

# **PagesJaunes Groupe**

## **Document de référence 2008**



**pagesjaunes**

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# Reference Document 2008



## **PagesJaunes Groupe**

Limited liability corporation with 56,196,950.80 euros  
in capital Registered Office: 7, avenue de la Cristallerie – 92317 Sèvres Cedex - France  
R.C.S.Nanterre 552 028 425



This reference document was registered with the *Autorité des marchés financiers* on March, 17 2009 in accordance with Article 212-13 of the AMF general regulations. It may be used in support of a financial operation if it includes an operational note stamped by the *Autorité des marchés financiers* (Financial markets authority).

Copies of this reference document are available at no cost from PagesJaunes Groupe, 7, avenue de la Cristallerie – 92317 Sèvres Cedex, and on the PagesJaunes Group's website: [www.pagesjaunesgroupe.com](http://www.pagesjaunesgroupe.com) and on the *Autorité des marchés financiers* website: [www.amf-france.org](http://www.amf-france.org).

In compliance with Article 28 of European (EC) Regulation 809/2004 pursuant to Directive 2003/71/EC, referred to as the "Prospectus" Directive, the following information is provided for reference in this reference document:

- the company and consolidated accounts for the Group in the year ended 31 December 2007, the auditors' reports on these, and the Group's management report, respectively on pages 89 to 141, pages 159 and 160 and pages 50 to 68 of the reference document registered on 1 April 2008 as D.08-0181;
- the company and consolidated accounts for the Group in the year ended 31 December 2006, the auditors' reports on these, and the Group's management report, respectively on pages 92 to 147, pages 175 and 176 and pages 51 to 62 of the reference document registered on 27 March 2007 as R.07-023

Chapters of the 2006 and 2007 reference document not mentioned above are either of no interest to investors or are covered in another Section of this reference document.

# 1 Persons responsible for the reference document

In this reference document, the terms “PagesJaunes Groupe” or “the Company” refer to the PagesJaunes Groupe holding Company, and the terms “PagesJaunes SA” or “PagesJaunes” refer to the Company PagesJaunes SA. The term “Group” refers to the group of companies comprising the Company and all its subsidiaries, and the term “Consolidated Group” refers to the group of companies comprising

the Company and all its subsidiaries, with the exception of PagesJaunes Outre-Mer (Overseas), which is not consolidated, and PagesJaunes Liban (Lebanon), disposed of in 2006, and Kompass France and Kompass Belgium, disposed of in 2007. A glossary defining the main terms in this reference document is available at the end of the document.

## 1.1 Persons responsible for the reference document

Mr. Jacques Garaïalde, Chairman of the Board, and Mr. Michel Datchary, Chief Executive Officer of PagesJaunes Groupe, are responsible for this reference document.

## 1.2 Statement by those responsible for the reference document

*“We hereby declare, having taken all reasonable measures to this end, that the information in this reference document is, to the best of our knowledge, a reflection of reality and contains no omissions which would alter its scope.*

*We hereby declare that, to the best of our knowledge, the accounts submitted have been drawn up in accordance with the accounting standards applicable, and provide a true and fair image of the equity, the financial situation and the income earned by the Company and of all the companies involved in the consolidation process, and that the management report in this reference document provides a true and fair image of business progress, of the income and the financial situation of the Company and of all the companies involved in the consolidation process, and a description of the main risks and uncertainties faced by them.*

*We have obtained a letter of work completion from the statutory auditors, in which they indicate that they have verified the information pertaining to the financial situation and accounts in this reference document, and have read the complete reference document.*

*Reports have been drawn up on the historic financial information presented in this document.”*

Mr Jacques Garaïalde  
Chairman of the Board of Directors, PagesJaunes Groupe

Mr Michel Datchary  
Chief Executive Officer, PagesJaunes Groupe

# 2 Statutory Auditors

## 2.1 Statutory Auditors

### **Deloitte & Associés**

represented by Dominique Descours  
185, avenue Charles de Gaulle  
92524 Neuilly-sur-Seine Cedex, France

Appointed at the General Shareholders' Meeting held on 3 June 2003 to replace the resigning Joint Statutory Auditors Ernst & Young, for the remaining period of their predecessors' appointment, until the end of the General Shareholders' Meeting voting on the accounts for the fiscal year ending on 31 December 2003. This appointment was renewed at the General Shareholders' Meeting held on 27 May 2004 for a term of six years until the end of the General Shareholders' Meeting voting in 2010 on the accounts for the Company fiscal year ending on 31 December 2009.

### **Ernst & Young Audit**

represented by Jeremy Thurbin  
Tour Ernst & Young  
Faubourg de l'Arche  
11, allée de l'Arche 92037 Paris-La Défense Cedex

Appointed Joint Statutory Auditor of the Company at the General Shareholders' Meeting held on 27 May 2004 for a term of six years, until the end of the General Shareholders' Meeting voting in 2010 on the accounts for the Company fiscal year ending on 31 December 2009.

## 2.2 Substitute Auditors

### **BEAS**

7-9, Villa Houssay  
92524 Neuilly-sur-Seine Cedex, France

Appointed at the General Shareholders' Meeting held on 3 June 2003 to replace the resigning substitute joint statutory auditors, Mr. Francis Gidoin, for the remaining period of his predecessors' appointment, until the end of the General Shareholders' Meeting voting on the accounts for the fiscal year ending on 31 December 2003. This appointment was renewed at the General Shareholders' Meeting held on 27 May 2004 for a term of six years until the end of the General Shareholders' Meeting voting in 2010 on the accounts for the Company fiscal year ending on 31 December 2009.

### **Auditex**

Tour Ernst & Young  
Faubourg de l'Arche  
11, allée de l'Arche  
92037 Paris-La Défense Cedex

Appointed Joint Substitute Auditor of the Company at the General Shareholders' Meeting held on 27 May 2004 for a term of six years, until the end of the General Shareholders' Meeting voting in 2010 on the accounts for the Company fiscal year ending on 31 December 2009.

# 3 Selected financial information

(in millions of euros)	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008
<b>Consolidated income statement</b>			
<b>Consolidated Group revenue</b>	<b>1,093.3</b>	<b>1,158.3</b>	<b>1,192.8</b>
PagesJaunes in France segment	1,013.3	1,071.8	1,106.6
International and Subsidiaries segment	85.9	93.8	94.8
<b>Gross Operating Margin (GOM) of the consolidated Group<sup>(1)</sup></b>	<b>483.6</b>	<b>508.9</b>	<b>551.6</b>
PagesJaunes in France segment	479.9	517.6	554.5
International and Subsidiaries segment	3.7	(8.7)	(2.9)
<b>Net income from continuing businesses excluding non-recurring items<sup>(2)</sup></b>	<b>296.9</b>	<b>219.6</b>	<b>243.0</b>
<b>Consolidated balance sheet</b>			
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>177.6</b>	<b>204.3</b>	<b>111.5</b>
inc. net goodwill	107.7	125.5	50.3
<b>Current assets</b>	<b>672.5</b>	<b>739.8</b>	<b>750.0</b>
inc. net customer receivables	500.0	518.0	513.4
inc. cash and cash equivalents	55.1	71.2	89.0
<b>TOTAL ASSETS</b>	<b>850.2</b>	<b>944.1</b>	<b>861.5</b>
<b>LIABILITIES</b>			
<b>Shareholders' equity</b>	<b>(2,060.6)</b>	<b>(2,072.9)</b>	<b>(2,194.1)</b>
<b>Non-current liabilities</b>	<b>1,947.3</b>	<b>1,966.4</b>	<b>1,985.3</b>
inc. long-term financial liabilities and non-current derivatives <sup>(3)</sup>	1,911.0	1,922.5	1,944.4
<b>Current liabilities</b>	<b>963.4</b>	<b>1,050.6</b>	<b>1,070.3</b>
inc. trade account payables	116.7	109.4	107.7
inc. deferred income	640.3	672.4	691.4
<b>TOTAL LIABILITIES</b>	<b>850.2</b>	<b>944.1</b>	<b>861.5</b>
<b>Net cash from the consolidated Group<sup>(4)</sup></b>	<b>(1,866.6)</b>	<b>(1,862.7)</b>	<b>(1,881.9)</b>
Cash from consolidated Group business	310.3	285.0	320.2
<b>Data per share</b>			
Net earnings per share (euro)	1.07	0.96	0.63
Dividend per share (euro) <sup>(5)</sup>	1.08	0.96	0.96

(1) Operating income before amortization and employee profit-sharing.

(2) Not including impairment of QDQ Media's assets in 2008 (-€68.9 million) and M6 dilution profit in 2007 (+€14.6 million), accounting for inferred tax.

(3) Including commitments to buy back minority interests in Horyzon Media.

(4) Including a positive €30.0 million in fair value for hedging instruments in 2007 and a negative €25.3 million in 2008 for hedging instruments.

(5) For 2008, proposal by the Board of Directors to the General Shareholders' Meeting of 11 June 2009.



# 4 Risk factors

<b>4.1 Risks relating to the Group's business and its strategy</b>	<b>5</b>
<b>4.2 Legal risks</b>	<b>8</b>
<b>4.3 Market risks</b>	<b>11</b>
<b>4.4 Industrial and environmental risks</b>	<b>11</b>

Investors are asked to consider the risk factors described in this chapter before taking any decision to invest. If one or more of these risks were to materialize, the Group's business, financial position, results, and development could be affected.

The description of organization of internal control and risk management implemented by the Group is set out in the report by the Chairman of the Board on the conditions for preparing and organizing the work of the Board of Directors and internal control procedures, attached to this Document.

## 4.1 Risks relating to the Group's business and its strategy

### **Changes in technology and users' preferences – reduction in the use of printed directories**

The development of new technologies and widespread use of the Internet in the workplace, at home, and on the move has meant that consumers' preferences and habits have changed. This has had a particularly significant effect on the use of printed directories, and it should be noted that a reduction in the audience of a particular format leads over time to a reduction in advertising revenue for that format. The Paris region is thus distinguished from the rest of France by a lower use of printed directories and greater use of online services. Even if this can be explained by the fact that the place of use is often not the

home of the person concerned and by a historically greater use of online services, there is no guarantee that this is not a precursor of the long-term audience situation in France.

Since the Group takes a substantial part of its advertising revenue from the printed directories, the new revenue which the Group could extract from online directories may not compensate for a possible drop in revenue from printed directories, which could have a significant negative impact on the Group's business, financial situation, or results.

## Uncertainty in relation to the economic model of online advertising

The Group must deal with its competitors in the Internet market for the services it offers. Various pricing models are used to sell advertising on the Internet and it is hard to predict which, if any, of these models will turn out to be the industry standard. While the Group has successfully increased online advertising profits, in particular thanks to the rising prices and volumes, the growing number of competitors in the area of online advertising could drive market prices downward and change the Group's economic model.

Based on the factors described above, there is no guarantee that the Group will be able to maintain or increase its prices and its volumes in the future. These factors could have a significant negative impact on the Group's business, financial position or results, or on its ability to achieve its goals.

## Inability to handle competition

The Group is seeing an increasing level of competition in the local advertising market over all the geographical markets where it is present. There is no guarantee that the Group will be able to handle this competition now or in the future. Increasing competition could result

in lower prices, reduced growth, reduced margins or the loss of market share, and each of these elements could have significant negative effects on the Group's business, financial position, or results.

## Sensitivity to the economic climate; the group's inability to adapt its cost structure

The Group's income could drop significantly if the countries where the Group generates major advertising revenue experience a deterioration in their economic conditions.

The Group's inability to adapt its cost structure if faced with a downturn in the economy or increased competition could also have a significant negative impact on the Group's business, financial position, or results.

## Increase in the price of paper or the cost of other production factors

If the price of paper or the cost of other production factors goes up, operating costs could increase significantly.

An increase in the price of paper or a shortage of paper over a long period could have a significant negative impact on the Group's business, financial position or results. The price of paper when this document goes to press is at a historic low, and so it is possible that the price could go up significantly in the future.

As an example, based on the volumes of paper purchased by PagesJaunes in 2008, a 10% increase in paper prices per ton on the world market leading to an equivalent increase in the cost of paper under the paper supply contracts signed by PagesJaunes Groupe would have meant an increase in printing paper costs of 4.6 million euros in 2008. The Group has no system of hedging changes in the price of paper, apart from those included in current contracts and valid until the end of 2009.

The Group subcontracts most of the work involved in printing, binding, and packing printed directories. Such printing contracts were signed in 2008, meaning that prices will remain stable between 2009 and 2013.

In addition, the Group has outsourced the distribution of the directories to a certain number of subcontractors. The increase in distribution costs (for example, linked to a spike in fuel costs like the one in 2008) or difficulties in distribution could have a significant negative impact on the Group's business, financial position, or results.

## Risks associated with customer payment for services

Advertisers can be billed on an installment basis until their advertising products actually appear. There is no guarantee that these payment plans and the Group's current levels of uncollected debts can be maintained

in the future, which could have a significant negative impact on the Group's financial position and cash flow.

## Risk of a reduction in the content of published directories; inability to improve the technical features and functionalities in the services offered by the Group

The Group's goal in its printed and online directories, as well as via its information enquiries services, is to provide useful information which is as exhaustive as possible. The information about individuals and businesses published in the Group's directories is mostly gathered from various telecommunications operators' databases. If the Group were unable to access these databases, if the number of people with a fixed-line telephone were to drop significantly in favor of mobile telephones, without the possibility of creating a complete database of mobile telephone subscribers, or if a large number of subscribers asked to be unlisted, no assurance can be given that the Group would be able to gather the information about individuals and businesses by other means, and that this would not lead to a reduction in the content of these directories, which could have a significant negative impact on the Group's business, position or results.

In addition, to remain competitive the Group must continually improve its reaction time, the functionality and features of its products and services,

and develop new products and services which are attractive to users and advertisers. Use of the Internet as a format for some products developed by the Group has increased this need for adaptability. In fact, compared to other formats, the Internet is characterized by faster technological progress, the frequent introduction of new products and services, constantly and quickly changing business standards, extremely volatile and changeable demand from the consumer and unstable business models. These products' and services' novelty value and their tendency to change quickly mean that the Group has to work on improving its performance constantly and be extremely adaptable in its technology. Any inability by the Group to anticipate or properly respond to changes in technology or demand, significant delays or major costs incurred in developing and marketing new products and services could have a significant negative impact on the Group's business, financial position or results.

## Damage to information, production or distribution systems

A major part of the Group's business depends on efficient continuous operation of its information, production, and distribution systems. These systems could be damaged due to a range of causes, including fire, widespread power cuts, damage to communications networks, intrusions in computer systems, vandalism, or any other cause which could affect operations. As far as activities which the Group subcontracts are concerned, the Group cannot respond to these types of events and must rely on the ability of the subcontracting companies to react quickly

and effectively. Any inability by subcontractors to respond to these problems could have an impact on the Group's business. As far as the activities where the Group has full control are concerned, no assurance can be given that the Group will have the technical and financial capacity to alleviate all the damage caused. The Group's business could be significantly affected.

## Changes in the Group's quarterly revenues and six-month income

The various editions of the Group's printed directories are published and distributed throughout the year, and so the printed directories business does not go through any major cycles. However, unlike online directories, printed directories' publication and distribution may be irregular. From an accounting perspective, earnings and expenses from sales of advertising space in the printed directories are taken into account in the results when they are published. Therefore, sales can be irregular from one

quarter to the next and the results for one six-month period may not be representative of the Group's annual results. In addition, if the publication of one or more directories is brought forward or delayed, the posting of revenue and the associated costs of publication and distribution could also be delayed or brought forward. Finally, the time delay between posting of products and costs on the one hand, and the actual payment of the costs and the billing of advertisers on the other, could affect

working capital requirement, operating cash flow, operating income, or other financial indicators generally used by investors to evaluate

a Company's financial performance and do not reflect the Group's actual liquidity level.

## Effect of investments or divestments

The Group may decide to carry out acquisitions or investments in one of its businesses. No assurances can be given that the Group will manage to successfully integrate the acquired companies, to realize the anticipated synergies, maintain uniform standards, controls, procedures and policies, maintain good relations with the staff at the companies acquired, or that the additional income and results generated by each acquisition will justify the price paid for the acquisition. A failure in any of these integration steps could have a negative impact on the Group's business, financial position, or results.

A part of these acquisitions and investments could involve payment by issuing shares in PagesJaunes Groupe, which could have a diluting

effect for PagesJaunes Groupe shareholders. These acquisitions and investments, whether paid for in cash or shares, could have an unfavorable effect on the Group's business, financial position, or results.

The Group could also decide to dispose of, sell, or close down any of its businesses. No assurance can be given that the Group would be able to find potential buyers or that the price received for the sale of these businesses or the cost reductions associated with the sale or closing of these businesses would offset any drop in the Group's results.

## 4.2 Legal risks

### Lawsuits and arbitration

In the ordinary course of business, the Group's companies may be involved in a number of legal, arbitration and administrative proceedings. Provisions are only raised for costs which may result from such proceedings where these are considered likely and their amount can be either quantified or estimated within a reasonable range. The amount of the provisions is based on an assessment of the risk on a case-by-case basis and largely depends on factors other than the particular stage of proceedings, although events occurring during the course of proceedings may call for a reassessment of this risk.

With the exception of the proceedings described below, neither PagesJaunes Groupe nor any of its subsidiaries is party to any lawsuit or arbitration proceeding that the Management of PagesJaunes believes could reasonably have a material adverse effect on its results, its business or its consolidated financial position.

At the beginning of 2002, PagesJaunes implemented a commercial development plan, including the modification of the employment contracts of 930 sales representatives. This modification aimed to adapt these contracts to a new competitive environment. Approximately 100 employees refused to sign the proposed new contract and were laid off during the second quarter of 2002. Almost all these employees commenced legal proceedings against PagesJaunes to contest the validity of the reason for the redundancies. The *Cour de Cassation* (Supreme court of appeal), in two judgments handed down on 11 January 2006, approved the commercial development plan. The *Cour de Cassation* ruled that economic redundancy following a reorganization implemented to prevent future economic difficulties associated with technological developments was justified. In a new judgment handed down on 14 February 2007, the *Cour de Cassation* confirmed the validity of the plan implemented by PagesJaunes. However, cases including claims

based on grounds not settled by the above judgments and cases before the administrative courts are still pending. The end 2002 provision for this risk, which amounted to 7.3 million euros, has been subject to several write-backs since 2006 given its positive improvement; as a consequence it totaled 3,358 million euros on 31 December 2008.

PagesJaunes Groupe and its subsidiary PagesJaunes were the subject of a tax audit in 2006 covering the years 2002, 2003, and 2004. On 11 December 2006, the companies received a proposed reassessment from the taxation authorities concerning two points: (i) In respect of the first point, relating to the non-deductibility of debt cancellations, PagesJaunes Groupe recorded an additional tax charge of 0.7 million euros from 2006; (ii) By contrast, PagesJaunes Groupe and PagesJaunes contested the second point concerning a claim of about 4.8 million euros including interest. They sent their remarks on the subject to the taxation authorities in two letters on 10 January 2007. The taxation authorities simply abandoned the request for rectification on the second point on 7 March 2007. The second point had not been provisioned in the 2006 accounts.

An action was brought against PagesJaunes by an advertising agency (Publicom Méditerranée) before the *Tribunal de Commerce de Nanterre* (Nanterre business court) alleging abuse of a dominant position, discriminatory practices and unfair competition. It is claiming one million six hundred thousand euros in damages. A ruling was made in favor of PagesJaunes on 24 September 2008. Publicom has appealed this ruling.

In 2007 and 2008, action was brought against PagesJaunes in the *Conseils de Prud'Hommes* (French labor and industrial tribunal) of Caen, Marseilles, and Lille at the instigation of three employees from

the company ADREXO, charged with the carriage of directories in certain *départements*. The plaintiffs complained of unreported work and hold PagesJaunes liable on the basis of financial solidarity. The cases brought up before the Caen and Marseille CPHs ended when the opposing parties withdrew their cases. The other proceedings were removed from the administrative records, but they could be reintroduced within two years' of the parties' request.

In February 2008, PagesJaunes brought actions against Xentral and *L'Annuaire Universel*, accusing them of using a counterfeit PagesJaunes trademark by operating a directory assistance website "PagesJaunes.com" intended for the French public. In a 28 May 2008 ruling, the Tribunal de Grande Instance de Paris (Paris court of first instance) pronounced Xentral (formerly Prodis) and *L'Annuaire Universel* guilty of the following:

- counterfeit;
- unfair competition.

This ruling confirms PagesJaunes' rights over its traditional trademarks "PagesJaunes" and "Les PagesJaunes" which had already been clearly recognized as valid by the Paris court of appeals in its 30 March 2005 decree and by the European Court of First Instance in its 13 December 2007 decision. Xentral (formerly Prodis) and *L'Annuaire Universel* have appealed the ruling.

*L'Annuaire Universel* brought action against PagesJaunes before the Nanterre Tribunal de Commerce, requesting in their complaint that the

Pages Blanches trademarks be suspended on grounds that the words are commonly used in general and professional language for an alphabetical list of data. Although it cannot yet rule out possible adverse judgments or prejudicial consequences, the state of the proceedings and the serious arguments in PageJaunes' favor point towards a positive end to this case.

In addition, in common with other companies in the sector, the Group is frequently the subject of court proceedings brought in relation to errors in the publication of directories and other media. Generally the financial risk represented by each of these proceedings is relatively limited. However, an increase in their number may constitute a significant risk for the Group. Proceedings of this type have constantly declined since 2001, except in 2006 and 2007 when they remained stable. On 31 December 2008, there were 15 cases pending for a total amount of 1.4 million euros in damages. In these proceedings, the Group endeavors to negotiate out-of-court compensation, which significantly reduces the final total cost of these proceedings. However, no guarantee can be given that these proceedings will not have a significant negative impact on the Group's financial position.

To the Company's knowledge, there are no other governmental, judicial or arbitration proceedings, either suspended or pending, liable to have or having had, in the last 12 months, a significant impact on the financial position or profitability of the Company and/or of the Group.

## Changes in regulations affecting the group's markets

The communications industry where the Group operates is subject to many regulations (see Section 6.7 "Regulations"). Changes in policy or regulations by the European Union (particularly the directive entitled "Privacy and Electronic Communications"), in France or in other European countries where the Group has operations could have a significant unfavorable effect on its business in these countries, particularly if the said changes increase the cost and regulatory constraints associated with providing the Group's products and services. These changes could have a negative impact on the Group's business, financial position or results.

In particular, the Group's marketing organization is based in part on a structure of field vendors with the status of traveling sales staff. This organization enables it to optimize its sales efficiency by encouraging flexibility, recruitment, and training of the Group's sales force. Changing the status of these field sales staff could have a significant unfavorable effect on the Group's business, results, financial position, or its ability to achieve its goals.

## Legal risks associated with uncertainty as to existing regulations

The application of existing laws and regulations covering the directory and Internet sector is being clarified in France and in the European Union, and a certain number of draft laws are being examined, particularly in relation to protecting personal information, confidentiality, responsibility for content, e-business, encryption, and electronic signatures. These

future developments in regulations could have a significant unfavorable effect on the Group's business, results, financial position, or its ability to achieve its goals.

## Legal risks associated with the application of several national regulations

The global nature of the Internet means that the laws of several countries can apply to the Group. Although the Group is established mainly in France, some states or national jurisdictions may require the Group to be subject to their national regulations. The potential simultaneous applicability of several sets of regulations as well as the cost and regulatory

uncertainty which may result could have a significant unfavorable effect on the Group's business, results, financial position, or its ability to achieve its goals.

## Intellectual and industrial property rights

The Group cannot be certain that steps taken in France and in other countries to protect its intellectual and industrial property rights, particularly its trademarks, domain names, software, and patents, will be adequate, or that third parties will not be able to counterfeit, misappropriate, or have its intellectual and industrial property rights canceled. In addition, particularly because of the global nature of the Internet, the Group's trademarks and other forms of intellectual and

industrial property could reach other countries which offer a lower level of protection in terms of intellectual and industrial property than in Europe or the United States. Given the importance and impact of these trademarks, any counterfeiting, misappropriation, or cancellation could have a significant unfavorable effect on the Group's business, operating income, financial position or its ability to achieve its goals.

## Users' personal information

If third parties were able to penetrate its network or somehow appropriate personal information concerning users or their credit cards, the Group could be found liable. This liability could be invoked based on a breach of their right to privacy and to have their information kept confidential.

Investigating these claims and preparing a defense against them could be expensive even if the Group is not found liable, and the existence of these claims could damage the Group's reputation.

## Restrictions on the Group's right to collect personal information

The Group must abide by privacy protection laws, including European directive 95/46/EC of 24 October 1995, which limits its right to collect and use personal information concerning its users (see Section 6.7.1.2 "Protecting Personal information"). In particular, any restrictions on using software installed on an Internet user's computer when the user looks up information online showing how the user uses the Internet (cookies), or the obligation to allow users to object to the use of these

cookies could weaken the effectiveness of advertising as part of the Group's business. Increased public awareness of these privacy issues and changes in the laws to which the Group must adapt could limit its ability to use such personal information for its business, and more generally affect the perception of the Internet by the public as a market for goods and services. Each of these developments could have an impact on the Group's business, financial position, or results.

## Use of domain names

The rules governing the assignation of domain names are regularly changed and leave open the possibility of disputes between those registering domain names and holders of domain names, or the holders of trademarks or other prior rights. Although the policies for assigning domain names and guidelines were adopted by the regulatory authorities involved for the purpose of limiting the risks of lawsuits, a third party

could gain the right to use domain names similar to those registered by the Group, or the Group's use of its domain names could be limited based on prior intellectual property rights held by third parties. These situations could have an unfavorable effect on the Group's business, operating income, financial position or its ability to achieve its goals.

## 4.3 Market risks

In due consideration of its financial structure, the Group is exposed to the interest rate risk, the liquidity risk, the credit risk and the share-related risk.

The interest rate, liquidity and credit risks are described in notes 28 and 31 to the 2008 consolidated financial statements in chapter 20.1 Consolidated financial statements.

The share risk is exclusively linked to the liquidity contract entered into on 7 October 2007, which is described in detail in note 24.3 to the 2008 consolidated financial statements in chapter 20.1 Consolidated financial statements.

## 4.4 Industrial and environmental risks

In the context of its activities, the Group is subject to certain environmental, health and safety regulations and its activities have impacts on the environment, in particular its printed directories business.

The following points may be emphasized on these impacts in relation to the publication, manufacture, and massive distribution of printed directories:

- in relation to activities which are not carried out directly by companies in the Group but are subcontracted, such as the supply of paper directories, the printing or distribution of printed directories, the Group only has limited room for manoeuvre to control their environmental impact. Even though the Group adheres to environmental criteria in the choice of its subcontractors, it cannot provide any assurance that these subcontractors will observe all the regulations applicable to their own activity in terms of environmental protection;

- concerning these Group activities, environmental risks are mainly the risks in relation to the production and circulation of a large quantity of paper;
- there are also risks in relation to operations known as "office" activities to which comparable companies are subjected.

Thus the main environmental impact for the Group is the production of a large quantity of printed directories. To limit this impact, the Group has put in place a certain number of measures aimed on the one hand at reducing the amount of paper needed for its business, and on the other hand encouraging recycling of the paper used.

### Reducing paper consumption

Concerning the reduction of the amount of paper required to publish its directories, the Group's constant efforts focus on the following aspects:

- the search to optimize targeting in the distribution of printed directories by assessment, as accurately as possible, of the number of directories to be printed, in order to better adapt the number of directories to the actual needs of users;
- operations to optimize directory layout and format are carried out for each publication, thus limiting the overall consumption of paper and minimizing paper loss during manufacture of the directories.

In France the amount of paper consumed in producing the PagesJaunes directory and *L'Annuaire* was 71,720 tons in 2008, compared to 71,070 tons in 2007. This increase in consumption is due to:

- the increase in the number of listings in *L'Annuaire*;

- the distribution of a *départemental L'Annuaire* directory to subscribers with a Minitel facility, who were not eligible for distribution until 2006;
- the targeted distribution to those who have recently moved and to second homes;
- finally, an "all address" distribution of printed directories in some large cities outside Paris, in 2007 and 2008; this will increase the usage of printed directories in the larger French cities outside Paris.

The Group also ensures that the paper pulp used to produce the printed directories contains a significant portion of recycled pulp.

## Recycling of directories

In parallel to its efforts to limit paper consumption on a yearly basis, the Group is extremely sensitive to what subsequently happens to outdated printed directories, and agrees with the principles of responsibilities extending to producers: it is concerned by the way in which the directories are collected, and also by their processing (particularly their recycling).

First and foremost, it should be noted that part of the paper bought is recovered by the printer during the manufacture and printing of the directories for subsequent recycling.

Any directories left over after printing are either recovered or recycled by specialized waste management firms.

PagesJaunes Groupe also became a member of the ecological association EcoFolio. EcoFolio was created at the end of 2006 and approved by the authorities in January 2007. It was founded by issuers of free printed matter, who clubbed together to take up their environmental responsibilities in a joint response to legal obligations and to organize a new entity. EcoFolio acts on their behalf, collects their financial contribution, and carries out prevention programs. The PagesJaunes policy is to contribute voluntarily to financing this end-of-life printed material recycling and collection facility by paying an eco-contribution to EcoFolio based on the tonnage of printed PagesJaunes directories distributed (due to its status as a universal service component, *l'Annuaire* falls outside the scope of this eco-contribution).

The sum of eco-contributions collected by EcoFolio from entities issuing taxable printed matter, such as PagesJaunes directories distributed to

individuals, is paid in support of local authorities responsible for waste collection and processing.

Under the 2008 finance law, the scope of printed material subject to the eco-contribution was extended. Since 1 July 2008, it concerned direct-mail advertising, brand magazines, and company press in particular.

The only items not liable will be books, mainstream newspapers and printed matter distributed by virtue of a law or a regulation (this is the case for *l'Annuaire* due to its status as a component of the universal service).

For the Group, the extension to the scope, which comes into application on 1 July 2008, will concern all of PagesJaunes, printed Pages Pro and office paper starting on 1 January 2010. *L'Annuaire* should remain outside the scope of this law.

The total financial contribution that the company owes for 2008 is 925,785.00 euros excluding tax.

The Group must take account of trends in the environmental expectations of consumers and the authorities, and comply with more stringent regulations for publishers.

## Environmental impact of "office" activities

The Group's companies have put in place a number of internal measures designed to protect the environment, in particular by reducing the consumption of resources.

Generally, in terms of all the risks described above, although the Company has adopted a policy of identifying and voluntarily managing risks relating to the environment and health and safety, it cannot guarantee that it will not suffer any environment-related losses, or any resulting from the

application of the regulations in this area. No assurances can be given that the Group's business, financial position or results will not be unfavorably affected by these losses. In addition, any possible amendments to the national or international legal and regulatory provisions regarding the environment could affect the Group's business, financial position or results.



# 5 Information concerning the issuer

## 5.1 History and changes in the Company

### 5.1.1 Corporate name and trading name

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“PagesJaunes Groupe”.

### 5.1.2 Place of registration and registration number

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Business and Company Registry number: RCS Nanterre 552 028 425.

Code APE: 7010 Z.

### 5.1.3 Date of incorporation and term (Article 5 of the articles of association)

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The Company was incorporated on 12 January 1897 and registered on 21 February 1955. Based on Article 5 of its Articles of Association, the Company has a term of 99 years which started on 31 December 1954

and will run until 31 December 2053, unless it is dissolved earlier or extended as provided for in the Articles of Association.

### 5.1.4 Registered office, legal form, and applicable legislation

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Registered offices and the Company's main place of business:  
7, avenue de la Cristallerie, 92317 Sèvres Cedex.

Telephone: 01 46 23 30 00.

The Company's country of origin is France.

PagesJaunes Groupe is a limited liability corporation with a Board of Directors subject to the provisions of Articles L. 210-1 and following of the French Commercial Code.

### 5.1.5 Major events in the development of business

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On 4 February 1946, the Ministry of Posts, Telegraphs and Telephones (“PTT”) made the Office d’Annonces (“ODA”), a state-owned company through the Havas advertising agency, responsible for handling advertising representation for directories in mainland France.

The shareholders in the ODA changed on several occasions until 1998. In July 1998, Havas, which then owned all the share capital in the ODA, sold its holding to Cogecom (a subsidiary of France Télécom). In 2000, before Wanadoo's IPO, France Télécom first sold some of SNAT's activities (the France Télécom division in charge of publishing telephone directories) to the ODA, then sold all ODA's shares to Wanadoo. ODA's name was then changed to “PagesJaunes”. Following this reorganization, PagesJaunes became the owner of the directory publishing business of the France

Télécom Group, excluding *l'Annuaire* (formerly called the Pages Blanches) and the alphabetical search on PagesJaunes 3611, which were retained by France Télécom. Advertising representation and all of the design and manufacturing process for *l'Annuaire* and the alphabetical search on PagesJaunes 3611 were however entrusted to PagesJaunes by France Télécom.

Advertising in the directories has increased continuously since 1946, thanks to the growth in consumption and in the advertising market in France, and the increase in directory distribution and its audience, linked to the increase in the number of telephone subscribers. The continuous increase in ODA's revenues was due in particular to its capacity for constant technological and commercial adaptation. The 1980s saw

the successful launch of the PagesJaunes directory as well as the start-up of Minitel, a precursor of the advertising model on the Internet. PagesJaunes experienced many technological changes, especially with the adoption of computer-aided publishing for all "paper" and "telematic" advertisements in 1990, the changeover to color in 1995, the launch of Internet services in 1997, and finally the "PagesJaunes 2000" directory which introduced four-color printing. In addition, the Company has developed its range of advertising services beyond that of consumer directories, with a range of directories intended for businesses (Kompass, PagesPro), as well as a range of services pertaining to the direct marketing business (Wanadoo Data).

In the framework of the public takeover bid initiated by France Télécom for Wanadoo in February 2004, it was decided to place some companies in Wanadoo's directory division under the Company's umbrella (QDQ Media, Mappy and Kompass Belgium). These were then admitted for trading on the Euronext Paris Eurolist on 8 July 2004.

In December 2004, PagesJaunes Groupe transferred to PagesJaunes SA, by a partial asset transfer agreement, the business goodwill, actual business, and staff members in charge of the business of publishing the PagesJaunes directories, previously performed by PagesJaunes SA, which is now PagesJaunes Groupe.

In January 2005, PagesJaunes Groupe consolidated Editus Luxembourg and Kompass Belgium for the first time. PagesJaunes Groupe reinforced its presence in Luxembourg in October 2004 by increasing its holdings from 50% to 100% in the capital of the Luxembourg Company Eurodirectory, which holds 49% of Editus Luxembourg, which was previously consolidated proportionally.

In February 2005, PagesJaunes Groupe acquired the French Company e-sama through its subsidiary Wanadoo Data, which specializes in hosting databases and providing Customer Relationship Management (CRM) services. The e-sama company has been consolidated since February 2005.

In June 2005, PagesJaunes Groupe acquired Moroccan company Edicom, which publishes the print and internet directory "Télécontact" and operates the Kompass trademark in Morocco. Edicom has been consolidated since July 2005.

On 20 January 2006, PagesJaunes signed an operating license agreement with France Télécom for the printed universal directory in favor of PagesJaunes, accompanied by an acquisition agreement for the "L'Annuaire" trademark for a total sum of 12.0 million euros. These contracts took effect on 1 January 2006.

On 31 March 2006, Wanadoo Data and its subsidiary e-sama merged to form PagesJaunes Marketing Services which now constitutes all of the Group's direct marketing know-how in France.

PagesJaunes Liban was sold on 26 June 2006 to a management affiliate. The sales price was \$56,755, taking into account the payment by PagesJaunes Liban to PagesJaunes Groupe of a receivable of \$193,245.

Following a competitive call for tenders implemented in June 2006, on 11 October 2006 France Télécom drew up with the Médiannuaire company and its sole partner, the Médiannuaire Holding company, a firm controlled at the highest level by an investment fund consortium comprising approximately 80% of funds ultimately managed by KKR Europe II Limited and KKR Millennium Limited, and some 20% of funds managed by the "Principal Investment Area" division of the Goldman Sachs group, a purchase agreement in which France Télécom agreed to transfer 150,546,830 shares in the PagesJaunes Groupe to Médiannuaire, representing approximately 54% of the Company's capital and voting rights.

The transfer of the Controlling interest took place on 11 October 2006 within the framework of an off-market block sale performed in compliance with the provisions of Article 516-2 and following the *Autorité des marchés financiers*' General Regulations, through payment by Médiannuaire to France Télécom of a total price of 3,312,030,260 euros, i.e., 22.0 euros per share sold. Under the terms of the provisions of Articles 235-1 to 235-3 of the *Autorité des marchés financiers* General Regulations, Médiannuaire irrevocably offered to acquire from PagesJaunes Groupe shareholders any shares tendered under this standing tender offer during a 15-day trading period, from 10 November to 1 December 2006 inclusive. Following this standing tender offer, Médiannuaire held 54.82% of the capital and voting rights of PagesJaunes Groupe, and this was brought down to 54.75% as at 31 December 2007.

On 9 January 2007, via its subsidiary PagesJaunes Petites Annonces, PagesJaunes Groupe launched an online real-estate and car/motorcycle ads service, accessible via annoncesjaunes.fr.

On 14 March 2007 PagesJaunes Groupe sold its Kompass France and Kompass Belgium subsidiaries to Coface Services. Coface Services owns Kompass International, owner of the Kompass trademark operated by Kompass France in France and in Spain, and by Kompass Belgium in Belgium and Luxembourg. This operation created capital gains of 33.0 million euros for PagesJaunes Groupe.

On 27 July 2007, PagesJaunes Groupe and the M6 group signed a strategic Internet partnership that aims to jointly develop the website "annoncesjaunes.fr" and to make it the multi-segment leader in online classified advertising. On 17 October 2007, the M6 Group purchased a 34% shareholding in the capital of PagesJaunes Petites Annonces through a share capital increase of 16.0 million euros.

On 11 October 2007, PagesJaunes Groupe acquired a 55% stake in Horyzon Média, which was increased to 66% on 31 December 2007, and a 66% stake in Horyzon Clics. These Internet advertising companies, created in February 2004 and September 2005 respectively, merged on 30 June 2008, with the merger taking retroactive effect on 1 January 2008; the new entity is called Horyzon Média.

## 5.2 Investment

### 5.2.1 Main investments in the past year

The consolidated Group devotes between 1% and 2% of its revenues each year to investment costs, mostly in the computer technology area (operations, networks, and office automation) and, to a lesser extent, setting up facilities in the premises occupied for its operations.

The investment expenses mainly come from the PagesJaunes segment in France and essentially aim to improve the user-friendliness, results

relevance and functionalities of pagesjaunes.fr, and to reinforce the efficiency of offer definition, database management, customer relationship management, ad production, and more broadly directory edition management processes.

The table below gives the total and the amount and the ratio of PagesJaunes Groupe investments to consolidated revenues over the past 3 years:

(in millions of euros)	2006 <sup>(1)</sup>	2007	2008
Consolidated revenue	1,093.3	1,158.3	1,192.8
<b>Acquisition of tangible and intangible fixed assets</b>	<b>18.6</b>	<b>16.4</b>	<b>12.1</b>
As a percentage of consolidated revenue	1.7%	1.4%	1.0%

(1) Excluding acquisition of the licensing agreement for the printed universal directory and the l'Annuaire trademark for €12.0 million.

### 5.2.2 Main current and future investments

PagesJaunes is continuing its strategy of continuously optimizing all its processes and improving pagesjaunes.fr, in terms of search engine hits, user-friendliness, and extended services.

Current or future investments are also a fully-fledged part of the Group's innovation policy and strategy, with the objectives of being the standard

reference for information and search services for professionals in France, being one of the leaders in mobility searches, being the number one communication consulting partner for medium, small and very-small companies, and exploring complementary markets and services.

# 6 Overview of activities

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## 6.1 Main activities and development strategy

### 6.1.1 General presentation of activity

PagesJaunes Groupe is the leading European publisher of directories on the Internet, in particular with “pagesjaunes.fr” in France and “qdq.com” in Spain, and the leading publisher of printed directories in France (PagesJaunes and *l'Annuaire*).

PagesJaunes Groupe also publishes consumer directories in Spain (“QDQ, La Guía Util”), Morocco and Luxembourg, operates directory enquiry services by telephone (1 18008) and SMS in France and provides complementary services such as the geographic services of Mappy and

the direct marketing services of PagesJaunes Marketing Services, as well as online small ads with PagesJaunes Petites Annonces (annoncesjaunes.fr). It is also present in Internet advertising representation with Horyzon Média.

PagesJaunes Groupe had 788,000 advertisers in France, Spain, Luxembourg and Morocco in 2008. PagesJaunes Groupe is the second largest French company in terms of advertising revenues.

The table below shows a breakdown of PagesJaunes Groupe's advertisers by subsidiary:

	2006	2007	2008
PagesJaunes SA	638,399	666,822	696,051
QDQ Media	81,560	77,196	72,994
Editus Luxembourg <sup>(1)</sup>	13,200	15,100	15,120
Edicom	3,757	3,845	3,954
<b>TOTAL NUMBER OF ADVERTISERS</b>	<b>736,916</b>	<b>762,963</b>	<b>788,119</b>

(1) Stake 49%.

Internet activities account for nearly 40% of the Group's revenues. The tables below give rankings for the major French fixed and mobile Internet sites (fixed Internet: source NielsenNetRatings, December 2008, all connection locations, parent – mobile Internet: source Panel des Mobinautes, Médiamétrie, France, October 2008):

Fixed Internet	Unique visitors ('000)	Reach (%)	Mobile Internet	Unique visitors ('000)	Reach (%)
Google	29,549	87.00%	Meteo France	2,471	33.60%
Microsoft	23,769	70.00%	Orange	1,792	24.40%
France Télécom	22,544	66.40%	Le Figaro Group	1,714	21.00%
<b>PagesJaunes Groupe</b>	<b>17,292</b>	<b>50.90%</b>	<b>PagesJaunes Groupe</b>	<b>1,498</b>	<b>20.40%</b>
Iliad	16,390	48.30%	Microsoft	1,410	19.20%
eBay	16,277	47.90%	SFR	1,318	17.90%
TF1 Group	15,723	46.30%	Google	1,025	13.90%

### 6.1.2 Development strategy

The Group's strategy is based on:

- development of the audience of the services;
- increased penetration of its markets;
- strengthening of the positioning as a “driver of commercial relations” for its platforms, particularly the Internet;
- the development of new, innovative products and services;
- continued improvement in profitability.

This overall strategy relies on the men and women in the company and their ability to extend their skills to new technologies and services.

#### DEVELOPMENT OF THE AUDIENCE OF THE PLATFORMS

The Group considers that the development of its audience relies in particular on a continuous improvement in the distribution of printed directories, the enrichment of content and functionalities of its online directories and telephone directory enquiry services, the development of new services aimed specifically at mobile users and the extension of platforms for the distribution of the Group's services, particularly through partnerships in order to make its services accessible to the largest number of users.

Furthermore, in view of the increasing multiplicity of information sources which consumers can call upon, the Group believes that advertising

aimed at strengthening awareness of its brands and services will remain a priority.

## INCREASED PENETRATION OF ITS MARKETS

The Group therefore pursues a strategy of recruiting new advertisers with the aim of increasing the number of its advertising customers, particularly in businesses among which the Group has historically conducted little prospecting (such as the fashion sector and town centre non-food retail businesses, as well as regulated professions).

This strategy is based on:

- an increase in the commercial workforce in France, with the aim of recruiting new customers and retaining existing customers;
- increased commercial efficiency, in particular through the training and management of sales personnel, the sharing of good commercial practice and an optimum distribution of advertisers across the various sales channels.

## STRENGTHENING OF THE POSITION AS A “DRIVER OF COMMERCIAL RELATIONS” ON THE INTERNET

The rapid development of the Internet as a consumer tool offers numerous opportunities for growth for the Group. The Group's Internet sites (in particular pagesjaunes.fr and qdq.com) therefore pursue a growth strategy focused on the development of their functionalities, enrichment of their editorial content and optimisation of contact services.

The vocation of pagesjaunes.fr is to be a “driver of commercial relations”, promoting links between people and businesses, in particular through the promotion of direct telephone contact, the integration of booking services and local area search services.

The Group's Internet platforms evolve constantly in order to make their user interface more intuitive, to make better use of the wealth of their

content and thereby to improve the relevance of the search results. These developments increase the attractiveness of the Group's services among users and advertising customers.

## DEVELOPMENT OF NEW, INNOVATIVE PRODUCTS AND SERVICES

In November 2005, PagesJaunes launched a telephone directory enquiry service (118008) in the context of the liberalisation of the market, which has been fully in place since April 2006. This new service enables the group to make its services accessible on all platforms in France (print, Internet, mobile Internet, telephone) and thereby to increase the audience of its services among users.

In January 2007, PagesJaunes Groupe launched an online real-estate and car/motorcycle advertisement service through its subsidiary PagesJaunes Petites Annonces, which was specially formed for the purpose. The service is accessible on annoncesjaunes.fr. As in the case of the 118008 service, this new business represents both a springboard for growth for the Group and a complement to the services provided by PagesJaunes, since online small ads also enrich the functionalities of pagesjaunes.fr.

In October 2007, PagesJaunes Groupe complemented its online advertising offering of the directory type with a national advertising offering marketed on a CPM (cost per mille) or CPC (cost per click) basis by acquiring a majority holding in the capital of Horyzon Média and Horyzon Clics, which are advertising representatives specialising in the Internet.

In addition, PagesJaunes Groupe is already active in the nascent mobile Internet market, in which it occupies strong positions. PagesJaunes.fr and mappy.com were among the 10 most visited Internet sites on mobile devices in October 2008 (Source: Médiamétrie – Panel of mobile Internet users). In 2008, Horyzon created Horyzon Mobile, an advertising representation business specialising in the mobile segment and marketing advertising space on the Group's mobile services as well as those of other companies.

## 6.2 Presentation of activity

### 6.2.1 PagesJaunes in France segment

In 2008, the PagesJaunes in France segment generated revenues of 1,106.6 million euros, a rise of 3.2% compared to 2007. The revenues of PagesJaunes came essentially from sales of advertising in its printed directories, online services and telephone directory enquiry service. The bulk of the Company's costs comprise publishing costs (purchase of paper, printing and distribution of printed directories and the purchase of editorial content and traffic on the 118008 service) as well as commercial and administrative expenses.

#### ➔ The advertisers

Most of PagesJaunes' advertising customers are self-employed people and sole traders (including the liberal professions) and small and medium-sized enterprises. In 2008, almost 696,100 advertisers used at least one of the PagesJaunes platforms to promote their products and services. In 2008, the 20 largest advertisers and the advertisers in the 10 largest

business sections accounted for 1.3% and 13.5% of PagesJaunes' revenues respectively. The table below shows the trends in the number of advertisers and average revenues per advertiser:

	2006	2007	2008
<b>Total number of advertisers<sup>(1)</sup></b>	<b>638,399</b>	<b>666,822</b>	<b>696,051</b>
inc. new advertisers <sup>(2)</sup>	115,101	120,662	131,314
Printed directory advertisers (the PagesJaunes directory or l'Annuaire)	588,325	608,600	628,024
Advertisers in online services	453,829	471,191	482,134
(and as percentage of total number of advertisers)	71.1%	70.7%	69.3%
Advertisers in telephone directory enquiry services (118008)	68,350	93,561	114,186
<b>Average revenue per advertiser (in euros)<sup>(3)</sup></b>	<b>1,570</b>	<b>1,581</b>	<b>1,564</b>
Average revenue per advertiser in printed directories (in euros) <sup>(4)</sup>	1,112	1,073	984
Average revenue per advertiser in online services (in euros) <sup>(5)</sup>	713	798	907
Average revenue per advertiser in directory enquiry services (in euros)	133	163	199

(1) The number of advertisers includes all the advertisers during the year in question, including those purchasing advertising space in a PagesJaunes platform through an advertising agency.

(2) Number of advertisers in the year who were not advertisers in the previous year.

(3) Average revenues per advertiser is calculated by dividing total of PagesJaunes' revenues excluding QuiDonc and for access revenues ("Advertising revenues") by the total number of advertisers.

(4) Average revenues per advertiser is calculated by dividing the printed directories of PagesJaunes' revenues for printed directories by the total number of advertisers in the printed directories.

(5) Average revenues per advertiser in online services is calculated by dividing total revenues for pagesjaunes.fr, the Minitel service and Internet sites by the average number of advertisers in the online services for the year in question (an arithmetic mean average of the number of advertisers present on 31 December of the year in question and of the number of advertisers present on 31 December of the previous year).

## ➔ Multiplatform advertisers

PagesJaunes' advertisers are mostly multiplatform. In 2008, 60.4% of them invested both in the print platforms (PagesJaunes directory or l'Annuaire) and in the Internet platforms (pagesjaunes.fr). The table below shows the trend in the breakdown of the advertiser base between 2006 and 2008:

	2006	2007	2008
Advertisers in both printed directories and on the Internet	63.3%	62.2%	60.4%
Advertisers in printed directories only	29.0%	29.5%	30.8%
Advertisers on the Internet only	7.7%	8.3%	8.8%
<b>TOTAL NUMBER OF ADVERTISERS</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## ➔ Loyal advertisers

PagesJaunes has a high advertiser retention rate. 84.7% of PagesJaunes advertisers in 2007 continued their commercial relationship with the company in 2008 (the remaining 15.3% of advertisers who did not continue their commercial relationship with the company also included businesses which ceased trading or went into liquidation). The table below shows the trend in the advertiser retention rate by number and by revenues in the last three financial years:

	2006	2007	2008
Loyalty rating, number of advertisers	84.5%	85.6%	84.7%
Loyalty rating, revenues	93.4%	93.2%	92.7%

Typically, the advertiser's budget for PagesJaunes grows as the relationship lengthens. The table below shows the growth in the average revenue of existing customers compared to that of new customers (average revenue per advertiser) over the last three years:

	2006	2007	2008
New customers <sup>(1)</sup>	581	601	550
Existing customers <sup>(1)</sup>	1,837	1,866	1,883
<b>Overall average revenue<sup>(2)</sup></b>	<b>1,570</b>	<b>1,581</b>	<b>1,564</b>

(1) Average budget per advertiser on a sales basis (based on publishing and trading customers, without restatement for advertising agencies).

(2) Average revenue per advertiser on an accounting basis.



### ➔ Services acknowledged by advertisers

PagesJaunes offers its advertisers a wide range of advertising platforms (printed directories, fixed and mobile Internet, telephone directory enquiry service) and believes that this diversity of platforms is necessary to enable advertisers to reach the largest possible number of users and respond to evolving usage patterns. Moreover, on each of its platforms, PagesJaunes offers a wide range of advertising products. Each of these products has an independent rate structure.

Businesses wishing to promote their activity on one of the PagesJaunes platforms enter into a contract for the duration of one edition, i.e. 12 months, except in the case of some specific advertising products on Internet platforms. The payment conditions require a payment on account to be made on the signing of the contract (generally 10% to 20% depending on the amount of the order), with the balance being paid no later than two months after the publication of their advertising product.

For a number of years, PagesJaunes has operated a system which gauges the effectiveness of the PagesJaunes directory for the advertiser. This involves inserting a telephone number in his advertising product which only appears in this location, thereby enabling him to count the calls generated.

### ➔ Commercial organisation

With a view to securing the loyalty of its clientele and expanding its base of new customers, PagesJaunes has put in place an experienced commercial organisation that is appreciated by its advertisers. The sales force markets all the printed directories and online services of PagesJaunes in metropolitan France and the four overseas departments (Guadeloupe, Martinique, French Guiana and Réunion). The sales force in the overseas *départements* is attached to PagesJaunes Outre-Mer, a 100% subsidiary of the company. As at 31 December 2008, PagesJaunes had a registered workforce of 2,116 sales employees, compared to 2,022 in 2007, divided among three sales channels: telesales, field sales and major accounts.

Each of these sales channels works in a co-ordinated way within a specific geographic region. The breakdown of customers between the various sales channels allows optimisation of customer relations and the direct commercial cost, which is defined as the remuneration of the sales force and the cost of its supervisory structure. In 2008, this direct commercial cost represented 14.9% of the taxable revenues of PagesJaunes.

In order to have an efficient sales force, the Company is selective in its recruitment and provides all its salespersons with in-service training programmes on products and new technologies. For example, the training programme for new salespersons – essentially in telesales – includes three weeks of training alternating between theory and practice.

The sales managers also carry out regular assessments of the performance of the salespersons whom they are responsible for managing, as well as personalised progress plans. The extent of the variable portion of the sales personnel's pay depends on the channel; field salespersons have a variable portion amounting to 100% of their pay.

PagesJaunes' commercial organisation offers attractive opportunities for career development and pay progression for salespersons. They generally begin their career in "Prospect Telesales", and the best of them are offered the possibility of progressing to "Customer Telesales" and then to the field sales force. That contributes to the motivation and loyalty of the PagesJaunes sales force.

### ➔ Access to data

PagesJaunes uses the subscriber databases of the various telecommunications operators in France, including France Télécom, under data supply contracts. The Company complements this information, in particular through the contacts which the commercial network maintains with businesses.

## 6.2.1.1 PRINTED DIRECTORIES

PagesJaunes' B to C printed directories business includes the PagesJaunes directory and *l'Annuaire*. This business generated revenues of 617.7 million euros in 2008. 628,024 advertisers purchased an advertising product in the PagesJaunes directory or *l'Annuaire* in 2008. A total of 274 editions of the PagesJaunes and *l'Annuaire* printed directories were produced in 2008.

The publication of these directories is spread across the year. The marketing of advertising space in the directories for a given year takes place from April of the previous year to the end of July of the year in question. The average directory production cycle is six months.

The expenses associated with printed directories result mainly from publishing costs (purchase of paper, printing and distribution of the directory as well as the purchase of editorial content) and commercial and administrative expenses.

### ➔ 6.2.1.1.1 The PagesJaunes directory

Each PagesJaunes directory lists businesses in one of its 1,700 sections depending on the location in which the business is established. For each business listed, PagesJaunes generally makes an entry in the directory covering the *département* in which the business is established and in which, generally, the corresponding telephone line is installed.

PagesJaunes produced 135 different editions of the PagesJaunes directory in 2008. These were mostly distributed free of charge to private homes and to businesses. The PagesJaunes directory is also available for purchase on request to PagesJaunes. Some of these directories have *département*-level advertising coverage, while others have *infra-département* coverage. This scoping technique enables advertisers to promote their business in the directories covering a more limited geographic region which better matches their catchment area.

### ➔ 6.2.1.1.2 L'Annuaire

In 2008, PagesJaunes produced 139 *département* editions of *l'Annuaire*, which were distributed free of charge to private homes and businesses, except for some private subscribers who had Minitel terminals. It is also available for purchase on request to PagesJaunes.

On 20 January 2006, PagesJaunes entered into a contract with France Télécom under which PagesJaunes was granted a licence to operate the printed universal directory, accompanied by a contract to acquire the "*L'Annuaire*" brand for a total of 12 million euros. These contracts came into force on 1 January 2006.

## 6.2.1.2 ONLINE SERVICES

PagesJaunes' online services represent a growing proportion of its business and are at a high level compared to most European directory publishers, in terms of both revenues and audience. Their development began in 1985, when the first PagesJaunes electronic directory was



launched on Minitel. PagesJaunes' online service offering was then enhanced in 1997 with the launch of the pagesjaunes.fr site on the Internet. An initial version of pagesjaunes.fr adapted for mobile Internet (accessible from mobile handsets) went online in December 2000.

Since 1997, PagesJaunes has also developed a complementary website site creation and hosting business.

PagesJaunes' online services generated revenues of 432.8 million euros in 2008. 482,134 advertisers purchased the company's online services in 2008. The bulk of revenues come from the products of pagesjaunes.fr, with the balance coming from the website creation and hosting business, where the growth was due to the "En Savoir+" standardised site offering, which was enriched in 2008 with an advertising video product.

The table below shows the recent trend in average monthly visits to PagesJaunes' online platforms:

(in millions)	2006	2007	2008	Change
pagesjaunes.fr <sup>(1)</sup>	60.0	68.3	70.8	3.7%
pagesjaunes.fr on mobile <sup>(2)</sup>	0.9	0.9	1.2	31.9%
<b>TOTAL</b>	<b>60.9</b>	<b>69.2</b>	<b>72.0</b>	<b>4.0%</b>

(1) Source: Médiamétrie-eStat, in number of visits.

(2) Source: Mobivillage/Médiamétrie-eStat, in number of visits.

### ➔ 6.2.1.2.1 Pagesjaunes.fr and Internet sites

The 2008 revenues of pagesjaunes.fr and the website creation and hosting business amounted to 427.8 million euros, a rise of 24.4% compared to 2007.

#### Pagesjaunes.fr on the Internet

The pagesjaunes.fr Internet site is one of the leading sites in France in terms of audience. With a reach rate of 45% and over 15 million unique visitors in December 2008 (source: Médiamétrie/NetRatings France Panel – all access points – Internet applications excluded – December 2008), the pagesjaunes.fr site ranks sixth among French Internet sites. In terms of visits, pagesjaunes.fr gained 29 million visits in one year, rising from 820 million in 2007 to 849 million in 2008 (source: Médiamétrie-eStat 2008). Most of the visitors to pagesjaunes.fr come directly to the site without passing through audience sites with which PagesJaunes is in partnership (Orange, Voilà, MSN, AOL, Alice, La Poste, Free and Mappy). The external links, partnerships and sponsored links only represent around 15% of the audience of pagesjaunes.fr in terms of the number of visits (source: Médiamétrie-eStat, December 2008).

The site provides a range of innovative services which have developed over the years:

- searches for a business or person. When searching, users can also access town plans of all the communes in Metropolitan France and over 4 million photographs of 26 towns and cities to locate the business or person they are looking for. These complementary services are offered by PagesJaunes in partnership with Mappy;
- a service called "Recherche à côté de" (search near). With this service, which was created in January 2004, any Internet user can enter a simple address and a business category in order to obtain a list of such businesses near to the stated address, as well as a map of the district highlighting in particular advertisers on pagesjaunes.fr. This service has been progressively extended and now covers the whole of France. Internet users can also search around a point of interest (POI) on the new version of pagesjaunes.fr;
- a service of aerial photographs provided by IGN, covering the whole of France, was launched in May 2006 and was an immediate success. This service enables users among other things to search for a

business or person and then to locate the search results on an aerial photograph and a map, with the ability to toggle between the two. Since April 2007, thanks to a partnership between PagesJaunes and InterAtlas, users of pagesjaunes.fr have been able to access high-resolution aerial photographs. Nine major cities and one French region are represented (Aix-en-Provence, Lyon, Marseille, Mont Saint Michel, Orléans, Paris, Reims, Toulouse, Vannes and the whole of the Île-de-France region);

- in September 2006, a service providing a 3-D representation of cities was also launched on an experimental basis. This service was introduced in the cities of Paris and Rennes. It allows users to search for a business and to locate it on a 3-D representation of the city. In view of its success, 11 further cities have been placed online (Aix-en-Provence, Lyon, Marseille, Toulouse, Issy-les-Moulineaux, Versailles, Bordeaux, Grenoble, Montpellier, Nancy and Nantes);
- the "Ville en direct" service: with this service, which went online in February 2005, PagesJaunes enables Internet users to obtain useful, up-to-date information on all the towns and cities of France in near-real time: detailed weather reports with free forecasts up to 10 days, traffic information for the Île-de-France region and the motorway network, over 400 webcams across the whole of France divided into four themes: "beach", "mountains", "cities" and "traffic", cinema programmes in partnership with Allociné (with trailers provided by Visioscene), an exhaustive database on leisure in France with Via France, as well as a partnership with FNAC through which users can obtain tickets;
- the "Click to talk" service launched in November 2005 enables users to call a business free from their computer using VoIP (Voice over IP) or by telephone by means of a call back system. This product is offered to all advertisers who have signed up for a three-line advertisement of the module type on pagesjaunes.fr;
- a personal space called "Espace Perso". Created in 2003, the Espace Perso is a free service which enables private individuals or businesses to add active links to their details appearing in pagesblanches.fr. These links enable internet users to send an SMS text message or an e-mail directly, without the subscriber's mobile number or e-mail address being revealed. Espace Perso meets Internet users' need to be easily accessible while maintaining the confidentiality of their personal details;
- access to the "QuiDonc" reverse directory, which has been provided free of charge since April 2008;

- rapid access to over 200 online directories throughout the world with the ability to find, for example, details of a company based abroad. This service is provided free of charge for the users of pagesjaunes.fr;
- the possibility of viewing sale and rental advertisements to find a home or vehicle in the whole of France, in partnership with PagesJaunes Petites Annonces, the Group's subsidiary operating the annoncesjaunes.fr site.

### **Pagesjaunes.fr on mobile handsets**

Pagesjaunes.fr on mobile handsets was launched in December 2000. The service is carried under its own brand on all of the portals of the three incumbent mobile operators. It is also accessible from the Gallery multi-operator kiosk. In addition, PagesJaunes provides direct access to its site at the address: mobile.pagesjaunes.fr.

In June and October 2008, PagesJaunes deployed an optimised version of its pagesjaunes.fr service devoted to new generation mobile handsets with web browsers. This new version is fully in line with the strategy of continuity of service and makes PagesJaunes one of the first French publishers to offer an optimised version of its site which is compatible with the main mobile web browsers. On their handsets, users find a mobile pagesjaunes.fr site offering business search, person search and reverse search services, which is identical in terms of advanced functionality and look and feel to the site which they access on the fixed Internet.

The PagesJaunes Inside®, application launched in November 2007 was compatible with the 170 most widely used handsets at the end of 2008 in order to address the widest possible target audience. This application is distributed by PagesJaunes by direct download from its fixed and mobile Internet sites and has been downloaded almost 100,000 times since it was launched.

The PagesJaunes Inside® concept, which provides free, direct access to a local search service from a mobile handset, has been extended to the navigation area under a partnership which PagesJaunes has entered into with Mio, the world's third-largest manufacturer of PNDs (Personal Navigation Devices).

In 2008, PagesJaunes was the fifth most consulted independent site (excluding portals of mobile operators) on the mobile Internet (source: Médiamétrie – panel of mobile users – October 2008).

The business model adopted by PagesJaunes is based on free distribution and the sale of advertising, as on most of the Group's platforms.

### **Website creation and hosting**

PagesJaunes offers businesses a website creation and hosting service enabling them to promote their business through an Internet site. The website creation and hosting business is a natural extension of the relationship with the advertiser, reinforcing the strategy of developing loyalty among the Company's customers. This service is offered by the entire field sales force across the whole of France.

#### ➔ **6.2.1.2.2 PagesJaunes 3611 (Minitel)**

The audience of PagesJaunes 3611 is falling very sharply. PagesJaunes 3611 recorded revenues of 5 million euros in 2008.

France Télécom notified PagesJaunes in July 2008 of its decision to discontinue the Minitel "36 11" directory service on 31 March 2009. Nevertheless, in view of users' interest in this service (over one million connections per month), France Télécom and PagesJaunes decided in February 2009 to maintain this service.

### **6.2.1.3 VOICE AND SERVICES**

In the context of the liberalisation of the directory enquiries market, which came into force in April 2006, PagesJaunes introduced a telephone directory enquiry service, 118008, in November 2005.

The service is accessible 24 hours a day, seven days a week, from fixed-line or mobile telephones in metropolitan France and can be used to carry out all types of search.

Customers can also access information on cinema programmes (searches by cinema, city, film, with details of times), under a partnership with Allociné. They can also access weather information for the location from which they are searching.

PagesJaunes has also enriched the service provided for users by allowing multi-criteria searching, for example making it possible to search for hotels by the number of stars or restaurants by culinary specialities.

PagesJaunes relies on a number of call centres which are external to the company but are based in France in order to be closer to its customers, on an efficient telecommunication and IT platform and the most comprehensive database possible containing details of the customers of fixed and mobile operators who wish to provide them.

In February 2007, PagesJaunes entered into a management agreement with Belgacom and AlloBottin under which PagesJaunes would provide the operational management and the processing of calls to the 118 007 and 118 612 services. This agreement provided for the numbers to be transferred to PagesJaunes in July 2007. This was endorsed by a decision by Arcep in July 2007.

The PagesJaunes 118008 telephone directory enquiry service is based on a mixed business model combining revenues from users (the caller pays to access the service) and revenues from the advertisements marketed to advertisers by the PagesJaunes sales force.

PagesJaunes complemented its service offering with the launch, in April 2008, of the first directory enquiry service accessible free of charge by SMS, on the number 32 008. The business model is based on a free service financed by advertising. It is a free service (excluding the cost of the SMS) that enables users to search for a business or person and carry out reverse searches, from all mobile handsets. The user can obtain up to 15 results in a single search. The SMS response sent by PagesJaunes contains an advertising message. Since November 2008, this SMS service has also been available by sending an SMS to 118008.

### **6.2.1.4 OTHER SERVICES**

#### ➔ **6.2.1.4.1 PagesPro**

The PagesPro directory published by PagesJaunes is positioned as a regional directory for small and medium-sized enterprises, the purpose of which is to put businesses in touch with each other. The PagesPro directory is now available in the form of a printed directory, on CD-Rom and on the Internet.

The PagesPro directory is sent free of charge to companies included in a distribution list drawn up by PagesJaunes, which includes businesses selected on the basis of their activity and size. Before distribution, PagesJaunes contacts each of these businesses to determine the platform (print or CD-Rom) on which they wish to receive this directory.

The revenues come essentially from the sale of advertising space in the PagesPro directory. 23,700 businesses used one of the services of the PagesPro directory to advertise in 2008.

A new version of pagespro.com went online in May 2008, including a more dynamic design, revised ergonomics, including Web 2.0 technologies and new functionalities, such as the addition of an express search by business sector and the possibility of creating the user's own prospecting list.

#### ➔ 6.2.1.4.2 QuiDonc

Created in 1998, the QuiDonc reverse directory enables users to search for a business or person in France on the basis of a telephone or fax number. This directory also enables users to search for a business or person by name across the whole of France.

The QuiDonc service became free on the Internet in May 2008 when accessed from pagesjaunes.fr, while remaining a paid-for service for Internet users when accessed from audience sites, at the discretion of the publisher of the site on which it is provided. On the Internet, payments are secure and the search cost is calculated not on the basis of the time taken, as in the case of the Minitel and Audiotel services, but per search.

All of the revenues resulting from the "QuiDonc" business are generated from payments by users.

## 6.2.2 International & Subsidiaries segment

In addition to the publication of consumer directories in France, PagesJaunes Groupe was present in a number of businesses making up the International & Subsidiaries Segment in 2008. These mainly comprise the publication of consumer directories outside France (Spain, Morocco and Luxembourg) and the development of activities complementary to the publication of directories, such as the geographic services of Mappy and the direct marketing services of PagesJaunes Marketing Services. This segment also includes the online small ads business ("annoncesjaunes.fr"), which was launched in January 2007 and accommodated within the company PagesJaunes Petites Annonces, as well as the Internet advertising representation business of Horyzon Média.

### 6.2.2.1 B TO C DIRECTORIES

#### ➔ 6.2.2.1.1 Spain – QDQ Media

QDQ Media was formed in 1997 to take advantage of the development potential in the Spanish market with a distinctive and more modern product. The Spanish market was characterised by a low level of penetration of directories and a limited presence in the advertising market compared to other European markets. QDQ Media was acquired by Wanadoo in April 2001 and then sold to PagesJaunes Groupe in April 2004.

QDQ Media currently offers printed directories, online services and directory enquiries by telephone, as well as a suite of services available on mobile handsets, which was launched in October 2008. In order to market advertising space on its platforms, QDQ Media developed a field sales force divided into seven regional branches (Central, Catalonia, North, North-West, Castille/Canaries, Andalusia and Levante), each managing between 7 and 11 directories, and a telesales channel comprising three hubs (Madrid, Barcelona and Zaragoza). At the end of 2008, the sales force comprised approximately 350 employees.

QDQ Media offers its advertisers an extensive range of advertising products. In June 2008, the company signed an agreement with Google for the distribution of the Adwords programme among

its local advertisers. In 2008, QDQ Media was the second largest publisher of directories in Spain, with revenues of 42.1 million euros and 73,000 advertisers. QDQ Media's main costs were publishing costs (paper, printing and distribution of directories), commercial costs and administrative expenses.

#### *Printed directories*

The printed directory "QDQ, La Guía Util" (the useful directory) lists businesses classified into sections. Within each section, the businesses are classified by location or even by district, or in alphabetical order, depending on the business and the directories concerned. The first five printed directories were launched in the Madrid province in 1998.

In 2008, QDQ Media published 78 directories covering almost the whole of Spain and distributed 14 million copies. Approximately, 10 million people in Spain used the "QDQ, La Guía Util" directories in 2008 (source: IPSOS, June 2008). The oldest directories are the most established, and their audience is sometimes close to that of Páginas Amarillas, as for example in the Madrid province.

Like PagesJaunes in France, QDQ Media markets advertising space, designs the advertisements for its advertising customers, handles the layout of the directories and entrusts the printing and distribution to external service providers under agreements negotiated by the Group.

#### *Internet services*

In 2001, QDQ Media launched the "qdq.com" site to offer its users the possibility of searching for the details of a business on the Internet. During its development, "qdq.com" benefited particularly from the contribution of Mappy's photographic and cartographic services. Photographs of cities (Madrid, Barcelona, Valencia, Seville, Santiago de Compostela, Santander, Valladolid and Zaragoza), as well as Madrid and Barcelona in 3-D, have enjoyed great success among Internet users and contributed to the rise in the site's audience.

Since 2003, "qdq.com" has included "QDQ Blancas", the first Spanish directory to contain the subscribers of all telecommunication operators who have not requested that their fixed-line telephone number remain

ex-directory or who have given their prior consent in the case of their mobile telephone. Since 2007, "qdq.com" has been available in seven languages.

In 2008, "qdq.com" received an average of 2.0 million visits per month (source: OJD www), representing a full-year rise of 12.9% compared to 2007, and Internet services generated almost 30% of QDQ Media's revenues. The marketing of the Google Adwords offering, which enables QDQ Media advertisers to include a sponsored link campaign in their Internet communication plan, was launched in October 2008 and therefore had only a marginal impact on the company's 2008 revenues.

### Telephone directory enquiry service

In July 2004, QDQ Media launched a telephone directory enquiry service, 11875. This service uses the company's database and was progressively made accessible on the networks of the main telecommunication operators in the second half of 2004. QDQ Media also signed an agreement with Telegate aimed particularly at marketing the audience of the various directory enquiry services operated by Telegate in Spain to its advertisers.

#### ➔ 6.2.2.1.2 Luxembourg – Editus Luxembourg

Since it was formed in 1995, Editus Luxembourg has been the publisher of the official directories in Luxembourg. The company is owned 49% by Eurodirectory and 51% by P&T Luxembourg. PagesJaunes Groupe has held 100% of the capital of Eurodirectory, the holding company, since acquiring the 50% previously held by Seat Pagine Gialle in October 2004. Editus was consolidated in the Group's accounts by the equity method in 2004 and has been proportionally consolidated since 1 January 2005. Under the shareholder agreement entered into on 6 July 1995, Eurodirectory and P&T Luxembourg appoint the same number of directors, with the board being chaired by a director proposed by P&T Luxembourg.

Editus offers its advertisers, who numbered over 15,100 in 2008, and its users four lines of products and services: directories, on print CD-ROM and fixed and mobile Internet platforms, real-estate and vehicle small ads on print and fixed Internet platforms, interactive media agency services, as well as direct marketing services.

Editus publishes the yellow pages, white pages, business and Internet directories in Luxembourg under the brands "Editus Pro", "Editus D'Telefonbuch", "Editus B2B" and "Editus Net". Since 2008, the company has also published the "Editus City" directory, specialising in the shopping and leisure sectors which are centred on the country's two largest conurbations. Each directory comprises one single paper edition per year and is distributed to private individuals through post offices and businesses in Luxembourg. "L'Editus B2B" also covers companies in the extended region covering the Saarland, Palatinate and Lorraine regions and the Belgian province of Luxembourg.

As part of its real-estate small ads business, Editus provides a monthly magazine and an Internet site on property and living in Luxembourg under the "Habiter.lu" brand, as well as a fortnightly magazine and an Internet site devoted to the real-estate market in the part of Belgium bordering Luxembourg under the "Référence Immobilière" brand. In the vehicle segment, Editus provides a monthly magazine and an Internet site devoted to this segment under the "Driving.lu" brand.

As part of its "LISA Media" interactive media agency business, Editus offers advertisers consultancy services on media placement and the management of their purchases of space and services centred on digital media (advertising displays, sponsored links, website optimisation for search engines). At the same time, under the "Editus Data" brand, Editus

enables advertisers to conduct targeted direct marketing operations and markets its PagesJaunes database.

All the Editus Internet sites are integrated in "luxweb.com", the leading portal in Luxembourg, with 310,000 unique visitors in December 2008 and 9.0 million visits in the whole of 2008, a rise of almost 16% compared to 2007.

#### ➔ 6.2.2.1.3 Morocco – Edicom

Edicom, the main directory publisher in Morocco, was acquired by PagesJaunes Groupe in June 2005 from Atlas Services Belgium, a subsidiary of the France Télécom group, and has been consolidated since July 2005. Edicom was created by the merger in the first half of 2005 of five companies acquired by the France Télécom Group in 1999 and 2000.

Edicom publishes "Télécontact", a classified business directory which was distributed in 120,000 copies in 2008. "Télécontact" was also issued in 2008 in a pocket edition for Casablanca, focusing on B to C categories and aimed exclusively at private individuals. This first edition was distributed in 40,000 copies. The "Télécontact" service is also available on the Internet via the "telecontact.ma" site.

Edicom also operates the Kompass brand in Morocco, publishing two printed directories, "Kompass National" and "Kompass Textile", and the "kompass.ma" Internet site.

## 6.2.2.2 COMPLEMENTARY ACTIVITIES

### ➔ 6.2.2.2.1 Direct marketing – PagesJaunes Marketing Services

Formed in 1999, Wanadoo Data acquired the company e-sama in February 2005. Wanadoo Data adopted the name of PagesJaunes Marketing Services when it absorbed e-sama in March 2006. PagesJaunes Marketing Services has acquired and developed acknowledged, specific know-how in the processing and supply of marketing data. The data provided by PagesJaunes Marketing Services is reliable, qualified, up to date and ready for use. It is also "live" and customisable to meet the different needs of businesses.

PagesJaunes Marketing Services provides comprehensive know-how in direct marketing, the creation of marketing databases, (supply of prospecting files of individuals or businesses) and their processing (postal standardisation, deduplication, deletion of obsolete addresses and addition of new addresses, enrichment, segmentation) through to their exploitation (hosting). To complement these activities, PagesJaunes Marketing Services offers comprehensive services for direct marketing and multichannel customer relationship management (contact centres, call centres, e-mail platform and automatic SMS dispatch, mass mailing printout, routing, management of returns and payments). The costs incurred by PagesJaunes Marketing Services result mainly from purchases of data and production costs, essentially personnel expenses.

In 2008, PagesJaunes Marketing Services had around 1,200 customers, the main customers being in the sectors of telecommunications, energy (electricity), banking and insurance, press and publishing, vehicles and business services.

### ➔ 6.2.2.2.2 Geographic services – Mappy

Mappy is now a major provider of geographic services (maps, journey planners, geographic representations, local area searches, GPS navigation) on the fixed and mobile internet. Mappy was acquired by PagesJaunes Groupe from Wanadoo in April 2004.

Mappy acquires the raw geographic data from third parties and incorporates it in its own technical platform, enabling it to create services such as map displays, journey planners, local area searches and GPS navigation. Mappy also creates photographic databases of cities, enabling users to view streets and facades of buildings and to take a virtual stroll through the city. Mappy's photographic databases comprise 36 cities, including 27 in France, eight in Spain and one in Luxembourg, with over 6.7 million photographs covering almost 1.3 million addresses.

These services are made available to the general public through "mappy.com", which is accessible on the fixed and mobile Internet. "mappy.com" is one of the main Internet sites in France, with 12.7 million unique visitors in December 2008 (source: NielsenNetRatings) and 221.7 million visits in the whole of 2008 (source: Xiti) and a mobile service accessible on the portals of all operators. The audience of Mappy's fixed and mobile Internet services has been marketed since 2008 by Horyzon Média, the Internet advertising representative of PagesJaunes Groupe.

Mappy's services are also marketed to business customers and are incorporated in their Internet or Intranet sites or in their mobile services. In particular, they enable the "pagesjaunes.fr", "annoncesjaunes.fr", "qdq.com" and "luxweb.com" services to be enriched. Mappy's services are made available to its customers through APIs (Application Program Interfaces), which enable them to use cartographic resources to develop any desired type of service. Mappy is also positioned in the market for GPS navigation services, which are a natural extension of its know-how. Mappy has franchised its brand to the Logicom company, which designs, imports and distributes PNDs (Portable Navigation Devices) for the French market in collaboration with Mappy. Mappy also provides GPS navigation solutions for mobile telephones. Mappy's cost mainly comprise personnel expenses, costs of acquiring geographic data and costs associated with its proprietary platform (servers and bandwidth).

#### ➔ 6.2.2.3 Online small ads – PagesJaunes Petites Annonces

In January 2007, PagesJaunes Groupe launched an online small ads business through its subsidiary PagesJaunes Petites Annonces, accessible on the "annoncesjaunes.fr" site. In October 2007, the M6 Group acquired a 34% holding in the capital of PagesJaunes Petites Annonces.

The revenues of PagesJaunes Petites Annonces come essentially from the subscriptions purchased by businesses (in particular estate agents and vehicle dealerships) to offer items for sale on "annoncesjaunes.fr", and, to a lesser extent, from the sale of advertising space on the site.

