
  - continued search for buyers for LS distribution activities in each of the countries where it operates;
  - small acquisitions to accelerate the rollout of business development plans are also possible.

Lagardère Active encompasses the **Press, Audiovisual (Radio, Television, Audiovisual Production), Digital and Advertising Sales Brokerage businesses**.

Lagardère Active occupies a central place in the French media through its iconic and respected brands.

To boost its growth and profitability, the division has refocused its Magazine Publishing activity on its leading brands, and established an organisation broken down by theme, combining not only offline and online content, but also editorial and sales activities.

Moreover, Lagardère Active is continuing to expand its audiovisual activities, both in France and in other countries (particularly emerging countries).

Finally, the division has stepped up its development in digital media.

Lagardère Unlimited is a leading **Sports and Entertainment** agency with a global network of local experts dedicated to delivering innovative solutions to its clients.

Lagardère Unlimited's key activities include marketing rights management, event production, venue consulting and operations, content production and media rights management, athlete management and brand consulting.

Lagardère Unlimited will pursue the integration of its businesses, initiated in 2014.

Lagardère Unlimited will drive its future development through a strategy of leveraging its global strength in the key areas of football, tennis, golf, Olympics, media and consulting in order to consolidate its market-leading positions.

2015 will also be an important year for the Football division, as Lagardère Unlimited partners AFC and CAF host the AFC Asian Cup Australia 2015 and the Orange Africa Cup of Nations Equatorial Guinea 2015 in January and February 2015.

Lastly, Lagardère Unlimited returned to profitability in 2014, as expected. The objective for 2015 is to consolidate this important step and increase its level of profitability, in line with its investments.

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Over the last ten years, the strategy implemented by the Lagardère group has resulted in significant changes in its business portfolio:

- significant reinforcement of the Group's leadership positions in its markets;
- development of activities with growth potential (Travel Retail, Digital, TV Production, sports rights management), which now represent nearly 40% of consolidated sales;
- disposal of non-strategic assets and minority stakes (EADS, Canal+ France);
- pronounced internationalisation of its activities, particularly in emerging countries.

Today, the Group is embarking on a faster phase of expansion:

- priority to organic growth and innovation, notably digital, without ruling out targeted acquisitions;
- growth spread over a more balanced geographical base, with less focus on Europe;
- growth based on changing business models, in which innovation is an essential component:
  - Travel Retail: development of Duty Free;
  - Sports: consulting activities, talent representation, management and operation of stadiums;
  - Publishing: support for the digital transition, especially in the field of education;
  - Big Data: new uses, new value, new business models.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol AFR

(1) This Reference Document refers to this activity as either Hachette Livre or Lagardère Publishing.

5.2 THE GROUP'S PRINCIPAL ACTIVITIES AND MAIN MARKETS – OPERATIONS DURING 2014: LAGARDÈRE MEDIA[(1)] AFR

	2014	2013	2012	2011	2010
Contribution to consolidated sales (in millions of euros)	**7,170**	7,216	7,370	7,657	7,966
Contribution to consolidated recurring operating profit of fully consolidated companies[(1)]	**379**	372	358	414	468
Number of employees[(2)]	**25,933**	23,767	23,818	26,493	28,212

(1) Recurring operating profit of fully consolidated companies (as defined in note 3.3 to the consolidated financial statements).
(2) Average number of employees (full-time equivalent) including staff on permanent, fixed-term, temporary and other types of contract.

Segment information by division is given in note 5.1 to the consolidated financial statements.

5.2.1 LAGARDÈRE PUBLISHING

A) PRINCIPAL ACTIVITIES AND MAIN MARKETS

The world's third-largest trade book publisher for the general public and educational markets[(2)] (number one in France[(3)], number two in the United Kingdom[(4)], number three in Spain[(5)], number four in the United States[(6)]), Lagardère Publishing is a federation of publishing companies with a large degree of editorial independence. They are united by common management rules, a concerted effort to expand in digital activities, a coordinated strategy in respect of the global distribution giants, and the same high standards required of the people appointed to positions of responsibility in each company.

Since its foundation in 1826, Hachette Livre has consistently sought to publish, sell and distribute high-quality innovative books that satisfy its readers' thirst for knowledge, culture and entertainment. The company's employees, who contribute to the growth and ongoing success of this division of the Group, continue to pursue this goal.

Hachette Livre has a well-balanced, diversified portfolio that covers much of the editorial spectrum (Education, General Literature, Illustrated Books, Partworks, Dictionaries, Youth Works, Distribution, etc.). Publishing is predominantly in the three main language groups: English, Spanish and French. The portfolio offers new bases for expansion by geographic area and business line, allowing the division to capitalise on the most buoyant segments and the most dynamic markets.

The division's business model is present throughout the entire book publishing/distribution value chain. Thanks to its highly reputed publishing houses and brand names, it is able to draw the fullest benefit from its close relationships with authors, the expertise of its sales force, the rigorous logistics organisation of its distribution network and the commitment of its highly trained employees.

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

Each publishing house is responsible for relations with its own authors. Excellent individual relationships enable publishers to control the copyright portfolio and offer seamless supply to the paperback sector. In France, they also give rise to merchandising opportunities.

Central management functions in turn allow Hachette Livre to develop a single strategy for digital technologies, strengthen its financial position, and negotiate on the best possible terms with its major customers and suppliers.

These combined assets make Hachette Livre France's leading publishing group, ahead of such prominent competitors as Editis, Gallimard-Flammarion, Albin Michel, La Martinière-Le Seuil and Média-Participations. Hachette Livre ranks second in the fragmented general adult literature market, and first in literature for youth and illustrated books, as well as in the traditionally more concentrated textbook and dictionaries segments.

Outside France, Hachette Livre conducts its business alongside competitors such as Pearson, McGraw-Hill Education, Penguin Random House, Scholastic, Simon & Schuster, HarperCollins and Holtzbrinck. In just a few years, it has succeeded in moving up from thirteenth to third position worldwide.

Most of its new publications are also available in digital format – in France and the United Kingdom, as well as in the United States – and sold as e-books on all platforms.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol AFR

(1) Lagardère Media is the holding company for all media operations.
(2) World publishing rankings prepared internally by Hachette Livre based on:
- annual financial reports of the groups in question (most cases); and
- rankings data appearing each year in Livres Hebdo (rankings prepared with Rüdiger Wischenbart Content and Consulting, and generally used subsequently in partnership with *The Bookseller*, *Publishers Weekly* and *Buchreport*) and which are sometimes based on direct contacts with the groups in question (i.e., when annual financial reports are not available).

(3) Source: internal analyses based on statistics from Ipsos survey panels and the data from the education group of the French publishers association.
(4) Source: internal analyses based on Nielsen BookScan in the United Kingdom.
(5) Source: internal analyses.
(6) Source: internal analyses based on Nielsen BookScan in the United States.

A.1 In France[1]

General Literature comprises prestigious publishing houses such as Grasset, Fayard, Stock, Calmann-Lévy, Lattès and Harlequin. Each is prominent in a specific domain, but competes with the Group's other publishing houses and with rival publishing groups' brands. The Livre de Poche paperback releases reprints for all of the division's publishing houses as well as for many non-Group publishers.

Hachette Illustré covers the entire range of illustrated works. It is number one in France for both practical guides (Hachette Pratique and Marabout) and travel guides (Hachette Tourisme and Le Routard). Hachette Illustré is also number one in the high-quality illustrated book market with two prestigious publishers, Editions du Chêne and Hazan, and in youth works (Hachette JD, Hachette Jeunesse Roman and Le Livre de Poche Jeunesse). Hachette Livre boasts valuable editorial assets in this market, including characters such as Babar, Noddy, Astérix and Fantômette.

In Textbooks, Hachette Livre is the leading publisher in France[2] thanks to two separate entities, Hachette Éducation and the Alexandre Hatier group. These entities include such reputed publishers as Hachette, Hatier, Didier, Foucher and other strong brands (Bled, Bescherelle, Passeport, Littré, Gaffiot), enabling Hachette Livre to occupy a leading position on the extra-curricular book segment.

In Reference and Dictionaries, famous assets include the brands Larousse, Hachette and Harrap's. Hachette Livre is number one in France for both monolingual and bilingual dictionaries. With its international reputation, Larousse generates more than 40% of its sales outside France, and is particularly well established as a brand in Spanish books.

The Academic and Professional activity includes Dunod and Armand Colin. Leaders in the French market, these publishers were merged in 2013 to allow them to compete under better conditions in a contracting higher education market.

Distribution for Hachette Livre and other non-Group publishing houses under exclusive contracts is carried out through a distribution network managed from the national centre in Maurepas. Hachette Livre handles 250 million copies per year and supplies 12,000 bookshops, newsagents, news-stands and supermarkets in France. Hachette Livre Distribution, the number one distributor in France, also operates in Belgium, Switzerland and French-speaking Canada.

A.2 Outside France[3]

In the United Kingdom, Hachette UK was the second-largest publisher in 2014, with 13% of the printed book market (see section 5.2.1 – A). It has six divisions: Octopus for illustrated books; Orion; Hodder & Stoughton; Headline; Little, Brown for general literature; and Hachette Children's Books in the youth works sector.

These six divisions and their range of brand names have also enabled Hachette Livre to develop operations in Australia and New Zealand, as well as in India.

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

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

Hachette Livre Spain has been the third-largest publisher in Spain since Santillana's acquisition by Penguin Random House, and ranks as the leading publisher of textbooks through Anaya and Bruño. These two publishing houses are key players in the education market, as well as in the extra-curricular book segment, general literature and youth works segments. It is also very well established in Latin America, through its Larousse, Anaya, Bruño and Salvat brands. In Mexico, Hachette Livre is one of the leading textbook publishers, under the Patria brand.

In the United States, Hachette Book Group is the fourth-largest trade book publisher thanks to such publishing houses as Grand Central Publishing (formerly Warner Books); Little, Brown, as well as Little, Brown Books for Young Readers in the youth works segment; FaithWords in the religious literature segment; Orbit in science fiction; Twelve for quality non-fiction; and Mulholland for crime fiction. Hachette Livre also has distribution operations in the United States.

Partworks are published by the Encyclopaedias and Collections activity, established in 1988, which has seen considerable international expansion, particularly in Spain (through its subsidiary Salvat Editores), the United Kingdom, Japan, Poland and Italy (with Hachette Fascicoli), as well as Japan and Russia since 2010. This activity's marketing skills and capacity to create new products make it the number two player worldwide, and a driving force behind Hachette Livre's overall performance.

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

(1) Hachette Livre's competitive positions reflect statistics provided by the Ipsos panels to which the division subscribes.
(2) Internal estimates.
(3) Source: Internal data, based on Nielsen BookScan in the United Kingdom and internal sources in Spain.

B) OPERATIONS DURING 2014

Contribution to consolidated sales in 2014: €2,004 million (€2,066 million in 2013).

Breakdown of sales by activity

	2014	2013
Education	**16.0%**	16.2%
Illustrated Books	**15.0%**	14.7%
General Literature	**40.5%**	41.5%
Partworks	**11.6%**	11.3%
Other (including Reference)	**16.9%**	16.3%
Total sales	**100%**	100%

Breakdown of sales by geographic area

	2014	2013
France	**30.7%**	32.3%
United Kingdom	**18.2%**	16.8%
United States	**21.3%**	21.3%
Spain	**6.3%**	6.3%
Other	**23.5%**	23.3%
Total sales	**100%**	100%

In 2014, the publishing market contracted in Europe, but rebounded in the United States. The printed book market fell by 1.4% by value in France(1), by 1.3% in the United Kingdom(2) and by at least 4% in Spain(3), where book sales had already fallen by more than 30% between 2008 and 2013.

In the United States, by contrast, the printed book market excluding textbooks grew by 2.4%(3).

The most significant event in 2014 was the virtual stagnation of e-books in English-speaking markets, in the wake of phenomenal growth between 2008 and 2012 and a sharp slowdown in 2013. E-books accounted for just 26.1% of the general literature book market by value in the United Kingdom, an increase of only 7.5% compared with 2013, and 26.9% in the United States (an increase of 7.6%). These full-year figures mask a stabilisation if not a decline in both markets in the fourth quarter. In France, e-books continued to grow, although their market share remains modest.

Hachette Livre's sales declined by 3.0% on a reported basis and 4.5% on a like-for-like basis. This decline was attributable chiefly to three factors: the enduring absence of curriculum reform in France, a challenging comparison base in General Literature attributable to the abundance of international bestsellers in 2013, and the dispute with Amazon in the United States, which dampened sales of e-books in that market.

The impact of these negative factors on sales was partially offset by good performances by the division in the United Kingdom, by Illustrated Books in France, and by Partworks, which recorded another record year, as well as by favourable exchange rates, in contrast to the trend observed in 2013.

These positive factors, which were compounded by strict management of overheads, enabled Hachette Livre to achieve a very satisfactory operating profit.

Hachette Livre's eight-pronged strategy is unchanged:

1. constant search for growth opportunities through value-creating acquisitions needed to keep Hachette Livre among the top-ranking publishing groups worldwide, which is an essential advantage conferring extra influence in negotiations with major customers;
2. spreading risks across a significant number of markets and market segments in order to smooth out the cyclical effects specific to each one;
3. concentrating acquisitions and new subsidiaries in countries belonging to language areas that offer a critical size for potential markets;
4. broad editorial independence for publishing subsidiaries, with an emphasis on creativity, rapid responses and team motivation;
5. actively seeking out international bestsellers able to attract an extensive readership in all markets where the division operates;
6. managing distribution both as a cost centre and a strategic link in the book value chain, in all the markets where the division operates;
7. sustained investment in digital technologies to meet demand for content for e-books and tablets;
8. selective investments in high-growth markets such as Russia, India and China.

Hachette Livre's success in the Digital segment is the result of a rigorously implemented strategy seeking to:

(1) Source: GFK (not comparable with the 2013 data provided by Ipsos due to differences in methodology and criteria).
(2) Source: The Publishers Association.
(3) Source: Nielsen.

a. continue to digitise all new content and selected past works by formatting files so that they are compatible with all digital platforms in the market;

b. encourage the creation of as many new digital platforms selling e-books as possible;

c. strengthen ties between Hachette Livre publishers and their creators and authors by offering a comprehensive range of digital services and unrivalled expertise in marketing and advertising on the Internet and on social networks to avoid "disintermediation" towards operators with no added value;

d. encourage Hachette Livre publishers to develop works not easily transferable into digital format (high-quality illustrated books, box sets, partworks, comic strips, etc.);

e. fight piracy aggressively and methodically;

f. offer dynamic, selective logistics services to attract other partners weakened by the digital revolution to the division and maintain the division's workload and distribution infrastructure profitability without taking any commercial risk or financial interest in their activities.

B.1 In France

After a stellar year in 2013 driven by Dan Brown, Astérix and the phenomenal success of the Fifty Shades trilogy, it was inevitable that the performance would pale in France.

Moreover, the persistent absence of curriculum reform continued to weigh on activity in Education (Hachette Education and the Alexandre Hatier group).

General Literature nevertheless garnered some stellar successes:

- Stock: *Constellation*, a first novel by Adrien Bosc, won the Grand prix de l'Académie française (146,000 copies).
- Fayard: *Devenir soi*, by Jacques Attali (104,000 copies); *Du bonheur, un voyage philosophique*, by Frédéric Lenoir (105,000 copies in 2014 and a total of 230,000 since its release in 2013); and the 2015 Quai des Orfèvres prizewinner, *Tromper la mort*, by Maryse Rivière (125,000 copies).
- Grasset: *Oona & Salinger*, by Frédéric Beigbeder (116,000 copies); and *Le Ver à soie*, by Robert Galbraith, alias J.K. Rowling (86,000 copies).
- Lattès: *On ne voyait que le bonheur*, by Grégoire Delacourt (132,000 copies); and *La Pyramide de glace*, by Jean-François Parot (72,000 copies).

Larousse had a muted year due to the ongoing decline in sales of dictionaries, and intense competition between publishers of practical guides.

However, glowing success was achieved in Illustrated Books with Art Therapy albums, as well as in Youth Works, with Violetta books in the Hachette Jeunesse Disney Collection.

Distribution enjoyed a bumper year, signing new distribution agreements with two non-Group publishers, Editions Odile Jacob and Les Arènes. Shortly after its transfer to Hachette Livre Distribution, Les Arènes published *Merci pour ce moment* by Valérie Trierweiler. Hachette Livre Distribution shipped more than 600,000 copies of this book in just a month.

B.2 Outside France

United States

In the United States, the market for printed trade books grew by 2.4%, driven mainly by the youth segment. The adult non-fiction market grew by 1.4%, while the fiction market was down 7.9%[1]. Digital formats rose slightly in the first half, before falling in the second half. Averaged over the full year, growth was at 26.9%, including audio books. Excluding audio books, digital market share was 24.5%[1].

It is too early to say whether this is just a temporary lull, or whether the penetration of digital formats has peaked. However, it seems certain that e-books will not win more than half of the publishing market, a prospect foreshadowed by many observers just three years ago.

Hachette Book Group (HBG) once again dominated bestseller lists, with 14 books reaching first place. Ten of the 25 best sellers of the year in adult fiction were published by HBG, as were two of the 25 best-selling non-fiction titles. Donna Tartt's novel *The Goldfinch* recorded the year's second-best sales in fiction, bearing in mind that it was released in 2013. Hachette Audio also posted a very satisfying performance, deriving the bulk of its sales from downloaded audio files as opposed to CDs.

Numerous HBG authors won major awards: Malala Yousafzai received the 2014 Nobel Peace Prize, and Donna Tartt was awarded the Pulitzer Prize for Literature for *The Goldfinch*. Moreover, titles published by HBG were variously rewarded by a Carnegie Medal, a Grammy Award, a Hugo Award, a Nebula Award, a PEN/Hemingway Award and an Edgar Award.

2014 was marked by a trade dispute between Hachette Book Group (HBG) and Amazon. To put pressure on HBG in the negotiations, Amazon blatantly imposed various obstacles to the sale of HBG printed and e-books on its online sales platform. The dispute prompted a reaction by authors and their agents. A campaign in support of Hachette Book Group started in spring, and gathered support quickly. Nearly a thousand British and American authors published a petition on a double page of *The New York Times* condemning Amazon's attitude, which had a direct impact on those among them who were published by HBG. In November, after seven months of tough negotiations, a multi-year agreement was signed granting HBG the right to set the price of its e-books. This is a major advance liable to preserve all stakeholders in the value chain.

United Kingdom and the Commonwealth

In the United Kingdom, the printed book market fell by 1.3% in 2014, while e-books grew by only 7.5%, reaching 26.1% of the total market value[2].

Hachette UK, whose share of the printed book market edged down to 13%, kept its second place in the ranking of English publishers behind Penguin Random House. These two houses have together occupied the top spot since their 2013 merger. Although no official figures on the digital market are available, Hachette UK believes it is the United Kingdom's leading publisher of e-books, which now represent 23% of its sales. Hachette UK's market share across all trade formats was 23.8%, while Hodder Education cornered 24.1% of the textbook market.

Hachette UK placed 124 titles on *The Sunday Times* bestseller lists in 2014, 29 of which made it to first place. This was a better performance than in 2013, which was itself an abundant year in terms of bestsellers. Particularly noteworthy was the path taken by Gillian Flynn's *Gone Girl*, which was published by Orion in 2013 and whose trade paperback version spent nine weeks at the top of the fiction list in 2014 on the heels of the release of its film adaptation.

Hachette UK won no fewer than 32 awards in 2014, and its subsidiary Little, Brown Book Group was named "Publisher of the Year" at the Bookseller Industry Awards.

Several acquisitions rounded out Hachette UK's editorial offer:

- Constable & Robinson, which became a subsidiary of Little, Brown Book Group;
- Quercus, acquired by Hodder & Stoughton;

(1) Source: American Publishers Association.
(2) Source: Nielsen.

- Ilex, which joined Octopus;
- Rising Stars, complementing the catalogue of Hodder Education, which also acquired the Pearson textbook catalogue for the English-speaking Caribbean.

Spain and Latin America

The contraction of the Spanish economy ended in 2014, but no improvement has as yet been felt in the publishing industry, which remains depressed. Against this challenging backdrop, Anaya Educación focused on presenting new textbooks for years 1, 2 and 5 of primary school, following the implementation of the new *Ley Orgánica de Mejora de la Calidad Educativa* (LOMCE). Spain's economic and political difficulties have prevented the full implementation of new textbooks foreshadowed under the new law.

Despite the fall in the Spanish fiction market, which continued in 2014, Algaida and Bóveda held firm thanks to new themes and the release of titles from publishers such as Calmann-Lévy, Headline, Hachette Australia, Hodder & Stoughton and Little, Brown, including *El jardin de Dachau*, by E.M. Wiseman.

Algaida Narrativa enriched its roster of Spanish authors, winners of prestigious literary awards, and has stepped up its promotion of digital formats. Felix G. Modroño was awarded the Ateneo de Sevilla prize for *Secretos del Arenal*, yet another honour for this author whose previous works published by Algaida had already notched up outstanding results. All this helped bolster Algaida-Bóveda's digital catalogue, as did reissues in Algaida's "Eco" series.

At Alianza Editorial, the award of the 2014 Nobel Peace Prize to Malala Yousafzai, whose *Yo soy Malala* was published last year, coincided with the October launch of a new edition of her biography targeting readers of all ages, simultaneously in Spanish (*Malala. Mi historia*) and Catalan (*Malala. La meva història*). Both *Yo soy Malala* and *Malala. Mi historia* enjoyed strong sales in Latin America.

In 2014, Anaya Infantil y Juvenil commemorated the centenary of the publication of *Platero y yo* with a new edition in gift format and the reissue of other catalogue titles relating to author Juan Ramón Jiménez. The four-hundredth anniversary of El Greco's death was also commemorated with the publication of a primary school reader. Lastly, the 25th anniversary of the Convention on Children's Rights was marked by the publication of *Los derechos infancia* in partnership with UNICEF.

Bruño modified its programme of textbook releases in line with the timing of the new education law. The same General Literature collections were developed as in the previous year, with a significant increase in sales and tighter control of print runs and returns.

Larousse has continued to update the contents of its dictionaries and to extend its collection of practical guides, which have become its main growth driver.

In Mexico, Larousse and Grupo Editorial Patria posted stronger sales in Education, in the private and public markets alike. The biggest-selling books in 2014 were the *Diccionario Pocket Inglés/Español* (1,052,000 copies) and the *Diccionario Basico Escolar* (1,186,000 copies).

Partworks

Generally considered to be more sensitive to fluctuations in purchasing power than books, partworks enjoyed another good year in 2014, again reporting positive sales growth. Partworks are sold per issue in news-stands and by subscription, and not in book stores. A single product may be successful in several countries with different cultures and economies, but it is important for it to go through rigorous testing to make sure that it is appropriate for each market.

In 2014, 67 new products were issued and 18 existing products were returned to the market. Bestsellers included *Aromatherapy* in Japan, *Super-héros Marvel* and *Camions de pompiers* in France, *Build Your Own Globe* in Russia, *Marvel Superheroes* in the United Kingdom, *Build Your Own Construction Machinery* in Italy and *U-Boot Submarine* in Germany.

B.3 Objectives and achievements in 2014

The main objective in 2014 was to resolve the dispute between Hachette Livre and Amazon in the United States without making concessions on the crucial issue, namely the division's right to set the market price of its e-books unilaterally.

Another priority was to continue the cost-cutting plan started in 2013 to prepare for the difficult years ahead in France and Spain, in the absence of curriculum reform.

Lastly, targeted acquisitions were planned to round out the division's brand portfolio in market segments identified as buoyant and insufficiently covered by the Hachette Livre offer.

These objectives were achieved:

- A multi-year contract was signed with Amazon in November, after seven months of tough negotiations. It states that Hachette Book Group (HBG) has sole authority to set the price charged by Amazon to its US customers when selling e-books published by HBG houses. This crucial provision of the agreement preserves the economic and symbolic value of books, whether printed or in digital format.
- Cost cutting was achieved in all of the division's countries, most notably in the United States and the United Kingdom.
- Several acquisitions were made in the United Kingdom (Constable & Robinson, Quercus, Ilex and Rising Stars) and the United States (Black Dog & Leventhal).

C) OUTLOOK

The highlight of 2014 was without doubt the end of the growth of digital formats in the US and UK markets. 2015 will confirm whether this situation is likely to last, or whether it is just a temporary lull ahead of further growth. Should a new phase of growth begin, it will probably result from the arrival of a new generation of e-book readers rather than from lower prices, as all major publishers are working in their own way to regain control of selling prices.

Control of selling prices is the cornerstone of the book value chain: from the author to retailer, via the agent, the publisher and the distributor. Hachette Livre will resolutely strive to preserve it in 2015 and beyond.

Moreover, with 2015 again to see an absence of curriculum reform in France, and with the Spanish market still very lacklustre, much attention will be paid to cost control, as regards payroll, advances to authors and print runs.

2015 will also see the completion of moves by all major Hachette Livre subsidiaries to more modern and less expensive offices. Hachette Livre's headquarters will leave the Grenelle platform in Paris for a building specially designed and built for it in Vanves. It is the owner of the new building. Certified as a High Environmental Quality building, the new headquarters will be a source of substantial savings and improved working conditions for employees.

5.2.2 LAGARDÈRE SERVICES

A) PRINCIPAL ACTIVITIES AND MAIN MARKETS

Lagardère Services is a global leader in Travel Retail and Local Distribution, with operations in 30 countries and four continents.

As of the end of 2014, LS travel retail operated a total of 4,161 sales outlets (4,028 in 2013), including 3,687 in Europe, Middle East and Africa, 270 in Asia-Pacific and 204 in North America.

Lagardère Services focuses its development on two business lines:

- LS travel retail consists of retail operations in travel areas and concessions in three fields: Travel Essentials, Duty Free & Luxury, and Food Services. The business line breaks its operations down into three geographic areas: Europe, Middle East and Africa (EMEA), Asia-Pacific (ASPAC) and North America.
- LS distribution operates Distribution and Services activities for convenience stores, in both independent and integrated retail networks. LS distribution also offers a complete range of services to e-tailers. These businesses are located as follows:

	Belgium	Switzerland	Hungary	Spain	Canada	United States
Distribution						
National retailer	x	x	x	x	x	x
Wholesaler	x	x	x	x	x	
FMCG distributor(1)	x	x	x	x	x	
Third-party logistics	x	x	x	x	x	
Marketing services	x	x	x	x	x	x
Integrated retail	**x**	**x**(2)	**x**	**x**		

(1) Fast-moving consumer goods.
(2) Payot was sold in 2014 (15 sales outlets).

As of the end of 2014, Lagardère Services operated 4,161 sales outlets of which 3,194 in the LS travel retail division and 967 in LS distribution (integrated retail).

A.1 Travel Retail

Retail sales dedicated to travellers

Travel Retail is a niche in the distribution market, and one of the most attractive activities in retailing. In the past few years, the market has undergone profound change, globalising, integrating, consolidating and becoming more sophisticated.

Lagardère Services is stepping up its expansion in this segment by:

- leveraging its current positions to increase effectiveness and brand awareness;
- expanding its commercial offering, particularly in Food Services;
- intensifying its organic growth in emerging countries;
- accelerating its external growth, with, if possible, a transformative acquisition.

LS travel retail aims to become the leading transport retailer and the preferred partner for licensors on all market segments. It is structured around three geographic areas:

- LS travel retail EMEA covers Europe and expansion in the Middle East and Africa;
- LS travel retail ASPAC covers the Asia-Pacific region. A special development unit has been set up in Singapore to focus on accelerating growth;
- LS travel retail North America covers the retail businesses in Canada and the United States.

Lagardère Services is currently the world's third-largest operator in Travel Retail. In 2014, to optimise the management of its various businesses, a matrix-based organisation was added to its geographic organisation. Accordingly, Lagardère Services:

- has the largest international network of convenience stores and stores dedicated to cultural leisure products (Travel Essentials);
- is a major player in duty free, luxury and fashion (Duty Free & Luxury);
- has become the fourth largest Food Services operator in travel areas following the acquisition of the Airest group in 2014.

The network includes the following outlets operated:

- under its own international store names (Relay, Hubiz, Aelia Duty Free, Discover, Tech2go, So! Coffee, Rustichelli Mangione, Bricco and Trib's), as well as store names with a strong local identity (Buy Paris Duty Free, Buy Paris Collection, Newslink);
- under franchise or licence (Hermès, Lonely Planet, Fnac, iStore, Costa Coffee and Paul, and more recently Victoria's Secret and Marks & Spencer).

a. World leader in Travel Essentials

With the Relay and Hubiz stores and local store names (Newslink, etc.), Lagardère Services currently runs the world's largest international network of newsagents and convenience stores located in travel areas, including more than 150 international airports. With new sales outlets opening regularly and the launch of a new concept in 2014, Relay offers an increasing number of customers a wide range of products while travelling: newspapers, magazines, books, confectionery, souvenirs, food and convenience products.

In train stations and airports, Lagardère Services also operates a large number of stores selling small electronic appliances, telephone accessories and mobile devices under the Fnac, Virgin, iStore and Tech2go names (notably in France, Germany, Poland, China, Australia, New Zealand, Canada and the United States).

Lastly, the Air de Paris stores in France and the Discover stores in North America, Germany, Poland, Australia, China and Singapore sell tourists products and souvenirs that promote local culture and regional produce. LS travel retail also operates gift-souvenir concessions at the Eiffel Tower and Sydney Opera House, as well as sales outlets at Niagara Falls.

Competition in press sales and convenience stores in travel areas is mainly from local businesses: Hudson News, Paradies and HMSHost in North America; WH Smith in the United Kingdom; Valora in Switzerland; Valora and Eckert in Germany; Areas in Spain; Ruch and Kolporter in Poland, etc. Two groups have plans for international expansion: Hudson News in Europe, following its acquisition by Dufry, and WH Smith in Europe and Asia-Pacific.

A top player worldwide in Duty Free & Luxury

LS travel retail also operates duty-free shops (alcohol, tobacco, perfumes, cosmetics, food) and specialist concept stores, under its own names (Aelia Duty Free, Buy Paris Duty Free, So Chocolate, The Fashion Gallery, etc.) and under international brand licences (Hermès, Longchamp, Hugo Boss, Ferragamo, Victoria's Secret, etc.).

The 2014 acquisition of Gerzon (12 fashion stores at Schiphol Airport) made LS travel retail the European leader in Fashion sales in travel areas. By end-2014 this segment had grown significantly, counting 351 sales outlets, up from 296 in 2013.

LS travel retail also handles onboard sales of high-end products on behalf of certain airlines, including Air France, Alitalia and Iberia in partnership with the Servair group.

Aside from LS travel retail, the leading global players in duty-free sales and specialist concept stores in travel areas are Dufry, DFS (LVMH group), World Duty Free (Benetton group) and Heinemann.

b. Fast-growing operator in Food Services

Lastly, with its long-standing presence in French hospitals (209 sales outlets), LS travel retail is stepping up its expansion in Food Services concessions.

LS travel retail operates 725 Food Services outlets in nine countries (France, Poland, Czech Republic, Germany, Belgium, Australia, Bulgaria, United States, Canada and, since 2014, following the acquisition of the Airest group, in Italy, Austria, Slovenia, United Arab Emirates, China and Singapore) under its own store names (Trib's, Business Shark, So! Coffee, Rustichelli Mangione, Bricco, etc.) and under licence, both to international brands (Paul, Costa Coffee, Subway, etc.) and to local brands (Panos, Mr. Baker, Empik Café, Java U, etc.).

A.2 Distribution

A leader in distribution and services for convenience stores, LS distribution has considerably diversified its businesses, and is now focusing on growth and consolidation, despite lower print media sales, with three main priorities:

- streamline and improve the performance of Press Distribution operations: harmonise and improve industrial practices and productivity, integrate companies to improve efficiency, gain market share in Press Distribution, capture a greater portion of the value chain, etc.;
- develop Distribution activities and diversified services: distribute and represent FMCG brands, extend the services (including dematerialised services) provided within the network, in a new and commercially attractive offer, expand into non-press distribution networks;
- build an offer of B2B services based on skills, logistics assets and systems: provide services for e-tailers, 3PL (Third-Party Logistics Provider) and PUDO (Pick Up Drop Off) services.

a. National Press Distribution and Press Import/Export

Supplying sales outlets with newspapers and magazines is a crucial function in press sales. Lagardère Services carries out this activity in nine countries at two levels: National Press Distribution and international Press Import/Export.

The world's leading national press distributor, LS distribution is the largest distributor in the United States, Belgium, French-speaking Switzerland, Spain and Hungary. In these countries, Lagardère Services supplies convenience store networks: Lapker in Hungary (7,521 sales outlets, 395 of which are operated by the company) and SGEL in Spain (approximately 20,000 sales outlets).

In North America, the leading national magazine distributor, Curtis Circulation Company, coordinates a network of independent wholesalers and manages sales of press titles to the biggest retail chains. Its market share was stable at 32% in 2014.

Its competitors are major local players such as TDS/WPS (Time Warner group), Comag (The News Group) and Kable. The market has undergone substantial change since 2012, with the takeover of Comag by The News Group (TNG, largest US wholesaler) from Hearst Group and Condé Nast, and the collapse of Mercury in 2013 and Source in 2014. This shift towards vertical integration is shaking up the press distribution market in the United States.

In Spain, SGEL, the leading national press distributor, has 48% of the overall press and magazine market. Its main rivals are Logista and GDER (controlled by the Boyaca group).

Lagardère Services is also the leader in Hungary, Belgium and French-speaking Switzerland.

LS distribution is also a leading company in the import and export of international press, with operations in eight countries (Belgium, Canada, Czech Republic, Hungary, Romania, Spain, Switzerland and the United States).

b. Other Distribution activities

To respond to the structural decline in the press market, LS distribution has diversified its distribution activities, building on the strength of its networks and its local organisations.

Lagardère Services now offers distribution and brand-representation services, FMCG distribution and logistics for e-tailers, in addition to new services (including dematerialised services such as Western Union money transfers, telephony, etc.).

c. Integrated retail operations: local retailing in town centres and shopping malls

LS distribution also has an extensive network of 967 convenience stores trading under names with strong national identities such as Inmedio in Eastern Europe, Press Shop in Belgium, Naville in Switzerland and BDP in Spain. Competitors are local independent retailers.

Furthermore, in response to the steady decline in press sales, LS distribution is pursuing a plan to diversify its product ranges, as well as its concepts, by expanding into fast food, coffee shops and specialised concepts.

LS distribution has entered into partnerships with major players including La Cure Gourmande and Jeff de Bruges (Spain), Exki (Belgium) and Subway (Switzerland).

LS distribution initiated the disposal of distribution activities by country in 2014. It has entered into an agreement to sell LS distribution Switzerland to Valora, effective at the end of February 2015.

B) OPERATIONS DURING 2014

Contribution to consolidated sales in 2014: €3,814 million (€3,745 million in 2013).

Breakdown of sales by activity

	2014	2013
LS travel retail	**63.4%**	60.1%
LS distribution - of which integrated retail - of which distribution	**36.6%** **14.4%** **22.2%**	39.9% 16.5% 23.4%
Total sales	**100%**	100%

Breakdown of sales by geographic area (Total)

	2014	2013
France	**26.2%**	28.7%
Europe (excl. France)	**59.8%**	57.6%
North America	**6.0%**	5.9%
Asia-Pacific	**8.0%**	7.8%
Total sales	**100%**	100%

Breakdown of sales by geographic area (Travel Retail)

	2014	2013
France	**41.4%**	47.8%
Europe (excl. France)	**39.1%**	32.0%
North America	**7.0%**	7.3%
Asia-Pacific	**12.5%**	12.9%
Total sales	**100%**	100%

Sales grew by 1.8% in 2014 on a reported basis, and by 2.6% on a like-for-like basis excluding the impact of the discontinuation of tobacco sales in Hungary.

Travel Retail accounted for 63.4% of consolidated sales in 2014, up from 60.1% in 2013.

Retail activities (Travel Retail and Integrated Retail) accounted for 77.8% of consolidated sales in 2014, up from 76.6% in 2013, thanks to acquisitions made in 2014 (notably Gerzon and Airest) and the ramp-up of new concessions (Rome, Food Services in France and the United States, Fashion in China and Spain), despite the sale of Payot in July 2014 and the impact of the deconsolidation of sales derived from the SNCF network (since September 2014) and the Inmedio network (since December 2014) following the creation of joint ventures involving a shift to the equity method to consolidate the sales of these two entities.

The product diversification policy for both retail activities and Press Distribution reduced the print media component of consolidated sales from 31% in 2013 to 28% in 2014.

The 2014 market environment was marked by continued growth in air traffic, at a significantly faster pace than in 2013, and a further decline in the press market.

The magnitude of the economic crisis, especially in Europe, geopolitical tensions, new Chinese regulatory measures limiting group travel and extravagant spending, and the devaluation of certain currencies (especially the rouble) continued to dampen activity.

- Continued growth in air traffic

  After growth of 6.3% in 2010, 5% in 2011, 4.2% in 2012 and 3.9% in 2013, 2014 saw a significant increase in the pace of air traffic growth to 4.9% worldwide, breaking down as follows: 5.2% in Europe (2.9% in 2013), 3.2% in North America (1.1% in 2013), and 5.4% in Asia-Pacific (7.4% in 2013)[1].

- Further decline in print media sales

The decline in the press market continued, with volumes down between 6% and 10% depending on the country.

Lower volumes have been partially offset by higher prices.

Against this backdrop, growth in Travel Retail profits was attributable to:

- growth in air traffic;
- network expansion (through organic and external growth) and the modernisation of stores;
- the ongoing strategy of modulating concepts and lines in favour of products enjoying growth and/or offering higher margins (duty free, food services and convenience stores, for instance);
- improved purchasing conditions.

  Lagardère Services' concessions portfolio expanded considerably during the year, especially in the Duty Free & Luxury and Food

(1) Source: ACI, at end-October 2014 and end-December 2013.

Services activities, where royalties are traditionally higher, but where operating margins are more attractive.

For Distribution, the drop in profits was in part offset by diversification efforts and reorganisation plans, which helped generate new revenues and further savings in 2014.

B.1 Travel Retail

Europe, Middle East and Africa (EMEA)

In France, managed sales[1] at directly operated Relay France stores edged down by 0.7% compared with 2013, with sound growth of 8.4% in Food & Beverage sales partially offsetting the decline in tobacco (3.3%) and press (6.0%) sales over the year. The SNCF strike in June 2014 also had an adverse effect on business. Hospital networks and regional airports reported growth of 5.2% and 4.4% respectively year on year.

Overall, managed sales at directly operated Relay France stores were down 1% in Print Travel Essentials, and up 10% in Food Services.

Sales generated in airports by the equity consolidated Relay@ADP joint venture were satisfactory, growing by 3.7% in 2014, driven primarily by growth in packaged food and souvenirs.

Duty Free & Luxury recorded sales growth of 4.5% in France in 2014.

The modernisation of sales outlets, further new business initiatives and the quality of training policy helped generate earnings growth that outpaced the increase in air traffic (increases of 2.6% for Aéroports de Paris, 1.8% in Marseilles and 1.0% in Nice).

Paris-Charles-de-Gaulle Airport was nevertheless affected by the decline in sales per passenger on the Russia, Japan and Brazil routes due to the fall of their currencies, Chinese laws aimed at curbing extravagant spending and the Air France strike in September 2014.

In addition, regional airports were affected by the redeployment of Air France bases between airports and the closure of some routes (Nice, Marseille). However, these impacts were offset by openings (Toulon, Nice) and the development of new concepts (Marseille).

The United Kingdom recorded sales growth of 8.2% compared with 2013 as a result of sales growth in its major platforms, including Luton, and the opening of a platform in Birmingham.

For LS travel retail Roma, 2014 represented a full year of business following the modernisation campaign in Fiumicino outlets in 2013 and in Ciampino outlets in early 2014. Sales grew by 18.5%, on a 6.3% increase in air traffic driven in large part by the increasing number of low-cost flights and by a sharp increase in spending per passenger (11.6%), despite the negative effect of the devaluation of the rouble on Russian passengers. The company now has 13 sales outlets, with the opening of four new outlets this year: Montblanc, Pandora, Luxottica and Victoria's Secret.

In Germany, growth was 2.2%. The relative stability of Travel Retail activity is explained by the full-year impact of openings in 2013, which added 1.3 percentage points to growth, whereas sales excluding network changes were down 1.4%, once again burdened by changing flows at Frankfurt Airport (following the opening of Terminal 1A+ in October 2012) and the decline of the press business. The development of Food Services activities added 2.3 percentage points to growth, with the full-year impact of the 10 sales outlets opened in the food court of the Frankfurt train station in May 2013 and the expansion of the Coffee Fellows network in 2013 and 2014. The company now has 125 sales outlets, of which 33 in Food Services.

In Poland, consolidated sales fell by 2.9%, due mainly to the deconsolidation of the Inmedio business (413 sales outlets) following the sale on 1 December 2014 of 51% of this activity to distributor Eurocash SA.

Excluding this effect, managed sales in Poland grew by 1.7%, with increases of 11.3% on the Food Services network and 1.5% on the Travel Essentials network. Duty Free activity was down 1.5% under the combined effect of slowing air traffic in Warsaw (down 1.2% compared with 2013 following Ryanair's departure in October 2013) and a lower average spend per passenger chiefly attributable to the loss of purchasing power among Russian passengers.

The network was stable, with 743 sales outlets (including 413 Inmedio outlets).

In the Czech Republic, the 3.2% increase in sales in 2014 was driven by the expansion of the Food Services network. The legacy business of Relay and Inmedio outlets was stable (0.1%), due to the decline in press sales (8.1%) and the new network rationalisation policy. Duty Free business (24 sales outlets in airports), which is very sensitive to Russian passengers, saw muted growth of 0.2%, affected by the Ukrainian crisis and the devaluation of the rouble.

By contrast, the Food Services activity, which includes Paul, Costa and Ugo sales outlets and the Mr. Baker concept, grew by 20.7%, driven by significant network expansion (14 sales outlets).

In Romania, the 10.5% increase in sales in 2014 was driven by network expansion (15 openings in 2014).

In Bulgaria, sales grew by 23.0% in 2014, with the opening of six sales outlets and good performances in Food & Beverage and tobacco. At year-end, the network numbered 96 sales outlets, mostly in shopping centres and bus stations.

Asia-Pacific

In the Pacific, Travel Essentials recorded stable sales under the combined effect of another big decline in press sales (down 8.7% at constant scope of consolidation) and the ongoing decline (2.3%) of book sales, notably in Australia, after two difficult years.

The rationalisation of the Print Travel Essentials network continued in 2014, but was more than offset by the successful development of the Duty Free and Non-Print Travel Essentials (Tech2go, souvenirs and convenience) activities.

Asia recorded another year of stellar growth (24.9%), despite a challenging trading environment:

- slower growth in air traffic in Singapore and Malaysia due to political upheavals in Thailand and two plane crashes affecting Malaysia Airlines;
- the impact on the average spend per passenger of new Chinese regulatory measures designed to curb extravagant spending, as well as the devaluation of the Indonesian rupiah.

Growth was driven mainly by the development of the Fashion activity in China (opening of 13 new sales outlets in Shenzhen in November 2013), the opening of sales outlets in the new Terminal 2 in Kuala Lumpur, and the continued growth of the Singapore network.

In Hong Kong, the drop in press and English book sales in Relay sales outlets was tempered by an effective strategy of diversifying the product mix and the expansion of the So Chocolate concept.

Lagardère Services now has 135 outlets in the region, an increase of 18 outlets compared with 2013.

North America

With a network totalling 193 sales outlets (106 in Canada and 87 in the United States), Travel Retail activity grew by 6.5% in 2014, with growth of 5.4% excluding network changes, despite declines of 7.5% in press sales and 3% in books, after tremendous efforts made to diversify into food, souvenirs and portable accessories.

(1) Managed sales correspond to 100% of sales from the relevant activities regardless of Lagardère Services' level of control or ownership of them.

Network changes added 1.8 percentage points to growth despite the impact of the sale of non-travel retail outlets in Canada. Growth was driven by the full-year impact of openings in 2013 (Los Angeles, Detroit, Houston, Trudeau, JFK T8) and openings in 2014 (Los Angeles and Denver).

In 2014, as part of the refocus on travel areas (Travel Retail), 30 Newsstand sales outlets operating in city centres and shopping malls were sold to Gateway.

B.2 Distribution

LS distribution initiated the disposal of distribution activities by country in 2014. Accordingly, it entered into an agreement in November 2014 to sell its activities in Switzerland to Valora, effective at the end of February 2015.

Integrated retail activities

In Belgium, retail sales grew by 0.6% thanks to a strong performance in tobacco (attributable to higher prices) and food, which offset falling press and telephone card sales, as well as the impact of nationwide strikes at year-end. A reorganisation plan was implemented in 2014 to outsource the logistics business, and to combine corporate and distribution functions.

In Spain, business in press sales outlets fell by 3.4%, in Spain as well as Portugal, mainly due to the decline in the print media market, despite the strength of the souvenir and food & beverage categories. Diversification projects have been launched to offset this decrease in sales. At the end of 2014, the network had five La Cure Gourmande outlets, four Jeff de Bruges outlets, one Discover outlet (souvenirs) and one Hello! outlet.

Despite the closure of unprofitable sales outlets in ports at the end of 2013, Duty Free operations experienced strong growth, with the opening of fashion stores in Madrid Airport (three outlets), and in Barcelona, Malaga and Valencia (one outlet). These openings came following the gain of Fashion concessions at the end of 2013.

In Switzerland, Naville Détail reported stable sales compared with 2013, with the structural decline in press and telephony sales offset by improved sales of tobacco and other products (including e-cigarettes). The network numbered 183 sales outlets at the end of 2014. This entity is part of the scope sold to Valor at the end of February 2015.

LS travel retail International also operates two fashion sales outlets at Geneva Airport.

Moreover, the Payot chain, which had 11 bookstores and four Nature & Découvertes stores, was sold in July 2014.

In Hungary, a 2012 law that came into force on 15 July 2013 transformed the distribution of tobacco into a state monopoly for the exclusive benefit of individuals. The strict application of this law significantly reduced the number of retailers, from 42,000 to about 6,000. The new law had a significant impact on business in 2013 and 2014, resulting in the loss of €35 million and €43 million in sales respectively. Accordingly, the sales of Retail activities were down 58.3%. The network of news-stands numbered 60 at end-2014, representing 35 closures compared with 2013 following the implementation of the Tobacco Act. The network under the Relay and Inmedio banners stood at 329 sales outlets.

Distribution activities

The Distribution business was marked by a continuation of the significant decline in the press market in 2014, but to a more limited extent than in 2013. Continued, sustained growth in diversification businesses in all countries partially offset this decline.

In Belgium, AMP's distribution activities reported a 4.9% decline in sales in 2014 due to a faster decline in press sales (volume down 8.6% compared with 2013) and year-end strikes. Sales were also down in the logistics diversification, with the termination of the PUDO contract with Mondial Relay. However, AMP took the opportunity to launch its own brand, Kariboo! and to sign new contracts, which will make a contribution in 2015. The Non-Press Distribution business grew strongly, with the full-year impact of the Burnonville activity.

A new restructuring plan resulted in the departure of 47 people in 2014.

In Spain, Distribution activities fell by 5.0% in 2014, after a decline of 6.2% in 2013, largely as a result of a better trend in the press market in a persistently troubled economic environment (volumes 6% lower, after an 8.4% decline in 2013). However, sales of partworks and books grew sharply in 2014, by 43.6% and 5.6% respectively (down 34.9% and stable respectively in 2013). Diversification efforts also continued in a bid to overcome the decline in the press market. Celeritas (logistics and distribution for e-tailers acquired in August 2012), for instance, posted strong sales and accounted for 2.6% of the sales of the Distribution business in 2014.

In Switzerland, the erosion of press sales, down 6.2%, affected Naville's distribution activities, with sales falling by 6.1%. This activity is part of the scope sold to Valora at the end of February 2015.

The sales of Distribution activities in Hungary increased by 16%. Lapker Distribution increased its activity thanks to growth in exports, while domestic sales remained stable. In addition, LDS (distribution of convenience products) and Sprinter (logistics diversification) benefited from the ramp-up of their activities, stemming from acquisitions in 2013.

In the United States, the Curtis Circulation Company's consolidated distribution sales were down 18.2%, in a magazine market severely affected by the economic crisis, the digital transition and disruption caused by the bankruptcy of distributor Source.

Overall, the sales of LS distribution North America grew by 11.8%.

B.3 Objectives and achievements in 2014

Travel Retail

One of the goals of 2014 was to continue the diversification of the product mix in Travel Essentials. To meet this objective Lagardère Services focused its efforts on:

- the development of new product lines, especially in food, souvenirs and accessories;
- the development of new concepts such as Hubiz, Tech2go and iStore;
- the modernisation of stores, with the launch of the new Relay concept;
- the implementation of innovative business initiatives to boost sales.

The second objective involved increasing the pace of expansion in emerging regions. In Asia, sales continued to grow, increasing by 24% year on year thanks to the opening of new concessions in late 2013, notably in China (Shenzhen and Xi'an), and good performances in Hong Kong and Singapore.

The third objective was to accelerate our organic and external growth. The most significant achievements in this regard were:

- the finalisation on 16 April 2014 of the acquisition of Airest (a subsidiary of Italian group Save). The Airest group operates in Food Services (79% of sales, two-thirds of which in Italy), as well as in Duty Free and Travel Essentials (mainly in Italy in the Venice, Treviso, Bari and Palermo Airports). Airest operates approximately 200 sales outlets in 11 countries, and posted 2014 sales of €203 million (on a full-year basis);
- the consolidation of Gerzon, which operates 12 fashion boutiques at Schiphol Airport in the Netherlands (Europe's fourth busiest airport), acquired on 3 January 2014;

- the establishment of the joint venture with SNCF on 4 September 2014 following the renewal in 2013 of the concession for a period of 10 years (307 sales outlets);
- the signing of franchises with Subway in Bulgaria and Switzerland, and the opening of the Simply Food outlet (Marks & Spencer) in La Défense in France in June 2014;
- the gain by Relay of numerous concessions in train stations (Cannes and Montpellier), airports (Grenoble, Rennes, Perpignan and Carcassonne) and hospitals (Marseille, Bordeaux and Générale de Santé clinics), adding up to a total of 22 sales outlets;
- the gain of concessions in Birmingham (six sales outlets), Melbourne (four sales outlets) and Nice (Food Services);
- work on the operation of 25 sales outlets in Terminal 1 at Warsaw Airport, which is scheduled to open in April 2015;
- the development of duty-free operations in Rome and those of DFS WL in the Pacific;
- the gain of a concession in Iceland in the last quarter of 2014 for the opening of seven Food Services sales outlets in spring 2015 with a local partner.

Distribution

In view of its objective of seeking industrial or financial capital to strengthen its strategic positioning, LS distribution officially launched the disposal of its activities by country in 2014.

The first achievement was the three-part sale of activities in Switzerland: the disposal of Payot bookstores on 15 July 2014, the sale of real estate assets (SI A.Piller) on 3 September 2014, and the signature on 9 November 2014 of an agreement bearing on the sale of Distribution and Retail activities to Valora. This transaction was finalised in late February 2015.

Furthermore, in line with its stated objectives, and in response to the structural decline in print media, LS distribution pressed ahead with efforts to improve productivity and diversify.

The year was particularly eventful in terms of diversification:

- faster migration of retail networks to non-press sales;
- expansion of the operations of LDS (formerly Lekkerland) in Hungary (distribution of FMCG products);
- more services to e-tailers in each of its subsidiaries, notably with the development of the activities of Celeritas in Spain and Sprinter Courier Service in Hungary, acquired in May 2013;
- development of PUDO activities in Hungary, Switzerland, Spain and Belgium, with the launch of the Kariboo! brand.

LS distribution continues to gain market share in its legacy business, both in Spain and Belgium.

C) OUTLOOK

Lagardère Services' 2015 trading outlook is hinged mainly on changes in airport traffic, press markets and broader economic and political trends.

For Travel Retail, the objectives are focused on:

- continued diversification of the product mix in Travel Essentials, through the modernisation of concepts;
- development of the Duty Free & Luxury and Food Services segments;
- faster expansion in Asia-Pacific, the Middle East and Africa;
- external growth through new partnerships and a transformative acquisition if the right opportunity arises.

In Distribution, the objectives are:

- continued search for buyers for LS distribution activities in each of the countries where it operates;
- small acquisitions to accelerate the rollout of business development plans are also possible.

Lagardère Services, which is acknowledged for its leadership positions in its business lines, its operational rigour, its performance culture and its international brands, has a number of assets to help it meet these objectives.

5.2.3 LAGARDÈRE ACTIVE

The following comments describe the position of Lagardère Active based on its 2014 scope and business developments. They accordingly take into account the acquisition of the Réservoir group (Réservoir Prod) in February 2014, and the acquisition of shares in Gulli from France Télévisions (34%) in November 2014.

They also take into account the sale of ten Magazine Publishing titles in July 2014:

- *Psychologies magazine* to the 4B Media consortium;
- *Première* to the Rossel group;
- *Be*, *Pariscope* (printed edition only), *Maison & Travaux*, *Le Journal de la Maison*, *Campagne Décoration*, *Mon Jardin & Ma Maison*, *Auto Moto* and *Union* to the Reworld Media group.

A) PRINCIPAL ACTIVITIES AND MAIN MARKETS

Lagardère Active encompasses the Magazine Publishing, Radio, Television channels, Audiovisual Production and Distribution, Advertising Sales Brokerage and Digital businesses.

A.1 Magazine Publishing

Lagardère Active is the leader in Magazine Publishing for the general public in France[1], boasting 27 titles plus other licensed titles published internationally (84 publications).

Women's magazines form the core magazine portfolio, which also includes titles covering current affairs, interior design, youth and leisure.

Flagship publications include *Elle, Paris Match, Le Journal du Dimanche, Version Femina* and *Télé 7 Jours*.

Sales for the Magazine Publishing business represent 52% of Lagardère Active's total.

Other market players in the Magazine Publishing segment for the general public are either non-specialist groups with operations in one or two countries (such as Time Inc. in the United States and the United Kingdom, Mondadori in Italy and France, etc.), or brands with global ambitions (Hearst and Condé Nast).

A.2 Radio

Radio accounts for 22% of Lagardère Active's sales, of which 29% are generated outside France. 84% of radio station revenues come from advertising sales, which largely depend on audience ratings and the state of the advertising market.

In France, Lagardère Active is one of the major players on the radio broadcasting market, boasting three national networks.

(1) Paid circulation in France, 2013-2014. This is used to measure the advertising potential of a magazine and corresponds to the average number of paying copies per issue. It mainly includes copies sold at news-stands and through subscriptions.

Europe 1

Europe 1, France's benchmark radio station, with a little over 4.6 million listeners daily[1], remains faithful to its traditional fare of general interest, high-quality output for the general public. It is renowned for its coverage and analysis of major news events.

Virgin Radio

Virgin Radio is a music station for 25- to 34-year-olds, blending creativity and a dynamic, interactive format. Virgin Radio plays a mix of well-known pop, rock and electro hits and new tracks. It has nearly 2.3 million listeners every day[1].

RFM

RFM, a music station aimed at a "contemporary adult" audience, is known for its diverse musical programming and its "*Le meilleur de la musique*" ("All the best hits") slogan. It attracts nearly 2.6 million listeners every day[1].

International radio

Outside France, Lagardère Active Radio International (LARI) has been successfully developing the division's radio broadcasting skills over the past 20 years in seven countries in Eastern Europe, Germany and South Africa, as well as Senegal since this year.

Every day, more than 13 million listeners tune in to its 20 radio stations, mostly music channels.

In all the countries where it operates, LARI is a major player in the private radio station market:

- number one in the Czech Republic, where it has five radio stations, including Evropa 2 and Frekvence 1, the country's second and third most popular stations respectively[2];
- number two in Poland, where it has five radio stations, including Radio Zet, one of the country's leading stations, with more than six million listeners daily[3];
- number two in Romania, where it has three radio stations, including Europa FM, which ranks among the country's top three private radio stations[4];
- leading radio station in Saarland, Germany, with Radio 5 Salü[5];
- leading privately owned regional radio station in South Africa for over a decade with Jacaranda[6];
- among the top four radio stations in Slovakia, with Europa 2[7].

LARI launched its twentieth international radio station and its first in West Africa in Senegal in September 2014.

In France and abroad, these radio broadcasting activities are subject to national and EU laws and regulations governing the audiovisual and telecommunications industries. In France, radio broadcasters must have been approved by the French broadcasting authority (*Conseil supérieur de l'audiovisuel* – CSA) (see section 3.3.1).

A.3 Television channels

Sales generated by television channels in 2014 accounted for nearly 9% of Lagardère Active's sales (including Gulli over the last two months of the year).

2014 was marked by the ongoing shift in the focus of Lagardère Active's television channels to two main segments initiated two years ago.

The first is channels targeting a youth and family audience, including TiJi (for children under 7) and Canal J (children aged 6-14). These pay channels are broadcast exclusively by CanalSat and Numéricable in France. Both channels are also available in Russia, where they benefit from satellite broadcasting with specifically dedicated programmes. Gulli, a freeview Digital Terrestrial Television (DTT) channel, wholly owned by Lagardère Active since November 2014, rounds out the youth package.

Lagardère Active's package for the youth and family market is the leader in its segment, and is also the best-known offer in France (97% of households with children know at least one of these channels[8]).

Along with these youth channels, the music channels MCM, RFM TV (formerly MCM Pop) and MCM Top, and the women's channel June make up the entertainment offering for young adults of both sexes. June continues to be broadcast exclusively by CanalSat and Numéricable in the same formats as the youth channels. This is not the case for the MCM channels, which are also distributed by Internet service providers. In the same music universe, two offshoots of the division's music radio stations were launched in 2014: Virgin Radio TV and RFM TV. They are distributed exclusively by Internet providers, CanalSat and Numéricable.

Mezzo and its offshoot Mezzo Live HD are now broadcast into more than 27 million homes in 48 countries. They have carved themselves a reputation as the international benchmark for classical music, jazz and dance on television. Mezzo is 40%-owned by France Télévisions.

Mezzo Live HD has also been available in the Asia-Pacific region since 4 January 2014.

Thanks to this diverse offering, Lagardère Active is a major player in the television market. In 2014, Gulli logged the sixth largest audience share[9] of all DTT channels, with 1.8% of viewers aged 4 years and over across the whole of France. It was also the leading offer for children aged 4-10 years during the day (7am-7pm), with 18.5% audience share[9] (well ahead of TF1, with 15.3%).

Thus, Gulli increased its audience share by 19% year on year on its target audience of four- to ten-year-olds.

Note that France 4 repositioned itself as a youth channel on 31 March 2014, and has therefore naturally progressed in the 4-10 age group. Its daytime (7am-7pm) audience share increased from 1.9% in 2013 to 4.6% in 2014, although it remains well behind Gulli.

Television channel broadcasters have two main revenue streams. Most of the revenues for cable, satellite and ADSL channels consist of fees paid by the operators broadcasting the programmes, plus incidental advertising revenues[9]. By contrast, freeview DTT channels are available to all, and derive most of their revenues from advertising, since they have a very large pool of potential viewers.

In December 2012, six new channels were added to the DTT line-up. These channels were not available in all geographic areas in France as of December 2014 (90%), but they should be available throughout France by mid-2015.

(1) Source: Médiamétrie 126,000; average Monday to Friday; 5am-midnight; November-December 2014 wave.
(2) Source: Radio Project 2014 LV12+.
(3) Source: SMG KRC Radio Track September-November 2014; LV15+.
(4) Source: IMAS May-August 2014 LV11+ Urban.
(5) Source: AS&S MAII 2014 & E.M.A II 2014 LV10+.
(6) Source: RAMS 2013/4 LV15+.
(7) Source: MML SK Q2+Q3 2014 LV14+.
(8) Source: CSA; 2014 study conducted on awareness of additional channels, April 2014.
(9) Source: Médiamétrie – Médiamat 2014; consolidated audience. Audience share is expressed as a percentage and calculated by dividing the audience for a given channel by the total audience for the media as a whole.

A.4 Audiovisual Production and Distribution

In the Audiovisual Production and Distribution business, Lagardère Active – through its subsidiary Lagardère Entertainment – supplies most of the DTT, cable and satellite channels with programme archives (drama, documentaries) and programmes for immediate broadcast (features, light entertainment, prime-time access).

In 2014, sales generated by Audiovisual Production and Distribution represented almost 17% of Lagardère Active's total sales.

In 2014, Lagardère Entertainment maintained its position as the leading producer of drama, with more than 78 hours of original programming broadcast in prime time between 1 September 2013 and 31 August 2014[1]. Lagardère Entertainment was also the second-largest producer of live shows, with nearly 20 hours of programming broadcast weekly[2], up sharply compared with the previous year thanks to the acquisition of the Réservoir group.

These companies' sales consist of broadcaster financing. Other sources of financing such as co-producers, local and regional authorities, and the French national cinema board (CNC) help fund production.

A.5 Advertising Sales Brokerage

Lagardère Publicité enjoys a unique positioning in France, with more than 100 brands marketed via six media (press, radio, television, Internet, mobiles and tablets), and operations in all major publishing environments:

- the leading French press advertising sales agency, with leadership positions in women's, current affairs, parenting, decorating and TV magazines[3];
- in television, a major brokerage catering to all audiences, through its Youth branch (Gulli, Canal J and TiJi) and its Adult branch (RTL9, MCM and June);
- in radio, it has a strong position on influential targets: it is the leader in advertising sales targeting managers and executives*, with a commercial audience share of 24.7%[4];
- a digital offering consisting of 50 websites (including 20 premium sites) providing a gateway to nearly half of the connected population. With 44.2% coverage of Internet users, or more than 20 million unique visitors (UVs)[5], Lagardère Publicité ranks as the market's sixth-largest brokerage. With its offering of 11 smartphone applications and nine tablet applications, Lagardère Publicité is a leading advertising sales brokerage driving innovation in digital applications.

A.6 Digital

In 2014, Lagardère Active consolidated its positions in its Digital business, which represents nearly 10% of its sales.

Lagardère Active operates in Digital through the websites and applications of its offline brands (including Elle, Europe 1, Gulli, Public and Télé 7 Jours), as well as its pure player brands (Doctissimo.fr, Boursier.com, LeGuide.com and BilletReduc.com).

Lagardère Active has nearly 18 million UVs[6] on the desktop Internet in France, and is the leading French media group, with more than 7 million UVs[7] on mobile devices.

The LeGuide group, an operator of online shopping guides, comparison websites, shopping search engines and customer review platforms, is number one in Europe, with 447 million visits in 2014[8]. LeGuide has a team of 150 employees. It operates in 14 European countries through a multi-site strategy based on several subsidiaries, including LeGuide.com, Ciao, Dooyoo.com, Webmarchand.com and Choozen.com. It references 165 million offers from 83,272 e-tailers, and reported sales of €39 million in 2014.

(1) Source: *Écran Total* – Ranking of drama producers – September 2014.
(2) Source: Ranking of producers of programmes for immediate broadcast prepared by the magazine *Écran Total* for the period from 1 September 2013 to 31 August 2014.
(3) Source: OJD 2013-2014, One 2013-2014, One Global V4 (One 2013-2014 /MNR PIM october 2014), Premium 2014.
(4) Source: Médiamétrie 126,000 Radio; September-December 2014; Monday- Friday; 5am-midnight; *Executives and managers = company heads, executives and managers, intellectual professions; cumulative audience share of Lagardère Publicité, IP Radio, NRJ Global, TF1 Publicité Radios, RMC, Radio Classique, Skyrock, Nova & Friends brokerages.
(5) Source: Médiamétrie NetRatings, all connection sites; November 2014.
(6) Source: Médiamétrie NetRatings, all connection sites; January-December 2014.
(7) Source: Médiamétrie; November 2014.
(8) Source: internal analyses.

B) OPERATIONS DURING 2014

Contribution to consolidated sales in 2014: €958 million (€996 million in 2013).

Breakdown of sales by activity

	Real 2014	Real 2013
Press	**52.4%**	56.5%
- of which: Magazine Publishing	**45.6%**	49.1%
- Other activities, of which Digital Pure Player	**6.8%**	7.4%
Audiovisual	**47.6%**	43.5%
- of which: Radio	**21.6%**	20.8%
- Television production and channels	**26.0%**	22.7%
Total sales	**100%**	100%
of which: Digital activities	***9.5%***	*9.8%*

Breakdown of sales by geographic area

	2014	2013
France	**85.5%**	87.3%
International	**14.5%**	12.7%
Total sales	**100%**	100%

B.1 FRANCE MAGAZINE PUBLISHING

In 2014, Lagardère Active maintained its leadership position in circulation and advertising in Magazine Publishing, both overall and in nearly all of its markets.

In July 2014, Lagardère Active completed the refocus of its portfolio on its leading brands, with the sale of printed and digital editions of ten titles. *Auto Moto*, *Be*, *Campagne Décoration*, *Le Journal de la Maison*, *Maison & Travaux*, *Mon Jardin & Ma Maison*, *Pariscope* and *Union* were acquired by the Reworld Media Group, while *Première* joined Belgium's Rossel group. Lastly, the Psychologies group and Selma were sold to a consortium owned by four operators in the Belgian media, 4B Media.

There was a great deal of pressure on per-issue sales, and sales from circulation were down 3.4% on a like-for-like basis. Lower volumes of per-issue sales were offset by the full-year impact of price increases on key titles.

- In the highly competitive environment of high-end women's magazines, *Elle* saw stronger trends in per-issue sales than its competitors.
- Decoration magazines performed well: Lagardère Active titles outperformed the market as a whole. As such, in a broader market down 5.3%, *Art & Décoration* recorded a limited decline of 2.8%, thanks largely to the resilience of subscriptions (up 0.1%), and *Elle Décoration* logged an increase of 0.8% in paid circulation in France[1].
- Like the national dailies, *Le Journal du Dimanche* recorded lower paid circulation in France.
- *Paris Match* enjoyed by far the strongest trend in its segment in terms of per-issue sales, widening its lead over competitors.
- Lagardère Active maintained its leading position in celebrity magazines, with market share stable at 48%. Amid a downturn in this market, *France Dimanche* and *Ici Paris* held up particularly well, faring better than the broader market. Along with its competitors in the celebrity youth market, *Public* had a tougher year. However, *Public* remained the clear leader among digital issues.
- *Télé 7 Jours* delivered one of the best performances in its market: its paid circulation was down 4.3% in a broader market down 5.7%. It continues to boast France's biggest subscriber portfolio among paid magazines.

In advertising, given the economic crisis, sales for Magazine Publishing fell.

- In a depressed market, *Elle* remained the undisputed leader in its segment, with market share of 26.3%, 8.7 percentage points above its main competitor, *Madame Figaro*[2].
- *Version Femina* recorded an increase in page volume in 2014, and regained 0.3 percentage points of market share from *Femme Actuelle*[2].
- In decorating, *Elle Décoration* maintained its leading position, with market share increasing by 1.8 percentage points compared with 2013 to 21.6%. *Art & Décoration* also maintained its market share[2].
- Despite a reduction in page volume, *Paris Match* managed to gain 0.3 percentage points of market share in the news segment[2].
- *Le Journal du Dimanche* had an excellent year, with an 11.2% increase in page volume[2].
- Despite the structural decline in the TV press, *Télé 7 Jours* managed to increase advertising page volume by 0.7%, thereby gaining 1.4 percentage points of market share[2].
- *Parents* remained the leader in its segment[2].

In international licences, Magazine Publishing pursued the rollout of its brands in 2014. New launches included *Elle* in Malaysia in

(1) Paid circulation in France, 2013-2014. This is used to measure the advertising potential of a magazine and corresponds to the average number of paying copies per issue. It mainly includes copies sold at news-stands and through subscriptions.
(2) Source: Kantar Media; December 2014 (excluding inserts).

March, *Elle Décoration* in South Korea and Denmark, and *Elle à Table* in Italy and Spain.

B.2 Radio

Europe 1

Since 2011, Europe 1 has worked hard to change its image, and to become a challenging, upbeat and talked-about radio station, setting the standard in news.

The strategy is to rely on the station's two pillars, news and entertainment, so as to offer listeners greater expertise, stronger, more outspoken opinions, combined with uninhibited, offbeat and surprising content that stimulates them.

Europe 1 is France's number two private radio station, attracting 4,630,000 listeners every day.

In the last wave[1], the station recorded an uncharacteristic and disappointing performance, contrasting with the impressive momentum seen in earlier waves:

- cumulative audience share of 8.7%, down 0.7 percentage points year on year;
- 120 minutes of listening time, up 13 minutes year on year;
- audience share of 7.2% among listeners aged 13 and over, down 1.4 percentage points year on year;
- audience share of 5.3% among listeners aged 25-59 (target consumers), down 2.2 percentage points year on year.

These results were especially weak in the light of the all-time high results achieved in the November-December 2013 wave.

The effect of Laurent Ruquier's departure, which was not apparent in September, was noticeable this time.

However, Thomas Sotto's morning programme maintained a strong audience, attracting 3,168,000 listeners and remaining the leading private radio station among upper occupational groups.

Cyril Hanouna's programme, *Les pieds dans le plat*, which has taken over the time slot vacated by Laurent Ruquier, is still very new. However, for its second wave, it gained 31,000 listeners, bringing the total to 1,130,000 listeners per day, making progress on most of the target markets (a 15% increase in the 25-49 age group and a 6% increase in the 25-59 age group).

Music radio

Virgin Radio started autumn 2014 with Camille Combal presenting *Virgin Tonic* between 6am and 9.30am.

With its mix of pop, rock and electro music, its programmes, music events, and TV and digital offshoots (new channel, new applications, new website, social networks), Virgin Radio is becoming the preferred radio station of an active, relaxed and connected generation.

In the space of a year, it has gained 81,000 listeners, who tend to stay tuned for longer (3 more minutes of listening time). The station has gained 0.2 percentage points of audience share, and all musical slots increased their audience share over the year.

A total of 2,271,000 listeners tune into Virgin Radio for an average of 1 hour and 13 minutes every day.

In autumn 2014, RFM's morning show, *Le meilleur des réveils*, aired every day between 6am and 9am, continued to grow thanks to the duo formed by Bruno Roblès and Justine Fraioli.

From 5pm to 8pm, Guillaume Aubert and Sophie Coste enliven evening drive time with gossip, cinema, music and interviews.

On the last wave of the year, RFM recorded its best audience in the last eight years (2,566,000 listeners and 4.8% cumulative audience share)[2]. Through the diversity of its music and the quality of its presenters, RFM is racking up more and more successes.

Changes in Lagardère Active's cumulative radio audience in France are as follows.

	Nov.-Dec. 2014	Sept.-Oct. 2014	Nov.-Dec. 2013	Nov.-Dec. 2012	Nov.-Dec. 2011	Nov.-Dec. 2010
Virgin Radio	**4.30%**	**4.40%**	4.10%	4.10%	4.60%	4.40%
RFM	**4.80%**	**4.30%**	4.70%	4.20%	4.60%	4.40%
Europe 1	**8.70%**	**9.00%**	9.40%	9.10%	9.40%	8.90%

Source: Médiamétrie.

International radio

Internationally, 2014 was a year of strong growth in terms of advertising activity, driven to a large extent by excellent performances in Poland, Germany and Slovakia.

Lagardère Active Radio International (LARI) also expanded its business portfolio by launching Vibe Radio in Dakar (Senegal) in September 2014. Vibe Radio is West Africa's leading radio station. Plans to open other new stations in Africa are also being explored, with the aim of establishing a new radio network on the continent.

LARI also stepped up the pace of its digital expansion in 2014:

- by strengthening the editorial offer of its websites in each country, including the creation of new products related to its radio stations, such as the Humr.cz infotainment website in the Czech Republic, launched in November 2014 (1 million page views and 140,000 UVs in December 2014);
- by developing the marketing of its digital offering in each country, including the management contract concluded with Melty in Poland, the Czech Republic and Romania, and the launch of brand content operations, with the creation of the Aktywniebardzo.pl website in Poland for instance.

In cumulative terms, LARI's radio stations each day attract:

- 7.3 million listeners in Poland[3] (down 0.2 million year on year);
- 2.3 million listeners in Romania[4] (stable year on year);
- 1.8 million listeners in the Czech Republic[5] (down 0.1 million year on year);
- 0.9 million listeners in South Africa[6] (down 0.1 million year on year);
- 0.6 million listeners in Germany[7] (up 0.1 million year on year);
- over 300,000 listeners in Slovakia[8] (stable year on year).

Overall, LARI attracts over 13 million listeners every day.

(1) Source: Médiamétrie; November-December 2014.
(2) Source: Médiamétrie 126,000 Radio, Monday-Friday; 5am-midnight; change from 2006 to 2014 on the November-December wave.
(3) Source: SMG KRC Radio Track September-November 2014; LV15+.
(4) Source: IMAS May-August 2014 LV11+ National and IMAS; May-August 2014 LV11+ Bucharest.
(5) Source: Radio Project 2014; LV12+.
(6) Source: RAMS 2014/5: LV15+.
(7) Source: AS&S MAII 2014 and E.M.A II 2014; LV10+.
(8) Source: MML SK; Q2+Q3 2014; LV14+.

B.3 Television channels

Between 2013 and 2014, first-generation DTT channels (launched in 2005) recorded audience share of 20.9%, down 5% year on year[(1)].

Note that D8, picked up by Canal+ in October 2012, continued to grow in 2014. Its audience share was 3.3%, a gain of 0.1 percentage points year on year. News channels also performed well: BFM posted audience share of 2% (up 0.1 percentage points year on year) and i>Télé 0.9% (up 0.1 percentage points year on year).

All other channels excluding Gulli were down. TMC, W9, NRJ12 and NT1 recorded the biggest drops, falling by 0.3 percentage points year on year, with audience share of 3.1%, 2.6%, 1.9% and 1.8% respectively.

In recent years, the first-generation DTT channels have ceased benefiting from increasing coverage: as of the end of 2011, 95% of the French population already had access to DTT.

The six new HD DTT channels, launched in late 2012 and whose coverage will be gradually extended until mid-2015, saw their audience share increase to 3.8% in 2014 (up 65% year on year).

As such, the new HD channels are gaining ground chiefly at the expense of the first-generation DTT channels. The audience share of incumbent terrestrial channels was virtually unchanged over the year at 64.5% (65% in 2013). In this environment, special interest channels saw their audience share stabilise at 10.7% (10.8% in 2013).

Against this backdrop, Gulli successfully repositioned itself on its target 4-10 age group, adapting to new school hours with the establishment in October 2014 of France's first prime time programme for children, on Tuesdays at 6.40pm.

In 2014, Gulli reached an average 33,000,000 viewers[(2)] aged 4 and over every month. The channel had its highest audiences during prime time. In 2014, Gulli's audience twice topped one million with the movies *Home Alone 2: Lost in New York* (1,150,000 viewers aged 4 and over on average) and *Home Alone* (1,122,000 viewers aged 4 and over on average).

Gulli delivered fairly similar performances in both the first and second half of the year:

- up 2% in the 4-10 age group from 7am to 7pm, with audience share increasing from 18.3% in the first half to 18.6% in the second. Gulli established itself as leader in the French media landscape in both halves.

  France 4 naturally enjoyed the strongest growth between the two periods (88% increase to audience share of 6%), following its repositioning as a youth channel at the end of March 2014;
- Stable audience share among mums from 8pm to midnight: 1.4% audience share;
- audience share down slightly among children aged 4 years and over: 1.8% on average in the first half, 1.7% in the second.

Lagardère Active's youth channels hold 41% of the audience for children's channels (up 21% year on year)[(3)].

TiJi and Canal J are respectively in the eighth and fourteenth positions on cable and satellite television (for pay channels) in the 4-10 age group, with audience share of 2.1% and 1% respectively[(4)].

June is the most female-dominated channel in the French audiovisual landscape, with women viewers aged 15 and over making up 80.2%[(4)] of its audience. It is also the top-ranking channel in terms of affinity among women aged 15 and over (reading of 156). With 1.6% audience share among women aged 15-24 (Médiamétrie - Médiamat' Thématik; January-June 2014; consolidated audience; pay offer), June was stable year on year, consolidating its second place among special interest channels on this target.

The MCM offer – MCM, MCM Top and RFM TV (formerly MCM Pop) – is the leading music and entertainment offering among men aged 15-24 (audience share of 0.5%)[(5)].

MCM still ranks in the top ten special interest channels among men aged 15-24, with audience share of 0.9%, an increase of 0.2 percentage points year on year.

The Mezzo brand continued its commercialisation in Asia in 2014.

The localised versions of TiJi and Gulli in Russia, launched in May 2009 on the NTV+ satellite platform, continued to increase their viewing figures in Russian-speaking regions, and also increased their earnings in 2014 after breaking even in 2012 and 2013. Broadcast in Russian, these channels use a subscription-based business model. At the end of November 2014, a total of 9.1 million households were subscribed to TiJi in nine countries (up 18% from 2013) and 5.3 million to Gulli (up 20% from 2013)[(6)]. In Russia, TiJi received the award for the country's best preschool pay channel for the second time.

Moreover, the TV division has stepped into the digital age in order to optimise brand positioning, raise profiles and anticipate new television consumption patterns by imagining new ways of supplying content, developing apps for mobiles, tablets and connected TV, Xbox, catch-up TV, video on demand and websites. In 2014, it renewed the practice initiated in 2013 of offering split screens to its key advertisers.

Examples include:

- more than 13.4 million monthly views on average for Gulli Replay in 2014, up from 8.5 million in 2013. Consumption was up 55% compared with the previous year, and a record of more than 17.5 million video views was achieved in November 2014[(7)];
- more than 2 million downloads of the Gulli app, available on iOS, Android and Windows 8, up from 1.3 million in 2013.

Diversification also continued, notably around the Gulli brand. A third Gulli Park was opened in Le Havre (France), the marketing of Gulli touch pads continued, and numerous special operations were held in winter sports resorts.

Lastly, programming reflected the commitment of youth and family-oriented channels to promoting environmental protection, sport and healthy eating.

B.4 Audiovisual Production and Distribution

For Lagardère Entertainment, 2014 was marked by the acquisition of the Réservoir group in February. This acquisition helped strengthen its presence in programmes for immediate broadcast,

(1) Source: Médiamétrie – Médiamat; consolidated audience.
Historical terrestrial TV channels: TF1, France 2, France 3, Canal+, France 5 24/24, Arte 24/24 and M6.
DTT channels: BFM TV, D8, France 4, Gulli, i>Télé, LCP, NRJ12, NT1, TMC, D17, W9 and France Ô.
New HD DTT channels: HD1, L'Équipe 21, 6ter, Numéro 23, RMC Découverte HD and Chérie 25.
Special interest channels: Total TV (historical terrestrial TV channels + DTT channels).
(2) Source: Médiamétrie – Médiamat; consolidated audience.
(3) Source: Médiamétrie – Médiamat' Thématik; January-June 2014; consolidated audience; audience share four- to ten-year-olds; extended channels; average Monday-Sunday; 3pm-3am.
(4) Source: Médiamétrie - Médiamat' Thématik; January-June 2014; consolidated audience; pay channels.
(5) Source: Médiamétrie - Médiamat' Thématik; January-June 2014; consolidated audience; extended channels.
(6) Source: Local reporting, Russia.
(7) Sources: Estat, Free, SFR, Bouygues, Orange, YouTube, AT Internet, Samsung and Xbox.

notably through *Toute une histoire*, a daily show broadcast on France 2, *Recherche appartement ou maison* and *Maison à vendre* on M6. In April, Lagardère Entertainment also acquired a company specialising in sitcom productions (De Père en Fils Productions); in December, it acquired a distribution company, The Box, reinforcing its catalogue and its capacity to acquire distribution mandates.

Lagardère Entertainment's recurring prime time series continued to attract good viewing figures, particularly *Joséphine, ange gardien*, *Clem*, *Boulevard du Palais*, *Famille d'Accueil* and short programmes (*Pep's* and *Nos chers Voisins*). Moreover, daily current affairs programme *C dans l'air*, broadcast on France 5, remained a very strong ratings success.

Atlantique Productions continued to grow abroad, with the second season of *Le Transporteur* for M6 and the third and final season of *Borgia* for Canal+.

A slight decline in the number of hours spent watching TV was noted in France in 2013 compared with 2012 (down four minutes to 3 hours and 46 minutes per day according to a Médiamétrie survey published in 2014). Despite the reshaping of the audiovisual landscape with changing viewing patterns (video on demand with or without a subscription and catch-up TV), the TF1 and France Télévisions groups remained Lagardère Entertainment's biggest customers.

2014 saw the creation of Lagardère Entertainment Digital, whose purpose is to support Lagardère Entertainment producers in the digital world and to offer products developed exclusively for the Internet. Moreover, two international series delivered by Atlantic Productions in 2014 were partly funded by a player operating exclusively in the digital segment, namely Netflix US.

Lastly, Lagardère Entertainment launched development projects in 2014, in the aim of establishing itself in Africa and South East Asia in the near future.

B.5 Digital

In 2014, Lagardère Active consolidated its positions on its media websites.

Doctissimo.fr, health information and wellness leader with over 7 million UVs[1], consolidated its position in the field of e-health by acquiring a stake in MonDocteur.fr, the leading website for booking medical appointments, and launching Doctipharma.fr, a service that allows French pharmacies to create online chemists.

BilletReduc.com, French leader in discounted bookings for live shows, continued its strong growth, selling over 3 million tickets.

Newsweb, which publishes Boursier.com and is France's leading financial information service, diversified its portfolio in 2014 by developing a monetisation activity for third party websites.

In a persistently challenging economic environment marked by the continued deployment of Google Shopping, the 2014 sales of LeGuide group totalled €39 million, down €7 million compared with 2013. With the arrival of Google's new Panda 4.1 algorithm, launched on 26 September 2014, the LeGuide group suffered a significant decline in its visibility in the final quarter. Google's practices, which have been under investigation by the European Commission for more than four years, could however be sanctioned in 2015: Margrethe Vestager, the new Competition Commissioner, has pledged to make the issue a priority. Always proactive in seeking to improve services provided to consumers, the LeGuide group continued its aggressive policy of differentiation through innovation, continuing its successful deployment in mobiles and launching the beta version of its social shopping website Blacklist.me™.

Lagardère Active also consolidated its positions around its media websites, including the video and mobile segments, which are the most dynamic.

The Elle.fr website consolidated its audience, each month attracting more than 2.2 million UVs[1].

The Public application continued to grow on mobiles and tablets. It climbed to third place in the mobile rankings[2], with a total of 22 million monthly visits. Public is positioned as the leading app in the celebrities and women's segments. The Public.fr website also confirmed its strength in 2014, keeping the top spot in the celebrities segment, with 16 million monthly visits.

Since June 2014, Tele7 has averaged 1.4 million UVs every month[3].

The Europe1.fr website underwent a major overhaul in August 2014, and performed very well over the year:

- 2.4 million UVs[4] on average each month between January and December 2014;
- nearly 7.1 million podcasts downloaded in France on average (excluding summer)[5], a stabilisation of the volume of downloads compared with 2013.

Since the beginning of the 2014-2015 season and the related changes in programming, the three programmes with the most downloads have been:

- *La revue de presque*, by Nicolas Canteloup, which remains the station's most downloaded podcast;
- *Au cœur de l'histoire*, by Franck Ferrand;
- *Les pieds dans le plat*, by Cyril Hanouna.

B.6 Objectives and achievements in 2014

2014 was marked by Lagardère Active's refocus on a smaller collection of press titles, as announced in late 2013. This strategy has enabled Lagardère Active to focus on developing its key brands, while reducing its exposure to the print business. It will involve a new organisation, enabling managers to use the full range of operational levers to promote the uniqueness and value of its brands.

Lagardère Active continued its development in the Audiovisual business, acquiring the Réservoir group (Réservoir Prod) and purchasing shares in Gulli from France Télévisions.

The digital transformation continued, with the development of new activities (Doctipharma.fr and MonDocteur.fr) and the striking success of BilletReduc.com.

At the same time, the division continued to cut costs.

C) OUTLOOK

At the beginning of 2015, visibility on the advertising market remains poor for magazines, radio and Internet media. Lagardère Active will therefore continue its efforts to cut costs.

(1) Source: Médiamétrie NetRatings, all connection sites; January-December 2014.
(2) Source: OJD; November 2014.
(3) Source: Médiamétrie NetRatings, all connection sites; June-November 2014.
(4) Source: Médiamétrie NetRatings; January-December 2014.
(5) Source: Médiamétrie eStat; Catch Up Radio; January-December 2014; France.

5.2.4 LAGARDÈRE UNLIMITED

A) PRINCIPAL ACTIVITIES AND MAIN MARKETS

Lagardère Unlimited is a leading Sports and Entertainment agency with a global network of local experts, dedicated to delivering innovative solutions to its clients.

Lagardère Unlimited's key activities include marketing rights management, event production, venue consulting and operations, content production and media rights management, athlete management and brand consulting.

A.1 Football

Europe

Lagardère Unlimited works with more than 70 football clubs across Europe.

In Germany, it has comprehensive marketing agreements with 15 football clubs in the top three divisions (including Borussia Dortmund, German champion in 2011 and 2012, and Champions League finalist in 2013). It is also a non-exclusive partner of many other German clubs.

In France, Lagardère Unlimited has comprehensive marketing agreements with six Ligue 1 and Ligue 2 clubs (including Olympique Lyonnais). It is also a non-exclusive partner of Ligue 1 clubs.

In the United Kingdom, Lagardère Unlimited is the leading sales and advertising agency helping football clubs maximise value from their in-venue advertising inventory.

Africa

In Africa, Lagardère Unlimited manages the media and marketing rights of the Confédération Africaine de Football (CAF), which includes events such as the AFCON (Africa Cup of Nations), the qualifying matches for the FIFA World Cup, and the CAF Champions League.

Asia

In Asia, Lagardère Unlimited's football portfolio includes all the commercial rights of the AFC (Asian Football Confederation), which includes events such as the AFC Asian Cup, the qualifying matches for the FIFA World Cup, and the AFC Champions League.

Lagardère Unlimited is also involved in Asian football at regional and club level, delivering the highly successful Suzuki Cup, an event followed avidly throughout South East Asia.

A.2 Tennis

Lagardère Unlimited's tennis business includes sponsorship rights management (mainly athletes), events management, content production and media rights sales.

Lagardère Unlimited represents more than 50 tennis athletes, including Andy Murray, Victoria Azarenka, Caroline Wozniacki, Agnieszka Radwańska and Richard Gasquet.

Lagardère Unlimited is involved in the management of tennis events across three continents. In Europe, Lagardère Unlimited is owner and organiser of the ATP 250 Skistar Swedish Open and the WTA Collector Swedish Open in Båstad, and also organises the ATP 250 IF Stockholm Open. In Asia, Lagardère Unlimited organised in 2014 the first edition of the BNP Paribas WTA Finals tennis tournament, presented by SC Global, in Singapore, and will do so for the next four years until 2018. In the United States, Lagardère Unlimited organises the Citi Open tennis tournaments in Washington D.C. (ATP 500 and WTA International event).

Lagardère Unlimited commercialises a high-quality and diversified portfolio of tennis media rights, comprising the Davis Cup and Fed Cup (in Asia), Grand Slams (e.g. Roland Garros and US Open in Asia), a wide range of WTA events (e.g., WTA Premier series) and a large selection of ATP 250 Series events.

A.3 Golf

Lagardère Unlimited's golf business includes sponsorship rights management and events management.

Lagardère Unlimited is the largest golf talent agency, with a unique portfolio of more than 90 golf players, including more than 40 PGA Tour card holders. The roster includes Phil Mickelson, Jordan Spieth, Keegan Bradley and Brandt Snedeker.

Lagardère Unlimited is also involved in the management of golf events globally: six events in the United States, including two Web.com Tour events, two events in Europe (Nordea Master, and Helsingborg Open), and four events in Asia, including the Emirates Australian Open.

A.4 Olympics

Lagardère Unlimited's Olympics business includes sponsorship rights management, consulting services and media rights sales.

Lagardère Unlimited advises and represents a diversified portfolio of sports bodies at all levels of the Olympic movement: International Olympic Committee, National Olympic Committees, major international multi-sport events (e.g., Commonwealth Games) and Olympic sports federations (e.g., British Swimming).

Lagardère Unlimited's portfolio of media rights includes the Sochi 2014 Olympic Winter Games, the Rio 2016 Olympic Games, and Olympic sports international federations such as the International Swimming Federation and the International Gymnastics Federation.

A.5 Media

In Europe and Africa, Lagardère Unlimited represents more than 200 sports rights-holders. Its portfolio includes broadcasting rights for major events such as the Olympic Games (Sochi 2014 and Rio 2016 in selected European countries), the Confédération Africaine de Football, tennis events, etc.

In the Asia-Pacific region, Lagardère Unlimited has also established itself as a leading player in sports media rights, with a portfolio containing more than 5,000 hours of programmes and the equivalent of 600 days per year of sports events in 30 different countries.

In the United States, Lagardère Unlimited's portfolio of media rights mainly comprises rights to tennis tournaments, including the sale of the international broadcast rights to the US Open.

Lagardère Unlimited also provides rights-holders with production and post-production services globally (e.g., WTA Premier Series).

A.6 Brand consulting and rights activation

Lagardère Unlimited advises global brands on their sponsorship strategy and activation. Its portfolio includes many clients, across the US and Europe predominantly, with the recent addition of a major US-based bank (managing its global sponsorship portfolio) and a member of the TOP programme, which is the highest level of Olympic sponsorship for a business.

A.7 Digital

Lagardère Unlimited offers innovative digital solutions to its partners, and delivers consultancy assignments to rights-holders and brands to help them redesign their digital strategies and grow their digital revenues.

A.8 Stadiums and arenas

Lagardère Unlimited advises its clients on developing, managing and operating stadiums and multipurpose venues. Lagardère Unlimited has had upstream involvement in several major projects, including the 2015 IHF World Men's Handball Championship in Qatar, the UEFA Euro 2016 in France and the FIFA World Cup 2018™ in Russia. The entity also provides advice to rights-holders of European football stadiums and sports leagues.

In Asia, Lagardère Unlimited is a member of the consortium formed to build the Singapore Sports Hub that opened in 2014, a complex comprising a 55,000-seat stadium, an indoor aquatic complex and a 41,000 sq.m. shopping centre.

A.9 Live Entertainment

Lagardère Unlimited produces and co-produces several musicals, including *Salut les copains*, *Dracula*, *Cendrillon*, *Elle en scène*, *DISCO* and *Love Circus*. It also holds a 20% share in the company that operates the Zénith de Paris, 100% and 99.99% shares in the companies that respectively operate Folies Bergère and Casino de Paris, and 100% in the company that operates the Floirac venue under construction in Bordeaux.

B) OPERATIONS DURING 2014

Contribution to consolidated sales in 2014: €394 million (€409 million in 2013).

Breakdown of sales by activity

	2014	2013
TV rights and production	**19.5%**	38.0%
Marketing rights	**47.9%**	41.9%
Other	**32.6%**	20.1%
Total	**100%**	100%

Breakdown of sales by geographic area

	2014	2013
Europe	**56.9%**	66.6%
Asia-Pacific	**20.1%**	14.1%
United States and South America	**14.1%**	7.1%
Africa	**6.3%**	8.4%
Middle East	**2.6%**	3.8%
Total	**100%**	100%

Breakdown of sales by sport

	2014	2013
Football	**56.5%**	67.6%
Tennis	**9.9%**	7.6%
Golf	**6.7%**	3.5%
Other	**26.9%**	21.3%
Total	**100%**	100%

The weighting of **"Media"** activities decreased significantly (20% in 2014, 38% in 2013), due mainly to the decline in Media activities with football federations in Europe.

The weighting of **"Marketing"** activities increased (48% in 2014, 42% in 2013), with growth spread between Europe, Asia and America (FIFA World Cup 2014).

"Other" activities also gained ground (33% in 2014, 20% in 2013) thanks to the development of athlete management and brand consulting (mainly in the United States), venue consulting, events organisation (BNP Paribas WTA Finals presented by SC Global, endurance sports in Europe mainly, golf events in the United States and other events in Asia), and live entertainment in France.

Geographically speaking, the weighting of the **Africa** region decreased slightly (6% in 2014, from 8% in 2013) due to the absence in 2014 of the AFCON (Africa Cup of Nations) held every two years.

Asia (20% in 2014, 14% in 2013) increased due to the BNP Paribas WTA Finals presented by SC Global in Singapore for the first time in 2014.

The share represented by the **United States and South America** region increased significantly (14% in 2014, 7% in 2013), due mainly to the revenues generated around the FIFA World Cup 2014 in Brazil (hospitality packages mainly) and the growth of North American activities such as brand consulting and athlete management.

The **Europe** region declined from 67% in 2013 to 57% in 2014 due to the decrease in Media activities with football federations in Europe.

The proportion of sales derived from **"Football",** a major sport for Lagardère Unlimited, decreased from 68% in 2013 to 57% in 2014, explained mainly by the decrease of Media activities with football federations in Europe. The proportion of sales derived from **"Tennis"** increased (10% in 2014, from 8% in 2013), mainly due to the contribution of the BNP Paribas WTA Finals presented by SC Global (five-year contract).

The share of **"Other"** activities (excluding tennis and golf) increased (27% in 2014, from 21% in 2013), due mainly to the growth of the live entertainment (including Casino de Paris acquired in 2014), venue consulting and operations, and events activities of Lagardère Unlimited over the full year.

Cyclical nature of Lagardère Unlimited's activities and competitive environment

The world's major sporting events follow two- to four-year cycles. This has an impact on all elements of the business of sport, depending on the calendar of sports events.

Given Lagardère Unlimited's current portfolio, 2012, 2013 and 2014 will be small years compared with 2011 and 2015.

The competitive environment for Lagardère Unlimited mainly comprises a limited number of international agencies that operate in several businesses, sports and geographic areas, as well as more local players in each of its markets.

