REFERENCE DOCUMENT

Solocal GROUP

CONTENTS

REFERENCE DOCUMENT 2013

SOLOCAL GROUP

Public limited company with a capital of €56,196,950.80
Registered office: 7, avenue de la Cristallerie – 92317 Sèvres Cedex
Commercial and Companies Register Nanterre 552 028 425

This *document de référence* was filed with the French financial markets authority (*Autorité des marchés financiers*) (AMF) on 15 April 2014 in accordance with Article 212-13 of the General Regulations of the AMF. It can be used to support a financial operation if it is accompanied by a memorandum of operation approved by the AMF.

Copies of this *document de référence* are available free of charge from Solocal Group, 7, avenue de la Cristallerie – 92317 Sèvres Cedex – France, as well as on the Solocal Group website: www.solocalgroup.com and on the website of the AMF: www.amf-france.org.

In application of Article 28 of European Regulation (EC) No. 809/2004, the following information is provided for reference in this *document de référence*:

- The Group's Consolidated and Company Financial Statements for the financial year ended 31 December 2012, the related Auditors' Reports and the Group's Management Report provided on pages 125 to 182, pages 203 to 205 and pages 71 to 79, respectively, of the *document de référence* filed on 29 April 2013 under No. D.13- 0470.
- the Group's Consolidated and Company Financial Statements for the financial year ended 31 December 2011, the related Auditors' Reports and the Group's Management Report are provided respectively on pages 92 to 152, pages 179 to 181 and pages 41 to 49 of the *document de référence* filed on 26 April 2012 under number D.12-0442;

The chapters in the *documents de référence* 2012 and 2011 that are not mentioned above are either of no relevance to the investor or are covered elsewhere in this *document de référence*.

1 PERSON RESPONSIBLE FOR THE DOCUMENT DE RÉFÉRENCE

In this *document de référence*, the terms "Solocal Group" or "the Company" refer to the Solocal Group SA holding company, and the terms "PagesJaunes SA" or "PagesJaunes" refer to the company PagesJaunes SA. The term "Group" refers to the group of companies comprising the Company and all its subsidiaries, and the term "Consolidated Group" refers to the group of companies comprising the Company and all its subsidiaries, apart from PagesJaunes Outre-Mer, which is not consolidated. A glossary defining the main terms in this *document de référence* is given at the end of this document.

1.1 PERSON RESPONSIBLE FOR THE *DOCUMENT DE RÉFÉRENCE*

Responsibility for this *document de référence* is assumed by Mr Jean-Pierre Remy, Chairman and CEO of Solocal Group.

1.2 STATEMENT BY THE PERSON RESPONSIBLE FOR THIS DOCUMENT

I certify that, to the best of my knowledge, and after having taken all reasonable measures for this purpose, the information in this *document de référence* is accurate and contains no omissions which could change its scope.

I certify that to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and present a true picture of the assets, financial position and results of the Company and all of the companies included within the consolidation, and that the Management Report provided in chapter 20 of this *document de référence* is a true reflection of the changes in the Company's businesses, results and financial position and of all of the companies included within the consolidation, as well as a description of the principal risks and uncertainties which they face.

I have obtained a letter of work completion from the Statutory Auditors, in which they indicate that they have carried out their work of verifying the information pertaining to the financial position and financial statements in this *document de référence* as well as reading the complete *document de référence*.

The financial information presented in this document was the subject of reports by the Statutory Auditors.

The report of the Statutory Auditors on the Consolidated Financial Statements for financial year 2013, presented in chapter 20 of this document does not contain any observations. The report on the Consolidated Financial Statements for financial year 2012, presented in the *document de référence* filed with the AMF on 29 April 2013 under No. D.13-0470, contains an observation on the early application of revised IAS 19.

Mr Jean-Pierre Remy

Chairman and CEO, Solocal Group

2.1 STATUTORY AUDITORS

Deloitte & Associés

represented by Ariane Bucaille
185, avenue Charles-de-Gaulle
92524 Neuilly-sur-Seine Cedex

Member of the French National Institute of Auditors (*Compagnie Nationale des Commissaires aux Comptes*) and of the French National Association of Chartered Accountants (*Ordre des Experts Comptables*)

Appointed at the General Shareholders' Meeting held on 3 June 2003 as a replacement for the resigning joint Statutory Auditors Ernst & Young, for the remaining period of its predecessor's appointment, until the end of the General Shareholders' Meeting voting on the financial statements for the financial year ending on 31 December 2003. This appointment was renewed at the General Shareholders' Meetings held on 27 May 2004 and on 10 June 2010 for a term of six financial years until the end of the General Shareholders' Meeting voting in 2016 on the financial statements for the Company's financial year ending on 31 December 2015.

Ernst & Young Audit

represented by Denis Thibon
Tour First
1, place des Saisons
92400 Courbevoie – Paris-La Défense 1

Member of the French National Institute of Auditors (*Compagnie Nationale des Commissaires aux Comptes*) and of the French National Association of Chartered Accountants (*Ordre des Experts Comptables*)

Appointed joint Statutory Auditors of the Company at the General Shareholders' Meeting held on 27 May 2004, this appointment was renewed at the General Shareholders' Meeting held on 10 June 2010 for a term of six financial years until the end of the General Shareholders' Meeting voting in 2016 on the financial statements for the Company's financial year ending on 31 December 2015.

The amount of the Auditors' fees is presented in Note 33 of the Notes to the Consolidated Financial Statements.

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 as a replacement for the resigning joint Substitute Auditor Mr Francis Gidoin, for the remaining period of its predecessor's appointment, until the end of the General Shareholders' Meeting voting on the financial statements for the financial year ending on 31 December 2003. This appointment was renewed at the General Shareholders' Meetings held on 27 May 2004 and on 10 June 2010 for a term of six financial years until the end of the General Shareholders' Meeting voting in 2016 on the financial statements for the Company's financial year ending on 31 December 2015.

Auditex

Tour First
1, place des Saisons
92400 Courbevoie – Paris-La Défense 1

Appointed joint Substitute Auditor of the Company at the General Shareholders' Meeting held on 27 May 2004, this appointment was renewed at the General Shareholders' Meeting held on 10 June 2010 for a term of six financial years until the end of the General Shareholders' Meeting voting in 2016 on the accounts for the Company's financial year ending on 31 December 2015.

3 SELECTED FINANCIAL INFORMATION

In millions of euros	2013	2012	2011 *
CONSOLIDATED INCOME STATEMENT			
Consolidated group revenues	**998.9**	**1,066.2**	**1,101.6**
Internet	632.5	622.7	575.0
Printed directories	344.7	416.6	490.7
Other businesses	21.7	26.9	35.9
Gross Operating Margin (GOM) of the consolidated group (1)	**424.3**	**464.5**	**487.9**
Internet	267.4	269.6	254.8
Printed directories	150.9	184.8	222.1
Other businesses	6.0	10.1	11.0
Operating income	**329.2**	**408.0**	**443.7**
Financial income	**(132.3)**	**(136.1)**	**(126.2)**
INCOME FOR THE PERIOD (GROUP SHARE)	**114.8**	**158.6**	**191.6**
CONSOLIDATED BALANCE SHEET			
Assets			
Non-current assets	**214.8**	**212.3**	**220.8**
Of which net goodwill	78.7	82.3	94.1
Current assets	**585.3**	**653.9**	**634.5**
Of which net trade debtors	405.8	429.9	439.3
Of which cash and cash equivalents	75.6	111.5	82.7
TOTAL ASSETS	**800.0**	**866.2**	**855.3**
Liabilities			
Shareholders' Equity (Group share)	**(1,866.8)**	**(2,006.8)**	**(2,164.8)**
Non-current liabilities	**1,617.5**	**1,777.2**	**2,056.5**
Of which non-current financial liabilities and derivatives	1,516.2	1,686.6	1,981.5
Current liabilities	**1,049.2**	**1,095.7**	**963.6**
Of which trade creditors	84.5	78.3	94.3
Of which deferred income	597.5	632.1	636.6
TOTAL LIABILITIES	**800.0**	**866.2**	**855.3**
Net cash flow	**136.2**	**185.0**	**197.4**
CONSOLIDATED NET DEBT FOR THE GROUP (2)	**(1,579.6)**	**(1,741.7)**	**(1,914.7)**
Cash generated by the activity of the consolidated Group	191.4	226.5	240.4
DATA PER SHARE			
Net profit per share *(in euro)*	0.41	0.57	0.68
Dividend per share *(in euro)*	—	—	—

* *Restated for the expensing of fixed costs of the sales force and for early adoption of IAS 19R.*

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

(2) *Of which negative fair value of hedging instruments for 56.4 million euros in 2011, negative for 54.6 million euros in 2012 and negative for 20.2 million euros in 2013. Net debt corresponds to total gross borrowings less and/or plus the fair value of cash flow hedge derivatives (assets and/or liabilities), and less cash and cash equivalents (please see chapter 10).*

The Company reviewed the risks that could have a significant unfavourable effect on its business, financial position or results (or its ability to achieve its goals). It considers that there are no other significant risks apart from the following risk factors, supplemented by other information and the Consolidated Financial Statements provided in this *document de référence*. Investors are invited to take into consideration the risk factors described in this chapter before taking any decision to invest.

The description of the organisation of internal control and risk management introduced by the Group is provided in the Report of the Chairman of the Board of Directors on the conditions of preparing and organising the work of the Board of Directors and on the procedures for internal control, attached as an appendix to this document. The Company has also introduced a risk assurance and management programme presented in section 6.9 of this *document de référence*.

4.1 RISKS RELATED TO THE GROUP'S BUSINESS AND STRATEGY

CHANGES IN 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 has meant that consumer preferences and habits have changed. This could in particular have a long-term significant influence on Printed directories, and it should be noted that a reduction in the audience of a particular platform leads over time to a reduction in advertising revenues for that platform. The Paris region is distinguished from the rest of France by a lower use of Printed directories and higher use of online directories. Although this can be explained by the fact that the place of usage is often not the home of the person concerned and by a historically higher use of online services, there is no guarantee that this is not a precursor of the long-term situation with regard to directory users in France.

Since the Group obtains a significant part of its advertising revenues from Printed directories, the new revenues which the Group could extract from online directories may not compensate for an accelerated drop in revenues from Printed directories, which could have a significant negative impact on the Group's business, financial position or results. This change in the breakdown of the Group's revenues has consequences on its organisation, especially from a commercial standpoint, and has to be accepted by society.

UNCERTAINTY ABOUT THE BUSINESS MODEL OF ONLINE ADVERTISING

The Group has to contend with competition in the markets for the Internet services it offers. Various pricing models are used to sell advertising on the Internet and it is hard to predict which of these models will become established as the industry standard, if any. Although the Group has managed to increase the profitability of its Internet advertising products, due in particular to an increase in the return on investment for advertisers, which would lead to an increase in prices and volumes, increased competition in the online advertising market sector could lead to a drop in the rates charged in the market and a change in the Group's business model.

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.

DIFFICULTY IN REMAINING COMPETITIVE

The Group is seeing an increasing level of competition in the online advertising market. No assurances can be given that the Group will be able to meet 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 a significant negative impact on the Group's business, financial position or results.

The challenge for the Group consists in its ability to always provide pertinent offers in the online advertising market that can best meet the expectations of its customers, in a context of increased competition.

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 revenues experienced 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 were to rise, 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 chronic overcapacities in production faced with rapidly eroding demand do not suggest any substantial increase in the prices. The Group has no mechanisms to cover variations in the price of paper, other than those provided for in the current contracts.

The Group subcontracts the work involved in printing, binding and packing Printed directories. The rates that apply to the work for 2013 are identical to those for 2012. In addition, an exclusive printing contract was signed at the end of 2012, allowing for stability in rates over the period 2014 to 2016, down compared to the rates for 2013.

In addition, the Group has outsourced the distribution of the directories to a number of subcontractors. An increase in distribution costs (for example linked to a significant increase in the price of fuel or a substantial revaluation of the minimum wage), or difficulties encountered with 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 can be no assurances 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 directories and in its online services, as well as via its directory enquiry services, is to provide useful information which is as exhaustive as possible. The information on individuals and businesses published by the Group is mostly gathered from databases of various telecommunications operators. If the Group were unable to access these databases, or if a large number of subscribers asked to be unlisted, no assurance can be given that the Group would be able to gather the information about individuals and businesses by other means, and that this would not lead to a reduction in the content of the Printed directories, online services and telephone directory enquiry services, which could have a significant negative impact on the Group's business, financial position or results.

In addition, to remain competitive, the Group must continually improve its reaction time and 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 platform for some products developed by the Group has increased this need for adaptability. Compared to other platforms, the Internet is characterised by very rapid technological advances, the frequent introduction of new products and services, business standards in a constant and rapid process of change, very volatile and changeable demand from the consumer and instability in its business models for these products and services.

The speed of change requires the Group to constantly improve its performance and be very adaptable in its technology. Any inability on the part of 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, and as such the inability to honour its promises with regard to the users of its services, could have a significant negative impact on the Group's business, financial position or results.

DAMAGE TO INFORMATION, PRODUCTION OR DISTRIBUTION SYSTEMS

A major part of the Group's business depends on the 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 into computer systems, vandalism or any other cause which could affect operations. As far as the activities which the Group subcontracts are concerned, the Group cannot respond to these types of events and must rely on the ability of the subcontracting companies to react quickly and effectively. Any inability by subcontractors to respond to these problems could have an impact on the Group's business. As far as the activities where the Group has full control are concerned, no assurance can be given that the Group will have the technical and financial capacity to alleviate all the damage caused. The Group's business could be significantly affected.

FLUCTUATIONS IN THE GROUP'S QUARTERLY REVENUES AND SEMI-ANNUAL RESULTS

The various editions of the Group's Printed directories are published and distributed throughout the year, so the business of Printed directories does not go through any major cycles. The publication and distribution of Printed directories is carried out according to a calendar defined one year beforehand. From an accounting point of view, income and expenses from selling advertising space in the Printed directories are recognised when they are published. Therefore revenues vary from one quarter to the next and the results for a semi-annual period may not be representative of the Group's full-year results. In addition, if the publication of one or more directories is brought forward or delayed, the recognition of revenues as well as the associated costs of publication and distribution could be delayed or brought forward. Finally, the time delay between the recognition of income and costs on the one hand and the actual receipt of invoice payments from advertisers on the other hand could affect working capital requirements, operating cash flow, operating income or other financial indicators generally used by investors to evaluate the financial performance of a company and not reflect the Group's actual liquidity level.

EFFECT OF INVESTMENTS OR DIVESTMENTS

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

A part of these acquisitions and investments could involve payment by issuing shares in Solocal Group, which could have a diluting effect for Solocal Group 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.

The Group could also decide to divest itself, sell or close down any of its businesses. No assurance can be given that the Group could 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 could offset any drop in the Group's results.

INABILITY TO COMPLY WITH ITS BANK COVENANTS AND EFFECTS OF A POSSIBLE DEBT REFINANCING

With net debt[1] amounting to €1,580 million as at 31 December 2013, the Group's covenant on financial leverage stands at 3.73 times an aggregate close to the consolidated gross operating margin. No assurance can be given as to the Group's ability to refinance this debt under favourable terms between now and its maturity, in September 2015 for €1,171 million and in June 2018 for €350 million. Refinancing this debt could have a cost that is higher than the cost in effect today, and as such affect the results in the long term and the level of the Group's cash flow generation (see section 10.1 of this *document de référence* and Notes 26 and 28 in the Notes to the Consolidated Financial Statements provided in chapter 20.1).

The financing agreement between Solocal Group and its syndicate of lenders includes default and mandatory early repayment clauses as well as bank covenants which become increasingly tighter (see Note 29 in the Notes to the Consolidated Financial Statements provided in chapter 20.1). The Group might have to renegotiate certain terms in its financing agreement if it were determined that a risk of non-compliance with one or more of its covenants had a high probability of occurring in the short to medium term. The Company has carried out a specific review of its liquidity risk and considers that it is in a position to meet its future payment liabilities.

The following financial ratings were attributed to Solocal Group at the date of publication of the *document de référence*:

- Caa1-PD under supervision, attributed in February 2014 by Moody's
- C attributed in February 2014 by FitchRatings with a negative outlook

Changes in ratings are presented below:

		24/02/2014		31/12/2013		31/12/2012	
		Fitch Ratings	Moody's	Fitch Ratings	Moody's	Fitch Ratings	Moody's
Solocal Group	Rating	C	Caa1-PD	B –	Caa1	B	B3
	Outlook	Negative	Under surveillance	Negative	Negative	Negative	Stable
PagesJaunes Finance	Rating	CCC –	Caa1	B+	Caa1	BB –	B3
	Outlook	Negative	Negative	Negative	Negative	Negative	Stable

(1) *Net debt corresponds to the total gross financial debt plus or minus the fair value of derivative asset and/or liability hedging instruments and minus cash and cash equivalents.*

(2) *Relating to the bond issue for €350 million maturing in 2018.*

4.2 LEGAL RISKS

LITIGATION AND ARBITRATION

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

With the exception of the proceedings described below, the entities of the Group are not party to any lawsuit or arbitration procedure which the Management believes could reasonably have a material adverse effect on its earnings, operations or consolidated financial position.

At the beginning of 2002, PagesJaunes implemented a commercial development plan, including, among other things, 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 made redundant 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 French Court of Cassation, in two judgements handed down on 11 January 2006, approved the commercial development plan. The Court of 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 Court of Cassation upheld the validity of the plan implemented by PagesJaunes.

With regard to cases before administrative courts, the French Council of State, as court of last resort, issued eight judgements unfavourable to PagesJaunes on 12 January 2011, setting aside rulings issued by the Paris Administrative Court of Appeal in 2009 and hence the Minister's authorisation of the redundancies. On 2 July 2012, the employee claims court of Dijon issued five judgements favourable to PagesJaunes concerning the quantum of the indemnifications owed to the employees. These rulings were appealed to the Dijon Court of Appeal, and the proceedings are currently in progress. Proceedings are also in progress before the Lyon Court of Appeal, following an unfavourable judgement pronounced in the first instance.

Two proceedings are currently in progress respectively with the employee claims courts of Boulogne and Saint Nazaire with a request for claims concerning the financial consequences of the redundancy authorisations.

The €7.3 million 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 €1.8 million as at 31 December 2013.

An action was brought against PagesJaunes by eleven advertising agencies at the Nanterre Commercial Court 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 Nanterre Commercial Court declined jurisdiction in favour of the Paris Commercial Court.

These same agencies referred the same facts to the French Competition Authority as those brought before the Nanterre Commercial Court (see above), requesting the pronouncement of interim measures based on Article L. 464-1 of the French Commercial Code. In a decision dated 22 December 2010, the French Competition Authority rejected the application for interim measures made by the advertising agencies, and referred several questions for an examination on the merits. In a ruling of 22 November 2012, the French Competition Authority accepted the commitments proposed by PagesJaunes, which closes this dispute.

In addition, in common with other companies in the sector, the Company is frequently the subject of court proceedings brought in relation to errors in the publication of directories and other media. Generally the financial risk represented by each of these proceedings is relatively limited. However, an increase in their number may constitute a significant risk for the Company. As at 31 December 2013, there were eighteen sets of proceedings, representing total claims for damages of just under €1 million. In these proceedings, the Group entities 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.

In 2010, PagesJaunes was the subject of an inspection by the French social security agency URSSAF in respect of the 2007, 2008 and 2009 financial years. The Company was notified of an adjustment amounting to €2.2 million, and the risk was fully provisioned as at 31 December 2010. PagesJaunes is contesting the adjustment and has referred it to the URSSAF arbitration committee to defend its position. A ruling was handed down on 3 October 2012 in which this committee fully rejected the requests of PagesJaunes. PagesJaunes referred this to the Social Affairs Court of Bobigny on 22 October 2012 in order to dispute this decision.

To the Company's knowledge, there is no other government, judicial or arbitration procedure, whether pending or threatened, that is liable to have, or has had in the last twelve months, a significant impact on the financial position or profitability of the Company and/or the Group.

All of this information is provided in Note 32 of the Notes to the Consolidated Financial Statements.

Liaising with the General Management and the Group's subsidiaries, the Legal Department, assisted by law firms, monitors the risks connected with the significant disputes.

CHANGES IN REGULATIONS AFFECTING THE GROUP'S MARKETS

The communications industry in which the Group operates is subject to many regulations (see section 6.7 "Regulations"). Changes in policy or regulations in the European Union, 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 such changes increase the cost and regulatory constraints associated with providing the Group's products and services. These changes could have a negative impact on the Group's business, financial position or results.

In order to anticipate any regulatory development that could have a significantly unfavourable effect on its business, the Group carries out permanent monitoring of the regulations.

LEGAL RISKS ASSOCIATED WITH UNCERTAINTY CONCERNING EXISTING REGULATIONS

A number of draft laws are being examined, particularly in relation to protecting personal information, confidentiality, responsibility for content, e-commerce, encryption, electronic signatures and the taxing of advertising on the Internet.

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

The Group constantly checks that it complies with the national and international regulations.

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 or misappropriate its intellectual and industrial property rights, or have them cancelled. In addition, because of the global nature of the Internet, the Group's trademarks and other forms of intellectual and industrial property could be spread to countries which offer a lower level of protection in terms of intellectual and industrial property than in Europe or the United States. Given the importance and impact of its trademarks, any counterfeiting, misappropriation or cancellation could have a significant, unfavourable effect on the Group's business, operating income and financial position, or its ability to achieve its goals.

In order to monitor its assets and ensure consistent protection, management and defence of its rights, the Group regularly updates its portfolio of intellectual and industrial property rights and takes all legal measures required, particularly by means of actions for infringement and/or unfair competition, to protect and defend its intellectual and industrial property rights.

LIMITATIONS ON THE GROUP'S RIGHT TO COLLECT PERSONAL INFORMATION

The Group must abide by privacy protection laws, including European Directive No. 95/46/EC of 24 October 1995, which limits its right to collect and use personal information about its users (see section 6.7.1.2 "Protecting Personal Information"). In particular, any restrictions on using cookies installed on an Internet user's terminal or browser when the user looks up information on the Internet 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. An increased public awareness of these questions of privacy and changes in the laws, created, among other things, by the draft European regulation on the protection of personal data to which the Group must adapt, could limit its ability to use such personal information for its business, and more generally affect the public perception of the Internet as a market for goods and services. Each of these developments could have an impact on the Group's business, financial position or results.

In particular, the French Commission for Data Protection and Liberties (*Commission Nationale de l'Informatique et des Libertés*) (CNIL) issued a public warning to PagesJaunes without financial penalty on 21 September 2011 concerning a "Web Crawl" service aimed at enabling users to find a person even if they are not listed on pagesblanches.fr by providing results obtained from social networks. The CNIL criticised PagesJaunes for distributing this data without specifically informing or having obtained authorisation from the persons involved. In the social networks that were crawled, members had the possibility of limiting search engine access to their data, if they so desired. PagesJaunes is appealing this ruling with the Council of State (*Conseil d'État*). On 12 March 2014 the Council of State dismissed the appeal of PagesJaunes. Among other things, the Council of State upheld CNIL's position on the fact that physical persons whose data is collected indirectly, in particular on the Internet, must be informed at time of collection of the use that will be made of this data, irrespective of the difficulties that may be met with in so doing. In the absence of prior notification given to such physical persons, PagesJaunes is not permitted to crawl personal data on the Internet.

The Group constantly checks that it complies with legislation on the protection of privacy. With this in mind, the Group has established a Personal Data Department and a Data Protection Correspondent.

4.3 MARKET RISKS

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

The interest rate, liquidity and credit risks are set out in Note 29 of the Notes to the Consolidated Financial Statements for the 2013 financial year provided in chapter 20.1 – Historical Financial Statements. Information pertaining to the Group's debt is also provided in chapter 10 – Cash and Capital Resources, Note 16 – Derivative financial instruments, Note 26 – Cash and Cash Equivalents, Net Financial Debt, and Note 29 – Financial Risk Management and Capital Management Policy Objectives in the Notes to the Historical Financial Statements for the 2013 financial year.

The equity risk is linked to own shares held directly and under the liquidity contract implemented in October 2008, the details of which are set out in Note 22.3 of the Notes to the Consolidated Financial Statements for the 2013 financial year appearing in chapter 20.1 – Historical Financial Statements.

4.4 INDUSTRIAL AND ENVIRONMENTAL RISKS

As part of its operations, the Group is subject to a number of regulations on health and safety.

Its activities have an impact on the environment, especially those linked to the Printed directory business.

As a publisher of Printed directories, the leader in its market, the Solocal Group is concerned about limiting the environmental impacts linked to this business. For this purpose, PagesJaunes SA has implemented processes which comply with the AFAQ ISO 14001 standard, for which the Company obtained three-year certification in October 2010 covering the design, production and distribution of Printed directories. This certification was renewed during the audit conducted in November 2013 for the next three years.

With regard to the impacts associated with the publication, production and distribution of Printed directories, the following points can be underlined:

- for activities which are subcontracted and not carried out directly by the Group's companies, such as the production of directory paper, printing and distribution of Printed directories, the Group has only limited room for manoeuvre in controlling the environmental impacts. The Group nevertheless devotes attention to compliance with environmental criteria when selecting its subcontractors;
- with regard to these activities, the environmental risks are mainly associated with the consumption of resources (paper and ink in particular) and the circulation of a large volume of directories;
- furthermore, there are risks associated with "office" activities, to which similar companies are exposed.

To limit this impact, the Group has implemented a number of measures aimed on the one hand at reducing the quantity of paper necessary for its activity and on the other hand at promoting the recycling of the paper used.

REDUCING PAPER CONSUMPTION

With regard to limiting the quantity of paper required to publish its directories, the Group's constant efforts focus on the following aspects:

- optimised distribution of Printed directories, by means of the most accurate assessment possible of the number of directories to be printed, in order to adapt the number of directories as closely as possible to consumers' real needs. Typically for the 2013 publication, PagesJaunes contacted 6.8 million households by telephone in order to ask whether or not they wanted to receive the directories, 74% of those responding requested the directories, and the 26% of those responding who stated that they did not want to receive the directories were taken off the distribution lists, and the directory production department was consequently informed. Furthermore, the recevoirmesannuaires.pagesjaunes.fr website enables each recipient to state whether he wishes to continue receiving Printed directories;
- optimising the directory page layout and formatting for each edition, limiting overall paper consumption and reducing the loss of paper in the production of directories.

In France, the amount of paper consumed for the publication of PagesJaunes Printed directories totalled 27,816 tonnes in 2013, (36,894 tonnes in 2012, 47,940 tonnes in 2011, 51,330 tonnes in 2010, 66,770 tonnes in 2009 and 71,720 tonnes in 2008). The downward trend in consumption can be explained by:

- the change of format of the directories allowing an increase in the printed area of the page and thereby also reducing the number of pages;
- the scoping of some PagesBlanches directories into several infra-département editions;
- the printing of PagesBlanches "on demand" (works published under the name *L'Annuaire*) for the most urbanised départements (Parisian region in particular);
- the decrease in the page count due to lower advertising revenues;
- the drop in the number of directories produced in order to take into account households that no longer want the directories.

Moreover, the Group, wherever possible, selects paper suppliers that use paper pump made entirely or partially from recycled paper.

DIRECTORY RECYCLING

In parallel with its efforts to limit the quantity of paper consumed each year, the Group is mindful of what happens to out-of-date Printed directories and shares the principles of wider responsibility of the producer: in particular its concern for the way in which these directories are collected and processed (recycling in particular).

First of all, part of the purchased paper that is not used in the production process (waste and trim) is recovered by the printer during the production and printing of the directories for subsequent recycling.

The surplus directories left at the end of their publication period are then recovered/recycled by companies specialising in waste management. This pulping remains at a very low level.

Finally, within the Group, the company has joined the EcoFolio ecological organisation. EcoFolio was formed at the end of 2006 – and subsequently received official approval in January 2007 – by directory issuers who came together to assume their full environmental responsibility by responding collectively to the related legal obligations and to organise the new sector. EcoFolio acts on their behalf, collects their financial contributions and develops prevention programmes. The Group thus applies a proactive policy of contributing to the financing of the collection and recycling of end-of-life printed material by paying EcoFolio an eco-contribution based on the tonnage of PagesJaunes Groupe Printed directories distributed (the PagesBlanches directories fall outside the scope of this eco-contribution due to their status as part of the universal post and electronic communication service).

The income from the eco-contributions collected by EcoFolio from issuers of printed documents falling within the scope of the contribution, such as PagesJaunes directories, is repaid in the form of support for the local authorities who have the authority and responsibility to collect and process household waste.

The amount of the financial contribution which the Company is required to pay in 2014 in respect of 2013 is estimated at €488,000 excluding tax (€719,000 in 2012, €717,000 in 2011, €781,000 in 2010 and €995,000 in 2009). Moreover, with a view to encouraging the recycling of out-of-date directories, PagesJaunes has reduced the use of ink in the page backgrounds of PagesJaunes Printed directories, allowing a significant reduction in ink consumption. Work on the recyclability of directories has been carried out with the *Centre Technique du Papier* in Grenoble and with Fogra in Germany to develop recommendations on the percentage of directory paper that recyclers can accept into their plants. These efforts have borne fruit because, in 2012, this percentage increased from 3% to 6%; corresponding instructions were given to the recyclers.

ENVIRONMENTAL IMPACTS ASSOCIATED WITH "OFFICE" ACTIVITIES

The companies in the Group have implemented a number of internal measures to ensure protection of the environment, particularly by reducing the consumption of resources.

Generally, in terms of all the risks described above, although the Group has adopted a policy of identifying and proactively managing risks relating to the environment, health and safety, it cannot guarantee that it will not suffer any environment-related losses, or losses resulting from the application of the regulations in this area. No assurances can be given that the Group's business, financial position or results will not be unfavourably affected by any such losses. In addition, any possible amendments to the legal and regulatory provisions on the environment, nationally or internationally, could affect the Group's business, financial position or results.

5 INFORMATION CONCERNING THE ISSUER

5.1 HISTORY AND EVOLUTION OF THE COMPANY

5.1.1 CORPORATE NAME AND TRADING NAME

The corporate name of the Company is "Solocal Group", since the change voted by the General Shareholders' Meeting on 5 June 2013 (previously "PagesJaunes Groupe").

The Group has profoundly transformed itself in order to adapt to changes in technology and society. The name "Solocal Group" expresses what is today the strength of the Group: local and digital services. This change of name was motivated by the desire to claim the leadership of the Group in local communication.

5.1.2 REGISTRATION LOCATION AND NUMBER

Commercial and Companies Register number: RCS Nanterre 552 028 425.

APE 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 began 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 LEGISLATION

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

Telephone: 01 46 23 30 00.

Company's country of origin: France.

Solocal Group is a public limited company with a Board of Directors subject to the provisions of Articles L.210-1 ff. 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 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 ODA changed on several occasions until 1998. In July 1998, Havas, which then owned all the share capital in ODA, sold its holding to Cogecom (a subsidiary of France Télécom). In 2000, before Wanadoo's IPO, France Télécom first transferred some of SNAT's activities (the France Télécom division in charge of publishing the telephone directories) to ODA, then transferred all ODA's shares to Wanadoo. The name of ODA was then changed to "PagesJaunes". Following this reorganisation, PagesJaunes became the owner of the directory publishing business of the France Télécom Group, excluding *L'Annuaire* (formerly known as Pages Blanches) and alphabetical searching on PagesJaunes 3611, which were retained by France Télécom. Advertising representation as well as all of the design and production of *L'Annuaire* and alphabetical searching on PagesJaunes 3611 were nevertheless entrusted to PagesJaunes by France Télécom.

Advertising in the directories had developed continuously since 1946 thanks to the growth in consumption and in the advertising market in France and thanks to the increase in directory distribution and its audience, linked to the increase in the number of telephone subscribers. The continuous increase in ODA's sales was due particularly to its ongoing ability to make permanent adaptations in terms of business and technology. The 1980s saw the successful launch of the PagesJaunes directory as well as the start-up of Minitel, a precursor of the advertising model on the Internet. In addition, the Company has developed its range of advertising services beyond that of consumer directories, with a range of directories for businesses (Kompass, PagesPro), as well as a range of services pertaining to the Direct Marketing business (Wanadoo Data).

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

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

These assets were transferred at their fair value, representing an amount of net assets of €4,005,000,000, with a market value of €3,959,321,134.

In January 2005, Solocal Group consolidated Editus Luxembourg and Kompass Belgium for the first time. Solocal Group had reinforced its presence in Luxembourg in October 2004 by increasing its holding from 50% to 100% in the capital of the Luxembourg company Euro Directory, which holds 49% of Editus Luxembourg, which was then consolidated by the proportional consolidation method.

On 20 January 2006, PagesJaunes signed an operating licence agreement with France Télécom for the printed universal directory in favour of PagesJaunes, accompanied by an acquisition agreement for the *L'Annuaire* name for a total amount of €12.0 million. These contracts took effect on 1 January 2006.

Following a competitive tender process in June 2006, France Télécom announced it had concluded a purchase agreement on 11 October 2006 in which France Télécom agreed to transfer 150,546,830 shares of Solocal Group to Médiannuaire representing approximately 54% of the Company's share capital and voting rights, with Médiannuaire and its sole shareholder, Médiannuaire Holding, a company controlled by an investment fund consortium consisting of Kohlberg Kravis Roberts & Co. and Goldman Sachs.

The transfer of the controlling interest took place on 11 October 2006 within the framework of an over-the-counter transfer of controlling interest that was performed in compliance with Articles 516-2 ff. of the General Regulations of the AMF, on payment by Médiannuaire to France Télécom of a total price of €3,312,030,260, i.e. €22.0 per transferred share.

Following this acquisition, Médiannuaire made a standing market offer for the Company's shares. As part of this operation, and pursuant to the provisions of Articles 261-1 ff. of the General Regulations of the AMF, the Company's Board of Directors appointed the firm Ricol, Lasteyrie & Associés as independent experts for preparation of a report on the standing market offer. This firm, Ricol, Lasteyrie & Associés, issued an expert opinion confirming that the price offered to shareholders in this operation was equitable. Following this standing market offer, Médiannuaire held 54.82% of the capital and voting rights of Solocal Group. This holding decreased to 54.75% as of 31 December 2007. On 24 November 2006, the Company also paid an exceptional dividend of €9 per share, i.e. a total dividend of €2,519.7 million. The dividend was partly financed by the Group's cash surplus and partly by arranging a bank loan for a maximum total amount of €2.35 billion.

On 9 January 2007, via its subsidiary PagesJaunes Petites Annonces, Solocal Group launched an online real estate and vehicle small ads service, accessible via "annoncesjaunes.fr". This website is now published by PagesJaunes SA.

On 1 April 2011, Solocal Group finalised an agreement with Price Minister to acquire 100% of the capital of A Vendre A Louer, a key operator in the online real-estate small ads market. This company was absorbed in 2013 by PagesJaunes SA in order to speed up the synergies with the website "annoncesjaunes.fr" in particular.

On 24 May 2011, Solocal Group acquired 100% of the capital of ClicRDV. Formed in 2006, ClicRDV.com is the leader in online appointment booking solutions and now provides tailor-made solutions for the specific needs of all businesses (Major Accounts, self-employed professionals, SMEs and public bodies).

On 29 June 2011, Solocal Group announced that it had entered into a strategic partnership with Relaxnews, the leading press agency specialising in leisure activities. This partnership includes two parts: designing the best agenda for local events information for individuals and businesses, through an unprecedented editorial offering in terms of events and news concerning leisure activities, and the production by Relaxnews of exclusive "on demand" content for the Group's websites (pagesjaunes.fr, mappy.com, annoncesjaunes.fr, etc.).

On 29 July 2011, Solocal Group finalised the acquisition of 100% of the capital of Fine Media, publisher of the ComprendreChoisir.com website, enriching its local and digital communication offering for businesses. Formed in 2007, ComprendreChoisir.com now attracts more than 1.5 million monthly visits and has developed over 280 sites with themed content aimed at the general public, enabling Internet users to have a better understanding and make the right choices in five areas: Home/Household Jobs, Money/Law, Consumer/Practical Info, Health/Beauty and Business.

On 1 December 2011, Solocal Group announced that it had acquired 49% of the capital of Leadformance, the leader in sales outlet location on the Internet, enriching its digital communication offering for major advertisers.

On 2 October 2012, Solocal Group announced that its subsidiary Euro Directory had transferred 38.92% of the capital of Editus Luxembourg SA to P&T Luxembourg, number one operator of postal and telecommunications services in Luxembourg, which at that time was already a shareholder of 51% of Editus. Following this disposal, Solocal Group is still a shareholder of Editus with 10.08% via its subsidiary Euro Directory.

On 31 December 2012, Solocal Group finalised the acquisition of 100% of the capital of Chronoresto, the reference operator in online meal ordering.

Solocal Group's shareholding was restructured on 27 March 2013 (see chapter 18 of this document).

5.2 INVESTMENTS

5.2.1 MAIN INVESTMENTS DURING THE PAST FINANCIAL YEAR

The majority of the Group's investment expenses come from the Internet segment and are primarily aimed at improving the ergonomics in the various supports (fixed and mobile Internet and tablets), relevance of the results and the features offered by the Group's websites (pagesjaunes.fr, annoncesjaunes.fr, mappy.com, Yelster, qdq.es, etc.), as well as strengthening the effectiveness of the processes of defining offers, database management, customer relationship management, producing advertisements, and more generally directory editorial management.

The table below shows the amount and the ratio of investments to consolidated revenues of Solocal Group over the last three financial years:

(in millions of euros)	2013	2012	2011
Consolidated revenues	998.9	1,066.2	1,101.6
Acquisitions of tangible and intangible fixed assets	**55.3**	**42.6**	**44.1**
As a percentage of consolidated revenues	5.5%	4.0%	4.0%

5.2.2 MAIN CURRENT AND FUTURE INVESTMENTS

Solocal Group is continuing its strategy of optimising all of its processes and the continuous improvement of its Internet websites and fixed, mobile and tablet applications, in terms of relevance of the results, ergonomics and enriching the services offered. The Group is also investing heavily in setting up a new sales tool and a CRM solution of which the PagesJaunes sales force, marketing teams and production teams will be the main beneficiaries. Current or future investments fall in line entirely with the Group's strategy and innovation policy, with, among other things, the launching of new products and services for our customers, and the continuing enrichment of the functionalities of the Group's fixed and mobile websites. Investment could represent about 5% to 7% of consolidated revenues in the future.

Solocal Group has significantly increased its Capex investments in recent years from €44 million in 2011 to €55 million in 2013, to implement its transition to the Internet and to reinforce and adapt its information systems.

In order to access new technologies and know-how more quickly, the Group regularly invests in start-ups whose products and services complement the Group's offer. The total amount of these acquisitions does not exceed €15 million per annum.

Solocal Group's investment policy is mainly based around three priorities: commercial, media and audience, and technology.

Commercial investment: with almost 650,000 advertising customers and more than 2,200 commercial customers, the Group is necessarily focused on customers and monetisation challenges. This applies all the more since the launch of the Digital 2015 transformation programme, one of the keys of which is vendor and marketing specialisation, as well as demonstration of the "return on investment" (ROI) for advertisers. Solocal Group has already invested almost €30 million in 2013 in the restructuring connected with the new commercial organisation.

Furthermore, commercial specialisation would mean additional commercial costs of roughly €25 million annually over 2014, 2015 and 2016.

Media and audience investment: since media strength is mainly measured by its audience, Solocal Group is constantly investing in ways to improve its search and transactional services in order to meet the expectations of users and advertisers in the best way possible. The Group also invests in content enrichment and in SEA (SEO "Search Engine Optimisation", SEM "Search Engine Marketing" and social networks). The Group invested more than €10 million in Capex in 2013, and intends to maintain this level of investments in the years to come.

Technological investment: by launching the Digital 2015 transformation plan, the Group has also set itself the objective of obtaining new tools adapted to the development of the Internet products and customer expectations, while making it possible to improve the efficiency of its processes (sale, OTC, BI, finance, infrastructure, billing, production, etc.). The Group invested almost €20 million in Capex in 2013, and intends to invest between €10 million and €15 million in each of 2014 and 2015.

All investments made by the Group are financed from its own funds and are regularly reviewed by the Executive Committee.

The Digital 2015 plan therefore presupposes an overall investment of approximately €170 million starting from 2013, of which €70 million in Capex and €100 million in additional commercial costs and one-off costs relating to reorganisation.

OVERVIEW OF BUSINESSES 6

6.1 MAIN BUSINESSES AND DEVELOPMENT STRATEGY

6.1.1 General presentation of business

Solocal Group focuses on the availability of local information, mainly in France, by publishing online and printed directories, and by publishing editorial content facilitating the searching and choice of users, and generated **consolidated revenues of almost €1 billion in 2013**. Through its subsidiaries, Solocal Group (former PagesJaunes Groupe) performs three additional roles: content and service publisher, media, and advertising sales. It offers a diversified range of products and services associated with these activities, intended for the general public and for professionals.

The Group's economic model is based on the media model: offering quality content to generate an audience, and monetising that audience, globally or by segments, among professionals.

Thanks to the performance of its trademarks (PagesJaunes, Mappy, A Vendre A Louer, etc.), Solocal Group has platforms that reached eight out of ten people in France in 2013.

(in millions of visits)	2013 financial year	2012 financial year	Change
PagesJaunes	1,324.0	1,194.4	+10.9%
of which mobile	342.5	233.9	+46.4%
Mappy	310.4	308.8	+0.5%
of which mobile	111.4	74.7	+49.1%
Others (1)	191.0	177.7	+7.5%
TOTAL EXCLUDING 123PEOPLE	**1,825.4**	**1,681**	**+8.6%**
of which mobile	465.3	313.6	+48.4%
123people	182.8	433.1	– 57.8%

Source: Solocal Group.

(1) On a like-for-like basis.

As indicated in the table above, the Internet audience of the Group's sites (excluding 123people) grew by 8.6% in 2013 compared to 2012, sustained in particular by the number of mobile Internet visitors up + 48.4%.

At the end of December 2013, the Solocal Group applications (primarily PagesJaunes and Mappy) had been downloaded more than 30 million times across all smartphones in France.

The Group's fixed and mobile websites, primarily pagesjaunes.fr, mobile.pagesjaunes.fr, fr.mappy.com, Mappy GPS Free and annoncesjaunes.fr, are visited by nearly half of all French Internet users each month. The Group's websites experienced strong audiences in 2013: 19.4 million unique visitors on fixed Internet and 5.9 million unique visitors on mobile Internet on average in 2013 (ranked seventh on average among most visited sites in France for fixed and mobile in 2013).

Solocal Group has 4,441 employees as at 31 December 2013 including a sales force of more than 2,200 commercial advisers in France and Spain, offering a full range of advertising and digital services to their 650,000 local and national advertising customers.

A European leader in terms of Internet advertising revenues, Solocal Group had revenues of more than €632.5 million on the Internet in 2013, i.e. more than 63% of its consolidated revenues.

The Group's activities are organised around three segments:

- **Fixed and mobile Internet:** these are the activities carried out through the Internet. The main products are the creation and marketing of content and advertising space, listing, targeted advertising, and the provision of advertising space for local and national advertisers (often referred to as display), as well as a complete range of products and services for the provision and distribution of information with local content. The Group's Internet business is mainly performed in France, but also in Spain (QDQ Media) and in 12 countries through Yelster Digital.

This segment comprises the online directory business of "pagesjaunes.fr" and "pagespro.com", the creation and marketing of content and advertising space of the "search" and "display" type, particularly through Horyzon Media's Internet advertising representation, as well as through online small ads from "annoncesjaunes.fr" and "avendrealouer.fr".

The Group is one of the main European operators in the creation and hosting of sites. It offers its customers web optimisation and visibility solutions such as "SEO" (natural listing) or "SEM" (listing following payment).

This segment includes routes, geolocation and reservation services of the Mappy brand, ordering takeaway meals with Chronoresto and couponing from 123deal, and digital promotion. The management of online reputation for businesses with Reporama (Yelster), online quotation requests and contact establishment with players of in construction industry from Sotravo (formerly Keltravo), the themed content site ComprendreChoisir.com published by Fine Media, and the Direct Marketing (PJMS emailing type) services are also included this segment.

- **Printed directories:** this is the Group's historical business, involving the publication, distribution and sale of advertising space in Printed directories (PagesJaunes, PagesBlanches). Following the sale of 39% of Editus in October 2012 and the final discontinuation of the Printed directories in Spain at the end of December 2012, the Printed directories business has only been present in France since 2013.
- **Other businesses:** businesses specific to PagesJaunes SA: directory enquiry services by telephone and SMS (118 008) and the QuiDonc reverse directory. This segment also includes some activities of PJMS: telemarketing, data mining (handling of databases), file generation, handling of leads, and traditional direct marketing activities (entry and stamping).

The Company has reviewed the risks that could have a significant unfavourable effect on its activities (see chapter 4 – Risk Factors).

The table below sets out Solocal Group's revenues by business segment (published results):

(in millions of euros)	2013	2012	2011
Internet	632.5	622.7	575.0
Printed directories	344.7	416.6	490.7
Other businesses	21.7	26.9	35.9
TOTAL REVENUES	**998.9**	**1,066.2**	**1,101.6**
Internet	**267.4**	**296.6**	**254.8**
as a % of Internet revenues	42.3%	43.3%	44.3%
Printed directories	**150.9**	**184.8**	**222.1**
as a % of printed directory revenues	43.8%	44.4%	45.3%
Other businesses	**6.0**	**10.1**	**11.0**
as a % of other business revenues	27.6%	37.5%	30.6%
GROSS OPERATING MARGIN	**424.3**	**464.5**	**487.9**
as a % of Group revenues	42.5%	43.6%	44.3%

Solocal Group's published gross operating margin (GOM) amounts to €424.3 million over the 2013 financial year, down 8.7% compared to 2012. Continued efforts to optimise costs for Printed directories and Other Businesses largely offset investments in new Internet products and services, and enabled us to retain a high GOM of 42.5% in 2013 compared with 43.6% in 2012.

6.1.2 DEVELOPMENT STRATEGY

Solocal Group's growth strategy is based on three priority areas:

- continuous enrichment of local content, involving internal resources dedicated to the collection and enrichment of local data, the launching of new products and services for advertisers (creation of fixed and mobile websites with the Visibility

Website, creation of Fan pro Pages on Facebook, creation of websites with guaranteed visibility on search engines using SiteConnect, creator and aggregator of good deal finder with 123deal, etc.), partnerships with sector leaders, whether vertical (allocine.com, Michelin, booking.com, autoplus) or general (Bing, Yahoo!, eBay and Google via a local commercial agreement with Solocal at the end of 2013), and finally users themselves by providing reviews ("contributory input");

- continuous audience growth (historical record for PagesJaunes.fr in October 2013 with more than 119.9 million visits on fixed and mobile Internet), complementarities between fixed Internet, mobile Internet and printed media to support growing use and needs (searches for information and contact details, map-based searches, local searches (Mappy GPS Free), 3D, searches by topic, searches for people, etc.);
- growing revenues for advertisers thanks to the 2,200 local communication advisers in France and in Spain and in particular through a renewed Internet range and improved support for local communication advice needs of SMEs, microbusinesses and major accounts and partnerships (NRJ agency, American Express).

This growth strategy also aims to strengthen the Group's position with SMEs and microbusinesses and major national accounts through arguments that provide proof of return on investment (ROI) for advertisers. This is achieved using performance monitoring tools for advertising products available to our customers, such as the Business Center. Solocal Group also aims to develop marketing and commercial approaches that are increasingly adapted to our customers' specific needs, in particular for certain activities (real estate, household jobs sector, food services, etc.), through sector specialisation (verticalising) of its offers and sales forces. In particular, Solocal Group aims to accelerate its growth on the dynamic Internet advertising market through a range of advertising products and services (fixed and mobile listings, displays, sites) and transactional products and services (requests for quotes, online appointments, online reservations, etc.).

On 13 February 2013, the Group launched "Digital 2015", a programme which is the last step in the digital transformation, which is already well advanced and is a success thanks in particular to the strength of the audiences and of the local media, the sharp growth in mobile activities and the importance of digital content.

This ambition will allow the Group to be 75% online by 2015 and will imply an adaptation of our media and our offers as well as our sales teams.

The "Digital 2015" ambition revolves around four objectives:

- accelerate online growth by specialising offers, focusing on our clients' needs by business category and developing new capabilities to support them in digital marketing;
- enhance the efficiency of our medias, fixed and mobile, by providing an enriched user experience and maximising benefits for advertising customers;
- adopt a digital, flexible company model, through talents, IT systems, organisation and culture;
- embark all teams on transformation, to facilitate our development, both in France and internationally.

It is within the framework of this profound transformation of the Group that the name of the Company "PagesJaunes Groupe" was changed to "Solocal Group" at the General Shareholders' Meeting on 5 June 2013.

Solocal Group therefore groups together several brands and services in the online field for local life and the economy. This name expresses what today constitutes the strength of the Group, its local and online services.

This change is motivated by the desire to claim the leadership of the Group in local communication: the Group's business is primarily to help its customers in creating digital content and distributing it over the local media. This change in the business model also aims to go further in setting up contact between a professional and a consumer, thanks to a range of services for which PagesJaunes will remain one of the flagship brands.

Finally, this name is open on the international market. In reality, the services that the Group is developing today include platforms, know-how and technologies that are being expressed vertically more and more, and are characterised a strong adaptability favouring the international development of these technologies.

6.1.3 COMMERCIAL ORGANISATION

6.1.3.1 ORGANISATION AS AT 31 DECEMBER 2013

Solocal Group relies on an experienced commercial organisation, one appreciated by its advertisers, in order to develop customer loyalty and develop the pool of new customers. The commercial organisation is segmented by commercial channel: prospect telesales, renewal telesales, general channel, specialist channel, local field sales force and Major Accounts. The sales force markets all Solocal Group's printed directories and online services in mainland France and in the four overseas départements (Guadeloupe, Martinique, Guyana and La Réunion). The sales force present in the overseas départements is linked to PagesJaunes Outre-Mer, a 100% subsidiary of the Company. At 31 December 2013, the company PagesJaunes SA, a 100% subsidiary of the Company, had 1,874 registered sales personnel compared to 1,947 in 2012, covering three major sales channels: telesales, field sales and Major Accounts.

In 2011, Solocal Group developed a new commercial organisation seeking to respond to the development of advertisers' expectations more effectively by enabling specialisation of some of the telesales and field sales personnel. Solocal Group also introduced a cross-channel device allowing an advertiser to be contacted at any time and thus meet his commercial expectations. Consequently, almost 260 commercial advisors now specialise in property, hotels/restaurants, local businesses and B2B.

Solocal Group has also made an online store available to professionals, allowing them to acquire Solocal Group's digital products and services directly.

Solocal Group has also opened a new Major Accounts department, which groups together the businesses managed directly by PagesJaunes SA and those under the responsibility of Horyzon Media, which deals with the advertising agencies. The aim is to coordinate these different commercial approaches in order to offer marketing services and offers that are as complete and effective as possible to the Major Account advertisers, relying on all the expertise and products of the Group companies.

Each of these sales channels works in a coordinated manner within a specific geographical area or specific markets. The distribution of customers among the various sales channels makes it possible to optimise customer relations and the direct commercial cost, defined as remuneration of the sales force and the cost of supporting measures.

In order to have an efficient sales force, the Company is selective in its recruitment and offers all its sales personnel ongoing training programmes in the offers and new technologies, thanks in particular, since 2010, to an e-learning website dedicated to sales forces. The training programme for sales personnel recruited, essentially for telesales, comprises three weeks' training alternating between theory and practice.

The sales managers also regularly assess the performance of sales personnel whom they aim to stimulate, and regularly review personalised progress plans. The variable part of the remuneration of sales personnel differs depends on the channel in question; general field sales personnel have a variable part representing 100% of their remuneration. Specialist field personnel, on the other hand, combine a fixed part and a variable part in terms of remuneration.

Solocal Group's commercial organisation offers career opportunities and attractive wage progression for sales personnel, who generally begin their career in "Prospect Telesales", and the best are then offered the possibility of progressing to "Customer Telesales" and then to the field sales force, which contributes towards the motivation and loyalty of Solocal Group's sales force.

6.1.3.2 NEW ORGANISATION BEING DEVELOPED IN 2014

In its desire to return to growth and focus on its customers, Solocal Group has opted for a new organisation, more in line with a changing market. Solocal Group's new organisation into six main vertical segments (Commerce, Service, Home, B2B, Private Customers, Major Accounts) will make it possible to offer its customers local communication solutions as close as possible to their marketing requirements.

As part of this change, the Group has launched a revision of its commercial model, adapting its commercial organisation to digital practices in order to develop a true customer experience and increase the value of the markets won: Local communication advisers will specialise vertically, each one having an optimised prospecting area. The sales rep contracts and the concept of a guaranteed customer portfolio have been abandoned in favour of an organisation combining security of contacts for employees (executive status) and time management aimed at customer benefit.

This initiative capitalises on the success of the JUMP sales force specialisation programme introduced in 2011 on the property and catering markets.

The new commercial organisation is incorporated into the revision of Solocal Group's organisation:

- A specialist commercial organisation allowing different commercial initiatives to be taken: field sales forces and telesales teams specialising vertically, focus reinforced based on the challenges faced by the business sector in question (acquisition, loyalty, development, etc.);
- A decentralised model with vertical segments assuming responsibility for their strategy and prospecting tactics: responsibility for growth in the business sector, definition and management of resources implemented to achieve the objectives;
- A heightened customer focus for all channels on acquisition, development and loyalty: decrease in the number of customers obtained in the field and strengthening of all-channel multi-contact, increased cross-channel, customer development objectives, customer acquisition objectives for all sales forces, generalised use of the CRM solution and customer contact.

6.2 PRESENTATION OF BUSINESS

In 2013, Solocal Group had revenues of €998.9 million. These revenues break down into 63.3% achieved from the Internet, 34.5% from Printed directories and 2.2% from the Group's Other Businesses.

The gross operating margin amounts to €424.3 million for the year 2013.

6.2.1 FIXED AND MOBILE INTERNET

The following table presents the recent evolution of average monthly consultations of the PagesJaunes brand's online services:

(in millions)	2013	2012	2011	Change 2013 over 2012
pagesjaunes.fr [(1)]	79.5	78.9	79.6	0.8%
pagesjaunes.fr on mobile [(2)]	26.6	18.7	11.4	42.2%
pagesjaunes.fr on tablet [(2)]	4.2	1.9	0.6	121.1%
TOTAL	**110.3**	**99.5**	**91.6**	**10.9%**

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

Audiences grew by 11% in 2013 compared with 2012, drawn from a significant growth in mobiles, up 42% on 2012 and tablets, up 121% on 2012.

In 2013, Solocal Group's Internet business generated revenues of €632.5 million, a 1.6% increase over 2012, and now represent 63.3% of Solocal Group's consolidated revenues.

The bulk of Internet revenues are generated by fixed and mobile pagesjaunes.fr products (listings in search results and sale of advertising space such as strips and banners). The remainder comes from other Group subsidiaries and in particular from the creation, hosting and listing of websites.

PagesJaunes online services represent a growing share of its business and are at a relatively high level compared to most global directory publishers, as regards both revenues and audience. They have been developed since 1985 with the launch of PagesJaunes' first electronic directory on Minitel. PagesJaunes' range of online services was enriched in 1997 with the launch of the pagesjaunes.fr website. An initial version of pagesjaunes.fr, adapted for mobile Internet (accessible from mobile telephones) was put online in December 1999. An iPhone version was also developed in 2009 and is now highly successful. Since then, it has been joined by versions for the different mobile systems (Android, Windows 8 mobile, RIM, etc.). An iPad version has also been available since 2010. Overall, the PagesJaunes application had been downloaded almost 18 million times by the end of 2013. In 2012, PagesJaunes supplemented its offering by launching the Rest'Oh! application.

Since 1997, a complementary website creation and hosting business has also developed under the PagesJaunes brand, which was broadened in 2009 with the launch of a specific offering (Internet Visibility Pack) allowing businesses to create their own online shop window and optimise their Internet visibility. In 2012, the Group launched the Facebook Presence Pack, which is perfectly adapted to the PagesJaunes' core business and the Site Presence offering, a turnkey Internet and mobile site that enhances the company and offers Internet presence. In parallel to site creation, PagesJaunes offers increasingly integrated services to connect businesses to their customers, such as appointment making, hotel reservations and online meals, highlighting of their Good Deals and their current promotions... In France and abroad, the Group has platforms based on complementary services to pagesjaunes.fr, such as mapping (Mappy, Mappy GPS Free), small ads (A Vendre A Louer, AnnoncesJaunes, Embauche.com, etc.), professional searches (123pages), online promotions (123deal, Bons Plans), generating and delivering requests for estimates from craftsmen (Sotravo), online appointment making (ClicRDV), reserving take-away and home-delivered meals (Chronoresto, acquired at 31 December 2012), and multichannel direct marketing solutions (PJMS). The Group also has a presence in Spain (QDQ Media) where it provides its advertisers with listing services, website creation and communication advice. Finally, with Horyzon Media, Solocal Group also has one of the main advertising agencies on fixed and mobile Internet in France (in the top three French agencies in terms of Audience), as well as a new platform for Adexchange (online real-time auction system), Orbit Interactive.

6.2.1.1 LISTING BUSINESSES (SEARCH)

6.2.1.1.1 Listing on fixed Internet: pagesjaunes.fr, pagespro.com, QDQ Media and Editus

PagesJaunes.fr and pagespro.com

The website pagesjaunes.fr is one of France's top sites by visitor numbers. With a reach rate of 35.1% and an average of over 16 million unique monthly visitors in 2013 (source: Médiamétrie NetRatings Brand – all access points – Internet applications excluded), the website pagesjaunes.fr was ranked ninth among French websites in December 2013. PagesJaunes.fr recorded 981.5 million visits in 2013. The vast majority of pagesjaunes.fr visitors access the site directly, and it also uses audience partnerships with sites such as Google, Bing, Yahoo!, SFR and Free. External links, partnerships and sponsored links represent around 35% of total visits to pagesjaunes.fr in 2013.

In 2012, pagesjaunes.fr increased its position in local media with the "Vivre Ici" positioning. It adopted geolocation of its home page and boosted purely local information, including businesses around the user and local "entertainment" content (cinema, theatre, museum, etc.). This "entertainment" content is available thanks to a partnership agreement signed with Relaxnews in 2011. In addition, thanks to the acquisition in August 2011 of the company Fine Media, publisher of the comprendrechoisir.com family of websites, pagesjaunes.fr aims to enrich itself through practical guides that allow consumers to obtain better information on their day-to-day purchases.

The pagejaunes.fr website provides a set of innovative services that change on a regular basis:

- search for a business or individual. People carrying out a search can, among other things, access street maps of all towns in mainland France and more than 2.3 million photos of 175 towns to locate their desired business or individual. These complementary services are provided by PagesJaunes in partnership with Mappy;
- a service called "Search near". Created in January 2004, it enables all Internet users to obtain a list of businesses close to them by entering an address and a category of businesses. It also generates a local map highlighting pagesjaunes.fr advertisers. This service was progressively expanded and now covers all of France. Moreover, Internet users can run a search on a Point of Interest (POI);
- a map-based search service. This innovative service, in partnership with Mappy since November 2009, allows pagesjaunes.fr users to find a professional by browsing a geographical area on a map. Very simple to use, this service speeds up locating businesses in a given geographical area;
- an aerial view service, supplied by IGN and InterAtlas, covering all of France, runs searches for businesses and individuals and positions the search results on an aerial view map;
- an "immersive views" service on pagesjaunes.fr available in more than 320 towns at the end of 2012;
- a video-based search service: "video for professionals". This service, created in November 2009, allows pagesjaunes.fr users to find a business using its video. It now provides access to nearly 18,000 videos of professionals;
- a private area called "*Espace Perso*". Created in 2003, *Espace Perso* is a free service allowing individuals and businesses to add active links to their contact details on pageblanches.fr. These links allow Internet users to send a direct SMS text message or e-mail without the subscriber's mobile number or e-mail address being revealed. *Espace Perso* is a response to Internet users' wish to be contacted easily while preserving the confidentiality of their personal details;
- access to the "QuiDonc" reverse directory, which has been free since April 2008;
- the possibility to access quickly more than 200 online directories around the world and to find, for example, the contact details for a company located abroad. This service is offered free of charge to pagesjaunes.fr users;
- the option of consulting and entering opinions on businesses listed on PagesJaunes (on fixed and mobile). By the end of December 2013, more than 810,000 reviews had been entered by Internet users on both fixed and mobile Internet;
- launch of a free eco-responsible information service, with the assistance of a committee of independent and recognised experts on eco-responsibility, allowing users to search for businesses highlighting their societal and environmental commitments;
- in the B2B market, the website pagespro.com has been added to complement the pagesjaunes.fr platform.
- a local good deal search service, accessible from the pagesjaunes.fr home page

QDQ Media

QDQ Media is a major operator in local Internet advertising in Spain. A Google partner since 2008, it is now the number two distributor in Europe, managing more than 18,000 advertising campaigns. (source: Company)

Created in 1997 to take advantage of the Spanish market's local advertising development potential, the company has focused on innovation to differentiate itself from the existing operators. QDQ Media was acquired by Wanadoo in April 2001 and then sold to PagesJaunes Groupe in April 2004.

In 2001, QDQ Media launched the site "qdq.com" to enable its users to search for the contact details of businesses on line. "qdq.com", integrated in "QDQ Blancas" since 2003, is the first Spanish directory containing subscribers from all telecommunication operators. These are subscribers who have not applied for their fixed telephone number to be ex-directory or who have given prior consent for listing of their mobile telephone number.

The "qdq.com" services underwent across-the-board modernisation in 2011 and include an intuitive search engine, a personalised customer space and links to the social networks Facebook and Twitter, in particular.

The Internet services are led in particular by the marketing of the Google Adwords offer, which allows QDQ Media advertisers to incorporate a sponsored link campaign into their Internet communication plan, and by the natural listing offers launched in 2010.

In 2013, QDQ intensified its investment in digital with the launch of new platforms for managing customer relations, the creation of fixed, mobile and social websites, and for optimising flows between order and publication.

Finally, QDQ Media has expanded its expertise in Internet listings (natural and paid listings) through the acquisition of Optimizaclick and Trazada, allowing it to extend its digital marketing services for Spanish advertisers, SMEs and microbusinesses as well as Major Accounts.

With these acquisitions, QDQ Media is positioned as one of the main online marketing agencies in Spain (source: Company). Since 2013, the Company has been concentrating on digital services and has totally abandoned printed directories.

Luxembourg (Editus Luxembourg)

At the end of September 2012, the Group transferred to P&T Luxembourgeois 39% of its shares in Editus (publisher of the official directories in Luxembourg), only retaining a minority interest of 10%.

6.2.1.1.2 Listing on mobile Internet: mobile.pagesjaunes.fr and application, Mappy GPS Free

The pagesjaunes.fr website has been present on mobile telephones since December 1999. In 2008, PagesJaunes rolled out an optimised version of its pagesjaunes.fr service, dedicated to new generation mobile telephones featuring mobile web browsers. This new version is an integral part of our service continuity strategy and has made PagesJaunes one of France's first publishers to provide an optimised version of its site, compatible with the principal mobile web browsers. Using their mobiles to consult pagesjaunes.fr, users can search for businesses, individuals and launch reverse searches. In terms of advanced functionalities, these are identical to searches from the fixed website.

In 2009, PagesJaunes saw significant development in mobile telephony. Indeed, market conditions enabled mobile media to take off for the first time: release of advanced handsets on the market, in particular the iPhone, development of high-speed mobile networks and adapted rate structures. PagesJaunes has been able to take advantage of this rapid development by launching an application dedicated to smartphones, in particular the iPhone and Android. The iPhone application has been hugely successful, having been downloaded more than 6.2 million times in France for the French iPhone. The Android application, for its part, has exceeded 7.6 million downloads. Across all mobile platforms, 17.8 million PagesJaunes applications had been downloaded by the end of 2013. With close to 5 million unique mobile visitors (mobile site and application) on average every month in 2013, PagesJaunes is ranked tenth in France (source: Médiamétrie NetRatings). Mobile traffic has gone through very rapid growth, doubling in volume between 2010 and 2011, then a 68% increase in 2012 driven primarily by the iPhone, followed by an increase of 46% in 2013. In December 2012, PagesJaunes mobile traffic represented nearly 31 million monthly visits, i.e. around 26% of the audience on pagesjaunes.fr.

On 18 December 2013, a new PagesJaunes application for the iPhone was developed, with simplified ergonomics for easier browsing, and the development of more specific search services (restaurants, taxis, hotels, good deals, etc.).

PagesJaunes has continued its strategy of penetrating different mobile platforms by developing applications for Blackberry, Microsoft (Windows Mobile 8) and by signing structural partnerships with mobile operators (Bouygues Télécom) and handset manufacturers (Samsung), and also by launching a specific application for restaurants with Rest'Oh!.

The PagesJaunes brand was also chosen by the manufacturers PSA Peugeot Citroën (for its "Peugeot Connect Apps" mobility service) and Renault in order to develop an application dedicated to searching for professionals and private individuals, to be included among applications placed in vehicles.

PagesJaunes also contributes to the JCDecaux Concept Abribus with a service dedicated to hyper-local information.

Mappy GPS Free

At the end of December 2011, Mappy announced the launching of a new entirely free GPS service, Mappy GPS Free, available on the iPhone and Android, allowing for navigation everywhere in France. This navigation system, which is easy, quick and intuitive to use, allows the Internet user, among other things, to be voice-guided throughout his or her trip, and also to consult alternative itineraries and be informed of weather and traffic conditions. In October 2012, the application included searches for professionals via the Mappy *Carte de Visite*, by incorporating all of the PagesJaunes and PagesBlanches databases, as well as the Good Deals. In 2013, the application provided further real-time information on the route: danger zones, speed alerts.

The Mappy GPS Free application is driving growth of the listing on the Mobile Internet; it recorded 3.7 million hits per month at the end of 2013, with 3.9 million applications downloaded (+ 56% year on year).

6.2.1.2 WEBSITE CREATION

At the end of 2013, the Group managed almost 125,000 websites in France and Spain and is thus one of the European leaders on the website creation market.

6.2.1.2.1 PagesJaunes websites

PagesJaunes offers businesses a complete turnkey website creation, hosting and listing service, allowing them to present their activity through a website. The website creation, hosting and listing service is a natural extension of our relationship with the advertiser, strengthening the Company's customer loyalty strategy. This service is offered throughout the country by the entire field sales and telesales force. The website service has been enriched since October 2009 with an offer called Internet Visibility Pack. This offer enables subscribing advertisers to benefit from extended visibility on group media, search engines and fixed and mobile partner websites. On the website, advertisers can highlight all parts of their commercial services, including a photo gallery or a video. This site is optimised by PagesJaunes to be easily accessible via pagesjaunes.fr, but also through search engines such as Google, Bing and Yahoo!. Since 2010, a mobile version has been available, optimised for all mobile application platforms and smartphone formats. In 2011 and 2012, the offer was expanded in order to take into account the specific needs of advertisers in their respective sectors, as well as with the launching of new offers of paid listings on Bing and Google allowing advertisers to improve the visibility of their Internet website(s).

In 2013, the PagesJaunes Website offer expanded with a vertical range offering new ergonomics and new designs based on sector of activity and a range of e-commerce websites in partnership with eBay. An advertiser subscriber to a PagesJaunes e-commerce website may have an online store on eBay.

6.2.1.2.2 Other website creation offers

In addition to PagesJaunes, the Group's website creation services have been expanded to other brands in France and abroad, including a number of specialised and value-added services:

- **creation of specialised sites:** real estate sector (A Vendre A Louer), major accounts and networks, creation of websites with guaranteed visits (PJMS "Site Connect"), dedicated offers (restaurants and health professionals);
- **creation of sites abroad:** creation of "Solucion Web" sites, paid and natural listing and creation of videos in Spain

(QDQ Media), creation of websites and listing in Luxembourg (Editus), and in Switzerland via the partnership with Local.ch;

- **Facebook Fan Pages creation:** offered since 2012 to professionals in order to expand their audience on their social networks.

In Spain, QDQ Media is the number one website producer in Spain, with more than 19,000 customers at the end of 2013. The Company offers its advertisers a vast range of online advertising products and signed an AdWords programme distribution agreement with Google for local advertisers in June 2008. In the same year, the first "Solucion Web" sites were marketed. In spring 2010, QDQ Media enriched its range of Internet products by launching a standardised natural listing product for *Solucion Web* in order to increase their visibility. Today, more than 80% of searches conducted by users on the "qdq.com" search engine lead to a QDQ Media customer site.

In France, PJMS offers its advertisers digital marketing solutions (emailing, SMS, leads, sponsored inks). "Marketing Connect" is PJMS's online portal from where its advertisers can carry out targeted direct marketing operations.

Until September 2012, the Group also offered Luxembourg advertisers digital marketing solutions (advertising displays, sponsored links, natural Internet website listing optimisation services for search engines) through its subsidiary Editus. Under the "Marketing Direct" trademark, Editus conducts targeted direct marketing operations and markets its business database.

Finally, Solocal Group offers and markets technological solutions and know-how (creation of websites and Fan pages) for local advertisers to its directory partners or digital agencies around the world.

In 2012, Solocal Group was a successful bidder for local.ch, offering a solution for creating and managing Internet websites for SMEs and microbusinesses in Switzerland through its subsidiary PJMS. In addition to its technological solution for designing Internet websites, Solocal Group provides local.ch with its know-how in online marketing and in commercial consulting. Since the launching of the marketing test with a portion of the sales force of local.ch, more than 700 websites have already been sold and 466 have already been published.

In addition to the creation of websites, Solocal Group provided its advertisers with powerful digital marketing tools in 2011. Users now have the ability to arrange appointments with businesses online (ClicRDV), to reserve a hotel room, request a quote from a business in the household jobs sector (Sotravo) and even reserve and have online meals delivered (Chronoresto).

6.2.1.3 SALES OF ADVERTISING SPACE (DISPLAY)

6.2.1.3.1 Publisher

As a publisher, and thanks to the strong audience on its supports, Solocal Group markets advertising space including display boxes, banners and strips, available on its websites. These spaces can be sold locally, and also nationally, based on the location and/or business activity of the advertiser. Given the nature of Solocal Group's sites, the traffic exposed to the advertiser's ads is highly qualified. The premium share of the available inventory, in particular on the pagesjaunes.fr homepage, is usually sold on a cost per thousand (CPT) basis, and features many national advertisers.

6.2.1.3.2 Internet advertising representation

Horyzon Media markets advertising spaces on 70 consumer websites to national advertisers, and is one of France's main click-based campaign platforms, with a network of 12,000 affiliated sites. Taken together, the sites marketed by Horyzon Media represented an average monthly reach rate of 80.5%, or 37 million unique visitors, in 2013 (source: Médiamétrie/NetRatings), providing advertisers with one of the best reach rates in relation to French Internet users. Horyzon Media was entrusted with managing national advertising locations for all Solocal Group's fixed and mobile websites in France, and in February 2008 the Company created a specific range of mobile Internet products. Horyzon Media is also present in Spain. In 2012, Horyzon Media introduced an "AdExchange" (Orbit Interactive) platform in order to better match supply and demand for advertising spaces using a real time auction system.

6.2.1.4 SPECIALISED WEBSITES

6.2.1.4.1 Real estate: annoncesjaunes.fr and avendrealouer.fr

The sites annoncesjaunes.fr and avendrealouer.fr now offer users a vast number of real estate ads. Annoncesjaunes.fr and avendrealouer.fr recorded 60 million visits during 2013 (source: Xiti), thus ranking as the third most visited business real estate small ad site in France. AnnoncesJaunes and A Vendre A Louer also developed in the mobile sphere, with the launch of their iPhone real estate applications, in 2010 and 2011 respectively.