The "annoncesjaunes.fr" site now offers users a vast array of real-estate and vehicle advertisements, as well as advertisements for jobs, training courses or home services. The number of advertisements on the site continued to grow in 2008, rising from over 400,000 at the end of December 2007 to 490,000 at the end of December 2008. The site recorded 23.7 million visits in the whole of 2008 (source: Xiti) and 1.9 million unique visitors in December 2008 (source: NielsenNetRatings), making it one of the most visited real-estate and vehicle small ad sites in France.

In 2008, the company also continued to strengthen its "product" synergies with PagesJaunes by creating the "vitrine" (shop window), an interface enabling customers of PagesJaunes Petites Annonces to highlight their advertisements on "pagesjaunes.fr". This enables the group to offer an extremely competitive range of advertising products in the real-estate and vehicle sectors.

#### ➔ 6.2.2.4 Internet Advertising representation – Horyzon Média

In October 2007, PagesJaunes Groupe acquired a majority holding in the capital of the companies Horyzon Média and Horyzon Clics, which are Internet advertising representatives formed in February 2004 and September 2005 respectively. The two companies merged on 30 June 2008; the new entity has the name of Horyzon Média. These acquisitions enabled PagesJaunes Groupe to strengthen its presence in the dynamic online advertising market, and to complement its directory-type online advertising offering with a national advertising offering marketed on a CPM (cost per mille) or CPC (cost per click) basis.

Horyzon Média marketed the advertising space on around 80 consumer Internet sites to national advertisers in 2008 and is one of the main click-based campaign platforms in France, with a network of 5,800 affiliated sites. The sites marketed by Horyzon Média represented a reach rate of almost 65% in December 2008 (source: NielsenNetRatings), providing advertisers with one of the highest levels of coverage of French Internet users. Horyzon Média was entrusted with the advertising representation for the national space on all the fixed and mobile Internet sites of PagesJaunes Groupe in France, and in February 2008 the company launched a specific mobile Internet offering. Horyzon Média's costs essentially comprise personnel expenses for its sales force and amounts paid on to publishers.



## 6.3 Exceptional events

As of the date of this document, no exceptional events have taken place.

## 6.4 Relations with the France Télécom Group and shareholders

Up until 11 October 2006, the Company belonged to the France Télécom Group. The Group's policy had always been to sign contracts for all its relations with France Télécom and its subsidiaries under market conditions. Following France Télécom's disposal of its stake in the Company's capital, France Télécom and the Company signed a transition agreement on 11 October 2006 to determine the fate of the contracts that existed on the date the transition agreement was signed between the entities of the France Télécom Group and the Group entities.

Under the terms of the transition agreement, the agreements described in paragraphs 6.4.1 (Agreement for providing directory data for directory publication), 6.4.2 (Advertising representation agreement), 6.4.3 (Agreement on manufacturing and distributing *l'Annuaire* and PagesJaunes 3611 alphabetical search), 6.4.4 (Operating license agreement for *l'Annuaire*) of the reference document remain in application.

Law 2003-1365 of 31 December 2003 provided for a call for applications to appoint the operator responsible for universal directory enquiry services and printed and electronic directories. The France Télécom Group made an application and stated that responsibility for providing

the general printed directory would be given to PagesJaunes. In a decree of 3 March 2005 issued by the Ministry of the Treasury, Finance and Industry, France Télécom was appointed sole operator of this universal directory service. France Télécom's role as universal operator has a two-year term. Following a recent call for applications, a 29 March 2007 decree appointed France Télécom sole operator of this universal directory service for a further two years: France Télécom publishes a directory, in printed and electronic format, and operates a directory assistance service, in accordance with the technical specifications for the universal directory service and directory enquiries service resulting from said decree.

Calls for applications for the supply of a universal paper directory and a universal information service were published in the Official Journal on 14 January 2009. However, the government did not launch a call for applications for the electronic directory, since it felt that this service was "largely available, free of charge, and with an overall satisfactory level of quality." PagesJaunes submitted an application to be appointed operator in charge of the universal paper directory and the universal information service.

### 6.4.1 Agreement for providing directory data for directory publication

This agreement was signed on 26 June 2000 for a period of four years, automatically renewable for one-year periods. This accord was terminated early by amicable agreement and was replaced by an agreement signed on 11 March 2004, retroactive to 12 September 2003. The agreement was in force until 31 December 2004, whereupon it was to be automatically renewable twice for one-year periods. Under the terms of this agreement, PagesJaunes received the non-exclusive and non-transferable right to use France Télécom's landline telephone subscriber database, which is updated every day as part of an obligation to provide resources, for the sole purpose of information services and publishing directories, in any form, and using an amount calculated based on the rate of usage of this database (amount fixed by usage). The fees are payable according to the following terms: 50% when ordering and the balance six months after the start of the year. At the end of each year, a comparison is made between the provisional usage statement

and the actual usage measured during the period. If the comparison shows that the data usage by PagesJaunes was higher than forecast, France Télécom creates a revised invoice. In the opposite case, France Télécom enters a credit which is offset against the next invoice issued to PagesJaunes. This agreement falls under the obligation incumbent on all operators (including France Télécom) to provide the list of all its subscribers to anyone who wishes to publish a directory or provide an information service, under non-discriminatory conditions and at a price reflecting the costs of the service rendered.

A new agreement was signed on 31 January 2007 effective from 1 January 2007, for a period of one year, and this is automatically renewable under the same terms.

Pursuant to this agreement, PagesJaunes paid France Télécom 3.7 million euros in 2008 (3.7 million euros in 2007).

## 6.4.2 Advertising representation agreement

Under the terms of this advertising representation agreement, France Télécom has given PagesJaunes sole responsibility for finding new customers and gathering the advertising to be placed in the alphabetical PagesJaunes 3611 service, as well as the technical design, production and page layout of this advertising. This agreement, signed on 30 June 1967, was amended several times and replaced by an agreement dated 15 November 2002 in effect until 31 December 2009, and automatically renewable for additional five-year periods. Pursuant to this agreement, PagesJaunes is responsible for billing and collecting from the advertisers the cost of the advertisements they take out and is therefore their *del credere* agent (PagesJaunes is responsible for payment for all advertisements published regardless of any insolvency on the part of the customers). France Télécom sets the prices for the advertisements applicable to each edition after consultation with PagesJaunes. The latter is paid for this representation by a commission calculated based on the amount, excluding taxes, for the advertising space billed for each accounting period as follows:

- 45% up to 65 million euros;
- 55% from 65 to 100 million euros;
- and 65% above 100 million euros.

In addition, when any usage of the PagesJaunes 3611 for alphabetical search is on a fee-paying basis for the user, an additional 10% commission is allocated to PagesJaunes on the amount, excluding tax, charged for the advertising space billed for PagesJaunes 3611 alphabetical search. This has been the case since 1 September 2007, when the PagesJaunes 3611

service became fee-paying from the start of the consultation. A monitoring Committee with two representatives of France Télécom and two representatives of PagesJaunes was created. The task of this Committee is to examine all questions relating to the application of the agreement. The Committee makes any suggestions and proposes any solutions it deems appropriate.

On 20 January 2006 PagesJaunes also signed an operating license agreement with France Télécom for the printed universal directory in favor of PagesJaunes, accompanied by an acquisition agreement for the "*L'Annuaire*" trademark for a total sum of 12 million euros. These contracts took effect on 1 January 2006.

This operating license agreement has been substituted for, on this date and solely for the printed alphabetical directory (*l'Annuaire*), the advertising representation agreement of 15 November 2002. Consequently, the agreement of 15 November 2002 was modified on 20 January 2006, with a view to limiting its scope only with regard to the alphabetical search version of PagesJaunes 3611.

Pursuant to this agreement, France Télécom billed PagesJaunes fees of 0.5 million euros in 2008 (2.4 million euros in 2007).

France Télécom notified PagesJaunes of its decision to end its supply of the Minitel 36 11 directory service on 31 March 2009. As a consequence, on 26 March 2008 France Télécom and PagesJaunes signed an amendment to this advertising representation agreement intended to end this agreement early on 31 March 2009.

## 6.4.3 Agreement on manufacturing and distributing PagesJaunes 3611 alphabetical search

Under an agreement dated 26 June 2000, France Télécom has made PagesJaunes responsible for carrying out on its behalf all the tasks required for the manufacture, distribution, and promotion of *l'Annuaire* and PagesJaunes 3611 alphabetical search. France Télécom, as the publisher of *l'Annuaire*, sets the parameters for the database list of telephone subscribers to be inserted, the type of information regarding each subscriber's entry, and the scope for the distribution list. France Télécom approves the suggestions made by PagesJaunes in relation to the design of *l'Annuaire*, the publication schedule for the paper *l'Annuaire*, the conditions for distribution of the paper *l'Annuaire*, availability of the electronic *l'Annuaire*, promotion campaigns for *l'Annuaire*, the advertising products to be inserted in *l'Annuaire* and their prices, and also establishes the evolution of *l'Annuaire*. France Télécom provides PagesJaunes with all items relating to the content of *l'Annuaire* which concern France Télécom.

The operating license agreement for the printed universal directory signed on 20 January 2006 between France Télécom and PagesJaunes substituted, on this date and solely for the printed alphabetical directory (*l'Annuaire*), the previous agreement, which was consequently modified on 20 January 2006 with a view to limiting its scope only with regard to the alphabetical search version of PagesJaunes 3611.

This agreement is in effect until 31 December 2009 and will be automatically renewable for a period of four years unless either of the parties has notified the other of its desire not to renew in a registered letter with acknowledgement of receipt, sent at least twelve months before the expiration of the current term.

Changes in the content, form, or technical means of creating or distributing the alphabetic 3611 directory will not be modifiable in any way whatsoever regarding the measures of the current contract.

Thus at 20 January 2006 the scope of the agreement was limited to the PagesJaunes 3611 alphabetical search. Under the terms of this agreement, PagesJaunes charges all the costs of internal and external means needed to produce the PagesJaunes 3611 alphabetical search to the publishing fees owed to France Télécom. Pursuant to this agreement, in 2008 France Télécom paid PagesJaunes 5.8 million euros (5.9 million euros in 2007).

France Télécom notified PagesJaunes of its decision to end its supply of the Minitel 36 11 directory service on 31 March 2009. As a consequence, on 26 March 2008 France Télécom and PagesJaunes signed an amendment to this agreement intended to end this agreement early on 31 March 2009.

## 6.4.4 Operating license agreement for *l'Annuaire*

Following the appointment of France Télécom as sole operator in charge of the general information service and the universal printed and electronic directories, France Télécom decided to entrust PagesJaunes with an operating license for the printed universal directory through an agreement signed on 20 January 2006, effective as of 1 January 2006.

In this capacity France Télécom entrusted PagesJaunes with the supply on its behalf of the printed universal directory and granted it all rights pertaining to this operation, excluding publishing responsibilities.

PagesJaunes undertook to respect in particular all of the measures set forth in the decree dated 3 March 2005 appointing France Télécom operator in charge of the component mentioned above and of the appended specifications, as well as the terms in the application dossier filed by France Télécom on 16 December 2004 pertaining to this appointment.

Fees, costs, and other expenses pertaining to the operation and supply of the printed universal directory are the responsibility of PagesJaunes. In exchange for this undertaking and a lump sum of 11 million euros, PagesJaunes retains all income pertaining to operating the printed universal directory.

This operating license is granted for the entire period during which France Télécom is publisher of the printed universal directory, up to 31 December 2009 at the latest.

If France Télécom is no longer publisher of the printed universal directory before 31 December 2009, France Télécom undertakes to not compete with PagesJaunes (see Section "6.4.6 Non-competition agreement").

Moreover, when the operating license agreement was signed France Télécom and PagesJaunes also signed a usage agreement for the trademark "*L'Annuaire*" in favor of PagesJaunes for a sum of 1 million euros.

France Télécom and PagesJaunes also updated the advertising representation and production agreements (see Sections 6.4.2 and 6.4.3) so as to limit the scope to the 3611 alphabetical search directory, with all the other conditions not modified but adapted to this scope.

Since France Télécom did not submit a tender to the call for applications concerning the supply of a paper universal directory published in the Official Journal of 14 January 2009, this agreement expires on 30 March 2009.

## 6.4.5 Leases and subleasing agreements

The vast majority of the Company's premises were sublet by the France Télécom Group by leases or subleasing agreements. These contracts have been upheld since 11 October 2006, except for premises where the Group is the sole tenant (no other France Télécom group company

shares the premises), in which the Group is the direct tenant as long as the financial conditions remain unchanged.

Pursuant to these agreements, PagesJaunes booked 1.9 million euros billed by France Télécom in 2008 (4.5 million euros in 2007).

## 6.4.6 Non-competition agreement

In an agreement dated 26 May 2004, France Télécom agreed not to compete with PagesJaunes Groupe until 31 December 2008 in France and Spain in its business as a publisher of printed business directories (mainly the PagesJaunes and QDQ, La Guía Útil directories). This undertaking was prolonged by the cooperation agreement to 31 December 2010.

For its business publishing alphabetical directories, France Télécom agreed not to compete with PagesJaunes until 31 December 2009 only

in France and only if PagesJaunes is assigned as the supplier of the general directory or if neither PagesJaunes, nor France Télécom nor any other company in the France Télécom group is assigned (see Section "6.4 Relations with the France Télécom Group – Agreement on Manufacturing and Distributing *l'Annuaire* and PagesJaunes 3611 Alphabetical Search" of the 2005 reference document). This undertaking was prolonged by the cooperation agreement to 31 December 2010.

## 6.4.7 Commercial cooperation agreement

A commercial cooperation agreement was signed between France Télécom and PagesJaunes Groupe. The main measures are as follows:

- visibility for the directory services of PagesJaunes on the fixed orange.fr portal and the mobile Orange World portal is extended for a period of two years starting on 11 October 2006. As compensation for listing the directory services of PagesJaunes provided for in this cooperation agreement, PagesJaunes Groupe has contracted to provide visibility and an equivalent access to Orange on its pagesjaunes.fr portal. The

principles retained for operating the advertising space available on these portals are as follows:

- the advertising space available on the search pages of the service involved are operated by the site hosting this service, and
- the advertising space available on the results pages is operated: for the footers and headers, by the site hosting this service and, for other advertising, by the site that supplies the results;



- audiences shall be counted:
  - by the site hosting this service, for the search pages, and
  - by the supplying site, for the results pages.

The respective receivables in terms of these visibility services are compensated. In the event that a residual receivable exists to the benefit of one of the parties, this will be settled by the supply of an additional service over a period that cannot exceed four months;

- the agreements signed with Mappy, especially pertaining to the supply of maps, itineraries and city photos on the orange.fr and Orange World portals, are extended under the same terms and conditions until 31 December 2008.

The above agreements expired under the framework of this commercial cooperation agreement and may continue under the parties' usual commercial relations.

## 6.4.8 Relations with Mediannuaire

Following Médiannuaire's 11 October 2006 acquisition of France Télécom's stake in the Company's capital, Médiannuaire intends, as the Group's holding Company, to define and implement an effective management policy for its subsidiary, which in particular requires providing PagesJaunes Groupe with strategic accounting, legal, and tax services for the purposes of optimizing, coordinating, and standardizing management within the Group.

With regards to this, Médiannuaire has the teams and personnel with the required know-how to ensure for its subsidiary the services needed to implement this management policy. It may also make use of outsourcing to carry out its mission. In this regard, a contract for the provision of services was signed on 12 October 2006 by Médiannuaire with Kohlberg Kravis Roberts & Co L.P. in order to assist it within the framework of its mission of supplying strategic services.

The Company wished to take advantage of the skills of Médiannuaire in order to optimize management of its activities and ensure its development in the best possible conditions, and therefore signed a contract for the provision of services on 28 November 2006 in which Médiannuaire agreed to provide the Company with its assistance in accounting, financial, legal and tax management, and advice as to strategy.

Médiannuaire's annual remuneration for the assistance provided to the Company will be equal to all the costs incurred and borne by Médiannuaire when carrying out these services, increased by 5%.

This contract produced fees for PagesJaunes Groupe of 1.1 million euros in 2008 (3.2 million euros in 2007).

## 6.5 Group's reliance on certain factors

### 6.5.1 Reliance on patents and licenses

The Group owns many trademarks and domain names relating to a wide range of products and services in France and in other countries, particularly the "PagesJaunes", "Les Pages Blanches", "QDQ", "La Guia Util", "QuiDonc" and "Mappy" brands.

The Group is the owner of all the trademarks used within its business operations.

In addition, the Group has registered a large number of domain names, particularly pagesjaunes.fr, pagesblanches.fr, pagespro.com, quidonc.fr, mappy.com, and qdq.com. The Group has also filed or is filing applications to register many domain names for each of its sites in the countries where it operates or may operate in future.

### 6.5.2 Reliance on supply contracts and industrial contracts

#### 6.5.2.1 PAPER PURCHASES

PagesJaunes Groupe has signed framework agreements with a certain number of paper suppliers, including some of the world's leading paper manufacturing groups. The terms and conditions of these framework agreements apply to all companies where PagesJaunes owns over 20% of the share capital, including PagesJaunes and QDQ Media in particular.

Under the terms of these framework agreements, each Company sends its orders directly to the suppliers and is solely responsible for the resulting obligations. Most of these contracts apply until 31 December 2009. PagesJaunes does not consider itself dependent on any of these suppliers.

### 6.5.2.2 PRINTING

In order to ensure printing for its B to C directories, in France and in Spain, for the three years of 2006, 2007, and 2008, the PagesJaunes Group launched a call to tender all across Europe. The Group secured the services of four printing entities from the tender, and does not feel it is dependent on any of them.

Two printing contracts were signed in 2008, meaning that prices will remain stable between 2009 and 2013.

### 6.5.2.3 DISTRIBUTION

PagesJaunes has signed four major contracts for distributing the PagesJaunes and *l'Annuaire* directories. All the contracts cover distribution of the PagesJaunes directories from 2007 to 2009, with the exception of one, which has been extended for one year in 2008, with the possibility of renewal in 2009. Contract renewal is currently under negotiation in early 2009. The contracts do not stipulate a volume commitment.

PagesJaunes does not consider itself dependent on any of these distributors.

### 6.5.2.4 ACCESS TO DIRECTORY DATA

PagesJaunes has signed an agreement to make the directory data available for directory publishing purposes between PagesJaunes and France Télécom, described in Section "6.4.1 Agreement for making directory data available for publication of directories".

The Company also drew up agreements with different operators to secure access to their subscriber database. These agreements are usually signed for a period of one year automatically renewable for additional one-year periods.

Pursuant to these contracts, the Group's total cost for access to the operators' databases was 5.1 million euros in 2008 (4.4 million euros in 2007). This amount includes the sums paid over to France Télécom for the contract providing directory data (see Section 6.4.1).

## 6.6 Competitive position

### 6.6.1 PagesJaunes in France segment

PagesJaunes considers that its competitive environment extends beyond competition from other consumer or business directories. As in the case of all media, the company faces two types of competition:

Competition for audience: there are various means by which consumers can obtain the details of a person or business or, more widely, obtain commercial information before purchasing a product or service. The services offered by the Company are therefore only one of the many sources of information available to private or business consumers.

Competition from local advertising media: the local advertisers who are the traditional targets of PagesJaunes' services aimed at promoting their products and services can also use other local advertising media to develop their commercial activity.

#### ➔ Competition for audience

Technological developments – particularly Internet and mobile telephony – have significantly altered the Company's competitive environment. Thanks to the Internet, consumers can now access a wide range of content and services in addition to or instead of using the Company's services, and, thanks to the sophistication of mobile telephones, extensive electronic directory functionalities.

Moreover, PagesJaunes' services are in competition with paper directories, telephone directory enquiry services and all press media which list business products and services.

The Company's main competitors are therefore:

- electronic or paper directories allowing the storage of telecommunication numbers;
- telephone directory enquiry services which have also developed on the Internet (118218.fr, 118712.fr, 118000.fr);
- the free press (in particular the publications of the companies Comareg and Spir Communication, 20 Minutes, Métro);
- internet search engines (particularly Google, Voilà, Yahoo!, MSN);
- thematic portals on the Internet, as well as commercial sites (ViaMichelin.com, Ebay.fr, Voyages-sncf.com, Hotels.com, Kelkoo.com, etc); and
- other publishers of printed or online directories (in particular PubliGroupe, U Corsu, etc.) as well as city directories and local guides which have also developed on the Internet.

### 6.6.1.1 PRINTED DIRECTORIES

PagesJaunes' printed directories face two kinds of competition:

- competition from suppliers of information, which is now extremely diverse, particularly with regard to information available online on the Internet: this can include both search engines and the directories published by PagesJaunes (pagesjaunes.fr), as well as other directories;
- competition from other advertising platforms aimed at local advertisers (e.g.: regional daily press, free information sheets, free small ad sheets, posters, local radio, etc.).

### 6.6.1.2 ONLINE SERVICES

PagesJaunes' online directories, like the printed directories, are positioned in the local advertising market, even if, to a marginal extent, they also carry national advertising campaigns. Consumers wishing to obtain commercial information, particularly for the local area, have various information sources at their disposal (see Section "6.6.1 PagesJaunes in France"). These various media also allow local advertisers to communicate within their catchment area.

The proportion of advertising investment in the Internet has begun to grow strongly. In 2008, advertisers spent 2 billion euros on advertising on the Internet (including revenues of the online directory type), representing growth of 23% compared to 2007 (source: Observatoire de l'e-pub 2008 SRI/CapGemini Consulting – January 2009). These trends are also impacting the local advertising market.

If we consider the platforms which compete most directly with pagesjaunes.fr, and more particularly online platforms, the market situation can be broken down as follows:

- **Advertising of the display type on the Internet**, generally sold on a CPM (cost per mille) basis.

The market was valued at around 510 million euros in 2008 (source: Observatoire de l'e-pub 2008 SRI/CapGemini Consulting – January 2009). PagesJaunes markets display products of the banner, totem and thumbnail type, both generic and contextual (thematic and/or local) on pagesjaunes.fr, as well as display products aimed more at major national advertisers (Medium Rectangle on the home page and Corner in aerial photographs).

This is usually national advertising, which is concentrated on the major audience sites: portals of Internet service providers, general or specialist information sites.

Pagesjaunes.fr is present in this market with display products of the banner, totem and thumbnail type, which may be generic or contextual (thematic and/or local).

- **Advertising of the sponsored link type, sold on the basis of the PPP (pay per performance) model.**

This new advertising model appeared in 2001 and has grown strongly. It represented a volume of around 800 million euros in 2008 (source: Observatoire de l'e-pub 2008 SRI/CapGemini Consulting – January 2009).

The main players are Google, Yahoo Search Marketing, Miva and MSN.

This type of advertising is particularly suitable for search engines and allows monetisation of the large audience for Internet search, the main provider of which is Google.

This form of competition directly affects pagesjaunes.fr since it operates in the same search register in the purchase situation. In 2006, Google and MSN introduced local search services in France, as they previously had in other countries such as the United States and the United Kingdom. Yahoo also opened a service of this type in the French market in 2007. This development plays a part in making this form of competition even more direct for pagesjaunes.fr. PagesJaunes intends to meet this new

competition with the new version of the pagesjaunes.fr Internet site, which uses content indexation technologies and also includes a new user interface.

In addition to the two categories referred to above, there is advertising of the online directory type. Pagesjaunes.fr accounts for the bulk of this form of online advertising. The other players in the market, most often derived from directory enquiry services of the 118 XXX type, are implementing strategies aimed at gaining market share.

### 6.6.1.3 VOICE AND SERVICES

The volume of calls made to the directory enquiry services has gradually dropped since the historical numbers were removed. After two stable quarters, the figures published by Arcep concerning the third quarter of 2008 show a 10.1% drop in call volume compared with the third quarter of 2007 (30 million calls versus 34 million calls). Revenue from telephone directory enquiry services amounted to €42 million in the third quarter of 2008, i.e. a 2.3% increase in comparison with the third quarter of 2007. They returned to the levels reported in the second quarter of 2007.

The PagesJaunes estimate was around 120 million calls for the entire market over 2008.

PagesJaunes' three main competitors in the directory enquiries services market are:

- Le Numéro (subsidiary of Infonxx) with 118 218;
- France Télécom/Orange with 118 712;
- Telegate (subsidiary of Seat Pagine Gialle) with 118 000.

### 6.6.1.4 OTHER SERVICES

#### ➔ 6.6.1.4.1 QuiDonc

The market for reverse searching of telephone numbers has long been dominated by Minitel services, mainly Annu and QuiDonc. The competition has now shifted to the Internet, which accounts for around 50% of this type of searching. The other methods are Minitel, which is decreasing rapidly, voice services, mobiles and directory enquiry services of the 118 type.

#### ➔ 6.6.1.4.2 PagesPro

In France, PagesPro competes with the other publishers of printed business-to-business directories (essentially sector directories). On the Internet, there is also wide-ranging competition (sector directories, as well as search engines and other general B to B online directories: societe.com, europages.com and kompass.fr)

## 6.6.2 International & Subsidiaries segment

### 6.6.2.1 B TO C DIRECTORIES

#### ➔ 6.6.2.1.1 Spain – QDQ Media

The market for directories in Spain is dominated by Yell Publicidad. It also includes local players, in particular Guía Color (Castilla y León), Tu Distrito (province of Malaga) and Guiaraba (Álava).

#### ➔ 6.6.2.1.2 Luxembourg – Editus Luxembourg

Editus Luxembourg is the only publisher of printed consumer directories present in Luxembourg. The company has a direct competitor on the Internet (Yellow.lu of the RTL group) and is in indirect competition with all local and even international advertising media on the Internet.

#### ➔ 6.6.2.1.3 Morocco – Edicom

Edicom is the main publisher of consumer directories in Morocco, and is in direct competition with Maroc Télécom, which also publishes a business directory, and with a number of small-scale local operators. The consumer directories market is modest in size, and directory publishers are themselves in competition with the various local advertising media, and with local and international operators on the Internet.

### 6.6.2.2 COMPLEMENTARY ACTIVITIES

#### ➔ 6.6.2.2.1 Direct marketing – PagesJaunes Marketing Services

PagesJaunes Marketing Services has the following main competitors in the various markets in which it operates:

- market for prospecting databases (postal address, telephone, e-mail, SMS): Acxiom, Altares, Cegedim, Coface, Come&Stay, Directinet, Mediapost Data (La Poste), Mediaprisme, Millemercis and Wegener;
- market for processing marketing databases: Acxiom, ETO, Mediapost Data (La Poste), Presse Informatique, Soft Computing, Wegener;
- market for the management of direct marketing campaigns: Arvato Services, Come&Stay, Directinet, ETO, Millemercis.

#### ➔ 6.6.2.2.2 Geographic services – Mappy

Mappy faces strong competition in the online geographic services market, which includes companies such as Viamichelin, Maporama, Novasys and Mapsolute, as well as a number of major Internet players including Google (with Google Maps), Yahoo and Microsoft. Companies selling PNDs (Portable Navigation Devices) and other GPS navigation solutions also constitute another form of competition for Mappy: TomTom, Garmin, Mio and Nokia are the main operators.

#### ➔ 6.6.2.2.3 Online small ads – PagesJaunes Petites Annonces

PagesJaunes Petites Annonces faces strong competition. Although this competition comes from operators in the printed small ads market and from the press, as well as specialist Internet operators, all operators in the market have developed an online business and therefore constitute a form of competition for PagesJaunes Petites Annonces.

- Operators specialising in real estate: SeLogger.com, Explorimmo (Aden Classifieds), Logic Immo (Spir Communication), Reflex Immo (S3G), De Particulier à Particulier, EntreParticuliers.com...
- Operators specialising in vehicles: La Centrale (Schibsted Classified France), L'Argus de l'Automobile, 321 auto, Autoreflex (Corb's), Autoscout 24...
- General operators: ParuVendu (Comareg), TopAnnonces (Spir Communication), S3G (Sud-Ouest group), regional and national daily press publishers.
- Operators originating in the Internet segment: ebay auto, PriceMinister (321 auto and À vendre À louer), Le bon Coin and Vivastreet.

#### ➔ 6.6.2.2.4 Internet Advertising representation – Horyzon Média

Horyzon Média is one of the leading Internet advertising representatives in France. Its main competitors are Orange, Hi-Media, AOL, MSN/Windows Live, ValueClick, Adlink and Yahoo.

## 6.7 Regulations

Apart from the regulations generally applicable to companies in countries where the Group operates, PagesJaunes Groupe is more specifically subject to information society laws relating to its directory business.

PagesJaunes Group operates mainly in Europe and more specifically in France, and so the discussion below involves European and French laws and regulations.

### 6.7.1 Information society regulations

The Law governing Confidence in the Digital Economy was the subject of intense discussions in 2003 between French institutions and service providers. The draft law was aimed at adapting French law to the requirements of developments in the digital economy and strengthening confidence in the use of new technologies. It supplements the Directive on Electronic Trading and was adopted on 13 May 2004 – it sets out the rules for the liability of Internet service providers and website hosting companies, and in particular deals with how domain names and encryption are managed.

#### 6.7.1.1 CONTENT REGULATION AND RESPONSIBILITIES OF INTERNET COMPANIES

The European Directive of 8 June 2000 in relation to some legal aspects of information society services, and electronic trading in particular, states that the obligations and responsibilities incumbent upon Internet companies must be enacted before 17 January 2002. A partial enactment of this directive was effected in France by the law of 1 August 2000 amending the law of 30 September 1986 by adding a new chapter entitled "Clauses Relating to on-Line Communications Services Other than Private Correspondence" (Articles 43-7 to 43-10).

This law makes direct or indirect identification compulsory for publishers of online communications services. Article 43-10 stipulates that natural persons producing a non-professional online communications service must indicate their names and addresses on their website, or the name and address of the website hosting Company if they wish to remain anonymous. Legal persons and natural persons publishing websites on a professional basis must put their correct contact information on their website (Company name, registered office, and name of the managing editor or joint managing editor), and the name and address of the hosting Company.

Hosting companies must also provide publishers with the technical means to meet the identification requirements to be fulfilled (Article 43-9).

In relation to the hosting Company's responsibility for the content of the services it hosts, Article 43-8 states that hosting companies are not criminally or civilly liable for the content of the services they host, unless, after notification by a legal authority, they do not act promptly to block access to such content.

In addition, under the terms of their identification obligations, hosting companies must keep all the items needed to provide identification of the person who created or produced the content of the services they provide, to allow them to be communicated on request to the legal authorities (Article 43-9).

This provision is complemented by the law on Confidence in the Digital Economy ("LCEN") of 21 June 2004, which sets out the rules

of responsibility for technical service providers on the Internet and particularly in regard to electronic commerce and encryption.

The law states that hosting companies do not have a general obligation to oversee the information they transmit or store, or a general obligation to research facts or circumstances revealing illicit activities. However, the legal authorities can order specific temporary surveillance in individual cases.

Article 6 Section 1 – 2 of the law further states that "*natural or legal persons who, even at no charge and for the purpose of online provision to the general public via communications services, store signals, written materials, images, sounds, or messages of any kind supplied by the recipients of these services cannot be held civilly liable for the activities or the information stored on demand by a recipient of such services if they in fact were unaware of their illicit nature or of facts and circumstances making this nature apparent, or if, when they became aware, they acted promptly to withdraw such data or make access impossible.*"

The liability of the hosting companies indicated above may therefore only be invoked if the content or information involved is manifestly illicit. In fact this provision in the law was subject to a conditional interpretation drawn up by the Constitutional Council on 10 June 2004: "*[...] points 2 and 3 of 1 of Article 6 of the law in question are intended only to discharge hosting companies from civil and criminal liability under the two circumstances they describe; these provisions would not have the effect of invoking the liability of a hosting Company which did not remove information reported to be illicit by a third party if the information does not manifestly appear to be so or if its removal has not been ordered by a judge [...]*".

This law also includes enhanced protection for consumers, particularly in its provisions relating to the requirement for vendors to provide precise identification and principles which guarantee the validity of on-line contracts.

#### 6.7.1.2 PROTECTION OF PERSONAL DATA

The European Framework Directive 95/46/EC of 24 October 1995, relating to the protection of individuals in relation to the handling of personal information and the free distribution of this information, defines the legal framework needed to provide proper protection of personal rights and freedoms. This framework directive was supplemented by a European Sector Directive 2002/58/EC of 12 July 2002 on the handling of personal information and protecting privacy in the electronic communications sector, replacing Directive 97/66/EC of 15 December 1997.

The goals of this directive include:

- standardizing European law on personal information;
- facilitating its distribution (as long as the country to which the personal information is sent offers an adequate level of protection);

- and protecting privacy and personal freedom.

Law 2004-801 of 6 August 2004 on the protection of individuals in the way their personal information is handled amending Law 78-17 of 6 January 1978, the French Data Protection Act, supplements the enactment of Directive 95/46/EC. This law reinforces individuals' rights over their information, helps to simplify the reporting formalities for handling high-risk information, and gives the CNIL, France's Data Protection Authority, greater powers to intervene.

The new Data Protection Act gives individuals greater rights over their information, and now makes those in charge of handling the information responsible for giving more detailed information about the terms of use of this information. The right to object to being subject to marketing prospecting is now embodied in the law and the conditions for exercising the right to access and correct information are now stipulated in the 25 March 2007 decree. In particular, a reply must be forthcoming within two months following a demand for access or rectification, or this will imply a refusal; there must be justification for any refusal to allow access to or rectification of data. Since this constitutes a simplification of formalities the declaration falls under common law, and prior monitoring by the CNIL is limited only to handling presenting special risks infringing individuals' rights and freedom. The CNIL's powers to intervene have increased and stipulations have been added in relation to the procedures for on-site control. The CNIL now has a wider range of powers to intervene (court order to curtail use of the information or a request for temporary suspension, blocking of information, removing of authorization etc.). The CNIL can now issue monetary fines, up to 150,000 euros for the first reported infringement, and 300,000 euros or 5% of revenues, excluding tax, for the last fiscal year in the case of a Company. The warnings issued by the CNIL may be made public, and it may order notices of the warnings issued to be inserted in any publications, newspapers or media it indicates, with the costs paid by the individuals penalized.

In the course of its business, the Group has to record and process statistical data, particularly in relation to visits to its sites. Technical methods which can identify, on a global statistical basis, Internet users' main interests and their online habits have also been developed to optimize the services we provide and increase the income generated. In the same way, and to enable us to offer customized services, the Group also collects and handles personal information and markets it to third parties.

The new European Sector directive relating to the handling of personal information and the protection of privacy in the electronic communications sector, which has a deadline of 31 October 2003 for enactment by Member States, extends its field of application to electronic

communications and makes some amendments to the current provisions. The new provisions are as follows:

- traffic-related information now covers all data concerning traffic, regardless of the technology, and therefore includes information relating to Internet communications;
- cookies are only permitted if clear and complete information is given to the subscriber or user, particularly about how the processing will be used, and if the cookies can be refused. However, this provision does not cover cookies intended solely to effect or facilitate transmission of a communication, or those strictly necessary for providing a service expressly requested by the user (Article 5.3 of the directive). These provisions were enacted by Law 2004-801 of 6 August 2004 on the protection of individuals in the way their personal information is handled (Article 32 of the consolidated version of the Data Protection Act);
- location data apart from that relating to traffic may only be handled after it has been made anonymous, or with the consent of the subscribers or users, who have been properly informed in advance, for the purpose of providing them with an added-value service. They have the option of withdrawing their consent at any time and must have the option of temporarily refusing to have this information used each time they connect to the network or each time they send a message, easily and free of charge. These provisions were enacted in Law 2004-669 of 9 July 2004 on electronic communications and audiovisual communications services (Article L. 34-1, IV of the Postal and Electronic Communications Code);
- in relation to directories, subscribers have the option of deciding if their information, and in some cases which parts of this information, should appear in a public directory. Unlisting is free, as is any correction or removal. Member States may require consent from subscribers for any public directory used for anything other than an ordinary search for the contact details of a person based on their name. These provisions were adopted in decree 2003-752 of 1 August 2003 in relation to universal directories and universal directory enquiry services, amending the Postal and Telecommunications Code; since it is considered to be spam, direct email prospecting is prohibited unless sent to subscribers who have given their prior consent. However, if someone has directly obtained the e-mail addresses from its customers, it may use them for direct prospecting purposes for similar products or services which it provides itself, provided customers may object when their information is collected and on each message. These provisions were enacted into French law by the Law on Confidence in the Digital Economy and by the Law on Electronic Communications, which makes electronic customer prospecting an opt-in activity, therefore requiring the prior consent of the people being prospected (new Article L. 34-1, III of the Postal and Electronic Communications Code).



## 6.7.2 Directories

Order No. 2001-670 of 25 July 2001 covering adaptation of the intellectual Property Code and the Postal and Telecommunications Code to European law thus enacted several European Directives into French law, including the Directive on the protection of personal information in the area of telecommunications and the Directive of 26 February 1998 concerning the application of an open telecommunications network provision (ONP) for voice telephony (98/10/EC). The enactment of this directive into law should lead to the effective deregulation of the directory market and facilitate production of the universal directory. This directive obliges all telecommunications operators, under certain circumstances, to provide their list of subscribers to any directory publisher who requests it.

Decree 2003-752 of 1 August 2003 in relation to universal directories and universal directory enquiry services, amending the Postal and Telecommunications Code, stipulates that operators must provide their list of subscribers and users to anyone who wishes to publish a universal directory, either in the form of a computer file or by access to a database which the operators must keep up to date.

This obligation applies to any entity owning numbers on a land network or on a mobile network. It will then be possible to publish a universal

directory, i.e. a directory containing all telecommunications service subscribers. The Group, which produces both printed and online directories, is giving full consideration to this change in the regulations which would enable it to acquire permits for directory information from all telecommunications operators and thereby enhance its content. This decree is currently being reviewed.

The new Article L. 34 of the Postal and Electronic Communications Code states that the publication of lists of subscribers or users of electronic communications networks or services may be carried out freely, subject to the protection of individual rights, and that operators must provide the list of all subscribers or users to whom they have assigned one or more telephone numbers in the telephone numbering system, without discrimination and at a price reflecting the actual cost of the service rendered. This Article also reiterates the rights guaranteed to all individuals in terms of publication of their personal information and consultation of information services. It also states that subscribers must grant consent to a mobile telephone operator before they may be entered in subscribers' or users' lists.

## 6.7.3 Database regulations

On 11 March 1996, European Directive 96/9/EC was adopted as legal protection for databases.

This directive's main innovation is the creation of a "*sui generis*" right, in addition to copyright, intended to protect an investment for obtaining, verifying or presenting the contents of a database for the limited time the right exists, on the understanding that this investment may involve the implementation of financial means and/or use of time, effort and energy.

This directive was enacted into French legislation by a law dated 1 July 1998, containing a "*sui generis*" right which protects database producers, regardless of the protection offered by copyright (Articles L. 112-3 and L. 122-5 of the intellectual Property Code, as well as the whole of Title IV of Book III of the intellectual Property Code, i.e. Articles L. 341-1 to L. 343-4 of this Code).

The benefit of protection is afforded to the database content "when its creation, verification or presentation demonstrates a substantial financial, material or human investment." This protection is separate from and without prejudice to the protection provided for database content by copyright since Article L. 341-1 of the intellectual Property Code states that a database producer, understood to mean the person who takes the initiative and risk involved in the corresponding investments, benefits from protection for the database content when the creation, verification or presentation of this demonstrates a substantial financial, material, or human investment. This protection is separate from and exercised without prejudice to that resulting from copyright or any other rights over the database or one of its component parts.

Under the law, a database producer has the right to prohibit any substantial extractions of content from their database as well as any re-use. Therefore Article L. 342-1 of the intellectual Property Code states that a database producer has the right to prohibit:

- the extraction, by permanent or temporary transfer, of all or a qualitatively or quantitatively substantial part of the contents of a database onto another platform, by any means or in any form whatsoever;
- the re-use, by making it available to the public, of all or a qualitatively or quantitatively substantial part of the contents of a database, in any form whatsoever.

This protection is afforded even when the database is made available to the public, to the extent that it involves the extraction of a substantial part of the database. This protection is afforded even when the person proceeding to make the extractions has accessed the database legitimately. Article L. 342-2 of the Intellectual Property Code states that: "*The producer can also prohibit the extraction or the repeated, systematic re-use of qualitatively or quantitatively non-substantial parts of the database when these operations manifestly exceed the conditions of normal use of the database.*" On the other hand, Article L. 342-3 of the Intellectual Property Code states that: "*When a database is provided for use by the general public by the owner of the rights, the owner may not prohibit (...) extraction or re-use of a non-substantial part, assessed either qualitatively or quantitatively, of the contents of the database by the person with licit access to such (...).*"

## 6.7.4 Secure electronic signature

French regulations with regard to secure electronic signatures are set out in four successive laws: a law of 13 March 2000, two decrees on 30 March 2001 and 18 April 2002, an order of 31 May 2002, and a decree on 2 May 2007.

Law 2000-230 of 13 March 2000 adapting the right of proof to information technologies and relating to electronic signatures, goes beyond simple legal recognition of electronic signatures and gives legal validity to electronic documents, which are closely related. It creates two types of electronic signature with different legal effects: a simple signature and a secure signature.

The latter has the full force and probity in law of a handwritten signature because it is presumed to be genuine unless proven otherwise.

For electronic signatures which do not meet the conditions set by this decree, known as simple signatures, proof of the technical reliability of the procedure used must be demonstrated, for example by expert examination, even if their admissibility as proof cannot be denied. It is also still possible to have them legally recognized by agreements on proof, the legality of which is now clearly set out in Article 1316-2 of the French Civil Code.

## 6.7.5 Domain names

The Group has registered a large number of domain names in France and in other countries (see Section "6.5.1 Reliance on Patents and Licenses").

Domain names are terms assigned to the digital addresses of servers connected to the Internet (Internet addresses) to make Internet sites easier to identify and remember. Therefore, domain names represent major marketing tools for companies doing business on the Internet.

Domain names are made up of two distinct elements: the top-level domain name or "TLD" and the second-level domain name. Top Level Domain names may be either generic – generic Top Level Domain names or gTLDs, such as ".com" for traders, ".net" for companies providing Internet-related services, ".org" for public-interest companies or ".edu" for academic entities – or correspond to a certain geographic area (country code Top Level Domain names, ccTLDs), such as ".fr" for France, ".de" for Germany or ".es" for Spain. Second-level domain names are the names chosen by each person or Company to identify their website.

The registration of domain names in the ".com", ".net" and ".org" domains is carried out by a certain number of companies accredited by the Internet Corporation for Assigned Names and Numbers ("ICANN"), an international non-profit organization. Registries such as Verisign for ".com" and ".net" are responsible for managing the extensions. Only these registrars are accredited by ICANN to file domain names.

Registration of geographic domain names is overseen by a national authority appointed in each State, which keeps a central registry and approves private companies as accredited registrars. Nordnet, a subsidiary of the France Télécom Group, is a "registrar" accredited by ICANN to register domain names as ".com", ".net", ".org", ".biz", and ".info".

As a general rule, domain names are assigned based on a "first come, first served" basis, and most registrars, whether of generic or geographical domain names, consider that the registrant assumes sole responsibility for making sure that no prior rights are being infringed by using a domain name they are registering.

Since each national authority can, up to a point, define its own policy for assigning domain names, the registration requirements for geographical domain names may differ from the requirements which apply to generic domain names and may also vary from one country to another. In particular, registrars can be more or less strict when they verify, in some cases, that the registration of a domain name does not infringe on prior rights held by others, whether these are intellectual property or other rights.

In France, the French Co-operative Association for Internet Names (AFNIC) is currently responsible for registering domain names with the ".fr" extension. A certain number of Internet service providers have been accredited by AFNIC according to the recommendations issued by ICANN, to handle requests for domain name registration.

Although the French courts have now acknowledged that using a term on a website or as a domain name can infringe on prior rights (such as trademark rights), the outcome of a lawsuit in this area is not always clear. In particular, this is due to the fact that the scope of trademark rights can be limited to a geographical area or based on classes of products and services covered by the registration, while the use of a term on the Internet by a third party could create the risk of confusion or lead to acts of unfair competition well beyond these limits.



## 6.8 Suppliers

See Section "6.5.2 Reliance on Supply Contracts and industrial Contracts".

## 6.9 Insurance and risk coverage

After it left the France Télécom group, since 1 January 2007, PagesJaunes Groupe set up an insurance scheme to cover the risks of:

- damage to assets and operating losses including damage to goods being transported;
- civil liability associated with operations and business activities in general, both in terms of customers and third parties (including the liability of corporate officers);
- and automobile risks;

This insurance was taken out with major international companies, in close cooperation with a major broker, in order to maintain the same coverage quality/optional cost ratio from which the PagesJaunes Groupe benefited within the France Télécom Group.

Thus the preliminary premium paid by the Company as insurance coverage for civil liability in 2008 was around 74,600 euros all taxes included (88,200 euros in 2007).

In relation to the Damage to assets and Operating Losses policy, the premium paid by the Company was around 230,714 euros in 2008, all taxes included (242,700 euros in 2007).

For automobile risk, the Company paid out around 75,780 euros in 2008, all taxes included (65,600 euros in 2007).

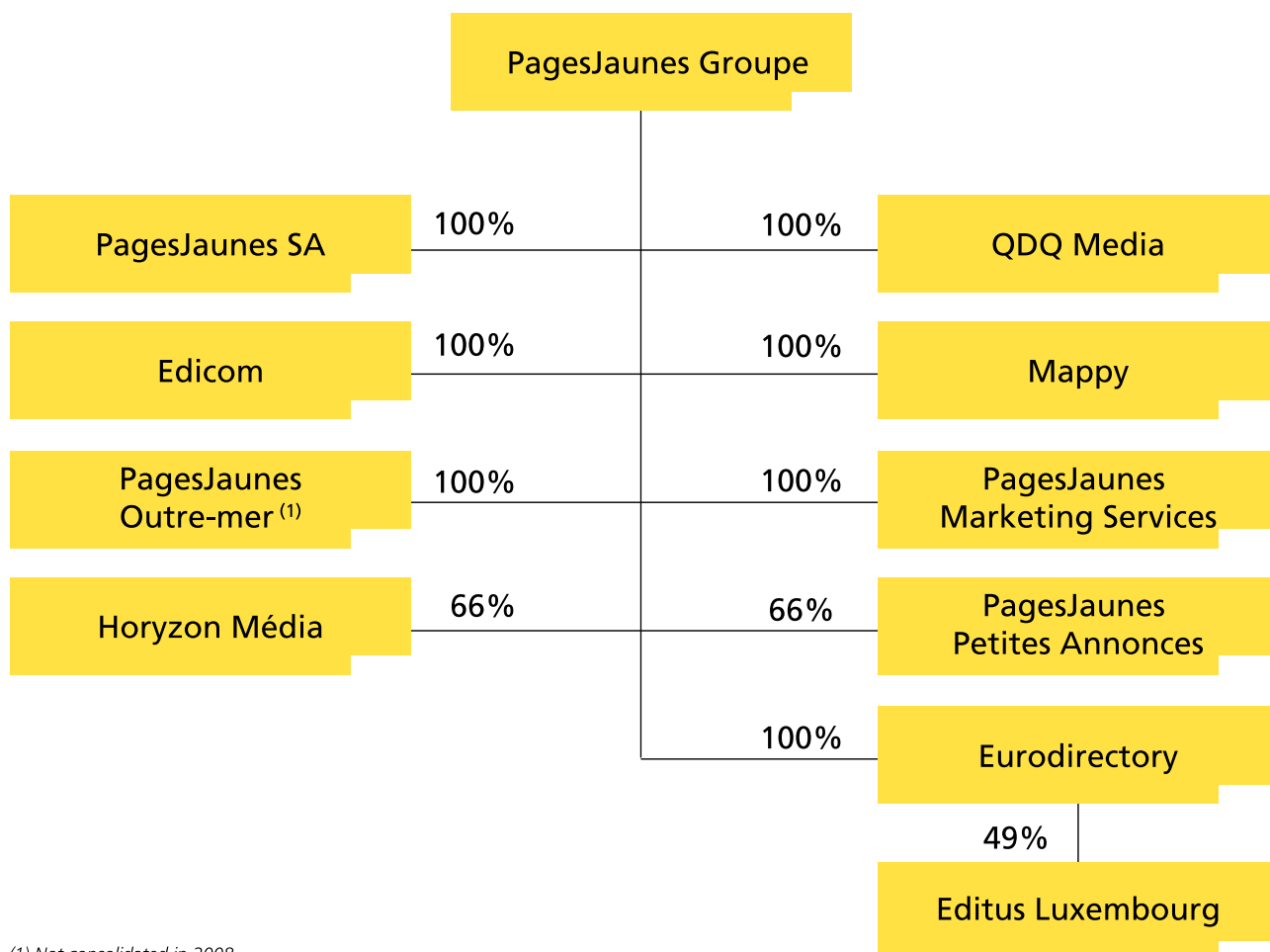
# 7 Organization chart

## 7.1 Description of the Group

The description of the Group is shown in Chapter 6.1.1 of this reference document ("General presentation of the business").

## 7.2 List of subsidiaries

The Group's organization chart at 31 December 2008 is given below:



(1) Not consolidated in 2008.

# 8 Property, plant and equipment

## 8.1 Major tangible fixed assets

The great majority of the Company's premises are sublet by the France Télécom Group by leases or subleasing agreements.

## 8.2 Environmental issues

Details of environmental issues are provided in Section 4.4 "Industrial and environmental risks".

# 9 Annual activity report as at 31 December 2008

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## 9.1 Overview

PagesJaunes Groupe's core business is the publication of directories in France and abroad. Its offering comprises a diversified range of products and services associated with this activity for the general public and businesses.

The Group's activities are organised in two main segments:

- **PagesJaunes in France.** These are the Group's activities in France related to the publication and distribution of directories and the sale of advertising space in printed (*PagesJaunes*, *L'Annuaire*) and online directories ("*pagesjaunes.fr*"). They also include the creation and hosting of Internet sites, the telephone directory enquiry services (118008) and by SMS as well as various activities such as the publication of the *PagesPro* directories and the *QuiDonc* reverse directory. This segment also includes holding company activities contained within PagesJaunes Groupe.
- **International & Subsidiaries.** These are the activities of the Group's various subsidiaries, mainly comprising the publication of consumer directories outside France (Spain, Luxembourg and Morocco) and the development of complementary activities related to the publication of directories, such as the geographic services of Mappy and the direct marketing activities of PagesJaunes Marketing Services. This segment also includes the new online classified ads business ("*annoncesjaunes.fr*") launched at the beginning of January 2007 and accommodated within the company PagesJaunes Petites Annonces, as well as, since the 2007 fourth quarter, the advertising business of Horyzon Média and Horyzon Clics, in which PagesJaunes Groupe acquired a majority stake on 11 October 2007. Horyzon Média and Horyzon Clics were merged on 30 June 2008 with retroactive effect as 1 January 2008; the new entity is called Horyzon Média.

## 9.2 Commentary on 2008 annual results

PagesJaunes Groupe (in millions of euros)	As at 31 December		
	2008	2007	Variation 2008/2007
<b>Net revenues</b>	<b>1,192.8</b>	<b>1,158.3</b>	<b>3.0%</b>
External purchases	(295.4)	(314.6)	-6.1%
Other operating income	11.8	10.1	16.8%
Other operating expenses	(22.8)	(24.0)	-5.0%
Salaries and charges	(334.8)	(321.0)	4.3%
<b>Gross Operating Margin</b>	<b>551.6</b>	<b>508.9</b>	<b>8.4%</b>
As % of revenues	46.2%	43.9%	
Employee profit-sharing	(17.8)	(14.4)	23.6%
Share-based payment	(1.5)	(5.2)	-71.2%
Goodwill impairment	(68.9)	-	na
Depreciation and amortisation	(17.2)	(14.9)	15.4%
Result of asset disposals	(0.3)	14.3	na
Restructuring costs	(2.5)	-	na
<b>Operating income</b>	<b>443.4</b>	<b>488.7</b>	<b>-9.3%</b>
As % of revenues	37.2%	42.2%	
Financial income	3.4	3.1	9.7%
Financial expenses	(138.2)	(131.1)	5.4%
Gain (loss) on foreign exchange	-	(0.0)	na
<b>Net financial income</b>	<b>(134.8)</b>	<b>(128.0)</b>	<b>5.3%</b>
Corporation tax	(131.7)	(126.4)	4.2%
<b>Net income from continuing businesses</b>	<b>176.8</b>	<b>234.2</b>	<b>-24.5%</b>
Net income from divested businesses (after tax)	-	34.4	na
<b>NET INCOME OF THE CONSOLIDATED GROUP</b>	<b>176.8</b>	<b>268.6</b>	<b>-34.2%</b>
of which attributable of the operating PagesJaunes Groupe	176.9	269.6	-34.4%
of which minority interests	(0.1)	(1.0)	-90.0%

Consolidated revenue of PagesJaunes Groupe in 2008 totalled 1,192.8 million euros in 2008, up 3.0% over 2007. This increase was driven primarily by sustained growth of the Group's Internet activities that expanded 24.2% over 2007 to 471.4 million euros. As a result, Internet service revenues now account for 39.5% of total Group consolidated revenue compared to 32.8% in 2007.

In December 2008 all Group Internet sites in France ("pagesjaunes.fr", "mappy.com", "annoncesjaunes.fr", and "pagespro.com") ranked fourth among the most visited Internet sites with 17.3 million unique visitors. This represents a reach rate of 50.9% for total French Internet users. In addition, the "pagesjaunes.fr" and "mappy.com" websites had 1.5 million unique visitors on mobile Internet in October 2008, representing a reach rate of 20.4% and making it the fourth most visited service.

The Group's gross operating margin totalled 551.6 million euros in 2008, up 8.4% on 2007. This trend reflects a 1.8 point improvement in the gross operating margin as a percentage of consolidated revenue for the PagesJaunes segment in France from 48.3% in 2007 to 50.1%, combined with the division by three of the gross operating loss of the International & Subsidiaries segment to 2.9 million euros in 2008 from 8.7 million euros in 2007.

Group operating income declined 9.3% on 2007 to 443.4 million euros. In light of the deteriorated situation of the Spanish market and a sharp slowdown in activity of the Spanish subsidiary and resulting losses incurred, an impairment charge was recorded for the full amount of goodwill from QDQ Media of 68.9 million euros at 31 December 2008. In addition, in 2007 the Group recorded a profit of 14.6 million euros in connection with the PagesJaunes Petites Annonces rights issue reserved for M6. Excluding these exceptional items, operating income of the Group grew 8.1% in relation to 2007 to 512.2 million euros.

Net financial income increased from a loss of 128.0 million euros in 2007 to a loss of 134.8 million euros in 2008 in response to the unfavourable change in the fair value of interest rate hedges. Excluding this fair value change representing a charge of 16.5 million euros in 2008 compared to 5.6 million euros in 2007 that had no impact on Group cash, net negative financial income would have improved by 3.3% over 2007 to 118.3 million euros. The average interest rate on debt including flows from interest rate hedges decreased from 5.89% in 2007 to 5.64% in 2008.

Net income from continuing operations declined 24.5% from 2007 to 176.8 million euros. Excluding exceptional items (a dilution profit

from the PagesJaunes Petites Annonces rights issue in 2007, and an impairment for the full amount of QDQ Media goodwill recognised in 2008) net income from continuing operations increased 10.7% over 2007 to 243.0 million euros.

The following sections present revenues, gross operating margin, as well as key intermediate management balances for each of the two segments of the consolidated Group, the PagesJaunes in France segment and the International & Subsidiaries segment.

## 9.2.1 Analysis of revenues and gross operating margin of the PagesJaunes in France segment

The following table shows the change in revenues and gross operating margin of the PagesJaunes in France segment for 2007 and 2008:

PagesJaunes in France (in million of euros)	As at 31 December		
	2008	2007	Variation 2008/2007
<b>Net revenues</b>	<b>1,106.6</b>	<b>1,071.8</b>	<b>3.2%</b>
External purchases	(258.1)	(270.8)	-4.7%
Other operating income	10.0	12.6	-20.6%
Other operating expenses	(19.7)	(22.7)	-13.2%
Salaries and charges	(284.4)	(273.4)	4.0%
<b>GROSS OPERATING MARGIN</b>	<b>554.5</b>	<b>517.6</b>	<b>7.1%</b>
<i>As % of revenues</i>	<i>50.1%</i>	<i>48.3%</i>	

### 9.2.1.1 REVENUES OF THE PAGESJAUNES IN FRANCE SEGMENT

The following table shows the distribution of the consolidated revenues of the PagesJaunes in France segment by line of products for 2007 and 2008:

PagesJaunes in France (in millions of euros)	As at 31 December		
	2008	2007	Variation 2008/2007
<b>Printed directories</b>	<b>617.7</b>	<b>653.0</b>	<b>-5.4%</b>
PagesJaunes	498.8	528.8	-5.7%
<i>L'Annuaire</i>	118.9	124.2	-4.3%
<b>Online services</b>	<b>432.8</b>	<b>369.3</b>	<b>17.2%</b>
Internet	427.8	344.0	24.4%
Minitel	5.0	25.3	-80.2%
<b>Directory enquiry services (118008)</b>	<b>36.4</b>	<b>28.1</b>	<b>29.5%</b>
<b>Other activities</b>	<b>19.8</b>	<b>21.5</b>	<b>-7.9%</b>
<b>NET REVENUES</b>	<b>1,106.6</b>	<b>1,071.8</b>	<b>3.2%</b>

The PagesJaunes segment in France had revenue 1,106.6 million euros in 2008, up 3.2% on 2007, in response to 24.4% growth in revenues from Internet services ("pagesjaunes.fr" and Internet websites) and 29.5% from directory inquiry services (118008) launched at the end of 2005. At the same time, revenue from printed directories decline 5.4% in relation to 2007.

Overall growth in revenue resulted from the increased number of advertisers, up 4.4% on 2007 from 666,800 to 696,100 in 2008, reflecting a record number of new advertisers acquired in 2008, of 131,300 versus 120,700 in 2007. This performance resulted primarily from the strategy focusing on growing the customer portfolio that PagesJaunes has pursued for several years (expanding the scope of prospecting, strengthening the commercial channel dedicated to acquiring new customers). This success was facilitated by a positive trend of growth in the number of companies operating in the commercial and service sectors in France.

The client retention rate, expressed in the number of advertisers, has remained high at 84.7% in 2008 compared to 85.6% in 2007. This includes the limited impact of the new pricing structure and the deteriorating economic situation for SMEs. Expressed in terms of value, the client retention rate declined from 93.2% of revenue in 2007 to 92.7% in 2008. At the same time, average revenue per advertiser contracted 1.1% to 1,564 euros in 2008 versus 1,581 euros in 2007.

### ➔ Printed directories

Revenue from printed directories that presently originating primarily from selling of advertising space in the PagesJaunes directory and *l'Annuaire* (white pages), totalled 617.7 million euros in 2008 compared to 653.0 million in 2007, a decline of 5.4%. This breaks down into a 5.7% drop in revenue to 498.8 million euros for the PagesJaunes directory compared to 4.3% for *l'Annuaire* to 118.9 million euros.

Average revenue per advertiser for printed directories declined 8.3% par on 2007 to 984 euros versus 1,073 euros in 2007, from the combined impact of a reduction in rates and the introduction of multi-space tapered rates for printed directories in Ile-de-France, Lyon and Marseille, and the adoption of a multi-space tapered rates for all PagesJaunes directories, and the significant number of new advertisers in general providing lower revenue than average (550 euros on average) and which, in the majority of cases, invest in printed directories. At the same time, the number of advertisers in printed directories continued to rise, with 628,000 in 2008 versus 608,600 in 2007.

In 2008 PagesJaunes pursued initiatives to expand distribution of printed directories ("all addresses" distribution) in selected large cities. These measures are destined to boost use of printed directories that remain important loss leaders for most new advertisers and a key media for consultation by users.

### ➔ Online services

Revenue from online services for PagesJaunes in France derived primarily from the sale of advertising products on "pagesjaunes.fr"

and from website development and hosting, grew 24.4% compared to 427.8 million euros in 2007.

The number of online advertisers increased 2.3% in 2008 to 482,100 compared to 471,200 in 2007. Average revenue per advertiser grew 13.7% to 907 euros compared to 798 euros in 2007, notably in response to the change in the rate structure and the introduction of video. As a result, average revenue is approaching that experienced for printed directories (984 euros in 2008).

In 2008 the "pagesjaunes.fr" website had 849 million visits for fixed Internet in 2008, up 3.6% on 2007, and 14 million visits on mobile Internet, an increase of 31.9% on the prior year. The site was enhanced by functional improvements, actions taken to improve its visibility and, for mobile Internet, the development of versions for touch phones. As in 2007, more than half the visits to "pagesjaunes.fr" originated from direct access (traffic generated from URL "pagesjaunes.fr" entered directly in the web browser or through a website favourite link).

As expected, the decline in Minitel use accelerated in 2008, with revenue falling 80.2% in relation to 2007 to 5.0 million euros.

In 2008, revenue from all online services including both Internet and Minitel totalled 432.8 million euros, gaining 17.2% in relation to 2007.

### ➔ Telephone directory inquiry services (118008)

Revenues from telephone directory inquiry services (118008) that include advertising inserts, now accounting for more than 55% of this activity, and traffic revenue, totalled 36.4 million euros in 2008, up 29.5% on 2007.

This growth in large part reflects a 57% increase in revenue from advertising inserts, with 114,200 advertisers at the end of 2008 versus 93,600 at the end of 2007, and average revenue per advertiser of 199 euros in 2008 versus 163 euros in 2007. Traffic revenue also expanded, though at a slower pace, boosted by growth in average revenue per user.

### ➔ Other activities

Revenues from other activities of the PagesJaunes segment in France totalled 19.8 million euros in 2008, down 7.9% on 2007. These other activities which account for only 1.8% of the PagesJaunes in France segment's revenues in 2008, concerned primarily PagesPro's printed media and Internet offerings as well as the reverse directory QuiDonc which can be consulted via Internet, Minitel and Audiotel.

Revenue growth for PagesPro on Internet also remained marginally positive compared to a decline for the reversed directory QuiDonc, reflecting the declining number of users of the service on Minitel and its availability free of charge on the Internet starting in April 2008.

### 9.2.1.2 EXTERNAL PURCHASES OF THE PAGESJAUNES IN FRANCE SEGMENT

PagesJaunes in France (in millions of euros)	As at 31 December		
	2008	2007	Variation 2008/2007
External purchases	(258.1)	(270.8)	-4.7%
As % of revenues	23.3%	25.3%	

External purchases essentially comprise publishing costs (purchase of paper, printing and distribution of printed directories), databases costs, information system expenses, communication and marketing expenses and overhead.

External purchases of the PagesJaunes in France segment totalled 258.1 million euros in 2008, a decrease of 4.7% on 2007, whereas revenues from the same segment expanded over this period 3.2%. External purchases thus accounted for 23.3% of revenues for the segment in 2008 versus 25.3% in 2007.

The decline of purchasing costs was achieved in particular through measures to optimise costs and reduce communication expenses, following a 2007 financial year that incurred notably costs related to the launch of the new version of "pagesjaunes.fr".

Publishing costs of printed directories, comprising cost of paper, printing and distribution totalled 104.3 million euros in 2008 versus 103.3 million euros in 2007, with cost of paper of 45.8 million euros in 2008 compared to 45.1 million euros in 2007<sup>(1)</sup>. This trend reflects primarily an increase in the number of pages in connection with the insertion of mobile and voice over IP (VoIP) lines, partially offset by a marginal decrease in the number of print runs. Distribution of printed directories that significantly increased in the prior year remained at a relatively high level in 2008, in line with PagesJaunes' objective of achieving a relatively exhaustive

distribution coverage ("all addresses" in 23 major towns targeting new occupants and second homes). PagesJaunes benefits from multi-year contracts for paper, printing and distribution, enabling it to limit the sensitivity of printed directory publishing costs to price rises. Printing contracts signed in 2008 will contribute to stable prices over the period from 2009 to 2013.

Other communications expenses in 2008 are down in relation to the prior year that included costs for the launch of the new version of "pagesjaunes.fr" site. Efforts were also made to rationalise expenses devoted to maintaining the market share of 118008, and refocus investments on the PagesJaunes brand name. At the same time, regular listing costs and purchases of sponsored links in relation to Internet revenues remained stable at approximately 1.1%.

Other external purchases overall were down, benefiting from cost optimisation measures, in addition to the impact of nonrecurring costs incurred in 2007. The results of optimisation measures include the impact on a full-year basis of measures in 2007 on operating costs for 118008, the renegotiation of leases and the optimisation of office space, and on IT maintenance costs. There were also marginal increases in data purchases reflecting the PagesJaunes' strategy to increase the global coverage of its databases, while the decline of Minitel fees remitted to France Télécom was in line with the drop in revenue from this media.

### 9.2.1.3 OTHER OPERATING INCOME OF THE PAGESJAUNES IN FRANCE SEGMENT

PagesJaunes in France (in millions of euros)	As at 31 December		
	2008	2007	Variation 2008/2007
Other operating income	10.0	12.6	-20.6%

Other operating income of the PagesJaunes in France segment amounted to 10.0 million euros in 2008 versus 12.6 million euros in 2007. This mainly comprised recharging of operating expenses of PagesJaunes 3611

alphabetical search to France Télécom and other non-recurrent income, that in 2007 included notably the recharging of commercial operations undertaken for PagesJaunes Petites Annonces.

### 9.2.1.4 OTHER OPERATING EXPENSES OF THE PAGESJAUNES IN FRANCE SEGMENT

PagesJaunes in France (in millions of euros)	As at 31 December		
	2008	2007	Variation 2008/2007
Other operating expenses	(19.7)	(22.7)	-13.2%

Other operating expenses of the PagesJaunes in France segment totalled 19.7 million euros in 2008 versus 22.7 million euros in 2007. This comprised taxes and duties, certain provisions for contingencies and expenses, and provisions for receivables from customers that remained

effectively managed, with net allowances for provisions as a percentage of revenues of 0.289% for the 2008 edition marginally up compared to 0.245% for the 2007 edition.

(1) After deduction in 2008 of 0.3 million euros of credit notes from printers, and, in 2007, 0.1 million euros of income from disposal of paper and 1.1 million euros of credit notes from printers. These items are recognised under other operating income.



### 9.2.1.5 SALARIES AND SOCIAL CHARGES OF THE PAGESJAUNES IN FRANCE SEGMENT

PagesJaunes in France (in millions of euros)	As at 31 December		
	2008	2007	Variation 2008/2007
Salaries and charges	(284.4)	(273.4)	4.0%
As % of revenues	25.7%	25.5%	

Salaries and social charges of the PagesJaunes in France segment comprised wages and salaries, both fixed and variable, including employee profit sharing, social charges, accrued vacation expenses, post-employment benefits, and various other benefits paid to sales force and support function employees.

For the PagesJaunes in France segment these costs accounted for 25.7% of revenues of the segment in 2008 versus 25.5% in 2007, and totalled 284.4 million euros, up 4.0% compared to 2007, while for the same period, revenues increased 3.2%.

Remuneration of the sales force and its direct supervisory staff<sup>(2)</sup>, excluding specific costs related to commercial operations undertaken on behalf of PagesJaunes Petites Annonces, accounted for 14.9% of revenues in 2008 versus 14.5% in 2007. This was accompanied by further expansion of commercial staff that increased to 2,116 employees at 2008 year-end versus 2,022 at the end of 2007, destined to strengthen PagesJaunes' commercial resources for the purpose of acquiring new customers.

### 9.2.1.6 GROSS OPERATING MARGIN OF THE PAGESJAUNES IN FRANCE SEGMENT

The gross operating margin of the PagesJaunes in France segment increased 7.1% compared to 2007 to 554.5 million euros, gaining as a percentage of sales 1.8 point to 50.1% versus 48.3% in 2007.

This improvement reflects the growth in revenue from Internet and telephone directory inquiry services (118008) combined with effective management and optimisation of all charges.

## 9.2.2 Analysis of revenues and gross operating margin of the International & Subsidiaries segment

The following table shows the change in revenues and gross operating margin of the International & Subsidiaries segment for 2007 and 2008:

International & Subsidiaries (in millions of euros)	As at 31 December		
	2008	2007	Variation 2008/2007
<b>Net revenues</b>	<b>94.8</b>	<b>93.8</b>	<b>1.1%</b>
External purchases	(46.5)	(51.2)	-9.2%
Other operating income	3.1	1.4	121.4%
Other operating expenses	(4.0)	(5.2)	-23.1%
Salaries and charges	(50.3)	(47.6)	5.7%
<b>GROSS OPERATING MARGIN</b>	<b>(2.9)</b>	<b>(8.7)</b>	<b>-66.7%</b>
As % of revenues	-3.1%	-9.3%	

(2) Remuneration of the sales force and its immediate supervisory staff, consisting in large part of variable compensation, is dependent on achieving commercial objectives relating to revenue aggregates. In consequence, it cannot be compared directly with the remuneration of commercial staff.

### 9.2.2.1 REVENUES OF THE INTERNATIONAL & SUBSIDIARIES SEGMENT

The following table shows the distribution of consolidated revenues of the International & Subsidiaries segment by line of products for 2007 and 2008:

International & Subsidiaries (in millions of euros)	As at 31 December		
	2008	2007	Variation 2008/2007
BtoC directories	56.9	61.8	-7.9%
of which QDQ Media	42.1	47.6	-11.6%
Online small ads	3.6	1.9	89.5%
Internet advertising representation	5.3	1.1	na
Direct marketing and geographics services	29.1	29.0	0.3%
<b>NET REVENUES</b>	<b>94.8</b>	<b>93.8</b>	<b>1.1%</b>

Revenues of the International & Subsidiaries segment totalled 94.8 million euros in 2008, up 1.1% on 2007. The 11.6% decline in revenue from QDQ Media was offset by growth from the Internet advertising management activities Horyzon Média, consolidated in October 2007, and the online classified ads of PagesJaunes Petites Annonces, launched in January 2007.

#### ➔ B to C Directories

Revenues from B to C directories business amounted to 56.9 million euros in 2008, down 7.9% on 2007. These revenues are derived primarily from the sale of advertising space in printed and online directories by QDQ Media in Spain, Editus in Luxembourg and Edicom in Morocco.

QDQ Media's revenues declined 11.6% in 2008 to 42.1 million euros, in response to severe deterioration of the Spanish economy accompanied by a downturn in the advertising market. In this environment, QDQ Media registered a decline of 5.4% in the number of advertisers to 73,000 in 2008 versus 77,200 in 2007 while revenues from printed directories fell 19.5% to 29.4 million euros. At the same time, QDQ Media has pursued the development of online activities, with the number of Internet advertising is up 20% on 2007 to 44,775 and the number of visits to "qdq.com" of 12.9% to 23.7 million, resulting in a 12.8% increase in Internet revenue to 12.3 million euros. In June 2008, QDQ Media signed an agreement with Google to distribute the Google Adwords programme to local advertisers in Spain. The promotion of this new offering that provides a complementary fit with QDQ Media's advertising products was launched in October 2008. As a result its impact on 2008 revenues was marginal. Given current trends of the Spanish market, QDQ Media decided to redeploy its commercial organisation and operations to focus investments on those areas providing greater potential, expanding its national presence on Internet platforms and achieving the full benefits of the partnership with Google.

Revenues from other B to C directories (Editus in Luxembourg and Edicom in Morocco) amounted to 14.8 million euros in 2008, up 4.2% on 2007, primarily in response to growth of Internet business and classified ads in Luxembourg.

#### ➔ Online classified ads

Revenue of the online classified ads business, launched in January 2007 amounted to 3.6 million euros in 2008 versus 1.9 million euros in 2007. The promotion and marketing of products and services to advertisers began in the first quarter of 2007, and has resulted in gradual growth in the number of customers and revenues, driven notably by successful commercial efforts (introductory offer including several months of free use of the service). The "annoncesjaunes.fr" website had 23.7 million visits in 2008 with 1.9 million unique visitors in December 2008, ranking it among the most visited online property and automobile classified ad websites in France. More than 490,000 classified property and automobile ads were placed on the "annoncesjaunes.fr" website at 31 December 2008.

#### ➔ Internet Advertising Representation

On 11 October 2007, PagesJaunes Groupe acquired controlling interests in Horyzon Média and Horyzon Clics, Internet advertising management companies. Their results were consolidated by the Group as of October 2007, and on 30 June 2008 the two companies were merged with retroactive effect as 1 January 2008 with the new entity called Horyzon Média.

This acquisition has allowed PagesJaunes Groupe to strengthen its presence in the dynamic market of national online advertising of the display type. Horyzon Média has been entrusted with managing the advertising for all the Group's Internet sites in France including "pagesjaunes.fr", "mappy.com", "annoncesjaunes.fr" and "pagespro.com". In 2008, net revenues of Horyzon Média comprising representation commissions amounted to 5.3 million euros, and represented billings of 18.6 million euros versus 10.2 million euros for the 2007 full year.

#### ➔ Direct marketing and geographic services

Revenues from Direct Marketing (PagesJaunes Marketing Services) and Geographic Services (Mappy) amounted to 29.1 million euros in 2008,

remaining stable in relation to 2007. Growth by Mappy of 7.0% over 2007, was achieved primarily from the development of advertising revenues from "mappy.com" that recorded 221.7 million visits in 2008 and 12.7 million unique visitors in December 2008. This growth offset the

decline in revenues of PagesJaunes Marketing Services, adversely affected by the economic slowdown in the 2008 second half that weighed on sales, particularly in the segment of national customers.

### 9.2.2.2 EXTERNAL PURCHASES OF THE INTERNATIONAL & SUBSIDIARIES SEGMENT

International & Subsidiaries (in millions of euros)	As at 31 December		
	2008	2007	Variation 2008/2007
External purchases	(46.5)	(51.2)	-9.2%
As % of revenues	49.1%	54.6%	

External purchases of the International & Subsidiaries segment amounted to 46.5 million euros in 2008, down 9.2% compared to 2007, and accounted for 49.1% of revenues of the segment versus 54.6% in 2007.

This trend reflects in particular the decrease in external purchases of PagesJaunes Petites Annonces, following 2007 that incurred a major portion of expenses for the launch of this business including notably the first communications campaigns, marketing costs associated with putting the commercial offering into place and outsourcing costs for certain technical and IT developments.

This decline also reflects the reduction of external purchases for QDQ Media, and in particular, reduced directory publishing costs, after the downward revision of volumes to be printed and distributed and communication and marketing expenses.

The consolidation of Horyzon Média starting in October 2007 had a limited impact on trends for external purchases, since staff costs account for the major share of the company's expenses.

### 9.2.2.3 OTHER OPERATING INCOME AND EXPENSES OF THE INTERNATIONAL & SUBSIDIARIES SEGMENT

International & Subsidiaries (in millions of euros)	As at 31 December		
	2008	2007	Variation 2008/2007
Other operating income and expenses	(0.9)	(3.7)	-75.7%

Other operating income and expenses of the International & Subsidiaries segment represented a net charge of 0.9 million euros in 2008 versus a net charge of 3.7 million euros in 2007.

The financial year 2007 was also impacted by the recognition of major marketing efforts by the PagesJaunes sales force for PagesJaunes Petites Annonces in connection with the launch of the online classified ads business.

### 9.2.2.4 SALARIES AND SOCIAL CHARGES OF THE INTERNATIONAL & SUBSIDIARIES SEGMENT

International & Subsidiaries (in millions of euros)	As at 31 December		
	2008	2007	Variation 2008/2007
Salaries and charges	(50.3)	(47.6)	5.7%
As % of revenues	53.1%	50.7%	

Salaries and social charges of the International & Subsidiaries segment amounted to 50.3 million euros in 2008, up 5.7% on 2007, and accounted for 53.1% of revenues of the segment versus 50.7% in 2007.

This increase results primarily from the impact of the consolidation starting in October 2007 of Horyzon Média and Horyzon Clics, merged

on 30 June 2008, and the comparison base from the formation in 2007 of teams of PagesJaunes Petites Annonces, with an annual average equivalent full-time employees of 26 in 2007 compared to 66 in 2008.

### 9.2.2.5 GROSS OPERATING MARGIN OF THE INTERNATIONAL & SUBSIDIARIES SEGMENT

The operating loss of the International & Subsidiaries segment was divided by three between 2007 and 2008. As a result, the gross operating margin narrowed its deficit of 8.7 million euros in 2007 to 2.9 million euros. This improvement was primarily the result of the reduction in losses by PagesJaunes Petites Annonces, following 2007 that incurred a significant share of expenses associated with the launch of this new

business. The financial year 2008 also benefited from the full-year contribution of earnings from Horyzon Média, consolidated for the first time in October 2007.

The economic slowdown in Spain adversely affected QDQ Media's earnings, resulting in a loss in 2008 of 2.8 million euros. In the second half of 2008, the company initiated a major reorganisation of its businesses that resulted in the departure of 20% of its workforce<sup>(3)</sup> representing reorganisation costs 2.5 million euros recognised, in accordance with Group accounting standards, under "restructuring costs", not included in the gross operating margin.

## 9.2.3 Analysis of the consolidated operating income

The following table shows the Group's consolidated operating income for 2007 and 2008:

PagesJaunes Groupe (in millions of euros)	As at 31 December		
	2008	2007	Variation 2008/2007
<b>Gross Operating Margin</b>	<b>551.6</b>	<b>508.9</b>	<b>8.4%</b>
Employee profit-sharing	(17.8)	(14.4)	23.6%
Share-based payment	(1.5)	(5.2)	-71.2%
Goodwill impairment	(68.9)	-	na
Depreciation and amortisation	(17.2)	(14.9)	15.4%
Result of asset disposals	(0.3)	14.3	na
Restructuring costs	(2.5)	-	na
<b>OPERATING INCOME</b>	<b>443.4</b>	<b>488.7</b>	<b>-9.3%</b>
As % of revenues	37.2%	42.2%	

### 9.2.3.1 EMPLOYEE PROFIT SHARING AND SHARE-BASED COMPENSATION

Group employee profit sharing amounted to 17.8 million euros in 2008 versus 14.4 million euros in 2007. This includes a new 2% tax ("*forfait social*") for 0.3 million euros.