B.1 Football

Europe

In 2014, Lagardère Unlimited expanded its portfolio of exclusive commercial relationships with clubs in Sweden (AIK Solna), Poland (Legia Gdansk) and the Netherlands (Roda JC), and secured its leading position in German football, in particular by renewing its agreements with 1. FC Kaiserslautern, Hamburger SV and Hertha Berlin.

In the United Kingdom, Lagardère Unlimited developed its portfolio of clubs it partners for perimeter advertising, and brokered a jersey sponsorship deal for Southampton FC.

Africa

In 2014, Lagardère Unlimited successfully organised and marketed the CHAN in South Africa, and provided assistance to the local organising committee for the 2014 FIFA Club World Cup in Morocco.

Asia

In 2014, Lagardère Unlimited managed the marketing and media rights of the Asian Football Confederation, including the qualifying matches for the 2014 FIFA World Cup, the AFC Champions League and the AFC Cup.

Lagardère Unlimited is involved in Asian football at regional and club level, delivering the highly successful Suzuki Cup, an event followed avidly throughout South East Asia.

B.2 Tennis

In 2014, Lagardère Unlimited organised the first edition of the BNP Paribas WTA Finals Singapore presented by SC Global (final tournament of the women's tennis season) out of the five editions to be held in Singapore from 2014 to 2018.

In Europe, Lagardère Unlimited also continued to organise the ATP 250 Skistar Swedish Open and WTA Collector Swedish Open in Båstad in Sweden, as well as the ATP 250 IF Stockholm Open.

In the United States, Lagardère Unlimited organised the Citi Open tennis tournaments in Washington D.C. (ATP 500 event and WTA International event).

Lagardère Unlimited acquired and renewed tennis media rights (mainly ATP 250 and WTA International events) to complement its high-quality and diversified portfolio of tennis media rights (Davis Cup and Fed Cup, Grand Slams, WTA Premier Series, etc.), and continued to commercialise it to broadcasters around the globe.

B.3 Golf

In 2014, Lagardère Unlimited maintained its position as the leading agency in golf, representing more than 40 PGA Tour players, and continued to broker significant deals for them, including the extension of Phil Mickelson's deal with Callaway.

In 2014, Lagardère Unlimited operated six golf tournaments in the United States, including two Web.com Tour events.

Similarly, in Europe, Lagardère Unlimited started operating the two events acquired in 2014: the Nordea Masters (European Tour tournament held in Scandinavia) and the Helsingborg Open (Ladies European Tour tournament).

In Asia-Pacific, Lagardère Unlimited operated four events, including the Emirates Australian Open.

B.4 Olympics

In 2014, Lagardère Unlimited successfully delivered the sale of sponsorship rights for the Glasgow 2014 Commonwealth Games.

Lagardère Unlimited also continued to represent a number of sports bodies at all levels within the Olympic Movement.

Lagardère Unlimited focused on the execution of its media distribution deals with the IOC and more than 80 broadcasters across Europe regarding the Sochi 2014 Olympic Winter Games, and consulted for the IOC.

B.5 Brand consulting and rights activation

In 2014, Lagardère Unlimited invested in the development of its consulting business with strategic hires mainly in the United States. Several assignments were won, including two major contracts with a US-based bank and an Olympic TOP Partner.

B.6 Digital

In 2014, Lagardère Unlimited expanded its digital offering with innovative digital solutions for its partners (second screen solutions, digital platforms), and developed its digital consulting and activation business with assignments for rights-holders and brands, to help them redesign their digital strategies and grow their digital revenues.

B.7 Stadiums and arenas

In 2014, on top of its venue consulting activity mainly in France and Russia, Lagardère Unlimited expanded its venue management activities in Brazil, Hungary and Sweden. In April, it started its activity in Brazil, with two stadiums under management: Castelão and Independencia. In July, it started operating the Groupama Arena in Budapest. In December, Lagardère Unlimited was appointed operator of the Friends Arena in Stockholm, Sweden.

Following the opening of the Singapore Sports Hub in 2014, Lagardère Unlimited continued to provide consulting services to develop sports activities and, as part of a 25-year exclusive partnership, sold the marketing rights for the sports centre.

B.8 Live Entertainment

Lagardère Unlimited launched *Love Circus* in October 2014. The new production was voted "Musical of the Year" by the newspaper *Le Parisien-Aujourd'hui en France*.

Lagardère Unlimited also acquired 99.99% of the company that operates Casino de Paris, to enlarge a portfolio that already included Les Folies Bergère.

B.9 Endurance sports

In endurance sports, Lagardère Unlimited organised five stages of the ITU World Triathlon Series in Hamburg, London, Chicago, Stockholm and Auckland in 2014. Lagardère Unlimited also organised the Berlin Garmin Velothon (endurance cycling competition) and Vattenfall Cyclassics (a cycling race that is part of the UCI World Tour).

B.10 Objectives and achievements in 2014

In 2014, Lagardère Unlimited expanded its business footprint, including the signing of four long-term stadium operations agreements, winning consulting bids for various blue-chip brands and organising marquee events such as the BNP Paribas WTA Finals presented by SC Global in Singapore. Lagardère Unlimited continued to deliver high quality services to its clients, including the Asian Football Confederation (AFC), the Confédération Africaine de Football (CAF), the Commonwealth Games, the International Olympic Committee (IOC) and leading football clubs in Europe.

In addition, Lagardère Unlimited accelerated the global integration of its agencies and activities. A new Executive Committee was appointed to lead that process as well as manage the business on a day-to-day basis.

Lagardère Unlimited continued to develop business units such as Stadiums and Arenas, Golf, Tennis and Olympics, and opened up subsidiaries in Brazil and Qatar.

C) OUTLOOK

In 2015, Lagardère Unlimited will pursue the integration of its businesses, initiated in 2014.

Lagardère Unlimited will drive its future development through a strategy of leveraging its global strength in the key areas of football, tennis, golf, Olympics, media and consulting in order to consolidate its market-leading positions.

It is also an important year for the Football division as Lagardère Unlimited partners, AFC and CAF, host the AFC Asian Cup Australia 2015 and the Orange Africa Cup of Nations Equatorial Guinea 2015 in January and February 2015.

Lagardère Unlimited returned, as planned, to profitability in 2014. The objective for 2015 is to consolidate this important step and increase its level of profitability, in line with its investment.

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5.3 CORPORATE SOCIAL RESPONSIBILITY AND CORPORATE CITIZENSHIP – ETHICS

AFR

5.3.1 CSR – KEY OBJECTIVES AND POLICY

Create purpose. Foster personal fulfilment at work. Offer guidance to its employees and diversity in talent. Combine excellence with corporate responsibility in a changing society. Align respect for targets with respect for the planet. These challenges are directly related to the businesses of Lagardère – a diversified media group – and reflected in its social and environmental commitments. Lagardère has implemented a Corporate Social Responsibility (CSR) policy guided by three objectives: meet increasing regulatory requirements, adapt its CSR practices to Group strategy, and strengthen stakeholder relations.

Given the growing needs of stakeholders, tighter regulations and the Group's changing activities, Lagardère has decided to update its CSR policy. Until 2014, this policy was structured around four priorities and twelve commitments. Lagardère has now set a new roadmap for 2015-2020 with five strategic priorities:

- promote access to culture and entertainment;
- support corporate efforts to advance diversity and social transformation;
- ensure responsible management of the paper cycle and digital expansion;
- strengthen sustainability of content, services, products and sites;
- guarantee high standards of business ethics.

5.3.1.1 CSR POLICY OBJECTIVES

A) MEETING INCREASING REGULATORY REQUIREMENTS

The CSR reference framework applies both nationally and internationally.

In France, non-financial disclosure requirements have become stricter over the years. For the third year in a row, in application of the implementing order of article 225[1] of France's Grenelle 2 law of 12 July 2010, the Lagardère group[2] has the disclosure and fairness of the social and environmental information in this report verified by an independent third-party entity[3]. For 2014, the required disclosures were organised under the five strategic priorities redefined by Lagardère and modelled after the GRI G4 guidelines[4].

Labour information is covered under the priority to *support corporate efforts to advance diversity and social transformation.*

Environmental information is included in the priorities to *ensure responsible management of the paper cycle and digital expansion* and to *strengthen sustainability of content, services, products and sites.*

Social information is described under the priorities to *support corporate efforts to advance diversity and social transformation* and to *promote access to culture and entertainment.*

An initial cross-reference index is provided at the end of the chapter to compare the information disclosed in this report with the requirements listed in article R. 225-105-1 of the French Commercial Code, in line with article 225 of the Grenelle 2 law. A second cross-reference index is also included to find the information corresponding to the indicators set out in the G4 Guidelines.

The Sustainable Development Report, which is available on Lagardère's website for the sixth consecutive year, describes these five priorities, providing examples and personal testimonies.

Internationally, Lagardère follows a number of founding documents on CSR, such as the ILO principles and the OECD guidelines aimed at multinational corporations.

As in previous years, the Group's General and Managing Partner Arnaud Lagardère maintains his commitment to the principles of the United Nations Global Compact in the statement below.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol AFR

(1) Decree 2012-557 of 24 April 2012 on companies' disclosure requirements concerning social and environmental matters, amending articles R. 225-105-1 and R. 225-105-2 of the French commercial Code.
(2) For 2014, Hachette Livre is also subject to the verification requirement concerning the disclosure of information listed in the French Commercial Code.
(3) The information deemed irrelevant to Lagardère is listed in section 5.3.3.
(4) G4 Guidelines are the fourth version of the sustainability reporting guidelines published by the Global Reporting Initiative, which Lagardère has used as a reference since 2009.

With operations on all continents, the Lagardère group is one of the world's leading media companies. As an international Group, we must be rigorous and exemplary in promoting rights and principles that are universally recognised and adopted to ensure that globalisation is more respectful of man and his environment. This international commitment is expressed through the Group's membership of the United Nations Global Compact, which we joined in 2003, and which encourages businesses to operate responsibly.

In addition to this basic commitment, Lagardère is a member of the Global Compact France non-profit organisation, which represents France in the Global Compact's National Networks.

To reassert our commitment, each year we report on the progress made by our Group in the Compact's ten principles.

HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2: Businesses should make sure that they are not complicit in human rights abuses.

LABOUR

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.

Principle 5: Businesses should uphold the effective abolition of child labour.

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

Principle 7: Businesses should support a precautionary approach to environmental challenges.

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION MEASURES

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Arnaud Lagardère

General and Managing Partner of Lagardère SCA

Numerous standards offer the Lagardère group guidance in conducting its operations. For example, ISO 26000 was used as a basis in drafting the Lagardère Group Code of Conduct, which was updated in 2012 (see 5.3.2.5.A).

Lagardère's CSR practices also apply Unesco's Convention on the Protection and Promotion of the Diversity of Cultural Expressions and Unicef's Implementation Handbook for the Convention on the Rights of the Child (see 5.3.2.1.B).

B) ADAPTING CSR TO GROUP STRATEGY

As Lagardère's activities change, so do the degree and type of its CSR impacts, which are mainly due to:

- *the development of digital businesses*, which are gaining importance over paper-related activities, with the decline in Press and Distribution and the growth in e-books and Lagardère Active's online businesses. Although the responsible management of the entire paper life cycle remains a priority, especially for Lagardère Publishing and Lagardère Active, CSR issues related to digital activities (training in new digital fields, personal data protection, piracy, waste electrical and electronic equipment recycling, etc.) are increasingly crucial for Lagardère;
- *the development of new businesses*, such as the Lagardère Services division's Food Services business. While the expansion of Travel Retail implies greater attention paid to the eco-efficiency of its stores (which can be an advantage when responding to tenders), the growth of the Food Services businesses by definition makes food hygiene a key issue;
- *the development of businesses in new markets*, such as those launched in 2014 in Africa, especially with Lagardère Active. In addition to its economic impact on local populations, the expected growth of Lagardère Entertainment's Audiovisual Production businesses in Africa will naturally incorporate the CSR issues of promoting talent and cultural diversity and providing access to content.

All divisions must continuously exercise a duty of care and responsibility to uphold business ethics, compliance and sustainable procurement.

C) STRENGTHENING STAKEHOLDER RELATIONS

Authors and other artists, readers and listeners, internet users and television viewers, employees and suppliers, rights holders and advertisers, concession granters and the travelling public, customers and shareholders, and others. Lagardère's numerous stakeholders – internal, external, public or sector – are taking on a more participative role.

Social media can amplify that role. These networks become a sounding board that can have a positive or negative impact on the business, requiring companies to monitor their reputational risk closely.

The increasing sophistication of online tools brings granular knowledge about customers and audiences, offering Lagardère brands new opportunities to create value and forge stronger relations with stakeholders. But this more advanced targeting requires adherence to ethical rules as one way of guaranteeing the trust which all Lagardère businesses should strive to build.

In late 2014, the Group's Sustainable Development Department began putting together a stakeholder panel made up of Lagardère CSR experts and representatives of the Group's main stakeholders. Based on open and constructive dialogue, this new guidance committee is tasked with assisting the implementation of Lagardère's CSR strategy. It is expected to meet for the first time at the end of the first half of 2015.

5.3.1.2 CSR PLAYERS AND GOVERNANCE

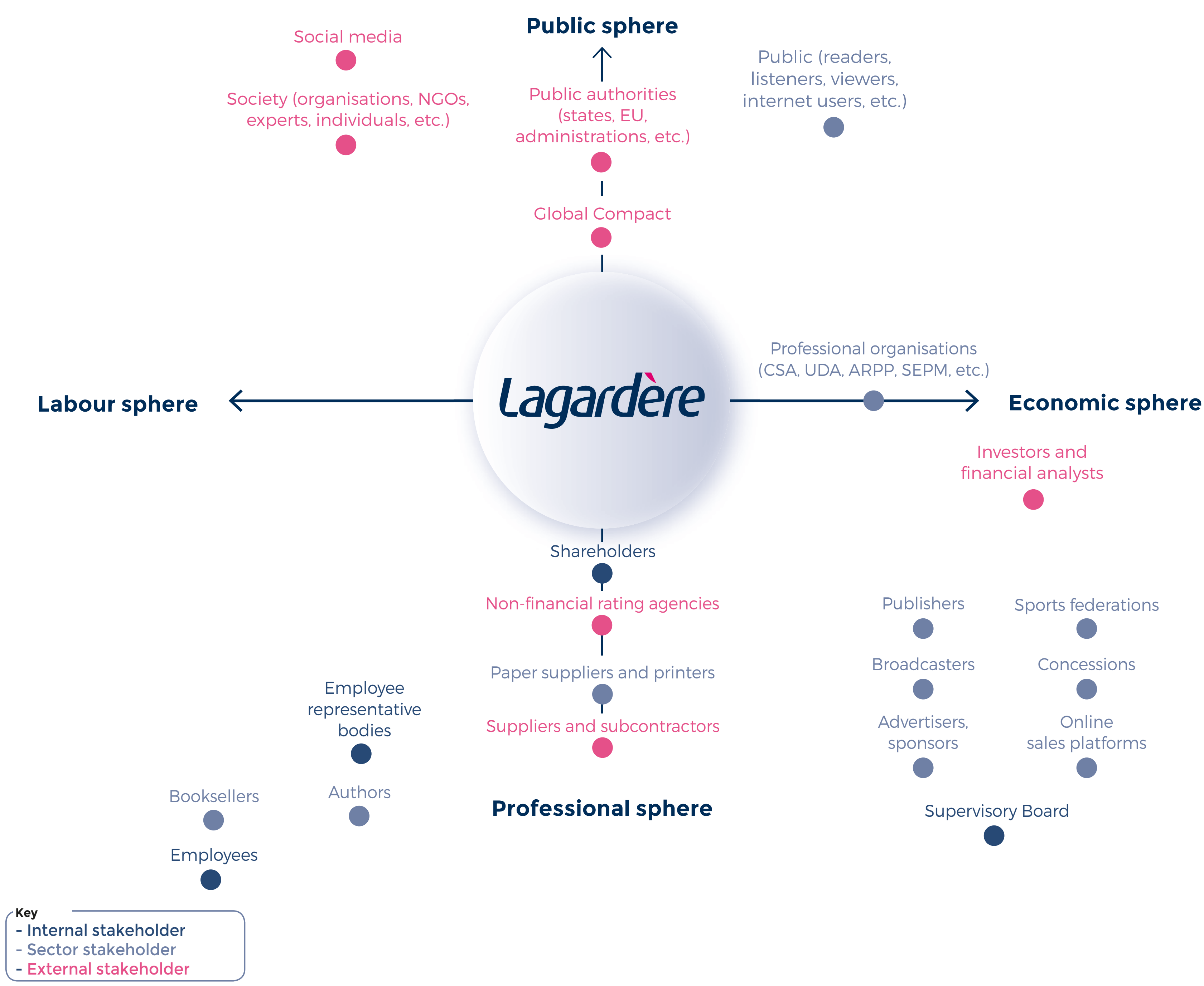
The Group's divisions are independent and autonomous, and each has its own CSR policy led by a Sustainable Development/CSR manager, who coordinates the networks of internal correspondents or forms local steering committees. Generally, each business line draws on the relevant departments for the environmental matter concerned (e.g., use of paper, energy consumption, etc.), including the purchasing, technical, office management, financial, legal and human resources departments.

Each division coordinates its own employee training and awareness programmes on environmental protection issues. For example, Lagardère Publishing and Lagardère Active ran environmental awareness campaigns about the paper cycle and organised training on carbon audits. The divisions have also implemented various certification initiatives.

At Group level, a Sustainable Development Sub-department, which reports to the Human Relations, Communications and Sustainable Development Department, coordinates a Steering Committee composed of CSR managers from each business line and representatives from several cross-functional departments. The Committee is chaired by the Group's Chief Human Relations, Communications and Sustainable Development Officer, who is also a Co-Managing partner of the Lagardère group.

This Committee is in charge of devising the Group's CSR strategy and action to be undertaken, and liaising with the different stakeholders.

The Sustainable Development Department also coordinates various focus groups to analyse key issues, such as responsible purchasing, in collaboration with the Group's Purchasing Department, and non-financial communication, working in liaison with the Internal Control, Human Resources, Investor Relations, Legal and Audit Departments.



5.3.2 IMPLEMENTATION OF THE CSR POLICY, THE FIVE PRIORITIES

5.3.2.1 PROMOTE ACCESS TO CULTURE AND ENTERTAINMENT

A) INTRODUCTION

With its involvement in the worlds of culture, knowledge, information, entertainment, sport and travel, Lagardère carries a particular responsibility as a diversified media activities group.

Lagardère offers a vast range of cultural entertainment (from books written by authors expressing diverse ideas, to the distribution of local cultural products in airports worldwide, to sports events on different channels, etc.). As a cross-media operator, the Group must continuously reassess its impact on society. This has prompted Lagardère to co-found the Media CSR Forum with CSR departments from other media groups[(1)]. This body leads the development and exchange of best practices specific to the responsibility of the media sector. Through this forum, Lagardère's Sustainable Development/CSR Department helped draft a guide to CSR in the media industry which is available on the ORSE[(2)] (French CSR monitoring body) website. The guide was presented to France's national library (*Bibliothèque nationale de France*) in March 2014.

This guide features practical data sheets on many of the topics discussed below, which will gradually be updated as needed.

In addition to its responsibility regarding its content, Lagardère also carries a responsibility to the community and to the society at large through its range of brands. Lagardère works to foster social cohesion by promoting culture, sport, the education and emancipation of women in France and worldwide, accessibility of content, and child protection through its many partnership and sponsorship operations.

This role is mainly embodied at Group level by the **Jean-Luc Lagardère Foundation**, which was created in 1989 under the auspices of the Fondation de France. It was set up to implement Lagardère's commitment to culture, community and sport and develops a number of programmes to promote cultural diversity, encourage creation and drive success.

Every year since 1990, the Foundation has awarded culture and media scholarships to talented young people under the age of 30 (or under 35 for certain categories). Scholarships are awarded by prestigious juries in ten categories: Writer, Film Producer, Television Scriptwriter, Musician, Bookseller, Print Journalist, Photographer, Documentary Film-maker, Animated Film-maker and Digital Artist. In 2014, the Musicians scholarship was broken down into two sub-categories, Modern and Popular Music and Jazz and Classical Music.

Since it was created, 248 beneficiaries (18 in 2014) have received a total of €5,375,000, including €255,000 awarded in 2014.

At Lagardère Active, the Elle Foundation, which celebrated its 10th anniversary in 2014, has supported 75 projects across all continents since its creation.

As well as pursuing its multi-year commitments (totalling €108,350 in 2014) both in France (with Force Femmes, Elle Solidarité mode, Sport dans la Ville and Femme en Avenir) and abroad (Afghanistan, Madagascar, Morocco, Republic of the Congo, and Mali), the Elle Foundation financed seven new projects in 2014 amounting to €129,462. These include programmes in Myanmar (support for 200 young women in the slums of Yangon), India (for 6,300 women from the Tiruchirappalli District), Democratic Republic of the Congo (for victims of rape as a weapon of war), Nepal (to teach sewing skills to some 30 disadvantaged young women), and France through numerous projects[(3)].

In 2014, Lagardère Active also showed its support for the community by donating approximately €1.5 million in press, radio, television, and internet space to community initiatives.

Lagardère Unlimited's community initiatives naturally revolved around sports events (football, tennis and golf), primarily aimed at sick children or children living in extreme poverty. These initiatives were often in partnership with local organisations or foundations such as the Red Cross.

B) ACCESSIBILITY OF CONTENT

B.1 Strategy

As a diversified media group, Lagardère must make its content accessible to all, especially those who do not have easy access to content due to geographical distance, social insecurity or physical disability.

B.2 Application

The Group's youth channels (TiJi, Gulli, Canal J) surpass the requirements set by the French broadcasting authority (*Conseil supérieur de l'audiovisuel* – CSA) on the number of hours of subtitled programmes aired. All three channels regularly broadcast different programmes that teach sign language as well as sign-language versions of certain shows.

Since 2008, Lagardère Publishing's audiobook brand Audiolib has helped people with a visual impairment or with reading difficulties, such as young dyslexics. Audiolib regularly improves the accessibility of its website for people with a visual impairment.

B.3 Performance

Indicator	Unit	2014	2013	2012
Number of new books published in the Audiolib catalogue during the year	No.	**70**	55	53
Number of titles available in the Audiolib catalogue at year-end	No.	**380**	310	255
Percentage of Gulli air time with subtitled programmes	%	**30**	40.80	-
Percentage of Canal J air time with subtitled programmes	%	**26**	41.85	-
Number of hours of subtitled programmes broadcast on youth channels during the year	Hours	**4,664h29m**	-	-
Number of programmes that teach sign language	No.	**5**	4	4

(1) Including the CSR departments of TF1, Vivendi, France Télévisions, Bayard Presse, as well as other media such as Youphil.
(2) http://www.orse.org/_____rse_dans_le_secteur_des_medias-98.html
(3) See the Sustainable Development Report for further details on the Elle Foundation.

C) CHILD PROTECTION, GUIDANCE AND EDUCATION

C.1 Strategy

Child protection is part of the corporate social responsibility of a media company like Lagardère, which creates and produces content for young audiences in different formats. Certain media, such as television, have been subject to strict child protection regulations for many years, while others, such as the Internet, must be closely monitored every day.

Lagardère's TV and radio broadcasters ensure compliance with the applicable laws and regulations, as well as with the agreements signed with the CSA. Each of the Group's channels has signed an agreement with the CSA stipulating the permitted broadcasting times of programmes depending on their classification.

All Group media entities, particularly its youth channels, go beyond complying with regulations to place top priority on child protection and education, due obviously to their target audience, and also to the strong relationship of trust that they have forged both with children, parents and teachers.

The Lagardère group states in its Code of Conduct that it firmly believes in adhering to and promoting certain universal principles and guidelines, including the ILO's fundamental convention on the effective abolition of child labour and Unicef's Implementation Handbook for the Convention on the Rights of the Child.

Taking its responsibility seriously as a publisher, producer and broadcaster of content aimed at young audiences, Lagardère also works outside its own activities to form partnerships through its two Foundations, which take action to defend child protection and education.

C.2 Application

In addition to their activity of publishing youth works and teaching manuals on all markets, Hachette and Hatier are involved in Savoir Livre, a non-profit organisation that works with the French national education authority and the Books and Reading Department of the Ministry of Culture. Savoir Livre monitors the education system through studies, surveys, conferences and debates with the underlying aim of giving children the best chance of succeeding in life.

In addition to this work, the Youth Works department at Lagardère Publishing offers a number of online activities for children. Hatier's Annabac.com site is one of the most widely viewed websites among students (3.8 million UVs in 2014) during their schooling. Annabac.com provides tips and resources to succeed in secondary school and the first steps beyond.

In 2013, Hatier also launched a contest called "Le Tremplin Prépabac" for secondary school students, with a prize of €5,000 to finance the winner's career project. The 2014 edition was a resounding success, drawing 604 participants to its dedicated website: *www.tremplinprepabac.fr*.

At Lagardère Active, all programmes pre-purchased and co-produced for the youth channels are closely monitored by the business line. This work is performed upstream, for example when characters, scripts, dialogue and graphics are selected.

In addition, Gulli and TiJi have each set up Ethics Committees of qualified individuals and independent experts tasked with monitoring the content of programmes and protecting children.

The Group's radio stations and advertising sales brokerages are also involved in efforts to protect children by broadcasting advertisements and displaying online banner ads for organisations dedicated to this cause.

In addition, a moderator dedicated to the protection of minors has worked on the Doctissimo.fr website since 2007.

Fighting obesity

The Group's youth channels take action to fight obesity by promoting balanced and healthy diets among their young viewers. The three channels joined the drive launched by the French government and the CSA, and signed the first official Food Charter in 2009, covering a five-year period. The channels have since implemented a global campaign to promote balanced and healthy diets in their programming as well as on digital media and non-media vehicles. In 2013, the youth channels took part in discussions organised by the CSA on drawing up a new five-year Charter and reaffirmed their commitment by signing up to the new Charter in November 2013. This new text came into force in January 2014.

At the community level

For its third edition, the Europe 1 radio station's Solidarity award went to *L'Outil en main*. This not-for-profit organisation introduces 9- to 14-year-olds to skilled trades taught by qualified volunteer craftsmen and workers, often retired, using real tools in real workshops.

At Lagardère Services, several Travel Retail entities are involved in partnerships or initiatives to support NGOs and other organisations that work with children. The Australia, China and Romania teams were particularly active throughout 2014[1].

Sponsorship

In 2014, the Jean-Luc Lagardère Foundation continued its support for the cultural programme aimed at teenagers at Studio 13/16 at the Pompidou Centre and formed a partnership with the French Academy in the Villa Medici in Rome.

C.3 Performance

Indicator	Unit	**2014**	2013	2012
Number of hours of obesity prevention programmes broadcast on youth channels during the year	Hours	**330h18**	314h49	271h08
Total number of hours of obesity prevention programmes broadcast on youth channels since 2009	Hours	**1,506h37**	1,176h19	861h30
Number of UVs on annabac.com during the year	Millions	**3.8**	-	-
Number of formal litigation cases involving child labour	No.	**0**	0	0

(1) See the Sustainable Development Report for further details.

D) MEDIA LITERACY, AWARENESS ABOUT SOCIAL ISSUES AND SUSTAINABLE DEVELOPMENT

D.1 Strategy

The European Union defines media literacy as “the ability to access the media, to understand and to critically evaluate different aspects of the media and media contents and to create communications in a variety of contexts... Media messages are informational and creative contents included in texts, sounds and images” and are an important part of our contemporary culture.

The development of critical thinking, the responsible use of content and the ability to analyse are part of the social responsibility of a media group like Lagardère.

Through their content, the media can contribute to providing their audiences with the skills to understand major issues in contemporary society (environment, social justice, diversity, health, human rights, etc.). As direct or indirect information providers, the media have a power of influence that can be instrumental in raising public awareness.

D.2 Application

In November 2013, the CSA launched http://education-medias.csa.fr/, a media literacy website aimed at the general public. Certain media of the Lagardère group (in particular Europe 1) contributed to developing the site by providing extensive content. Caroline Cochaux, Lagardère’s Executive Program Director, was selected as a member of the Media and Education Observatory set up by the CSA in September 2014 to develop its work on the issues of media literacy and education through media under a participative angle[(1)].

In March 2014, Europe 1 and Gulli teamed up to take part in Press and Media Week at School (*Semaine de la presse et des médias dans l’école®*), an event coordinated by the centre for liaison between teaching and information media, or Clemi, and the French Ministry of Education to help children to understand the media system, to develop their critical analysis skills and their interest in current issues, and to forge their identity as a citizen. Two of Lagardère’s media entities invited 150 children aged 10 to 14 from across France to their offices to discover the world of radio and television by participating in a variety of activities and meeting media professionals.

Regarding sustainable development and major social issues, the Lagardère group’s different media entities participated in raising the public’s awareness through content across all media.

D.3 Performance

Indicator	Unit	2014	2013	2012
Number of web pages referencing “Gulli ma planète” viewed over the year	No.	257,995	-	-

E) CONTENT DIVERSITY, PROMOTING READING, FREEDOM OF EXPRESSION

E.1 Strategy

Content diversity, diversity in ideas, promoting and defending the written word, reading and authors, combating illiteracy, and freedom of expression are all issues related to the media activities of the Lagardère group. Culture – sometimes referred to as the fourth pillar of sustainable development – plays a central role in Lagardère’s businesses.

E.2 Application

In promoting content and cultural diversity, each division takes its own approach.

Whether it is the diversity of the books published by Hachette, reflecting a broad spectrum of opinions in some 60 countries and 15 languages, the number of countries in which Lagardère Entertainment broadcasts its audiovisual content, the number of editions of *Elle* worldwide, the reach of the Lagardère Services network (more than 4,000 retail outlets in about 20 countries) and the broad range of products on offer, or the variety of sports and cultural talent (about 250 individuals) represented by Lagardère Unlimited, diversity is the lifeblood of the Lagardère group.

Promoting diversity also carries implications for labour and social issues. For a media group, the diversity of in-house teams (see 5.3.2.2.A) must be reflected in the content broadcast through its various media and its radio and television programming, which is closely monitored by the CSA.

Lagardère held to the commitments made by its radio and television channels in 2014. For example, Gulli has taken steps to ensure that, from the programme order and production phases to broadcast, social and cultural diversity is fairly represented in all of its programming, fiction, events, games, and so forth. Repeating its initiative taken in 2013, Gulli produced and broadcast a segment on 14 July 2014 to promote the diversity of faces, backgrounds and talent with the slogan “We are France”.

Europe 1 implemented measures in 2014 to develop content diversity:

- regular survey of the female experts invited to take part in Europe 1 programmes;
- special focus to ensure that its programming schedule reflects the diversity of French society.

In promoting reading, Hachette Livre, whose publishing business is, by definition, permanently encouraging reading, is involved via the SNE (the French Publishers Union) in all public events related to combating illiteracy and inciting reading. In addition, many literary prizes are awarded by Lagardère’s various entities to encourage reading across all population groups. These awards include the Elle readers’ grand prize, the Version Femina prize, the Gulli novel prize, and the Relay des voyageurs prize.

Youth channels are also involved in promoting reading, by broadcasting programmes that teach children how to read and reading stories for children on air.

Through sponsorship and at the community level

For the past three years, the Jean-Luc Lagardère Foundation has supported the Jules Rimet prize, which celebrates sports in French and foreign literature. The third Jules-Rimet prize was awarded to Lola Lafon for *La petite communiste qui ne souriait jamais* (Actes Sud). This prize is also the starting point for educational workshops led by the writer Hafid Aggoune to get youths from football clubs interested in reading and writing. Two workshops were held in October 2014 with Red Star in Paris and Olympique lyonnais in Lyon.

Since 2013, the Jean-Luc Lagardère Foundation has also supported *Les Avocats du Diable Vauvert*. This organisation campaigns to promote books, reading and literature through a wide

(1) See the Sustainable Development Report for further details.

variety of regional vectors, including libraries, bookstores, schools and prisons.

On 26 November 2014, the Jean-Luc Lagardère Foundation and the Institut du Monde Arabe (IMA), under their partnership signed in 2008, awarded the second Prix de la Jeune Littérature Arabe to the Egyptian author Mohamed al-Fakharany for his book, *La Traversée du K.-O* (Le Seuil). The panel of judges also gave special honour to the Syrian author Rosa Yassin Hassan, for her novel, *Les Gardiens de l'air* (Actes Sud). To be eligible for this literary prize launched in 2013 and worth €10,000, authors must be nationals of an Arab League country writing about the young generation in the Arab world. Books must be written in French or translated from Arabic into French.

Freedom of expression, i.e., the right to inform and be informed as specified in article 19 of the Universal Declaration of Human Rights, is one of the fundamental values of democracy and of the Lagardère group.

The tragic events that took place in France in January 2015 were a time for the Managing Partners to reiterate this belief.

Numerous initiatives were taken to stress the importance of freedom of expression.

Every year, the network of Relay sales outlets defends the work of Reporters Sans Frontières (Reporters without Borders) to uphold freedom of expression, by selling the organisation's annual photo album to support its cause. Relay also promotes the organisation on its website and in its stores.

Hachette Livre is involved (as a founder member) in the Pen Club's publishers' circle. The Pen Club is an NGO formed in 1921 to protect freedom of expression, particularly that of persecuted writers, and to promote literature worldwide.

Since 1984, the Jean-Luc Lagardère prize for journalist of the year – formerly the Louis Hachette prize – has been awarded to over a hundred journalists for the quality of their reporting, editorials, feature articles and photos in the press. It currently represents an amount of €10,000.

The 2015 prize was awarded to the editorial staff of *Charlie Hebdo*, which courageously resumed the publication of the newspaper immediately following the tragedy that had struck them. The fifteen judges wanted to pay tribute to their colleagues who had perished, and particularly to their friend Georges Wolinski, winner of the 1989 prize and member of the panel. The judges stated that this year's award is "a message of support from the entire profession to these outstanding journalists who risk their lives in picking up their pencils in the name of freedom of expression."

Livre de Poche paperback books brought together 60 writers in defence of freedom of expression in a book combining fundamental classic literature and the words of contemporary authors. All proceeds will go to *Charlie Hebdo*.

Led by the SNE and with the participation, free of charge, of the printer, paper supplier, and distributor (Hachette), several publishers including Hachette came together to produce a collective work, *La BD est Charlie*, featuring 183 drawings donated by 173 press cartoonists and comic book artists. All proceeds will be given to the families of the 17 victims of the attacks that took place in Paris on 11 January 2015.

E.3 Performance

Indicator	Unit	2014	2013	2012
Number of countries in which Lagardère Entertainment productions are broadcast	No.	**185**	-	-

5.3.2.2 SUPPORT CORPORATE EFFORTS TO ADVANCE DIVERSITY AND SOCIAL TRANSFORMATION

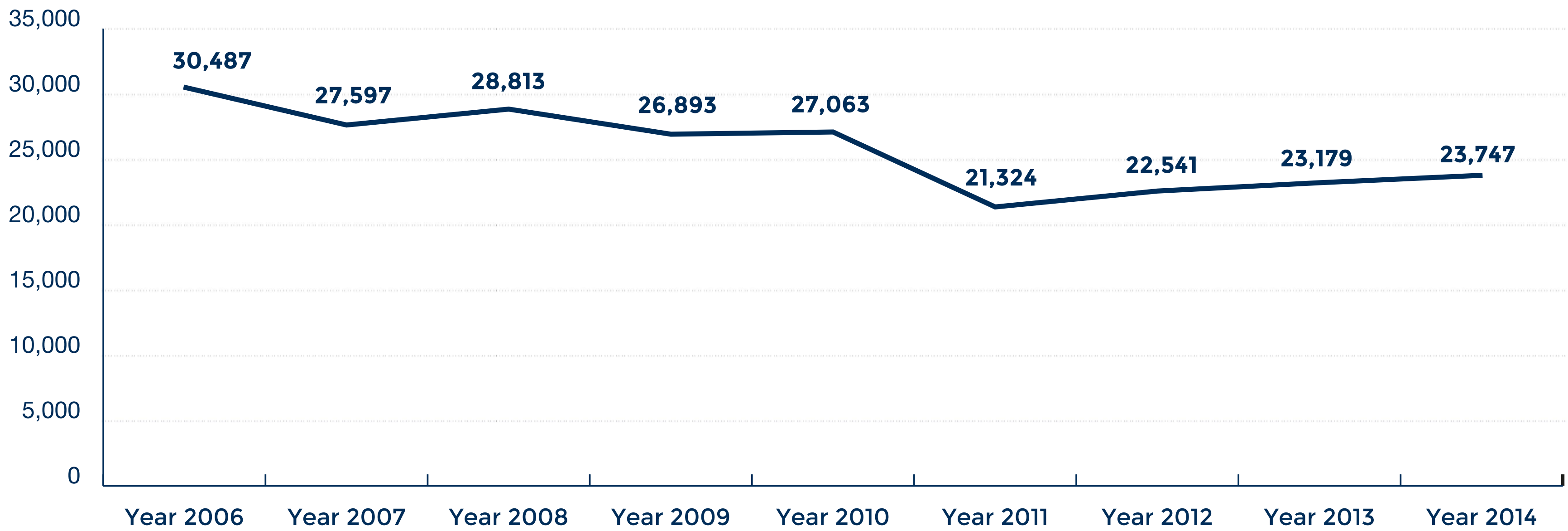
A) INTRODUCTION

The Lagardère group's performance depends directly on the skills of its employees and the suitability of its resources. To allow for optimum leverage of human resources and adaptation to the nature of the Group's various business lines, the operating units manage their own human resources but follow priorities, principles and commitments common to all the divisions and formalised at Group level in agreement with the business lines' Human Resources Directors.

Guiding its entities through social transformation (especially growing digitalisation) and talent diversity has become a central focus of the Lagardère group strategy.

Before elaborating on this policy, this report presents below the changes in the breakdown of the permanent workforce[(1)].

Changes in permanent workforce at 31 Decembre 2014



Breakdown of workforce by division at 31 December 2014

Division	Women	Men	Total	2013/14 change
Lagardère Publishing	3,664	2,646	**6,310**	-1% ↘
Lagardère Services	7,929	4,913	**12,843**	9% ↗
Lagardère Active	1,808	1,393	**3,200**	-16% ↘
Lagardère Unlimited	421	747	**1,168**	-2% ↘
Other Activities	99	127	**226**	-8% ↘
Total	**13,921**	**9,826**	**23,747**	**2% ↗**

The main changes include:
- the rise in headcount in the Lagardère Services division following the acquisition of Airest;
- the drop in headcount at the Lagardère Active division due to departures under the restructuring plan at the Press business and the sale of ten titles;
- the drop in headcount in Other Activities following the restructuring of Matra Manufacturing Services;
- slight decreases in the workforce at the Lagardère Publishing and Lagardère Unlimited divisions of 1% and 2% respectively.

(1) Permanent workforce numbers set out here and in the following paragraphs correspond to the number of employees on permanent contracts who were actually in service on the last day of the year concerned.

Breakdown of workforce by geographic area at 31 December 2014

FRANCE

Lagardère Publishing	2,420
Lagardère Services	3,721
Lagardère Active	2,532
Lagardère Unlimited	333
Other Activities	226
Total	**9,232**

REST OF EUROPE (EXCLUDING FRANCE)

Lagardère Publishing	2,418
Lagardère Services	5,643
Lagardère Active	668
Lagardère Unlimited	528
Total	**9,257**

AMERICAS

Lagardère Publishing	1,279
Lagardère Services	1,905
Lagardère Unlimited	98
Total	**3,282**

ASIA-PACIFIC

Lagardère Publishing	113
Lagardère Services	1,574
Lagardère Unlimited	209
Total	**1,896**

AFRICA

Lagardère Publishing	80
Total	**80**

B) CHOOSING TALENT TO REFLECT DIVERSITY IN SOCIETY AND OUR MARKETS

B.1 Strategy

Adapting to local cultures, the diversity of consumers and the increasing number of markets is strategic to the development of all Group businesses. The Lagardère group is highly diverse, as reflected in its wide range of business activities and their employees' broad array of expertise. As such, they have a particular obligation to reflect the society to which they belong.

In keeping with the development of the cultural and content diversity of the Group's activities (see 5.3.2.1.D), the diversity of its teams presents the opportunity for Lagardère both to attract new talent and to boost its growth and innovation.

To promote equal opportunity for all its employees and fair employment practices, Lagardère endeavours to develop cross-divisional action, particularly by identifying best practices in its entities and sharing them throughout the Group.

Lagardère is opposed to all forms of discrimination based on a person's origin, lifestyle, age, sex, political or religious opinions, trade union affiliation, disability or sexual orientation.

As such, the Lagardère group works to apply and promote the ILO's fundamental principles on eliminating discrimination in respect of employment and occupation and eliminating forced and compulsory labour.

B.2 Application

The measures taken to apply the principles of diversity and equal opportunity break down into three categories: the place of women in the Group, integration of young people from inner cities and the integration of people with a disability.

To assess its diversity and equality, the Group conducted an audit in the last quarter of 2014 on the perception of the place of women and the representation of social and ethnic diversity. An action plan will be developed in 2015 based on its findings. This plan will differentiate between action to be taken by the divisions relating specifically to the issues inherent to their activities and the measures to be implemented at Group level.

Following the audit conducted at **Lagardère Active** in 2012, the Active Diversity action plan remained in force in 2014, primarily through training courses given throughout the division. A total of 122 new employees received diversity training, adding to the 300 employees trained in 2013.

Europe 1 signed a new agreement on gender balance in 2014.

The division also took initiatives to promote social and ethnic diversity:

- broadcasting of the Tolerance concerts;
- Lagardère Entertainment's partnership with *École Miroir*, a free school that trains actors, directors and authors from socially and culturally diverse backgrounds from France's lower-income neighbourhoods;
- Active Diversity's special interest in the organisation *Un stage et Après*, which works to allow all students, regardless of their network or academic performance, to explore the professional world and obtain a work placement in line with their career development plans;
- the Elle Foundation's support of the *Passerelle* programme led with Mozaïk RH (a not-for-profit human resources consulting and recruitment firm specialised in promoting equal opportunity and diversity) and the organisation *Sports dans la ville/Elle dans la ville*.

Lagardère Publishing signed a new three-year agreement (2015-2017) on gender balance in December 2014, which includes the following objectives:

- strike a better work-life balance;
- guarantee access to training, mainly by helping employees better assimilate on their return from parental leave;

- promote gender balance, in particular in business lines with a high majority of one gender (e.g., women in publishing and men in distribution);
- maintain equal opportunity in terms of both remuneration and career development.

Lagardère Services led an original initiative at LS travel retail Pacific, with more than 20 nationalities working at its headquarters and over 30 languages spoken in its stores. Determined to promote a culture of integration promoting the diversity of its employees, the entity decided to organise Harmony Day in 2014, which spanned Australia and celebrated diversity at work through the discovery of different cultural traditions[1].

To promote disability in the workplace, in 2014 Lagardère moved forward in its partnership with Michaël Jérémiasz, Olympic champion in wheelchair tennis, to raise awareness about disability throughout the Group.

Its action plan was presented at the HR seminar (held every year for the HR departments from Lagardère's divisions to discuss current issues and cross-business initiatives) in July 2014. The first action was a table tennis event for the disabled at Lagardère Active. Two French champions came to challenge division employees and demonstrate their sport, while explaining and presenting their daily lives.

Working with Michaël Jérémiasz, the Lagardère group also organised a wheelchair tennis match at the 2014 World Academic Sport Challenge with France's top schools and universities (a one-day event held at Stade Charléty in Paris, with more than 5,000 students participating and which the Group has partnered every year since 2009, see next section). Lagardère also sponsored a wheelchair basketball event at this Challenge.

At the end of 2014, the Lagardère Publishing division set up an organisation[1] focused on promoting the social integration and long-term employment of people with a disability at the division's member companies. The organisation also works to improve access to employment for people with a disability: education, partnerships, communication campaigns, etc.

Its work is along the same lines as Lagardère Active's Mission Handicap project, which in February 2014 signed a Charter for promoting the training and professional integration of people with a disability in the audiovisual communications sector.

In developing community partnerships, the Lagardère group has worked with the non-profit organisation *Nos quartiers ont des talents* (Our neighbourhoods have talent) since 2006. It aims to help qualified young people from underprivileged urban areas to gain a foothold in the world of work, mainly through the network of managers from member companies.

To offer its guidance, Lagardère takes part in the organisation's annual *Rencontres nationales* forum every year[2], providing the opportunity for Master's students to meet with recruiters from different Lagardère companies. Lagardère also sponsors young talent and supports the Steering Committee, essentially made up of young people who have benefited from the programme and the organisation's founders.

In terms of sponsorship, the Jean-Luc Lagardère Foundation continued its support, for the sixth consecutive year, of the Divertimento Symphony Orchestra led by Zahia Ziouani and more specifically the Divertimento Academy, which introduces the world of symphony music to young musicians and offers them training to become orchestra musicians.

The Jean-Luc Lagardère Foundation and the Elle Foundation also worked on the programme initiated by the Financière de l'Échiquier Foundation to provide free housing in Paris for young female baccalauréat recipients who have obtained higher education grants. The Foundation also offers personalised academic, social and pre-professional counselling while these young women attend the preparatory classes before entering France's top-ranking schools. In addition to the Lagardère group's financial backing, three employees sponsor three students from the *Maison des Talents* throughout the academic year to introduce them to new horizons, help them build a career development plan or simply offer moral support.

B.3 Performance

To comply with legal requirements and provide relevant indicators in all the countries where it operates, the Lagardère group has decided to use the following information to measure its diversity and equality performance.

(1) See the Sustainable Development Report for further details.
(2) 27 November 2014.

Gender balance

Breakdown of workforce, by occupational group and gender[1]

Division	Executives			Managers			Journalists and photographers			Other employees			Total		
	Women	Men	Total	Women	Men	Total	Women	Men	Total	Women	Men	Total	Women	Men	M/W
Lagardère Publishing	53%	47%	332	60%	40%	2,656	-	-	-	57%	43%	3,322	**58%**	**42%**	**6,310**
Lagardère Services	25%	75%	130	48%	52%	1,865	-	-	-	65%	35%	10,848	**62%**	**38%**	**12,843**
Lagardère Active	31%	69%	67	56%	44%	1,304	55%	45%	968	61%	39%	861	**56%**	**44%**	**3,200**
Lagardère Unlimited	2%	98%	45	24%	76%	283	0%	100%	1	42%	58%	839	**36%**	**64%**	**1,168**
Other Activities	21%	79%	29	42%	58%	100	-	-	-	53%	47%	97	**44%**	**56%**	**226**
Group total 2014	**39%**	**61%**	**603**	**54%**	**46%**	**6,208**	**55%**	**45%**	**969**	**62%**	**38%**	**15,967**	**59%**	**41%**	**23,747**
Group total 2013	**36%**	**64%**	**645**	**54%**	**46%**	**6,333**	**57%**	**43%**	**1,118**	**60%**	**40%**	**15,083**	**58%**	**42%**	**23,179**

Breakdown of recruitments, conversions[2], promotions and mobility by gender

Division	Recruitments		Contract conversions		Internal mobility		Promotions	
	Women	Men	Women	Men	Women	Men	Women	Men
Lagardère Publishing	221	155	87	57	27	13	249	91
Lagardère Services	2,123	1,241	82	57	38	51	136	92
Lagardère Active	39	54	2	1	27	70	30	20
Lagardère Unlimited	67	91	12	19	4	8	10	24
Other Activities	2	2	1	0	5	8	0	1
Group total 2014	**2,452**	**1,543**	**184**	**134**	**101**	**150**	**425**	**228**
Breakdown 2014	**61%**	**39%**	**58%**	**42%**	**40%**	**60%**	**65%**	**35%**
Breakdown 2013	**63%**	**37%**	**64%**	**36%**	**51%**	**49%**	**58%**	**42%**

(1) Actual workforce in service at 31 December 2014.
(2) Conversion from a fixed-term contract to a permanent employment contract.

Breakdown of permanent workforce given a pay rise in 2014, by gender

Division	Employees given a pay rise		Total	Breakdown	
	Women	Men		Women	Men
Lagardère Publishing	2,921	2,065	**4,986**	59%	41%
Lagardère Services	4,390	3,207	**7,597**	58%	42%
Lagardère Active	1,041	644	**1,685**	62%	38%
Lagardère Unlimited	249	501	**750**	33%	67%
Other Activities	75	59	**134**	56%	44%
Group total 2014	**8,676**	**6,476**	**15,152**	**57%**	**43%**
Group total 2013	**7,561**	**5,517**	**13,078**	**58%**	**42%**

Breakdown of training expenditure by gender

Division	Training expenditure		Total	Breakdown in expenditure	
	Women	Men		Women	Men
Lagardère Publishing	€ 1,011,636	€ 607,191	**€ 1,618,827**	62%	38%
Lagardère Services	€ 2,567,609	€ 1,861,472	**€ 4,429,082**	58%	42%
Lagardère Active	€ 1,181,462	€ 708,436	**€ 1,889,898**	63%	37%
Lagardère Unlimited	€ 107,275	€ 230,973	**€ 338,2484**	32%	68%
Other Activities	€ 51,052	€ 46,047	**€ 97,099**	53%	47%
Group total 2014	**€ 4,919,035**	**€ 3,454,119**	**€ 8,373,155**	**59%**	**41%**
Group total 2013	**€ 4,789,563**	**€ 3,391,696**	**€ 8,181,258**	**59%**	**41%**

Disability

Number of employees with a disability(1)

Division	The Americas	Europe	France	Total
Lagardère Publishing	1 →	18 ↘	49 ↗	**68 ↗**
Lagardère Services	2 →	78 ↗	45 ↘	**125 ↗**
Lagardère Active	0 →	1 →	40 ↗	**41 ↗**
Lagardère Unlimited	0 →	3 →	6 →	**9 →**
Other Activities	0 →	0 →	7 ↘	**7 ↘**
Group total 2014	**3 →**	**100 ↗**	**147 ↘**	**250 ↗**
Group total 2013	**3**	**65**	**151**	**219**

The sharp increase in headcount in Europe (outside France) is due to the acquisition of Airest.

(1) Actual workforce in service at 31 December 2014

Number of agreements with organisations that specifically employ people with a disability and total expenditure on services

Division	Number of partnerships	Total expenditure
Lagardère Publishing	2	€ 148,927
Lagardère Services	6	€ 682,700
Lagardère Active	9	€ 392,876
Lagardère Unlimited	1	€ 10,000
Other Activities	1	€ 4,500
Total Lagardère group	**19**	**€ 1,239,003**

Diversity

Number of employees working at entities that have signed a document (charter, agreement, statement, etc.) to guarantee that employee diversity is upheld and promoted

Division	Total employees covered
Lagardère Publishing	847
Lagardère Services	1,841
Lagardère Active	1,641
Total Lagardère group	**4,329**
% of Group total	**18%**

Number of formal litigation cases involving discrimination(1) or forced labour

Two formal litigation cases were recorded in 2014 and are being reviewed.

The proceedings for the two cases recorded in 2013 are still in progress.

C) SUPPORTING EMPLOYEES THROUGHOUT THEIR CAREER

C.1 Strategy

Developing the professional expertise and individual responsibilities of employees is crucial to the success of the Lagardère group, whose strength is based on the quality and diversity of its employees. It focuses on the growth of its employees, through promotion, internal mobility and training to enhance their employability. Lagardère also attaches great importance to equal opportunity and fair treatment, by rewarding merit and performance.

In addition to the Group-wide career management policy and in keeping with the policy of independence, each division takes initiatives adapted to its business line and activities.

Lagardère also invests in guidance and training for young people by promoting the use and development of work-study placements and programmes.

This over-arching strategy reflects the Lagardère group's pledge to invest in the skills of staff and foster fulfilling career development.

C.2 Application

Employee guidance starts early, by establishing regular dialogue with students when they are still potential candidates, and continues with their hire and orientation at the Lagardère group.

Talking to them about their professional career upstream is both a strategic issue (to hire the best talent) and a responsibility (to steer and guide them towards the highest-growth businesses). Consequently, Lagardère makes a point of sending recruiters from its different divisions to forums organised by France's top schools (HEC, ESCP Europe, ESSEC, EDHEC and EM Lyon) to present students and young graduates with work placements, work-study contracts or jobs. These events also provide a unique opportunity for candidates to ask for advice about their first career choice and for recruiters to present the Lagardère group and its brands.

In its effort to stand out and develop original experiences for sharing, Lagardère has partnered an exciting and meaningful event since it was created six years ago: the World Academic Sport Challenge with France's top schools and universities. This one-day sports competition brings together students and companies and includes actions to promote the integration of employees with a disability, along with the chance to discuss the businesses of partner companies.

To offer employees guidance throughout their career, Lagardère has decided to roll out an in-house training programme for Group talent.

Training begins with orientation day, an annual event which brings together 100 recently hired managers to present Lagardère's different businesses through creative activities and meetings with executives, thereby contributing to the emergence of a common culture.

The Lagardère group launched its three-day leadership programme for high-potential division managers in 2002, which helps them to boost innovation, lead a cross-divisional project and become an agent for change. A programme was developed in 2014 to give young managers the chance to discuss some common issues,

(1) Formal litigation means any legal action or claim officially filed with any competent authority. Discrimination refers to unequal treatment of an individual (unusual working conditions and/or workloads, refusal of benefits typically due, etc.) due to his or her race, skin colour, gender, political or religious beliefs or social or ethnic background.

such as management basics, conflict management, negotiation, managerial communication and public speaking.

Lagardère has been a member of the Netexplo Observatory since it was created in 2008. This international body examines the use of digital technology and publishes a digital trend report every year, based on an international spotter network of experts and university professors of digital innovation.

Through this partnership, Group employees can take part in Netexplo's annual forum (which chooses ten award winners every year) and its various management and marketing workshops.

Equally pivotal in developing the skills and expertise of its employees, and a key issue for Lagardère, is internal mobility. In 2013, Lagardère developed a special mobility process[1], which was implemented in 2014. An inter-divisional committee (made up of HR representatives in charge of mobility) meets every two months to discuss current and future openings and the profiles of candidates who have expressed a request for mobility. A biweekly newsletter listing all job vacancies at the Group's different companies is sent out to all the representatives for circulation at the divisions. This process led to about 15 mobility transfers in 2014 and the review of more than 100 jobs and candidates.

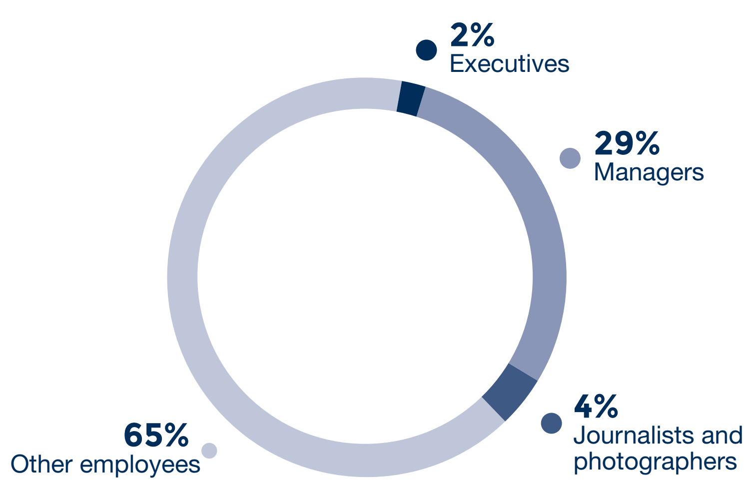
Regarding community partnerships, the Jean-Luc Lagardère Foundation has supported educational programmes for high-level athletes who are still in their sporting career to prepare their professional future after retirement from sport. Since 2007, 87 athletes have taken the programme, and 29 are enrolled for the 2014-2015 academic year.

C.3 Performance

Training

Breakdown of training hours by occupational group[2]

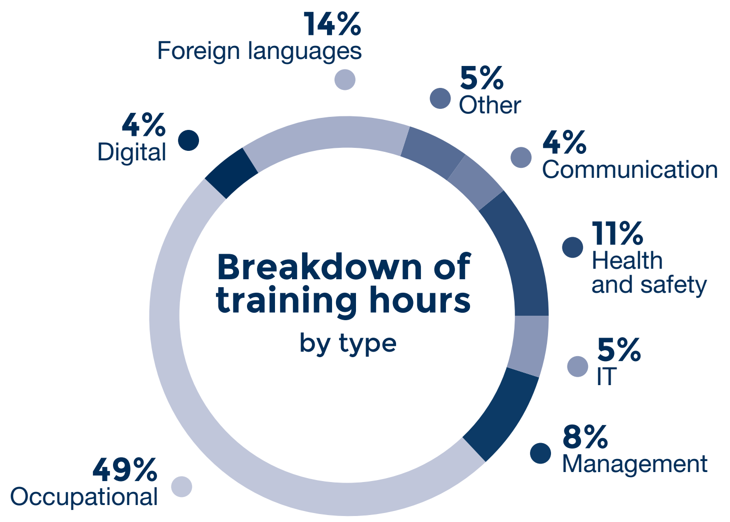
Division	Executives	Managers	Journalists and photographers	Other employees
Lagardère Publishing	1,967	21,705	0	19,179
Lagardère Services	1,713	29,649	0	132,466
Lagardère Active	327	22,686	11,005	15,055
Lagardère Unlimited	351	3,426	0	11,104
Other Activities	268	1,145	0	197
Group total 2014	**4,625**	**78,610**	**11,005**	**178,000**
Group total 2013	**4,372**	**105,979**	**12,811**	**182,137**



The data on training hours broken down by occupational group are provided to show that the Lagardère group believes in training all employees and ensuring that these training hours break down proportionately among the different groups.

Executives, who represented 3% of the permanent workforce at 31 December 2014, benefited from 2% of total training hours, managers 29% (at 26% of the workforce), journalists 4% (at 4% of the workforce), and "Other employees" benefited from 65% of total training hours and make up 67% of the total workforce.

(1) See Focus No. 8 in the Sustainable Development Report.
(2) The average budget per employee came to more than €350 (€362 in 2013), and €637 in France (€660 in 2013).



Offering guidance for young people

Number of work placements and work-study programmes

Division	Work-study programmes	Interns
Lagardère Publishing	545	400
Lagardère Services	180	186
Lagardère Active	148	598
Lagardère Unlimited	22	263
Other Activities	7	33
Group total 2014	**902**	**1,480**
Group total 2013	**880**	**1,425**

The Lagardère group closely monitors the indicators on staff recruitments and separations, which reflect its ability to attract and keep talent.

Staff recruitments

Division	Recruitments	Contract conversions	Mobility	Promotions	Total
Lagardère Publishing	376	144	40	340	**900**
Lagardère Services	3,364	139	89	228	**3,820**
Lagardère Active	93	3	97	50	**243**
Lagardère Unlimited	158	31	12	34	**235**
Other Activities	4	1	13	1	**19**
Group total 2014	**3,995**	**318**	**251**	**653**	**5,217**
Group total 2013	**5,308**	**366**	**185**	**598**	**6,457**

The drop in permanent staff recruitments was mainly confirmed in terms of actual new hires. A decline in this figure generally implies an increase in internal hiring (internal mobility and promotions, combined, actually rose 15%), particularly at Lagardère Publishing, which recorded an overall drop in staff recruitment of 7.6%, with total new hires falling more than 42%.

At Lagardère Active, the drop in recruitments is due to the restructuring of the Press business, where more internal hiring took place again in 2014 (up 56% compared with 2013).

The significant fluctuation at Lagardère Services (also evidenced in staff departures) is due to the high turnover, as is the case every year, inherent to the acquisitions and disposals of companies and sales outlets.

The number of recruitments remained stable at Lagardère Unlimited in 2014.

Staff departures[1]

Division	Resignations	Retirements	Redundancies	Dismissals for personal reasons	Separations by mutual agreement	Other reasons	Total
Lagardère Publishing	440	62	96	126	49	84	**857**
Lagardère Services	1,921	54	205	641	787	594	**4,202**
Lagardère Active	121	21	224	96	81	162	**705**
Lagardère Unlimited	68	8	49	21	28	36	**210**
Other Activities	0	2	10	2	62	11	**87**
Group total 2014	**2,550**	**147**	**584**	**886**	**1,007**	**887**	**6,061**
Group total 2013	**2,372**	**128**	**255**	**979**	**634**	**685**	**5,053**

The rise in staff departures at Lagardère Publishing is due to a higher number of resignations in 2014.

The number of redundancies at Lagardère Active is obviously higher.

The rise in the number of departures at Lagardère Unlimited results from the transfer of a part of the Fitness business. For Other Activities, the increase in separations is due to the restructuring of Matra Manufacturing & Services.

D) ENCOURAGING AND PROMOTING TALENT

D.1 Strategy

It is Group policy to use remuneration and pay rises to recognise and reward individual performance levels, based on quantitative and qualitative criteria defined by the subsidiaries.

To take into account employees' levels of skills, training and responsibility and the specific nature of the sectors they work in, individual rather than collective pay rises are therefore increasingly common.

A number of actions taken at different Lagardère entities are designed to encourage and reward Group employees for either their initiatives and innovation in performing their duties or their social involvement.

In addition to the scholarships awarded by the Jean-Luc Lagardère Foundation (see 5.3.2.1), Lagardère group divisions are extremely active in promoting young talent in the (wider) community by organising a number of competitions or awards to honour young journalists, writers, animation artists, musicians, photographers, and so on.

Some Group entities, such as Hatier or Editions JC Lattès, hold competitions awarding scholarships to the winning students and young entrepreneurs.

This policy to motivate employees is also adapted internally at the Group's different divisions.

D.2 Application

Regarding remuneration, most of the Group's entities make use of individual and collective performance incentives such as bonuses and variable pay. These practices allow an employee's remuneration to be linked to the achievement of personal targets and collective objectives at the level of the subsidiary concerned.

In return for these individually tailored pay measures, to ensure optimum transparency between staff and their management on remuneration, the Group encourages annual interviews, which give employees a better perception of their fulfilment of the requirements of their job.

Lagardère also seeks to build loyalty among fast-track employees with the regular allocation of shares in the parent company, Lagardère SCA.

Until 2006, this allocation took the form of share options but since 2007 the Group has used free share awards (see the special reports of the Managing Partners).

Although the divisions are largely free to adapt their remuneration policy to their business line and context, the Group believes that each entity should cover its social security contributions in line with the requirements and practices of its home country.

Regarding employee welfare benefits, all Group employees in France have supplementary health and social welfare plans partially funded by the employer. Welfare benefits also exist or are offered to employees in other countries, depending on the state systems in place and local practices.

Many Group companies (such as LeGuide.com and Aelia) use a variety of non-financial means to reward performance related to the business or initiatives that reflect employee dedication. The following examples of these initiatives highlight two areas of action that are highly encouraged at the Lagardère group, innovation and community involvement.

Every year, the Group's Innovation Awards spotlight novel ideas put forward by employees from all divisions in all countries for innovative projects that create value, while reflecting Lagardère's key values of courage, creativity and independence. The 2014 prizes went to two projects, one at Lagardère Active, MonDocteur.fr, and the other at Lagardère Publishing, the Group Insight Navigator Dashboard.

Lagardère also aims to broaden its scope of community-driven initiatives by urging its employees to become more socially responsible. The Group has set the example with its partnership established in 2013 with *Alter'Actions*, an organisation which brings together top schools and executives to offer innovative ways of contributing to the social economy.

To date, four Group employees have taken part in seven projects with organisations acting to promote women's education and integration, the integration of people with a disability or environmental protection. The Elle Foundation already supports some of these projects.

Lagardère Active launched a similar initiative than the Group's innovation awards, Booster, in 2014.

The division has also long advocated employee involvement in community initiatives. For example, employees have been working through the Elle Foundation for the past seven years.

Lagardère Services employees, especially in Germany and Asia, are keenly encouraged to get involved in various social initiatives through local GreenTeams.

(1) Staff turnover (the half-sum of the number of employees leaving plus the number of employees recruited over a given period, divided by the initial number of employees) came to 24.3% in 2014 (25.5 in 2013). Unexpected turnover (departures not initiated by Lagardère: resignations, deaths, retirement and other) stood at 15.5% (14.1% in 2013).

Hachette Livre's Charitable Action Committee, which was created in 2010, supported a dozen charitable projects in 2014 that were proposed by employees. These included a project to assist a non-profit organisation which teaches children about biodiversity and disseminates learning materials to educate people about the environment and sustainability.

In 2014, the Jean-Luc Lagardère Foundation set up a scholarship to promote community involvement by Group employees. One to three scholarships of €5,000 each will be awarded each year. The two first scholarships were awarded to two organisations in which Group employees are involved to support their projects; one will be developed in Benin and the other in Madagascar(1).

D.3 Performance

Remuneration

Average annual gross salary by geographic area(1)

Geographic area	Executives	Managers	Journalists and photographers	Other employees
Africa	€ 82,387	€ 53,174	-	€ 7,880
Asia-Pacific	€ 206,499	€ 53,029	-	€ 24,322
The Americas	€ 252,196	€ 94,106	-	€ 28,323
Rest of Europe	€ 137,411	€ 48,082	€ 14,773	€ 24,057
France	€ 223,191	€ 57,850	€ 63,744	€ 25,858
Group total 2014	**€ 179,532**	**€ 57,749**	**€ 53,891**	**€ 25,187**
Group total 2013	**€ 166,414**	**€ 54,252**	**€ 50,332**	**€ 24,136**

Eighty-five percent of Lagardère's permanent employees work in an entity that applies a minimum wage (on par with 2013), while 73% are with a company that has defined salary ranges depending on occupational groups (one-point rise compared with 2013).

Furthermore, 50% of employees belong to an entity with an employee savings scheme (three-point drop compared with 2013).

In terms of variable salary, 53% of permanent employees work for a company with a remuneration policy based on collective performance (up one point on 2013), while 45% have an individual variable portion (down one point on 2013).

Encouraging community involvement and innovation

In 2014, 65 new employees at Lagardère Active got involved through its community department and the Elle Foundation, for a total of 197 volunteers since it was founded.

20 projects at 15 entities, representing 20 countries, were nominated for the 2014 Innovation Awards.

E) DEVELOPING CLOSE RELATIONS WITH EMPLOYEES

E.1 Strategy

Labour relations are an essential part of the Lagardère group's human resources policy, based on the acknowledged principle of maintaining a balance between economic and labour issues, at all levels of the organisation (entities, divisions and Group).

The Lagardère group has freely elected independent employee representatives through whom it can regularly discuss labour issues such as working conditions and restructuring that have an impact on employment.

In all countries, Lagardère complies with rules entitling employees to form their own representative bodies.

As such, the Lagardère group works to apply and promote the ILO's fundamental principles on the freedom of association and the effective recognition of the right to collective bargaining.

E.2 Application

In terms of labour relations, although it practices a policy of independence for its business lines, the Group also promotes cooperation and dialogue with employee representative bodies and between the various subsidiaries in France and the rest of the world.

Two Committees have been set up to this end: the European Works Committee, set up in January 2003, and the Group Employees' Committee, set up in January 2002.

These two bodies have regular exchanges with Management about the key issues and changes necessary for the Group's business activities.

The Group Employees' Committee comprises 30 members representing employees of the Lagardère group.

The European Works Committee also comprises 30 members who are employees of the Lagardère group in Europe. France currently holds 15 seats and the remaining 15 seats are held by representatives from eight other European countries – Belgium, the Czech Republic, Germany, Hungary, Poland, Romania, Spain and the United Kingdom.

Members of both committees will be reappointed in 2015.

The articles of association of the Group Employees' Committee and the European Works Committee stipulate that each of these bodies must hold an annual ordinary meeting.

In addition to these annual meetings, extraordinary meetings or meetings between committee members and union representatives may be held if the situation so requires.

(1) See the Sustainable Development Report for further details.
(2) Behind these salary averages – which are provided for information purposes – lie widely varying situations (due to the nature of the activities and their location, with lifestyles and the cost of living varying greatly from country to country), and no general conclusions or comparisons should be drawn from them.

E.3 Performance

The Lagardère group has decided to use the following points to measure its performance in labour relations.

Group committees

Assessment of the meetings of the Group Employees' Committee and the European Works Committee and their respective boards

In 2014, as every year, the Group Employees' Committee and the European Works Committee held two ordinary general meetings. At these meetings, the committees assessed the activity of each division and reviewed their strategies.

2014 was an active year for the Group's labour relations, which were marked by two major issues. Five meetings of the board and an extraordinary meeting of the European Works Committee were held to discuss the planned sale of the Distribution business by the Lagardère Services division, while an extraordinary meeting of the Group Employees' Committee focused on the sale of ten Magazine Publishing titles and restructuring at the Lagardère Active division.

Continuous dialogue was established at the Lagardère Active division, including more than a hundred meetings held with the staff representative bodies to discuss the restructuring of the Press business, thereby avoiding redundancies through a voluntary departure programme.

Collective agreements

Collective agreements signed during the year and agreements in place(1)

Geographic area	Collective agreements in place at 31 December 2014	Collective agreements signed during the year
Asia-Pacific	17	2
The Americas	11	4
Rest of Europe	114	24
France	538	54
Group total 2014	**680**	**84**
Group total 2013	**624**	**112**

Types of collective agreements and percentage of workforce covered

Geographic area	% of employees covered by collective agreements on health, safety and working conditions	% of employees covered by collective agreements on the integration of people with a disability	% of permanent employees covered by collective agreements on remuneration	% of permanent employees covered by collective agreements on gender balance in the work place
Asia-Pacific	70%		72%	
The Americas	59%	10%	59%	10%
Rest of Europe	59%	30%	66%	40%
France	76%	37%	84%	76%
Group total 2014	**66%**	**27%**	**72%**	**46%**
Group total 2013	**64%**	**27%**	**70%**	**44%**

Geographic area	% of permanent employees covered by collective agreements on working hours	% of permanent employees covered by collective agreements on training	% of permanent employees covered by collective agreements on employee welfare
Asia-Pacific	71%		71%
The Americas	10%	59%	10%
Rest of Europe	65%	29%	50%
France	96%	39%	72%
Group total 2014	**70%**	**35%**	**55%**
Group total 2013	**69%**	**32%**	**54%**

(1) At 31 December 2014.

Employee representation

Employee representation

Geographic area	Number of employees covered by employee representation	Percentage of the workforce covered by employee representation
Africa	80	100%
Asia-Pacific	868	46%
The Americas	2,100	64%
Rest of Europe	5,624	61%
France	8,950	97%
Group total 2014	**17,622**	**74%**
Group total 2013	**17,379**	**75%**

F) CONCLUSION

F.1 Strategy and application

In addition to the areas described as part of Lagardère's support for corporate efforts to advance diversity and social transformation, the Lagardère group is also particularly sensitive to the following issues:

- adherence to workplace health and safety rules;
- organisation of working hours;
- territorial, economic and social impact of the Company's activities.

Lagardère's business activities are mainly concentrated in the services sector, which has low exposure to health and safety risks. However, entities with logistics and distribution activities have a greater "safety culture" than other Group companies.

Each division implements a policy of reducing health and occupational risks through preventive action and training.

Group entities have put in place work organisation schemes that provide the flexibility to meet the specific requirements of their operations, with overtime hours, fixed-term contracts and temporary employment.

In France, due to the nature of its press, audiovisual and live entertainment production activities, the Lagardère group calls on the services of specific types of employees, namely freelance journalists, entertainment workers, and other occasional employees such as proof readers and events and hospitality staff.

This flexibility – which is required for the organisation of working time – does not, however, jeopardise Lagardère's compliance with legal regulations specific to each country, particularly in terms of working hours and overtime.

Wherever they are located, the divisions take account of the local impact of their activities on jobs and regional development.

Lagardère Publishing employs a large number of people outside major cities and pays close attention to local specificities. Most of the business line's distribution centres are also located outside capital cities, such as the Maurepas site in France, Bookpoint (Oxfordshire, England), LBS (West Sussex, England) and HBG Distribution Services (Indiana, United States).

Lagardère Services' dense network of more than 4,000 stores is highly integrated into the transport infrastructures used by numerous people on a daily basis and also plays an important role in the development of the surrounding areas.

Altogether, nearly 90% of the Group's executives were hired locally in 2014.

F.2 Performance

As the issues developed above are inherent to the activities of each division, the Lagardère group does not deem a global policy relevant.

However, the Group monitors certain indicators that provide an overview of their year-on-year performance in workplace health and safety and in the organisation of working hours.

Health and safety conditions at work

In terms of safety, Lagardère specifically monitors the indicators covering lost time due to sick leave and all indicators covering work-related accidents and sick leave, which are presented below.

In 2014, the number of safety training hours nearly doubled (30,827 versus 16,305 in 2013). The integration of Airest, which alone accounts for 75% of the total hours, into the Lagardère Services division is the main reason for this increase.

Workplace health and safety agreements cover 66% of employees (up 2 points on 2013), while 85% work at a Group company with an organisation to handle these issues (unchanged), and 80% (also up 2 points on 2013) benefit from regular medical check-ups.

Organisation of working hours

Based on the indicators relating to the organisation of working hours, Lagardère carefully monitors how its companies use work flexibility arrangements, such as overtime hours, agency staff and fixed-term work contracts.

However, it is important to note that the total number of employees on fixed-term contracts and agency staff only accounted for 10.5% (versus 11.5% in 2013) of the Lagardère group's total workforce, which is in line with its 12% ceiling.

The Group also carefully watches the total number of part-time staff.

Number of work accidents[1] and sick leave cases in 2014

Division	Number of accidents
Lagardère Publishing	117 ↘
Lagardère Services	444 ↗
Lagardère Active	11 ↘
Lagardère Unlimited	14 ↗
Group total 2014	**586 ↗**
Group total 2013	**530**

Division	Frequency rate	Severity rate
Lagardère Publishing	11.07 ↘	0.34 ↗
Lagardère Services	20.44 ↗	0.54 ↗
Lagardère Active	1.94 ↘	0.08 ↘
Lagardère Unlimited	6.87 ↗	0.14 ↗

Division	Number of sick leave cases
Lagardère Publishing	3
Lagardère Services	1
Group total 2014	**4**
Group total 2013	**7**

Number of days' absence due to work accidents and lost time[2]

Division	Number of days' absence due to work accidents	%	2013/14 change
Lagardère Publishing	3,606	0.59	↗
Lagardère Services	11,658	0.97	↗
Lagardère Active	433	0.13	↘
Lagardère Unlimited	277	0.25	↗
Group total 2014	**15,974**	**0.70**	↗
Group total 2013	**14,172**	**0.63**	

Number of days' absence due to sick leave and lost time

Division	Number of days' absence due to sick leave	%	2013/14 change
Lagardère Publishing	38,166	6.23	↗
Lagardère Services	95,023	7.93	↗
Lagardère Active	22,920	6.72	↘
Lagardère Unlimited	4,246	3.77	↘
Other Activities	893	3.98	↘
Group total 2014	**161,247**	**7.05**	↗
Group total 2013	**145,966**	**6.49**	

(1) Frequency rate = (number of work accidents resulting in lost time x 1,000,000)/number of hours worked.
Severity rate = (number of days of lost time x 1,000)/number of hours worked.
(2) Lost time = number of days absence/FTE over the year.

Organisation of working hours

Based on the indicators relating to the organisation of working hours, Lagardère carefully monitors how its companies use work flexibility arrangements, such as overtime hours, agency staff and fixed-term work contracts.

However, it is important to note that the total number of employees on fixed-term contracts and agency staff only accounted for 10.5% (versus 11.5% in 2013) of the Lagardère group's total workforce, which is in line with its 12% ceiling.

The Group also carefully watches the total number of part-time staff.

Average daily and annual working hours

Indicator	France	Rest of Europe	Americas	Asia-Pacific	Africa	Group total 2014	Group total 2013
Days worked per year	217.5	239.5	248.5	251.0	286.0	**233**	234
Hours worked per day	7.2	7.8	7.4	8.0	8.0	**7.5**	7.5
Hours worked per year	1,555.1	1,860.0	1,843.9	2,008.0	2,288.0	**1,747.5**	1,755.0

Number of overtime hours worked during the year

	2014		2013		
Division	Number of hours	FTE	Number of hours	FTE	2013/14 change
Lagardère Publishing	101,164	58.31	96,629	55.69	→
Lagardère Services	353,872	203.96	281,955	162.51	↗
Lagardère Active	7,385	4.26	9,642	5.56	↘
Lagardère Unlimited	5,633	3.25	4,590	2.65	↗
Other Activities	8,497	4.90	1,972	1.14	↗
Total	**476,552**	**274.67**	**394,788**	**227.54**	↗

Employees on fixed-term contracts[1] (Full-Time Equivalent basis)[2]

Division	2014	2013	2013/14 change
Lagardère Publishing	350.17	349.22	↗
Lagardère Services	1,479.96	1,088.25	↗
Lagardère Active	249.79	253.41	↘
Lagardère Unlimited	123.10	103.00	↗
Other Activities	3.19	13.31	↘
Group total	**2,206.21**	**1,807.19**	↗

Number of temporary hours worked during the year

	2014		2013		
Division	Number of hours	FTE	Number of hours	FTE	2013/14 change
Lagardère Publishing	755,889	435.67	797,354	459.57	↘
Lagardère Services	642,416	370.27	478,274	275.66	↗
Lagardère Active	62,215	35.86	17,886	10.31	↗
Lagardère Unlimited	96,700	55.73	67,740	39.04	↗
Other Activities	16,156	9.31	13,376	7.71	→
Total	**1,573,376**	**906.84**	**1,374,630**	**792.29**	↗

(1) Non-permanent employees = employees on fixed-term contracts.

(2) The FTE figure is obtained by adding together all the employees who worked for the Group during 2014, based on their standard working hours and the hours they actually worked over the twelve months concerned. For example, an employee who works half a week for six months of the calendar year is counted as 0.25 FTE (0.50 x 0.50).This measure is particularly relevant for analysing the non-permanent workforce, given that reporting a figure as at 31 December would not reflect the actual situation for this occupational group.

Occasional employees (Full-Time Equivalent basis)

Division	2014	2013	2013/14 change
Lagardère Publishing	23.61	33.66	↘
Lagardère Services	19	62.22	↘
Lagardère Active	1091.84	1,069.81	↗
Lagardère Unlimited	152.73	20.46	↗
Other Activities	1.90	1.30	↗
Total	**1,289.08**	**1,187.45**	↗

Number of part-time employees

Division	Female	% female part-time Total female workforce	Male	% male part-time Total male workforce	Total part-time workforce	% total part-time Total workforce
Lagardère Publishing	439 ↗	11.98%	46 ↘	1.74%	485 ↗	7.69%
Lagardère Services	1,571 ↘	19.81%	829 ↗	16.87%	2,400 ↗	18.69%
Lagardère Active	186 ↘	10.29%	106 ↘	7.61%	292 ↘	9.13%
Lagardère Unlimited	56 ↘	13.30%	38 ↘	5.09%	94 ↘	8.05%
Other Activities	7 →	7.07%	3 ↗	2.36%	10 ↗	4.42%
Group total 2014	**2,259** ↘	**16.23%**	**1,022** ↗	**10.40%**	**3,281** ↗	**13.82%**
Group total 2013	**2,426**	**18.13%**	**849**	**8.67%**	**3,275**	**14.13%**

5.3.2.3 ENSURE RESPONSIBLE MANAGEMENT OF THE PAPER CYCLE AND DIGITAL EXPANSION

As the proportion of its digital business grows over its paper activities (especially in terms of sales), Lagardère must take sustainable action not only in terms of responsible paper management, but also by closely monitoring the social and environmental impacts of its digital expansion.

A) RESPONSIBLE PAPER MANAGEMENT

A.1 Strategy

With its businesses in book publishing and the press, Lagardère is fully aware that its paper use is a crucial environmental issue. The Group has long led a policy of rigorous responsible paper management which applies throughout the paper life cycle. From supply to production and ending with the management of returns, Lagardère works with all its trade partners involved at every stage.

The main raw material used to make paper is wood, which is a renewable resource. The wood is processed into a pulp which is used to make reels of paper. The reels are shipped to the printer to be made into books, magazines and newspapers. Once used, these products can be collected and recycled to be used as a raw material for the production of recycled paper pulp.

Lagardère's goal is to increase the proportion of certified paper (paper from sustainably managed forests) it purchases every year and to use recycled paper whenever possible.

A sustainably managed forest is defined as land where the amount of wood harvested every year does not exceed biomass growth over that same year. This guarantees carbon sequestration in the forest, which does not occur in the case of overexploitation or deforestation.

Sustainable forest management involves controlling forest resources, but covers many other criteria beyond carbon. The productive function of forests, biological diversity, their protective function and forest health and vitality are also taken into account. Buying certified paper also has an impact on the preservation of biodiversity.

This sustainable use of natural resources helps gradually eliminate any negative impact of the Group's operations on endangered forests.

A.2 Application

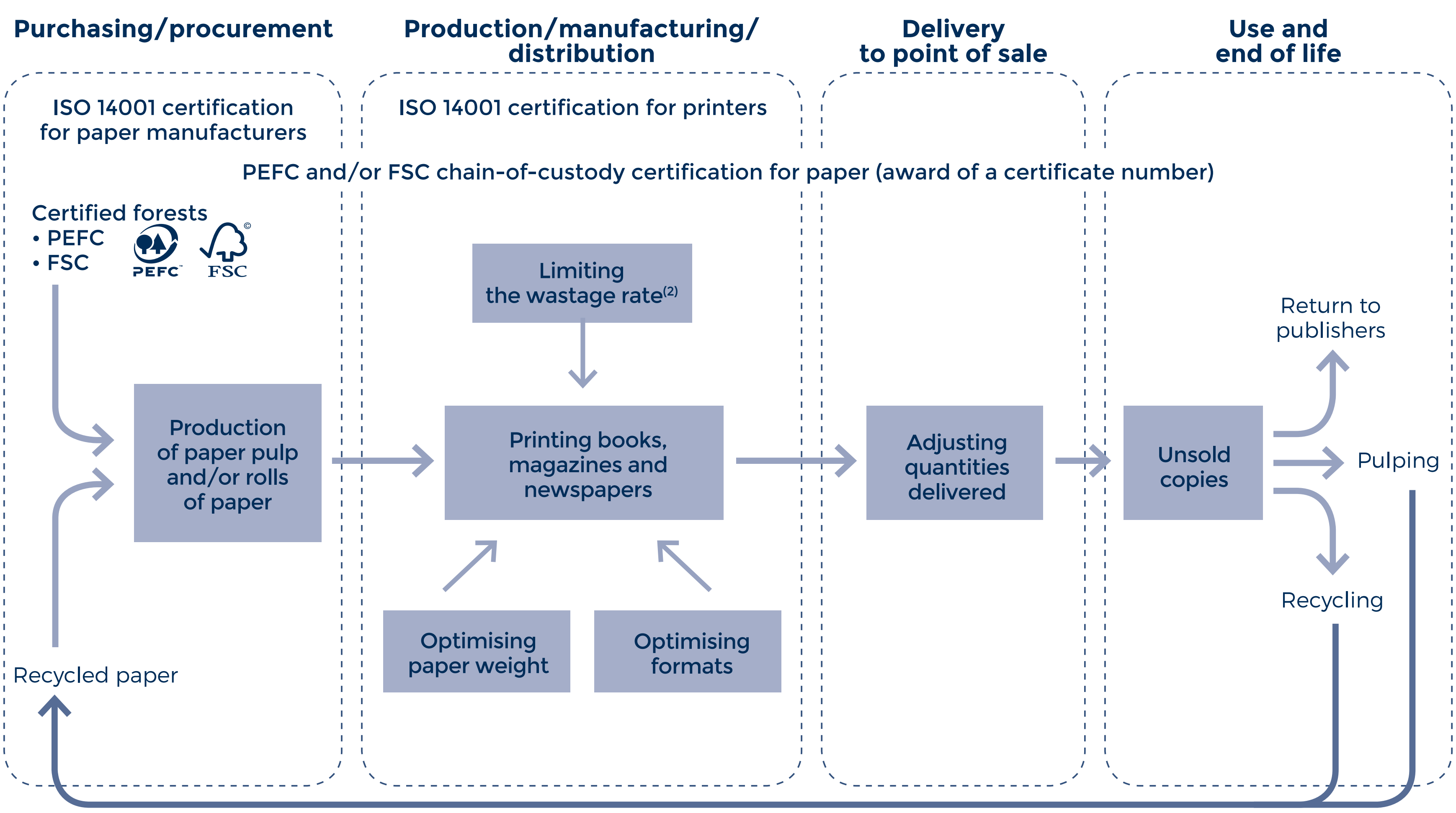
For the past two years, Lagardère Publishing has displayed on its French works the type of paper used in printing, if it is certified or recycled, and the carbon footprint of each copy.

At the beginning of 2010, Lagardère Active launched a PEFC chain-of-custody certification process for paper. Following this process completed in early 2011, the division received authorisation to include the certification logo in magazine mastheads or credits. This PEFC chain-of-custody certification process is now audited annually by an accredited independent firm(1).

Recycled paper is very well suited to the production of newsprint. *Le Journal du Dimanche* is printed entirely on recycled paper. On the other hand, the supply of recycled paper for magazines is still limited because of the volumes required and the number of suppliers in the market. As a result Lagardère mainly uses certified paper.

As part of their strategy to limit paper wastage during the production process, Lagardère Publishing and Lagardère Active have adopted a number of initiatives. The wastage rate refers to the percentage of paper wasted during the manufacturing process (printing and after-press) of books or magazines. It is calculated by comparing the quantity of paper used in the printing process with the quantity of paper delivered in the form of books or magazines.

The Paper Cycle



(1) The purpose of this audit is to check that all the physical and administrative flows provide adequate traceability throughout the service chain up to the layout service, which applies the logo to the magazine, certified under a unique number.
(2) Wastage rate: the percentage of paper wasted during the manufacturing process.

This rate varies greatly depending on the printing technology used (type of machine, colours) and the number of books and magazines produced (print-run).

As part of the policy for reducing the paper wastage rate, the teams concerned at Lagardère Publishing and Lagardère Active determine the best technical parameters and carry out detailed calculations of the amount of paper to be allocated to the printer. Improving wastage rates is a key factor in negotiations with printers.

Paper consumption and wastage rates are regularly monitored in France and abroad. This monitoring makes it possible to:

- validate the choices of printers, optimal printing techniques and paper (optimisation of reel width and paper size);
- calculate the number of copies of magazines and newspapers to print according to sales statistics;
- identify new technologies that could be used (rotating rapid-calibration tools, automatic setting of ink devices);
- implement rigorous printing press control procedures and optimised machine calibration (inking, size of paper cuts, etc.);
- inform editorial managers of the most economical formats to help them best meet market requirements;
- define and validate the best paper allocation schedules in conjunction with each supplier;
- identify areas for continuous improvement in conjunction with suppliers.

Adjusting the format of publications is another way of optimising book and magazine production. Lagardère Publishing offers a large number of single-format textbooks by title that are optimised to reduce the paper wastage rate in production. Compact textbooks have proved popular with teachers, buyers and pupils, who saw a reduction in the weight of their school bags. Lagardère Active proposes optimised formats to editorial managers. These new formats not only meet market demand but also reduce the weight of paper consumed and transported.

At Lagardère Publishing, print-on-demand (POD) technology is used to print only books that have been ordered. This technology limits greenhouse gas emissions arising from production, storage and transport. The Group has developed the use of this technology in France, the United States and the United Kingdom, and its catalogue was enlarged in 2014.

In France, Hachette Livre is also using this technology as part of a large-scale project it has launched in association with France's national library (Bibliothèque Nationale de France). As part of this project an initial 81,000 copyright free titles will be marketed via Hachette Livre's bookstore network, selected from the 200,000 digitised books available through Gallica, the Bibliothèque Nationale de France's digital library.

Lagardère Publishing and Lagardère Active attach great importance to handling book and magazine returns, which is the Lagardère group's main environmental issue related to waste prevention and recycling.

Lagardère Active's Magazine Publishing business takes action upstream to reduce the rate of returns by optimising the number of copies of each title sent to sales outlets. Returns are an inevitable part of newsstand sales, but to manage them as effectively as possible, the business regularly adjusts quantities printed and delivered via specialised software used by the sales managers of each title. These actions have reduced its rates of returns to levels well below the average national rate for around twelve years.

Faced with the important economic, environmental and social impacts of the recovery and recycling of press titles that are sold or distributed free of charge, a group of professional bodies from the press industry in France (including SEPM, the French Union of Magazine Publishers) have agreed on the wording of a "Voluntary Agreement to Raise Awareness on Sorting, Recovering and Recycling Paper in the Press Industry", jointly with the French Ministry of Ecology, Sustainable Development and Energy, the Ministry of Culture and Communication and Ecofolio (an organisation accredited by the French government that promotes the recycling of graphic paper).

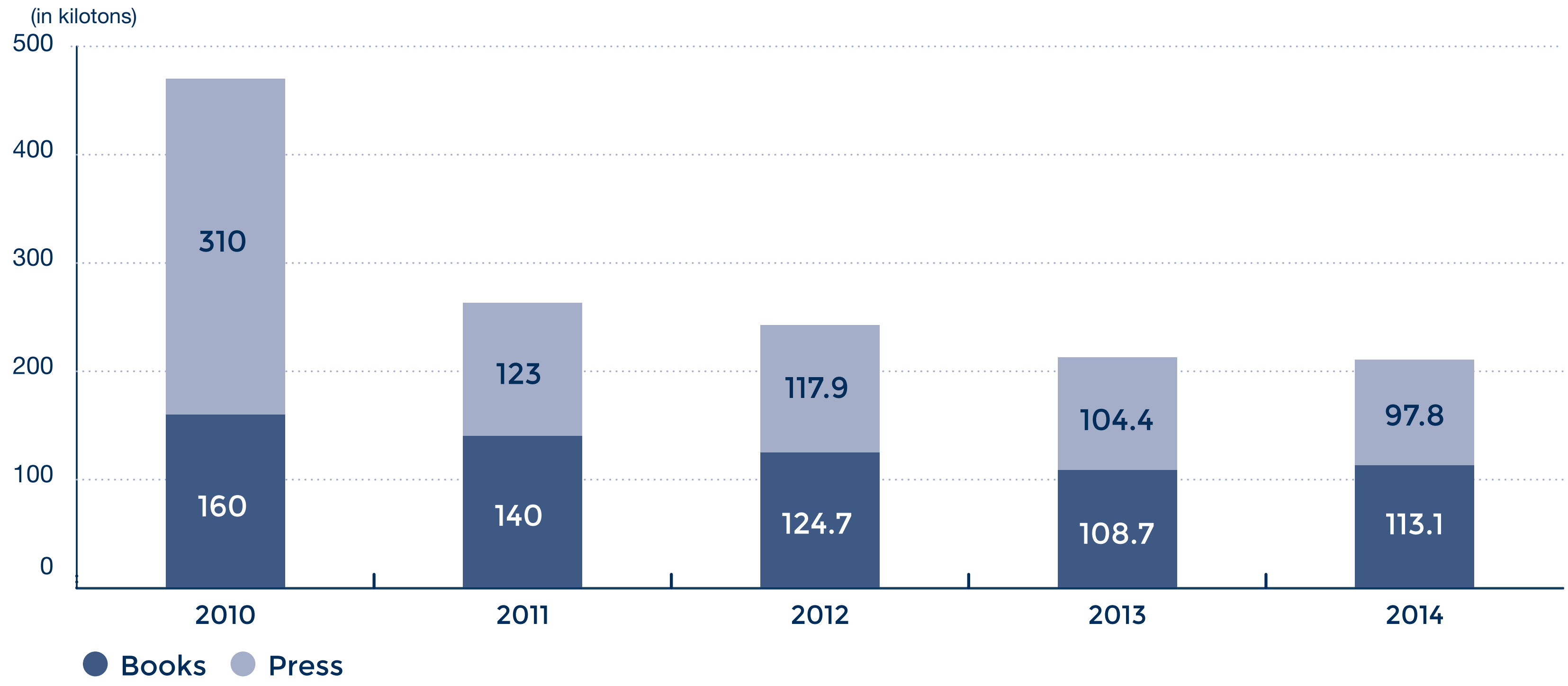
The aim of the agreement – which was signed in July 2013 and includes Lagardère Active as a member of the SEPM – is to provide a three-year framework on how press publishers can contribute to raising the public's awareness by providing free advertising space and including in their publications information related to the campaign to promote waste sorting. The first campaigns were launched in 2013 and continued in 2014.

At Lagardère Publishing, the rate of returns for books relates to operations managed by Hachette Livre Distribution, i.e., all activities in France, Belgium, Switzerland and Canada as well as global export. Returns that are not pulped for recycling are added back to inventories.

