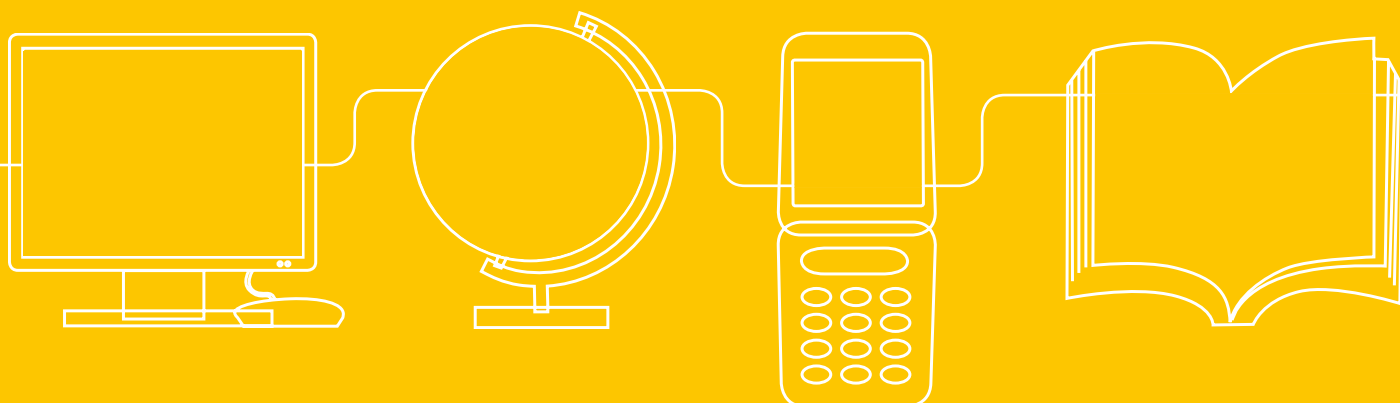


# PagesJaunes Groupe

Document de référence **2006**



pagesjaunes

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# Document de référence 2006

Unofficial translation, for information purposes only, of the French language *document de référence* 2006 of PagesJaunes Group, registered with the Autorité des marchés financiers on 27 March 2007 under the registration number R. 07-023.



PagesJaunes Group

Limited liability corporation with 56,053,356 euros in capital  
Registered Offices: 7, avenue de la Cristallerie – 92317 Sèvres Cedex  
R.C.S. Nanterre 552 028 425

Document de référence 2006 The AMF logo consists of the letters "AMF" in a bold, sans-serif font, with the text "AUTORITE DES MARCHES FINANCIERS" in a smaller font above it.

In application of its general regulations, in particular Article 212-13, the *Autorité des marchés financiers* (the AMF) has registered this *document de référence* on 27 March 2007, as number R. 07-023. It can only be used to back up a financial operation if it is accompanied by a memorandum of operations approved by the AMF. This *document de référence* was drawn up by the issuer, under the responsibility of its signatories.

This registration, in accordance with measures stipulated in Article L. 621-8-1-I of the French Monetary and Financial Code, was carried out after the AMF verified that "*the document is complete and understandable, and the information herein is consistent*". It does not imply any authentication of the accounting and financial information presented.

Copies of this *document de référence* are available free of charge from the PagesJaunes Group, 7, avenue de la Cristallerie - 92317 Sèvres Cedex, as well as on the PagesJaunes Group website at [www.pagesjaunesgroupe.com](http://www.pagesjaunesgroupe.com) and on the website of the *Autorité des marchés financiers* at [www.amf-france.org](http://www.amf-france.org).

In compliance with Article 28 of European Regulation (EC) no. 809/2004 as application of Directive 2003/71/EC referred to as the "Prospectus" Directive, the following information is provided for reference in this *document de référence*:

- the Group's consolidated financial statements and the Auditor's Report on the consolidated financial statements for the period ended 31 December 2004, as presented respectively in the *document de référence* registered on 30 March 2005 as number R.05-034 on pages 83 and following, and on page 105;
- the Group's corporate accounts and the Auditor's Report on the corporate accounts for the period ended 31 December 2004, as presented respectively in the *document de référence* registered on 30 March 2005 as number R.05-034 on pages 106 and following, and on page 116.
- the Group's consolidated financial statements and the Auditor's Report on the consolidated financial statements for the period ended 31 December 2005 as presented respectively in the *document de référence* registered on 23 mars 2006 as number R.06-024 on pages 88 and following, and on page 160;
- the Group's corporate accounts and the Auditor's Report on the corporate accounts for the period ended 31 December 2005 as presented respectively in the *document de référence* registered on 23 mars 2006 as number R.06-024 on pages 129 and following, and on page 159.

In this *document de référence*, the terms “PagesJaunes Group” or “the Company” refer to the PagesJaunes Group 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 and PagesJaunes Liban which was sold in 2006. A glossary defining the main terms in this *document de référence* is given at the end of this document.

## 1.1 Those responsible for the *document de référence*

Responsibility for this *document de référence* is ensured by Mr. Jacques Garaïalde, Chairman of the Board and Mr. Michel Datchary, CEO of PagesJaunes Group.

## 1.2 Statement by those responsible for the *document de référence*

*“To the best of our knowledge, and after having taken all reasonable measures for this purpose, the information in this document de référence is accurate; it includes all the information needed by investors to form an opinion on the Group’s assets, business, financial position, results and prospects; it contains no omissions which could change its scope.*

*We have obtained a letter of work completion from the official auditors, in which they indicate that they have carried out their work in accordance with professional standards accepted in France, in verifying the information pertaining to the financial situation and statements in this document de référence as well as in reading the complete document de référence.*

*In the letter of work completion from the official auditors, reference is made to the report on the consolidated financial statements for the period ended 31 December 2005, presented in chapter 20.5 of the 2005 Document de référence. This report contains an observation on note 3.1.2 of the consolidated financial statements for the period ended 31 December 2005 concerning the accounting positions retained by PagesJaunes Group pertaining to paragraphs 10 to 12 of IAS 8.”*

Mr. Jacques Garaïalde  
Chairman of the Board, PagesJaunes Group

Mr. Michel Datchary  
CEO, PagesJaunes Group

## 2.1 Statutory auditors

### **Deloitte & Associés**

represented by Éric Gins and Jean-Paul Picard  
185, avenue Charles de Gaulle  
92524 Neuilly-sur-Seine Cedex

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

### **Ernst & Young Audit**

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

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

## 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 replacements for the resigning substitute auditors Mr. Francis Gidoin, for the remaining period of their predecessors' appointment, until the end of the General Shareholders' Meeting voting on the accounts for the fiscal year ending on 31 December 2003. This appointment was renewed at the General Shareholders' Meeting held on 27 May 2004 for a term of six fiscal years until the end of the General Shareholders' Meeting voting in 2010 on the accounts for the Company's fiscal year ending on 31 December 2009.

### **Auditex**

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

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

(In millions of euros)	FY 2006 (IFRS)	FY 2005 (IFRS)	FY 2004 (IFRS)
<b>Consolidated income statement</b>			
<b>Consolidated Group revenue</b>	<b>1,124.5</b>	<b>1,060.7</b>	<b>967.2</b>
PagesJaunes in France segment	1,015.0	956.1	903.9
International and Subsidiaries segment	117.2	108.9	65.1
<b>Gross Operating Margin (GOM) of the consolidated Group</b>	<b>486.3</b>	<b>463.1</b>	<b>407.5</b>
PagesJaunes in France segment	479.9	457.5	413.9
International and Subsidiaries segment	6.4	5.5	(6.5)
<b>Consolidated net income of the Group</b>	<b>296.9</b>	<b>261.7</b>	<b>213.6</b>
<b>Consolidated balance sheet</b>			
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>177.6</b>	<b>209.9</b>	<b>148.1</b>
inc. net goodwill	107.7	107.4	77.5
<b>Current assets</b>	<b>672.5</b>	<b>1,167.7</b>	<b>1,172.4</b>
inc. net trade account receivables	500.0	472.8	430.8
inc. cash and cash equivalents	55.1	549.8	644.1
<b>TOTAL ASSETS</b>	<b>850.2</b>	<b>1,377.7</b>	<b>1,320.6</b>
<b>LIABILITIES</b>			
<b>Shareholders' equity – Group share</b>	<b>(2,060.6)</b>	<b>407.1</b>	<b>387.5</b>
<b>Non-current liabilities</b>	<b>1,947.3</b>	<b>35.8</b>	<b>30.4</b>
inc. long-term financial liabilities and derivatives	1,911.0	0.0	0.0
<b>Current liabilities</b>	<b>963.4</b>	<b>934.7</b>	<b>902.6</b>
inc. trade account payable	116.7	124.2	107.0
inc. deferred income	640.3	591.7	535.4
<b>TOTAL LIABILITIES</b>	<b>850.2</b>	<b>1,377.7</b>	<b>1,320.6</b>
<b>Net cash from the consolidated Group</b>	<b>(1,866.6)</b>	<b>553.0</b>	<b>629.7</b>
Cash from the business of the consolidated Group	310.3	263.5	362.2
<b>Data per share</b>			
Net earnings per share (euro)	1.07	0.94	0.77
Dividend per share (euro)	1.08 <sup>(a)</sup>	1.02	0.93

(a) Board of Directors' proposal to the General Shareholders' Meeting on 26 April 2007.

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<a href="#">4.3 Legal risks</a>	<a href="#">p. 8</a>
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<a href="#">4.5 Industrial and environmental risks</a>	<a href="#">p. 13</a>

Investors are asked to consider the risk factors described in this chapter before taking any decision to invest. If one or more of these risks

were to materialise, the Group's business, financial position, results and development could be affected.

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

### CHANGES IN TECHNOLOGY AND USERS' PREFERENCES - REDUCTION IN THE USE OF THE PRINTED AND MINITEL DIRECTORIES

The development of new technologies and widespread use of the Internet in the workplace, at home and on the move has meant that consumers' preferences and habits have changed. This has had a particularly negative effect on the use of Minitel services and could have a long-term significant influence on the use of the printed directories, and it should be noted that a reduction in the audience of a particular format leads over time to a reduction in advertising revenue for that format. So, the Paris region is distinguished from the rest of France by a lower use of printed directories and higher use of on-line directories. Even if this can be explained by the fact that the place of use is often

not the home of the person concerned and by a historically higher use of on-line services (Minitel and Internet), there is no guarantee that this is not a precursor of the long-term audience situation in France.

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



## UNCERTAINTY ABOUT THE BUSINESS MODEL OF ON-LINE ADVERTISING

The Group must deal with its competitors in the Internet market for the services it offers. Various pricing models are used to sell advertising on the Internet and it is hard to predict which of these models will turn out to be of industry standard, if any. Although the Group has managed to increase its profitability due to a reasonable increase in the price of its advertising products on the Internet, an increase in the number of competitors in the on-line advertising market sector could lead to a

drop in the rates in effect on the market and a change in the Group's business model.

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

## INABILITY TO HANDLE COMPETITION

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

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

## SENSITIVITY TO THE ECONOMIC CIRCUMSTANCES; INABILITY TO ADAPT ITS COST STRUCTURE

The Group's income could drop significantly if the countries where the Group generates major advertising revenue experiences 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 OTHER PRODUCTION FACTORS

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

An increase in the price of paper or a shortage of paper over a long period could have a significant negative impact on the Group's business, financial position or results. The price of paper when this document goes to press is at a historic low, so it is possible that the price could go up significantly in the future. As an example, based on the volumes of paper purchased by PagesJaunes in 2006, a 10% increase in paper price per ton on the world market leading to an equivalent increase in the cost of paper under the paper supply contracts signed by the PagesJaunes Group, would have meant an increase in printing paper costs of €4 million in 2006 (*i.e.* 0.4% of PagesJaunes revenue for 2006). The Group has no mechanisms to cover variations in the price of paper.

Moreover, in France, Article L. 541-10-1 of the French Environmental Code, institutes the obligation, for publishers of paper editions distributed to the general public, to contribute to the costs of collecting, recycling and eliminating waste produced by this publishing activity. This article calls for an order of application which was published in March 2006 in the *Journal officiel*.

According to the terms of this order, PagesJaunes, as a publisher of paper editions for the general public, must pay the green tax as provided

for in the order and collected by a private company that has been constituted for this purpose.

This company, EcoFolio, was created at the end of 2006 and obtained approval from the public authorities in January 2007. If the Company fails to pay this green tax, PagesJaunes would be exposed to a tax (TGAP, general tax on polluting activities), such as provided for under 9 of I of Article 266 sexies of the Customs Code.

The Finance Law amendment for 2006, published in the *Journal officiel* of 31 December 2006, has set the amount of this tax to 900 Euros per metric ton of paper placed on the market. An increase in the cost or expenses for PagesJaunes due to the green tax or TGAP could have a significant negative impact on the Group's business, financial position or results. The Group subcontracts most of the work involved in printing, binding and packing printed directories. An increase in the cost of these jobs could have a significant negative impact on the Group's business, financial position or results.

In addition, the Group has outsourced the distribution of the directories to a certain number of subcontractors. The increase in distribution costs or difficulties encountered with distribution could have a significant negative impact on the Group's business, financial position or results.

## RISKS ASSOCIATED WITH CUSTOMER SERVICE PAYMENTS

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Advertisers can be billed on an instalment basis when 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 OFF IN THE CONTENT OF PUBLISHED DIRECTORIES; INABILITY TO IMPROVE THE TECHNICAL FEATURES AND FUNCTIONALITIES IN THE SERVICES OFFERED BY THE GROUP

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

In addition, to remain competitive, the Group must continually improve its reaction time, the functionality and features of its products and services, and develop new products and services which are attractive to users and advertisers. Use of the Internet as a format for some products developed by the Group has increased this need for adaptability. In fact, compared to other formats, the Internet is characterised by more rapid technological advances, the frequent introduction of new products and services, business standards in constant and rapid process of change, very volatile and changeable demand from the consumer and instability in its business models. The new nature of these products and services and their fast evolution requires the Group to constantly improve its performance and be very adaptable in its technology. Any inability by the Group to anticipate or properly respond to changes in technology or demand, significant delays or major costs incurred in developing and marketing new products and services could have a significant negative impact on the Group's business, financial position or results.

## DAMAGE TO INFORMATION, PRODUCTION OR DISTRIBUTION SYSTEMS

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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 the 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 SALES AND SIX-MONTH RESULTS

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The various editions of the Group's printed directories are published and distributed throughout the year, and so the business of printed directories does not go through any major cycles. However, unlike on-line directories, publishing and distributing printed directories can take place irregularly. From a bookkeeping point of view, income and expense from selling advertising space in the printed directories are taken into account in results when they are published. Therefore sales can be irregular from one quarter to the next and the results for one six-month period may not be representative of the Group's annual results.

In addition, if the publication of one or more directories is brought forward or delayed determining revenue as well as the associated costs of publication and distribution it could also be delayed or brought forward. Finally, the time delay between determining income and costs on the one hand, and the actual payment of the costs and billing advertisers on the other hand could have an influence on operating results, GOM 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 decide to carry out acquisitions or investments in one of its businesses. No assurances can be given that the Group will manage to successfully integrate the acquired companies, to 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 the PagesJaunes Group, which could have a diluting

effect for the PagesJaunes 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.

## 4.2 Risks relating to relations between the Group and the France Télécom group

The sale by France Télécom of its holdings in the Company to Médiannuaire, which took place on 11 October 2006 has greatly reduced the risks relating to relations between the Group and the France Télécom Group.

## 4.3 Legal risks

### LAWSUITS AND ARBITRATION

In the normal course of business, companies in the Group may be involved in a certain number of legal, arbitration or administrative proceedings. The charges which may result from these proceedings are not provided for unless they are likely and can be quantified or estimated within a reasonable range. The amount of provisions made is based on an assessment of the risks on a case-by-case basis and depends in large measure on factors other than how far the proceedings have progressed, and it should be noted that the occurrence of events during the proceedings could mean that the risk has to be reassessed.

Except for the proceedings described below, neither PagesJaunes Group, nor any of its subsidiaries, is a party to any lawsuit or arbitration proceeding of any kind where the PagesJaunes management believes that the result could reasonably have a significant negative impact on its results, business or consolidated financial position.

- (i) PagesJaunes implemented a plan at the beginning of 2002 to make changes in its marketing which particularly included changing 930 employment contracts for sales staff. This change is intended to bring these contracts into line with a new competitive environment. About one hundred employees refused to sign the new contract

offered to them and were dismissed during the second quarter of 2002. As of this date, almost all of the dismissed employees have sued PagesJaunes contesting the validity of the grounds for dismissal. The Supreme Court of Appeal has confirmed this marketing development plan via two judgements rendered on 11 January 2006. The Supreme Court of Appeal adjudicated that a lay-off resulting from restructuring implemented in order to avoid upcoming economic difficulties pertaining to technological developments was justified. However, cases including pleas based on reasons that have not been ruled on by the above judgements as well as cases with administrative jurisdictions are still open. In a new judgement rendered on 14 February 2007, the Supreme Court of Appeal confirmed the validity of the social plan implemented by PagesJaunes. Therefore, the only remaining open cases are those with administrative jurisdictions for which PagesJaunes cannot guarantee a favourable outcome.

- (ii) PagesJaunes was subjected to a tax audit in the years 2001 and 2002 for the 1998 and 1999 fiscal years. The only corrections which are still in dispute represent a risk of about €6.6 million (including interest). The Company believes it has powerful arguments to counter

these corrections in dispute and has therefore not made any provisions to cover these corrections as of 31 December 2005. To make its case, the Company has initiated a dispute procedure by filing a preliminary claim with the tax administration in July 2004.

- (iii) PagesJaunes sued an advertising agency (LSM) on 10 June 2003 in the Cannes Business Court. PagesJaunes, supported by numerous statements by customers, is suing this agency for unfair competitive practices aimed at causing confusion between LSM and PagesJaunes in the minds of customers contacted by LSM to insert advertisements in the PagesJaunes directory. The Cannes Business court, in a ruling dated 19 February 2004, denied PagesJaunes' claims. PagesJaunes has appealed this ruling. A judgement was rendered on 18 January 2007 by the Aix en Provence Court of Appeal. This ruling overturned that of the Cannes Business Court and confirmed the validity of PagesJaunes' claims, ordering LSM to pay damages and interest for unfair practices, with LSM having had all of its claims denied.
- (iv) On 27 July 2006, the Le Numéro company sued PagesJaunes in the Nanterre Business Court putting forth that certain advertisements marketed by PagesJaunes in the directories do not benefit from any copyright and therefore can be used by the Le Numéro company. A transactional agreement that took place between PagesJaunes and Le Numéro was approved on 8 March 2007 by the Nanterre Business Court and thus brought this litigation to a close. Through this agreement, Le Numéro recognised PagesJaunes' copyright on the advertisements involved and PagesJaunes makes this information available to Le Numéro in terms of a commercial contract exclusively for the purposes of directory services.
- (v) The Directorate-General of Competition, Consumption and the Repression of Fraud (DGCCRF) is currently conducting an inquiry into PagesJaunes' relations with advertising agencies. Although at the stage PagesJaunes does not have any information that would allow them to know the exact purpose of this inquiry and to appreciate the consequences that may stem from it, PagesJaunes cannot exclude that this inquiry may result in prejudicial consequences for them.
- (vi) PagesJaunes was subjected to a tax audit in the year 2006 for the 2002, 2003 and 2004 fiscal years. The Company received a proposal for a correction from the tax administration on 11 December 2006, covering two points. PagesJaunes Group booked for the first point, pertaining to the non-deductibility of write-offs, additional corporate taxes of €0.7 million. PagesJaunes Group intends however to dispute the second point, representing a claim of about €4.4 million, including

interest. The Company believes that it has powerful arguments to counter these corrections and therefore has not made any provisions to cover this correction. The Company sent its observations pertaining to this to the tax administration in a letter on 10 January 2007.

- (vii) PagesJaunes was sued by an advertising agency (Publicom Méditerranée) in the Nanterre Business Court for abuse of market power, discriminatory practices and unfair practices. It is claiming one million six hundred thousand euros in damages and interest. This case is at the closing arguments stage of the procedure. Although it believes that it has favourable elements, PagesJaunes cannot exclude a sentence in this case.
- (viii) In January 2007, PagesJaunes was summoned to appear before the Conseils de Prud'Hommes of Caen, Marseille and Lille by three employees of the ADREXO company, responsible for delivering its directories in some areas. The plaintiffs are putting forth various claims for back salaries and indemnities and are complaining of a situation of concealed work. They are especially challenging the responsibility of PagesJaunes on the basis of financial solidarity. Since these cases are just starting, PagesJaunes does not have enough information to appreciate the consequences that may stem from them. Although it has powerful argument to respond to these cases, it cannot exclude possible sentences or prejudicial consequences.

In addition, like other companies in this sector, the Group is frequently sued in the courts as part of cases brought based on errors in the publication of the directories and other formats. In general, the financial risk represented by each of these cases is relatively small. However, a multiplication in the number of them could pose a significant risk for the Group. The number of these cases has consistently gone down since 2001 and is stable in 2006. On 30 January 2007, there were 27 of these cases, for a total amount of damages and interest of €2 million. When dealing with these cases, the Group tries to negotiate an out of court settlement, which leads to a significant drop in the final overall cost of these cases. However no assurances can be given that these cases will not have a significant negative impact on the Group's financial position.

To the best of the Company's knowledge, there are no legal, arbitration or governmental proceedings, including all forms of proceedings, whether in suspense or with which they are threatened, that are likely to have, or which have had in the last twelve months, any significant effects on the profitability or financial situation of the Company and/or Group.

## CHANGES IN THE REGULATIONS AFFECTING THE GROUP'S MARKETS

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

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

## LEGAL RISKS ASSOCIATED WITH UNCERTAINTY ABOUT THE EXISTING REGULATIONS

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The application of the existing laws and regulations covering the directory and Internet sector is being clarified in France and in the European Union, and a certain number of draft laws are being examined, particularly in relation to protecting personal information,

confidentiality, responsibility for content, e-commerce, encryption and electronic signatures. These future developments in regulations could have a significant unfavourable effect on the Group's business, results, financial position or its ability to achieve its goals.

## LEGAL RISKS ASSOCIATED WITH THE APPLICATION OF SEVERAL NATIONAL REGULATIONS

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The global nature of the Internet means that the laws of several countries can apply to the Group. Although the Group is established mainly in France, some States or national jurisdictions may require the Group to be subject to their national regulations. The potential

simultaneous applicability of several sets of regulations as well as the cost and regulatory uncertainty which may result could have a significant unfavourable effect on the Group's business, results, financial position or its ability to achieve its goals.

## INTELLECTUAL AND INDUSTRIAL PROPERTY RIGHTS

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The Group cannot be certain that steps taken in France and in other countries to protect its intellectual and industrial property rights, particularly its trademarks, domain names, software and patents, will be adequate, or that third parties will not be able to counterfeit, misappropriate or have its intellectual and industrial property rights cancelled. In addition, particularly 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 these trademarks, any counterfeiting, misappropriation or cancellation could have a significant, unfavourable effect on the Group's business, operating results, financial position or its ability to achieve its goals.

## USERS' PERSONAL INFORMATION

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

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

## RESTRICTIONS ON THE GROUP'S RIGHT TO COLLECT PERSONAL INFORMATION

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The Group must abide by privacy protection laws, including the 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 4.11.1.2 "Protecting Personal Information"). In particular, any restrictions on using software installed on an Internet user's computer when the user looks up information 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 awareness by the public of these questions of privacy and changes in the laws to which the Group must adapt could limit its ability to use such personal information for its business, and more generally affect the perception of the Internet by the public as a market for goods and services. Each of these developments could have an impact on the Group's business, financial position or results.

## USING DOMAIN NAMES

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

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

# 4.4 Market risks

## EXCHANGE RATE RISKS

PagesJaunes Group believes that the exchange rate risk is not significant in terms of its business, because its operations essentially all take place in the euro zone.

## LIQUIDITY RISK

On 24 October 2006, PagesJaunes Group concluded, with a syndicate of banks comprised of seven international banks, bank financing a total maximum amount of €2.35 billion, which includes on the one hand a medium-term senior loan of €1.95 billion, and on the other hand a revolving line of credit for €400 million. The sole purpose of the senior debt was to finance an exceptional dividend of €9 per share paid on 24 November 2006, and was fully drawn upon on 24 November 2006. The revolving line of credit should allow for financing of cash flow (needs in terms of working capital, investment or refinancing) for the Group within the framework of its operational activities and is useable in particular through drawing, issuing or letters of credit or the setting up of bilateral lines. This bank financing was subject to a bank syndicate on 27 February 2007.

The medium-term Senior loan has a maturity of 7 years, with a variable interest rate based on the Euribor reference rate and a maximum margin of 185 basis points, lowered to 175 basis points subsequent to the bank syndicate (with the reserve of adjustments downwards according to the level of the total net debt ratio in terms of an aggregate close to GOM), and is reimbursable in its entirety at term. The revolving line of credit has a maturity of 7 years, with a variable interest rate based on the Euribor or Libor reference rate (in the event a currency other than the euro is used) with a maximum margin of 185 basis points, lowered to 175 basis points subsequent to the bank syndicate (with the reserve of adjustments downwards according to the level of the total net debt ratio in terms of an aggregate close to GOM), and the reimbursement for each drawing occurs at the end of each one of the withdrawing periods. PagesJaunes Group will be liable for a non-utilisation commission calculated at a rate of 0.625% per year on the unused portion of its revolving credit line.

The documentation pertaining to bank financing de PagesJaunes Group includes certain premature payment and default clauses. These clauses

are in particular tied to compliance with operating financial covenants such as the minimum level of hedging for consolidated net interest expense by an aggregate close to the consolidated gross operating margin (GOM) and maximum leverage, measured by the relationship between consolidated net debt and an aggregate close to consolidated GOM.

In relation to the credit agreement dated 24 October 2006, the Group must comply with the following ratios:

- the ratio of consolidated net debt over an aggregate close to consolidated GOM must not exceed 5.25 each quarter from 30 June 2007 to 30 June 2008, 4.85 from 30 September 2008 to 30 June 2009, 4.40 from 30 September 2009 to 30 June 2010, 4.25 on 30 September 2010, 4.00 from 31 December 2010 to 30 September 2011 and 3.75 afterwards (GOM and consolidated net debt such as defined in the contract concluded with the financial institutions);
- the ratio of an aggregate close to consolidated GOM compared to consolidated net interest expense must be greater than or equal to 3.25 each quarter from 30 June 2007 to 30 June 2009, 3.50 from 30 September 2009 to 30 June 2010, 3.75 from 30 September 2010 to 30 June 2011 and 4.00 afterwards (GOM and consolidated net debt such as defined in the contract concluded with the financial institutions).

The ratio of consolidated net debt on 31 December 2006 on consolidated GOM for fiscal 2006 for PagesJaunes Group stands at about 3.8, and the consolidated net interest expense ratio (interest expense incurred between 24 November 2006 and 31 December 2006 annualised over 365 days) by consolidated GOM for fiscal 2006 is approximately 4.3.

## INTEREST RATE RISK

On 24 November 2006, the Company proceeded with an exceptional distribution of an amount of €9 per Company share (*i.e.* a total distribution of about €2.5 billion), taken from the reserve item on the Company's balance sheet.

This exceptional distribution was financed by (i) PagesJaunes Group's available cash on the date of distribution and by (ii) a senior debt for an amount of €1.95 billion contracted by PagesJaunes Group with a bank pool in relation to a credit agreement dating 24 October 2006. Via this credit agreement, the Company has also secured a revolving line of credit for a maximum amount of €400 million to cover its cash needs. It is stipulated that this bank debt is solely at a variable rate.

PagesJaunes Group is therefore exposed to variations in the interest rate. The Group has decided to manage this risk using interest rate hedging techniques for 78% of the amount of the debt over a period of 5 years by concluding an interest rate swap and a tunnel purchase (cap and floor combination) on 30 November 2006.

PagesJaunes Group feels that a 1% increase in short-term interest rates compared to rates observed on 29 December 2006 should not result in a drop in the annual results before taxes of more than €8.1 million.

The table below covers the debt of the PagesJaunes Group (all debts expressed in Euro):

Characteristics of contracted loans	Fixed or variable rate	Total amount of credit	Term	Rate hedging
Senior loan, bullet reimbursement	Euribor variable rate + 175 basis points	€1,950,000,000	24 November 2013	Tunnel (Cap at 4.000% and Floor at 3.000%): €1,140,000,000 Rate Swap (at 3.783%): €380,000,000
Rate Swap (at 3.783%): €380,000,000	Euribor variable rate + 175 points de base	400 000 000 €	24 novembre 2013	-

The table below illustrates the schedule of current assets and the financial debt of the PagesJaunes Group before and after taking interest rate and hedging operations into account

	Variable rates		Fixed rates	
				1 to 5 years
<b>Liabilities <sup>(1)</sup></b>	<b>1,972.8</b>	-	-	-
Assets <sup>(2)</sup>	(55.4)	-	-	-
<b>Net Debt before hedging</b>	<b>1,917.4</b>	<b>0.0</b>	-	-
Hedging <sup>(3)</sup>	(1,520.0)	(1,520.0)	-	-
<b>Net Debt after hedging</b>	<b>397.4</b>	<b>(1,520.0)</b>	-	-

(1) Bank loan (€1,950 million), bank overdrafts (€7.5 million) and other long-term debts (€15.3 million).

(2) Short-term investment exceeding 3 months and less than 1 year (€0.3 million), cash and cash equivalents (€55.1 million).

(3) Nominal hedging (€1,520 million).

## SHARE RISKS

The Company cancelled its liquidity agreement with Rothschild & Cie Banque effective 17 November 2006. Consequently, the service provider managing the liquidity agreement transferred all of the PagesJaunes

Group shares held on that date. The Company is therefore no longer exposed to an equity price risk.



## 4.5 Industrial and environmental risks

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

As far as the activities concerned which are not carried out directly by companies in the Group but are subcontracted, such as printing or distributing the printed directories in particular, the Group only has limited room for manoeuvre to control their environmental impact. Although the Group pays attention to environmental factors when choosing its subcontractors, and has set up policies, in co-operation with its subcontractors, aimed at improving recycling of directories (particularly in the choice of glues and special inks which are easily recyclable), no assurance can be given by the Group that its subcontractors will respect all the regulations which apply in the area of environmental protection.

In terms of the activities which the Group carries out directly, the environmental impact is basically of two types. On the one hand, the risks associated with producing and putting such a large quantity of paper into circulation, and on the other hand, the risks associated with so-called "office" activities, to which comparable companies are subject.

The main environmental impact for the Group comes from producing and putting such a large number of printed directories into circulation. To limit this impact, the Group has put in place a certain number of measures aimed on the one hand at reducing the amount of paper needed for its business, and on the other hand, encouraging recycling of the paper which is used.

### REDUCING THE QUANTITY OF PAPER CONSUMED

In terms of limiting the quantity of paper needed, the Group has implemented the following measures:

- optimising the print run, by a more exact assessment of the number of directories to be published, to make the number of directories delivered better conform to the real needs of consumers;

- optimising directory page layout and formatting, to limit the consumption and loss of paper when the directories are produced.

The level of paper consumption for the publication of the PagesJaunes directory and *l'Annuaire* came to 63,470 metric tons of paper for 2006, compared to 66,732 metric tons of paper for 2005 and 67,141 metric tons of paper for 2004.

### DIRECTORY RECYCLING

At the same time, the Group has carried out a certain number of efforts aimed at more widespread and more effective recycling of the directories produced.

On the one hand, a part of the paper paste used is composed of recycled paper, and on the other hand, a part of the purchased paper is recovered during manufacture and printing of the directories for later recycling. In addition, various recovery and/or recycling actions have also been implemented. The Group has also adopted the so-called "drop-off/pick-up" system which makes directory distributors in the most densely populated urban areas responsible for collecting old directories when the new ones are dropped off. And finally, the surplus directories are subject to recovery/recycling in the same way as the old recovered directories. All the directories so recovered are recycled by companies specialising in waste management. In total, over 25% of the paper purchased can be recycled today.

Parallel to these actions aimed at organising and facilitating the recycling of paper consumed in the manufacture of directories, PagesJaunes has actively participated in the creation of a green-organism, SAS EcoFolio.

This company was created following the publication, in March 2006, of an order setting forth the basics of a financial assistance programme for local and territorial governments in retrieving and recycling used printed material.

PagesJaunes is therefore part of a voluntary policy in contributing financially to this system by paying a green tax to EcoFolio based on the tonnage of PagesJaunes printed directories that are distributed (*l'Annuaire* does not fall within the scope of this green tax, due to its status as part of the universal service).

Thus EcoFolio collects the tax from all publishers that are subject to this tax as per the order of March 2006, and provides financial assistance to local and territorial governments.



## ENVIRONMENTAL IMPACTS ASSOCIATED WITH SO-CALLED "OFFICE" ACTIVITIES

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

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

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

## 5.1 History and changes in the Company

### 5.1.1 CORPORATE NAME AND TRADING NAME

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“PagesJaunes Group”.

### 5.1.2 PLACE OF REGISTRATION AND REGISTRATION NUMBER

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Business and Company Registry number: Nanterre 552 028 425.

Code APE: 741 J.

### 5.1.3 DATE OF INCORPORATION AND TERM (ARTICLE 5 OF THE BY-LAWS)

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The Company was incorporated on 12 January 1897 and registered on 21 February 1955. Based on article 5 of its by-laws, the Company has a term of 99 years which started on 31 December 1954 and will

run until 31 December 2053, unless it is dissolved earlier or extended as provided for in the by-laws.

