Report
by the Chairman of the Supervisory Board on Internal Control

Report by the Chairman of the Supervisory Board on the performance and organization of the Board's work and the internal oversight procedures implemented by the Company.

Introduction: Company objectives in terms of internal oversight procedures

This report is presented in accordance with the law. It describes (I) the manner in which the Supervisory Board carries out and organizes its work and (II) the internal oversight procedures instituted by Eurazeo.

The report on internal oversight, which became mandatory in 2003 under the French Financial Security Act, sets out the general internal oversight procedures employed by the Company and its subsidiaries, in accordance with the recommendations of the 2004, 2005 and 2006 AMF reports on corporate governance and internal control procedures.

The purpose of the internal oversight procedures in effect at the Company is:

- to ensure that management measures, the performance of transactions and the conduct of employees are consistent with the contents of the business guidelines issued by the governing bodies, applicable laws and regulations and the principles, standards and internal rules of the Company;
- to ascertain that the accounting, financial and management information provided to the Company's governing bodies consistently reflects its business and financial position.

One of the objectives of the internal oversight system is to prevent and control risks resulting from the Company's business and the risk of errors and fraud, especially in accounting and finance. As with all oversight systems, it cannot provide an absolute guarantee that such risks have been totally eliminated.

An analysis of risk exposure is also found elsewhere in the annual report.

The report was prepared in accordance with the guidelines contained in the manual of internal procedures and on the basis of a survey of the departments concerned.

Section 1. Preparation and organization of the Supervisory Board's work

The Supervisory Board permanently oversees the management of the Company by its Executive Board. Its members are leading personalities from various sectors of the economy. The Supervisory Board's bylaws set forth its operating rules, specifically addressing matters such as participation at Board meetings, the criteria for independent members, the holding of meetings, communications with Board members, prior authorizations by the Board for certain transactions, the establishment of committees, the compensation of Board members and ethics issues.

The Board performs the checks and controls it deems necessary at any time of the year and may request any documents it considers necessary in the performance of its duties.

The Supervisory Board meets as often as the Company's interest requires and at least once every quarter. The Supervisory Board met five times in 2006, and an average of 87 percent of its members attended the meetings.

The Executive Board submits a monthly report to the Chairman of the Supervisory Board covering developments in investment holdings, cash balances, transactions performed and the Company's debt, if any.

As required by the Company's bylaws, the Executive Board submits a report to the Supervisory Board at least once every quarter on the Company's principal management acts and decisions, including all information that the Board may require to be kept up to date on the Company's business, along with the quarterly or half-yearly financial statements.

Within a prescribed time limit following the end of each fiscal year, the Executive Board submits the company financial statements, consolidated financial statements and its report to the Shareholders' Meeting to the Supervisory Board for verification and review. The Supervisory Board reports its observations on the Executive Board's report and on the annual company and consolidated financial statements to the Shareholders' Meeting.

On May 5, 2004, the Supervisory Board reviewed the matter of outside Board members on the basis of criteria contained in the Bouton report and applied by the Board, disregarding the standard pertaining to seniority. The Supervisory Board also determined that holding a position with the parent company was a criterion which could no longer apply since Eurazeo's former parent corporation, Rue Impériale, had been dissolved. Consistent with previous decisions in this regard, a member of the Supervisory Board was deemed to be an independent member even though a member of the Eurazeo Executive Board had previously been a director of the company he heads.

The Supervisory Board has established three committees. Their duties and operating rules are set forth in their respective charters. Records are kept of all decisions of the three committees in the form of reports.

• The Finance Committee has five members, including one from outside the Company. It focuses on the oversight of the investment activity.

The committee's chairman is Michel David-Weill. Its other members are Jean Gandois, Jean Laurent and Marcel Roulet, as well as Bruno Roger, in his capacity as advisor to the Board.

The committee examines and issues opinions on all proposed transactions, measures or proposals before the Shareholders' Meeting that require the Supervisory Board's prior approval, by law or pursuant to the articles of incorporation and bylaws.

