

Reference Document
2010



PAGESJAUNES GROUPE



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Unofficial translation of the French-language "Document de référence 2010" of PagesJaunes Groupe, for information purposes only.

This English-language translation of the "Document de référence" prepared in French has been provided solely for the convenience of English-speaking readers should be read in conjunction with, and construed in accordance with French law and accounting standards applicable in France. In the case of any divergences between the French original and the English version, only the French original has legal value.

In consequence, the translations may not be relied upon to sustain any legal claim, nor be used as the basis of any legal opinion. Despite all the efforts devoted to this translation, certain errors, omissions or approximations may subsist. PagesJaunes Groupe, its representatives and employees decline any liability in this respect.

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REFERENCE DOCUMENT 2010

PAGESJAUNES GROUPE

PagesJaunes Groupe, *société anonyme* with share capital of 56,196,950.80 euros
Registered office: 7, avenue de la Cristallerie – 92317 Sèvres Cedex
RCS Registry Number, Nanterre 552 028 425



This reference document was registered with the *Autorité des marchés financiers* on 4 May 2011 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 memo stamped by the AMF. It has been established by the issuer and its content is binding upon the persons who signed it.

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 Groupe website: www.pagesjaunesgroupe.com. It is also available on the AMF website: 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 in connection with this reference document:

- the Company and consolidated accounts for the Group in the year ended 31 December 2009, the auditors' reports on these, and the Group's Management report, respectively on pages 88 to 141, pages 162 and 163 and pages 40 to 52 of the reference document registered on 25 March 2009 as D.10-0166;
- 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.09-125.

Chapters of the 2007 and 2008 reference document not mentioned above are either of no interest to investors, or are covered in another section of this reference document.

In this reference document the expressions "PagesJaunes Groupe" or the "Company" are taken to mean the PagesJaunes Groupe holding company, and the expressions "PagesJaunes SA" or "PagesJaunes" are taken to mean the Company PagesJaunes SA. The expression the "Group" is taken to mean the group of companies comprised by the Company and all its subsidiaries, and the expression the "consolidated

Group" is taken to mean the group of companies comprised by the Company and all its subsidiaries, with the exception of PagesJaunes Outre-Mer, which is not consolidated, and of Edicom, which was sold in 2009. A glossary defining the main terms of this reference document is provided at the end of the document.

1.1 Persons responsible for the reference document

Mr Jacques Garaïalde, Chairman of the Board of Directors, and Mr Jean-Pierre Remy, Chief Executive Officer of PagesJaunes Groupe, are responsible for this reference document.

1.2 Statement by the persons responsible for this reference document

Having taken all reasonable care to ensure that such is the case, we certify that the information contained in this reference document is, to the best of our knowledge, in accordance with the facts and contains no omission that would be likely to affect its meaning.

We hereby confirm that to the best of our knowledge the annual financial report has been prepared in accordance with applicable accounting standards and gives a true picture of the assets, financial position and results of the Company and of all companies consolidated by it, and that the attached management report included in this reference document gives a fair representation of the business trends, results and financial position of the Company and of all companies consolidated by it, as well as a description of the main risks and uncertainties that it faces.

We have obtained a letter from the statutory auditors confirming that they have completed their work and certifying that they have verified

the financial and accounting information contained in this document and that they have read the document as a whole.

The financial information presented in this reference document is the subject of reports by the statutory auditors.

The report on consolidated financial statements for the 2010 financial year, set out in Chapter 20 of this document, contains an observation regarding the application from 1 January 2010 of new accounting standards and interpretations.

The report on consolidated financial statements for the 2009 financial year, set out in the reference document lodged with the Autorité des marchés financiers on 25 March 2010 under registration number D.10-0166, contains an observation regarding the application from 1 January 2009 of new accounting standards and interpretations.

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

Mr Jean-Pierre Remy
Chief Executive Officer, PagesJaunes Groupe

2.1 Main Auditors

Deloitte & Associés

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

Appointed at the General Shareholders' Meeting held on 3 June 2003 to replace the resigning Statutory Auditors, Ernst & Young, for the remaining period of the predecessors' appointment, until the end of the General Shareholders' Meeting voting on the accounts for the Company fiscal year ended on 31 December 2003. This appointment was renewed at the General Shareholders' Meeting held on 27 May 2004 and on 10 June 2010 for a term of six years until the end of the General Shareholders' Meeting voting in 2016 on the accounts for the Company fiscal year ended on 31 December 2015.

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 as Joint Auditor of the Company at the General Shareholders' Meeting held on 27 May 2004, its appointment was renewed at the General Shareholders' Meeting held on 10 June 2010 for a term of six years until the end of the General Shareholders' Meeting voting in 2016 on the accounts for the Company fiscal year ended on 31 December 2015.

2.2 Substitute Auditors

BEAS

7-9, villa Houssay
92524 Neuilly-sur-Seine Cedex

Appointed at the General Shareholders' Meeting held on 3 June 2003 to replace the resigning joint Substitute Auditor, Mr Francis Gidoïn, for the remaining period of the predecessor's appointment, until the end of the General Shareholders' Meeting voting on the accounts for the Company fiscal year ended on 31 December 2003. This appointment was renewed at the General Shareholders' Meeting held on 27 May 2004 and on 10 June 2010 for a term of six years until the end of the General Shareholders' Meeting voting in 2016 on the accounts for the Company fiscal year ended on 31 December 2015.

Auditex

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

Appointed as Joint Substitute Auditor of the Company at the General Shareholders' Meeting held on 27 May 2004, its appointment was renewed at the General Shareholders' Meeting held on 10 June 2010 for a term of six years until the end of the General Shareholders' Meeting voting in 2016 on the accounts for the Company fiscal year ended on 31 December 2015.

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SELECTIVE FINANCIAL INFORMATION

(in millions of euros)

	Year 2010	Year 2009	Year 2008
CONSOLIDATED INCOME STATEMENT			
CONSOLIDATED GROUP REVENUE	1,125.2	1,163.9	1,192.8
PagesJaunes segment in France	1,051.6	1,097.3	1,106.6
International & Subsidiaries segment	87.8	75.8	94.8
GROSS OPERATING MARGIN (GOM) OF THE CONSOLIDATED GROUP⁽¹⁾	517.8	528.7	551.6
PagesJaunes segment in France	510.5	527.8	554.5
International & Subsidiaries segment	7.2	0.9	(2.9)
INCOME FOR THE PERIOD	244.9	273.6	176.8
CONSOLIDATED BALANCE SHEET			
Assets			
NON-CURRENT ASSETS	176.6	127.4	111.5
INCLUDING NET GOODWILL	66.7	50.3	50.3
CURRENT ASSETS	690.6	688.2	750.0
including net customer receivables	447.0	466.2	513.4
including cash and cash equivalents	106.0	67.0	89.0
TOTAL ASSETS	867.2	815.5	861.5
Liabilities			
SHAREHOLDERS' EQUITY	(2,154.2)	(2,213.1)	(2,194.1)
NON-CURRENT LIABILITIES	2,017.7	2,025.4	1,985.3
including financial debt and non-current derivatives ⁽²⁾	1,962.4	1,980.1	1,944.4
CURRENT LIABILITIES	1,003.7	1,003.2	1,070.3
including trade accounts payable	102.0	102.4	107.7
including deferred income	642.1	660.0	691.4
TOTAL LIABILITIES	867.2	815.5	861.5
NET CASH FROM THE CONSOLIDATED GROUP⁽³⁾	(1,900.1)	(1,935.4)	(1,881.9)
Cash from consolidated Group business	291.8	284.0	320.2
DATA PER SHARE			
Net earnings per share <i>(in euros)</i>	0.87	0.98	0.63
Dividend per share <i>(in euros)</i> ⁽⁴⁾	0.58	0.65	0.96

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

(2) Including commitments to buy back minority interests.

(3) Including a negative 25.3 million in fair value hedging in 2008, a negative 56.3 million euros in 2009 and a negative 63.9 million euros in 2010.

(4) For 2010, proposal by the Board of Directors to the General Shareholders' Meeting on 7 June 2011.

The consolidated revenues of PagesJaunes Groupe decreased by 1.0% to 231.6 million euros in the first quarter of 2011 from 233.9 million euros in the first quarter of 2010.

4.1	Risks relating to Group business and strategy	7
4.2	Legal risks	10
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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 materialise, the Group's activities, financial situation, income and development could be affected.

The description of the organisation 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 organising the work of the Board of Directors and internal control procedures, attached to this document.

4.1 Risks relating to Group business and strategy

EVOLUTION OF TECHNOLOGY AND CONSUMER 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 means that consumers' preferences and habits have changed. This could have an especially significant influence on printed directories in the long term, as a reduction in the readership of a medium eventually decreases its advertising revenue. The Paris region stands out from the rest of France in terms of fewer consultations of printed directories and more widespread use of online directories. 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 situation of readership in France.

The Group takes a substantial part of its advertising revenue from the printed directories, and the new revenue which the Group could generate from online directories may not offset 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 on 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 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 advertising market, especially online. 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.

RISKS RELATING TO GROUP BUSINESS AND STRATEGY

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 2010, a 10% increase in paper prices per tonne 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 3.0 million euros in

2010. The Group has no system for hedging against changes in the price of papers, apart from those included in current contracts and valid until the end of 2012.

The Group subcontracts most of the work involved in printing, binding, and packing printed directories. Two 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, as 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 instalment 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 concerning 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 favour 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 concerning individuals and businesses by other means or that this would not reduce the content of these directories, online service or telephone services. These factors 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 response, 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 characterised by faster technological progress, the frequent introduction of new products and services, constantly and quickly changing business standards, extremely volatile and changing 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.

RISKS RELATING TO GROUP BUSINESS AND STRATEGY

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 that could affect operations. Regarding outsourced activities the Group cannot respond to these types of events and must rely on the ability of

the outsourcing 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 regards activities over which the Group has full control, 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 HALF-YEAR INCOME

The various editions of the Group's printed directories are published and distributed throughout the year. As such the printed directories business does not go through any major cycles. Unlike online directories, the publication and distribution of printed directories 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. If the publication of

one or more directories is brought forward or delayed, the recognition of revenue and the associated costs of publication and distribution could also be delayed or brought forward. This difference between the recognition of income and costs, and the actual payment of the costs and the billing of advertisers could affect the 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 assurance can be given that the Group will manage to successfully integrate the acquired companies, realise 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 earnings generated by each acquisition will justify the acquisition price. Any failure of these developments could have a negative impact on the Group's business, financial position, or results.

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

A portion of these acquisitions and investments may involve payment by issuing shares in PagesJaunes Groupe. This could have a dilutive

The Group could also decide to dispose of, sell, or close down some 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.

INABILITY TO HONOUR BANK AGREEMENTS AND EFFECTS OF POSSIBLE DEBT REFINANCING

The Group has 1.95 billion euros in bank financing, approximately 3.6 times its gross operating margin. There is no guarantee of the Group's ability to refinance its debt under acceptable terms by the due date in November 2013. The cost of debt refinancing could be in excess of the cost prevailing at the present time, and thus have a long-term effect on earnings and generation of cash flow at the Group (See note 27 to the consolidated accounts in chapter 20.1).

repayment, and also progressively stringent bank agreements (See note 27 to the consolidated accounts in chapter 20.1). Although it enjoys a margin of more than 10% on its most stringent agreement (the net debt/EBITDA ratio), the Group may be compelled to renegotiate certain terms of its refinancing contract if the risk of default on one or more agreements were highly probable in the short to medium term.

The financing contract that binds PagesJaunes Groupe to its loan syndicate contains default clauses and clauses for compulsory early

4.2 Legal risks

LAWSUITS AND ARBITRATION

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. The amount of any provisions recorded is based on a case-by-case assessment of the level of risk, and depends primarily on factors other than the progress of proceedings. However, events occurring during the proceedings can require a reassessment of these risks.

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, notably including the modification of the employment contracts of 930 sales representatives, in order to adapt them 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 for unfair dismissal. 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. As regards the cases before the administrative courts, on 12 January 2011, the *Conseil d'Etat*, to which they were referred as final recourse, handed down 8 decisions against PagesJaunes overturning the Paris Administrative Court of Appeals' 2009 decisions and, as a result, the approvals granted by the Minister regarding the dismissals. The practical consequences of these decisions remain to be seen. In view of the favourable progress on this case, the 7.3 million-euro provision constituted at the end of 2002 to cover this risk, has been written back several times since 2006. The provision stood at 2.06 million euros at 31 December 2010.

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 duly appealed this decision, though subsequently on 18 March 2010 the Versailles Appeals Court dismissed Publicom's claims and confirmed all the findings of the Commercial Court of Nanterre. As a result, this case has become final.

PagesJaunes was summoned to appear by 11 advertising agencies before the Commercial Court of Nanterre for abuse of a dominant position (in particular for having eliminated, as applicable to the Internet and 118 008, the 5% professional discount that it grants to advertisers going through advertising agencies), discriminatory practices and unfair competition. In a decision handed down on 26 January 2011, the Commercial Court of Nanterre ruled that it lacked jurisdiction and that the Commercial Court of Paris has jurisdiction. At the same time, these same agencies referred to the Competition Authority the exact facts as

those asserted before the Commercial Court of Nanterre (See above), petitioning for protective measures pursuant to Article L.464- 1 of the French Commercial Code. In a decision on 22 December 2010, the Competition Authority rejected the petition for protective measures and remanded the case for trial on the merits.

In 2007 and 2008, PagesJaunes was summoned to appear before the *Conseils de Prud'Hommes* (French employment and industrial tribunal – CPH) of Caen, Marseille and Lille upon a petition by the employees of ADREXO, responsible for delivering directories in certain French *départements*. The plaintiffs complained of unreported work and claimed the liability of PagesJaunes on the grounds of financial solidarity. The proceedings before the Caen and Marseille CPHs were terminated since the opposing parties have withdrawn their claims. The other proceedings have been removed from the docket, but can be reinstated within five years at the request 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* (Superior Court) found the Xentral and *L'Annuaire Universel* companies guilty of infringement and unfair competition. This ruling confirms PagesJaunes' rights over its traditional trademarks "PagesJaunes" and "Les PagesJaunes" which had already been clearly recognised as valid by the Paris Court of Appeals in its 30 March 2005 decision and by the European General Court in its 13 December 2007 decision. Xentral and *L'Annuaire Universel* appealed the ruling. Following the receivership of *L'Annuaire Universel*, the proceedings were suspended. They were refiled by the liquidator. On 12 November 2010 the Paris Court of Appeals upheld all the findings of the 28 May 2008 decision.

L'Annuaire Universel has initiated proceedings against PagesJaunes before the Commercial Court of Nanterre, 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. Given that *L'Annuaire Universel* filed for bankruptcy and due to the receiver's failure to continue proceedings, they have been removed from the docket.

Similar to other companies in this sector, the Group is frequently the subject of disputes regarding errors in published directories and other media. Generally, the financial risk represented by each of these proceedings is relatively limited, but 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. On 31 December 2010, there were 11 cases pending for a total amount of 0.3 million euros in damages. The Group is attempting to negotiate out-of-court settlements in these cases which will significantly reduce the total 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.

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 unfavourable effect on its business in these countries, particularly if these changes increase the cost and regulatory constraints associated with providing the Group's products and services. These developments could have a negative impact on the Group's business, financial position, or results.

In particular, the Group's marketing organisation is based in part on a structure of field vendors with the status of travelling sales staff. This organisation enables it to optimise its sales efficiency by encouraging flexibility, recruitment, and training of the Group's sales force. These future developments in regulations could have a significant unfavourable 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. Future development of regulations could have an unfavourable effect on the Group's business, operating income, 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 unfavourable 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 cancelled. Furthermore due to the global nature of the Internet, the Group's trademarks and other forms of intellectual and industrial

property could reach other countries which offer less protection 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 unfavourable effect on the Group's business, operating income, financial position or its ability to achieve its goals.

USERS' PERSONAL INFORMATION

The Group could be found liable if third parties were able to penetrate its network or somehow appropriate personal information concerning users or their credit cards for a breach of users' right to privacy and confidentiality. The Group could be liable based on violation of the

right to protection of privacy and of data. Investigating these claims and preparing a defence 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"). 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. Any of these developments could have an impact on the Group's business, financial position, or results.

MARKET RISKS

USE OF DOMAIN NAMES

The rules governing the assignment of domain names are changed regularly and create the potential risk 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 relevant regulatory authorities to limit 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 unfavourable effect on the Group's business, operating income, financial position or its ability to achieve its goals.

4.3 Market risks

In view of its financial structure, the Group is exposed to interest rate risk, liquidity risk, credit risk and share risk.

The interest rate, liquidity and credit risks are described in note 30 to the 2010 consolidated financial statements in chapter 20.1 – Historic financial information. Information on the Group's debt is also set out in Chapter 10 – Consolidated liquidities, capital resources and investment expenses, note 17 – Derivative financial instruments, note 27 – Net

financial debt, and note 29 – Financial instruments of the consolidated accounts of fiscal year 2010.

Share risk is exclusively linked to the liquidity contract entered into on 7 October 2008, which is described in detail in note 23.3 to the 2010 consolidated financial statements in chapter 20.1 – Historic financial information.

4.4 Industrial and environmental risks

In its business operations the Group is subject to a number of health and safety regulations.

Its activities, particularly the printed directory business, have impacts on the environment.

In relation to the publication, manufacture and mass distribution of printed directories, we would like to highlight the following points:

- for outsourced activities such as the supply of paper directories, the printing or distribution of printed directories, the Group only has limited control over 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 environmental regulations applicable to their own activity;

- 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.

The main environmental impact for the Group is therefore the production of a large quantity of printed directories. To limit this impact, the Group has implemented a number of measures aimed at reducing the amount of paper needed for its business and encouraging the 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:

- optimised targeting, through the most accurate assessment of the number of directories to be printed, so that this is more closely aligned with the genuine needs of consumers;
- optimised directory page layout and formatting for each edition, so as to limit paper consumption and waste during production of directories.

- a new compact format to increase the printed page surface, thereby reducing the number of pages; this format was adopted for the edition of 95 out of the 102 *départements* or territories receiving printed directories;
- other page number reductions, in line with a fall in advertising revenue.

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

In France, paper consumption for the PagesJaunes directory was 51,330 tonnes in 2010, as against 66,770 tonnes in 2009 and 71,720 tonnes in 2008. The downward trend in paper consumption in 2010 reflects:

RECYCLING OF DIRECTORIES

In addition 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 extending responsibility to producers. In particular, it is concerned by directory collection, and processing (particularly their recycling).

First and foremost, 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, within the Group, PagesJaunes has actively participated in the ecological organisation EcoFolio. EcoFolio was created at the end of 2006 and approved by the authorities in January 2007. It was founded by issuers of printed matter, who clubbed together to take up their environmental responsibilities in a joint response to legal obligations and to organise 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 of postal services and electronic communications, Pages Blanches falls outside the scope of this eco-contribution).

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

The revenue from the contributions received by EcoFolio from the issuers of taxable printed documents such as PagesJaunes directories is then passed on to the local government bodies who have competence and are responsible for household refuse collection and processing.

The extension of the scope of companies subject to the eco-contribution continued in 2010: since 1 January 2010, manufacturers of graphic paper (e.g., office paper), envelope manufacturers and distributors of these products are now subject to the eco-contribution.

The only items exempted from this contribution will be publications within the scope of the book regime, publications within the scope of the press regime and printed matter distributed by virtue of a law or regulation (this is the case for Pages Blanches (See above)).

The total financial contribution that the Company owes for 2010 is 781,000 euros excluding tax (995,000 euros excluding tax in 2009).

In the future, the Group must take account of trends in the environmental expectations of consumers and the authorities and comply with what will probably be more stringent regulations for publishers.

Furthermore, the printed directories business was certified as complying with standard ISO 14001. This certification acknowledges the Group's significant and ongoing efforts to reduce its environmental impact.

any resulting from the application of the regulations in this area. Thus no assurance can be given that the Group's business, financial position or results will not be unfavourably 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.

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5.1 History and changes in the Company

5.1.1 CORPORATE NAME AND TRADING NAME

"PagesJaunes Groupe".

5.1.2 PLACE OF REGISTRATION AND REGISTRATION NUMBER

RCS Trade register number: Nanterre 552 028 425.
APE Trade Sector Code: 7010 Z.

5.1.3 DATE OF INCORPORATION AND TERM (ARTICLE 5 OF THE ARTICLES OF ASSOCIATION)

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

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

Telephone: +33 (0)1 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 *et seq.* of the French Commercial Code.

5.1.5 MAJOR EVENTS IN THE DEVELOPMENT OF BUSINESS

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 the year 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, and subsequently sold all ODA shares to Wanadoo. The ODA's name was then modified to become "PagesJaunes". Following this reorganisation, PagesJaunes became the owner of the directory publishing business of France Télécom Group, excluding *l'Annuaire* (formerly 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 startup 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 colour in 1995, the launch of Internetservices in 1997, and finally the "PagesJaunes 2000" directory which introduced four-colour printing. In addition, the Company developed its range of advertising services beyond that of consumer directories, with a range of directories intended for businesses (Kompas, PagesPro), as well as a range of services pertaining to the direct marketing business (Wanadoo Data).

Within 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 Kompas 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

HISTORY AND CHANGES IN THE COMPANY

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 specialises 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 the Moroccan company Edicom, which publishes the printed 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 favour 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 Lebanon was sold on 26 June 2006 to a Management affiliate. The sales price was US\$56,755, taking into account the payment by PagesJaunes Lebanon to PagesJaunes Groupe of a receivable of US\$193,245.

Following a competitive call for tenders implemented in June 2006, on 11 October 2006 France Télécom, along 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, drew up 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 *et seq.* of 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 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% on 31 December 2007.

On 9 January 2007, via its subsidiary PagesJaunes Petites Annonces, PagesJaunes Groupe launched an online property and car/motorcycle ads service, accessible via "annoncesjaunes.fr." 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 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 generated capital gains of 33.0 million euros for PagesJaunes Groupe.

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, set up in February 2004 and September 2005 respectively, merged on 30 June 2008, with retroactive effect on 1 January 2008. The new entity is called Horyzon Média. Following the departure of one of the directors of Horyzon Média, PagesJaunes Groupe exercised the purchase option pursuant to the applicable shareholder agreement, thus increasing its interest in this subsidiary, from 66% to 95.83% for 1.4 million euros on 15 January 2009. On 17 February 2010, PagesJaunes Groupe exercised the purchase option granted under the shareholder agreement and increased its stake in Horyzon Média from 95.83% to 100% for a price of 0.5 million euros.

On 17 February 2009, PagesJaunes Groupe bought up the entire M6 shareholding for 6.0 million euros, i.e. 34% of its shares in the equity of PagesJaunes Petites Annonces. This company was sold to PagesJaunes and its business was merged with PagesJaunes SA on 21 July 2009. The online small ads business was also transferred from the International & Subsidiaries segment to the PagesJaunes France segment.

PagesJaunes Groupe sold its subsidiary Edicom, which publishes the printed and Internet directory "Télécontact" in Morocco, in October 2009. The subsidiary was withdrawn from Group consolidation as of 31 October 2009.

On 12 March 2010, PagesJaunes Groupe finalised an agreement whereby it now holds 100% of the share capital in 123people, the world leader in people searches. 123people was incorporated in 2008 and grew rapidly to become the international leader in people searches, a segment accounting for 30% of the total volume of Internet searches. With sites launched in around a dozen countries (France, Spain, Austria, the US, Canada, Germany, the UK, Italy, etc.), it fully demonstrated its ability to develop relevant services and large audiences (over 40 million unique visitors at the beginning of 2010, less than 24 months after the service was first launched), to link up more than 200 publishing and affiliation partnerships, and to produce regular growth figures in terms of revenue and profitability.

123people is an Austrian company, and has been consolidated in the Group's accounts since March 2010.

INVESTMENTS

5.2 Investments

5.2.1 MAIN INVESTMENTS IN THE PAST YEAR

The Group's investment expenses mainly come from the PagesJaunes France segment and essentially aim to improve user-friendliness, results relevance and functionalities of "pagesjaunes.fr" and reinforce

the efficiency of offer definition, database management, customer relationship management, ad production, and more broadly directory edition management processes.

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

<i>(in millions of euros)</i>	Year 2010	2009	2008
Consolidated revenue	1,125.2	1,163.9	1,192.8
Acquisitions of tangible and intangible assets	42.7	26.0	12.1
As a percentage of consolidated revenue	3.8%	2.2%	1.0%

5.2.2 MAIN CURRENT AND FUTURE INVESTMENTS

PagesJaunes is pursuing its strategy of continuously optimising all its processes, fixed and mobile Internet operations and improving pagesjaunes.fr, in terms of search engine hits, user-friendliness and extended services. Current and future investments are fully in line with the Group policy of innovation and strategy, with particular regard to

the launch of new products and services for our customers and ongoing enhancement of the Group's fixed and mobile Internet sites. Investment should account for approximately 3% – 4% of future consolidated revenue.

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6.1 Main activities and development strategy

6.1.1 OVERVIEW OF BUSINESS ACTIVITY

PagesJaunes Groupe is one of the main players in advertising and information searches and posted consolidated revenue of nearly 1.1 billion euros in 2010. The PagesJaunes services are accessible in printed directories (the PagesJaunes directory) and through the SMS and telephone directory enquiry service (118 008) and Internet. The PagesJaunes Groupe fixed and mobile Internet sites, especially pagesjaunes.fr, mobile.pagesjaunes.fr, mappy.com and annoncesjaunes.fr, are visited by one out of two French users each month.

PagesJaunes Groupe has a sales force of over 2,100 commercial advisers in France and Spain, and offers a full range of advertising products to its 715,000 local and national advertisers. PagesJaunes Groupe is one of the three largest Internet advertising representations in France. With nearly 540 million euros in Internet revenue in 2010, 48% of its consolidated revenue, PagesJaunes Groupe leads the European market in terms of Internet advertising revenue.

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

	2010	2009	2008
PagesJaunes SA	659,917	700,077	696,051
QDQ Media	44,422	55,161	72,994
Editus Luxembourg ⁽¹⁾	11,107	13,631	15,120
Edicom ⁽²⁾	–	–	3,954
TOTAL NUMBER OF ADVERTISERS	715,446	768,869	788,119

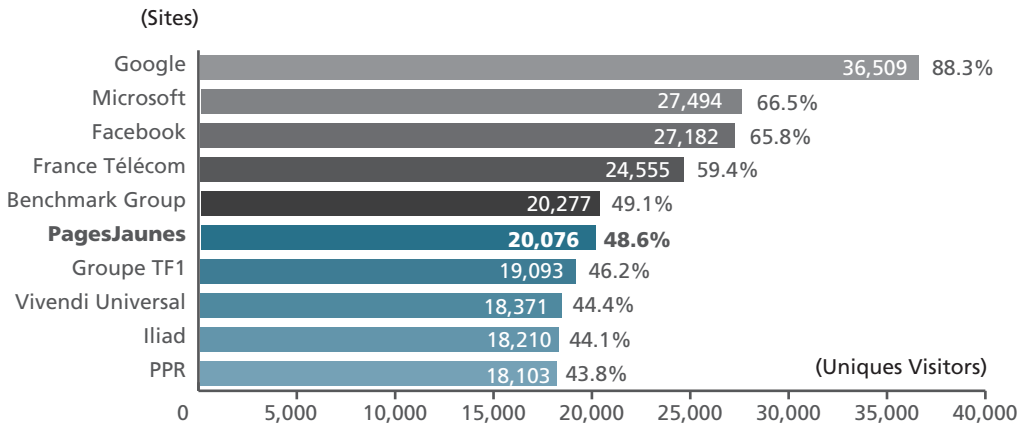
(1) Stake 49%.

(2) Sold in October 2009.

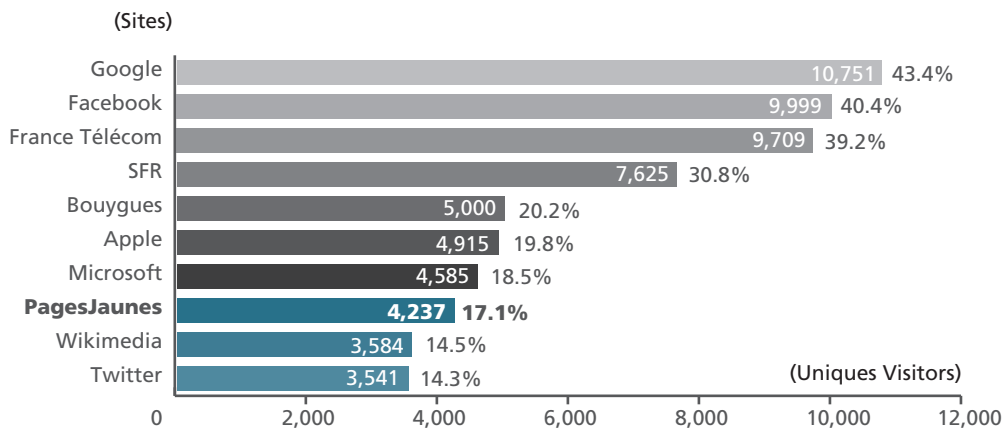
MAIN ACTIVITIES AND DEVELOPMENT STRATEGY

The chart below shows rankings for the major French fixed and mobile Internet sites (source MNR, December 2010, all connection locations, parent):

FIXED INTERNET (audience in thousands of unique visits).



MOBILE INTERNET (audience in thousands of unique visits).



6.1.2 DEVELOPMENT STRATEGY

The PagesJaunes Groupe growth strategy is based on three main concepts:

- permanent enhancement of content, featuring the launch of new products and services for advertisers (Internet Visibility Pack, video, etc.), partnerships with the main players in their sectors (allocinéuniq.com, Michelin, booking.com, autoplus, etc.) and utilisation of actual users with the new suggestion box facility;
- continuous growth of markets, with complementarity between fixed/mobile Internet and printed formats;
- strengthening of return on investment (ROI) for advertisers, in particular by means of an updated Internet product range.

This strategy of developing local services and communication aims to boost the Group's positioning with SMEs/micro-companies and key national accounts.

The PagesJaunes Groupe strategy in 2011 will focus on the following initiatives:

- continued improvement of operational performance, with:
 - optimisation of printed directory business (maintenance of the advertiser base, geographic scoping, reduction of paper and rationalisation of distribution, etc.);
 - continuous improvement of commercial efficiency (review of the product range, market segmentation, etc.);
- accelerated growth of Internet business, continuation of overhauling the range of services (enhanced customer sites to make them more visible, better advertising format, high-performance low-level market offers, etc.) and improvements to the appeal and availability of services (new pagesjaunes.fr home page, customisation of service, provision of Mappy APIs, content partnerships, etc.);
- development of growth drivers: monetisation of extensive audiences on mobiles and Smartphones, vertical Internet portals (small ads, etc.) and geolocalised services.

6.2 Presentation of business activity

6.2.1 PAGESJAUNES IN FRANCE SEGMENT

In 2010, the PagesJaunes in France segment generated revenues of 1,051.6 million euros, a fall compared to 2009. The revenues of PagesJaunes came essentially from sales of advertising in its printed directories, online services and telephone directory enquiry service and the production of digital content (websites, videos, etc.)

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 118 008 service), and commercial and administrative expenses.

In 2010, the gross operating margin of the PagesJaunes in France segment was 510.5 million euros.

The advertisers

Most of PagesJaunes' advertising customers are self-employed professionals and small and medium-sized enterprises. In 2010, 659,017 advertisers used at least one of the PagesJaunes platforms to promote their products and services. In 2010, the 20 largest advertisers and the advertisers in the 10 largest business sections accounted for 1.4% and 14.0% of PagesJaunes' revenues respectively. The table below shows the trends in the number of advertisers and average revenues per advertiser:

	2010	2009	2008
TOTAL NUMBER OF ADVERTISERS⁽¹⁾	659,917	700,077	696,051
Incl. new advertisers ⁽²⁾	95,101	118,531	131,314
Printed directory advertisers (the PagesJaunes directory or <i>L'Annuaire</i>)	580,611	623,803	628,024
Advertisers in online services	487,278	492,509	482,134
<i>(and as percentage of total number of advertisers)</i>	73.8%	70.4%	69.3%
Advertisers in telephone directory enquiry services (118 008)	91,512	116,626	114,186
Average revenue per advertiser (in euros)⁽³⁾	1,570	1,543	1,564
Average revenue per advertiser in printed directories (in euros) ⁽⁴⁾	902	926	984
Average revenue per advertiser in online services (in euros) ⁽⁵⁾	977	945	907
Average revenue per advertiser in directory enquiry services (in euros)	209	212	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 revenue per advertiser is calculated by dividing the total of PagesJaunes' revenues excluding QuiDonc and for access revenues, Minitel and 118 008 traffic ("Advertising revenues") by the total number of advertisers.

(4) Average revenue per advertiser in the printed directories is calculated by dividing the revenue of printed directories by the total number of advertisers in the printed directories.

(5) Average revenue per advertiser in online services is calculated by dividing total revenues for pagesjaunes.fr, annoncesjaunes.fr (as of 2009) the Minitel service and Internet sites by the average number of advertisers in the online services for the year in question (an arithmetic 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 2010, 62% of them invested both in the printed 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 2008 and 2010:

	2010	2009	2008
Advertisers in both printed directories and on the Internet	62.0%	60.8%	60.4%
Advertisers in printed directories	26.3%	29.7%	30.8%
Advertisers on Internet only	11.7%	9.5%	8.8%
TOTAL NUMBER OF ADVERTISERS	100.0%	100.0%	100.0%

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Loyal advertisers

PagesJaunes has a high advertiser retention rate. 82.0% of PagesJaunes advertisers in 2009 continued their commercial relationship with the Company in 2010 (the remaining 18.0% 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 numbers and by revenues over the last three years:

	2010	2009	2008
Loyalty rate, number of advertisers	82.0%	83.5%	84.7%
Loyalty rate, revenues	91.9%	91.4%	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 former customers compared to that of new customers (average revenue per advertiser in euros) over the last three years:

	2010	2009	2008
New customers ⁽¹⁾	606	580	550
Existing customers ⁽¹⁾	1,538	1,773	1,883
OVERALL AVERAGE REVENUE⁽²⁾	1,570	1,543	1,564

(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 generally 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 (advertising or display products). 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 systems which gauge the effectiveness of the PagesJaunes directory for the advertiser. Specifically, a telephone number is inserted into the advertising product which only appears in this location, so that the calls generated can be counted and, since 2010, statistical data of the audience of all their online advertising products are provided to advertisers through a dedicated space, the Business Centre.

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 mainland France and the four overseas departments (Guadeloupe, Martinique, French Guyana and Réunion). The sales force in the overseas *départements* is part of PagesJaunes OutreMer, a 100% subsidiary of the Company. As at 31 December 2010, PagesJaunes had a registered workforce of 1,882 sales employees, compared to 2,040 in 2009, divided among three sales channels: telesales, field sales and major accounts.

In 2010, PagesJaunes put in place a new Major Accounts Department, which groups together the activities managed directly by PagesJaunes SA and those under the responsibility of Horyzon Media, which deals with advertising agencies. The goal of this is to coordinate these various commercial approaches in order to offer the most complete and effective services and marketing offering as possible for the Major Accounts advertisers, relying on all the expertise and products of the Group's companies.

Each of these sales channels works in a coordinated fashion within a specific geographical region or market. 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 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, thanks notably, since 2010, to an e-learning website dedicated to sales teams. 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 subsequently to the field sales force. This 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 provides additional data, in particular through the contacts which the commercial network maintains with businesses.

6.2.1.1 Printed directories

PagesJaunes' BtoC printed directories business includes the PagesJaunes directory and Pages Blanches. This business generated revenues of 523.6 million euros in 2010. 580,611 advertisers purchased an advertising product in the PagesJaunes directory or Pages Blanches in 2010.

A total of 307 editions of the PagesJaunes and Pages Blanches printed directories were produced in 2010 (as opposed to 274 in 2009).

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 current year. 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 1,600 sections depending on the location in which the business is established. For each business listed, PagesJaunes 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 133 different editions of the PagesJaunes directory in 2010. These were mostly distributed free of charge to private homes and to businesses. The directory is also available for purchase on request to PagesJaunes. Some of these directories have *département*-level advertising coverage, while others have within a given coverage *département*. This scoping technique enables advertisers to promote their business in the directories covering a more limited geographic region which better matches their catchment area.

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

(in millions)	2010	2009	2008	Variation
pagesjaunes.fr ⁽¹⁾	78.0	73.8	70.8	5.7%
pagesjaunes.fr mobile ⁽²⁾	5.9	2.5	1.2	136.0%
TOTAL	83.9	76.3	72.0	10.0%

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

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

6.2.1.2.1 Fixed Internet

pagesjaunes.fr

The pagesjaunes.fr Internet site is one of the leading sites in France in terms of audience. With a reach rate of 42.7% and over 17.6 million unique visitors in December 2010 (source: Médiamétrie// NetRatings Brand – all access points – Internet applications excluded), the pagesjaunes.fr site ranks seventh among French Internet sites. In terms of visits, pagesjaunes.fr gained 51 million visits in one year, rising from 885 million visits in 2009 to 936 million in 2010 (source: Médiamétrie-eStat). Most of the visitors to pagesjaunes.fr come directly to the site without passing through audience sites with which PagesJaunes is in partnership (MSN, La Poste, Free and Mappy). The growth observed in 2010 was indeed achieved despite curtailment of the partnership with Orange at the end of October 2009. 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 2010).

6.2.1.1.2 L'Annuaire

PagesJaunes produced 174 different editions of *L'Annuaire* in 2010. These were mostly distributed free of charge to private homes and to businesses. It is also available for purchase on request to PagesJaunes.

PagesJaunes was chosen to be the publisher of the printed Pages Blanches directory, a component of universal service (decree of 29 November 2009).

6.2.1.2 Internet

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 Internet. An initial version of pagesjaunes.fr adapted for mobile Internet (accessible from mobile handsets) went online in December 2000, and an iPhone version was also introduced as a resounding success in 2009. Since then, it has been completed with versions on different mobile systems (OVI, Bada, Windows 7 mobile, etc.) and on the iPad.

Additionally, in 1997 PagesJaunes introduced a complementary Internet site creation and hosting facility, and this was extended in 2009 with the launch of a specific offer (the Internet Visibility Pack) allowing businesses to increase their visibility on Internet.

PagesJaunes' online services generated revenues of 479.6 million euros in 2010. 487,278 advertisers purchased the Company's online services in 2010. 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, the advertising video product introduced in 2008, the new offer of small property ads in May 2009, and launch of the Internet Visibility Pack in October 2009.

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 proximité de*" (search near). With this service, 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 video search service. This was launched in November 2009, and allows users of pagesjaunes.fr to find a business from its video. This

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acts as back-up to the "professional video" offer launched in 2008. It now provides access to over 20,000 business videos;

- a map search service. This innovative service, launched in partnership with Mappy in November 2009, allows users of pagesjaunes.fr to find a business through direct map browsing of a geographic area. The service is extremely easy to use, and provides faster location of businesses within a given area;
- 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 facilities, to search for a business or person and then 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 entire 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 for 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 were 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;
- 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 pagesjaunes.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 throughout France on the annoncesjaunes.fr site.

annoncesjaunes.fr

The revenues of PagesJaunes' online classified ads 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 by Horyzon Média.

The "annoncesjaunes.fr" site now offers users a vast array of property 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 2010, rising from over 638,000 at the end of December 2009 to 922,000 at the end of December 2010. The site recorded 47 million visits in the whole of 2010 (source: Xiti) and 1.9 million unique visitors in December 2010 (source: NielsenNetRatings), making it one of the most visited property and vehicle small ad sites in France. The website annoncesjaunes.fr also grew on mobile phones in 2010 with the launching of an iPhone application for real estate and another one on car classified ads. At the end of December 2010, the two applications totalled more than 150,000 downloads.

In 2010, the Company also continued to strengthen its "product" and "commercial" synergies with PagesJaunes by continuing the marketing of "Vitrine" (literally 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 property and vehicle sectors.

Business was extremely brisk, and in fact customer numbers stood at more than 10,000 customers at the end of 2010.

Websites

PagesJaunes offers business people a website creation and hosting service that enables them to provide information about their business on a website. This website creation and hosting service is a natural extension of relationships with advertisers, which furthers the strategy of making the Company's customers loyal. It is offered for the entire country by all the in-the-field sales force. The websites offered since October 2009 grew out of an offer called *Pack Visibilité Internet* (Internet Visibility Pack). This offers advertisers who have subscribed for the pack to have a true website with several tabs. On their website the advertisers can highlight all the components of their commercial offer, including a gallery of photographs or a video. PagesJaunes optimizes the website to be more easily accessible via pagesjaunes.fr, but also with various search engines on the market, such as Google or Bing. In 2010, a mobile version was launched, which is specifically optimized for the iPhone.

6.2.1.2.2 Mobile Internet

The pagesjaunes.fr site on mobile handsets was launched in December 2000. The service is carried under its own brand on all 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: 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.

2009 was a major year of development for PagesJaunes in terms of mobile phones. For the first time, market conditions genuinely allowed mobile media to forge ahead: introduction of technologically advanced terminals, especially the iPhone, development of high bandwidth mobiles, customised pricing offers. PagesJaunes availed itself of rapid development to launch a dedicated application for Smartphone mobile terminals, and the iPhone in particular. The application was extremely successful and was downloaded over 1.5 million times in France on French iPhones. This means the PagesJaunes application is operating on over 60% of French iPhones and ranks among the top five applications downloaded (source: Comscore, December 2009).

In 2010, Pages Jaunes experienced very strong growth in its mobile business. The iPhone application had more than 3 million downloads at year-end 2010, whereas the Android application had more than 500,000 downloads. On all its mobile platforms, more than 3.9 million Pages Jaunes applications were downloaded at year-end 2010.

Mobile traffic has grown extremely fast, and 80% of growth was accounted for by the iPhone. At year-end 2010, PagesJaunes' mobile traffic accounted for over 7.2 million visits per month, 7% of the pagesjaunes.fr audience.

Thus PagesJaunes has continued its strategy of penetration of the various mobile platforms by developing applications on Blackberry, Microsoft (Windows Mobile 7) and by signing up to structuring partnerships with mobile operators (Bouygues Télécom) or terminal manufacturers (Samsung).

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

6.2.1.3 Miscellaneous

6.2.1.3.1 118 008

Following the liberalisation of the directory enquiries market in April 2006, PagesJaunes introduced a telephone directory enquiry service, 118 008, 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 searches.

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 enhanced these user services by allowing multi-criteria searching, e.g. search for hotels by star rating or restaurants by culinary specialities.

PagesJaunes has a number of call centres that are external to the Company but based in France in order to be closer to its customers. They are 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.

6.2.2 INTERNATIONAL AND SUBSIDIARIES SEGMENT

In addition to the publication of consumer directories in France, PagesJaunes Groupe is present in a number of businesses making up the International & Subsidiaries segment. These mainly comprise the publication of consumer directories outside France 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 Horyzon Média's Internet advertising business. Since March 2010, this segment also includes the business of 123people, the worldwide leader of real-term people searches on the Internet, and, since May 2010, that of Keltravo, a major player in connecting individuals and professionals in construction and public works in France. In addition, PagesJaunes Groupe also sold its subsidiary Edicom, which publishes the printed

The PagesJaunes 118 008 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 118 008.

There were no major product trends in PagesJaunes' enquiries services in 2010. Revenue decreased during the year due to the dual effect of a slight downward trend and a decrease in advertising revenue caused by the decrease in the return on investment of advertisers, which itself was related to the decrease in traffic.

6.2.1.3.2 PagesPro and PagesJaunes 3611 (Minitel)

PagesPro

The PagesPro directory published by PagesJaunes is positioned as a regional directory for small and medium-sized enterprises, aimed at putting businesses in touch with each other. The 2010 PagesPro directory is now available on the Internet. The printed directories and the CD PagesPro were effectively stopped in 2010, replaced by pagespro.com.

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.

PagesJaunes 3611 (Minitel)

The audience of PagesJaunes 3611 is falling very sharply. PagesJaunes 3611 recorded revenues of 0.8 million euros in 2009.

France Télécom notified PagesJaunes in July 2008 of its decision to discontinue the Minitel "3611" directory service on 31 March 2009. In view of users' interest in this service (over one million connections per month), France Télécom and PagesJaunes nevertheless decided in February 2009 to maintain this service. PagesJaunes is now the editor and the service will continue to operate in part in 2011.

and Internet directory "Télécontact" in Morocco, in October 2009. The subsidiary departed Group consolidation as of 31 October 2009.

In 2010, the International & Subsidiaries segment generated revenue of 87.8 million euros, up by 15.8% as compared with 2009 thanks to the 44.8% growth of Internet revenue. The gross operating margin of the International & Subsidiaries segment rose strongly in 2010 to 7.2 million euros as compared with 0.9 million euros in 2009, thanks to the effects of the reorganization of QDQ Media carried out in 2009, which helped in reaching a balanced gross operating margin in 2010, to strong growth in Horyzon Media's operating merging, related to business growth, and to the positive contribution of 123people.

6.2.2.1 Directories and searches

6.2.2.1.1 Directories

Spain (QDQ Media)

QDQ Media was formed in 1997 to take advantage of the development potential in the Spanish market, characterised by a low level of penetration of directories and a limited presence in the advertising market compared to other European markets, with a distinctive and more modern product. 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 telephone directory enquiries, as well as a suite of services available on mobile handsets. In order to market advertising space on its platforms, QDQ Media has a field and a telemarketing sales force. In September 2010, a sales channel "Digital" (3 sales persons) was launched to provide the national market tailored online communications solutions and Internet positioning strategies.

QDQ Media offers its advertisers an extensive range of advertising products, and in June 2008 QDQ Media entered into an agreement with Google for the distribution of the latter's AdWords programme to its local advertisers. In the Spring of 2010, QDQ Media enriched its Internet offering by launching a standardised natural referencing offering ("SEO" and "SEO Solucion Web"), which developed around 700 clients. In 2010, QDQ Media was the second largest publisher of directories in Spain, with revenues of 27 million euros and 44,000 advertisers. QDQ Media's main costs are publishing costs (paper, printing and distribution of directories and the production costs of the Internet activities) and commercial costs.

In 2010, QDQ Media continued its optimization of commercial costs by reducing the hierarchical structure and optimizing the management of its portfolio between sales channels, which allowed it to lower its break-even point. At the end of 2010, the entire sales force was around 220 persons.

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 Madrid province in 1998. In 2010, QDQ Media published 60 directories covering almost the whole of Spain, and distributed 5 million copies.

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.

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.

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.

In 2010, "qdq.com" received 23.5 million visits, a 43% increase as compared with 2009. Internetservices accounted for 57% of QDQ Media's revenue, a 19.2% increase on 2009, chiefly due to sales of the Google Adwords offer, allowing QDQ Media advertisers to join a sponsored links scheme in their Internet communication plan and the natural referencing offering launched in 2010.

Luxembourg (Editus Luxembourg)

Since it was formed in 1991, 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 nearly 14,000 in 2010, four lines of products and services based on local data: directories, printed and on fixed and mobile Internet platforms and on digital tablets, property and vehicle classified ads on print and fixed and mobile Internet platforms, digital marketing solutions 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 Tel", and "Editus B2B". Each directory comprises one single paper edition per year and is distributed to private individuals and companies through post offices in Luxembourg. In addition, directories are provided to the public in person on a national tour, "Editus On Tour" "L'Editus B2B" also covers companies in the extended region covering the Saarland, Palatinat and Lorraine regions and the Belgian province of Luxembourg. All these directories are also online on "editus.lu" with a single engine, and on mobile with applications available on the main platforms (Appstore, Android and Blackberry).

As part of its real estate classified ads business, under the "Habiter.lu" brand Editus provides a monthly magazine, an Internet site on property and living in Luxembourg and an iPhone application. Under the brand "Référence Immobilière", a monthly magazine and an Internet site are devoted to the real estate market in the part of Belgium bordering Luxembourg. In the vehicle segment, Editus provides a website and a monthly newsletter monthly devoted to this segment under the "Driving.lu" brand.

Editus offers advertisers digital marketing solutions (advertising displays, sponsored links, website optimisation for search engines). Under the "marketing direct" brand, Editus conducts targeted direct marketing operations and markets its business database.

All the Editus Internet sites are integrated in the Editus portal "www.luxwebuniq.com", the country's second leading portal in terms of audience in Luxembourg, with 10.5 million visits in 2010, a 13% increase on 2009.

6.2.2.1.2 Searches

Meta-search (123people)

Launched in 2008, 123people quickly became the world leader in the market of people searches. With websites launched in more than ten countries (France, Spain, Austria, United States, Canada, Germany, United Kingdom, Italy, etc.), 123people has demonstrated its ability to develop relevant services and large audiences (581.2 million visits in 2010). It also entered into 200 editorial and membership partnerships. 123people was acquired by PagesJaunes Groupe in March 2010.

Online quotes (Keltravo)

Keltravo was created in March 2007 and quickly became of the leaders in online quotes in the home construction sector in France. Keltravo was acquired by PagesJaunes Groupe in May 2010.

Its website, keltravo.com, offers a quick, efficient and free solution for individuals who are seeking service providers to perform construction work. Individuals receive qualified quotes, and they can then compare the quote's price and level of services offered. Pro.keltravo.com allows artisans and construction companies and professionals in the field to register so that they may receive verified requests for quotes approved by Keltravo.

Keltravo has also developed additional websites: deco-travaux.com, which provides individuals advice on undertaking their own construction work, kelplanete.com, a website specialised in renewable energies, and KelBTP.com a website devoted to artisans and manufacturers in the construction and public works sector.

6.2.2.2 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 is called Horyzon Média and is now wholly owned by PagesJaunes Groupe. With these acquisitions, PagesJaunes Groupe strengthened its presence in the dynamic online advertising market and 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 sold advertising space on around 70 consumer Internet sites to national advertisers in 2010 and is one of the main click-based campaign platforms in France, with a network of 9,500 affiliated sites. The sites marketed by Horyzon Média's sites represented a reach rate of almost 65.5% in December 2010 (source: Médiamétrie/NielsenNetRatings), providing advertisers with one of the highest levels of coverage for French Internet users. Horyzon Média was entrusted with the advertising representation for the national advertising space on all the fixed and mobile Internet sites of PagesJaunes Groupe in France. In February 2008, the Company launched a specific mobile Internet offer. Horyzon Média's costs essentially comprise sums paid on to publishers and personnel expenses for its sales force.

6.2.2.3 Direct marketing and geographic services

6.2.2.3.1 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. PagesJaunes Marketing Services is a specialist in processing online and offline data and allows companies to establish a relationship of proximity with their customers or potential customers. It accompanies businesses with its seven "Data" divisions, providing multi-channel solutions. The seven divisions are grouped into three areas:

- identification, through an audit of all the data in the databases of customers or potential customers. Data Management (audit, integration, processing, hosting, enhancing, data-mining,

geocoding) is an essential feature to guarantee quality company data. Data-mining and geomarketing surveys carried out by PagesJaunes Marketing Services develop knowledge of the customer;

- contacting, through the channel or channels adapted to the advertiser's targets, from design of tools to creation of platforms up to distribution – PagesJaunes Marketing Services provides a comprehensive service;
- optimisation of subsequent campaigns following analysis of the results and measurement of returns on investment, in order to capitalise on all marketing campaigns.