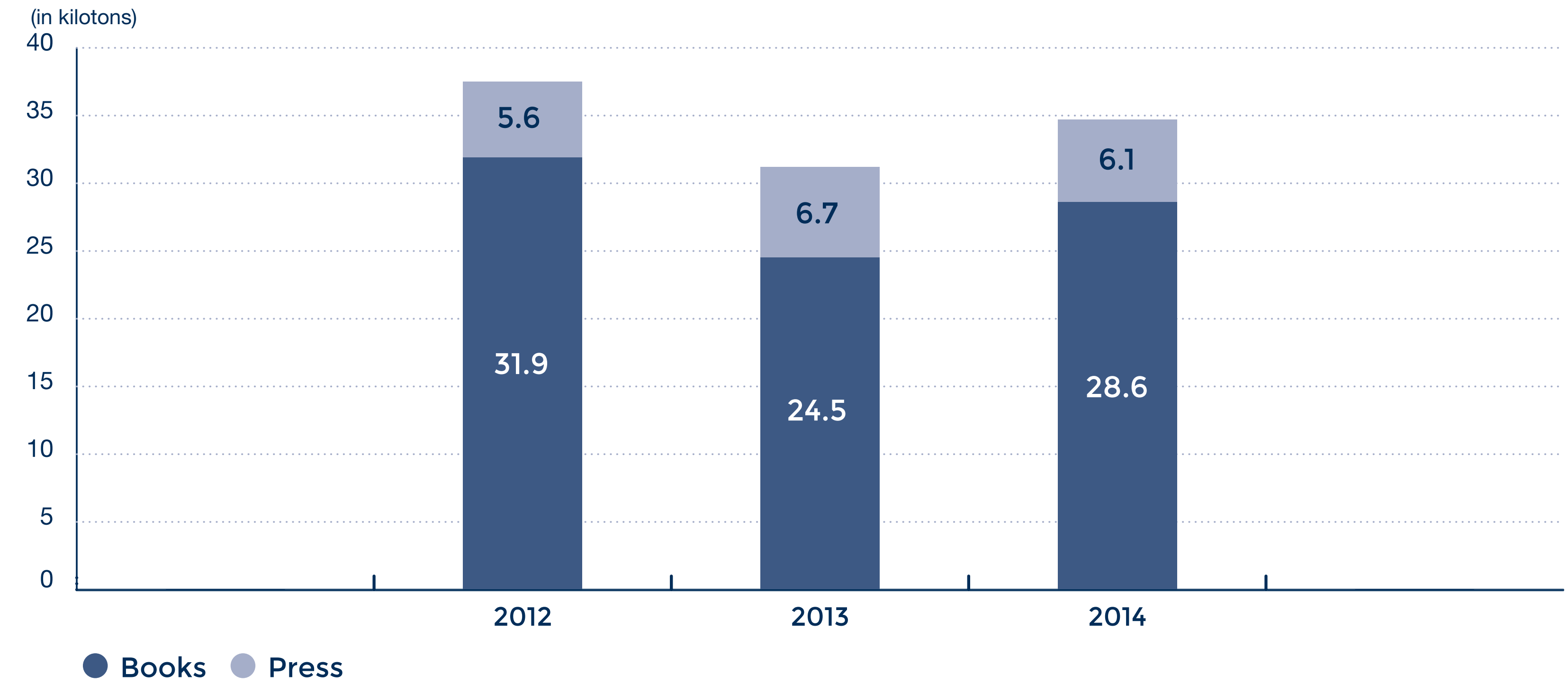
In late 2012, Hachette Livre carried out its second carbon audit for its operations in French-speaking countries, which found that the action plans from the first audit brought total emissions down by 17%. The carbon footprint has been reduced from 1.4 kg to 1.2 kg CO_2 equivalent.

A.3 Performance

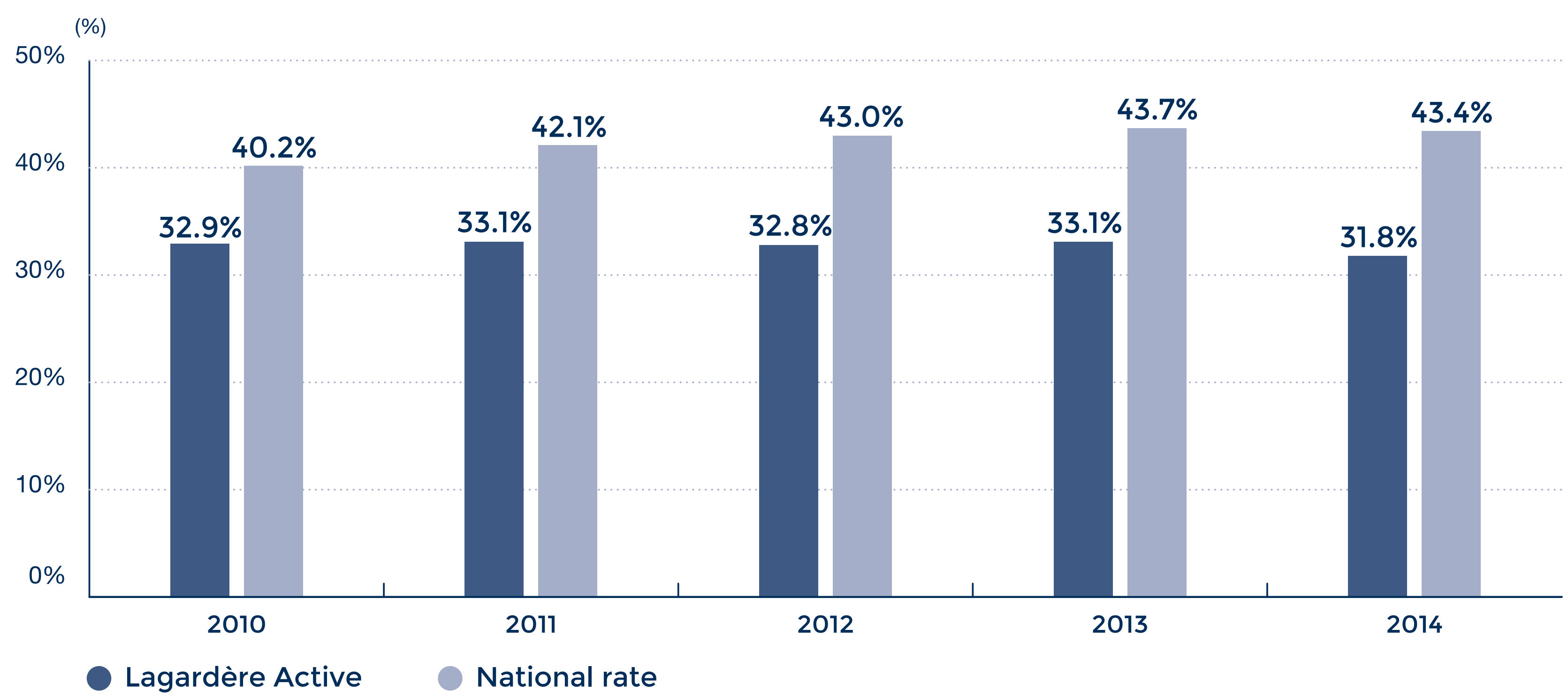
Total weight of paper purchased directly by Lagardère



Total weight of paper supplied by printers



Comparison of rates of magazine return in France



Indicator	Unit	2014	2013	2012
Total weight of paper purchased directly	kiloton	**210.9**	213.1	242.6
Percentage of certified paper purchased directly	%	**95**	94	-
Percentage of recycled paper purchased directly	%	**4**	3	-
Total weight of paper supplied by printers	kiloton	**34.7**	31.2	37.5
Percentage of certified paper supplied by printers	%	**57**	48	-
Percentage of recycled paper supplied by printers	%	**10**	9	-
Number of PEFC-certified magazines	No.	**29**	37	20
Number of titles available in the print-on-demand catalogue (estimated figure for France + USA + UK)	No.	**19,804**	10,800	6,584
Rate of returns for Lagardère Publishing	%	**24.71**	23.91	-
Percentage of returns pulped and recycled	%	**57**	60	-
Percentage of returns added back to inventories	%	**43**	40	-
Rate of returns for Lagardère Active	%	**31.8**	33.1	32.8
Percentage of returns recycled	%	**92**	93	94
Percentage of returns re-released on the market	%	**8**	7	6
Number of pages of advertising donated to Ecofolio in Lagardère Active magazines	No.	**68**	70	-

B) RESPONSIBLE DIGITAL MANAGEMENT

B.1 Strategy

The increasing importance of digital technology (notably in the Publishing and Active divisions) brings with it new challenges for the Group, both in terms of new financial models that need to be created and jobs that need to be rethought, as well as new forms of public relations that need to be managed. This shift also means greater social responsibility in personal data protection and the fight against piracy. For example, protecting intellectual property is a central priority at Lagardère Publishing, as its publishers are the custodians of their authors' rights.

Even though Lagardère produces content and not the devices on which its content is broadcast, the Group cannot ignore the environmental impact of these digital devices. As the Group itself uses many of these devices (computers, mobile phones, servers, etc.), it must be mindful of their environmental footprint.

B.2 Application

Personal data protection

The Group Risk and Internal Control Department, in collaboration with the IT and Legal Departments, oversees the system for personal data protection. It does this partly through a self-assessment questionnaire, which is intended to raise awareness among the people concerned and ensure that best practices are being used in the Group's digital activities. The system focuses on three main areas:

1. regulatory compliance;
2. the implementation of technical protection resources (encryption, electronic signatures, the right to know);
3. the creation of IT guidelines.

The Group applies regulatory and statutory provisions in force in France (the French Data Protection Act, CNIL reporting) and equivalent provisions in other countries in which it operates.

The Group's Compliance department currently plans to roll out a compliance programme with standards applicable to personal data protection, which includes information on topics such as policy, systems and procedures (charters, data compilation, statements, archiving, etc.), training and incident management.

Personal data protection also has an impact at division level. Division IT and legal departments led the campaign to raise the awareness of the teams confronted with personal data protection issues and the current changes under way.

At Lagardère Active, personal data protection is applied through:

- the sending of marketing materials based on files compiled from magazine subscription forms on an "opt-out" basis;
- the sending of marketing materials to Internet users who have "opted in", i.e., ticked the box saying they wish to receive such information;
- database marketing;
- the protection of personal data, particularly regarding minors.

Lagardère Active's Technology Department ensures data security through all technical resources at its disposal, as regards both accessing data, and tracking and backing up data. Resources include the plan for backing up data, for example in the event of an incident, and the business continuity plan.

In 2012, Lagardère Publicité also signed a pan-European charter on extremely targeted advertising, allowing Internet users to have more control over how their personal data is collected, used, stored and shared by websites and online advertising sales brokerages.

Protecting intellectual property

At **Lagardère Publishing**, the legal departments make sure that this protection is assured, filing lawsuits when any infringement is noted, such as plagiarism, parasitism or overuse of quotations. In order to counter the pirating of digital files – which is the most serious infringement of authors' rights – Lagardère Publishing uses a specialised company that carries out web monitoring, detects fraudulent use of files that are the property of the business line, and serves the offenders with notices to terminate their activities.

Lagardère Active protects its Press content from pirating by using a specialised company whose services were commissioned by the SEPM in 2012 for use by the union's members.

Furthermore, Lagardère Active takes all appropriate legal measures if it learns about any cases of infringement concerning the content to which it holds the intellectual property rights.

The environmental impact of digital tools

Lagardère is aware of the environmental footprint generated by its Digital businesses (indirectly with the impact of manufacturing devices and their consumption). In 2013, the Group decided to monitor its own digital tools at the end of their useful life more closely by creating an indicator to monitor the weight of waste electrical and electronic equipment (WEEE) collected within the Group and transferred to state-approved organisations for processing and recycling.

B.3 Performance

Indicator	Unit	2014	2013	2012
Weight of WEEE collected for recycling	Tonne	**25.7**	33	-
Total weight of WEEE collected for recycling	Tonne	**58.7**	33	-

The weight collected fell between 2013 and 2014, mainly deriving from different interpretations of inventory management and minimum amounts. Each Group entity collects its own WEEE, then stores it before calling an approved organisation, which picks up this waste when it exceeds a certain amount. The decrease is also due to the smaller scope covered.

5.3.2.4 STRENGTHEN SUSTAINABILITY OF CONTENT, SERVICES, PRODUCTS AND SITES

A) SUSTAINABILITY OF BUILDINGS AND BUSINESSES

A.1 Strategy

Lagardère is a media corporation, with a highly diversified range of activities focused on the services sector, and this tends to mitigate its direct environmental risks described above that are not caused by the paper cycle.

The information relating to the identification of environmental risks and pollution, along with any provisions or guarantees is provided in section 3.5.1 of this Reference Document.

Environmental protection is a major issue for Lagardère, which takes steps to ensure that the development and growth of its businesses preclude any conflict with the environment, while complying with international, national and local regulations in all countries where the Group operates.

Mindful that part of its wealth draws on its surrounding environment, Lagardère has established a programme to minimise its environmental impacts, accepting full accountability for its activities, products and services. The Group aims to conduct its operations while incorporating interdependent environmental management principles, focusing on climate change, the eco-efficiency of the production chain and life cycle management.

For several years now, each of the divisions has organised a number of different seminars, e-learning sessions, workshops and forums with a view to helping employees understand the environmental concerns specific to their particular business and the tools and measures available for managing them.

A.2 Application

Since 2008, Lagardère Publishing has been involved in an ambitious programme to reduce the greenhouse gas emissions related to its activities. To achieve this, the division conducted two carbon audits, the first in 2009 and the second in 2013. The findings were used to implement appropriate action plans. Between 2009 and 2013, the changes made to the different production, broadcasting and distribution phases contributed to reducing the division's greenhouse gas emissions by 17%. Total emissions now come to 200,000 tonnes of CO_2 equivalent.

Alongside its paper management policy, Lagardère Active constantly seeks to optimise transport in the manufacturing cycle by working with closely situated paper suppliers, printers, binders and transporters, and opting for transport methods with lower greenhouse gas emissions (train or boat where possible).

With the resources of the Technologies Department, the main physical flows required in its business operations have been transformed into digital flows, using electronic transfer and validation circuits. This has helped the business line to reduce the transportation of documents and physical media, streamline validation circuits and increase the efficiency of these operations. Digitisation has been adopted for financial and purchasing applications, for press and multimedia editorial flows (electronic flatplan, integration of digital pre-press), for advertising sales brokerage (digital transfer of advertising materials for press and audiovisual media, portal for adverts appearing in the press, electronic data interchange) and for TV channels (tape-free sending of productions and advertisements).

The business line is looking to further reduce its paper consumption by optimising its subscription renewal processes, creating an increasingly paperless customer relations environment and using the web to win customers, notably through its subscription site jemabonne.fr, which is currently being streamlined.

At Lagardère Services, Relay cashiers have been instructed to give out its 100% recyclable bags on customer request only. Meanwhile, refrigerators with doors are gradually being installed at its French sales outlets to reduce energy consumption throughout the division's distribution network.

The European subsidiaries of Lagardère Services Distribution operate an intense logistics activity and cover several tens of millions of kilometres a year to transport print media from the printers to the vast network of sales outlets. Most of this distance is covered by lorries. Several measures have been taken to streamline transport, in particular optimising delivery routes, reducing fuel consumption through eco-driving, and using certified or green energy vehicles.

In line with the Group's objective of increasing its use of low-carbon energy sources, several of the Group's premises in Paris are heated by a district heating system supplied by Compagnie Parisienne de Chauffage Urbain (CPCU). Out of the energy supplied by CPCU, which combines several sources of power (2013 figures), 64% comes from natural gas or gas produced by cogeneration (25%) and recycled domestic waste (39%). The remaining 36% comes from coal (24%) and ultra-low sulphur heating oil (12%).

Similarly, the headquarters of the Lagardère group opted for the same energy mix several years ago to heat one of its two sites in Paris, and Lagardère Publishing also uses it for its Paris headquarters (which will move in the first half of 2015).

The building in Vanves that will be home to Hachette Livre as of April 2015 obtained HQE NF high environmental standard certification for commercial buildings and the BBC energy efficiency label.

At Lagardère Unlimited, the Croix Catelan site and the Folies Bergère and Casino de Paris entertainment venues use district heating.

The Lagardère Services headquarters switched to district heating in 2014.

Two of the office buildings housing Lagardère Active in Levallois are heated by Levallois Énergie Maintenance (LEM), which is comparable to the above-described Paris district heating system.

When Lagardère Entertainment relocated to Boulogne, it chose a building certified as HQE (built to High Quality Environmental Standards) and BBC (the French standard for low-energy buildings).

The Lagardère group's activities do not have a significant impact on biodiversity. The only aspects of its operations for which the protection of biodiversity could potentially be relevant are the use of wood and paper (see the section above on natural resources) and responsible forestry management.

However, respecting biodiversity is one of the factors covered by the environmental-protection measures put in place at Lagardère Paris Racing's Croix Catelan site in the bois de Boulogne.

Although the issue of managing types of waste other than paper is much less relevant to the Group's operations, certain entities measure their waste and strive to reduce it.

Because of widely differing circumstances and local constraints, the divisions conduct improvement operations locally, while making use of the Group's best practices.

A.3 Performance

The Group's energy consumption in France in 2014

Division	Year	Gas (kWh)	Oil (litres)	Electricity (kWh)	District heating system (kWh)
Lagardère Publishing	2014	8,472,238	288,997	15,067,352	2,394,711
	2013	*11,436,498*	*319,753*	*15,611,817*	*3,341,070*
Lagardère Services	2014	1,755,472	0	28,429,997	152,000
	2013	*2,060,968*	*0*	*41,731,749*	*0*
Lagardère Active	2014	4,702,040	3,811	13,920,880	1,463,000
	2013	*5,786,304*	*6,050*	*15,382,137*	*1,945,000*
Lagardère Unlimited	2014	3,095,456	256,438	3,266,225	992,700
	2013	*5,025,031*	*80,772*	*3,164,525*	*2,550,000*
Other Activities	2014	15,837	5,507	5,018,339	400,000
	2013	*14,282*	*4,757*	*4,676,141*	*410,110*
Total	**2014**	**18,041,043**	**554,753**	**65,702,793**	**5,402,411**
	2013	***24,323,083***	***411,332***	***80,566,369***	***8,246,180***

Year-on-year increases and decreases in energy consumption varied by branch and source. Electricity consumption remained stable across all divisions except Lagardère Services, impacting total electricity consumption in France. This sharp decrease is attributable to:

- a change in reporting scope: slightly more than 300 sales outlets, or 35% of the network, were deconsolidated following the creation of the joint venture with SNCF on 1 January 2014, which was not consolidated;
- optimisation efforts helped reduce average consumption (kWh) per square metre by 8.9%.

Average consumption used for heating fell overall, as the winter of 2014 was relatively mild.

In general the rises in consumption reported reflected:

- changes in organisational structure, with new entities entering the environmental reporting scope;
- a better understanding within an entity of the various sources of energy consumption;
- internal organisational changes (often due to refurbishment or renovation works) that may be temporary or permanent, and lead to increases or decreases in energy consumption.

CO_2 equivalents of the Group's tertiary energy consumption in France in 2014 (in eq. t CO_2)

Division	Year	Scope 1 Gas	Scope 1 Oil	Scope 1 Total	Scope 2 Electricity	Scope 2 District heating system	Scope 2 Total	Total Scope 1 + Scope 2
Lagardère Publishing	2014	1,855.42	939.24	2,794.66	1,175.25	466.97	1,642.22	4,436.88
	2013	*2,676.14*	*1,023.21*	*3,699.35*	*1,124.05*	*648.17*	*1,772.22*	*5,471.57*
Lagardère Services	2014	384.45	0.00	384.45	2,217.54	29.64	2,247.18	2,631.63
	2013	*482.27*	*0.00*	*482.27*	*3,004.69*	*0.00*	*3,004.69*	*3,486.96*
Lagardère Active	2014	1,029.75	12.39	1,042.14	1,085.83	364.29	1,450.12	2,492.26
	2013	*1,354.00*	*19.36*	*1,373.36*	*1,107.51*	*505.70*	*1,613.21*	*2,986.57*
Lagardère Unlimited	2014	677.90	833.42	1,511.32	254.77	193.58	448.35	1,959.67
	2013	*1,175.86*	*258.47*	*1,434.33*	*227.85*	*494.70*	*722.55*	*2,156.88*
Other Activities	2014	3.47	17.90	21.37	391.43	78.00	469.43	490.80
	2013	*3.34*	*15.22*	*18.56*	*336.68*	*79.56*	*416.24*	*434.80*
Total	**2014**	**3,950.99**	**1,802.95**	**5,753.94**	**5,124.82**	**1,132.48**	**6,257.30**	**12,011.24**
	2013	***5,691.61***	***1,316.26***	***7,007.87***	***5,800.78***	***1,728.13***	***7,528.91***	***14,536.78***

As energy consumption for the Group's French operations decreased overall in 2014, so did the related greenhouse gas emissions.

Lagardère is gradually extending its reporting scope to cover energy consumption outside France. For 2014, the Group disclosed its energy consumption and greenhouse gas emissions for its entire Western Europe scope (Belgium, Germany, Italy, Netherlands, Spain, Sweden, Switzerland and the United Kingdom).

The Group's energy consumption in Western Europe in 2014

Division	Gas (kWh)	Oil (litres)	Electricity (kWh)	District heating system (kWh)
Lagardère Publishing	3,686,827	81,643	11,695,818	0
Lagardère Services	12,983,355	374,875	18,040,846	0
Lagardère Active	75,000	0	7,207,665	0
Lagardère Unlimited	174,000	960	1,229,508	419,070
Total	**16,919,182**	**457,478**	**38,173,837**	**419,070**

CO_2 equivalents of the Group's tertiary energy consumption in Western Europe in 2014 (in eq. t CO_2)

Division	Year	Scope 1 Gas	Scope 1 Oil	Scope 1 Total	Scope 2 Electricity	Scope 2 District heating system	Scope 2 Total	Total Scope 1 + Scope 2
Lagardère Publishing	2014	788.98	260.45	1,049.43	4,129.90	0.00	4,129.90	5,179.33
Lagardère Services	2014	2,778.44	1,195.85	3,974.29	5,428.21	0.00	5,428.21	9,402.50
Lagardère Active	2014	16.05	0.00	16.05	3,322.73	0.00	3,322.73	3,338.78
Lagardère Unlimited	2014	37.24	3.06	40.30	379.32	378.84	758.16	798.46
Total	**2014**	**3,620.71**	**1,459.36**	**5,080.07**	**13,260.16**	**378.84**	**13,639.00**	**18,719.07**

B) IMPACT OF OPERATIONS ON CONSUMER HEALTH AND SAFETY

B.1 Strategy

Lagardère always places its customers and their satisfaction first. That is what has made the Group a success and will ensure its long-term viability and growth.

To achieve this success, all employees must constantly strive for excellence and be completely dedicated to customers to build solid relationships based on trust. Lagardère works to inspect, assess and improve its products, services and manufacturing processes continuously to ensure their quality, safety and innovation at every stage of development, production and distribution.

At the Lagardère group, consumer health and safety cover a number of issues that vary depending on the business sector, including physical products (box sets, plus products), food service products, content and responsibility in advertising.

B.2 Application

At **Lagardère Publishing**, suppliers that produce box sets and accessories go through a listing procedure, and all production is checked to ensure that products comply with new product safety regulatory requirements or standards (toys, items in contact with food, etc.).

Since the end of 2012, Hachette Livre has provided compliance certificates on both a systematic and intermittent basis on a dedicated portal to French retailers and booksellers for products that require such certificates.

Hachette Livre is a member of the French committee in charge of defining toy safety standards and has implemented new incident and crisis management procedures concerning product safety to better handle all incidents. These procedures will apply as of early 2015.

At **Lagardère Services**, hygiene and food safety are also a key priority in the sale of food and catering products. In order to guarantee that customers are sold safe products, Relay France has taken a number of measures. These include:

- Setting up an HACCP system for controlling food safety for both catering operations and the sale of packaged food items.
- Performing daily food hygiene and safety checks at each sales outlet, following strict and precise criteria, from the supplier delivery phase to final sale to the consumer. External controls are also performed by independent bodies that carry out hygiene audits and microbiological analyses of finished products, raw materials, the water supply and equipment.

Going beyond compliance with health and food safety rules, Lagardère Services has also created food service business opportunities, as shown with the Vivibene project, developed at all Italian food service outlets[1].

When entering into agreements with brands – which are generally owned by large French and international corporations that are subject to the same rules and requirements – a commitment to comply with international agreements on the environment, protection, consumer health and safety, and product traceability is systematically required. Lagardère Services also pays particular attention to all forms of advertising (posters, promotional displays etc.) practised in all the business line's sales outlets.

At Lagardère Active, cover mounts that are offered with certain Group magazines all meet the applicable safety requirements. In accordance with regulations, full files containing EC compliance certificates, test reports and production data are kept and shown when requested. The plants that manufacture these cover mounts are audited and a quality control is performed for each production output before the products are dispatched. An annual review is carried out for importers and visits are organised with the correspondents in China twice a year.

The content produced and distributed by all Lagardère Active media is also carefully monitored for the benefit of the business line's consumers, namely readers, listeners, web users, spectators, etc.

Lagardère Publicité supports the Advertisers' Commitment Charter which is aimed at achieving more responsible communications. It monitors the content of advertising messages and condemns practices such as greenwashing. Lagardère Publicité also follows the recommendations of the French advertising self-regulatory agency (*Autorité de régulation professionnelle de la publicité* – ARPP) and regularly submits the content of advertising messages (systematically for television advertisements) for prior verification of compliance with the standards. As an advertising sales brokerage, Lagardère Publicité also provides advice to agencies and advertisers to ensure that their advertising messages comply with the ARPP's recommendations. In general, Lagardère Publicité has self-regulation procedures concerning the advertisements it sells. It ensures compliance with advertising regulations with the support of Lagardère Active's Legal Department. The Legal Department answers any specific questions operational staff may have about the content of advertising messages broadcast through all media (television, radio, magazines and the Internet).

5.3.2.5 GUARANTEE HIGH STANDARDS OF BUSINESS ETHICS

A) BUSINESS CONDUCT

A.1 Strategy

The "Lagardère Group Code of Conduct", revised in 2012, sets out a collection of guidelines at Group level, deriving directly from the values of Lagardère and providing a set of shared standards for all Lagardère employees. The Code of Conduct is one of the founding documents used to define the Group's CSR policy. Lagardère may also adopt and disseminate additional specific rules of conduct as it deems necessary, adding to the Code's guidelines, as long as they do not infringe on local and international rules.

Its Code of Conduct also reflects the Lagardère group's permanent position of political and religious neutrality. Lagardère prohibits financing political parties and any organisations that promote a political party or religion or that contribute to campaigns for a national or local political office.

A.2 Application

Lagardère's Code of Conduct is a minimum set of standards, which is applied at all Group entities. Its guidelines apply to all Lagardère group companies and to all subcontractors, consultants, freelance workers and volunteers it works with.

Lagardère extends the provisions of its Code of Conduct concerning employees with several charters which they undertake to apply.

A Charter on trading in Lagardère SCA shares by Group employees describes all the legal obligations binding company employees who possess "inside information" (ban on securities trading and on the disclosure of related information), along with the administrative and/or criminal sanctions applicable if these obligations are breached.

An IT Charter setting out the rules for using IT systems also applies to all Group employees.

At Lagardère Active, the journalists' Code of Conduct lays down the fundamental values of journalism and aims to guarantee freedom of the press and independence of content.

(1) See the Sustainable Development Report for further details.

B) COMPLIANCE (ANTI-CORRUPTION AND APPLICATION OF INTERNATIONAL FINANCIAL AND ECONOMIC SANCTIONS)

B.1 Strategy

The Lagardère group is particularly sensitive to applying the OECD guidelines on corruption. Its Code of Conduct, which was updated in 2012, includes provisions on the prohibition of corruption in France and abroad in the chapter entitled "Relations with external partners and competitors".

Furthermore, within the scope of the overall Compliance approach conducted within the Group, the Compliance Department has drawn up an anti-corruption programme (including a procedure for combating corruption).

B.2 Application

In 2014, the Group continued to roll out its anti-corruption programme, based primarily on awareness-raising measures, at the Lagardère Unlimited division before extending it to Lagardère Services, Lagardère Active and, in the first half of 2015, Lagardère Publishing.

This rollout is overseen by division Heads of Compliance who draw on the network of correspondents formed within the division's operating units. The anti-corruption programme will shortly be developed with a programme on compliance with international financial and economic sanctions (freeze on assets and embargoes).

B.3 Performance

Indicator	Unit	2014	2013	2012
Number of employees trained in anti-corruption at 31 December 2014	No.	**1,133**	-	-

C) SUSTAINABLE PROCUREMENT

C.1 Strategy

The Lagardère group has had a Procurement Policy since 2008. This Procurement Policy was revised in 2013 to become the Sustainable Procurement Policy. This new policy, based on the NF X50-135 "Responsible Purchasing" standard, offers the Group's procurement specialists information on respect for the environment, diversity and social inclusion, the quality of governance, easier access for VSEs and SMEs, as well as taking into account the cash flow of small suppliers and selecting sustainable suppliers.

In addition to its Sustainable Procurement Policy, which defines the basic principles that each employee concerned should apply and uphold, the Lagardère group has also had a suppliers' charter since 2005. Updated in 2012 and renamed the Responsible Supplier Charter, it is based on a certain number of international standards, such as the OECD Guidelines, the International Labour Organization Conventions and the UN Global Compact. All new suppliers working with a Group company have been required to systematically sign up to this Charter since 2013.

C.2 Application

At the end of 2014, the Lagardère group signed a framework agreement with EcoVadis, which provides a collaborative platform for companies to assess the environmental and social performance of their suppliers. Supplier scorecards will gradually be implemented in 2015[1].

As a matter of policy, Lagardère Publishing promotes environmental and labour issues with its paper suppliers and printers, both in and outside France, by encouraging certification.

As regards paper, initiatives focusing on traceability and monitoring the quality of paper purchased by printers have made it possible to significantly reduce the proportion of fibres used for publications whose origin cannot be traced and/or to ensure that no fibres are used from forests that are not replanted (see 5.3.2.3). Lagardère Publishing asks its suppliers in Asia to ban certain qualities of paper that do not meet the requirements set (traceability, fibres from sustainably managed forests, etc.).

Lagardère Publishing and Lagardère Active fully understand that paper production by definition uses large amounts of water. As such, they carefully monitor how their paper suppliers and printers optimise water consumption and the return of unpolluted water to the environment.

Several initiatives (closed loop recycling, isolation transformers) have been taken by the main paper suppliers, resulting in marked progress over the past ten years. The total amount of water used in the paper manufacturing process has been substantially reduced, now standing at nearly half the amount recorded 15 years ago. By continuously improving their paper manufacturing processes, paper suppliers also recycle most of their wastewater and release clean water back into their natural environment.

Printers have also taken an active approach to limiting water consumption and use all the advanced technology available to them (especially in closed loop rinse water systems) to reduce their consumption and return clean water to the environment.

As regards the environmental management system, 78% of Lagardère Publishing's paper suppliers and 99% of Lagardère Active's paper suppliers are ISO 14001 certified.

In terms of raising awareness on employee issues, Lagardère Publishing primarily focuses on subcontractors operating in countries where labour legislation is less strict than in Europe. Most of Lagardère Publishing's printers in Asia have already obtained OHSAS 18001 certification (a universally recognised standard for health, safety and working conditions) or have signed a framework agreement including a labour clause.

As regards production in Asia of books published in French, 90% of the printers Lagardère Publishing works with have signed the Responsible Supplier Charter or obtained OHSAS 18001 certification. These awareness-raising operations apply to both subcontractors outside Europe and to Lagardère Publishing's European printers, which currently handle over 80% of the business line's printing work.

As a result, an increasing number of Lagardère Publishing's French and European printers have signed framework agreements including a labour clause or have obtained labour-related certification.

The Responsible Supplier Charter (called the Code of Ethics at Hachette Collections) stipulates that the publisher can initiate compliance audits at the suppliers' and subcontractors' premises or at any of their production sites, with penalties applied for any infringement. Hachette Collections commissioned nine audits in 2014, all of which confirmed plant compliance.

(1) See the Sustainable Development Report for further details.

C.3 Performance

Indicator	Unit	2014	2013	2012
Number of suppliers that signed the Responsible Supplier Charter during the year	No.	**127**	65	-
Total number of suppliers that have signed the Responsible Supplier Charter	No.	**192**	65	-
Proportion of revenue generated with ISO 14001 certified printers – Lagardère Publishing	%	**48**	-	-
Proportion of revenue generated with ISO 14001 certified printers – Lagardère Active	%	**22**	-	-
Percentage of ISO 14001 certified paper suppliers at Lagardère Publishing	%	**78**	97	97
Percentage of ISO 14001 certified paper suppliers at Lagardère Active	%	**99**	99	99

5.3.3 CSR METHODOLOGY AND INDICATORS

As the majority of Lagardère's activities are carried out in the services sector, not all of the data concerned is considered relevant to the Group, particularly data relating to the primary and secondary sectors of the economy.

This notably concerns:

- data relating to land use and measures taken to prevent, reduce and clean up discharges into the air, water and soil that seriously affect the environment(1);
- data on the use and supply of water in line with local constraints. This data is not really relevant as the vast majority of the water consumed by the Group is domestic water used in its offices;
- data on the mitigation of noise and other forms of pollution related to a business activity.

5.3.3.1 SCOPE OF CONSOLIDATION

The reporting system used to collect labour and environmental information is deployed in all the consolidated subsidiaries(2) whose operations are managed by the Group, with the exception of:

- entities that were disposed of or deconsolidated during the fiscal year;
- entities acquired during the year, for which the reporting system will be implemented gradually as they are integrated into the Group (provided that the business line wants to immediately include the newly-acquired companies in the reporting system);
- entities with fewer than five employees.

Beyond these three parameters, the decision to include or not include entities in the reporting system are left, to a certain extent, to the discretion of the divisions which are better placed to assess whether it is relevant from an operating perspective to include or exclude an entity.

Labour information presented in this document is reported using a dedicated software package, which covered 240 Group companies in 2014.

Environmental information presented in this document is reported using two processes. Data on energy consumption is integrated into the Group's financial data consolidation system. For France, this information relates to 174 companies and 39% of the workforce of the Lagardère group.

As expected from the work to improve the reliability of its environmental reporting process, the Group is gradually extending its reporting scope to cover energy consumption outside France. In 2014, Lagardère included the energy consumption for its entire Western Europe scope (Belgium, Germany, Italy, Netherlands, Spain, Sweden, Switzerland and the United Kingdom), representing 141 companies and 26% of the Lagardère group's workforce.

By covering France and Western Europe, the information on energy consumption and greenhouse gas emissions encompasses 315 companies and 65% of the Group's workforce.

5.3.3.2 REFERENCE BASE FOR INDICATORS AND REPORTING METHODS

Labour reporting follows the Group's Human Resources policy, taking the specific needs of each business line and/or geographic area into account. After an initial update in 2006, the reference base was revised again in 2010, to redefine the reporting base for indicators. This redefinition, which was more in line with the spirit of the GRI, provided an opportunity to streamline the reference base and make it more accessible to contributors.

The reference base for labour indicators was reviewed again in 2012 in order to make it easier to understand for contributors and more relevant as regards the Group's divisions and activities, and to take into account the provisions of the implementing order of article 225 of France's Grenelle 2 law. Following the update in 2013, the labour reporting guidelines were revised again in 2014 in order to factor in the comments formulated by contributors during the 2013 reporting campaign.

Days of absence are monitored in business days or calendar days, depending on practices of each country. The method for qualifying absence due to long-term illnesses, which is not included in the calculation of lost time, is based on local legislation.

The number of days' absence and the number of training hours were partly determined based on declarations at some Group entities, but this practice is not widespread in the reporting scope.

Environmental reporting follows the Group's sustainable development policy, also taking the specific needs of each business line and/or geographic area into account.

In 2006, the Group incorporated environmental data concerning water and energy consumption (electricity, gas, oil and cogeneration), and paper procurement into its financial data consolidation system.

In 2012, specific work was carried out on the reference base for environmental indicators in order to simplify it and make it more reliable, and most importantly to make it more relevant in view of the Group's many activities. The environmental reporting guidelines were also updated in 2013, with a particular focus on harmonising the methods used for calculating the proportions of certified and recycled paper contained in the paper purchased by Lagardère

(1) Potential provisions may be mentioned in chapter 3.5.1.
(2) The list is provided in note 38 to the consolidated financial statements of this Reference Document.

Publishing and Lagardère Active. The update also enabled a Group-wide monitoring indicator to be added for WEEE in France, which was revised again in 2014.

Generally speaking, the updates of reporting guidelines aim to simplify and facilitate the work of contributors.

The data on energy consumption disclosed therefore concerns the energy used to produce and supply the goods and services related to the Group's activities in France as well as that used to heat and light the premises and sites where the Group's employees work in France (offices, storage warehouses and retail outlets). Data on Lagardère Active's electricity consumption also includes electricity used by the radio broadcasting sites that are directly managed by the Group.

The greenhouse gas emissions data shown only concerns the above-mentioned energy consumption. The emissions are specified for each type of energy consumed (gas, oil, electricity, district heating) and then grouped together by "Scope", i.e., by category of emissions.

Scope 1 includes direct greenhouse gas emissions, and notably direct emissions from fixed sources of combustion (gas and oil). Scope 2 comprises indirect emissions related to purchases of energy, and notably consumption of electricity and district heating.

The emissions factors used by the Group in its calculations of greenhouse gas emissions and conversion into CO_2 equivalents are determined by reference to the Base Carbone, which is a French public database of emissions factors needed to establish carbon accounting periods.

Greenhouse gas emissions are calculated directly by the Group Sustainable Development Department based on the energy data mentioned above and in accordance with the methodology set out in the environmental guidelines.

Other environmental data that is not integrated into the financial consolidation system is consolidated, verified and calculated directly at business line level based on the information provided by the subsidiaries, and is then sent to the Group Sustainable Development Department, which performs a final consistency check.

The social data questionnaire covers the worldwide reporting scope of all the Group's divisions.

Regardless of the software used, overall, the reporting method for labour and environmental data follows the same process. Data is entered by a contributor for each Group subsidiary included in the reporting scope. This information is then validated/verified by the business line's Management (Human Resources Department or Finance Department). A second level of validation/verification is then carried out by each business line before the data is sent to the central departments concerned (Human Resources Department and Sustainable Development Department).

Consistency checks aim to ensure the quality and fair presentation of the data reported and include a comparison with the data for previous periods, contributing to the reliability of the reporting system.

Although the Group seeks to make contributors' work as easy as possible, to define clear parameters for the reporting process and to effectively factor in the international nature of its operations and activities (objectives that have been made easier to achieve since the reporting guidelines were put in place), a number of difficulties, which can create uncertainty, may arise during the reporting process:

- inaccurate assessments;
- calculation errors;
- poorly understood questions;
- data entry errors;
- problems defining an indicator;
- problems responding because of legal and/or political reasons.

5.3.3.3 CROSS-REFERENCE INDICES

Cross reference index with article R. 225-105-1 of the French Commercial Code

Information	Subject	Paragraph	Section	Page
Labour	Employment	Total workforce and breakdown of employees	5.3.2.2 - A	53-54
		Recruitments and redundancies/dismissals	5.3.2.2 - C3	60-61
		Remuneration and salary increases	5.3.2.2 - E	62
	Organisation of working hours	Organisation of working hours	5.3.2.2 - F	64-67
		Lost time	5.3.2.2 - F	64-67
	Labour relations	Organisation of labour relations	5.3.2.2 - E1 & E2	62-63
		Summary of collective agreements	5.3.2.2 - E3	63
	Health and safety	Health and safety conditions at work	5.3.2.2 - F1	64-65
		Summary of health and safety agreements	5.3.2.2 - F2	64-65
		Frequency and severity of work-related accidents and sick leave	5.3.2.2 - F2	65
	Training	Policies implemented	5.3.2.2 - C1 & C2	58-59
		Total number of training hours	5.3.2.2 - C3	59
	Equal opportunities	Measures taken to promote gender balance	5.3.2.2 - B	54-55
		Measures taken to promote the employment and integration of people with a disability	5.3.2.2 - B	54-55
		Anti-discrimination policy	5.3.2.2 - B	54-55
	Promotion of and compliance with the fundamental principles of the ILO	Compliance and freedom of association and right to collective bargaining	5.3.2.2 - E1	62
		Elimination of discrimination in respect of employment and occupation	5.3.2.2 - B1	54
		Elimination of forced or compulsory labour	5.3.2.2 - B1	54
		Effective abolition of child labour	5.3.2.1 - C1	58

Information	Subject	Paragraph	Section	Page
Environmental	General policy	Organisation of the company and assessment and certification processes	5.3.1.2	48
		Employee information and training initiatives	5.3.1.2	48
		Measures taken to prevent environmental risks and pollution	3.5.1	15
		Provisions and guarantees set aside for environmental risks	3.5.1	15
	Pollution and waste management	Measures taken to prevent, reduce and clean up discharges into the air, water and soil	Not relevant	
		Measures taken to prevent, recycle and eliminate waste	5.3.2.3 - A2 5.3.2.4 - A2	68-69 72
		Mitigation of noise or other forms of pollution related to a business activity	Not relevant	
	Sustainable use of resources	Water consumption and supply in accordance with local constraints	Not relevant	
		Consumption of raw materials and measures taken to improve efficiency of use	5.3.2.3 - A	68-71
		Energy consumption, measures taken to improve energy efficiency, and use of renewable energy	5.3.2.4 - A2 & A3	72-74
		Land use	Not relevant	
	Climate change	Greenhouse gas emissions	5.3.2.4 - A3	73-74
		Adaptation to the consequences of climate change	5.3.2.4 - A2	72-73
	Preservation of biodiversity	Measures taken to preserve and develop biodiversity	5.3.2.3 - A1 5.3.2.4 - A2	68 72
Territorial, economic and social impact of the company's activities	Regional employment and development	Regional employement and development	5.3.2.2 - F1	64
		Resident and local populations	Not relevant	
	Relations with people or organisations with an interest in the company's activities	Relations with people or organisations	5.3.1.1 - C	47-48
		Partnership or sponsorship operations	5.3.2.1 - A 5.3.2.1 - C2 5.3.2.1 - E2	49 50 51
	Subcontractors and suppliers	Recognition of social and environmental issues in the procurement policy	5.3.2.5 - C	76
		Importance of subcontracting and recognition of subcontractors' and suppliers' corporate social responsibility in relations with them	5.3.2.5 - C	76
	Fair business practices	Action undertaken to prevent corruption	5.3.2.5 - B	76
		Measures taken to ensure consumer health and safety	5.3.2.4 - B	75
	Other action undertaken to promote human rights	-	5.3.2.1	49

Cross-reference between Lagardère's sustainability issues and GRI's G4 Guidelines

Strategic issue	Area of action	GRI G4 Indicators	Page
Promote access to culture and entertainment	Accessibility of content	G4-M4: Actions taken to improve performance in relation to content dissemination issues (accessibility and protection of vulnerable audiences and informed decision-making) and results obtained	49
	Child protection, guidance and education	G4-M2: Methodology for assessing and monitoring adherence to content creation values G4-M4 G4-HR12: Number of grievances about human rights impacts filed, addressed and resolved through formal grievance mechanisms	50
	Media literacy, awareness about social issues	G4-M7: Actions taken to empower audiences through media literacy skills development and results obtained	51
	Content diversity, promoting reading, freedom of expression	G4-M3: Actions taken to improve adherence to content creation values and results obtained G4-M7	51-52
Support corporate efforts to advance diversity and social transformation	Choosing talent to reflect the diversity of the Group and its markets	G4-LA3: Return to work and retention rates after parental leave, by gender G4-LA12: Composition of governance bodies and breakdown of employees per occupational group according to gender, age group, minority group membership, and other indicators of diversity G4-HR3: Total number of incidents of discrimination and corrective actions taken G4-HR12	54-58
	Supporting employees throughout their career	G4-LA9: Average hours of training per year per employee by gender, and by occupational group G4-LA10: Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	58-61
	Encouraging and promoting talent	-	61-62
	Developing close relations with employees	-	62-64
Ensure responsible management of the paper cycle and digital expansion	Responsible paper management	G4-EN1: Materials used by weight or volume G4-EN2: Percentage of materials used that are recycled input materials	68-71
	Responsible digital management	-	71-72
Strengthen sustainability of content, services, products and sites	Sustainability of buildings and businesses	G4-EN3: Energy consumption within the organization G4-EN15: Direct greenhouse gas (GHG) emissions (Scope 1) G4-EN16: Energy indirect greenhouse gas (GHG) emissions (Scope 2)	72-74
	Impact of operations on consumer health and safety	-	75
Guarantee high standards of business ethics	Business conduct	-	75
	Compliance	G4-SO4: Communication and training on anti-corruption policies and procedures	76
	Sustainable procurement	G4-SO9: Percentage of new suppliers that were screened using criteria for impacts on society	76-77

1 2 3 4 5 6 7 8 9 10 11

5.3.4 REPORT OF THE INDEPENDENT THIRD-PARTY ENTITY

INDEPENDENT THIRD-PARTY REPORT ON CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION PUBLISHED IN THE MANAGEMENT REPORT

Year ended December 31, 2014

For the attention of the Shareholders,

As independent third-party, members of Mazars' network, statutory auditor's of Lagardère SCA, whose accreditation was accepted by COFRAC under the number 3-1058[1], we hereby present our report on the consolidated social, environmental and societal information provided in the management report prepared for the year ended December 31, 2014, (hereinafter referred to as "CSR Information"), pursuant to Article L.225-102-1 of the French Commercial Code (*Code de commerce*).

RESPONSIBILITY OF THE COMPANY

The Managing Partners of Lagardère SCA are responsible for preparing a management report including the CSR Information required under Article R. 225-105-1 of the French Commercial Code, in accordance with the reporting criteria of the company (hereafter the "Reporting Criteria") summarized in the management report and available on request from the company's head office.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulatory texts, the profession's Code of Ethics and by the provisions of Article L. 822-11 of the French Commercial Code. Furthermore, we have set up a quality control system that includes documented policies and procedures designed to ensure compliance with deontological rules, professional standards and applicable legal texts and regulations.

RESPONSIBILITY OF THE INDEPENDENT THIRD-PARTY ENTITY

Based on our work, our role is to:

- attest that the required CSR Information is disclosed in the management report or, that an explanation has been provided if any information has been omitted, in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (Attestation of completeness of the CSR Information);
- provide limited assurance that, on the whole, the CSR Information is fairly presented, in all material respects, in accordance with the adopted Reporting Criteria (Fairness report regarding CSR Information).

Our work was carried out by a team of 5 people between December 2014 and March 2015 for a period of about 7 weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the legal order dated May 13, 2013 determining the methodology according to which the independent third party body conducts its mission and, on the reasoned opinion, in accordance with ISAE 3000[2].

1. ATTESTATION OF COMPLETENESS OF THE CSR INFORMATION

Based on interviews with management, we got acquainted with the Group's sustainable development strategy, with regard to the social and environmental impacts of the company's business and its societal commitments and, where appropriate, the actions or programs that stemmed from it.

We compared the CSR Information presented in the management report to the list set forth in Article R. 225-105-1 of the French Commercial Code.

In the event of omission of some consolidated information, we checked that explanations were provided in accordance with the third paragraph of the article R. 225-105 of the French Commercial Code.

We checked that the CSR Information covers the consolidated scope, which includes the company and its subsidiaries within the meaning of Article L. 233-1 of the French Commercial Code (*Code de commerce*) and the companies that it controls within the meaning of Article L. 233-3 of the French Commercial Code (Code de commerce), subject to the limits set forth in the methodological note presented in paragraph « 5.3.3 CSR methodology and indicators » of the management report.

Based on our work, and taking into account the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

2. REASONED OPINION ON THE FAIRNESS OF THE CSR INFORMATION

Nature and scope of procedures

We conducted about twenty interviews with the persons responsible for the preparation of CSR Information from the departments in charge of the process of gathering information and, where appropriate, responsible of the internal control and risk management to:

- assess the appropriateness of the Reporting Criteria in terms of relevance, completeness, neutrality, clarity and reliability, by taking into consideration, when relevant, the sector's best practices;
- verify the set-up within the Group of a process to collect, compile, process and check the CSR Information with regard to its completeness and consistency. We familiarized ourselves with the internal control and risk management procedures relating to the compilation of the CSR Information.

We determined the nature and extent of tests and controls depending on the nature and importance of CSR Information in relation to the characteristics of the Company, the social and environmental issues of its operations, its strategic priorities in relation to sustainable development, and the sector best practices.

(1) Whose the scope is available on the website www.cofrac.fr
(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical information

Concerning the CSR information that we considered to be most significant[(1)]:

- at Group level, we consulted source documents and conducted interviews to corroborate the qualitative information (organization, policies, actions); we implemented analytical procedures on the quantitative and verified, on the basis of sampling techniques, the calculations and consolidation of the information and we verified its consistency with the other information contained in the management report;
- at the level of a representative sample of entities[(2)] selected based on their activity, their contribution to consolidated indicators, their location and a risk analysis, we conducted interviews to verify the proper application of procedures and conducted substantive tests, using sampling basis, to verify the calculations performed and reconciled data with supporting evidence.

The selected sites contribution to Group data equals to 19% of headcount and from 14% to 81% of the quantitative environmental information tested.

Regarding the other CSR consolidated Information, we assessed its fairness and consistency based on our knowledge of the Group.

Finally, we assessed the relevance of the explanations relating to, where necessary, the omission of certain information.

We deem that the sampling methods and sample sizes we have learned by exercising our professional judgment allow us to formulate a conclusion providing limited assurance; a higher level of assurance would have required more extensive work. Because of the use of sampling techniques, and because of other limits inherent to any information and internal control systems, the risk of not detecting a material misstatement in the CSR Information cannot be completely eliminated.

Conclusion

Based on our work, we did not identify any material misstatements that would lead us to believe that the CSR Information, taken as a whole, has not been fairly presented, in all material respects, in accordance with the Reporting Criteria.

French language original signed at
Paris-La Défense, March 30th, 2015

The independent third party entity

MAZARS SAS

Thierry Blanchetier
Partner

Emmanuelle Rigaudias
CSR & Sustainable Development Partner

(1) Permanent staff as of December 31st, permanent staff as of December 31st broken down by gender, age group, and geographical area, recruitments and departures, absenteeism rate, collective agreements, collective agreements in force as of December 31st and signed during the year, training and skills development policies, total number of training hours and breakdown by themes, organization of the company to take into account environment and, when appropriate, environmental evaluation or certification, overall weight of paper purchased by the Group and the breakdown between certified, recycled and other paper, overall weight of paper purchased by printers, tertiary energy consumption of the Group in France: electricity, gas, fuel and district heating, greenhouse gas emissions related to the energy consumption, conditions for dialogue with third people or organizations interested in company's activities, partnerships and sponsorship, actions in favour of health and safety of consumers.

(2) Social and societal information: Hachette Livre SA (France); Orion (United Kingdom); pôle Presse (France); Lagardère Entertainment (France); Relay (France); LSTR UK & Ireland (United Kingdom); Sportfive (France). Environmental information: Hachette Livre SA (France); Hachette UK (United-Kingdom); HFA (France); Relay (France) and LSTR UK & Ireland (United-Kingdom) for energy consumptions.

6

NET ASSETS, FINANCIAL POSITION AND RESULTS

Items appearing in the Annual Financial Report are cross-referenced with the following symbol AFR

6.1 PER SHARE DATA, DIVIDEND POLICY AND SHARE PERFORMANCE

AFR

6.1.1 PER SHARE DATA

(in euros)	2014		2013		2012	
	basic	diluted[1]	basic	diluted[1]	basic	diluted[1]
Profit (loss) attributable to owners of the Parent, per share	0.32	0.32	10.22	10.09	0.70	0.69
Equity attributable to owners of the Parent, per share	15.53	15.34	22.27	21.98	22.79	22.51
Cash flow from operations before change in working capital, per share	3.15	3.11	3.55	3.50	4.32	4.27
Share price at 31 December	21.60 [4]		27.02		25.285	
Dividend	1.30 [5]		10.30 [2]		1.30	
Extra dividend	-		6.00 [3]		-	

(1) The method used to calculate diluted earnings per share is described in note 15 to the consolidated financial statements.
(2) Including €1.30 corresponding to the ordinary portion of this dividend and €9 corresponding to the extra portion paid as an interim dividend following the decision of the Managing Partners on 21 May 2013.
(3) The General Meeting of 6 May 2014 approved the payment of an extra dividend of €6 per share, the entire amount of which was deducted from "Share premiums".
(4) After the payment of the extra dividend indicated in footnote (3).
(5) Dividend submitted for approval to the General Meeting to be held on 5 May 2015.

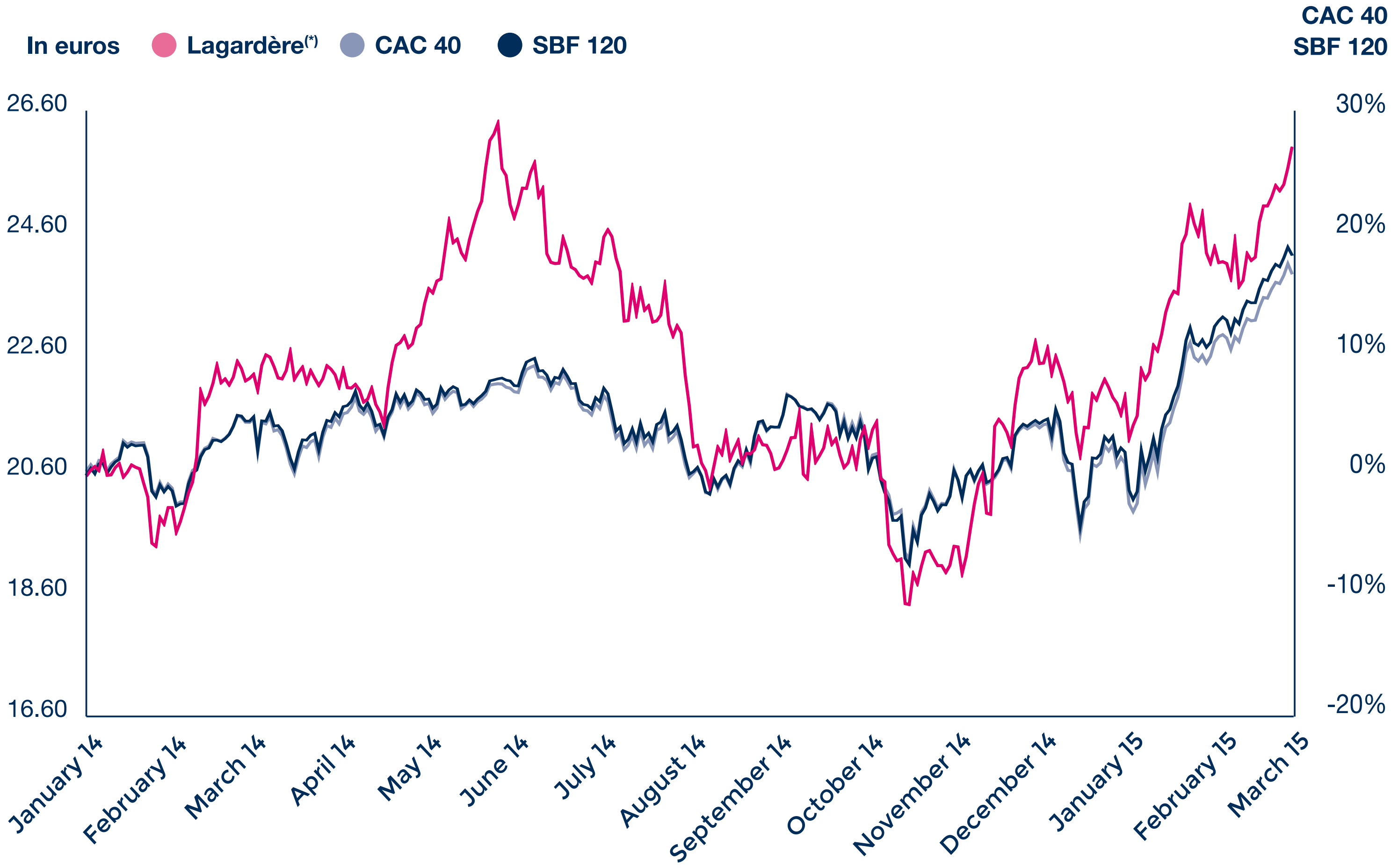
6.1.2 DIVIDEND POLICY

Total dividends paid for the years 2011, 2012, and 2013 amounted to €165.7 million, €166.2 million and €1,322.5 million, respectively.

The dividend payouts represented 186.7% and 101.2% of profit attributable to owners of the Parent in 2012 and 2013. In 2011 the Group recorded a net loss.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol AFR

6.1.3 SHARE PERFORMANCE SINCE JANUARY 2014



Source: Euronext

(*) Adjusted to take account of the €6 extra dividend on 8 May 2014 by applying a coefficient (0.765386) to share prices preceding that date, in order to provide a better reflection of the historical performance of the Lagardère share.

6.2 PRESENTATION OF THE FINANCIAL POSITION AND CONSOLIDATED FINANCIAL STATEMENTS OF LAGARDÈRE SCA

AFR

Comments on the Lagardère SCA consolidated financial statements at 31 December 2014

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as described in Note 1 to the consolidated financial statements, “Accounting principles”.

Lagardère’s main businesses are carried out through Lagardère Media, which includes the divisions Lagardère Publishing, Lagardère Services, Lagardère Active and Lagardère Unlimited.

Business is also carried out through “Other Activities”, corresponding to activities not directly related to Lagardère Media’s operating divisions.

The main changes in the scope of consolidation in 2013 and 2014 are described in Note 4 to the consolidated financial statements.

6.2.1 INCOME STATEMENT

	2014	2013
Sales	**7,170**	7,216
Recurring operating profit of fully consolidated companies(*)	**342**	327
Income (loss) from equity-accounted companies(**)	**9**	7
Non-recurring/non-operating items	**(142)**	1 193
Profit before finance costs and tax	**209**	1,527
Finance costs, net	**(73)**	(91)
Income tax expense	**(87)**	(117)
Profit for the year	**49**	1,319
Attributable to:		
- Owners of the Parent	**41**	1,307
- Minority interests	**8**	12

(*) Recurring operating profit of fully consolidated companies corresponds to profit before finance costs and tax excluding the following income statement items:
- Income (loss) from equity-accounted companies
- Gains (losses) on disposals of assets
- Impairment losses on goodwill, property, plant and equipment and intangible assets
- Restructuring costs
- Items related to business combinations:
  - Acquisition-related expenses
  - Gains and losses resulting from purchase price adjustments and fair value adjustments due to changes in control
  - Amortisation of acquisition-related intangible assets

(**) Before impairment losses

In 2014, the Lagardère group delivered consolidated sales of €7,170 million, down 0.6% on a reported basis and down 1.8% like-for-like[1]. A strong performance from Travel Retail partly offset the expected slowdown at Lagardère Publishing (resulting from an unfavourable comparison basis as the 2013 performance had seen the release of numerous bestsellers) and the continued downturn in print-media sales, especially in Magazine Publishing.

The difference between reported and like-for-like figures essentially reflects a €108 million positive impact of changes in Group structure, related mainly to acquisitions carried out by Lagardère Services in 2014 – Gerzon Holding (Amsterdam’s Schiphol airport), the Airest group (mainly Venice airport) – and to a lesser extent Lagardère Active (Groupe Réservoir and France Télévisions’ 34% stake in Gulli) and Lagardère Publishing (in the United Kingdom). Fluctuations in exchange rates (calculated based on an average rate for the period) had a €27 million negative impact, mainly for Lagardère Services due to the depreciation of the Australian dollar, Hungarian forint and Canadian dollar against the euro.

Lagardère Publishing delivered €2,004 million in sales in 2014, down 3% on a reported basis and down 4.5% like-for-like. The difference between reported and like-for-like figures results from a €24 million positive impact of changes in Group structure and an €8 million positive impact of exchange rates. 2014 was a transition year for Lagardère Publishing, whose performance was, as expected, affected by an unfavourable basis for comparison on account of the high number of bestsellers having boosted 2013 figures.

In France, business contracted 8.6% on a like-for-like basis, notably in General Literature, hit by tough 2013 comparatives (2013 had seen the publication of many bestsellers including Astérix, Fifty Shades of Grey and Inferno) and in Education, due to the lack of any revision to school curricula, which had a bigger-than-expected impact on performance.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol AFR

(1) Based on constant Group structure and exchange rates.

Performance was muted in the United States (down 4.8%), due to a slowdown in editorial activity compared to 2013 – reflecting the positive impact of cinema releases during that year – and against a backdrop of tense commercial relations with Amazon.

Sales in the United Kingdom also fell, down 4.6% on 2013 which had benefited from the extraordinary success of Sir Alex Ferguson's biography, and from the release of Robert Galbraith's *The Cuckoo's Calling*.

Sales in the Spain/Latin America region edged down 1.1%, as Spain suffered from the lack of any major revision to the school curricula in a more stable market (General Literature).

Business was good for Partworks (up 3%), which continued to advance thanks to the success of collections launched at the end of 2013.

The transition to e-books continues to be primarily limited to English-speaking markets in the General Literature segment only (around 40% of the division's total sales). In the United States, Lagardère Publishing reported weaker digital sales as the market stabilised, hit by commercial tensions with Amazon. Digital sales now account for 26% of Trade[(1)] sales compared to 30% in 2013. In the United Kingdom, where the digital market continues to grow (albeit at a slower pace), e-books represented 31% of Adult trade sales, up from 27% in 2013 and 20% in 2012. In France, which continues to see modest growth in the digital market, e-books accounted for 3.8% of General Literature sales.

Over the year as a whole, sales of e-books represented 10.3% of the division's sales versus 10.4% in 2013.

Lagardère Services posted €3,814 million in sales in 2014, up 1.8% on a reported basis and up 1.3% like-for-like (up 2.6% excluding the impact of discontinuing tobacco sales in Hungary). The difference between reported and like-for-like figures reflects:

- a €55 million positive impact of changes in Group structure, including strategic acquisitions carried out in Travel Retail in airports – mainly Airest in Italy and Gerzon in Amsterdam (€215 million positive impact) – as well as the derecognition of €160 million in sales resulting from (i) the deconsolidation of Relay newsagent activities in most French railway stations as of September 2014 (€105 million negative impact) following the creation of a joint venture with SNCF, and (ii) the divestment of the Payot bookstores in Switzerland in July 2014 (€33 million negative impact);
- the €32 million negative exchange rate impact for the division.

The 2014 market environment saw faster growth in air traffic compared with 2013 and a further acceleration of the decline in the press market. Despite the economic and geopolitical environment, Lagardère Services' growth strategy has paid dividends, as organic growth gathers pace in Travel Retail.

LS travel retail sales surged over the year, up 7.4% on a reported basis and up 5.3% like-for-like. This strong growth was fuelled by passenger traffic, the ramp-up of recent acquisitions and the development of networks as stores are upgraded and new concepts rolled out. Growth gains benefited Duty Free and Food Services segments in particular. On a like-for-like basis, the business delivered bumper growth in Italy (up 18.5%), Asia-Pacific (up 8.8%), the United Kingdom (up 8.2%), North America (up 6.5%) and Central Europe (up 4.3%).

Travel Retail accounted for 63% of Lagardère Services' business in 2014, up from 60% in 2013.

LS distribution sales fell 4.6% in 2014 on a like-for-like basis, but were down only 1.5% after stripping out the impact of discontinuing tobacco sales in Hungary (as of July 2013); efforts to increase diversification along with market consolidation lessened the impact of the decline in the press market.

Sales at Lagardère Active were down 3.8% on a reported basis and down 5.4% like-for-like, at €958 million. The difference between reported and like-for-like figures is attributable to a €16 million positive impact of changes in Group structure related mainly to the acquisition of Groupe Réservoir and the full consolidation of Gulli in November 2014, offset by the sale in July 2014 of 10 Magazine Publishing titles.

The decline in business results chiefly from the contraction in Magazine Publishing (down 6.4% in 2014), hurt by a fall of almost 10% in Advertising revenue. Price increases and the positive effect of appealing news stories in early 2014 softened the decrease in circulation (down 3.5%).

Radio proved resilient, with sales stable overall and on the rise outside France.

Overall, Advertising was down 4.2%.

Digital activities retreated 7% on account of the situation at the LeGuide group, hit by Google's offensive on the price comparison market.

Lagardère Unlimited posted sales of €394 million, down 3.8% on a reported basis and down 6.6% like-for-like. The difference in reported and like-for-like figures is primarily attributable to a €14 million positive impact from changes in Group structure, slightly offset by a €2 million negative exchange rate impact.

As expected, business was dented by the gradual reduction in the media rights business managed by Sportfive International in Europe (expiry of contracts with football federations) and by an unfavourable calendar effect for Sportfive (no Africa Cup of Nations) and for the Asian Football Confederation (AFC) contract (no World Cup qualifying matches).

These factors were partly offset by the success of tournaments organised in Asia (particularly women's tennis and football) and of hospitality activities during the final phase of the FIFA World Cup in Brazil.

Lagardère Media reported €379 million in recurring operating profit of fully consolidated companies, up €7 million on 2013 (€372 million). Movements in this item can by analysed as follows for each division:

- Lagardère Publishing reported €197 million in recurring operating income of fully consolidated companies, down €26 million on the previous year. The decrease was chiefly attributable to the decline of the General Literature business in France and the United States compared to 2013, when performance had been boosted by the release of a large number of bestsellers. Cost savings – particularly in English-speaking countries – nevertheless stemmed the impact of this decline.
- Lagardère Services delivered recurring operating profit of fully consolidated companies of €105 million, a 9% increase on 2013. This increase reflects Travel Retail's strong performance (up €15 million) which, alongside good business momentum, benefited from a more favourable product mix, the successful development of new concepts and contributions from acquisitions. Recurring operating profit of fully consolidated companies was down €6 million for Distribution, reflecting the aforementioned downturn in business, offset by the diversification strategy and a tight rein on costs.
- Lagardère Active reported €73 million in recurring operating profit of fully consolidated companies in 2014, up €9 million on 2013. Cost-cutting measures continued during the year, more than offsetting the downtrend in advertising and circulation.

(1) Works intended for the general public.

- Lagardère Unlimited reported €4 million in recurring operating profit of fully consolidated companies, up €15 million on the previous year. Despite relatively few major sports events for Lagardère Unlimited in 2014, the division reported operating profit as a result of the cost-cutting measures rolled out following the termination of Sportfive International's main media rights businesses, along with the closure of loss-making activities.

Other Activities reported a €37 million recurring operating loss, hit chiefly by losses booked by Matra Manufacturing Services which sold its light electric vehicle manufacture and sales business in December 2014 and by the remaining charges relating to disposals in 2013 that did not recur in 2014 (EADS and Canal+ France). In 2013, Other Activities reported a €45 million recurring operating loss, including a €16 million provision for the special bonus paid to all employees following the sale of EADS shares.

Income from equity-accounted companies (before impairment losses) came in at €9 million in 2014, compared to €7 million in 2013, due mainly to the rise in the contribution from the Marie Claire group.

Non-recurring/non-operating items included in profit before finance costs and tax represented a net loss of €142 million in 2014, mainly comprising:

- €66 million in restructuring costs, of which €21 million relating to Lagardère Publishing, mainly in the United Kingdom and United States, and €16 million relating to Lagardère Services, essentially Distribution activities in Belgium. The remaining restructuring costs correspond to Lagardère Active (costs for closing the LeGuide business in Germany), Lagardère Unlimited (mainly Sportfive International in Switzerland) and Matra Manufacturing Services;
- €55 million in annual amortisation of intangible assets and other acquisition-related items for consolidated companies, representing an expense of €43 million for Lagardère Services, €7 million for Lagardère Unlimited and €5 million for Lagardère Publishing;
- €41 million in impairment losses on property, plant and equipment and intangible assets, including €22 million recorded by Lagardère Services chiefly against goodwill relating to Curtis, Lagardère Services' Distribution subsidiary in the United States, and €18 million recorded by Lagardère Active, including €16 million relating to the partial writedown of LeGuide goodwill, due to the persistent decline in business of its subsidiary Ciao, which led to the closure of the German office;
- €5 million in net disposal losses, essentially reflecting a loss of €8 million recorded in July 2014 on the disposal of 10 Lagardère Active Magazine Publishing titles, a loss of €4 million on the sale of Aique, Lagardère Publishing's Argentine subsidiary, and a gain of €13 million on the disposal of Payot bookstores and on the sale of 51% of Inmedio by Lagardère Services. The remainder comprises miscellaneous losses on disposals of property, plant and equipment and intangible assets recorded by Lagardère Services and Matra Manufacturing Services in particular;
- fair value adjustments following a change in control resulting in a gain of €25 million, including €19 million recorded by Lagardère Active following the controlling interest acquired in Gulli (remeasurement of the previously-held 66% interest at fair value), and €6 million recorded by Lagardère Services following the sale of Inmedio shares (remeasurement of the residual 49% interest at fair value).

In 2013, non-recurring/non-operating items represented a net profit of €1,193 million, including €1,671 million in disposal gains and losses (net of expenses), primarily reflecting the gain on the sale of EADS shares; €281 million in impairment losses on property, plant and equipment and intangible assets, of which €225 million relating to Lagardère Active (mainly Magazine Publishing); €35 million in impairment losses on the shares held in the Marie Claire group; €122 million in restructuring costs, of which €91 million relating to Lagardère Active; and €27 million in annual amortisation of intangible assets and other acquisition-related items.

As a result of the above, consolidated profit before finance costs and tax came out at €209 million for 2014, versus €1,527 million one year earlier.

Net finance costs were down €18 million year-on-year to €73 million in 2014. This decrease reflects expenses incurred in 2013 on the partial redemption of the bond maturing in 2014 and the fall in the average debt ratio between the two periods.

Consolidated income tax expense in 2014 amounted to €87 million and takes into account €28 million relating to the 3% additional contribution introduced in France on dividends paid and the non-deductibility of goodwill impairment losses.

Consolidated income tax expense in 2013 amounted to €117 million and included the 3% additional contribution introduced in France on dividends paid (€40 million), the capital gains tax on the sale of EADS and the cancellation of a €24 million tax asset arising on tax loss carryforwards and utilised in 2013.

Profit attributable to minority interests was €8 million in 2014 versus €12 million in 2013. The decrease was chiefly due to a fall in earnings for WSG (Lagardère Unlimited).

6.2.2 CONSOLIDATED STATEMENT OF CASH FLOWS

	2014	2013
Cash flows from operations before changes in working capital	**403**	454
Changes in working capital	**(49)**	116
Cash flows from operations	**354**	570
Interest paid and received, and income taxes paid	**(144)**	(235)
Net cash from operating activities	**210**	335
Cash used in investing activities	**(531)**	(337)
– Purchases of intangible assets and property, plant and equipment	***(249)***	*(296)*
– Purchases of investments	***(282)***	*(41)*
Proceeds from disposals	**50**	3,418
– Disposals of intangible assets and property, plant and equipment	***16***	*8*
– Disposals of investments	***34***	*3,410*
Decrease in short-term investments	**-**	29
Net cash from (used in) investing activities	**(481)**	3,110
Total cash from (used in) operating and investing activities	**(271)**	3,445
Net cash used in financing activities	**(950)**	(2,361)
Other movements	**4**	(6)
Change in cash and cash equivalents	**(1,217)**	1,078

6.2.2.1 CASH FROM (USED IN) OPERATING AND INVESTING ACTIVITIES

In 2014, cash flows from operations before changes in working capital totalled €403 million (€454 million in 2013). The decrease reflects the impact of the fall in depreciation, amortisation and provisions (chiefly at Lagardère Unlimited and mainly due to the gradual closure of business with football federations at Sportfive International) and the rise in restructuring costs paid out during the year (mainly at Lagardère Publishing, Lagardère Services and Lagardère Active), partially offset by a rise in dividends received from equity-accounted companies.

Changes in working capital represented a net cash outflow of €49 million in the year, down on a strong 2013 performance when changes in working capital represented a €116 million cash inflow. Almost half of this change is attributable to unfavourable working capital trends at Lagardère Publishing as a result of higher advances paid to writers in the United States (renewal of multiple title contracts) and payments to writers in France (royalties on successful 2013 titles). Unfavourable working capital trends were also seen at Lagardère Active, relating to the fall in trade payables (impact on purchases of the downturn in business and cost-cutting plans), and at Lagardère Unlimited, relating to proceeds collected in 2013 under Sportfive International's IOC agreement.

All of these items generated net cash from operating activities of €354 million in 2014 compared to €570 million in 2013.

Interest paid (net of interest received) was €69 million versus €86 million for the previous year. In 2013, interest paid included expenses relating to the partial buyback of the bonds maturing in October 2014. Income taxes paid totalled €75 million (€149 million in 2013), including the €28 million relating to the additional contribution on dividends paid (€40 million in 2013).

Purchases of property, plant and equipment and intangible assets totalled €249 million in 2014, and mainly concerned Lagardère Services (sales outlet refurbishments in line with the growth in Travel Retail) and Lagardère Publishing (chiefly investments relating to the new headquarters). In 2013, these items totalled €296 million and mainly related to Lagardère Services and Lagardère Unlimited (acquisition of sports rights).

Cash flow used in investing activities amounted to €282 million. It relates chiefly to acquisitions of Gerzon Holding (fashion sales outlets at Schiphol airport) and the Airest group (which mainly operates at Venice airport) at Lagardère Services, and to a lesser extent various acquisitions at Lagardère Publishing (Constable & Robinson and Quercus, fiction and non-fiction publishing businesses in the United Kingdom), Lagardère Unlimited (Casino de Paris) and Lagardère Active (acquisition of France Télévisions' 34% stake in Gulli), along with the payment of a guarantee deposit in connection with the AFC contract (World Sport Group).

Proceeds from disposals of property, plant and equipment and intangible assets amounted to €16 million in 2014, and chiefly relate to the sale of two buildings in Belgium by Lagardère Services, and the last payment on the sale of a building in Italy by Lagardère Active.

Proceeds from disposals of financial assets totalled €34 million and chiefly related to the sale of shares held by Lagardère Services in Switzerland – namely Payot bookstores and a real estate company – and to the sale of a 51% stake in Inmedio, a chain of stores in city centers across Poland. This item also includes the disposal of shares in Viel, recorded in "Other Activities". Proceeds from disposals during the period were reduced by amounts paid in connection with Lagardère Active's sale of 10 Magazine Publishing titles.

In all, operating and investing activities represented a net outflow of €271 million compared to a net inflow of €3,345 million in 2013. This change is mainly attributable to the cash generated in 2013 from the sale of interests in EADS and Canal+ France.

6.2.2.2 CASH USED IN FINANCING ACTIVITIES

Financing activities in 2014 represented a net cash outflow of €950 million and include:

- €961 million in dividends paid, of which €945 million was paid by Lagardère SCA. This amount includes an extra dividend of €765 million following the sale of the stake held in Canal+ France;
- a €58 million net increase in debt, which mainly includes commercial paper issued by Lagardère SCA for €316 million, the redemption at maturity of the remaining 2009 bond issue for €640 million in October 2014, the early redemption of the 2011 bond issue in July 2014 for €100 million, and a new €500 million bond issue maturing in 2019;
- €16 million in purchases of treasury shares;
- €28 million in purchases of minority interests, of which €15 million in audiovisual production companies.

6.2.3 NET CASH AND CASH EQUIVALENTS (NET DEBT)

Net cash and cash equivalents and net debt break down as follows:

	31 Dec. 2014	31 Dec. 2013
Short-term investments and cash and cash equivalents	**566**	1,784
Non-current debt	**(1,030)**	(617)
Current debt	**(490)**	(806)
Net cash and cash equivalents (net debt)	**(954)**	361

Changes in net debt during 2014 and 2013 were as follows:

	2014	2013
Net cash and cash equivalents (net debt) at 1 January	**361**	(1,700)
Total cash from (used in) operating and investing activities	**(271)**	3,445
(Acquisitions) disposals of minority interests	**(28)**	(7)
(Acquisitions) disposals of treasury shares	**(16)**	(12)
Dividends	**(961)**	(1,339)
Decrease in short-term investments	**-**	(29)
Debt related to put options granted to minority shareholders	**7**	(3)
Changes in scope of consolidation	**(36)**	-
Effect on cash of changes in exchange rates and other	**(10)**	6
Net cash and cash equivalents (net debt) at 31 December	**(954)**	361

6.3 CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2014

AFR

Consolidated income statement

(in millions of euros)		2014	2013
Sales	*(Notes 5 and 6)*	**7,170**	7,216
Other income from ordinary activities		**323**	348
Revenues		**7,493**	7,564
Purchases and changes in inventories		**(3,334)**	(3,500)
Capitalised production		**2**	10
Production transferred to inventories		**107**	102
External charges		**(2,231)**	(2,124)
Payroll costs	*(Note 7)*	**(1,527)**	(1,537)
Depreciation and amortisation other than on acquisition-related intangible assets		**(174)**	(189)
Amortisation of acquisition-related intangible assets and other acquisition-related expenses		**(56)**	(27)
Restructuring costs	*(Note 8)*	**(66)**	(122)
Gains (losses) on:	*(Note 9)*		
Disposals of assets		***(5)***	*1,671*
Fair value adjustments due to changes in control		***25***	*0*
Impairment losses on goodwill, property, plant and equipment and intangible assets	*(Note 10)*	**(39)**	(281)
Other operating expenses	*(Note 11)*	**(53)**	(33)
Other operating income	*(Note 12)*	**60**	33
Income (loss) from equity-accounted companies	*(Note 19)*	**7**	(40)
Profit before finance costs and tax	*(Note 5)*	**209**	1,527
Financial income	*(Note 13)*	**12**	9
Financial expenses	*(Note 13)*	**(85)**	(100)
Profit before tax		**136**	1,436
Income tax expense	*(Note 14)*	**(87)**	(117)
Profit for the year		**49**	1,319
Attributable to:			
Owners of the Parent		**41**	1,307
Minority interests	*(Note 26.5)*	**8**	12
Earnings per share – Attributable to owners of the Parent:			
Basic earnings per share (in €)	*(Note 15)*	***0.32***	*10.22*
Diluted earnings per share (in €)	*(Note 15)*	***0.32***	*10.09*

Items appearing in the Annual Financial Report are cross-referenced with the following symbol AFR

Consolidated statement of comprehensive income

(in millions of euros)		**31 Dec. 2014**	31 Dec. 2013
Profit for the year	*(A)*	**49**	1,319
Actuarial gains and losses on pensions and other post-employment benefit obligations		**(40)**	2
Tax relating to actuarial gains and losses on pensions and other post-employment benefit obligations		**11**	(1)
Other comprehensive income (expense) for the year, net of tax, that will not be reclassified subsequently to profit or loss	*(B)*	**(29)**	1
Currency translation adjustments		**90**	(55)
Change in fair value of derivative financial instruments:		**(4)**	2
- Unrealised gains and losses recognised directly in equity		***(2)***	*2*
- Amounts reclassified from equity to profit or loss		***(2)***	
Change in fair value of investments in non-consolidated companies:		**(2)**	7
- Unrealised gains and losses recognised directly in equity		***0***	*7*
- Amounts reclassified from equity to profit or loss		***(2)***	
Share of other comprehensive income (expense) of equity-accounted companies, net of tax(*)		**(3)**	10
- Unrealised gains and losses recognised directly in equity			
- Amounts reclassified from equity to profit or loss		***(3)***	*10*
Translation reserve		***(3)***	*(69)*
Valuation reserve			*79*
Tax relating to components of other comprehensive income (expense)		**2**	(4)
Other comprehensive income (expense) for the year, net of tax, that may be reclassified subsequently to profit or loss	*(C)*	**83**	(40)
Other comprehensive income (expense) for the year, net of tax	*(D) = (B)+(C)*	**54**	(39)
Total comprehensive income for the year	*(E) = (A)+(D)*	**103**	1,280
Attributable to:			
Owners of the Parent		**97**	1,269
Minority interests		**6**	11

(*) Including the following amounts related to the EADS group in 2013: a negative €70 million for the translation reserve and a positive €79 million for the valuation reserve.

Consolidated statement of cash flows at 31 December 2014

(in millions of euros)		2014	2013
Profit for the year		**49**	1,319
Income tax expense		**87**	117
Finance costs, net		**73**	91
Profit before finance costs and tax		**209**	1,527
Depreciation and amortisation expense		**223**	214
Impairment losses, provision expense and other non-cash items		**(20)**	334
(Gains) losses on disposals of assets		**(19)**	(1,671)
Dividends received from equity-accounted companies		**17**	10
(Income) loss from equity-accounted companies		**(7)**	40
Changes in working capital		**(49)**	116
Cash flows from operations		**354**	570
Interest paid		**(74)**	(91)
Interest received		**5**	5
Income taxes paid		**(75)**	(149)
Net cash from operating activities	*(A)*	**210**	335
Cash used in investing activities			
- Purchases of intangible assets and property, plant and equipment		**(249)**	(296)
- Purchases of investments		**(266)**	(29)
- Cash acquired through acquisitions		**45**	9
- Purchases of other non-current assets		**(61)**	(21)
Total cash used in investing activities	*(B)*	**(531)**	(337)
Cash from investing activities			
Proceeds from disposals of non-current assets			
- Disposals of intangible assets and property, plant and equipment		**16**	8
- Disposals of investments		**28**	3,383
- Cash transferred on disposals		**0**	(2)
Decrease in other non-current assets		**6**	29
Total cash from investing activities	*(C)*	**50**	3,418
Decrease in short-term investments	*(D)*	**0**	29
Net cash from (used in) investing activities	*(E) = (B)+(C)+(D)*	**(481)**	3,110
Total cash from (used in) operating and investing activities	*(F) = (A)+(E)*	**(271)**	3,445
Capital transactions			
- Proceeds from capital increase by the Parent		**0**	0
- Minority interests' share in capital increases by subsidiaries		**4**	1
- Disposals (acquisitions) of treasury shares		**(16)**	(12)
- (Acquisitions) disposals of minority interests		**(28)**	(7)
- Dividends paid to owners of the Parent(*)		**(945)**	(1,323)
- Dividends paid to minority shareholders of subsidiaries		**(16)**	(16)
- Indemnities paid to holders of free shares		**(7)**	0
Financing transactions			
- Increase in debt		**825**	6
- Decrease in debt		**(767)**	(1,010)
Net cash used in financing activities	*(G)*	**(950)**	(2,361)
Other movements			
- Effect on cash of changes in exchange rates		**(9)**	(6)
- Effect on cash of other movements		**13**	0
Total other movements	*(H)*	**4**	(6)
Change in cash and cash equivalents	*(I) = (F)+(G)+(H)*	**(1,217)**	1,078
Cash and cash equivalents at beginning of the year		**1,677**	599
Cash and cash equivalents at end of the year	*(Note 25)*	**460**	1,677

(*) Including the portion of profit for the year paid to the General Partners.

Consolidated balance sheet

ASSETS (in millions of euros)		31 Dec. 2014	31 Dec. 2013
Intangible assets	*(Note 17)*	**1,045**	885
Goodwill	*(Note 16)*	**1,740**	1,619
Property, plant and equipment	*(Note 18)*	**840**	762
Investments in associates and joint ventures	*(Note 19)*	**159**	152
Other non-current assets	*(Note 20)*	**125**	123
Deferred tax assets	*(Note 14)*	**199**	190
Total non-current assets		**4,108**	3,731
Inventories	*(Note 21)*	**578**	559
Trade receivables	*(Note 22)*	**1,280**	1,239
Other current assets	*(Note 23)*	**976**	1,019
Short-term investments	*(Note 24)*	**38**	36
Cash and cash equivalents	*(Note 25)*	**528**	1,748
Total current assets		**3,400**	4,601
Total assets		**7,508**	8,332

Consolidated balance sheet

EQUITY AND LIABILITIES (in millions of euros)		31 Dec. 2014	31 Dec. 2013
Share capital		**800**	800
Reserves		**1,141**	742
Profit attributable to owners of the Parent		**41**	1,307
Equity attributable to owners of the Parent		**1,982**	2,849
Minority interests	*(Note 26.5)*	**99**	78
Total equity		**2,081**	2,927
Provisions for pensions and other post-employment benefit obligations	*(Note 27)*	**155**	117
Non-current provisions for contingencies and losses	*(Note 27)*	**158**	158
Non-current debt	*(Note 28)*	**1,030**	617
Other non-current liabilities	*(Note 31)*	**112**	108
Deferred tax liabilities	*(Note 14)*	**289**	245
Total non-current liabilities		**1,744**	1,245
Current provisions for contingencies and losses	*(Note 27)*	**273**	342
Current debt	*(Note 28)*	**490**	806
Trade payables		**1,702**	1,645
Other current liabilities	*(Note 31)*	**1,218**	1,367
Total current liabilities		**3,683**	4,160
Total equity and liabilities		**7,508**	8,332

Consolidated statement of changes in equity

(in millions of euros)	Share capital	Share premiums	Other reserves	Treasury shares	Translation reserve	Valuation reserve	Equity attributable to owners of the Parent	Minority interests	Total equity
At 1 January 2013	**800**	**870**	**1,431**	**(179)**	**60**	**(73)**	**2,909**	**82**	**2,991**
Profit for the year			1,307				**1,307**	12	1,319
Other comprehensive income (expense) for the year[a]			1		(124)	85	**(38)**	(1)	(39)
Total comprehensive income (expense) for the year			**1,308**		**(124)**	**85**	**1,269**	**11**	**1,280**
Dividends paid			(1,323)				**(1,323)**	(16)	(1,339)
Parent company capital increase/reduction[b]		(15)	(13)	28			**0**		0
Minority interests' share in capital increases							**0**	1	1
Changes in treasury shares				(12)			**(12)**		(12)
Share-based payments			10				**10**		10
Effect of transactions with minority interests			(6)				**(6)**		(6)
Changes in consolidation scope and other			2				**2**		2
At 31 December 2013	**800**	**855**	**1,409**	**(163)**	**(64)**	**12**	**2,849**	**78**	**2,927**
Profit for the year			41				**41**	8	49
Other comprehensive income (expense) for the year[a]			(27)		87	(4)	**56**	(2)	54
Total comprehensive income (expense) for the year			**14**		**87**	**(4)**	**97**	**6**	**103**
Dividends paid		(765)	(180)				**(945)**	(16)	(961)
Parent company capital increase/reduction[b]		(18)	(20)	38			**0**		0
Minority interests' share in capital increases							**0**	4	4
Changes in treasury shares				(16)			**(16)**		(16)
Share-based payments			10				**10**		10
Indemnities paid to holders of free shares			(7)				**(7)**		(7)
Effect of transactions with minority interests			(2)				**(2)**		(2)
Changes in consolidation scope and other			(4)				**(4)**	27	23
At 31 December 2014	**800**	**72**	**1,220**	**(141)**	**23**	**8**	**1,982**	**99**	**2,081**

(a) See note 26.7 to the consolidated financial statements.
(b) Capital increase carried out by capitalising reserves and capital reduction carried out by cancelling treasury shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(All figures are expressed in millions of euros unless otherwise specified)

NOTE 1 ACCOUNTING PRINCIPLES

In application of European Commission Regulation (EC) 1606/2002 of 19 July 2002, the consolidated financial statements of the Lagardère group have been prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB).

All IFRS standards and interpretations of the IFRS Interpretation Committee (IFRS-IC) endorsed by the European Union at 31 December 2014 have been applied. They can be viewed on the European Commission website at http://ec.europa.eu/finance/accounting/ias/index_en.htm.

The following new standards, amendments and interpretations are effective for periods beginning on or after 1 January 2014:

- IFRS 10 – Consolidated Financial Statements. This new standard, which is applicable on a retrospective basis, replaces (i) the part of IAS 27 – Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements, and (ii) SIC-12 Consolidation — Special Purpose Entities.

  IFRS 10 establishes control as the basis for consolidation rather than the parent's interest in the entity (see note 2.1).

  The application of this standard did not affect the Group's scope of consolidation.
- IFRS 11 – Joint Arrangements, which is applicable on a retrospective basis and supersedes IAS 31 – Interests in Joint Ventures and SIC-13 – Jointly Controlled Entities – Non-Monetary Contributions by Venturers.

  According to this standard, a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement. Joint arrangements are classified as either joint ventures or joint operations, with joint operations accounted for based on the joint operator's relative share of the joint operation's assets, liabilities, revenues and expenses. All jointly controlled entities are now accounted for using the equity method defined in IAS 28 – Investments in Associates and Joint Ventures which has been revised accordingly (elimination of the method of proportionate consolidation).

  Since the Group opted to adopt the equity method to account for its interests in jointly controlled entities in 2007, none of these changes affected its financial statements.
- IFRS 12 – Disclosure of Interests in Other Entities, which outlines the disclosures required when an entity has interests in subsidiaries, joint ventures, associates or unconsolidated structured entities.

The other standards and amendments adopted by the European Union that are effective for periods beginning on or after 1 January 2014 did not have an impact on the Group's financial statements.

In addition, the Group did not elect to early adopt the following new standards which had been endorsed by the European Union at 31 December 2014 but which will only become mandatory subsequent to 2014:

- IFRIC 21 – Levies, effective for annual periods beginning on or after 17 June 2014. This interpretation relating to the recognition of levies falling within the scope of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets modifies the obligating event that gives rise to the recognition of a liability to pay a levy or contribution. The obligating event for the recognition of the liability is now the activity that triggers the payment of the levy. IFRIC 21 is applicable on a retrospective basis and the Group estimates that it will have a maximum positive pre-tax impact of around €5 million on opening equity at 1 January 2014.

The new standards and amendments to existing standards published by the IASB but not yet endorsed by the European Union at 31 December 2014 and which may be relevant to the Group are as follows:

- IFRS 15 – Revenue from Contracts with Customers;
- IFRS 9 – Financial Instruments (which will gradually replace IAS 39);
- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation;
- Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations;
- Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions;
- Annual improvements to IFRSs (2012-2014 cycle), published in September 2014;
- Annual improvements to IFRSs (2010-2012 and 2011-2013 cycles), published in December 2013.

The Group is currently analysing the potential impact on its consolidated financial statements of applying these new standards and amendments.

The consolidated financial statements were approved for issue by the Managing Partners on 11 March 2015 and are subject to the approval of the Annual Shareholders Meeting on 5 May 2015.

Measurement principles

The financial statements have been prepared using the historical cost method, except for certain financial assets and liabilities which have been measured at fair value where applicable under IFRS.

Use of estimates and judgements

The preparation of financial statements requires the use of estimates and assumptions to determine the value of assets and liabilities and contingent amounts at the year-end, as well as the value of income and expenses for the year.

Management reviews these estimates and assumptions at regular intervals, based on past experience and various other factors considered as reasonable, which form the basis of its assessment of the carrying amount of assets and liabilities. Actual amounts may differ from these estimates due to changes in assumptions or circumstances.

NOTE 2 SCOPE AND METHODS OF CONSOLIDATION

2.1 SCOPE OF CONSOLIDATION

The consolidated financial statements include the financial statements of the parent company as well as those of entities controlled by the parent company (subsidiaries), jointly-controlled entities (joint ventures) and entities in which the Group exercises significant influence over their management and financial policy decisions (associates). The Group does not have any unconsolidated structured entities.

In accordance with IFRS 10, subsidiaries are all controlled entities. Control results from the following three elements, regardless of the ownership interest held in an entity: (i) the power to direct the entity's key activities (operating and financial activities), (ii) exposure, or rights, to variable returns from the involvement with the entity, and (iii) the ability to use power over the entity to affect the amount of returns from the investment in the entity. For the purpose of assessing power, only substantive rights and rights that are not protective are considered. Substantive rights, such as those conferred in shareholder agreements, are rights that are exercisable when decisions about the direction of key activities need to be made.

A joint venture is an arrangement over which the Group and another party, or parties, have contractually agreed joint control and have rights to the assets, and obligations for the liabilities, relating to the arrangement. Decisions concerning the key activities of a joint venture are submitted to a unanimous vote of Lagardère and its joint venturers.

Associates are entities over which the Group exercises significant influence, i.e., when it has the power to participate in financial and operating decisions but does not have control or joint control. Significant influence is presumed to exist when the Group holds, directly or indirectly, 20% or more of the entity's capital.

2.2 CONSOLIDATION METHODS

The consolidation methods used are as follows:

- **Full consolidation** – All subsidiaries controlled by Lagardère are fully consolidated. The full consolidation method consists of combining the financial statements line by line and recognising minority interests in the net assets of each subsidiary on a separate line in equity and on separate lines in the income statement and comprehensive statement of income. Any changes in Lagardère's ownership interest in a subsidiary that does not result in a loss of control is recognised directly in equity (see note 3.8).
- **Equity method** – Joint ventures and associates are accounted for using the equity method. Under this method, the investment is initially recognised at cost and is adjusted thereafter for the post-acquisition change in the Group's share of the entity's net assets. If the Group's share of losses of an equity-accounted entity equals or exceeds its interest in that entity, its interest is reduced to zero. After the Group's interest has been reduced to zero, additional losses are provided for only to the extent that the Group has incurred legal or constructive obligations in relation to such losses.

A list of consolidated companies is provided in note 38.

2.3 CLOSING DATES

The financial statements of all consolidated subsidiaries were closed at 31 December.

2.4 TRANSLATION OF FINANCIAL STATEMENTS OF FOREIGN SUBSIDIARIES

The financial statements of foreign subsidiaries are translated into euros as follows:

- balance sheet items are translated using official year-end exchange rates;
- income statement items are translated using average exchange rates for the year.

The resulting exchange differences are recognised as a separate component of equity, under "Translation reserve".

Goodwill and fair value adjustments arising on the acquisition of foreign subsidiaries are considered as assets and liabilities of the subsidiary concerned. They are therefore measured in the subsidiary's functional currency and translated at the year-end exchange rate. When a foreign subsidiary is sold, cumulative exchange differences recognised in equity are reclassified into profit.

2.5 INTRA-GROUP BALANCES AND TRANSACTIONS

Intra-group balances and transactions are eliminated on consolidation. Impairment losses deducted from the carrying amount of investments in and receivables from consolidated companies are cancelled by adjusting equity, and movements for the year are neutralised in the income statement.

NOTE 3 ACCOUNTING PRINCIPLES AND VALUATION METHODS

3.1 SALES

The Group's sales figure corresponds to revenue from sales of goods and services recognised when title is transferred to the buyer or the service is rendered.

Purchases and sales corresponding to exchanges of goods or services of a similar nature and value are eliminated on consolidation and are not therefore included in the income statement.

Revenues from Magazine sales (Magazine Publishing) and Partworks sales (Lagardère Publishing) are stated net of distribution fees.

For sales of advertising space, national press distribution (Curtis, subsidiary of Lagardère Services) and sports rights contracts when Group entities act as agents only, revenues consist solely of the fees received.