Finance committee meetings are called by its chairman whenever necessary. It may also convene at the request of the Chairman of the Supervisory Board or the Chairman of the Executive Board.

The Finance Committee met once in 2006.

• The Audit Committee has five members, four of whom are from outside the Company.

Its chairman is Didier Pfeiffer. Its other members are Jean Gandois, Richard Goblet d'Alviella, Jean-Pierre Richardson and Marcel Roulet.

The committee examines the annual and half-yearly company and consolidated financial statements before they are reviewed by the Supervisory Board. The Audit Committee participates in the selection of the Auditors of the Companies. It ascertains that the Auditors are independent, examines in their presence and validates their audit program, the results of their audits, their recommendations and their follow-up.

The Audit Committee is informed of the accounting rules applicable at the Company. Any problems that may arise from those rules are referred to it and it participates in decisions concerning their implementation. It examines all proposed changes in accounting systems or methods and keeps track of changes in the cash position.

The Executive Board or the Auditors report to the Audit Committee any event likely to expose the Company to a material risk. The Executive Board provides it with a half-yearly analysis of the risks to which the Company may be exposed.

The committee may ask that an internal or independent audit be performed in any area that it considers being within its purview. Whenever this occurs, its chairman promptly informs the Supervisory Board and the Executive Board thereof. It is informed of the internal audit procedures of each department.

Meetings of the Audit Committee are called by its chairman at least four times a year. It may also convene at the request of the Chairman of the Supervisory Board or the Chairman of the Executive Board.

The Audit Committee met four times in 2006.

The Audit Committee conducted a self-assessment in 2006, which yielded very positive findings.

In the course of the committee meetings called to examine the annual and half-yearly financial statements, the committee held discussions with members of the financial staff.

• The Compensation and Appointment Committee has three members, all of whom are independent members.

The Chairman of the Compensation and Appointment Committee is Jean Gandois and its other members are Alain Mérieux and Olivier Merveilleux du Vignaux.

This committee makes recommendations to the Supervisory Board concerning the compensation of its Chairman, Deputy Chairman and the members of the Executive Board, the amount of directors' fees submitted for approval to the Shareholders' Meeting and the grants of stock options and bonus shares to the members of the Executive Board.

The Compensation and Appointment Committee has adopted principles regarding the compensation and benefits of Executive Board members, including that they should receive fixed compensation as well as variable compensation based essentially on an assessment of the duties performed during the year. These principles were approved by the Supervisory Board. The variable portion of compensation paid to the Chairman of the Executive Board for 2006 was accordingly set by the Supervisory Board at its meeting of March 21, 2006, based in part on the attainment of targets and on the Company's overall performance.

The committee also makes recommendations on the appointment, reappointment and removal of Supervisory Board and Executive Board members. It receives information regarding the appointment and compensation of the Company's senior executives.

Meetings of the committee are called at least once a year by its Chairman. It may also convene at the request of the Chairman of the Supervisory Board or the Chairman of the Executive Board.

The Compensation and Appointment Committee met twice in 2006.

Section 2. Internal oversight procedures at Eurazeo and its subsidiaries

Internal oversight procedures are kept consistent with the risk exposure identified by the Company and specific to its line of business.

Eurazeo's principal business consists in the acquisition of equity interests in mostly unlisted companies.

The main risk to which the Company is exposed is that resulting from investing its own funds in equity or near equity, i.e. the risk that it may invest in companies that are not as profitable as anticipated by the investors.

The oversight procedures pertaining to the investment activity are designed to ensure that due diligence and care are used prior to making investments, that investment-making decisions are properly implemented in the case of each acquisition of equity, and that divestiture decisions are likewise duly carried out.

Other internal oversight procedures concern additional risks identified by the Company and described in the Executive Board's report:

• Financial market risks (stock exchange, currency, interest rates);
• Liquidity and debt risks;
• Labor relations risks;
• Environmental risks;
• Health risks.