PagesJaunes Marketing Services launched its commercial site MarketingConnect in 2009. This Internet platform targets micro-companies and SMEs and networking companies, and has been awarded the "Golden Cube" for innovation as the first customised Internet solution which designs and optimises multi-channel relational marketing campaigns.

In 2010, PagesJaunes Marketing Services had around 1,200 customers, chiefly in telecommunications, the car industry, energy, large-scale and specialised distribution, banking and insurance, and business services.

6.2.2.3.2 Geographic services (Mappy)

Mappy is now one of the leaders of geographic services (maps, journey planners, geographic representations, local area searches, GPS navigation) on the fixed and mobile Internet in France and Belgium. Mappy was acquired by PagesJaunes Groupe from Wanadoo in April 2004.

Mappy is the publisher of the website "mappy.com", accessible on the fixed and mobile Internet, and of the mobile applications Mappy and Mappy GPS, accessible on the main platforms (Appstore, Android, Samsung).

"mappy.com" is one of the main Internet sites in France, with 255 million unique visitors on the fixed and mobile Internet in 2010 and 1.8 million mobile applications downloaded. To create its fixed and mobile Internetservices, Mappy acquires the raw geographic data from third parties, restructures it, aggregates and enriches it, then incorporates it in its own technical platform. Mappy publishes practical services related to travelling such as map displays, enriched with information (road traffic, parking lots, "vélib" (for-hire bikes provided by the city), service stations, places of interest, local information, etc.). Mappy also offers journey itinerary calculation services by car, on foot or by public transportation, and hotel and restaurant reservations. The audience of Mappy's fixed and mobile Internetservices has been marketed since 2008 by Horyzon Média, the Internet advertising representative of PagesJaunes Groupe.

In 2010, Mappy began to position itself on the local information and advertising market. To do so, Mappy implemented a strategy to enhance its offering by providing local services related to travelling. Mappy enhanced its map database by displaying heightened zoom levels of nearby merchants (160,000), with emphasis on all professionals referenced in PagesJaunes and whose business is specifically related to traveling, tourism and leisure activities.

Mappy derives its revenues from the marketing by the Internet advertising representation Horyzon Média of advertising spaces on fixed and mobile Internet media. Mappy also receives fees on the transactions performed by its partners from the website "mappy.com" and it sells geographic services to professionals.

6.3 Exceptional events

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

6.4 Relations with France Télécom Group and shareholders

Up to 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 future 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, a single agreement for providing directory data for directory publication (described in Section 6.4.1 of the reference document) was still in effect in 2010.

Under Law 2003-1365 of 31 December 2003 a request for proposals was launched to appoint the operator responsible for universal directory enquiry services and printed and electronic directories. 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 RFP, a 29 March 2007 decree appointed France Télécom sole operator of this universal directory service for a further two years. France Télécom published a directory in printed and electronic format and operated a directory assistance service, in accordance with the technical specifications for the universal directory service and directory enquiries service resulting from this decree.

RFPs for 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 an RFP 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 was appointed as operator to provide the universal paper directory by an order of 29 November 2009, and operator to provide a universal information service by an order of 18 November 2009.

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. It was terminated early by amicable agreement and was replaced by an agreement signed on 11 March 2004 with retroactive effect as of 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 nonexclusive 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 draws up 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 4.0 million euros in 2010 (2.7 million euros in 2009).

6.4.2 LEASES AND SUBLEASING AGREEMENTS

The vast majority of the Company's offices were sublet by the France Télécom Group through leases or subleasing agreements. These contracts have been upheld since 11 October 2006, except for offices 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 2.3 million euros billed by France Télécom in 2010 (1 million euros in 2009).

6.4.3 NON-COMPETE 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 extended by the cooperation agreement, which is valid until 31 December 2010.

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

France and only if PagesJaunes is designated as the supplier of the general directory or if neither PagesJaunes, nor France Télécom nor any other company in the France Télécom group is designated (see section "6.4.3 Agreement on manufacturing and distributing *L'Annuaire* and PagesJaunes 3611 alphabetical search" in this reference document). This undertaking was extended by the cooperation agreement, which is valid until 31 December 2010.

6.4.4 RELATIONS WITH MÉDIANNUAIRE

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 optimising, coordinating, and harmonising Management within the Group.

In this regard, Médiannuaire has the teams and personnel with the required know-how to ensure the services needed to implement this management policy for its subsidiary. It may also outsource some services. 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 optimise 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 1.2 million euros in 2010 (1.2 million euros in 2009).

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 Guía Util", "QuiDonc" and "Mappy" brands.

The Group is also 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. The paper supply contracts contain commitments

to purchase certain amounts of paper. Most of these contracts apply until 31 January 2012. PagesJaunes does not consider itself dependent on any of these suppliers.

6.5.2.2 Printing

In order to ensure printing for its BtoC directories, in France and in Spain, the PagesJaunes Groupe drew up agreements with 4⁽¹⁾ printers to provide services for all Group companies between 2009 and 2013. The contracts do not stipulate a volume commitment.

(1) Since July 2010, there have been only 3 printers due to Brodard Graphique's liquidation.

6.5.2.3 Distribution

PagesJaunes has signed four major contracts for distributing the PagesJaunes and the Pages Blanches directories in 2011. 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 6.6 million euros in 2010 (4.5 million euros in 2009). 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

Amid a context of rapid evolution of competition on Internet and continuous extensions to products and services, PagesJaunes Groupe faces a wide range of competitors. As a media, the Group therefore faces two large competitor categories for each platform – fixed and mobile Internet and paper format – and services:

- audience competition, as there is an increasing number of possible sources for users who wish to contact a business or individuals, or to secure information prior to making their purchase;
- competition from other advertising platforms, particularly local media.

The Company's main competitors are therefore:

- Internet search engines (particularly Google, Voilà, Yahoo!, MSN);
- a number of theme portals and specialist Internet sites (viamichelinuniq.com, voyages-sncf.com, hotels.com, kelkoo.com, etc.);
- telephone directory enquiry services which have also developed on the Internet (118218.fr, 118712.fr, 118000.fr);
- free Internet press portals (in particular the publications of the companies Comareg and Spir Communication, 20 Minutes, Métro);
- operators on the classified market which may specialise in property, cars or general areas;
- and also publishers of directories (in particular PubliGroupe, U Corsu, etc.), in addition to 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 classified ad sheets, posters, local radio, etc.).

6.6.1.2 Internet

pagesjaunes.fr

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 segment"). These various media also allow local advertisers to communicate within their catchment area.

Internet advertising investment continued to grow in 2010, with a slight rise as compared with 2009. The market has undoubtedly exceeded 2.35 billion euros in advertising expenditure on Internet, including revenue from online directories, indicating 9% growth with respect to 2009 (source: Observatoire de l'e-pub 2008 SRI/CapGemini Consulting – January 2011). 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 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 540 million euros in 2010 (source: Observatoire de l'e-pub 2010 SRI/CapGemini Consulting – January 2011), an increase with respect to 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 (*Médium 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 significantly. It represented a volume of around 960 million euros in 2010 (source: Observatoire de l'e-pub 2009 SRI/CapGemini Consulting – January 2011).
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.

As part of its plan for this market, in 2009 PagesJaunes also launched a performance advertising sales offer known as "Pack de Clicks" along with its subsidiary Horyzon Média. This product is sold to advertisers wishing to boost their commercial communications over a given period. Management of click distribution is carried out by Horyzon Média via the Horyzon Click scheme.

- 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.

annoncesjaunes.fr

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, etc.

Operators specialising in vehicles: La Centrale (Schibsted Classified France), L'Argus de l'Automobile, 321auto, Autoreflex (Corb's), Autoscout 24, etc.

General operators: ParuVendu (Comareg), TopAnnonces (Spir Communication), S3G (Sud-Ouest group), regional and national daily press publishers, leboncoin.fr (Schibsted group).

Operators originating in the Internet segment: ebay auto, PriceMinister (321 auto and À vendre À louer), Le bon Coin and Vivastreet.

6.6.2 INTERNATIONAL AND SUBSIDIARIES SEGMENT

6.6.2.1 Directories and searches

6.6.2.1.1 Directories

Spain (QDQ Media)

The market for directories in Spain is dominated by Yell Publicidad. QDQ Media is also in indirect competition with all local advertising media.

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), and is in indirect competition with all local and even international advertising media on Internet.

6.6.2.1.2 Searches

Meta-search engine (123people)

123people is the world leader in the market of people searches, a segment which represents 30% of the total volume of searches on the Internet.

Online quotes (Keltravo)

In 2010, Keltravo was one of the leaders in online quotes in the home construction sector in France, next to Quotatis (long-time leader in the market with European base), EasyDevis and 123devis (acquired by the American company ServiceMagic).

6.6.2.2 Internet advertising representation (Horyzon Média)

Horyzon Média is among the Internet advertising representation leaders in France and its biggest competitors are Orange, Microsoft Advertising, Yahoo and Hi-Media.

6.6.2.3 Direct marketing and geographic services

6.6.2.3.1 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): Mediapost Data (La Poste Group), Axiom, Mediaprisme, WDM, Altares, Cegedim, Coface;
- data management market: WDM, Mediapost Data, Uniservices Informatique, ETO, Experian, Safig Dataway;
- relational marketing: Arvato Services, Come&Stay, WDM, ETO, Millemercis, Axiom, Mediapost Data.

6.6.2.3.2 Geographic services (Mappy)

Mappy faces tough 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.

6.7 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 Groupe operates mainly in Europe and more specifically in France. These regulatory environments are described below in further detail.

6.7.1 INFORMATION SOCIETY REGULATION

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 boosting 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, notably dealing with how domain names and encryption are managed.

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.”*

6.7.1.1 Content regulation and responsibility 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 online Communications Services Other than Private Correspondence”* (Articles 43-7 to 43-10).

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 invoke 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 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.

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 online contracts.

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

The Creation and Internet Law (known as the Hadopi Law) of 12 June 2009 in favour of distribution and protection of creations on Internet created the online press publisher status for companies publishing unique quality content, providing them with a fiscal system for press companies. The conditions for obtaining this status were set forth in a decree on 29 October 2009.

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.

The companies concerned may benefit from the tax advantages for press companies, such as total exemption from the business property contribution and 2.1% less on VAT, and also a specific 20 million euro aid package.

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).

The decisive criteria allowing an Internet site to benefit from this status are as follows: a *“professional information mission”*, *“journalistic production of original and renewed content”*, which are not *“either promotional tools or accessories used for industrial or commercial purposes”*, and the use of *“at least one professional journalist”* (in the sense of Article L. 7111-3 of the French Labour Code).

This provision is in addition to 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 Hadopi Law has also relaxed the publishing responsibility of the editor to take account of the contributive and interactive nature of certain publications by introducing a clear distinction in accordance with the publishing format. Article 27-II of the Hadopi Law introduced the following stipulation: *“When the infringement is the result of the contents of a message sent by an Internet user to an online public communication service and is provided for public use by this service in a space for personal contributions identified as such, the editor or co-editor of the publication cannot be held criminally responsible as the main author if it can be established that he was not genuinely aware of the message before this was placed online, or if, when he became aware of this, he acted promptly to withdraw the message.”*

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.

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:

- standardising European law on personal information;
- facilitating its distribution (provided the country to which the personal information is sent offers an adequate level of protection);
- 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 freedoms. 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, withdrawal of authorisation, 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 penalised.

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 optimise the services we provide and increase the income generated. In the same way, and to enable us to offer customised 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 contained the 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 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 Electronic 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 and requires the prior consent of the people being prospected (new Article L. 34-1, III of the Postal and Electronic Communications Code).

European Framework Directive 95/46/EC on personal data is currently being modified. Public consultation ended in December 2010. The Commission has just described the major outlines of its proposal, which will probably not be known before the second quarter of 2011. For the time being, the European Commission wishes to enhance privacy rights with "privacy by design", which implies that technologies be designed from the outset to provide protection of privacy, in order to guarantee free and informed consent and to enhance the rights of access, deletion and correction of information. But, it also wishes to simplify companies' business by cutting down on formalities to be undertaken, to enable cross-border data flow and companies' self-regulation.

6.7.2 DIRECTORIES

Order No. 2001-670 of 25 July 2001 covering adaptation of the Intellectual Property Code and the Postal and Electronic 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, as amended by decrees 2005-605 and 2005-606 of 27 May 2004, 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 licenses for directory information from all telecommunications operators and thereby enhance its content.

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 made to obtain, verify or present 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 French Intellectual Property Code, as well as the entire 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 the 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: "*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.*" Article L. 342-3 of the Intellectual Property Code stipulates 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 SIGNATURES

French regulations with regard to secure electronic signatures are set out in four successive laws: the 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.

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 organisation. 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 prior rights held by others, whether these are intellectual property rights 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

The latter automatically receives the same evidentiary weight as a handwritten signature since it is presumed reliable unless proven otherwise.

For electronic signatures which do not satisfy the conditions set by this decree, referred to as "simple signatures", the evidence of the technical reliability of the process used must be established, i.e., by a Court-appointed expert, although the electronic signatures may be found inadmissible. It will also still be possible to provide for legal recognition by evidentiary agreements, which Article 1316-23 of the French Civil Code now appears to clearly find legal.

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 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.

The decree of 6 February 2007 concerning the attribution and management of Internet domain names and amending the Postal and Electronic Communications Code, sets out the administrative designation process for bodies in charge of French Internet extensions, and lays down guidelines governing their Management. It reinforces the principle of protection of the names of national institutions (the Senate, the President's Élysée residence, the Prime Minister's Matignon residence, etc.), of public services, territorial institutions (names of districts), public cooperation institutions with different fiscal systems, and those in public posts for the duration of their terms.

The decree opens up new possibilities for a body specially designed to block, remove or transfer domain names with no intervention by the judicial authorities, acting on its own perception of possible confusions. This body and the registrars could then be held responsible in the appropriate context.

A decision of the Constitutional Council dated 6 October 2010 declared Article L. 45 of the Postal and Electronic Communications Code unconstitutional, this decision being suspended until 1 July 2011.

Article 19 of Law no. 2011-302 of 22 March 2011 provides that from now on, the assignment and management of domain names will be decided by law. The provisions of the new law thus amend Article L. 45 of the Postal and Electronic Communications Code, or even supplement it with the provisions already contained in Decree no. 2007-162 of 6 February 2007. The new Articles will enter into force on 30 June 2011, but the practicalities of their application will be the subject of a decree.

This new law should not have any substantial impact on the Group's business, insofar as, essentially, it consolidates principles already in place. In particular, it provides that:

- the Minister responsible for electronic communications must appoint the centralised registration office;
- a domain name that is "identical or similar" to that of the French Republic or of local authorities may be registered "if the applicant proves a legitimate interest and is acting in good faith";

SUPPLIERS

- a .fr domain name may be registered by all natural persons resident in the territory of the European Union and by all legal persons having their registered office or principal place of business in one of the Member States of the European Union (this provision will only enter into force on 31 December 2011);
- the registration offices will publish the domain names they have registered on a daily basis. The database containing the data necessary to identify the natural or legal persons owning domain

names will be the property of the State, and the registration offices will only have a right of use in respect thereof;

- a new procedure will be introduced for the handling of disputes. In the meantime, the WIPO and AFNIC have decided to suspend their dispute handling procedures (ADR procedures in the case of the WIPO and "PREDEC" in the case of AFNIC) with effect from 15 April 2011 and 15 May 2011, respectively. Until the new procedure is set up, disputes may be referred to the Courts or to the Centre for Mediation and Arbitration of Paris (CMAP).

6.8 Suppliers

See section "6.5.2 Reliance on supply contracts and industrial contracts".

6.9 Risk hedging and insurance

After it left the France Télécom Group, on 1 January 2007 PagesJaunes Groupe set up an insurance and management scheme to cover the risks of the greatest risks in terms of property damage, civil liability and persons.

This purpose of the insurance policy is to propose and optimize on a continual basis policy for managing risks which may be transferred to insurance companies.

Information exchanges between the legal department, the risk manager, the head of internal control and auditing, have been systemically organized so that each party has a view that is as consolidated an exhaustive as possible of the Group's risks based specifically on the areas where risk exist.

Based on this shared vision, the Group is able to search for coverage adapted to the insurable risks.

These policies were taken out with major international companies, and are regularly renegotiated in close cooperation with a major broker by promoting competition among insurers, in order to maintain the same coverage quality/optional cost ratio from which the PagesJaunes Groupe benefited within the France Télécom Group.

The coverage of property damage is provided by a Group-wide insurance policy for "damage to property and operating losses including damages to property during transportation", which covers all direct damage to property and operating losses except those specifically excluded.

The maximum amount of the policy's guarantee per annum and per insurance claim was raised in 2010 to 49,900,000 euros for damage and 20,000,000 euros for operating losses, which is sufficient if business were to be interrupted due to a major event, in tandem with the implementation of a business continuation plan.

When each new policy is taken out, the buildings are inspected onsite, which is carried out in coordination with the insurers, the engineering department and the director of prevention, which enables insurers to better assess the risk and thereby to negotiate the best possible insurance coverage.

In order to optimize the premium amount, this insurance policy was taken out for a two-year period, which may be revised in the event of significant claims. The policy is in line with the current offering on the insurance market as regards the ceilings and deductibles.

The coverage of civil liability risks is provided by a policy covering civil liability related to operations and to business activity in general, both *vis-à-vis* customers and third parties. This is a "comprehensive with exceptions" policy, which means that all bodily harm, property and intangible damage not excluded are automatically covered, including damage resulting from computer viruses.

The deductibles of this policy were defined based on existing risks, but also based on subsidiaries' scope of business, which allows the Company to cover all risks without increasing the premium.

Thus the preliminary premium paid by the Company as insurance coverage for civil liability in 2010 was around 65,500 euros all taxes included (67,000 euros all taxes included in 2009).

In relation to the damage to property and operating losses policy, the premium paid by the Company was around 208,000 euros in 2010, all taxes included (204,074 euros all taxes included in 2009).

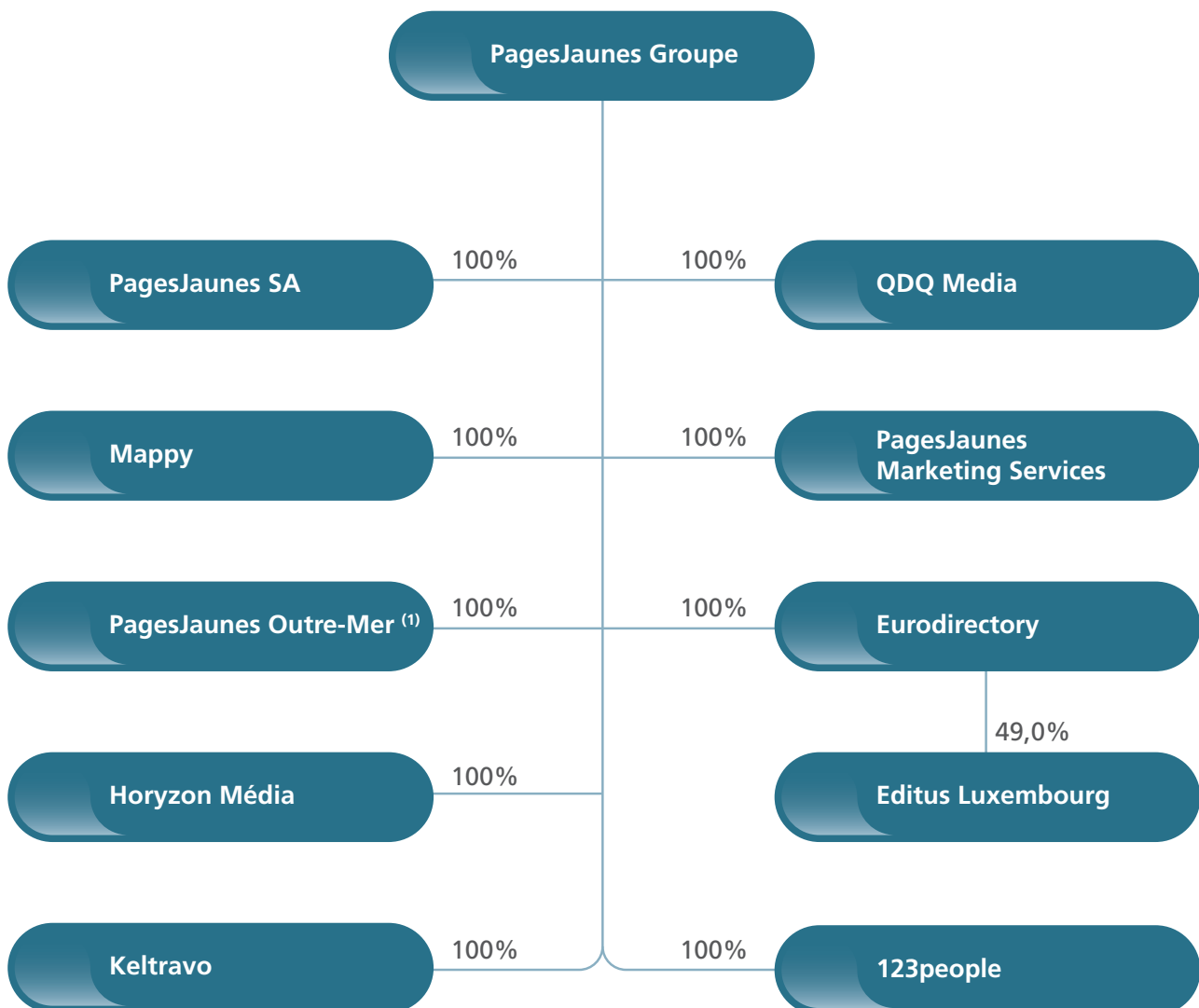
For automobile risk, the Company paid out around 195,500 euros all taxes included in 2010 (100,977 euros all taxes included in 2009).

7.1 Description of the Group

The description of the Group is set out in Section 6.1.1 of this reference document (“Overview of business”).

7.2 List of subsidiaries

The Group’s organisation chart at 31 December 2010 is shown below:



(1) Not consolidated in 2010.

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8.1 Major fixed assets

Leases and subleasing agreements are set out in section 6.4.

8.2 Environmental issues

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

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9.1 Overview

The Group's core business activity 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 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 directories (*PagesJaunes*, *L'Annuaire*) and online directories ("pagesjaunes.fr", "pagespro.com"). They also include the development and hosting of websites, directory enquiry services by telephone (1 18 008), the online small ads activity ("annoncesjaunes.fr") and the Quidonc reverse directory. This segment also includes the holding company activities accommodated within PagesJaunes Groupe.
- International & Subsidiaries.** These are the activities of the Group's various subsidiaries, mainly comprising the publication of printed and online consumer directories outside France (QDQ Media in Spain and Editus in Luxembourg) and the development of complementary activities related to the publication of directories, such as the geographic services of Mappy, the direct marketing activities of PagesJaunes Marketing Services and the Internet advertising representation activities of Horyzon Média. Since March 2010, this segment has also included the activities of 123people, the global leader in real-time people search on the Internet, and, since May 2010, the activities of Keltravo, a major operator in contact generation between people and businesses in the building and public works sector in France.



9.2 Commentary on the 2010 annual results

PagesJaunes Groupe		As at 31 December		
(in millions of euros)	2010	2009	Change 2010/2009	
REVENUES	1,125.2	1,163.9	-3.3%	
External purchases	(260.4)	(280.5)	-7.2%	
Other operating income	3.2	4.2	-23.8%	
Other operating expenses	(11.9)	(26.7)	-55.4%	
Salaries and charges	(338.3)	(332.2)	1.8%	
GROSS OPERATING MARGIN	517.8	528.7	-2.1%	
<i>As % of revenues</i>	46.0%	45.4%		
Employee profit-sharing	(14.7)	(15.3)	-3.9%	
Share-based payment	(2.5)	(1.6)	56.3%	
Depreciation and amortisation	(18.4)	(19.6)	-6.1%	
Result of asset disposals	(0.1)	(0.8)	-87.5%	
Restructuring costs	-	(4.5)	-100.0%	
Acquisition costs of shares	(0.4)	-	na	
OPERATING INCOME	481.7	487.0	-1.1%	
<i>As % of revenues</i>	42.8%	41.8%		
Financial income	2.0	8.8	-77.3%	
Financial expenses	(99.6)	(90.7)	9.8%	
Gain (loss) on foreign exchange	-	-	na	
NET FINANCIAL INCOME	(97.6)	(81.9)	19.2%	
INCOME BEFORE TAX	384.1	405.1	-5.2%	
Corporation tax	(139.2)	(131.5)	5.9%	
INCOME FOR THE PERIOD	244.9	273.6	-10.5%	
<i>of which attributable to:</i>				
• Shareholders of PagesJaunes Groupe	244.9	273.6	-10.5%	
• Non-controlling interests	-	-		

The number of visits to the Group's Internet sites as a whole, in France and internationally, amounted to 1,946.5 million in 2010, up 25.6% compared to 2009.

In December 2010, the Group's Internet sites in France collectively ranked sixth among the most consulted Internet sites, with 20.1 million unique visitors, representing a reach rate of 48.6% of the total number of Internet users in France. The Group's fixed and mobile Internet sites in France recorded 1,395.3 million visits in 2010, a rise of 11.3% compared to 2009, with the number of mobile Internet visits more than doubling compared to 2009, with 86.4 million visits. By the end of December 2010, the Group's mobile applications in France had been downloaded 6.0 million times onto all types of smartphones.

The consolidated revenues of the PagesJaunes Groupe amounted to 1,125.2 million euros in 2010, down 3.3% compared to 2009. The fall in revenues from printed directories, down 10.2% compared to 2009, was partly offset by the growth in Internet activities, which rose 6.2% compared to 2009 to 537.6 million euros. Internet revenues made up 47.8% of the Group's revenues in 2010, compared to 43.5% in 2009.

The Group's gross operating margin amounted to 517.8 million euros in 2010, down 2.1% compared to 2009, on revenues down 3.3%. The continuation of efforts to optimise all the costs of the PagesJaunes in France segment and the strong improvement in the gross operating margin of the International & Subsidiaries segment allowed a continuation of investments in new Internet products and services, while maintaining a high rate of gross operating margin of 46.0% in 2010, compared to 45.4% in 2009.

The Group's operating income decreased slightly by 1.1% compared to 2009, to 481.7 million euros.

The group's financial result decreased by 19.2% compared to 2009, to 97.6 million euros, due to the rise in the average interest rate on the gross debt (including hedging instruments), which increased from 4.10% in 2009 to 4.55% in 2010. In addition, the time value of interest rate hedging instruments showed a favourable change of 1.3 million euros in 2010 compared to 7.4 million euros in 2009.

Income for the period amounted to 244.9 million euros, down 10.5% compared to 2009.

COMMENTARY ON THE 2010 ANNUAL RESULTS

The information below presents the revenues, the gross operating margin and the main intermediate Management balances for each of the two segments of the consolidated Group, the PagesJaunes in France segment and the International & Subsidiaries segment.

<i>(in millions of euros)</i>	As at 31 December		
	2010	2009	Change 2010/2009
PagesJaunes in France	1,051.6	1,097.3	-4.2%
International & Subsidiaries	87.8	75.8	15.8%
Eliminations	(14.2)	(9.1)	56.0%
REVENUES	1,125.2	1,163.9	-3.3%
<i>Revenues of Internetservices (incl. pagespro.com)</i>	<i>537.6</i>	<i>506.4</i>	<i>6.2%</i>
<i>As % of total revenues</i>	<i>47.8%</i>	<i>43.5%</i>	
PagesJaunes in France	510.5	527.8	-3.3%
International & Subsidiaries	7.2	0.9	na
GROSS OPERATING MARGIN	517.8	528.7	-2.1%
<i>As % of revenues</i>	<i>46.0%</i>	<i>45.4%</i>	

9.2.1 ANALYSIS OF THE REVENUES AND GROSS OPERATING MARGIN OF THE PAGESJAUNES IN FRANCE SEGMENT

The following table shows the revenues and gross operating margin of the PagesJaunes in France segment in 2009 and 2010:

<i>(in millions of euros)</i>	As at 31 December		
	2010	2009	Change 2010/2009
REVENUES	1,051.6	1,097.3	-4.2%
External purchases	(238.2)	(257.1)	-7.4%
Other operating income	4.0	3.3	21.2%
Other operating expenses	(9.1)	(22.6)	-59.7%
Salaries and charges	(297.8)	(293.1)	1.6%
GROSS OPERATING MARGIN	510.5	527.8	-3.3%
<i>As % of revenues</i>	<i>48.5%</i>	<i>48.1%</i>	

9.2.1.1 Revenues of the PagesJaunes in France segment

The following table shows the breakdown of the consolidated revenues of the PagesJaunes in France segment by product line in 2009 and 2010:

<i>(in millions of euros)</i>	As at 31 December		
	2010	2009	Change 2010/2009
REVENUES	1,051.6	1,097.3	-4.2%
<i>Revenues of Internetservices (incl. pagespro.com)</i>	<i>479.5</i>	<i>461.0</i>	<i>4.0%</i>
<i>As % of total revenues</i>	<i>45.6%</i>	<i>42.0%</i>	
Printed directories	523.6	577.8	-9.4%
Internet	479.5	461.0	4.0%
Other activities	48.5	58.5	-17.1%

COMMENTARY ON THE 2010 ANNUAL RESULTS

The revenues of the PagesJaunes in France segment amounted to 1,051.6 million euros in 2010, down 4.2% compared to 2009, due to the 9.4% decrease in revenues from printed directories and the 17.3% decrease in revenues from other activities (118 008, PagesPro, Minitel, Quidonc), partly offset by the 4.0% growth in revenues from Internetservices ("pagesjaunes.fr", "annoncesjaunes.fr" and websites).

The decrease in revenues resulted from a 5.7% decrease in the number of advertisers, to 660,000 in 2010 compared to 700,000 in 2009, which was not offset by a 1.7% increase in the average revenue per advertiser to 1,570 euros in 2010, compared to 1,543 euros in 2009.

New customer recruitment was lower than in the previous year, with 95,000 new customers in 2010, compared to 119,000 in 2009, due to a decrease in sales prospecting among potential customers with low average revenue (less than 120 euros).

Printed directories

Revenues from printed directories, which result mainly from the sale of advertising space in the PagesJaunes directory and in *l'Annuaire* (Pages Blanches), amounted to 523.6 million euros in 2010 compared to 577.8 million euros in 2009, down 9.4%.

The average revenue per advertiser in printed directories declined by 2.6% to 902 euros in 2010, compared to 926 euros in 2009. The number of advertisers in the printed directories decreased by 6.9%, with 581,000 advertisers in 2010 compared to 624,000 in 2009.

Internet

The revenues from Internetservices, which come mainly from the sale of advertising products on "pagesjaunes.fr" and "annoncesjaunes.fr", as well as website development and hosting activities, rose 4.0% compared to 2009 to 479.6 million euros. The revenues are recognised over the life of the contracts with advertisers (generally 12 months).

The number of advertisers on the Internetservices decreased slightly by 1.1% compared to 2009, with 487,000 advertisers in 2010 compared to 493,000 in 2009. The average revenue per advertiser increased by 3.4% to 977 euros in 2010, compared to 949 euros in 2009, reflecting

a commercial policy focused essentially on moving existing customers upmarket by means of new services.

With 60,000 Internet Visibility Packs and almost 23,000 videos sold as at 31 December 2010, and with the rapid development of contributory input, the number of reviews posted by users on pagesjaunes.fr reached 263,000 covering 121,000 businesses as at 31 December 2010, PagesJaunes has confirmed its status as a leader in Internet content in France.

The "pagesjaunes.fr" site recorded 936.1 million visits on fixed-Internet in 2010, up 5.7% compared to 2009, and 70.4 million visits on mobile Internet, an increase of 137.5% compared to 2009. The PagesJaunes applications have been downloaded 4.0 million times since their launch onto all types of smartphones.

Other activities (118 008, PagesPro, Minitel and Quidonc)

The revenues from other activities in the PagesJaunes in France segment essentially comprise revenues relating to telephone directory enquiry services (118 008), the PagesPro directory on the Internet (printed directory discontinued at the end of 2009), Minitel and the Quidonc reverse directory.

The revenues from the other activities of the PagesJaunes in France segment amounted to 48.4 million euros in 2010, down 17.3% compared to 2009. This was due in particular to the 15.2% decrease in the revenues of PagesPro on the Internet and by the discontinuation of the marketing of the printed version of PagesPro.

Revenues from telephone directory enquiry services (118 008), which comprise advertisement revenues, representing 60.2% of the total revenues of this activity, and traffic revenues, amounted to 36.0 million euros in 2010, down 9.4% compared to 2009.

This decrease in advertising revenues was mainly due to the decrease in the number of advertisers, with 92,000 advertisers at the end of 2010, compared to 117,000 at the end of 2009, while the average revenue per advertiser amounted to 209 euros in 2010 compared to 212 euros in 2009. Traffic revenues decreased by 6.3% due to a downward trend in the volume of calls handled in this market, which was not offset by the increase in the average revenue per user.

9.2.1.2 External purchases in the PagesJaunes in France segment

PagesJaunes in France (in millions of euros)	As at 31 December		
	2010	2009	Change 2010/2009
External purchases	(238.2)	(257.1)	-7.4%
As % of revenues	22.7%	23.4%	

External purchases essentially comprise publishing costs (purchase of paper, printing and distribution of printed directories), the costs associated with databases, the expenses for the information system, communication and marketing expenses, as well as overheads.

The external purchases in the PagesJaunes in France segment amounted to 238.2 million euros in 2010, down 7.4% compared to 2009, whereas the revenues in the segment decreased by 4.2% over the same period. External purchases represented 22.7% of revenues in 2010, compared to 23.4% in 2009.

The decrease in external purchases was due mainly to the decrease in publishing costs for printed directories and communication expenses, partly offset by an increase in costs associated with new Internet products and services.

Publishing costs of printed directories, comprising the costs of paper purchases, printing and distribution of directories, amounted to 77.2 million euros in 2010 compared to 97.4 million euros in 2009, with paper costs amounting to 30.7 million euros in 2010 compared to 42.4 million euros in 2009. This 20.2 million euros decrease was mainly due to the optimisation of print runs and page counts (for example, the continued scoping of directories according to residential areas) and to the renegotiation of paper purchase contracts.

Communication expenses in 2010 decreased compared to 2009, since 2009 had been marked by campaigns to promote the PagesJaunes brand, particularly on television. No such campaigns were run in 2010. The costs of purchasing sponsored links and natural listing as a proportion of Internet revenues fell slightly to 1.7%, compared to 1.9% in 2009 due to the effects of optimisation measures.

The other external purchases increased partly due to website production costs (launch of the Internet Visibility Pack in October 2009) and partly due to the costs of the information system for new developments

associated with services for advertisers or new functionalities on the pagesjaunes.fr site.

9.2.1.3 Other operating income of the PagesJaunes in France segment

PagesJaunes in France		As at 31 December		
(in millions of euros)	2010	2009	Change 2010/2009	
Other operating income	4.0	3.3	21.2%	

The other operating income of the PagesJaunes in France segment amounted to 4.0 million euros in 2010 compared to 3.3 million euros in 2009. It mainly comprised sundry invoicing.

9.2.1.4 Other operating expenses of the PagesJaunes in France segment

PagesJaunes in France		As at 31 December		
(in millions of euros)	2010	2009	Change 2010/2009	
Other operating expenses	(9.1)	(22.6)	-59.7%	

The other operating expenses of the PagesJaunes in France segment amounted to 9.1 million euros in 2010, compared to 22.6 million euros in 2009. The other operating expenses comprised taxes and duties, certain provisions for risks and charges, and provisions for bad debts.

The decrease in other operating expenses of the PagesJaunes in France segment is mainly due to the abolition of the business tax in 2010.

Transfers to bad debt provisions in 2010 were calculated on the basis of a net transfer of 0.42% of revenues, compared to 0.52% in 2009. This trend reflects an improvement in the economic situation, albeit without any return to the 2008 rate of 0.33%. The bad debt risk remains under control.

9.2.1.5 Salaries and social charges of the PagesJaunes in France segment

PagesJaunes in France		As at 31 December		
(in millions of euros)	2010	2009	Change 2010/2009	
Salaries and charges	(297.8)	(293.1)	1.6%	
As % of revenues	28.3%	26.7%		

The salaries and social charges of the PagesJaunes in France segment comprise wages and salaries, both fixed and variable (including profit-sharing) social charges, payroll tax, provisions for paid leave, post-employment benefits and various benefits paid to employees.

The salaries and social charges of the PagesJaunes in France segment amounted to 28.3% of revenues in 2010 compared to 26.7% in 2009, and amounted to 297.8 million euros, an increase of 1.6% compared to 2009.

The remuneration of the sales force and its immediate supervisory personnel remained stable at 159.7 million euros in 2010. This almost unchanged position is due to the fact that the decrease in commission paid to the sales force, associated with a lower revenue figure, was offset by the rise in costs associated with the adaptation and redeployment of workforces on new duties.

9.2.1.6 Gross operating margin of the PagesJaunes in France segment

The gross operating margin of the PagesJaunes in France segment amounted to 510.5 million euros in 2010, down 3.3% compared to 2009. The gross operating margin rate of the PagesJaunes in France segment increased slightly to 48.5% in 2010 compared to 48.1% in 2009, particularly as a result of the continued decrease in publishing costs of printed directories (purchase of paper, printing and distribution costs), which was partly offset by the increased expenses associated with the new Internet products and services.

9.2.2 ANALYSIS OF THE REVENUES AND GROSS OPERATING MARGIN OF THE INTERNATIONAL & SUBSIDIARIES SEGMENT

The following table shows the revenues and gross operating margin of the International & Subsidiaries segment in 2009 and 2010:

International & Subsidiaries		As at 31 December		
(in millions of euros)	2010	2009	Change 2010/2009	
REVENUES	87.8	75.8	15.8%	
External purchases	(37.7)	(32.8)	14.9%	
Other operating income	1.4	1.7	-17.6%	
Other operating expenses	(3.9)	(4.6)	-15.2%	
Salaries and charges	(40.4)	(39.2)	3.1%	
GROSS OPERATING MARGIN	7.2	0.9	NA	
As % of revenues	8.2%	1.2%		

9.2.2.1 Revenues of the International & Subsidiaries segment

The following table shows the breakdown of the consolidated revenues of the International & Subsidiaries segment by product line in 2009 and 2010:

International & Subsidiaries		As at 31 December		
(in millions of euros)	2010	2009	Change 2010/2009	
Directories and search	44.2	41.4	6.8%	
<i>of which Internet</i>	26.7	16.1	65.8%	
Internet advertising representation	14.6	9.4	55.3%	
Direct Marketing and Geographics Services	29.0	25.0	16.0%	
REVENUES	87.8	75.8	15.8%	
<i>Of which Internet revenues</i>	62.1	42.9	44.8%	
As % of total revenues	70.7%	56.6%		

The revenues of the International & Subsidiaries segment amounted to 87.8 million euros in 2010, a rise of 15.8% compared to 2009, due to 44.8% growth in Internet revenues. The companies 123people and Keltravo, which were consolidated from March 2010 and May 2010 respectively, and accommodated within the "directories and search" activities, contributed 8.8 million euros to the segment's revenues in 2010.

On a like-for-like consolidation basis, excluding 123people and Keltravo in 2010 and excluding Edicom in 2009 (sold in October 2009), the revenues of the International & Subsidiaries segment would have been 6.5% higher than in 2009, with Internet revenues up 25.4%.

BtoC directories

The revenues of the BtoC directory businesses, which result mainly from the sale of advertising space in the printed and online directories and their publication and distribution by the companies QDQ Media in Spain, Editus in Luxembourg and Edicom in Morocco as well as the new businesses 123people and Keltravo, amounted to 44.2 million euros in 2010, up 6.8% compared to 2009, despite the 32.4% decrease in revenues from the printed directories of QDQ Media. In 2009, Edicom had contributed 1.6 million euros to consolidated revenues.

The Internet revenues of the directories and search businesses rose 65.8% compared to 2009 to 26.7 million euros, due to the 19.2% growth in the Internet activities of QDQ Media and the 8.8 million euros contribution from the new businesses acquired in the first half of 2010 (123people and Keltravo).

Internet advertising representation

The revenues of Horyzon Média billed to advertisers amounted to 26.8 million euros in 2010, up 55.8% compared to 2009. The activities as a whole, including both CPC (cost per click) and CPM (cost per mille) grew strongly, particularly due to the recovery in the Internet advertising market and the takeover of representation of new Internet sites.

The contribution to consolidated revenues from Horyzon Média, comprising only representation commissions in the case of CPM activities and all the revenues billed to advertisers in the case of CPC activities, amounted to 14.6 million euros in 2010 compared to 9.4 million euros in 2009, an increase of 55.3%.

Direct Marketing and Geographic Services

The revenues from the Direct Marketing and Geographic Services businesses amounted to 29.0 million euros in 2010, up 16.0% compared to 2009, due to the growth in Internet activities of PagesJaunes Marketing Services, associated in particular with the production of "Internet Visibility Packs" marketed by the PagesJaunes sales force, and the growth in advertising revenues of Mappy.

The "mappy.com" site recorded 239.6 million visits in 2010, a rise of 3.7% compared to 2009, and the Mappy applications have been downloaded 1.8 million times onto all types of smartphones since their launch.

9.2.2.2 External purchases in the International & Subsidiaries segment

International & Subsidiaries <i>(in millions of euros)</i>	As at 31 December		
	2010	2009	Change 2010/2009
External purchases	(37.7)	(32.8)	14.9%
<i>As % of revenues</i>	42.9%	43.3%	

External purchases in the International & Subsidiaries segment amounted to 37.7 million euros in 2010, up 14.9% compared to 2009 on revenues up 15.8%. This was due in particular to the increase in amounts paid

on to publishers associated with the growth of performance-based activities of Horyzon Média, and the integration of 123 people and Keltravo from the first half of 2010.

9.2.2.3 Other operating income and expenses of the International & Subsidiaries segment

International & Subsidiaries <i>(in millions of euros)</i>	As at 31 December		
	2010	2009	Change 2010/2009
Other operating income and expenses	(2.5)	(2.9)	na

The other operating income and expenses of the International & Subsidiaries segment represented a net expense of 2.5 million euros in 2010 compared to a net expense of 2.9 million euros in 2009.

The other operating income and expenses of the International & Subsidiaries segment mainly comprise taxes and duties and bad debt provisions.

9.2.2.4 Salaries and social charges of the International & Subsidiaries segment

International & Subsidiaries <i>(in millions of euros)</i>	As at 31 December		
	2010	2009	Change 2010/2009
Salaries and charges	(40.4)	(39.2)	3.1%
<i>As % of revenues</i>	46.0%	51.7%	

The salaries and social charges of the International & Subsidiaries segment amounted to 40.4 million euros in 2010, up 3.1% compared to 2009 on revenues up 15.8%. They represented 46.0% of the revenues of the segment in 2010 compared to 51.7% in 2009.

The impact of the integration of 123 people and Keltravo on expenses was partly offset by the decrease in the expenses of QDQ Media, following the restructuring plan carried out in 2009, which resulted in a 16.1% decrease in the company's average staff count from 420 to 352 employees between 2009 and 2010.

9.2.2.5 Gross operating margin of the International & Subsidiaries segment

The gross operating margin of the International & Subsidiaries segment amounted to 7.2 million euros in 2010 compared to 0.9 million euros in 2009, due to the restructuring of QDQ Media in 2009 which brought the gross operating margin to break-even in 2010, the strong growth in the gross operating margin of Horyzon Média linked to the increase in its activity, and the positive contribution from 123 people, which was consolidated from March 2010.

9.2.3 ANALYSIS OF CONSOLIDATED OPERATING INCOME

The table below presents the Group's consolidated operating income in 2009 and 2010:

PagesJaunes Groupe		As at 31 December		
<i>(in millions of euros)</i>		2010	2009	Change 2010/2009
GROSS OPERATING MARGIN		517.8	528.7	-2.1%
Employee profit-sharing		(14.7)	(15.3)	-3.9%
Share-based payment		(2.5)	(1.6)	56.3%
Depreciation and amortisation		(18.4)	(19.6)	-6.1%
Result of asset disposals		(0.1)	(0.8)	na
Restructuring costs		-	(4.5)	-100.0%
Acquisition costs of shares		(0.4)	-	na
OPERATING INCOME		481.7	487.0	-1.1%
<i>As % of revenues</i>		42.8%	41.8%	

9.2.3.1 Employee profit-sharing and share-based payment

The employee profit-sharing in the Group amounted to 14.7 million euros in 2010, down 3.9% compared to 2009.

The Group's share-based payment expense amounted to 2.5 million euros in 2010, up 56.3% compared to 2009. This increase is explained by the expense relating to the plans set up in 2010 and by the full-year effect of the plans set up in 2009. The expense for the 2010 financial year results from the stock option plans set up in 2007, 2009 and 2010.

9.2.3.2 Depreciation and amortisation

The Group's depreciation and amortisation charge amounted to 18.4 million euros in 2010, compared to 19.6 million euros in 2009, a decrease of 6.1%, which does not reflect the rise in investments

carried out by the Group which are essential for the business strategy, particularly in the context of the launch of new products and services for our customers and the enrichment of the functionalities of the Group's fixed and mobile Internet sites. That is because some assets currently in development have not yet given rise to depreciation and amortisation charges in the financial statements.

9.2.3.3 Operating income

The Group's operating income amounted to 481.7 million euros in 2010, representing a limited decrease of 1.1%. The Group's rate of operating margin as a proportion of revenues rose from 41.8% in 2009 to 42.8% in 2010.

9.2.4 ANALYSIS OF CONSOLIDATED NET INCOME

The table below presents the Group's consolidated net income for 2009 and 2010:

PagesJaunes Groupe		As at 31 December		
<i>(in millions of euros)</i>		2010	2009	Change 2010/2009
OPERATING INCOME		481.7	487.0	-1.1%
Financial income		2.0	8.8	-77.3%
Financial expenses		(99.6)	(90.7)	9.8%
Gain (loss) on foreign exchange		-	-	na
NET FINANCIAL INCOME		(97.6)	(81.9)	19.2%
INCOME BEFORE TAX		384.1	405.1	-5.2%
Corporation tax		(139.2)	(131.5)	5.9%
INCOME FOR THE PERIOD		244.9	273.6	-10.5%
<i>of which attributable to:</i>				
• Shareholders of PagesJaunes Groupe		244.9	273.6	-10.5%
• Non-controlling interests		-	-	

CONSOLIDATED REVENUES OF THE FIRST QUARTER OF 2011

9.2.4.1 Financial result

The Group's financial result in 2010 was a loss of 97.6 million euros, compared to a loss of 81.9 million euros in 2009. The financial result essentially comprised the interest expense relating to the bank loan of 1,950 million euros arranged in November 2006 and, as at 31 December 2010, hedged 88% against rises in interest rates by a portfolio of interest rate swaps and collars maturing at the end of 2011 and 46% by forward swaps maturing at the end of 2013.

This interest expense, net of the effect of rate hedging instruments, amounted to 89.3 million euros in 2010, compared to 80.7 million euros in 2009. The average interest rate on the debt rose from 4.10% in 2009 to 4.55% in 2010, a rise of 45 basis points associated with the increase in the hedging cost.

The financial result also includes the amortisation of loan issue expenses amounting to 6.8 million euros, which remained almost unchanged between the two periods, as well as the change in the time value of the collar entered into in November 2006, recorded in "change in the fair value of hedging instruments" and representing income of 1.3 million euros in 2010 compared to income of 7.4 million euros in 2009.

9.2.4.2 Corporation tax

In respect of 2010, the Group recorded a corporation tax charge of 139.2 million euros, up 5.9% compared to 2009. The apparent tax rate was 36.2% in 2010 compared to 32.5% in 2009. This was mainly due to the impact of the Corporate value added contribution in 2010, and by the use of 2007 and 2008 tax losses of PagesJaunes Petites Annonces in 2009.

9.2.4.3 Income for the period

The Group's income for the period amounted to 244.9 million euros in 2010, compared to 273.6 million euros in 2009, a decrease of 10.5% between the two periods.

9.3 Consolidated revenues of the first quarter of 2011

The consolidated revenues of PagesJaunes Groupe decreased by 1.0% to 231.6 million euros in the first quarter of 2011. The decrease in revenues from printed directories amounted to 7.5% in the first quarter of 2011 compared to 10.2% in the same period in 2010 due to a recovery in the printed directory audiences and the success of the commercial strategy in promoting the print books. The 5.5% growth in

Internet revenues was driven by the new mobile and display activities, on the Group's sites and those managed on a representation basis by Horyzon Média. Other revenues, representing less than 5% of revenues in the first quarter of 2011, decreased essentially due to the decline in telephone directory assistance services.

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CONSOLIDATED LIQUIDITIES, CAPITAL RESOURCES AND INVESTMENT EXPENSES

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10.1 Consolidated liquidities, capital resources and investment expenses

The table below shows the movements in the consolidated Group's cash position for the years ending on 31 December 2009 and 31 December 2010:

PagesJaunes Groupe (in millions of euros)	As at 31 December 2010	As at 31 December 2009
Fair value of hedging instruments	-	-
Accrued interest not yet due	-	-
Cash and cash equivalents	106.0	67.0
CASH	106.0	67.0
Bank overdrafts	(2.5)	(5.6)
NET CASH	103.5	61.4
Bank borrowing	1,950.0	1,950.0
Revolving	-	-
Debt related costs	(21.4)	(28.2)
Liability in respect of hedging instruments	1.9	3.7
Fair value of hedging instruments	63.9	56.3
Accrued interest not yet due	4.7	4.2
Liability on committed purchase of non-controlling interests and earn-outs	2.8	0.6
Other financial liabilities	1.7	10.5
GROSS FINANCIAL DEBT	2,003.6	1,996.9
NET DEBT	1,900.1	1,935.4
NET DEBT EXCL. FAIR VALUE OF HEDGING INSTRUMENTS AND DEBT-RELATED FEES	1,857.6	1,907.4

PagesJaunes Groupe's bank debt amounts to 1,950 million euros and is repayable in full at the end of 2013. As at 31 December 2010, it was hedged 88% against rises in interest rates by a portfolio of interest rate swaps and collars maturing at the end of 2011 and 46% by forward swaps maturing at the end of 2013. In addition, a diversified syndicate of banks has granted PagesJaunes Groupe a revolving credit line of approximately 400 million euros expiring at the end of 2013. This credit line was unutilised as at 31 December 2010.

Excluding the fair value of interest rate hedging instruments, representing a liability of 63.9 million euros as at 31 December 2010 compared to a liability of 56.3 million euros as at 31 December 2009, and excluding the amortisation of loan issue expenses amounting to 21.4 million euros as at 31 December 2010 compared to 28.2 million euros as at 31 December 2009, the net debt amounted to 1,857.6 million euros

as at 31 December 2010, compared to 1,907.4 million euros as at 31 December 2009.

The Group successfully refinanced a part of its bank debt on the following terms:

- extension of maturity by nearly 2 years of one tranche of 962 million euros of debt with a maturity date pushed back from November 2013 to September 2015.
- broadening of the covenants' scope with financial leverage and financial hedging ratios that are adjusted to take into account the debt's new structure.
- moderate increase of the Euribor margin, which on average goes up from 175 base points to 275 base points.

The Group contemplates a bond issue if conditions so permit.

