

MAGAZINE



A creative customer-value company



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PHILIPPE LEMOINE, Chairman and CEO

Transformation



The global economy is at the centre of a true maelstrom. Nobody can say whether it is a cyclical crisis or a more profound transformation.

In the retail and credit sectors, however, it is likely that we are facing a transformation. In the United States, the landscape is changing fundamentally: by the end of May 2009, unemployment had reached 9%, and the savings rate had risen to nearly 7%. Where has the preference for consumerism gone? Where has the habit of living on credit gone? A number of professionals throughout the world consider that nothing will ever be as it was before. Three years ago, LaSer had decided to give up the status of a consumer credit specialised organisation by placing credit in the broader spectrum of useful tools and services for creative customer relations management. From winter 2007-2008, we began to speed up the change by seeking a better balance of credit activities and marketing services. In June 2008, LaSer established a new organisation for this purpose.

Beyond the major strategic decisions, our intuition is that those who will get through this maelstrom best are the hybrid, innovative players. With its dual tradition of credit activities and marketing activities, with its dual body of shareholders - banking and commercial -

LaSer has many assets to become one of these dynamic players of tomorrow.

Yet we must be clear about what works and what does not.

The crisis reveals everyone's weaknesses. Regarding LaSer, the mix of our two genetics has not always been the right one. To paint a picture, perhaps we were too financial in the products that we sold, sometimes more profitable than actually suited to our customers. And perhaps we were too commercial in our back offices by giving priority to development over maximum risk control. In 2008, we saw a net increase in unpaid debt, limited to certain countries in the first half of the year and more generalised by the second half.

In 2009, this trend is continuing and is jeopardising our profitability. As statutory rules in France are undergoing significant changes, we have decided to revisit the conditions for the success of our strategy. A transformation plan will be implemented in the summer. The issue is now being more of a banker in our internal organisation and more sales-oriented and innovative in all that we offer to the end customer. It is under this condition that we will emerge stronger from the current period of transformation!

MICHEL PHILIPPIN, Chief Executive

Taking action FOR TOMORROW



- Taking action to improve our operational capacity in all fields; taking action to change our processes to be closer to the wishes of our customers and partners; taking action to be more agile by reducing our costs even more and by developing more controlled, faster channels.
- Taking action to become customer demand chain leaders in Europe by offering services that cover the entire customer relations component to our partners, thus strengthening our distribution-oriented activities, which must remain our field of preference and special expertise.
- Taking action to make our credit offering evolve; taking action to adapt to the change that this harsh crisis will bring, particularly in having a transparent, fair and calm dialogue with responsible consumers.

Action and the will to move forward have always been key growth factors for our Group, which has managed to make very strong progress in 20 years for its shareholders and its employees. The crisis has not affected this spirit that made us what we are and that will allow us to emerge from this turbulent period stronger, more developed, and more balanced.

We are now immersed in an environment that very few people had imagined in early 2008, and today no one knows exactly what the future holds for us. The experts have become wiser in their allegations, and the governments that have taken many measures to deal with this major crisis are reduced to expressing desires rather than precisely defining a future impossible to measure.

Considering the influence of credit in all of its activities, our Group is particularly affected by the consequences of the crisis, since we provided funds to a good number of consumers “pre-crisis” whom we will no longer fund “post-crisis”. Faced with this situation, our only position is more action than before, better than before:

- Taking action in the field of risk; taking action to find the best solutions for our customers experiencing difficulties; taking action to offer a balanced range of credit products, taking into account their financial capacity and the nature of their needs more closely.



LaSer EUROPEAN PLAYER IN INTERMEDIATION AND CUSTOMER RELATION SERVICES

LaSer's comprehensive vision of the entire customer relationship process encompasses payment cards, credit cards (LaSer Cofinoga), loyalty cards and customer relationship management (LaSer Loyalty). LaSer is equally owned by the Galeries Lafayette Group and BNP Paribas Personal Finance. LaSer is the leading proprietary card company in Europe with 10 million customers as well as the top provider of loyalty programmes in France, particularly through its role in the S'Miles® alliance. Located in Europe, LaSer employs more than 10,000 people and generated turnover of more than €2 billion in 2008.

VISION

For several years, LaSer has defined itself as a creative company, committed to creating value by developing the customer capital of its partners. Its model integrates consumer credit, but the chosen positioning is not that of a “consumer credit organisation”.

The current crisis, started in the United States, where most personal credit is concentrated, has brought about a profound transformation in credit businesses everywhere. This has led to a clarification of the choices previously made by LaSer.

Upstream of our corporate vision, it is becoming necessary to specify our vision of what the economy and society are becoming in this current period of change.

Hub vision

A GLOBAL CHANGE

Rather than speaking of a crisis promising a return to a *status quo ante*, currently we should speak of a global change in our economies, our approach to value, as well as the expression of our desires.

All consumption mechanisms are currently being affected and modified. What is a product and is it needed? What meaning does it have? Exactly what does it mean to consume? Both the power to purchase and the desire to purchase are changing.

Interactions among the various economic players are becoming so intense, so complex, that it seems that everywhere relationships determine the nature and the value of marketable goods - and no longer the reverse. Rather than reasoning between institutions of the offering (brands and chains) and major demand categories, the new overlapping of the physical and digital worlds requires us, in all areas of commerce, to show “crossroads”, platforms for exchanges and interconnections increasing access capacities. It is a complex grid of hubs and networks that tends to make the difference between suppliers and buyers less and less relevant but defines the new locations of value creation.

Because LaSer has always been, in France then in Europe, at the heart of daily exchanges, through its financing products as with its analyses and its affinity tools, we must take action rather than suffer, offer even more rather than observe, and deeply support the emergence of a new era in our definition of the role of credit and the new uses of marketing and the understanding of needs.

It is the very fact that the current serious recession is deeply affecting the general capacities for forecasts based on exclusively consumerist analysis frameworks, now inefficient, that we must, more than ever, dare to develop a vision for the future.

In any case, everyone feels that the world that will emerge from this crisis will undoubtedly not return to a form of growth comparable to that of the period that ended once the financial crisis began. Although economic recovery initiatives must address the immediate urgent situations, particularly in order to regain the trust required to allow credit to function, it is essential that we bring about a transformation and profound change in our societies.

Our consumption behaviours are rapidly changing. The consumption habits of the French, as well as the form of their desires, had already changed considerably in recent years.

BIPOLARISED CONSUMPTION

On the one hand, there is a build-up in *low-cost* and all basic products. On the other hand, in all average spend figures, there is increasing significance of goods and services, giving access to ever more sophisticated forms of communication or experiences going beyond consumerism, particularly in terms of the relational and interactive functionalities involving physical goods and digital goods and defining unprecedented experiences. Little by little, we have gone from a mid-range focus, with few low-end products at the bottom, lots of relatively standardised products in the middle and few high-end products at the top, to an entirely different focus that is more like an hourglass. Only goods that have managed to find a form of radicalism, either in the simplicity of their offering or in the vision of the whole universe because they allow for new interactivity, have been able to stand out and widen the gap. On the one hand, there is much stronger identification by consumers of their practical needs. On the other hand, though, there is growing significance of products with a high relational component, fostering the development of all of the new practices and technologies of communications and interactions.

The current crisis requires us to go ever further and will undoubtedly bring a triple expectation greatly revitalising the organisation of our aspirations. Taken together, these three expectations and their requirements form the conditions of a true *new deal* for consumption.

REFOCUSING OF WEALTH

First expectation: consumers who want more legitimist products, more clearly expressing the core business of companies and brands. Particularly in France, with power in the distribution sector, which will be particularly attentive, for its own brands as in its referencing work, for this refocusing effort. Many companies will seek to focus the added value of their know-how on their main, historical core business and the legitimacy of their wealth. In marketing, as in finance, anything that resembles a “derivative” is likely to be seen more as an unnecessary excess than a significant innovation. In the avalanche of offers and product proposals, consumers will especially seek to identify what is a truly substantial new feature. They will seek not cosmetic innovation, but the new true standard of consumption, for which they will be willing to support the brand and maintain its presence in our collective history. To reinforce their identity, these historical brands must recall their fundamental role as a benchmark and their mission of thorough structuring of our needs, in a world of consumption that is increasingly subject to strict purchasing power trade-offs.