### 5.1.4 REGISTERED OFFICES, LEGAL FORM AND APPLICABLE LEGISLATION

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

Telephone: 01 46 23 30 00.

Company country of origin: France.

PagesJaunes Group is a limited liability corporation with a Board of Directors subject to the provisions of articles L. 210-1 and following of the French Commercial Code and decree No. 67-236 of 23 March 1967 on business corporations.

### 5.1.5 MAJOR EVENTS IN THE DEVELOPMENT OF BUSINESS

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Today the Group is the leading publisher of directories in France intended for the general public and professionals, available in printed form and on-line (Internet and Minitel). In 2006, the Group published 384 directory editions, distributed 72 million copies and 750,000 professionals used one or more Group publications as an advertising medium to develop their business.

The Group's range of products offered to the general public particularly includes the printed directories (the PagesJaunes directory and *l'Annuaire* in France and QDQ, La Guia Util in Spain), as well as on-line directory services (such as pagesjaunes.fr or QDQ.com). In the professional market, the Group published the PagesPro directories in France. The Group also offers a range of services linked to direct marketing and map services.

#### History and changes in the Group's structure

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

The shareholders in the ODA changed on several occasions until 1998. In July 1998, Havas, which then owned all the share capital in the ODA, sold its holding to Cogecom (a subsidiary of France Télécom). In 2000, before Wanadoo's IPO, France Télécom first transferred some of SNAT's activities (the France Télécom division in charge of publishing the telephone directories) to the ODA, then transferred all ODA's shares to Wanadoo. ODA's name 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 called the Pages Blanches) and the alphabetical search on PagesJaunes 3611 which were retained by France Télécom. Advertising representation as well as all of the design and manufacturing process for *l'Annuaire* and the alphabetical search on PagesJaunes 3611 were however entrusted to PagesJaunes by France Télécom.

Advertising in the directories and the Company 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 (from €1.6 million in 1956 to €1,124.5 million in 2006), was due particularly to its ongoing ability to make permanent adaptations in terms of business and technology. The 1980's saw the successful launch of the PagesJaunes directory as well as the start up of Minitel, a precursor of the advertising model on the Internet. PagesJaunes experienced many technological changes, especially with the adoption of computer aided publishing ("PAO") for all "paper" and "telematic" advertisements in 1990, the changeover to colour in 1995, the launch of Internet services in 1997, and finally the "PagesJaunes 2000" directory which introduced four-colour printing. In addition, the Group has developed its range of advertising services beyond that of the general public directories, with a range of directories intended for professionals (Kompas, 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 Kompas Belgium). These were then admitted for trading to the Eurolist of Euronext Paris on 8 July 2004.

In December 2004, PagesJaunes 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 PagesJaunes Group.

In January 2005, PagesJaunes Group consolidated Editus Luxembourg and Kompas Belgium for the first time. PagesJaunes Group had reinforced its presence in Luxembourg in October 2004 by increasing its holdings from 50% to 100% in the capital of the Luxembourg company Eurodirectory, which holds 49% of Editus Luxembourg. Editus Luxembourg is now consolidated via proportionate consolidation.

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

PagesJaunes Group acquired the Moroccan company Edicom, publisher of the Télécontact directory which operates the Kompas name in Morocco. Edicom has been consolidated since July 2005.

On 20 January 2006, PagesJaunes signed a licensing agreement with France Télécom for using the printed general directory to the benefit of PagesJaunes accompanied by an acquisition agreement for the "*L'Annuaire*" name for a total amount of €12 million. These agreements took effect on 1 January 2006.

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

PagesJaunes Liban was sold on 26 June 2006 to a management affiliate. The sales price was 56,755 US dollars, taking into account the payment by PagesJaunes Liban to PagesJaunes Group of a receivable for an amount of 193,245 US dollars.

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

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

In accordance with the measures of Articles 235-1 to 235-3 of General Regulations of the AMF, Médiannuaire made an irrevocable offer to the shareholders of PagesJaunes Group to acquire, during a period of 15 trading days, between 10 November and 1 December 2006, the PagesJaunes Group shares that would be presented to Médiannuaire within the framework of this standing tender offer.

Following this standing tender offer, Médiannuaire holds 54.8% of the capital and voting rights of PagesJaunes Group.

On 9 January 2007, via its subsidiary PagesJaunes Petites Annonces, PagesJaunes Group launched an on-line real estate and auto / moto small ads service, accessible via annoncesjaunes.fr.

On 14 March 2007, PagesJaunes Group sold its Kompas France and Kompas Belgium subsidiaries to Coface. Coface owns Kompas International, owner of the Kompas name which is operated by Kompas France in France and in Spain, and by Kompas Belgium in Belgium and Luxembourg. This sale is not significant for the Group.

## 5.2 Investment

The Consolidated Group devotes between 1% and 2% of its revenue each year to investment costs, mostly in the computer technology area (operations, networks and office automation), and, to a lesser extent, to set up the installations in the premises occupied for its operations. Investment expenditures are primarily aimed on the one hand at making the pagesjaunes.fr user interface more intuitive, improved use of the wealth of its content as well as improving search result pertinence, and on the other hand at reinforcing the effectiveness of processes

pertaining to defining offers, producing advertisements and more generally editorial management for directories.

Investments for the 2006 financial year include the set up of a licensing agreement for the printed general directory to the benefit of PagesJaunes accompanied by an acquisition agreement for the "L'Annuaire" name for a total amount of €12 million. These agreements were signed on 20 January and took effect on 1 January 2006.

The table below shows the amount and the relationship of consolidated investment for the PagesJaunes Group over the last 3 financial years compared to revenue:

(In millions of euros)	2006	2005	2004
Acquisitions of tangible and intangible fixed assets	18.6 <sup>(1)</sup>	11.8	7.7
As a percentage of consolidated revenue	1.65%	1.12%	0.79%

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

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## 6.1 Main activities and development strategy

### 6.1.1 GENERAL PRESENTATION OF THE BUSINESS

Today the Group is the leading publisher of directories in France. The media published by the Group are intended for the general public and professionals, and are available in printed form and on-line (Internet and Minitel). In 2006, the Group published 384 directory editions, distributed about 72 million copies and nearly 750,000 professionals used one or more Group publications as an advertising medium to develop their business.

The Group's range of products offered to the general public particularly includes the printed directories (such as the PagesJaunes directory and *l'Annuaire* in France and QDQ, La Guia Util in Spain), as well as on-line directory services (such as pagesjaunes.fr and QDQ.com). In the professional market, the Group publishes the PagesPro directories in France. The Group also offers a range of services linked to direct marketing business as well as map services.

#### The Directory: a unique advertising medium

A directory holds a unique position in the local advertising medium market. Found in homes and businesses, it allows a consumer looking for a product or service to quickly find precise and immediately useful information about all the businesses which could meet his needs. This information is enhanced by a certain amount of advertising content which helps the user in his search.

Because of all the information offered, directories are one of the most consulted media by French consumers aged 15 and above looking for a business when deciding to make a purchase. So in 2006, about eight in ten French consumers aged 15 and above used one of PageJaunes' directory services in France at least once during the year. 81% of persons searching in the PagesJaunes directory was followed by a commercial contact. In 59% of cases, this commercial contact resulted in a transaction or a purchase (source: ISL/Crédoc, Directory Consultation Table, 2006 Annual Report – study performed with four samples using 8,000 people, representative of the French population aged 15 and above, carried out at PagesJaunes' request). Therefore, for businesses, directories represent one of the essential means of entering the local advertising market.

In addition, the Group's platforms meet the information needs not only of individuals and businesses on a local level, but also more specific needs of business on national and international levels thanks to the PagesPro range of products, which give information about businesses over wider geographical areas.

#### The Directory: an economic model based on the "virtuous circle"

The goal of a directory is to offer useful, exhaustive information to the greatest number of people in multiple forms. The audience generated when this information is consulted produces income from businesses by selling advertising space, thereby contributing to enhancing the informational content made available to users.

#### European directory market

The European directory market is made up of publishers whose business is mainly geared to their domestic market, where they generally occupy a long-standing leading position. The European directory market represented €7.3 billion in 2006 (source: The Kelsey Group, Global Yellow Pages, February 2007). Apart from the PagesJaunes Group, the main companies active in the European directory market are Yell, Seat Pagine Gialle, Eniro, DeTeMedien, World Directories and European Directories.

In the United Kingdom, Yell published printed business directories under the names Yellow Pages and Business Pages, as well as an on-line directory (yell.com), and also operates a directory enquiry service (1 18 247). In the United States, Yell publishes printed directories under the name Yellow Book and an on-line directory (yellowbook.com). Finally, in 2006, Yell acquired TPI from Telefonica, the incumbent telecoms operator. TPI publishes printed and on-line professional and alphabetical directories in Spain (paginasamarillas.es), as well as a directory enquiry service (1 18 88). TPI is also present in Latin America.

In Italy, Seat Pagine Gialle publishes alphabetical and business directories in printed form and on-line (paginegialle.it). Seat Pagine Gialle is also present outside of Italy, particularly in the United Kingdom where it publishes Thomson Directories, the second largest directory publisher in that market. The group also operates a directory enquiry service via its subsidiary Telegate, in Italy, Germany, Austria, Switzerland, Spain and France, as well as a direct marketing business with its subsidiary Consodata. Finally, Seat Pagine Gialle is the majority shareholder of Euredit, publisher of the Europages directory.

Eniro is a Swedish group that publishes printed and on-line business directories (eniro.se for Sweden). The group is primarily present in Sweden, Norway (where Eniro bought out its counterpart Findexa at the end of 2005), in Finland, Denmark and in Poland. Eniro also operates directory enquiry services.

DeTeMedien, in Germany, is part of the Deutsche Telekom group. DeTeMedien co-publishes, in cooperation with over a hundred local publishers, alphabetical and business directories in paper form, CD-Rom and on line (gelbeseiten.de). The German market is the biggest in Europe.

World Directories is the parent company of several directory publishers including Gouden Gids in the Netherlands, Promedia in Belgium, Golden Pages in Ireland, Paginas Amarelas in Portugal and Pagine Auri in Romania. Companies in the World Directories group publish printed and on-line directories (such as goudengids.nl in the Netherlands and pagesdor.be in Belgium). World Directories is owned by a consortium formed by Apax Partners Worldwide and Cinven Limited.

Finally, European Directories groups together directory publishers in the Netherlands (De Telefoongids), Austria (Herald), Finland (Fonecta), Czech Republic and Slovakia (Mediatel), Denmark and Sweden (TDC Directories). European Directories is held by a consortium led by Macquarie Capital Alliance Group.

The table below gives an estimate of the advertising revenue from the directory market in the main countries of Western Europe in 2006:

Country	Market Size (in millions of euros)	Main Actor
Great Britain	1,458	Yell*
Italy	1,133	Seat Pagine Gialle*
Germany	1,061	DeTeMedien
France	1,041	PagesJaunes*
Spain	476	TPI
Sweden	310	Eniro*
Netherlands	299	Gouden Gids (World Directories)/ Telefoongids Media (European Directories)
Norway	227	Eniro Norge (Eniro)
Belgium	221	Promedia (World Directories)
Finland	180	Fonecta (European Directories)
Denmark	147	TDC Directories (European Directories)
Other countries	792	
<b>EUROPEAN MARKET</b>	<b>7,345</b>	

Source : The Kelsey Group, *Global Yellow Pages*, February 2007.

\* Companies listed on a regulated market on 31 December 2006.

## 6.1.2 DEVELOPMENT STRATEGY

The Group's strategy is based on:

- developing an audience for its services;
- increasing market penetration;
- reinforcing positioning for the "sales relations engine" for its media, especially Internet;
- developing new and innovating products and services;
- continue to improve profitability.

This strategy as a whole is based on the assets of our staff and their ability to expand their skills to include the new technologies and services.

### Developing an audience for the media

The Group believes that developing its audience depends in large measure on a continuing improvement in the distribution of the printed directories, adding to the contents and features of its on-line directories and of its directory enquiry services, developing new services aimed specifically at users on the move and widening the platforms for distributing the Group's services, particularly through partnerships, to make these services accessible to a larger number of people.

In addition, bearing in mind the growing range of information sources which consumers can use, the Group believes that advertising intended to increase recognition of its name and services will remain a priority.

### Increasing market penetration

The Group's markets are not as well covered as the European average. The penetration rate, measured in relation to the number of advertisers that purchased an advertisement in one of the Group's media and the number of businesses and professionals that make up the market potential addressed by the Group, is less in France and in Spain compared to the average for Europe: 21.5% and 13.6% respectively compared to an average of 26.3% in Europe (Source: The Kelsey Group – 2005 – simple European average, excluding Norway).

The Group is therefore continuing its strategy of attracting new advertisers, striving to increase the number of its advertising customers especially in business that have a history of not been sought out as customers by the Group (such as the fashion and non-food retail businesses in the town centre and regulated professions).

This strategy is based on:

- an increase in the sales force in France, striving to finding new customers and rendering existing customers loyal. PagesJaunes SA's sales force changed from 1,558 in 2003 to 1,918 people in 2006 (employees as of 31 December);
- increasing marketing efficiency, particularly by training and encouraging our sales staff, sharing good marketing strategies and optimal distribution of advertisers over the various sales channels.

### Reinforce the position of a “sales relations engine” on Internet

The rapid development enjoyed by Internet in the area of consumption provides the Group with many opportunities for growth. The Group's internet sites (especially pagesjaunes.fr and QDQ.com) are continuing with a growth strategy directed at developing their functionality, enriching their editorial content and optimising connectivity.

One of the purposes of pagesjaunes.fr is indeed to be a “sales relation engine” that favours links between private individuals and businesses, particularly through promotion of direct connections between the two parties, integration of reservation services and the “search near-by” services.

The Group's internet platforms undergo constant change in order to make the user interface more intuitive, make better use of the rich content and thus improve the pertinence of search results. These developments make it possible to increase the attractiveness of the Group's services with users and advertising customers.

### Developing new and innovative products and services

In November 2005, PagesJaunes started a directory enquiry service (118 008) within the framework of liberalization in the market, which became fully effective in April 2006. This new service allows the Group to make its services available across all the platforms in France (print,

Internet, mobile Internet, telephone) and thus increase the audience for its services with its users.

In addition, in January 2007, PagesJaunes launched an on-line real estate and auto / moto ads service via its subsidiary PagesJaunes Petites Annonces created for this purpose. The service can be accessed on annoncesjaunes.fr. Like 118 008, this new business constitutes a relay for growth for the Group as well as an addition to the services offered by PagesJaunes, with on-line classified ads also enhancing the features of pagesjaunes.fr.

Developing such an activity of on-line classified ads, internally, may be accompanied in the future with targeted acquisitions allowing the Group to obtain additional know-how in this area.

### Continuing improvement in the Group's operations management

The Group is aiming to continue a policy of strict cost management by continuously improving the efficiency of its operating processes and optimising the contractual conditions negotiated with its key suppliers, especially within the context of leaving the France Télécom Group which took place in October 2006. This strict management has made it possible, and should make it possible, to finance the investments that were granted by the Group in 2006, and during 2007 and 2008, in order to develop new innovating products and services, while still increasing the usage value and audience for these platforms.

## 6.2 Presentation of the business

### 6.2.1 PAGESJAUNES SEGMENT IN FRANCE

In 2006, the PagesJaunes in France segment had revenue of €1,015.0 million, an increase of 6.2% over 2005, which is 90.3% of Consolidated Group revenue. PagesJaunes' revenue mainly comes from selling advertising space in its printed directories, its on-line services and its directory enquiry service (97.5% of the revenue of the PagesJaunes Segment in France in 2006). Most of the Company's costs are for publishing (buying paper, printing and distributing the printed directories), and marketing and management costs.

#### The advertisers

Most of our advertising customers in PagesJaunes are tradesmen, independent professionals (including the liberal professions) and

small and medium-sized businesses. The potential market targeted by PagesJaunes is made up of 2.9 million businesses (source: Agence des PME, PME: Clés de Lecture. Definitions, Breakdown, Typologies – January 2003 [based on Insee figures December 2001]. Parameters used: Companies in the ICS field [industrial and professional consumer product companies], finance companies, non-merchant companies, legal entities subject to administrative law and private law groupings). In 2006, 638,399 advertisers used at least one PagesJaunes outlet to promote their range of products and services.

In 2006, the top 20 advertisers represented 1.2% of revenue and advertisers in the top 10 professional categories represented 14% of PagesJaunes' revenue.



The following table shows changes in the number of advertisers and the average revenue per advertiser:

	2004	2005	2006
<b>Total number of advertisers <sup>(1)</sup></b>	583,836	619,513	638,399
including new advertisers <sup>(2)</sup>	98,365	112,912	115,101
Printed directory advertisers (PagesJaunes Directory or <i>l'Annuaire</i> )	550,504	575,435	588,325
On-line services advertisers (and as a percentage of the total number of advertisers)	420,941 (72,1%)	445,866 (72,0%)	453,829 (71,1%)
Advertisers on the directory enquiry services (118 008)	0	14,581	68,350
<b>Average revenue per advertiser (in euros) <sup>(3)</sup></b>	1,533	1,528	1,570
<b>Average revenue per advertiser in the printed directories (in euros) <sup>(4)</sup></b>	1,124	1,109	1,112
<b>Average revenue per advertiser in on-line services (in euros) <sup>(5)</sup></b>	605	658	713

<sup>(1)</sup> The number of advertisers includes all the advertisers of the year in question, including those who bought advertising space in PagesJaunes through an advertising agency.

<sup>(2)</sup> Number of advertisers in the year who were not advertisers in the previous year.

<sup>(3)</sup> The average revenue per advertiser is calculated by dividing total PagesJaunes revenue, excluding QuiDonc and access revenue ("Advertising revenue") by the total number of advertisers.

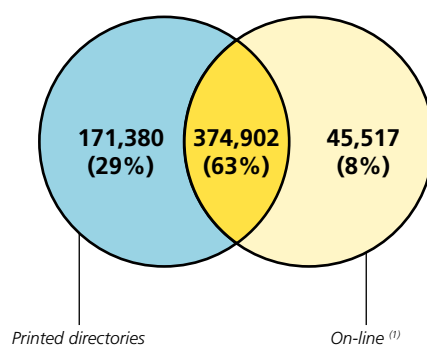
<sup>(4)</sup> The average revenue per advertiser in printed directories is calculated by dividing the PagesJaunes revenue for printed directories by the total number of advertisers in printed directories.

<sup>(5)</sup> The average revenue per advertiser in on-line services is calculated by dividing the total revenue of pagesjaunes.fr, Minitel and the Internet sites by the average number of advertisers on the on-line services for the year in question (an arithmetical average of the number of advertisers on 31 December of the year in question and the number of advertisers on 31 December in the preceding year).

### Advertisers in multiple platforms

Most of PagesJaunes SA's advertisers use both the printed directories and the on-line directories. So, in 2006, 63% of them advertised both in one of the printed directories (the PagesJaunes directory or *l'Annuaire*)

and one of the on-line services (PagesJaunes 3611 or pagesjaunes.fr). The following diagram shows how the advertisers were divided up in 2006 and illustrates the different advertising platforms chosen by the advertisers:



(1) Including advertisers on pagesjaunes.fr (Internet) and/or those on PagesJaunes 3611 (Minitel)

## Loyal advertisers

PagesJaunes has a very high loyalty rate with its advertisers. As such, 84.5% of PagesJaunes' advertising customers in 2005 continued their business relationship with the Company in 2006 (the remaining 15.5% of the advertisers who did not continue their business relationship with the Company included companies who went out of business and Company liquidations). This loyalty rate of advertisers is closely related

to the advertiser's spending pattern with PagesJaunes, which is itself closely related to how long it has been a PagesJaunes customer.

Typically, an advertiser spends more on his advertising with PagesJaunes as his relationship as a customer continues over time. The table below illustrates the growth in average revenue of older customers compared to that of new customers (average revenue per advertiser) over the last 3 years:

(In euros)	2004	2005	2006
Existing customers <sup>(1)</sup>	1,762	1,808	1,837
New customers <sup>(1)</sup>	581	551	581
Total average revenue <sup>(2)</sup>	1,533	1,528	1,570

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

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

## Services recognised by advertisers

Advertisers in PagesJaunes estimates that PagesJaunes brings them about 18% of their customers (source: 2006 satisfaction survey). PagesJaunes SA offers its advertisers a wide range of advertising platforms (print, Minitel and fixed and mobile Internet, directory enquiry services). In fact, PagesJaunes believes that this wide range of platforms is needed to allow advertisers to reach the greatest number of users and respond to changes in use. In addition, PagesJaunes offers a wide range of advertising products (see section relating to different supports) in each platform. Each of these products has its own rate structure.

Businesses wishing to promote their business on one of PagesJaunes's media sign a contract for the lifetime of a particular edition, *i.e.* twelve months, except for some specific on-line advertising products. Payment is handled by making a down-payment when the contract is signed (usually 10% to 20%, depending on the size of the order) and paying the balance later in the two months following the publication of their advertising product.

Several years ago, PagesJaunes set up a system to measure the effectiveness of the PagesJaunes directory for an advertiser. This involves including a telephone number in the advertising product which only appears in that location, which enables the calls so generated to be counted. This measure of effectiveness is more concrete for the local advertiser than the concept of "costs per thousand" (CPM in French) used by most media.

## A recognised trademark and a large audience of users

PagesJaunes owns the trademark "PagesJaunes" which is very well known, and contributes to expanding the audience for its directories. PagesJaunes now has a large audience for all its directory services. So, according to a study, 77.5% of persons surveyed had used at least one of the Company's media for private or professional reasons in 2006. The usage rate for PagesJaunes media in 2006 was 58.0% for the PagesJaunes directory, 57.6% for *l'Annuaire*, 25.5% for pagesjaunes.fr and 5.0% for PagesJaunes 3611 (source: ISL / Crédoc, Directory Consultation Table, 2006 Annual Report - study performed with four samples using 8,000 people, representative of the French population aged 15 and above, carried out at PagesJaunes' request).

## Commercial organisation

PagesJaunes has set up an experienced commercial organisation that is appreciated by the advertisers, to build up customer loyalty and develop a new base of customers. The sales force markets all PagesJaunes' printed directories and on-line services in mainland France and in the four overseas departments (Guadeloupe, Martinique, French Guiana and Réunion). The sales force in the overseas departments is attached to PagesJaunes Outre-Mer, a 100%-owned subsidiary of the Company.

On 31 December 2006, PagesJaunes had a sales force of 1,918 salesmen and women, compared to 1,829 in 2005, divided over three sales channels: telephone sales, field sales and major accounts.

- The telephone sales team has 702 sellers, of whom 394 work on attracting new customers (Télévente Prospects) and 308 work on retaining customers who have advertised in previous years (Télévente Clients) and who have spent about €500 to promote their business on one of the Company's platforms.
- The field sales team has 1,130 sales staff attached to 19 regional agencies. Field sales are devoted to retaining the existing base of advertisers, and to a lesser extent attracting new advertisers. The biggest regional customers are under the responsibility of more experience sales staff that have specific tools and management.
- The major accounts department has 16 sales staff and handles the biggest advertisers in terms of spending or with a big development potential. These are mostly major brands or advertisers with a network of sales outlets.

In addition, the business organisation has a mail-order sales department which has eight employees and, since 2004, field sales teams that concentrate on attracting new customers; at the end of December 2006, there were 62 of these sales staff, divided over 8 sales offices.

Each of these sales channels works together, within a particular geographical area. Dividing customers between the various sales channels optimises customer relations and the direct cost of sales, defined as the compensation paid to the sales staff and management costs. So, in 2006, direct sales costs represented 13.8% of PagesJaunes sales. This percentage may be up to six times higher when attracting a new advertiser.

To make sure it has an outstanding sales force, PagesJaunes is very selective in its recruitment, and offers its entire sales staff continuous training programmes about the products offered and new technologies.

The training programme for newly-recruited sales staff – basically for telephone sales – takes three weeks, alternating between theory and practice.

In addition, the heads of the sales teams regularly perform evaluations on the performance of the sales staff for whom they provide leadership, as well as personalised progress plans. The commission portion of the compensation paid to sales staff depends on the channel in question: for the field staff, 100% of their salary is commission.

PagesJaunes's marketing organisation offers attractive career opportunities and pay increases for sales staff, who generally begin their careers at "Telesales Prospects". The best of them then have the opportunity to move to "Telesales Clients" and then the field sales force, which contributes to the motivation and retention of the PagesJaunes's sales force. So the sales staff, whose average age was 38 at the end of 2005, has worked on average for eight years with the Company.

### Access to data

PagesJaunes uses the subscriber databases of the various telecommunications operators in France, including France Télécom, through database availability agreements. PagesJaunes adds to this information using contacts which the marketing network maintains with businesses.

#### 6.2.1.1 Printed directories

PagesJaunes B to C printed directory business includes the PagesJaunes directory and *l'Annuaire*. This business generated revenue of €654.1 million in 2006, i.e. 58.2% of the Group consolidated revenue in 2006. 588,325 advertisers bought an advertising product in 2006 in the PagesJaunes directory or *l'Annuaire*. In 2006, the PagesJaunes *l'Annuaire* printed directories came out in 273 editions; this figure is up compared to previous years (division of *l'Annuaire* over 10 departments).

These directories appear at intervals throughout the year. The marketing of the advertising space in the directories for a particular year runs from April in the previous year to July in the current year. It takes an average of six months to produce a directory which is scheduled as follows:

- sale of advertising space. The sale of advertising space starts on average six months before the directory is published and mobilises all the sales staff in the department in question. As the marketing process continues, the advertising products are produced by the advertisement production department, and then sent to the advertisers for approval ("print order");
- page layout of the directory. About three months before the date scheduled for publishing the directories for a particular department, PagesJaunes stops selling advertising space in the directories in question and starts to do the page layout. This page layout is done using computer systems by the production department which inserts the advertisements in the personal or business listings; a final check is performed by the same production department;
- printing and binding. The directory is then sent in electronic files to external printers, who use paper purchased directly by PagesJaunes. The finished directories are then sent to distribution platforms located in the department in question;
- distribution. The directory distribution is carried out by external service providers. The quality of the distribution of the printed directories is a key factor in their audience, so PagesJaunes performs audits to qualitatively and quantitatively measure the services provided.

Compensation paid to the providers depends in part on the results of these audits;

- since 2000, the manufacturing and distribution processes of the printed directories, including organisation and management principles, received ISO 9001 certification, version 2000, from AFAQ. The certificate of conformity for this standard, for all of these processes, was renewed at the end of 2005.

### Advertising products in printed directories

The printed directories offer advertisers 3 major types of advertising products:

- listing products: these are advertising enhancements and advertisements called "in column" in the published lists of individuals and businesses. These listing products may take the form of listings (putting the name and telephone number in bold, purchasing additional lines to show additional information such as an e-mail address or website address), or classified in column (in the case of the PagesJaunes directory this often involves information in a box on a yellow background published with the listing);
- impact products: these are advertisements called "outside column" which occupy several columns in the listing on the same page. The dimensions of these advertisements vary from 1/12 to a full page, and they enable the advertiser to show text as well as photos;
- display products: these are mostly covers (2nd, 3rd, and 4th cover pages), inserts, bookmark ribbons and sponsorship of the index, and for *l'Annuaire*, headers. These advertising products, available in limited numbers, require the space to be reserved. The function is close to that of advertising products offered by free or regional publications, or local display products.

To meet advertisers' needs to tell the public about their special promotions, PagesJaunes has also created "Le Chéquier" (chequebook) which is distributed with the PagesJaunes directory and offers the consumer money-off coupons from local advertisers.

#### 6.2.1.1.1 The PagesJaunes directory

Each PagesJaunes directory lists businesses under one of its 1,690 categories depending on the place where the business is located. For each business listed, PagesJaunes shows an entry in the departmental directory where the business is carried out and in general where the corresponding telephone line is installed.

In 2006, the PagesJaunes directory published 134 different editions; these editions were mostly distributed free of charge to private homes and businesses, which represents a total distribution of 28,5 million copies. The PagesJaunes directory is also available for sale from PagesJaunes, upon request, by calling an "Azur" telephone number 0810 810 767. Some of these directories have a cover with advertising for the whole department, some with advertising for a part of the department. This scoping technique enables advertisers to promote their business for a lower cost over a smaller geographical area.

The PagesJaunes directory generated revenue of €528.8 million in 2006, which is 47.0% of the Consolidated Group revenue for 2006. Almost all of this income is from advertising contained in this directory.

The costs associated with the PagesJaunes directory come mostly from publishing costs (buying paper, printing and distributing the directory) and marketing and management costs.

### 6.2.1.1.2 L'Annuaire

In 2006, PagesJaunes issued 139 departmental editions of *l'Annuaire*, distributed free of charge to private homes and businesses, excluding individuals with Minitel, which represents a total distribution of 27.8 million copies. It is also available for sale from PagesJaunes upon request.

France Télécom, the publisher of this directory, has given PagesJaunes the task of finding advertising customers, designing and producing the advertising material to be included in *l'Annuaire*, in an agreement dated 30 June 1967, replaced by an agreement dated 15 November 2002, valid until 31 December 2009. France Télécom has also assigned the production, manufacture and distribution of *l'Annuaire* to the Company, in an agreement dated 26 June 2000, in effect until 31 December 2005, and automatically renewable for the same length of time as the original agreement.

PagesJaunes prospects for customers and bills advertisers in *l'Annuaire*. The advertising revenue billed to advertisers by PagesJaunes is fully accounted for in the PagesJaunes revenue figures.

Under the regulations applicable to universal directory services for the printed and electronic directory, and directory assistance services, the France Télécom Group made a bid to publish printed and electronic directories, and provide directory assistance services, stating that the printed universal directory would be subcontracted to PagesJaunes. In a decree dated 3 March 2005 by the Ministry of the Economy, Finance and Industry, France Télécom was in particular appointed as sole operator of this universal directory service: France Télécom thus publishes a directory, in printed and electronic format, and operates a directory assistance service, in accordance with the technical specifications for the universal directory service and directory enquiries service resulting from said decree.

Subsequent to this appointment, on 20 January 2006, PagesJaunes signed an operating licence agreement for the printed universal directory to the benefit of PagesJaunes, accompanied by an acquisition agreement for the "*L'Annuaire*" name for a total amount of €12 million. These contracts took effect on 1 January 2006.

In order to improve the satisfaction level of those who consult the directories and the effectiveness of the advertisers' investments, PagesJaunes SA decided to reposition *l'Annuaire* in 2006 using a new advertising and editorial offer:

- new division of large-size departments into major living areas;
- new range of advertising products;
- increase distribution.

*L'Annuaire* produced revenue of €125.4 million in 2006, which is 11.2% of the 2006 Consolidated Group revenue.

### 6.2.1.2 On-Line Services

PagesJaunes's on-line services represent an increasingly important part of its business and stands at a high level when compared to most European directory publishers, on a revenue basis as well as from an audience standpoint. These on-line services underwent development starting in 1985 with the launching of PagesJaunes' first electronic directory on Minitel. The on-line services offer of PagesJaunes was then enriched in 1997 with the launching of the pagesjaunes.fr Internet site. An initial version of pagesjaunes.fr intended for mobile Internet (accessible from mobile phones) was put on line as early as December 2000.

PagesJaunes also publishes a range of fee-paying directories for the user, grouped together under the name Quidonc, and since 1997 has been developing an additional business of creating and hosting Internet sites.

In 2006, PagesJaunes's on-line services generated revenue of €320.7 million, which is 28.5% of the consolidated Group revenue for 2006 and 31.6% PagesJaunes SA's revenue. In 2006, 453,829 advertisers were customers of the Company's on-line services. Most of the revenue comes from pagesjaunes.fr products which represents 79% of this total. The remaining 21% is divided between PagesJaunes 3611 which is down substantially and the website creation and hosting business which has had substantial growth resulting from the "Know more" standardised sites.

The following table shows recent changes in the number of searches in PagesJaunes's on-line platforms:

(In millions per month)	December 2005	December 2006	Variation Dec 2005/ Dec 2006
PagesJaunes 3611*	10.7	7.8	-27.1%
Pagesjaunes.fr**	48.7	60.0	23.2%
<b>TOTAL</b>	<b>59.4</b>	<b>67.8</b>	<b>14.1%</b>

\* Source: PagesJaunes. Number of requests made using the search centres on the PagesJaunes 3611 servers.

\*\* Source: Médiamétrie-eStat, in number of visits.

### 6.2.1.2.1 Pagesjaunes.fr and Internet sites

At the end of December 2006, 363,741 advertisers had an on-line advertisement on line on pagesjaunes.fr which is 24,188 more compared to the end of December 2005 and 53,453 Internet sites were on line, which is 15,933 more compared to the end of December 2005. Revenue in 2006 for pagesjaunes.fr and the website creation and hosting business was €280.0 million.

#### Pagesjaunes.fr on Internet

The pagesjaunes.fr internet site is one of the top sites in France in terms of audience. Sporting a rate of 41.86% in December 2006 (source: Médiamétrie/NetRatings Panel France – home and/or workplace – excluding Internet applications – December 2006) and more than 10 million unique visitors, the pagesjaunes.fr site holds 6<sup>th</sup> place among French sites. In terms of visits, figures went up substantially in 2006: 720 million visits in 2006 compared to 538.4 million visits in 2005 and nearly 6 billion pages were viewed (source: Médiamétrie-eStat 2006). The pagesjaunes.fr site can also be accessed from the major sites for French audiences (Orange, Voilà, MSN, Yahoo, Aol). Access from all of these portals and sites combined represents about 8% of pagesjaunes.fr's audience in terms of number of pages viewed (source: Médiamétrie-eStat, November 2006).