Financial market risks are handled at the Executive Board level (for equity markets) and by the Cash Committee (currency and interest-rate markets). Liquidity and debt risks are handled at the Cash Committee level. Social and environmental risks related to investment holdings are the subject of due diligence procedures carried out before investment decisions are made.

Eurazeo complies with the Guidelines published by MEDEF and AFEP on December 10, 2003 (the "AFEP/MEDEF Guidelines") for reviewing procedures. The procedures are presented below by subject matter, with a review of (I) those applicable to the investment activity and (II) those pertaining to the Group's general performance.

I. Internal oversight procedures pertaining to the investment business

1. By the Supervisory Board

The transactions that require prior authorization by the Supervisory Board under the law and/or the Company's bylaws include some that pertain to the investment business, such as:

- the partial or full disposal of investment holdings;
- the appointment of one or more Company representatives to the boards of any French or foreign company in which the Company holds an ownership interest with a value of one hundred and seventy-five million euros (175,000,000 euros) or more;
- the acquisition of a new or additional ownership interest in any entity or company; any acquisition, exchange or disposal securities, property, receivables or securities involving an investment by the Company of more than one hundred and seventy-five million euros (175,000,000 euros);
- agreements regarding debt, financing or alliances, whenever the aggregate amount or amounts of the transaction or agreement exceeds one hundred and seventy-five million euros (175,000,000 euros).

The following items are taken into consideration for the purpose of the above limit of one hundred and seventy-five million euros (175,000,000 euros):

- the value of any investment by the Company, as reported in its books, either in the form of equity or near equity or in the form of shareholder loans or similar arrangements;
- debt and liabilities for which the Company has provided an express guarantee or agreed to stand surety. Other liabilities contracted by the subsidiary or holding entity concerned, or by an *ad hoc* acquisition entity, for which the Company has not expressly agreed to give a guarantee or stand surety, are not taken into account to determine whether the limit has been exceeded.

In addition, the Internal Rules of the Supervisory Board provide that, in emergency situations and between meetings of the Supervisory Board, the Chairman of the Supervisory Board may, if so authorized by the Supervisory Board and subject to a recommendation to that effect by the Finance Committee, authorize the Executive Board to carry out the above transactions, provided that they involve equity and debt of between one hundred and seventy-five million euros (175,000,000 euros) and three hundred and fifty million euros (350,000,000 euros).

The Supervisory Board has authorized the Executive Board to sell all or part of the Company's interests in entities and to dispose of buildings, provided that their value is less than one hundred and seventy-five million euros (175,000,000 euros).

Reports on the above transactions are prepared by the Executive Board and the investment team and submitted to the Supervisory Board's Finance Committee.

2. By the Executive Board and the Executive Committee

The Executive Board has five members. It meets at least once a month or as often as the Company's interest requires. Its decisions are made by consensus.

The Executive Committee is made up of the members of the Executive Board and two executives who are members of the Investment Committee. It meets weekly.

Between meetings of the Executive Board, the Executive Committee prepares the decisions to be made by the Executive Board and, if necessary, makes its own decisions regarding investments.

Minutes are prepared of Executive Board and Executive Committee meetings.

Decisions to invest are made by a consensus of the members of the Executive Board. The legal documents effecting decisions are signed by authorized executives (Chairman of the Executive Board, Chief Operating Officer or, under specific delegations of authority, a member of the Executive Board).

All business matters, such as new investments, the monitoring of existing investments or the disposal of holdings, are assigned to one or more Executive Board members, who see to it that decisions made or instructions given by the Executive Committee and the Executive Board are carried out by the staff. The members of the Executive Board concerned report to the Executive Board on developments regarding matters under their responsibility.

Decisions on measures aimed at enhancing the value of investment holdings are made by the Executive Board.

One or more members of the Executive Committee are generally appointed to the boards of companies in which the Company holds an equity interest.