A VIEW OF COMMON GOODS

Second expectation, entirely new in its extent: all of the companies having a major impact on the collective life, the environment, our social model or our digital or interpersonal exchanges will attempt to show their capacity for harmonious insertion into the world around them. Their brands will want to demonstrate that the products and the company's model guarantee better access to our common goods.

This is true for the major energy industries as it is for companies whose activity has an impact on the environment. But it is also true for the most innovative brands in the digital economy. Our most essential common goods are defined both in relation to the *biosphere*, which must be preserved, and in relation to the *noosphere*, which aggregates all of the human networks allowing for increased exchange and communication capacities. In both cases, it is what is collective and what can be freely shared, requiring facilitated and increased access, that represent the essential attributes of these industries and these brands.

Beyond even all of the policies and guarantees on privacy protection or sustainable development, it is the capacity of businesses to offer products that, starting from their design phase, incorporate and correct all of their negative impacts on the ecological and social environment that will make the difference. Sustainable development and respect for individuals, which we are accustomed to seeing as values handled primarily by the business understood as an Institution, will then become qualities at the very heart of products and their purpose. Solely *corporate* communication and the implementation of actions offsetting the consumption's negative effects are no longer enough to define and to enrich the huge eco-design effort in which companies demanding added value are involved. From this standpoint, it is no longer the general behaviour of the business that will be considered, but the assessment and the impact of each of its products.

A very significant share of our economy is tending to become not an economy of purchases and consumption but an economy of *effectiveness* and increased access capacities. The most immediate qualities of goods and products will be equipped with a new dimension associated with their communication abilities and their capacities to enhance the perception of the scope of our common goods.

SINGULARISATION AND PRIVACY

Third expectation, also quite radical: consumers, increasingly informed and connected, are looking to participate in the product design itself and are becoming fully active. They are looking for products that leave enough room to include their own uniqueness and express their own creativity. They want to choose and design their own aspirations and are only buyers because they can also be designers.

Rather than a discourse constructed by targets, the relationship between the brands looking to be aspirational and their audiences must take the form of “hubs” or platforms allowing for all encounters, suggestions and contributions. Advertisers will be looking less to reach such isolated individuals, based on their decreasingly stable and meaningful socioprofessional categories, than to directly enter into a relationship with a network, a community and a feeling of belonging and common sensibility. The goal will be to promote the development of this social form open to all contributions.

Stronger singularisation of products and expression in the form of communities of tastes and aspirations go together and feed each other. Now fully claiming to be fans of their cultural inclinations, their leisure practices and their choices for some content or some fun or aesthetic universe, *prosumers* are seeking to compare them, evaluate them, discuss them and validate and modify their learning curve or their sponsorship capacities. The mission of the company and its brands, affirmation of a static identity, is instead becoming a role as purveyor, mediator or producer, promoting and distributing ever more unique, diverse, creative expressions, which are interpretations of its style and its world through its various communities of fans. Its main purpose is no longer emitting a unified, uniform signal, but guaranteeing a high level of appropriation by its various types of audiences.

A NEW CONCEPT OF ECONOMIC VALUE

Ultimately, it is everything that we mean by economic value that is currently being redefined. These three different dynamics, which interact with and complement each other, must undoubtedly be taken fully into account.

They are broad and play across all of society. But they also bring the opportunity to design our credit businesses as customer relationships on renewed bases. Earmarked for goods and purchases, credit will take a much more personalised form, linked more to project dynamics. Up to the individual level of the increase in self-entrepreneurship initiatives, which make the difference between personal income and professional wage income decreasingly relevant. It is more on the scale of whole life sequences rather than as a single response to a consumerist impulse that the very nature of credit will be able to regain meaning and economic and social usefulness. Very often a way to bring in cash, opening the door to all counteroffers, it is its ability to empower people taking on their own projects that will allow for its new measurement and new balance of risks like allowable investments. Because credit is, and will remain, the main form of circulation of economic time, the most practical, most effective way of achieving the future.

● Interfaces

Our concept of added value is giving increasing space to anything in a product or service, as in a business asset, that allows for different types of convergence between uses, functionalities and utility functions. Value is formed less and less by productivity within a business or a well-defined economic sector, focusing instead on crossovers, interfaces, horizontality and flexibility of operating in a network. These are the values of convergence, interoperability and cooperation that, in unprecedented forms of groupings and alliances (clusters, competitiveness centres, etc.), are the most effective forms of innovation.

This new face taken by the very form of businesses involves great difficulty in evaluating accounting and financial scopes of economic value and particularly the value of business assets. Tangible and depreciable, reflecting a major cycle of investment on a stabilised production capacity, the most important economic assets have instead become the expression of the quality of interfaces between the company and its environment of innovation: brand capital, customer capital and human capital have become prevailing realities. It is less the act of offering standardised finished products than the ability to put together expertise incorporating ever more individualised products and services that form added value.

● Impacts

The difference between industry, focused on the production of tangible products, and services, dedicated to more immaterial added value, is losing relevance. Everywhere there is an increase in sales through “packages” that put products, maintenance, personalised advice, support and monitoring together into a single commercial offering. We are moving largely from a world of relatively standardised products to markets of more individualised solutions. The main problem becomes successfully and harmoniously inserting commercial offerings into the life cycles of individuals. And, beyond this, controlling all of the impacts of production. Incorporating, at the very heart of the products, the issue of the range of all of their impacts: traceability of the various phases and intermediaries participating in their development upstream; and new capacities for recycling and social and environmental assessment downstream.

● Personality

In the perception that they have of themselves, in the definition of their own needs, consumers are increasingly moving beyond the broad socio-professional categories providing marketing professionals with an easily accessible common language based on market segments.

The markets are increasingly made up of groups of people who interact with each other, compare, inform, and publish their own assessments, opinions, suggestions and criticisms. Consumption is becoming an intense exercise in customisation, intensifying the issue of need with the issue of taste, expertise, tips, comparisons and information. The interactivity is not only digital: they profoundly change their social relationships and purchasing behaviours, which are becoming intimate, personal expressions.

BENCHMARKS AND ACTIONS

LaSer, thanks to its backing with two solid shareholders, its innovative positioning based on the use of information technologies, and its business line offering that covers all of the links in the customer relations chain, has significant assets to keep its benchmarks in a context where all models are being reconsidered, whether they are economic, financial or social.

Five themes make up LaSer's identifiers: Information and communication technologies / Data and marketing analyses / Innovation and freedom / Commitments and social partnerships / Emancipation credit.

INFORMATION AND COMMUNICATION TECHNOLOGIES

The high-speed growth of technology. The world of exchanges is headed towards more integration, miniaturisation and connections and therefore towards more transformed and open fields, which will result in a perpetual displacement of issues. All of the new forms of added values are thus moving towards interfaces and access capacities making it possible to take advantage of increasingly individualised choices and services.

The 10-year celebration of the Echangeur was the opportunity to dive back into the start of the technological transformation and the worlds of production, management and exchange.

E-COMMERCE DEALS THE CARDS AGAIN

The French have adopted e-commerce. With a 29% increase compared to 2007, e-commerce generated more than €20 billion in turnover in 2008. Today, more than 22 million French people make purchases online, i.e. 2.5 million additional cybershoppers. The number of merchant sites has followed the same staggering progression: 48,500 merchant sites, i.e. 30% more than in 2007.

The chains are refining their multi-channel strategies and investing in the Web. In certain sectors, more than 10% of purchases are made online. A source of information and a platform for exchanges thanks to Web 2.0, the Internet gives greater power to the consumer, who is becoming active, an adviser and a publisher and, above all, is doing more or more comparison between offers, prices and quality of services offered.