In spring 2011, Solocal Group acquired A Vendre A Louer in order to strengthen its existing product range (via annoncesjaunes.fr) to accompany the growth and performance of advertising investment by businesses in the real estate sector.

Revenues from online Small Ads essentially come from subscriptions from businesses (real estate agencies) wishing to advertise their properties on annoncesjaunes.fr and avendrealouer.fr, and, to a lesser extent, from the sale of advertising space on the site.

In 2011 and 2012, Solocal Group marketed a "Double Impact" offer allowing real estate businesses to benefit from publication of their ads on both annoncesjaunes.fr and avendrealouer.fr. Its business developed strongly, with Internet Real Estate revenues increasing +8% in 2013 compared to 2012.

The legal entities AnnoncesJaunes and A Vendre A Louer merged with PagesJaunes SA in 2009 and 2013, respectively, in order to improve operational coordination and favour synergies.

6.2.1.4.2 Home maintenance: Sotravo

Sotravo was founded in March 2007. Initially named Keltravo, the company changed its name in 2012. It very quickly became one of the leaders in online quotes for household work in

France. Sotravo (Keltravo) was acquired by PagesJaunes Groupe in May 2010.

Its sites, deco-travaux.com and Sotravo.com, offer a quick, efficient and free solution to individuals looking for a service provider and advice to carry out work connected with the construction and public works sector. Through the service, individuals receive qualified quotes which they can then compare on price and services offered.

Sotravo has also developed complementary sites: Pro.keltravo.com is the site that enables craftsmen, construction firms and housing professionals to sign up and receive requests for quotes that have been verified and validated by Sotravo's services, deco-travaux.com, which offers individuals advice on the work they offer; Kelplanete.com, a specialised renewable energy site; and KelBTP.com, a site dedicated to craftsmen and manufacturers in the construction and public works sector.

In 2013, Sotravo concentrated on improving the quality of estimates and customer relations.

6.2.1.4.3 Catering: Rest'Oh & Chronoresto

This is now a complete offer adapted to the new consumer trends "SOLOMO" (Social, Local, Mobile) which the Group is offering in food-related services: searching for good online ordering addresses offering advice or the organisation of dinner among friends. Another step since the development of Rest'Oh!, a mobile application which has become a reference in searching for local restaurants, with over 247,000 downloads by the end of December 2013.

The number two Internet portal in France in its field, chronoresto.fr has developed a multichannel offering – solutions for fixed and mobile Internet, tablets, connected TV – allowing a meal to be ordered from local listed restaurants, from one of the 700 partner establishments in France.

Through the acquisition of Chronoresto on 31 December 2012, Solocal Group is offering its users a new transactional use based on its various web and mobile media. Fixed and mobile Internet users searching for a restaurant on pagesjaunes.fr, on the mobile applications, or even on mappy.com, can click on an "order" button and make a purchase directly, thus enriching their user experience.

A user loyalty programme was developed in 2013. With each order the user gains points that offer reductions on orders.

PagesJaunes also markets the technological module under the white label, enabling installation of the order button on a website.

6.2.1.4.4 ComprendreChoisir

Created in 2007, the ComprendreChoisir.com website is published by the company Fine Media, which was acquired by Solocal Group in 2011. A media website offering practical information, it centralises more than 400 websites specialising in 5 segments (Home/Household Jobs, Money/Law, Consumer/Practical Info, Health/Beauty and Business). Each of the websites offers three headings: "Understand" (practical guide, product sheets, questions/answers and magazine), "Choose" (request for estimates and search for professionals) and "Ask the professionals".

ComprendreChoisir aims to help the consumer to "understand better how to make a good choice". At the end of 2013, the website was recording a monthly audience of 2.9 million unique visitors, 35% up over the end of 2012.

6.2.1.4.5 Jobs: Embauche.com and Kap'Stages

Through Kap'Stages and Embauche.com, Solocal Group has positioned itself in the online small ads market for jobs and internships.

Kap'Stages is now the number one website dedicated exclusively to finding internships, training contracts and apprenticeships in more than 50 countries. It is aimed at both students and companies looking for interns. In the online recruitment sector, Embauche.com offers advertisement dissemination and visibility solutions to SMEs and microbusinesses, as well as to major companies looking for employees across all sectors.

At the end of December 2013, Embauche.com and Kap'Stages had almost 73,000 offers online.

In 2013, on average, Embauche.com and Kap'Stages recorded more than 200,000 unique monthly visitors (source: Médiamétrie NetRatings).

6.2.1.5 ITINERARIES, GEOLOCATED AND WEB-TO-STORE SERVICES

Mappy is now a European leader in geographical services (maps, routes, geographical displays, local searches, GPS navigation) on fixed and mobile Internet. Mappy was acquired by Solocal Group from Wanadoo in April 2004.

Mappy publishes the www.mappy.com website, which is accessible via fixed and mobile Internet, and the mobile applications Mappy and Mappy GPS, which are accessible on the main platforms (AppStore, Android, Samsung). Mappy also has a strong presence across many European countries.

"www.mappy.com" is one of France's main websites, with 310 million fixed and mobile Internet visits in 2012 and nearly 12 million mobile application downloads. To create its fixed and mobile online services, Mappy acquires raw geographical information from third parties, restructures, combines and enriches this information, and then incorporates it into its technical platform. Mappy provides practical services for road trips, such as displaying maps featuring additional information (road traffic, parking, public bike stands, service stations, points of interest, local information, etc.). Mappy also offers route calculation services by car, foot or public transport, in addition to hotel and restaurant bookings. Since 2008, Mappy's fixed and mobile Internet audience has been marketed by Horyzon Media, Solocal Group's Internet advertising representative.

Since 2010, Mappy has started to position itself in the hyperlocal information and advertising market. In 2013, Mappy transformed itself by digitising the physical world in order to offer Web-to-Store services. Internet users can now discover businesses, hotels, small traders and points of interest assisted by photos during their searches. Mappy has taken photos of the stores of its business clients, who can thus place a digital window online and offer Internet users a virtual visit. Internet users are thus able to search for products and decide which shops to visit to make their purchases.

Mappy's revenues primarily come from Horyzon Media's marketing of advertising spaces on fixed and mobile Internet platforms. Mappy also receives royalties from transactions performed by its partners (for example, booking.com) from the "www.mappy.com" website. Finally, the new Web-to-Store services have created offers being marketed to professionals: Mappy Shopping allows traders to place their range of products online, and the Vitrine Digitale allows them to place photos of their shop online.

In December 2011, Mappy launched Mappy GPS Free, an entirely free GPS service available to mobile Internet users on the iOS (iPhone) and Android (Google) platforms. Thanks to the integration of the PagesJaunes and PagesBlanches databases, users can easily find the location of an individual or business and go there directly.

Solocal Group owns 49% of the capital of Leadformance, the leader in digital marketing solutions with BRIDGE (an international technological platform for the creation and listing of store locators) and the local digital marketing of major brands and signs. Leadformance enriched its range in 2013 with the "Local Destock" solution in order to boost its Web-to-Store offer. This functionality is integrated directly into the BRIDGE store locator. Each store has its own mini-website, creating a virtual extension of the point of sale. By activating the "Local Destock" module, a point of sale selects the products it wishes to circulate on its local mini-website through "clearance". The Internet user checks "clearance" products in the nearest store and accesses the detailed sheet on the product desired. He or she may choose to reserve it before collecting it from the store (Click & Collect).

6.2.1.6 THE METASEARCH SERVICES (123PEOPLE AND 123PAGES SERVICES FROM YELSTER)

Launched in 2008, 123people has quickly become the global benchmark player in the people search market. With sites developed in more than ten countries (France, Spain, Austria, USA, Canada, Germany, UK, Italy etc.), Yelster has proved its ability to develop useful services and attract large audiences (433 million fixed and mobile visits in 2012). It has developed more than 200 editorial and affiliation partnerships. 123people was acquired by Solocal Group in March 2010 and was renamed Yelster Digital at the beginning of 2012.

In 2013, 123People was significantly affected by developments in the Google Panda algorithm. As a result, Yelster repositioned itself to focus on e-reputation with the product Reporama, which has been undergoing testing since the end of 2013. This is an online reputation management services intended for businesses. It analyses numerous websites including opinions and comments on professionals. This service is aimed in particular at the Hotel, Restaurant, Business and Home sectors. Reporama will be available worldwide in French, English and German.

123pages, launched in 2012, is an innovative service that simplifies setting up contact between Internet users and professionals. 123pages is a free service with an international presence, and is currently available in France, Austria, Spain (via the subsidiary QDQ) and Switzerland (via a partnership with the website Local.ch), and can be accessed in English and German.

6.2.1.7 PROMOTIONAL OFFERS (COUPONING), DIGITAL MARKETING AND ONLINE DATING

Launched in early 2011 following the company's acquisition by Mappy, 123deal is the French leader in "good deals" and grouped coupons on the Internet. Besides France, the service is offered in Spain, Italy, UK and Germany. Since December 2013, 123Deal only circulates the good deals offered by PagesJaunes.fr and Solocal Group subsidiaries (Leadformance, Chronoresto, etc.). A study conducted by Kantar Media Ad Intelligence showed that PagesJaunes.fr has the number one listing of good deals in France. PagesJaunes markets the good deals published on pagesjaunes.fr and Mappy directly to its advertisers. In December 2013, PagesJaunes launched a space dedicated to good deals which is accessible directly from the homepage of the PagesJaunes.fr website on the fixed Internet, using geolocation. Good deals are also accessible from the PagesJaunes mobile applications iPhone and Android, and iPad.

PJMS also offers direct digital marketing activities targeted at SMEs and microbusinesses, as well as Major Accounts. In particular this involves qualified lead generation services (deployment of emailing campaigns, SMS, search).

In 2009, PJMS launched its merchant website, MarketingConnect. An Internet platform aimed at SMEs, microbusinesses and network businesses, MarketingConnect was awarded the *Cube d'or* prize for innovation, honouring the first personalised Internet solution to build and optimise relationship marketing campaigns.

In 2011, PJMS launched the SiteConnect range (website creation services guaranteeing visibility on search engines) as well as the TrafficConnect product range (guaranteed visit offer on search engines aimed at SMEs, microbusinesses and middle market).

In May 2011, Solocal Group acquired ClicRDV, the leader in Internet tailor-made appointment-making solutions. ClicRDV offers professionals a customisable interface for managing online appointments and installing a "Make an appointment" button on its website and on pagesjaunes.fr. The Internet user arranges an appointment by clicking on the button directly on the business's website or from the pagesjaunes.fr website.

6.2.2 PRINTED DIRECTORIES

In addition to its traditional Printed directories business in France, until 2013 Solocal Group also published directories in Spain through its subsidiary QDQ Media and in Luxembourg through the company Editus, in which it had a 49% interest (holdings reduced to 10% in September 2012).

In 2013, the Printed directories segment in France generated revenues of €344.7 million, down 17.3% compared to 2012. The gross margin for the segment in 2013 amounted to €150.9 million. The expenses for producing Printed directories decreased €14.2 million compared to 2012, primarily thanks to optimisation in printing (3.5 million telephone calls were made in 2012 to find out if directory holders wished to continue receiving them, 71% of those who responded wished to continue receiving the directories, and the 29% who indicated they no longer wished to receive them were therefore taken off the distribution lists, and the quantities of Printed directories produced were adjusted to take this into account, resulting in savings in paper and printing costs). Moreover, the PagesBlanches directories that were generating a loss were not produced in 2013 (11 départements concerned), which also generated savings in paper and printing. The decrease in advertising revenues also influenced the page count and contributed to savings on the costs of paper and printing.

6.2.2.1 PAGESJAUNES PRINTED DIRECTORIES

PagesJaunes' BtoC Printed directories business covers the PagesJaunes and Pages Blanches directories. In 2013, it had revenues of €344.7 million. 446,800 advertisers bought an advertising product in the PagesJaunes and/or Pages Blanches directories in the 2013 edition.

Since PagesJaunes was also chosen to be the publisher of the printed directory, an element of its universal service for 2013 and 2014 (order of 6 December 2012), alphabetical directories with no advertising space (*L'Annuaire*) are produced and circulated in the départements where the PagesBlanches directories are no longer distributed.

The 2013 edition consists of 245 different directories (130 PagesJaunes, 101 PagesBlanches, and 14 L'Annuaire). The publication of these directories is staggered throughout the year. Advertising space in the directories is marketed from April of the previous year to the end of July of the year in question. It takes six months on average to prepare a directory.

The costs associated with a Printed directory are mainly publishing costs (purchase of paper, printing and distribution) and business and administrative costs.

6.2.2.1.1 PagesJaunes

Every PagesJaunes directory classifies businesses into one of its 1,800 categories based on their location and activity. For each listed business, PagesJaunes includes an entry in the directory of the département in which it is based, and usually the corresponding telephone number.

The 2013 edition of the PagesJaunes directory comprises 130 segments, copies of which were largely distributed free of charge to households and companies. The PagesJaunes directory is also available for purchase on request from PagesJaunes (within the limit of stocks available). Some of these directories have advertising covering a single département, while others cover a part of a département. This scoping technique allows advertisers to promote their business over a more limited geographical area that better fits their catchment area.

6.2.2.1.2 PagesBlanches

The 2013 edition of the PagesBlanches directory comprises 101 sections, copies of which were distributed free of charge to individual households and to businesses.

6.2.2.1.3 *L'Annuaire*

The 2013 edition of *L'Annuaire* comprises 14 sections, copies of which were distributed free of charge to persons who expressly requested it.

6.2.2.2 THE QDQ MEDIA PRINTED DIRECTORY (SPAIN)

QDQ Media now offers online services and telephone directory enquiries, in addition to a services platform for mobile telephones.

Although the Printed directory was discontinued at the end of 2012 in order to make room for 100% online services, QDQ has for a long time produced and distributed "QDQ, La Guía Útil" (The Useful Directory) which lists all professionals sorted into categories. In each category, businesses are classified by town or neighbourhood, or in alphabetical order, based on their activity and the directory in question. The first five Printed directories were published in 1998 in the Province of Madrid.

As with PagesJaunes in France, QDQ Media markets advertising spaces, designs its customers' advertisements, produces the layout of the directory and entrusts printing and distribution to external service providers, taking advantage of agreements negotiated by the Group.

6.2.2.3 THE EDITUS PRINTED DIRECTORY (LUXEMBOURG)

At the end of September 2012, Solocal Group sold 39% of its shares in Editus to P&T Luxembourgeois, retaining only a minority holding of 10%.

6.2.3 OTHER BUSINESSES

6.2.3.1 DIRECT MARKETING

Founded in 1999, Wanadoo Data acquired the company e-Sama in February 2005. Wanadoo Data took the name PagesJaunes Marketing Services when e-Sama was absorbed in March 2006, before it was renamed simply to PJMS in 2012. PJMS acquired and developed specific, recognised know-how in processing and supplying marketing data. PJMS, a specialist in online and offline data processing and operational exploitation, enables companies to establish a close relationship with their customers and prospects. It supports companies with "data" expertise and multichannel solutions across three areas:

- identification: by auditing all the data in the customer and prospective customer database. Data Management (auditing, integration, processing, storing, enriching, studying, data mining, geo-marketing) is essential to ensure the quality of company' data. The data mining and geo-marketing studies conducted by PJMS enhance customer knowledge;
- contact: through the channel(s) best suited to the advertiser's targets, from the design of tools to the creation of media (marketing campaigns of email or SMS type, or listing, or traditional media such as post mailings), and their distribution. PJMS provides the entire service;

- optimisation: the performance of campaigns after analysing their results and measuring the return on investment, in order to capitalise on all marketing initiatives.

The setting up of a new middle market sales channel has made it possible for PJMS to reinforce its development strategy in local online marketing activities. PJMS currently has 2,160 clients, of which 1,708 on the middle market channel and 452 in the Major Accounts – Field channel, of which the major ones belong to the telecommunications, automobile, energy, mass distribution and specialised distribution, banking and insurance and company services sectors.

6.2.3.2 TELEPHONE DIRECTORY ENQUIRIES SERVICES (118 008)

In the context of liberalisation of the information market, effective since April 2006, PagesJaunes opened a telephone directory enquiries service, 118 008, in November 2005.

The service is available within France 24 hours a day, 7 days a week, from a fixed line or mobile, and enables all types of searches.

Moreover, customers can access information on cinema listings (searches by theatre, city, film, with a time indication), thanks to a partnership with Allociné. They can also view weather information for their search location.

PagesJaunes has further enhanced the service provided to users by enabling multi-criteria searches: such as searching for hotels by the number of stars they hold or restaurants by their culinary specialities.

PagesJaunes has an outsourced call centre based in France to maintain direct contact with its customers. It is based on a highly efficient telecom and IT platform and the most comprehensive database possible, containing contact details of any fixed-line and mobile subscribers who wish to provide their details.

PagesJaunes' telephone directory enquiries service, 118 008, is based on a mixed business model that combines revenues from users (callers paying for access to the service) and revenues from advertisements marketed to advertisers by the PagesJaunes sales force.

There were no major product developments in PagesJaunes' directory enquiries service in 2013. Its revenues decreased in 2013 due to the combined impact of a downward trend in traffic and declining advertising revenues.

6.2.4 ADVERTISERS: PAGESJAUNES IN FRANCE

The majority of PagesJaunes' advertisers are craftsmen, freelance businesses (including the professional freelance occupations) and small and medium-sized companies. In 2013, 615,000 advertisers used at least one of PagesJaunes' platforms to promote their products or services.

Data on the PagesJaunes France edition [1]	2013	2012	2011
Number of customers	**615,290**	646,983	660,380
ARPA	**€1,493**	€1,508	€1,520

(1) The Edition corresponds to the sales prospecting period.

Loyal advertisers

PagesJaunes advertisers are highly loyal. 83.1% of PagesJaunes advertisers in 2012 continued their business relationship with the Company in 2013 (the remaining 16.9% of advertisers who did not continue with the Company includes companies that ceased trading or went out of business, among others). The following table shows the mix of renewing and new customers over the last three financial years:

Details of the PagesJaunes France Edition [1]	2013	2012	2011
Number of renewing customers	**537,340**	556,105	577,706
Number of new customers	**77,950**	90,881	82,130

(1) The Edition corresponds to the sales prospecting period.

Services acknowledged by advertisers

PagesJaunes offers its advertisers a wide variety of advertising platforms (fixed and mobile Internet, social networks, printed directories, telephone directory enquiries services), enabling advertisers to reach the largest possible number of users and adapt to changing usage patterns. PagesJaunes also offers a wide range of advertising products on each platform with rates set individually for each of these products.

Professionals wishing to promote their business on one of PagesJaunes' platforms generally sign a contract for the duration of the edition, i.e. twelve months, with the exception of certain specific advertising products on the Internet platforms (display products). The payment terms require the transfer of a deposit when the contract is signed (generally 10% to 20% depending on the value of the order) and payment of the balance no later than two months after publication of their advertising product.

For several years, PagesJaunes has also provided systems enabling advertisers to measure the effectiveness of the return on their investment. PagesJaunes recently reviewed, for example, its space dedicated to businesses, the Business Center. This customer portal now allows businesses to know the number of views and contacts generated by their digital communication facility. This works as support for the insertion into advertising products of a telephone number that appears nowhere else, thus allowing calls generated by the advertisement to be counted.

6.3 EXCEPTIONAL EVENTS

At the time of publication, no exceptional events had taken place.

6.4 RELATIONS WITH SHAREHOLDERS

Following Médiannuaire's acquisition of France Télécom's holding in the Company's capital on 11 October 2006, Médiannuaire, as the holding company running the Group, wished to define and implement an efficient management policy for its subsidiary. This requires, in particular, the provision of strategic, accounting, legal and tax services to PagesJaunes Groupe, in order to optimise, coordinate and harmonise management within the Group.

Since it has teams and personnel with the expertise necessary to provide its subsidiary with the services required to implement this management policy, it may also make use of external service providers to achieve its mission (to this end, a service provision contract was signed on 12 October 2006 between Médiannuaire and Kohlberg Kravis Roberts & Co L.P., among other things, to assist it in the provision of strategic services), Médiannuaire had concluded a service contract with the Company dated 28 November 2006, under which Médiannuaire undertook to provide the Company with assistance in accounting, financial, legal and tax management, as well as strategic advice. Médiannuaire's annual remuneration for the assistance given to the Company will be equal to the total costs incurred by Médiannuaire to provide the services, plus a margin of 5%.

Subsequent to the changes in the Company's shareholding, this agreement was terminated on 11 December 2012.

Two new agreements were signed at the same time as the termination:

- A service contract was concluded on 11 November 2012 between Médiannuaire and the Company whereby the former undertakes to provide Médiannuaire with its assistance in accounting, legal and tax management. The Company's annual remuneration for the assistance given to Médiannuaire will be equal to the total costs incurred by the Company to provide the services, plus a margin of 5%. Under this contract, Médiannuaire paid the Company €9,000 in 2013. This contract was terminated following the winding up without liquidation of Médiannuaire.
- A service contract was concluded on 6 December 2012 between Médiannuaire Holding and the Company whereby the latter undertakes to provide Médiannuaire Holding with its assistance in accounting, legal and tax management. The Company's annual remuneration for the assistance given to Médiannuaire Holding will be equal to the total costs incurred by the Company to provide the services, plus a margin of 5%. Under this contract, Médiannuaire Holding paid the Company €90,000 in 2013. Since no further service has been provided by the Company since June 2013, this contract was cancelled.

6.5 THE GROUP'S DEPENDENCE ON CERTAIN FACTORS

6.5.1 DEPENDENCE ON PATENTS AND LICENCES

The Group owns many trademarks and domain names for a wide range of products and services, both in France and internationally, including the "PagesJaunes", "Les Pages Blanches", "QDQ, La Guía Útil", "QuiDonc", "Mappy", "123people", "Solocal", "Horyzon Media", "123deal", "PJMS", "Keltravo", "A Vendre A Louer", "LeadFormance", "ClicRDV", "ComprendreChoisir.com", "Chronoresto", "ZoomOn", "123pages" and "Embauche.com" trademarks.

The Group thus owns all the trademarks it uses for its business.

Furthermore, the Group has registered a large number of domain names, including in particular solocal.com, pagesjaunes.fr, pagesblanches.fr, pagespro.com, quidonc.fr, mappy.com, 123people.com and qdq.com. The Group has also registered or begun registering numerous domain names for each of its sites in the countries where it operates or could operate.

6.5.2 DEPENDENCE ON SUPPLY CONTRACTS AND INDUSTRIAL CONTRACTS

6.5.2.1 PURCHASE OF PAPER

Solocal Group concludes framework agreements each year with a number of paper suppliers from among the world's largest paper groups. The paper supply contracts set out the firm purchase volume commitments. PagesJaunes does not consider itself dependent upon any of these suppliers.

6.5.2.2 PRINTING

In order to guarantee the printing of its BtoC directories, Solocal Group has signed agreements with four [1] printers for the period from 2009 to 2013 for all companies in the Group. These contracts do not include a commitment to any volume of purchases and guarantee price stability. A new contract has been concluded with an exclusive printer covering the editions of the years 2014 to 2016. This contract does not entail any volume commitment.

6.5.2.3 DISTRIBUTION

Each year, PagesJaunes concludes contracts with different specialist companies for the distribution of the PagesJaunes directory and the PagesBlanches directory. These contracts do not include any volume commitments.

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

6.5.2.4 ACCESS TO DIRECTORY DATA

PagesJaunes has signed an agreement with Orange for the provision of directory data for the publication of directories. This agreement is described in section 6.4.1 "Agreement for the provision of directory data for the publication of directories".

Furthermore, the Company has signed agreements with a number of operators providing access to their subscriber databases. In general, these agreements are for a one-year period, renewable by tacit agreement for periods of one year.

Under these contracts, the Group's total costs for access to operator databases amounted to over €5 million in 2013, for publication purposes (printed directories and online services). This amount includes payments to France Télécom under the contract for provision of directory data (see section 6.4.1).

6.6 COMPETITIVE POSITION

Within the context of rapidly evolving competition on the Internet and a continuous expansion of its range of products and services, Solocal Group faces widely varying competitors. As a media organisation, the Group faces two major types of competition on each of its platforms – fixed and mobile Internet and paper – and services:

- competition for audience, because there are more and more possible sources for consumers wishing to contact a business or an individual, or wishing to find information before making a purchase;
- competition from other advertising platforms, in particular local media (regional daily press, leaflets, etc.);
- competition for SMEs, microbusinesses and Major Accounts from other local communication advisers (national and local advertising agencies);
- competition from companies providing advice on website creation and listing.

At present, the Company's main competitors are:

- certain themed portals and specialised websites (Google Maps, viamichelin.com, La Fourchette, Leboncoin.fr, hotels.com, kelkoo.com, Yelp, etc.);
- grouped purchase websites (Groupon, KGB Deals);
- operators in the small ads market, either specialists in real estate, jobs or vehicles, or non-specialists (SeLoger, Monster, Leboncoin.fr, etc.);
- telephone directory enquiries services which have also developed on the Internet (118218.fr, 118712.fr, 118000.fr);
- free press Internet portals (Spir Communication, 20 Minutes, Métro);
- and directory publishers (in particular PubliGroupe, U Corsu, etc.) as well as town directories and local guides that have also developed online;
- Internet search engines (particularly Google, Yahoo!, Bing) which are also our partners in developing the audience of websites and content of PagesJaunes advertisers;
- major social media (particularly Facebook);
- website creators.

6.6.1 INTERNET SEGMENT

The majority of Solocal Group's Internet business operates in the local advertising market, although it also carries a small number of national advertising campaigns. To find commercial information, particularly locally, consumers have a number of information sources available (see section 6.6.1). These different media allow local advertisers to communicate within their catchment areas.

The share of advertising investment on the Internet continued to grow in 2013, but has declined compared to 2012. The market reached €2.8 billion in online advertising spending on the Internet (including online directory revenues), representing growth of 3% compared to 2012 (source: *Observatoire de l'e-pub* 2013 SRI/PWC – January 2014).

Finally, Solocal Group has operations in a number of countries, including Spain (QDQ Media), Austria (Yelster) and the United States.

6.6.1.1 LISTING BUSINESSES (SEARCH)

Traditionally, PagesJaunes' historical core business on the Internet (fixed and mobile) was advertising of local information search type on businesses and individuals. pagesjaunes.fr represents the bulk of this type of online advertising. The market's other players, mostly derived from 118 information services, have introduced strategies to win market share. On the B2B market, the website pagespro.com and the specialised search websites have complemented the support products provided by pagesjaunes.fr.

At the same time, sponsored link advertising, sold based on performance on search engines, has developed. Google, Yahoo! and Bing are the major operators at this time. This advertising model had a volume of approximately €1.7 billion in 2013 (for local and national), +5% compared to 2012 (source: *Observatoire de l'e-pub* 2013 SRI/PWC – January 2014).

(1) There have only been three printers since July 2010, following the compulsory liquidation of Brodard Graphique.

To respond to the competitive pressure on the Internet search market, pagesjaunes.fr has introduced a new user interface, with enhanced themed and local content and a highly effective indexation technology for its advertisers' content.

Solocal Group's mobile arm is well positioned compared to the competition. After 18 million PagesJaunes application downloads and 465 million mobile visits across all platforms in 2013, Solocal Group has become an essential mobile Internet search provider. Geolocation of the user's search is a natural opportunity for advertisers. As with fixed Internet and 118-type directory enquiries, Solocal Group is in competition with search engines and with smaller, purely mobile market operators positioned in the town guide and/or social network segment (DisMoiOù, AroundMe, etc.) and/or in specialised searches (La Fourchette, Se Loger, Leboncoin.fr, Yelp, etc.).

Solocal Group also operates listing activities internationally:

- in Spain, QDQ Media is in competition with Paginas Amarillas (Yell Publicidad Group) and with all local advertising media and digital communication agencies. QDQ Media is positioned in listing advertising and the websites and digital communication advice market for SMEs and microbusinesses;

6.6.1.2 WEBSITE CREATION

Solocal Group is a market leader in the creation, hosting and listing of websites and Fan Pages for SMEs and microbusinesses. In this market segment, the Group faces competition from specialised companies (1&1, Linkéo), advertising agencies (Webformance), major groups (Orange, Google, La Poste, etc.), and many local and regional operators.

6.6.1.3 SALES OF ADVERTISING SPACE (DISPLAY)

The market for the sale of advertising spaces, such as banners and strips, was valued at €753 million in 2013 (source: *Observatoire de l'e-pub* 2013 SRI/PWC – January 2014), an increase of +2% over 2012. PagesJaunes markets display products including banners, totems and generic or contextual thumbnails (themed and/or local) on pagesjaunes.fr, as well as display products aimed at large, national advertisers (medium rectangle on the home page and corners on aerial views). This is mostly national advertising focused on large audience websites: Internet service provider portals, general or specialised information sites.

Furthermore, through its subsidiary Horyzon Media, Solocal Group is one of the leading Internet advertising representatives in France thanks to its network of approximately 70 consumer websites, its main competitors being Facebook, Orange, Microsoft Advertising, Yahoo! and Hi-Media. In addition, Horyzon Media has developed services of Adexchange (purchase via real-time auctions) for local advertising space thanks to its ORBIT InterActive platform.

6.6.1.4 SPECIALISED WEBSITES

Solocal Group offers specialised services for particular activities (vertical), in particular online small ad management services for real estate (through AnnoncesJaunes and A Vendre A Louer) and for jobs and internships (Embauche.com and Kap'Stages). The small ads market is highly competitive because, in addition to the online operators, the traditional paper platform operators have developed their own online services.

6.6.1.4.1 Real estate sector

In the real estate ads segment, Solocal Group acquired the site A Vendre A Louer in spring 2011 to enhance its services to advertisers in the real estate sector. This acquisition is in addition to AnnoncesJaunes and strengthens Solocal Group's competitive position in the real estate segment. In this sector, the Group faces competition from both specialist and non-specialist operators:

- **operators specialised in real estate:** SeLoger.com, Explorimmo (AdenClassifieds), Logic-Immo (Spir Communication), Refleximmo (S3G), De Particulier à Particulier, EntreParticuliers.com, etc.;
- **non-specialist operators:** leboncoin.fr (Schibsted Group), ParuVendu, TopAnnonces (Spir Communication), S3G (Sud-Ouest Group), daily regional and national press publishers, Vivastreet, etc.

6.6.1.4.2 Home maintenance sector

With Sotravo, Solocal Group has become one of the main operators in France in online quotes in the home maintenance sector. The Company's main competitor in this activity is Quotatis, which is positioned as a non-specialist.

6.6.1.4.3 Jobs sector

Although Kap'Stages is by far the leader in internship searches (audience and inventory), Embauche.com faces competition from non-specialised operators in the jobs sector (Cadremploi, Monster, RegionsJobs) and from specialised sites (many national and regional operators) and free operators (Pôle Emploi, LeBonCoin, etc.).

6.6.1.4.4 Food services sector

With the acquisition in December 2012 of Chronoresto, Solocal Group has positioned itself as one of the leaders in France in online booking of meals for takeaway or home delivery. The main competitors are AlloResto and Resto-In.

6.6.1.5 ITINERARIES AND GEOLOCALISED SERVICES

Mappy faces strong competition on the online geographical services market, which includes companies such as ViaMichelin, but also several major Internet operators, including Google (with Google Maps), Yahoo! and Microsoft and, since 2012, Apple (with a mapping application launched for the iPhone). The companies marketing PNDs (Portable Navigation Devices) and other GPS navigation solutions are another form of competition for Mappy GPS: TomTom, Garmin, Mio and Nokia are the main operators.

Moreover, with UrbanDive, which is now integrated into Mappy, Solocal Group added a local 3D immersion search platform in 2011 (service available on fixed and mobile systems). This uniquely positioned service in France is an enhanced alternative to the Google Maps "StreetView" service.

6.6.1.6 METASEARCH ENGINE (YELSTER)

123people, a service offered by Yelster, is the global benchmark player in the people search market. Social networks, primarily Facebook, are the main competitors in this market.

123Pages is a search service for professionals that competes directly with the 118218.fr, 118712.fr and 118000.fr services.

6.6.1.7 PROMOTIONAL OFFERS (COUPONING) AND DIGITAL DIRECT MARKETING

Since 2011, PagesJaunes has positioned itself in the online promotional offers sector via the site 123deal, also established in Italy, Spain, the United Kingdom and Germany. PagesJaunes' main competitor in this segment is Groupon.

With PJMS, Solocal Group is also positioned in the digital direct marketing market: emailing and data management for Major Accounts, SMEs and microbusinesses. These services are in direct competition with direct and relationship marketing agencies such as MilleMercis, Arvato, WDM, etc.

6.6.2 PRINTED DIRECTORIES SEGMENT

6.6.2.1 PAGESJAUNES PRINTED DIRECTORIES

PagesJaunes' printed directories face two types of competition:

- competition from information providers, which is now extremely diverse, particularly online: this can be search engines and the directories published by PagesJaunes (pagesjaunes.fr), or competition from other directories;
- competition from other advertising media targeted at local advertisers (e.g. daily regional press, free information sheets, free small ads, displays, local radio, etc.).

6.6.2.2 THE QDQ MEDIA PRINTED DIRECTORY (SPAIN)

The Spanish Printed directories market is dominated by Yell Publicidad through the paper directories of PaginasAmarillas (the traditional player in this market). QDQ Media will no longer publish any printed directories after 2013.

6.6.3 OTHER BUSINESSES SEGMENT

6.6.3.1 DIRECT MARKETING

In addition to these digital activities, PJMS offers telemarketing, data mining, processing of marketing data, relationship marketing, postal mailing and fulfilment services.

The main competitors are as follows:

- prospecting database market (postal address, telephone): Mediapost Data (La Poste Group), Acxiom, WDM, Altares, Cegedim, Coface.
- Data Management market: WDM, Mediapost Data, Uniservices Informatique, ETO, Experian.
- relationship marketing market: Arvato Services, WDM, ETO, MilleMercis, Acxiom, Mediapost Data.

6.6.3.2 TELEPHONE DIRECTORY ENQUIRIES SERVICES (118 008)

Solocal Group is also positioned in the telephone directory enquiries segment with 118 008 and the QuiDonc reverse directory. The main competitors in the telephone directory enquiries market are the other 118 services.

6.7 REGULATIONS

In addition to the regulations generally applicable to companies in the countries in which the Group is present, Solocal Group is more specifically subject to legislation on the information society with regard to its directories business.

As PagesJaunes is mainly present in Europe, particularly in France, the discussion below focuses on European and French regulations.

6.7.1 REGULATION OF THE INFORMATION SOCIETY

6.7.1.1 REGULATION OF INTERNET CONTENT AND OPERATORS' RESPONSIBILITY

The European Directive of 8 June 2000 on certain legal aspects of information society services, and in particular on electronic commerce, which establishes the obligations and responsibilities of Internet operators, was due to be transposed before 17 January 2002. This directive was partially transposed in France via the Law of 1 August 2000 amending the Law of 30 September 1986 by the addition of a new chapter entitled "Provisions on online communication services other than private correspondence" (Articles 43-7 to 43-10).

This text created a direct or indirect identification obligation for online communication service publishers. Article 43-10 includes an obligation on individuals publishing an online communication service for non-professional purposes to include their name and address on the website, or failing that the name and address of the hosting company of their website if they wish to maintain their anonymity. Individuals and legal entities who publish a website for professional purposes must include their exact contact details on their website (company name, registered office and the name of the publication's director or co-director) as well as the name and address of their hosting provider.

To that end, hosting services must provide publishers with the technical means enabling them to meet the identification obligations incumbent upon them (Article 43-9).

As regards the hosting service's responsibility for the content of the services they host, Article 43-8 stipulates that hosting providers are neither criminally nor civilly responsible for the content of the services they host unless, after being contacted by a legal authority, they do not act promptly to prevent access to the said content.

Furthermore, within the context of their identification obligations, hosting providers are required to retain all the information necessary to identify the person who created or produced the content of the services they host in order to be able to provide this information to the legal authorities upon request (Article 43-9).

This provision was supplemented by the law on confidence in the digital economy ("LCEN") of 21 June 2004, which stipulates the liability regime of technical service providers on the Internet and deals, in particular, with electronic commerce and data encryption.

The LCEN also states that hosting providers are not subject to a general obligation to monitor the information they transmit or store, nor a general obligation to investigate the facts or circumstances surrounding illegal activity. However, the judicial authorities may order targeted and temporary monitoring in individual cases.

Furthermore, the LCEN stipulates, in Article 6, paragraph I-2, that "individuals or legal entities which, even free of charge, provide storage services for signals, documents, images, sounds or messages of any kind provided by the addressees of these services and to be made available to the general public by means of online public communication services are not civilly liable for the activities or information stored at the request of the addressee of said services if they had no knowledge of the illegal nature thereof or of the facts and circumstances making the aforementioned illegal, or if, from the time they became aware, they acted promptly to remove said data or to prevent access".

The hosting provider, however, is only liable if the content or information in question is manifestly illegal and it fails to take prompt measures to remove such information or make it impossible to access.

Finally, this provision of the LCEN was the subject of an interpretation reservation issued by the French Constitutional Council on 10 June 2004: "[...] Article 6, paragraphs I 2 and 3, of the law referred to the Court have the sole consequence of excluding hosting service providers from civil and criminal liability in the two hypotheses mentioned; these provisions would not render a hosting service provider liable in the case that it does not remove information reported by a third party as illegal unless the said information is manifestly illegal or its removal is ordered by a judge [...]".

Furthermore, three judgements of the French Court of Cassation on 12 July 2012 ruled that the hosting provider cannot be held liable for not having, independently of any notification, prevented any new publishing online of content that was previously notified as illicit.

The LCEN also strengthens consumer protection, in particular through provisions regarding the obligation to provide the exact identification of the vendor and by establishing principles guaranteeing the validity of online contracts.

The "Creation and Internet" law (known as the Hadopi law) of 12 June 2009, supporting the dissemination and protection of creativity on the Internet, created the status of online press publisher for companies that publish unique, quality content, thus allowing them to benefit from the tax regime for press companies. The conditions required to obtain this status were set out in an Application Decree on 29 October 2009.

The companies concerned can benefit from a favourable tax regime for press companies, such as full exemption from corporate property taxes and a lower VAT rate of 2.1%, and they can also benefit from a specific assistance fund amounting to €20 million.

The decisive criteria enabling a website to benefit from this status are as follows: a "professional information mission", the "journalistic production of original and renewed content", which are neither "tools for the promotion nor accessory to an industrial or commercial activity" and, finally, the employment of "at least one professional journalist" (as defined in Article L. 7111-3 of the Labour Code).

Finally, the development of online services for depositing user reviews of businesses is the subject of an AFNOR standard. This provision aims to make the processing systems (collection, moderation, restitution, etc.) for the reviews more reliable by all of the players in the market, for all of the media in the digital economy.

6.7.1.2 PROTECTION OF PERSONAL INFORMATION

The European Framework Directive 95/46/EC of 24 October 1995, on the protection of individuals with regard to the processing of personal data and on the free movement of such data, defines the legal framework necessary to protect individuals' rights and freedoms. This framework directive was supplemented by a European Sectoral Directive 2002/58/EC of 12 July 2002 concerning the processing of personal data and the protection of privacy in the electronic communications sector, replacing Directive 97/66/EC of 15 December 1997.

The goals of the directive were:

- to harmonise European law on personal information;
- to facilitate its circulation (provided that the country to which the personal information is being transferred offers an appropriate level of protection);
- and to protect individuals' privacy and freedoms.

Law 2004-801 of 6 August 2004, on the protection of individuals regarding the processing of personal information and amending Law 78-17 of 6 January 1978 on information technologies, files and freedoms, completed the transposition of Directive 95/46/EC. This law strengthens people's rights to their data, contributes to the simplification of notification formalities on the processing of at risk data, and endows the CNIL with greater intervention powers.

The Information Technologies and Freedoms law (*Loi Informatique et Libertés*) strengthens people's rights to their personal information, requiring data processors to provide more detailed information on the conditions under which any such data will be used. The right to oppose commercial prospecting is enshrined in law and the conditions governing the right of access and rectification of data are set out in the decree of 25 March 2007.

In particular, all requests for access or rectification of data must be answered within two months or they will be deemed to have been refused; all refusals to provide access or rectification must be justified. In order to simplify formalities, the declaration has become the common law regime. CNIL's prior controls are now limited to processes with a particular risk to people's rights and freedoms. Finally, the CNIL's intervention powers have been increased and more detailed information provided regarding on-site controls. The CNIL can take a wider range of intervention measures (injunction to cease processing or temporary cessation order, information locking, withdrawal of authorisation, etc.). The CNIL can impose financial penalties, up to €150,000 for the first confirmed fault and €300,000 or 5% of the previous year's revenues before tax in the case of a company. Finally, warnings issued by the CNIL can be made public, orders may be given to include any penalties in the publications, newspapers or platforms affected, and the costs must be borne by the person penalised.

Within the framework of its activities, the Group records and processes statistical information, particularly regarding website visits. Technical means enabling the Company to identify Internet users' areas of interest and their behaviour online, based on overall statistics, have also been developed to optimise the service provided and increase revenues generated. In the same spirit, and in order to offer personalised services, the Group collects and processes personal information and markets it to third parties. The Group will also collect and process information to set up targeted advertising projects.

The new European sectoral directive concerning the processing of personal data and the protection of privacy in the electronic communications sector expanded its scope of application to electronic communications and made a number of changes to the existing provision. The new provisions are as follows:

- in a technologically neutral manner, traffic data now covers all data regarding traffic, including data connected to transmission of communications over the Internet;
- "Cookies" are permitted if clear and complete information is provided to the subscriber or user, particularly on the purpose of the processing, before they are deposited and if the subscriber or user has given their informed consent to these cookies. However, cookies exclusively designed to perform or facilitate the transmission of a communication, or those strictly necessary to provide a service expressly requested by the user (Article 5.3 of the directive) are not covered by this provision. These provisions were transposed, on the one hand, by law 2004-801 of 6 August 2004 on the protection of individuals with regard to the processing of personal data (Article 32 of the consolidated version of the Information Technologies and Freedoms law (*Loi Informatique et Libertés*) and, on the other hand, by the order of 24 August 2010, known as the "Telecom Package". A CNIL recommendation dated 5 December 2013 details the practical procedures for obtaining Internet users' consent to the use of cookies (some being exempt from consent), by means of an information banner at the top of the first page consulted, referring to an information page, allowing users to object to the use; failing that consent is deemed to be given for 13 months;
- location information other than traffic data may only be processed after anonymisation, or with the consent of the subscriber or user, duly informed in advance, and with the aim of providing an added-value service. Subscribers and users have the right to withdraw their consent at any time and must retain the option, in a simple and free way, of temporarily stopping the processing of their data for each connection to the network or for each communication transmission. These provisions were transposed by Law 2004-669 of 9 July 2004, regarding electronic communication and audio-visual communication services (Article L. 34-1-IV of the Post and Electronic Communications Code);
- with regard to directories, subscribers are entitled to decide whether the data, and where applicable exactly which data, appear in a public directory. Non-inclusion is free of charge, as is any correction or deletion. Member States may require subscriber consent for any public directory whose purpose is not a simple search for a person's contact details using their name. These provisions were adopted in Decree No. 2003-752 of 1 August 2003 on universal directories and universal directory enquiry services, amending the Post and Telecommunications Code; with regard to unsolicited communications (or spamming), direct prospecting by e-mail is prohibited unless targeted at subscribers who have given their prior consent. However, where a person has received electronic contact details directly from their customers, he may use the said information for direct prospecting for products or services similar to those originally supplied, on condition that customers can refuse the said prospecting at the time their details are collected and at the time of each message. These provisions were transposed into French law by the law for confidence in the digital economy and by the law on electronic communication, which places electronic commercial prospecting under an opt-in regime requiring prior consent from the people contacted (new Article L. 34-1-III of the Post and Electronic Communication Code).

The European Directive 95/46/EC on personal information is currently being amended. The changes to the Directive will be adopted as a regulation. The text must be approved by the Member States and the European Parliament. The regulation will enter into force two years after adoption, which should be by the end of 2014. The European Commission has proposed the adoption of a single set of rules for the entire European Union. The proposals aim to require companies to obtain explicit consent from the person concerned before re-using their personal information. Furthermore, users should be able to consult their own information more easily and transfer it to another service provider (portability).

In addition to the existing rights of access and rectification, the "right to be forgotten" will be strengthened. Everyone will be entitled to ask that their personal information be deleted if a company or another organisation has no legitimate right to retain it.

To strengthen responsibility and transparency, companies will be required to inform their customers of any theft or accidental publication of personal information within a very short period.

Where personal information is processed outside Europe, users will be entitled to contact the data protection authority in their country, even where their data is processed by a company based outside the European Union if this company collects their data in the framework of a goods and services offering or for behavioural use.

Companies will be entitled to contact a single interlocutor, the data protection authority in the country where they have their main base.

The new rules will give national data protection authorities the powers to have European Union legislation applied more rigorously. The financial penalties will be increased. The proposals include fines of up to €1 million or 2% of the company's revenues.

6.7.2 DIRECTORIES

Order 2001-670 of 25 July 2001, regarding adapting the Intellectual Property Code and the Post and Telecommunications Code to Community law, transposed several European directives into French law, including the directive on the protection of personal data in the field of telecommunications and the directive of 26 February 1998 on the application of open network provision (ONP) to voice telephony (fr 98/10/EC). The transposition of this directive is intended to enable the directories market to be liberalised and facilitate the production of a Universal Directory. This directive requires that all telecommunications operators, under certain conditions, provide their subscriber lists to all directory publishers who so request.

Decree 2003-752 of 1 August 2003, as amended by the Decrees of 27 May 2005, 2005-605 and 2005-606, regarding universal directories and universal directory enquiry services, and modifying the Post and Telecommunications Code, provides for operators to supply their subscriber and user lists to any person wishing to publish a universal directory, either as a file or through access to a database, which operators are required to keep updated.

This obligation applies to any entity that owns numbers on the fixed-line or mobile networks.

It will then be possible to publish a universal directory, i.e. a directory containing all subscribers to telecommunication services. The Group, a publisher of printed and online directories, notes this regulatory change with interest. It will allow the Group to acquire licences to directory information from all telecommunications operators and to enhance its content further.

Article L.34 of the Post and Electronic Communications Code states that the publication of lists of subscribers or users to electronic communication networks or services is free, provided that individuals' rights are protected, and that operators are required to communicate the list of all subscribers or users to whom they have allocated one or more telephone numbers under non-discriminatory conditions and at a price reflecting the cost of the service provided. This article also recalls the rights guaranteed to all people regarding the publication of personal information in directories and the consultation of information services. Finally, it states that the prior consent of subscribers to mobile telephone operators is required for inclusion in subscriber or user lists.

6.7.3 REGULATIONS ON DATABASES

On 11 March 1996, European Directive 96/9/EC was adopted regarding the legal protection of databases.

The main innovation introduced by this directive was the creation, beyond copyright, of a *sui generis* right designed to guarantee the protection of a substantial investment in obtaining, verifying and presenting the contents of a database for the limited duration of the right (see below), stating that this investment may consist of implementation of financial means and/or time, effort and energy.

This directive was transposed into French law by a law on 1 July 1998, providing for a *sui generis* right protecting database producers, regardless of the protection provided by copyright (particularly, Articles L.111-1, L.112-3 and L.122-5 of the Intellectual Property Code, and Title IV of Book III of the Intellectual Property Code in its entirety, that is to say Articles L.341-1 to L.343-7 of the Code).

This protection is afforded to the database's content "where the constitution, verification or presentation of the database attests to a substantial financial, material or human investment". This protection is separate and without prejudice to the protection provided by copyright to the contents or graphic interface of the database, because Article L.341-1 of the Intellectual Property Code stipulates that the producer of a database, understood as the person who takes the initiative and bears the risk of the corresponding investments, benefits from protection of his or her database content where its composition, verification or presentation attests to substantial financial, material or human investment.

By virtue of the law, the producer of the database is entitled to prohibit any substantial extraction of the content of his or her database and all reuse thereof. Article L.342-1 of the Intellectual Property Code stipulates that the producer of the database is entitled to prohibit:

- extraction, by permanent or temporary transfer, of all or a qualitatively or quantitatively substantial part of the content of a database to another medium, by any means or in any way;
- re-use, by supply to the public, of all or a qualitatively or quantitatively substantial part of the content of the database, in any way.

This protection is guaranteed even where the database is available to the public, in the event that a substantial part thereof is extracted or reused. It is guaranteed even where the person carrying out the extraction accesses the database lawfully. Article L.342-2 of the Intellectual Property Code states that: "The producer may also prohibit the extraction or repeated and systematic re-use of qualitatively or quantitatively unsubstantial parts of the content of his database where these operations manifestly exceed the database's normal use conditions." However, Article L.342-3 of the Intellectual Property Code stipulates that: "Where a database is made available to the public by the rights holder, he or she may not prohibit (…) the extraction or re-use of an unsubstantial part, whether qualitative or quantitative, of its content by a person accessing it lawfully (…)."

6.8 SUPPLIERS

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

6.9 INSURANCE AND RISK COVERAGE

The Company has implemented an insurance and risk management programme in order to cover the main risks of damage to property, civil liability and personal insurance.

The Company's policy on insurance is aimed at proposing and continuously optimising its management policy for risk transferable to the insurance markets.

Notification deadlines between the Legal Department, the risk manager, the internal control manager and Internal Audit have been systematised so that each of them has a consolidated view, as exhaustive as possible, of the Group's risks, based in particular on risk mapping.

Based on this shared view, the Group is able to find suitable coverage of its insurable risks.

The Group's insurance policies have been purchased from major international companies and are subject to regular renegotiation, in close cooperation with a major broker to compare insurers.

Coverage of damage to property is insured through a Group insurance policy for "property damage and operating losses, including damage to goods being transported", which covers all direct damage to goods and operating losses with the exception of those specifically excluded.

The maximum cover amount per year and per claim in 2013 was €49,900,000 for damage, and €20,000,000 for operating losses, which is sufficient, should there be an interruption to business activity resulting from a major loss, in combination with implementation of a business continuity plan.

At the time of each new insurance period, the premises are visited in partnership with the insurers, the engineering services and the prevention manager, to allow the insurers to better assess the risk and negotiate the best possible insurance cover.

In order to optimise the premium amount, this insurance was effected for a two-year period and can be reviewed in the event of a high claim rate. The policy is in line with the current insurance market with regard to limits and deductibles.

Civil liability risk coverage is provided by a policy covering civil liability linked to operating the business and professional activities in general with regard to both customers and third parties. It is an "all risks subject to named exclusions" policy, meaning that unless excluded all bodily, material and immaterial damage is automatically covered, including damage from computer viruses.

The policy's deductibles have been defined based on the risks incurred and the scope of the subsidiaries, enabling all risks to be covered without increasing the cost of the premium.

With regard to insurance coverage for civil liability, the provisional premium paid by the Company for 2013 was approximately €100,000 including taxes (€100,000 including taxes in 2012).

With regard to the policy for property damage and operating losses, the cost of the premium charged to the Company for 2013 was approximately €214,000 including taxes (€214,000 including taxes in 2012).

In the case of automobile risks, in respect of 2013 the Company paid the sum of approximately €415,000 including taxes (€215,000 including taxes in 2012) owing to a marked increase in the vehicle fleet from 312 vehicles to 491 in 2013.

Following the development of the Company's shareholding structure in 2013, the Company introduced a new Company Representatives Liability insurance policy with a guarantee limit of €30,000,000. The premium borne by the Company amounted to €72,400 including taxes in 2013.

6.10 IMPORTANT TANGIBLE FIXED ASSETS

Leases and subletting agreements are detailed in chapter 22 and in Note 31 of the Notes to the Consolidated Financial Statements for the 2013 financial year appearing in chapter 20.1 – Historical Financial Information of this *document de référence*.

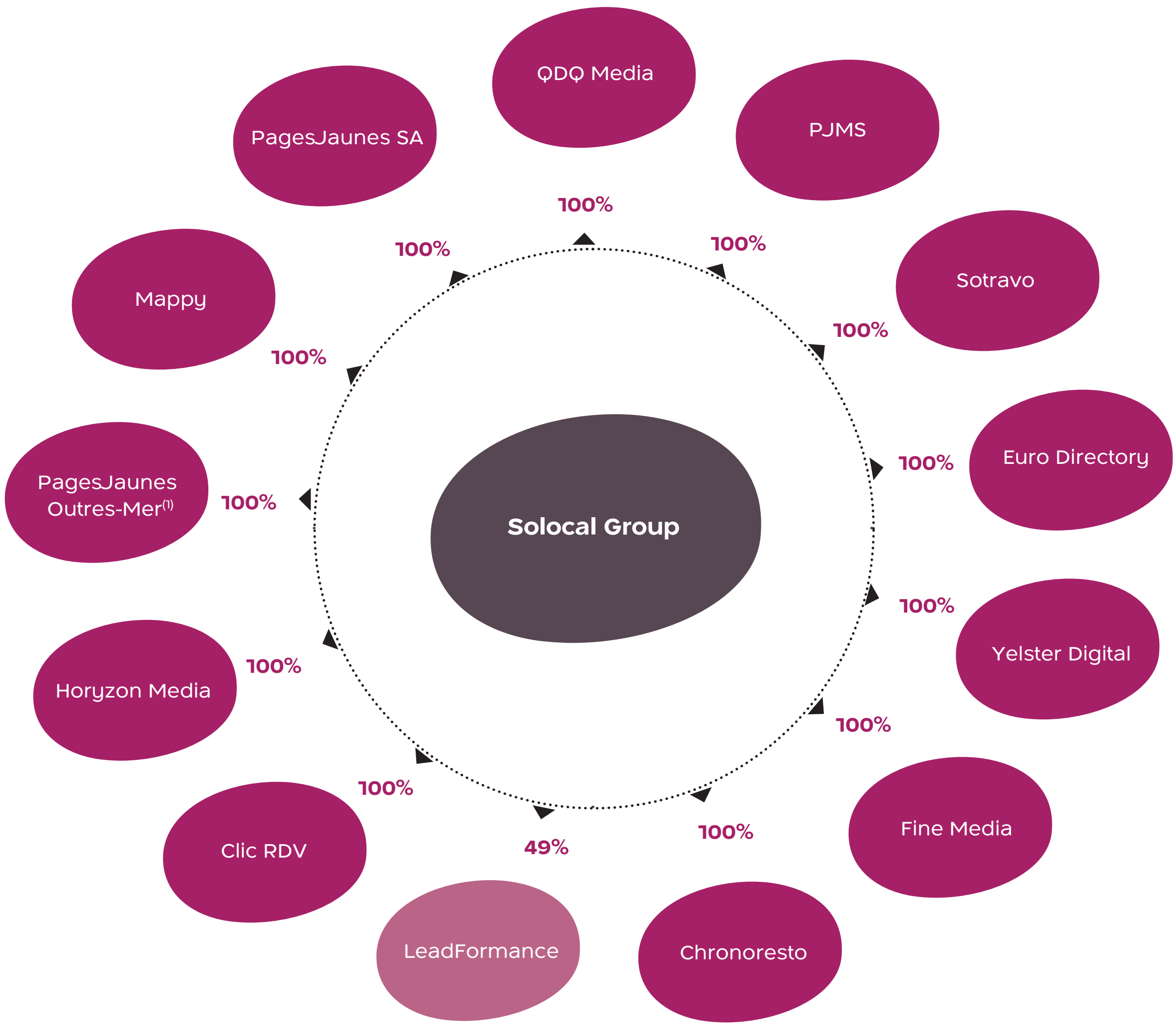
7.1 BRIEF DESCRIPTION OF THE GROUP

A description of the Group is provided in chapter 6.1.1 "General presentation of the business" of this *document de référence*.

The list of consolidated companies and their country of origin, and the percentage of interest and control of the Company in each of these companies as at 31 December 2013, is provided in Note 34 of the Notes to the Consolidated Financial Statements.

7.2 LIST OF MAIN SUBSIDIARIES AND INTERESTS

A simplified organisation chart of the Group as at 31 December 2013 is provided below:



(1) *"PagesJaunes Outre-mer is not consolidated owing to its non-significant nature (no contribution to revenues and net contribution to the result of €85,000)."*

8 CORPORATE SOCIAL RESPONSIBILITY

INTRODUCTION

1. MESSAGE FROM THE CHAIRMAN AND GENERAL SECRETARY IN CHARGE OF CSR (CORPORATE SOCIAL RESPONSIBILITY)

As the leader in local communication – something we are proud to be – we are required to define and share a transparent Corporate Responsibility policy.

In light of our ambition of digital, social and cultural transformation, we have defined a **durable and responsible growth strategy** which we wish to adopt by observing our five values: **Client, Team, Integrity, Agility and Innovation**.

We have therefore chosen three commitments that guide our actions in everyday life:

- **To build a motivating and thriving digital Group for everyone;**
- **To preserve the environment in the management of our activities;**
- **To boost the local economy in a responsible manner.**

Aware of our role among all parties involved (customers, collaborators, shareholders, suppliers, service providers, partners and players in society at large), we aim to observe these three commitments which form our key lines of competitiveness to ensure the financial performance of our Group, guarantee its durability and contribute towards the dynamism of the European digital industry.

We operate on this basis: putting businesses and consumers in contact with each other at a local level. That is our unique characteristic. Our challenge. Our commitment to everyone at Solocal Group.

Jean-Pierre Remy	Pascal Garcia
Chairman and CEO	General Secretary

2. SOLOCAL GROUP, A COMMITTED BUSINESS

2.1 ORGANISATION OF SOLOCAL GROUP

Solocal Group is a European leader in digital and printed local communications and information, present in four main markets: France, Spain, Austria and Luxembourg.

The structure of Solocal Group can be found on page 38 of this document.

2.2 ORIGIN AND BUILDING OF THE CSR STRATEGY

PagesJaunes Groupe, renamed Solocal Group in June 2013, exercises its corporate social responsibility ("CSR") on a daily basis. Essential for the achievement of the Group's financial and non-financial objectives, this responsibility incorporates responsibility towards its employees, protection of the environment, and relations with all parties involved in the business (customers, suppliers, associations, etc.).

Reducing the environmental impact of our printed directory business by optimising their production and distribution has been the first stage. It was very rapidly realised that this step was a factor of progress, one which was capable of inspiring many other lasting initiatives within the Group.

In 2011, the Partnerships, External Relations and Strategy Department set specific ambitions and objectives for the Group. They were reviewed in 2013 to ensure their consistency with the strategy, focused on local and digital aspects.

This is a continuous process of improvement, stimulating the Group's vision and incorporating the desire for progress and partnership in the areas covered. This makes the Group's strategy, and the measures undertaken by the Management and employees of Solocal Group, capable of meeting the legitimate expectations of our users.

2.3 CSR GOVERNANCE

In 2011, the Partnerships, External Relations and Strategy Department took over the development of the Group's CSR strategy, and is now responsible for its guidance, promotion and correct implementation. Within this department, a CSR team has been established that is directly linked to the General Secretary and Assistant CEO responsible for Partnerships, External Relations and Strategy, a member of the Group's Executive Committee. The CSR team, comprising a team head and a project manager, steers all developments for Solocal Group.

The creation of a network of CSR correspondents, present in all the PagesJaunes departments and in the Solocal Group subsidiaries, has generated true dynamism within the Group and has encouraged all teams in their efforts to develop CSR's main themes.

To achieve the social objectives set for the Group more specifically, the Human Resources Department has established a unit dedicated to Quality of Life in the Workplace, Disabilities, and Diversity.

More specifically for the Printed Directories Department, an environmental committee has been established, led by the Quality Executive present in that department, involving the entire CSR team.

The CSR team coordinates its correspondents and defines projects with them that make it possible to respond to the Group's CSR Strategy.

2.4 COMMITMENTS, TARGETS AND KEY PERFORMANCE INDICATORS

In order to establish its commitment, in 2011 Solocal Group started implementation of a voluntary, social, environmental and societal responsibility policy. The task of the CSR team for

2013 was partly to consolidate the bases of this policy and partly to adapt its commitments in order to reaffirm a strategy focused on local and digital aspects. Solocal Group aims to generate the support of its stakeholders for this step, and thus to create a truly dynamic process of innovation.

The Group's CSR commitment is structured around **three challenges:**

- **To build a motivating and thriving digital group for everyone;**
- **To preserve the environment in the management of our business;**
- **To boost the local economy in a responsible manner.**

These commitments form part of the strategy today and also represent growth drivers for the Group.

For each of these commitments, strategic objectives and indicators are measured, allowing their development to be monitored over time:

KEY FIGURES

SOCIAL To build a motivating and thriving digital group for everyone	
Unite and develop teams around Group values	*Indicator available as from 2014*
Support stakeholders and make them participate in the development of the Group	127,710 training hours in 2013 110 Eurêka[1] ideas used (out of 5,000 ideas submitted)
Develop diversity and equal opportunities	26% of women senior executives in 2013 3.4% employment of disabled persons in 2013
Promote employees' wellbeing at work	70% participation rate in the internal opinion survey 82% of stakeholders pleased to work for the Company[2]

ENVIRONMENTAL To preserve the environment in the management of our business	
Reduce the ecological footprint of our products and services	– 46% of CO_2 emissions between 2009 and 2012
Limit the impact of employee travel	*Indicator available as from 2014*
Reduce the environmental impact connected with business activities	10% of HQE premises in 2013 (compared to 5% in 2012)

To boost the local economy in a responsible manner	
Be a player in the local economy	1 PagesJaunes job creates 2 jobs in the economy (private and public sectors)[3] More than 2.4 billion searches on digital PagesJaunes in 2013
Help microbusinesses and small businesses to develop digitally	153,000 sites created for our customers
Guarantee responsible communication and respect for personal data	3 internal and external audits performed on personal data in 2013
Ensure a relationship of trust with our customers	Almost 9 out of 10 Internet users trust the PagesJaunes trademark[4]

(1) See section on Social Responsibility/Eurêka: "Collaborative Innovation"
(2) See Internal Opinion Survey 2013
(3) See section on Corporate Responsibility/Local Economic Impact
(4) Source: Tracking Marque, Harris Interactive, October 2013

The social, environmental and corporate responsibility indicators published in this report relate to three separate fields: PagesJaunes in France, PagesJaunes and Mappy in France, and finally Solocal Group.

These are all the initiatives connected with the CSR commitments presented in this CSR report, for information purposes and to assist dialogue with stakeholders.

2.5 DIALOGUE WITH STAKEHOLDERS

In order to sustainably anchor the Group's businesses in the territories where it operated and to best adapt its initiatives, particular attention is paid to listening and to dialogue with the stakeholders. In 2011, contact with all of our target stakeholders was established, using means and forms of dialogue that were adapted to suit the target group:

- Employees;
  - Creation of an internal network of "CSR correspondents";
  - Communication of commitments through the internal publications "Audiences" and "Digital News", the Group Intranet and the corporate website;
- General public and advertisers;
  - Development and promotion of the Group's innovative services: information on the pictogram "eco-responsible professionals", sustainable mobility, responsible hiring, etc.;
  - Communication of the Group's commitments through events (World Forum in 2013), the press (articles, interviews) or Internet (corporate website, social networks, videos);
- Political/Institutional:
  - Initiatives with members of parliament and members of ministerial cabinets as well as professional federations;
  - Drafting of memos, participation in round table discussions;
- Suppliers;
  - Awareness and support through the Suppliers' Charter;
  - Selection criteria in the tender process and contracts;
- Companies;
  - Participation by Carole Vrignon, CSR Executive, in the World Forum in Lille in 2013;
  - Circulation of the CSR Guide in partnership with the MEDEF to companies;
  - Participation in the platform *Réussir avec un Marketing Responsable* (*Succeed with Responsible Marketing*), designed at the initiative of Ethicity and David Garbous with the support of ADEME, UDA, Prodimarques and ADETEM;
- Schools:
  - Participation in the *Monde des Grandes Écoles et des Universités* challenge, an event recruiting young talent in a welcoming, sporting atmosphere, open to disabled persons;
  - Organisation of a student challenge with Studyka for the creation of new services on the PagesJaunes application;
- Financial circles;
  - Exchanges with non-financial rating agencies and SRI (Socially Responsible Investment) analysts within portfolio management companies.

More specifically, the Printed Directories department runs an awareness programme for the environmental certification process with its employees. This initiative action is adapted by those in charge, working with the managers, who in turn transmit it to the staff they supervise. The Director of the Printed Directories department sets the general guidelines to be followed in respect of the environment. A letter specifying commitments in terms of Quality and the Environment was distributed to all of the employees in the Printed Directories department.

Several awareness initiatives on the environmental approach are conducted each year:

- for managers:
  - several meetings organised by the Quality Department of the Cross-Functional Operations Department and the Director of the Printed Directories Department increase the awareness of process managers and supervisors;
  - a Management Review is organised every year: all of the certified processes are examined and improvement plans are decided;
  - two Environmental Committee meetings are held every year: the impacts of the businesses are analysed and improvements are assessed. During these meetings, information can be provided concerning certification of the Printed Directories business to the ISO 14001 standard.
- with all of the staff:
  - at least two information sessions are organised each year for all of the staff of the Printed Directories department, totalling approximately 100 employees. At these meetings, among other things, a report is made on initiatives undertaken in the environmental area, on what progress has been made, and what the focal points are for improvement;
  - each Operational Department of the Printed Directories department meets weekly or twice monthly for its employees and/or managers and presents the progress made in this area;
  - managers organise process reviews within their department with their employees, in order to feed into the annual Management Review;
  - PagesJaunes has initiated a procedure for Analysing Lifecycles, as well as a Carbon Footprint for each of its businesses. Each year, the Strategy, Partnerships and External Relations Department presents an assessment of this. This assessment is then explained and discussed at each team meeting.

3. CSR REPORTING 2013

3.1 REPORTING MEASURES

The application decree of Article 225 of the Grenelle 2 Law requires annual reporting of various social, environmental and corporate information (Articles R.225-104, R.225-105 and R.225-105-1 of the French Commercial Code). This reporting obligation applies to listed companies for financial years commencing subsequent to 31 December 2011. In order to fully satisfy the requirements of this decree, Solocal Group decided in 2012 to change the way it communicates on extra-financial information in its *document de référence*.

The scope of environmental reporting was extended in 2013 with the inclusion of several quantitative indicators of the subsidiary Mappy: electricity consumption outside datacentres and datacentres, total number of computers and printers per employee, quantities of electrical and electronic waste disposed of, HQE buildings and CO_2 emissions linked to electricity consumption.

The other environmental figures reported in 2013 only relate to the subsidiary Pages Jaunes, given its major contribution to the Group. The other subsidiaries will be gradually included in all the environmental reporting indicators over the course of the next few financial years in order to give a better reflection of the entire Group.

A reference framework for reporting, explaining the scope of reporting and the CSR indicators published in this *document de référence*, is available on request from the Strategy, Partnership and External Relations Department.

One of the Auditors of Solocal Group has been appointed Independent Third Party to check the CSR information pursuant to Article L. 225-102-1 of the French Commercial Code. In this connection, it has produced an audit report presented on page 71 of this document which includes certification of the presence of the social, environmental and corporate information required as well as an opinion on the veracity of this information.

3.2 GENERAL DATA

3.2.1 ADMINISTRATIVE DATA ON ICPEs (Facilities Subject to Statutory Environmental Protection Requirements)

Solocal Group currently has two facilities subject to environmental protection requirements under the Declaration arrangements. These are the Sèvres site and the Rennes data centre.

On the Sèvres site, the classified activities include refrigeration plants, an accumulator load workshop and storage for products of the chlorofluorocarbon type, halons and other carbons and halogenated hydrocarbons. On the Rennes site, the only classified activity is the storage of products of the chlorofluorocarbon type, halons and other carbons and halogenated hydrocarbons.

3.2.2 FINANCIAL DATA ON THE PROVISIONS AND GUARANTEES FOR ENVIRONMENTAL RISKS

There is no provision or guarantee for environmental risks. The Group has not identified any context in which such provisions or guarantees would be necessary.

CORPORATE RESPONSIBILITY

Solocal Group offers almost 5,000 employees a dynamic environment and stimulating prospects. This is made possible thanks to the Group's different business activities, which are based on a great diversity of functions and professions and on operations spread around the regions and internationally.

The Human Resources Management policy establishes and supports the implementation of Solocal Group's CSR strategy and commitments. This generally concerns all Group employees, whatever their grade or function.

Beyond a major recruitment drive, since its creation Solocal Group has always given priority to keeping jobs for its employees, even during difficult periods.

Solocal Group also relies on its employees to assist in its transformation today, particularly by developing their skills. This process has, among other things, involved the launch of an ambitious programme – Digital 2015 – in February 2013, allowing Solocal Group to speed up its digital transformation while relying on the support of strong values.

1. SHARING GROUP VALUES

One of the first steps taken as part of this shift within the Group was to define a new business culture more suited to the digital challenge, defined by new values: Customer, Team, Integrity, Agility and Innovation.

These values reflect the Group and result from opinions given by more than 1,700 employees during an online survey and from discussion involving 600 employees distributed over 30 workshops that were held in France and Spain. The themes that emerged were then collected and reworked with the Executive Committee to arrive at the choice of 5 values.

These values define the way in which the Group positions itself today. They inspire a new way of working.

At the end of 2013, these values were presented to the entire management so that members of management could become familiar with them. At the beginning of 2014, they will begin to be used within all Solocal Group teams and then communicated outside the Group.

2. EMPLOYMENT POLICY AND EMPLOYABILITY

2.1 WORKFORCE AND REMUNERATION

2.1.1 DETAILS OF WORKFORCE

As at 31 December 2013, the consolidated Group's workforce comprised 4,903 registered employees.

This workforce is down 0.45% compared to 2012. The inclusion of Chronoresto, Orbit Interactive and HorizonMedia WorldWide does not make up for the reduction in the PagesJaunes workforce.

Details of workforce

	Solocal Group			PagesJaunes		
	2011	2012	2013	2011	2012	2013
Total workforce registered as at 31/12 of the period	5,097	4,925	4,903	4,072	4,005	3,946
France		*4,525*	*4,463*			
International		*400*	*440*			
FTE workforce as at 31/12 of the period	4,682	4,519	4,441	3,686	3,626	3,521
Workforce registered as in-the-field sales representatives as at 31/12 of the period	1,306	1,305	1,317	1,165	1,192	1,179
Workforce registered as telesales representatives as at 31/12 of the period	978	912	848	813	755	719
Workforce registered as non-sales representatives as at 31/12 of the period	2,813	2,708	2,738	2,094	2,058	2,048
Number of employees with indefinite-term contracts as at 31/12 of the period	5,017	4,867	4,844	4,018	3,961	3,909
Percentage of indefinite-term contracts as at 31/12 of the period	98%	99%	99%	99%	99%	99%
Percentage of senior executives out of total workforce as at 31/12 of the period	2.7%	3.1%	3.3%			

Average age and length of service

	Solocal Group		
	2011	2012	2013
Average age of employees as at 31/12 of the period	39.9	41.1	41.7
Average length of service of employees as at 31/12 of the period	10.5	11.5	11.8

The average length of service has increased within the Group, influenced by PagesJaunes. This increase is directly linked to the fall in turnover and recruitment (see below).

Organisation of working hours

	Solocal Group		
	2011	2012	2013
Percentage of person working part-time as at 31/12 of the period	5.9%	5.7%	6.0%

The main reason for part-time work for Solocal Group employees is the agreement on working hours. Parental leave figures are the second reason for part-time work.

Part-time employees are represented in all job fields: Commercial, Support, Innovation, Production and Information Systems.

The number of part-time employees is fairly stable, at around 6% of the total workforce.