The site provides a set of innovating services which have evolved over the years:

- searching for a business or an individual using refined search criteria such as the business, name, address, location or department of the business or individual sought. Users performing a search can also access maps for all towns in Metropolitan France and over 4 million photos of 25 towns to find the business or individual being sought. In addition, PagesJaunes has 1 million photos of 6 Spanish cities. These additional services are offered by PagesJaunes in partnership with its subsidiary Mappy;
- a service called "Searchnear-by". Created in January 2004, this enables any Internet user, based on a simple address or a category of businesses being sought, to get a list of these businesses close to the address given, as well as a map of the area with the pagesjaunes.fr advertisers highlighted. This service was extended progressively and now covers all of France;
- an aerial photograph service provided by IGN, covering all of France, was launched in May 2006 and was immediately successful. Among other things, this service allows the user to search for a professional or individual then to position the search results on an aerial photograph and on a map with the possibility of switching between them;
- also in September 2006 an experimental launch was carried out for a service making it possible to represent a town in three dimensionally. This service is available for Paris and Rennes. A professional can be searched and located on a 3D representation of the city;
- the "Ville en direct" service. With this service that started in February 2005, PagesJaunes provides Internet users with useful information that is updated in almost real-time on all of the cities in France: current weather conditions and a free 10-day forecast, traffic conditions in Ile-de-France and on the motorway networks, over 200 webcams distributed across France, sorted into 4 themes "the beach", "the mountains", "the city" and "traffic", as well as cinema schedules in partnership with Allociné and show schedules in partnership with FNAC;
- the "Click to talk" service was launched in November 2005, and allows a user to call a business free of charge either from his computer

using "Voice over IP", or using his telephone through a system called "call back". This offer is proposed to advertisers who have subscribed to 3-line module type advertising on pagesjaunes.fr;

- a private space called "Espace Perso". Created in 2003, "my personal space" is a free service which allows individuals or businesses who wish to add active links to their information in pagesjaunes.fr. These links enable Internet users to send a text message or an e-mail directly without the subscriber's mobile telephone number or e-mail address being revealed. Espace Perso answers the Internet users' desire to be easily contacted, while keeping their personal information confidential;
- access to the reverse directory "QuiDonc". This reverse directory is specifically described in section "6.2.1.4.2 QuiDonc";
- the possibility of rapid access to over 200 directories on line all over the world and to get information about a company in another country for example. This service is offered free of charge to users of pagesjaunes.fr.

2007 should see a considerable number of innovations especially with the revamping of the pagesjaunes.fr site, new features and continuation with the changes in mapping services, in particular with publishing high-definition aerial photographs for a part of the country.

#### Advertising products on pagesjaunes.fr (Internet)

The advertising products offered on pagesjaunes.fr, specially developed for the Internet, enable advertisers to take advantage of additional space and functionalities to get their message to their customers and prospects.

Beyond the listing products, also present on PagesJaunes 3611, the advertising products on pagesjaunes.fr may be classified in two main categories:

- impact products, particularly modules and other products which may be accessed from an icon on the hit list beside the information about the advertiser: the link to the site (enabling Internet users consulting pagesjaunes.fr to go to the advertiser's site in one click) and opening information allowing the advertiser to display his opening times;
- display products, which appear on hit lists or on the home page of pagesjaunes.fr (headers, banners and totems) which can be clickable, to access the advertiser's site. For these display products, the advertiser may choose a local advertisement: the advertising product will appear each time a request is made for a particular town or department, enabling the advertiser to benefit from an advertising campaign resembling a local display campaign. The advertiser is also offered the option of theme-based advertising: the advertising product will appear each time a request is made for a particular town or department or for a particular type of business. Since September 2006, it has also been possible to display aerial photographs which can be purchased for exclusive publication during one week;

In search by category, businesses who have bought an advertising product appear before the non-advertising listings. For the advertisers, the order of appearance in the hit lists rotates so that all advertisers get the same visibility.

PagesJaunes also offers advertising on the mobile Internet, made up of an image and text of one to three lines, which allows the advertiser to advertise on all mobile phones with Internet access.

This range of platforms and products enables the Company to offer a pricing structure within the reach of all advertisers, whatever their advertising budget.



### Pagesjaunes.fr on mobile telephones

Pagesjaunes.fr for mobiles was started in December 2000. The service is now available on the portals of the various operators, under its own name. It is also available on the Gallery portal. Mobile users can also access it directly via the pagesjaunes.fr url.

With an audience of 828,000 visits in December 2006 (source: Mobivillage), the service progressed substantially during the year 2006. Most of this progression can be attributed to searches becoming free of charge for users, since the service has no longer been subject to extra charges since May 2005. The business model retained by PagesJaunes is that of distribution free of charge and advertising sales, as with most of the group's platforms.

### Website creation and hosting

PagesJaunes offers businesses a website creation and hosting service to promote their business on a website. Offering website creation and hosting is a natural extension of the relationship with the advertiser, which strengthens PagesJaunes's customer retention strategy. This service is offered throughout the country by the whole field sales force.

PagesJaunes's service mostly comprises registering the domain name, creating the website, hosting, regularly updating the site and on-line help. All these activities are carried out directly by PagesJaunes, including the hosting activity which was made an internal activity in November 2004.

This service was enhanced in November 2004 by a new product called "Know more". This new product uses a very standardised production process which reduces both production costs and the tasks performed by the marketers to sell this type of product. This simplification also allows Televente to offer this product to its customers. Low-end range sites have made it possible for PagesJaunes to record strong growth in the number of sites created and hosted for its customers. The number of on-line sites indeed increased from 37,520 on 31 December 2005 to 53,453 on 31 December 2006. Some options to enhance the "En Savoir +" range were added in 2006. These are audio flash messages that allow the advertiser to interactively record a vocal message, or "clip+" which entails a 30 to 60 second video and product catalogue.

The income from this business comes from billing for design costs, flat fees for services and marketing additional options, and for the "En Savoir+" product, an annual fee for a package which includes creating the website, hosting it and listing it on pagesjaunes.fr; this latter item is booked under pagesjaunes.fr earnings.

#### 6.2.1.2.2 PagesJaunes 3611 (Minitel)

is an electronic telephone subscriber.

search service, accessible by Minitel. PagesJaunes 3611 gives continuous access to the Company's database, which is updated every day. Users can search for businesses or individuals in all departments of France, by name (alphabetical search) or by business. For the user, the first three minutes of the search are free; after that a fee is charged for the service.

PagesJaunes, publisher of PagesJaunes 3611 business searches, retains all the advertising revenue from business listing products. France Télécom, the publisher of PagesJaunes 3611 alphabetical searches has assigned PagesJaunes with all the tasks involved in advertising representation and production and publishing of this directory. For advertising representation, (Section "6.4.2 Advertising representation agreement"), PagesJaunes receives payment based on an agreement. The amount of advertising invoiced to advertisers on PagesJaunes for

advertising space in the alphabetical searches on PagesJaunes 3611 is fully accounted for in PagesJaunes' revenue. PagesJaunes then pays France Télécom the part of the revenue which is over and above its commission for advertising representation.

PagesJaunes 3611 represents a diminishing share in the audience and revenue of PagesJaunes; revenue stood at €40.8 million in 2006.

#### 6.2.1.3 Voice and Services

Within the framework of the liberalisation of the directory enquiry services market that came into effect on 3 April 2006, PagesJaunes opened a directory enquiry service, 118 008 PagesJaunes, on 2 November 2005.

The service is available 24 hours a day, seven days a week, from a land or mobile telephone, in metropolitan France and allows all types of searches to be made:

- search for individuals;
- search for businesses by name, brand or activity;
- reverse searches;
- "searchnear by" in order to locate the businesses that are closest to a particular address, section of town, company name or even a point of interest (underground station, museum, cinema, etc.).

Customers can run several searches during the same call at no additional charge. The 118 008 service also provides access to innovating offers called "Services Plus", from any fixed or mobile operator:

- the caller can be connected directly with the requested contact, except for foreign numbers, overseas departments and some special numbers;
- the information can be sent via a text message to a mobile phone: this is automatic for calls made from a mobile phone, and when requested by the caller for calls made from a fixed line;
- a map, itinerary and photo that corresponds to the address can be sent;
- information can be sent by email, if the caller so requests.

In addition, customers can access information about cinema schedules programmes (search by cinema, town, film, with times indicated), within the framework of a partnership with Allocine.

PagesJaunes uses several call centres based in France 80 as to be as close as possible to its customers. These centres are external with a high-performance computerised telecoms platform and external, a database that is as complete as possible, combining information on customers from fixed as well as mobile operators if they desire to provide the information.

PagesJaunes is planning to develop many offers progressively, that will add to the information provided to users:

- send the information via a multimedia message with a locator map in order to find the sought-after address even more easily;
- enriched editorial content with for example hotel selection according to the number of stars, etc.;
- possibility for advertisers to optimise the quality of the information available to them by providing for example the days and times that their business is open.

PagesJaunes's 118 008 directory enquiries service is based on a mixed business model that combines revenue from the customers that use the service (the service is provided to the caller for a fee) and the insertion of advertisements sold by PagesJaunes's sales team to the advertisers.

PagesJaunes has signed in February 2007 a call management agreement for 118 007 with Allo Bottin.

### Advertising products on PagesJaunes 118 008

PagesJaunes has developed advertising products specifically for the 118 008 directory enquiries services:

- "À vos marques et enseignes" listing: this advertising offer allows the advertiser to be found via any name (brand, company name, corporate name) and according to his various activities;
- "Maxi Audience" offer: this advertising offer sorts the advertiser into a priority listing when the search is made by activity their town;
- "SMS Publi-Infos" offer: this advertising offer allows the advertiser to include a message with sales or practical information along with his contact information in the text message that is sent by 118 008 to the caller's mobile phone.

### Sale of On-Line Access to Databases

PagesJaunes has also operated a search access business since 1 January 2002, when this business was purchased from Intelmatique, a subsidiary of France Télécom. This business covers the development, set up and sale of on-line, real-time search access to the database of France Télécom landline telephone subscribers (excluding competitors) and the databases of foreign operators (19 European countries, the USA, Canada and Australia).

In application of a decision made by the Competition Council on 12 September 2003 against France Télécom, the prices charged for this business were reduced so that they are strictly geared towards covering costs.

The business of selling on-line access to databases experienced a drop in 2005. PagesJaunes has planned to discontinue this business at the end of April 2006.

## 6.2.1.4 Others

### 6.2.1.4.1 PagesPro

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

The PagesPro directory is sent free of charge to companies appearing on a distribution list created by PagesJaunes which includes businesses selected based on the type and size of their business. Prior to distribution, PagesJaunes contacts each of these businesses to find out the format (printed or CD-Rom) in which they would like to receive the directory.

Most of this income is from sale of advertising space in the PagesPro directory. 25,300 businesses used one of the PagesPro directory services in 2006 to advertise.

### Printed PagesPro Directory

In 2006, the printed PagesPro directory listed 304,800 businesses, selected based on type (which must be geared to other businesses)

and their size (a minimum number of staff is set for each type of business).

Five regional versions are published each year: Northwest, Southwest, Southeast, Northeast and Île-de-France. The PagesPro directory contains a lot of information about the businesses listed:

- contact information with the company name, address, telephone and fax numbers, how many employees it has, e-mail and website address;
- information about the company's business such as its main activity, products and services.
- In 2006, about 284,600 copies were distributed.

### The PagesPro Directory on CD-Rom

In 2006, the PagesPro directory on CD-Rom listed 535,300 businesses. The search is simplified for the user by two choices: a free search or a search filtered by business, APE, NAF or SIRET/SIREN code, by name, geographical area or by size. The contact facility on the CD-Rom allows a user with an Internet connection to send e-mail messages to the company and to look at its website(s). The user can also use the autodial system for telephone or fax.

In 2006, about 460,000 copies were distributed.

### Pagespro.com

The PagesPro directory is also available free of charge on the Internet (pagespro.com) with a database of 556,100 businesses all over the country. The information available to Internet users is enhanced, compared to the printed or CD-Rom PagesPro directories, by information bought from third parties (such as financial information about the companies and information about economic trends in this business sector). Searching for a business using the pagespro.com site is facilitated by having four main search modes available: by company name, by business, by NAF or by SIRET/SIREN code. The search can also be refined using geographical criteria: region, department, locality or address. The Internet user also has an additional interactive service providing him with a map and itinerary to reach the business's physical site.

### 6.2.1.4.2 QuiDonc

Created in 1998, the QuiDonc reverse directory lets a user find a business or individual in France based on a telephone or fax number. This directory also allows searches by name or a business or individual anywhere in France.

QuiDonc is available from Minitel (3617 QuiDonc), on an Audiotel server, by telephone at 3288 (voice server), by a text message sent to 61800, by interactive television (TPS line-up) as well as using services offered by mobile telephone operators.

QuiDonc is also accessible directly over the Internet (quidonc.fr.), on the pagesjaunes.fr site, and is also available as a fee-paying service on wanadoo.fr and voila.fr as well as other user sites.

The QuiDonc service is a fee-paying service. On the Internet payment is secured and the cost of a search is not calculated based on the amount of time used as on Minitel and Audiotel, but by search. All the income from the "QuiDonc" business comes from payments made by users.

### 6.2.1.4.3 Europages

Europages is a directory available on CD-Rom and via the Internet that lists 700,000 companies selected based on the size of their import-export activity in all sectors of business, in about 38 European

countries. The Europages directory provides the addresses, telephone and fax numbers, e-mail and website addresses of the companies listed. The printed and CD-Rom directories are distributed free of charge to 664,000 businesses all over Europe, selected based on their type of business, size and export capacity.

Europages is a registered trademark of Euredit, a subsidiary of the Seat Pagine Gialle group. PagesJaunes is responsible for the advertising representation in France of the Europages formats (print, CD-Rom, Internet) based on a contract with Euredit renewed on 30 May 2000, which sets the conditions for advertising representation for the 2001 to 2006 editions.

Under the terms of this contract, PagesJaunes has agreed for the length of the contract and for a period of two years after its termination or expiration not to (a) operate in France as the advertising representation

for a business database or a business directory distributed in at least two countries in the area comprising the European Union and Switzerland or (b) to participate in the creation of such a database or directory, or to become a shareholder or partner in a business which publishes or distributes such a directory or database in France, with the stipulation that these restrictions do not apply to the representation or publishing businesses operated by the Group prior to 30 May 2000. In addition, the contract allows the publisher to terminate the contract if PagesJaunes no longer exclusively prospecting for advertising customers in France Télécom national directories.

In accordance with the measures provided for, PagesJaunes gave notice of termination on 1 August 2005, thus effectively ending the contract on 30 September 2006. The marketing process for the 2007 edition of Europages is therefore not provided by PagesJaunes.

## 6.2.2 INTERNATIONAL & SUBSIDIARIES SEGMENT

Over and above publishing general public directories in France, which represents the largest share of its business today, the Group is present in 2006 in three activities that make up the International & Subsidiaries Segment:

- publishing general public directories (B to C directories) outside France;
- developing complementary activities to the directory publishing business, such as map and database services and on-line classified ads;
- Kompass products and services.

The Group currently publishes B to C directories in Spain Luxembourg and Morocco.

In addition, PagesJaunes has developed activities that complement its directory publishing business, with Mappy's mapping services, PagesJaunes Marketing Services' direct marketing services and, since 2006, the creation of PagesJaunes Petites Annonces.

Finally, in 2006 the Group operated the Kompass brand via its Kompass France subsidiaries (for France and Spain) and Kompass Belgium (for Belgium and Luxembourg). On 16 February 2007, PagesJaunes Group announced that it was in an advanced stage of negotiations with Coface to sell it Kompass France and Kompass Belgium.

The International and subsidiaries segment represented total revenue in 2006 of €117.2 million, which is 10.4% of Consolidated Group revenue. PagesJaunes Group's goal is to profitably develop these businesses, which constitute a potential for additional growth and a natural extension of its directory publishing business in France.

### 6.2.2.1 B to C Directories

#### 6.2.2.1.1 QDQ Media

The QDQ Media company was created in 1997 to turn part of the development potential of the Spanish market (low directory penetration, small presence in the advertising market compared to the other European markets) into a differentiated and more modern product. QDQ Media was purchased by Wanadoo in April 2001 and then sold to PagesJaunes Group in April 2004.

QDQ Media currently offers printed directories, on-line services as well as a directory enquiries service. To market advertising space in these platforms, QDQ Media has developed a sales force and telephone marketing, which together represent about 460 people. The field sales force is separated into 7 agencies: Centre, Catalonia, North, Northwest, Castille/Canaries, Andalusia and Levant. Each agency manages between seven and eleven directories. Telephone marketing consists of three platforms: Madrid, Barcelona and Saragossa.

QDQ creates the database from public sources enhanced by information gathered in the field. In addition, QDQ Media gets free access to the databases of subscribers of the various operators due to a decision made by the Spanish Telecommunications Market Commission on 7 November 2002.

QDQ Media is now the second directory publisher in Spain in terms of revenue. 80,245 advertisers used QDQ Media in 2006, generating revenue of €45.2 million, corresponding to 4.0% of the Consolidated Group revenue. QDQ Media's income basically comes from selling advertisements in its printed and on-line directories. QDQ Media offers its advertisers a wide array of advertising products to best meet their different needs. The main costs of QDQ Media are publishing costs (buying paper, printing and distributing the directories), plus marketing and administrative costs.

#### Printed Directory: QDQ, La Guia Util

The printed directory called QDQ, La Guia Util ("The Useful Directory") lists businesses under categories. Under each category, the businesses are classified according to town, district in the town or in alphabetical order, depending on the business and directory in question.

The first five QDQ, La Guia Util directories were launched in 1998 in the province of Madrid. Today, QDQ Media publishes 70 printed directories which come out each year and cover almost all of Spain. They are distributed free of charge to private homes and companies. 15 million copies of QDQ, La Guia Util were distributed in 2006.

Like the PagesJaunes in France, QDQ Media sells advertising space, designs advertisements for its advertisers, lays out the directories and has the printing and distribution handled by third-party suppliers, taking advantage of agreements negotiated by the Group.



30% of the Spanish population aged 16 and above said it had used a QDQ, La Guia Util directory over the previous twelve months (source: IPSOS, January – December 2006). The older directories are the best established and their audience is sometimes close to that of Páginas Amarillas, as is the case in the province of Madrid where the directories are in their eighth or ninth editions.

The printed directories represented about 88.7% of total revenue for QDQ Media in 2006.

### On-Line Services

QDQ Media launched the QDQ.com site in 2001 to offer users the possibility of searching for businesses on the Internet. The QDQ.com site has developed particularly by offering Mappy's photograph and mapping services. Photographs of Madrid, Barcelona, Valencia, Seville, Santiago de Compostela, Santander and Valladolid have been very successful with users and have contributed to a significant increase in the audience for the QDQ.com site.

Since 2003, QDQ.com has included QDQ Blancas, the first Spanish directory to contain the details of all telecommunications operators (subscribers who did not decline to be included for landline telephones, or who have given their consent in advance for mobile telephone subscribers).

The QDQ.com website received an average of 1.88 million visits per month in 2006 (source: OJD www), which is an increase of 12% compared to 2005. QDQ Media's Internet directories generated about 19.2% of company revenue in 2006.

### Operator services

QDQ Media launched an enquiries service in July 2004: number 11875. This service uses QDQ Media's database and has gradually been made accessible on the networks of the main telecom operators in the second half of 2004. In 2006, 11875 represented less than 1% of QDQ Media's revenue.

#### 6.2.2.1.2 Editus Luxembourg

Since its creation in 1995, Editus Luxembourg has been the publisher of the official P&T Luxembourg directories. The Company is 49%-owned by Eurodirectory and 51% by P&T Luxembourg. PagesJaunes Group owns 100% of the share capital of Eurodirectory, a holding company, since it bought the 50% previously owned by Seat Pagine Gialle in October 2004. In 2004, Eurodirectory was consolidated by the equity method into the Group's accounts: it has been consolidated by proportional integration since 1 January 2005. Based on a shareholders' agreement between Eurodirectory and P&T Luxembourg signed on 6 July 1995, Eurodirectory and P&T Luxembourg appoint the same number of Directors, with the Chairman of the Board fulfilled by a director appointed by P&T Luxembourg.

Editus Luxembourg offers users printed and on-line directories. The details of individuals and businesses listed in these directories basically come from P&T Luxembourg's databases. Editus Luxembourg's income comes from its sale of advertising in these printed and on-line directories amounting to about 13,200 advertisers in 2006. Editus Luxembourg's main costs are publishing costs (buying paper, printing and distributing the directories) and commercial costs.

### Printed Directories

Editus Luxembourg publishes *l'Annuaire Professionnel*, a directory by category, comparable to the PagesJaunes directory in France, and *l'Annuaire Téléphonique*, which is alphabetical. Each directory is produced in a single edition for the whole country and is distributed

to private homes and companies in Luxembourg. The company also publishes *l'Annuaire Internet* as well as *l'Annuaire B to B Luxembourg & Grande Région* which covers the Saar, the Palatinate, Lorraine, Belgian Luxembourg and the Grand-Duchy.

In addition, Editus Luxembourg publishes *Habiter*, a real estate ad magazine.

### On-Line Services

Editus Luxembourg's directories are also accessible on the luxweb.com site which, in addition to the directories, also offers portal services. luxweb.com received an average of 562,000 visits per month in 2006 (source: MétriWeb), which is an increase of 21% compared to 2005.

#### 6.2.2.1.3 Edicom

In June 2005, Edicom, primary publisher of directories in Morocco, was acquired by PagesJaunes Group from Atlas Services Belgium, a subsidiary of the France Télécom Group in June 2005. Edicom has been consolidated into the Group's accounts since July 2005. Edicom is the result of a merger, in the first half of 2005, of five companies that had been acquired by the France Télécom Group in 1999 and 2000.

Edicom publishes *Télécontact*, a business directory sorted into sections that are comparable to those of PagesJaunes in France, of which about 130,000 were distributed in 2006.

The *Télécontact* service is also available on the Internet on the telecontact.ma site.

Finally, Edicom also operates the *Kompass* name in Morocco (see Section. "6.2.2.2. Kompass Activities"). Edicom published two printed directories: *Kompass national* and *Kompass Textile*, and also operates the *kompass.ma* website.

#### 6.2.2.1.4 PagesJaunes Liban

PagesJaunes Liban was sold in June 2006. The company was not consolidated into the Group's accounts due to its low amount of revenue.

### 6.2.2.2 Additional Activities

Direct marketing activities and map services generated €27.5 million in revenue in 2006.

#### 6.2.2.2.1 Marketing direct

Created in 1999, Wanadoo Data acquired e-sama in February 2005. Wanadoo Data took the name PagesJaunes Marketing Services during the absorption of e-sama that took place in March 2006. PagesJaunes Marketing Services brings together all of the know-how in direct marketing, from designing customer relationships and management systems to multi-outlet marketing campaigns, including externalised database management. PagesJaunes Marketing Services offers a complete set of engineering services pertaining to marketing database handling (standardisation for mailing, removal of duplicates, removal of expired address and adding new addresses, enhancement, decisional and statistical analysis) and in operating databases in real-time (hosting). In addition to these activities, PagesJaunes Marketing Services offers multi-outlet customer relationship management and direct marketing services (multi-outlet contact centres, call centre, automated text message and email dispatching platform, mass mailing print-outs, routing, payment and returns management).

PagesJaunes Marketing Services has about 1,420 customers, the main ones belonging to the telecommunications, electricity, banking and

insurance, press and publishing, automobile and company service sectors.

The revenue of PagesJaunes Marketing Services comes from billing for the databases sold and engineering and hosting/CRM services provided. PagesJaunes Marketing Service's costs come mostly from buying data and production costs, which are basically staffing costs.

#### 6.2.2.2.2 Map Services

Mappy is now an important player in the on-line mapping services market. Mappy was bought by PagesJaunes Group from Wanadoo France in April 2004.

Mappy's business is based on on-line mapping services (map display, drawing itineraries, nearby searches, map representations), which are natural complements to the on-line directories and contribute to developing their audience.

Mappy acquires raw map data from third parties and integrates it into its own technological platform, which enables it to create services such as map display, drawing itineraries and nearby searches. These services are sold to businesses and incorporated as a "white label" into their Internet/Intranet websites. They enhance the pagesjaunes.fr and QDQ.com directories. They also lead website users to the closest shop or let them follow fleets of vehicles on the screen. Mappy also makes these services available to the general public with mappy.com, accessible on the fixed and mobile Internet. Mappy also creates photographic databases of whole towns, which can display the front of the building where most addresses are located, and, connected to Mappy's on-line mapping services, makes it possible to take a virtual walk in the towns covered by the service. These photographic databases enhance pagesjaunes.fr, QDQ.com and luxweb.lu and are also marketed to Internet portals, companies and local authorities. Mappy's photographic databases include 34 towns (26 in France, 7 in Spain and 1 in Luxembourg), with more than 6 million photographs and nearly 1.5 million addresses.

Mappy wants to position itself in the navigational services market, which is a natural extension to its know-how. In this context, Mappy launched a PND (Portable Navigation Device) in November 2006, manufactured by a third party and sold initially on the mappy.com Internet site.

Mappy's revenue comes mostly from two sources: income from the mappy.com audience (sales of advertising space and commercial intermediation services) and selling services for businesses (map applications, itineraries, nearby searches, photographs of towns). Mappy's costs are mostly staffing costs, data acquisition costs (maps, content, etc.) and costs pertaining to its proprietary platform (servers, bandwidth, etc.).

#### 6.2.2.2.3 On-line classified ads

In January 2007, PagesJaunes launched an on-line classified ads activity via its PagesJaunes Petites Annonces subsidiary. The service can be accessed from the annoncesjaunes.fr site.

This new business for the Group is a relay for growth as well as an addition to the services offered by PagesJaunes, with on-line classified ads also enhancing the features of pagesjaunes.fr.

The Group is therefore aiming for profitable diversification, capitalising on its know-how in order to develop in this high-growth market of on-line classified ads.

In addition, this new activity is also in line with the Group's strategy to develop its audiences thanks to enhancing content and features on its platforms, and with the PagesJaunes' desire to strengthen its

positioning as a "sales relations engine", encouraging contact between individuals and professionals.

Opened to the public in January 2007, annoncesjaunes.fr offers user a wide array of auto-moto and real estate ads, an innovating search interface and in particular, thanks to the integration of Mappy services, particular attention given to mapping. At the end of January 2007, Annoncesjaunes.fr had nearly 200,000 real estate ads and nearly 60,000 auto / moto ads.

PagesJaunes Petites Annonces should start generating revenue in 2007; this revenue will primarily come from subscriptions taken out by professionals (especially real estate agencies and car dealerships) in order to distribute their service offering on annoncesjaunes.fr, and from the sale of advertising on the site.

#### 6.2.2.3 Kompass Activities

The Kompass concept is a world business database system using a detailed classification system with 53,000 products and services, owned by the company Kompass International, and constantly updated with value added data. Kompass information includes details about 2 million companies as well as information about their management, important figures, brands, products and services.

Kompass International, a subsidiary of Coface, owns the Kompass trademark and licenses it in 70 countries. The Group, through its subsidiaries Kompass France and Kompass Belgium, has the Kompass license for France, Spain, Belgium and Luxembourg (note that Edicom operates the Kompass name in Morocco, see 6.2.2.1.3). In each of these countries, PagesJaunes Group subsidiaries have exclusive rights to use the Kompass name and trademark, publishing and marketing advertising space in Kompass directories, as well as selling these directories.

Kompass International publishes the website kompass.com, which offers fee-paying access to Kompass's worldwide database, fed mostly by its licensee.

Kompass France and Kompass Belgium generated a combined revenue of €31.4 million in 2006.

On 14 March PagesJaunes Group sold its Kompass France and Kompass Belgium subsidiaries to Coface.

##### 6.2.2.3.1 Kompass France

Kompass France, which had been owned since 1988 through Eurodirectory, became a directly-owned 100% subsidiary of PagesJaunes Group in 1999 and operates the Kompass trademark in France and Spain through a branch office.

Kompass France has two fields of business: advertising for businesses on the one hand, which involves selling advertising space in Kompass platforms (printed directories, CD-Roms and Internet with kompass.com), and also information, which involves selling the outlets themselves and direct marketing. The database on French companies created by Kompass France contains 178,000 companies in France and 60,000 in Spain.

The advertising business represented 65% of this revenue in 2006, excluding exchanges and postage, with more than 10,000 customers and a sales force of 101 people. The information business represented the balance with over 5,000 client customers and a sales force of 37.

### 6.2.2.3.2 Kompass Belgium

Created in 1967, Kompass Belgium has the Kompass license for Belgium (since 1967) and Luxembourg (since 2000). Kompass Belgium was consolidated into the Group's accounts for the first time for fiscal 2005.

Kompass Belgium's database includes more than 31,000 companies. This data is used in the form of printed directories, CD-Roms and are also accessible on the Internet at the [kompass.com](http://kompass.com) and [kompasslocal.be](http://kompasslocal.be) websites. Kompass Belgium also publishes *Diamonds*, the reference directory for the Antwerp diamond business.

## 6.3 Exceptional events

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

## 6.4 Relations with the France Télécom Group and shareholders

Up until 11 October 2006, the Company belonged to the France Télécom Group. The Group's policy had always been to sign contracts for all its relations with France Télécom and its subsidiaries at market conditions. This section describes the main contracts between Group companies and companies in the France Télécom Group.

With the transfer by France Télécom of its holding in the capital of the Company, France Télécom and the Company signed a transition agreement on 11 October 2006 of which the purpose was to determine the fate of the contracts that existed on the date the transition agreement was signed between the entities of the France Télécom Group and the entities of the Group.

In terms of the transition agreement, the agreements described in paragraphs 6.4.1 (Agreement for making available directory data for publication of directories), 6.4.2 (Advertising representation agreement), 6.4.3 (Agreement on manufacturing and distributing *l'Annuaire* and PagesJaunes 3611 alphabetical search), 6.4.4 (Operating licence agreement for *l'Annuaire*), 6.4.5 (Agreement for making the directory data of France Télécom available for direct marketing or marketing research), as well as in paragraph 6.4.6 (Agreement for making the directory data of France Télécom available for qualifying directory information) of the *document de référence* remain in application with no change.

Law No. 2003-1365 of 31 December 2003 provided for a call for applications to appoint in particular the operator responsible for the

general information service and the printed and electronic general directory. The procedures for this call for applications were set out in a notice issued by the Ministry of the Economy, Finance and Industry published in the *Journal officiel* on 25 November 2004 ("*Notice on a call for applications to appoint an operator in charge of providing the general electronic communications service component set out in point 2 of article L. 35-1 of the French Postal and Electronic Communications Code*")

The France Télécom Group made an application and stated that responsibility for providing the general printed directory would be given to PagesJaunes. In a decree of 3 March 2005 by the Ministry of the Economy, Finance and Industry, France Télécom was appointed the sole operator in charge of the general information service and the general directory: in this capacity, France Télécom publishes a directory, in printed and electronic format, and operates a directory enquiry service, in accordance with the specifications for the general information and directory service as provided for in said decree.

The appointment of France Télécom as operator in charge of the general information service ran for a period of two years.

So, a new call for applications to appoint in particular the operator responsible for the general information service and printed and electronic directories were set out in a notice issued by the Ministry of the Economy, Finance and Industry published in the *Journal officiel* on 25 January 2007.

### 6.4.1 AGREEMENT FOR MAKING DIRECTORY DATA AVAILABLE FOR PUBLICATION OF DIRECTORIES

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

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

In application of this agreement, PagesJaunes paid France Télécom €4.0 million in 2006 (€3.9 million in 2005).

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

### 6.4.2 ADVERTISING REPRESENTATION AGREEMENT

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

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

In addition, when any usage of the PagesJaunes 3611 for alphabetical search is on a fee-paying basis for the user, an additional 10%

commission is allocated to PagesJaunes on the amount, excluding tax, charged for the advertising space billed for PagesJaunes 3611 alphabetical search.

Moreover, a tracking committee made up of two representatives from France Télécom and two representatives from PagesJaunes has been created. The task of this committee is to examine all questions relating to the application of the agreement. The committee makes any suggestions and proposes any solutions it deems appropriate.

Finally, on 20 January 2006, PagesJaunes signed an operating licence agreement with France Télécom for the printed universal directory to the benefit of PagesJaunes, accompanied by an acquisition agreement for the "*L'Annuaire*" name for a total amount of €12 million. These contracts took effect on 1 January 2006.

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

In application of this agreement, France Télécom billed PagesJaunes a fee of €4.6 million in 2006 (€61.3 million in 2005).

### 6.4.3 AGREEMENT ON MANUFACTURING AND DISTRIBUTING PAGESJAUNES 3611 ALPHABETICAL SEARCH

Under an agreement dated 26 June 2000, France Télécom has made PagesJaunes responsible for carrying out on its behalf all the tasks required for the manufacture, distribution and promotion of *l'Annuaire* and PagesJaunes 3611 alphabetical search. France Télécom, as the

publisher of *l'Annuaire*, sets the parameters for the database list of telephone subscribers to be inserted, the type of information regarding each subscriber's entry and the parameters for the distribution list. France Télécom approves the suggestions made by PagesJaunes in

relation to the design of *l'Annuaire*, the publication schedule for the paper *l'Annuaire* and the availability of the electronic *l'Annuaire*, promotion campaigns for *l'Annuaire*, the advertising products to be inserted in *l'Annuaire* and their prices, and also decides on any changes in *l'Annuaire*. France Télécom provides PagesJaunes with all items relating to the content of *l'Annuaire* which concern France Télécom.