The expansion of e-commerce reveals new aspirations on the part of e-consumers, particularly the search for a “purchase comfort”, based on the time saved and the accessibility to online payment possibilities. The instantaneous nature of cybershopping is encouraging the use of online payment methods: instalment payments at no charge, free or paid credit. These abilities play a notable role in the transformation of online sales and constitute a true competitive lever.

• PAYPAL and LaSer Cofinoga working together for easy online payment

Paypal and LaSer Cofinoga have solidified their partnership to simplify their online payment solution. Since July 2008, eBay.fr, for example, has been offering its customers two payment methods through the Paypal system: either by traditional bank card or by Cofinoga card. With the Cofinoga card, the buyer can choose the payment terms: in cash at the end of the month, in three instalments or on credit. This agreement is a continuation of the one that has existed between LaSer and Paypal since 2007. It reinforces the commitment of the two companies to make e-payment simpler and smoother.

• LaSer Nederland supports the site modern.nl in its online financing offering.

Seeking to improve its customer relations, modern.nl, the 3rd largest Dutch online electronics distributor, has selected LaSer Nederland to establish an online financing service. The solution designed by LaSer Nederland is the first for the Dutch online “white and brown” market. In just a few clicks, customers receive a response to their credit application. If it is accepted, a contract is sent by e-mail.

• With LaSer, [the 24H00 card](http://www.24h00.fr) is making news in the world of e-commerce

Created in 2006, the site www.24h00.fr now has more than 2 million members and has rapidly become one of the top portals for *e-shoppers*. LaSer has been supporting 24h00.fr since 2007, when the site started to accept Cofinoga cards as a payment solution. In June 2008, this partnership entered a second phase, unprecedented in the e-commerce sector, with the launch by www.24h00.fr of its own payment card. This card was created as a result of a large marketing analysis conducted

LASER COFINOGA, E-COMMERCE PARTNER

- 12% of cybershoppers have a Cofinoga card, the first “network” card on the Internet.
- 1 online payment method out of 10 is attributed to Cofinoga or Médiatis.
- 60% of cybershoppers have made a purchase on a Cofinoga partner site
- 3 Cofinoga partner sites appear in the top 5 sites generating the most buyers.

by LaSer with 30,000 buyers. Designed both as a loyalty and recognition tool, it provides exclusive benefits to e-shoppers. It can be used in the 25,000 points of sale of the 80 chains in the Cofinoga network.

● **OPODO - LaSer Contact: Support as a key asset**

Today, more than one out of every two Internet users has visited an online travel site to book a trip. The sector showing the best performance in e-commerce (+ 20% in one year) was e-tourism, which is expected to represent nearly 20% of e-commerce in 2010. The Opodo/LaSer Contact partnership performed better in 2008 than the rest of the market thanks to a customer relations centre where 80 people are dedicated to providing advice and support. This platform rounds out Opodo's marketing and technical system in order to offer a "ready to travel" service to travellers in the future.

● **Supporting e-merchants: www.rueducommerce.com**

In February 2008, www.rueducommerce.com, one of the largest French merchant sites, established a partnership with LaSer Cofinoga to offer payment methods to all e-shoppers holding a Cofinoga card. These e-buyers also benefit from exclusive promotional offers and new services: insurance for delivery, breakage or theft of Web purchases, technical assistance, etc.

THE ECHANGEUR OR INNOVATION IN ALL ITS FORMS

During its tenth anniversary at the end of 2007, the Echangeur, LaSer's forward-looking entity, predicted a new break in the use of technologies, in economic models and in the involvement of individuals. A reference point in technological and marketing innovation, the Echangeur had adapted its thematic positioning to be consistent with its forward thinking. Four priority action areas have therefore been defined for 2008: web 2.0 and its various developments in both the company and society in general; users' desire to be constantly connected and the service opportunities that this opens up; new intuitive and immersive man/machine interfaces (real-time 3D, virtual reality, etc.); green technologies and the new activities that surround such developments.).

True to its method, which involves throwing light on the horizon through concrete demonstrations that stimulate the imagination, thematic renovation has resulted in new experiences grouped into six platforms: "Always connected", "Collaborative company", "Business & Intelligence", "Futures", "Trust" and "Customer experience". One third of the 130 demonstrations have been renewed, reflecting the quality of the relationships established with the Echangeur's hundred technological partners.

In 2008, the Echangeur's activity resulted in the arrival of a very large number of companies from all industry sectors: banks and insurance, trade, consulting and communications, industry, transport, utilities, etc.

In fact, to the various major retail players as well as small innovative companies, the Echangeur appears to be a true *cluster* or takes the form of a spirit of *co-opetition*, allowing for accelerated circulation of innovations.

The Echangeur is developing strong synergies with LaSer, such as the creation of a Showroom presenting the LaSer offering in the same manner as the Echangeur.

Club e², a club for brainstorming and discussion about innovation in technology, marketing and service launched by the Echangeur four years ago, counting the largest brands among its members, has continued to offer its monthly Meetings based on the technologies and marketing meeting. Some examples:

- "Anticipating and preparing for all of the transformations of the city and mobility" or how the Internet and networks support and accelerate urban transformations;
- "The law of content, the law of the container" around the issue: does digital convergence also mean convergence of uses, the "all on mobile"?
- "the revolution of on-board service in new store concepts", which base their appeal on a promotion and staging of the service;
- "From online credit to advertising, the new intermediations 2.0" or how new intermediaries call into question the traditional value chain of certain sectors;
- "When the virtual involves the real" with concrete illustrations of digital images and immersive interfaces;

In addition, 2008 was marked by two events:

- The monthly LSA magazine, in relation with the Echangeur, created an "Echangeur Part of LaSer" section on technological and marketing innovation in commerce and e-commerce.

- The Echangeur, in association with the CCIP, created the Echangeur PME to support very small and small to mid-size businesses in their innovation approach. The seven platform of the Echangeur network, the Echangeur PME is located at the Bourse de Commerce and operates on the same model as the Echangeur. From concrete illustrations, it aims to promote the adoption, by managers of very small and small to mid-size businesses, of new uses of information and communication technologies in order to improve the performance and competitiveness of their businesses.

Five regional Echangeurs complement the Echangeur network. Their common objective is to provide players in economic development, very small businesses and small to mid-size businesses and communities the vision and the understanding of ICTs, from concrete illustrations of their uses.

- The Echangeur Basse-Normandie opened a branch in Argentan (61) and contributed its expertise to the "Demat-Tech" Forum in May 2008 on the topic of dematerialisation.
- The Echangeur Bordeaux-Aquitaine was present at the "Numériglobe" in June 2008, a visio-conference day bringing together innovative companies and ICT experts from around the world.
- The Echangeur Haute-Normandie coordinated "the informal meetings of Normand e-merchants", a meeting format founded on exchanges and shared experience.
- The Echangeur Marseille-Provence was involved at the "TopTech" in October 2008; according to operational solutions to optimise the productivity of the companies thanks to the ICTs
- The Echangeur Nord-Pas de Calais coordinated workshops and conferences at "CongresNet 2008" in November 2008 around the *Thèmes des Technologies de l'Information et de la communication (TIC)* [Information and Communication Technology (ICT) Topics].

Agreements were made with other regional structures to cover the entire territory with relays of public actions directed towards very small and small to mid-size businesses. An association with the "La cantine" network is opening the Echangeur network to individuals and the development of "nano-entrepreneurship".

DATA AND MARKETING ANALYSIS

New efficient models are taking shape. They can process more data and go beyond simply analysing frequency and average purchase amounts. They are interested in types of purchases and the multi-channel behaviours of customers. This emergence allows for very fine segmentation analyses and the design of new courses of action. It is within these mechanics of progress that LaSer finds itself with the exploration of new fields of analysis from data: attitudinal (related to reported behaviours), geomarketing (characteristics of consumers according to where they live), or even in-depth analysis of shopping carts combining the activity of customers in the store and their methods of using the card, credit or associated services. LaSer's capacity to transform these data into information then translate this information into actions depends on the development of the customer portfolio of companies.