3. By the Investment Committee

The Investment Committee is made up of members of the Executive Board, the investment team and the legal department. It meets once a week.

It operates by consensus and its objectives are to examine investment opportunities presented by the members of the investment team, discuss developments pertaining to pending investments and monitor the progress of investments made.

The decisions of the Investment Committee are recorded in meeting reports.

Each new investment opportunity is investigated by one or more members of the investment team in accordance with specific procedures and under the authority of one or more members of the Executive Committee. At various stages of the procedure, their analyses and conclusions are presented to the Investment Committee, which decides whether to continue examining the issue.

Developments concerning pending investments (the time period between the moment the decision to invest was made by the Executive Board and the actual closing of the transaction) and completed investments are also closely monitored by the Investment Committee.

4. Departments with authority for the internal oversight of the investment activity

The accounting department is in charge of preparing the financial statements. It is also responsible for compliance with internal procedures regarding Company expenses.

The treasury department is primarily in charge of (i) disbursing funds, including further to investment decisions, and (ii) investing cash balances and managing them.

The legal department helps the investment team analyze and carry out investment transactions and monitor the companies in which Eurazeo invests. It keeps records of agreements and other documents pertaining to investments and their legal aspects.

The manner in which the above departments interact is described under subsection II.3 on the oversight of the quality of financial and accounting information.

5. Internal oversight procedures at operating entities controlled by Eurazeo in 2006: Fraikin, Eutelsat, Rexel, B&B Hotels, ANF and Europcar

Operating companies in which Eurazeo holds an indirect interest have their own control procedures. The risks to which they are exposed from their respective activities in commercial vehicle leasing (Fraikin), satellite transmission (Eutelsat), wholesale distribution of electrical equipment (Rexel), budget hotels (B&B Hotels), real estate (ANF) and vehicle rentals (Europcar) differ from those of an investment company. Their internal oversight procedures must therefore be adapted accordingly.

Internal control procedures at those companies are briefly summarized below, in accordance with the recommendations of the AMF's 2004 and 2005 reports on corporate governance and internal control. These companies are responsible for preparing and presenting their financial information. Under Act 2005-842 of July 26, 2005 on investor confidence and the modernization of the economy, privately-held companies are no longer required to prepare a report on internal oversight. Eutelsat, ANF and Rexel are required to issue reports. The other companies in which Eurazeo has an interest continue to apply internal oversight procedures, even though they are not required to file a report on those procedures.

At Fraikin, there is a set of internal oversight procedures for the investing activity and another for the company's operational activities. The former procedures closely resemble those in effect at Eurazeo. Certain decisions require prior approval by the Supervisory Board. Control over the group's operations includes procedures regarding contracts and agreements to purchase vehicles (sales are handled at the central corporate level).

During 2006, the Internal Audit Department initiated a new audit procedure for branches in France and published a management guidebook with all of the steps, processes and rules applicable to the recognition of charges and revenue in the operating accounts of the profit centers.

At Eutelsat, existing procedures are designed with three objectives in mind. First, operating procedures seek to protect the integrity and continued operation of the satellite system. Procedures also exist to ensure that management decisions are consistent with guidelines set by the internal bodies and with the law. Finally, other procedures are used to ascertain that the accounting, financial and management information provided to the governing bodies give a true image of the company's business and financial position.

The approach used at Rexel is based on the COSO (Committee of Sponsoring Organisations of the Treadway Commission) guidelines and is consistent with the local AMF/IFACI policies (published in May 2006). Rexel treats internal oversight as an ongoing corporate process that contributes to the management of risks, productivity of operations and efficient use of resources.

The corporate Internal Audit Department draws up inventories of risks, assesses their critical nature and identifies existing measures aimed at limiting their impact.

These inventories, which are used for the purpose of both identifying and monitoring risks, are complemented by interviews with Senior Management and the Executive Committee.