2.1.2 RECRUITMENTS, TURNOVER AND DEPARTURES

Details of turnover

	Solocal Group		
	2011	2012	2013
Overall turnover	12.9%	11.9%	10.2%

	PagesJaunes		
	2011	2012	2013
Turnover of telesales representatives	25.7%	21.0%	17.0%
Turnover of sales representatives apart from telesales	4.2%	4.3%	4.2%
Turnover of non-sales representatives	3.3%	4.7%	4.2%

The turnover rate is dropping owing to the reduction in the volume of recruitments and departures during the trial period.

Recruitments and departures by type of reason

	Solocal Group			PagesJaunes
	2011	2012	2013	2013
Number of recruitments of employees with indefinite-term contracts during the course of the period	855	553	462	202
Number of departures of Group indefinite-term contracts due at the end of the trial period	253	223	134	49
Percentage of all departures	*41%*	*38%*	*27%*	*19%*
Number of voluntary Group indefinite-term contract departures (any departure initiated by the employee)	224	147	143	87
Percentage of all departures	*36%*	*25%*	*28%*	*34%*
Number of non-voluntary Group indefinite-term contract departures (any departure initiated by the company)	147	214	228	121
Percentage of all departures	*24%*	*37%*	*45%*	*47%*
Total number of indefinite-term contract departures	624	584	505	257

The drop in recruitments is a temporary consequence of the Employment Protection Plan (EPP) agreement supporting the proposed development of the PagesJaunes model and organisation.

The overall fall in the number of departures is linked to the fall in recruitments and the number of departures during the trial period. The number of voluntary departures is stable.

2.1.3 EMPLOYEE REMUNERATION AND DEVELOPMENTS

In 2013, the Group's total payroll expenditure related to the average workforce recorded an increase of 0.5%.

The nervousness of the market owing to the economic crisis has had a negative effect on the performances of sales representatives and consequently on their remuneration, which a negotiated adjustment of their portfolio could not contain. The average gross remuneration of telesales representatives, consisting of a fixed portion plus commission, did not change between 2013 and 2012.

Finally, for non-sales representatives, the development of average gross remuneration takes into account salary measures for the current year and the recruitments and departures during the year.

2.2 INVOLVING EMPLOYEES IN THE TRANSFORMATION OF THE GROUP

2.2.1 EMPLOYEE DEVELOPMENT

2.2.1.1 TRAINING PROGRAMMES

Driven by its ambitious growth strategy, Solocal Group is constantly changing its professions in order to best satisfy the expectations of advertisers and users of its media and services.

For the Group, training is clearly a channel for both individual and collective progress. Through their know-how and their commitment on a daily basis, employees are at the heart of this ambition for growth.

Solocal Group therefore puts a strong emphasis on the training of its employees, and has devoted 4.3% of the payroll to them in recent years. This represents a percentage much higher than the minimum legal requirement of 1.6%. Communications advisers in particular are benefiting from programmes of continuous training in products and new technologies, among other things as a result of the operation of an e-learning site for commercial staff since 2010.

Solocal Group intends to employ all useful means to develop the skills of its employees, to further their careers, and in support of change within the company.

The budget assigned to the IRT (Individual Right to Training) has been increased by 20%. In fact, the FCSP (Forward-Looking Careers and Skills Planning) agreement now stipulates that employees may use their IRT during working hours for the first 20 hours requested.

Finally, the portion of the investment in Company training dedicated to this has increased considerably (+ 22% in value) so as to be able to cover any requirements identified by the FCSP Committee in relation to sensitive jobs.

Employee training

	Solocal Group	PagesJaunes
	2013	2013
Number of hours of training given during the period	121,286	114,407
Number of employees trained during the period	3,806	3,358
Number of hours of average training per employee trained	32	34
Percentage of the payroll allocated to training	4.3%	4.8%

The training orientations presented below are an integral part of this global process of development of the Company's Human Resources.

The main training orientations in 2013 focus on three themes:

- supporting the digitalisation of the Company by strengthening associated skills: process of sharing knowledge for computer analysts, development of a culture in relation to social networks and competition, and the strengthening of practices linked to the web;
- increasing management training by means of diversified, tailor-made solutions: new training courses for telesales executives, training of sales managers and office staff in leadership, compulsory training for managers on prevention and health at work;
- supporting the development of jobs, skills and organisations. Priority themes are identified by job function: for example, in the sales channels training has been directed towards the launch of offers and the business approach, and telesales representatives on professional development contracts benefit from 155 hours of training during their first six months in the Company.

Individual training has also been introduced to support employees in the Media segment in relation to marketing developments and new technologies, particularly on the topic of user marketing (behaviour of Internet users).

As part of the FCSP, training courses based on the reference framework for skills, finalised during the course of 2013, were also instituted and notified to the various mobility operators in order to facilitate transfers from one job to another within those sectors. The aim here is to facilitate clarity as regards the career developments possible within sectors for all Company employees.

2.2.1.2 PROFESSIONAL DEVELOPMENT

Since 2012, Human Resources have adopted the Individual Company Appraisal, more commonly known as the "ICA", which aims to give employees greater transparency over all the elements that constitute his or her remuneration as a Group employee (direct remuneration: fixed salary, variable remuneration, sundry bonuses, savings plans, social security, leave and any other company benefits: company restaurant, restaurant vouchers, corporate concierge service, etc.).

Circulated since its launch among employees of Solocal Group and PagesJaunes, the ICA was extended to all Group subsidiaries in 2013.

Moreover, in its effort to provide support for employees in managing their career, Human Resources have continued the task of identifying jobs and skills in order to fully update the mapping of all of the Group's job sectors.

Among other things, it has introduced Talent Reviews in all departments in order to identify talent within the Group. These talent reviews have made it possible to introduce a programme and a specific plan of action for these talents, in terms of promotion, training and development in project management. Some employees have thus been able to form part of working parties set up as part of the Digital 2015 transformation programme described above.

Human Resources also offer an active internal mobility policy thanks to the development of the portal *Bourse à l'emploi interne*, available via the Intranet since 2012.

2.2.2 TOWARDS A DIGITAL COMPANY CULTURE

2.2.2.1 EUREKA: "COLLABORATIVE INNOVATION"

Since September 2010, the Eurêka collaborative innovation programme, managed by the Human Resources Department, has allowed employees to be actors in the transformation of the Group. This concept is aimed at stimulating and fostering the input of ideas from employees, so as to create added value and support change within their company. Brought together on a collaborative Intranet platform, the Group's employees form a virtual community, focusing on innovation.

Since the project was created, over 5,000 ideas have been published by employees and more than 77% of the target workforce have connected to the platform at least once. This enthusiasm on the part of employees can be explained by the visibility given to an idea, a personal concept, by the desire to get involved in transforming the Group and by the possibility of expressing oneself on key issues outside an employee's own chain of command.

More than 110 ideas inspired by employees have already been used and more than 65 ideas have been incorporated into the roadmaps of the various departments and subsequently implemented.

The main ideas adopted concern the functional development of the services, the launch of new services, improvement in the quality of service, customer satisfaction, and finally the search for cost-saving measures.

In November 2011, the Eurêka programme received an award from Cegos, in the "virtual community and knowledge management" category. In June 2012, the system also gained the Netexplo Change award in the HR category. With its triple objective of supporting change, transforming managerial behaviour, and encouraging horizontal development by involving all employees, it contributes fully to the Group's culture of innovation.

2.2.2.2 MAKE IT DAY: INNOVATION DAYS WITHIN THE GROUP

In November 2013, following an initial event launched by Mappy in 2012, the Make It Day was held by PagesJaunes at the Sèvres and Rennes sites. The event saw the involvement of 162 employees of different backgrounds and facilitated the emergence of 32 innovative projects.

Participants were able to suggest innovative ideas via the Eurêka platform (see above) and form teams over a period of 15 days; the Group then granted them two days to develop the idea into a project. The mixed formation of the teams resulted from the spontaneous coming together of different skills (marketing, developers, managers or otherwise).

The quality of the projects presented and adopted shows how innovation is at the heart of the Group's concerns. The 32 teams demonstrated agility, independence and responsibility in the way they were able to design and demonstrate new services in a very limited period of time.

The Digital Talents revealed their skills and their high level of commitment to the Group. The team spirit around a shared vision will certainly continue to stimulate them beyond this event.

A further event took place at the end of 2013 at Mappy.

3. DIVERSITY

Solocal Group has been actively committed to diversity and equal opportunities for several years. The promotion of diversity is at the heart of the Group's corporate policy and also forms part of the strategic objectives defined by the Human Resources Department.

In order to give a concrete form to this commitment and combat all forms of discrimination, action plans and several Company and/or Group agreements have been concluded on professional equality of men and women, on the inclusion and retention of disabled employees, on the employment of seniors, and on the commitment to and recruiting of young persons on a long-term basis.

3.1 DEVELOPING GENDER EQUALITY

Solocal Group is committed to promoting diversity, in particular gender equality. In this framework, an agreement promoting the professional equality of men and women within PagesJaunes was signed in January 2012.

The efforts formalised in this agreement relate to six priority areas:

- reinforcing the policy of increasing the percentage of women recruited internally and externally;
- reinforcing the policy of increasing the percentage of women in the management bodies;
- reinforcing the policy of access to professional training;
- reinforcing the policy of equal pay;
- improving harmonisation of professional and private life;
- increasing diversity within staff representation bodies.

Characteristics of the status of women

	Solocal Group			PagesJaunes		
	2011	2012	2013	2011	2012	2013
Percentage of women with indefinite-term contracts as at 31/12 for the period	52%	51%	51%	51%	51%	51%
Percentage of women with fixed-term contracts as at 31/12 for the period	71%	64%	73%	74%	66%	84%
Number of women in managerial staff as at 31/12 for the period	25	40	43		29	
Percentage of women in managerial staff as at 31/12 for the period	18%	26%	26%		26%	

Fixed-Term Contracts (FTC) as at 31 December 2013 concern approximately 1% of Solocal Group and PagesJaunes employees; the marked growth recorded in the percentage of women holding fixed-term contracts therefore only relates to a small number of employees.

Consequently, aware that gender equality initially involves the successful harmonisation of private and professional life, Solocal Group has taken measures to facilitate the working conditions of female employees and adapt these conditions to take account of their personal commitments. 100% of applications for part-time work are granted as a result.

In this same perspective of ensuring a balance between private and professional life, the Group has introduced a company concierge service providing employees with a whole range of "practical life" services from within their company: dry cleaning, ironing, shoe repair, car wash, vehicle maintenance, child care, private school tutoring sessions, gardening, etc. The aim is to make it easier for the beneficiaries to manage their everyday life.

3.2 INCLUSION OF VULNERABLE PERSONS

As another facet of compliance with the strategic bases of its Human Resources policy, the Group pays particular attention to the recruitment and inclusion of seniors, young persons and the disabled.

On 2 October 2013, a new Group agreement concerning the Senior and Young Persons groups, favouring inter-generational exchanges, was signed by the Group HRD and the five Representative Unions (Autonome, CFDT, CFE-CGC, CGT and FO).

By signing this agreement the Group aims to show:

- its strong commitment to the inclusion and professional development of young persons, i.e. employees under 26 years of age, or under 30 years of age when they are recognised as a disabled worker (RDW);
- a unanimous commitment to the policies, arrangements and resources which Solocal Group undertakes to implement or use in relation to its so-called "senior" employees, i.e. all employees aged 45 years and over.

3.2.1 SENIORS

Through this agreement, Solocal Group recognises the experience and talents of its senior employees and aims to ensure the development of their skills and to improve their working conditions.

This policy is organised around the following 6 themes:

- retaining seniors in employment and recruitment of seniors;
- developing skills, qualifications and access to training;
- anticipating the development of professional careers;
- adjustment to retirement and transition from working life to retirement;
- transfer of know-how and skills (guidance);
- and finally an improvement in working conditions and prevention of difficult situations.

The Group Seniors Agreement deals in particular with working conditions and their adaptation in relation to senior employees. Non-discrimination by age and equal access of senior employees to training and career development are thus at the heart of the HR policy.

Through this agreement, the Group develops the skills of its senior employees and supports them in their thoughts and plans for the second part of their career.

Examples of these new measures include the following:

- an interview for the second part of their career, intended to review the situation together with the employee, with regard to changes in professional function and the outlook for employment within the Group, on the employee's skills and needs in terms of training, and their professional situation.
- part-time work for senior employees not joining the TRL (Traveller, Representative and Leisure) scheme: at the employee's initiative and subject to the acceptance of his or her line manager and the HRD, this measure involves a reduction in working hours (80% or 60%) for a minimum of 12 months and for a maximum of 4 years prior to retirement at full rate, by increased remuneration (90% for 80% part-time work or 72% for 60%) and by full offsetting of retirement contributions. At

the time of retirement, the employee will benefit from a pension equivalent to full-time remuneration.

Over the entire period of this agreement, 75 employees will potentially be able to join the Senior Part-Time scheme.

- the Forward-Looking Retirement Review: to help senior employees aged 56 years and over prepare for retirement, the Group undertakes to finance a personalised "Forward-Looking Retirement Review" with a specialist external body. In 2013, the Group provided a budget allowing 100 reviews to be financed.

3.2.2 YOUNG PERSONS

In relation to young persons, through the agreement signed in October 2013, the Group mainly undertakes to:

- promote the professional inclusion of young people: it encourages the acceptance of trainees and interns and thus provides young people with the opportunity to discover a job and a company. This measure also aims to promote mixing and the diversity of career paths within teams. The Group aims to maintain an employment rate of young interns of at least 2.5% of the average workforce over the year, throughout the period of the agreement;
- develop the recruitment of interns under indefinite-term or fixed-term contracts: internship enables the professional development of young people to be strengthened during the course of their training. These contracts or agreements meet the requirements of managers, while enabling the wider public to become familiar with the diversity of job functions available within the Group. Solocal Group wishes to increase the number of permanent recruitments offered to interns.

  It aims to recruit at least 10% of the young people joining the Group as interns, offering them as a priority the jobs to be filled under indefinite-term or fixed-term contracts lasting more than 6 months.
- encourage inter-generational exchange: the new agreement provides that, at the time when a young person joins his or her new team, their direct manager will introduce the contact employee to them, who will work alongside them, welcoming the young person and including and supporting them as they take their first steps within the Company. This contact employee is responsible for presenting the Company to the young person, helping him or her to familiarise him- or herself with the job and work environment. The agreement has also created a system of guidance, in order to develop the transfer of know-how and skills of senior employees. This system of guidance expresses a genuine ambition of the Company to recognise the experience of its senior employees, to facilitate exchange between generations, to pass on a corporate culture and to integrate young employees under the best conditions.

This agreement therefore clearly establishes the Group's desire to favour and facilitate access and maintenance in employment for the young generation, supplementing the FCSP agreement signed in 2012.

The Group also undertakes promotional initiatives at a selection of schools and participates in specialist forums.

During the course of 2013, it launched a newsletter specifically aimed at the main French schools and universities: the *Digital Talents News (http://www.news-solocalgroup.com/automne2013).* Circulated to more than 100,000 contacts (students, potential applicants and teachers), it enables people to familiarise themselves with Solocal Group and establishes the Brand in the minds of young graduates. Sent out once a quarter, this digital newsletter is included in the more globally oriented programme, Solocal Group's School and University Relations; its main aim is to provide greater visibility for our Employer Brand.

In 2013, PagesJaunes recruited 63 trainees completing their studies in France (beyond BAC+2), based on management requirements and the Company's carrying capacity. Further trainees are added to this number for a shorter period (school level to BAC+2).

Internships

	PagesJaunes		
	2011	2012	2013
Number of internships during the course of the period	106	92	53

PagesJaunes recruited 53 interns in 2013 in various specialities such as marketing assistants, telesales representatives, graphics designers, management control, etc. In 2013, the Company retained 14 employees recruited in 2011 and 60 employees recruited in 2012.

The Group also speeded up its procedure for professional telesales contracts.

Consequently, telesales representatives recruited and meeting the conditions required benefited from a professional training contract assuring them of 155 hours of training/guidance during the first 6 months of employment at PagesJaunes.

3.2.3 EMPLOYMENT OF DISABLED PERSONS

Employment rate of disabled persons

Solocal Group (scope: France)	2012	2013
Employment rate of disabled persons at 31/12 of the period compared to the total workforce	2.4%	3.1%

The Group has initiated an active policy on disabled persons since 2005. Since then, it has confirmed its voluntary position on recruitment (constant growth in the rate of employment since 2011, reaching 3.1% in 2013) and on maintaining the employment of disabled persons.

In order to extend the actions initiated within the scope of the Agefiph agreement, on 6 March 2012 the Group signed an agreement with all the unions on the inclusion and maintenance in employment of disabled persons. This agreement gives a new boost to Solocal Group's disability policy and thus allows several lines to be developed, giving visibility to the actions being implemented.

The two main elements are:

- the recruitment and integration of disabled workers: to do this, the Group has, among other things, introduced recruitment paths and has worked on adapting workstations. It is of course supported by partners that specialise in the employment of disabled persons. Since 2010, the integration of disabled persons through professional training contracts forms a large part of recruitment commitments. Every year, the Group undertakes to recruit 15 disabled persons under a professional training contract.
- maintenance in employment of disabled persons: with this in mind the Group endeavours to take specifically into account the compensatory requirements needed in cases where a disabled person is employed. This may mean technical or organisational adjustment of a work position, a remote working solution, or time dedicated to care. Internal redeployment following unfitness pronounced by the Occupational Doctor is thus a priority for Solocal Group: a multidisciplinary group is formed, if necessary, to provide possible ways of response to a declared situation of unfitness. The Group also supports employees in the procedure for Recognition as a Disabled Worker (RDW).

In 2013, the Solocal Group Disability taskforce enabled 78 workers to remain in employment (technical adaptation of the workstation, ergonomic studies, specific training initiatives, financing of equipment or adapted sport, etc.).

Training programmes with a view to making managers and teams sensitive to the inclusion of disabled employees are provided, and the creation of a Disability day is proposed to everyone with the aim of developing an understanding of this subject.

4. SAFETY, HEALTH AND WELLBEING AT WORK

4.1 WELLBEING AT WORK

4.1.1 INTERNAL OPINION SURVEY

Every year, the Group launches an opinion survey among all employees in order to obtain their perception of their work environment, the content of their work, their professional development, communication, management and the Company, and their quality of life. This annual survey allows the entire management to listen to, understand and identify the priorities and the drivers, in order to proceed with the implementation of specific action plans. It is entirely anonymous, conducted online and with the aid of an external service provider.

The opinion survey conducted over 2012 among Group employees allowed 5 areas of progress to be highlighted for 2013:

- strengthen the management of skills and professional career paths;
- improve support for Group changes and developments;
- facilitate cooperation and crossover in the horizontal management of Group projects;
- broaden actions favouring wellbeing within the Company;
- develop the managerial leadership of supervisors.

4.1.2 ACTION PLAN ON QUALITY OF LIFE AT WORK

At the same time, for almost two years Solocal Group has undertaken ambitious and specific processes aimed at improving the quality of life at work. This has resulted in an annual budgetary investment specifically dedicated to measures allowing improvements to be made to the working environment of its employees, and in the setting up of a number of permanent measures for the prevention of PSR (Psycho-Social Risks). This plan, which is already being developed in several areas, is intended as a preparation for discussions on a draft Group agreement on quality of life at work.

The initiatives included in this national plan cover three complementary but closely related fields, namely the prevention of psychosocial risks, mental and physical health, and wellbeing at work. The objectives sought are increased employee satisfaction at work, and a reduction in all the occupational risk factors identified in the Uniform Occupational Risks Evaluation Document (*Document Unique d'Évaluation des Risques*) (DUER).

The success of the plan relies on the contribution and work of several persons involved in health in the workplace (HR teams, managers, members of the Hygiene, Safety and Conditions at Work Committee (HSCWC), occupational doctors and social workers). The operational initiatives that have been implemented concern both the everyday working conditions of employees (introduction of action plans specific to each entity), improvements to premises, training (managerial training on the prevention of psychosocial risks), services provided for employees participating in the wellbeing at work scheme (company concierge services, relaxation therapy), and also support for change.

Reflection on "Information and Consultation with the HSCWC on the proposed establishment of a test group of teleworkers" was initiated in 2012. This is a pilot test conducted over a year with roughly fifty volunteer office workers on indefinite-term contracts, irrespective of their status or working hours. The rhythm that was adopted was one to two days of teleworking per week, without carrying over any days "not taken". This test stage gave rise to a questionnaire in order to obtain the opinions of the testers. Because 100% of the testers had a favourable opinion of the test, the 50 people already involved were given the opportunity to repeat the experiment and a further 50 desk workers not belonging to the Commercial Department, working at 3 different sites (Sèvres, Rennes and Eysines) were allowed to join in. This reflection meets the strong demand of Company employees who desire their family and business lives to be better harmonised. It is moreover a tool for keeping vulnerable categories of employees in work: disabled workers, seniors who have not worked for long periods, etc.

4.2 HEALTH AND SAFETY AT WORK

The PagesJaunes action plan on quality of life and health at work includes a theme dedicated to conditions of health and safety, through relations with the HSCWC, with occupational health care professionals, and social workers. This plan provides for the following:

- for the HSCWC – Coordination Committee and regional HSCWCs:
  - to include the HSCWCs in implementation of the PagesJaunes "quality of life and health at work" action plan;
- for occupational health care professionals:
  - to have a coordinating doctor;
  - to plan a national annual meeting day for company doctors;
  - to strengthen exchange between regional Human Resources and occupational health care professionals;
- for social workers:
  - to develop relations between social workers and the Human Resources Department (strengthening the partnership);
  - to move towards improved geographical coverage for social workers;
  - to develop the avenues of action available to social workers.

Different training modules were offered to all employees:

- a training module entitled "Optimise your health every day", aimed at making employees aware of the importance of prevention in the area of health, so that they are able to act on their own initiative, assess the consequences of mistakes made, and become involved in preventive measures of their own (nutrition, sleep, backache);
- a training module entitled "Awareness of PSR", aimed at:
  - dealing with the subject of PSR (human and economic issues, main theoretical models, organisational, managerial and individual deciding factors, and the manager's role and responsibility);
  - acquiring tools and learning reactions that enable risk situations to be spotted;
  - adapting management practice in order to prevent PSR on a day-to-day basis.

The number of managers trained in psychosocial risks at PagesJaunes was 267 in 2013 and 224 in 2012, compared to 31 in 2011.

- a training module entitled "Quit smoking", aimed at helping employees to give up smoking;
- a training module entitled "Safe behaviour", aimed at making personnel aware by putting them in practical situations in order to:
  - make people aware of safe behaviour;
  - identify dangerous situations;
  - make the vehicle a work tool and driving it a professional task;
  - make users aware of what behaviour enables accidents to be avoided.

In 2013, the rate of frequency and seriousness of occupational accidents within Solocal Group was 6.4% and 0.6%, respectively. The number of days of work interruption caused by an occupational accident totalled 4,136 for 2013. At PagesJaunes, the rate of frequency and seriousness of occupational accidents was 5.3% and 0.8%, respectively.

In 2013, the rate of absenteeism for sickness stood at 5.9% for the Group and 6.5% for PagesJaunes.

The rate of absenteeism for sickness in 2013 increased compared to the rate for 2012 for all groups.

An increase of 0.1 points was recorded among non-sales representatives (3.9% versus 3.8%), and 0.9 points among telesales staff (12.3% versus 11.4%) and all field sales representatives (7.6% versus 6.7%).

Among telesales workers the high rate is due to the structure. The population is young and largely female. The case of PagesJaunes is not an isolated case as all call centres experience high rates of absenteeism.

Among the field sales representatives in particular, but also for all categories of employees, the proposed development of the model and organisation of PagesJaunes, combined with a gloomy economic climate, is a factor of uncertainty that may partly explain the increase in sick leave.

5. ORGANISATION OF SOCIAL DIALOGUE

In 2013, social dialogue was established by the signing of several agreements:

- Amendment 1, revising the agreement on introduction of the supplementary pension plan within Solocal Group;
- Amendment 2, revising the agreement on introduction of the supplementary pension plans in Article 83 – Executives, within Solocal Group;
- Agreement on the exceptional and early release of funds attributable to employees and/or profit-sharing within the Group savings plan;
- Agreement promoting the recruitment and maintenance of seniors and on young people within Solocal Group (concerning all groups);
- Signing of an agreement on methods and resources, as part of information and consultation with the Works Council on the proposed development of the PagesJaunes model and organisation.

Moreover, faced with a permanently evolving and increasingly competitive market environment, PagesJaunes has had to react and mobilise its organisational resources in order to guarantee its continuity.

In this connection, in September 2013, a proposed development of the PagesJaunes model and organisation was presented for information and consultation to the Representative Staff Bodies concerned.

The dialogue between unions and management was organised in an innovative manner. An anticipatory stage prior to dialogue was organised, with a forward-looking agenda and regularly scheduled exchanges that would allow the sharing of common or divergent views and observations on the economic situation of the Company and the markets.

Personnel representatives were accompanied by independent and legal advisors during this anticipatory stage.

Following ten meetings of negotiations with the unions, held at the same time as the HSCWC information and consultation procedure (66 meetings in all, organised in nine bodies throughout France), and the same procedure with the Works Council (nine extraordinary meetings dedicated to the project), a majority agreement on social support measures determining the content of the employment protection plan was signed on 20 November 2013 by three unions, representing 54.08% of the votes cast in favour of unions recognised as representative in the first round of the most recent Works Council elections.

The exchanges and sharing of information that have taken place constantly thanks to the many meetings organised, and not limited to the existing bodies, contributed towards an ongoing rapprochement between the various points of view.

17 newsletters were also sent out by the Management between May 2013 and December 2013 to inform PagesJaunes employees of the various stages of the development project. Electronic leaflets were also circulated with management consent.

The Employment Protection Plan signed involves the elimination of 22 jobs, fully offset by the creation of jobs offered to the employees in question in a context of internal redeployment. The aim is to maintain employment within the Company or outside it (providing compensation by financing training). No compulsory redundancies will occur, and the overall project will be a net creator of employment (48 jobs).

The initial training budget will be doubled in 2014 in order to support the Company's transformation project.

Number of collective agreements signed

	PagesJaunes		
	2011	2012	2013
Number of collective agreements signed with representative unions and in force during the period (excluding amendments and agreements signed during the period)	19	22	24

Four collective agreements were signed with the unions in 2013.

No specific agreement has been signed with the unions on the subjects of health and safety at work; however an action plan is dedicated to this subject and has been detailed in the previous sections.

ENVIRONMENTAL RESPONSIBILITY

Solocal Group has incorporated ecologically responsible management of its business activities into its priorities, to make it part of the Group's culture and the value the Group places on integrity. The aim is also to develop services that allow its customers, for their part, to take action to support the environment.

The creation of a Carbon Footprint in 2009-2010, followed by an environmental audit in 2011, has enabled the Group to identify its major impacts and to set up targeted priority actions to meet its main challenges:

- Printed directories, over the entire lifecycle of the product;
- Digital services, which are increasing in scale, taking into account the multiplication of channels and the growth of audiences, with challenges linked to energy consumption;
- Employee travel, in particular the distances travelled by the commercial vehicle fleet;
- Office activities, with consumption of energy issues and choice of IT equipment and suppliers.

The information taken from these successive Carbon Footprints has led to the setting up of concrete carbon reduction initiatives throughout the Group's entire sphere of influence. These action plans were dimensioned so as to ensure they were implemented by PagesJaunes employees, which was an indispensable condition for obtaining substantial and immediate results. These reduction initiatives cover six major areas, presented in decreasing order of importance as regards associated emissions:

- initiatives on printed directories;
- reducing greenhouse gas emissions caused by business travel;
- management of equipment at the end of its service life;
- reducing greenhouse gas emissions caused by goods haulage;
- reducing energy consumption;
- reducing refrigerant leaks.

Within Solocal Group, the subsidiary PagesJaunes has set itself ambitious targets to reduce greenhouse gas emissions from its business activities. The Management is committed to reducing its emissions by 50% by 2015 compared to the figures for 2009.

This 2009-2015 reduction target is based on the three areas of greenhouse gas emissions defined by the GHG Protocol:

- Scope 1: direct emissions due primarily to combustion and leakage of refrigerants
  - within this scope the reduction target is 10%
- Scope 2: indirect emissions due especially to production of electricity
  - within this scope the reduction target is 8%
- Scope 3: other indirect emissions that represent nearly 90% of the Group's carbon footprint
  - within this scope the reduction target is 55%.

The Carbon Footprint was updated in 2011 and 2012 in respect of the main contributory items in Scopes 1 to 3. As a result of its initiatives, PagesJaunes has already reduced its CO_2 emissions by 46% between 2009 and 2012.

The Carbon Footprint for 2013 is currently being updated. The results will be published at the beginning of the second half.

Changes in Greenhouse Gas (GHG) emissions

	PagesJaunes				
	2009	2010	2011	2012	Development 2012/2009
GHG emissions (t CO_2 eq.)	186,300	140,440	132,600	99,900	– 46%

Source: Bilan Carbone® PagesJaunes 2012, PwC

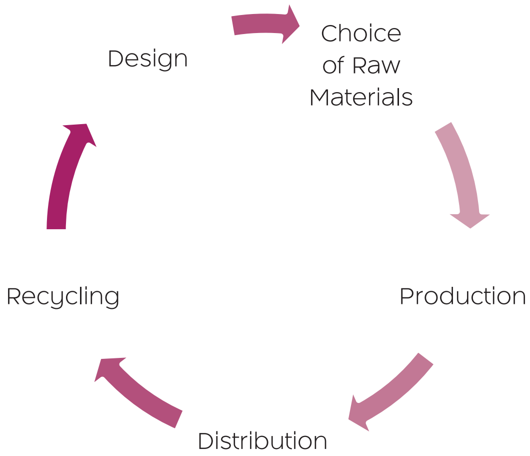
GHG emissions for 2013 for PagesJaunes and Mappy are detailed in section 1.5 in respect of Scopes 1 and 2.

1. IMPACT OF ACTIVITIES

1.1 PRINTED DIRECTORIES

1.1.1 ENVIRONMENTAL MANAGEMENT SYSTEM

The efforts to reduce the environmental impact of printed directories are a global measure applicable over the entire lifecycle: from design of the documents to recycling at the end of their life.



Fully consistent with the overall approach, in 2009 the Printed Directories department decided to implement an environmental management system designed to provide a framework for its efforts to reduce the environmental impact of its activities. This management system was certified according to ISO 14001 in the following year, after an audit conducted by AFAQ (Association Française pour la Qualité). The entire scope of designing, producing and distributing Printed Directories is now handled by a certified environmental management system.

This approach has made it possible to include an environmental component in all the processes of the Printed Directories department. This component is intended to measure and monitor the environmental impacts of business activities under its responsibility, at the same time complying with current legal texts and regulations.

From a legal standpoint, setting up ISO 14001 involved:

- identifying all of the regulatory texts relative to our sector, and those that apply to the Group's missions;
- setting up a regulation watch to monitor changes in these texts.

From an operational standpoint, it has contributed to:

- the identification within each process of activities likely to have a significant environmental impact;
- the definition of an annual action plan (Environmental Management Plan) in order to launch initiatives aimed at reducing the environmental impact of our business while still complying with the requirements of current regulations. These action plans are monitored every six months via indicators examined by an Environmental Committee.

As described previously, the Printed Directories department's environmental approach covers its suppliers. All suppliers are regularly informed of the expectations of PagesJaunes SA. To do this, the environmental policy of the Printed Directories department was sent to suppliers: paper suppliers, printers, distributors or shipping service providers. We would like to point out all the paper suppliers and printers used by PagesJaunes SA are ISO 14001 certified.

1.1.2 APPROACH AND INDICATORS

1.1.2.1 DESIGN

The first targeted step in our approach to reducing impacts relates to the designing of the directories. The Printed Directories Marketing department has responsibility for designing directories. As such, it is a stakeholder in the choices made when defining directory formats, page layout for information, page background colorimetry, types of paper used, etc.

Through the Environmental Management Plan, various initiatives have been studied and then implemented by the Printed Directories department:

- reduction in the density of yellow on the page background of the PagesJaunes directories;
- revised format in order to limit trim waste at the printers;
- division of the PagesBlanches directories into life zones so as to limit the quantities of paper used;
- revision of the paper grammage of the directories: switching from 36g paper to 34g paper, which reduces the weight and therefore the tonnage to be transported;
- study on reduction in the thickness of packaging films in order to limit consumption of them.

1.1.2.2 RESPONSIBLE CHOICE OF RAW MATERIALS

The choice of the raw materials for the directories is the second essential step in the lifecycle on which PagesJaunes is focusing its efforts to limit the environmental impact of its publications. The main material in directories, paper, represents a strategic purchase item for which sustainable and responsible supply has to be ensured. In this connection PagesJaunes joins forces with its paper suppliers to create the right approach.

Although the paper purchased by PagesJaunes SA for the directories is not PEFC or FSC certified, it does contain a portion of recycled fibres for more than half the paper consumed. According to suppliers, this paper contains 40% to 100% of recycled fibres.

Moreover, all the paper suppliers with whom the Printed Directories department works have implemented a sustainable management policy using forest certification and sustainable forest management. This sustainable management consists in guaranteeing that the supplies of wood are rigorously identified and monitored, and that the declarations regarding forest management found on the products are reliable.

We also point out that 100% of delivery notices left by the distributors are printed on PEFC paper. The same applies to the posters affixed in buildings when the Printed Directories are distributed.

1.1.2.3 MANUFACTURE

The environmental approach of the Printed Directories department is also based on the printers used to produce our directories. Special attention is therefore given to their ability to obtain and maintain environmental certifications. Today, printers hold several certifications such as ISO 9001 (quality management), ISO 14001 (environmental management), EMAS (European eco-audit regulations), or certifications concerning the traceability of wood materials: PEFC and FSC. Risk management is incorporated and managed through the certifications obtained.

In addition, the printers are audited every year by the Quality division of the Cross-Functional Operations department. During this audit each of the printers presents their report. There is then a discussion concerning avenues for improvement and upcoming initiatives. Among these initiatives, a global study of transport was conducted, incorporating all the restrictions implemented to reduce as much as possible the environmental impact of this item.

Finally, the printer contracts stipulate the contractual quantities of consumable paper for the production of the directories. To encourage printers to control their paper consumption, exceeding this consumption creates a malus on the bonus/malus system, which results in a financial penalty. Under-consumption of paper entitles the printer to payment of a bonus by PagesJaunes.

Production and distribution of printed directories

	PagesJaunes			
	2011	2012	2013	Development 2013/2012
Ink consumption (tonnes)	724.8	653.0	522.5	– 20%
Paper consumption (thousands of tonnes)	47.9	36.9	27.8	– 25%
Tonnage of paper distributed (thousands of tonnes)	37.7	29.2	21.0	– 28%
Number of printed directories produced (millions)	51.7	42.9	34.9	– 20%

The fall in consumption and tonnages is explained by a targeted reduction in the production of directories and by the eco-design initiatives carried out on the editions.

1.1.2.4 OPTIMISING DISTRIBUTION

The distribution of directories also receives special attention, in order to limit the consumption of paper and packaging and to distribute the directories to persons requesting them.

PagesJaunes favours the use of non-polluting or recyclable packaging for the packets it distributes.

PagesJaunes also carries out consultation before distribution in order to know whether people wish to receive the Printed directories. These telephone operations primarily concern residents living in individual homes within our distribution base.

In 2012, 55 of these operations were carried out in very diverse départements (urban and rural). Nearly 3.5 million homes were contacted in 2012. The demand rate for directories is on average over 71%, even in the Paris area. In 2013, 6.8 million homes were contacted and 74% of these requested directories. Over these 2 years, a total of 10.3 million homes were therefore contacted.

Those who cannot be contacted by phone are consulted by mailshot. A 'T' card is sent to their home, which they are encouraged to return if they no longer wish to receive directories, or they may unsubscribe via the website recevoirmesannuaires.fr (accessible by web and mobile). The aim of the website "recevoirmesannuaires.pagesjaunes.fr", which was launched in September 2008, is to give both individuals and professionals the option of receiving the directories they need via an online ordering tool.

The website experienced growth of 49% in visits and of 101% in requests in 2013 compared to 2012: so almost 18,985 users stated that they no longer wished to receive their directories, compared to 7,000 for 2012 (+ 177%). However 60% of the requests made on the website were still requests to receive directories.

Moreover, PagesJaunes is constantly working on improving the quality of the addresses appearing in its Distribution Base, in order to make distribution more reliable and to reduce non-quality costs.

Finally, it should be noted that PagesJaunes forms part of the 2013 selection for the "Succeed with responsible marketing" platform for its initiative to "optimise the distribution of printed directories to adapt to actual demand from users". The history of this initiative may be consulted online on the ADEME website.

These home contact operations are continuing for the 2014 edition.

1.1.2.5 DIRECTORY RECYCLING

In parallel, the Group is aware of what happens to out-of-date Printed directories and shares the principle of the wider responsibility of the producer: in particular, it makes efforts to collect and process these used directories, in particular through recycling.

Part of the purchased paper is recovered by the printer during the production and printing of the directories and is later recycled. In addition, the surplus directories left at the end of their publication period are then recovered/recycled by companies specialising in waste management.

The Group actively participates in the actions of EcoFolio, the eco-organisation that organises and finances paper recycling. The amount of the financial contribution which PagesJaunes is required to pay in respect of 2013 is €488,000 excluding tax (compared with €719,000 excluding tax in 2012).

Finally, still with a view to encouraging the recycling of out-of-date directories, PagesJaunes has reduced the use of ink in the page backgrounds of PagesJaunes Printed directories, allowing a significant reduction in ink consumption. In April 2012, the Board of Directors of REVIPAP (the French group of paper producers that use recyclable paper) finally modified the classification of the directories, moving them from the "tolerated product" category to the "accepted product" category for sorting centres.

1.2 INFORMATION AND COMMUNICATION TECHNOLOGIES (ICT)

1.2.1 DATA CENTERS

PagesJaunes uses 3 data centers: two in Rennes, one of which is operated by a service provider (certified according to ISO 14001) and another in Sèvres at the Company's registered office.

The electricity consumption of PagesJaunes' three data centers amounted to 5,345 MWh in 2013.

PagesJaunes strives to optimise the electrical consumption of its data centers by favouring specific layouts for the premises, in order to allow for more effective cooling of the facilities (rearranging of rooms, confinement, anti-UV filters), as well as by continuing with large-scale deployment of virtualisation and of cloud computing technologies which allow the unit consumption of a server hosting an IT application to be reduced.

2,077 servers were thus virtualised in 2013 compared to 1,225 in 2012, i.e. an increase of 70%.

The overall number of servers increased to serve new projects and applications. With a view to ensuring an improvement in consumption, better operation of infrastructures and flexibility of functioning, the large majority of the systems currently used are virtual machines, which creates a natural switching from physical machines to virtual machines as the old systems are replaced.

In 2013, Mappy used three data centers, two of which were operated by service providers (the most important is certified by ISO 141001) and a machine room in the building.

In the context of Mappy's move in 2012, the machine room was rationalised from 30 to 12 servers, allowing significant savings on energy and air conditioning. Mappy thus increased the virtualisation of all its servers: 246 servers were virtualised in 2013 compared to 175 in 2012.

Moreover, a server rejuvenation plan made it possible to acquire machines that consumed less energy and generated less heat.

All these measures allow Mappy to increase the power supplied by the machines without increasing the number of machines and reducing its energy requirements.

Electricity consumption of the data centers

	PagesJaunes	Mappy
	2013	2013
Electricity consumption of data centers in MWh	5,345	354*

* *Value extrapolated to around 30% based on KWh consumed by the service provider's data center hosting the largest Mappy server area.*

1.2.2 IT EQUIPMENT

Reducing the environmental impact linked to office activities also entails incorporation of a Green IT strategy, translated into a series of actions such as adopting a strategy for the automatic (prolonged or otherwise) monitoring of computers, replacing fixed computers with portable ones which use less energy, or optimising the number of printers at the various sites.

In 2013, the total number of computers per employee at PagesJaunes stood at 1.48 compared to 1.43 in the previous year. The development and testing platform was increased in the context of the Digital 2015 New Si site. The number of printers per employee is stable at 0.53.

The total number of computers per employee in 2013 at Mappy stood at 1.43. The number of printers per employee was 0.11 in 2013. These ratios are explained by the predominance of IT development functions within the company and therefore a significant need for workstations and less need for printers (which were rationalised at the time of the move).

These ratios do not include the external service providers accommodated on site who use long-term resources.

1.2.3 WASTE ELECTRICAL AND ELECTRONIC EQUIPMENT

For PagesJaunes, electrical and electronic equipment, screens and other IT waste are recycled via specialist recycling companies at all the sites and data centers.

Quantities of waste electrical and electronic equipment disposed of

	PagesJaunes	
	2012	2013
Waste electrical and electronic equipment disposed of at the data centers in tonnes	7.1*	2.9
Waste electrical and electronic equipment disposed of at the sites in tonnes	N/A	3.6

* *Value extrapolated to 13% based on the waste electrical and electronic equipment recycled by PagesJaunes' two largest data centers, situated in Rennes*

In 2013, fewer old servers were replaced than in the previous year. They are disposed of when a certain volume is reached.

Following the move from its premises in 2012, Mappy favoured the recycling of equipment by reselling screens to its employees. The other waste electrical and electronic equipment was assigned to specialist companies: 850 kg of equipment was thus disposed of.

In 2013, Mappy did not dispose of any waste electrical and electronic equipment. Equipment placed out of use is stored which waiting for sufficient stock to accumulate to call in a service provider.

Moreover, as part of changing the mobile phones of the sales force, PagesJaunes favoured the recycling of the old mobiles (around 1,000) by reselling them to a service provider who complies with the obligations enshrined in the Directive on Waste Electrical and Electronic Equipment (WEEE).

1.3 EMPLOYEE TRAVEL

Employees' business travel is the object of particular attention, particularly travel by sales representatives, which has a significant impact on PagesJaunes' carbon footprint.

The Group's transformation project includes a section aimed at optimising and reducing the number of kilometres travelled by sales representatives through the defining of new, smaller prospecting areas. Thanks to this project, road risks and CO_2 emissions will be noticeably reduced.

In 2014, every agency will have a tool for defining the individual prospecting area, taking several parameters into account, such as place of residence, potential customers in the area, number of customers assigned, etc.

This process, known as "microzoning", has 3 aims:

- reducing the number of customers assigned;
- optimising kilometres travelled;
- developing greater proximity of sales representatives, thanks to their physical presence in the area.

A policy has also been drawn up to control the use of cars used for business purposes. This policy has been directed at Solocal Group's Commercial Managers. It aims in particular to clarify the rules on the allocation and use of the vehicle and to improve fleet management. It includes a list of authorised manufacturers and a CO_2 rate limit fixed at 135 g/km (compared to 150 previously). Good driving rules have also been drawn up: signing the document "Approval of Car Policy" by the employee before the vehicle is made available, and the payment of a bonus of €300 gross for "observing the rules on maintenance and good driving" paid at the end of the lease period.

More generally, a Solocal Group travel policy defines the conditions of travel for employees fairly and according to a standard level of service and comfort. Very specific rules on transport are described and strictly set out the conditions under which such travel may take place: train compulsory for any travel of less than three hours apart from a few exceptions, air travel of less than six hours in economy class, promotion of season tickets for repeat travel, etc.

Tools allowing distance meetings to be held are available to employees (Microsoft Lync, videoconferencing equipment in meeting rooms) in order to limit travel between sites.

1.4 OFFICES

The electricity consumption of the PagesJaunes sites, excluding data centers, amounts to 9,362,862 kWh in 2013 *(value extrapolated to 23% based on the KWh/m^2 consumed on the sites whose electricity contracts are managed by PagesJaunes)*, i.e. 167 kWh per m^2

Electricity consumption excluding data centers

	PagesJaunes	Mappy
	2013	2013
Electricity consumption excluding data center and machine room, kWh per m^2	167	168

Solocal Group strives to promote the use of renewable energy. Within the scope of the electricity supply contract for its main site in Sèvres, a specific agreement binds the supplier to distribute green energy, at a rate of 25%, produced from TÜV-SÜD certified 100% renewable energies. Overall, the renewable electricity portion recorded for the PagesJaunes sites was 21.7% in 2013, compared to 20.7% in 2012.

Moreover, dating from the time the PagesJaunes and Mappy sites changed premises, High Environmental Quality (HQE) premises are now favoured.

HQE buildings

	PagesJaunes + Mappy	
	2012	2013
Percentage of HQE buildings out of all sites leased as at 31/12	5.6%	10.5%

In 2013, three PagesJaunes sites moved and are now grouped together at a single site in Lyon. The former sites were cleared and the furniture taken to specialist waste collection centres for selective sorting and recycling. Moreover, more than 5,300 m^2 of carpet was fitted, representing 54 tonnes of greenhouse gases, being offset by the purchase of verified carbon credits, within the scope of the Cool Carpet® programme.

Since the PagesJaunes sites are mainly office sites in which the Company is a tenant, data concerning the quantity of water consumed is difficult to consolidate. The data supplied concerns a limited area (44% of the Group's leased area, 1,170 persons).

Water consumption

	PagesJaunes	
	2012	2013
Annual water consumption in m^3 per employee over a limited area	8.43	8.41

Natural gas and fuel consumption represent marginal volumes compared with electricity consumption and are not presented in this report.

1.5 CO_2 EMISSIONS

For 2013, emissions were calculated on Scopes 1 and 2, which take into account electricity consumption on the PagesJaunes and Mappy sites. CO_2 emissions connected with the vehicle fleet are not published since the vehicles are leased on a long-term basis and do not belong directly to the Group (Scope 3 emissions according to the GHG Protocol).

CO_2 emissions

	Pages Jaunes + Mappy
	2013
CO_2 emissions connected with electricity consumption in kg CO_2 equivalent	971,186

1.6 BIODIVERSITY

As a service company, Solocal Group has a limited footprint on biodiversity.

Aware that the production of its printed directories may potentially impact on forest areas, PagesJaunes pays particular attention to the selection of suppliers committed to sustainable forest management.

Moreover, in the context of sending greeting cards, Solocal Group and PagesJaunes have joined the Reforest'action programme aimed at linking every greeting card sent in 2013 to trees to be planted in Senegal. The 3,000 trees planted allow CO_2 to be stored over the period, but will also contribute additional revenues to the villagers and will improve biodiversity over several hundreds of hectares. 2,000 trees will be planted within France in 2014 in order to increase French forest cover.

1.7 OTHER FORMS OF NUISANCE AND POLLUTION

Owing to its service activities and the outsourcing of the production of its printed directories, Solocal Group does not emit significant waste products into the air, water or soil that would seriously affect the environment.

Although the Group has two facilities classified for the environment, essentially relating to the refrigeration and storage of products such as chlorofluorocarbons, halons and other carbides and halogenated hydrocarbons, the preventive measures stipulated by the regulations have been taken into account in order to limit major risks to the environment.

Moreover, the number and size of these facilities are not such as to generate significant noise disturbance for residents. No specific requests were recorded in this connection by the stakeholders.

Finally, in 2013, the tertiary sites leased by the Group represented a total area of 6 hectares. Solocal Group's impact on land use is considered very moderate compared to other industries.

2. SUPPORTING THE ENVIRONMENTAL APPROACH OF USERS

Solocal Group also strives to reduce the environmental impact of its activities by developing innovative services, offering its customers the possibility of responsible action.

2.1 SEARCH FOR ECO-RESPONSIBLE PROFESSIONALS

Solocal Group wishes to encourage consumers to choose professionals who are committed to environmental protection. In 2011, the Group launched a free eco-responsible information service which aims to make available to its users free and impartial information on the eco-responsible practices declared by the professionals.

Professionals obtain the "green leaf" symbol if they voluntarily declare their commitment, or if they hold one of the 36 labels or certifications selected by a committee of independent experts. Most of these symbols relate to a commitment to the environment: in the building sector in particular (eco-craftsmen, Pros de la Performance Energétique, QualiPV, QualiPac, etc.), or in other sectors (La Clef Verte, European Ecolabel, Imprim'Vert, etc.).

For more details on this service, see the chapter on Corporate Issues/1.2 Promoting a commitment to CSR on the part of professionals.

Moreover, on the pagesjaunes.fr website, more than 2,000 bio and/or vegetarian restaurants have been listed since 2013. They are accessible using the search filters available to the left of the response list in the section "Belief".

2.2 PROMOTION OF DURABLE MOBILITY ON MAPPY

A subsidiary of Solocal Group, Mappy designs, develops and distributes services to help and promote travel – plans, routes, proximity search – on the web, mobiles and tablets.

The Company also offers to calculate green routes on public transport, by bike or for pedestrians. In 2013, 32 million routes without a car were searched with all these modes:

- public transport

  Launched in November 2010 on Île de France thanks to two partnerships with STIF and Canal TP, this service dedicated to travel by public transport enables the route to be calculated using all possible interconnections. Two partnerships have just been concluded with Mecatran and Cityway in order to ensure that the route is calculated using almost 90% national public transport networks.

- bicycle

  Developed in partnership with JC Decaux, the bicycle route and self-service bike service enables the nearest bicycle terminal to be identified in real time, real-time availability of bicycles at departure points, and lock-up sites at arrival points.

- on foot

  Finally, the pedestrian route service has existed since the launch of Mappy.

Following the search for a car route, Mappy offers alternatives:

- car sharing

  Since July 2011, Mappy has been promoting a long-distance car-sharing service with Blablacar.com, a platform putting motorists into contact with each other. Every user calculating a route from town to town has the possibility of entering his journey on Blablacar.com in order to share the travel cost with persons requesting this journey who are registered on this partner website. Financial savings for users of the website and ecological benefit go hand in hand. Thanks to this partnership, Mappy thus offers its users a new way of travelling that is both profitable, eco-responsible and sociable.

- return of lease cars

  Since October 2013, Mappy has also offered users calculating a route the possibility of using the "Driive me" service.

  This French start-up puts leasing agencies into contact with each other who need to transfer their vehicles from one town to another to rebalance their vehicle fleet, or users and individuals who wish to travel for €1 (excluding tolls and fuel).

- train

  Finally, after searching for a compatible route, Mappy offers the possibility of booking a train ticket via a link to the website voyages-sncf.com. Mappy thus encourages its users to make use of a method of transport emitting less CO_2 than a private car.

In 2013, there were 651,658 clicks on the websites voyages-sncf.com, Blablacar and Driiveme (since October 2013 inclusive).

2.3 SOTRAVO: FACILITATOR OF ENERGY-EFFICIENT RENOVATION WORK

A subsidiary of Solocal Group, Sotravo develops services on the Internet for building professionals and craftsmen, with the aim of putting individuals with building, renovation or improvement projects for their homes into contact with professionals searching the sites, via requests for estimates for work.

Among the many categories of requests for work estimates submitted on its beacon website simpledevis.fr, Sotravo collected almost 74,000 requests for sustainable home improvement project estimates in 2013: solar energy, loft insulation, heating pumps, changing windows, wood-burning stoves, log burners and granule stoves, etc., i.e. around 15% of the total number of requests for estimates detected on the Internet.

Moreover, since October 2013, Sotravo has been promoting the device Eco prime/C2E (Energy Saving Certificate) among French consumers, encouraging them to carry out works eligible for this government measure. All consumers submitting a request for a work estimate eligible for this measure on simpledevis.fr are contacted and informed by a Sotravo consultant of the amount of the subsidy and the main conditions to be complied with in order to benefit from the eco-subsidy (Sotravo is a partner of the collective structure Éco Pros).

During the last quarter of 2013, almost 100,000 consumers were made aware of this measure by Sotravo.

Finally, the website Kelplanete.fr, published by Sotravo, incorporates useful and practical content on managing energy consumption, reducing greenhouse gas emissions, and knowledge of sustainable energies. "Kelplanete.fr" also provides the addresses of useful websites where information can be obtained on current renewable energy news, the latest innovations and the major stakes in the sector.

2.4 COMPRENDRE CHOISIR

The company Fine Media, established in 2007, is editor of the website ComprendreChoisir.com: "understand better and choose well" and has formed part of Solocal Group since 2011. ComprendreChoisir.com is a group of more than 400 websites specialising in five themes (Home/Household Jobs, Money/Law, Consumer/Practical Info, Health/Beauty and Business) which aim to provide the general public with practical information with high added-value to provide answers to everyday questions.

Among the topics covered by ComprendreChoisir.com, a considerable number are connected with environmental protection, particularly energy saving (insulation, renewable energies) or recycling. Moreover, the environmental dimension is taken into consideration in most of the problem areas dealt with.

The website attracts more than 6 million unique visitors per month.

2.5 CHRONORESTO

Chronoresto.fr is the second largest Internet portal in France in its field and has developed a multichannel offer: solutions for the fixed and mobile Internet, tablets, and TV links, allowing a meal to be ordered from nearby restaurants included among over 800 partner establishments in France. The meal is delivered directly by the restaurant within an average time of 30 to 45 minutes.

Chronoresto also offers digital marketing services for the catering market, such as the creation of Internet and mobile websites and the launch of a restaurant ordering module.

Chronoresto puts its future partners into contact with operators found on the biological materials (biological packaging) and ecological delivery (Sun'éco) markets. Moreover, the Chronoresto website indicates that some restaurant menus include authentic products marked "homemade".

SOCIETAL RESPONSIBILITY

As a major player in local and digital communication, Solocal Group aims to boost the local economy in a responsible way. By creating content and information, the Group simplifies measures for putting consumers and businesses into contact with each other locally. For more than 60 years, the Group has been a privileged communication partner of French SMEs and microbusinesses, of national Major Accounts, regulated professions, local authorities, etc. It advises them on their advertising investment, within a range that allows them to adapt to their objectives and ensure their visibility on the fixed and mobile Internet and on tablets, whatever their level of expertise.

Thanks to these offers and to the media and content that have been developed, Solocal Group allows consumers to search and obtain information on all these operators and thus contribute towards the local economy. The Group also strives to maintain its relationship of trust with all its stakeholders. This is the context within which voluntary measures covering data handling compliance, ethics, and the right to competition are established.

Solocal Group's societal commitment is thus consistent with the values of the Group, which makes its customers the focal point of its thinking.

1. BOOSTING THE LOCAL ECONOMY

1.1 DIGITAL ACTIVITIES FOR DEVELOPING LOCAL ECONOMIC LIFE

1.1.1 CREATOR OF CONTENT AND LOCAL INFORMATION

Through the activities of its various subsidiaries, the Group's local media vocation is one of bringing local professionals and consumers together.

The Printed directory is designed as a guide to local life: it puts business professionals into contact with consumers locally. For many, it is used to complement the digital media. It remains the reference for 24% of the population of France who have no Internet connection. That is why the Group promotes the social usefulness of the directories and lays particular emphasis on distributing them freely and in a justified manner.

For all users connected, the diversity of the supports (fixed Internet, mobiles, tablets) and media allows Internet users to access local information easily, anywhere and at any time. In particular, the services offer the possibility for consumers to obtain reliable contact details but also a great deal of useful information in order to make informed decisions on what to choose and what to use: practical sheets and advice, availability of more than 400 theme websites with ComprendreChoisir.com, access to detailed information on professionals, Bons Plans (good deals) provided by local professionals, information on the clearance of local stores, etc.

With this same desire to encourage local businesses, Mappy has been working since 2012 on displaying businesses on maps. Since the beginning of 2013, the new website has been highlighting:

- businesses dynamically and contextually on the map;
- the possibility of marking these businesses in immersive views;
- business search by category and display on the map;
- detailed file of each business which the business owner can update via the Mappy Local Business portal;
- applications such as a business locator, to locate businesses with the same trade name.

Mappy's aim is to contribute to reinvigorating town centre businesses. In this connection, in 2013 Mappy collected practical information from more than 35,000 businesses and produced more than 15,000 360° indoor views of the businesses in Île de France, Bordeaux and Dijon.

Mappy is now offering to promote the "Digital Window" of these businesses, so that they become visible to 10 million Mappy users on the web and mobile, and so that Mappy can direct these users to their physical business locations.

This was the context for the town of Dijon wishing to support its traders, by financing this collection of information and street and building views, and the publication of thematic visits to the town and its local businesses on Mappy.

The Mappy Shopping service allows products to be searched for in brand networks and checking the availability of a product selected in shops trading under the same name in the vicinity. During 2014 it will be possible to reserve the product in one of the shops, from a computer or mobile phone, before going to pick it up at the shop.

The MappyGPS Free application offers an interface facilitating the search for shop locations and nearby parking, and suggests the route to take. It is also possible to set the application in pedestrian mode, which represents 20% of GPS navigation done using the application.

Other subsidiaries aim to encourage local and nearby businesses. Leadformance thus offers technological solutions that optimise and speed up the way consumers are put into contact with local professionals. Leadformance offers to professionals completely personalised mini-sites for each of their stores, by including information on clearance and *Click and Collect* and *Pick up in Store* functions, for example. This solution allows them to increase the visibility of their brand on the Internet while directly attracting customers to local points of sale.

Internet users, for their part, simply access all information useful for their trip to points of sale (hours, services, products, etc.) and can download discount coupons or even contact the store directly.

Motivated by the desire to contribute the most effective solutions and allow ongoing meetings between people requiring work in the building and public works sector and companies able to meet that need, the Group established its subsidiary Sotravo-Keltravo.

This desire to facilitate consumer access to a wide range of services does not stop at listing professionals; it also extends to the services offered by individuals thanks to the websites avendrealouer.fr and annoncesjaunes.fr.

Solocal Group has therefore not changed its vocation in any way. On the contrary, it is the way it carries out its mission that demonstrates how the Group is able to break new ground by developing numerous service supports, printed, digital or mobile, to enable local professionals to find their consumers every time.

1.1.2 SUPPORTING SMALL AND MEDIUM-SIZED BUSINESSES AND MICROBUSINESSES AND NETWORKS IN DIGITAL COMMUNICATION

Local digital media offer new opportunities for development to all players in local economic life. Solocal Group believes that everyone has a place on the web, depending on their needs and their objectives. It is committed to providing the means for everyone to develop his or her business and revenue via the Internet, whether business creators or microbusinesses wishing to meet the specific needs of their profession, or large businesses driving large networks, or public sector operators using the web to reinforce their digital contact with the people of France.

In its desire to help businesses stand out in a highly competitive environment, the Group is constantly innovating to offer solutions adapted to their needs and customers. With the creation of websites and mobile sites, fan pages on Facebook, listings, display advertising campaigns, good deals etc., the Group is showing itself to be a key player, with more than 153,000 websites (including 3,235 digital windows) created and managed for professionals in France and Spain in 2013.

Finally, the Group develops tailor-made support, differentiated by market: it provides responses adapted to the particular features of the various professional sectors it supports. Solocal Group's 2,000 local communication advisors are specialists in large business sectors: property/automobile, hotels/restaurants, local business, major projects, public sector, B2B, etc. Thanks to its historical know-how in local digital communications and its network of local advisors, Solocal Group has become the natural partner for entrepreneurs searching for advice and support in the development of their business activities.

More than 500,000 French businesses are able to benefit from the advice and digital services offered by Solocal Group.

1.1.3 PARTNERSHIPS FOR THE DIGITALISATION OF MICROBUSINESSES AND SMALL AND MEDIUM-SIZED FIRMS

The Group carries out various initiatives with its institutional partners to promote the access of professionals to the world of digital practices...

For the period 2013-2014, partnerships were concluded with:

- the Chamber of Commerce and Industry of Marseille Provence, to analyse, among other things, the e-reputation of Marseille's hotels and restaurants (launch of a barometer on the e-reputation of hotels in Marseille with the Group's e-reputation service, Reporama);
- the Chamber of Commerce and Industry of Paris Île-de-France, to increase the digitalisation of microbusinesses (participation in various shows, training sessions conducted by Solocal Group experts to train employees and owners of microbusinesses and small and medium-sized firms in digital practice);
- the government programme *Transition numérique*, to help in the digitalisation of microbusinesses and small and medium-sized firms (provision of training modules intended for digital representatives recruited by *Transition numérique*);
- the City of Paris, to encourage business innovation (participation in the Grand Prix of Innovation);
- the network *Les interconnectés*, during the December 2013 Forum, which puts local authorities in contact with digital businesses.

Various institutional shows, at which the Group's experts speak, have also been financed.

1.1.4 LOCAL IDEAS BLOG

Solocal Group is committed to working alongside businesses, offering them pioneering and innovative services to support them in their local communication. In October 2012, the Group launched its *Blog des idées locales*, a new tool for online participation on fixed and mobile Internet, a source of inspiration and solutions for developing business locally. This platform is aimed at all professionals, particularly at microbusinesses and small and medium-sized businesses which do not necessarily have the time or the resources to perform this monitoring, and have expressed a need for it to stimulate their creativeness. The blog lists almost 300 examples of original initiatives, from the simplest to the most original, taken by businesses in different regions of France and more than 20 other countries throughout the world. More than 100,000 visits have been recorded since its launch. In May 2013, the *Blog des idées locales* was awarded the Grand Prix of Brand Content 2013 with a Gold Prize in the BtoB category.

With close ties forged with businesses over many years, Solocal Group is inventing a new way of placing its expertise at their service with this blog.

1.2 PROMOTE PROFESSIONALS' COMMITMENT TO CSR

Solocal Group wishes to offer stronger visibility to professionals responding to new consumer aspirations through their commitment to sustainable development. In 2011, the Group launched an eco-responsible information service aimed at making free and impartial information available to its users on the eco-responsible practices declared by professionals.

The eco-responsible professional search service is perfectly in keeping with the core focus Solocal Group's business: to place professionals in contact with consumers via everyday useful and practical services.

A professional committed to such an approach may be listed free of charge in two ways:

- if he holds one of the 36 labels or certifications selected by a committee of independent experts gathered by Solocal Group, including Valérie Martin, head of the Public Communication and Information Department, Christophe Lestage, engineer at the Industrial Department of ADEME, Tristan Lecomte, Founder President of AlterEco and founder of the "Pur Projet" collective, Elisabeth Laville, founder of Utopies and co-founder of the website "mescoursespourlaplanete.com", and Sylvain Lambert, associate at the sustainable development department of PricewaterhouseCoopers;
- Their selection covers all business sectors: accommodation, catering and leisure (*la Clef Verte, Agir pour un Tourisme Responsable*), Crafts and Building (*Éco-Artisans, Pros de la Performance Energétique, QualiPV, QualiPac*, etc.), Business (*Plateforme pour le Commerce Equitable, Mon coiffeur s'engage*, etc.); other labels apply to all sectors: *Global Compact, Egalité Professionnelle, Diversité*, etc.;
- professionals may also present their approach through a declaration published on pagesjaunes.fr. A dedicated form in the Solocal Group's Business Center allows professionals to describe their initiatives in this area: environmental protection, societal responsibility, eco-responsible products and services.

These declarations are moderated by the Group's teams before publication.

Professionals that have declared themselves to be eco-responsible are indicated in the pagesjaunes.fr services by a dedicated pictogram. Clicking on this pictogram allows Internet users to access the detailed file of the professional's business, which shows their certifications/labels and environmental and societal initiatives.

62,816 eco-responsible professionals were registered at the end of December 2013 (compared to 56,442 at the end of 2012).

Moreover, convinced that CSR provides a competitive lever for businesses, Solocal Group has naturally joined forces with MEDEF to circulate the *Cap vers la RSE*, intended for the heads of small or medium-sized businesses. This guide enables them to grasp the outlines of CSR and to find practical files on implementation, inspired by specific examples. The guide has been distributed to almost 300,000 businesses, customers of Solocal Group or otherwise, with a view to contributing to knowledge of CSR among local professionals.

Professionals and users also have access to practical guides on the social inclusion of disabled persons and persons with reduced mobility (accessibility, work) via the website ComprendreChoisir.com.

1.3 LOCAL ECONOMIC IMPACT

As an operator largely situated in France and aware of its local economic impact, in 2012 Solocal Group measured the economic impact in France of the business activities of its subsidiary PagesJaunes. The model used, LOCAL FOOTPRINT® from the firm UTOPIES, evaluates the economic and social repercussions of business activities within the geographical area desired. For PagesJaunes, the impact of purchases in France and of wages and taxes makes it possible to generate two jobs in the rest of the economy (private or public) for each job within the Company.

This significant impact testifies to the importance of Solocal Group in the French economic sphere. Apart from the presence of many teams throughout the country, which are evidence of proximity to its customers, Solocal Group paid the twenty-third highest amount of corporate tax in France in 2012, which constitutes a significant contribution.

2. PERSONAL DATA AND RESPONSIBLE COMMUNICATION

2.1 DATA SECURITY AND PERSONAL DATA PROTECTION

Solocal Group strives to distribute reliable and secure information to its users. The Group's websites support the daily life of citizens who appreciate the relevance and accuracy of the information provided. In this context, protection of the data collected and respect for the private lives of Internet users form an essential part of the Group's active commitments.

Detailed information on the conditions of use of data and on persons' rights (access, correction and objection) is provided by the website of each of the Group's services. In order to facilitate exercise of personal rights, a DPC contact access has been created.

The Data Protection team consists of three persons: the Data Protection Correspondent (DPC), a senior lawyer and a security engineer who joined the Group in 2013 after working, among others, for the Commission Nationale de l'Informatique et des Libertés (CNIL) *(National Data Protection Commission)*.

2.1.1 DATA SECURITY

Internally, employees have access to this Group Intranet information via the Data Security Policy, updated in January 2011.

This policy forms a reference code on behaviour connected with data security for Solocal Group, which must be implemented by each Group entity. It describes the management's commitment to data security, its scope, the assets taken into account, regulations and contractual obligations, and objectives and responsibilities. It covers all security problems caused by the handling of data, whether at a physical, technical or organisational level, and on any support. It also concerns the use of information technology and telecommunications.

The Data Security Policy is accompanied by a security manual, the latest version of which is from February 2011, which describes or refers to the measures and tools used.

A document updated in October 2010 specifies the rules defined to ensure the identification and authentication of users when they connect to the Solocal Group Information System components (in the broadest sense: machines, systems, applications, routers, etc.).

Finally, also within the scope of this policy, a guide on the habits of social network users within the Company was introduced in September 2010. This guide is intended to make users aware of and inform them of the risks connected with the use of social networks and on the subject of professional and private data. The guide covers rights and duties concerning such use from the user's workstation. The guide has been supplemented by a space dedicated to the proper use of social media on the Group's Intranet.

2.1.2 PERSONAL DATA PROTECTION FOR USERS

Internally, employees have access to information concerning protection of their private lives via a space dedicated to "Personal Data" in the Group's Intranet.

2.1.2.1 INTERNAL REGULATIONS AND PROCEDURES

Several procedures and regulations establish the Group's commitment:

- the "Regulations on the filing of personal data", introduced in March 2005;
- the procedure for declaring the handling of personal data (latest version dated 3 May 2012) which covers, among other things, the formalities of declarations that must be made before implementing any new handling of personal data;
- the procedures for dealing with requests for access to personal data made by individuals (latest version dated 17 September 2012), which details the procedures for dealing with requests made by individuals as part of exercise of their right to access to personal data concerning them. This procedure makes it possible to standardise such formalities within Solocal Group and to facilitate their implementation;
- the procedure for dealing with requests made by individuals concerning the correction and deletion of their personal data (latest version dated 18 September 2012), which details the procedures for dealing with requests made by individuals as part of exercise of their rights of correction and deletion of personal data concerning them. This procedure seeks to standardise these formalities within the Group and to facilitate their implementation.

These two latter procedures fall within the Group's approach to protecting the private lives of persons. To this effect, the various Group companies and, more particularly, the Controllers must ensure that they establish procedures allowing the requests made by individuals to be answered when they exercise their rights of correction and deletion in accordance with articles 38 and 40 of the French Data Protection Act of 6 January 1978, amended by the Law of 6 August 2004 and articles 92 to 97, 99 and 100 of Decree No. 2007-451 of 25 March 2007 amending the Decree of 20 October 2005.

They are also incorporated into performance of the tasks of the DPC, which consist in monitoring observance of the rights of persons regarding correction and deletion of data, particularly through the implementation of procedures.

In 2013, two new procedures were drawn up and published in the Solocal Group Intranet:

- a procedure for organising feedback of information on the handling of personal data. This procedure should allow the proper maintenance of the DPC's register containing all handling of personal data for the Group's French companies, and verification of compliance with the French Data Protection Act in respect of any new handling or any change made to existing handling of data;
- a procedure for the transfer of databases containing personal data within the Group, aiming to ensure the protection of personal data by defining the procedure for the transfer of such data within the Group, in order to limit any risk of indirect use of the data, or the theft or loss of such data, particularly during transmission.

Requests for amendment or deletion of personal data in 2013 for Solocal Group

Deletion of Red List
20,000

Requests for amendment (Orange List, PagesBlanches, aerial views)
19,000

Average request processing time (non-technical) over financial year
4.5 days

Direct requests to CIL
64

Complaints received by CNIL
16

2.1.2.2 INTERNAL TRAINING

Training on personal data protection was provided for the Technical Directors and Marketing Directors/Managers during 2013.

The DPC team also introduced operational guidelines intended for project managers, containing the following elements:

- a process detailing all the questions to be raised during the course of designing a new product or service, indicating those cases in which it is necessary to apply to the DPC team;
- a sheet describing data handling, intended as a support for discussion with the project managers, and to ensure that all information is fed back to the DPC team, in order, among other things, for the register to be kept up to date;
- a presentation of the main principles of Data Protection in the form of FAQs.

The aim of these guidelines is to incorporate Data Protection problem areas upstream from the projects. These documents therefore aim, among other things, to:

- guarantee the feedback of the required information to the DPC team, to ensure its role in centralising information on the handling of data;
- provide clear rules for operatives, enabling them to identify the subjects that may impact on personal data and thus to make requests to the DPC team;
- identify and manage sensitive subjects requiring a decision on the procedures to follow for their implementation.

These guidelines were sent out at the end of 2013 and should be implemented at the beginning of 2014.

2.1.2.3 INTERNAL AND EXTERNAL AUDITS

In 2013, three internal audits were performed:

- an audit intended to simulate a CNIL audit, performed remotely, on the presence of cookies, personal data collected (particularly IP addresses) and the security rules implemented.

  The conclusions of this audit were presented to Solocal Group's Executive Committee and were the subject of several recommendations made by the DPC team;
- a Data Protection audit of all handling of personal data performed by the Solocal Group subsidiary, the company Horyzon Media;
- a Data Protection audit of all handling of personal data performed by the Solocal Group subsidiary, the company PagesJaunes Marketing Services.

These audits should be complete during the first quarter of 2014.

In 2012, two external audits were performed: a "private life" audit on the websites "PagesJaunes.fr" and "annoncesjaunes.fr" and a Data Protection audit on the Project "User Relationship Management". An appraisal of the DPC's activities for 2012 on the handling of PagesJaunes and Mappy data was made and forwarded to the data controllers.

In 2010, checks were carried out by the CNIL, following which the Group was sentenced in 2011. These checks concerned the online service provided by the "pagesblanches.fr" website known as "web crawl", launched in March 2010, which aimed to add to the response to "surname, forename" with responses listed on the public profiles of six social networks: Facebook, Twitter, LinkedIn, Copains D'avant, Trombe and Viadeo. When this service was introduced, the Commission Nationale de l'Informatique et des Libertés carried out a check on the Solocal Group premises in Sèvres and Rennes. At the end of 2011, it sentenced Solocal Group based on five main complaints:

- unfair collection of data and failure to inform persons;
- lack of entitlement to use the directory data to delete foreign Facebook profiles;
- failure to update the data collected, particularly on Twitter and Facebook;
- failure to respect the rights of data subjects;
- inappropriate, irrelevant and excessive collection of IP addresses.

This decision gave rise to a public warning and an appeal was filed by Solocal Group with the Council of State.