EVENTS SUBSEQUENT TO THE CLOSING DATE OF 31 DECEMBER 2010

The table below shows the consolidated Group's cash flows for the years ending 31 December 2009 and 31 December 2010:

PagesJaunes Groupe (in millions of euros)	As at 31 December 2010	As at 31 December 2009
Net cash from operations	291.8	283.7
Net cash used in investing activities	(55.6)	(25.1)
Net cash provided by (used in) financing activities	(194.1)	(285.7)
Impact of changes in exchange rates on cash	-	-
NET INCREASE (DECREASE) IN CASH POSITION	42.0	(27.0)
Net cash and cash equivalents at beginning of period	61.4	88.5
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	103.5	61.4

The net cash and cash equivalents amounted to 103.5 million euros as at 31 December 2010 compared to 61.4 million euros as at 31 December 2009.

The net cash from operations amounted to 291.8 million euros in 2010 compared to 283.7 million euros in 2009, representing a rise of 8.1 million euros due mainly to:

- a gross operating margin of 517.8 million euros in 2010, down 10.9 million euros compared to 2009;
- restructuring costs of 4.5 million euros in 2009;
- a generation of working capital of 4.5 million euros in 2010, compared to a working capital requirement of 3.2 million euros in 2009;
- a net disbursement of 88.4 million euros in respect of financial interest in 2010, compared to 80.1 million euros in 2009, due to the extension of the hedging;

- a disbursement of 136.0 million euros in respect of corporation tax in 2010, compared to a disbursement of 148.0 million euros in 2009.

The net cash used in investing activities represents a disbursement of 55.6 million euros in 2010 compared to a disbursement of 25.1 million euros in 2009, the rise of 30.6 million euros being associated with investments in new Internet products and services as well as the acquisition of 123 people and Keltravo.

The net cash used in financing activities amounted to 194.1 million euros in 2010, compared to 285.7 million euros in 2009, a decrease of 91.5 million euros, and mainly comprised:

- 182.4 million euros in respect of dividends paid in 2010, down 87.0 million euros compared to the dividends paid in 2009;
- 7.4 million euros in 2009 relating to the buyouts of minority holdings in PagesJaunes Petites Annonces and Horyzon Média.

10.2 Contingent liabilities, disputes and related parties

See notes 31 to 33 of the consolidated financial statements.

10.3 Risks and uncertainties relating to the 2011 financial year

The main risks and uncertainties identified by the Group concern:

- the economic environment and the situation of the local advertising market in France and Spain, which are expected to affect the sales prospecting by PagesJaunes and QDQ Media in their respective markets;
- developments in competition on the Internet, particularly with regard to search services and geographic and mapping services, which may

have an impact on the ability of PagesJaunes, and Mappy to maintain their rate of revenue growth;

- developments in the fixed-income markets, which could cause PagesJaunes Groupe's financial result to vary due to a rise in interest on debt (on the 12% of bank borrowings that are not covered by any interest rate hedging) and the change in the fair value of the hedging instruments used by the Group (for their time value).

10.4 Events subsequent to the closing date of 31 December 2010

In April, the Group has successfully refinanced half of its bank debt on the following terms:

- maturity of a 962 million euros tranche of the debt extended by almost two years, with the maturity date moving from November 2013 to September 2015;

- covenants relaxed with financial leverage and interest coverage ratios adjusted to take account of the new debt structure;

- moderate increase in margin over Euribor, rising on average from 175 basis points to 275 basis points.

The Group is considering a bond issue if conditions permit.

PagesJaunes Groupe is a cutting-edge entity within its sector, in boasting state-of-the-art research and innovation thanks to its staff and numerous partnerships with the best field specialists who focus on innovation and excellence.

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12.1 Main trends affecting Group business

See Sections 9 and 10.

12.2 Trends that may affect Group business

The main trends that may affect Group business in 2011 concern the extent of recovery within the French and Spanish advertising markets, which should determine the business prospects of PagesJaunes and QDQ Media on their respective markets.

12.3 Financial targets

PagesJaunes Groupe has set the following financial targets for 2011:

- growth of sales;
- stability of accounting revenue and of the consolidated GOM⁽¹⁾;
- continued high dividend policy ⁽¹⁾.

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

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The Company does not make any forecasts within the meaning of European Regulation (EC) No. 809/2004.

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14.1 Members of the Board of Directors

On the date of this report the members of the Board of Directors are:

- François de Carbonnel;
- Elie Cohen;
- Abeille Deniau;
- Jacques Garaïalde;
- Jean-Christophe Germani;
- Nicolas Gheysens;
- Hugues Lopic;
- Jérôme Losson;
- Médiannuaire represented by William Cornog;
- Jean-Pierre Remy; and
- Rémy Sautter.



MEMBERS OF THE BOARD OF DIRECTORS

Name	Nationality	Function	Date appointed	Term expiry	Other roles and principal offices held in the last 5 years
François de Carbonnel	French	Director Chairman of the Remuneration and Appointments Committee	27 May 2004	General Shareholders' Meeting in 2014	<p>Director of Quilvest SA (Luxembourg) Director of Ecofin Hedge Fund Limited (Ireland) Director of Ecofin Special Situations Funds Limited (Ireland) Director of Amgen Inc. (United States) Director of Parc des Aulnais SA Director of Cofipar SA Director of GFISA (Groupe Foncier d'Ile-de-France) Director of FdeC Services Ltd</p> <p>Posts no longer held: Director and Chairman of the Audit Committee, Thomson Manager, Geroa SARL Director of Nixis SA (Luxembourg) Chairman of the Board of Directors, Thomson</p>
Elie Cohen	French	Director Member of the Audit Committee Member of the Strategy Committee	27 May 2004	General Shareholders' Meeting in 2014	<p>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 Board, Groupe Steria (SSII) Director of EDF Énergies Nouvelles</p> <p>Posts no longer held: Chairman of the Scientific Board and Director of Vigeo Director of Orange Vice-President of the Haut Conseil du secteur public Director of EDF ENR</p>
Abeille Deniau	French	Director representing personnel	20 July 2006	20 July 2011	<p>None</p> <p>Posts no longer held: None</p>
Jacques Garaïalde	French	Director Chairman of the Board of Directors Chairman of the Strategy Committee	12 October 2006	General Shareholders' Meeting in 2014	<p>KKR associate Director of Legrand Director of Nexans CEO and Director of Médiannuaire Holding Director of Tarkett Member of the Executive Committee of Société d'Investissement Familiale (S.I.F.) Director of Visma</p> <p>Posts no longer held: Chairman of the Board of Directors, Médiannuaire Holding</p>
Jean-Christophe Germani	French	Director	12 October 2006	General Shareholders' Meeting in 2011	<p>Managing Director of Goldman Sachs Director of Médiannuaire Holding Director of Financière Daunou 5 Director of Get A.S. Director of Thor Norway Topco A.S. Director of Norcab A.S.</p> <p>Posts no longer held: Director of EM Acquisition Corp. and Education Management Corporation Director of Alchemy Holding Sarl Director of CCom Holdings Luxembourg S.à.r.l. Director of Wireless Information Network Limited Director of InsuranceCity AG</p>

MEMBERS OF THE BOARD OF DIRECTORS

Name	Nationality	Function	Date appointed	Term expiry	Other roles and principal offices held in the last 5 years
Nicolas Gheysens	French	Director Member of the Audit Committee Member of the Remuneration and Appointments Committee	26 July 2007	General Shareholders' Meeting in 2014	Employee, Kohlberg Kravis Roberts & Co SAS Director of Pets at Home Group LTD Chairman of NorthgateArinso France Holdings Member of the Supervisory Board at Société d'Investissement Familiale (SIF) CEO of Sedley Participations France (SAS) Board member, U.N Ro-Ro Isletmeleri A.S. Member of the Management Board at A.T.U Luxembourg S.à.r.l Director of Médiannuaire Holding Posts no longer held: Member of the Management Board at Victoria Holding S.à.r.l Member of the Management Board at Angel Lux Parent S.à.r.l Member of the Management Board at Angel Lux Common S.à.r.l
Hugues Lepic	French	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 Médiannuaire Holding Director of Endemol N.V. Posts no longer held: Director of Eutelsat Communications SA Chairman of the Supervisory Board of Autodis SA Chairman of the Supervisory Board of Autodistribution SA Director of Cablecom Gmbh Director of Cablecom Director of Prysmian S.p.A. Luxembourg GP S.à.r.l Director of Iliad SA Board member, Neuf Cegetel SA
Jérôme Losson	French	Director	11 June 2009	General Shareholders' Meeting in 2014	Employee at KKR Capstone Ltd Posts no longer held: Chairman, Mercadium France Director of Mercadium Ltd Chief Operating Officer at Northgate Information Solutions Ltd
Médiannuaire, represented by William Cornog	American	Director	12 October 2006	General Shareholders' Meeting in 2011	None Posts no longer held: None
Jean-Pierre Remy	French	Director CEO	17 May 2009	General Shareholders' Meeting in 2014	Chairman/CEO and director of PagesJaunes Director of PagesJaunes Marketing Services Chairman and Director of Médiannuaire Holding Director of Mappy Chairman of the Board of Directors and Director of QDQ Media (Spain) Posts no longer held: Chairman of Egencia LLC Chairman/CEO of Egencia Europe SA Director of Egencia UK Director of Egencia GmbH
Rémy Sautter	French	Director Chairman of the Audit Committee	27 May 2004	General Shareholders' Meeting in 2014	Chairman/CEO of Bayard d'Antin Chairman of the Supervisory Board of Ediradio/RTL Member of the Supervisory Board, M6 Director of Partner Re (USA) Director of Technicolor Posts no longer held: Director of M6 Publicité Director of Wanadoo Chairman of Sicav Multimedia et Technologies Director of Taylor Nelson Sofres (UK) Director of Thomson

MEMBERS OF THE BOARD OF DIRECTORS

INDEPENDENT DIRECTORS

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

The criteria to qualify as an independent director are in compliance with the Afep/Medef corporate governance code.

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.

Elie 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, Elie 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, Elie 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 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, Elie Cohen is a graduate of the *Institut d'études politiques* in Paris and has PhDs in Management and Political Science.

William Cornog joined KKR Casptone in 2002. He was previously Senior Vice President at Williams Communication Group and CEO of Network Services. Before that, he was an associate of The Boston Consulting Group. Born in 1964, William Cornog holds a B.A. from Stanford University and an MBA from Harvard Business School.

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

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), and

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.

Jean-Christophe Germani is Managing Director at Goldman Sachs' Merchant Banking Division. Born in 1974, Jean-Christophe 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.

Hugues Lepic is Partner-Managing Director of The Goldman Sachs Group, Inc., managing the Merchant Banking Division of Goldman Sachs in Europe. He is directly responsible for Private Equity and Distressed Investment in Europe. He is a member of Goldman Sachs' Executive Committee in Europe and a member of the Goldman Sachs Merchant Banking Division's investment, risk and strategy committees. 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. Born in 1965, Hugues Lepic is an alumnus of *École polytechnique*, and holds an MBA from the Wharton School of Business at the University of Pennsylvania.

Jérôme Losson joined KKR Capstone in 2003. Prior to this he had worked at the UK company Causeway Technologies, which publishes specialised software for the construction industry and acquired a company that Losson co-founded. Jérôme Losson started his career at McKinsey & Co in Brussels and London. He was born in 1968, and holds a PhD from McGill University and an MBA from INSEAD.

Rémy Sautter began his career at the *Caisse des dépôts et consignations* (1971-1981) before being appointed Technical Advisor at the office of the Minister of Defence 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*.

The terms of office of Messrs Hughes Lepic and Jean-Christophe Germani as well as that of Médiannuaire expiring at the end of the General Shareholders' Meeting on 7 June 2011, the meeting will be asked to renew them.

14.2 Disqualifications 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 disqualification and/or penalty 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.

Messrs Garaïalde, Gheysens, Lepic and Remy, 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 in holding these concurrent positions.

14.3 Members of Management Bodies

At the date of this document, Senior Management at the PagesJaunes Groupe is as follows:

Name	Function
Jean-Pierre Remy	CEO
Julien Ampollini	Director of Group Strategy and Communication
Julien Billot	Executive Vice-President in charge of the Internet Division
Pascal Garcia	Executive Vice-President in charge of the Advertising Division
Martine Gerow	Executive Vice-President in charge of Finance, Information Systems, Purchases and steering operational performance
Claude Marchand	Executive Vice-President in charge of the Printed Directories Division
Dominique Paoli	Secretary General

Jean-Pierre Remy was appointed CEO of the PagesJaunes Groupe on 25 May 2009. Born in 1964, he holds a degree from the Paris *École centrale* and the *HEC* doctoral programme. After acquiring significant experience in strategy consulting as an associate with Bain & Company (a specialist in digital economy developments), in 2000 he founded Egencia, a company which has become a world leader in online business travel. In April 2004, Mr Remy sold Egencia to Expedia and was appointed European and subsequently World Head of Business Travel at Expedia. This also made him a member of the Expedia Inc. Executive Committee.

Julien Ampollini was appointed Director of Group Strategy and Communication on 7 December 2009. Born in 1974, he is a graduate of the HEC business school. He began his career at LVMH in New York before joining the strategy consulting firm Bain & Company in Paris in 1998. In 2000, he took part in the formation of Egencia, which became the European leader in online business travel before being sold to Expédia. Two years later he integrated Boston Consulting Group where he was appointed Manager. From 2007, he has served as Director of Strategy and as a member of the Management Committee of Canal+ Group.

Julien Billot has been Executive Vice-President of the Internet Division since September 2009. He worked in a similar post for three years at Lagardère Active. There he worked on digital transformation in France and abroad as General Manager of Digital and New Business from December 2006 to August 2009. Prior to this he was Marketing Director for General Products and Services at the France Télécom Group, which he joined in 1993. He began his career there as Key Account Engineer in the Business Division, and then moved on to France Télécom Mobiles Paging in 1995, where he worked successively as Adviser to the CEO, Director of Finance and Strategy and finally Director of Sales and Finance. In 1999 he joined Orange's French Division as Mobile Multimedia Marketing Director and was promoted to the post of Director of the Public and Professional Mobiles Division, whereupon he was appointed a member of the Executive Committee. Julien Billot was born in 1968 and holds a degree from the *École polytechnique* and *Télécom Paris*. He was also awarded a DESS in industrial economics from the Paris-IX Dauphine University in 1993.

MEMBERS OF MANAGEMENT BODIES

Pascal Garcia is Executive Vice-President in charge of the Advertising Division. He previously held various Senior Management positions within the PagesJaunes Groupe, 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 France and abroad, before 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 Paulo, Brazil) and an MBA from ESADE (Barcelona, Spain).

Martine Gerow was appointed Executive Vice-President in charge of Finance, Information Systems, Purchases and steering operational performance in October 2010. Since 2008, she had been Chief Financial Officer in charge of finance and information systems for Campofrio Food Group, based in Madrid. Previously, she held various positions within the Danone Group between April 2002 and November 2007, first as Global Chief Financial Officer of the Beverages Division and then as Group Financial Controller, in charge of Management control, consolidation and reporting, and internal controls. She began her career in 1987 within Boston Consulting Group in New York before joining the PepsiCo Group in September 1989 where she served in various finance and strategy roles in the United States and in France. Born in

1960, Martine Gerow holds dual French and US nationality. She is a HEC business school graduate and has an MBA from Columbia Business School (New York).

Claude Marchand is Executive Vice-President 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 affairs and quality 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 *École polytechnique* and *École nationale supérieure des télécommunications*.

Dominique Paoli is Secretary General of the Group since 26 July 2010. Since 1985, he had served as Chief Officer of Legal and Real Estate Affairs of PagesJaunes. He began his career with Crédit Lyonnais, before joining, in 1977, the personnel Department of the Office d'Annonces. Born in 1953, Dominique Paoli holds a DESS in labour law.

15.1	Overall remuneration and benefits in kind	57
15.2	Amounts provisioned or booked for the payment of pensions, retirement or other benefits	59

15.1 Overall remuneration and benefits in kind

All gross remuneration excluding employer contributions and benefits in kind individually paid by the Company to corporate officers during the fiscal year ended 31 December 2010 at PagesJaunes Groupe are summarised in the tables below:

Table summarising the remuneration and stock options granted to each executive corporate officer

	Year 2010	Year 2009
Jacques Garaïalde, Chairman of the Board		
Remuneration due during the fiscal year (set out on the following page)	40,476	38,533
Valuation of amounts granted during the year	–	–
Valuation of performance-based shares granted during the year	–	–
Jean-Pierre Remy, CEO (as of 25 May 2009)		
Remuneration due during the fiscal year (set out on the following page)	940,059	611,177
Valuation of options granted during the year	–	–
Valuation of performance-based shares granted during the year	–	–
TOTAL	980,535	649,710

Table summarising the remuneration of each executive corporate officer

	Year 2010		Year 2009	
	Amounts owed	Amounts paid	Amounts owed	Amounts paid
Jacques Garaïalde, Chairman of the Board				
Fixed remuneration	–	–	–	–
Variable remuneration	–	–	–	–
Exceptional remuneration	–	–	–	–
Directors' fees	40,476	40,476	38,533	38,533
Benefits in kind ⁽¹⁾	–	–	–	–
TOTAL	40,476	40,476	38,533	38,533
Jean-Pierre Remy, CEO				
Fixed remuneration	390,000	390,000	235,238	235,238
Variable remuneration	510,000	355,000	355,000	0
Exceptional remuneration	–	–	–	–
Directors' fees	23,550	23,550	12,088	12,088
Benefits in kind ⁽¹⁾	16,509	16,509	8,851	8,851
TOTAL	940,059	785,059	611,177	256,177

(1) Use of a company car and payment of unemployment contributions.

OVERALL REMUNERATION AND BENEFITS IN KIND

Table of Directors' fees and other remuneration received by non-executive corporate officers

Non-executive corporate officers	Amounts paid in 2010	Amounts paid in 2009
François de Carbonnel		
Directors' fees	36,060	43,066
Other remuneration	–	–
Elie Cohen		
Directors' fees	41,212	39,288
Other remuneration	–	–
Abeille Deniau		
Directors' fees	20,606	21,155
Other remuneration	61,284	64,994
Jean-Christophe Germani		
Directors' fees	23,550	21,155
Other remuneration	–	–
Nicolas Gheysens		
Directors' fees	38,268	39,288
Other remuneration	–	–
Hugues Lepic		
Directors' fees	38,268	33,244
Other remuneration	–	–
Jérôme Losson⁽¹⁾		
Directors' fees	17,662	9,066
Other remuneration	–	–
Médiannuaire		
Directors' fees	17,662	15,111
Other remuneration	–	–
Rémy Sautter		
Directors' fees	42,684	43,822
Other remuneration	–	–
TOTAL	337,256	330,189

(1) Jérôme Losson was appointed director by the General Shareholders' Meeting held on 11 June 2009.

Information concerning the stock options given to or exercised by corporate officers can be found in section 17.2.

No bonus share was given to the members of the Board of Directors.

In 2010, the Chief Executive Officer was eligible for a variable share of 100% of the fixed sum on objectives achieved between 0% and 200%, based on the following criteria:

- 50% on a qualitative scale from 0% to 200% based on criteria relating mainly to the implementation of Group strategy and Management quality;
- 50% on a quantitative scale based on an additional gross operating margin target between 0% and 200%.

Following decisions by the Board of Directors on 8 February 2011 for the 2010 fiscal year, the total amount of the CEO's variable portion came to 510,000 euros.

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

The Management retirement scheme under Article 83 of the French General Tax Code as applicable to Jean-Pierre Remy in 2010 came to 7,997 euros.

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

AMOUNTS PROVISIONED OR BOOKED FOR THE PAYMENT OF PENSIONS, RETIREMENT OR OTHER BENEFITS

**COMMITMENTS REGARDING
JEAN-PIERRE REMY**

Since Jean-Pierre Remy is not under an employment contract, the Board of Directors decided to pay severance compensation in the event of forced departure from the Company in connection with a change in control or strategy or implementation, the sum of which was to be equal to his gross annual remuneration (fixed and variable in accordance with the targets met), subject to the following performance obligations:

- In the event of his departure prior to the posting by the Board of Directors of the Group consolidated accounts for the year ending 31 December 2010, payment of severance would be subject to the following condition: achievement of at least 90% of the quantitative targets set to determine his variable remuneration (especially in terms of the trend in gross operating margin).
- In the event of his departure after the posting by the Board of Directors of the Group consolidated accounts for the year ending 31 December 2010, payment of severance would be subject to the following condition: the average trend in gross operating margin over the previous three years (or over the last two years in the event of departure between the posting by the Board of Directors of the Group's consolidated accounts for the year ending on 31 December

2010 and the posting by the Board of Directors of the Group's consolidated accounts for the year ending on 31 December 2011) as posted by the Board of Directors prior to the date of departure of Jean-Pierre Remy will exceed the average trend in operating income prior to impairment of goodwill, restructuring costs and results of sales of SBF 120 index company assets, for the same period.

Severance will only be paid when the Board of Directors has observed that the performance obligation has been met.

A non-competition obligation shall apply if Jean-Pierre Remy's office as CEO of the Company is terminated for any reason and in any way. This obligation is limited to a period of 24 months commencing on the day on which his duties actually terminate and covers all of France. 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. It will be paid to Jean-Pierre Remy at the end of each half-year at a rate of 1/4 of the total compensation amount. The Company shall be entitled to release Jean-Pierre Remy from this non-competition clause, informing him of its decision at the latest within the 15 calendar days following the decision by the Board of Directors to curtail Jean-Pierre Remy's term as CEO at the Company.

Executive Corporate 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
Jacques Garaialde Chairman of the Board		X		X		X		X
Jean-Pierre Remy CEO		X	Additional defined- contribution retirement package (Article 83 of the General Tax Code)		X		X	

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

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

- for Jean-Pierre Remy: 0 euro;

- for Abeille Deniau: 36,860 euros as a provision for retirement benefits and 5,515 euros as a provision for length of service.

16.1	Compliance with French corporate governance standards	60
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The Company is managed by a Board of Directors that determines the Company's business strategy and oversees its implementation by the General Management. Subject to any powers expressly allocated to Shareholders, and in line with the corporate purpose, the Board deals

with all matters pertaining to Company operations and governs the Company's business through its deliberations. In particular, it votes on all decisions relating to the Company's major strategic, economic, social, financial, and technological policies.

16.1 Compliance with French corporate governance standards

PagesJaunes Groupe follows the principles of corporate governance for listed companies laid down in the consolidated Afep/Medef report of December 2008 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 21.2.1).

In application of the provisions of Article L. 225-37 of the French 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 organising the work of the Board, as well as the internal control procedures put in place by the Company. The report is attached to this reference document.

At its meeting on 18 December 2008, the Board of Directors took note of the Afep/Medef recommendations of 6 October 2008 on remuneration for corporate officers of listed companies. The Board considers that the Company's approach to corporate governance reflects such recommendations.

As a consequence, and in accordance with the Law of 3 July 2008, 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 French Commercial Code.

Exceptions:

The Board of Directors has studied the differences between current PagesJaunes Groupe operating procedures and the three recommendations made by the Afep/Medef Corporate Governance Code:

1. 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. The PagesJaunes Groupe Board of Directors is composed of three independent directors out of 11. The percentage of independent directors is thus close to one-third. The active role of the three independent directors would seem to indicate that the spirit of the Code has been met;
2. The Afep/Medef Corporate Governance Code stipulates that board members' terms must not exceed four years. The term of office for PagesJaunes Groupe directors is 5 years. The Board of Directors believes that this point does not hinder good governance within the Company. Furthermore, not all the directors' terms of office expire on the same date. The terms of office of four directors (Mrs Abeille Deniau, Messrs Lepic and Germani, and the company Médiannuaire) expire in 2011 and 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;
3. The Afep/Medef Corporate Governance Code stipulates that the Remuneration Committee must be made up of a majority of independent directors. PagesJaunes Groupe's Appointments and Remunerations Committee has one independent director out of three members. 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 comply with the principle of faithful representation of the interests of the different Company shareholders.

16.2 Service contracts

A service contract was drawn up on 28 November 2006 between Médiannuaire and the Company whereby the former undertakes to provide the Company with its assistance in accounting, financial, legal and tax management, and advice as to strategy (see section 6.4.7 of this reference document).

No other member of the Board of Directors or any Executive Vice-President is under a service contract with PagesJaunes Groupe or its subsidiaries which would grant benefits at the end of such a contract.

16.3 Committees set up by the Board of Directors

The Board of Directors can decide to set up committees for which it determines the membership and powers and which it oversees. The powers granted to a Committee shall not be a delegation of the powers vested in the Board of Directors by law or the Articles of Association or reduce or limit the powers of the Chairman, the Chief Executive Officer or the Executive Vice-Presidents.

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

Members of the Audit Committee

The Audit Committee is comprised of at least two members, appointed by the Board of Directors upon the proposal by its Chairman. The Chairman of the Committee is appointed by the Board of Directors upon the 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 Elie 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, 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 Board of Directors remains liable for the tasks undertaken by and 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 2010. On average, 2.75 members attended each meeting of the Audit Committee in 2010.

It may ask the Company to provide it with any document or information necessary to fulfil its mission and carry out any internal audit or external audit on any subject it believes is covered in the said mission. During the examination of drafts of the annual and half-year 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 following are the main issues examined by the Audit Committee in 2010:

- annual company and consolidated accounts at 31 December 2009;
- half-year consolidated accounts at 30 June 2010;
- revenue and main results for the first and third quarters of 2009;
- 2010 internal audit programme, conclusions of the missions carried out during the year and monitoring of implementation of the recommendations;
- risk management system and mapping of major risks.

COMMITTEES SET UP BY THE BOARD OF DIRECTORS

16.3.2 REMUNERATION AND APPOINTMENTS COMMITTEE**Members of the Remuneration and Appointments Committee**

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

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

- Mr François de Carbonnel, Chairman;
- Mr Hugues Lepic;
- 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 of the appointments of other senior managers of the Group by the Chairman of the Board of Directors. The Committee also proposes the amount of the Directors' fees to the Board of Directors to be submitted at the General Meeting, as well as the terms for the breakdown of said fees between the members of the Board of Directors.

The Committee also proposes the remuneration of the corporate officers to the Board of Directors and may, if requested by the Chairman of the Board of Directors, issue an opinion on the terms for setting the remuneration of the Company's senior managers.

The Remuneration and Appointments Committee met three times in 2010. On average, 2.66 members attended each meeting of the Committee in 2010.

16.3.3 STRATEGY COMMITTEE**Members of the Strategy Committee**

This Committee is comprised of at least three members, who are appointed by the Board of Directors upon proposal by its Chairman. The Chairman of the Committee is appointed by the Board of Directors upon 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 Elie Cohen;
- Mr Hugues Lepic.

Tasks of the strategy committee

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 investments and divestments and Company development plans submitted to the Board of Directors.

The Strategy Committee met two times during 2010. All of its members attended both meetings.

16.3.4 COMMITTEE MEMBERSHIP AND OPERATION

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 qualified 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 being borne by the Company.

The Committees are collegiate bodies with a consultative role. They have no powers of their own as their role consists in 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.

16.4 Report of the Chairman of the Board of Directors and report of the Statutory Auditors prepared pursuant to Article L. 225-235 of the French Commercial Code, on the report of the Chairman of the Board of Directors

16.4.1 REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

Article L. 225-37 of the Commercial Code

(Financial year ended on 31 December 2010)

Pursuant to the provisions of Article L. 225-37 of the Commercial Code, the Chairman of the Board of Directors informs to you in this report, *of inter alia*:

- the contents, terms of preparation and organisation of the work of the Board and the procedures of internal and risk management audits implemented by the Company;
- the limits which the Board of Directors places on the powers of the Chief Executive Officer;
- the application of the recommendations provided in the AFEP-MEDEF Corporate Governance Code, to which PagesJaunes Groupe adheres;
- the terms related to attendance of shareholders in the General Shareholders' Meeting, and the principles and rules established by the Board of Directors to determine the remuneration and benefits granted to the corporate officers.

In terms of internal and risk management audits, the procedures implemented at the Group level, the responsibilities within the Group and the standards established, are subject, pursuant to Article L. 225-37 of the Commercial Code, to a report by the Chairman of the Board of Directors, provided below.

This report was approved by the Board of Directors at its meeting on 8 February 2011.

16.4.1.1 Corporate governance

Corporate Governance Code

PagesJaunes Groupe refers to the AFEP/MEDEF Corporate Governance Code, in its December 2008 consolidated version, available on the www.medef.fr website.

Provisions excluded

The Board of Directors, in its study of the differences between PagesJaunes Groupe's operating rules and the recommendations of the AFEP/MEDEF Corporate Governance Code, identified the following three differences:

1. The AFEP/MEDEF Corporate Governance Code provides that at least one-third of Directors must be independent in companies controlled by a majority shareholder. PagesJaunes Groupe's Board of Directors has 3 independent members out of 11 Directors. The portion of independent Directors is close to one-third. The active role of these 3 independent Directors leads one to consider that the spirit of the Code is respected.
2. The AFEP/MEDEF Corporate Governance Code provides that the term of office of Directors must not exceed 4 years. The term of office of PagesJaunes Groupe's Directors is 5 years. The Board of

Directors considers that the point does not constitute a hindrance to good governance within the Company. In addition, all the terms of office of the Directors do not expire on the same date, such that the shareholders are asked to regularly vote on the choice of Directors, the terms of office of 4 Directors (Mrs Abeille Deniau, Messrs Hugues Lepic and Jean-Christophe Germani, and Médiannuaire) expire in 2011, the terms of office of the Directors appointed or renewed at the General Meeting on 11 June 2009 expire at the 2014 annual General Meeting.

3. The AFEP/MEDEF Corporate Governance Code provides that the Remuneration Committee must be comprised, as a majority, independent Directors. PagesJaunes Groupe's Remuneration and Appointments Committee is comprised of one independent Director out of 3 members. The Board of Directors considers that the composition of such Committee, whose independent Director is the Chairman, and given the high quality of discussions taking place between this independent Director and the other independent members of the Board of Directors, appears to comply with the principle of appropriately representing the interests of the Company's various shareholders.

16.4.1.1.1 Composition of the Board of Directors

On 23 September 2004, PagesJaunes Groupe's Board of Directors opted for separating the duties of Chairman of the Board of Directors and Chief Executive Officer. Mr Jacques Garaïalde is the Chairman of PagesJaunes Groupe's Board of Directors and Mr Jean-Pierre Remy holds the position of PagesJaunes Groupe's Chief Executive Officer.

The members of the Board of Directors are, on the date hereof:

- François de Carbonnel;
- Elie Cohen;
- Abeille Deniau (Director representing staff);
- Médiannuaire, represented by William Cornog;
- Jacques Garaïalde,
- Jean-Christophe Germani;
- Nicolas Gheysens;
- Hugues Lepic;
- Jérôme Losson;
- Jean-Pierre Remy; and
- Rémy Sautter.

As the terms of office of Messrs Hugues Lepic, Jean-Christophe Germani and Médiannuaire expire at the General Meeting on 7 June 2011, the shareholders will be asked to renew the terms of office of these Directors during such Meeting.

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The Board of Directors has 3 independent members, based on the criteria of the AFEP/MEDEF Corporate Governance Code: Messrs François de Carbonnel, Elie Cohen, and Rémy Sautter.

PagesJaunes Groupe applies criteria for selecting its Directors (as determined by the Remuneration and Appointments Committee), *inter alia*, availability, experience and expertise in the fields related to the Group's business lines and the stakes of its operating environment. Such criteria are identical to those recommended by the AFEP/MEDEF Corporate Governance Code.

Additional information on the Board of Directors' composition is provided in section VI of the Management Report.

16.4.1.1.2 Terms of preparation and organisation of the Board of Directors' work

Operating rules

The Board of Directors' operating rules, which are in line with the provisions recommended by the AFEP/MEDEF Corporate Governance Code, were implemented by the BD on 23 September 2004. These operating rules state the main guidelines of the Board of Directors' operation and the rights and duties of Directors.

The main provisions of the Board of Directors' operating rules are provided in point 21.2.1 of the reference document.

Meetings of the Board

The Board of Directors votes on all decisions related to the Company's major strategic, economic, labour, financial and technological policies, and monitors their implementation by General Management.

In the 2010 financial year, the Board of Directors met 8 times. On average, 10.5 Directors attended each meeting of the Board of Directors over the course of the year. The average length of the Board of Directors' meetings was 3 hours 15 minutes.

The Board of Directors' main activities were as follows:

- Examination of accounts and earnings: the Board examined and approved the annual and half-year accounts, corporate and consolidated, and the Management reports. It examined the revenue and the main quarterly earnings and the corresponding financial communications. It prepared the reports and resolutions submitted to the General Meeting. It examined the 2011 budget.
- Examination of ongoing business: a presentation of ongoing business is provided by the General Management at each Board of Directors meeting, enabling the Directors to regularly monitor "in real time" the evolution of the Group's business.
- Examination of strategy: the Board devoted a specific meeting to examining the Group's strategy. In addition, presentations of a Group business activity were regularly made to the by the person in such of such business activity.
- Approval of strategic operations: the Board deliberated on acquisition transactions or projects. The strategic plan was presented to the Board of Directors, who debated it at length.
- Corporate governance: the Board approved the report prepared by the Chairman pursuant to Article L. 225-37 of the Commercial Code, related to the terms for preparation and organisation of the Board's work and the procedures for internal and risk management audits.

Committees formed by the Board of Directors

At its meeting on 23 September 2004, the Board of Directors put into place two committees in the Company, the Audit Committee and the Remuneration and Appointments Committee.

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

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. Pursuant to the Audit Committee's operating charter, the Committee designates its own Chairman.

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

- Mr Rémy Sautter, Chairman;
- Mr Elie Cohen;
- Mr Nicolas Gheysens.

The Audit Committee provides the follow-up of questions related to the preparation and auditing of accounting and financial information. It is in charge (without prejudice to the powers of the bodies in charge of administration, Management and supervision) of *inter alia*:

- the monitoring of the process for preparation of financial information, and in particular:
 - examining the Company and consolidated accounts, both half-yearly and annual, draft Management reports and business and financial statements,
 - examining the documents for Financial Communication,
 - ensuring compliance with the accounting standards adopted for preparing the Company and consolidated accounts,
 - examining the accounting treatment related to specific transactions, and the information published regarding such transactions,
 - controlling the quality and relevance of the information communicated to shareholders;
- the monitoring of the effectiveness of the internal and risk management control mechanisms, and in particular:
 - checking that internal information collection and inspection procedures are applied in practice,
 - on a yearly basis, studying the inspection procedures for Statutory Auditors and Internal Auditors and examining the internal control reports for the year completed and defining the schedule of tasks for the year in progress,
 - on a yearly basis, examining the Group's exposure to risks, *inter alia* financial and litigation, significant off-balance sheet commitments and the effectiveness of the internal control mechanism;
- the monitoring of the legal auditing of annual statements and, if applicable of the consolidated accounts by the Statutory Auditors;
- the monitoring of the independence of the Statutory Auditors;
- issuing of a recommendation on the Statutory Auditors proposed for appointment by the General Meeting;
- regularly reporting to the Board of Directors on the performance of its duties and informing it promptly of any difficulty encountered.

Such duties are not limits to the powers of the Board of Directors, which cannot be released from its liability by asserting the duties or opinions of such committees.

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The Audit Committee shall meet as often as it deems useful and shall refer to any matter included within its duties. It may ask the Company to provide it with any document or information necessary to fulfil its duties and carry out any internal audit or external audit on any subject it believes is covered in the said duties. During the examination of drafts of the annual and half-year accounts, it may question the Statutory 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 2010. It regularly questioned the Company's executives and the main managers of the Group's Finance Department, the manager of internal auditing and the Statutory Auditors, to examine with them their respective intervention plans and the follow up they provided to these plans. On average, 2.75 members participated in each meeting of the Committee during the financial year.

The following are the main issues examined by the Audit Committee in financial year 2010:

- annual company and consolidated accounts at 31 December 2009;
- half-year consolidated accounts at 30 June 2010;
- revenue and main results for the first and third quarters of 2010;
- 2009 internal audit programme, conclusions of the missions carried out during the year and monitoring of implementation of the recommendations;
- risk management mechanism and mapping of major risks.

Remuneration and Appointments Committee

This Committee is comprised of at least three members, who are appointed by the Board of Directors as proposed by its Chairman. The Committee appoints its own Chairman.

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

- Mr François 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 of the appointments of other senior managers of the Group by the Chairman of the Board of Directors. The Committee also proposes the amount of the Directors' fees to the Board of Directors to be submitted at the General Meeting, as well as the terms for the breakdown of said fees between the members of the Board of Directors.

The Committee also proposes the remuneration of the corporate officers to the Board of Directors and may, if requested by the Chairman of the Board of Directors, issue an opinion on the terms for setting the remuneration of the Company's senior managers.

The Remuneration and Appointments Committee met six times in 2010. On average, 2.66 members participated in each meeting of the Committee over the course of this business year.

In 2010, the Committee examined the questions related to defining the targets and terms of calculating of the variable part of the Chief Executive Officer's remuneration, the composition of the executive management team, its remuneration and long-term incentives, and the composition of the Board of Directors.

Strategy Committee

This Committee is comprised of at least three members, who are appointed by the Board of Directors as proposed by its Chairman. The Chairman of the Committee is appointed by the Board of Directors as proposed 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 Elie 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 investments and divestments and Company development plans submitted to the Board of Directors.

The Strategy Committee met twice in 2009. All members participated in each meeting of the Committee over the course of the business year.

The Strategy Committee studied, *inter alia*, projects related to the Group's mid-term strategy.

16.4.1.1.3 Evaluation of the Board of Directors

A new procedure for evaluating the Board of Directors regarding its terms of operation was instituted, in order to verify that important questions are appropriately prepared, handled and debated during the Board of Directors' meetings, and to examine the evolution of earnings as compared with the evaluation made one year ago.

Such evaluation was performed based on a detailed questionnaire sent to each Director. A summary of the individual comments was prepared by the Remuneration and Appointments Committee, then discussed in a meeting of the Board of Directors.

The Board of Directors considered that the results were positive and pointed out satisfactory operation of the Board of Directors.

16.4.1.1.4 Limitations of the Chief Executive Officer's powers

The Chief Executive Officer, subject to the powers expressly conferred on the Shareholders' Meetings and the Board of Directors and within the limit of the corporate purpose, has broad powers to act, under all circumstances, in the Company's name, it being stipulated:

- that the Chief Executive Officer shall present, each year, to the Board of Directors a draft strategic plan providing the mid-term guidelines of the Group's business, and including, *inter alia*, the forecast of growth of the major operating and financial indicators, and a draft annual budget;
- that the following decisions shall be subject to prior approval by the Board of Directors:
 - approval of the annual budget and any other significant modification of such budget,
 - approval of the annual and three-year business plans,
 - any acquisition or sale of a business by PagesJaunes Groupe or by one of its subsidiaries, not included in the annual budget and for a total amount, including all liabilities and other off-balance sheet commitments assumed, of greater than 10 million euros per business year,
 - all investment or divestment not included in the annual budget and regarding capitalized assets in an amount including all liabilities and other off-balance sheet commitments assumed, of greater than 10 million euros per business year,
 - the modification of the employment agreement, hiring/appointment or dismissal/removal from office of PagesJaunes Groupe's FEO; any modification of the employment agreement, hiring/appointment or dismissal/removal from office of any other executive officer of

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the PagesJaunes Groupe, whose total gross annual remuneration is greater than 200,000 euros, will not give rise to the Board of Directors' prior authorisation, but must nonetheless give rise to the prior agreement of the Remuneration and Appointments Committee,

- any increase of PagesJaunes Groupe's total debt or that of its subsidiaries, in a total amount greater than that authorised under financing or loan agreements previously authorised by PagesJaunes Groupe's Board of Directors,
- the execution of any agreement in view of creating a joint venture with a third party, not included in the annual budget and creating a commitment for PagesJaunes Groupe or one of its subsidiaries, over the entire duration of the joint venture, for a total amount greater than 10 million euros,
- any decision to commence a procedure for listing PagesJaunes Groupe's securities or those of its subsidiaries on a regulated market and any consequent transactions for an additional listing of PagesJaunes Groupe's securities or those of one of its subsidiaries whose shares may already be listed on a regulated market,
- any decision to withdraw from listing or buying back shares (with the exception of share buybacks performed under liquidity agreements previously authorised by the Board of Directors),
- acquisition or subscription, by PagesJaunes Groupe or by one of its subsidiaries, of/for shares, capital or any capital securities or giving access to the capital of any company (x) for a value including all liabilities and other off-balance sheet commitments greater than 10 million euros if PagesJaunes Groupe's liability or that of its subsidiaries is limited and such transaction has not been accounted for in the annual budget, and (y) regardless of the amount invest, when PagesJaunes Groupe or one of its subsidiaries acts as a share holder with unlimited liability of such company,
- any diversification of PagesJaunes Groupe's business or that of one of its subsidiaries not related to businesses already conducted or any diversification related to the business previously exercised, but not included in the annual budget and involving a commitment in a total amount greater than 10 million euros,
- any sale or cessation of one of PagesJaunes Groupe's main business or that of one of its subsidiaries not included in the annual budget or in the three-year business plan,
- any implementation of a profit-sharing plan (within the meaning of French labour law or any other similar regulations in other countries, with the exception of profit-sharing and employee savings) at PagesJaunes Groupe or its subsidiaries or any measure leading employees to acquire, directly or indirectly, shares in PagesJaunes Groupe's capital or that of its subsidiaries,
- any authorisation or instruction to a PagesJaunes Groupe subsidiary to study or undertake one of the transactions mentioned in this schedule,
- the execution of any agreement not included in the annual budget involving payments or the provision of goods or services by PagesJaunes Groupe or its subsidiaries for a total annual amount greater than 10 million euros,
- any decision related to the planning of a merger or a split-up of one of PagesJaunes Groupe subsidiaries, to the partial asset contribution of a business of one of PagesJaunes Groupe subsidiaries or the lease-Management of the ongoing concern of one of PagesJaunes Groupe subsidiaries, not provided in the annual budget or three-year business plan, and outside the context of an internal reorganization having an insignificant impact on the PagesJaunes Groupe Group's situation,
- any transfer or sale to grant a security interest, any decision to grant a security interest, a pledge, by PagesJaunes Groupe or one of its subsidiaries, in order to meet its debts or honour guarantees granted

to third parties, not included in the annual budget and for a total amount greater than 10 million euros per business year,

- any loans granted by PagesJaunes Groupe or one of its subsidiaries the cumulative amounts of which are greater than 5 million euros and not provided in the annual budget.

16.4.1.1.5 Access, participation and voting of shareholders in the General Meeting

The information related to the access, participation and voting in the General Meetings is set out in Articles 11 and 26 to 32 of the Company's Articles of Association and are detailed in point 21.2.2 of the reference document.

16.4.1.1.6 Publication of the capital structure and information which may have an incidence in case of a public offering

The information related to the share capital is set out in point 21.1 of the Company's reference document.

16.4.1.1.7 Rules for setting the Chief Executive Officer's remuneration

Fixed remuneration

On 17 May 2009 the Board of Directors set the fixed amount of Jean-Pierre Remy's gross annual remuneration at 390,000 euros, payable over twelve months. Such amount remained unchanged in 2010. On 8 February 2011, the Board of Directors raised his remuneration to 500,000 euros for 2011.

Rules for calculation of the variable share

On 18 February 2010, the Board of Directors, based on a proposal by the Remuneration and Appointments Committee, determined the rules for calculating the variable share of the Chief Executive Officer's remuneration.

In 2010, the Chief Executive Officer was eligible for a variable share of 100% of the fixed sum on objectives achieved, between 0% and 200%, based on the following criteria:

- 50% on a qualitative scale from 0% to 200%;
- and 50% on a quantitative scale based on an additional gross operating margin target from 0% to 200%.

Termination Indemnity

Since Jean-Pierre Remy does not benefit from an employment contract, the Board of Directors decided to implement severance pay in the event of forced departure from the Company in connection with a change in control or strategy or implementation, the sum of which was to be equal to his gross annual remuneration (fixed and variable in accordance with the targets met), subject to the following performance obligations:

- In the event of his departure prior to the posting by the Board of Directors of the Group consolidated accounts for the year ending 31 December 2010, payment of severance would be subject to the following condition: achievement of at least 90% of the quantitative objectives set to determine his variable remuneration (especially in terms of the trend in gross operating margin).
- In the event of his departure after the posting by the Board of Directors of the Group consolidated accounts for the year ending 31 December 2010, payment of severance would be subject to the following condition: the average trend in gross operating margin over the previous three years (or over the last two years in the event of departure between the posting by the Board of Directors of the

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Group's consolidated accounts for the year ending on 31 December 2010 and the posting by the Board of Directors of the Group's consolidated accounts for the year ending on 31 December 2011) as posted by the Board of Directors prior to the date of departure of Jean-Pierre Remy will exceed the average trend in operating income prior to impairment of goodwill, restructuring costs and results of sales of SBF 120 index company assets, for the same period.

Payment of severance will be made only when the Board of Directors has observed that the performance condition has been met.

Non-competition clause/related compensation

A non-competition obligation shall be implemented in the event of a cessation in Jean-Pierre Remy's term as CEO of the Company for any reason and in any way. 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 100% of 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. It shall be paid to Jean-Pierre Remy at the end of each half-year at a rate of 1/4 of the total amount of the compensation. The Company shall be entitled to release Jean-Pierre Remy from this non-competition clause, informing him of its decision at the latest within the 15 calendar days following the decision or announcement by the Board of Directors to curtail Jean-Pierre Remy's term as Chief Executive Officer at the Company.

Retirement

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 Jean-Pierre Remy cannot benefit from the PERCO scheme.

The Board of Directors of PagesJaunes Groupe, however, in accordance with the stipulations of Article L. 225-38 of the French Commercial Code, approved a stipulation whereby Mr Jean-Pierre Remy 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 Jean-Pierre Remy has been signed up to the Company's benefits and retirement scheme under the same conditions as other Group employees.

All these rules comply with the stipulations of the AFEP/MEDEF Corporate Governance Code.

16.4.1.2 General organisation of internal control and risk management within PagesJaunes Groupe

The PagesJaunes Groupe has implemented three control functions: internal control, organization of internal control and risk management.

Through implementation of these mechanisms, the objective is to harmoniously combine the various regulatory (instructions and directives), organizational (organization charts and process) and technical (*inter alia* computer and communication) measures, based on certain fundamental concepts:

- these mechanisms constitute for PagesJaunes Groupe a means to its ends and not an end in and of itself;
- these mechanisms provide Management and the Board of Directors reasonable assurance and not an absolute guarantee;
- these mechanisms are not only a set of manuals and procedures, they are provided by persons at all hierarchical levels.

In 2010, these 3 functions reported at least once to the Audit Committee in order to provide their roadmap and/or performance report to them.

16.4.1.2.1 General organisation of the control functions at PagesJaunes Groupe

Internal control

PagesJaunes Groupe's internal control Department helps the Group maintain an appropriate internal control mechanism by evaluating its effectiveness and efficiency and by encouraging its continuous improvement. Based on the results of risk evaluation, the internal audit assesses the relevance and effectiveness of the internal control mechanism by measuring *inter alia* the quality of the control environment in the Group, the quality of operation of the internal governance bodies, the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, protection of assets and compliance with laws, regulations and contracts.

PagesJaunes Groupe's internal control Department is in charge of performing the duties defined at the beginning of the year in the audit plan. It is functionally attached to the Group's General Management, but hierarchically supervised by the Audit Committee.

Three types of controls are performed at PagesJaunes: audits on compliance on financial statements, audits on the compliance, effectiveness and governance of the subsidiaries and the audit process.

Organization of the internal control mechanism

The objectives of the internal control mechanism are to verify that the transactions performed and the internal organization and procedures comply with the legislation and regulations in effect, the professional and ethics standards and practices and the executive body's strategy, to verify that the limits set in terms of risk are strictly respected, to monitor the quality of accounting and financial information, in particular the means for recording, conserving and availability of such information, and to provide a reasonable assurance in relation to the effectiveness and efficiency the Company's conducting of business.

PagesJaunes Groupe follows the recommendations of the AMF and the IFACI by including in its control mechanism not only the internal accounting and financial control points, but also the operational points.

The internal control mechanism is comprised of all the policies and procedures implemented by the Management of an entity in order to provide—to the greatest extent possible—rigorous and effective Management of its activities.

The internal control mechanism involves the entire Company, from the governance bodies to all the employees of PagesJaunes Groupe.

The organisation of internal control is based on centralised supervision relying on a network of employees in the various managements and entities.

Risk management

The objectives of risk management are to evaluate and control risks by identifying them, evaluating their impact, their frequency and their scope, decreasing them to an acceptable level, describing decrease measures, using a method for identification and classification and regularly updating the mechanism.

These objectives are consistent with the Company's policies, set annually, revisable on a 6-month basis and measured by quarters, and they follow the recommendations of the AMF.

The risk management policy applies to all the Group's assets.

The PagesJaunes Groupe has implemented Group risk governance essentially based on a sponsor direct, a risk manager and a network of business line correspondents.

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Steering is provided by two committees: a steering and a monitoring committee.

16.4.1.2.2 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 organisation;
- unified Management and accounting reporting;
- the reference model and the common accounting methods within the Group;
- scheduling of account closure work at Group level;
- financial communication.

Financial Information Committee

Financial information and its control are organised in accordance with managerial organisation 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, primarily based on the work of the Financial Information Committee.

This Committee is responsible for ensuring the integrity, accuracy and conformity with applicable laws and regulations and recognised practices, and the consistency and quality of PagesJaunes Groupe's financial information.

Prior to examination by the Audit Committee and subsequently by the Board of Directors, it reviews all financial information to be disclosed to the public. This examination covers periodic press releases including financial items, 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 Financial Director and includes managers for accounting, legal affairs, communication, investor relations and management control.

This Committee was set up in July 2004 and met on four occasions in 2010.

Accounting and management function

Reporting to the Group's Financial Director, the Consolidation Service, the Management Control and Accounting departments of the Group's subsidiaries perform the essential duties to ensure consistency in PagesJaunes Groupe's financial data.

Hence:

- 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 PagesJaunes Groupe;
- they identify and manage the necessary changes to the accounting information and Management mechanisms of PagesJaunes Groupe.

Unified Management and accounting reporting

The Group's Management and steering cycle is comprised of four basic components:

- the three-year strategic plan;
- the budget process;
- monthly reporting;
- business.

The strategic plan

Each year a strategic plan is drawn up by PagesJaunes Groupe for the next three 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 competitor contexts.

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 the Management Control and Accounting services 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 services at PagesJaunes Groupe use a joint consolidation tool to produce reporting on actual figures and the budget, and also the strategic plan.

Business reviews

The monthly business reviews with all Senior Management at subsidiaries are a key component of PagesJaunes Groupe's steering and control mechanism. Their primary objective is to ensure consistency between the action undertaken and the Group's priorities and ambitions.

Common accounting methods and references used at the Group

For the process of preparation of the foreseeable and actual consolidated accounts, the Group has elected to use the principle of standardisation, which entails:

- homogeneity of the reference model, accounting methods and consolidation rules;
- standardisation of restitution formats;
- use of a common consolidation IT tool in the Group.

The Group has a single reference model that standardises all items in 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 standardisation 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 for its own organisation.

The scheduling of closure work at Group level

In order to maintain short account 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 schedule to plan its closure work. This schedule includes:

- budget monitoring processes;
- preparation of pre-closure accounts;
- enhanced formalisation of closing processes;
- forecasting the treatment of complex accounting operations 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.