LASER LOYALTY HAS DEVELOPED LOYALTY WORKSHOPS, offering advice and support. Its ambition: To provide a strict, complete methodology to address the issues of the chains: What are their objectives in terms of ROI and impact on buying behaviour? What solutions can be put into place? This methodology is based on several areas: Identification of the issues, analysis of the competition, understanding of customer behaviour levers, setting of measurable objectives. By favouring the workshop format, LaSer is adopting an innovative approach for advising, based on exchange, the realities of the field and multi-disciplinary expertise. In 2008, prestigious chains used Loyalty Workshops: BHV, ORPI, PMU, ORCHESTRA, UNIBAIL, INTERSPORT, MAAF, etc.

CUSTOMER KNOWLEDGE AT THE HEART OF SOLUTIONS

5one, a company acquired by LaSer in 2007, ranks among the European leaders in customer marketing services. 5one does pioneering work in international retail commerce with a single approach, placing consumers at the centre of the distributor information and decision-making systems.

To be able to define consumer expectations as precisely as possible, 5one has developed the *Shopper Centre*, a suite of solutions for analysing consumer behaviour and using this information to benefit distributor marketing and commercial strategies.

As such, the *Shopper Centre* platform analyses the volumes of commercial transactions carried out and the information from loyalty programmes, vectors of valuable behavioural data for targeted segmentation. This "turn-key" segmentation is then used as a main platform by retailers and manufacturers to define effective strategies.

Encouraged by the repeated successes in the United Kingdom, 5one has made progress in Europe, particularly in Portugal with Sonae and in France with Marionnaud. Outside Europe, 5one has begun to penetrate the United States and South Africa.

● **5one-British Petroleum: a winning partnership**

Requiring a consistent approach for customer relations management on six different European markets, British Petroleum BP chose to fully outsource the management of its customer relations, its commercial activities and its relationships with its suppliers at 5one by adopting the *Shopper Centre* solution in its entirety. One of the triggers for this choice was the use of a first *Shopper Centre* module for understanding consumer behaviour in the face of various offerings, from fuel to the store. BP can thus identify the reasons for its customers' visits: fuel purchases, repairs, fast food, beverage purchases, etc. The approach was extended to convenience shops with phenomenal success, since they now have the most competitive food margins in the United Kingdom. This process was then deployed for BP's six main European markets, for which 5one has defined consumer "types", and helped BP to develop a targeted merchandising and communication strategy.

● **Game promotes its loyalty-building strategy**

Game, one of the largest computer and video game chains in the United Kingdom, turned to 5one to analyse the suitability of its loyalty strategy and to optimise the use of its customer data: a critical issue for the video game industry, whose customers are very loyal and receptive to benefits and always have their eyes riveted on new games. 5one defined three objectives. 1. Help the chain use the data obtained from the benefits programme in its decision-making processes. 2. Optimise the targeted marketing strategy with "customised" offerings. 3. Develop a customer action plan to identify and understand strategic customers after an analysis of their "history".

Today, 5one has defined eight customer segments for Game, including one, for example, corresponding to the profile of the gamer/student spending up to four or five hours per day in front of a game.

● **Clicks gets to know its customers better**

Clicks, a chain selling medications and cosmetics in South Africa, had a loyalty programme without true knowledge of its customers. The *Shopper Centre* solution allowed it to build targeted segmentation, developed from the analysis of behavioural data on its customers. The Clicks group can now claim better knowledge of its consumers and the establishment of targeted commercial and marketing strategies. With this success, 5one has approached several other chains.

THE ANALYSIS OF THE POINT OF SALE OR A NETWORK AT THE HEART OF COMMERCIAL STRATEGIES

A meeting place between a chain and its customer, the point of sale is at the heart of the coordination of customer relations. LaSer has developed an offering that makes it possible to optimise the loyalty strategies at points of sale by studying the manner in which the customer catchment area influences customer behaviour. Making the link between customer marketing and point-of-sale marketing, this methodology is based on three approaches:

1. The overall approach applied: The analysis focuses on a network of points of sale. Objective: to establish an overall vision for a better loyalty strategy in resonance with the network's activity.
2. The point-of-sale local approach: The action focuses on the point of sale, including the study of its geographic, socio-demographic and competitive environment – key elements for designing sales event plans differentiated according to the territories.
3. The store traffic approach: The analysis of till receipts or purchases by card-holding customers leads to better knowledge of how they spend and their circulation in the point of sale. The results are viewed across the plan of the store where the customer flows and the circulation zones are provided.

KNOWLEDGE OF THE ENVIRONMENT AT THE HEART OF THE STRATEGIC DYNAMIC

At a time when all of the models are reviewed, LaSer must go along with the in-depth economic and social transformations taking place and put them into perspective. Also, the existing system for monitoring, analysis and thought put into place many years ago is getting denser and is based on:

● newsletters

- *The OEIL LaSer* is devoted monitoring and analysing new acts of consumption. It allows new relationships between producers and consumers to be entered: original initiatives of the merchant world, new behaviours, new values, breaches of codes and discourses: signs that accompany the transformation of our company.

- *Decryptage* focuses on the emerging facts and the major trends in the area of commerce and technologies.

- *Vista Hebdo* deals with marketing and technological innovation in commerce and services.

● trade publications

- *Be Connected* is intended for LaSer's customers and prospects. This bilingual commercial information magazine presents the expertise, business areas and products of LaSer at the European level.

- *Audience* is dedicated to legal partners and is intended to enrich the debate between the legal world and social changes.

- "*Access Panel LaSer*" is an annual review of consumer behaviours in the areas of cards and credit. Produced in collaboration with Taylor Nelson Sofres for 16,000 homes, it gives rise to the performance of studies customised for the partners.

● study books

- *The Cahiers LaSer*, published by the Forum d'Action Modernité, is intended to contribute to the structuring of debates about the issues that emerge from interactions between technology, commerce and society.

● a societal analysis approach, Modernity ON/OFF

Since 2002, LaSer has been participating in analysing the nature of the emergence of new modernity. This project, initiated by Philippe Lemoine, aims to propel France into a renewed, desirable vision of the future.

A new step in this approach, the Forum d'action Modernité brings together companies capable of going beyond their traditional know-how (finance, marketing, technologies) by integrating a societal and cultural dimension through various economic and social commitments. Its initiative is organised around three actions: structuring of analysis through work groups (Technology, Economy, Society), coordination of the public debate (debate evening at the Théâtre du Rond-Point and the Echangeur, publication of notebooks, etc.), incentives for social and cultural innovation around companies with an incubator of initiatives and alliances. The Forum d'action Modernités is a multi-partner foundation, headed by Philippe Lemoine as Chairman and Edgar Morin as Honorary Chairman.

Two Modernity ON/OFF debate evenings organised at the Théâtre du Rond-Point marked 2008: *Modernité une fois ! Rire avec les Belges* in January 2008 and *L'impensé(e) 68* in June 2008.

Once a year, **THE LETTER BECOMES A BOOK**, published by Editions Descartes et Cie. It presents a summary decryption and a situational analysis of consumption and communication micro-acts "gleaned" during the last twelve months in the Oeil. François de Singly, a sociologist and professor at Université Paris Descartes, was the key witness of the 2008 edition entitled "Les nouveaux imaginaires du quotidien" ["The new everyday imaginations"], giving rise to new ways of thinking and living, offerings that are surprising and desirable through their incomparability, the arrival of a technology capable of modifying manners of communicating and consuming, etc.

INNOVATION AND FREEDOM

Universes and benchmarks are on the move. The borders between public space and private space and between merchant and non-merchant are more intertwined than ever. In this new context, the main issue is controlling this intertwining by maintaining territories of freedom. Innovation has a key role to play to find the right balance between the demand for customer knowledge by professionals and the desire for personal freedom.

CONCEPTS OF FREEDOM OF CHOICE

• The success of the prepaid offering.