2.1.2.4 DRAFT EUROPEAN REGULATION AND PROFESSIONAL ASSOCIATIONS

In the context of the draft European Regulation on the Protection of Personal Data currently being prepared, the Group decided to anticipate and analyse the impact of this draft on these activities. In order to do this, the DPC team, liaising with the Department of Institutional Relations, has carried out the following initiatives since the second half of 2012:

- internally, establishment of working parties with the aim of studying the impact of the Regulation by category of personal data concerned, assessing the impacts identified and proposing solutions adapted to the draft text in course of preparation;
- externally, lobbying with institutions (meetings at several French ministries and the European Commission) and via associations such as AFEP (Association Française des Entreprises Privées) (*French Association of Private Enterprises*), in order to propose solutions that take the Group's needs into account while ensuring the protection of private life.

Finally, the DPC team reinforced its participation in professional associations (AFCDP, AFEP, FING) in 2013, reflecting solutions allowing the responsible use of personal data such as the "Mes Infos" experiment, for example.

2.2 OTHER INITIATIVES FOR THE PROMOTION OF RESPONSIBLE DIGITAL COMMUNICATION

2.2.1 STANDARDISATION OF OPINIONS

In order to build a relationship of lasting trust with its customers, both advertisers and individuals, at the end of 2013 PagesJaunes introduced an approach to the certification of its consumer opinion service on the Internet by AFNOR Certification, a recognised, independent third party that published the first voluntary standard in the world in 2013 (NF Z74-5012), aiming to make the handling of consumer opinions on the Internet more reliable.

For eighteen months, PagesJaunes participated in AFNOR's collective work alongside some forty organisations, to define rules applicable to all opinion sites on products, tourism, catering and services in general.

Since the end of 2013, the PagesJaunes teams have been working on the introduction of rules and procedures aimed at consolidating the reliability of its service even more and to inspire confidence in the methods of handling, collection, moderation and publication of consumer opinions online (obligation to be able to contact the author of the opinion, and optimisation of devices for the external measurement of reliability of opinions by allowing the detection of fraudulent contributors).

2.2.2 CHARTERS AIMING TO PROMOTE RESPONSIBLE COMMUNICATION

Solocal Group or its subsidiaries are signatories of several charters that incorporate or specify its commitments.

- The charter on the Protection of Personal Data of users of its websites and services accessible on line: this charter states how the Group contributes towards protecting the personal data of Internet users when they are using one of its websites or one of its services;
- The charter "Targeted advertising and protection of Internet users": drawn up by the targeted professional advertising associations (to which Horyzon Media, PagesJaunes Marketing Services and "PagesJaunes.fr" belong); this charter provides several major advances, such as the limitation on the lifetime of advertising cookies, an improvement in the transparency of practices, and better control for the Internet user over the use of his personal data;
- The charter for promotion of authentication on the Internet: similarly, considering that the Group's business sectors relating to putting users into contact with professionals give it a particular role in informing citizens of the means used to protect their exchanges, the Group has undertaken to promote the authentication of Internet users through this charter;
- The charter on the "right to deletion" of data deliberately published by Internet users: this charter aims to define the good practices to be adopted by the collaborating websites (social networks, blogs, forums, content publication websites, messaging), and by the search engines where Internet users voluntarily publish data concerning themselves;
- The Syndical National de la Communication Directe (*National Union for Direct Communication*) (SNCD) charter: in 2013 and for the second year running, PagesJaunes Marketing Services (PJMS) signed the SNCD charter on Responsible Development which commits signatories to social, economic and environmental development. In particular, PJMS has developed the use of software enabling customers' changes of address to be detected in order to limit to a minimum the number of items not distributed.

3. RESPECT FOR ETHICS AND THE RIGHT TO COMPETITION

3.1 ETHICAL CHARTER

Solocal Group's activities fall within the scope of responsible development dictated by ethical principles that must be shared by all its employees. These principles, listed in our Ethical Charter, are based on the Group's values and establish individual behaviour to be adopted towards customers, shareholders, employees, suppliers and competitors, and towards the environment and countries in which the Group operates. It applies both to the members of the Board of Directors and to the managers and employees of the Group.

The values and principles of this Charter are included in the scope of fundamental principles, such as those of the Universal Declaration of Human Rights, those listed in the conventions of the International Labour Organisation on respect for freedom of association and the right to collective negotiation, to the elimination of discrimination with regard to employment and profession, to the elimination of forced or compulsory labour and to the effective abolition of child labour, and those of the Organisation for Economic Cooperation and Development (particularly to combat corruption). This charter is also based on the commitments made by the Group, particularly with regard to sustainable development.

The Group's Ethical Charter recalls the principles and rules in force relating to ethics in share trading and the need to comply scrupulously with these rules and principles. It imposes certain preventive measures and, in particular, fixes periods when it is prohibited for "permanent insiders", particularly members of the Board of Directors and other managers, to trade in the Company's securities.

The charter forbids corruption, particularly in the context of relations with customers and suppliers.

3.2 COMPLIANCE WITH THE RULES ON COMPETITION

Solocal Group attaches the utmost importance to ensuring that all the Group's commercial activities are carried out in strict compliance with the rules of competition law.

The subsidiary PagesJaunes has undertaken vis-à-vis the French Competition Authorities (ADLC) to ensure that its teams observe the rules on fair competition, particularly in their relations with advertising agencies and advertisers' representatives, and is committed to introducing a programme of compliance aiming to prevent any anti-competitive behaviour on the part of its sales teams, and in particular any defamation directed at the advertising agencies (French Competition Authority (ADLC), Decision No. 12-D-22 of 22 November 2012 on a case presented by the companies NHK Conseil, Agence I&MA conseils, Sudmédia conseil, OSCP, Audit Conseil Publicité Annuaires, Charcot.net, Agence Heuveline, Avycom publicité annuaire, Toocom, Ecoannuaires and Netcreative-Pages annuaires against practices implemented by PagesJaunes").

Within the scope of this decision, PagesJaunes has designed and implemented a programme of compliance with the law on competition within the Company's relevant services, in order to prevent any future incident. This programme aims, among other things, to prevent alleged defamation committed by the sales representatives, particularly by:

- distributing a reinforced version of the *Livret de concurrence* (*Competition booklet*) which is attached to the Internal Rules;
- organising compulsory annual training on the rules of the law of competition for, among others, all PagesJaunes sales representatives, including a specific module on the question of defamation; 2,252 people were trained in 2013;
- establishing a compliance unit, which is responsible for collecting any warnings or feedback of complaints concerning the behaviour of PagesJaunes sales representatives, and for examining these complaints and answering questions raised by PagesJaunes employees on the law of competition;
- establishing disciplinary penalties against employees knowingly infringing the rules of competition.

Finally, at the same time as the abovementioned compliance programme, PagesJaunes has undertaken to continue and to make obligatory the system of summary checks prior to the confirmation of orders, with regard to various 'at risk' activities, as described in Sales Department Note No. 2010/09 of 20 October 2010 and in its latest update of 22 April 2013.

It is important to note that PagesJaunes has introduced a series of rules, known as sales instructions, aiming at compliance of the publications of its advertising customers, particularly with regard to the law on consumer affairs. We should remember that PagesJaunes may be held liable for complicity in deceitful advertising if the information included in an advertiser's publications fails to comply with the business activities it carries out or the services legitimately expected by those consulting such information.

It has also become increasingly apparent that certain activities require special monitoring since they may mean a professional travelling to individuals' homes (plumber, locksmith, removal firm, etc.), and very often in connection with emergencies (heating failure, plumber, etc.). It is therefore essential, in such cases, to ensure that the advertiser's published information actually agrees with the activities he or she carries out.

PagesJaunes introduced this system of prior checking the commercial facts regarding the establishment or establishments listed by the advertiser in 2009, following complaints that certain published entries did not tally with the factual position for some at risk activities located in a number of départements in the Parisian region and the south of France.

These checks also aimed to prevent risks connected with criminal liability (complicity in money laundering). In the context of its commitments to ADLC, PagesJaunes has undertaken to continue these checks at least until 31 March 2016.

Finally, PagesJaunes has also undertaken to reinforce existing checks by organising a random check on orders taken by the PagesJaunes sales representatives relating to so-called "at risk" activities which are not checked beforehand in accordance with the abovementioned Sales Department note, because they concern departments and/or activities at risk not referred to by that note. These checks are organised so as to ensure compliance with the sales instructions on these orders.

These commitments are made for three years as from 31 March 2013.

4. RELATIONS WITH SUPPLIERS

4.1 PURCHASING CHARTER

Solocal Group, through its Purchasing Department, aims to work with its suppliers and share with them the values of its responsible purchasing policy. The System of Reference for Responsible Purchasing, updated in 2011 and intended for all Group subsidiaries, incorporates this responsible purchasing policy, which aims to promote the products and services that most respect the environment, and which provide guarantees, or provide added value, at social and societal levels.

This measure has three aims:

- to promote the products, services and businesses that respond to the challenges of societal responsibility connected with their activities;

- to progressively extend the criteria in social and environmental areas, with a view to continuing improvement;
- to monitor the social and environmental performance of suppliers in order to assist them in the steps they take towards continuing improvement.

100 suppliers (new contracts or amendments) signed the charter (within PagesJaunes, Mappy and Solocal Holding).

4.2 SYSTEM OF REFERENCES FOR PURCHASES

The Group's System of References also defines more global lines of conduct in order to:

- promote official ecolabels and eco-designed products;
- make suppliers aware of the challenges posed by societal responsibility connected with their products, services or industries;
- encourage greater transparency among suppliers in describing the environmental characteristics of their products.

These principles are applied on a daily basis and shared with the Group's suppliers, particularly through the preparation of a Suppliers' Charter. Signed by each new supplier, or at the time of contract renewal, compliance with this Charter conditions commercial relations between the supplier and Solocal Group. In fact, it commits the supplier to ensuring the observance of several fundamental principles described in this document, relating to working conditions, health and safety, the environment and ethics. Numerous subjects are dealt with such as clandestine or illegal work or forced labour, discrimination, observance of environmental regulations, and management of resources. The supplier undertakes to ensure that this Charter is observed in all its business activities and at all its sites throughout the world, by its suppliers and by their subcontractors. At the end of 2013 and since it was drawn up, more than 110 suppliers have signed this Charter in the context of new contracts or amendments to contracts.

Moreover, invitations to tender held for suppliers also include selection criteria intended to assess their maturity in terms of societal responsibility.

Significant weighting is given to these criteria, which coverage a wide range of social and environmental topics: materials, manufacturing origin, production characteristics, forced labour, etc. Once the selection process has ended, binding clauses covering societal responsibility are systematically attached to the contracts.

A specific selection process is applied by the Group in the choice of its service providers. It includes a preliminary selection made on the basis of a multicriteria analysis of the qualitative proposals received from service providers, and of invitations to tender, supported by site visits and negotiations.

Criteria of societal responsibility are also included in the process of selecting service providers: expertise, quality monitoring process, human resources policy (loyalty, training, turnover, etc.), eco-responsible policy (Social Responsibility Charter, etc.), financial standing and geographical location. Disability-friendly businesses (businesses employing more than 80% of disabled workers) are also consulted during invitations to tender.

5. RELATIONS WITH ASSOCIATIONS

Within the scope of partnerships or specific operations, pagesjaunes.fr and the Group's other websites make unsold advertising space available to charitable causes.

Since the end of 2013, banners relay the possibility of making donations to associations "near you" via the website Zegive. The partnership with this organisation is in its early stages and will take effect during 2014.

Moreover, following the catastrophic weather conditions in the Philippines in November 2013, pagesjaunes.fr and the Group's other websites relayed a campaign for one week calling for donations to the associations Care, Enfants du Mékong and Oxfam.

Since the beginning of December 2013, thanks to a partnership with the platform HelloAsso, it is possible to make donations via links incorporated into the detailed files of each association. This partnership offers a new way of collecting funds.

Finally, within the scope of Téléthon 2013, PagesJaunes Marketing Services (PJMS), an expert in data and digital marketing solutions, made its Angoulême call centre available for the eleventh year running for voluntary workers to receive promises of donations made by telephone. A total of 5,518 calls were handled by 106 PJMS voluntary workers.

PROSPECTS

As a key player in local life, Solocal Group is aware of its role and the impact of its business activities on the environment and on social and societal issues. This voluntary approach is ambitious, and is followed by the whole Group, is an integral part of its transformation, and is developed through specific commitments and initiatives. Assuming this responsibility fully, the Group is developing the structures and means required to deal with it.

This approach is part of a context of constant development, particularly in relation to digital themes, and ensures that the Group assumes its responsibilities continuously with all its stakeholders.

CSR CONTACTS

For any request concerning Solocal Group's Societal Responsibility, contact the CSR team:

Solocal Group

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ANNEX 1: TABLES OF COMPLIANCE WITH GRENELLE II AND ISO26000

	Introduction	Pages	Art.225 Grenelle II	Central questions and fields of action of ISO 26000
1.	**Message from the Chairman and General Secretary in charge of CSR**	39	Actions taken and direction adopted by the Company to take into account the social and environmental consequences of its activities and to meet its societal commitments to sustainable development	Governance of the organisation
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2.2	*Origin, building and development of the CSR strategy following the change of name*	39	Actions taken and direction adopted by the Company to take into account the social and environmental consequences of its activities and to meet its societal commitments to sustainable development	Governance of the organisation
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1.2	*Information and communication technologies (TIC)*	55	- Energy consumption, measures taken to improve energy efficiency and recourse to renewable energies - Prevention, recycling and waste disposal measures	- Prevention of pollution - Sustainable use of resources
1.3	*Employee travel*	56	- Greenhouse gas emissions - Adaptation to the consequences of climate change	- Prevention of pollution - Environmental protection, biodiversity and restoration of natural habitats
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1.5	*Greenhouse gas emissions assessment 2013*	57	Greenhouse gas emissions	Attenuation of climate change and adaptation
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	Societal responsibility			
1.	**Boosting the local economy**	60		
1.1	*Digital measures for developing local economic life*	60	- Territorial, economic and social impact of activities on employment and regional development - Territorial, economic and social impact of activities on resident and local populations	- Implication for communities - Creation of wealth and revenues
1.2	*Promote the CSR commitment of professionals*	62		- Development of technologies and access to technology - Sustainable consumption - Creation of wealth and revenues
1.3	*Local economic impact*	63	- Territorial, economic and social impact of business activities on employment and regional development - Partnership or sponsorship measures	Creation of wealth and revenues
2.	**Personal data and responsible communication**	63		
2.1	*Data security and personal data protection*	63	Measures taken to promote the health and safety of consumers	Protection of consumers' data and private lives
2.2	*Other initiatives to promote responsible digital communication*	65		- Loyal practices in marketing, information and contracts - Protection of consumer health and safety
3.	**Respect for ethics and combating anti-competitive practices**	66	- Promotion and compliance with the provisions of the ILO conventions - Action undertaken to prevent corruption - Other action undertaken to promote human rights	- Fundamental principles and rights to work - Combating corruption - Fair competition
4.	**Relations with suppliers**	67	- Taking social and environmental challenges into account in the purchasing policy - Importance of subcontracting and taking social and environmental responsibility into account in relations with suppliers and subcontractors	Promotion of societal responsibility in the value chain
5.	**Relations with associations**	68	Conditions of dialogue with these people or organisations	Governance of the organisation

ANNEX 2: REPORT OF THE AUDITOR APPOINTED AS INDEPENDENT THIRD PARTY

Report of one of the auditors, appointed as independent third party, on the consolidated social, environmental and societal information provided in the Management Report

Financial year closing on 31 December 2013

Dear Shareholders,

In our capacity as auditor of Solocal Group SA, the designated independent third party, declared acceptable following admission of the application for accreditation made to COFRAC, we present our report to you on the consolidated social, environmental and societal information presented in the management report (hereinafter, the "CSR Information"), drawn up for the financial year closing on 31 December 2013, pursuant to Article L. 225-102-1 of the French Commercial Code.

Company's responsibility

The Board of Directors is responsible for drawing up a management report including the CSR Information stipulated in Article R. 225-105-1 of the French Commercial Code, in accordance with the system of reference used by the Company (hereinafter, the "System of Reference"), available on request at the Company's registered office from the Department of Partnerships, External Relations and Strategy.

Independence and quality control

Our independence is defined by regulatory texts and by the professional code of ethics as well as by the provisions of Article L. 822-11 of the French Commercial Code. We have moreover established a quality control system which includes documented policies and procedures aimed at ensuring compliance with the rules of ethics, with professional standards, and with the applicable legal and regulatory texts.

Responsibility of the auditor

Our duty, based on our work, is to:

- certify that the CSR information required is presented in the Management Report or, if omitted, is covered in an explanation, pursuant to paragraph 3 of Article R. 225-105 of the French Commercial Code (certification of presence of CSR information);
- express a conclusion of limited assurance on the fact that the CSR Information, is, taken overall and in all significant aspects, presented in a true manner in accordance with the System of Reference (reasoned opinion on the sincerity of the CSR Information).

Our work was carried out by a team of four persons between September 2013 and February 2014.

In order to assist us in carrying out our work, we have called upon our experts in social and environmental responsibility.

We carried out the work described below in accordance with the professional standards applicable in France as at 13 May 2013, and the order dated 13 May 2013 determining the procedure under which the independent third party shall perform its mission and, with regard to the opinion on sincerity, in accordance with international standard ISAE 3000[1].

1. Certificate of presence of CSR information

- Based on talks with the managers of the departments concerned, we have noted the statement of guidelines on sustainable development that reflect the social and environmental consequences of the Company's business activities, its societal commitments, and any actions or programmes deriving therefrom.
- We have compared the CSR information presented in the Management Report with the list provided in Article R. 225-105-1 of the French Commercial Code.
- In the absence of certain consolidated information, we have checked that explanations were provided pursuant to Article R. 225-105 Section 3 of the French Commercial Code.
- We have checked that the CSR information covered the scope of consolidation, which is the Company and its subsidiaries within the meaning of Article L. 233-1, and the companies it controls within the meaning of Article L. 233-3 of the French Commercial Code, with the limits stipulated in the chapter "Company's Societal Responsibility" of the Management Report, particularly with regard to the limitations of the scope of environmental reporting.

2. Reasoned opinion on the sincerity of the CSR information

Nature and extent of the works

We held approximately fifteen discussions with the people in charge of preparing the CSR information in the departments responsible for collecting the information and, where appropriate, those responsible for internal control and risk management procedures, in order to:

- assess the appropriateness of the System of Reference with regard to its relevancy, exhaustiveness, reliability, neutrality and comprehensibility, taking good practices in the sector into consideration where appropriate;

(1) *ISAE 3000 – Assurance commitments other than audits or reviews of historical information*

- check the implementation of collection, compilation, handling and control procedures intended to ensure the exhaustive nature and consistency of the CSR information and in order to obtain information on the internal control and risk management procedures followed in connection with the preparation of CSR information.

We determined the nature and extent of our tests and checks on the basis of the type and significance of the CSR information, taking into account the characteristics of the Company, the social and environmental challenges it faces in its activities, and the direction taken in respect of sustainable development and good practices in the sector.

For the CSR information we considered most significant [(2)]:

- with regard to the consolidating entity, we consulted the documentary sources and held talks to corroborate the qualitative information (organisation, policies, actions); we analysed the quantitative information and, based on the surveys, checked the calculations and the consolidation of data and checked its consistency and agreement with the other information contained in the Management Report;
- with regard to the entity we selected [(3)] based on its activities, its contribution to the consolidated indicators, its location, and a risk analysis; we held talks to check correct application of the procedures and to identify possible omissions, and we performed detailed tests on the sample base, consisting in checking the calculations made and in comparing details in the supporting documents. The selected subsidiary represents on average 80.5% of the workforce and between 98% and 100% of the environmental quantitative information.

For the other consolidated CSR information, we have assessed its consistency in relation to our knowledge of the Company.

Finally, we assessed the relevance of the explanations relating, where appropriate, to a total or partial lack of information.

We believe that the sampling methods and sample sizes we have used in exercising our professional judgment allow us to draw a conclusion with reasonable assurance; greater assurance would have necessitated more extensive verification. Due to the use of sampling techniques and other limits inherent in the functioning of any information and internal control system, the risk of not detecting a significant error in the CSR information cannot be totally ruled out.

Conclusion

Based on our work, we have not detected any significant error of such a nature as to question the fact that the CSR information, taken as a whole, is presented in a genuine manner, in accordance with the System of Reference.

Neuilly-sur-Seine, 14 February 2014

On behalf of the auditors,

Deloitte & Associés

Ariane BUCAILLE

(2) _Qualitative information:_

__Social:__ Total workforce registered. Number of women on fixed-term and indefinite-term contracts as at 31/12 in the period. Number of recruitments of employees on indefinite-term contracts during the course of the period. Number of Group voluntary and involuntary departures. Employees on indefinite-term contracts. Percentage of persons working part-time. Monthly absenteeism rate. Occupational accident frequency rate. Rate of seriousness of occupational accidents. Number of hours of training provided during the period. Rate of employment of disabled persons. Number of women holding senior executive posts.

__Environment:__ Total tonnage of IT equipment recycled via specialist recycling companies (included in the three data centers PJSA). Tonnages of paper distributed. PJSA total annual electricity consumption (including the three data centers operated by and on behalf of PJSA); CO_2 emissions connected with electricity consumption in CO_2 equivalent kg.

__Societal:__ Number of suppliers signing the Group's Sustainable Purchases Charter.

Qualitative information:

__Social:__ Use of the PJSA action plan on the quality of life and health at work.

__Societal:__ Actions undertaken to prevent corruption. Control and verification procedures to ensure the confidentiality of user data.

(3) *Pages Jaunes SA situated in Sèvres, France*

ANNUAL ACTIVITY REPORT AS OF 31 DECEMBER 2013

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9.1 OVERVIEW

The Group's core business activity is the provision of local information, principally in France, through the publication of online and printed directories, and the publication of editorial content to assist users in making searches and choices. Through its subsidiaries, Solocal Group (formerly PagesJaunes Groupe) conducts three complementary businesses: the provision of content and services, media and advertising representation. Its offering comprises a diversified range of products and services associated with this activity for the general public and businesses.

The Group's business model is based on that of the media: offering quality content which generates an audience and then monetising this audience, either as a whole or in segments, among businesses.

The Group's activities are organised in three segments:

- Internet:

  These are the activities carried out through the Internet. The main products are the creation and marketing of content and advertising space, listing, targeted advertising and the provision of advertising space for local and national advertisers (often referred to as display), as well as a complete range of products and services for the provision and distribution of information with local content. The Group's Internet activity is mainly carried out in France, but also in Spain (QDQ Media), Luxembourg (Editus, until September 2012). Through Yelster Digital, specialised in metasearch activities (including 123people, e-reputation and 123pages), the group markets its products and services in many other countries.

  This segment comprises the online directory activity of "pagesjaunes.fr" and "pagespro.com", the creation and marketing of content and advertising space of the "search" and "display" type, particularly through Horyzon Média's Internet advertising representation, as well as through online small ads from "annoncesjaunes.fr" and "avendrealouer.fr".

  The Group is one of the key European players in making and hosting sites. It offers its clients web optimisation and visibility solutions through Search Engine Optimisation ("SEO") or Search Engine Marketing ("SEM", paid listing).

  This segment includes routes, geolocation and reservation services of the Mappy and UrbanDive brands, and couponing from 123deal and digital promotion.

  Online people and profile search with 123people, online quotation requests and contact establishment with players of the construction industry from Sotravo, the themed content site ComprendreChoisir.com published by Fine Media, the online ordering of meals on Chronoresto.fr from locally-listed restaurants (in 2013) and the Direct Marketing (emailing type) services are also included this segment.

- Printed Directories:

  This is the Group's historical activity, involving the publication, distribution and sale of advertising space in printed directories (PagesJaunes, *l'Annuaire*, and the directories of QDQ Media in Spain until 2012 and Editus in Luxembourg until September 2012).

- Other Businesses:

  This comprises the specific businesses of Solocal Group: directory enquiry services by telephone and SMS (118 008), and the QuiDonc reverse directory. This segment also includes some activities of PJMS (formerly PagesJaunes Marketing Services): telemarketing, data mining, database generation, prospect processing and traditional direct marketing activities (data entry and postage).

9.2 COMMENTARY ON THE 2013 FULL-YEAR RESULTS

Solocal Group (in millions of euros)	Periods ending 31 December 2013	2012	Change 2013/2012
Revenues	**998.9**	**1,066.2**	**-6.3%**
Net external charges	(222.1)	(228.2)	2.7%
Salaries and social security charges*	(352.5)	(373.5)	5.6%
Gross operating margin	**424.3**	**464.5**	**-8.7%**
as % of revenues	*42.5%*	*43.6%*	
Employee profit-sharing	(15.4)	(14.7)	-4.8%
Share-based payment	(1.5)	(2.3)	n/a
Depreciation and amortisation	(40.7)	(36.7)	-10.9%
Other income and expenses	(37.4)	(2.8)	n/a
Operating income	**329.2**	**408.0**	**-19.3%**
as % of revenues	*33.0%*	*38.3%*	
Financial income	2.9	4.6	-37.0%
Financial expenses	(135.2)	(140.6)	3.8%
Net financial income	**(132.3)**	**(136.1)**	**2.8%**
Share of profit or loss of an associate	(0.2)	(0.9)	77.8%
Net income before tax	**196.7**	**271.0**	**-27.4%**
Corporate income tax	(81.9)	(112.4)	27.1%
Income for the period	**114.8**	**158.5**	**-27.6%**
attributable to: – shareholders of Solocal Group	114.8	158.6	-27.6%
– non-controlling interests	0.1	(0.1)	

* *Change 2013: reassignment of temporary employee charges to Salaries and Social Security Charges (external purchases until 31/12/2012)*

Excluding 123people, the number of visits to the Group's websites as a whole totalled 1,825.4 million in 2013, up 8.6% compared to 2012 on a like-for-like basis, with a number of visits on mobile up 48.4%. Mobile represents 25.5% of the Group's internet audience.

In an advertising market that is still on a downward trend in France, consolidated revenues for Solocal Group stand at €998.9 million in 2013, down 5.8% on a like-for-like basis compared to 2012 (6.3% drop based on published figures). Internet revenues are up 1.7% in 2013 on a like-for-like basis (up 1.6% based on published figures) and represent 63.3% of the Group's revenues in 2013 compared to 58.4% in 2012. Revenues from Printed Directories are down 15.8% compared to 2012 (17.3% drop based on published figures, including the impact of the discontinuation of the Printed directories in Spain at the end of 2012, and the sale of Editus – Luxembourg – at the end of September 2012).

The Group's gross operating margin amounts to €424.3 million in 2013, down 8.0% on a like-for-like basis compared to 2012 (8.7% drop based on published figures). In a context of a decrease in revenues, the control of commercial costs and the decrease in the costs of production of the printed directories allowed the Group to maintain a high gross operating margin of 42.5% in 2013, slightly down 1.1 point compared to 2012.

The Group's operating income decreased by 19.3% compared to 2012 at €329.2 million. The €78.8 million decrease in operating income results from the decrease in the gross operating margin for €40.2 million, from the increase in other operating expenses and income for €34.6 million primarily due to the partial depreciation in the assets of Yelster and to the provision for the restructuring of PagesJaunes SA, as well as from the increase in the depreciation and amortisation charge amounting to €4.0 million, following the increase in Internet investments since 2010.

The Group financial income represents a net expense of €132.3 million which decreased 2.8% between 2012 and 2013. The average interest rate of the debt increased 103 basis points, changing from 5.80% in 2012 to 6.83% in 2013 (143 basis points with the RCF drawing in January 2012). The 103 basis point increase is the result of the new conditions coming from the refinancing in autumn 2012.

The effective tax rate is 41.6% in 2013, stable compared to the rate of 41.3% in 2012. This stability can be explained by the 1.9 point increase in the Corporate Tax rate (increasing from 36.1% to 38.0% introduced by the Finance Law of 2013), a more unfavourable impact in 2013 compared to 2012 of the partial deductibility of financial interest for 1.0 point (base effect) and by the higher non-deductible losses on foreign subsidiaries in 2013 (impact of 1.2 points). These increases are offset by a favourable impact of 5.1 points linked to a favourable response to a tax claim concerning the non-capitalisation of the fixed remuneration for the sales force that took place in 2012.

Income for the period amounted to €114.8 million, down 27.6% compared to 2012.

The following table summarises the revenues and gross operating margin for each of the Group's three segments: Internet, Printed Directories and Other Businesses.

Solocal Group (in millions of euros)	Periods ending 31 December		
	2013	2012	Change 2013/2012
Internet	632.5	622.7	1.6%
Printed directories	344.7	416.6	-17.3%
Other Businesses	21.7	26.9	-19.3%
Revenues	**998.9**	**1,066.2**	**-6.3%**
Internet revenues as % of revenues	*63.3%*	*58.4%*	
Internet	267.4	269.6	-0.8%
Printed directories	150.9	184.8	-18.3%
Other Businesses	6.0	10.1	-40.6%
Gross operating margin	**424.3**	**464.5**	**-8.7%**
as % of revenues	*42.5%*	*43.6%*	

9.2.1 ANALYSIS OF THE REVENUES AND GROSS OPERATING MARGIN OF THE INTERNET SEGMENT

The following table shows the revenues and gross operating margin of the Internet segment in 2012 and 2013:

Internet (in millions of euros)	Periods ending 31 December		
	2013	2012	Change 2013/2012
Revenues	**632.5**	**622.7**	**1.6%**
Gross operating margin	**267.4**	**269.6**	**-0.8%**
as % of revenues	*42.3%*	*43.3%*	

Internet segment revenues rose 1.7% on a like-for-like basis (up 1.6% based on published figures) in 2013 to €632.5 million. The continued drop in the Display activity and the more marked slowdown in the growth of the Search activity affected growth in Internet business.

The gross operating margin of the Internet segment amounts to €267.4 million in 2013, stable on a like-for-like basis (down 0.8% based on published figures). The gross operating margin shows a moderate decrease of 1.0 point and dropped from 43.3% in 2012 to 42.3% in 2013, primarily affected by the slowdown in the Display activity, and also by the absence of non-recurring income (such as the income from the Research Tax Credit 2008 and 2009 recognised in 2012).

9.2.2 ANALYSIS OF THE REVENUES AND GROSS OPERATING MARGIN OF THE PRINTED DIRECTORIES SEGMENT

The following table shows the revenues and gross operating margin of the Printed Directories segment in 2012 and 2013:

Printed Directories (in millions of euros)	Periods ending 31 December		
	2013	2012	Change 2013/2012
Revenues	**344.7**	**416.6**	**-17.3%**
Gross operating margin	**150.9**	**184.8**	**-18.3%**
as % of revenues	*43.8%*	*44.4%*	

The revenues of the Printed Directories segment decreased by 17.3% in 2013 to €344.7 million. In France, revenue is down 15.8%. The discontinuation of the Paper business in Spain at the end of 2012 and the sale of Editus in September 2012 affected the decrease in the growth of the segment by 1.5 points. The decline in printed directories remains contained, in particular thanks to an adapted pricing policy.

The gross operating margin for the Printed Directories segment amounts to €150.9 million in 2013, down 17.5% on a like-for-like basis compared to 2012 (down 18.3% based on published figures). The gross operating margin rate has declined very slightly by 0.5 points, to 43.8% in 2013. The preservation of the margin rate reflects the continuation of sustained efforts to reduce the production, printing and distribution costs of Printed Directories, which declined significantly by 19% in 2013 (in France). The definitive discontinuation of the Printed Directories in Spain and the sale of Editus had no significant impact on the margin rate.

9.2.3 ANALYSIS OF THE REVENUES AND GROSS OPERATING MARGIN OF THE OTHER BUSINESSES SEGMENT

The following table shows the revenues and gross operating margin of the Other Businesses segment in 2012 and 2013:

Other Businesses (in millions of euros)	Periods ending 31 December		
	2013	2012	Change 2013/2012
Revenues	**21.7**	**26.9**	**-19.3%**
Gross operating margin	**6.0**	**10.1**	**-40.6%**
as % of revenues	*27.6%*	*37.5%*	

The revenues of the Other Businesses segment decreased by 19.3% in 2013 to €21.7 million. This was due to the sharp decrease in revenues from telephone directory enquiry services, and in revenues from advertisers and from calls made by users of this service.

The gross operating margin of the Other Businesses segment amounts to €6.0 million in 2013, down 40.6% compared to 2012.

The gross operating margin rate decreased from 37.5% in 2012 to 27.6% in 2013. The drop in the margin rate stems directly from the drop in revenue. As the advertising expenses to promote the telephone directory enquiry services (118 008) were discontinued in 2012, efforts in optimising the margin are now based primarily on controlling production costs and continuous initiatives to save on call processing costs.

9.2.4 ANALYSIS OF CONSOLIDATED OPERATING INCOME

The table below shows the Group's consolidated operating income in 2012 and 2013:

Solocal Group (in millions of euros)	Periods ending 31 December		
	2013	2012	Change 2013/2012
Gross operating margin	**424.3**	**464.5**	**-8.7%**
Employee profit-sharing	(15.4)	(14.7)	-4.8%
Share-based payment plans	(1.5)	(2.3)	34.8%
Amortisation	(40.7)	(36.7)	-10.9%
Other operating revenues and expenses	(37.4)	(2.8)	n/a
Operating income	**329.2**	**408.0**	**-19.3%**
As % of revenues	*33.0%*	*38.3%*	

9.2.4.1 EMPLOYEE PROFIT-SHARING AND SHARE-BASED PAYMENT

The employee profit-sharing in the Group amounted to €15.4 million in 2013, up 4.8% compared to 2012.

The expense for share-based payments amounted to €1.5 million in 2013 compared to €2.3 million in 2012. The expense in 2012 resulted from the stock option plans implemented in 2009 and 2010 as well as from free grants of shares carried out in October 2011, December 2011 and in December 2012, the expense in 2013 results from the same plans as well as from the free grants of shares carried out in December 2013.

9.2.4.2 DEPRECIATION AND AMORTISATION

The Group's depreciation and amortisation charges amounted to €40.7 million in 2013, compared to €36.7 million in 2012, an increase of 10.9%. This increase reflects the ongoing investments carried out by the Group in order to support its digital transformation, with in particular a revamping of the sales tools, the enhancements to the functionalities of the Group's fixed and mobile websites.

9.2.4.3 OTHER INCOME AND EXPENSES

Other operating expenses and income include in particular the result from disposals of non-financial assets, impairment on goodwill and on fixed assets, changes in fair value in price supplements granted in the framework of securities acquisitions and acquisition costs of shares, as well as restructuring costs.

Impairment on goodwill and on fixed assets amount to €10.0 million in 2013 (primarily on the Yelster assets) compared to €5.8 million in 2012.

The changes in fair value in price supplements resulted in income of €1.6 million in 2013 and €4.3 million in 2012.

The net restructuring costs generated by the commercial and marketing reorganisation of PagesJaunes amount to €28.1 million in 2013 of which €27.5 million relating to commercial and marketing organisation of PagesJaunes.

9.2.4.4 OPERATING INCOME

The Group's operating income for 2013 amounted to €329.2 million, down 19.3% compared to 2012. The rate of the Group's operating margin as a proportion of revenues decreased from 38.3% in 2012 to 33.0% in 2013.

9.2.5 ANALYSIS OF INCOME FOR THE PERIOD

The table below shows the Group's income for the period in 2012 and 2013:

Solocal Group (in millions of euros)	As at 31 December		
	2013	2012	Change 2013/2012
Operating income	**329.2**	**408.0**	**-19.3%**
Financial income	2.9	4.6	-37.0%
Financial expenses	(135.2)	(140.6)	3.8%
Gain (loss) on foreign exchange	—	—	—
Net financial income	**(132.3)**	**(136.1)**	**2.8%**
Share of profit or loss of an associate	(0.2)	(0.9)	77.8%
Income before tax	**196.7**	**271.0**	**-27.4%**
Corporate income tax	(81.9)	(112.4)	27.1%
Income for the period	**114.8**	**158.5**	**-27.6%**
of which attributable to: – Shareholders of Solocal Group	114.8	158.6	-27.6%
– Non-controlling interests	0.1	(0.1)	

9.2.5.1 FINANCIAL RESULT

The Group financial income represents net expense of €132.3 million in 2013 compared to €136.1 million in 2012. The financial income is primarily composed of interest expense relating to the bank loan, amounting to €1,297.4 million as at 31 December 2013 (€1,368.0 million as at 31 December 2012), and relating to the bond loan issued in 2011 for an amount of €350.0 million.

As at December 2013, the bank debt is hedged 62% by forward swaps and a collar. Taking scheduled repayments into account, this hedging rate will be about 72% between now and the maturity in September 2015.

The total interest expense is stable and amounts to €119.9 million in 2013, compared to €120.2 million in 2012. The average interest rate on the debt rose from 5.80% in 2012 (excluding RCF drawing) to 6.83% in 2013, which is an increase of 103 basis points associated particularly with the refinancing operations conducted in autumn 2012. The drop in debt allowed the increase in the cost of the debt to be offset almost entirely.

The financial income also includes the amortisation of loan issue expenses amounting to €12.2 million in 2013 compared to €13.5 million in 2012. Investment income amounted to €1.1 million in 2013 compared to €4.1 million in 2012 which had benefited from the income on the investment of the liquidities from drawing on the RCF. The change in the fair value of hedging instruments (portion recognised in profit or loss) represented non-cash income of €1.7 million in 2013 compared to net expense of €3.6 million in 2012.

9.2.5.2 CORPORATE TAX

The Group recorded a corporate tax charge of €81.9 million, down 27.1% compared to 2012. The effective tax rate is 41.6% in 2013, stable compared to the rate of 41.3% in 2012. This stability can be explained by the 1.9 point increase in the CIT rate (increasing from 36.1% to 38.0% introduced by the Finance Law of 2013), an impact that was more unfavourable in 2013 than in 2012 of the partial deductibility of financial interest for 1.0 point (base effect) and by the non-deductible losses on foreign subsidiaries that were higher in 2013 (impact of 1.2 points). These increases are partially offset by a favourable impact of 5.1 points linked to a favourable response to a tax claim concerning the non-capitalisation of the fixed remuneration for the sales force that took place in 2012.

9.2.5.3 INCOME FOR THE PERIOD

The Group's income for the period amounted to €114.8 million in 2013, compared to €158.5 million in 2012, a decrease of 27.6% between the two periods.

CONSOLIDATED LIQUIDITIES, CAPITAL RESOURCES AND INVESTMENT EXPENSES

10

10.1 CONSOLIDATED LIQUIDITIES, CAPITAL RESOURCES AND INVESTMENT EXPENSES

The table below shows the consolidated Group's cash position in the years ending on 31 December 2012 and 31 December 2013:

Solocal Group in million euros	As at 31 December 2013	As at 31 December 2012
Accrued interest not yet due	0.0	0.0
Cash and cash equivalents	75.5	111.5
Cash	**75.6**	**111.5**
Bank overdrafts	(2.5)	(19.6)
Net cash	**73.1**	**91.9**
Bank borrowing	1,297.5	1,368.2
Bond loan	350.0	350.0
Revolving credit facility	—	75.8
Loan issue expenses	(25.4)	(37.6)
Capital leases	0.0	0.1
Fair value of hedging instruments	20.2	54.6
Accrued interest not yet due	6.3	16.7
Earn-outs	3.3	4.9
Other financial liabilities	0.8	0.8
Gross financial debt	**1,652.7**	**1,833.6**
of which current	*136.4*	*147.0*
of which non current	*1,516.2*	*1,686.6*
Net debt	**1,579.6**	**1,741.7**
Net debt excl. fair value of hedging instruments and loan issue expenses	**1,584.8**	**1,724.7**

The Group's net debt amounted to €1,579.6 million on 31 December 2013 compared to €1,741.7 million on 31 December 2012. It is down €162.1 million compared to 31 December 2012.

As at 31 December 2013, it mainly comprised:

- a bank loan, for a total amount of €1,297.4 million, comprised of 2 tranches:
- Tranche A3 for an amount of €954.5 million of which €71.7 million maturing in January, April, July and October 2014 (including the €41.7 million cash sweep paid in February 2014) and the balance, which is €882.8 million, maturing in September 2015,
- Tranche A5 for an amount of €342.8 million of which €54.3 million maturing in January, April, July and October 2014 and the balance, which is €288.5 million, maturing in September 2015.
- the fair value of hedging instruments which represents a debt of €20.2 million as at 31 December 2013. As at 31 December 2013, the bank debt is hedged 62% by forward swaps. Taking scheduled repayments into account, this hedging rate will be about 72% between now and the maturity in September 2015.
- a revolving credit line not drawn as at 31 December 2013; the total amount available is €71.0 million.
- a bond loan amounting to a total of €350.0 million at a fixed rate of 8.875% repayable in mid-2018, the proceeds of which were made available to the Company under (and according to the conditions of) Tranche C1 described below.

- net cash of €73.1 million.

As at 31 December 2013, the revolving credit line was not drawn; the amount available amounts to €71.0 million. Including the cash flow as at 31 December 2013, available cash thus amounts to €144.0 million.

Excluding the fair value of interest rate hedging instruments, representing a liability of €20.2 million as at 31 December 2013, compared to a liability of €54.6 million as at 31 December 2012, and excluding loan issue expenses of €25.4 million as at 31 December 2013, compared to €37.6 million as at 31 December 2012, the net debt amounted to €1,584.8 million as at 31 December 2013, compared to €1,724.7 million as at 31 December 2012.

The Company's syndicated credit facility, amended in November 2012, has the following financial covenants.

- The ratio of consolidated net debt on an aggregate close to the consolidated GOM (the "**Leverage Ratio**") must be lower than or equal to 3.75 at 31 December 2013 and on the last day of each quarter over the remaining term of the facility (GOM and consolidated net debt as defined in the credit agreement concluded with the financial institutions); and
- The ratio of an aggregate close to the GOM consolidated by the consolidated net interest charges must be higher than or equal to 3.00 on the last day of each quarter over the remaining term of the facility (GOM and consolidated net debt as defined in the credit agreement concluded with the financial institutions).

As at 31 December 2013, these financial covenants are being complied with, and no non-current debt needs to be reclassified as current debt. These ratios are fixed at 3.73x and 3.57x respectively.

As regards sensitivity, a reduction of 0.4% in GOM would lead to an increase in the Leverage Ratio of 0.02, and would bring it to its limit of 3.75x. A drop of 2% in net debt would lead to a decrease in the Leverage Ratio of 0.07.

The Company's syndicated credit facility also contains compulsory early repayment clauses, in particular:

- A compulsory early repayment clause to apply in the event of a change in control of the Company resulting from the purchase of the Company's shares; and
- A partial early repayment clause for each quarter, in the amount of a percentage of consolidated Group cash flow reduced by servicing of the debt (which includes voluntary early repayments). This percentage varies depending on the level of the Leverage Ratio.

The Company's syndicated credit facility also includes certain commitments (subject to a number of exceptions) to be applied or not applied to the Company and/or its subsidiaries, which include the following in particular:

- Obligation to maintain certain authorisations;
- Restrictions on granting security interests;
- Restrictions on mergers, splits or other forms of restructuring;
- A commitment not to change the general nature of the Company's or the Group's business compared with their business as at the date the syndicated credit facility was signed;
- Restrictions relating to financial debt that could be incurred by the Company's subsidiaries; and
- A prohibition on the Company making dividend distributions, share repurchases, amortisations and capital reductions, and other cash distributions relating to its capital while the Leverage Ratio is greater than 3.0:1.0.

Finally, the Company's syndicated credit facility includes the usual default clauses (among others, in the event of payment default, failure to adhere to the financial covenants or the Company's undertakings (including the undertakings indicated above), cross-default, commencement of a procedure for the prevention or treatment of company difficulties) that allow the lenders to declare accelerated performance of the term of the credits they have granted the Company, and to cancel their undertakings under the Company's syndicated credit facility.

The bond loan for €350 million referred to above was issued by PagesJaunes Finance & Co SCA (not an affiliated Company entity), and its proceeds have been used by the Company to finance the Company making available a Tranche C1 under the Company's syndicated credit facility. Tranche C1 bears interest at a fixed rate of 8.895% and is repayable on 1 June 2018.

The compulsory early repayment clause in the Company's syndicated credit facility to apply in the event of a change in control of the Company does not apply to Tranche C1. In the event of a change in control of the Company, the Company must pay PagesJaunes Finance & Co SCA (the sole lender in respect of Tranche C1) an amount in respect of Tranche C1 that will enable PagesJaunes Finance & Co SCA to repurchase bonds relating to the bond loan indicated above from bondholders who wish to take such action.

PagesJaunes Finance & Co SCA and the Company have moreover signed a separate agreement making special provision for a number of commitments (subject to some exceptions), to be applied or not applied to the Company and/or its subsidiaries, which include in particular commitments referring to the same subjects as those provided by the Company's syndicated credit facility, as indicated above, and the following commitments:

- Restrictions relating to financial debt that could be incurred by the Company and its subsidiaries; and
- A prohibition on making certain payments, specifically in respect of dividend distributions, acquisitions, and the granting of loans.

Borrowing conditions and the debt maturity schedule are described in Notes 26 and 29 of the Notes to the Consolidated Financial Statements in chapter 20.1 – Historical Financial Information.

The table below shows the cash flows of the consolidated Group for the years ending on 31 December 2012 and 31 December 2013:

Solocal Group in million euros	As at 31 December 2013	2012	Change 2013/2012
Net cash from operations	191.4	226.5	(35.1)
Net cash used in investing activities	(59.9)	(40.2)	(19.7)
Net cash provided by (used in) financing activities	(150.2)	(172.4)	22.2
Impact of changes in exchange rates on cash	—	0.0	(0.0)
Net increase (decrease) in cash position	**(18.8)**	**13.8**	**(32.6)**
Net cash and cash equivalents at beginning of period	91.9	78.1	13.8
Net cash and cash equivalents at end of period	**73.1**	**91.9**	**(18.8)**

Net cash and cash equivalents amounted to €73.1 million as at 31 December 2013, compared to €91.9 million as at 31 December 2012.

The net cash from operations amounted to €191.4 million in 2013 compared to €226.5 million in 2012, representing a decrease of €35.1 million due mainly to:

- a gross operating margin of €424.3 million in 2013, down €40.2 million compared to 2012,
- neutralisation of non-monetary items included in GOM amounting to €6.5 million in 2013 compared to €0.4 million in 2012,
- an increase in the working capital requirement of 2.5 million in 2013 compared to a decrease of €6.0 million in 2012, representing a greater resource of €3.5 million between the two periods,
- a net disbursement in 2013 of €128.4 million in respect of net financial interest compared to €107.2 million in 2012, of which about €10 million is linked to a shift in the payment in 2013 of interest owed in respect of 2012,
- a disbursement of €85.7 million in respect of corporate tax in 2013 compared to €107.5 million in 2012; this drop is related to the reduction in the income before tax which was partially offset by more rigorous tax conditions (additional tax increasing from 5% to 10.7%).

The net cash used in investing activities represents a disbursement of €59.9 million in 2013, compared to €40.2 million in 2012. That represents an increase of €19.7 million, mainly comprising:

- €55.3 million in respect of acquisitions of tangible and intangible fixed assets in 2013 compared to €42.6 million in 2012, reflecting strengthening in investments carried out in the context of launching new products and services for customers, the revamping of the sales tools and enhancements to the functionalities of the Group's fixed and mobile Internet sites,

The net cash used in financing activities amounted to €150.2 million in 2013 compared to €172.4 million in 2012, representing a decrease of €22.2 million due mainly to:

- a decrease of €149.4 million in financial liabilities in 2013 (including contractual repayments of the bank loan for €70.7 million, the repayment of the RCF for €75.8 million and a disbursement of €2.7 million in respect of part of the refinancing expenses in 2012) compared to a decrease of €172.2 million in financial liabilities in 2012 (including a repayment of the bank loan for €288.4 million, a net drawing on the RCF for €132.3 million and a disbursement of €14.6 million in respect of expenses relating to refinancing),
- disbursements in respect of own shares amounting to €0.8 million in 2013 compared to disbursements of €0.2 million in 2012.

10.2 EVENTS SUBSEQUENT TO THE CLOSING DATE OF 31 DECEMBER 2013

Solocal Group intends to launch a capital increase for an amount of €440 million, and initiate discussions concurrently with its lenders to extend bank debt maturities from 2015 to March 2020 [1], in exchange for a partial repayment; both transactions are conditional one to the other.

The capital increase which will be proposed to the Extraordinary General Shareholders' Meeting on 29 April 2014 is comprised of a €361 million capital increase with preferential subscription

(1) Option for Solocal Group to extend bank debt maturities to March 2020, in exchange for a refinancing of the €350 million senior secured notes

rights, preserving the interests of existing shareholders, and a €79 million reserved capital increase.

The capital increase is fully guaranteed by Solocal Group's largest shareholder, Médiannuaire Holding, and by a group of institutional investors including, among others, four of its largest debt-holders and two financial intermediaries.

The Company issued the following press release on 13 February 2014 relating to this financial operation:

"Solocal Group announces that it plans to launch a capital increase and is initiating today discussions with its lenders in order to seek their consent to extend the maturities of its bank debt facilities, which mature in September 2015, in exchange for a prepayment of €400 million. The envisaged transaction would significantly and durably strengthen the Group's capital structure and its capacity to sustain digital business growth. The Group hereby also reiterates its outlook for 2014 on the back of the positive progress made in its "Digital 2015" plan.

In relation to the transaction, Mr Jean-Pierre Remy, Chairman and CEO of Solocal Group, said:

"This transaction, which remains conditional on approval by our shareholders and consent from our debt holders, will represent a significant and long-term strengthening of Solocal Group's capital structure. It represents a unique opportunity to write a new chapter in the Group's history. From now on, we will have the necessary financial resources to accelerate our Digital 2015 transformation program and the growth of our Internet business".

A capital increase of €440 million

The €440 million capital increase would comprise two tranches:

- A **capital increase with preferential subscription rights** (the "Rights Issue") of €361 million open to existing shareholders and
- A €79 million **reserved capital increase**, without preferential subscription rights, to four institutional investors which are providing backstop commitments for the rights offering. Allocation in the reserved capital increase will be made on a pro-rata basis of each investor's underwriting commitment.

Subscription prices for the Rights Issue and the reserved capital increase will be identical and determined, following the Extraordinary General Meeting (the "EGM") approving the capital increases, by the Board of Directors in accordance with the following formula:

- the higher of: (i) a 35% discount to the theoretical ex-rights price ("TERP", which means the fully diluted theoretical share price ex rights pro forma for the Rights Issue and the Reserved Capital Increase) where the cum rights share price used to calculate the theoretical ex-rights price shall be the lower of (a) the volume weighted average trading price on the full trading day immediately preceding the decision of the Board of Directors and (b) the volume weighted average trading price on the five full trading days immediately preceding the decision of the Board of Directors; and (ii) the nominal value of the existing shares of the Company (i.e. €0.20).
- The subscription price will not exceed €0.50 per share.

Full guarantee of the transaction

The €440 million capital increase is fully subscribed or backstopped in cash by certain shareholders, institutional investors and financial intermediaries:

- Médiannuaire Holding (MDH), Solocal Group's largest shareholder, has agreed to (i) commit to exercise its rights for an amount of €25 million, or (ii) transfer its rights to Cerberus, so that it will exercise them
- Five institutional investors (Paulson & Co. Inc., Amber Capital, Credit Suisse, Praxient and Boussard & Gavaudan) are providing a backstop commitment of €355 million;
- Morgan Stanley, acting as Sole Global Coordinator and Joint Bookrunner, and BNP Paribas, acting as Joint Bookrunner, have agreed to underwrite up to €60 million in aggregate in the Rights Issue.

The reserved capital increase will be open to Paulson & Co. Inc., Credit Suisse, Praxient and Amber Capital. New shares subscribed in the reserved capital increase by Paulson & Co, Amber Capital, Credit Suisse Securities and Praxient will be subject to a 180-day lock-up starting after the date of issuance of the new shares.

Solocal Group will itself refrain from buying or selling its shares for the same period of time.

Furthermore, DNCA Finance and Edmond de Rothschild AM, who are two of the largest shareholders of Solocal Group have already committed to subscribe to their prorata of the Rights Issue.

The transaction is fully backstopped for a 4-months period starting 13 February 2014.

Debt partial prepayment and extension

The envisaged capital increase and the backstopped commitments are conditional on the extension to March 2018 of at least 90% of the debt facilities maturing in September 2015, with an option to further extend to 2020 (subject to the outstanding bond issue maturing in September 2018 not being greater than €35 million) and on the amendment of certain clauses of Solocal Group's debt facilities documentation.

Solocal Group has therefore initiated discussions requesting an extension of its debt facilities maturities. The Group has proposed the immediate repayment of €400 million in exchange for extension of the maturity of its bank facilities. In this context the Company has moreover accepted maintenance of the existing dividend blocker for as long as its net debt is greater than three times the GOM, and the level of its net debt/gross operating margin financial leverage covenant would be increased.

The Group sought the consent of a minimum of 90% of the A3, A5 and B3 debt facilities, and in this context has opened conciliation proceedings (a court-supervised consensual negotiation with such lenders) in order to achieve this threshold. Following the conciliation proceedings the minimum consent threshold of 90% of lenders has not been reached, but more than two-thirds of the lenders of the A3, A5 and B3 debt facilities are in favour of the refinancing. In a ruling of the Nanterre Commercial Court of 9 April 2014, the Company has therefore opened a procedure known as *Sauvegarde Financière Accélérée* (the "SFA", French equivalent to the UK Scheme of Arrangement). The SFA would provide the Group with the ability to implement the extension of its debt maturities binding 100% of the lenders within a very short timeframe.

In this context, Solocal Group has announced that PagesJaunes Finance & Co. S.C.A., the issuer of its €350 million 8.875% senior secured notes due 2018 (the "Notes"), has obtained consent from the holders of the Notes to enable Solocal Group to initiate, if required, certain French creditor proceedings including conciliation proceedings and SFA.

Solocal Group aims at successfully finalizing the discussions with its lenders before the EGM approving the capital increase.

Governance

The Board of Directors composition may be amended post completion of the transaction to reflect the pro forma ownership of Solocal Group, subject to General Shareholders' Meeting approval, in compliance with AFEP-MEDEF rules.

MDH, its largest shareholder Cerberus, and the five institutional investors have declared they are not acting in concert. None of the investors would cross the threshold of 30% in capital or voting rights post transaction.

Shareholder approval and other conditions precedent

The capital increase and the implementation of the debt refinancing are inter-conditional.

A prospectus will be published once an AMF visa has been obtained, describing the characteristics of the Rights issue and the reserved capital increase.

Resolutions related to the Rights issue and to the reserved capital increase will be submitted to the approval of Solocal Group's shareholder at the EGM to be held on 29 April 2014.

Envisaged timeline

Solocal Group's objective is to finalise the capital increase and the debt refinancing in the shortest timeframe possible.

Subject to conditions precedent being met, the capital increase will be launched in May, 2014.

11 RESEARCH AND DEVELOPMENT

At the cutting edge of its sector, the Solocal Group conducts high-performance research and innovation thanks to its teams and numerous partnerships. These teams bring together the best specialists in their respective fields with the aim of promoting innovation and excellence.

The amount and breakdown of business developments costs are given on Note 12 of the Notes to the Consolidated Financial Statements for financial year 2013, in chapter 20.1 – Historical Financial Information.

12.1 MAIN TRENDS AFFECTING THE GROUP'S BUSINESS

See chapters 9 and 10.

12.2 TRENDS THAT MAY AFFECT THE GROUP'S BUSINESS

The main trends liable to influence the Group's activity in 2013 are associated with developments in the advertising market in France and in Spain, particularly in local communication, which are expected to affect the commercial prospecting of Solocal Group.

12.3 EVENTS SUBSEQUENT TO CLOSING ON 31 DECEMBER 2013

The Company has made public the following information (please see section 10.2 of chapter 10 – Consolidated Liquidities, Capital Resources and Investment Expenses):

- On 13 February 2014, Solocal Group announced its intention to implement a capital increase and on the same day start discussions with its lenders, for extension of the term of bank debt maturing in September 2015, in consideration for a repayment of €400 million;
- On 27 February 2014, Solocal Group announced the approval of the noteholders of PagesJaunes Finance & Co. S.C.A for amendment of the documentation relating to the senior secured notes due in 2018;
- On 4 March 2014, Solocal Group announced that it would continue discussions with its lenders assisted by a conciliator, the lawyer Frédéric Abitbol;
- On 25 March 2014, Solocal Group announced that it had obtained the approval of two-thirds of the lenders of tranches A3, A5 and B3, and was intending to implement the Bank Refinancing Operation via a Rapid Financial Safeguard Procedure (SFA), which would make the Bank Refinancing Operation applicable to all lenders of A3, A5 and B3;
- On 9 April 2014, Solocal Group announced that it was starting an SFA procedure in order to facilitate implementation of its refinancing plan.

The Company has also convened an Extraordinary General Meeting of Shareholders to be held on 29 April 2014 in order to make a statement on the proposed capital increase.

13 PROFIT FORECASTS OR ESTIMATES

Forward-looking information

This forward-looking information is provided for 2014, in a context of deep transformation of the Group, particularly through the execution of the Digital 2015 programme.

On 13 February 2014, Solocal Group confirmed its 2014 outlook. 2014 will be a year of structural changes, especially in the commercial area.

In this context and in light of a mediocre economic environment, the outlook for 2014 is:

- Revenues decrease between -3% and -6%
- Normalised gross operating margin expected of between €355 million and €375 million.

Digital 2015 investments will allow a return to growth in 2015 and generation of about 75% of revenues on Internet.

Macroeconomic assumptions

Solocal Group anticipates that the advertising market will remain very weak in 2014, in a context of keen competition on digital media.

Internal Company assumptions

In addition, forecast revenues are based essentially on developments in the Group's product mix, in an economic context that remains uncertain.

- Confirmation of the fall in revenues of Printed Directories, while remaining close to the revenues published in 2013, in other words a fall comparable to that recorded in 2013;
- Developments in Internet revenues that would benefit from the commercial reorganisation to be finalised during the course of 2014, which would therefore start to show results in the second half of 2014.

The normalised forecast gross operating margin includes the effect of changes to employment contracts and an increase in the fixed portion of remuneration of the sales force as from the second half of 2014, and a restatement enabling neutralisation of a proportionate part of the variable remuneration of sales staff paid in 2013 in respect of 2014, recognised in the accounts as at 31 December 2013 under acquisition costs of contracts. This provision is based on the following levers:

- Very strong impact on the margin of the decrease in consolidated revenues (between -3% and -6%);
- Investment of around €25 million over 2014 in the new customer organisation and in digital transformation ("Digital 2015" programme);
- Control and continuing optimisation of structural and production costs, particularly those connected with production of the printed directories.

The forecasts presented above are made on an accounting basis in accordance with the accounting methods applied by Solocal Group, as presented in the Notes to the Consolidated Financial Statements 2013, with a scope identical to that of 2013.

The gross operating margin prospects for 2014 are based on data, assumptions and estimates considered to be reasonable by Solocal Group. They may develop or change owing to uncertainties connected, among other things, with the economic environment. The impact of the new commercial organisation on revenues will still be low in 2014, giving the rate of accounting recognition of digital revenues. Notwithstanding this, the Group reiterates its aim to resume overall growth in 2015 and to achieve around 75% of its revenues on the Internet.

Statutory Auditors' Report on the Annual Results Forecasts

Dear Chairman,

In our capacity as Statutory Auditors, and pursuant to Regulation (EC) 809/2004, we have prepared this report on the forecast results of Solocal Group, included in part 13 of its *document de référence* dated 15 April 2014.

These forecasts and the significant assumptions underlying them have been prepared at your responsibility, pursuant to the provisions of Regulation (EC) 809/2004 and the CESR recommendations on forecasts.

On the basis of our work, it is our duty to express an opinion, in the terms required by Annex I Point 13.2 of Regulation (EC) 809/2004, on the appropriateness of the way these forecasts were prepared.

We have conducted our review using the procedures we considered necessary, taking into account the professional rules of the French National Institute of Auditors (*Compagnie nationale des commissaires aux comptes*) that cover this task. This work included an assessment of the procedures established by the Management for preparing forecasts, and also conducting procedures which would enable us to verify that the accounting methods used conform to those followed when preparing the historical information of Solocal Group.

Our work also consisted in collecting the information and explanations we judged necessary in order to enable us to have reasonable certainty that the forecasts were properly prepared on the basis of the assumptions stated.

We wish to note that, in the case of forecasts that are by their nature uncertain, the actual results will in some cases differ significantly from the forecasts presented, and that we are not drawing any conclusions as to the possibility of these forecasts being fulfilled.

In our opinion:

- The forecasts have been prepared appropriately on the basis indicated:
- The accounting basis used for the purposes of these forecasts complies with the accounting methods applied by Solocal Group.

This report has been issued for the sole purpose of registration by the French Financial Markets Authority (AMF) of this *document de référence* and, as the case may be, for public offering in France and in other countries of the European Union where a prospectus including this *document de référence* as required by the AMF would be notified, it may not be used in any other context.

Neuilly-sur-Seine and Paris-La Défense, 15 April 2014
Statutory Auditors

Deloitte & Associés	Ernst & Young Audit
Ariane BUCAILLE	Denis THIBON

14 ADMINISTRATIVE AND MANAGEMENT BODIES

14.1 COMPOSITION OF THE BOARD OF DIRECTORS

As at the date of this document, the following are members of the Board of Directors:

- Thierry Bourguignon;
- François de Carbonnel;
- Elie Cohen;
- Sandrine Dufour;
- Steven Mayer;
- Médiannuaire Holding represented by John Ryan;
- Lee Millstein;
- Cécile Moulard;
- Jean-Pierre Remy;
- Rémy Sautter; and
- Marc Simoncini.

Name	Nationality	Position	Date of appointment	Expiry of term of office	Other positions and main offices in all companies in past 5 years
Thierry Bourguignon PagesJaunes 7 avenue de la Cristallerie 92310 Sèvres, France	French	Director representing personnel Member of the Remuneration and Appointments Committee	20 July 2011	20 July 2016	None **Offices no longer held:** None
François de Carbonnel Solocal Group 7 avenue de la Cristallerie 92310 Sèvres, France	French	Lead Director Chairman of the Remuneration and Appointments Committee	27 May 2004	General Shareholders' Meeting to be held in 2014	Chairman of Asian Wealth Fund (Singapore) Director of Amgen Inc. (listed company – USA) Director of GFI SA – Groupe Foncier d'Île-de-France (France) Director of Mazars (France) Director of FdeC Services Ltd (UK) **Offices no longer held:** Director and Chairman of the Audit Committee of Thomson (France) Director of Nixxis SA (Luxembourg) Chairman of the Board of Directors of Thomson (France) Director of Quilvest SA (Luxembourg) Director of Ecofin Hedge Fund Limited (Ireland) Director of Ecofin Special Situations Funds Limited (Ireland)
Elie Cohen Institut d'Etude de Sciences Politiques 2 square de Luynes 75007 Paris, France	French	Director Member of the Audit Committee Member of the Strategic Committee	27 May 2004	General Shareholders' Meeting to be held in 2014	Research Director at CNRS (France) Professor at Institut d'études politiques de Paris (France) Member of the Supervisory Board of Groupe Steria (listed company – France) **Offices no longer held:** Director of EDF Énergies Nouvelles (listed company – France) Chairman of the Scientific Committee and Director of Vigéo (France) Director of Orange (listed company – France) Vice Chairman of the Supreme Council of the Public Sector (France) Member of the Economic Analysis Board for the Prime Minister (France)

Name	Nationality	Position	Date of appointment	Expiry of term of office	Other positions and main offices in all companies in past 5 years
Sandrine Dufour SFR 12 rue Jean-Philippe Rameau 93694 La Plaine Saint Denis cedex, France	French	Director	23 April 2013	General Shareholders' Meeting to be held in 2014	Executive Director of Finance and Strategy of Groupe SFR (France) Chairman and CEO of CID SA (France), Chairman and CEO of SNBL SA (France) Permanent Representative of SFR de SFD SA (France) Director of SFR (France) Permanent Representative of SFR Service Client SA (France) Permanent Representative of SFR Collectivités SA (France) Director of Société Financière de Communication et du Multimedia SA (France) Permanent Representative of SFR de Ltb-R SA (France) Member of the Supervisory Committees of Foncière Rimbaud 1 SAS, Foncière Rimbaud 2 SAS, Foncière Rimbaud 3 SAS, Foncière Rimbaud 4 SAS (France) Member of the Strategic and Financial Committee of La Poste Telecom SAS (France) Member of the Supervisory Committee of Numergy SAS (France) Chairman of the Board of Directors of LDCom Italy (France) Chairman of the Board of Directors of LDCom Suisse (Switzerland) Member of the Audit Committee of Maroc Telecom (Morocco) **Offices no longer held:** Chairman and Director of CEREP (France) Director of Watchever Group (formerly Vivendi Mobile Entertainment) (France)
Steven Mayer Cerberus California LLC, 11812 San Vicente Boulevard, Suite 300, Los Angeles, CA 90049, USA	American	Director	26 March 2013	General Shareholders' Meeting to be held in 2014	Senior Managing Director, jointly responsible for Global Private Equity business and Chairman of the Investments Committee of Cerberus Capital Management, L. P. (USA) Director of BlueLinx Holdings Inc. (listed company – USA) Director of Grifols S.A. (listed company – USA) Director of Innkeepers USA LLC (USA) Director of Spyglass Entertainment Holdings, LLC (USA) Director of TransCentra Inc. (USA) Director of YP Holdings LLC (USA) **Offices no longer held:** Director of DecisionOne Corporation Electropharmacology, Inc. (USA) Director of LNR Property Holdings Ltd. (listed company – USA) Director of Talecris Biotherapeutics Holdings, Inc. (listed company – USA)

Name	Nationality	Position	Date of appointment	Expiry of term of office	Other positions and main offices in all companies in past 5 years
Médiannuaire Holding, represented by John Ryan 24, rue Jean Goujon 75008 Paris, France	—	Director Member of the Audit Committee	26 March 2013	General Shareholders' Meeting to be held in 2016	Chairman and founder of 22nd Century Media, LLC (USA) Honorary Director – Josephinum Academy, (charity work) Chicago, IL (USA) **Offices no longer held:** Financial Director for Best Buy Acquisition Corp (listed company – USA) Member of the Board of Partners – Metropolitan Family Services Chicago, IL (USA) Member of the Development Commission – Chicago Symphony Orchestra, Chicago, IL (USA) Director of Spherion (formerly Tatum LLC) (listed company – USA) Director of K12.com (listed company – USA) Director of FirstHealth (USA) Director of Turtle Wax (USA) Director, member of the Investment Commission, member of the Programmes Commission and member of the United Way working party – Metropolitan Family Services, Chicago, IL (USA) Member of the Management Board of Chicago Symphony Orchestra, Chicago, IL (USA) Member of the Management Board of The Nature Conservancy, Arlington, VA (USA) Director of Minnesota Orchestra, Minneapolis, MN (USA)
Lee Millstein Cerberus Capital Management 875 3rd Avenue New York, NY 10022 USA	American	Director Member of the Remuneration and Appointments Committee	26 March 2013	General Shareholders' Meeting to be held in 2014	Senior Managing Director of Cerberus Capital Management L. P. (USA) Chairman of Cerberus European Investments LLC (USA) Managing Director of S-H Japan GP, LLC. (USA) Director of Ursus Alfa, SL (Spain) Director of Cerberus Iberia Advisors, SL (Spain) Director of Promontoria Brick, SL (Spain) Director of Promontoria Bee, SL (Spain) Director of Promontoria Sierra, SL (Spain) Director of Admiral Taverns Brit Holdings Limited, (United Kingdom) Director of Admiral Taverns Brit Intermediate Holdings Limited (United Kingdom) Director of Admiral Taverns Brit Midco 1 Limited (United Kingdom) Director of Admiral Taverns Brit Midco 2 Limited (United Kingdom) Director of Admiral Taverns Brit Bidco Limited (United Kingdom) **Offices no longer held:** Director of Aozora Bank (listed company – USA)

Name	Nationality	Position	Date of appointment	Expiry of term of office	Other positions and main offices in all companies in past 5 years
Cécile Moulard SIXIEME CONTINENT 5 rue de la Baume 75008 Paris, France	French	Director Member of the Remuneration and Appointments Committee Member of the Strategic Committee	26 March 2013	General Shareholders' Meeting to be held in 2016	Director of MilleMercis (listed company – France) Director of Internet incubator holding company of Truffle Capital (France) Director of AXA France (IARD-Vie) (France) Director of INEA (France) **Offices no longer held:** None
Jean-Pierre Remy Solocal Group 7 avenue de la Cristallerie 92310 Sèvres, France	French	Director Chairman and CEO	17 May 2009	General Shareholders' Meeting to be held in 2014	Chairman of the Board of Directors and Director of PagesJaunes (France)* Director of PJMS (France)* Director of Mappy (France)* Chairman of the Board of Directors and Director of QDQ Media (Spain)* **Offices no longer held:** CEO of PagesJaunes (France) Chairman of Egencia LLC (USA) Chairman and CEO of Egencia Europe SA (France) Director of Egencia UK (United Kingdom) Director of Egencia GmbH (Germany) Chairman of the Board of Directors and Director of Médiannuaire Holding (France)
Rémy Sautter RTL 22 rue Bayard 75008 Paris, France	French	Director Chairman of the Audit Committee	27 May 2004	General Shareholders' Meeting to be held in 2014	Chairman and CEO of Bayard d'Antin (France) Chairman of the Supervisory Board of Ediradio/RTL (France) Member of the Supervisory Board of M6 (France) Director of Partner Re (USA) Chairman of the Board of Directors and Director of Technicolor (France) **Offices no longer held:** Director of M6 Publicité (France) Director of Wanadoo (France) Chairman of Sicav Multimedia et Technologies (United Kingdom) Director of Taylor Nelson Sofres (listed company – United Kingdom) Director of Thomson (France)
Marc Simoncini JAÏNA 1 rue François 1er 75008 Paris, France	French	Director	26 March 2013	General Shareholders' Meeting to be held in 2016	Chairman of Jaïna Capital SAS (France) Chairman of Jaïna Ventures SAS (France) Chairman of Jaïna Patrimoine SAS (France) Chairman of Jaïna Gestion SAS (France) Director of Ziloc (France) Chairman of Sensee SAS (France) Director of Regime Coach (France) Director of Appsfire SAS (France) Permanent Representative of Jaïna Patrimoine, Director of Aztec SAS (France) Permanent Representative of Jaïna Patrimoine, Director of Devialet SA (France) **Offices no longer held:** Chairman of the Supervisory Board of Groupe Prestigium (France) Director of Meetic (listed company – France) Director of Homair (listed company – France)

* *Solocal Group subsidiary*

INDEPENDENT DIRECTORS

The Board of Directors comprises six independent members, Ms Cécile Moulard and Ms Sandrine Dufour and Mr François de Carbonnel, Mr Elie Cohen, Mr Rémy Sautter and Mr Marc Simoncini.

The qualification criteria for independent directors are in accordance with the AFEP/MEDEF Corporate Governance Code.

There are no family connections between the members of the administrative and management bodies.

DIRECTORS' BIOGRAPHIES

Thierry Bourguignon joined PagesJaunes in November 1988 and has worked on all commercial levels. He is currently a Master Plus commercial adviser in the Bordeaux office. He also served as a trade union representative until his appointment to the Board of Directors of Solocal Group on 20 July 2011.