The Group share-based payment expense amounted to 1.5 million euros in 2008 compared to 5.2 million euros in 2007. The charge for 2008 concerned two stock option plans set up on 28 June 2005 and 20 December 2007, as well as the bonus share plan established on 20 November 2006.

Only 50% of the free shares granted in November 2006, for which the final allotment was subject to fulfilment of performance criteria set for the 2007 and 2008 financial years, were granted on 20 November 2008 as criteria set for 2008 were not met. The charge associated with this plan of 3.8 million euros recognised in 2008 was offset by income of 4.4 million euros.

### 9.2.3.2 AMORTISATION AND DEPRECIATION

Group allowances for depreciation and amortisation in 2008 amounted to 17.2 million euros versus 14.9 million euros in 2007, up 15.4%, reflecting increased investments by the Group in 2006 and 2007, notably in connection with setting up the new publishing information system at PagesJaunes and the launch of the new "pagesjaunes.fr" site.

### 9.2.3.3 OPERATING INCOME

The Group's operating income declined 9.3% compared to 2007 to 443.4 million euros.

Given the deterioration in the economic environment of the Spanish market and the sharp downturn in revenues and resulting losses, at the end of the year QDQ Media initiated a major reorganisation of its businesses involving the departure of approximately 20% of its workforce

(3) Average headcount of 550 employees at 31 January 2009 versus 699 at 31 December 2007.

resulting in a charge of 2.5 million euros, recognised in accordance with Group accounting standards under "restructuring costs". In this environment, taking into account the company's new business plan, an impairment charge of 68.9 million euros for the full amount of QDQ Media goodwill was recognised at 31 December 2008.

In addition, when M6 acquired a shareholding in PagesJaunes Petites Annonces in October 2007, the Group had recognised a dilution profit of 14.6 million euros under "result from disposal of shares".

Excluding these nonrecurring items, the Group's operating income grew 8.1% in 2008 to 512.2 million euros.

## 9.2.4 Analysis of the consolidated net income

The following table shows the Group's consolidated net income for 2007 and 2008:

PagesJaunes Groupe (in millions of euros)	As at 31 December		
	2008	2007	Variation 2008/2007
<b>Operating income</b>	<b>443.4</b>	<b>488.7</b>	<b>-9.3%</b>
Financial income	3.4	3.1	9.7%
Financial expenses	(138.2)	(131.1)	5.4%
Gain (loss) on foreign exchange	-	(0.0)	na
<b>Net financial income</b>	<b>(134.8)</b>	<b>(128.0)</b>	<b>5.3%</b>
Corporation tax	(131.7)	(126.4)	4.2%
<b>Net income from continuing businesses</b>	<b>176.8</b>	<b>234.2</b>	<b>-24.5%</b>
Net income from divested businesses (after tax)	0.0	34.4	na
<b>NET INCOME OF THE CONSOLIDATED GROUP</b>	<b>176.8</b>	<b>268.6</b>	<b>-34.2%</b>
of which attributable of the operating PagesJaunes Groupe	176.9	269.6	-34.4%
of which minority interests	(0.1)	(1.0)	-90.0%

### 9.2.4.1 NET FINANCIAL INCOME

The Group had a negative financial income of 134.8 million euros in 2008 versus 128.0 million euros in 2007.

This financial income comprised mainly interest expense on the bank loan of 1.950.0 million euros arranged in November 2006. This expense, net of the result of interest rate hedges, amounted to 111.6 million euros in 2008 versus 116.9 million euros in 2007. The average interest rate for debt thus declined from 5.89% in 2007 to 5.64% in 2008, despite the increase by 44 basis points of the of the average three-month Euribor rate from 4.34% in 2007 to 4.78% in 2008. The Group benefited from interest rate hedges providing coverage up to 13 December 2011, as well as optimisation of its financial debt and the margin ratchet, that enabled it to reduce its average interest rate charged by 70 basis points in 2008.

The financial income also comprised the amortisation of loan issuance costs for 6.4 million euros in 2008, that remained stable in relation to the prior period, as well as the change in the time value of the collar entered into by the Group in November 2006, recognised under "change in fair value of hedging insurance", resending a net expense of 16.5 million euros in 2008 compared to 5.6 million euros in 2007, that had no impact on the Group's cash position. Excluding the impact of the change in the time value of the collar, the negative financial income would have improved by 3.3% compared to 2007 to 118.3 million euros.

At 31 December 2008, PagesJaunes Groupe's net debt amounted to 1,881.9 million euros hedged for approximately 80% against the rise in interest rate through a collars and interest rate swaps portfolio maturing at the end of 2011.

### 9.2.4.2 CORPORATION TAX

The Group recorded corporation tax expense of 131.7 million euros in 2008, up 4.2% on 2007. The effective tax rate was consequently 42.7% in 2008 versus 35.1% in 2007.

Excluding the dilution profit from the right issue of PagesJaunes Petites Annonces in 2007, and recognition of an impairment charge for the total amount of QDQ Media goodwill in 2008, as these two items are not included in the taxable income, the effective tax rate was 35.6% in 2008 versus 36.5% in 2007. This improvement in the effective tax rate resulted notably from the decrease in losses by PagesJaunes Petites Annonces that is not included in the tax consolidation group, and the decline in share-based compensation expenses that are non-deductible.

### 9.2.4.3 NET INCOME FROM CONTINUING OPERATIONS

Net income from continuing operations declined 24.5% from 2007 to 176.8 million euros. Excluding exceptional items (a dilution profit from the PagesJaunes Petites Annonces rights issue in 2007 and an impairment charge for the full amount of QDQ Media goodwill recognised in 2008) net income from continuing operations increased 10.7% over 2007 to 243.0 million euros.

#### 9.2.4.4 NET INCOME

Net income of the Group amounted to 176.8 million euros in 2008 against 268.6 million euros in 2007, that included a net profit of 34.4 million from divested businesses.

PagesJaunes Groupe sold Kompass France and Kompass Belgium Coface Services on 14 March 2007. Net income from discontinued operations of 34.4 million euros, recognised in 2007, comprised the net expenses and income from 1 January 2007 to the date of disposal, as well as the consolidated capital gain on disposals of 33.0 million euros.

Net income attributable to PagesJaunes Groupe shareholders amounted to 176.9 million euros in 2008 versus 269.6 million euros in 2007. Income attributable to minority shareholders represented a loss of 0.1 million euros in 2008 compared with a loss of 1.0 million euros in 2007.

Excluding extraordinary items (i.e. impacts in 2007 of the disposals of Kompass and the dilution profit from the PagesJaunes Petites Annonces rights issue) and excluding the impairment charge in 2008 for the full amount of QDQ Media goodwill, the net income attributable to the Group would have increased by 10.7% compared to 2007 to 243.0 million euros.

# 10 Consolidated liquidities, capital resources and investment expenses

The table below shows the development of the Group's consolidated cash position for the financial years ended 31 December 2007 and 31 December 2008:

PagesJaunes Groupe (in millions of euros)	As at 31 December	
	2008	2007
Fair value of hedging instruments	-	30.0
Accrued interest	0.1	-
Cash equivalents	89.0	71.2
<b>Cash</b>	<b>89.1</b>	<b>101.2</b>
Bank borrowing	(1,950.0)	(1,950.0)
Revolving	-	-
Debt costs	34.8	41.2
Liability in respect of hedging instruments	(5.3)	(6.8)
Fair value of hedging instruments	(25.3)	-
Accrued interest not yet due	(4.5)	(6.8)
Bank overdrafts	(0.5)	(16.7)
Liability on committed purchase of minority interests	(3.1)	(8.7)
Other financial liabilities	(17.1)	(16.1)
<b>Gross financial debt</b>	<b>(1,971.0)</b>	<b>(1,963.9)</b>
<b>NET CASH (DEBT)</b>	<b>(1,881.9)</b>	<b>(1,862.7)</b>

The consolidated gross financial debt of the Group amounted to 1,971.0 million euros as at 31 December 2008 versus 1,963.9 million euros as at 31 December 2007. This increase of 7.1 million euros is primarily the result of the decline in fair value of hedging instruments by 25.3 million euros and the amortisation of loan issuance costs of 6.4 million euros, offset by a decline in bank overdrafts of 16.2 million euros and a decrease by 5.6 million euros of debt for the undertaking to buy back minority interests. It is noted that this debt in connection with the undertaking to buy back minority interest of 8.7 million euros in 2007 was recorded in 2007 under "other non-current liabilities" in 2007, and as such excluded from gross financial debt.

The consolidated Group's net financial debt amounted to 1,881.9 million euros as at 31 December 2008 versus 1,862.7 million euros as at 31 December 2007. Excluding the fair value of hedging instruments representing liabilities of 25.3 million euros as at 31 December 2008 versus assets of 30.0 million euros as at 31 December 2007, net debt amounted to 1,856.6 million euros as at 31 December 2008 versus 1,892.7 million euros as at 31 December 2007.

Bank borrowing of the PagesJaunes Groupe of 1,950.0 million euros, is repayable in full at the end of 2013. PagesJaunes Groupe also has a revolving credit line from a banking syndicate comprising several banks for approximately 400.0 million euros expiring at the end of 2013. This credit line was not drawn on as at 31 December 2008.

The table below shows the development of the Group's consolidated cash position for the financial years ended as at 31 December 2007 and 31 December 2008:

PagesJaunes Groupe (in millions of euros)	As at 31 December		
	2008	2007	Variation 2008/2007
Net cash from operations	320.2	285.0	12.4%
Net cash used in investing activities	(11.5)	5.8	na
Net cash provided by (used in) financing activities	(290.9)	(274.6)	5.9%
Impact of changes in exchange rates on cash	0.0	0.0	na
<b>Net increase (decrease) in cash position</b>	<b>17.7</b>	<b>16.2</b>	<b>9.3%</b>
Cash and cash equivalents at beginning of period	71.2	55.1	29.2%
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>89.0</b>	<b>71.2</b>	<b>25.0%</b>

Cash and cash equivalents amounted to 89.0 million euros as at 31 December 2008 versus 71.2 million euros as at 31 December 2007.

Net cash from operations amounted to 320.2 million euros in 2008 versus 285.0 million euros in 2007, an increase of 12.4%, with notably:

- a gross operating margin of 551.6 million euros in 2008, up 42.7 million euros compared to 2007 or an increase of 8.4%;
- a favourable change in working capital of 16.2 million euros in 2008 versus 23.6 million euros in 2007;
- a net outflow of 110.9 million euros in respect of interest in 2008, a decrease of 3.8 million euros compared to 2007;
- an outflow of 118.7 million euros in respect of the corporation tax in 2008, a decrease of 3.0 million euros compared to 2007.

Net cash used in investing activities represented an outflow of 11.5 million euros in 2008 versus a net inflow of 5.8 million euros in 2007, including notably:

- 32.0 million euros in 2007 of income from disposals, net of divested cash, from Kompas France and Kompas Belgium to Coface Services;

- 10.8 million euros in 2007 in respect of the acquisition of shares in associate companies, net of acquired cash, including 10.2 million euros linked to the acquisition of majority interests in Horyzon Média and Horyzon Clics;

- 12.1 million euros in 2008 in respect of the acquisition of property, plant and equipment and intangible assets versus 16.4 million euros in 2007.

Net cash provided by financing activities amounted to 290.9 million euros in 2008 versus 274.6 million euros in 2007, including primarily:

- 269.5 million for dividends paid in 2008 against 303.1 million euros in 2007;
- a decrease of 15.2 million euros in bank overdrafts in 2008 compared to an increase of 9.9 million euros in 2007;
- a contribution of 16 million euros from majority shareholders in 2007 in connection with the PagesJaunes Petites Annonces rights issue;
- a capital increase of 4.4 million euros in 2007, in connection with the early exercise of stock options;
- 4.3 million euros for treasury shares acquired in connection with the liquidity agreement implemented in September 2008.

## 11 Research and development

PagesJaunes Groupe is a cutting-edge entity within its sector in terms of state-of-the-art research and development through its teams and many partnerships. These contain the best field specialists focusing on innovation and excellence.



# 12 Information on trends

## 12.1 Main trends affecting Group business

See Sections 9 and 10.

## 12.2 Trends likely to have an impact on the company's outlook

The main trends likely to impact the Group's activity in 2009 are related to the economic downturn, in particular the slump in the French and Spanish advertising market. This trend could strain existing advertising customers' average budgets and, to a lesser extent, have a negative impact on their loyalty rate. It could also affect the level of new advertiser recruiting.

## 12.3 Financial targets

For 2009, PagesJaunes Groupe has set itself the following financial targets:

- PagesJaunes Groupe will continue to improve its market share in the advertising market;
- PagesJaunes Groupe is aiming for a gross operating margin between 500 million euros and 540 million euros, maintaining its current investments in its fixed and mobile Internet businesses while further strengthening its cost control;

- PagesJaunes Groupe will continue to operate a policy of high dividend distribution<sup>(1)</sup>, which is revisable in the event of a further deterioration in the economy.

The distribution target in no way constitutes a commitment on the part of PagesJaunes Groupe. Future dividends will depend on the Group's results, its financial situation and any other factor which the Board of Directors and the shareholders of PagesJaunes Groupe deem relevant.

*(1) Under no circumstances does this distribution target represent a commitment from PagesJaunes Groupe, and future dividends will depend on the Group's income, its financial position and any other information considered relevant by PagesJaunes Groupe's Board of Directors and shareholders.*

# 13 Profit estimates or forecasts

The company does not make any forecasts as indicated in European regulation (EC) No. 809/2004.

# 14 Administration and Management bodies

<b>14.1 Members of the Board of Directors</b>	<b>55</b>
<b>14.2 Incriminations and potential conflicts of interest</b>	<b>59</b>
<b>14.3 Members of Management Bodies</b>	<b>59</b>

## 14.1 Members of the Board of Directors

The members of the Board of Directors at the date of this document are:

François de Carbonnel;

Élie Cohen;

Michel Datchary;

Abeille Deniau;

Médiannuaire; represented by Ahmet Faralyali;

Jacques Garaïalde;

Thomas Geitner;

Jean-Christophe Germani;

Nicolas Gheysens;

Reinhard Gorenflos;

Hugues Lepic;

Jean-Claude Marceau; and

Rémy Sautter.

In the General Shareholders' Meeting on 11 June 2009, the shareholders will be presented with a proposal to renew the terms of office of François de Carbonnel, Élie Cohen, Michel Datchary, Jacques Garaïalde, Nicolas Gheysens, and Rémy Sautter.

In addition, Jérôme Losson's appointment as member of the board will be put to the General Shareholders' Meeting.

At the end of this General Shareholders' Meeting and subject to the approval of these resolutions, the members of the Board of Directors would include:

François de Carbonnel;

Élie Cohen;

Michel Datchary;

Abeille Deniau;

Médiannuaire;

Jacques Garaïalde;

Jean-Christophe Germani;

Nicolas Gheysens;

Hugues Lepic;

Jérôme Losson and

Rémy Sautter.

Name	Function	Date appointed	Term	Other roles and principal offices held in any Company during last five years
<b>François de CARBONNEL</b>	Director Chairman of the Remuneration and Appointments Committee	27 May 2004	General Shareholders' Meeting in 2009	Chairman of the Board of Directors, Thomson Director of QUILVEST SA (Luxembourg) Director of Ecofin Hedge Fund Limited (Ireland) Director of Ecofin Special Situations Funds Limited (Ireland) Director of Amgen In. (USA) <b>Offices no longer held:</b> Manager, Geroa SARL Director, Parc des Aulnois SA Director of Cofipar SA Director of GFISA (Groupe Foncier d'Île-de-France) Director of Nixxis SA (Lux) Director of FdeC Services Ltd
<b>Élie COHEN</b>	Director Member of the Audit Committee Member of the Strategy Committee	27 May 2004	General Shareholders' Meeting in 2009	Director of research, CNRS, Professor at the Institut d'Études Politiques in Paris Member of the Prime Minister's Economic Analysis Council Member of the Supervisory Committee, Steria Group SSII) Director of EDF Energies Nouvelles Director of EDF ENR <b>Offices no longer held:</b> Chairman of the Scientific Board and Director of Vigeo Director of Orange Vice-President of the Haut Conseil du secteur public
<b>Michel DATCHARY</b>	Director Chief Executive officer	12 October 2006	General Shareholders' Meeting in 2009	Chairman/CEO and Director of PagesJaunes Director of PagesJaunes Marketing Services Director of Médiannuaire Holding Chairman of the Board of Directors and Director of QDQ Director of Mappy Director of Ellis <b>Offices no longer held:</b> Director of Kompass France
<b>Abeille DENIAU</b>	Director representing personnel	20 July 2006	20 July 2011	None <b>Offices no longer held:</b> None
<b>MÉDIANNUAIRE, represented by Ahmet Faralyali</b>	Director	12 October 2006	General Shareholders' Meeting in 2011	None <b>Offices no longer held:</b> None
<b>Jacques GARAIALDE</b>	Director Chairman of the Board of Directors Chairman of the Strategy Committee	12 October 2006	General Shareholders' Meeting in 2009	KKR associate Director of Legrand Director of Nexans Chairman/CEO and Director of Médiannuaire Holding Director of Tarkett Member of the Executive Committee of Société d'Investissement Familiale (S.I.F.) <b>Offices no longer held:</b> None
<b>Thomas GEITNER</b>	Director	26 July 2007	General Shareholders' Meeting in 2009	Henckel AG & CoKGAA, Germany, Executive Director BBC Worldwide Ltd., United Kingdom, Non-Executive Director Singulus Technologies AG, Germany, Non-Executive Director <b>Offices no longer held:</b> Vodafone Group PLC, United Kingdom, Executive Director Arcor AG, Germany, Non-Executive Director Vodafone Deutschland GmbH, Germany, Executive Director Vodafone D2, Germany, Non-Executive Director
<b>Jean-Christophe GERMANI</b>	Director	12 October 2006	General Shareholders' Meeting in 2011	Managing Director, Goldman Sachs Director of Médiannuaire Holding <b>Offices no longer held:</b> Director of EM Acquisition Corp. and Education Management Corporation Director of Alchemy Holding Sarl Director of CCom Holdings Luxembourg Sarl Director of Wireless information Network Limited Director of InsuranceCity AG

Name	Function	Date appointed	Term	Other roles and principal offices held in any Company during last five years
<b>Nicolas GHEYSENS</b>	Director Member of the Audit Committee Member of the Remuneration and Appointments Committee	26 July 2007	General Shareholders' Meeting in 2009	Employee, Kohlberg Kravis Roberts & Co SAS Chairman of NorthgateArisso France Holdings Member of the Supervisory Committee, Société d'Investissement Familiale (SIF) CEO, Sedley Participations France (SAS) Board Member, U.N Ro-Ro Isletmeleri A.S. Member of the Management Board of A.T.U Luxembourg Sàrl Director of Médiannuaire Holding <b>Offices no longer held:</b> Member of the Management Board of Victoria Holding Sàrl Member of the Management Board of Angel Lux Parent Sàrl Member of the Management Board of Angel Lux Common Sàrl
<b>Reinhard GORENFLOS</b>	Director	12 October 2006	General Shareholders' Meeting in 2009	KKR associate Member of the Board of Directors of AVR BV (Netherlands) Director of DEMAG S.à.r.l (Luxembourg) Director of DSD GmbH (Germany) Director of ATU GmbH (Germany) <b>Offices no longer held:</b> Chairman of the Board of Demag Cranes AG (Germany) Chairman of the Board of AVR BV (Netherlands) Director of Selenia FL (Italy)
<b>Hugues LEPIC</b>	Director Member of the Remuneration and Appointments Committee Member of the Strategy Committee	12 October 2006	General Shareholders' Meeting in 2011	Head of Private Equity Europe and associate of the Goldman Sachs Group, Inc. Member of the Investment Committee, Goldman Sachs Director of Prysmian S.p.A. Director of Médiannuaire Holding <b>Offices no longer held:</b> Director of Eutelsat Communications SA Chairman of the Supervisory Committee of Autodis SA Chairman of the Supervisory Committee of Autodistribution SA Director of Cablecom GmbH Director of Cablecom Luxembourg GP Sarl Director of Ilias SA Board member, Cegetel SA
<b>Jérôme LOSSON</b>	Director	Candidacy proposed to the General Shareholders' Meeting on 11 June 2009		Employee of KKR Capstone Ltd Chief Operating Officer, Northgate Information Solutions Ltd. <b>Offices no longer held:</b> Chairman, Mercadium France Director of Mercadium Ltd
<b>Jean-Claude MARCEAU</b>	Director	12 April 2005	General Shareholders' Meeting in 2009	None <b>Offices no longer held:</b> None
<b>Rémy SAUTTER</b>	Director Chairman of the Audit Committee	27 May 2004	General Shareholders' Meeting in 2009	Chairman/CEO of Bayard d'Antin Chairman of the Supervisory Committee, Ediradio/RTL Member of the Supervisory Board of M6 Director of Partner Re (USA) Director of Taylor Nelson Sofres (UK) Director of Thomson <b>Offices no longer held:</b> Director of M6 Publicité Director of Wanadoo President of Sicav Multimedia et Technologies

## Independent directors

The Board of Directors has three independent members, Mr. François de Carbonnel, Mr. Élie Cohen, and Mr. Rémy Sautter.

The qualification criteria for independent directors are set out in the Bouton report. A member is deemed to be independent if he does not have any relationship whatsoever with the Company that could have a significant impact on his freedom of judgment.

There are no family ties between the members of Administration and Management bodies.

## Biographies of the board members

**François de Carbonnel** is a Company Board member and works as an advisor. Until the end of 2006, he was "Senior Advisor" of Citigroup's Global Corporate and Investment Bank. He joined Citigroup at the end of 1999 as Managing Director of the Global Corporate and Investment Bank. After ten years at the Boston Consulting Group (Boston, Paris, Chicago), from 1971 to 1981, from 1981 to 1990 he was Chairman of Strategic Planning Associates (Washington, DC), which is now Mercer Management Consulting. After it was bought by Marsh McLennan, he went to General Electric (USA) as President of GE Capital Europe and Vice-President of General Electric. In 1993, he was appointed Vice-President of Booz-Allen and Hamilton in Paris, and then in 1994 he was made Chairman/CEO of Midial SA, a position he held until 1998. He was also Chairman of the Supervisory Board of GE Capital-SNC from 1996 to 1998. Born in 1946, François de Carbonnel is a graduate of the *École Centrale* in Lyon, *Faculté de Sciences Économiques* in Lyon, and the Business School of Carnegie-Mellon University, Pittsburgh, USA.

**Élie Cohen** has pursued dual careers both as a researcher and university professor. A student researcher at the *Paris École des Mines* and then head of research at the *Centre de Sociologie de l'Innovation de l'École des Mines*, he subsequently joined the CNRS as Research Director of the *Groupe d'Analyse des Politiques Publiques* at Paris 1 and then at the FNSP (*Centre d'Études de la Vie Politique Française*). As an associate professor, then full professor, Élie Cohen has taught at the *Institut d'Études Politiques* in Paris, the *École Supérieure* in Ulm, the *École Nationale d'Administration* and the Harvard School of Engineering. Author of a number of articles in scientific journals, Mr. Cohen has published several books on business economics and public policy in France and other countries. As an economist, Élie Cohen has been a member of numerous parliamentary and executive commissions. He was a member of the France Télécom Board of Directors from 1991 to 1995 and has been a member of Orange's Board of Directors from 2003 to 2007. He was a member of the Conseil Scientifique de l'Institut du Développement Durable et des Relations Internationales. Born in 1950, Élie Cohen is a graduate of the *Institut d'Études Politiques* in Paris and has PhDs in Management and Political Science.

**Abeille Deniau** joined PagesJaunes in 1986 and currently holds the position of Editorial Manager at the Communications Division.

**Ahmet Faralyali**, representative of Médiannuaire, joined Kohlberg Kravis Roberts & Co. in 2005, and took part in the investment operation in AVR BV (Netherlands), in PagesJaunes Group, and in U.N. Ro Ro Isletmeleri A.S. Before joining Kohlberg Kravis Roberts & Co., Ahmet Faralyali worked at Lehman Brothers in the strategic planning department. Prior to that, he worked for the Lehman Brothers private equity group. Ahmet Faralyali started his career at Lehman Brothers in the Investment Banking division, where he took part in several cross-border mergers, acquisitions, and financing operations in the telecommunications sector. Born in 1974, Ahmet Faralyali graduated from the University of California and also holds an MBA from the Stanford Graduate School of Business.

**Jacques Garaïalde** has been an associate of Kohlberg Kravis Roberts & Co. since 2003. Before joining Kohlberg Kravis Roberts & Co., Jacques Garaïalde was an associate at Carlyle, in charge of Europe Venture Partners. From 1982 to 2000, he worked at the Boston Consulting Group, where he was Senior VP in charge of Belgium (1992-1995), then France and Belgium (1995-2000). From 1979 to 1981, he held various positions at Esso France. Jacques Garaïalde is also a member of the Board of Directors of Nexans, Legrand and Tarkett. Born in 1956, Jacques Garaïalde holds an MBA from INSEAD (Fontainebleau) and is an *École Polytechnique* alumnus.

**Thomas Geitner** is currently General Manager of Henkel AG&CoKGaA and a member of the boards of various international companies. From 2000 to 2006 he held a number of executive posts at Vodafone Groupe PLC. He started his career at Heidelberger Druckmaschinen AG and held management posts at the German companies Leybold AG and RWE-Group AG. Born in 1955, he is a graduate of the Technische Universität München and holds an INSEAD MBA.

**Jean-Christophe Germani** is a Managing Director at Goldman Sachs' Merchant Banking Division. Born in 1974, Mr. Germani is a graduate of *Hautes Écoles Commerciales*.

**Nicolas Gheysens** joined Kohlberg Kravis Roberts & Co in 2004. Nicolas Gheysens had previously worked for Sagard and Goldman Sachs International. Born in 1976, Nicolas Gheysens holds a degree from the Strasbourg Institut d'Études Politiques and from ESSEC.

**Reinhard Gorenflos** joined Kohlberg Kravis Roberts & Co. in 2001 and is now an associate there. Reinhard Gorenflos began his career as a consultant at LEK from 1989 to 1991, and was then given various management responsibilities at the Thyssen Group from 1991 to 1996. From 1996 to 1998 he held the position of CEO of OTTO Environment, and then CFO of ARAL AG. Born in 1961, Reinhard Gorenflos has a degree in Economics from the University of Freiberg and an MPA from Harvard's Kennedy School of Government.

**Hugues Lepic** is a Partner-Managing Director of The Goldman Sachs Group, Inc., and heads Private Equity for Goldman Sachs in Europe. He is a member of Goldman Sachs' Executive Committee in Europe and a member of the Goldman Sachs investment committee. Hugues Lepic began his career in 1990 at the Goldman Sachs' Mergers & Acquisitions department in New York, and then in London. He joined the Private Equity division at Goldman Sachs in London in 1996, and was then appointed Managing Director in 1998 and Partner-Managing Director in 2000. Hugues Lepic is also a member of the board at Prysmian S.p.A. Born in 1965, Hugues Lepic is an alumnus of *L'École Polytechnique*, and holds an MBA from the Wharton School of Business at the University of Pennsylvania.

**Jérôme Losson** is 40 years old and joined KKR Capstone in 2003. Until then, he worked for UK company Causeway Technologies, which publishes specialized software for the construction industry and acquired

a company that Losson cofounded. Jérôme Losson started his career at McKinsey & Co in Brussels and London. Jérôme Losson is currently Director of Operations for Northgate Information Systems. He has a PhD from McGill University and an MBA from INSEAD.

**Jean-Claude Marceau** came to PagesJaunes in 1973 and is now Head of commercial relations with advertising agencies.

**Rémy Sautter** began his career at the Caisse de Dépôts et Consignations (1971-1981) before being appointed a Technical Advisor at the office of

the Minister of Defense for Financial and Budget Affairs (1981-1983). He was then Finance Director for the Havas Agency from 1983 to 1985 and Vice-Chairman and Managing Director of RTL until 1996. Rémy Sautter was the Managing Director of the CLT-UFA until 2000, before holding the position of Chairman-Managing Director at RTL until 2002. Since December 2002, he has been Chairman of RTL's Supervisory Board. Born in 1945, Rémy Sautter has a law degree and graduated from the *Institut d'Études Politiques* in Paris and the *École Nationale d'Administration*.

## 14.2 Incriminations and potential conflicts of interest

Over the last five years, the members of the General Management and the Management and Administration bodies have not been subject to any:

- conviction for fraud;
- bankruptcy, sequestration, or liquidation;
- official public sanction and/or conviction handed down against them by a statutory or regulatory authority;
- court injunction preventing them from acting as a member of a Supervisory, Management, or Administrative body of an issuer or

from intervening in the management and conducting of business of an issuer.

There are no potential conflicts of interest between the duties of the members of the General Management and the Management and Administration bodies pertaining to the Company and their private interests and/or other duties.

Mr. Datchary, Mr. Garaïalde, Mr. Gheysens, and Mr. Lepic, members of the Company's Board of Directors, are also Board Members of Médiannuaire Holding, the parent Company of Médiannuaire, the Company's primary shareholder. To the best of the Company's knowledge, there is no conflict of interest arising from the holding of these positions.

## 14.3 Members of Management Bodies

On the date of issue of the present document, the Executive Committee of PagesJaunes Groupe is made up of:

Name	Function
<b>Michel Datchary</b>	Chief Executive Officer
<b>Pascal Garcia</b>	Executive Vice-President in charge of the Advertising Division
<b>Claude Marchand</b>	Executive Vice-President in charge of the Printed Directories Division
<b>Ghislaine Mattlinger</b>	Executive Vice-President in charge of Finance, Performance and Information Systems.

Recruitment is underway for the position of Executive Vice-President in charge of the Internet Division.

**Michel Datchary** has been the CEO of PagesJaunes Groupe since 23 September 2004. He had previously been the Chairman of the Management Board of PagesJaunes since 1996. Michel Datchary started his career at the Havas group in 1977 before joining the ODA group. He held various positions at ODA, including Product Manager in 1979, Deputy Marketing Director in 1981, Managing Director of a subsidiary in 1985, and Deputy Managing Director and member of the Management Board in 1992. Michel Datchary holds a diploma from the Pau Chamber of Commerce's Commercial Promotion Institute (1977).

**Pascal Garcia** is Executive Vice-President in charge of the Advertising Division. He previously held various Senior Management positions within the PagesJaunes Group, first at Telelistas, a Brazilian subsidiary 50%-owned by the Company from 1997 to 2001, then at Wanadoo Edition in 2002, before becoming General Manager of QDQ Media in Spain, from 2003 to 2008. He started his career in 1982 in the oil products sector, as Financial Director for Comex, then Coflexip in Brazil, a group in which he held various Management positions in Franc and abroad, before holding various Management positions for the same Group in France and abroad, and then becoming General Manager for Coflexip Stena Offshore Brésil. Pascal Garcia was born in 1958 and holds dual French



and Brazilian nationality. He is an HEC graduate and has an MBA from Fundação Getulio Vargas (Sao Paolo, Brazil) and an MBA from ESADE (Barcelona, Spain).

**Claude Marchand** is Managing Director in charge of the Printed Directories Division. Previously, from July 2000, he worked as director of the Printed Directories Business Unit. He joined PagesJaunes in March 1997 as Executive Vice-President in charge of technical business and as member of the Management Board. He previously held various management positions in the communication and media sector: in public television (ORTF engineer then regional director of FR3, from 1970 to 1990), Managing Director of cable television operation companies (Toulouse – Compagnie Générale des Eaux – then Lille - France Télécom Câble), from 1990 to 1994, then assistant director of the Var Matin newspaper and industrial director for the La Provence press group (Lagardère Group) from 1994 to 1997. He was born in 1948 and is a graduate of Ecole Polytechnique and Ecole Nationale Supérieure des Télécommunications.

**Ghislaine Mattlinger** has been the Company's Chief Financial Officer since February 2006. She has also been PagesJaunes SA's Chief Financial officer since February 2007. She began her career in 1989 with Arthur Andersen, where she was responsible, over seven years, for various auditing and consulting assignments within the Banks and Financial Markets department. In 1996, she became Director of Finance at Viel & Cie, a leading world broker in financial and non-financial products, which she left in 2004 to participate in the creation of Aurige Finance, a merger and acquisition consulting firm. Born in 1968, Ghislaine Mattlinger is an HEC graduate.

# 15 Remuneration and benefits

<b>15.1 Overall total remuneration and benefits in kind</b>	<b>61</b>
<b>15.2 Amounts provisioned or booked for the payment of pensions, retirement, or other benefits</b>	<b>65</b>

## 15.1 Overall total remuneration and benefits in kind

All gross remuneration excluding employer contributions and benefits in kind individually paid by the Company to Company Officers during the fiscal year ending on 31 December 2008 at PagesJaunes Groupe is summarized in the tables below:

### ➤ Summary table of remuneration and stock options granted to each managing Company Officer

	Year 2007	Year 2008
Michel Datchary		
Remuneration due during the fiscal year (detailed in table 2)	723,537	To be completed
Value of stock options granted during the fiscal year (detailed in table 4)	-	-
Value of performance shares granted during the fiscal year (detailed in table 6)	-	-
<b>TOTAL</b>	<b>723,537</b>	<b>TO BE COMPLETED</b>

Overall total remuneration and benefits in kind

### Summary table of each managing Company Officer's compensation

Michel Datchary, Chief Executive Officer	Year 2007		Year 2008	
	Amount Due	Amount Paid	Amount Due	Amount Paid
Fixed remuneration	375,000	375,000	390,000	390,000
Variable remuneration	300,000	82,320	To be completed	300,000
Exceptional remuneration	0	200,000*	0	0
Attendance fees	27,942	-	26,856	27,942
Benefits in-kind**	20,595	20,595	22,046	22,046
<b>TOTAL</b>	<b>723,537</b>	<b>677,915</b>		<b>739,988</b>

\* The Board of Directors decided in 2006 to pay a one-off bonus to Group employees who played an active role in the competitive process for the sale of France Télécom's stake in PagesJaunes Groupe. The overall amount set aside for this bonus, paid to 44 PagesJaunes Groupe employees, was €679,000, of which €300,000 for Michel Datchary. This bonus was paid in two installments – €100,000 in 2006, two months after the actual transfer, and a further €200,000 in 2007, 12 months after the actual transfer.

\*\* Provision of a company car and coverage of unemployment contributions

### Table of attendance fees and other remuneration received by non-managing Company Officers

Non-managing Company Officers	Amounts Paid in 2007	Amounts Paid in 2008
<b>Mattia Caprioli*</b>		
Attendance fees	-	19,051
Other remuneration	-	-
<b>François de Carbonnel</b>		
Attendance fees	63,000	38,102
Other remuneration	-	-
<b>Élie Cohen</b>		
Attendance fees	52,000	33,022
Other remuneration	-	-
<b>Abeille Deniau</b>		
Attendance fees	-	27,942
Other remuneration	-	64,471
<b>Jacques Garaïalde</b>		
Attendance fees	-	34,292
Other remuneration	-	-
<b>Jean-Christophe Germani</b>		
Attendance fees	-	25,401
Other remuneration	-	-
<b>Thomas Geitner</b>		
Attendance fees	-	8,891
Other remuneration	-	-
<b>Nicolas Gheysens</b>		
Attendance fees	-	16,511
Other remuneration	-	-
<b>Reinhard Gorenflos</b>		
Attendance fees	-	-
Other remuneration	-	-

Non-managing Company Officers	Amounts Paid in 2007	Amounts Paid in 2008
<b>Hugues Lepic</b>		
Attendance fees	-	29,212
Other remuneration	-	-
<b>Jean-Claude Marceau</b>		
Attendance fees	-	27,942
Other remuneration	-	142,217
<b>Médiannuaire</b>		
Attendance fees	-	20,321
Other remuneration	-	-
<b>Rémy Sautter</b>		
Attendance fees	54,600	39,372
Other remuneration	-	-
<b>TOTAL</b>	<b>169,600</b>	<b>526,747</b>

Information concerning the stock options given to or exercised by Company Officers can be found in Section 17.2.

In 2008, the Chief Executive Officer was eligible for a variable share, the annual amount of which could vary between 0% and 200% of the base salary, depending on the following criteria:

- 50% on a qualitative scale of between 0 and 200% based on strategic development, leadership of PagesJaunes Groupe, implementation and success of action plans, and changes in the operations portfolio; and
- 50% on a quantitative scale based on an additional gross operating margin objective.

Following decisions by the Board of Directors on 25 February 2009 for the 2008 fiscal year, the CEO's total variable portion came to 390,000 euros.

Moreover, since the Company has implemented specific additional pension schemes (see chapter 17.3), on 20 December 2007, the Board decided to grant the CEO the new defined-contribution pension scheme (Article 83 of the General Tax Code) implemented for group management as of 1 January 2008.

The Company has not set up any specific additional pension schemes for its officers.

Michel Datchary has been the CEO of PagesJaunes Groupe since 23 September 2004. He also serves as a company officer in other group companies, including PagesJaunes.

Until now, Michel Datchary was also an employee of PagesJaunes (formerly ODA).

His employment contract with PagesJaunes was suspended when he was appointed Chief Executive Officer of PagesJaunes Groupe. Therefore, if Michel Datchary's term of office at PagesJaunes Groupe is suspended, his employment contract immediately resumes effect.

Under his terms of office, Michel Datchary does not receive any special benefits or compensation if his term as Chief Executive Officer of PagesJaunes Groupe comes to an end.

Article 11 of Michel Datchary's employment contract with PagesJaunes stipulates that, if PagesJaunes suspends his contract (except in the event of serious or gross misconduct), he may receive (i) payment of a sum as discretionary compensation for severance, calculated in application of the provisions of the collective agreement applicable to the company

in view of his seniority, and (ii) an additional compensatory amount set at 15 months pay.

The contract stipulated that the accumulated total amount of the discretionary compensation and the additional compensation cannot exceed 21 months pay.

In accordance with the TEPA law of 21 August 2007, the Board of Directors, in its 14 February 2008 meeting, approved the modification of this employment contract to add to the abovementioned Article 11 to include a performance condition. To guarantee that this provision is consistent with the performance criteria usually applied by the company, this performance condition stipulated that gross operating margin (GOM) as reported in PagesJaunes Groupe's latest financial statements fixed by the Board of Directors before the date the employment contract was suspended must be higher than the average GOM from the past three years.

The Company's 29 April 2008 General Shareholders' Meeting approved this commitment.

Michel Datchary's employment contract also included a 12-month non-competition clause. This non-competition clause, if it had been applied, would have resulted in payment of six months pay. If Michel Datchary decides to abandon his contract, total compensation is reduced to three months pay.

The Company's Board of Directors considered that Michel Datchary's situation diverged from the abovementioned AFEP/MEDEF recommendations in two respects: combining a position as company officer with an employment contract and the terms of paying and calculating termination indemnities.

AFEP/MEDEF recommends the following:

- ending any employment contract when the employee serves as company officer;
- only authorizing termination indemnities in the event of forced termination or leave related to a change in control or strategy, and limiting total termination indemnities, no matter what form they take, to two years remuneration

During its work, the Board of Directors had to consider the fact that the termination of Michel Datchary's employment contract meant that he lost his right to end-of-career compensation (due in the event of retirement) and to termination and non-competition compensation.

Overall total remuneration and benefits in kind

When defining the proposed system, the Board of Directors tried to transpose the current termination and non-competition compensation from the employment contract to the term as a Company Officer, adapting it to the AFEP/MEDEF recommendations on the subject, and to use a new system instead of the end-of-career compensation Michel Datchary would have received under the current system if he had stayed a group employee until he retired.

As a consequence, Michel Datchary resigned as a group employee, and therefore his employment contract was terminated. Michel Datchary settled his rights as a PagesJaunes employee and was paid approximately 218,752.31 euros as final settlement (corresponding to 83 days of

seniority leave, 47 days of executive leave and 5 days of unused leave), excluding any other compensation.

Two types of compensation were introduced: compensation that is only applicable in the event of forced leave and compensation under the non-competition clause.

## 1 Termination indemnity

The Board of Directors, in its meeting on 25 February 2009, decided that Michel Datchary could be given compensation if he were forced to leave the Company and if the Company's strategy or control changed (no matter what form his termination takes: revocation, non-renewal or resignation).

This compensation will amount to 21 months pay calculated based on the total gross monthly average remuneration paid to the interested party during the 12 calendar months before termination. Gross remuneration means the total overall remuneration including the employee's deductions, but excluding the employer's contributions.

In accordance with Article L. 225-42-1 of the French commercial code (arising from the TEPA law), this type of commitment must be subject to respect for the "conditions related to the beneficiary's performance, evaluated with respect to the company's performance."

Payment of the compensation would be subject to the following performance condition: average change in net Income over the past three years, as reported in the PagesJaunes Groupe financial statements as approved by the Board of Directors before Michel Datchary's leave date, is greater than the average change in net income of SBF 120 companies during the same period.

By derogation, if the contract is ended between 1 January and the date the Board of Directors approves the statements for the year before the termination, the Board of Directors will wait for the statements to be approved before the abovementioned condition can be met (based on the approved statements).

It is specified where necessary that the compensation would not be due if Michel Datchary leaves in order to retire.

## 2 Non-competition clause/related compensation

Insofar as Michel Datchary is no longer subject to the non-competition clause in his employment contract, the Board of Directors decided that Michel Datchary is subject to a similar clause in his position as Chief Executive Officer.

This non-competition clause will be enacted if his term as Chief Executive Officer is suspended for whatever reason and in whatever form.

This competition clause applies for a 24-month period, which starts the effective day of termination, and is valid across France.

The corresponding compensation is equal to 12 months pay calculated based on the total gross monthly average remuneration over the last

12 months of activity prior to termination. Each month, Michel Datchary will be paid 1/24 of total compensation.

It is specified that this compensation will be due in any case and that, as a consequence, the Company will not be in any measure to waive its right to the non-competition agreement.

The combined total of the termination indemnity and this compensation shall not exceed 24 months gross remuneration.

Managing Company Officers	Employment Contract		Additional retirement package		Compensation or benefits due or likely to be due upon termination or change of function		Compensation related to a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
MICHEL DATCHARY CHIEF EXECUTIVE OFFICER		X		X	X		X	

The General Shareholders' Meeting of 29 April 2008 decided to set the amount of the attendance fees to be distributed to the members of the Board of Directors at 365,000 euros for the current fiscal year and following years until a new decision is adopted by the General Shareholders' Meeting.

Under the terms of rules agreed by the Board for the distribution of attendance fees, directors receive the following for their participation on the Board:

- a fixed amount of 12,000 euros per annum per director;
- 2,000 euros per Board of Directors meeting;
- 1,000 euros per Committee meeting;
- a fixed amount of 5,000 euros for each Chairman (of the Board or of a Committee).

In due consideration of the number of Board of Directors and Committee meetings in 2008, the Board decided to share out the undistributed sum pro rata with the amounts granted to each member in accordance with the initial method.

Remuneration paid to members of the Board of Directors by way of attendance fees in 2008 amounted to 365,000 euros.

A proposal will be made to the General Shareholders' Meeting of 11 June 2009, to reduce the amount of attendance fees to be distributed to the members of the Board of Directors to 345,000 euros for the current fiscal year and following years until a new decision is adopted by the General Shareholders' Meeting.

## 15.2 Amounts provisioned or booked for the payment of pensions, retirement, or other benefits

On the date of issue of this document, the amounts provisioned or booked for payment of pensions, retirement, or other benefits are as follows:

- for Michel Datchary: 0 euro;
- for Jean-Claude Marceau: 108,400 euros as a provision for rights acquired for end-of-career compensation ("IFC") and 2956 euros as a provision for the employment medal plan;

- for Abeille Deniau: 16,266 euros as a provision for rights acquired for end-of-career compensation ("IFC") and 3,822 euros as a provision for the employment medal plan.

# 16 Operation of the administrative and management bodies

<b>16.1 Compliance with the corporate governance plan in effect in France</b>	<b>66</b>
<b>16.2 Absence of service contracts</b>	<b>67</b>
<b>16.3 Committees created by the Board of Directors</b>	<b>67</b>

The Company is managed by a Board of Directors that determines the direction of the Company's business and oversees its implementation by the General Management. Subject to the powers expressly delegated by law to the General Shareholders' Meetings, and within the limits of the business purpose, the Board handles any questions involving the

correct operation of the Company and by its deliberations regulates the matters concerning it. In particular, it votes on all decisions relating to the Company's major strategic, economic, social, financial, and technological policies.

## 16.1 Compliance with the corporate governance plan in effect in France

PagesJaunes Group follows the principles of corporate governance for listed companies laid down in the MEDEF/AFEP report of October 2003 and notably the key corporate governance principles concerning:

- the responsibility and integrity of the senior managers and directors;
- the independence of the Board of Directors;
- transparency and release of information;
- respect of shareholders' rights.

The Company is committed to implementing the recommendations in the report, notably through the internal regulations adopted by the Board of Directors which set the guiding principles for its operations and the procedures it uses to carry out its tasks (See Section 21.2.2).

In application of the provisions of Article L. 225-37 of the Commercial Code, the Chairman of the Board of Directors must set out, in a report attached to the Board's Management Report, the conditions for preparing and organizing the work of the Board, as well as the internal control procedures put in place by the Company. This report is appended to this document.

In its meeting on 18 December 2008, the Board of Directors read the AFEP/MEDEF recommendations dated 6 October 2008, on remuneration for listed company's officers.

The Board considers that these recommendations fit in with the company's corporate governance policies.

As a consequence, and in accordance with the 3 July 2008 law, the amended AFEP/MEDEF corporate governance code serves as the company's reference for drafting the report described in Article L. 225-37 of the Commercial Code starting during the current fiscal year.

### Clauses with exceptions:

However, the Board of Directors did study the differences between PagesJaunes Groupe's current operating rules and the three recommendations of the AFEP/MEDEF corporate governance code:

1. the AFEP/MEDEF corporate governance code stipulates that independent directors must make up at least one-third of the board in companies controlled by a reference shareholder. Up to the present date, the PagesJaunes Groupe Board of Directors had three independent members out of 13 directors. Subject to the 11 June 2009 General Shareholders' Meeting's approval of the resolutions on appointing directors, the Board of Directors would be made up of 11 members, of which three were independent. The percentage of independent directors would then be closer to one-third;
2. the AFEP/MEDEF corporate governance code stipulates that board members' terms must not exceed four years. The term for PagesJaunes Groupe directors is five years. The Board of Directors considers that this point does not hinder the company's proper

governance. Also, the directors' terms do not all expire at the same date: four of the directors' (Abeille Deniau, Hugues Lepic, Jean-Christophe Germani, and Médiannuaire) terms expire at the 2011 General Shareholders' Meeting, and the terms of office of directors appointed or re-appointed at the 11 June 2009 General Shareholders' Meeting expire at the 2014 General Shareholders' Meeting.

To ensure standardized renewal of the board members' terms, the General Shareholders' Meeting will be presented with the proposal, in a derogation to the provisions of Article 14 of the Company's Articles of Association, to renew François de Carbonnel's, Élie Cohen's, and Rémy Sautter's terms of office for three years, until the 2012 General Shareholders' Meeting;

- the AFEP/MEDEF corporate governance code stipulates that the Remuneration Committee must primarily be made up of independent directors. PagesJaunes Groupe's Appointments and Remunerations Committee has one independent director for a total of three members. The Board of Directors considers that the make-up of this committee, which is chaired by the independent director, and the discussions between this independent director and the other independent Board members, complies with the fair representation of the various company shareholders' interests.

## 16.2 Absence of service contracts

No member of the Board of Directors (individual) or any Chief Executive Officer is linked by a service contract with PagesJaunes Groupe or one of its subsidiaries which would grant advantages at the term of such a contract.

## 16.3 Committees created by the Board of Directors

The Board of Directors can decide to create committees from within itself, for which it sets the membership and powers, and which perform their tasks under its responsibility, but the powers allocated to a Committee cannot be for the purpose of delegating to a Committee the powers which are vested in the Board of Directors by law or the Articles of Association, or for the purpose of reducing or limiting the powers of the Chairman, the Chief Executive Officer, or the Deputy Chief Executive Officer.

The Board of Directors, at its Meeting on 23 September 2004, set up two committees within the Company, i.e. an Audit Committee and a Remuneration and Appointments Committee.

At a meeting on 14 February 2008, the Board of Directors decided to create a Strategy Committee.

### 16.3.1 Audit committee

#### COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee is comprised of at least two members, appointed by the Board of Directors based on a proposal by its Chairman. The Chairman of the Committee is appointed by the Board of Directors following a proposal by its Chairman, from among the members of the Committee.

The composition of the Audit Committee on the registration date of this reference document was as follows:

- Mr. Rémy Sautter, Chairman;
- Mr. Élie Cohen and;
- Mr. Nicolas Gheysens.

#### TASKS OF THE AUDIT COMMITTEE

The Audit Committee, acting on behalf of the Board of Directors, is responsible for:

- examining the Company and consolidated accounts, both half-yearly and annual, as well as the management reports and business and financial statements;
- ensuring compliance with the accounting standards adopted for preparing the Company and consolidated accounts;
- checking that internal information collection and inspection procedures are applied in practice;
- checking the quality and relevance of the information communicated to shareholders;



- examining the procedure for selecting the Company's Auditors, particularly looking at their selection and terms of remuneration in order to make observations;
- on a yearly basis, studying the inspection procedures for Auditors and internal Auditors, and examining the internal auditing report for the year completed and the schedule of tasks for the year in progress;
- examining the accounting treatment pertaining to special operations;
- examining significant off-balance sheet commitments each year.

The tasks undertaken on behalf of the Board of Directors do not limit the powers of the Board of Directors, who cannot exempt themselves from liability by invoking the tasks or opinions of these committees.

The Audit Committee shall meet as often as it deems useful and shall refer to any matter included within its mission. It met four times during 2008.

The Audit Committee may ask the Company to provide it with any document or information needed to perform its tasks and perform any internal or external audit on any subject it believes to be relevant. During the examination of drafts of the annual and semi-annual accounts, it may question the Company auditors without the presence of the Company's senior managers. It is notified of any accounting or audit irregularities.

## 16.3.2 Remuneration and appointments committee

### MEMBERSHIP OF THE REMUNERATION AND APPOINTMENTS COMMITTEE

This Committee is comprised of at least three members, who are appointed by the Board of Directors based on a proposal by its Chairman. The Chairman of the Committee is appointed by the Board of Directors following a proposal by its Chairman, from among the members of the Committee.

The membership of the Remuneration and Appointments Committee on the registration date of this reference document was as follows:

- Mr. Francois de Carbonnel, Chairman;
- Mr. Hugues Lopic;
- Mr. Nicolas Gheysens.

### TASKS OF THE REMUNERATION AND APPOINTMENTS COMMITTEE

The Committee is responsible for submitting proposals to the Board of Directors for the appointment of members of the Board of Directors, the Chairman of the Board of Directors, the Chief Executive Officer and the members of the Board committees. It is also kept informed by the Chairman of the Board of Directors of the appointments of other senior managers of the Group. In addition, the Committee proposes to the Board of Directors the amount of the attendance fees to be submitted to the General Meeting, as well as the conditions for the breakdown of said fees between the members of the Board of Directors.

The Committee also proposes the Company Officers' remuneration to the Board of Directors and may, if requested by the Chairman of the Board of Directors, give an opinion on the conditions for setting senior Company managers' remuneration.

The Remuneration and Appointments Committee met twice in 2008.

## 16.3.3 Strategy committee

### COMPOSITION OF THE STRATEGY COMMITTEE

This Committee is comprised of at least three members, who are appointed by the Board of Directors based on a proposal by its Chairman. The Chairman of the Committee is appointed by the Board of Directors following a proposal by its Chairman, from among the members of the Committee.

The composition of the Strategy Committee on the registration date of this reference document was as follows:

- Mr. Jacques Garaïalde, Chairman;
- Mr. Élie Cohen;
- Mr. Hugues Lopic.

### TASKS OF THE STRATEGY COMMITTEE

It assists the Board of Directors in its thinking on the Company's or Group's major long-term strategic focus, examines all major projects in relation to strategic Group positioning and development, especially strategic partnership projects and major investment and divestment operations, and Company development plans submitted to the Board of Directors.

The Strategy Committee met four times during 2008.

## 16.3.4 Committee membership and operation

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The operating rules are set by the Board of Directors based on the following principles:

- committee meetings are called by the Chairman at least five days in advance and immediately in the event of an emergency;
- the Committee meetings may be held anywhere and attendance may be by videoconference or teleconference (except for strictly confidential matters, which are defined as such when brought before Committee Chairs);
- the Committees may invite outside or internal experts to examine particular issues, with the costs of any external experts borne by the Company.

The Committees are collegiate bodies with a consultative role. They have no powers of their own as their role consists of providing information for the Board or the Chairman.

Members of the Committees who are members of the Board of Directors may not receive any permanent remuneration for their participation in the committees. They may, however, receive exceptional payments for special temporary tasks and may also receive a higher share of the attendance fees than the other members of the Board.

Committee members who are not members of the Board may receive remuneration set by the Board of Directors, at the Company's expense.

# 17 Employees

<b>17.1 Number of employees and breakdown by business segment</b>	<b>70</b>
<b>17.2 Profit-sharing and options to subscribe to or buy shares given to each Company Officer and the options exercised by each of them</b>	<b>73</b>
<b>17.3 Description of Contracts for profit-sharing and employee savings plan agreements</b>	<b>76</b>

## 17.1 Number of employees and breakdown by business segment

At 31 December 2008, the consolidated Group had 5,284 employees, including sales staff with the status of sales representative-traveling sales staff, as against 5,197 in 2007 and 5,177 at 31 December 2006.

Moreover, PagesJaunes Outre-Mer and Médiannuaire (non-consolidated entities linked to PagesJaunes Groupe) employed 18 and 12 staff respectively at 31 December 2008.

The following table shows changes in the geographic breakdown of employees in the Consolidated Group since 2006:

	2008*		2007*		2006 <sup>(1)</sup>	
<b>France</b>	<b>4,446</b>	<b>84%</b>	<b>4,293</b>	<b>83%</b>	<b>4,215</b>	<b>82%</b>
of which Île-de-France	1,814		1,837		1,876	
outside Île-de-France	2,632		2,456		2,339	
<b>International</b>	<b>838</b>	<b>16%</b>	<b>904</b>	<b>17%</b>	<b>962</b>	<b>18%</b>
<b>TOTAL CONSOLIDATED GROUP</b>	<b>5,284</b>	<b>100%</b>	<b>5,197</b>	<b>100%</b>	<b>5,177</b>	<b>100%</b>

\* Registered employees as of 31 December of that year and for Editus Luxembourg at 100%.

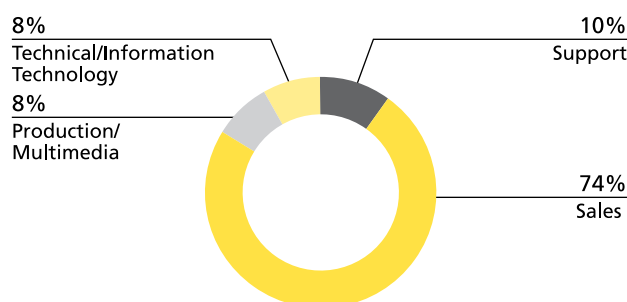
(1) At 31 December 2006, the consolidated headcount did not include those people on expertise loan. In order to define the changes compared with previous years, they must be integrated into the consolidated staff headcount at end 2006 (124 staff, all at PagesJaunes SA). This total comes to 5,301 staff in 2006 and 5,197 staff in 2007. These 124 staff all returned to the France Télécom Group during the first quarter of 2007.

The increase in staff in 2008 compared with 2007 mainly took place in France, in particular at PagesJaunes SA (+127, mainly due to the increase in sales staff), and, to a lesser extent, by PagesJaunes Petites Annonces (+26) and Horyzon Média (+11).

However, this increase was tempered by the drops noted abroad (due to staff cuts at QDQ: -71, mainly in sales staff).

On 31 December 2008, the average age of employees in the consolidated Group was around 39, and female employees accounted for 52%. Average seniority at PagesJaunes Groupe was 9.5 years.

The number of employees in the consolidated Group at 31 December 2008 can be broken down as follows:



The Group is characterized by a large number of sales staff compared to the total number of employees (approximately 2600 field sales staff and telephone sales staff). In France, the PagesJaunes field sales staff (around 1280) have sales rep status, and are basically paid by commissions on sales and progress.

Since 31 December 2006, following transfer by France Télécom of its shareholding in PagesJaunes Groupe, 100% of PagesJaunes Groupe employees were employees under private law (see below "Public personnel on detachment or temporary transfer within the Group").

Only PagesJaunes is subject to the obligation to produce an employment statement. Each year this is presented to the Works Council for an opinion and is sent to the Labor Inspectorate. A summary of the employment statement is sent to all PagesJaunes employees.

The employee turnover rate at PagesJaunes was 9.3% in 2008, as against 11.5% in 2007 and 16.2% in 2006.

Most Group employees have a portion of their remuneration related to their individual performance. For the sales force, this can be up to 100% of their annual remuneration. For executives, this portion can be up to 20% of their annual remuneration, and up to 60% for senior management.

In addition, in 2007 employees of PagesJaunes and its subsidiaries in France benefited from a new profit-sharing agreement in place for the PagesJaunes Groupe and employee shareholding agreements in some companies (see Section "6.4.9 Profit Sharing and Company Savings Plans"). Employees benefit from a Collective Retirement Savings Plan (PERCO) implemented in 2007, and management also benefit from a defined-contribution retirement scheme (see Section 17.3).

## 2008 highlights

### PAGESJAUNES GROUPE

Since 1 January 2008, some Group subsidiaries' Executive staff may benefit (see Section 17.3) from a defined-contribution retirement scheme, which was covered in an agreement signed with labor unions on 22 November 2007.

An agreement on mobility within the PagesJaunes Groupe was also signed on 3 June 2008. This agreement aims to foster functional and/or geographic mobility between different Group companies (Procedures on providing information about job availability, practical and contractual mobility procedures, in particular regarding the CET plan, which provides compensation for unused leave, and the Individual Right to Training).

### PAGESJAUNES

In February 2008, PagesJaunes formalized its commitment to a workplace health policy by introducing a psychological support and assistance service for staff. To roll out this plan for preventing psychosocial risks, PagesJaunes decided to work with an external, independent firm, to ensure that the telephone support and assistance service is individualized, anonymous, and confidential.

In addition, PagesJaunes has launched a communication campaign about its new job brand ("*J'ai trouvé Bien Plus*") to prove its internal and external commitment to employment. This campaign was launched at the end

of 2008, mainly to appeal to talented employees and build their loyalty, while increasing their feeling of belonging. It has already helped set up a new job space on the corporate website.

On 14 October 2008, PagesJaunes won the "Intelligence Collective" award, for its inclusion of a comprehensive remuneration policy, which combines leadership development and compensation, in its management training program. These "Remuneration & Benefits" awards were created upon the initiative of ORAS (Social Benefits and Compensation Observatory) and given to five companies for the first time this year.

### MAPPY

Mappy's Executive Committee was renewed in early 2008, and the company hired a new Technical Director and a new Marketing Director.

After committing to formalize the job descriptions for its key business lines in 2007, and in order to strengthen its remuneration policy, in 2008, Mappy began implementing a remuneration scale.

It also signed a new profit-sharing agreement for 2008 to 2010.

In October, when publication of a Windows Mobile browser application was suspended, five jobs had to be cut, with three of these staff reassigned internally and two leaving the company.

## PAGESJAUNES MARKETING SERVICES.

In the summer of 2008, training on “conducting evaluation interviews and professional interviews” was given to all company managers.

## PAGESJAUNES PETITES ANNONCES

In 2008, PagesJaunes Petites Annonces set up a dedicated telesales department (made up of 19 staff on 31 December 2008) and a “loyalty” department.

## HORIZON MÉDIA

In 2008, Horyzon Média and Horyzon Clics merged and this conglomerate's staff increased from 20 to 31 people.

Horyzon Média also joined the Group savings plan.

## EDICOM SA

In September, a personal pension plan was introduced for all staff.

In 2008, the company also set up a telesales department and hired five telesales staff.

## QDQ MEDIA

QDQ Media began negotiations with the staff representative bodies, which headed up a change in the direct sale commission system in June.

Other negotiations were carried out in November and December 2008, leading to the introduction of a staff reorganization plan, mainly justified by the economic downturn in Spain combined with the pessimistic outlook for QDQ's revenues and income. This redundancy plan will directly impact 72 staff who will leave the company in 2009.

## EMPLOYEE RELATIONS

Elections for PagesJaunes Groupe staff representatives were held in April 2008. Due to a lack of candidates, the representative board could not be renewed.

In September and November 2008, PagesJaunes SA signed agreements with the labor organizations extending the terms of office of the current regional CHSCT (Committee on Health, Safety, and Working Conditions) members (except Rhône-Alpes), which were set to expire on 6 September 2008. This extension will apply until the labor inspectors give their decision on the number of CHSCTs to be set up at PagesJaunes.

Editus held elections for the new Staff delegation.

A Works Council was set up in June 2008 at Edicom.

Finally, PagesJaunes Petites Annonces signed a pre-electoral non-majority protocol to introduce a Single Staff Delegation (“DUP”).

### ➔ Public personnel on detachment or temporary transfer within the Group

As the legal system allowing detachment or temporary transfer of public-sector personnel within the Company and the Group could not be maintained after France Télécom's sale of its stake in PagesJaunes Groupe, the Company and France Télécom agreed, in the context of a transition contract described in Section 2.3, and in their mutual interest, to implement the following measures in strict respect of all applicable regulatory and legal provisions:

- collectively, the public-sector personnel joined France Télécom starting on 11 October 2006;
- to ensure continuity of the activities exercised by the redeployed public-sector personnel, on 11 October 2006 PagesJaunes and France Télécom signed an expertise loan agreement from France Télécom to PagesJaunes concerning said activities for a maximum duration of six months, renewable by agreement between the parties; and
- on an individual level, and on a volunteer basis, public-sector personnel who so desired could ask to be transferred within the Group, for personal reasons, for a duration limited to 10 years and to sign a permanent contract with PagesJaunes. A total of 81 France Télécom employees chose this possibility and were included as PagesJaunes Groupe employees at 31 December 2007.

All 124 staff on expertise loan at the end of December 2006 rejoined the France Télécom Group during the first quarter of 2007.

## 17.2 Profit-sharing and options to subscribe to or buy shares given to each Company Officer and the options exercised by each of them

### PROFIT SHARING

On 25 February 2009, to the Company's knowledge, the number of PagesJaunes Groupe shares held by each member of the Board of Directors is given below:

Director	Number of shares
Jacques Garaïalde	11
Michel Datchary	2,000
François de Carbonnel	10
Elie Cohen	1
Abeille Deniau	25
Thomas Geitner	1
Jean-Christophe Germani	1
Nicolas Gheysens	1
Reinhard Gorenflos	1
Hugues Lepic	1
Jean-Claude Marceau	30
Médiannuaire	153,640,181
Rémy Sautter	1,773

### SHARE SUBSCRIPTION OPTIONS

The Company set up a share subscription option plan on 28 June 2005, for a total of 3,796,800 options, each with an exercise price of 19.30 euros, and a term of 10 years. All stock options will be fully acquired within three years.

The Company also implemented a second share subscription plan on 20 December 2007, for a total of 2,927,900 options, each with an exercise price of 14.46 euros, with the same characteristics as the original plan: 10-year term and full acquisition after three years.

#### ➤ Subscription or purchase options for shares granted during the year to each managing Company Officer by the issuer and by any group company

Name of the managing Company Officer	Plan date and number	Type of options (Purchase or subscription)	Value of options according to the method selected in the financial statements	Number of options granted during the year	Exercise price	Exercise period
Michel Datchary	-	-	-	-	-	-
<b>TOTAL</b>	-	-	-	-	-	-

## ➤ Subscription or purchase options for shares exercised during the year by each managing company officer

Name of the managing Company Officer	Plan date and number	Number of options exercised during the year	Exercise price
Michel Datchary	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>

## BONUS SHARE ISSUES

At an Extraordinary General Meeting on 19 April 2006, the Board of Directors was authorized to set up a bonus share issue plan, as defined in Articles L. 225-197-1 to L. 225-197-5 of the Commercial Code, for the benefit of certain Group senior managers and employees, essentially to give them an interest in the Company's development.

This authorization was given for a period of 38 months, and the total number of bonus shares allocated under the terms of this resolution may not represent more than 0.5% of the Company's capital as

at the date of the General Shareholders' Meeting in question – i.e., 1,393,948 shares.

The Board of Directors drew up the conditions for the first bonus share plan on 30 May 2006. This plan granted 602,361 shares to 591 Group employees on 30 May 2006. A second bonus share plan was drawn up on 20 November 2006 and granted 778,638 shares to 611 Group employees. Given that the conditions of performance were not met in one of the 2 years concerned, only 50% of these shares were definitively acquired by the beneficiaries on November 20, 2008. A third plan was drawn up on 14 February 2008 to issue 12,940 shares to 15 Group employees.

## ➤ Performance shares granted to each Company Officer

Performance shares granted by the General Shareholders' Meeting during the year to each Company Officer by the issuer and by any group company (nominative list)	Plan date and number	Number of shares granted during the year	Value of shares according to the method selected in the financial statements	Acquisition date	Availability date	Performance conditions
None						

Performance shares now available for each Company Officer	Plan date	Number of shares made available during the year	Conditions for acquisition
Michel Datchary	20 November 2006	None	Total consolidated GOM
Abeille Deniau	20 November 2006	None	Total consolidated GOM
Jean-Claude Marceau	20 November 2006	None	Total consolidated GOM
<b>TOTAL</b>		<b>NONE</b>	

*Profit-sharing and options to subscribe to or buy shares given to each Company Officer and the options exercised by each of them*

## SHARE SUBSCRIPTION AND PURCHASE OPTION GRANT HISTORY

### Information on subscription or purchase options

Meeting date	12 April 2005	12 April 2005
Date of the Board of Directors' Meeting and plan name	28 June 2005	20 December 2007
Total number of shares available for purchase or subscription,	3,796,800	2,927,900
Including the number which may be subscribed by Company Officers		
Michel Datchary	72,000	-
Jean-Claude Marceau	3,000	-
Abeille Deniau	3,000	1,700
Starting date for option exercise/share purchase	28 June 2008	20 December 2010
Expiry date	28 June 2015	20 December 2017
Subscription or purchase price		€14.46
Subscription or purchase price before adjustment	€19.30	-
Subscription or purchase price after adjustment	€11.72	-
Terms of exercise (when the plan has several levels)	-	-
Number of shares subscribed on 31 December 2008*	377,670	0
Total number of cancelled or lapsed share subscription or purchase options	398,802	140,350
Subscription or purchase options for shares remaining at the end of the year	3,020,328	2,787,550

\* Related to the early exercise described below

No other board member holds subscription or share purchase options granted by PagesJaunes Groupe.

### EARLY EXERCISE OF SHARE SUBSCRIPTION OPTIONS

The plan rules enabled beneficiaries to exercise up to 50% of the options allocated to them early, i.e. around 1.85 million options, within three months of notification of change of control; given the change of control that took place on 11 October 2006, the period in question was from 12 October 2006 to 12 January 2007. Beneficiaries are free to dispose of any shares thus obtained as and when they so wish. Capital gains arising from this early exercise of options are recorded for tax purposes in a similar fashion to wages and salaries. This means they are subject to social security charges and income tax for the beneficiary, and employer contributions for the business. A total of 251,669 options were exercised in this way at the beginning of 2007 until 12 January.

Furthermore, the payment of an extraordinary dividend out of the company's free reserves resulted in both the exercise price and the

number of options being adjusted, in accordance with Article L. 225-181 of the Commercial Code.

Adjustments to the share subscription option plan on 28 June 2005 allowed the beneficiaries to exercise up to 100% of the shares allocated to them within three months of notification of a change of subsidiary control, and to dispose of up to 50% of the shares for that year as they saw fit. Capital gains arising from this early exercise of options are recorded for tax purposes in a similar fashion to wages and salaries. This means they are subject to social security charges and income tax for the beneficiary, and employer contributions for the business. A total of 126,001 options were exercised early in this manner in 2007 by Kompass France and Kompass Belgium employees.

At 31 December 2008 the potential dilution brought about by the subscription options and the bonus shares allocated was 2.1% of PagesJaunes Groupe's share capital.



## 17.3 Description of Contracts for profit-sharing and employee savings plan agreements

### Company savings plan

A savings plan agreement was signed by the PagesJaunes Groupe on 26 June 2006 with five trade unions (CFE/CGC, CFDT, FO, CGT and the independent PagesJaunes union). It covers the French companies in the PagesJaunes Groupe held at more than 50% by the PagesJaunes Groupe. Horyzon Média joined the group plan with effect on 1 January 2008. The special reserve for PagesJaunes Groupe's Company savings plan is the amount in the special savings plan reserves calculated for each subsidiary involved, using a special formula.

The special savings plan reserves are divided among all beneficiaries at 30% based on their attendance and 70% in proportion to the gross annual salary received by each beneficiary. The amounts allocated individually will be assigned to the PagesJaunes Groupe Savings Plan and blocked for five years.

The table below shows the Company savings plan contributions distributed over the last year:

PagesJaunes Groupe Agreement (in millions of euros)	Savings Plan contributions distributed to PagesJaunes Groupe employees
2008	17.5
2007	14.5
2006	13,6

### Profit-sharing

There are various profit-sharing agreements within the different subsidiaries of PagesJaunes Groupe.

In 2006, all PagesJaunes Groupe subsidiaries in France, excluding PagesJaunes Petites Annonces, operated a profit-sharing agreement. The last agreement to be implemented concerned PagesJaunes Petites Annonces, and this was signed on 29 June 2007.

(in thousands of euros)	2005 P/S paid in 2006	2006 P/S paid in 2007	2007 P/S paid in 2008
Profit-sharing paid in PagesJaunes Groupe	9,251	8,423	10,239

### Company savings plan

Due to France Télécom's sale of its stake in PagesJaunes Groupe's capital, the PagesJaunes Groupe companies were removed from the France Télécom Group Savings Plan. An agreement on setting up PagesJaunes

Groupe's own new group savings plan was signed on 12 February 2007 by the management and trade unions.

### Additional retirement scheme

A PagesJaunes Groupe agreement to implement an additional retirement scheme was signed on 22 November 2007 by the management and trade unions. There are two sections to the agreement, as follows:

- a **COLLECTIVE RETIREMENT SAVINGS PLAN (PERCO)** to complete the contributions made by employees. For 2008 and successive years the contribution has been set at a maximum of 502 euros for

1,500 euros paid out by the employee. For 2007, on initiation of the PERCO plan, to allow the greatest number of employees to take part in this, the contribution was set at 701 euros, again for a contribution of 1,500 euros;

- an **additional defined-contribution retirement scheme, as per "Article 83"** of the general tax code, which group management staff

will benefit from as of 1 January 2008. The scheme is compulsory, and will involve a 5.50% contribution applied to remuneration levels B and C (remuneration in excess of level A, 2,773 euros per month in

2008). A total of 40% of the contribution will be paid by the employee, i.e. 2.20%, and 60% by the Company, for 3.30%.

## Company stock options exercised and granted during the year

In accordance with Article L. 225-184 of the Commercial Code, Company stock was granted and exercised as follows in 2008:

### OPTIONS TO SUBSCRIBE OR BUY SHARES GIVEN TO TOP TEN EMPLOYEES WHO ARE NOT COMPANY OFFICERS AND OPTIONS EXERCISED BY THEM

#### ➔ PagesJaunes Groupe subscription plan

The Combined General Shareholders' Meeting on 12 April 2005 authorized the Board of Directors to permit share subscription or purchase options on one or more occasions.

Options to subscribe or buy shares given to top ten employees who are not Company Officers and options exercised by them	Total number of options granted/shares subscribed or purchased	Average weighted strike price
Options granted during the year by the issuer and by any company in the option grant scope, to the ten employees of the issuer and of any company included in this scope, with the highest number of options granted this way (general information)	None	
Options held for the issuer and the companies mentioned above, exercised during the year by the ten employees of the issuer and of these companies, with the highest number of options purchased or subscribed this way (general information)	None	

#### ➔ Bonus share issue plan

At an Extraordinary General Meeting on 19 April 2006, the Board of Directors was authorized to set up a bonus share issue plan, as defined in Articles L. 225-197-1 to L. 225-197-5 of the Commercial Code, for the benefit of certain Group senior managers and employees, essentially to give them an interest in the Company's development. This authorization was given for a period of 38 months, and the total number of bonus shares allocated under the terms of this resolution may not represent more than 0.5% of the Company's capital as at the date of the General Meeting in question, a total of 1,393,948 shares. The Board of Directors adopted the terms for an initial share allocation plan on 30 May 2006.

The bonus share issue plan is based on the following principle: each allottee is initially allocated the right to receive shares free of charge. These shares are definitively acquired at the end of a two-year acquisition period, so long as the beneficiary is still an employee or manager of the Group and conditions of performance are met. The performance conditions are based on meeting criteria for growth in the consolidated revenue and growth in the consolidated gross margin of the Company.

The plan gave rise to an initial allocation of 602,361 shares to 591 Group employees on 30 May 2006, approximately 43% of the package authorized by the Extraordinary General Shareholders' Meeting of 19 April 2006.

Since the performance criteria were not met, there was no entitlement to bonus shares.

A second plan gave rise to the initial allocation of 778,638 shares to 611 Group employees on 20 November 2006. Since the performance conditions were not met in one of the two years concerned, only 50% of these shares were definitively acquired by the beneficiaries on 20 November 2008.

A third plan gave rise to the initial allocation of 12,940 shares to 15 Group employees on 14 February 2008. Since the performance criteria were not met, there was no entitlement to bonus shares.

	PagesJaunes Groupe Plan May 2006	PagesJaunes Groupe Plan November 2006	PagesJaunes Groupe Plan February 2008
Number of shares allocated to the top ten employee recipients of PagesJaunes Groupe who are not Company Officers	24,120	32,304	9,440

# 18 Major shareholders

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## 18.1 Breakdown of Company share capital

PagesJaunes Groupe is owned in majority by Médiannuaire, which, through Médiannuaire Holding (French limited liability corporation) and the companies Sèvres I, Sèvres II, Sèvres III and Sèvres IV (limited liability companies under Luxembourg law), is controlled by an investment fund consortium, approximately 80% comprised of funds ultimately

managed by KKR Europe II Limited<sup>(1)</sup> et KKR Millennium Limited<sup>(2)</sup> and advised by Kohlberg Kravis Roberts & Co., L.P. ("KKR"), and, up to around 20%, some funds managed by the Goldman Sachs group's "Principal Investment Area" division.

The breakdown of capital in the PagesJaunes Groupe changed over the course of the last three years as follows:

	31 December 2006	in % of capital and voting rights	31 December 2007	in % of capital and voting rights	31 December 2008	in % of capital and voting rights
Médiannuaire	153,640,187	54.8%	153,640,187	54.7%	153,640,187	54.7%
PagesJaunes Groupe employees <sup>(1)</sup>	1,152,946	0.4%	1,391,648	0.5%	1,574,748	0.6%
Public	125,473,647	44.8%	125,612,615	44.8%	125,188,213	44.5%
Treasury shares	-	-	-	-	580,606	0.2%
<b>TOTAL</b>	<b>280,266,780</b>	<b>100.0%</b>	<b>280,644,450</b>	<b>100.0%</b>	<b>280,984,754</b>	<b>100.0%</b>

*(1) PagesJaunes Groupe saving plan*

As far as the Company is aware, no other shareholder is in possession of more than 5% of share capital or voting rights.

All treasury shares held are covered by a liquidity contract entered into on 7 October 2008.

Information concerning implementation of the share buy-back program over the year is available in Section 20.4 (Report by the Board of Directors to the General Shareholders' Meeting).

*(1) As final general partner of KKR European Fund II, Limited Partnership and KKR Associates Europe II, Limited Partnership.*

*(2) As final general partner of KKR Millennium Fund (Overseas), Limited Partnership.*

## CROSSING OF THRESHOLDS

On 23 January 2008, AXA Investment Managers declared it had crossed the lower threshold of 5% of capital and voting rights in

PagesJaunes Groupe in connection with its portfolio management activities on 18 January 2008. At this date AXA Investment Managers held 13,059,557 shares and voting rights in PagesJaunes Groupe (4.6% of share capital and voting rights).

## 18.2 Voting rights

All shareholders have one voting right per share. The Company's major shareholders do not have any voting rights that differ from those of the other shareholders.

## 18.3 Persons exercising or who could exercise control over the Company

Other than Médiannuaire, Médiannuaire Holding, and the consortium controlling Médiannuaire Holding, no individual or legal entity directly or indirectly, together or in concert, does or could exercise control over the Company on the date of this reference document.

Médiannuaire owns 54.75% of the Company's capital and voting rights.

Inspired in particular by the principles of corporate governance for listed companies laid down in the MEDEF/AFEP report of October 2003, PagesJaunes Group applies various measures to ensure that control is not exercised abusively. For example:

- composition of the Board of Directors, which includes three independent members. These directors are appointed from among independent personalities with no specific interest in the Company.