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

This agreement is in effect until 31 December 2009 and will be automatically renewable for a period of four years unless either of the

parties has notified the other of its desire not to renew in a registered letter with return receipt, sent at least twelve months before the expiration of the current term.

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

So on this date of 20 January 2006, the scope of the agreement was limited to PagesJaunes 3611 alphabetical search. Under the terms of this agreement, PagesJaunes charges all the costs of internal and external means needed to produce PagesJaunes 3611 alphabetical search to the publishing fees owed to France Télécom. France Télécom paid the PagesJaunes €5.9 million in 2006 (€47.3 million in 2005) in application of this agreement.

#### 6.4.4 OPERATING LICENCE AGREEMENT FOR *L'ANNUAIRE*

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

In this capacity, France Télécom entrusted PagesJaunes with the supply, on its behalf, of the printed general directory and has conceded to them all of the rights pertaining to this operation, excluding publishing responsibilities.

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

Fees, costs and other expense pertaining to the operation and supply of the printed general directory are the responsibility of the PagesJaunes. In exchange for taking this on and for payment of a flat fee of €11 million,

PagesJaunes retains all of the income pertaining to operating the printed general directory.

This operating licence is granted for the entire period during which France Télécom shall be publisher of the general printed directory and at the latest up to 31 December 2009.

If France Télécom is no longer publisher of the general printed directory before 31 December 2009, France Télécom contracts to not compete with PagesJaunes (see Section "6.4.11 Non-competition agreement").

Moreover, at the same time the operating licence agreement was signed, France Télécom and PagesJaunes also signed a usage agreement for the name "*L'Annuaire*" to the benefit of PagesJaunes for a sum of one million euros.

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

#### 6.4.5 AGREEMENT FOR MAKING THE DIRECTORY DATA OF FRANCE TÉLÉCOM AVAILABLE FOR DIRECT MARKETING OR MARKETING RESEARCH

This contract was signed by France Télécom and PagesJaunes Marketing Services (formerly Wanadoo Data) on 11 March 2004, retroactive to 12 September 2003, and ends on 11 September 2004. It is then automatically renewable for additional one-year periods. Under the terms of this contract, PagesJaunes Marketing Services has the right to use France Télécom's directory data, a weekly update and a redistribution credit of 10 million addresses, for an annual amount, excluding tax, of €200,000. Above 10 million addresses redistributed, PagesJaunes Marketing Services pays royalties of €0.010 per address distributed.

This contract stipulates that PagesJaunes Marketing Services must inform France Télécom immediately of any change, of any kind, affecting the structure and/or control of its share capital, ownership or management of its company, including but not limited to any change in its form, share capital, any change in partners or shareholders. France Télécom then has the right to terminate the contract.

In application of this contract, PagesJaunes Marketing Services booked as expenses the sum of €786,000 billed by France Télécom in 2006 (€768,000 in 2005).

## 6.4.6 AGREEMENT FOR MAKING THE DIRECTORY DATA OF FRANCE TÉLÉCOM AVAILABLE FOR QUALIFYING DIRECTORY INFORMATION

This contract was signed by France Télécom and PagesJaunes Marketing Services on 26 July 2004, and ended on 1 August. Since then it has been renewed automatically twice. In the terms of this contract, PagesJaunes Marketing Services has the right to qualify directory information, and for enriching databases excluding any other activity, especially direct marketing for a monthly update. Rates are linked to the number of queries made to the directory database for the purposes of qualification and enrichment. The rate per query is €0.003. Annual delivery fees are €2,400.

This contract stipulates that PagesJaunes Marketing Services must inform France Télécom immediately of any change, of any kind, affecting the structure and/or control of its share capital, ownership or management of its company, including but not limited to any change in its form, share capital, any change in partners or shareholders. France Télécom then has the right to terminate the contract.

In application of this contract, PagesJaunes Marketing Services booked as expense the sum of €42,000 billed by France Télécom in 2006 (€77,000 in 2005).

## 6.4.7 CASH MANAGEMENT AGREEMENTS

The cash management agreement between France Télécom and the Group, through which the Group invested its surplus cash and carried out short-term loans with France Télécom, the loan agreement for an amount of €64 million by the Company benefiting France Télécom signed on 30 June 2005 and the cash management agreement in which PagesJaunes invested an amount of €430 million with France Télécom dated 12 December 2005, were cancelled on 11 October 2006. Within the framework of these cancellations, France Télécom reimbursed the Group €568.5 million on 11 October 2006, which can be broken down

between the reimbursement of the balance of the current account of PagesJaunes for €94.8 million, reimbursement of the funds that were invested in terms of the cash management agreement on 12 December 2005, including accrued interest at a buy-down rate of 3.10%, for an amount of €432.0 million, and the reimbursement to the PagesJaunes Group of the loan that was set up on 30 June 2005 for a net amount of €41.7 million, with the deduction of the deducted interest that still remained.

## 6.4.8 LEASES AND SUBLEASING AGREEMENTS

The great majority of the Company's premises were sub-let by the France Télécom Group by leases or subleasing agreements. Since 11 October 2006, these agreements have been maintained. For the premises in which the Group is the sole occupant (with no other entity in the France Télécom Group sharing these premises), the Group is planning to become a direct lessee of these premises as long as the financial conditions remain unchanged. The France Télécom Group has

contracted to accept any agreement that would take place in these terms between the Group and the owner of the building involved.

Pertaining to these agreements, PagesJaunes booked as expense the sum of €10.3 million billed by France Télécom in 2006.

## 6.4.9 PROFIT SHARING AND COMPANY SAVINGS PLANS

At the end of 2005, companies in the PagesJaunes Group cancelled their membership in the mutual profit-sharing agreement in effect at the France Télécom Group. A new profit-sharing agreement for

the PagesJaunes Group was signed in June 2006 and will take effect starting with fiscal 2006 (see Section "17.3. Profit sharing and company savings plan agreements").



### 6.4.10 ASSISTANCE AGREEMENTS

The assistance agreement between the France Télécom Group and the Group was cancelled on 11 October 2006 in application of the transition agreement. In order to uphold some of these services for a temporary period posterior to 11 October 2006, PagesJaunes Group and France Télécom have signed assistance agreements for period of

about six months in the following areas: tax assistance, "Purchasing" assistance and a consolidation tool which has been made available.

Pertaining to these agreements, France Télécom billed PagesJaunes Group €4.5 million in 2006 (€6.2 million in 2005).

### 6.4.11 NON-COMPETITION AGREEMENT

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

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

and only if PagesJaunes is assigned as the supplier of the general directory or if neither PagesJaunes, nor France Télécom nor any other company in the France Télécom group is assigned (see Section "6.4 Relations with the France Télécom Group – Agreement on Manufacturing and Distributing *l'Annuaire* and PagesJaunes 3611 Alphabetical Search" of the 2005 *Document de Référence*. This agreement was extended by the cooperation agreement until 31 December 2010. (see section "6.4.15 Commercial cooperation agreement")

### 6.4.12 FRANCE TÉLÉCOM GROUP HOLDING IN THE COMPANY'S SHARE CAPITAL

To the best of the Company's knowledge, the France Télécom Group no longer holds any shares or voting rights in the Company.

### 6.4.13 FATE OF THE CONTRACTUAL RELATIONS BETWEEN THE FRANCE TÉLÉCOM GROUP AND THE GROUP

All of the agreements pertaining to purchases that the Group benefited from because it belonged to the France Télécom Group will be cancelled within a period of 3 to 12 months starting on 11 October 2006 which

will allow the Group to renegotiate new master contracts with all of the equivalent service suppliers.

### 6.4.14 OTHER MEASURES IN THE TRANSITION AGREEMENT

In terms of the transition agreement, with the legal set up allowing the detaching and making available of public personnel within the Company and the Group not able to be maintained after the sale by France Télécom of its holding in PagesJaunes Group, the Company and France Télécom have agreed, in their joint interest, to implement the following systems, under strict compliance with all applicable legal and regulatory measures:

- a) collectively, the public personnel was reintegrated into France Télécom starting on 11 October 2006;
- b) in order to ensure continuity in the activities that are performed by the reintegrated public personnel, on 11 October 2006 PagesJaunes and France Télécom signed a "Loan of skills" agreement from France Télécom to PagesJaunes covering the said activities for a maximum period of 6 months, renewable by the parties who agree; and

- c) on an individual basis, and based on volunteers, the public personnel was able to ask to be made available for personal reasons within the Group for a period of up to ten (10) years.

The transition agreement also provides for temporarily maintaining the following contractual relations between France Télécom and the Company:

- France Télécom shall keep until 11 April 2007 the status of supplier of IT and telecommunications services for the Group under current conditions; by this date, a master contract will be negotiated for a period of 3 to 5 years aiming to continue these services under commercial, technical and financial conditions that are comparable to those that are commonly practised with third parties; and
- France Télécom contracts to inform the Company fifteen months before any decision of which the purpose would be to put an end to the Minitel service.

## 6.4.15 COMMERCIAL COOPERATION AGREEMENT

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

- visibility for the directory services of PagesJaunes on the fixed portal orange.fr and the mobile portal Orange World is extended for a period of two years starting on 11 October 2006. As compensation for listing the directory services of PagesJaunes provided for in this cooperation agreement, PagesJaunes Group has contracted to provide visibility and an equivalent access to Orange on its pagesjaunes.fr portal; The principles that have been retained for operating the advertising space that is available on these portals are as follows:
  - the advertising space available on the search pages of the service involved are operated by the site hosting this service, and
  - the advertising space available on the results pages is operated: for the footers and headers, by the site hosting this service and, for other advertising, by the site that supplies the results;

Audiences shall be counted:

- by the site hosting this service, for the search pages, and
- by the supplying site, for the results pages.

The respective receivables in terms of these visibility services shall be compensated. In the event a residual receivable would exist to the benefit of one of the parties, this shall be settled by the supply of an additional service over a period that cannot exceed 4 months;

- access to the QDQ Media directory services on the Orange fixed internet portal in Spain is extended until October 2008;
- the agreements signed with Mappy, especially pertaining to the supply of maps, itineraries and city photos on the orange.fr and Orange World portals, are extended under the same terms and conditions until 31 December 2008.

## 6.4.16 RELATIONS WITH MEDIANNUAIRE

Following the acquisition on 11 October 2006 by Médiannuaire of the holding of France Télécom in the capital of the Company, Médiannuaire intends, as holding company of the Group, to define and implement an effective management policy for its subsidiary, which in particular requires the supply of strategic, accounting, legal and tax services of PagesJaunes Group for the purposes of optimising, coordinating and harmonising management within the Group.

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

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

Médiannuaire's annual compensation for the assistance provided to the Company shall be equal to all of the incurred costs paid for by Mediannuaire within the framework of carrying out these services, with a 5% increase.

This contract generated an expense of €266,600 for fiscal 2006.

# 6.5 Group's reliance on certain factors

## 6.5.1 DEPENDENCE ON PATENTS AND LICENCES

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

Therefore the Group owns all the marks used in its business, except for the "l'Annuaire" mark which is held by France Télécom, the "Kompass" mark held by Kompass International and the "France Télécom" mark held by France Télécom.

At the same time the operating licence agreement was signed on 20 January 2006 for the general printed directory (see Section 6.4.4), France Télécom and PagesJaunes also signed a usage agreement for the name "l'Annuaire" to the benefit of PagesJaunes for a sum of €1 million.

The "Kompass" trademark which is owned by Kompass International is covered by separate licensing agreements signed with Kompass France for the French and Spanish markets and Kompass Belgium for the Belgian and Luxembourg markets.



Under the terms of these licensing agreements, the licensor, Kompass International, requires exclusive use of its nomenclature "Kompass nomenclature" and in exchange allows the use of the international "Kompass" trademark. These contracts stipulate therefore that the licensees have an exclusive right to use the Kompass trademarks in each country involved. In addition, the licensees have co-ownership of the Kompass system with Kompass International and the latter agrees not to give a licence to anyone else during the term of the licensing agreement.

For France, Kompass International signed a licensing agreement with Kompass France on 21 September 1983. For Spain, in a contract dated 21 October 1998, Kompass France took over the licence which was previously given to Ibericom by Kompass International.

In addition, on 26 April 1984, Kompass International signed a licensing agreement with Kompass Belgium for Belgium. Finally, in a trademark

licensing agreement dated 4 February 2000, Kompass Belgium took over the license given to Editus Luxembourg by Kompass International for Luxembourg.

For all these countries, the licensing agreements have been signed for an indeterminate period except for France where the licence is for 99 years.

Separate agreements have also been signed in regard to the provision of Internet services. Under the terms of these agreements, Kompass International has the exclusive right to operate the Kompass on-line service from a central point in co-operation with its licensees.

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

## 6.5.2 DEPENDENCE ON SUPPLY CONTRACTS AND INDUSTRIAL CONTRACTS

### 6.5.2.1 Paper purchases

As part of a centralised purchasing programme and based on PagesJaunes' experience, France Télécom has signed master contracts with a certain number of major paper suppliers including UPM Kymmene France, Holmen Paper AB, Kruger, and SAPPI. The terms and conditions of these master contracts apply to all companies where France Télécom owns over 20% of the share capital, particularly including PagesJaunes and QDQ Media. Under the terms of these master contracts, each company sends its orders directly to the suppliers and is solely responsible for the resulting obligations. Contracts for supplying paper include commitments to purchase particular amounts. They are in effect until 31 December 2006. If PagesJaunes would like to make substantial changes to their terms, the supplier must inform France Télécom, who, if it finds it necessary, will open negotiations for this purpose with the supplier and PagesJaunes.

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

### 6.5.2.2 Printing

In order to ensure printing for its B to C directories, in France and in Spain, for the three years of 2006, 2007 and 2008, the PagesJaunes Group launched a call to tender all across Europe. Following this call for tender, the Group has retained 4 printers:

- for its directories in France, they are, in order of printed volume for 2006, the following printers:
  - Maury (France),
  - Mohn Media (Bertelsman group, Germany),
  - RR Donnelley UK Directory (United Kingdom).

The prices negotiated with the printers are fixed for the term of these contracts but the order amounts set out in the contracts are only provisional. PagesJaunes remains the owner of the paper provided and the printer assumes the risks of depositary in terms of the paper delivered to it for the purpose of providing its services;

- for the QDQ directories in Spain the Group has retained the Spanish printer EINSA. The contract signed with this printer calls for set prices for the term of the contract and order amounts which are only provisional.

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

### 6.5.2.3 Distribution

PagesJaunes has signed four major contracts for distributing the PagesJaunes and *l'Annuaire* directories. In order of size, these contracts were signed with Adrexo, Spass Diffusion, Médiapost and Solys. All these contracts cover the distribution of PagesJaunes directories between 1 January 2006 and 31 December 2006, and include provisional order amounts.

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

### 6.5.2.4 Access to directory data

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

In addition, PagesJaunes has signed agreements with various operators (T.Systems, Tiscali, Kaptech, Louis Dreyfus Communication, 9 Télécom Entreprises, MFS.Communication, Estel, UPC Phone Systems & Network, Afone) allowing it to access their subscriber databases. These agreements are usually signed for a period of one year automatically renewable for additional one-year periods.

Based on these contracts, the overall cost for the Group in relation to accessing operators' databases came to €5.6 million in 2006, up €1.7 million compared to 2005 subsequent to integrating the mobile and VOIP data of the mobile and alternative operators into the company's directory databases.

## 6.6 Competitive position

### 6.6.1 PAGESJAUNES SEGMENT IN FRANCE

PagesJaunes believes that its competitive environment is wider than just the competition from other general public or business directories. Like any media business, the Company has two types of competition:

- competition for audience: there are various methods for customers to find information about an individual or a business, or more widely, to find out business information before buying a product or service. So, the services offered by the Company are only one of many sources of information available to individual or professional consumers.
- competition from local advertising media: the local advertisers at whom PagesJaunes' services have traditionally been aimed to highlight their products and services have other locally-based advertising media available to them to promote their businesses.

#### Competition for audience

Changes in technology – particularly the Internet and mobile telephones – have had significant effects on PagesJaunes's competitive environment. As such, consumers can use the Internet to access a wide range of contents and services, in addition to or as a substitute for using the Company's services, and thanks to the sophistication of mobile telephones, they can also access a wide range of electronic listing services.

In addition, PagesJaunes services are in competition with paper listings, directory enquiry services, as well as all the press media which list businesses.

As such, the Company's main competitors are:

- electronic or paper listings, which store telecommunications numbers;
- directory enquiries services;
- the free press (particularly media published by Comareg and Spir Communication, 20 Minutes and Metro);
- Internet search engines (particularly Google, Voila, Yahoo! and MSN);
- thematic portals on the Internet, as well as specialised vendor sites (ViaMichelin.com, Ebay.fr, Voyages-sncf.com, Hotels.com, Kelkoo.com, etc);
- other publishers of print or on-line directories (particularly Bottin – the Soleil, U Corsu and Iliad directories), as well as town directories and local guides which are also being developed on the Internet.

#### Competition from advertising media

PagesJaunes's directories are in competition with all the other advertising media which allow an advertiser to reach a local target. These are particularly the free press, regional daily press, magazines, billboards and local radio. In addition, the development of the Internet has widened the Company's competitive horizons. Publishers of thematic content on the Internet are developing advertising services aimed at local advertisers (business listings, mini-sites describing the services offered by these businesses, online reservations or purchases). This is

also true of Internet search engines which are developing fee-paying advertising services in their hit lists, aimed at small- and medium-sized businesses. The advertising market at the local level in France represented total spending of about €4.9 billion in 2006 including €1.04 billion for directories and guides (source: France Pub).

#### 6.6.1.1 Printed directories

PagesJaunes' printed directories have two types of competition:

- competition amongst information suppliers is now fierce, especially when available on-line on the Internet: this can be search engines as well as well as PagesJaunes' own published directories (pagesjaunes.fr), or other directories.

Due to the recognised success of ADSL deployment in France, this competition is likely to capture part of the audience using PagesJaunes' printed directories and to reduce the attractiveness of this medium for advertisers in the future.

This outlook has led PagesJaunes to make adaptations, especially editorial ones, to the printed directories in order to maintain usage levels at the high levels they currently enjoy;

- competition from other advertising media that are aimed at local advertisers (example: regional daily press, free press, free ad publications, billboards, local radio etc.).

PagesJaunes has succeeded in developing its revenue with printed directories even though the advertising market in metropolitan France is stagnating, and is even on the downswing for certain types of media (daily press, for example).

#### 6.6.1.2 On-line services

PagesJaunes' on-line directories are comparable, just as with printed directories, in the local advertising market, even if for a marginal share, they also welcome advertising campaigns on a national level. To find information of a commercial nature, and especially of a local nature, consumers have various sources of information available to them (see Section "6.6.1 PagesJaunes in France"). These various media also allow local advertisers to communicate within their trading area.

The portion of investment for Internet advertising has started to rise sharply, and has resulted in Internet advertisers spending €542 million in advertising expense in 2006, which is an increase of 42% compared to 2005 (Source: France Pub – October 2006). These trends also filter down into the local advertising market.

If we consider the media that provides the most competition with pagesjaunes.fr into account, and especially on-line media, the market situation can be broken down as follows:

- **Internet display type advertising**, generally sold as "cost per thousand" ("CPM" in French).

The market was evaluated at about €263 million in 2006 (source: Jupiter Research). PagesJaunes had revenue of €23.5 million in 2006 through

its display products of the banner, totems or header types which can be contextual (thematic and/or local) on pagesjaunes.fr.

This is for advertising most often at a national level that concentrates on sites with large audiences: Internet service provider portals, general or specialised information sites.

Pagesjaunes.fr is present in this market through its display products of the banner, totems or header type which can be generic or contextual (thematic and/or local);

- **advertising of the sponsored link type, sold under the PPP (pay per performance) model.**

This new advertising model came out in 2001 and has enjoyed strong development. 2006 volume was about €267 million (source: Jupiter Research).

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

This type of advertising is especially adapted to search engines and makes it possible to monetise the large audience pertaining to searches on the Internet for which Google is the main vector.

This type of competition affects pagesjaunes.fr directly in the sense that it functions on the same level of searching in a purchasing situation. In 2006, Google and MSN opened local search services in France as they have already done in other countries such as the United States and the United Kingdom. This development will continue to make this competition even more direct for pagesjaunes.fr. PagesJaunes intends to respond to this new competition by launching a new version of the pagesjaunes.fr Internet site that will make use of content indexing technologies and that will also provide the internet user with a new interface; this new version should be on line during the second half of 2007;

- **on-line directory type advertising.**

pagesjaunes.fr represents most of this form of on-line advertising. It is however possible that in the future, other actors in the market, whether existing or emerging, will implement voluntarist strategies aimed at capturing a considerable share of the market. This may be the case especially with directory enquiry services which can operate technical platforms that they have developed for the directory enquiry services that use the 118 prefix, in order to publish directories on the Internet.

### 6.6.1.3 Voice and Services

In 2005, the directory enquiry services market represented about 220 million calls (PagesJaunes estimate) and around €218 million in revenue (source: ARCEP, "The telecommunications services market in France in the 1st quarter of 2006"). It has been opened to competition over two phases:

- the first phase, between 2 November 2005 and 3 April 2006, with the putting into service of the 6-digit numbers with the 118 prefix; which

coexisted with the historical directory enquiry numbers (especially 12, 612, 712 and 222);

- the second phase, starting on 3 April 2006, when all of the historical directory enquiry numbers (especially 12, 612, 712 and 222) were definitively stopped, leaving only numbers in the 118 xyz format.

Call volume to the directory enquiry services experienced a sharp drop when the historical numbers were suppressed. Figures published by ARCEP for the second quarter of 2006 reveal call volume down 22% compared to the first quarter of 2006. PagesJaunes' estimates for annual volume is approximately 160 million calls.

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

- Le Numéro (subsidiary of the British company The Number UK) with 118 218;
- France Télécom/Orange with 118 712;
- Telegate (subsidiary of Seat Pagine Gialle) with 118 000.

### 6.6.1.4 Others

#### 6.6.1.4.1 QuiDonc

The reverse directory market concerning telephone numbers was dominated for a long time by the Minitel services, especially Annu and QuiDonc.

The competition has now moved to the Internet, which represents about 50% of this type of search, with other means being the Minitel which is sharply declining, vocal service, mobile phones and directory enquiry services of the 118 type.

On Internet, the QuiDonc and CTQui websites represent together most of the traffic pertaining to reverse searches. In December 2006, QuiDonc had 406,000 different visitors, surpassed by CTQui with 668,000 different visitors (source: Médiamétrie/NetRatings Panel France – Home and/or place of work – Internet applications excluded). Note that these two services have different economic models: QuiDonc charges a fee to users while CTQui has chosen a model financed by advertising.

Also on the Internet, the directory enquiry services that have invested substantially in advertising in November and December 2005 represent real potential competition. They are transposing or getting ready to transpose their directory enquiry service to the Internet, especially for reverse searches. This is particularly the case with 118712.fr and 118218.fr.

#### 6.6.1.4.2 PagesPro

In France, PagesPro competes with the other publishers of printed business to business directories (mainly sector directories); moreover, on the Internet, there is multi-format competition (branch directories, but also search engines and other general on-line directories that flow from B to C also to B to B: societe.com, bottin.com, etc.).

## 6.6.2 INTERNATIONAL & SUBSIDIARIES SEGMENT

### 6.6.2.1 B to C directories

#### 6.6.2.1.1 Spain

The directory market in Spain is dominated by TPI, a subsidiary of the historical operator Telefónica. It also includes local companies, particularly Guia Color (Castille-León), Tu Distrito (province of Malaga) and Guiaraba (Alava).

#### 6.6.2.1.2 Luxembourg

Editus Luxembourg is the only publisher of general public directories present in Luxembourg. The company is in competition with all the local advertising media as well as local and international companies on the Internet. The general public directory market has experienced steady growth over the last few years.

#### 6.6.2.1.3 Edicom

Edicom primary publisher of general public directories in Morocco; the company competes with Maroc Télécom, which also publishes a business directory classified into headings, as well as with several local actors of small size. The directory market for the general public is of modest size; the directory publishers themselves and competes with the various local media as well as with local and international actors on the Internet, for which penetration is enjoying sustained growth.

### 6.6.2.2 Additional activities

#### 6.6.2.2.1 Direct marketing

In the various markets where it operates, PagesJaunes Marketing Services is up against these main competitors:

- database marketing market (postal address, telephone number, e-mail, text messaging): Mediaprisme, Axiom (Claritas/Consodata), La Poste, l'Insee, Wegener, Ibase and Buongiorno;
- engineering market involving marketing database processing: Wegener, Bertelsmann (Arvato Services), Axiom (Claritas/Consodata), La Poste, Presse Informatique, DPV, Sogec Datamark Services and Uniservices Informatique.

#### 6.6.2.2.2 Mapping services

Mappy is faced with stiff competition on the on-line mapping services market, which in particular includes Viamichelin, Maporama and Bottin Cartographes (formerly Planfax). Moreover, many of the main actors on the Internet including Google, Yahoo ! and MSN have developed mapping solutions that are also a form of competition for Mappy. Finally, companies selling PND (Portable Navigation Devices) and other GPS navigational solutions are a new form of competition for Mappy: TomTom, Garmin, Navman and Viamichelin are the main actors here.

The following table shows changes in the reach rate (number of different visitors that visited the site at least once during the month compared to the total number of internet users in the market) for the two biggest sites in terms of general public mapping services, mappy.com and viamichelin.com:

(In %)	December 2003	December 2004	December 2005	December 2006
Mappy.com	17.4	20.3	25.9	28.7
Viamichelin.com	8.3	12.9	16.2	15.6

Source: Nielsen Home and Work.

Out of all the sites taken, mappy.com is one of the 15 most consulted in France (Source: Nielsen Home and Work).

#### 6.6.2.2.3 On-line small ads

PagesJaunes Petites Annonces, whose real estate and auto / moto small ads service started in January 2007, is up against stiff competition, especially from:

- specialised actors in real estate: SeLoger.com, Explorimmo (Aden Classifieds), A Vendre A louer, Logic Immo (Spir Communication), Reflex Immo (S3G), De Particulier à Particulier, EntreParticuliers.com...
- specialised actors in the automobile: La Centrale (Schibsted Classified France), L'Argus de l'Automobile, Caradisiac (Spir Communication), 321auto, Autoreflex (Corb's), WebCarCenter...
- general actors: ParuVendu (Comareg), TopAnnonces (Spir Communication), S3G (groupe Sud Ouest), publishers of national and regional daily press, but also actors from the world of Internet, such as ebay, PriceMinister and Vivastreet.

Note that if this competition comes from actors in the printed small ads market and from the press as well as from actors that are specialised in the Internet, all the actors in the market have developed an on-line

business and therefore are a form of competition for PagesJaunes Petites Annonces.

### 6.6.3.2 Kompass Activities

In the information market, Kompass France and Kompass Belgium are in competition with economic and financial information specialists such as Coface Services (formerly ORT and SCRL), Altares (formerly BIL and Dun & Bradstreet France, Fininfo group), Euridile (National Trade and Company Registry), Experian with Infogreffe, and Graydon; and direct marketing companies who have a range of business to business addresses. In addition, the fact that users also have the option of finding the information free on the Internet also constitutes a form of competition.

In business advertising markets, Kompass France and Kompass Belgium are in competition with other business directory publishers such as Europages and PagesPro for Kompass France, Les Pages d'Or and L'Annuaire B to B for Kompass Belgium), but also with some websites (search engines, portals) which offer advertising products aimed at companies.

PagesJaunes sold the Kompass France and Kompass Belgium companies on 14 March 2007.

## 6.7 Regulations

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

PagesJaunes Group is mostly present in Europe and more specifically in France, and so the discussion below involves European and French laws and regulations.

### 6.7.1 INFORMATION SERVICES COMPANY REGULATION

The law on Confidence in the Digital Economy was the subject of intense discussions in 2003 between French institutions and service providers. This draft law is aimed at adapting French law to the requirements of developments in the digital economy and strengthening confidence in the use of new technologies. This law which would complete the enactment of the directive on Electronic Commerce that was adopted on 13 May 2004 sets out the rules for the liability of Internet service providers and website hosting companies, and particularly deals with how domain name organisation is managed and encryption.

#### 6.7.1.1 Content regulation and responsibilities for Internet companies

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

This law makes publishers of on-line communications services responsible for direct or indirect identification. As such, article 43-10 stipulates that individuals producing a non-professional on-line communications service must indicate their names and addresses on their website or the name and address of the website hosting company if they wish to remain anonymous. Legal entities and individuals publishing websites on a professional basis must put their exact contact information on their website (company name, registered offices and name of the managing editor or joint managing editor), as well as the name and address of the hosting company.

Hosting companies must also provide publishers with the technical means to meet the identification requirements incumbent upon them (article 43-9).

In relation to the hosting company's responsibility for the content of the services it hosts, article 43-8 states that hosting companies are neither criminally nor civilly liable for the content of the services they host, unless, after notification by a legal authority, they do not act promptly to block access to that content.

In addition, under the terms of their identification obligations, hosting companies must keep all the items needed to provide identification of the person who created or produced the content of the services they provide so they can be reported upon request to the legal authorities (article 43-9).

This provision is complemented by the law on Confidence in the Digital Economy [French acronym: "LCEN"] of 21 June 2004, which sets out the rules of responsibility for technical service providers on the Internet and particularly in regard to electronic commerce and encryption.

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

The *LCEN* also states in its article 6 point 1-2 that "*individuals or legal entities providing, even free of charge, storage of signals, text, images, sound or messages of any kind provided by the recipients of these services, to be made available to the public by public on-line communication services, cannot be held civilly liable for these activities or the information stored at the request of a recipient of these services if they did not have actual knowledge of the illicit nature or of facts and circumstances demonstrating this nature or if, at the time they became aware of them, they acted promptly to remove this information or block access to it*".

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

The *LCEN* also includes strengthened protection for consumers, particularly by the provisions relating to the requirement for vendors to provide exact identification and principles which guarantee the validity of on-line contracts.

#### 6.7.1.2 Protecting personal information

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



communications sector, replacing directive 97/66/EC of 15 December 1997.

The goals of this directive include:

- harmonising European law on personal information;
- facilitating its distribution (as long as the country to which the personal information is sent offers an adequate level of protection);
- and protecting privacy and personal freedom.

Law No. 2004-801 of 6 August 2004 on protecting individuals in the way their personal information is handled and amending law No. 78-17 of 6 January 1978 in relation to computers, computer files and freedoms, completes the enactment of directive 95/46/EC. This law strengthens individuals' rights over their information, helps to simplify the reporting formalities for handling information at risk and gives the *CNIL* greater powers to intervene.

The new law on computers and freedoms gives individuals greater rights over their information, and now makes those in charge of handling the information responsible for giving more detailed information about the terms of use of this information. The right to object to being subject to marketing prospecting is now embodied in the law and the conditions for exercising the right to access and correct information are now stipulated. In relation to simplifying the formalities, reporting falls under common law, with previous control by the *CNIL* being limited only to handling which presented special risks attacking individuals' rights and freedoms. Finally the *CNIL's* powers to intervene have increased (stipulations have been added in relation to the procedures for on-site control, and the *CNIL* now has a wide range of powers to intervene (court order to stop using the information, or a request for temporary suspension, blocking information, removing authorisation, etc.). The *CNIL* can now issue monetary fines, up to €150,000 for the first reported infringement and €300,000 or 5% of the revenue, excluding tax, of the last fiscal year if it involves a company. Finally, the warnings issued by the *CNIL* may be made public, and notices of the warnings issued may be ordered inserted in any publications, newspapers or formats it decides, and the costs must be paid by the individuals being penalised.

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

The new European Sector directive relating to handling personal information and protecting privacy in the electronic communications sector, which has a deadline of 31 October 2003 for enactment by

the Member States, expands its field of application to electronic communications and makes some amendments to the current provisions. The new provisions are as follows:

- traffic-related information now covers all traffic-related information, regardless of technology, and therefore includes information relating to Internet communications;
- cookies are only allowed if clear and complete information is given to the subscriber or user, particularly about how it will be used, and if the cookies can be refused. However, this provision does not cover cookies intended solely to effect or facilitate transmitting a communication, or those strictly necessary for providing a service expressly requested by the user (article 5.3 of the directive). These provisions were enacted by law No. 2004-801 of 6 August 2004 on protecting individuals in the way their personal information is handled (article 32 of the consolidated version of the law on Computers and Freedom);
- location information apart from that relating to traffic can only be handled after it has been made anonymous, or with the consent of the subscribers or users, who have been properly informed in advance, for the purpose of providing them with an added-value service. They have the option of withdrawing their consent at any time and must have the option of temporarily refusing to have this information used each time they connect to the network or each time they send a message, easily and free of charge. These provisions were enacted in law No. 2004-669 of 9 July 2004 on electronic communications and audiovisual communications services (article L. 34-1, IV of the Postal and Electronic Communications French Code);
- in relation to directories, subscribers have the option of deciding if their information, and in some cases which parts of this information, should appear in a public directory. Being unlisted is free, as is any correction or removal. Member States may require consent from subscribers for any public directory used for anything but an ordinary search for contact details about people based on their name. These provisions were adopted in decree No. 2003-752 of 1 August 2003 on general directories and general information services, amending the Postal and Electronic Communications French Code; in relation to unsolicited communications (or spamming), direct prospecting by e-mail is forbidden unless it is sent to subscribers who have given their consent in advance. However, if someone has directly obtained the e-mail addresses from its customers, it can use them for direct prospecting purposes for similar products or services which it provides itself, as long as customers can refuse when their information is collected and at each message. These provisions were enacted into French law by the law on Confidence in the Digital Economy and by the law on Electronic Communications, which makes customer prospecting by electronic means opt-in, therefore requiring the prior consent of the people being prospected (new article L. 34-1, III of the Postal and Electronic Communications French Code).