3.2 OPERATING LEASES

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

3.3 PERFORMANCE INDICATORS USED BY THE GROUP

The Group uses as its main performance indicator recurring operating profit of fully consolidated companies, which is calculated as follows:

Profit before finance costs and tax

Excluding:

- gains (losses) on disposals of assets;
- impairment losses on goodwill, property, plant and equipment and intangible assets;
- restructuring costs;
- items related to business combinations:
  - acquisition-related expenses;
  - gains and losses resulting from purchase price adjustments and fair value adjustments due to changes in control;
  - amortisation of acquisition-related intangible assets.

= Recurring operating profit

Less:

- income from equity-accounted companies before impairment losses

= Recurring operating profit of fully consolidated companies

Profit before finance costs and tax includes amortisation of certain intangible assets with finite useful lives which resulted from allocation of the acquisition price of business combinations. The Group neutralises the effects of these items when calculating recurring operating profit and recurring operating profit of fully consolidated companies, so that book amortisation with no effect on cash generated by the businesses acquired is eliminated from the measurement of performance.

Application from 1 January 2010 of the revised versions of IFRS 3 and IAS 27 on business combinations resulted in the recognition in the income statement of the following items that were previously charged to goodwill: acquisition-related expenses and changes in liabilities corresponding to earn-out clauses when such changes occur more than 12 months after the acquisition date. These items are excluded from the calculation of recurring operating profit.

The reconciliation of recurring operating profit of fully consolidated companies to profit before finance costs and tax for 2014 and 2013 is presented in note 5.1.

3.4 TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS

In the balance sheet, foreign currency receivables and payables are translated into euros at the year-end exchange rate. The resulting exchange differences are recognised in profit, except for those related to long-term financing of the Group's net investment in foreign operations, which are recognised directly in equity.

3.5 SHARE-BASED PAYMENTS

Share options and free shares have been awarded to certain executives and employees of the Group. In accordance with IFRS 2 – Share Based Payment, an expense is recognised in payroll costs representing the benefit granted to beneficiaries as of the grant date, and a matching entry is recognised directly in equity. The fair value of the share-based payment is calculated using a binomial model for share options and a Black & Scholes type model for free share grants, taking into account the plan's features (exercise price and period), market factors at the grant date (risk-free interest rate, share price, volatility, projected dividends) and behavioural assumptions relating to beneficiaries.

This expense is recorded over the vesting period (two years for Lagardère SCA's plans) and may be adjusted during that period if beneficiaries leave the Group or if options or share grants are forfeited. It is not adjusted to reflect subsequent movements in the share price.

3.6 FINANCIAL INCOME AND EXPENSES

These items correspond to interest expenses on borrowings and income from the investment of available cash. They also include gains and losses on derivative instruments related to borrowings, short-term investments, and cash and cash equivalents.

3.7 DEFERRED TAXES

Deferred taxes are recognised for temporary differences between the carrying amount of assets and liabilities and their tax base. In accordance with the liability method, they are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Adjustments to deferred taxes for changes in tax rates are recognised in profit for the period in which the change is announced. In accordance with IAS 12 – Income Taxes, deferred tax assets and liabilities are not discounted.

At the level of each tax entity (company or tax group), deferred tax assets arising from deductible temporary differences, tax credits and tax loss carryforwards are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised. As a general rule, the amount of deferred tax assets recognised by tax entities that have tax loss carryforwards is capped at the equivalent of the estimated amount of taxes payable for the next three years, as determined based on the earnings forecasts contained in the budgets drawn up at the end of the year.

For investments in associates and joint ventures, when the difference between the carrying amount of the investment and the tax base corresponds to the associate's or joint venture's cumulative undistributed profits from the acquisition date, the related deferred tax is calculated at the tax rate that will be paid by the Group when the profits are distributed.

Deferred taxes are recognised as income or an expense and included in profit or loss for the year, except to the extent that they arise from a transaction which is recognised directly in equity, in which case they are credited or charged to equity.

3.8 BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for in accordance with IFRS 3, which has been effective since 1 January 2010, and IFRS 10, which has replaced the part of IAS 27 that addresses the accounting for consolidated financial statements, effective from 1 January 2014.

Goodwill generally corresponds to the excess of the cost of an acquisition over the acquisition-date fair value of the acquirer's interest in the net identifiable assets acquired and liabilities assumed. This is defined as the "partial goodwill" method, as minority interests are measured based on their share in the assets and liabilities of the acquired entity.

However, it is also possible to measure minority interests at fair value, which results in the recognition of goodwill on minority interests as well as goodwill on the portion acquired by the majority shareholder. This is known as the "full goodwill" method. In accordance with IFRS 3, the Group can opt to use either the partial or full goodwill method on a transaction by transaction basis for each business combination.

If the acquirer's interest in the net fair value of the identifiable assets and liabilities exceeds the price paid for the business combination, the excess is recognised immediately in profit or loss.

Where there is a change in ownership interest in a subsidiary that does not result in loss of control, the transaction is accounted for as an equity transaction with owners, leading to a new allocation of equity between owners of the parent and minority interests. Consequently the goodwill initially recognised when the Group took control of the subsidiary is not remeasured and the difference between the price paid/consideration received for the new transaction and the change in minority interests is recognised directly in equity.

Where a change in ownership interest results in a loss or gain of control of an entity, the Group's interest in the entity concerned prior to the disposal/acquisition is remeasured at fair value and the resulting gain or loss on the disposal/acquisition is recognised in profit or loss.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Acquisition-related expenses are recognised in the income statement in the year in which they are incurred. Any adjustments to the purchase price of a business combination – including earn-out payments – occurring more than 12 months after the acquisition date are recorded in profit or loss.

Goodwill is not amortised but is tested for impairment at each year-end or whenever there is an indication that its value may be impaired. The method used to test goodwill for impairment is described in note 3.10 below.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the disposal gain or loss.

Goodwill related to equity-accounted companies is included in the carrying amount of the investment.

3.9 INTANGIBLE ASSETS

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. They are amortised over their probable useful life. Intangible assets with an indefinite useful life are not amortised but are tested regularly for impairment in the same way as goodwill (see note 3.10).

No development costs are incurred in the Group's Media business that meet the capitalisation criteria under IFRS.

3.10 IMPAIRMENT TESTS

The Group reviews the carrying amount of property, plant and equipment and intangible assets at least once a year to determine whether there is any indication that their value may be impaired. One such indication is evidence that an asset's economic performance is or will be worse than expected. If such an indication exists, the recoverable amount of the asset is estimated and compared with its carrying amount. The recoverable amount of goodwill and intangible assets with an indefinite useful life is estimated at each year end, irrespective of whether there is any indication of impairment. When the recoverable amount of an asset is less than its carrying amount, an impairment loss is recognised in the income statement. Impairment losses recognised on goodwill are irreversible.

If it is not possible or relevant to estimate the recoverable amount of an individual asset, the estimate is performed at the level of the cash-generating unit to which the asset belongs.

Recoverable amount corresponds to the higher of:

- value in use calculated using the discounted cash flows method, applied to the individual asset or to the cash-generating unit to which the asset belongs;
- fair value less costs to sell calculated using the market comparables method or a method based on the price of recent transactions involving similar assets.

Cash flow projections are based on the most recent business plans and forecasts, generally covering a period of three years. Cash flow projections beyond that period are estimated using a growth rate that reflects the average long-term growth rate observed in the industry. This process involves the use of key assumptions and judgements to determine trends in the markets in which the Group operates, and actual future cash flows may differ from the estimates used to calculate value in use.

The discount rates used are post-tax rates determined separately for each business, applied to post-tax cash flows.

3.11 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured using the historical cost method. The Group did not elect to apply the option available under IFRS 1 – First-Time Adoption of International Financial Reporting Standards to measure items of property, plant and equipment at their fair value at the IFRS transition date (1 January 2004). Furthermore, as the Group's assets do not qualify for capitalisation of borrowing costs under IAS 23 (revised) which applies to assets requiring a long period of preparation before they can be used or sold, borrowing costs are directly charged to the income statement.

Depreciation is calculated by the straight-line method over the estimated useful lives of the assets. The ranges of useful lives applied to the main categories of property, plant and equipment are as follows:

Buildings	6 to 50 years
Machinery and equipment	3 to 20 years
Other equipment, furniture, fixtures and fittings	2 to 10 years

The depreciable amount corresponds to the cost of the asset less any residual value at the end of its useful life. With the exception of the Group's headquarters, building, property, plant and equipment are generally considered as having no residual value.

Finance leases

All material finance leases are accounted for as purchases of assets financed by debt. Leases are classified as finance leases if they transfer to the Group substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

The leased assets are depreciated on a basis that is consistent with the policy for owned assets, over the asset's useful life or over the lease term if this is shorter.

Investment property

Investment property is recorded at cost less any accumulated depreciation and impairment losses.

3.12 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. The carrying amount of inventories does not include any borrowing costs as they do not meet the requirements for capitalisation under IAS 23 (revised) (see note 3.11).

3.13 FINANCIAL ASSETS

Investments in non-consolidated companies

Investments in non-consolidated companies are initially recognised at cost, which corresponds to the fair value of the investment plus acquisition costs. Based on the criteria set out in IAS 39, all investments in non-consolidated companies are classified as available-for-sale investments.

At each year-end, shares traded in an active market or for which other sufficiently reliable price information exists are measured at fair value, which corresponds to their market value. Shares that do not fulfil these criteria are measured using the cost method.

Where it is possible to measure the fair value of these investments, and their fair value exceeds their carrying amount, the gain arising from remeasurement at fair value is recognised in equity.

When there is objective evidence that an investment in a non-consolidated company is impaired, an impairment loss is recognised as follows:

- in the income statement if the impairment is considered permanent, with any subsequent gains recognised in equity. The permanence of the impairment is assessed on a case-by-case basis, with reference to the significance or duration of the decline in the shares' value compared with their acquisition price.
- in equity if the impairment is considered temporary.

When the investment is sold, the cumulative gains or losses recognised directly in equity are reclassified into profit or loss.

Loans and receivables

Loans and receivables are measured at amortised cost, calculated using the effective interest method. Any impairment losses, corresponding to the difference between the carrying amount and recoverable amount, are recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents include:

- cash and demand deposits;
- deposits and loans with maturities of less than three months;
- marketable securities, such as money market funds, that are not exposed to a material risk of changes in value and are readily convertible into known amounts of cash; they are recognised at fair value through profit or loss.

Shares, bonds, deposits and loans with maturities of more than three months are excluded from cash and cash equivalents and reported in the balance sheet as investments.

3.14 FINANCIAL LIABILITIES

Financial liabilities comprise borrowings, trade payables and other liabilities. They are measured at amortised cost using the effective interest method.

Specific measurement rules apply to financial liabilities hedged by derivative instruments. These rules are described in note 3.16.

3.15 PUT OPTIONS GRANTED TO MINORITY SHAREHOLDERS

In its Media activities, the Group has granted put options to the minority shareholders of certain fully-consolidated subsidiaries for the sale of their investments on defined terms. For some of these options, the exercise price was not set at the outset, and will be determined based on independent valuations.

In compliance with IAS 32, the put options are recognised in debt at their estimated present value.

In the income statement, consolidated profit for the year is presented in two separate lines: profit attributable to owners of the parent and profit attributable to minority interests, based on the legal rights effectively held.

For put options granted prior to 1 January 2010 – the effective date of IFRS 3 (revised) relating to business combinations – any change in the estimated amount of the debt is recognised as an adjustment to goodwill. For put options granted after 1 January 2010, changes in the value of the debt are recorded in equity.

3.16 DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments to hedge currency and interest rate risks. These instruments are initially recognised in "Other current assets" or "Other current liabilities" at fair value, which generally corresponds to their acquisition price. They are marked to market at each year end and the corresponding fair value remeasurement gains or losses are recognised in the income statement.

However, certain derivative instruments are classified as fair value hedges (mainly of currency and interest rate risks on debt) or cash flow hedges (on future sales and purchases).

These instruments qualify for hedge accounting if the following conditions are met:

- at the inception of the hedge there is formal designation and documentation of the hedging relationship;
- the hedge is expected to be highly effective and its effectiveness can be reliably measured from its inception.

The accounting impacts of applying hedge accounting are as follows:

- Fair value hedges

Derivative instruments and hedged items are measured at fair value. Changes in the fair values of the derivative instrument and the hedged item are recognised in profit or loss on a symmetrical basis. When the hedge is effective, the change in the fair value of the hedging instrument offsets an opposite change in the fair value of the hedged item.

- Cash flow hedges

Derivative instruments used as cash flow hedges are measured at fair value and no specific accounting treatment is applied to the hedged items. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in profit or loss.

The cumulative gains and losses recognised in equity are reclassified into profit or loss when the hedged transaction takes place.

3.17 TREASURY SHARES

Lagardère SCA shares held by the Company or by other Group entities are deducted from consolidated equity. When treasury shares are sold outside the Group, the after-tax gain or loss is also recognised directly in equity.

3.18 PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS

The Group recognises provisions to cover the present value of its obligations for benefits payable to employees at the time of their retirement and after retirement, when the plans concerned qualify as defined benefit plans. For defined contribution plans, the Group's obligation consists solely of payment of premiums or contributions to external organisations, and these premiums and contributions are charged to expenses as incurred.

The defined benefit plans to which the Group subscribes are principally pension plans outside France, while in France they cover end-of-career bonuses paid to employees upon their retirement.

The present value of obligations is calculated by the projected unit credit method, under which each period of service gives rise to an additional unit of benefit entitlement. The method takes into account parameters such as:

- expected salary increases;
- employee turnover;
- mortality rates;
- a financial discount rate.

These calculations are performed in full at least every three years, and updated annually, unless a more in-depth review is required due to exceptional events such as substantial modifications in the terms of the plan, or in the categories of employees covered.

Actuarial gains and losses resulting from changes in actuarial assumptions are charged or credited to equity in the period in which they arise. The same applies to the difference between the expected return on plan assets – which is recognised in the income statement using the discount rate applied for calculating the obligations – and the actual return on these assets.

3.19 PROVISIONS FOR CONTINGENCIES AND LOSSES

A provision is recognised when (i) the Group has a present obligation as a result of a past event, (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and (iii) a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision corresponds to the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

Restructuring provisions are recorded when the Group has a detailed formal plan and has announced details of the plan to the persons concerned.

3.20 ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES

An asset or group of assets and directly associated liabilities is considered to be held for sale when its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale and its sale must be highly probable. Such assets or groups of assets and liabilities are stated at the lower of their carrying amount and estimated sale price, less costs to sell. Assets held for sale and the associated liabilities are respectively presented on specific lines in the consolidated balance sheet.

NOTE 4 MAIN CHANGES IN THE SCOPE OF CONSOLIDATION

4.1 2014

The main changes in scope of consolidation in 2014 – none of which had a material impact on the consolidated financial statements – were as follows:

Lagardère Publishing

- Acquisition of the entire capital of two UK publishers – Constable & Robinson and Quercus – which have been fully consolidated since 1 February 2014 and 1 May 2014 respectively.
- Sale by the Spanish group Anaya of its Argentine publishing subsidiary, Aique, which was deconsolidated at 30 September 2014.

Lagardère Services

- Acquisition on 3 January 2014 of the entire capital of Charles F. Gerzon Holding B.V. which operates 12 stores at Schiphol airport in Amsterdam and was fully consolidated for the full 12 months of 2014.
- Acquisition of control of Airest, which was fully consolidated for a period of 8.5 months in 2014.

  The industrial partnership and business combination with SAVE, announced in September 2013, was completed through the acquisition of a 50% stake in Airest. Airest operates in the food services, duty free and travel essentials sectors, managing more than 200 sales outlets in 11 countries with its leading market in Italy (mainly Venice, Treviso, Bari and Palermo airports). The governance arrangements provided for in the shareholder agreement confer control to Lagardère Services, which has fully consolidated Airest since 16 April 2014.

  The agreement provides for the reorganisation of the Airest group through the demerger of its Italian and international activities from the activities at Venice, Treviso and Verona airports, which will remain within the scope of the 50-50 partnership with SAVE (fully consolidated by Lagardère). Lagardère Services may subsequently purchase SAVE's 50% stake in the Italian and international activities' holding company under a put and call structure that has been set up, with the options exercisable until end-December 2016.
- Formation of Société des Commerces en Gares – a joint venture held on a 50-50 basis by Lagardère Services and SNCF Participations, which has operated press outlets and convenience stores in French railway stations since 4 September 2014. These sales outlets were previously directly operated by Relay France, a wholly-owned Lagardère Services subsidiary, under the terms of a contract which has expired. The new entity was set up after Relay won the tender process launched by SNCF for the operation of 307 sales outlets. It is accounted for under the equity method in the Group's consolidated financial statements.
- Divestment by HDS Polska of 51% of the share capital of the entity that operates Inmedio stores in city centres and shopping centres, carried out as part of Lagardère Services' measures to refocus its Polish operations on the Travel Retail market. HDS Polska retained a 49% minority interest in the company, which has been accounted for under the equity method since 1 December 2014.
- Divestment of the Payot bookstore chain in Switzerland, which was deconsolidated in July 2014.

Lagardère Active

- Acquisition by Lagardère Entertainment of a 70% interest in Groupe Réservoir (the holding company for a group of audiovisual production companies), which has been fully consolidated since February 2014.
- Acquisition of France Télévision's 34% stake in the television channel Gulli, raising Lagardère Active's interest in this channel to 100%. Gulli has been fully consolidated since 1 November 2014, whereas it was previously accounted for under the equity method as a joint venture (joint control exercised by the two shareholders).
- Sale of 10 Magazine Publishing titles in France on 10 July 2014 (*Be, Auto Moto, Union, Campagne Décoration, Maison & Travaux, Mon Jardin Ma Maison, Le Journal de la Maison, Psychologies, Première* and the print version of Pariscope), carried out as part of the strategic refocusing of Lagardère Active's Press business:
  - *Psychologies* (print and online versions) joined the 4B Media consortium, equally owned by four Belgian media groups (the Rossel group, Edition Ventures, the Deficom group and Olidipoli);
  - *Première* (print and online versions) joined the Rossel group;
  - *Be, Auto Moto, Union, Campagne Décoration, Maison & Travaux, Mon Jardin Ma Maison, Le Journal de la Maison* and the print version of *Pariscope* joined the listed group Reworld Media, which owns seven magazines in France (including *Marie-France* and *Télé Magazine*).

Lagardère Unlimited

- Acquisition in April 2014 of the Casino de Paris operating company, which has been fully consolidated since that date.

4.2 2013

There were no significant changes in the scope of fully-consolidated subsidiaries in 2013. However, during the year the Group sold all of its interests in the Airbus (formerly EADS), Canal+ France and Amaury groups, which were accounted for under the equity method.

NOTE 5 SEGMENT INFORMATION

Lagardère's main businesses are carried out through Lagardère Media, which comprises the following divisions:

- Lagardère Publishing: publication of works in the General Literature, Education, Illustrated Books and Partworks markets.
- Lagardère Services: Travel Retail and Distribution.
- Lagardère Active, which comprises:
  - Audiovisual and Digital businesses including special interest television channels, Audiovisual Production and Distribution, Radio and Advertising Sales Brokerage;
  - Press activities, principally mainstream Magazine Publishing.
- Lagardère Unlimited, which specialises in Sports and Entertainment: management of broadcasting rights; marketing of sports rights and associated products; organisation and management of events; consulting in the management and operation of stadiums and multipurpose venues; talent representation; management of sports academies.

In addition to the above divisions, the Group has a "corporate" reporting unit ("Other Activities") used primarily to report the effect of financing obtained by the Group, the net operating costs of Group holding companies, and the activities of Matra Manufacturing & Services (whose revenues are reported under "Other income from ordinary activities").

Transactions between business divisions are generally carried out on arm's length terms.

5.1 INFORMATION BY BUSINESS SEGMENT

2014 income statement

	Lagardère Publishing	Lagardère Services	Lagardère Active	Lagardère Unlimited	Lagardère Media	Other Activities	Total
Sales	2,029	3,814	959	394	7,196		7,196
Inter-segment sales	(25)	-	(1)	-	(26)		(26)
Consolidated sales	**2,004**	**3,814**	**958**	**394**	**7,170**		**7,170**
Other income from ordinary activities	9	143	137	1	290	33	323
Revenues	**2,013**	**3,957**	**1,095**	**395**	**7,460**	**33**	**7,493**
Recurring operating profit (loss) of fully consolidated companies	**197**	**105**	**73**	**4**	**379**	**(37)**	**342**
Income (loss) from equity-accounted companies before impairment losses	2	6	4	(3)	9	-	9
Recurring operating profit (loss)	**199**	**111**	**77**	**1**	**388**	**(37)**	**351**
Restructuring costs	(21)	(16)	(11)	(11)	(59)	(7)	(66)
Gains (losses)	(4)	17	8	-	21	(1)	20
Disposals of assets	*(4)*	*11*	*(11)*	-	*(4)*	*(1)*	*(5)*
Fair value adjustments due to changes in control	-	*6*	*19*	-	*25*	-	*25*
Impairment losses(*)	-	(22)	(18)	(1)	(41)	-	(41)
Fully consolidated companies	-	*(22)*	*(16)*	*(1)*	*(39)*	-	*(39)*
Equity-accounted companies	-	-	*(2)*	-	*(2)*	-	*(2)*
Amortisation on acquisition-related intangible assets	(3)	(39)	-	(7)	(49)	-	(49)
Acquisition-related expenses	(2)	(4)	-	(1)	(7)	-	(7)
Purchase price adjustments	-	-	-	1	1	-	1
Profit (loss) before finance costs and tax	**169**	**47**	**56**	**(18)**	**254**	**(45)**	**209**
Items included in recurring operating profit (loss)							
Depreciation and amortisation of intangible assets and property, plant and equipment	(24)	(78)	(13)	(50)	(165)	(9)	(174)
Cost of share option plans	(2)	(2)	(3)	(1)	(8)	(2)	(10)

(*) Impairment losses on goodwill, property, plant and equipment and intangible assets.

2013 income statement

	Lagardère Publishing	Lagardère Services	Lagardère Active	Lagardère Unlimited	Lagardère Media	EADS and Other Activities(*)	Total
Sales	2,093	3,745	997	409	7,244		7,244
Inter-segment sales	(27)	-	(1)	-	(28)		(28)
Consolidated sales	**2,066**	**3,745**	**996**	**409**	**7,216**		**7,216**
Other income from ordinary activities	42	132	137	1	312	36	348
Revenues	**2,108**	**3,877**	**1,133**	**410**	**7,528**	**36**	**7,564**
Recurring operating profit (loss) of fully consolidated companies	**223**	**96**	**64**	**(11)**	**372**	**(45)**	**327**
Income (loss) from equity-accounted companies before impairment losses	(2)	8	2	(1)	7	-	7
Recurring operating profit (loss)	**221**	**104**	**66**	**(12)**	**379**	**(45)**	**334**
Restructuring costs	(3)	(10)	(91)	(14)	(118)	(4)	(122)
Gains (losses) on disposals of assets and associated risks	-	(4)	(11)	-	(15)	1,686	1,671
Impairment losses(**)	(24)	(32)	(272)	-	(328)	-	(328)
Fully consolidated companies	*(24)*	*(32)*	*(225)*	-	*(281)*	-	*(281)*
Equity-accounted companies	-	-	*(47)*	-	*(47)*	-	*(47)*
Amortisation on acquisition-related intangible assets	(2)	(14)	-	(9)	(25)	-	(25)
Acquisition-related expenses	-	(2)	-	-	(2)	-	(2)
Purchase price adjustments	-	-	(1)	-	(1)	-	(1)
Profit (loss) before finance costs and tax(*)	**192**	**42**	**(309)**	**(35)**	**(110)**	**1,637**	**1,527**
Items included in recurring operating profit (loss)							
Depreciation and amortisation of intangible assets and property, plant and equipment	(24)	(67)	(14)	(76)	(181)	(8)	(189)
Cost of share option plans	(2)	(1)	(4)	(1)	(8)	(2)	(10)

(*) Including a €1,823 million gain on the sale of the Group's stake in EADS and a €137 million loss on the sale of the investment in Canal+ France.
(**) Impairment losses on goodwill, property, plant and equipment and intangible assets.

2014 statement of cash flows

	Lagardère Publishing	Lagardère Services	Lagardère Active	Lagardère Unlimited	Lagardère Media	Other activities and eliminations	Total
Cash flows from (used in) operations	149	128	31	56	364	(10)	354
Interest paid and received, and income taxes paid	(47)	(32)	(24)	(13)	(116)	(28)	(144)
Net cash from (used in) operating activities	**102**	**96**	**7**	**43**	**248**	**(38)**	**210**
Cash used in investing activities	(133)	(242)	(43)	(109)	(527)	(4)	(531)
- Purchases of intangible assets and property, plant and equipment	*(81)*	*(112)*	*(13)*	*(40)*	*(246)*	*(3)*	*(249)*
- Purchases of investments and other non-current assets	*(52)*	*(130)*	*(30)*	*(69)*	*(281)*	*(1)*	*(282)*
Proceeds from disposals of non-current assets	1	42	(12)	-	31	19	50
- Intangible assets and property, plant and equipment	*-*	*9*	*7*	*-*	*16*	*-*	*16*
- Investments and other non-current assets	*1*	*33*	*(19)*	*-*	*15*	*19*	*34*
(Increase) decrease in short-term investments	-	-	-	-	-	-	-
Net cash from (used in) investing activities	**(132)**	**(200)**	**(55)**	**(109)**	**(496)**	**15**	**(481)**
Total cash used in operating and investing activities	**(30)**	**(104)**	**(48)**	**(66)**	**(248)**	**(23)**	**(271)**

Balance sheet at 31 December 2014

	Lagardère Publishing	Lagardère Services	Lagardère Active	Lagardère Unlimited	Lagardère Media	Other activities and eliminations	Total
Segment assets	2,372	1,843	1,447	896	6,558	224	6,782
Investments in associates and joint ventures	18	27	103	10	158	1	159
Segment liabilities	(1,197)	(1,177)	(968)	(564)	(3,906)	-	(3,906)
Capital employed	**1,193**	**693**	**582**	**342**	**2,810**	**225**	**3,035**
Net debt							**(954)**
Equity							**2,081**

2013 statement of cash flows

	Lagardère Publishing	Lagardère Services	Lagardère Active	Lagardère Unlimited	Lagardère Media	Other activities and eliminations	Total
Cash flows from (used in) operations	277	124	72	104	577	(7)	570
Interest paid and received, and income taxes paid	(62)	(39)	(45)	(13)	(159)	(76)	(235)
Net cash from (used in) operating activities	**215**	**85**	**27**	**91**	**418**	**(83)**	**335**
Cash used in investing activities	(46)	(132)	(21)	(129)	(328)	(9)	(337)
- Purchases of intangible assets and property, plant and equipment	*(41)*	*(125)*	*(16)*	*(109)*	*(291)*	*(5)*	*(296)*
- Purchases of investments and other non-current assets	*(5)*	*(7)*	*(5)*	*(20)*	*(37)*	*(4)*	*(41)*
Proceeds from disposals of non-current assets	1	4	115	10	130	3,288	3,418
- Intangible assets and property, plant and equipment	-	*2*	*5*	-	*7*	*1*	*8*
- Investments and other non-current assets	1	2	110	10	123	3,287	3,410
(Increase) decrease in short-term investments	-	29	-	-	29	-	29
Net cash from (used in) investing activities	**(45)**	**(99)**	**94**	**(119)**	**(169)**	**3,279**	**3,110**
Total cash from (used in) operating and investing activities	**170**	**(14)**	**121**	**(28)**	**249**	**3,196**	**3,445**

Balance sheet at 31 December 2013

	Lagardère Publishing	Lagardère Services	Lagardère Active	Lagardère Unlimited	Lagardère Media	Other activities and eliminations	Total
Segment assets	2,158	1,574	1,448	974	6,154	241	6,395
Investments in associates and joint ventures	18	15	116	3	152		152
Segment liabilities	(1,195)	(1,071)	(1,061)	(677)	(4,004)	23	(3,981)
Capital employed	**981**	**518**	**503**	**300**	**2,302**	**264**	**2,566**
Net cash and cash equivalents							**361**
Equity							**2,927**

5.2 INFORMATION BY GEOGRAPHICAL SEGMENT

Sales

	2014	2013
France	**2,487**	2,658
European Union (excl. France)	**2,835**	2,701
Other European countries	**413**	457
United States and Canada	**749**	759
Middle East	**26**	24
Asia-Pacific	**511**	477
Other (Africa, Latin America)	**149**	140
Total	**7,170**	7,216

Segment assets

	2014	2013
France	**2,972**	2,771
European Union (excl. France)	**2,392**	2,072
Other European countries	**104**	276
United States and Canada	**945**	793
Middle East	**5**	-
Asia-Pacific	**480**	448
Other (Africa, Latin America)	**43**	35
Total	**6,941**	6,395

Purchases of intangible assets and property, plant and equipment

	31 Dec. 2014	31 Dec. 2013
France	**90**	68
European Union (excl. France)	**80**	127
Other European countries	**10**	29
United States and Canada	**41**	30
Middle East	**1**	-
Asia-Pacific	**25**	40
Other (Africa, Latin America)	**2**	2
Total	**249**	296

NOTE 6 SALES

Consolidated sales contracted 0.6% in 2014 on a reported basis and 1.8% based on a comparable Group structure and exchange rates (like-for-like).

Like-for-like sales were calculated by adjusting:

- 2014 sales to exclude companies consolidated for the first time during the year, and 2013 sales to exclude companies divested in 2014;
- 2014 sales based on 2013 exchange rates.

Sales break down as follows:

	2014	2013
Sales of goods and services	**6,762**	6,779
Advertising revenue	**392**	420
Barter transactions	**16**	17
Total	**7,170**	7,216

NOTE 7 EMPLOYEE DATA

7.1 AVERAGE NUMBER OF EMPLOYEES

The average number of employees of fully consolidated companies breaks down as follows by division:

	2014	2013
Lagardère Publishing	**6,982**	6,935
Lagardère Services	**13,101**	10,780
Lagardère Active	**4,481**	4,824
Lagardère Unlimited	**1,369**	1,228
Lagardère Media	**25,933**	23,767
Other Activities	**230**	239
Total	**26,163**	24,006

7.2 PAYROLL COSTS

	2014	2013
Wages and salaries	**1,232**	1,233
Payroll taxes	**285**	294
Share-based payments	**10**	10
Total	**1,527**	1,537

1 2 3 4 5 6 7 8 9 10 11

7.3 SHARE-BASED PAYMENTS

In accordance with the principles described in note 3.5 “Share-based payments”, share options and free shares awarded were measured at fair value at the grant date.

Adjustement to plans to payment of the extra dividend

Following the €6 extra dividend payment approved at the Annual General Meeting of 6 May 2014 – representing €765 million deducted from equity – in order to protect the rights of holders of share options awarded under the 2004, 2005 and 2006 plans, and the rights of beneficiaries of free shares awarded under the 2010, 2011, 2012 and 2013 plans, on 20 June 2014 the Managing Partners adjusted the number of options and shares under these plans, as well as the exercise price of the share options, in accordance with the terms and conditions provided for in the French Commercial Code.

For the share option plans, the adjustment consisted of:

- reducing the exercise price of the options by a percentage corresponding to the difference between the per-share amount of the extra dividend payment (i.e., €6) and Lagardère SCA’s share price before the dividend payment, based on the weighted average of the prices quoted for the shares over the three trading days preceding the payment (i.e., €30.29);
- increasing the number of share options allocated to each beneficiary such that each beneficiary’s overall investment remains constant in view of the new exercise price.

For shares under the free share award plans that had not yet vested at 6 May 2014, the adjustment consisted of increasing the number of rights allocated to each beneficiary by a percentage corresponding to the difference between the per-share amount of the extra dividend payment (i.e., €6) and Lagardère SCA’s share price before the dividend payment (€30.29).

Furthermore, and in accordance with the undertaking of the Managing Partners at the end of 2013, in 2014 the Group paid each beneficiary of the 2010, 2011 and 2012 plans concerned a bonus of €9 per free share that had not yet vested in the form of wages as compensation. This bonus is intended to compensate the holders of rights to free shares following the payment of the €9 extra dividend decided on May 21, 2013 following the sale of the remainder of the Group’s EADS shares, representing more than 30% of the market value of the Lagardère SCA share before the corresponding ex-dividend date. As the extra dividend was paid in the form of an interim dividend, a case which is not provided for the French Commercial Code, the number of rights to free shares could not be adjusted.

The total amount of compensation (excluding payroll taxes) amounted to €7 million, deducted from equity.

Share option plans

In past years up to and including 2006, the Managing Partners awarded share options on Lagardère SCA shares to certain executives and employees of the Group under shareholder-approved plans. The main features of the outstanding share option plans at 1 January 2014 are presented in note 26.2.

Under the plans’ terms and conditions, share options vest after a two-year period and lapse ten years after their grant date.

Details of outstanding share options and movements in 2013 and 2014 are presented below:

	Number of options	Weighted average exercise price (in euros)
Options outstanding at 31 December 2012	**5,527,561**	**54.29**
Options cancelled	(1,183,657)	51.50
Options exercised	-	-
Options outstanding at 31 December 2013	**4,343,904**	**55.04**
Adjustment(*)	1,036,667	44.14
Options cancelled	(1,754,452)	42.85
Options exercised	-	-
Options outstanding at 31 December 2014	**3,626,119**	**45.21 (**)**
Of which exercisable options	3,626,119	45.21(**)

(*) Adjustment of the exercise price and number of share options carried out on 20 June 2014 in order to protect the rights of beneficiaries following the extra dividend payment of €6 per share deducted from reserves.
(**) Weighted average exercise price after adjustment.

After the above-described adjustment, the share options outstanding at 31 December 2014 were exercisable at prices ranging between €41.64 and €45.69 and their average term to maturity was 1.45 years.

Free share award plans

In 2010 to 2014 the Group set up plans to award free shares to employees, the Co-Managing Partners and members of Lagardère Media’s Operations Committee. The number of shares awarded under these plans was as follows:

- 17 December 2010 plan: 518,950 shares;
- 29 December 2011 plan: 630,000 shares;
- 25 June 2012 plan: 645,800 shares;
- 26 December 2013 plan: 712,950 shares;
- 22 December 2014 plan: 306,120 shares (plan for salaried employees only, excluding Central Directors, members of Lagardère Media’s Operations Committee and the Co-Managing Partners).

For Group employees these plans do not include any performance conditions and the shares vest after a two-year period, provided the beneficiaries have remained in the Group’s employment throughout that time. For beneficiaries who are not tax-resident in France, the shares vest at the end of a four-year period provided that the beneficiaries have remained in the Group’s employment for two years.

For the Co-Managing Partners, the shares will only vest subject to:

- the beneficiaries remaining with the Group until at least 31 December 2016, 1 April 2015, and 1 April 2014 under the 2013, 2012 and 2011 plans respectively;
- achievement of objectives based on criteria internal to the Group (consolidated recurring operating profit and net cash flows from operating activities), with the number of shares awarded reduced accordingly if these objectives are not met.

For the members of Lagardère Media's Operations Committee, who are beneficiaries of the 26 December 2013 plan, the shares will only vest if the beneficiaries are still with the Group at 31 December 2016 and if certain performance conditions are met, based on Lagardère Media's recurring operating profit and consolidated net cash flows from operating activities.

Assumptions used to calculate fair value

The assumptions underlying the plans for which an expense was recognised in the 2014 and 2013 financial statements were as follows:

	Free shares			
	22 Dec. 2014 Plan	26 Dec. 2013 Plan	25 June 2012 Plan	29 Dec. 2011 Plan
Share price at grant date (€)	21.90	26.49	20.43	19.71
Expected dividend payout rate	5.9%	Between 4.8% and 5.0%	Between 6.4% and 6.5%	Between 6.6% and 6.8%

Share-based payment expense recognised by fully consolidated companies amounted to €10 million in 2014 and €10 million in 2013.

NOTE 8 RESTRUCTURING COSTS

2014

Restructuring costs amounted to €66 million in 2014. Out of this total, €59 million related to the implementation of streamlining programmes and cost reduction plans in Lagardère Media's divisions, as follows:

- Lagardère Publishing: €21 million, mainly in the United Kingdom and United States;
- Lagardère Services: €16 million, mainly in distribution activities in Belgium;
- Lagardère Active: €11 million, relating to all activities but in particular costs for closing the Le Guide business in Germany;
- Lagardère Unlimited: €11 million, mainly for Sportfive International in Switzerland.

Restructuring costs for Other Activities came to €7 million and were incurred due to Matra Manufacturing Services' divestment in December 2014 of its business concerning the manufacture and sale of light electric vehicles.

2013

Restructuring costs amounted to €122 million in 2013. Out of this total €91 million was incurred by Lagardère Active, relating to:

- the termination of e-commerce activities and the sale of Genao Productions' audiovisual production business;
- measures carried out across the Group's regions to rescale operations relating to advertising sales brokerage;
- ongoing implementation of the overheads cost-cutting programme;
- a restructuring plan announced with a view to refocusing the Press business on its most powerful brands, which led to the sale in July 2014 of ten Magazine Publishing titles.

Other restructuring costs related to Lagardère Publishing (€3 million), Lagardère Services (€10 million), Lagardère Unlimited (€14 million) and Matra Manufacturing Services (€4 million).

NOTE 9 GAINS (LOSSES) ON DISPOSALS OF ASSETS

2014

In 2014, this item represented a €5 million net loss, which mainly included:

- a €4 million loss on the divestment of Aique, Lagardère Publishing's Argentine subsidiary;
- an €8 million loss recognised by Lagardère Active in relation to the €20 million loss incurred in July 2014 on the sale of ten Magazine Publishing titles (including the impact of the reversal of the €12 million provision recognised at 31 December 2013 prior to the sale);
- a €13 million gain on the divestments carried out by Lagardère Services: Libraires Payot (€7 million) and the 51% stake in Inmedio (€6 million gain);
- €5 million in losses on sales of property, plant and equipment and intangible assets (Lagardère Services and Matra Manufacturing Services).

In addition, in accordance with the revised version of IFRS 3 – Business Combinations, a €25 million gain was recorded following changes in control that occurred in 2014 for Gulli (Lagardère Active) and Inmedio (Lagardère Services):

- the Group's acquisition of control of Gulli as a result of its interest in this company being raised from 66% to 100% resulted in a €19 million gain arising on the fair value adjustment to the previously-held 66% interest;
- the Group's loss of control of Inmedio as a result of its interest being reduced from 100% to 49% resulted in a €6 million gain arising on the fair value adjustment to the retained 49% interest.

For these two transactions, fair value was determined based on the prices at which the transactions were carried out.

2013

In 2013, the Group recorded a net gain of €1,671 million on disposals of assets, which mainly included:

- a €1,823 million gain on the sale of shares in Airbus Group (formerly EADS);
- a €137 million loss on the sale of Canal+ France shares;
- a €9 million loss on the sale of Amaury shares.

NOTE 10 IMPAIRMENT LOSSES ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

The impairment losses recorded in 2014 reflect the impairment tests performed as described in note 3.10.

Impairment tests for goodwill and intangible assets with indefinite useful lives are performed at the level of the cash-generating units (CGUs) to which the assets belong. The Group's CGUs represent the level at which the assets concerned are monitored for internal management purposes. A CGU may correspond to a legal entity or a group of legal entities when the businesses conducted are similar and are managed on a combined basis.

The following table sets out the amounts of goodwill and intangible assets with indefinite useful lives by CGU at 31 December:

	Number of CGUs		Carrying amount of goodwill		Carrying amount of intangible assets with indefinite useful lives		Total carrying amount of tested assets	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
Publishing	**15**	15	**906**	828	**52**	38	**958**	866
Services	**20**	20	**133**	150	**5**	4	**138**	154
Active:	**32**	29	**537**	508	**106**	106	**643**	614
- Press	**3**	3	**174**	174	**64**	64	**238**	238
- Audiovisual	**25**	22	**225**	180	**42**	42	**267**	222
- Digital	**4**	4	**138**	154	**-**	-	**138**	154
Unlimited	**1**	1	**164**	133	**12**	10	**176**	143
Total	**68**	65	**1,740**	1,619	**175**	158	**1,915**	1,777

The following table shows the breakdown of the main CGUs by division:

	Number of CGUs		Carrying amount of goodwill		Carrying amount of intangible assets with indefinite useful lives		Total carrying amount of tested assets	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
Publishing	**15**	15	**906**	828	**52**	38	**958**	866
Editis group	**5**	5	**236**	236	**1**	1	**237**	237
Hachette UK Holding group	**1**	1	**299**	252	**35**	25	**334**	277
Hachette Book Group (United States)	**1**	1	**242**	213	**-**	-	**242**	213
Hatier group	**1**	1	**84**	84	**-**	-	**84**	84
Hachette Livre España - Salvat	**1**	1	**12**	12	**-**	-	**12**	12
Pika Editions	**1**	1	**14**	14	**-**	-	**14**	14
Les Éditions Albert René	**1**	1	**11**	11	**-**	-	**11**	11
Other	**4**	4	**8**	6	**16**	12	**24**	18
Services	**20**	20	**133**	150	**5**	4	**138**	154
Newslink (Australia)	**1**	1	**28**	27	**-**	-	**28**	27
Aelia CZ (Czech Republic)	**1**	1	**22**	22	**-**	-	**22**	22
Curtis (United States)	**1**	1	**-**	19	**-**	-	**-**	19
Lapker group (Hungary)	**1**	1	**13**	14	**-**	-	**13**	14
HDS Retail CZ (Czech Republic)	**1**	1	**11**	11	**-**	-	**11**	11
SGEL Distribution and Celeritas (Spain)	**1**	1	**9**	9	**-**	-	**9**	9
LS Travel Retail Hong Kong	**1**	1	**8**	8	**-**	-	**8**	8
Payot Naville group (Switzerland)	**1**	1	**6**	6	**-**	-	**6**	6
Other	**12**	12	**36**	34	**5**	4	**41**	38
Active	**32**	29	**537**	508	**106**	106	**643**	614
Press	**3**	3	**174**	174	**64**	64	**238**	238
Lagardère Active	**1**	1	**124**	124	**-**	-	**124**	124
Société de Presse Féminine	**1**	1	**40**	40	**2**	2	**42**	42
France Magazine Publishing	**1**	1	**10**	10	**62**	62	**72**	72
Audiovisual	**25**	22	**225**	180	**42**	42	**267**	222
Lagardère Active Broadcast	**1**	1	**63**	70	**-**	-	**63**	70
International radio	**5**	5	**45**	46	**-**	-	**45**	46
Audiovisual production	**14**	11	**42**	33	**3**	3	**45**	36
RFM	**1**	1	**-**	-	**16**	16	**16**	16
Lagardère Active TV	**1**	1	**24**	31	**1**	1	**25**	32
TV channels	**3**	2	**51**	-	**22**	22	**73**	22
Digital	**4**	4	**138**	154	**-**	-	**138**	154
Doctissimo/Mondocteur	**1**	1	**51**	51	**-**	-	**51**	51
Newsweb	**1**	1	**11**	11	**-**	-	**11**	11
Le Guide	**1**	1	**60**	76	**-**	-	**60**	76
Billetreduc.com	**1**	1	**16**	16	**-**		**16**	16
Unlimited	**1**	1	**164**	133	**12**	10	**176**	143
Total	**68**	65	**1,740**	1,619	**175**	158	**1,915**	1,777

The estimated future cash flows used in the impairment tests are based on the internal budgets drawn up at the end of the year. They are determined using key assumptions and assessments that factor in the effects of the economic environment – as identified at the date of the budget – on forecast future cash flows for the coming three years, apart from in the specific area of sporting events for which forecast cash flows are calculated beyond three years.

The cash flows are discounted using a post-tax discount rate specific to each business. A perpetuity growth rate – which is also specific to each business – is used for periods subsequent to those covered in the budgets.

The discount rates used for each business were as follows in 2014 and 2013:

	Discount rate		Perpetuity growth rate	
	2014	2013	**2014**	2013
Publishing	**6.73%**	7.80%	**2.00%**	2.00%
Services:				
Travel Retail	**6.06%**	7.42%	**2.50%**	2.50%
Distribution	**6.06%**	7.42%	**0.00%**	0.00%
Active:				
Press	**6.11%**	8.05%	**0.00%**	0.00%
Audiovisual	**7.35%**	7.89%	**1.50%**	1.50%
Digital(*)	**7.35%**	7.89%	**2.00%**	2.00%
Unlimited:				
Europe/United States	**7.04%**	7.97%	**2.00%**	2.00%
Asia	**7.04%**	7.97%	**3.50%**	3.50%

(*) For these operations specific growth rates ranging between 4.00% and 5.00% were applied for the first few years after the period covered in the 2015-2017 budget.

The discount rates applied are calculated based on the average financial returns observed during the year for samples of companies operating in comparable business sectors. These are provided by an independent financial organisation and may vary based on share prices and the organisation's assessment of the macro- and micro-economic outlook.

The samples used are reviewed and updated every year in order to take account of changes in the competitive environment and market participants. This can lead to an elimination of certain components of the basket whose business models are not judged to be sufficiently correlated to the Group's, and inversely, to the addition of new components. There were no significant changes in the basket of sample companies used in 2014 compared with 2013.

Recognised impairment losses

Total impairment losses recognised by consolidated companies in 2014 amounted to €39 million, including €36 million for goodwill, €2 million for property, plant and equipment (Lagardère Services) and €1 million for intangible assets (Lagardère Unlimited). The impairment losses on goodwill break down as follows:

- €20 million for the full write-down of the goodwill related to Curtis – Lagardère Services' distribution subsidiary in the United States. Various negotiations have been entered into with a view to selling Curtis and this impairment loss was recognised to write down the subsidiary's value in the consolidated financial statements to the estimated sale amount taking into account current or expected legal disputes.
- €16 million relating to goodwill for the Le Guide group, due to the persistent decline in business of its subsidiary Ciao, which led to the closure of the German office.

Impairment losses recognised in 2013 amounted to €281 million and mainly included:

- €219 million for Lagardère Active's Magazine Publishing assets, following a sharper than expected drop in circulation and adjustments made to the assumptions contained in the budgets;
- €29 million for Lagardère Services' distribution operations in Switzerland;
- €16 million recognised by Lagardère Publishing, including €10 million for the goodwill related to the Spanish subsidiary Salvat (Partworks in Spain and Latin America);
- €5 million for the goodwill related to Newsweb, a digital subsidiary of Lagardère Active;
- €11 million for property, plant and equipment, including €8 million recognised against a property owned by Lagardère Publishing.

Sensitivity of impairment tests to changes in key budget assumptions

The operating forecasts contained in the Group's budgets are based on assumptions. Changes in these assumptions directly impact the calculation of value in use and may give rise to the recognition of impairment losses or influence the amount of any impairment recognised.

The key assumptions used for the forecasts relate to expected developments in the following main areas:

- Publishing: market trends, market share and profit margins; overhead rates determined based on established action plans.
- Active: advertising market trends and market share for all media (radio, television, press and Internet); market trends for the Magazine Publishing business in France, including the impact on advertising revenues; changes brought about by the switch to digital; and the cost of paper.
- Services: passenger volumes and average spend per customer for each platform (airports, railway stations, etc.); lease payments for retail outlets; press market trends.
- Unlimited: performance conditions for contracts in progress based on the advertising environment and the sporting context specific to each event; ability to renew current contracts or win new ones and the related profit margins.

These assumptions incorporate differentiated levels of risk that depend on the degree of visibility and the ability to anticipate the impact of changes in the economic environment on the future performance of the Group's different businesses.

The main areas of uncertainty identified that have a bearing on the assumptions used in the budgets are described below:

Lagardère Active

- Magazine Publishing

The Magazine Publishing business contracted by 3.5% in 2014, following on from a 5% decrease in 2013, and the budgets were prepared on the basis of assumptions taking into account the sales trends expected over the next three years.

Beyond the years covered by the budget, a change corresponding to an annual decrease of 1% in sales from Magazine Publishing compared to the assumptions used at end-2014, would result in a €0.4 million impairment loss, excluding the impact of any corporate cost reduction measures that would necessarily be implemented. At 31 December 2014, the residual amount of goodwill and intangible assets with indefinite useful lives for all of the Press CGUs amounted to €238 million.

▸ Le Guide

Increased exposure of Google Shopping offers on Google's general search engine, combined with recent changes decided by Google in its search algorithm, have led to a significant decrease in traffic for all other price comparison sites, including those of the LeGuide group. Following several complaints lodged by various market players over the past several years, in November 2010 the European Commission launched an investigation into this issue as well as a number of Google's other practices.

The Group is currently waiting for the European Commission to send Google its statement of objections, which is expected in the second half of 2015. The new search algorithm launched by Google in 2014 had a strong adverse effect on Le Guide's visitor numbers.

The main assumptions underlying the cash flow forecasts for Le Guide contained in the budgets drawn up at end-2014 are based on:

- a return to a more balanced competitive environment as a result of developments in the European regulatory framework which will require Google to alter its practices;
- traffic volumes that factor in the effects of the most recent update to Google's search algorithm and no further changes;
- successful diversification into new businesses, notably the blacklist.me social shopping site launched in April 2014.

After taking into account the €16 million impairment loss recognised during the year following the termination of operations in Germany, goodwill related to the Le Guide group totalled €60 million at 31 December 2014.

▸ Doctissimo/Mondocteur/Doctipharma

The recoverable amount of the Doctissimo/Mondocteur/Doctipharma CGU was calculated based on budgets that include both forecast advertising revenue and revenue arising from the development of activities aimed at monetising new services. At 31 December 2014, the carrying amount of goodwill allocated to this CGU totalled €51 million.

Lagardère Unlimited

Estimated future cash flows used in the budgets incorporate assumptions concerning the renewal of certain contracts and the development of activities reflecting the division's strategic refocusing. The related cash flows represent approximately two thirds of the division's total estimated future cash flows, calculated before the impact of measures to reduce central costs that would be implemented in the event that a significant element of the assumptions used did not bear out. For Lagardère Unlimited, a 5% increase or decrease in future cash flows would have a positive or negative impact of approximately €25 million on the recoverable amount of the assets concerned. At 31 December 2014, the carrying amount of goodwill relating to this division totalled €164 million.

Sensitivity of impairment tests to changes in discount rates and perpetuity growth rates

The following table shows the potential effects on impairment losses of an increase or decrease in the discount rates and perpetuity growth rates applied in the impairment tests performed at 31 December 2014.

Publishing: (Increase) decrease in impairment losses

(in millions of euros)	Discount rate								
Perpetuity growth rate	**-2%**	**-1.5%**	**-1%**	**-0.5%**	**0%**	**+0.5%**	**+1%**	**+1.5%**	**+2%**
-1%	-	-	-	-	-	(3)	(32)	(78)	(119) (*)
-0.5%	-	-	-	-	-	(0)	(5)	(38)	(84)
0%	-	-	-	-	-	-	(0)	(7)	(45)
+0.5%	-	-	-	-	-	-	-	(0)	(8)
+1%	-	-	-	-	-	-	-	-	(1)

(*) Including €80 million for the Hachette UK Holding group CGU and €31 million for the Anaya-Bruno group that forms part of the Editis group CGU.

Services: (Increase) decrease in impairment losses

(in millions of euros)	Discount rate								
Perpetuity growth rate	**-2%**	**-1.5%**	**-1%**	**-0.5%**	**0%**	**+0.5%**	**+1%**	**+1.5%**	**+2%**
-1%	-	-	-	-	-	(3)	(7)	(11)	(13) (*)
-0.5%	-	-	-	-	-	-	(4)	(8)	(11)
0%	-	-	-	-	-	-	-	(4)	(8)
+0.5%	-	-	-	-	-	-	-	(0)	(4)
+1%	-	-	-	-	-	-	-	-	(0)

(*) Including €10 million for the LSTR North America CGU.

1 2 3 4 5 6 7 8 9 10 11

Active: (Increase) decrease in impairment losses

(in millions of euros)	Discount rate								
Perpetuity growth rate	**-2%**	**-1.5%**	**-1%**	**-0.5%**	**0%**	**+0.5%**	**+1%**	**+1.5%**	**+2%**
-1%	-	-	-	(4)	(10)	(17)	(24)	(30)	(37) (*)
-0.5%	-	-	-	-	(5)	(11)	(18)	(25)	(31)
0%	-	-	-	-	-	(5)	(10)	(19)	(26)
+0.5%	-	-	-	-	-	(1)	(6)	(13)	(21)
+1%	-	-	-	-	-	-	(2)	(7)	(14)

(*) Including €22 million for the Le Guide CGU.

Unlimited: (Increase) decrease in impairment losses

(in millions of euros)	Discount rate								
Perpetuity growth rate	**-2%**	**-1.5%**	**-1%**	**-0.5%**	**0%**	**+0.5%**	**+1%**	**+1.5%**	**+2%**
-1%	-	-	-	-	-	-	-	-	-
-0.5%	-	-	-	-	-	-	-	-	-
0%	-	-	-	-	-	-	-	-	-
+0.5%	-	-	-	-	-	-	-	-	-
+1%	-	-	-	-	-	-	-	-	-

NOTE 11 OTHER OPERATING EXPENSES

	2014	2013
Asset impairment losses	**(26)**	(13)
Foreign exchange losses	**(5)**	(1)
Financial expenses other than interest	**(2)**	(2)
Provisions for contingencies and losses	**-**	-
Other expenses	**(20)**	(17)
Total	**(53)**	(33)

Asset impairment losses recorded under other operating expenses totalled €26 million in 2014 (€13 million in 2013) and principally related to advances paid to writers by Lagardère Publishing.

NOTE 12 OTHER OPERATING INCOME

	2014	2013
Foreign exchange gains	**-**	-
Reversals of provisions for contingencies and losses	**42**	20
Other income	**18**	13
Total	**60**	33

NOTE 13 FINANCIAL INCOME AND EXPENSES

Financial income and expenses break down as follows:

	2014	2013
Interest income on loans	**2**	2
Investment income and gains on sales of marketable securities	**4**	3
Gains on derivative financial instruments acquired as hedges of net debt	**3**	2
Other financial income	**3**	2
Financial income	**12**	9
Interest expense on borrowings	**(73)**	(95)
Loss on sales of marketable securities	**-**	-
Loss on derivative financial instruments acquired as hedges of net debt	**(9)**	(3)
Other financial expenses	**(3)**	(2)
Financial expenses	**(85)**	(100)
Total	**(73)**	(91)

NOTE 14 INCOME TAX EXPENSE

14.1 ANALYSIS OF INCOME TAX EXPENSE

Income tax expense breaks down as follows:

	2014	2013
Current taxes	**(71)**	(109)
Deferred taxes	**(16)**	(8)
Total	**(87)**	(117)

14.2 TAX PROOF

The following table reconciles income tax expense reported in the income statement to the theoretical income tax expense for 2014 and 2013:

	2014	2013
Profit before tax	**136**	1,436
Income (loss) from equity-accounted companies	**(7)**	40
Profit of fully consolidated companies before tax	**129**	1,476
Theoretical tax expense(*)	**(49)**	(561)
Effect on theoretical tax expense of:		
Differences in tax rates on:		
- Capital gains and losses	**7**	586
- Impairment losses on goodwill and other intangible assets	**(14)**	(72)
- Earnings of foreign subsidiaries	**15**	10
Taxes on dividends	**(28)**	(40)
Limitation on deferred taxes	**13**	(31)
Tax loss carryforwards used (recognised) in the year(**)	**(37)**	(14)
Tax credits on recognised tax loss carryforwards	**3**	-
Tax credits and similar	**4**	4
Permanent differences and other items	**(1)**	1
Effective tax expense	**(87)**	(117)

(*) Calculated at the French standard rate (38% in 2014 and 2013).
(**) Tax losses for which no deferred tax assets were recognised.

14.3 DEFERRED TAXES RECOGNISED IN THE BALANCE SHEET

Deferred taxes recognised at 31 December 2014 and 2013 concerned the following assets and liabilities:

	31 Dec. 2014	31 Dec. 2013
Intangible assets	(211)	(178)
Property, plant and equipment	(27)	(30)
Non-current financial assets	(8)	(2)
Inventories	14	12
Provisions for pension benefit obligations	41	32
Other provisions	110	125
Other working capital items	106	119
Temporary differences (gross amount)	25	78
Write-down of deferred tax assets	(159)	(157)
Temporary differences (net amount)	(134)	(79)
Tax loss carryforwards	44	24
Tax credits	-	-
Net deferred tax asset (liability)	(90)	(55)
Deferred tax assets	199	190
Deferred tax liabilities	(289)	(245)

At 31 December 2014, the Group had unrecognised deferred tax assets in respect of tax loss carryforwards. The main amounts concern the French tax group headed by Lagardère SCA, which has tax loss carry forwards (tax basis) of almost €475 million.

14.4 CHANGES IN DEFERRED TAXES

	2014	2013
Net deferred tax asset (liability) at 1 January	(55)	(54)
Income tax benefit (expense) recognised in the income statement	(16)	(8)
Deferred tax recognised directly in equity	13	(4)
Effect of change in consolidation scope and exchange rates	(32)	11
Net deferred tax asset (liability) at 31 December	(90)	(55)

The negative €32 million effect of changes in scope of consolidation for 2014 was mainly attributable to the acquisitions of Airest group and Charles F. Gerzon Holding.

Deferred taxes recognised directly in equity can be analysed as follows:

	31 Dec. 2014	31 Dec. 2013
Available-for-sale investments	(1)	(1)
Cash flow hedges	0	(2)
Actuarial gains and losses on pensions and other post-employment benefit obligations	24	13
Total	23	10

NOTE 15 EARNINGS PER SHARE

Basic earnings per share

Earnings per share is calculated by dividing profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares. Changes in the number of shares as a result of employees exercising their share options (movements throughout the year) are included using the average of opening and closing balances for the year.

Diluted earnings per share

The only dilutive ordinary shares are (i) unexercised employee share options which are not covered by hedging contracts and whose exercise prices are lower than the average quoted price of the Lagardère SCA share over the reference period ("in-the-money" options), and (ii) free shares, when it is probable that they will vest at the vesting date set in the plan (specific case of performance shares).

	2014	2013
Profit for the year attributable to owners of the parent (in millions of euros)	**41**	1,307
Number of shares making up the share capital at 31 December	**131,133,286**	131,133,286
Treasury shares	**(2,986,120)**	(3,186,571)
Number of shares outstanding at 31 December	**128,147,166**	127,946,715
Average number of shares outstanding during the year	**128,046,941**	127,902,504
Basic earnings per share attributable to owners of the parent (in euros)	**0.32**	10.22
Dilutive share options and free shares:		
Share options	**-**	-
Free shares	**1,546,597**	1,683,005
Average number of shares including dilutive share options and free shares	**129,593,538**	129,585,509
Diluted earnings per share attributable to owners of the parent (in euros)	**0.32**	10.09

NOTE 16 GOODWILL

	2014	2013
At 1 January	**1,619**	1,799
Cost	***2,871***	*2,895*
Accumulated impairment losses	***(1,252)***	*(1,096)*
Acquisitions(*)	**100**	16
Reclassification as assets held for sale	**-**	-
Goodwill written off following disposal or deconsolidation	**-**	-
Impairment losses(**)	**(36)**	(160)
Translation adjustments	**57**	(31)
Other movements	**-**	(5)
At 31 December	**1,740**	1,619
Cost	**3,010**	2,871
Accumulated impairment losses	**(1,270)**	(1,252)

(*) Including, for 2014, €44 million in goodwill recognised by Lagardère Active, €30 million by Lagardère Publishing and €24 million by Lagardère Unlimited.
(**) Of which, €20 million related to Curtis (Lagardère Services) and €16 million to Le Guide (Lagardère Active) in 2014; and €115 million related to the Magazine Publishing business (Lagardère Active) in 2013.

See note 10 above for a breakdown of goodwill by CGU.

NOTE 17 INTANGIBLE ASSETS

Cost

	Intangible assets with indefinite useful lives		Intangible assets with finite useful lives			
	Publication titles	Other	Sports rights	Concession agreements	Other	Total
At 1 January 2013	**177**	**142**	**884**	**395**	**433**	**2,031**
Acquisitions	-	3	102	-	27	132
Changes in scope of consolidation	-	-	-	5	-	5
Disposals/Derecognition	-	-	(134)	-	(6)	(140)
Reclassifications	-	2	(30)	(12)	7	(33)
Translation adjustments	-	-	(13)	(5)	(8)	(26)
At 31 December 2013	**177**	**147**	**809**	**383**	**453**	**1,969**
Acquisitions	-	13	21	3	28	65
Changes in scope of consolidation	(4)	(1)	2	190	6	193
Disposals/Derecognition	(50)	(3)	(93)	(1)	(22)	(169)
Reclassifications	-	3	(11)	4	-	(4)
Translation adjustments	-	4	32	3	6	45
At 31 December 2014	**123**	**163**	**760**	**582**	**471**	**2,099**

Amortisation and impairment losses

	Intangible assets with indefinite useful lives		Intangible assets with finite useful lives			
	Publication titles	Other	Sports rights	Concession agreements	Other	Total
At 1 January 2013	**(14)**	**(42)**	**(602)**	**(27)**	**(330)**	**(1,015)**
Amortisation	-	-	(80)	(14)	(20)	(114)
Impairment losses	(105)	(5)	-	-	-	(110)
Changes in scope of consolidation	-	-	-	-	-	-
Disposals/Derecognition	-	-	134	-	5	139
Reclassifications	-	-	-	-	2	2
Translation adjustments	-	-	8	2	4	14
At 31 December 2013	**(119)**	**(47)**	**(540)**	**(39)**	**(339)**	**(1,084)**
Amortisation	-	-	(50)	(39)	(24)	(113)
Impairment losses	-	(1)	-	-	-	(1)
Changes in scope of consolidation	6	-	-	-	(2)	4
Disposals/Derecognition	50	3	93	-	23	169
Reclassifications	(2)	2	(1)	(4)	-	(5)
Translation adjustments	-	(3)	(18)	(2)	(1)	(24)
At 31 December 2014	**(65)**	**(46)**	**(516)**	**(84)**	**(343)**	**(1,054)**

Carrying amounts

At 31 December 2013	**58**	**100**	**269**	**344**	**114**	**885**
At 31 December 2014	**58**	**117**	**244**	**498**	**128**	**1,045**

See note 10 above for a breakdown by CGU of intangible assets with indefinite useful lives.

NOTE 18 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment break down as follows by category:

2014 – Cost

	At 1 Jan. 2014	Acquisitions	Changes in scope of consolidation	Disposals	Reclassifications	Translation adjustments	At 31 Dec. 2014
Land	**236**	1	4	(1)	-	-	240
Buildings	**512**	24	(6)	(37)	1	6	500
Machinery and equipment	**455**	41	19	(55)	1	7	468
Other	**538**	67	21	(31)	(31)	7	571
Assets under construction	**54**	43	4	-	(16)	-	85
Total	**1,795**	**176**	**42**	**(124)**	**(45)**	**20**	**1,864**

2014 – Depreciation and impairment losses

	At 1 Jan. 2014	Depreciation	Impairment losses	Changes in scope of consolidation	Disposals	Reclassifications	Translation adjustments	At 31 Dec. 2014
Land	**(2)**	(1)	-	2	-	-	-	(1)
Buildings	**(334)**	(26)	-	6	33	-	(4)	(325)
Machinery and equipment	**(342)**	(37)	(1)	(9)	48	1	(5)	(345)
Other	**(355)**	(46)	(1)	1	27	24	(3)	(353)
Assets under construction	**-**	-	-	-	-	-	-	-
Total	**(1,033)**	**(110)**	**(2)**	**-**	**108**	**25**	**(12)**	**(1,024)**
Carrying amounts	**762**	**66**	**(2)**	**42**	**(16)**	**(20)**	**8**	**840**

2013 – Cost

	At 1 Jan. 2013	Acquisitions	Changes in scope of consolidation	Disposals	Reclassifications	Translation adjustments	At 31 Dec. 2013
Land	**235**	-	-	-	1	-	236
Buildings	**508**	31	4	(22)	1	(10)	512
Machinery and equipment	**434**	36	-	(15)	6	(6)	455
Other	**501**	61	1	(20)	8	(13)	538
Assets under construction	**41**	42	-	-	(28)	(1)	54
Total	**1,719**	**170**	**5**	**(57)**	**(12)**	**(30)**	**1,795**

2013 – Depreciation and impairment losses

	At 1 Jan. 2013	Depreciation	Impairment losses	Changes in scope of consolidation	Disposals	Reclassifications	Translation adjustments	At 31 Dec. 2013
Land	**(3)**	-	-	-	-	1	-	(2)
Buildings	**(318)**	(25)	(9)	(1)	11	2	6	(334)
Machinery and equipment	**(326)**	(34)	-	-	13	-	5	(342)
Other	**(333)**	(41)	(2)	(1)	15	(1)	8	(355)
Assets under construction	**-**	-	-	-	-	-	-	-
Total	**(980)**	**(100)**	**(11)**	**(2)**	**39**	**2**	**19**	**(1,033)**
Carrying amounts	**739**	**70**	**(11)**	**3**	**(18)**	**(10)**	**(11)**	**762**

Investment property

Balance sheet assets include a property complex in France whose carrying amount was €72 million at 31 December 2014 and €74 million at 31 December 2013. In 2014 and 2013, a total of €9 million in rental income was received in relation to this property. The property's market value at 31 December 2014 was estimated at €127 million – unchanged from the year-earlier estimate.

The Group also owns two property complexes outside France whose carrying amount was €23 million at 31 December 2014 and whose market value was an estimated €24 million. Rental income received on these properties in 2014 and 2013 totalled €2 million.

Market values for investment property are based on the valuations of independent appraisers.

Finance leases

The Group did not have any finance leases representing material amounts at either 31 December 2014 or 31 December 2013.

NOTE 19 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Investments in associates and joint ventures are accounted for under the equity method in the Group's consolidated financial statements. The Group's main equity-accounted companies are as follows:

	Joint shareholder	Main business	% interest		Balance sheet		Income statement	
			31 Dec. 2014	31 Dec. 2013	31 Dec. 2014	31 Dec. 2013	31 Dec. 2014	31 Dec. 2013
SDA (Société de Distribution Aéroportuaire)	Aéroport de Paris	Travel Retail	**45%**	45%	**15**	14	**6**	7
Gulli(*)	France Télévisions	Television	**100%**	66%		5	**(1)**	-
Société des Commerces en Gares(**)	SNCF Participations	Travel Retail	**50%**		**4**		**(1)**	
Other					**9**	7	**2**	3
Total joint ventures					**28**	**26**	**6**	**10**
Marie Claire (Holding Evelyne Prouvost) (***)		Magazine Publishing	**42%**	42%	**90**	90	**4**	(35)
Éditions J'ai lu		Publishing	**35%**	35%	**17**	16	**1**	1
SETC (Société d'Édition de Télévision par Câble)		Magazine Publishing	**49%**	49%	**10**	12	**-**	-
Inmedio (****)		Travel Retail	**49%**	100%	**9**	-	**-**	-
O.E.E. (Because) (*****)				25%		3		(12)
Other					**5**	5	**(4)**	(4)
Total associates					**131**	**126**	**1**	**(50)**
Total investments in associates and joint ventures					**159**	**152**	**7**	**(40)**

(*) Accounted for under the equity method until end-October 2014 then fully consolidated as from November 2014 – see note 4 above.
(**) Accounted for under the equity method since September 2014 – see note 4 above.
(***) The amount shown in the "Income statement" column for this company for 2013 corresponds to the recognition of an impairment loss.
(****) Accounted for under the equity method since December 2014 – see note 4 above.
(*****) The 25% interest held in the Because group (music rights management specialist) was sold in April 2014.

Movements in investments in associates and joint ventures can be analysed as follows:

	2014			2013		
	Total	Joint ventures	Associates	Total	Joint ventures	Associates
Investments in associates and joint ventures at beginning of year	**152**	**26**	**126**	**1,451**	**24**	**1,427**
Dividends paid(*)	**(17)**	**(10)**	**(7)**	(10)	(7)	(3)
Share in profit (loss)	**9**	**6**	**3**	7	11	(4)
Impairment losses	**(2)**	**-**	**(2)**	(47)	-	(47)
Changes in other comprehensive income	**1**	**-**	**1**	7	(1)	8
First-time consolidations/Acquisitions(**)	**21**	**10**	**11**	-	-	-
Deconsolidations/Disposals(***)	**(5)**	**(4)**	**(1)**	(1,252)	-	(1,252)
Other	**-**	**-**	**-**	(4)	(1)	(3)
Investments in associates and joint ventures at year end	**159**	**28**	**131**	**152**	**26**	**126**

(*) Including SDA in amounts of €5 million in 2014 and €3 million in 2013.
(**) Including Inmedio (€9 million) and Commerces en Gares (€6 million) in 2014.
(***) Including the disposal of OEE (€3 million) in 2014, and the disposals of Amaury (€98 million) and Canal+ France (€1,154 million) in 2013.

Joint ventures

As part of its business operations, Lagardère Services manages certain Travel Retail contracts in the form of 50-50 joint ventures entered into with concession grantors. The joint ventures set up by Lagardère Services with its partners are (i) Société de Distribution Aéroportuaire and Relay@ADP, with Aéroport de Paris, (ii) Société des Commerces en Gares, with SNCF Participations, (iii) Dutyfly Solutions and SVRLS@LAREUNION, with Servair, and (iv) Lyon Duty Free, with Lyon airport authorities.

Total sales generated by Travel Retail joint ventures (on a 100% basis) amounted to €948 million in 2014 versus €813 million in 2013. Fully consolidated entities invoiced joint ventures amounts of €320 million in 2014 and €308 million in 2013.

	Figures on a 100% basis		Lagardère's share (50%)	
	2014	2013	**2014**	2013
Total sales	**948**	813	**474**	407
Group sales with joint ventures	***(320)***	*(308)*	***(160)***	*(154)*
Adjusted sales	**628**	505	**314**	253
Recurring operating profit	**25**	27	**13**	14
Profit before finance costs and tax	**24**	26	**12**	13
Profit before tax	**24**	26	**12**	13
Profit for the year	**14**	18	**7**	9
Net debt	**(23)**	(5)	**(12)**	(3)

Associates

Marie Claire

At 31 December 2013, taking into account the economic environment in which the Magazine Publishing business operates and based on an external valuation carried out by a financial institution, Lagardère's interest held in the Marie Claire group was revalued at €90 million. This revaluation led to the recognition of a €35 million impairment loss.

At 31 December 2014, the value of this investment was retained in the balance sheet as future earnings forecasts show that the Marie Claire group is expected to keep up its profit levels.

Beyond the years covered by the budget, a change corresponding to an annual decrease of 1% in sales from the Marie Claire group's publishing operations compared to the assumptions used at end-2014, would result in a €19 million impairment loss, excluding the impact of any corporate cost reduction measures that would be implemented.

NOTE 20 OTHER NON-CURRENT ASSETS

Other non-current assets break down as follows:

Carrying amount	31 Dec. 2014	31 Dec. 2013
Investments	**56**	59
Loans and receivables	**69**	64
Total	**125**	123

Investments include the following:

	31 Dec. 2014		31 Dec. 2013	
Carrying amount	Carrying amount	% interest	Carrying amount	% interest
Viel et Cie	**-**	**-**	20	12%
FPCI Idinvest Digital Fund II	**11**	**12%**	11	18%
Other	**45**		28	
Total	**56**		59	

The above investments are classified as available-for-sale investments.

All of the shares held by the Group in Viel et Cie were sold during the first half of 2014, generating a €1 million pre-tax disposal gain.

Fair value adjustments to available-for-sale investments represented a net loss of €2 million in 2014, recognised in equity.

Cumulative fair value adjustments at 31 December 2014 amounted to a positive €11 million (€13 million at 31 December 2013).

Loans and receivables can be analysed as follows:

Loans and receivables	31 Dec. 2014	31 Dec. 2013
Gross amount	**127**	115
Accumulated impairment losses	**(58)**	(51)
Carrying amount	**69**	64

Analysis of impairment losses	2014	2013
At 1 January	**(51)**	(37)
Impairment losses (recognised) reversed in the year	**(1)**	1
Other movements and translation adjustments	**(6)**	(15)
At 31 December	**(58)**	(51)

Loans and receivables included in non-current financial assets mainly comprise deposits, loans and receivables with an estimated maturity of more than one year.

NOTE 21 INVENTORIES

Inventories break down as follows:

	31 Dec. 2014	31 Dec. 2013
Lagardère Publishing	**376**	365
Lagardère Services	**352**	325
Lagardère Active	**59**	75
Lagardère Unlimited	**1**	1
Other Activities(*)	**8**	21
Gross amount	**796**	787
Accumulated impairment losses	**(218)**	(228)
Carrying amount	**578**	559

(*) Corresponding to the inventories of the Spare Parts business of Matra Manufacturing & Services (formerly Matra Automobile).

Analysis of impairment losses	2014	2013
At 1 January	**(228)**	(242)
Impairment losses (recognised) reversed in the year	**15**	13
Other movements and translation adjustments	**(5)**	1
At 31 December	**(218)**	(228)

NOTE 22 TRADE RECEIVABLES

Trade receivables and their realisable value can be analysed as follows:

	31 Dec. 2014	31 Dec. 2013
Trade receivables (gross amount)	**1,451**	1,400
Accumulated impairment losses	**(171)**	(161)
Carrying amount	**1,280**	1,239
Of which:		
- not yet due	***1,105***	*1,055*
- less than six months past due	***132***	*137*
- more than six months past due	***43***	*47*
Total	**1,280**	1,239

Analysis of impairment losses	2014	2013
At 1 January	**(161)**	(190)
Impairment losses (recognised) reversed in the year	**(1)**	25
Other movements and translation adjustments	**(9)**	4
At 31 December	**(171)**	(161)

Securitisation of trade receivables

Certain subsidiaries of Lagardère Active have entered into securitisation contracts with debt securitisation funds. The main characteristics of the programmes are as follows:

- receivables are sold on a no-recourse basis;
- the asset-backed securities issued by the securitisation fund are overcollateralised, with the difference between the carrying amount of the sold receivables and the sale proceeds received from the securitisation fund held in a deposit account;
- in the case of any bad debts, the loss is deducted from the deposit and is therefore incurred by the seller of the receivables;
- in certain cases, the seller has the option of buying back the sold receivables, particularly those that are classified as doubtful, and recovering the corresponding deposit.

In the consolidated financial statements, the sold receivables continue to be carried in the balance sheet, the deposits paid to the debt securitisation funds are cancelled and a debt is recognised in liabilities.

The amounts involved at 31 December 2014 and 2013 were as follows:

	31 Dec. 2014	31 Dec. 2013
Assets		
Trade receivables	**70**	73
Other receivables(*)	**(10)**	(11)
Liabilities		
Debt	**60**	62

(*) Guarantee deposits.

NOTE 23 OTHER CURRENT ASSETS

Other current assets break down as follows:

	31 Dec. 2014	31 Dec. 2013
Advances paid	**30**	29
Recoverable taxes and payroll taxes	**279**	277
Derivative financial instruments(*)	**7**	4
Receivable from writers	**335**	324
Receivable from suppliers	**84**	81
Loans	**11**	11
Prepaid expenses	**209**	306
Other	**82**	57
Total	**1,037**	1,089
Accumulated impairment losses	**(61)**	(70)
Carrying amount	**976**	1,019

(*) See note 30.1

Analysis of impairment losses	2014	2013
At 1 January	**(70)**	(79)
Impairment losses (recognised) reversed in the year	**(39)**	(49)
Other movements and translation adjustments	**48**	58
At 31 December	**(61)**	(70)

NOTE 24 SHORT-TERM INVESTMENTS

Short-term investments solely comprise available-for-sale investments measured at fair value. They can be analysed as follows:

	31 Dec. 2014	31 Dec. 2013
Shares	**38**	35
Bonds	**-**	1
Total	**38**	36

Shares recorded under this item correspond to the Deutsche Telekom shares received in 2006 in exchange for T-Online shares as part of the merger between the two companies.

Cumulative fair value adjustments at 31 December 2014 amounted to a positive €13 million (€10 million at 31 December 2013).

NOTE 25 CASH AND CASH EQUIVALENTS

Cash and cash equivalents reported in the statement of cash flows were as follows:

	31 Dec. 2014	31 Dec. 2013
Cash and cash equivalents	**528**	1,748
Short-term bank loans and overdrafts	**(68)**	(71)
Cash and cash equivalents, net	**460**	1,677

NOTE 26 EQUITY

26.1 SHARE CAPITAL

At 31 December 2014 and 2013, the share capital of Lagardère SCA amounted to €799,913,044.60, represented by 131,133,286 shares with a par value of €6.10 each, all ranking pari passu and fully paid up.

26.2 EMPLOYEE SHARE OPTIONS

In prior years, the Managing Partners used an authorisation given at the 11 May 2004 Annual General Meeting to award options to certain Group executives and employees to purchase existing Lagardère SCA shares. The main features of the outstanding share option plans at 1 January 2014 – taking into account the adjustment made on 20 June 2014 to the exercise price and number of options (see note 7.3 above) – are described below.

Plan	Number of original beneficiaries	Number of options originally awarded	Exercise price before adjustment	Exercise price after adjustment	Options exercised at end-2014(*)	Options outstanding at 1 Jan. 2014	Increase in number of options due to adjustment	Options cancelled in 2014	Options outstanding at 31 Dec. 2014	Exercise period
20.11.2004	481	1,568,750	€51.92	€41.64	10,660	1,292,965	312,523	1,605,488	-	20.11.2006 to 20.11.2014
21.11.2005	495	1,683,844	€56.97	€45.69	-	1,423,339	344,015	40,312	1,727,042	21.11.2007 to 21.11.2015
14.12.2006	451	1,844,700	€55.84	€44.78	-	1,627,600	380,129	108,652	1,899,077	14.12.2008 to 14.12.2016
									3,626,119	

(*) No options were exercised in 2014.

In addition, plans to award free shares in Lagardère SCA have been set up for certain employees, the Co-Managing Partners of the Group and members of Lagardère Media's Operations Committee (see note 7 above).

26.3 TREASURY SHARES

Changes in the number of shares held in treasury over the last two years were as follows:

	2014	2013
Number of treasury shares held at 1 January	**3,186,571**	3,274,993
Purchases of treasury shares	**1,348,702**	1,138,407
Sales of treasury shares	**(810,202)**	(637,407)
Awards	**(3,199)**	(1,000)
Capital reduction by cancellation of treasury shares	**(735,752)**	(588,422)
Number of treasury shares held at 31 December	**2,986,120**	3,186,571

At 31 December 2014 shares held in treasury represented 2.28% of Lagardère SCA's share capital and were allocated for the following purposes:

- 2,926,120 shares for future allocation to employees;
- 60,000 shares for market-making purposes.

At end-2014, Lagardère SCA also held rights to purchase 850,000 shares from Barclays Bank Plc in the form of call options at the price stated below, for subsequent resale to Group employees who are beneficiaries of the following share option plan:

Share option plan	Number of shares under option	Exercise price after 20 June 2014 adjustment	Expiry date for call options
2005	850,000	€40.00	21 Nov. 2015

In 2014, the Group acquired 600,000 treasury shares at a cost of €18 million in connection with the delivery of free shares to employees during the year. In addition, as part of the liquidity agreement entered into in 2008 with Crédit Agricole Cheuvreux for the purposes of market-making, during 2014 Lagardère SCA purchased 748,702 treasury shares for a total cost of €18 million and sold 810,202 treasury shares for a total of €20 million, giving rise to a €0.2 million net disposal gain which was recorded directly in equity.

In 2013, the Group purchased 749,407 treasury shares for a total cost of €19 million and sold 637,407 treasury shares for a total of €16 million generating a net disposal gain of €0.1 million.

In 2014, the Group carried out a number of capital reductions by cancelling 735,752 treasury shares for an amount of €38 million. These operations took place following capital increases carried out by capitalising reserves and involving the same number of shares. The newly-issued shares were allocated (i) in April 2014 to the Group's Co-Managing Partners who are the beneficiaries under the 31 December 2009 and 29 December 2011 plans, and (ii) in June and December 2014 to employee beneficiaries under the 25 June 2012 and 17 December 2010 free share plans.

In 2013 the Group carried out capital reductions by cancelling 589,422 treasury shares for an amount of €27.8 million. These operations took place following capital increases carried out by capitalising reserves and involving the same number of shares. The newly-issued shares were awarded (i) in April 2014 to the Group's Co-Managing Partners who are the beneficiaries under the 17 December 2010 plan, (ii) in July 2013 to executives who are the beneficiaries under the 15 July 2011 plan, (iii) in October 2013 to employee beneficiaries under the 1 October 2009 free share plan and (iv) in December 2013 to employee beneficiaries under the 29 December 2011 free share plan.

26.4 RESERVES

Translation reserve

The translation reserve corresponds to cumulative exchange differences arising on translation of the financial statements of foreign subsidiaries whose functional currency is not the euro.

Valuation reserve

The valuation reserve comprises cumulative gains and losses arising on changes in value of:

- derivative financial instruments used as cash flow hedges; and
- available-for-sale investments.

26.5 MINORITY INTERESTS

Minority interests do not represent a material amount in the Group's consolidated financial statements. Minority interests in the net assets and profits of consolidated companies break down as follows:

	Minority interests in subsidiaries		Balance sheet		Income statement		Dividends paid to minority shareholders of subsidiaries	
	31 Dec. 2014	31 Dec. 2013	31 Dec. 2014	31 Dec. 2013	2014	2013	2014	2013
Lagardère Publishing			**23**	24	**3**	4	**3**	3
O/w Librairie Générale Française	**40%**	40%	**18**	18	**2**	2	**3**	3
Lagardère Services			**64**	37	**7**	7	**11**	9
O/w the AELIA sub-group	**9.96%**	9.96%	**13**	13	**1**	2	**1**	1
O/w the LS Distribution Suisse sub-group	**35%**	35%	**20**	20	**1**	1	**4**	3
O/w the Airest sub-group	**50%**		**20**		**(2)**		**-**	
Lagardère Active			**9**	8	**2**	3	**1**	3
O/w LeGuide.com	**4.2%**	3.9%	**3**	3	**0**	0	**-**	-
Lagardère Unlimited			**3**	9	**(4)**	(2)	**1**	1
O/w the WSG sub-group	**29.26%**	29.26%	**2**	9	**(5)**	(2)	**-**	-
Total			**99**	78	**8**	12	**16**	16

26.6 CAPITAL MANAGEMENT

Lagardère closely monitors its ownership and shareholding structure. As all Lagardère SCA shares are in registered form, the Group has a good knowledge of its ownership structure and the changes in shareholdings that occur over time. The free float represents a significant portion of the Company's outstanding shares, at around 92%, which guarantees good liquidity. Lagardère Capital & Management, which is controlled by Arnaud Lagardère, the Group's General and Managing Partner, has an 8.18% shareholding.

Lagardère has not raised capital on the market for several years and applies a policy of regularly paying out dividends. To reward shareholder stability, the Company has granted double voting rights for shares registered in the name of the same shareholder for at least four years.

As part of its long-term development strategy, the Group optimises its debt/equity ratio. Given the current level of cash, external growth can be financed by borrowings.

The shares due to be remitted to executives and employees under the free share plans are generally new shares created through a capital increase by capitalising reserves. An equivalent number of treasury shares is cancelled in order to neutralise the resulting dilutive impact on shareholders. In order to maintain a constant level of treasury shares further to such transactions, the Group may purchase shares on the market.

In 2008, the Group put in place a liquidity agreement for the purpose of ensuring a liquid market for its shares and stabilising the share price.

26.7 COMPONENTS OF OTHER COMPREHENSIVE INCOME (EXPENSE)

The components of other comprehensive income (expense) can be analysed as follows:

At 31 December 2014	Other reserves	Translation reserve	Valuation reserve	Equity attributable to owners of the parent	Minority interests	Total equity
Currency translation adjustments		90		90		**90**
Change in fair value of:						
derivative financial instruments			(4)	(4)		**(4)**
- unrealised gains and losses recognised directly in equity			*(2)*	*(2)*		***(2)***
- amounts reclassified from equity to profit			*(2)*	*(2)*		***(2)***
investments in non-consolidated companies			(2)	(2)		**(2)**
- unrealised gains and losses recognised directly in equity						
- amounts reclassified from equity to profit			*(2)*	*(2)*		***(2)***
Actuarial gains and losses on pensions and other post-employment benefit obligations	(37)			(37)	(3)	**(40)**
Share of other comprehensive income (expense) of equity-accounted companies (net of tax)		(3)		(3)		**(3)**
Tax relating to components of other comprehensive income (expense)	10		2	12	1	**13**
Other comprehensive income (expense) for the year, net of tax	**(27)**	**87**	**(4)**	**56**	**(2)**	**54**

At 31 December 2013	Other reserves	Translation reserve	Valuation reserve	Equity attributable to owners of the parent	Minority interests	Total equity
Currency translation adjustments		(55)		(55)		**(55)**
Change in fair value of:						
derivative financial instruments						
- unrealised gains and losses recognised directly in equity			2	2		**2**
- amounts reclassified from equity to profit			*2*	*2*		***2***
investments in non-consolidated companies			7	7		**7**
- unrealised gains and losses recognised directly in equity						
- amounts reclassified from equity to profit			*7*	*7*		***7***
Actuarial gains and losses on pensions and other post-employment benefit obligations	2			2	(1)	**1**
Share of other comprehensive income (expense) of equity-accounted companies (net of tax)		(69)	79	10		**10**
Tax relating to components of other comprehensive income (expense)	(1)		(3)	(4)		**(4)**
Other comprehensive income (expense) for the year, net of tax	**1**	**(124)**	**85**	**(38)**	**(1)**	**(39)**

Tax relating to components of other comprehensive income (expense) breaks down as follows:

	2014		
	Before tax	Tax	After tax
Currency translation adjustments	90	-	90
Change in fair value of: - derivative financial instruments - investments in non-consolidated companies	 (4) (2)	 1 1	 (3) (1)
Actuarial gains and losses on pensions and other post-employment benefit obligations	(40)	11	(29)
Share of other comprehensive income (expense) of equity-accounted companies (net of tax)	(3)	-	(3)
Other comprehensive income for the year	**41**	**13**	**54**

	2013		
	Before tax	Tax	After tax
Currency translation adjustments	(55)	-	(55)
Change in fair value of: - derivative financial instruments - investments in non-consolidated companies	 2 7	 (1) (2)	 1 5
Actuarial gains and losses on pensions and other post-employment benefit obligations	1	(1)	0
Share of other comprehensive income (expense) of equity-accounted companies (net of tax)	10	-	10
Other comprehensive income (expense) for the year	**(35)**	**(4)**	**(39)**

NOTE 27 PROVISIONS

27.1 PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS

In application of the principles set out in note 3.18, provisions are recognised to cover the Group's obligations under defined benefit plans.

The provision recognised at 31 December represents the value of beneficiaries' accumulated rights less the related plan assets.

The Group's main obligations concerning pensions and other post-employment benefits relate to plans in the United Kingdom, France and Switzerland.

United Kingdom

The Group's pension plans in the United Kingdom are closed to new entrants and current members may no longer accrue any future benefits. The pension benefits payable under these plans are based on beneficiaries' career average salaries. The plans are funded by plan assets and in accordance with the applicable law are subject to minimum funding requirements. A Board of Trustees – made up of an equal number of representatives of the employer and employees/retirees – is responsible for ensuring that the plans are properly managed from both an administrative and financial perspective. At 31 December 2014, the plans in effect in the United Kingdom represented an aggregate obligation of €204 million (48% of the Group's total obligation) and plan assets amounted to €199 million (73% of the Group's total plan assets).

France

The most significant plans in place in France relate to end-of-career bonuses paid to employees in accordance with the specific requirements of each entity's collective bargaining agreement. Employees are paid this bonus when they retire and its amount is calculated based on the employee's length of service and the terms and conditions specified in the relevant collective bargaining agreement. End-of-career bonuses are not covered by funded plans and are not subject to any minimum funding requirements. At 31 December 2014 they represented an aggregate obligation of €78 million (18% of the Group's total obligation).

Switzerland

The plans in place in Switzerland are defined contribution plans with a minimum rate of return and fixed conversion rates on retirement. These plans are offered to employees in accordance with the Swiss "LPP/BVG Act" on occupational pension plans which provides that such plans have to be fully funded. They are therefore subject to minimum funding requirements. The plans are governed by foundations, which are organisations that are legally independent from the entities concerned and are made up of employer and employee representatives (in equal proportions). At 31 December 2014, they represented an aggregate obligation of €57 million (13% of the Group's total obligation) and plan assets amounted to €45 million (16% of the Group's total plan assets).

The tables below give details of the assumptions used for measuring the Group's pension and other post-employment benefit obligation as well as movements in their value and the related provisions recognised.

Change in present value of benefit obligation

	2014	2013
Present value of benefit obligation at beginning of year	**380**	376
Current service cost	**8**	9
Plan amendments/Curtailments	**(2)**	-
Settlements	**(3)**	(1)
Interest expense	**13**	11
Employee contributions	**2**	2
Benefits paid	**(17)**	(17)
Actuarial (gains) and losses from changes in demographic assumptions	**5**	(2)
Actuarial (gains) and losses from changes in financial assumptions	**55**	(3)
Actuarial (gains) and losses from experience adjustments	**(1)**	10
Changes in scope of consolidation(*)	**(29)**	1
Translation adjustments and other	**15**	(6)
Present value of benefit obligation at end of year	**426**	380
Present value of benefit obligation at end of year for funded plans	**323**	287
Present value of benefit obligation at end of year for unfunded plans	**103**	93

Change in fair value of plan assets

	2014	2013
Fair value of plan assets at beginning of year	**263**	257
Interest income	**10**	9
Effect of remeasurements	**19**	7
Employee contributions	**1**	2
Employer contributions	**9**	9
Benefits paid	**(14)**	(13)
Settlements	**(1)**	-
Changes in scope of consolidation(*)	**(32)**	-
Translation adjustments and other	**16**	(8)
Fair value of plan assets at end of year	**271**	263

(*) Primarily corresponding to the divestment of the Payot bookstore chain in Switzerland in July 2014.

Asset allocation at 31 December

	2014	2013
Shares	**24%**	27%
Bonds	**60%**	56%
Real property	**5%**	6%
Money market instruments	**1%**	1%
Other	**10%**	10%

Calculation of net amount recognised as a provision

	2014	2013	2012	2011	2010
Present value of benefit obligation	**426**	380	376	335	318
Fair value of plan assets	**(271)**	(263)	(257)	(234)	(216)
Unrecognised past service cost	**-**	-	-	-	(1)
Net amount recognised as a provision	**155**	116	119	101	101

Movements in the provision recognised in the balance sheet

	2014	2013
Provision at beginning of year	**116**	119
Net expense for the year	**8**	11
Actuarial (gains) and losses recognised in equity	**40**	(2)
Employer contributions	**(9)**	(10)
Benefits paid by the employer	**(3)**	(2)
Changes in scope of consolidation	**3**	1
Translation adjustments and other	**-**	(1)
Provision at end of year	**155**	116

Calculation of net expense for the year

	2014	2013
Current service cost	**8**	9
Plan amendments/Curtailments	**(2)**	-
Settlements	**(1)**	(1)
Interest expense	**3**	3
Actuarial gains and losses on other employee benefits	**-**	-
Net expense recognised in the income statement	**8**	11
Actuarial (gains) and losses from changes in demographic assumptions	**5**	(2)
Actuarial (gains) and losses from changes in financial assumptions	**55**	(3)
Actuarial (gains) and losses from experience adjustments	**(1)**	10
Excess of actual return on plan assets	**(19)**	(7)
Effect of asset ceiling	**-**	-
Remeasurement of the net liability recognised in equity	**40**	(2)
Net expense for the year	**48**	10

Actuarial assumptions used to calculate benefit obligations

	2014	2013
Discount rate: weighted average for all countries including: *- Eurozone(*)* *- United Kingdom(*)* *- Switzerland(*)*	**2.80%** ***1.75%*** ***3.80%*** ***1.00%***	3.76% *3.25%* *4.70%* *2.25%*
Average expected rate of benefit increase	**2.75%**	3.04%
Average expected rate of salary increase	**2.40%**	2.15%
Expected rate of healthcare cost inflation: *- initial* *- ultimate* *- year in which ultimate rate is expected to be reached*	 ***3.75%*** ***2.25%*** ***2030***	 *4.00%* *2.50%* *2030*

(*) Discount rates are derived from market rates on high quality corporate bonds (rated AA) with maturities that approximate those of the estimated future payments under the plans. The benchmark index used for the eurozone is the Iboxx Corporate AA.