A list of the independent directors on the Board at the date of this reference document may be found in paragraph 14.1 of this reference document;

- the existence of a Remuneration and Appointments Committee chaired by an independent Board Member;
- the existence of an Audit Committee made up of a majority of independent Board Members and chaired by an independent Board Member;
- the existence of a Strategy Committee;
- the dissociation of the functions of Chairman and Chief Executive Officer. In particular, the CEO was appointed before the Company was taken over by Médiannuaire.

## 18.4 Shareholders' agreements

On the registration date of this reference document, there is no shareholders' agreement involving the Company's share capital and/or voting rights.

## 18.5 Pledges

### PLEDGES OF COMPANY SHARES

On 27 February 2007, Médiannuaire signed a financial instrument account pledge contract under which it constituted, for a pool of banks

and other creditors which have provided various forms of financing, financial instrument account pledge for 153,640,177 shares in the Company as a guarantee for all amounts due by Médiannuaire.

Name of the shareholder registered for pure shares	Beneficiary	Starting date of the pledge	End date of the pledge	Condition for lifting the pledge	Number of shares pledged by the issuer	% of capital pledged by the issuer
Médiannuaire	The creditors involved in the bank debt, the creditors involved in the mezzanine debt and the reimbursement banks, within the limit of a maximum amount in principal of €6,010,000,000	27 February 2007	Extinction of all Médiannuaire obligations guaranteed by the share pledge	Extinction of all Médiannuaire obligations guaranteed by the share pledge	153,640,177	54.7%

### PLEDGES OF COMPANY ASSETS

Under the terms of the bank finance contract described in paragraph 3.10, the Company granted the lending banks a financial instrument account pledge relating to all PagesJaunes shares held by it, given by way of security for any and all amounts owed by the Company under the terms of the bank finance package (including capital, interest, fees, costs, and ancillary amounts).

In addition, the Company undertook to grant the lending banks a financial instrument account pledge relating to the shares of any subsidiary that might become a material subsidiary as defined in the finance contract, by way of security for any and all amounts owed by the Company (including capital, interest, fees, costs, and ancillary amounts).

#### ➔ Issuer asset pledges (intangibles, tangibles, and financial assets)

Type of pledges or mortgages (thousands of euros)	Starting date	Maturity date	Amount of assets pledged (a)	Total balance sheet item (b)	corresponding % (a/b)
intangibles	-	-	-	-	-
tangibles	-	-	-	-	-
financial assets	24 October 2006	-	4,005,038 (267,002,531 PagesJaunes shares)	4,058,137	98.7%
<b>TOTAL</b>	-	-	<b>4,005,038</b>	<b>4,058,137</b>	<b>98.7%</b>

# 19 Transactions with related parties

During the year ending 31 December 2008, the Company identified six agreements likely to come within the scope of application of Article L. 225-38 of the Commercial Code:

- a contract concerning Facilities in the context of bank financing for a total maximum amount of 2.35 billion euros signed by PagesJaunes Groupe with a banking syndicate comprising seven international banks, and in particular a guarantee by PagesJaunes Groupe for all amounts owed for 400 million euros in revolving credit (Facility B) for all subsidiaries in the group which could become lenders under this facility. The Board of Directors gave prior approval for this agreement at its meeting on 12 October 2006;
- a service contract with Médiannuaire. The Board of Directors gave prior approval for this agreement at its meeting on 20 November 2006;
- a loan contract signed with PagesJaunes. The Board of Directors gave prior approval for an initial agreement at its meeting on 20 November 2006. This agreement was terminated on 19 December 2008, after approval by the Board of Directors in its meeting on 18 December 2008. A new agreement was signed on 19 December 2008, mainly with an aim to update its financial conditions given the recent changes in market conditions. The Board of Directors gave prior approval for this agreement at its meeting on 18 December 2008;
- application of the additional retirement package (Article 83 of the General Tax Code) was implemented for Michel Datchary as Company CEO. The Board of Directors gave prior approval for this agreement at its meeting on 20 December 2007;
- changes in Michel Datchary's PagesJaunes employment contract. This contract provides for payment of a sum as discretionary compensation for severance, in the event of termination by the Company calculated in application of the provisions of the collective agreement applicable to

the Company in view of his seniority, and an additional compensatory amount set at 15 months pay. Calculation of this compensation accounts for the average total remuneration paid by PagesJaunes or PagesJaunes Groupe over the last 12 months. The cumulative total amount of the discretionary compensation and the additional compensation may not exceed 21 months pay. This compensation will not be applicable in the event of serious or gross misconduct by Michel Datchary.

In accordance with Article 17 of the 21 August 2007 TEPA law, Michel Datchary's employment contract was amended to include a performance condition.

To guarantee that this stipulation complies with the Company's normal performance criteria, the performance condition for payment of the severance compensation provided for in Mr. Michel Datchary's employment contract was set so that the gross operating margin (GOM) of the last PagesJaunes Groupe consolidated annual accounts posted by the Board of Directors at the date of severance exceeds the average consolidated gross operating margin of the previous three years. The bases for calculating the compensation described above remain the same.

The Board of Directors gave prior approval for this agreement at its meeting on 14 February 2008;

- QDQ Media's debt on an equity loan granted on 22 October 2001 was dropped. The portion of the equity loan that matured on 15 December 2008, a total of 2 million euros, was repaid by QDQ Media to PagesJaunes Groupe by charging it from QDQ Media's account with PagesJaunes Groupe, and the remaining 5 million euros in debt was dropped. The Board of Directors gave prior approval for this waiver at its meeting on 18 December 2008.

# PagesJaunes Groupe, SA

Period ending 31 December 2008

## Special Auditors' report on regulated agreements and commitments

Dear Shareholders,

In our capacity as Auditors for your Company, we herewith present to you our report on regulated agreements and commitments.

### AGREEMENTS AND COMMITMENTS AUTHORIZED DURING THE FISCAL YEAR AND AT YEAR-END

In application of Article L. 225-40 of the Commercial Code, we have been advised of the agreements and commitments which were the subject of prior authorization from your Board of Directors.

It is not our task to research the possible existence of other agreements and commitments, but to report to you, based on the information provided to us, on the characteristics and basic procedures of those of which we have been informed, without needing to give an opinion as to their usefulness and merit. It is your task, according to the terms of Article R. 225-31 of the Commercial Code, to make an assessment of the interest attached to signing these agreements and commitments before approving them.

We have performed our work according to professional standards accepted in France; these standards require the implementation of procedures intended to verify the agreement between the information which has been provided for us and the documents from which it was taken.

#### 1. WITH MR. MICHEL DATCHARY, MEMBER OF THE BOARD OF YOUR COMPANY AND OF PAGESJAUNES SA

##### ➔ Additional retirement package

Application of the additional retirement package (Article 83) to Mr. Michel Datchary as CEO. This contract was approved by the Board of Directors on 20 December 2007.

##### *Procedures*

The CEO benefits from the additional retirement package in the same conditions as other contributors (contribution of 5.5% applied at remuneration levels B and C – 3.3% paid by the Company, and 2.2% by employees). This agreement had no impact at 31 December 2007.

##### ➔ Amendment to employment contract

Pursuant to Article 17 of the TEPA Law of 21 August 2007, and Article L. 225-42-1 of the Commercial Code arising therefrom, on 14 February 2008 the Board of Directors authorized implementation of an employment contract between Mr. Michel Datchary and PagesJaunes SA to insert a performance condition in Article 11 of the contract.

##### *Procedures*

Mr. Michel Datchary's employment contract envisages payment of a sum as discretionary compensation for severance, in the event of termination by the Company calculated in application of the provisions of the collective agreement applicable to the Company in view of his seniority, and an additional compensatory amount set at 15 months of salary. Calculation of this compensation will take into account the average of the total remuneration paid by PagesJaunes SA or your Company over the last 12 months. The cumulative total amount of discretionary compensation and the additional compensation may not exceed 21 months pay. The performance condition for payment of this severance compensation has been set as the exceeding by the last consolidated gross operating margin of PagesJaunes Groupe (the GOM) at the date of severance of the average GOM over the previous three years. These compensations would not be applicable in the event of serious or gross misconduct by Michel Datchary.

## AGREEMENTS AND COMMITMENTS APPROVED DURING PREVIOUS YEARS, EXECUTION OF WHICH CONTINUED DURING THE FISCAL YEAR

Moreover, in application of the Commercial Code, we have been informed that the execution of the following agreements and commitments, approved during previous years, continued last year.

### 2. WITH PAGESJAUNES SA

#### ➔ Guarantee

A contract was signed with PagesJaunes SA concerning your company's guarantee covering any amounts owed under the 400,000,000 euros revolving credit (Facility B). This contract was approved by the Board of Directors on 12 October 2006.

#### *Procedures*

Your Company agreed to guarantee payment of any amounts owed in principal for a maximum amount of 400,000,000 euros increased by interest, late-payment interest, commissions, costs, and any other ancillary amounts owed under the revolving credit (Facility B) by any subsidiary of the group which could become a lender under this facility – it is pointed out that no subsidiary in the group had used this facility at 31 December 2007.

#### ➔ Loan

Loan contract between your company and PagesJaunes SA. This contract was approved by the Board of Directors on 20 November 2006.

#### *Procedures*

The loan amounted to 430,000,000 euros. The full effective annual rate due on the amount of the loan was 4.63% based on the Euribor three-month rate, at 31 December 2007. Interest paid over in 2007 was 19,913,189.51 euros.

### 3. WITH MÉDIANNUAIRE, SAS

#### ➔ Provision of services

Service contract under which Mediannuaire agrees to provide assistance to your Company in accounting, finance, legal and, fiscal management as well as strategy advice. This contract was approved by the Board of Directors on 20 November 2006.

#### ➔ Procedures

Remuneration for the assistance supplied to your Company in 2007 was 3,200,333 euros.

Neuilly-sur-Seine and Paris-La Défense, France, 28 February 2008

The Company Auditors

**Deloitte & Associés**

Dominique Descours

**Ernst & Young Audit**

Jeremy Thurbin









# 20 Financial information concerning the assets, financial situation and results of the issuer

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## 20.1 Consolidated financial statements

### ➤ Consolidated income statement

(amounts in thousands of euros, except data relating to shares)	Notes	As at 31 December 2008	As at 31 December 2007
Net revenues	7	1,192,845	1,158,304
External purchases		(295,420)	(314,600)
Other operating income		11,779	10,125
Other operating expenses		(22,798)	(23,960)
Personnel expenses : Salaries and charges	8	(334,794)	(321,014)
<b>Gross Operating Margin</b>		<b>551,612</b>	<b>508,854</b>
• Legal employee profit-sharing	8	(17,840)	(14,385)
• Share-based payment	8	(1,490)	(5,189)
Goodwill impairment	14 & 15	(68,882)	-
Depreciation and amortisation	14 & 15	(17,195)	(14,892)
Result of asset disposals	9	(339)	14,277
Restructuring costs		(2,515)	-
<b>Operating income</b>		<b>443,351</b>	<b>488,665</b>
Financial income		3,376	3,079
Financial expenses		(138,162)	(131,069)
Gain (loss) on foreign exchange		-	(10)
<b>Net financial income</b>	<b>10</b>	<b>(134,786)</b>	<b>(128,001)</b>
Corporation tax	11	(131,739)	(126,440)
<b>Net income from continuing businesses</b>		<b>176,826</b>	<b>234,224</b>
Net income from divested businesses (after tax)	6	-	34,358
<b>NET INCOME OF THE CONSOLIDATED GROUP</b>		<b>176,826</b>	<b>268,582</b>
<i>Attributable to:</i>			
• Shareholders of the operating PagesJaunes Group		176,888	269,566
• Minority interests		(62)	(984)
<b>Net earnings per share (in euros)</b>			
<i>Net earnings per share of continuing businesses</i>	12		
• basic		0.63	0.84
• diluted		0.62	0.83
<i>Net earnings per share of divested businesses</i>			
• basic		0.00	0.12
• diluted		0.00	0.12
<b>Net earnings per share of the consolidated group</b>			
• basic		0.63	0.96
• diluted		0.62	0.95

## ➤ Consolidated balance sheet

(amounts in thousands of euros)	Notes	As at 31 December 2008	As at 31 December 2007
<b>Assets</b>			
Net goodwill	13	50,334	125,528
Other net intangible fixed assets	14	21,158	26,128
Net tangible fixed assets	15	19,987	20,404
Available-for-sale assets	16	207	207
Other non-current financial assets	17	967	1,955
Derivative financial instruments	18	-	29,970
Net deferred tax assets	11	18,854	102
<b>Total non-current assets</b>		<b>111,507</b>	<b>204,294</b>
Net inventories	19	6,533	5,244
Net trade accounts receivable	20	513,449	517,990
Other current assets	21	30,417	28,023
Current tax receivable	11	2,003	12,699
Prepaid expenses	22	108,581	104,599
Other current financial assets		82	17
Cash and cash equivalents	28	88,956	71,228
<b>Total current assets</b>		<b>750,022</b>	<b>739,800</b>
<b>TOTAL ASSETS</b>		<b>861,529</b>	<b>944,094</b>
<b>Liabilities</b>			
Share capital		56,197	56,129
Issue premium		98,676	98,676
Reserves		(2,521,491)	(2,497,651)
Net income		176,888	269,566
Translation differences		(33)	(36)
Own shares		(4,313)	-
<b>Equity attributable to equity holders of the parent</b>	<b>24</b>	<b>(2,194,077)</b>	<b>(2,073,316)</b>
Minority interests		2	373
<b>Total equity</b>	<b>24</b>	<b>(2,194,075)</b>	<b>(2,072,943)</b>
Non-current financial liabilities and derivatives*	18 & 28	1,944,447	1,922,467
Employee benefits – non-current	26	36,458	32,836
Provisions – non-current	26	4,419	5,658
Other non-current liabilities		-	-
Deferred tax liabilities	11	-	5,463
<b>Total non-current liabilities</b>		<b>1,985,324</b>	<b>1,966,424</b>
Bank overdrafts and other short-term borrowings	28	22,026	34,618
Accrued interest	28	4,481	6,845
Provisions – current	26	596	580
Trade accounts payable	25	107,706	109,393
Employee benefits – current	26	122,718	118,324
Other current liabilities	26	104,641	105,016
Corporation tax	11	16,697	3,431
Deferred income	29	691,415	672,407
<b>Total current liabilities</b>		<b>1,070,280</b>	<b>1,050,613</b>
<b>TOTAL LIABILITIES</b>		<b>861,529</b>	<b>944,094</b>

\* In 2007, includes a liability for 8,700 thousand euros for the repurchase of minority interests that had been entered under "Other non-current liabilities".

## Statement of changes in consolidated shareholders' equity

(amounts in thousands of euros)	Number of shares in circulation	Share capital	Issue premium	Own shares	Income and reserves	Translation reserve	Group equity	Minority interests	Total equity
<b>Balance as at 31 December 2006</b>	<b>280,266,780</b>	<b>56,053</b>	<b>94,325</b>	<b>-</b>	<b>(2,210,924)</b>	<b>(20)</b>	<b>(2,060,565)</b>	<b>-</b>	<b>(2,060,565)</b>
2007 result					269,566		269,566	(984)	268,582
Share-based payment					4,464		4,464	2	4,466
Dividends paid					(303,071)		(303,071)		(303,071)
Translation difference						(16)	(16)	-	(16)
Change in value of hedging instruments net of tax					11,880		11,880	-	11,880
Stock options exercised	377,670	76	4,351				4,427	-	4,427
Dilution effect (profit recognised when M6 acquired an interest in the capital of PagesJaunes Petites Annonces)							-	1,373	1,373
Scope entry of Horyzon Media. Horyzon Clics and A Ton Service							-	252	252
Minority puts on Horyzon Media et Horyzon Clics							-	(271)	(271)
<b>Balance as at 31 December 2007</b>	<b>280,644,450</b>	<b>56,129</b>	<b>98,676</b>	<b>-</b>	<b>(2,228,085)</b>	<b>(36)</b>	<b>(2,073,316)</b>	<b>373</b>	<b>(2,072,943)</b>
2008 result					176,888		176,888	(62)	176,826
Share-based payment					1,468		1,468		1,468
Dividends paid					(269,419)		(269,419)	(120)	(269,539)
Translation difference						2	2	-	2
Change in value of hedging instruments net of tax					(25,388)		(25,388)		(25,388)
Capital increase. granting of free shares	340,304	68			(68)		-		-
Shares of the consolidating company net of tax	(580,606)			(4,313)			(4,313)	-	(4,313)
Minority puts on Horyzon Media et Horyzon Clics							-	(190)	(190)
<b>BALANCE AS AT 31 DECEMBER 2008</b>	<b>280,404,148</b>	<b>56,197</b>	<b>98,676</b>	<b>(4,313)</b>	<b>(2,344,603)</b>	<b>(33)</b>	<b>(2,194,077)</b>	<b>2</b>	<b>(2,194,075)</b>

## ➤ Consolidated cash flow statement

(amounts in thousands of euros)	Notes	As at 31 December 2008	As at 31 December 2007
<b>Consolidated net attributable income</b>		<b>176,888</b>	<b>269,566</b>
Depreciation and amortisation of fixed assets	13 at 15	86,077	14,892
Capital gains or losses on asset disposals		339	(47,277)
Change in provisions	23	2,259	2,960
Tax charge for the period	11	131,739	126,198
Interest income and expenses	10	130,408	126,188
Minority interests		(62)	(984)
Unrealised exchange difference		4	11
Hedging instruments	18	4,373	1,770
Share-based payment		1,468	4,466
Net change in working capital		16,245	23,553
Dividends and interest received		17,519	952
Interest paid and rate effect of net derivatives		(128,426)	(115,636)
Taxes paid	11	(118,661)	(121,698)
<b>Net cash from operations</b>		<b>320,170</b>	<b>284,962</b>
Acquisition of tangible and intangible fixed assets	14 & 15	(12,069)	(16,433)
Change in suppliers of fixed assets		341	(1,448)
Proceeds from sale of tangible and intangible assets		60	39
Acquisitions of investment securities and subsidiaries, net of cash acquired	5	(1)	(10,760)
Proceeds from disposals of financial assets, Net of cash sold	6	-	32,044
Decreases (increases) in marketable securities and other long-term assets	28	124	2,394
<b>Net cash used in investing activities</b>		<b>(11,545)</b>	<b>5,836</b>
Increase (decrease) in borrowings and bank overdrafts	28	(17,042)	8,019
Movements in own shares	24	(4,313)	-
Capital increase	24	-	4,427
Minority interests contribution	9	-	16,000
Dividends paid to minority interests		(120)	-
Dividends paid	24	(269,419)	(303,071)
<b>Net cash provided by (used in) financing activities</b>		<b>(290,894)</b>	<b>(274,625)</b>
Impact of changes in exchange rates on cash		(3)	(22)
<b>Net increase (decrease) in cash position</b>		<b>17,728</b>	<b>16,152</b>
Cash and cash equivalents at beginning of period		71,228	55,076
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>28</b>	<b>88,956</b>	<b>71,228</b>



**NOTE 1 INFORMATION ON THE GROUP**

For over sixty years, PagesJaunes Groupe has been offering a wide range of products and services geared to the general public and businesses. Its core business is directories in France and abroad on printed and online media. The Group's principle activities are described in note 4.

The financial year of the companies of PagesJaunes Groupe is from 1st January to 31 December. The presentation currency of the consolidated financial statements and Notes is the euro.

PagesJaunes Groupe is a public limited company listed on Euronext Paris (PAJ) – compartiment A.

This information was issued by the Board of Directors of PagesJaunes Groupe on 25 February 2009.

**NOTE 2 CONTEXT OF THE PUBLICATION AND BASIS FOR PREPARATION OF THE 2008 FINANCIAL INFORMATION**

In accordance with European regulation 1606/2002 dated 19 July 2002 on the application of international accounting standards, the Group has prepared consolidated accounts for the financial year ending 31 December 2008 in accordance with the IFRS standards as adopted in the European Union, applicable to this date, and available on the following website:

[http://ec.europa.eu/internal\\_market/accounting/ias\\_fr.htm#adopted-commission](http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission).

The accounting principles adopted are consistent with those used in preparing the annual consolidated accounts for the financial year ending 31 December 2007, except for the adoption of the following standards and interpretations, without significant impact:

- IFRIC 11 – IFRS 2 Group and Treasury Share Transactions;
- Amendment to IAS 39 and IFRS 7 – Reclassification of Financial Assets.

These principles do not differ from the IFRS standards published by IASB insofar as the application, compulsory for financial years starting from 1st January 2008, of the following standards and interpretations not yet adopted by the European Union will not have a significant impact on the Group's accounts:

- IFRIC 12 – Service Concession Arrangements;
- IFRIC 14 – IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding requirement and their interaction.

Moreover, the Group has not anticipated standards and interpretations adopted by the European Union and whose application is compulsory after 1st January 2008:

- IFRS 8 – Operating Segments;
- Amendment to IAS 1 – Presentation of financial statements (revised);
- Amendment to IAS 23 – Borrowing Costs;
- Amendment to IFRS 2 – Share-based payment: Vesting conditions and cancellations;
- IFRIC 13 – Customer Loyalty Programmes.

Finally, the Group has not applied the following texts that, as at 31 December 2008, had not been adopted by the European Union:

- IFRS 3 – Business Combinations;
- Amendment to IAS 27 – Consolidated and Separate Financial Statements;
- Amendment to IAS 39 – Financial instruments: Recognition and Measurement – Exposures Qualifying for Hedge Accounting;

- Amendment to IAS 32 and IAS 1 – Puttable Financial Instruments and Obligations Arising on Liquidation;
- IFRIC 15 – Agreements for the Construction of Real Estate;
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation;
- IFRIC 17 – Distributions of Non-cash Assets to Owners;
- Improvements to IFRS standards.

The process of determining the potential impact on the Group's consolidated accounts is currently being carried out by PagesJaunes Groupe. At this stage of analysis, the Group does not anticipate a significant impact on its consolidated accounts and has determined, in particular, that the "Operating Segments" defined in standard IFRS 8 will be the same as the "Business Segments" defined in standard IAS 14 "Segment Reporting".

IFRS 3 will modify prospectively the accounting methods of Business Combinations.

The summary statements apply to accounts prepared according to IFRS standards as at 31 December 2008 and 31 December 2007. The financial statements for 2006, included in the *Document de référence* submitted to the AMF on 27 March 2007 under No. R07-023, are incorporated for reference purposes.

The preparation of financial statements requires the management of PagesJaunes Groupe to make estimates and apply assumptions that affect the reported amounts of assets and liabilities and contingent liabilities at the date of preparation of the financial statements and reported income and expenses for the period. The management reviews these estimates and assessments on a continuous basis, by reference to past experience and various other factors considered as reasonable which form the basis for assessing the book value of assets and liabilities. These concern in particular goodwill (notes 3.8 and 13), share-based payment (notes 2.17, 3.1 and 27) and the valuation of pension liabilities (notes 2.16 and 26). Actual results may differ significantly from these estimates, if different assumptions or circumstances apply. Finally, where a specific transaction is not dealt with in any standards or interpretations, the management of the Group applies judgment to define and apply accounting policies that will lead to relevant and reliable information, so that the financial statements:

- Give a true and fair view of the Group's financial position, financial performance and cash flows;
- Reflect the substance of transactions;
- Are neutral;
- Are prepared on a prudent basis;
- Are complete in all material respects.

**NOTE 3 ACCOUNTING POLICIES AND CHANGES OF ESTIMATE**

This note describes the Accounting Policies applied to the accounts as at 31 December 2008 in accordance with the provisions of international accounting standards as adopted by the European Union as at 31 December 2008.

Unless stated otherwise, these methods have been applied consistently to all the financial years shown.

### ➔ 3.1 Accounting positions adopted by the Group, in application of paragraphs 10 to 12 of IAS 8

The accounting positions presented below are not the subject of particular provisions in international accounting standards as adopted by the European Union or their interpretation.

#### **Undertaking to acquire minority interests**

In the framework of the acquisition, at the end of 2007, of 66% of the securities of the companies holding the advertising business on Internet (Horyzon Média and Horyzon Clics), call and put options were granted respectively for the balance of 34% of the securities of these subsidiaries consolidated through full integration. They are exercisable by both parties up to 2011. Save for special circumstances, the exercise price of these options is set according to a predetermined calculation formula based on the sales figures and the operating result for the financial year 2010.

In accordance with the different regulations in force as at 31 December 2008, the accounting method adopted by the Group is as follows;

- in accordance with the provisions set out by standard IAS 32 "Financial instruments: information to be supplied and presentation", the Group records a financial debt under the put options granted to minority shareholders of the entities concerned;
- the debt is stated in "Financial debts" for the current value of the provisional exercise price at the time of the start of the operation, then at the time of the subsequent statements of account, on the basis of the fair value of the shares potentially bought;
- the counterpart of this debt is recorded as a decrease in the minority interests and for the balance in goodwill;
- the subsequent variation of the value of the undertaking is stated by adjusting the amount of goodwill, excluding unwinding of the discounting effect of the debt, which is stated in the financial expenses.

The share of the net income attributable to the shareholders of PagesJaunes Groupe is calculated on the basis of the percentage of their holding in the entities, without taking into account the percentage of interest attached to the put options.

#### **Variations in percentage of interest**

Since IFRS standards do not contain any specific detail on the accounting method at the time of the contribution by minority shareholders of their interests in a consolidated entity of the Group in exchange for securities of another consolidated entity of the Group, nor on the accounting method for the percentage decrease of interest arising as a result, the Group has adopted the following accounting methodology: the increase in percentage of interest is assimilated with an acquisition of minority interests; the percentage decrease of interest is assimilated with a disposal where the result is recorded in the income statement under the heading "result of disposal of shares" when it is made.

#### **Management share ownership plan**

Sèvres I, Sèvres II and Sèvres III, which jointly controlled 100% of the capital of Médiannuaire Holding, the indirect majority shareholder of PagesJaunes Groupe, have offered certain managers of the Group the possibility of acquiring a minority holding, in the form of 212,591 ordinary shares, in the capital of Médiannuaire Holding, representing 0.55% of the company's capital. This holding was acquired at the end of December 2006 on the basis of the price proposed by Médiannuaire Holding in the framework of the standing tender offer ("*garantie de cours*") relating to the PagesJaunes Groupe shares completed on 1st December 2006.

The capital of Médiannuaire Holding is made up of ordinary shares and preference shares. The right of each class of share to the increase in value of shareholders' equity is variable as a function of the internal rate of return recorded by the shareholders of Médiannuaire Holding on their investment during their holding period. Furthermore, each manager has made with the shareholders of Médiannuaire Holding a reciprocal commitment to buy and sell, which becomes exercisable by one or other of the parties once this manager leaves PagesJaunes Groupe. The price per share at which these reciprocal purchase and sale undertakings would be implemented varies mainly depending on the share price of PagesJaunes Groupe, the length of service of the managers as from 21 December 2006, and the fulfilment of certain performance conditions. As at 31 December 2008, application of these criteria would result, assuming that these cross options were exercised on this date by one or other of the parties, in a buy-back at nought value of the shares acquired by the managers.

#### **Statutory training rights (DIF)**

The Group has maintained in IFRS the treatment retained in French standards for statutory training rights (Opinion No. 2004-F of 13 October 2004 of the emergency committee of the CNC relating to the "accounting for statutory training rights – DIF"), namely:

- expenditure in respect of statutory training rights constitutes an expense for the period and does not give rise to any provision;
- the volume of hours at the end of the accounting period, of the portion open to rights with an indication of the volume of hours not having been the subject of requests from the employees, is mentioned in the notes.

### ➔ 3.2 Consolidation

Subsidiaries which are controlled exclusively by the Group, directly or indirectly, are fully consolidated.

Companies controlled jointly by the Group and a limited number of other shareholders are proportionally consolidated.

Companies not controlled by the Group but over which the Group exercises significant influence (generally corresponding to an ownership interest of 20% to 50%) are consolidated using the equity method.

When assessing the level of control or significant influence exercised, account is taken of the existence and effect of any exercisable or convertible potential voting rights at the end of the period.

In accordance with IFRS 5, the assets and liabilities of controlled entities that are considered as being held for sale are reported on a separate line in the balance sheet. Profits or losses of discontinued operations are reported on a separate line of the income statement. IFRS 5 defines a discontinued operation as a component of an entity comprising cash flows that can be clearly distinguished from the rest of the entity, that has

either been disposed of, or is classified as held for sale, and represents a separate major line of business or geographical area of operations.

Material inter-company transactions and balances are eliminated in consolidation.

### ➔ 3.3 Transactions in foreign currencies

The principles covering the measurement and recognition of transactions in foreign currencies are set out in IAS 21 "Effects of Changes in Foreign Exchange Rates". In accordance with this standard, transactions in foreign currencies are converted by the subsidiary into its operating currency at the exchange rate of the transaction date. Monetary assets and liabilities are re-measured at each balance sheet date. The differences arising from re-measurement are recorded in the income statement:

- in operating income for commercial transactions;
- in financial income or expenses for financial transactions.

### ➔ 3.4 Presentation of the financial statements

As permitted under IAS 1 "Presentation of Financial Statements", the Group presents the income statement by type.

Operating income corresponds to net income before:

- financial income;
- financial expenses;
- current and deferred income taxes;
- profits and losses of discontinued operations and operations held for sale.

Gross Operating Margin (GOM) corresponds to operating income before:

- employee profit-sharing;
- share-based payment, including any associated social charges;
- depreciation and amortisation expense;
- impairment of goodwill and fixed assets;
- results of asset disposals;
- restructuring costs;
- share in profits (losses) of equity-method associates;
- impairment of goodwill in respect of equity-method associates.

### ➔ 3.5 Revenues

Revenues from the activities of PagesJaunes Groupe are recognised and presented as follows, in accordance with IAS 18 "Revenue":

- revenues from the sale of advertising space in printed directories are recognised at the time of publication of each printed directory. Consequently, sales of advertising space billed in respect of future directories are stated in the balance sheet under the heading of "Deferred Income";
- income from the sale of advertising space in online directories is apportioned over the display period, which is generally 12 months;
- revenues from traffic relating to the telephone enquiry services (118008 in France and 118 75 in Spain) are recognised at their gross value when the service is rendered;

- revenues from publicity campaigns are recognised for the period in which the campaigns are run. When Group entities act exclusively as agents, the revenue consists only of the commission;
- expenses directly attributable to the directory publication campaigns for a particular financial period are associated with the corresponding revenues stated for the period in question; this concerns commissions for sales and telesales personnel as well as publishing costs including the publication fee;

Furthermore, in accordance with SIC 31 "Revenue – Barter Transactions Involving Advertising Services", the revenue from ordinary activities does not include any benefits resulting from exchanges of goods or services for similar benefits, even when the latter are rendered over different periods.

### ➔ 3.6 Advertising and similar expenses

Expenses for advertising, promotion, sponsorship, communication and brand development are stated in full in the expenses for the year in which they are incurred.

### ➔ 3.7 Earnings per share

The Group discloses both basic earnings per share and diluted earnings per share. The number of shares used to calculate diluted earnings per share takes into account the conversion into ordinary shares of dilutive instruments outstanding at the period-end (unexercised options, free shares, etc.). If the basic earnings per share are negative, diluted loss per share represents the same amount as the basic loss. To permit direct comparisons of earnings per share, the weighted average number of shares outstanding for the reporting year and previous years is adjusted to take into account any shares issued at a discount to market price. Treasury stock deducted from consolidated equity is not taken into account in the calculation of earnings per share.

### ➔ 3.8 Goodwill

Goodwill represents the difference between the purchase cost of shares in consolidated companies, including transaction expenses, and the Group's equity in the value of the underlying net assets at the date of acquisition.

In accordance with IFRS 3 "Business Combinations", goodwill is not amortised but is tested for impairment at least once a year or more frequently when there is an indication that it may be impaired. IAS 36 "Impairment of Assets" requires these tests to be performed at the level of each Cash Generating Unit (CGU) to which the goodwill has been allocated. In certain cases, CGUs may be combined if the combined CGUs represent the lowest level at which management monitors return on investment. (A Cash Generating Unit is defined as the smallest homogenous group of assets whose continuous use generates cash inflows that are largely independent of the cash inflows from other groups of assets). The level at which PagesJaunes Groupe measures the current value of goodwill generally corresponds to the level of each of the consolidated companies.

To determine whether goodwill has been impaired, the consolidated net book value of the assets and liabilities is compared to their recoverable amount. The recoverable amount is the higher of the fair value less exit costs and value in use.

Fair value less exit costs is determined as the best estimate of the sale value net of exit costs in a transaction conducted under normal competitive conditions between knowledgeable, willing parties. This estimate is determined on the basis of the available market information, taking into account particular situations.

The value in use applied by PagesJaunes Groupe is the present value of the future cash flows expected to be derived from the CGU, including goodwill. Cash flow projections are based on economic and regulatory assumptions and forecast trading conditions applied by the management of PagesJaunes, as follows:

- cash flow projections are based on the five-year business plan;
- cash flow projections beyond the five-year period are extrapolated by applying a declining or flat growth rate over the next three years, followed by a growth rate to perpetuity reflecting the expected long-term growth in the market and specific to each activity;
- the cash flows obtained are discounted using appropriate rates for the type of business and the countries concerned.

Goodwill impairment losses are recorded in the income statement.

If the business is intended to be sold, the recoverable amount is determined on the basis of the fair value net of exit costs.

### ➔ 3.9 Other intangible assets

Other intangible assets, consisting mainly of trademarks, licences and patents, research and development costs and software, are stated at acquisition or production cost.

When intangible assets are acquired in a business combination, their cost is generally determined when the purchase price of the company acquired is allocated based on their respective market values. When such market value is not readily determinable, cost is determined using generally accepted valuation methods based on revenues, costs or other appropriate criteria.

Internally developed trademarks are not recognised in the balance sheet.

#### **Trademarks**

Trademarks having an indefinite useful life are not amortised, but are tested for impairment (see note 3.11).

#### **Licences and patents**

Licences and patents are amortised on a straight-line basis over periods which correspond to the expected usage period, not exceeding twenty years.

#### **Research and development costs**

Under IAS 38 "Intangible Assets", development costs must be recognised as an intangible fixed asset when the following can be demonstrated:

- the technical feasibility necessary to complete the intangible asset with a view to its being put into service or sold;
- the intention and financial and technical ability to complete the development project;
- its capacity to use or sell the intangible asset;
- the likelihood that the future economic benefits attributable to the development costs incurred will accrue to the company;
- the costs of this asset can be reliably valued.

Research and development costs not fulfilling the above criteria are expensed in the year in which they are incurred. Significant capitalised development costs are amortised on a straight-line basis over their useful life, generally not exceeding three years.

#### **Software**

Software is amortised on a straight-line basis over its useful life, not exceeding five years.

### ➔ 3.10 Tangible fixed assets

#### **Gross value**

The gross value of tangible fixed assets corresponds to their purchase or production cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

It also includes the estimate of the costs of dismantling and removing the item and restoring the site on which it is located, such obligation being incurred by the Group either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories.

#### **Finance leases**

Assets acquired under leases that transfer the risks and rewards of ownership to entities of the Group (financial leases) are stated in fixed assets, with a corresponding financial obligation being recorded in liabilities. The risks and rewards of ownership are considered as having been transferred to the entities of the Group when:

- the lease transfers ownership of the asset to the lessee at the end of the lease term;
- the Group has the option to purchase and the conditions of the option are such that it is highly likely that ownership will be transferred at the end of the lease term;
- the lease term covers the major part of the estimated economic life of the asset;
- the discounted value of the total of the minimum fees provided for in the contract is close to the fair value of the asset.

At the same time, the assets in respect of which the risks and rewards associated with ownership are transferred by the entities of the Group to third parties under a lease contract are considered as having been sold.

Maintenance and repair costs are expenses as incurred, except where they serve to increase the asset's productivity or prolong its useful life.

#### **Depreciation**

Tangible fixed assets are depreciated on a basis that reflects the pattern in which their future economic benefits are expected to be consumed in the case of each asset item on the basis of the acquisition cost, less any residual value. The straight-line basis is usually applied over the following estimated useful lives: 25 to 30 years for buildings, 5 to 10 years for fittings, 1 to 5 years for other fixed assets.

These depreciation periods are reviewed annually and are adjusted if current estimated useful lives differ from previous estimates. These changes in accounting estimates are recognised prospectively.

### ➔ 3.11 Impairment of fixed assets

Under IAS 36 "Impairment of Assets", the value in use of tangible and intangible fixed assets must be tested for impairment when there is an indication that they may be impaired. Indicators are reviewed at each closing date.

Intangible and tangible fixed assets are subject to a write down for impairment when, because of events or circumstances which have occurred during the period (such as obsolescence, physical deterioration, significant changes to the manner in which the asset is used, worse than expected performance, a drop in revenues or other external indicators, etc.), their recoverable amount appears to be lower than their net book value in the long term. The recoverable amount of an asset is the higher of its fair value less exit costs and its value in use.

Each asset or group of assets is tested for impairment by comparing its recoverable amount to its net book value. When an asset or group of assets is found to be impaired, the recognised impairment loss is equal to the difference between its net book value and the recoverable amount.

The recoverable amount of an asset is generally determined by reference to its value in use, corresponding to the future economic benefits expected to be derived from the use of the asset and its subsequent disposal. It is assessed by the discounted cash flows method, based on economic assumptions and operating conditions expected by the Management of the Group.

### ➔ 3.12 Financial assets and liabilities

Financial assets include available-for-sale assets, held-to-maturity assets, loans and receivables and cash and cash equivalents.

Financial liabilities include borrowings, other financing and bank overdrafts and operating debts.

Financial assets and liabilities are measured and recognised in accordance with IAS 39 "Financial Instruments: Recognition and Measurement".

#### **3.12.1 Measurement and recognition of financial assets**

##### ASSETS HELD TO MATURITY

Held-to-maturity investments comprise exclusively securities with fixed or determinable income and fixed maturities, other than loans and receivables, which the Group has the intention and ability to hold to maturity. They are recognised initially at fair value and are subsequently measured at amortised cost by the effective interest method.

The Group assesses whether there is any objective evidence that held-to-maturity assets are impaired. A financial asset is written down if its book value exceeds the recoverable amount estimated at the time of the impairment tests. The impairment loss is recognised in the income statement.

##### AVAILABLE-FOR-SALE ASSETS

Available-for-sale assets consist mainly of shares in non-consolidated companies and marketable securities that do not fulfil the criteria for classification in any of the other categories of financial assets. They are measured at fair value and gains and losses arising from re-measurement at fair value are recognised in equity.

Fair value corresponds to market price for listed securities and estimated value in use for unlisted securities, determined according to the most appropriate financial criteria in each case.

If there is any objective indication that these assets are impaired, the accumulated loss stated in equity is recognised in the income statement.

##### LOANS AND RECEIVABLES

This category includes receivables from participating interests, other loans and receivables and trade accounts receivable. They are recognised

initially at fair value and are subsequently measured at amortised cost by the effective interest method. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Cash flows on loans and receivables at variable rates of interest are re-measured periodically, to take into account changes in market interest rates. The re-measurement has the effect of increasing or reducing the effective interest rate and, consequently, the carrying value of the loan or receivable.

The Group assesses whether there is any objective evidence that loans or receivables are impaired. A financial asset is written down if its book value exceeds the recoverable amount estimated at the time of the impairment tests. The impairment loss is recognised in the income statement.

##### ASSETS AT FAIR VALUE THROUGH THE INCOME STATEMENT

Assets held for trading are assets which the Company intends to resell in the near term in order to realise a profit, which form part of a portfolio of financial instruments that are managed together and for which there is a practice of short-term disposal. This category also includes assets, which the Group has opted to classify in this category, irrespective of the criteria stated above ("fair value" option).

These assets are carried in the balance sheet under short-term financial assets.

##### CASH AND CASH EQUIVALENTS

Cash equivalents are held to meet short-term cash needs rather than for investment or other purposes. They consist of instruments that are readily convertible into known amounts of cash and are not exposed to any material risk of impairment. Cash and cash equivalents comprise cash available on demand and short-term investments with maturities generally of three months or less at the date of purchase. They are stated at historical cost, which is close to their realisable value.

#### **3.12.2 Measurement and recognition of financial liabilities**

##### FINANCIAL LIABILITIES

With the exception of financial liabilities held for trading, which are measured at fair value, borrowings and other financial liabilities are initially recognised at fair value and subsequently measured at amortised cost by the effective interest method.

Transaction costs that are directly attributable to the acquisition or issue of a financial liability are deducted from the liability's carrying value. This is because financial liabilities are initially recognised at cost, corresponding to the fair value of the sums paid or received in exchange for the liability. The costs are subsequently amortised over the life of the liability, by the effective interest method.

The effective interest rate is the rate, which discounts estimated future cash payments up to the maturity date or the nearest date of price adjustment to the market rate, to the net carrying amount of the financial liability.

##### FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial liabilities at fair value through profit or loss are measured at fair value.

#### **3.12.3 Measurement and recognition of derivative instruments**

Derivative instruments are measured at fair value in the balance sheet. Except as explained below, gains and losses arising from re-measurement at fair value of derivative instruments are systematically recognised in the income statement.



**HEDGING INSTRUMENTS**

In accordance with IAS 39 "Financial Instruments: Recognition and Measurement", derivative instruments may be designated as fair value hedges or cash flow hedges:

- a fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an identified portion of the asset or liability, that is attributable to a particular risk, notably rate and currency risks, and which would affect profit or loss;
- a cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a forecast transaction (such as a future purchase or sale) and could affect profit or loss.

Hedge accounting applies if:

- at the inception of the hedge, there is formal designation and documentation of the hedging relationship;
- at the inception of the hedge and in subsequent periods, the company may expect the hedge to be highly effective in offsetting changes in fair value or cash flows attributable to the hedged risk and if the actual results of the hedge are within a range of 80-125%;

The effects of applying hedge accounting are as follows:

- for fair value hedges of existing assets and liabilities, the hedged portion of the asset or liability is recognised in the balance sheet at fair value. The gain or loss from re-measuring the hedged item at fair value is recognised in profit or loss and is offset by the effective portion of the loss or gain from re-measuring the hedging instrument at fair value;
- for future cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity – because the change in the fair value of the hedged portion of the underlying item is not recognised in the balance sheet – and the ineffective portion of the gain or loss on the hedging instrument is recognised in profit or loss. Amounts recognised directly in equity are subsequently recognised in profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss.

### ➔ 3.13 Inventories

Inventories are stated at the lower of cost and probable net realisable value. Cost corresponds to purchase or production cost determined by the weighted average cost method.

### ➔ 3.14 Deferred taxes

In accordance with IAS 12 "Income Taxes", deferred taxes are recognised for all temporary differences between the book values of assets and liabilities and their tax basis, as well as for unused tax losses, by the liability method. Deferred tax assets are recognised only when their recovery is considered probable.

IAS 12 requires, in particular, the recognition of deferred tax liabilities on all intangible assets recognised in business combinations (trademarks, customer lists, etc.).

A deferred tax liability is recognised for all taxable temporary differences between the book value of shares and their tax base associated with investments in subsidiaries, equity-method associates and interests in joint ventures, except where:

- the Group is able to control the timing of the reversal of the temporary difference (e.g.: distribution of dividends); and

- it is probable that the temporary difference will not be reversed in the foreseeable future.

In practice, this means that for fully and proportionally consolidated companies, a deferred tax liability is recognised for taxes payable on planned dividend distributions by these companies.

The deferred tax assets and liabilities are set off if there is a legally enforceable right allowing set-off against a future tax liability. Any set-offs are treated by tax group depending on a single tax authority.

The deferred taxes relating to items stated directly in shareholders' equity are also stated in shareholders' equity.

In accordance with IAS 12, deferred tax assets and liabilities are not discounted.

## ➔ 3.15 Provisions

In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", a provision is recognised when, at the end of the period, the Group has an obligation towards a third party resulting from a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

The obligation may be legal, regulatory or contractual or it may represent a constructive obligation deriving from the Group's practices or public commitments, which have created a legitimate expectation among third parties concerned that the Group will meet certain responsibilities.

The amount recognised as a provision corresponds to the best estimate of the expenditure required of the Group to settle the present obligation. If a reliable estimate cannot be made of the amount of the obligation, no provision is recorded, but details of the obligation are disclosed in the Notes to the financial statements.

Contingent liabilities – corresponding to potential obligations resulting from past events, the existence of which will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Company's control, and to probable obligations that are not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation – are disclosed in the Notes to the financial statements.

Provisions for restructuring costs are recognised only when the restructuring has been announced and the Group has drawn up or has started to implement a detailed plan before the period end-date.

Provisions are discounted when the discounting adjustment is material.

## ➔ 3.16 Pension and similar benefit obligations

### 3.16.1 Post-employment benefits

#### RETIREMENT BENEFITS AND SIMILAR COMMITMENTS

In France, the legislation provides for benefits to be paid to employees at retirement on the basis of their length of service and salary at retirement age. The actuarial differences relating to post-employment benefits will be treated in accordance with the corridor method, which consists of recognising a specified portion of the net cumulative actuarial gains and losses that exceed 10% of the greater of the present value of the commitment and the value of plan assets, over the average expected remaining working lives of the employees participating in the plan.

The impact of changes in assumptions is reflected in the income statement over the residual average working life of the employees (see note 26).

**OTHER RETIREMENT SCHEMES**

These benefits are provided either on the basis of defined contribution schemes or on the basis of defined benefit schemes.

In the context of defined contribution schemes, the Group has no commitment other than the payment of contributions. The charge corresponding to the contributions paid is recognised in the income statement for the period.

In accordance with IAS 19, obligations under defined benefit schemes are measured by the projected unit credit method. According to this method, each period of service gives rise to an additional unit of benefit entitlement and measures each unit separately to value the final obligation, which is then discounted.

**3.16.2 Other long-term benefits**

Other long-term benefits which may be granted by the Group consist mainly of long-service awards that are also measured on an actuarial basis.

**3.16.3 Termination benefits**

Any termination benefits are also determined on an actuarial basis and covered by provisions.

For all commitments where termination of employment contracts would trigger payment of compensation, the impact of changes in assumptions is recognised in profit or loss for the period during which the revision takes place.

**➔ 3.17 Share-based payments**

In accordance with IFRS 2 "Share-Based Payment", stock options, employee share issues and free grants of shares to employees of the Group are valued on their grant date.

The value of stock options is determined in particular by reference to the exercise price, the life of the options, the current price of the underlying shares, the expected share price volatility, expected dividends and the risk-free interest rate over the life of the options. The amount so determined (under the share-based payment heading) is recognised in personnel expenses on a straight-line basis over the period between the grant date and the exercise date – corresponding to the vesting period – and in equity for equity-settled plans or in liabilities to employees for cash-settled plans. The Group has opted for retrospective application of IFRS 2 to equity- and cash-settled plans. The new plans are valued in accordance with IFRS 2 using a binomial model.

The fair value of a free share is the market price of the share on the grant date after adjustment to take account of the loss of dividends expected during the vesting period. This expense is recorded on a straight-line basis over the vesting period and, if necessary, is adjusted to take account of the likelihood that the performance conditions will be fulfilled.

**➔ 3.18 Own shares**

Under IAS 32, acquisition of own shares are recorded as a decrease in own capital on the basis of their acquisition cost. If own shares are disposed of, the profits or losses are recognised in the consolidated reserves for their amounts less tax.

**NOTE 4 SEGMENT INFORMATION**

The Group's core business is the publication of directories in France and abroad. It offers a diversified range of products and related services for the general public and businesses.

In the income statement, only the gross operating margin and allocations to depreciation are subject to segment allocation. On the balance sheet, all items are subject to segment allocation other than cash, financial liabilities and tax liabilities.

The Group's business is organised in two main segments:

- **PagesJaunes in France.** These are the Group's activities in France related to the publication and distribution of directories and the sale of advertising space in printed (*PagesJaunes*, *L'Annuaire*) and online

directories ("*pagesjaunes.fr*"). They also include the creation and hosting of Internet sites, the telephone directory enquiry services (118008) and by SMS as well as various activities such as the publication of the *PagesPro* directories and the *QuiDonc* reverse directory. This segment also includes holding company activities contained within *PagesJaunes Groupe*;

- **International & Subsidiaries.** These are the activities of the Group's various subsidiaries, mainly comprising the publication of consumer directories outside France (Spain, Luxembourg and Morocco) and the development of complementary activities related to the publication of directories, such as the geographic services of *Mappy* and the direct marketing activities of *PagesJaunes Marketing Services*. This segment

also includes the new online classified ads business (“annoncesjaunes.fr”) launched at the beginning of January 2007 and accommodated within the company PagesJaunes Petites Annonces, as well as, since the 2007 fourth quarter, the advertising business of Horyzon Média and Horyzon Clics, in which PagesJaunes Groupe acquired a majority

stake on 11 October 2007. Horyzon Média and Horyzon Clics were merged on 30 June 2008 with retroactive effect as 1st January 2008; the new entity is called Horyzon Média.

#### ➔ 4.1 Analysis by business segment

The following table breaks down the primary aggregates by business segment for the periods ended 31 December 2008 and 31 December 2007:

Income statement (amounts in thousands of euros)	As at 31 December 2008				As at 31 December 2007			
	PagesJaunes in France	International & Subsidiaries	Eliminations	Group	PagesJaunes in France	International & Subsidiaries	Eliminations	Group
<b>Revenues</b>	<b>1,106,606</b>	<b>94,828</b>	<b>(8,589)</b>	<b>1,192,845</b>	<b>1,071,830</b>	<b>93,825</b>	<b>(7,351)</b>	<b>1,158,304</b>
• External	1,106,474	86,371	-	1,192,845	1,071,533	86,771	-	1,158,304
• Inter-segment	132	8,457	(8,589)	-	297	7,054	(7,351)	-
External purchases	(258,059)	(46,483)	9,122	(295,420)	(270,753)	(51,198)	7,351	(314,600)
Other operating income	10,006	3,073	(1,300)	11,779	12,613	1,417	(3,905)	10,125
Other operating expenses	(19,696)	(3,960)	858	(22,798)	(22,707)	(5,158)	3,905	(23,960)
Salaries and charges	(284,383)	(50,320)	(91)	(334,794)	(273,383)	(47,631)	-	(321,014)
<b>Gross operating margin</b>	<b>554,474</b>	<b>(2,862)</b>	<b>0</b>	<b>551,612</b>	<b>517,599</b>	<b>(8,745)</b>	<b>-</b>	<b>508,854</b>
Employee profit-sharing				(17,840)				(14,385)
Share-based payment				(1,490)				(5,189)
Goodwill impairment	-	(68,882)	-	(68,882)	-	-	-	-
Depreciation and amortisation	(13,989)	(3,206)	-	(17,195)	(11,916)	(2,976)	-	(14,892)
Result of asset disposals				(339)				14,277
Restructuring costs	-	(2,515)	-	(2,515)	-	-	-	-
<b>Operating income</b>				<b>443,351</b>				<b>488,665</b>
<b>Acquisitions of tangible and intangible fixed assets</b>	<b>9,152</b>	<b>2,917</b>	<b>-</b>	<b>12,069</b>	<b>11,871</b>	<b>4,562</b>	<b>-</b>	<b>16,433</b>



Balance sheet (amounts in thousands of euros)	As at 31 December 2008				As at 31 December 2007			
	PagesJaunes in France	International & Subsidiaries	Eliminations	Group	PagesJaunes in France	International & Subsidiaries	Eliminations	Group
Net goodwill	-	50,334	-	50,334	-	125,528	-	125,528
Net intangible fixed assets	16,090	5,068	-	21,158	20,994	5,134	-	26,128
Net tangible fixed assets	14,430	5,557	-	19,987	14,713	5,691	-	20,404
Non-current non-segment assets				20,028				32,234
<b>Non-current assets</b>				<b>111,507</b>				<b>204,294</b>
Net inventories	6,195	338	-	6,533	4,353	891	-	5,244
Net trade accounts receivable	470,950	47,461	(4,962)	513,449	472,006	49,323	(3,339)	517,990
Other current assets	24,828	5,768	(179)	30,417	23,555	4,480	(12)	28,023
Pre-paid expenses	100,400	8,244	(63)	108,581	96,594	8,029	(24)	104,599
Current non-segment assets				91,040				83,944
<b>Current assets</b>				<b>750,022</b>				<b>739,800</b>
<b>TOTAL ASSETS</b>				<b>861,529</b>				<b>944,094</b>
- of which segment assets	632,893	122,771	(5,204)	750,460	632,215	199,076	(3,375)	827,916
- of which non-segment assets				111,069				116,178
<b>Shareholders' equity</b>				<b>(2,194,077)</b>				<b>(2,073,316)</b>
<b>Shareholders' equity</b>				<b>2</b>				<b>373</b>
Personnel benefits – non-current	36,266	192	-	36,458	32,627	209	-	32,836
Provisions – non-current	4,419	-	-	4,419	5,647	11	-	5,658
Other non-current liabilities	-	-	-	-	-	-	-	-
Non-current segment liabilities				1,944,447				1,927,930
<b>Non-current liabilities</b>				<b>1,985,324</b>				<b>1,966,424</b>
Provisions – current	-	596	-	596		580		580
Trade accounts payable	92,905	19,763	(4,962)	107,706	89,382	23,350	(3,339)	109,393
Personnel benefits – current	114,039	8,679	-	122,718	110,963	7,361		118,324
Other current liabilities	97,849	6,971	(179)	104,641	98,166	6,862	(12)	105,016
Deferred income	669,867	21,611	(63)	691,415	649,129	23,302	(24)	672,407
Current non-segment liabilities				43,204				44,893
<b>Current liabilities</b>				<b>1,070,280</b>				<b>1,050,613</b>
<b>TOTAL LIABILITIES</b>				<b>861,529</b>				<b>944,094</b>
- of which segment liabilities	1,015,345	57,812	(5,204)	1,067,953	994,614	61,675	(3,375)	1,044,214
- of which non-segment liabilities				(206,424)				(100,120)

## ➔ 4.2 Analysis by geographic region

(amounts in thousands of euros)	As at 31 December 2008	As at 31 December 2007
<b>Revenues</b>	<b>1,192,845</b>	<b>1,158,304</b>
- France	1,135,989	1,096,534
- Others	56,856	61,770
<b>Assets</b>	<b>861,529</b>	<b>944,094</b>
- France	691,419	696,334
- Others	59,041	131,583
- Unallocated	111,069	116,177
<b>Acquisitions of tangible and intangible fixed assets</b>	<b>12,069</b>	<b>16,433</b>
- France	10,927	13,640
- Others	1,142	2,793

### NOTE 5 CHANGE IN THE SCOPE OF CONSOLIDATION

The main operations during 2008 and 2007 were as follows:

#### ➔ 2008

Horyzon Média and Horyzon Clics merged on 30 June 2008, effective retroactively to 1st January 2008. PagesJaunes Petites Annonces and "A Ton Service" merged on 31 October 2008. These internal restructuring operations do not have a significant impact on the consolidated financial statements.

#### ➔ 2007

On 14 March 2007, PagesJaunes Groupe sold 100% of the shares of Kompass France and Kompass Belgium to Coface Services. In accordance with international accounting standards (IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"), the revenues and expenses of the Kompass businesses are stated separately from the continuing businesses on a "Net earnings of divested businesses" line at the foot of the consolidated income statement, until their actual departure from the consolidated Group. In addition, the figures are stated before the elimination of intercompany items between Kompass France and Kompass Belgium on the one hand, and all the other companies of the PagesJaunes Groupe on the other hand. These two companies formed part of the "International & Subsidiaries" segment.

On 27 July 2007, PagesJaunes Groupe and M6 Group formed a partnership for the business of Internet classified ads, under the terms of which Group M6 acquired, on 17 October, a 34% stake in the capital of PagesJaunes Petites Annonces, subsidiary of PagesJaunes Groupe, by an increase in capital of 16 million euros.

On 17 October 2007, PagesJaunes Petites Annonces, subsidiary of the PagesJaunes Groupe, acquired 100% of the shares and voting rights in "A Ton Service" for 0.5 million euro.

On 11 October 2007, PagesJaunes Groupe acquired 55% of the shares and voting rights of Horyzon Média and 66% of the shares and voting rights of Horyzon Clics. On 24 December 2007, an additional 11% of the shares and voting rights of Horyzon Média were acquired. All these shares were acquired in cash, for a price of 10.7 million euros, including 0.2 million euros for fees and costs.

In addition, options to buy and sell shares were respectively granted for the balance of 34% of the shares. They can be exercised by both parties until 2011. The accounting of these options generated a debt of 8.6 million euros recognised in "Financial liabilities" and additional goodwill for the same amount.

**NOTE 6 DIVESTED BUSINESSES**

PagesJaunes Groupe sold 100% of the shares of Kompass France and Kompass Belgium on 14 March 2007 (see note 5). The Kompass businesses are shown in the financial statements as divested businesses.

The net income and expenses and the disposal results after tax are shown in "net income from divested businesses".

The main aggregates making up the net income from divested businesses for the periods presented are as follows:

(in thousands of euros)	31 December 2008	31 December 2007 <sup>(1)</sup>
Revenues	-	7,017
Operating expenses	-	(5,656)
<b>Gross operating margin</b>	-	<b>1,361</b>
Operating income	-	1,015
Financial income	-	31
Corporation tax	-	(273)
<b>Net income from Kompass businesses</b>	-	<b>1,013</b>
Capital gain on disposal before tax <sup>(2)</sup>	-	32,830
Tax on disposal result <sup>(3)</sup>	-	515
Capital gain on disposal after tax <sup>(2)</sup>	-	33,345
<b>Net income from divested businesses</b>	-	<b>34,358</b>

(1) Corresponds to the flows generated by the Kompass businesses up to the disposal date.

(2) Capital gains net of disposal expenses amounting to 0.2 million euros and the balance of deferred tax assets at the disposal date, recorded for losses in previous years, amounting to 2.2 million euros.

(3) Corresponds to the tax saving relating to the short-term capital loss on the disposal income (1.3 million euros) and disposal expenses (0.2 million euros).

The net cash flows relating to the Kompass businesses in the periods presented are as follows:

(in thousands of euros)	31 December 2008	31 December 2007 <sup>(1)</sup>
Net cash from operations	-	1,728
Net cash used in investing activities	-	(247)
Net cash provided by (used in) financing activities	-	55

(1) Corresponds to the flows generated by the Kompass businesses up to the disposal date.

The net impact of the divestment of the Kompass businesses on the cash position, net of cash divested, amounted to 32.0 million euros in 2007.

**NOTE 7 REVENUES**

(in thousands of euros)	31 December 2008	31 December 2007
<b>PagesJaunes in France</b>		
Printed directories	617,667	653,003
PagesJaunes	498,768	528,795
<i>L'Annuaire</i>	118,899	124,208
Online services	432,762	369,285
Internet	427,776	344,025
Minitel	4,986	25,260
Telephone directory enquiry services	36,391	28,067
Other businesses	19,786	21,475
<b>PagesJaunes in France segment total</b>	<b>1,106,606</b>	<b>1,071,830</b>
<b>International &amp; Subsidiaries</b>		
BtoC directories	56,857	61,779
Internet advertising management	5,332	1,148
Online classified ads	3,553	1,891
Direct marketing and geographic services	29,086	29,007
<b>International &amp; Subsidiaries total</b>	<b>94,828</b>	<b>93,825</b>
Inter-segment	(8,589)	(7,351)
<b>TOTAL</b>	<b>1,192,845</b>	<b>1,158,304</b>

**NOTE 8 PERSONNEL EXPENSES**

(in thousands of euros, except for number of employees)	31 December 2008	31 December 2007
Average number of employees (full-time equivalent)	4,791	4,640
<b>Salaries and social charges</b>	<b>(334,794)</b>	<b>(321,014)</b>
of which:		
- Salaries and wages	(236,817)	(230,581)
- Social charges	(89,363)	(82,171)
- Payroll and other items	(8,614)	(8,262)
<b>Share-based compensation</b>	<b>(1,490)</b>	<b>(5,189)</b>
of which:		
- Stock options and free shares <sup>(1)</sup>	(1,468)	(4,367)
- Social charges on exercised stock options	(22)	(822)
<b>Employee profit-sharing<sup>(2)</sup></b>	<b>(17,840)</b>	<b>(14,385)</b>
<b>TOTAL PERSONNEL EXPENSES</b>	<b>(354,124)</b>	<b>(340,588)</b>

(1) See note 27.

(2) Including 2% tax in 2008.

**NOTE 9 INCOME FROM ASSET DISPOSALS**

This section includes the income from current operations of selling intangible and tangible assets.

On 27 July 2007, PagesJaunes Groupe and M6 Group formed a partnership for the business of Internet classified ads, under the terms of which Group M6 acquired, on 17 October, a 34% stake in the capital

of PagesJaunes Petites Annonces, subsidiary of PagesJaunes Groupe, by an increase in capital of 16 million euros.

This operation generated a diluted profit of 14.6 million euros in 2007, recognised in the Section "Income from asset disposals".

**NOTE 10 FINANCIAL INCOME**

Financial income breaks down as follows:

(in thousands of euros)	As at 31 December 2008	As at 31 December 2007
Interest and similar income from financial assets	176	438
Result in disposal of financial assets	2,873	2,107
Change in fair value of hedging instruments	-	-
Dividends received	327	534
<b>Financial income</b>	<b>3,376</b>	<b>3,079</b>
Interest on financial liabilities	(123,787)	(120,749)
Hedging instrument receipts	12,163	3,861
Change in fair value of hedging instruments	(16,536)	(5,628)
Amortisation of debt costs	(6,360)	(6,151)
Other financial expenses	(258)	-
Discounting cost <sup>(1)</sup>	(3,384)	(2,402)
<b>Financial expenses</b>	<b>(138,162)</b>	<b>(131,069)</b>
<b>Gain (loss) on foreign exchange</b>	<b>-</b>	<b>(10)</b>
<b>NET FINANCIAL INCOME</b>	<b>(134,786)</b>	<b>(128,001)</b>

(1) The discounting cost corresponds to the increase during the year of the current value of retirement benefit commitments (see note 26), the debt on hedge instruments (see note 18) and the debt on commitments to repurchase minority interests (see note 5).

**NOTE 11 CORPORATION INCOME TAX**➔ **11.1 Group tax proof**

The corporation income tax for the year results from applying the effective year-end rate to the pre-tax income.

The reconciliation between the effective tax expense and the theoretical tax calculated on the basis of the French statutory tax rate is as follows:

(Amounts in thousands of euros)	As at 31 December 2008	As at 31 December 2007
Pretax net income from continuing businesses	308,565	360,664
Goodwill impairment	68,882	-
<b>Pretax income</b>	<b>377,447</b>	<b>360,664</b>
Statutory tax rate	34,43%	34,43%
<b>Theoretical tax</b>	<b>(129,968)</b>	<b>(124,177)</b>
Loss-making companies not consolidated for tax purposes	(4,279)	(6,115)
Loan and current account depreciation QDQ Media	2,739	-
Merger result Horyzon Média and Horyzon Clics	98	-
Share-based payment	(506)	(1,504)
Foreign subsidiaries	186	191
Previous year adjustments	-	(1)
Dilution profit recognised when M6 acquired an interest in the capital of PagesJaunes Petites Annonces	-	5,036
Other non-taxable revenues and expenses	(9)	129
<b>Effective tax</b>	<b>(131,739)</b>	<b>(126,440)</b>
<i>of which current tax</i>	<i>(142,624)</i>	<i>(127,806)</i>
<i>of which deferred tax</i>	<i>10,885</i>	<i>1,366</i>

## ➔ 11.2 Balance sheet tax position

The net balance sheet tax position breaks down as follows:

(Amounts in thousands of euros)	As at 31 December 2008	As at 31 December 2007
Retirement benefits	10,300	9,233
Employee profit-sharing	6,022	4,960
Non-deductible provisions	4,126	1,818
Hedging instruments	11,765	-
Other differences	(87)	709
<b>Subtotal of deferred tax assets</b>	<b>32,126</b>	<b>16,720</b>
Hedging instruments	-	(7,258)
Loan issue costs	(13,272)	(14,823)
<b>Subtotal of deferred tax liabilities</b>	<b>(13,272)</b>	<b>(22,081)</b>
<b>TOTAL NET DEFERRED TAX ASSETS / (LIABILITIES)</b>	<b>18,854</b>	<b>(5,361)</b>
<i>Deferred tax assets</i>	<i>18,854</i>	<i>102</i>
<i>Deferred tax liabilities</i>	<i>-</i>	<i>(5,463)</i>

No deferred tax assets were recognised in the balance sheet in respect of loss carry-forwards of QDQMedia, as this company recorded a net loss in 2008. The amount of the unrecognised deferred tax was estimated at 58.7 million euros, as at 31 December 2008.

PagesJaunes Groupe opted for the French tax consolidation scheme provided for by Articles 223A and subsequent of the French General Tax Code. This option aims to create a consolidated tax group, consisting of, in addition to PagesJaunes Groupe, all its French subsidiaries that satisfy the conditions required to become a member. This option took effect as of 1st January 2005, for a period of five years.

Deferred tax balance went from a deferred tax liability of 5.4 million euros at 31 December 2007, to a deferred tax asset of 18.9 million euros at 31 December 2008.

The corporation tax liabilities on the balance sheet (16.7 million euros at 31 December 2008 versus 3.4 million euros at 31 December 2007) correspond to the current tax. The tax disbursed during the 2008 financial year amounted to 118.7 million euros (121.7 million euros in 2007).

## NOTE 12 EARNINGS PER SHARE

In 2008, net income amounted to 176.8 million euros and 243.0 million euros excluding goodwill impairment. On average 280.6 million ordinary shares were in circulation, net of treasury shares. Net consolidated earnings per share amounted therefore to 0.63 euro and 0.62 euro, taking into account the potentially dilutive effect of the existence, on average in 2008, of 5.6 million stock options, as well as 0.7 million shares that could be granted free of charge, in 2008 and 2009, subject to the fulfilment of performance conditions.

In 2007, net income amounted to 268.6 million euros. On average 280.6 million ordinary shares were in circulation. Net consolidated earnings per share was therefore 0.96 euro and 0.95 euro, taking into account the potentially dilutive effect of the existence, on average in 2007, of 3.4 million stock options, as well as 0.8 million shares that could be granted free of charge, in 2008 and 2009, subject to the fulfilment of performance conditions. Net earnings per share of continuing operations amounted to 0.84 euro (0.83 euro after dilution) and net earnings per share of discontinued operations amounted to 0.12 euro (0.12 euro after dilution).

**NOTE 13 GOODWILL RELATED TO CONSOLIDATED COMPANIES**

The goodwill arising from the fully consolidated companies breaks down as follows:

(in thousands of euros)	31 December 2007	31 December 2008		
	Closing balance	Impairment	Other movements	Closing balance
QDQ Media	68,882	(68,882)	-	-
Mappy	7,400	-	-	7,400
PagesJaunes Marketing Services	13,278	-	-	13,278
Euro Directory	12,109	-	-	12,109
Edicom	4,796	-	-	4,796
PagesJaunes Petites Annonces	-	-	421	421
A Ton Service	421	-	(421)	-
Horyzon Média et Clics	18,642	-	(6,312)	12,330
<b>TOTAL</b>	<b>125,528</b>	<b>(68,882)</b>	<b>(6,312)</b>	<b>50,334</b>

The value of goodwill was examined in the context of the consolidated financial statements, in accordance with the method described in note 3.8 – Accounting Policies, on the basis of business plans, a perpetual growth rate of between 1.5% and 2.5% and a discount rate after tax of between 9.0% and 12.5% depending on the cash-generating units (8.5% and 12% in 2007). These rates are based on published segment studies.

At 31 December 2008, the impairment tests for these intangible assets are not materially sensitive to the rate variations.

The assumptions used to determine the recoverable values are similar from one CGU to another. They can involve market data, penetration rate for supports or products in the market, revenues (number of advertisers, average revenue per advertiser) and gross operating margin levels. The values assigned to each of these parameters reflect past experience, affected by anticipated changes over the plan period.

The 68.9 million euros of goodwill related to QDO Media at 31 December 2008 was fully impaired at this date. This impairment is shown in the "Goodwill Impairment" item in the income statement. It is based on the marked slow-down in the business as well as the worsened economic prospects in the Spanish advertising market, and the level of losses incurred by this CGU.

No impairment was recognised in 2007.

Moreover, as described in note 3.1, the liability recognised for commitments to buy out minority shareholders is offset by a decrease in minority interest and an increase in goodwill for the balance. The subsequent variation in the value of the commitment is recognised by adjusting the amount of the goodwill. At 31 December 2008, this commitment was adjusted to take into account the buyback of one of the founding partners' stake in a subsequent period. This resulted in a net decrease of goodwill of 6.1 million euros (see note 28 and note 36).

**NOTE 14 OTHER INTANGIBLE FIXED ASSETS**

(in thousands of euros)	31 December 2008			31 December 2007		
	Gross value	Accumulated amortisation	Net value	Gross value	Accumulated amortisation	Net value
ERP & Applications support	56,771	(42,359)	14,412	49,970	(33,440)	16,530
Annuaire <i>concession</i>	11,000	(8,250)	2,750	11,000	(5,500)	5,500
Other intangible fixed assets	4,891	(895)	3,996	5,885	(1,787)	4,098
<b>TOTAL</b>	<b>72,662</b>	<b>(51,504)</b>	<b>21,158</b>	<b>66,855</b>	<b>(40,727)</b>	<b>26,128</b>

No impairment was recognised at 31 December 2008 and 31 December 2007.

The changes in the net value of other intangible fixed assets break down as follows:

(in thousands of euros)	31 December 2008	31 December 2007
<b>Opening balance</b>	<b>26,128</b>	<b>28,016</b>
Acquisitions	2,635	3,744
Assets generated internally <sup>(1)</sup>	3,454	3,869
Effect of changes in scope of consolidation <sup>(2)</sup>	-	(326)
Translation differences	-	(1)
Reclassifications	128	1
Disposals	(105)	(335)
Amortisation charge	(11,082)	(8,840)
<b>Closing balance</b>	<b>21,158</b>	<b>26,128</b>

(1) Capitalised development expenses.

(2) Entry of A Ton Service and Horyzon Média into the scope of consolidation in 2007 and the divestment of Kompass France and Kompass Belgium.

## NOTE 15 TANGIBLE FIXED ASSETS

The changes in the net value of other tangible fixed assets break down as follows:

(in thousands of euros)	31 December 2008			31 December 2007		
	Gross value	Accumulated Depreciation	Net value	Gross value	Accumulated Depreciation	Net value
Land and buildings	1,530	(216)	1,314	1,530	(191)	1,339
Computers and terminals	38,972	(30,698)	8,274	37,475	(29,418)	8,057
Other assets	28,664	(18,265)	10,399	27,579	(16,571)	11,008
<b>TOTAL</b>	<b>69,166</b>	<b>(49,179)</b>	<b>19,987</b>	<b>66,584</b>	<b>(46,180)</b>	<b>20,404</b>

No impairment was recognised at 31 December 2008 and 31 December 2007.

The changes in the net value of other tangible fixed assets break down as follows:

(in thousands of euros)	31 December 2008	31 December 2007
<b>Opening balance</b>	<b>20,404</b>	<b>19,021</b>
Acquisitions of tangible fixed assets	5,980	8,820
Effect of changes in the scope of consolidation <sup>(1)</sup>	0	(1,294)
Translation differences	0	(2)
Reclassifications	0	(35)
Disposals and discards	(284)	(54)
Depreciation charge	(6,113)	(6,052)
<b>Closing balance</b>	<b>19,987</b>	<b>20,404</b>

(1) Entry of Horyzon Média and Horyzon Clics into the scope of consolidation in 2007 and the divestment of Kompass France and Kompass Belgium.



**NOTE 16 OTHER AVAILABLE-FOR-SALE ASSETS**

This section includes shares classified as assets available for sale within the meaning of IAS 39.

**NOTE 17 OTHER NON-CURRENT FINANCIAL ASSETS**

Other financial assets are comprised primarily of the long-term portion of security deposits and guarantees.

**NOTE 18 DERIVATIVE FINANCIAL INSTRUMENTS**

PagesJaunes Groupe uses derivative financial instruments to manage the rate risk associated with the variable rate debt the Company arranged in 2006. PagesJaunes Groupe has implemented the procedures and documentation necessary to justify the implementation of hedge accounting within the meaning of IAS 39.

➔ **Description of derivative financial instruments**

On 30 November 2006, PagesJaunes Groupe concluded with a number of financial establishments:

- an interest rate swap contract for a nominal amount of 380 million euros, commencing on 13 December 2006 and ending on 13 December 2011. As part of this operation, PagesJaunes Groupe receives interest at a variable rate (i.e. 3-month Euribor) and pays a fixed rate of 3.7830%;
- a collar, comprised of the synthetic combination of a cap purchase and a floor sale for a nominal amount of 1,140 million euros, commencing on 13 December 2006 and ending on 13 December 2011. The tunnel made up of this collar provides for a minimum interest rate of 3.0% and a maximum interest rate of 4.0%. The annual premium on this collar, payable in arrears, is 1.9 million euros.

These operations cover the cash flow related to the variable-rate debt arranged by PagesJaunes Groupe in November 2006 (see note 28). The prospective effectiveness tests carried out by PagesJaunes Groupe

when initiating these operations and the retrospective tests carried out on 31 December 2007 and 2008 demonstrated that these financial instruments offered fully effective hedging of the cash flows related to this senior debt.

Following the Group's decision to temporarily index its bank debt to 1-month Euribor, as allowed by the credit agreement in order to reduce the overall cost of its debt, an interest rate swap contract was concluded on 2 December 2008. The swap is for a nominal amount of 1,520 million euros and runs from 15 December 2008 to 13 March 2009. As part of this operation, PagesJaunes Groupe receives interest at the 1-month Euribor variable rate and pays the 3-month Euribor variable rate less 64 basis points. This contract hedges the 1-month Euribor interest rate risk. This instrument was considered ineligible for hedge accounting within the meaning of IAS 39.

➔ **Recognition of these derivative financial instruments and related assets and liabilities**

The initial fair value of the collar was recognised for 8.3 million euros in consolidated assets when it was concluded in December 2006, with an offsetting entry of 8.3 million euros in "Hedging instrument liabilities" (see note 28) corresponding to the discounted premium the Company will have to pay in five annual instalments. This debt amounted to 5.3 million euros at 31 December 2008 (6.8 million euros at 31 December 2007).

The value of these derivative financial instruments breaks down as follows:

(in thousands of euros)	31 December 2008	31 December 2007
Interest rate swap – cash flow hedge	(9,885)	8,515
Interest rate swap – fair value hedge	(1,165)	0
Collar – cash flow hedge	(14,233)	21,455
of which intrinsic value	(5,765)	14,551
of which time value	(8,468)	6,904
<b>TOTAL</b>	<b>(25,283)</b>	<b>29,970</b>

The change in the fair value of these derivative financial instruments (qualified as cash flow hedges) between 31 December 2007 and 31 December 2008 (i.e. an 18.4 million euros drop in the swap's intrinsic value and a 20.3 million euros drop in the collar's intrinsic value) was recognised in recyclable shareholders' equity, after recording a deferred tax asset of 13.3 million euros.

This drop was due to the sharp drop in short-term interest rates in the last quarter of 2008 (more than 200 basis points) and the continuing high level of volatility in short-term interest rates.

The 15.4 million euros change in the collar's time value was recorded in financial charges (see note 10), resulting in the recognition of deferred tax of 5.3 million euros.

The interest rate swap's value of 1.2 million euros (qualified as a fair value hedge) was recorded in financial expenses (deferred tax of 0.4 million euros).

No ineffectiveness was recorded for the cash flow hedges.

## NOTE 19 NET INVENTORIES

Inventories are primarily comprised of paper for the production of printed directories and work in progress relating to the production of advertisements (printed and online products) and websites.

Where necessary, they are written down when the commercial prospects suggest there is a risk they may be sold for less than their balance sheet value.

No significant discards were recognised in 2008 and 2007.

## NOTE 20 TRADE ACCOUNTS RECEIVABLE

The gross value and impairment of trade receivables break down as follows:

(in thousands of euros)	31 December 2008	31 December 2007
Gross trade accounts receivable	532,910	535,190
Provisions for impairment	(15,179)	(13,568)
<b>Net trade accounts receivable before statistic impairment</b>	<b>517,731</b>	<b>521,622</b>
Provisions for statistic impairment <sup>(1)</sup>	(4,282)	(3,632)
<b>Net trade accounts receivable</b>	<b>513,449</b>	<b>517,990</b>

(1) See note 23 – Changes in provisions for impairment of assets.

At 31 December, trade receivables were due as follows:

(in thousands of euros)	Total	Not due and not impaired	Overdue and not impaired <sup>(1)</sup>					
			< 30 days	between 31 and 60 days	between 61 and 90 days	between 91 and 180 days	between 181 and 360 days	> 360 days
2008	517,731	467,892	21,290	11,170	4,941	7,474	4,316	648
2007	521,622	479,867	19,476	10,766	3,731	4,422	2,827	533

(1) Did not give rise to a provision for individual impairment

The Group's trade receivables portfolio does not present a significant risk of concentration (there are nearly 788,000 advertisers, including 696,100 in France). PagesJaunes' first 20 advertisers in France represent 1.3% of this revenue as in 2007 and advertisers in the 10 leading professional categories represent 13.5% of PagesJaunes' revenues in France (14.1%

in 2007). Provisions for trade accounts receivable risks in France remain very low, with a net allocation rate of 0.289% of revenue for 2008 (0.245% in 2007).