The Internal Audit Department has also designed an internal oversight procedure that serves as a common foundation and must be implemented by regional offices and the subsidiaries under their authority. If necessary, additional measures must be taken at the local level to supplement those procedures. The entire system is described in an instruction manual for internal control, which sets forth the fundamental risk management and internal oversight procedures at each of the principal operating levels. The procedures must be complied with and incorporated in the operating processes.

For example, the manual lists about 800 controls for a given operating subsidiary, covering the following processes:

- strategic processes: acquisitions and expansion, governance, communications;
- operational processes: sales, purchases and logistics;
- support processes: information systems, human resources, financial reporting and accounting, taxes, legal affairs, real estate and insurance.

Additional detailed procedures are included in the manual for certain processes (human resources, consolidation and financial reporting).

Rexel is currently in the process of improving its internal oversight. In this connection, the management of subsidiaries has been asked to assess how each of them complies with the instruction manual and the improvement plans. These self-assessments are shared with the Executive Committee and with operating and line management and help increase the awareness of the internal control staff, in addition to serving as an evaluation tool. Measures are planned and implemented by the management of each subsidiary and, if necessary, corporate line and operating management may contribute expertise and help coordinate projects and report on best practices.

At B&B Hotels, there is an authorization procedure for the annual land and building purchase budget. The management audit department ascertains that spending is consistent with appropriations. Procedures exist to ensure that the data provided by each hotel is accurate and that accounting, financial and business information reported to corporate management is consistent with the company's operations and performance.

At Europcar, internal oversight procedures applicable to the investment activity are similar to those in effect at Eurazeo. Certain decisions, including by subsidiaries, require prior approval by the Board of Directors. The Board has also established an Audit Committee, an Appointment and Compensation Committee and a Strategy Committee.

Procedures pertaining to operations include those applicable to contracts and vehicle purchases. Procedures exist to ensure that management decisions are consistent with guidelines set by the internal bodies and comply with applicable regulations. All contracts entered into with manufacturers or other companies must be validated by the legal department before they are executed. Procedures also exist to ensure that legal, accounting, financial and management information reported to the governing bodies is consistent with the company's business and accurately reflects its position.

Lastly, the Internal Audit Department, the duties of which are set and approved by the Audit Committee, performs audits on a regular basis at both subsidiaries and franchise operations. Action plans are implemented following each audit, on the basis of recommendations issued.

Internal oversight procedures used at ANF are set forth in the report of the Chairman of the Supervisory Board on internal control.

Three committees were established in connection with the transfer by Eurazeo of its independent division to ANF: an Audit Committee, a Properties Committee and a Compensation Committee.

The Supervisory Board's authorization is required for all significant purchases and disposals of properties as well as borrowings.

Certain other transactions not directly related to property purchases or disposals or to the incurring of debt may also be subject to prior approval by the Supervisory Board.

ANF continued to improve its internal control procedures in 2006, notably by reallocating decision-making authority (including by separating the contracting and construction function from the payment function) and adopting formal procedures relating to the placing of orders with suppliers and devising a system for monitoring anticipated and actual returns from investments (construction projects or renovations). All departments concerned (construction, oversight, marketing, accounting and senior management) are thus involved prior to the start, during the course and after the completion of projects.

II. Oversight procedures pertaining to the general operation of the Group

1. By the Supervisory Board

Rules in effect at Eurazeo provide that certain decisions, not specifically related to the investment business but which concern the Company's organization, must be approved by the Supervisory Board. They include:

- proposals to the Shareholders' Meeting to amend the Company's articles of incorporation and bylaws;
- any decision that could result, immediately or in the future, in a capital increase or reduction by means of an equity issue or the retirement of shares;
- the establishment of stock option plans and the granting of options for new or existing shares of the Company;
- proposals to the Shareholders' Meeting regarding stock buyback programs;
- proposals to the Shareholders' Meeting regarding the allocation of earnings and the distribution of dividends or interim dividends.