Financial Communication

In addition to the Chief Executive Officer, the Financial Director, the Investor Relations Manager and the Department of Strategy and Communication's press Department are the only entities authorised 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 AMF) the following periodic and permanent information documents:

- periodic financial press releases (quarterly information, half-yearly and annual results) and also occasional releases (external growth operations, divestment, strategic partnerships, etc.);
- presentations to back up meetings of analysts, investors and press conferences;
- half-yearly 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 also strives to observe stock market regulations and the principles of corporate governance.

16.4.1.2.3 Relations with Statutory Auditors

As part of their mission required by law, the Statutory 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 to complement the internal evaluation process.

In a general sense, continuous improvement of processes and standards focuses on the three concerns of effectiveness, control and monitoring of operations.

Jacques Garaïalde
Chairman of the Board of Directors

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS AND REPORT OF THE STATUTORY AUDITORS PREPARED PURSUANT TO ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE, ON THE REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

16.4.2 REPORT OF THE STATUTORY AUDITORS PREPARED PURSUANT TO ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE, ON THE REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

PagesJaunes Groupe

Financial year ended on 31 December 2010

Dear Shareholders,

In our capacity as the Statutory Auditors of PagesJaunes Groupe SA and pursuant to the provisions of Article L. 225-235 of the Commercial Code, we present to you our report on the report prepared by the Chairman of your Company pursuant to the provisions of Article L. 225-37 of the Commercial Code for the financial year ended on 31 December 2010.

It is the duty of the Chairman to prepare and submit for the approval of the Board of Directors a report detailing the internal auditing and risk management procedures implemented in the Company and providing the other information required by Article L. 225-37 of the Commercial Code, relative *inter alia* to the Company governance system.

Our duty is to:

- provide to you our comments on the information contained in the Chairman's report regarding the internal audit and risk management procedures relative to the preparation and handling of accounting and financial information; and
- certify that the report includes the other information required by Article L. 225-37 of the Commercial Code, with the understanding that it is not our rule to verify the accuracy of such other information.

We have performed our work pursuant to the professional standards applicable in France.

Information regarding the internal audit and risk management procedures related to the preparation and handling of accounting and financial information

Professional standards require implementation of procedures for assessing the accuracy of the information regarding internal audit and risk management procedures relative to the preparation and handling of accounting information contained in the Chairman's report. Such procedures consist in particular of:

- reviewing the internal audit and risk management procedures relative to the preparation and handling of accounting and financial information on which the information presented in the Chairman's report is based and the existing documentation;
- reviewing the work which permitted the preparation of such information and existing documentation;
- determining if the major internal audit deficiencies related to the preparation and handling of the accounting and financial information which we may have noted in the performance of our duties are appropriately reported in the Chairman's report.

Based on this work, we have no comments to make on the information regarding the Company's internal audit and risk management procedures relative to the preparation and handling of the accounting and financial information contained in the report of the Chairman of the Board of Directors, prepared pursuant to the provisions of Article L. 225-37 of the Commercial Code.

Other information

We certify that the report of the Chairman of the Board of Directors includes the other information required in Article L. 225-37 of the Commercial Code.

Neuilly-sur-Seine and Paris-La Défense, 18 March 2011

The Statutory Auditors

Deloitte & Associés

Dominique Descours

Ernst & Young Audit

Jeremy Thurbin

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17.1 Number of employees and breakdown by business segment

At 31 December 2010, the consolidated Group had 4,776 employees, including sales staff with the status of sales representative-travelling sales staff, as against 4,843 in 2009 and 5,284 at 31 December 2008.

Moreover, PagesJaunes Outre-Mer and Médiannuaire (non-consolidated entities linked to PagesJaunes Groupe) employed 21 and 11 staff respectively at 31 December 2010.

The following table shows changes in the geographical breakdown of employees in the consolidated Group since 2008:

	2010 ⁽¹⁾		2009 ⁽¹⁾		2008 ⁽¹⁾	
France	4,278	90%	4,324	89%	4,446	84%
including Île-de-France	1,857		1,583		1,814	
outside Île-de-France	2,421		2,741		2,632	
International	498	10%	519	11%	838	16%
TOTAL CONSOLIDATED GROUP	4,776	100%	4,843	100%	5,284	100%

(1) Registered employees as at 31 December and for Editus Luxembourg at 100%.

Despite the entry of Keltravo and 123 people into the Group's consolidation scope, at 2010 year-end the Group's workforce was slightly below that of 2009 (-67). This reduction was primarily borne by France (-46) and, more specifically, was due to the reduction in the workforce of PagesJaunes SA (primarily sales staff).

At 31 December 2010, the average age of employees in the consolidated Group was around 40. Female employees accounted for 52%. Average length of service at PagesJaunes Groupe was 10.5 years.

The consolidated Group's workforce at 31 December 2010 can be broken down as follows:

The Group has a large number of sales staff compared to the total number of employees (more than 2,100 field sales staff and telephone sales staff). In France, the PagesJaunes field sales staff (around 1,100) have the status of sales representative and are basically paid on a commission basis.

Since 31 December 2006, following the transfer of its shareholding in PagesJaunes Groupe by France Télécom all PagesJaunes Groupe employees are private sector employees.

Only PagesJaunes is required to produce a labour report. Each year this is presented to the Works Council for an opinion and is sent to the Employment Inspectorate. A summary of the labour report is sent to all PagesJaunes employees.

The employee turnover rate at PagesJaunes was 10.4% in 2010, as against 8.5% in 2009 and 9.3% in 2008.

A portion of the remuneration of most Group employees is based on 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 2007, employees of PagesJaunes and its subsidiaries in France benefited from a mandatory profit-sharing plan for the PagesJaunes Groupe and from voluntary profit-sharing plans in some companies (see section 17.3 "Mandatory and voluntary profit-sharing plans"). Employees benefit from a Collective Retirement Savings Plan (PERCO) implemented in 2007, and Management also benefits from a defined-contribution retirement scheme (see section 17.3).

2010 HIGHLIGHTS

PagesJaunes Groupe

Group Organisation

In 2010, the Internet Division headed by Julien Billot grew. Growth began in January with the appointment of Gilles Clouët des Pesruches to the head of the Petites Annonces and Innovation Department, which was renamed the New Internetservices Department at the end of 2010 following the acquisition in October 2010 of Aronet, operator of the "embauche.com" website specialised in job ads for companies, recruitment firms and temporary employment agencies. In March, the Division grew further with the acquisition of 123people company, the leader in online people searches and in May when Keltravo, one of the world leaders in online quotations in the household jobs sector, integrated the group.

In October, Nicolas Gauthier joined the group as Director of the new AdNet Department (AdNetwork and Internet Ad Technologies), the role of which is to develop fixed and mobile Web applications for the Advertising Division and to optimize Internet audiences.

In February, changes were made to the Group Human Resources Department and more specifically to the HR consulting activities so as to reflect the group's reorganisation around divisions. Starting in April, the regional HR directors ensured the presence of the Human Resources Department in the Bretagne-Aquitaine, Rhône Alpes et Est, Arc Sud and Ile de France Grand Nord regions so as to ensure HR staff are closer to the teams and work with the managers to respond to their needs.

In September, the Key Group Accounts Department steered by Thomas Abikhalil implemented its functional reorganisation by merging three entities in the new organisational system: the *Direction Conseil Média* which more specifically manages key network accounts, Horyzon Média, an advertising sales agency which is the main point of contact of media agencies and the Operational Marketing Department which has a cross-business role in analysing needs and supplying steering and performance tools.

Among the arrivals and appointments in 2010 were:

- in July, the appointment of Mr Dominique Paoli to the post of Secretary General of PagesJaunes Groupe in charge of human resources and legal and real estate affairs;
- in October, the arrival of Mrs Martine Gerow as Executive Vice-President in charge of Group finance, information systems, and steering operational performance of PagesJaunes.

Corporate Affairs/Human Resources

To remain in phase with its market, the Group has begun its digital transformation by focusing on innovation. This creativity has resulted in the development of new services such as Urban Dive and new contributive-based initiatives. In this respect, the Group has deployed among all of its employees a new strategic Management scheme in a bid to develop new levers for growth, accelerate the Group's transformation and encourage employees to play an active role. This scheme, initiated by Senior Management and steered by the Human Resources Department, relies on an Employee Participation Innovation Program, known as Eurêka. Initiated in September 2010, 1,500 ideas have been sent to the Eurêka platform, in respect of which substantial progress has been made on 130 thanks to the contributions made by staff and some twenty have already been implemented. This scheme had been specifically tailored for Group needs, inspired by the dynamics of social networks and best benchmarked practices. The aim is to examine (and

possibly implement) suggestions submitted by employees on either an individual or a collective basis, regardless of the tasks they perform, in a bid to improve products, services or processes, while making a contribution to customer satisfaction.

The commitment by Management of PagesJaunes Groupe to extending its diversity policy, specifically to the benefit of persons suffering from a disability led to the signature of an agreement on 18 March 2010 between PagesJaunes Groupe and Agefiph. This agreement is binding on the subsidiaries of the group for a period of two years. It should allow the group to develop a sustainable long-term policy on disabilities through the implementation of measures to accompany and keep disabled persons in employment, recruitment measures, training measures and measures to heighten the awareness of key players. As part of this approach, a dedicated telesales team was set up in August so as to allow persons recognized as having a disability to benefit from skills training and work as telephone sales staff. In October, a dedicated website was placed online. Its aim is to heighten the awareness of all Group employees by sharing past and future achievements with them and inform them of the policy on disabilities.

An internal opinion survey, conducted for the first time in 2009 among all Group employees, was again conducted in December 2010. Its aim is to allow all members of staff to express their views on their work and their perception of company focus in all its aspects and to assess the monitoring of the action plans implemented over the course of 2010. The participation rate in this survey was 79% in 2009 and 75% in 2010.

PagesJaunes

In April 2010, the Information Systems Manager began deployment of the new organisation of the information system and changes in the project ownership and project management teams to increase project agility, shorten the time periods between decisions and their implementation and improve the match between the needs of departments and the solutions provided by the information system. This new organisation comprises the operational maintenance and user support centre, which is in charge of managing the day-to-day operation of the information system for users, the solutions centre, which is in charge of the architecture of the information system, IT project steering, the choice of software, development and implementation of the solution and the BPM (Business Process Managers) responsible for analysing processes and the business requirements of the departments, who act as interfaces between the solutions centre and the departments to which they report.

In May, in view of the upcoming elections, the Human Resources Department sought to increase the awareness of all members of staff on the role and responsibilities of staff representation bodies. To that end, information meetings were organised to which all employees were convened.

In June 2010, in the wake of various laws on professional equality, mixity and equal pay, PagesJaunes signed a code of conduct in the field of professional equality. Access to employment, professional training, career development and promotion, as well as the consideration of parenthood are among its key points.

On 6 September, an information and discussion day was held in Versailles with all staff representatives on the Jump 2012 Project. The Jump 2012 Project to change the business model of PagesJaunes is an ambitious project that should be implemented during the course of 2011.

Mappy

In May 2010, Valérie Papaud took over as CEO of Mappy.

Starting in the month of July, a new strategic plan was prepared to refocus Mappy's business on BtoC. Since December, the new organisation has been in place.

PagesJaunes Marketing Services

Manuel Da Riba took up his position as CEO in May 2010.

In 2010, the company set up working groups to brainstorm on topics such as customer relationships, individual and collective recognition, the feeling of belonging to the Company and to the Group, the methods of calculation of the variable portion of remuneration and internal communication. Several action plans were implemented following the end of the work of these working groups. These included a review of the rules and scorecards used in performance reviews, the application of the variable portion to all members of staff, the harmonisation of the calculation basis for such variable portion of remuneration (GOM), the launch of a "Newsletter" intended for employees and the creation of a magazine, the organisation of breakfast meetings with the new Senior Management and the organisation of a visit by Jean-Pierre Remy and Pascal Garcia.

All employees received their Individual Assessment of Remuneration and Benefits in the months of May/June.

Horyzon Média

In November, Horyzon Média moved closer to the other entities in the Group Key Accounts Department by relocating its offices to Issy-les-Moulineaux.

Keltravo

In May 2010, Keltravo became a subsidiary of PagesJaunes Groupe and adhered to the group's mandatory profit-sharing agreement for 2010.

123people

The company was integrated in the Group in March 2010.

Editus

In 2010, the company generalised the quarterly performance review (progress agreement) to all sedentary employees. It also launched, starting in February 2010, an internal communication plan. Management training was given to all middle Management in March and the entire sales force received sales training starting in the month of August.

QDQ Media

QDQ pursued the development of actions implemented in 2009 aiming at improving internal communication, motivation and wellbeing in the workplace (annual convention in February, renovation of the Madrid offices, Christmas tree for children and partnerships with outside firms in view of obtaining preferential rates for employees). In the field of development of human resources, a performance assessment review was set up in 2010 and a project to monitor career plans is under preparation.

Company relations

In July, elections for staff delegates and members of the Works Council were organised at PagesJaunes SA to renew all employee representative bodies.

In June/July, PJMS elected the Single Staff Delegation (Works Council and staff delegates).

In May, PJMS signed a new voluntary profit-sharing agreement for 2010, 2011 and 2012. In June, PagesJaunes SA also signed a new voluntary profit-sharing agreement for 2010, 2011 and 2012 and Mappy an amendment to its 2008-2010 voluntary profit-sharing agreement.

In November, PJMS signed an amendment covering the increase in the authorised number of overtime hours.



MANDATORY PROFIT-SHARING AND OPTIONS TO SUBSCRIBE TO OR BUY SHARES GIVEN TO EACH CORPORATE OFFICER AND THE OPTIONS EXERCISED BY EACH OF THEM

17.2 Mandatory profit-sharing and options to subscribe to or buy shares given to each corporate officer and the options exercised by each of them

MANDATORY PROFIT-SHARING

At 1 January 2011, to the Company's knowledge the number of PagesJaunes Groupe shares held by each member of the Board of Directors is shown below:

Director	Number of shares
Jacques Garaïalde	5,011
Jean-Pierre Remy	77,167
François de Carbonnel	2,010
Elie Cohen	1
Abeille Deniau	560
Jean-Christophe Germani	1
Nicolas Gheysens	1
Hugues Lepic	1
Jérôme Losson	1
Médiannuaire	153,640,181
Rémy Sautter	1,773

STOCK OPTIONS

The Company set up a stock option plan on 28 June 2005, for a total of 3,796,800 options with an exercise price of 19.30 euros and a term of 10 years. Options are fully vested after three years.

The Company also implemented a second stock option plan on 20 December 2007 for a total of 2,927,900 options with an exercise price of 14.46 euros and the same features as the original plan: 10-year term, options fully vested after three years.

The Company introduced three stock option plans in 2009: on 23 July 2009 for 1,145,000 options at an exercise price of 6.71 euros, on 29 October 2009 for 87,000 options at an exercise price of 8.843 euros, and on 17 December 2009 for 75,000 options at an exercise price of 7.821 euros. All these plans have the same features as the first plan: 10-year term, options fully vested after three years.

In accordance with the plan of 23 July 2009, upon the proposal of the Remuneration and Appointments Committee, the Board of Directors decided to grant 140,000 options to Jean-Pierre Remy.

All the options are subject to performance obligations, in accordance with the Afep/Medef Corporate Governance Code: achievement by the CEO of his annual targets for 2009, 2010, and 2011. This performance requirement will translate into:

- if the average percentage of achievement of such targets is equal to or in excess of 100%: 140,000 options;
- if the average percentage of achievement of such targets is less than 100%: that percentage is applied to the 140,000 options to determine the number definitively granted.

Jean-Pierre Remy will be required to reinvest 33% of the net capital gain generated on exercise of these options in PagesJaunes Groupe shares. Jean-Pierre Remy must keep these shares in his own name until he has completed his term as CEO.

In 2010, the Company set up two stock option plans: on 27 July 2010 for 1,336,000 options at an exercise price of 8.586 euros, on 16 December 2010 for 166,000 options at an exercise price of 7.095 euros.

All these plans have the same features as the first plan: 10-year term, options fully vested after three years.

In accordance with the plan of 27 July 2010, upon the proposal of the Remuneration and Appointments Committee, the Board of Directors decided to grant 140,000 options to Jean-Pierre Remy.

All the options are subject to performance obligations, in accordance with the Afep/Medef Corporate Governance Code: achievement by the CEO of his annual targets for 2010, 2011 and 2012. This performance requirement will translate into:

- if the average percentage of achievement of such targets is equal to or in excess of 100%: 140,000 options;
- if the average percentage of achievement of such targets is less than 100%: that percentage is applied to the 140,000 options to determine the number definitively granted.

Jean-Pierre Remy will be required to reinvest 33% of the net capital gain generated on exercise of these options in PagesJaunes Groupe shares. Jean-Pierre Remy must keep these shares in his own name until he has completed his term as CEO.

MANDATORY PROFIT-SHARING AND OPTIONS TO SUBSCRIBE TO OR BUY SHARES GIVEN TO EACH
CORPORATE OFFICER AND THE OPTIONS EXERCISED BY EACH OF THEM

Stock options granted during the financial year to each Executive Corporate Officer by the issuer and by any Group Company

Name of the executive corporate officer	No. and date of plan	Type of options (purchase or subscription)	Valuation of the options according to the method accepted for the consolidated accounts	Number of options granted during the year	Exercise price	Exercise period
Jacques Garaialde	-	-	-	-	-	-
Jean-Pierre Remy	27 July 2010	Subscription options	343,000	140,000	8.586	27 July 2013 to 27 July 2020
TOTAL	-	-	343,000	140,000	-	-

Stock options exercised during the year by each Executive Corporate Officer

Name of the executive corporate officer	No. and date of plan	Number of options exercised during the year	Exercise price
Jacques Garaialde	-	-	-
Jean-Pierre Remy	-	-	-
TOTAL	-	-	-

BONUS SHARE ISSUES

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

This authorisation was granted for a period of 38 months, and the total number of bonus shares granted under this resolution may not exceed 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 terms for the first bonus share issue plan on 30 May 2006. This plan gave rise to the initial grant of 602,361 shares for 591 Group employees. A second bonus share plan was drawn up on 20 November 2006 and granted 778,638 shares to 611 Group employees. Given that the performance obligations were not met in one of the 2 years concerned, only 50% of these shares were vested 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. As the performance obligations were not met, no bonus shares were granted.

Performance-based shares granted to each corporate officer

Performance-based shares granted by the General Shareholders' Meeting during the year to each corporate officer by the issuer and by any Group company (nominative list)	No. and date of plan	Number of shares granted 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 available to each corporate officer	Date of plan	Number of shares that have become available during the year	Acquisition conditions
Jean-Pierre Remy	-	-	-
Abeille Deniau	20 November 2006	535	Total consolidated GOM
TOTAL		535	

MANDATORY PROFIT-SHARING AND OPTIONS TO SUBSCRIBE TO OR BUY SHARES GIVEN TO EACH CORPORATE OFFICER AND THE OPTIONS EXERCISED BY EACH OF THEM

HISTORY OF STOCK OPTION PLANS

Information on stock options

Meeting date	12 April 2005	12 April 2005	11 June 2009	11 June 2009	11 June 2009	11 June 2009	11 June 2009
Date of the Board meeting and plan name	28 June 2005	20 December 2007	23 July 2009	29 October 2009	17 December 2009	27 July 2010	16 December 2010
Total number of shares available for subscription or purchase	3,796,800	2,927,900	1,145,000	87,000	75,000	1,336,000	166,000
<i>Including the number which may be subscribed by corporate officers</i>							
Jean-Pierre Remy	–	–	140,000	–	–	140,000	–
Abeille Deniau	3,000	1,700	–	–	–	–	–
Start of vesting period	28 June 2008	20 December 2010	23 July 2012	29 October 2012	17 December 2012	27 July 2013	16 December 2013
Expiry date	28 June 2015	20 December 2017	23 July 2019	29 October 2019	17 December 2019	27 July 2020	16 December 2020
Subscription or purchase price		14.46 €	6.71 €	8.843 €	7.821 €	8.586 €	7.095 €
Subscription or purchase price before adjustment	19.30 €						
Subscription or purchase price after adjustment	11.72 €	–	–	–	–	–	–
Terms of exercise (<i>per tranche</i>)	–	–	–	–	–	–	–
Number of shares subscribed at 31 December 2009 ⁽¹⁾	377,670	0	0	0	0	0	0
Total number of cancelled or expired stock options	112,322	143,116	106,000	0	0	17,000	0
Stock options remaining at year-end	2,825,000	2,483,484	1,039,000	87,000	75,000	1,319,000	166,000

(1) Related to the early exercise described below.

No other Board member holds stock options granted by PagesJaunes Groupe.

EARLY EXERCISE OF STOCK OPTIONS

The plan rules enabled beneficiaries to exercise up to 50% of the options granted 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 were free to sell any shares thus obtained as they wished. Capital gains arising from this early exercise of options were recorded for tax purposes as wages and salaries. This means they are subject to social security

charges and income tax for the beneficiary and employer contributions for the business. 251,669 options were exercised under this plan at the beginning of 2007 to 12 January.

The payment of an extraordinary dividend from the Company's free reserves resulted in an adjustment in the exercise price and the number of options, in accordance with Article L. 225-181 of the French Commercial Code.

MANDATORY AND VOLUNTARY PROFIT-SHARING PLANS

The stock option plan was adjusted on 28 June 2005, allowing beneficiaries to exercise up to 100% of the shares granted to them within three months of notification of a change of subsidiary control and sell up to 50% of the shares for that year as they saw fit. Capital gains arising from this early exercise of options were assimilated for tax purposes as wages and salaries. This means they are subject to social security charges and income tax for the beneficiary and employer contributions for the business. 126,001 options were exercised early

under this plan in 2007 by the employees of Kompass France and Kompass Belgium.

At 31 December 2010, the potential dilutive effect of stock options and bonus shares was 2.85% of PagesJaunes Groupe's share capital.

17.3 Mandatory and voluntary profit-sharing plans

MANDATORY PROFIT-SHARING PLAN

A mandatory profit-sharing 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 and Keltravo with effect on 1 January 2010. The special mandatory profit-sharing reserve for PagesJaunes Groupe corresponds to the amount in the special profit-sharing reserves calculated for each subsidiary involved, using a special formula.

The special mandatory profit-sharing reserve is divided among all beneficiaries at 30% based on their length of service 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 frozen for five years.

The table below shows the profit-sharing amounts distributed or to be distributed in relation to last year:

PagesJaunes Groupe Agreement <i>(in millions of euros)</i>	Profits to be distributed to PagesJaunes Groupe employees
2010	13.9
2009	14.7
2008	17.5
2007	14.5

VOLUNTARY PROFIT-SHARING PLAN

There are various voluntary profit-sharing agreements within the different subsidiaries of PagesJaunes Groupe.

All PagesJaunes Groupe subsidiaries in France, excluding Horyzon Média and Keltravo, have a voluntary profit-sharing agreement.

On 21 May 2010, PagesJaunes Marketing Services signed a new voluntary profit-sharing agreement for the years 2010, 2011, and 2012.

On 23 June 2010, PagesJaunes signed a new voluntary profit-sharing agreement for the years 2010, 2011, and 2012.

<i>(in millions of euros)</i>	Vol. profit-sharing 2009 paid out in 2010	Vol. profit-sharing 2008 paid out in 2009	Vol. profit-sharing 2007 paid out in 2008	Vol. profit-sharing 2006 paid out in 2007	Vol. profit-sharing 2005 paid out in 2006
Profit-sharing paid in PagesJaunes Groupe	6,627(*)	9,918	10,239	8,423	9,251

(*) On 15 June 2009, given the economic context, an amendment was made to the 2007-2009 PagesJaunes SA voluntary profit-sharing agreement concerning the voluntary profit-sharing calculation formula used for the revenue criterion. Senior Management also committed to paying out additional profits.

COMPANY SAVINGS PLAN

An agreement on setting up PagesJaunes Groupe's group savings plan was signed on 12 February 2007 by the Management and trade unions.

MANDATORY AND VOLUNTARY PROFIT-SHARING PLANS

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) providing for an employer contribution to be made in addition to the contributions made by employees. For 2008 and successive years, the employer 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, the contribution was set at 701 euros for a contribution of 1,500 euros to allow the greatest number of employees to take part in the plan;
- an additional defined-contribution retirement scheme, as per Article 83 of the French General Tax Code, to which the Management staff of the Group's subsidiaries has been eligible since 1 January 2008. The scheme is compulsory, and involves a 5.50% contribution applied to remuneration levels B and C (remuneration in excess of level A, 2,885 euros per month in 2010). A total of 40% of the contribution will be borne by the employee, i.e. 2.20%, and 60% by the Company, 3.30%.

COMPANY STOCK OPTIONS EXERCISED AND GRANTED DURING THE YEAR

In accordance with Article L. 225-184 of the French Commercial Code, Company shares were granted and exercised as follows in 2010:

Stock options granted to top ten employees who are not corporate officers and exercised by them

PagesJaunes Groupe subscription plan

Options for the subscription or purchase of shares granted in 2010 to the top ten employees who are not corporate officers and 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 granting scope to the top ten employees of the issuer and of any company included in this scope, with the highest number of options granted (general information)	407,000	€7.654
Options held over the issuer and the companies mentioned above, exercised during the year by the top ten employees of the issuer and of these companies, with the highest number of options purchased or subscribed (general information)	None	

Bonus share issue plan

At an Extraordinary General Meeting on 19 April 2006, the Board of Directors was authorised to set up a bonus share issue plan, as defined in Articles L. 225-197-1 to L. 225-197-5 of the French Commercial Code, for the benefit of certain Group senior managers and employees, essentially to give them an interest in the Company's development. This authorisation was granted for a period of 38 months and the total number of bonus shares granted under this resolution may not exceed 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.

The bonus share issue plan is based on the following principle: each beneficiary is initially granted the right to receive shares free of charge. 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 obligations have been met.

The performance obligations involve growth targets for consolidated revenues and consolidated gross operating margin.

The original plan gave rise to an initial grant of 602,361 shares to 591 Group employees on 30 May 2006, approximately 43% of the package authorised by the Extraordinary General Shareholders' Meeting of 19 April 2006. As the performance obligations were not met, no bonus shares were granted.

Under a second plan, 778,638 shares were initially granted to 611 Group employees on 20 November 2006. As the performance obligations were not met in one of the two years concerned, only 50% of these shares were vested by the beneficiaries on 20 November 2008.

Under a third plan, 12,940 shares were initially granted to 15 Group employees on 14 February 2008. As the performance obligations were not met, no bonus shares were granted.

	PagesJaunes Groupe Plan May 2006	PagesJaunes Groupe Plan November 2006	PagesJaunes Groupe Plan February 2008
Number of shares granted to the top ten employees of PagesJaunes Groupe who are not corporate officers	24,120	32,304	9,440

18.1	Breakdown of Company share capital	79
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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⁽¹⁾ and KKR Millennium Limited⁽²⁾ and advised by Kohlberg Kravis Roberts & Co., L.P. ("KKR"), and, up to around 20%, of certain funds managed by the Goldman Sachs Group's "Principal Investment Area" Division.

The breakdown of capital in PagesJaunes Groupe over the last three years was as follows:

	31 December 2010	As % of capital and voting rights	31 December 2009	As % of capital and voting rights	31 December 2008	As % of capital and voting rights
Médiannuaire	153,640,187	54.7%	153,640,187	54.7%	153,640,187	54.7%
Employees of PagesJaunes Groupe ⁽¹⁾	1,637,220	0.6%	1,681,050	0.6%	1,574,748	0.6%
Public	125,088,286	44.5%	125,129,339	44.5%	125,188,213	44.5%
Treasury shares	619,061	0.2%	534,178	0.2%	581,606	0.2%
TOTAL	280,984,754	100.0%	280,984,754	100.0%	280,984,754	100%

(1) As part of the PagesJaunes Groupe Group Savings Plan (PEG). To the Company's knowledge, no other shareholder holds more than 5% of the 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 programme over the year is available in section 20.3 (Report by the Board of Directors to the General Shareholders' Meeting).

CROSSING OF THRESHOLDS

None.

(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.

18.2 Voting rights

All shareholders have one vote 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 54.68% of the Company's capital and voting rights.

Inspired in particular by the principles of corporate governance for listed companies laid down in the Afep/Medef report of October 2003, PagesJaunes Groupe 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 Section 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.

18.4 Shareholder agreements

On the registration date of this reference document, there is no shareholder 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 whereby it constituted, for a pool of banks and other creditors which had provided various forms of financing,

a 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 registered 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 mezzanine debt and the reimbursement banks, within the limit of a maximum amount in principal of €6,010,000,00	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

PLEDGES OF COMPANY ASSETS

Under the terms of the bank finance contract, 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).

Issuer asset pledges (intangibles, tangibles and financial assets)

Type of pledges or mortgages (in thousands of euros)	Starting date	Maturity date	Amount of assets pledged (a)	Total balance sheet item (b)	Corresponding % (a/b)
On intangibles	–	–	–	–	–
On tangibles	–	–	–	–	–
On financial assets	24 October 2006	–	4,005,038 (267,002,531 PagesJaunes shares)	4,058,137	98.7%
TOTAL	–	–	4,005,038	4,058,137	98.7%

During the year ended 31 December 2010, the Company identified six agreements likely to come within the scope of application of Article L. 225-38 of the French Commercial Code:

- 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-euro 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 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 had issued prior approval for the conclusion of an initial agreement at its meeting on 20 November 2006. The agreement was terminated on 19 December 2008, following approval by the Board at a meeting on 18 December 2008. A new agreement was signed on 19 December 2008 to update the financial conditions in view of recent trends in market conditions. The Board of Directors gave prior approval for this agreement at its meeting on 18 December 2008;
- terms and conditions of Jean-Pierre Remy's term as CEO (set out in section 15.1 of this reference document), approved by the Board of Directors at its meeting on 17 May 2009;
- an 11.5 million euro debt write-off to the benefit of QDQ Media as part of an equity loan signed on 22 October 2001, and the 5 million euro loan due date moved forward from 15 December 2009 to 15 December 2013. The Board of Directors issued prior approval for these operations at its meeting on 17 December 2009;
- a letter of support requested by the auditors, in connection with the posting of the accounts of QDQ Media. The Board of Directors gave prior approval for this letter of support at its meeting on 18 February 2010.

PagesJaunes Groupe

Financial year ended on 31 December 2010

SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED AGREEMENTS AND COMMITMENTS

Dear Shareholders,

In our capacity as the Statutory Auditors of your Company, we provide you our report on regulated agreements and commitments.

It is our duty to provide to you, based on the information provided to us, the essential characteristics and terms of the agreements and commitments of which we have been informed and which we may have discovered in our duties, without providing an opinion on their usefulness and their merit, or search for other agreements and commitments. It is your duty, pursuant to the terms of Article R. 225-31 of the Commercial Code, to assess the interest of executing such agreements and commitments in view of approving them.

In addition, it is our duty, if applicable, to provide to you the information provided in Article R. 225-31 of the Commercial Code relative to the performance, in the past financial year, of the agreements and commitments already approved by the General Shareholders' Meeting.

We have performed the procedures we deemed necessary in respect of the professional guidelines of the French national auditing body (*Compagnie nationale des Commissaires aux comptes*) for these duties. These procedures consisted of verifying the accuracy of the information provided to us with the documents from which it was taken.

Agreements and commitments submitted for the approval of the General Shareholders' Meeting

Pursuant to Article L. 225-40 of the Commercial Code, we have been informed of the following agreements and commitments which were subject to the prior authorisation of your Board of Directors.

With QDQ Media

Relevant director

M. Jean-Pierre Remy.

A. Nature and purpose

The meeting of the Board of Directors on 18 February 2010 authorised the drafting of a letter of intent to QDQ Media within the framework of the establishment of its accounts as of 31 December 2008.

Terms

After an analysis of QDQ media's 2009-2011 forecasts, the Board of Directors authorised the drafting of a letter of intent to QDQ Media, which corresponded to Management's intent to provide financial support to this Company justifying QDQ Media's continued operation.

B. Nature and purpose

The meeting of the Board of Directors on 17 December 2009 authorised your Company's write-off of a current account debt held against its subsidiary, QDQ Media.

Terms

The debt write-off authorised is 11,500,000 euros.

C. Nature and purpose

The meeting of the Board of Directors on 17 December 2009 authorised the due date of an equity loan signed on 21 October 2001 to be moved forward.

Terms

The due date for the 5,000,000 euros was moved forward from 15 December 2009 to 15 December 2013.

Agreements and commitments already approved by the General Shareholders' Meeting

AGREEMENTS AND COMMITMENTS APPROVED AND CONTINUING IN THE FINANCIAL YEAR

Pursuant to Article R. 225-30 of the Commercial Code, we have been informed that the following agreements and commitments, authorised by the Board of Directors in previous financial years, continued in the past financial year.

1. With PagesJaunes

A. Nature and purpose

A contract was signed with PagesJaunes in connection with your Company's guarantee of all sums due in relation to 400,000,000 euros of revolving credit (Facility B). This agreement was authorised by the Board of Directors on 12 October 2006.

Terms

Your Company has guaranteed the payment of all sums on the maximum principal amount of 400,000,000 euros plus interest, payment penalties, commissions, expenses and any other sums due in relation to the revolving credit facility (Facility B) outstanding from any Group subsidiary which may borrow on such basis. No Group subsidiary had made use of this facility at 31 December 2009.

B. Nature and purpose

A loan agreement between your Company and PagesJaunes. This agreement was authorised by the Board of Directors on 18 December 2008.

Terms

The amount of the loan is 430,000,000 euros. Interest in 2009 was 23,342,108.06 euros.

2. With Mediannuaire

Nature and purpose

A contract for services whereby Médiannuaire agrees to provide your Company with its assistance in accounting, financial, legal and tax management and advice as to strategy. This agreement was authorised by the Board of Directors on 20 November 2006.

Terms

The amount of remuneration for such assistance provided to your Company in 2010 was 1,170,476 euros.

AGREEMENTS AND COMMITMENTS APPROVED DURING THE FINANCIAL YEAR

Moreover, we were informed of the performance, in the past financial year, of the following agreements and commitments, already approved by the General Shareholders' Meeting on 10 June 2010, based on a special report of the Statutory Auditors of 18 February 2010.

3. With Mr. Jean-Pierre Remy

Nature and purpose

The Board of Directors' meeting on 17 May 2009 authorised the terms of Mr. Jean-Pierre Remy's term as Chief Executive Officer.

Terms

The terms and conditions, and *inter alia* financial conditions, contemplated for the Mr. Jean-Pierre Remy's term of office, were the subject of a proposal of the Remunerations Committee meeting on 15 May 2009.

Mr. Jean-Pierre Remy will receive initial gross, annual flat-fee remuneration of a fixed amount of 390,000 euros, payable over 12 months. As a complement to this remuneration, Mr. Jean-Pierre will receive a gross, annual variable remuneration, payable no later than 31 March of the following year, which may be up to 100% of his fixed remuneration in case the targets are reached and up to 200% of his fixed remuneration in case the targets are exceeded. This variable part of remuneration may be determined in part based on reaching particular quantitative targets related *inter alia* to the growth of the Company's Gross Operating Margin, and in part based on reaching qualitative targets, with such targets being set each year by the Board of Directors. The variable remuneration part, depending both on qualitative and quantitative targets, shall not in any event exceed 200% of fixed remuneration.

Mr. Jean-Pierre Remy will receive the supplementary retirement package as currently implemented by your Company, including the supplementary health insurance (*mutuelle*) and provident scheme on the Company's applicable terms, or a similar package, and civil liability insurance.

A severance package may be paid to Mr. Jean-Pierre Remy in the event he is forced to leave the Company due to a change in control or strategy or implementation thereof. The amount of such severance pay would be equal to his gross, annual flat-fee (fixed and variable with targets reached).

A non-compete covenant would be implemented in the event that Mr. Jean-Pierre Remy's term of office ceases for any reason and on any basis. It would be limited to 24 months and would cover all of France. The amount of employer's charges for the financial year amount to 4,777 euros.

Your Company will have the option of releasing Mr. Jean-Pierre Remy from this non-compete covenant by informing him of its decision no later than within 15 calendar days after the Board of Directors' meeting taking not of or voting to end the term of office of Mr. Jean-Pierre Remy as the Company's Chief Executive Officer.

Neuilly-sur-Seine and Paris-La Défense, 9 February 2011

The Statutory Auditors

Deloitte & Associés

Dominique Descours

Ernst & Young Audit

Jeremy Thurbin

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20.1 Consolidated financial statements

CONSOLIDATED INCOME STATEMENT

<i>(amounts in thousands of euros, except data relating to shares)</i>	Notes	As at 31 December 2010	As at 31 December 2009
Revenues	6	1,125,214	1,163,901
External purchases		(260,417)	(280,532)
Other operating income		3,172	4,196
Other operating expenses		(11,932)	(26,680)
Personnel expenses :			
• Salaries and charges	7	(338,258)	(332,233)
GROSS OPERATING MARGIN		517,780	528,653
• Employee profit-sharing	7	(14,712)	(15,274)
• Share-based payment	7	(2,452)	(1,579)
Depreciation and amortisation	13 & 14	(18,365)	(19,563)
Result of asset disposals	8	(90)	(818)
Restructuring costs		-	(4,457)
Acquisition costs of shares		(439)	-
OPERATING INCOME		481,723	486,962
Financial income		1,979	8,798
Financial expenses		(99,567)	(90,656)
Gain (loss) on foreign exchange		30	-
NET FINANCIAL INCOME	9	(97,558)	(81,858)
Corporation tax	10	(139,239)	(131,472)
INCOME FOR THE PERIOD		244,926	273,632
Income for the period attributable to:			
• Shareholders of PagesJaunes Groupe		244,926	273,611
• Non-controlling interests		-	21
NET EARNINGS PER SHARE <i>(in euros)</i>			
Net earnings per share of the consolidated group			
• basic	11	0.87	0.98
• diluted		0.85	0.96

STATEMENT OF COMPREHENSIVE INCOME

<i>(amounts in thousands of euros, except data relating to shares)</i>	Notes	As at 31 December 2010	As at 31 December 2009
INCOME FOR THE PERIOD REPORT		244,926	273,632
Net (loss) /gain on cash flow hedges			
• Gross		(8,372)	(38,407)
• Deferred tax		2,883	13,225
• Net of tax	17	(5,489)	(25,182)
Exchange differences on translation of foreign operations		-	33
OTHER COMPREHENSIVE INCOME		(5,489)	(25,149)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		239,437	248,484
Total comprehensive income for the period attributable to:			
• Shareholders of PagesJaunes Groupe		239,437	248,462
• Minority interests		-	21

STATEMENT OF FINANCIAL POSITION

<i>(amounts in thousands of euros)</i>	Notes	As at 31 December 2010	As at 31 December 2009
ASSETS			
Net goodwill	12	66,687	50,358
Other net intangible fixed assets	13	49,154	25,051
Net tangible fixed assets	14	27,694	22,950
Available-for-sale assets	15	207	207
Other non-current financial assets	16	1,251	667
Net deferred tax assets	10	31,572	28,130
TOTAL NON-CURRENT ASSETS		176,566	127,363
Net inventories	18	2,194	6,434
Net trade accounts receivable	19	447,042	466,179
Other current assets	20	27,830	36,273
Current tax receivable	10	1,986	5,374
Prepaid expenses	21	105,611	106,856
Cash and cash equivalents	27	105,977	67,040
TOTAL CURRENT ASSETS		690,639	688,157
TOTAL ASSETS		867,205	815,520
LIABILITIES			
Share capital		56,197	56,197
Issue premium		98,676	98,676
Reserves		(2,509,017)	(2,602,320)
Income for the period attributable to shareholders of PagesJaunes Groupe		244,926	273,611
Other comprehensive income		(40,934)	(35,445)
Own shares		(4,037)	(3,831)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PAGESJAUNES GROUPE	23	(2,154,188)	(2,213,112)
Non-controlling interests		-	-
TOTAL EQUITY		(2,154,188)	(2,213,112)
Non-current financial liabilities and derivatives	17 & 27	1,962,358	1,980,102
Employee benefits – non-current	25	47,435	41,692
Provisions – non-current	25	6,813	3,629
Deferred tax liabilities	10	1,136	-
TOTAL NON-CURRENT LIABILITIES		2,017,742	2,025,423
Bank overdrafts and other short-term borrowings	27	38,970	18,204
Accrued interest	27	4,739	4,177
Provisions – current	25	1,285	761
Trade accounts payable	24	101,998	102,356
Employee benefits – current	25	119,261	121,242
Other current liabilities	25	94,808	96,279
Corporation tax	10	490	200
Deferred income	28	642,101	659,990
TOTAL CURRENT LIABILITIES		1,003,651	1,003,209
TOTAL LIABILITIES		867,205	815,520

CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

<i>(amounts in thousands of euros)</i>	Number of shares in circulation	Share capital	Issue premium	Own shares	Income and reserves	Cash flow hedges	Translation reserve	Group equity	Non-controlling interests	Total equity
BALANCE AS AT 31 DECEMBER 2008	280,404,148	56,197	98,676	(4,313)	(2,334,341)	(10,263)	(33)	(2,194,077)	2	(2,194,075)
Total comprehensive income for the period, net of tax					273,611			273,611	21	273,632
Other comprehensive income, net of tax						(25,182)	33	(25,149)		(25,149)
Comprehensive income for the period, net of tax					273,611	(25,182)	33	248,462	21	248,484
Share-based payment					1,474			1,474	-	1,474
Dividends paid					(269,453)			(269,453)	(35)	(269,488)
Shares of the consolidating company net of tax effect	46,428			482				482	-	482
Minority puts on Horyzon Media								-	13	13
BALANCE AS AT 31 DECEMBER 2009	280,450,576	56,197	98,676	(3,831)	(2,328,709)	(35,445)	-	(2,213,112)	-	(2,213,112)
Total comprehensive income for the period, net of tax					244,926			244,926	-	244,926
Other comprehensive income, net of tax						(5,489)	-	(5,489)		(5,489)
Comprehensive income for the period, net of tax					244,926	(5,489)	-	239,437	-	239,437
Share-based payment					2,140			2,140	-	2,140
Dividends paid					(182,448)			(182,448)	-	(182,448)
Shares of the consolidating company net of tax effect	(84,883)			(206)				(206)	-	(206)
BALANCE AS AT 31 DECEMBER 2010	280,365,693	56,197	98,676	(4,037)	(2,264,091)	(40,934)	-	(2,154,188)	-	(2,154,188)

CASH FLOW STATEMENT

<i>(amounts in thousands of euros)</i>	Notes	As at 31 December 2010	As at 31 December 2009
INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF PAGESJAUNES GROUPE		244,926	273,611
Depreciation and amortisation of fixed assets	12 & 14	18,365	19,563
Change in provisions	22	9,352	6,142
Share-based payment		2,141	1,474
Capital gains or losses on asset disposals		90	818
Interest income and expenses	9	56,757	53,461
Hedging instruments	17	40,831	28,397
Unrealised exchange difference		(37)	(3)
Tax charge for the period	10	139,239	131,472
Non-controlling interests		-	21
Decrease (increase) in inventories		4,240	99
Decrease (increase) in trade accounts receivable		18,182	40,299
Decrease (increase) in other receivables		4,943	992
Increase (decrease) in trade accounts payable		(554)	(6,928)
Increase (decrease) in other payables		(22,353)	(37,656)
Net change in working capital		4,459	(3,195)
Dividends and interest received		718	2,500
Interest paid and rate effect of net derivatives		(89,069)	(82,572)
Corporation tax paid	10	(135,993)	(148,020)
NET CASH FROM OPERATIONS		291,778	283,668
Acquisition of tangible and intangible fixed assets	13 & 14	(42,746)	(25,965)
Change in suppliers of fixed assets		(577)	1,346
Proceeds from sale of tangible and intangible assets		151	92
Acquisitions of investment securities and subsidiaries, net of cash acquired	5	(16,883)	-
Proceeds from disposals of financial assets, net of cash sold	5	5,337	(629)
Decreases (increases) in marketable securities and other long-term assets	27	(916)	99
NET CASH USED IN INVESTING ACTIVITIES		(55,634)	(25,057)
Cash flows arising from changes in ownership interests not resulting in a loss/gain of control		(460)	(7,439)
Increase (decrease) in borrowings	27	(10,834)	(9,423)
Movements in own shares	23	(383)	697
Capital increase		-	3
Dividends paid to non-controlling interests		-	(35)
Dividends paid	23	(182,447)	(269,454)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		(194,124)	(285,651)
Impact of changes in exchange rates on cash		37	1
NET INCREASE (DECREASE) IN CASH POSITION		42,057	(27,040)
Net cash and cash equivalents at beginning of period		61,444	88,484
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	27	103,501	61,444

In accordance with the revised IFRS 3 and IAS 7, changes in ownership interests that do not result in a gain/loss of control have been reclassified from "Net cash used in investing activities" to "Net cash used in financing activities". There are no other significant monetary flows.

Note 1 Information on the Group

For over sixty years, the PagesJaunes Groupe has provided a diversified range of products and services for consumers and businesses, with its printed and online French and international telephone directories constituting its core business. The Group's main activities are described in note 4.

The accounting year for the companies in the PagesJaunes Groupe extends from 1 January to 31 December. The currency used in presenting

the consolidated financial statements and the accompanying notes is the euro.

PagesJaunes Groupe is a public limited company listed on Euronext Paris (PAJ) – compartment A.

This information was approved by the Board of Directors of PagesJaunes Groupe on 8 February 2011.

Note 2 Context of publication and basis for preparation of the 2010 financial information

Pursuant to European Regulation 1606/2002 of 19 July 2002 on the application of international accounting standards, the Group has prepared the consolidated financial statements for the year ending 31 December 2010 in accordance with IFRS standards adopted in the European Union and applicable as of that date.

The summary statements relate to the financial statements prepared in accordance with IFRS standards as at 31 December 2010 and 31 December 2009. The 2008 financial statements, included in the Reference Document filed with the AMF on 17 March 2009 under the number D09-125, are included for reference purposes.

The accounting policies applied are consistent with those used in the preparation of the annual consolidated financial statements for the year ending 31 December 2009, with the exception of new standards, amendments and interpretations which are mandatory from 1 January 2010 but have no significant impact:

- IFRS 3R – Business Combinations;
- amendments to IAS 27 – Consolidated and Separate Financial Statements;
- 2008 improvements – amendment to IFRS 5;
- 2009 improvements – amendments to IFRS 2, IAS 38 and IFRIC 9;
- IFRIC 17 – Distributions of Non-cash Assets to Owners;
- amendments to IAS 39 – Eligible Hedged Items;
- 2009 improvements – Others;
- amendment to IFRS 2 – Group Cash-settled Share-based Payment Transactions;
- IFRIC 12 – Service Concession Arrangements;
- IFRIC 15 – Agreements for the Construction of Real Estate;
- IFRIC 16 – Hedges of a Net Investment;
- IFRIC 18 – Transfers of Assets from Customers.

Business combinations (IFRS 3R – Business combinations and Amendments to IAS 27)

Since 1 January 2010, business combinations have been accounted for in accordance with the acquisition method. The cost of an acquisition is measured as the sum of the consideration transferred, measured at fair value on the day of acquisition, and the amount of any non-controlling interest in the acquired entity. For each business combination, the

acquirer must decide on the method used to measure the non-acquired portion of the target, either at its fair value, or at the amount of its share of the revalued net worth. The incurred acquisition expenses are stated in expenses for the period in which the corresponding services are received (in operating income).

When the Group acquires a business, it values the assets and liabilities of the acquired entity at their fair value, barring exceptions. When the business combination is created in stages, the investment held by the acquirer prior to assuming control is measured at its fair value on the date of acquisition and the difference as compared to its previous book value is recognised in income pursuant to IFRS 3R.

Price adjustments are recognised at their fair value on the acquisition date. If the adjustment is stated in accordance with IAS 39, it will give rise to the statement of an asset or a liability, subsequent changes in whose fair value will be recognised in income or in comprehensive income, in accordance with the applicable standards. If the adjustment is stated in shareholders' equity, it will not be revalued.

In the cash flow statement, changes in ownership interests without gain or loss of control are stated in "net cash provided by (used in) financing activities".

In comparison with the information stated above, the following differences applied to business combinations prior to 1 January 2010:

- transaction costs directly attributable to the acquisition were included in the acquisition cost;
- minority interests were measured on the basis of the share in the revalued net worth of the acquired entity;
- business combinations created in several stages were stated as such. Any additional share acquired did not affect the previously recognised goodwill;
- price adjustments were recognised if and only if the Group had a current obligation, the settlement of which was likely and could be estimated reliably. Changes of estimates relating to the amount of the price adjustment affected the goodwill. These provisions continue to be applied to changes occurring after 1 January 2010 in price adjustments relating to business combinations preceding that date.

The term "minority interests" is changed to "non-controlling interests".

None of these new standards and interpretations has had a significant effect on the consolidated financial statements as at 31 December 2010.

In addition, the Group has not anticipated standards and interpretations adopted by the European Union which become mandatory after 1 January 2010:

- IAS 24 – Related Party Disclosures;
- amendment to IAS 32 – Classification of Rights Issues;
- amendment to IFRIC 14 – Prepayments of a Minimum Funding Requirement;
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments.

Finally, the Group does not apply the following instruments that were not adopted by the European Union as at 31 December 2010:

- improvements to IFRS (May 2010);
- IFRS 9 – Financial Instruments;
- amendment to IFRS 7 – Disclosures – Transfers of Financial Assets;
- amendments to IFRS 1 – Severe Hyperinflation;
- amendments to IAS 12 – Deferred Tax: Recovery of Underlying Assets.

Nonetheless, the Group is currently reviewing the practical consequences of these new texts and the effects of their application on its future financial statements. At this stage of the review, the Group does not anticipate any significant impact on its consolidated financial statements.

All of the standards and interpretations adopted by the European Union as at 31 December 2010 are available on the website of the European Commission at the following address:

http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

In order to prepare the financial statements, the Management of the Group is required to make estimates and assumptions which have an effect on the amounts presented as assets and liabilities, the contingent liabilities at the date of preparation of the financial statements and the amounts presented as income and expenses for the financial year. The Management continuously evaluates these estimates and assessments on the basis of its past experience as well as various other factors deemed reasonable, which form the basis of its assessment of the book value of the assets and liabilities. This includes in particular goodwill (notes 3.8 and 12), share-based payments (notes 3.1, 3.17 and 26) and the valuation of pension liabilities (notes 3.16 and 25). Actual results may differ markedly from these estimates due to different realisation conditions. Finally, where a specific transaction is not covered by any standards or interpretations, the Management of the Group applies judgment to define and apply accounting methods that will provide relevant and reliable information (note 3.1), to ensure that the financial statements:

- present a true and fair view of the financial position, the financial performance and the cash flow of the Group;
- reflect the economic substance of transactions;
- are neutral;
- are prudent;
- are complete in all material respects.

Note 3 Accounting policies and changes of estimates

This note describes the accounting policies applied for the financial year ending 31 December 2010, in accordance with the provisions of international accounting standards as adopted by the European Union as at 31 December 2010.

Unless stated otherwise, these methods have been applied permanently for all financial years presented.

3.1 ACCOUNTING POSITIONS ADOPTED BY THE GROUP PURSUANT TO PARAGRAPHS 10 TO 12 OF IAS 8

The accounting positions presented below are not subject to any particular provisions in the international accounting standards adopted by the European Union or their interpretation.