The year 2008 confirmed the success of the prepaid offering, which makes it possible to combine budgetary control, an increase in the number of choices and the offering of packages of innovative services. A pioneer in this area, LaSer had designed in 2006, as a distributor brand, gift packs sold by Carrefour travel agencies. At the end of 2007, the group launched its own brand: **IdéesKDO®**: a product distinguished by the diversification of its offering (leisure, sports, gastronomy, cruises, etc.) and the enrichment of its distribution networks. Consumers appreciated the simplicity of the concept, its accessibility and the broad choice of universes offered. In 2008, LaSer reinforced its offensive and launched a new edition of packs: *Week-end - Parenthèse bien-être®*, *Week-end particulier®* and *Sensation extrême®*.

These prepaid solutions represent a new way for the chain to gain customers while strengthening its ties with them. Another advantage: this technology makes it possible to avoid valuing inventories before a purchase. In fact, the pack only has value once the payment is made. Above all, the technology of prepaid can be deployed in several forms of content and fully take on the logics necessary for the growth of personal services, which make up a future sector that can create jobs and new added value in the form of, for example, a customised offering based on the brand's colours.

The LaSer offering of prepaid packs has been integrated into several loyalty programmes (S'Miles, Galeries Lafayette, Monoprix, Marionnaud, and even Gaz de France).

Other major chains have chosen to distribute IdéesKDO® packs, particularly Voyages Carrefour, Galeries Lafayette, Pixmania, Quelle, Intersport, etc. At the end of 2008, the information site www.ideeskdo.com became an e-commerce site.

The gift card, originally developed in France by LaSer, is successfully continuing its surge in a booming market. It has become a popular instrument of players in the world of services and distribution by properly responding to the aspirations of freedom and choice for consumers. In 2008, LaSer developed gift cards for Marionnaud, Nature et Découvertes, Game, Intersport, etc.

• With S'Miles, sharing information creates value

It was in 2002 that the S'Miles® alliance was born; an unprecedented federation of loyalty programmes. Created at the initiative of LaSer, it brings together, within an Economic Interest Group, the Galeries Lafayette Group, Casino, SNCF and the Caisse d'Épargne. S'Miles® has opened the way to a new generation of loyalty programmes, the challenge of which was to make the pooling of information a new foundation for creating value.

Today, this sharing of information allows it to speak to a community of 18 million customers able to benefit from a common currency (S'Miles®) across 13,000 points of sale. This pooling makes it possible to conquer new customers thanks to inter-chain cross operations. The principle is simple: a single card from one of the partners is recognised and accumulates rewards in all of the other partner-chains, such as SNCF, the Galeries Lafayette, the Nouvelles Galeries, the BHV, Monoprix, the Cofinoga network chains, Géant hypermarkets, Casino supermarkets, Shell service stations and even branches of the Caisse d'Épargne. Customers therefore have more opportunities to earn S'Miles and receive gifts, vouchers or leisure offers. Management is done through a common information system. Each partner can then better understand the behaviours of so-called "circulating" customers and therefore better target its cross-selling operations. The originality of S'Miles is that it offers each partner a solution for acquiring customer knowledge in a plural environment and provides effective decision-making tools by guaranteeing each partner that the information delivered by the decision system is made anonymous. The S'Miles alliance confirms that the pooling of information has allowed these large groups to enhance their customer portfolio.

LASER'S GROWING IMPORTANCE IN MARKETING SERVICES through prepaid services was formalised in early 2008 through the acquisition of Kyrielles, a subsidiary of the Galeries Lafayette Group. Kyrielles is one of the key players on the French market. Kyrielles offers a variety of items in the area of prepaid: vouchers, cards and gift packs. Kyrielles is involved primarily in BtoB and particularly with work committees, local communities and companies. In a very competitive market, the primary objective of LaSer will be to significantly develop the notoriety of Kyrielles in B2B through new distinguished prepaid offerings.

A NEW INNOVATIVE LOYALTY APPROACH

Sustainable development, purchasing power, retirement, health... European brands are investing in societal fields. And the everyday concerns of the consumer now appear at the forefront of their loyalty programmes.

At the same time, consumers are controlling their interactions with the brands more. This evolution has created new uses and a previously unknown relationship between the brand and the consumer. As such, it is not rare to see consumers take control of part of the creative or product design process of a brand. Participatory marketing in which the customer becomes the designer is emerging.

Marketing Services must create a universe around a product or a brand making it possible to build a customer relationship that opens up very vast territories of content and advice.

• LaSer develops the new loyalty card for **Gaumont & Pathé cinemas**

Since July 2008, more than 60 Gaumont and Pathé cinemas have offered a loyalty programme. Customers must validate their cards at www.cinemasgaumontpathe.com. Customer service is then managed 100% by e-mail. This global solution was developed by LaSer Loyalty, including the manufacturing and coding of the cards, the establishment and management of the customer database and its Marketing steering. For the Gaumont & Pathé cinemas, it was essential for the solution to be global and completely outsourced to a loyalty expert capable of supporting the implementation of all of the steps from manufacturing the card to coordinating the programme.

TRANSFORMATION OF THE POINT OF SALE

Point-of-sale is at the heart of LaSer's offering. Whether a physical store or an online boutique, this is where the relationship between a brand or chain and its customers comes into play. From the greeting in the store to the actual purchase and check-out, the chain must do everything to accompany customers throughout their journey, lead the customer relationship and optimise the customer experience. This is all the truer given that the customer relationship is evolving at the same pace as new technologies. Portable check-out, smart terminals,

interactive displays, terminal-equipped shopping carts... there are many paths for establishing new interactions with the customer. The expertise of LaSer Symag makes it possible to offer a complete line, covering all of these new areas of involvement that currently disrupt the uses of points of sale: check-out, sales events, loyalty, brand steering, information management, as well as all of the new technologies adapted to the modernisation of the point of sale and the improvement of customer service. LaSer Symag acts as both publisher and integrator of innovative solutions for the point of sale. An action that also includes a vast field of associated services: consulting, development, deployment, training, start-up assistance, help desk, store assistance, hosting and maintenance of equipment.

At the end of 2008, Symag developed its offering with a completely unprecedented solution: a transaction platform called *Customer-Link Centre*, capable of multi-channel management of all transactions and relationships between the chain and its customers. The platform unites all sales as if they had been done with the same solution, regardless of the channel used (store, Web, mobile phone, private tele-network, etc.) and responds particularly to the need for centralisation of data of the integrated channels.

• **The Casino group** entrusts in-store customer activity to LaSer Symag.

A major partnership between the Casino and LaSer groups was established in July 2008. The partnership involves a complete overhaul of all of the customer activity tools of the Casino group, covering check-out, marketing and loyalty solutions. Laser Symag's software will be deployed in hypermarkets, supermarkets, local stores and cafeterias of the Casino group in France. In total, 6,600 terminals are involved so far. For the Casino group, the choice of centralisation and uniformity responds to the desire to reinforce the connection existing between the chain and the end-customer. The end-customer must be able to be identified and stimulated upon interacting with a channel of the chain: store, Web, contact centre or mobile phone. The software packages offered by LaSer Symag have the capacity to handle millions of transactions in real time with an expandable, sustainable approach. The solutions adopted today in France will be deployed in the future on all channels, particularly on the Web, and throughout the entire world, particularly in Southeast Asia and South America, where the Casino group is very well established.

A TOP-NOTCH PLAYER IN MARKETING SERVICES, LaSer is expanding in personal services by taking a 35% interest in the capital of Axéo Services. In doing so, LaSer is enriching its offering to its distributor partners with a complete, turnkey intermediation activity, allowing them to offer their end-customers services that will make their day-to-day life easier. For individuals, Axéo Services provides housework, gardening, DIY and childcare services and has been diversifying itself for a few months to offer a very complete line (reception, security, multimedia, senior assistance). Building on the success of its own branches, the Axéo network has expanded to more than 70 branches as of late 2008.