François de Carbonnel holds company directorships and provides consultancy. Until the end of 2006 he served as a Senior Adviser for Citigroup's Global Corporate and Investment Bank. He joined Citigroup at the end of 1999 as CEO of the Global Corporate and Investment Bank. After 10 years at Boston Consulting Group (Boston, Paris, Chicago) from 1971 to 1981, he served from 1981 to 1990 as President of Strategic Planning Associates (Washington, DC), which subsequently became Mercer Management Consulting. After it was acquired by Marsh McLennan, he joined General Electric (United States) as President of GE Capital-Europe and Vice-President of General Electric. In 1993 he was appointed as Vice-President of Booz Allen et Hamilton in Paris, and then in 1994 as Chairman and Chief Executive Officer of Midial S.A., a position he held until 1998. He also served as Chairman of the Supervisory Board of GE Capital-SNC between 1996 and 1998. Born in 1946, François de Carbonnel is a graduate of the *École centrale* in Lyon, the Faculty of Economic Sciences in Lyon and the business school of Carnegie-Mellon University, Pittsburgh, United States.

Elie Cohen has had a dual career as a researcher and higher education teacher. After working as a student researcher at the *École des mines* and then as a research officer at the Innovation Sociology Centre of the *École des mines*, he joined CNRS as Research Director in the Public Policy Analysis Group at Paris-1 and then at the French Political Studies Centre of the *Fondation nationale des Sciences politiques*. As an associate professor and then as a professor, Elie Cohen taught at the *Institut d'études politiques* in Paris, the *École normale supérieure* Ulm, the *École nationale d'administration* and at the School of Engineering at Harvard. After writing many articles in scientific journals, Elie Cohen published a number of works on industrial economics and public policy both in France and abroad. As an economist, Elie Cohen has participated in the work of parliamentary and executive committees. He was a member of the Board of Directors of France Télécom from 1991 to 1995 and of the Board of Directors of Orange between 2003 and 2007. He served as a member of the scientific committee of the *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 doctorates in management and political sciences.

Sandrine Dufour has been Executive Director of Finance and Strategy of Groupe SFR since May 2013. Prior to that, Sandrine Dufour was successively a representative to the Chief Financial Officer of Vivendi, Chief Financial Officer of VU Net and then Director of Internal Audit and special projects for Vivendi, based in New York, then Deputy Chief Financial Officer of Vivendi and Innovation Director of Groupe Vivendi. Before joining Vivendi in 1999, Sandrine Dufour was a financial analyst for BNP, then for the stockbrokers CAI Cheuvreux. Sandrine Dufour has a degree from ESSEC Business School, SFAF (French Society of Financial Analysts) and CFA (Chartered Financial Analyst).

Steven Mayer is Senior CEO, co-manager of Private Equity business and Chairman of the Investment Committee of Cerberus Capital Management, L.P. ("Cerberus"). Before joining Cerberus in 2002, Mr Mayer filled the positions of CEO of Gores Technology Group and of Libra Capital Partners, L.P. Before that, Mr Mayer was a lawyer at Sullivan & Cromwell. Mr Mayer is a graduate of Princeton University and the Harvard Law School.

Lee Millstein is the Senior CEO of Cerberus Capital Management L.P. ("Cerberus") and Chairman of Cerberus European Investments LLC. He joined Cerberus in 2007. Before that, Lee Millstein was Head of Corporate and Investment Banking at Aozora Bank. Before joining Aozora Bank, he worked at Morgan Stanley for 10 years. Mr Millstein is a graduate of Princeton University and the Wharton School.

Cécile Moulard began her career as a journalist, and then crossed the Atlantic to work in a merchant bank in New York. On her return to France, the new territories became her day-to-day business. She joined Agence Carat in 1990. In October 1995 she formed Carat Interactive, assuming the role of Chief Executive Officer with responsibility for international development. She then joined the Vivendi Group as a special adviser to the Chairman and worked particularly on ethical problems associated with the Internet. In February 2000 she launched Amazon.fr in the post of Chief Executive Officer in charge of strategy, marketing and development. In 2004 she joined Meetic to prepare the company's IPO and organise its marketing and international development. Today, Cécile Moulard divides her time between France and the United States. She is a founding partner of Smallbusinessact.fr and is involved in the development of start-ups and provides advice and operational support for "traditional" companies in their adoption of information technologies within the Sixth Continent structure. She is also a member of the Board of Directors of MilleMercis and the Internet incubator holding company of Truffle Capital. She is a lecturer at HEC/Telecoms Paris, a Young Leader Fellow, Eisenhower Fellow and Remarque Fellow. Born in 1963, Cécile Moulard is a graduate of IEP Paris and holds a DESS degree in marketing from IEP Paris.

John Ryan has been Chairman and Founder of 22nd Century Media, LLC, a media company based in Illinois that distributes local information electronically and through hardware, since 2005. Between 2012 and 2013, he was Financial Director of Best Buy Acquisition Corp. Before joining Best Buy Acquisition Corp.

John Ryan was CEO at the investment bank Triple Tree. Before that he was a Partner at Goldman Sachs & Co. John Ryan is a graduate of Dartmouth College in Hanover, NH, he holds an MBA from Harvard Business School and a doctorate from Harvard Law School.

Rémy Sautter began his career at *Caisse des Dépôts et Consignations* (1971-1981) before being appointed technical adviser to the office of the Defence Minister for financial and budgetary affairs (1981-1983). He then served as Finance Director of Agence Havas from 1983 to 1985 and Vice-Chairman and Chief Executive Officer of RTL until 1996. Rémy Sautter occupied the post of Chief Executive Officer of CLT-UFA until 2000 and then held the positions of Chairman and Chief Executive Officer of RTL until 2002. Since December 2002 he has served as Chairman of the Supervisory Board of RTL. Born in 1945, Rémy Sautter holds a law degree and is a graduate of the *Institut d'etudes politiques* in Paris and the *École nationale d'administration*.

Marc Simoncini is Chairman of Jaïna Capital. In 1998, he set up the company i(france), a general public Internet portal sold to Vivendi Universal in 2000. In 2001, he founded Meetic which quickly became a genuine social phenomenon, and has established itself as the European leader in online meetings. Meetic was introduced onto the Stock Market in 2005 and sold to the American group IAC in 2011. At the same time as his business, as a business angel he finances start-ups such as 1000mercis or Winamax. In 2010, he set up an investment holding company, Jaïna, in order to support entrepreneurs in the success of their company. At the end of 2013, Jaïna has invested in some forty Internet or industrial companies.

14.2 CRIMINAL OFFENCES AND POTENTIAL CONFLICTS OF INTEREST

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

- convictions for fraud;
- bankruptcy, sequestration or liquidation;
- criminal charges and/or official public penalty imposed by statutory or regulatory authorities;
- court action intended to prevent them from acting as a member of an administrative, management or supervisory body of an issuer or from taking part in the management or conduct of the affairs of an issuer.

There is no potential conflict of interest between the duties of the members of the administrative and management bodies and the General Management with regard to the Company and their private interests and/or other duties.

In the context of the Shareholders' Agreement described in section 18.4 "Shareholders' Agreements" in this *document de référence*, which was entered into between the Luxembourg company Sèvres III, a number of entities operated or held by Goldman Sachs Capital Partners and/or Goldman Sachs Mezzanine Partners and Promontoria Holding 55 B.V., the parties undertook, at the latest on the date the restructuring was finalised (which occurred on 27 March 2013), to approve the appointment of three directors nominated by Promontoria Holding 55 B.V. to replace some of the directors proposed by KKR and Goldman Sachs. These three directors are Lee Millstein, Steven Mayer and Médiannuaire Holding, represented by John Ryan.

Certain restrictions concerning the liquidity of the securities held by Médiannuaire Holding are described in section 18.4 "Shareholder agreements".

14.3 COMPOSITION OF THE MANAGEMENT BODIES

As at the date of this document, the Company's General Management is composed as follows:

Name	Position
Jean-Pierre Remy	Chairman and CEO
Christophe Pingard	Deputy CEO
Julien Ampollini	Assistant CEO in charge of the Media segment
Pascal Garcia	General Secretary and Assistant CEP in charge of the Strategy, Partnerships and External Relations Department
Nicolas Gauthier	Director of Business Solutions (Information System and Internet Ad Technologies – Adnet)
Martine Gerow	Assistant CEO in charge of Finance, Information Systems, Purchasing and Operational Performance Management
Patrice Cardinaud	Human Resources Director

Jean-Pierre Remy has been Chairman and CEO of Solocal Group since 11 December 2012. Before that he was CEO of Solocal Group from 25 May 2009. Born in 1964, he is a graduate of the *École centrale* in Paris and of the doctoral programme of the HEC business school. After many years of experience in strategy consulting, as a partner of Bain & Company (specialising in the digital economy), he formed Egencia in 2000, which became the global leader in business travel on the Internet. In April 2004, Jean-Pierre Remy sold Egencia to Expedia and was appointed Head of Business Travel for Expedia, first at European level and then at global level. In this capacity he served as a member of the Executive Committee of Expedia Inc.

Christophe Pingard has served as Deputy Chief Executive Officer of Solocal Group since 21 November 2011. He is responsible for the revenues of all Group entities and manages the sales, marketing and operations of the Advertisers segment. Before joining Solocal Group, he worked for 12 years at Steelcase Strafor before taking part in the formation of Egencia, the leader in business travel on the Internet. He held the posts of Chief Executive Officer France and then Senior Vice-President in charge of Europe and Asia-Pacific. Born in 1964, Christophe Pingard holds an MBA and a DESS degree in Quality Management and Innovation.

Julien Ampollini is Assistant CEO in charge of the Media segment. Born in 1974, he is a graduate of the HEC business school. After beginning his career with the LVMH Group in New York, Julien Ampollini joined 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 and was sold to Expedia. Two years later, he joined Boston Consulting Group, where he was appointed Manager. Between 2007 and 2009, he was Director of Strategy and a member of the Management Committee of the Canal+ Group. He joined the Group in 2009 as Chief Strategy and Communication Officer, then held the position of Director of the Major Accounts and Digital Marketing segment until 2013.

Pascal Garcia is General Secretary and Assistant Chief Executive Officer in charge of the Strategy, Partnerships and External Relations Division. He previously held various General Management posts within the Group, first at Telelistas, a subsidiary owned 50% by the Company in Brazil from 1997 to 2001, and then at Wanadoo Edition in 2002, before taking over the General Management of QDQ Media in Spain from 2003 to 2008. Until 1 January 2014 he was Assistant CEO in charge of Strategy, Partnerships and External Relations. He began his career in 1982 in the oil services sector, in the Financial Management of Comex, and subsequently Coflexip in Brazil, a group in which he held various management posts in France and internationally before taking over the General Management of Coflexip Stena Offshore Brazil. Born in 1958, of French and Brazilian nationality, Pascal Garcia is a graduate of the HEC business school and holds MBAs from *Fundação Getulio Vargas* (São Paulo, Brazil) and from ESADE (Barcelona, Spain).

Nicolas Gauthier, a graduate of ESIGETEL, began his career at Bossard Consultants, then joined Accenture, where for eight years he was active in the Telecoms, Media and Internet sectors. From 2006 onwards, he was Vice-President at Capgemini Consulting in charge of the TechnoStrategy business unit. He joined the Group in 2010, and is currently the head of Business Solutions.

Martine Gerow has served as Assistant Chief Executive Officer in charge of Finance, Information Systems, Purchasing and Operational Performance Management since October 2010. She previously served as Director of Finance and Information Systems for Campofrio Food Group, based in Madrid, from 2008. Prior to that she held a number of posts in the Danone Group from April 2002 to November 2007, first as Global Finance Director in the Beverages Division and then as Group Financial Controller in charge of management control, consolidation, reporting and internal control. She began her career in 1987 with Boston Consulting Group in New York before joining the PepsiCo Group in September 1989, where she held a number of finance and strategy posts in the United States and France. Born in 1960, Martine Gerow has French and US nationality. She is a graduate of the HEC business school and holds an MBA from Columbia Business School (New York, United States).

Patrice Cardinaud, Director of Human Resources at Solocal Group since 2011, joined the Executive Committee in May 2013. Patrice Cardinaud, aged 41, graduated from ESCP and from Sciences Po Paris and holds a HR Masters from CNAM. He joined the Company as HR Director in 2011, after holding similar positions at American Express Voyages. Prior to that, between 1997 and 2005, he successively held the positions of Financial Communication Manager, Mergers and Acquisitions Representative and then Manager of Human Resources dedicated to the sales teams at AGF (Allianz Group).

15.1 OVERALL COMPENSATION AND BENEFITS IN KIND

All gross compensation, excluding employer charges and benefits in kind individually owed and paid by the Company to the corporate officers during the year ended 31 December 2013 within Solocal Group is summarised in the tables below:

Summary table of compensation and options and shares awarded to each corporate officer

	2013	2012
Jean-Pierre Remy, Chairman and Chief Executive Officer Compensation owed for the year (detailed in the table below)	961,138	881,490
Valuation of the options awarded during the year	—	—
Valuation of the performance shares awarded during the year (1)	—	526,500
Christophe Pingard, Deputy Chief Executive Officer Compensation owed for the year (detailed in the table below)	575,366	610,046
Valuation of the options awarded during the year	—	—
Valuation of the performance shares awarded during the year (1)	—	263,250
TOTAL	**1,536,504**	**2,323,296**

(1) See presentation of the method for valuing performance shares in Note 25 to the Consolidated Financial Statements.

Summary table of the compensation of each corporate officer

	2013		2012	
	Amounts owed	Amounts paid	Amounts owed	Amounts paid
Jean-Pierre Remy, Chairman and Chief Executive Officer Fixed compensation	520,000	520,000	500,000	500,000
Variable compensation	390,000	325,000	325,000	250,000
Exceptional compensation	—	—	—	—
Director's fees	30,597	30,597	35,393	35,393
Benefits in kind (1)	20,541	20,541	21,097	21,097
TOTAL	**961,138**	**896,138**	**881,490**	**806,490**
Christophe Pingard, Deputy Chief Executive Officer Fixed compensation	370,000	370,000	370,000	370,000
Variable compensation	185,000	120,250	120,250	20,781
Exceptional compensation	—	—	100,000 (2)	100,000 (2)
Director's fees	—	—	—	—
Benefits in kind (1)	18,363	18,363	19,796	19,796
TOTAL	**575,363**	**508,613**	**610,046**	**510,577**

(1) Availability of a company car and payment of unemployment insurance.
(2) This exceptional compensation of €100,000 represents the payment of a "sign-in bonus" of €200,000 gross made in two payments:
- *50% of this amount: in the month after his arrival;*
- *50% of this amount: six months after his start date, provided he is still with the company on that date.*

Table of directors' fees and other compensation received by non-executive officers

Non-executive officers	Amounts paid in 2013 (*)	Amounts paid in 2012 (*)
Thierry Bourguignon		
Director's fees	27,633	21,275
Other compensation	120,945	125,393
François de Carbonnel		
Director's fees	52,654	47,794
Other compensation	—	—
Nicolas Cattelain (1)		
Director's fees	14,820	33,628
Other compensation	—	—
Elie Cohen		
Director's fees	44,556	49,118
Other compensation	—	—
William Cornog (2)		
Director's fees	—	13,334
Other compensation	—	—
Sandrine Dufour (3)		
Director's fees	21,704	—
Other compensation	—	—
Jacques Garaïalde (4)		
Director's fees	8,892	—
Other compensation	—	—
Jean-Christophe Germani (5)		
Director's fees	5,928	33,628
Other compensation	—	—
Nicolas Gheysens (6)		
Director's fees	—	5,394
Other compensation	—	—
Hugues Lepic (7)		
Director's fees	—	20,393
Other compensation	—	—
Steven Mayer (8)		
Director's fees	2,964 (8)	—
Other compensation	—	—
Médiannuaire (9)		
Director's fees	2,964	32,746
Other compensation	—	—
Médiannuaire Holding (10)		
Director's fees	30,022	—
Other compensation	—	—
Lee Millstein (11)		
Director's fees	27,059	—
Other compensation	—	—
Cécile Moulard (12)		
Director's fees	41,592	—
Other compensation	—	—

Non-executive officers	Amounts paid in 2013 (*)	Amounts paid 2012 (*)
Rémy Sautter		
Director's fees	48,871	48,235
Other compensation	—	—
Marc Simoncini (13)		
Director's fees	10,996	—
Other compensation	—	—
Andrew Wolff (14)		
Director's fees	—	5,393
Other compensation	—	—
TOTAL	**461,600**	**436,331**

(*) For 2013, the amounts indicated do not include the 30% withholding for foreign tax residents and 21% withholding for French tax residents. For 2012, the amount indicated does not include the 25% withholding for foreign tax residents.

(1) Nicolas Cattelain resigned at the Board of Directors meeting of 26 March 2013.

(2) William Cornorg resigned at the Board of Directors meeting of 26 March 2013.

(3) Sandrine Dufour was appointed by the Board of Directors at its meeting on 23 April 2013.

(4) Jacques Garaïalde resigned from his position as director at the Board of Directors meeting of 23 April 2013. Jacques Garaïalde was previously Chairman of the Board of Directors of the Company. He resigned as Chairman of the Board at its meeting of 11 December 2012 (in 2012, he received €42,010 for this position).

(5) Jean-Christophe Germani resigned at the Board of Directors meeting of 26 March 2013.

(6) Nicolas Gheysens resigned from his position as director at the Board of Directors meeting of 2 May 2012.

(7) Hugues Lepic resigned as director at the Board of Directors meeting of 21 September 2012.

(8) Steven Mayer was appointed by the Board of Directors at its meeting of 26 March 2013. Steven Mayer did not wish to receive all the director's fees owed to him in 2013 (amount due: €21,704/amount received: €2,964).

(9) (10) The Board of Directors, meeting on 26 March 2013, noted the end of the term of Médiannuaire as this company has been dissolved without liquidation, resulting in the universal conveyance of its assets to Médiannuaire Holding. Médiannuaire Holding was appointed by the Board of Directors on 26 March 2013.

(11) Lee Millstein was appointed by the Board of Directors on 26 March 2013.

(12) Cécile Moulard was appointed by the Board of Directors on 26 March 2013.

(13) Marc Simoncini was appointed by the Board of Directors on 26 March 2013.

(14) Andrew Wolff resigned at the Board of Directors meeting of 26 March 2013.

The information on the share options awarded or exercised by the officers of the Company is provided in section 17.1.

In 2013, the Chief Executive Officer was eligible for a variable portion of 100% of the annual fixed component with objectives achieved varying from 0% to 200%, structured as follows:

- 50% on a qualitative scale varying from 0% to 200% based on criteria primarily related to the transformation and debt reduction of the Group;
- 50% on a quantitative scale based on a gross operating margin ranging from 0% to 200%.

Under the terms of decision made by the Board of Directors on 10 March 2014, the total amount of the variable portion of the Chief Executive Officer for financial year 2013 was €390,000, corresponding to 75% of the target objective. To determine this figure the Board of Directors established the level to which the qualitative and quantitative criteria had been achieved. These levels of achievement have not been made public on grounds of confidentiality.

For information, the variable portion of the Chairman-Chief Executive Officer amounted to €325,000, or 65% of the target objective, for financial year 2012, and €250,000, or 50% of the target objective for financial year 2011.

For 2014, the Chief Executive Officer is eligible for a variable portion of 100% of the annual fixed portion, with objectives achieved, ranging from 0% to 200%, and structured as follows:

- 50% on a qualitative scale ranging from 0% to 200% and based on criteria primarily related to growth in sales, transformation and reduction of debt;
- 50% on a quantitative scale based on a GOM objective.

In addition, since the Company has set up specific supplemental pension schemes (cf. chapter 17.2), the Board of Directors decided to offer the Chief Executive Officer the defined-contribution supplemental retirement plan (Article 83 of the French General Tax Code) established for Group executives.

The employer's share of the pension contribution under Article 83 of the General Tax Code for Jean-Pierre Remy for 2013 was €8,554.

In 2013, the Deputy Chief Executive Officer was eligible for a variable portion of 50% of the annual fixed compensation with objectives achieved ranging from 0% to 100%.

The variable portion of the Deputy Chief Executive Officer's compensation is determined on the basis of the results of the Group to which the Company belongs and the achievement of qualitative and quantitative objectives that are established each year.

Under the terms of the decisions of the Board of Directors at its meeting of 10 March 2014, the total amount of the variable portion for the Deputy Chief Executive Officer's compensation for 2013 amounted to €185,000, representing 100% of the target objective.

For information, the variable portion of the Deputy Chief Executive Officer's compensation amounted to €120,250 for financial year 2012 and €20,781 for 2011. Since Christophe Pingard joined the Company on 21 November 2011, the Board decided that this variable portion would be guaranteed at 50% of his fixed annual compensation, calculated on a prorated basis.

The employer's share of the pension contributions under Article 83 of the General Tax Code for Christophe Pingard for 2013 was €8,554.

The Company has not set up special supplemental pension plans for its corporate officers.

COMMITMENTS MADE TO JEAN-PIERRE REMY AND CHRISTOPHE PINGARD

As Jean-Pierre Remy has no employment contract, the Board of Directors approved a severance package in the event he was forced to leave the Company because of a change in control or strategy or its implementation, the amount of which would be equal to his flat gross annual compensation (fixed and variable with objectives achieved), on condition that Jean-Pierre Remy has achieved at least 80% of his annual targets for the last three years.

The severance package would be paid only after the Board of Directors of the Company has verified achievement of the applicable performance condition.

A non-competition obligation is stipulated in the event of termination of Jean-Pierre Remy's appointment as Chief Executive Officer for any reason and in any form. This competition prohibition would be limited to a period of 24 months beginning on the effective termination date, and would cover all of French territory. The corresponding package would be equal to 12 months of compensation calculated on the basis of the monthly average of total gross compensation for the 12 months of employment preceding the termination date. It would be paid to Jean-Pierre Remy in instalments of one-fourth of the total package at the end of each six-month period. The Company will have the option to release Jean-Pierre Remy from this non-competition clause by informing him of its decision no later than 15 calendar days after the Board meeting that noted or decided to terminate Jean-Pierre Remy's position as Chief Executive Officer of the Company.

The cumulative total of these two packages, severance and non-competition, may not exceed two years' compensation, fixed and variable.

Mr Christophe Pingard was appointed Deputy Chief Executive Officer by the Board of Directors on 26 October 2011. At that time, the Company made the following commitments to him.

As Christophe Pingard has no employment contract, the Board of Directors approved a severance package in the event he was forced to leave the Company because of a change in control or strategy or its implementation (whatever the form of termination: dismissal, non-renewal or resignation), subject to the following performance condition: the average change in revenues during the last three years, as shown on the Group's Consolidated Financial Statements closed by the Board of Directors before Christophe Pingard's departure date, will be equal to or greater than the average change in revenues projected in the budgets for the same period.

If Christophe Pingard leaves between the end of the first year and the end of the third year after he assumed his position, the performance condition will be assessed on the financial year or years ended in which Christophe Pingard was present in the company.

The severance package will be paid only after the Board of Directors verifies achievement of the performance condition.

This package will be equal to 12 months of compensation calculated on the basis of the monthly average of his total gross compensation over the last twelve months of activity preceding the termination date.

A non-competition obligation will be established in the event that Christophe Pingard's appointment as Deputy Chief Executive Officer is terminated for any reason and in any form. This competition prohibition will be limited to a period of 24 months beginning on the effective termination date, and would cover all of French territory. The corresponding package will be equal, on the basis of a 24-month non-competition period, to 12 months of compensation calculated on the basis of the monthly average of the total gross compensation for the 12 months of employment preceding the termination date. It will be paid to Christophe Pingard in four instalments at the end of each six-month period.

At the time of termination, the Company may waive the benefit of the non-competition commitment (in which case it will not be required to pay the corresponding severance package).

The cumulative total of these two packages, severance and non-competition, may not exceed two years' compensation, fixed and variable.

Corporate executive officers	Employment contract		Supplemental Pension Scheme		Indemnities or benefits due or which could be due because of termination or a change in position		Indemnities tied to a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Jean-Pierre Remy Chief Executive Officer		X	Defined contribution supplemental pension scheme (Article 83 of the General Tax Code)		X		X	
Christophe Pingard Deputy Chief Executive Officer		X	Defined contribution supplemental pension scheme (Article 83 of the General Tax Code)		X		X	

15.2 SUMS PROVISIONED OR RECOGNISED ELSEWHERE FOR PAYMENT OF PENSIONS, RETIREMENT OR OTHER BENEFITS

On the date of this *Document de reference*, the sums provisioned or recognised elsewhere for the payment of pensions, retirement or other benefits were as follows:

- for Jean-Pierre Remy: €0;
- for Christophe Pingard: €0;
- for Thierry Bourguignon: €56,525 as provision for the retirement scheme and €8,560 as provision for the seniority plan.

15.3 COMPONENTS OF COMPENSATION SUBMITTED FOR SHAREHOLDER APPROVAL

Pursuant to the AFEP/MEDEF corporate governance code, which the Company follows, the shareholders will be asked at the Annual General Shareholders' Meeting to approve the elements of the compensation owed or awarded to Jean-Pierre Remy and Christophe Pingard for 2013.

Jean-Pierre Remy, Chairman and Chief Executive Officer:

	Elements of the compensation owed or awarded for the year ended	
	Amounts or valuation submitted for vote	Description
Fixed portion	€520,000	€500,000 in 2012
Amount of the annual variable portion	€390,000	Jean-Pierre Remy is eligible for a variable portion of 100% of the annual fixed portion with objectives reached, ranging from 0% to 200%, based on: (i) 50% on a qualitative scale, varying from 0% to 200% and based on criteria primarily related to the Group's transformation and debt reduction; and (ii) 50% on a quantitative scale based on a target GOM rating from 0% to 200%.
Valuation of the deferred variable portion	NA	The principle of awarding deferred variable compensation is not applied.
Valuation of the multi-year variable compensation	NA	There is no multi-year variable compensation mechanism.
Amount of exceptional compensation	NA	No exceptional compensation
Valuation of share options and performance shares or any other item of long-term compensation	NA	No award in 2013.
Director's fees	€30,597	€4,000 per Board meeting
Valuation of benefits of any kind	€20,541	Company vehicle and payment of unemployment insurance contributions.

Compensation elements due or awarded for the year ended which have been approved or will be submitted for approval by the General Shareholders' Meeting under the procedure for related-party agreements and commitments		
Amount due for termination of position: **– Severance package**	No amount is owed for the year ended	As Jean-Pierre Remy has no employment contract, the Board of Directors approved a severance package in the event he was forced to leave the Company because of a change in control or strategy or its implementation, the amount of which would be equal to his flat gross annual compensation (fixed and variable with objectives achieved), on condition that Jean-Pierre Remy has achieved at least 80% of his annual targets for the last three years. The severance package would be paid only after the Board of Directors of the Company verified the achievement of the applicable performance condition.
– Non-competition indemnity	No amount is owed for the year ended	A non-competition obligation is stipulated in the event of termination of Jean-Pierre Remy's appointment as Chief Executive Officer for any reason and in any form. This competition prohibition would be limited to a period of 24 months beginning on the effective termination date, and would cover all of French territory. The corresponding package would be equal to 12 months of compensation calculated on the basis of the monthly average of total gross compensation for the 12 months of employment preceding the termination date. It would be paid to Jean-Pierre Remy in instalments of one fourth of the total package at the end of every six-month period. The Company will have the option to release Jean-Pierre Remy from this non-competition clause by informing him of its decision no later than 15 calendar days after the Board meeting that noted or decided to terminate Jean-Pierre Remy's position as Chief Executive Officer of the Company. The cumulative total of these two packages, severance and non-competition, may not exceed two years' compensation, fixed and variable. These commitments were previously approved by the Board of Directors at its meetings of 17 May 2009 and 10 March 2014 and by the General Shareholders' Meeting of 10 June 2010. They will be submitted to a vote by shareholders at the General Shareholders' Meeting of 19 June 2014.
Amount due for supplemental pension scheme	No amount is owed for the year ended	Defined-contribution supplemental pension plan (Art. 83 of the General Tax Code), resulting in a contribution of 5.50% applied to tranches B and C of the compensation. 40% of this contribution is paid by Jean-Pierre Remy, i.e. 2.20%, and 60% by the company, which equals 3.30%. This commitment was previously approved by the Board of Directors at its meetings of 17 May 2009 and 10 March 2014 and by the General Shareholders' Meeting of 10 June 2010. It will be submitted to a vote by shareholders at the General Shareholders' Meeting of 19 June 2014.

Christophe Pingard, Deputy Chief Executive Officer:

Elements of the compensation owed or awarded for the year ended		
	Amounts or valuation submitted for vote	Description
Part fixe	€370,000	€370,000 in 2012
Amount of the annual variable portion	€185,000	Christophe Pingard is eligible for a variable portion of 50% of the annual fixed portion with objectives achieved ranging from 0% to 100%, based on the results of the Group to which the Company belongs and on the achievement of qualitative and quantitative objectives that are set each year.
Valuation of the deferred variable portion	NA	The principle of awarding deferred variable compensation is not applied.
Valuation of the multi-year variable compensation	NA	There is no multi-year variable compensation mechanism.
Amount of exceptional compensation	NA	No exceptional compensation
Valuation of share options and performance shares or any other item of long-term compensation	NA	No award in 2013.
Director's fees	NA	Christophe Pingard is not a member of the Board of the company and does not receive director's fees.
Valuation of benefits of any kind	€18,363	Company vehicle and payment of unemployment insurance contributions.

Compensation elements due or awarded for the year ended which have been approved or will be submitted for approval by the General Shareholders' Meeting under the procedure for related-party agreements and commitments		
Amount due for termination of position: **– Severance/non-competition payment**	No amount is due for the year ended	As Christophe Pingard has no employment contract, the Board of Directors approved a severance package in the event he was forced to leave the Company because of a change in control or strategy or its implementation (whatever the form of termination: dismissal, non-renewal or resignation), subject to the following performance condition: the average change in the revenues during the last three years, as shown on the Group's Consolidated Financial Statements closed by the Board of Directors before Christophe Pingard's departure date, will be equal to or greater than the average change in revenues projected in the budgets for the same period. If Christophe Pingard leaves between the end of the first year and the end of the third year after he assumed his position, the performance condition will be assessed on the year or years ended in which Christophe Pingard was present in the company. The severance package will be paid only after the Board of Directors verifies the achievement of the performance condition. This package will be equal to 12 months of compensation calculated on the basis of the monthly average of his total gross compensation over the last twelve months of activity preceding the termination date. A non-competition obligation will be established in the event that Christophe Pingard's appointment as Deputy Chief Executive Officer is terminated for any reason in any form. This competition prohibition will be limited to a period of 24 months beginning on the effective termination date, and would cover all of French territory. The corresponding package will be equal, on the basis of a 24-month non-competition period, to 12 months of compensation calculated on the basis of the monthly average of the total gross compensation for the 12 months of employment preceding the termination date. It will be paid to Christophe Pingard in four instalments at the end of each six-month period. At the time of termination, the Company may waive the benefit of the non-competition commitment (in which case it will not be required to pay the corresponding severance package). The cumulative total of these two packages, severance and non-competition, may not exceed two years' compensation, fixed and variable. These commitments were previously approved by the Board of Directors at its meeting of 26 October 2011 and by the General Shareholders' Meeting of 6 June 2012.
Amount due for supplemental pension scheme	No amount due for the year ended	Defined-contribution supplemental pension plan (Art. 83 of the General Tax Code), resulting in a contribution of 5.50% applied to tranches B and C of the compensation. 40% of this contribution is paid by Christophe Pingard, i.e. 2.20%, and 60% by the company, which equals 3.30%. This commitment was previously approved by the Board of Directors at its meeting of 26 October 2011 and by the General Shareholders' Meeting of 6 June 2012.

16 ADMINISTRATION AND MANAGEMENT BODIES

The Company is managed by a Board of Directors that determines the strategies of its business and oversees its implementation by the General Management. Subject to the powers expressly reserved by law to the Shareholders' Meeting and within the limits of the corporate purpose, the Board considers any question relevant to the proper operation of the Company and directs the Company's affairs through its deliberations. In particular, it expresses its view on all decisions concerning the main strategic, economic, social, financial and technological policies pursued by the Company.

16.1 COMPLIANCE WITH FRENCH CORPORATE GOVERNANCE STANDARDS

Solocal Group adheres to the principles of corporate governance for listed companies laid down in the AFEP/MEDEF Corporate Governance Code, in the consolidated version of December 2008, and specifically the principles of corporate governance related to:

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

The Company is committed to implementing the recommendations in this 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).

Pursuant to 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 created by the Company. The report is attached to this *document de référence*.

At its meeting on 18 December 2008, the Board of Directors noted the AFEP/MEDEF recommendations of 6 October 2008 on the compensation for corporate officers of listed companies.

The Board considers that the Company's approach to corporate governance reflects those recommendations.

As a consequence, pursuant to the Law of 3 July 2008, the amended AFEP/MEDEF Corporate Governance Code is the Company's reference for drafting the report stipulated in Article L. 225-37 of the French Commercial Code.

Exception: Notwithstanding the above, in the context of studying the differences between the operating rules of Solocal Group and the recommendations of the AFEP/MEDEF Corporate Governance Code, the Board of Directors identified the following difference:

- The AFEP/MEDEF Corporate Governance Code stipulates that the term of office of Board members must not exceed four years. The term of office for directors of Solocal Group is five years. A resolution will be submitted for approval by the shareholders at the General Shareholders' Meeting to approve the 2013 Annual Financial Statements, for amendment of the Articles of Association to reduce the terms of directors to four years as of that date.

16.2 SERVICE AGREEMENTS

A service agreement was signed on 28 November 2006 between Médiannuaire and the Company whereby Médiannuaire agreed to assist the Company in accounting, financial, legal and tax management and to provide consultation on strategy. This agreement was terminated on 11 December 2012. A service agreement was concluded on 6 December 2012 between Médiannuaire Holding and the Company under which the Company agreed to assist Médiannuaire Holding in accounting, legal and tax matters. Since no service has been provided by the Company since June 2013, this contract has been terminated (cf. chapter 6.4.3 of this *document de référence*).

No other member of the Board of Directors and no Chief Executive Officer is bound by a service agreement with the Company or one of its subsidiaries that stipulates benefits at the end of such a contract.

16.3 REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS AND AUDITORS' REPORT ON THE CHAIRMAN'S REPORT

16.3.1 REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS
ARTICLE L. 225-37 OF THE FRENCH COMMERCIAL CODE (Year ended 31 December 2013)

Pursuant to the provisions of Article L. 225-37 of the French Commercial Code, your Board of Directors is reporting to you in this report on:

- the composition of the Board and conditions for preparing and organising the work of the Board and the internal control and risk management procedures implemented by the company;
- limitations placed by the Board of Directors on the powers of the Chief Executive Officer;
- application of the recommendations made in the AFEP-MEDEF Corporate Governance Code which the Solocal Group applies;
- the conditions for shareholder participation in general shareholders' meetings, and the principles and rules established by the Board of Directors to determine the compensation and benefits awarded to corporate officers.

In respect of internal control and risk management, the procedures established throughout the Group, responsibilities within the Group and the standards that have been defined, pursuant to Article L. 225-37 of the French Commercial Code, are covered in a descriptive report from the Chairman of the Board, provided below.

This report takes account of the recommendations made by the AMF in its Recommendation No. 2012-02 on corporate governance and compensation of directors of companies basing themselves on the AFEP/MEDEF Code, published on 9 February 2012 in the form of a summary presentation of the recommendations contained in its annual reports and updated on 4 December 2013.

The recommendations formulated by the AMF in its Recommendation No. 2013-17 on internal control procedures and risk management, published on 4 November 2013 in the form of a summary presentation of the recommendations contained in its annual reports on corporate governance and internal control have also been taken into account when preparing this report.

This report has moreover been prepared on the basis of the review of initiatives undertaken during 2013. Following discussions and meetings with the heads of the Company's financial and legal departments, a draft was prepared and submitted to the Board of Directors for discussion, and a final draft version was presented and discussed by the Audit Committee at its meeting on 12 February 2014.

Finally, this report was approved by the Board of Directors at its meeting of 12 February 2014.

In a report attached to their report on the Annual Accounts, the Statutory Auditors will set out their comments on this report in relation to the internal control procedures and risk management that are relevant to the preparation and processing of accounting and financial information.

1. CORPORATE GOVERNANCE

Corporate governance code

Solocal Group refers to the AFEP/MEDEF Corporate Governance Code available on the website www.medef.fr.

Exceptions:

Notwithstanding the above, in studying the differences between the operating rules of Solocal Group and the recommendations of the AFEP/MEDEF Corporate Governance Code, the Board of Directors identified the following difference:

The AFEP/MEDEF Corporate Governance Code stipulates that the term of office of Board members may not exceed four years. The term of office for directors of Solocal Group is five years. A resolution will be submitted for shareholder approval at the General Shareholders' Meeting called to approve the 2013 financial statements, for amendment of the Articles of Association to stipulate that, as of that date, the term of office of directors will be four years.

1.1 MEMBERS OF THE BOARD OF DIRECTORS

On 23 September 2004, the Board of Directors opted to separate the positions of Chairman of the Board and Chief Executive Officer.

Following the resignation of Jacques Garaïalde as Chairman of the Board, at the Board of Directors meeting on 11 December 2012, on the recommendation of the Remuneration and Appointments Committee, it was decided to recombine the positions of Chairman of the Board and Chief Executive Officer. Since that date, Jean-Pierre Remy (who was until then the Chief Executive Officer of the company) has held the offices of Chairman and Chief Executive Officer.

The Board of Directors considered that this form of governance was the one best suited to the Company's way of functioning. This organisation of powers, in the context of the Company, makes the best use possible of the knowledge and business experience of the Chairman-CEO, and promotes consistency between the strategic options decided by the Board of Directors and their implementation as operations within the Group. The balance of powers between the Company's various decision-making bodies is ensured by the presence of independent directors on the Board and within the special committees. In addition, the Company's Articles of Association provide that many decisions taken by the Chairman-CEO must be approved in advance by the Board of Directors. Finally, the creation of a set of internal regulations for the Board, and the Company's application of the principles of corporate governance found in the AFEP-MEDEF Code, provide the necessary guarantees that such a form of management can be carried out in compliance with good corporate governance practice.

On 11 December 2012, the Board of Directors also decided, based on the recommendations of its Remuneration and Appointments Committee, to name independent director François de Carbonnel as lead director. He will specifically have the task of assisting the Chairman-CEO, at the latter's request, in his strategic and financial discussions with the Group's principal shareholders and creditors, of leading sessions in the absence of the Chairman-CEO at the end of certain Board meetings, and conducting the annual evaluation of the Chairman-Chief Executive Officer.

At the date of this report, the members of the Board of Directors are:

- François de Carbonnel,
- Thierry Bourguignon (director representing the employees),
- Elie Cohen,
- Sandrine Dufour,
- Steven Mayer,
- Lee Millstein,
- Cécile Moulard,
- Jean-Pierre Remy,
- Rémy Sautter,
- Marc Simoncini, and
- Médiannuaire, represented by John Ryan.

The Board of Directors has six independent members, pursuant to the criteria of the AFEP/MEDEF Corporate Governance Code: Ms Sandrine Dufour and Ms Cécile Moulard, Mr François de Carbonnel, Mr Elie Cohen, Mr Rémy Sautter and Mr Marc Simoncini.

Solocal Group applies selection criteria for its directors (as determined by the Remuneration and Appointments Committee), particularly their availability, experience and expertise in areas related to the Group's businesses and the challenges of its environment. These criteria are identical to those recommended by the AFEP/MEDEF Corporate Governance Code.

In particular, the Board of Directors decided that Ms Cécile Moulard, who served previously as the permanent representative of Médiannuaire, had been an independent director since her appointment by the Board of Directors on 26 March 2013. She had never held any office and had had no business relationship with the current or past shareholders of Médiannuaire and Médiannuaire Holding.

There is no family connection among the members of the administrative and management bodies.

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

1.2 CONDITIONS FOR THE PREPARATION AND ORGANISATION OF THE WORK OF THE BOARD OF DIRECTORS

1.2.1 INTERNAL REGULATIONS

Internal regulations of the Board, aligned with the mechanism recommended by the AFEP-MEDEF Corporate Governance Code, were established by the Board at its meeting of 23 September 2004. These internal regulations specify the guiding principles for the operation of the Board and the rights and duties of the directors.

The internal regulations are regularly reviewed by the Board of Directors so that they can, among other things, be added to or amended, as the case may be, to reflect the regulatory environment.

The main provisions of the Board's internal regulations are detailed in 21.2.1 of the *Document de référence*.

1.2.2 BOARD MEETINGS

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

In financial year 2013, the Board of Directors met thirteen times. On average, 90% of the directors attended each meeting of the Board during the year. The average length of the Board of Directors' meetings was two hours.

The Board of Directors' main activities were as follows:

- Examination of financial statements and earnings: the Board examined and approved the annual and semi-annual company and Consolidated Financial Statements and the Management Reports. It examined the revenues and the main quarterly earnings and the corresponding financial communications. It prepared the reports and resolutions submitted to the General Shareholders' Meeting.
- Review of ongoing business: a presentation of ongoing business is provided by Management at each Board of Directors' meeting, enabling the Directors to regularly monitor changes in the Group's business "in real time."
- Review of strategy: presentations of a Group business are regularly given to the Board by the person responsible for this business.
- Approval of strategic operations: the Board deliberated operations or proposed acquisitions or sales. The strategy plan was presented to the Board, which debated it at length. The Board of Directors also discussed at length the various debt reduction options possible.
- Corporate governance: the Board approved the report prepared by the Chairman pursuant to Article L.225-37 of the Commercial Code, relating to the conditions of preparation and organisation of the Board's work and internal control and risk management procedures.

1.2.3 COMMITTEES ESTABLISHED BY THE BOARD OF DIRECTORS

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

At its meeting on 12 February 2014, the Board decided to remove the Strategy Committee, since its tasks were being entirely handled by the Board of Directors.

1.2.3.1 AUDIT COMMITTEE

The Audit Committee is composed of at least two members, appointed by the Board of Directors on the recommendation of the Chairman. Pursuant to the Audit Committee's operating charter, the Committee designates its own Chairman.

The members of the Audit Committee on the date of this report were:

- Remy Sautter, Chairman,
- Elie Cohen,
- Médiannuaire Holding represented by Jack Ryan.

The Audit Committee monitors matters related to the preparation and auditing of accounting and financial information. It is responsible in particular (without prejudice to the powers of the administrative, management and supervisory bodies) for the following:

- monitoring the process of preparing the financial information, and in particular:
  - examining the draft Company and Consolidated Financial Statements, both semi-annual and annual, draft Management Reports and activity and results statements;
  - reviewing the documents intended for Financial Communication;
  - ensuring compliance with the accounting standards adopted for preparing the Company and Consolidated Financial Statements;
  - examining the accounting treatment related to specific transactions, and the information published regarding such transactions;
  - checking the quality and relevance of the information communicated to shareholders;
- monitoring the effectiveness of internal control and risk management systems, and in particular:
  - verifying that the internal information collection and control procedures are correctly applied;
  - on a yearly basis, studying the inspection procedures for auditors and Internal Auditors and examining the Internal Auditing reports for the past year and defining the schedule of tasks for the current year;
  - on a yearly basis, examining the Group's exposure to risks, particularly financial and litigation, significant off-balance sheet commitments and the effectiveness of the internal control mechanism;
- monitoring the legal audit of the Annual Financial Statements and, if applicable, the Consolidated Financial Statements by the Statutory Auditors;
- monitoring the independence of the Statutory Auditors;
- issuing a recommendation on the Statutory Auditors proposed for appointment by the General Shareholders' Meeting;
- reporting regularly to the Board of Directors on the performance of its duties and informing it promptly of any difficulties encountered.

These duties are not limits on the powers of the Board of Directors, which cannot be released from its liability by invoking the duties or opinions of such committees.

The Audit Committee shall meet as often as it deems useful and shall consider 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 or external audit on any subject it believes is covered by the said duties. During the examination of drafts of the annual and semi-Annual Financial Statements, it may question the Statutory Auditors without the presence of the Company's executives. It is notified of any accounting or audit irregularities.

The Audit Committee met four times in financial year 2013. 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. All members attended these meetings of the Committee.

The Audit Committee reviewed the following issues in 2013:

- annual Company and Consolidated Financial Statements as at 31 December 2012;
- semi-annual Consolidated Financial Statements at 30 June 2013;
- revenues and main results for the first and third quarters of 2013;
- 2013 Internal Audit programme, conclusions of the missions conducted during the year, and monitoring of implementation of recommendations;
- risk management system and mapping of major risks.

1.2.3.2 REMUNERATION AND APPOINTMENTS COMMITTEE

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

The members of the Remuneration and Appointments Committee on the date of the present report were:

- Francois de Carbonnel, Chairman,
- Cécile Moulard,
- Lee Millstein,
- Thierry Bourguignon, representing employees.

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 executives of the Group by the Chairman of the Board of Directors. The Committee also proposes the amount of Directors' fees to the Board of Directors, to be submitted to the General Shareholders' Meeting, as well as the terms for allocation of these fees to members of the Board of Directors.

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

The Remuneration and Appointments Committee met five times in 2013. All members attended these meetings of the Committee.

In 2013, the Committee examined matters related to defining the targets and terms for calculating the variable part of the Chief Executive Officer's remuneration, the composition of the executive management team, its remuneration and long-term incentives, as well as the composition of the Board of Directors.

1.2.3.3 STRATEGY COMMITTEE

This Committee was responsible for assisting the Board of Directors in its consideration of the major strategic policies pursued by the Company or the Group in the long term, reviewing all major projects related to the development and strategic positioning of the Group, particularly proposed strategic partnerships and major investments and divestments, as well as the Company's development plans submitted to the Board of Directors.

The Strategy Committee did not meet in 2013.

The Board of Directors considered directly and studied strategy issues relating to the Company and the Group. As a result, at its meeting of 12 February 2014, the Board decided to remove the Strategy Committee.

1.3 EVALUATION OF THE BOARD OF DIRECTORS

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

This evaluation was performed on the basis of a detailed questionnaire sent to each director. A summary of the individual assessments was prepared by the Remuneration and Appointments Committee and then discussed at a meeting of the Board of Directors.

The Board of Directors considered that the results were positive and reflected the satisfactory functioning of the Board.

1.4 LIMITATIONS ON THE POWER OF THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer, subject to the power expressly granted to Shareholders' Meetings and the Board of Directors, and within the limits of the corporate purpose, is vested with the widest powers to act, in all circumstances, in the name of the Company, with the following stipulations:

(i) the Chief Executive Officer must present a draft strategic plan to the Board of Directors each year defining the Group's medium-term business objectives including, in particular, projected trends for the Group's key operational and financial indicators, in addition to a draft annual budget;

(ii) the following decisions are subject to prior approval by the Board of Directors;

- approval of the annual budget and any other significant changes to this budget;
- approval of the annual and three-year business plans;
- any acquisition or disposal of a business by Solocal Group or any of its subsidiaries, where this is not included in the annual budget and is for a total amount, including all liabilities and other off-balance sheet commitments, in excess of €10 million in any one year;
- any investment or divestment not included in the annual budget relating to capitalised assets, in an amount including all liabilities and other off-balance sheet commitments assumed, of greater than €10 million;
- changes to employment contracts, hiring/appointment or dismissal/removal from office of the Chief Finance Officer of Solocal Group; any modification of the employment contract, hiring/appointment or dismissal/removal from office of any other executive officer of the Solocal Group whose total gross annual remuneration is greater than €200,000 will not require the Board of Directors' prior authorisation, but must be subject to the prior agreement of the Remuneration and Appointments Committee;
- any increase in the total indebtedness of Solocal Group or its subsidiaries in a total amount greater than the amount authorised under the financing or loan agreements previously authorised by the Board of Directors of Solocal Group;
- the execution of any agreement in order to create a joint venture with a third party, not included in the annual budget and generating a commitment for Solocal Group or one of its subsidiaries for a total amount greater than €10 million over the duration of the joint venture;
- any decision to begin proceedings to list marketable securities of Solocal Group or any of its subsidiaries on a regulated market and any subsequent operations for additional listings of marketable securities of Solocal Group or any of its subsidiaries whose securities are already traded on a regulated market;

- any decision to delist or buy back shares (with the exception of share buybacks pursuant to liquidity agreements previously authorised by the Board of Directors);
- the acquisition or subscription, by Solocal Group or any of its subsidiaries, of shares, interests or any capital instrument or securities providing rights to the capital of any company (x) for a value including all liabilities and other off-balance sheet commitments assumed greater than €10 million, where the liability of PagesJaunes Groupe or its subsidiaries is limited and the operation is not included in the annual budget, and (y) irrespective of the amount invested, where Solocal Group or any of its subsidiaries is acting as an unlimited liability partner in such a company;
- any diversification of the business of Solocal Group or one of its subsidiaries bearing no relation to the activities previously carried out, or any diversification related to activities previously carried out but not included in the annual budget, imply a commitment to a sum in excess of €10 million;
- Any transfer or cessation of one of the main businesses of Solocal Group or one of its subsidiaries not included in the annual budget or the three-year business plan;
- any implementation of an incentives plan (as defined by French labour law or any other similar legal provision in other countries, with the exception of incentives and mandatory profit-sharing) within Solocal Group or its subsidiaries, or any measure leading employees to acquire directly or indirectly shares of stock in Solocal Group or its subsidiaries;
- any authorisation or instruction given to a subsidiary of Solocal Group to study or undertake any of the operations referred to in this annex;
- the conclusion of any agreement not included in the annual budget that would imply payments or supply of goods or services by Solocal Group or its subsidiaries for an annual amount greater than €10 million;
- any decision relating to plans for the merger or demerger of any Solocal Group subsidiary, a spin-off of assets of a business of one of the subsidiaries of Solocal Group, or the lease-management of the business of one of Solocal Group's subsidiaries, where this is not provided for in the annual budget or three-year business plan, and excluding internal reorganisation with no material impact on the position of Solocal Group;
- any transfer or sale in order to provide collateral, any decision to grant a security interest or pledge by Solocal Group or one of its subsidiaries, or one of its subsidiaries, in order to meet debts or honour guarantees given to third parties not included in the annual budget for a total amount greater than €10 million per year;
- all loans made by Solocal Group or one of its subsidiaries where the total amounts are greater than €5 million and have not been provided for in the annual budget.

1.5 ACCESS, PARTICIPATION AND VOTING OF SHAREHOLDERS AT THE GENERAL SHAREHOLDERS' MEETING

Information related to access to, participation and voting in the General Shareholders' Meeting is set out in Articles 11 and 26 to 32 of the Company's Articles of Association and is detailed in point 21.2.2 of the *document de référence*.

1.6 PUBLICATION OF THE CAPITAL STRUCTURE AND INFORMATION THAT MAY HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFERING

Information on the share capital is provided in 21.1 of the *Document de référence* of the Company.

1.7 RULES FOR SETTING THE REMUNERATION OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

1. Fixed remuneration

The Board of Directors' meeting of 11 December 2012 set the fixed amount of Mr Jean-Pierre Remy's gross annual remuneration at €520,000 over twelve months.

2. Rules for calculating the variable portion

The Board of Directors' meeting on 12 February 2013 defined the rules for calculating the variable share of the Chief Executive Officer on the recommendation of the Remuneration and Appointments Committee.

In 2013, the Chief Executive Officer was eligible for a variable share of 100% of the annual fixed remuneration on targets achieved between 0% and 200%, based on the following criteria:

- 50% on a qualitative scale ranging from 0 to 200%,
- 50% on a quantitative scale based on a gross operating margin (GOM) target from 0% to 200%.

3. Severance package

As Jean-Pierre Remy has no employment contract, the Board of Directors approved a severance package in the event he was forced to leave the Company because of a change in control or strategy or its implementation, the amount of which would be equal to his flat gross annual compensation (fixed and variable with objectives achieved), on condition that Jean-Pierre Remy has achieved at least 80% of his annual targets for the last three years.

The severance package would be paid only after the Board of Directors of the Company verified achievement of the applicable performance condition.

4. Non-competition clause/corresponding compensation

A non-competition obligation is stipulated in the event of termination of Jean-Pierre Remy's appointment as Chief Executive Officer for any reason and in any form. This competition prohibition would be limited to a period of 24 months beginning on the effective termination date, and would cover all of French territory. The corresponding package would be equal to 12 months of compensation calculated on the basis of the monthly average of the total gross compensation for the 12 months of employment preceding the termination date. It would be paid to Jean-Pierre Remy in instalments of one-fourth of the total package at the end of each six-month period. The Company will have the option to release Jean-Pierre Remy from this non-competition clause by informing him of its decision no later than 15 calendar days after the Board meeting that noted or decided to terminate Jean-Pierre Remy's position as Chief Executive Officer of the Company.

The cumulative total of these two packages, severance and non-competition, may not exceed two years' compensation, fixed and variable.

5. Retirement

Within the framework of implementation of a supplementary retirement scheme in two sections (the Collective Retirement Savings Plan – PERCO) with an employer's contribution set up in 2007, from which all employees of the Group's French subsidiaries may benefit, a supplementary defined contribution retirement scheme open to all the management staff of Group subsidiaries as of 1 January 2008), Jean-Pierre Remy is not able to take advantage of the PERCO scheme.

The Board of Directors of Solocal Group, however, in accordance with the provisions of Article L. 225-38 of the French Commercial Code, approved a provision whereby Jean-Pierre Remy may participate in the supplemental retirement scheme (Article 83 of the General Tax Code) under the same contribution conditions as other contributors.

For the record, Jean-Pierre Remy is a member of the Company's benefits and retirement scheme under the same conditions as other Group employees.

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

2. INTERNAL CONTROL, INTERNAL AUDIT AND RISK MANAGEMENT WITHIN SOLOCAL GROUP

2.1 STANDARDS FOR INTERNAL CONTROL AND RISK MANAGEMENT, OBJECTIVES AND SCOPE

2.1.1 INTERNAL CONTROL AND RISK MANAGEMENT STANDARDS

In order to achieve each of its objectives, Solocal Group has defined and implemented the general principles of internal control, based largely on the COSO reference code (Committee of Sponsoring Organisation of the Treadway Commission) published in 1992, as well as on the framework reference on internal control and the recommendations published by the AMF. The description below of the procedures for internal control and managing risks in effect in the PagesJaunes Groupe is based on this reference framework. The analysis carried out was conducted in compliance with, among others, the various points of attention in this reference framework and in its application guides. It also forms part of considerations resulting from the work of the IFACI (*Institut Français de l'Audit et du Contrôle Internes*).

2.1.2 DEFINITION AND OBJECTIVES OF INTERNAL CONTROL

The Group views internal control as a set of processes defined by Management and implemented by the employees of the Group, intended to ensure that the following objectives are reached:

- compliance with the laws and regulations in force, both inside and outside the Group,
- application of the instructions and strategies defined by the Board of Directors;
- prevention and control of operational risks, financial risks and risks of error and fraud;
- optimisation of internal processes by ensuring the effectiveness of the operations and the efficient use of resources;
- the quality and fair presentation of accounting, financial and management information.

These principles are based on:

- a policy that contributes to the development of an internal control culture and the principle of integrity;
- the identification and analysis of risk factors that might affect achievement of the Group's objectives;
- an organisation and procedures designed to ensure the implementation of the strategies defined by Management;
- periodic review of control activities and the continuous search for improvement;
- the process of distributing information on internal control.

However, as with any control system, the principles established cannot provide an absolute guarantee that risks will be completely eliminated or controlled.

2.1.3 DEFINITION OF THE SCOPE OF CONTROL

The procedures described below apply to all the subsidiaries of the Group.

The internal control systems specific to each entity (department/subsidiary) include both application of the Group's procedures and the definition and application of procedures specific to each of the business lines, according to their organisation, their culture, their risk factors and the specific characteristics of their operation.

2.2 CONTROL ENVIRONMENT

2.2.1 RULES OF CONDUCT AND ETHICS APPLICABLE TO ALL EMPLOYEES

The Solocal Group bases its development on a set of values and principles for action and behaviour taken from the "Professional Ethics Charter of Solocal Group" for the benefit of its customers, shareholders, employees, communities and countries where it is active and in respect for the environment and the needs of future generations.

These values and principles are in line with the framework of basic principles, such as those of the Universal Declaration of Human Rights and those set forth by the International Labour Organisation (in particular with regard to the abolition of child labour and forced labour) and the OECD (in particular to fight corruption), and commitments to which the Group subscribes, particularly in relation to sustainable development. These values and principles guide the initiatives of the Group and its various segments, and are references for everyone in the Group, regardless of their activity and responsibilities. Thus it is the responsibility of each person, and especially the Group's managers and the entities that form the Group, to comply with and promote these values and implement these principles.

These rules, which can be consulted on the Group's website www.solocalgroup.com and on the Group Intranet, summarise the following points:

- the values of the Group;
- the principles guiding the Group's initiatives (in relation to its customers, shareholders, employees, suppliers, competitors and the environment);
- the principles of individual behaviour (relations with customers and suppliers, protection of the Group's assets, priority of the Group's principles and values, conflicts of interest, market ethics).

A document "Principles and rules of market ethics" supplements the Group's Professional ethics charter on issues specific to market ethics.

It points out to employees of the companies that form the Group about the principles and rules in force in this area, and the need to scrupulously comply with them, and the preventive measures application in the Group, in order to allow each person to invest in the listed securities of the Group's companies within a secure framework.

In this context, in order to limit the risks, Solocal Group asks all employees working on sensitive issues to sign a confidentiality agreement, especially those working with people outside the Group who may not already be bound to confidentiality by their own ethical rules.

Accordingly, any permanent or occasional insider who has doubts or questions about a transaction he or she wishes to execute on securities of the companies in the Group, or on the content of the information that he can communicate, must consult his or her manager or the Chairman of the Group's Ethics Committee or, where applicable, the ethics committee of the entity to which he or she is attached or, if a Board member, the Chairman of the Board.

2.2.2 RESPONSIBILITY AND COMMITMENT OF THE GENERAL MANAGEMENT

A risk management policy is in place within the Group along with a guidance memo that specifies Management's commitments. Reviews are conducted every six months with the various subsidiaries and departments of the Group. Updating of the risks and monitoring of the associated actions are consolidated and monitored within the committee devoted to managing Group risks and safety, then presented to the Management Executive Committee at least once a year. A business risk and security officer is appointed for each subsidiary and department of the Group; these officers are led by the Committee on risk management and business security, which is directed by the Group's risk manager who reports to the Internal Audit, Risks and Security Department, which in turn reports directly to Management.

The committee on the three controls (risks, Internal Audit and internal control) meets at least twice a year in order to ensure consistency and the necessary priorities.

2.2.3 POLICY ON HUMAN RESOURCE AND SKILLS MANAGEMENT

The performance of Solocal Group is directly linked to the skills of its employees and depends on adaptation of its resources. The Group's Human Resources Department is a local partner for the operational departments. It develops, proposes and implements human resource management designed to assist in deployment of the company's strategy. In order to best meet the needs of employees and managers, Group HR is organised into two sectors: the HR Business Partners sector and the HR Policy sector.

The main mission of the "HR Business Partners" sector is to support the management of the sectors and departments for which it has HR responsibility and to manage the employees that work in them. Its expertise covers their knowledge of the sector (organisation, composition, and mission) as well as the Group's businesses.

The "HR Policy" sector focuses on defining HR policies and improving procedures. It deploys the Group's HR policy and carries out its initiatives with the sector Business Partners, and in particular with the regional HR Managers, and constitutes a genuine resource and support point for them to enable them to carry out their missions in the most effective way possible.

2.2.4 INFORMATION SYSTEM

The Group's various information systems are composed of:

- tools related to the Group's business activity, particularly the creation and storage of digital content, and tools dedicated to the websites;
- tools for managing activities, particularly accounting and financial;
- communication tools such as messaging systems or tools assisting collaboration (Intranet);

- tools to optimise risk management; composed of several functional modules: risks/security/crisis/business continuity plan/audit.

PagesJaunes Business Solutions (the department in charge of managing the information systems) and Media/DT (Technical Department of the Media sector) are the main entities that supervise these systems within the Group, and ensure, among other things, that they are adapted to the Group's objectives over time; in liaison with DARS, which conducts the management of risks in this area, taking into account the objectives of reliability and operating continuity, legal and regulatory compliance and operational objectives. Action taken that is directly related to risk control and security is monitored on a quarterly basis via the business lines and risk coordinators, and reviewed every six months by the risk manager and the department concerned.

2.3 MONITORING AND MANAGING RISKS

2.3.1 ORGANISATIONAL FRAMEWORK

As with any enterprise, the Group is exposed to a set of risks when conducting its business. The main exposures identified are described in chapter 4 "Risk factors" in this *document de référence*. Risk management receives special attention in the Group. It is conducted at the level of the subsidiaries as well as with the parent entity, which synthesises this information.

The objectives of risk management are to:

- develop a comprehensive, systematic, integrated and flexible method to identify, assess, analyse and manage risks and assist in their control;
- develop best practices in risk management;
- reduce the risks that impact the enterprise and manage their consequences.

The risk management policy applies to all entities of the Solocal group. The Group has established risk governance organised around a Risk Manager and a network of business officers.

2.3.2 PROCESS FOR IDENTIFYING AND ANALYSING RISKS

A number of Group procedures contribute to risk identification. They cover the following elements, among others:

- a risk assessment and classification method was set up in 2005 and has been deployed since then.

  This method is based on a risk mapping approach, designed to rank the principal risks to which the Group believes it is exposed, in terms of seriousness and likelihood of occurrence, and evaluates the corresponding degree of coverage.
- risk and security reviews are conducted regularly (at least once a year);
- a network of coordinators responsible for operational implementation of the risk and security policy has been created and is run through a dedicated governance body;
- an information system for risk and security management is in place and is deployed in particular through describing and monitoring the related actions. This system also incorporates charts indicating risk and security measures, the management of major crises, as well as business continuity plans (BCP) and actions to follow up audit recommendations.

2.4 CONTROL

Control is exercised firstly by the functional and operational departments on the basis of existing processes and standard procedures. The Solocal Group has created three control vectors: operational management/risk management, and internal control/internal audit. The aim is, by creating these mechanisms, to harmoniously combine various regulatory (instructions and directives), organisational (organisational charts and processes) and technical (particularly IT and communication) measures, based on certain fundamental concepts:

- these mechanisms give 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 managed by persons at all hierarchical levels.

2.4.1 INTERNAL AUDIT

The Internal Audit unit ensures the maturity of the appropriate internal control by evaluating its effectiveness and efficiency, while encouraging continuous improvement. Based on the results of a risk assessment, the Internal Audit unit assesses the relevance and effectiveness of the internal control mechanism by measuring, among other things, 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 performance of operations, protection of assets, and compliance with laws, regulations and contracts.

The Group's Internal Audit unit is responsible for performing the tasks defined at the beginning of the year in the audit plan. It is hierarchically attached to Group Management, but functionally supervised by the Audit Committee.

Three types of audit are performed by Internal Audit:

- audits on compliance and the effectiveness of processes and activities,
- audits on the maturity of the Internal Control of the Group's subsidiaries, excluding PagesJaunes SA and Solocal Group (in France as well as abroad),
- compliance or performance audits on issues decided by the Audit Committee.

Planned and monitored operational safety compliance audits are also undertaken.

2.4.2 INTERNAL CONTROL

The internal control system consists of all policies and procedures implemented by the management of an entity in order to ensure, as far as possible, rigorous and effective management of its business activities. Through the controls deployed, and by identifying any corrective action needed to follow up on its recommendations, it ensures the effectiveness and quality of implementation of these policies and procedures.

The internal control system involves the entire Company, from the governance bodies to all the employees of Solocal Group.

The organisation of internal control is based on centralised supervision, supported by a network of employees in the various departments and entities.

This organisation aims to provide reasonable assurance that the company's objectives are being implemented (conformity and reliability of the results obtained) through deployment of the internal control system.

2.4.3 AUDIT COMMITTEE

The Audit Committee is comprised of at least two members, appointed by the Board of Directors based on the recommendation of its Chairman. In accordance with the Audit Committee's operating charter, the Committee designates its own Chairman.

The composition of the Audit Committee on the date of this *document de référence* was as follows

- Remy Sautter, Chairman,
- Elie Cohen,
- Médiannuaire Holding (MDH), represented by John Ryan.

The Audit Committee monitors matters related to the preparation and auditing of accounting and financial information. It is responsible, among other things (without prejudice to the powers of the administrative, management and supervisory bodies), for the following:

- monitoring the process for preparing financial information, in particular:
  - reviewing the draft interim and annual company and Consolidated Financial Statements, as well as the drafts of management reports and the business activity and results tables,
  - reviewing the documents intended for Financial Communication,
  - ensuring compliance with the accounting standards adopted for preparing the Company and Consolidated Financial Statements,
  - reviewing the accounting treatment related to specific transactions, and the information published regarding such transactions,
  - checking the quality and relevance of the information provided to shareholders,
- monitoring the effectiveness of the internal control and risk management systems, and in particular:
  - verifying correct application of the internal data collection and control procedures,
  - on a yearly basis, studying the inspection procedures relating to the Statutory Auditors and Internal Auditors, and examining the internal audit reports for the past year and defining the schedule of tasks for the current year,
  - reviewing each year the Group's exposure to risks, particularly financial and litigation risks, significant off-balance sheet commitments, and the effectiveness of the internal control and risk management system,
- monitoring the legal audit of the Annual Financial Statements and, if applicable, the consolidated statements by the Statutory Auditors,
- monitoring the independence of the Statutory Auditors, issuing a recommendation about the Statutory Auditors proposed for appointment by the General Shareholders' Meeting,
- reporting regularly to the Board of Directors about the conduct of its tasks, and informing it immediately of any difficulty encountered.

Such duties are not limits on the powers of the Board of Directors, which cannot be released from its liability by invoking the duties or opinions of these committees.

The Audit Committee shall meet as often as it deems useful and shall consider any matter included within its duties. It may ask the Group's Management to provide it with any document or information necessary to fulfil its duties and carry out any internal or external audit on any subject it believes is covered by these duties. During the examination of drafts of the annual and semi-Annual Financial Statements, it may question the Statutory Auditors without the presence of executives of Solocal Group. It is notified of any accounting or audit irregularities.

The Audit Committee met five times in 2013. It regularly questioned the Company's chief executives and the main managers of the Group's Finance department, the Internal Audit department, Risks and Security, and the Statutory Auditors, to examine with them their respective intervention plans and the follow-up they provided to these plans. On average, three members were present at each meeting.

The following are the main issues examined by the Audit Committee in 2013:

- annual company and Consolidated Financial Statements as at 31 December 2012;
- semi-annual consolidated statements as at 30 June 2013;
- revenues and main results for the first and third quarters of 2013;
- Internal Audit 2013 programme, conclusions of the tasks carried out during the year and monitoring the implementation of recommendations;
- risk management system and mapping of major risks.

2.4.4 CONSOLIDATION OF THE AUDITORS' WORK

As part of their statutory functions, the Statutory Auditors perform their work at the end of the first half of the year, in the form of a limited review at Group level and, for the annual closing, via a pre-year-end review followed by an audit of the accounts as at 31 December. They also carry out work to review the Internal Audit procedure of the Group's main subsidiaries, according to an audit plan presented to the Audit Committee of Internal Audit. The main recommendations are presented to the Financial departments and to the Audit Committee.

Generally, the continuous improvement of processes and standards meets three concerns: control, efficiency, and the performance of operations.

2.5 INTERNAL CONTROL PROCEDURES FOR THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

The Group's Finance Department draws up accounting and financial information.

The reliability of the published accounting and financial information is reinforced by a series of bodies, rules, procedures and controls, by a skills management policy, and by a process to ensure continuous improvement of procedures.

Specific internal control procedures have therefore been implemented within the following areas:

- Financial Information Committee,
- the Group's accounting and management organisation,
- unified accounts and management reporting,
- the Group's common accounting standards and methods,
- planning the closure of accounts at Group level,
- Financial communication.

2.5.1 FINANCIAL INFORMATION COMMITTEE

Financial information and its control are consistently organised in accordance with the managerial and management organisation of Solocal Group. 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 integrity, accuracy and compliance with applicable laws and regulations and recognised practices, and the consistency and quality of Solocal Group's financial information.

Prior to examination by the Audit Committee and then by the Board of Directors, it reviews all financial information that must be publicly disclosed. This review covers, among other things, periodic press releases containing financial items and periodic presentations to analysts.

The Committee acts in the context of procedures for the preparation and validation of financial information defined for the entire Group. It is chaired by the Group's Chief Financial Officer and includes managers with expertise in accounting, legal affairs, communication, investor relations and management control.

This Committee was established in July 2004 and met four times in 2013.

2.5.2 ACCOUNTING AND MANAGEMENT FUNCTION

Reporting to the Group's Chief Financial Officer, the Consolidation department, the Group's Management control department and the Finance departments of the Group's subsidiaries perform the tasks essential to ensure consistency in Solocal Group's financial data.

As a result,

- they produce the company and Consolidated Financial Statements of Solocal Group by deadlines that meet the requirements of the financial markets and comply with legal obligations;
- they manage the budgeting and forecasting process and production of the monthly management reporting in as short a time as possible, while ensuring data consistency;
- they produce the documentation necessary for the financial communication of results and the summary of management reporting required by the management of Solocal Group;
- they design and set up the accounting and management methods, procedures and standards used by the Solocal Group;
- they identify and manage necessary changes to the accounting and management information systems of the Solocal Group.

2.5.3 UNIFIED MANAGEMENT AND ACCOUNTING REPORTING

The cycle of steering and managing the Group comprises four basic components:

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

a. The strategic plan

Each year a strategic plan is drawn up by Solocal Group for the next three years. This strategic plan is prepared on the basis of Solocal Group's strategic choices, taking into account market trends, its business segments and the competitive environment.

b. The budget process

The budget process is specified for Solocal Group and for its subsidiaries. The main phases are as follows:

- autumn: updating the budget for the current year and preparation by each entity of an annual and monthly budget for the following year;
- spring: updating of the initial projection for the current year, which is also used as the basis for the strategic plan;
- summer: updating the second half of the year based on the results for the previous six months.

A continuous reforecasting process was moreover implemented in 2007 in order to improve management and monitoring of Group performance.

c. Monthly reporting

Monthly reporting is a major component of the financial control and information mechanism. It is the primary tool for monitoring, control and direction of Solocal Group's Management. It comprises several documents prepared by the Management Control and Accounting departments and transmitted to Solocal Group's Management.

Monthly reporting includes quantified data, comments on developments, and performance measurement indicators.

The Management Control and Accounting departments of Solocal Group use a uniform consolidation tool to produce reporting on actual figures and on the budget, as well as the strategic plan.

d. Business reviews

The monthly business reviews with all the Senior Managements of the subsidiaries are a key component of Solocal Group's management and control mechanism. The primary objective of these reviews is to ensure that the actions undertaken are in line with the Group's priorities and ambitions.

2.5.4 COMMON ACCOUNTING BASIS AND METHODS WITHIN THE GROUP

For the process of preparing the provisional and actual consolidated accounts, the Group has applied the principle of standardisation, which entails:

- consistency of the accounting bases, methods and consolidation rules,
- standardisation of refund formats,
- use of a common consolidation tool IT in the Group.

The Group has a single accounting basis that standardises all items in consolidated reporting, including off-balance-sheet commitments. All the Group's consolidated entities have adopted this accounting basis. Solocal Group draws up Consolidated Financial Statements 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 memoranda from the Group's Finance department specifying the preparation process and timetable for each closure are distributed within the Group. Each subsidiary of Solocal Group defines these processes and timetables in its own organisation.

2.5.5 SCHEDULING OF CLOSURE WORK AT GROUP LEVEL

In order to maintain short account closing times, which enable it to publish its Consolidated Financial Statements as approved by the Board of Directors in February, the Group has established a precise schedule to plan its closing work. This schedule is based on:

- budget monitoring processes;
- preparation of pre-closing 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, improving the quality of quantified forecasts and increased control of financial processes, and anticipation and acceleration of accounting preparation processes have all been essential factors in the progress made by the Group in preparing its accounts.