Management Participation Plan:

Sèvres I, Sèvres II and Sèvres III, which together controlled 100% of the capital of Médiannuaire Holding, the indirect majority shareholder of PagesJaunes Groupe, offered a certain number of Group managers the opportunity to take up a minority shareholding, in the form of 212,591 ordinary shares, in the capital of Médiannuaire Holding (i.e. 0.55% of the capital of Médiannuaire Holding). This participating interest, acquired at the end of December 2006, was based on the price proposed by Médiannuaire Holding in the context of the price guarantee on the PagesJaunes Groupe stock finalised on 1 December 2006.

As at 31 December 2010, the Group managers held 131,122 ordinary shares and 223,994 preference shares, representing a total of 0.92% of Médiannuaire Holding's share capital.

Médiannuaire Holding's capital is divided into ordinary shares and preference shares, the rights for each class of shares to the increase in value of the equity being variable depending on the internal rate of return recorded by the Médiannuaire Holding shareholders on their investment during their holding period. Moreover, each manager entered into a reciprocal call and put commitment with the Médiannuaire Holding shareholders which becomes exercisable, by one or other of the parties, as soon as the manager in question leaves the PagesJaunes Groupe. The price per share at which these reciprocal call and put commitments would be implemented varies in particular according to the stock market price of the PagesJaunes Groupe share, the length of service of the managers from 21 December 2006 and the attainment of certain performance targets. As at 31 December 2010, the application of these criteria would lead, if these reciprocal options were exercised at that date by one or other of the parties, to the repurchase of the shares acquired by the managers at a zero value.

Statutory training rights (DIF – *Droit Individuel à la Formation*)

The Group has maintained in IFRS the treatment adopted in French GAAP with regard to statutory training rights (Notice 2004-F of 13 October 2004 of the emergency CNC committee on accounting for statutory training rights (DIF), namely:

- the expenses committed to statutory training rights constitute a charge for the period and do not give rise to any provisions;

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- the cumulative number of hours' training entitlement at the year-end and the unused portion of the vested entitlement are stated in the notes to the financial statements.

3.2 CONSOLIDATION

Subsidiaries which are controlled 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;
- acquisition costs of shares;
- 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 (118 008 in France) 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;
- cost of income 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;

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- 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 flow 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 within a period of 3 to 5 years.

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.

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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 25).

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 activity 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.

In the income statement, only the constituent parts of the gross operating margin and depreciation and amortisation charges have been allocated to segments, while in the balance sheet all items are allocated to segments except for cash, financial liabilities and current and deferred tax liabilities.

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 directories (PagesJaunes, *L'Annuaire*) and online directories ("pagesjaunes.fr", "pagespro.com"). They also include the development and hosting of websites, directory enquiry services by telephone (1 18 008), the online small ads activity

("annoncesjaunes.fr") and the QuiDonc reverse directory. This segment also includes the holding company activities accommodated within PagesJaunes Groupe;

- **International & Subsidiaries.** These are the activities of the Group's various subsidiaries, mainly comprising the publication of printed and online consumer directories outside France (QDQ Media in Spain and Editus in Luxembourg) and the development of complementary activities related to the publication of directories, such as the geographic services of Mappy, the direct marketing activities of PagesJaunes Marketing Services and the Internet advertising representation activities of Horyzon Média. Since March 2010, this segment has also included the activities of 123people, the global leader in real-time people search on the Internet, and, since May 2010, the activities of Keltravo, a major operator in contact generation between people and businesses in the building and public works sector in France.

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4.1 BY BUSINESS SECTOR

The table below presents a breakdown of the main aggregates by business sector for the periods ending 31 December 2010 and 2009:

Income statement	As at 31 December 2010				As at 31 December 2009			
	PagesJaunes in France	International & Subsidiaries	Eliminations	Group	PagesJaunes in France	International & Subsidiaries	Eliminations	Group
<i>(amounts in thousands of euros)</i>								
REVENUES	1,051,637	87,754	(14,177)	1,125,214	1,097,270	75,780	(9,149)	1,163,901
• External	1,051,637	73,577	-	1,125,214	1,097,251	66,650	-	1,163,901
• Inter-segment	-	14,177	(14,177)	-	19	9,130	(9,149)	-
External purchases	(238,189)	(37,657)	15,429	(260,417)	(257,109)	(32,782)	9,359	(280,532)
Other operating income	4,021	1,405	(2,254)	3,172	3,338	1,658	(800)	4,196
Other operating expenses	(9,103)	(3,867)	1,038	(11,932)	(22,628)	(4,607)	556	(26,680)
Salaries and charges	(297,818)	(40,404)	(36)	(338,258)	(293,080)	(39,187)	34	(332,233)
GROSS OPERATING MARGIN	510,548	7,232	-	517,780	527,791	862	-	528,653
Employee profit-sharing				(14,712)				(15,274)
Share-based payment				(2,452)				(1,579)
Depreciation and amortisation	(14,869)	(3,496)	-	(18,365)	(16,486)	(3,077)	-	(19,563)
Result of asset disposals				(90)				(818)
Restructuring costs	-	-	-	-	-	(4,457)	-	(4,457)
Acquisition costs of shares	(439)	-	-	(439)	-	-	-	-
OPERATING INCOME				481,723				486,963
ACQUISITIONS OF TANGIBLE AND INTANGIBLE FIXED ASSETS	32,324	10,422	-	42,746	22,787	3,178	-	25,965

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Balance sheet <i>(amounts in thousands of euros)</i>	As at 31 December 2010				As at 31 December 2009			
	PagesJaunes in France	International & Subsidiaries	Eliminations	Group	PagesJaunes in France	International & Subsidiaries	Eliminations	Group
Net goodwill	6,824	59,863	-	66,687	6,426	43,932	-	50,358
Net intangible fixed assets	32,070	17,084	-	49,154	19,790	5,261	-	25,051
Net tangible fixed assets	22,251	5,443	-	27,694	17,897	5,053	-	22,950
Non-current non-segment assets				33,030				29,004
NON-CURRENT ASSETS				176,566				127,363
Net inventories	1,918	276	-	2,194	6,139	295	-	6,434
Net trade accounts receivable	409,097	43,749	(5,804)	447,042	430,546	39,565	(3,932)	466,179
Other current assets	22,944	5,392	(509)	27,827	33,837	2,845	(409)	36,273
Prepaid expenses	99,972	5,712	(73)	105,611	100,706	6,199	(49)	106,856
Current non-segment assets				107,966				72,414
CURRENT ASSETS				690,639				688,157
TOTAL ASSETS				867,205				815,520
• of which segment assets	595,076	137,519	(6,386)	726,209	615,341	103,152	(4,390)	714,102
• of which non-segment assets				140,996				101,418
SHAREHOLDERS' EQUITY				(2,154,188)				(2,213,112)
Non-controlling interests				-				-
Personnel benefits – non-current	47,203	232	-	47,435	41,544	148	-	41,692
Provisions – non-current	6,813	-	-	6,813	3,629	-	-	3,629
Other non-current liabilities	-	-	-	-	-	-	-	-
Non-current segment liabilities				1,963,494				1,980,102
NON-CURRENT LIABILITIES				2,017,742				2,025,423
Provisions – current	663	622	-	1,285	78	683	-	761
Trade accounts payable	83,374	24,428	(5,804)	101,998	93,033	13,696	(4,373)	102,356
Personnel benefits – current	113,056	6,205	-	119,261	115,581	5,661	-	121,242
Other current liabilities	88,445	6,872	(509)	94,808	91,427	5,261	(409)	96,279
Deferred income	627,218	14,956	(73)	642,101	642,415	17,624	(49)	659,990
Current non-segment liabilities				44,199				22,581
CURRENT LIABILITIES				1,003,651				1,003,209
TOTAL LIABILITIES				867,205				815,520
• of which segment liabilities	966,772	53,315	(6,386)	1,013,701	987,707	43,073	(4,831)	1,025,949
• of which non-segment liabilities				(146,496)				(210,429)

4.2 BY GEOGRAPHIC REGION

<i>(amounts in thousands of euros)</i>	As at 31 December 2010	As at 31 December 2009
Revenues	1,125,214	1,163,901
• France	1,084,868	1,122,490
• Others	40,346	41,411
Assets	867,205	815,520
• France	666,596	669,405
• Others	59,613	44,699
• Unallocated	140,996	101,416

Note 5 Change in the scope of consolidation

The main operations during the 2010 and 2009 financial years were as follows:

2010

On 17 February 2010, PagesJaunes Groupe exercised the purchase option granted under the terms of the partnership agreement and raised its interest in Horyzon Média from 95.83% to 100% at a price of 0.5 million euros. This has been stated in current liabilities.

On 12 March 2010, PagesJaunes Groupe acquired 100% of the shares and voting rights of 123people Internetservices GmbH, the global leader in real-time people search on the Internet. This strategic operation enables PagesJaunes Groupe to strengthen its leadership on the Internet by joining forces with 123people, a benchmark brand with an audience of over 40 million unique visitors in 11 countries and proven know-how in natural listing and meta-search on the web.

On 4 May 2010, PagesJaunes Groupe acquired 100% of the shares and voting rights of Keltravo, a major provider of online quotations in the household jobs sector. As a major operator in lead generation, Keltravo will allow the development of audiences in the household jobs

sectors, the enrichment of content and the integration of a quotation request service on pagesjaunes.fr as well as the development of the ROI of PagesJaunes advertisers.

On 20 October 2010, PagesJaunes acquired 100% of the shares and voting rights of Aronet, which operates the embauche.com site and specialises in employment offers for businesses, recruitment firms and temporary employment agencies. This operation fits in with the policy of enriching the Group's Internetservices for businesses. On 31 December 2010, this entity was absorbed by PagesJaunes company as part of an internal restructuring which had no significant impact on the consolidated financial statements.

All the shares of the companies 123people, Keltravo and Aronet were acquired for a price of 21.0 million euros including 0.4 million euros of fees and expenses. The part acquired in cash amounted to 18.2 million euros.

Earn outs totalling an estimated 2.8 million euros may be paid in 2011, 2012 and 2013 if certain operational performance conditions are fulfilled. They have been stated in current and non-current liabilities.

The fair values of the identifiable assets and liabilities are as follows:

<i>(amounts in thousands of euros)</i>	123people + Keltravo + Aronet
Non-current assets	4,732
Current assets	1,770
Cash and cash equivalents	1,005
TOTAL ASSETS	7,507
Non-current liabilities	(1,385)
Current liabilities	(1,882)
TOTAL LIABILITIES	(3,267)
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	4,240
Non-controlling interest measured at fair value	-
Goodwill arising on acquisition	16,370
PURCHASE CONSIDERATION TRANSFERRED	20,610

These operations gave rise to the recognition of goodwill totalling 16.4 million euros. This goodwill, which is not deductible for tax purposes, represents expected synergies and the know-how developed by these two companies.

The 123people brand has been valued in accordance with the royalty saving methodology, i.e. the current value of the royalties which would have been paid to a third party for the use of the brand if the Group had not owned it. The standard royalty rate applied, based on comparison with other companies in the sector, was 5%, resulting in a valuation of 4.5 million euros. It is an asset with an indeterminate service life.

Since their acquisition date, these three entities have contributed 8.7 million euros to consolidated revenues (8.8 million euros to the revenues of the "International & Subsidiaries" segment) and 1.1 million euros to the gross operating margin.

If these three entities had been acquired on 1 January 2010, the consolidated revenues would have been 1127.0 million euros and the consolidated gross operating margin would have been 517.3 million euros.

2009

On 20 October 2009, PagesJaunes Groupe sold 100% of the shares of Edicom. This Moroccan subsidiary had contributed 1.6 million euros in revenues to the 2009 consolidated financial statements, -0.1 million euros to the GOM and -0.2 million euros to the net income.

On 18 February 2009, PagesJaunes Groupe acquired 34% of the shares of PagesJaunes Petites Annonces from M6, for 6.0 million euros. After this transaction, PagesJaunes Groupe held 100% of this subsidiary's shares and voting rights. It gave rise to the recognition of goodwill amounting to 6.4 million euros.

On 21 July 2009, the companies PagesJaunes and PagesJaunes Petites Annonces merged with retroactive effect from 1 January 2009. This internal restructuring had no significant impact on the consolidated financial statements.

Following the departure of one of the directors of Horyzon Média, PagesJaunes Groupe exercised the call option granted in the partnership agreement and raised its interest in this subsidiary from 66% to 95.83% for a price of 1.4 million euros on 15 January 2009.

Note 6 Revenues

<i>(amounts in thousands of euros)</i>	31 December 2010	31 December 2009
PAGESJAUNES IN FRANCE		
Printed directories	523,606	577,824
Pagesjaunes.fr, annoncesjaunes.fr and websites	479,513	460,968
Telephone directory enquiry services	35,966	39,711
Other activities including Minitel	12,552	18,767
TOTAL PAGESJAUNES IN FRANCE SEGMENT	1,051,637	1,097,270
INTERNATIONAL & SUBSIDIARIES		
BtoC directories	44,183	41,412
Internet advertising representation	14,563	9,372
Direct marketing and geographic services	29,009	24,996
TOTAL INTERNATIONAL & SUBSIDIARIES SEGMENT	87,754	75,780
Inter-segment	(14,177)	(9,149)
TOTAL	1,125,214	1,163,901

Note 7 Personnel expenses

<i>(amounts in thousands of euros, except staff count)</i>	31 December 2010	31 December 2009
Average staff count (full-time equivalent)	4,253	4,502
SALARIES AND CHARGES	(338,258)	(332,233)
of which:		
• wages and salaries	(236,988)	(234,843)
• social charges	(92,049)	(88,643)
• taxes on salaries and similar items	(9,221)	(8,747)
SHARE-BASED PAYMENT ⁽¹⁾	(2,452)	(1,579)
of which:		
• stock options and free shares	(2,141)	(1,474)
• social charges on grants of stock options	(311)	(105)
EMPLOYEE PROFIT-SHARING ⁽²⁾	(14,712)	(15,274)
TOTAL PERSONNEL EXPENSES	(355,421)	(349,086)

(1) Cf. note 26.

(2) Including social contribution.

Note 8 Result of asset disposals

This section includes the result from current sales of intangible, tangible and financial assets. In 2009, it included in particular a capital loss of 0.5 million euros on the sale of the Edicom subsidiary.

Note 9 Financial result

The financial result is made up as follows:

<i>(amounts in thousands of euros)</i>	31 December 2010	31 December 2009
Interest and similar items on financial assets	58	54
Result of financial asset disposals	558	1,148
Change in fair value of hedging instruments	1,263	7,445
Dividends received	100	151
FINANCIAL INCOME	1,979	8,798
Interest on financial liabilities	(49,031)	(52,339)
Income / (expenses) on hedging instruments	(40,257)	(28,383)
Change in fair value of hedging instruments	(574)	(14)
Amortisation of loan issue expenses	(6,808)	(6,579)
Other financial expenses & fees	(341)	(399)
Accretion cost ⁽¹⁾	(2,556)	(2,942)
FINANCIAL EXPENSES	(99,567)	(90,656)
GAIN (LOSS) ON EXCHANGE	30	-
FINANCIAL RESULT	(97,558)	(81,858)

(1) The accretion cost corresponds to the increase, during the financial year, of the current value of pension commitments (cf. note 25), the liability in respect of hedging instruments (cf. note 17) and the liability in respect of minority interest acquisition commitments (cf. note 5).

Note 10 Corporation tax

10.1 GROUP TAX ANALYSIS

The corporation tax for the year results from the application of the effective tax rate at the end of the financial year to the pretax income.

The reconciliation of the theoretical tax, calculated on the basis of the statutory tax rate in France, and the effective tax is as follows:

<i>(amounts in thousands of euros)</i>	As at 31 December 2010	As at 31 December 2009
PRETAX NET INCOME FROM CONTINUING BUSINESSES	384,165	405,104
Statutory tax rate	34.43%	34.43%
THEORETICAL TAX	(132,281)	(139,491)
Loss-making companies not integrated for tax purposes	(384)	440
Loan and current account depreciation QDQ Media	896	(551)
Share-based payment	(729)	(507)
Foreign subsidiaries	451	127
Recognition of previously unrecognised tax losses	-	9,401
Corporate value added contribution	(7,365)	(1,355)
Other non-taxable income	173	463
EFFECTIVE TAX	(139,239)	(131,472)
<i>of which current tax</i>	<i>(139,617)</i>	<i>(127,799)</i>
<i>of which deferred tax</i>	<i>378</i>	<i>(3,673)</i>
EFFECTIVE TAX RATE	36.24%	32.45%

10.2 TAXES IN THE BALANCE SHEET

The net balance sheet position is detailed as follows:

<i>(amounts in thousands of euros)</i>	As at 31 December 2010	As at 31 December 2009
Retirement benefits	13,537	11,901
Employee profit-sharing	4,783	5,047
Non-deductible provisions	4,726	3,325
Hedging instruments	24,806	22,160
Other differences	914	639
SUBTOTAL DEFERRED TAX ASSETS	48,766	43,072
Corporate value added contribution	(309)	(1,355)
Loan issue costs	(9,934)	(11,649)
Brand 123people	(1,132)	-
Depreciations accounted for tax purposes	(6,955)	(1,938)
SUBTOTAL DEFERRED TAX LIABILITIES	(18,330)	(14,942)
TOTAL NET DEFERRED TAX ASSETS / (LIABILITIES)	30,436	28,130
<i>Deferred tax assets</i>	<i>31,572</i>	<i>28,130</i>
<i>Deferred tax liabilities</i>	<i>(1,136)</i>	<i>-</i>

The Regional Economic Contribution (CET) was introduced in 2010 under the Finance Act. Since the corporate value added contribution (CVAE) component of this contribution was based on the added value, the Group opted in 2009 to enter it in the 2010 accounts under income tax. In accordance with IAS 12, contributions qualified as income tax lead to the recognition of deferred tax in the income statement in

respect of all timing differences in all the assets and liabilities in the balance sheet. A deferred tax liability of 1.4 million euros was therefore recognised in the consolidated financial statements as at 31 December 2009. As at 31 December 2010, this deferred tax liability amounted to 0.3 million euros.

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No deferred tax asset relating to loss carryforwards of QDQ Media was recognised in the balance sheet, as this company recorded a net loss in 2010. The amount of deferred tax not recognised is estimated at 62.2 million euros as at 31 December 2010.

PagesJaunes Groupe has opted for the tax integration system provided for in Articles 223 A *et seq.* of the French General Tax Code. The aim of using this option is to create a fiscally integrated group comprising PagesJaunes Groupe and all its French subsidiaries fulfilling the necessary conditions to become members. This option took effect on 1 January 2005 for a period of five financial years.

The deferred tax assets in the balance sheet rose from 28.1 million euros as at 31 December 2009 to 31.6 million euros as at 31 December 2010.

In the balance sheet as at 31 December 2010, corporation tax represents a receivable of 2.0 million euros and a liability of 0.5 million euros. As at 31 December 2009, corporation tax represented a receivable of 5.4 million euros and a liability of 0.2 million euros. The tax disbursed during the 2010 financial year was 136.0 million euros as against 148.0 million euros in 2009.

Note 11 Earnings per share

In 2010, net income amounted to 244.9 million euros. The average number of ordinary shares in circulation was 280.5 million euros, after deduction of own shares. The net earnings per share for the consolidated group therefore amounted to 0.87 euros, or 0.85 euros taking into account the potentially dilutive effect of the average of 6.9 million euros stock options in 2010.

In 2009, net income amounted to 273.6 million euros. The average number of ordinary shares in circulation was 280.5 million, after deduction of own shares. The net earnings per share for the consolidated group therefore amounted to 0.98 euros, or 0.96 euros taking into account the potentially dilutive effect of the average of 5.9 million euros stock options in 2009.

Note 12 Goodwill in respect of consolidated companies

Net goodwill on fully consolidated companies can be analysed as follows:

<i>(amounts in thousands of euros)</i>	31 December 2010			31 December 2009
	Impairment	Other movements	Balance at end of year	Balance at end of year
QDQ Media	-	-	-	-
Mappy	-	-	7,400	7,400
PagesJaunes Marketing Services	-	-	13,278	13,278
Euro Directory	-	-	12,109	12,109
PagesJaunes ⁽³⁾	-	398	6,824	6,426
Horizon Média	-	(41)	11,104	11,145
123people ⁽¹⁾	-	10,613	10,613	-
Keltravo ⁽²⁾	-	5,359	5,359	-
TOTAL	-	16,329	66,687	50,358

(1) 123people shares acquired on 12 March 2010 (cf. note 5).

(2) Keltravo shares acquired on 4 May 2010 (cf. note 5).

(3) Aronet shares acquired on 20 October 2010 (cf. note 5).

Goodwill values were examined in the context of the closing of consolidated financial statements according to the method described in note 3.8 – Accounting policies, on the basis of business plans, a perpetual growth rate of between 1.2% and 3.5% and an after-tax discount rate of between 9.0% and 15.0% depending on the cash-generating units. These rates are based on published sector studies.

As at 31 December 2010, the impairment tests on these intangible assets showed no material sensitivity to rate variations.

The assumptions made in determining the recoverable values are similar for all cash-generating units. They may be based on market data, the penetration rates of the various media or the products on the market, revenues (number of advertisers, average revenue per advertiser) or levels of gross operating margin. The values assigned to each of these parameters reflect past experience, subject to anticipated developments during the life of the plan.

No impairment was recorded in 2010 and 2009.

Note 13 Other intangible fixed assets

<i>(amounts in thousands of euros)</i>	31 December 2010			31 December 2009		
	Gross value	Accumulated amortisation	Net value	Gross value	Accumulated amortisation	Net value
Software and support applications	102,380	(62,027)	40,352	72,868	(51,637)	21,231
<i>L'Annuaire concession</i>	11,000	(11,000)	-	11,000	(11,000)	-
Other intangible fixed assets	10,060	(1,259)	8,802	4,861	(1,041)	3,820
TOTAL	123,440	(74,286)	49,154	88,729	(63,678)	25,051

No significant impairment was recorded as at 31 December 2010 and 2009.

Movements in the net value of other intangible fixed assets are analysed as follows:

<i>(amounts in thousands of euros)</i>	31 December 2010	31 December 2009
BALANCE AT START OF YEAR	25,051	21,158
Acquisitions	12,543	4,706
Internally generated assets ⁽¹⁾	17,725	11,897
Effect of changes in the scope of consolidation ⁽²⁾	4,557	(75)
Reclassifications	-	-
Disposals	(202)	(18)
Amortisation charge	(10,520)	(12,617)
BALANCE AT END OF YEAR	49,154	25,051

⁽¹⁾ Concerns all capitalised development expenses.

⁽²⁾ In 2010, concerns the acquisitions of Keltravo and 123people.

The increase in investments made by the Group is linked to the launch of new products and services for customers and the enrichment of the functionalities of the Group's fixed and mobile Internet sites. Part of these investments were carried out by internal teams.

Note 14 Tangible fixed assets

<i>(amounts in thousands of euros)</i>	31 December 2010			31 December 2009		
	Gross value	Accumulated depreciation	Net value	Gross value	Accumulated depreciation	Net value
Land and buildings	1,509	(247)	1,262	1,509	(226)	1,283
IT and terminals	49,714	(37,415)	12,299	43,011	(33,164)	9,847
Other items	37,571	(23,438)	14,133	32,601	(20,781)	11,820
TOTAL	88,794	(61,100)	27,694	77,121	(54,171)	22,950

No significant impairment was recorded as at 31 December 2010 and 2009.

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Movements in the net value of tangible fixed assets are analysed as follows:

<i>(amounts in thousands of euros)</i>	31 December 2010	31 December 2009
BALANCE AT START OF YEAR	22,950	19,987
Acquisitions of tangible fixed assets	12,477	10,302
Effect of changes in the scope of consolidation ⁽¹⁾	150	(106)
Disposals and discards	(39)	(287)
Depreciation charge	(7,844)	(6,946)
BALANCE AT END OF YEAR	27,694	22,950

(1) In 2010, concerns the acquisitions of Keltravo and 123 people.

Note 15 Other available-for-sale assets

This section includes investment securities classified as available-for-sale assets within the meaning of standard IAS 39.

Note 16 Other non-current financial assets

Other financial assets essentially comprise the long-term portion of security deposits.

Note 17 Derivative financial instruments

PagesJaunes Groupe uses derivative financial instruments to manage the interest rate risk associated with the variable rate bank debt granted to the Company in 2006. PagesJaunes Groupe has implemented the procedures and documentation necessary to justify hedge accounting within the meaning of IAS 39.

DESCRIPTION OF DERIVATIVE FINANCIAL INSTRUMENTS

PagesJaunes Groupe has concluded the following agreements with several financial institutions:

- In 2006,
 - an interest rate swap contract for a nominal amount of 380 million euros, commencing on 13 December 2006 and ending on 13 December 2011. In this operation, PagesJaunes Groupe receives the variable rate, i.e. three-month Euribor, and pays the fixed rate, i.e. 3.7830%;
 - two collars, made up of a synthetic combination of cap purchases and floor sales for a total nominal amount of 1,140 million euros, commencing on 13 December 2006 and ending on 13 December 2011. The tunnels formed by these collars provide for a minimum interest rate of 3.0% and a maximum interest rate of 4.0%. The annual premiums on these collars, payable in arrears, amount to 1.9 million euros.
- In 2009,
 - extension of the above hedge by two swap contracts for a total nominal amount of 200 million euros, commencing on 13 September 2009 and ending on 13 December 2011, and for which PagesJaunes Groupe receives the variable rate, i.e. three-month Euribor, and pays the fixed rate of 1.99%;
 - extension of the above hedge by two swap contracts for a total nominal amount of 900 million euros, commencing on 13 December 2011 and ending on 24 November 2013, and for which PagesJaunes Groupe

receives the variable rate, i.e. three-month Euribor, and pays the fixed rate of 3.79%.

These operations provide a cash flow hedge relating to the variable rate debt granted to PagesJaunes Groupe in November 2006 (cf. note 27). Prospective effectiveness tests performed by PagesJaunes Groupe on the inception of these operations and retrospective tests carried out on 31 December 2010 and 2009 showed that these financial instruments offered a totally effective cash flow hedge in relation to this bank debt.

Following the Group's decision temporarily to index its bank debt to one-month Euribor, as it is permitted to do by the credit agreement, in order to reduce the overall cost of its debt, an interest rate swap contract was concluded on 3 December 2010. The nominal amount of the swap is 1,720 million euros, running from 13 December 2010 to 14 March 2011. In this operation, PagesJaunes Groupe receives the one-month Euribor variable rate and pays the three-month Euribor variable rate less 19 basis points. This contract enables hedging against the one-month Euribor interest rate risk. This instrument has not been considered eligible for hedge accounting within the meaning of standard IAS 39.

ACCOUNTING AND ASSETS/LIABILITIES RELATING TO THESE DERIVATIVE FINANCIAL INSTRUMENTS

The initial fair value of the collars was stated in the consolidated assets on the conclusion of the transaction in December 2006, in an amount of 8.3 million euros, the opposite entry being «Liability in respect of hedging instruments» (cf. note 27) in an amount of 8.3 million euros, corresponding to the discounted premium payable in five annual instalments. As at 31 December 2010, this debt amounted to 1.9 million euros (3.7 million euros at 31 December 2009).

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The value of these derivative financial instruments is made up as follows:

<i>(amounts in thousands of euros)</i>	31 December 2010	31 December 2009
Interest rate swaps – cash flow hedge	(42,700)	(26,301)
Interest rate swap – fair value hedge	(574)	(14)
Collars – cash flow hedge	(20,668)	(29,944)
• of which intrinsic value	(19,730)	(27,757)
• of which time value	(938)	(2,187)
ASSET / (LIABILITY)	(63,942)	(56,259)

The change in the fair value of derivative financial instruments (qualified as cash flow hedges) between 31 December 2009 and 31 December 2010, i.e. a decrease of 16.4 million euros for the interest rate swap and an increase of 8.0 million euros for the intrinsic value of the collars, was stated as recyclable equity, after recognition of a deferred tax asset of 2.9 million euros.

The change in the time value of the collars and the change in the value of the interest rate swap qualified as fair value hedging were stated in financial income (cf. note 9) in an amount of 1.3 million euros for the collars and in financial expenses in an amount of 0.6 million euros for the swap. Deferred tax of 0.2 million euros was recorded in this respect.

No ineffectiveness was recorded with regard to cash flow hedges.

Note 18 Net inventories

Inventories consist mainly of paper for the production of the printed directories and current service requirements for the production of small ads (printed and online) and websites.

Where necessary, they have been written down when commercial prospects could entail a risk of a drop in value to below that stated in the balance sheet.

No significant discards were recorded during the 2010 and 2009 financial years.

Note 19 Trade debtors

The breakdown into the gross value and impairment of trade debtors is as follows:

<i>(amounts in thousands of euros)</i>	31 December 2010	31 December 2009
Gross trade debtors	472,770	489,050
Provisions for impairment ⁽¹⁾	(21,071)	(17,649)
NET RECEIVABLES BEFORE STATISTICAL IMPAIRMENT	451,699	471,401
Provisions for statistical impairment ⁽¹⁾	(4,657)	(5,222)
NET TRADE DEBTORS	447,042	466,179

(1) Cf. note 22 – Changes in provisions for impairment of assets.

As at 31 December, trade debtors were due as follows:

<i>(amounts in thousands of euros)</i>	Total ⁽¹⁾	Not due and not impaired ⁽¹⁾	Due and not impaired ⁽¹⁾					> 360 days
			< 30 days	between 31 and 60 days	between 61 and 90 days	between 91 and 180 days	between 181 and 360 days	
2010	451,699	398,594	15,373	5,431	9,666	9,465	8,176	4,994
2009	471,401	417,427	13,472	7,678	9,709	8,708	8,713	5,694

(1) Excluding statistical impairment provisions totalling 4,657 thousand euros as at 31 December 2010 and 5,222 thousand euros as at 31 December 2009.

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The Group's portfolio of trade debtors does not present a significant risk of concentration (over 700,000 advertisers, including 660,000 in France). In France, PagesJaunes' 20 largest advertisers represent 1.4% of these revenues (1.3% in 2009) and advertisers in the 10 largest business sectors represent 14.0% of the revenues of PagesJaunes in

France (14.9% in 2009). In France, provisions for bad debts remain at a very low level, with net provisions amounting to 0.42% of revenues in 2010 compared to 0.52% in 2009.

Note 20 Other current assets

The other current assets are made up as follows

<i>(amounts in thousands of euros)</i>	31 December 2010	31 December 2009
VAT receivable	17,148	16,586
Sundry accounts receivable	17	225
Advances and down payments to suppliers	3,347	6,292
Other current assets ⁽¹⁾	7,315	13,170
TOTAL	27,827	36,273

(1) Including, as at 31 December 2009, 5.3 million euros due from ECM (Edition et Communication Méditerranée) relating to the Edicom sale and paid at the beginning of 2010.

Note 21 Prepaid expenses

Prepaid expenses mainly comprise costs, including remuneration due, on the sale of advertisements invoiced for inclusion in directories yet to be published and online directories spread over a display period which is usually 12 months.

Note 22 Changes in provisions for asset impairment

<i>(amounts in thousands of euros)</i>	Balance at beginning of period	Allocations/reversals (net)	Other movements ⁽¹⁾	Balance at end of period
2009				
Trade debtors	19,461	4,381	(971)	22,871
Other assets	381	(293)	(29)	59
2010				
Trade debtors	22,871	2,540	317	25,728
Other assets	59	(59)	-	-

(1) Including additions of Keltravo (315 thousand euros) in May 2010 and 123 people in March 2010 and departure of Edicom in October 2009 for (967 thousand euros).

Receivables in respect of directories yet to be published are covered by a provision depending on the statistical rate observed empirically over the last five years of publication.

Note 23 Shareholders' equity

23.1 SHARE CAPITAL

As at 31 December 2009 and 2010, the share capital of PagesJaunes Groupe amounted to 56.2 million euros and was divided into 280,984,754 ordinary shares of a par value of 0.20 euros each. This capital is entirely paid up.

Médiannuaire SAS held 54.68% of the capital of PagesJaunes Groupe as at 31 December 2009 and 2010.

23.2 OTHER RESERVES AND OTHER ELEMENTS OF COMPREHENSIVE INCOME

The other consolidated reserves and other elements of comprehensive income were negative in an amount of 2,550.0 million euros as at 31 December 2010 (2,637.8 million euros as at 31 December 2009) and were mainly composed of:

- the portion of distributions in excess of the income for the year, mainly relating to exceptional distributions made in November 2006 for an amount of 2,519.7 million euros;
- the loss of fair value of derivative financial instruments between their conclusion date and 31 December 2010 in a pretax amount of 62.4 million euros (54.1 million euros as at 31 December 2009) and a corresponding tax of 21.5 million euros (18.6 million euros as at 31 December 2009);
- the cross-entry for the share-based payment expense corresponding to the portion settled in equity instruments in an amount of 58.4 million euros (56.2 million euros as at 31 December 2009), cf. note 26.

The recycling of reserves relative to the financial instruments, generated in the implementation of hedge accounting within the meaning of

IAS 39, is forecast to be between 1 and 3 years (cf. note 17, maturity of these instruments).

23.3 OWN SHARES

A liquidity contract was entered into in 2008 with an investment services provider. It is renewable annually. The funds allocated to this contract amounted to 8.0 million euros.

Under this contract, as at 31 December 2010, the company held 619,061 of its own shares, stated as a deduction from equity and 4.0 million euros of liquidities classified as cash and cash equivalents.

At 31 December 2009, the company held 534,178 of its own shares and 4.4 million euros in liquidities under contract.

PagesJaunes Groupe has not repurchased any of its own shares outside of the liquidity contract.

23.4 DIVIDENDS

The dividend proposed to the 2011 General Meeting of Shareholders will be 0.58 euros per share, which represents a total estimated amount of 163.0 million euros excluding the future deduction of treasury shares. No liability was recognised in this regard as at 31 December 2010.

The dividend paid on 24 June 2010 amounted to 182.4 million euros, i.e. 0.65 euros per share.

In 2009, the dividend paid on 23 June amounted to 269.5 million euros, i.e. 0.96 euros per share.

Note 24 Trade creditors

Amounts owed to suppliers bear no interest and are payable in principle between 30 and 60 days.

Note 25 Personnel benefits, provisions and other liabilities

These are made up as follows:

<i>(amounts in thousands of euros)</i>	31 December 2010	31 December 2009
Post-employment benefits	39,327	34,587
Other long-term benefits	8,108	7,105
NON-CURRENT PERSONNEL BENEFITS ⁽¹⁾	47,435	41,692
Other provisions for risks	6,597	1,561
Provisions for social or fiscal disputes	216	2,068
NON-CURRENT PROVISIONS	6,813	3,629

(1) Cf. details in the following note. Non-current personnel benefits concern the French companies.

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<i>(amounts in thousands of euros)</i>	31 December 2010	31 December 2009
Personnel ⁽¹⁾	78,373	80,955
Social organisations	40,888	40,287
TOTAL CURRENT PERSONNEL BENEFITS	119,261	121,242
VAT payable	86,205	87,475
Sundry accounts payable	7,633	7,542
Other current liabilities	970	1,262
OTHER CURRENT LIABILITIES	94,808	96,279

(1) Comprising mainly employee profit-sharing and provisions for personnel expenses.

Movements in provisions were as follows:

<i>(in thousands of euros)</i>	Opening balance	Charge for the year	Reversal of the year (unused)	Reversal of the year (utilised)	Changes in the scope of consolidation, reclassifi- cations and others	Closing balance
Provisions for social and fiscal litigations	2,669	4,063	(305)	(366)	1,344	7,405
Other provision for risks	1,721	453	(160)	-	(1,321)	693
TOTAL PROVISIONS	4,390	4,516	(465)	(366)	23	8,098
• of which non current	3,629	3,536	(6)	(100)	(246)	6,813
• of which current	761	980	(459)	(266)	269	1,285

Pension commitments and other personnel benefits

<i>(in thousands of euros)</i>	Post- employ- ment benefits	Other long-term benefits	Total 31 December 2010	Total 31 December 2009
CHANGE IN VALUE OF COMMITMENTS				
TOTAL VALUE OF COMMITMENTS AT START OF PERIOD	50,561	7,105	57,667	51,061
Cost of services rendered	3,480	569	4,049	3,460
Discounting cost	2,257	312	2,569	2,644
Contributions paid by employees	-	-	-	-
Amendments to scheme	-	-	-	-
Reductions/liquidations	(616)	(62)	(678)	(1,287)
Actuarial (gains) or losses	2,586	483	3,070	4,031
Benefits paid	(1,945)	(300)	(2,245)	(2,243)
Acquisitions	-	-	-	-
Assignments/transfers of activity	-	-	-	-
Changes in scope	-	-	-	-
Others: (translation differences)	-	-	-	-
TOTAL VALUE OF COMMITMENTS AT END OF PERIOD (A)	56,323	8,108	64,432	57,667
<i>Commitments at end of period relating to fully or partly financed schemes</i>	<i>55,060</i>	<i>-</i>	<i>55,060</i>	<i>49,456</i>
<i>Commitments at end of period relating to non-financed schemes</i>	<i>1,264</i>	<i>8,108</i>	<i>9,372</i>	<i>8,211</i>
CHANGE IN COVER ASSETS				
FAIR VALUE OF COVER ASSETS AT START OF PERIOD	577	-	577	2,034
Financial income from cover assets	12	-	12	27
Gains/losses on cover assets	-	-	-	-
Contributions paid by the employer	-	-	-	500
Contributions paid by the employees	-	-	-	-
Reductions/liquidations	-	-	-	-
Benefits paid by the fund	(564)	-	(564)	(1,984)
Change in scope	-	-	-	-
Others (translation differences)	-	-	-	-
FAIR VALUE OF COVER ASSETS AT END OF PERIOD (B)	25	-	25	577
FINANCIAL COVER				
Situation of the scheme (A) – (B)	56,298	8,108	64,406	57,089
Unrecognised actuarial gains or (losses)	(16,972)	-	(16,972)	(15,397)
Unrecognised cost of past services	-	-	-	-
Adjustment linked to upper limit of assets	-	-	-	-
PROVISION / (ASSETS) AT END OF PERIOD	39,326	8,108	47,435	41,692
• <i>of which provision / (asset) short term</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
• <i>of which provision / (asset) long term</i>	<i>39,326</i>	<i>8,108</i>	<i>47,435</i>	<i>41,692</i>

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<i>(in thousands of euros)</i>	Post- employ- ment benefits	Other long-term benefits	Total 31 December 2010	Total 31 December 2009
PENSION CHARGE				
Cost of services rendered	3,480	569	4,049	3,460
Discounting costs	2,257	312	2,569	2,644
Expected return on scheme assets	(12)	-	(12)	(27)
Amortisation of actuarial (gains) or losses	822	483	1,305	895
Amortisation of cost of past services	-	-	-	-
Effect of reductions/liquidations	(425)	(62)	(488)	(888)
Assignments/transfers of activity	-	-	-	-
Adjustment linked to upper limit of assets	-	-	-	-
TOTAL PENSION CHARGE	6,121	1,303	7,424	6,084
MOVEMENTS IN THE PROVISION / (ASSET)				
PROVISION / (ASSETS) AT START OF PERIOD	34,586	7,105	41,692	36,368
Pension charge	6,121	1,303	7,424	6,084
Pension charge from divested businesses	-	-	-	-
Contributions paid by the employer	(1,381)	(300)	(1,681)	(759)
Benefits paid directly by the employer	-	-	-	-
Change of scope	-	-	-	-
Others (goodwill)	-	-	-	-
PROVISION / (ASSETS) AT END OF PERIOD	39,326	8,108	47,435	41,692
ASSUMPTIONS				
Discount rate <i>(in %)</i>	4.00%	4.00%	4.00%	4.75%
Expected long-term inflation rate <i>(in %)</i>	2.0%	2.00%	2.00%	2.5%
Expected long-term salary growth <i>(in %)</i>	dependent on employee category and age			
Expected yield on scheme assets <i>(in %)</i>	4.20%	-	-	-
Probable residual activity period	15.6	15.6	15.6	15.0
AMOUNT ENTERED AS A CHARGE IN RESPECT OF THE PERIOD	6,121	1,303	7,424	6,084

In 2010, the expense stated in respect of defined contribution pension plans amounted to 34.8 million euros.

The discount rate applied in valuing commitments as at 31 December 2010 is 4.00%, compared to 4.75% as at 31 December 2009. This decrease in the discount rate, aimed at reflecting the decrease in long-term interest rates in 2009, led to a rise in the amount of the commitment.

The IAS 19 standard sets the discount rate at the rate of bonds issued by first-class companies having a maturity date equal to that of the commitment. If the market for these bonds is not liquid, the rate is equal to the rate of the corresponding government bonds (OATs).

On the valuation date, in the eurozone, the rate for first-class private bonds (AA) was between 3.75% and 4.25% according to Bloomberg.

The discount rate actually adopted in this valuation was thus in accordance with the IAS 19 standard.

Sensitivity of the discount rate on post-employment benefits (IFC – *Indemnité fin de carrière*):

- a 0.50% increase in the discount rate leads to a decrease in the commitment of 7%, or around 3.6 million euros, while a decrease of 0.50% in the discount rate leads to an increase of 7%, i.e. around 3.9 million euros, in the liability.

Sensitivity of the discount rate on other long-term benefits (long-service awards):

- an increase of 0.50% in the discount rate leads to a decrease in the commitment of 5% (less than 1 million euros), while a decrease of 0.50% in the discount rate leads to an increase of 5% in the commitment (less than 1 million euros).

In the case of post-employment benefits and other long-term benefits as a whole, an increase or decrease of 0.5% in the discount rate leads respectively to a decrease or increase in the charge for the year of 0.5 million euros, i.e. 0.2% of the income for the period.

The discounted value of the obligation in respect of these commitments and the adjustments to the scheme linked to experience for the current year and or the four previous years are as follows:

<i>(in thousands of euros)</i>	2010	2009	2008	2007	2006
Total value of commitments at end of period	64,432	57,667	51,152	50,393	44,744
Fair value of cover assets at end of period	(25)	(577)	(2,034)	(1,542)	(1,287)
SITUATION OF THE SCHEME	64,406	57,089	49,118	48,851	43,457
Actuarial (gains) or losses relating to experience – liability	(2,655)	272	190	(1,581)	
Actuarial (gains) or losses relating to experience – cover asset	-	-	-	-	-

Note 26 Stock options and free shares

26.1 STOCK OPTIONS

26.1.1 Description of the plans

The Combined General Meeting of 11 June 2009 authorised the Board of Directors to introduce a stock option plan for the benefit of certain Group managers and employees, within the meaning of articles L.225-177 *et seq.* of the 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 stock options granted under this resolution must not represent more than 1.0% of the company's capital at the date of this General Meeting, i.e. 2,809,847 options.

In this context, PagesJaunes Groupe made three grants of stock options in 2009:

- the first on 23 July, for a total of 1,145,000 options at an exercise price of 6.71 euros;
- the second on 29 October, for a total of 87,000 options at an exercise price of 8.84 euros; and
- the third on 17 December, for a total of 75,000 options at an exercise price of 7.82 euros.

The programme continued in 2010 with two additional grants:

- the first on 27 July, totalling 1,336,000 options at an exercise price of 8.59 euros;
- the second on 16 December, totalling 166,000 options at an exercise price of 7.10 euros.

Under the authorisation given by the Extraordinary General Meeting on 12 April 2005, PagesJaunes Groupe had established two stock option plans:

the plan set up in June 2005, for a total of 3,796,800 options at an adjusted exercise price of 11.72 euros and having a life of 10 years.

The options were fully vested after three years, i.e. by 30 June 2008. As at 31 December 2010, 2,825,000 options remained in circulation; the plan set up in December 2007, for a total of 2,927,900 options at an exercise price of 14.46 euros and having a life of 10 years. The options were fully vested after three years, i.e. on 20 December 2010. There are no performance conditions. As at 31 December 2010, 2,483,484 options remained in circulation.

Whatever the plan, a four-year non-transferability period (restriction on sale) of the shares is required in accordance with tax regulations and must be applied to French tax residents.

26.1.2 Description of valuation models

PagesJaunes Groupe evaluated the fair value of the goods or services rendered during each of the periods, based on the fair value of the granted equity instruments.

The fair values of the options granted under the PagesJaunes Groupe plan in 2010 were calculated using a binomial model reflecting the anticipated exercise behaviour of the grantees with a hypothetical «exercise ceiling» expressed as a multiple of the exercise price and representing the value of the share for which it is expected that all options will be exercised. The ceiling used to calculate the above fair values is 2.0. The expected volatility was established on the basis of the historical volatility of the PagesJaunes Groupe share. Taking into account an annual initial rate before the opening of rights estimated at 5.0% and an expected dividend rate estimated at 6.0%, the fair values of the PagesJaunes Groupe options were valued as follows:

Grant date in 2010	27 July	16 December
Exercise price	€8.59	€7.10
Market price of the underlying stock	€9.23	€6.80
Expected volatility	36%	35%
Risk-free rate	3.28%	3.99%
Fair value of an option for French tax residents	€2.45	€1.63
Fair value of an option for non-French tax residents	€2.53	€1.67

The grant date applied for the valuation of the charge corresponds to the date of the Board meeting granting the options, the time allowed for informing the grantees having been deemed reasonable.

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26.1.3 Movements in stock option plans during the year

	Number of options 2010	Weighted average exercise price 2010	Number of options 2009	Weighted average exercise price 2009
OPTIONS CIRCULATING AT START OF PERIOD	6,870,922		5,807,878	
July 2010 plan	-	-	-	-
December 2010 plan	-	-	-	-
July 2009 plan	1,145,000	€6.71	-	-
October 2009 plan	87,000	€8.84	-	-
December 2009 plan	75,000	€7.82	-	-
December 2007 plan	2,626,600	€14.46	2,787,550	€14.46
June 2005 plan	2,937,322	€11.72	3,020,328	€11.72
OPTIONS GRANTED	1,502,000		1,307,000	
July 2010 plan	1,336,000	€8.59	-	-
December 2010 plan	166,000	€7.10	-	-
July 2009 plan	-	-	1,145,000	€6.71
October 2009 plan	-	-	87,000	€8.84
December 2009 plan	-	-	75,000	€7.82
December 2007 plan	-	-	-	-
June 2005 plan	-	-	-	-
OPTIONS EXERCISED	-	-	-	-
July 2010 plan	-	-	-	-
December 2010 plan	-	-	-	-
July 2009 plan	-	-	-	-
October 2009 plan	-	-	-	-
December 2009 plan	-	-	-	-
December 2007 plan	-	-	-	-
June 2005 plan	-	-	-	-
OPTIONS CANCELLED, LAPSED	(378,438)		(243,956)	
July 2010 plan	(17,000)	€8.59	-	-
December 2010 plan	-	-	-	-
July 2009 plan	(106,000)	€6.71	-	-
October 2009 plan	-	-	-	-
December 2009 plan	-	-	-	-
December 2007 plan	(143,116)	€14.46	(160,950)	€14.46
June 2005 plan	(112,322)	€11.72	(83,006)	€11.72
OPTIONS CIRCULATING AT END OF PERIOD	7,994,484		6,870,922	
July 2010 plan	1,319,000	€8.59	-	-
December 2010 plan	166,000	€7.10	-	-
July 2009 plan	1,039,000	€6.71	1,145,000	€6.71
October 2009 plan	87,000	€8.84	87,000	€8.84
December 2009 plan	75,000	€7.82	75,000	€7.82
December 2007 plan	2,483,484	€14.46	2,626,600	€14.46
June 2005 plan	2,825,000	€11.72	2,937,322	€11.72

As at 31 December 2010, the options in the June 2005 and December 2007 plans were exercisable. The average time remaining until the start of the exercise period is 19 months for the July 2009 plan, 22 months for the October 2009 plan, 24 months for the December 2009 plan, 31 months for the July 2010 plan and 36 months for the December 2010 plan.

26.2 FREE GRANT OF SHARES

No free grants of shares were made by PagesJaunes Groupe or any of its Subsidiaries in 2010 and 2009.

26.3 EXPENSE RELATING TO STOCK OPTION PLANS AND FREE GRANTS OF SHARES

The impact of the stock option plans on the 2010 income statement amounts to 2.5 million euros compared to 1.6 million euros in 2009. These amounts include social charges relating to the employer's 10% contribution based on the fair value of the options granted in 2010.

These plans are expected to be settled through equity instruments.

Note 27 Cash and cash equivalents, net financial debt

Net financial debt corresponds to the total gross financial debt less or plus derivative asset and liability cash flow hedging instruments and less cash and cash equivalents including mutual funds and investment securities.

<i>(amounts in thousands of euros)</i>	31 December 2010	31 December 2009
Accrued interest not yet due	3	4
Cash equivalents	103,025	63,000
Cash	2,949	4,036
GROSS CASH	105,977	67,040
Bank overdrafts	(2,476)	(5,596)
NET CASH	103,501	61,444
Bank loan	1,950,000	1,950,000
Loan issue expenses	(21,439)	(28,247)
Lease liability	159	375
Fair value of hedging instruments (cf. note 17)	63,942	56,259
Liability in respect of hedging instruments (cf. note 17)	1,866	3,684
Accrued interest not yet due	4,739	4,177
Liability in respect of minority buyout commitments	-	559
Earn outs on acquisition of securities	2,772	-
Other financial liabilities	1,552	10,080
GROSS FINANCIAL DEBT	2,003,591	1,996,887
<i>of which current</i>	<i>41,233</i>	<i>16,785</i>
<i>of which non-current</i>	<i>1,962,358</i>	<i>1,980,102</i>
NET DEBT	1,900,090	1,935,443

Cash and cash equivalents

As at 31 December 2010, cash equivalents amounted to 103.0 million euros and comprised two mutual funds, UCITS invested under the liquidity contract and non-blocked, remunerated, fixed-deposit accounts.

These are managed and therefore valued on the basis of their fair value.

Bank overdraft

The Group has an authorised overdraft of 30 million euros with a number of its banks.

Bank loan

PagesJaunes Groupe has bank financing facilities up to a maximum of 2,350 million euros, comprising a medium-term loan of 1,950 million euros and a revolving credit line of around 400 million euros. The revolving credit line is intended to finance the Group's cash flow requirements (working capital, investments or refinancing) in relation to its operational activities and is available in particular in the form of drawings, letters of credit or bilateral lines.

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This financing agreement notably includes default and compulsory prepayment clauses, as well as progressive financial covenants:

- the ratio of consolidated net debt to an aggregate close to the consolidated GOM must be less than or equal to 4.00 from 31 December 2010 to 30 September 2011 and 3.75 thereafter (GOM and consolidated net debt as defined in the agreement entered into with the financial institutions);
- the ratio of consolidated net interest expenses to an aggregate close to consolidated GOM must be greater than or equal to 3.75 from 30 September 2010 to 30 June 2011 and 4.00 thereafter (GOM and consolidated net debt as defined in the agreement entered into with the financial institutions).

As at 31 December 2010, these financial covenants were complied with and no non-current debt required reclassification as current debt.

It also includes a compulsory prepayment clause in the event of a change of control of the Company resulting from the acquisition of the shares of the Company.

The medium-term loan has a variable interest rate and matures in November 2013. It is repayable in full at maturity.

As at 31 December 2010, the reference rate was one-month Euribor plus a margin of 175 basis points.