Combining all of the benefits of a traditional loyalty card and an easy, secure payment solution, the U Visa card complements the chain's range of loyalty tools. Aware of the new popularity of co-branding with consumers, Système U was attracted by LaSer Cofinoga's *all-in-one* solution, which combines loyalty, payment and data.

- **Payment adapted to customer profiles**

LaSer Nederland has devised a new dual solution for its partner **Media Markt** (one of the largest European distribution chains specialising in electronics, CDs and DVDs), allowing it to offer financing solutions adapted to the profiles of its customers. The first component of the solution involves a store credit card that targets customers with low to average incomes in stores. It facilitates purchasing for nearly 15,000 new customers per year. The second component is based on the Visa Holland card, dedicated to seven different customer groups with personalised benefits for their purchases throughout the world.

- **LaSer Cofinoga is strengthening its position in banking and insurance.**

To develop its bank offering of debt consolidation products, **Groupama Banque**, a subsidiary of the Groupama mutual group, chose LaSer Cofinoga as its partner in 2008. This agreement reinforces LaSer Cofinoga's position in the banking/insurance sector.

- **Brokerage: a personal relationship of trust**

For LaSer, credit is, in essence, a relational activity that thrives on exchange and trust. Financial brokerage plays a role as mediator between the individual and the financial institution. It is therefore what is at the centre of the relationship with the borrower and what makes it possible to establish a relationship of trust.

In France, Assurtis, born from the alliance between April Group and Médiatis, allows insurance and credit products to be distributed in the same point of sale by advising customers about the best way to manage their budget. At the end of 2008, the Assurtis network had sixty-seven franchises in all regions of France (compared to fifty at the end of 2007).

In Poland, with the 2006 acquisition of the Dom Finansowy QS network covering the entire territory, LaSer has established itself as one of the leaders in the brokerage market.

LASER NORDIC ACQUIRES 35% OF NORWAY'S LEADING CONSUMER CREDIT BROKER.

LaSer Cofinoga, already a leader in Denmark with EkspresBank, is continuing its expansion in Northern Europe to become a significant player in the consumer credit market in Scandinavia – Denmark, Finland, Norway and Sweden. The first achievement of this expansion strategy took place in April 2008 with LaSer's acquisition of a 35% equity interest in Aconto Capital, Norway's leading consumer credit broker.

FINANCIAL INNOVATION

The year 2008 saw strong innovation in payment cards with commerce and service businesses able, for the first time in France (since 1 October), to offer universal payment cards under their own brand, thus offering a package of customised affinity services. After launching one of the first co-branded cards with the Galeries Lafayette group, LaSer as developed other cards rich in marketing content with distributors and institutional partners.

- **Regliss card, a tool for young people**

In late 2008, SNCF started a prepaid, co-branded card intended for young people in partnership with the Banque Postale: a LaSer marketing offer.

With the Regliss card, the SNCF wanted to equip itself with a modern tool to strengthen its ties with its customers between the ages of 12 and 25. Primarily targeting customers ages 12 to 17, this bank card has the special feature of being prepaid and including services associated particularly with train travel. Sold in post offices and online, the Regliss card is ordered by a parent, who sets the loading limit. The card is turning out to be an instrument of independence and budgeting training with a freedom of use but within limits established by parents. And for its holder, the card combines the flexibility of use and freedom with online management and reloading. Accepted everywhere for purchases or cash withdrawals, the Regliss card combines the benefits of prepaid and co-branding. The associated marketing content contributes to strengthening the relationship with young people by providing them with benefits: Wi-Fi access in train stations, discounts for fashion, beauty, leisure, video games and more. LaSer manages the incentive and loyalty programme for the Regliss card and handles the negotiation and management of discounts/benefits as well as multi-channel customer service (interactive voice response, Internet portal).

- **Système U** launches a co-branded card with LaSer

In 2008, Système U signed a commercial agreement with LaSer Cofinoga to test its own card.

COMMITMENTS AND SOCIAL PARTNERSHIPS

For several years, LaSer has been building sustainable ties with players in the social and solidarity world like the Centres Communaux d'Action Sociale (CCAS) in Evreux, in Dunkerque, the France Active associations, the Secours Catholique, Cresus, Adie... Together, LaSer and its partners have the common ambition of grasping knowledge of the phenomenon of excessive debt, taking action to improve its prevention, and devising new practices to battle exclusion by supporting populations in a tenuous situation by opening up pathways to get out. From the start, LaSer obtained a guarantee from the French Social Cohesion Fund (FCS) and now funds personal or professional microlending through these associations.

In 2008, LaSer strengthened its commitments by signing numerous partnership agreements:

- with *Crédit Municipal de Paris*, to offer Parisians rejected for bank credit and Ile-de-France residents the possibility of using personal microlending. This mechanism, created at the initiative of the *Mairie de Paris* in partnership with the *Caisse des Dépôts et Consignations*, is based on associations and four financial institutions, including LaSer Cofinoga, which will issue the personal loans. After the repayment of the loan, granted at the prime rate of 4%, the Mairie de Paris will pay half of the incurred interest back to the borrower.

- with the *CCAS de Mérignac*, to establish microloans in the amount of €300 to €3,000, granted with a fixed rate of 4% without processing fees for a term of 6 to 36 months. These social loans are intended for any Mérignac resident in a tenuous situation: people excluded from banking, job seekers, people receiving benefits, any person who is a victim of a "life accident" that has resulted in a sudden drop in income.

- with *Mission Locale Technowest* in Aquitaine, to distribute microloans to any young person between the ages of 18 and 25 requiring funding for a project and residing in the territory of the local mission (Mérignac, St Jean d'Illac, Martignas sur Jalle, St Médard en Jalles, St Aubin du Médoc, Le Haillan, Le Taillan Médoc, Eysines, Le Bouscat, Bruges, Blanquefort, Parempuyre, Le Pian Médoc, Ludon Médoc, Macau, Labarde). Serving as professional and social integration tools, these microloans can be used to cover the cost of: a driving licence, a means of transport, training approved by a vocational integration partner, basic furniture or appliances when moving home, the purchase of essential study materials, etc.

- with the *CCAS of the commune of Saint-Caprais de Bordeaux* for the deployment of microloans, adapted to the commune's populations who are in precarious situations and those excluded from traditional banking.

- with *Familles en Isère*, to help families who are already in debt and in a precarious situation out of their difficulties through contractual "preferred" support, with the possibility of restructuring their debts and educational support for better management of their budget. The second component of this partnership is designed to help families gain access to personal microlending made available by LaSer Cofinoga.

- with *Crésus Alsace*, to support its pilot action of "raising apprentice awareness to economic and financial autonomy". This involves an educational programme of introductory conferences and workshops on the banking environment with Apprentice Training centres. This budget training action is also based on individual support for apprentices during their studies so that they can resolve their financial difficulties and open up access to personal microlending or an "apprentice loan" granted by LaSer Cofinoga,

Supporting individuals in a situation of exclusion, helping them regain their place both socially and professionally, and putting credit at the heart of a positive social and economic dynamic...this is the meaning that LaSer gives to its action in France and more widely in Europe.

SINCE 2006, LASER COFINOGA HAS OFFERED AN APPRENTICE LOAN. This initiative specifically targets a population still largely excluded from credit access in France. For young apprentices, this difficulty is all the more detrimental given that they must often bear expenses related to their training. This loan will allow them to, for example, make a deposit on their first home, buy a vehicle, or even purchase business equipment.

EMANCIPATION CREDIT

In this unstable economic and financial context, accentuated by the uncertainties resulting from the legislative reform of the operating framework for the credit business in France, LaSer is convinced more than ever that credit must be a personal lever for loosening constraints and not be seen as a trap that reinforces these constraints.

"Emancipation credit" is the name given to this reworked approach, and LaSer wishes to clear the paths of its development in France.

In all areas of consumption and social life, greater personalisation of aspirations and choices is occurring. Between the loan offerer and the loan applicant, there is a third factor, which is the notion of personal project, which cannot be reduced to a *scoring* of the applicant based on his or her income history or a budget allocation for purposes of acquiring a single capital good. The very significant development of self-entrepreneurship, for example, is a basic dynamic that tends to make personal and professional incomes converge.