2.5.6 FINANCIAL COMMUNICATION

In addition to the Chief Executive Officer, the Chief Financial Officer, the Investor Relations Manager and the Department of Strategy and the Press department of Communications are the only entities authorised to issue financial information concerning the Group and its strategy outside the Company.

The Group's Finance Department, in collaboration with Management Control and the Legal department, is responsible for drawing up and distributing to the various public recipients and regulatory and market authorities (the AMF) the following periodic and permanent information documents:

- Periodic financial press releases (quarterly information, semi-annual and annual results) and also occasional releases (external growth operations, divestments, strategic partnerships, etc.),
- Presentations as back-up for meetings of analysts and investors and press conferences,
- Semi-annual and annual financial reports,
- Document de référence,
- Presentation for the General Shareholders' Meeting.

These documents are reviewed by the Financial Information Committee (see section 2.3.1).

Solocal Group strives to provide intelligible, relevant and reliable information. The Group also ensures compliance with stock market regulations and corporate governance principles.

2.6 INFORMATION AND COMMUNICATION

All of the Group's press releases and the main reference texts are available on the Group's Intranet, which is available to all employees.

Moreover, a set of applications, particularly collaborative tools available on the Group Intranet, allow for suitable distribution of the information needed by everyone within the Group.

2.7 OUTLOOK

For 2014, Solocal Group intends to continue its approach of support and rendering the operational entities accountable in the areas of audit, internal control and risk management.

Sèvres, 12 February 2014
Jean-Pierre Remy
Chairman of the Board of Directors

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

REPORT OF THE STATUTORY AUDITORS PREPARED PURSUANT TO ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE ON THE REPORT ON THE CHAIRMAN OF THE BOARD OF DIRECTORS
(Year ended 31 December 2013)

Dear Shareholders,

In our capacity as the Statutory Auditors of SOLOCAL GROUP 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 31 December 2013.

It is the duty of the Chairman to prepare and submit for the approval of the Board of Directors a report concerning the internal control and risk management procedures implemented in the Company and to provide the other information required by Article L. 225-37 of the French Commercial Code, relating in particular to the system of corporate governance.

It is our duty to:

- provide to you our comments on the information contained in the Chairman's report regarding the internal control and risk management procedures relative to the preparation and processing of accounting and financial information, and
- certify that the report includes the other information required by Article L. 225-37 of the Commercial Code, on the understanding that it is not our role 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 control and risk management procedures related to the preparation and processing of accounting and financial information

Professional standards require implementation of procedures for assessing the accuracy of information regarding internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the Chairman's report. Such procedures consist, among other things, of:

- reviewing the Internal Audit and risk management procedures used in relation 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 enabled the preparation of such information and existing documentation;
- determining whether any major internal control deficiencies related to the preparation and processing of the accounting and financial information which we have noted in the performance of our duties are appropriately reported in the Chairman's report.

On the basis of this work, we have no comments to make on the information regarding the Company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report 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.

Paris-La Défense and Neuilly-sur-Seine, 14 February 2014

Statutory Auditors

Ernst & Young Audit	Deloitte & Associés
Denis THIBON	Ariane BUCAILLE

17.1 EQUITY PARTICIPATION, SHARE SUBSCRIPTION OR PURCHASE OPTIONS, BONUS SHARE ALLOTMENTS MADE TO EACH CORPORATE OFFICER AND OPTIONS EXERCISED BY OFFICERS

EQUITY PARTICIPATION

On the date this Document was filed, and to the Company's knowledge, the number of shares of Solocal Group held by each member of the Board of Directors was as follows:

Director	Number of shares
Sandrine Dufour	1,000
Jean-Pierre Remy and related persons	165,667
Thierry Bourguignon	100
François de Carbonnel	2,010
Elie Cohen and related persons	2,301
Steven Mayer	1
Lee Millstein	1
Médiannuaire Holding	51,960,633
Cécile Moulard	4,201
Rémy Sautter	1,773
Marc Simoncini	1

SHARE OPTIONS

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

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

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

Under the plan of 23 July 2009, the Board of Directors adopted the proposal of the Remuneration and Appointments Committee to grant 140,000 options to Jean-Pierre Remy.

All these options are subject to the following performance obligation, in accordance with the AFEP/MEDEF Corporate Governance Code: achievement by the Chief Executive Officer of his annual targets for 2009, 2010 and 2011. As the Remuneration Committee granted options to Jean-Pierre Remy based on achievement of his targets of respectively 150%, 130% and 50% of his variable portion during the years 2009, 2010 and 2011, the average is 110%, and in application of this plan 140,000 options are granted. These can be exercised at a price of €6.71.

Jean-Pierre Remy will be required to reinvest 33% of the net capital gain generated on the disposal of the shares resulting from the exercise of these options in Solocal Group shares. Jean-Pierre Remy must keep these shares registered in his own name until he has completed his term as Chief Executive Officer.

The Company introduced two share option plans in 2010: on 27 July 2010 for 1,336,000 options at an exercise price of €8.586 and on 16 December 2010 for 166,000 options at an exercise price of €7.095.

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

Under the plan of 27 July 2010, the Board of Directors adopted the proposal of the Remuneration and Appointments Committee to grant 140,000 options to Jean-Pierre Remy.

All these options are subject to the following performance obligation, in accordance with the AFEP/MEDEF Corporate Governance Code: achievement by the Chief Executive Officer of his annual targets for 2010, 2011 and 2012. As the Remuneration Committee granted options to Jean-Pierre Remy based on achievement of his targets of respectively 130%, 50% and 65% of his variable portion during the years 2010, 2011 and 2012, the average is 81.67%, and in application of this plan 114,333 options are granted. These can be exercised at a price of €8.586.

Jean-Pierre Remy will be required to reinvest 33% of the net capital gain generated on the disposal of the shares resulting from the exercise of these options in Solocal Group shares. Jean-Pierre Remy must keep these shares registered in his own name until he has completed his term as Chief Executive Officer.

Share options for new or existing shares granted during the year to each corporate officer by the issuer and by any Group company

Name of the executive corporate officer	No. and date of the plan	Type of options (purchase or subscription)	Valuation of the options according to the method used for the Consolidated Financial Statements	Number of options granted during the year	Exercise price	Exercise period
Jean-Pierre Remy	—	—	—	—	—	—
Christophe Pingard	—	—	—	—	—	—
TOTAL	**—**	**—**	**—**	**—**	**—**	**—**

Share options exercised during the year by each executive corporate officer

Name of executive officer	No. and date of plan	Number of options exercised during the year	Exercise price
Jean-Pierre Remy	—	—	—
Christophe Pingard	—	—	—
TOTAL	**—**	**—**	**—**

GRANTING OF PERFORMANCE-BASED SHARES

The Extraordinary General Shareholders' Meeting of 19 April 2006 authorised the Board of Directors to introduce a performance share plan for the benefit of certain Group directors and employees, as defined in Articles L.225-197-1 to L.225-197-5 of the French Commercial Code, with the particular aim of making them partners in the Company's development.

This authorisation was granted for a period of 38 months and the total number of free shares allotted under this resolution must not exceed 0.5% of the Company's capital on the date of said General Shareholders' Meeting, i.e. 1,393,948 shares.

The Board of Directors adopted the conditions for the first free share plan on 30 May 2006. This plan gave rise to the initial grant of 602,361 shares to 591 Group employees on 30 May 2006. A second free share plan was drawn up on 20 November 2006 and gave rise to a grant of 778,638 shares to 611 Group employees. Given that the performance obligations were not met in one of the two years concerned, only 50% of these shares were vested in the beneficiaries. A third plan was drawn up on 14 February 2008 giving rise to a grant of 12,940 shares to 15 Group employees. As the performance obligations were not met, the grantees' right to receive these free shares was forfeited.

The shareholders of Solocal Group, at the Combined General Shareholders' Meeting on 7 June 2011, authorised the Board of Directors to introduce a free share plan for the benefit of certain directors and employees of Solocal Group and companies affiliated to it, as defined in Articles L.225-197-1 to L.225-197-6 of the French Commercial Code.

This plan gave rise to an initial grant of 1,226,000 shares to 41 employees of the Group on 26 October 2011. A second free share plan was approved on 16 December 2011, resulting in a grant of 84,000 shares to three employees of the Group. Taking into account the partial fulfilment of the performance conditions attached to these two plans, approximately 45% of these shares were vested in the beneficiaries. A new share plan was adopted on 11 December 2012, and resulted in the grant of 2,624,000 shares to 47 beneficiaries. A new award plan was approved on 11 December 2013, and resulted in the grant of 280,000 shares to 10 beneficiaries.

Performance shares awarded to each corporate officer

Performance shares granted by the General Shareholders' Meeting during the year to each corporate officer by the issuer and by any company of the Group (list of names)	No. and date of plan	Number of shares awarded during the year	Valuation of the shares under the method used for the Consolidated Financial Statements	Acquisition date	Availability date	Performance conditions (1)
Jean-Pierre Remy	26 October 2011	140,000	€1.98	31 March 2014	1 April 2016	Amount of GOM
Christophe Pingard	12 December 2011	60,000	€1.63	31 March 2014	1 April 2016	Amount of GOM
Jean-Pierre Remy	11 December 2012	300,000	€1.75	31 March 2015	1 April 2017	Revenues and GOM
Christophe Pingard	11 December 2012	150,000	€1.75	31 March 2015	1 April 2017	Revenues and GOM

(1) The performance criteria are the changes in revenues and GOM over 2013 and 2014 that will be assessed in total at the end of 2014.

Performance shares that have become available for each corporate officer	Date of the plan	Number of shares that became available during the year	Conditions of acquisition
Jean-Pierre Remy	—	—	—
Christophe Pingard	—	—	—
TOTAL			

Jean-Pierre Remy and Christophe Pingard must hold as registered shares 33% of the performance shares awarded in 2011, and 25% of performance shares awarded in 2012 (taking account of changes in taxation between those two dates) until the end of their terms of office.

HISTORY OF GRANTS OF SHARE OPTIONS

Information on share purchase or subscription 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 Board meeting and name of the plan	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 that can be obtained	3,796,800	2,927,900	1,145,000	87,000	75,000	1,336,000	166,000
including number available for subscription by corporate officers							
Jean-Pierre Remy	—	—	140,000	—	—	140,000	—
Christophe Pingard	—	—	—	—	—	—	—
Thierry Bourguignon	—	—	—	—	—	—	—
Start date to exercise options/vesting of shares	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	—	—	—	—	—	—
Conditions for exercise (if plan comprises multiple tranches)	—	—	—	—	—	—	—
Number of shares subscribed at 31 December 2013 (1)	377,670	0	0	0	0	0	0
Total number of cancelled or lapsed share options	1,062,930	728,316	425,000	70,000	0	281,500	17,000
Share options remaining at year end	2,550,454	2,199,584	720,000	17,000	75,000	890,500	149,000

(1) Linked to the early exercise described below

No other Board member holds share options granted by Solocal Group.

EARLY EXERCISE OF SHARE OPTIONS

The rules for the share option plan set up on 28 June 2005 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. In view of 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 deemed equivalent to wages and salaries for tax purposes. This means they are subject to social security charges and income tax for the beneficiary and employer contributions for the Company. 251,669 options were exercised early under this plan to 12 January, at the beginning of 2007.

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 granted, in accordance with Article L. 225-181 of the French Commercial Code.

The regulations of the 28 June 2005 share option plan allowed beneficiaries to exercise up to 100% of the options granted to them within three months of notification of a change of control of a subsidiary and to sell up to 50% of the shares resulting from such exercise at their discretion. Capital gains realised from this early exercise of options are deemed equivalent to wages and salaries for tax purposes. This means they are subject to social security charges and income tax for the beneficiary and employer contributions for the Company. 126,001 options were exercised early under this plan in 2007 by the employees of Kompass France and Kompass Belgium.

The exercise of all 6,524,626 share options awarded and all the 3,812,000 free shares allotted would lead to the creation of a total of 10,336,626 new shares. The share capital would thus rise from 280,984,754 shares to 291,321,380 shares, a maximum potential dilution of 3.55%. This calculation does not include the 3,982,495 treasury shares held, including 1,982,495 via the liquidity agreement. It should be noted that as at 31 December 2013 there was no authorised dilution that had not been awarded.

17.2 DESCRIPTION OF VOLUNTARY AND MANDATORY PROFIT-SHARING AGREEMENTS

MANDATORY PROFIT-SHARING

A mandatory profit-sharing agreement was signed by the Group on 26 June 2006 with five trade unions (CFE/CGC, CFDT, FO, CGT and the independent PagesJaunes union). It covers the French companies of the Group held at more than 50% by the Company. Horyzon Media joined the Group plan with effect from 1 January 2008, Sotravo, with effect from 1 January 2010, Clic Rdv and Fine Media with effect from 1 January 2011, and Chronoresto with effect from 1 January 2013. The Group's special mandatory profit-sharing reserve corresponds to the amount of 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 as follows: 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 allocated to the Group Savings Plan and locked in for five years if the beneficiaries choose to invest (it is possible to collect the amount directly without lock-in).

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

Group agreement (millions of euros)	Profit-sharing to be distributed to Group employees
2013	10.8 (excluding supplement of €1.5 m)
2012	12.3
2011	13.1

VOLUNTARY PROFIT-SHARING

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

The French subsidiaries of the Group (excluding Horyzon Media, Sotravo, Aval, Clic RDV and Fine Media and Chronoresto) have a voluntary profit-sharing agreement.

On 21 May 2010, PJMS signed a new voluntary profit-sharing agreement for the years 2010-2011-2012.

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

On 22 April 2011, Mappy signed a new voluntary profit-sharing agreement for the years 2011-2012-2013.

On 27 June 2011, Médiannuaire and Solocal Group also signed a new voluntary profit-sharing agreement for the years 2011-2012-2013.

On 18 June 2012, PagesJaunes Outre-Mer signed a new voluntary profit-sharing agreement for the years 2012-2013-2014.

In June 2013, the new agreement proposed for the period 2013-2014-2015 for PagesJaunes SA was not signed by the union organisations.

On 26 June 2012, PJMS signed a new voluntary Profit-sharing Agreement for 2013-2014-2015.

On 26 June 2012, PJMS signed a new voluntary Profit-sharing agreement for 2013-2014-2015.

(in thousands of euros)	2012 voluntary profit-sharing paid in 2013	2011 voluntary profit-sharing paid in 2012	2010 voluntary profit-sharing paid in 2011	2009 voluntary profit-sharing paid in 2010	2008 voluntary profit-sharing paid in 2009
Voluntary profit-sharing paid in the Group	**4,968**	2,780	8,594	6,627 (1)	9,918

(1) On 15 June 2009, given the economic context, an amendment was made to the 2007-2009 PagesJaunes SA voluntary profit-sharing agreement for financial year 2009 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 a Group savings plan was signed on 12 February 2007 by the Management and trade unions.

An amendment revising the Group savings plan was signed on 21 December 2012 following the revamping of the mutual fund investment offered in the Group Savings Plan (PEG).

SUPPLEMENTARY PENSION SCHEME

A Group agreement to implement a supplementary pension scheme was signed on 22 November 2007 by the Management and trade unions. There are two sections to the agreement:

- 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 subsequent years, the maximum annual employer contribution is set at a maximum of €502 gross for €1,500 paid by the employee. For 2007, for the inception of the PERCO plan, and in order to encourage access to the largest number of employees, the employer contribution was set at €701 for a contribution of €1,500. An amendment was also signed on 21 December 2012 following the revamping of the mutual fund proposed under the PERCO;
- a defined-contribution supplementary retirement plan, as per Article 83 of the French General Tax Code, from which the management staff of the Group's subsidiaries have benefited since 1 January 2008. Membership in the scheme is compulsory, and involves a 5.50% contribution applied to remuneration tranches B and C (remuneration in excess of tranche A, €3,086 per month in 2013). A total of 40% of the contribution is paid by the employee, i.e. 2.20%, and 60% by the Company, i.e. 3.30%. An amendment was signed on 29 October 2013 to allow the employees covered by this agreement to fund the supplementary pension plan with individual and optional payments, under the conditions of Article 163 *quatervicies* of the French General Tax Code.

COMPANY SHARE OPTIONS GRANTED AND EXERCISED DURING THE YEAR

In accordance with Article L. 225-184 of the French Commercial Code, Company share options were granted and exercised as follows in 2013:

Share options granted to the top ten employees who are not corporate officers and options they exercised

Solocal Group subscription plan

Share options granted in 2013 to the top ten employees who are not corporate officers and options they exercised	Total number of options granted/shares subscribed or purchased	Weighted average price
Options granted during the year by the issuer and by any company within the scope of the option grant, to the top ten employees of the issuer and of any company included in this scope with the highest number of options awarded (general information)	None	–
Options held in the issuer and the companies mentioned above, exercised during the year by the top ten employees of the issuer and its companies with the highest number of options purchased or subscribed (general information)	None	–

Performance share award plan

The Extraordinary General Shareholders' Meeting of 19 April 2006 authorised the Board of Directors to introduce a performance share plan for the benefit of certain Group executives and employees, as defined in Articles L. 225-197-1 to L. 225-197-5 of the French Commercial Code, primarily to make them partners in the Company's development. This authorisation was granted for a period of 38 months and the total number of free shares granted under this resolution may not exceed 0.5% of the Company's capital at the date of this General Shareholders' Meeting, i.e. 1,393,948 shares. The Board of Directors adopted the conditions for the first share plan on 30 May 2006.

The performance share 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 the Group and the performance obligations have been met. The performance obligations are based on growth targets for consolidated revenues and consolidated gross operating margin.

The original plan resulted in 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, the grantees' right to receive these free shares was forfeited.

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 for 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, the grantees' right to receive these free shares was forfeited.

The shareholders of the Company, at the Combined General Shareholders' Meeting on 7 June 2011, authorised the Board of Directors to introduce a performance share plan for the benefit of certain executives and employees of Solocal Group and companies affiliated with it, as defined in Articles L. 225-197-1 to L. 225-197-6 of the French Commercial Code.

This plan resulted in an initial grant of 1,226,000 shares to 41 employees of the Group on 26 October 2011. A second performance share plan was approved on 16 December 2011, resulting in the grant of 84,000 shares to three employees of the Group. A third award was approved by the Board of Directors of 11 December 2012 for a total volume of 2,624,000 shares for 47 beneficiaries. A new award plan was approved on 11 December 2013, resulting in the grant of 280,000 shares to 10 beneficiaries.

	Solocal Group Plan December 2013
Number of shares awarded to the 10 non-corporate officers receiving the most shares	280,000

18.1 BREAKDOWN OF THE COMPANY'S SHARE CAPITAL

Until 27 March 2013, PagesJaunes Groupe was majority-owned by Médiannuaire Holding (French limited liability company) through the companies Sèvres I, Sèvres II, Sèvres III and Sèvres IV (limited liability companies under Luxembourg law), controlled by an investment fund consortium, approximately 80% comprised of funds ultimately managed by KKR Europe II Limited and KKR Millennium Limited and advised by Kohlberg Kravis Roberts & Co., L.P. ("KKR"), and around 20% of certain funds managed by the "Principal Investment Area" Division of the Goldman Sachs Group.

Médiannuaire Holding, controlled since 27 March 2013 by Promontoria Holding 55 B.V. holds since this date, via a transfer in lieu of payment of 101,679,554 shares in Solocal Group as reimbursement for a portion of its debt, 51,960,633 shares of Solocal Group representing 18.49% of the company's capital.

Edmond de Rothschild Asset Management, acting on behalf of the UCITS under its management, informed the Company on 14 March 2011 that it had crossed the threshold of 5% of the capital and voting rights. As at 31 December 2013, it held 14,368,891 shares of the Company, representing 5.11% of the capital and 4.57% of voting rights in the Company.

The breakdown of Solocal Group's capital has changed as follows over the last three years:

	31/12/2013				31/12/2012				31/12/2011			
	Number of shares	% of capital	Voting rights	% of voting rights	Number of shares	% of capital	Voting rights	% of voting rights	Number of shares	% of capital	Voting rights	% of voting rights
Médiannuaire [(1)]	0	—	0	—	153,640,187	54.7%	153,640,187	54.7%	153,640,187	54.7%	153,640,187	55.3%
Médiannuaire Holding	51,960,627	18.5%	89,021,254	28.3%	0	0	—	—	0	0	—	—
Employees of Solocal Group [(2)]	1,225,937	0.4%	1,225,937	0.4%	1,441,026	0.5%	1,441,026	0.5%	1,707,500	0.6%	1,707,500	0.6%
Public	223,865,441	79.7%	224,479,279	71.3%	122,589,830	43.6%	122,589,830	44.1%	122,452,535	43.6%	122,452,535	44.1%
Treasury shares [(3)]	3,932,749	1.4%	—	—	3,313,711	1.2%	—	—	3,184,532	1.1%	—	—
TOTAL	**280,984,754**	**100%**	**314,726,470**	**100.0%**	**280,984,754**	**100.0%**	**277,671,043**	**100.0%**	**280,984,754**	**100.0%**	**277,800,222**	**100%**

Number of shares on close-out date on 31/12/2013, 31/12/2012 and 31/12/2011 respectively.

(1) Médiannuaire was wound up without liquidation on 11 January 2013 to the benefit of Médiannuaire Holding.

(2) Under the Group Savings Plan (PEG) of Solocal Group.

(3) 1,932,749 treasury shares are held under a liquidity agreement implemented on 2 December 2012.

Information concerning implementation of the share buyback programme over the year is available in section 20.3 (Report by the Board of Directors to the General Shareholders' Meeting).

EXCEEDING OF THRESHOLDS

The Company has received the following declarations on exceeding of thresholds:

- on 6 May 2013, Promontoria Holding 55 B.V. declared that it holds 51,960,627 shares and 89,021,254 voting rights in the Company, representing 18.49% of the capital and 27.94% of the voting rights;
- on 22 August 2013, Crédit Suisse Group AG declared that it held 12,854,994 shares of the Company representing the same number of voting rights, which is 4.57% of the capital and 4.04% of the voting rights;
- on 15 October 2013, Norges Bank Investment Management declared that it held 8,678,732 shares of the Company, representing 3.09% of the capital;
- on 4 December 2013, DNCA Finance and DNCA Finance Luxembourg declared that they held 9,600,000 shares of the Company, representing more than 3.00% of the voting rights;
- on 30 December 2013, Citigroup Inc. declared that it held 3,209,993 shares of the Company, representing 1.14% of the capital;

- on 20 January 2014, Amundi AM declared that it held 3,181,372 shares of the Company, representing 0.99% of the voting rights;
- on 22 January 2014, The Goldman Sachs Group, Inc. declared that it held 13,913,973 shares of the Company, representing 4.95% of the capital and 4.37% of the voting rights;
- On 7 March 2014, GAM International Management Limited declared that it held 2.032% of the capital of Solocal Group;
- On 11 March 2014, Cadogan Square CLO B.V. declared that, together with Cadogan Square CLO II B.V., Cadogan Square CLO III B.V., Cadogan Square CLO IV B.V. and XELO II Public Limited Company, it had fallen below the statutory threshold of 1% of capital and voting rights in Solocal Group.

  This crossing of thresholds caused their holdings in Solocal Group to drop to 0 shares and 0 voting rights.
- On 31 March 2014, UBS Investment Bank, Wealth Management and Corporate Centre declared that it held 2,167,798 shares of the Company, representing 0.77% of the capital and 0.68% of the voting rights.

18.2 VOTING RIGHTS

A double voting right is awarded to all registered shares of the Company which are fully paid up and have been registered in the name of the same shareholder for at least two years (cf. section 21.1).

18.3 PERSONS EXERCISING OR ABLE TO EXERCISE CONTROL OVER THE COMPANY

Until 27 March 2013, the Company was controlled by Médiannuaire Holding. Since that date, the Company is held at 18.49% of the share capital and voting rights by Médiannuaire Holding, and since that date no individual or legal entity directly or indirectly, jointly or in concert, exercises control over the Company on the date of this *document de référence*.

Drawing its inspiration, in particular, from the principles of corporate governance for listed companies set forth in the AFEP/MEDEF report, Solocal Group applies various measures to ensure that control is not exercised abusively. For example:

- the composition of the Board of Directors, which includes six 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 filing of this *document de référence* may be found in section 14.1 of this *document de référence*;
- the existence of a Remuneration and Appointments Committee made up of a majority of independent Board members and chaired by an independent Board member;
- the existence of an Audit Committee with a majority of independent Board members and chaired by an independent director;
- the existence of a Strategy Committee.

18.4 SHAREHOLDERS' AGREEMENTS

In a letter received on 4 April 2013, supplemented, among other things, by a letter received on 5 April 2013, the *Autorité des marchés financiers* was informed of the signing, on 27 March 2013, of a shareholders' agreement between the Luxembourg limited liability company Sèvres III, and certain entities managed or held by Goldman Sachs Capital Partners and/or Goldman Sachs Mezzanine Partners and Promontoria Holding 55 B.V., vis-à-vis Médiannuaire Holding SAS and Solocal Group, the former declaring that they are not acting in concert in respect of Médiannuaire Holding SAS and Solocal Group.

The agreement referred to is in line with the restructuring of the shareholder structure and the debt of Médiannuaire Holding, carried out on 27 March 2013 pursuant to the restructuring protocol between Médiannuaire Holding and all of its lenders, and stipulates the following clauses concerning governance and the liquidity of the securities of Médiannuaire Holding and Solocal Group:

Governance clause: the parties agreed to approve, no later than the date of completion of the restructuring (which took place on 27 March 2013), the appointment of three directors proposed by Promontoria Holding 55 B.V. to replace certain directors who had been proposed by KKR and Goldman Sachs. These three directors are Lee Millstein, Steven Mayer and Médiannuaire Holding, represented by John Ryan.

Clause limiting voting rights: the parties agreed that Médiannuaire Holding does not hold more than 28% of the voting rights of Solocal Group, and to place as bearer shares all Solocal Group shares held by Médiannuaire Holding before a change in control of Médiannuaire Holding, which would take place before 27 March 2014, thus resulting in the loss of the double voting rights that may be attached to these shares.

Clause to prevent a public tender offer: the parties agreed not to take any measures that would require Médiannuaire Holding to launch a mandatory public tender offer on Solocal Group (this prohibition does not apply to Promontoria Holding 55 B.V. since it allowed KKR or Goldman Sachs to exit from the capital of Médiannuaire Holding beforehand).

Lock-up clause: the parties agreed that half of the shares held by Médiannuaire Holding as at 27 March 2013 in Solocal Group will not be transferred for a period of twelve months starting on

27 March 2013, and that the other half cannot be sold for a period of eighteen months starting on 27 March 2013. During these lock-up periods, no transfer of Solocal Group shares by Médiannuaire Holding can take place, subject to the following transfers: (i) a disposal of shares of Solocal Group necessary or permitted under the aforementioned restructuring protocol; or (ii) in the event of a purchase offer launched by a third party for Solocal Group in accordance with French stock market regulations.

General Shareholders' Meeting voting commitments: the parties have agreed to make neutral use of their voting rights in Solocal Group for a period of twelve months starting on 27 March 2013 for any resolution of the General Shareholders' Meeting of the shareholders of Solocal Group, concerning an immediate or future capital increase of Solocal Group through the issue of shares or any other security that gives rights to the capital of Solocal Group (by exercising a negative vote for one-third of the shares held and a positive vote for the balance), except for capital increases (i) which would be reserved for third parties or (ii) justified by a situation of severe financial difficulty for Solocal Group.

Commitment concerning acquisitions of shares of Solocal Group: the parties have agreed, in the case of a capital increase other than in the context of a situation of severe financial difficulty mentioned above, not to subscribe to new shares of Solocal Group other than by means of cash release or similar payments, and for their legal proportional entitlement, with the stipulation that if the capital increase concerned has not reached the subscription threshold of 75% required to carry it out but has reached at least 67%, they will then be authorised to subscribe to an additional number of shares to make it possible to reach the aforementioned threshold of 75%.

The parties have agreed to acquire Solocal Group shares (as well as any related derivative instrument) only on the regulated Euronext Paris market for a period of twelve months starting on 27 March 2013, with the understanding that this commitment will not need to be applied if said acquisition is followed by a public acquisition offer for 100% of the capital of Solocal Group.

Tag-along rights and priority right: the parties have agreed on the option for each partner of Médiannuaire Holding to ask Médiannuaire Holding to sell the Solocal Group shares it holds through transparency, with the income from this sale being solely redistributed to the shareholder of Médiannuaire Holding that made the request through a reduction in capital or any other process. In the event this right is exercised by one of the partners of Médiannuaire Holding, the other partners benefit from proportional tag-along rights on the share of Solocal Group shares that the latter hold through transparency in Médiannuaire Holding. Furthermore, Goldman Sachs has a priority right for the disposal of its portion of Solocal Group shares.

Commitments concerning the income from the transfer of Solocal Group shares at the initiative of Médiannuaire Holding: in the event of a plan to transfer Solocal Group shares at the initiative of Médiannuaire Holding:

- compensated in cash at a price less than 70% of the stock market reference price for Solocal Group, the Historical Shareholders shall have the right either (i) to be granted their portion of Solocal Group shares through a reduction in capital, or (ii) to acquire their portion of Solocal Group shares at the price at which Médiannuaire Holding is planning to sell them;
- in consideration for non-liquid assets or liquid assets for which the exchange parity would value the shares of Solocal Group at a price less than 70% of their Market reference price, the Historical Shareholders of Médiannuaire Holding shall have the right to be granted their portion of the shares of Solocal Group for which transfer is being considered.

Duration of the agreement: the agreement was signed for a period of ten years from 27 March 2013, except in the event of dissolution, court or voluntary winding up of Médiannuaire Holding.

18.5 PLEDGES

PLEDGES AND ESCROW OF COMPANY SHARES

On 27 February 2007, Médiannuaire signed a financial instrument account pledge contract whereby it constituted, on behalf of 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 owed by Médiannuaire. In the framework of restructuring of the shareholding and the debt of Médiannuaire Holding carried out on 27 March 2013:

(i) the claims held by the aforementioned creditors against Médiannuaire Holding were repaid or capitalised in full and the pledge executed on 27 February 2007 was released; and

(ii) Médiannuaire Holding signed an escrow agreement under the terms of which 4,450,786 Solocal Group shares were placed in escrow. During the period of this escrow (a minimum of nine months and a maximum of eighteen months), the voting rights attached to these shares shall be neutralised for any decision of the General Shareholders' Meeting of Shareholders (half of the shares will vote for and the other half against decisions made by the Ordinary General Shareholders' Meeting, and two-thirds shall vote for and one-third against decisions made by the Extraordinary Meeting).

PLEDGES OF COMPANY ASSETS

Under the terms of the bank financing contract, the Company granted the lending banks a financial instruments account pledge covering all PagesJaunes shares that it owns, to secure all amounts owed by the Company under the terms of the bank finance package (including principal, interest, fees, costs and related amounts).

The Company also agreed to pledge to the lending banks a financial instrument account for the securities of any subsidiary which becomes a material subsidiary according to the criteria defined in the financing agreement, as collateral for all sums owed (including principal, interest, commission, charges and related costs) by the Company.

Pledges of the issuer's assets (intangible, tangible and financial assets)

Type of pledge/mortgage (in thousands of euros)	Start date	Maturity date	Amount of assets pledged (a)	Total balance sheet item (b)	Corresponding % (a/b)
On non-current intangible assets	—	—	—	—	—
On non-current tangible assets	—	—	—	—	—
On non-current 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 2013 the Company identified the following agreements that may fall within the scope of application of Article L. 225-38 of the French Commercial Code:

- a contract signed with PagesJaunes relating to bank financing, stipulating in particular the agreement by Solocal Group to guarantee all amounts owed under the revolving credit line of €400 million (Facility B) by any Group subsidiary that borrows under the terms of this facility. This agreement was given prior approval by the Board of Directors at its meeting on 12 October 2006;
- a fourth-rank pledge covering the securities account credited with the shares of PagesJaunes held by Solocal Group, made in the context of signature of the amendment to the credit agreement titled "Facility Agreement" dated 24 October 2006. This deed of pledge was previously approved by the Board of Directors at its meeting on 9 November 2012;
- a loan agreement signed with PagesJaunes for €150 million. The loan is repayable on 13 February 2013 and is renewable by tacit agreement until 13 February 2014. The margin is 175 basis points per year. This margin was established in reference to a benchmark for this same maturity and for companies with an equivalent rating. The Board of Directors gave prior approval for this agreement at its meeting on 14 February 2012;
- a loan agreement signed with PagesJaunes for €430 million. The Board of Directors gave prior approval for this agreement at its meeting on 18 December 2008. This agreement was amended (i) to extend the term for a period of one year, renewable by tacit agreement for new periods of one year, (ii) to harmonise the financial conditions with those of the €150 million loan by applying a margin of 175 basis points per year; this margin was established in reference to a benchmark for this same maturity and for companies with an equivalent rating, The Board of Directors approved the amendment to this agreement at its meeting on 23 October 2012;
- the terms and conditions of the position as Chief Executive Officer of Jean-Pierre Remy (detailed in point 15.1 of the *document de référence*), previously approved by the Board at its meeting of 17 May 2009;
- the terms and conditions of the mandate of Christophe Pingard as Deputy Chief Executive Officer (details in 15.1 of the *document de référence*), approved beforehand by the Board of Directors at its meeting of 26 October 2011;
- the conversion of the partners' current account for the amount of €5.5 million to the benefit of QDQ Media in the context of a profit-sharing loan signed on 22 October 2001, and the extension of maturity of the loan for the amount of €10.5 million, which matured on 15 December 2013, for a new one-year period, tacitly renewable for new one-year periods. This operation was approved beforehand by the Board of Directors at its meeting of 11 December 2013;
- a letter of support request by the Auditors of QDQ Media in the context of approval of the accounts of QDQ Media. After an analysis of the outlook for QDQ Media, the Board authorised the drafting of a letter of support to QDQ Media which represents Management's intentions to provide financial support for a period of one year from 1 April 2013 to this company, justifying the continued assumption of continuity of operations for this company. This letter of support was approved by the Board of Directors at its meeting of 12 February 2013;
- in the context of the process of refinancing a portion of the bank debt of Solocal Group, in April 2011, the terms and conditions of the financing documents for tranche C1 of this debt and the terms of the issue of Obligations High Yield and the signature of the Purchase Agreement, previously approved by the Board of Directors at its meeting on 28 April 2011.

Special report of the Statutory Auditors on regulated agreements and commitments

Dear Shareholders,

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

It is our responsibility to inform you, on the basis of the information supplied to us, of the essential characteristics and terms of the agreements and commitments of which we have been informed, or which we have discovered during our duties, without providing an opinion on their usefulness or merit or having to investigate other agreements and commitments. It is your responsibility, pursuant to the terms of Article R. 225-31 of the French Commercial Code, to assess the interest in executing such agreements and commitments with a view to approving them.

In addition, it is our responsibility, if applicable, to communicate to you the information stipulated in Article R. 225-31 of the French Commercial Code concerning the performance, over the past financial year, of the agreements and commitments already approved by the General Shareholders' Meeting.

We have performed the tasks we deemed necessary in respect of the professional auditing standards applicable to our engagement in France. These procedures consisted of verifying the consistency of the information supplied to us with the documents from which it was taken.

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

Agreements and commitments authorised during the past year

Pursuant to Article L. 225-40 of the French Commercial Code, we have been advised of the following agreements and commitments which were first approved by your Board of Directors.

With QDQ Média, a subsidiary of your company

Shared director: Jean-Pierre Remy

Type and purpose

Your company agreed to the conversion of the partners' current account for an amount of €5.5 million in favour of its subsidiary QDQ Média, in the context of a profit-sharing loan signed 22 October 2001.

Terms

The maturity of the loan on 15 December 2013, for €10.5 million, was extended for a new one-year period, tacitly renewable. The conditions for repayment of the loan are revised in light of current market conditions, i.e. 3-month EURIBOR plus 175 basis points (instead of EONIA plus 50 basis points).

These transactions were previously approved by the Board of Directors on 11 December 2013.

Agreements and commitments authorised since the closing date

We have been advised of the following agreements and commitments, authorised since the close of the past year, which were first authorised by your Board of Directors.

1. With PagesJaunes, a subsidiary of your company

Shared director: Jean-Pierre Remy

a) Nature and purpose

A loan agreement was signed by your company and PagesJaunes. The execution of this agreement was first authorised by your Board at its meeting of 14 February 2012. The loan is repayable *in fine* on 13 February 2013 and may be renewed tacitly until 13 February 2014. At its meeting of 12 February 2014, the Board authorised the extension of the term of the contract for a period of one year, i.e. until 13 February 2015, tacitly renewable for new periods of one year, except if a notice of non-renewal is issued by either of the parties.

Terms

The amount of the loan is €150 million. The interest expense for 2013 was €2,988,133. The margin is 175 basis points per annum over the 3-month EURIBOR.

b) Nature and purpose

A loan agreement was signed by your company and PagesJaunes. The signing of this agreement was previously authorised by the Board on 18 December 2008.

This agreement was amended again in order to (i) extend the term for a period of one year, i.e. to 18 December 2013, renewable by tacit agreement for new periods of one year, (ii) harmonise the financial conditions with those of the €150 million loan by applying a margin of 175 basis points per year; this margin was established in reference to comparable data for this same maturity and for companies with an equivalent rating, and (iii) eliminate the application of a higher interest rate, as the higher rate is now included in the margin.

As of 19 December 2012, the margin rose from 79 basis points to 175 basis points over the 3-month EURIBOR and the bonus rate of 2.50% is eliminated. This change in the agreement was authorised beforehand by the Board of Directors on 23 October 2012.

The tacit renewal of the loan for one year, until 18 December 2014, was authorised by the Board at its meeting of 12 February 2014.

Terms

The amount of the loan is €430 million. Interest expense for 2013 totalled €8,543,455.

2. With QDQ Média, a subsidiary of your company

Shared director: Jean-Pierre Remy

Nature and purpose

The establishment of a support letter by your company to QDQ Média was requested when this company established its accounts at 31 December 2013. With this letter, your company undertakes to provide financial support for twelve months to QDQ Média, which justifies maintaining the assumption of the continuity of operations for QDQ Média.

This agreement was authorised by the Board of Directors on 12 February 2014.

Agreements and commitments already approved by the General Shareholders' Meeting

Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed that the performance of the following agreements and commitments, which were already approved by the General Shareholders' Meeting in prior years, continued during the past financial year.

1. With PagesJaunes, a subsidiary of your company

Shared director: Jean-Pierre Remy

a) Nature and purpose

A contract was signed by your company and the subsidiary PagesJaunes for a guarantee by your company for all sums due under the revolving credit (Facility B) plus interest for any subsidiary of the group. This agreement was authorised by the Board at its meeting of 12 October 2006.

Terms

No subsidiary of the Group had used this facility as at 31 December 2013.

b) Nature and purpose

Your company made a fourth-rank pledge on the securities account holding the PagesJaunes shares that your company holds, in the context of signing of the amendment to the Facility Agreement dated 24 October 2006. This pledge instrument was previously authorised by the Board at its meeting of 9 November 2012.

2. With QDQ Média, a subsidiary of your company

Shared director: Jean-Pierre Remy

Nature and purpose

On 14 February 2013, the Board of Directors authorised a letter of support to QDQ Média in the context of closing the accounts of this company at 31 December 2012. By this letter, your company undertakes to provide its financial support to QDQ Média to justify maintaining the assumption of the continuity of operations of QDQ Média for a period of twelve months.

3. With Jean-Pierre Remy, Chairman and Chief Executive Officer of your company

Nature and purpose

At its meeting of 17 May 2009, the Board of Directors authorised the terms and conditions of the mandate of Jean-Pierre Remy as Chief Executive Officer.

Terms

The terms and conditions, including financial, planned for the mandate of Jean-Pierre Remy were proposed by the Remunerations Committee on 17 May 2009.

Jean-Pierre Remy will benefit from the supplementary pension scheme as currently exists in your company, health and accident insurance plans (mutual) under the conditions applicable to company managers, or a similar plan, as well as civil liability insurance.

Severance may be paid to Jean-Pierre Remy if he is forced to leave the company because of a change in control or strategy, or if such change is implemented. The amount of this package will be equal to the gross annual compensation (fixed and variable with objectives achieved).

A non-competition obligation would be implemented if the appointment of Jean-Pierre Remy ends for any reason or in any form. It would be limited to twenty-four months and would cover all of French territory.

Your company will have the option to release Jean-Pierre Remy from this non-competition clause by informing him of its decision no later than fifteen calendar days after the Board meeting that confirmed or decided on the end of his appointment as Chief Executive Officer.

4. With Christophe Pingard, Deputy Chief Executive Officer of your company

Nature and purpose

At its meeting of 26 October 2011, the Board of Directors authorised the terms and conditions of the appointment of Christophe Pingard as Deputy Chief Executive Officer.

Terms

The terms and conditions, including financial terms, planned for the mandate of Christophe Pingard were recommended by the Remunerations Committee on 20 October 2011.

Christophe Pingard will benefit from the supplementary pension scheme as currently exists in your company, health and accident insurance plans (mutual) under the conditions applicable to company managers, or a similar plan, as well as civil liability insurance.

Severance may be paid to Christophe Pingard if he is forced to leave the company because of a change in control or strategy, or if a change is implemented. The amount of this package will be equal to twelve months of compensation, calculated on the basis of the monthly average of the total gross compensation for the last twelve months of activity prior to the date of termination of his duties. If he leaves before the end of the first year after being hired, the amount of this indemnity will be equal to six months of compensation, calculated on the basis of the monthly average of total gross compensation since he began his duties.

A non-competition obligation would be implemented if the mandate of Christophe Pingard ends for any reason or in any form. It would be limited to twenty-four months and would cover all of the French territory.

The corresponding indemnity package will be equal, on the basis of a non-competition period of twenty-four months, to twelve months of compensation calculated on the basis of the monthly average of the total gross compensation for the last twelve months of activity preceding his departure. It will be paid to Christophe Pingard at the end of each six months, in the amount of one-fourth of the total indemnity.

At the time of departure, the company will be able to waive the benefit of the non-competition commitment (in which case it will not be required to pay the corresponding indemnity).

5. Other agreements with shareholders

Nature and purpose

In the context of the process of refinancing part of your company's bank debt in April 2011, two new agreements were authorised by the Board of Directors at its meeting of 28 April 2011 concerning:

- the terms and conditions of the financing documents for tranche C1,
- the terms of the High Yield Bonds issue and the signing of the Purchase Agreement.

They are detailed below:

a) With Goldman Sachs Group, Inc., where certain members of its Board were common to your company (Mr Germani and Mr Lepic)

Nature and purpose

Your company confirmed a new tranche under the existing senior credit agreement for a total amount in principal of between €300 million and €800 million. Your company is the joint guarantor, on behalf of each of the Financial Parties defined in the Existing Credit Agreement, of performance of the obligations to pay and repay all sums owed by each of the Borrowers under the Amended Credit Agreement, under the financing documents intended for execution in respect of the new tranche.

The new tranche was repaid following the issue of the High Yield Bonds detailed below.

b) With Médiannuaire, a shareholder of your company that was dissolved without liquidation on 11 January 2013, to the benefit of Médiannuaire Holding

Nature and purpose

In order to finance or refinance the new tranche, the main terms of the issue by the Issuer of the High Yield Bonds and the signing of the Purchase Agreement were specified: issue of the High Yield Bonds, establishment of the various conditions of the issue (including price conditions), and related commitments.

On 20 May 2011, your company finalised, through PagesJaunes Finance & Co. SCA, the issue of bonds in the amount of €350 million with an issue premium of €2.3 million, which is a net amount of €347.7 million received. This issue has a fixed rate of 8.875%, and is repayable on 1 June 2018. It was used to repay the entire A2 tranche (€345.3 million) and a portion of the A1 tranche for the remainder, i.e. €4.7 million.

Neuilly-sur-Seine and Paris-La Défense, 21 February 2014

Statutory Auditors

DELOITTE & ASSOCIÉS	ERNST & YOUNG Audit
Ariane Bucaille	Denis Thibon

FINANCIAL INFORMATION ON HOLDINGS, ISSUER'S FINANCIAL POSITION AND RESULTS

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20.1 HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENT

(Amounts in thousands of euros, except data relating ●)	Notes	As at 31 December 2013	As at 31 December 2012
Revenues		998,867	1,066,212
Net external expenses		(222,066)	(228,250)
Personnel expenses: – Salaries and charges *	6	(352,539)	(373,470)
Gross Operating Margin		**424,262**	**464,492**
– Legal employee profit-sharing	6	(15,417)	(14,706)
– Share-based payment	6	(1,523)	(2,319)
Depreciation and amortisation	12 & 13	(40,747)	(36,693)
Other income and expenses	7	(37,350)	(2,815)
Operating income		**329,225**	**407,959**
Financial income		2,899	4,577
Financial expenses		(135,193)	(140,650)
Net financial income	8	**(132,294)**	**(136,073)**
Share of profit or loss of an associate		(202)	(931)
Corporate income tax	9	(81,902)	(112,407)
Income for the period		**114,827**	**158,549**
Income for the period attributable to: – Shareholders of Solocal Group		114,772	158,600
– Non-controlling interests		55	(51)
Net earnings per share (in euros)			
Net earnings per share of the consolidated group – basic	10	0.41	0.57
– diluted		0.40	0.55

* *Change 2013: reassignment of temporary work charges from to salaries and charges (external purchases until 31 December 2012)*

STATEMENT OF COMPREHENSIVE INCOME

(Amounts in thousands of euros)	Notes	As at 31 December 2013	As at 31 December 2012
Income for the period report		**114,827**	**158,549**
Net (loss) /gain on cash flow hedges – Gross		32,719	5,495
– Deferred tax		(12,495)	(1,893)
– Net of tax	16	**20,224**	**3,602**
ABO reserves:			
– Gross		5,358	(9,574)
– Deferred tax		(1,845)	3,317
– Net of tax		**3,513**	**(6,257)**
Exchange differences on translation of foreign operations		1	—
Other comprehensive income		**23,738**	**(2,655)**
Total comprehensive income for the period, net of tax		**138,564**	**155,894**
Total comprehensive income for the period attributable to:			
– Shareholders of Solocal Group		138,509	155,945
– Non-controlling interests		55	(51)

STATEMENT OF FINANCIAL POSITION

(Amounts in thousands of euros)	Notes	As at 31 December 2013	As at 31 December 2012
Assets			
Net goodwill	11	78,697	82,278
Other net intangible fixed assets	12	80,773	69,387
Net tangible fixed assets	13	23,569	25,480
Investment in an associate	5	6,024	7,494
Available-for-sale assets	14	515	195
Other non-current financial assets	15	4,944	1,414
Net deferred tax assets	9	20,257	26,023
TOTAL NON-CURRENT ASSETS		**214,779**	**212,272**
Net inventories	17	915	2,367
Net trade accounts receivable	18	405,843	429,883
Acquisition costs of contracts	19	63,250	68,889
Other current assets	20	24,727	26,567
Current tax receivable	9	777	2,996
Prepaid expenses		5,905	5,620
Other current financial assets		8,264	6,084
Cash and cash equivalents	26	75,569	111,488
TOTAL CURRENT ASSETS		**585,250**	**653,893**
TOTAL ASSETS		**800,029**	**866,165**
Liabilities			
Share capital		56,197	56,197
Issue premium		98,676	98,676
Reserves		(2,100,026)	(2,259,770)
Income for the period attribuable to shareholders of Solocal Group		114,772	158,600
Other comprehensive income		(26,391)	(50,461)
Own shares		(10,004)	(10,010)
Equity attributable to equity holders of the Solocal Group	22	**(1,866,777)**	**(2,006,768)**
Non-controlling interests		60	5
TOTAL EQUITY		**(1,866,717)**	**(2,006,763)**
Non-current financial liabilities and deriva	16 & 26	1,516,223	1,686,567
Employee benefits – non-current	24	85,051	83,324
Provisions – non-current	24	16,259	6,333
Deferred tax liabilities	9	—	1,002
TOTAL NON-CURRENT LIABILITIES		**1,617,533**	**1,777,226**
Bank overdrafts and other short-term bor	26	132,652	149,882
Accrued interest	26	6,269	16,720
Provisions – current	24	11,698	193
Trade accounts payable	23	84,484	78,325
Employee benefits – current	24	119,207	124,373
Other current liabilities	24	94,608	94,040
Corporation tax	9	2,840	97
Deferred income	27	597,455	632,072
TOTAL CURRENT LIABILITIES		**1,049,213**	**1,095,702**
TOTAL LIABILITIES		**800,029**	**866,165**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(Amounts in thousands of euros)	Number of shares in circulation	Share capital	Issue premium	Own shares	Income and reserves	Cash flow hedges & actuarial differences	Translation reserve	Group equity	Non-controlling interests	Total equity
Balance as at 1 January 2012	**277,781,254**	**56,197**	**98,676**	**(10,816)**	**(2,261,084)**	**(47,806)**	**—**	**(2,164,832)**	**56**	**(2,164,776)**
Total comprehensive income for the period, net of tax					158,600			**158,600**	(51)	**158,549**
Other comprehensive income, net of tax						(2,655)	—	**(2,655)**		**(2,655)**
Comprehensive income for the period, net of tax					**158,600**	**(2,655)**	**—**	**155,945**	**(51)**	**155,894**
Share-based payment					1,314			**1,314**	—	**1,314**
Shares of the consolidating company net of tax effect	(125,211)			806				**806**	—	**806**
Other								**—**		**—**
Balance as at 31 December 2012	**277,656,043**	**56,197**	**98,676**	**(10,010)**	**(2,101,169)**	**(50,461)**	**—**	**(2,006,767)**	**5**	**(2,006,762)**
Total comprehensive income for the period, net of tax					114,772			**114,772**	55	**114,827**
Other comprehensive income, net of tax					—	23,737	1	**23,738**		**23,738**
Comprehensive income for the period, net of tax					**114,772**	**23,737**	**1**	**138,509**	**55**	**138,564**
Share-based payment					1,475			**1,475**	—	**1,475**
Shares of the consolidating company net of tax effect	(653,784)			6				**6**		**6**
Reclassification of reserves (actuarial differences)					(333)	333		**—**		**—**
Balance as at 31 December 2013	**277,002,259**	**56,197**	**98,676**	**(10,004)**	**(1,985,255)**	**(26,391)**	**1**	**(1,866,777)**	**60**	**(1,866,717)**

CASH FLOW STATEMENT

(Amounts in thousands of euros)	Notes	As at 31 December 2013	As at 31 December 2012
Income for the period attributable to shareholders of Solocal Group		**114,772**	**158,600**
Depreciation and amortisation of fixed assets	11 & 13	49,158	38,346
Change in provisions	21	27,274	444
Share-based payment		1,475	1,314
Capital gains or losses on asset disposals		752	(912)
Interest income and expenses	8	99,884	102,808
Hedging instruments	8	32,410	33,265
Unrealised exchange difference		—	—
Tax charge for the period	9	81,902	112,407
Share of profit or loss of an associate		202	931
Non-controlling interests		55	(51)
Decrease (increase) in inventories		1,452	(767)
Decrease (increase) in trade accounts receivable		21,856	10,768
Decrease (increase) in other receivables		3,716	3,187
Increase (decrease) in trade accounts payable		8,867	(17,694)
Increase (decrease) in other payables		(38,340)	(1,458)
Net change in working capital		**(2,448)**	**(5,964)**
Dividends and interest received		2,603	4,252
Interest paid and rate effect of net derivatives		(130,960)	(111,485)
Corporation tax paid		(85,719)	(107,488)
Net cash from operations		**191,359**	**226,467**
Acquisition of tangible and intangible fixed assets	12 & 13	(55,316)	(42,629)
Acquisitions / disposals of investment securities and subsidiaries, net of cash acquired / sold and other changes in assets		(4,624)	2,400
Net cash used in investing activities		**(59,940)**	**(40,229)**
Increase (decrease) in borrowings	26	(149,421)	(172,229)
Other cash from financing activities ow own shares		(791)	(213)
Net cash provided by (used in) financing activities		**(150,212)**	**(172,443)**
Impact of changes in exchange rates on cash		—	2
Net increase (decrease) in cash position		**(18,793)**	**13,798**
Net cash and cash equivalents at beginning of period		91,872	78,074
Net cash and cash equivalents at end of period	26	**73,079**	**91,872**

There are no significant non-monetary flows.

Note 1 – Information on the Group

For over sixty years, the Solocal Group has provided a diversified range of products and services for consumers and businesses, with its provision of local information through online and printed directories publishing constituting its core business, as well as the publication of editorial content to assist users in making searches and choices. The Group's main activities are described in Note 4.

The accounting year for the companies in the Solocal Group extends from 1 January to 31 December. The currency used in presenting the Consolidated Financial Statements and the accompanying notes is the euro.

Solocal Group is a public limited company listed on Euronext Paris (PAJ).

This information was approved by the Board of Directors of Solocal Group on 12 February 2014.

Note 2 – Context of Publication and Basis for Preparation of the 2013 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 2013 in accordance with the 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 the IFRS standards as at 31 December 2013 and as at 31 December 2012. The 2011 financial statements, included in the Document de référence filed with the AMF on 29 April 2013 under the number D.13-0470, are included for reference purposes.

The accounting policies used are consistent with those used in the preparation of the annual Consolidated Financial Statements for the year ending 31 December 2012, with the exception of new standards, amendments and interpretations which are mandatory with effect from 1 January 2013, but which have no significant impact:

- IFRS 13: Fair value measurement
- Amendment to IFRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters
- Amendment to IAS 12: Deferred tax: Recovery of Underlying Assets
- Amendment to IAS 1: Presentation of financial statements – presentation of items of other comprehensive income
- Amendments to IFRS 9 and IFRS 7: Mandatory Effective Date and Transition Disclosures
- Amendment to IFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities
- Amendment to IFRS 1: Government Loans
- Improvements to IFRSs (2009-2011):
  - IAS 1 – Presentation of Financial Statements
  - IAS 16 – Property, Plant and Equipment
  - IAS 32 – Financial Instruments: Presentation
  - IAS 34 – Interim Financial Reporting
- IFRIC 20: Stripping Costs in the Production Phase of a Surface Mine

None of these new standards and interpretations has had a significant effect on the Consolidated Financial Statements as at 31 December 2013.

Furthermore, these principles do not differ from the IFRS standards as published by the IASB insofar as there would be no significant impact from the implementation of the amendments and interpretations which are mandatory for financial years commencing from 1 January 2013, as set out in the reference framework published by the IASB, but which are not yet mandatory in the reference framework endorsed by the European Union.

Moreover, the Group did not opt for early application of the standards and interpretations adopted by the European Union and which are mandatory application is after 1 January 2013:

- Revised IAS 27: Separate Financial Statements
- Revised IAS 28: Investments in associates and joint ventures
- IFRS 10: Consolidated Financial Statements
- IFRS 11: Joint arrangements
- IFRS 12: Disclosures of Interests in other entities
- Amendment to IAS 32: Offsetting Financial Assets and Financial Liabilities
- Amendments to IFRS 10,11,12 – Transition guidance
- Amendments to IFRS 10, IFRS 12 and IAS 27: Investment Entities
- Amendments to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting

Finally, the Group is not applying the following instruments, which were not adopted by the European Union as at 31 December 2013:

- IFRS 9 Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39
- IAS 19 Defined Benefit Plans: Employee Contributions
- Improvements to IFRSs 2010-2012 Cycle
- Improvements to IFRSs 2011-2013 Cycle
- IFRIC 21: Levies

Nonetheless, the Group is currently reviewing the practical consequences of these new instruments and the effects of their implementation on its future financial statements. At this stage of the review, the impacts on its Consolidated Financial Statements are expected to be as follows:

IFRS 12 requires the publication of very detailed information on the determination of the scope of consolidation and on the risks associated with interests in other entities (subsidiaries, joint ventures, associated entities, SPVs, non-consolidated entities).

It should be noted that IFRS 10, IFRS 11, IFRS 12 and IAS 28 revised in 2011 are all required to be applied on the same date.

All of the standards and interpretations adopted by the European Union as at 31 December 2013 are available on the website of the European Commission at the following address: http://ec.europa.eu/internal_market/accounting/ias/index_fr.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 combine to form the basis of its assessment of the book value of the assets and liabilities. This includes in particular goodwill, acquisition costs of contracts, share-based payments, restructuring costs and the valuation of pension liabilities. The actual results could differ appreciably from these estimates, if the actual outcome differs. Finally, where a specific transaction is not covered by any standards or interpretations, the Management of the Group applies judgement to define and apply accounting methods which will provide relevant and reliable disclosures, ensuring 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,
- and are complete in all material respects.

Seasonal variations

Although the activities of the Group are not subject to seasonal effects per se, in order to optimise costs, the dates of publication of the printed directories (which determine the recognition of income and related expenses) may vary from one quarter to the next, as each printed directory appears only once a year.

Note 3 – Accounting Policies and Changes of Estimates

This note describes the accounting policies applied for the financial year ending 31 December 2013, in accordance with the provisions of international accounting standards as adopted by the European Union as at 31 December 2013.

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 Solocal Group, 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 Solocal Group stock finalised on 1 December 2006.

As at 31 December 2012, the Group managers held 131,122 ordinary shares and 306,565 preference shares, representing a total of 1.14% of the share capital of Médiannuaire Holding.

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 put and call commitment which becomes exercisable on the repayment of the senior and mezzanine debts contracted by Médiannuaire Holding and at the earliest on 2 February 2014. The price per share at which these reciprocal call and put commitments would be implemented has been set on the basis that the price of the preference shares granted free of charge will depend on the gross operating margin of Solocal Group.

In the framework of the change in the shareholding of Médiannuaire Holding in March 2013, the promises to acquire and to sell, concerning ordinary and preference shares, were exercised early. Moreover, the preference shares granted free of charge to managers were cancelled.

Statutory training rights (DIF):

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.
- 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 not controlled by the Group but over which the Group exercises significant influence (generally corresponding to an ownership interest of 10% 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;
- other operating expenses and income including:
  - impairment of goodwill and fixed assets,
  - changes in fair value in price supplements granted in the framework of securities acquisitions,
  - results of asset disposals,
  - restructuring costs,
  - acquisition costs of shares,
  - impairment of goodwill in respect of equity-method associates.

3.5 – Revenues

Revenues from the activities of the Group 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 (digital revenue) and on telephone enquiry services is apportioned over the display period, which is generally 12 months. The same applies to the websites.
- 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.
- The variable costs of the sales force relating to the marketing of advertising products in the printed directories and on digital media constitute direct and incremental costs in the obtaining of customer orders. These are capitalised on the balance sheet in the "Acquisition costs of contracts" item and are recognised as expense over the life of the customer orders, i.e. according to the publication of the advertisements and the recognition of the revenue.

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. It 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 homogeneous 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 the Group measures the current value of goodwill generally corresponds to the level of each of the consolidated companies.

In accordance with its strategy and lines of development, the Group has decided, from 2011, to modify its internal and external reporting in order to assess the performance of each operating segment and allocate resources accordingly.

The segments have been determined in compliance with IFRS 8 "Operating Segments", and are as follows: Internet, Printed Directories and Other Businesses. As at 31 December 2013, goodwill is fully allocated to internet sector.

To determine whether goodwill has been impaired, the consolidated net book value of the assets and liabilities of each CGU 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 the 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 growth rate to perpetuity reflecting the expected long-term growth in the market and specific to each activity,
- the cash flow is discounted at rates appropriate to the nature of the activities and countries.

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. They are stated at acquisition or production cost.

When intangible assets are acquired in a business combination, their cost is generally determined when the purchase price of the company acquired is allocated based on their respective market values. When such market value is not readily determinable, cost is determined using generally accepted valuation methods based on revenues, costs or other appropriate criteria.

Internally developed trademarks are not recognised in the balance sheet.

Trademarks

Trademarks having an indefinite useful life are not amortised, but are tested for impairment (see Note 3.11).

Licences and patents

Licences and patents are amortised on a straight-line basis over periods which correspond to the expected usage period, not exceeding twenty years.

Research and development costs

Under IAS 38 "Intangible Assets", development costs must be recognised as an intangible fixed asset when the following can be demonstrated:

- the technical feasibility necessary to complete the intangible asset with a view to its being put into service or sold;
- the intention and financial and technical ability to complete the development project;
- its capacity to use or sell the intangible asset;
- the likelihood that the future economic benefits attributable to the development costs incurred will accrue to the company;
- the costs of this asset can be reliably valued.

Research and development costs not fulfilling the above criteria are expensed in the year in which they are incurred. Significant capitalised development costs are amortised on a straight-line basis over their useful life, generally not exceeding three years.

Software

Software is amortised on a straight-line basis over its useful life, not exceeding five years.

3.10 – Tangible Fixed Assets

Gross value

The gross value of tangible fixed assets corresponds to their purchase or production cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.

It also includes the estimate of the costs of dismantling and removing the item and restoring the site on which it is located, such obligation being incurred by the Group either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories.

Finance leases

Assets acquired under leases that transfer the risks and rewards of ownership to entities of the Group (financial leases) are stated in fixed assets, with a corresponding financial obligation being recorded in liabilities. The risks and rewards of ownership are considered as having been transferred to the entities of the Group when:

- the lease transfers ownership of the asset to the lessee at the end of the lease term,
- the Group has the option to purchase and the conditions of the option are such that it is highly likely that ownership will be transferred at the end of the lease term,
- the lease term covers the major part of the estimated economic life of the asset,
- the discounted value of the total of the minimum fees provided for in the contract is close to the fair value of the asset.

At the same time, the assets in respect of which the risks and rewards associated with ownership are transferred by the entities of the Group to third parties under a lease contract are considered as having been sold.

Maintenance and repair costs are expenses as incurred, except where they serve to increase the asset's productivity or prolong its useful life.

Finance leases are not significant for the disclosed periods.

Depreciation

Tangible fixed assets are depreciated on a basis that reflects the pattern in which their future economic benefits are expected to be consumed in the case of each asset item on the basis of the acquisition cost, less any residual value. The straight-line basis is usually applied over the following estimated useful lives: 25 to 30 years for buildings, 5 to 10 years for fittings, 1 to 5 years for other fixed assets.

These depreciation periods are reviewed annually and are adjusted if current estimated useful lives differ from previous estimates. These changes in accounting estimates are recognised prospectively.

3.11 – Impairment of Fixed Assets

Under IAS 36 "Impairment of Assets", the value in use of tangible and intangible fixed assets must be tested for impairment when there is an indication that they may be impaired. Indicators are reviewed at each closing date.

Intangible and tangible fixed assets are subject to a write down for impairment when, because of events or circumstances which have occurred during the period (such as obsolescence, physical deterioration, significant changes to the manner in which the asset is used, worse than expected performance, a drop in revenues or other external indicators, etc.), their recoverable amount appears to be lower than their net book value in the long term. The recoverable amount of an asset is the higher of its fair value less exit costs and its value in use.

Each asset or group of assets is tested for impairment by comparing its recoverable amount to its net book value. When an asset or group of assets is found to be impaired, the recognised impairment loss is equal to the difference between its net book value and the recoverable amount.

The recoverable amount of an asset is generally determined by reference to its value in use, corresponding to the future economic benefits expected to be derived from the use of the asset and its subsequent disposal. It is assessed by the discounted cash flows method, based on economic assumptions and operating conditions expected by the Management of the Group.

3.12 – Financial Assets and Liabilities

Financial assets include available-for-sale assets, held-to-maturity assets, loans and receivables and cash and cash equivalents.

Financial liabilities include borrowings, other financing and bank overdrafts and operating debts.

Financial assets and liabilities are measured and recognised in accordance with IAS 39 "Financial Instruments: Recognition and Measurement".

3.12.1 – Measurement and Recognition of Financial Assets

Assets held to maturity

Held-to-maturity investments comprise exclusively securities with fixed or determinable income and fixed maturities, other than loans and receivables, which the Group has the intention and ability to hold to maturity. They are recognised initially at fair value and are subsequently measured at amortised cost by the effective interest method.

The Group assesses whether there is any objective evidence that held-to-maturity assets are impaired. A financial asset is written down if its book value exceeds the recoverable amount estimated at the time of the impairment tests. The impairment loss is recognised in the income statement.

Available-for-sale assets

Available-for-sale assets consist mainly of shares in non-consolidated companies and marketable securities that do not fulfil the criteria for classification in any of the other categories of financial assets. They are measured at fair value and gains and losses arising from re-measurement at fair value are recognised in equity.

Fair value corresponds to market price for listed securities and estimated value in use for unlisted securities, determined according to the most appropriate financial criteria in each case.

If there is any objective indication that these assets are impaired, the accumulated loss stated in equity is recognised in the income statement.

Loans and receivables

This category includes receivables from participating interests, other loans and receivables and trade accounts receivable. They are recognised initially at fair value and are subsequently measured at amortised cost by the effective interest method. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Cash flows on loans and receivables at variable rates of interest are re-measured periodically, to take into account changes in market interest rates. The re-measurement has the effect of increasing or reducing the effective interest rate and, consequently, the carrying value of the loan or receivable.

Loans or receivables are assessed for objective evidence of impairment. 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.

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 (distribution of dividends for example), and
- it is probable that the temporary difference will not be reversed in the foreseeable future.

In practice, this means that for fully consolidated companies, a deferred tax liability is recognised for taxes payable on planned dividend distributions by these companies.

The deferred tax assets and liabilities are set off if there is a legally enforceable right allowing set-off against a future tax liability. Any set-offs are treated by tax group depending on a single tax authority.

The deferred taxes relating to items stated directly in shareholders' equity are also stated in shareholders' equity.

In accordance with IAS 12, deferred tax assets and liabilities are not discounted.

3.15 – Provisions

In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", a provision is recognised when, at the end of the period, the Group has an obligation towards a third party resulting from a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

The obligation may be legal, regulatory or contractual or it may represent a constructive obligation deriving from the Group's practices or public commitments, which have created a legitimate expectation among third parties concerned that the Group will meet certain responsibilities.

The amount recognised as a provision corresponds to the best estimate of the expenditure required of the Group to settle the present obligation. If a reliable estimate cannot be made of the amount of the obligation, no provision is recorded, but details of the obligation are disclosed in the Notes to the financial statements.

Contingent liabilities – corresponding to potential obligations resulting from past events, the existence of which will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Company's control, and to probable obligations that are not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation – are disclosed in the Notes to the financial statements.

Provisions for restructuring costs are recognised only when the restructuring has been announced and a detailed plan has been drawn up or implemented 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, legislation provides for benefits to be paid to employees at retirement on the basis of their length of service and salary at retirement age.

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, using demographic hypotheses (turnover of the personnel, mortality, retirement age, etc.) and financial hypotheses (future increase in salary by category).

This final obligation is then discounted with a rate determined in reference to the yield on first-category long-term private bonds (or State bonds if there is no liquid market).

Actuarial differences relating to post-employment benefits are recognised for the full amount in other comprehensive income.

Other retirement schemes

These benefits are offered through defined contribution schemes for which 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.

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", share options, employee share issues and free grants of shares to employees of the Group are valued on their grant date.

The value of share 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 provision of local information, principally in France, through the publication of online and printed directories, and the publication of editorial content to assist users in making searches and choices. Through its subsidiaries, Solocal Group (ex-PagesJaunes Groupe) conducts three complementary businesses: the provision of content and services, media and advertising representation. Its offering comprises a diversified range of products and services associated with this activity for the general public and businesses.

The Group's business model is based on that of the media: i.e. offering quality content which generates an audience and then monetising this audience, either as a whole or in segments, among businesses.

The Group's activities are organised in three segments:

- Internet:

  These are the activities carried out through the Internet. The main products are the creation and marketing of content and advertising space, listing, targeted advertising and the provision of advertising space for local and national advertisers (often referred to as display), as well as a complete range of products and services for the provision and distribution of information with local content. The Group's Internet activity is mainly carried out in France, but also in Spain (QDQ Media), Luxembourg (Editus, until September 2012). Through Yelster Digital, specialised in metasearch activities (including 123people, e-reputation and 123pages), the group markets its products and services in many other countries.

  This segment comprises the online directory activity of "pagesjaunes.fr" and "pagespro.com", the creation and marketing of content and advertising space of the "search" and "display" type, particularly through Horyzon Média's Internet advertising representation, as well as through online small ads from "annoncesjaunes.fr" and "avendrealouer.fr".

  The Group is one of the key European players in making and hosting sites. It offers its clients web optimisation and visibility solutions through Search Engine Optimisation ("SEO") or Search Engine Marketing ("SEM", paid listing).

  This segment includes routes, geolocation and reservation services of the Mappy and UrbanDive brands, and couponing from 123deal and digital promotion.

  Online people and profile search with 123people, online quotation requests and contact establishment with players of the construction industry from Sotravo, the themed content site ComprendreChoisir.com published by Fine Media, the online ordering of meals on Chronoresto.fr from locally-listed restaurants (in 2013) and the Direct Marketing (emailing type) services are also included this segment.

- Printed Directories:

  This is the Group historical activity, involving the publication, distribution and sale of advertising space in printed directories (PagesJaunes, *l'Annuaire*, and the directories of QDQ Media in Spain until 2012 and Editus in Luxembourg until September 2012).

- Other businesses:

  This comprises the specific businesses of Solocal Group: directory enquiry services by telephone and SMS (118 008) and the QuiDonc reverse directory. This segment also includes some activities of PJMS: telemarketing, data mining, database generation, prospect processing and traditional direct marketing activities (data entry and postage).

4.1 – By Business Sector

The table below presents a breakdown of the main aggregates by business sector for the periods ending 31 December 2013 and 2012:

Amounts in thousands of euros	As at 31 December 2013	As at 31 December 2012
Revenues	**998,867**	**1,066,212**
– Internet	632,514	622,746
– Printed directories	344,681	416,609
– Other businesses	21,672	26,857
Gross Operating Margin	**424,262**	**464,492**
– Internet	267,376	269,640
– Printed directories	150,908	184,774
– Other businesses	5,978	10,078
Amortisation of tangible and intangible fixed assets	**(40,747)**	**(36,693)**
– Internet	(28,129)	(31,065)
– Printed directories	(11,845)	(5,095)
– Other businesses	(773)	(533)
Acquisitions of tangible and intangible fixed assets	**55,316**	**42,629**
– Internet	53,682	41,592
– Printed directories	1,061	844
– Other businesses	573	193

4.2 – By Geographic Region

Amounts in thousands of euros	As at 31 December 2013	As at 31 December 2012
Revenues	**998,867**	**1,066,212**
– France	974,501	1,031,510
– Others	24,366	34,702
Assets	**800,029**	**866,165**
– France	666,366	673,889
– Others	17,313	36,582
– Unallocated	116,350	155,694

Note 5 – Changes in the Scope of Consolidation

The main transactions during the 2013 and 2012 financial years were as follows:

2013

On 30 April 2013, Sotravo acquired 100% of the shares and voting rights of Wozaik, a major provider of online quotations in France in the household jobs sector. On 30 June 2013, these two entities merged, retroactively effective from 1 January 2013.

On 31 December 2013, PagesJaunes and A Vendre A Louer merged, retroactively effective from 1 January 2013.

These internal restructuring operations have no significant impact on the Consolidated Financial Statements.

2012

On 31 December 2012, Solocal Group acquired 100% of the shares and voting rights of the company Chronoresto. Founded in 2008, it has the number-two Internet portal in France in its field, with solutions for fixed Internet, mobile telephones, tablets, connected TV, allowing a meal to be ordered from locally-listed restaurants, from among the 800 partnerships in France.

On 1 October 2012, Euro Directory sold 38.9% of the capital of Editus Luxembourg to P&T Luxembourg, who until then was already a shareholder of 51% of Editus. Following this transfer, Euro Directory is still a shareholder of Editus with 10.1%.

The Group is however maintaining its strategic partnership with P&T Luxembourg and will continue to provide its technologies and its know-how concerning Internet, with the goal of providing support for the digital transformation of the activities of Editus. In this perspective, the remainder of the holdings is consolidated using the equity method.