## 6.7.2 THE DIRECTORIES

Order No. 2001-670 of 25 July 2001 covering the adaptation of the Intellectual Property French Code and the Postal and Telecommunications French Code to Community law thus enacted several European directives into French law, including the law on protecting personal information in the area of telecommunications and the directive of 26 February 1998 on the application of an open telecommunications network provision

(ONP) for voice telephony (98/10/EC). The enactment of this directive into law should lead to an effective liberalisation of the directory market and facilitate the production of the general directory. This directive forces all telecommunications operators, under certain circumstances, to provide their list of subscribers to any directory publisher who asks for it.

Decree No. 2003-752 of 1 August 2003 in relation to general directories and general information services, amending the Postal and Telecommunications French Code stipulates that operators must provide their list of subscribers and users to anyone who wishes to publish a general directory, either in the form of a computer file or by access to a database which the operators must keep up to date.

This obligation applies to any entity owning numbers, on a land network or on a mobile network. It will then be possible to publish a general directory, which means a directory containing all telecommunications service subscribers. The Group, which produces both print and on-line directories, is giving full consideration to this change in the regulations which would enable it to acquire permits for directory information from all telecommunications operators and thereby enrich its content. This decree is currently being reviewed.

### 6.7.3 DATABASE REGULATION

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

The main innovation made by this directive is the creation of a “*sui generis*” right, in addition to copyright, intended to protect an investment in obtaining, verifying or presenting the contents of a database for the limited time the right exists, which states this investment may consist of employing financial means and/or using time, effort and energy.

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

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

### 6.7.4 SECURE ELECTRONIC SIGNATURE

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

Law No. 2000-230 of 13 March 2000, on adapting laws on proof to cover information technology and relating to electronic signatures, goes beyond simple legal recognition of electronic signatures and gives legal validity to electronic documents, which are closely related. It creates

two types of electronic signature with different legal effects: a simple signature and a secure signature.

New article L. 34 of the Postal and Electronic Communications French Code states that publishing lists of subscribers or users of electronic communications networks or services is free of restriction, subject to protecting individual rights, and that the operators must provide the list of all subscribers or users to whom they have assigned one or more telephone numbers in the telephone numbering system, without discrimination and at a price reflecting the actual cost of the service rendered. This article also repeats the rights guaranteed to all individuals in terms of publishing their personal information and consulting information services. It finally states that the consent of any subscriber to a mobile telephone operator is required before they can be entered in subscribers’ or users’ lists.

Under the law, a database producer has the right to prohibit any substantial extractions of content from his database as well as any reuse. Therefore article L. 342-1 of the Intellectual Property French Code states that a database producer has the right to prohibit:

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

This protection is afforded even when the database is made available to the public, to the extent that it involves the extraction of a substantial part of the database. This protection is afforded even when the person proceeding to make the extractions has legitimately accessed the database. So article L. 342-2 of the Intellectual Property French Code states that: “*The producer can also prohibit the extraction or the repeated, systematic reuse of qualitatively or quantitatively non-substantial parts of the database when these operations manifestly exceed the conditions of normal use of the database*”. On the other hand, article L. 342-3 of the Intellectual Property French Code states that: “*When a database is made available to the public by the owner of these rights, the latter may not prohibit (...) the extraction or reuse of a non-substantial part, assessed qualitatively or quantitatively, of the contents of the database by anyone who has legitimate access to it (...)*”.

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

For electronic signatures which do not meet the conditions set by this decree, which are called simple signatures, the proof of technical



reliability in the procedure used must be demonstrated, for example by an expert examination, even if their admissibility as proof cannot be denied. It is also still possible to have them legally recognised by

agreements on proof, the legality of which is now clearly set out in article 1316-2 of the French Civil Code.

## 6.7.5 DOMAIN NAMES

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

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

Domain names are made up of two distinct elements: the top-level domain name or "TLD" and the second-level domain name. The top-level domain names can be either generic (generic top-level domain names or gTLDs), such as ".com" for companies, ".net" for companies providing Internet services, ".org" for public interest organisations, or ".edu" for education institutions, or correspond to a particular geographical area (country code top-level domain names or "ccTLDs") such as ".fr" for France, ".de" for Germany or ".es" for Spain. Second-level domain names are the names chosen by each person or company to identify their website.

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

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

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

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

In France, the French Co-operative Association for Internet Names [French acronym: *AFNIC*] is responsible for registering domain names with the ".fr" extension. A certain number of Internet service providers, including several France Télécom group subsidiaries, have been accredited by *AFNIC*, according to the recommendations issued by ICANN, to handle requests for registering domain names.

Although the French courts have now admitted that using a term on a website or as a domain name can infringe on prior rights to a trademark, the outcome of a lawsuit in this area remains unclear. This is particularly due to the fact that the scope of trademark rights can be limited to a geographical area or based on classes of products and services covered by the registration, while use of a term on the Internet by another could create the risk of confusion or lead to acts of unfair competition well beyond these limits.

## 6.7.6 LAW RELATING TO PUBLIC TELECOMMUNICATIONS SERVICE OBLIGATIONS AND FRANCE TÉLÉCOM

Law No. 2003-1365 of 31 December 2003 provided for a call for applications to appoint an operator in charge of general information services and the general directory. The procedures for this call for applications were set out in an opinion from the Ministry of the Economy, Finance and Industry published in the Official Journal of 25 November 2004 ("*Opinion on a Call for Applications to Appoint an Operator in Charge of Providing the Electronic Communications General Service Component*" set out in point 2 of article L. 35-1 of the Postal and Electronic Communications French Code).

The France Télécom group made an application, stating that the job of producing the printed general directory would be given to PagesJaunes. In an order of 3 March 2005 by the Ministry of the Economy, Finance and Industry, France Télécom was appointed the operator in charge of the general information service and the universal directory (see Section 6.4.4).

## 6.8 Suppliers

See Section "6.5.2 Dependence on Supply Contracts and Industrial Contracts".

## 6.9 Insurance and risk coverage

PagesJaunes Group, as a subsidiary of France Télécom, was covered by the insurance programmes taken out by the France Télécom Group until 31 December 2006. This mutual insurance plan was taken out with major companies in the insurance and reinsurance field, to cover risks of:

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

The premiums paid by the Company, as for any subsidiary of the France Télécom Group belonging to the insurance programme, represent in the various risk areas covered, a share of the total premiums which is determined in proportion to the insured capital and revenue, using a weighting based on the characteristics and type of risks covered, as well as the claims history.

So, as far as insurance coverage for civil liability is concerned, the preliminary premium paid by the Company for the 2006 fiscal year came to about €63,800 including tax.

In relation to the Damage to Assets and Operating Losses policy, the premium paid by the Company came to about €248,120 including tax in 2006.

For the automobile risk, the Company is covered by the Automobile Fleet insurance programme, especially for subsidiaries of the France Télécom group: the share of the premium to be paid by each subsidiary is determined based on the number of vehicles they have and their claims history, and also depends on the guarantee options taken by each of them. So, for 2006 the Company paid about €89,610 including tax based on its own fleet of vehicles.

All of this coverage takes into account the types of risks incurred by the Group within the France Télécom group and is adapted to the type of products offered in the insurance and reinsurance market at the moment for groups of similar size with similar businesses.

As part of its insurance policy, the France Télécom group uses major international brokers, who in close co-operation with France Télécom draw up, place and manage all the insurance programmes. So, this policy enables identification and quantification of the various risk areas to determine the coverage needed with the goal of getting the best quality ratio between coverage and cost. Selecting mutual programmes, by using umbrella contracts for the France Télécom group, enables refinancing of all the risks with the insurance and reinsurance market. This coverage strategy, which consists of using "Corporate" programmes, takes into account the specific characteristics of the various businesses of the subsidiaries being covered. It also uses information obtained after comparisons with groups in the same business sector, or neighbouring or of an equivalent size. The prevention policy provides a way of better understanding and controlling the risks to which each company in the France Télécom group could be exposed. In this regard, in the area of preventing physical risks, regular identification depends on a policy of site visits carried out in partnership with the internal engineering department and those of the main insurers. This measure enables any risks to be detected and evaluated to make sure that insurance coverage is always appropriate for these risks and if necessary to study any adjustments in levels of prevention and protection.

Since 1 January 2007, PagesJaunes Group has set up an insurance programme to cover the risks of:

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

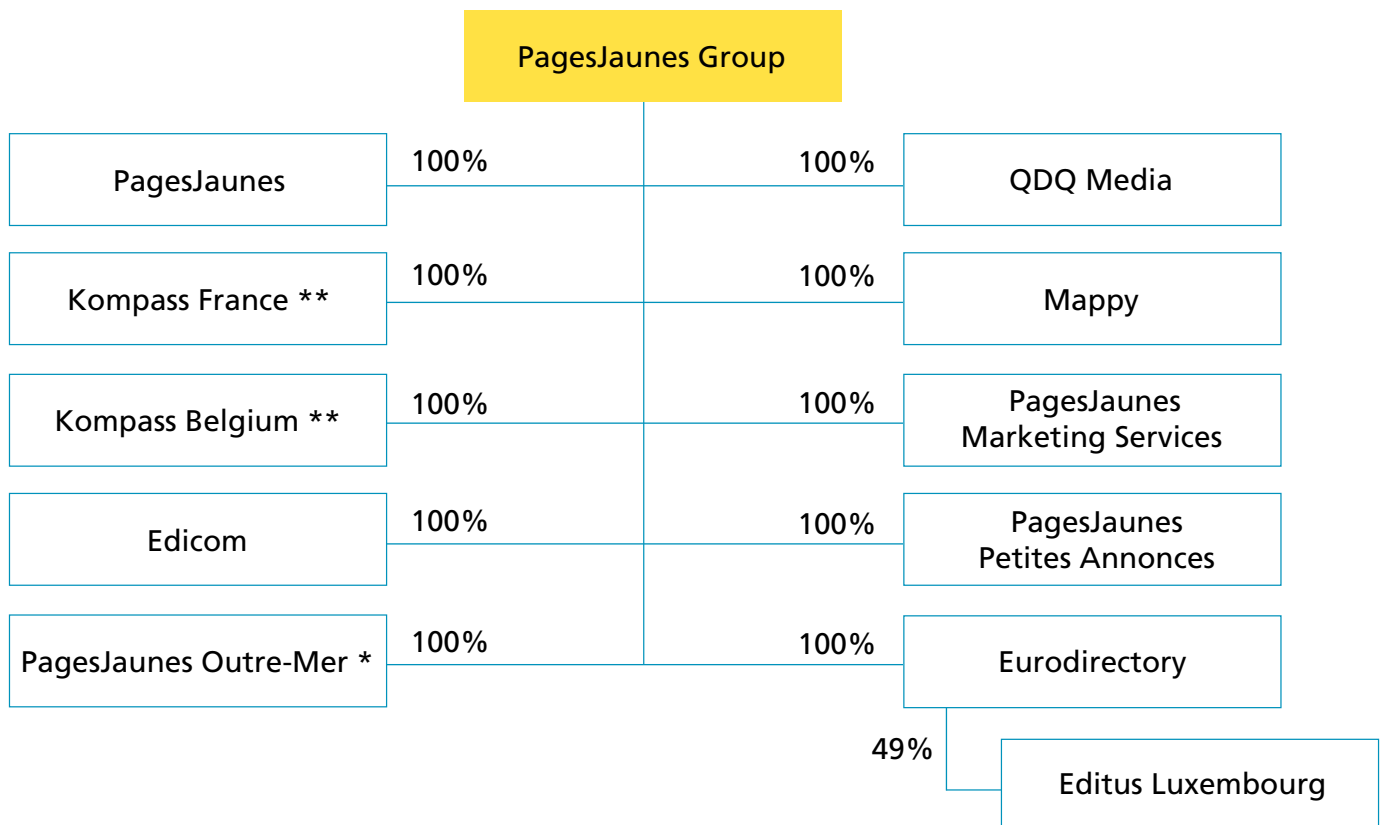
This insurance was taken out with major international companies, in close co-operation with a major broker, in order to maintain the same coverage quality/optional cost ratio in relation to what PagesJaunes Group benefited from within the France Télécom Group.

## 7.1 Description of the Group

The description of the Group is shown in Chapter 6.1.1 of the *Document de référence* ("General presentation of the business").

## 7.2 List of subsidiaries

The following is an organisational chart of the Group on 31 December 2006:



\* Subsidiary of PagesJaunes Group that was not consolidated in 2006.

\*\* On 14 March 2007, PagesJaunes Group sold its Kompass France and Kompass Belgium subsidiaries to Coface

## 8.1 Major tangible fixed assets

The great majority of the Company's premises are sub-let by the France Télécom Group by leases or subleasing agreements. These contracts are worded in application of the principle of euro for euro re-billing to each of the occupants for the rent and associated charges, based on their share of the space occupied.

## 8.2 Environmental questions

Details on environmental questions are provided in section 4.6 "Industrial and environmental risks".

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## 9.1 Overview

The Group's core business activity is the publication of directories in France and abroad, offering a diversified range of products and services for the general public and businesses.

The Group's business is organised in two main segments:

- **PagesJaunes in France:** the Group's activities in France related to the publication and distribution of directories and the sale of advertising space in printed and online directories. It also includes the creation and hosting of websites, the telephone directory enquiry service (118 008), as well as various activities such as the publication of the PagesPro directories, the sale of online access to databases, the reverse directory QuiDonc and the advertising representation for Europages. Finally, it includes the holding company activities accommodated within PagesJaunes Group;
- **International & Subsidiaries:** the activities of the Group's various subsidiaries that are principally involved in the publication of consumer directories outside France, developing the Kompass directories in Europe and developing complementary activities related

to the publication of directories (such as the geographic services of Mappy and the direct marketing activities of PagesJaunes Marketing Services. The segment also includes the new online classifieds business ("annoncesjaunes.fr") launched at the beginning of January 2007.

The data presented for the year ending 31 December 2005 have not been adjusted to take account of the acquisition of e-sama, which took place on 1 February 2005, and the acquisition of Edicom, which took place on 30 June 2005, since these acquisitions, with revenues of €0.7 million in January 2005 for e-sama and €1.2 million in the first half of 2005 for Edicom, have no material impact on the results of the Group.

The companies Wanadoo Data and e-sama merged on 31 March 2006 to form PagesJaunes Marketing Services. In addition, PagesJaunes Liban, an unconsolidated subsidiary, was sold at the end of June 2006. Finally, the Group launched a new online classifieds business, accommodated within its subsidiary Cristallerie1, the name of which has been changed to PagesJaunes Petites Annonces.

## 9.2 Commentary on the results for the years ending 31 December 2005 and 31 December 2006

PagesJaunes Group (In millions of euros)	Periods ending 31 December		
	2006	2005	Change 2006/2005
<b>REVENUES</b>	<b>1,124.5</b>	<b>1,060.7</b>	<b>6.0%</b>
External purchases	(311.3)	(330.4)	-5.8%
Other operating income	12.5	54.9	-77.3%
Other operating expenses	(25.7)	(24.6)	4.7%
Salaries and charges	(313.6)	(297.6)	5.4%
<b>GROSS OPERATING MARGIN</b>	<b>486.3</b>	<b>463.1</b>	<b>5.0%</b>
<i>As % of revenues</i>	<i>43.2%</i>	<i>43.7%</i>	
Employee profit-sharing	(13.6)	(32.9)	-58.8%
Share-based payment	(9.2)	(20.5)	-54.9%
Depreciation, amortisation and impairment	(12.6)	(9.7)	30.1%
Capital gains (losses) on asset disposals	(0.6)	(0.6)	-1.9%
Restructuring charges	(0.1)	(0.4)	-83.1%
<b>OPERATING INCOME</b>	<b>450.3</b>	<b>399.0</b>	<b>12.8%</b>
<i>As % of revenues</i>	<i>40.0%</i>	<i>37.6%</i>	
Financial income	21.2	16.4	29.2%
Financial expenses	(13.7)	(4.8)	184.9%
Result of disposal of financial assets	0.8	0	NA
Corporation tax	(161.7)	(148.9)	8.6%
<b>NET INCOME</b>	<b>296.9</b>	<b>261.7</b>	<b>13.4%</b>
of which attributable to the shareholders of PagesJaunes Group	296.9	261.7	13.4%

The consolidated revenues of the Group amounted to €1,124.5 million in 2006. They advanced 6.0% compared to 2005. This advance is due to the increase in the average revenue per advertiser and the recruitment of new advertisers in France and in Spain, as well as the increase in rates. It is also the result of the launch of the telephone directory enquiry services (118 008) in France.

The Gross Operating Margin amounted to €486.3 million as at 31 December 2006. It rose 5.0% compared to 31 December 2005. The rate of Gross Operating Margin as a proportion of consolidated revenues decreased slightly, from 43.7% as at 31 December 2005 to 43.2% as at 31 December 2006.

Excluding the costs associated with France Télécom's sale of its holding in PagesJaunes Group, the consolidated Gross Operating Margin amounted to €490.4 million, a rise of 5.9% compared to 2005.

Four important events had a significant impact on the Gross Operating Margin in full-year 2006:

- the launch of the telephone directory enquiry service (118 008), which resulted in a large advertising investment, particularly in the first

half of 2006 and costs for the establishment of external call centres, whereas the service was not fully opened until 3 April 2006, when the previous short numbers were fully withdrawn;

- the overhauling of the agreements for advertising representation, production and distribution of *l'Annuaire* (white pages) between France Télécom and PagesJaunes, which resulted in the establishment of a concession agreement to operate the printed universal directory granted to PagesJaunes, accompanied by a contract transferring the "*l'Annuaire*" trademark for a total of €12 million. These contracts, which were signed on 12 January 2006, were effective from 1 January 2006. This operation led to the discontinuation of the payment of a fee to France Télécom, which amounted to €54.5 million in 2005, and the discontinuation of the recharging to France Télécom of the costs of the production and distribution of *l'Annuaire*, which represented €41.4 million in 2005. The discontinuation of these financial flows from France Télécom in 2006 does not involve the PagesJaunes 3611 service, which continues to be covered by the previous agreements;

- the launch of the classifieds business ("annoncesjaunes.fr"), the development costs for which were incurred in 2006, essentially in the second half, whereas the operational opening to the general public and commercial deployment took place in January 2007;
- the sale by France Télécom of its entire holding in the PagesJaunes Group to Médiannuaire, which resulted in PagesJaunes Group incurring fees for merchant banks, lawyers and other experts, in the second half of 2006, amounting to €4.1 million.

Furthermore, the effective control of all expenses, and in particular the editorial expenses in respect of printed directories and the reduction in losses at QDQ Media, had a favourable impact on the full-year 2006 results.

Taking into account these various factors, the consolidated external purchases (as defined in Section 2.1.2 "External purchases in the PagesJaunes in France segment") decreased by 5.8% in 2006 compared to 2005.

The salaries and charges, which include in particular personnel expenses relating to the sales force, increased by 5.4% between the two periods. At the same time, revenues advanced by 6.0% and the average headcount (in Full-Time Equivalent) of the Group rose from 4,677 in 2005 to 4,736 in 2006.

The operating income amounted to €450.3 million, a rise of 12.8% compared to 2005. This rise, which was more marked than that of the Gross Operating Margin, is due in particular to the substantial reduction in the employee profit-sharing expense, which fell from €32.9 million to €13.6 million, due to the establishment of a pooled profit-sharing agreement covering the companies in the PagesJaunes Group, in place

of the France Télécom profit-sharing agreement which was in force up to the end of 2005. This new agreement allows a large reduction in the profit-sharing expense while significantly increasing the sums paid to the Group's employees, which rose from €11.4 million in respect of full-year 2005 to €13.6 million in respect of full-year 2006. The operating income also includes the large decrease in share-based payment, which fell from €20.5 million in 2005 to €9.2 million in 2006, taking into account particularly the impact in 2005 of the expense relating to the France Télécom employee share issue launched in September 2005 and the ending of amortisation of France Télécom stock option plans.

The financial result decreased markedly to €8.3 million in 2006 compared to €11.6 million in 2005, taking into account the new financial structure of PagesJaunes Group at the end of 2006, whose net debt amounted to €1,866.6 million compared to a positive net cash position of €553.0 million at the end of 2005. The consolidated net income amounted to €296.9 million in 2006 against €261.7 million in 2005, an increase of 13.4%.

It should be noted that in order to optimise costs, the publication dates of printed directories (which determine the recognition of revenues and the related costs) may vary from one quarter to the next, since each printed directory appears only once per year. However, there is no publication timing difference between 31 December 2005 and 31 December 2006.

The developments set out below present the revenues, operating income and certain intermediate balances for each of the two segments of the consolidated Group, the PagesJaunes in France segment and the International & Subsidiaries segment.

## 9.2.1 ANALYSIS OF THE REVENUES AND OPERATING INCOME OF THE PAGESJAUNES IN FRANCE SEGMENT

The table below shows the trend in revenues and operating income of the PagesJaunes in France segment for the years 2005 and 2006:

PagesJaunes in France (In millions of euros)	Periods ending 31 December		
	2006	2005	Change 2006/2005
<b>REVENUES</b>	<b>1,015.0</b>	<b>956.1</b>	<b>6.2%</b>
External purchases	(269.2)	(287.2)	-6.3%
Other operating income	9.6	52.7	-81.8%
Other operating expenses	(21.5)	(21.5)	NA
Salaries and charges	(254.0)	(242.6)	4.7%
<b>GROSS OPERATING MARGIN</b>	<b>479.9</b>	<b>457.5</b>	<b>4.9%</b>
As % of revenues	47.3%	47.9%	
Employee profit-sharing	(13.5)	(32.3)	-58.3%
Share-based payment	(7.4)	(19.1)	-61.1%
Depreciation, amortisation and impairment	(8.8)	(5.9)	49.7%
Capital gains or losses on asset disposals	(0.6)	(0.5)	10.6%
<b>OPERATING INCOME</b>	<b>449.6</b>	<b>399.7</b>	<b>12.5%</b>
As % of revenues	44.3%	41.8%	



The PagesJaunes in France segment comprises the activities related to the publication and distribution of directories and the sale of advertising space in printed and online directories. It also includes the creation and hosting of websites and other activities (mainly the 118 008 telephone

directory enquiry service, the publication of the PagesPro directories, the sale of online access to databases, the reverse directory QuiDonc, the advertising representation for Europages and the holding activities of PagesJaunes Group).

### 9.2.1.1 Revenues of the PagesJaunes in France segment

The following table analyses the revenues of the PagesJaunes in France segment by product line for 2005 and 2006:

PagesJaunes in France (In millions of euros)	Periods ending 31 December		
	2006	2005	Change 2006/2005
<b>Printed directories</b>	<b>654.1</b>	<b>638.2</b>	<b>2.5%</b>
PagesJaunes	528.8	524.3	0.9%
<i>L'Annuaire</i>	125.4	113.9	10.1%
<b>Online services</b>	<b>320.7</b>	<b>285.0</b>	<b>12.6%</b>
Internet	280.0	227.7	22.9%
Minitel	40.8	57.2	-28.8%
<b>Telephone directory enquiry services</b>	<b>14.4</b>	<b>0.4</b>	<b>NA</b>
<b>Other activities</b>	<b>25.7</b>	<b>32.6</b>	<b>-21.2%</b>
<b>REVENUES</b>	<b>1015.0</b>	<b>956.1</b>	<b>6.2%</b>

The revenues of the PagesJaunes in France segment amounted to €1,015.0 million in 2006. They rose 6.2% compared to 2005. This trend results from the growth in revenues from printed directories, sustained by the success of the new offering of *l'Annuaire* (white pages), and online services, buoyed by the sustained development of internet activities. It is also due to the launch of a telephone directory enquiry service.

The increase in revenues from printed directories and online services results mainly from the increase in the number of advertisers in the printed and online media, as well as an increase in the average revenue per advertiser. Overall, the number of advertisers rose by 3.0% between 2005 and 2006, to around 638,400 advertisers in 2006 against 619,500 advertisers in 2005. More than 115,000 new advertisers were recruited in 2006, compared to 113,000 in 2005. In this context of sustained recruitment, average revenues per advertiser nevertheless continued to rise, by 2.7% to €1,570.

With regard to online services, the increase in revenues from Internet businesses (in particular due to pagesjaunes.fr) largely absorbed the decrease in revenues from the Minitel service.

The revenues from the 118 008 service are not representative, in that the market for telephone directory inquiries was only fully opened on 3 April 2006 and the revenues from 118 008 only really began to develop from that date.

#### Printed directories

Revenues from printed directories, resulting mainly from the sale of advertising space in the PagesJaunes directory and in *l'Annuaire* (white pages), amounted to €654.1 million in 2006. They advanced 2.5% compared to 2005.

From one period to the next, the revenues from the PagesJaunes directory advanced 0.9% to €528.8 million and those of *l'Annuaire* by 10.1% to €125.4 million. Overall, these rises are due to an increase in the number of advertisers (588,325 advertisers in 2006 against

575,435 advertisers in 2005), with average revenue per advertiser in 2006 (€1,112) slightly in excess of the 2005 figure (€1,109).

The strong advance of *l'Annuaire* is explained by the repositioning of the 2006 edition, with a new editorial and advertising line combining a new format, the switch to four-colour printing, an increase in distribution and a new geographic breakdown in the major population centres (Paris, Ile de France, Bouches du Rhône and Nord).

The process that is currently under way of enriching subscriber lists with the numbers of unbundled and mobile lines should increase the usage value of *l'Annuaire* and, from 2007, is expected to be accompanied by an increase in print runs and distribution. It should also result in an increase in publishing costs in 2007.

#### Online services

The revenues from online services amounted to €320.7 million in 2006. They advanced 12.6% compared to 2005. These revenues came mainly from the sale of advertising products in the online services (pagesjaunes.fr and PagesJaunes 3611) and the website creation and hosting business.

The strong growth in revenues from Internet services, which rose 22.9% to €280.0 million in 2006, is due on the one hand to an increase of 7.1% in the number of advertisers on pagesjaunes.fr (363,741 advertisers as at 31 December 2006 against 339,553 advertisers as at 31 December 2005), an on the other hand to the growth of 14.3% of the average revenue per advertiser, which amounted to €721 in 2006 against €631 in 2005.

This growth in average revenue per advertiser results from the combined effects of increased monetisation of the audience, a strengthening of the existing offerings and the launch of new advertising products.

The new content which went online in 2006 allowed a significant increase in the audience for pagesjaunes.fr, which reached 720 million visits in 2006 compared to 538 million in 2005, a rise of 33.8%.

The new pagesjaunes.fr homepage includes "Ville en Direct", strengthening the value of pagesjaunes.fr as a local resource. Furthermore, the inclusion of weather forecasts, real-time traffic information and webcams and three-dimensional views of the cities of Paris and Rennes, as well as the partnerships entered into with Allociné (information on cinema programmes, bookings), FNAC (information on shows) and IGN (aerial photographs) are contributing to the audience growth of pagesjaunes.fr

The value of this audience growth is being enhanced through changes in rates and advertising products. Almost 196,000 "module pagesjaunes.fr" advertisers were using the free call service at the end of 2006. The "En savoir +" product range, which has attracted almost 36,000 advertisers by the end of 2006 (including 21,000 recruited in 2006) has been enhanced with new options: product catalogue, 360°, Clip+, Audio Flash, English version. Finally, the advertising offering has been expanded, with the opening of new areas to provide a more effective response to the demands of advertisers.

All these innovations in content and advertising products help to secure customer loyalty, raise revenues and increase the number of new customers.

The revenues of PagesJaunes 3611 (Minitel) amounted to €40.8 million in 2006, representing a decrease of 28.8% compared to 2005. This trend reflects the natural decline in the audience of the Minitel service, with 112.1 million consultations in 2006 compared to 154.2 million in 2005.

### Telephone directory enquiry services

The revenues from telephone directory enquiry services (118 008) amounted to €14.4 million as at 31 December 2006. PagesJaunes

benefits from a unique position in the French market, due to a mixed model which enables it to generate revenues associated with calls to the 118 008 service, but also to offer advertisers a complete range of advertising products.

It should be noted that the comparison with full-year 2005 is not relevant; the telephone directory enquiries market opened on 2 November 2005, with the appearance of new 118 XYZ numbers, but the disappearance of short numbers (particularly 12) did not take place until 3 April 2006. In full year 2006, only the last three quarters of activity actually generated revenues.

### Other businesses

The other activities of the PagesJaunes in France segment contributed €25.7 million to 2006 revenues. This contribution is a decrease of 21.2% compared to 2005. These other businesses, which represent only 2.5% of the revenues of the segment in 2006, related essentially to the PagesPro offerings on printed and Internet media, the sale of online access to databases to French and foreign operators, consultations of the QuiDonc reverse directory via the Internet, Minitel and Audiotel platforms and the advertising representation for Europages on printed and Internet platforms.

The revenues from PagesPro on the Internet platform remain stable. On the other hand, the revenues from the QuiDonc reverse directory have declined due to a decrease in the QuiDonc audience on Minitel, which has not been offset by the growth in the audience of this service on the Internet. Finally, the revenues associated with the sale of online access to databases fell substantially, with PagesJaunes discontinuing this business from the second quarter of 2006.

### 9.2.1.2 External purchases in the PagesJaunes in France segment

PagesJaunes in France	Periods ending 31 December		
	2006	2005	Change 2006/2005
(In millions of euros)			
External purchases	(269.2)	(287.2)	-6.3%
As % of revenues	26.5%	30.0%	

The external purchases of the PagesJaunes in France segment amounted to €269.2 million in 2006, a decrease of 6.3% on revenues up 6.2% during the period. External purchases represented 26.5% of revenues in 2006, against 30.0% in 2005.

External purchases essentially include publishing costs (purchase of paper, printing and distribution of printed directories), communication expenses (purchase of space and design expenses), IT development expenses, expenses for the hosting and distribution of online directories as well as the cost of purchasing, creating and updating databases, call centre expenses and expenses for the production of advertisements.

In 2006, the advertising representation and production agreements for *l'Annuaire* between France Télécom and PagesJaunes were reviewed. It was decided to limit their scope to the PagesJaunes 3611 alphabetical search directory.

The slight decrease in external purchases therefore reflects two major developments with opposite effects:

- the discontinuation in the fee paid to France Télécom concerning *l'Annuaire*, which was €54.5 million in 2005;
- the launch of the telephone directory enquiry service, which resulted in a major advertising investment, particularly in the first half of 2006, and the costs of establishing external call centres.

The cost of paper, printing and distribution represented €95.2 million in 2006, against €97.8 million as at 31 December 2005. The costs of paper fell and amounted to €40.5 million in 2006 compared to €42.2 million in 2005. This trend reflects a lower consumption of paper with regard to editorial developments and the switch to a compact format in certain regions, in spite of a rising trend in paper prices and delivery costs.

### 9.2.1.3 Other operating income of the PagesJaunes in France segment

PagesJaunes in France (In millions of euros)	Periods ending 31 December		
	2006	2005	Change 2006/2005
Other operating income	9.6	52.7	-81.8%

The other operating income of the PagesJaunes in France segment amounted to €9.6 million in 2006, a decrease of 81.8% compared to 2005. This trend is explained mainly by the discontinuation of re-charging to France Télécom the costs of producing and distributing *l'Annuaire*, after the implementation of the operating concession

contract for the printed universal directory to PagesJaunes on 1 January 2006. This income amounted to €41.4 million in 2005. The other operating income in 2006 mainly comprised the re-charging to France Télécom of the costs of the PagesJaunes 3611 alphabetical search service and other non-recurring income.

### 9.2.1.4 Other operating expenses of the PagesJaunes in France segment

PagesJaunes in France (In millions of euros)	Periods ending 31 December		
	2006	2005	Change 2006/2005
Other operating expenses	(21.5)	(21.5)	NA
As % of revenues	2.1%	2.3%	

The other operating expenses of the PagesJaunes in France segment amounted to €21.5 million in 2006; they remained stable compared to 2005 at 2.1% of revenues.

These other operating expenses comprise taxes, levies and various provisions for liabilities and charges. Up to 11 October 2006, the date of which France Télécom sold its holding in PagesJaunes Group, they also include the expenses associated with the assistance agreement in

the legal, fiscal, accounting, and strategic fields concluded with the France Télécom group, which represents the sum of €4.5 million in 2006, against €5.6 million in 2005. In addition, the France Télécom trademarks fee has not been payable since 1 January 2006, whereas it represented an expense of €0.6 million in 2005, PagesJaunes having decided no longer to use the France Télécom brand or ampersand in 2006. On the other hand, the business tax and other taxes amounted to €14.4 million in 2006, a rise of 10.7% compared to 2005.

### 9.2.1.5 Salaries and charges of the PagesJaunes in France segment

PagesJaunes in France (In millions of euros)	Periods ending 31 December		
	2006	2005	Change 2006/2005
Salaries and charges	(254.0)	(242.6)	4.7%
As % of revenues	25.0%	25.4%	

The salaries and charges of the PagesJaunes in France segment amounted to €254.0 million in 2006, a rise of 4.7% compared to 2005, on revenues up 6.2% on the period.