Emancipation credit, particularly in the current unfavourable job market context, must be designed as a powerful economic tool for the incubation of initiatives to give substance to new dynamics for seeking additional or primary income. In the personal services sector as in the more qualified sector of the various forms of business advising, these are true productive investments that are in play, although most often they are in play at the individual level or at the very small business level.

This new concept of emancipation credit, in its products as in its distribution networks, must give greater attention to the notions of personal projects and support for the development of permitted investment. The offerer of emancipation credits must be able to build a relationship of trust over time with the various types of applicants, who,

as individual customers, become true partners, particularly in the new types of risk calculations involved in this greater consideration of the future.

This notion opens the path to several areas of thought.

1. Because consumer credit can open a pathway of financial and social emancipation, expanding access to the 40% of French people excluded from it is essential.
2. Because revolving credit now raises many issues, borrowers should be allowed to choose from among the various forms of credit depending on the nature of their needs.
3. Lastly, in order to reinforce the moral and legal responsibility of lenders, it is also essential to have tools capable of delivering objective, up-to-date information about the borrower's situation.

ALLOWING GREATER ACCESS TO CREDIT

The 40% of the population excluded from credit are the ones who need it most. However, personal microloans, a sector in which LaSer plays a leading role, cannot alone represent a sufficient solution to address this exclusion. In other European countries, the percentage of the population excluded from credit is less than 15%. Two major variables explain this French situation. Firstly: the mechanics of cap rates that prevent some households with riskier profiles from accessing credit that would best suit their true needs. Secondly: for lenders, the lack of objective information about the financial situation of borrowers. Better individual knowledge based on the introduction of risk assessment instruments could allow for increased access to responsible credit.

GIVING THE CHOICE FROM AMONG THE VARIOUS FORMS OF CREDIT

The offering of credit in France is structured around products designed to precisely meet needs:

- Specific-purpose loans for the purchase of specific goods.
- Classic personal loans to carry out a project.
- Lastly, revolving credit for the management of cash flow fluctuations.

Bringing up the notion of choice in the offering of credit sheds light on the current issues raised by revolving credit. It is clear that doesn't currently occupy the position for which it has the potential. This product, associated with payment cards and, since last year, bank cards, is the product that has emerged globally as the preferred solution for cash management. It allows people to deal with a temporary imbalance between expenses and available income. But today, 15% of French people only have access to revolving credit, as these households, presenting riskier profiles, do not have access to traditional personal loans. Thus, for the same need, there can be a difference of 10 points between the population that has access to classic loans and the population that only has access to revolving credit. It therefore appears necessary to review the rates used for traditional personal loans in order to open access back up to those who are excluded from them.

STRENGTHENING THE LENDER'S LEGAL RESPONSIBILITY

Better individual knowledge based on the introduction of risk assessment instruments could allow for increased access to responsible credit.

These various issues are at the heart of the legislative reform prepared by the public authorities with which LaSer held dialogues during 2008. The draft law is currently up for debate before the Parliament.

EFFECTIVENESS AND COMMITMENT

Given the view that the Group has of its markets and its environment, LaSer gave itself the means in 2008 to solidify its strategic ambition, enhance its commitment and redefine its scope.

The operational component of this thinking was materialised through a reorganisation of its functional areas, in better synchronisation with the fundamental traits of LaSer and its vision of the markets in which LaSer operates.

The second component, dedicated to the notion of Commitment, was materialised through the creation of the “LaSer initiatives solidaires” Foundation.

EFFECTIVENESS AND COMMITMENT

A NEW ORGANISATION TO SOLIDIFY A STRATEGIC AMBITION

To improve its capacities for actions in a new context, LaSer equipped itself in 2008 with a new organisation focusing on:

- The establishment of a European business organisation,
- The sustainability of the overall partner offering covering all of the links in the customer relations chain,
- The implementation of global development for Marketing Services businesses,
- The reinforcement of the direct channel and brokerage for the distribution of consumer credit,
- The consolidation of the supervisory bodies and their autonomy in accordance with the rules of the regulatory authorities.

This was materialised through the creation of two operational divisions, broken down into business units having their management and development means:

• LaSer Marketing & Financial Services, BtoBtoC

This division is dedicated to all activities intended for companies in France and abroad. It brings together Financial Services and Marketing Services to market the global offering.

- Financial Services correspond to the various financing solutions offered by the business partners to their customers. These operations are driven by LaSer Cofinoga.
- Marketing Services cover a wide range of trades: customer loyalty, affinity solutions, remote customer relations, cards, point-of-sale solutions. These operations are driven by LaSer Loyalty.

• LaSer Consumer Finance, BtoC

This division, present in France, Spain, Poland and Romania, is dedicated to financial solutions offered to the general public directly (particularly through the Internet) or through brokerage networks.

HUMAN RESOURCES: SUPPORTING THE TRANSFORMATION

Conducting relevant recruitment in view of the group's strategic targets, having accurate knowledge of employee potential, optimising careers and skills and adjusting the salary policy are challenges that contribute to the success of the company and that the human resources department must take up. In line with the group's operational reorganisation, the LaSer HRD conducted its own rotation to support it as effectively as possible. Accordingly, HR managers of entities or countries are now attached to a business unit operational manager whom they assist. Becoming true players in the division to which they now belong and involved in decision-making, these HR managers gain more autonomy, responsiveness and proximity.

A driver of consistency in the management of human resources of all of LaSer's activities, a Group HRD (in place of the old HRDs of each subsidiary) has been established, responsible for defining the HR policy and coordinating its implementation. As such, it must understand the specific business issues of the various business areas and countries, facilitate the adaptation of policies in the field, and promote communication within the network of the HR managers of the operational sectors.

The year 2008 saw relatively good performance, given the economic context observed in France and abroad.

In support of these two operational divisions, corporate branches and support functions, under the authority of the Strategy Committee*, provide their expertise transversely:

- The support functions include the Information Systems Division and the Prospective Studies, Products and Markets Division, distributing a collection of monitoring and marketing analysis tools.
- The corporate branches include the HRD, the General Secretariat and the Finance, Risk & External Growth Division.

Attached to the management bodies, new departments have emerged:

- Strategy-DISC (Differentiation, Innovation, Strategy and Communication) promotes and coordinates the strategic matters of Senior Management, monitors the Echangeur, and leads the LaSer Initiatives Solidaires Foundation.
- Permanent control becomes an activity itself, separated from the Audit activity with which it was previously grouped.

(* see Management page).