Investments in associated companies

Effective 1 October 2012, Editus is consolidated using the equity method. (cf. above).

On 27 April 2011, Solocal Group subscribed 40% of the capital of Relaxevents, a company formed on 22 March. Relaxevents has been consolidated by the equity method.

On 25 April 2013, Solocal Group sold Relaxevents to Relaxnews which held the remaining 60% of the capital. After the current account conversion transferred to Relaxnews, Solocal Group holds 3.5% of the capital of this entity.

On 30 November, Solocal Group acquired 49% of the shares and voting rights of Leadformance, the leader in sales outlet location on the Internet. The Group is thus enhancing its digital communication offering for major advertisers.

Note 6 – Personnel Costs

(In thousands of euros, except staff count)	As at 31 December 2013	As at 31 December 2012
Average staff count (full-time equivalent)	4,473	4,554
Salaries and charges	**(352,539)**	**(373,470)**
of which: – Wages and salaries	(240,032)	(251,865)
– Social charges	(103,389)	(109,538)
– Tax credit employment (CICE)	2,320	—
– Taxes on salaries and other items (*)	(11,438)	(12,067)
Share-based payment (1)	**(1,523)**	**(2,319)**
of which: – Stock options and free shares	(1,475)	(1,314)
– Social charges on grants of stock options and free shares	(48)	(1,005)
Employee profit-sharing (2)	**(15,417)**	**(14,706)**
TOTAL PERSONNEL EXPENSES	**(369,479)**	**(390,495)**

* *Change 2013: reassignment of temporary work charges from to salaries and charges (external purchases until 31 December 2012)*
(1) *Cf. Note 25*
(2) *including corporate contribution*

Note 7 – Other Operating Expenses and Income

This item includes in particular the result from disposals of non-financial assets, impairment on goodwill and on fixed assets, changes in fair value in price supplements granted in the framework of securities acquisitions and acquisition costs of shares, as well as restructuring costs.

Impairment on goodwill and on fixed assets amount to €10.0 million in 2013 (cf. notes 11 and 12) compared to €5.8 million in 2012.

The changes in fair value in price supplements resulted in income of €1.6 million in 2013 and €4.3 million in 2012.

Restructuring costs

In the framework of implementing the reorganisation project for PagesJaunes, a collective agreement was signed with the staff representation bodies and submitted for consulting to the Works Council. In that the company would be considering economic redundancy, the purpose of this agreement is to set down the measures for the social support of the employees involved in the best conditions. This agreement was approved by the Works Council on 6 November and was signed by most of the representative trade unions on 20 November 2013. It was validated by DIRECCTE (Regional departments on companies, competition, consumption, work and jobs) on 2 January 2014.

This reorganisation project will make it possible to adapt PagesJaunes to the new challenges with competitiveness in the online advertising market and to reposition customer relations at a level of excellence, whether in the commercial, marketing or customer service functions. This must allow PagesJaunes to win new market shares and to return to growth in a stiff competitive environment.

The new commercial and marketing organisation will revolve around 5 business units: Retail, BtoB, Home, Services and Health & Public.

It will generate a modification in the employment contract for the commercial population in the field (about 1330 people) and a portion of telesales (about 170 people), a revamping of the central support functions resulting in several modifications to positions as well as a limited number of suppressions (estimation of 22 people) and offset by the creation of positions with an equivalent classification and on the same geographic site (estimation of 70 people).

On the date the financial statements for 2013 were approved, about 200 intentions for voluntary departure were collected or estimated, out of a number of employees concerned of about 1,500.

Internal and external reclassification systems were set up: training, assistance in creating a business, assistance with geographical mobility, reclassification periods and leaves, severance pay...

The total cost for these systems is estimated to be €20.1 million, it has been offset by a provision reversal relating to post-employment benefits and other long-term benefits (long-service awards).

Moreover, other direct and incremental costs concerning this project amounted to €7.5 million (advice, consulting, support, expertise).

All of these costs, totalling €27.5 million, were accounted for as "Restructuring costs".

Note 8 – Financial Income

The financial income is made up as follows:

(Amounts in thousands of euros)	As at 31 December 2013	As at 31 December 2012
Interest and similar items on financial assets	228	387
Result of financial asset disposals	918	3,696
Change in fair value of hedging instruments	1,669	325
Dividends received	84	169
FINANCIAL INCOME	**2,899**	**4,577**
Interest on financial liabilities	(87,515)	(90,900)
Income/(expenses) on hedging instruments	(32,410)	(29,296)
Change in fair value of hedging instruments	—	(3,969)
Amortisation of loan issue expenses	(12,214)	(13,501)
Other financial expenses & fees	(584)	(597)
Accretion cost [1]	(2,470)	(2,387)
FINANCIAL EXPENSES	**(135,193)**	**(140,650)**
NET FINANCIAL INCOME	**(132,294)**	**(136,073)**

(1) The accretion cost corresponds to the increase, during the financial year, of the current value of pension commitments (cf. Note 24) and the liability in respect of hedging instruments (cf. Note 16).

Note 9 – Corporate Tax

9.1 – Group Tax Analysis

The corporate tax for the year results from the application of the effective tax rate at the end of the financial year to the pre-tax 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:

Amounts in thousands of euros	As at 31 December 2013	As at 31 December 2012
Pretax net income from continuing businesses	196,729	270,955
Share of profit or loss of an associate	(202)	(931)
Pretax net income from continuing businesses and before Share of profit or loss of an associate	**196,931**	**271,887**
Statutory tax rate	34.43%	34.43%
Theoretical tax	**(67,810)**	**(93,620)**
Loss-making companies not integrated for tax purposes	(2,186)	(615)
Loan and current account depreciation QDQ Media	—	288
Share-based payment	(508)	(453)
Foreign subsidiaries	50	590
Goodwill impairment and earn out variation	(1,242)	(48)
Corporate value added contribution (after tax)	(8,152)	(8,811)
Ceiling of interest expense deductibility	(6,333)	(6,069)
Adjustment corporation tax of prior years	73	—
Tax impact of non capitalization of the sales force fixed costs	10,535	—
Additional tax 10.7% (5% in 2012)	(6,886)	(4,474)
Other non-taxable / non-deductible items	557	804
Effective tax	**(81,902)**	**(112,407)**
of which current tax	*(90,681)*	*(110,542)*
of which deferred tax	*8,779*	*(1,865)*
Effective tax rate	**41.6%**	**41.3%**

9.2 – Taxes in the Balance Sheet

The net balance sheet position is detailed as follows:

Amounts in thousands of euros	As at 31 December 2013	As at 31 December 2012
Retirement benefits	26,373	26,060
Employee profit-sharing	4,697	4,278
Non-deductible provisions	8,526	4,573
Hedging instruments	5,730	18,859
Tax loss carryforward	—	593
Other differences	1,043	1,071
Subtotal deferred tax assets	**46,369**	**55,434**
Corporate value added contribution	(40)	(90)
Loan issue costs	(9,859)	(13,184)
Brand 123people	—	(1,132)
Depreciations accounted for tax purposes	(16,213)	(16,007)
Subtotal deferred tax liabilities	**(26,112)**	**(30,413)**
TOTAL NET DEFERRED TAX ASSETS/(LIABILITIES)	**20,257**	**25,021**
Deferred tax assets	*20,257*	*26,023*
Deferred tax liabilities	*—*	*(1,002)*

No deferred tax asset relating to loss carryforwards of QDQ Media and its subsidiaries was recognised in the balance sheet, as this sub group recorded a net loss in 2013. The amount of deferred tax not recognised is estimated at €64.8 million as at 31 December 2013.

Solocal Group has opted for the tax integration system provided for in articles 223 A et seq. of the General Tax Code. The aim of using this option is to create a fiscally integrated group comprising Solocal Group and all its French subsidiaries fulfilling the necessary conditions to become members.

The deferred tax assets in the balance sheet decreased from €26.0 million as at 31 December 2012 to €20.3 million as at 31 December 2013.

In the balance sheet as at 31 December 2013, corporate tax represents a receivable of €0.8 million and a liability of €2.8 million. As at 31 December 2012, corporate tax represented a receivable of €3.0 million and a liability of €0.1 million. The tax disbursed during the 2013 financial year was €85.7 million, of which a tax reimbursement following to a favourable response to a tax claim concerning the non-capitalisation of the fixed remuneration for the sales force, as against €107.5 million in 2012.

Amounts in thousands of euros	As at 31 December 2013	As at 31 December 2012
Opening balance	25,021	24,443
Changes recognized in equity	(13,543)	2,443
Changes recognized in income	8,779	(1,865)
Effect of changes in the scope of consolidation	—	—
Others changes	—	—
Closing balance	**20,257**	**25,021**

Note 10 – Earnings per Share

In 2013, net income amounted to €114.8 million. The average number of ordinary shares in circulation was 277.6 million, after deduction of own shares. The net earnings per share for the consolidated group therefore amounted to €0.41, or €0.40 taking into account the potentially dilutive effect of the average of 10.7 million share options and free shares in existence in 2013 (cf. Note 25).

In 2012, net income amounted to €158.5 million. The average number of ordinary shares in circulation was 277.7 million, after deduction of own shares. The net earnings per share for the consolidated group therefore amounted to €0.57, or €0.55 taking into account the potentially dilutive effect of the average of 8.7 million share options and free shares in existence in 2012 (cf. Note 25).

Note 11 – Goodwill in Respect of Consolidated Companies

Breakdown of the net value of goodwill by business sector:

	As at 31 December 2013			As at 31 December 2012			Change
(in thousands of euros)	Gross	Accumulated impairments	Net	Gross	Accumulated impairments	Net	Net
Internet	157,179	(78,482)	78,697	155,560	(73,282)	82,278	(3,581)

The movements in the net value of goodwill can be analysed as follows:

(in thousands of euros)	2013	2012
Balance at start of year	**82,278**	**94,079**
Acquisitions/disposals	1,547	(7,401)
Impairments	(5,200)	(4,400)
Reclassifications and others	72	—
Balance at end of year	**78,697**	**82,278**

Goodwill values were examined on the closure of the 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% and 2.5% and an after-tax discount rate of between 9.0% and 13.5% depending on the cash-generating units. These rates are based on published sector studies.

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. These parameters are the main sensitivity factors. The amounts of goodwill concerning each of the CGUs are individually low, the unit value does not exceed €15 million.

In 2013, an impairment of goodwill was recognised for an amount of €5.2 million. This impairment is part of the usual process of the asset valuation tests carried out every year. It is primarily related to the change in a referencing algorithm of a search engine which caused an abrupt decline in the traffic of a CGU leading to a drop in its revenues and in its margin. This abrupt decline in the traffic had started in 2012 and accelerated in 2013, consequently resulting in the discontinuation of the activities of 123people.

In 2012, an impairment of goodwill was recognised for an amount of €4.4 million.

In terms of sensitivity, a 1% increase in the discount rate across all of the CGUs would result in a decrease in the recoverable amount of €16 million and €5 million in depreciation. Inversely, a 1% decrease in the discount rate would lead to an increase in the recoverable amount of €21 million.

An increase in the perpetuity growth rate of 0.5% would result in an increase in the recoverable amount of €8 million. Inversely, a 0.5% decrease in the perpetuity growth rate would result in a decrease in the recoverable amount of €7 million and €1 million in depreciation.

A 1% increase in the margin for the last year in the business plans would lead to an increase in the recoverable amount of €10 million. Inversely, a 1% decrease in the margin rate of the last year of the business plans would result in a decrease in the recoverable amount of €10 million and €3 million in depreciation.

Note 12 – Other Intangible Fixed Assets

(in thousands of euros)	31 December 2013 Gross value	Total depreciation and losses of value	Net value	31 December 2012 Gross value	Total depreciation and losses of value	Net value
Software and support applications	211,514	(134,258)	77,255	163,144	(102,485)	60,659
Other intangible fixed assets	6,607	(3,090)	3,517	6,505	(2,303)	4,202
123people brand	4,526	(4,526)	0	4,526	0	4,526
TOTAL	**222,647**	**(141,874)**	**80,773**	**174,175**	**(104,788)**	**69,387**

Following the decision to discontinue the activities of 123people (cf. Note 11), the brand and the dedicated software were fully depreciated for a total amount of €4.8 million as at 31 December 2013.

No other significant impairment was recorded as at 31 December 2013 and 2012.

Movements in the net value of other intangible fixed assets can be analysed as follows:

(in thousands of euros)	31 December 2013	31 December 2012
Opening balance	**69,387**	**66,438**
Acquisitions	4,110	16,540
Internally generated assets [(1)]	44,802	17,898
Effect of changes in the scope of consolidation	—	(678)
Exchange differences	(11)	2
Reclassifications	—	(1,350)
Disposals and accelerated amortisation	(182)	(1,762)
Depreciation charge	(37,333)	(27,701)
Closing balance	**80,773**	**69,387**

(1) concerns all capitalised development expenses

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 13 – Tangible Fixed Assets

(in thousands of euros)	31 December 2013 Gross value	Total depreciation	Net value	31 December 2012 Gross value	Total depreciation	Net value
IT and terminals	55,939	(48,398)	7,541	55,844	(45,157)	10,687
Others	47,698	(31,670)	16,028	43,360	(28,567)	14,793
TOTAL	**103,637**	**(80,068)**	**23,569**	**99,204**	**(73,724)**	**25,480**

No significant impairment was recorded as at 31 December 2013 and 2012.

Movements in the net value of tangible fixed assets can be analysed as follows:

(in thousands of euros)	31 December 2013	31 December 2012
Opening balance	**25,480**	**28,223**
Acquisitions	6,403	8,302
Effect of changes in the scope of consolidation	—	(2,159)
Exchange differences	(3)	1
Reclassifications	1	486
Disposals and accelerated amortisation	(94)	(381)
Depreciation charge	(8,219)	(8,992)
Closing balance	**23,569**	**25,480**

Note 14 – Other Available-for-Sale Assets

This section includes investment securities classified as available-for-sale assets as defined in standard IAS 39.

Note 15 – Other Non-Current Financial Assets

The other financial assets essentially comprise the long-term portion of security deposits.

Note 16 – Derivative Financial Instruments

Solocal Group uses derivative financial instruments to manage the interest rate risk associated with the variable rate bank debt. Solocal Group has implemented the procedures and documentation necessary to justify hedge accounting as defined in IAS 39.

These operations provide a cash flow hedge relating to the variable rate debt (cf. Note 26). Prospective effectiveness tests performed by Solocal Group on the inception of these operations and retrospective tests carried out on 31 December 2013 and 2012 showed that these financial instruments offered a totally effective cash flow hedge in relation to this bank debt.

Accounting and assets/liabilities relating to these derivative financial instruments

The fair value of these derivative financial instruments is made up as follows:

(in thousands of euros)	As at 31 December 2013	As at 31 December 2012
Interest rate swaps – cash flow hedge	(17,892)	(50,611)
Collars – fair value hedge	(2,300)	(3,969)
Assets/(liability)	**(20,192)**	**(54,580)**
Of which non-current	*(20,192)*	*(21,507)*
Of which current	—	*(33,073)*

The change in the fair value of derivative financial instruments (qualified as cash flow hedges) between 31 December 2012 and 31 December 2013, i.e. a decrease of €32.7 million for the interest rate swaps, was stated in transferable equity, after recognition of deferred tax of €12.5 million.

The change in the collar (qualified as fair value hedging) was recognised in financial income (cf. Note 8), for an amount of €1.7 million. Deferred tax of €0.6 million was recorded in this respect.

No ineffectiveness was recorded with regard to cash flow hedges.

In application of IFRS 13 which is mandatory for financial years commencing from 1 January 2013, recognition of an adjustment in the market value of derivative financial instruments in order to reflect the credit risk (Credit Valuation Adjustment (CVA) or Debit Valuation Adjustment (DVA). The methodology retained is based on the use of observable market data (CDSs, bonds in particular). As at 31 December 2013, an amount of €2.7 million was recognised as DVA.

Note 17 – Net Inventories

Inventories consist mainly of current service requirements for the production of advertisements (printed and online products) and websites.

In 2013, annual contracts (negotiated by PagesJaunes) were signed with two paper suppliers specifying the rates payable for the supply by the printer of directory paper. The printer will obtain his supply and his purchases of paper following these conditions. As at 31 December 2013, PagesJaunes no longer has any inventories of paper.

Where necessary, these inventories have been written down when commercial prospects could entail a risk of a fall in value to below that stated in the balance sheet.

No significant discards were recorded during the 2013 and 2012 financial years.

Note 18 – Trade Debtors

The breakdown of the gross value and impairment of trade debtors is as follows:

(in thousands of euros)	31 December 2013	31 December 2012
Gross trade debtors	431,754	453,533
Provisions for impairment [1]	(22,048)	(21,588)
Net receivables before statistical impairment	**409,706**	**431,945**
Provisions for statistical impairment [1]	(3,863)	(2,062)
Net trade debtors	**405,843**	**429,883**

(1) Cf. Note 21 – Changes in provisions for impairment of assets

As at 31 December, trade debtors were due as follows:

in thousands of euros	Total [1]	Not due [1]	Due and not impaired [1] < 30 days	between 31 and 60 days	between 61 and 90 days	between 91 and 180 days	between 181 and 360 days	> 360 days
2013	409,706	375,557	14,704	7,643	3,586	4,543	2,579	1,094
2012	431,945	387,084	17,782	8,242	4,539	7,737	6,250	311

(1) Excluding statistical impairment provisions totalling €3,863,000 as at 31 December 2013 and €2,062,000 as at 31 December 2012

The Group's portfolio of trade debtors does not present a significant risk of concentration (over 650,000 advertisers, including 615,000 on PagesJaunes in France). In France, PagesJaunes' 20 largest advertisers represent 1.3% of these revenues (1.2% in 2012) and advertisers in the 10 largest business sections represent 16.2% of PagesJaunes revenues (16.1% in 2012). In France, provisions for bad debts remain at a very low level, with net provisions amounting to 0.58% of revenues in 2013 compared to 0.43% in 2012.

Note 19 – Acquisition Costs of Contracts

Acquisition costs of contracts represent the variable costs of the sales force relating to the marketing of advertising products in the printed directories and on digital media. These direct and incremental costs in obtaining customer contracts are capitalised on the balance sheet in this item and are recognised as expense over the life of the customer orders, i.e. according to the publication of the advertisements and the recognition of the revenue.

Note 20 – Other Current Assets

The other current assets are made up as follows

(in thousands of euros)	31 December 2013	31 December 2012
VAT receivable	16,630	14,544
Sundry accounts receivable	1	13
Trade payables – Advances and instalments	3,509	5,455
Other current assets	4,587	6,555
Total	**24,727**	**26,567**

Note 21 – Changes in Provisions For Impairment of Assets

(in thousands of euros)	Balance at start of period	Allowances	Releases of unused provisions	Release of used provisions	Other movements	Balance at end of period
2012						
Trade debtors	27,204	6,898	(482)	(9,909)	(62)	23,650
Other assets	–	88		–	–	88
2013						
Trade debtors	23,650	9,244	(609)	(6,377)	3	25,911
Other assets	88	–	(88)	–	–	–

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 22 – Shareholders' Equity

22.1 – Share Capital

As at 31 December 2012 and 2013, the share capital of Solocal Group amounted to €56.2 million and was divided into 280,984,754 ordinary shares of a par value of €0.20 each. This capital is fully paid up.

As at 31 December 2013, 18.49% of the capital of Solocal Group is held by Médiannuaire Holding which holds 28.29% of the voting rights.

As at 31 December 2012, Solocal Group was owned 54.68% by Médiannuaire SAS.

22.2 – Other Reserves and Other Comprehensive Income

The other consolidated reserves and other comprehensive income were negative in an amount of €2,126.3 million as at 31 December 2013 (€2,310.2 million as at 31 December 2012) 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;
- the loss of fair value of derivative financial instruments between their conclusion date and 31 December 2013 in a pre-tax amount of €17.9 million (€50.6 million as at 31 December 2012) and a corresponding tax of €4.9 million (€17.4 million as at 31 December 2012);
- the cross-entry for the share-based payment expense corresponding to the portion settled in equity instruments in an amount of €62.6 million (€61.1 million as at 31 December 2012), cf. Note 25.

The recycling of reserves relative to the financial instruments, generated in the implementation of hedge accounting as defined in IAS 39, is forecast to be between 1 and 3 years (cf. Note 16, maturity of these instruments).

22.3 – Own Shares

A liquidity contract was entered into in 2008 with an investment service provider. It is renewable annually. The funds allocated to this contract amounted to €8.0 million.

Under this contract, as at 31 December 2013, the Company held 1,982,495 of its own shares, stated as a deduction from equity.

Solocal Group also repurchased 2,000,000 of its own shares outside the liquidity contract in 2011 for a total of €6.0 million.

As at 31 December 2013, Solocal Group consequently held 3,982,495 of its own shares.

As at 31 December 2012, the Company held 1,328,711 of its own shares and €1.7 million in liquidities under the liquidity contract.

22.4 – Dividends

Solocal Group did not distribute any dividends in 2013 or in 2012.

Note 23 – Trade Creditors

Amounts owed to suppliers bear no interest and are payable in principle between 30 and 60 days.

Note 24 – Personnel Benefits, Provisions and Other Liabilities

These are made up as follows:

(in thousands of euros)	31 December 2013	31 December 2012
Post-employment benefits	75,701	73,868
Other long-term benefits	9,350	9,456
Non-current personnel benefits (1)	**85,051**	**83,324**
Other Provision for risks	5,854	5,890
Provisions for social or fiscal disputes	10,405	443
Non-current provisions	**16,259**	**6,333**

(1) Cf. details in the following note. Non-current personnel benefits concern the French companies.

(in thousands of euros)	31 December 2013	31 December 2012
Personnel (1)	71,433	76,359
Social organisations	47,774	48,014
Total current personnel benefits	**119,207**	**124,373**
VAT payable	83,275	83,526
Sundry accounts payable	8,674	9,321
Other current liabilities	2,659	1,193
Other current liabilities	**94,608**	**94,040**

(1) Comprising mainly employee profit-sharing and provisions for personnel expenses.

Movements in provisions were as follows:

(in thousands of euros)	Opening balance	Charge for the year	Reversal of the year (unused)	Reversal of the year (utilised)	Changes in the scope of consolidation, reclassifications and others	Closing balance
Provisions for social and fiscal litigations	6,024	20,777	–	(339)	–	26,462
Other Provision for risks	502	1,194	(181)	(20)	–	1,495
Total provisions	**6,526**	**21,971**	**(181)**	**(359)**	**–**	**27,957**
– of which non current	*6,333*	*10,794*	*(181)*	*(99)*	*(588)*	*16,259*
– of which current	*193*	*11,177*	*–*	*(260)*	*588*	*11,698*

Pension commitments and other personnel benefits:

(in thousands of euros)	Post-employment benefits	Other long-term benefits	Total 31 December 2013	Post-employment benefits	Other long-term benefits	Total 31 December 2012
Change in value of commitments						
Total value of commitments at start of period	**75,768**	**9,744**	**85,511**	**60,607**	**8,294**	**68,901**
Cost of services rendered	4,891	681	5,573	4,875	778	5,654
Discounting cost	2,200	271	2,471	2,114	274	2,388
Contributions paid by employees	–	–	–	–	–	–
Amendments to scheme	3,171	–	3,171	–	–	–
Reductions/liquidations	(3,476)	(316)	(3,791)	(900)	(27)	(927)
Actuarial (gains) or losses	(5,359)	(364)	(5,723)	9,574	731	10,305
Benefits paid	(663)	(339)	(1,002)	(972)	(330)	(1,302)
Acquisitions	–	–	–	–	–	–
Assignments/transfers of activity	–	–	–	227	22	249
Changes in scope	–	–	–	–	–	–
Others	–	–	–	242	–	242
Total value of commitments at end of period (A)	**76,532**	**9,677**	**86,209**	**75,767**	**9,743**	**85,510**
Commitments at end of period relating to fully or partly financed schemes	*74,275*	*–*	*74,275*	*73,165*	*–*	*73,165*
Commitments at end of period relating to non-financed schemes	*2,257*	*9,677*	*11,934*	*2,602*	*9,743*	*12,345*
Change in cover assets						
Fair value of cover assets at start of period	**29**	**–**	**29**	**28**	**–**	**28**
Financial income from cover assets	1	–	1	1	–	1
Gains/losses on cover assets	–	–	–	–	–	–
Contributions paid by the employer	–	–	–	–	–	–
Contributions paid by the employees	–	–	–	–	–	–
Reductions/liquidations	–	–	–	–	–	–
Benefits paid by the fund	–	–	–	–	–	–
Change in scope	–	–	–	–	–	–
Others (translation differences)	–	–	–	–	–	–
Fair value of cover assets at end of period (B)	**30**	**–**	**30**	**29**	**–**	**29**
Financial cover						
Situation of the scheme (A) – (B)	76,502	9,677	86,179	75,738	9,743	85,481
Unrecognised actuarial gains or (losses)	–	–	–	–	–	–
Unrecognised cost of past services	–	–	–	–	–	–
Adjustment linked to upper limit of assets	–	–	–	–	–	–
Provision/(assets) at end of period	**76,502**	**9,677**	**86,179**	**75,738**	**9,743**	**85,481**
of which provision/(asset) short term	*800*	*327*	*1,127*	*1,870*	*287*	*2,157*
of which provision/(asset) long term	*75,702*	*9,350*	*85,052*	*73,868*	*9,456*	*83,324*
Pension charge						
Cost of services rendered	4,891	681	5,573	4,875	778	5,654
Discounting costs	2,200	271	2,471	2,114	274	2,388
Expected return on scheme assets	(1)	–	(1)	(1)	–	(1)
Amortisation of actuarial (gains) or losses	–	(364)	(364)	–	731	731
Amortisation of cost of past services	3,171	–	3,171	–	–	–
Effect of reductions/liquidations	(3,476)	(316)	(3,791)	(620)	(15)	(635)
Assignments/transfers of activity	–	–	–	188	12	200
Adjustment linked to upper limit of assets	–	–	–	–	–	–
Total pension charge	**6,785**	**273**	**7,058**	**6,555**	**1,780**	**8,336**
Movements in the provision/(asset)						
Provision/(assets) at start of period	**75,739**	**9,744**	**85,482**	**60,579**	**8,287**	**68,867**
Pension charge	6,785	273	7,058	6,555	1,780	8,336
Pension charge from divested businesses	–	–	–	–	–	–
Contributions paid by the employer	(663)	(339)	(1,002)	(972)	(330)	(1,302)
Benefits paid directly by the employer	–	–	–	–	–	–
Change of scope	–	–	–	–	–	–
Actuarial gains or (losses)	(5,359)	–	(5,359)	10,018	–	10,018
Others	–	–	–	(442)	6	(437)
Provision/(assets) at end of period	**76,502**	**9,677**	**86,179**	**75,738**	**9,743**	**85,481**
Assumptions						
Discount rate (%)	3.00%	3.00%	3.00%	2.75%	2.75%	2.75%
Expected long-term inflation rate (%)	2.0%	2.00%	2.00%	2.0%	2.00%	2.0%
Expected yield on scheme assets (%)	3.00%	–	–	4.20%	–	–
Probable residual activity period	14.6	14.6	14.6	14.5	14.5	14.5
Amount entered as a charge in respect of the period	**6,785**	**273**	**7,058**	**6,555**	**1,780**	**8,336**

In 2013, the expense stated in respect of defined contribution pension plans amounted to €38.8 million.

The discount rate applied in valuing commitments as at 31 December 2013 is 3%, compared to 2.75% as at 31 December 2012.

The IAS 19 standard sets the discount rate at the rate of bonds issued by first-class companies having a maturity 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 around 3% 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):

A 0.50% increase in the discount rate leads to a decrease in the commitment of about 7%, or around €5.2 million, while a decrease of 0.50% in the discount rate leads to an increase in the commitment of about 7.5%, i.e. around €5.7 million.

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), while a decrease of 0.50% in the discount rate leads to an increase in the commitment of 5% (less than €1 million).

For all post-employment benefits and other long-term benefits, an increase of 0.5% in the discount rate leads to a decrease in the expense for the year of €0.2 million, i.e. 0.1% of the income for the period, while a decrease of 0.50% in the discount rate leads to an increase in the expense for the year of €0.2 million i.e. 0.1% 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:

(in thousands of euros)	2013	2012	2011 *	2010	2009
Total value of commitments at end of period	86,209	85,510	85,510	64,432	57,667
Fair value of cover assets at end of period	(30)	(29)	(30)	(25)	(577)
Situation of the scheme	**86,179**	**85,481**	**85,480**	**64,406**	**57,089**
Actuarial (gains) or losses relating to experience – liability	(2,931)	(2,292)	(735)	(2,655)	272
Actuarial (gains) or losses relating to experience – cover asset	–	–	–	–	–

* *restated for the expensing of fixed costs of the sales force and for early adoption of IAS 19R*

Note 25 – Share Options and Free Shares

25.1 – Description of the Plans

25.1.1 – SHARE OPTIONS

Neither Solocal Group nor any of its subsidiaries granted any share option plans in 2013 and 2012.

25.1.2 – FREE SHARES

The Extraordinary General Shareholders' Meeting of 7 June 2011 authorised the Board of Directors to introduce a free share plan for the benefit of certain Group directors and employees, as defined in articles L. 225-197-1 to L. 225-197-5 of the Commercial Code, with the particular aim of involving them in the Company's development. This authorisation was granted for a period of 38 months and the total number of free shares granted in respect of this resolution must not exceed 1.5% of the capital of the Company on the date of this General Shareholders' Meeting, i.e. 4,214,771 shares.

The Board of Directors adopted the conditions for the first free share plan on 26 October 2011. This plan gave rise to an initial grant of 1,226,000 shares. A second free share plan was adopted on 16 December 2011 and gave rise to an additional grant of 84,000 shares.

On 11 December 2012, the Board of Directors adopted the conditions for a third free share plan for 2,624,000 shares. These shares will be finally vested at the end of a vesting period ending on 31 December 2014, provided that the beneficiary is still an employee or director of the Group and performance conditions are fulfilled.

On 11 December 2013, the Board of Directors adopted the conditions for a fourth free share plan for 280,000 shares. These shares will be finally vested at the end of a vesting period ending on 31 December 2015, provided that the beneficiary is still an employee or director of the Group and performance conditions are fulfilled.

The grant date applied for the valuation of the expense is the date of the Board of Directors' Meeting granting the options, the time allowed for informing the grantees having been deemed reasonable.

25.2 – MOVEMENTS IN SHARE OPTION AND FREE SHARE PLANS DURING THE YEAR

	As at 31 December 2012	Granted	Exercised	Cancelled /lapsed	As at 31 December 2013	Exercise price 2013
Subscription share plans	**7,030,218**	**–**	**–**	**(505,592)**	**6,524,626**	
July 2010	1,067,500	–	–	(177,000)	890,500	€8.59
December 2010	149,000	–	–	–	149,000	€7.10
July 2009	804,000	–	–	(84,000)	720,000	€6.71
October 2009	67,000	–	–	(50,000)	17,000	€8.84
December 2009	75,000	–	–	–	75,000	€7.82
December 2007	2,276,584	–	–	(77,000)	2,199,584	€14.46
June 2005	2,591,134	–	–	(117,592)	2,473,542	€11.72
Free share plans	**3,844,000**	**280,000**	**–**	**(312,000)**	**3,812,000**	**Final vesting date**
December 2013	–	280,000	–	–	280,000	31/12/2015
December 2012	2,624,000	–	–	(229,000)	2,395,000	31/12/2014
December 2011	84,000	–	–	–	84,000	31/12/2013
October 2011	1,136,000	–		(83,000)	1,053,000	31/12/2013

As at 31 December 2013, the options of all of the share option plans can be exercised.

25.3 – DESCRIPTION OF THE VALUATION MODELS

The fair value of a granted share corresponds to the market price of the share on the grant date after adjustment for the expected loss of dividends during the vesting period ending on 31 December 2015.

Grant date in 2013	11 December
Market price of underlying stock	€1.20
Vesting period	2.06 years
Expected dividend rate	–
Fair value of one share	€1.20

The expense representing the cost of this free share plan, which takes account of an estimated annual departure rate of 15%, is amortised over the vesting period, i.e. 2.06 years. It is adjusted in line with the probability that the performance conditions will be fulfilled or the departure rate during this period and is fixed permanently on the basis of the number of shares actually distributed at the end of this period.

25.4 – EXPENSE RELATING TO SHARE OPTION PLANS AND FREE GRANTS OF SHARES

The impact of the share option plans and free grants of shares on the 2013 income statement amounts to €1.5 million compared to €2.3 million in 2012. These amounts include social charges relating to the employer's contribution based on the fair value of the options granted, i.e. 30% in 2013 and 2012.

These plans are expected to be settled through equity instruments.

NOTE 26 – CASH AND CASH EQUIVALENTS, NET FINANCIAL DEBT

Net financial debt corresponds to the total gross financial debt less or plus fair value of financial derivatives, and less cash and cash equivalents.

(in thousands of euros)	As at 31 December 2013	As at 31 December 2012
Accrued interest not yet due	45	18
Cash equivalents	54,940	106,747
Cash	20,584	4,723
Gross cash	**75,569**	**111,488**
Bank overdrafts	(2,490)	(19,616)
Net cash	**73,079**	**91,872**
Bank loan	1,297,476	1,368,143
Bond loan	350,000	350,000
Revolving credit facility drawn	—	75,807
Loans issue expenses	(25,417)	(37,631)
Lease liability	44	119
Fair value of hedging instruments (cf. note 6)	20,192	54,580
Price supplements on acquisition of securities	3,301	4,898
Accrued interest not yet due	6,269	16,720
Other financial liabilities	789	917
Gross financial debt	**1,652,654**	**1,833,553**
of which current	*136,431*	*146,986*
of which non-current	*1,516,223*	*1,686,567*
Net debt	**1,579,575**	**1,741,681**

Cash and cash equivalents

As at 31 December 2013, cash equivalents amounted to €54.9 million and is primarily comprised of UCITS 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 authorised overdrafts totalling €14 million granted by a number of its banks.

Bank loan

The financing agreement amended in November 2012 notably includes default and mandatory prepayment clauses, as well as the following progressive financial covenants:

- the ratio of consolidated net debt to an aggregate close to the consolidated GOM must be less than or equal to 3.75 on 31 December 2013, and thereafter (GOM and consolidated net debt as defined in the agreement with the financial institutions);
- the ratio of an aggregate close to the consolidated GOM to the consolidated net interest expense must be greater than or equal to 3.0 over the residual term of the agreement (GOM and consolidated net debt as defined in the agreement with the financial institutions).

As at 31 December 2013, these financial covenants were met and there are no grounds for reclassifying non-current debt as current. These ratios were respectively at 3.73x and 3.57x.

In terms of sensitivity, a 0.4% decrease in GOM would result in an increase of the leverage ratio (consolidated net debt to an aggregate close to the consolidated GOM) of 0.02 to reach the limit of 3.75x. A 2% decrease in net debt would result in a decrease of the same ratio of 0.07.

It also includes a compulsory early repayment clause in the event of a change of control of the Company resulting from the acquisition of the shares of the Company.

The reference rate is Euribor or Libor plus a margin.

As at 31 December 2013, bank debt can be broken down as follows:

- Tranche A3: principal of €954.5 million of which €71.7 million maturing in 2014 (including the cash sweep of €41.7 million) and the balance, which is €882.8 million, maturing in 2015, margin of 400 bps;

- Tranche A5: principal of €342.8 million of which €54.3 million maturing in 2014 and the balance, which is €288.5 million, maturing in 2015, margin of 360 bps;
- Revolving credit line RCF 3: principal of €71.0 million of which €11.2 million maturing in 2014 and the balance, which is €59.8 million, maturing in 2015, margin of 360 bps, not drawn as at 31 December 2013.

Bond borrowings

Solocal Group has, via PagesJaunes Finance & Co SCA, a €350 million bond loan. This loan has a fixed rate of 8.875% and is repayable on 1 June 2018.

Price supplements on acquisition of securities

As part of the acquisitions completed in 2011, 2012 and 2013, price supplements may be paid in 2014 if certain operating performance conditions are fulfilled. As at 31 December 2013, these were estimated to be €3.3 million.

Other financial liabilities

The other financial liabilities primarily comprise a debit current account with PagesJaunes Outre-mer, a wholly owned non-consolidated subsidiary of Solocal Group.

Note 27 – 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 28 – Financial instruments

28.1 – Financial instruments in the balance sheet

		Breakdown according to IAS 39					
(in thousands of euros)	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)	Others
Available-for-sale assets	515	—	—	515	—	—	—
Other non-current financial assets	4,944	—	—	—	4,944	—	—
Net trade accounts receivable	405,843	—	—	—	405,843	—	—
Other current financial assets	8,264	8,264	—	—	—	—	—
Cash equivalents	54,940	54,940	—	—	—	—	—
Cash	20,629	20,629	—	—	—	—	—
Financial assets	**495,135**	**83,833**	**—**	**515**	**410,787**	**—**	**—**
Non-current financial liabilities and derivatives	1,516,223	2,300	17,892	—		1,496,031	—
Bank overdrafts and other short-term borrowings	132,652	3,301	—	—		129,351	—
Accrued interest	6,269	—	—	—		6,269	—
Trade accounts payable	84,484	—	—	—		84,484	—
Financial liabilities	**1,739,628**	**5,601**	**17,892**	**—**		**1,716,135**	**—**

Hedging derivatives stated at fair value in equity are detailed in Note 16.

As at 31 December 2013, the market value of the bank and bond loans was €1,209.0 million, compared to a carrying value of €1,647.4 million:

(in thousands of euros)	Carrying value	Quotes as at 31/12/2013	Market value
Bank borrowing – facility A3	954,530	72.5%	692,034
Bank borrowing – facility A5	342,848	73.5%	251,993
Senior secured notes PagesJaunes Finance & Co SCA	350,000	75.7%	264,968
Loans	**1,647,378**	**73.4%**	**1,208,995**
Other debts incl. debt costs	(21,996)	—	(21,996)
Non-current financial liabilities and derivatives	**1,625,382**	**73.0%**	**1,186,999**

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); and
- 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 2013 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.

28.2 – Effect of financial instruments on income

		Breakdown according to IAS 39					
(in thousands of euros)	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)	Others
Interest income	2,899	2,899	—	—	—	—	—
Interest expenses	(132,723)	—	—	—	—	(132,723)	—
Net gains/(net losses)	**(129,824)**	**2,899**	**—**	**—**	**—**	**(132,723)**	**—**
Accretion cost	(2,470)						
Net financial income (cf. note 8)	**(132,294)**						

Note 29 – 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:

- Solocal Group, and the consolidated Groupe Solocal, are net borrowers and, in this context, the prime objective of Solocal Group is to secure and thus limit the cost of its debt;
- Since the Group generates a substantial cash flow in line with the rate of the sales prospecting cycle and pays interest on its debt according to a different timescale, the Groupe Solocal 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 and bond documentations 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 has set a goal to reduce its financial leverage. As at 31 December 2013, this ratio was 3.73 times GOM (3.7 times as at

31 December 2012), which is lower than the maximum of 3.75 times specified in the bank documentation (4.00 times as at 31 December 2012).

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

Exchange rate risk

Solocal Group 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

Solocal Group is exposed to the risk of interest rate fluctuations insofar as 78.8% 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.

The main features of the Group's banking debt are stated in Note 26 (Cash and Cash equivalents, net financial debt) and the features of the instruments used for hedging against interest rate fluctuations can be found in Note 16 ("Derivative financial instruments – non-current assets").

(in millions of Euros)	As at 31 December 2013	Less than 1 year	In 1 to 5 years	In more than 5 years
Variable rate Bank loan	(1,297.4)	(126.1)	(1,171.3)	—
Revolving credit lines	—	—	—	—
Cash and cash equivalents, net of bank overdrafts	73.1	73.1	—	—
ASSETS/(LIABILITIES) AT VARIABLE RATE BEFORE HEDGING	**(1,224.3)**	**(53.0)**	**(1,171.3)**	**—**
Active hedgings (excl. forwards)	800.0			
ASSETS/(LIABILITIES) AT VARIABLE RATE AFTER HEDGING	**(424.3)**			
Variable rate Bond loan	(350.0)	—	(350.0)	—
ASSETS/(LIABILITIES) AT FIXED RATE BEFORE HEDGING	**(350.0)**	**—**	**(350.0)**	**—**
Active hedgings (excl. forwards)	(800.0)			
ASSETS/(LIABILITIES) AT FIXED RATE AFTER HEDGING	**(1,150.0)**			
Other items *	(5.3)			
NET CASH (DEBT)	**(1,579.6)**			

* *loan issuance expenses, fair value of hedging instruments, accrued interest not yet due, earn-out*

Solocal Group estimates that an increase of 0.50% in short-term interest rates compared to the three-month Euribor rate at 31 December 2013, i.e. 0.293%, would lead to a decrease in the consolidated pre-tax annual income of about €2.1 million.

Sensitivity analysis of an increase of 50 basis points of Euribor 3 months (before tax)

(in millions of Euros)	Cash equivalents	Bank loan and overdrafts	Net derivative financial instruments: Cash flow hedge	Net derivative financial instruments: Fair value	Total
Carrying amount in balance sheet	75.5	(1,300.8)	—	(20.2)	
Sensitivity in profit and loss	0.4	(6.5)	4.0	—	**(2.1)**
Sensitivity in equity	—	—	—	5.4	**5.4**

Liquidity risk

The Groupe Solocal has established a centralised cash management system with cash pooling including all its French subsidiaries and organised around a Solocal Group 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 2013, forecast disbursements for future periods, calculated on the basis of the forward rate curve at 31 December 2013, are as follows:

	Carrying amount in balance sheet		2014		2015		2016	2017	2018	
(in millions of Euros)	Assets	Liabilities	Interest	Reimb.	Interest	Reimb.	Interest	Interest	Interest	Reimb.
Financial liabilities		**(1,660.3)**	**(92.0)**	**(132.7)**	**(92.0)**	**(1,171.3)**	**(31.1)**	**(31.1)**	**(13.0)**	
Bank loan A3	—	(954.5)	(41.2)	(71.7)	(45.8)	(882.8)	—	—	—	—
Bank loan A5		(342.8)	(13.4)	(54.3)	(15.1)	(288.5)	—	—	—	—
Bond loan	—	(350.0)	(31.1)	—	(31.1)	—	(31.1)	(31.1)	(13.0)	(350.0)
Bank overdrafts	—	(2.5)	—	(2.5)	—	—	—	—	—	—
Accrued interest not yet due	—	(6.3)	(6.3)	—	—	—	—	—	—	—
Liability on committed purchase of minority interests	—	(3.3)	—	(3.3)	—	—	—	—	—	—
Other financial liabilities	—	(0.9)	—	(0.9)	—		—	—	—	—
Interest rate risk hedging										
Swaps	—	(20.2)	(13.5)	—	(6.8)	—	—	—	—	—
Forward rate (Euribor 3m)			0.32%		0.80%					

Credit risk

Solocal Group is generally exposed to credit risk essentially in its investments and interest rate hedging instruments. Solocal Group 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 2013, Solocal Group was exposed to an extent of €54.9 million in respect of its investment operations (cf. Note 26 – Cash equivalents), while the market value of its derivative financial instruments was negative (cf. Note 16).

Furthermore, the management procedure for Solocal Group'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

Solocal Group considers that the equity risk is not significant insofar as the amount invested in own shares particularly under the liquidity contract remains limited and the investment of its cash surpluses is not exposed to equity market risk.

Note 30 – Information on related parties

30.1 – Remuneration of executive committee and board of directors members

The table below shows the remuneration of persons who were members of Solocal Group'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 Solocal Group Board of Directors.

(in thousands of euros)	31 December 2013	31 December 2012
Short-term benefits (1)	5,945	5,064
of which employer charges	*1,585*	*1,329*
Post-employment benefits (2)	60	54
Other long term benefits (3)	2	2
End-of-contract benefits (4)	711	—
Equity benefits (5)	456	796
Total	**7,173**	**5,917**

(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,...
(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 free grants of shares and share options.

In 2013, the charge in respect of defined-contribution pension plans amounted to €0.4 million (€0.3 million in 2012).

30.2 – Transactions with related parties

Service contracts were established in 2006 and 2007 with Médiannuaire, the majority shareholder of Solocal Group. These contracts were terminated following the change in the shareholding of Solocal Group and were replaced with two new contracts which generated income of €99,000 for the financial year 2013 (expense of €1.2 million for the financial year 2012). Since no other benefit was provided since June 2013, these contracts were also terminated. These transactions form part of current operations.

The Board of Directors of Solocal Group, meeting on 17 May 2009, appointed Jean-Pierre Remy Chief Executive Officer of the company effective 25 May 2009. 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 will be equal to his gross annual remuneration (fixed and variable in accordance with the targets met), subject to the performance obligation.

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 competition prohibition shall be limited to a period of 24 months commencing on the day on which his duties actually come to an end, and shall cover 100% of French territory. 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.

Christophe Pingard was appointed Deputy Chief Executive Officer by the Board of Directors on 26 October 2011. On this occasion, Solocal Group entered into the following commitments with regards to him.

Since Christophe Pingard does not benefit from an employment contract, the Board of Directors decided to provide severance pay in the event of his forced departure from the Company due to a change in the Company's control or strategy or its implementation (irrespective of the form of departure: dismissal, non-renewal or resignation), subject to fulfilment of the performance condition. The amount of this severance pay shall equal 12 months of remuneration calculated based on the average monthly total gross remuneration paid during the 12 months of activity preceding the date of cessation of duties.

A non-competition obligation will be applied in the event of termination of Christophe Pingard's term of office as Deputy Chief Executive Officer for any reason and in any form whatsoever. This competition prohibition shall be limited to a period of 24 months commencing on the day on which his duties actually come to an end, and shall cover 100% of French territory. The corresponding compensation shall amount, based on a non-competition period of 24 months, 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. On termination of the term of office, the Company may renounce the benefit of the non-competition agreement (in which case it will not have to pay the corresponding compensation).

The existing commitments undertaken in 2011 with regard to Christophe Pingard were approved by the Combined General Shareholders' Meeting of 6 June 2012.

The bank and bond loans are indirectly guaranteed by a pledge of the securities of PagesJaunes SA held by Solocal Group.

Note 31 – Contractual obligations and off-balance-sheet commitments

Significant off-balance-sheet commitments are as follows:

Contractual obligations (in thousands of euros)	2013				2012
		Payments due per period			
	Total	Less than 1 year	In 1 to 5 years	In more than 5 years	Total
Operating leases	**47,315**	**18,693**	**28,359**	**263**	**50,733**
Paper, printing, distribution [1]	1,489	1,489	—	—	3,068
Other services	17,783	9,807	7,976	—	12,724
Commitments for purchases of goods and services	**19,272**	**11,296**	**7,976**	**—**	**15,792**
Total	**66,587**	**29,989**	**36,335**	**263**	**66,525**

(1) See details in table below.

The "Other services" section includes all firm orders placed as at 31 December 2013 for goods and services deliverable from 2014.

Leases

PagesJaunes has leased land, buildings, vehicles and equipment. These leases are due to expire on different dates over the next six years.

The Management considers that these leases will be renewed or replaced on expiry by other leases under normal operating conditions.

The rental charge recorded in the income statement in respect of operating leases amounted to €17.4 million in 2013 (€15.9 million in 2012).

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 2013, the Group's commitment under all leases amounted to €47.3 million, of which €18.7 million is payable in under one year.

Commitments for purchases of goods and services

Production of directories

For the production and distribution of its 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 2013. These contracts specify the rates payable over the period and state order volumes.

Starting on 1 January 2014, annual contracts are signed with two paper suppliers specifying the rates payable for the supply by the printer of directory paper, with a volume commitment of 14,000 tonnes.

The printer will obtain his supply and his purchases of paper following these conditions.

Only firm orders placed as at 31 December 2013, both with paper suppliers and with printers and distributors, were reported as off-balance-sheet commitments at that date, for a total amount of €1.5 million, as detailed in the table below:

Contractual obligations (in thousands of euros)	2013				2012
		Payments due per period			
	Total	Less than 1 year	In 1 to 5 years	In more than 5 years	Total
Paper	991	991	—	—	766
Printing	491	491	—	—	1,535
Distribution	—	—	—	—	694
Editorial content	7	7	—	—	73
Total	**1,489**	**1,489**	**—**	**—**	**3,068**

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 427,861 hours as at 31 December 2013 (431,424 hours at 31 December 2012). In 2013, 14,080 hours were used by employees (6,564 hours in 2012).

Other commitments given

The bank and bond loans are indirectly guaranteed by a pledge of the securities of PagesJaunes SA held by Solocal Group.

Other commitments received

Solocal Group has a revolving credit facility of around €71 million 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 2013.

The other significant off-balance-sheet commitments received are as follows:

Contractual obligations (in thousands of euros)	2013				2012
	Total	Less than 1 year	In 1 to 5 years	In more than 5 years	Total
Operating leases – lessor	230	115	115	—	409
Other services	599	448	151	—	1,409
Total	**829**	**563**	**266**	**—**	**1,818**

Special purpose vehicles

In 2011, Solocal Group issued a bond loan amounting to €350 million through PagesJaunes Finance & Co SCA, an entity specifically dedicated to this transaction (cf. Note 26). This entity is fully consolidated.

The Group did not create any deconsolidation structures during the reporting periods.

It has no contractual obligations towards special purpose vehicles.

Note 32 – Disputes and litigation

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

With the exception of the proceedings described below, the entities of the Group are not party to any lawsuit or arbitration procedure which the Management believes could reasonably have a material adverse effect on its earnings, operations or consolidated financial position.

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 made redundant 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 judgements 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 regards to cases before administrative courts, the Conseil d'Etat, as court of last resort, issued eight judgements unfavourable to PagesJaunes on 12 January 2011, setting aside rulings issued by the Cour administrative d'appel of Paris in 2009 and hence the Minister's authorisation of the redundancies. On 2 July 2012, the employee claims court of Dijon issued five judgements favourable to PagesJaunes concerning the quantum of the indemnifications owed to the employees. These rulings were appealed to the Court of Appeal of Dijon, and the proceedings are currently in progress. Proceedings are also underway with the Court of Appeal of Lyon following an unfavourable first-instance judgement.

Two proceedings are currently in progress respectively with the employee claims court of Boulogne and of Saint Nazaire with a request for claims concerning the financial consequences of the redundancy authorisations.

The €7.3 million 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 €1.8 million as at 31 December 2013.

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 Commercial Code. In a ruling of 22 November 2012, the French Competition Authority accepted the commitments proposed by PagesJaunes, which closes this dispute.

In addition, in common with the other companies in the sector, the Company is frequently the subject of court proceedings brought in relation to errors in the publication of directories and other media. Generally the financial risk represented by each of these proceedings is relatively limited. However, an increase in their number may constitute a significant risk for the Company. As at 31 December 2013, there were eighteen, representing total claims for damages of a little under €1 million. In these proceedings, the Group entities 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.

In 2010, PagesJaunes was the subject of an inspection by the French social security agency URSSAF in respect of the 2007, 2008 and 2009 financial years. The Company was notified of an adjustment for an amount of €2.2 million; this risk was fully provisioned as at 31 December 2010. PagesJaunes is contesting the adjustment and has referred it to the Urssaf arbitration committee to defend its position. A ruling was handed down on 3 October 2012 in which said commission fully rejected the requests of PagesJaunes. PagesJaunes referred this to the Social Affairs court of Bobigny on 22 October 2012 in order to dispute this decision.

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 twelve months, a significant impact on the financial position or profitability of the Company and/or the Group.

Note 33 – Auditors' fees

	Deloitte & Associates				Ernst & Young			
	Amount		In % of fees		Amount		In % of fees	
(amounts in thousands of euros)	2013	2012	2013	2012	2013	2012	2013	2012
Audit								
Audit, statutory audit, certification and inspection of individual and consolidated accounts	**360**	**355**	**94%**	**94%**	**419**	**409**	**88%**	**88%**
– Including Solocal Group	130	127	34%	34%	130	127	27%	27%
– Including fully consolidated subsidiaries	230	227	60%	60%	288	282	60%	60%
Other procedures and services in relation to the mission of the Company Auditors	**24**	**24**	**6%**	**6%**	**60**	**58**	**12%**	**12%**
– Including Solocal Group	24	24	6%	6%	2	43	0%	9%
– Including fully consolidated subsidiaries	—	—	0%	0%	58	16	12%	3%
Subtotal	**383**	**378**	**100%**	**100%**	**478**	**467**	**100%**	**100%**
Other services provided by the networks to fully consolidated subsidiaries								
Legal, tax and social security -related	—	—			—	—		
Others	—	—			—	—		
Subtotal	**—**	**—**			**—**	**—**		
TOTAL	**383**	**378**	**100%**	**100%**	**478**	**467**	**100%**	**100%**

Note 34 – Scope of consolidation

Entities	Country	As at 31 December 2013 Interest	As at 31 December 2013 Control	As at 31 December 2012 Interest	As at 31 December 2012 Control
Fully consolidated companies					
Solocal Group (ex-PagesJaunes Groupe)	France	100%	100%	100%	100%
PagesJaunes	France	100%	100%	100%	100%
QDQ Media	Spain	100%	100%	100%	100%
Optimizaclick	Spain	100%	100%	100%	100%
Trazada	Spain	100%	100%	100%	100%
Euro Directory	Luxembourg	100%	100%	100%	100%
PJMS (ex-PagesJaunes Marketing Services)	France	100%	100%	100%	100%
Mappy	France	100%	100%	100%	100%
Horyzon Media	France	100%	100%	100%	100%
Horyzon Worldwide	Spain	100%	100%	100%	100%
Yelster Digital	Austria	100%	100%	100%	100%
Sotravo	France	100%	100%	100%	100%
A Vendre A Louer (1)	France	—	—	100%	100%
ClicRDV	France	100%	100%	100%	100%
Fine Media	France	100%	100%	100%	100%
Chronoresto	France	100%	100%	100%	100%
Orbit Interactive	Morocco	100%	100%	100%	100%
PagesJaunes Finance & Co	Luxembourg	100%	100%	100%	100%
Companies consolidated by the equity method					
Relaxevents	France	—	—	40%	40%
Leadformance	France	49%	49%	49%	49%
Editus	Luxembourg	10%	10%	10%	10%

(1) merger on 31 December 2013

Note 35 – Events subsequent to the closing date

Solocal Group intends to launch a capital increase for an amount of €440 million, and initiates concurrently discussions with its lenders to extend bank debt maturities from 2015 to March 2020 (1), in exchange for a partial prepayment; both transactions are conditional one to the other.

The capital increase which will be proposed to the Extraordinary General Shareholders Meeting is comprised of a €361 million capital increase with preferential subscription rights, preserving the interests of existing shareholders, and a €79 million reserved capital increase.

The capital increase is fully guaranteed by Solocal Group's largest shareholder, Médiannuaire Holding, and by a group of institutional investors including four of its largest debt-holders and two financial intermediaries.

(1) Option for Solocal Group to extend bank debt maturities to March 2020, in exchange for a refinancing of the €350 million senior secured notes.

20.2 FINANCIAL STATEMENTS OF SOLOCAL GROUP

BALANCE SHEET

		Balance sheet at 31 December				
(in thousands of euros)	Notes	Gross	Amortisation, depreciation and provisions	2013 Net	2012 Net	Change
ASSETS						
Intangible assets	3.1	343	(337)	7	44	(38)
Tangible fixed assets		19	—	19	19	
Investments in associates	3.2	4,199,442	(287,697)	3,911,745	4,100,980	(189,235)
Receivables from investments in associates	3.2	14,044	(10,500)	3,544	3,543	1
Other non-current financial assets		6,736	(448)	6,288	6,622	(334)
TOTAL FIXED ASSETS		**4,220,584**	**(298,982)**	**3,921,602**	**4,111,208**	**(189,606)**
Advances and instalments		68		68	66	2
Trade debtors	3.3	49		49	126	(77)
Tax and social security claims		915		915	4,577	(3,663)
Claims against subsidiaries (tax consolidation)	3.9	9,252		9,252	220	9,031
Subsidiary current accounts	3.4	22,301	(1,169)	21,132	11,629	9,503
Other debtors		—		—	—	—
Marketable securities and treasury shares	3.4	62,545	(3,703)	58,841	112,014	(53,173)
Cash and cash equivalents	3.4	16,601		16,601	572	16,029
Prepaid expenses		164		164	143	21
TOTAL CURRENT ASSETS		**111,894**	**(4,873)**	**107,022**	**129,348**	**(22,327)**
TOTAL ASSETS		**4,332,479**	**(303,855)**	**4,028,624**	**4,240,556**	**(211,932)**
LIABILITIES						
Capital				56,197	56,197	—
Issue premium				82,951	82,951	—
Legal reserve				5,620	5,620	—
Other reserves				18,284	18,284	—
Retained earnings				1,416,655	1,249,924	166,731
Income for the year				(51,438)	166,731	(218,169)
Regulated provisions				786	628	158
Shareholders' equity	3.5			**1,529,055**	**1,580,335**	**(51,280)**
Provisions for risks and contingencies				1,065	1,320	(254)
Provision for risks and contingencies	3.6			**1,065**	**1,320**	**(254)**
Financial debt	3.7			2,479,711	2,637,209	(157,498)
Financial borrowings and debt with credit institutions				1,300,235	1,456,101	(155,866)
Other financial borrowings and debt				933,306	933,283	23
Subsidiary current accounts				246,017	229,336	16,681
Current bank loans				153	18,489	(18,336)
Operating liabilities				14,359	12,824	1,534
Trade creditors and related accounts				4,924	7,847	(2,922)
Tax and social security liabilities	3.9			9,434	4,978	4,457
Other liabilities				4,430	8,846	(4,416)
Subsidiary liabilities (tax consolidation)	3.9			1,179	2,242	(1,063)
Other liabilities				3,251	6,604	(3,353)
Prepaid income				0	0	—
TOTAL DEBT				**2,498,499**	**2,658,879**	**(160,380)**
Negative currency translation adjustment				4	22	(18)
TOTAL LIABILITIES				**4,028,624**	**4,240,556**	**(211,932)**

INCOME STATEMENT

(in thousands of euros)	Notes	Income statement at 31 December 2013	2012	Change
Services	3.10	9,439	9,591	(153)
Related income	3.10	252	641	(389)
Reversals of provisions and transfers of expenses		436	0	435
Other income		219	1	218
Operating income		**10,345**	**10,233**	**112**
Purchases and services		561	766	(205)
Purchases of materials and supplies not stored		21	33	(12)
Outside services		1,164	1,274	(111)
Other outside services		8,561	23,860	(15,299)
Income and other taxes		718	428	290
Salaries		8,720	7,342	1,378
Social security expenses		4,216	4,163	53
Other expenses		400	406	(5)
Amortisation, depreciation and provisions on current assets		50	1	49
Provisions for risks and contingencies		133	185	(51)
Operating expenses		**24,544**	**38,458**	**(13,914)**
OPERATING INCOME		**(14,199)**	**(28,224)**	**14,026**
Income from associates – dividend		225,836	287,992	(62,155)
Financial income from marketable securities and receivables on fixed assets		1,971	4,909	(2,938)
Other financial income		—	—	—
Reversals of provisions		13,299	5,414	7,885
Positive currency translation adjustments		—	1	(1)
Financial income		**241,107**	**298,316**	**(57,210)**
Interest and related expenses		99,065	107,232	(8,167)
Other financial expenses		33,825	31,175	2,650
Provisions		199,947	20,115	179,832
Negative currency translation adjustments		0	1	(1)
Financial expenses		**332,837**	**158,523**	**174,314**
FINANCIAL INCOME	3.11	**(91,730)**	**139,793**	**(231,523)**
INCOME FROM CURRENT OPERATIONS		**(105,929)**	**111,569**	**(217,498)**
Extraordinary income on management transactions		—	—	—
Extraordinary income on capital transactions		1,000	—	1,000
Reversal of provisions and transfers of expenses		132	722	(590)
Extraordinary income		**1,132**	**722**	**410**
Extraordinary expenses on management transactions		0	720	(720)
Extraordinary expenses on capital transactions		4,207	—	4,207
Amortisation and provisions		273	250	23
Extraordinary expenses		**4,480**	**970**	**3,510**
EXTRAORDINARY INCOME	3.12	**(3,348)**	**(248)**	**(3,100)**
Employee profit-sharing		—	—	—
Corporate tax	3.9	(57,839)	(55,410)	(2,429)
NET INCOME		**(51,438)**	**166,731**	**(218,169)**

NOTES

1. DESCRIPTION OF THE ACTIVITY

The Company Solocal Group (previously PagesJaunes Groupe) is a holding company and, as such, holds subsidiaries whose business is to provide local information, primarily in France, through the printing of online and printed directories, and the publication of editorial content facilitating user research and choices. Through its subsidiaries, Solocal Group conducts three complementary businesses: publisher of content and services, media, and advertising. Its offer consists of a diversified range of products and services associated with these activities, intended for the general public and professionals.

The accounts detailed below cover a period of 12 months from 1 January 2013 to 31 December 2013.

2. ACCOUNTING RULES AND METHODS

Accounting conventions have been applied in compliance with the principle of prudence and in accordance with the basic assumptions: continuity of operations, permanence of the accounting methods from one year to the next, and independent financial years, in accordance with the general rules for preparing and presenting annual financial statements.

The Annual Financial Statements of Solocal Group have been prepared pursuant to legal requirements and generally accepted practices in France, compliant with CRC regulation of 29 April 1999 concerning the rewriting of the General Chart of Accounts.

The principal methods are described below.

The numbers are presented in thousands of euros (€K).

2.1 PRINCIPLES FOR RECOGNITION OF INCOME AND EXPENSES

Income and expenses are booked in accordance with the General Chart of Accounts.

2.2 INTANGIBLE ASSETS

Intangible assets comprise information software or packages, which are amortised on a prorated basis over three years.

2.3 INVESTMENTS IN ASSOCIATES AND OTHER NON-CURRENT SECURITIES

Equity securities are recorded at their historical acquisition cost by Solocal Group which includes, as applicable, the costs directly chargeable to the transaction.

A provision for impairment is recognised if this value is greater than the useful value, as assessed by the Management of Solocal Group on the basis of various criteria, such as market value, the outlook for growth and profitability, and shareholders' equity, taking into account the specific nature of each holding.

The useful value is determined on the basis of the discounted cash flow method restated for net debt. Cash flow is determined as follows:

- cash flows are the flows of business plans established over an appropriate horizon, which is generally five years;
- beyond that horizon, flows are extrapolated by applying a perpetual growth rate that reflects the expected long-term growth rate of the market and is specific to each activity;
- flows are discounted by using rates appropriate to the nature of the business and to countries.

2.4 TRADE DEBTORS

Provisions are booked on the basis of an assessment of the risk of non-collection of the receivables. The provisions are based on an individual or statistical assessment of this risk of non-collection.

2.5 CASH AND CASH EQUIVALENTS, MARKETABLE SECURITIES AND TREASURY SHARES

Cash and cash equivalents at 31 December 2013 consisted of immediately available cash assets and short-term investments with a maturity less than or equal to three months on the date of acquisition. If applicable, treasury shares are provisioned on the basis of the average price for the last month of the year.

2.6 PROVISIONS FOR RISKS AND CONTINGENCIES

In France, the law stipulates that indemnities are paid to employees when they retire based on their time of service and their salary at retirement age. The actuarial variances for post-employment benefits are treated using the corridor method, which provides for spreading variances that exceed 10% of the greater of the commitment value and the value of plan assets over the residual working period of the employees forming the commitment.

The procedures for determining this provision are performed on the basis of an actuarial assessment, taking different parameters into account:

- the mortality tables used correspond to the "mortality tables by generation of men" (TGH 05) for the male population and to the "mortality tables by generation of women" (TGF 05) for the female population;
- the turnover rates used, which vary according to seniority in the company or age, and the socio-professional category;
- retirement age used, which is 64 for managers and 62 for office staff, technicians and supervisors (ETAM);
- Salary increase tables, which are defined on the basis of age and socio-professional category;
- discount rate, set at 3% for the 2013 expense.

- probable residual duration of seniority, set at 16.76 years at 31 December 2013.

Other provisions for risks represent the best possible estimate of the risk incurred by Solocal Group.

2.7 FINANCIAL INCOME

Financial income is primarily made up of:

- dividends,
- interest expense on financial debt,
- interest on debtor and creditor current accounts with Group subsidiaries,
- gains and losses on treasury shares held via the liquidity contract,
- income and expenses composed of short-term investments, including those held via the liquidity contract,
- allocations to and reversal of impairment on securities and receivables.

2.8 CORPORATE TAX

Under the tax consolidation agreement signed by Solocal Group and its subsidiaries, members of the tax Group, tax savings are recognised by the parent company Solocal Group as income for the year.

As at 31 December 2013, the tax Group includes twelve companies, in addition to the parent company Solocal Group.

3. ADDITIONAL INFORMATION ON THE BALANCE SHEET AND INCOME STATEMENT

3.1 INTANGIBLE ASSETS

Gross	31 December 2012	Acquisition	Decrease	31 December 2013
Software	287	56	—	343
Assets in progress	44	—	(44)	—
TOTAL GROSS	**331**	**56**	**(44)**	**343**

Amortisation	31 December 2012	Allocation	Reversal	31 December 2013
Software	287	50	—	337
TOTAL AMORTISATION	**287**	**50**	**—**	**337**

3.2 INVESTMENTS IN ASSOCIATES AND RECEIVABLES FROM ASSOCIATES

The change in investments in associates and related receivables is analysed as follows:

	Year ended 31 December				
	2013				2012
(in thousands of euros)	% interest	Gross value	Provision	Net book value	Net book value
ASSOCIATES					
PagesJaunes	100%	4,005,038	(156,500)	3,848,538	4,005,038
QDQ Media	100%	91,719	(91,719)	—	—
Mappy	100%	18,048	(8,200)	9,848	18,048
PJMS	100%	7,275	—	7,275	7,275
Euro Directory	100%	13,251	(9,600)	3,651	3,651
Horyzon Média	100%	12,379	—	12,379	12,379
Yelster digital GmbH	100%	14,997	(13,100)	1,897	12,697
Sotravo	100%	8,578	(8,578)	—	8,578
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
Fine Média	100%	12,240	—	12,240	11,769
ClicRDV	100%	4,885	—	4,885	6,885
AVAL (A Vendre A Louer)			—	—	3,982
Relaxevents		—	—	—	200
Relaxnews	3.5%	400	—	400	—
Leadformance	49%	5,052	—	5,052	5,052
Orbit Interactive	100%	27	—	27	27
Idenum	5%	75	—	75	—
Chronoresto	100%	5,287	—	5,287	5,208
TOTAL		**4,199,442**	**(287,697)**	**3,911,745**	**4,100,980**
RECEIVABLES FROM ASSOCIATES					
QDQ Media (profit-sharing loan)		10,500	(10,500)	—	—
Interest accrued not due		39	—	39	37
Mappy		3,500	—	3,500	3,500
Interest accrued not due		4	—	4	6
TOTAL		**14,044**	**(10,500)**	**3,544**	**3,543**

Movements for the year were as follows:

On 7 March 2013, Solocal Group participated in the formation of the company Idenum, in which it holds 5% of the voting rights.

On 25 April 2013, Solocal Group sold Relaxevents to Relaxnews, which held the remaining 60% of the capital. After conversion of the current account transferred to Relaxnews, Solocal Group holds 3.5% of the capital of this entity.

On 30 November, all AVAL shares were sold to PagesJaunes.

Price supplements for a total amount estimated at €2.4 million may be paid in 2014 if operational performance conditions are met. They are an integral part of the acquisition prices and have been recognised as liabilities.

The impairment of the QDQ Media equity securities dates from 2008 and followed the marked slowdown in the business of this subsidiary, as well as the poorer economic outlook on the Spanish advertising market. This is also true for the receivables attached to these securities, which were also fully impaired at 31 December 2013.

In 2013, a number of impairments on securities were recognised; they are the result of the normal process of tests to value assets conducted each year.

An impairment of Yelster Digital shares was recognised in the amount of €10.8 million, raising the total impairment to €13.1 million. It is primarily related to the change in the referencing algorithm of a search engine which caused an abrupt decline in the traffic of this entity, leading to a decline in its revenues and margins. This abrupt decline began in 2012 and accelerated in 2013, resulting in the end of the business activities of 123people.

An impairment of the PagesJaunes securities was recognised in the amount of €156.5 million. It is related to the continued slowdown in the printed directory business, partially offset by the growth in Internet business, in a worsened economic context in the advertising market in France and a tougher competitive environment. This last factor led management to strengthen and accelerate its investment in the digital transformation through the Digital 2015 programme, particularly in the sales area, with the establishment in 2014 of sales forces specialised by activity.

In addition, Mappy and Sotravo securities were also depreciated in the amounts of €8.2 million and €8.6 million respectively.

3.3 TRADE DEBTORS, IMPAIRMENT OF RECEIVABLES AND OTHER RECEIVABLES

(in thousands of euros)	Year ended 31 December 2013	2012
Gross trade receivables	49	126
Impairment	—	—
Net trade debtors	**49**	**126**

These receivables include the receivables related to services invoiced by Solocal Group to its subsidiaries.

All customer and other receivables are less than one year.

3.4 CASH AND CASH EQUIVALENTS, MARKETABLE SECURITIES, CURRENT ACCOUNTS AND FINANCIAL DEBT

	Year ended 31 December	
(in thousands of euros)	2013	2012
Net current account assets	**21,132**	**11,629**
including interest accrued not due	*5*	*3*
Treasury shares	8,185	8,157
Treasury shares – provision	(3,703)	(2,369)
Other marketable securities	54,360	106,226
Cash and cash equivalents	16,601	572
CASH AND CASH EQUIVALENTS, MARKETABLE SECURITIES AND CURRENT ACCOUNTS	**96,574**	**124,215**
Financial borrowings and debt with credit institutions	1,297,378	1,368,060
Revolving line of credit drawn (RCF)	—	75,807
Interest accrued not due	2,857	12,234
Sub-total borrowings and financial debt with credit institutions	**1,300,235**	**1,456,101**
Borrowings and financial debt with Group companies	580,000	580,000
Interest accrued not due	712	689
PagesJaunes Finance&Co SCA borrowing	350,000	350,000
Interest accrued on PagesJaunes Finance&Co SCA borrowing	2,594	2,594
Sub-total borrowings and financial debt	**933,306**	**933,283**
Current account liabilities	**246,017**	**229,336**
including interest accrued not due	*141*	*120*
Other financial liabilities – bank overdrafts	153	18,489
GROSS FINANCIAL DEBT	**2,479,711**	**2,637,209**
Portion under one year	*958,399*	*938,868*
Portion over one year	*1,521,313*	*1,698,341*
NET CASH (DEBT)	**(2,383,137)**	**(2,512,994)**

Marketable securities

As at 31 December 2013, the amount of the marketable securities was €54.4 million and consisted primarily of UCITS.

Borrowings and financial debt with credit institutions

The financing contract amended in November 2012 contains default and mandatory prepayment clauses as well as the following evolving financial covenants:

- the ratio of consolidated net debt to an aggregate close to consolidated GOM must be less than or equal to 3.75 at 31 December 2013 and beyond (GOM and consolidated net debt as defined in the contract signed with the financial institutions);
- the ratio of an aggregate close to consolidated GOM to the consolidated net interest charge must be equal to or greater than 3.00 over the remaining term of the contract (GOM and consolidated net debt as defined in the contract signed with the financial institutions).

As at 31 December 2013, these financial covenants had been met and no long-term debt will be reclassified as short-term. These ratios are fixed at 3.73x and 3.57x respectively.

The contract also contains a mandatory prepayment clause if control of the Company changes as a result of acquisition of shares in the Company.

The reference rate is Euribor or Libor plus a margin.