**NOTE 21 OTHER CURRENT ASSETS**

Other current assets break down as follows:

(in thousands of euros)	31 December 2008	31 December 2007
VAT receivable	20,388	17,439
Sundry accounts receivable	93	675
Other current assets <sup>(1)</sup>	9,936	9,909
<b>TOTAL</b>	<b>30,417</b>	<b>28,023</b>

(1) Including advances and down payments to suppliers for 3.3 million euros in 2008 and 3.1 million euros in 2007.

**NOTE 22 PREPAID EXPENSES**

Prepaid expenses are primarily comprised of charges, including remuneration due, related to the sale of advertising insertions invoiced

for forthcoming online directories spread over a display period, which is generally 12 months.

**NOTE 23 CHANGES IN PROVISIONS FOR IMPAIRMENT OF ASSETS**

(in thousands of euros)	Opening balance	Net allowances/ releases	Other movements <sup>(1)</sup>	Closing balance
<b>2007</b>				
Trade accounts receivable	16,572	2,203	(1,575)	17,200
Other assets	522	(463)	29	88
<b>2008</b>				
Trade accounts receivable	17,200	2,791	(530)	19,461
Other assets	88	(239)	532	381

(1) Including the divestment of Kompass France and Kompass Belgium in 2007 for 1,575 million euros.

The receivables on forthcoming directories are also covered by a provision calculated based on a statistical rate observed empirically during the last 5 years of publications.

**NOTE 24 SHAREHOLDERS' EQUITY****➔ 24.1 Share capital**

At 31 December 2008, the PagesJaunes Groupe's share capital amounted to 56.2 million euros, divided into 280,984,754 ordinary shares with a par value of 0.20 euro each. It is fully paid up.

In 2008, the Company increased capital 0.1 million euros, by debiting this amount from other reserves, following the definitive free allocation of 340,304 shares on 20 November 2008 (see note 27.2.1).

In 2007, the Company had increased capital 75,534 euros through the creation of 377,670 new shares as part of the early exercise of PagesJaunes Groupe options.

PagesJaunes Groupe's share capital was 54.68% owned by Médiannuaire SAS at 31 December 2007 and 2008.

**➔ 24.2 Other reserves**

The other consolidated reserves amount to negative 2,521.5 million euros at 31 December 2007 (2,497.7 million euros at 31 December 2007) and are primarily comprised of:

- the loss in the fair value of derivative financial instruments between their conclusion date and 31 December 2008 for a before-tax total of 15.7 million euros (increase of 23.1 million euros at 31 December 2007) and a corresponding tax amount of 5.4 million euros (7.9 million euros at 31 December 2007);
- the offset entry for 54.6 million euros (53.2 million euros at 31 December 2007) of share-based payment expenses for the portion settled in treasury shares (see note 27);
- the portion of dividend distributions exceeding the earnings for the period, primarily concerning the exceptional distribution of 2,519.7 million euros carried out in November 2006.

The estimated time for recycling reserves related to financial instruments, generated as part of implementing hedge accounting according to IAS 39, is three years (maturity for these instruments).

### ➔ 24.3 Treasury shares

A liquidity agreement was put in place on 18 September 2008 with an investment service provider for a period ending on 31 December 2008. It was renewed for a period of one year. 8.0 million euros were allocated to implement the contract.

With respect to this contract at 31 December 2008, the Company held 580,606 of its own shares, recognised as a decrease in shareholders' equity, and 3.5 million euros of liquidities classified in the cash equivalents category.

In 2008, PagesJaunes Groupe did not buy back shares other than the liquidity agreement.

At 31 December 2007, there were no treasury shares.

### ➔ 24.4 Dividend

The dividend proposed to the 2009 General Shareholders' Meeting is 0.96 euro per share, which represents an estimated total of 269.4 million euros, excluding the future deduction for treasury shares. No liability was recognised for this dividend at 31 December 2008.

Dividend distributed on 14 May 2008 amounted to 269.4 million euros, or 0.96 euro per share.

In 2007, dividend distributed on 4 May amounted to 303.1 million euros, or 1.08 euro per share.

## NOTE 25 TRADE ACCOUNTS PAYABLE

Trade accounts payable do not bear interest and are usually payable between 30 and 60 days.

## NOTE 26 EMPLOYEE BENEFITS, PROVISIONS AND OTHER LIABILITIES

These items break down as follows:

(in thousands of euros)	31 December 2008	31 December 2007
Post-employment benefits	29,999	26,655
Other long-term benefits	6,459	6,181
<b>Employee benefits – non-current<sup>(1)</sup></b>	<b>36,458</b>	<b>32,836</b>
Other provisions for risks	1,061	1,258
Provisions for corporate and taxation disputes	3,358	4,400
<b>Provisions – non-current</b>	<b>4,419</b>	<b>5,658</b>

(1) See details in following note. Non-current employee benefits concern the French entities.

Provisions changed as follows:

(in thousands of euros)	31 December 2008	31 December 2007
Personnel <sup>(1)</sup>	80,938	79,559
Corporate bodies	41,780	38,765
<b>Total employee benefits – current</b>	<b>122,718</b>	<b>118,324</b>
VAT payable	95,310	94,567
Sundry accounts payable	7,941	8,429
Other current liabilities	1,390	2,020
<b>Other current liabilities</b>	<b>104,641</b>	<b>105,016</b>

(1) Primarily comprised of employee profit-sharing and provisions for salaries.

Provisions changed as follows:

(in thousands of euros)	Opening balance	Charge for the year	Reversal of the year (unused)	Reversal of the year (utilised)	Changes in the scope of consolidation, reclassifications and others	Closing balance
Provisions for social and fiscal litigations	4,660	168	(551)	(501)	(15)	3,761
Other Provision for risks	1,578	494	(121)	(698)	1	1,254
<b>TOTAL PROVISIONS</b>	<b>6,238</b>	<b>662</b>	<b>(672)</b>	<b>(1,199)</b>	<b>(14)</b>	<b>5,015</b>
- of which non current	5,658	501	(623)	(1,112)	(5)	4,419
- of which current	580	161	(49)	(87)	(9)	596

## Engagements de retraite et autres avantages du personnel

(in thousands of euros)	Post-employment benefits	Other long-term benefits	Total 31 December 2008	Total 31 December 2007
<b>Change in value of commitments</b>				
<b>Total value of commitments at start of period</b>	<b>44,212</b>	<b>6,182</b>	<b>50,394</b>	<b>44,744</b>
Cost of services rendered	2,575	428	3,003	3,014
Discounting cost	2,215	323	2,538	1,950
Contributions paid by employees	-	-	-	-
Amendments to scheme	-	-	-	-
Reductions/liquidations	-	-	-	-
Actuarial (gains) or losses	(2,528)	(264)	(2,792)	2,968
Benefits paid	(1,781)	(209)	(1,990)	(1,469)
Acquisitions	-	-	-	-
Assignments/transfers of activity	-	-	-	-
Changes in scope	-	-	-	(814)
Others: (translation differences)	-	-	-	-
<b>Total value of commitments at end of period (A)</b>	<b>44,693</b>	<b>6,459</b>	<b>51,152</b>	<b>50,393</b>
<i>Commitments at end of period relating to fully or partly financed schemes</i>	<i>43,694</i>	<i>-</i>	<i>43,694</i>	<i>43,102</i>
<i>Commitments at end of period relating to non-financed schemes</i>	<i>998</i>	<i>6,459</i>	<i>7,457</i>	<i>7,291</i>
<b>Change in cover assets</b>				
<b>Fair value of cover assets at start of period</b>	<b>1,542</b>	<b>-</b>	<b>1,542</b>	<b>1,287</b>
Financial income from cover assets	62	-	62	42
Gains/losses on cover assets	-	-	-	-
Contributions paid by the employer	2,000	-	2,000	1,489
Contributions paid by the employees	-	-	-	-
Reductions/liquidations	-	-	-	-
Benefits paid by the fund	(1,569)	-	(1,569)	(1,276)
Change in scope	-	-	-	-
Others (translation differences)	-	-	-	-
<b>Fair value of cover assets at end of period (B)</b>	<b>2,034</b>	<b>-</b>	<b>2,034</b>	<b>1,542</b>
<b>Financial cover</b>				
Situation of the scheme (A) – (B)	42,659	6,459	49,118	48,851
Unrecognised actuarial gains or (losses)	(12,660)	-	(12,660)	(15,783)
Unrecognised cost of past services	-	-	-	-
Adjustment linked to upper limit of assets	-	-	-	-
Provision / (assets) at end of period	29,999	6,459	36,458	33,068
<b>Pension charge</b>				
Cost of services rendered	2,575	428	3,003	3,014
Discounting costs	2,215	323	2,538	1,950
Expected return on scheme assets	(62)	-	(62)	(42)
Amortisation of actuarial (gains) or losses	595	(264)	331	1,268
Amortisation of cost of past services	-	-	-	-
Effect of reductions/liquidations	-	-	-	-
Assignments/transfers of activity	-	-	-	(17)
Adjustment linked to upper limit of assets	-	-	-	-
<b>Total pension charge</b>	<b>5,323</b>	<b>487</b>	<b>5,810</b>	<b>6,173</b>

(in thousands of euros)	Post-employment benefits	Other long-term benefits	Total 31 December 2008	Total 31 December 2007
<b>Provision/(assets) at start of period</b>	<b>26,887</b>	<b>6,182</b>	<b>33,069</b>	<b>29,374</b>
Pension charge	5,323	487	5,810	6,173
Pension charge from divested businesses	-	-	-	17
Contributions paid by the employer	(2,212)	(209)	(2,421)	(1,682)
Benefits paid directly by the employer	-	-	-	-
Change of scope	-	-	-	(814)
Others (goodwill)	-	-	-	-
<b>Provision/(assets) at end of period</b>	<b>29,999</b>	<b>6,459</b>	<b>36,458</b>	<b>33,068</b>
<b>Assumptions</b>				
Discount rate (%)	5.25%	5.25%	5.25%	4.75%
Expected long-term inflation rate (%)	2.5%	2.5%	2.5%	2.0%
Expected long-term salary growth (%)	Dependent on employee category and age			
Expected yield on scheme assets (%)	4.0%	-	-	-
Probable residual activity period	15.0	15.0	15.0	15.4
<b>AMOUNT ENTERED AS A CHARGE IN RESPECT OF THE PERIOD</b>	<b>5,323</b>	<b>487</b>	<b>5,810</b>	<b>6,173</b>

The expense recognised for defined contribution pension plans amounted to 26.0 million euros in 2008.

The 2.0 million euros contribution paid to the outside fund covers the estimated benefits payable for 2009.

The discount rate used to evaluate the commitments at 31 December 2008 was 5.25% versus 4.75% at 31 December 2007. This increase in the discount rate, intended to reflect the increase in long-term interest rates in 2008, decreases the amount of the commitment.

IAS 19 establishes the discount rate as being equal to the rate for bonds issued by first-class companies at a maturity equal to the commitment's maturity. If the market for these bonds is not liquid, the rate equals the corresponding French Government Bond rate (OAT).

In the Euro zone, the first-class (AA) private bond rates vary from 4.75% to 6.00% depending on the benchmarks (IBOXX, Bloomberg) at the evaluation date.

The present value of the obligation for these commitments and the adjustments in the scheme based on experience for the current year and the four previous years breaks down as follows:

(in thousands of euros)	2008	2007	2006	2005	2004
Total value of commitments at end of period	51,152	50,393	44,744	39,792	32,926
Fair value of cover assets at end of period	(2,034)	(1,542)	(1,287)	(1,612)	(1,920)
<b>Situation of the scheme</b>	<b>49,118</b>	<b>48,851</b>	<b>43,457</b>	<b>38,180</b>	<b>31,006</b>
actuarial (gains) / losses related to assets to experience - liabilities	190	(1 581)	-	-	-
actuarial (gains) / losses related to experience - the regime's assets	-	-	-	-	-

Consequently, the discount rate actually used in the present evaluation complies with IAS 19.

Sensitivity of the discount rate on post-employment benefits:

A 0.50% increase in the discount rate decreases the commitment in the order of 6%, or approximately 3 million euros, whereas a 0.50% decrease in the discount rate increases the commitment in the order of 7%, or approximately 3 million euros.

Sensitivity of the discount rate on other long-term benefits (long-service medals):

A 0.50% increase in the discount rate decreases the commitment in the order of 5% (less than 1 million euros), whereas a 0.50% decrease in the discount rate increases the commitment in the order of 5% (less than 1 million euros).

**NOTE 27 STOCK OPTIONS AND FREE SHARES****➔ 27.1 Stock options****27.1.1 Description of the plans**

The General Shareholders' Meeting of 12 April 2005 authorised the Board of Directors to implement a share option plan to the benefit of certain managers and employees of the Group, pursuant to Articles L. 225-177 and subsequent of the French Commercial Code, in order to associate them with the Group's development. This authorisation was granted for 38 months and the total number of stock options allocated by this resolution may not represent more than 2.0% of the Company's capital at the date of this Shareholders' Meeting (i.e. 5,575,792 options).

Thus, PagesJaunes Groupe implemented two share option subscription plans, the first on 28 June 2005 and the second on 20 December 2007.

The plan established in June 2005, totalling 3,796,800 options with an exercise price of 19.30 euros, is valid for 10 years. The options are fully vested after three years (i.e. on 30 June 2008).

The payment of an exceptional dividend by debiting the Company's free reserves on 24 November 2006 resulted in an adjustment to the exercise price and the number of shares granted, pursuant to Article L. 225-181 of the French Commercial Code. At 31 December 2008, in view of the early exercise of options following the change in control on 11 October 2006 and the adjustment to the exercise price and the number of options, along with the departures of employees, 3,020,328 options remained in circulation (3,190,829 in 2007) that can now be exercised at the adjusted exercise price of 11.72 euros.

A second plan was established in December 2007, totalling 2,927,900 options with an exercise price of 14.46 euros and valid for 10 years. The options are fully vested after 3 years. There are no performance

conditions attached. At 31 December 2008, there were 2,787,550 options in circulation.

For all plans, French tax laws forbid the sale of the shares for 4 years. This applies to French residents for tax purposes.

No new plan was granted in 2008.

**27.1.2 Description of the valuation models**

PagesJaunes Groupe has measured the fair value of the goods or services received during each period based on the fair value of the shareholders' equity instruments issued.

The fair values of the options in the PagesJaunes Groupe plan granted in December 2007 were calculated using a binomial model that reflects the expected exercise behaviour of grantees by means of "exercise ceiling" assumptions expressed as a multiple of the exercise price and that represents the value of the share at which it is expected all options will be exercised. The ceiling used to calculate the above fair values is 2.0. The expected volatility was established based on the historical volatility of the PagesJaunes Groupe share (i.e. 18%). Given an estimated annual departure rate of 3.0% before rights are opened and an estimated expected dividend rate of 5.0%, the fair value of a PagesJaunes Groupe option was measured at 1.61 euro for French resident taxpayers (1.62 euro for non-French residents) for an underlying price on the grant date of 13.65 euros and an exercise price of 14.46 euros. The allocation date for the valuation of the charge corresponds to the date of the Board of Directors' meeting that granted the options (i.e. 20 December 2007), the lead-time for informing the grantees having been considered as reasonable.

No new plan was granted in 2008.

**27.1.3 Changes in stock option plans during the year**

	Number of options in 2008	Weighted average exercise price 2008	Number of options in 2007	Weighted average exercise price 2007
<b>Options in circulation at start of period</b>				
December 2007 stock option plan	2,927,900	14.46€	-	-
June 2005 stock option plan	3,190,829	11.72 €	3,735,176	11.72€
<b>Options granted</b>				
December 2007 stock option plan	-	-	2,927,900	14.46€
June 2005 stock option plan	-	-	-	-
<b>Options exercised</b>				
December 2007 stock option plan	-	-	-	-
June 2005 stock option plan	-	-	(377,670)	11.72€
<b>Options cancelled. lapsed</b>				
December 2007 stock option plan	(140,350)	14.46€	-	-
June 2005 stock option plan	(170,501)	11.72€	(166,677)	11.72€
<b>Options in circulation at end of period</b>	<b>5 807 878</b>		<b>6 118 729</b>	
December 2007 stock option plan	2,787,550	14.46€	2,927,900	14.46€
June 2005 stock option plan	3,020,328	11.72€	3,190,829	11.72€

At 31 December 2008, the options in the June 2005 plan can be exercised. The average time left to run until the beginning of the exercise period is 24 months for the December 2007 stock option plan.

## ➔ 27.2 Allocation of free shares

### 27.2.1 Description of the plans

The Extraordinary Shareholders' Meeting of 19 April 2006 authorised the Board of Directors to implement a free share plan to the benefit of certain managers and employees of the Group, pursuant to Articles L. 225-197-1 to L. 225-197-5 of the French Commercial Code, in order to associate them with the Group's development. This authorisation was granted for a period of 38 months and the total number of free shares allocated free of charge with respect to this resolution may not represent more than 0.5% of the Company's capital on the date of this General Shareholders' Meeting (i.e. 1,393,948 shares).

The Board of Directors set the conditions for the first free share plan on 30 May 2006. This plan gave rise to the initial grant of 602,361 shares. A second plan to grant free shares was established on 20 November 2006 and resulted in the grant of 778,638 shares.

These shares will be fully vested at the end of a two-year vesting period, provided the beneficiary is still an employee or director in one of the Group companies and the performance conditions have been fulfilled. The performance conditions concern the achievement of Group growth criteria for consolidated revenue and consolidated gross operating margin for 2006 and 2007 in the case of the first plan and Group growth criteria for consolidated gross operating margin for 2007 and 2008 in the case of the second plan.

The beneficiaries lost the entire grant of 30 May 2006 for failure to achieve the performance criteria set by the Board of Directors for 2006 and 2007.

Regarding the grant of 20 November 2006, since the performance criteria established were only achieved for one of the two years, only 50% of this grant's rights were fully vested. In view of beneficiaries that departed, 340,304 shares were fully vested by the beneficiaries at 20 November 2008, which resulted in a 0.1 million euros capital increase by debiting other reserves.

### 27.2.2 Description of the valuation models

No new plan to allocate free shares was granted in 2008.

## ➔ 27.3 Expense relating to stock option plans and free share allocations

The impact of the stock option plans and free share allocations on the income statement for 2008 amounted to 1.5 million euros (5.2 million euros in 2007, including 0.8 million euros for social security contributions). The social security contributions are related to the early exercise of stock options in 2007 and the employer's contribution of 10%, introduced by the 2008 law for Social Security financing and based on the fair value of shares granted in December 2007.

The plan is to settle these plans with equity instruments.

## NOTE 28 CASH AND CASH EQUIVALENTS, NET FINANCIAL DEBT

The net financial debt corresponds to the total gross financial debt plus or minus derivative asset and liability instruments for cash flow hedging, less cash and cash equivalents.

(in thousands of euros)	31 December 2008	31 December 2007
Hedging instruments (see note 18)	-	29,970
Accrued interest not yet due	60	-
Cash and cash equivalents	88,977	71,245
<b>Cash position</b>	<b>89,037</b>	<b>101,215</b>
Bank borrowing	(1,950,000)	(1,950,000)
Debt costs	34,826	41,186
Fair value of hedging instruments	(25,283)	-
Liability in respect of hedging instruments (see note 18)	(5,301)	(6,792)
Accrued interest not yet due	(4,481)	(6,845)
Liability on committed purchase of minority interests	(3,112)	(8,700)*
Bank overdrafts	(532)	(16,709)
Other financial liabilities	(17,071)	(16,070)
<b>Gross financial debt</b>	<b>(1,970,954)</b>	<b>(1,963,930)</b>
of which current	(26,507)	(41,463)
of which non-current	(1,944,447)	(1,922,467)
<b>Net cash (debt)</b>	<b>(1,881,917)</b>	<b>(1,862,715)</b>

\* The debt on commitments to buy back minority interests was classified as "other non-current liabilities" in 2007 and therefore was excluded from net debt.



**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are primarily comprised of certificates of deposit, unit trusts and overdrawn bank accounts. They are valued as they are managed based on their fair value.

At 31 December 2008, cash equivalents amounted to 82.2 million euros, comprised of a certificate of deposit, two investment funds and unit trusts invested as part of the liquidity agreement.

**BANK LOAN**

PagesJaunes Groupe has bank financing for a maximum total of 2,350 million euros, which includes a medium-term loan of 1,950 million euros and a revolving credit line of approximately 400 million euros. The revolving credit line is intended to finance the Group's treasury requirements (working capital requirement, investments or refinancing) in the context of its operating activities and can be used as drawdowns, the issuance of letters of credit or the creation of bilateral lines.

This financing contract contains in particular default and mandatory prepayment clauses as well as adaptive financial covenants:

- the ratio of the consolidated net debt to an aggregate close to the consolidated gross operating margin must be less than or equal to 4.85 every quarter until 30 June 2009, 4.40 from 30 September 2009 to 30 June 2010, 4.25 at 30 September 2010, 4.00 from 31 December 2010 to 30 September 2011 and 3.75 thereafter (gross operating margin and consolidated net debt as defined in the agreement entered into with the financial institutions);
- the ratio of the consolidated net interest expense to an aggregate close to the consolidated gross operating margin must be less than or equal to 3.25 every quarter until 30 June 2009, 3.50 from 30 September 2009 to 30 June 2010, 3.75 from 30 September 2010 to 30 June 2011 and 4.00 thereafter (gross operating margin and consolidated net debt as defined in the agreement entered into with the financial institutions).

At 31 December 2008, these financial covenants were respected and not non-current debt needed to be reclassified current.

The changes in financial liabilities break down as follows:

(in thousands of euros)	31 December 2008	31 December 2007
Opening balance	1,963,930	1,939,447
Changes in scope of consolidation <sup>(1)</sup>	-	(57)
Net increase (decrease)	7,024	24,540
<b>Closing balance</b>	<b>1,970,954</b>	<b>1,963,930</b>

(1) Entry of A Ton Service for 0.1 million euros and divestment of Kompass France and Kompass Belgium for (0.2) million euros.

The medium-term loan matures in November 2013, with variable interest rate based on the 1-month Euribor reference rate and a margin of 150 basis points at 31 December 2008 (3-month Euribor and a margin of 175 basis points at 31 December 2007) and is reimbursable in full at maturity. The margin, which was 175 basis points at 31 December 2007, was reduced to 150 basis points at 31 December 2008, given the repurchase margin the Group enjoyed due to a financial lever less than 3.50 times an aggregate close to the gross operating margin.

The revolving line of credit has the same maturity, with the same variable interest rate at the Euribor or Libor reference rate with a margin of 150 basis points at 31 December 2008. This revolving line of credit had not been drawn on at 31 December 2007 and 2008.

**DEBT ON COMMITMENT TO BUY BACK MINORITY INTERESTS**

The debt on the commitment to buy back minority interests corresponds to purchase options granted in 2007 on the 34% balance of Horyzon Média's shares (see note 5). It amounts to 3.1 million euros, including 1.4 million euros at less than one year, versus 8.7 million euros in 2007. Note that it was classified in "other non-current liabilities" in 2007 and was therefore excluded from net debt.

At 31 December 2008, this commitment was adjusted to take into account the buyback of one of the founding partners' stake in a subsequent period. This resulted in a decrease of goodwill of 6.1 million euros (see note 13 and note 36).

Moreover, the expense corresponding to the discounted commitment was recognised as 0.5 million euros of financial expenses (see note 10).

**BANK OVERDRAFT**

The Group benefits from an authorised 20 million euros overdraft from its cash flow banks that carries interest based on Eonia +25 basis points.

**OTHER FINANCIAL LIABILITIES**

Other financial liabilities are primarily comprised of debit balances on a current account with PagesJaunes Outre-Mer, a non-consolidated subsidiary owned 100% by the PagesJaunes Groupe.

**NOTE 29 PREPAID INCOME**

Prepaid income consists primarily of the billing for advertisements in as yet unpublished directories and online directories spread over a display period that is generally 12 months.

**NOTE 30 FINANCIAL INSTRUMENTS****➔ 30.1 Financial instruments recorded on the balance sheet**

(in thousands of euros)	Breakdown according to IAS 39						Others
	Carrying amount in balance sheet	Fair value recognised in profit or loss	Derivative instruments (Fair value recognised in equity)	Available-for-sale assets	Loans and receivables (amortised cost)	Financial liabilities (amortised cost)	
Available-for-sale assets	207	-	-	207	-	-	-
Other non-current financial assets	967	-	-	-	967	-	-
Derivative financial instruments	-	-	-	-	-	-	-
Net trade accounts receivable	513,449	-	-	-	513,449	-	-
Other current financial assets	82	82	-	-	-	-	-
Cash equivalents	82,163	82,163	-	-	-	-	-
Cash	6,793	6,793	-	-	-	-	-
<b>Financial assets</b>	<b>603,661</b>	<b>89,037</b>	<b>-</b>	<b>207</b>	<b>514,416</b>	<b>-</b>	<b>-</b>
Non-current financial liabilities and derivatives	1,944,447	8,468	15,651	-	-	1,918,637	1,691
Bank overdrafts and other short-term borrowings	22,026	1,164	-	-	-	19,441	1,421
Accrued interest	4,481	-	-	-	-	4,481	-
Trade accounts payable	107,706	-	-	-	-	107,706	-
<b>Financial liabilities</b>	<b>2,078,660</b>	<b>9,632</b>	<b>15,651</b>	<b>-</b>	<b>-</b>	<b>2,050,265</b>	<b>3,112</b>

Hedging derivatives recorded at their fair value by shareholders' equity are detailed in note 18.

**➔ 30.2 Impact of financial instruments on earnings**

(in thousands of euros)	Breakdown according to IAS 39						Others
	Impact in profit and loss	Fair value recognised in profit or loss	Derivative instruments	Available-for-sale assets	Loans and receivables (amortised cost)	Financial liabilities (amortised cost)	
Interest income	3,376	3,376	-	-	-	-	-
Interest expenses	(134,778)	-	(16,536)	-	-	(118,242)	-
Gain (loss) on foreign exchange	-	-	-	-	-	-	-
Derecognition	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
<b>Net gain/(loss)</b>	<b>(131,402)</b>	<b>3,376</b>	<b>(16,536)</b>	<b>-</b>	<b>-</b>	<b>(118,242)</b>	<b>-</b>
Discounting cost	(3,384)	-	-	-	-	-	-
<b>Financial income</b>	<b>(134 786)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NOTE 31 OBJECTIVES OF THE GROUP'S FINANCIAL RISK AND SHARE CAPITAL MANAGEMENT POLICIES**

The Group's objective is to optimise its financial structure, whose main assessment criterion is the financial lever (ratio of net debt to gross operating margin), in order to reduce its capital cost while preserving financial flexibility so it can achieve its development plan.

The two main financial management objectives are:

- PagesJaunes Groupe, and the consolidated PagesJaunes Groupe, are net borrowers and in this context the PagesJaunes Groupe's first objective is to secure and thus limit its debt cost;
- since it generates significant cash flow based on the sales prospecting cycle and also due to interest paid on its debt and dividends payable to shareholders at different periods, the PagesJaunes Groupe produces

cash surpluses and may temporarily find itself in a cash surplus situation. As these surpluses are not expected to last over time, the Group's objective is to invest them at the highest interest rate possible, under conditions of very limited risk.

The Group is also careful to respect its commitments in its banking documentation that contains certain default and early demand for payment clauses. These clauses are tied in particular to respecting operating and financial arrangements such as the minimum hedging level for the net consolidated interest charge through an aggregate close to the consolidated gross operating margin (GOM) and the maximum lever, measured by ratio between the consolidated net debt and an aggregate close to the consolidated GOM.

The Group's objective is to maintain its financial lever at 3 to 4 times GOM. At 31 December 2008, this lever was 3.4 times GOM (3.6 times at 31 December 2007), a level clearly less than the maximum of 4.85 times set by the banking documentation (5.25 times at 31 December 2007).

In view of its financial structure, the Group is exposed to interest rate risks, liquidity risks and credit risks.

### ➔ Exchange rate risk

The PagesJaunes Groupe estimates that the exchange rate risk is not significant with regard to its activity, which is primarily carried out in the euro zone.

### ➔ Interest rate risk

The PagesJaunes Groupe is exposed to the risk of interest rate fluctuations since all of its short and long-term financing is at variable rates. The Group manages this risk through derivative instruments, mainly interest rate swaps and collars.

The main characteristics of the Group's bank debt are shown in note 28 (Cash and cash equivalents, net financial debt) and the main characteristics of the interest rate hedging instruments in note 18 (Derivative financial instruments – non-current assets).

The PagesJaunes Groupe estimates that a 1% increase in the short-term interest rates compared to the 3-month Euribor rate reported at 31 December 2008 (i.e. 2.892%) should lead to a decrease in the consolidated annual before-tax earnings in the order of 2.7 million euros.

(in millions of euros)	Cash equivalents	Bank loan and overdrafts	Net derivative financial instruments		Total
			Cash flow hedge	Fair value	
Carrying amount in balance sheet	89.0	(1,967.6)	-	(30.6)	
Sensitivity in profit and loss	0.9	(19.7)	5.0	11.0	<b>(2.7)</b>
Sensitivity in equity	-	-	-	15.9	<b>15.9</b>

### ➔ Liquidity risk

The PagesJaunes Groupe has set up centralised cash flow management with a cash pooling system that includes all of its French subsidiaries and is organised around a PagesJaunes Groupe pivot. This method of

managing liquidity combined with an internal reporting system enables the Group to anticipate and estimate future cash flows linked to the operational activity of its various subsidiaries, thereby optimising the draws on its credit lines for cash flow requirements and investments when it has cash surpluses.

Based on the maturities of financial liabilities as at 31 December 2008, the estimated cash disbursements for future periods, calculated based on the forward rate curve at 31 December 2008, are as follows:

(in millions of euros)	Carrying amount in balance sheet		2009	2009	2010	2011	2012	2013 and over	
	Assets	Liabilities	Variable interest	Reimbur.	Variable interest	Variable interest	Variable interest	Variable interest	Reimbur..
<b>Financial liabilities</b>									
Bank loan	-	(1,950.0)	(76.2)	-	(94.6)	(95.0)	(95.0)	(95.0)	(1,950.0)
Revolving credit line	-	-	-	-	-	-	-	-	-
Bank overdrafts	-	(0.5)	-	(0.5)	-	-	-	-	-
Accrued interest not yet due	-	(4.5)	(4.5)	-	-	-	-	-	-
Liability on committed purchase of minority interests	-	(3.1)	-	(1.4)	-	(1.9)	-	-	-
Other financial liabilities	-	(17.1)	-	(17.1)	-	-	-	-	-
<b>Interest rate risk hedging</b>									
Collars and swap	-	(30.6)	(17.6)	-	(4.5)	(4.4)	-	-	-
Forward rate (Euribor 3m)			2.16%		3.10%	3.12%	3.12%	3.12%	

### ➔ Credit risk

The PagesJaunes Groupe is exposed to credit risk, essentially in the context of its investments and interest rate hedging instruments. The PagesJaunes Groupe limits credit risk by selecting counterparts with a long-term rating higher than AA- (Standard & Poor's and/or Fitch IBCA) and Aa3 (Moody's). At 31 December 2008, the PagesJaunes Groupe's exposure for its investments amounted to 82.2 million euros (see note 28 – cash equivalents) and the market value of its derivative financial instruments negative (see note 18).

The procedure adopted by PagesJaunes Groupe for managing its financial operations also includes a limited list of authorised signatures outside of which the Managing Director's signature is compulsory. The banking documentation also limits the list of counterparts for interest rate hedging operations.

### ➔ Share risk

The PagesJaunes Groupe estimates that the share risk is not significant since the amount invested in treasury shares via the liquidity agreement remains limited and since its cash surplus investments are not exposed to risk on the securities markets.

Finally, the PagesJaunes Groupe has set the objective of distributing in 2009, for 2008, a dividend per share equal to the one distributed for 2007. It should be noted that the objective of this distribution in no way represents a firm commitment by the PagesJaunes Groupe and future dividends will depend on Group results, the Group's financial situation and on any other issues the Board of Directors and the PagesJaunes Groupe shareholders deem relevant.

## NOTE 32 INFORMATION ON RELATED PARTIES

### 32.1 Remuneration of members of the Executive Committee and the Board of Directors

The table below presents the remuneration of members of the PagesJaunes Groupe's Board of Directors, Executive Committee or the

Executive Committee of PagesJaunes at the close of each period or who had been members during such periods. The scope of this table also includes members representing employees on the Board of Directors of the PagesJaunes Groupe.

(In thousands of euros)	31 December 2008	31 December 2007
Short-term benefits <sup>(1)</sup>	4,966	4,879
<i>of which employer's contributions</i>	1,291	1,226
Post-employment benefits <sup>(2)</sup>	47	48
Other long-term benefits <sup>(3)</sup>	2	2
Termination benefits <sup>(4)</sup>	-	-
Equity benefits <sup>(5)</sup>	82	205
<b>TOTAL</b>	<b>5,098</b>	<b>5,134</b>

(1) Salaries, remuneration, profit-sharing and bonuses paid, social security contributions, paid leave, director's fees and recognised non-monetary benefits.

(2) Pensions, retirement and other benefits, life assurance, medical insurance, etc.

(3) Leave associated with length of service, sabbatical leave, long-term leave, deferred remuneration, profit-sharing and bonuses (if payable 12 months or more after the period-end).

(4) Redundancy benefits.

(5) "Share-based remuneration" including social contributions related to advance levies and allocations of stock options

### ➔ 32.2 Transactions with related parties

Service contracts were set in place in 2006 and 2007 with Médiannuaire, majority shareholder in the PagesJaunes Groupe. These contracts

generated a charge of 1.2 million euros for 2008 (3.2 million euros for 2007). The transactions form part of day-to-day operations.

## NOTE 33 CONTRACTUAL OBLIGATIONS AND OFF-BALANCE-SHEET LIABILITIES

Significant off-balance-sheet liabilities break down as follows:

Contractual obligations (in thousands of euros)	2008				2007
	Total	Payments due by period			Total
		Less than one year	From 1 to 5 years	More than 5 years	
<b>Simple leases</b>	<b>56,958</b>	<b>10,475</b>	<b>38,351</b>	<b>8,132</b>	<b>69,901</b>
Paper, printing, distribution <sup>(1)</sup>	7,534	7,534	-	-	7,792
Others	27,654	18,791	7,333	1,530	17,599
<b>Purchase obligations for goods and services</b>	<b>35,188</b>	<b>26,325</b>	<b>7,333</b>	<b>1,530</b>	<b>25,391</b>
<b>TOTAL</b>	<b>92,146</b>	<b>36,800</b>	<b>45,684</b>	<b>9,662</b>	<b>95,292</b>

(1) See details in table below.

The "Others" category includes all the firm orders placed at 31 December 2008 for goods and services deliverable in 2009.

Contingent liabilities (in thousands of euros)	2008				2007
	Total	Payments due by period			Total
		Less than one year	From 1 to 5 years	More than 5 years	
Guarantees	322	-	322	-	322

### ➔ Leasing contracts

PagesJaunes leases land, buildings, vehicles and materials. These contracts are due to mature at various dates over the next nine years.

Management believes that these contracts will be renewed or replaced at their termination by other contracts under normal business conditions.

The rent expense recorded in the income statement for operating leases amounted to 13.9 million euros in 2008 (15.9 million euros in 2007).

At the beginning of 2007, PagesJaunes renegotiated contracts for premises in Sèvres, permitting the Group to hold the lease directly with the owner. These leases were granted and accepted for a firm period of nine whole consecutive years starting 1st April 2007.

At 31 December 2008, the Group's commitment for all leasing contracts amounted to 57.0 million euros, including 10.5 million euros at less than one year.

### ➔ Commitments to purchase goods and services

#### Production of directories

As part of its activity of producing and distributing printed directories, the Group enters into contracts with its paper suppliers, printers and distributors. These may be single year or multi-year contracts.

PagesJaunes had entered into three-year contracts with three of its paper suppliers for 2007, 2008 and 2009. These contracts fix the price conditions granted for the period and state forecast order volumes for each of the years but without any minimum contract value. These contracts represent a volume of services estimated at 26 million euros at 31 December 2008, all of which is at less than one year.

In 2008, PagesJaunes also concluded new contracts with its printers for a five-year term that will expire on 31 December 2013. These new contracts don't include any commitment and represent a volume of services estimated at 34 million euros at 31 December 2008, including 4.8 million euros at less than one year.

Consequently, only firm orders placed as of 31 December 2008, with paper suppliers, content suppliers, printers and distributors, are recorded in off-balance-sheet liabilities at that date, for a total amount of 7.5 million euros.

These liabilities are detailed in the table below:

Contractual obligations (in thousands of euros)	2008				2007
	Total	Payments due by period			Total
		Less than one year	From 1 to 5 years	More than 5 years	
Paper	1,840	1,840	-	-	-
Printing	2,553	2,553	-	-	6,392
Distribution	1,532	1,532	-	-	1,004
Editorial content	1,609	1,609	-	-	396
<b>TOTAL</b>	<b>7,534</b>	<b>7,534</b>	<b>-</b>	<b>-</b>	<b>7,792</b>

### Employee Training Right (DIF)

Under the employee training right, for employees with a permanent work contract in the Group's French entities, 290,416 training hours were earned but not consumed at 31 December 2008 (compared to 235,694 hours at 31 December 2007). 6,614 training hours were claimed by employees in 2008 (4,305 hours in 2007).

### Other commitments given

On 14 March 2007, the PagesJaunes Groupe sold all of the shares of Kompass France and Kompass Belgium to Coface Services. In this context, the PagesJaunes Group gave a certain number of general guarantees to Coface Services, limited to 2.7 million euros, as well as specific guarantees related in particular to employee relations and fiscal risks, limited to a total of 7.7 million euros. The general guarantees expired null and void on 31 December 2008. The guarantees related to employees and officers will expire on 14 March 2009 and the fiscal guarantees will expire on 31 December 2010.

### Other commitments received

The PagesJaunes Group has a revolving credit line of about 400 million euros to cover the Group's cash flow requirements (working capital requirement, investments and refinancing) for its operating activities. This revolving line of credit had not been drawn on at 31 December 2008.

### Deconsolidation deals and ad hoc entities

The Group did not conduct any deconsolidation deals during the periods under review.

There are no contractual obligations towards ad hoc entities.

## NOTE 34 DISPUTES AND LITIGATION

At the beginning of 2002, PagesJaunes implemented a commercial development plan, including, in particular, the modification of the employment contracts of 930 sales representatives. This modification aims to adapt these contracts to a new competitive environment. Approximately 100 employees refused to sign the proposed new contract and were laid off during the second quarter of 2002. Almost all these employees commenced legal proceedings against PagesJaunes to contest the validity of the reason for the redundancies. The *Cour de Cassation*, in two judgments handed down on 11 January 2006, approved the commercial development plan. The *Cour de Cassation* ruled that economic redundancy following a reorganisation implemented to prevent future economic difficulties associated with technological developments was justified. On 14 February 2007, the *Cour de Cassation* passed a new judgment confirming the validity of the plan implemented by PagesJaunes. However, cases including claims based on grounds not settled by the above judgments and cases before the administrative jurisdictions are still pending. The 7.3 million euros provision constituted at the end of 2002 to cover this risk has been subject to several write-backs since 2006 in view of the favourable progress on this case. Consequently, the provision stands at 3.4 million euros at 31 December 2008.

An advertising agency (Publicom Méditerranée) commenced legal proceedings against PagesJaunes before the Commercial Court of Nanterre for abuse of dominant position, discriminatory practices and unfair competition. A judgment favourable to PagesJaunes was handed down on 24 September 2008. Publicom has appealed this decision.

In 2007 and 2008, PagesJaunes was summoned to appear before the *Conseils de Prud'Hommes* (French work and industrial tribunal) of Caen, Marseille and Lille at the instigation of the employees of ADREXO, responsible for delivering directories in certain French *départements*. The plaintiffs are complaining of unreported work and claim PagesJaunes is liable on grounds of financial solidarity. The proceedings before the Caen and Marseille CPHs are finished as the opposing parties have withdrawn their claims. The other proceedings have been crossed off administratively, but can be reintroduced within two years at the demand of the opposing parties.

In February 2008, PagesJaunes commenced proceedings against the *Xentral* and *L'Annuaire Universel* companies for infringement of the PagesJaunes brand by use of the online directory website "pagesjaunes.com," aimed at the French public.

In a judgment handed down on 28 May 2008, the Paris *Tribunal de Grande Instance* (court of first instance) found the *Xentral* and *L'Annuaire Universel* companies guilty of:

- infringement; and
- unfair competition.

This decision confirms PagesJaunes' rights to its historical brands, "PagesJaunes" and "Les PagesJaunes," whose validity had already been clearly recognised by the Paris Appeals Court in its ruling of 30 March 2005 and by the Court of First Instance of the European Communities

(CFI) in its decision of 13 December 2007. The *Xentral* and *L'Annuaire Universel* companies have appealed this decision.

*L'Annuaire Universel* has commenced proceedings against PagesJaunes before the Nanterre Commercial Court, asking the Court to cancel the various Pages Blanches brands on the grounds that they were commonly used in everyday and business language to designate alphabetical lists of subscribers, when they were filed. Even though it cannot yet exclude at this stage potential prejudicial sentences or consequences, progress in the proceeding and PagesJaunes's serious arguments give the company reason to foresee a favourable development in this case.

In addition, in common with other companies in this sector, the Group is frequently the subject of court proceedings brought in relation to errors in the publication of directories and other media. Generally the financial risk represented by each of these proceedings is relatively limited. However,

an increase in their number may constitute a significant risk for the Group. The number of such proceedings has declined constantly from 2001, was stable in 2006 and 2007, and is declining once again. At 31 December 2008, there were 15 cases pending for a total damages of 1.4 million euros. In the context of these cases, the Group is attempting to negotiate out-of-court settlements, which will significantly reduce the total final cost of these proceedings. However, there is no guarantee that these cases will not have an unfavourable impact on the Group's financial situation.

To the Company's knowledge, there is no other outstanding dispute, arbitration or exceptional fact liable to have, or having had in the last 12 months, a significant impact on the financial position or profitability of the Company and/or of the Group.

### NOTE 35 AUDITORS' FEES

(amounts in thousands of euros)	Ernst & Young				Deloitte			
	Amount		In % of fees		Amount		In % of fees	
	2008	2007	2008	2007	2008	2007	2008	2007
<b>Audit</b>								
Audit, statutory audit, certification and inspection of individual and consolidated accounts	378	364	98%	96%	437	414	99%	97%
- Including PagesJaunes Groupe	179	168	46%	44%	179	168	41%	39%
- Including fully consolidated subsidiaries	199	196	51%	52%	258	246	59%	58%
Other procedures and services in relation to the mission of the Company Auditors	9	14	2%	4%	3	13	1%	3%
- Including PagesJaunes Groupe	8	12	2%	3%	3	12	1%	3%
- Including fully consolidated subsidiaries	2	2	0%	1%	-	1	0%	0%
<b>Subtotal</b>	<b>387</b>	<b>378</b>	<b>100%</b>	<b>100%</b>	<b>439</b>	<b>427</b>	<b>100%</b>	<b>100%</b>
<b>Other services provided by the networks to fully consolidated subsidiaries</b>								
Legal, tax and social security -related	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>387</b>	<b>378</b>	<b>100%</b>	<b>100%</b>	<b>439</b>	<b>427</b>	<b>100%</b>	<b>100%</b>

### NOTE 36 EVENTS SUBSEQUENT TO CLOSING

Following the departure of one of Horyzon Média founders, PagesJaunes Groupe exercised the option available under the shareholders' agreement and increased its stake in this subsidiary from 66% to 95.83% on 15 January 2009 for a price of 1.4 million euros.

On 18 February 2009, PagesJaunes Groupe acquired from M6 34% of the shares comprising the capital of PagesJaunes Petites Annonces for 6.0 million euros. As a result it henceforth holds 100% of the share capital and voting rights of this subsidiary.

The Company's Board of Directors decided, during its session on 25 February 2009, that Michel Datchary's situation deviated from the AFEF/MEDEG recommendations regarding remuneration of company officers of companies whose shares are listed for trading on a regulated

market, on two points: the accumulation of corporate officer/employment contract and the terms of paying and calculating retirement benefits.

The Board of Directors had to take into account the fact that the end of Michel Datchary's employment contract would cause him to lose his rights to end-of-career bonuses (which are due upon retirement) and his rights to retirement benefits and non-competition compensation.

Consequently, Michel Datchary resigned his salaried duties in the Group on 25 February 2009 and two types of compensation were put in place: compensation applicable solely in case of a forced departure and compensation for the non-competition obligation.

The Board of Directors has decided that Michel Datchary will receive compensation in the event he is forced to leave the Company due to a

change in the Company's control or strategy (irrespective of the form of departure: dismissal, non-renewal or resignation). The amount of this compensation is equal to 21 months of remuneration calculated based on the average monthly total gross remuneration paid to Michel Datchary during the 12 calendar months preceding the date he ceases his duties.

The non-competition obligation will be implemented in case Michel Datchary ceases his mandate as Managing Director for any reason

and in any form whatsoever. This non-competition obligation will be applicable for a 24 months period and the corresponding compensation will equal 12 months of remuneration. This compensation will be due in any case.

The total of the departure compensation and this compensation shall in no case exceed 24 months of gross remuneration.

## NOTE 37 SCOPE OF CONSOLIDATION

Company	Country	As at 31 December 2008		As at 31 December 2007	
		Interest	Control	Interest	Control
<b>Fully consolidated companies</b>					
<b>PagesJaunes in France segment</b>					
PagesJaunes Groupe	France	100%	100%	100%	100%
PagesJaunes	France	100%	100%	100%	100%
<b>International &amp; Subsidiaries segment</b>					
QDQ Media	Spain	100%	100%	100%	100%
Eurodirectory	Luxemburg	100%	100%	100%	100%
Edicom	Morocco	100%	100%	100%	100%
PagesJaunes Marketing Services	France	100%	100%	100%	100%
Mappy	France	100%	100%	100%	100%
PagesJaunes Petites Annonces	France	66%	66%	66%	66%
Horyzon Média	France	66%	66%	66%	66%
Horyzon Clics <sup>(1)</sup>	France	-	-	66%	66%
A Ton Service <sup>(2)</sup>	France	-	-	66%	100%
<b>Proportionally consolidated companies</b>					
<b>International &amp; Subsidiaries segment</b>					
Editus	Luxemburg	49%	49%	49%	49%

(1) business merged in 2008 with Horyzon Média.

(2) business merged in 2008 with PagesJaunes Petites Annonces.



## 20.2 Financial statements of PagesJaunes Groupe

### ➤ Balance Sheet

(in thousands of euros)	Notes	Balance Sheet on 31 December				Change
		Gross	Amortizations and provisions	2008 net	2007 net	
<b>ASSETS</b>						
Intangible assets	3.1	264	(152)	113	201	(88)
Holdings	3.2	4,149,856	(91,719)	4,058,137	4,150,140	(92,003)
Receivables attached to holdings	3.2	13,700	(5,000)	8,700	15,962	(7,261)
<b>TOTAL FIXED ASSETS</b>		<b>4,163,821</b>	<b>(96,871)</b>	<b>4,066,950</b>	<b>4,166,302</b>	<b>(99,352)</b>
Advances and deposits		15		15	52	(37)
Customer receivables	3.3	232		232	1,024	(792)
Capital and fiscal receivables		403		403	10,802	(10,399)
Receivables on subsidiaries (fiscal integration)	3.9	15,328		15,328	18,076	(2,749)
Current accounts subsidiaries	3.4	7,534	(2,955)	4,579	4,546	33
Various receivables	3.3	533		533	1,082	(549)
Investment securities and own shares	3.4	86,228		86,228	67,376	18,851
Cash	3.4	467		467	181	286
Pre-paid expenses		55		55	250	(195)
<b>TOTAL CIRCULATING ASSETS</b>		<b>110,795</b>	<b>(2,955)</b>	<b>107,840</b>	<b>103,390</b>	<b>4,450</b>
<b>TOTAL ASSETS</b>		<b>4,274,616</b>	<b>(99,825)</b>	<b>4,174,790</b>	<b>4,269,692</b>	<b>(94,901)</b>

(in thousands of euros)	Notes	Balance Sheet on 31 December			Change	
		Gross	Amortizations and provisions	2008 net		2007 net
<b>LIABILITIES</b>						
Capital				56,197	56,129	68
Issue premium				82,951	82,951	-
Legal reserve				5,613	5,605	8
Other reserves				18,284	18,352	(68)
Retained earnings				1,021,709	1,070,928	(49,219)
Profit for the fiscal year				128,397	220,207	(91,811)
Regulated provisions				43	9	34
<b>SHAREHOLDERS' EQUITY</b>	<b>3.5</b>			<b>1,313,194</b>	<b>1,454,182</b>	<b>(140,988)</b>
Provision for charges				839	961	(122)
<b>PROVISIONS FOR RISKS AND CHARGES</b>	<b>3.6</b>			<b>839</b>	<b>961</b>	<b>(122)</b>
<b>Financial debt</b>	<b>3.7</b>			<b>2,841,451</b>	<b>2,808,454</b>	<b>32,996</b>
Borrowing and financial debts with banks				1,954,162	1,956,872	(2,710)
Miscellaneous borrowing and financial debts				582,534	583,026	(492)
Current accounts subsidiaries				304,472	268,462	36,009
Bank loans and overdrafts				282	94	189
<b>Operating debt</b>				<b>18,144</b>	<b>4,867</b>	<b>13,277</b>
Supplier payables and related accounts				1,602	976	626
Outstanding tax and social security contributions	3.9			16,542	3,891	12,651
<b>Other debts</b>				<b>1,162</b>	<b>1,227</b>	<b>(64)</b>
Subsidiary debt (fiscal integration)	3.9			256	418	(162)
Various debts				906	809	98
Deferred income				-	-	-
<b>TOTAL DEBT</b>				<b>2,860,757</b>	<b>2,814,548</b>	<b>46,209</b>
<b>TOTAL LIABILITIES</b>				<b>4,174,790</b>	<b>4,269,692</b>	<b>(94,901)</b>

## Income statement

(in thousands of euros)	Notes	Income statement on 31 December		
		2008	2007	Change
Provision of services	3.10	4,991	6,524	(1,533)
Related products	3.10	5	78	(74)
Write-back of provisions and expense transfers		218	9	209
Other income		15	0	15
<b>Operating income</b>		<b>5,228</b>	<b>6,610</b>	<b>(1,382)</b>
Purchases and provision of services		13	13	-
Non-stocked purchases, materials, and supplies		12	11	1
External services		849	837	12
Other external services		5,681	7,792	(2,111)
Taxes and similar payments		286	293	(7)
Salaries		3,937	3,819	118
Social expenses		1,559	1,596	(37)
Other costs		365	380	(15)
Allowances for provisions on circulating assets		88	64	24
Allowances for provisions on risks and charges		52	56	(5)
<b>Operating costs</b>		<b>12,842</b>	<b>14,861</b>	<b>(2,019)</b>
<b>Operating result</b>		<b>(7,615)</b>	<b>(8,251)</b>	<b>636</b>
Positive exchange difference		4	0	4
Holding income – dividend		334,621	313,521	21,100
Investment income on invested securities and receivables from fixed assets		3,903	2,858	1,045
Other income		14,180	4,648	9,531
Write-back of provisions		-	15,000	(15,000)
<b>Financial income</b>		<b>352,708</b>	<b>336,028</b>	<b>16,680</b>
Negative exchange difference		1	10	(8)
Interest payable and similar expenses		165,873	151,319	14,554
Allowances for provisions		99,718	35	99,683
Other financial costs		6,651	4,471	2,180
<b>Financial expenses</b>		<b>272,242</b>	<b>155,834</b>	<b>116,408</b>
<b>Financial income</b>	<b>3.11</b>	<b>80,465</b>	<b>180,194</b>	<b>(99,728)</b>
<b>Current results</b>		<b>72,851</b>	<b>171,943</b>	<b>(99,092)</b>
Exceptional income on capital operations and managed funds		-	42,300	(42,300)
Write-back of provisions and expense transfers		1	-	1
<b>Exceptional income</b>		<b>1</b>	<b>42,300</b>	<b>(42,299)</b>
Exceptional charges on capital operations and managed funds		284	48,888	(48,605)
Accelerated depreciation		35	9	26
<b>Exceptional expenses</b>		<b>319</b>	<b>48,897</b>	<b>(48,579)</b>
<b>Exceptional income</b>	<b>3.12</b>	<b>(318)</b>	<b>(6,597)</b>	<b>6,280</b>
Employee participation		-	-	-
Tax on benefits	3.9	(55,863)	(54,862)	(1,001)
<b>Net Income</b>		<b>128,397</b>	<b>220,207</b>	<b>(91,811)</b>

# PagesJaunes Groupe

## Annual accounts at 31 december 2008

### Appendix

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## 1 DESCRIPTION OF BUSINESS

PagesJaunes Groupe is a holding Company that owns subsidiaries which have offered a diversified range of products and services to the general public and businesses for over 60 years. The Group's core business is directories in France and abroad.

The accounts set out below are for the twelve month period from 1 January 2008 to 31 December 2008.

## 2 ACCOUNTING RULES AND METHODS

Accounting conventions have been applied in adherence to the principle of prudence and in accordance with certain basic assumptions: continuity of operations, consistency of accounting methods from one fiscal year to the next, independent fiscal years, and conformance to general rules for preparing and setting out annual accounts.

PagesJaunes Groupe's annual accounts have been prepared in accordance with applicable legislation and generally accepted practice in France and in conformance with the CRC regulation dated 29 April 1999 relating to the rewriting of the General Chart of Accounts.

The principal methods are described below.

Figures are stated in thousands of euros (k€).

### ➔ 2.1 Principles used for income and costs

Income and costs are accounted for in accordance with the General Chart of Accounts.

### ➔ 2.2 Intangible assets

Intangible assets include software packages, which are amortized over three years on a pro rata basis.

### ➔ 2.3 Holdings and other fixed investments

Holdings are booked at their historic acquisition cost by PagesJaunes Groupe. This includes, where applicable, any costs directly chargeable to the transaction.

A provision for depreciation is recorded if this value is higher than the going concern value, as assessed by Management of PagesJaunes, based on various criteria such as market value, growth and profitability prospects, and shareholders' equity, taking into account the specific nature of each holding.

The going-concern value is determined using the discounted cash-flow method with net debt re-stated. This is determined as follows:

- cash flow projections are based on business plans established over an appropriate timeframe of between five and 10 years;
- beyond this timeframe, the flows are extrapolated by applying a perpetual-growth rate reflecting the expected rate of long-term growth of the market and specific to each business;
- the cash flows obtained are discounted using appropriate rates for the type of business and the countries concerned.

### ➔ 2.4 Customer receivables

Provisions are raised based on an assessment of the risk of non-collection of receivables. Provisions are based on individual or statistical assessment of the risk of non-collection.

### ➔ 2.5 Liquid assets and investment securities

Cash at 31 December 2008 consisted of immediately available liquid assets and short-term investments with a term to maturity of three months or less at their acquisition date. Investment securities may be provisioned based on the last available price at the close of the fiscal year.

### ➔ 2.6 Provisions for risks and charges

French legislation provides for compensation to be paid to employees when they retire, depending on their length of service and salary at retirement age. The actuarial differences relating to post-employment benefits will be treated in accordance with the corridor method, which consists of recognizing a specified portion of the net cumulative actuarial gains and losses that exceed 10% of the greater of the present value of the commitment and the value of plan assets, over the average expected remaining working lives of the employees participating in the plan.

This provision is calculated on the basis of an actuarial assessment, and takes into account various parameters:

- the mortality tables used are "male generation mortality tables" (TGH 05) for the male population and "female generation mortality tables" (TGF 05) for the female population;
- the employee turnover rates used, which vary depending on length of service with the Company, age, and socio-professional category;
- retirement age, set at 63 for management and 61 for sedentary employees, technicians, and supervisors;
- salary increase tables, which are defined based on age and socio-professional category;
- the discount rate, which is set at 5.25% for 2008 costs;
- the likely residual term, which is set at 13.32 years.

Other risk provisions are based on the best possible estimate of risks incurred by PagesJaunes Groupe.

## ➔ 2.7 Financial income

The financial income is mainly made up of:

- dividends;
- interest charges related to borrowings;
- interest on debit and credit balances in current accounts with the Group's subsidiaries;
- capital gain and loss on shareholders' equity held via the liquidity contract;
- income and expenditure made up of short-term investments, including those held via the liquidity contract;

- allowances and write-back of provisions for depreciation on securities and receivables.

## ➔ 2.8 Corporation tax

Under the terms of the tax integration agreement entered into by PagesJaunes Groupe and its subsidiaries which are members of the Group for tax purposes, tax savings are taken into account by the parent Company, PagesJaunes Groupe, as results for the year.

As at 31 December 2008, the tax group of which PagesJaunes Groupe is the parent Company included 7 companies.

### 3 ADDITIONAL INFORMATION CONCERNING THE BALANCE SHEET AND INCOME STATEMENT

#### ➔ 3.1 Intangible assets

Gross	31 December 2007	Acquisition and entry changes	Reduction and entry changes	31 December 2008
Software applications	264	-	-	264
<b>GROSS TOTAL</b>	<b>264</b>	<b>-</b>	<b>-</b>	<b>264</b>
Amortization	31 December 2007	Allowances	Write-backs	31 December 2008
Software applications	64	88	-	152
<b>TOTAL AMORTIZATION</b>	<b>64</b>	<b>88</b>	<b>-</b>	<b>152</b>

### ➔ 3.2 Holdings and receivables attached to holdings

The analysis of changes in holdings and related receivables is as follows:

(in thousands of euros)	% interest	Value gross	Fiscal year ending 31 December		
			2008		2007
			Provision	Net book value	Net book value
<b>Holdings</b>					
PagesJaunes	100%	4,005,038	-	4,005,038	4,005,038
QDQ Media	100%	91,719	(91,719)	-	91,719
Mappy	100%	10,048	-	10,048	10,048
PagesJaunes Marketing Services	100%	7,275	-	7,275	7,275
Edicom	100%	5,450	-	5,450	5,450
Euro Directory	100%	14,707	-	14,707	14,707
PagesJaunes Petites Annonces	66%	5,000	-	5,000	5,000
Horyzon Média	66%	10,428	-	10,428	9,157
Horyzon Clics	-	-	-	-	1,555
PagesJaunes Outre-mer	100%	76	-	76	76
Cristallerie 2	100%	38	-	38	38
Cristallerie 3	100%	38	-	38	38
Cristallerie 4	100%	38	-	38	38
<b>TOTAL</b>		<b>4,149,856</b>	<b>(91,719)</b>	<b>4,058,137</b>	<b>4,150,140</b>
<b>Receivables attached to holdings</b>					
<b>QDQ Media</b>		5,000	(5,000)	-	7,000
PagesJaunes Petites Annonces		8,700	-	8,700	8,700
Accrued interest not yet due		0	-	0	262
<b>TOTAL</b>		<b>13,700</b>	<b>(5,000)</b>	<b>8,700</b>	<b>15,962</b>

Changes during the year were as follows:

A takeover of Horyzon Clics by Horyzon Média took place in June with retroactive effect from 1 January 2008. This merger gave rise to a merger loss of 284,000 euros recognized in non-recurring expenses.

The QDQ Media participating interests were depreciated at 100% of their value. This is related to the marked slowdown in business for this subsidiary and to the deteriorated prospects for the Spanish advertising market. It is the same for the debt attached to these securities.

### ➔ 3.3 Customer receivables, provisions for impairment of receivables, and miscellaneous receivables

(in thousands of euros)	Fiscal year ending 31 December	
	2008	2007
Gross customer receivables	232	1,024
Provisions for impairment	-	-
<b>Net customer receivables</b>	<b>232</b>	<b>1,024</b>

These receivables include those related to services billed by PagesJaunes Groupe to its subsidiaries.

All customer receivables and miscellaneous receivables are due in less than one year.

### ➔ 3.4 Cash, investment securities, current accounts, and financial debts

(in thousands of euros)	Fiscal year ending 31 December	
	2008	2007
Current account, Horyzon Média	303	-
Current account, Horyzon Clics	-	468
Current account, Mappy	1,729	1,364
Current account, PagesJaunes Marketing Services	2,547	2,714
Current account QDQ Media	2,955	-
<b>Sub-total, current accounts</b>	<b>7,534</b>	<b>4,546</b>
Shareholders' equity	4,174	-
Other investment securities	82,053	67,376
Cash	467	181
<b>Cash, investment securities, and current accounts</b>	<b>94,228</b>	<b>72,103</b>
Borrowing and financial debts with banks	1,950,000	1,950,000
Accrued interest not yet due	4,162	6,872
<b>Sub-total of loans and borrowings from banks</b>	<b>1,954,162</b>	<b>1,956,872</b>
Financial debt and borrowings with Group companies	580,000	580,000
Accrued interest not yet due	2,534	3,026
<b>Sub-total of intra-group loans and borrowings</b>	<b>582,534</b>	<b>583,026</b>
Current accounts subsidiaries	304,472	268,462
Other financial debt	282	94
<b>Gross financial debt</b>	<b>2,841,450</b>	<b>2,808,454</b>
<i>Due in less than one year</i>	<i>461,450</i>	<i>858,454</i>
<i>Due in more than one year</i>	<i>2,380,000</i>	<i>1,950,000</i>
<b>Net cash (debt)</b>	<b>(2,747,222)</b>	<b>(2,736,351)</b>

#### Investment securities and liquidity contract

As at 31 December 2008, PagesJaunes Groupe held a portfolio of investment securities made up of:

- mutual funds with an acquisition value of 48,600,000 euros; the liquid value on 31 December 2008 was 48,614,000 euros, namely a latent capital gain of 14,000 euros;
- a certificate of deposit for which the acquisition value was 30 million euros;
- shares in mutual funds held via the liquidity contract (see below), for which the acquisition value stood at 3,449,000 euros and the liquid value stood at 3,465,000 euros, namely a latent capital gain of 16,000 euros.

A liquidity contract was implemented on 18 September 2008 with a provider of investment services, for a period terminating on 31 December 2008; it was renewed for one year. The resources assigned to implementing the contract stood at 8 million euros.

Under this contract, the Company held 580,606 of its own shares on 31 December 2008 for a cost price of 4,174,000 euros, and shares in mutual funds for 3,449,000 euros. These two items are recognized as investment securities.

Under this contract, the Company bought 1,353,170 of its own shares and sold 772,564 during the 2008 fiscal year.

#### Borrowing and debt with banks

PagesJaunes Groupe has a bank finance agreement for a total maximum amount of 2350 million euros made up of a medium-term loan of 1950 million euros and a revolving credit line of 400 million euros. The revolving credit line is intended to finance the Group's cash flow requirements (working capital requirement, investments, or refinancing) in the context of its operating activities and is available in the form of drawings, letters of credit, or bilateral lines.

The medium-term loan matures in November 2013, with interest at a variable rate based on the Euribor one month and a margin of 150 basis points as at 31 December 2008 (Euribor three month and a margin of 175 basis points on 31 December 2007). It is repayable in full at maturity. The margin, which was 175 basis points on 31 December 2007, went to 150 basis points on 31 December 2008, due to the margin ratchet that the company benefits from because of financial leverage less than 3.50 times a close aggregate of Gross Operating Margin.

Interest accrued and not yet due on the loan was 4,162,000 euros on 31 December 2008, as against 6,872,000 euros at the end of December 2007.

The revolving credit line has the same maturity, with interest at a variable Euribor rate, increased by a margin of 150 basis points on 31 December 2008. This credit line was not drawn as at 31 December 2007 and 2008.



### Financial debt and borrowings with Group companies

PagesJaunes Groupe has taken out two loans with its subsidiary PagesJaunes, one for 430 million euros and the other for 150 million euros, namely a total of 580 million euros. Both these loans, which were put in place on 1 September 2006 and 23 November 2006 respectively, bear interest at a margin over the three-month EURIBOR rate. Partial or full early repayment may be made on the borrower's or lender's initiative, subject to prior notice. The loan of 150 million euros was renewed in 2008 for one year. The interest on the 430 million euros loan went from Euribor three month plus 40 basis points to EURIBOR three month plus 90 basis points. The maturity of this loan is set at 18 December 2012.

Interest accrued and not yet due on the two loans was 2,534,000 euros on 31 December 2008 against 3,026,000 euros on 31 December 2007.

## ➔ 3.5 Share capital and changes in shareholders' equity

### Share capital

The share capital of PagesJaunes Groupe stood at 56,196,951 euros on 31 December 2008. It is made up of 280,984,754 shares with a nominal value of 0.20 euro.

Date	Description	Number of shares	Unit value	Capital in K€
31 December 2007	Capital at start of fiscal year	280,644,450	0.20	56,129
20 November 2008	Capital increase by deduction from other reserves following definitive bonus share issue	340,304	0.20	68
31 December 2008	Capital at end of fiscal year	280,984,754	0.20	56,197

During 2008, the Company carried out a capital increase of 68,000 euros, by deduction from other reserves for the same amount, following the definitive bonus issue of 340,304 shares on 20 November 2008 (see below).

### Share subscription options

The Board of Directors was authorized on 12 April 2005 at the General Shareholders' Meeting to implement a share option plan to the benefit of certain managers and employees of the Group, in accordance with Articles L. 225-177 and subsequent of the Commercial Code, in order to associate them with the Group's development. Such authorization was granted for 38 months and the total number of stock options allocated in the context of this resolution may not represent more than 2.0% of the Company's capital at the date of this Shareholders' Meeting, i.e. 5,575,792 options.

Thus, PagesJaunes Groupe implemented two share option subscription plans, the first on 28 June 2005 and the second on 20 December 2007.

The plan implemented in June 2005 was for 3,796,800 options with an exercise price of 19.30 euros, and a 10 year duration. Acquisition of options is completed after three years, namely 30 June 2008.

The payment of an extraordinary dividend out of the Company's free reserves on 24 November 2006 gave rise to an adjustment of the exercise price and the number of options granted, in accordance with Article L. 225-181 of the Commercial Code. As at 31 December 2008, taking into account the early exercise of options following the change of control that took place on 11 October 2006, the adjustment of the exercise price and number of options and, finally, employee departures, there remained 3,020,328 options in circulation (3,190,829 in 2007), henceforth exercisable, for which the adjusted exercise price was 11.72 euros.

A second plan was introduced in December 2007, totaling 2,927,900 options with an exercise price of 14.46 euros and a lifetime of 10 years. Acquisition of options is completed after three years. There are

### Current accounts

Other current accounts with subsidiaries arise from cash agreements drawn up with each, bearing interest at EONIA plus a margin of 1/16, if PagesJaunes Groupe is the lender or EONIA minus a margin of 1/16 if the Company is the borrower.

A provision for depreciation of 2,955,000 euros has been constituted on the entire current account of QDQ Media, bearing in mind the deteriorated prospects of this subsidiary.

All receivables related to current accounts are due in less than one year.

no performance conditions. As at 31 December 2008, 2,787,550 options remained in circulation.

Whatever the plans, a four-year share sale restriction period is required by the tax authorities, and is applicable to those resident in France for tax purposes.

No new plan was granted in 2008.

### Bonus shares

The Board of Directors was authorized by the extraordinary General Meeting of 19 April 2006 to implement a bonus share plan on behalf of a number of directors and employees of the Group, within the meaning of Articles L. 225-197-1 to L. 225-197-5 of the Commercial Code, in order to involve them in the development of the Group. This authorization was granted for a period of 38 months and the total number of bonus shares allocated under this resolution may not account for more than 0.5% of the Company's capital at the date of said General Shareholders' Meeting, i.e. 1,393,948 shares.

The Board of Directors drew up the conditions for the first bonus share issue plan on 30 May 2006. This plan gave rise to the initial grant of 602,361 shares. A second bonus share issue plan was decided on 20 November 2006 and gave rise to the granting of 778,638 shares.

These shares will be finally vested at the end of a vesting period of two years, provided that the beneficiary is still an employee or director of the Group and performance conditions are fulfilled. The performance conditions concern the achievement of criteria for growth in consolidated revenues and growth in consolidated gross operating margin for the 2006 and 2007 fiscal years, in the case of the first plan, and criteria for growth in consolidated gross operating margin for the 2007 and 2008 fiscal years, in the case of the second plan.

The total assignment of 30 May 2006 was lost by the recipients, because the performance criteria set by the Board of Directors for the 2006 and 2007 fiscal years were not met.

Concerning the assignment of 20 November 2006, as the performance criteria were only reached for one of the two years, only 50% of the rights resulting from this assignment have been vested. Taking into account

the departures which occurred, 340,304 shares were definitively vested for the beneficiaries on 20 November 2008, leading to a capital increase of 68,000 euros by deduction from other reserves.

### Changes in shareholders' equity

The following is an analysis of the changes in PagesJaunes Groupe shareholders' equity during the 2008 fiscal year:

Changes in shareholders' equity		(in thousands of euros)
<b>Shareholders' equity at 31 December 2007</b>		<b>1,454,181</b>
2008 results		128,397
Dividends paid for 2007		(269,419)
2007 distributable profit assigned to legal reserve		(8)
Increase in legal reserve		8
Capital increase by deduction from other reserves		68
Other reserves		(68)
Regulated provisions		34
<b>Shareholders' equity at 31 December 2008</b>		<b>1,313,194</b>

## ➔ 3.6 Provisions for risks and charges

(in thousands of euros)	Post-employment benefits	Other long-term benefits	Total 31 December 2008	Total 31 December 2007
Change in value of liabilities				
<b>- Total value of liabilities at start of period</b>	<b>911</b>	<b>56</b>	<b>967</b>	<b>778</b>
- Cost of services provided	43	4	47	45
- Discounting cost	41	3	44	35
- Contributions paid by employees	-	-	-	-
- Change to benefits scheme	-	-	-	-
- Reductions/liquidations	-	-	-	-
- (Gains) or actuarial losses	33	5	38	112
- Benefits paid for	(212)	(6)	(218)	(3)
- Acquisitions	-	-	-	-
- Business disposals/sales	-	-	-	-
- Change in scope:	-	-	-	-
- Others: (translation differences)	-	-	-	-
<b>- Total value of liabilities at end of period. (A)</b>	<b>817</b>	<b>61</b>	<b>878</b>	<b>967</b>
- Period-end liabilities pertaining to fully or partly funded schemes	-	-	-	-
- Period-end liabilities pertaining to non-funded schemes	817	61	878	967
Change in hedge assets	-	-	-	-
<b>- Fair value of hedge assets at start of period</b>				
- Financial income on hedge assets	-	-	-	-
- Gains/losses on hedge assets	-	-	-	-
- Employer contributions paid	-	-	-	-
- Contributions paid by employees	-	-	-	-
- Reductions/liquidations	-	-	-	-
- Benefits paid for by fund	-	-	-	-
- Change in scope	-	-	-	-
- Other (translation differences)	-	-	-	-

(in thousands of euros)	Post-employment benefits	Other long-term benefits	Total 31 December 2008	Total 31 December 2007
<b>- Fair value of hedge assets at start of period: (B)</b>	-	-	-	-
Financial cover				
- Financial position of scheme (A) – (B)	817	61	878	967
- Unrecognized actuarial gains (losses)	(39)	-	(39)	(6)
- Unrecognized past service costs	-	-	-	-
- Adjustment linked to asset ceiling	-	-	-	-
<b>- Provision/(Assets) at end of period</b>	<b>778</b>	<b>61</b>	<b>839</b>	<b>961</b>
Pension costs				
- Cost of services provided	43	4	47	46
- Discounting cost	41	3	44	35
- Expected return on scheme assets	-	-	-	-
- Amortization of actuarial losses (gains)	-	4	4	14
- Amortization of past service costs	-	-	-	-
- Impact of reductions/liquidations	-	-	-	-
- Business disposals/sales	-	-	-	-
- Adjustment linked to asset ceiling	-	-	-	-
<b>Total pension charge</b>	<b>84</b>	<b>11</b>	<b>95</b>	<b>94</b>
Changes in Provision (assets)				
<b>- Provision/(Assets) at beginning of period</b>	<b>905</b>	<b>56</b>	<b>961</b>	<b>870</b>
- Pension costs	84	11	(122)	91
- Employer contributions paid	(211)	(6)	-	-
- Benefits directly paid by employer	-	-	-	-
- Change in scope:	-	-	-	-
- Other (goodwill)	-	-	-	-
<b>- Provision/(Assets) at end of period</b>	<b>778</b>	<b>61</b>	<b>839</b>	<b>961</b>
<b>- Amount booked to income statement</b>	<b>(128)</b>	<b>6</b>	<b>(122)</b>	<b>91</b>

(in thousands of euros)	31 December 2007	Charge for the year	Write-back for the year (provision used)	31 December 2008
Pension and similar liabilities	961	95	218	839
<b>TOTAL PROVISIONS FOR RISKS AND COSTS</b>	<b>961</b>	<b>95</b>	<b>218</b>	<b>839</b>

The net impact of costs incurred may be broken down as follows:

(in thousands of euros)	Charge for the year	Write-back for fiscal year
Operating result	51	218
Financial income	44	-

Provisions for pension and similar liabilities include rights given by way of lump sum end-of-career compensation and “long-service medals”.

### ➔ 3.7 Debt maturity statement

(in thousands of euros)	Period ending 31 December 2008		
	Gross amount	At one year maximum	At more than one year
Borrowing and financial debts with banks	1,954,162	4,162	1,950,000
Financial debt and borrowings with Group companies	582,534	152,534	430,000
PagesJaunes current account	287,346	287,346	-
PagesJaunes Petites Annonces current account	83	83	-
Current-account PagesJaunes Outre-mer	17,043	17,043	-
<b>Sub-total, current accounts</b>	<b>304,472</b>	<b>304,472</b>	
Bank loans and overdrafts	282	282	-
Supplier payables and related accounts	1,602	1,602	-
Outstanding tax and social security contributions	16,542	16,543	-
Others	906	906	-
<b>TOTAL</b>	<b>2,860,500</b>	<b>480,501</b>	<b>2,380,000</b>

### ➔ 3.8 Income to be received and charges payable

Income to be received (in thousands of euros)	Fiscal year ending 31 December	
	2008	2007
Invoices to establish	198	12
Financial income to be received	78	787
<b>TOTAL</b>	<b>276</b>	<b>799</b>
Charges payable (in thousands of euros)	Fiscal year ending 31 December	
	2008	2007
Supplier payables and related accounts, invoices not received	1,436	877
Outstanding tax and social security contributions, VAT, taxes, salaries, and social security contributions payable)	2,442	2,468
Corporate tax on Group companies	14,100	-
<b>TOTAL</b>	<b>17,978</b>	<b>3,345</b>

### ➔ 3.9 Corporation tax

#### Fiscal integration

On 3 December 2004, PagesJaunes Groupe took up the option of placing itself under the tax system for groups of companies as set out in Article 223A and following of the General Tax Code. This option is effective for a renewable five-year period. Through this option, PagesJaunes Groupe accepts sole liability for corporation tax on the profits of the whole group formed by itself and the companies of which it directly or indirectly holds at least 95% of the capital, and which have agreed to be members of the group.

The subsidiaries integrated for tax purposes at 31 December 2008 were PagesJaunes, PagesJaunes Marketing Services, Cristallerie 2, Cristallerie 3, Cristallerie 4, Mappy, and PagesJaunes Outre-mer. This has enabled a tax integration gain of 55,863,000 euros to be recorded for 2008.

The corporate tax payable by Groupe PagesJaunes for 2008, after assignment of tax credits, stood at 140,113,000 euros. After deduction of part payments made in 2008 for 116,698,000 euros and the tax credit recognized on 31 December 2007 of 9,606,000 euros and after taking into account miscellaneous adjustments for 291,000 euros, the debt stood at 14,100,000 euros on 31 December 2008.

**Positions on the balance sheet**

(in thousands of euros)	Fiscal year ending 31 December	
	2008	2007
Fiscal integration current accounts – assets	15,328	18,076
Statement – Corporate tax receivable	-	9,606
Fiscal integration current accounts – liabilities	(256)	(418)
Statement – Corporate tax due	(14,100)	-
<b>Net balance-sheet position – assets/(liabilities)</b>	<b>972</b>	<b>27,264</b>

The current accounts for tax integration with the subsidiaries had a net balance of 15,072,000 euros on 31 December 2008. This balance is made up of the 2008 quota-share of corporate tax invoiced to these subsidiaries

and payable by each of them, under tax integration agreements signed on 8 December 2008, which replace those signed in 2004.

**Latent and deferred tax position**

(in thousands of euros)	Gross
<b>Reduction of future tax liability</b>	
Provision for lump sum end-of-career compensation	778
Others	9
<b>TOTAL</b>	<b>787</b>

Costs which were recorded in 2008 and during previous years, but which were added back into taxable profits, represent an amount of 787,000 euros as at 31 December 2008. Based on the company taxation

rate applicable at that date, this represents a 271,000 euros reduction in future tax liabilities.

**➔ 3.10 Breakdown of turnover**

Turnover stood at 4,996,000 euros in 2008 against 6,602,000 euros in 2007. It is broken down as follows:

(in thousands of euros)	Fiscal year ending 31 December	
	2008	2007
Assistance to subsidiaries	2,586	4,085
Re-invoicing of personnel expenses	2,405	2,439
Others	5	78
<b>REVENUES</b>	<b>4,996</b>	<b>6,602</b>

### ➔ 3.11 Financial income

The financial income is essentially composed of dividends received from subsidiaries for 334,621,000 euros in 2008 (313,521,000 euros in 2007), interest on loans and financial debts for 160,886,000 euros, as well as a provision on the securities, attached debt and current account of QDQ

Media for a total amount of 99,674,000 euros to take into account the marked slowdown in the subsidiary's business and the degraded economic prospects for the Spanish advertising market (see note 3.2). A total of 4,986,000 euros of QDQ Media's debt was also written off in 2008.