Salaries and charges represented 25.0% of revenues in 2006, against 25.4% in 2005. This heading comprises wages and salaries, both fixed and variable, including profit-sharing, social charges, payroll tax, provisions for paid leaves, post-employment benefits and various benefits paid to employees in the sales force and support functions. The remuneration of the sales force and its immediate supervisory personnel remained stable at 13.8% of revenues. This remuneration of the sales force, which is to a large extent variable, depends principally on the commercial results recorded in the periods concerned.

### 9.2.1.6 Gross Operating Margin of the PagesJaunes in France segment

The Gross Operating Margin of the PagesJaunes in France segment amounted to €479.9 million in 2006, an increase of 4.9% compared to 2005. It represents 47.3% of revenues in 2006 compared to 47.9% in 2005, i.e. a decrease of 0.6 point between the two periods, mainly reflecting the investment made in 2006, on a particularly competitive market, for the launch of a telephone directory enquiry service, which only contributed to the revenues of the period for three quarters.

The costs associated with France Télécom's sale of its holding in PagesJaunes Group, already referred to in section 2, are included in full in the Gross Operating Margin of the France segment. Excluding costs associated with France Télécom's sales, the Gross Operating Margin of the France segment would increase by 5.8%.

### 9.2.1.7 Employee profit-sharing and share-based payment in the PagesJaunes in France segment

The employee profit-sharing in the PagesJaunes in France segment amounted to €13.5 million in the first half of 2006, a decrease of 58.3% compared to 2005. This decrease was linked to the termination at the end of 2005 of the France Télécom group pooled profit-sharing agreement. A new agreement, specifically for the French companies of the PagesJaunes Group, was negotiated in the first half of 2006. This new agreement, which has been in force since 1 January 2006, allows a substantial increase in the amount distributed to the employees of the PagesJaunes Group, while substantially decreasing the profit-sharing expense borne by the Group.

The share-based payments expense in the segment amounted to €7.4 million in 2006, a decrease of 61.1% compared to 2005. This decrease results principally from the major impact in 2005 of the cost of the France Télécom employee share issue which took place in September 2005 and the progressive amortisation of the France Télécom stock option plans. In addition, the 2006 expense includes the impact of the free grants of PagesJaunes Group shares on 30 May

2006 and 20 November 2006 (see section 4) which are reflected in an expense of €2.5 million in 2006. Finally, the early exercise of PagesJaunes Group stock options due to the departure from the France Télécom group generated an expense of €1.3 million, together with social charges amounting to €2.1 million in 2006.

### 9.2.1.8 Depreciation and amortisation in the PagesJaunes in France segment

The depreciation and amortisation charges amounted to €8.8 million in 2006, an increase of 49.7% compared to 2005. This increase was mainly due to the amortisation of the operating concession for *l'Annuaire*, which represented an expense of €2.8 million in 2006.

### 9.2.1.9 Operating income of the PagesJaunes in France segment

The operating income of the PagesJaunes in France segment advanced 12.5% to €449.6 million in 2006. The rate of operating margin in this segment increased from 41.8% in 2005 to 44.3% in 2006, a rise of 2.5 points.

## 9.2.2 ANALYSIS OF THE REVENUES AND OPERATING INCOME OF THE INTERNATIONAL & SUBSIDIARIES SEGMENT

The table below shows the like-for-like revenues and operating income in the International & Subsidiaries segment for the periods ending 31 December 2005 and 31 December 2006:

International & Subsidiaries (In millions of euros)	Periods ending 31 December		
	2006	2005	Change 2006/2005
<b>REVENUES</b>	<b>117.2</b>	<b>108.9</b>	<b>7.7%</b>
External purchases	(49.9)	(47.4)	5.2%
Other operating income & expenses	(1.4)	(0.9)	56.2%
Salaries and charges	(59.6)	(55.0)	8.3%
<b>GROSS OPERATING MARGIN</b>	<b>6.4</b>	<b>5.5</b>	<b>15.8%</b>
<i>As % of revenues</i>	5.5%	5.1%	
Employee profit-sharing	(0.1)	(0.6)	-88.0%
Share-based payments	(1.8)	(1.3)	33.6%
Depreciation, amortisation and impairment	(3.8)	(3.8)	NA
Capital gains or disposals on asset disposals	0.0	(0.0)	NA
Restructuring cost	(0.1)	(0.4)	-83.1%
<b>OPERATING INCOME</b>	<b>0.7</b>	<b>(0.6)</b>	<b>NA</b>
<i>As % of revenues</i>	0.6%	-0.6%	

### 9.2.2.1 Revenues of the International & Subsidiaries segment

The breakdown of the consolidated revenues of the International & Subsidiaries segment by product line for the years 2005 and 2006 is as follows:

International & Subsidiaries (In millions of euros)	Periods ending 31 December		
	2006	2005	Change 2006/2005
B to C directories	58.4	52.4	11.4%
Kompass	31.4	29.3	7.0%
Direct marketing and geographic services	27.5	27.1	1.2%
<b>REVENUES</b>	<b>117.2</b>	<b>108.9</b>	<b>7.7%</b>

The revenues of the International & Subsidiaries segment amounted to €117.2 million in 2006, an increase of 7.7% compared to 2005.

#### B to C directories

The revenues from B to C directories businesses amounted to €58.4 million in 2006. They rose 11.4% compared to 2005. The revenues from B to C directories result from the sale of advertising space in printed and online directories, their publication and distribution, carried out by the companies QDQ Media in Spain, Editus in Luxembourg and Edicom in Morocco.

The revenues of QDQ Media amounted to €45.2 million in 2006, a rise of 9.5% compared to 2005. This rise resulted mainly from the 4.1% growth in the average revenue per advertiser in 2006 edition, to €555 against €533 in 2005 edition, and to a 4.2% increase in the number of customers to 81,641 advertisers in 2006 edition compared to 78,332 customers in 2005 edition. The revenue growth of QDQ Media was particularly buoyant in the case of online services (QDQ.com), which recorded a rise of 42.1% to €8.7 million, whereas the revenues from printed directories rose by 3.5% to €36.5 million. Sales generated by online activities now represent 19.2% of revenues against 14.8% in 2005. 44,325 advertisers were present on QDQ.com at the end of 2006, against 40,951 at the end of 2005, an increase of 8.2%.

The revenues from other B to C directories amounted to €13.2 million in 2006 against €11.1 million in 2005.

#### Kompass businesses

Revenues from the Kompass businesses amounted to €31.4 million in 2006, a rise of 7.0% compared to 2005. These revenues result from the marketing of the Kompass information system through the sale of advertising space and data on printed media, CD-Rom, Minitel and the Internet on the "Kompass.com" sites, the global online directory of the Kompass agents and "Kompass.fr", the audience of which increased from 177,061 visits in December 2005 to 277,678 visits in December 2006. This strong growth is due to the strengthening of the listing on the main search engines. The sale of media is complemented by direct marketing services. Kompass revenues are generated in France, Spain, Belgium and Luxembourg.

#### Direct marketing and geographic services

The revenues from direct marketing and geographic services amounted to €27.5 million in 2006, a rise of 1.2% compared to 2005.

These revenues resulted from the marketing of qualified databases of individuals and businesses for prospection campaigns and data processing services, as well as customer relationship management (CRM) services. This marketing is carried out by PagesJaunes Marketing Services, which was created by the merger of Wanadoo Data and e-sama on 31 March 2006. In a context of transition resulting from implementation of this merger, PagesJaunes Marketing Services recorded a decrease in revenues of 14%.

These revenues also come from the geographic and online city photograph services provided by Mappy. The revenues from this business increased by more than 45.6% in 2006.

### 9.2.2.2 External purchases in the International & Subsidiaries segment

International & Subsidiaries (In millions of euros)	Periods ending 31 December		
	2006	2005	Change 2006/2005
External purchases	(49.9)	(47.4)	5.2%

External purchases in the International & Subsidiaries segment amounted to €49.9 million in 2006, an increase of 5.2% compared to 2005, on revenue growth of 7.7% over the period. External purchases therefore represented 42.6% of 2006 revenues against 43.6% of 2005 revenues.

These figures include the costs of the merger of Wanadoo Data and of e-sama, which represent approximately €1.1 million, and the cost of developing the new online classifieds business carried by PagesJaunes Petites Annonces, for a total of €3.8 million, including the salaries and charges incurred by this subsidiary. This activity will only contribute to consolidated revenues from the 2007 financial year.

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

International & Subsidiaries	Periods ending 31 December			
	(In millions of euros)	2006	2005	Change 2006/2005
Other operating income & expenses		(1.4)	(0.9)	56.2%

The other operating income and expenses of the International & Subsidiaries segment represented a net expense of €1.4 million in 2006, a rise of 56.2% compared to 2005.

The other operating income and expenses comprised management income other than sales revenues, increases in stocks and work in progress, costs of taxes and levies (excluding corporation and payroll tax), customer provisions and certain provisions for risks and charges.

This favourable trend was due in particular to an improvement in the management of customer risk at QDQ Media, following the actions taken as part of the recovery plan for this subsidiary, which was reflected in a decrease in impairment charges in respect of trade debtors on new editions.

### 9.2.2.4 Salaries and charges of the International & Subsidiaries segment

International & Subsidiaries	Periods ending 31 December			
	(In millions of euros)	2006	2005	Change 2006/2005
Salaries and charges		(59.6)	(55.0)	8.3%

The salaries and charges of the International & Subsidiaries segment amounted to €59.6 million in 2006, a rise of 8.3% compared to 2005 on revenue growth of 7.7% over the same period.

Salaries and charges therefore represented 50.8% of revenues in 2006 compared to 50.5% as at 31 December 2005. The 2006 salaries and charges included those of the personnel involved in the new online classifieds business.

### 9.2.2.5 Gross Operating Margin of the International & Subsidiaries segment

The Gross Operating Margin of the International & Subsidiaries segment amounted to €6.4 million in 2006, a rise of 15.8% compared to 2005.

The continuation of the recovery plan at QDQ Media resulted in an improvement in its Gross Operating Margin, which moved from a loss of €5.1 million in 2005 to a profit of €0.5 million in 2006.

This improvement in the profitability of Kompass France also contributed €1.0 million to the increase in this 2006 Gross Operating Margin.

Conversely, the impact of the costs of the merger of Wanadoo Data and e-sama and the costs incurred by PagesJaunes Petites Annonces partly absorbed these improvements in the Gross Operating Margin of QDQ and Kompass France.

### 9.2.2.6 Employee profit-sharing and share-based payment in the International & Subsidiaries segment

The employee profit-sharing and the share-based payment expense in the International & Subsidiaries segment amounted to €1.9 million in 2006, i.e. a stable total compared to 2005.

Full-year 2006 includes the impact of the early exercise of PagesJaunes Group stock options, 50% of these options having become eligible for early exercise on the disposal by France Télécom of its holding in PagesJaunes Group.

### 9.2.2.7 Depreciation and amortisation in the International & Subsidiaries segment

Depreciation and amortisation remained stable at €3.8 million in 2006.

### 9.2.2.8 Operating income of the International & Subsidiaries segment

The operating income of International & Subsidiaries business was in profit to the sum of €0.7 million in 2006, compared to an operating loss of €0.6 million in 2005.

## 9.2.3 ANALYSIS OF CONSOLIDATED NET INCOME

The table below shows the consolidated net income of the consolidated Group generated by all businesses during the periods ending on 31 December 2005 and 31 December 2006:

PagesJaunes Group (In millions of euros)	Periods ending 31 December		
	2006	2005	Change 2006/2005
<b>Operating income</b>	<b>450.3</b>	<b>399.0</b>	<b>12.8%</b>
As % of revenues	40.0%	37.6%	
Financial income	21.2	16.4	29.2%
Financial expenses	(13.7)	(4.8)	184.9%
Result of disposal of financial assets	0.8	0.0	NA
Corporation tax	(161.7)	(148.9)	8.6%
<b>Net income</b>	<b>296.9</b>	<b>261.7</b>	<b>13.4%</b>
of which attributable to the shareholders of PagesJaunes Group	296.9	261.7	13.4%

### 9.2.3.1 Financial income

Financial income amounted to €21.2 million in 2006. It increased by €4.8 million, a rise of 29.2% compared to 2005. This was due mainly to the increase in interest rates in 2006 and an increase in the average cash position.

Up until 11 October 2006, the date of France Télécom's sale of its holding in PagesJaunes Group, the financial income mainly comprised income from of PagesJaunes Group cash deposit with France Télécom. All the loans and overdrafts granted to France Télécom were repaid on that date. Since then, financial income has resulted from the investment of surplus cash of PagesJaunes Group in the form of short-term treasury instruments.

The financial income also includes the change in the fair value of the collar initiated at the end of November 2006 in order to hedge this variable rate debt. This change represented income of €4.2 million in 2006.

### 9.2.3.2 Financial expenses

Financial expenses amounted to €13.7 million in 2006 against €4.8 million in 2005. The financial expenses in the 2005 financial year included the expense of €3.0 million recorded on the assignment of the receivable in respect of the exceptional levy on dividends paid in the first half 2005. The financial expenses recorded in 2006 corresponded mainly to the interest charge on the debt of €1,950.0 million arranged in November 2006.

### 9.2.3.3 Corporation tax

In 2006, the Group recorded a corporation tax charge of €161.7 million, a rise of €8.6% compared to 2005. This is consistent with the trend in the pre-tax result.

In 2004, the Company adopted the tax consolidation regime provided for in articles 223A ff. of the French General Tax Code. The aim is to establish a group with an integrated tax system including the Company and all its French subsidiaries. This option took effect on 1 January 2005 for a period of five years.

PagesJaunes Group and its subsidiary PagesJaunes were the subject of a tax audit in 2006 covering the years 2002, 2003 and 2004. The companies received reassessment requests from the taxation authorities on 11 December 2006 concerning two points:

- in respect of the first point, relating to the non-deductibility of debt cancellations, an additional tax charge of €0.7 million was recorded in 2006;
- by contrast, PagesJaunes Group and PagesJaunes intend to contest the second point, involving a claim of an additional tax charge for the two companies of around €4.8 million, including interest. The companies believe they have strong arguments for contesting this proposed reassessment and have therefore not recognised a provision in respect of this reassessment. They sent their observations to this effect to the taxation authorities in two letters dated 10 January 2007.

### 9.2.3.4 Net income

The net income amounted to €296.9 million in 2006, a rise of 13.4% compared to 2005.



The table below shows the movements in the cash position of the consolidated Group in 2005 and in 2006:

(In millions of euros)	31 December 2006	31 December 2005
Hedging instruments	17.5	-
Short-term investments >3 months and <1 year	0.3	16.5
Cash and cash equivalents	55.1	549.8
<b>Cash assets</b>	<b>72.8</b>	<b>566.3</b>
Bank loan	(1,950.0)	-
Debt costs	47.3	-
Liabilities in respect of hedging instruments	(8.3)	-
Accrued interest not yet due	(5.6)	-
Bank overdrafts	(7.5)	(7.8)
Other financial liabilities	(15.3)	(5.5)
<b>Gross financial debt</b>	<b>(1,939.4)</b>	<b>(13.3)</b>
<i>Of which current</i>	(28.5)	(13.3)
<i>Of which non-current</i>	(1,911.0)	(0.0)
<b>NET CASH (DEBT)</b>	<b>(1,866.6)</b>	<b>553.0</b>

The Group's net debt amounted to €1,866.6 million as at 31 December 2006 against a net cash position of €553.0 million as at 31 December 2005. This development results mainly from the payment on 24 November 2006 of an exceptional dividend of €9 per share, i.e. €2,519.7 million.

The cash and cash equivalents in 2005 essentially comprised investments up to three months with France Télécom. These current accounts and deposits were fully repaid when France Télécom sold its holding in PagesJaunes Group on 11 October 2006. As at 31 December 2006, the cash and cash equivalents essentially comprised cash Mutual Funds and bank current accounts.

### Bank loan

On 24 October 2006 PagesJaunes Group concluded a financing arrangement with a syndicate comprising seven international banks for a maximum total of €2.35 billion, comprising a medium-term senior loan of €1,950 million and a revolving credit line of €400 million. The sole purpose of the senior debt was to finance the exceptional dividend of €9 per share paid on 24 November 2006 and it was drawn in full on 24 November 2006. The revolving credit line is intended to finance the Group's treasury requirements (working capital requirement, investments or refinancing) in the context of its operating activities and is available in the form of drawings, letters of credit or bilateral lines.

The medium-term senior loan has a maturity of seven years, with interest at a variable rate based on the Euribor reference rate and a maximum margin of 185 basis points (subject to downward adjustments as a function of the ratio of total net debt to an aggregate close to the consolidated Gross Operating Margin), and is repayable in full at maturity. The revolving credit line has a maturity of seven years, with interest at a variable rate based on the Euribor reference rate or Libor (in the event of the use of a currency other than the euro) with a maximum

margin of 185 basis points (subject to downward adjustments as a function of the ratio of total net debt to an aggregate close to the consolidated Gross Operating Margin) and the repayment of each drawing takes place at the end of each drawing period. PagesJaunes Group is required to pay a non-utilisation commission calculated at a rate of 0.625% per year on the undrawn part of its revolving credit line. This financing contract contains in particular compulsory early repayment clauses and default clauses as well as evolving financial covenants providing for (i) a ratio of consolidated Gross Operating Margin to total net interest expense and a lower limit rising over the term of the credit from 3.25x to 4.00x and (ii) a ratio of total consolidated net debt to an aggregate close to the consolidated Gross Operating Margin and a higher limit reducing over the term of the credit from 5.25x to 3.75x. These two ratios are calculated on the basis of consolidated data. 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.

PagesJaunes Group incurred expenses totalling €48.0 million for the arrangement of this financing, mainly comprising commissions paid to the arrangers on the basis of a rate of 2% on the amount of the senior loan, i.e. €39.0 million and 2.125% on the amount of the revolving credit line, i.e. €8.5 million. The loan of €1,950 million has been recognised at fair value, on the basis of its nominal value less these issue costs of €39.0 million, the latter being the subject of actuarial amortisation over the life of the loan in accordance with the Effective Interest Method. As at 31 December 2006, the fair value of the borrowing was €1,911.0 million. The issue expenses on the revolving credit line were also recorded as a deduction from the debt and are being amortised on a straight-line basis over the life of this credit line, which was not drawn as at 31 December 2006. The amortisation charge for all of these issue expenses is recorded in financial expenses.

The table below presents the consolidated cash flow for the years 2005 and 2006:

Consolidated cash flow statement in historical data (In millions of euros)	Periods ending	
	31 December 2006	31 December 2005
Net cash from operating activity	310.3	263.5
Net cash used in investing activities	50.5	(105.0)
Net cash used in financing activities	(855.6)	(252.7)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(494.7)</b>	<b>(94.3)</b>
Impact of treasury differences on cash	(0.0)	0.0
Cash and cash equivalents at start of period	549.8	644.1
<b>CASH AND CASH EQUIVALENTS AT START OF PERIOD</b>	<b>55.1</b>	<b>549.8</b>

The cash as at 31 December 2006 amounted to €55.1 million compared to €549.8 million as at 31 December 2005.

The net cash flow generated by operating activities increased by €46.9 million to €310.3 million, a rise of 17.8% in 2006. This increase is mainly associated with:

- the improvement of €23.2 million in the Gross Operating Margin;
- the change in the working capital requirement, from a positive amount of €35.0 million in 2005 to an additional requirement of €9.7 million in 2006; this development is a result of:
  - the decrease in liabilities to operating suppliers of €16.5 million,
  - a lower change in inventories of paper of €8.5 million,
  - a slight increase in trade debtors, net of deferred income, of €3.3 million,
  - a decrease of €23.4 million in employee benefits, mainly associated with the time lag in the disbursement of employee profit-sharing;
- a disbursement of corporation tax which was lower in 2006 than in 2005, having regard to a shift into 2005 of part of the disbursement of the 2004 tax, which created a positive change in cash flows of €49.4 million between 2005 and 2006;
- various other unfavourable factors between the two periods amounting to €6.1 million, including net interest received and interest paid.

Net cash used in investing activities decreased by €155.5 million between 2005 and 2006. This decrease was made up as follows:

- a higher level of investment in 2006 than in 2005 by €17.4 million, mainly due to the payment of €11.0 million in the context of the operating concession contract for the printed directory entered into with France Télécom and the acquisition of the "l'Annuaire" trademark for €1.0 million;

- a positive impact of €128.4 million on the flows relating to the loan with France Télécom. In 2005, a three-year loan of €64.2 million was arranged. In 2006, it was repaid early by France Télécom;
- a change in cash investments made in the context of the liquidity contract in an amount of €33.0 million. This contract was entered into in 2005 and was terminated in 2006;
- an amount of financial investments of €2.0 million in 2006 against €12.5 million in 2005.

The net cash flow allocated to financing operations increased by €602.9 million between 2005 and 2006. This increase is due to:

- the increase of €24.7 million in the dividend paid in respect of the current activity;
- the payment, on 24 November 2006, of an exceptional dividend of €9 per share, i.e. 2,519.7 million;
- recourse to debt net of expenses amounting to €1,902.1 million to finance the exceptional dividend;
- a capital increase in 2006 following the early exercise of stock options amounting to €26.4 million;
- an increase in the current account with PagesJaunes Outre-mer, an unconsolidated company, of €9.9 million in 2006 against €0.7 million in 2005, due to a deferment of disbursements relating to the advertising representation agreement;
- repurchases of own shares for €2.2 million in 2005. This position was closed out in 2006.

The PagesJaunes Group is characterised by a strong culture of innovation which does not require major investments in fundamental research and development. In this regard, most research and development expenses are not accounted for in investments but in expenses. However, in order

to cater to technological developments, the group increased these investments in 2006, particularly with the acquisition of the trademark and the operating concession for *l'Annuaire*.

## 12.1 Main trends that have affected the Group's business

See Sections 9 and 10.

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

The Company is not aware of any known trends or events concerning its business that would be reasonably likely to have considerable and exceptional influence on revenue during the course of fiscal 2007.

## 12.3 Financial objectives

For 2007, for the same scope, PagesJaunes Group has set the following financial objectives:

- consolidated revenue up by 5 to 7%;
- consolidated GOM up by 2 to 4%, given the investment in on-line classified ads, relaunch of printed directories and development of on-line services.

In 2006, the following financial objectives were presented to the market in February 2006:

- internal growth in consolidated revenue of 6.5% to 8.5% in 2006;
- growth in the consolidated GOM of 5% to 7%, essentially in the second half of 2006 due to investments in the 118 008 service in the first half of 2006;
- break even in GOM at QDQ Media in the second half.

Results for the 2006 financial year showed:

- growth in consolidated revenue was 6%, at the low end of the 6 to 6.5% range indicated in October 2006;
- growth in the consolidated GOM, including expenses for launching an on-line classified ad business, of 5.9%, at the high end of the 5 to 6% range indicated in October 2006, excluding costs for the sale of the France Télécom's interest in the PagesJaunes Group;
- GOM at QDQ Media broke even for the full 2006 financial year, compared with an objective to break even in the second half of 2006.

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

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## 14.1 Members of the Board of Directors

Upon completion of the acquisition on 11 October 2006 of France Télécom's controlling interest by Médiannuaire, the make-up of the Company's Board of Directors was modified to reflect the new shareholder configuration.

The Meeting of the Company's Board of Directors held on 12 October 2006 accepted the resignation of Mrs Stéphane Pallez and Mrs Patricia Langrand of France Télécom, and Mr Olivier Barberot, Mr Michel Combes, Mr Jean-Hervé Lorenzi and Mr Antonio Anguita from their positions as directors. To replace the outgoing Board Members, the Médiannuaire company, Mr Jacques Garaïalde, Mr Mattia Caprioli,

Mr Reinhard Gorenflos, Mr Johannes Huth, Mr Hugues Lepic and Mr Michel Datchary were co-opted. Mr Jacques Garaïalde was appointed Chairman of the Board of Directors.

At the same meeting, Mr Marcel Roulet also resigned from his position as censeur.

The Company's General Shareholders' Meeting of 20 November 2006 ratified all of these co-optations and, furthermore, appointed Mr Jean-Christophe Germani as Board Member.

The members of the Board of Directors on the date of the present Document are:

- Mattia Caprioli;
- François de Carbonnel;
- Élie Cohen;
- Michel Datchary;
- Abeille Deniau;
- Médiannuaire, represented by Ahmet Faralyali;
- Jacques Garaïalde;
- Jean-Christophe Germani;
- Reinhart Gorenflos;
- Johannes Huth;
- Hugues Lepic;
- Jean-Claude Marceau; and
- Rémy Sautter.

Name	Position	Term	Other positions and primary functions exercised in all other companies over the last 5 years
Mattia CAPRIOLI	Director Member of the Compensation and Appointments Committee Member of the Audit Committee	General Shareholders' Meeting in 2009	Employee of KKR Director of AVR Director of Selenia Director of Médiannuaire Holding <b>Terms which are no longer exercised:</b> None
François de CARBONNEL	Director Chairman of the of the Compensation and Appointments Committee	General Shareholders' Meeting in 2009	Director of QUILVEST SA (Luxembourg) Director of Ecofin Hedge Fund Limited (Ireland) Director of Ecofin Special Situations Funds Limited (Ireland) Director of Parc des Aulnois SA Director of Cofipar SA Director of GFISA (Groupe Foncier d'Île-de-France) <b>Terms which are no longer exercised:</b> Manager of Geroa SARL
Élie COHEN	Director Member of the Audit Committee	General Shareholders' Meeting in 2009	Director of research at CNRS, Professor at Sciences-Po, Vice-President of the Public Sector High Council and Member of the Prime Minister's Economic Analysis Council Member of the Supervisory Board of the Steria Group (SSII) Director of EDF Énergie <b>Terms which are no longer exercised:</b> Chairman of the Scientific Board and Director of Vigeo Director of Orange
Michel DATCHARY	Director Chief Executive Officer	General Shareholders' Meeting in 2009	Chairman and Managing Director and Director of PagesJaunes Director of Kompass France Director of PagesJaunes Marketing Services Director of Médiannuaire Holding Chairman of the Board of Directors and Director of QDQ Media (Spain) <b>Terms which are no longer exercised:</b> None
Abeille DENIAU	Director representing the personnel	20 July 2011	None <b>Terms which are no longer exercised:</b> None
MEDIANNUAIRE, represented by Ahmet FARALYALI	Director	General Shareholders' Meeting in 2011	None <b>Terms which are no longer exercised:</b> None
Jacques GARAIALDE	Director Chairman of the Board	General Shareholders' Meeting in 2009	KKR Associate Director of Legrand Director of Nexans Chairman and Managing Director and Director of Médiannuaire Holding Director of Tarkett Member of the Executive Committee of Société d'Investissement Familiale <b>Terms which are no longer exercised:</b> None
Jean-Christophe GERMANI	Director	General Shareholders' Meeting in 2011	Executive Director, Goldman Sachs <b>Terms which are no longer exercised:</b> Director of EM Acquisition Corp. and Education Management Corporation Director of Alchemy Holding Sarl Director of CCom Holdings Luxembourg S.à r.l. Director of Wireless Information Network Limited Director of InsuranceCity AG



Name	Position	Term	Other positions and primary functions exercised in all other companies over the last 5 years
Reinhard GORENFLOS	Director	General Shareholders' Meeting in 2009	<p>KKR Associate</p> <p>Chairman of the Board of AVR BV (Netherlands)</p> <p>Chairman of the Board of Demag Cranes AG (Germany)</p> <p>Director of DEMAG S.à.r.l (Luxembourg)</p> <p>Director of DSD GmbH (Germany)</p> <p>Director of ATU GmbH (Germany)</p> <p>Director of Selenia FL (Italy)</p> <p><b>Terms which are no longer exercised:</b></p> <p>None</p>
Johannes HUTH	Director	General Shareholders' Meeting in 2009	<p>Employee of KKR</p> <p>Director of KKR &amp; Co Limited (United Kingdom)</p> <p>Chairman of KKR &amp; Co SAS</p> <p>Chairman of the Supervisory Board of ATU Holding GmbH (Germany)</p> <p>Chairman of the Supervisory Board of MTU Aero Engines GmbH (Germany)</p> <p>Chairman of the Supervisory Board of MTU Aero Engines Holding AG (Germany)</p> <p>Chairman of the Supervisory Board of Wincor Nixdorf GmbH (Germany)</p> <p>Deputy Chairman of the Supervisory Board of Zumbotel (Austria)</p> <p>Member of the Supervisory Board of NXP BV (Netherlands)</p> <p>Director of Rally Lux Holding One S.à.r.l (Luxembourg)</p> <p>Director of Rally Lux Holding Two S.à.r.l (Luxembourg)</p> <p>Director of DEMAG S.à.r.l (Luxembourg)</p> <p>Chairman and Director of Selenia FL (Italy)</p> <p><b>Terms which are no longer exercised:</b></p> <p>Chairman of the Supervisory Board of Wincor Nixdorf AG (Germany)</p>
Hugues LEPIC	Director Member of the Compensation and Appointments Committee	General Shareholders' Meeting in 2011	<p>Manager of the Private Equity Group Europe at the "Principal Investment Area" division and associate at The Goldman Sachs Group, Inc</p> <p>Member of the Goldman Sachs PIA Investment Committee</p> <p>Director of Prysmian Srl</p> <p>Director of Eutelsat Communications SA</p> <p>Director of Eutelsat SA</p> <p>Director of Médiannuaire Holding</p> <p>Director of Glacier SCS GP Limited</p> <p>Director of GSCP V Sarl</p> <p>Director of Prysmian S.r.l</p> <p><b>Terms which are no longer exercised:</b></p> <p>Director of Autodis SA</p> <p>Director of Autodistribution SA</p> <p>Director of Cablecom GmbH</p> <p>Director of Cablecom Luxembourg GP Sarl</p> <p>Director of Einsteinnet Holding AG</p> <p>Director of Prysmian Holdings S.r.l.</p> <p>Director of Prysmian Telecom S.r.l.</p>
Jean-Claude MARCEAU	Director	General Shareholders' Meeting in 2009	<p>None</p> <p><b>Terms which are no longer exercised:</b></p> <p>None</p>
Rémy SAUTTER	Director Chairman of the Audit Committee	General Shareholders' Meeting in 2009	<p>Chairman and Managing Director of Bayard d'Antin</p> <p>Chairman of the Supervisory Board of Ediradio/RTL</p> <p>Member of the Supervisory Board of M6</p> <p>Director of Partner Re (USA)</p> <p>Director of Taylor Nelson Sofres (UK)</p> <p>Director of Thomson</p> <p><b>Terms which are no longer exercised:</b></p> <p>Director of M6 Publicité</p> <p>Director of Wanadoo</p> <p>Chairman of Sicav Multimedia et Technologies</p>

## INDEPENDENT DIRECTORS

The Board of Directors has 3 independent members, Mr François de Carbonnel, Mr Élie Cohen and Mr Rémy Sautter.

A member is considered independent if he has no relationship of any kind with the Company which could have a significant influence on his freedom of decision-making.

There are no family ties between the members of administration and management bodies.

## BIOGRAPHIES OF DIRECTORS

**Mattia Caprioli** joined Kohlberg Kravis Roberts & Co. in 2001 and notably took part in their investment operations in AVR BV (Netherlands), Legrand, Selenia (Italy) and Toys 'R' Us (United States). He is a member of the Board of Directors of AVR BV and of the Board of Directors of Selenia. Before joining Kohlberg Kravis Roberts & Co., Mattia Caprioli worked at Goldman Sachs International in London, where he was involved in the merger, acquisition and financing sector for various industries. Born in 1974, Mattia Caprioli is a graduate of the Bocconi University (Italy).

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

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

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

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

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

**Jean-Christophe Germani** is Executive Director at the Principal Investment Area division of Goldman Sachs. Mr Germani is a graduate of the *Hautes Écoles Commerciales*.

**Reinhard Gorenflos** joined Kohlberg Kravis Roberts & Co. in 2001, where he is now an associate. Reinhard Gorenflos began his career as a consultant at LEK from 1989 to 1991, then was given various management responsibilities at the Thyssen Group from 1991 to 1996. From 1996 to 1998 he held the position of CEO of OTTO Environment, then CFO of ARAL AG. Reinhard Gorenflos is also chairman of the Board of Directors of AVR BV (Netherlands) and DEMAG Cranes AG (Germany) and Board Member of DEMAG S.à.r.l (Luxembourg), DSD GmbH (Germany), ATU GmbH (Germany) and SELENIA (Italy). Born in 1961, Reinhard Gorenflos has a degree in Economics from the University of Freiberg and an MBA from Harvard's Kennedy School of Government.

**Johannes Huth** joined Kohlberg Kravis Roberts & Co. in 1999 and has notably worked on investment operations in DEMAG Holdings, Wincor Nixdorf, Wassall/Zumtobel, MTU Aero Engines, DSD GmbH (Germany), ATU GmbH (Germany), Selenia (Italy) and NXP BV. Previously, Johannes Huth held the position of Vice-President of the Mergers & Acquisitions departments at Salomon Brothers in London and New York from 1986 to 1991, before being appointed member of the Executive Committee

at Investcorp and Head of Operations for Investcorp in Europe. Born in 1960, Johannes Huth graduated from the London School of Economics and holds an MBA from the University of Chicago.