The revolving credit line has the same maturity, with variable interest rates based on the Euribor or Libor reference rate plus a margin of 175

basis points as at 31 December 2010. This line was unutilised as at 31 December 2009 and 2010.

Liability in respect of minority buyout commitment

The liability in respect of minority buyout commitments corresponds to call options granted in the context of the acquisition of Horyzon Média securities and amounted to 0.6 million euros as at 31 December 2009, PagesJaunes Groupe exercised a call option granted under the partnership agreement and raised its holding in this subsidiary from 95.83% to 100% on 17 February 2010 for a price of 0.5 million euros. This liability was extinguished on 31 December 2010.

Earn outs on acquisition of securities

As part of the acquisitions completed in 2010, earn outs of an estimated total of 2.8 million euros may be paid in 2011, 2012 and 2013 if certain operating performance conditions are fulfilled.

Other financial liabilities

Other financial liabilities primarily comprise a debit current account with PagesJaunes Outre-mer, a wholly owned non-consolidated subsidiary of PagesJaunes Groupe.

Note 28 Deferred income

Deferred income mainly comprises income from sales of advertisements invoiced for inclusion in directories yet to be published and online directories spread over a display period which is usually 12 months.

Note 29 Financial instruments

29.1 FINANCIAL INSTRUMENTS IN THE BALANCE SHEET

Breakdown according to IAS 39

<i>(in thousands of euros)</i>	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)	Other
Available-for-sale assets	207	-	-	207	-	-	-
Other non-current financial assets	1,251	-	-	-	1,251	-	-
Net trade accounts receivable	447,042	-	-	-	447,042	-	-
Cash equivalents	103,025	103,025	-	-	-	-	-
Cash	2,952	2,952	-	-	-	-	-
FINANCIAL ASSETS	554,477	105,977	-	207	448,293	-	-
Non-current financial liabilities and derivatives	1,962,358	-	31,628	-	-	1,930,730	-
Bank overdrafts and other short-term borrowings	38,970	1,512	30,802	-	-	6,656	-
Accrued interest	4,739	-	-	-	-	4,739	-
Trade accounts payable	101,998	-	-	-	-	101,998	-
FINANCIAL LIABILITIES	2,108,065	1,512	62,430	-	-	2,044,123	-

Hedging derivatives stated at fair value in equity are detailed in note 17.

The Group has classified the valuations at fair value according to a hierarchy of fair values reflecting the importance of the data used to carry out the valuations. The hierarchy of fair values is made up of the following levels:

- level 1: prices (non-adjusted) listed on active markets with identical assets or liabilities;

level 2: data other than the listed prices referred to in Level 1, which are observable for the asset or liability concerned, either directly (i.e. prices) or indirectly (i.e. derivative price data);

- level 3: data relating to assets or liabilities not based on observable market data (non-observable data).

The valuation of hedging derivatives corresponds to level 2.

In the 2010 financial year, there were no transfers between levels 1 and 2 in the hierarchy of fair values, nor any transfers to or from level 3.

29.2 EFFECT OF FINANCIAL INSTRUMENTS ON INCOME

Breakdown according to IAS 39

<i>(in thousands of euros)</i>	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)	Financial liabilities (amortised cost)
Interest income	1,979	716	1,263	-	-	-	-
Interest expenses	(97,011)	-	(574)	-	-	(96,437)	-
Gain (loss) on foreign exchange	30	-	-	-	30	-	-
NET GAINS / (NET LOSSES)	(95,002)	716	689	-	30	(96,437)	-
Discounting cost	(2,556)						
NET FINANCIAL INCOME (CF. NOTE 9)	(97,558)						

Note 30 Financial risk management and capital Management policy objectives

The Group's objective is to optimise its financial structure, the principal assessment criterion being the financial leverage (ratio of net debt to gross operating margin), in order to reduce the cost of its capital while maintaining financial flexibility enabling the Group to meet its development plan.

The two main financial management objectives are as follows:

- PagesJaunes Groupe, and the consolidated PagesJaunes Groupe, are net borrowers and, in this context, the prime objective of PagesJaunes Groupe is to secure and thus limit the cost of its debt;
- since the PagesJaunes Groupe generates a substantial cash flow in line with the rate of the sales prospecting cycle and pays interest on its debt and dividends to shareholders according to a different timescale, the PagesJaunes Groupe produces cash surpluses and may find itself in a situation of temporary cash flow surplus. Since these surpluses are not long-lasting, the Group's objective is to invest them at the best possible interest rate with a very limited level of risk.

The Group also ensures that the commitments made in its banking documentation are respected, including certain default and prepayment clauses. These clauses are linked, in particular, to compliance with operational and financial covenants such as the minimum level of coverage of the net consolidated interest charge by an aggregate close to the consolidated gross operating margin (GOM) and the maximum leverage, measured by the relationship between the consolidated net debt and an aggregate close to the consolidated GOM.

The Group sets as its objective the maintenance of its financial leverage between 3 and 4 times GOM. As at 31 December 2010, this leverage stood at 3.6 times GOM (3.6 times as at 31 December 2009), a level

that is lower than the maximum of 4.00 times specified in the bank documentation (4.40 times as at 31 December 2009).

In view of its financial structure, the Group is exposed to interest rate risk, liquidity risk and credit risk.

EXCHANGE RATE RISK

PagesJaunes Groupe considers that the exchange rate risk is not significant as far as its activity is concerned, insofar as it is exercised mainly in the eurozone.

INTEREST RATE RISK

PagesJaunes Groupe is exposed to the risk of interest rate fluctuations insofar as all of its short and long term financing is at a variable rate. The Group manages this risk through recourse to derivative instruments, mainly interest rate swaps and collars.

The main features of the Group's banking debt are stated in note 27 (Cash and cash equivalents, net financial debt) and the features of the Group's instruments used for hedging against interest rate fluctuations can be found in note 17 (Derivative financial instruments – non-current assets).

PagesJaunes Groupe estimates that an increase of 0.50% in short term interest rates compared to the three-month Euribor rate at 31 December 2010, i.e. 1.029%, would lead to a decrease in the consolidated pretax annual income of 0.9 million euros.

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Sensitivity analysis of an increase of 50 basis points of Euribor 3 months (before tax)

<i>(in millions of euros)</i>	Cash equivalents	Bank loan and overdrafts	Net derivative financial instruments		Total
			Cash flow hedge	Fair value	
Carrying amount in balance sheet	106.0	(1,954.0)	-	(65.8)	
Sensitivity in profit and loss	0.5	(9.8)	8.6	(0.3)	(0.9)
Sensitivity in equity	-	-	-	19.1	19.1

LIQUIDITY RISK

The PagesJaunes Groupe has established a centralised cash management system with cash pooling including all its French subsidiaries and organised around a PagesJaunes Groupe pivot. This method of managing liquidities associated with an internal reporting system enables the Group to anticipate and estimate future cash flows linked to the operational activities of its various subsidiaries and thus

to optimise drawings on its credit lines when cash is required, and investments in the case of cash surpluses.

Based on the maturity dates of financial liabilities as at 31 December 2010, forecast disbursements for future periods, calculated on the basis of the forward rate curve at 31 December 2010, are as follows:

Maturity table for financial liabilities – sensitivity to liquidity risk

<i>(in millions of euros)</i>	Carrying amount in balance sheet		2011		2012	2013	
	Assets	Liabilities	Variable interest	Reimbur- sement	Variable interest	Variable interest	Reimbur- sement
FINANCIAL LIABILITIES							
Bank loan	-	(1,950.0)	(56.9)	-	(74.0)	(87.8)	(1,950.0)
Revolving credit line	-	-	-	-	-	-	-
Bank overdrafts	-	(2.5)	-	(2.5)	-	-	-
Accrued interest not yet due	-	(4.7)	(4.7)	-	-	-	-
Liability on committed purchase of minority interests	-	(2.8)	-	(0.8)	(2.0)	-	-
Other financial liabilities	-	(1.6)	-	(1.6)	-	-	-
INTEREST RATE RISK HEDGING							
<i>Collars and swap</i>	-	(65.8)	(34.4)	-	(15.8)	(9.4)	-
Forward rate (Euribor 3m)			1.17%		2.04%	2.75%	

CREDIT RISK

PagesJaunes Groupe is generally exposed to credit risk essentially in its investments and interest rate hedging instruments. PagesJaunes Groupe limits credit risk by selecting counterparties having a long-term rating higher than AA- (Standard & Poor's and/or Fitch IBCA) or Aa3 (Moody's). As at 31 December 2010, PagesJaunes Groupe was exposed to an extent of 103.0 million euros in respect of its investment operations (cf. note 27 – Cash equivalents), while the market value of its derivative financial instruments was negative (cf. note 17).

Furthermore, the Management procedure for PagesJaunes Groupe's financial operations involves the drawing up of a limited list of authorised signatures, outside of which the Chief Executive Officer's authorisation is compulsory. The banking documentation also limits the list of counterparties for interest rate hedging operations.

EQUITY RISK

PagesJaunes Groupe considers that the equity risk is not significant insofar as the amount invested in own shares via the liquidity contract remains limited and investment of cash surpluses is not exposed to risk in the equity market.

Finally, PagesJaunes Groupe has set a target of distributing in 2011 a dividend per share of 0.58 euros in respect of the 2010 financial year. This 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.

Note 31 Information on related parties

31.1 REMUNERATION OF EXECUTIVE COMMITTEE AND BOARD OF DIRECTORS MEMBERS

The table below shows the remuneration of persons who were members of PagesJaunes Groupe's Board of Directors and Executive Committee during or at the end of each financial year. It also includes the directors representing employees and sitting on the PagesJaunes Groupe Board of Directors.

<i>(in thousands of euros)</i>	31 December 2010	31 December 2009
Short-term benefits ⁽¹⁾	4,157	3,416
<i>of which employer charges</i>	1,008	807
Post-employment benefits ⁽²⁾	30	19
Other long term benefits ⁽³⁾	2	1
End-of-contract benefits ⁽⁴⁾	904	1,980
Equity benefits ⁽⁵⁾	291	73
TOTAL	5,385	5,489

(1) Salaries, remuneration, profit-sharing and bonuses paid and social security contributions, paid holidays, directors' fees and non-monetary benefits entered in the accounts.

(2) Pensions, annuities, other benefits, life insurance, medical insurance, etc.

(3) Seniority leave, sabbatical leave, long-term benefits, deferred remuneration, profit-sharing and bonuses (if payable 12 months or more after the closing date).

(4) Severance pay, non-competition clause compensation, including social charges.

(5) Share-based payment including social charges relating to anticipated exercise and grant of stock options.

In 2010, the charge in respect of defined-contribution pension plans amounted to 0.3 million euros .

31.2 TRANSACTIONS WITH RELATED PARTIES

Service contracts were established in 2006 and 2007 with Médiannuaire, the majority shareholder of PagesJaunes Groupe. These contracts generated an expense of 1.2 million euros for the 2010 financial year (1.2 million euros for 2009). These transactions form part of current operations.

The PagesJaunes Groupe Board of Directors meeting on 17 May 2009 appointed Jean-Pierre Remy as the company's Chief Executive Officer from 25 May 2009. Jean-Pierre Remy does not have an employment contract and the Board of Directors decided to provide severance pay in

the event of dismissal from the company due to a change in control or strategy or its implementation. The amount of this pay will be equal to his standard gross annual remuneration (fixed and variable depending on targets attained), subject to the achievement of performance targets.

A non-competition obligation will be applied in the event of termination of Jean-Pierre Remy's mandate as Chief Executive Officer for any reason and in any form whatsoever. This non-competition clause will be limited to a period of 24 months beginning on the day of effective termination of his functions and will cover the entire territory of France. The relevant compensation will be equal to 12 months of remuneration based on the total gross monthly average of remuneration over the 12 months of activity preceding the date of termination.

The departure of the former Chief Executive Officer of PagesJaunes Groupe at the end of May 2009 entailed entry into the accounts, in 2009, of his severance pay and non-competition compensation amounting to a total of 2.0 million euros, including social charges.

Note 32 Contractual obligations and off-balance-sheet commitments

Significant off-balance-sheet commitments are as follows:

Contractual obligations	2010				2009
	Total	Payments due per period			
		In less than 1 year	In 1 to 5 years	In more than 5 years	
<i>(amounts in thousands of euros)</i>					Total
SIMPLE LEASING CONTRACTS	60,080	14,101	40,547	5,432	54,657
Paper, printing, distribution ⁽¹⁾	6,931	6,931	-	-	7,787
Other services	21,800	13,648	8,152	-	25,488
COMMITMENTS FOR THE PURCHASE OF GOODS AND SERVICES	28,731	20,579	8,152	-	33,275
TOTAL	88,811	34,680	48,699	5,432	87,932

(1) See detailed table below.

The "Other services" section includes all firm orders placed by 31 December 2010 for goods and services deliverable from 2011.

Conditional commitments	2010				2009
	Total	Payments due per period			
		In less than 1 year	In 1 to 5 years	In more than 5 years	
<i>(amounts in thousands of euros)</i>					Total
Guarantees	335	335	-	-	346

LEASING CONTRACTS

PagesJaunes has leased land, buildings, vehicles and equipment. These contracts will expire on different dates over the next nine years.

The Management considers that these contracts will be renewed or replaced on expiry by other contracts under normal operating conditions.

The rental charge recorded in the income statement in respect of simple leases amounted to 13.7 million euros in 2010 (13.5 million euros in 2009).

The leases on the premises in Sèvres were granted and accepted for a firm duration of nine entire consecutive years starting from 1 April 2007.

As at 31 December 2010, the Group's commitment under all leasing contracts amounted to 60.1 million euros, of which 14.1 million euros is payable in under one year.

COMMITMENTS FOR PURCHASES OF GOODS AND SERVICES

Production of directories

In the context of its activities of producing and distributing printed directories, the Group entities enter into contracts with their paper suppliers, printers and distributors. These contracts may be annual or multi-annual.

PagesJaunes had entered into three-year contracts with two of its paper suppliers in respect of 2007, 2008 and 2009. These contracts were formally extended until 31 January 2012. These contracts specify the rates payable over the period and state forecast order volumes for each year, but no minimum contract value. These contracts represent an estimated volume of 19 million euros as at 31 December 2010, all of which is due in less than one year.

In 2008, PagesJaunes entered into new contracts with its printers, for a duration of five years and expiring on 31 December 2013. These contracts do not entail any firm commitment except with one printer with whom PagesJaunes is committed to a volume of 6 billion folios per year, valued at 21 million euros for the residual term of the contract as at 31 December 2010.

These commitments are detailed in the table below:

Contractual obligations	2010				2009
	Payments due per period				
	Total	In less than 1 year	In 1 to 5 years	In more than 5 years	
<i>(amounts in thousands of euros)</i>					
Paper	3,566	3,566	-	-	3,839
Printing	2,321	2,321	-	-	2,628
Distribution	863	863	-	-	889
Editorial content	181	181	-	-	431
TOTAL	6,931	6,931	-	-	7,787

Statutory training rights (DIF)

In respect of statutory training rights for employees working for the French companies in the Group under indefinite-term contracts, the volume of hours accumulated but not used totalled 392,324 hours as at 31 December 2010 (365,789 hours at 31 December 2009). In 2010, 10,322 hours were used by employees (8,310 hours in 2009).

Other commitments given

None.

Other commitments received

PagesJaunes Groupe has a revolving credit line of around 400 million euros to cover the Group's cash flow requirements (working capital, investments and refinancing) resulting from its operational activities. This line was unutilised as at 31 December 2010.

Deconsolidation structures and *ad hoc* entities

The Group has not created any deconsolidation structures during the reporting periods. It has no contractual obligations towards *ad hoc* entities.

Note 33 Disputes and litigation

At the beginning of 2002, PagesJaunes implemented a commercial development plan, including, notably, the modification of the employment contracts of 930 sales representatives. The purpose of this modification was 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. In a further judgement on 14 February 2007, the *Cour de cassation* upheld the validity of the plan implemented by PagesJaunes.

With regard to the cases before administrative courts, the *Conseil d'État*, as Court of last resort, issued eight judgements unfavourable to PagesJaunes on 12 January 2011, setting aside the rulings issued by the *Cour administrative d'appel* of Paris in 2009 and hence the Minister's authorisation for the redundancies. The practical consequences of these judgements have yet to be ascertained.

The 7.3 million euros provision recognised at the end of 2002 in respect of this risk has been the subject of several writebacks since 2006 in view of the favourable progress of these cases and amounted to 2.1 million euros as at 31 December 2010.

An action was brought against PagesJaunes by an advertising agency (Publicom Méditerranée) at the *Tribunal de commerce* of Nanterre for abuse of a dominant position, discriminatory practices and unfair competition. A judgement in favour of PagesJaunes was rendered on 24 September 2008. After Publicom had appealed this decision, the *Cour d'appel* of Versailles issued a judgement on 18 March 2010

dismissing Publicom's claims and upholding all the provisions of the judgement of the *Tribunal de commerce* of Nanterre. Consequently, this case is now closed.

Actions were brought against PagesJaunes by eleven advertising agencies at the *Tribunal de commerce* of Nanterre for abuse of a dominant position (particularly for withdrawing the 5% trade discount granted to advertisers using advertising agencies on the Internet and 118 008 platforms), discriminatory practices and unfair competition.

In a judgement on 26 January 2011, the *Tribunal de commerce* of Nanterre declined jurisdiction in favour of the *Tribunal de commerce* of Paris.

These same agencies referred the same facts to the French Competition Authority as those brought before the *Tribunal de commerce* of Nanterre (cf. above) requesting the pronouncement of interim measures based on Article L.464-1 of the French Commercial Code.

In a judgement on 22 December 2010, the French Competition Authority dismissed the application for interim measures and referred the proceedings back on the merits.

In 2007 and 2008, proceedings were brought against PagesJaunes before the *Conseils de Prud'Hommes* (French labor tribunals) of Caen, Marseille and Lille by employees of the company Adrexo, which had been entrusted with the delivery of its directories in certain departments. The plaintiffs complained of concealed employment and sought to assert PagesJaunes' liability on grounds of financial solidarity. The proceedings before the *Conseils* of Caen and Marseille have been closed as a result of the opposite parties having abandoned their cases, while the other proceedings have been cancelled for administrative reasons but may be reintroduced within five years at the request of the opposite parties.

In February 2008, PagesJaunes filed a suit against the companies, Xentral and *L'Annuaire Universel* for forgery of the PagesJaunes brand

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name by operating the "pagesjaunes.com" online directory site aimed at a French audience.

In a judgement delivered on 28 May 2008, the *Tribunal de Grande Instance* of Paris ruled that Xentral (formerly *Prodis*) and *L'Annuaire Universel* were guilty of forgery and unfair competition.

This ruling confirms the rights of PagesJaunes over its historical brand names, "PagesJaunes" and "Les PagesJaunes", the validity of which had already been recognised unequivocally by the *Cour d'Appel* of Paris in its judgement of 30 March 2005 and by the Court of First Instance of the European Communities (CFIEC) in its ruling of 13 December 2007. Xentral and *L'Annuaire Universel* have appealed against the ruling. After *L'Annuaire Universel* was placed in administration, the proceedings had been suspended. They were then resumed by the Court-appointed administrator.

On 12 November 2010 the *Cour d'Appel* of Paris upheld all provisions of the judgement of 28 May 2008.

L'Annuaire Universel brought an action against PagesJaunes at the *Tribunal de commerce* of Nanterre, requesting the annulment of the various *Pages Blanches* brand names on the grounds that they were part of everyday language and business language used when referring to alphabetical lists of subscribers when they were registered.

In view of the bankruptcy of *L'Annuaire Universel* and in the absence of any regularisation by the Court-appointed administrator, these proceedings have now been struck out.

In 2010, PagesJaunes and PagesJaunes Groupe were the subject of an inspection by the French social security agency URSSAF in respect of the 2007, 2008 and 2009 financial years. The companies were notified of adjustments, and the risk was fully provisioned as at 31 December 2010. PagesJaunes and PagesJaunes Groupe are contesting all the adjustments and have referred them to the URSSAF arbitration committee to defend their position.

In addition, in common with the other companies in the sector, the Group companies are 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 companies. The number of such proceedings declined constantly from 2001, remained stable in 2006 and 2007 and has decreased once again. As at 31 December 2010, there were 11, representing total claims for damages of 0.3 million euros. In these proceedings, the Group companies endeavour 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 an adverse impact on the Group's financial position.

To the Company's knowledge, there is no other government, judicial or arbitration procedure, whether pending or threatened, that is 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 the Group.

Note 34 Auditors' fee

	Ernst & Young				Deloitte et Associés			
	Amount		In % of fees		Amount		In % of fees	
(amounts in thousands of euros)	2010	2009	2010	2009	2010	2009	2010	2009
AUDIT								
Audit, statutory audit, certification and inspection of individual and consolidated accounts	354	391	79%	98%	307	415	98%	99%
• including PagesJaunes Groupe	121	172	27%	43%	121	172	39%	41%
• including fully consolidated subsidiaries	233	219	52%	55%	186	243	59%	58%
Other procedures and services in relation to the mission of the Company Auditors	94	8	21%	2%	7	6	2%	1%
• including PagesJaunes Groupe	87	6	19%	2%	6	6	2%	1%
• including fully consolidated subsidiaries	7	2	2%	0%	2	-	0%	0%
SUBTOTAL	448	399	100%	100%	314	421	100%	100%
OTHER SERVICES PROVIDED BY THE NETWORKS TO FULLY CONSOLIDATED SUBSIDIARIES								
Legal, tax and social security – related	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
SUBTOTAL	-	-	-	-	-	-	-	-
TOTAL	448	399	100%	100%	314	421	100%	100%

Note 35 Scope of consolidation

Entity	Country	At 31 December 2010		At 31 December 2009	
		Interest	Control	Interest	Control
FULLY CONSOLIDATED COMPANIES					
PAGESJAUNES IN FRANCE SEGMENT					
PagesJaunes Groupe	France	100%	100%	100%	100%
PagesJaunes	France	100%	100%	100%	100%
INTERNATIONAL & SUBSIDIARIES SEGMENT					
QDQ Media	Spain	100%	100%	100%	100%
Euro Directory	Luxembourg	100%	100%	100%	100%
PagesJaunes Marketing Services	France	100%	100%	100%	100%
Mappy	France	100%	100%	100%	100%
Horyzon Média ⁽¹⁾	France	100%	100%	96%	96%
Horyzon Worldwide	Spain	100%	100%	100%	100%
123people ⁽²⁾	Austria	100%	100%	-	-
Keltravo ⁽³⁾	France	100%	100%	-	-
PROPORTIONALLY CONSOLIDATED COMPANY					
INTERNATIONAL & SUBSIDIARIES SEGMENT					
Editus	Luxembourg	49%	49%	49%	49%

(1) Buyout of minority-held shares.

(2) Acquired on 12 March 2010.

(3) Acquired on 4 May 2010.

Note 36 Events subsequent to the closing date

There has not been any event subsequent to the closing date that could have a significant impact on the consolidated financial statements for the year ending 31 December 2010.

20.2 Financial statements as at 31 December 2010

BALANCE SHEET

Balance sheet at 31 December						
<i>(in thousands of euros)</i>	Notes	Gross	Amortisation and provisions	2010 Net	2009 Net	Change
ASSETS						
Intangible assets	3.1	287	(278)	9	41	(32)
Equity interest securities	3.2	4,161,986	(91,719)	4,070,267	4,049,118	21,149
Receivables attached to equity interest securities	3.2	5,047	(5,000)	47	-	47
Other financial assets	3.2	911	-	911	-	911
TOTAL FIXED ASSETS		4,168,231	(96,997)	4,071,234	4,049,159	22,075
Advances and deposits		101		101	12	89
Customer receivables	3.3	501		501	20	482
Tax and social security receivables		2,488		2,488	6,341	(3,853)
Receivables on subsidiaries (tax integration)	3.9	1,974		1,974	106	1,868
Current account – subsidiaries	3.4	12,405	(3,957)	8,448	5,871	2,577
Receivables from transfer of assets	3.2	-		-	5,337	(5,337)
Miscellaneous receivables	3.3	39		39	939	(900)
Investment securities and own shares	3.4	106,347	(666)	105,680	66,917	38,763
Cash	3.4	432		432	2,165	(1,733)
Pre-paid expenses		25		25	28	(3)
TOTAL CURRENT ASSETS		124,312	(4,624)	119,689	87,736	31,953
TOTAL ASSETS		4,292,545	(101,621)	4,190,923	4,136,895	54,028
LIABILITIES						
Capital				56,197	56,197	-
Issue premium				82,951	82,951	-
Legal reserve				5,620	5,620	-
Other reserves				18,284	18,284	-
Carryforward				971,654	880,645	91,009
Profit for the year				253,244	273,456	(20,211)
Regulated provisions				183	80	103
SHAREHOLDERS' EQUITY	3.5			1,388,133	1,317,232	70,901
Provisions for risks and charges				1,468	937	531
PROVISION FOR RISKS AND CHARGES	3.6			1,468	937	531
Financial debt	3.7			2,789,119	2,780,651	8,468
Borrowing and financial debt with banks				1,952,647	1,951,931	716
Miscellaneous borrowing and financial debt				580,470	580,382	89
Current account – subsidiaries				254,613	245,094	9,519
Bank loans and overdrafts				1,389	3,243	(1,855)
Operating debt				5,810	7,504	(1,694)
Trade payables and related accounts				1,822	2,523	(701)
Outstanding tax and social security contributions	3.9			3,988	4,981	(993)
Other debt				6,364	30,570	(24,207)
Subsidiary debt (tax integration)	3.9			408	28,042	(27,634)
Miscellaneous debt				5,955	2,529	3,427
Deferred income				-	-	-
TOTAL DEBT				2,801,292	2,818,725	(17,433)
Currency translation adjustment				30	-	30
TOTAL LIABILITIES				4,190,923	4,136,895	54,028

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INCOME STATEMENT

Income statement at 31 December				
<i>(in thousands of euros)</i>	Notes	2010	2009	Change
Provision of services	3.10	7,684	6,933	751
Related income	3.10	(1)	238	(238)
Write-back of provisions and expense transfers		-	-	-
Other income		1,977	156	1,821
OPERATING INCOME		9,661	7,327	2,334
Purchases and provision of services		211	13	198
Purchases, materials, and supplies not held in stock		14	15	(2)
External services		912	714	198
Other external services		8,350	6,770	1,579
Taxes and similar payments		407	363	43
Salaries		5,299	7,865	(2,566)
Company payroll expenses		2,082	2,830	(747)
Other expenses		338	346	(8)
Allowances for provisions on circulating assets		32	94	(62)
Allowances for provisions on risks and charges		62	52	10
OPERATING EXPENSES		17,706	19,062	(1,357)
OPERATING INCOME		(8,045)	(11,735)	3,691
Income on equity interest securities – dividend		336,038	353,181	(17,144)
Financial income on invested securities and receivables from fixed assets		1,629	3,503	(1,874)
Other financial income		2	360	(358)
Write-back of provisions		1,356	2,955	(1,599)
Exchange gains		135	1	135
FINANCIAL INCOME		339,159	359,999	(20,840)
Interest payable and similar expenses		72,339	76,966	(4,627)
Other financial expenses		45,738	34,970	10,768
Provisions		4,367	1,701	2,666
Exchange losses		23	2	21
FINANCIAL EXPENSES		122,466	113,638	8,828
FINANCIAL INCOME	3.11	216,693	246,361	(29,668)
ORDINARY INCOME		208,648	234,626	(25,977)
Extraordinary income on Management operations		-	-	-
Extraordinary income on equity operations		-	12,837	(12,837)
Amorisation expense		0	-	0
EXTRAORDINARY INCOME		0	12,837	(12,837)
Extraordinary expenses on Management operations		-	6	(6)
Extraordinary expenses on equity operations		-	16,455	(16,455)
Provisions		786	37	750
EXTRAORDINARY EXPENSES		786	16,497	(15,711)
EXTRAORDINARY INCOME	3.12	(786)	(3,661)	2,875
Employee profit-sharing (mandatory)		-	-	-
Profits tax	3.9	(45,382)	(42,491)	(2,891)
NET INCOME		253,244	273,456	(20,211)

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1 General presentation of business activity

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 12-month period from 1 January to 31 December 2010.

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 revising 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 EXPENSES

Income and expenses are accounted for in accordance with the General Chart of Accounts.

2.2 INTANGIBLE ASSETS

Intangible assets include software packages, which are amortised over 3 years on a *pro rata* basis.

2.3 EQUITY INTEREST SECURITIES AND OTHER FIXED INVESTMENTS

Equity interest securities 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 equity, taking into account the specific nature of each equity interest securities.

The going-concern value is determined using the discounted cash-flow method with net debt restated. This is determined as follows:

- cash flow projections are based on business plans established over an appropriate time frame of between 5 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 made based on an assessment of the risk of non-collection of receivables. Provisions are based on an individual or statistical assessment of the risk of non-collection.

2.5 CASH ASSETS AND INVESTMENT SECURITIES

Cash at 31 December 2010 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 financial 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 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.

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 64 for Management-level employees and 62 for sedentary employees, technicians and supervisors;
- salary increase tables, which are defined based on age and socioprofessional category;
- the upgrading rate, which is set at 4% for 2010 costs;
- the likely residual term, 13.78 years at 31 December 2010.

Other risk provisions are based on the best possible estimate of risks incurred by PagesJaunes Groupe.

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2.7 FINANCIAL INCOME

Financial income is chiefly composed of:

- dividends;
- interest charges related to borrowings;
- interest on debit and credit balances in current accounts with the Group's subsidiaries;
- capital gains and losses on 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.

At 31 December 2010, the tax group of which PagesJaunes Groupe is the Parent Company included 8 companies.

3 Additional information concerning the balance sheet and income statement**3.1 INTANGIBLE ASSETS**

Gross	31 December 2010	Acquisition	Decrease	31 December 2009
Software applications	287	-	-	287
GROSS TOTAL	287	-	-	287

Amortisation	31 December 2010	Allowances	Write-backs	31 December 2009
Software applications	278	32	-	246
TOTAL AMORTISATION	278	32	-	246

3.2 EQUITY INTEREST SECURITIES AND RECEIVABLES ATTACHED TO EQUITY INTEREST SECURITIES

The variation in changes to equity interest securities and related receivables is as follows:

<i>(in thousands of euros)</i>	Year ending 31 December				
		2010			2009
	% interest	Gross value	Provision	Net book value	Net book value
EQUITY INTEREST SECURITIES					
PagesJaunes	100%	4,005,038	-	4,005,038	4,005,038
QDQ Media	100%	91,719	(91,719)	-	-
Mappy	100%	10,048	-	10,048	10,048
PagesJaunes Marketing Services	100%	7,275	-	7,275	7,275
Euro Directory	100%	14,707	-	14,707	14,707
Horyzon Média	100%	12,383	-	12,383	11,859
123people	100%	14,997	-	14,997	-
Keltravo	100%	5,628	-	5,628	-
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
TOTAL		4,161,986	(91,719)	4,070,267	4,049,118
RECEIVABLES ATTACHED TO EQUITY INTEREST SECURITIES					
QDQ Media (equity loan)		5,000	(5,000)	-	-
Accrued interest not yet due		47	-	47	0
TOTAL		5,047	(5,000)	47	0

Changes during the year were as follows:

- On 17 February 2010, PagesJaunes Groupe exercised the purchase option provided by the applicable shareholder agreement and as a result increased its holding in Horyzon Média from 95.83% to 100% for a price of 524 thousand euros, including an estimated additional price payment of 59 thousand euros to be paid in 2011, which has been recorded as debt.
- On 12 March 2010, PagesJaunes Groupe acquired 100% of the shares and voting rights of 123people Internetservices GmbH, the world leader in real-time online people searches. All of these shares were purchased in cash at a price of 14,997 thousand euros, of which 320 thousand euros in fees and costs.
- On 4 May 2010, PagesJaunes Groupe acquired 100% of the shares and voting rights in Keltravo, a major player in online quotations in the

household jobs sector. All of these shares were purchased in cash for a price of 2,800 thousand euros, of which 115 thousand euros in fees and costs. Additional price payments estimated at a total of 2,713 thousand euros may be paid in 2011, 2012 and 2013 if certain operational performance conditions are met. They have been recorded as debt.

Depreciation of QDQ Media shares resulted from a marked slowdown in the subsidiary's business and the worsening economic outlook for the Spanish advertising market. The same was true of the debt in relation to those shares, which was fully depreciated at 31 December 2010.

Within the context of the sale of Edicom, PagesJaunes Groupe set up, to the benefit of the purchaser, a remunerated current account for an amount of 10 million dirhams together with share subscription warrants taken out by PagesJaunes Groupe group. This was booked as other financial assets for 911 thousand euros.

3.3 CUSTOMER RECEIVABLES, PROVISIONS FOR IMPAIRMENT OF RECEIVABLES AND MISCELLANEOUS RECEIVABLE

<i>(in thousands of euros)</i>	Year ending 31 December	
	2010	2009
Gross customer receivables	501	20
Provisions for depreciation	-	-
NET CUSTOMER RECEIVABLES	501	20

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 ASSETS, INVESTMENT SECURITIES, CURRENT ACCOUNTS AND FINANCIAL DEBT

<i>(in thousands of euros)</i>	Year ending 31 December	
	2010	2009
Current account, Horyzon Média	-	2,979
Current account, Horyzon Média Worldwide	201	-
Current account, 123people	2	-
Current account, Keltravo	398	-
Current account, Mappy	7,560	1,803
Current account, PagesJaunes Marketing Services	286	1,088
Current account, QDQ Media	3,959	1,358
Current account, QDQ Media – provision	(3,957)	(1,356)
SUB-TOTAL, NET CURRENT ACCOUNTS	8,448	5,871
<i>of which accrued interest not yet due</i>	<i>6</i>	<i>5</i>
Equity	4,638	4,402
Equity – provision	(666)	(299)
Other investment securities	101,708	62,814
Cash assets	432	2,165
CASH ASSETS, INVESTMENT SECURITIES AND CURRENT ACCOUNTS	114,560	74,953
Borrowing and financial debt with banks	1,950,000	1,950,000
Accrued interest not yet due	2,647	1,931
SUB-TOTAL, LOANS AND BORROWINGS FROM BANKS	1,952,647	1,951,931
Financial debt and borrowings with Group companies	580,000	580,000
Accrued interest not yet due	470	382
SUB-TOTAL, INTRA-GROUP LOANS AND BORROWINGS	580,470	580,382
Current account, PagesJaunes	253,174	235,040
Current account, Horyzon Média	580	-
Current account, PagesJaunes Outre-Mer	858	10,054
SUB-TOTAL, CURRENT ACCOUNTS	254,613	245,094
<i>of which accrued interest not yet due</i>	<i>86</i>	<i>60</i>
Other financial debt – bank overdrafts	1,389	3,243
GROSS FINANCIAL DEBT	2,789,119	2,780,651
<i>Due in less than one year</i>	<i>839,119</i>	<i>400,398</i>
<i>Due in more than one year</i>	<i>1,950,000</i>	<i>2,380,253</i>
NET CASH (DEBT)	(2,674,559)	(2,705,697)

Investment securities and liquidity contract

At 31 December 2010, PagesJaunes Groupe held a portfolio of investment securities composed of:

- two FCP mutual funds with a total acquisition value of 31,514 thousand euros; the cash value at 31 December 2010 was 31,545 thousand euros, for an unrealised capital gain of 28 thousand euros;
- interest-bearing time-deposit accounts (non-blocked) for a total deposit amount of 65,000 thousand euros. The interest on these time-deposit accounts is payable upon the expiry of the term.
- shares in mutual funds held via the liquidity contract (see above) for which the acquisition value stood at 4,027 thousand euros and the cash value at 4,033 thousand euros, i.e. an unrealised capital gain of 6 thousand euros.

The liquidity contract implemented in 2008 with a provider of investment services, for a period terminating on 31 December 2010 was renewed for one year. The resources allocated to implementing the contract remained unchanged at 8,000 thousand euros.

Pursuant to this contract, the Company held 619,061 treasury shares at 31 December 2010 at a historic cost of 4,638 thousand euros (4,270 thousand euros after depreciation), and FCP shares for 4,027 thousand euros. These two items are recognised as investment securities.

Under this contract, the Company bought over 2,763,879 treasury shares and sold 2,678,996 during the 2010 fiscal year.

Borrowing and debt with banks

PagesJaunes Groupe has bank financing for a maximum total of 2,350,000 thousand euros, which includes a medium-term loan of 1,950,000 thousand euros and a revolving credit line of approximately 400,000 thousand 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.

Medium-term borrowing is contracted at a variable rate, it is due in November 2013, and is repayable in full at this date.

At 31 December 2010, the benchmark rate was 1-month Euribor plus a margin of 175 basis points.

Interest accrued and not yet due on borrowing was 2,647 thousand euros at 31 December 2010, as against 1,931 thousand euros at year-end 2009.

The revolving credit line has the same maturity, with interest at a variable Euribor rate, increased by a margin of 175 basis points at 31 December 2010. This credit line was not drawn as at 31 December 2009 and 2010.

Financial debt and borrowings with Group companies

PagesJaunes Groupe has taken out two loans with its subsidiary PagesJaunes, one for 430,000 thousand euros and the other for 150,000 thousand euros, namely a total of 580,000 thousand euros. The two loans, implemented in 2006, carry interest at 3-month Euribor plus a margin. Partial or full early repayment may be made on the borrower's or lender's initiative, subject to prior notice. The

150,000 thousand euros loan was automatically renewed in 2010 for one year; remuneration runs at 3-month Euribor plus 30 basis points. Remuneration on the 430,000 thousand euros loan runs at 3-month Euribor plus 90 basis points. The due date for the loan is 18 December 2012. Since PagesJaunes did not avail itself of the full early repayment option before December 2010, the lending rate was the interest rate plus 3.95% for the portion outstanding remaining on loan for two years as of December 2009, i.e. 430,000 thousand euros.

Interest accrued and not yet due on these two loans was 470 thousand euros at 31 December 2010, as against 382 thousand euros at year-end 2009.

Current accounts

Current accounts with subsidiaries arise from cash agreements drawn up with each entity, carrying interest at EONIA plus, if PagesJaunes Groupe is the lender, or minus, if it is the borrower, a margin of 1/16th.

The provision for depreciation of the QDQ Media current account was adjusted by 2,601 thousand euros from 1,356 thousand euros to 3,957 euros in order to adjust depreciation on QDQ Media's current account balance.

All receivables on current accounts are due in less than one year.

3.5 SHARE CAPITAL AND CHANGES IN SHAREHOLDERS' EQUITY

Share capital

The share capital of PagesJaunes Groupe stood at 56,196,951 euros at 31 December 2010. It is composed of 280,984,754 shares with a nominal value of 0.20 euro each.

Date	Description	Number of shares	Unit value	Capital in thousand euros
31 December 2009	Share capital at beginning of year	280,984,754	0.20	56,197
31 December 2010	Share capital at year-end	280,984,754	0.20	56,197

Stock options

The Board of Directors was authorised on 11 June 2009 at the General Shareholders' Meeting to implement a stock option plan for certain managers and employees of the Group, in accordance with Articles L. 225-177 *et seq.* of the Commercial Code, in order to associate them to the development of the Group. This authorisation was granted for a term of 38 months and the total number of stock options granted under that resolution may not represent more than 1.0% of the Company's capital at the date of this General Shareholders' Meeting, i.e. 2,809,847 options.

In this context, PagesJaunes Groupe implemented three successive stock option plans in 2009:

- the first on 23 July, totalling 1,145,000 options at an exercise price of 6.71 euros;
- the second on 29 October, totalling 87,000 options at an exercise price of 8.84 euros; and
- the third on 17 December, totalling 75,000 options at an exercise price of 7.82 euros.

The programme continued in 2010 with two additional grants:

- the first on 27 July, totalling 1,336,000 options at an exercise price of 8.59 euros;
- the second on 16 December, totalling 166,000 options at an exercise price of 7.10 euros.

Following authorisation by the Extraordinary General Shareholders' Meeting of 12 April 2005, PagesJaunes Groupe had implemented two stock option plans:

- the plan implemented in June 2005 for 3,796,800 options at an adjusted exercise price of 11.72 euros over 10 years. Options became fully vested after 3 years, namely 30 June 2008. At 31 December 2010, 2,825,000 options remained outstanding;
- the plan implemented in December 2007 for 2,927,900 options at an exercise price of 14.46 euros, over 10 years. Options became fully vested after 3 years, namely since 20 December 2010. There are no performance targets. At 31 December 2010, 2,483,484 options remained outstanding.

Irrespective of the plans, a 4-year share sale restriction period is required by the tax authorities and applies to French tax residents.

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Changes in shareholders' equity

The following is an analysis of the changes in PagesJaunes Groupe equity during 2010:

<i>(in thousands of euros)</i>	Number of shares	Share capital	Issue premium	Legal reserve	Other reserves	Carry forward	Result	Regulated provisions	Equity
AT 31 DECEMBER 2009	280,984,754	56,197	82,951	5,620	18,284	880,645	273,456	80	1,317,232
Distribution of profit 2009	-	-	-	-	-	273,456	(273,456)	-	-
Dividends paid for 2009	-	-	-	-	-	(182,446)	-	-	(182,446)
2010 results	-	-	-	-	-	-	253,244	-	253,244
Allowance for regulated provisions 2010	-	-	-	-	-	-	-	103	103
AT 31 DECEMBER 2010	280,984,754	56,197	82,951	5,620	18,284	971,654	253,244	183	1,388,133

3.6 PROVISIONS FOR RISKS AND CHARGES

<i>(in thousands of euros)</i>	Post- employment benefits	Other long-term benefits	Total 31 December 2010	Total 31 December 2009
CHANGES IN THE VALUE OF COMMITMENTS				
TOTAL VALUE OF COMMITMENTS AT START OF PERIOD	957	70	1,027	879
• Cost of services rendered	62	5	67	50
• Discounting costs	40	3	42	47
• Contributions paid by employees	-	-	-	-
• Amendments to scheme	-	-	-	-
• Reductions/liquidations	-	-	-	-
• Actuarial losses / (gains)	(27)	(5)	(32)	52
• Benefits paid	-	-	-	-
• Acquisitions	-	-	-	-
• Business disposals/sales	-	-	-	-
• Change of scope	-	-	-	-
• Other: (translation differences)	-	-	-	-
TOTAL VALUE OF COMMITMENTS AT YEAR-END: (A)	1,032	73	1,104	1,027
• Period-end commitments pertaining to fully or partially funded schemes	-	-	-	-
• Period-end liabilities pertaining to non-funded schemes	1,032	73	1,104	1,027
CHANGE IN HEDGING ASSETS				
FAIR VALUE OF HEDGING ASSETS AT START OF PERIOD				
FINANCIAL INCOME ON SCHEME ASSETS				
• Gains/losses on scheme assets	-	-	-	-
• Contributions paid by the employer	-	-	-	-
• Contributions paid by employees	-	-	-	-
• Reductions/liquidations	-	-	-	-
• Benefits paid by the fund	-	-	-	-
• Change of scope	-	-	-	-
• Other (translation differences)	-	-	-	-
FAIR VALUE OF SCHEME ASSETS AT END OF PERIOD: (B)	-	-	-	-
FINANCIAL SCHEME ASSETS				
• Situation of the scheme (A) – (B)	1,032	73	1,104	1,027
• Unrecognised actuarial gains (losses)	(63)	-	(63)	(90)
• Unrecognised cost of past services	-	-	-	-
• Adjustment linked to upper asset threshold	-	-	-	-
PROVISION / (ASSETS) AT END OF PERIOD	969	73	1,041	937
PENSION COSTS				
• Cost of services rendered	62	5	67	50
• Discounting costs	40	3	42	47
• Expected return on assets	-	-	-	-
• Amortisation of actuarial losses (gains)	-	(5)	(5)	2
• Amortisation of cost of past services	-	-	-	-
• Effect of reductions/liquidations	-	-	-	-
• Business disposals/sales	-	-	-	-
• Adjustment linked to upper asset threshold	-	-	-	-
TOTAL PENSION COSTS	101	3	104	98
CHANGES IN PROVISION (ASSETS)				
PROVISION / (ASSETS) AT BEGINNING OF PERIOD	868	70	937	839
• Pension costs	101	3	104	98
• Contributions paid by the employer	-	-	-	-
• Services directly paid by the employer	-	-	-	-
• Change of scope	-	-	-	-
• Other (goodwill)	-	-	-	-
PROVISION / (ASSETS) AT END OF PERIOD	969	73	1,041	937
AMOUNTED BOOKED TO INCOME STATEMENT	101	3	104	98

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<i>(in thousands of euros)</i>	31 December 2009	Charge for the year	Write-back for the year (provision used)	31 December 2010
Pensions and similar commitments	937	104	-	1,041
TOTAL PROVISIONS FOR RISKS AND CHARGES	937	104	-	1,041

The net impact of charges incurred can be broken down as follows:

<i>(in thousands of euros)</i>	Charge for the year	Write-back for the year
Operating income	62	-
Financial income	42	-

Provisions for pensions and similar liabilities include rights to retirement benefits and long-service awards.

3.7 DEBT MATURITY

<i>(in thousands of euros)</i>	Year ended 31 December 2010		
	Gross amount	At one year maximum	At more than one year
Borrowing and financial debt with banks	1,952,647	2,647	1,950,000
Financial debt and borrowing with Group companies	580,470	580,470	-
SUB-TOTAL, INTRA-GROUP LOANS AND BORROWING	2,533,117	583,117	1,950,000
Current account, PagesJaunes	253,174	253,174	-
Current account, PagesJaunes Outre-Mer	858	858	-
Current account, Horyzon Media	580	580	-
SUB-TOTAL, CURRENT ACCOUNTS	254,613	254,613	-
<i>of which accrued interest not yet due</i>	86	86	
Bank loans and overdrafts	1,389	1,389	-
Trade payables and related accounts	1,822	1,822	-
Outstanding tax and social security contributions	3,988	3,988	-
Subsidiary debt (tax integration)	408	408	-
Miscellaneous debt	5,955	3,942	2,013
TOTAL	2,801,292	849,279	1,952,013

3.8 INCOME RECEIVABLE AND CHARGES PAYABLE

<i>(in thousands of euros)</i>	Year ending 31 December	
	2010	2009
Customer receivables – invoices to be drawn up	145	-
Tax and related receivables – corporation tax	1,402	5,172
Tax and related receivables – VAT	222	330
Miscellaneous receivables – financial receivables	6	8
TOTAL	1,776	5,510

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Charges payable <i>(in thousands of euros)</i>	Year ending 31 December	
	2010	2009
Financial debt – accrued interest not yet due	3,203	2,373
Trade payables and related accounts	1,030	1,873
Outstanding tax and social security contributions – VAT, taxes, salaries and social security contributions payable	3,282	4,455
Outstanding tax and social security – corporation tax	-	-
Miscellaneous debt	3,177	2,519
TOTAL	10,692	11,221

3.9 CORPORATION TAX

Tax integration

On 3 December 2004, PagesJaunes Groupe took up the option of placing itself as of 1 January 2005 under the tax system for groups of companies as set out in Article 223A *et seq.* of the French General Tax Code. This option is effective for a renewable five-year period. Through this option, PagesJaunes Groupe accepted 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 integrated for tax purposes at 31 December 2010 were PagesJaunes, PagesJaunes Marketing Services, Cristallerie 2, Cristallerie 3, Cristallerie 4, Mappy, PagesJaunes Outre-Mer and Horyzon Média. A tax consolidation gain of 45,407 thousand euros was posted in 2010.

Tax receivables on the companies owned by PagesJaunes in 2010, following attribution of tax credits, stood at 1,402 thousand euros.

Positions on the balance sheet

<i>(in thousands of euros)</i>	Year ending 31 December	
	2010	2009
Tax consolidation current accounts – assets	1,974	106
State – corporation tax receivables	1,402	5,172
Tax consolidation current accounts – liabilities	(408)	(28,042)
State – corporation tax due	-	-
NET BALANCE-SHEET POSITION – ASSETS / (LIABILITIES)	2,968	(22,764)

The current accounts for tax consolidation with the subsidiaries showed a net receivable of 1,566 thousand euros at 31 December 2010. This balance is composed of the 2010 percentage share of corporate tax payable by each of these subsidiaries, under the tax consolidation agreements.

Unrealised deferred tax position

<i>(in thousands of euros)</i>	Gross
REDUCTION OF FUTURE TAX LIABILITY	
Provision for retirement benefits	969
Equity loan and current account depreciation QDQ Media	8,957
ORGANIC	16
Other non-deductible provisions	460
Unrealised capital gain on OPCVM	26
Amortisation expense	(183)
TOTAL	10,245

Costs which were recorded in 2010 and during previous years, but which were added back into taxable profits, totalled 10,245 thousand euros at 31 December 2010. Based on the corporation tax rate applicable at

that date, this represents a 3,528 thousand euros reduction in future tax liabilities.

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2010

3.10 BREAKDOWN OF REVENUES

2010 revenues stood at 7,683 thousand euros, as against 7,171 thousand euros in 2009, and are broken down as follows:

<i>(in thousands of euros)</i>	Year ending 31 December	
	2010	2009
Assistance to subsidiaries	3,327	3,098
Re-invoicing of personnel expenses	4,357	3,835
Other	(1)	238
REVENUES	7,683	7,171

3.11 FINANCIAL INCOME

Financial income is essentially composed of 336,038 thousand euros in dividends received from subsidiaries in 2010 (353,181 thousand euros

in 2009), 72,332 thousand euros in interest on loans and financial debt, and 42,086 thousand euros in financial expenditure on derivatives.

<i>(in thousands of euros)</i>	Year ended 31 December	
	2010	2009
Dividends	336,038	353,181
Financial income from derivatives	2	360
Other financial income	1,629	3,503
Write-back of provisions	1,356	2,955
Exchange gains	135	1
FINANCIAL INCOME	339,159	359,999
Interest on miscellaneous borrowing and financial debt	72,332	65,457
Financial expenditure on derivatives	42,086	31,396
Other financial expenses	3,659	3,582
Expenditure on accretion of retirement commitments	42	47
Financial provisions	4,325	1,654
QDQ Media debt write-off	-	11,500
Exchange losses	23	2
FINANCIAL EXPENSES	122,466	113,638
FINANCIAL INCOME	216,693	246,361

3.12 EXTRAORDINARY INCOME

<i>(in thousands of euros)</i>	Year ended 31 December	
	2010	2009
Disposal income	-	12,837
Write-back of provision and depreciation	-	-
Other income	0	-
EXCEPTIONAL INCOME	0	12,837
Net book value of shareholdings sold	-	16,455
Amortisation expense	103	-
Other expenses	683	42
EXTRAORDINARY EXPENSES	786	16,497
EXTRAORDINARY INCOME	(786)	(3,661)

4 Other

4.1 OFF-BALANCE SHEET COMMITMENTS

Statutory training rights (DIF)

With respect to the year 2010, any employee with at least one year's service as at 31 December 2010 is entitled to 20 hours' training under the DIF system. These may be used with effect from 1 January 2011. This represents a commitment of 1,999 hours for 2011 for the entire workforce. In 2010, 195 DIF hours were utilised by staff employed at 31 December 2010.