(in thousands of euros)	Fiscal year ending 31 December	
	2008	2007
Dividends	334,621	313,521
Financial income from derivative instruments	14,180	4,649
Other financial income	3,903	2,858
Write-back of provisions	-	15,000
Gain on foreign exchange	4	-
<b>Financial income</b>	<b>352,708</b>	<b>336,028</b>
Interest on miscellaneous borrowing and financial debts	160,886	151,319
Financial charges relative to derivative instruments	3,873	1,991
Other finance charges	2,778	2,480
Expenses for accretion of retirement commitments	44	35
Financial provisions	99,674	-
QDQ Media debt write-off	4,986	-
Exchange rate losses	1	10
<b>Financial charges</b>	<b>272,242</b>	<b>155,835</b>
<b>Financial income</b>	<b>80,465</b>	<b>180,194</b>

### ➔ 3.12 Exceptional income

The exceptional loss of 318,000 euros essentially includes the loss on the merger of Horyzon Média and Horyzon Clics at 284,000 euros and the

accelerated amortization of acquisition fees for the Horyzon companies at 35,000 euros.

(in thousands of euros)	Fiscal year ending 31 December	
	2008	2007
Disposal income	-	42,300
Write-back of provision and depreciation	1	-
<b>Exceptional income</b>	<b>1</b>	<b>42,300</b>
Loss on the purchase of securities arising as part of the merger between Horyzon Média and Horyzon Clics	284	-
Net book value of the shareholdings sold	-	48,884
Other exceptional costs on management operations	-	4
Other charges	35	9
<b>Exceptional charges</b>	<b>319</b>	<b>48,897</b>
<b>Exceptional income</b>	<b>(318)</b>	<b>(6,597)</b>

## 4 OTHERS

### ➔ 4.1 Off-balance-sheet commitments

#### **Statutory training rights (DIF)**

For 2008, any employee with at least one year's service as at 31 December 2008 is entitled to 20 hours' training under the DIF. These may be used with effect from 1 January 2009. This represents a commitment of 2045 hours for 2009 for the entire workforce. In relation to the 2008 fiscal year, 45 hours of DIF were used.

#### **Pledges on securities**

Under the terms of the bank finance contract described in note 3.4, the Company granted the lending banks a financial instruments account pledge covering all the PagesJaunes shares that it owns. This pledge is given by way of security for any and all amounts owed by the Company under the terms of the bank finance package (including capital, interest, fees, costs, and ancillary amounts).

In addition, the Company undertook to grant the lending banks a financial instrument account pledge relating to the shares of any subsidiary that might become a material subsidiary as defined in the finance contract, by way of security for any and all amounts owed by the Company (including capital, interest, fees, costs, and ancillary amounts).

#### **Interest rate derivatives**

On 30 November 2006, PagesJaunes Groupe entered into the following arrangements with various financial institutions:

- an interest-rate swaps contract, for a nominal amount of 380 million euros, beginning on 13 December 2006 and ending on 13 December 2011. As part of this transaction, PagesJaunes Groupe is a recipient of a variable rate, namely Euribor, and a payer of a fixed rate, namely 3.7830%;
- a collar, comprising the synthetic combination of the purchase of a cap and the sale of a floor with a nominal amount of 1140 million euros, commencing on 13 December 2006 and ending on 13 December 2011. The tunnel made up of this collar provides for a minimum interest rate of 3.0% and a maximum interest rate of 4.0%. The annual premium for this collar is 1,866,000 euros, payable in arrears.

These transactions serve to hedge the interest rate risk incurred on the variable rate debt put in place by PagesJaunes Groupe in November 2006 (see note 3.4). Both the interest on the interest rate swap and the premium payable on the collar are accounted for on a pro rata basis.

Following the Group's decision to temporarily index its debt on Euribor one month to reduce the overall cost of its debt, as allowed by the

credit agreement, an interest-rate swap contract was concluded on 2 December 2008. The swap is for a nominal amount of 1,520 million euros and runs from 15 December 2008 to 13 March 2009. As part of this operation, PagesJaunes Groupe is a recipient of a variable Euribor one month rate, and a payer of a variable Euribor three month rate, reduced by 64 basis points. This contract hedges the risk on the Euribor one month interest rate.

At 31 December 2008 PagesJaunes Groupe booked net financial income, net of premiums on the collars, of 10,307,000 euros on these transactions.

#### **Bank commitments**

PagesJaunes Groupe has a revolving credit line of 400 million euros. As at 31 December 2008 this revolving credit line, whose characteristics are described in paragraph 3.4, remained undrawn.

#### **Minority interest purchase commitment**

Following the purchase at the end of 2007 of 66% of the shares of Internet advertising companies (Horyzon Média and Horyzon Clics), purchase and sale options were respectively granted for the balance of 34% of the shareholdings. They are exercisable by both parties until 2011. Other than in the case of special events, the exercise price of these options is set according to a predetermined calculation formula based on the sales figures and the operating result for the financial year 2010.

#### **Other commitments given**

On 14 March 2007, PagesJaunes Groupe sold 100% of the share capital in Kompass France and Kompass Belgium to Coface Services. In this framework, PagesJaunes Groupe granted a number of general guarantees to Coface Services, capped at 2,700,000 euros, and specific guarantees in relation to business and tax risks capped at a total sum of 7,700,000 euros. The general guarantees expired on 31 December 2008. The guarantees relating to employees and Company Officers expire on 14 March 2009 and those relating to tax aspects on 31 December 2010.

### ➔ 4.2 Attendance fees and remuneration of Company Officers

Attendance fees stood at 365,000 euros for 2008 and 348,000 euros for 2007.

The remuneration allocated to Company Officers stood at 712,000 euros in 2008 and 678,000 euros in 2007.

### ➔ 4.3 Staff headcount

Average equivalent full-time	Fiscal year ending 31 December	
	2008	2007
Managers	27.3	28.0
Administrative staff	2.8	2.8
<b>TOTAL</b>	<b>30.1</b>	<b>30.8</b>

#### ➔ 4.4 Related companies

On 31 December 2008, as on 31 December 2007, PagesJaunes Groupe was 54.75% owned by Médiannuaire SAS.

In this context, the following are the details of the income, expenditure, assets, and liabilities recognized in 2008 and 2007 with:

- Médiannuaire and Médiannuaire Holding, direct and ultimate majority shareholders of PagesJaunes Groupe;

- each of the subsidiaries of the PagesJaunes Groupe.

In 2008 PagesJaunes Groupe also booked a charge of 1,145,000 euros for current Médiannuaire services, as against 3,200,000 euros in 2007.

#### PagesJaunes Groupe companies

##### ➔ Fiscal year ending 31 December 2008

(in thousands of euros)						
Related companies	Provision of services	Income		Costs	Receivables	Payables
		Financial	Operation	Financial		
PagesJaunes <sup>(1)</sup>	3,376	-	494	39,375	143	603
QDQ Media <sup>(1)</sup>	768	394	-	5,001	40	-
PagesJaunes Marketing Services	262	115	36	-	7	11
Mappy	36	76	5	-	3	-
PagesJaunes Petites Annonces <sup>(1)</sup>	303	375	-	236	2	-
Horyzon Média	15	19	-	-	1	-
PagesJaunes Outre-mer	178	1	-	306	1	-
Euro Directory	33	-	98	-	(3)	-
Editus	2	-	-	-	5	-
Edicom	17	-	-	-	10	-
<b>TOTAL</b>	<b>4,990</b>	<b>980</b>	<b>633</b>	<b>44,918</b>	<b>209</b>	<b>614</b>

##### ➔ Fiscal year ending 31 December 2007

(in thousands of euros)						
Related companies	Provision of services	Income		Costs	Receivables	Payables
		Financial	Operation	Financial		
PagesJaunes <sup>(1)</sup>	4,958	-	616	6,367	-	240,878
QDQ Media <sup>(1)</sup>	668	-	-	-	672	-
PagesJaunes Marketing Services	55	148	36	-	2,715	-
Mappy	25	43	-	-	1,394	-
PagesJaunes Petites Annonces <sup>(1)</sup>	265	189	-	92	-	11,542
Horyzon Clics	-	3	-	-	468	-
PagesJaunes Outre-mer	262	1	-	320	-	16,043
Euro Directory	33	-	-	-	33	-
Edicom	15	-	8	-	23	-
<b>TOTAL</b>	<b>6,281</b>	<b>384</b>	<b>660</b>	<b>6,779</b>	<b>5,305</b>	<b>268,463</b>

(1) Excluding receivables connected to shareholdings (see note 3.2) and borrowing (see note 3.4).



#### ➔ 4.5 Subsequent events

Following the departure of one of the senior executives of Horyzon Media, PagesJaunes Groupe exercised the purchase option granted under the shareholders' agreement and brought its holding in this subsidiary from 66% to 95.83% on 15 January 2009 for a price of 1,421,000 euros. Thus the minority interest purchase commitment, referenced in note 4.1, only covers 4.17% of the capital of Horyzon Média.

On 18 February 2009, PagesJaunes Groupe repurchased, from M6, 34% of the shares in the capital of PagesJaunes Petites Annonces for 6 million euros. PagesJaunes Groupe now holds 100% of the shares and voting rights of this subsidiary.

The Company's Board of Directors, at its meeting of 25 February 2009, judged that the situation of Michel Datchary diverged from the AFEP/MEDEF recommendations concerning the remuneration of Company Officers of companies whose shares are traded on regulated markets on two points: the combination of corporate powers and an employment contract, and the terms and conditions of paying and calculating end-of-career compensation.

The Board of Directors had to take into account the fact that the end of Michel Datchary's employment contract meant that he lost his right to end-of-career compensation (payable upon retirement) and his right to departure and non-competition compensation.

Accordingly, Michel Datchary resigned from his salaried functions within the Group on 25 February 2009 and two types of compensation were put in place: firstly, compensation applicable only in the case of

obligatory departure and secondly, compensation for the obligation for non-competition.

The Board of Directors decided that compensation would be paid to Michel Datchary in case of his obligatory departure from the Company related to a change of control or strategy of the Company, (whatever the form of departure: dismissal, non-renewal, or resignation). The amount of this compensation is equal to 21 months of remuneration calculated on the basis of the average total monthly gross remuneration paid to him during the 12 calendar months preceding the date of cessation of functions.

The obligation for non-competition will be applied in case of cessation by Michel Datchary of his appointment as Chief Executive Officer for any reason and in any form whatsoever. This obligation for non-competition will be applicable for a period of 24 months and the corresponding compensation will be equal to 12 months of remuneration. This compensation will be due whatever the circumstances.

The combination of the departure compensation and this compensation must not under any circumstances exceed 24 months of gross remuneration.

#### ➔ 4.6 Consolidation

PagesJaunes Groupe draws up its own consolidated accounts, and is fully consolidated in the consolidated accounts of Médiannuaire Holding.

## ➔ 4.7 Subsidiaries and shareholdings

Subsidiaries and Shareholdings (in €K)	Capital	Shareholders' equity excluding capital and before appropriation of net income	Share of capital held in %	Book value of shares held		Loans and advances granted by the company, not yet repaid (excluding current accounts)	Amount of sureties or warranties given by the Company	Revenue at last year end	Net income at last year end	Dividends received by the Company during the fiscal year	Observations
				Gross	Net						
<b>Detailed information on subsidiaries and shareholdings</b>											
<b>1/ Subsidiary: more than 50% held by the Company</b>											
Cristallerie 2 7 avenue de la Cristallerie 92317 Sèvres Cedex	38	(7)	100.00%	38	38	-	-	-	-3	-	Preliminary data, not audited.
Cristallerie 3 7 avenue de la Cristallerie 92317 Sèvres Cedex	38	(8)	100.00%	38	38	-	-	-	-3	-	Preliminary data, not audited
Cristallerie 4 7 avenue de la Cristallerie 92317 Sèvres Cedex	38	-5)	100.00%	38	38	-	-	-	-2	-	Preliminary data, not audited
Edicom 1 rue Chajarat Addour, Quartier Palmier 21000 Casablanca	27	1,241	100.00%	5,450	5,450	-	-	4,511	686	558	
Eurodirectory 12-14, bld Grande-Duchesse Charlotte Luxembourg.1330 Luxembourg	1,625	2,599	100.00%	14,707	14,707	-	-	0	2,428	2,419	Editus Luxembourg's Parent Company held at 49% Preliminary data, not audited
Horyzon Média 98 rue du Château 92100 Boulogne Billancourt	48	1,236	66.00%	10,428	10,428	-	-	18,584	837	232	
Mappy 47 rue de Charonne 75011 Paris	212	2,549	100.00%	10,048	10,048	-	-	13,418	325	-	
Pagesjaunes 7 avenue de la Cristallerie 92317 Sèvres Cedex	4,005,038	433,884	100.00%	4,005,038	4,005,038	-	-	1,106,113	368,890	331,083	
Pagesjaunes Marketing Services 25 Quai Gallieni 92 150 Suresnes	7,275	7,205	100.00%	7,275	7,275	-	-	15,457	1,071	-	
Pagesjaunes Outre-mer 5, avenue de la Cristallerie 92317 Sèvres cedex	75	158	100.00%	76	76	-	-	27,340	150	329	
Pagesjaunes Petites Annonces 7 avenue de la Cristallerie 92317 Sèvres Cedex	7,576	(17,288)	66.00%	5,000	5,000	8,700	-	3,662	(10,954)	-	
Qdq Media Calle de la Haya 4 28044 Madrid - Espagne	5,500	-6,961	100.00%	91,719	0	5,000	-	42,089	(7,033)	-	
<b>2/ Shareholdings (between 10 and 50%)</b>											
None											

## 20.3 Report by the Board of Directors at the General Shareholders' Meeting

Ladies and Gentlemen,

We have called you to a combined General Shareholders' Meeting, in accordance with the provisions of the Law and the Articles of Association of our Company, in order to report to you on the Company's activity during the financial year 1 January 2008 to 31 December 2008, and to present, for your approval, the consolidated annual accounts for this financial year.

We have also called you to this meeting in order to ask you to rule on:

- the allocation of profits;
- the renewal of directors' appointments;

- the appointment of a new director;
- the renewal of financial authorizations (including those relative to the program to repurchase the Company's own shares).

The regulatory notifications have been duly sent to you, and all documents and items required by the current regulations have been made available to you within the legal timescales.

### I - Main events during the year

In the portfolio of shareholdings of the PagesJaunes Groupe, the year 2008 was essentially characterized by the merger of Horyzon Média and Horyzon Clics on 30 June 2008, with retroactive effect from 1 January 2008, with the new unit being named Horyzon Média.

The margin of the long-term loan, which was 175 basis points on 31 December 2007, went to 150 basis points on 31 December 2008, due to the margin ratchet that Groupe PagesJaunes benefits from because of financial leverage less than 3.50 times close aggregate of Gross Operating Margin.

A liquidity contract was implemented on 18 September 2008 with a provider of investment services, for a period terminating on 31 December

2008; it was renewed for one year. The resources assigned to implementing the contract stood at 8.0 million euros. On 31 December 2008, the Company held 580,606 of its own shares under this contract.

Lastly, in accordance with the authorization granted by the General Shareholders' Meeting on 19 April 2006 and the decision by the Board of Directors on 20 December 2006, the Company definitively granted 340,304 free shares on 20 November 2008, resulting in a capital increase of 0.1 million euros by deduction from the "other reserves" item.

### II - PagesJaunes Groupe activity/results/presentation of the annual accounts

PagesJaunes Groupe is a holding Company that has shareholdings in subsidiaries that have offered a diversified range of products and services to the general public and businesses for over 60 years. The Group's core business is directories in France and abroad.

#### OPERATING INCOME

The PagesJaunes Groupe's revenue for 2008 was 5.0 million euros, as against 6.6 million euros in 2007. Revenue consisted mainly of billing for services rendered by all its subsidiaries.

#### OPERATING COSTS

Personnel expenditure in 2008 was 5.5 million euros, as against 5.4 million euros in 2007, for an average headcount decreasing from 31 in 2007 to 30 in 2008. The other operating costs went from 9.4 million euros in

2007 to 7.3 million euros in 2008. This mainly includes the assistance fees paid to the majority shareholder, namely 1.2 million euros in 2008 against 3.2 million in euros 2007.

The PagesJaunes Groupe operating income for 2008 showed a deficit of 7.6 million euros, against operating income that was also in deficit by 8.3 million euros in 2007.

#### FINANCIAL INCOME

Financial income of 352.7 million euros in 2008 (336.0 million euros in 2007) arose mainly from dividends from subsidiaries, which accounted for 334.6 million euros in 2008 (313.5 million euros in 2007) and income resulting from hedging instruments for 14.2 million euros (4.6 million euros in 2007). In 2007, they also included a release of provisions of 15.0 million euros concerning the securities of Kompass France which were divested.

Financial expenses, equalling 272.2 million euros in 2008 (155.8 million euros in 2007), mainly consist of interest on the loan of 1,950 million euros, where the average rate was set at around 5.64% in 2008 (5.89% in 2007) after inclusion of the favorable impact of interest rate hedging implemented at the end of 2006. It also includes interest on borrowing and creditor current accounts with subsidiaries.

The marked slowdown in the business of the Spanish subsidiary QDQ Media and the degraded economic prospects of the local advertising market have led to the company depreciating all of the securities and receivables in relation to this entity for a total amount of 99.7 million euros. Also, 5.0 million euros of QDQ Media's debt was written off.

Net financial income was therefore 80.5 million euros in 2008, as against 180.2 million euros in 2007.

### ANALYSIS OF EXCEPTIONAL ITEMS

An exceptional loss of 0.3 million euros occurred in 2008. In 2007, a loss of 6.6 million euros occurred, which came mainly from the recognition of losses on sales of participating interests in Kompass France and Kompass Belgium, compensated at a level of 15.0 million euros by a release of provisions recognized in financial income.

### ANALYSIS OF CORPORATION TAX

On 3 December 2004, PagesJaunes Groupe took up the option of placing itself under the tax system for groups of companies as set out in Article 223A and following of the General Tax Code. This option

is effective for a renewable five-year period. Through this option, PagesJaunes Groupe accepts sole liability for corporation tax on the profits of the whole group formed by itself and the companies in which it directly or indirectly holds at least 95% of the capital, and which have agreed to be members of the group.

The subsidiaries that are integrated for tax purposes are PagesJaunes, PagesJaunes Marketing Services, Mappy, PagesJaunes Outre-mer, Cristallerie 2, Cristallerie 3 and Cristallerie 4.

PagesJaunes Groupe thus recognized net tax income of 55.9 million euros in 2008 against income of 54.9 million euros in 2007, these two amounts representing a tax integration gain.

### NET INCOME

Net income for PagesJaunes Groupe activities in 2008 was 128.4 million euros, as against 220.2 million euros in 2007.

### LIQUID ASSETS AND CASH POSITION

On 31 December 2008, PagesJaunes Groupe had net debt of 2,747.2 million euros (2,736.4 million euros on 31 December 2007), mainly made up of a medium-term bank loan of 1,950 million euros, and loans from other related companies for 580 million euros, debit balances (7.5 million euros) and credit balances 304.5 million euros) in current accounts with its subsidiaries, as well as investment securities and cash of 86.7 million euros.

## III - Proposed distribution of income

We propose that you:

- (i) formally note that the year's profit came in at 128,396,752.17 euros;
- (ii) decide to allocate 6,806.08 euros to the legal reserve, bringing it to 5,619,695.08 euros;
- (iii) note that after assignment of 6,806.08 euros to the legal reserve and bearing in mind retained earnings of 1,021,708,961.21 euros, the distributable profit for the financial year is 1,150,098,907.3 euros;
- (iv) pay the shareholders, as dividend, 0.96 euro per share;

The following dividends that were paid over the past three years are as follows:

Year	Number of shares	Dividend per share	Quota share of dividend eligible for deduction <sup>(1)</sup>
2005	278,789,610	1.02	100%
2006	280,266,780	1.08	100%
2007	280,644,450	0.96	100%

(1) Deduction of 40% mentioned in Article 158.3.2 of the General Tax Code.

- (v) and decide to allocate the balance of the available amount to "retained earnings".

The dividend would be paid as of 23 June 2009.

Consequently, the maximum overall amount of the dividend would be 269,745,363.84 euros. Any shares held by the Company as at the dividend payment date would not be entitled to any dividend.

The entire dividend is eligible for the 40% deduction mentioned in Article 158.3.2 of the General Tax Code, which applies to natural persons resident in France for tax purposes.

Attached to this report, in accordance with the provisions of Article R. 225-102 of the Commercial Code, is a table showing the Company's results for the past five financial years.

You are asked to approve the annual accounts and consolidated accounts of PagesJaunes Groupe for the financial year ending 31 December 2008, thereby discharging the directors and statutory auditors from the performance of their duties.

## IV - Share capital – distribution

In accordance with the provisions of Article L. 233-13 of the Commercial Code, and taking into account information received under the terms of Articles L. 233-7 and L. 233-12 of the Commercial Code, you are reminded that Médiannuaire holds more than half of the share capital and voting rights.

The following table sets out the distribution of PagesJaunes Groupe capital as at 31 December 2008:

	31 December 2006	In % of capital and voting rights	31 December 2007	In % of capital and voting rights	31 December 2008	In % of capital and voting rights
Médiannuaire	153,640,187	54.8%	153,640,187	54.7%	153,640,187	54.7%
Employees of the PagesJaunes Group <sup>(1)</sup>	1,152,946	0.4%	1,391,648	0.5%	1,574,748	0.6%
Public	125,473,647	44.8%	125,612,615	44.8%	125,188,213	44.5%
Own control	-	-	-	-	580,606	0.2%
<b>TOTAL</b>	<b>280,266,780</b>	<b>100.0%</b>	<b>280,644,450</b>	<b>100.0%</b>	<b>280,984,754</b>	<b>100.0%</b>

(1) PEG, PagesJaunes Group.

## UNISSUED AUTHORIZED CAPITAL

The combined general meeting of the Company that took place on 26 April 2007 delegated the following authorizations to the Board of Directors under the conditions detailed in the table below and for a period of 26 months:

Shares concerned	Period of authorization and expiration	Maximum amount of debt securities	Maximum nominal amount of capital increase
Capital increases through capitalization of reserves, profits or premiums	26 months 26 June 2009	-	20 million euros
Issues without preferential subscription rights (capital increase, all securities combined)	26 months 26 June 2009	Debt securities: 300 million euros	20 million euros
Issues with preferential subscription rights (capital increase, all securities combined)	26 months 26 June 2009	Debt securities: 300 million euros	20 million euros
Issues of shares and securities giving access to shares where the Company initiates an exchange offer	26 months 26 June 2009	Debt securities: 300 million euros	20 million euros
Issues of shares and securities giving access to shares in remuneration for non-cash contributions granted to the Company	26 months 26 June 2009	Debt securities: 10 % % capital, namely 5,605,336 euros	10% of capital, namely 5,605,336 euros
Issues of shares as a result of a subsidiary of the Company, or a Company controlling the Company, issuing securities giving access to Company shares	26 months 26 June 2009		20 million euros
Capital increases for the benefit of members of Company and/or employee savings plans	26 months 26 June 2009	-	1,120,000 euros, namely about 2% of the share capital

As at the date of this report, PagesJaunes Groupe's Board of Directors has not exercised these powers.

During the Company's combined general meeting on 11 June 2009, shareholders will be requested to renew the following authorizations:

Shares concerned	Period of authorization and expiration	Maximum amount of debt securities	Maximum nominal amount of capital increase
Capital increases through capitalization of reserves, profits or premiums	26 months 11 August 2011	–	20 million euros
Issues without preferential subscription rights (capital increase, all securities combined)	26 months 11 August 2011	Debt securities: 300 million euros	10 million euros
Issues with preferential subscription rights (capital increase, all securities combined)	26 months 11 August 2011	Debt securities: 300 million euros	10 million euros
Issues of shares and securities giving access to shares where the Company initiates an exchange offer	26 months 11 August 2011	Debt securities: 300 million euros	10 million euros
Issues of shares and securities giving access to shares in remuneration for non-cash contributions granted to the Company	26 months 11 August 2011	Debt securities: 10% of capital, namely 5,612,889 euros	10% of capital, namely 5,612,889 euros
Capital increases for the benefit of members of Company and/or employee savings plans	26 months 11 August 2011	–	1,122,000 euros, namely about 2% of the share capital
Assignment of options for subscription or purchase of the Company's shares	38 months 11 August 2012		1% of capital

## V - Agreements and commitments covered by Article L. 225-38 of the Commercial Code

Below is a list of agreements covered by Article L. 225-38 of the Commercial Code which were entered into during the 2008 financial year, or which were entered into during previous years and continued to be effective in 2008:

- a contract signed with PagesJaunes relating to bank financing, and in particular the agreement by PagesJaunes Groupe to guarantee any amounts owed under the 400 million euros revolving credit line (Facility B) by any group subsidiary that may become a borrower under the terms of this facility. The Board of Directors gave prior approval for this agreement at its meeting on 12 October 2006;
- a service contract signed with Médiannuaire. The Board of Directors gave prior approval for this agreement at its meeting on 20 November 2006;
- a loan contract signed with PagesJaunes for 430 million euros. The Board of Directors gave prior approval for this agreement at its meeting on 20 November 2006. This contract was terminated on 19 December 2008. The Board of Directors gave prior approval for this termination at its meeting on 18 December 2008;
- a loan contract signed with PagesJaunes for 430 million euros. The Board of Directors gave prior approval for this agreement at its meeting on 18 December 2008. Because of recent changes to market conditions, PagesJaunes Groupe and PagesJaunes wanted to terminate the existing contract in advance and sign a new one, in particular to update the financial conditions;
- application of the additional retirement package (Article 83 of the General Tax Code) to Mr. Michel Datchary as CEO. The Board of Directors gave prior approval for this commitment at its meeting on 20 December 2007;
- the modification of Mr. Michel Datchary's work contract with PagesJaunes to insert a performance condition in Article 11 of this contract, in application of Article L. 225-42-1 of the Commercial Code. The Board of Directors gave approval for this agreement at its meeting on 14 February 2008;
- a debt write-off for the benefit of QDQ Media, 100% subsidiary of the Company. The Board of Directors gave prior approval for this operation at its meeting on 18 December 2008.

## VI - Situation of corporate officers and directors

A table listing the duties and positions of PagesJaunes Groupe corporate officers as at 31 December 2008 is included in chapter 14 of this document.

The appointments of Mr. François de Carbonnel, Mr. Elie Cohen, Mr. Michel Datchary, Mr. Jacques Garaïalde, Mr. Thomas Geitner, Mr. Nicolas Gheysens, Mr. Reinhard Gorenflos, Mr. Jean-Claude Marceau and Mr. Rémy Sautter expire on the date of the present Meeting.

Your general shareholders' meeting will be asked to renew the appointments of Mr. François de Carbonnel, Mr. Elie Cohen, Mr. Michel Datchary, Mr. Jacques Garaïalde, Mr. Nicolas Gheysens and Mr. Rémy Sautter.

Your general shareholders' meeting will also be asked to nominate Mr. Jérôme Losson.

## VII - Total remuneration and all benefits allocated to corporate officers at PagesJaunes Groupe by PagesJaunes Groupe

The overall compensation and benefits of any kind paid by PagesJaunes Groupe to each corporate officer are as follows:

### ➤ Table summarizing the remuneration of each executive corporate officer

Michel Datchary, Chief Executive officer	Year 2007		Year 2008	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed remuneration	375,000	375,000	390,000	390,000
Variable remuneration	300,000	82 320	390,000	300,000
Exceptional remuneration	0	200,000*	0	0
Directors' fees	27,942	-	26,856	27,942
Benefits in-kind**	20,595	20,595	22,046	22,046
<b>Total</b>	<b>723,537</b>	<b>677,915</b>	<b>828,902</b>	<b>739,988</b>

\* The Board of Directors decided in 2006 to pay a one-off bonus to PagesJaunes Groupe employees who played an active role in the competitive process for the sale of France Télécom's interest in PagesJaunes Groupe. The overall amount set aside for this bonus, paid to 44 PagesJaunes Groupe employees, was 679,000 euros, of which 300,000 euros were allocated to Michel Datchary. The latter bonus was paid in two installments – 100,000 euros was paid in 2006, 2 months after the actual transfer, and a further 200,000 euros was paid in 2007, 12 months after the actual transfer.

\*\* Provision of a company car and payment of unemployment contributions.

In 2008, the Chief Executive Officer was eligible for a variable share, the annual amount of which could vary between 0% and 100% of the base salary, depending on the attainment of the following criteria:

- 50% on a qualitative scale from 0 to 200%, based principally on managing the group's strategy and business portfolio and following action plans;
- and 50% on a quantitative scale based on an additional gross operating margin objective.

### Table of directors' fees and other remuneration received by non-executive corporate officers (Paid by PagesJaunes Group)

Non-executive corporate officers	Amounts paid in 2007	Amounts paid in 2008
<b>Mattia Caprioli*</b>		
Directors' fees	-	19,051
Other remuneration	-	-
<b>François de Carbonnel</b>		
Directors' fees	63,000	38,102
Other remuneration	-	-
<b>Élie Cohen</b>		
Directors' fees	52,000	33,022
Other remuneration	-	-
<b>Abeille Deniau</b>		
Directors' fees	-	27,942
Other remuneration	-	-
<b>Jacques Garaïalde</b>		
Directors' fees	-	34,292
Other remuneration	-	-
<b>Jean-Christophe Germani</b>		
Directors' fees	-	25,401
Other remuneration	-	-
<b>Thomas Geitner</b>		
Directors' fees	-	8,891
Other remuneration	-	-
<b>Nicolas Gheysens</b>		
Directors' fees	-	16,511
Other remuneration	-	-
<b>Reinhart Gorenflos</b>		
Directors' fees	-	-
Other remuneration	-	-
<b>Hugues Lepic</b>		
Directors' fees	-	29,212
Other remuneration	-	-
<b>Jean-Claude Marceau</b>		
Directors' fees	-	27,942
Other remuneration	-	-
<b>Médiannuaire</b>		
Directors' fees	-	20,321
Other remuneration	-	-
Rémy Sautter		
<b>Directors' fees</b>	54,600	39,372
Other remuneration	-	-
<b>TOTAL</b>	<b>169,600</b>	<b>320,059</b>

\* Resigned on 26 July 2007.

The amount of remuneration paid to directors for 2008 stood at 365,000 euros for directors' fees.

The General Shareholders' Meeting of 29 April 2008 decided to set the amount of the directors' fees to be paid at 365,000 euros for the current fiscal year and following years until a new decision is adopted by the General Shareholders' Meeting.

Under the terms of rules agreed by the Board for the distribution of directors' fees, directors receive the following for their participation on the Board:

- a fixed amount of 12,000 euros per annum per director;
- 2,000 euros per meeting of the Board of Directors;
- 1,000 euros per meeting of a Committee;

- a fixed amount of 5,000 euros for each Chairman (of the Board or of a Committee).

In due consideration of the number of meetings of the Board of Directors and of Committees in 2008, the Board decided to share out the undistributed sum in line with the amounts allocated to each member in accordance with the initial method.

To take into account the reduction, from 13 to 11, in the number of directors composing the Company's Board of Directors, a proposal will be put to the general shareholders' meeting of 11 June 2009 to reduce, to 340,000 euros, the amount of directors' fees assigned to members of the Board for the current year and subsequent years, until the general meeting takes a new decision.



## VIII - Compensation and benefits of any kind received by PagesJaunes Groupe corporate officers from companies controlled by PagesJaunes Groupe during the financial year

Corporate officers of the PagesJaunes Groupe	Fixed remuneration paid during the year		Variable remuneration and miscellaneous bonuses paid during the year		Profit-sharing, company savings plan and employer's top-up contribution paid during the year		Benefits in kind granted during the year		Directors' fees acquired during the year	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
(in euros)										
Abeille Deniau	51,148	48,403	6,322	7,869*	7,377	8,199	-	-	-	-
Jean-Claude Marceau	73,002	75,155	44,957	53,888	12,238	13,174	-	-	-	-

\* Of which 1,536 euros in payment of overtime exempt from social contributions and taxes.

## IX - Compensation and benefits of any kind received by PagesJaunes Groupe corporate officers during the 2008 financial year from the Company controlling PagesJaunes Groupe

None.

## X - Commitments of any kind which are or may be due by reason of or subsequent to assumption or cessation of duties

In accordance with legal provisions, this report must set out commitments of any kind that are made by the Company in favor of its officers with regard to compensation, allowances or benefits that are or may be due by reason of or subsequent to the assumption, cessation or change of duties.

The Company has not set up any specific additional pension schemes for its officers. Mr. Michel Datchary, in his capacity as Chief Executive Officer of the company, benefits from the additional retirement package (Article 83 of the General Tax Code).

Michel Datchary, Chief Executive Officer of PagesJaunes Groupe, was, until 25 February 2009, an employee of PagesJaunes (previously ODA).

Mr. Michel Datchary's employment contract with PagesJaunes specifies, in its Article 11, in case of termination by the company (except for serious or gross negligence), (i) firstly, the payment of a sum corresponding to his contractual redundancy payment, calculated in application of the clauses of the collective agreement applicable to the company with regard to his seniority and (ii) secondly, the payment of supplementary compensation corresponding to 15 months of salary.

The contract specified that the combined total amount of the contractual compensation and the supplementary compensation may not exceed 21 months of salary.

Michel Datchary's employment contract also included a non-competition obligation for a period of 12 months. This obligation for non-competition, if it had been applied, would have given rise to a payment equal to 6 months of salary. In case of departure at the initiative of Michel Datchary, the amount of compensation was reduced to 3 months of salary.

The Company's Board of Directors, at its meeting of 25 February 2009, judged that the situation of Michel Datchary diverged from the AFEP/MEDEF recommendations concerning the remuneration of corporate officers of companies whose shares are traded on regulated markets, on two points: the combination of corporate powers and an employment contract, and the terms and conditions of paying and calculating departure compensation.

AFEP/MEDEF recommends:

- terminating the work contract in case of appointment as a corporate officer;
- only authorizing departure compensation in case of obligatory departure related to a change of control or strategy, and limiting the amount of departure compensation, whatever its form, to two years of remuneration.

The Board of Directors had to take into account the fact that the end of Michel Datchary's employment contract meant that he lost his right to end-of-career benefits (payable upon retirement) and his right to departure and non-competition compensation.

In the definition of the proposed measures, the Board of Directors is endeavoring, firstly, to transpose the pre-existing system of departure compensation and non-competition from the working contract to the appointment as corporate officer, adapting it to the recommendations of AFEF/MEDEF in this matter and, secondly, to substitute a new system for the retirement benefits that Michel Datchary would have been entitled to under the current system if he had left the Group to claim them.

Accordingly, Michel Datchary resigned from his salaried functions within the Group on 25 February 2009. Michel Datchary's entitlements as an employee of PagesJaunes were settled and approximately 218,752.31 euros was paid to him in full settlement (corresponding to 83 days of seniority leave, 47 days of managerial-staff leave and 5 days of time-savings-account leave), to the exclusion of any other compensation whatsoever.

Two types of compensation were put in place: firstly, compensation applicable only in the case of obligatory departure and secondly, compensation for the obligation for non-competition.

## 1) DEPARTURE COMPENSATION

The Board of Directors decided that compensation would be paid to Michel Datchary in case of his obligatory departure from the Company related to a change of control or strategy of the Company, (whatever the form of departure: dismissal, non-renewal or resignation).

The amount of this compensation is equal to 21 months of remuneration calculated on the basis of the average total monthly gross remuneration paid to him during the 12 calendar months preceding the date of cessation of functions. By "gross remuneration", we mean the total amount of remuneration, including employee's social contributions but excluding employer's social contributions.

The payment of this compensation would be subject to the following performance condition: the average change in the Gross Operating Margin over the last three years, shown in the consolidated accounts of the PagesJaunes group as approved by the Board of Directors before the date of departure of Michel Datchary, will be greater than the average change in the operating profit/loss before impairment of goodwill, restructuring costs and income from the sale of assets, for companies of the SBF 120 for the same period.

Exceptionally, if termination occurs between the 1 January and the date that the Board of Directors approves the accounts for the year preceding that of termination, the Board will await this approval to decide whether or not the above-mentioned condition is met, on the basis of the accounts thus approved.

The compensation will not be due in the case where Michel Datchary leaves to claim his retirement benefits.

## 2) OBLIGATION FOR NON-COMPETITION/ CORRESPONDING COMPENSATION

As Michel Datchary will no longer be subject to the obligation for non-competition relating to his employment contract, the Board of Directors wished him to be subject to such an obligation in relation to his functions as Chief Executive Officer and corporate officer.

This obligation for non-competition will be applied in case of cessation by him of his appointment as Chief Executive Officer for any reason and in any form whatsoever.

This obligation for non-competition will be applicable for a period of 24 months from the day of cessation of functions, and will cover the entire French territory.

The corresponding compensation will be equal to 12 months of remuneration calculated on the basis of the monthly average of total gross remuneration for the previous 12 months of activity preceding the date of cessation of functions. It will be paid to Michel Datchary at the end of each half-year at a rate of 1/4 of the total amount of the compensation.

In application of Article L. 225-42-1 of the Commercial Code relating to non-competition clauses, it is specified that this compensation will be due whatever the circumstances and that it will not be possible for the Company to abandon the obligation for non-competition.

The possible combination of the departure compensation and this compensation must not under any circumstances exceed 24 months of gross remuneration.

# XI - Options for subscription or purchase of PagesJaunes shares

## PAGESJAUNES GROUPE SUBSCRIPTION OPTION PLAN

On 28 June 2005, PagesJaunes Groupe's Board of Directors allocated 3,796,800 PagesJaunes Groupe share subscription options, representing 1.36% of the Company's capital, and giving the holder the right to subscribe the same number of shares at 19.3 euros per share.

On 20 December 2007, PagesJaunes Groupe's Board of Directors allocated 2,927,900 PagesJaunes Groupe share subscription options,

representing 1.04% of the Company's capital, and giving the holder the right to subscribe the same number of shares at 14.46 euros per share.

The following table sets out the PagesJaunes Groupe share subscription option plan, which certain of the Company's corporate officers benefited from after authorization by the combined general meeting of the PagesJaunes Groupe on 12 April 2005.

### Options for the allocation or purchase of shares assigned during the financial year to each executive corporate officer by the issuer and by any company of the Group

Name of the executive corporate officer	N° and date of plan(1)	Type of options (purchase or allocation)	Valuation of the options according to the method accepted for the consolidated accounts	Number of options allocated during the year	Exercise price	Exercise period
Michel Datchary	-	-	-	-	-	-
<b>TOTAL</b>	-	-	-	-	-	-

### Options for allocation or purchase of shares exercised during the year by each executive corporate officer

Name of the executive corporate officer	N° and date of plan	Number of options exercised during the year	Exercise price
Michel Datchary	-	-	-
<b>TOTAL</b>	-	-	-

## PAGESJAUNES GROUPE FREE SHARE ALLOCATION PLAN

The Board of Directors was authorized, for a period of 38 months by the extraordinary general meeting of 19 April 2006, to implement a plan to assign free shares for the benefit of certain executives and employees of the PagesJaunes group, to associate them with the development of the

Company. The maximum number of shares that may be assigned freely under this authorization is set at 0.5% of the capital of the Company, namely 1,393,948 shares. The Board of Directors agreed the terms of the free share allocation plans at its meetings on 30 May 2006, 20 November 2006 and 14 February 2008.

### Performance-based share distribution assigned to each corporate officer

Performance-based share distribution assigned during the year to each corporate officer by the issuer and any company of the Group	N° and date of plan	Number of shares allocated during the year	Valuation of the shares according to the method accepted for the consolidated accounts	Date of acquisition	Date of availability	Performance conditions
None						

Performance-based distribution of shares that have become available to each corporate officer	Date of plan	Number of shares that have become available during the year	Acquisition conditions
None			

## XII - List of transactions undertaken by corporate officers on PagesJaunes Group shares

None.

## XIII - Transactions undertaken by PagesJaunes Groupe on its own shares during the year, and new Company share buy-back program

### SUMMARY OF OPERATIONS CARRIED OUT AS PART OF THE PROGRAM APPROVED BY THE COMBINED GENERAL MEETING OF 29 APRIL 2009

As at 29 April 2008 – the date of the General Shareholders' Meeting at which the 2008 Buy-back Program was approved – the Company did not hold, directly or indirectly, any of its own shares.

A summary of transactions carried out under the 2008 Buy-back Program is as follows:

#### ➤ Up-to-date table as at 11 February 2009

Number of shares comprising the PagesJaunes Groupe's capital as at 29 April 2008:	280,644,450
Own capital held directly or indirectly on 29 April 2008:	0
Number of shares purchased between 29 April 2008 and 11 February 2009	1,731,609
Gross weighted average price of shares purchased (euros)	7.427
Number of shares sold between 29 April 2008 and 11 February 2009	1,192,463
Gross weighted average price of shares sold (euros)	7.380
Number of shares cancelled during last 24 months	0
Own capital held directly or indirectly on 11 February 2009	539,146
Book value of portfolio (evaluated at the purchase price) as at 11 February 2009 (euros)	4,004,004.31
Market value of portfolio as at 11 February 2009 (euros)	3,606,886.74

### NEW COMPANY SHARE BUYBACK PROGRAM (SUBMITTED TO THE GENERAL SHAREHOLDERS' MEETING TO BE HELD ON 11 JUNE 2009)

We propose that you authorize the Company, in accordance with sections L. 225-209 and following of the French Code of Commerce, to buy back its own shares subject to a limit of 10% of the amount of the Company's share capital at the date of the shareholders' meeting, and equally subject, in accordance with order n°2009-105 dated 30 January 2009, to the condition that when shares are purchased for the purpose of ensuring a liquid market for the PagesJaunes Groupe share, the number of shares purchased to be taken into account in calculating that 10% limit is the net number of shares purchased after adjustment for shares resold during the period of application of the present authorization.

- The maximum purchase price should not exceed 15 euros per share, which amount must be adjusted as appropriate in the event of any capital transactions such as incorporation of reserves, awarding of bonus shares and/or division or pooling of shares.
- The maximum amount of the funds devoted to the buyback program would not exceed 421,477,125 euros.
- The authorization would be valid for 18 months.
- The acquisition or transfer of shares could be made by any method, including during public offer periods on condition that transactions during these periods are fully paid for in cash.

The purposes of the share buyback program are:

- to implement and fulfill all obligations related to share option programs or other distributions of shares to employees of the Company or related companies, and in particular to allocate shares to Group employees as part of (i) company profit-sharing and (ii) any share purchase option plan or bonus share distribution plan (including any share disposals within the scope of Article L. 3332-24 of the French Labor Code) for the benefit of some or all employees or company officers, as well as carrying out hedging arrangements pertaining to such transactions;
- to reduce the Company's share capital by cancelling shares;
- to ensure the liquidity of the PagesJaunes Groupe share within the frame of a liquidity contract consistent with the professional ethics charter recognized by the *Autorité des marchés financiers* (France's Financial Markets Authority);
- to retain shares for subsequent remittance for exchange or as payment for any external acquisitions;
- to establish and honor the obligations associated with debt securities convertible into title deeds and notably, to remit shares during the exercise of the rights attached to negotiable securities giving access to shares, as well as to carry out any hedging transactions in connection with the Group's obligations associated with these negotiable securities.

## XIV - Elements liable to have an impact during public offering periods

As part of the authorization to purchase shares in the Company detailed above, shares may be acquired or transferred subject to the conditions and limits, particularly with respect to volumes and prices, set out in the applicable laws as at the transaction date. This includes public offering periods, on condition that transactions during these periods are fully paid for in cash. Transactions may be undertaken by any method, whether on

the open market or over the counter, including block purchase or sale and the use of derivative financial instruments traded on a regulated market or over the counter, under the terms set out by market authorities and as and when the Board of Directors or its authorized representative may consider appropriate.

## XV - Material events subsequent to the year-end

Following the departure of one of the directors of Horyzon Média, PagesJaunes Groupe exercised the purchase option provided for by the applicable shareholder agreement and as a result increased its interest in this subsidiary, on 15 January 2009, from 66% to 95.83% and at a price of 1.4 million euros.

On 17 February 2009, PagesJaunes Groupe bought from M6, at a cost of 6.0 million euros, 34% of the share capital of PagesJaunes Petites Annonces. PagesJaunes Groupe now holds 100% of the shares and voting rights in respect of this subsidiary.

At its meeting of 25 February 2009 the Company's Board of Directors concluded that the position of Michel Datchary presented two divergences from the AFEF/MEDEF recommendations in respect of the remuneration of officers of listed companies: the coexistence of a Board mandate and of a contract of employment, and the terms and conditions of calculation and payment of the compensation payable in the event of departure.

The Board of Directors took due note of the fact that the termination of Michel Datchary's contract of employment implied his loss of the lump-sum benefit otherwise payable on retirement and of the compensation provided for in the event of termination and in return for his acceptance of a non-compete clause.

In consequence, Michel Datchary resigned from his salaried employment within the Group on 25 February 2009 and two forms of alternative compensation were provided for: compensation payable only in the event of his forced departure and compensation payable in respect of his non-compete obligation.

The Board of Directors decided that compensation would be payable to Michel Datchary in the event of his forced departure from the Company as a result of a change of control or strategy of the Company, and whatever the form of that departure: revocation, non-renewal or resignation. The amount of the compensation was fixed at 21 months' remuneration calculated on the basis of the average gross monthly remuneration paid to him during the 12 calendar months prior to his departure.

The non-compete obligation will take effect in the event of the termination of Michel Datchary's term of office as Chief Executive Officer for any reason whatsoever and whatever form that termination might take. It would apply for a period of 24 months subject to compensation equal to 12 months' remuneration. That compensation would be irrevocable subject only to the proviso that the sum of that amount and of the abovementioned compensation for forced departure must not exceed 24 months' gross remuneration.

## XVI - Employee information

At 31 December 2008, PagesJaunes Groupe's headcount was 32 (31 at year-end 2007 against 34 at year-end 2006), enabling it to fully discharge its role as a holding company for a quoted group.

All information relating to PagesJaunes Groupe staff may be found in chapter 17 of PagesJaunes Groupe's reference document for 2008.

## XVII - Research and development

PagesJaunes Groupe is a cutting-edge entity within its sector in terms of state-of-the-art research and innovation through its teams and numerous

partnerships. These are made up of the best field specialists focusing on innovation and excellence.

## XVIII - Environmental impact of the Group's activity

In its business operations the Group is subject to a number of health and safety regulations; its activities affect the environment, and those relating to printed directory business in particular.

The following points may be emphasized as regards the preparation, printing and mass distribution of paper directories.

In the case of activities not performed directly by Group companies but sub-contracted, such as the supply of paper for directories, their printing and distribution, the Group has only limited scope for controlling the associated environmental impacts. Although the Group is attentive to environmental criteria when selecting its sub-contractors, no assurance can be provided that those sub-contractors will comply with all the environmental protection regulations applicable to their specific activities.

The environmental impacts of the activities undertaken directly by the Group are mainly the risks connected with the production and distribution of large quantities of paper. There are also risks in relation to operations known as "office" activities to which comparable companies are subjected.

Thus the main environmental impact for the Group is the production of a large quantity of printed directories. To limit this impact, the Group has put in place a certain number of measures aimed on the one hand at reducing the amount of paper needed for its business, and on the other hand at encouraging recycling of the paper used.

## REDUCING PAPER CONSUMPTION

Concerning the reduction of the amount of paper required to publish its directories, the Group's constant efforts focus on the following aspects:

- optimized targeting, through a more accurate assessment of the number of directories to be provided, so that this is more closely aligned with the genuine needs of consumers;
- optimized directory page layout and formatting for each edition, so as to limit paper consumption and waste during production of directories.

In France, paper consumption for the PagesJaunes directory and *l'Annuaire* was 71,720 tons in 2008, as against 71,070 tons in 2007 and 63,470 tons in 2006. The evolution of paper consumption over this period reflects:

- the increased number of entries in *l'Annuaire*;
- the distribution of *l'Annuaire* to subscribers possessing a Minitel terminal and as such deprived, until 2006, of a printed copy of their local directory;
- targeted distribution to house-movers and second homes;
- finally, broader distribution in 2007 and 2008 of printed directories in a number of large cities in the provinces ("all boxes" distribution) in a bid to maintain utilization.

The Group also ensures that the paper pulp used to produce the printed directories contains a significant portion of recycled pulp.

## RECYCLING DIRECTORIES

In parallel to its efforts to limit paper consumption on a yearly basis, the Group is extremely sensitive to what subsequently happens to outdated printed directories, and agrees with the principles of responsibilities extending to producers: it is concerned by the way in which the directories are collected, and also by their processing (particularly their recycling).

First and foremost, it should be noted that part of the paper bought is recovered by the printer during the manufacture and printing of the directories for subsequent recycling.

Any directories left over after printing are either recovered or recycled by specialist waste management firms.

Finally, PagesJaunes has actively participated in the creation of the ecological organization EcoFolio. The PagesJaunes policy is to contribute voluntarily to financing this end-of-life printed material recycling and collection facility by paying an eco-contribution to EcoFolio based on the tonnage of printed PagesJaunes directories distributed (due to its status as a universal service component, *l'Annuaire* falls outside the scope of this eco-contribution).

The revenue from the contributions received by EcoFolio from the issuers of taxable printed documents such as PagesJaunes directories distributed to the public is then passed on to the local government bodies responsible for refuse collection and processing.

The French finance act for 2008 has extended the scope of the printed matter subject to the eco-contribution. Since 1 July 2008 are included direct mail advertising, piggyback mailing and brand and company magazines in particular.

The only items not liable will be books, mainstream newspapers and printed matter distributed by virtue of a law or regulation (this is the case for *l'Annuaire* due to its status as a component of the universal service).

In the case of the Group, this extension of scope will mean that all its PagesJaunes and Pages Pro printed directories will be subject to the contribution with effect from 1 July 2008, and its office paper with effect from 1 January 2010, only *l'Annuaire* remaining unaffected.

The Group must take account of trends in the environmental expectations of consumers and the authorities, and comply with more stringent regulations for publishers.

## ENVIRONMENTAL IMPACT OF "OFFICE" ACTIVITIES

The Group's companies have put in place a number of internal measures designed to protect the environment, in particular by reducing the consumption of resources.

## XIX - Description of principal risks and uncertainties

### EXCHANGE RATE RISK

See notes 28 and 31 to the consolidated financial statements.

### LIQUIDITY RISK

See notes 28 and 31 to the consolidated financial statements.

### INTEREST RATE RISK

See notes 28 and 31 to the consolidated financial statements.

### COUNTERPARTY (CREDIT) RISK

See notes 28 and 31 to the consolidated financial statements.

### SHARE-RELATED RISK

See notes 28 and 31 to the consolidated financial statements.

## XX - Non-tax deductible expenses

As per the stipulations of Article 223 quater of the French General Tax Code, we inform you that the expenditure and charges covered by Article 39-4 of the code for 2008 amounted to 11,094 euros. The

Company did not make any actual tax payment in respect of this amount.

## XXI - Development prospects

This section contains information about the Group's targets. The reader is reminded that the statements contained in this chapter depend on circumstances or events which may occur in the future. These statements are not historical facts, and should not be interpreted as guarantees that the events or facts expressed will occur or that the stated targets will be achieved. By definition, these targets may not be achieved, and the forecasts on which they are based may prove to be erroneous. The reader is encouraged to take into consideration the risk factors described in chapter 4 of the Company's reference document, "Risk factors".

### FINANCIAL TARGETS

- PagesJaunes Groupe is expected to continue gaining share in the advertising market.
- PagesJaunes Groupe has targeted a gross operating margin of between 500 and 540 million euros, by pursuing its investments in fixed and mobile internet operations and continuing to control costs.
- PagesJaunes Groupe will continue its policy of distributing a significant dividend<sup>(1)</sup>, but the policy will be subject to revision in the event of any more profound deterioration in the economy.

## XXII - Progress of main subsidiaries' business

### SEGMENT 1: PAGESJAUNES IN FRANCE

Revenue for the PagesJaunes in France segment was 1,106.6 million euros in 2008, up 3.2% on 2007. This was due to growth of 24.4% in revenue from online services ("pagesjaunes.fr" and other websites) and growth of 29.5% in the telephone directory enquiry services (118008) launched at the end of 2005. Revenue for printed directories fell by 5.4% in comparison to 2007.

This growth in revenue in turn reflected growth of 4.4% in the number of Advertisers compared to 2007, which rose from 666,800 in 2007 to 696,100 in 2008. The increase was the result of both the expansion strategy of its customer base implemented by PagesJaunes over several

years (and **aines** at a wider net of prospecting, reinforced telemarketing and a drive to raise conversion rates), and of the underlying trend of expansion of the number of commercial and service enterprises in France. PagesJaunes thus won a record 131,000 new customers in 2008 compared with 120,700 in 2007.

Advertisers' loyalty rate, expressed in numbers of Advertisers, remained high at 84.7% in 2008 compared with 85.6% in 2007, including the limited impact of implementation of the new pricing structure. In value, the rate fell from 93.2% of revenue in 2007 to 92.7% in 2008. Average revenue per advertiser fell by 1.1% from 1,581 euros in 2007 to 1,564 euros in 2008.

(1) Profit distribution does not under any circumstances represent a commitment on the part of PagesJaunes Group, and future dividends will depend on the Group's results, its financial position and any other information considered relevant by the Board of Directors and shareholders of PagesJaunes Group.



The gross operating margin of the PagesJaunes in France segment increased by 7.1% with respect to 2007, to 517.6 million euros, whilst the gross margin ratio improved by 1.8 point to 50.1% compared with 48.3% in 2007.

The improvement reflects both the growth in revenue, fueled by the internet and telephone enquiry services, and overall cost control.

## SEGMENT 2: INTERNATIONAL AND SUBSIDIARIES

Revenue for the International and Subsidiaries segment amounted to 94.8 million euros in 2008, a 1.1% increase on 2007. The 11.6% fall in QDQ Media sales was offset by the growth in the internet advertising sales of Horyzon Média, a consolidated subsidiary since October 2007, and in the online classified ads of PagesJaunes Petites Annonces, an activity launched in January 2007.

### ➔ B to C directories

Revenue from B to C directory businesses amounted to 56.9 million euros in 2008, a fall of 7.9% compared to 2007 including the 11.6% drop in QDQ Media sales. Revenue from B to C directories results mainly from the sale of advertising space in printed and online directories carried out by QDQ Media in Spain, Editus in Luxembourg and Edicom in Morocco.

The 11.6% fall in QDQ Media's revenue for 2008, to 42.1 million euros, was caused by the significant deterioration in the Spanish economy and the slump in the overall advertising market. In this context the number of QDQ Media Advertisers fell by 5.4%, with 73,000 Advertisers in 2008 compared with 77,200 in 2007, and printed matter revenue contracted by 19.5% to 29.4 million euros. At the same time QDQ Media continued to pursue the development of its online activities and recorded an increase of 20.0% in the number of internet Advertisers compared to 2007, visits to "qdq.com" up 12.9%, at 23.7 million, and internet revenue up 12.8% to 12.3 million euros. In June 2008, QDQ Media entered into an agreement with Google for the distribution of the latter's AdWords program to its local Advertisers. The market launch of this new offer, complementary to QDQ Media's own advertising products, took place in October 2008 and therefore only had a marginal impact on revenue for 2008. Given the evolution of the Spanish market, QDQ Media has decided to redeploy its sales organization and activity in order to concentrate investment in high growth zones, and in developing its internet presence, as well as in deriving maximum benefit from the partnership with Google.

Revenue from the other B to C directories (Editus in Luxembourg and Edicom in Morocco) was 14.8 million euros in 2008, an increase of 4.2% on 2007, mainly due to growth in online directory and classified activities in Luxembourg.

### ➔ Online classified ads

Revenue for the online classified ads business launched in January 2007 amounted to 3.6 million euros in 2008 compared with 1.9 million euros in 2007. Promotion and commercialization of products and services to Advertisers began during the first quarter of 2007 and there has been a progressive increase in the number of customers and the associated revenue reflecting the promotional efforts made (introductory offers including several months of free advertising). The "annoncesjaunes.fr"

website registered 23.7 million visits for 2008 as a whole and 1.9 million unique visitors in December 2008, thus figuring as one of the most popular online classified property and automobile sites in France. By 31 December 2008 the "annoncesjaunes.fr" site included almost 490,000 property and automobile classified ads.

### ➔ Internet advertising

On 11 October 2007 PagesJaunes Groupe acquired a majority interest in Horyzon Média and Horyzon Clics, internet advertising agencies. Their results have been consolidated since October 2007, and on 30 June 2008 the two companies merged with retroactive effect from 1 January 2008, taking the name of Horyzon Média.

The acquisition has enabled PagesJaunes Groupe to reinforce its presence within the dynamic national market for online display advertising. Horyzon Média has become the advertising agent for all the Group's French websites, "pagesjaunes.fr", "mappy.com" and "annoncesjaunes.fr". Horyzon Média's net commission revenue for 2008 amounted to 5.3 million euros, equating with gross billings of 18.6 million euros compared with 10.2 million euros for 2007.

### ➔ Direct marketing and geographical services

Revenue for Direct Marketing and Geographical Services was 29.1 million euros in 2008, stable compared with 2007. Mappy's revenue rose by 7.0% compared to 2007, mainly as a result of the growth in advertising revenue from "mappy.com" which registered 221.7 million visits in 2008 and 12.7 million unique visitors for the month of December 2008. This growth offset the downturn in revenue by PagesJaunes Marketing Services (direct marketing), confronted with the deterioration of the economy during the second half of 2008 which had a particular impact on its business with national customers.

The gross operating deficit of the International and Subsidiaries segment was divided by three between 2007 and 2008, disclosing a 2.9 million euros deficit in 2008 as against a deficit of 8.7 million euros in 2007, mainly due to a reduction in the losses of PagesJaunes Petites Annonces following a year of significant payment of the costs of launching the business. 2008 has also benefited from the full-year impact of the profits of Horyzon Média consolidated with effect from October 2007.

The slowdown in economic activity in Spain has adversely affected the profitability of QDQ Media which recorded a loss of 2.8 million euros in 2008. During the second half of 2008, the company launched a profound reorganization of its activities, targeting headcount of about 550 employees in 2009 compared with 699 at 31 December 2007. The associated 2.5 million euros restructuring cost is classified, in accordance with the Group's accounting policies, under "Restructuring costs" and therefore excluded from gross operating margin.



## XXIII - Extraordinary resolutions

You will be invited to vote on certain draft extraordinary resolutions renewing certain financial authorizations granted to the Board of Directors and to authorize the Board, subject to defined limits and conditions, to issue equity instruments providing direct or indirect access to the Company's share capital.

### FINANCIAL AUTHORIZATIONS

In previous years you authorized your Board of Directors to choose, at any time, from a broad range of securities providing access to the Company's share capital, with or without maintenance of shareholders' preferential subscription rights, the financial instrument best adapted to the development of your Company with regard to the circumstances of the market at any given moment.

You are requested by the Board of Directors to:

- cancel those authorizations with immediate effect from the date of your meeting;
- then provide your Board of Directors with new and similar authorizations.

The Board of Directors wishes to retain the flexibility to be able to quickly call on the financial resources required for the Company's development, if applicable by issuing shares on the markets.

Consequently the Board of Directors requests that, by voting the 16th and 17th draft extraordinary resolutions, you provide it with the overall legal authorization, valid for twenty-six months, to decide to issue, with or without maintenance of shareholders' preferential subscription rights, shares in the Company, or securities providing access to existing or future shares in the Company, within an overall limit equating with the 20 million euros increase in the Company's nominal share capital specifically mentioned in the 22nd draft resolution.

You are equally requested to vote on specific draft extraordinary resolutions providing the Board of Directors with additional delegations of authority for the same period of 26 months. The 18th resolution is designed, in the event of the issue (subject to suppression of preferential subscription rights) of shares, or of other securities providing access to the Company's shares, to enable the Board of Directors to depart from the legal rules governing the subscription price and to determine such price according to the terms and conditions defined by the shareholders' meeting. The 19th resolution is designed to allow the Board of Directors, in the event of a share capital increase with or without maintenance of shareholders' preferential subscription rights, to increase the number of shares to be issued in the event of surplus demand. The 20th and 21st resolutions relate to the issue (subject to suppression of preferential subscription rights) of shares, or of other securities providing access to the Company's shares, either to enable performance of any takeover bid initiated by your Company (20th resolution) or to enable your Company to remunerate any contributions in kind taking the form of equity instruments or other securities providing equity access (21st resolution). The 23rd resolution deals with the issue of instruments providing for the attribution of debt securities. The 24th resolution is designed to enable the Company's share capital to be increased by incorporating reserves, retained earnings or share premium, subject to an overall limit of a 20 million euros increase in the Company's nominal share capital additional to the first limit already mentioned.

The 25th resolution is designed to enable the Company's share capital to be increased for the benefit of the members of a Group employee savings plan, by the issue of shares to be subscribed for in cash, subject to an overall limit of a 1,122,000 euros increase in the Company's nominal share capital (including any incorporation of reserves, retained

earnings or share premiums) equating with about 2% of the current share capital.

In the event of adoption of the 16th to 25th resolutions aforementioned, the faculty you would grant the Board of Directors to issue, with or without maintenance of shareholders' preferential subscription rights, shares and/or other securities providing access to the Company's shares, or to issue instruments providing access to debt securities, would enable the Board to make at its discretion all forms of issue in France, abroad and/or in the international markets, as dictated by the interests of your Company and its shareholders. Depending on the category of securities issued, the issues might be denominated in euros, in another currency, or in any unit of account calculated by reference to a basket of currencies.

The 26th resolution is intended to authorize the Board of Directors to reduce the Company's share capital by cancelling PagesJaunes Groupe shares acquired under the Company's share buyback programs.

The 27th resolution is intended to authorize the Board of Directors to grant share subscription or purchase options for the benefit of employees or officers of the Company or of related companies or other entities as defined by Article L. 225-180 of the French Commercial Code. The total number of options capable of being granted under this resolution may not provide the right to subscribe or otherwise acquire a number of shares representing more than 1% of the Company's share capital.

In asking you to grant these authorities, the Board of Directors wishes to clarify the scope of the corresponding resolutions submitted for your approval, in accordance with the legal and regulatory requirements.

#### ➔ **Authorization of the Board of Directors enabling it to issue, subject to maintenance of shareholders' preferential subscription rights, Company shares and other securities providing access to its shares (16th resolution)**

- a) Under this resolution you are requested to authorize the Board of Directors to issue, whether for consideration or otherwise, and subject to maintenance of your preferential subscription rights, shares or other securities providing access to existing or future shares in the Company.

In the event of full term access to shares in the Company – i.e. via other securities providing access to the Company's shares – your decision would imply shareholders giving up any preferential subscription right of the shares liable to be issued on the basis of the securities initially issued, the subscription of which would be reserved for the benefit of the existing shareholders.

The maximum nominal share capital increase that you are requested to determine by adopting the 16th resolution amounts to 20 million euros during the specified period of 26 months.

This limit would not include the consequences for any increased amount of the Company's share capital liable to result from the adjustments required to protect the interests of the holders of the rights attaching to other securities providing access to shares.

The total nominal amount of any debt instruments – including those taking the form of securities, whether subordinated or not and whether of perpetual or fixed duration – liable to be created on the basis of the 16th resolution (which allows for the issue of debt instruments, or for their combination with other securities,

or for their existence at an intermediate stage) should not exceed 300 million euros or the equivalent foreign currency amount at the date of the issue decision. This amount will apply to all the debt instruments, the issue of which is provided for under the 16th, 17th, 20th and 21st resolutions submitted for your approval.

In accordance with section L. 228-97 of the French Commercial Code, it may be stipulated that any securities issued will only be redeemed once other creditors have been paid off, whether excluding or including holders of non-voting shares. A priority order of payment may also be stipulated for these classes of securities.

- b) The issue price for securities providing access to shares must be such that the sum immediately received by the Company, plus any sum liable to be subsequently received by the Company, in respect of each share to be issued as a result of the issue of the said securities, amounts at least to the nominal value of a Company share.

Your Board of Directors would dispose of the widest powers for the purposes of implementing this authorization.

➔ **Authorization of the Board of Directors enabling it to issue, subject to suppression of shareholders' preferential subscription rights, shares of the Company and other securities providing access to its shares (17th resolution)**

- a) The Board of Directors may be led, in the interest of the Company and its shareholders, and in order to seize the opportunities presented under certain circumstances by the financial markets, to issue securities without shareholders being able to exercise their preferential subscription rights. The Board therefore requests that you, by approving the 17th resolution, authorize it to issue, subject to suppression of shareholders' preferential subscription rights, by way of public offering and/or by an offer exclusively addressed to qualified investors as defined under the French Monetary and Financial code (within the scope of the provisions of Article L. 225-136 as amended by order n°2009-80 dated 22 January 2009 dealing with public issues), shares in the Company, as well as other securities providing access to existing or future shares in the Company, up to the limit fixed by the 16th resolution, for the same duration of 26 months and subject to the other conditions determined by the 16th resolution with the exception of the special criteria defined in points b) to f) hereafter.
- b) If you provide the Board of Directors with this authorization, thus giving up the exercise of shareholders' preferential subscription rights, the issue price for any shares issued would be at least equal to the weighted average listed price for the three stock market sessions preceding the determination of the price, less a maximum discount of 5%.

The issue price for any other securities issued and providing access to shares would be determined on the same basis: the price of the securities issued would be such that the sum immediately or subsequently received by the Company would be, for each share issued as a result of the issue of the said other securities, at least equal to the amount defined above.

Based on these elements, the Board of Directors would determine the issue price for the securities issued and, if applicable, the basis of remuneration of any debt instruments, in the best interests of the Company and its shareholders with due regard for all the applicable parameters including, in particular, the nature of the securities to be issued, stock market trends and the performance of the PagesJaunes Groupe share, the existence of any right of preference

granted to shareholders, market rates of interest in the event of the issue of debt instruments, the number of shares to which the said other securities would provide title and more generally, all the characteristics of the securities to be issued.

In the event of adoption of the 18th resolution, the Board of Directors would however be authorized to derogate from the legal rules and regulations that determine the issue price (cf. point d) hereafter).

- c) On these bases, the Board will dispose of the widest powers to perform, subject to suppression of shareholders' preferential subscription rights, one or several issues of shares or other securities providing access to the Company's shares.

We inform you that in the event of use of this resolution, the additional report required to be prepared by the Board of Directors will describe the impact of the proposed issue on the situation of holders of Company shares, and of other securities providing access to its shares, particularly in terms of the applicable shares of the Company's equity at the end of the previous accounting period.

- d) Should the 18th resolution be adopted, the Board of Directors will be authorized, within the limit of 10% of the Company's share capital per period of 12 months, to derogate from the terms and conditions under which the price is determined, defined by the 17th resolution, and to fix the said issue price for the shares and/or other securities issued on the following basis:

- the share issue price would be at least equal to the closing price for the PagesJaunes Groupe share quoted on the eurolist by euronext Paris market during the final stock market session prior to determination of the issue price, eventually less a maximum discount of 10%;
- the issue price for any other securities would be such that the sum immediately received by the Company plus, if applicable, any sum liable to be subsequently received by the Company, for each share issued as a result of the issue of the said other securities would be at least equal to the amount defined above.

This authorization would provide the Board of Directors with the faculty, in the event of share capital increases of limited amount, by public offering and/or by offers exclusively addressed to qualified investors as defined under the French Monetary and Financial code, to dispose of greater flexibility in fixing the issue price as a means of optimizing the chances of success of the transaction undertaken.

➔ **Authorization of the Board of Directors enabling it, in the event of a share capital increase with or without maintenance of shareholders' preferential subscription rights, to increase the number of shares to be issued under the 16th, 17th and 18th resolutions (19th resolution)**

In line with the option provided by Article L. 225-135-1 of the French Commercial Code, we propose in the 19th resolution that you authorize the Board of Directors to decide, within 30 days of the closure of subscriptions for the initial issue (or within any other time limit provided for by the regulations applicable at the time of the actual transaction), in application of any of the issues decided upon by virtue of the 16th, 17th and 18th resolutions, to increase the number of securities to be issued as provided for by the aforementioned Article L. 225-135-1 (i.e. currently by a maximum amount of 15% of the initial issue) subject to respect of the overall limit provided for by the resolution under which the particular issue has been decided.

This would enable the Board of Directors to carry out further capital increases under the same conditions as the initial issue. By enabling

supplementary issue options to be exercised, it would be possible to increase the size of an issue in the event of surplus demand.

## DELEGATION OF SPECIFIC AUTHORITIES

### ➔ Delegation of authority to the Board of Directors to issue shares, and other securities providing access to the Company's shares, in the event of a takeover bid initiated by the Company (20th resolution)

Article L. 225-148 of the French Commercial Code allows your Company to issue shares, or other securities providing access to existing or future shares of PagesJaunes Groupe (both of which may be issued on the basis of, and subject to the conditions defined by, the 17th resolution), as consideration for any takeover bid initiated by the Company in France or, subject to the applicable local regulations, abroad. The benefit of the regime defined by Article L. 225-148 of the French Commercial Code is however subject to the condition that the shares of the company bid must be traded on a regulated market as defined by that section.

This procedure is one allowing for securities to be exchanged without obliging your Company to engage in the formalities required if such a transaction were to be analyzed as a contribution in kind.

The corresponding share capital increase would be performed without exercise of shareholders' preferential subscription rights, to which we request that you renounce, subject to the conditions defined by the 20th resolution.

At the time of each bid, the Board of Directors would be required to determine the nature and characteristics of the ordinary shares or other securities providing access to the Company's shares to be issued; the amount of the share capital increase would depend on the outcome of the bid and on the number of shares of the target company presented for exchange, as well as on the parity determined and on the combination of ordinary shares and/or other securities providing access to the Company's shares issued. The Board would also allocate to the credit of a share premium account, for the benefit of all shareholders, any excess of the issue price of the new shares issued over their nominal value and would deduct, if applicable, from the said share premium the total amount of the costs incurred in performing the authorized transaction.

This authorization would be provided for a nominal amount of 10 million euros counting towards the limit authorized by the 17th resolution, dealing with issues not subject to the exercise of shareholders' preferential subscription rights, but without taking into account the nominal amount of any eventual shares to be issued in respect of the adjustments required to protect the interests of the holders of the rights attaching to other securities providing access to shares. The authorization would remain valid for the same period of 26 months with effect from the date of your meeting.

The provisions of this report relating to the 17th resolution would also apply to issues made on the basis of the 20th resolution, with the exception of provisions relating to the issue price for the shares and other securities providing access to the Company's shares, and to shareholders' preferential subscription rights.

### ➔ Delegation of authority to the Board of Directors to issue shares, and other securities providing access to the Company's shares, as consideration for any contributions in kind made to the Company and comprising shares or other securities providing access to shares (21st resolution)

In line with the option provided by Article L. 225-147 of the French Commercial Code, we propose in the 21st resolution that you authorize the Board of Directors, for a period of 26 months, on the basis of and in accordance with the conditions defined by the 17th resolution, to issue shares, or other securities providing access to present or future shares of the Company, within the limit of 10% of the Company's share capital at the date of your meeting and as consideration for contributions in kind comprising shares, or other securities providing access to shares, in any circumstances under which Article L. 225-148 of the French Commercial Code does not apply.

The shareholders' preferential right of subscription to the shares and other securities thus issued would be deleted for the benefit of the holders of equity securities or other securities, object of the said contributions in kind.

The authorization would require shareholders to renounce their preferential right of subscription to the shares liable to be exchanged for the securities issued on the basis of the authorization.

In the event of use of the 21st resolution, the Board of Directors would act upon the applicable audit report in lieu of the shareholders, and would equally be free to approve at its discretion the valuation of the contributions in kind and any special benefits accruing to particular individuals, as well as to complete the formalities associated with the share capital increase.

The Board would dispose of the necessary powers for implementing the authorization and in particular, for making the requisite changes to the Company's bylaws.

### ➔ Overall limit of authorizations (22nd resolution)

As a consequence of the adoption of the 16th to 21st resolutions, we propose that you authorize the Board of Directors to fix at 20 million euros the maximum nominal amount of the share capital increases, immediate or deferred, liable to be performed by virtue of the authorizations provided by the 16th to 21st resolutions, without however taking into account the additional nominal amount of any eventual shares to be issued in respect of the adjustments required to protect the interests of the holders of the rights attaching to other securities providing access to shares.

### ➔ Delegation of authority to the Board of Directors to issue instruments providing rights to the attribution of debt securities (23rd resolution)

The Board of Directors submits a 23rd extraordinary resolution under which the shareholders would authorize it to decide to issue all forms of securities (other than shares) providing rights to the attribution of debt instruments such as bonds or similar securities, subordinated debt securities whether of perpetual or fixed duration, or any other securities forming part of an issue conferring an identical lien upon the Company.

This resolution would enable the issue of all forms of securities that give access to debt securities. This includes, in particular, warrant bonds and warrants.

The attribution of debt securities might arise as the result of the conversion, exchange, reimbursement or other form of presentation of a warrant, or of any other form of attribution right, or in any other manner.

The nominal amount of the total debt securities to be issued may not exceed 300 million euros or the equivalent foreign currency amount including in any combination of currencies.

This authority would be delegated for a period of twenty-six months.

The issuing of such instruments giving access to debt securities would have the effect of enabling, at the appropriate time, all types of complex securities to be issued leading to the immediate or future issue of debt instruments, whether in France, abroad and/or on the international markets, in accordance with the interests of the Company and its funding requirements.

The Board would determine the characteristics of the instruments to be issued, as well as those of the debt securities to which they would provide a right of attribution, and would determine the bases of redemption of both the instruments to be issued and the debt securities to which they would provide a right of attribution. If necessary, the Board would be authorized to provide security for both the instruments to be issued and the debt securities to which they would provide a right of attribution, and to determine the nature and the characteristics of such security.

#### ➔ **Delegation of authority to the Board of Directors for the purpose of increasing the Company's share capital by means of incorporation of reserves, retained earnings or share premium (24th resolution)**

We request that you delegate authority to the Board of Directors for the purpose of increasing the Company's share capital by means of incorporation of reserves, retained earnings or share premium. Such transactions, which do not necessarily involve the issue of new shares, are covered by a specific provision of Article L. 225-130 of the French Commercial Code and must otherwise be decided by shareholders in accordance with the conditions of quorum and majority applying to ordinary resolutions.

This delegation of authority would equally be conferred for a period of 26 months. It would enable the Board to decide one or several share capital increases up to a maximum limit of 20 million euros of nominal share capital before taking into account the additional nominal amount of any eventual shares to be issued in respect of the adjustments required to protect the interests of the holders of the rights attaching to other securities providing access to shares.

All powers would be conferred on the Board of Directors for the purposes of, in particular, determining the nature and amount of the sums to be incorporated, as well as factors such as the choice between increasing the nominal amount of the existing shares and/or attributing bonus shares, performing all the formalities required (including the requisite modification of the Company's bylaws) and effecting any adjustments required by law.

#### ➔ **Delegation of authority to the Board of Directors for the purpose of performing share capital increases for the benefit of the members of a Group employee savings plan (25th resolution)**

We request that you delegate authority to the Board of Directors for the purpose of increasing the Company's share capital within the scope of the provisions of the French Commercial Code (Articles L. 225-129-6, L. 225-138 I and II and L. 225-138-1) and the French Labor Code (Article L. 3332-18 et seq.) as applicable (i) to the issue of shares, or of other securities providing access to existing or future shares of the Company, reserved for the benefit of employees and former employees participating in an employee savings plan administered by PagesJaunes Groupe, or (ii) to the allocation of free shares, or of other securities providing access to existing or future shares of the Company, by means in particular of the incorporation of reserves, retained earnings or share premium, subject to the applicable legal and regulatory limits.

This delegation of authority would be provided for 26 months and for a maximum nominal amount of increased PagesJaunes Groupe share capital (including by means of incorporation of reserves, retained earnings or share premium), immediately or at a later date, as a result of all issues performed by virtue of this delegation of authority, of 1,122,000 euros representing approximately 2% of the Company's share capital, but before taking into account the nominal amount of any eventual shares to be issued in respect of the adjustments required to protect the interests of the holders of the rights attaching to other securities providing access to shares.

The subscription price for the new shares would be equal to the average of the opening quoted prices for the PagesJaunes Groupe share during the twenty stock market sessions preceding the date of the decision fixing the date for subscriptions to be opened, less the maximum discount of 20%, subject to the faculty for the Board of Directors to reduce the amount of this discount if judged opportune, in particular in the event of an offer made to the members of an employee savings plan of securities on the international market and/or abroad in order to comply with the local legal requirements. The Board of Directors may also substitute an allocation of free shares or other securities for all or part of this discount under the terms of the provisions set out below.

The Board of Directors would have the faculty of making free attributions of shares or other securities providing access to the Company's shares.

Such share capital increase implies that you erase, in favor of such employees and former employees, shareholders' preferential right of subscription of the shares or other securities providing access to the Company's shares to be issued in the framework of this delegation of authority, and that you waive any right in respect of the free shares or other securities attributed on the basis of this delegation of authority to those same employees and former employees.

In the framework of this delegation of authority, the Board of Directors would dispose of the necessary powers for its implementation and for the correlative modification of the Company's bylaws.

#### ➔ **Authorization of the Board of Directors for the purpose of reducing the Company's share capital by cancellation of shares (26th resolution)**

In relation with the 5th ordinary resolution already submitted for your approval, and as provided for by Article L. 225-209 of the French Commercial Code, we propose in the 26th resolution that you authorize the Board of Directors, for a period of eighteen months, to cancel all or part of any PagesJaunes Groupe shares acquired in the framework of



the buyback program if authorized by the adoption of the 5th ordinary resolution (or of any share buyback program implemented previously or subsequently) and, in consequence, to reduce the Company's share capital.