Experience gains and losses recognised in equity

	2014	2013
Difference between actual and expected return on plan assets		
Gains (losses)	**20**	7
Percentage of plan assets at year-end	**7.22%**	2.66%
Experience adjustments		
Losses (gains)	**(1)**	10
Percentage of present value of plan liabilities at year-end	**0.14%**	2.66%

Sensitivity to trend rate assumptions (+/-1%) for post-retirement medical plans

	2014	2013
Present value of benefit obligation at 31 December	**4**	6
Effect of a 1% increase: - on present value of benefit obligation - on expense for the year	 **39** **1**	 67 1
Effect of a 1% decrease: - on present value of benefit obligation - on expense for the year	 **(4)** **-**	 (37) -

Sensitivity of the obligation at 31 December 2014 to changes in discount rates

	0.5% increase	0.5% decrease
Impact on present value of benefit obligation	(29)	33
Weighted average duration of obligations	18 years	

Expected employer contributions

	2014	2013
Expected employer contributions	**9**	10

Actuarial gains and losses recognised directly in equity

	2014	2013
Actuarial gains (losses) at 1 January	**(49)**	(51)
Change during the year: - in value of benefit obligation - in fair value of plan assets	 **(59)** **19**	 (5) 7
Actuarial gains (losses) at 31 December	**(89)**	(49)
Deferred tax impact	**24**	13
Actuarial gains (losses), net of tax at 31 December	**(65)**	(36)

27.2 PROVISIONS FOR CONTINGENCIES AND LOSSES

Non-current and current provisions for contingencies and losses primarily cover the following:

	31 Dec. 2014	31 Dec. 2013
Losses on long-term contracts and other contracts	**8**	24
Restructuring and withdrawal costs	**65**	106
Claims and litigation	**91**	87
Other contingencies	**267**	283
Total	**431**	500
Of which:		
- non-current provisions	***158***	*158*
- current provisions	***273***	*342*

	At 1 Jan. 2014	Translation adjustments	Changes in scope of consolidation	Charges	Utilisations	Releases of surplus provisions	Reclassifications	At 31 Dec. 2014
Losses on long-term contracts and other contracts	**24**	-	-	3	(12)	(7)	-	**8**
Restructuring and withdrawal costs	**106**	-	(17)	43	(62)	(4)	(1)	**65**
Claims and litigation	**87**	2	1	27	(16)	(10)	-	**91**
Other contingencies	**283**	(2)	5	61	(40)	(43)	3	**267**
Total	**500**	**0**	**(11)**	**134**	**(130)**	**(64)**	**2**	**431**

	At 1 Jan. 2013	Translation adjustments	Changes in scope of consolidation	Charges	Utilisations	Releases of surplus provisions	Reclassifications	At 31 Dec. 2013
Losses on long-term contracts and other contracts	**31**	-	-	5	(11)	(1)	-	**24**
Restructuring and withdrawal costs	**61**	-	2	71	(10)	(1)	(17)	**106**
Claims and litigation	**98**	(1)	-	17	(11)	(16)	-	**87**
Other contingencies	**271**	(2)	2	53	(32)	(24)	15	**283**
Total	**461**	**(3)**	**4**	**146**	**(64)**	**(42)**	**(2)**	**500**

Provisions for claims and litigation cover risks identified at the year-end and are based on the estimated amount of potential losses for the Group.

Amounts shown under "Other contingencies" comprise items not directly attributable to the specific categories listed and relating to generally small individual transactions carried on in the ordinary course of business and concerning all consolidated entities.

NOTE 28 DEBT

28.1 BREAKDOWN OF DEBT

The Group's debt breaks down as follows:

	31 Dec. 2014	31 Dec. 2013
Bonds	**989**	587
Bank loans	**5**	1
Finance lease liabilities	**7**	-
Debt related to put options granted to minority shareholders	**18**	16
Other debt	**11**	13
Non-current debt	**1,030**	617
Bonds	**-**	639
Bank loans	**35**	12
Finance lease liabilities	**2**	1
Debt related to put options granted to minority shareholders	**4**	13
Commercial paper	**316**	-
Other debt	**133**	141
Current debt	**490**	806
Total debt	**1,520**	1,423

The main movements in debt during 2014 were as follows:

- Early redemption in July 2014 of the €100 million worth of bonds issued by Lagardère Media in January 2011.
- Issuance in September 2014, of €500 million worth of bonds maturing in 2019 and paying an annual coupon of 2%. The effective interest rate on this bond debt is 2.37% which includes the amortisation of an interest rate pre-hedge set up before the issue.
- Redemption at maturity, in October 2014, of the remaining bonds issued in 2009 – representing €640 million.
- Launch of a commercial paper programme capped at €500 million. Drawdowns under this programme totalled €316 million at 31 December 2014.

28.2 ANALYSIS OF DEBT BY MATURITY

Debt broke down as follows by maturity at 31 December 2014:

Total consolidated debt by maturity

31 December 2014	2015 (*)	2016	2017	2018	2019	Beyond 5 years	Total
Bonds	-	-	492	-	497	-	**989**
Bank loans	35	-	1	1	1	2	**40**
Finance lease liabilities	2	5	-	-	-	2	**9**
Debt related to put options granted to minority shareholders	4	3	1	4	9	1	**22**
Commercial paper	316	-	-	-	-	-	**316**
Other debt	133	-	-	-	-	11	**144**
At 31 December 2014	**490**	**8**	**494**	**5**	**507**	**16**	**1,520**

(*) Debt due within one year is reported in the balance sheet under “Current debt”.

Debt broke down as follows by maturity at 31 December 2013:

Total consolidated debt by maturity

31 December 2013	2014 (*)	2015	2016	2017	2018	Beyond 5 years	Total
Bonds	639	-	98	489	-	-	**1,226**
Bank loans	13	-	-	-	-	-	**13**
Finance lease liabilities	1	-	-	-	-	-	**1**
Debt related to put options granted to minority shareholders	13	1	3	5	6	1	**29**
Other debt	140	1	-	-	-	13	**154**
At 31 December 2013	**806**	**2**	**101**	**494**	**6**	**14**	**1,423**

(*) Debt due within one year is reported in the balance sheet under “Current debt”.

28.3 CHARACTERISTICS OF BONDS AND MAIN BANK LOANS

The following tables provide an analysis of bonds and bank loans:

31 December 2014	Carrying amount	Value of hedging instruments(*)	Total	Effective interest rate(**)
31 October 2012 5-year bond issue, for €500 million	492	-	**492**	4.76%
10 September 2014 5-year bond issue, for €500 million	497	-	**497**	2.37% (***)
Bonds	**989**	**-**	**989**	
Other debt	40	-	**40**	
Bank loans	**40**	**-**	**40**	
Total	**1,029**	**-**	**1,029**	

(*) Fair value of derivative instruments designated as hedges of debt.
(**) The effective interest rate includes the amortisation of the bond issue costs.
(***) The effective interest rate includes the impact of the amortisation of the pre-hedge interest rate set up before the bond issue and terminated at the time of the issue. The termination payment is being amortised over the life of the bond.

31 December 2013	Carrying amount	Value of hedging instruments(*)	Total	Effective interest rate(**)
6 October 2009 5-year bond issue, for €1 billion	639	-	**639**	5.08%
31 October 2012 5-year bond issue, for €500 million	489	-	**489**	4.76%
12 January 2011 issue of 5-year bonds with preferred share subscription warrants by Lagardère Media (formerly Hachette SA), for €100 million	98	-	**98**	6-month Euribor +0.95%
Bonds	**1,226**	**-**	**1,226**	
Other debt	13	-	**13**	
Bank loans	**13**	**-**	**13**	
Total	**1,239**	**-**	**1,239**	

(*) Fair value of derivative instruments designated as hedges of debt.
(**) The effective interest rate includes the amortisation of the bond issue costs.

28.4 ANALYSIS OF DEBT BY CURRENCY

The following table provides a breakdown of current- and non-current debt by currency before and after hedging:

31 December 2014	Before hedging	%	After hedging	%
Euro	1,465	96%	1,181	78%
US dollar	17	1%	234	15%
Pound sterling	14	1%	14	1%
Other	24	2%	91	6%
Total	**1,520**	**100%**	**1,520**	**100%**

NOTE 29 EXPOSURE TO MARKET RISKS (LIQUIDITY, INTEREST RATE, EXCHANGE RATE AND EQUITY RISKS) AND CREDIT RISKS

29.1 MARKET RISKS

29.1.1 EXPOSURE

Liquidity risks

Total borrowings include the value of any hedging instruments (see note 28.3 above). The proportion of bond debt decreased from 86% to 65% of total borrowings between 31 December 2013 and 31 December 2014.

The Group's liquidity risk is controlled as debt maturing within two years amounted to €498 million at 31 December 2014 whereas cash, cash equivalents and short-term investments totalled €566 million, and unused credit facilities €1,684 million. Consequently, at the 2014 year-end the Group had liquidity coverage of €2,250 million in value terms and a liquidity coverage ratio of 452%.

Risks arising from early repayment covenants

Certain of the Group's bank loan agreements include financial ratio covenants. Most of these ratios correspond to maximum net debt calculated as a proportion of adjusted EBITDA (defined as the sum of (i) recurring operating profit of fully consolidated companies, (ii) depreciation, amortisation and impairment and (iii) dividends received from equity-accounted companies).

Failure to meet these ratio requirements entitles the lenders to require early repayment of their loans.

This type of covenant is contained in the loan agreement for the €1,645 million syndicated credit facility set up in January 2011.

The ratios are calculated every six months on the basis of the consolidated financial statements.

At 31 December 2014, none of the applicable covenants had been breached.

Interest rate risks

Both the €492 million worth of bonds issued in 2012 and maturing in 2017, and the €497 million worth of bonds issued in 2014 and maturing in 2019, bear interest at fixed rates (effective interest rates of 4.76% and 2.37% respectively). The Group regularly issues commercial paper with maturities of between 1 and 12 months, the frequency and maturities of which adjust the reference rates applied. In addition, the rate applied to the portfolio as a whole varies throughout the year. The Group's other bank debt is mainly at variable interest rates.

Cash and cash equivalents totalled €528 million at 31 December 2014. Variable-rate debt stood at €486 million at 31 December 2014 (excluding notably debt related to put options granted to minority shareholders and deposits and guarantees received). At 31 December 2014, the impact of an increase in interest rates on the Group's debt would be limited.

The Group's pensions and other post-employment benefit obligations are sensitive to changes in interest rates, as are the corresponding plan assets invested in bonds and money market instruments, although inversely so. The outstanding amounts of these obligations and assets are set out in note 27.1.

Exchange rate risks

The Group's exposure to foreign exchange rate risks on commercial transactions chiefly concerns Lagardère Unlimited. At 31 December 2014, the foreign currency hedges set up for all four of the Group's divisions – in the form of direct forward agreements and options – amounted to €144 million (sales) and €164 million (purchases).

In general, routine operating activities are financed through short-term, variable-rate borrowings denominated in the local currency in order to avoid exchange rate risks.

2014 consolidated sales break down as follows between the principal currencies:

▸ Euro	58%
▸ US dollar	8%
▸ Swiss franc	5%
▸ Pound sterling	6%
▸ Other	23%
Total	**100%**

Based on accounting data for 2014, the sensitivity of recurring operating profit of fully consolidated companies to a 10% decline in the respective exchange rates for the three main foreign currencies against the euro over a full year, expressed in monetary terms before any adjustments, is as follows:

Currency	Impact on 2014 recurring operating profit of fully consolidated companies
US dollar	€(4) million
Pound sterling	€(5) million
Swiss franc	€(2) million

Equity risks

The Group's principal direct and indirect investments in listed companies are:

Name of company	Number of shares held	Percentage interest at 31 Dec. 2014	Share price at 31 Dec. 2014	Market capitalisation at 31 Dec. 2014
Lagardère SCA	2,986,120	2.28%	€21.60	€64,500,192
Deutsche Telekom (formerly T-Online)	2,836,836	0.06%	€13.25	€37,588,077
Pension plan assets invested in equities				€64,450,900

Treasury shares are initially recognised at cost and are deducted from consolidated equity. Subsequent changes in value have no impact on the consolidated financial statements.

The Deutsche Telekom shares were received in exchange for T-Online shares in 2006 and are included in "Short-term investments" in an amount of €38 million, based on their share price on 31 December 2014.

The fair value of pension plan assets totalled €271 million at 31 December 2014, of which 23.7% or €64 million was invested in equities (see note 27.1).

29.1.2 MANAGEMENT

The Group has implemented a policy aimed at reducing market risks by applying authorisation and internal control procedures and by using risk management tools to identify and quantify these risks. Derivatives are used exclusively for non-speculative hedging transactions.

Interest rate risks

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

Cash investments must be in fixed-income instruments issued by high-quality entities, with maturities appropriate to the planned duration of the investment. Speculative or high-risk investments are not permitted.

There are no derivatives related to these investments.

29.2 CREDIT AND COUNTERPARTY RISK

Credit and counterparty risk represents the risk of financial loss for the Group in the event of default by a customer or debtor on its contractual obligations. This risk mainly relates to trade receivables.

29.2.1 EXPOSURE

The Group's exposure to credit and counterparty risk arises principally from:

- customer receivables or commitments received in connection with commercial contracts;
- investments made to deposit surplus cash and/or to cover pension and other post-employment benefit obligations;
- hedging contracts in which the counterparties are financial institutions.

Customer receivables and commitments received in connection with commercial contracts totalled €2,447 million at 31 December 2014. The counterparties for the most significant customer receivables are distributors of Group products. Both in and outside France, receivables generally concern local customers and no single customer represents a high percentage of the sales concerned. The main commitments received relate to sports rights marketing contracts.

The proportions of consolidated sales deriving from business with the Group's largest, five largest and ten largest customers were as follows:

	2014	2013
Largest customer	**3.4%**	3.7%
Five largest customers	**7.6%**	8.1%
Ten largest customers	**10.5%**	11.1%

The Group's short-term investments and cash and cash equivalents amounted to €566 million at 31 December 2014. In addition to bank account balances, the majority of these resources are invested in instruments with leading banks.

Assets managed in connection with post-employment benefits totalled €271 million (including €199 million in the United Kingdom and €45 million in Switzerland). A total of 60% of these assets are invested in bonds.

Hedging contracts are primarily entered into to hedge foreign exchange and interest rate risks. Their notional amount was €597 million at 31 December 2014. The economic risk associated with these contracts depends on currency and interest rate fluctuations, and only represents a fraction of this notional amount. The counterparties in these contracts are leading banks.

The Group's counterparties are exposed to risks associated with the general economic environment, and as a result the possibility of default cannot be ruled out. In 2014 the Group was unable to recover certain receivables in the areas of sports rights marketing and the organisation of sporting events.

29.2.2 MANAGEMENT

Each division is responsible for managing its own credit risk in a decentralised way as appropriate to the specificities of its market and customer base.

For new customers with the potential for large volumes of business with the Group, analyses are carried out and information (such as external credit ratings or bank references) is sought before entering into transactions, and specific guarantees or credit insurance may be arranged as a result. Counterparty-specific credit limits may also be set.

In newly-consolidated activities, measures are taken to progressively introduce monitoring procedures that are appropriate for the types of credit risk faced by the entity concerned.

The Group has set up periodic reporting on counterparty risks to monitor its overall risk exposure to its principal counterparties, the variations in accumulated receivables, and the level of related provisions, and to oversee the measures put in place for managing this type of risk. The Financial Risk Committee periodically reviews these reports.

The Treasury and Financing Department is responsible for ensuring that the financial institutions with which the Group does business are of good quality.

NOTE 30 FINANCIAL INSTRUMENTS

30.1 CARRYING AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS

Financial assets and liabilities measured at fair value consist of the following derivative instruments:

Fair value of derivative financial instruments

	31 Dec. 2014	31 Dec. 2013
Derivative financial instruments with positive fair values (current assets)	**7**	4
- Financial instruments allocated as hedges of debt	**-**	-
- Currency swaps (effective portion)	**7**	4
Derivative financial instruments with negative fair values (current liabilities)	**(1)**	(1)
- Financial instruments allocated as hedges of debt	**-**	-
- Currency swaps (effective portion)	**(1)**	(1)
Total (net)	**6**	3

30.2 FINANCIAL INSTRUMENTS RECOGNISED IN THE BALANCE SHEET

	31 Dec. 2014		Breakdown by category of instrument[1]				
	Carrying amount	Fair value	Loans and receivables	Available-for-sale financial assets	Financial liabilities at amortised cost	Fair value through profit or loss	Derivative financial instruments
Investments	56	56		56			
Other non-current financial assets	69	69	69				
Trade receivables	1,280	1,280	1,280				
Derivative financial instruments	7	7					7
Other current financial assets	969	969	969				
Short-term investments	38	38		38			
Cash equivalents	90	90				90	
Cash	438	438	438				
Assets	**2,947**	**2,947**	**2,756**	**94**		**90**	**7**
Bonds and bank loans	1,029	1,081			1,029		
Other debt	491	491			491		
Other non-current financial liabilities	112	112			112		
Trade payables	1,702	1,702			1,702		
Derivative financial instruments	1	1					1
Other current financial liabilities	1,217	1,217			1,217		
Liabilities	**4,552**	**4,604**			**4,551**		**1**

(1) There were no reclassifications between categories of financial instruments in 2014.

	31 Dec. 2013		Breakdown by category of instrument[1]				
	Carrying amount	Fair value	Loans and receivables	Available-for-sale financial assets	Financial liabilities at amortised cost	Fair value through profit or loss	Derivative financial instruments
Investments	59	59		59			
Other non-current financial assets	64	64	64				
Trade receivables	1,239	1,239	1,239				
Derivative financial instruments	4	4					4
Other current financial assets	1,014	1,014	1,014				
Short-term investments	36	36		36			
Cash equivalents	423	423				423	
Cash	1,326	1,326	1,326				
Assets	**4,165**	**4,165**	**3,643**	**95**		**423**	**4**
Bonds and bank loans	1,239	1,305			1,239		
Other debt	184	184			184		
Other non-current financial liabilities	108	108			108		
Trade payables	1,645	1,645			1,645		
Derivative financial instruments	1	1					1
Other current financial liabilities	1,366	1,366			1,366		
Liabilities	**4,543**	**4,609**			**4,542**		**1**

(1) There were no reclassifications between categories of financial instruments in 2013.

30.3 FINANCIAL INSTRUMENTS – FAIR VALUE HIERARCHY

The revised version of IFRS 7 – Financial Instruments – Disclosures, sets out the methods used for determining fair value using a fair value hierarchy which has the following levels:

Level 1: Instrument listed in an active market.

Level 2: Instrument valued using techniques based on observable market data.

Level 3: Instrument valued using techniques based on unobservable data.

In addition, certain investments are carried at acquisition cost if the Group does not have sufficiently reliable information for valuation, particularly when there is no active market for an instrument (see note 3.13).

Lagardère's financial instruments are classified as follows under this hierarchy:

	Category of instrument(1)			Fair value hierarchy(2)			
31 December 2014	**Available-for-sale financial assets**	**Fair value through profit or loss**	**Derivative financial instruments**	**Level 1**	**Level 2**	**Level 3**	**Acquisition cost**
Investments	56						56
- *Viel et Cie shares*	-						
- *FPCI Idinvest Digital Fund II*	*11*						*11*
- *Other*	*45*						*45*
Derivative financial instruments – Assets			7		7		
Short-term investments	38			38			
- *Deutsche Telekom shares*	*38*			*38*			
- *Bonds*	*0*			*0*			
Cash equivalents		90		90			
- *Marketable securities*		*90*		*90*			
Total financial instruments – Assets	**94**	**90**	**7**	**128**	**7**		**56**
Derivative financial instruments – Liabilities			1		1		
Total financial instruments – Liabilities			**1**		**1**		

(1) There were no reclassifications between categories of financial instruments in 2014.
(2) There were no reclassifications between fair value hierarchy levels in 2014.

	Category of instrument(1)			Fair value hierarchy(2)			
31 December 2013	**Available-for-sale financial assets**	**Fair value through profit or loss**	**Derivative financial instruments**	**Level 1**	**Level 2**	**Level 3**	**Acquisition cost**
Investments	59			20			39
- *Viel et Cie shares*	*20*			*20*			
- *FPCI Idinvest Digital Fund II*	*11*						*11*
- *Other*	*28*						*28*
Derivative financial instruments – Assets			4		4		
Short-term investments	36			36			
- *Deutsche Telekom shares*	*35*			*35*			
- *Bonds*	*1*			*1*			
Cash equivalents		423		423			
- *Marketable securities*		*423*		*423*			
Total financial instruments – Assets	**95**	**423**	**4**	**479**	**4**		**39**
Derivative financial instruments – Liabilities			1		1		
Total financial instruments – Liabilities			**1**		**1**		

(1) There were no reclassifications between categories of financial instruments in 2013.
(2) There were no reclassifications between fair value hierarchy levels in 2013.

NOTE 31 OTHER LIABILITIES

Other liabilities break down as follows:

	31 Dec. 2014	31 Dec. 2013
Due to suppliers of non-current assets	**101**	100
Repayable advances	**-**	-
Other advances and prepayments	**-**	-
Other	**11**	8
Other non-current liabilities	**112**	108
Derivative financial instruments	**1**	1
Accrued taxes and employee benefit expense	**443**	433
Advances and prepayments	**10**	18
Due to writers	**229**	245
Due to customers	**79**	86
Deferred income	**207**	344
Sundry payables	**249**	240
Other current liabilities	**1,218**	1,367
Total	**1,330**	1,475

NOTE 32 CONTRACTUAL OBLIGATIONS

The tables below summarise Lagardère's contractual obligations. Future payments other than payments related to financial liabilities are reported at non-discounted nominal value.

	Payments expected			Total	
	Within 1 year	1 to 5 years	Beyond 5 years	31 Dec. 2014	31 Dec. 2013
Bonds and bank loans (net of derivatives)	35	991	3	**1,029**	1,239
Other debt	455	22	14	**491**	184
Other non-current financial liabilities	27	77	8	**112**	108
Trade payables	1,702			**1,702**	1,645
Derivative financial instruments	1			**1**	1
Other current financial liabilities	1,217			**1,217**	1,367
Total financial liabilities ***including finance lease obligations***	**3,437** ***2***	**1,090** ***6***	**25** ***1***	**4,552** ***9***	4,544 *0*
Expected bank interest on debt(*)	32	84	2	**118**	127
Operating leases(**)	103	230	237	**570**	522
Commitments for future capital expenditure	3	15		**18**	14
Total contractual obligations	**3,575**	**1,419**	**264**	**5,258**	5,207

(*) Variable-rate interest payable has been calculated based on the rates in force at 31 December 2014.
(**) Minimum future lease payments under non-cancellable operating leases.

Recurring operating profit included rental expense of €466 million in 2014 (€445 million in 2013).

As well as these contractual obligations, at 31 December 2014 entities in two of the Group's divisions (Lagardère Unlimited and Lagardère Services) were committed to the following guaranteed minimum future payments:

- Lagardère Unlimited: €559 million under long-term contracts for the sale of TV and marketing rights;
- Lagardère Services: €972 million under concession agreements.

These payments break down as follows by maturity:

Maturity	2015	2016	2017	2018	2019	Beyond 5 years	Total at 31 Dec. 2014	Total at 31 Dec. 2013
Guaranteed minimum payments under sports rights marketing contracts	124	114	75	73	72	101	**559**	680
Guaranteed minimum payments under concession agreements	185	151	131	101	97	307	**972**	785

In addition, entities forming part of Lagardère Unlimited have signed marketing contracts with broadcasters and partners. At 31 December 2014, the amounts due under these contracts totalled €1,167 million, breaking down as follows by maturity:

Maturity	2015	2016	2017	2018	2019	Beyond 5 years	Total at 31 Dec. 2014	Total at 31 Dec. 2013
Sports rights marketing contracts signed with broadcasters and partners	409	269	168	136	118	67	**1,167**	1,055

NOTE 33 OFF-BALANCE SHEET COMMITMENTS

The information below relates to subsidiaries controlled and fully consolidated by Lagardère.

	31 Dec. 2014	31 Dec. 2013
Commitments given in the normal course of business:		
- guarantees and performance bonds	**207**	143
- guarantees given to third parties and non-consolidated companies	**14**	23
- other commitments given	**16**	49
Commitments on assets	**1**	-
Commitments to purchase shares (estimated amount, excluding put options granted to minority shareholders of fully consolidated subsidiaries)	**-**	-
Commitments received:		
- counter-guarantees of commitments given	**14**	23
- other commitments received	**22**	60
Confirmed, unused lines of credit *Of which unused lines on the 2011 syndicated credit facility*	**1,684** ***1,645***	1,675 *1,645*

Conditional commitments to purchase shares

Two shareholder agreements exist between Lagardère Unlimited and the minority shareholders in World Sport Group. Under the terms of these agreements, Lagardère Unlimited would be required to purchase the shares held by these minority shareholders at market value in certain circumstances.

NOTE 34 LITIGATION

Dispute with Editions Odile Jacob concerning the Vivendi Universal Publishing and Editis transactions

On 13 September 2010, the General Court of the European Union (EGC) issued two decisions in the dispute between Editions Odile Jacob and the European Commission and Lagardère. The first of these decisions rejected the action filed by Editions Odile Jacob for cancellation of the European Commission's decision of January 2004 approving Lagardère's acquisition of Vivendi Universal Publishing subject to the sale of certain assets (Editis). The second upheld the action filed by Editions Odile Jacob for cancellation of the European Commission's July 2004 approval of Wendel as buyer of Editis. Both of the decisions were upheld by the European Court of Justice on 6 November 2012.

Meanwhile, following the cancellation ordered in the second above-mentioned decision by the EGC, the European Commission carried out a new review and on 13 May 2011 confirmed its approval of Wendel as the buyer of Editis. The Commission set the effective date of this decision retroactively as 30 July 2004, the date of its original approval. On 5 September 2011, Editions Odile Jacob brought a further action before the ECG to cancel said decision of the European Commission. This action was rejected by the ECG on 5 September 2014 and Editions Odile Jacob has appealed the ECG's decision to the European Court of Justice. The appeal procedure is currently ongoing.

In addition, on the grounds of the second above-mentioned decision by the EGC dated 13 September 2010, on 27 October 2010 Editions Odile Jacob filed a petition before the Paris Commercial Court seeking cancellation of Lagardère's sale of Editis to Wendel in 2004 and its subsequent sale by Wendel to the Spanish group Planeta in May 2008. By way of a judgement handed down on 13 December 2011, the Paris Commercial Court rejected the primary claim put forward by Lagardère, Wendel and Planeta that the court did not have the necessary jurisdiction to consider the case and decided to suspend any further decisions until the relevant courts at European Union level have made their final ruling on the validity of the decisions made by the European Commission to approve the sale of Editis to Wendel.

Lagardère considers it has strong arguments against the claims made by Editions Odile Jacob, both before the European Union courts and the Paris Commercial Court. In all events, Lagardère does not consider itself exposed to significant unfavourable consequences due to these disputes.

Inquiry by the French Financial Markets Authority (*Autorité des marchés financiers* – AMF), criminal investigation and legal action by shareholders of EADS (renamed Airbus Group on 2 January 2014)

Following fluctuations in the EADS share price, particularly the drop observed on 14 June 2006 after EADS' announcement on 13 June 2006 that there would be delays in deliveries of A380 aircraft by its subsidiary Airbus, several lawsuits were filed by EADS shareholders and various inquiries were launched by the competent authorities.

Lagardère SCA (hereafter "Lagardère") is currently aware of the following proceedings (the EADS Registration Document also lists known proceedings and actions against EADS).

a. AMF investigation

On 8 April 2008, the AMF sent Lagardère a statement of objections based on the fact that Lagardère had sold a large portion of its holding in EADS through its 11 April 2006 issue of mandatory exchangeable bonds, redeemable in EADS shares, at a time when the Company could, in the opinion of the AMF investigators, have been in possession of inside information.

This statement of objections marked the start of the phase of the administrative sanction procedure during which both sides may present their arguments in the case.

After a hearing held from 23 to 27 November 2009, the AMF's Enforcement Committee rejected all of the complaints against Lagardère in the statement of objections, putting an end to the administrative proceedings instigated by the AMF.

b. Action against person or persons unknown

Following a complaint by an association of small EADS shareholders and one individual EADS shareholder, a legal investigation for insider trading was initiated.

Searches were conducted as part of this investigation, including on the premises of Lagardère. The magistrate heading the investigation placed a number of current and former EADS and Airbus managers under formal investigation during 2008.

On 29 May 2009, Lagardère, represented by one of its Managing Partners, was heard as a witness in the context of an inquiry carried out by the Brigade Financière (financial police) acting upon delegation of the investigating magistrate in charge of the case.

After the first interview on 27 January 2011, the company Lagardère SCA was indicted on suspicion of insider trading.

In the case prepared by the examining magistrates, Lagardère has not noted any documents concerning the company that differ from those presented in the case compiled by the AMF's investigators and submitted to its Enforcement Committee, which concluded that there was no case against Lagardère.

Further to a request issued on 14 February 2013 by the public prosecutor, on 27 November 2013 the investigating magistrate issued an order for Lagardère SCA, Daimler AG and a number of individuals to be sent for trial before the criminal court.

The hearings were scheduled for October 2014, but at the initial hearing, the parties' lawyers applied for two priority preliminary rulings on the issue of constitutionality (*Question Prioritaire de Constitutionnalité*, or "QPC") and argued that the order for a criminal trial was invalid.

The criminal court received the QPCs and transmitted them by way of a ruling dated 3 October 2014 to the Court of Cassation (*Cour de cassation*), which deemed them to be sufficiently serious to be sent to the Constitutional Council (*Conseil constitutionnel*). The Constitutional Council heard the arguments of the parties during a hearing on 3 March 2015 and is expected to hand down its decision by 19 March 2015 on the constitutionality of the *Ne bis in idem* principle, which was the subject of the QPCs.

In a ruling dated 7 October 2014, the criminal court also referred the procedure back to the public prosecutor for it to request the investigating magistrate to make corrective adjustments to the order. These adjustments were made on 14 January 2015.

Brazilian Environmental Protection Authority

Salvat Do Brasil (SDB) received notification of a breach of regulations from the Brazilian governmental body IBAMA, which is in charge of environmental protection, setting a fine of 39,200,000 Brazilian reals (approximately €15 million) for illegally importing animal species into the country without the required authorisations.

This related to an "Insects" collection with free gifts of small blocks of transparent resin containing the insects concerned. SDB's first appeal (contesting the fine chiefly on the grounds that the "insects" are dead and set in resin and therefore not "animals") was rejected in April 2009. In May 2009, SDB filed a second appeal before the President of IBAMA. Examination of this appeal is still ongoing.

Should the decision of the President of IBAMA be unfavourable for SDB, a third appeal would be possible to the CONAMA (Brazil's National Environmental Council) and/or before the federal judge of Brasilia (judicial review).

Litigation with photographers

Disputes are in process with freelance and salaried photographers who worked with the Lagardère Active magazines. Most of these disputes concern returns of analogue photographic archives and retaining photographs. The financial claims made in connection with these proceedings appear excessive. They are partly based on a judgement issued by the Versailles Court of Appeal in 2014, which is contrary to case law and which Lagardère Active has appealed.

World Sport Group/Indian Premier League contracts

In 2007, the BCCI (Board of Control for Cricket in India) launched a call for tenders to market the rights attached to its new cricket competition, the IPL (Indian Premier League), until 2017. World Sport Group (WSG) – which became a subsidiary of Lagardère Unlimited in May 2008 – was awarded most of these rights in early 2008, with the rest going to an unrelated operator, MSM.

A global reorganisation of the distribution of these rights took place in March 2009 at the initiative of the BCCI. In the course of the negotiations for this reorganisation, WSG entered into an assistance agreement with MSM, which received a larger share of the rights than in 2008. Under this agreement, MSM undertook to pay WSG a sum of 4,250 million rupees over a period of time. Meanwhile, the BCCI engaged WSG to market IPL rights worldwide, excluding the Indian subcontinent, for the period 2009/2017.

In June 2010 (i) the BCCI terminated the 2009/2017 contract to market IPL rights worldwide, excluding the Indian subcontinent, and (ii) MSM terminated the aforementioned assistance agreement, and demanded immediate reimbursement of the sums already paid (approximately USD 25 million plus interest at 16% per year) in an action brought before an Indian court. WSG immediately began proceedings in order to preserve its rights. The decisions issued so far essentially concern questions of jurisdiction and/or interim measures.

Concerning the dispute between WSG and the BCCI, in spring 2011 the Indian Supreme Court took a series of interim measures that – without calling into question the marketing already carried out by WSG and without prejudging the substance of the case – temporarily granted the BCCI (either until the end of the procedure or 31 December 2017), under the supervision of the Court, media rights to the IPL outside the Indian subcontinent that are not already marketed by WSG, as well as recovery of the amounts owed by the broadcasters. The proceedings concerning the merits of the case are still ongoing and are expected to last several years.

Concerning the dispute between WSG and MSM, while MSM filed a lawsuit with the Indian courts claiming the reimbursement of the amounts it had paid, in parallel WSG launched arbitration proceedings in Singapore in accordance with the terminated assistance agreement. The arbitration proceedings were then suspended for a number of years, following an injunction obtained by MSM in the Indian courts preventing WSG from continuing said proceedings. However, on 24 January 2014 the Indian Supreme Court revoked this injunction and ruled that the case should be subject to the arbitration proceedings in Singapore. As a result the arbitration proceedings recommenced, and the hearings before the arbitral tribunal were held in late February 2015. The parties' summary arguments were lodged in March 2015 and the tribunal is expected to issue its decision during the year.

The main risks associated with the above disputes consist of (i) the potential loss of margins or future revenues (since 2011 no revenues from the marketing of IPL rights or the assistance agreement have been recognised in the Group's accounts), and/or (ii) the potential repayment of amounts already received from MSM under the assistance agreement (approximately USD 25 million excluding interest – see above).

On 13 October 2010 the BCCI filed a criminal complaint with the Chennai police authorities in India against seven individuals, including the former President of the IPL and four managers of WSG, alleging breaches of the Indian criminal code in connection with the attribution to WSG in March 2009 of certain IPL media rights for the seasons 2009/2017. A police investigation is currently in process.

After the Indian tax authorities' audit of WSG India's operations, the company was issued with tax reassessment notices representing an overall liability of around €8.5 million. This reassessment is currently under discussion.

Lastly, in February 2011, WSG was notified of an investigation by the Competition Commission of India into different aspects of BCCI's distribution of various rights relating to the IPL. Following this investigation, on 8 February 2013 the Competition Commission issued an order against BCCI (which BCCI has appealed), but did not impose any sanctions on WSG.

World Sport Group/Union of Arab Football Associations

On 1 July 2013, World Sport Group (WSG) decided to terminate in advance two agreements entered into with the Union of Arab Football Associations (UAFA) relating to the Arab Cup of Nations and the UAFA Club Cup on the grounds that certain sports competitions organised by UAFA did not correspond to its contractual agreements. UAFA disputes the termination of these agreements and on 9 May 2014 it brought the case before the International Chamber of Commerce for arbitration, seeking USD 28.8 million in compensation from WSG. An arbitration hearing is scheduled for April 2015.

Competition investigations in the e-books market

Lagardère Publishing, as well as a number of other publishers and Apple, have been the subject of a number of different competition investigations concerning the e-books market, and particularly the sales methods used for these books. The US Department of Justice (DOJ), the Texas Attorney General and the Connecticut Attorney General launched investigations in 2010 and have been joined by the European Commission since early 2011. In addition, several class actions were launched in the United States in 2011 against a number of Anglo-Saxon publishers – including Hachette Book Group (HBG) – and Apple concerning the e-books market. On 9 December 2011 all of these cases were consolidated into a single procedure handled by the courts in the State of New York.

Concerning the case in the **United States**, settlement agreements were reached during 2012 and 2013 (without HBG admitting any liability or wrongdoing) with (i) the DOJ, in which HBG provided undertakings relating to its future business practices, notably an undertaking to allow its distribution agents to offer price discounts to consumers on e-books for a period of two years, subject to a specified limit; and (ii) all of the US states and territories, in which HBG undertook to pay certain sums. These settlement agreements signed with the US states and territories have put an end to the class actions for all US consumers who have not exercised their right to opt out.

In the specific case of Apple – which did not sign up to the settlement agreements in the United States – in the second half of 2013 a US federal court ruled that the company had violated US antitrust law. The judgement handed down provided that, as from 4 October 2013, in its business relations with its publishers (including HBG) Apple is prohibited from entering into or maintaining: (i) any agreement with a publisher that restricts, limits, or impedes Apple's ability to set, alter, or reduce the retail price of any e-book, for a period of 24 months, and (ii) any agreement with a publisher containing retail price parity provisions, for a period of five years. Apple appealed this decision and the appeal procedure is currently ongoing.

In addition, on 5 June 2014, a US federal court ruled another case admissible. This concerns an action brought by the e-book distributors, DNAML, BooksOnBoard and Diesel, against Apple and several major book publishers (including Hachette). According to the plaintiffs, they have suffered losses because after Apple and the publishers allegedly entered into a conspiracy (as described above), the distributors could no longer offer "favourable pricing".

In **Canada**, a class-action lawsuit launched in February 2012 – on the same basis as the US action and against the same parties and their Canadian subsidiaries – was settled in 2014 by way of an agreement approved by the competent Canadian courts. In connection with this agreement, Hachette Book Group, like all the other publishers party to the settlement, paid its share of the "settlement proceeds" (CAD 635,000) into a trust. This amount covers the compensation payable to consumers as well as lawyers' fees.

In parallel, the Competition Bureau signed a "consent agreement" with HBG and three other e-book publishers, registered on 7 February 2014 with the Competition Tribunal, under which the publishers have agreed to make commitments in regard to future business practices similar to the undertakings provided to the US Department of Justice, but without incurring any fines or costs. However, the registration of the e-books consent agreement has been stayed by the Tribunal pending the determination of a challenge brought by the e-book distributor Kobo, which is claiming that (i) the consent agreement is invalid as the underlying case is not meritorious, and (ii) the discounts that e-distributors will be able to apply represent a danger for the market. The hearing on the merits of Kobo's case is scheduled to take place in May 2015 but on 8 September 2014, the Competition Tribunal issued a decision stating that the scope of its review of the consent agreement would be limited. Kobo then filed a specific appeal against this decision.

In **Europe**, the European Commission ended its competition investigations concerning the e-books market by adopting a decision on 12 December 2012 that accepts and renders legally binding the commitments offered by Lagardère Publishing, other publishers and Apple. The Commission did not conclude on whether EU competition rules had been infringed and did not impose any fines on the parties concerned. The commitments offered – which concern the parties' future business practices – are similar to those provided for in the above-mentioned settlement with the US Department of Justice. The decision nevertheless provides that the commitments be undertaken without prejudice to national laws authorising or obliging publishers to set the price of e-books. The specific commitment by publishers to let distributors grant certain discounts in relation to the retail price set by the publisher was only given for two years and will therefore no longer be effective in 2015.

Investigation by the Swiss Competition Commission

Following the rejection – by way of a referendum on 11 March 2012 – of measures to introduce a single price for books in Switzerland, the Swiss Competition Commission (Comco) has reopened an investigation into imports of French language books by distributors.

Subsequent to the investigation procedure, the Swiss Competition Commission (Comco) made a final decision on 27 May 2013 under which Diffulivre (Lagardère Publishing division) was held liable for territorial exclusivity with the intention or effect of partitioning the Swiss market, one of the three original charges.

This decision has been appealed to the Federal Administrative Court of Switzerland, which is expected to hand down its decision during 2015.

Dispute with former employees of Matra Manufacturing & Services (formerly Matra Automobile)

Following the termination of automotive manufacturing operations at Matra Manufacturing & Services (MMS), and the ensuing redundancy plans set up in 2002 and 2003, a number of former employees filed a claim with the employment tribunal alleging that they had been unfairly dismissed. The basis for this claim was that MMS had not complied with its obligations (i) to redeploy the employees in-house, as it did not provide each of them with a written individual proposal to take up positions that had become available as a result of departures from the Spare Parts Department (departures to which MMS had agreed at the request of the Works Council), and (ii) to properly inform the Regional Employment Authorities in relation to its external redeployment requirement.

MMS disputed this allegation on the grounds that it had respected all of its obligations.

On 14 January 2014, the Blois employment tribunal ordered MMS to pay 305 former employees a sum of €18,000 each in compensation, plus €300 in costs in accordance with Article 700 of the French Civil Procedure Code. However, no provisional enforcement order was issued for this judgement.

On 21 March 2014, the section of the Blois employment tribunal responsible for cases concerning managerial employees ordered MMS to pay seven former employees sums ranging between €15,000 and €17,800 each in compensation, but with no costs payable under Article 700 of the French Civil Procedure Code. No provisional enforcement order was issued for this judgement either.

MMS has appealed both of these employment tribunals' judgements and a hearing before the Orléans Appeal Court has been scheduled for April 2015.

Commercial disputes resulting from the shutdown of Lawebco

Following the closure of Lawebco, a subsidiary of Lagardère Active in charge of e-commerce activities for Elle and Be, a number of trials were brought before the Paris Commercial Court between Lagardère Digital France and Lawebco and (i) the minority shareholder and former Chief Executive Officer of Lawebco and (ii) Lawebco's former logistics and services providers who claim their contracts were prematurely terminated.

These claims are patently unreasonable.

Anderson News vs. Curtis

Following its bankruptcy in 2009, Anderson News – a magazine wholesaler – filed a lawsuit claiming damages against Curtis and other magazine distributors in the United States. Curtis and the other distributor defendants in the case reject the allegations made against them and also consider that the amounts claimed are excessive and unjustified.

Consequently, in December 2014 the defendants filed a motion for a summary judgement rejecting the case. The court gave Anderson News until April 2015 to establish its arguments and it is expected to issue a decision later in 2015 as to whether the case should be rejected or brought before a jury.

Curtis tax audit

Following a VAT audit carried out in relation to Curtis' operations in Canada, in February 2015 the Canadian tax authorities issued a proposed tax reassessment amounting to CAD 54.5 million (excluding late payment interest). The authorities' main allegation is that VAT on purchases was not recovered correctly as it should have been recovered by the publishers concerned rather than Curtis acting in their name and on their behalf.

Curtis has solid arguments in its defence and intends to challenge the proposed reassessment.

However, if the tax authorities maintain their position it will be necessary to file VAT refund applications on behalf of the publishers for the entire period concerned, subject to certain conditions (particularly the condition that the publishers must still be in business), which could lead to the risk of losses.

Governmental, legal or arbitration procedures

In addition to the procedures described above, the Group is involved in a number of other disputes in the normal course of its business, principally related to contractual performance. Adequate provisions are made, where considered necessary, to cover any risks that may arise from general or specific disputes.

To the best of the Group's knowledge, in the twelve months immediately preceding publication of this Reference Document, there were no other governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) which may have or recently have had significant effects on its financial position or profitability.

Tax authorities/Lagardère

A number of the Group's companies have received tax reassessment notices – relating to several different fiscal years – as part of the routine tax audits carried out by the French and foreign tax authorities. Provision has been made to take account of the reassessments accepted by the companies, and also for the amount estimated as the risk corresponding to disputes over challenged reassessments. The Group is not aware of any dispute in process that concerns amounts which could have a significant impact on the consolidated financial statements.

NOTE 35 RELATED PARTIES

35.1 MANAGEMENT REMUNERATION

The total gross remuneration attributed to the members of Lagardère SCA's Executive Committee for 2014 (excluding remuneration paid by EADS, up to and including 2013) amounted to €13.6 million, and €23.7 million including related charges. The figure with charges includes a provision recorded for the supplementary pension plan. The corresponding figures for 2013 were €9.9 million and €20 million, respectively.

In 2014, none of the beneficiaries received any attendance fees or were awarded any rights to free or performance shares. In 2013, attendance fees amounted to €19,475 and 115,000 rights to performance shares were awarded to the beneficiaries.

35.2 RELATED PARTY TRANSACTIONS

Transactions with Lagardère Capital & Management (LC&M)

Lagardère Capital & Management – which is controlled and chaired by Arnaud Lagardère, who is also a General and Managing Partner of Lagardère SCA – is the material embodiment of the Group. LC&M provides an array of management resources and skills to both the Group and each of its component parts.

To accomplish its mission, LC&M employs the principal senior managers forming the Group's Executive Committee. The role of the Executive Committee is to assist the Managing Partners in their duties, i.e., to determine the Group's strategy and lead its development, and to take the resulting necessary management decisions and implement them globally at parent company level and in the Group's different business activities. LC&M bears the entire cost of its senior managers' salaries and the related overheads as well as the fees billed by any French and/or international consultants that they may work with.

LC&M carries out its mission within the framework of its agreement with Lagardère Ressources, which is responsible for managing all of the Group's corporate resources. This agreement is described each year in the Statutory Auditors' report on related party agreements and commitments, in accordance with the requirements of articles L.226-10 and R.226-2 of the French Commercial Code.

Since 2004, the remuneration of LC&M has equalled the amount of expenses incurred in carrying out its mission, plus a margin of 10%, capped in absolute value terms at €1 million. These expenses are examined each fiscal year by the Audit Committee, which issues an opinion on their changes and developments. After examination by the Audit Committee, this remuneration package was approved by the Supervisory Board on 12 March 2004.

In accordance with the above-described basis of remuneration, in 2014 LC&M invoiced €30.2 million to the Group, compared with €25.3 million in 2013. After deducting expenses (remuneration of Executive Committee members, taxes on high earnings, payroll taxes, support costs reimbursed to the Group and outside resource costs), operating profit after tax under the above agreement stood at €0.7 million.

Other transactions

The other transactions with related parties in 2014 undertaken in the normal course of business took place under arm's length conditions. In particular, Lagardère SCA has not identified any agreements, other than those relating to normal business operations and conducted under arm's length conditions, entered into in 2014 directly or via an intermediary, between (i) any of the Managing Partners, any members of the Supervisory Board or any shareholders of Lagardère SCA owning more than 10% of the voting rights and (ii) any subsidiaries more than 50%-owned by Lagardère SCA directly or indirectly.

NOTE 36 EVENTS AFTER THE REPORTING PERIOD

DISPOSAL BY LAGARDÈRE SERVICES OF ITS SWISS PRESS DISTRIBUTION BUSINESSES

On 9 November 2014, Lagardère Services signed an agreement with a view to selling to Valora AG its 65% stake in Lagardère Services Distribution Suisse (LSDS), its Swiss Press Distribution and Integrated Retail subsidiary (180 points of sale). Under the terms of the agreement, Tamedia Publications romandes SA, a long-term shareholder in LSDS, also agreed to sell its 35% stake in that company.

The transaction was completed on 27 February 2015, and the consideration received (enterprise value) for the entire share capital of LSDS was €75 million plus cash and cash equivalents.

In 2014, LSDS generated sales of €315 million and net operating income of €11 million, and will be deconsolidated in 2015 with effect from the disposal date. Lagardère Services retains the Duty Free and Fashion businesses in Switzerland.

This transaction represents a further step in Lagardère Services' plan to sell its Press Distribution and Integrated Retail activities.

1 2 3 4 5 6 7 8 9 10 11

NOTE 37 FEES PAID TO THE STATUTORY AUDITORS AND MEMBERS OF THEIR NETWORKS

(in thousands of euros)	2014			
	Mazars	%	Ernst & Young et Autres	%
Audit				
Statutory audit, certification, examination of individual and consolidated financial statements	3,201	79.2	3,250	80.0
- Lagardère SCA	*171*	*4.2*	*165*	*4.1*
- Fully consolidated subsidiaries	*3,030*	*75.0*	*3,085*	*75.9*
Other procedures and services directly related to the statutory audit	609	15.0	361	8.9
- Lagardère SCA	*60*	*1.5*	*25*	*0.6*
- Fully consolidated subsidiaries	*549*	*13.5*	*336*	*8.3*
Sub-total	**3,810**	**94.2**	**3,611**	**88.8**
Non-audit services rendered by network members to fully consolidated subsidiaries				
- Legal, tax, human resources	*233*	*5.8*	*454*	*11.2*
- Other	*-*	*-*	*-*	*-*
Sub-total	**233**	**5.8**	**454**	**11.2**
Total	**4,043**	**100.0**	**4,065**	**100.0**

(in thousands of euros)	2013			
	Mazars	%	Ernst & Young et Autres	%
Audit				
Statutory audit, certification, examination of individual and consolidated financial statements	3,382	86.7	3,301	84.1
- Lagardère SCA	*168*	*4.3*	*165*	*4.2*
- Fully consolidated subsidiaries	*3,214*	*82.4*	*3,136*	*79.9*
Other procedures and services directly related to the statutory audit	313	8.0	244	6.2
- Lagardère SCA	*35*	*1.0*	*10*	*0.2*
- Fully consolidated subsidiaries	*278*	*7.0*	*234*	*6.0*
Sub-total	**3,695**	**94.7**	**3,545**	**90.3**
Non-audit services rendered by network members to fully consolidated subsidiaries				
- Legal, tax, human resources	*205*	*5.3*	*380*	*9.7*
- Other	*-*	*-*	*-*	*-*
Sub-total	**205**	**5.3**	**380**	**9.7**
Total	**3,900**	**100.0**	**3,925**	**100.0**

Other procedures and services directly related to the statutory audit mainly comprise engagements relating to acquisitions and the provision of comfort letters.

NOTE 38 LIST OF CONSOLIDATED COMPANIES

Companies controlled and fully consolidated at 31 December 2014:

SUBSIDIARIES	HEADQUARTERS	Registration number	% interest	% control
LAGARDÈRE PUBLISHING				
HACHETTE LIVRE	43 quai de Grenelle – 75015 PARIS	602 060 147	100.00	100.00
AUDIOLIB	31 rue de Fleurus – 75006 PARIS	499 165 694	59.99	100.00
BIBLIO PARTICIPATIONS	43 quai de Grenelle – 75015 PARIS	377 627 583	100.00	100.00
CALMANN LÉVY	31 rue de Fleurus – 75006 PARIS	572 082 279	83.06	83.06
CENTRE DE TRAITEMENT DES RETOURS	137 route de Corbeil 91160 LONGJUMEAU	381 737 519	100.00	100.00
CYBERTERRE	43 quai de Grenelle – 75015 PARIS	434 661 419	100.00	100.00
DIFFULIVRE	SAINT SULPICE (SWITZERLAND)		100.00	100.00
DILIBEL	ALLEUR (BELGIUM)		100.00	100.00
DUNOD ÉDITEUR SA	5 rue Laromiguière – 75005 PARIS	316 053 628	100.00	100.00
EDDL	5 rue du Pont de Lodi – 75006 PARIS	403 202 252	99.88	100.00
EDELSA	MADRID (SPAIN)		100.00	100.00
ÉDITIONS ALBERT RENÉ	26 avenue Victor Hugo – 75116 PARIS	950 026 757	100.00	100.00
ÉDITIONS DES DEUX TERRES	5 rue de Savoie – 75006 PARIS	442 678 249	100.00	100.00
ÉDITIONS GRASSET ET FASQUELLE	61 rue des Saints Pères – 75006 PARIS	562 023 705	98.80	98.80
ÉDITIONS JEAN-CLAUDE LATTÈS	17 rue Jacob – 75006 PARIS	682 028 659	100.00	100.00
ÉDITIONS LAROUSSE	21 rue du Montparnasse 75006 PARIS	451 344 170	100.00	100.00
ÉDITIONS STOCK	31 rue de Fleurus – 75006 PARIS	612 035 659	100.00	100.00
ÉDUCATION MANAGEMENT SAS	11 rue Paul Bert 92247 MALAKOFF Cedex	582 057 816	100.00	100.00
FERNAND HAZAN ÉDITEUR	11 rue Paul Bert 92247 MALAKOFF Cedex	562 030 221	99.94	100.00
GROUPE HATIER INTERNATIONAL	11 rue Paul Bert 92247 MALAKOFF Cedex	572 079 093	100.00	100.00
GRUPO PATRIA CULTURAL	MEXICO (MEXICO)		100.00	100.00
HL 93	43 quai de Grenelle – 75015 PARIS	390 674 133	99.99	100.00
HL FINANCES	11 rue Paul Bert 92247 MALAKOFF Cedex	384 562 070	99.99	100.00
HACHETTE CANADA INC.	MONTREAL (CANADA)		100.00	100.00
HACHETTE COLLECTIONS	43 quai de Grenelle – 75015 PARIS	395 291 644	100.00	100.00
HACHETTE COLLECTIONS JAPON	TOKYO (JAPAN)		100.00	100.00
HACHETTE COLLECTIONS RUSSIE	MOSCOW (RUSSIA)		99.90	100.00
HACHETTE FASCICOLI	MILAN (ITALY)		100.00	100.00
HACHETTE LIVRE ESPAÑA SA	MADRID (SPAIN)		100.00	100.00
HACHETTE LIVRE USA	NEW YORK (UNITED STATES)		100.00	100.00
HACHETTE PARTWORKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HACHETTE POLSKA	WARSAW (POLAND)		100.00	100.00
HACHETTE UK HOLDING LTD	LONDON (UNITED KINGDOM)		100.00	100.00
LAROUSSE SAS	21 rue du Montparnasse 75006 PARIS	401 457 213	100.00	100.00
LAROUSSE ÉDITORIAL	BARCELONA (SPAIN)		100.00	100.00
LE LIVRE DE PARIS	11 rue Paul Bert 92247 MALAKOFF Cedex	542 042 114	100.00	100.00

SUBSIDIARIES	HEADQUARTERS	Registration number	% interest	% control
LIBRAIRIE ARTHÈME FAYARD	75 rue des Saints Pères – 75006 PARIS	562 136 895	99.94	99.94
LIBRAIRIE GÉNÉRALE FRANÇAISE (LGF)	31 rue de Fleurus – 75006 PARIS	542 086 749	59.99	59.99
MULTIMÉDIA ÉDUCATION RÉFÉRENCE	11 rue Paul Bert 92247 MALAKOFF Cedex	484 213 954	100.00	100.00
PIKA ÉDITION	19 bis rue Pasteur 92100 BOULOGNE-BILLANCOURT	428 902 704	66.67	66.67
SAMAS SAS	11 rue Paul Bert 92247 MALAKOFF Cedex	775 663 321	100.00	100.00
WATTS PUBLISHING GROUP LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HATIER GROUP				
LES ÉDITIONS DIDIER	13 rue de l'Odéon – 75006 PARIS	313 042 541	100.00	100.00
LES ÉDITIONS FOUCHER	11 rue Paul Bert 92247 MALAKOFF Cedex	352 559 066	100.00	100.00
LES ÉDITIONS HATIER	8 rue d'Assas – 75006 PARIS	352 585 624	100.00	100.00
LIBRAIRIE PAPETERIE NATIONALE	CASABLANCA (MOROCCO)		100.00	100.00
RAGEOT ÉDITEUR	6 rue d'Assas – 75006 PARIS	572 022 978	100.00	100.00
SCI ASSAS RASPAIL	8 rue d'Assas – 75006 PARIS	315 844 431	100.00	100.00
SCI DU 63 BOULEVARD RASPAIL	63 boulevard Raspail – 75006 PARIS	315 830 034	100.00	100.00
SCI DU 8-8 BIS RUE D'ASSAS	8 rue d'Assas – 75006 PARIS	315 844 423	100.00	100.00
SALVAT GROUP				
EDITORIAL SALVAT S.L.	BARCELONA (SPAIN)		100.00	100.00
SALVAT EDITORES PORTUGAL	LISBON (PORTUGAL)		100.00	100.00
ANAYA GROUP				
GRUPO ANAYA SA	MADRID (SPAIN)		100.00	100.00
ALGAIDA EDITORES SA	SEVILLA (SPAIN)		100.00	100.00
ALIANZA EDITORIAL SA	MADRID (SPAIN)		99.82	99.82
COMERCIAL GRUPO ANAYA SA	MADRID (SPAIN)		100.00	100.00
EDITORIAL BARCANOVA SA	BARCELONA (SPAIN)		100.00	100.00
EDICIÓNS XERAIS DE GALICIA SA	VIGO (SPAIN)		100.00	100.00
GRUPO EDITORIAL BRUNO S.L.	MADRID (SPAIN)		100.00	100.00
ORION GROUP				
ORION PUBLISHING GROUP LTD	LONDON (UNITED KINGDOM)		100.00	100.00
LITTLE HAMPTON BOOK SERVICE LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HACHETTE UK GROUP				
HACHETTE UK LTD	LONDON (UNITED KINGDOM)		100.00	100.00
ALLIANCE DISTRIBUTION SERVICES PTY LTD	TUGGERA (AUSTRALIA)		100.00	100.00
BOOKPOINT LTD	ABINGDON (UNITED KINGDOM)		100.00	100.00
CHAMBERS HARRAP PUBLISHER	EDIMBURGH (UNITED KINGDOM)		100.00	100.00
GALORE PARK LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HEADLINE BOOK PUBLISHING LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HODDER & STOUGHTON LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HACHETTE AUSTRALIA PTY LTD	SYDNEY (AUSTRALIA)		100.00	100.00
HACHETTE BOOK PUBLISHING INDIA	NEW DELHI (INDIA)		100.00	100.00
HACHETTE NEW ZEALAND	AUCKLAND (NEW ZEALAND)		100.00	100.00

SUBSIDIARIES	HEADQUARTERS	Registration number	% interest	% control
PHILIP ALLAN PUBLISHERS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
QUERCUS PUBLISHING LTD	LONDON (UNITED KINGDOM)		100.00	100.00
QUERCUS EDITIONS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HACHETTE BOOK GROUP				
BELLWOOD BOOKS INC.	NEW YORK (UNITED STATES)		100.00	100.00
DIGITAL PUBLISHING INNOVATION	NEW YORK (UNITED STATES)		100.00	100.00
HACHETTE BOOK GROUP CANADA LTD	TORONTO (CANADA)		100.00	100.00
HACHETTE BOOK GROUP HOLDINGS INC. (DELAWARE)	BOSTON (UNITED STATES)		100.00	100.00
HACHETTE BOOK GROUP INC.	NEW YORK (UNITED STATES)		100.00	100.00
HACHETTE BOOK GROUP INTERNATIONAL DIGITAL SALES INC.	NEW YORK (UNITED STATES)		100.00	100.00
HACHETTE DIGITAL INC.	NEW YORK (UNITED STATES)		100.00	100.00
LITTLE, BROWN BOOK GROUP				
CONSTABLE & ROBINSON	LONDON (UNITED KINGDOM)		100.00	100.00
LITTLE, BROWN BOOK GROUP	LONDON (UNITED KINGDOM)		100.00	100.00
PIATKUS BOOKS	LONDON (UNITED KINGDOM)		100.00	100.00
LAROUSSE GROUP MEXICO				
EDICIONES LAROUSSE MEXIQUE	MEXICO (MEXICO)		100.00	100.00
DIFUSORA LAROUSSE MEXICANA	MEXICO (MEXICO)		100.00	100.00
OCTOPUS GROUP				
OCTOPUS PUBLISHING LTD	LONDON (UNITED KINGDOM)		100.00	100.00
CONRAN OCTOPUS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
LAGARDÈRE SERVICES				
LAGARDÈRE SERVICES	2 rue Lord Byron – 75008 PARIS	330 814 732	100.00	100.00
AELIA	Tour Prisma, 4-6 avenue d'Alsace 92982 PARIS LA DÉFENSE Cedex	380 253 518	90.04	90.04
AELIA CZ	PRAGUE (CZECH REPUBLIC)		95.02	100.00
AELIA NOUVELLE CALEDONIE	40 rue de l'Alma – 98800 NOUMÉA	103 551 800	59.43	66.00
AELIA POLSKA	WARSAW (POLAND)		95.02	100.00
AELIA RETAIL ESPANA	MADRID (SPAIN)		100.00	100.00
AÉROBOUTIQUE FRANCE	Tour Prisma, 4-6 avenue d'Alsace 92982 PARIS LA DÉFENSE Cedex	380 193 938	90.04	100.00
AÉROBOUTIQUE INFLIGHT RETAIL	ZAC du Moulin, 6 rue du Meunier 95700 ROISSY EN FRANCE	408 053 809	90.04	100.00
AÉROBOUTIQUE INFLIGHT RETAIL NEDERLAND	AMSTERDAM (NETHERLANDS)		90.04	100.00
AÉROBOUTIQUE SALES GROUP	CASABLANCA (MOROCCO)		72.03	80.00
ALVADIS	BRUSSELS (BELGIUM)		100.00	100.00
LS TR INTERNATIONAL (formerly AIRPORT FASHION)	LE GRAND-SACONNEX (SWITZERLAND)		100.00	100.00
AMADEO	PRAGUE (CZECH REPUBLIC)		100.00	100.00
AMP	BRUSSELS (BELGIUM)		99.73	100.00
BEST COFFEE	PRAGUE (CZECH REPUBLIC)		100.00	100.00

SUBSIDIARIES	HEADQUARTERS	Registration number	% interest	% control
BURNONVILLE SA	BRUSSELS (BELGIUM)		100.00	100.00
CHARLES F GERZON HOLDING BV	AMSTERDAM (NETHERLANDS)		90.04	100.00
CHARLES F GERZON IMPORT BV	AMSTERDAM (NETHERLANDS)		90.04	100.00
CHARLES F GERZON SCHIPHOL BV	AMSTERDAM (NETHERLANDS)		90.04	100.00
CURTIS CIRCULATION COMPANY	PENNSAUKEN (UNITED STATES)		100.00	100.00
DELSTAR	PHOENIX (UNITED STATES)		100.00	100.00
DFS AUSTRALIA	SYDNEY (AUSTRALIA)		100.00	100.00
DFS WELLINGTON	WELLINGTON (NEW ZEALAND)		100.00	100.00
DISTRIDIJLE	MALINES (BELGIUM)		100.00	100.00
DISTRILIM	HASSELT (BELGIUM)		100.00	100.00
DISTRISUD	LIÈGE (BELGIUM)		100.00	100.00
DUTY FREE ASSOCIATES	Tour Prisma, 4-6 avenue d'Alsace 92982 PARIS LA DÉFENSE Cedex	423 402 312	90.04	100.00
DYNAPRESSE	CAROUGE (SWITZERLAND)		65.00	100.00
EMPIK CAFE	JEROZOLIMSKIE (POLAND)		100.00	100.00
EURODIS	Tour Prisma, 4-6 avenue d'Alsace 92982 PARIS LA DÉFENSE Cedex	428 705 982	90.04	100.00
EURO-EXCELLENCE INC.	CANDIAC (CANADA)		100.00	100.00
FERS	WIESBADEN (GERMANY)		100.00	100.00
HACHETTE DISTRIBUTION INC.	PENNSAUKEN (UNITED STATES)		100.00	100.00
HDS CANADA	MONTREAL (CANADA)		100.00	100.00
HDS POLSKA	WARSAW (POLAND)		100.00	100.00
HDS RETAIL CZ	PRAGUE (CZECH REPUBLIC)		100.00	100.00
IBD	OSTENDE (BELGIUM)		100.00	100.00
IMPORT LUX BURNONVILLE SARL	BRUSSELS (BELGIUM)		100.00	100.00
LAC CONCESSIONS MANAGEMENT	TORONTO (CANADA)		51.00	51.00
LAL CONCESSIONS MANAGEMENT	TORONTO (CANADA)		51.00	51.00
LAGARDÈRE SERVICES AIR STAR	HOUSTON (UNITED STATES)		51.00	51.00
LAGARDÈRE SERVICES ASIA PACIFIC	SYDNEY (AUSTRALIA)		100.00	100.00
LAGARDÈRE SERVICES BELGIUM	BRUSSELS (BELGIUM)		100.00	100.00
LAGARDÈRE SERVICES DEUTSCHLAND (formerly HDS DEUTSCHLAND GMBH)	WIESBADEN (GERMANY)		100.00	100.00
LAGARDÈRE SERVICES DISTRIBUTION	2 rue Lord Byron – 75008 PARIS	451 344 220	100.00	100.00
LS DISTRIBUTION BENELUX (formerly HDS BELGIUM)	BRUSSELS (BELGIUM)		100.00	100.00
LS DISTRIBUTION LOGISTICS NV	BRUSSELS (BELGIUM)		100.00	100.00
LS DISTRIBUTION NORTH AMERICA INC. CROSSINGS FRENCH FOOD	NEW YORK (UNITED STATES)		100.00	100.00
LS DISTRIBUTION SUISSE (formerly PAYOT NAVILLE DISTRIBUTION)	FRIBOURG (SWITZERLAND)		65.00	65.00
LAGARDÈRE SERVICES PARTNERS AT LAX	LOS ANGELES (UNITED STATES)		70.00	70.00
LAGARDÈRE SERVICES PARTNERS AT DEN	DENVER (UNITED STATES)		60.00	60.00
LAGARDÈRE SERVICES SINGAPORE PTE LTD	SINGAPORE (REPUBLIC OF SINGAPORE)		100.00	100.00
LAGARDÈRE SERVICES TAIWAN LTD	TAIPEI (TAIWAN)		100.00	100.00
LS TRAVEL MALAYSIA	KUALA LUMPUR (MALAYSIA)		97.00	100.00
LS TRAVEL RETAIL BENELUX (formerly PRESS-SHOP ALG)	BRUSSELS (BELGIUM)		88.96	100.00

SUBSIDIARIES	HEADQUARTERS	Registration number	% interest	% control
LS TRAVEL RETAIL BULGARIA	SOFIA (BULGARIA)		100.00	100.00
LS TRAVEL RETAIL DEUTSCHLAND (formerly HDS EINZELHANDEL)	HUERTH HERMUELHEIM (GERMANY)		100.00	100.00
LS TRAVEL RETAIL FOODSERVICES	WIESBADEN (GERMANY)		100.00	100.00
LS TRAVEL RETAIL HONG KONG	HONG KONG (CHINA)		100.00	100.00
LS TRAVEL RETAIL NEW ZEALAND	AUCKLAND (NEW ZEALAND)		100.00	100.00
LS TRAVEL RETAIL NORTH AMERICA	NEW YORK (UNITED STATES)		100.00	100.00
LS TRAVEL RETAIL ROMANIA	BUCHAREST (ROMANIA)		100.00	100.00
LS TRAVEL RETAIL SHANGHAI CO	SHANGHAI (CHINA)		65.00	100.00
LS TR ITALIA	FIUMICINO (ITALY)		90.04	100.00
LS TR NORTH AMERICA INC.	TORONTO (CANADA)		100.00	100.00
LS TR UK & IRELAND (formerly AELIA UK)	LONDON (UNITED KINGDOM)		90.04	100.00
LS TR ROMA	FIUMICINO (ITALY)		90.04	100.00
MEDICOM SANTÉ	126 rue Jules Guesde 92300 LEVALLOIS-PERRET	451 199 947	51.00	100.00
M. TRAFIK	PRAGUE (CZECH REPUBLIC)		100.00	100.00
MUSIC RAILWAY	55 rue Deguingand 92689 LEVALLOIS-PERRET	414 434 431	100.00	100.00
NAVILLE	CAROUGE (SWITZERLAND)		64.99	100.00
NEWS & GIFT SHOPS INTERNATIONAL LLC	TORONTO (CANADA)		100.00	100.00
NEWSLINK	SYDNEY (AUSTRALIA)		100.00	100.00
PRESSE IMPORT SA	CORMINBOEUF (SWITZERLAND)		65.00	100.00
PRESS RELAY LOGAN	NEW YORK (UNITED STATES)		87.00	87.00
PRESS RELAY/RMD- DELTA	NEW YORK (UNITED STATES)		83.00	83.00
PRESS RELAY WASHINGTON NATIONAL	NEW YORK (UNITED STATES)		90.00	90.00
RELAY CONCEPT FOOD	126 rue Jules Guesde 92300 LEVALLOIS-PERRET		100.00	100.00
RELAY FRANCE	126 rue Jules Guesde 92300 LEVALLOIS-PERRET	542 095 336	100.00	100.00
RELAY SP ZOO	WARSAW (POLAND)		100.00	100.00
SCSC	126 rue Jules Guesde 92300 LEVALLOIS-PERRET	431 960 004	100.00	100.00
THE PURELY GROUP PTY LTD	SYDNEY (AUSTRALIA)		100.00	100.00
TWB ACQUISITION CO INC.	TORONTO (CANADA)		100.00	100.00
SGEL GROUP				
SOCIEDAD GENERAL ESPAÑOLA DE LIBRERÍA (SGEL)	MADRID (SPAIN)		100.00	100.00
CELERITAS TRANSPORTE	ALCOBENDAS (SPAIN)		100.00	100.00
DISTRIRUEDA	REUS (SPAIN)		50.01	50.01
FREEACTION	MADRID (SPAIN)		100.00	100.00
GRANA	MADRID (SPAIN)		100.00	100.00
MARKEDIS	MADRID (SPAIN)		100.00	100.00
SIGMA	MADRID (SPAIN)		100.00	100.00
TOPCODI	MADRID (SPAIN)		100.00	100.00
ZENDIS	MADRID (SPAIN)		100.00	100.00

SUBSIDIARIES	HEADQUARTERS	Registration number	% interest	% control
LAGARDÈRE SERVICES CHINA GROUP				
LAGARDÈRE SERVICES CHINA	SHANGHAI (CHINA)		100.00	100.00
LAGARDÈRE SERVICES CHINA KUNMING	KUNMING (CHINA)		100.00	100.00
LAPKER GROUP				
LAPKER	BUDAPEST (HUNGARY)		80.41	80.41
BUVIHIR	BUDAPEST (HUNGARY)		80.41	100.00
HIRKER	BUDAPEST (HUNGARY)		80.41	100.00
LS DISTRIBUTOR KTF	BUDAPEST (HUNGARY)		80.41	100.00
SPRINTER	BUDAPEST (HUNGARY)		80.41	100.00
AIREST GROUP				
LS TR FOOD SERVICES ITALIA SRL	VENICE (ITALY)		100.00	100.00
AIREST SPA	VENICE (ITALY)		50.00	100.00(*)
AIREST VERY ITALIAN FOOD SRL	VENICE (ITALY)		50.00	100.00(*)
AIREST COLLEZIONI SRL	VENICE (ITALY)		50.00	100.00(*)
AIREST COLLEZIONI GLASGOW LTD	GLASGOW (UNITED KINGDOM)		50.00	100.00(*)
AIREST COLLEZIONI DUBLIN LTD	DUBLIN (IRELAND)		50.00	100.00(*)
AIREST COLLEZIONI VENEZIA SRL	VENICE (ITALY)		50.00	100.00(*)
AIREST RETAIL SRL	VENICE (ITALY)		50.00	100.00(*)
AIREST RUSSIA OOO	MOSCOW (RUSSIA)		50.00	100.00(*)
AIREST COLLEZIONI USA INC.	PITTSBURGH (UNITED STATES)		50.00	100.00(*)
AIREST COLLEZIONI USA LLC	PITTSBURGH (UNITED STATES)		50.00	100.00(*)
AIRLINE TERMINAL & BUSINESS CATERING	VIENNA (AUSTRIA)		50.00	100.00(*)
AIREST GASTRONOMY & RETAIL GMBH	VIENNA (AUSTRIA)		50.00	100.00(*)
AIREST CZECH REPUBLIC SA	PRAGUE (CZECH REPUBLIC)		50.00	100.00(*)
AIREST CATERING DOO	LJUBLJANA (SLOVENIA)		50.00	100.00(*)
AIREST CATERING SHANGHAI LTD	SHANGHAI (CHINA)		50.00	100.00(*)
AIREST SINGAPOUR PTE	SINGAPORE (REPUBLIC OF SINGAPORE)		50.00	100.00(*)
AIREST RESTAURANT MIDDLE EAST LLC	ABU DHABI (UNITED ARAB EMIRATES)		50.00	100.00(*)
LAGARDÈRE ACTIVE				
LAGARDÈRE ACTIVE	149-151 rue Anatole France 92300 LEVALLOIS-PERRET	433 443 124	100.00	100.00
909 PRODUCTION	7-15 rue du Dôme 92100 BOULOGNE-BILLANCOURT	432 861 334	76.95	100.00
AMAYA-TECHNISONOR	7-15 rue du Dôme 92100 BOULOGNE-BILLANCOURT	542 088 604	99.49	100.00
ATLANTIQUE PRODUCTIONS	7-15 rue du Dôme 92100 BOULOGNE-BILLANCOURT	324 873 421	99.49	100.00
AUBES PRODUCTIONS	7-15 rue du Dôme 92100 BOULOGNE-BILLANCOURT	429 138 019	99.49	100.00
BILLET REDUC	100 rue Lafayette – 75010 PARIS	411 105 117	100.00	100.00
CARSON PROD	27 rue Marbeuf – 75008 PARIS	438 557 282	96.19	96.68
CERT	SARREBRUCK (GERMANY)		99.30	99.81

(*) Acquisition of the Airest group in April 2014, see note 4. The shareholder agreement confers control of the group to Lagardère Services.

SUBSIDIARIES	HEADQUARTERS	Registration number	% interest	% control
DEMD PRODUCTIONS	7-15 rue du Dôme 92100 BOULOGNE-BILLANCOURT	377 608 377	99.49	100.00
DE PÈRE EN FILS PRODUCTIONS	7-15 rue du Dôme 92100 BOULOGNE-BILLANCOURT	449 309 994	50.74	51.00
DOCTISSIMO	149 rue Anatole France 92300 LEVALLOIS-PERRET	562 013 524	100.00	100.00
DOCTIPHARMA	149 rue Anatole France 92300 LEVALLOIS-PERRET	794 411 561	98.04	98.04
LAGARDÈRE ACTIVE ENTREPRISE (formerly ECEP)	149 rue Anatole France 92300 LEVALLOIS-PERRET	300 938 826	99.97	100.00
ÉDITIONS MUSICALES FRANÇOIS 1er	7-15 rue du Dôme 92100 BOULOGNE-BILLANCOURT	381 649 771	99.49	100.00
ÉLECTRON LIBRE PRODUCTIONS	7-15 rue du Dôme 92100 BOULOGNE-BILLANCOURT	449 448 372	99.49	100.00
EUROPE 1 IMMOBILIER	26 bis rue François 1er – 75008 PARIS	622 009 959	99.42	100.00
EUROPE 1 TÉLÉCOMPAGNIE	26 bis rue François 1er – 75008 PARIS	542 168 463	99.40	100.00
EUROPE 2 ENTREPRISES	28 rue François 1er – 75008 PARIS	352 819 577	99.49	100.00
EUROPE NEWS	26 bis rue François 1er – 75008 PARIS	343 508 750	99.40	100.00
FCUBE (formerly ADD-ON)	149 rue Anatole France 92300 LEVALLOIS-PERRET	482 467 610	99.40	100.00
FENIPROD	7-15 rue du Dôme 92100 BOULOGNE-BILLANCOURT	391 464 633	99.49	100.00
FRANCE-CANADA ÉDITIONS ET PUBLICATIONS	MONTREAL (CANADA)		99.97	100.00
GENAO PRODUCTION	7-15 rue du Dôme 92100 BOULOGNE-BILLANCOURT	448 829 275	99.49	100.00
GMT PRODUCTIONS	7-15 rue du Dôme 92100 BOULOGNE-BILLANCOURT	342 171 667	99.49	100.00
GULLI	28 rue François 1er – 75008 PARIS	480 937 184	99.49	100.00
GULLI INTERACTIVE	28 rue François 1er – 75008 PARIS	533 299 616	99.49	100.00
HACHETTE FILIPACCHI ASSOCIÉS	149 rue Anatole France 92300 LEVALLOIS-PERRET	324 286 319	99.97	100.00
HACHETTE FILIPACCHI FILMS	149 rue Anatole France 92300 LEVALLOIS-PERRET	572 028 959	99.97	100.00
HACHETTE FILIPACCHI PRESSE	149 rue Anatole France 92300 LEVALLOIS-PERRET	582 101 424	99.97	100.00
HACHETTE PREMIÈRE & CIE	7-15 rue du Dôme 92100 BOULOGNE-BILLANCOURT	334 805 686	99.49	100.00
IMAGE & COMPAGNIE	7-15 rue du Dôme 92100 BOULOGNE-BILLANCOURT	334 027 620	99.49	100.00
JEUNESSE INTERACTIVE	28 rue François 1er – 75008 PARIS	491 848 222	99.49	100.00
LAGARDÈRE ACTIVE BROADCAST	1 rue du Ténao – 98000 MONACO	775 751 779	99.49	99.49
LAGARDÈRE ACTIVE DIGITAL	149 rue Anatole France 92300 LEVALLOIS-PERRET	497 909 051	100.00	100.00
LAGARDÈRE ACTIVE ENTREPRISES JAPAN	TOKYO (JAPAN)		99.97	100.00
LAGARDÈRE ACTIVE FINANCES	149 rue Anatole France 92300 LEVALLOIS-PERRET	410 208 136	100.00	100.00
LAGARDÈRE ACTIVE FM	28 rue François 1er – 75008 PARIS	441 942 760	99.49	100.00
LAGARDÈRE ACTIVE TV	28 rue François 1er – 75008 PARIS	334 595 881	99.49	100.00
LAGARDÈRE DIGITAL FRANCE	149 rue Anatole France 92300 LEVALLOIS-PERRET	433 934 312	100.00	100.00

SUBSIDIARIES	HEADQUARTERS	Registration number	% interest	% control
LAGARDÈRE ENTERTAINMENT	7-15 rue du Dôme 92100 BOULOGNE-BILLANCOURT	309 001 477	99.49	100.00
LAGARDÈRE ENTERTAINMENT RIGHTS	7-15 rue du Dôme 92100 BOULOGNE-BILLANCOURT	339 412 611	99.49	100.00
LAGARDÈRE GLOBAL ADVERTISING	10 rue Thierry Le Luron 92300 LEVALLOIS-PERRET	350 277 059	99.72	99.88
LAGARDÈRE IMMOBILIARE ITALIA	MILAN (ITALY)		99.97	100.00
LAGARDÈRE NEWS	28 rue François 1er – 75008 PARIS	415 096 502	99.36	100.00
LAGARDÈRE MEDIA CONSULTING	28 rue François 1er – 75008 PARIS	307 718 320	99.49	100.00
LAGARDÈRE MÉTROPOLES	28 rue François 1er – 75008 PARIS	329 209 993	99.97	100.00
LAGARDÈRE PUBLICITÉ	10 rue Thierry Le Luron 92300 LEVALLOIS-PERRET	345 404 040	99.97	100.00
LAGARDÈRE TÉLÉVISION INTERNATIONAL	149 rue Anatole France 92300 LEVALLOIS-PERRET	612 039 164	99.49	100.00
LAGARDÈRE THÉMATIQUES	28 rue François 1er – 75008 PARIS	350 787 594	99.49	100.00
LA WEBCO	21 avenue Gaston Monmousseau 93240 STAINS	752 445 387	70.00	100.00
LÉO VISION	7-15 rue du Dôme 92100 BOULOGNE-BILLANCOURT	383 160 942	99.49	100.00
LTI VOSTOK	MOSCOW (RUSSIA)		99.49	100.00
MAXIMAL NEWS TÉLÉVISION	7-15 rue du Dôme 92100 BOULOGNE-BILLANCOURT	384 316 907	99.49	100.00
MAXIMAL PRODUCTIONS	7-15 rue du Dôme 92100 BOULOGNE-BILLANCOURT	432 608 313	99.49	100.00
MERLIN PRODUCTIONS	7-15 rue du Dôme 92100 BOULOGNE-BILLANCOURT	451 099 402	99.49	100.00
MEZZO	28 rue François 1er – 75008 PARIS	418 141 685	59.69	60.00
MONDOCTEUR	149 rue Anatole France 92300 LEVALLOIS-PERRET	790 148 001	70.00	70.00
NEWSWEB	151 rue Anatole France 92300 LEVALLOIS-PERRET	424 905 172	100.00	100.00
PLURIMEDIA	9 Place Marie-Jeanne Bassot 92300 LEVALLOIS-PERRET	391 817 467	99.97	100.00
PROMOTION ET SPECTACLES D'EUROPE 1	26 bis rue François 1er – 75008 PARIS	632 042 495	99.40	100.00
PUBLICATIONS FRANCE MONDE	149 rue Anatole France 92300 LEVALLOIS-PERRET	562 113 787	99.94	99.97
QUILLET SA	149 rue Anatole France 92300 LEVALLOIS-PERRET	542 043 971	99.96	100.00
RFM ENTREPRISES	28 rue François 1er – 75008 PARIS	405 188 871	99.49	100.00
RFM RÉGIONS	28 rue François 1er – 75008 PARIS	382 002 509	99.49	100.00
SAM & COMPAGNIE	7-15 rue du Dôme 92100 BOULOGNE-BILLANCOURT	429 513 153	99.49	100.00
SOCIÉTÉ DE PRESSE FÉMININE	149 rue Anatole France 92300 LEVALLOIS-PERRET	441 174 554	100.00	100.00
SOCIÉTÉ DE TRAITEMENT DES PRODUITS DE PRESSE (STPP)	10 rue Thierry Le Luron 92300 LEVALLOIS-PERRET	732 053 491	99.97	100.00
THE BOX DISTRIBUTION	11 rue de l'Avre – 75015 PARIS	492 603 287	99.49	100.00
THE BOX OFFICE	11 rue de l'Avre – 75015 PARIS	749 926 952	99.49	100.00
VIRGIN RADIO RÉGIONS	28 rue François 1er – 75008 PARIS	339 802 118	99.49	100.00

SUBSIDIARIES	HEADQUARTERS	Registration number	% interest	% control
LARI GROUP				
LAGARDÈRE ACTIVE RADIO INTERNATIONAL	28 rue François 1er – 75008 PARIS	388 404 717	99.49	100.00
ADI SÉNÉGAL	DAKAR (SENEGAL)		50.00	100.00(*)
BBC RADIOCOM	PRAGUE (CZECH REPUBLIC)		99.49	100.00
EDI ROMANIA	BUCHAREST (ROMANIA)		99.49	100.00
EUROPA 2	BRATISLAVA (SLOVAKIA)		99.49	100.00
EUROPE 2 PRAGUE	PRAGUE (CZECH REPUBLIC)		99.49	100.00
LAGARDÈRE ACTIVE CZECH REPUBLIC	PRAGUE (CZECH REPUBLIC)		99.49	100.00
EURO-RADIO SAAR	SARREBRUCK (GERMANY)		50.94	51.00
EUROZET	WARSAW (POLAND)		99.49	100.00
EUROZET CONSULTING	WARSAW (POLAND)		99.49	100.00
EUROZET RADIO	WARSAW (POLAND)		99.49	100.00
FORWARD Media	BRATISLAVA (SLOVAKIA)		99.49	100.00
INFINITIV	PRAGUE (CZECH REPUBLIC)		99.49	100.00
RADIO BONTON	PRAGUE (CZECH REPUBLIC)		99.49	100.00
RADIO MERCHANDISING COMPANY	PRAGUE (CZECH REPUBLIC)		99.49	100.00
RADIO PLUS POLSKA	WARSAW (POLAND)		79.59	80.00
RADIO PLUS POLSKA CENTRUM	WARSAW (POLAND)		99.49	100.00
RADIO PLUS POLSKA ZACHOD	WARSAW (POLAND)		63.67	80.00
RG FREKVENCE 1	PRAGUE (CZECH REPUBLIC)		99.49	100.00
RRM BUCAREST	BUCHAREST (ROMANIA)		99.49	100.00
RRM PRAGUE	PRAGUE (CZECH REPUBLIC)		99.49	100.00
RRM SLOVAKIA	BRATISLAVA (SLOVAKIA)		99.49	100.00
SPOLKA PRODUCENCKA PLUS POLSKA	WARSAW (POLAND)		89.34	100.00
STUDIO ZET	WARSAW (POLAND)		99.49	100.00
ZET PREMIUM	WARSAW (POLAND)		99.49	100.00
LEGUIDE GROUP				
LEGUIDE.COM	12 rue Godot de Mauroy – 75009 PARIS	425 085 875	95.82	95.82
SHOPPING GUIDE GMBH (CIAO)	MUNICH (GERMANY)		95.82	100.00
GOOOSTER	12 rue Godot de Mauroy – 75009 PARIS	450 888 433	95.82	100.00
DOOYOO GMBH	BERLIN (GERMANY)		95.82	100.00
DOOYOO LTD	CANVEY (UNITED KINGDOM)		95.82	100.00
DOOYOO SRL	ROME (ITALY)		95.82	100.00
RÉSERVOIR GROUP				
RÉSERVOIR HOLDING	7-15 rue du Dôme 92100 BOULOGNE-BILLANCOURT	799 890 108	69.64	70.00
GROUPE RÉSERVOIR	101-103 boulevard Murat 75016 PARIS	395 221 286	69.64	100.00
GALLERY TV	101-103 boulevard Murat 75016 PARIS	439 447 657	69.64	100.00
RÉSERVOIR MUSIC	101-103 boulevard Murat 75016 PARIS	439 170 333	69.64	100.00
RÉSERVOIR NET	101-103 boulevard Murat 75016 PARIS	429 944 986	69.64	100.00

(*) The shareholder agreement confers control of the group to Lagardère Services.

SUBSIDIARIES	HEADQUARTERS	Registration number	% interest	% control
RÉSERVOIR PROD	101-103 boulevard Murat 75016 PARIS	432 411 502	69.64	100.00
LAGARDÈRE UNLIMITED				
LAGARDÈRE UNLIMITED SAS	16-18 rue du Dôme 92100 BOULOGNE-BILLANCOURT	453 759 078	100.00	100.00
LAGARDÈRE UNLIMITED BRAZIL	SAO PAULO (BRAZIL)		100.00	100.00
LAGARDÈRE UNLIMITED FINANCE SAS	16-18 rue du Dôme 92100 BOULOGNE-BILLANCOURT	519 085 658	100.00	100.00
LAGARDÈRE UNLIMITED SPORTS MANAGEMENT (formerly LONA)	16-18 rue du Dôme 92100 BOULOGNE-BILLANCOURT	491 036 273	100.00	100.00
LAGARDÈRE UNLIMITED UK	LONDON (UNITED KINGDOM)		100.00	100.00
SPORTFIVE GROUP				
SPORTFIVE SAS	16-18 rue du Dôme 92100 BOULOGNE-BILLANCOURT	873 803 456	100.00	100.00
ISPR GMBH	HAMBURG (GERMANY)		100.00	100.00
LAGARDÈRE UNLIMITED ESPAÑA	MADRID (SPAIN)		100.00	100.00
LAGARDÈRE UNLIMITED STADIUM SOLUTIONS SAS	16-18 rue du Dôme 92100 BOULOGNE-BILLANCOURT	321 500 803	100.00	100.00
LAGARDÈRE UNLIMITED STADIUM SOLUTIONS HUNGARY	BUDAPEST (HUNGARY)		100.00	100.00
MEDIA FOOT BELGIQUE SRL	BRUSSELS (BELGIUM)		100.00	100.00
MULTIMEDIA GLOBAL FINANCE	LUXEMBOURG (LUXEMBOURG)		100.00	100.00
S5 ASIA SDN.BHD	KUALA LUMPUR (MALAYSIA)		100.00	100.00
LU CONSULTING GMBH (formerly SPORT BUSINESS COMPANIONS GMBH)	HAMBURG (GERMANY)		100.00	100.00
SPORTFIVE GMBH	HAMBURG (GERMANY)		100.00	100.00
SPORTFIVE CONSULTING SAS	16-18 rue du Dôme 92100 BOULOGNE-BILLANCOURT	324 592 674	100.00	100.00
SPORTFIVE GMBH & CO. KG	HAMBURG (GERMANY)		100.00	100.00
SPORTFIVE FINANCIAL SERVICES GMBH	HAMBURG (GERMANY)		100.00	100.00
SPORTFIVE INTERMEDIATE GMBH	HAMBURG (GERMANY)		100.00	100.00
SPORTFIVE INTERNATIONAL SA	GENEVA (SWITZERLAND)		100.00	100.00
SPORTFIVE ITALY	TURIN (ITALY)		100.00	100.00
SPORTFIVE MARKETING ESPORTIVO LTDA	RIO DE JANEIRO (BRAZIL)		100.00	100.00
SPORTFIVE MEDIA SOLUTIONS SAS	16-18 rue du Dôme 92100 BOULOGNE-BILLANCOURT	350 857 686	100.00	100.00
SPORTFIVE NETHERLANDS BV	AMSTERDAM (NETHERLANDS)		100.00	100.00
SPORTFIVE POLAND SP ZOO	WARSAW (POLAND)		100.00	100.00
SPORTFIVE SINGAPORE PTE LTD	SINGAPORE (REPUBLIC OF SINGAPORE)		100.00	100.00
SPORTFIVE UK LTD	LONDON (UNITED KINGDOM)		100.00	100.00
SPORTFIVE VERWALTUNGS GMBH	HAMBURG (GERMANY)		100.00	100.00
THE SPORTS PROMOTERS GMBH	HAMBURG (GERMANY)		100.00	100.00
VIP SPORTSTRAVEL AG	ZURICH (SWITZERLAND)		100.00	100.00
VIP SPORTSTRAVEL GMBH	BERLIN (GERMANY)		100.00	100.00
ZACHEL AG	BERLIN (GERMANY)		100.00	100.00

SUBSIDIARIES	HEADQUARTERS	Registration number	% interest	% control
LU SCANDIANAVIA GROUP (FORMERLY PR EVENT GROUP)				
PR EVENT I SVERIGE AB	GOTHENBURG (SWEDEN)		100.00	100.00
LU SCANDINAVIA AB (formerly PR EVENT GOTHENBURG AB)	GOTHENBURG (SWEDEN)		100.00	100.00
PR EVENT I BASTAD AB	GOTHENBURG (SWEDEN)		100.00	100.00
IEC IN SPORTS GROUP				
IEC IN SPORTS AB	STOCKHOLM (SWEDEN)		100.00	100.00
IEC IN SPORTS SARL	LAUSANNE (SWITZERLAND)		100.00	100.00
IEC IN SPORTS ASIA PACIFIC LTD	HONG-KONG (CHINA)		100.00	100.00
WORLD TRIATHLON STOCKHOLM AB	STOCKHOLM (SWEDEN)		55.00	100.00
SPORTS INVESTMENT COMPANY GROUP				
SPORTS INVESTMENT COMPANY LLC	WILMINGTON (UNITED STATES)		100.00	100.00
BLACKWAVE SPORTS GROUP LLC	NEW YORK (UNITED STATES)		100.00	100.00
BLACKWAVE SPORTS INVESTMENT COMPANY	NEW YORK (UNITED STATES)		100.00	100.00
DYNASTY SPORTS GROUP LLC (CA)	BEVERLY HILLS (UNITED STATES)		100.00	100.00
DYNASTY SPORTS GROUP LLC (FL)	BEVERLY HILLS (UNITED STATES)		100.00	100.00
SPORTS MEDIA ADVISORS LLC	WASHINGTON (UNITED STATES)		100.00	100.00
TENNIS ADVISORS LLC	WASHINGTON (UNITED STATES)		100.00	100.00
WORLWIDE FOOTBALL LLC	JERICHO (UNITED STATES)		100.00	100.00
LU EVENTS GROUP (FORMERLY UPSOLUT GROUP)				
EVENTERPRISE GMBH	HAMBURG (GERMANY)		51.00	51.00
LU EVENTS GMBH (formerly UPSOLUT EVENT)	HAMBURG (GERMANY)		100.00	100.00
UPSOLUT MERCHANDISING GMBH & CO. KG	HAMBURG (GERMANY)		51.00	51.00
LU EVENTS AG (formerly UPSOLUT SPORT)	HAMBURG (GERMANY)		100.00	100.00
LU EVENTS SPORTS UK (formerly UPSOLUT SPORTS UK)	LONDON (UNITED KINGDOM)		100.00	100.00
UPSOLUT VERWALTUNGS GMBH	HAMBURG (GERMANY)		51.00	100.00
LU EVENTS OCEANIA (formerly UPSOLUT SPORTS OCEANIA)	AUCKLAND (NEW ZEALAND)		80.00	80.00
LU EVENTS NORTH AMERICA	CHICAGO (UNITED STATES)		100.00	100.00
UPSOLUT USAT LLC	WILMINGTON (UNITED STATES)		78.00	78.00
LAGARDÈRE UNLIMITED INC. GROUP				
LAGARDÈRE UNLIMITED INC.	WILMINGTON (UNITED STATES)		100.00	100.00
CROWN SPORTS MANAGEMENT LLC	ST SIMONS ISLAND (UNITED STATES)		100.00	100.00
JEFF SANDERS PROMOTION	BEAVERTON (UNITED STATES)		100.00	100.00
LAGARDÈRE UNLIMITED ARIZONA LLC	SCOTTSDALE ARIZONA (UNITED STATES)		80.00	80.00
LAGARDÈRE UNLIMITED CONSULTING LLC	WILMINGTON (UNITED STATES)		100.00	100.00
HORS SPORT GROUP				
CASINO DE PARIS	16 rue de Clichy – 75009 PARIS	582 047 957	100.00	100.00
LAGARDÈRE PARIS RACING RESSOURCES	Chemin de la Croix Catelan 75116 PARIS	433 565 819	100.00	100.00

SUBSIDIARIES	HEADQUARTERS	Registration number	% interest	% control
SIIS DEVELOPPEMENT (L'USINE)	8 rue de la Michodière – 75002 PARIS	537 915 712	60.00	60.00
COACH ACADÉMIE DE PARIS	8 rue de la Michodière – 75002 PARIS	494 528 193	60.00	100.00
LAGARDÈRE UNLIMITED LIVE ENTERTAINMENT	16-18 rue du Dôme 92100 BOULOGNE-BILLANCOURT	441 268 380	100.00	100.00
LAGARDÈRE UNLIMITED TALENTS FRANCE	16-18 rue du Dôme 92100 BOULOGNE-BILLANCOURT	402 345 425	100.00	100.00
LULE MUSIC (formerly MARQUES FOLIES BERGÈRE)	16-18 rue du Dôme 92100 BOULOGNE-BILLANCOURT	509 763 611	100.00	100.00
SOCIÉTÉ D'EXPLOITATION DES FOLIES BERGÈRE	16-18 rue du Dôme 92100 BOULOGNE-BILLANCOURT	509 763 694	100.00	100.00
SENSO	33 rue Lecocq – 33000 BORDEAUX	790 021 760	100.00	100.00
WORLD SPORT GROUP				
WORLD SPORT GROUP INVESTMENTS LTD	TORTOLA (BRITISH VIRGIN ISLANDS)		78.60	78.60
WORLD SPORT GROUP HOLDINGS LTD	TORTOLA (BRITISH VIRGIN ISLANDS)		70.74	90.00
WORLD SPORT FOOTBALL LTD	HONG KONG (CHINA)		70.74	100.00
WORLD SPORT GROUP BEIJING LTD	BEIJING (CHINA)		70.74	100.00
WORLD SPORT GROUP EAST ASIA	HONG KONG (CHINA)		70.74	100.00
WORLD SPORT GROUP FZ-LLC	DUBAI (UNITED ARAB EMIRATES)		70.74	100.00
WORLD SPORT GROUP INDIA LTD	MUMBAI (INDIA)		70.74	100.00
WORLD SPORT GROUP LTD	HONG KONG (CHINA)		70.74	100.00
WORLD SPORT GROUP MAURITIUS LTD	PORT LOUIS (MAURITIUS)		70.74	100.00
WORLD SPORT GROUP PTE LTD	SINGAPORE (REPUBLIC OF SINGAPORE)		70.74	100.00
WORLD SPORT GROUP PTY LTD	BROOKVALE (AUSTRALIA)		70.74	100.00
SMAM GROUP				
LAGARDÈRE UNLIMITED AUSTRALIA PTY LTD	SYDNEY (AUSTRALIA)		100.00	100.00
SPORTS MARKETING & MANAGEMENT PTY LTD	ST LEONARDS (AUSTRALIA)		100.00	100.00
JAVELIN AUSTRALIA PTY LTD	ST LEONARDS (AUSTRALIA)		100.00	100.00
SPORTS MARKETING & MANAGEMENT (U.K.) LTD	SURREY (UNITED KINGDOM)		100.00	100.00
JAVELIN (EUROPE) LTD	SURREY (UNITED KINGDOM)		100.00	100.00
OTHER ACTIVITIES				
LAGARDÈRE SCA	4 rue de Presbourg – 75116 PARIS	320 366 446	100.00	100.00
COMPAGNIE IMMOBILIÈRE EUROPA	149 rue Anatole France 92300 LEVALLOIS-PERRET	407 662 329	99.98	100.00
DARIADE	42 rue Washington – 75408 PARIS	400 231 072	100.00	100.00
ÉCRINVEST 4	42 rue Washington – 75408 PARIS	434 211 793	100.00	100.00
ÉDIFINANCE PARTICIPATIONS	42 rue Washington – 75408 PARIS	440 143 741	100.00	100.00
FINANCIÈRE DE PICHAT ET CIE	6 rue Laurent Pichat – 75116 PARIS	320 366 453	100.00	100.00
HÉLIOS	42 rue Washington – 75408 PARIS	433 436 870	100.00	100.00
HOLPA	42 rue Washington – 75408 PARIS	572 011 526	100.00	100.00
LAGARDÈRE FINANCE	42 rue Washington – 75408 PARIS	409 882 883	100.00	100.00
LAGARDÈRE HOLDING TV	42 rue Washington – 75408 PARIS	428 705 537	100.00	100.00
LAGARDÈRE MEDIA	4 rue de Presbourg – 75116 PARIS	402 345 128	100.00	100.00
LAGARDÈRE NORTH AMERICA Inc	NEW YORK (UNITED STATES)		100.00	100.00
LAGARDÈRE PARTICIPATIONS	4 rue de Presbourg – 75116 PARIS	303 600 902	100.00	100.00

SUBSIDIARIES	HEADQUARTERS	Registration number	% interest	% control
LAGARDÈRE RESSOURCES	42 rue Washington – 75408 PARIS	348 991 167	100.00	100.00
LAGARDÈRE UK	LONDON (UNITED KINGDOM)		100.00	100.00
MNC	42 rue Washington – 75408 PARIS	345 078 927	100.00	100.00
MATRA MANUFACTURING & SERVICES	4 rue de Presbourg – 75116 PARIS	318 353 661	100.00	100.00
PROMOTEC 5000 SL	MADRID (SPAIN)		100.00	100.00
SOFRIMO	42 rue Washington – 75408 PARIS	569 803 687	100.00	100.00
SOFRIMO IBERIA	MADRID (SPAIN)		100.00	100.00
TEAM LAGARDÈRE	42 rue Washington – 75408 PARIS	482 741 725	100.00	100.00

Companies jointly controlled and accounted for under the equity method at 31 December 2014:

JOINT VENTURE	HEADQUARTERS	Registration number	% interest	% control
LAGARDÈRE PUBLISHING				
HARLEQUIN SA	83-85 boulevard Vincent Auriol 75013 PARIS	318 671 591	50.00	50.00
LIGHTNING SOURCE	1 avenue Gutenberg 78910 MAUREPAS	515 014 785	50.00	50.00
LAGARDÈRE SERVICES				
C-STORE	55 rue Deguingand 92689 LEVALLOIS-PERRET	505 387 795	50.00	50.00
CZ PRESS	PRAGUE (CZECH REPUBLIC)		40.22	50.00
DUTYFLY SOLUTIONS	ZAC du Moulin 6, rue du Meunier 95700 ROISSY EN FRANCE	443 014 527	45.02	50.00
DUTYFLY SOLUTIONS ESPANA	MADRID (SPAIN)		45.02	50.00
DUTYFLY SOLUTIONS ITALIA	MILAN (ITALY)		45.02	50.00
HUNGARO PRESSE	BUDAPEST (HUNGARY)		40.22	50.00
LAGARDÈRE CAPITAL LLC	ABU DHABI (UNITED ARAB EMIRATES)		50.00	50.00
LYON DUTY FREE	295 rue de Finlande Aéroport Lyon Saint Exupéry 69124 COLOMBIER-SAUNIEU	533 770 074	45.02	50.00
RELAY@ADP	55 rue Deguingand 92689 LEVALLOIS-PERRET	533 970 950	49.84	50.00
SOCIÉTÉ DE DISTRIBUTION AÉROPORTUAIRE	114 avenue Charles De Gaulle 92200 NEUILLY-SUR-SEINE	552 016 628	45.02	50.00
SOCIÉTÉ DES COMMERCES EN GARES	55 rue Deguingand 92689 LEVALLOIS-PERRET	799 394 739	50.00	50.00
SVRLS@LAREUNION SAS	Tour Prisma, 4-6 avenue d'Alsace 92982 PARIS LA DÉFENSE Cedex	538 210 147	44.84	50.00
TIMES NEWSLINK	SINGAPORE (REPUBLIC OF SINGAPORE)		50.00	50.00
LAGARDÈRE ACTIVE				
DISNEY HACHETTE PRESSE	124 rue Danton 92300 LEVALLOIS-PERRET	380 254 763	49.99	50.00
LAGARDÈRE UNLIMITED				
LU BRAZIL GROUP				
LU ARENA	SAO PAULO (BRAZIL)		50.00	50.00
LU CASTELAO	SAO PAULO (BRAZIL)		50.00	50.00
SPE INDEPENDENCIA	SAO PAULO (BRAZIL)		50.00	50.00
SPORTFIVE GROUP				
STADION FRANKFURT MANAGEMENT GmbH	FRANKFURT (GERMANY)		50.00	50.00
OTHER ACTIVITIES				
GLOBAL CAR SERVICES	42 rue Washington – 75408 PARIS	304 233 406	50.00	50.00

Companies in which the Group exercises significant influence, accounted for under the equity method at 31 December 2014:

ASSOCIATE	HEADQUARTERS	Registration number	% interest	% control
LAGARDÈRE PUBLISHING				
ÉDITIONS J'AI LU	87 quai Panhard et Levassor 75013 PARIS	582 039 673	35.33	35.33
LAGARDÈRE SERVICES				
INMEDIO SP ZOO	WARSAW (POLAND)		49.00	49.00
LAGARDÈRE ACTIVE				
BANDSINTOWN GROUP INC (formerly CELLFISH MEDIA INC)	NEW YORK (UNITED STATES)		47.92	47.92
RÉGIES RADIO RÉGIONS	16 avenue Henry Fréville 35200 RENNES	410 666 150	48.60	49.00
MARIE CLAIRE	149 rue Anatole France 92300 LEVALLOIS-PERRET	383 953 601	41.99	42.00
LA PLACE MEDIA	43 Boulevard Barbès – 75018 PARIS	753 186 337	24.67	24.68
S.E.T.C.	48 - 50 boulevard Senard 92210 SAINT-CLOUD	378 558 779	49.29	49.31
LARI INTERNATIONAL GROUP				
107.8 ANTENNE AC GmbH	WÜRSELEN (GERMANY)		22.41	44.00
107.8 ANTENNE AC GmbH & CO KG	WÜRSELEN (GERMANY)		22.41	44.00
25 AM (formerly ACCELERATION MEDIA)	PRAGUE (CZECH REPUBLIC)		49.75	50.00
MAX LOYD	PRAGUE (CZECH REPUBLIC)		33.83	34.00
MEDIAMARK (formerly RADMARK)	RIVONIA (SOUTH AFRICA)		29.85	50.00
RADIO 21	BUCAREST (ROMANIA)		19.90	20.00
LAGARDÈRE UNLIMITED				
IFAPS SPORT SAS	16 Avenue Hoche – 75008 PARIS	448 347 237	49.00	49.00
SADDLEBROOK INTERNATIONAL	WESLEY CHAPEL (UNITED STATES)		30.00	30.00
SPORTFIVE GROUP				
HSV-ARENA VERWALTUNGS GmbH	HAMBURG (GERMANY)		25.50	25.50
JUNIPER GROUP GmbH	BERLIN (GERMANY)		25.50	25.50

NOTE 39 CONSOLIDATED FINANCIAL STATEMENTS FOR 2013 AND 2012

In application of article 28 of European Commission regulation no. 809/2004, the documents listed below are incorporated by reference in this Reference Document:

- the consolidated financial statements and the related audit report on pages 149 to 288 of the French Reference Document for 2013, filed with the AMF on 4 April 2014 under registration number D.14-0289.
- the consolidated financial statements and the related audit report on pages 158 to 295 of the French Reference Document for 2012, filed with the AMF on 5 April 2013 under registration number D.13-0298.