The Audit Committee and the Compensation and Appointment Committee examine issues under their specific purview.

2. By the Executive Board and the Executive Committee

All issues concerning the life of the Company are dealt with by consensus within the Executive Board or the Executive Committee. If necessary, a member of the Executive Board is appointed to look after a specific matter and ensure that decisions made or instructions given by the Executive Board are implemented by the department or departments concerned.

In the period between meetings of the Executive Board, the Executive Committee makes decisions regarding all matters pertaining to the business of the Company and prepares the decisions of the Executive Board.

3. By the departments

A Eurazeo employee who is not a member of the Executive Board has been assigned the role of part-time internal auditor by the Executive Board and is also in charge of corporate ethics issues.

The procedures applicable to various operations are detailed in a manual. The internal auditor is responsible for ensuring that those procedures are complied with.

This report covers only the most significant procedures. The manual also includes information on procedures concerning the data processing system, building security and employee fringe benefits.

a) Internal oversight of the preparation and treatment of financial and accounting information

- Oversight of the quality of financial and accounting information

Most of the important financial and accounting information has to do with the investment business. The interaction between the various departments provides oversight of this information.

Whenever an investment is made, the treasury department makes the corresponding disbursements on the basis of documents signed by authorized persons. Transaction notices are forwarded to the accounting department.

Financial and accounting information concerning completed investments is provided to the accounting department by the investment team and the legal department.

The accounting department verifies the information provided to it by comparing it with the corresponding legal and accounting documents.

Audit Committees are set up at all majority-owned subsidiaries, and they include in every instance a member representing Eurazeo.

A monthly report is also prepared by the treasury department that includes the information supplied to it by the investment team regarding each individual investment.

Other financial and accounting information concerns the investment of cash balances and expenses. Specific reporting procedures and the interaction between the treasury and accounting departments provide oversight of this information.

• Procedure applicable to the preparation of consolidated financial statements

When the annual and half-yearly financial statements are prepared, each subsidiary's consolidation report is reviewed by the Chief Accountant and the person in charge of consolidation, who ascertain, *inter alia*, that the accounting principles and methods have been duly applied.

All restatements and adjustment entries in the consolidated financial statements are examined both by the person in charge of consolidation and the Chief Accountant.

A general analysis of the financial statements is conducted by Eurazeo's Senior Management.

The process of reducing the time required to issue interim financial statements (two months from the end of the period, in place of the previous four months) is being overseen by a working party and by a steering committee, which has been meeting on a regular basis.

• Cash oversight

A Cash Committee consisting of two persons who are in charge of the daily management of Eurazeo's invested cash balances and three members of the Executive Board, including the Chief Operating Officer and the Chief Financial Officer, meets once a month, on the day before the monthly meeting of the Executive Board.

The investment of cash balances seeks to maximize returns in a manner that is consistent with the needs of the investment business and in accordance with strict prudential rules as well as the following principles:

- no equity risks;
- liquidity of investments and diversification of investments.

Rules are implemented to protect investments from interest-rate and counterparty risks. These rules include provisions concerning the selection of banks and issuers, the nature of authorized investments and the management of foreign currencies. They also cover the duration of placements.

Weekly reports with information about risk exposure are provided to the Chief Operating Officer and the Chief Financial Officer. Cash balances are monitored on a daily basis.

• Procedure concerning the inventory and monitoring of off-balance-sheet commitments

All agreements entered into by Eurazeo are submitted to its legal department, which makes an inventory of the commitments resulting from them.

The legal and accounting departments make comparative analyses of the information they receive and jointly prepare a list of off-balance-sheet commitments.