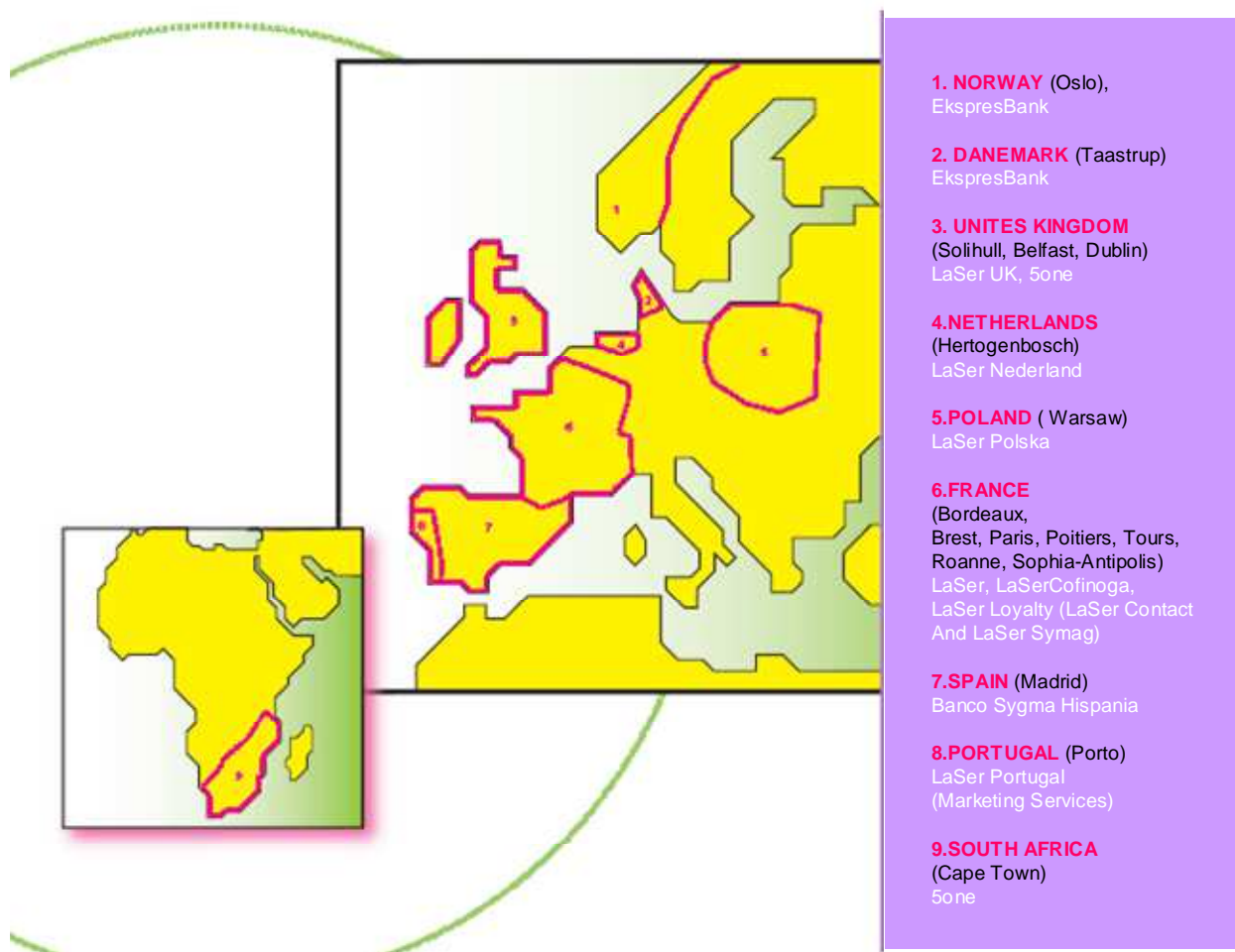
A REDEFINED GEOGRAPHIC BASE FOR INCREASED DEVELOPMENT CAPACITY.

In May 2008, LaSer and BNP Paribas Personal Finance reorganised their activities in Portugal, Poland and Belgium to give rise to major national players in these three countries of Europe by bringing together their existing subsidiaries.

In Poland, Sygma Bank (a LaSer subsidiary) acquired Cetelem Poland to become LaSer Polska. With this acquisition, following the 2006 acquisition of the brokerage network Dom Fiansansowy QS (DFQS), the newly established entity represents one of the leading players in consumer credit in the Polish market.

In Portugal, BNP Paribas Personal Finance acquired Credifin (LaSer's subsidiary in Portugal) to create the Portuguese market leader, positioned in all components of consumer credit: point-of-sale credit (distribution and automobile), direct credit and online credit. LaSer remains present in Portugal with its Marketing Services activities, in synergy with BNP Paribas Personal Finance.

In Belgium, BNP Paribas Personal Finance took over Fidexis (LaSer's subsidiary in Belgium) to create the number 3 company in the Belgian market.



2.To encourage and coordinate debate, in the professional and public spheres, favouring access for populations in difficulty to the credit market and especially the consumer credit market by all means, particularly by performing studies and/or organising colloquia on the French, European and international levels.

3. To support the initiatives of associations and/or institutions facilitating financial education, particularly for young people and the disadvantaged

The LaSer Initiatives solidaires Foundation will have autonomous governance. The Board of Strategic Orientation will be the key body in defining the Foundation's programmes and preparing summaries and publications. It will include experts and independent figures, particularly key international figures.

Created in 2008, the LaSer Initiatives solidaires Foundation intends to contribute to the thoughts about personal credit in developed countries in the new context opened up by the American subprime crisis.

The major shock brought about by this crisis makes it necessary to rethink consumer credit in the countries that had considered the American experience to be a sort of horizon.

A COMMITMENT: THE "LASER INITIATIVES SOLIDAIRES" FOUNDATION

Out of nearly €5 trillion in outstanding consumer credit distributed throughout the world, nearly half is concentrated in the United States. Although the US has long been in a special situation with regard to the global economy, the various regional particularities within developed countries have tended to fade before de factor leadership pertaining to products, marketing methods and marketing concepts coming from North America.

At the same time, a number of practices from other regions of the world have managed to bring new light to the practice of credit in different ways. The development of microlending in particular illustrates an entirely different approach: based less on scoring than on dialogue, putting the past and present of individuals into perspective to assess their plans and their future, primarily targeting the poorest and the most needy rather than those considered creditworthy.




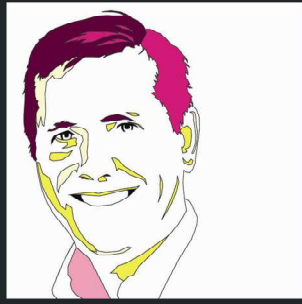



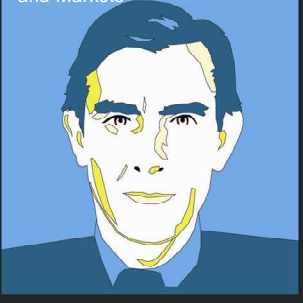

So, what is the purpose of capital, know-how, accumulated skills in the financial institutions of the North if they fail to do at least as well as what is done with fewer resources in the South?

The purpose of the LaSer Initiatives solidaires Foundation is to take action in three areas: an area of action in terms of customer support and development of microlending, an area of joint action and exchange with experts, social partners or associations, and an area of international thinking fuelled particularly by the contacts made with Muhammad Yunus and the Grameen Bank in Bangladesh, with the environment of the Community Reinvestment Acts and particularly social banks in the United States.

With these scopes of actions identified, the missions of the LaSer Initiatives solidaires Foundation are as follows:

1. To encourage and/or support all operations intended to develop socially responsible initiatives to support fragile customers and especially to develop personal microlending in France.

MANAGEMENT

			
		<p>PHILIPPE LEMOINE, Chairman</p>	<p>MICHEL PHILIPPIN Chief Executive</p>
			
	<p>DOMINIQUE PEREGO General Secretariat</p>		
			
<p>JEAN DARRIEU Marketing Services & Financial Services</p>	<p>XAVIER POUSSET Prospective Studies, Products and Markets</p>	<p>JEAN-MICHEL CHANAVAS Human Resources</p>	
			
	<p>ERIC GODHER Consumer Finance</p>	<p>ALEXANDRE BOULGAKOFF Information Systems</p>	
			
	<p>PHILIPPE REFFAY Finance, Risk and external Growth</p>		

KEY FIGURES

Shareholders

Galleries Lafayette Group	50%
BNP Paribas Personal Finance	50%

	2008	2007	
Staff as at 31 December *	10,123	9,053	
Turnover (in millions of €)	2,077	1,908	8.8%
Income (in millions of €)	2008	2007	
Current operating income	220.2	281.7	-21.8%
<i>Like-for-like basis **</i>			-20.4%
Operating income	220.2	281.7	-21.8%
Net income	135.9	193.2	-29.7%
<i>Like-for-like basis **</i>			-24.3%
Net earnings Group share	117.0	175.2	-33.2%
<i>Like-for-like basis **</i>			-27.5%
Gross outstanding credit managed as at 31/12 *	2008	2007	
(in millions of €)	13,758	12,710	8.2%

* Taking into account 100% of subsidiaries and 100% of their staff, not the share held by the Group

** The equivalent corresponds to the restatement taking into account the effects of scope, financial income on transaction derivatives, Fidexis capital gains and extraordinary taxes.