In accordance with the law, shares may only be cancelled up to a maximum of 10% of the Company's capital per period of 24 months.

The Board of Directors would decide that any excess of the share purchase price over their nominal amount would be allocated against the share premium account or any available reserve, including the legal reserve subject to a limit of 10% of the share capital reduction.

You would delegate all powers to the Board, with the Board's faculty to delegate in turn in accordance with the law, for the purposes of performing the share capital reduction resulting from cancellation of the shares as outlined above, as well as for making the requisite modification to Article 6 of the Company's bylaws.

### ➔ **Authorization to grant share subscription or purchase options (27th resolution)**

We also propose that you authorize the Board of Directors to grant, for the benefit of the officers and employees of the Company and of its related companies, or of certain such officers and employees, share subscription and/or purchase options such that each option would provide the right to subscribe or purchase one new or existing share.

The Board of Directors would thus be able to display the Company's recognition for the commitment of the persons concerned by associating them with its development via the possibility of becoming shareholders.

In the case of subscription options requiring the issue of new shares, you are requested to renounce your preferential right of subscription to the shares that would be issued when options were exercised.

The shares required by the exercise of the share purchase options would have to be acquired by the Company either by virtue of the provisions of Articles L. 225-208 or L. 225-209 of the French Commercial Code or, if applicable, in the framework of the share buyback program authorized by the 5th resolution of the present meeting or of any share buyback program implemented previously or subsequently.

The exercise price of the share subscription or purchase options could not be lower than the average PagesJaunes Groupe share price quoted on the euronext Paris market during the twenty stock exchange sessions preceding the day on which the options were granted.

In addition, in respect of purchase options, the purchase price could not be less than 80% of the average purchase price of any shares held by the Company under Article L. 225-208 of the French Commercial Code or, if applicable, by virtue of the share buyback program authorized by the 5th resolution of the present meeting or of any share buyback program implemented previously or subsequently.

The present authorization would be provided for a period of 38 months with effect from the date of the present meeting and the total number of options granted would not be able to provide the right to subscribe or otherwise acquire a number of ordinary shares representing, at the date of their attribution, more than 1% of the Company's share capital at the date of the present meeting.

### **ADDITIONAL REPORT IN THE EVENT OF USE OF THE ABOVEMENTIONED DELEGATIONS OF AUTHORITY**

If the Board of Directors were to make use of any delegations of authority granted to it following adoption of the 16th to 25th resolutions it would prepare any additional reports then required by virtue of the law and regulations applicable at the time of use.

In the same way, at the time of any issues made by virtue of those authorizations, the Company's Statutory Auditors would prepare any reports to the Board of Directors then required by virtue of the law and regulations applicable at the time of use of each delegation of authority.

Expiry of certain delegations of authority conferred by the combined general shareholders' meetings held on 12 April 2005, 26 April 2007 and 29 April 2008

As noted in the preliminary remarks, your adoption of the resolutions submitted would cancel, with immediate effect and in respect of any unused portion thereof, the corresponding delegations of authority previously conferred on the Board of Directors by the combined general shareholders' meetings held on 12 April 2005, 26 April 2007 and 29 April 2008 and relating to the issue of shares or other securities providing access to the Company's shares.

The financial delegations of authority already conferred on the Board of Directors by shareholders are summarized in section 21.1.1 of the Company's reference document.

We will now set out for your approval the detailed annual accounts and consolidated accounts. These documents have been prepared and are presented in accordance with the applicable accounting standards.

Your Statutory Auditors have summarized their findings in their reports dealing with the Company's annual statutory accounts and the Group's consolidated accounts, and in their special report.

The Board of Directors recommends that you adopt the resolutions submitted for your vote.

Drawn up in Sèvres,

The Board of Directors

## Financial results over the past five years

(Sections 133–135-148 of the decree dated 23 March 1967)

Type of indications (excluding capital, amounts in thousands of euros)	2004	2005	2006	2007	2008
<b>1 – Financial position at the end of the year</b>					
a) Share capital (in euro)	55,757,922	55,757,922	56,053,356	56,128,890	56,196,951
b) Number of outstanding ordinary shares	278,789,610	278,789,610	280,266,780	280,644,450	280,984,754
<b>2 – Total income from operations</b>					
a) Revenue net of VAT	4,971	9,827	8,304	6,602	4,995
b) Earnings before tax, profit-sharing, depreciation and provisions	3,953,234	236,001	196,911	150,500	172,392
c) Income taxes	-	(6,611)	(26,971)	(54,862)	(55,863)
d) Profit-sharing for the year	-	-	-	-	-
e) Earnings after tax, depreciation and provisions	3,948,522	242,143	226,726	220,207	128,397
f) Total profits paid out in n+1*	259,274	284,365	303,070	269,419	269,745
<b>3 – Earnings per share (in euro)</b>					
a) Earnings after tax and profit-sharing but before depreciation and provisions	14.18	0.87	0.80	0.73	0.81
b) Earnings after tax, profit-sharing, depreciation and provisions	14.16	0.87	0.81	0.78	0.46
c) Dividend per share paid out in n+1*	0.93	1.02	1.08	0.96	0.96
<b>4 – Personnel</b>					
a) Average headcount during the year	17	27	34	31	30
b) Total payroll	2,074	3,969	3,996	3,819	3,937
c) Total social contributions paid out	1,125	1,587	1,555	1,596	1,559

\* For 2008, proposed by the Board of Directors (before adjustment for treasury shares).

## 20.4 Verification of historic annual financial information

### PagesJaunes Groupe

Year ended December 31, 2008

## Statutory Auditors' Report on the annual financial statements

*This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English-speaking readers. This report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the opinion on the financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside the financial statements.*

*This report should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France.*

To the shareholders,

In compliance with the assignment entrusted to us at your General Shareholders' Meeting, we hereby report to you, for the year ended December 31, 2008, on:

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

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

### I. - OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with the professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes verifying, by audit sampling and other selective testing procedures, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used, the significant estimates made by the management, and the overall financial statements presentation. We believe that the evidence we have gathered in order to form our opinion is adequate and relevant.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company at December 31, 2008 and the results of its operations for the year then ended, in accordance with the accounting rules and principles applicable in France.

### II. - JUSTIFICATION OF ASSESSMENTS

In accordance with the requirements of article L. 823-9 of the French company law (Code de Commerce) relating to the justification of our assessments, we bring to your attention the following matters:

Your Company's Management makes estimates and assumptions which have a bearing on the accounts shown in the financial statements and accompanying notes. These assumptions and estimates were established within a context of economic crisis resulting in a real difficulty of assessing the prospective economic perspectives. Actual results may differ significantly from these estimates, if different assumptions or circumstances apply. As part of our audit on the annual accounts, we consider that those accounts which are subject to material accounting estimates and for which explanation is therefore required for our assessment include holdings in subsidiaries (Note 3.2 to the annual accounts).

In accordance with French professional standards for accounting estimates, in relation to the aforementioned assets, we have, among other things, assessed the information and assumptions on which estimates are based (in particular cash flow forecasts prepared by the Company's operating divisions), reviewed calculations made by the Company and the sensitivities of the main values used, compared accounting estimates for previous periods and investigated the procedures used by the management to approve these estimates.

These assessments were made as part of our audit of the financial statements taken as a whole and, therefore, served in forming our audit opinion expressed in the first part of this report.

### III. - SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed the specific verifications required by French law.

We have no matters to report regarding the following:

- the fair presentation and the conformity with the financial statements of the information given in the directors' report and in the documents addressed to the shareholders with respect to the financial position and the financial statements;
- the fair presentation of the information given in the directors' report in respect of remunerations and benefits granted to the relevant directors and any other commitments made in their favour in connection with, or subsequent to, their appointment, termination or change in current function.

In accordance with French law, we have ensured that the required information concerning the purchase of investments and controlling interests and the names of the principal shareholders (and holders of voting rights) has been properly disclosed in the directors' report.

*French original signed by*

The Statutory Auditors

At Neuilly-sur-Seine and Paris La Défense, France, on February 26, 2009

**Deloitte & Associés**

Dominique Descours

**Ernst & Young Audit**

Jeremy Thurbin

PagesJaunes Groupe

Year ended December 31, 2008

## Statutory Auditors' Report on the consolidated financial statements

*This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English-speaking readers. This report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the opinion on the consolidated financial statements and includes (an) explanatory paragraph(s) discussing the auditors' assessment(s) of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside the consolidated financial statements.*

*This report, should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France.*

To the Shareholders,

In compliance with the assignment entrusted to us at your General Shareholders' Meeting, we hereby report to you, for the year ended December 31, 2008, on:

- the audit of the accompanying consolidated financial statements of PagesJaunes Groupe;
- the justification of our assessments;
- the specific verification required by French law.

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

### I. - OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes verifying, by audit sampling and other selective testing procedures, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used, the significant estimates made by the management, and the overall financial statements presentation. We believe that the evidence we have gathered in order to form our opinion is adequate and relevant.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of the consolidated group in accordance with the accounting rules and principles applicable under IFRS, as adopted by the EU.

### II. - JUSTIFICATION OF ASSESSMENTS

In accordance with the requirements of article L. 823-9 of the French company law (Code de Commerce) relating to the justification of our assessments; we bring to your attention the following matters:

As specified in note 2 of the notes to the consolidated accounts, your Company's Management makes estimates and assumptions which have a bearing on the accounts shown in the financial statements and accompanying notes. These assumptions and estimates were established within a context of economic crisis resulting in a real difficulty of assessing the prospective economic perspectives. This note also points out that the actual results may ultimately prove different from these estimates, if the assumptions or conditions on which they are based should change. As part of our audit of the consolidated accounts as at 31 December 2008, we believe that those accounts which are subject to material accounting estimates and for which explanation is therefore required for our assessment include goodwill, non current personnel benefits as well as non current provisions.

In accordance with the professional standards concerning the assessment of these accounts, we have observed the following:

- in relation with the aforementioned assets, we have assessed the information and assumptions on which estimates are based (in particular cash flow forecasts prepared by the Company's operating divisions), reviewed calculations made by the Company and the sensitivities of the main values used, assessed the principles and methods used to calculate fair values, compared accounting estimates for previous periods with the corresponding actual amounts, and investigated the procedures used by the Management to approve these estimates.
- with respect to non current personnel benefits and non current provisions, we have assessed the basis on which these provisions were raised, reviewed risk-related information contained in the appendix of the consolidated accounts and investigated the procedures used by the Management to approve these estimates.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole and, therefore, served in forming our audit opinion expressed in the first part of this report.

### III. - SPECIFIC VERIFICATION

We have also verified the information given in the group management report as required by French law.

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

*French original signed by*

The Statutory Auditors

At Neuilly sur Seine and Paris-La Défense, France, on February 26, 2009

**Deloitte & Associés**

Dominique Descours

**Ernst & Young Audit**

Jeremy Thurbin



## 20.5 Dividend distribution policy

### Extraordinary distribution of reserves

The General Shareholders' Meeting of 20 November 2006 decided to proceed with an extraordinary distribution of 9 euros per share – total distribution was around 2.5 billion euros.

This extraordinary distribution was paid out of "Other reserves", once amounts shown in the Company's accounts under "Retained earnings"

had been transferred to this line. It was funded partly by the Company's available cash, and partly by a loan taken out with a banking pool.

### Dividend for the 2006 fiscal year

The General Shareholders' Meeting of 26 April 2007 decided to pay out a dividend of 1.08 euro per share.

### Dividend for the 2007 fiscal year

The meeting of PagesJaunes Groupe's Board of Directors on 14 February 2008 decided to propose payment of a dividend of 0.96 euro per share to the General Shareholders' Meeting scheduled for 29 April 2008.

PagesJaunes Groupe anticipates distributing the whole of net Group profits for the 2007 fiscal year. This profit distribution target does not under

any circumstances represent a commitment on the part of PagesJaunes Groupe, and future dividends will depend on the Group's results, its financial position, and any other information considered relevant by the Board of Directors and shareholders of PagesJaunes Groupe.

### Dividend for the 2008 fiscal year

The meeting of PagesJaunes Groupe's Board of Directors on 25 February 2009 decided to propose payment of a dividend of .... euros per share to the General Shareholders' Meeting scheduled for 11 June 2009.

PagesJaunes Groupe anticipates distributing the whole of net Group profits for the 2008 fiscal year. This profit distribution target does not under

any circumstances represent a commitment on the part of PagesJaunes Groupe, and future dividends will depend on the Group's results, its financial position, and any other information considered relevant by the Board of Directors and shareholders of PagesJaunes Groupe.

## 20.6 Legal and arbitration proceedings

In the normal course of business, the Company is involved in a number of legal, arbitration, and administrative proceedings.

Provisions are only raised for costs which may result from such proceedings where these are considered likely and their amount can be either quantified or estimated within a reasonable range. In this latter case, the amount of any provision equates to the lowest estimate in the range. The amount of any provisions recorded is based on a case-by-case assessment of the level of risk, and does not depend primarily on how far proceedings have progressed. It is, however, specified that events which occur during the proceedings can lead to these risks being reassessed.

With the exception of proceedings described in note 33 of the appendix to the consolidated accounts, "Legal proceedings", neither the Company nor any of its subsidiaries are party to any arbitration procedure (nor

does the Company have any knowledge that any such procedure has been envisaged by government authorities or by third parties) whose likely outcome could, in the opinion of Company management, have a material negative impact on its performance, activities, or consolidated financial position.

There are no other government, legal, or arbitration proceedings, including any pending or threatened proceedings of which the Company is aware, which are likely to have, or which have had within the last 12 months, a significant impact on the Company's and/or the Group's financial position or profitability.

## 20.7 Material changes in the financial or commercial situation

Any material events which occurred between the year-end and 25 February 2009, the date on which the accounts were approved by the Board of Directors, are referred to in note 34 of the appendix to the consolidated accounts.

## 20.8 Statutory auditors' fees

This table appears in chapter 20.1 «Consolidated financial statements», under Note 35.



# 21 Additional information

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## 21.1 Share capital

### RIGHTS AND OBLIGATIONS ATTACHED TO SHARES (ARTICLE 10 OF THE ARTICLES OF ASSOCIATION)

Each share entitles the holder to a share in the profits, ownership of Company assets and liquidating dividend, in equal proportion to the share of capital it represents. In addition, each share entitles its holder to vote and be represented at General Shareholders' Meetings, in accordance with legal and statutory conditions. Ownership of shares automatically implies full adherence to the Company's Articles of Association and decisions taken at General Shareholders' Meetings.

Shareholders are only liable for losses up to the amount of their contribution to capital.

A shareholder's heirs, creditors, successors or representatives may not request that the Company's assets, securities or shares be placed under seal, divided or put up for public auction, or interfere in the Company's management. In order to exercise their rights, they must rely on lists of Company assets and liabilities and decisions taken at General Shareholders' Meetings.

Where exercising a particular right requires multiple shares to be owned, shareholders who do not own the required number of shares must take it upon themselves to form a group or, where appropriate, to purchase or sell shares as necessary.

### 21.1.1 Share capital

As at the registration date of this reference document, the Company's share capital amounted to 56,128,890 euros divided into 280,644,450 fully paid-up shares with a face value of 0.20 euro each, all of the same class.

## UNISSUED AUTHORIZED CAPITAL

At the combined General Shareholders' Meeting on 26 April 2007, the following powers were delegated to the Board of Directors under the terms set out in the table below and for a period of 26 months (apart from the power to reduce capital by canceling ordinary shares, which is valid for a period of 18 months):

Shares concerned	Period of authorization and expiration	Maximum amount of debt securities	Maximum nominal amount of capital increase
Capital increases through capitalization of reserves, profits, or premiums	26 months 26 June 2009	–	€20 million
Issues without preferential subscription rights (capital increase all securities combined)	26 months 26 June 2009	Debt securities: €300 million	€20 million
Issues with preferential subscription rights (capital increase all securities combined)	26 months 26 June 2009	Debt securities: €300 million	€20 million
Issues of ordinary shares and securities giving access to ordinary shares where the Company initiates an exchange offer	26 months 26 June 2009	Debt securities: €300 million	€20 million
Issues of ordinary shares and securities giving access to ordinary shares in remuneration for non-cash contributions granted to the Company	26 months 26 June 2009	Debt securities: 10% of capital, namely €5,605,336	10% of capital, namely €5,605,336
Issues of ordinary shares as a result of a subsidiary of the Company, or a Company controlling the Company, issuing securities giving access to ordinary Company shares	26 months 26 June 2009		€20 million
Capital increases for the benefit of members of company and/or employee savings plan(s)	26 mois 26 juin 2009	–	€1,120,000 namely about 2% of the share capital
Assignment of options for subscription and/or purchase of ordinary shares	38 months 12 April 2005		2% of capital

As at the date of this reference document, PagesJaunes Groupe's Board of Directors has not exercised these powers.

Shareholders will be asked to renew these powers at the combined General Shareholders' Meeting on 11 June 2009, under the terms set out in the following table and for a period of 26 months (apart from the power to reduce capital by canceling ordinary shares, which is valid for a period of 18 months):

Shares concerned	Period of authorization and expiration	Maximum amount of debt securities	Maximum nominal amount of capital increase
Issues with preferential subscription rights (capital increase, all securities combined)	26 months 11 August 2011	Debt securities: €300 million	€20 million
Issues without preferential subscription rights (capital increase, all securities combined)	26 months 11 August 2011	Debt securities: €300 million	€10 million
Issues of ordinary shares and securities giving access to ordinary shares where the Company initiates an exchange offer	26 months 11 August 2011	Debt securities: €300 million	€10 million
Issues of ordinary shares and securities giving access to ordinary shares in remuneration for non-cash contributions granted to the Company	26 months 11 August 2011	Debt securities: 10% of capital, namely €5,612,889	10% of capital, namely €5,619,695
Issue of securities giving rights to the assignment of debt securities	26 months 11 August 2011	Debt securities: €300 million	–
Capital increases through capitalization of reserves, profits, or premiums	26 months 11 August 2011	–	€20 million
Capital increases for the benefit of members of company and/or employee savings plan(s)	26 months 11 August 2011	–	€1,122,000 namely about 2% of the share capital
Reduction of capital by cancellation of ordinary shares	18 months 11 December 2010		Cancellation of 10% of the company's capital
Assignment of options for subscription and/or purchase of ordinary shares	38 months 11 August 2012		1% of capital

The full text of the resolutions that will be submitted to the vote of the shareholders at the General Shareholders' Meeting on 11 June 2009 may be found in the appendix to this document.

## OTHER SECURITIES GIVING ACCESS TO CAPITAL

As at the registration date of this reference document, there are no other securities giving access to the Company's capital.

### 21.1.2 Shares not representing capital

As at the registration date of this reference document, there are no shares which are not representative of capital.

### 21.1.3 Acquisition by the company of its own shares

Pursuant to Articles L. 225-209 and following of the Commercial Code and Regulation no. 98-02 of the French Exchange Commission, as amended, the Board of Directors was authorized at the General Shareholders' Meeting on 29 April 2008 to acquire Company shares, by any method, on or off market, up to a maximum of 10% of the Company's share capital as at the date of the General Shareholder's Meeting, and thereafter and throughout the validity period of this power, up to a maximum of 10% of the share capital existing at the time, under the following conditions:

- the maximum purchase price may not exceed 20 euros per share. In the event of capital transactions, including capitalization of reserves and allocation of bonus shares, and/or share splitting or consolidation, this price will be adjusted accordingly. If any shares thus acquired were to be used to allocate shares free of charge in accordance with Articles L. 443-1 and following of the Labor Code, the sale price or exchange value of the shares allocated would be calculated in accordance with specifically applicable legal provisions;
- this authorization is valid for a period of 18 months; any acquisitions made by the Company by virtue of this authorization may not under any circumstances lead to its owning, directly or indirectly, more than 10% of the shares making up the share capital;
- shares may be acquired or transferred subject to the conditions and limits, particularly with respect to volumes and prices, set out in the applicable laws as at the transaction date. This includes public offer periods, on condition that transactions during these periods are fully paid for in cash. Transactions may be undertaken by any method, whether on the open market or over the counter, including block purchase or sale, the use of derivative financial instruments or warrants or securities giving access to Company shares, or by putting in place optional strategies, under the terms set out by the market authorities, as and when the Board of Directors or its authorized representative considers appropriate.

The Board of Directors has decided to submit a proposal to the shareholders to terminate, with immediate effect as at the date of the General Shareholders' Meeting, the power which was delegated at the meeting on 29 April 2008, and to delegate a new power to the Board of Directors.

The draft resolution on the new share buy-back program, which will be proposed to shareholders at the combined General Shareholders' Meeting on 11 June 2009, is included as an appendix to this document.

## DEBT SECURITIES

At the General Shareholders' Meeting on 26 April 2007, authority was delegated to the Board of Directors to issue, on one or more occasions,

in France, abroad and/or on the international market, securities giving immediate or future rights to the allocation of debt securities such as bonds and similar instruments, fixed-term or open-ended subordinated securities, or any other securities which would convey, by way of a single issue, a single type of claim against the Company.

The nominal amount of all of the aforementioned negotiable securities to be issued cannot exceed 300 million euros, or the equivalent of this amount in foreign currency or in any monetary units determined by reference to several currencies. This maximum nominal amount shall apply in general to the debt securities to which the negotiable securities give the right to immediate or future allotment, although this same amount does not include above-par redemption premiums, if any were planned.

This power is delegated for a period of 26 months.

At the General Shareholders' Meeting on 11 June 2009 shareholders will be asked to renew this authorization under the same conditions.

## OPTION PLANS

At the combined General Shareholders' Meeting on 12 April 2005, the Board of Directors was authorized, in accordance with Articles L. 225-177 and following of the Commercial Code, to grant, on one or more occasions and under the following conditions, options to subscribe or purchase Company shares:

The beneficiaries must be staff members or officers (as defined in Article L. 225-185) of the Company, or of a Company or group which is related to the Company as defined in Article L. 225-180 of the Commercial Code. Options may be granted by the Board of Directors to some or all of these persons.

This authorization is granted for a period of 38 months.

Each option shall entitle the holder to subscribe or acquire one new or existing ordinary share, as applicable.

The total number of options which may be granted under this resolution may not lead to an entitlement to subscribe or acquire a number of ordinary shares which would represent, at the allocation date, more than 2% of the Company's capital as at the date of this meeting.

The shares which may be obtained by exercising share purchase options granted under this resolution must be acquired by the Company, either under the terms of Article L. 225-208 of the Commercial Code or, if applicable, under the share buy-back program covered by resolution 5 submitted to this meeting pursuant to Article L. 225-209 of the Commercial Code, or any subsequently applicable share buy-back program.

*Share capital*

The Board of Directors shall set the exercise price for options granted under this resolution according to the following terms:

- the exercise price of options to subscribe or purchase ordinary shares may not be less than the average price of PagesJaunes Group shares listed on the eurolist euronext market over the 20 trading sessions prior to the date the options are granted, and no options may be granted less than 20 trading sessions after coupons giving rights to dividends or capital increases have been detached from shares;
- in addition, the exercise price of purchase options may not be less than 80% of the average purchase price of the ordinary shares held by the Company under the terms of Article L. 225-208 of the Commercial Code or, if applicable, under the share buy-back program authorized by resolution 5 submitted to this meeting pursuant to Article L. 225-209 of the Commercial Code, or any subsequently applicable share buy-back program.

Any options allocated must be exercised within 10 years of the date when they are granted by the Board of Directors.

Under the terms of this authorization, at a meeting on 28 June 2005 the Board of Directors decided to set up a PagesJaunes Groupe stock option plan for the entire PagesJaunes Groupe except QDQ Media, together with a specific PagesJaunes Groupe stock option plan for QDQ Media, giving a right to subscribe 3,830,400 new shares, i.e. approximately 1.35% of capital as at the date of this document.

The subscription price was set at 19.30 euros per share, corresponding to the average listed price over the 20 trading sessions prior to 28 June 2005.

At its meeting on 20 December 2007 the Board of Directors decided to implement a PagesJaunes Groupe share subscription option plan for the entire PagesJaunes Groupe, with the entitlement to subscribe to 2,927,900 new shares. The subscription price was set at 14.46 euros per share, corresponding to the average listed price over the 20 trading sessions prior to 20 December 2007.

At the General Shareholders' Meeting on 11 June 2009 shareholders will be asked to renew this authorization under the same conditions. The total number of options which may be granted under this resolution may not lead to an entitlement to subscribe or acquire a number of ordinary shares which would represent, at the allocation date, more than 1% of the Company's capital as at the date of this meeting.

## BONUS SHARE ISSUES

At the General Shareholders' Meeting on 19 April 2006, the Company's Board of Directors was authorized to make one or more bonus issues of existing or future ordinary Company shares, under terms to be defined by itself and subject to the conditions set out below.

The beneficiaries are the employees and/or officers (as defined in Article L. 225-197-1 of the Commercial Code) of the Company, or of a Company or group which is related to the Company as defined in Article L. 225-197-2 of the Commercial Code, or certain categories of the above.

This authorization is granted for a period of 38 months from the date of this General Shareholders' Meeting.

The total number of ordinary shares allocated free of charge under the terms of this resolution may not represent more than 0.5% of the Company's capital as at the date of this meeting.

At the time of any decision to allocate options, the Board of Directors will agree the acquisition period, at the end of which the allocation of ordinary shares will become definitive. This period may not be less than two years from the date of the decision to allocate shares.

At the time of any decision to allocate shares, the Board of Directors will agree the mandatory holding period, which begins on the date of definitive allocation of ordinary shares. This period may not be less than two years.

Existing shares which may be allocated under this resolution must be acquired by the Company, either under the terms of Article L. 225-208 of the Commercial Code or, if applicable, under the share buy-back program authorized by resolution 5 submitted to this meeting pursuant to Article L. 225-209 of the Commercial Code, or any subsequently applicable share buy-back program.

This authorization implies shareholders giving up, in favor of the beneficiaries of allocations of existing or future ordinary shares, (i) their preferential right to subscribe any ordinary shares which are issued as and when shares are definitively allocated, (ii) any rights to ordinary shares allocated free of charge on the basis of this authorization, and (iii) any rights to any reserves or premiums to which, if applicable, any issue of new shares may be charged.

At the General Shareholders' Meeting, the Board of Directors was given full powers, within the limits set out above, to:

- stipulate the conditions and, if applicable, the allocation criteria for ordinary shares;
- set, within legal conditions and limits, the dates on which bonus issues will be made;
- agree the ex date of newly issued ordinary shares (which may even be retrospective);
- determine the identity of the beneficiaries, the number of ordinary shares allocated to each, the terms of allocation of ordinary shares, and in particular the acquisition period and mandatory holding period of ordinary shares thus allocated free of charge;
- agree one or more increases in the Company's capital as a result of bonus issues of ordinary shares to be issued by the Company in the future;
- agree the conditions under which the number of ordinary shares issued may be adjusted;
- more generally, with the option of further delegating such tasks as provided for by the law, enter into any agreements required, prepare any documents, complete any formalities and make any declarations to any organization, and otherwise take any action which may be necessary.

The Board of Directors will inform the General Shareholders' Meeting each year of any allocations carried out under the terms of this resolution, in accordance with Article L. 225-197-4 of the Commercial Code.

Under the terms of this authorization, the Board of Directors decided at its meetings on 30 May 2006, 20 November 2006, and 14 February 2008, to implement three bonus share issue plans, the terms of which are set out in chapter 17.

### ➔ Convertible and exchangeable securities and securities with warrants

As at the registration date of this reference document, there are no convertible or exchangeable securities or securities with warrants.

### ➔ Information on the conditions governing any rights to purchase and/or any obligations attached to partly paid subscribed capital

Information relating to authorizations to issue shares given to the Board of Directors at the General Shareholders' Meeting on 26 April 2007 is set out in Section 21.1.1.

### ➔ Information about the capital of any Group member subject to a conditional or unconditional option or agreement

As at the registration date of this reference document, no member of the Group benefits from this type of option or agreement.

## 21.1.4 Record of capital and voting rights

Information relating to the breakdown of the Company's capital is included in Chapter 18 of this document, entitled "Major shareholders".

### CHANGES IN CAPITAL OVER THE LAST FIVE YEARS

Date	Transaction	Number of shares issued	Nominal amount of capital increase	Issue premium per share	Total amount of issue premium	Successive sums of capital	Number of shares	Face value
Combined General Shareholders' Meeting, 27 May 2004	Splitting of face value	274,050,000	-	-	-	€54,810,000	274,050,000	€0.20
IPO, July 2004	Capital increase restricted to France Télécom Group employees	4,739,610	€947,922	€11.10	€52,609,671	€55,757,922	278,789,610	€0.20
15 January 2007	Recording of capital increase resulting from exercising of subscription options in 2006	1,477,170	€295,434	€17.60	€25,990,960.40	€56,053,356	280,266,780	€0.20
15 January 2008	Recording of capital increase resulting from exercising of subscription options in 2007	377,670	€75,534	€11.52	€4,350,758.40	€56,128,890	280,644,450	€0.20
25 February 2009	Record of the increase in capital resulting from free assignment of shares occurring in 2008	340,304	€68,060.80			€56,196,950.80	280,984,754	€0.20



## COMMENTS ON MATERIAL CHANGES IN THE BREAKDOWN OF THE COMPANY'S CAPITAL DURING THE LAST THREE YEARS

The shares making up the capital of PagesJaunes Groupe were admitted for trading on the Paris euronext *Premier Marché* on 8 July 2004. The PagesJaunes Groupe's initial public offering (set out in a transaction memorandum approved by the *Autorité des Marchés Financiers* on 21 June 2004 as no. 04-614) was undertaken by means of:

- the sale by Wanadoo of existing shares (the "Distribution") by way of a public offering in France in the form of an open-price offering intended mainly for private individuals;
- an overall distribution intended for institutional investors;
- an offering of new shares resulting from capital increases restricted to employees, carried out at the same time as the Distribution.

The number of shares sold by way of the Distribution was 101,200,000, after all over-allocation options had been exercised by the banks responsible for the Distribution. In addition, 4,739,610 new shares were subscribed by way of the capital increases restricted to employees.

At the end of a competitive bidding process begun in June 2006, France Télécom sold to Médiannuaire, in the context an off-market block sale undertaken in compliance with the provisions of Articles 516-2 and following of the French *Règlement Général de l'Autorité des Marchés Financiers*, 150,546,830 PagesJaunes Group shares representing approximately 54% of the capital and voting rights in the Company. This sale was completed on 11 October 2006, in return for payment by Médiannuaire to France Télécom of an overall price of 3,312,030,260 euros i.e. 22 euros per share sold.

By way of a letter to the AMF and the Company dated 18 October 2006, Médiannuaire confirmed that it had on 11 October 2006 exceeded the

5%, 10%, 15%, 20%, 25%, 1/3, and 50% capital and voting rights thresholds. In the same letter, Médiannuaire declared its intention to file a standing tender offer with respect to the Company's shares, in accordance with applicable regulations. This declaration was the subject of an official notification published by the AMF on 19 October 2006 under reference 206C1925.

Under the terms of the provisions of Articles 235-1 to 235-3 of the AMF General Regulations, Médiannuaire irrevocably offered to acquire from PagesJaunes Groupe shareholders any shares tendered under this standing tender offer during a 15-day trading period, from 10 November to 1 December 2006 inclusive.

Following the PagesJaunes Groupe General Shareholders' Meeting on 20 November 2006, at which it was decided to proceed with an extraordinary dividend distribution of 9 euros per share, the standing tender offer was divided into two periods. Shareholders were thereby given the choice of selling their shares before the dividend distribution at a unit price of 22 euros from 10 November to 23 November 2006 inclusive, or after the distribution at a unit price of 13 euros from 24 November to 1 December 2006 inclusive.

As a result of the standing tender offer, Médiannuaire confirmed on 23 November 2006 that it had acquired 1,753,862 shares at a unit price of 22 euros per share during the first period, and confirmed on 7 December 2006 that it had acquired 1,339,495 shares at a unit price of 13 euros per share during the second period.

## PLEDGES

See chapter 18.5 of this document.

## TRADING IN COMPANY SHARES

Month	Lowest price in euros	Highest price in euros	Last price in euros	Number of shares traded	Capital in euros
March 2007	10.59	12.11	11.28	24,246,120	275,617,659
April 2007	11.45	12.85	12.85	21,421,247	258,839,845
May 2007	11.18	13.32	11.58	16,531,712	198,283,256
June 2007	9.35	11.56	9.35	22,366,458	227,452,268
July 2007	7.97	9.41	8.71	25,279,718	220,663,128
August 2007	8.70	10.32	9.80	17,379,590	168,081,584
September 2007	9.11	10.49	9.74	25,047,355	241,964,356
October 2007	6.71	9.96	7.41	20,913,104	172,402,372
November 2007	7.01	8.24	7.20	13,313,626	98,694,502
December 2007	6.87	7.44	7.03	13,428,869	96,399,348
January 2008	6.65	7.74	6.90	15,195,886	109,070,445
February 2008	6.05	7.24	6.06	13,056,442	87,607,610

## 21.2 Incorporation certificate and Articles of Association

### 21.2.1 Corporate purpose

In accordance with Article 3 of the Articles of Association, the Company's corporate purpose, in France and abroad, is:

- to acquire and hold shares, interests, or other securities in French or foreign legal entities, to define the policies to be implemented by subsidiary companies, and to provide any and all services to companies in which it holds shares;
- to acquire by any means, without exception or reservation, to hold by any means and in any capacity, to manage and, if appropriate, to transfer by any means, without exception or reservation, all or part of any majority or minority interests that may be directly or indirectly related to the Company's corporate purpose and to any similar or ancillary purpose.
- Moreover, the Company's purpose in France and abroad is also:
- to publish, on its own behalf or on behalf of third parties, directories using any current or future publication processes and means, to provide information services by any current or future processes and means, and to carry on the business of advertising in all its forms, by any method and for any purpose;
- to advise on, research, design, develop, update, and maintain all services related to any type of information distribution system on an open or closed network, whether interconnected via computer or telephone, wire-based, via satellite, cable or other methods, as well as any other activity related to such services, and more particularly to internet or intranet sites;
- to collect, acquire, enhance, manage, process, market, or host all types of data and files;
- to carry on any activities directly or indirectly related to such services, or which are a prerequisite or accessory to or a condition or extension of such services, or which are likely to encourage or develop them;
- in general, to undertake any industrial, commercial, financial, civil, real estate or non-real estate operations which may be directly or indirectly related to any of the aforementioned corporate purposes or to any similar or related corporate purposes.

#### **PROVISIONS IN THE INCORPORATION CERTIFICATE, ARTICLES OF ASSOCIATION, AND INTERNAL REGULATIONS CONCERNING MEMBERS OF THE ADMINISTRATION AND MANAGEMENT BODIES**

The Company is managed by a Board of Directors consisting of between three and 18 members (subject to legal exceptions in the event of a merger). There are currently 13 Directors on the Board.

Directors are elected by shareholders at General Shareholders' Meetings. Each director must hold at least one Company share. Pursuant to the Company's Articles of Association, each director is elected for a five-

year term. There is no limit to the number of times a director may be reelected.

The Board of Directors includes a director who represents the Company's employees as well as those of its direct or indirect subsidiaries (as defined in Article L. 225-27 of the Commercial Code) having their registered office on French territory.

This director is elected by way of two rounds of majority voting. All staff members who meet the conditions set out by law are eligible to vote and stand for election. Any application for election must include, in addition to the candidate's name, the name of a substitute who may replace him/her in the event of holidays or for any other reason whatsoever.

The director representing the employees is elected for a five-year term. The first director representing the employees will take up his or her responsibilities at the first meeting of the Board of Directors to be held after the full results of the first elections have been published. The next director representing the employees will take up his or her responsibilities on expiry of the term of the previous director representing the employees.

If a director representing the employees ceases to be a member of staff, his or her responsibilities as a director are terminated.

The Board of Directors elects a Chairman from among its members. The Chairman is elected for his or her entire term as a director, and may be reelected.

The Board of Directors meets whenever the Chairman calls a meeting. Meetings may be called by any method, including verbally in case of emergency, and as often as the Chairman deems necessary. They may be held at the registered office or any other place as indicated in the meeting notification.

Where the Board of Directors has not met for longer than two months, at least one third of the members of the Board of Directors may ask the Chairman at any time to call a Board meeting based on a specific agenda. The Chief Executive Officer may also ask the Chairman at any time to call a meeting of the Board of Directors.

The Board of Directors' deliberations are only valid if at least half its members are present.

Decisions are taken by majority vote of the members who are present or represented. In the event of a tied vote, the Chairman of the meeting has the deciding vote.

Subject to legal and regulatory provisions, meetings of the Board of Directors may be held by way of video-conference or any other means of telecommunication. Any director participating in a Board meeting by way of video-conference or other means of telecommunication is deemed to be in attendance for the purposes of quorum and majority. The Board of Directors sets out the strategic direction for the Company's activities, and sees to it that this is implemented. Subject to any powers expressly allocated to shareholders' meetings, and within the confines of the corporate purpose, the Board deals with all matters to do with the

smooth running of the Company, and governs the Company's business through its deliberations.

The Board of Directors may carry out any controls and checks it deems appropriate.

The Chairman or the Company's Chief Executive Officer is required to provide each director with all documents and information required by them to fulfill their duties.

The Company's Articles of Association also enable one or more non-voting Board members (known as *Censeurs*) to be appointed at a General Shareholders' Meeting. These non-voting Board members may or may not be shareholders, and are chosen on the basis of their reputation or experience.

## INTERNAL REGULATIONS

Internal regulations for the Board of Directors, in line with the system recommended by the Bouton Report, were put in place by the Board of Directors on 23 September 2004. These internal regulations specify the guiding principles for the functioning of the Board of Directors and the rights and duties of the directors.

The main provisions of the Board of Directors' internal regulations are summarized below.

## PREPARATION AND ORGANIZATION OF THE BOARD OF DIRECTORS' WORK

### ➔ Strategic direction

Pursuant to Article 17 of the Articles of Association, the Board of Directors sets out the strategic direction for the Company's activities, and sees to it that this is implemented.

This means that the Board is involved in all decisions relating to the Company's strategic, economic, corporate, financial, and technological direction, and ensures that these decisions are implemented.

The medium-term strategy for the Group's activities is defined each year in a strategic plan which is drafted by the Chief Executive Officer and presented to the Board of Directors for approval. This draft includes, in particular, projected trends for the Group's key operational and financial indicators. The Chief Executive Officer presents a draft annual budget based on the proposed strategy.

The Chief Executive Officer is responsible for implementing the strategy set out in the strategic plan.

The Chief Executive Officer informs the Board of any problems or, more generally, any matter which may affect the achievement of any of the objectives in the strategic plan.

### ➔ Board of Directors' Committees

In order to prepare its work, the Board of Directors has created an Audit Committee, a Remuneration and Appointments Committee and a Strategy Committee.

The operating terms and areas of authority of each committee are stipulated in the committees' Charters, which are approved by the Board of Directors.

## DIRECTORS' DUTIES AND RESPONSIBILITIES

### ➔ Directors' duty of confidentiality

Directors are required to maintain strict confidentiality with regard to the content of discussions and deliberations by the Board and its committees, as well as any information presented to them.

### ➔ Directors' duty to act independently

In carrying out the mandate entrusted to them, directors must make all decisions independently of any interest other than that of the Company.

Each director is required to inform the Chairman of any situation affecting them which could create a conflict of interest with the Company or any Group Company; if appropriate, the Chairman may seek the opinion of the Remuneration and Appointments Committee.

Once this has been done, it is the responsibility of the director in question to act accordingly, under the terms of the applicable legislation.

### ➔ Directors' duties with regard to Company shares

Each director must hold at least one Company share.

Any Company shares held by directors at the time they take up their roles must be registered in their own names. This also applies to any shares they acquire during their term of office.

Directors are forbidden to:

- undertake any transaction involving shares in any listed Group Company where they have inside information;
- undertake, directly or indirectly, short-selling of such shares;

The first of the above bans applies in particular to the period when the Group's annual and half-yearly results, as well as quarterly reports, are being prepared and presented.

It also applies during special periods when projects or transactions which justify such a ban are being prepared.

The Professional Ethics Charter, which in particular sets out rules relating to insider information, is applicable to the directors.

### ➔ Directors' duty of care

In accepting the office entrusted to them, directors agree to fully embrace all their responsibilities and, in particular, to:

- dedicate whatever time is required to studying matters dealt with by the Board and, if applicable, any Committees of which they are members;
- request any additional information they consider necessary;
- ensure that these regulations are enforced;
- freely form their own opinion prior to any decision, with only the Company's best interests in mind;
- actively participate in all Board meetings, unless they are prevented from doing so;
- put forward any proposals which might lead to improved working conditions for the Board and its committees.

The Board is constantly seeking to improve information communicated to shareholders. Each director must play a part in achieving this goal,

particularly through his or her contribution to the work of the Board's committees.

Directors undertake to tender their resignation to the Board if and when they believe, in good faith, that they are no longer able to fully assume their responsibilities.

## PROFESSIONAL ETHICS CHARTER

At its meeting on 23 September 2004, the Board of Directors adopted a Professional Ethics Charter (available on the PagesJaunes Groupe web site at <http://www.pagesjaunesgroupe.com>).

This Charter sets out the Group's values and presents its guiding principles for all dealings with customers, shareholders, employees, suppliers, and competitors. It also sets out how the Group acts with respect to the environment and the countries in which it operates.

In addition, it refers to a number of principles of personal conduct to which each of the Group's employees, directors, and managers must adhere and which encourage honest and ethical conduct on their part, as well as accurate, complete, and timely communication of published information.

The Professional Ethics Charter refers to the principles and rules applicable to stock market ethics, and the requirement to comply with them scrupulously. It lays down certain preventive measures, including, in particular, closed periods when "permanent insiders", such as members of the Board of Directors and other senior managers, are not allowed to trade in the Company's shares.

The Professional Ethics Charter applies to each member of the Board of Directors, as well as to all the Group's senior managers and employees.

## CHAIRMAN OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The Chairman of the Board of Directors is an individual appointed by the Board from among its members. Furthermore, the Board of Directors may decide whether to separate or combine the roles of Chairman of the Board and Chief Executive Officer. If it is decided to separate these roles, the Chief Executive Officer is appointed by the Board of Directors.

At its meeting on 23 September 2004, the Board of Directors decided to separate these roles.

Subject to powers expressly granted by law to General Shareholders' Meetings and to the Board of Directors, and within the confines of the corporate purpose, the Chief Executive Officer has the broadest powers to act on behalf of the Company under all circumstances, with the following stipulations:

- (i) the Chief Executive Officer must present to the Board of Directors each year a draft strategic plan defining the Group's medium-term objectives, and including in particular projected trends for the Group's key operational and financial indicators, as well as a proposed annual budget;
- (ii) the following decisions must be approved in advance by the Board of Directors:
  - approval of the annual budget as well as any material changes made to it,
  - approval of annual and three-year business plans,
  - the acquisition or disposal of any part of PagesJaunes Groupe's business or that of any of its subsidiaries, where this is not included

in the annual budget and is for a total amount in excess of 10 million euros in any one fiscal year,

- any investment or disinvestment not included in the annual budget and relating to assets of an amount greater than 10 million euros,
- amending the employment contract of, recruiting/appointing or dismissing/removing, any Chief Executive Officer of a PagesJaunes Groupe subsidiary, the PagesJaunes Groupe's Chief Financial Officer, or any other PagesJaunes Groupe senior manager whose gross annual remuneration is more than 200,000 euros,
- any increase in the total indebtedness of PagesJaunes Groupe or its subsidiaries of an amount greater than that authorized under the terms of the financing or loan contracts previously authorized by the PagesJaunes Groupe's Board of Directors,
- entering into any agreement with a view to creating a joint venture with a third party,
- any decision to begin proceedings for the admission of securities of PagesJaunes Group or any of its subsidiaries onto a regulated market, as well as any consecutive transactions with a view to additional admissions of securities of PagesJaunes Group or any of its subsidiaries whose shares are already traded on a regulated market,
- any decision to delist or buy back shares (except share buy-backs under liquidity agreements previously authorized by the Board of Directors),
- the acquisition or subscription, by the PagesJaunes Groupe or any of its subsidiaries, of shares, interests or any other instrument in the capital or giving access to the capital of a Company (x) for a value greater than 10 million euros where the liability of PagesJaunes Groupe or its subsidiaries is limited and the transaction is not included in the annual budget, and (y) whatever the amount invested where PagesJaunes Groupe or any of its subsidiaries is acting as an unlimited liability partner in such a Company,
- any diversification of the activities of PagesJaunes Groupe or its subsidiaries into areas unrelated to activities already carried out, and any disposal or termination of any of PagesJaunes Groupe's principal activities where this is not included in the annual budget or three-year business plan,
- setting up any profit-sharing plan (as defined in French employment law or any other similar legal provisions in other countries, with the exception of mandatory and voluntary profit-sharing – known as profit-sharing and company savings) within PagesJaunes Groupe or its subsidiaries, or any measure which would lead employees to acquire, directly or indirectly, shares in the capital of PagesJaunes Groupe or its subsidiaries,
- any authorization or instruction given to a subsidiary of PagesJaunes Groupe to study or undertake any of the operations referred to in this list,
- entering into any agreement not included in the annual budget which would entail PagesJaunes Groupe or its subsidiaries making payments or providing goods and services for an aggregate annual amount in excess of 10 million euros,
- any decision relating to plans for the merger or demerger of any PagesJaunes Groupe subsidiary, partial contribution of capital of a business of one of PagesJaunes Groupe's subsidiaries, or lease management of a business belonging to a PagesJaunes Groupe subsidiary, where this is not provided for in the annual budget or three-year business plan, and excluding internal reorganizations with no material impact on PagesJaunes Groupe's position,
- any transfer or disposal in order to grant security, or any decision for the granting of security or pledges, by PagesJaunes Groupe or any

of its subsidiaries, so as to meet its obligations with respect to debts or to honor guarantees given in favor of third parties, where these are not included in the annual budget and are for a total amount in excess of 10 million euros in any one fiscal year,

- the granting of any loans by PagesJaunes Groupe or any of its subsidiaries where the cumulative amount is greater than 5 million euros and they are not provided for in the annual budget.

## DEPUTY CHIEF EXECUTIVE OFFICER'S DEPARTMENT

Upon the recommendation of the Chief Executive Officer, the Board of Directors may appoint one or more individuals to assist the Chairman, with the title of Deputy Chief Executive Officer. The maximum number of Deputy Chief Executive Officers is five. In agreement with the Chief Executive Officer, the Board of Directors determines the scope and term of powers granted to Deputy Chief Executive Officers.

## RIGHTS, PREFERENTIAL RIGHTS AND RESTRICTIONS ATTACHED TO EACH CLASS OF EXISTING SHARES

Fully paid up shares may be in registered or bearer form, at the shareholder's discretion. They must be registered until they are fully paid up. They are registered in the Company's records or with an authorized intermediary under the terms and conditions set out in law.

In order to be able to identify bearer shares, under current legal and regulatory conditions and subject to applicable legal or regulatory sanctions, the Company may ask any organization or intermediary, including the central custodian of financial instruments, for information required by law or regulations enabling the identification of owners of Company shares giving immediate or future voting rights at General Shareholders' Meetings, and in particular the number of shares held by each of them, and if applicable, any restrictions which may apply to those shares.

Any intermediary registered on behalf of an owner who is not resident on French territory is required, under the terms set out in Article 228-1 of the Commercial Code, to reveal the identity of the owners of such shares within 10 days, on request by the Company or its legal representative at any time.

Where the Company has reason to believe that holders of registered or bearer shares who are known to the Company are holding those shares on behalf of third party shareholders, it is entitled to ask those holders to reveal the identities of the owners of said shares under the terms set out above.

Where a person to whom a request is made in accordance with the above provisions does not provide the requested information within legal and regulatory timescales, or provides incomplete or incorrect information relative either to their role or to the identity of share owners, the shares or securities giving immediate or future access to share capital for which that person is the registered account holder shall have no voting rights at General Shareholders' Meetings until such time as all matters relating to identity are settled, and payment of any corresponding dividends shall be deferred until that date.

In addition, if a person registered as a holder of shares knowingly disregards the above provisions, the court in whose jurisdiction the Company's registered office is located may, at the request of the Company or one or more shareholders holding at least 5% of the capital, order the full or partial withdrawal, for a total period not exceeding five years, of any voting rights attached to the shares in question and, potentially for the same period, the right to any corresponding dividends.

Where any legal entity owns shares in the Company and has a stake of more than one 40th of the capital or voting rights, the Company may ask that entity to inform it of the identities of any persons who directly or indirectly hold more than one third of the entity's share capital or voting rights exercised at the entity's General Shareholders' Meetings.

## CHANGES REQUIRED TO MODIFY SHAREHOLDERS' RIGHTS

As at the registration date of this reference document, the Articles of Association contain no provisions stricter than those set out in law relating to changes to shareholders' rights.

## 21.2.2 General shareholders' meetings (articles 11 and 26-32 of the articles of association)

### ACCESS, PARTICIPATION AND VOTING AT GENERAL SHAREHOLDERS' MEETINGS

General Shareholders' Meetings are made up of all shareholders whose shares have been fully paid up and registered in their name by no later than 3 pm (Paris time) on the day prior to the General Shareholders' Meeting, subject to the following conditions:

- in order to attend, vote remotely, or be represented at General Shareholders' Meetings, owners of bearer shares or shares registered in an account not held by the Company must file a certificate prepared by the intermediary holding their account indicating that the shares will not be transferable before the date of the General Shareholders' Meeting, at the place indicated in the notice of meeting, by no later than 3 pm (Paris time) on the day prior to the General Shareholders' Meeting;

- in order to attend, vote remotely or be represented at General Shareholders' Meetings, owners of shares registered in an account held by the Company must have their shares registered in their account held by the Company by no later than 3 pm (Paris time) on the day prior to the General Shareholders' Meeting.

Access to the General Shareholders' Meeting is open to its members upon submission of proof of their status and identity. If it deems this useful, the Board of Directors may see to it that the shareholders are sent registered and personal admission cards and demand that these cards be shown at the General Shareholders' Meeting.

Owners of Company shares who are not resident on French territory may be registered in the accounts and represented at General Shareholders' Meetings by any intermediary who is registered on their behalf and holds a general securities management contract. In accordance with legal and regulatory provisions, such intermediaries must declare themselves as intermediaries holding shares on behalf of others at the time their



account is opened with the Company or account-holding financial intermediary.

The Company is entitled to ask any intermediary who is registered on behalf of shareholders not resident in France and who holds a general contract to provide a list of the shareholders represented by them and whose rights are being exercised at a General Shareholders' Meeting.

Each member of a General Shareholders' Meeting has as many votes as the number of shares he or she owns or represents, provided that his or her voting rights have not been withdrawn.

Any shareholder may, subject to legal and regulatory conditions, vote remotely or give an authority to his or her spouse or to any other shareholder with a view to being represented and voting at a General Shareholders' Meeting.

Remote voting is carried out under the terms and conditions stipulated by legal and regulatory provisions. Voting forms must be received by the Company by 3 pm (Paris time) on the day before the General Shareholders' Meeting at the latest.

Powers, remote voting forms, and certificates of non-transferability of shares may be submitted in electronic form as long as they are duly signed, under the terms set out in applicable legal and regulatory provisions.

Shares may not be jointly owned in the eyes of the Company. Joint owners of shares must arrange for one of them to act as their representative with the Company; this person will be considered by the Company to be the sole owner and representative. In the event of failure to agree, the sole representative may be appointed by the court at the request of the first joint owner to so request. Unless the Company is properly notified of any agreement to the contrary, beneficial owners have the right to vote at Ordinary General Shareholders' Meetings, and bare owners have the right to vote at Extraordinary General Shareholders' Meetings.

General Shareholders' Meetings may be held by video-conference, or by any other means of telecommunication, including the internet, which enables shareholders to be identified under the conditions set out in applicable legal and regulatory texts.

The General Shareholders' Meetings will be attended by all of the shareholders whose securities are paid up for the amounts due and for which proof has been submitted of the right to attend the General Shareholders' Meetings via the posting of the securities in the name of either the shareholder or, if the shareholder is not domiciled on French territory, of the intermediary registered on its behalf, on the third business day preceding the General Shareholders' Meeting, at 00:00 (Paris time).

The posting of the securities within the term stipulated in the previous paragraph must take place either in the registered securities accounts held by the Company or in the bearer securities accounts held by the authorized intermediary.

Access to the General Shareholders' Meeting is open to its members upon submission of proof of their status and identity. If it deems this useful, the Board of Directors may see to it that the shareholders are sent registered and personal admission cards and demand that these cards be shown at the General Shareholders' Meeting.

Each member of the General Shareholders' Meeting has the same number of votes as the number of shares he holds or represents, with the exception of any deprivation of the right to vote.

Any shareholder may give a power of attorney to his or her spouse or to another shareholder with a view to being represented at the General Shareholders' Meeting.

Voting remotely or by proxy shall take place in accordance with the terms and conditions fixed by laws and regulations. The voting form must be

received by the Company at the latest by 3 pm (Paris time) the day before the General Shareholders' Meeting.

Powers of Attorney and distance voting forms as well as the certificate of attendance may be prepared on an electronic medium duly signed in the conditions stipulated by applicable laws and regulations. Shareholders voting remotely or by proxy within the term stipulated in this article and using the form made available to the shareholders by the Company shall be treated as present or represented shareholders.

If the Board of Directors so decides at the time invitations to a General Shareholders' Meeting are issued, forms may be completed and electronically signed directly on a site set up by the Company. This site must use a process including a username and password, in accordance with the terms set out in the first sentence, paragraph two, Article 1316-4 of the Civil Code, or any other process which meets the conditions set out in the first sentence, paragraph two, Article 1316-4 of the Civil Code.

Any powers or votes registered prior to a General Shareholders' Meeting via such electronic means, as well as any receipts which are provided for them, shall be considered to be fully enforceable, irrevocable written records, subject to the points set out below. By derogation, in case of a sale of shares occurring prior to midnight (Paris time) on the third business day preceding the General Shareholders' Meeting, the Company shall invalidate or alter accordingly, as the case may be, the proxy expressed or the vote cast prior to the General Shareholders' Meeting, using the electronic method set up by the Board of Directors.

Owners of Company shares who are not resident on French territory may be registered in the accounts and represented at General Shareholders' Meetings by any intermediary who is registered on their behalf and holds a general securities management contract. In accordance with legal and regulatory provisions, such intermediaries must declare themselves as intermediaries holding shares on behalf of others at the time when shares are registered in the accounts with the Company or account-holding financial intermediary.

The Company is entitled to ask the intermediary registered on behalf of shareholders not having their domicile in France and holding a general authorization to provide a list of the shareholders he represents, the rights of whom will be exercised at the General Shareholders' Meeting.

General Shareholders' Meetings may be held by video-conference, or by any other form of telecommunication, including the internet, which enables shareholders to be identified under the conditions set out in applicable legal and regulatory texts.

## ➔ Ordinary General Shareholders' Meetings

Ordinary General Shareholders' Meetings are called to make all decisions which do not amend the Articles of Association. They must be held at least once a year within six months of the end of the Company fiscal year (unless this period is extended by order of the court) to approve the accounts for the previous fiscal year.

Ordinary General Shareholders' Meetings cannot validly deliberate, on the first notice of meeting, unless shareholders present or represented or voting remotely hold at least one fifth of shares with voting rights. Upon a second notice of meeting, no quorum is required. Decisions are made by majority vote of the shareholders who are present, represented, or have voted remotely.

For the purposes of calculating quorum and majority, shareholders are deemed to be present if they take part in an Ordinary General Shareholders' Meeting by video-conference or any other means of telecommunication enabling them to be identified, and whose nature and terms of use are defined by applicable laws and regulations.

### ➔ Extraordinary General Shareholders' Meetings

Only Extraordinary General Shareholders' Meetings are authorized to amend any provisions in the Articles of Association. However, they may not increase shareholders' commitments except through transactions resulting from a properly executed share consolidation.

Subject to legal stipulations applicable to share capital increases by the addition of reserves, profits, or issue payments, Extraordinary General Shareholders' Meetings cannot validly deliberate unless shareholders present or represented or voting remotely hold at least, on the first notice of meeting, one quarter or, on the second notice of meeting, one fifth of the shares with voting rights. If the latter quorum cannot be reached, the second meeting may be reconvened up to two months after the original date, at which point a one fifth quorum is again required.

Subject to the same conditions, decisions are made by a two thirds majority vote of shareholders who are present, represented or have voted remotely.

For the purposes of calculating quorum and majority, shareholders are deemed to be present if they take part in an Extraordinary General Shareholders' Meeting by video-conference or any other means of telecommunication enabling them to be identified, and whose nature and terms of use are defined by applicable laws and regulations.

### NOTIFICATION OF MEETINGS: FORM AND TIMESCALES (ARTICLE 28 OF THE ARTICLES OF ASSOCIATION)

General Shareholders' Meetings are convened by the Board of Directors, under the conditions set out in law.

Otherwise, General Shareholders' Meetings may also be convened by the auditors or by any person authorized for this purpose.

In accordance with the provisions of Article 130 of the order dated 23 March 1967, a notice informing shareholders of the next General Shareholders' Meeting is published at least 35 days prior to the meeting in the French bulletin of mandatory legal announcements, "BALO".

Except where allowed for by law, notices are issued at least fifteen clear days before the scheduled date of a General Shareholders' Meeting. This period is reduced to six clear days for General Shareholders' Meetings held after a second notice of meeting and for reconvened General Shareholders' Meetings.

The notices of meetings are issued by a notice in a newspaper publishing legal announcements in the *département* where the registered office is located, and in the French bulletin of mandatory legal announcements, "BALO", in accordance with Article 124 Section 1 of the above-mentioned decree of 23 March 1967. Shareholders who have held shares in their own name for at least one month prior to the notice of meeting are summoned to the General Shareholders' Meeting by ordinary letter. They may ask to be notified by registered post, provided that they pay the additional postage costs to the Company.

Meetings shall take place at the date, time, and place indicated in the meeting notice.

Notices of meeting must include the agenda for the meeting.

### OFFICERS OF GENERAL SHAREHOLDERS' MEETINGS (ARTICLE 30 OF THE ARTICLES OF ASSOCIATION)

General Shareholders' Meetings are chaired by the Chairman of the Board of Directors or, in his or her absence, by a director appointed by the Board for this purpose. Failing this, the General Shareholders' Meeting elects its own Chairman.

The role of voting inspector is carried out by the two members of the General Shareholders' Meeting having the highest number of votes and who accept this role.

The officers of a General Shareholders' Meeting appoint a secretary, who is not required to be a shareholder.

### AGENDA

The agenda for a General Shareholders' Meeting is drawn up by the person issuing the notice of meeting.

One or more shareholders representing the percentage of capital required by applicable regulatory provisions and acting in accordance with legal conditions and timescales may request that draft resolutions be added to the agenda.

Requests for proposed resolutions to be added to the agenda must be sent by registered letter with acknowledgement of receipt as of publication of the notice of meeting in the bulletin of mandatory legal announcements, and up to 25 days prior to the General Shareholders' Meeting (however, if the announcement is published more than 45 days prior to the General Shareholders' Meeting, proposed resolutions must be sent within 20 days of publication of the notice); the authors must provide proof of possession or representation of the required proportion of share capital, proceeding, prior to dispatch of the request, to register shares on the Company register.

Only matters which are included on the agenda may be discussed at General Shareholders' Meetings. However, the meeting may at any time dismiss and replace one or more members of the Supervisory Board and, under certain conditions, dismiss one or more members of the Management Board.

The agenda may not be amended where a second notice of meeting has been issued, or in the event of a meeting being reconvened.

### CONDITIONS FOR EXERCISING VOTING RIGHTS

At all General Shareholders' Meetings, each shareholder has as many votes as the number of shares he or she owns or represents, with no limitations other than those which may arise from legal provisions or provisions in the Articles of Association, subject to a court order in certain cases. There are no clauses in the Articles of Association allowing the Company's shareholders to have double or multiple voting rights, or restricting voting rights.

## 21.2.3 Sale or transfer of shares (article 9 of the articles of association)

Shares may be freely traded, subject to applicable legal and regulatory provisions. They are registered and transferred under the terms and conditions set out in applicable legal and regulatory provisions.

## 21.2.4 Exceeding thresholds set out in the articles of association (article 9 of the articles of association)

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By law, the Company and the *Autorité des Marchés Financiers* must be informed when thresholds of 5%, 10%, 15%, 20%, 25%, 33 1/3%, 50%, 66 2/3%, 90%, and 95% of the Company's capital or voting rights are exceeded. In addition, any individual or legal entity, acting alone or in concert, who comes to own or ceases to own, directly or indirectly, as defined in Articles L. 233-7 and following of the Commercial Code, a number of shares, voting rights, or securities giving future access to the Company's capital corresponding to 1% of the Company's capital or voting rights or a multiple of this percentage, must, within five trading days of registering the securities that cause them to reach or exceed this threshold, notify the Company by registered letter with acknowledgement of receipt of the total number of shares, voting rights

or securities giving access to capital held directly or indirectly by them, alone or in concert.

This notification must be repeated under the terms set out above each time the holding reaches, exceeds or falls below a further 1% threshold, whatever the reason, including levels above the 5% threshold.

In the event of non-compliance with the above provisions, and on request at a General Shareholders' Meeting by one or more shareholders holding at least 1% of capital, the shareholder(s) in question, without prejudice to any suspension of voting rights ordered by a court, shall be deprived of voting rights pertaining to those shares exceeding the thresholds for which notification is required, within the conditions and limits set out in law.

## 21.2.5 Capital modification clause

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As at the registration date of this reference document, the Articles of Association contain no provisions stricter than those set out in law relating to capital reconstruction.



## 22 Major contracts

In due consideration of the sale by France Télécom of its interest in the Company's capital, France Télécom and the Company have entered into a bridging contract and cooperation contract intended to govern the relationship between them. The details of these contracts are set out in Sections 6.4.12 and 6.4.13 of this document.

In addition, on 24 October 2006 PagesJaunes Groupe entered into a bank finance agreement, the details of which are set out in chapter 10 of this document.

To date, the Company has entered into no other major contracts, other than those concluded in the normal course of business, which would impose a significant obligation or commitment on the Group as a whole.

## 23 Information provided by third parties, expert declarations, and declarations of interest

None.

## 24 Documents available to the public

Documents relating to the Company which must be made available to the public (Articles of Association, reports, correspondence, and other documents, the Company's historic financial information and consolidated information for each of the two fiscal years preceding the date of this reference document) are available for consultation at the registered office, preferably by appointment.

## 25 Information concerning shareholdings

Other than those companies referred to in Section 7.2 ("List of subsidiaries"), the Company has no interests in any other companies liable to have a material impact on the assessment of its assets, financial position, or results.

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## Draft resolutions to be submitted to the general shareholders' meeting of 11 June 2009

### Ordinary general shareholders' meeting

#### FIRST RESOLUTION

##### **(Approval of the annual accounts for the fiscal year ending 31 December 2008)**

The General Shareholders' Meeting, deciding in the quorum and majority conditions required for Ordinary General Shareholders' Meetings, after having taken note of the Board of Director's management report and the auditor's report, approves the annual accounts of the fiscal year ended 31 December 2008, including the balance sheet, income statement, and the appendix to the financial statements, as these were submitted to it, as well as the transactions reflected in these accounts and summarized

in these reports. It posts the profit from this year as it arose from these accounts as 128,396,752.17 euros.

It gives the members of the Board of Directors discharge for the performance of their work for said fiscal year.

The General Shareholders' Meeting approves the total amount of expenditure and charges covered by Article 39-4 of the general tax code, which stood at 11,094 euros for the fiscal year ending on 31 December 2008, as well as that for the tax borne by the Company because of this expenditure and charges, namely 3,820 euros.

## SECOND RESOLUTION

### (Approval of the consolidated accounts for the fiscal year ending 31 December 2008)

The General Shareholders' Meeting, deciding in the quorum and majority conditions required for Ordinary General Shareholders' Meetings, after having taken note of the Board of Director's management report and the auditor's report on the consolidated accounts, approves the consolidated accounts of the fiscal year ended 31 December 2008, including the consolidated balance sheet and the income statement, as well as the appendix to the financial statements, as these were submitted to it, and the transactions reflected in these accounts and summarized in these reports.

## THIRD RESOLUTION

### (Assignment of the net income of the fiscal year ended 31 December 2008, as indicated in the annual accounts and distributed)

The General Shareholders' Meeting, deciding in the quorum and majority conditions required for Ordinary General Shareholders' Meetings, after having taken note of the Board of Director's report and the auditor's report on the annual accounts:

- (i) formally notes that the year's profit came in at 128,396,752.17 euros;
- (ii) decides to allocate 6806.08 euros to the legal reserve, bringing it to 5,619,695.08 euros;
- (iii) notes that after assignment of 6806.08 euros to the legal reserve and bearing in mind retained earnings of 1,021,708,961.21 euros, the distributable profit for the fiscal year is 1,150,098,907.30 euros;
- (iv) decides to pay the shareholders as dividend 0.96 euro per share;
- (v) and decides to allocate the balance of the available amount to "retained earnings".

The dividend shall be paid as of 23 May 2009.

Accordingly, the total amount of the dividend cannot exceed 269,745,363.84 euros. The shares that will be held by the Company on the dividend payment date shall not create any right thereto.

The entire dividend is eligible for the 40% deduction mentioned in Article 158.3.2 of the General Tax Code, which applies to natural persons resident in France for tax purposes.

The General Meeting grants full powers to the Board of Directors to determine, based on the number of shares held by the Company on the dividend payment date, the total amount of the dividends and, accordingly, the amount of the balance of the distributable profit that will be allocated to "retained earnings".

The entire dividend is eligible for the 40% deduction mentioned in Article 158.3.2 of the General Tax Code, which applies to natural persons resident in France for tax purposes.

The following dividends that were paid over the past three years are as follows:

Year	Number of shares	Dividend per share	Quota share of dividend eligible for deduction <sup>(1)</sup>
2005	278,789,610	1.02	100%
2006	280,266,780	1.08	100%
2007	280,644,450	0.96	100%

(1) Deduction of 40% mentioned in Article 158.3.2 of the General Tax Code.

## FOURTH RESOLUTION

### (Agreements covered by Article L. 225-38 of the Commercial Code)

The General Shareholders' Meeting, deciding in the quorum and majority conditions required for Ordinary General Shareholders' Meetings, after having taken note of the special report of the auditors on the agreements referred to in Article L. 225-38 of the Commercial Code, takes note of the conclusions of this report and approves the agreements mentioned therein.

## FIFTH RESOLUTION

### (Authorization for the Board of Directors for the purpose of purchasing or transferring PagesJaunes Groupe shares)

The General Shareholders' Meeting, deciding in the quorum and majority conditions required for Ordinary General Shareholders' Meetings, after having taken note of the Board of Directors' report,

- terminates, with immediate effect, for the unused portion, the authorization granted by the Combined General Shareholders' Meeting of 29 April 2008 through its fifth resolution, to purchase shares of the Company;
- authorizes the Board of Directors, in accordance with Articles L. 225-209 and following of the Commercial Code, to have the Company purchase its own shares, under the conditions defined hereafter and within the limit of 10% of the amount of the share capital existing on the day of the present meeting, it being stipulated that, when these shares are purchased to ensure the liquidity of PagesJaunes Groupe shares under the conditions defined below, the number of shares used for calculating this limit of 10% corresponds to the number of shares bought less the number of shares sold during the period of the present authorization:
  - the maximum purchase price cannot exceed 15 euros per share. In the case of transactions affecting the capital, notably, via the incorporation of reserves and bonus share issues, and/or division or pooling of shares, this price shall be adjusted accordingly,
  - the maximum amount of funds allocated to the buy-back program is 421,477,125 euros,
  - this authorization is valid for a period of 18 months,
  - the acquisitions made by the Company pursuant to this authorization cannot under any circumstances or at any time cause the Company to

directly or indirectly hold more than 10% of the shares that comprised the share capital on the date in question,

- these shares may be acquired or transferred by any means, including during periods when a public offer is occurring on the Company's securities, subject to this offer being entirely settled in cash, especially in the market or over-the-counter, including by acquisition or transfer of blocks, by the use of derivative financial instruments traded on a regulated market or over-the-counter, in compliance with the regulations in force on the date of the transactions in question, and during the periods that the Board of Directors or the person delegated by the Board of Directors will determine.

These share purchases may be carried out with a view to any allocation permitted by law. The purposes of this share buy-back program are:

- to establish and honor the obligations associated with the stock option programs or other allocations of shares to the employees of the Company or affiliated firms and to allocate shares to the employees of the PagesJaunes Groupe in the context of (i) sharing in the Company's results, (ii) any options purchase plan or any plan to purchase or freely allocate shares (including any transfer of shares covered by Article L. 3332-24 of the Labor Code) for the benefit of all or some employees and Company Officers, and to carry out all hedging operations relating to these transactions;
- to reduce the Company's capital;
- to guarantee the liquidity of PagesJaunes Group shares through a liquidity contract with an investment services provider, in accordance with the charter of ethics recognized by the *Autorité des Marchés Financiers*;
- to retain shares for subsequent remittance for exchange or as payment as part of any external acquisitions;
- to implement and fulfill obligations relating to debt securities which may be converted into ownership certificates, and in particular to deliver shares when rights are exercised giving immediate or future access by any method to shares, and to undertake any hedging transactions with respect to PagesJaunes Groupe's obligations related to such securities.

The General Meeting gives the broadest powers to the Board of Directors, with the option to delegate, for deciding and implementing this authorization, for specifying the terms where necessary, determining the procedures, giving all orders in the market, concluding all agreements, establishing all documents, particularly those providing information, assigning and, where appropriate, re-assigning the shares acquired for the various goals pursued, performing all formalities, making all declarations to any and all entities and, in general, for doing whatever is necessary.

## SIXTH RESOLUTION

### **(Renewal of the appointment of Mr. François de Carbonnel as Director)**

The General Shareholders' Meeting, deciding under the quorum and majority conditions required for Ordinary General Shareholders' Meetings, renews Mr. François de Carbonnel's appointment as Director, by derogation from the clauses of Article 14 of the Company's Articles of Association, for a period of three years, namely until the General Shareholders' Meeting that will be called in 2012 to decide on the accounts for the fiscal year ending 31 December 2011.

## SEVENTH RESOLUTION

### **(Renewal of the appointment of Mr. Elie Cohen as Director)**

The General Shareholders' Meeting, deciding under the quorum and majority conditions required for Ordinary General Shareholders' Meetings, renews Mr. Elie Cohen's appointment as Director, by derogation from the clauses of Article 14 of the Company's Articles of Association, for a period of three years, namely until the General Shareholders' Meeting that will be called in 2012 to decide on the accounts for the fiscal year ending 31 December 2011.

## EIGHTH RESOLUTION

### **(Renewal of the appointment of Mr. Michel Datchary as Director)**

The General Shareholders' Meeting, deciding under the quorum and majority conditions required for Ordinary General Shareholders' Meetings and formally recording that Mr. Michel Datchary's appointment as Director expires on the date of this meeting, renews this appointment for a period of five years, namely until the General Shareholders' Meeting that will be called in 2014 to decide on the accounts for the fiscal year closing on 31 December 2013.

## NINTH RESOLUTION

### **(Renewal of the appointment of Mr. Jacques Garaïalde as Director)**

The General Shareholders' Meeting, deciding under the quorum and majority conditions required for Ordinary General Shareholders' Meetings and formally recording that Mr. Jacques Garaïalde's appointment as Director expires on the date of this meeting, renews this appointment for a period of five years, namely until the General Shareholders' Meeting that will be called in 2014 to decide on the accounts for the fiscal year closing on 31 December 2013.

## TENTH RESOLUTION

### **(Renewal of the appointment of Mr. Nicolas Gheysens as Director)**

The General Shareholders' Meeting, deciding under the quorum and majority conditions required for Ordinary General Shareholders' Meetings and formally recording that Mr. Nicolas Gheysens' appointment as Director expires on the date of this meeting, renews this appointment for a period of five years, namely until the General Shareholders' Meeting that will be called in 2014 to decide on the accounts for the fiscal year closing on 31 December 2013.

## ELEVENTH RESOLUTION

### (Renewal of the appointment of Mr. Rémy Sautter as Director)

The General Shareholders' Meeting, deciding under the quorum and majority conditions required for Ordinary General Shareholders' Meetings, renews Mr. Rémy Sautter's appointment as Director, by derogation from the clauses of Article 14 of the Company's Articles of Association, for a period of three years, namely until the General Shareholders' Meeting that will be called in 2012 to decide on the accounts for the fiscal year ending 31 December 2011.

## TWELFTH RESOLUTION

### (Non-renewal of appointments as Director)

The General Shareholders' Meeting, deciding under the quorum and majority conditions required for Ordinary General Shareholders' Meetings and formally recording that the appointments as Director of Mr. Thomas Geitner, Mr. Reinhard Gorenflos, and Mr. Jean-Claude Marceau expire on the date of this meeting, formally record the non-renewal of their appointments.

## THIRTEENTH RESOLUTION

### (Appointment of Mr. Jérôme Losson as Director)

The General Shareholders' Meeting, deciding under the quorum and majority conditions required for Ordinary General Shareholders' Meetings, after a proposal from the Board of Directors, appoints Mr. Jérôme Losson as Director for a period of five years, namely until the General Meeting

that will be called in 2014 to decide on the accounts for the fiscal year ending on 31 December 2013.

## FOURTEENTH RESOLUTION

### (Deliberation pursuant to Article L. 225-42-1 of the Commercial Code concerning commitments where Mr. Michel Datchary is the beneficiary)

The General Shareholders' Meeting, in application of Article L. 225-42-1 of the Commercial Code, deciding under the quorum and majority conditions required for Ordinary General Shareholders' Meetings, after having taken note of the auditors' special report, approves the commitment to pay termination indemnity and the commitment to pay compensation in consideration of a clause prohibiting its beneficiary, after cessation of his functions in the Company, from exercising a competitive professional activity as described in the said report, for which Mr. Michel Datchary is the beneficiary due to his appointment as Chief Executive Officer of the Company.

## FIFTEENTH RESOLUTION

### (Attendance fees)

The General Shareholders' Meeting, deciding in the quorum and majority conditions required for Ordinary General Shareholders' Meetings, after having taken note of the Board of Directors' report, decides to reduce to 340,000 euros the amount of the attendance fees allocated to the members of the Board of Directors for the year in progress and for subsequent years, until a new decision by the General Shareholders' Meeting.

## Extraordinary portion of the meeting

## SIXTEENTH RESOLUTION

### (Delegation of authority to the Board of Directors to issue Company shares and securities giving access to shares in the Company, with shareholders' preferential subscription rights)

The General Shareholders' Meeting, deciding in the quorum and majority conditions required for Extraordinary General Shareholders' Meetings, after having taken note of the Board of Directors' report and of the auditors' special report, and deciding in accordance with Articles L. 225-129 and following, particularly Article L. 225-129-2, and Articles L. 228-91 and following of the said code,

- terminates, with immediate effect, for the unused portion, the delegation given by the Combined General Shareholders' Meeting of 26 April 2007, through its seventh resolution;
- and delegates to the Board of Directors, for a period of 26 months from the date of this meeting, its competence to decide the issue, with maintenance of preferential subscription rights for shareholders, of the Company's shares and securities giving immediate or future access by any means to existing or future shares of the Company,

for which subscription may be either in cash or by compensation for receivables.

The maximum nominal amount of an increase to the Company's capital, whether immediate or in the future, arising from all of the issues made pursuant to this delegation is fixed at 20 million euros. This ceiling does not take account of the nominal value of any shares of the Company to be issued for adjustments made to protect the holders of rights attached to the negotiable securities giving access to shares.

The thus issued negotiable securities giving access to shares of the Company may consist of debt securities or be associated with the issuer of such securities, or else, they may permit the issuing thereof as intermediary securities. They may take the form of subordinated or unsubordinated securities, have an open-ended or close-ended term, and be issued either in euros, or in foreign currency, or in any monetary units established by referring to several currencies. The term of the loans (giving access to shares of the Company) other than those represented by open-ended term securities, cannot exceed 50 years.

The securities issued may, where appropriate, be associated with warrants giving the rights to assignment, acquisition, or subscription to bonds or other debt securities.

The nominal amount of the debt securities thus issued may not exceed 300 million euros or the equivalent of this amount at the date of the issue decision, it being stipulated that this amount is common to all of

the debt securities whose issue is specified by the 16th, 17th, 20th and 21st resolutions submitted to this meeting.

Those shareholders have, in proportion to the amount of their shares, a preferential right to subscribe to the shares and negotiable securities issued pursuant to this resolution. The Board of Directors may grant the shareholders a right (subject to allocation) to subscribe to the ordinary shares or negotiable securities issued, which will be exercised in proportion to their subscription rights, and within the limit of their demand.

If the subscriptions as of right and, if applicable, those subject to allocation, have not absorbed the entire issue, the Board of Directors may use, in the order it determines, some or all of the following options: (i) limit the issue to the amount of the subscriptions received, provided that the latter accounts for at least three-quarters of the issue decided, (ii) freely distribute all or some of the unsubscribed securities, or (iii) offer to the public all or some of the unsubscribed securities, on the French market and/or international market and/or abroad.

The General Shareholders' Meeting takes official note that this delegation entails waiver by the shareholders of their preferential right to subscribe to the shares of the Company to which the negotiable securities issued based on this delegation may give the right.