As required by law, the bylaws provide that the creation of security interests as well as the granting of sureties, endorsements and guarantees must be authorized by the Supervisory Board. At its meeting of March 21, 2006, the Supervisory Board granted authority to the Executive Board, for a period of one year, to create security interests of up to one hundred and seventy five million euros (175,000,000 euros) and to grant sureties, endorsements and guarantees for up to one hundred and seventy five million euros (175,000,000 euros) in aggregate and one hundred million euros (100,000,000 euros) per transaction. The legal department monitors the use made of the authority granted.

b) Organization of the internal oversight of commitments made by the Company

• Oversight of commitments made by the Company and delegations of authority - Oversight of expenses - Authorized bank signatures

Contracts and other documents entailing a commitment by the Company may be signed only by the Chairman of the Executive Board or the Chief Operating Officer, unless authority to do so has been delegated. They are subject to prior reviews by either the legal department or the Executive Board member in charge of the matter.

In certain instances, authority may be specifically delegated by the Chairman of the Executive Board or the Chief Operating Officer to the Executive Board member in charge of the matter for the purpose of executing agreements pertaining to an investment.

The legal department reviews and keeps records of agreements. Management databases exist for certain agreements of a recurrent nature (i.e. confidentiality agreements).

The incurring and settlement of expenses are subject to specific procedures (approval by the department executive having incurred the expense, verification by the Chief Accountant on the basis of the original invoice).

The Chairman of the Executive Board has unlimited signing authority. The Chief Operating Officer and the Chief Financial Officer have limited signing authority and the joint signatures of the Chief Operating Officer and another member of the Executive Board are required for amounts above those limits.

• Corporate ethics

The Company's internal regulations require that employees comply with certain rules concerning, *inter alia*, the integrity of financial markets (obligation to refrain from trading, secrecy, registration of Eurazeo shares held, etc.), gifts and gratuities received from outsiders and confidentiality.

All employees also receive a memorandum outlining the legal provisions governing breaches of stock market regulations (insider trading, unlawful disclosure of privileged information, price manipulation, etc.), with detailed information on legal and ethical rules that all company employees must comply with. Employees are reminded, among other things, that they may not engage or assist in transactions of any nature whatsoever that may be considered to interfere with the normal operations of the market and that, in addition to obeying the law, they must make every effort to conduct themselves at all times in a manner above suspicion.

At its meeting of December 7, 2004, the Supervisory Board adopted a securities trading code of conduct with rules pertaining to the trading in Eurazeo shares by Executive Board members and Supervisory Board members and advisors.

Pursuant to a decision made at the first meeting of the Executive Committee (in May 2002), the members of the Executive Committee who are also officers of Eurazeo portfolio companies are not entitled to receive directors' fees in connection with such appointments and the fees are instead paid directly to Eurazeo.

The list of positions held by these persons is kept up to date by the legal department. In addition to ensuring that officers are in compliance with rules setting limits on appointments, this also helps avoid incompatibilities between positions held by members of the Eurazeo Executive Board and their positions in companies in which Eurazeo has an ownership interest.

4. By the holding entities

Wholly-owned subsidiaries of the Group follow the same policies as those adopted by Eurazeo in terms of internal oversight.

In addition, some of the procedures have been made more specific. For example, during fiscal 2004, the Eurazeo entities operating in Luxembourg were all relocated at the premises of Eurazeo Services Lux, which had obtained permission from the local authorities to do so.

The procedures that must be followed when those entities wish to make legal commitments have been clearly spelled out. In addition, Eurazeo's chief accountant and chief legal counsel, who are part-time employees of Eurazeo Services Lux, spend several days a month in Luxembourg to supervise the activities of those entities.

Conclusion: Evolution and prospects

Special attention was given to the matter of internal control procedures during 2006.

The internal auditors made certain verifications and reported to the Audit Committee of September 25, 2006. The Committee has focused in particular on a new review of the financial reporting procedures, in view of the legal documents pertaining to the main investments made between January 1, 2005 and September 2006, a re-examination of the procedure used to identify off-balance-sheet commitments and the implementation of a software application to improve the monitoring of holding entities.

The Internal Audit Department's 2007 program was submitted to the Audit Committee on December 11, 2006.

There was no reported internal control failure or serious shortcoming.