The non-incorporated parts of the above documents are either irrelevant for investors or covered in another part of this Reference Document.

1 2 3 4 5 6 7 8 9 10 11

6.4 PRESENTATION OF THE LAGARDÈRE SCA PARENT COMPANY FINANCIAL STATEMENTS

AFR

Comments on the Lagardère SCA parent Company financial statements at 31 December 2014

6.4.1 INCOME STATEMENT

The condensed income statements are as follows:

(in millions of euros)	2014	2013
Operating revenues	**52**	7
Operating loss	**(38)**	(17)
Net financial income (expense)	**(81)**	26
Earnings (loss) before tax and exceptional items	**(119)**	9
Net exceptional income	**19**	1,974
Income tax gain	**43**	24
Profit (loss)	**(57)**	2,007

Since 1 January 2014, Lagardère SCA has been directly responsible for billing the Group's operating divisions for assistance provided by corporate departments, instead and in place of its subsidiary, Lagardère Ressources. This has led to the following organisational changes:

- Lagardère SCA, which previously had no employees, now employs nine people managing the corporate departments. These managers make use of Lagardère Ressources teams and resources, which the latter makes available to them. Lagardère Ressources continues to play a supervisory role in this respect.
- In consideration for the services provided to it, Lagardère SCA pays Lagardère Ressources a fee intended to cover the costs directly or indirectly incurred by the latter. The annual amount of this fee is calculated based on the actual costs booked in the accounts.

As in the past, Lagardère SCA continues to directly handle expenses relating to certain services provided to it on its request by parties outside the Group.

As a result of the above, the income statement structure in 2014 is not comparable with that of 2013.

In 2014, the Company reported an operating loss of €38 million. Operating income (loss) is calculated as the difference between the expenses for which the holding company is liable and the services billed to the Group's divisions.

Financial income and expenses break down as follows:

(in millions of euros)	2014	2013
Interest income from marketable securities and other	**-**	-
Net interest income (expense) on loans to subsidiaries	**(2)**	5
Interest and expenses on borrowings	**(56)**	(77)
Finance costs, net	**(58)**	(72)
Dividends received or receivable	**53**	32
Net (additions to) reversals of provisions	**(76)**	(27)
Other	**-**	93
Net financial income (expense)	**(81)**	26

In 2014 the Company reported net financial expense of €81 million, down €107 million from the positive figure reported in 2013 and reflecting:

- a €21 million reduction in interest and expenses on borrowings, resulting from:
  - a fall in the average borrowing rate, due chiefly to the redemption at maturity on 6 October 2014 of the remaining 2009 bond issue (€640 million at a fixed rate of 4.875%); the new €500 million bond issued in September 2014 pays interest at 2%,
  - the fact that financial expenses in 2013 included costs relating to the partial redemption of the 2009 bond in the first half of that year;
- a €21 million increase in dividends received. In 2014, a total dividend of €29 million was received from Lagardère Finance (€32 million in 2013) and Financière de Pichat (formerly Arjil Bank) distributed an amount of €24 million out of reserves. This company, which is now dormant, is in the process of being wound up;
- additions to provisions totalled €76 million in 2014 (€27 million in 2013) and related mainly to:
  - shares in Matra Manufacturing & Services, the net carrying amount of which has been written down in full (i.e., €40 million) following the losses incurred in the period,

Items appearing in the Annual Financial Report are cross-referenced with the following symbol AFR

- shares in Financière de Pichat for €24 million, as the adjusting entry for the amount distributed by the subsidiary out of reserves,
- treasury shares for €13 million, relating to the adjustment made in line with the listed share price at year-end.

In 2013, additions to provisions concerned the Company's investments in Lagardère Ressources (€15 million) and Matra Manufacturing & Services (€12 million).

- The "Other" line mainly includes the €93 million surplus arising in 2013 on the liquidation of Désirade (holding company for EADS shares) through the transfer of all assets to Lagardère SCA.

Exceptional items represented income of €19 million in 2014 relating to reversals of provisions for risks. Exceptional items represented income of €1,974 million in 2013, €1,971 million of which corresponded to the gain, net of expenses, on the disposal of EADS shares.

The Company reported an income tax benefit of €43 million in 2014. This included an expense of €28 million corresponding to the 3% tax contribution on dividends paid and income of €71 million arising on tax consolidation (taxes paid by subsidiaries in the tax group in excess of the tax due by the whole consolidated tax group). The corresponding figures for 2013 were an expense of €40 million and income of €64 million, respectively.

6.4.2 BALANCE SHEET AND CASH FLOWS

Assets

(in millions of euros)	31 Dec. 2014	31 Dec. 2013
Fixed assets	**6,114**	6,185
Trade receivables and other	**55**	41
Cash and cash equivalents	**4**	8
Total assets	**6,173**	6,234

Liabilities and shareholders' equity

(in millions of euros)	31 Dec. 2014	31 Dec. 2013
Shareholders' equity	**3,207**	4,227
Provisions for risks and liabilities	**17**	37
Borrowings	**2,896**	1,930
Short-term bank loans	**-**	-
Other liabilities	**53**	40
Total liabilities and shareholders' equity	**6,173**	6,234

In 2014, cash used in operating activities amounted to €6 million.

Net cash used in investing activities came to €25 million, including €18 million relating to the sale of treasury shares carried out in connection with the delivery of free shares to employees in 2014.

Financing activities generated a net cash inflow of €27 million and reflected:

- dividends paid in an amount of €945 million. This amount includes an extra dividend paid out of issue premiums (€765 million);
- redemption at maturity (i.e., 6 October 2014) of the remaining 2009 bond issue – representing €640 million;
- the issue of a new €500 million bond on 10 September 2014, maturing after five years and paying an annual coupon of 2%;
- the issue of commercial paper for a total amount of €316 million;
- an increase of €796 million in amounts borrowed from Lagardère Finance.

Net debt – which corresponds to cash and cash equivalents less borrowings – was as follows at 31 December 2014 and 2013:

(in millions of euros)	31 Dec. 2014	31 Dec. 2013
Net debt	**(2,886)**	(1,922)

Net debt rose €964 million over the year, essentially reflecting the amount of dividends paid (€945 million), as well as purchases of treasury shares (€18 million).

Term of payment for trade payables

In application of the French Commercial Code (*Code de commerce*), all of Lagardère SCA's trade payables at 31 December 2014 are due within 30 days.

6.5 PARENT COMPANY FINANCIAL STATEMENTS AT 31 DECEMBER 2014

AFR

Parent company balance sheet at 31 December 2014

Assets (in millions of euros)	31 Dec. 2014 Gross	31 Dec. 2014 Depreciation, amortisation and impairment	31 Dec. 2014 Net	31 Dec. 2013 Net
Tangible assets	-	-	**-**	-
Long-term investments:				
- *Investments in subsidiaries and affiliates*	*6,283*	*255*	***6,028***	*6,093*
- *Loans and advances to subsidiaries and affiliates*	-	-	**-**	-
- *Other investment securities*	*113*	*27*	***86***	*92*
- *Loans*	-	-	**-**	-
- *Other long-term investments*	-	-	**-**	-
Fixed assets	**6,396**	**282**	**6,114**	6,185
Trade receivables	5	-	**5**	-
Other receivables	42	-	**42**	39
Marketable securities	3	-	**3**	7
Cash and cash equivalents	1	-	**1**	1
Prepaid expenses	6	-	**6**	-
Current assets	**57**	**-**	**57**	47
Deferred charges	2	-	**2**	2
Translation adjustment	-	-	**-**	-
Total assets	**6,455**	**282**	**6,173**	6,234

Items appearing in the Annual Financial Report are cross-referenced with the following symbol AFR

Liabilities and shareholders' equity (in millions of euros)	31 Dec. 2014	31 Dec. 2013
Share capital	**800**	800
Share and other premiums	**247**	1,030
Reserves:		
- Legal reserve	***87***	*87*
- Reserves	**-**	-
- Other reserves	***1,531***	*31*
Retained earnings	**599**	1,428
Profit (loss) for the year	**(57)**	2,007
Interim dividend to be allocated	**-**	(1,156)
Shareholders' equity	**3,207**	4,227
Provisions for risks and liabilities	**17**	37
Borrowings subject to specific conditions	**-**	-
Borrowings:	**-**	-
- Bonds	***1,006***	*1,152*
- Bank loans	***316***	-
- Loans from subsidiaries and affiliates	***1,574***	*778*
Trade payables	**15**	4
Other payables	**38**	36
Accrued expenses and deferred income	**-**	-
Translation adjustment	**-**	-
Total liabilities and shareholders' equity	**6,173**	6,234

Parent company income statement

(in millions of euros)	2014	2013
Operating revenues	**52**	7
Operating expenses	**(90)**	(24)
Operating loss	**(38)**	(17)
Financial income	**53**	133
Financial expenses	**(91)**	(110)
Net reversals of (additions to) provisions	**(43)**	3
Net financial income (expense)	**(81)**	26
Earnings (loss) before tax and exceptional items	**(119)**	9
Net exceptional income	**19**	1,974
Income tax gain	**43**	24
Profit (loss) for the year	**(57)**	2,007

Parent company statement of cash flows

(in millions of euros)	2014	2013
Profit (loss)	**(57)**	2,007
Depreciation, amortisation and provision expense (reversal)	**58**	23
Liquidation surplus	**-**	(93)
Net loss on sale of fixed assets	**-**	(1,971)
Changes in working capital	**(7)**	(20)
Cash used in operating activities	**(6)**	(54)
Acquisitions of long-term investments	**(45)**	(29)
Proceeds from disposals of long-term investments	**20**	2,289
Decrease in loans and receivables	**-**	370
Cash from (used in) investing activities	**(25)**	2,630
Cash from (used in) operating and investing activities	**(31)**	2,576
Dividends paid	**(945)**	(1,323)
Decrease in borrowings and financial liabilities	**(640)**	(1,003)
Proceeds from new borrowings	**816**	-
Change in Group current accounts	**796**	(265)
Cash and cash equivalents from mergers and transfers of assets	**-**	10
Cash from (used in) financing activities	**27**	(2,581)
Translation adjustments	**-**	1
Change in cash and cash equivalents	**(4)**	(4)
Cash and cash equivalents at beginning of year	**8**	12
Cash and cash equivalents at end of year	**4**	8

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

(All figures are expressed in millions of euros unless otherwise specified)

PRELIMINARY INFORMATION

Lagardère SCA – the parent company of the Lagardère group – is a holding company, and as such its balance sheet items principally comprise investments and the Group's financing resources.

SIGNIFICANT EVENTS

Since 1 January 2014, Lagardère SCA has been directly responsible for billing the Group's operating divisions for assistance provided by corporate departments, instead and in place of its subsidiary, Lagardère Ressources. This has led to the following organisational changes:

- Lagardère SCA, which previously had no employees, now employs nine people managing the corporate departments. These managers make use of Lagardère Ressources teams and resources, which the latter makes available to them. Lagardère Ressources continues to play a supervisory role in this respect.
- In consideration for the services provided to it, Lagardère SCA pays Lagardère Ressources a fee intended to cover the costs directly or indirectly incurred by the latter. The annual amount of this fee is calculated based on the actual costs booked in the accounts.

As in the past, Lagardère SCA continues to directly handle expenses relating to certain services provided to it on its request by parties outside the Group.

As a result of the above, the income statement structure in 2014 is not comparable with that of 2013.

ACCOUNTING POLICIES

1. GENERAL INFORMATION

Lagardère SCA's annual financial statements have been prepared in accordance with the accounting methods and principles established by the laws and regulations applicable in France. In particular, they comply with Regulation 2014-03 issued by the French Accounting Standards Committee (*Comité de la réglementation comptable* – CRC).

All figures in the tables below are expressed in millions of euros.

2. LONG-TERM INVESTMENTS

Investments in subsidiaries and affiliates are stated at acquisition cost or subscription price. Impairment losses are booked to cover any unrealised losses, which are generally estimated on the basis of a review of the past year and outlook for future years, together with any other relevant information that may contribute to a meaningful valuation.

3. MARKETABLE SECURITIES

Marketable securities are stated at purchase cost using the first-in-first out (FIFO) method. Impairment losses are booked when the market price or realisable value of the securities at the year-end is lower than their initial acquisition cost.

Gains and losses on disposals of marketable securities are reported net of revenues generated by the same securities on a single line of the income statement, such that the economic benefit of transactions on these securities is directly visible.

4. TRANSACTIONS IN FOREIGN CURRENCIES

Amounts receivable and payable in foreign currencies are translated into euros at year-end rates.

Unrealised exchange gains are deferred in the balance sheet and do not affect the income statement.

All unrealised exchange losses are provided for in full, unless:

- the foreign currency transaction is associated with a parallel transaction intended to hedge the results of any exchange rate fluctuations (forward hedge): in such cases, the provision covers only the unhedged portion of the risk;
- the unrealised gains and losses concern transactions with similar settlement dates: in such cases, a provision is only recognised to the extent of the unrealised net loss.

NOTES TO THE PARENT COMPANY BALANCE SHEET AND INCOME STATEMENT

1. FIXED ASSETS

Movements in the gross value of fixed assets can be analysed as follows:

	1 Jan. 2014	Increase	Decrease	31 Dec. 2014
Tangible assets	**-**	**-**	**-**	**-**
Long-term investments:				
Investments in subsidiaries and affiliates and other investment securities(*)	6,410	44	58	6,396
Loans and advances to subsidiaries and affiliates	-	-	-	-
Other long-term investments	-	-	-	-
Total fixed assets	**6,410**	**44**	**58**	**6,396**

(*) This item includes the Company's investment in the FPCI Idinvest Digital Fund II amounting to €11 million, including €2 million subscribed in 2014.

The increase in investments in subsidiaries and affiliates and other investment securities corresponds chiefly to:

- purchases of treasury shares €35 million;
- purchases of Lagardère Media share subscription warrants €8 million.

The €58 million decrease relates mainly to the cancellation of the gross value of treasury shares (€38 million) by means of a capital reduction as well as to sales carried out under the liquidity agreement.

Changes in depreciation, amortisation and impairment can be analysed as follows:

	1 Jan. 2014	Increase	Decrease	31 Dec. 2014
Long-term investments:				
Investments in subsidiaries and affiliates and other investment securities	225	78	21	282
Loans and advances to subsidiaries and affiliates	-	-	-	-
Total	**225**	**78**	**21**	**282**

Increases during the year chiefly concern:

- treasury shares €13 million;
- MMS shares €40 million;
- Financière de Pichat shares €24 million.

Decreases in the year result from the cancellation of provisions set aside for treasury shares, with the offsetting entry recorded as a reduction in capital.

2. RECEIVABLES

At 31 December 2014, the maturity of receivables was as follows:

	Gross	Due within one year	Due beyond one year
Long-term receivables	-	-	-
Short-term receivables	47	47	-
Total	**47**	**47**	**-**

Short-term receivables include:

- Group trade receivable for €5 million;
- tax receivables for €28 million (including €22 million in tax credits and €6 million in refundable VAT);
- intercompany receivables arising on tax consolidation for €14 million.

3. MARKETABLE SECURITIES

	31 Dec. 2014	31 Dec. 2013
At cost	**3**	7
Impairment	**-**	-
Carrying amount	**3**	7
Market value	**3**	7
Unrealised gains	**-**	-

4. CHANGES IN SHAREHOLDERS' EQUITY

Changes in shareholders' equity are analysed below:

	Share capital	Share premiums and reserves	Retained earnings	Profit (loss) for the year	Interim dividend to be allocated	Total
Shareholders' equity at 31 December 2013	**800**	**1,148**	**1,428**	**2,007**	**(1,156)**	**4,227**
Capital reduction	(4)	(14)	-	-	-	(18)
Capital increase	4	(4)	-	-	-	-
Appropriation of profit for 2013	-	1,500	507	(2,007)	-	-
Dividends paid(*)	-	(765)	(1,336)	-	1,156	(945)
Profit (loss) for the year	-	-	-	(57)	-	(57)
Interim dividend to be allocated	-	-	-	-	-	-
Shareholders' equity at 31 December 2014	**800**	**1,865**	**599**	**(57)**	**-**	**3,207**

(*) Including the portion of profit paid to the General Partners.

At 31 December 2014, the share capital of Lagardère SCA amounted to €799,913,044.60, represented by 131,133,286 shares with a par value of €6.10 each, all ranking pari passu and fully paid up.

In 2014 the Group carried out capital reductions by cancelling 735,752 treasury shares for an amount of €38 million. These operations took place following capital increases carried out by capitalising reserves and involving the same number of shares. The newly-issued shares were allocated (i) in April 2014 to the Group's Co-Managing Partners who are the beneficiaries under the 31 December 2009 and 29 December 2011 plans, and (ii) in June and December 2014 to employee beneficiaries under the 25 June 2012 and 17 December 2010 free share plans.

5. TREASURY SHARES

Changes in the number of treasury shares held by Lagardère SCA break down as follows for 2014:

	2014
Number of treasury shares held at 1 January	**3,186,571**
Purchases of treasury shares under the liquidity agreement(*)	**748,702**
Sales of treasury shares under the liquidity agreement(*)	**(810,202)**
Purchases (for treasury shares awarded to employees)	**600,000**
Awards	**(3,199)**
Capital reduction by cancellation of treasury shares	**(735,752)**
Number of treasury shares held at 31 December	**2,986,120**

(*) Liquidity agreement entered into in 2008 with Crédit Agricole Cheuvreux for market-making purposes.

6. BONDS

A. On 24 September 2009, Lagardère SCA undertook a €1 billion public bond issue settled on 6 October 2009, which is redeemable at maturity on 5 October 2014 and pays interest at a fixed rate of 4.875%.

All of these bonds were taken up by institutional investors.

The Company bought back and cancelled a portion of these bonds:

- the aggregate face value of the bonds bought back in 2012 was €123 million and their purchase price was €129 million;
- the aggregate face value of the bonds bought back in 2013 was €237 million and their purchase price was €250 million.

The bonds were bought back on 6 October 2014.

The interest expense for 2014 amounted to €23.8 million.

B. On 17 October 2012, Lagardère SCA undertook a €500 million bond issue settled on 31 October 2012, which is redeemable at maturity on 31 October 2017 and pays interest at a fixed rate of 4.125%.

The interest expense for 2014 amounted to €20.6 million.

C. On 10 September 2014, Lagardère SCA undertook a €500 million bond issue settled on 19 September 2014, which is redeemable at maturity on 19 September 2019 and pays interest at a fixed rate of 2.00%.

The interest expense for 2014 amounted to €2.8 million.

7. MATURITIES OF LIABILITIES

	31 Dec. 2014	Due within one year	Due between one and five years	Due beyond five years
Bonds	**1,006**	6	1,000	-
Commercial paper	**316**	316	-	-
Other borrowings(*)	**1,574**	-	-	1,574
Trade and other payables	**53**	44	9	-
Total	**2,949**	**366**	**1,009**	**1,574**

(*) Lagardère Finance current account.

8. PROVISIONS

Type of provision and impairment	1 Jan. 2014	Additions	Reversals	31 Dec. 2014
Provisions for risks and liabilities	**37**	**-**	**20(*)**	**17**
Impairment				
- long-term investments	***225***	*78*	*21(**)*	***282***
- other	***33***	*-*	*33(***)*	***-***
Impairment sub-total	**258**	**78**	**54**	**282**
Total	**295**	**78**	**74**	**299**
Including additions and reversals:				
- relating to financial items		*78*	*2*	
- relating to exceptional items		*-*	*18*	

(*) Analysed as follows:
- utilised provisions: €16 million
- surplus provisions: €4 million
(**) Details provided in note 1: Fixed assets.
(***) Concerns a €33 million reversal of impairment of premiums on Lagardère call options cancelled during the year. This reversal was offset by an expense in the same amount recorded under financial expenses.

9. TRANSACTIONS WITH SUBSIDIARIES AND AFFILIATES (NET VALUES) – BALANCE SHEET

Assets		Liabilities	
Long-term investments	6,103	Borrowings	1,574
Short-term receivables	19	Trade and other payables	35
Other	-	Other	-

10. TRANSACTIONS WITH SUBSIDIARIES AND AFFILIATES – INCOME STATEMENT

Expenses		Revenues	
Operating(*)	74	Operating(**)	52
Financial(***)	80	Financial(****)	55
Exceptional	-	Exceptional	-

(*) General services provided by Lagardère Ressources.
(**) Including brand royalty: €8 million. Fee for assistance provided to divisions: €44 million.
(***) Including interest on Lagardère Finance current account: €2 million. Provisions on investments in subsidiaries and affiliates: €78 million.
(****) Including dividends: €53 million. Reversal of provisions for risks and liabilities: €2 million.

11. ACCRUED INCOME AND EXPENSES

	Amount		Amount
Amount of accrued income included in the following balance sheet items:		**Amount of accrued expenses included in the following balance sheet items:**	
Long-term investments	-	Borrowings	-
Short-term receivables	-	Trade and other payables	9
Cash and cash equivalents	-		-
Total	**-**	**Total**	**9**

12. PREPAID EXPENSES AND DEFERRED INCOME

	Amount		Amount
Prepaid expenses(*)	**6**	**Deferred income**	**-**

(*) This relates to the cost of the interest rate pre-hedge on the €500 million bond issued in September 2014. This cost is amortised over the term of the borrowing.

13. NET FINANCIAL INCOME (EXPENSE)

	2014	2013
Financial income	**55**	136
Financial income from investments in subsidiaries and affiliates	**53**	39
Income from other investment securities and long-term receivables	**-**	-
Other interest and similar income(*)	**-**	93
Net income from marketable securities	**-**	-
Reversals of provisions	**2**	3
Foreign exchange gains	**-**	1
Financial expenses	**(136)**	(110)
Interest and similar expenses	**(58)**	(80)
Additions to provisions	**(78)**	(27)
Foreign exchange losses	**-**	(2)
Net financial income (expense)	**(81)**	26

(*) In 2013: Désirade liquidation surplus.

14. EXCEPTIONAL ITEMS

	2014	2013
Net gains on disposals of assets(*)	**-**	1,971
Net (additions to) reversals of provisions	**19**	3
Other exceptional income and expenses	**-**	-
Net exceptional income	**19**	1,974

(*) In 2013: amount of the capital gain on the disposal of EADS shares, net of expenses.

15. INCOME TAX GAIN

The €43 million income tax gain recorded in 2014 included an expense of €28 million corresponding to the 3% tax on dividends paid, with the balance relating to the gain generated by taxes paid by subsidiaries in the tax group in excess of the tax due by the whole consolidated tax group. At 31 December 2014, the tax group comprising Lagardère SCA and its subsidiaries had unused tax loss carryforwards of some €475 million.

16. OFF-BALANCE SHEET COMMITMENTS

Commitments given	Amount	Commitments received	Amount
Guarantees given on behalf of subsidiaries to cover contract-related financial commitments	-	Debt waivers with return to profit clauses	-
Rent guarantees given to subsidiaries	3	Confirmed, unused lines of credit	1,645
Guarantees given to third parties	3	Counter-guarantees received from third parties	3
Bank interest on long-term loans	111		

Cover for share purchase plans

In order to cover the share purchase plans set up for Group employees, Lagardère SCA holds call options allowing it to purchase from Barclays Plc Lagardère SCA shares to be transferred to employee beneficiaries of these plans.

At 31 December 2014, the call option position was as follows:

- 850,000 options at €40.00 for shares under the 2005 Lagardère Plan.

The call options were carried at their market value of close to zero in the balance sheet at 31 December 2014, leading to the recognition of a €0.2 million impairment loss during the year.

The 2005 and 2006 plans, involving 1,727,042 options at €45.69 and 1,899,077 options at €44.78 were covered by the allocation of 2,986,120 shares held directly by Lagardère SCA and 850,000 call options. The terms and conditions of these contracts take into account the adjustment made on 20 June 2014 to the purchase price and the number of options under the plans in order to protect the rights of beneficiaries following the extra dividend of €6 per share paid out of reserves and approved by the Annual General Meeting of 6 May 2014.

At 31 December 2014, the Lagardère share price was €21.6.

Free share award plans

From 2010 to 2014, the Group set up plans to award free shares to employees, the Co-Managing Partners and members of Lagardère Media's Operations Committee. The number of shares awarded under these plans was as follows:

	Number of free shares awarded at inception	Number of outstanding rights at 31 December 2014 after the 20 June 2014 adjustment(*)
17 December 2010 plans	634,950	-
15 July 2011 and 29 December 2011 plans	650,000	134,552
25 June 2012 plans	645,800	254,484
26 December 2013 plans	712,950	851,441
22 December 2014 plan	306,120	306,120

(*) Adjustment of the number of rights to free shares recorded on 20 June 2014 in order to protect the rights of beneficiaries following the extra dividend payment of €6 per share deducted from reserves.

For Group employees, these five plans do not include any performance conditions and the shares vest after a two-year period, provided the beneficiaries have remained in the Group's employment throughout that time. For beneficiaries who are not tax-resident in France, the shares vest at the end of a four-year period provided that the beneficiaries have remained in the Group's employment for two years.

For the Co-Managing Partners, the shares will only vest subject to:

- the beneficiaries remaining with the Group until at least 31 December 2016, 1 April 2015, and 1 April 2014 under the 2013, 2012 and 2011 plans respectively;
- achievement of objectives based on criteria internal to the Group (consolidated recurring operating profit and net cash flows from operating activities), with the number of shares awarded reduced accordingly if these objectives are not met.

For the members of Lagardère Media's Operations Committee, who are beneficiaries of the 26 December 2013 plan, the shares will only vest if the beneficiaries are still with the Group at 31 December 2016 and if certain performance conditions are met, based on Lagardère Media's consolidated recurring operating profit and net cash flows from operating activities.

Subsidiaries and affiliates at 31 December 2014

(in thousands of euros)	Share capital	Reserves (excl. retained earnings)	Share of capital held (%)	
Information on investments with a book value in excess of 1% of Lagardère SCA's share capital or over which it exercises significant influence				
A . Subsidiaries (Lagardère SCA's holding: at least 50%)				
FINANCIÈRE DE PICHAT & Compagnie (6 rue Laurent Pichat - 75116 Paris)	99,169	12,149	99.25	
HOLPA (immeuble Monceau - 42 rue Washington - 75008 Paris)	536	3,080	100.00	
LAGARDÈRE FINANCE (immeuble Monceau - 42 rue Washington - 75008 Paris)	2,800,000	289,068	100.00	
LAGARDÈRE MEDIAS (4 rue de Presbourg - 75116 Paris)	873,600	65,754	100.00	
LAGARDÈRE PARTICIPATIONS (4 rue de Presbourg - 75116 Paris)(*)	15,250	3,401	100.00	
LAGARDÈRE RESSOURCES (immeuble Monceau - 42 rue Washington - 75008 Paris)	10,000	(17,463)	100.00	
MATRA MANUFACTURING & SERVICES (4 rue de Presbourg - 75116 Paris)	13,528	4,375	100.00	
M N C (immeuble Monceau - 42 rue Washington - 75008 Paris)	89,865	35,957	100.00	
B . Affiliates (Lagardère SCA's holding: 10% to 50%)				
C . Other significant investments (Lagardère SCA's holding: less than 10%)				
Information concerning other subsidiaries and affiliates				
A . Subsidiaries not included in paragraph A above				
- Other subsidiaries Lagardère UK				
B . Affiliates not included in paragraph B above				
- Other subsidiaries				
C . Investments not included in paragraph C above				
- Other subsidiaries				

(*) Profit to be adjusted.

Carrying amount of shares held		Outstanding loans and advances granted by the Company	Guarantees given by the Company	Sales for the last financial year	Profit (loss) for the last financial year	Dividends received by the Company during the year
Gross	Net					
165,450	110,636				156	24,226
16,938	3,592				(24)	
3,080,000	3,080,000				34,652	29,120
2,695,983	2,695,983			8,065	178,888	
25,444	25,444				(935)	
92,332	0			76,216	677	
94,035	0			16,072	(28,923)	
112,732	112,732				1,667	
452	452					

Investment portfolio at 31 December 2014

(Article 6 of the French law of 1 March 1984)

I. Investments in subsidiaries and affiliates (in thousands of euros)			
A. Investments in French companies			
Book value over €15,000			6,052,483
Number of shares held:			
	6,453,988	Financière de Pichat & Compagnie	134,707
	107,284	Holpa	3,616
	280,000,000	Lagardère Finances	3,080,000
	54,600,000	Lagardère Médias	2,695,983
	999,991	Lagardère Participations	25,445
	1,000,000	Lagardère Ressources	0
	845,474	Matra Manufacturing & Services	0
	7,848,480	MNC	112,732
Book value below €15,000			
Total investments in French companies			**6,052,483**
B. Investments in non-French companies			
Number of shares held:			
	325,100	Lagardère UK	452
Book value below €15,000			0
Total investments in non-French companies			**452**
Total investments in subsidiaries and affiliates			**6,052,935**
II. Other long-term investments (in thousands of euros)			
C. Investment funds		FPCI Idinvest Digital Fund II	**1,811**
Total investment funds			**1,811**
D. Treasury shares			**65,591**
Total treasury shares			**65,591**
Total other long-term investments			**67,401**
III. Short-term investments (in thousands of euros)			
A. French securities			
1. Equities and mutual funds			**0**
Number of shares held:			
2. Collective investment funds			**3,024,607**
Number of shares held:			
	4	AMUNDI TRESO 3 MOIS PARTS DP	3,024,607
Total short-term investments (book value)			**3,024,607**

Lagardère SCA - Five-year financial summary

(Articles R. 225-83 and R. 225-102 of the French Commercial Code)

	Type of indications	2010	2011	2012	2013	**2014**
I	**Financial position (in euros)**					
a)	Share capital	799,913,045	799,913,045	799,913,045	799,913,045	**799,913 045**
b)	Number of ordinary shares outstanding	131,133,286	131,133,286	131,133,286	131,133,286	**131 133 286**
c)	Maximum number of shares to be issued upon exercise of share subscription options					
d)	Maximum number of shares to be issued upon conversion of bonds					
e)	Maximum number of shares to be issued upon exercise of subscription warrants					
II	**Results of operations (in thousands of euros)**					
a)	Sales	8,457	12,535	7,054	7,239	**52,028**
b)	Earnings before tax, depreciation, amortisation and provisions	272,386	257,302	(65,638)	1,976,989	**(75,353)**
c)	Income tax	88,017 (*)	93,037 (*)	88,276 (*)	23,410 (*)	**43,467 (*)**
d)	Earnings after tax, depreciation, amortisation and provisions	373,527	297,253	53,952	2,006,615	**(57,052)**
e)	Total dividends	165,097	165,700	166,247	2,100,928	(**)
III	**Earnings per share (in euros)**					
a)	Earnings per share after tax, but before depreciation, amortisation and provisions	2.75	2.67	0.17	15.25	**(0.91)**
b)	Earnings per share after tax, depreciation, amortization and provisions	2.85	2.27	0.41	15.30	**(0.44)**
c)	Dividend per share	1.30	1.30	1.30	16.30	(**)
IV	**Staff**					
a)	Average employee headcount					**9**
b)	Total wages and salaries					**3,178,984**
c)	Total employee benefit expense					**1,837,379**

(*) Mainly the tax gain resulting from tax consolidation.
(**) The Annual General Meeting on 5 May 2015 will be asked to approve a dividend of €1.30 per share.

6.6 STATUTORY AUDITORS' REPORT ON THE COMPANY'S FINANCIAL STATEMENTS

AFR

To the Partners,

In compliance with the assignment entrusted to us by your General Meetings, we hereby report to you, for the financial year ended 31 December 2014, on:

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

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

I. OPINION ON THE ANNUAL FINANCIAL STATEMENTS

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

In our opinion, the financial statements give a true and fair view of the financial position and assets and liabilities as of 31 December 2014 and of the results of operations for the year then ended in accordance with the accounting rules and principles applicable in France.

II. JUSTIFICATION OF OUR ASSESSMENTS

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

Accounting principles and valuation methods

The Note 2 "Financial assets" part of "Accounting principles and methods" presented in the appendix explains the criteria used for the valuation of long-term investments. As part of our assessments of the accounting principles and methods used by your Company, we verified the appropriateness of the accounting methods used and the reasonableness of estimates made.

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

III. SPECIFIC VERIFICATIONS AND INFORMATION

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

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

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

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

French language original signed at
Paris La Défense and Courbevoie, on 30 March 2015

The Statutory Auditors

ERNST & YOUNG et Autres	**MAZARS**
Jeanne Boillet	Thierry Blanchetier

Items appearing in the Annual Financial Report are cross-referenced with the following symbol AFR

6.7 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

AFR

To the Partners,

In compliance with the assignment entrusted to us by your General Meetings, we hereby report to you, for the year ended 31 December 2014, on:

- the audit of the accompanying consolidated financial statements of Lagardère S.C.A.;
- the justification of our assessments;
- the specific verification required by law.

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

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with 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, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Without calling into question the opinion expressed above, we draw your attention to the matter described in Note 10 to the consolidated financial statements related to the intangible fixed assets of Lagardère Unlimited and LeGuide.

II. JUSTIFICATION OF OUR ASSESSMENTS

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

- As specified in Notes 3.10 and 10 to the consolidated financial statements, at least once a year the Lagardère group performs an impairment test on intangible fixed assets and on goodwill. 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 at the end of 2014.

  Regarding the assets of the Unlimited division, the achievement of the assumptions used by management in determining the cash flow forecasts depends on the conditions in which current contracts will be completed, the ability to renew these contracts or to win new ones as well as the related margin conditions.

  With regard to the assets of LeGuide group (Active division), the achievement of the assumptions used by management in determining the cash flow forecasts depends in particular on the reestablishment of a balanced competitive environment through an evolution of the European regulatory framework and on the success of diversification into new activities.

  In the context described above, we have not identified any matters likely to call into question the overall reasonable nature of the assumptions made by management in the business plans used for the impairment tests.
- As specified in Note 3.10 to the consolidated financial statements, these estimates rely on assumptions which are uncertain by nature, and actual results are likely to be sometimes significantly different from the forecasts data used.

We have assessed the reasonableness of the information included in the notes to the consolidated financial statements, related notably 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 opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATION

As required by law we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

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

French language original signed at
Courbevoie and Paris La Défense, on 30 March 2015

The Statutory Auditors

MAZARS	**ERNST & YOUNG et Autres**
Thierry Blanchetier	Jeanne Boillet

Items appearing in the Annual Financial Report are cross-referenced with the following symbol AFR

6.8 SPECIAL STATUTORY AUDITORS' REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

To the Partners,

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

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

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

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

AGREEMENTS AND COMMITMENTS SUBJECT TO THE APPROVAL OF THE GENERAL MEETING

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

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING

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

AGREEMENTS WITH LAGARDÈRE CAPITAL & MANAGEMENT, SHAREHOLDER OF THE COMPANY

Service Agreement

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

Following the various 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 10% margin, with an absolute upper limit of €1 million for that margin. For 2014, the amount of this margin is €1 million.

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

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

The employees of Lagardère Capital & Management who are members of the Executive Committee are beneficiaries of this plan.

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

For 2014, the amount billed by Lagardère Capital & Management in accordance with those agreements amounted to 30.2 million euros, compared to 25.3 million euros in 2013.

French language original signed at
Paris La Défense and Courbevoie, on 30 March 2015

The Statutory Auditors

ERNST & YOUNG et Autres	**MAZARS**
Jeanne Boillet	Thierry Blanchetier

7

ORGANISATION OF THE COMPANY AND THE GROUP – CORPORATE GOVERNANCE

Items appearing in the Annual Financial Report are cross-referenced with the following symbol AFR

7.1 GENERAL PRESENTATION OF FRENCH PARTNERSHIPS LIMITED BY SHARES AND OF LAGARDÈRE SCA

AFR

7.1.1 GENERAL PRESENTATION OF FRENCH PARTNERSHIPS LIMITED BY SHARES

A French partnership limited by shares (*société en commandite par actions* – SCA) has two categories of partners:

- one or more General Partners (*Associés Commandités*), who are indefinitely personally liable for the Company's liabilities;
- Limited Partners (*Associés Commanditaires* or shareholders), whose situation is the same as that of shareholders in a joint-stock corporation (*société anonyme*). Their holdings can be sold or otherwise transferred under the same conditions as shares in a joint-stock corporation, and they are liable for the Company's liabilities only to the extent of their contribution to the partnership. They are represented by a Supervisory Board.

A partnership limited by shares is managed by one or more Managing Partners (*Gérants*), who may be individuals or corporate entities. They are selected from amongst the General Partners or third parties, but may not be shareholders.

Because of the two categories of partners, collective decisions are taken at two different levels: by the Limited Partners in general meetings, and by the General Partners. Members of the Supervisory Board are appointed only by the Limited Partners. If a General Partner is also a Limited Partner he cannot take part in the vote.

7.1.2 PRESENTATION OF LAGARDÈRE SCA

The provisions of French law related to partnerships limited by shares, as well as the Company's Articles of Association (see Chapter 8, section 8.2), give Lagardère SCA an up-to-date organisational structure that is wholly in line with current corporate governance requirements as it effectively complies with the two basic principles of establishing a clear distinction between management and control, and closely involving shareholders in the oversight of the Company.

This structure is characterised as follows:

- There is a very clear segregation between the Managing Partners (*Gérants*), who are responsible for running the business, and the Supervisory Board, which represents the shareholders and is responsible for overseeing the Company's accounts and management. The Managing Partners cannot be members of the Supervisory Board, and the General Partners cannot take part in appointing the members of the Supervisory Board.
- The Supervisory Board is entitled to oppose the General Partners' appointment or re-appointment of a Managing Partner, although the final decision thereon is taken by shareholders in an Ordinary General Meeting (see Chapter 8, section 8.2.6). The term of office of a Managing Partner cannot exceed six years, but may be renewed.
- The General Partners' unlimited liability to the full extent of their assets is evidence of the proper balance between financial risk, power and responsibility.
- The Supervisory Board is entitled to receive the same information and has the same powers as the Statutory Auditors.
- The Supervisory Board must draw up a report on any proposed increase or reduction in the Company's share capital to be submitted to shareholders for approval.

These arrangements obviate the confusion, for which French joint-stock corporations are criticised, between the role of the Chairman (*Président*) when he also holds the position of Chief Executive Officer (*Directeur Général*) and the role of the Board of Directors of which he is a member.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol AFR

7.2 GENERAL PARTNERS, MANAGING PARTNERS AND MEMBERS OF THE SUPERVISORY BOARD

AFR

7.2.1 GENERAL PARTNERS

Arnaud Lagardère

4 rue de Presbourg – 75116 Paris, France

Arjil Commanditée-Arco

A French joint-stock corporation with share capital of €40,000

4 rue de Presbourg – 75116 Paris, France

7.2.2 MANAGING PARTNERS

At 31 December 2014, the Company was managed by two Managing Partners:

- Arnaud Lagardère; and
- Arjil Commanditée-Arco.

7.2.2.1 ARNAUD LAGARDÈRE

4 rue de Presbourg – 75116 Paris, France

Date of birth: 18 March 1961

Number of Lagardère SCA shares held directly and indirectly at 31 December 2014 (see Chapter 8, section 8.1.8.1.): 10,721,578

Arnaud Lagardère was appointed Managing Partner in March 2003 and was re-appointed on 11 March 2009 and on 11 March 2015 by the Supervisory Board on the recommendation of the General Partners, for a period of six years expiring on 25 March 2021.

Arnaud Lagardère also controls and is the Chairman of Lagardère SAS and Lagardère Capital & Management SAS. Arnaud Lagardère and these two companies held a combined 8.18% of Lagardère SCA's share capital at 31 December 2014 (see Chapter 8, section 8.1.8.1).

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

A) PRINCIPAL POSITION

Managing Partner of Lagardère SCA

B) DIRECTORSHIPS AND OTHER POSITIONS HELD IN THE GROUP (AT 31 DECEMBER 2014)

Chairman and Chief Executive Officer,
Arjil Commanditée-Arco SA

Chairman, Lagardère SAS

Chairman, Lagardère Capital & Management SAS

Chairman and Chief Executive Officer and Chairman of the Board of Directors of Lagardère Media SAS

Director, Hachette Livre SA

Chairman of the Supervisory Board, Lagardère Services SAS

Chairman of the Supervisory Board, Lagardère Active SAS

Chairman of the Executive Committee, Lagardère Unlimited SAS

Director, Lagardère Ressources SAS

Chairman, Lagardère Unlimited Inc.

Permanent representative, Lagardère Unlimited Inc.

Managing Member, Lagardère Unlimited LLC

Chairman, Sports Investment Company LLC

Member of the Board of Directors,
World Sport Group Investments Ltd

Member of the Board of Directors,
World Sport Group Holdings Ltd

Chairman, Fondation Jean-Luc Lagardère

Chairman, Lagardère Paris Racing Ressources sports association (not-for-profit organisation)

Chairman, Lagardère Paris Racing sports association (not-for-profit organisation)

C) DIRECTORSHIPS AND OTHER POSITIONS HELD OUTSIDE THE GROUP

None.

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

Member of the Supervisory Board, Daimler AG *(until April 2010)*

Chairman, Association des Amis de Paris Jean-Bouin C.A.S.G.

(not-for-profit organisation) *(until September 2010)*

Chairman of the Supervisory Board, Lagardère Sports SAS *(until May 2011)*

Member of the Board of Directors, European Aeronautic Defence and Space Company – EADS NV *(until April 2013)*

Member of the Board of Directors, EADS Participations BV *(until April 2013)*

Chairman and Director, Sogeade Gérance SAS *(until October 2013)*

Items appearing in the Annual Financial Report are cross-referenced with the following symbol AFR

7.2.2.2 ARJIL COMMANDITÉE-ARCO

A French joint-stock corporation with share capital of €40,000[1]

4 rue de Presbourg – 75116 Paris, France

Represented by Arnaud Lagardère and Pierre Leroy, as well as Dominique D'Hinnin and Thierry Funck-Brentano.

Arjil Commanditée-Arco was appointed as a Managing Partner of Lagardère SCA on 17 March 1998.

When this appointment was renewed for a further six-year period on 10 March 2010, the Supervisory Board, in application of article 14-2 of the Articles of Association, approved the following persons as the company's legal representatives on proposal of the General Partners:

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

In their capacity as legal representatives of Arjil Commanditée-Arco, Pierre Leroy, Dominique D'Hinnin and Thierry Funck-Brentano are Co-Managing Partners of Lagardère SCA.

Positions held by Arjil Commanditée-Arco in other companies

None

Positions held by the legal representatives of Arjil Commanditée-Arco in other companies (at 31 December 2014)

ARNAUD LAGARDÈRE (see above)

PIERRE LEROY

4 rue de Presbourg – 75116 Paris, France

Date of birth: 8 October 1948

Number of Lagardère SCA shares held at 31 December 2014: 55,049

Pierre Leroy is a graduate of the École Supérieure de Commerce de Reims business school and holds a degree in law. He has spent his entire career with the Lagardère group.

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

A) PRINCIPAL POSITIONS

Co-Managing Partner of Lagardère SCA

Secretary General of the Lagardère group

B) DIRECTORSHIPS AND OTHER POSITIONS HELD IN THE GROUP (AT 31 DECEMBER 2014)

Director, Deputy Chairman and Chief Operating Officer, Arjil Commanditée Arco SA

Chairman, Lagardère Ressources SAS

Director, Deputy Chairman and Chief Operating Officer, Lagardère Media SAS

Director, Hachette Livre SA

Member of the Supervisory Board, Lagardère Services SAS

Member of the Supervisory Board, Lagardère Active SAS

Director, Lagardère Active Broadcast (a Monaco-based joint-stock corporation)

Chairman of the Supervisory Board, Société d'Exploitation des Folies Bergère SAS

Liquidator, Financière de Pichat & Compagnie SCA

Chairman, Lagardère Participations SAS

Chairman, Lagardère Expression SAS

Chairman, Dariade SAS

Chairman, Sofrimo SAS

Chairman, Holpa SAS

Permanent representative of Lagardère Participations to the Board of Directors, Galice SA

Representative, Lagardère Participations, Chairman, Hélios SAS

Director, Ecrinvest 4 SA

Director, Fondation Jean-Luc Lagardère

Chairman and Chief Executive Officer, Lagardère Paris Racing Ressources SASP

Manager, Team Lagardère SNC

Member of the Board of Directors, Lagardère UK Ltd

Director, Lagardère Capital & Management SAS

C) DIRECTORSHIPS AND OTHER POSITIONS HELD OUTSIDE THE GROUP

Chairman, IMEC (*Institut Mémoires de l'Édition Contemporaine*)

Chairman, *Mémoire de la Création Contemporaine* endowment fund

Chairman of the jury for the "*Prix des Prix*" literary awards

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

Member of the Supervisory Board, Arlis SAS *(until January 2010)*

Member of the Supervisory Board, Le Monde SA *(until November 2010)*

Member of the Supervisory Board, Lagardère Sports SAS *(until May 2011)*

Manager, Presstalis (formerly NMPP) *(until June 2011)*

Director, Lagardère Entertainment SAS *(until June 2012)*

Chairman, Désirade SAS *(until April 2013)*

Director, Sogeade Gérance SAS *(until April 2013)*

Manager, Financière de Pichat & Compagnie SCA *(until August 2014)*

Representative of Lagardère Participations, legal manager of Matpar 4 SCA *(until December 2014)*

DOMINIQUE D'HINNIN

4 rue de Presbourg – 75116 Paris, France

Date of birth: 4 August 1959

Number of Lagardère SCA shares held at 31 December 2014: 89,101

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

(1) See Chapter 8, section 8.2.4 of the individual financial statements of Arjil Commanditée-Arco.

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

A) PRINCIPAL POSITIONS

Co-Managing Partner of Lagardère SCA

Chief Financial Officer, Lagardère group

B) DIRECTORSHIPS AND OTHER POSITIONS HELD IN THE GROUP (AT 31 DECEMBER 2014)

Chief Operating Officer, Arjil Commanditée-Arco SA

Director and Chief Operating Officer, Lagardère Media SAS

Chairman and Chief Executive Officer, Ecrinvest 4 SA

Member of the Supervisory Board, Lagardère Active SAS

Permanent representative of Lagardère Media SAS to the Board of Directors of Lagardère Active Broadcast (a Monaco-based joint-stock corporation)

Member of the Supervisory Board, Lagardère Services SAS

Director, Hachette Livre SA

Director, Lagardère Ressources SAS

Member of the Supervisory Board, Matra Manufacturing & Services SAS

Director, Marie Claire Album SA

Director, Holding E. Prouvost SA

Member of the Board of Directors, Lagardère North America, Inc.

C) DIRECTORSHIPS AND OTHER POSITIONS HELD OUTSIDE THE GROUP

Chairman, Club des Normaliens dans l'Entreprise

Treasurer, Fondation de l'École Normale Supérieure

Chairman, Institut de l'École Normale Supérieure

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

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

Chairman, Club des Trente

(an association for the Chief Financial Officers of France's largest listed companies) *(until January 2011)*

Deputy Chairman of the Board of Directors and Chairman of the Audit Committee, Atari SA *(until March 2011)*

Member of the Supervisory Board, Lagardère Sports SAS *(until May 2011)*

Director, Le Monde Interactif SA *(until December 2011)*

Director, Lagardère Entertainment SAS *(until June 2012)*

Director, Sogeade Gérance SAS *(until April 2013)*

Member of the Board of Directors, European Aeronautic Defence and Space Company – EADS NV *(until April 2013)*

Member of the Board of Directors, EADS Participations BV *(until April 2013)*

Permanent representative of Hachette Filipacchi Presse to the Board of Directors, Les Éditions P. Amaury SA *(until May 2013)*

Member of the Strategy Board, PricewaterhouseCoopers France *(until June 2013)*

Deputy Chairman, member of the Supervisory Board and member of the Audit Committee, Canal+ France SA *(until November 2013)*

Member of the Supervisory Board, Financière de Pichat & Compagnie SCA *(until August 2014)*

THIERRY FUNCK-BRENTANO

4 rue de Presbourg – 75116 Paris, France

Date of birth: 2 May 1947

Number of Lagardère SCA shares held at 31 December 2014: 68,880

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

A) PRINCIPAL POSITIONS

Co-Managing Partner of Lagardère SCA

Chief Human Relations, Communications and Sustainable Development Officer, Lagardère group

B) DIRECTORSHIPS AND OTHER POSITIONS HELD IN THE GROUP (AT 31 DECEMBER 2014)

Director and Chief Operating Officer, Arjil Commanditée-Arco SA

Director and Chief Operating Officer, Lagardère Media SAS

Permanent representative of Lagardère Media SAS to the Board of Directors, Hachette Livre SA

Member of the Supervisory Board, Lagardère Active SAS

Member of the Supervisory Board, Lagardère Services SAS

Chairman and member of the Management Committee, Lagardère Unlimited SAS

Member of the Board of Directors, World Sport Group Holdings Ltd

Member of the Board of Directors, World Sport Group Investments Ltd

Representative, Lagardère Unlimited, Chairman, Lagardère Unlimited Stadium Solutions SAS

Director, Lagardère Active Broadcast (a Monaco-based joint-stock corporation)

Director, Lagardère Ressources SAS

Member of the Supervisory Board, Société d'Exploitation des Folies Bergère SAS

Director, Lagardère Capital & Management SAS

Chairman of the Supervisory Board, Matra Manufacturing & Services SAS

Director, Ecrinvest 4 SA

Director, Fondation Jean-Luc Lagardère

Director, Secretary General and Treasurer, Lagardère Paris Racing Ressources sports association (not-for-profit organisation)

Secretary General and member of the steering committee, Lagardère Paris Racing sports association

C) DIRECTORSHIPS AND OTHER POSITIONS HELD OUTSIDE THE GROUP

None.

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

Member of the Supervisory Board, Lagardère Sports SAS *(until May 2011)*

Director, Hachette Filipacchi Presse SA *(until June 2011)*

Manager, Presstalis (formerly NMPP) *(until June 2011)*

Manager, SAEM Transports Presse *(until June 2011)*

Director, Mediakiosk SAS (formerly AAP) *(until November 2011)*

Director, SGEL (Sociedad General Española de Libreria) *(until July 2012)*

Chairman and Chief Executive Officer, Sopredis SA *(until January 2013)*

7.2.3 MEMBERS OF THE SUPERVISORY BOARD

List of members of the Supervisory Board during 2014

		Date of first appointment or re-appointment	End of current term of office
Chairman of the Board Chairman of the Audit Committee	**Xavier de Sarrau** Independent member of the Board(1)	6 May 2014	2018 OGM(*)
Member of the Board Member of the Audit Committee	**Nathalie Andrieux** Independent member of the Board(1)	3 May 2012	2016 OGM(*)
Member of the Board	**Martine Chêne** Independent member of the Board(1)	6 May 2014	2017 OGM(*)
Member of the Board Member of the Appointments, Remuneration and Governance Committee	**Georges Chodron de Courcel** Independent member of the Board(1)	3 May 2012	2016 OGM(*)
Member of the Board Member of the Audit Committee Chairman of the Appointments, Remuneration and Governance Committee	**François David** Independent member of the Board(1)	6 May 2014	2017 OGM(*)
Member of the Board	**Yves Guillemot** Independent member of the Board(1)	6 May 2014	2018 OGM(*)
Member of the Board Member of the Appointments, Remuneration and Governance Committee	**Pierre Lescure** Independent member of the Board(1)	6 May 2014	2016 OGM(*)
Member of the Board	**Jean-Claude Magendie** Independent member of the Board(1)	6 May 2014	2018 OGM(*)
Member of the Board Member of the Appointments, Remuneration and Governance Committee	**Soumia Belaidi Malinbaum** Independent member of the Board(1)	3 May 2013	2017 OGM(*)
Member of the Board Member of the Appointments, Remuneration and Governance Committee	**Hélène Molinari** Independent member of the Board(1)	3 May 2012	2016 OGM(*)
Member of the Board	**Javier Monzón** Independent member of the Board(1)	6 May 2014	2017 OGM(*)
Member of the Board	**François Roussely** Independent member of the Board(1)	3 May 2012	2016 OGM(*)
Member of the Board Member of the Audit Committee	**Aline Sylla-Walbaum** Independent member of the Board(1)	3 May 2013	2017 OGM(*)
Member of the Board	**Susan M. Tolson** Independent member of the Board(1)	10 May 2011(**)	2015 OGM(*)
Member of the Board Member of the Audit Committee	**Patrick Valroff** Independent member of the Board(1)	6 May 2014	2018 OGM(*)
Secretary	**Laure Rivière-Doumenc**		

(1) Under the AFEP-MEDEF corporate governance criteria applied by the Supervisory Board (see section 7.4.2 below).
(*) The Ordinary General Meeting to be held in the year indicated to approve the financial statements for the previous year.
(**) Susan M. Tolson's appointment took effect on 1 July 2011.

XAVIER DE SARRAU

16 West Halkin Street, SW1X 8JL London, United Kingdom

Date of birth: 11 December 1950

Nationality: French

First appointed: 10 March 2010(1)

Date of re-appointment: 6 May 2014

End of current term of office: 2018 OGM

Number of Lagardère SCA shares held: 600

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

Xavier de Sarrau is a graduate of the HEC Business School and holds a doctorate in tax law. He is a lawyer registered with the Bars of Paris and Geneva and specialises in issues concerning the governance and organisational structure of family-owned companies and private holdings.

Xavier de Sarrau worked with the Arthur Andersen Group from 1978 to 2002, serving as Managing Partner for France, Managing Partner for EMEIA, and Managing Partner for Worldwide Global Management Services, and was also a member of the firm's World Executive Committee.

After founding his own law firm outside France, in 2005 Xavier de Sarrau was one of the founders of the Paris law firm Sarrau Thomas Couderc. In 2008, he left Sarrau Thomas Couderc (which was subsequently renamed STC Partners) and since that date he has not held any interests in the firm.

Directorships and other positions held in other companies

In France:

Member of the Supervisory Board, JC Decaux

Chairman of the Audit Committee and Ethics Committee, JC Decaux

Outside France:

Chairman of the Board, Thala SA (Switzerland)

Director, Oredon Associates (UK)

Director, Verny Capital (Kazakhstan)

Director, Somodeco (Monaco)

Directorships and other positions held during the last five years

Director, IRR SA (Switzerland)

Member of the Supervisory Board, Financière Atlas

Member of the Supervisory Board, Bernardaud SA

Member of the Board, Dombes SA (Switzerland)

Member of the Board, FCI Holding SA

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

NATHALIE ANDRIEUX

4, square Victorien Sardou – 75016 Paris

Date of birth: 27 July 1965

Nationality: French

First appointed: 3 May 2012

End of current term of office: 2016 OGM(2)

Number of Lagardère SCA shares held: 600

Member of the Audit Committee of Lagardère SCA.

Nathalie Andrieux graduated from the École Supérieure d'Informatique (SUPINFO) in Paris in 1988. She began her career in banking with the Banques Populaires Group, where she was involved in information systems development projects. In 1997, she joined the La Poste group as manager of the corporate information systems department. In late 2001, she became head of strategic marketing within the strategy division and, in 2003, was appointed head of La Poste's innovation and e-Services department.

Based on her solid background in management, strategy, innovation and organisation, Nathalie became Chief Executive Officer of Mediapost in 2004 and led its European expansion starting in 2008.

Appointed Chair of Mediapost in 2009, Nathalie Andrieux was responsible for Mediapost's 2010-2013 strategic plan and expanded its media services offering with the creation of Mediapost Publicité and the acquisitions of Sogec (a leader in promotional marketing), Mediaprism (a communications and customer knowledge agency), Adverline (an internet media operator), Cabestan (a leading company in digital marketing platforms and customer relationship management solutions).

She was appointed Chair of Mediapost Communication at the time of its creation in September 2011.

In addition to holding this position, in September 2012, she was appointed Executive Vice President in charge of expanding the digital services of the La Poste Group.

On 18 January 2013, she became a member of the French Digital Council (*Conseil national du numérique*) and joined the Mines-Telecom Institute's Scientific Advisory Board (*Conseil Scientifique de l'Institut Mines Telecom*) in September 2013.

In April 2014, under the "La Poste 2020: Conquering the Future" strategic plan, Nathalie Andrieux became the head of the Group's new Digital Division.

In November 2014, she became a member of the Supervisory Board of XAnge Private Equity. She left the La Poste group in March 2015.

Directorships and other positions held in other companies

In France:

Member of the French Digital Council

Member of the Investment Committee, XAnge Capital 2

Member of the Scientific Advisory Board, Institut Mines-Telecom

Member of the Supervisory Board, XAnge Private Equity

Directorships and other positions held during the last five years

Chair, Mediapost Holding

Member of the Steering Committee, Matching

Member of the Steering Committee, Media Prisme

Director, Maileva

Member of the Steering Committee, Mediapost

Member of the Steering Committee, Mediapost Publicité

Member of the Steering Committee, SMP

Member of the Steering Committee, Cabestan

Director, Mix Commerce

Member of the Strategic Committee, Idenum

Director, Docapost

Director, Mediapost SGPS (Portugal)

Director, Mediapost Spain

(1) Coopted by the Supervisory Board on 10 March 2010 and approved by the General Meeting on 27 April 2010.
(2) The Ordinary General Meeting to be held in the year indicated to approve the financial statements for the previous year.

Member of the Supervisory Board, La Banque Postale

Member of the Strategic Committee, La Banque Postale

Director, Mediapost Hit Mail (Romania)

Member of the Steering Committee, Neopress

Chair, Mediapost

Chair, Mediapost Publicité

Chair, SMP

Chair, Financière Adverline

Chair, Adverline, Permanent representative, Financière Adverline

Chair, Cabestan

Chair of the Board of Directors, Mix Commerce

Chair, Mediapost Multicanal

Committee member, Mediapost Multicanal

Chair and Chief Executive Officer, Mediapost

Chair of the Board of Directors, Mediapost

Chair of the Board of Directors, Adverline

Chair of the Board of Directors, Mediapost Hit Mail (Romania)

Chair of the Board of Directors, Mediapost SGPS (Portugal)

Chair of the Board of Directors, Mediapost Spain

Chair, Financière Sogec Marketing, Permanent representative of SMP

Chair, MDP 1

Chair, Media Prisme

Chair, Matching

MARTINE CHÊNE

64 rue du Parc – 34980 Saint-Gely-du-Fesc

Date of birth: 12 May 1950

Nationality: French

First appointed: 29 April 2008

Date of re-appointment: 6 May 2014

End of current term of office: 2017 OGM(1)

Number of Lagardère SCA shares held: 400

Martine Chêne joined the Lagardère group in 1984, and worked as an archivist at Hachette Filipacchi Associés (HFA) until March 2009.

She was the secretary of HFA's Works Committee, a CFDT union representative and an employee representative.

She represented the CFDT union on the Group Employees' Committee.

Directorships and other positions held in other companies

Martine Chêne exercises no positions in any other companies.

Directorships and other positions held during the last five years

Martine Chêne has not held any other directorships or other positions in the last five years.

GEORGES CHODRON DE COURCEL

7 bis rue de Monceau – 75008 Paris

Date of birth: 20 May 1950

Nationality: French

First appointed: 19 May 1998

Date of re-appointment: 3 May 2012

End of current term of office: 2016 OGM(1)

Number of Lagardère SCA shares held: 600

Member of the Appointments, Remuneration and Governance Committee of Lagardère SCA.

Georges Chodron de Courcel is an engineering graduate of the École Centrale de Paris. In 1972, he joined BNP where he became Head of Equity Research within the finance division in 1978 and General Secretary of Banexi in 1982. He then became Head of Asset Management, followed by Director of Corporate Finance. In 1989, Georges Chodron de Courcel was appointed Chairman of Banexi, followed by Head of French Retail Banking at BNP in 1990. In 1995, he became Deputy Managing Director, before assuming the role of Chief Operating Officer of BNP between 1996 and 1999.

Following the merger with Paribas in August 1999, Georges Chodron de Courcel was made Head of Corporate and Investment Banking at BNP Paribas from 1999 to 2003. He was Chief Operating Officer of BNP Paribas between June 2003 and June 2014.

Directorships and other positions held in other companies

In France:

Director, Bouygues SA

Director, Nexans SA

Director, FFP SA (Société Foncière, Financière et de Participations)

Outside France:

Director, Erbé SA (Belgium)

Director, GBL - Groupe Bruxelles Lambert (Belgium)

Director, Scor Holding Switzerland AG (Switzerland)

Director, Scor Global Life Rückversicherung Schweiz AG (Switzerland)

Director, Scor Switzerland AG (Switzerland)

Director, SGLRI (SCOR Global Life Reinsurance Ireland)

Directorships and other positions held during the last five years

Director, Alstom SA

Director, Verner Investissements SAS

Board Advisor (*censeur*), Exane SA

Chairman, BNP Paribas SA (Switzerland)

Deputy Chairman, Fortis Bank SA/NV (Belgium)

Director, BNP Paribas ZAO (Russia)

Director, CNP (Compagnie Nationale à Portefeuille – Belgium)

Board Advisor, Safran SA

Board Advisor, Scor SE

Chairman, Compagnie d'Investissement de Paris SAS

Chairman, Financière BNP Paribas SAS

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

FRANÇOIS DAVID

6 rue Auguste Bartholdi – 75015 Paris

Date of birth: 5 December 1941

Nationality: French

First appointed: 29 April 2008

Date of re-appointment: 6 May 2014

End of current term of office: 2017 OGM(1)

Number of Lagardère SCA shares held: 600

Member of the Audit Committee of Lagardère SCA.

Chairman of the Appointments, Remuneration and Governance Committee of Lagardère SCA.

François David is a graduate of the Institut d'Études Politiques de Paris and holds a degree in sociology. He began his career at the French Finance Ministry in 1969 as an administrative officer with a range of duties in the Foreign Trade Mission. In 1986, he was appointed Chief of Staff at the Foreign Trade Ministry. He became Head of Foreign Trade Relations at the French Ministry of Finance and Economics in 1987, and was the General Director of International Affairs at Aerospatiale from 1990 to 1994. François David was Chairman of the Board of Directors of Coface from 1994 to 2012.

Directorships and other positions held in other companies

In France:

Honorary Chairman, Coface group

Member of the Supervisory Board, Galatée Films

Member of the Board, Order of the Legion of Honour

Directorships and other positions held during the last five years

Director, Rexel

Member of the Supervisory Board, Areva

Member of the Board of Directors, Natixis Coficine

Director, Vinci

Chairman, International Credit Insurance & Surety Association (ICISA)

European Adviser, CityGroup

Chairman of the Board of Directors, Coface Services

Chairman, Centre d'Etudes Financières

Chairman, OR Informatique

Chairman of the Supervisory Board, Coface Kreditversicherung AG (Germany)

Chairman of the Board of Directors, Coface Assicurazioni (Italy)

YVES GUILLEMOT

28 rue Armand Carrel – 93100 Montreuil

Date of birth: 21 July 1960

Nationality: French

First appointed: 6 May 2014

End of current term of office: 2018 OGM(1)

Number of Lagardère SCA shares held: 150

Yves Guillemot is a graduate of the Institut de Petites et Moyennes Entreprises. He co-founded Ubisoft along with his four brothers in 1986, before becoming Chairman. Ubisoft expanded rapidly in France as well as on the main international markets. As the Chairman and Chief Executive Officer, Yves Guillemot has led Ubisoft to its current position as the world's third largest independent video game publisher. Ubisoft employs 9,200 talented people across 29 countries, who create and sell video games published by Ubisoft and its partners in more than 55 countries around the globe.

In 2009, Yves Guillemot was named "Entrepreneur of the Year" by audit firm Ernst & Young. He also won the "Franco-Québécois Company Manager of the Year Award" in France in 2012, the "Personality Award" at the European Games Awards in Germany in 2011 and the "Grand Prix" at the MCV Awards in the UK in 2011.

Directorships and other positions held in other companies

In France:

President and Chief Executive Officer, Ubisoft Entertainment SA

Deputy Chief Executive Officer and Director, Gameloft SE, Guillemot Corporation SA

Director, Rémy Cointreau

Outside France:

Deputy Chief Executive Officer, Guillemot Brothers SE (UK)

Director, Advanced Mobile Applications Ltd (United Kingdom)

Yves Guillemot also holds the following positions within the Ubisoft group, both in France and abroad:

In France:

Chairman of Ubisoft Annecy SAS, Ubisoft Emea SAS, Ubisoft France SAS, Ubisoft International SAS, Ubisoft Montpellier SAS, Ubisoft Motion Pictures Rabbids SAS, Ubisoft Motion Pictures Assassin's Creed SAS, Ubisoft Motion Pictures Splinter Cell SAS, Ubisoft Motion Pictures Far Cry SAS, Ubisoft Motion Pictures Ghost Recon SAS, Ubisoft Paris SAS, Ubisoft Production Internationale SAS, Nadeo SAS, Owlient SAS

General Manager of Ubisoft Learning & Development SARL, Ubisoft Motion Pictures SARL, Script Movie SARL, Ubisoft Mobile Games SARL, Ubisoft Paris – Mobile SARL

Outside France:

General Manager of Blue Byte GmbH (Germany), Ubisoft GmbH (Germany), Related Designs Software GmbH (Germany), Ubisoft EooD (Bulgaria), Ubisoft Studios Srl (Italy), Ubisoft Entertainment SARL (Luxembourg), Ubisoft Sarl (Morocco)

Chairman and Director of Ubisoft Divertissements Inc. (Canada), Ubisoft Musique Inc. (Canada), Ubisoft Editions Musique Inc. (Canada), Hybride Technologies Inc. (Canada), Ubisoft Toronto Inc. (Canada), 9276-8309 Québec Inc. (Canada), Studio Ubisoft Saint Antoine Inc. (Canada), Ubisoft Nordic A/S (Denmark), Ubisoft Entertainment India Private Ltd (India), Ubi Games SA (Switzerland), Red Storm Entertainment Inc. (United States), Ubisoft CRC Ltd (United Kingdom)

Chairman of Ubisoft LLC (United States)

Vice-Chairman and Director of Ubisoft Inc. (United States)

Chief Executive Officer and Director of Ubisoft Emirates FZ LLC (United Arab Emirates)

Executive Director of Shanghai Ubi Computer Software Co. Ltd (China), Chengdu Ubi Computer Software Co. Ltd (China)

Director of Ubisoft Pty Ltd (Australia), Ubisoft SA (Spain), Ubi Studios SL (Spain), Ubisoft Barcelona Mobile SL (Spain), Ubisoft Ltd (Hong Kong), Ubisoft SpA (Italy), Ubisoft KK (Japan), Ubisoft Osaka KK (Japan), Ubisoft BV (Netherlands), Ubisoft Srl (Romania), Ubisoft Ltd (United Kingdom), Ubisoft Reflections Ltd (United

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

Kingdom), Red Storm Entertainment Ltd (United Kingdom), Future Games of London Ltd (United Kingdom), Ubisoft Singapore Pte Ltd (Singapore), Ubisoft Entertainment Sweden A/B (Sweden), RedLynx Oy (Finland), Gameloft Divertissements Inc. (Canada), Guillemot Inc. (Canada), Gameloft Live Développements Inc. (Canada), Guillemot Inc. (United States), Guillemot Ltd (United Kingdom)

Yves Guillemot also has held the following positions within the Ubisoft group, both in France and abroad, over the last five years:

In France:

Chairman of Ludi Factory SAS, Ubisoft Books & Records SAS, Ubisoft Design SAS, Ubisoft Graphics SAS, Ubisoft Manufacturing & Administration SAS, Ubisoft Organisation SAS, Ubisoft World SAS, Tiwak SAS, Ubisoft Computing SAS, Ubisoft Marketing International SAS, Ubisoft Development SAS, Ubisoft Editorial SAS, Ubisoft Operational Marketing SAS, Ubisoft Support Studios SAS

Executive Vice President and Director of Guillemot Brothers SE (France)

General Manager of Ubisoft Art SARL, Ubisoft Castelnau SARL, Ubisoft Counsel & Acquisitions SARL, Ubisoft Emea SARL, Ubisoft Gameplay SARL, Ubisoft Market Research SARL, Ubisoft Marketing France SARL, Ubisoft Paris Studios SARL, Ubisoft Production Internationale SARL, Ubisoft Production Annecy SARL, Ubisoft Production Montpellier SARL, Ubisoft Design Montpellier SARL, Ubisoft Talent Management SARL, Ubisoft IT Project Management SARL, Ubisoft Innovation SARL, Ubisoft Services SARL, Ubisoft Créa SARL, Ubisoft Studios Montpellier SARL

Outside France:

Chairman and Director of Chengdu Ubi Computer Software Co. Ltd (China), Quazal Technologies Inc. (Canada), Ubisoft Arts Numériques (Canada), Ubisoft Vancouver (Canada), Ubisoft Canada Inc. (Canada), L'Atelier Ubi Inc. (Canada), Ubisoft Holdings Inc. (United States)

Chairman of Ubisoft Finland OY (Finland)

General Manager of Ubisoft GmbH (Germany), Max Design Entertainment Software Entwicklungs GmbH (Austria), Spieleentwiclungskombinat GmbH (Germany)

Director of Ubisoft Norway A/S (Norway), Ubisoft Ltd (Ireland), Ubisoft Sweden A/B (Sweden), Gameloft Inc. (United States)

Sole member of the Liquidation Committee and Chairman of Ubisoft Norway A/S (Norway)

PIERRE LESCURE

38 rue Guynemer – 75006 Paris

Date of birth: 2 July 1945

Nationality: French

First appointed: 22 March 2000

Date of re-appointment: 6 May 2014

End of current term of office: 2016 OGM[(1)]

Number of Lagardère SCA shares held: 150

Member of the Appointments, Remuneration and Governance Committee of Lagardère SCA.

Pierre Lescure is a journalist who has previously occupied the positions of Editor in Chief of the television channel France 2, Chairman and Chief Executive Officer of the pay TV channel Canal+, and Chief Executive Officer of Vivendi Universal.

He has been the President of the Cannes Festival since 1 July 2014.

Directorships and other positions held in other companies

In France:

Chairman, AnnaRose Productions SAS

Director, Havas Advertising

Outside France:

Member of the Board of Directors, Kudelski (Switzerland)

Member of the Executive Commission, Prisa TV (Spain) and Digital+ (Spain)

Directorships and other positions held during the last five years

Director, Théâtre Marigny

Member of the Board of Directors, Thomson SA

Chairman, Lescure Farrugia Associés

JEAN-CLAUDE MAGENDIE

19 rue Raynouard – 75016 Paris

Date of birth: 24 May 1945

Nationality: French

First appointed: 27 April 2010

Date of re-appointment: 6 May 2014

End of current term of office: 2018 OGM[(1)]

Number of Lagardère SCA shares held: 600

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

Jean-Claude Magendie has written a number of reports on civil law procedure and mediation, and was Secretary General for the study commission on Europe and the legal professions.

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

Within the scope of his role as Chairman of the Justice Commission of the French think tank Le Club des Juristes, he published a report on reform within the commercial courts which appeared in the general edition of the weekly *La Semaine Juridique* on 15 July 2013.

Directorships and other positions held in other companies

President, European College for Conflict Resolution

Chairman, Association médiation entreprises

Consultant for the French Union of Manufacturers (Unifab)

Arbitrator and mediator

Editor of the law section of the *Nouvel Économiste* newspaper

Directorships and other positions held during the last five years

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

First President of the Paris Court of Appeal

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

Chairman, Acojuris (the Agency for International Legal Cooperation)

Member of the Commission for analysis on prevention of conflicts of interest in public life

Member of the Board of Directors, Lextenso

SOUMIA BELAIDI MALINBAUM

11, rue des Villarmins – 92210 Saint Cloud

Date of birth: 8 April 1962

Nationality: French

First appointed: 3 May 2013

End of current term of office: 2017 OGM(1)

Number of Lagardère SCA shares held: 600

Member of the Appointments, Remuneration and Governance Committee of Lagardère SCA.

Soumia Belaidi Malinbaum has spent most of her career working in the digital and technologies sector, both as a founder and managing director of small and medium-sized companies. She is currently Deputy Chief Executive Officer of Keyrus, a management consulting firm which was merged with Specimen, the IT company she created and managed for 15 years. Before being appointed Business Development Manager of the group, she was Director of Human Resources.

She is extremely committed to promoting and managing diversity in the corporate environment and is President of the European Association of Diversity Managers and founder of the French equivalent (AFMD).

Directorships and other positions held in other companies

Member of the Educational Board, HEC Paris

Member of the Board of Directors, Université Paris Dauphine

Member of the Board of Directors, Institut du monde arabe (IMA)

Directorships and other positions held during the last five years

Director and Chair of the Audit Committee, FMM (France Médias Monde)

HÉLÈNE MOLINARI

19 bis, rue des Poissonniers – 92200 Neuilly sur Seine

Date of birth: 1 March 1963

Nationality: French

First appointed: 3 May 2012

End of current term of office: 2016 OGM(1)

Number of Lagardère SCA shares held: 600

Member of the Appointments, Remuneration and Governance Committee of Lagardère SCA.

Hélène Molinari is a graduate engineer. She began her career in 1985 as a consultant at Cap Gemini and in 1987 joined the Robeco group where she was responsible for developing institutional sales. In 1991, she joined the Axa group where she was involved in creating Axa Asset Managers, a leading asset management company. In 2000, she was appointed Head of Marketing and e-Business at Axa Investment Managers and in 2004 became a member of the Management Committee as Global Head of Brand and Communication.

In 2005, she joined MEDEF where she occupied a number of positions reporting to Laurence Parisot, notably as head of communications, membership and societal activities. She also supervised a number of support functions including the Corporate Secretary's department, and contributed to the drafting of the AFEP-MEDEF code of corporate governance. In 2011, she was appointed Chief Operating Officer and member of the Executive Council of MEDEF.

In 2013, she joined Be-Bound as a Vice President. Be-Bound is a digital startup that is based in France and in Silicon Valley, which allows users to stay connected to the Internet even with no data access.

In 2014, she became legal manager of AHM Conseil, a company specialising in the organisation of cultural events.

Directorships and other positions held in other companies

Member of the Steering Committee, *Tout le monde chante contre le cancer* (cancer charity)

Member of the Steering Committee, *Prix de la femme d'infuence*

Directorships and other positions held during the last five years

Member of the Board of Directors, NQT (*Nos quartiers ont des talents*)

Member of the Board of Directors, CELSA (*Centre d'Études Littéraires et Scientifiques Appliquées*)

Member of the Board of Directors, EPA (*Entreprendre pour Apprendre*)

Committee member, JDE (*Les Journées de l'Entrepreneur*)

Member of the Board of Directors, Axa IM Limited

JAVIER MONZÓN

Avenida De Bruselas, 33-35, 28108 Arroyo de la Vega – Alcobendas, Madrid, Spain

Date of birth: 29 March 1956

Nationality: Spanish

First appointed: 29 April 2008

Date of re-appointment: 6 May 2014

End of current term of office: 2017 OGM(1)

Number of Lagardère SCA shares held: 600

Having graduated with a degree in economics, Javier Monzón became Chief Financial Officer and subsequently Executive Vice-Chairman of Telefónica before taking up the position of Chairman at Telefónica International. He has also been a Worldwide Partner at Arthur Andersen and Managing Partner of Corporate Finance Consulting Services in Spain. Javier Monzón has been Chairman of the Spanish technology company Indra since its formation in 1993.

Directorships and other positions held in other companies

Outside France:

Member of the Board of Directors, ACS Actividades de Construcción y Servicios SA (Spain)

Member of the Board of Directors, ACS Servicios y Concesiones SL (Spain)

Directorships and other positions held during the last five years

Permanent representative of Indra Sistemas SA to the Board of Directors of Banco Inversis SA (Spain)

Member of the Board of Directors, YPF SA (Argentina)

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

FRANÇOIS ROUSSELY

25 avenue Kléber – 75784 Paris Cedex 16

Date of birth: 9 January 1945

Nationality: French

First appointed: 11 May 2004

Date of re-appointment: 3 May 2012

End of current term of office: 2016 OGM(1)

Number of Lagardère SCA shares held: 600

François Roussely is a graduate of the Institut d'études politiques de Paris, Paris University of Law and Economics, and École nationale d'administration. He is an honorary senior advisor to the French National Audit Office. He began his career in the French Ministry of Finance and the Economy and held several prominent positions in the French government, the Ministry of Defence and then the Ministry of the Interior from 1981 to 1997. He was Chairman and Chief Executive Officer of EDF from 1998 to 2004, then Chief Executive Officer of Crédit Suisse France, before becoming Deputy Chairman of Crédit Suisse Europe in 2009.

Directorships and other positions held in other companies

Honorary senior advisor, French National Audit Office (*Cour des Comptes*)

Deputy Chairman, Crédit Suisse Europe

Member of the Board of Directors, Imagine Institute of Genetic Diseases

Directorships and other positions held during the last five years

Deputy Chairman, Fondation du Collège de France

Chairman, Budé Committee (Collège de France)

Chairman and Chief Executive Officer, Crédit Suisse (France)

Chairman, Crédit Suisse Banque d'Investissement France

Honorary Chairman, EDF

ALINE SYLLA-WALBAUM

Kingscliffe, Antrim road – London NW3 4XS, United Kingdom

Date of birth: 12 June 1972

Nationality: French

First appointed: 3 May 2013

End of current term of office: 2017 OGM(1)

Number of Lagardère SCA shares held: 600

Member of the Audit Committee of Lagardère SCA.

A graduate of HEC Business School, Institut d'études politiques de Paris and École nationale d'administration, Aline Sylla-Walbaum is an Inspector of Finance and was appointed International Managing Director (Luxury) of Christie's in September 2014. Before joining Christie's in 2012 as Managing Director of Christie's France, the world's leading art business, she was Deputy Chief Executive Officer of Development at Unibail-Rodamco, Europe's leading listed commercial property company, Cultural and communications advisor to the office of the French Prime Minister from 2007 to 2008, and Deputy Executive Director, Director of cultural development at the Louvre museum for five years.

Directorships and other positions held in other companies

Vice-Chair of the Board of Directors, Orchestre de Paris

Member of the Board of Directors, Musée d'Orsay

Directorships and other positions held during the last five years

Member of the Board of Directors, Louvre-Lens museum

SUSAN M. TOLSON

3319 Prospect St. NW, Washington, DC 20007, USA

Date of birth: 7 March 1962

Nationality: American

First appointed: 10 May 2011

End of current term of office: 2015 OGM(1)

Number of Lagardère SCA shares held: 600

Ms. Susan M. Tolson graduated from Smith College in 1984 with a B.A. cum laude before obtaining an MBA from Harvard in 1988. She joined Prudential Bache Securities as a corporate finance analyst in 1984 and subsequently took on the position of Investment Officer in Private Placements at Aetna Investment Management in 1988. In 1990, she joined The Capital Group Companies – a major private US investment fund formed in 1931 which currently manages assets of over a trillion dollars – where between April 1990 and June 2010 she successively served as a financial analyst, senior account manager and then Senior Vice President, a position she left to join her husband in Paris.

Over the last 20 years, Ms. Susan M. Tolson has issued recommendations and made decisions relating to investments in numerous business sectors, including the media and entertainment industries.

Directorships and other positions held in other companies

In France:

Director, WorldLine E-Payment Services Member of the Audit, Governance and Remuneration Committees

Honorary Chair, American Friends of The Musée d'Orsay

Outside France:

Director, the American Cinémathèque

Director, Outfront Media, Chair of the Governance and Appointments Committee and member of the Remuneration Committee

Director, Take-Two Interactive, member of the Audit Committee

Member of the Los Angeles World Affairs Council, the Paley Center For Media and the Los Angeles Society of Financial Analysis

Directorships and other positions held during the last five years

Director, America Media, Inc.

Member of the Board of Trustees, American University of Paris

Honorary Chair, American Women's Group in Paris

Director, Fulbright Commission

PATRICK VALROFF

26 rue de Clichy – 75009 Paris

Date of birth: 3 January 1949

Nationality: French

First appointed: 27 April 2010

Date of re-appointment: 6 May 2014

End of current term of office: 2018 OGM(1)

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

Number of Lagardère SCA shares held: 600

Member of the Audit Committee of Lagardère SCA.

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

Directorships and other positions held in other companies

Director, Néovacs

Directorships and other positions held during the last five years

Member of the Executive Committee, Crédit Agricole SA

Chairman and Chief Executive Officer, Sofinco

Director, Crédit Agricole Leasing SA

Chairman, Crédit Lift SAS

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

Chairman of the Supervisory Board, Eurofactor SA

Chairman of the Supervisory Board, Finaref

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

Legal representative of Sofinco, Manager, SCI du Bois Sauvage

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

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

Legal representative of Sofinco, Manager, SCI du Petit Bois

Legal representative of Sofinco, Manager, SCI du Rond Point

7.2.4 ADDITIONAL INFORMATION ON MEMBERS OF THE SUPERVISORY BOARD AND THE MANAGING PARTNERS

7.2.4.1 DECLARATION OF NON-CONVICTION AND COMPETENCE

To the best of Lagardère SCA's knowledge:

- No member of the Supervisory Board or Managing Partner has been convicted of fraud in the last five years.
- No member of the Supervisory Board or Managing Partner has been associated with any bankruptcy, receivership or liquidation proceedings in the last five years.
- No member of the Supervisory Board or Managing Partner has been subject to charges or official public sanction by statutory or regulatory authorities (including designated professional bodies).
- No member of the Supervisory Board or Managing Partner has been barred by a court from acting as a member of a governing, management or supervisory body or participating in a company's business management or governance in the last five years.

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

To the best of Lagardère SCA's knowledge, no member of the Supervisory Board or Managing Partner has entered into a service agreement with Lagardère SCA or any of its subsidiaries, with the exception, as regards the Managing Partners, of the service agreement signed between Lagardère Ressources and LC&M (a company almost entirely owned by Arnaud Lagardère). For more information on this agreement, see section 7.5.1 below and the Statutory Auditors' report on related party agreements and commitments in Chapter 6, section 6.8.

7.2.4.3 CONFLICTS OF INTERESTS

To the best of Lagardère SCA's knowledge, no arrangement or agreement has been entered into between the Company and its major shareholders, or with its customers, suppliers or any other party pursuant to which any Supervisory Board member or Managing Partner was selected.

To the best of Lagardère SCA's knowledge, no potential conflict of interests exists with respect to Lagardère SCA between the duties of the members of the Supervisory Board or the Managing Partners and their personal interests, or between those duties and any other responsibilities they may hold.

7.2.4.4 RESTRICTIONS ON THE SALE BY MEMBERS OF THE SUPERVISORY BOARD OR MANAGING PARTNERS OF THEIR INTEREST IN LAGARDÈRE SCA

To the best of Lagardère SCA's knowledge:

- No restriction has been accepted by members of the Supervisory Board concerning the sale of their interest in the Company's share capital within a certain period of time, except for the rules for trading in Lagardère SCA shares set forth in the internal rules of the Supervisory Board (see section 7.4.2).
- No restriction has been accepted by the Managing Partners concerning the sale of their interest in the Company's share capital within a certain period of time, except for:
  - the rules for trading in Lagardère SCA shares defined in the laws in force or the "Charter on trading in Lagardère SCA shares by Group employees";
  - the holding period set by the Supervisory Board since 2008 for free share awards (see the Special Report of the Managing Partners in section 7.3.5).

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

7.3 REMUNERATION AND BENEFITS AFR

7.3.1 MANAGING PARTNERS AND MEMBERS OF THE EXECUTIVE COMMITTEE

The Executive Committee, chaired by Arnaud Lagardère as Managing Partner of Lagardère SCA, holds meetings with the heads of the major central management functions of the Group, of whom three are Co-Managing Partners and executive corporate officers.

At 31 December 2014, the members of the Executive Committee were as follows:

Arnaud Lagardère,	General and Managing Partner, Committee Chairman	Managing Partners
Pierre Leroy,	Secretary General, Co-Managing Partner	Managing Partners
Dominique D'Hinnin,	Chief Financial Officer, Co-Managing Partner	Managing Partners
Thierry Funck-Brentano,	Chief Human Resources, Communications and Sustainable Development Officer, Co-Managing Partner	Managing Partners
Ramzi Khiroun	Spokesman for the Managing Partners, Chief External Relations Officer	

The salaries paid to the members of the Executive Committee for their positions and duties within the Lagardère group are entirely borne by their employer, Lagardère Capital & Management (LC&M), and account for most of the management fees charged by LC&M to Lagardère Ressources (see section 7.5.1).

Arnaud Lagardère and Dominique D'Hinnin also received remuneration from EADS for the duties they performed in their capacity as members of the Board of Directors of EADS up to April 2013, at which time the Lagardère group sold its stake in EADS. In 2014, they received the outstanding balance for the previous year. The corresponding figures, set out in the 2013 Reference Document, are provided in section 7.3.1.2.E, but are not reviewed or analysed in this section.

7.3.1.1 REMUNERATION POLICY

The principles governing the remuneration policy of the members of the Executive Committee of Lagardère SCA were mainly determined in 2003 upon Arnaud Lagardère's appointment as General and Managing Partner. They have been applied consistently since that date, subject to changes in accordance with the recommendations of the AFEP-MEDEF code of corporate governance which the Company uses as its corporate governance framework, so as to remain consistent with the Group's strategy, objectives and performance.