The General Shareholders' Meeting decides that the issue of warrants to subscribe to shares of the Company may be carried out by subscription offer, but also by bonus issues to the owners of old shares, and that in the case of bonus issues of share-subscription warrants, the Board of Directors will have the option to decide whether or not fractional allocation rights are tradable, and whether or not the corresponding securities are to be sold.

The Board of Directors shall agree the characteristics, amount, and terms of any issue, and of the securities issued. In particular, it will determine the category of securities issued and will set their subscription price, their payment terms, their ex date (which may possibly be retroactive), as well as the terms and conditions for exercising the rights attached to the issued securities. The Board of Directors may, where appropriate, modify the terms and conditions of securities issued in accordance with the present resolution, for the lifetime of the securities in question. The Board of Directors may also, where appropriate, carry out any adjustments designed to take into account the impact of transactions on the capital of the Company, particularly in the case of modification of the nominal amount of the share, increase in capital through the incorporation of reserves, the free allocation of shares, division or pooling of shares, distribution of reserves or any other assets, or amortization of capital; and, where appropriate, set the terms and conditions under which the rights of the owners of securities giving access to capital will be preserved.

The Board of Directors will have the broadest powers to implement this resolution, in particular by concluding any agreement to this effect in order to proceed, on one or more occasions and during the periods that it will assess, in France and/or where appropriate, abroad and/or on the international market, with the aforementioned issues, as well as, where appropriate, to postpone them.

## SEVENTEENTH RESOLUTION

### **(Delegation of authority to the Board of Directors to issue Company shares and securities giving access to shares in the Company, with abolition of shareholders' preferential subscription rights)**

The General Shareholders' Meeting, deciding in the quorum and majority conditions required for Extraordinary General Shareholders' Meetings, after having taken note of the Board of Directors' report and of the auditors' special report, and deciding in accordance with Articles L. 225-129 and following of the Commercial Code, particularly Articles L. 225-129-2, L. 225-135 and L. 225-136 of the said code, and Articles L. 228-91 and following of the said code,

- terminates, with immediate effect, for the unused portion, the delegation given by the Combined General Shareholders' Meeting of 26 April 2007, through its eighth resolution;
- and delegates to the Board of Directors, for a period of 26 months from the date of this meeting, its competence to decide the issue of the Company's shares and securities giving immediate or future access by any means to existing or future shares of the Company, for which subscription may be either in cash or by compensation for receivables.

The General Shareholders' Meeting decides to eliminate the shareholders' preferential right of subscription to these ordinary shares and negotiable securities, and to issue them by public offering, under the conditions specified by Article L. 225-136 of the Commercial Code, by an offer to the public and/or by an offer to qualified investors according to the meaning of the French Monetary and Financial Code.

The maximum nominal amount of an increase to the Company's capital, whether immediate or in the future, arising from all of the issues made pursuant to this delegation is fixed at 10 million euros. This ceiling does not take account of the nominal value of any shares of the Company to be issued for adjustments made to protect the holders of rights attached to the negotiable securities giving access to shares.

It is specified that the nominal amount of immediate or future capital increases resulting from issues that will be made by offer(s) exclusively addressing qualified investors under the meaning of the French Monetary and Financial Code, will not exceed the ceilings specified by the laws and regulations.

The securities thus issued giving access to shares of the Company may consist of debt securities or be associated with the issuer of such securities, or else, they may permit the issuing thereof as intermediary securities. The provisions concerning negotiable securities of the same type that may be issued based on the previous resolution shall apply for their issue, during their existence and for their access to shares, or their redemption.

The securities issued may, where appropriate, be associated with warrants giving the rights to assignment, acquisition, or subscription to bonds or other debt securities.

The total nominal amount of all debt securities issued in accordance with this resolution may not exceed, and will be charged against, the ceiling concerning debt securities specified by the aforementioned 16<sup>th</sup> resolution.

The Board of Directors may establish in favor of the shareholders an irreducible, and possibly reducible, right of priority for all or part of the issue, to subscribe to the shares or the negotiable securities, for which it shall fix, according to the law, the exercise terms and conditions, without creating negotiable rights. The securities not subscribed pursuant to



this right may be the subject of a public offering or private placement to qualified investors under the meaning of the French Monetary and Financial Code, in France and/or abroad, and/or on the international market.

If the subscriptions, including, where appropriate, those from shareholders, have not absorbed the full issue, the Board of Directors may limit the issue to the amount of the subscriptions received, under the condition that these reach at least three quarters of the issue that was decided.

The General Shareholders' Meeting takes official note that this delegation entails waiver by the shareholders of their preferential right to subscribe to the shares of the Company to which the negotiable securities issued based on this delegation may give the right.

The Board of Directors shall agree the characteristics, amount, and terms of any issue, and of the securities issued. In particular, it will determine the category of securities issued and will set their subscription price, with or without a premium, their ex date (which may possibly be retroactive), as well as, where appropriate, the period or the terms and conditions for exercising the rights attached to the issued securities; it may, where appropriate, modify the terms and conditions of securities issued in accordance with the present resolution, for the lifetime of the securities in question; it may also, where appropriate, carry out any adjustments designed to take into account the impact of transactions on the capital of the Company, particularly in the case of modification of the nominal amount of the share, increase in capital through the incorporation of reserves, the bonus share issues, division or pooling of shares, distribution of reserves or any other assets, or amortization of capital; and, where appropriate, set the terms and conditions under which the rights of the owners of securities giving access to capital will be preserved, it being stipulated that:

- a) the issue price of the ordinary shares shall be at least equal to the weighted average of the prices of the last three trading sessions preceding its fixing, if applicable, less a rebate of up to 5%;
- b) the issue price of the securities shall be such that the amount received immediately, plus, if applicable, any amount received in the future, for each ordinary share issued as a result of the issue of these securities, is at least equal to the amount referred to in paragraph "a)" above after correction, if applicable, of this amount to reflect the difference of the ex date.

The Board of Directors will have the broadest powers to implement this resolution, in particular by concluding any agreement to this effect and to proceed, on one or more occasions and during the periods that it will assess, in France and/or where appropriate, abroad and/or on the international market, with the aforementioned issues, as well as, where appropriate, to postpone them.

## EIGHTEENTH RESOLUTION

### **(Authorization to the Board of Directors, in case of issue, with abolition of shareholders' preferential subscription rights, of shares or securities giving access to the Company's shares, to set the issue price according to the terms and conditions fixed by the General Meeting)**

The General Shareholders' Meeting, deciding in the quorum and majority conditions required for Extraordinary General Shareholders' Meetings, after having taken note of the Board of Director's report and of the special report of the Auditors, and deciding in accordance with Article L. 225-136 of the Commercial Code,

- authorizes the Board of directors, for a period of 26 months from the date of this meeting, for each of the issues decided in application of the preceding 17th resolution and within the limit of 10% of the capital of the Company (as existing on the date of this meeting) per 12-month period, to depart from the conditions for setting the price specified by the aforementioned 17th resolution and to set the issue price of the issued shares and/or securities according to the following terms and conditions:

- a) the issue price of the shares shall be at least equal to the closing price of the PagesJaunes Group share on the euronext Paris market during the last trading session preceding its determination, possibly reduced by a rebate of up to 10%;
- b) the issue price of the negotiable securities will be the amount received immediately plus, if applicable, the amount received subsequently or, for each ordinary share issued as a result of the issue of these negotiable securities, at least equal to the amount referred to in paragraph "a)" above.

The total nominal amount of the immediate or future capital increase arising from issues made pursuant to this delegation shall be charged against the maximum capital increase stipulated by the aforementioned 17th resolution.

The total nominal amount of all debt securities issued in accordance with this resolution may not exceed, and will be charged against, the ceiling concerning debt securities specified by the aforementioned 16th resolution.

## NINETEENTH RESOLUTION

### **(Authorization to the Board of Directors, in case of a capital increase with or without the elimination of the shareholders' preferential right to subscribe, to increase the number of securities to be issued)**

The General Shareholders' Meeting, deciding in the quorum and majority conditions required for Ordinary General Shareholders' Meetings, after having taken note of the Board of Director's report and of the special report of the auditors and deciding in accordance with Article L. 225-135-1 of the Commercial Code, for a term of 26 months from this General Shareholders' Meeting, authorizes the Board of Directors to decide, for each of the issues decided pursuant to the aforementioned

16<sup>th</sup>, 17<sup>th</sup> and 18<sup>th</sup> resolutions, to increase the number of securities to be issued, in the conditions of the aforementioned Article L. 225-135-1 and subject to compliance with the ceiling stipulated in the resolution pursuant to which the issue is decided.

## TWENTIETH RESOLUTION

### **(Delegation of authority to the Board of Directors to issue shares and securities giving access to shares in the event that the Company initiates a public exchange offer)**

The General Meeting, deciding in the quorum and majority conditions required for Extraordinary General Meetings, after having taken note of the Board of Directors' report and of the special report of the Auditors, and deciding in accordance with Article L. 225-148 and Articles L. 228-91 and following of the Commercial Code,

- terminates, with immediate effect, for the unused portion, the delegation given by the Combined General Meeting of 26 April 2007, through its 11<sup>th</sup> resolution;
- and delegates to the Board of Directors, for a period of 26 months from the date of this meeting, its competence to decide, on the basis and under the conditions specified by the aforementioned 17<sup>th</sup> resolution, the issue of shares in the Company or securities giving access to existing or future shares in the Company, in payment for securities contributed to a public exchange offer initiated in France or abroad according to local rules by the Company on the securities of a company whose shares are traded on one of the regulated markets covered by the aforementioned Article L. 225-148 and decides, if necessary, to abolish, for the benefit of the holders of these securities, the shareholders' preferential subscription rights to these shares and securities.

The General Shareholders' Meeting takes official note that this delegation entails waiver by the shareholders of their preferential right to subscribe to the shares to which the negotiable securities issued based on this delegation may give the right.

The ceiling of the nominal amount of the immediate or future capital increase arising from all of the issues made pursuant to this delegation is set at 10 million euros. This ceiling is fixed (i) without taking account of the nominal value of the company's shares to be issued, if applicable, for adjustments made to protect the holders of rights attached to the negotiable securities giving access to shares and (ii) the total nominal amount of the immediate or future capital increase resulting from the issues made according to the present delegation shall be charged against the maximum capital increase stipulated by the aforementioned 16<sup>th</sup> resolution.

The total nominal amount of all debt securities issued in accordance with this resolution may not exceed, and will be charged against, the ceiling concerning debt securities specified by the preceding 16<sup>th</sup> resolution.

The General Shareholders' Meeting decides that the Board of Directors has full power to make the public offers referred to by this resolution, and, in particular:

- to fix the exchange parity, as well as, if applicable, the amount of the cash payment to be made;
- to officially note the number of securities contributed to the exchange;
- to determine dates and conditions for issue, particularly the price and the ex date of the shares, or where appropriate, the securities giving access to shares in the Company, and where appropriate, to

modify the terms and conditions of securities issued in accordance with this resolution, for the lifetime of the securities in question and in compliance with the applicable formalities;

- to post to the balance sheet's liabilities, in a "share premium" account, which will hold the rights of all of the shareholders, the difference between the issue price of the new shares and their nominal value;
- if necessary, to charge against said "share premium" all of the expenses and rights caused by the authorized transaction;
- to generally take any necessary measures and conclude any agreements.

## TWENTY-FIRST RESOLUTION

### **(Authorization of the Board of Directors to issue shares and securities giving access to shares, by way of remuneration for non-cash contributions granted to the Company, and consisting of shares or securities giving access to capital)**

The General Shareholders' Meeting, deciding in the quorum and majority conditions required for Extraordinary General Shareholders' Meetings, after having taken note of the Board of Directors' report and of the special report of the Auditors, deciding in accordance with Article L. 225-147 and Articles L. 228-91 and following of the Commercial Code,

- terminates, with immediate effect, for the unused portion, the authorization given by the Combined General Shareholders' Meeting of 26 April 2007, through its 12<sup>th</sup> resolution;
- and delegates to the board of directors, for a period of 26 months from the date of the present meeting, full power to proceed, on the report of the auditors on the contributions mentioned in the first and second paragraphs of the aforementioned Article L. 225-147, with the issue of shares in the Company or securities giving access to existing or future shares in the Company in payment for non-cash contributions granted to the Company, consisting of shares or securities giving access to capital, when the clauses of Article L. 225-148 of the Commercial Code are not applicable, and decide, where necessary, to abolish, for the benefit of the holders of shares or securities who make non-cash contributions, the shareholders' preferential subscription rights to the shares and securities thus issued.

The maximum nominal amount of the capital increase, whether immediate or in the future, arising from all of the issues made pursuant to this delegation is fixed at 10% of the Company's capital (as it exists on the date of this General Meeting), namely 5,612,889 euros.

The total nominal amount of all debt securities issued in accordance with this resolution may not exceed, and will be charged against, the ceiling concerning debt securities specified by the preceding 16<sup>th</sup> resolution.

The General Shareholders' Meeting takes official note that this delegation entails waiver by the shareholders of their preferential right to subscribe to the shares to which the negotiable securities issued based on this delegation may give the right.

The Board of Directors shall have full power to implement this resolution, in particular, to decide, based on the report of the auditors on the contributions mentioned in paragraphs 1 and 2 of the aforementioned Article L. 225-147, on the valuation of contributions and the granting of special benefits, to officially note the definitive execution of capital increases made pursuant to this delegation, and to carry out the correlative modification of the Articles of Association.



The Board of Directors may, within the limits fixed beforehand, delegate to the Chief Executive Officer or, in accordance with the latter, to one or more Deputy Executive Officer, the powers granted to the latter by this resolution.

## **TWENTY-SECOND RESOLUTION**

### **(Overall limit for authorizations)**

The General Shareholders' Meeting, deciding in the quorum and majority conditions required for Extraordinary General Meetings, after having taken note of the Board of Directors' report, decides to set a limit of 20 million euros as a maximum nominal amount of immediate or future capital increases that may be carried out in accordance with authorizations given by the 16th to 21st resolutions. This nominal amount will be supplemented by the nominal amount of shares in the Company that might be issued for adjustments made to protect the holders of rights attached to securities giving access to shares.

## **TWENTY-THIRD RESOLUTION**

### **(Delegation of authority to the Board of Directors to issue securities giving the right to an allocation of debt securities)**

The General Shareholders' Meeting, deciding in the quorum and majority conditions required for Extraordinary General Shareholders' Meetings, after having taken note of the Board of Director's report and of the special report of the auditors, and deciding in accordance with Articles L. 225-129 and following and L-228-91 and following of the Commercial Code,

- terminates, with immediate effect, for the unused portion, the delegation given by the Combined General Shareholders' Meeting of 26 April 2007, through its 15th resolution;
- delegates to the Board of Directors its power to decide to issue, on one or more occasions, in France, abroad, and/or on the international market, all securities (other than shares) giving the right to the immediate or future allotment of debt securities, such as bonds, equivalent securities, open-ended or closed-ended term subordinated securities, or any other securities granting, in the same issue, the same right to a claim on the Company.

The nominal amount of all debt securities issued immediately or in the future based on this resolution shall not exceed 300 million euros, or the exchange-value of this amount in foreign currency or in any monetary units established by reference to several currencies.

This delegation is given for a term of 26 months from the date of this General Shareholders' Meeting.

The Board of Directors shall have full power to:

- carry out said issues within the aforementioned limit, and to determine the issue date, type, amounts, and currency;
- determine the characteristics of the securities to be issued and the debt securities to which the securities will give right of allocation;
- determine the terms and conditions for amortization and/or early repayment for the securities to be issued and for the debt securities to which the securities will give right of allocation;
- if necessary, decide to give a guarantee or sureties to the negotiable securities to be issued, as well as to the debt securities to which the

negotiable securities give the right to allotment, and to stipulate the nature and the characteristics thereof;

- determine all of the terms and conditions for each issue and, where appropriate, modify the terms and conditions for securities issued in accordance with this resolution, during the lifetime of the securities in question and in compliance with applicable formalities;
- generally, conclude any agreements, take all measures, fulfill all necessary formalities and do whatever is necessary.

## **TWENTY-FOURTH RESOLUTION**

### **(Delegation of authority to the Board of Directors to increase the Company's capital by way of capitalization of reserves, profits, or premiums)**

The General Shareholders' Meeting, deciding in the quorum and majority conditions required for Ordinary General Shareholders' Meetings, after having taken note of the Board of Director's report and deciding in accordance with Articles L. 225-129-2 and L. 225-130 of the Commercial Code,

- terminates, with immediate effect, for the unused portion, the delegation given by the Combined General Shareholders' Meeting of 26 April 2007, through its 16th resolution;
- delegates to the Board of Directors, for a term of 26 months from the date of this General Shareholders' Meeting, its power to decide to increase the share capital, on one or more occasions, by incorporating in the capital any reserves, profits, or premiums, followed by the creation and free issue of shares or the increase of the nominal value of the existing shares, or a combination of these two arrangements.

The Board of Directors shall be authorized to decide whether or not fractional allocation rights are tradable or transferable, and whether or not the corresponding securities are to be sold; the amounts resulting from sale will be allocated to the owners of rights within the period specified by the regulations.

The ceiling of the nominal amount of the immediate or future capital increase arising from all of the issues made pursuant to this delegation is set at 20 million euros. This ceiling is fixed (i) without taking account of the nominal value of the company's shares to be issued, if applicable, for adjustments made to protect the holders of rights attached to the negotiable securities giving access to shares and (ii) separately from the maximum capital increases arising from issues of shares or negotiable securities authorized by the 16th to 21st resolutions above.

## **TWENTY-FIFTH RESOLUTION**

### **(Delegation of authority to the Board of Directors to carry out capital increases restricted to members of the PagesJaunes Group savings plan)**

The General Shareholders' Meeting, deciding in the quorum and majority conditions required for Extraordinary General Shareholders' Meetings, after having taken note of the Board of Director's report and of the special report of the auditors, and deciding in accordance with Articles L. 225-129-6, L. 225-138 I and II and L. 225-138-1 of the Commercial Code and with Articles L. 3332-18 and following of the Labor Code,

- terminates, with immediate effect, for the unused portion, the delegation given by the Combined General Shareholders' Meeting of 26 April 2007, through its 17th resolution;
- and delegates to the Board of Directors, for a term of 26 months from the date of this General Shareholders' Meeting, its power to decide to increase the share capital, to be decided by it alone, on one or more occasions, via the issue of shares or of negotiable securities giving access to the Company's existing or future shares reserved for the employees and former employees or members of the PagesJaunes Group savings plan, or else, through the allotment of bonus shares or negotiable securities giving access to the Company's existing or future shares, in particular by the incorporation in the capital of reserves, profits, or premiums.

The ceiling for the nominal amount of the immediate or future increase in the Company's capital resulting from all issues made in accordance with the present delegation (including by capitalization of reserves, profits, or premiums under the conditions and limits set by the Articles of the abovementioned Labor Code) is fixed at 1,122,000 euros (representing about 2% of the Company's capital on the day of this meeting). This ceiling does not take into account the nominal value of the Company's shares that might be issued for adjustments made to protect the holders of rights attached to securities giving access to shares.

The General Shareholders' Meeting decides to eliminate the preferential right of these employees and former employees to subscribe to the shares or negotiable securities giving access to shares to be issued pursuant to this delegation, and to waive any right to the shares or other negotiable securities allotted free of charge on the basis of this delegation.

The General Shareholders' Meeting decides:

- to set the discount offered under the Company savings plan to 20% of the average of the first prices quoted for the PagesJaunes Groupe share on the euronext Paris market during the 20 trading sessions preceding the date of the decision fixing the opening date for subscription. The Board of Directors may reduce this discount if it considers it appropriate, particularly in the case of an offer, to members of a company savings plan, of securities on the international market and/or abroad in order to satisfy the requirements of applicable local rights. The Board of Directors may also substitute all or part of the rebate via the allotment of shares or other negotiable securities pursuant to the provisions below;
- that the Board of directors may, within legal and regulatory limits, specify the free allocation of shares, or securities giving access to shares.

The Board of Directors shall have full power to implement this resolution, and, in particular, to:

- stipulate the characteristics, amount, and conditions of any issue or free allotment of securities;
- determine that the issues may take place directly in favor of the beneficiaries or via collective entities;
- stipulate, pursuant to the law, the list of companies, or groupings, whose employees and former employees may subscribe to the shares or negotiable securities issued and, if applicable, receive the shares or negotiable securities allotted free of charge;
- determine the type and the conditions of the capital increase, as well as the conditions of the issue or free allotment;
- fix the seniority conditions (i.e. the time the employee has worked for the group) that must be satisfied by the beneficiaries of the new shares or negotiable securities to come from one or more capital increases or the securities that are the subject of each free allotment, the subject of this resolution;

- formally note the execution of the capital increase;
- determine, if applicable, the nature of the securities allotted free of charge, as well as the terms and conditions of this allotment;
- determine, if applicable, the amounts to be incorporated in the capital within the aforementioned limit, the shareholders' equity item(s) from which they are deducted, as well as the ex date of the shares thus created;
- if it considers it appropriate, charge the capital increase's expenses to the amount of the premiums for these increases and deduct from this amount the amounts needed to bring the legal reserve to one-tenth of the new capital after each increase;
- take any measure for the execution of capital increases, carry out the formalities resulting from said increases, in particular those concerning the quotation of the securities created, and make the modifications correlative to these capital increases to the Articles of Association, and in general, do what is necessary.

The Board of Directors may delegate the power granted to it under this resolution to the Chief Executive Officer or, with his agreement, to one or more of his deputies, within limits agreed in advance by the Board of Directors.

## TWENTY-SIXTH RESOLUTION

### (Authorization for the Board of Directors to reduce the share capital by canceling shares)

The General Shareholders' Meeting, deciding in the quorum and majority conditions required for Extraordinary General Shareholders' Meetings, after having taken note of the Board of Director's report and of the special report of the Auditors, and deciding in accordance with Article L. 225-209 of the Commercial Code,

- terminates, with immediate effect, for the unused portion, the delegation given by the Combined General Shareholders' Meeting of 29 April 2008, through its 10th resolution;
- delegates to the Board of Directors full power to cancel, on one or more occasions, for up to 10% of the Company's capital and by 24-month periods, all or some of the PagesJaunes Group shares acquired as part of share purchase programs authorized by resolution five submitted to this General Shareholders' Meeting for share purchase programs authorized prior to or subsequent to the date of this General Shareholders' Meeting;
- decides that the surplus of the purchase price of the shares on their nominal value will be charged to the "issue premium" account or to any available reserve account, including the legal reserve, for up to 10% of the capital reduction made;
- delegates full power to the Board of Directors, with the option to delegate pursuant to the law, to carry out the capital reduction arising from the cancellation of the shares and the aforementioned charging, as well as to amend accordingly Article 6 of the Articles of Association;
- fix the term of this authorization at 18 months from the date of this General Shareholders' Meeting.

## TWENTY-SEVENTH RESOLUTION

### (Delegation, to the Board of Directors, of the right to assign options for subscription and/or purchase of shares in the Company)

The General Shareholders' Meeting, deciding in the quorum and majority conditions required for Extraordinary General Shareholders Meetings, after having taken note of the Board of Director's report and of the auditors' special report, and deciding in accordance with Articles L. 225-177 and following of the Commercial Code, authorizes the Board of Directors to grant, on one or more occasions, options for subscription or purchase of shares in the Company under the following conditions.

The beneficiaries must be employees or officers (as defined in Article L. 225-185) of the Company or of a Company or group which is related to the Company as defined in Article L. 225-180 of the Commercial Code. Options may be granted by the Board of Directors to some or all of these persons.

This authorization is granted for a period of 38 months from the date of this General Shareholders' Meeting.

Each option shall entitle the holder to subscribe or acquire one new or existing ordinary share, as applicable.

The total number of options which may be granted under this resolution may not lead to an entitlement to subscribe or acquire a number of shares which would represent more than 1% of the Company's capital as at the date of this meeting.

The shares which may be obtained by exercising share purchase options granted under this resolution must be acquired by the Company, either under the terms of Article L. 225-208 of the Commercial Code or, if applicable, under the share buy-back program covered by resolution five submitted to this meeting pursuant to Article L. 225-209 of the Commercial Code, or any previously or subsequently applicable share buy-back program.

The Board of Directors shall set the exercise price for options granted under this resolution according to the following terms:

- the exercise price of options for subscription or purchase of shares may not be below the average of the prices quoted for the PagesJaunes Groupe share on the euronext Paris market during the 20 trading sessions preceding the day when the options are granted;
- in addition, the exercise price of purchase options may not be less than 80% of the average purchase price of the shares held by the Company under the terms of Article L. 225-208 of the Commercial Code or, if applicable, under the share buy-back program authorized by resolution five submitted to this meeting pursuant to Article L. 225-209 of the Commercial Code, or any subsequently or previously applicable share buy-back program.

Any options allocated must be exercised within 10 years of the date when they are granted by the Board of Directors.

The General Shareholders' Meeting formally records and decides, as required, that the present delegation includes, to the profit of the beneficiaries of options for subscription, the express renunciation of shareholders' preferential rights to subscribe to shares which are issued as these options are exercised.

The General Shareholders' Meeting gives the broadest powers to the Board of Directors, which may be assisted by a committee composed of members of its choice, in order to, within the limits set above:

- set, within the legal conditions and limits, the dates on which options will be granted;
- determine the list of beneficiaries of options, the number of options allocated to each of them, and the terms and conditions for allocating and exercising the options;
- set the conditions for exercising the options and in particular to limit, restrict, or prohibit (a) the exercise of options or (b) the transfer of shares obtained through exercising the options during certain periods or following certain events, its decision being applicable (i) to all or some of the options and (ii) to all or some of the beneficiaries;
- decide the conditions under which the price and/or the number of shares to be subscribed or acquired will be adjusted in the cases provided for by the law;
- more generally, with the option of further delegating such tasks under the conditions provided for by the law, conclude any agreement, formally note the capital increases following the exercise of options, consequentially modify the Articles of Association where this is appropriate, carry out any formalities and declarations to any organizations, and do everything that is otherwise necessary.

The Board of Directors will inform the General Shareholders' Meeting each year of any transactions carried out under the terms of this resolution.

## TWENTY-EIGHTH RESOLUTION

### (Powers for procedural arrangements)

The General Shareholders' Meeting grants full power to the bearer of an original, a copy, or an extract of the minutes of this General Shareholders' Meeting with a view to performing all legal or administrative formalities and making all filings and publicity required by current legislation.

# Report from the Chairman of the Board of Directors

Under the terms of the provisions of Article L. 225-37 of the French Commercial Code, as amended by Law 2005-842 of 26 July 2005 and Law 2008-649 of 3 July 2008, the Chairman of your Board of Directors informs you, in this report:

- of the composition of the Board of Directors, the conditions for the preparation and organization of the Board's work as well as internal control and risk management procedures introduced by the Company;
- of the limitations placed on the powers of the Chief Executive by the Board of Directors;

– of the application of the recommendations provided for in the AFEP-MEDEF Corporate Governance Code, followed by the PagesJaunes Groupe;

– of procedures relating to shareholders' participation in General Shareholders' meetings; and

– of the principles and rules ordered by the Board of Directors to determine the remunerations and benefits paid to corporate officers.

This report was approved by the Board of Directors at its meeting on 25 February 2009.

## 1 Corporate governance

### ➔ Corporate Governance Code

PagesJaunes Groupe follows the principles of corporate governance for listed companies laid down in the AFEP/MEDEF report of October 2003, and is still committed to implementing the recommendations contained in this report.

At its meeting on 18 December 2008, the Board of Directors took note of the AFEP/MEDEF recommendations of 6 October, on remuneration for corporate officers of listed companies.

It believes that these recommendations form part of the Company's approach to corporate governance.

Consequently, in application of the Law of 3 July 2008, the amended AFEP/MEDEF corporate governance code, available on the [www.medef.fr](http://www.medef.fr) web site is, as of this fiscal year, what the Company refers to when compiling this report.

### ➔ Provisions removed

The Board of Directors has, however, studied the differences between current PagesJaunes Groupe operating procedures and the three recommendations made by the AFEP/MEDEF Corporate Governance Code:

- the AFEP/MEDEF Corporate Governance Code stipulates that independent directors must account for at least one third of the directors in companies controlled by a majority shareholder. Until now, the PagesJaunes Groupe Board of Directors has been made up of 3 independent directors out of 13. Subject to approval by the Annual General Shareholders' meeting on 11 June 2009, of resolutions relating to the appointment of directors, the Board of Directors will be composed of 11 directors, 3 of whom will be independent. Nearly one third of the directors will then be independent;
- the AFEP/MEDEF Corporate Governance Code stipulates that directors' terms of office should not exceed 4 years. The term of office for PagesJaunes Groupe directors is 5 years. The Board of Directors believes that this point does not pose an obstacle to good governance within the Company. Furthermore, not all the directors' terms of office come to an end on the same date: the terms of office of 4 directors (Mrs Abeille Deniau, Messrs. Hugues Lepic and Jean-Christophe Germani, and the company Médiannuaire) come to an end at the Annual General Shareholders' meeting in 2011, the terms of directors appointed or renewed at the Annual General Shareholders' meeting on 11 June 2009 expire at the Annual General Shareholders' meeting in 2014;

• So as to organize the smooth renewal of directors' terms of office, a proposal will be made to the Annual General Shareholders meeting, as an exception to the provisions of Article 14 of the Company's by-laws, to renew the terms of Messrs. François de Carbonnel, Elie Cohen and Rémy Sautter for a three year period, coming to an end at the Annual General Shareholders' meeting in 2012;

• the AFEP/MEDEF Corporate Governance Code stipulates that the Remuneration Committee must be made up of a majority of independent directors. One of the 3 PagesJaunes Groupe Remuneration and Appointments Committee members is an independent director. The Board of Directors believes that the composition of this Committee, chaired by an independent director, as well as exchanges between this independent director and the other independent directors on the Board of Directors, appears to conform to the principle of faithful representation of the interests of the different Company shareholders.

### 1.1 COMPOSITION OF THE BOARD OF DIRECTORS

On 23 September 2004, the Board of Directors of PagesJaunes Groupe decided to separate the positions of Chairman of the Board of Directors and Chief Executive Officer. Mr. Jacques Garaïalde is the Chairman of the Board of Directors of PagesJaunes Groupe and Mr. Michel Datchary is Chief Executive Officer of PagesJaunes Groupe.

• On the date of this report the members of the Board of Directors are:

- François de Carbonnel;
- Élie Cohen;
- Michel Datchary;
- Abeille Deniau;
- Médiannuaire; represented by Ahmet Faralyali;
- Jacques Garaïalde;
- Jean-Christophe Germani;
- Thomas Geitner;
- Nicolas Gheysens;

- Reinhart Gorenflos;
- Hugues Lepic;
- Jean-Claude Marceau; and
- Rémy Sautter.

Renewal of the terms of office of Messrs. François de Carbonnel, Elie Cohen, Michel Datchary, Jacques Garaïalde, Nicolas Gheysens and Rémy Sautter will be subject to approval from the General Shareholders' meeting on 11 June 2009. In addition, the appointment of Mr. Jérôme Losson will be proposed to the General Shareholders' meeting on 11 June 2009.

The Board of Directors includes 3 independent members: Mr. François de Carbonnel, Mr. Élie Cohen, and Mr. Rémy Sautter. A member is deemed to be independent if he does not have any relationship whatsoever with the Company that could have a significant impact on his freedom of judgment.

PagesJaunes Groupe uses certain criteria in selecting its directors, in particular: availability, experience and expertise in the areas associated with the Group's businesses and with the challenges of its environment.

Additional information on the composition of the Board of Directors is provided in section VI of the Management Report.

## 1.2 CONDITIONS FOR THE PREPARATION AND ORGANIZATION OF THE BOARD OF DIRECTORS' WORK

### ➔ 1.2.1 Internal Regulations

Internal regulations for the Board of Directors were put in place at the Board meeting on 23 September 2004. These regulations are in line with the guidelines set out in the Bouton Report, and specify the key operating principles of the Board of Directors, as well as directors' rights and duties.

The main provisions of the Board of Director's internal regulations appear, in detail, in point 21.2.1 of the Reference document.

### ➔ 1.2.2 Board meetings

The Board of Directors issues its opinion on all decisions concerning the Company's major strategic, economic, social, financial and technological orientations, and ensures that these are implemented by Senior Management.

PagesJaunes Groupe policy concerning Corporate Governance stipulates that the Chief Executive Officer must obtain authorization from the Board in order to arrange any purchases or disposals of operations that are not included in the annual budget for a total amount in excess of ten million euros, and any investment or disinvestment not included in the annual budget in relation to assets for a sum in excess of ten million euros.

In 2008, the Board of Directors met 5 times. On average, 11 out of 13 directors attended each session of the Board of Directors during this past year. The average duration of a Board of Directors' meeting was 4 hours.

The Board of Directors' main activities were the following:

- Examination of accounts and results: the Board examined and closed the company and consolidated annual and semi-annual accounts, and the management reports. It examined sales and the main quarterly results as well as corresponding financial communications. It drew

up the reports and resolutions submitted to the General Meeting. It examined the 2009 budget.

- Examination of business operation: a business development presentation is given by the Senior Management at every Board meeting, making it possible for board members to follow, on a regular basis, and in "real time", the progress made by the group's business activities.
- Examination and approval of strategic operations: the Board deliberated on acquisitions and envisaged acquisitions. The strategic 5-year marketing plan was presented to the Board of Directors and was discussed in detail. The Board of Directors decided to create a Strategy Committee responsible for assisting the Board in its deliberations on major long-term strategic policies at Company or Group level. The Board of Directors launched a study aimed at defining the group's medium-term strategy, then followed its progress in conjunction with the Strategy Committee and analyzed its findings.
- Corporate governance: The Board examined the report prepared by the Chairman pursuant to Article L. 225-37 of the French Commercial Code, concerning conditions for the preparation and organization of the Board's work and internal control procedures. The Board of Directors took note of the AFEP/MEDEF recommendations of 6 October 2008 on compensation for corporate officers of listed companies and decided that, from this fiscal year onwards, the amended AFEP/MEDEF Corporate Governance Code should be referred to when preparing this report.

### ➔ 1.2.3 Committees set up by the Board of Directors

The Board of Directors, at its Meeting on 23 September 2004, set up two committees within the Company, i.e. an Audit Committee and a Remuneration and Appointments Committee.

At a meeting on 14 February 2008, the Board of Directors decided to create a Strategy Committee.

#### 1.2.3.1 Audit Committee

The Audit Committee is comprised of at least two members, appointed by the Board of Directors based on a proposal by its Chairman. In addition, according to the terms of the Audit Committee's operating charter, the Committee will appoint its own Chairman.

The composition of the Audit Committee on the date of this report is as follows:

- Mr. Remy Sautter, chairman;
- Mr. Élie Cohen;
- Mr. Nicolas Gheysens.
- The Audit Committee, acting on behalf of the Board of Directors, is responsible for:
  - examining the semi-annual and annual Company and consolidated accounts, as well as the management reports and the activity and result tables;
  - examining documents for Financial Communication;
  - ensuring compliance with the accounting standards adopted for preparing the Company and consolidated accounts;
  - examining the accounting treatments associated with specific transactions, as well as the information published on these transactions;
  - verifying that the internal information collection and checking procedures are applied in practice;



- checking the quality and relevance of the information communicated to shareholders;
- examining the procedure for selecting the Company's auditors, in particular, the motivations for their choices and their remuneration conditions, in order to submit comments;
- examining each year the respective work plans of the Company auditors and the internal auditors, examining the internal audit reports of the year ended and defining the mission schedule for the year in progress;
- examining each year the Group's exposure to risk, in particular financial and litigious risks, and significant off-balance sheet commitments.

The tasks undertaken on behalf of the Board of Directors do not limit the powers of the Board of Directors, who cannot exempt themselves from liability by invoking the tasks or opinions of these committees.

The Audit Committee shall meet as often as it deems useful and shall refer to any matter included within its mission. It may ask the Company to provide it with any document or information necessary to the exercise of its mission and to the carrying out of any internal audit or external audit on any subject it believes is included in the said mission. During the examination of drafts of the annual and semi-annual accounts, it may question the company auditors without the presence of the company's senior managers. It is notified of any accounting or audit irregularities.

The Audit Committee met 4 times in 2008. It audited the company's senior managers and the senior managers of the Group's Finance Department, the internal auditors and the statutory auditors on a regular basis, to examine with them their respective work plans and their follow-up on said plans.

During the year 2008, the Audit Committee examined the following questions:

- annual Company and consolidated accounts at 31 December 2007;
- semi-annual consolidated accounts at 30 June 2008;
- revenue and main results for the first and third quarters of 2008;
- 2008 internal audit program, conclusions of the missions carried out during the year and monitoring of the implementation of the recommendations.

### **1.2.3.2 Remuneration and Appointments Committee**

This Committee is comprised of at least three members, who are appointed by the Board of Directors based on a proposal by its chairman. The Committee itself appoints its chairman.

On the date of this report, the Remuneration and Appointments Committee was comprised of the following persons:

- Mr. Francois de Carbonnel, chairman;
- Mr. Hugues Lepic;
- Mr. Nicolas Gheysens.

The committee is responsible for submitting proposals to the Board of Directors for the appointment of members of the Board of Directors, the Chairman of the Board of Directors, the Chief Executive Officer and the members of the Board committees. It is also kept informed by the Chairman of the Board of Directors of the appointments of other senior managers of the Group. In addition, the Committee proposes to the Board of Directors the amount of the directors' fees to be submitted to the General Meeting, as well as the conditions for the breakdown of said fees between the members of the Board of Directors.

The Committee also proposes to the Board of Directors the remuneration of the Corporate officers and may, if requested by the Chairman of the Board of Directors, give an opinion on the conditions for setting the remuneration of the Company's senior managers.

The Remuneration and Appointments Committee met on two occasions in 2008.

The Committee examined the definition of the objectives and the conditions for the calculation of the variable portion of the Chief Executive Officer's remuneration. It proposed to the Board of Directors that amendments should be made to Michel Datchary's employment contract so as to conform to the TEPA Law.

The Remuneration Committee was informed of the measures taken by the Chief Executive to guarantee the managerial efficiency and continuity of the Group.

The Remuneration and Appointments Committee studied the new recommendations published by AFEP and MEDEF in 2008 on corporate governance so as to be in a position to make proposals to the Board of Directors.

The Remuneration and Appointments Committee noted the results of the Board of Directors' self-assessment questionnaire completed in 2008.

### **1.2.3.3 Strategy Committee**

This Committee is comprised of at least three members, who are appointed by the Board of Directors based on a proposal by its chairman. The Chairman of the Committee is appointed by the Board of Directors following a proposal by its Chairman, from among the members of the Committee.

The composition of the Strategy Committee on the registration date of this reference document was as follows:

- Mr. Jacques Garaïalde, Chairman;
- Mr. Élie Cohen;
- Mr. Hugues Lepic.

It assists the Board of Directors in its reflections concerning major long-term strategic policies of the Company or the Group, examines all major projects in relation to strategic Group positioning and development, especially strategic partnership projects and major investment and disinvestment operations, and Company development plans submitted to the Board of Directors.

The Strategy Committee met 4 times during 2008.

The Strategy Committee, in particular, followed the implementation and progress of the study aimed at defining the group's medium-term strategy and analyzed its results.

## **1.3 APPRAISAL OF THE BOARD OF DIRECTORS**

A procedure for assessing the Board of Directors' operating procedures was implemented during the course of the fiscal year, so as to ensure that important issues are suitably prepared, treated and discussed at Board meetings.

This appraisal was conducted on the basis of a detailed questionnaire sent to each director. A summary of individual appraisals was prepared by the Remuneration and Appointments Committee and then discussed at a Board meeting.

The Board of Directors thought that the results were positive and reflected apparently satisfactory operating procedures. For some points where there is still room for improvement, the Committee proposed that the Board should think about ways of improving the follow-up of strategic issues, as well as the number of directors.

#### **1.4 POSSIBLE LIMITATIONS ON THE POWERS OF THE CHAIRMAN/CHIEF EXECUTIVE OFFICER**

Pursuant to Article L. 225-51-1 of the French Commercial Code, which enables the Board of Directors to choose between general management of the Company assumed, under its responsibility, by the Chairman of the Board of Directors or by another natural person appointed by the Board of Directors and bearing the title of Chief Executive Officer, on 23 September 2004 the Board of Directors of PagesJaunes Groupe decided to separate the positions of Chairman of the Board of Directors and Chief Executive Officer. On 12 October 2006 it elected from among its members Mr. Jacques Garaialde as Chairman of the Board of Directors of PagesJaunes Groupe and Mr. Michel Datchary as Chief Executive Officer of PagesJaunes Groupe.

#### **1.5 ACCESS, PARTICIPATION AND VOTING AT GENERAL SHAREHOLDERS' MEETINGS**

Information relating to access, participation and voting at General Shareholders' Meetings appears in Articles 11 and 26 to 32 of the Company's by-laws and is given, in detail, in point 21.2.2 of the Reference document.

#### **1.6 PUBLICATION OF THE CAPITAL STRUCTURE AND FACTORS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFERING**

Information on the share capital appears in point 21.1 of the Company's Reference document.

#### **1.7 RULES FOR THE DETERMINATION OF THE CHIEF EXECUTIVE OFFICER'S REMUNERATION**

On 14 February 2008, the Board of Directors, based on a proposal by the Remuneration and Appointments Committee, determined the rules for calculating the variable portion of the Chief Executive Officer's remuneration.

In 2008, the Chief Executive Officer was eligible for a variable portion of his remuneration, the annual amount of which could vary between 0% and 100% of the base salary, depending on the attainment of the following criteria:

- 50% on a qualitative scale ranging from 0 to 200% and based, in particular, on the group's strategy, management of the portfolio of assets and the success of action plans;
- and 50% on a quantitative scale based on an additional gross operating margin target.

Michel Datchary has been the Chief Executive Office of the PagesJaunes Groupe Company since 23 September 2004. In addition he performs the duties of corporate officer in various other group companies, including the PagesJaunes Company.

What's more, Michel Datchary has, until now, been a salaried employee of the PagesJaunes company (formerly ODA).

His employment contract with PagesJaunes was suspended when he was appointed as Chief Executive Office of the PagesJaunes Groupe company. In the event, therefore, of termination of Michel Datchary's term of office at PagesJaunes Groupe, his employment contract would automatically come back into force.

Michel Datchary does not benefit from any specific advantage by virtue of his mandates and, in particular, there is no provision for compensation in the event of termination of his mandate as Chief Executive Officer of the PagesJaunes Groupe company.

Michel Datchary's PagesJaunes employment contract stipulated in its Article 11, in the event of cancellation by PagesJaunes (except for serious or gross negligence), (i) on the one hand, payment of a sum corresponding to discretionary severance pay, calculated in application of the stipulations of the collective agreement applicable to the Company, in view of his length of service and (ii) on the other, payment of an additional benefit corresponding to 15 months' salary.

The contract stipulated that the accumulated total amount of the discretionary compensation and the additional compensation may not exceed 21 months' salary.

In application of the Law known as the TEPA Law of 21 August 2007, the Board of Directors approved, at its meeting on 14 February 2008, an amendment to this employment contract, aiming to supplement the aforementioned Article 11 in order to insert a performance condition therein. In order to ensure the consistency of this stipulation with the Company's normal performance criteria, the performance condition used had been set as being the requirement that the gross operating margin of the last PagesJaunes Groupe consolidated accounts posted by the Board of Directors prior to the date of termination of the employment contract should exceed the average gross operating margin of the previous three years.

The Company's General Shareholders' Meeting of 29 April 2008, approved this undertaking.

Michel Datchary's employment contract also included a non-competition obligation for a period of 12 months. This non-competition obligation, if it had been applied, would have resulted in payment of 6 months' salary. Should Michel Datchary decide to leave of his own accord, the amount of severance pay would be reduced to 3 months' salary.

The Company's Board of Directors considered that Michel Datchary's situation deviated from the aforementioned AFEP/MEDEF recommendations on two counts: the concurrent corporate mandate/employment contract and the procedures for paying and calculating severance pay.

In fact, AFEP/MEDEF recommends:

- termination of any employment contract where there is a corporate mandate;
- severance pay should only be authorized in the event of forced departure linked to a change of control or strategy, and the amount of severance pay, in whatever form, should be limited to two years' remuneration.

In its approach, the Board of Director was obliged to note the fact that termination of Michel Datchary's employment contract resulted in him losing his rights to retirement benefits (due in the event of retirement) and his rights to severance pay and non-competition compensation.

The Board of Directors endeavored, in drawing up the proposed scheme, on the one hand to incorporate the current system of severance pay from the employment contract into the corporate mandate by adapting it to AFEP/MEDEF recommendations on the subject and, on the other

hand, to replace the retirement benefits to which Michel Datchary would have been entitled under the current system if he had left the group in order to take advantage of his retirement rights, with a new system of benefits.

Consequently, Michel Datchary resigned from his duties as an employee of the group and, as a result, his employment contract was terminated. Michel Datchary's rights as an employee of the PagesJaunes company were settled and the sum of 218,752.31 euros was paid to him by way of a final pay check (corresponding solely to payment for leave associated with length of service, payment for leave accrued by virtue of his status as a Group Executive as well as his time savings account), to the exclusion of any other benefit of any kind.

Two types of benefits have been implemented: on the one hand, a benefit that is only applicable in the event of forced departure and, on the other, a non-competition obligation-related benefit.

### 1) Severance pay

The Board of Directors, in its meeting on 25 February 2009, decided that compensation should be paid to Michel Datchary in the event of forced departure from the Company linked to a change of Company control or strategy (and whatever the form that said departure takes: dismissal, non-renewal or resignation).

This benefit amounts to 21 months' remuneration calculated on the basis of the monthly average of the total gross pay received by the interested party during the course of the 12 calendar months prior to the date on which the term of office was terminated. Gross pay shall be taken to mean the total amount of remuneration including wage costs, but excluding employer contributions.

In accordance with Article L. 225-42-1 of the French Commercial Code (in the version resulting from the Law known as the TEPA Law), this type of undertaking must be subject to adherence to "conditions relating to the beneficiary's performance, assessed in relation to company performance".

Payment of this benefit would be subject to the following performance condition: the average increase in the gross operating margin over the last three years, as shown by the PagesJaunes Groupe consolidated accounts posted by the Board of Directors prior to Michel Datchary's date of departure, shall exceed the average increase in the operating result prior to impairment of goodwill, restructuring costs and results of sales of SBF 120 index company assets, for the same period.

As an exception, if the termination occurs between 1 January and the date on which the Board of Directors posts the accounts for the year prior to the termination, the Board of Directors shall wait for this posting

to establish whether or not the aforementioned condition has been met (on the basis of the accounts posted).

Please note that, where appropriate, the benefit shall not be due should Michel Datchary leave the company in order to take advantage of his retirement entitlements.

### 2) Non-competition obligation/corresponding compensation

Insofar as Michel Datchary will no longer be subject to a non-competition obligation under his employment contract, the Board of Directors has decided that Michel Datchary shall be subject to a non-competition obligation by virtue of his duties as the Company's Chief Executive Officer.

This non-competition obligation shall be implemented in the event of termination of his term of office as Chief Executive Officer for whatever reason, and in whatever form this may take.

This competition ban is limited to a period of 24 months commencing on the day on which his duties actually come to an end, and covers the whole of the French territory.

The corresponding compensation shall amount to 12 months' remuneration calculated on the basis of the monthly average of his total gross pay for the 12 months prior to the date on which the term of office was terminated.

Please note that this compensation shall be due under all circumstances and that, consequently, the Company shall not be entitled to waive the non-competition undertaking given.

The sum total of the severance pay and this compensation shall not, under any circumstances, exceed 24 months' gross remuneration.

Within the framework of the implementation of an additional retirement scheme in two sections (the Collective Retirement Savings Plan – PERCO), implemented in 2007, whereby all the employees of the Group's French subsidiaries may benefit from an additional defined-contribution retirement scheme to be enjoyed by all management staff at Group subsidiaries as of 1 January 2008), Mr. Michel Datchary cannot benefit from the PERCO scheme.

The Board of Directors at PagesJaunes Groupe, however, in accordance with the stipulations of Article L. 225-38 of the French Commercial Code, has approved a stipulation whereby Mr. Michel Datchary may avail himself of the additional retirement scheme (Article 83 of the General Tax Code) under the same conditions as other contributors.

It must also be stated that Mr. Michel Datchary has been signed up to the Company's benefits and retirement scheme under the same conditions as other group employees.

## 2. Internal control and risk management procedures introduced within the Group

For the purposes of organizing its internal control and managing its risks, PagesJaunes Groupe has implemented a number of internal processes, described below, with reference to the AMF reference framework. Conformity to this framework was in the process of being implemented at year-end.

Internal control, in accordance with the definition given by AFEP/MEDEF, is a process implemented by the Company's directors, Management and personnel, the purpose of which is to provide reasonable assurance concerning the achievement of objectives in the following areas:

- effectiveness and efficiency of operations;
- reliability of financial information;
- conformity with current laws and regulations.

This process covers all the activities of the PagesJaunes Groupe. Its purpose is to carry out a reasonable verification that risks are controlled and that the stipulated objectives will be attained.



## 2.1 GENERAL ORGANIZATION OF INTERNAL CONTROL AND RISK MANAGEMENT WITHIN THE PAGESJAUNES GROUPE

### ➔ 2.1.1 Internal control

#### 2.1.1.1 Internal control objectives

Internal control objectives are:

- to ensure that activities for the management or performance of operations and the conduct of employees are as stipulated by the guidelines for business activity in accordance with the Company's internal rules, standards and values;
- to ensure that information relating to accounts, finance and management notified by the Company constitutes a true reflection of the business and the position of the Company.

Among other concerns, the internal control system aims to prevent and control risks arising from Company business and the risk of errors, particularly aspects relating to accounts, finance and legal matters.

Like any control system, it cannot provide an absolute guarantee that all risks will be completely eliminated.

#### 2.1.1.2 Scope of internal control procedures

Internal control applies to all operational processes at the Company, and most particularly the account-closing process, as recommended by the *Autorité des marchés financiers*.

#### 2.1.1.3 General organization of internal control

PagesJaunes Groupe has established a series of organizational rules, policies, procedures and mechanisms and evaluation and control bodies that contribute to the effectiveness of internal control.

The Board of Directors, operational and functional departments and all staff play a role in controlling activities and risks associated with the areas under their responsibility.

### ➔ 2.1.2 Risk management

#### 2.1.2.1 Risk management objectives

The objectives of risk management are to assess and control risks by:

- identifying them;
- assessing their impacts, frequency and hedging;
- reducing them to an acceptable level;
- describing reduction measures;
- using an identification and classification method;
- regularly updating these points.

These objectives are consistent with company objectives, set on an annual basis and can be reviewed on a semi-annual basis and measured quarterly.

#### 2.1.2.1 Scope of risk management

The risk management policy applies to all group assets.

#### 2.1.2.3 General risk management organization

The PagesJaunes Groupe has introduced a policy of group risk management which is principally based on a Sponsor director, a risk manager and a network of corresponding business divisions.

This is managed by two committees; a steering committee and a monitoring committee.

## 2.2 PLAYERS OR STRUCTURES CARRYING OUT CONTROL AND RISK MANAGEMENT ACTIVITIES

### ➔ 2.2.1 The group's action and behavioral values and principles

At its meeting on 27 May 2004, the Supervisory Board of PagesJaunes Groupe approved an Ethical Charter for the Group. This is available on the Group's Intranet and Internet sites ([www.pagesjaunesgroupe.com](http://www.pagesjaunesgroupe.com)) and is also given to all new employees. At the end of 2007, a specific course of action in relation to communication was drawn up, and a copy of the Charter was distributed to all PagesJaunes Groupe employees.

This Charter sets out the Group's values and explains its action principles vis-à-vis its clients, its shareholders, its employees, its suppliers, and its competitors, as well as vis-à-vis the environment and the countries in which the group operates. It also mentions a number of individual behavioral principles with which each employee, director and manager must comply.

Stock market ethical principles and rules will be covered by a specific document which is an integral part of the Charter. The purpose of this document is to draw the attention of employees and directors of the Group's companies to the current relevant principles and rules and the need to fully conform to these, as well as certain preventive measures (in particular, the existence of a lockup period for "insiders").

In addition, in accordance with Article 222-14 of the new General Regulations of the *Autorité des marchés financiers* (adopted pursuant to Article L. 621-18-2 of the French Monetary and Financial Code), PagesJaunes Group informed its directors of the company's obligation to communicate to the AMF and to make public through a press release, within five days of trading, any acquisitions, sales, subscriptions or exchanges of its financial instruments, as well as the transactions carried out on these instruments using financial futures instruments, by the members of the Board of Directors and by those persons having close personal links with them, in conditions that will be defined by a decree in the *Conseil d'État* [the country's highest administrative court].

### ➔ 2.2.2 The Group's Governance

An Executive Committee of PagesJaunes Groupe was set up under the authority of the managing director. It is comprised of the executive directors in charge of the Group's divisions and functions. The Executive Committee defines the Group's strategic orientations contributing to the growth of operational and commercial activities.

The Group's Executive Committee decides on and coordinates the implementation of strategic orientations. It monitors the achievement of objectives, and its decisions determine the operational scope and allocation of financial resources.

### ➔ 2.2.3 The Internal Audit function

The PagesJaunes Groupe's Internal Audit Department helps it maintain an appropriate control mechanism by evaluating efficiency and effectiveness and encouraging continuous improvement. Based on risk evaluation results, the internal audit department assesses the relevance and effectiveness of the internal control procedures by measuring the quality of the control environment within the Group, the quality of operation of the internal governance bodies, the reliability and integrity of the financial and operational information, the effectiveness and efficiency of operations, protection of assets, and compliance with laws, regulations and contracts.

The PagesJaunes Groupe's internal audit department carries out the missions defined at the beginning of the year in the audit plan. From a functional viewpoint, the department is part of the Group's Finance Department, but from the point of view of hierarchy it is supervised by the Audit Committee.

3 types of audit are carried out at PagesJaunes:

- an audit of conformity in relation to financial statements: assessment of off-balance-sheet commitments, evaluation of retirement commitments, monitoring of stock, etc.;
- a conformity, efficiency and governance audit, particularly directed at subsidiaries;
- an audit of specific functions such as the purchasing function, monitoring of commercial expenditure; etc.

### ➔ 2.2.4 Risk management

In 2005, PagesJaunes Groupe implemented a risk management approach and appointed a risk manager reporting to the Chief Officer of Legal Affairs, who supervises and organizes the approach.

This led to the establishment of risk-mapping and organized the risk management process, which includes, on the one hand, an approach by Group segment (PagesJaunes Groupe, PagesJaunes, QDQ Media, and other subsidiaries) and by business category and, on the other, the allocation of risks to risk owners.

This risk management approach was presented to the Audit Committee.

A full risk review is carried out at least twice a year. The review allows the following operations to be carried out:

- measurement of the progress of the actions planned;
- updating previously identified risks (trends and disappearances);
- addition of any new risks which may arise.

This approach is led by the risk manager, who is assisted by a steering committee comprised of the Executive Directors of PagesJaunes Groupe and PagesJaunes. The Steering Committee also supports the establishment of an information security policy within PagesJaunes Groupe, so as to ensure the homogeneity of these two programs.

Risk management is now organized as follows:

- two complete reviews of risks and information security are carried out each year;
- regular monitoring committees check the progress of the actions planned;
- a quarterly list of indicators focusing mainly on the progress of activities to cover risks.

The method used takes into account:

- identification of the company's sensitive assets;
- identification of risks;
- classification by impacts and frequency;
- measurement and hedging of risks;
- identification of hedging initiatives;
- company objectives.

A business continuity plan was also drawn up in 2007. It has been being tested since 2008 with a view to full deployment in 2009.

## 2.3 INTERNAL CONTROL PROCEDURES CONCERNING THE PREPARATION AND TREATMENT OF ACCOUNTING AND FINANCIAL INFORMATION

The Group's Finance Department draws up accounting and financial information.

The reliability of the accounting and financial information published is reinforced by a series of bodies, rules, procedures and checks, by a skills management policy, and by a process to ensure continuous improvement of procedures.

Specific internal control procedures have therefore been implemented, based mainly on the following:

- the Financial Information Committee;
- the Group's accounting and management organization;
- unified management and accounting reporting;
- the reference model and the common accounting methods within the Group;
- scheduling of closure work at Group level;
- financial communication.

### ➔ 2.3.1 The Financial Information Committee

Financial information and its control are organized in line with the managerial organization and management of PagesJaunes Groupe. In order to improve the quality and reliability of financial information, the Group has set up a financial information management and control mechanism, which is primarily based on the work of the Financial Information Committee.

This Committee is responsible for ensuring integrity, accuracy and conformity with applicable laws and regulations and recognized practices, and the consistency and quality of the financial information of PagesJaunes Groupe.

It reviews – after an examination by the Audit Committee and then by the Board of Directors – all financial information communicated to the public. This examination covers periodic press releases including financial elements, periodic presentations to analysts, management reports, and the reference document.

The Committee acts on the basis of procedures for the preparation and validation of financial information defined for the entire Group. It is chaired by the Group's Chief Financial Officer and includes managers who

are competent in the areas of accounting, legal affairs, communication, investor relations and management control.

This Committee was set up in July 2004 and met on four occasions in 2008.

### ➔ 2.3.2 The Accounting and Management Function

Under the authority of the Group's Chief Financial Officer, the financial directors, the Consolidation Department, the Management Control departments and the Accounting departments of the Group's subsidiaries perform the essential missions to ensure consistency in PagesJaunes Groupe's financial data.

Thus,

- they produce the Company and consolidated accounts of PagesJaunes Groupe within the periods satisfying the requirements of the financial markets and legal obligations;
- they manage the budgeting and forecasting process and produce monthly management reports as swiftly as possible, while ensuring data consistency;
- they produce the documentation necessary for the financial communication of results and the summary management reporting for PagesJaunes Groupe Management;
- they design and set up the accounting and management methods, procedures and reference documents of the PagesJaunes Groupe;
- they identify and manage the necessary changes to the accounting information and management systems of the PagesJaunes Groupe.

### ➔ 2.3.3 Unified Management and Accounting Reporting

The Group's management and steering cycle has four basic components, as follows:

- the five-year strategic plan;
- the budget process;
- monthly reporting;
- business reviews.

#### *The strategic plan*

Each year a strategic plan is drawn up by PagesJaunes Groupe for the next five years. This strategic plan is drawn up on the basis of strategic choices by PagesJaunes Groupe in view of market trends, its own business segments and the competitive environment.

#### *The budget process*

The budget process is determined for PagesJaunes Groupe and its subsidiaries. The main phases are as follows:

- In autumn: updating the budget for the year in progress and preparation by each entity of an annual and monthly budget for the following year;
- In spring: updating the initial forecast for the year in progress, which also serves as the basis for drawing up the strategic plan;

- In summer: updating the latter half of the year in accordance with the results produced during the first half of the year.

A continuous reforecasting process was implemented in 2007 in order to improve steering and monitoring of Group performance.

#### *Monthly reporting*

Monthly reporting is a major component of the control and financial information mechanism. It is PagesJaunes Groupe Management's primary monitoring, control and management tool. It is comprised of several documents prepared by Management Control and Accounting and notified to the Management of PagesJaunes Groupe.

Monthly reporting includes quantified data, comments on developments, and performance measurement indicators.

The Management Control and Accounting departments of PagesJaunes Groupe use a joint consolidation tool, introduced in 2007, to produce reporting on actual figures and the budget, as well as the strategic plan.

#### *Business reviews*

The monthly business reviews with all Senior Management at subsidiaries are a key component of PagesJaunes Groupe's management and control mechanism. Their primary objective is to ensure consistency between the actions undertaken and the group's priorities and ambitions.

### ➔ 2.3.4 Common Accounting Methods and References Used at the Group

For the process of preparation of the foreseeable and actual consolidated accounts, the Group has chosen the principle of standardization, which entails:

- homogeneity of the reference model, accounting methods and consolidation rules;
- standardization of output formats;
- use of a common consolidation IT tool in the Group.

The Group has a single reference model that standardizes all of the items of the consolidated reporting, including off-balance-sheet commitments. All the Group's consolidated entities have adopted this reference model. PagesJaunes Groupe draws up the consolidated accounts in accordance with IFRS standards (European Regulation 1606/2002 of 19 July 2002).

The consolidation documents are prepared in accordance with local accounting principles and include standardization restatements in order to comply with the Group's standards and with IFRS standards. Instruction memos from the Group's Finance Department specifying the preparation process and timetable for each closure are distributed within the Group. Each subsidiary of PagesJaunes Groupe defines these processes and timetables at the level of its organization.

### ➔ 2.3.5 The Scheduling of Closure Work at Group Level

In order to maintain short accounting closing times, which enable it to publish its consolidated accounts, as prepared by the Board of Directors

in February, the Group has set up a precise program to plan its closure work. This program includes:

- budget monitoring processes;
- preparation of pre-closure accounts;
- enhanced formalization of closing processes;

forecasting the treatment of complex accounting transactions and estimates.

The planning of coordination activities between the various divisions and functions of the Group, improvement of the quality of quantified forecasts and increased control of financial processes, and anticipation and acceleration of accounting preparation processes have all been essential factors in the progress made by the Group in preparing its accounts.

### ➔ 2.3.6 Financial Communication

In addition, the Chief Executive Officer, the Chief Financial Officer, the Investor Relations Manager and the Department of Communication's press department are the only entities authorized to issue financial information concerning the Group and its strategy, outside the Company.

The Group's Finance Department, in association with Management Control and the Legal Department, is responsible for drawing up and distributing to public entities and regulatory and market authorities (the *Autorité des marchés financiers*) the following periodic and permanent information documents:

- periodic financial press releases (quarterly information, semi-annual and annual results) and also occasional releases (operations relating to external growth, disinvestment, strategic partnerships, etc.);

- presentations to back up meetings of analysts, investors and press conferences;
- semi-annual and annual financial reports;
- the reference document;
- presentation for the General Shareholders' Meeting.

These documents are reviewed by the Financial Information Committee (see Section 2.3.1).

PagesJaunes Groupe strives to provide intelligible, relevant and reliable information. The Group strives to observe stock market regulations and the principles of Corporate Governance.

## 2.4 RELATIONS WITH THE COMPANY'S AUDITORS

As part of their mission required by law, the Company's auditors perform their work at the end of the first half of the year, in the form of a limited examination at Group level, and for the annual closing, via a review of the pre-closure, followed by an audit of the accounts at 31 December. In this way, they provide an external evaluation reference that complements the internal evaluation process.

In general, continuous improvement of processes and standards focuses on the three concerns of effectiveness, control and monitoring of operations.

PagesJaunes Groupe, SA

Fiscal year ending 31 December 2007

# The Auditors' Report, prepared pursuant to Article L. 225-235 of the Commercial Code, on the report of the Chairman of the Board of Directors of PagesJaunes Groupe, regarding the internal control procedures concerning the preparation and treatment of accounting and financial information

Dear Shareholders,

As Company Auditors of PagesJaunes Groupe and pursuant to Article L. 225-235 of the Commercial Code, we submit to you our findings on the report prepared by the Chairman of your Company in accordance with Article L. 225-37 of the Commercial Code for the fiscal year ended 31 December 2007.

The Chairman is responsible for reporting on the conditions for the preparation and organization of the Board of Director's work and the internal control procedures established at the Company.

We are responsible for providing you with our comments concerning the information provided in the Chairman's report with regard to the internal control procedures for the preparation and treatment of accounting and financial information.

We have conducted our work in accordance with the professional standards applicable in France. This work required measures aimed at assessing the sincerity of the information given in the Chairman's report, in relation to the internal audit procedures concerning the preparation and treatment of accounting and financial information. These measures consist mainly of:

- examining the internal control procedures concerning the preparation and treatment of the accounting and financial information underlying the information submitted in the Chairman's report, and existing documentation;
- examining the work involved in drawing up this information and existing documentation;
- determining whether any of the major deficiencies in internal controls relating to the preparation and treatment of accounting and financial information that we encountered during our task are suitably covered in the Chairman's report.

Based on this work, we have no comments concerning the information provided in the Company's internal control procedures in relation to the preparation and treatment of accounting and financial information in the report by the Chairman of the Board of Directors, drawn up pursuant to Article L. 225-37 of the Commercial Code.

Neuilly-sur-Seine and Paris-La Défense, France, 28 February 2008.

The Company Auditors

DELOITTE & ASSOCIES  
Dominique DESCOURS

ERNST & YOUNG Audit  
Jeremy THURBIN

# Auditors' report on the issue of shares and other financial instruments with or without cancellation of preferential subscription rights

*This is a free translation into English of a report issued in French language and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.*

To the Shareholders,

In our capacity as statutory auditors of your company, and in compliance with articles L. 225-135, L. 225-136, and L. 228-92 of French company law (Code de commerce), we hereby report on the proposed empowerment of the Board of Directors to decide and determine the conditions of the issue of shares and other financial instruments, upon which you are called to vote.

On the basis of its report, your Board of Directors proposes that:

- It be empowered for a period of twenty-six months to decide on the (following?) transactions below and to determine the conditions of the share issue and, if applicable, to cancel your preferential subscription rights:
  - issue of ordinary shares and other financial instruments giving access to ordinary shares of the company without cancellation of shareholders' preferential subscription rights (sixteenth resolution),
  - issue of ordinary shares and other financial instruments giving access to ordinary shares of the company with cancellation of shareholders' preferential subscription rights (seventeenth resolution),
  - issue of ordinary shares and other financial instruments giving access to ordinary shares, in the event of a public offer of exchange initiated by your company (twentieth resolution), based on and under the conditions set out in the seventeenth resolution;
- it be authorized, through the eighteenth resolution and within the scope of the implementation of the delegation referred to in the seventeenth resolution, to determine the issue price within the annual legal limit of 10% of the share capital;
- it be empowered, for a period of twenty-six months, to determine the conditions for the issue of ordinary shares and other financial instruments giving access to ordinary shares, with a view to remunerating contributions in kind made to your company and comprised of equity securities or other financial instruments giving access to the capital (twenty-first resolution), for up to 10% of the capital.

The total nominal amount of the capital increases likely to be carried out immediately or in future cannot exceed 20 million euros pursuant to the twenty-second resolution. The total nominal amount of the debt securities that could be issued cannot exceed 300 million euros pursuant to resolutions sixteen, seventeen, twenty and twenty-one.

The number of securities to be created within the scope of the implementation of the delegations referred to in the sixteenth and seventeenth resolutions may be increased under the conditions stipulated in Article L. 225-135-1 of the French Commercial Code, if you approve this nineteenth resolution and subject to compliance with the ceiling stipulated in the resolution pursuant to which the issue is decided.

In accordance with Articles R. 225-113, R. 225-114 and R. 225-117 of French company law, it is the responsibility of your Board of Directors to prepare a report. It is our responsibility to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of the preferential subscription rights, and on other specific information relating to the issue contained in this report.

We performed those procedures we considered necessary to comply with the French national auditing body's (Compagnie Nationale des Commissaires aux Comptes) professional guidance for this engagement. These procedures are designed to verify the information contained in the Board of Directors' Report relating to this operation and the methods used for determining the issue price.

Subject to a subsequent examination of the conditions for the proposed increase in capital, we have nothing to report on the methods used for determining the issue price provided in the Board of Director's report, in the seventeenth, eighteenth and twentieth resolutions.

In addition, as this report does not specify the conditions for the determination of the issue price of the equity securities to be issued pursuant to the sixteenth and twenty-first resolutions, we are unable to give our conclusion on the choice of the items used to calculate the issue price.

As the issue price has not yet been determined, we do not express a conclusion on the final conditions for the increase in capital, and, consequently, on the proposed cancellation of preferential subscription rights made to you in the seventeenth, eighteenth, twentieth and twenty-first resolutions.

In accordance with Article R. 225-116 of the French Commercial Code, we will issue a further report, if applicable, when your Board of Directors has used these authorizations and issued shares with cancellation of preferential subscription rights and issued other financial instruments giving access to the capital.

*French original signed by*

The Statutory Auditors

At Neuilly-sur-Seine and Paris-La Défense, on February 26, 2009.

DELOITTE & ASSOCIES  
Dominique DESCOURS

ERNST & YOUNG Audit  
Jeremy THURBIN

**PagesJaunes Groupe**

Combined General Shareholders' Meeting, 11 June 2009

(Twenty-third resolution)

# Auditors' Report on the issue of financial instruments giving the right to the allotment of debt securities

*This is a free translation into English of a report issued in French language and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.*

To the Shareholders,

In our capacity as statutory auditors and in compliance with Article L. 228-92 of French company law (Code de commerce), we hereby report on the proposed empowerment of the Board of Directors to decide on an issue of financial instruments giving the right to the allotment of debt securities, for an amount of up to 300 million euros, or the equivalent of this amount in foreign currency or in any monetary units determined by reference to several currencies, upon which you are called to vote.

Your Board of Directors proposes that, on the basis of its report, it be empowered for a period of twenty-six months to decide on this transaction and, if applicable, to determine the conditions for the issue.

In accordance with Articles R. 225-113 and R. 225-114 of French company law, it is the responsibility of your Board of Directors to prepare a report. It is our responsibility to report on the fairness of the financial information taken from the accounts and on other specific information relating to the issue contained in this report.

We performed those procedures we considered necessary to comply with the French national auditing body's (Compagnie Nationale des Commissaires aux Comptes) professional guidance for this engagement. These procedures are designed to verify the information contained in the Board of Directors' Report relating to this operation and the methods used for determining the issue price.

As the issue's final conditions have not yet been determined, we do not express a conclusion on the final conditions under which the issue will be carried out.

In accordance with Article R. 225-116 of the French company law, we will issue a further report, if necessary, when your Board of Directors has used these authorizations.

*French original signed by*

The Statutory Auditors

At Neuilly-sur-Seine and Paris-La Défense, on February 26, 2009.

DELOITTE & ASSOCIES

Dominique DESCOURS

ERNST & YOUNG Audit

Jeremy THURBIN



**PagesJaunes Groupe**

Combined General Shareholders' Meeting, 11 June 2009

(Twenty-fifth resolution)

# Auditors' report on the increase in capital reserved for company employees and members of a company savings scheme

*This is a free translation into English of a report issued in French language and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.*

To the Shareholders,

In our capacity as Statutory Auditors of your company and with Articles L. 225-135, L. 225-138, L. 228-92 and L. 225-197-1 of French company law (Code de Commerce), we hereby report on the proposed empowerment of the Board of Directors to decide on the issue with cancellation of preferential subscription rights, reserved for employees and former employees who are members of the PagesJaunes Groupe savings scheme, of shares or other financial instruments giving access to existing or future shares, or else, the free allotment of ordinary shares or other financial instruments giving access to existing or future ordinary shares of the company, in particular via the incorporation in the capital of reserves, profits or premiums, for a maximum nominal amount of 1,122,000 euros, on which you are called upon to vote.

This issue is submitted for your approval in accordance with Articles L. 225-129-6 of French company law (Code de Commerce) and L. 3332-18 et seq. of French labour law (Code du travail).

Your Board of Directors proposes that, on the basis of its report, it be empowered for a period of twenty-six months to decide on one or more issues and to cancel your preferential subscription rights, as well as, if applicable, to determine the conditions of this transaction.

In accordance with Articles R. 225-113 and R. 225-114 and R. 225-117 of the French company law, it is the responsibility of your Board of Director to prepare a report. It is our responsibility to report on the fairness of the financial information taken from the accounts on the proposed cancellation of preferential subscription rights, and on other specific information relating to the issue, contained in this report.

We performed those procedures we considered necessary to comply with the French national auditing body's (Compagnie Nationale des Commissaires aux Comptes) professional guidance for this engagement. These procedures are designed to verify the information contained in the Board of Directors' Report relating to this operation and the methods used for determining the issue price.

Subject to a subsequent examination of the conditions for the proposed share issue we have nothing to report on the methods used for determining the issue price provided in the Board of Director's report.

As the issue price has not yet been determined, we cannot report on the final conditions for the increase in capital and, consequently, on the proposed cancellation of preferential subscription rights.

In accordance with Article R. 225-116 of French company law, we will issue a further report, if applicable, when your Board of Directors has used this authorization.

*French original signed by*

The Statutory Auditors

At Neuilly-sur-Seine and Paris-La Défense, on February 26, 2009.

DELOITTE & ASSOCIES

Dominique DESCOURS

ERNST & YOUNG Audit

Jeremy THURBIN



**PagesJaunes Groupe**

Combined General Shareholders' Meeting, 11 June 2009

(Twenty-sixth resolution)

# Auditors' report on the reduction in capital by the cancellation of shares purchased (by the repurchase of shares to be cancelled)

*This is a free translation into English of a report issued in French language and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.*

To the Shareholders,

In our capacity as Statutory Auditors of PagesJaunes Groupe, and in compliance with Article L. 225-209, paragraph 7 of French company law (Code de Commerce) in respect of the cancellation of a company's own shares previously repurchased, we hereby report on our assessment of the terms and conditions of the proposed reduction in capital.

We conducted our work in accordance with French professional standards. These standards require that we perform the necessary procedures to examine whether the terms and conditions for the proposed reduction in capital are fair.

This operation involves the repurchase by your Company of its own shares, representing an amount not in excess of 10% of its total capital, in accordance with Article L. 225-209 of French company law (Code de Commerce). Moreover, this purchase authorization is proposed to your shareholders' meeting for approval and would be given for a period of eighteen months.

Your Board of Directors requests that it be empowered for a period of eighteen months to proceed with the cancellation of own shares the company was authorized to repurchase, representing an amount not exceeding 10% of its total capital, for a period of twenty-four months.

We have nothing to report on the terms and conditions of the proposed reduction in capital, which can be performed only after your shareholders' meeting has already approved the repurchase by your Company of its own shares.

*French original signed by*

The Statutory Auditors

At Neuilly-sur-Seine and Paris-La Défense, on February 26, 2009.

DELOITTE & ASSOCIES

Dominique DESCOURS

ERNST & YOUNG Audit

Jeremy THURBIN

**PagesJaunes Groupe**

Combined General Shareholders' Meeting, 11 June 2009

# Auditors' report on the stock option subscription or purchase plan reserved for employees

*This is a free translation into English of a report issued in French language and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.*

To the Shareholders,

In our capacity as Statutory Auditors and in compliance with Articles L. 225-177 and L. 225-144 of French company law, we hereby report on the stock option subscription or purchase plan reserved for Company employees or corporate officers (as defined in Article L. 225-185) or companies or groupings related to it in compliance with Article L. 225-180 of French company law.

The report on the reasons for the stock option plan and on the proposed methods used for determining the subscription (or purchase) price is the responsibility of the Company's management. Our responsibility is to express an opinion on the proposed methods for determining the subscription (or purchase) price.

We conducted our work in accordance with French professional standards. These standards require that we perform the necessary procedures to verify that the methods proposed for determining the subscription or purchase price are included in the Board of Director's report, are in accordance with legal requirements, of information to the shareholders and do not appear manifestly inappropriate.

We have nothing to report on the methods proposed:

*French original signed by*

The Statutory Auditors

At Neuilly-sur-Seine and Paris-La Défense, on February 26, 2009.

DELOITTE & ASSOCIES

Dominique DESCOURS

ERNST & YOUNG Audit

Jeremy THURBIN

# Glossary

**Directory:** a directory is a compilation of lists of businesses and/or individuals, subscribers of a fixed or mobile operator, with a view to their publication in alphabetical form or by professional section, in print or electronically.

**Consolidated Group revenue:** the Group's revenue, including that of PagesJaunes and all of its subsidiaries, with the exception of the revenue of PagesJaunes Outre-Mer, Kompass Belgium, and PagesJaunes Liban, which are not consolidated.

**The Group's external revenue:** the Group's revenue obtained with third parties outside the France Télécom Group.

**Publisher:** a natural person or legal entity who assumes responsibility for the content it disseminates.

**Group:** the group of companies comprised of the Company and all of its subsidiaries.

**Consolidated group:** the group of companies comprised of the Company and all of its subsidiaries, with the exception of PagesJaunes Outre-Mer and PagesJaunes Liban.

**France Télécom Group:** the France Télécom company and all of its subsidiaries.

**I-mode:** data exchange protocol developed by Japanese mobile telephone operator NTT DoCoMo permitting the use of the Internet from mobile terminals.

**Intranet:** local network using the same protocols and technologies as the Internet, but connecting computers privately (i.e. without being open to all surfers). Examples: company Intranet, community Intranet, etc.

**Numéro Azur (local rate number):** telecommunications number whose cost is shared between the service publisher and the caller.

**PagesJaunes or PagesJaunes SA:** the PagesJaunes SA Company.

**Advertising sales agency:** natural person or legal entity who assumes responsibility for selling the advertising spaces of the content edited by a third party and whose rights and obligations are defined by an advertising sales contract.

**Company:** the PagesJaunes Group Company.

**Coverage rate of an Internet site:** number of surfers who have been to the site studied at least once during a given period over the total number of surfers active during this period.

**WAP (wireless application protocol):** data exchange protocol developed by several mobile telephone manufacturers permitting the use of the Internet from mobile terminals.

**Web call-back:** telephone connection with the advertiser if requested by the consulting person from an icon placed on the advertiser's Internet site.

# Concordance table

The Annual Financial Report for the 2008 fiscal year, drawn up pursuant to Articles L. 451-1-2 of the French Monetary and Financial Code and 222-3 of the General Regulations of the Financial Markets Authority, is formed from the sections of the Reference Document identified in the table below:

Information	Chapters (or pages) of the reference document
Group's Consolidated Financial Statements	20.1
Auditors' Report on the Consolidated Financial Statements	20.4
Group's Management Report	9
Company's annual accounts	20.2
Auditors' General Report on the Annual Accounts	20.5
Corporate Management Report	20.3
Statement by the Persons Responsible for this Document	1.2