**Hugues Lopic** is an associate at The Goldman Sachs Group, Inc., and is manager of the Private Equity Group in Europe for Goldman Sachs in the Principal Investment Area division. He is also a member of the Goldman Sachs Investment Committee. Hugues Lopic began his career in 1990 at the Mergers & Acquisitions department of Goldman Sachs in New York, then in London. He joined the Goldman Sachs Private Equity business in London in 1996 before being appointed Managing Director in 1998 and associate in 2000. Hugues Lopic is also a member of the Board of Directors of Prysmian SrL and Eutelsat Communications. Born in 1965, Hugues Lopic is an *Ecole Polytechnique* alumnus and holds an MBA from the Wharton School of the University of Pennsylvania.

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

**Rémy Sautter** began his career at the *Caisse de Dépôts et Consignations* (1971-1981) before being appointed a Technical Advisor at the Office of the Minister of Defence for Financial and Budget Affairs (1981-1983). He was then Finance Director for the Havas Agency from 1983 to 1985 and Vice-Chairman and Managing Director of RTL until 1996. Rémy Sautter was the Managing Director of the CLT-UFA until 2000 before holding the position of Chairman-Managing Director at RTL until 2002. Since December 2002, he has been Chairman of the Supervisory Board at RTL. Born in 1945, Rémy Sautter has a law degree and graduated from the *Institut d'Études Politiques* in Paris and the *École Nationale d'Administration*.

## 14.2 Incriminations and potential conflicts of interest

Over the last five years, the members of general management and the management and administrative bodies have not been subject to any:

- conviction for fraud;
- bankruptcy, sequestration or liquidation;
- official public sanction and/or conviction handed down against them by a statutory or regulatory authority;
- court injunction preventing them from acting as a member of a supervisory, management or administrative body of an issuer or from intervening in the management and conducting of business of an issuer.

There are no potential conflicts of interest between the duties of the members of general management and the management and administrative bodies pertaining to the Company and their private interests and/or other duties.

Mr Garaialde, Mr Caprioli and Mr Lopic, members of the Company's Board of Directors, are also Board Members of Médiannuaire Holding, the parent company of Médiannuaire, the Company's principal shareholder. To the best of the Company's knowledge, there is no conflict of interest situation relative to their holding these positions.

Develop the subject of potential conflicts of interest with Médiannuaire Holding

## 14.3 Members of Management Bodies

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

Name	Position
<b>Michel Datchary</b>	Chief Executive Officer
<b>Thomas Abikhalil</b>	Chief Communications Officer
<b>André Chaperon</b>	Chief Officer of Human Resources
<b>Ghislaine Mattlinger</b>	Chief Financial Officer
<b>Henri Moché</b>	Chief Officer of Strategy
<b>Dominique Paoli</b>	Chief Officer of Legal Affairs

**Thomas Abikhalil** has been the Company's Chief Communications Officer since January 2005. He had previously been Chief Communications Officer for PagesJaunes since 1999. After a short period of international experience in Africa and the Middle East, Thomas Abikhalil joined the PagesJaunes Group in 1986 as a Marketing Consultant. He was then a sales supervisor from 1987 to 1988; and Sales Manager from 1989 to 1992. When the regional offices were set up, he took charge of the office in Grenoble in 1993. He then participated in the development of the Group's international business by becoming assistant International Director from 1995 to 1999. Furthermore, Thomas Abikhalil is Vice-president of the SNA (*Syndicat National des Éditeurs d'Annuaire*) in France. Thomas Abikhalil, 47, graduated from the *Faculté Saint-Joseph* in Beirut with a degree in company management and from the *Faculté Libanaise* of Beirut in political science.

**André Chaperon** has been the Company's Chief Officer of Human Resources since January 2005. He had previously been Chief Officer of Human Resources for PagesJaunes since 1999. After starting his career at GMF, he joined the France Télécom Group in 1985 where he was successively responsible for Recruitment and Personnel Management for France Câble et Radio, and then starting in 1995 Director of Human Resources, Communication and Logistics for France Télécom Mobile Radiomessagerie. Born in 1951, André Chaperon holds a DES in public law and a DESS in human resources development.

**Michel Datchary** has been the CEO of PagesJaunes Group since 23 September 2004. He had previously been the Chairman of the Management Board of PagesJaunes since 1996. Michel Datchary started his career at the Havas group in 1977 before joining the ODA group. He notably worked as the Product Manager in 1979, as Deputy

Marketing Director in 1981, as the Managing Director of a subsidiary in 1985, and as Deputy Managing Director and a member of the Board of ODA in 1992. From 2000 to 2004 he was Director of Wanadoo's Directory Division. Michel Datchary is a graduate of the *Institut de Promotion Commerciale* of the Pau Chamber of Commerce (1977).

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

**Henri Moché** has been the Company's Chief Officer of Strategy since January 2005. He was previously Chief Officer of Strategy for QDQ Media from 2001 to 2004, after beginning his career at the Investor Relations Division at Havas from 1994 to 1997, and then was CEO of PagesJaunes Outre-Mer and responsible for International Development at the PagesJaunes International and Subsidiaries business unit. Born in 1971, Henri Moché is an ESCP graduate.

**Dominique Paoli** is the Company's Chief Officer of Legal Affairs. He has also been Director of Legal Affairs and Real Estate for PagesJaunes since 1985. After having begun his career at Crédit Lyonnais, he then joined l'Office d'Annonces in 1977 in the Personnel Management department. Born in 1953, Dominique Paoli holds a DESS in management and labour law.

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**15.2 Amounts provisioned or booked for the payment of pensions, retirement or other benefits** p. 71

## 15.1 Overall total of compensation and benefits in kind

All of the gross compensation excluding employer contributions and benefits in kind individually paid by the Company to the Company officers during the fiscal year ending on 31 December 2006 at the PagesJaunes Group are summarised in the table below:

Company officers PagesJaunes Group	Fixed compensation paid during fiscal year		Variable compensation and other bonuses paid during fiscal year		Profit-sharing and company savings plan paid during fiscal year		Benefits in kind given during the fiscal year		Attendance fees earned during the fiscal year	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Antonio Anguita <sup>(3)</sup>	-	-	-	-	-	-	-	-	-	-
Olivier Barberot <sup>(3)</sup>	-	-	-	-	-	-	-	-	-	-
Mattia Caprioli <sup>(4)</sup>	-	-	-	-	-	-	-	-	-	-
François de Carbonnel	-	-	-	-	-	-	-	-	63,000	24,000
Élie Cohen	-	-	-	-	-	-	-	-	52,000	25,000
Michel Combes <sup>(3)</sup>	-	-	-	-	-	-	-	-	8,600	-
Michel Datchary, CEO	300,000	300,000	403,269 of which 143,519*	56,740	-	10,702	19,329	10,458	-	3,324 <sup>(1)</sup>
Patricia Langrand <sup>(3)</sup>	-	-	-	-	-	-	-	-	-	-
Jean Hervé Lorenzi <sup>(3)</sup>	-	-	-	-	-	-	-	-	40,000	25,000
Jean-Claude Marceau	69,372	66,995	50,370 of which 5,635*	42,654	11,401	13,389	-	-	-	-
Médiannuaire represented by Ahmet Faralyali <sup>(4)</sup>	-	-	-	-	-	-	-	-	-	-
Jacques Garaïalde <sup>(4)</sup>	-	-	-	-	-	-	-	-	-	-
Jean-Cristophe Germani <sup>(5)</sup>	-	-	-	-	-	-	-	-	-	-
Reinhard Gorenflos <sup>(4)</sup>	-	-	-	-	-	-	-	-	-	-
Johannes Huth <sup>(4)</sup>	-	-	-	-	-	-	-	-	-	-
Stéphane Pallez <sup>(3)</sup>	-	-	-	-	-	-	-	-	-	-
Rémy Sautter	-	-	-	-	-	-	-	-	54,600	24,000
Marcel Roulet (censeur) <sup>(3)</sup>	-	-	-	-	-	-	-	-	46,000	15,000
Abeille Deniau	42,156	<sup>(2)</sup>	11,575 of which 5,903*	-	6,392	-	-	-	-	-

(1) Compensation for the position of Chairman of the Board of Management of PagesJaunes Group.

\* Stock option exercised early (cf. section 17.2).

(2) Abeille Deniau was elected as Board Member representing the personnel on 8 June 2006.

(3) Resigned from his/her position as director on 12 October 2006

(4) Was co-opted by the Board of Directors on 12 October 2006

(5) Was appointed as a Board Member on 20 November 2006

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

In 2006, the CEO was eligible for a variable share, of which the annual amount could vary from 0 to 66% maximum of the base salary, according to the following target criteria: growth in revenue for 50%, growth in GOM for 30% and growth in net income for 20%. Michel Datchary should receive a residual bonus of €200,000 payable in 2007 on condition of his presence.

After the decisions were taken by the Board of Directors on 15 February 2007 for the 2006 fiscal year, the total amount of the variable portion of the CEO came to 27.44% of his base salary. The Company has not created any specific additional retirement plans for its Company officers.

Michel Datchary's employment contract includes a clause of non-competition limited to a period of 12 months and valid in all of France. This non-competition obligation, if applied, gives rise to a payment equal to 50% of the average monthly gross salary received over the last 12 months. It is limited to 25% of the average monthly gross salary received over the last 12 months in the event Michel Datchary leaves his position at his own initiative.

Michel Datchary's employment contract includes clauses covering employment agreement and contractual compensation for leaving his position which shall not exceed 21 months.

The Chairman of the Board of the Company did not receive any compensation from the Company in 2006.

The General Shareholders' Meeting of 19 April 2006 decided to set the amount of attendance fees to be distributed to the members of the Board of Directors at €250,000 for the current fiscal year and following years until a new decision is adopted by the General Shareholders' Meeting.

For Marcel Roulet, the censeur, the General Shareholders' Meeting of 19 April 2006 decided to set the censeur's compensation at €10,000 as a set annual sum, €2,500 per Board of Directors' meeting and €1,000 per meeting of Board of Directors committees of which he is member for the current fiscal year and subsequent fiscal years until a new decision is adopted by the General Shareholders' Meeting.

A proposal will be made to the General Shareholders' Meeting of 26 April 2007 to set the amount of attendance fees to be distributed to the members of the Board of Directors at €350,000 for the current fiscal year and following years until a new decision is adopted by the General Shareholders' Meeting.

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

On the date of issue of the *document de référence*, amounts that have been provisioned or booked for payment of pensions, retirement or other benefits are as follows:

- for Michel Datchary: €0;
- for Jean-Claude Marceau: €74,214 as a provision for rights acquired for retirement compensation (French acronym: "IFC") and €3,215 as a provision for the employment medal plan;

- for Abeille Deniau: €10,854 as a provision for rights acquired for retirement compensation (French acronym: "IFC") and €2,299 as a provision for the employment medal plan.

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<a href="#">16.3 Committees created by the Board of Directors</a>	<a href="#">p. 73</a>

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

proper operation of the Company and by its deliberations regulates the matters concerning it. It notably votes on all decisions relating to the major strategic, economic, social, financial and technological policies of the Company.

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

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

- the responsibility and integrity of managers and Board members;
- the independence of the Board of Directors;
- transparency and release of information;
- respect for shareholder rights.

The Company is committed to implementing the recommendations in the report, notably through the internal regulations adopted by the

Board of Directors which sets the guiding principles for its operations and the procedures it uses to carry out its tasks (See Section 21.2.2).

In application of the provisions of article L. 225-37 of the French Commercial Code, the Chairman of the Board of Directors must report in a report attached to the Board's Management Report, the conditions for preparing and organising the work of the Board; as well as the internal control procedures put in place by the Company. This report is annexed to the *document de référence*.

## 16.2 Absence of service contracts

None of the members of the Board of Directors and no CEO is linked by a service contract with PagesJaunes Group or one of its subsidiaries which would grant advantages at the term of such a contract.



## 16.3 Committees created by the Board of Directors

The Board of Directors can decide to create committees from within itself, for which it sets the membership and powers, and which perform their tasks under its responsibility, but the powers attributed to a committee cannot be for the purpose of delegating to a committee the powers which are vested in the Board of Directors by law or the by-laws, or for the purpose of reducing or limiting the powers of the Chairman, the CEO or the Deputy Managing Directors.

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

### 16.3.1 AUDIT COMMITTEE

#### Membership of the Audit Committee

The Audit Committee has at least two members, appointed by the Board of Directors upon recommendation by the Chairman. In addition, under the terms of the operating charter of the Audit Committee, the Committee appoints its Chairman itself.

The membership of the Audit Committee on the registration date of this *document de référence* is as follows:

- Mr Rémy Sautter, Chairman;
- Mr Mattia Caprioli;
- Mr Élie Cohen.

#### Tasks of the Audit Committee

The tasks of the Audit Committee, on behalf of the Board of Directors, are as follows:

- to examine the Company and consolidated accounts, both half-yearly and annual, as well as the management reports and business and results statements;
- to make sure that the accounting standards adopted to draw up the Company and consolidated accounts are respected;
- to verify that the internal procedures for collecting and checking the information are properly applied;

- to control the quality and accuracy of the information given to shareholders;
- to examine the procedure for selecting the Company's Auditors, particularly looking at their choice and terms of compensation to make observations;
- to study each year the inspection procedures for the Auditors and the internal Auditors, to examine the internal auditing report for the year completed and the schedule of tasks for the year in progress;
- to examine the accounting treatment pertaining to special operations;
- to examine significant off-balance sheet commitments each year.

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

The Audit Committee meets as often as it deems fit and considers all questions coming within the scope of its tasks. It met five times in the 2006 fiscal year.

The Audit Committee can ask the Company to provide it with any document or information needed to perform its tasks and perform any internal or external audit on any subject it believes relates to it. When examining the drafts of the annual and half-yearly accounts, it can question the Auditors without the presence of the Company managers. Any irregularities in accounting or auditing matters are brought to their attention.

### 16.3.2 COMPENSATION AND APPOINTMENTS COMMITTEE

#### Membership of the Compensation and Appointments Committee

This committee has at least three members, appointed by the Board of Directors upon recommendation by the Chairman. The committee appoints its Chairman itself.

The membership of the Compensation and Appointments Committee on the registration date of this *document de référence* is as follows:

- Mr Francois de Carbonnel, Chairman;
- Mr Mattia Caprioli;
- Mr Hugues Lopic.

### Tasks of the Compensation and Appointments Committee

The committee is responsible for submitting proposals to the Board of Directors for the appointment of members of the Board of Directors, the Chairman of the Board of Directors, the CEO and the members of the Board committees. It is also kept informed by the Chairman of the Board of the appointments of the other managers in the Group. In addition, the committee makes a recommendation to the Board for the amount of attendance fees to be submitted to the General

Shareholders' Meeting as well as how this amount should be divided among the members of the Board.

The Committee also makes proposals to the Board on compensation for Company officers and may, if so requested by the Chairman of the Board, give an opinion on the procedures for setting compensation for the Company managers.

The Compensation and Appointments Committee met eight times during the 2006 fiscal year.

## 16.3.3 COMMITTEE MEMBERSHIP AND OPERATION

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

- the committee meetings are called by the Chairman at least five days in advance and immediately in an emergency;
- the committee meetings may be held anywhere and attendance may be by videoconference or telephone conference (except for strictly confidential matters, which are defined as such when brought before the committee Chairman);
- the committees may invite outside or internal experts to look at particular questions, with the costs for any external experts being at the Company's expense.

The committees are collegial bodies with a consultative role. They have no powers of their own as their role consists in providing information to the Board or the Chairman.

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

The members of the committees who are not members of the Board may receive compensation set by the Board of Directors, at the Company's expense.

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<a href="#">17.1 Number of employees and distribution by activity</a>	<a href="#">p. 75</a>
<a href="#">17.2 Profit-sharing and options to subscribe or buy shares given to each company officer and the options exercised by each of them</a>	<a href="#">p. 78</a>
<a href="#">17.3 Description of Profit-Sharing and Company Savings Plan Agreements</a>	<a href="#">p. 79</a>

## 17.1 Number of employees and distribution by activity

On 31 December 2006, the consolidated Group had 5,177 employees (including those sales staff with the status of sales representative-travelling salesman (French acronym "VRP")) compared to 5,189 on 31 December 2005 and 4,762 on 31 December 2004.

Consolidated employees do not take into account those people on expertise loan. In all, 124 people were concerned on 31 December 2006 and were all assigned to PagesJaunes.

Moreover, PagesJaunes Outre-Mer and Médiannuaire (non-consolidated entities linked to the PagesJaunes group) employed 15 and 8 people, respectively, on 31 December 2006.

The following table shows changes in the geographical distribution of employees in the Consolidated Group since 2004:

	2006*		2005*		2004*	
<b>France</b>	<b>4,215</b>	<b>82%</b>	<b>4,227</b>	<b>81%</b>	<b>3,827</b>	<b>82%</b>
of which Île-de-France	1,876		1,905		1,811	
outside Île-de-France	2,339		2,322		2,016	
<b>International</b>	<b>962</b>	<b>18%</b>	<b>962</b>	<b>19%</b>	<b>862</b>	<b>18%</b>
<b>TOTAL CONSOLIDATED GROUP</b>	<b>5,177</b>	<b>100%</b>	<b>5,189</b>	<b>100%</b>	<b>4,689</b>	<b>100%</b>

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

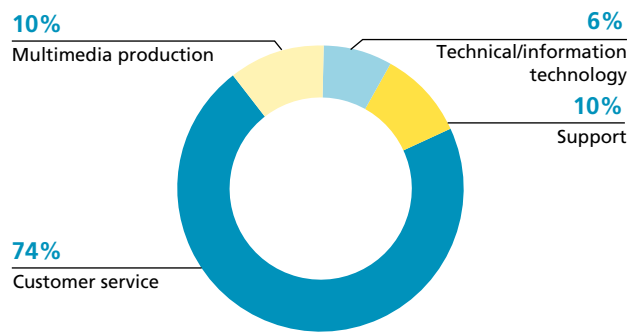
To understand the changes in employees compared with previous years, the 124 people on expertise loan should be included in the consolidated employees at the end of 2006. The total thus represents 5,300 people, for a change of +111 people. This increase essentially involves PagesJaunes (+107) and 85% concerns the sales population. To a lesser extent, it involves Mappy, which increased staff by more than half (+28 people) and recruitment at PagesJaunes Petites Annonces (+8 people). It should be pointed out that PagesJaunes Marketing Services had a drop in employees due to the modification in managing the year-end business peak (temporary employees versus fixed-term contracts previously).

Internationally, the number of employees remained stable.

On 31 December 2006, the average age of employees in the Consolidated Group was about 38 and a half, and the number of female employees was 51%. Average seniority at PagesJaunes Group was nine and a half years.

The number of employees in the Consolidated Group on 31 December 2006 can be broken down as follows:

Customer service =74%, Multimedia production =10%, Technical/information technology =6%, Support =9%



The Group is characterised by a large number of sales staff compared to the total number of employees (about 2,570 field sales staff and telephone sales staff). In France at PagesJaunes and Kompass France, the field sales staff (about 1,240 people) has the status of *VRP* and is basically paid based on commissions for sales and their increase.

On 31 December 2005, 4,951 people, which is about 95.4% of the Consolidated Group's employees, were employees under private law (119 of whom had fixed-term contracts) and 238 people, which is about 4.6% of the employees, were employees on detachment or made available to the Group by France Télécom. On 31 December 2006, due to France Télécom's sale of their interest in the capital of PagesJaunes Group, 100% of PagesJaunes Group's employees were employees under private law (see section below "Employees on Detachment or Temporary Transfer within the Group").

Only PagesJaunes is subject to the obligation to produce an employment statement. This is presented each year for an opinion to the Company Committee and is sent to the Employment Inspection Office. A summary of the employment statement is sent to all employees at PagesJaunes.

The employee turnover rate at PagesJaunes was 16.2% in 2006 compared to 13.3% in 2005 and 12.1% in 2004. The increase in the rate in relation to previous years was caused by the effect of France Télécom's sale of their interest. In fact, all of the civil servants were included among the people with open-ended contracts who left (the employee turnover rate is the number of people with an open-ended employment contract who left the Company during the fiscal year compared to the annual average number of people who have an open-ended employment contract).

Most Group employees have a portion of their compensation related to their individual performance. For the sales force, this can be up to 100% of their annual compensation. For executives, this portion can be up to 20% of their annual compensation, and up to 50% for senior management.

In addition, in 2006, employees of PagesJaunes and its subsidiaries in France benefited from a new profit-sharing agreement in place for the PagesJaunes Group and employee shareholding agreements in some companies (see Section "6.4.9 Profit Sharing and Company Savings Plans").

## HIGHLIGHTS OF 2006

### PagesJaunes Group

In 2006, following the change in the collective labour agreement, PagesJaunes Group established a collective status applying all applicable contractual provisions and specifying special procedures.

For the companies in the PagesJaunes Group which denounced the France Télécom Group's profit sharing agreement at the end of 2005,

a new profit sharing agreement for the PagesJaunes Group was signed on 26 June 2006 and will be implemented for the 2006 fiscal year.

Moreover, the France Télécom Group's departure led to the opening of negotiations on the implementation of PagesJaunes Group's own Group Savings Plan.

It also led to negotiations on a transitional agreement with the current benefits and healthcare insurance companies. At the same time, an

invitation to tender was sent out to new insurance companies which will lead to negotiations with the trade unions for implementing the benefits and healthcare scheme for the companies in the Group.

Lastly, after obtaining authorization from the General Shareholders' Meeting of 19 April 2006, PagesJaunes Group has set up two plans for free share allocation. One was dated 30 May 2006 and concerns 591 Group employees, the other was dated 20 November and concerns 611 Group employees.

## PagesJaunes

Several agreements were signed with the trade unions in 2006: a salary agreement (a VRP-sales rep agreement and a sedentary employee agreement), an agreement on continuing professional training and an agreement concerning the "solidarity day". In the context of this last agreement, a solidarity committee was set up and met for the first time on 5 October 2006. Its purpose is to manage financing for actions in favour of autonomy for the elderly and the handicapped.

## Kompass France

On 23 May, Kompass France signed a salary agreement for personnel who do not have VRP-sales rep status.

Moreover, a new contractual system for travelling sales representatives was implemented.

## Mappy

Throughout the year, Mappy accompanied significant growth in its number of employees brought about by the growth in its business (practically a 60% increase).

Moreover, the management committee changed with the arrival of a new finance manager and a marketing manager in 2006.

## PagesJaunes Marketing Services

Following the merger of Wanadoo Data and e-sama, effective on 31 March, founding PagesJaunes Marketing Services, several agreements were signed.

First of all, a collective adaptation agreement signed on 19 December 2006, defining the terms applicable to the personnel, given the new collective labour agreement applicable and the need to harmonise the statuses of all employees.

An agreement on the organisation of working time was signed on 19 December, replacing the agreements previously applied at e-sama and Wanadoo Data.

A rider to the shareholding agreement at Wanadoo Data was signed on 23 June 2006. It allows for modifying the parameters of application and extends it to all employees of PagesJaunes Marketing Services.

## PagesJaunes Petites Annonces

The first recruitments were carried out through internal mobility or external recruitment for the launch of this new classified ad business.

## QDQ Media

In October 2006, QDQ signed a flexible compensation agreement. The system, called Qflex, enables employees to choose, for part of their compensation, to subscribe to services rather than receiving a salary. Thus, each employee can choose the form of compensation that is best suited to his/her needs.

## Employee relations

In a context of a change in the majority shareholder, employee relations between labour and management have remained calm in the different companies in the Group.

At PagesJaunes, in 2006, the bodies representing the personnel were renewed: CE-DP and CHSCT, after more than six months of vacancy.

At PagesJaunes Marketing Services, following the merger between Wanadoo Data and e-sama on 1 April 2006, a new body representing the personnel was implemented: CE- DP and CHSCT.

## Civil servant employees on detachment or temporary transfer within the Group

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

- collectively, the civil servant personnel was reintegrated into France Télécom as of 11 October 2006;
- to ensure continuity of the activities exercised by the reintegrated civil servant personnel, on 11 October 2006 PagesJaunes and France Télécom signed an agreement for "Expertise Loans" from France Télécom to PagesJaunes concerning said activities for a maximum duration of 6 months, renewable by agreement between the parties;
- on an individual level, and on a volunteer basis, the civil servant personnel who so desired could ask to be transferred for personal convenience within the Group for a duration limited to ten (10) years and to sign an open-ended contract with PagesJaunes. 81 civil servants from France Télécom chose this possibility and have been included among the PagesJaunes Group employees since 31 December 2006.

On 28 February 2007, 40 civil servants asked to reintegrate the France Télécom Group.

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

### Share subscription options

The Company set up a share subscription option plan on 28 June 2005, for a total of 3,796,800 options, each with an exercise price of €19.30, and a duration of 10 years. Acquisition of options is completed after 3 years.

Information on subscription options	PagesJaunes Group Plan June 2005
Date of the General Shareholders' Meeting	12 April 2005
Date of the Board of Directors' Meeting	28 June 2005
Total number of shares which may be subscribed by employees of the PagesJaunes Group	3,796,800
Of which the number which may be subscribed by Company officers	
M Datchary	72,000
JC Marceau	3,000
A Deniau	3,000
Of which the number available for subscription to the top ten employee recipients of PagesJaunes Group who are not company officers	336,000
Starting date for exercising the options	28 June 2008
Expiration date	28 June 2015
Subscription price	€19.30
Number of shares subscribed on 23 November 2006	1,183,900
Subscription options cancelled on 23 November 2006	157,650
Number of shares existing on 23 November 2006 before adjustment	2,455,250
Number of shares existing on 24 November 2006 after adjustment	4,043,762
Number of shares subscribed after 24 November 2006	293,270
Subscription options cancelled after 24 November 2006	15,316
Remaining subscription options on 31 December 2006	3,735,176

### Free share allocation

The Board of Directors was authorised by the Extraordinary General Shareholders' Meeting of 19 April 2006 to implement a free share allocation plan for certain managers and employees of the Group as indicated in articles L. 225-197-1 to L. 225-197-5 of the French Commercial Code, notably to associate them in the Company's development.

This authorisation was granted for a period of 38 months and the total number of free shares allocated under this resolution may not account

for more than 0.5% of the Company's capital at the date of said General Shareholders' Meeting, *i.e.* 1,393,948 shares.

The Board of Directors adopted the terms for an initial free share allocation plan on 30 May 2006. The plan gave rise to an initial allocation of 602,361 shares to 591 employees of the Group on 30 May 2006. A second free share allocation plan was adopted on 20 November 2006 and gave rise to the allocation of 778,638 shares to 611 employees of the Group.

Information on share allocation	PagesJaunes Group Plan May 2006	PagesJaunes Group Plan November 2006*
Date of the General Shareholders' Meeting	19 April 2006	19 April 2006
Date of the Board of Directors' Meeting	30 May 2006, modified on 20 November 2006	30 May 2006, modified on 20 November 2006
Total number of shares allocated to employees of the PagesJaunes Group	602,361	778,638
Of which the number allocated to Company officers		
M Datchary	10,002	4,308
JC Marceau	1,212	2,022
A Deniau	813	1,070
Of which the number allocated to the top ten employee recipients of PagesJaunes Group who are not company officers	24,200	32,304
Starting date for acquiring the shares	20 November 2008	20 November 2008
Shares cancelled in 2006	21,882	2,916
Remaining shares	580,479	775,722

\* Including 11,368 shares allocated as of 1 December 2006. The starting date for acquisition is therefore 1 July 2008.

### Early exercise of stock options

The regulations governing the plan allowed the beneficiaries to exercise up to 50% of the options allocated to them early, *i.e.* approximately 1.85 million options, within three months following the date on which the notification of a change in control is sent out or, given the change of control which occurred on 11 October 2006, from 12 October 2006 to 12 January 2007, and to sell the shares from their exercise of this option as they see fit. The profit made in the context of this early exercise of the option is assimilated with salaries and wages for tax purposes. Thus, they are subject to social charges and income taxes for the beneficiary, and employer contributions for the company. 1,477,170 options were thus exercised early in 2006.

Moreover, payment of an exceptional dividend by withdrawal from the Company's voluntary reserves gave rise to an adjustment of the exercise price and the number of options granted, in compliance with article L. 225-181 of the French Commercial Code. On 31 December 2006, given this early exercise on the one hand and the adjustment of the exercise price and number of options on the other, and lastly employees leaving the company, 3,735,176 options remained in circulation, whose adjusted exercise price is now €11.72.

On 28 February 2007, the potential dilution brought about by the subscription options and the free shares allocated was 1.7% of PagesJaunes Group's share capital.

## 17.3 Description of Profit-Sharing and Company Savings Plan Agreements

### COMPANY SAVINGS PLAN

A new savings plan agreement was signed by the PagesJaunes Group on 26 June 2006 with five trade unions (CFE/CGC, CFDT, FO, CGT and the independent PagesJaunes union). It covers the French companies in the PagesJaunes Group held at more than 50% by the PagesJaunes Group. The special reserve for the PagesJaunes Group's company savings plan is the amount in the special savings plan reserves calculated for each subsidiary involved, using a derogation formula.

The special savings plan reserves are divided among the all beneficiaries at 30% based on their attendance and 70% in proportion to the gross annual salary received by each beneficiary. The amounts allocated individually will be put into the PagesJaunes Group Savings Plan and blocked for five years.



The table below shows the company savings plan contributions distributed in the last fiscal year:

PagesJaunes Agreement (in millions of euros)	Company Savings Plan contributions distributed to PagesJaunes Group employees*
2006	13.6

The table below shows the key figures for the company savings plan in the context of the France Télécom agreement during the 2004 and 2005 fiscal years:

France Télécom Agreement (in millions of euros)	Total Company Savings Plan contributions distributed by the France Télécom Group	Contribution by PagesJaunes Group	Savings Plan contributions distributed to PagesJaunes Group employees*
2004	264	30	7.7
2005	360	32.7*	11.4

\* Including PagesJaunes Outre-Mer, a non-consolidated company and excluding e-sama, which in 2005 benefited from its own company savings plan agreement.

## PROFIT SHARING

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

In 2006, all French subsidiaries of PagesJaunes Group excluding PagesJaunes Petites Annonces benefited from a applicable profit sharing

agreement, the latest agreement set up, concerning PagesJaunes Outre-Mer, was signed on 6 June 2006.

Moreover, concerning PagesJaunes Marketing Services, a rider to the Wanadoo Data profit sharing agreement was signed on 23 June 2006, following the merger between Wanadoo Data and e-sama.

(In millions of euros)	2004	2005	2006
Profit sharing paid in the PagesJaunes Group	6,759	9,749	9,251

## COMPANY SAVINGS PLAN

Due to France Télécom's sale of their interest in PagesJaunes Group's capital, the companies in PagesJaunes Group were removed from the France Télécom Group Savings Plan. An agreement on setting

up PagesJaunes Group's own new group savings plan was signed on 12 February 2007 by the management and the trade unions.

## GRANTING AND EXERCISING OF STOCK OPTIONS FOR THE COMPANY THAT TOOK PLACE DURING THE FISCAL PERIOD

In accordance with Article L. 225-184 of the French Commercial Code, the granting and exercising of options of the Company's stock which took place in 2006 are as follows:

### Options to subscribe or buy shares given to top ten employees who are not company officers and options exercised by them

#### PagesJaunes Group subscription plan

The Board of Directors has decided to make a proposal to the shareholders, in the context of the 22nd resolution submitted for a vote to the Mixed General Shareholders' Meeting of 12 April 2005, to authorise, pursuant to articles L. 225-177 and following of the French Commercial Code, to grant on one or more occasions, options to subscribe or buy shares in the Company.

	Total number of options granted or exercised	Exercise price (in euros)	Starting date to exercise the option	Expiration date for the plan
Option to subscribe PagesJaunes shares granted during 2005 to the top 10 employees of PagesJaunes Group who are not Company officers	336,000	€19.30	28 June 2008	28 June 2015
Option to subscribe PagesJaunes shares granted during 2006 to the top 10 employees of PagesJaunes Group who are not Company officers	-	-	-	-
Option to subscribe PagesJaunes shares exercised in 2005 by the top 10 employees who are not Company officers of PagesJaunes Group who exercised the most options	-	-	-	-
Option to subscribe PagesJaunes shares exercised in 2006 by the top 10 employees who are not Company officers of PagesJaunes Group who exercised the most options	82,500 94,359	19,30 € 11,72 €		

### Free share allocation plan

The Board of Directors was authorised by the Extraordinary General Shareholders' Meeting of 19 April 2006 to implement a free share allocation plan for certain managers and employees of the Group as indicated in articles L. 225-197-1 to L. 225-197-5 of the French Commercial Code, notably to associate them in the Company's development. This authorisation was granted for a period of 38 months and the total number of free shares allocated under this resolution may not account for more than 0.5% of the Company's capital at the date of said General Shareholders' Meeting, *i.e.* 1,393,948 shares. The Board of Directors adopted the terms for an initial share allocation plan on 30 May 2006.

The free share allocation plan is based on the following principle: each allottee is initially allocated the right to receive shares free of charge. These shares are definitively acquired at the end of a two-year

acquisition period, so long as the beneficiary is still an employee or manager of the Group and conditions of performance are met. The conditions of performance are based on meeting criteria for growth in the consolidated revenue and growth in the consolidated gross margin of the Company.

The plan gave rise to an initial allocation of 602,361 shares to 591 employees of the Group on 30 May 2006, *i.e.* approximately 43% of the package authorised by the Extraordinary General Shareholders' Meeting of 19 April 2006.

A second free share allocation plan gave rise to the allocation of 778,638 shares to 611 employees of the Group on 20 November 2006.