Pledges on securities

Under the terms of the bank finance contract described in note 3.4, the Company granted lending banks a financial instrument 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

PagesJaunes Groupe entered into the following arrangements with various financial institutions:

- In 2006,
 - an interest-rate swap contract, for a nominal amount of 380,000 thousand euros, beginning on 13 December 2006 and ending on 13 December 2011. Under the terms of this transaction, PagesJaunes Groupe is the recipient of a variable rate, namely Euribor, and the payer of a fixed rate of 3.7830%;
 - two collars, comprising the synthetic combination of purchase of caps and sale of floors for a nominal amount of 1,140,000 thousand euros, commencing on 13 December 2006 and ending on 13 December 2011. The tunnels composed by these collars provide for a minimum interest rate of 3.0% and a maximum

interest rate of 4.0%. The annual premiums on the collars, payable in arrears, are 1,866 thousand euros.

- In 2009,
 - extension of the preceding hedging agreement with two swap contracts of a nominal value of 200 million euros, beginning on 13 September 2009 and ending on 13 December 2011, for which PagesJaunes Groupe is the recipient of a variable rate, namely 3-month Euribor, and the payer of a fixed rate of 1.99%;
 - extension of the preceding hedging agreement with two swap contracts of a nominal value of 900 million euros, beginning on 13 December 2011 and ending on 24 November 2013, for which PagesJaunes Groupe is the recipient of a variable rate, namely 3-month Euribor and the payer of a fixed rate of 3.79%.

These transactions serve to hedge the interest rate risk incurred on the variable-rate debt implemented 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 Company'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 signed on 3 December 2010. The swap is for a nominal amount of 1,720 million euros and runs from 13 December 2010 to 14 March 2011. As part of this operation, PagesJaunes Groupe receives interest at the 1-month Euribor variable rate and pays the 3-month Euribor variable rate minus 19 basis points. This contract hedges the risk on the 1-month Euribor interest rate.

In 2010, PagesJaunes Groupe posted financial costs, including collar premiums, of 42,086 thousand euros on these transactions, as against financial income, net of collar premiums, of 31,036 thousand euros in 2009.

Bank commitments

PagesJaunes Groupe has a line of revolving credit of approximately 400,000 thousand euros. At 31 December 2010 the revolving credit, the characteristics of which are covered in paragraph 3.4, had not been drawn.

The presentation of off-balance sheet commitments does not omit the existence of certain significant off-balance sheet commitments in accordance with current accounting standards.

4.2 DIRECTOR'S FEES (FOR ATTENDANCE) AND REMUNERATION OF CORPORATE OFFICERS

Director's fees totalled 340 thousand euros in 2010, and 340 thousand euros in 2009.

The remuneration paid to corporate officers was 762 thousand euros in 2010, and 2,192 thousand euros in 2009.

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4.3 STAFF HEADCOUNT

Average full-time equivalent	Year ending 31 December	
	2010	2009
Managers	30.6	29.2
Employees	1.0	2.6
TOTAL	31.6	31.9

4.4 RELATED COMPANIES

At 31 December 2010, as at 31 December 2009, PagesJaunes Groupe was 54.68% owned by Médiannuaire SAS.

The following are the details of income, expenditure, assets and liabilities recognised in 2010 and 2009 with:

- Médiannuaire and Médiannuaire Holding, direct and ultimate majority shareholders of PagesJaunes Groupe;

- each of the subsidiaries of PagesJaunes Groupe.

In 2010, PagesJaunes Groupe posted a charge of 1,170 thousand euros for ordinary Médiannuaire services, as against 1,138 thousand euros in 2009.

Groupe PagesJaunes companies

Year ended 31 December 2010

(in thousands of euros)	Income ⁽²⁾		Costs		Receivables ⁽¹⁾		Debts ⁽¹⁾	
	Operating	Financial ⁽²⁾	Operating	Financial	Operating	Financial	Operating	Financial
PagesJaunes	7,208		1,475	25,901	26		1,461	833,645
QDQ Media	170	63		2,601	47	8,959	91	
PagesJaunes Marketing Services	380	9			10	287		
Mappy	986	23			463	7,560		
123people	84	1			28	1	51	
Horyzon Média	583	6					156	580
Horyzon Média Worlwide		1				201		
PagesJaunes Outre-Mer	18	1		5			4	859
Euro Directory	45		86				1	
Editus Luxembourg								
Keltravo	184	1				397	26	
TOTAL	9,658	105	1,561	28,507	574	17,405	1,790	835,084

(1) Excluding tax consolidation current accounts (see note 3.9).

(2) Excluding dividends (see note 3.11).

Year ended 31 December 2009

(in thousands of euros)

Related company	Income		Costs		Receivables ⁽¹⁾		Debts ⁽¹⁾	
	Operating	Financial ⁽²⁾	Operating	Financial	Operating	Financial	Operating	Financial
PagesJaunes	5,838	189	468	15,760	521	-	560	815,422
QDQ Media	455	120	-	11,500	241	6,358	-	-
PagesJaunes Marketing Services	287	13	20	-	-	1,088	14	-
Mappy	42	15	5	-	5	1,803	-	-
PagesJaunes Petites Annonces	-	-	-	-	-	-	-	-
Horyzon Média	394	11	-	-	-	2,979	184	-
PagesJaunes Outre-Mer	85	2	-	35	-	-	3	10,054
Euro Directory	47	-	86	-	-	-	2	-
Editus Luxembourg	3	-	-	-	-	-	-	-
Edicom	19	-	-	-	18	-	-	-
TOTAL	7,171	350	579	27,295	785	12,228	763	825,476

(1) Excluding tax consolidation current accounts (see note 3.9).

(2) Excluding dividends (see note 3.11).

4.5 SUBSEQUENT EVENTS

None.

4.6 CONSOLIDATION

PagesJaunes Groupe draws up its own consolidated accounts and is fully consolidated in the consolidated accounts of Médiannuaire Holding.

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2010

4.7 TABLE OF SUBSIDIARIES AND EQUITY INTEREST SECURITIES

Subsidiaries and holdings	Capital	Shareholders' equity excl. capital and before appr. of net income	Share of capital held as %	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 year	Observations
				Gross	Net						
<i>(in thousands of euros)</i>											
Detailed information on subsidiaries and holdings											
1/ SUBSIDIARY: MORE THAN 50% OWNED BY THE COMPANY											
Cristallerie 2 SA 7 avenue de la Cristallerie 92317 Sèvres Cedex SIREN: 493 023 485	38	(12)	100.00%	38	38	-	-	-	(3)	-	Preliminary data, not audited
Cristallerie 3 SA 7, avenue de la Cristallerie 92317 Sèvres Cedex SIREN: 493 104 517	38	(14)	100.00%	38	38	-	-	-	(3)	-	Preliminary data, not audited
Cristallerie 4 SA 7, avenue de la Cristallerie 92317 Sèvres Cedex SIREN: 501 672 588	38	(10)	100.00%	38	38	-	-	-	(3)	-	Preliminary data, not audited
Euro Directory SA 2, avenue Charles-de-Gaulle L-1653 Luxembourg Luxembourg reg. number: B48461	1,625	170	100.00%	14,707	14,707	-	-	78	2,178	2,184	Parent of Editus Luxembourg, 49% holding
Horyzon Média SA 9, rue Maurice Mallet 92130 Issy-les-Moulineaux SIREN: 452 172 786	48	2,999	100.00%	12,383	12,383	-	-	26,613	2,374	-	
Mappy SA 47, rue de Charonne 75011 Paris SIREN: 402 466 643	212	(6,110)	100.00%	10,048	10,048	-	-	12,468	(7,073)	-	
PagesJaunes SA 7, avenue de la Cristallerie 92317 Sèvres Cedex SIREN: 444 212 955	4,005,038	431,705	100.00%	4,005,038	4,005,038	-	-	1,052,684	319,470	333,753	
PagesJaunes Marketing Services SA 25, quai Gallieni 92150 Suresnes SIREN: 422 041 426	7,275	8,387	100.00%	7,275	7,275	-	-	17,366	82	-	
PagesJaunes Outre-mer SA 7, avenue de la Cristallerie 92317 Sèvres Cedex SIREN: 420 423 477	75	156	100.00%	76	76	-	-	5,057	147	100	Preliminary data, not audited
QDQ Media SAU Calle de la Haya 4 28044 Madrid – Espagne Madrid reg. number: A81745002	5,500	(7,360)	100.00%	91,719	0	5,000	-	26,962	(1,335)	-	Shares, loans and advances depreciated
Keltravo SAS 2, bd Vauban 78180 Montigny-le-Bretonneux SIREN: 494 738 636	230	-522	100.00%	5,628	5,628	-	-	5,069	(756)	-	
123people GmbH Linke Wienzeile 8, Top 9 1060 Vienna – Austria Vienna reg. number: FN 298562 m	44	1,891	100.00%	14,997	14,997	-	-	5,315	1,060	-	
2/ EQUITY INTEREST SECURITIES (BETWEEN 10 AND 50%)											
None											

20.3 Report by the Board of Directors at the PagesJaunes Groupe Combined General Shareholders' Meeting on 7 June 2011

To the Shareholders,

We have called you to a Combined General Shareholders' Meeting, in accordance with the provisions of French law and the Articles of Association of our Company, in order to report to you on the Company's activity during the fiscal year 1 January 2010 to 31 December 2010, and to present, for your approval, the consolidated annual accounts for this fiscal year.

We have also called you to this Meeting in order to ask you to rule on:

- appropriation of earnings;
- renewal of the terms of the certain directors; and
- renewal of authorisation for the Company to deal in its 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

The main features of the PagesJaunes Groupe holdings portfolio in 2010 were as follows:

- On 17 February 2010, PagesJaunes Groupe exercised the purchase option provided for by the applicable shareholder agreement and as a result increased its interest in Horyzon Média, from 95.83% to 100%.
- On 12 March 2010, PagesJaunes Groupe acquired 100% of the shares and voting rights of 123people Internetservices GmbH, the world leader in real-time online people searches.
- On 4 May 2010, PagesJaunes Groupe acquired 100% of the shares and voting rights of Keltravo, a major player in online quotations in the household jobs sector.

All of these shares were purchased in cash for a price of 21.1 million euros, of which 0.4 million euros in fees and expenses. Additional price payments of an estimated total amount of 2.8 million euros may be paid out in 2011, 2012 and 2013 if certain operational performance conditions are met.

In 2010, the Board of Directors of PagesJaunes Groupe set up two stock option plans: on 27 July 2010 for 1,336,000 options at an exercise price of 8.586 euros, and on 16 December 2010 for 166,000 options at an exercise price of 7.095 euros.

II. PAGESJAUNES GROUPE ACTIVITY/RESULTS/PRESENTATION OF THE ANNUAL ACCOUNTS

PagesJaunes Groupe is a holding company with 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 consists of directories in France and abroad.

Operating income

The PagesJaunes Groupe's revenue for 2010 was 7.7 million euros, as against 7.2 million euros in 2009. Revenue consisted mainly of billing for services and re-invoicing personnel expenses to all its subsidiaries.

Operating costs

Personnel costs were 7.4 million euros in 2010, as against 10.7 million euros in 2009, with average headcounts of 32 in 2009 and 2010. The 2009 personnel costs included severance and non-competition pay for a total sum of 2.0 million euros in connection with the departure of the CEO, including social security contributions.

Other operating costs increased from 8.4 million euros in 2009 to 10.3 million euros in 2010. The costs included the assistance fees paid to the majority shareholder of 1.2 million euros in 2009 and 2010. By including re-invoiced amounts of 2.0 million euros in 2010 and 0.2 million euros in 2009, other net operating expenses went from 8.2 million euros in 2009 to 8.3 million euros in 2010.

The PagesJaunes Groupe operating income for 2010 showed a deficit of 8.0 million euros, as against a deficit of 11.7 million euros in 2009.

Financial income

Financial income was 339.2 million euros in 2010, as against 360.0 million euros in 2009. It was mainly composed of the following:

- dividends from subsidiaries totalling 336.0 million euros in 2010, as against 353.2 million euros in 2009;
- income from hedging instruments totalling 0.4 million euros in 2009;
- miscellaneous financial income (revenue from debit balances, short-term investment, spinoffs from purchase of treasury shares) totalling 1.6 million euros in 2010, as against 3.5 million euros in 2009;
- a provision write-back for depreciation on the QDQ Media balance totalling 1.4 million euros in 2010, as against 3.0 million euros in 2009.

Financial expenditure was 122.5 million euros in 2010, as against 113.6 million euros in 2009. It was mainly composed of the following:

- interest expenses on borrowing of 1,950 million euros and borrowing and credit balances with subsidiaries totalling 72.3 million euros in 2010, as against 65.5 million euros in 2009;
- interest expenses on hedging instruments totalling 42.1 million euros in 2010, as against 31.4 million euros in 2009;
- other financial expenses (commitment fees, net outlay on sales of treasury shares) totalling 3.7 million euros in 2010, as against 3.6 million euros in 2009;

REPORT BY THE BOARD OF DIRECTORS AT THE PAGESJAUNES GROUPE COMBINED GENERAL SHAREHOLDERS' MEETING ON 7 JUNE 2011

- debt write-offs granted to QDQ Media totalling 11.5 million euros in 2009;
- provision for depreciation on the balance of QDQ Media and treasury shares totalling 4.3 million euros in 2010, as against 1.7 million euros in 2009.

Together with the effect of hedging instruments, the average rate of interest on debt went from 4.10% in 2009 to 4.55% in 2010, an increase of 45 basis points, chiefly due to the increase in the cost of hedging.

Financial income was therefore 216.7 million euros in 2010, as against 246.4 million euros in 2009.

Analysis of extraordinary income

Extraordinary income was negative in 2010 at 0.8 million euros, as against 3.7 million euros in 2009. In 2009, this mainly included capital losses on the sale of shares in PagesJaunes Petites Annonces, of 3.5 million euros, and shares in Edicom, of 0.1 million euros.

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 223-A *et seq.* of the General Tax Code. This option is effective for a renewable five-year period. Through this option, PagesJaunes Groupe accepted 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.

III. PROPOSED DISTRIBUTION OF INCOME

We propose that you:

- formally note that the year's profit came in at 253,244,037.57 euros;
- formally note that, in due consideration of the credit carryforward of 971,653,870.59 euros, the distributable profit for the year is 1,224,897,908.16 euros;
- pay the shareholders a dividend of 0.58 euro per share; and
- decide to allocate the balance of the available amount as a carryforward.

Dividends paid over the past three years were as follows:

Year	Number of shares	Dividend per share	Share of dividend eligible for deduction ⁽¹⁾
2007	280,644,450	0.96	100%
2008	280,984,754	0.96	100%
2009	280,984,754	0.65	100%

(1) Deduction of 40% pursuant to Article 158-3-2 of the French General Tax Code.

In accordance with the provisions of Article R. 225-102 of the French Commercial Code, a table is appended to this report showing the Company's earnings for the past five financial years.

You are asked to approve the annual accounts and consolidated accounts of PagesJaunes Groupe for the year ended 31 December 2010.

The subsidiaries that are integrated for tax purposes are PagesJaunes, PagesJaunes Marketing Services, Mappy, Horyzon Média, PagesJaunes Outre-Mer, Cristallerie 2, Cristallerie 3 and Cristallerie 4.

In terms of tax integration gains, PagesJaunes Groupe booked net tax income of 45.4 million euros in 2010, as against 42.4 million euros in 2009.

Net Income

Net income for PagesJaunes Groupe in 2010 was 253.2 million euros, as against 273.5 million euros in 2009.

Cash assets and cash position

At 31 December 2010, PagesJaunes Groupe held a net debt of 2,674.5 million euros, as against 2,705.7 million euros at 31 December 2009.

This chiefly consisted of the following:

- a 1,950 million euro medium-term bank loan, as in 2009;
- 580 million euros in borrowings from related companies, as in 2009;
- net debit balances with its subsidiaries totalling 8.4 million euros and credit balances totalling 254.6 million euros in 2010, as against, respectively, 5.9 million euros and 245.1 million euros in 2009;
- net investment securities and liquid assets totalling 105.7 million euros in 2010, as against 69.1 million euros in 2009.

The dividend would be paid as of 23 June 2011.

Consequently, the maximum overall amount of the dividend would be 162,971,157.32 euros; it being specified that 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 referred to in Article 158-3-2 of the General Tax Code, which applies to natural persons residing in France for tax purposes.

IV. SHARE CAPITAL - DISTRIBUTION

In accordance with the provisions of Article L. 233-13 of the French 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's capital as at 31 December 2010:

	31 December 2010	As % of capital and voting rights	31 December 2009	As % of capital and voting rights	31 December 2008	As % of capital and voting rights
Médiannuaire	153,640,187	54.7%	153,640,187	54.7%	153,640,187	54.7%
Employees	1,637,220	0.6%	1,681,050	0.6%	1,574,748	0.6%
Public	125,088,286	44.5%	125,129,339	44.5%	125,188,213	44.5%
Treasury shares	619,061	0.2%	534,178	0.2%	581,606	0.2%
TOTAL	280,984,754	100.0%	280,984,754	100.0%	280,984,754	100.0%

Unissued authorised capital

The Combined General Shareholders' Meeting of 10 June 2010 granted certain items in the conditions set forth in the table below:

Shares concerned	Period of authorisation and expiry	Maximum amount of debt securities	Maximum nominal capital increase
Issues with preferred subscription rights (capital increase, all securities)	26 months 10 August 2012	Debt securities: 300 million euros	20 million euros
Issues of public offers without preferred subscription rights (capital increase, all securities)	26 months 10 August 2012	Debt securities: 300 million euros	10 million euros
Issues of offers set out in section II of Article 411-2 of the French Monetary and Financial Code without preferred subscription rights (capital increase, all securities)	26 months 10 August 2012	Debt securities: 300 million euros	10 million euros
Issues of ordinary shares and securities giving access to ordinary shares in the event of a public exchange offer initiated by the Company	26 months 10 August 2012	Debt securities: 300 million euros	10 million euros
Issues of ordinary shares and securities giving access to ordinary shares as remuneration for in-kind contributions granted to the Company	26 months 10 August 2012	Debt securities: 300 million euros	10% of share capital at 10 June 2010, i.e., 5,612,889 euros
Issues of securities giving entitlement to the grant of debt securities	26 months 10 August 2012	Debt securities: 300 million euros	-
Capital increase through the incorporation of reserves, profits or premiums	26 months 10 August 2012	-	20 million euros
Capital increase for the benefit of members of company savings plan(s) and/or employees	26 months 10 August 2012	-	1,122,000 euros, i.e. around 2% of share capital
Reduction of capital by cancellation of ordinary shares	18 months 10 December 2011	-	Cancellation of 10% of the Company's capital by 24-month periods
Grant of options for the subscription and/or purchase of ordinary shares	38 months 11 August 2012	-	1% of share capital

With the exception of the resolution concerning the granting of options for subscription and/or purchase of shares (see point XI in this report), at the date of this report the Board of Directors of PagesJaunes Groupe has not implemented these authorisations.

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 2010 financial year, or which were entered into during previous years and continued to be effective in 2010:

- 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 euro 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 18 December 2008;
- terms and conditions of Jean-Pierre Remy's term as CEO (set out in point 15.2 of the reference document for 2010), which were approved by the Board of Directors at its meeting on 17 May 2009;
- an 11.5 million euro debt write-off for QDQ Media as part of an equity loan signed on 22 October 2001 and the 5 million euros loan due date moved forward from 15 December 2009 to 15 December 2013. The Board of Directors issued prior approval for these operations at its meeting on 17 December 2009;
- a letter of support, requested by the statutory auditors in connection with the posting of the accounts of QDQ Media. The Board of Directors gave prior approval for this letter of support at its meeting on 18 February 2010.

VI. SITUATION OF CORPORATE OFFICERS AND DIRECTORS

REPORT BY THE BOARD OF DIRECTORS AT THE PAGESJAUNES GROUPE COMBINED GENERAL SHAREHOLDERS' MEETING
 ON 7 JUNE 2011

The table below lists the terms and duties of PagesJaunes Groupe corporate officers at 31 December 2010:

Name	Nationality	Function	Date appointed	Term expiry	Other roles and principal offices held in the last 5 years
François de Carbonnel	French	Director Chairman of the Remuneration and Appointments Committee	27 May 2004	General Shareholders' Meeting in 2014	Director of Quilvest SA (Luxembourg) Director of Ecofin Hedge Fund Limited (Ireland) Director of Ecofin Special Situations Funds Limited (Ireland) Director of Amgen Inc. (United States) Director of Parc des Aulnais SA Director of Cofipar SA Director of GFISA (Groupe Foncier d'Île-de-France) Director of FdeC Services Ltd Posts no longer held: Manager, Geroa SARL Director of Nixxis SA (Luxembourg) Chairman of the Board of Directors, Thomson Director and Chairman of the Audit Committee: Thomson
Elie Cohen	French	Director Member of the Audit Committee Member of the Strategy Committee	27 May 2004	General Shareholders' Meeting in 2014	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 Board, Groupe Steria (SSII) Director of EDF Énergies Nouvelles Posts no longer held: Chairman of the Scientific Board and Director of Vigeo Director of Orange Vice-President of the Haut Conseil du secteur public Director of EDF ENR
Abeille Deniau	French	Director representing personnel	20 July 2006	20 July 2011	None Posts no longer held: None
Jacques Garaïalde	French	Director Chairman of the Board of Directors Chairman of the Strategy Committee	12 October 2006	General Shareholders' Meeting in 2014	KKR associate Director of Legrand Director of Nexans CEO and Director of Médiannuaire Holding Director of Tarkett Member of the Executive Committee of Société d'Investissement Familiale (S.I.F.) Director of Visma Posts no longer held: Chairman of the Board of Directors, Médiannuaire Holding
Jean-Christophe Germani	French	Director	12 October 2006	General Shareholders' Meeting in 2011	Managing Director of Goldman Sachs Director of Médiannuaire Holding Director of Financière Daunou 5 Director of Get A.S. Director of Thor Norway Topco A.S. Director of Norcab A.S. Posts no longer held: Director of EM Acquisition Corp. and Education Management Corporation Director of Alchemy Holding Sarl Director of CCom Holdings Luxembourg S.à.r.l Director of Wireless Information Network Limited Director of InsuranceCity AG

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Name	Nationality	Function	Date appointed	Term expiry	Other roles and principal offices held in the last 5 years
Nicolas Gheysens	French	Director Member of the Audit Committee Member of the Remuneration and Appointments Committee	26 July 2007	General Shareholders' Meeting in 2014	Employee, Kohlberg Kravis Roberts & Co SAS Director of Pets at Home Group LTD Chairman of NorthgateArinso France Holdings Member of the Supervisory Board at Société d'Investissement Familiale (SIF) CEO of Sedley Participations France (SAS) Board member, U.N Ro-Ro Isletmeleri A.S. Member of the Management Board at A.T.U Luxembourg S.à.r.l Director of Médiannuaire Holding Posts no longer held: Member of the Management Board at Victoria Holding S.à.r.l Member of the Management Board at Angel Lux Parent S.à.r.l Member of the Management Board at Angel Lux Common S.à.r.l
Hugues Lepic	French	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 Médiannuaire Holding Director of Endemol N.V. Posts no longer held: Director of Eutelsat Communications SA Chairman of the Supervisory Board of Autodis SA Chairman of the Supervisory Board of Autodistribution SA Director of Cablecom GmbH Director of Pysmian S.p.A. Luxembourg GP S.à.r.l Director of Iliad SA Board member, Neuf Cegetel SA
Jérôme Losson	French	Director	11 June 2009	General Shareholders' Meeting in 2014	Employee at KKR Capstone Ltd Posts no longer held: Chairman, Mercadium France Director of Mercadium Ltd Chief Operating Officer at Northgate Information Solutions Ltd
Médiannuaire, represented by William Cornog	American	Director	12 October 2006	General Shareholders' Meeting in 2011	None Posts no longer held: None
Jean-Pierre Remy	French	Director CEO	17 May 2009	General Shareholders' Meeting in 2014	Chairman/CEO and director of PagesJaunes Director of PagesJaunes Marketing Services Chairman and Director of Médiannuaire Holding Director of Mappy Chairman of the Board of Directors and Director of QDQ Media (Spain) Posts no longer held: Chairman of Egencia LLC Chairman/CEO of Egencia Europe SA Director of Egencia UK Director of Egencia GmbH

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Name	Nationality	Function	Date appointed	Term expiry	Other roles and principal offices held in the last 5 years
Rémy Sautter	French	Director Chairman of the Audit Committee	27 May 2004	General Shareholders' Meeting in 2014	Chairman/CEO of Bayard d'Antin Chairman of the Supervisory Board of Ediradio/RTL Member of the Supervisory Board, M6 Director of Partner Re (USA) Director of Technicolor Posts no longer held: Director of M6 Publicité Director of Wanadoo Chairman of Sicav Multimedia et Technologies Director of Taylor Nelson Sofres (UK) Director of Thomson

Your General Meeting is invited to renew the terms of directors expiring at the end of your meeting, as listed below:

- Mr Jean-Christophe Germani (for a term of 5 years);
- Mr Hugues Lepic (for a term of 5 years);
- Médiannuaire (for a term of 5 years).



VII. TOTAL REMUNERATION AND ALL BENEFITS GRANTED TO CORPORATE OFFICERS AT PAGESJAUNES GROUPE BY PAGESJAUNES GROUPE

For Executive Corporate Officers

Table summarising the remuneration of each executive officer

	Year 2010		Year 2009	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Jacques Garaïalde, Chairman of the Board of Directors				
Fixed remuneration	–	–	–	–
Variable remuneration	–	–	–	–
Extraordinary remuneration	–	–	–	–
Directors' fees	40,476	40,476	38,533	38,533
Benefits in kind ⁽²⁾	–	–	–	–
TOTAL	40,476	40,476	38,533	38,533
Jean-Pierre Remy, CEO				
Fixed remuneration	390,000	390,000	235,238	235,238
Variable remuneration	510,000	355,000	355,000	0
Extraordinary remuneration	–	–	–	–
Directors' fees	23,550	23,550	12,088	12,088
Benefits in kind ⁽²⁾	16,509	16,509	8,851	8,851
TOTAL	940,059	785,059	611,177	256,177

(1) This amount paid out corresponds to provisions previously booked.

(2) Use of a company car and payment of unemployment contributions.

In 2010, the Chief Executive Officer was eligible for a variable share of 100% of the fixed sum on objectives achieved, between 0% and 200%, based on the following criteria:

- 50% on a qualitative scale from 0% to 200%; and
- 50% on a quantitative scale based on an additional gross operating margin (GOP) target from 0% to 200%.

For non-executive corporate officers

The General Shareholders' Meeting of 11 June 2009 decided to set the amount of directors' fees granted to the members of the Board of Directors at 340,000 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:

- 4,000 euros per meeting of the Board of Directors;

- 4,000 euros per meeting of a Committee;
- a fixed amount of 10,000 euros for the Chairman of the Board or the Chairman of the Audit Committee;
- a fixed amount of 5,000 euros for the Chairman of the Remuneration and Appointments Committee or the Strategy Committee.

In due consideration of the number of meetings of the Board of Directors and of Committees in 2010, in accordance with the rules of distribution and to remain within the overall budget of 340,000 euros, the Board decided to reduce the *pro rata* amount granted to each member under the initial method.

Remuneration paid to members of the Board of Directors by way of directors' fees in 2010 amounted to 340,000 euros.

The General Shareholders' Meeting on 7 June 2011 will be invited to increase to 390,000 euros the amount of directors' fees granted to the members of the Board of Directors for the current fiscal year and following years, until a new decision is adopted by the General Shareholders' Meeting.

Table of directors' fees for attendance and other remuneration received by non-executive corporate officers

Non-executive corporate officers	Amounts paid in 2010		Amounts paid in 2009	
François de Carbonnel				
Directors' fees	36,061		43,066	
Other remuneration	-		-	
Elie Cohen				
Directors' fees	41,212		39,288	
Other remuneration	-		-	
Abeille Deniau				
Directors' fees	20,606		21,155	
Other remuneration	61,284		64,994	
Jean-Christophe Germani				
Directors' fees	23,550		21,155	
Other remuneration	-		-	
Nicolas Gheysens				
Directors' fees	38,268		39,288	
Other remuneration	-		-	
Hugues Lepic				
Directors' fees	38,268		33,244	
Other remuneration	-		-	
Jérôme Losson ⁽¹⁾				
Directors' fees	17,662		9,066	
Other remuneration	-		-	
Médiannuaire				
Directors' fees	17,662		15,111	
Other remuneration	-		-	
Rémy Sautter				
Directors' fees	42,684		43,822	
Other remuneration	-		-	
TOTAL	337,257		330,189	

(1) Jérôme Losson was appointed as a director at the General Shareholders' Meeting on 11 June 2009.

VIII. ALL COMPENSATION AND BENEFITS RECEIVED BY PAGESJAUNES GROUPE CORPORATE OFFICERS FROM COMPANIES CONTROLLED BY PAGESJAUNES GROUPE DURING THE YEAR

Corporate officers of PagesJaunes Groupe	Fixed remuneration paid during the year		Variable remuneration and miscellaneous bonuses paid during the year		Voluntary and mandatory profit-sharing and employer's top-up contributions paid during the year		Benefits in kind granted during the year		Directors' fees acquired during the year	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
(in euros)										
Abeille Deniau	46,812	49,484	6,364 ⁽¹⁾	7,305 ⁽¹⁾	6,568	8,205	-	-	-	-

(1) 2009: of which 1,082 euros in payment of overtime exempt from social contributions and taxes.

2010: of which 1,125 euros in payment of overtime exempt from social contributions and taxes.

IX. ALL COMPENSATION AND BENEFITS RECEIVED BY PAGESJAUNES GROUPE CORPORATE OFFICERS DURING 2010 FROM THE COMPANY CONTROLLING PAGESJAUNES GROUPE

None.

X. ALL COMMITMENTS 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 favour of its corporate 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 corporate officers. Mr Jean-Pierre Remy, as Company CEO, benefits from the extra retirement package (Article 83 of the French General Tax Code).

Since Jean-Pierre Remy does not benefit from an employment contract, the Board of Directors decided to implement severance pay. This pay shall be due in the event of forced departure from the Company in connection with a change in control or strategy or implementation. The amount of this pay shall be equal to his gross annual remuneration (fixed and variable in accordance with the targets met), subject to the following condition of performance (in the event of his departure after the posting by the Board of Directors of the Group consolidated accounts for the year ending 31 December 2010): the average trend in gross operating margin over the previous three years (or over the last two years in the event of departure between the posting by the Board of Directors of the Group's consolidated accounts for the year ending

on 31 December 2010 and the posting by the Board of Directors of the Group's consolidated accounts for the year ending on 31 December 2011) as posted by the Board of Directors prior to the date of departure of Jean-Pierre Remy will exceed the average trend in operating income prior to impairment of goodwill, restructuring costs and results of sales of SBF 120 index company assets, for the same period.

Payment of severance will be made only when the Board of Directors has observed that the performance condition has been met.

A non-competition obligation shall apply if Jean-Pierre Remy's office as CEO of the Company is terminated for any reason and in any way. This obligation is limited to a period of 24 months commencing on the day on which his duties actually terminate and covers all of France. 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. It will be paid to Jean-Pierre Remy at the end of each half-year at a rate of 1/4th of the total compensation amount. The Company shall be entitled to release Jean-Pierre Remy from this non-competition clause, informing him of its decision at the latest within the 15 calendar days following the decision by the Board of Directors to curtail Jean-Pierre Remy's term as CEO at the Company.

XI. OPTIONS FOR SUBSCRIPTION OR PURCHASE OF PAGESJAUNES SHARES

PagesJaunes Groupe stock option plan

On 28 June 2005, the Company implemented a stock option plan for a total of 3,796,800 options, with an adjusted exercise price of 11.72 euros over 10 years. Options are fully vested after 3 years.

The Company also implemented a second stock option plan on 20 December 2007 for a total of 2,927,900 options at an exercise price of 14.46 euros and the same features as the original plan: 10-year term and options fully vested after 3 years.

The Company introduced three stock option plans in 2009: on 23 July 2009 for 1,145,000 options at an exercise price of 6.71 euros, on 29 October 2009 for 87,000 options at an exercise price of 8.84 euros, and on 17 December 2009 for 75,000 options at an exercise price of 7.82 euros. All these plans have the same features as the first plan: 10-year term and options fully vested after 3 years.

In accordance with the plan of 23 July 2009, upon the proposal of the Remuneration and Appointments Committee, the Board of Directors decided to grant 140,000 options to Jean-Pierre Remy.

All the options are subject to performance obligations, in accordance with the AFEP/MEDEF Corporate Governance Code.

Jean-Pierre Remy will be required to reinvest 33% of the net capital gain generated on exercise of these options in PagesJaunes Groupe

shares. Jean-Pierre Remy must keep these shares in his own name until he has completed his term as CEO.

In 2010, the Company set up two stock option plans: on 27 July 2010 for 1,336,000 options at an exercise price of 8.586 euros, on 16 December 2010 for 166,000 options at an exercise price of 7.095 euros. All these plans have the same features as the first plan: 10-year term, options fully vested after 3 years.

In accordance with the plan of 27 July 2010, upon the proposal of the Remuneration and Appointments Committee, the Board of Directors decided to grant 140,000 options to Jean-Pierre Remy. All the options are subject to a performance obligation in connection with the achievement by the CEO of his annual targets for 2010, 2011 and 2012. This performance requirement will translate into:

- if the average percentage of achievement of such targets is equal to or in excess of 100%: all of the options will be granted;
- if the average percentage of achievement of such targets is less than 100%: that percentage is applied to all of the agreed options to determine the number definitively granted.

Jean-Pierre Remy will be required to reinvest 33% of the net capital gain generated on exercise of these options in PagesJaunes Groupe shares. Jean-Pierre Remy must keep these shares in his own name until he has completed his term as CEO.

Stock options granted during the year to each Executive Corporate Officer by the issuer and by any Group company

Name of the executive corporate officer	No. and date of plan	Type of options (purchase or subscription)	Valuation of the options according to the method accepted for the consolidated accounts	Number of options granted during the year	Exercise price	Exercise period
Jean-Pierre Remy	27 July 2010	Subscription options	343,000	140,000	8.586	27 July 2013 to 27 July 2020
TOTAL	-	-	343,000	140,000	-	-

Stock options exercised during the year by each Executive Corporate Officer

Name of the executive corporate officer	No. and date of plan	Number of options exercised during the year	Exercise price
Jean-Pierre Remy	-	-	-
TOTAL	-	-	-

PagesJaunes Groupe bonus share plan

The Board of Directors was authorised, for a period of 38 months, by the Extraordinary General Meeting of 19 April 2006 to implement a plan to grant bonus shares for the benefit of certain executive officers and employees of PagesJaunes Groupe, to associate them to

the development of the Company. The maximum number of bonus shares that may be granted under this authorisation is set at 0.5% of the capital of the Company, namely 1,393,948 shares. The Board of Directors agreed to the terms of the bonus share plans at its meetings on 30 May 2006, 20 November 2006 and 14 February 2008.

Performance-based shares granted to each corporate officer

Performance-based shares granted during the year to each corporate officer by the issuer and any company in the Group	No. and date of plan	Number of shares granted 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 shares available to each corporate officer	Date of plan	Number of shares that have become available during the year	Acquisition conditions
None			

REPORT BY THE BOARD OF DIRECTORS AT THE PAGESJAUNES GROUPE COMBINED GENERAL SHAREHOLDERS' MEETING
ON 7 JUNE 2011

XII. LIST OF TRANSACTIONS UNDERTAKEN BY CORPORATE OFFICERS ON PAGESJAUNES GROUPE SHARES

Declarant	Nature of the transaction	Date of the transaction	Unit price	Amount of the transaction
François de Carbonnel	Acquisition of 2,000 shares	12 March 2010	8.2724 euros	16,544.80 euros

XIII. TRANSACTIONS UNDERTAKEN BY PAGESJAUNES GROUPE ON ITS OWN SHARES DURING THE YEAR AND THE NEW COMPANY SHARE BUY-BACK PROGRAMME

Summary of transactions carried out as part of the programme approved by the Combined General Meeting of 10 June 2010

At 10 June 2010, the date of the General Shareholders' Meeting at which the 2010 Buy-Back Programme was approved, the Company held 478,686 treasury shares as part of the liquidity contract.

A summary of transactions carried out under the 2010 Buy-Back Programme is as follows:

Table as at 31 December 2010

Number of shares comprising PagesJaunes Groupe's capital at 10 June 2010	280,984,754
Treasury shares held directly or indirectly at 10 June 2010	478,686
Number of shares purchased between 11 June 2010 and 31 December 2010	1,596,389
Gross weighted average price of shares purchased (<i>in euros</i>)	8.10
Number of shares sold between 11 June 2010 and 31 December 2010	1,456,014
Gross weighted average price of shares sold (<i>in euros</i>)	8.21
Number of shares cancelled during the last 24 months	0
Treasury shares held directly or indirectly at 31 December 2010	619,061
Book value of portfolio (assessed at purchase price) at 31 December 2010 (<i>in euros</i>)	4,638,193
Market value of portfolio as at 31 December 2010 (<i>in euros</i>)	4,209,615

New Company share buy-back programme (submitted to the General Shareholders' Meeting to be held on 7 June 2011)

We propose that you renew, by 18-month period, the Company's authorisation to implement a share buy-back programme and accordingly authorise the Company, in accordance with Articles L. 225-209 *et seq.* of the French Commercial Code, 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.

- The maximum purchase price should not exceed 15 euros per share, and accordingly this amount must be adjusted 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 buy-back programme shall not exceed 421,477,125 euros.

The purposes of the share buy-back programme are to:

- implement and fulfil all obligations related to share option programmes or other distributions of shares to employees of the Company or related companies, and in particular to grant shares to

Group employees as part of (i) mandatory company profit-sharing and (ii) any share purchase plan, stock option plan or bonus share distribution plan (including any share disposals within the scope of Article L. 3332-24 of the Labour Code) for the benefit of some or all employees or corporate officers, as well as carrying out hedging arrangements pertaining to such transactions;

- reduce the Company's share capital by cancelling shares;
- ensure the liquidity of the PagesJaunes Groupe share within the frame of a liquidity contract consistent with the professional ethics charter recognised by the *Autorité des marchés financiers* (French Financial Markets Authority);
- retain shares for subsequent remittance for exchange or as payment for any external growth operations;
- establish and honour the obligations associated with debt securities convertible into title deeds and especially to remit shares upon the exercise of the rights attached to securities giving access to shares, and to carry out any hedging transactions in connection with the Group's obligations associated with these securities.

XIV. FACTORS LIKELY TO HAVE AN IMPACT DURING PUBLIC OFFERING PERIODS

None.

XV. MATERIAL EVENTS SUBSEQUENT TO THE YEAR-END

None.

XVI. EMPLOYEE INFORMATION

At 31 December 2010, PagesJaunes Groupe's headcount was 36 (34 at year-end 2009, and 32 at year-end 2008), enabling it to fully discharge its role as a holding Company for a listed group.

All information relating to PagesJaunes Groupe staff may be found in section 17 of PagesJaunes Groupe's reference document for 2010.

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 COMPANY ACTIVITY

In its business operations the Group is subject to a number of health and safety regulations.

Its activities, particularly the printed directory business, have impacts on the environment.

In relation to the publication, manufacture and mass distribution of printed directories, we would like to highlight the following points:

- For outsourced activities such as the supply of paper directories, the printing or distribution of printed directories, the Group only has limited control over 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 environmental regulations applicable to their own activity.
- 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.

The main environmental impact for the Group is therefore the production of a large quantity of printed directories. To limit this impact, the Group has implemented a number of measures aimed at reducing the amount of paper needed for its business and encouraging the 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:

- targeting, through the most accurate assessment of the number of directories to be printed, so that this is more closely aligned with the genuine needs of consumers;
- optimised 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 printed PagesJaunes directories was 51,330 tonnes in 2010, as against 66,890 tonnes in 2009 and

71,720 tonnes in 2008. The downward trend in paper consumption in 2010 reflects:

- a new compact format to increase the printed page surface, thereby reducing the number of pages; this printing format was adopted in 95 out of the 102 *départements* or territories benefiting from printed directories;
- other page number reductions, in line with a fall in advertising revenue.

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 addition 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 extending responsibility to producers. It is concerned by directory collection, and processing (particularly their recycling).

First and foremost, 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 joined the ecological organisation EcoFolio. EcoFolio was created at the end of 2006 and approved by the authorities in January 2007. It was founded by issuers of printed matter, who clubbed together to take up their environmental responsibilities in a joint response to legal obligations and organise 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 part of the universal posts and telecommunications service, Pages Blanches (White Pages) falls outside the scope of this eco-contribution).

The revenue from the eco-contributions received by EcoFolio from the issuers of taxable printed documents such as PagesJaunes directories,

is then passed on to the local government bodies responsible for refuse collection and processing.

In 2010, the scope of the printed matter subject to the eco-contribution was further extended: since 1 January 2010, it now concerns manufacturers of graphic paper (office paper for instance), manufacturers of envelopes and the distributors of such products.

The only publications falling outside this contribution are publications governed by the regime applicable to books, publications governed by the regime applicable to the press as well as printed matter distributed by virtue of a law or a regulation (which is the case for Pages Blanches (see above)).

The total financing contributions that the Company owed for 2010 is estimated at 781,000 euros excluding tax (995,000 euros excluding tax in 2009).

For the future, the Group must take account of trends in the environmental expectations of consumers and the authorities and comply with regulations for publishers that are likely to become more stringent.

Environmental impacts 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 risks

See notes 30 and 33 of the consolidated financial statements.

Liquidity risk

See notes 30 and 33 of the consolidated financial statements.

Interest rate risk

See notes 30 and 33 of the consolidated financial statements.

Counterparty (credit) risks

See notes 30 and 33 of the consolidated financial statements.

Risks relating to shares

See notes 30 and 33 of the consolidated financial statements.

XX. NON-DEDUCTIBLE TAX EXPENSES

As per the stipulations of Article 223 *quater* of the French General Tax Code, we wish to inform you that the expenditure and charges covered by Article 39-4 of same for 2010 amounted to 27,053 euros.

XXI. INFORMATION CONCERNING SUPPLIER PAYMENT TIMELINES

The due date for all trade payables on the balance sheet at 31 December 2010, totalling 0.8 million euros (excluding charges payable) is less than 60 days.

XXII. PROSPECTS

This section contains information concerning the Group's targets. Readers are reminded that the statements in this section depend on circumstances or events which may occur in the future. Such information is not historical data and should not be interpreted as a warranty that the events or facts as stated will occur or that the stated targets will be achieved. By their nature, it is possible that these targets may not be achieved, and the forecasts on which they are based may prove to be erroneous. Readers are encouraged to take into consideration the risk factors described in Section 4 of the Company's reference document, "Risk factors".

PagesJaunes Groupe's prospects for 2011 are as follows:

- growth in sales ⁽¹⁾;
- stability of book revenue and of consolidated GOP;
- maintenance of a high dividend policy ⁽²⁾.

(1) Sales are those of the Group excluding Editis Luxembourg. The term "sales" corresponds to firm orders signed over the period (revenue from publishing) for PagesJaunes in France and QDQ Media as well as the book revenue for the other subsidiaries.

(2) Profit distribution targets under no 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 factor considered relevant by the Board of Directors and shareholders of PagesJaunes Groupe.

XXIII. PROGRESS OF MAIN SUBSIDIARIES' BUSINESS

Segment 1: PagesJaunes in France

Revenue for the PagesJaunes in France segment was 1,051.6 million euros in 2010, down 4.2% from 2009, due to a 9.4% drop in revenues from printed directories and a 17.3% drop in revenues from other activities (118 008, PagesPro, Minitel, Quidonc), partially offset by the growth of 4.0% in revenue from Internetservices ("pagesjaunes.fr", "annoncesjaunes.fr", and Internet sites).

Falling revenue was chiefly due to a drop in the numbers of advertisers of 5.7%, at 660,000 advertisers in 2010 as against 700,000 in 2009, that was not offset by an increase in the average revenue per advertiser of 1.7% at 1,570 euros in 2010, as against 1,543 euros in 2009.

The capture of new customers continued at a slower rate than in 2009, with 95,000 new customers in 2010 as against 119,000 in 2009), due to less prospecting of potential customers with low average revenue.

Printed directories

Revenue from printed directories originating primarily from sales of advertising space in the PagesJaunes directory and *l'Annuaire* (White Pages), totalled 523.6 million euros in 2010 compared to 577.8 million euros in 2009, a decline of 9.4%. Average revenue per advertiser for printed directories fell back by 2.6% compared to 2009, at 902 euros in 2010 compared to 926 in 2009. The number of advertisers in printed directories fell by 6.9% with 581,000 advertisers in 2010, as against 624,000 in 2009.

Internet

Revenue from online services in France, derived primarily from the sale of advertising products on "pagesjaunes.fr" and "annoncesjaunes.fr", and from website development and hosting, was up 4.0% on 2009 at 479.6 million euros. Revenue recognition is spread over the term of the contracts with the advertisers (on average, 12 months).

The number of online advertisers decreased slightly by 1.1% compared to 2009, with 487,000 advertisers in 2010 as against 493,000 advertisers in 2009. Average revenue per advertiser increased by 3.4% at 977 euros in 2010 as against 949 euros in 2009, reflecting a commercial policy essentially focused on the upgrading of existing customers *via* new services.

With 60,000 Internet Visibility Packs (IVP) and close to 23,000 videos sold at 31 December 2010, and with the rapid development of the suggestion box facility, the number of suggestions made by Internet users on pagesjaunes.fr reached 263,000 at 31 December 2010 and involved 121,000 professionals, PagesJaunes has confirmed its position as the leader in online content in France.

The "pagesjaunes.fr" website recorded 936.1 million fixed Internet visits in 2010, up 5.7% from 2009, and 70.4 million mobile Internet visits, i.e. an increase of 137.5% in relation to 2009. PagesJaunes applications for all types of Smartphones were downloaded 4.0 million times since their launch.

Other activities (118 008, PagesPro, Minitel, and Quidonc)

Revenue from other activities of the PagesJaunes in France segment derives mainly from directory inquiry services (118 008), from the online PagesPro directory (the printed directory was discontinued at the end of 2009), from the Minitel and from the Quidonc reverse directory.

Revenue from other activities of the PagesJaunes in France segment amounted to 48.5 million euros in 2010, down 17.3% from 2009.

This trend is explained by the 15.1% decrease in revenues from the online PagesPro, and by the discontinuance of the marketing of the printed PagesPro.

Revenue from directory inquiry services (118 008), which include advertisement revenues, make up 60.2% of the total revenues of this business, while traffic revenues totalled 36.0 million euros in 2010, down 9.4% from 2009.

This drop in advertising revenues is primarily explained by the decline in the number of advertisers, with 92,000 advertisers at the end of 2010, compared to 117,000 at the end of 2009, while average revenue per advertiser declined to 209 euros in 2010 compared to 212 euros in 2009. Traffic revenues dropped by 6.6% due to a downward trend in the volume of calls processed in this market, which was not offset by the increase in the average revenue per user.

Gross operating margin

The gross operating margin of the PagesJaunes in France segment stood at 510.5 million euros in 2010, down 3.3% from 2009. The gross operating margin rate of this segment is slightly up at 48.5% in 2010 as against 48.1% in 2009, due in particular to the continued reduction in publishing costs of printed directories (purchases of paper, printing and distribution costs), which was partially offset by the increase in expenses in connection with new products and Internetservices.

Segment 2: International and Subsidiaries

The revenue of the International & Subsidiaries segment totalled 87.8 million euros in 2010, up 15.2% from 2009 as a result of 44.8% growth in Internet revenues. 123people and Keltravo, respectively consolidated in March 2010 and May 2010 within the "Directories and Search" businesses, contributed 8.8 million euros to the revenue of this segment in 2010.

On a like-for-like consolidation basis, excluding 123people and Keltravo in 2010 and Edicom in 2009, revenue from the International & Subsidiaries segment was up 6.5% in relation to 2009, with Internet revenues up 25.4%.

BtoC directories

Revenue from BtoC directories, mainly sales of advertising space in printed and online directories, publishing and distribution, by QDQ Media in Spain, Editus in Luxembourg and Edicom in Morocco (sold in October 2009), and from the new 123people and Keltravo businesses, totalled 44.2 million euros in 2010, up 6.8% on 2009, despite the 32.4% drop in revenues from QDQ Media's printed directories. In 2009, Edicom had contributed 1.6 million euros to consolidated revenue.

Internet revenues for the directory and search businesses are up 65.8% compared to 2009, at 26.7 million euros, as a result of growth of 19.2% of QDQ Media's Internet business, and to the contribution of 8.8 million euros by the new businesses acquired during the first half of 2010 (123people and Keltravo).

Internet advertising

Sales by Horyzon Média invoiced to advertisers totalled 26.8 million euros in 2010, up 55.8% from 2009. All businesses, including CPC (cost per click) and CPM (cost per mille) experienced solid growth, due in particular to the recovery of the online advertising market, and to Internet advertising representation on new websites.

Horyzon Média's contribution to consolidated revenues, comprising only representation commissions for CPM activities and all the revenue

billed to advertisers for CPC activities, amounted to 14.6 million euros in 2010, compared to 9.4 million euros in 2009, a rise of 55.3%.

Direct Marketing and Geographic Services

The revenue from the Direct Marketing and Geographic Services businesses amounted to 29.0 million euros in 2010, up 16% from 2009, as a result of the growth of the Internet activities of PagesJaunes Marketing Services, due to the production of the "Internet Visibility Packs" marketed by the PagesJaunes sales force, and to the growth of Mappy's advertising revenues.

The mappy.com site recorded 239.6 million visits in 2010, a rise of 3.7% compared to 2009, and Mappy applications for all types of smartphones was downloaded 1.8 million times since their launch.

Gross operating margin

The gross operating margin of the International & Subsidiaries segment amounted to 7.2 million euros in 2010, compared to 0.9 million euros in 2009, as a result of the effects of the restructuring of QDQ Media in 2009, which allowed achieving a balanced gross operating margin in 2010, of the strong growth in the gross operating margin of Horyzon Média in connection with the growth of the activity, and to the positive contribution made by 123people, which was consolidated in March 2010.

XXIV. EXTRAORDINARY RESOLUTIONS

You are invited to vote on an extraordinary resolution to modify the Company's Articles of Association in view of granting double voting rights.

You are also invited to vote on renewing the authorisation to reduce the capital by the cancellation of ordinary shares under the 5th resolution submitted to you, so as to permit the Board of Directors to purchase or transfer PagesJaunes Groupe shares. You are also invited to grant certain financial authorisations to the Board of Directors authorising it, subject to limits and conditions defined by your General Shareholders' Meeting, to issue equity instruments providing access to the Company's share capital (12th and 13th resolutions).

Introduction of a double voting right and correlative modification of Article 10 of the Articles of Association (10th resolution)

You are invited to vote on a modification to the Company's Articles of Association in view of granting double voting rights to all fully paid-up shares that have been registered in the name of the same shareholder for the last two years at least, in accordance with the provisions of Article L. 225-123 of the Commercial Code.

The Board of Directors supports this measure, which would confer a more important role to the Company's most faithful shareholders, thereby contributing to shareholder stability as well as more shareholder involvement in the management of the Company.

So as to permit each and every shareholder to anticipate the effect of such double voting rights, we propose that you defer the date of grant of such double voting right until 1 May 2013 such that, as from that date, all shares that have been registered in the name of a same shareholder for the last two years at least shall benefit from a double voting right.