At 31 December 2013, the bank debt can be analysed as follows:

- Tranche A3: nominal of €954.5 million, €71.7 million of which matures in 2014 (including €41.7 million of cash sweep) and the balance of €882.8 million matures in 2015, margin of 400 bp;
- Tranche A5: nominal of €342.8 million, €54.3 million of which matures in 2014 and the balance of €288.5 million in 2015, margin of 360 bp;
- RCF 3 Revolving credit facility: nominal of €71.0 million, with €11.2 million maturing in 2014 and the balance of €59.8 million in 2015, margin of 360 bp, not drawn at 31 December 2013.

Borrowings and financial debt

Solocal Group has, through PagesJaunes Finance & Co SCA, a bond issue in the amount of €350 million. This bond bears interest at a fixed rate of 8.895%, and is redeemable on 1 June 2018.

Solocal Group also has two loans from its subsidiary PagesJaunes, one for €430 million and the other for €150 million, a total of €580 million. The two loans were renewed in 2013 for periods of one year, which may be renewed, with a due date of 13 February 2014 for the €150 million loan.

They bear interest at the 3-month Euribor plus a margin.

Current accounts

The current accounts with the subsidiaries result from cash agreements signed with each of them. They bear interest at the EONIA plus or minus a margin, based on the lending or borrowing position of the account.

The current account of the Sotravo subsidiary was impaired in the amount of €1.1 million.

All receivables from current accounts are short term of less than one year.

3.5 SHARE CAPITAL AND CHANGES IN SHAREHOLDERS' EQUITY

Share capital

The share capital of Solocal Group was €56,196,951 at 31 December 2013. It is composed of 280,984,754 shares with a par value of €0.20.

Date	Description	Number of shares	Unit value	Capital in K€
31 December 2012	Share capital at beginning of year	280,984,754	0.2	56,197
31 December 2013	Share capital at end of year	280,984,754	0.2	56,197

Share options

No share option plan was awarded in 2013 and 2012 by Solocal Group or one of its subsidiaries.

Free share allotment

The Board of Directors was authorised by the Extraordinary General Shareholders' Meeting of 7 June 2011 to implement a free share allotment plan for certain executives and employees of the Group, as defined by Articles L. 225-197-1 to L. 225-197-5 of the Commercial Code, primarily to make them partners in the development of the Company. This authorisation was granted for a period of 38 months and the total number of free shares allotted under this resolution must not exceed 1.5% of the Company's capital on the date of said General Shareholders' Meeting, i.e. 4,214,771 shares.

The Board of Directors set the conditions for the first free share plan on 26 October 2011. This plan resulted in a first allotment of 1,226,000 shares. A second free share plan was approved on 16 December 2011 and resulted in an additional allotment of 84,000 shares.

On 11 December 2012, the Board of Directors set the conditions for a third free share plan for 2,624,000 shares. These shares will be fully vested at the end of a vesting period that ends 31 December 2014, provided that the beneficiary is still an employee or executive of the Group and that performance conditions have been met.

On 11 December 2013, the Board of Directors approved the conditions for a fourth free share plan for 280,000 shares. These shares will be fully vested after a vesting period that ends 31 December 2015, provided that the beneficiary is still an employee or executive of the Group and that performance conditions have been met.

The allotment date used to value the cost is the date of the Board Meeting that awarded the options, since the period for informing the beneficiaries was considered reasonable.

Change in share options and free share plans over the year

	Balance at 31 December 2012	Awarded	Exercised	Cancelled/ Void	Balance at 31 December 2013	Exercise price
Share option plans	**7,030,218**	**—**	**—**	**(505,592)**	**6,524,626**	
July 2010	1,067,500	—	—	(177,000)	890,500	€8.59
December 2010	149,000	—	—	—	149,000	€7.10
July 2009	804,000	—	—	(84,000)	720,000	€6.71
October 2009	67,000	—	—	(50,000)	17,000	€8.84
December 2009	75,000	—	—	—	75,000	€7.82
December 2007	2,276,584	—	—	(77,000)	2,199,584	€14.46
June 2005	2,591,134	—	—	(117,592)	2,473,542	€11.72
Free share allotment plans	**3,844,000**	**280,000**	**—**	**(312,000)**	**3,812,000**	**Vesting date**
December 2013	—	280,000	—	—	280,000	31/12/2015
December 2012	2,624,000	—	—	(229,000)	2,395,000	31/12/2014
December 2011	84,000	—	—	—	84,000	31/12/2013
October 2011	1,136,000	—		(83,000)	1,053,000	31/12/2013

As at 31 December 2013, the options for all subscription plans may be exercised.

Change in shareholders' equity

The change in the shareholders' equity of Solocal Group over 2013 can be analysed as follows:

(in thousands of euros)	Number of shares	Share capital	Issue premium	Legal reserve	Other reserves	Retained earnings	Income	Regulated provisions	Shareholders ' equity
At 31 December 2012	**280,984,754**	**56,197**	**82,951**	**5,620**	**18,284**	**1,249,924**	**166,731**	**628**	**1,580,335**
Appropriation of 2012 earnings	—	—	—	—	—	166,731	(166,731)	—	—
Dividends paid for 2012	—	—	—	—	—	—	—	—	—
2013 income	—	—	—	—	—	—	(51,438)	—	(51,438)
2013 allocation to regulated provisions	—	—	—	—	—	—	—	158	158
At 31 December 2013	**280,984,754**	**56,197**	**82,951**	**5,620**	**18,284**	**1,416,655**	**(51,438)**	**786**	**1,529,055**

3.6 PROVISIONS FOR RISKS AND CONTINGENCIES

(in thousands of euros)	Post-employment benefits	Other long-term benefits	Total 31 December 2013	Total 31 December 2012
Change in value of commitments				
– Total value of commitments at beginning of period	**1,609**	**80**	**1,689**	**1,399**
– Cost of services rendered	126	8	133	125
– Discounting costs	46	2	48	45
– Contributions paid by employees	—	—	—	—
– Plan modification	—	—	—	—
– Reductions/Liquidations	(525)	(4)	(528)	(147)
– Actuarial (Gains) or losses	(83)	(25)	(109)	54
– Benefits paid	—	(4)	(4)	—
– Acquisitions	—	—	—	—
– Disposals/Transfers of activity	—	—	—	214
– Change in perimeter:	—	—	—	—
– Other: (currency translation adjustments)	—	—	—	—
– Total value of commitments at end of period: (A)	**1,173**	**56**	**1,229**	**1,689**
– End of period commitments relating to fully or partially financed plans	—	—	—	—
– End of period commitments relating to unfinanced plans	1,173	56	1,229	1,689
Change in cover assets				
– Fair value of cover assets at beginning of period				
– Financial income on cover assets	—	—	—	—
– Gains/losses on cover assets	—	—	—	—
– Employer contributions	—	—	—	—
– Employee contributions	—	—	—	—
– Reductions/Liquidations	—	—	—	—
– Benefits paid by the fund	—	—	—	—
– Change in perimeter	—	—	—	—
– Other (currency translation adjustments)	—	—	—	—
– Fair value of cover assets at end of period: (B)	**—**	**—**	**—**	**—**
Financial coverage				
– Position of the plan (A) – (B)	1,173	56	1,229	1,689
– Unrecognised actuarial gains or (losses)	(163)	—	(163)	(369)
– Cost of past services not recognised	—	—	—	—
– Adjustment related to capping the assets	—	—	—	—
– Provisions/(Assets) at end of period	**1,010**	**56**	**1,065**	**1,320**
Pension expense				
– Cost of services rendered	126	8	133	118
– Discounting costs	46	2	48	45
– Yield expected from plan assets	—	—	—	—
– Amortisation of actuarial (Gains) or losses	0	(25)	(25)	(7)
– Amortisation of the cost of past services	—	—	—	—
– Effect of Reductions/Liquidations	(403)	(4)	(406)	(107)
– Disposals/Transfers of activity	—	—	—	180
– Adjustment related to capping assets	—	—	—	—
TOTAL PENSION EXPENSE	**(230)**	**(20)**	**(250)**	**229**
Change in Provision (Assets)				
– Provision/(Assets) at beginning of period	**1,240**	**80**	**1,320**	**1,091**
– Pension expense	172	9	181	229
– Employer contributions	—	—	—	—
– Benefits paid directly by employer	(403)	(33)	(436)	—
– Change in perimeter:	—	—	—	—
– Other (goodwill)	—	—	—	—
– Provision/(Assets) at end of period	**1,010**	**56**	**1,065**	**1,320**
– Amount booked through income statement	(230)	(24)	(254)	229

(in thousands of euros)	31 December 2012	Allocation for the year	Reversal for the year (provision used)	31 December 2013
Pension and similar commitments	1,320	181	(436)	1,065
TOTAL PROVISIONS RISKS AND CONTINGENCIES	**1,320**	**181**	**(436)**	**1,065**

The net impact of the expenses incurred can be analysed as follows:

(in thousands of euros)	Allocation for the year	Reversal for the year
Operating income	133	436
Financial income	48	—

The provisions for pension and similar commitments consist of the rights acquired relating to post-employment benefits (IFC) and seniority bonuses.

3.7 STATEMENT OF DEBT MATURITIES

	Year ended le 31 December 2013		
(in thousands of euros)	Gross amount	One year maximum	More than one year
Borrowings and financial debt with Group companies	1,300,235	128,923	1,171,313
Borrowings and financial debt with Group companies	580,712	580,712	—
PagesJaunes Finance&Co SCA loan	352,594	2,594	350,000
Sub-total borrowings and financial debt	**2,233,541**	**712,229**	**1,521,313**
Current accounts	**246,017**	**246,017**	**—**
Current bank loans	153	153	—
Trade creditors and related accounts	4,924	4,924	0
Tax and social security liabilities	9,434	9,216	219
Subsidiary debt (tax consolidation)	1,179	1,179	0
Other liabilities	3,251	3,251	—
TOTAL	**2,498,499**	**976,968**	**1,521,531**

3.8 INCOME RECEIVABLES AND EXPENSES PAYABLE

	Year ended 31 December	
Income receivable (in thousands of euros)	2013	2012
Trade debtors – Invoices to be established	—	116
Tax and social security receivables – Corporate tax	—	2,601
Tax and social security receivables – VAT	384	598
Other receivables – Financial income receivable	5	3
TOTAL	**389**	**3 318**

Expenses payable (in thousands of euros)	Year ended le 31 December 2013	2012
Financial debt – Interest accrued not due	6,304	15,637
Trade creditors and related accounts	2,322	3,316
Tax and social security liabilities – VAT, taxes, salaries and social security contributions	5,788	4,219
Tax and social security liabilities – Corporate tax	3,061	—
Other liabilities	733	2,238
TOTAL	**18,209**	**25,410**

3.9 CORPORATE TAX

Tax consolidation

Using an option on 3 December 2004, Solocal Group placed itself for a period of five years from 1 January 2005, tacitly renewable, under the tax rules for groups of companies stipulated in Articles 223A ff. of the French General Tax Code. With this option, Solocal Group made itself solely liable for corporate tax on all results of the group formed by Solocal 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 this group.

The subsidiaries that are fiscally consolidated at 31 December 2013 are PagesJaunes, PJMS, Cristallerie 2, Cristallerie 3, Cristallerie 4, Mappy, PagesJaunes Outre-mer, Horyzon Média, Sotravo, ClicRDV, Fine Media and Chronoresto.

A fiscal consolidation gain of €56.6 million was recognised in 2013.

The debt net of corporate tax for financial year 2013, after charging tax credits, amounted to €3.1 million.

Positions on the balance sheet

(in thousands of euros)	Year ended 31 December 2013	2012
Tax consolidation current account assets	9,252	220
State – corporate tax receivable	—	2,601
Tax consolidation current account liabilities	(1,179)	(2,242)
State – corporate tax due	3,061	—
NET BALANCE SHEET POSITION– ASSETS/(LIABILITIES)	**11,134**	**579**

The tax consolidation current accounts with the subsidiaries show a net receivable of €8.1 million as at 31 December 2013. This balance consists of the share of 2013 corporate tax owed by each of the subsidiaries pursuant to the tax consolidation conventions.

Unrealised and deferred tax position

Decrease in future tax liability (in thousands of euros)	Gross
Provision for retirement benefits	1,010
Impairment of QDQ profit-sharing loan and current account	—
ORGANIC	17
MV disposal 123 Deal	209
Unrealised gain on UCITS	103
Other	114
Exceptional amortisation	(786)
TOTAL	**668**

The expenses recognised in 2013 and in preceding years, but reintegrated in the tax result, represent the amount of €668,000 at 31 December 2013 which, on the basis of the corporate tax rate in force on that date, is a decrease of €198,000 in the future tax liability.

The extraordinary negative result of €3,348,000 is primarily composed of the loss on sales of securities to be sold and leased, which did not result in a tax deduction.

3.10 BREAKDOWN OF REVENUES

Revenues totalled €9.7 million in 2013, versus €10.2 million in 2012, and can be analysed as follows:

	Year ended 31 December	
(in thousands of euros)	**2013**	**2012**
Assistance to subsidiaries	8,255	8,015
Reinvoicing of personnel costs	1,184	1,576
Other	252	641
Revenues	**9,691**	**10,232**

3.11 FINANCIAL INCOME

Financial income primarily represents the dividends received from subsidiaries for €225.8 million in 2013 (€288.0 million in 2012), interest on borrowings and financial debt for €99.1 million, and €32.4 million in financial expenses on derivative instruments. It also includes provisions for impairment of financial assets for €199.9 million including €184.5 million in a provision for impairment of non-current securities.

	Year ended 31 December	
(in thousands of euros)	**2013**	**2012**
Dividends	225,836	287,992
Financial income on derivative instruments	—	—
Other financial income	1,971	4,909
Reversals of provisions	13,299	5,414
Foreign exchange gain	—	1
Financial income	**241,107**	**298,316**
Interests on other borrowings and financial debt	99,064	107,226
Financial expenses on derivative instruments	32,410	29,296
Other financial expenses	1,415	1,886
Accretion cost on pension commitments	48	45
Allocation to financial provisions	199,899	20,070
Financial expenses	**332,837**	**158,523**
Financial income	**(91,730)**	**139,793**

3.12 EXTRAORDINARY INCOME

(in thousands of euros)	Year ended 31 December 2013	2012
Income from disposals	1,000	—
Reversal of provisions and impairment	115	718
Other income	17	4
Extraordinary income	**1,132**	**722**
Net book value of assets sold	4,207	—
Exceptional amortisation and depreciation	273	250
Other expenses	0	720
Extraordinary expenses	**4,480**	**970**
Extraordinary income	**(3,348)**	**(248)**

Extraordinary income primarily reflects the loss from the sale of AVAL securities.

4. OTHERS

4.1 OFF-BALANCE SHEET COMMITMENTS

Individual training right (*Droit Individuel à la formation* – DIF)

For 2013, any employer with at least one year of service at 31 December 2013, benefits from 20 hours under DIF, which the employee may use on or after 1 January 2014. This represents a commitment of 3,230 hours for 2013 for all employees. For financial year 2013, 20 hours of DIF were used by the employees present at 31 December 2013.

Pledge on securities

Under the bank financing agreement described in Note 3.4, the Company constituted a pledge to the lending banks of a financial instruments account on all the PagesJaunes shares it holds, to guarantee all sums owed (principal, interest, commissions, fees and costs) by the Company for the bank financing.

The Company also agreed to pledge to the lending banks a financial instruments account on the securities of any subsidiary that becomes a material subsidiary, in accordance with the criteria defined in the financing agreement, to guarantee all sums owed (principal, interest, commissions, fees and costs) by the Company.

Interest rate derivative instruments

Solocal Group signed swap and collar contracts with several financial institutions for a total nominal amount of €800 million for the periods from November 2013 to September 2015.

These transactions hedge the rate risk incurred on the variable rate debt set up in 2006 (cf. Note 3.4). They are accounted for on a prorated basis.

In 2013, Solocal Group booked a financial expense of €32.4 million on these transactions compared with €29.3 million in 2012.

Bank commitments

Solocal Group has a revolving credit line in the amount of €71 million. At 31 December 2013, this revolving credit line, the features of which are described in section 3.4, was unutilised.

The presentation of the off-balance sheet commitments does not omit the existence of a significant off-balance sheet item under the accounting standards in force.

4.2 DIRECTORS' FEES AND COMPENSATION OF CORPORATE OFFICERS

Directors' fees total €390,000 for 2013 and €389,000 for 2012.

The gross compensation paid to corporate officers was €1,421,000 in 2013 and €1,308,000 in 2012.

4.3 EMPLOYEES

Average full-time equivalent	Year ended 31 December 2013	2012
Managers	40.8	36.7
Employees	3.8	1.3
TOTAL	**44.6**	**38.0**

4.4 AFFILIATED COMPANIES

At 31 December 2012 and 2013, the share capital of Solocal Group of €56.2 million is divided into 280,984,754 common shares with a par value of €0.20 each. It is fully paid up.

At 31 December 2013, the capital of Solocal Group is held as to 18.49% by Médiannuaire Holding, which holds 28.29% of the voting rights.

At 31 December 2012, 54.68% of the capital of Solocal Group was held by Médiannuaire SAS.

In 2013, Solocal Group recognised income of €99,000 for current services with Médiannuaire Holding against an expense of €1,158,000 in 2012 with Médiannuaire SAS.

Companies of Solocal Group

Year ended 31 December 2013

Affiliated company (in thousands of euros)	Income		Expenses		Receivables (1)		Liabilities (1)	
	Operating	financial (2)	Operating	Financial	Operating	Financial	Operating	Financial
PagesJaunes	7,275	6	1,146	11,600	11	4,507	906	829,875
QDQ Media	51	48	—	14	—	88	—	—
PagesJaunes Marketing Services	493	7	7	—	—	5,026	15	—
Mappy	660	137	—	—	22	5,012	—	—
Yelster digital GmbH	54	399	—	—	—	2,487	—	—
Horyzon Média	502	3	—	—	—	2,915	—	—
Horyzon Média Worldwide	1	—	—		—	340	—	—
PagesJaunes Outre-mer	52	—	—	—	—	—	—	871
Euro Directory	16	—	83	—	—	—	—	—
Sotravo	62	5	—	—	—	5,602	—	—
ClicRDV	194	—	—	—	6	459	—	—
Fine Media	206	—	—	—	6	—	—	467
Orbit Interactive	—	—	—	—	—	302	—	—
Chronoresto	19	—	—	—	—	84	—	—
TOTAL	**9,585**	**605**	**1,236**	**11,614**	**45**	**26,822**	**921**	**831,213**

Year ended 31 December 2012

Affiliated company (in thousands of euros)	Income		Expenses		Receivables (1)		Liabilities (1)	
	Operating	financial (2)	Operating	Financial	Operating	Financial	Operating	Financial
PagesJaunes	6,842	—	1,202	16,417	57	—	1,199	809,105
QDQ Media	48	52	—	—	—	5,571	42	—
PagesJaunes Marketing Services	501	9	6	—	2	3,975	6	—
Mappy	549	311	—	—	1	1,006	23	—
Yelster digital GmbH	65	—	—	—	—	397	1	
Horyzon Média	498	1	49	3	—	1,411	282	—
Horyzon Média Worldwide	—	1	—		—	339	—	—
PagesJaunes Outre-mer	54	—	—	1	6	—	—	916
Euro Directory	30	—	83	—	—	—	—	—
Sotravo	302	3	—	—	—	312	63	—
A Vendre A Louer	297	8	—	—	16	3,582	6	—
ClicRDV	161	1	—	—	4	—	6	2
Fine Media	282	—	—	—	4	404	4	
Orbit Interactive	—	—	—	—	—	203	—	—
Chronoresto	—	—	—	—	—	—	—	—
TOTAL	**9,629**	**386**	**1,340**	**16,421**	**90**	**17,200**	**1,632**	**810,023**

(1) *excluding tax consolidation current accounts (cf. Note 3.9)*
(2) *excluding dividends (cf. Note 3.11)*

4.5 POST-CLOSING EVENTS

Solocal Group is planning a capital increase for €440 million and is in the meantime opening discussions with its bank lenders to reschedule its 2015 maturity date to March 2020 [1] in exchange for partial repayment of the debt; these two operations depend on each other.

The capital increase that will be proposed to the Extraordinary General Shareholders' Meeting contains a tranche of €361 million with maintenance of the pre-emptive subscription right that preserves the interests of current shareholders and a reserve tranche of €79 million.

The full capital increase is guaranteed by the leading shareholder Médiannuaire Holding, by certain institutional investors that include four major lenders of Solocal Group, and two financial intermediaries.

[1] Option for Solocal Group to extend the maturity of the debt to March 2020 subject to refinancing the €350 million bond.

4.6 CONSOLIDATION

Solocal Group prepares its own Consolidated Financial Statements, and is no longer part of the scope of consolidation of Médiannuaire Holding, taking into account the change in its shareholders.

4.7 TABLE OF SUBSIDIARIES AND ASSOCIATES

Subsidiaries and associates (in thousands of euros)	Capital	Sh. Equity excl. Capital and before appropriation of earnings	Share of capital held as %	Book value of securities held Gross	Book value of securities held Net	Loans and advances made by the company, not yet repaid (excl. Current accounts)	Amount of guarantees or endorsements given by the company	Revenues for the last year ended	Net income for the last year ended	Dividends received by the Company during the year	Observations
Detailed information on the subsidiaries and associates											
1/ Subsidiary: + 50% held by the company											
Cristallerie 2 SA 7 avenue de la Cristallerie 92317 Sèvres Cedex SIREN: 493 023 485	38	–14	100.00%	38	38	–	–	0	–2	–	Preliminary unaudited data
Cristallerie 3 SA 7 avenue de la Cristallerie 92317 Sèvres Cedex SIREN: 493 104 517	38	–17	100.00%	38	38	–	–	0	–2	–	Preliminary unaudited data
Cristallerie 4 SA 7 avenue de la Cristallerie 92317 Sèvres Cedex SIREN: 501 672 588	38	–13	100.00%	38	38	–	–	0	–2	–	Preliminary unaudited data
Euro Directory SA 2, avenue Charles de Gaulle L-1653 Luxembourg RCS Luxembourg B48461	169	–1,199	100.00%	13,251	3,651	–	–	183	1,437	1,469	Preliminary unaudited data
Horyzon Média SA 9 rue Maurice Mallet 92130 Issy Les Moulineaux SIREN: 452 172 786	48	2,794	100.00%	12,379	12,379	–	–	22,775	–2,607		
Mappy SA 9 rue Maurcie MALLET 92130 Issy les Moulineaux SIREN: 402 466 643	212	7,015	100.00%	18,048	9,848	3,500	–	12,302	–5,009	–	
PagesJaunes SA 7 avenue de la Cristallerie 92317 Sèvres Cedex SIREN: 444 212 955	4,005,038	176,505	100.00%	4,005,038	3,848,538	–	–	934,920	–337,530	224,282	
PJMS SA 25 quai Gallieni 92150 Suresnes SIREN: 422 041 426	7,275	8,625	100.00%	7,275	7,275	–	–	16,460	–490		
PagesJaunes Outre-mer SA 7 avenue de la Cristallerie 92317 Sèvres Cedex SIREN: 420 423 477	75	94	100.00%	76	76	–	–	4,964	86	85	2012 data
QDQ Media SAU Calle de la Haya 4 28044 Madrid – Spain RCS Madrid: A81745002	5,500		100.00%	91,719	0	10,500	–	19,542	–2,355		
Sotravo SAS 2 Bd Vauban 78180 Montigny Le Bretonneux SIREN: 494 738 636	230	119	100.00%	8,578	0	14	–	4,817	–4,947		
Yelster digital GmbH Linke Wienzeile 8, Top 9 1060 Vienna – Austria RCS Vienna: FN 298562 m	44	301	100.00%	14,997	1,897	–	–	2,660	–2,559		
Fine Media SAS 108 rue des Dames 75017 Paris SIREN: 494 447 550	47	2,011	100.00%	12,240	12,240	–	–	4,603	449		Preliminary unaudited data
ClicRDV SASU 9 rue Maurcie MALLET 92130 Issy les Moulineaux SIREN: 492 374 442	1	612	100.00%	4,885	4,885	–	–	2,620	–407		Preliminary unaudited data
Orbit Interactive Nearchore Park – 1100 boulevard El Qods 11000 Casablanca Sidi Maarouf RC Casablanca: 268969	26	74	100.00%	27	27	–	–	530,964	31		
Chronoresto (CD&Co) 58 avenue de Wagram 75017 Paris SIREN: 503 573 487	40	707	100.00%	5,287	5,287	–	–	1,584	–443		Preliminary unaudited data
2/ Associates (between 10 and 50%)											
Leadformance 7 Avenue des Ducs de Savoie 73000 CHAMBERY SIREN: 440 743 763	1,677	–2,957	49.00%	5,052	5,052	–	–	1,748	–1,175	–	Preliminary unaudited data

20.3 REPORT OF THE BOARD OF DIRECTORS TO THE GENERAL SHAREHOLDERS' MEETING

The report of the Board of Directors to the General Shareholders' Meeting of the Company shall be available before the legal deadlines on the Company's website www.solocalgroup.com.

20.4 AUDIT OF THE ANNUAL HISTORICAL FINANCIAL INFORMATION

Report of the Statutory Auditors on the Annual Financial Statements (Year ended 31 December 2013)

Dear Shareholders,

Pursuant to the mission entrusted to us by your General Shareholders' Meeting, we are submitting to you our report for the year ended 31 December 2013 on:

- our audit of the Annual Financial Statements of SOLOCAL GROUP, as attached to this report;
- the justification of our assessments;
- the verifications and specific information required by law.

The Annual Financial Statements have been prepared by the Board of Directors. It is our responsibility, on the basis of our audit, to express an opinion on these statements.

I. OPINION ON THE ANNUAL FINANCIAL STATEMENTS

We conducted our audit in accordance with the professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance that the Annual Financial Statements contain no material misstatements. An audit consists of verifying, on a test basis or using other selection methods, the elements that support the amounts and information provided in the Annual Financial Statements. It also consists of evaluating the accounting principles followed, the significant estimates used, and the overall presentation of the statement. We believe that the information we collected is sufficient and appropriate to inform our opinion.

We certify that the annual statements are, under French accounting principles and rules, correct and true and fairly present the results of operations during the previous financial year, and the financial position and holdings of the company at the end of that year.

II. JUSTIFICATION OF ASSESSMENTS

Pursuant to the provisions of Article L. 823-9 of the French Commercial Code concerning the justification of our assessment, we are informing you of the following:

The management of your company makes estimates and formulates assumptions that affect the amounts presented in its financial statements and the accompanying notes. Actual results may differ significantly from these estimates, reflecting different conditions of application. In the context of our audit of the Annual Financial Statements, we estimated that the accounts subject to significant accounting estimates and requiring a justification of our assessments included the profit-sharing securities (Note 3.2 of the Annual Financial Statements).

In accordance with professional standards governing the assessment of accounting estimates, we assessed, among other things, the data and assumptions used as the basis for the estimates of value of the profit-sharing securities (in particular, the cash flow projections established by the operational managements of your company), reviewed the calculations made by your company, and the sensitivities of the principal values used, compared the accounting estimates for preceding periods with the corresponding actual data, and reviewed management's procedure for approving these estimates.

The assessments made are part of the procedure followed by us when auditing the Annual Financial Statements, considered as a whole, and have therefore contributed to the formation of our opinion, as expressed in the first part of this report.

III. SPECIFIC VERIFICATIONS AND INFORMATION

In accordance with professional standards in France, we also carried out the specific verifications required by law.

We have no comment to make concerning the fair presentation and consistency of the Annual Financial Statements with the information provided in the management report from the Board of Directors and in the documents sent to shareholders on the financial position, together with the annual statements.

Concerning the information provided pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code on compensation and benefits paid to corporate officers and the commitments made to them, we have verified their consistency with the financial statements or with the data used when preparing these financial statements and, if applicable, with the information obtained by your company from companies that control or are controlled by your company. On the basis of this work, we certify the accuracy and fair presentation of this information.

As required by law, we have verified that the various information concerning acquisition and control and the identity of persons holding capital and voting rights has been provided to you in the management report.

Paris-La Défense and Neuilly-sur-Seine, 14 February 2014

Statutory Auditors

Ernst & Young Audit	Deloitte & Associés
Denis THIBON	Ariane BUCAILLE

Report of the Statutory Auditors on the Consolidated Financial Statements (Year ended 31 December 2013)

Dear Shareholders,

Pursuant to the mission entrusted to us by your General Shareholders' Meeting, we are submitting to you our report for the year ended 31 December 2013 on:

- our audit of the Consolidated Financial Statements of SOLOCAL GROUP company, as attached to this report;
- the justification of our assessments;
- the verifications and specific information required by law.

The Consolidated Financial Statements have been prepared by the Board of Directors. It is our responsibility, on the basis of our audit, to express an opinion on these statements.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with the professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance that the Annual Financial Statements contain no material misstatements. An audit consists of verifying, on a test basis or using other selection methods, the elements that support the amounts and information provided in the Annual Financial Statements. It also consists of evaluating the accounting principles followed, the significant estimates used, and the overall presentation of the statement. We believe that the information we collected is sufficient and appropriate to inform our opinion.

We certify that the consolidated statements are, under IFRS standards as adopted in the European Union, correct and true and fairly present the holdings, the financial position and results of the overall entity composed of the persons and entities included in the consolidation.

II. JUSTIFICATION OF ASSESSMENTS

Pursuant to the provisions of Article L. 823-9 of the French Commercial Code concerning the justification of our assessment, we are informing you of the following:

As specified in Note 2 to the Consolidated Financial Statements, the management of your company makes estimates and assumptions that affect the amounts presented in its financial statements and the accompanying notes. This note also specifies that actual results may differ significantly from those estimates, reflecting different conditions of application. In the context of our audit of the consolidated financial statements as at 31 December 2013, we estimated that the accounts subject to significant accounting estimates requiring a justification of our assessments included goodwill, the provisions for risks and contingencies relating to the proposed restructuring of your company, the acquisition costs of contracts, and personnel benefits.

In accordance with professional accounting standards governing the assessment of accounting estimates, we assessed the following:

- With respect to goodwill: the data and assumptions on which the estimates are based, particularly the cash flow projections prepared by the operational managements of your company. We reviewed the calculations made by your company, and the sensitivities of the principal values used, and evaluated the principles and methods for determining fair values. We compared the accounting estimates for preceding periods with the corresponding actual data, and reviewed management's procedure for approving these estimates.
- With respect to the provision for risks and contingencies related to the proposed restructuring of your company: the data and assumptions on which your estimates are based, particularly the estimate of average unit costs and the number of planned departures.
- With respect to the acquisition costs of contracts: the capitalisable character of the costs capitalised, the reliability of the underlying information systems and the data and assumptions on which the estimates are based.
- With respect to personnel benefits: the conditions for valuation of these provisions. Our work consisted of examining the data used, assessing the actuarial assumptions used, reviewing the calculations made, and verifying that Note 3.16 and Note 24 of the Notes to the Consolidated Financial Statements provide appropriate information.

The assessments made are part of the procedure followed by us when auditing the Consolidated Financial Statements, considered as a whole, and have therefore contributed to the formation of our opinion, as expressed in the first part of this report.

III. SPECIFIC VERIFICATIONS

In accordance with professional standards in France, we also carried out the specific verifications of the information about the Group provided in the management report as required by law.

We have no comment to make concerning the fair presentation and consistency of this information with the Consolidated Financial Statements.

Paris-La Défense and Neuilly-sur-Seine, 14 February 2014

Statutory Auditors

Deloitte & Associés	Ernst & Young Audit
Ariane BUCAILLE	Denis THIBON

20.5 DIVIDEND DISTRIBUTION POLICY

EXCEPTIONAL DISTRIBUTION OF RESERVES

The General Shareholders' Meeting of 20 November 2006 approved an exceptional distribution of €9 per share, representing a total distribution of approximately €2.5 billion.

This exceptional distribution was taken from the "Other Reserves" item, after allocation to this item of amounts in the "Retained Earnings" item in the Company's accounts. It was partially financed by using the liquid assets of the Company, and the balance was financed by the subscription of a loan from a banking pool.

DIVIDEND FOR FINANCIAL YEAR 2007

The General Shareholders' Meeting of 29 April 2008 approved the payment of a dividend of €0.96 per share.

DIVIDEND FOR FINANCIAL YEAR 2008

The General Shareholders' Meeting of 11 June 2009 approved the payment of a dividend of €0.96 per share.

DIVIDEND FOR FINANCIAL YEAR 2009

The General Shareholders' Meeting of 10 June 2010 approved the payment of a dividend of €0.65 per share.

DIVIDEND FOR FINANCIAL YEAR 2010

The General Shareholders' Meeting of 7 June 2011 approved the payment of a dividend of €0.58 per share.

DIVIDEND FOR FINANCIAL YEAR 2011

The General Shareholders' Meeting of 6 June 2012 decided not to pay a dividend for financial year 2011.

DIVIDEND FOR FINANCIAL YEAR 2012

The General Shareholders' Meeting of 5 June 2013 decided not to pay a dividend for financial year 2012.

DIVIDEND FOR FINANCIAL YEAR 2013

The meeting of Solocal Group's Board of Directors of 12 February 2014 decided to recommend to the General Shareholders' Meeting, called for 19 June 2014, not to pay a dividend for financial year 2013.

20.6 LITIGATION AND ARBITRATION PROCEEDINGS

In the normal course of its activities, the Company is involved in a certain number of legal, arbitration and administrative proceedings.

The expenses that may result from such proceedings are provisioned only when they are probable and the amount can be either quantified or estimated within a reasonable range. In the latter case, the amount provisioned represents the lowest estimate in the range. The amount of the provisions is based on an assessment of the risk level, on a case-by-case basis, and does not initially depend on the state of advancement of the proceedings. It should be clarified, however, that the occurrence of events during proceedings may result in a reassessment of this risk.

With the exception of the proceedings described in Note 32 "Disputes" to the Consolidated Financial Statements, neither the Company nor any of its subsidiaries are parties in any court or arbitration proceedings (and the Company has no knowledge that any proceedings of this type are planned by government authorities or third parties), regarding which the Company's Management estimates that the probable result could reasonably have a material negative impact on its results, business or consolidated financial position.

There are no other government, court or arbitration proceedings, including any proceedings of which the Company is aware, pending or threatened, that could have or have had significant effects for the financial position or the profitability of the Company and/or the Group during the last twelve months.

20.7 SIGNIFICANT CHANGE IN THE FINANCIAL OR COMMERCIAL POSITION

The significant events occurring between the closing date and 12 February 2014, the date on which the Board of Directors approved the financial statements, are described in Note 35 to the Consolidated Financial Statements.

20.8 AUDITORS' FEES

This table is provided in chapter 20.1 "Historical financial information" under Note 33 to the Consolidated Financial Statements.

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 in the liquidation dividend, in a proportion equal 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 the law and the Articles of Association. Ownership of shares automatically implies full adherence to the Company's Articles of Association and to decisions taken at the General Shareholders' Meeting.

Shareholders are liable for losses only in the amount of their contribution to capital.

The heirs, creditors, assignees or representatives of a shareholder may not request that the Company's assets, securities or shares be placed under seal, divided or put up for public auction, nor may they interfere in the Company's management. In order to exercise their rights, they must refer to corporate inventories 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 are responsible to form a group and, where appropriate, purchasing or selling shares as necessary.

The provisions of the Articles of Association stipulating the existence of a double voting right, as adopted by the General Shareholders' Meeting of 7 June 2011, became effective on 1 May 2013. A double voting right is attributed to all fully paid-up registered shares of the Company that have been registered in the name of the same holder for at least two years.

In the event that the capital is increased by incorporation of reserves, profits or issue premiums, this double voting right will apply, as soon as they are issued, to new shares granted to a shareholder on the basis of existing shares for which he already holds this right. Any share converted to a bearer share or for which ownership is transferred will lose the double voting right, subject to exceptions provided for by law. These provisions entered into effect on 1 May 2013.

21.1.1 SHARE CAPITAL

On the filing date of this *document de référence*, share capital totalled €56,196,950.80 divided into 280,984,754 fully paid-up shares with a par value of €0.20, all of the same class.

Authorised capital not issued

The Combined General Shareholders' Meetings of the Company of 7 June 2011 and 6 June 2012 delegated to the Board of Directors the following authorities under the conditions set out in the table below:

Securities concerned	Duration of the authorisation and expiration	Maximum amount of debt securities	Maximum nominal amount of capital increase
Issues with pre-emptive subscription right (share capital increase including all marketable securities)	26 months 6 August 2014	Debt securities: €300 million	€20 million
Issues through public offerings without pre-emptive subscription rights (capital increase including all marketable securities)	26 months 6 August 2014	Debt securities: €300 million	€10 million
Issue through offers set out in Section II of Article L.411-2 of the French Monetary and Financial Code with pre-emptive subscription rights (capital increase including all marketable securities)	26 months 6 August 2014	Debt securities: €300 million	€10 million
Issue of common shares and marketable securities giving rights to common shares in the event of a public exchange offer initiated by the Company	26 months 6 August 2014	Debt securities: €300 million	€10 million
Issue of common shares and marketable securities giving rights to common shares as remuneration for in-kind contributions made to the Company	26 months 6 August 2014	Debt securities: €300 million	10% of the capital, i.e. €5,619,695
Issue of marketable securities conferring a right to the allotment of debt securities	26 months 6 August 2014	Debt securities: €300 million	—
Capital increase by incorporation of reserves, profits or premiums	26 months 6 August 2014	—	€20 million
Authorisation to award free shares of the company	38 months 7 August 2014	—	1.5% of the share capital
Capital increase for the benefit of members of company and/or employee savings plan(s)	26 months 6 August 2014	—	€1,124,000, i.e. approximately 2% of the share capital

With the exception of the authorisation to award free shares (see point 17.2 of this *document de référence*), the Board of Directors of Solocal Group has not, on the date of this *document de référence*, implemented these authorisations.

Other securities giving rights to capital

At the registration date of this *document de référence*, there were no other securities giving rights to the Company's capital.

21.1.2 NON-EQUITY SHARES

At the registration date of this *document de référence*, there were no non-equity shares.

21.1.3 ACQUISITION BY THE COMPANY OF ITS OWN SHARES

Pursuant to Articles L.225-209 ff. of the French Commercial Code, the Combined General Shareholders' Meeting of 5 June 2013 authorised the Board of Directors to acquire Company shares, by any method, on the market or over the counter, up to a maximum of 10% of the Company's share capital at the date of the General Shareholders' Meeting and thereafter, throughout the valid 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 €6 per share. In the event of capital transactions, including incorporation of reserves, allotment of free shares and/or stock splits or reverse splits, this price will be adjusted accordingly. If any shares thus acquired were used to grant free shares in accordance with Articles L.3332-1 ff. of the French Labour Code, the sale price or the monetary consideration for the shares granted would be calculated in accordance with specifically applicable legal provisions;
- this authorisation is valid for an 18-month period; any acquisitions made by the Company under this authorisation may not under any circumstances lead to its owning, directly or indirectly, more than 10% of the shares composing the share capital;
- shares may be acquired or transferred, including during public offering periods, provided these transactions are exclusively paid for in cash, subject to the conditions and limits – especially with respect to volumes and prices – stipulated by the applicable laws on the date of the relevant transaction, by any method, including, among others, on market or over-the-counter, including block purchases or sales, the use of derivative financial instruments or warrants or securities giving rights to Company shares, or by the implementation of

options strategies, under the conditions defined by the market authorities, as and when the Board of Directors or its authorised representative considers appropriate.

At the Combined General Shareholders' Meeting on 19 June 2014, the shareholders will be asked to give their opinion on this share buyback programme.

Debt securities

The General Shareholders' Meeting on 6 June 2012 authorised the Board of Directors to decide on the issue, on one or more occasions, in France, abroad and/or on the international market, of all marketable securities giving immediate or future rights to the allotment of debt securities such as bonds and similar instruments, fixed-term or perpetual subordinated securities, or any other securities that would convey in a single issue the same claim right against the Company.

The nominal value of all of the aforementioned marketable securities to be issued may not exceed €300 million, or the equivalent of this amount in foreign currency or in any monetary units determined by reference to several currencies. This maximum nominal value shall apply to all debt securities to which the marketable securities give rights to an immediate or future allotment, but this amount does not include above-par redemption premiums, if any are stipulated.

This authorisation is given for a 26-month period.

Share option plans

The Combined General Shareholders' Meeting of 12 April 2005 authorised the Board of Directors, in accordance with Articles L. 225-177 ff. of the French Commercial Code, to grant share options, on one or more occasions, for Company shares. The total number of options that could be granted under this authorisation was not able to give rights to acquire a number of new or existing shares of common stock that would represent, on the allotment date, more than 2% of the Company's capital as at the date of this Meeting.

Under the terms of this authorisation, at its meeting on 28 June 2005 the Board of Directors decided to implement a Solocal Group share option plan for Solocal Group shares, for the entire Group except QDQ Media, together with a specific option plan for Solocal Group for QDQ Media, giving the right to subscribe to 3,830,400 new shares (i.e. approximately 1.35% of the capital at the date of the Combined General Shareholders' Meeting of 12 April 2005). The subscription price was set at €19.30 per share, corresponding to the average price recorded over the 20 trading sessions preceding 28 June 2005.

At its meeting on 20 December 2007, the Board of Directors decided to implement an option plan for Solocal Group shares for the entire Group, giving the right to subscribe to 2,927,900 new shares. The subscription price was set at €14.46 per share, corresponding to the average price recorded over the 20 trading sessions preceding 20 December 2007.

The Combined General Shareholders' Meeting of 11 June 2009 renewed this authorisation, in accordance with Articles L. 225-177 ff. of the French Commercial Code, to grant, on one or more occasions, options to subscribe to or purchase Company shares. The total number of options that may be granted under the 27th resolution of this Meeting may not give the right to subscribe to or purchase a number of common shares that would represent, at the allotment 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 French Commercial Code) of the Company or of affiliated companies or groups as defined in Article L. 225-180 of the French Commercial Code. The Board of Directors may grant options to some or all of these persons.

This authorisation is granted for a 38-month period.

Each option shall entitle the holder to subscribe to or acquire one new or existing ordinary share, as applicable.

The shares that may be obtained by exercising share options to purchase shares 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 French Commercial Code or, if applicable, under the share buyback programme covered by the 5th resolution approved by said Meeting pursuant to Article L. 225-209 of the French Commercial Code or any subsequently applicable share buyback 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 common shares may not be less than the average recorded prices of the Solocal Group share on the Eurolist market of Euronext over the 20 trading sessions preceding 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 the shares;
- in addition, the exercise price of options to purchase shares may not be less than 80% of the average purchase price of the common shares held by the Company under the terms of Article L. 225-208 of the French Commercial Code or, if applicable, under the share buyback programme authorised by the 5th resolution approved by the Combined General Shareholders' Meeting of 11 June 2009 pursuant to Article L. 225-209 of the French Commercial Code, or any subsequently applicable share buyback programme

Any options awarded must be exercised within 10 years of the date of allotment by the Board of Directors.

Under this authorisation, the Board of Directors granted the following allotments:

- at its meeting on 23 July 2009, the Board of Directors decided to implement a plan for subscription to Solocal Group shares for the entire Group, giving the right to subscribe to 1,145,000 new shares. The subscription price was set at

€6.71 per share, corresponding to the average of the prices over the 20 trading sessions preceding 23 July 2009;

- at its meeting on 29 October 2009, the Board of Directors decided to implement a plan for subscription to Solocal Group shares for the entire Group, giving the right to subscribe to 87,000 new shares. The subscription price was set at €8.843 per share, corresponding to the average of the prices recorded in the 20 trading sessions preceding 29 October 2009;
- at its meeting on 17 December 2009, the Board of Directors decided to implement a plan for subscription to Solocal Group shares for the entire Group, giving the right to subscribe to 75,000 new shares. The subscription price was set at €7.821 per share, corresponding to the average price recorded in the 20 trading sessions preceding 17 December 2009;
- at its meeting on 27 July 2010, the Board of Directors decided to implement a plan for subscription to Solocal Group shares for the entire Group, giving the right to subscribe to 1,336,000 new shares. The subscription price was set at €8.586 per share, corresponding to the average price recorded in the 20 trading sessions preceding 27 July 2010;
- at its meeting on 16 December 2010, the Board of Directors decided to implement a plan for subscription to Solocal Group shares for the entire Group, providing the right to subscribe to 166,000 new shares. The subscription price was set at €7.095 per share, corresponding to the average recorded price in the 20 trading sessions preceding 16 December 2010.

Allotment of performance shares

The General Shareholders' Meeting of 19 April 2006 authorised the Company's Board of Directors to allot, on one or more occasions under conditions it will determine, existing or new common performance shares under the conditions set out below.

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 performance share 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 adopted on 14 February 2008, 12,940 shares were granted to 15 Group employees.

The General Shareholders' Meeting of Shareholders of 7 June 2011 renewed this authorisation.

In accordance with this renewed authorisation, the Board of Directors, at its meetings on 26 October, 16 December 2011, 11 December 2012 and 11 December 2013 decided to implement four performance share plans.

Under the plan of 26 October 2011, 1,226,000 shares were initially granted to 41 Group employees.

Under the plan of 16 December 2011, 84,000 shares were granted to three Group employees.

Under the plan of 11 December 2012, 2,624,000 shares were initially granted to 47 Group employees.

The 11 December 2013 plan allotted 280,000 shares to ten Group employees.

Convertible securities, exchangeable securities or equity warrants

At the registration date of this *document de référence*, there were no convertible or exchangeable securities or equity warrants.

Information on the conditions governing any acquisition rights and/or any obligations attached to capital subscribed but not paid up

Information relating to authorisations to issue shares given to the Board of Directors by the General Shareholders' Meeting is set out in section 21.1.1.

Information on the capital of any of the Group's members subject to an option or a conditional or unconditional agreement

At the registration date of this *document de référence*, no member of the Group had any option or agreement of this type.

21.1.4 HISTORY OF CAPITAL AND VOTING RIGHTS

Information on the distribution of the Company's capital is provided in chapter 18 "Principal Shareholders" of this document.

Statement of change in capital over the last five years

Date	Operation	Number of shares issued	Nominal amount of capital increase	Premium per share	Total amount of premium	Successive capital amounts	Number of shares	Par value
Combined General Shareholders' Meeting of 27 May 2004	Stock split	274,050,000	—	—	—	€54,810,000	274,050,000	€0.20
Initial Public Offering July 2004	Capital increase reserved for employees of France Télécom Group	4,739,610	€947,922	€11.10	€52,609,671	€55,757,922	278,789,610	€0.20
15 January 2007	Recognition of capital increase resulting from share options exercised in 2006	1,477,170	€295,434	€17.60	€25,990,960.40	€56,053,356	280,266,780	€0.20
15 January 2008	Recognition of capital increase resulting from share options exercised in 2007	377,670	€75,534	€11.52	€4,350,758.40	€56,128,890	280,644,450	€0.20
25 February 2009	Recognition of capital increase resulting from free shares allotted 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

None.

Pledges

See chapter 18.5 of this document.

Market for Company shares

Month	Low in euros	High in euros	Last price in euros	Volume traded	Capital in euros
January 2013	1.89	2.85	2.85	43,973,580	104,540,467
February 2013	1.95	2.86	2.05	35,046,716	83,060,183
March 2013	1.68	2.16	1.68	25,167,939	48,231,357
April 2013	1.56	1.70	1.60	15,739,317	25,798,928
May 2013	1.55	1.84	1.84	27,085,629	46,867,397
June 2013	1.52	1.84	1.57	15,021,326	25,789,652
July 2013	1.47	1.68	1.64	17,032,970	27,253,715
August 2013	1.60	1.83	1.69	20,852,410	36,334,887
September 2013	1.68	1.90	1.70	38,366,814	68,216,392
October 2013	1.67	1.77	1.72	39,184,652	67,517,632
November 2013	1.17	1.72	1.17	76,315,146	103,930,490
December 2013	1.10	1.19	1.10	44,169,092	50,362,485
January 2014	1.09	1.59	1.32	178,242,485	249,250,279
February 2014	1.23	1.53	1.47	87,865,806	119,840,334

Source: Thomson Reuters

21.2 ARTICLES OF INCORPORATION AND 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;
- 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.

In addition, the Company's purpose, in France and abroad, directly or indirectly, is to:

- publish, on its own behalf or on behalf of third parties, all 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;
- advise, research, design, produce, update and maintain all services related to any type of information distribution system

on an open or closed network, whether connected via computer or telephone, wire-based, satellite, cable or other methods, as well as any other activity related to such services, and especially to Internet or Intranet sites;

- collect, acquire, enhance, manage, process, market, or host data and files of any kind;
- perform all activities directly or indirectly related to such services or that are a prerequisite or accessory to or a condition or extension of such services, or which are likely to encourage or develop them;
- and, in general, to undertake any industrial, commercial, financial, civil, real or personal property operations that may be directly or indirectly related to any of the aforementioned purposes or to any similar or related corporate purposes.

Provisions in the Articles of Incorporation, Articles of Association and the internal regulations of the administrative and management bodies

The Company is administered by a Board of Directors composed of three to 18 members (subject to legal exceptions in the event of a merger). There are currently 11 Directors on the Board.

Directors are elected by the 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 the employees of its direct or indirect subsidiaries (as defined in Article L. 225-27 of the French Commercial Code) whose registered office is located on French territory.

This director is elected in two rounds by majority vote. All staff members who meet the conditions set by law are eligible to vote and stand for election. Each candidacy must include, in addition to the candidate's name, the name of a substitute who may replace him or her in the event of absence for any reason.

The director representing the employees is elected for a five-year term. The first director representing the employees shall assume his or her position on the Board at the first meeting of the Board of Directors held after publication of the complete results of the first elections. The next director representing the employees shall assume his or her position on expiry of the term of the outgoing 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 on a notice from the Chairman. Meetings may be called by any method, including verbally in an emergency, and as often as the Chairman deems necessary. They may be held at the registered office or any other location indicated in the notice of meeting.

When the Board of Directors has not met for more than two months, at least one-third of the Board members may ask the Chairman at any time to call a Board meeting based on a specific agenda. The Chief Executive Officer may also ask the Chairman at any time to call a meeting of the Board of Directors based on a given agenda.

The Board of Directors' deliberations are valid only if at least half of 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 shall cast the deciding vote.

Subject to legal and regulatory provisions, meetings of the Board of Directors may be held by means of videoconference or any other means of telecommunication. Any director participating in a Board meeting by means of videoconference 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 overall strategic direction for the Company's business activities and ensures it is implemented. Subject to any powers expressly granted to Shareholders' Meetings and within the limits of the corporate purpose, the Board deals with all matters relating to the proper functioning of the Company and governs the Company's business through its deliberations.

The Board of Directors may carry out any controls and checks it deems appropriate.

The Chairman or the Company's Chief Executive Officer is required to provide each director with all documents and information they need to fulfil their duties.

The Company's Articles of Association also provide that the Ordinary General Shareholders' Meeting can appoint one or more non-voting Board members (*censeurs*). These non-voting Board members may be shareholders or outside persons, and are chosen on the basis of their public profile or experience.

Internal regulations

Internal regulations for the Board of Directors were defined at the Board of Directors' meeting of 23 September 2004. These regulations specify the guiding principles for the operation of the Board of Directors and the rights and duties of the directors.

The main provisions of the Board's internal regulations are summarised below.

Preparation and organisation of the work of the Board of Directors

Strategic direction

Pursuant to Article 17 of the Articles of Association, the Board of Directors determines the overall strategic orientation of the Company's activities and ensures it is implemented.

This means that the Board makes all decisions relating to the Company's major strategic, economic, social, financial and technological objectives and ensures that these decisions are implemented.

The medium-term objectives for the Group's activities are defined each year in a strategic plan, which is prepared and presented by the Chief Executive Officer to the Board of Directors for approval. This draft includes, in particular, projected trends for the Group's key operational and financial indicators. The Chief Executive Officer presents a draft annual budget based on these objectives.

The Chief Executive Officer is responsible for implementing the objectives set out in the strategic plan.

The Chief Executive Officer informs the Board of Directors of any problems or, more generally, any matter which may affect the achievement of any of the objectives of the strategic plan.

Committees of the Board of Directors

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 conditions and areas of authority of each Committee are stipulated in the Charters of these Committees, which are approved by the Board of Directors.

Duties and responsibilities of the directors

Directors' duty of confidentiality

Directors are bound by an absolute obligation of confidentiality with regard to the content of discussions and deliberations by the Board and its Committees and any information presented to them.

Director's duty of independence

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 him that 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.

At the end of this process, it is the responsibility of the director in question to act accordingly, under the terms of the applicable legislation.

Duties of directors with regard to securities of the Company

Each director must hold at least one share of the Company.

Any Company shares held by directors at the time they join the Board must be registered in their own names, as well as any shares they acquire during their term of office.

Directors are forbidden to:

- execute any transaction on the securities of the traded companies of the Group as long as they hold privileged information;
- make short sales on these securities directly or indirectly.

The first prohibition applies in particular during the period of preparation and presentation of the Group's annual and semi-annual results and quarterly information.

It also applies during special periods when projects or transactions that warrant such a prohibition are being prepared.

The Ethics Charter, which specifies the rules relating to inside information, applies to the directors.

Director's duty of care

In accepting the office entrusted to them, directors agree to fully assume all their responsibilities and, in particular, to:

- devote whatever time is required to study matters dealt with by the Board and, if applicable, any Committees of which they are members;
- request all additional information they consider useful;
- ensure that these Regulations are applied;
- freely form their opinion before any decision, considering only the Company's interest;
- actively participate in all Board meetings, unless they are unable to do so;
- formulate all proposals to improve the working conditions of the Board and its Committees.

The Board constantly seeks to improve the 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 agree to tender their resignation to the Board when they believe, in good faith, that they are no longer able to fully assume their responsibilities.

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.solocalgroup.com).

This Charter sets out the Group's values and presents its principles for dealing with customers, shareholders, employees, suppliers, and competitors, and with respect to the environment and the countries in which it operates.

In addition, it stipulates a number of principles of personal conduct that each Group employee, director and executive must respect, 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 imposes certain preventive measures including, in particular, closed periods when "permanent insiders", such as members of the Board of Directors and other executives, are not permitted 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 executives and employees.

Chairman of the Board of Directors and Management

The Chairman of the Board of Directors is an individual elected by the Board from among its members. Furthermore, the Board of Directors may decide whether to separate or combine the positions of Chairman of the Board and Chief Executive Officer. If the decision is taken to separate these roles, the Board of Directors appoints the Chief Executive Officer.

At its meeting on 23 September 2004, the Board of Directors decided to separate these positions. At its meeting on 11 December 2012, the Board of Directors decided to combine the positions of Chairman of the Board of Directors and Chief Executive Officer.

Subject to the powers expressly granted by law to Shareholders' Meetings and to the Board of Directors, and within the limits of the corporate purpose, the Chief Executive Officer has the broadest powers to act on behalf of the Company under all circumstances, with the following stipulations:

(i) the Chief Executive Officer must present a draft strategic plan to the Board of Directors each year which defines the Group's medium-term objectives including, in particular, projected trends for the Group's key operational and financial indicators, plus a proposed annual budget;

(ii) the following decisions must receive prior approval from the Board of Directors:

- approval of the annual budget as well as any other significant change to said budget;
- approval of the annual and three-year business plans;
- the acquisition or disposal of any business by Solocal Group or one of its subsidiaries, not included in the annual budget, for a total amount, including all liabilities and other off-balance sheet commitments, in excess of €10 million per year;
- any investments or divestments not included in the annual budget for fixed assets for an amount, including all liabilities and other off-balance sheet commitments, in excess of €10 million;
- amendments to the employment contract, hiring/appointment/dismissal/removal of the Chief Financial Officer of Solocal Group; any amendment to the employment contract, hiring/appointment or dismissal/removal of any other Group executive whose gross annual compensation exceeds €200,000 shall not require prior authorisation by the Board of Directors, but shall require the prior agreement of the Remuneration and Appointments Committee;
- any increase in the total indebtedness of Solocal Group or its subsidiaries in a total amount greater than the amount authorised under the financing or loan contracts previously authorised by the Board of Directors of Solocal Group;
- the signing of any agreement to create a joint venture with a third party not included in the annual budget which generates a commitment for Solocal Group or one of its subsidiaries, for the duration of the joint venture, for an amount exceeding €10 million;
- any decision to begin proceedings to list marketable securities of Solocal Group or any of its subsidiaries on a regulated market and any subsequent transactions for the purpose of additional listings of marketable securities of Solocal Group, or any of its subsidiaries whose shares are already traded on a regulated market,
- any decision to delist or buy back shares (except share purchases under liquidity agreements previously authorised by the Board of Directors);
- the acquisition or subscription, by Solocal Group or any of its subsidiaries, of shares, interests or any capital instrument or securities providing rights to the capital of any company (x) for a value including all liabilities and other off-balance sheet commitments assumed greater than €10 million where the liability of Solocal Group or its subsidiaries is limited and the transaction is not included in the annual budget, and (y) irrespective of the amount invested, where Solocal Group or any of its subsidiaries is acting as an unlimited liability partner in such a company;
- any diversification of the business of Solocal Group or one of its subsidiaries bearing no relation to the activities previously carried out, or any diversification related to activities previously carried out but not included in the annual budget, implying a commitment to a sum in excess of €10 million;
- any transfer or cessation of one of the main businesses of Solocal Group or one of its subsidiaries not included in the annual budget or the three-year business plan;
- any implementation of an incentives plan (as defined by French labour law or any other similar legal provision in other countries, with the exception of incentives and mandatory profit-sharing) within Solocal Group or its subsidiaries, or any measure leading employees to acquire directly or indirectly shares of stock in Solocal Group or its subsidiaries;
- any authorisation or instruction given to a subsidiary of Solocal Group to study or undertake any of the operations referred to in this annex;
- the execution of any agreement not included in the annual budget that would imply payments or supply of

goods or services by Solocal Group or its subsidiaries for an annual amount greater than a total of €10 million;

- any decision relating to plans for the merger or demerger of any Solocal Group subsidiary, to a spin-off of assets of a business of one of the subsidiaries of Solocal Group, or to the lease-management of the business of one of Solocal Group's subsidiaries, where this is not provided for in the annual budget or three-year business plan, and excluding internal reorganisation with no material impact on the position of Solocal Group;
- any transfer or sale in order to provide collateral, any decision to grant a security interest or pledge by Solocal Group or one of its subsidiaries, in order to meet debts or honour guarantees given to third parties not included in the annual budget for a total amount greater than €10 million per year;
- all loans made by Solocal Group or one of its subsidiaries the total amounts of which are greater than €5 million and which have not been provided for in the annual budget.

Deputy Chief Executive Officer

On the recommendation of the Chief Executive Officer, the Board of Directors may appoint one or more individuals charged with assisting the Chairman, with the title of Deputy Chief Executive Officer. The maximum number of Deputy Chief Executive Officers is five. In agreement with the Chief Executive Officer, the Board of Directors shall determine the scope and duration of powers given to Deputy Chief Executive Officers.

Rights, privileges 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 penalties, the Company may, among other things, request any organisation or intermediary, including the central custodian of financial instruments, for information required by law or regulations enabling the identification of holders of Company shares giving immediate or future voting rights at shareholders' meetings and, in particular, the number of shares held by each of them and, if applicable, any restrictions that may apply to those shares.

Any intermediary registered on behalf of an owner who is not resident within France is required, under the terms set out in Article L. 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 request 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 time limits, or provides incomplete or incorrect information relative either to his capacity or to the identity of the shares' owners, the shares or securities providing immediate or future entitlement to share capital for which that person is the registered account holder shall have no voting rights at any 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, possibly for the same period, the right to any corresponding dividends.

Where any legal entity owns shares in the Company and has a holding of more than one-fortieth of the capital or voting rights, the Company may ask that entity to disclose 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.

Actions required to modify shareholders' rights

At the registration date of this *document de référence*, the Articles of Association contain no provisions stricter than those set out in the law relating to changes to shareholders' rights.

21.2.2 GENERAL SHAREHOLDERS' MEETINGS (ARTICLE 11 AND ARTICLES 26 TO 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 as justifying the right to participate in General Shareholders' Meetings, or if the shareholder is not domiciled in France, in the name of the representative acting on the shareholder's behalf, on the third working day prior to the General Shareholders' meeting at 12:00 midnight (Paris time).

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, no later than 3 p.m. (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 p.m. (Paris time) on the day prior to the General Shareholders' Meeting.

Access to the General Shareholders' Meeting is open to its members with proof of their status and identity. If it deems this useful, the Board of Directors may ensure that shareholders are sent personal admission cards with names 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 mandate, provided that such intermediaries have previously declared themselves as intermediaries holding shares on behalf of third parties at the time the account is opened with the Company or account-holding financial intermediary, in accordance with legal and regulatory provisions.

The Company is entitled to request 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 it represents whose rights would be exercised at the 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 powers to any person of his or her choice in order to be represented and vote at a General Shareholders' Meeting.

Remote voting is carried out under the terms and conditions stipulated by legal and regulatory provisions. The Company must receive voting forms no later than 3 p.m. (Paris time) on the day before the General Shareholders' Meeting.

Powers, remote voting forms and certificates of non-transferability of shares may be submitted in electronic form 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, who shall be considered 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 videoconference 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.

If the Board of Directors so decides at the time of convening the Meeting, forms may be completed and signed electronically 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 of paragraph two of Article 1316-4 of the French Civil Code, or any other process which meets the conditions set out in the first sentence of paragraph two of Article 1316-4 of the French Civil Code.

Powers or votes cast in this way prior to the Meeting by 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 the case of a sale of shares occurring prior to midnight (Paris time) on the third business day preceding the Meeting, the Company shall invalidate or alter accordingly, as the case may be, the proxy expressed or the vote cast prior to the Meeting, using the electronic method set up by the Board of Directors.

Owners of Company shares who are not resident on French territory may be registered in the accounts and represented at the Meeting by any intermediary who is registered on their behalf and holds a general securities management mandate, provided such intermediaries have previously declared 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, in accordance with legal and regulatory provisions.

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 they represent and whose rights would be exercised at the Meeting.

Ordinary General Shareholders' Meetings

Ordinary General Shareholders' Meetings are called to make all decisions that do not amend the Articles of Association. They are held at least once a year within six months of the end of the financial year, to approve the financial statements for the previous financial year, unless this period is extended by Court order.

Ordinary General Shareholders' Meetings cannot validly deliberate, on the first notice of meeting, unless shareholders present, 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 videoconference 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 incorporation of reserves, profits or issue premiums, Extraordinary General Shareholders' Meetings cannot validly deliberate unless shareholders present, represented or voting remotely, hold on the first notice of meeting at least 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 videoconference 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.

Form and deadlines for notices of meeting (Article 28 of the Articles of Association)

The Board of Directors calls General Shareholders' Meetings under the conditions provided for by law.

Otherwise, General Shareholders' Meetings may also be called 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 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 ten clear days for General Shareholders' Meetings held after a second notice of meeting and for reconvened General Shareholders' Meetings.

The notices of meetings are issued by a notice in a newspaper publishing legal announcements in the département where the registered office is located, and in the French bulletin of mandatory legal announcements (BALO). Moreover, shareholders who have held registered shares 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 registered postage fee to the Company.

The Meetings shall take place at the date, time and place stated in the notice of meeting.

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 two members of the General Shareholders' Meeting with the highest number of votes, who accept this role, shall serve as tellers.

The officers of a General Shareholders' Meeting appoint a secretary, who is not required to be a shareholder.

Agenda

The Agenda of General Shareholders' Meeting is prepared by the author of 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 time limits may request that proposed 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 French bulletin of mandatory legal announcements (BALO), and up to 25 days prior to the Meeting (however, if the notice is published more than 45 days prior to the Meeting, proposed must be sent within 20 days of publication of the notice). The authors must provide proof that they possess or represent the required proportion of share capital, prior to transmission of the request, by registering the shareholders on the Company registers.

Only matters 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 the Articles of Association, subject to a Court order in certain cases. The provisions of the Articles of Association on the existence of a double voting right, as adopted by the General Shareholders' Meeting of 7 June 2011, became effective on 1 May 2013. A double voting right is given to all fully paid-up registered shares of the Company which have been registered in the name of the same person for at least two years.

21.2.3 SALE AND TRANSFER OF SHARES (ARTICLE 9 OF THE ARTICLES OF ASSOCIATION)

Shares are freely negotiable, subject to applicable legal and regulatory provisions. They are registered in an account and transferred under the terms and conditions set out in the applicable legal and regulatory provisions.

21.2.4 DECLARATION OF THRESHOLDS (ARTICLE 9 OF THE ARTICLES OF ASSOCIATION)

In addition to the legal requirement to inform the Company when certain percentages of capital or voting have been exceeded or are not met, anyone acting alone or in concert who comes to hold or ceases to hold directly or indirectly a fraction of the capital, voting rights or securities giving future rights to the Company's share capital that is equal to or greater than 1% or a multiple of this fraction, will be required, no later than before the close of trading on the fourth trading day after the day this threshold was exceeded or not met, to notify the Company, by registered letter with acknowledgement of receipt, of the total number of shares, voting rights or securities giving equity rights which it holds directly or indirectly, alone or in concert.

This notification must be renewed under the aforementioned conditions every time a new threshold of 1% is reached or crossed, upwards or downwards, for any reason, including above the threshold of 5%.

In the event of non-compliance with the aforementioned requirements, and if one or more shareholders holding at least 1% of the share capital so requests from the General Shareholders' Meeting, the shareholders in question shall, without prejudice to potential suspensions of voting rights decided by a court, under the conditions and limits specified by law, be deprived of the voting rights for the shares exceeding the thresholds subject to declaration.

21.2.5 CHANGE IN CAPITAL CLAUSE

At the registration date of this *document de référence*, the Articles of Association contain no provisions stricter than those set out in the law relating to changes in capital.

The Company signed a bank financing agreement described in chapter 10 of this document.

In addition, until 11 October 2006, the Company belonged to the France Télécom Group. The Group's policy was consistently to cover all relations with France Télécom and its subsidiaries by contracts executed under market conditions.

UNIVERSAL DIRECTORY

Law 2003-1365 of 31 December 2003 stipulated a call for bidders to designate, among other things, the operator responsible for the universal service component for the information service and for printed and electronic directories. In an order of 3 March 2005 of the Ministry of the Economy, Finance and Industry, France Télécom was designated as sole operator responsible for this component of the universal service. The designation of France Télécom as the operator responsible for the universal service was for two years and, after a new call for bidders, France Télécom was designed for a new two-year period by an order of 29 March 2007 as the sole operator responsible for this component of the universal service: in this position, France Télécom published a directly in printed and electronic format and provided an information service in accordance with the specifications for the universal directory and information services as designated in the abovementioned order.

The bid tenders to supply a universal directory in paper format and a universal information service were published in the *Journal officiel* of 14 January 2009. On the other hand, the government did not issue a call for bids for the electronic directory, since it considered after consultation that this service was "widely available, at no cost, with a generally satisfactory level of quality." PagesJaunes was named the operator responsible for providing the paper universal directory by order dated 29 November 2009 and the operators responsible for providing the universal information service by order dated 18 November 2009.

The government issued a new call for bids for the paper universal directory 29 October 2011, to which PagesJaunes responded in November 2011. In an order dated 6 December 2012, published in the *Journal officiel* of 12 December 2012, PagesJaunes was named the supplier of the "printed subscriber directory for the universal service component" for a period of two years.

AGREEMENT TO PROVIDE DIRECTORY DATA FOR THE PUBLICATION OF DIRECTORIES

This agreement was signed on 26 June 2000 for a term of four years, tacitly renewable for one-year periods. This agreement was terminated early and amicably and was replaced by an agreement signed on 11 March 2004, effective retroactively to 12 September 2003. This agreement remained in effect until 31 December 2004 and was then tacitly renewable twice for one-year periods. Under this agreement PagesJaunes was granted the non-exclusive and non-transferable right to use the database of France Télécom's fixed telephony subscribers, which is updated daily pursuant to an obligation of resources, for the exclusive needs of information and directory publication services, whatever the form, in consideration for an amount calculated on the basis of the intensity of use of this base (fixed amount per usage). The amounts are payable under these conditions: 50% at the order and the balance six months after the beginning of the year. At the end of each year, a comparison is made between the provisional declaration of use and the use actually recorded during that period. If the comparison shows that the use of the directory data actually made by PagesJaunes is greater than projections, France Télécom prepares a corrected invoice. In the opposite case, France Télécom establishes a credit to be charged against the next invoice due by the Company. This agreement is in line with the obligation required of any operator (including France Télécom) to communicate the list of all its subscribers to any person that wishes to publish a directory or provide an information service, under non-discriminatory conditions, at a rate reflecting the costs of the service rendered. A new agreement was signed on 31 January 2007, effective as at 1 January 2007, for a term of one year, which is tacitly renewable under the same conditions.

Pursuant to this agreement, PagesJaunes paid France Télécom €2.6 million in 2013 (€3.4 million in 2012).

LEASE AND SUB-LEASE AGREEMENTS

The majority of the Group's offices in the provinces were subleased from the France Télécom Group under leases or sub-leasing agreements. When the Group left the France Télécom Group on 11 October 2006, those agreements were continued, with the exception of the premises where the Group is the sole occupant (no other entity of the France Télécom Group shares the premises), in respect of which the Group became the direct tenant as long as the financial terms remained unchanged. To date, these leases cover less than one-third of the sites leased by the Group.

Under these contracts, PagesJaunes expensed the amount of €1.7 million invoiced by France Télécom in 2013 (€1.3 million in 2012).

As of this date, the Company has not signed any major contracts, other than those signed in the normal course of its business, that create a major obligation or commitment for the entire Group.

23 INFORMATION PROVIDED BY THIRD PARTIES, EXPERT DECLARATIONS AND DECLARATIONS OF INTEREST

None.

DOCUMENTS AVAILABLE TO THE PUBLIC 24

The Articles of Association, minutes of General Shareholders' Meetings, Auditors' Reports and other corporate documents may be consulted at the Company's registered offices. Moreover, all regulatory information provided for under Article 221-1 of the General Regulations of the French Financial Markets Authority (AMF), and some information about the organisation, business activities and updated Articles of Association of the Group are available on the website www.solocalgroup.com.

25 INFORMATION ON EQUITY ASSOCIATES

The Company holds no equity interest in companies other than those indicated in section 7.2 "List of the principal subsidiaries and equity associates" that could have a material impact on the assessment of its holdings, financial position or earnings.

Glossary

Directory: a directory is a compilation of lists of professionals and/or individuals, the subscribers of a fixed-line or mobile operator, for publication alphabetically or by professional category on printed or electronic media.

Group consolidated revenues: the Group's revenues that include the revenues of the Company and of all its subsidiaries.

Publisher: the individual or legal entity that assumes responsibility for the content it publishes.

Group: Group means the group of companies formed by the Company and all of its subsidiaries.

Consolidated Group: Consolidated Group means the group of companies formed by the Company and all of its subsidiaries.

Intranet: a local network that uses the same protocols and technologies as the Internet, but which privately connects computers, i.e. without being open to all Internet users. Examples: corporate intranet, community intranet, etc.

PagesJaunes or PagesJaunes SA: the company PagesJaunes SA.

Advertising representative: an individual or legal entity responsible for selling advertising space in content produced by a third party, and whose rights and obligations are defined by an advertising representation contract.

Company: Solocal Group.

Website reach rate: number of Internet users who visited the website in question at least once over a given period, out of the total number of active Internet users during that period.

CONCORDANCE TABLE

The 2013 annual financial report, prepared in accordance with Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the General Regulations of the *Autorité des marchés financiers*, comprises the following sections of the *document de reference* identified in the table below. Included in this table is the concordance table with the sections of Appendix I of Regulation (EC) No. 809/2004 of the European Commission:

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