The objective is to achieve an equitable balance – through various vehicles – both individually and collectively, commensurate with the work performed and the level of responsibility, between a "fixed" portion (annual fixed base salary), and a "variable" portion directly linked to the Group's results, corporate life and development (variable salary and performance share awards). Within the variable portion, a balance must also be sought between the portion based on short-term components (variable salary based on components for the year concerned) and the portion based on medium- and long-term components (performance shares).

The criteria used to determine the variable salary and the vesting of performance shares, are mainly financial and are related to two indicators deemed essential to the Group's stability: (i) recurring operating profit of fully consolidated Lagardère Media companies, which represents changes in the Group's operating performance, and (ii) net cash from operating activities, which represents the cash flows generated by these activities. The variable portion also includes non-financial criteria used for a qualitative assessment of individual managerial performance.

As conditions for the vesting of performance shares, the indicators described above are assessed over a period of at least three years. The fully vested shares become available for sale subject to (i) a holding period of at least two years for all the shares granted, i.e., five years after the granting of the potential rights, (ii) the holding of a minimum Lagardère SCA share portfolio for a quarter of these shares and (iii) the termination of the Managing Partner's office for another quarter of these shares. In view of the conditions of vesting and liquidity of the corresponding shares, this is a long-term remuneration, the final value of which is mainly based on changes in the Company's share price and its results over a minimum period of five years.

In addition, bonuses can be granted, in very exceptional circumstances, for the achievement of outstanding operations, whose effects are particularly significant for the Group, especially when the criteria used to determine the variable portion of remuneration do not take into account these effects.

The members of the Executive Committee also have a conditional right to receive a supplementary pension in addition to the basic pension system. To be entitled to this supplementary pension, the beneficiary must still be with the Company at retirement age. In addition, to receive the full amount, which cannot exceed 35% of the benchmark remuneration, the beneficiary must have at least 20 years' seniority on the Executive Committee.

In light of all these elements, the members of the Executive Committee do not receive:

- deferred or multi-annual salary;
- attendance fees within the Group;
- benefits linked to taking up or terminating office;
- benefits linked to non-competition agreements.

Furthermore, Arnaud Lagardère, who is a major shareholder in the Company, has not received any share options or free share awards since he has been a Managing Partner.

The remuneration level is reviewed on a regular basis compared to the practices of other issuers for the purpose of identifying benchmarks and calibrating both processes and amounts.

The system establishes a strong correlation between the remuneration of senior management and the interests of shareholders, those of the Company and more generally its stakeholders, in line with the Group's strategy and objectives. It is applied in a fully transparent manner as shown by the information provided below.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol AFR

7.3.1.2 COMPONENTS OF REMUNERATION

A) FIXED ANNUAL SALARY

Fixed salaries are paid in 12 equal monthly instalments over the year. Arnaud Lagardère's fixed salary has not changed since 2009 while the fixed salaries of his Co-Managing Partners have not changed since 2011.

Fixed salaries are reviewed at relatively long intervals in accordance with the recommendations of the AFEP-MEDEF code of corporate governance.

B) VARIABLE ANNUAL SALARY

The variable portion is determined on the basis of principles defined in 2003 which have been consistently applied since that date. For the year concerned, it comprises the following components, based on reference amounts determined for each individual:

- a component directly related to Group performance based on the reference amount in relation to the average of the two following inputs:
  - the differential between the midpoint of the range for the growth rate in recurring operating profit of fully consolidated Lagardère Media companies communicated as market guidance at the beginning of the year and the growth rate in recurring operating profit actually attained for the year concerned, at constant exchange rates; this differential is applied on a directly proportional basis in the event of a negative change and at a rate of 10% per percentage point in the event of a positive change; a negative change therefore has a greater impact than a positive one;
  - the percentage differential between net cash from operating activities as forecast in the budget for the year, and net cash from operating activities stated in the consolidated statement of cash flows for the year concerned; the differential is applied on a directly proportional basis.

Since 2011, the result may be impacted downward only in the event of a negative change in recurring operating profit of fully consolidated companies, as defined above, for the year concerned in relation to the previous year, by directly applying the percentage of negative change to the amount of the variable portion determined based on the previous criteria.

For 2014, the relevant input-based formula results in the application of a factor of 0.903 to the reference amounts (versus 0.25 in 2011, 1.02 in 2012 and 1.176 in 2013):

	Recurring operating profit of fully consolidated companies	Net cash from operating activities (€m)	Average
2014 guidance	+2.50%		
2014 budget		265	
2014 achievement	+2.769%	210	
	+0.269	- 55	
Impact	+2.69%	-20.75%	-9.03%
Applicable factor			0.903
Change vs. 2013 recurring operating profit of fully consolidated companies			Positive
Final factor			0.903

- a qualitative portion (except for Arnaud Lagardère), taking into account the personal contribution of each individual to the development of the Group, changes in his value added, the quality of his management, the relevance of his organisation, the motivation of his teams and attention paid to social and environmental issues, in line with the key objectives set by the Group and defined in section 5.3.1. Arnaud Lagardère in his capacity as Managing Partner exercises judgement in making this managerial performance assessment, which is difficult to quantify. The assessment can increase or decrease the reference amount, though the resulting amount may not under any circumstances exceed 25% of the individual's fixed salary.

The variable portion of remuneration is determined by applying criteria to the reference amounts. As indicated above, Arnaud Lagardère does not receive a qualitative portion. Since he receives neither share options nor free shares, his variable salary is based on a reference amount of €1,400,000, to which are applied the input-based performance-related criteria described above, with no minimum limit and with a maximum limit of 150% of his fixed salary.

For the other members of the Executive Committee, the reference qualitative portion and input-based performance-related portion are equal. For each of the three Co-Managing Partners they represent a total of €300,000 each, i.e., an aggregate reference amount of €600,000 as a basis for their variable salary, which may not exceed 75% of their fixed salary.

Overall, the reference amounts represent 62% of the fixed salaries.

Since the variable portion of salary can only be calculated after the year-end, it is paid during the following year.

(in euros)	Reference amount	Achievement rate	Amounts payable	Percentage compared with fixed salary	Ceiling compared with fixed salary
Arnaud Lagardère					
Qualitative	-	-	-	-	-
Input-based performance-related	1,400,000	0.903	1,264,200	111%	150%
Total	**1,400,000**		**1,264,200**	**111%**	**150%**
Pierre Leroy					
Qualitative	300,000	-	300,000	20.3%	25%
Input-based performance-related	300,000	0.903	270,900	18.4%	
Total	**600,000**		**570,900**	**38.7%**	**75%**
Dominique D'Hinnin					
Qualitative	300,000	-	300,000	24.9%	25%
Input-based performance-related	300,000	0.903	270,900	22.5%	
Total	**600,000**		**570,900**	**47.4%**	**75%**
Thierry Funck-Brentano					
Qualitative	300,000	-	300,000	24.9%	25%
Input-based performance-related	300,000	0.903	270,900	22.5%	
Total	**600,000**		**570,900**	**47.4%**	**75%**
Ramzi Khiroun					
Qualitative	200,000	-	200,000	23.8%	25%
Input-based performance-related	200,000	0.903	180,600	21.5%	
Total	**400,000**		**380,600**	**45.3%**	**75%**

C) EXTRAORDINARY COMPENSATION

In 2013, the Lagardère group finally sold its 7.4% stake in EADS and its 20% stake in Canal+ France, in the best interests of its shareholders. The total amount of these two divestments came to over €3.3 billion. The first of these divestments, which were in line with the refocus of the Group's activities, generated a very high net capital gain (€1,800 million), and the second enabled the Group to avoid the onerous legal disputes anticipated as a result of the poor relationship between the shareholders of the company concerned.

The success of these long and complex operations was due to the strategic vision and the dedication and determination of the members of the Executive Committee. In recognition for this achievement, each member was awarded a special bonus of €1,100,000, except for Arnaud Lagardère, who took the decision.

D) DEFERRED VARIABLE SALARY

The members of the Executive Committee do not receive any deferred variable salary.

E) MULTI-ANNUAL VARIABLE SALARY

The members of the Executive Committee do not receive any multi-annual variable salary.

F) ATTENDANCE FEES OR OTHER REMUNERATION

The members of the Executive Committee do not receive any attendance fees for their duties within the Lagardère group.

However, in 2014, Arnaud Lagardère received remuneration of €45,000 and Dominique D'Hinnin received remuneration of €30,000 in respect of their duties as members of the Board of Directors of EADS in 2013. Their right to this remuneration ended in May 2013 with the sale of the Group's stake in EADS.

G) AWARDING OF SHARE OPTIONS AND/OR PERFORMANCE SHARES

Arnaud Lagardère, in his capacity as Managing Partner, may award performance shares to the members of the Executive Committee, up to a number not exceeding 0.025% of the number of shares making up the Company's share capital, per year and per Co-Managing Partner. In accordance with the provisions of the AFEP-MEDEF code of corporate governance governing such awards, the Supervisory Board decided that the value of the share rights awarded would not exceed, for each Co-Managing Partner concerned, one third of his aggregate remuneration in respect of the previous year and, for all the Managing Partners, 20% of the total number of free share awards adopted at the General Meeting.

Shares have been awarded annually since 2009. Based on the three plans completed since that date and their measurement in accordance with IFRS, the initial rights granted to the Managing Partners represented 23.7% of the total remuneration received. The aggregate ratio of these initial awards actually confirmed was 80.06% and the average number of shares vested to the Managing Partners represented 0.017% of the share capital, per year and per person.

1 2 3 4 5 6 7 8 9 10 11

In 2014, no such award was made, as it was postponed to 2015, to enable the Supervisory Board, from now on, to make a decision based on the results for the year.

The characteristics of the 2015 award and the conditions to which it should be subject should be as follows:

- *Vesting period:* the shares awarded would not fully vest until 1 April 2018 subject to the fulfilment by that date of the following performance and presence conditions.
- *Performance conditions:* the objectives would be defined on the basis of internal corporate criteria, such as the change in the Group's recurring operating profit of fully consolidated companies, and net cash from operating activities.
- *Presence conditions:* in order for the shares to fully vest, the Managing Partners should still be serving as executives of Lagardère SCA on 1 April 2018; this condition would still be deemed met in the event of forced termination for reasons other than negligence.
- *Holding of shares:*
  - all of the fully vested shares would have to be held in a registered account (*nominatif pur*) for a period of no less than two years, i.e., from 1 April 2018 to 1 April 2020 inclusive;
  - as regards the co-Managing Partners, pursuant to a decision by the Supervisory Board on 12 March 2008, 25% of the fully vested shares would have to be held in a registered account until the beneficiary ceases to serve as a legal representative of Lagardère SCA;
  - as regards the co-Managing Partners, pursuant to a decision by the Supervisory Board on 2 December 2009, an additional 25% of the fully vested shares would have to be held in a registered account until the value of the Lagardère SCA shares held is at least equal to one year of the beneficiary's fixed and variable gross remuneration, this condition being assessed at the start of each year in light of the average December share price and the fixed salary received or payable in respect of the preceding year as well as the maximum theoretical amount of variable salary.

The Managing Partners would have to formally agree not to enter into transactions to hedge risks associated with the performance shares during the holding period. To the best of the Company's knowledge, no risk hedging instruments have been implemented in relation to the performance shares granted to the Managing Partners under previous plans.

At the close of the mandatory holding periods defined above, the corresponding shares would become transferable and could be traded under the terms and conditions established by law and regulations and in accordance with the trading periods established by Lagardère SCA in the "Charter on trading in Lagardère SCA shares by Group employees".

H) BENEFITS LINKED TO TAKING UP OR TERMINATING OFFICE

No commitments or promises have been made to grant benefits linked to taking up or terminating office to the Managing Partners or other members of the Executive Committee.

I) BENEFITS LINKED TO NON-COMPETITION AGREEMENTS

No commitments have been made to grant benefits linked to non-competition agreements to members of the Executive Committee.

J) SUPPLEMENTARY PENSION PLAN

A supplementary pension plan was set up by LC&M on 1 July 2005 for members of the Executive Committee.

The beneficiaries of this plan acquire supplementary pension entitlements equivalent to 1.75% of the Benchmark Remuneration per year of seniority, up to a limit of 20 years' seniority. The income replacement rate of the supplementary pension is capped at 35% of the Benchmark Remuneration.

The Benchmark Remuneration corresponds to the average gross annual remuneration over the last five years (fixed + variable up to a maximum of 100% of the fixed portion) and cannot exceed 50 times the annual ceiling used to calculate social security contributions.

The plan is a conditional benefit plan, and the pension will only be payable if the beneficiary is still with the Company at retirement age, except in the event of termination after the age of 55, early retirement or long-term disability. In addition, in order to benefit from the plan, beneficiaries are required to have been members of the Executive Committee for at least five years at the date that they retire.

After the beneficiary's death, 60% of the pension is transferable to the surviving spouse.

This benefit is taken into account to determine the overall remuneration of the members of the Executive Committee.

The characteristics described above fully comply with the requirements of the AFEP-MEDEF code of corporate governance.

K) OTHER COMPONENTS

- Travel and entertainment expenses incurred by the Managing Partners or members of the Executive Committee in the course of their duties are borne by the Group.
- Benefits in kind generally take the form of use of a company car for personal purposes.

7.3.1.3 REMUNERATION AND BENEFITS OF MEMBERS OF THE EXECUTIVE COMMITTEE

A) GROSS REMUNERATION PAID (before deducting social security contributions)

	2012	2013	**2014**
	(1)	(2)	(3)
Fixed salary and benefits in kind	6,412,243	5,866,729	**5,866,729**
Variable portion	3,525,120	4,040,000	**3,357,500**
Extraordinary compensation	26,792	-	**4,400,000**
Attendance fees	21,171	19,475	
Total	9,985,326	9,926,204	**13,624,229**

(1) Arnaud Lagardère, Pierre Leroy, Dominique D'Hinnin, Thierry Funck-Brentano and Ramzi Khiroun (full-time) and Philippe Camus (until 30 June).
(2) Arnaud Lagardère, Pierre Leroy, Dominique D'Hinnin, Thierry Funck-Brentano and Ramzi Khiroun (full-time).
(3) Arnaud Lagardère, Pierre Leroy, Dominique D'Hinnin, Thierry Funck-Brentano and Ramzi Khiroun (full-time).

B) SHARE OPTIONS

Date of plan/AGM authorisation	No. of options originally granted	Exercise price	No. of beneficiaries	Options exercised in 2014	Options forfeited at end-2014	Options outstanding at end-2014	Exercise period
Share subscription options							
None							
Share purchase options							
Plans expired:							
18 Dec. 2003 23 May 2000	178,000	€51.45	5	0	178,000	0	18 Dec. 2005 to 18 Dec. 2013
20 Nov. 2004 11 May 2004	178,000	€41.64(*)	5	0	186,604(*)	0	20 Nov. 2006 to 20 Nov. 2014
Plans in force:							
20 Nov. 2005 11 May 2004	240,000	€45.69(*)	5	0	50,000	236,911(*)	21 Nov. 2007 to 21 Nov. 2015
14 Dec. 2006 11 May 2004	242,000	€44.78(*)	5	0	50,000	239,424(*)	14 Dec. 2008 to 14 Dec. 2016

* After adjustment on 20 June 2014.

C) FREE SHARE AWARDS

Date of plan/AGM authorisation	No. of rights granted	No. of beneficiaries	No. of shares vested in 2014	No. of rights forfeited at end-2014	No. of rights outstanding at end-2014	Vesting date
Plans expired:						
28 Dec. 2007	107,000	7	0	107,000	0*	29 Dec. 2009
1 Oct. 2009 31 Dec. 2009	126,000	6	21,155	7,690	0	2 Oct. 2011(**) 2 April 2012(***)
17 Dec. 2010	126,000	5	69,547	56,453	0	18 Dec. 2012 2 April 2013(***)
29 Dec. 2011	119,000	5	72,054	31,946	0	30 Dec. 2013 2 April 2014(***)
Plans in force:						
25 June 2012	111,000	4	17,972(****)	0	132,989(****)	26 June 2014 1 April 2015(***)
26 Dec. 2013	115,000	4	0	0	137,781(****)	1 April 2017

(*) No shares vested under this plan since the stock market performance condition was not met at 29 December 2009.
(**) 3 October 2013 for beneficiaries who are not French tax residents and 2 April 2014 for the Managing Partner who is not a French tax resident.
(***) For the Managing Partners.
(****) After adjustment on 20 June 2014.

7.3.1.4 REMUNERATION AND BENEFITS OF THE MANAGING PARTNERS

Arnaud Lagardère

Summary of gross remuneration and benefits granted for the year (before deducting social security contributions)				
	2013		**2014**	
	Amounts payable	Amounts received	Amounts payable	Amounts received
Fixed salary	1,140,729	1,140,729	**1,140,729**	**1,140,729**
Variable salary	1,646,400(1)	1,432,320	**1,264,200(1)**	**1,646,400**
Extraordinary compensation	-	-	**-**	**-**
Attendance fees	-	4,750	**-**	**-**
Benefits in kind	20,499	20,499	**20,499**	**20,499**
Total	2,807,628	2,598,298	**2,425,428**	**2,807,628**

(1) Since the variable portion of salary can only be calculated after the year-end, it is paid during the following year.

Since his appointment as General and Managing Partner in 2003, Arnaud Lagardère has not been awarded any share options or free shares.

- Share options granted during the year: none.
- Share options exercised during the year: none.
- Rights to performance shares granted during the year: none.
- Performance shares that became available during the year: none.

Total remuneration and benefits, share options and performance shares granted		
	2013	**2014**
Remuneration and benefits payable for the year (details in previous table)	2,807,628	**2,425,428**
Value of share options granted during the year	None	**None**
Value of rights to performance shares granted during the year	None	**None**
Total	2,807,628	**2,425,428**

Pierre Leroy

Summary of gross remuneration and benefits granted for the year (before deducting social security contributions)				
	2013		2014	
	Amounts payable	Amounts received	Amounts payable	Amounts received
Fixed salary	1,474,000	1,474,000	**1,474,000**	**1,474,000**
Variable salary	652,800(1)	522,200	**570,900(1)**	**652,800**
Extraordinary compensation	-	-	**1,100,000**	**1,100,000**
Attendance fees	-	7,125	**-**	**-**
Benefits in kind	8,430	8,430	**8,406**	**8,406**
Total	2,135,230	2,011,755	**3,153,306**	**3,235,206**

(1) Since the variable portion of salary can only be calculated after the year-end, it is paid during the following year.

- Share options granted during the year: none.
- Share options exercised during the year: none.
- Rights to performance shares granted during the year: none.
- Performance shares that became available during the year: 10,577.

The mandatory holding period for the 21,155 performance shares which vested to Pierre Leroy on 2 April 2012 under the plan of 31 December 2009, ended on 2 April 2014. According to the holding rules defined by the Supervisory Board in accordance with the AFEP-MEDEF code of corporate governance, half of these shares are still subject to holding periods based on the valuation of Pierre Leroy's share portfolio and the termination of his duties.

- Performance shares that vested during the year: 24,018.

Under the 2011 plan, 24,018 of the 26,000 free shares granted to Pierre Leroy vested in 2014, i.e., 92.37% of the shares granted, following the application of performance conditions provided for in the decision to award the shares:

- average achievement of target recurring operating profit of fully consolidated companies: ≥ 100%
- average achievement of target net cash from operating activities: 91.65%
- change in 2013 recurring operating profit of fully consolidated companies compared with the 2011-2012 average: 96.4%.

In addition, the 32,000 performance share rights awarded under the 2012 and 2013 plans, as for all the beneficiaries of these plans, were subject to an adjustment following the €6 extra dividend payment approved at the Annual General Meeting of 6 May 2014.

Total remuneration and benefits, share options and performance shares granted		
	2013	2014
Remuneration and benefits payable for the year (details in previous table)	2,135,230	**3,153,306**
Value of share options granted during the year	None	**None**
Value of rights to performance shares granted during the year	686,080	**None**
Total	2,821,310	**3,153,306**

Dominique D'Hinnin

Summary of gross remuneration and benefits granted for the year (before deducting social security contributions)	2013		2014	
	Amounts payable	Amounts received	Amounts payable	Amounts received
Fixed salary	1,206,000	1,206,000	**1,206,000**	**1,206,000**
Variable salary	652,800(1)	564,800	**570,900(1)**	**652,800**
Extraordinary compensation	-	-	**1,100,000**	**1,100,000**
Attendance fees	-	7,600	**-**	**-**
Benefits in kind	8,013	8,013	**8,925**	**8,925**
Total	1,866,813	1,786,413	**2,885,825**	**2,967,725**

(1) Since the variable portion of salary can only be calculated after the year-end, it is paid during the following year.

- Share options granted during the year: none.
- Share options exercised during the year: none.
- Rights to performance shares granted during the year: none.
- Performance shares that became available during the year: none.
- Performance shares that vested during the year: 24,018.

Under the 2011 plan, 24,018 of the 26,000 free shares granted to Dominique D'Hinnin vested in 2014, i.e., 92.37% of the shares granted, following the application of performance conditions provided for in the decision to award the shares:

- average achievement of target recurring operating profit of fully consolidated companies: ≥ 100%
- average achievement of target net cash from operating activities: 91.65%
- change in 2013 recurring operating profit of fully consolidated companies compared with the 2011-2012 average: 96.4%.

In addition, the 32,000 performance share rights awarded under the 2012 and 2013 plans, as for all the beneficiaries of these plans, were subject to an adjustment following the €6 extra dividend payment approved at the Annual General Meeting of 6 May 2014.

Total remuneration and benefits, share options and performance shares granted	2013	2014
Remuneration and benefits payable for the year (details in previous table)	1,866,813	**2,885,825**
Value of share options granted during the year	None	**None**
Value of rights to performance shares granted during the year	686,080	**None**
Total	2,552,893	**2,885,825**

Thierry Funck-Brentano

Summary of gross remuneration and benefits granted for the year (before deducting social security contributions)				
	2013		**2014**	
	Amounts payable	**Amounts received**	**Amounts payable**	**Amounts received**
Fixed salary	1,206,000	1,206,000	**1,206,000**	**1,206,000**
Variable salary	652,800(1)	601,800	**570,900(1)**	**652,800**
Extraordinary compensation	-	-	**1,100,000**	**1,100,000**
Attendance fees	-	-	**-**	**-**
Benefits in kind	10,628	10,628	**10,683**	**10,683**
Total	1,869,428	1,818,428	**2,887,583**	**2,969,483**

(1) Since the variable portion of salary can only be calculated after the year-end, it is paid during the following year.

- Share options granted during the year: none.
- Share options exercised during the year: none.
- Rights to performance shares granted during the year: none.
- Performance shares that became available during the year: none.
- Performance shares that vested during the year: 24,018.

Under the 2011 plan, 24,018 of the 26,000 free shares granted to Thierry Funck-Brentano vested in 2014, i.e., 92.37% of the shares granted, following the application of performance conditions provided for in the decision to award the shares:

- average achievement of target recurring operating profit of fully consolidated companies: ≥ 100%
- average achievement of target net cash from operating activities: 91.65%
- change in 2013 recurring operating profit of fully consolidated companies compared with the 2011-2012 average: 96.4%.

In addition, the 32,000 performance share rights awarded under the 2012 and 2013 plans, as for all the beneficiaries of these plans, were subject to an adjustment following the €6 extra dividend payment approved at the Annual General Meeting of 6 May 2014.

Total remuneration and benefits, share options and performance shares granted		
	2013	**2014**
Remuneration and benefits payable for the year (details in previous table)	1,869,428	**2,887,583**
Value of share options granted during the year	None	**None**
Value of rights to performance shares granted during the year	686,080	**None**
Total	2,555,508	**2,887,583**

Share options[1]

	Plans expired				Plans in force	
	2001 Plan	2002 Plan	2003 Plan	2004 Plan	2005 Plan	2006 Plan
Date of AGM	23 May 2000		23 May 2000 and 13 May 2003	11 May 2004		2 May 2006
Date of Board of Directors' or Executive Board meeting (as relevant)	Not relevant to Lagardère SCA which is a French partnership limited by shares Grant date = date of decision by the Managing Partners to set up the plan					
Total number of shares under option[1]	1,271,740(*)	1,313,639(*)	1,453,451(*)	1,577,677(***)	1,736,769(**)	1,919,029(**)
Of which shares available for subscription or purchase by Managing Partners and members of the Supervisory Board[1]:						
Arnaud Lagardère	50,560	50,554	0	0	0	0
Pierre Leroy	30,336	30,333	40,444	50,433	62,345	62,350
Philippe Camus	20,224	20,222	30,333	30,336	50,000	50,000
Dominique D'Hinnin	30,336	30,333	40,444	50,433	62,345	62,350
Thierry Funck-Brentano	30,336	30,333	40,444	50,433	62,345	62,350
Start of exercise period	19 Dec. 2003	19 Dec. 2004	18 Dec. 2005	20 Nov. 2006	21 Nov. 2007	14 Dec. 2008
Option expiry date	19 Dec. 2008	19 Dec. 2009	18 Dec. 2013	20 Nov. 2014	21 Nov. 2015	14 Dec. 2016
Subscription or purchase price	€46.48(*)	€51.45(*)	€51.45(*)	€41.64(***)	€45.69(**)	€44.78(**)
Number of shares acquired at 28 February 2015	30,336[2]	-	-	-	-	-
Total number of share options cancelled or forfeited:						
Arnaud Lagardère	50,560	50,554	-	-	-	-
Pierre Leroy		30,333	40,444	50,433	-	-
Philippe Camus	20,224	20,222	30,333	30,336	50,000	50,000
Dominique D'Hinnin	30,336	30,333	40,444	50,433	-	-
Thierry Funck-Brentano	30,336	30,333	40,444,	50,433	-	-
Share options[1] outstanding at end-2014:						
Arnaud Lagardère	0	0	-	-	-	-
Pierre Leroy	0	0	0	0	62,345	62,350
Philippe Camus	0	0	0	0	0	0
Dominique D'Hinnin	0	0	0	0	62,345	62,350
Thierry Funck-Brentano	0	0	0	0	62,345	62,350

(1) Share purchase plans only.
(2) Exercised by Pierre Leroy on 20 December 2005.
(*) After adjustment on 6 July 2005.
(**) After adjustment on 20 June 2014.
(***) After the adjustments on 6 July 2005 and 20 June 2014.

No options have been exercised under the 2004, 2005 and 2006 plans in view of Lagardère SCA share price trends.

Historical information on performance share grants

	Plan 1	Plan 2	Plan 3	Plan 4	Plan 5
Date of AGM	28 April 2009	28 April 2009	28 April 2009	28 April 2009	3 May 2013
Date of grant(*)	31 Dec. 2009	17 Dec. 2010	29 Dec. 2011	25 June 2012	26 Dec. 2013
Total number of free shares granted(**)	50,000	116,000	104,000	115,017	115,017
Of which granted to:					
Arnaud Lagardère(***)	-	-	-	-	-
Pierre Leroy	25,000	29,000	26,000	38,339	38,339
Philippe Camus	25,000	29,000	26,000	-	-
Dominique D'Hinnin	-	29,000	26,000	38,339	38,339
Thierry Funck-Brentano	-	29,000	26,000	38,339	38,339
Vesting date	2 April 2012 2 April 2014	2 April 2013	2 April 2014	1 April 2015	1 April 2017
End of holding period	2 April 2014	2 April 2015	2 April 2016	1 April 2017	1 April 2019
Performance conditions	Yes	Yes	Yes	Yes	Yes
Number of shares vested at 28 February 2015	42,310	59,547	72,054	0	0
Total number of shares cancelled or forfeited:	7,690	56,453	31,946	0	0
Arnaud Lagardère	-	-	-	-	-
Pierre Leroy	3,845	9,151	1,982	0	0
Philippe Camus	3,845	29,000	26,000	-	-
Dominique D'Hinnin	-	9,151	1,982	0	0
Thierry Funck-Brentano	-	9,151	1,982	0	0
Performance shares outstanding at end-2014(**):	0	0	0	115,017	115,017
Arnaud Lagardère	-	-	-	-	-
Pierre Leroy	0	0	0	38,339	38,339
Philippe Camus	0	0	0	-	-
Dominique D'Hinnin	-	0	0	38,339	38,339
Thierry Funck-Brentano	-	0	0	38,339	38,339

(*) Since Lagardère SCA is a French partnership limited by shares, the granting of performance shares is the responsibility of the Managing Partners and is coordinated by the Supervisory Board.
(**) After adjustment on 20 June 2014.
(***) Arnaud Lagardère, Managing Partner, does not receive any performance shares.

Other information

Executive corporate officers	Employment contract[1]		Supplementary pension plan		Indemnities or benefits payable or likely to be payable due to a termination or change of function		Indemnities payable under a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Arnaud Lagardère Position: Managing Partner Date of appointment: } End of term of office: } *Renewed on 11 March 2015 for a six-year period*		X	X			X		X
Pierre Leroy Position:[a] Date of appointment: End of term of office:	N.A.[1]		X			X		X
Dominique D'Hinnin Position:[b] Date of appointment: End of term of office:	N.A.[1]		X			X		X
Thierry Funck-Brentano Position:[b] Date of appointment: End of term of office:	N.A.[1]		X			X		X

(a) Deputy Chairman and Chief Operating Officer of Arjil Commanditée-Arco whose term of office as Managing Partner of Lagardère SCA was renewed on 10 March 2010 for a six-year period.
(b) Chief Operating Officer of Arjil Commanditée-Arco, appointed in that capacity on 10 March 2010 for a six-year period.
(1) The AFEP-MEDEF corporate governance recommendations that company officers should not hold employment contracts with the company only apply to the following persons: Chairman of the Board of Directors, Chairman and Chief Executive Officer, Chief Executive Officer of companies with a Board of Directors, Chairman of the Management Board, Chief Executive Officer of companies with a Management Board and Supervisory Board, and Managing Partner of French partnerships limited by shares (SCA).

7.3.2 CONSULTATION OF THE SHAREHOLDERS ON THE COMPONENTS OF REMUNERATION PAYABLE OR GRANTED TO THE MANAGING PARTNERS IN RESPECT OF 2014

In application of the recommendation set out in paragraph 24.3 of the AFEP-MEDEF code of corporate governance – which the Company uses as its corporate governance framework in accordance with article L. 225-37 of the French Commercial Code (*Code de commerce*) – shareholders are invited to issue an advisory opinion on the components of remuneration payable or granted in respect of the previous year to each of the Company's executive corporate officers, namely:

- Arnaud Lagardère, in his capacity as Managing Partner of Lagardère SCA and Chairman and Chief Executive Officer of Arjil Commanditée-Arco, Managing Partner of Lagardère SCA;
- Pierre Leroy, Dominique D'Hinnin and Thierry Funck-Brentano, in their capacity as Chief Operating Officers of Arjil Commanditée Arco, Managing Partner of Lagardère SCA.

In accordance with the provisions of the AFEP-MEDEF code of corporate governance, the shareholders' advisory opinion is sought regarding the components of remuneration, taken as a whole, payable or granted to these persons in respect of 2014, namely:

- the fixed portion;
- the annual variable portion;
- extraordinary compensation;
- supplementary pension plan;
- any other benefits.

The components of remuneration payable, paid or granted during or in respect of 2014 to Arnaud Lagardère, Pierre Leroy, Dominique D'Hinnin and Thierry Funck-Brentano were described in detail in the previous section.

The components of remuneration payable or granted in respect of 2014 can be summarised as follows:

ARNAUD LAGARDÈRE (gross amount before deducting social security contributions):

Components of remuneration payable or granted for 2014	Amount or accounting value	Comments
Fixed salary	€1,140,729	▸ This is the salary before deducting social security contributions, the amount of which has not changed since 2009.
Variable salary	€1,264,200	▸ This remuneration is determined on the basis of rules defined in 2003 which have been consistently applied since that date. ▸ It is based solely on the Group's performance in 2014 (growth rate in recurring operating profit of fully consolidated Lagardère Media companies compared with the target growth rate in recurring operating profit of fully consolidated Lagardère Media companies communicated as market guidance, and net cash from operating activities of fully consolidated Lagardère Media companies compared with the budget prepared at the start of the year. These results may be reduced, where appropriate, by applying the ratio between the recurring operating profit of fully consolidated Lagardère Media companies in 2014 and that generated in 2013) (see section 7.3.1 of the Reference Document). ▸ The achievement rate for the above objectives is applied to a benchmark amount of €1,400,000, it being specified that Mr. Lagardère's variable salary may not exceed 150% of his fixed salary. ▸ In light of the achievement rate for these objectives in 2014 (0.903 versus 1.176 in 2013 and 1.02 in 2012), Mr. Lagardère's variable salary amounted to 111% of his fixed annual salary in 2014.
Deferred variable salary	N/A	▸ Arnaud Lagardère does not receive any deferred variable salary.
Multi-annual variable salary	N/A	▸ Arnaud Lagardère does not receive any multi-annual variable salary.
Extraordinary compensation	N/A	▸ Arnaud Lagardère did not receive any extraordinary compensation for 2014.
Attendance fees	N/A	▸ Arnaud Lagardère did not receive any attendance fees for 2014.
Awarding of share options and/or performance shares	N/A	▸ Arnaud Lagardère has not received any share options or performance shares since his appointment as Managing Partner in 2003.
Benefits linked to non-competition agreements	N/A	▸ Arnaud Lagardère is not entitled to any benefits of this nature.
Benefits linked to taking up or terminating office	N/A	▸ Arnaud Lagardère is not entitled to any benefits of this nature.
Supplementary pension plan	€0	▸ Arnaud Lagardère benefits from the defined benefit supplementary pension plan in force within Lagardère Capital & Management under the same conditions as the other beneficiaries (see section 7.3.1. of the Reference Document). ▸ His entitlements under the plan are acquired at a rate of 1.75% of the Benchmark Remuneration per year up to a limit of 20 years. Accordingly, his supplementary pension benefits cannot exceed 35% of the Benchmark Remuneration. ▸ The Benchmark Remuneration corresponds to the average gross annual remuneration over the last five years (fixed + variable up to a maximum of 100% of the fixed portion) and cannot exceed 50 times the annual ceiling used to calculate social security contributions. ▸ The plan is a conditional benefit plan, and the pension will only be payable if the beneficiary is still with the Company at retirement age, except in the event of termination after the age of 55, early retirement or long-term disability. ▸ The corresponding commitment was authorised by the Supervisory Board on 14 September 2005 (in accordance with the rules governing related party agreements and commitments) and approved by the Annual General Meeting of 2 May 2006 (4th resolution). ▸ For example, if the annual annuity payable to Arnaud Lagardère was calculated today based on the Benchmark Remuneration as defined in the plan, it would represent approximately 23.9% of his fixed and variable salary paid in 2014. ▸ No benefits were payable to Arnaud Lagardère under this plan for 2014.
Benefits in kind	€20,499	▸ This corresponds to Mr. Lagardère's potential personal use of his company car.

PIERRE LEROY (gross amount before deducting social security contributions):

Components of remuneration payable or granted for 2014	Amount or accounting value	Comments
Fixed salary	€1,474,000	▸ This is the salary before deducting social security contributions, the amount of which has not changed since 2011.
Variable salary	€570,900	▸ This remuneration is determined on the basis of rules defined in 2003 which have been consistently applied since that date. It includes: – a qualitative portion, which may not exceed 25% of Mr. Leroy's fixed salary, taking into account his personal contribution to the development of the Group, changes in his value added, the quality of his management, the relevance of his organisation, the motivation of his teams and attention paid to social and environmental issues; – a performance-based portion, determined by reference to the Group's performance in 2014 (growth rate in recurring operating profit of fully consolidated Lagardère Media companies compared with the target growth rate in recurring operating profit of fully consolidated Lagardère Media companies communicated as market guidance, and net cash from operating activities of fully consolidated Lagardère Media companies compared with the budget prepared at the start of the year. These results may be reduced, where appropriate, by applying the ratio between the recurring operating profit of fully consolidated Lagardère Media companies in 2014 and that generated in 2013) (see section 7.3.1 of the Reference Document). ▸ The achievement rate for the above objectives is applied to a benchmark amount of €600,000 (€300,000 for the qualitative portion and €300,000 for the performance-based portion), it being specified that Mr. Leroy's variable salary may not exceed 75% of his fixed salary. ▸ In light of the achievement rates for these objectives in 2014 (0.903 for the performance-based objectives versus 1.176 in 2013 and 1.02 in 2012; and 1 for the qualitative objectives), Mr. Leroy's variable salary amounted to 38.7% of his fixed annual salary in 2014.
Deferred variable salary	N/A	▸ Pierre Leroy does not receive any deferred variable salary.
Multi-annual variable salary	N/A	▸ Pierre Leroy does not receive any multi-annual variable salary.
Extraordinary compensation	€1,100,000	▸ In 2014, Pierre Leroy was awarded a special bonus of €1,100,000 (before social security contributions) in recognition of his dedicated and efficient work, carried out alongside the other Executive Committee members, in relation to the two major, complex divestments undertaken in 2013 (EADS and Canal+ France) in line with the Group's strategy of refocusing its business. The first of these divestments generated a very high net capital gain, and the second enabled the Group to avoid onerous future legal disputes. The aggregate proceeds from the sales came to over €3.3 billion.
Attendance fees	N/A	▸ Pierre Leroy did not receive any attendance fees for 2014.
Awarding of share options and/or performance shares	N/A	▸ Pierre Leroy did not receive any share options or performance shares in 2014 as these awards were postponed to April 2015. ▸ However, Mr. Leroy benefited from adjustments carried out on 20 June 2014 to share option and free share plans, in the same way as the plans' other beneficiaries (see sections 7.3.5 and 7.3.6. of the Reference Document).
Benefits linked to non-competition agreements	N/A	▸ Pierre Leroy is not entitled to any benefits of this nature.
Benefits linked to taking up or terminating office	N/A	▸ Pierre Leroy is not entitled to any benefits of this nature.
Supplementary pension plan	€0	▸ Pierre Leroy benefits from the defined benefit supplementary pension plan in force within Lagardère Capital & Management under the same conditions as the other beneficiaries (see section 7.3.1 of the Reference Document). ▸ His entitlements under the plan are acquired at a rate of 1.75% of the Benchmark Remuneration per year up to a limit of 20 years. Accordingly, his supplementary pension benefits cannot exceed 35% of the Benchmark Remuneration. ▸ The Benchmark Remuneration corresponds to the average gross annual remuneration over the last five years (fixed + variable) and cannot exceed 50 times the annual ceiling used to calculate social security contributions. ▸ The plan is a conditional benefit plan, and the pension will only be payable if the beneficiary is still with the Company at retirement age, except in the event of termination after the age of 55, early retirement or long-term disability. ▸ The corresponding commitment was authorised by the Supervisory Board on 14 September 2005 (in accordance with the rules governing related party agreements and commitments) and approved by the Annual General Meeting of 2 May 2006 (4th resolution). ▸ For example, if the annual annuity payable to Pierre Leroy was calculated today based on the Benchmark Remuneration as defined in the plan, it would represent approximately 31.3% of his fixed and variable salary paid in 2014. ▸ No benefits were payable to Pierre Leroy under this plan for 2014.
Benefits in kind	€8,406	▸ This corresponds to Mr. Leroy's potential personal use of his company car.

DOMINIQUE D'HINNIN (gross amount before deducting social security contributions):

Components of remuneration payable or granted for 2014	Amount or accounting value	Comments
Fixed salary	€1,206,000	▸ This is the salary before deducting social security contributions, the amount of which has not changed since 2011.
Variable salary	€570,900	▸ This remuneration is determined on the basis of rules defined in 2003 which have been consistently applied since that date. It includes: – a qualitative portion, which may not exceed 25% of Mr. D'Hinnin's fixed salary, taking into account his personal contribution to the development of the Group, changes in his value added, the quality of his management, the relevance of his organisation, the motivation of his teams and attention paid to social and environmental issues; – a performance-based portion, determined by reference to the Group's performance in 2014 (growth rate in recurring operating profit of fully consolidated Lagardère Media companies compared with the target growth rate in recurring operating profit of fully consolidated Lagardère Media companies communicated as market guidance, and net cash from operating activities of fully consolidated Lagardère Media companies compared with the budget prepared at the start of the year. These results may be reduced, where appropriate, by applying the ratio between the recurring operating profit of fully consolidated Lagardère Media companies in 2014 and that generated in 2013) (see section 7.3.1 of the Reference Document). ▸ The achievement rate for the above objectives is applied to a benchmark amount of €600,000 (€300,000 for the qualitative portion and €300,000 for the performance-based portion), it being specified that Mr. D'Hinnin's variable salary may not exceed 75% of his fixed salary. ▸ In light of the achievement rates for these objectives in 2014 (0.903 for the performance-based objectives versus 1.176 in 2013 and 1.02 in 2012; and 1 for the qualitative objectives), Mr. D'Hinnin's variable salary amounted to 47.3% of his fixed annual salary in 2014.
Deferred variable salary	N/A	▸ Dominique D'Hinnin does not receive any deferred variable salary.
Multi-annual variable salary	N/A	▸ Dominique D'Hinnin does not receive any multi-annual variable salary.
Extraordinary compensation	€1,100,000	▸ In 2014, Dominique D'Hinnin was awarded a special bonus of €1,100,000 (before social security contributions) in recognition of his dedicated and efficient work, carried out alongside the other Executive Committee members, in relation to the two major, complex divestments undertaken in 2013 (EADS and Canal+ France) in line with the Group's strategy of refocusing its business. The first of these divestments generated a very high net capital gain, and the second enabled the Group to avoid onerous future legal disputes. The aggregate proceeds from the sales came to over €3.3 billion.
Attendance fees	N/A	▸ Dominique D'Hinnin did not receive any attendance fees for 2014.
Awarding of share options and/or performance shares	N/A	▸ Dominique D'Hinnin did not receive any share options or performance shares in 2014 as these awards were postponed to April 2015. ▸ However, Mr. D'Hinnin benefited from adjustments carried out on 20 June 2014 to share option and free share plans, in the same way as the plans' other beneficiaries (see sections 7.3.5 and 7.3.6. of the Reference Document).
Benefits linked to non-competition agreements	N/A	▸ Dominique D'Hinnin is not entitled to any benefits of this nature.
Benefits linked to taking up or terminating office	N/A	▸ Dominique D'Hinnin is not entitled to any benefits of this nature.
Supplementary pension plan	€0	▸ Dominique D'Hinnin benefits from the defined benefit supplementary pension plan in force within Lagardère Capital & Management under the same conditions as the other beneficiaries (see section 7.3.1 of the Reference Document). ▸ His entitlements under the plan are acquired at a rate of 1.75% of the Benchmark Remuneration per year up to a limit of 20 years. Accordingly, his supplementary pension benefits cannot exceed 35% of the Benchmark Remuneration. ▸ The Benchmark Remuneration corresponds to the average gross annual remuneration over the last five years (fixed + variable) and cannot exceed 50 times the annual ceiling used to calculate social security contributions. ▸ The plan is a conditional benefit plan, and the pension will only be payable if the beneficiary is still with the Company at retirement age, except in the event of termination after the age of 55, early retirement or long-term disability. ▸ The corresponding commitment was authorised by the Supervisory Board on 14 September 2005 (in accordance with the rules governing related party agreements and commitments) and approved by the Annual General Meeting of 2 May 2006 (4th resolution). ▸ For example, if the annual annuity payable to Dominique D'Hinnin was calculated today based on the Benchmark Remuneration as defined in the plan, it would represent approximately 33.2% of his fixed and variable salary paid in 2014. ▸ No benefits were payable to Dominique D'Hinnin under this plan for 2014.
Benefits in kind	€8,925	▸ This corresponds to Mr D'Hinnin's potential personal use of his company car.

THIERRY FUNCK-BRENTANO (gross amount before deducting social security contributions):

Components of remuneration payable or granted for 2014	Amount or accounting value	Comments
Fixed salary	€1,206,000	▸ This is the salary before deducting social security contributions, the amount of which has not changed since 2011.
Variable salary	€570,900	▸ This remuneration is determined on the basis of rules defined in 2003 which have been consistently applied since that date. It includes: – a qualitative portion, which may not exceed 25% of Mr. Funck-Brentano's fixed salary, taking into account his personal contribution to the development of the Group, changes in his value added, the quality of his management, the relevance of his organisation, the motivation of his teams and attention paid to social and environmental issues; – a performance-based portion, determined by reference to the Group's performance in 2014 (growth rate in recurring operating profit of fully consolidated Lagardère Media companies compared with the target growth rate in recurring operating profit of fully consolidated Lagardère Media companies communicated as market guidance, and net cash from operating activities of fully consolidated Lagardère Media companies compared with the budget prepared at the start of the year. These results may be reduced, where appropriate, by applying the ratio between the recurring operating profit of fully consolidated Lagardère Media companies in 2014 and that generated in 2013) (see section 7.3.1 of the Reference Document). ▸ The achievement rate for the above objectives is applied to a benchmark amount of €600,000 (€300,000 for the qualitative portion and €300,000 for the performance-based portion), it being specified that Mr. Funck-Brentano's variable salary may not exceed 75% of his fixed salary. ▸ In light of the achievement rates for these objectives in 2014 (0.903 for the performance-based objectives versus 1.176 in 2013 and 1.02 in 2012; and 1 for the qualitative objectives), Mr. Funck-Brentano's variable salary amounted to 47.3% of his fixed annual salary in 2014.
Deferred variable salary	N/A	▸ Thierry Funck-Brentano does not receive any deferred variable salary.
Multi-annual variable salary	N/A	▸ Thierry Funck-Brentano does not receive any multi-annual variable salary.
Extraordinary compensation	€1,100,000	▸ In 2014, Thierry Funck-Brentano was awarded a special bonus of €1,100,000 (before social security contributions) in recognition of his dedicated and efficient work, carried out alongside the other Executive Committee members, in relation to the two major, complex divestments undertaken in 2013 (EADS and Canal+ France) in line with the Group's strategy of refocusing its business. The first of these divestments generated a very high net capital gain, and the second enabled the Group to avoid onerous future legal disputes. The aggregate proceeds from the sales came to over €3.3 billion.
Attendance fees	N/A	▸ Thierry Funck-Brentano did not receive any attendance fees for 2014.
Awarding of share options and/or performance shares	N/A	▸ Thierry Funck-Brentano did not receive any share options or performance shares in 2014 as these awards were postponed to April 2015. ▸ However, Mr. Funck-Brentano benefited from adjustments carried out on 20 June 2014 to share option and free share plans, in the same way as the plans' other beneficiaries (see sections 7.3.5 and 7.3.6. of the Reference Document).
Benefits linked to non-competition agreements	N/A	▸ Thierry Funck-Brentano is not entitled to any benefits of this nature.
Benefits linked to taking up or terminating office	N/A	▸ Thierry Funck-Brentano is not entitled to any benefits of this nature.
Supplementary pension plan	€0	▸ Thierry Funck-Brentano benefits from the defined benefit supplementary pension plan in force within Lagardère Capital & Management under the same conditions as the other beneficiaries (see section 7.3.1 of the Reference Document). ▸ His entitlements under the plan are acquired at a rate of 1.75% of the Benchmark Remuneration per year up to a limit of 20 years. Accordingly, his supplementary pension benefits cannot exceed 35% of the Benchmark Remuneration. ▸ The Benchmark Remuneration corresponds to the average gross annual remuneration over the last five years (fixed + variable) and cannot exceed 50 times the annual ceiling used to calculate social security contributions. ▸ The plan is a conditional benefit plan, and the pension will only be payable if the beneficiary is still with the Company at retirement age, except in the event of termination after the age of 55, early retirement or long-term disability. ▸ The corresponding commitment was authorised by the Supervisory Board on 14 September 2005 (in accordance with the rules governing related party agreements and commitments) and approved by the Annual General Meeting of 2 May 2006 (4th resolution). ▸ For example, if the annual annuity payable to Thierry Funck-Brentano was calculated today based on the Benchmark Remuneration as defined in the plan, it would represent approximately 33.7% of his fixed and variable salary paid in 2014. ▸ No benefits were payable to Thierry Funck-Brentano under this plan for 2014.
Benefits in kind	€10,683	▸ This corresponds to Mr. Funck-Brentano's potential personal use of his company car.

7.3.3 SUPERVISORY BOARD

7.3.3.1 REMUNERATION

At the Ordinary and Extraordinary General Meeting of 10 May 2011, the Company's shareholders raised the aggregate amount of annual attendance fees payable to Supervisory Board members from €600,000 to €700,000.

Each member of the Supervisory Board receives a basic portion of attendance fees. The following members also receive an additional portion of attendance fees corresponding to a multiple of the basic portion: members of the Audit Committee (twice the basic portion), members of the Appointments and Remuneration Committee (one basic portion) and the Chairman of the Supervisory Board and the Committee Chairmen (one basic portion).

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

In addition, at its meeting of 12 March 2014, the Supervisory Board decided to change the way in which attendance fees are allocated. As a result, the variable portion of these fees, which is determined based on attendance, now represents 60% of these fees (versus 50% previously).

Attendance fees paid to members of the Supervisory Board were as follows in 2013, 2014 and 2015 (in euros):

	2013 for 2012	2014 for 2013	2015 for 2014
Nathalie Andrieux	30,050.51	64,512.71	63,636.36
Antoine Arnault	13,257.58	11,122.88	-
Bernard Arnault	2,651.52	-	-
Martine Chêne	21,212.12	22,245.76	22,727.27
Georges Chodron de Courcel	42,424.24	44,491.53	42,727.27
François David	102,525.25	111,228.81	101,818.18
Xavier de Sarrau	106,060.61(1)	111,228.81(1)	113,636.36,(1)
Yves Guillemot	-	-	15,454.55
Pierre Lescure	39,772.73	40,042.37	45,454.55
Raymond H. Lévy	19,444.44	-	-
Jean-Claude Magendie	18,560.61	20,021.19	22,727.27
Soumia Malinbaum	-	11,122.88	22,727.27
Christian Marbach	19,444.44	-	-
Hélène Molinari	15,909.09	22,245.76	22,727.27
Javier Monzón	21,212.12(1)	17,796.61(1)	17,272.73(1)
Amélie Oudéa-Castera	60,101.01	21,504.24	-
Didier Pineau-Valencienne	63,636.36	23,728.82	-
François Roussely	21,212.12	20,021.19	22,727.27
Aline Sylla-Walbaum	-	39,300.85	59,090.91(1)
Susan M. Tolson	18,560.61(1)	22,245.76(1)	22,727.27,(1)
Patrick Valroff	63,636.36	64,512.71	68,181.82
Total attendance fees paid	**679,671.72(1)**	**667,372.88(1)**	**663,636.35(1)**

(1) Less withholding tax.

Raymond Levy received €74,593 in retirement benefits for 2014, as provided for in his original employment contract.

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

7.3.3.2 SHARE OPTIONS

None.

7.3.3.3 FREE SHARE AWARDS

None.

7.3.4 TRANSACTIONS IN LAGARDÈRE SCA SHARES BY THE MANAGING PARTNERS AND MEMBERS OF THE SUPERVISORY BOARD AND THEIR RELATIVES DURING 2014

7.3.4.1 MANAGING PARTNERS

Pursuant to article L. 621-18-2 of the French Monetary and Financial Code (*Code monétaire et financier*) the transactions in the Company's shares carried out in 2014, as set out below, were disclosed by the Managing Partners or the parties related to them:

LAGARDÈRE CAPITAL & MANAGEMENT

Lagardère Capital & Management, a legal entity related to Arnaud Lagardère, sold 345,709 shares for a total gross amount of €8,482,254.31 between 15 May 2014 and 21 May 2014 and 1,347,985 shares for a total gross amount of €29,584,369.44 between 2 December 2014 and 31 December 2014.

PIERRE LEROY

Pierre Leroy sold 10,000 shares for a total gross amount of €252,954 between 6 June 2014 and 9 June 2014.

On 2 April 2014, Dominique D'Hinnin, Thierry Funck-Brentano and Pierre Leroy each received 24,018 vested shares, out of the 26,000 free share rights awarded to them under the free share plan of 29 December 2011.

7.3.4.2 MEMBERS OF THE SUPERVISORY BOARD

Pursuant to article L. 621-18-2 of the French Monetary and Financial Code, the transactions in the Company's shares carried out in 2014, as set out below, were disclosed by the members of the Supervisory Board:

NATHALIE ANDRIEUX

Nathalie Andrieux purchased 450 Lagardère SCA shares on 13 May 2014 in accordance with the internal rules of the Supervisory Board.

GEORGES CHODRON DE COURCEL

Georges Chodron de Courcel purchased 450 Lagardère SCA shares on 5 June 2014 in accordance with the internal rules of the Supervisory Board.

FRANÇOIS DAVID

François David purchased 450 Lagardère SCA shares on 20 May 2014 in accordance with the internal rules of the Supervisory Board.

XAVIER DE SARRAU

Xavier de Sarrau purchased 450 Lagardère SCA shares on 12 June 2014 in accordance with the internal rules of the Supervisory Board.

JEAN-CLAUDE MAGENDIE

Jean-Claude Magendie purchased 450 Lagardère SCA shares on 28 May 2014 in accordance with the internal rules of the Supervisory Board.

SOUMIA MALINBAUM

Soumia Malinbaum purchased 400 Lagardère SCA shares on 28 May 2014 in accordance with the internal rules of the Supervisory Board.

HÉLÈNE MOLINARI

Hélène Molinari purchased 450 Lagardère SCA shares on 23 May 2014 in accordance with the internal rules of the Supervisory Board.

JAVIER MONZÓN

Javier Monzón purchased 450 Lagardère SCA shares on 16 May 2014 in accordance with the internal rules of the Supervisory Board.

FRANÇOIS ROUSSELY

François Roussely purchased 450 Lagardère SCA shares on 20 May 2014 in accordance with the internal rules of the Supervisory Board.

ALINE SYLLA-WALBAUM

Aline Sylla-Walbaum purchased 450 Lagardère SCA shares on 23 May 2014 in accordance with the internal rules of the Supervisory Board.

SUSAN M. TOLSON

Susan Tolson purchased 450 Lagardère SCA shares on 12 May 2014 in accordance with the internal rules of the Supervisory Board.

PATRICK VALROFF

Patrick Valroff purchased 450 Lagardère SCA shares on 12 May 2014 in accordance with the internal rules of the Supervisory Board.

In addition, Yves Guillemot purchased 150 Lagardère SCA shares on 15 July 2014 following his appointment.

***

To the best of the Company's knowledge, no other transactions in the Company's shares were carried out in 2014 by any Managing Partner or Supervisory Board member or any parties related to them.

7.3.5 FREE SHARES OF LAGARDÈRE SCA OR ITS RELATED ENTITIES

SPECIAL REPORT OF THE MANAGING PARTNERS ON FREE SHARE AWARDS

Dear Shareholders,

Pursuant to article L. 225-197-4 of the French Commercial Code (*Code de commerce*), please find below the required information on the free shares awarded during 2014.

***

The policy on the award of free shares is intended primarily to give the Lagardère group's executives worldwide a stake in the Group's growth and consequent rise in value, in the same way as the policy on the award of share purchase options.

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

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

GENERAL INFORMATION

Free share awards granted by the Company

1. The first free share award plan, implemented on 28 December 2007 and involving 594,350 shares awarded to 387 individuals, included a 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 arose after the award, this condition was not met and accordingly the plan lapsed on 29 December 2009.

Annual plans have been implemented since 2009.

Under the 2009 plan, 21,155 shares vested in early April 2014 for a former senior manager of Lagardère SCA who resides overseas for tax purposes. These shares were issued as part of a share capital increase through capitalisation of reserves.

Under the 2010 plan, 154,024 shares vested in mid-December 2014 for beneficiaries residing overseas for tax purposes. These shares were issued as part of a share capital increase through capitalisation of reserves.

Under the 2011 plan, 72,054 shares vested in early April 2014 for the senior managers of Lagardère SCA residing in France. These shares were issued as part of a share capital increase through capitalisation of reserves.

2,000 shares also vested in May 2014 for one of the employee beneficiaries of the 2011 plan. These shares were taken from the Company's treasury shares.

Under the 2012 plan, 488,519 shares vested in late June 2014 for employees residing in France for tax purposes. These shares were issued as part of a share capital increase through capitalisation of reserves.

Under the 2013 plan, 1,199 shares vested in early November 2014 for the heirs of a deceased employee. These shares were taken from the Company's treasury shares.

2. Based on the authorisation given by the General Meeting of 3 May 2013 (18th resolution), on 22 December 2014 the Managing Partners of the Company awarded 306,120 rights to free Lagardère SCA shares (representing 0.23% of the total number of shares comprising the share capital) to 365 employees and senior managers of companies related to Lagardère SCA within the meaning of legal provisions.

The characteristics of this award are as follows:

- *Number of beneficiaries:* 365 persons.
- *Number of shares awarded:* 306 120 (representing 0.233% of the total number of shares comprising the share capital).
- *Vesting period:*

  For beneficiaries who reside in France for tax purposes, the vesting period has been set at two years, i.e., until 22 December 2016 inclusive (the shares awarded will fully vest on 23 December 2016, on the condition that at midnight on 22 December 2016 the beneficiaries have neither resigned nor been terminated or dismissed for serious or gross negligence).

  For beneficiaries who reside overseas for tax purposes, the vesting period has been set at four years and one day, i.e., until 23 December 2018 inclusive (the shares awarded will fully vest on 24 December 2018, on the condition that at midnight on 22 December 2016, the beneficiaries have neither resigned nor been terminated or dismissed for serious or gross negligence).
- *Holding period:*

  For beneficiaries who reside in France for tax purposes, the holding period has been set at two years; once fully vested, the shares must be kept in a registered account until 23 December 2018 inclusive and, as from the next day, will become transferable and may be traded under the terms and conditions established by applicable legal provisions.

  Beneficiaries who reside overseas for tax purposes are not subject to any holding period.
- *Death or disability of a beneficiary:*

  In the event that a beneficiary is deemed to have a disability that falls within the second or third categories provided for by article L. 341-4 of the French social security code (*Code de la sécurité sociale*) during the vesting period, the free shares awarded to such beneficiary will fully vest before the end of the vesting period. The free shares that vest will not be subject to a holding period. Similarly, the shares of a beneficiary who is deemed to have a disability, as defined above, during the holding period, will become immediately transferable.

  In the event of the beneficiary's death during the vesting period, the heirs of such beneficiary may request that the shares be fully vested within a period of six months following the death. The free shares that vest will not be subject to a holding period. Similarly, the shares of a beneficiary who dies during the holding period will become immediately transferable.

  The value of the rights to the free shares awarded was €21.90 per share at the opening of trading on the Paris stock exchange on 22 December 2014. In accordance with IFRS, this same value was €18.64 per share for the shares vesting on 23 December 2016, and €16.04 per share for the shares vesting on 24 December 2018.

3. Under the authorisation granted by the shareholders, on 20 June 2014, the Managing Partners adjusted the number of rights to free shares granted under the 2010, 2011, 2012 and 2013 plans in order to preserve the rights of the beneficiaries of said plans following the payment of an extra dividend of €6 per share (corresponding to the payment to shareholders of an aggregate amount of €765.4 million deducted from "Share premiums") as decided at the Annual General Meeting of 6 May 2014.

This adjustment was made in accordance with the conditions provided for in articles L. 228-99 3°, R. 228-91 3° and R. 225-140 of the French Commercial Code and consisted of increasing the number of rights to free shares of each beneficiary whose shares had not fully vested by a percentage equal to the ratio between the amount of the payment justifying the adjustment per share (€6) and the Lagardère SCA share price before said payment (€30.29), rounded up to the nearest whole number. The characteristics which were originally approved for each plan concerned, particularly those relating to the remaining vesting period, the holding period and entitlement dates remained the same.

4. The main characteristics of all of the free share award plans which expired in 2014 or were in force as of 31 December 2014 are summarised in the table below.

Date of the plan	Total number of rights awarded(*)	Total number of rights eliminated(**)	Total number of shares vested(**)	Number of outstanding rights(**)
1 October and 31 December 2009	571,525	15,040	556,485	0
17 December 2010	634,950	61,191	599,621	0
15 July and 29 December 2011	650,000	47,143	491,004	134,552
25 June 2012	645,800	26,446	488,519	254,484
26 December 2013	712,950	1,799	1,199	851,441
22 December 2014	306,120	-	-	306,120
Total	**3,521,345**	**151,619**	**2,136,828**	**1,546,597**

(*) Before the adjustment of 20 June 2014.
(**) After the adjustment of 20 June 2014.

5. Compensation for beneficiaries of free share award plans as a result of the payment of an extra interim dividend.

Following the sale of the remainder of its EADS shares on 12 April 2013, the Group paid an extra interim dividend of €9 per share in addition to the ordinary dividend for 2013 approved by the Annual General Meeting of 6 May 2014, representing more than 30% of the market value of the share before the corresponding ex-dividend date.

Taking into account the impact of this extra dividend on the value of free shares that had not yet vested, at the end of 2014 the Group paid each beneficiary of the 2010, 2011 and 2012 plans concerned, as a final compensation and by way of salary, a premium equal to €9 per free share.

Free share awards granted by entities or groups related to the Company

1. LeGuide.com implemented the following plans in previous years:

A plan covering 35,086 free LeGuide.com shares awarded to four individuals was implemented on 20 April 2012 before the acquisition of LeGuide.com by the Lagardère group.

A second plan covering a total of 8,000 free shares awarded to two individuals was implemented on 15 November 2012.

Finally, a third plan covering a total of 2,500 free shares awarded to one individual was implemented on 25 January 2013.

Under the 20 April and 15 November 2012 plans, 24,560 free shares and 4,000 free shares created through a capital increase by capitalising share premiums, respectively, vested in 2014.

Rights to free shares granted under the 25 January 2013 plan were eliminated following the departure of the employee beneficiary.

2. LeGuide.com did not award any free shares in 2014.

Specific information on members of the managing bodies and employees of Lagardère SCA

1. In 2014, the Company's executive corporate officers were not awarded any free shares by Lagardère SCA, the entities or groups related to it within the meaning of article L. 225-197-2 of the French Commercial Code, or the companies that it controls within the meaning of article L. 233-16 of said Code. The Company's executive corporate officers benefited from the adjustments carried out on 20 June 2014, as described above, in the same way as the plans' other beneficiaries.

2. In 2014, the Company's employees were not awarded any free shares by Lagardère SCA, the entities or groups related to it within the meaning of article L. 225-197-2 of the French Commercial Code, or the companies that it controls within the meaning of article L. 233-16 of said Code. The Company's employees benefited from the adjustments carried out on 20 June 2014, as described above, in the same way as the plans' other beneficiaries.

The Managing Partners

7.3.6 OPTIONS TO SUBSCRIBE FOR OR PURCHASE SHARES OF LAGARDÈRE SCA OR ITS RELATED ENTITIES

SPECIAL REPORT OF THE MANAGING PARTNERS ON SHARE OPTIONS

Dear Shareholders,

Pursuant to the provisions of article L. 225-184 of the French Commercial Code (*Code de commerce*), please find below the required information related to transactions in share options carried out in 2014.

GENERAL INFORMATION

Share options granted by the Company

1. During 2014, no new options to subscribe for or purchase Lagardère SCA shares were awarded.
2. In accordance with the provisions of articles L. 225-181 and L. 228-99 of the French Commercial Code and under the authorisation granted by the shareholders, on 20 June 2014, the Managing Partners adjusted the characteristics of the share options granted under the 2004, 2005 and 2006 plans in order to preserve the rights of the beneficiaries of said plans following the payment of an extra dividend of €6 per share (corresponding to the payment to shareholders of an aggregate amount of €765.4 million deducted from "Share premiums") as decided at the Annual General Meeting of 6 May 2014.

This adjustment was made in accordance with the conditions provided for in articles L. 228-99 3°, R. 228-91 3° and R. 225-140 of the French Commercial Code and consisted of:

- reducing the purchase price per share set for each plan by a percentage equal to the ratio between the amount of the payment justifying the adjustment per share (€6) and the Lagardère SCA share price before said payment, equal to the weighted average of the listed prices for Lagardère SCA shares during the previous three trading days (€30.29); and
- increasing the number of share options granted to each beneficiary so that the overall investment of each beneficiary remains constant (taking into account the new exercise price for the options), rounded up to the nearest whole number.

The other original terms and conditions for exercising share options remain the same.

Following this adjustment, the 2004, 2005 and 2006 plans have been modified as follows:

Share purchase option plan of 20 November 2004

	Before adjustment	Adjustment	After adjustment
Exercise price	€51.92	51.92 – (51.92 x 6/30.29)	€41.64
Number of options	1,265,154	1,265,154 x 51.92/41.64 *rounded up to the nearest whole number for each beneficiary*	1,577,677

Share purchase option plan of 21 November 2005

	Before adjustment	Adjustment	After adjustment
Exercise price	€56.97	56.97 – (56.97 x 6/30.29)	€45.69
Number of options	1,392,754	1,392,754 x 56.97/45.69 rounded up to the nearest whole number for each beneficiary	1,736,769

Share purchase option plan of 14 December 2006

	Before adjustment	Adjustment	After adjustment
Exercise price	€55.84	55.84 – (55.84 x 6/30.29)	€44.78
Number of options	1,538,900	1,538,900 x 55.84/44.78 rounded up to the nearest whole number for each beneficiary	1,919,029

3. The main characteristics of all of the share option plans which expired in 2014 or were in force as of 31 December 2014 are summarised in the table below.

Plan	Number of beneficiaries	Number of options originally granted(*)	Exercise price(**)	Options exercised at end-2014	Options forfeited at end-2014(**)	Options outstanding at end-2014(**)	Period of exercise
Subscription options:							
None							
Purchase options:							
Expired plan:							
20 Nov. 2004	481	1,568,750	€41.64	10,660	1,888,382	0	20 Nov. 2006 to 20 Nov. 2014
Plans in force:							
21 Nov. 2005	495	1,683,844	€45.69	0	300,817	1,727,042	21 Nov. 2007 to 21 Nov. 2015
14 Dec. 2006	451	1,844,700	€44.78	0	325,752	1,899,077	14 Dec. 2008 to 14 Dec. 2016
Total					**2,514,951**	**3,626,119**	

(*) Before the adjustments of 6 July 2005 and 20 June 2014.
(**) After the adjustments of 6 July 2005 to 20 June 2014.

4. No options were exercised in 2014 due to Lagardère SCA share price levels, which ranged between €18.45 and €31.11, whereas purchase prices ranged between €51.92 and €56.97 before the adjustment of 20 June 2014, and between €41.64 and €45.69 thereafter.

Share options granted by the entities or groups related to the Company

1. In the course of 2014, no new share options were granted by entities or by groups related to Lagardère SCA within the meaning of article L. 225-180 of the French Commercial Code.

2. There were no longer any plans in force, or which expired in 2014, within the aforementioned entities or groups.

Specific information on members of the managing bodies and employees of Lagardère SCA

1. In 2014, the Company's executive corporate officers were not awarded any share options by Lagardère SCA, the entities or groups related to it within the meaning of article L. 225-180 of the French Commercial Code, or the companies that it controls within the meaning of article L. 233-16 of said Code. The Company's executive corporate officers benefited from the adjustments carried out on 20 June 2014, as described above, in the same way as the plans' other beneficiaries.

2. In 2014, the Company's employees were not awarded any share options by Lagardère SCA, the entities or groups related to it within the meaning of article L. 225-180 of the French Commercial Code, or the companies that it controls within the meaning of article L. 233-16 of said Code. The Company's employees benefited from the adjustments carried out on 20 June 2014, as described above, in the same way as the plans' other beneficiaries.

3. In 2014, neither the Managing Partners nor the employees of the Company exercised the Lagardère SCA share purchase options which had been granted to them under the 2004, 2005 and 2006 plans.

The Managing Partners

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

AFR

7.4.1 DESCRIPTION OF INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

7.4.1.1 CONTROL ENVIRONMENT

7.4.1.1.A GENERAL ORGANISATION OF THE GROUP

The consolidated financial statements of the Lagardère group included 457 companies in 2014 (the full list of consolidated companies can be found in the notes to the consolidated financial statements).

The Group's operating activities include:

- Media activities: Book Publishing, Distribution and Services, Press, Radio/Television, Audiovisual Production, New Media and business lines related to Sports and Entertainment. These operating activities are controlled through Lagardère Media (formerly Hachette SA), respectively via the following companies: Hachette Livre, Lagardère Services, Lagardère Active and Lagardère Unlimited;
- other smaller business activities or those with no operating relationship with the media businesses, which constitute the "Other Activities" segment and are under the control of Lagardère SCA.

Lagardère SCA is the holding company that controls all the subsidiaries and other participating interests, draws up the strategy for the Group, guides and finances its development, makes the main management decisions to this end, and ensures those decisions are implemented both at the level of the Group's parent company and of its divisions.

7.4.1.1.B THE GROUP'S MANAGEMENT BODIES

B.1 The Managing Partners

The General Management of the Company is the responsibility of the Managing Partners, who are appointed by the General Partners after approval of the Supervisory Board. The Managing Partners represent the Company in its relations with third parties and engage its responsibility. The Managing Partners are responsible for:

- drawing up the strategy of the Group;
- guiding development and control;
- taking the major management decisions required for this and ensuring those decisions are implemented both at the level of the parent company and in the various divisions.

Lagardère Capital & Management employs the Managing Partners under the conditions set out in sections 7.3.1 and 7.5 of this report.

B.2 Governing, managing and supervisory bodies of the divisions

Operating activities are conducted by legally independent companies grouped together in the following business divisions: Lagardère Publishing, Lagardère Services, Lagardère Active and Lagardère Unlimited.

Each division has its own organisation, which has been set up by its senior executive under the Managing Partners' control; the various companies and resources in the division are functionally grouped together under a holding company specific to the division.

Each division senior executive is responsible for the general management of the holding company.

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

The division senior executives and their subsidiaries exercise their responsibilities under the control of their governance or supervisory bodies. The Group takes care to ensure that the majority of members of those governance and supervisory bodies are Group representatives.

7.4.1.1.C INTERNAL CONTROL AND RISK MANAGEMENT FRAMEWORK, RESPONSIBILITIES, OBJECTIVES AND SCOPE

C.1 Internal control and risk management framework and activities

The Group applies the Internal Control and Risk Management Framework recommended by the French financial markets authority (*Autorité des Marchés Financiers* – AMF) to oversee its internal control and risk management.

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

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

C.2 Objectives and limitations of the internal control system

Lagardère SCA has introduced a certain number of internal control procedures designed to ensure:

- compliance with applicable laws and regulations;
- application of the instructions and orientations defined by the Managing Partners;
- proper operation of the Group's internal processes, particularly regarding safeguarding its assets;
- reliability of financial information;

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

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

C.3 Scope of the internal control system

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

As Lagardère SCA only exercises significant influence over equity-accounted companies, those companies are not covered by the Group's internal control system, although the Group may have specific control rights related to its status as a special shareholder.

Companies that have recently entered the scope of the Lagardère SCA internal control system are progressively adapting their own internal control procedures for harmonisation with the Group's system.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol AFR

7.4.1.2 DEFINITION OF RESPONSIBILITIES AND POWERS

The role of the Group's main strategic management bodies is described in section 7.4.1.1. In order to fulfil their responsibilities, the Managing Partners rely on various committees and the Group's Corporate Departments.

7.4.1.2.A MAIN MANAGEMENT COMMITTEES AND MONITORING ACTIVITY

A.1 The Executive Committee and Lagardère Media's Operating Committee

The Executive Committee brings together the Managing Partners and the Group's spokesperson on a regular basis. It enlists the help of any of the Group's senior managers it considers to be of use to accomplish its mission.

Lagardère Media's Operating Committee is made up of the members of the Executive Committee as well as the division senior executives, and the Deputy Chief Financial Officer and the General Counsel of Lagardère SCA. It meets every month.

Business reviews are conducted each month for each division to monitor activity within the divisions. The General and Managing Partner, the Group's Chief Financial Officer (a Managing Partner) as well as the senior executive and Chief Financial Officer of each division generally take part in these reviews.

A.2 The Financial Committee

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

The Financial Committee is chaired by the Group's Chief Financial Officer who is a Managing Partner and includes representatives from the Group's Corporate Departments concerned by the topic discussed in order to provide all the requisite skills for it to accomplish its mission.

Its principal task is to examine and monitor the following, in cooperation with the chief managers of each division concerned:

- the budget for the coming year and the three-year plan;
- the annual financial statements;
- any significant investments (or disposals) and commitments made, e.g., through the acquisition of shareholdings in non-Group companies.

A.3 Other Committees

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

In addition, each month the "Cash Flow Reporting Committee" examines, under the responsibility of the Group's Chief Financial Officer, an analysis of cash flows and balances for each division, and a breakdown of the bank covenants described in note 29 to the consolidated financial statements, presented in Chapter 6 of this Reference Document.

Lastly, the "Counterparty Risks Committee" regularly analyses the counterparty risks described in the above-mentioned note presented in Chapter 6 of this Reference Document.

7.4.1.2.B THE GROUP'S CORPORATE DEPARTMENTS

The Managing Partners are supported by the Group's Corporate Departments to implement, monitor and follow-up their decisions. The Group's Corporate Departments have the following functions:

- providing expert technical and logistical support to the Managing Partners and the Executive Committee within the scope of their strategic management of the Group;
- establishing standards and recommending best practices for the entire Group to strengthen control of its operations;
- organising reporting for the purposes of the Group's financial management and the monitoring of the divisions' operations;
- ensuring that Lagardère SCA complies with its regulatory requirements;
- making divisions aware of certain regulatory issues and offering them relevant technical and methodological support;
- offering the divisions support regarding technical issues or special operations;
- since March 2011, as expressly delegated by the General and Managing Partner acting in his capacity as Chairman of Lagardère Unlimited's Management Committee, the management of the Human Resources and Legal Departments is handled by the corresponding Corporate Departments.

Depending on their functional responsibilities, the Corporate Departments report to the Secretary General, Chief Financial Officer or Chief Human Relations, Communications and Sustainable Development Officer, all three of whom are Managing Partners and members of the Executive Committee. The Group Audit Department reports directly to Arnaud Lagardère in his capacity as General and Managing Partner.

Most of the Group's Corporate Departments, their teams and the corresponding material resources are primarily grouped together within Lagardère Ressources, a wholly-owned subsidiary of Lagardère SCA. This company employs almost 150 people and is chaired by the Group Secretary General.

As the tasks entrusted to these Corporate Departments are performed for the benefit of Lagardère SCA as well as for all of the subsidiaries, these companies have various service agreements with Lagardère Ressources, which receives a fee for its services, currently set at a percentage of sales (or gross margin for Lagardère Services).

Some of the Corporate Departments are more specifically involved in the implementation of internal control and risk management within the Group, mainly the following departments: The Group Audit Department, the Group Legal Department (including the Compliance Department), and within the Finance Department, the Management Control Department, the Accounting Department, the Group IT Department and the Risk and Internal Control Department.

7.4.1.3 HUMAN RESOURCES POLICY AND SKILLS MANAGEMENT

The Lagardère group's performance depends directly on the skills of its employees and the suitability of its resources. The Group's divisions manage their human resources independently, under shared principles and commitments defined and formally established at Group level jointly with the divisions' Human Resources Directors. Consequently, the Group put in place a Talent Management Policy in late 2012.

This point is discussed in more detail in section 5.3 – Corporate Social Responsibility and corporate citizenship – Ethics.

7.4.1.4 APPLICABLE LAWS AND STANDARDS

The Group's business is governed by specific laws and regulations, as set out in section 3.3.1.

As explained in section 5.3.1.2 – CSR players and governance, the Lagardère group endeavours to respect a certain number of rules established by national and international bodies regarding business enterprises.

Internally, Lagardère has drawn up a Responsible Procurement Policy which, rounded out by the Responsible Supplier Charter, seeks to involve all external partners in respecting the Group's values and commitments.

The "Lagardère Group Code of Conduct", sets out a collection of guidelines at Group level, deriving directly from the values of Lagardère and providing a set of shared standards for all Lagardère employees.

The Charter on trading in Lagardère SCA shares by Group employees, which complements the section of the Lagardère Group Code of Conduct on confidentiality and trading in marketable securities, describes the constraints incumbent on Group employees in such matters.

The "information system security policy" sets out the practices to be complied with and the resources to be implemented to protect the information systems throughout the Group.

The "commitment procedure", defines certain best practices and sets out the process and criteria for validating projects involving significant investments, disposals and commitments within the Lagardère group.

The Group is rolling out a policy to improve the prevention, detection and processing of cases of fraud.

Where necessary, these charters and principles can be adapted to the specificities of the Group's divisions. Internal and external principles specific to the Group's businesses are also applied.

The self-assessment internal control questionnaire described in section 7.4.1.10.B provides the entire Group with a set of key points for attention on the various components of internal control.

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

The persons involved in the Group's financial reporting process must adhere to a set of reference standards defining the common principles for preparing the consolidated financial statements and monitoring forecasts. In particular, the Lagardère Group Reporting Manual, includes guidelines for consolidation procedures, and a set of definitions of the main indicators used in the consolidated reporting package. User and operator guides for the management system used throughout the Group are available and provide details of the corresponding tasks.

Other key documents are provided to all concerned, particularly for the preparation of the consolidated financial statements. They include:

- a framework document defining the off-balance sheet items to be included in the notes to the financial statements and the applicable treatment;
- specific instructions issued when changes occur in accounting standards or their application such as when annual impairment tests are being prepared for intangible assets and goodwill arising upon acquisitions.

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

7.4.1.5 INFORMATION SYSTEMS

The Group's information systems comprise:

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

The divisions are responsible for managing their own information systems. However, there are also Group applications, such as the single management system presented below in section 7.4.1.6.G – Financial reporting.

The IT Department supervises these systems and ensures they are in line with the Group's objectives in the long term. It works in liaison with the Risk and Internal Control Department on the management of IT risks in the light of objectives regarding reliability and continuity of operation, legal and regulatory compliance, and data confidentiality.

7.4.1.5.A SINGLE MANAGEMENT SYSTEM FOR CONSOLIDATED FINANCIAL AND ACCOUNTING INFORMATION

As explained in section 7.4.1.6.G – Financial reporting, below, the overall consolidated financial reporting cycle is based on common principles and uses a single database and management system shared by all teams in the finance departments in charge of reporting the information required, whether specific to management indicators or intended for publication.

7.4.1.5.B RELIABILITY OF DATA ENTRY

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

7.4.1.6 PROCEDURES, METHODS, TOOLS AND PRACTICES

7.4.1.6.A COMMITMENTS, INVESTMENTS AND DIVESTMENTS

The Group's commitment procedure applies to:

- financial investments or divestments;
- acquisitions and disposals of significant property, plant and equipment or intangible assets;
- significant financial commitments (particularly off-balance sheet commitments and contractual obligations);
- guarantees issued;
- any financing operations (loans or advances to third parties).

Limits have been set based on the type of operation. The acquisitions and disposals under consideration are presented to the Financial Committee, which is chaired by the Group's Chief Financial Officer. The Financial Committee issues an opinion by any appropriate means to the Managing Partners, after assessing the strategic value of the proposed transaction, verifying that the risks generated by the transaction are known and can be managed, and validating the underlying assumptions used to analyse profitability, based on the methodology and criteria defined by the Group's Finance Department.

This procedure does not apply to cash management or to capital increases by consolidated and/or controlled companies through incorporation of current account advances.

7.4.1.6.B FINANCE AND CASH MANAGEMENT

The Treasury and Financing Department has a procedure to define the circumstances in which it uses banks for external financing or cash management services.

B.1 External financing

As a general rule, only Lagardère SCA uses medium- or long-term bank or market financing, and finances the divisions itself. Apart from the financing of normal business operations, the divisions retain responsibility for some previously-negotiated transactions, or specific operations such as securitisation; however, these operations require advance authorisation and are reported to the Group's Finance Department on a regular basis.

B.2 Cash management

Cash investments must be in fixed-income instruments issued by high-quality entities, with maturities appropriate to the planned duration of the investments. Speculative or high-risk investments are not permitted.

B.3 Hedging policy and market risk monitoring

The hedging policy and market risk monitoring is described in notes 29 and 29.1 to the consolidated financial statements presented in Chapter 6 of this Reference Document.

The Group's General Management and the divisions' financial managers regularly adjust the hedging policy and the corresponding control system in the light of the resulting priorities.

7.4.1.6.C PURCHASING, SALES AND SALES ADMINISTRATION

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

The Purchasing and Real Estate Department is part of the Group's Finance Department and manages the Group's purchasing policy.

7.4.1.6.D COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

D.1 Compliance with the main laws and regulations applicable to Lagardère SCA

The Group Legal Department, which reports to the Group Secretary General, is responsible for ensuring compliance with the main laws and regulations applicable to Lagardère SCA.

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

The Group Legal Department also ensures that all regulations that may concern Lagardère SCA as the ultimate holding company of the Group (antitrust laws, competition law, etc.) are properly applied.

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

A central database has also been set up at the instigation of the Group Legal Department, to centralise corporate information on the Group's main French and foreign entities.

In 2012, the Managing Partners tasked the Group Legal Department with forming a Group Compliance Department. Alongside other initiatives, this project led to the appointment of a Group Chief Compliance Officer in September 2013 who remained in charge, during 2014, of drawing up, rolling out and monitoring the implementation of compliance programmes aimed at preventing legal and regulatory risks from arising and of dealing with any cases of non-compliance so as to safeguard the Group's interests and reputation and ensure that its activities remain in line with its ethical values.

To date, the programmes for which the Chief Compliance Officer is responsible and deemed to be of highest priority relate to legal and regulatory issues concerning anti-corruption measures (currently being rolled out within the divisions), international economic sanctions, competition law and personal data protection.

D.2 Compliance with the main laws and regulations applicable to the divisions

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

A number of division Compliance Officers were appointed in 2013, who in turn appointed Compliance Correspondents within their division from various support departments (the legal, financial and HR departments) responsible for ensuring that the procedures put in place for each programme are properly applied and for reporting any cases of non-compliance.

The anti-corruption programme is currently being rolled out within all of the divisions.

7.4.1.6.E PROTECTION OF THE GROUP'S PROPERTY AND RIGHTS

E.1 Protection of brands and intellectual property rights

The Group's brands and intellectual property rights are an essential part of its entire portfolio of property and rights.

The Group's divisions own a large number of undeniably well-known brands, which are directly managed and protected by the units.

As the Lagardère brand is being used through the Group's activities, and due to the resulting exposure, Lagardère SCA is careful about protecting the Lagardère brand and regularly extends international protection to cover areas where the Group is currently in development or expanding.

Protection for the Lagardère brand is established in all the continents.

Furthermore, Lagardère SCA implemented brand licensing agreements for use by the four divisions when necessary.

E.2 Litigation management

The Group Legal Department manages all litigation involving Lagardère SCA, and any litigation involving the divisions when the potential consequences in financial terms or in terms of image are considered significant for the Group. All other division-level litigation is handled by the Legal Department of the division concerned and/or by external advisors.

7.4.1.6.F SECURITY OF INFORMATION SYSTEMS

The Group's IT Department updates and distributes an information system security policy within the Group proposing guidelines, practices and resources to be implemented within each entity to protect the information systems and the data they contain. The operating entities are responsible for rolling out this policy locally.

7.4.1.6.G FINANCIAL REPORTING

G.1 The reporting system: frequency and timing

The Lagardère group's reporting system is structured by divisions. It is decentralised, hence each division is responsible for producing its own figures.

The financial and non-financial information collected and consolidated using the Lagardère group's reporting system must comply with legal requirements and satisfy the Group's own control and management needs. This information includes an income statement by activity and by function as well as management indicators specific to each business type.

The overall reporting cycle is based on common principles and uses a single database and management system shared by all teams in the finance departments in charge of reporting the information required, whether it is for management reporting or intended for publication.

This unified organisation of the cycle relies on the finance departments of each division, and the Group's Finance Department. Under the supervision of the latter, the reporting system is designed to meet management control needs and also to guarantee the relevance and quality of the financial information published, thus fostering greater coherence between the various reporting systems, the business activities covered and the consolidation methods used.

G.2 Preparation of budgets

During the final quarter of the calendar year, the Group's divisions establish their three-year budgets, and submit to the Financial Committee a summary comprising the following key information with notes:

- sales;
- operating income and expenses;
- profit (loss) before finance costs and tax;
- net finance costs;
- profit (loss) for the year;
- cash flows from operations;
- free cash flow;
- total cash from (used in) operating and investing activities;
- capital increases;
- dividends;
- capital employed;
- net debt.

These data are integrated into the single database referred to above, and used in preparing the Group's annual budget and three-year plan.

G.3 Monthly Group reports, internal reporting

Each Group company's finance department enters data from its own monthly accounts into the Group's financial database.

For each entity, these data include a balance sheet, an income statement and a statement of cash flows with notes, and the principal key indicators from the income statement.

Careful attention is paid to regular revision of forecast figures such as year-end estimates.

These data are included in the Monthly Group Report established by the Group's Management Control Department and submitted to the Managing Partners and Group's principal managers. This document lists the changes in the following key indicators for each division, with comments for each division:

- sales;
- operating profit/(loss) of fully consolidated companies;
- income (loss) from equity-accounted companies and other information;
- net finance costs;
- income tax expense;
- net income (loss) before discontinued operations and minority interests;
- cash flows from operations before changes in working capital;
- changes in working capital;
- income taxes paid, interest paid and received;
- net purchases of property, plant and equipment and intangible assets;
- free cash flow;
- net cash from financing activities;
- total cash from (used in) operating and investing activities;
- change in cash and cash equivalents or net debt;
- capital employed;
- cash and cash equivalents or net debt.

The Monthly Group Report is presented to the Group's Chief Financial Officer before final distribution.

In addition, each month as part of the "Cash Flow Reporting Committee", the Finance Department prepares a detailed analysis of cash flows and balances for each division, and a breakdown of the bank covenants described in note 29 to the consolidated financial statements (see Chapter 6). Through its "Counterparty Risks Committee", the Finance Department also produces regular analyses of the counterparty risks described in the same note (see Chapter 6).

G.4 Interim and annual consolidated financial statements

Additional information is supplied for the preparation of the interim or annual consolidated financial statements for publication.

Chapter 6 contains a description of the principles and methods used in preparing the consolidated financial statements. For certain types of information, such as breakdowns of intercompany transactions, off-balance sheet commitments and derivatives, procedures are set out in memos applicable to all Group companies.

G.5 Relations with the Statutory Auditors

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

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

7.4.1.7 INFORMATION AND COMMUNICATION

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

All of the Group's announcements and the principal rules applicable are available on the Group's intranet portal, which is accessible to all employees.

A set of applications and collaborative software packages are also available through the Group's intranet portal, so that information can be appropriately communicated to everyone according to their needs, both in the Corporate Departments and the divisions.

7.4.1.8 RISK MANAGEMENT PROCEDURES

Like any company, Lagardère is exposed to a variety of risks in the course of its business activities. The principal exposures identified are described in Chapter 3 – Risk factors. The Group pays particular attention to risk management, by the business division as well as at central level, where summary reports are prepared.

7.4.1.8.A ORGANISATION OF RISK MANAGEMENT

A.1 Basic principles

The Group accepts exposure to a controlled level of business risk in the course of its business activities.

Risk management procedures are therefore designed to provide reasonable assurance that the level of risk taken by the Group is not likely to compromise the results expected by the Managing Partners.

These procedures help both to manage the risks inherent to the Group's business and to reduce undesirable additional risks.

However, given the limitations inherent to addressing contingencies, these procedures cannot guarantee that all risks the Group may encounter in the future have been correctly analysed or even identified.

A.2 Organisation and definition of responsibilities

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

The General Management at the headquarters focuses particularly on monitoring risks that can only be assessed at Group level or that are considered significant at Group level due to their individual or cumulative scale.

As a rule, risk management is an integral part of the Group's management procedures and cannot be separated from them.

However, certain procedures are specifically dedicated to risks, for example risk mapping or setting up insurance coverage.

The Corporate Departments play a support, monitoring and coordination role in this respect.

Within the Finance Department, the Risk and Internal Control Department is in charge of proposing and managing the risk management policy. Working closely with the other Corporate Departments and the divisions, the Risk and Internal Control Department provides methodological support and advice, particularly for the identification, analysis and quantification of risks, and also when financial or insurance coverage is set up. It is responsible for preparing a report summarising the Group's risks. The Risk and Internal Control Department also sits on the Financial Committee and thereby contributes to its decision-making process.

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

7.4.1.8.B RISK IDENTIFICATION AND ANALYSIS PROCESS

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

- audit reviews;
- reporting activities described in section 7.4.1.6.G – Financial reporting, particularly impairment tests and monitoring of off-balance sheet commitments;
- the investigation to assess the security of the IT systems and networks;
- risk intelligence activities by the various Corporate Departments and divisions;
- the commitment procedure, which includes a section specifically dedicated to risks, and more generally pre-acquisition or pre-sale audits;
- legal reporting, as described in section 7.4.1.9.B2 – Monitoring legal affairs;
- review and regular renegotiation of insurance programmes;
- thematic reviews conducted as and when necessary.

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

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

7.4.1.8.C MANAGEMENT PROCEDURES FOR THE PRINCIPAL RISKS

C.1 Risks associated with the economic environment and business activity

The management of risks related to economic and business activity forms an integral part of the Group's decision-making process.

Among other duties, General Management of each division is responsible for monitoring risks related to the economic climate, air traffic and the worldwide advertising markets, changes in consumer behaviour and technological developments such as the expansion of digital products, tools and market players.

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

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

C.2 Legal risks

The management procedures for legal risks are an integral part of the relevant internal control procedures as described in section 7.4.1.6.

C.3 Market risks (liquidity, interest rate, exchange rate and equity risk)

The following description is taken from note 29 to the consolidated financial statements:

"*The Group has implemented a policy aimed at reducing market risks by applying authorisation and internal control procedures and by using risk management tools to identify and quantify these risks. Derivatives are used exclusively for non speculative hedging transactions*."

Regarding interest rate risks: "*The Group does not use active interest rate management techniques in relation to any of its financial assets or liabilities. Cash investments must be in fixed-income instruments issued by high-quality entities, with maturities appropriate to the planned duration of the investment. Speculative or high-risk investments are not permitted. There are no derivatives related to these investments.*"

C.4 Risk related to paper price

Lagardère pays particular attention to changes in paper price: Lagardère Publishing's paper purchases are supervised by its Technical Department, and Lagardère Active's paper purchases are supervised by the Procurement Department.

The risk of unfavourable developments in paper price can be alleviated by the inclusion of price smoothing clauses in purchasing contracts whenever it is possible to negotiate such clauses on acceptable economic terms.

C.5 Credit and counterparty risks

The following description is taken from note 29.2 to the consolidated financial statements:

"*Each division is responsible for managing its own credit risks in a decentralised way as appropriate to the specificities of its market and customer base.*

For new customers with the potential for large volumes of business with the Group, analyses are carried out and information (such as external credit ratings or bank references) is sought before entering into transactions, and specific guarantees or credit insurance may be arranged as a result. Counterparty-specific credit limits may also be set.

In newly-consolidated activities, measures are taken to progressively introduce monitoring procedures that are appropriate for the types of credit risk faced by the entity concerned.

The Group has set up periodic reporting on counterparty risks to monitor its overall risk exposure to its principal counterparties, the variations in accumulated receivables, and the level of related provisions, and to oversee the measures put in place for managing this type of risk. The Financial Risk Committee periodically reviews these reports.

The Treasury and Financing Department is responsible for ensuring that the financial institutions with which the Group does business are of good quality."

C.6 Industrial and environmental risks

The Group pays careful attention to industrial risk prevention and environmental protection, in line with its social and environmental policy, which is presented in Chapter 5.

C6.1 Prevention policy

Management of industrial and environmental risks is the duty of the operational managers of the sites concerned, with particular emphasis on compliance with the relevant regulations and standards.

The operational managers of sites for which certain environmental risks have been identified apply the regulations concerned and implement operational procedures, quality systems and a range of security measures specific to each business line.

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

C6.2 Assessment of impacts

Due to the limited nature of the Group's exposure to industrial and environmental risks, costs related to the assessment, prevention and remediation of those risks are included in the relevant investment and expense items and are not separately valued.

C.7 Other operational risks

The Group's divisions put in place specific anti-fraud processes for their businesses, organisation and IT systems. In order to bolster existing procedures and processes, Lagardère SCA coordinates awareness among the Group's employees, and implements a policy to improve the prevention, detection and processing of fraud.

As mentioned in section 7.4.1.6.F, the Group's IT Department updates and distributes an information system security policy that the operating entities are responsible for rolling out locally.

In addition, the Group's IT Department, together with the Risk and Internal Control Department, carry out recurrent internal-assessment surveys for IT system and network security, which are integrated into the Group's internal control self-assessment system. The last survey was conducted in 2012 and monitored in 2014, and focused on the following areas:

- assessment of risk exposure;
- assessment and remediation of risks;
- organisation of data security;
- information security policy;
- management of assets, property and equipment;
- security as regards human resources;
- physical and environmental security;
- operation and security of information systems;
- control of access;
- acquisition, development and maintenance;
- management of incidents;
- legal and regulatory compliance.

All measures to preserve data confidentiality, protect the systems against intrusion, and minimise the risk of system breakdown are adjusted based on the results of this survey and the monitoring thereof. The entities also receive recommendations based on the results of the surveys.

The Group is also continuing to extend its secure communication network, both in France and abroad.

C.8 Insurance policies – risk coverage

The financial consequences of certain risks can be covered by insurance policies when this is justified by the scale of the risk, provided insurance coverage is available at acceptable conditions.

The major insurance policies cover property damage, business interruptions and liability. Depending on the type of risk, coverage consists of permanent policies and temporary or specific policies.

The Group generally seeks to insure all insurable assets for their estimated value, and business interruptions for their estimated cost, in keeping with the relevant best practices.

However, given the diversity of situations and the specificities of the insurance market, it cannot be considered that the Group will be covered by insurance in all circumstances, nor that existing insurance coverage will always be effective.

The Risk and Internal Control Department is in charge of overseeing use of insurance in the Group, and plays a coordination and advisory role in this respect.