If you approve this proposal, we would ask you to modify Article 10 of the Company's Articles of Association by adding a new paragraph, worded as follows, after the first paragraph:

"A double voting right is granted to all fully paid-up shares that have been registered in the name of the same shareholder for the last two (2) years at least. In case of a share capital increase through the incorporation of reserves, retained earnings or share premiums, this double voting right shall accrue to the benefit of the new shares allocated to a shareholder, upon their issuance, on the basis of former shares for which they already benefit from that right. Double voting rights attached to registered shares shall be lost if such shares are converted into bearer shares or if title to them is transferred, subject to the exceptions provided by law. The provisions of this paragraph shall become effective as of 1 May 2013. "

Authorisation to the Board of Directors to reduce the Company's share capital by cancellation of shares (12th resolution)

In relation with the 5th resolution submitted for your approval, and as provided for by Article L. 225-209 of the French Commercial Code, we propose in the 11th resolution that you authorise the Board of Directors, for a period of 18 months, to cancel all or part of any PagesJaunes Groupe shares acquired in the framework of the buy-back programme if authorised by the adoption of the 5th resolution (or of any share buy-back programme 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 may decide to allocate any excess of the share purchase price over their nominal amount to the "share premium" account or any available reserve, including the legal reserve subject to a limit of 10% of the share capital reduction.

Delegation of authority to the Board of Directors enabling it to issue bonus shares (13th resolution)

You are invited to delegate to the Board of Directors the authority to carry out one or more bonus issues of existing or future Company shares, under terms to be defined by itself, within the limits fixed in the 12th resolution.

The beneficiaries must be the employees and/or corporate officers of the Company, or of companies or groups which are related to the Company or certain categories of the above.

This authorisation would be granted for a period of 38 months with effect from the date of your General Shareholders' Meeting.

The total number of shares granted free of charge under the terms of this resolution may not represent more than 1.5% of the Company's capital at the date of your General Shareholders' Meeting.

The minimum vesting period and minimum retention period of the shares granted would be of 2 years, with the exception of shares for which the vesting period is of at least 4 years for which the retention requirement would be suppressed.

The existing shares that can be 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 programme authorised by the 5th resolution submitted to this meeting or any subsequently applicable share buy-back programmes.

This authorisation would involve, to the benefit of the beneficiaries of the shares granted, a waiver by the shareholders of any right in respect of the bonus shares granted on the basis of such authorisation.

Delegation of authority to the Board of Directors for the purposes of carrying out share capital increases for the benefit of members of a PagesJaunes Groupe savings plan (14th resolution)

We request that you delegate authority to the Board of Directors for the purposes 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 of the Labour Code (Article L. 3332-18 *et seq.*) as applicable 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 or former employees participating in a savings plan administered by PagesJaunes Groupe, or to the allocation of bonus 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 premiums, 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 premiums), 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 bonus 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 allocations of shares or other securities providing access to the Company's shares. Such share capital increase implies that you suppress, in favour of such employees and former employees, shareholders' preferred 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 granted 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 Articles of Association.

Additional report in the event of utilisation of the delegations of authority

If the Board of Directors were to make use of any delegations of authority granted, it would prepare an additional report required by virtue of the law and regulations applicable at the time of use.

The Company's Statutory Auditors shall also prepare a report to the Board of Directors required by virtue of the law and regulations applicable at the time of use of each delegation of authority.

The Board of Directors recommends that you adapt the resolutions submitted for your vote.

Drawn up in Sèvres,

The Board of Directors



FINANCIAL RESULTS OVER THE LAST FIVE YEARS

(Articles 133, 135, 148 of the decree of 23 March 1967)

Type of indications (excl. capital, amounts in thousands of euros)	Year 2010	Year 2009	Year 2008	Year 2007	Year 2006
1 - FINANCIAL POSITION AT YEAR-END					
a) Share capital	56,196,951	56,196,951	56,196,951	56,128,890	56,053,356
b) Number of ordinary shares	280,984,754	280,984,754	280,984,754	280,644,450	280,266,780
2 - TOTAL INCOME FROM OPERATIONS					
a) Revenue net of taxes	7,683	7,171	4,995	6,602	8,304
b) Earnings before tax, profit-sharing, depreciation and provisions	211,497	229,857	172,392	150,500	196,911
c) Profits tax	(45,382)	(42,491)	(55,863)	(54,862)	(26,971)
d) Employee profit-sharing for the year	-	-	-	-	-
e) Earnings after tax, depreciation and provisions	253,244	273,456	128,397	220,207	226,726
f) Total profits paid out in n+1 ⁽¹⁾	162,971	182,446	269,454	269,419	303,070
3 - EARNINGS PER SHARE (in euros)					
a) Earnings after tax and profit-sharing but before depreciation and provisions	0.91	0.97	0.81	0.73	0.80
b) Earnings after tax, profit-sharing, depreciation and provisions	0.90	0.97	0.46	0.78	0.81
c) Dividend per share paid out in n+1 ⁽¹⁾	0.58	0.65	0.96	0.96	1.08
4 - STAFF					
a) Average headcount during the year	32	32	30	31	34
b) Total payroll	5,299	7,865	3,937	3,819	3,996
c) Total contributions paid out	2,082	2,830	1,559	1,596	1,555

(1) Or proposed to the General Shareholders' Meeting during the previous year (before adjustments for treasury shares).

REPORT BY THE BOARD OF DIRECTORS AT THE PAGESJAUNES GROUPE COMBINED GENERAL SHAREHOLDERS' MEETING
 ON 7 JUNE 2011

TABLE OF SUBSIDIARIES AND HOLDINGS AT 31 DECEMBER 2010

(in thousands of euros)	Capital	Equity excluding capital and before appropriation of net income	Share of capital held as %	Book value of shares held		Loans and advances granted by the Company, not yet repaid (excluding current accounts)	Amount of sureties or warra- nties given by the Company	Revenue at last year-end	Net income at last year-end	Dividends received by the Company during the year	Observations
				Gross	Net						
Detailed information on subsidiaries and holdings											
1 - SUBSIDIARY: MORE THAN 50% HELD BY THE COMPANY											
Cristallerie 2 SA 7, avenue de la Cristallerie 92317 Sèvres Cedex SIREN: 493 023 485	38	(12)	100.00%	38	38	-	-	-	(3)	-	Preliminary data, not audited
Cristallerie 3 SA 7, avenue de la Cristallerie 92317 Sèvres Cedex SIREN: 493 104 517	38	(14)	100.00%	38	38	-	-	-	(3)	-	Preliminary data, not audited
Cristallerie 4 SA 7, avenue de la Cristallerie 92317 Sèvres Cedex SIREN: 501 672 588	38	(10)	100.00%	38	38	-	-	-	(3)	-	Preliminary data, not audited
Euro Directory SA 2, avenue Charles-de- Gaulle L-1653 Luxembourg Luxembourg reg. number: B48461	1,625	170	100.00%	14,707	14,707	-	-	78	2,178	2,184	Holding company of Editus Luxembourg, 49% holding
Horizon Média SA 9, rue Maurice Mallet 92130 Issy-les-Moulineaux SIREN: 452 172 786	48	2,999	100.00%	12,383	12,383	-	-	26,613	2,374	-	
Mappy SA 47, rue de Charonne 75011 Paris SIREN: 402 466 643	212	(6,110)	100.00%	10,048	10,048	-	-	12,468	(7,073)	-	
PagesJaunes SA 7, avenue de la Cristallerie 92317 Sèvres Cedex SIREN: 444 212 955	4,005,038	431,705	100.00%	4,005,038	4,005,038	-	-	1,052,684	319,470	333,753	
PagesJaunes Marketing Services SA 25, quai Gallieni 92150 Suresnes SIREN: 422 041 426	7,275	8,387	100.00%	7,275	7,275	-	-	17,366	82	-	
PagesJaunes Outre-Mer SA 7, avenue de la Cristallerie 92317 Sèvres Cedex SIREN: 420 423 477	75	156	100.00%	76	76	-	-	5,057	147	100	Preliminary data, not audited
QDQ Media SAU Calle de la Haya 4 28044 Madrid - Espagne Madrid reg. number: A81745002	5,500	(7,360)	100.00%	91,719	0	5,000	-	26,962	(1,335)	-	Shares, loans and advances depreciated
Keltravo SAS 2, bd Vauban 78180 Montigny-le- Bretonneux SIREN: 494 738 636	230	(522)	100.00%	5,628	5,628	-	-	5,069	(756)		
123people GmbH Linke Wienzeile 8, Top 9 1060 Vienna - Autriche Vienna reg. number: FN 298562 m	44	1,891	100.00%	14,997	14,997	-	-	5,315	1,060		
2 - HOLDINGS (BETWEEN 10 AND 50%)											
None											

20.4 Verification of historic annual financial information

PagesJaunes Groupe

Financial year ended on 31 December 2010

REPORT OF THE STATUTORY AUDITORS ON ANNUAL FINANCIAL STATEMENTS

Dear Shareholders,

In compliance with the assignment entrusted to us by your General Shareholders' Meeting, we hereby report to you, for the year ended 31 December 2010, on:

- the audit of the accompanying annual financial statements of PagesJaunes Groupe;
- the justification of our assessments;
- the specific verification required by French law.

These annual financial statements were drawn up by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the annual financial statements

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the annual financial statements are free of material misstatement. An audit includes verifying, by audit sampling and other selective test procedures, evidence supporting the amounts and disclosures in the annual financial statements. An audit also includes assessing the accounting principles used, the significant estimates made, and the overall presentation of the financial statements. We believe that the evidence we have gathered in order to form our opinion is adequate and relevant.

We certify that the annual financial statements of the financial year provide a true and fair view of the assets, liabilities, financial position and results of the Company in accordance with the French accounting rules and principles.

II. Justification of the assessments

Pursuant to the provisions of Article L. 823-9 of the Commercial Code relative to the justification of our assessments, we inform you of 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. 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 annual accounts, we believe that those accounts which are subject to material accounting estimates and for which explanation is therefore required for our assessment include equity interest securities (note 3.2 of annual accounts).
- In accordance with the professional standards concerning the assessment of these accounts, we have assessed in particular the information and assumptions on which estimates of the value of the investment securities are based (in particular the cash flow forecasts prepared by your Company's operating divisions), reviewed the calculations made by your Company and the sensitivities of the main values used, compared the accounting estimates for previous periods with the corresponding actual amounts, and investigated the procedures used by the Management to approve these estimates.
- These assessments were made as part of our audit of the annual financial statements taken as a whole and, therefore, served in forming our audit opinion expressed in the first part of this report.

III. Verification and specific information

In accordance with professional standards in France, we have also performed the specific verification required by French law.

We have no matters to report regarding the fair presentation and consistency with the annual financial statements of the information provided in the Management report of the Board of Directors and in the documents sent to shareholders on the financial position and annual accounts.

As regards the information provided pursuant to the provisions of Article L. 225-102-1 of the Commercial Code on remunerations and benefits paid to corporate officers and on the commitments undertaken vis-à-vis such officers, we have verified the consistency with the accounts and the information which was used to prepare them and, if applicable the information gathered by your Company from the companies controlling your Company or controlled by it. Based on such work, we certify the accuracy and faire presentation of such information.

Pursuant to law, we have verified that the information related to equity interests and control and the identity of those holding capital has been provided to you in the Management report.

Neuilly-sur-Seine and Paris-La Défense, on 9 February 2011

The Statutory Auditors

Deloitte & Associés

Dominique Descours

Ernst & Young Audit

Jeremy Thurbin

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PagesJaunes Groupe

Financial year ended on 31 December 2010

REPORT OF THE STATUTORY AUDITORS ON CONSOLIDATED FINANCIAL STATEMENTS

Dear Shareholders,

In compliance with the assignment entrusted to us by your General Shareholders' Meeting, we hereby report to you, for the year ended 31 December 2010, 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 were drawn up by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion 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 as to whether the consolidated financial statements are free of material misstatement. An audit includes verifying, by audit sampling and other selective test 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, and the overall presentation of the financial statements. We believe that the evidence we have gathered in order to form our opinion is adequate and relevant.

We certify that the consolidated financial statements of the financial year provide 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 standards, as adopted by the EU.

Without prejudice to the abovementioned opinion, we wish to draw your attention to note 2 setting forth changes to accounting methods arising from new standards and interpretations as of 1 January 2010.

II. Justification of the assessments

Pursuant to the provisions of Article L. 823-9 of the Commercial Code relative to the justification of our assessments, we inform you of the following matters:

As specified in note 2 of the notes to the consolidated financial statements, your Company's Management makes estimates and assumptions which have a bearing on the accounts shown in the financial statements and accompanying notes. 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 at 31 December 2010, we believe that those accounts which are subject to material accounting estimates and for which explanation is therefore required for our assessment include goodwill and staff benefits.

In accordance with the professional standards concerning the assessment of these accounts, we have observed the following:

- in relation to 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 staff benefits, we have assessed the basis on which these provisions were raised, reviewed risk-related information contained in the notes to the consolidated financial statements 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

In accordance with professional standards in France, we have also performed the specific verification required by French law in relation to the information provided in the Group Management report.

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

Neuilly-sur-Seine and Paris-La Défense, 9 February 2011

The Statutory Auditors

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 therefore approximately 2.5 billion euros.

This extraordinary distribution was paid out of "Other reserves", once amounts shown in the Company's accounts as carryforwards had been transferred to this item. It was funded partly by the Company's available cash and partly by a loan taken out with a banking pool.

DIVIDEND FOR FINANCIAL YEAR 2007

The General Shareholders' Meeting of 11 June 2009 decided to proceed with an extraordinary distribution of 0.96 euro per share.

DIVIDEND FOR FINANCIAL YEAR 2008

The General Shareholders' Meeting of 11 June 2009 decided to proceed with an extraordinary distribution of 0.96 euro per share.

DIVIDEND FOR FINANCIAL YEAR 2009

The General Shareholders' Meeting of 10 June 2010 decided to proceed with an extraordinary distribution of 0.65 euro per share.

DIVIDEND FOR FINANCIAL YEAR 2010

On 8 February 2011 PagesJaunes Groupe's Board of Directors decided to propose to the General Shareholders' Meeting, to take place on 7 June 2011, to proceed with a distribution of 0.58 euro per share.

20.6 Legal and arbitration proceedings

In the normal course of business, the Company is involved in various 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 the 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 the reassessment of these risks.

With the exception of the proceedings described in note 33 of the notes to the consolidated accounts, "Legal proceedings", neither

the Company nor any of its subsidiaries are party to any arbitration proceedings (nor does the Company have any knowledge that any such proceedings 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 year-end and 18 February 2011, the date on which the accounts were approved by the Board of Directors, are referred to in note 36 on the consolidated financial statements.

20.8 Statutory Auditors' fees

This table appears in chapter 20.1 "Historic financial information" under note 34.

21.1	Share capital	165
21.2	Incorporation certificate and Articles of Association	170

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

At the registration date of this reference document, the Company's share capital amounted to 56,196,950.80 euros divided into 280,984,754 fully paid-up shares with a face value of 0.20 euro each, all of the same class.

SHARE CAPITAL

Unissued authorised capital

The Combined General Shareholders' Meeting of 10 June 2010 granted certain authorisations in the conditions set forth in the table below:

Shares concerned	Period of authorisation and expiry	Minimum amount of debt securities	Maximum nominal amount of share capital increase
Issues with preferred subscription rights (capital increase, all securities)	26 months 10 August 2012	Debt securities: 300 million euros	20 million euros
Issues of public offers without preferred subscription rights (capital increase, all securities)	26 months 10 August 2012	Debt securities: 300 million euros	10 million euros
Issues of offers set out in Section II of Article L. 411-2 of the French Monetary and Financial Code with preferred subscription rights (share capital increase, all securities)	26 months 10 August 2010	Debt securities: 300 million euros	10 million euros
Issues of ordinary shares and securities giving access to ordinary shares where the Company initiates an exchange offer	26 months 10 August 2012	Debt securities: 300 million euros	10 million euros
Issues of ordinary shares and securities giving access to ordinary shares in remuneration for in-kind contributions granted to the Company	26 months 10 August 2012	Debt securities: 300 million euros	10% of capital, i.e., 5 619 695 euros
Issue of securities giving entitlement to debt securities	26 months 10 August 2012	Debt securities: 300 million euros	-
Capital increases through capitalisation of reserves, profits, or premiums	26 months 10 August 2012	-	20 million euros
Capital increases for the benefit of members of company and/or employee savings plan(s)	26 months 10 August 2012	-	1,122,000 euros, i.e., around 2% of share capital
Reduction of capital by cancellation of ordinary shares	18 months 10 December 2011	-	Cancellation of 10% of the Company's capital in 24-month periods

With the exception of the resolution concerning the granting of options for subscription and/or purchase of shares (see 17.2 in this reference document), at the date of this reference document the PagesJaunes Groupe Board has not implemented these authorisations.

Other securities giving access to capital

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

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 *et seq.* of the French Commercial Code, the Board of Directors was authorised at the General Shareholders' Meeting on 10 June 2010 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 authorisation, 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 15 euros per share. In the event of capital transactions, including capitalisation of reserves and granting 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 grant shares free of charge in accordance with Articles L. 3332-1 *et seq.* of the French Labour Code, the sale price

or exchange value of the shares granted would be calculated in accordance with specifically applicable legal provisions;

- this authorisation is valid for a period of 18 months; any acquisitions made by the Company by virtue of this authorisation 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

setting up options strategies, under the terms set out by the market authorities, as and when the Board of Directors or its authorised 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 authorisation delegated at the Meeting on 10 June 2010, and to delegate a new authorisation to the Board of Directors.

The draft resolution on the new share buy-back programme, which will be proposed to shareholders at the Combined General Shareholders' Meeting on 7 June 2011, is appended to this document.

Debt securities

At the General Shareholders' Meeting on 10 June 2010, 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 granting 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 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 securities give entitlement to immediate or future allotment, although this same amount does not include above-par redemption premiums, if any were planned.

This authorisation is delegated for a period of 26 months.

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 authorisation granted at the Meeting on 11 June 2009, and to grant a new authorisation to the Board of Directors.

Stock option plans

At the Combined General Shareholders' Meeting on 12 April 2005, the Board of Directors was authorised, in accordance with Articles L. 225-177 *et seq.* of the French Commercial Code, to grant, on one or more occasions and under the following conditions, options to subscribe or purchase Company shares. The total number of options which may be granted under this authorisation may not lead to an entitlement to subscribe or acquire a number of ordinary shares which would represent, at the grant date, more than 2% of the Company's capital as at the date of this Meeting.

Under the terms of this authorisation, 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 at the date of the Combined General Shareholders' Meeting of 12 April 2005. 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 Combined General Shareholders' Meeting on 11 June 2009, the Board of Directors was authorised, in accordance with Articles L. 225-177 *et seq.* of the French Commercial Code, to grant, on one or more occasions and under the following conditions, options to subscribe or purchase Company shares. The total number of options which may be granted under the 27th resolution at the aforementioned meeting may not lead to an entitlement to subscribe or acquire a number of ordinary shares which would represent, at the grant date, more than 1% of the Company's capital as at the date of this Meeting.

The beneficiaries must be staff members or corporate officers (as defined in Article L. 225-185) of the Company, or of Companies or groups which are 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 authorisation 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 shares which may be obtained by exercising share purchase options granted under the 27th resolution of the Combined General Shareholders' Meeting of 11 June 2009 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 programme covered by the 5th resolution approved by the aforementioned Meeting pursuant to Article L. 225-209 of the Commercial Code or any subsequently applicable share buy-back programme.

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 Groupe shares listed on the Eurolist Euronext market over the 20 trading sessions prior to the date on which 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 programme authorised by the 5th resolution submitted to this meeting pursuant to Article L. 225-209 of the Commercial Code, or any subsequently applicable share buy-back programme.

Any options granted must be exercised within 10 years of the date when they are granted by the Board of Directors.

In accordance with this authorisation, the Board of Directors carried out the following three grants:

- at its meeting on 23 July 2009, the Board of Directors decided to implement a PagesJaunes Groupe stock option plan for the entire PagesJaunes Groupe, with the entitlement to subscribe 1,145,000 new shares. The subscription price was set at 6.71 euros per share, corresponding to the average listed price over the 20 trading sessions prior to 23 July 2009;
- at its meeting on 29 October 2009, the Board of Directors decided to implement a PagesJaunes Groupe stock option plan for the entire PagesJaunes Groupe, with the entitlement to subscribe 87,000 new shares. The subscription price was set at 8.843 euros per share, corresponding to the average listed price over the 20 trading sessions prior to 29 October 2009;
- at its meeting on 17 December 2009, the Board of Directors decided to implement a PagesJaunes Groupe stock option plan for the entire PagesJaunes Groupe, with the entitlement to subscribe 75,000 new

SHARE CAPITAL

shares. The subscription price was set at 7.821 euros per share, corresponding to the average listed price over the 20 trading sessions prior to 17 December 2009;

- at its meeting on 27 July 2010, the Board of Directors decided to implement a PagesJaunes Groupe stock option plan for the entire PagesJaunes Groupe, with the entitlement to subscribe 1,336,000 new shares. The subscription price was set at 8.586 euros per share, corresponding to the average listed price over the 20 trading sessions prior to 27 July 2010;
- at its meeting on 16 December 2010, the Board of Directors decided to implement a PagesJaunes Groupe stock option plan for the entire PagesJaunes Groupe, with the entitlement to subscribe 166,000 new shares. The subscription price was set at 7.095 euros per share, corresponding to the average listed price over the 20 trading sessions prior to 16 December 2010.

Bonus shares

At the General Shareholders' Meeting on 19 April 2006, the Company's Board of Directors was authorised to carry out one or more bonus issues of existing or future ordinary Company shares, under terms to be defined by it and subject to the conditions set out below.

The beneficiaries are the employees and/or corporate officers (as defined in Article L. 225-197-1 of the French Commercial Code) of the Company, or of Companies or groups which are related to the Company as defined in Article L. 225-197-2 of the Commercial Code or certain categories of the above.

The total number of ordinary shares granted free of charge under the terms of this resolution may not represent more than 0.5% of the Company's capital at the date of the General Shareholders' Meeting of 19 April 2006.

Under the terms of this authorisation, 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.

Under the plan of 30 May 2006, 602,361 shares were initially granted to 591 Group employees.

Under the plan of 20 November 2006, 778,638 shares were initially granted to 611 Group employees.

Under a third plan enacted on 14 February 2008, 12,940 shares were granted to 15 Group employees.

This authorisation expired on 19 June 2009. The General Shareholders' Meeting of 7 June 2011 will be asked to approve a new authorisation.

Convertible securities, exchangeable securities or securities with warrants

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 partially paid subscribed capital

Information relating to authorisations to issue shares given to the Board of Directors at the General Shareholders' Meeting on 10 June 2010 is set out in section 21.1.1.

Information on the share capital of any of the Group's members subject to an option or a conditional or unconditional agreement

On the date of registration of this reference document, no member of the Group has any option or agreement of this type.

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 share capital amounts	Number of shares	Nominal value
Combined General Meeting of 27 May 2004	Division of nominal value	274,050,000	-	-	-	€54,810,000	274,050,000	€0.20
Stock market listing July 2004	Share capital increase reserved for employees of the France Télécom Group	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 exercise 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 exercise 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	Recording of capital increase resulting from bonus share grants 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-allotment 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 initiated in June 2006, France Télécom sold to Médiannuaire, in the context of an off-market block sale undertaken in compliance with the provisions of Articles 516-2 *et seq.* of the AMF General Regulations, 150,546,830 PagesJaunes Groupe 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 exceeded the 5%, 10%, 15%, 20%, 25%, 1/3, and 50% capital and voting rights thresholds on 11 October 2006. 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 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)
January 2010	7.49	7.95	7.81	13,678,211	105,498,610
February 2010	7.48	8.29	8.23	12,950,065	102,427,164
March 2010	8.25	8.66	8.50	13,130,756	110,375,104
April 2010	8.57	9.05	9.05	11,500,048	101,050,969
May 2010	8.88	9.82	9.43	19,850,764	185,632,223
June 2010	8.48	10.17	8.48	17,391,340	161,154,420
July 2010	8.05	9.24	8.49	16,656,240	143,873,873
August 2010	7.37	8.60	7.50	15,260,002	118,702,200
September 2010	7.57	7.97	7.68	14,101,807	109,334,552
October 2010	7.70	8.13	7.90	14,242,513	113,119,996
November 2010	6.83	7.80	6.83	17,673,871	130,998,177
December 2010	6.75	7.09	6.80	16,447,416	113,616,977
January 2011	6.72	7.70	7.50	24,501,585	178,037,603

Source: NYSE Euronext.

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, in addition to 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 or 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 11 Directors on the Board.

Directors are elected by shareholders at Ordinary 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 re-elected.

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) with their registered office on French territory.

This director is elected by way of two rounds of majority voting. All staff members who meet the terms 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.

The director representing the employees is elected for a five-year term. The first director representing the employees shall 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 shall 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 re-elected.

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 more 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 Executive Vice-President may also ask the Chairman at any time to call a meeting of the Board of Directors to a given agenda.

The Board of Directors' deliberations are only valid if at least half its members are present.

Decisions are taken by a majority vote of the members who are present or represented. In the event of a tied vote, the Chairman of the meeting has the casting vote.

Subject to legal and regulatory provisions, meetings of the Board of Directors may be held by means of video-conference or any other means of telecommunication. Any director participating in a Board meeting by means 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 granted 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 Executive Vice-President is required to provide each director with all documents and information required by them to fulfil 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 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 were defined at the Board Meeting on 23 September 2004. These 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 summarised below.

Preparation and organisation of the board's 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 ensures 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 Executive Vice-President 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 Executive Vice-President presents a draft annual budget based on the proposed strategy.

The Executive Vice-President is responsible for implementing the strategy set out in the strategic plan.

The Executive Vice-President 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 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 and 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. Where 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 diligence

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 constantly seeks 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 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 and to all of 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 Executive Vice-President. If the decision is taken to separate these roles, the Executive Vice-President 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 Executive Vice-President has the broadest powers to act on behalf of the Company under all circumstances, with the following stipulations:

- (i) the Executive Vice-President 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, in addition to a proposed annual budget;
- (ii) the following decisions must be approved in advance by the Board of Directors:
 - approval of the annual budget and 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 investments or divestments not included in the annual budget which concern assets for an amount, including liabilities and other off-balance sheet commitments, in excess of 10 million euros,
 - amendments to the employment contract of, recruiting/appointing or dismissing/removing the financial director of PagesJaunes Groupe, and any amendments to the employment contract of, recruiting/appointing or dismissing/removing any other senior manager of PagesJaunes Groupe whose gross annual remuneration exceeds 200,000 euros shall not give rise to prior authorisation by the Board of Directors, but must give rise to the prior agreement of the Remuneration and Appointments Committee,
 - any increase in the total indebtedness of PagesJaunes Groupe or its subsidiaries of an amount greater than that authorised under the terms of the financing or loan contracts previously authorised by the PagesJaunes Groupe's Board of Directors,
 - any agreement with a view to creating a joint venture with a third party not included in the annual budget and entailing a commitment for PagesJaunes Groupe or one of its subsidiaries, for the duration of the joint venture, to a sum exceeding 10 million euros,
 - any decision to begin proceedings for the admission of securities of PagesJaunes Groupe or any of its subsidiaries onto a regulated market and any consecutive transactions with a view to additional admissions of securities of PagesJaunes Groupe 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 authorised 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) irrespective of 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 business of PagesJaunes Groupe or one of its subsidiaries bearing no relation to the activities previously carried out, or any diversification in relation to activities previously carried out but not included in the annual budget, entailing a commitment to a sum in excess of 10 million euros,
- any transfer or cessation of one of the main activities of PagesJaunes Groupe or one of its subsidiaries not included in the annual budget or in the three-year business plan,
- the implementation of 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 authorisation 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 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 reorganisations 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 honour guarantees given in favour 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 no provision has been made for this in the annual budget.

Deputy Chief Executive Officers

On the recommendation of the Executive Vice-President, the Board of Directors may appoint one or more individuals to assist the Chairman, with the title of Deputy Executive Vice-President. The maximum number of Deputy Executive Vice-Presidents is five. In agreement with the Executive Vice-President, the Board of Directors determines the scope and term of powers granted to Deputy Executive Vice-Presidents.

Rights, preferred 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 authorised 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 organisation 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 in French territory is required, under the terms set out in Article 228-1 of the French 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 1/40 of the capital or voting rights, the Company may ask that entity to inform it as to 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

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.

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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 residents of France 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 mandate 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 issue an authorisation to any person of his choice 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.

Authorisations, 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 are indivisible with regard to 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 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 a resident of France, of the intermediary registered on its behalf, on the third business day preceding the General Shareholders' Meeting at midnight (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 authorised intermediary.

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 French Civil Code, or any other process which meets the conditions set out in the first sentence, paragraph two, Article 1316-4 of the French Civil Code.

Any authorisations or votes registered prior to a General Shareholders' Meeting *via* such electronic means, and 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 in 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 any intermediary who is registered on behalf of shareholders not residing in France and who holds a general mandate to provide a list of the shareholders represented by them and whose rights are being exercised at a General Shareholders' Meeting.

Ordinary General Shareholders' Meetings

Ordinary General Shareholders' Meetings are called to make all decisions which do not amend the Articles of Association. They are held at least once a year within six months of the end of the Company fiscal year, unless this period is extended by Court order, 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, the nature and terms of use of which are defined by applicable laws and regulations.

Extraordinary General Shareholders' Meetings

Only Extraordinary General Shareholders' Meetings are authorised 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 premiums, 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, the nature and terms of use of which 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 authorised for this purpose.

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 this is provided for in 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. Moreover, 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 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 recorded delivery 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 record 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 AND 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)

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 *et seq.* of the French 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.

21.2.5 CAPITAL MODIFICATION CLAUSE

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 modification.

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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 section 6.4 of this document.

In addition, on 24 October 2006 PagesJaunes Groupe entered into a bank financing 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 drawn up 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.

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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.

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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 earnings.

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Draft resolutions to be submitted to the Combined General Shareholders' Meeting of 7 June 2011

ORDINARY

First resolution

(Approval of the Company financial statements for the fiscal year ended)

The General Shareholders' Meeting, deciding on the quorum and majority conditions required for Ordinary General Shareholders' Meetings, after having taken note of the Board of Directors' Management report and the Auditor's report, approves the annual accounts of the fiscal year ended 31 December 2010, including the balance sheet, income statement, and the appendix to the financial statements, as submitted, and the transactions reflected in these accounts and summarised in these reports. It posts the profit from this year as it arose from these accounts as 253,244,037.57 euros.

The General Shareholders' Meeting approves the total amount of expenditures and charges covered by Article 39-4 of the French General Tax Code, which stood at 27,053 euros for the fiscal year ending on 31 December 2010. The Company did not make any actual tax payment in respect of this amount.

Second resolution

(Approval of the consolidated financial statements for the fiscal year ended 31 December 2010)

The General Shareholders' Meeting, deciding on the quorum and majority conditions required for Ordinary General Shareholders' Meetings, after having taken note of the Board of Directors' Management report and the Auditor's report on the consolidated financial statements, approves the consolidated financial statements of the fiscal year ended 31 December 2010, including the consolidated balance sheet and the income statement, and the notes to the financial statements, as these were submitted to it, and the transactions reflected in these financial statements and summarised in these reports.

Third resolution

(Assignment of the net income of the fiscal year ended 31 December 2010, 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 Directors' report and the Auditor's report on the Parent Company financial statements:

- (i) formally notes that the year's profit came in at 253,244,037.57 euros;
- (ii) formally notes that, in due consideration of the credit carryforward of 971,653,570.59 euros, the distributable profit for the year is 1,244,897,908.16 euros;
- (iii) decides to pay the shareholders as dividend 0.58 euro per share; and

- (iv) decides to allocate the balance of the available amount as a carryforward.

The dividend shall be paid out as of 23 June 2011.

Accordingly, the total amount of the dividend is a maximum of 162,971,157.32 euros. The shares that will be held by the Company on the dividend payment date shall not create any rights thereto.

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 as a carryforward.

The entire dividend is eligible for the 40% deduction referred to in Article 158.3.2 of the General Tax Code, which applies to natural persons residing in France for tax purposes.

Dividends paid over the past three years were as follows:

Year	Number of shares	Dividend per share	Share of dividend eligible for deduction ⁽¹⁾
2007	280,644,450	0.96	100%
2008	280,984,754	0.96	100%
2009	280,984,754	0.65	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 French Commercial Code)

The General Shareholders' Meeting, deciding on 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 French Commercial Code, takes note of the conclusions of this report and approves the agreements mentioned therein.

Fifth resolution

(Authorisation for the Board of Directors for the purpose of purchasing or transferring PagesJaunes Groupe shares)

The General Shareholders' Meeting, deciding on 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 authorisation granted by the Combined General Shareholders'

Meeting of 10 June 2010 through its 5th resolution, to purchase Company shares;

- authorises the Board of Directors, in accordance with Articles L. 225-209 and following of the Commercial Code, to purchase Company 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:
 - the maximum purchase price should not exceed 15 euros per share, and accordingly this amount must be adjusted 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 funds allocated to the buy-back programme is 421,477,125 euros,
 - this authorisation is valid for a period of 18 months,
 - the acquisitions made by the Company pursuant to this authorisation 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, especially market operations, on multi-lateral trading systems or over-the-counter, including by acquisition or transfer of blocks, by the use of financial derivative instruments traded on a regulated market, on multi-lateral trading systems or over-the-counter,
 - these shares may be acquired or transferred at any time except during a public offering for the Company's shares, in compliance with legal and regulatory provisions.

These share purchases may be carried out with a view to any allocation permitted by law. The purposes of this share buy-back programme are:

- to establish and honour the obligations associated with the stock option programmes 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 French Labor Code) for the benefit of all or some employees and corporate officers and to carry out all hedging operations relating to these transactions;
- to reduce the Company's capital pursuant to the 11th resolution submitted to the General Shareholders' Meeting, subject to its adoption;
- to guarantee the liquidity of PagesJaunes Groupe shares through a liquidity contract with an investment services provider, in accordance with the professional ethics charter recognised by the Autorité des marchés financiers;
- to retain shares for subsequent remittance for exchange or as payment as part of any external growth operations;
- to implement and honour 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 relating to such securities.

The General Meeting issues the broadest powers to the Board of Directors, with the option to delegate, for deciding and implementing this authorisation, for specifying the terms where necessary, determining the procedures, giving all orders on the stock market, drawing up 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 term of Mr Jean-Christophe Germani as a Director)

The General Shareholders' Meeting, deciding on the quorum and majority conditions required for Ordinary General Shareholders' Meetings, and noting that the term of office as Director of Mr Jean-Christophe Germani expires on this day, renews such term as Director for a period of five years, or until the Ordinary General Shareholders' Meeting which shall be called in 2016 and held to approve the financial statements for the year ending 31 December 2015.

Seventh resolution

(Renewal of the term of Mr Hugues Lepic as a Director)

The General Shareholders' Meeting, deciding on the quorum and majority conditions required for Ordinary General Shareholders' Meetings, and noting that the term of office as Director of Mr Hugues Lepic expires on this day, renews such term as Director for a period of five years, or until the Ordinary General Shareholders' Meeting which shall be called in 2016 and held to approve the financial statements for the year ending 31 December 2015.

Eighth resolution

(Renewal of the term of Médiannuaire as a Director)

The General Shareholders' Meeting, deciding on the quorum and majority conditions required for Ordinary General Shareholders' Meetings, and noting that the term of office as Director of Médiannuaire expires on this day, renews such term as Director for a period of five years, or until the Ordinary General Shareholders' Meeting which shall be called in 2016 and held to approve the financial statements for the year ending 31 December 2015.

Ninth resolution

(Directors' fees granted to the Board of Directors)

The General Shareholders' Meeting, deciding on the quorum and majority conditions required for Ordinary General Shareholders' Meetings, after having read the Board of Directors' report, decided to set at 390,000 euros the amount of Directors' fees granted to the members of the Board of Directors for the current year and subsequent years, until a new decision by the Ordinary General Shareholders' Meeting.

EXTRAORDINARY

Tenth resolution

(Introduction of a double voting right and correlative modification of Article 10 of the Articles of Association)

The General Shareholders' Meeting, deciding on the quorum and majority conditions required for Extraordinary General Shareholders' Meetings, after having taken note of the Board of Directors' report, grants a double voting right as of 1 May 2013 to all fully paid-up shares of the Company that have been registered in the name of the same shareholder for the last two years at least and accordingly decides to modify Article 10 of the Company's Articles of Association by adding a new paragraph, worded as follows, after the first paragraph:

"A double voting right is granted to all fully paid-up shares that have been registered in the name of the same shareholder for the last two (2) years at least. In case of a share capital increase through the incorporation of reserves, retained earnings or share premiums, this double voting right shall accrue to the benefit of the new shares allocated to a shareholder, upon their issuance, on the basis of former shares for which they already benefit from that right. Double voting rights attached to registered shares shall be lost if such shares are converted into bearer shares or if title to them is transferred, subject to the exceptions provided by law. The provisions of this paragraph shall become effective as of 1 May 2013."

Eleventh resolution

(Authorisation for the Board of Directors to reduce the share capital by cancelling shares)

The General Shareholders' Meeting, deciding on 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, and deciding in accordance with Article L. 225-209 of the Commercial Code,

- terminates, with immediate effect, for the unused portion, the delegation of authority issued by the Combined General Shareholders' Meeting of 10 June 2010, through its 22nd resolution;
- grants the Board of Directors full powers 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 Groupe shares acquired as part of share purchase programmes authorised by the 5th resolution submitted to this General Shareholders' Meeting or share purchase programmes authorised 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 premiums" account or to any available reserve account, including the legal reserve, for up to 10% of the capital reduction performed;
- grants full powers 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, and to amend accordingly Article 6 of the Articles of Association;
- sets the term of this authorisation as 18 months from the date of this General Shareholders' Meeting.

Twelfth resolution

(Authorisation for the Board of Directors to allocate Company shares free of charge)

The General Shareholders' Meeting, deciding on 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, and deciding in accordance with Article L. 225-197-1 *et seq.* of the French Commercial Code, authorises the Board of Directors to proceed, on a single occasion or on several occasions, and on the terms it shall determine, within the limits provided in this authorisation, with allocations of existing Company shares or shares to be issued free of charge, on the terms below.

The beneficiaries must be employees or corporate officers of the Company, or of foreign or French Companies or groups which are related to the Company as defined in Article L. 225-197-2 of the Commercial Code or certain categories among them.

This authorisation is granted for a period of 38 months as of the date of this General Shareholders' Meeting.

The total number of ordinary shares allocated free of charge under this resolution shall not represent more than 1.5% of the Company's share capital on the date of this General Shareholders' Meeting.

The General Shareholders' Meeting decides that the allocation of such shares to their beneficiaries shall become final for all or part of the shares allocated:

- either at the end of a minimum vesting period of four years, and in such case, without a minimum retention period;
- or at the end of a minimum vesting period of two years, with the understanding that the beneficiaries shall then retain such shares for a minimum period of two years as of their final allocation.

In the event of the beneficiary's disability pursuant to law, the final allocation of the shares may take place prior to the term of the vesting period.

The existing shares which may be allocated pursuant to 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 programme covered by the 5th resolution approved by the aforementioned Meeting pursuant to Article L. 225-209 of the Commercial Code or any subsequently applicable share buy-back programme.

The General Shareholders' Meeting takes official note of and decides, if need be, that this authorisation shall act, to the benefit of the beneficiaries of allocations of existing shares or shares to be issued, as a waiver by the shareholders (i) of their preferential right to subscribe for the shares which shall be issued on an ongoing basis of the final allocation of the shares, (ii) of all rights to shares allocated free of charge pursuant to this authorisation, and (iii) of all rights to the amount of reserves and premiums from which the issue of new shares shall be, if applicable, deducted.

The General Shareholders' Meeting hereby delegates all authority to the Board of Directors, which may *inter alia* be assisted by a committee comprised of the members of its choice, within the limits provided above, for the purpose of:

- establishing the terms and, if applicable, the criteria for allocation the shares;
- establishing, on the legal terms and within legal limits, the dates on which the shares shall be allocated free of charge;
- determine the date of vestment, even retroactive, of the newly issued shares;

- determine the identity of the beneficiaries, the number of shares allocated to each of them, the terms of allocation of the shares and, in particular, the vestment and retention periods of the shares thus allocated free of charge;
- decide on one or more increases of the Company's share capital resulting from the allocations of shares free of charge to be issued by the Company;
- determine the terms on which the number of shares allocated shall be adjusted; and
- generally speaking, with the option of sub-delegating pursuant to law, conclude all agreements, establish all documents, perform all formalities and make all declarations with any organisations and to undertake any further steps required.

The Board of Directors shall inform the General Shareholders' Meeting each year of the allocations granted under this resolution pursuant to Article L. 225-197-4 of the Commercial Code.

Thirteenth resolution

(Delegation of authority to the Board of Directors for the purpose of performing capital increases reserved for participants in the PagesJaunes Groupe's employee savings plan)

The General Shareholders' Meeting, deciding on 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, and deciding in accordance with Articles L. 225-129-6, L. 225-138-I and II and L. 225-138-1 of the French Commercial Code and Article L. 3332-18 *et seq.* of the Commercial Code,

- ends, with immediate effect, for the unused portion, the delegation of authority granted by the Combined General Shareholders' Meeting on 10 June 2010, through its 21st resolution; and
- delegates to the Board of Directors, for a period of 26 months as of the date of this Meeting, its power to decide to increase the share capital, at its own discretion, on a single or several occasions, when it so chooses, through issue of shares or securities giving access to the Company's existing shares or shares to be issued, reserved for the employees and former employees participating in the PagesJaunes Groupe's employee savings plan, or through allocation of shares free of charge or securities giving access to the Company's existing shares or shares to be issued, *inter alia* through incorporation into the share capital of reserves, profits or premiums.

The nominal amount of the Company's capital increase, immediate or in the future, resulting from all the issues performed pursuant to this delegation (including by incorporation of reserves, profits or premiums on the terms and within the limits provided by the aforementioned articles of the Labour Code) shall be set at 1,122,000 euros (representing approximately 2% of the Company's share capital on the date of this Meeting), with the understanding that such cap shall be set not taking into account the nominal value of the Company's shares to be issued, if applicable, for the adjustments performed to protect the owners of rights related to securities giving access to shares.

The General Shareholders' Meeting decides to abolish, to the benefit of such employees and former employees, the shareholders' preferential right to subscribe for shares or securities giving access to shares to for shares to be issued pursuant to this delegation of authority, and to waive all rights to shares or other securities allocated free of charge pursuant to this delegation of authority.

The General Shareholders' Meeting decides:

- to set the discount offered pursuant to the Company's employee savings plan at 20% of the average of the first listed prices of

PagesJaunes Groupe's shares on the Euronext Paris market of the twenty stock market sessions preceding the date of the decision setting the subscription commencement date; with the understanding that the Board of Directors may reduce such discount if it deems so appropriate, *inter alia* in the case of offering to participants in a Company employee savings plan securities on the international and/or foreign market in order to meet the requirements of applicable local laws. The Board of Directors may also substitute all or part of the discount with the allocation of shares or securities pursuant to the provisions below;

- that the Board of Directors may provide, within the legal and regulatory limits, for the allocation, free of charge, of shares or securities giving access to shares.

The Board of Directors shall provide all authority for the purpose of implementing this resolution and, *inter alia*, for:

- determining the characteristics, amount and terms of any issue or allocation free of charge of shares;
- determining that the issues may take place directly to the benefit of the beneficiaries or through collective organizations;
- establishing, among the entities which may be included within the scope of the Company employee savings plan, the list of companies, or groups, whose employees and former employees may subscribe for the shares or securities issued and, if applicable, receive the shares or securities allocated free of charge;
- determining the nature and terms of the capital increase, and the terms of the issue or allocation free of charge;
- establishing the terms of seniority which must be met by the beneficiaries of new shares or securities resulting from the capital increase(s) or shares subject to allocation free of charge, the subject of this resolution;
- noting the performance of the capital increase;
- determining, if applicable, the nature of the shares allocated free of charge, and the terms and conditions of such allocation;
- determining, if applicable, the amount to be incorporated into the share capital within the limit provided above, the equity items where they shall be deducted and the vestment date of the shares thus created;
- if it deems it appropriate, deduct the costs of the capital increases from the amount of premiums related to such increases and deduct from such amount the amounts necessary to raise the legal reserve to one-tenth of the new share capital after each increase;
- take any measures for the execution of capital increases, carry out the formalities resulting from said increases, in particular those concerning the quotation of the shares 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 authority granted to it under this resolution to the Chief Executive Officer or, with his agreement, to one or more of his deputies, within the limits granted to it under this resolution.

Fourteenth resolution

(Powers for procedural arrangements)

The General Shareholders' Meeting grants full powers 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.

PagesJaunes Groupe

SPECIAL REPORT OF THE STATUTORY AUDITORS ON THE GRANTING OF FREE SHARES, EITHER EXISTING OR TO BE ISSUED,
TO THE MEMBERS OF SALARIED STAFF AND CORPORATE OFFICERS

Combined General Shareholders' Meeting on 7 June 2011
(Eleventh resolution)

Special Report of the Statutory Auditors on the granting of free shares, either existing or to be issued, to the members of salaried staff and corporate officers

Dear Shareholders,

In our capacity as the Statutory Auditors of your Company and in performance of the duties provided by Article L. 225-197-1 of the Commercial Code, we have prepared this report on the plan to grant free shares, either existing or to be issued, to the members of salaried staff and corporate offices of the Company or companies or groups, French or foreign, which are affiliated with it within the meaning of Article L. 225-197-2 of the Commercial Code, or certain categories amongst them.

Your Board of Directors proposes to you to authorise it to grant free of charge shares which currently exist or are to be issued. It is its duty to prepare a report on this operation it wishes to carry out. It is our duty to inform you, if applicable, of our observations on the information provided to you on the proposed operation.

We have performed the procedures we deemed necessary in respect of the professional guidelines of the French national auditing body (*Compagnie nationale des Commissaires aux comptes*) for these duties. These procedures consisted of verifying that the terms proposed and provided in the report of the Board of Directors comply with the provisions provided by law.

We have no observations to make on the information provided in the report of the Board of Directors regarding the proposed plan to grant free shares.

Neuilly-sur-Seine and Paris-La Défense, 18 March 2011
The Statutory Auditors

Deloitte & Associés
Dominique Descours

Ernst & Young Audit
Jeremy Thurbin

PagesJaunes Groupe

Combined General Shareholders' Meeting of 7 June 2011

(Twelfth resolution)

Report of the Statutory Auditors on the capital increase reserved for employees participating in a company savings plan with removal of preferred subscription rights

Dear Shareholders,

In our capacity as Statutory Auditors of your Company and in performance of the duties provided by Articles L. 225-135 *et seq.* of the Commercial Code, we provide you our report on the authorization proposal to the Board of Directors of the power to decide on a capital increase with removal of preferred subscription rights reserved for employees and former employees participating in the PagesJaunes Groupe savings plan, through issuance of ordinary shares or securities giving access to the Company's existing shares or shares to be issued, *inter alia* through capitalisation of reserves, profits or premiums, for a maximum amount of 1,122,000 euros, the operation on which you are asked to vote.

This capital increase is submitted for your approval pursuant to the provisions of Articles L. 25-119-6 of the Commercial Code and L. 3332-18 *et seq.* of the Labour Code.

Your Board of Directors proposes, based on its report, to delegate to it for 26 months the power to decide to perform one (or more) capital increase(s) and to waive your preferred subscription rights. If it decides to undertake such capital increase(s), it shall have the power to establish the final terms of issuance of this operation.

It is your Board of Directors' duty to establish a report pursuant to Articles R. 225-113 and R. 225-114 of the Commercial Code. It is our duty to give our opinion on the accuracy of the information taken from the accounts, on the proposal to remove the preferred subscription rights and on other information regarding the issuance, provided in this report.

We have performed the procedures we deemed necessary in respect of the professional guidelines of the French national auditing body (*Compagnie nationale des Commissaires aux comptes*) for these duties. These procedures consisted of verifying the information contained in the Board of Directors' Report relating to this operation and the methods used for determining the selling price of shares to be issued.

Subject to a subsequent examination of the conditions for issues decided, we have nothing to report on the methods used for determining the issue price of shares provided in the Board of Director's report.

As the amount of the issuance price is not determined, we are unable to give our opinion on the final conditions under which the capital increase(s) may take place, and, as a result, on the proposal submitted to you to remove the preferred subscription rights.

In accordance with Article R. 225-116 of the Commercial Code we shall issue a further report, if applicable, when your Board of Directors has used these authorisations.

Neuilly-sur-Seine and Paris-La Défense, 18 March 2011

The Statutory Auditors

Ernst & Young Audit

Jeremy Thurbin

Deloitte & Associés

Dominique Descours

PagesJaunes Groupe

Combined General Shareholders' Meeting on 7 June 2011

(Tenth resolution)

Report of the Statutory Auditors on the capital decrease

Dear Shareholders,

In our capacity as Statutory Auditors of your Company, and in compliance with Article L. 225-209 of the Commercial Code in relation to a capital reduction through the cancellation of shares purchased, we have drawn up this report to notify you of our appraisal of the causes and conditions of the proposed capital reduction.

Your Board of Directors requests you delegate, for a period of 18 months and in relation to implementation of authorisation for your Company to buy its own shares, full powers to cancel, within a limit of 10% of share capital over a period of 24 months, the shares thus purchased, within the framework of the aforementioned provisions.

We performed those procedures we considered necessary to comply with the French national auditing body's professional guidance for these duties (*Compagnie nationale des Commissaires aux comptes*). These measures consisted of ascertaining whether the causes and conditions for the proposed capital reduction, which will not change equality of shareholders, are fair.

We have no comments to make on the causes and conditions for the proposed capital reduction.

Neuilly-sur-Seine and Paris-La Défense, 9 February 2011

The Statutory Auditors

Deloitte & Associés

Dominique Descours

Ernst & Young Audit

Jeremy Thurbin

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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 format or by professional sections, in printed or electronic format.

Consolidated Group revenue: the Group's revenue, including that of PagesJaunes and all its subsidiaries, with the exception of the revenue of PagesJaunes Outre-Mer, Kompass Belgium, and PagesJaunes Lebanon, which are not consolidated.

External Group 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 its subsidiaries.

Consolidated Group: the group of companies comprised of the Company and all its subsidiaries, with the exception of PagesJaunes Outre-Mer and PagesJaunes Lebanon.

France Télécom Group: the France Télécom company and all its subsidiaries.

I-mode: data exchange protocol developed by Japanese mobile telephone operator NTT DoCoMo permitting the use of Internet from mobile terminals.

Intranet: local network using the same protocols and technologies as the Internet, but connecting computers privately (i.e. it is not open to all Internet users). Examples: company Intranet, community Intranet, etc.

Numéro Azur (local rate number): telecommunications number the cost of which is shared between the service publisher and the caller.

PagesJaunes or PagesJaunes SA: the PagesJaunes SA Company.

Advertising sales agency: natural personal 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 Groupe Company.

Reach rate of an Internet site: number of Internet users who have visited the site studied at least once during a given period over the total number of users 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 2010 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 AMF Markets Authority, comprises the sections of the reference document identified in the table below:

Information	Chapters 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 financial statements	20.2
Auditors' report on the annual accounts	20.4
Company Management report	20.3
Statement by the persons responsible for the document	1.2

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