7.4.1.9 CONTROL ACTIVITIES

Control activities are designed to ensure that the necessary measures are in place to control the risks that may have an impact on achieving objectives.

7.4.1.9.A CONTROL BY DIVISIONS OF THEIR OPERATIONAL PROCESSES

The divisions implement their own internal control systems to cover their day-to-day activities. These systems are made up of a combination of resources and take various forms depending on the organisation of the division as well as the business lines, the size of the division, its geographic location and the regulatory constraints of its operating entities.

Most of these control activities are described in the self-assessment questionnaire common to the entire Group referred to in section 7.4.1.10.B and cover the following areas:

Cycle	Process
Purchasing	Purchases
Finance	Accounts receivable
	Tax
	Accounts payable
	General ledger
	Investments
	Treasury
	Asset Management
Risk management	Risk management
	Insurance administration
Legal	Legal
	Legal secretary
	Compliance
HR	Travel and expenses
	Payroll
	Human resources management
	Personnel administration
Information systems	Information systems
Sales	Distribution
	Sales management
Real estate	Real estate
Sustainable development	Sustainable development

The information systems self-assessment questionnaire is rolled out separately.

7.4.1.9.B CONTROL BY THE CORPORATE DEPARTMENTS OF PROCESSING CARRIED OUT WITHIN THE GROUP

B.1 The Group's financial management

The consolidated financial statements are drawn up at the end of each month (except for January and July), which allows the Corporate Department responsible for consolidation to regularly review the financial information reported by the divisions.

The Group's Chief Financial Officer monitors the divisions' and the Group's cash flow position each month, with the assistance of a number of the Corporate Departments. When these positions are monitored, the ratios that pertain to the Lagardère group and the banks involved in cash management are also monitored.

The Group's Chief Financial Officer reviews the divisions' and the Group's counterparty risks on a regular basis, with the assistance of a number of the Corporate Departments. This review provides details, by division and at Group level, of the counterparty risks relating particularly to customers, the investment portfolio and hedging instruments.

At year-end the Financial Committee, described in section 7.4.1.2.A2, also validates the annual budget and the three-year plan proposed by each of the divisions. Each month the Reporting Committee, described in section 7.4.1.2.A3, is responsible for verifying that the budget is adhered to by each of the divisions.

Finally, as stipulated in the Group's investment procedure, the Financial Committee reviews any significant investments, divestments and commitments.

B.2 Monitoring legal affairs

The Group Legal Department is informed by the divisions of exceptional transactions planned, including:

- planned acquisitions and disposals, which are reported under the procedure described in section 7.4.1.4. The Legal Department is represented at all Financial Committee meetings in order to keep abreast of such transactions;
- contractual commitments which individually involve financial commitments or off-balance sheet commitments that are significant at Group level; and
- legal restructuring plans involving major operational entities.

Within the scope of the Group's legal reporting, the Group Legal Department also requires the divisions to provide, whenever necessary and in real time, the information and documents relating to the following topics:

- relations with national or supranational administrative bodies;
- control of activities (in terms of organisation of the division as regards legal and regulatory compliance);
- exceptional transactions;
- disputes representing an annual financial impact of more than €5 million or involving a risk for the Group's image;
- non-competition commitments;
- change of control clauses;
- use of the "Lagardère", "Hachette" and "Matra" brands;
- investments;
- fraud/corruption.

B.3 Other areas

The Corporate Departments have also put in place exchanges with the divisions allowing them to receive information about the processes carried out within the Group, particularly as regards information systems, sustainable development, human resources management, risk management and internal control. These exchanges generally take place with the General Management of each division and in certain cases the operating entities of the divisions. The exchanges involve implementing policies and reporting process, and are based on a network of correspondents who liaise with the operating entities.

7.4.1.10 PERMANENT MONITORING OF INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

The Lagardère group continuously works to strengthen the monitoring of its internal control and risk management frameworks. Since 2013, a Risk Management and Internal Control Committee, whose members include a Managing Partner, the senior executive of the division concerned and the persons responsible for risk management and internal control, has met once a year and is tasked with monitoring the effectiveness of risk management and internal controls with each division.

7.4.1.10.A PERMANENT MONITORING OF THE RISK MANAGEMENT SYSTEM

As mentioned in section 7.4.1.8.A2, the Risk and Internal Control Department proposes and manages the Lagardère group's risk management policy.

As part of its work, the Risk and Internal Control Department is responsible for preparing a report summarising the Group's risks, monitoring and alerting the Managing Partners and the divisions, and analysing the Group's cross-business risks. More specifically:

- The Risk and Internal Control Department provides methodological support and advice, particularly for the identification, analysis and quantification of risks, and also when financial or insurance coverage is set up.
- The Department provides support to the Managing Partners by analysing the Group's cross-business or specific risks. It is involved when there are significant financing activities, and it handles specific assignments.
- It is involved, as necessary, in helping implement control measures for specific risks identified within the Group.
- The Department is responsible for establishing risk mapping for each division, particularly by defining a shared methodology. This exercise was repeated in 2014. The Risk and Internal Control Department monitors the main risks identified and puts in place related control measures.

The Risk and Internal Control Department is also responsible for an insurance programme for members of the Supervisory Board and the Group's entities. Every year, it prepares a consolidated overview of the insurance programmes rolled out within the Group and plays a support role for the Group's entities as regards the management of their own insurance programmes (i.e., taken out in their own name). Certain entities also call on the Risk and Internal Control Department to manage all or part of their insurance programme.

In order to fulfil its responsibilities, the Risk and Internal Control Department collaborates with the Corporate Departments and a network of correspondents within the divisions, particularly the divisions' Chief Financial Officer.

7.4.1.10.B PERMANENT MONITORING OF THE INTERNAL CONTROL SYSTEM

The Risk and Internal Control Department is responsible for managing the Group's internal control system. To accomplish this mission, the Department has a dedicated Internal Control Manager. This Manager has a correspondent in each division – the Internal Control Manager – who is responsible for managing the internal control system within his/her division. The Internal Control Manager of each division reports to a member of his/her division's Management, most often the Chief Financial Officer. This organisation makes it possible to provide stronger and more efficient monitoring of the internal control system throughout the Group.

As explained in section 7.4.1.9 – Control activities, an internal self-assessment procedure is implemented every year for internal control within Lagardère SCA's main entities/subsidiaries. This procedure is managed by the Internal Control Managers and consolidated by the Risk and Internal Control Department. It helps the continuous improvement process for the control and efficiency of processing within the Lagardère group's entities.

The methodology is based on defining a Group reference framework (shared with all the divisions) consisting of seven financial processes, thirteen operational processes and two risk management processes covered by 215 points of control.

The self-assessment aims to identify the applicability, efficient implementation and traceability of each of these points of control, and to establish a stronger formal definition of internal control procedures and ensure their adoption by all operational managers. The Internal Control Managers analyse the results of the self-assessment for their respective divisions, and a report is presented to the Managing Partners and the Audit Committee for the entire Group. This information is used by operational management in their quality assessment of the internal control procedures that they oversee, and for the implementation of improvement plans. It is included in the scope of audits carried out by the Group's Audit Department.

This internal control self-assessment also includes the internal-assessment surveys for IT system and network security described in section 7.4.1.8.C7.

Each division senior executive also sends a detailed report to the Chairman of the Supervisory Board on risk management and internal control within his/her division.

7.4.1.10.C SPECIFIC CASE OF THE PERMANENT MONITORING OF INFORMATION SYSTEMS

C.1 Security

As described in section 7.4.1.8.C7, the Group's IT Department, together with the Risk and Internal Control Department, carries out regular surveys to self-assess the security of the IT systems and networks, contributing to improve the security of those systems and networks.

Based on these surveys, the IT Department makes recommendations to the entities concerned to ensure that the level of security is satisfactory based on the Lagardère group's IT security policy.

C.2 Changes in the single management system

The single management system described in section 7.4.1.6.G – Financial reporting, and its settings are upgraded to the latest versions as often as necessary. Specific resources (as described in section 7.4.1.5) are dedicated to data integrity, availability and confidentiality.

7.4.1.10.D AUDIT OF THE SYSTEMS

The Group's Audit Department, supervised by the Managing Partners, audits the internal control and risk management systems, as well as the related reporting processes, as set out within the Lagardère group. Audits are conducted as part of the annual audit plan or following specific requests from the Managing Partners, the Group's Finance Department or from the division senior executives. The Audit Department's scope of intervention includes all fully-consolidated companies. Equity-accounted companies which are jointly-controlled by the Group can also be audited. The audit plan is established on a multi-annual basis and includes:

- coverage of Group entities on a rotating basis;
- taking into account the needs of the Group's and the divisions' senior executives;
- audits of the risk management and internal control systems that need to be reviewed based on the risk mapping or analyses performed by the Group's Risk and Internal Control Department;
- audits of cross-functional themes relevant to the divisions and/or their subsidiaries;
- audits related to the internal control self-assessment system.

The Group's Audit Department may also conduct consulting or operational assistance assignments on specific projects at the request of the Managing Partners or the divisions, specific assignments involving reviews of operational and financial risks, audits relating to merger/acquisition projects, or ad hoc audits with entities facing incidents involving fraud. Audit assignments are conducted following a standard process, involving in particular monitoring by the Department of the action plans resulting from its audits.

The mission of the Group Audit Department, its powers and responsibilities are set out in an internal audit charter. The Group Audit Department presents to the Audit Committee the annual audit plan, a summary of the work carried out, the resulting conclusions and details of their application, as well as business indicators that make it possible to assess the effectiveness of its work.

The Group Audit Department uses a recruitment policy in order to maintain its technical skills (e.g., related to computerised audit) and language skills (to be able to work in the languages that are used the most within the Group). The Department helps spread the risk management and internal control culture within the Group through its audits, as well as through professional mobility for its employees.

7.4.1.10.E ACTION IN RESPONSE TO THE STATUTORY AUDITORS' WORK

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

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

The Managing Partners are informed of any significant risks and material weaknesses in internal control, as communicated by the Statutory Auditors, that could have a significant influence on the published financial and accounting information, and ensure that these factors are taken into consideration in the corrective action taken by the Group.

7.4.2 REPORT OF THE CHAIRMAN OF THE SUPERVISORY BOARD

Ladies and Gentlemen,

The purpose of this report is to provide the information required under article L. 226-10-1 of the French Commercial Code (*Code de commerce*) concerning the membership of the Supervisory Board, the application of the principle of balanced representation of women and men on the Board, the conditions under which the Board's work is prepared and organised and the internal control and risk management procedures applied by the Company.

This report was prepared under the responsibility of the Chairman of the Supervisory Board and with the assistance of the Board Secretary. It was reviewed by the Appointments and Remuneration Committee at its meeting of 27 February 2015 and by the Audit Committee at its meeting of 5 March 2015 for matters within their remit.

All preparatory work for this report (including interviews with Management) was presented to the Supervisory Board which approved the terms of the report at its meeting of 11 March 2015.

1. MEMBERSHIP OF THE SUPERVISORY BOARD

In accordance with the Company's Articles of Association, the Supervisory Board is composed of a maximum of 15 members.

Around one-half of the Board members were replaced every two years. In 2014, this rate was increased and it was decided that one-third of the Board would be replaced each year with effect from 2016. Members are appointed for a maximum term of four years.

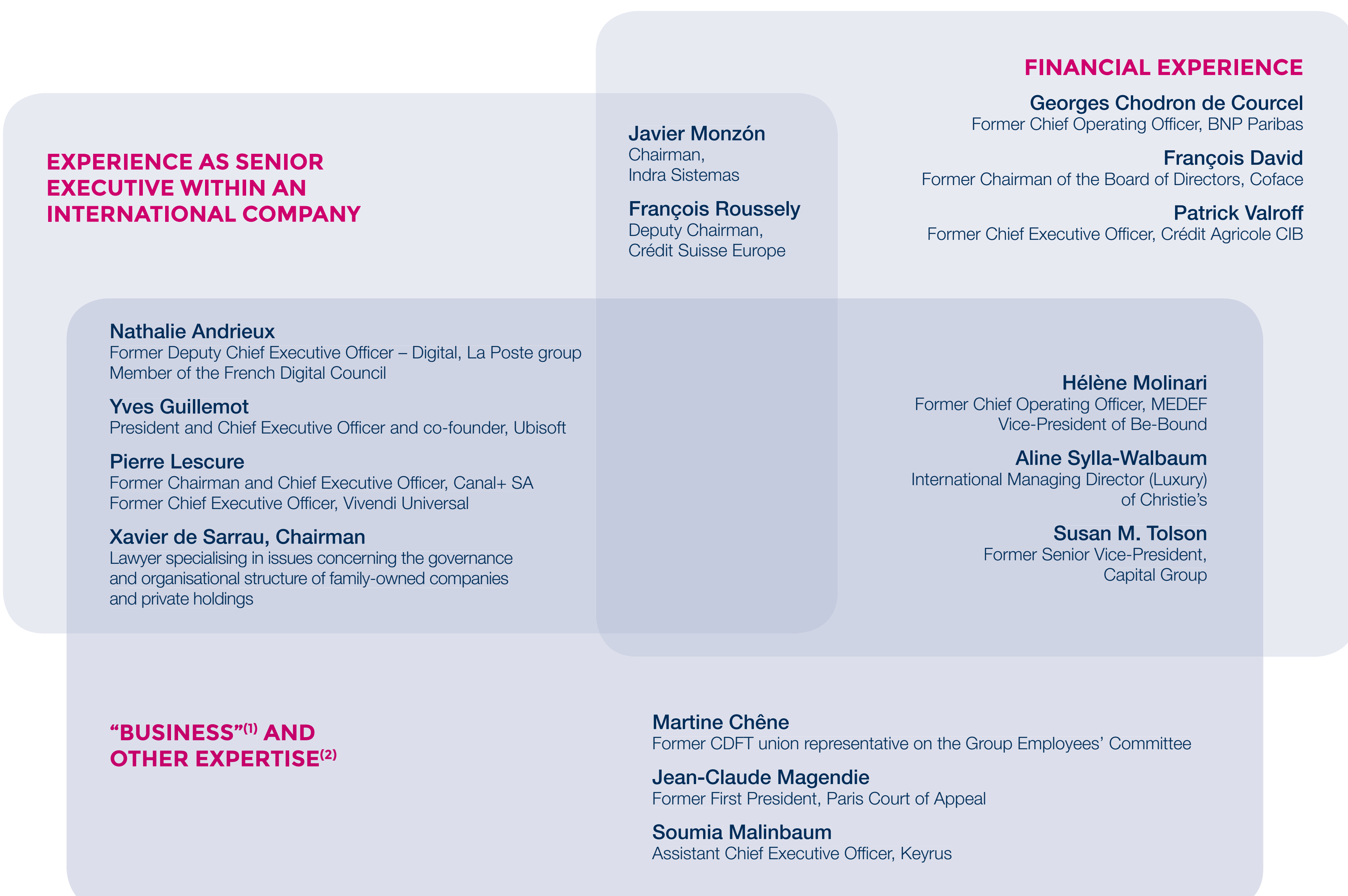
At 31 December 2014, the Board was composed of 15 members: Xavier de Sarrau (Chairman), Nathalie Andrieux, Martine Chêne, Georges Chodron de Courcel, François David, Yves Guillemot, Pierre Lescure, Jean-Claude Magendie, Soumia Malinbaum, Hélène Molinari, Javier Monzón, François Roussely, Aline Sylla Walbaum, Susan M. Tolson and Patrick Valroff.

These members (listed in section 7.2.3 of the Reference Document) form a competent, independent and attentive Supervisory Board, fully able to represent shareholders' interests.

Further to the recommendation of the Appointments and Remuneration Committee, the Board defined a set of criteria for the selection of members. Members are therefore chosen first and foremost based on their expertise and experience (managerial, financial, strategic and/or legal) as well as their knowledge of the Group's businesses so that it can exercise its supervisory duties in full. Moreover, the Board complied with the provisions of the Copé Zimmerman law concerning gender parity in advance as the 40% quota was met at the 2013 Annual General Meeting.

In view of its supervisory duties, the Board must have a majority of independent members.

The following diagram illustrates these objectives:



(1) Media/Distribution/Innovation/New technology.
(2) Legal/Governance/Social relations/Diversity.

A review of each member of the Supervisory Board's position by the Appointments and Remuneration Committee has concluded that all Supervisory Board members qualify as "independent" members in the light of the "criteria" for independence, applied by the Supervisory Board and contained in the AFEP-MEDEF code of corporate governance for listed companies, which it has taken as a benchmark framework for analysis.

The Board ruled that François Roussely could qualify as an independent member despite his role as Deputy Chairman of Crédit Suisse Europe, as the business dealings between this bank and the Group are negligible.

2. BOARD'S INTERNAL RULES AND OPERATION (PREPARATION AND ORGANISATION OF THE SUPERVISORY BOARD'S WORK)

The terms and conditions of the Supervisory Board's organisation and operations are set forth in a set of internal rules (updated on 11 March 2015) which also define the duties incumbent on each member, and the code of professional ethics each individual member is bound to respect.

These rules concern the following:

1. **The independence of Board members:** the minimum quota for independent members is fixed at half of the total serving members. Independent members must have no direct or indirect relations of any kind with the Company, Group or Management that could compromise their freedom of judgement or participation in the work of the Board. It lists a certain number of criteria, which form a framework for determining whether or not a member may be considered independent.
2. **The annual number of meetings:** a schedule for the coming year is fixed annually, based on a proposal by the Chairman;
3. **The duties of each member:** apart from the fundamental duties of loyalty, confidentiality and diligence, members' obligations also concern knowledge of the law, regulations and Articles of Association, 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 its subsidiaries:** as Board members have access to inside information and in-depth knowledge on certain aspects of the life of the Company and Group, they are expected to refrain from trading in Company shares, except within the following constraints contained in the Board's internal rules:
   - no trading in shares may take place during certain defined periods;
   - it is recommended that acquisitions should take place once a year, at the end of the Annual General Meeting, in the form of a block purchase carried out through the Company by each Board member;
   - the Chairman, Managing Partners and the French financial markets authority (*Autorité des marchés financiers* – AMF) must be informed of any transactions in shares within five days of their completion.
5. **The existence of an Audit Committee:** in addition to the tasks described below, this Committee is also responsible for preparing the Board meetings for subjects within its remit.
6. **The existence of an Appointments and Remuneration Committee:** in addition to the tasks described below, this Committee is also responsible for preparing the Board meetings for subjects within its remit.

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The Supervisory Board meets regularly to review the financial situation and operations of the Company and its subsidiaries, the annual and interim financial statements, the outlook for each of the business activities and the Group's strategy. It also defines an annual schedule for its meetings: four meetings are planned for 2015. During 2014, the Supervisory Board met five times with an average attendance rate of 93% (see the attendance table below):

- on 12 March, with an attendance rate of 93%, mainly to examine the parent company and consolidated financial statements and the general business position and outlook, undertake preparatory work for the Annual General Meeting, approve the report of the Chairman of the Supervisory Board and finalise his report to the shareholders – during this meeting, the internal rules of the Supervisory Board were amended to adapt, as necessary, the operations and organisation of the Board to the new provisions of the AFEP-MEDEF code of corporate governance;
- on 6 May, following the Annual General Meeting and with an attendance rate of 80%, to re-elect the Chairman of the Board and appoint members to the Audit Committee and the Appointments and Remuneration Committee;
- on 4 June, with an attendance rate of 93%, mainly to examine recent developments within the Group and the Investor Day which took place on 28 May 2014. Presentations were also given on the Group's financial communication and the study carried out by Board members on the succession plans in place within the Group;
- on 3 September, with an attendance rate of 100%, mainly to examine the interim parent company and consolidated financial statements and the business position and outlook, examine Lagardère Publishing's strategic view (presentation given by Arnaud Nourry and his team);
- on 3 December, with an attendance rate of 100%, mainly to examine the Group's general situation and strategy and the reorganisation of Lagardère Active's Press business (presentation given by Dennis Olivennes). Presentations were also given on corporate social responsibility, the Legal Department and the Group Compliance Department.

  Following this Supervisory Board meeting, the members met without the Managing Partners in attendance.

Members' attendance at Supervisory Board and Committee meetings in 2014

Members of the Board	Attendance rate at Supervisory Board meetings	Attendance rate at Audit Committee meetings	Attendance rate at Appointments and Remuneration Committee meetings
Nathalie Andrieux	100%	83%	
Martine Chêne	100%		
Georges Chodron de Courcel	80%		100%
François David	80%	66%	100%
Yves Guillemot	75%		
Pierre Lescure	100%		100%
Jean-Claude Magendie	100%		
Soumia Malinbaum	100%		
Hélène Molinari	100%		
Javier Monzón	60%		
François Roussely	100%		
Xavier de Sarrau	100%	100%	
Aline Sylla-Walbaum	100%	66%	
Susan M. Tolson	100%		
Patrick Valroff	100%	100%	

3. SUPERVISORY BOARD COMMITTEES

3.1 AUDIT COMMITTEE

In application of its internal rules, the Audit Committee meets at least four times a year, mainly to:

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

Audit Committee members are appointed for their financial and/or accounting skills, assessed with particular regard to their past career (positions held in general or financial management or in an audit firm), academic background or specific knowledge of the Company's business. The expert knowledge of the members of the Audit Committee is described in section 7.2.3 of the Reference Document.

At 31 December 2014, the Audit Committee comprised Xavier de Sarrau (Chairman), Nathalie Andrieux, François David, Aline Sylla-Walbaum and Patrick Valroff, all of whom are independent members (see section 1 of this report).

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

In addition, Audit Committee members reserve the right to interview the Statutory Auditors without Management in attendance and to consult external experts.

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

With an average attendance rate of 83%, the Audit Committee met six times in 2014, including two meetings to examine the annual and interim financial statements more than five days before the Supervisory Board's meetings. The attendance rate was 100% for the 6 March and October meetings, 80% for the 4 March, May and November meetings and 60% for the meeting in July.

The meeting of 4 March involved a review of the impairment tests on intangible assets for the purposes of the financial statements for the year ended 31 December 2013 as well as a presentation of the Group's financial communication policy.

The meeting of 6 March was held to examine the consolidated financial statements for 2013, and for the presentation and examination of the Chairman's draft report on internal control and risk management.

In May, the Committee focused on the internal audit activity during the first half of 2014 and reviewed the remuneration of the Statutory Auditors. In addition, the Chief Human Relations, Communications and Sustainable Development Officer presented Human capital risk monitoring – the succession plan to the Committee excluding members of Lagardère Media's Operating Committee. Lastly, the Committee reviewed the state of relations with Lagardère Capital & Management.

In July, it reviewed the Group's consolidated financial statements for the first half of 2014.

In October, a review of the self-assessment of Internal Control, monitoring of recommendations on IT surveys, as well as a report on the Group's financing policy were presented by the Treasury and Financing Department to the Committee.

At the meeting in November, the Committee reviewed internal audit activities during the second half of 2014 and the audit plan for 2015. It was also given a report on legal disputes by the Legal Department.

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

These meetings took place in the presence of the Chief Financial Officer, Deputy Chief Financial Officer, the Internal Audit Director and the Statutory Auditors. Depending on the issues discussed, other executives and, in particular, the Group Secretary General, Chief Human Relations, Communications and Sustainable Development Officer, Central Accountancy Director, Director of Risk and Internal Control, Group Director Treasury and Finance, the Group's IT Department Director and Legal Department Director, as well as certain members of their teams were asked to give their input on an as-needed basis.

3.2 APPOINTMENTS AND REMUNERATION COMMITTEE

The Appointments and Remuneration Committee was created on 27 April 2010 by the Supervisory Board which decided on 11 March 2015 to extend its scope of duties to governance and sustainable development issues and as a result to change its name to the Appointments, Remuneration and Governance Committee as well as its internal rules. The Appointments, Remuneration and Governance Committee's main tasks now include the following:

- *Regarding Board and Committee membership:*
  - defining the selection criteria of future members;
  - selecting and nominating Supervisory Board and Committee members for proposal to the Supervisory Board.
- *Regarding remuneration:*
  - monitoring, where relevant, any components of remuneration that are not paid under the agreement with Lagardère Capital & Management (which, being a related-party agreement is monitored by the Audit Committee – see above) and may be allocated to Lagardère SCA's executive corporate officers from Group companies. Under current laws, this concerns share options and performance shares and the proportion they represent of the executive corporate officers' total remuneration;
  - proposing the overall amount of attendance fees to be paid to members of the Supervisory Board and Committees as submitted to the Annual General Meeting, and the rules for determining and distributing the amount of attendance fees, in particular based on members' attendance at meetings.
- *Regarding governance:*
  - regularly reviewing the independence of Supervisory Board members in the light of independence criteria defined by the Supervisory Board;
  - managing the annual assessment of the operations of the Board and its Committees;
  - carrying out advance assessments of potential risks of conflicts of interest between Supervisory Board members and the Lagardère group.
- *Regarding sustainable development (CSR):*
  - examining the main labour, social and environmental risks and opportunities for the Group and the CSR policy in place;
  - reviewing the reporting, assessment and monitoring systems allowing the Group to prepare reliable non-financial information;
  - examining the Group's main lines of communication to shareholders and other stakeholders regarding CSR issues;
  - examining and monitoring the Group's rankings attributed by non-financial rating agencies.

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

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

At 31 December 2014, the Appointments and Remuneration Committee comprised François David (Chairman), Georges Chodron de Courcel and Pierre Lescure, who are all independent members (see section 1 of this report).

In 2014, the Committee met twice in January and March and all members were present at both meetings.

During its meeting in January, the Committee analysed the composition of the Board and its Committees, and the independence of its members and prepared the re-appointment and replacement of members whose terms of office were expiring. The Committee reviewed the background of a preliminary selection of candidates proposed by an independent recruitment agency entrusted with the task of assisting and advising it in this respect.

The Committee also reviewed the report of the Chairman relating to membership of the Supervisory Board, the application of the principle of balanced representation of women and men on the Board and the conditions under which the Board's work is prepared and organised.

In addition, following the amendments to the AFEP-MEDEF code of corporate governance in June 2013, the Committee decided on two changes to be made to the Board's method of operation and the internal rules: (i) an increase in the variable portion of attendance fees in order to make them more significant and (ii) an increase in the number of shares that the members of the Supervisory Board must hold.

The Committee conducted the annual review of executives' eligibility to free shares and decided to propose to the Board stricter performance conditions that would be assessed over a three-year period.

During its March meeting, following a pre-selection of the candidates proposed by the independent recruitment agency which took into account the personal qualities of the potential candidates as well as age, risks of a conflict of interest and number of offices held, the Committee decided to propose to the Supervisory Board to appoint Yves Guillemot, co-founder and Chief Executive Officer of the listed company Ubisoft, to replace Antoine Arnault and the re-appointment of all the members whose terms of office were due to expire. The Committee also proposed to the Board different terms of office for the appointed and reappointed members based on the seniority of each member which would allow one-third of the Board members to be renewed every year.

The self-assessment survey was submitted to the members of the Committee for review.

These meetings took place in the presence of the Group's Secretary General, with the Chairman of the Supervisory Board present at the second meeting.

4. EVALUATION OF THE MEMBERSHIP AND OPERATION OF THE SUPERVISORY 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, and in accordance with the recommendations of the AFEP-MEDEF code of corporate governance, since 2009 the Supervisory Board has assessed the membership, organisation and operation of the Board and its Committees every year in order to give an assessment of the preparation and quality of their work.

In 2014, the Supervisory Board carried out a self-assessment and presented the findings at a Board meeting.

The members were mostly satisfied with the membership, organisation and operation of the Board and its Committees. The areas of improvement included the continued internationalisation of the Board, strengthening the Appointments and Remuneration Committee and circulating more documents before meetings.

In 2015, the Board will conduct an external assessment.

5. COMPLIANCE WITH FRENCH CORPORATE GOVERNANCE REGULATIONS – AFEP MEDEF

The Company has applied the corporate governance principles brought together in the AFEP-MEDEF code of corporate governance for Listed Companies (*Code de gouvernement d'entreprise des sociétés cotées*) revised in June 2013. This code is available in the Corporate Governance section of Lagardère's website.

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

Given Lagardère SCA's specificities in terms of French law and its own Articles of Association as a partnership limited by shares, the Board has adopted an organisation structure appropriate to the nature of its work under the law and the recommendations of the AFEP-MEDEF code of corporate governance.

N.B.: Further to the recommendation of the Appointments and Remuneration Committee, at its meeting of 12 March 2014, the Supervisory Board decided to change the way in which attendance fees are allocated. As a result, the variable portion of these fees, which is determined based on attendance, now represents the majority of these fees.

The decision was also taken to increase the number of shares that must be held by Supervisory Board members to 600 (versus 150 shares previously), which represents around 90% of the gross basic share of attendance fees. Accordingly, Board members will be required to invest any attendance fees received in shares until the 600 share quota has been reached.

Provision of the AFEP-MEDEF code of corporate governance set aside or partially applied	Explanation
Independence criteria	
"Not to have been a director of the corporation for more than twelve years"	It is deemed that the fact of having been a Board member for more than twelve years does not disqualify such member as an independent member; on the contrary, it is considered an asset in a control role. However, an individual assessment of the situation of each member is conducted annually by the Supervisory Board which considered that the independence of Georges Chodron de Courcel and Pierre Lescure should not be contested, despite their seniority on the Board.

6. SPECIFIC RULES FOR ATTENDANCE AT GENERAL MEETINGS BY SHAREHOLDERS

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

7. INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

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

The Group's Risk and Internal Control Department, supported by the Audit and Legal Departments, has been given responsibility for defining a method for presenting internal control and risk management procedures in the Reference Document and monitoring their application.

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

The analysis by the Risk and Internal Control Department, based on these reports, leads to the conclusion that the internal control and risk management procedures in existence in the Group correspond to the description provided in section 7.4.1 of the 2014 Reference Document.

The Chairman of the Supervisory Board

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

To the Partners,

In our capacity as statutory auditors of Lagardère S.C.A. and in accordance with article L. 226-10-1 of the French Commercial Code (code de commerce), we hereby report on the report prepared by the Chairman of the Supervisory Board of your company pursuant to this article for the year ended 31 December 2014.

It is the Chairman's responsibility to prepare and submit for the Supervisory Board's approval a report on internal control and risk management procedures implemented by the company and to provide the other information required by article L. 226-10-1 of the French Commercial Code (code de commerce) relating to matters such as corporate governance.

Our role is to:

- report on any matters as to the information contained in the Chairman of the Supervisory Board 's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information,
- confirm that the report also includes the other information required by article L. 226-10-1 of the French Commercial Code (code de commerce). It should be noted that our role is not to verify the fairness of this other information.

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

Information on 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 of the Supervisory Board 's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consist mainly in:

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

On the basis of our work, we have no matters to report on the information relating to the company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Supervisory Board in accordance with article L.226-10-1 of the French Commercial Code (code de commerce).

Other informastion

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

French language original signed at
Courbevoie and Paris-La Défense, on 30 March 2015

The Statutory Auditors

Mazars	**Ernst & Young et Autres**
Thierry Blanchetier	Jeanne Boillet

7.5 TRANSACTIONS WITH RELATED PARTIES (MANAGING PARTNERS AND MEMBERS OF THE SUPERVISORY BOARD)

AFR

7.5.1 TRANSACTIONS WITH LAGARDÈRE CAPITAL & MANAGEMENT (LC&M)

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

- over the long term, to guarantee that the Group's operating businesses have the best environment required for expansion;
- to bring them the financial and global power of a Group with net sales of €7.2 billion;
- to supply the Group with strategic planning and operational services, coupled with high quality management services, including principally:
  - designing and developing economic and financial strategic scenarios, providing project monitoring skills;
  - providing research and follow up concerning major markets and their evolution; assessing factors in different market environments that may create new opportunities for action;
  - keeping a watchful eye on potential investments and divestments;
  - managing business negotiations such as divestments, mergers and acquisitions;
  - orchestrating corporate operations, including state-of-the-art finance and capital management techniques;
  - establishing and maintaining relations in banking and finance, with particular attention to the characteristics of the various countries in which the Group does, or plans to do, business;
  - enhancing human resources by attracting high-potential management personnel;
  - providing overall management of the Group's image.

To accomplish its mission, LC&M employs the principal senior managers forming the Group's Executive Committee. The role of the Executive Committee is to assist the Managing Partners in their duties, i.e., to determine the Group's strategy and lead its development, and to take the resulting necessary management decisions and implement them globally at parent company level and in the Group's different business activities. LC&M bears the entire cost of senior executives' salaries and the related overheads as well as the fees billed by any French and/or international consultants that they may work with.

LC&M's mission is carried out within the framework of its agreement with Lagardère Ressources (formerly Matra Hachette Général), which is responsible for managing all of the Group's corporate resources. This agreement is described each year in the Statutory Auditors' Special Report issued under article L. 226-10 of the French Commercial Code and published in the annual reports.

Since 2004, the remuneration of LC&M is equal to the amount of expenses it incurs in carrying out its mission, plus a margin of 10%, with an absolute upper limit set at €1 million. These expenses are examined each fiscal year by the Audit Committee which issues an opinion on their changes and developments. After examination by the Audit Committee, this remuneration package was approved by the Supervisory Board on 12 March 2004.

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As a result, in 2014, LC&M invoiced €30.2 million to the Group, versus €25.3 million in 2013. In addition to gross salaries this amount included the related social contributions, the pension provision and the new taxes on high earnings and payroll taxes. After deducting other expenses (support costs reimbursed to the Group and miscellaneous expenses) total costs amounted to €29.2 million. The increase in expenses from one year to the next corresponds mostly to the special bonuses awarded to the members of the Executive Committee in 2014 (see 7.3.1.1.B) and the corresponding employer's social security contributions. Operating profit after tax from the above agreement amounted to €0.7 million.

The related party Service Agreement which binds the Group and Lagardère Capital & Management and the related party agreement which is indirectly related to it concerning the additional pension plan for eligible employees, authorised in the previous years and which continues to apply, are subject to an annual review by the Audit Committee, at the request of the Supervisory Board.

The work of the Audit Committee on the conditions and costs related to these agreements, including the remuneration of the members of the Executive Committee, is subject to a report to be submitted to the Supervisory Board for information and discussion purposes.

7.5.2 AGREEMENTS ENTERED INTO WITH MEMBERS OF THE SUPERVISORY BOARD

None – See section 7.2.4.2.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol AFR

8

OTHER INFORMATION ON THE COMPANY

Items appearing in the Annual Financial Report are cross-referenced with the following symbol AFR

8.1 SHARE CAPITAL

AFR

8.1.1 AMOUNT AND CHANGES IN THE SHARE CAPITAL

8.1.1.1 AMOUNT

On 31 December 2014, the share capital of the Company amounted to €799,913,044.60 and was divided into 131,133,286 shares of par value €6.10 each, all ranking pari passu and fully paid.

8.1.1.2 CHANGES IN THE SHARE CAPITAL OVER THE LAST SIX YEARS

Amounts

Years	Type of operations	Number of shares	Nominal amount (in euros)	Premium (in euros)	Total share capital (in euros)	Total number of shares
2009	-	-	-		799,913,044.60	131,133,286
2010	-	-	-		799,913,044.60	131,133,286
2011	Award of free shares to employees	403,250	2,459,825	-	802,372,869.60	131,536,536
	Reduction of share capital by cancelling shares	403,250	2,459,825		799,913,044.60	131,133,286
2012	Award of free shares to employees	21,155	129,045.50	-	800,042,090.10	131,154,441
	Reduction of share capital by cancelling shares	21,155	129,045.50		799,913,044.60	131,133,286
	Award of free shares to employees	1,500	9,150	-	799,922,194.60	131,134,786
	Reduction of share capital by cancelling shares	1,500	9,150		799,913,044.60	131,133,286
	Award of free shares to employees	384,550	2,345,755	-	802,258,799.60	131,517,836
	Reduction of share capital by cancelling shares	384,550	2,345,755		799,913,044.60	131,133,286
2013	Award of free shares to employees	59,547	363,236.70	-	800,276,281.30	131,192,833
	Reduction of share capital by cancelling shares	59,547	363,236.70		799,913,044.60	131,133,286
	Award of free shares to employees	20,000	122,000	-	800,035,044.60	131,153,286
	Reduction of share capital by cancelling shares	20,000	122,000		799,913,044.60	131,133,286
	Award of free shares to employees	109,925	670,542.50	-	800,583,587.10	131,243,211
	Reduction of share capital by cancelling shares	109,925	670,542.50		799,913,044.60	131,133,286
	Award of free shares to employees	398,950	2,433,595	-	802,346,639.60	131,532,236
	Reduction of share capital by cancelling shares	398,950	2,433,595		799,913,044.60	131,133,286
2014	Award of free shares to employees	93,209	568,574.90	-	800,481,619.50	131,226,495
	Reduction of share capital by cancelling shares	93,209	568,574.90		799,913,044.60	131,133,286
	Award of free shares to employees	488,519	2,979,965.90	-	802,893,010.50	131,621,805
	Reduction of share capital by cancelling shares	488,519	2,979,965.90		799,913,044.60	131,133,286
	Award of free shares to employees	154,024	939,546.40	-	800,852,591.00	131,287,310
	Reduction of share capital by cancelling shares	154,024	939,546.40		799,913,044.60	131,133,286

As shown in the above table, all changes in the share capital over the last six years arise from the award of free shares to employees and senior mangers, and from the resulting share capital reduction by cancellation of treasury shares.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol AFR

8.1.2 TREASURY SHARES

8.1.2.1 AMOUNTS

At 31 December 2014, the Company directly held 2,986,120 of its own shares (par value: €6.10), representing 2.28% of the total share capital at that date. The total cost of these shares was €92,599,977.85.

Based on the average weighted market price of Lagardère SCA's shares in December 2014 (€21.97 per share) a provision of €27,009,141.07 was recorded, reducing the total carrying amount of treasury shares directly held by the Company to €65,590,836.78.

8.1.2.2 SHARE BUYBACK PROGRAMMES: SHARES ACQUIRED, SOLD, TRANSFERRED OR CANCELLED

A) TRANSACTIONS CARRIED OUT IN 2014

Buyback transactions carried out by the Company in 2014 under the authorisations granted by the Annual General Meetings of 3 May 2013 and 6 May 2014 only fulfilled three of the following five major objectives: awarding of shares to beneficiaries of share purchase option plans, awarding of free shares, reducing the share capital, acquiring shares for the purpose of being kept and subsequently tendered in exchange or payment for acquisitions, and promoting liquidity of the market for Lagardère SCA's shares through a liquidity contract.

1. Market liquidity transactions

On 1 March 2014, the Company reduced the amount assigned to the liquidity contract signed on 7 October 2008 and renewed yearly with Kepler Cheuvreux from €20 million to €10 million. Under this contract, in 2014 the Company:

- acquired 748,702 shares for a total price of €17,871,002.82 or an average per-share price of €23.87;
- sold 810,202 shares for a total price of €19,670,764.15 or an average per-share price of €24.28.

2. Other transactions

Aside from these liquidity contract transactions, in 2014 the Company also made the following transactions by way of organising coverage for its free share plans and share purchase option plans:

- acquisition, on 19 March 2014, of 600,000 shares for a total price of €17,317,680, or an average per-share price of €28.86;
- sale, on 8 July 2014, of 2,468,358 call options with an expiry date of 20 November 2014;
- acquisition, on 8 July 2014, of 1,577,677 call options with an expiry date of 20 November 2014 and 850,000 call options with an expiry date of 21 November 2015.

3. Award of shares to employees

In May then November 2014, the Company used 3,199 treasury shares for the purpose of awarding free shares to beneficiaries.

4. Capital reduction

The Company cancelled 735,752 shares in 2014.

5. Partial reallocation for other uses

The Company reallocated 735,752 shares from the "award to employees" objective to the "capital reduction" objective.

B) POSITION AT 31 DECEMBER 2014

At the end of 2014, the 2,986,120 shares directly held by the Company representing 2.28% of the share capital were allocated as follows:

- 2,926,120 shares allocated to the objective "award to employees", representing 2.23% of the share capital, for a total cost of €91,300,239.45;
- 60,000 shares allocated to the objective "promotion of market liquidity", representing 0.05% of the share capital, for a total cost of €1,299,738.40.

In addition, the Company holds call options with Barclays Bank Plc on 850,000 shares at the price shown below, to partially cover the share purchase option plan of 21 November 2005:

Plan	Number of shares under option	Exercise price	Expiry date for call options
2005	850,000	€40.00	21 November 2015

C) TRANSACTIONS CARRIED OUT UNDER THE AUTHORISATION GRANTED BY THE ANNUAL GENERAL MEETING OF 6 MAY 2014

The Annual General Meeting of shareholders of 6 May 2014 renewed the authorisation granted to the Managing Partners by the Annual General Meeting of 3 May 2013 to purchase Lagardère SCA shares representing up to 10% of the share capital (i.e., up to 13,113,286 shares), for a maximum amount of €500 million, and at a maximum per-share purchase price of €40, mainly for the following purposes:

- to reduce the share capital by cancelling all or some of the shares purchased;
- to award shares to employees of the Company and companies related to it;
- to award shares to the beneficiaries of share purchase option plans;
- to promote liquidity of the market for Lagardère SCA's shares, within the framework of a liquidity contract signed with an independent investment services firm, whose terms and conditions comply with the Code of Conduct recognised by the French financial market authority (*Autorité des marchés financiers* – AMF);
- to keep the shares for subsequent exchange or payment in consideration for potential external growth transactions.

The corresponding share buyback programme was described in a press release issued on 12 May 2014.

This authorisation was granted for an 18-month period starting on 6 May 2014.

Under this authorisation, the Company carried out the following transactions from 12 May 2014 to 28 February 2015:

1. Market liquidity transactions

The Company purchased 651,667 shares for a total price of €14,843,895.82 and sold 619,667 shares for a total price of €14,081,070.82 on the market, under the liquidity contract referred to above.

2. Other transactions

Aside from these liquidity contract transactions, in 2014 the Company also made the following transactions by way of reorganising coverage for its share purchase option plans:

- sale, on 8 July 2014, of 2,468,358 call options with an expiry date of 20 November 2014;
- acquisition, on 8 July 2014, of 1,577,677 call options with an expiry date of 20 November 2014 and 850,000 call options with an expiry date of 21 November 2015.

3. Award of shares to employees

In May then November 2014, the Company used 3,199 treasury shares for the purpose of awarding free shares to beneficiaries.

4. Capital reduction

The Company cancelled 642,543 shares.

5. Partial reallocation for other uses

The Company reallocated 642,543 shares from the “award to employees” objective to the “capital reduction” objective.

The Annual General Meeting of 5 May 2015 will be asked to renew this authorisation.

8.1.3 OTHER SECURITIES AND RIGHTS GIVING ACCESS TO THE COMPANY’S SHARE CAPITAL

8.1.3.1 SECURITIES

None of the existing securities give or potentially give immediate or future access to the Company’s share capital.

8.1.3.2 SHARE SUBSCRIPTION OPTIONS

At 31 December 2014, there were no subscription options outstanding which, if exercised, would result in the issue of an equivalent number of new shares, the last share subscription plan having expired in December 2007.

8.1.3.3 FREE SHARE AWARDS

The shares due to be remitted to employees and senior managers of the Company and of other companies related to it between 2015 and 2018 as a result of free share awards made in 2011, 2012, 2013 and 2014 will in principle be new shares created through a capital increase by capitalising reserves; the maximum number of shares to be created for that purpose would amount to 1,546,597 shares of a par value of €6.10 each, representing a maximum share capital dilution of 1.18% which could be offset by cancelling an equivalent number of treasury shares as was the case in 2011, 2012, 2013 and 2014.

8.1.4 AUTHORISED, UNISSUED SHARE CAPITAL

The Ordinary and Extraordinary General Meeting of 3 May 2013 authorised the Managing Partners, for a period of 26 months:

- to issue, with or without preferential subscription rights, securities giving immediate or future access to the Company’s share capital, within the following limits:
  - maximum nominal amount of capital increases which may result from authorised issues without preferential subscription rights: €120 million,
  - maximum nominal amount of capital increases which may result from authorised issues with preferential subscription rights: €300 million,
  - maximum authorised amount for debt issuances: €1,500 million;
- to increase the share capital by capitalising reserves or premiums and award free shares to shareholders (or increase the par value of existing shares) within the limit of: €300 million;
- to issue ordinary shares of the Company without preferential subscription rights to be awarded to Group employees within the scope of the Group Savings Scheme and within the annual limit of 0.5% of the number of shares making up the current share capital.

The Annual General Meeting of 5 May 2015 will be asked to renew these authorisations.

The Ordinary and Extraordinary General Meeting of 3 May 2013 also authorised the Managing Partners, for a period of 38 months:

- to award free shares or share options to Group employees and senior managers within the annual limit of (i) 1% of the total number of shares making up the current share capital for Group employees and senior managers other than executive corporate officers of Lagardère SCA, and (ii) 0.1% of the total number of shares making up the current share capital for executive corporate officers of Lagardère SCA;

  It being understood that:
  - the number of free shares awarded each year to Group employees and senior managers (other than executive corporate officers of Lagardère SCA) cannot be greater than 0.6% of the total number of shares making up the current share capital, and the number awarded each year to an individual executive corporate officer of Lagardère SCA cannot be greater than 0.025% of the total number of shares making up the current share capital;
  - the number of share options awarded each year to Group senior managers cannot give the right to purchase and/or subscribe for more than 0.5% of the total number of shares making up the current share capital, and the number awarded each year to an individual executive corporate officer of Lagardère SCA cannot be greater than 0.075% of the total number of shares making up the current share capital.

In 2014, as in 2013, only the authorisation relating to awards of free shares was used.

Concerning securities that do not give access to the Company’s capital, it should be noted that the Annual General Meeting of 3 May 2013 renewed the authorisation granted to the Managing Partners to issue, on one or more occasions, bonds and securities other than securities giving access to the Company’s capital, up to a maximum amount of €1.5 billion.

The Annual General Meeting of 5 May 2015 will be asked to renew this authorisation.

8.1.5 PLEDGES OF COMPANY SHARES

8.1.5.1 PLEDGES OF REGISTERED SHARES OF THE COMPANY AT 31 DECEMBER 2014

- Number of shareholders: 108
- Number of shares: 10,755,473 (8.20% of share capital)

8.1.5.2 PLEDGES OF COMPANY SHARES REGISTERED IN THE NAMES OF SHAREHOLDERS HOLDING MORE THAN 0.5% OF THE SHARE CAPITAL AT 31 DECEMBER 2014

These pledges concern 10,555,865 shares held by Lagardère Capital & Management (LC&M), representing 8.05% of the share capital.

8.1.6 STOCK MARKET INFORMATION

8.1.6.1 GENERAL

- Number of shares making up the share capital at 31 December 2014: 131,133,286
- Number of shares listed on 31 December 2014: 131,133,286
- Listed on: Euronext Paris, Compartment A

8.1.6.2 DIVIDENDS, SHARE PRICES AND TRADING VOLUMES

Dividends per share

Year of payment	Number of shares entitled to dividend	Dividend (euros per share)	Taxcredit (euros per share)	Gross dividend (euros per share)	Total dividends (in millions of euros)
2010	127,031,812	1.30	None	1.30	165.14
2011	126,997,338	1.30	None	1.30	165.10
2012	127,461,743	1.30	None	1.30	165.70
2013	127,882,640 128,515,724	1.30 9.00	None None	1.30 9.00(1)	166.25 1,156.64
2014	127,563,424 127,563,424	1.30 6.00	None None	1.30(2) 6.00(3)	165.83 765.38

(1) Extra portion of the 2013 dividend, paid as an interim dividend following the decision taken by the Managing Partners on 21 May 2013.
(2) Ordinary portion of 2013 dividend.
(3) Payment of an extra dividend, deducted from “Share premiums”.

Any dividend not claimed within five years from the due date lapses and is paid to the French Treasury.

Trading volumes and changes in Lagardère SCA share price (Source: Euronext Paris)

Year/Month	High for month (in euros)	Date of high	Low for month (in euros)	Date of low	Closing price (in euros)	Average opening price (in euros)	Average closing price (in euros)	Number of shares traded	Total amount traded (in millions of euros)	Number of trading days
2011										
January	36.37	20 Jan.	31.35	3 Jan.	32.50	34.44	34.35	14,900,336	512.01	21
February	33.81	9 Feb.	31.84	24 Feb.	32.61	33.08	33.00	8,114,786	268.03	20
March	33.47	8 March	29.55	17 March	30.12	31.28	31.19	13,993,481	435.11	23
April	31.19	4 April	28.50	18 April	29.64	29.99	29.88	8,597,120	257.07	19
May	29.97	3 May	27.44	25 May	28.38	28.68	28.62	23,992,334	684.66	22
June	29.47	8 June	25.57	16 June	29.13	27.33	27.26	11,840,960	324.12	22
July	29.60	4 July	26.65	29 July	27.12	28.14	28.10	8,420,417	237.20	21
August	27.53	1 Aug.	20.56	9 Aug.	23.80	23.43	23.20	16,631,109	384.96	23
September	22.42	1 Sept.	16.81	23 Sept.	18.51	19.14	19.02	13,871,509	271.29	22
October	20.39	28 Oct.	17.03	4 Oct.	19.47	19.08	19.12	7,655,442	145.53	21
November	19.95	4 Nov.	16.02	25 Nov.	18.07	17.85	17.86	10,698,854	192.29	22
December	20.61	30 Dec.	17.62	1 Dec.	20.40	18.80	18.86	9,483,326	178.15	21
2012										
January	22.69	19 Jan.	20.30	2 Jan.	21.73	21.74	21.75	8,825,043	192.31	22
February	23.37	7 Feb.	21.05	14 Feb.	22.48	22.00	22.00	8,845,801	186.47	21
March	24.25	27 March	21.65	9 March	23.13	23.14	23.22	11,356,010	261.65	22
April	23.35	30 April	20.45	23 April	22.90	21.98	21.97	10,358,397	227.19	19
May	23.76	7 May	19.00	31 May	19.15	21.31	21.17	12,083,124	261.23	22
June	22.20	29 June	18.48	13 June	21.99	19.72	19.79	10,117,827	199.78	21
July	22.88	16 July	20.74	26 July	21.98	22.15	22.11	8,118,541	179.63	22
August	23.48	17 Aug.	21.58	30 Aug.	22.34	22.60	22.62	5,874,375	132.71	23
September	24.70	13 Sept.	21.25	28 Sept.	21.25	22.44	22.37	8,518,599	193.20	20
October	21.87	5 Oct.	20.34	15 Oct.	21.08	20.98	20.98	6,529,748	136.98	23
November	23.30	30 Nov.	20.21	13 Nov.	23.14	21.60	21.69	5,610,467	122.23	22
December	25.95	6 Dec.	23.15	3 Dec.	25.28	24.71	24.84	9,317,046	229.81	19
2013										
January	27.00	29 Jan.	25.00	15 Jan.	26.63	25.79	25.90	8,550,051	221.37	22
February	27.43	28 Feb.	25.70	21 Feb.	27.34	26.21	26.26	6,515,740	172.19	20
March	29.59	27 March	26.96	1 March	28.72	28.59	28.54	9,858,605	281.25	20
April	29.41	3 April	27.17	18 April	28.22	28.23	28.10	10,343,616	291.01	21
May	20.58	27 May	18.42	8 May	19.82	19.32	19.29	21,019,626	531.94	22
June	21.50	28 June	19.54	3 June	21.40	20.62	20.65	12,111,143	249.22	20
July	23.97	31 July	21.39	1 July	23.78	22.60	22.66	8,439,462	191.71	23
August	24.39	6 Aug.	22.96	30 Aug.	23.03	23.97	23.94	4,694,937	112.302	22
September	24.10	27 Sept.	22.79	3 Sept.	24.00	23.47	23.50	6,767,501	159.30	21
October	27.72	28 Oct.	23.80	7 Oct.	26.79	25.31	25.39	8,556,477	219.95	23
November	26.98	7 Nov.	24.40	29 Nov.	24.94	25.82	25.77	7,481,670	192.88	21
December	27.02	31 Dec.	24.22	10 Dec.	27.02	25.26	25.38	5,757,418	145.96	20
2014										
January	27.41	7 Jan.	25.01	27 Jan.	26.20	26.72	26.67	5,849,044	155.92	22
February	29.37	24 Feb.	25.37	4 Feb.	29.09	28.01	28.19	6,182,990	174.78	20
March	29.80	13 March	28.50	3 March	28.82	29.18	29.13	6,786,646	197.62	21
April	30.30	30 April	27.95	15 April	30.17	29.10	29.11	8,367,678	243.86	20
May	31.74	6 May	23.62	8 May	25.56	26.05	26.15	15,030,657	389.67	21
June	25.82	11 June	23.58	30 June	23.78	24.64	24.60	11,679,432	287.14	21
July	24.81	4 July	22.22	31 July	22.25	23.61	23.54	7,641,280	180.01	23
August	22.31	1 Aug.	20.23	8 Aug.	20.95	21.07	21.00	7,429,176	156.00	21
September	21.80	9 Sept.	20.29	24 Sept.	21.19	21.03	20.98	8,247,660	173.41	22
October	21.60	6 Oct.	17.83	16 Oct.	19.41	19.69	19.60	10,313,897	201.29	23
November	22.81	28 Nov.	18.85	5 Nov.	22.80	20.81	20.96	8,520,867	177.19	20
December	22.85	1 Dec.	20.84	16 Dec.	21.60	21.97	21.95	5,979,863	131.04	21
2015										
January	25.06	26 Jan.	21.01	6 Jan.	24.28	23.08	23.23	7,823,385	181.68	21
February	25.69	27 Feb.	23.35	9 Feb.	25.69	24.43	24.56	5,830,763	142.69	20

8.1.7 OPTIONS GRANTED TO THIRD PARTIES ON SHARES MAKING UP THE SHARE CAPITAL OF CERTAIN GROUP COMPANIES

Some investments included in Lagardère SCA's consolidated financial statements are subject to put options for which exercise is conditional on certain events. These commitments are detailed in the notes to the consolidated financial statements set out in Chapter 6 of this Reference Document. At the date of filing, there were no other put options concerning all or part of any significant investment(1) held directly or indirectly by Lagardère SCA.

8.1.8 SHARE OWNERSHIP STRUCTURE – PRINCIPAL SHAREHOLDERS

8.1.8.1 CHANGES IN SHARE OWNERSHIP STRUCTURE AND VOTING RIGHTS OVER THE LAST THREE YEARS

	At 31 December 2014				At 31 December 2013			At 31 December 2012		
Shareholders	Number of shares	% of share capital	% of voting rights exercisable at General Meetings	% of theoretical voting rights	Number of shares	% of share capital	% of voting rights	Number of shares	% of share capital	% of voting rights
Non-French investors	88,842,689	67.75	63.20	62.11	86,196,390	65.73	60.52	83,866,083	63.95	57.44
French institutional investors	16,186,077	12.34	13.03	12.80	19,249,323	14.68	15.52	22,017,157	16.79	17.25
Lagardère Capital & Management(*)	10,721,578	8.18	12.73	12.50	12,190,179	9.30	14.17	12,190,179	9.30	14.94
Private investors	8,908,088	6.79	8.18	8.04	7,518,029	5.73	7.38	7,890,270	6.02	8.29
Employees and Group Savings Plan investment funds	3,502,054	2.67	2.86	2.81	2,791,942	2.13	2.41	1,903,308	1.45	2.08
Treasury shares	2,972,800	2.27	-	1.74	3,187,423	2.43	-	3,266,289	2.49	-
Total	**131,133,286**	**100**	**100**	**100**	**131,133,286**	**100**	**100**	**131,133,286**	**100**	**100**

(*) Arnaud Lagardère, Lagardère SAS and its subsidiary Lagardère Capital & Management.

Of the 2.67% of capital held by Group employees, 0.75% is held via the Group Savings Plan investment funds or directly under employee profit-sharing and savings schemes required by law.

At 31 December 2014, the share capital was held by 59,366 shareholders and intermediaries directly registered in the Company's register; non-French shareholders, who are not residents in France and are represented by intermediaries registered in the Company's register on their behalf, constitute the majority of the non-French investors listed in the table above, holding 67.75% of the shares making up the share capital.

There has been no significant variation in the breakdown of the Company's share capital or voting rights since 31 December 2014.

8.1.8.2 REGULATORY SHAREHOLDING THRESHOLDS CROSSED IN 2014

BlackRock Inc., acting on behalf of its customers and the funds it manages, declared the following crossings of the 5% threshold of the Company's share capital, on behalf of its customers and the funds it manages:

- threshold crossed upwards on 6 August 2014, upon acquisition of shares on the market;
- threshold crossed downwards on 14 August 2014, upon sale of shares on the market;
- threshold crossed upwards on 19 September 2014, upon acquisition of shares on the market.

8.1.8.3 ACTIONS IN CONCERT WITH OTHER GROUPS

None.

8.1.8.4 VOTING RIGHTS

Including the double voting rights attributed to shares registered in the name of the same shareholder for at least four years (see section 8.2.6.4), the total number of rights to vote at General Meetings at 31 December 2014 was 168,507,161.

However, in application of AMF regulations, the number of voting rights to be taken into consideration for assessing whether

(1) "Significant investments" are shareholdings above €150 million.

regulatory thresholds have been crossed is the gross number, which at 31 December 2014 amounted to 171,479,961.

The total number of voting rights (gross and net) is published every month at the same time as the amount of the share capital.

Under the Articles of Association, the number of voting rights to be taken into consideration for assessing whether disclosure thresholds have been crossed is the total number of rights to vote at General Meetings, i.e., 168,507,161 at 31 December 2014.

The percentage of voting rights held by Supervisory Board members was 0.0044% (0.0047% of the capital).

8.1.8.5 PRINCIPAL SHAREHOLDERS

Arnaud Lagardère, personally and via his two companies, Lagardère SAS and LC&M, is the largest permanent shareholder in the Lagardère group with 8.18% of the capital and 12.73% of the rights to vote at General Meetings. In accordance with the Company's Articles of Association (see section 8.2.6.4), all shares which have been registered in the name of Arnaud Lagardère or the companies LC&M or Lagardère SAS for at least four years carry double voting rights. LC&M's share capital is held by its Chairman, Arnaud Lagardère, who is also a Managing Partner of Lagardère SCA together with Arjil Commanditée-Arco, a subsidiary of LC&M.

Based on declarations of thresholds crossed, at 31 December 2014, Qatar Investment Authority (via its subsidiary Qatar Holding LLC) held 12.827% of the share capital and 9.98% of the rights to vote at General Meetings.

Based on declarations of thresholds crossed, at 31 December 2014, the company BlackRock Inc. held 5.03% of the share capital and 3.91% of the rights to vote at General Meetings, on behalf of its customers and the funds it manages.

8.1.8.6 GROUP TO WHICH THE COMPANY BELONGS

Lagardère SCA is the ultimate holding company of the Lagardère group. See the simplified Group organisation chart at 1 March 2015 in Chapter 4, section 4.3.

8.2 PRINCIPAL PROVISIONS OF THE COMPANY'S ARTICLES OF ASSOCIATION

AFR

8.2.1 CORPORATE PURPOSE

The Company's corporate purpose is, in France and abroad:

- to acquire any form of interests or investments in all types of company or business, whether French or foreign, by any appropriate means;
- to manage any type of transferable security portfolio and to carry out any related spot or forward transactions, whether contingent or not;
- to acquire and license any patents, trademarks, and commercial and industrial businesses;
- and more generally, to carry out any commercial, financial, industrial, security and property transactions related to the above purposes or to any other purpose related thereto which would be likely to promote and develop the Company's business.

8.2.2 MANAGING PARTNERS

1. The Company is managed by one or more Managing Partners (*Gérants*).

Following the death of Jean-Luc Lagardère on 14 March 2003, the Supervisory Board, at its meeting of 26 March 2003, approved Arco's proposal to appoint Arnaud Lagardère as Managing Partner for a six-year term.

For information:

- The Company is now managed by two Managing Partners: Arnaud Lagardère and the French joint-stock corporation (*société anonyme*) Arjil Commanditée-Arco.
- When Arjil Commanditée-Arco's appointment as Managing Partner was renewed for a further six-year period on 10 March 2010, the Supervisory Board, in application of the provisions of Article 14-2 of the Articles of Association, approved the following persons as the company's legal representatives upon proposal of the General Partners:
  - Arnaud Lagardère, Chairman and Chief Executive Officer;
  - Philippe Camus, Deputy Chairman and Chief Operating Officer;
  - Pierre Leroy, Deputy Chairman and Chief Operating Officer;
  - Dominique D'Hinnin, Chief Operating Officer;
  - Thierry Funck-Brentano, Chief Operating Officer.
- On 30 June 2012, Philippe Camus left the Lagardère group and stood down from all of his positions, including those he held in Arjil Commanditée-Arco, and as a result his duties as legal representative of a Managing Partner.
- On 11 March 2015, the Supervisory Board approved the General Partners' proposal to renew Arnaud Lagardère's appointment as Managing Partner for a six-year term.

2. Throughout the life of the Company, any new Managing Partner is appointed unanimously by the General Partners, with the approval of the Supervisory Board or of the General Meeting according to the provisions of Article 14 below.

3. Each Managing Partner has the broadest possible authority to act in any circumstances in the name of the Company, within the scope of the corporate purpose and subject to the powers expressly attributed by the law or the Articles of Association to the General Meeting of shareholders and the Supervisory Board.

In accordance with the law, each Managing Partner may authorise and grant, in the name of the Company, any sureties, warranties and undertakings which he deems reasonable.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol AFR

Each Managing Partner may delegate part of his powers to one or more persons, whether or not they are employees of the Company and whether or not such persons have a contractual relationship with the Company. Such delegation in no way affects the duties and liability of the Managing Partner in relation to the exercise of such powers.

4. The Managing Partner(s) must take all necessary care in handling the business of the Company.

5. The age limit for a Managing Partner who is a natural person is 80 years.

6. The term of office of a Managing Partner cannot exceed six years but is renewable.

Any Managing Partner wishing to resign must inform the other Managing Partners, the General Partners and the Chairman of the Supervisory Board by registered letter with acknowledgement of receipt, at least three months before the date on which the said resignation is to take effect.

In the event that a corporate General Partner that is also a Managing Partner of the Company changes its own Managing Partner(s), the Chairman of its Board of Directors and/or its Chief Operating Officer(s), it is deemed to have resigned as Managing Partner of the Company, with immediate effect. This is also the case on expiry of the approval of such persons given by the Supervisory Board as described in section 8.2.3, or in the event of sale or subscription of shares which the Supervisory Board has not approved as described in section 8.2.3.

When a Managing Partner's office terminates, the management of the Company is carried out by the Managing Partner or Partners who remain in office, without prejudice to the right of the General Partners to appoint a new Managing Partner as a replacement, or to renew the appointment of the outgoing Managing Partner, under the conditions provided for in paragraph 2 above.

When a sole Managing Partner's office terminates, one or more new Managing Partners are appointed, or the outgoing sole Managing Partner is reappointed, under the conditions provided for in paragraph 2 above. However, pending such appointment, the Company shall be managed by the General Partner or Partners who may delegate all necessary powers for the management of the Company until the new Managing Partner or Partners have been appointed.

A Managing Partner may be dismissed at any time on the grounds of incapacity (whether as a result of insolvency proceedings or otherwise) or for any other cause, by the unanimous decision of the General Partners, after the Supervisory Board has expressed its opinion under the conditions provided for in section 8.2.3. A Managing Partner may also be dismissed for just cause, by decision of the courts.

8.2.3 SUPERVISORY BOARD

COMPOSITION OF THE SUPERVISORY BOARD (ARTICLE 12)

1. The Company has a Supervisory Board composed of a maximum of 15 members, selected exclusively among shareholders who are neither General nor Managing Partners.

2. The members of the Supervisory Board are appointed or dismissed by the shareholders in an Ordinary General Meeting. Shareholders who are also General Partners are not entitled to vote on such resolutions.

3. The term of office of members of the Supervisory Board cannot exceed four years. It terminates at the close of the Annual General Meeting called to approve the financial statements for the preceding year that is held during the year in which the term of the member expires. Members of the Supervisory Board may be re-elected.

No more than a third of the members of the Supervisory Board in office may be more than 75 years old. If this proportion is exceeded, the oldest member is deemed to have resigned.

MEETINGS OF THE SUPERVISORY BOARD (ARTICLE 13)

The Supervisory Board appoints one of its members as Chairman and may, if it wishes, appoint one or more Deputy Chairmen to preside over Board meetings.

The Board meets as often as the Company's interests require and in any event at least once every six months.

Meetings may be called by the Chairman of the Board or, in his absence, by one of the Deputy Chairmen, or by at least half of the Board members, or by each of the Company's Managing Partners or General Partners.

At least half of the members must be present in order for the Board's decisions to be valid.

The decisions are made by a majority vote of the members present or represented. In the event of a tied vote, the Chairman has the casting vote.

In calculating the quorum and majority, Board members attending the meeting via video conferencing or other telecommunications technology are considered to be present.

The deliberations are recorded in minutes of the meetings.

POWERS OF THE SUPERVISORY BOARD (ARTICLE 14)

1. The management of the Company is placed under the permanent supervision of the Supervisory Board as provided by law.

In accordance with the law, the Board prepares a report for each Annual General Meeting called to approve the financial statements of the Company. This report is made available to the shareholders at the same time as the Managing Partners' report and the parent company financial statements.

In the event of one or more Managing Partners being dismissed by the General Partners, the Board must give its opinion. For this purpose, the Board is notified by the General Partners at least 15 days in advance, and it must give its opinion within ten days of such notice. Notice is given by registered letter addressed to the Chairman of the Supervisory Board.

The Supervisory Board draws up a report on any proposal to increase or reduce the Company's share capital.

The Supervisory Board may, if it deems it necessary, after having informed the Managing Partners in writing, call an Ordinary or Extraordinary General Meeting of shareholders, in compliance with the legal provisions relating to calling meetings.

The Supervisory Board has, by law, the right to receive from the Managing Partners the same documents as are made available to the Statutory Auditors.

2. The appointment or re-appointment of any Managing Partner must be approved by the Supervisory Board. Should Arco be appointed as Managing Partner, the Supervisory Board's approval has to be obtained, not in respect of Arco itself, but in respect of its Chairman and General Managers.

The Supervisory Board has a maximum of 20 days from receiving notice from the General Partners in which to grant or refuse its approval of the proposed appointment.

If the Supervisory Board twice refuses to approve an appointment within a period of two months, in respect of two different candidates, while the Company is left without a Managing Partner and is being managed on an interim basis by the General Partners under Article 10-6 of the Articles of Association, approval may be given by a majority vote of the shareholders in an Ordinary General Meeting called by the General Partner(s) at which only one of the two candidates is put forward.

In the absence of approval from either the Supervisory Board or the General Meeting in accordance with the above paragraphs, the General Partner(s) shall designate a third person. If the Supervisory Board fails to approve the appointment of the said third candidate, the appointment shall be submitted to the shareholders in an Ordinary General Meeting, which may only refuse the candidate by a vote of a two-third majority of the shareholders present or represented.

3. If Arco becomes a Managing Partner of the Company, from the date of its appointment to such office, no person may become a shareholder in Arco either by acquiring shares in Arco or by subscribing to an increase in its share capital, exercising share warrants or through the conversion or redemption of bonds, without the prior agreement of the Supervisory Board, which must approve or refuse this proposal within 20 days of receiving notice, either from Arco or from those shareholders who intend to transfer their shares.

If such a transaction takes place without the approval of the Supervisory Board, Arco, by virtue of the third paragraph of Article 10-6 of the Articles of Association, shall be deemed to have resigned from its office as Managing Partner, effective immediately.

4. Any transaction for the transfer of Arco shares or the issue of transferable securities by Arco, which might alter its control immediately or in the future, is subject to the prior approval of the Company's Supervisory Board, which must make a decision within 20 days of receiving notice, either from Arco or from those shareholders who intend to transfer their shares.

Should the transaction take place without the approval of the Supervisory Board, Arco, by virtue of Article 18-5 of the Articles of Association, shall automatically lose its status as General Partner, effective immediately.

5. The approval of the Supervisory Board required in paragraphs 3 and 4 above shall be automatically deemed to have been given, if the acquiring or subscribing candidate makes a valid public tender offer for all of the Company's shares. Such approval shall not be required in the event of a transfer of Arco shares by way of inheritance.

8.2.4 GENERAL PARTNERS (ARTICLE 18)

1. The General Partners (*Associés Commandités*) are:

- Arnaud Lagardère,
  domiciled at 4, rue de Presbourg, 75116 Paris, France
- Arjil Commanditée-Arco,
  A French joint-stock corporation with share capital of €40,000
  With its registered office at 4, rue de Presbourg, 75116 Paris, France
  Registered with the Paris Trade and Companies Registry under number 387 928 393.

2. The appointment of one or more new General Partners is decided by the shareholders in an Extraordinary General Meeting, upon the unanimous recommendation of the existing General Partners or Partner.

3. The Company shall not be wound up in the case of the death or incapacity of a natural person who is a General Partner, nor in the event of liquidation of a corporate person who is a General Partner.

4. Any natural person who is a General Partner and who is also a Managing Partner ceases to be a General Partner, automatically and effective immediately, if he is dismissed as Managing Partner for just cause under the terms of Article 10–6 of the Articles of Associations.

5. Any corporate entity which is a General Partner automatically ceases to be a General Partner, effective immediately, in the event that a sale or subscription of shares which is likely to change its control has been carried out in the absence of consent to such a transaction by the Supervisory Board, as provided in Article 14-4 of the Articles of Association.

In either case the Articles of Association are automatically amended accordingly. The amendment is recorded and published by a Managing Partner, or in the absence of a Managing Partner, by a General Partner or by the Supervisory Board.

Arjil Commanditée-Arco's parent company financial statements for 2014 are as follows (in thousands of euros):

Balance sheet

Assets	
Accounts receivable	26,094
Cash and cash equivalents	803
Total	**26,897**

Liabilities and shareholders' equity	
Total equity	24,801
Accounts payable	2,096
Total	**26,897**

Income statement

Operating revenues	
Operating expenses	28
Operating loss	*(28)*
Financial income	6,583
Financial expenses	
Net financial income	*6,583*
Net exceptional income	
Income tax expense	(2,232)
Profit for the year	***4,323***

RIGHTS OF THE GENERAL PARTNERS (ARTICLE 18 B)

A General Partner who is not also a Managing Partner (*commandité non-gérant*) does not participate directly in the management of the Company, except as described in Article 10–6.

General Partners exercise all the prerogatives attributed to their status by law and the Articles of Association.

By reason of the unlimited joint and several liabilities they assume, a General Partner who is not also a Managing Partner has the right to see all books and documents of the Company and to ask in writing the Managing Partners any questions concerning the management of the Company. The Managing Partners must answer such questions in writing as promptly as possible. In addition, in consideration for their unlimited joint and several liabilities, General Partners are entitled to specific remuneration calculated in accordance with the provisions of Article 25.

DECISIONS OF THE GENERAL PARTNERS (ARTICLE 18 C)

1. The decisions of the General Partner(s) may be made either at meetings, or by written consultation (ordinary letter, telex, telegram, fax, etc.).
2. In the event of a written consultation, each General Partner has a period of 15 days to inform the Managing Partners of his decision on each of the draft resolutions. A General Partner who does not reply within this period is considered to have voted against the resolution.
3. Decisions taken by the General Partner(s) are recorded in minutes stating, *inter alia*, the date and method of consultation, the report or reports made available to the General Partner(s), the text of the resolutions and the result of the vote.

   The minutes are drawn up by the Managing Partners or by one of the General Partners and signed by the General Partner(s) and/or the Managing Partner(s), as the case may be.

   Copies or extracts of the minutes are validly certified as true copies either by the sole Managing Partner or by one of the Managing Partners if there are more than one, and by the General Partners.

8.2.5 REQUIREMENTS FOR CHANGING SHAREHOLDERS' RIGHTS

Any change in the rights of shareholders as defined in the Company's Articles of Association requires:

- a unanimous decision by the General Partners;
- a decision by the Extraordinary General Meeting, passed by a two-third majority of the votes of shareholders present or represented, including votes cast by mail.

8.2.6 GENERAL MEETINGS OF SHAREHOLDERS

8.2.6.1 GENERAL (ARTICLE 19)

General Meetings are called either by the Managing Partners or by the Supervisory Board, or by any other person having the right to do so by virtue of the law or under the Articles of Association.

General Meetings are held at the registered office or at any other place as indicated in the notice of meeting. Notices of meeting are issued in the manner and within the time period provided by law and regulations.

General Meetings are chaired by the Managing Partner or one of the Managing Partners if there are several of them. If the meeting is called by the Supervisory Board, it is chaired by the Chairman of the Supervisory Board or by a member of the Supervisory Board appointed to this effect. Where the meeting has been called by any other person legally empowered to do so, the meeting is chaired by the person who called the meeting. If the person entitled or appointed to chair the meeting fails to do so, the meeting itself elects its Chairman.

The duties of vote tellers (*scrutateurs*) are performed by the two shareholders having the greatest number of shares, either directly or by way of proxy, and who are present and accept to be tellers.

The vote tellers thus designated constitute the officers of the meeting (*bureau*), and appoint a secretary who need not be a shareholder.

The officers of the meeting verify, certify and sign the attendance register, on the basis of specifications provided by the establishment in charge of organising the meeting, ensure that discussions are properly held, settle any differences that may arise in the course of the meeting, count the votes cast and ensure their validity and ensure that minutes of the meeting are drawn up.

Minutes recording the deliberations of each meeting are entered in a special register signed by the officers of the meeting. The minutes, drawn up and recorded in this form, are considered to be a true transcript of the meeting. All copies of or extracts from the minutes must be certified by one of the Managing Partners, by the Chairman of the Supervisory Board, or by the secretary of the meeting.

8.2.6.2 ORDINARY GENERAL MEETINGS (ARTICLE 20)

The Annual General Meeting examines the management report prepared by the Managing Partners, the report of the Supervisory Board and the Statutory Auditors' reports. It discusses and approves the company's financial statements for the previous year and the proposed allocation of profit, in accordance with the law and the Articles of Association. In addition, the Annual General Meeting and any other Ordinary General Meeting may appoint or dismiss the members of the Supervisory Board, appoint the Statutory Auditors and vote on all questions within its authority and placed on the agenda, with the exception of those matters defined in Article 21 as being exclusively within the authority of an Extraordinary General Meeting.

With the exception of resolutions concerning the election, resignation or dismissal of Supervisory Board members and the approval of the appointment of a Managing Partner (after the Supervisory Board has exercised its power of veto twice within two months in accordance with section 8.2.3 – Powers of the Supervisory Board), resolutions may only be passed at an Ordinary General Meeting with the unanimous and prior consent of the General Partners. This consent must be obtained by the Managing Partners prior to the said Ordinary General Meeting.

Apart from the case expressly provided for in the last paragraph of section 8.2.3, such resolutions are passed by a majority vote of the shareholders present, represented or having voted by mail at this meeting.

8.2.6.3 EXTRAORDINARY GENERAL MEETINGS (ARTICLE 21)

Extraordinary General Meetings may validly deliberate on:

- any amendments of the Articles of Association for which approval by an Extraordinary General Meeting is required by law, including, but not limited to, and subject to the provisions of the Articles of Association, the following:
  - an increase or reduction of the Company's share capital;
  - a change in the terms and conditions of share transfers;
  - a change in the composition of Ordinary General Meetings or in the shareholders' voting rights at Ordinary or Extraordinary General Meetings;
  - a change in the purposes of the Company, its duration or its registered office, subject to the powers granted to the Managing Partners to transfer the Company's registered office pursuant to the Articles of Association;
  - the transformation of the Company into a company having another legal form, such as a French joint-stock corporation or a limited liability company (*société à responsabilité limitée*);
  - the winding-up of the Company;
  - the merging of the Company;
  - and all other matters on which an Extraordinary General Meeting may validly decide in accordance with the law.

No resolution can be passed by the Extraordinary General Meeting without the unanimous prior consent of the General Partner(s). However, where there are several General Partners, a resolution to transform the Company into a company having another legal form requires the prior agreement of only a majority of the General Partners.

The agreement of the General Partner(s) must be obtained by the Managing Partners, in advance of the Extraordinary General Meeting.

8.2.6.4 ATTENDANCE AND REPRESENTATION AT MEETINGS, PROXIES, DOUBLE VOTING RIGHTS (ARTICLE 19)

Each shareholder has the right to attend General Meetings and to take part in the deliberations, either personally or through a proxy, subject to proof of his identity and providing his name was recorded in the nominative shareholders' account kept by the Company at 00.00 hours, Paris time, on the third working day preceding the meeting.

Since the French Decree of 8 December 2014 reduced this notice to two working days, the Annual General Meeting of 5 May 2015 will be asked to amend article 19-3° of the Company's Articles of Association consistent with the new provisions of article R. 225-85 of French Commercial Code (*Code de commerce*).

Subject to inclusion of the relevant decision by the Managing Partners in the public notice of a meeting and the notice of call of meeting sent to shareholders, shareholders may participate in General Meetings by means of video conferencing technology, and vote in these meetings by electronic means of communication. The Managing Partners shall fix the practicalities of this method of attendance and voting after consulting the Supervisory Board. The technologies used must guarantee, as the case may be, a continuous and simultaneous transmission of the deliberations of the meeting, the security of the means used, verification of the identity of those participating and voting and the integrity of the votes cast.

A shareholder who does not personally attend the meeting may choose one of the three following possibilities:

- to give a proxy to another shareholder or to his or her spouse; or
- to vote by mail; or
- to send a blank proxy form to the Company without naming a proxy, in accordance with the applicable laws and regulations.

In this last case, the Chairman of the General Meeting casts a vote in favour of the draft resolutions presented or approved by the Managing Partners and a vote against all other draft resolutions. In order to cast their votes differently, shareholders must choose a proxy holder who agrees to vote as instructed by them.

If a shareholder decides, after a decision of the Managing Partners taken in accordance with the terms of the second paragraph of this section, either to vote by mail, or to give a proxy to another shareholder, or to send a proxy to the Company without indicating the name of a proxy-holder, by sending the corresponding form by an electronic means of communication, his electronic signature must:

- either take the form of a secure electronic signature as defined by law at that time;
- or result from the use of a reliable identification procedure guaranteeing the connection between the shareholder and the document to which his identity is attached or from any other procedure for identification and/or verification admitted by law at that time.

At each General Meeting, each shareholder has a number of votes equal to the number of shares he owns or represents, as evidenced by the share register on the fifth working day prior to the meeting. However, voting rights double those attributed to other shares as a proportion of the share capital they represent – two votes for each share – are attributed to all those shares which are fully paid-up and which have been registered in the name of the same shareholder for at least four years. In addition, shareholders entitled to double voting rights on the date on which the Company was transformed into a French partnership limited by shares (*société en commandite par action* – SCA), retain their double voting rights.

Furthermore, where the Company's share capital is increased by incorporation of reserves, profits or issue premiums, a double voting right is granted, from the date of issue, in respect of registered shares distributed free of charge to the holder of shares which originally carried double voting rights.

Transfer of title to a share results in the loss of the double voting rights. However, transfer as a result of inheritance, the liquidation of commonly-held property between spouses or an *inter vivos* gift to a spouse or to a relative automatically entitled to inherit under French law does not cause existing double voting rights to lapse, nor does it interrupt the four-year period referred to above. Similarly, the merger or demerger of the Company has no effect on double voting rights, which may be exercised within the resulting company or companies if the Articles of Association of the said companies recognise such rights.

For pledged shares, the right to vote is exercised by the owner. For shares where beneficial ownership and bare ownership are separated, the right to vote is exercised by the beneficial owner (*usufruitier*) at Ordinary General Meetings, and by the bare owner (*nu-propriétaire*) at Extraordinary General Meetings.

8.2.7 REQUIREMENTS FOR A CHANGE IN CONTROL OF THE COMPANY

As stated at the beginning of Chapter 7, section 7.1, an SCA has two categories of partner: General Partners and Limited Partners.

Any change in control of the Company thus implies a change in the composition of both categories of partner. As the Company is listed on the stock exchange, it would be possible for a third party to take control of the capital and associated voting rights through a public tender offer. However, it would not be possible to take control over General Partners' meetings, and consequently, no third party could single-handedly amend the Company's Articles of Association.

As any new Managing Partner must be appointed by unanimous decision of the General Partners subject to approval of the Supervisory Board[(1)], the person or entity taking control over the capital and associated voting rights would be unable to appoint new Managing Partners.

Therefore, it is impossible to appoint any new Managing Partners or amend the Articles of Association without the consent of the General Partners.

In view of these measures, no change in control of the Company could take place without the consent of the General Partners who manage the Company until the end of the period during which the Company is left without a Managing Partner.

8.2.8 DISCLOSURE OF SHAREHOLDINGS EXCEEDING SPECIFIC THRESHOLDS

Without prejudice to the provisions of article L. 233-7 of the French Commercial Code, any shareholder holding directly or indirectly, as defined in the said article L. 233-7, 1% or more of the voting rights, must, within five days following registration to his account of the shares that brought his holding to or above such threshold, disclose to the Company the total number of shares and voting rights he holds by registered letter with acknowledgement of receipt addressed to the registered office. For registered shareholders and intermediaries not living in France, this disclosure may be made by means of a procedure similar to that of sending a registered letter with acknowledgement of receipt in use in his country of residence. Such procedure must enable Lagardère SCA to have proof of the date on which the disclosure was sent and received.

This procedure must be repeated as described above every time a threshold of a further 1% is crossed.

In the absence of disclosure in the conditions described above, all shares in excess of the threshold for which disclosure should have been made may lose their voting rights for any General Meeting that may be held within a two-year period following the date on which the declaration is finally made, at the request of one or more shareholders together holding 5% or more of the share capital, such request being duly recorded in the minutes of the General Meeting.

In these same circumstances, voting rights attached to such shares for which proper declaration has not been made cannot be exercised by the shareholder at fault, nor may he delegate such rights to others.

In accordance with the legal regulations applicable, particularly article 228-II of the French Commercial Code, the Company has the right to obtain at any time from the central securities depositary in charge of the Company's share issue account the name, or corporate name in the case of a corporate shareholder, nationality, date of birth or formation and address of holders of securities carrying immediate or deferred voting rights at its own General Meetings, together with the number of securities held by each of them and the restrictions, if any, that may apply to those securities.

(1) Powers of the Supervisory Board, paragraph 2 in section 8.2.3 on the appointment or re-appointment of any Managing Partner.

8.3 MAJOR CONTRACTS AFR

8.3.1 MAJOR CONTRACTS BINDING THE GROUP

In the two years immediately preceding publication of this Reference Document, the Company signed the following major contracts (other than those entered into in the normal course of business):

SALE OF THE STAKE IN EADS NV (UNDER THE COMMERCIAL NAME AIRBUS GROUP SINCE 2 JANUARY 2014)

With an indirect stake of 7.39% in the share capital at 31 December 2012, the Lagardère group had joint control of EADS NV.

Following a series of transactions carried out in coordination with the other joint shareholders to prevent the simultaneous sales of large blocks of shares from impacting the market, Lagardère sold its entire interest for €2,283 million (€37.35 per share) through Sogeade SCA on 12 April 2013 by means of private placements through accelerated bookbuilding with qualified investors. EADS NV contributed €500 million to this placement at the order book price.

The Lagardère group no longer owns any interest in EADS NV.

The Lagardère group completed the sale process with a series of internal restructuring operations. As a result, Sogeade SCA was absorbed by Lagardère SCA on 16 May 2013 and Sogeade Gérance was dissolved without liquidation on 5 October 2013.

That process marked the Lagardère group's full exit from the capital of EADS NV, which was the original intention when EADS NV was set up. However, in the meantime, the Lagardère group wanted to use its controlling interest to develop the asset's long-term value. This goal was expressed in the €1,823 million net gain generated by the sale (after tax and disposal costs).

Over the period from the inception of EADS NV in July 2000 to its sale, Lagardère played an active role as controlling shareholder, guiding EADS NV through the critical initial phase as its activities were consolidated. The new standards-compliant governance of EADS NV will give it a fresh edge in its development while maintaining the overarching objective held by its founders, which was to turn EADS NV into a company that is financially sound and innovative in cutting-edge civil and military aviation technologies and that would symbolise successful European integration.

SALE BY THE LAGARDÈRE GROUP OF ITS 25% STAKE IN THE AMAURY GROUP, FOR AN AMOUNT OF €91.4 MILLION

On 23 May 2013, the Lagardère group sold its stake of nearly 25% in Les Éditions P. Amaury, the holding company of the Amaury group (media and organisation of sports events), for a total price of €91.4 million.

This disposal took place via a capital reduction carried out by Les Éditions P. Amaury through the buyback of its own shares from the Lagardère group.

SALE OF THE 20% STAKE IN CANAL+ FRANCE

On 5 November 2013, the Lagardère group sold its 20% interest in the share capital of Canal+ France, which it had held since 4 January 2007, to Vivendi, for a cash amount of €1,020,000,000.

ACQUISITION BY AELIA SAS, A SUBSIDIARY OF LAGARDÈRE SERVICES, OF AN OPERATOR OF RETAIL STORES IN AMSTERDAM'S SCHIPHOL AIRPORT

On 3 January 2014, Aelia SAS, a subsidiary of Lagardère Services, acquired all of the shares of Gerzon Holding, becoming the operator of 12 fashion and accessory stores in Amsterdam's Schiphol airport, Europe's fourth largest hub. In 2013, Gerzon Holding reported sales of €55 million.

This acquisition consolidates LS travel retail's position in the fast-growing duty free and luxury segment as well as its leading position in fashion travel retail in Europe.

LAGARDÈRE AND SAVE ENTER INTO A PARTNERSHIP AS REGARDS AIREST

On 16 April 2014, Lagardère Services acquired a 50% stake from SAVE in Airest (the remaining 50% is held by SAVE) which operates more than 200 sales outlets in 11 countries, including at Venice and Treviso airports.

The agreement provides for the future reorganisation of the Airest group through the demerger of the Italian and international activities from the Food Services and Travel Retail activities at Venice and Treviso airports.

Lagardère Services and SAVE will jointly control the two groups on a 50-50 basis.

For the Italian and international activities, the agreement provides for a put and call option (which can be exercised until 31 December 2016) on SAVE's 50% stake. However, the 50-50 partnership between Lagardère Services and SAVE at Venice and Treviso airports will remain in place, guaranteeing a long-term commitment to the joint industrial project of developing the Venice and Treviso Airport Food Services and Travel Retail activities.

SALE BY LAGARDÈRE ACTIVE OF TEN MAGAZINE PUBLISHING TITLES

As part of the strategic refocusing of its Press business, on 10 July 2014, Lagardère Active sold ten Magazine Publishing titles (*Be*, *Auto Moto*, *Union*, *Campagne Décoration*, *Maison & Travaux*, *Mon Jardin & Ma Maison*, *Le Journal de la Maison*, *Psychologies*, *Première* and the print version of *Pariscope*).

As a result:

- *Psychologies* (the print and online versions) joined the 4B Media consortium, equally held by four Belgian media conglomerates (Rossel group, Edition Ventures, Deficom group and Olidipoli);
- *Première* (the print and online versions) joined the Rossel group;
- *Be, Auto Moto*, *Union*, *Campagne Décoration*, *Maison & Travaux*, *Mon Jardin & Ma Maison*, *Le Journal de la Maison* and the print version of *Pariscope* joined listed group Reworld Media, which owns seven magazines in France, including *Marie-France* and *Télé Magazine*.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol AFR

DISPOSAL BY LAGARDÈRE SERVICES OF ITS SWISS PRESS DISTRIBUTION BUSINESSES

On 9 November 2014, Lagardère Services signed an agreement with a view to selling to Valora AG its 65% stake in Lagardère Services Distribution Suisse (LSDS), its Swiss Press Distribution and Integrated Retail subsidiary (180 sales outlets).

Under the terms of the agreement, Tamedia Publications romandes SA, a long-term shareholder in LSDS, also agreed to sell its 35% stake in LSDS.

The transaction was completed on 27 February 2015, and the consideration (enterprise value) received for the entire share capital of LSDS was €75,000,000 in addition to cash and cash equivalents less borrowings.

Lagardère Services retains the Duty Free and Fashion businesses in Switzerland.

This transaction represents a further step in Lagardère Services' plan to sell its Press Distribution and Integrated Retail activities.

8.3.2 CONTRACTS INVOLVING MAJOR COMMITMENTS FOR THE WHOLE GROUP

Lagardère and/or its subsidiaries have also entered into a certain number of major contracts (other than those entered into in the normal course of business) involving an obligation or major commitment for the whole Group. The contracts concerned are the financing contracts referred to in Chapter 6, in note 28 to the consolidated financial statements for 2014, particularly the following:

- on 26 January 2011, Lagardère SCA signed a new multi-currency syndicated loan for €1,645 million, which replaced the 2005 syndicated loan of €2,200 million due to mature in 2012 and signed by Lagardère SCA on 22 June 2005. The new loan is for a five-year term and bears interest at the Euribor rate (or equivalent for other currencies), plus an initial margin of 0.90%;
- on 31 October 2012, Lagardère SCA carried out a five-year €500 million bond issue on the Luxembourg Stock Exchange regulated market. The bonds are redeemable in 2017 and pay an annual coupon of 4.125%;
- on 10 September 2014, Lagardère SCA carried out a five-year €500 million bond issue on the Luxembourg Stock Exchange regulated market. The bonds are redeemable in 2019 and pay an annual coupon of 2%.

8.4 REAL ESTATE PROPERTY

The total net value of property, plant and equipment belonging to the Lagardère group is €840 million.

This includes the gross value of land (€240 million) and buildings (€500 million). The net book value of land and buildings is €414 million, i.e., approximately 5.51% of the balance sheet total, and includes two properties with net book value of €95 million at 31 December 2014, rented to third parties (in France and Spain).

In view of the nature of the Group's business activities, the value represented by real estate property is not significant.

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RECENT DEVELOPMENTS AND OUTLOOK

Items appearing in the Annual Financial Report are cross-referenced with the following symbol AFR

9.1 RECENT DEVELOPMENTS (SINCE 1 JANUARY 2015) AFR

9.1.1 SIGNIFICANT EVENTS

9.1.1.1 LAGARDÈRE SELLS ITS DEUTSCHE TELEKOM SHARES

The Lagardère group announces the forward sale of the 2,836,835 Deutsche Telekom shares that it had held since the transfer of Club Internet to T-Online International in early 2000. T-Online International was folded into Deutsche Telekom in 2006.

The sale will be effective in June 2016. In the meantime, the Lagardère group will continue to own the shares.

A pre-tax capital gain of about €21 million will be booked in the first half 2016 accounts.

The sale price is €45 million.

9.1.1.2 THE CONSTITUTIONAL COUNCIL'S DECISION REGARDING THE EADS INVESTIGATION

With regard to the action initiated against person or persons unknown as part of the investigation for insider trading in EADS shares (this case is described in greater detail in note 34 to the consolidated financial statements for the year ended 2014), the Court of Cassation (*Cour de Cassation*) referred the two priority preliminary rulings on the issue of constitutionality to the Constitutional Council (*Conseil Constitutionnel*). On 18 March 2015, the Constitutional Council declared unconstitutional the provisions of the French Monetary and Financial Code (*Code monétaire et financier*) which allow a person to be prosecuted twice for the same offence, at the initiative of the AMF for breaching insider trading regulations and for insider trading by a criminal court judge. In light of the fact that the AMF's Enforcement Committee concluded that there was no case against Lagardère SCA, the Paris criminal court is expected to terminate the criminal proceedings against the latter.

9.1.2 MAJOR CHANGES IN THE GROUP'S FINANCIAL AND COMMERCIAL POSITION

None.

9.1.3 TREND INFORMATION

A) LAGARDÈRE PUBLISHING

Business levels at the beginning of 2015 are up slightly on 2014, due mainly to the success of the *Cinquantes nuances de Grey* (Fifty Shades of Grey) series published in paperback.

Business during the first half of the year is traditionally lower than in the second half.

B) LAGARDÈRE SERVICES

The beginning of the year was boosted by upbeat momentum in Travel Retail on the back of good levels of passenger traffic. In contrast, LS distribution activities were hit by the decline in press sales.

Due to seasonal effects in the business, results are lower in the first half than in the second half of the year.

C) LAGARDÈRE ACTIVE

Future trends in advertising revenues remain unclear in the longer term, and the first quarter (especially January and February) is traditionally a "low" season.

Advertising revenue and magazine sales at the beginning of 2015 are in line with the previous year.

D) LAGARDÈRE UNLIMITED

As expected, business levels at the beginning of 2015 were up compared to those observed in 2014. This is mainly due to a favourable calendar boosted by the organisation of the Africa Cup of Nations.

9.2 OUTLOOK AFR

In 2015, Group recurring operating profit of fully consolidated companies (Media and other activities) is expected to increase by around 5% at constant exchange rates compared to 2014, excluding the potential disposal of LS distribution.

9.3 EARNINGS FORECAST AFR

None.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol AFR

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DOCUMENTS ON DISPLAY

The persons responsible for this Reference Document certify that during the validity of this Reference Document the following documents will be freely accessible on the Company's website (www.lagardere.com) in the "Investor Relations – Regulated Information" section:

- Annual financial reports/reference documents for the last five years;
- Interim financial reports for the last five years;
- Monthly information on the share capital and voting rights;
- Information on share buybacks;
- Description of share buyback programs;
- Annual General Meeting documents for the last five years;
- The latest version of the Company's Articles of Association.

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CROSS-REFERENCE TABLE FOR THE REFERENCE DOCUMENT

IN ACCORDANCE WITH ANNEX 1 OF EUROPEAN REGULATION NO. 809/2004

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* Refers to chapter and section numbers of the Reference Document.

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2014 Publications

2014-2015
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Corporate Brochure

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including the Annual Financial Report
2014

2014 Sustainable
Development Report
only available in electronic version

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containing these
publications
in English and French

These publications are also
available in French.

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