	PagesJaunes Group Plan May 2006	PagesJaunes Group Plan November 2006*
Number of shares which can be subscribed by largest volumes allocated to the employees who are not Company officers of PagesJaunes Group	36,180	38,696

### Exceptional bonus

The Board of Directors decided to pay an exceptional bonus to Group employees who actively participated in the competitive process of France Télécom's selling its interest in PagesJaunes Group. The overall financial package for this bonus, paid to 44 Group employees, was

€679,000, including €300,000 for Michel Datchary. Payment of this bonus will be made in two instalments, €100,000 paid two months after the sale takes effect and €200,000 payable twelve months after the sale takes effect, *i.e.* in October 2007, on condition of presence on that date.

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## 18.1 Distribution of Company share capital

At the end of a competitive bidding process begun in June 2006, France Télécom sold Médiannuaire, in the context an off-market block sale undertaken in compliance with the provisions of Articles 516-2 and following of the French *Règlement Général de l'Autorité des Marchés Financiers* (General Regulations of the Financial Markets Authority), 150,546,830 PagesJaunes Group shares representing approximately 54% of the capital and voting rights in the Company. This sale took place on 11 October 2006 through the payment by Médiannuaire to France Télécom of an overall price of €3,312,030,260, or €22 per share sold.

By letter dated 18 October 2006 sent to AMF and the Company, Médiannuaire declared that on 11 October 2006, they had upwardly crossed the 5%, 10%, 15%, 20%, 25%, 1/3 and 50% thresholds of the capital and voting rights in the Company and declared their intention to deposit, in compliance with the applicable regulations, a standing tender offer for the Company's shares. This declaration was the subject of a notice published by AMF on 19 October 2006 under number 206C1925.

In application of the provisions of Articles 235-1 to 235-3 the AMF's General Regulations, Médiannuaire irrevocably offered the shareholders of PagesJaunes Group to acquire, for a 15-day negotiating period from 10 November 2006 to 1 December 2006 inclusive, the PagesJaunes Group shares presented to them under this standing tender offer.

Given the General Shareholders' Meeting of PagesJaunes Group held on 20 November 2006, which decided to undertake an exceptional distribution of €9 per share, the standing tender offer was divided into 2 periods, giving the shareholders the choice to contribute their shares in the Company before this distribution at a unit price of €22 from 10 November 2006 to 23 November 2006 inclusive, or after this distribution at a unit price of €13 from 24 November 2006 to 1 December 2006 inclusive.

As a result of the standing tender offer, Médiannuaire declared on 23 November 2006 that, in the 1st semi-centralisation, they had acquired 1,753,862 shares at a unit price of €22 per share and declared on 7 December 2006 that, in the 2nd semi-centralisation, they had acquired 1,339,495 shares at a unit price of €13 per share.

Médiannuaire is, through Médiannuaire Holding (public limited company [société anonyme] under French law) and the Sèvres I, Sèvres II and Sèvres III companies (limited liability companies [SARL] under Luxembourg law), controlled by a consortium of investment funds comprised at approximately 80% of funds finally managed by KKR Europe II Limited<sup>(1)</sup> and KKR Millennium Limited<sup>(2)</sup> and advised by Kohlberg Kravis Roberts & Co., L.P. ("KKR"), and, at approximately 20%, certain funds managed by the "Principal Investment Area" division of the Goldman Sachs group.

(1) As final general partner of KKR European Fund II, Limited Partnership and KKR Associates Europe II, Limited Partnership.

(2) As final general partner of KKR Millennium Fund (Overseas), Limited Partnership.

The distribution of capital in the PagesJaunes Group changed over the course of the last three fiscal years as follows:

Share ownership	Situation on 31 December 2006			Situation on 31 December 2005			Situation on 31 December 2004		
	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights
France Télécom	0	0	0	150,546,830	54.0	54.0	172,849,998	62.0	62.0
Médiannuaire	153,640,187	54.8	54.8	0	0	0	0	0	0
Employees of the France Télécom Group	7,373,836	2.6	2.6	4,338,220	1.6	1.6	4,739,610	1.7	1.7
Employees of the PagesJaunes Group	1,152,946	0.4	0.4	602,336	0.2	0.2			
Public	118,099,811	42.1	42.1	123,202,224	44.2	44.2	101,200,002	36.3	36.3
Treasury shares	0	0.0	0.0	100,000	0	0	0	0	0
<b>TOTAL</b>	<b>280,266,780</b>	<b>100.0</b>	<b>100.0</b>	<b>278,789,610</b>	<b>100.0</b>	<b>100.0</b>	<b>278,789,610</b>	<b>100.0</b>	<b>100.0</b>

### Distribution of capital among the public

The Company ordered a study to identify their institutional shareholders in October 2006, on the basis of Identifiable Bearer Shares (TPI - *Titres au Porteur Identifié*) performed by Euroclear on 27 September 2006. The free-floating capital of the Company at that date comprised 121,677,600 shares, of which approximately 93,064,800 shares were held by institutional investors (76.4% of the Company's free-floating capital), approximately 22,041,400 shares held by individual shareholders (18.1% of the Company's free-floating capital) and 6,571,400 shares held by unidentified shareholders (5.5% of the Company's free-floating capital).

### Crossing thresholds

On 14 February 2007, UBS Investment Bank declared to the Company that they held 4,458,566 shares in the Company (1.59% of the capital and voting rights).

On 18 October 2006, Médiannuaire declared to the Company and to AMF that they had upwardly crossed the legal thresholds of 5%, 10%, 15%, 25%, 1/3 and 50% of the capital and voting rights in the Company, and held 150,546,830 shares in the Company (54% of the capital and voting rights).

On 13 October 2006, France Télécom declared to the Company and to AMF that they had downwardly crossed the legal thresholds of 5%, 10%, 15%, 25%, 1/3 and 50% of the capital and voting rights in the Company, and no longer held shares in the Company.

On 13 October 2006, Arnhold and S. Bleichroeder Advisers declared to the Company that they held 2,337,793 shares in the Company (0.84% of the capital and voting rights).

On 16 August 2006, Cheyne Capital Management declared to the Company that they held 2,799,284 shares in the Company (1% of the capital and voting rights).

On 2 August 2006, Artisan Funds declared that they held 2,711,563 shares in the Company (0.97% of the capital and voting rights).

## 18.2 Voting rights

All shareholders have one voting right per share. The Company's major shareholders do not have any voting rights that differ from those of the other shareholders.

## 18.3 Persons exercising or who could exercise control over the Company

Other than Médiannuaire, Médiannuaire Holding and the consortium controlling Médiannuaire Holding, no individual or legal entity directly or indirectly, together or in concert, does or could exercise control over the Company on the date of this *document de référence*.

The Company is held at 54.8% of its capital and voting rights by Médiannuaire.

Inspired notably by the principles of corporate governance for listed companies laid down in the Medef/AFEP report of October 2003, PagesJaunes Group applies various measures to ensure that control is

not exercised abusively. It is a question of, for example:

- the existence of a Compensation and Appointments Committee chaired by an independent Board Member;
- the existence of an Audit Committee made up of a majority of independent Board Members and chaired by an independent Board Members;
- the dissociation of the functions of chairman and CEO. Notably, the CEO was appointed before the Company was taken over by Médiannuaire and is not related to Médiannuaire.

## 18.4 Shareholders' agreements

On the registration date of this *document de référence*, there is no shareholders' agreement involving the share capital and/or voting rights of the Company.

## 18.5 Pledges

### Pledges of Company shares

On 27 February 2007, Médiannuaire signed a financial instrument account contract for cover under which it constituted, for a pool

of banks and other creditors which have provided various forms of financing, financial instrument account cover for 153,640,187 shares in the Company as a guarantee for all amounts due by Médiannuaire.

Name of the shareholder registered for pure shares	Beneficiary	Starting date of the pledge	End date of the pledge	Condition for lifting the pledge	Number of shares pledged by the issuer	% of capital pledged by the issuer
Médiannuaire SAS	The creditors involved in the bank debt, the creditors involved in the mezzanine debt and the reimbursement banks, within the limit of a maximum amount in principal of €6,010,000,000	27 February 2007	Extinction of all Médiannuaire obligations guaranteed by the share pledge	Extinction of all Médiannuaire obligations guaranteed by the share pledge	153,640,177	54.80%

### Pledges of Company assets

Under the bank financing contract described in paragraph 3.10, the Company has constituted, in favour of the lending banks, a financial instrument account pledge covering all of the PagesJaunes shares it holds as a guarantee for all amounts owed (principal, interests, commissions, costs and accessories) by the Company for bank financing.

The Company is also committed to constituting, in favour of the lending banks, a financial instrument account pledge covering the securities of any subsidiary that become a significant subsidiary ("Material Subsidiary"), according to the criteria defined in the financing contract, as a guarantee for all amounts owed (principal, interests, commissions, costs and accessories) by the Company.

### Issuer asset pledges (intangible, tangible and financial assets)

Type of pledge/mortgages (in thousands of euros)	Starting date	Maturity date	Amount of assets pledged (a)	Total balance sheet item (b)	Corresponding % (a/b)
on intangible assets	-	-	-	-	-
on tangible assets	-	-	-	-	-
on financial assets	24 October 2006	-	4,005,038 (267,002,531 PagesJaunes shares)	4,188,274	96%
<b>TOTAL</b>	-	-	<b>4,005,038</b>	<b>4,188,274</b>	<b>96%</b>

During the fiscal year ending on 31 December 2006, the Company identified five agreements likely to come within the scope of application of Article L. 225-38 of the French Commercial Code, *i.e.*:

- a loan contract signed with France Télécom, following the securitisation of the tax receivable of €64 million that PagesJaunes Group holds on the State following the change in tax plan that took place in France. The conclusion of this agreement had received prior approval from the Board of Directors on 28 June 2005;
- a transition contract signed with France Télécom in the context of France Télécom's sale of its interest in the capital of PagesJaunes Group. The conclusion of this agreement had received prior approval from the Board of Directors on 12 September 2006;
- a contract concerning Facilities in the context of bank financing for a total maximum amount of €2.35 billion signed by PagesJaunes Group with a banking syndicate comprising seven international banks, notably a guarantee by PagesJaunes Group for all amounts owed for €400 million in revolving credit (Facility B) for all subsidiaries in the group which could become lenders under this facility. The conclusion of this agreement had received prior approval from the Board of Directors on 12 October 2006;
- a service contract with Médiannuaire. The conclusion of this agreement had received prior approval from the Board of Directors on 20 November 2006;
- a loan contract signed with PagesJaunes. The conclusion of this agreement had received prior approval from the Board of Directors on 20 November 2006.



# PagesJaunes Group SA

Fiscal year ending on 31 December 2006

## SPECIAL AUDITORS' REPORT ON REGULATED AGREEMENTS

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Dear Shareholders,

In our capacity as Auditors for your Company, we herewith present to you our report on regulated agreements and commitments.

In application of article L. 225-40 of the French Commercial Code, we have been advised of the agreements and commitments which were the subject of prior authorisation from your Board of Directors.

It is not our task to research the possible existence of other agreements and commitments, but to report to you, based on the information provided to us, on the characteristics and basic procedures of those of which we have been informed, without needing to give an opinion as to their usefulness and merit. It is your task, according to the terms of article 92 of the decree of 23 March 1967 to make an assessment of the interest attached to signing these agreements and commitments before approving them.

We have performed our work according to professional standards accepted in France; these standards require the implementation of procedures intended to verify the agreement between the information which has been provided to us and the *document de référence* from which it was taken.

### 1. With France Télécom SA, formerly a shareholder in your company at 54.0%

#### *Type and purpose*

A transition contract signed with France Télécom in the context of France Télécom's sale of its interest in your company's capital. This agreement received approval from the Board of Directors on 12 September 2006.

#### *Procedures*

Provisions concerning civil servant personnel (possibility for detachment for a period limited to ten years), intra-group mobility (six months from the date of sale), the service contract for information technologies and telecommunications, assistance for transition and Minitel.

### 2. With PagesJaunes S.A.

#### *Board Member concerned*

Mr Michel Datchary, Board of Member of your company and of PagesJaunes.

#### *a. Type and purpose*

A contract was signed with PagesJaunes concerning your company's guarantee covering any amounts owed under the €400,000,000 revolving credit (Facility B). This agreement received approval from the Board of Directors on 12 October 2006.

#### *Procedures*

Your company agreed to guarantee payment of any amounts owed in principal for a maximum amount of €400,000,000 increased by interest, late-payment interest, commissions, costs and any other accessories owed under the revolving credit (Facility B) by any subsidiary of the group which could become a lender under this facility, it being pointed out that no subsidiary in the group had used this facility on 31 December 2006.

*b. Type and purpose*

Loan contract between your company and PagesJaunes. This agreement received approval from the Board of Directors on 20 November 2006.

*Procedures*

The amount of the loan is €430,000,000. The annual percentage rate of charge on the nominal amount of the loan comes to 4.17% per annum on the basis of the EURIBOR 3 month rate on 31 December 2006. The amount of interest paid in 2006 was €1,865,456.

**3. With Médiannuaire S.A.S., shareholder in your company at 54.8%***Type and purpose*

Service contract under which Mediannuaire agrees to provide assistance to your company in accounting, finance, legal and fiscal management as well as strategy advice. This agreement received approval from the Board of Directors on 20 November 2006.

*Procedures*

The amount of compensation for the assistance supplied to your company in 2006 was €266,667.

Moreover, in application of the decree of 23 March 1967, we have been informed that the execution of the following agreements and commitments, approved during previous fiscal years, continued during the last fiscal.

**4. With France Télécom S.A.***Type and purpose*

Loan contract for France Télécom. This contract was approved by the Board of Directors on 28 June 2005.

*Procedures*

The loan was repaid early on 11 October 2006. The amount of the loan was €64,208,023. The percentage rate owed on the nominal amount of the loan came to 2.65% per annum. The amount of interest received in 2006 was €1,284,291.

Neuilly-sur-Seine and Paris-La Défense, 12 March 2007

The Auditors

**DELOITTE & ASSOCIES**

Jean-Paul Picard

Eric Gins

**ERNST & YOUNG Audit**

Jeremy Thurbin

Christian Chiarasini

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## 20.1 Historical financial information

### Consolidated income statement

(Amounts in thousands of euros, except data relating to shares)	Notes	Period ending 31 December 2006	Period ending 31 December 2005	Period ending 31 December 2004
Net revenues	7	1,124,475	1,060,700	967,160
External purchases		(311,305)	(330,366)	(317,582)
Other operating income	8	12,489	54,906	55,249
Other operating expenses		(25,747)	(24,588)	(28,353)
Personnel expenses: - Salaries and charges	9	(313,592)	(297,577)	(268,992)
<b>Gross Operating Margin</b>		<b>486,320</b>	<b>463,075</b>	<b>407,482</b>
- Employee profit-sharing	9	(13,565)	(32,906)	(29,926)
- Share-based payment	9	(9,213)	(20,450)	(25,274)
Depreciation and amortisation	14 & 15	(12,639)	(9,744)	(10,066)
Result of asset disposals		(558)	(569)	(363)
Restructuring costs		(63)	(372)	-
Result of equity method associates		-	-	774
<b>Operating income</b>		<b>450,282</b>	<b>399,034</b>	<b>342,627</b>
Financial income		21,167	16,378	20,784
Financial expenses		(13,663)	(4,795)	(444)
Result of disposal of financial assets		764	(18)	-
Gain (loss) on foreign exchange		-	18	(51)
<b>Financial result</b>	<b>10</b>	<b>8,267</b>	<b>11,583</b>	<b>20,289</b>
Corporation tax	11	(161,655)	(148,873)	(149,314)
<b>Net income</b>		<b>296,895</b>	<b>261,744</b>	<b>213,602</b>
Attributable to:				
- Shareholders of PagesJaunes Group		296,895	261,744	213,602
- Minority interests		-	-	-
<b>Net earnings per share (in euros)</b>	<b>12</b>			
- basic		1.07	0.94	0.77
- diluted		1.05	0.93	0.76

## Consolidated balance sheet

(Amounts in thousands of euros)	Notes	At 31 December 2006	At 31 December 2005	At 31 December 2004
<b>ASSETS</b>				
Net goodwill	13	107,727	107,394	77,475
Other net intangible fixed assets	14	28,016	11,511	8,419
Net tangible fixed assets	15	19,021	17,995	16,816
Investments accounted for using the equity method	16	-	-	15,493
Available-for-sale assets	17	169	438	-
Other non-current financial assets	18	3,259	44,081	3,784
Derivative financial instruments	20	17,479	-	-
Net deferred tax assets	11	1,959	28,527	26,144
<b>Total non-current assets</b>		<b>177,631</b>	<b>209,946</b>	<b>148,131</b>
Net inventories	21	6,625	5,281	12,373
Net trade accounts receivable	22	499,953	472,756	430,793
Other current assets	23	35,324	39,764	44,350
Current tax receivable		15,774	5,106	133
Prepaid expenses	24	59,501	55,639	39,844
Other current financial assets	19	285	39,356	861
Cash and cash equivalents	29	55,076	549,827	644,077
<b>Total current assets</b>		<b>672,537</b>	<b>1,167,729</b>	<b>1,172,431</b>
<b>TOTAL ASSETS</b>		<b>850,168</b>	<b>1,377,675</b>	<b>1,320,562</b>
<b>LIABILITIES</b>				
Share capital		56,053	55,758	55,758
Issue premium		94,325	68,335	68,335
Reserves		(2,507,818)	23,422	49,848
Net income		296,895	261,744	213,602
Exchange differences		(19)	8	-
Own shares		-	(2,169)	-
<b>Shareholders' equity</b>	26	<b>(2,060,565)</b>	<b>407,098</b>	<b>387,543</b>
Non-current financial liabilities and derivatives	29	1,910,990	17	32
Employee benefits - non-current	27	29,374	25,450	22,062
Provisions - non-current	27	6,889	7,876	8,329
Other non-current liabilities		90	2,492	-
<b>Total non-current liabilities</b>		<b>1,947,342</b>	<b>35,835</b>	<b>30,423</b>
Overdrafts and other short-term borrowing	29	22,813	13,288	14,552
Accrued interest	29	5,645	8	18
Provisions - current	27	746	509	236
Trade accounts payable		116,679	124,167	107,026
Employee benefits - current	27	73,507	87,890	82,021
Other current liabilities	27	102,805	101,155	91,261
Corporation tax		912	16,069	72,112
Deferred income	30	640,284	591,656	535,370
<b>Total current liabilities</b>		<b>963,391</b>	<b>934,742</b>	<b>902,596</b>
<b>TOTAL LIABILITIES</b>		<b>850,168</b>	<b>1,377,675</b>	<b>1,320,562</b>

## Consolidated statement of changes in shareholders' equity

(Amounts in thousands of euros)	Number of shares in circulation	Share capital	Issue premium	Income & reserves	Exchange reserve	Own shares	Total shareholders' equity
<b>Balance at 1 January 2004</b>	<b>182,700</b>	<b>54,810</b>	<b>42,249</b>	<b>235,159</b>	-	-	<b>332,218</b>
Division of par value by 1500	273,867,300						
2004 result				213,602			213,602
Capital increase	4,739,610	948	68,335				69,283
Share-based payment				8,399			8,399
Dividends paid			(42,249)	(193,710)			(235,959)
<b>Balance at 31 December 2004</b>	<b>278,789,610</b>	<b>55,758</b>	<b>68,335</b>	<b>263,450</b>	-	-	<b>387,543</b>
2005 result				261,744			261,744
Share-based payment				19,246			19,246
Dividends paid				(259,274)			(259,274)
Exchange difference					8		8
Shares of the consolidating company net of tax	(100,000)					(2,169)	(2,169)
<b>Balance at 31 December 2005</b>	<b>278,689,610</b>	<b>55,758</b>	<b>68,335</b>	<b>285,166</b>	<b>8</b>	<b>(2,169)</b>	<b>407,098</b>
2006 result				296,895			296,895
Share-based payment				7,071			7,071
Dividends paid				(283,994)			(283,994)
Exceptional dividend				(2,519,748)			(2,519,748)
Exchange difference					(27)		(27)
Change in the value of hedging instruments net of tax				3,244			3,244
Stock options exercised	1,477,170	295	25,990				26,285
Shares of the consolidating company net of tax	100,000			443		2,169	2,612
<b>Balance at 31 December 2006</b>	<b>280,266,780</b>	<b>56,053</b>	<b>94,325</b>	<b>(2,210,923)</b>	<b>(19)</b>	-	<b>(2,060,565)</b>

## Consolidated cash flow statement

(Amount in thousands of euros)	Notes	Period ending 31 December 2006	Period ending 31 December 2005	Period ending 31 December 2004
<b>Group share of net consolidated results</b>		<b>296,895</b>	<b>261,744</b>	<b>213,602</b>
Depreciation and amortisation of fixed assets	14 & 15	12,639	9,744	10,065
+ or - values on share sales		558	569	411
Change in provisions	25 & 27	2,887	(3,633)	(4,081)
Undistributed earnings of companies accounted using the equity method		-	-	512
Tax charge for the period	11	161,655	148,873	149,314
Interest income and expenses	10	(4,061)	(11,565)	(20,391)
Minority interests		-	-	-
Unrealised exchange difference		10	(25)	51
Hedging instruments	20	(4,206)	-	-
Share-based payment		7,071	19,238	24,124
Decrease (increase) in inventories		(1,343)	7,148	(5,086)
Decrease (increase) in trade accounts receivable		(27,510)	(25,743)	(36,325)
Decrease (increase) in other receivables		(9,165)	(16,891)	18,138
Increase (decrease) in trade accounts payable		(9,574)	14,679	(10,810)
Increase (decrease) in other payables		37,923	56,045	70,229
Dividends and interest received		15,187	18,737	20,784
Interest paid and rate effect of net derivatives		(5,864)	(3,288)	(444)
Taxes paid	11	(162,752)	(212,181)	(67,859)
<b>Net cash from operations</b>		<b>310,349</b>	<b>263,451</b>	<b>362,234</b>
Acquisition of tangible and intangible fixed assets	14 & 15	(30,585)	(11,843)	(7,677)
Change in suppliers of fixed assets		1,405	20	(699)
Proceeds from sale of tangible and intangible assets		119	125	215
Acquisitions of investment securities and subsidiaries, net of cash acquired	6	(2,043)	(12,498)	(21,981)
Investments in equity method associates	6	-	-	(13,500)
Income from disposal of financial assets		45	-	-
Decrease (increase) in marketable securities and other long-term assets	29	81,578	(80,794)	11,509
<b>Net cash used in investment activities</b>		<b>50,519</b>	<b>(104,990)</b>	<b>(32,133)</b>
Increase (decrease) in long-term borrowings	29	1,901,981	(18)	(89,326)
Increase (decrease) in bank overdrafts and short-term borrowings	29	9,578	(1,328)	(1,167)
Decrease (increase) in deposits and other financial assets		-	(26)	-
Movements in own shares	12	2,208	(2,169)	-
Capital increase	26	34,385	10,081	58,492
Dividends paid	26	(2,803,742)	(259,274)	(235,958)
<b>Net cash flow linked to financing operations</b>		<b>(855,590)</b>	<b>(252,734)</b>	<b>(267,959)</b>
<b>Net variation in cash and cash equivalents</b>		<b>(494,721)</b>	<b>(94,273)</b>	<b>62,142</b>
Impact of variations in exchange rates on cash		(29)	22	-
<b>Net variation in cash position</b>		<b>(494,751)</b>	<b>(94,251)</b>	<b>62,142</b>
Cash and cash equivalents at beginning of the period		549,827	644,077	581,935
<b>Cash and cash equivalents at the end of the period</b>	29	<b>55,076</b>	<b>549,827</b>	<b>644,077</b>



## Note 1 – Description of the business

For over fifty years, the PagesJaunes Group has been offering a wide range of products and services geared to the general public and businesses. Its core business is directories in France and abroad on printed and online media.

The financial year of the companies of the PagesJaunes Group is from 1 January to 31 December. The presentation currency of the consolidated financial statements and notes is the euro.

Pages Jaunes Group is listed on Euronext Paris (PAJ) – compartment A.

This information was issued by the Board of Directors of PagesJaunes Group of 15 February 2007.

## Note 2 – Context of the publication and basis for preparation of the 2006 financial information

In accordance with European regulation 1606/2002 dated 19 July 2002, the consolidated financial statements for the 2006 financial year have been prepared in accordance with the IAS/IFRS international standards and presented with comparative data for 2004 and 2005 prepared under the same standards.

The basis for the preparation of this financial information, as described in note 3, results from:

- all the standards and interpretations adopted by the European Union as at 31 December 2006;
- IFRS standards and interpretations whose application will be compulsory after 2006 and for which the Group has opted for earlier application;
- accounting positions adopted by the Group, on which work is currently being carried out by the IASB (IFRIC) or the CNC, as recalled in note 3;
- the options and exemptions used.

The preparation of financial statements requires the management of PagesJaunes Group to make estimates and apply assumptions that affect the reported amounts of assets and liabilities and contingent liabilities at the date of preparation of the financial statements and reported income and expenses for the period. The management reviews these estimates and assessments on a continuous basis, by reference to past experience and various other factors considered as reasonable which form the basis for assessing the book value of assets and liabilities. These concern in particular intangible fixed assets, share-based payment and the valuation of pension liabilities. Actual results may differ significantly from these estimates, if different assumptions or circumstances apply. Finally, where a specific transaction is not dealt with in any standards or interpretations, the management of the Group applies judgment to define and apply accounting policies that will lead to relevant and reliable information, so that the financial statements:

- give a true and fair view of the Group's financial position, financial performance and cash flows;
- reflect the substance of transactions;
- are neutral;
- are prepared on a prudent basis;
- are complete in all material respects.

## Note 3 – Accounting policies and changes of estimate

### 3.1 Accounting policies

This note describes the Accounting Policies applied to the accounts as at 31 December 2006 in accordance with the provisions of international accounting standards as adopted by the European Commission as at 31 December 2006.

Unless stated otherwise, these methods have been applied consistently to all the financial years shown.

#### 3.1.1 Application of standards, amendments to standards and interpretations in advance of the date of compulsory application

**From 1 January, 2004, the Group had applied in advance the following two regulations which became compulsory on 1 January 2006:**

- IAS 39 "Fair Value Option". This amendment, relating to the choice of recognition of an asset at the outset and a financial liability at fair value through the income statement, allows the cancellation of one of the two exclusions decided on by the European Commission at the time of the adoption of IAS 39, which became compulsory on 1 January 2006;
- IFRIC 4 "Asset usage rights – Determining whether an Arrangement contains a Lease", which is compulsory with effect from financial years commencing on or after 1 January 2006.

**New regulations or amendments have come into force since 1 January 2006:**

In the 2006 consolidated financial statements, the Group has not used the option provided by the amendment to IAS 19 "Actuarial Gains and Losses, Group Plans and Disclosures, applicable on 1 January 2006. This option allows actuarial gains and losses recognised during the year to be recognised immediately in shareholders' equity.

The Group is not affected by:

- interpretation IFRIC 6 "Liabilities arising from participating in a specific Market-Waste Electrical and Electronic Equipment", which became compulsory with effect from financial years commencing after 1 December 2005, IFRIC 7 "Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies" which has been compulsory with effect from financial years commencing after 1 March 2006 and IFRIC 9 "Reassessment of Embedded Derivatives" which has been compulsory with effect from financial years commencing after 1 June 2006;
- standard IFRS 6 "Exploration for and Evaluation of Mineral Resources", which is compulsory for financial years commencing after 1 January 2006;
- the amendments to IAS 39 "Cash Flow Hedge Accounting of Forecast Intragroup Transactions", to IAS 21 "Effects of Changes in Foreign Currency Exchange Rates" concerning net investment in an activity abroad and IAS 39 and IFRS 4 "Insurance Contracts – Financial Guarantee Contracts", which have been compulsory since 1 January 2006.

### Standards, amendments to standards and interpretations which are not being applied in advance:

PagesJaunes Group has not opted for early application of the following standards, amendments to standards and interpretations:

- IFRS 7 "Financial Instruments – Disclosures"; the date of first application of this regulation is 1 January 2007;
- IFRIC 8 "Scope of IFRS 2", which is compulsory for financial years commencing after 1 May 2006;
- amendment to IAS 1 "Presentation of Financial Statements", notes to the share capital, which becomes compulsory on 1 January 2007.

Furthermore, standard IFRS 8 "Operating Segments" which is compulsory for financial years commencing after 1 January 2009 and interpretation IFRIC 11 "IFRS 2: Group and Treasury Share Transactions" which is compulsory for financial years commencing after 1 March 2007, issued by IASB but not yet adopted by the European Commission, have not been applied by the Group.

PagesJaunes Group is nevertheless analysing the practical consequences of these new regulations and the effects of their application in its financial statements. Standards IFRS 7 and IFRS 8, and the amendment to IAS 1 have no impact on the measurement and recognition of transactions.

### 3.1.2 Accounting positions adopted by the Group by virtue of paragraphs 10 to 12 of IAS 8

The accounting positions presented below are not the subject of particular provisions in international accounting standards as adopted by the European Commission or their interpretation.

#### Employee share issue

The Group has adopted as the grant date for the employee share issue the date of announcement to the employees of the main conditions of the offer, thereby complying with the circular issued by the Conseil National de la Comptabilité of 21 December 2004 relating to employee share ownership plans. This circular interprets the date of announcement as the grant date defined in IFRS 2 "Share-Based Payment". The charge recognised in this regard in the 2004 financial statements amounts to €25.3 million (including €1.2 million in respect of the contribution) and €20.5 million (including €1.2 million in respect of the contribution) for the 2005 financial year. If the grant date had been the closing date of the offer, an additional charge of €12.2 million would have been recognised in 2004 and €0.3 million in 2005, principally due to the change in the price of the share between the announcement date and the closing date of the offer. There was no employee share issue in the 2006 financial year.

#### Management share ownership plan

Sèvres I, Sèvres II and Sèvres III, which jointly controlled 100% of the capital of Médiannuaire Holding, the indirect majority shareholder of PagesJaunes Group, have offered certain managers of the Group the possibility of acquiring a minority holding, in the form of 202,691 ordinary shares, in the capital of Médiannuaire Holding (*i.e.* 0.55% of the shares of the Company). This holding was acquired at the end of December 2006 on the basis of the price proposed by Médiannuaire Holding in the framework of the standing offer procedure relating to the PagesJaunes Group shares completed on 1 December 2006.

The capital of Médiannuaire Holding is made up of ordinary shares and preference shares. The right of each class of share to the increase in value of shareholders' equity is variable as a function of the internal rate

of return recorded by the shareholders of Médiannuaire Holding on their investment during their holding period. Furthermore, the shares held by these managers are subject to presence and performance conditions, implemented by reciprocal purchase and sale undertakings signed with the shareholders of Médiannuaire Holding at a price which varies depending on the fulfilment of these conditions.

A valuation based on the Monte Carlo model, carried out by an independent expert, led to the conclusion that having regard to the discounted probabilised value of all of the foreseeable scenarios for the duration of the holding period and the exit value, and the rights to the increase in the value of the shareholders' equity attributed to them, the acquisition price of these ordinary shares did indeed correspond to their fair value on the acquisition date. In this context, no particular advantage was granted to the managers concerned, by Sèvres I, Sèvres II and Sèvres III, within the meaning of standard IFRS 2. The main assumptions applied in this valuation were as follows: volatility of 18% corresponding to the average of the volatilities recorded in respect of the company (calculated before the rumours concerning France Télécom's sale of its holding in PagesJaunes Group) and a sample of comparable stocks; an exit date based on probabilities centred on years four and five corresponding to the average holding periods recorded on LBO operations.

### 3.2 Consolidation

Subsidiaries which are controlled exclusively by the Group, directly or indirectly, are fully consolidated.

Companies which are controlled jointly by the Group and a limited number of other shareholders are proportionally consolidated.

Companies not controlled by the Group but over which the Group exercises significant influence (generally corresponding to an ownership interest of 20% to 50%) are consolidated using the equity method.

When assessing the level of control or significant influence exercised, account is taken of the existence and effect of any exercisable or convertible potential voting rights at the end of the period.

In accordance with IFRS 5, the assets and liabilities of controlled entities that are considered as being held for sale are reported on a separate line in the balance sheet. Profits or losses of discontinued operations are reported on a separate line of the income statement. IFRS 5 defines a discontinued operation as a component of an entity comprising cash flows that can be clearly distinguished from the rest of the entity, that either has been disposed of, or is classified as held for sale, and represents a separate major line of business or geographical area of operations.

Material intercompany 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 at the transaction date. Monetary assets and liabilities are remeasured at each balance sheet date at the period-end exchange rate and the differences arising from remeasurement 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. The presentation of the income statement under IFRS is significantly different from that under French GAAP, in particular with the elimination of the notion of non-operating income and expenses and the reincorporation in operating income of expenses associated with goodwill.

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:

- legal profit-sharing;
- share-based payment, including any associated social charges;
- depreciation and amortisation expense;
- impairment of goodwill and fixed assets;
- results of asset disposals;
- restructuring costs;
- share in profits (losses) of equity-method associates;
- impairment of goodwill in respect of equity-method associates.

The GOM is an intermediate aggregate defined by PagesJaunes Group in accordance with paragraph 83 of IAS 1. It is the key metric of the Group's operating performance.

### 3.5 Revenues

Revenues from the activities of the PagesJaunes 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. 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 and directories assistance is apportioned over the display period, which is generally 12 months;
- revenues from traffic relating to the telephone enquiry services (118 008 in France and 118 75 in Spain) are recognised when the service is rendered;
- the expenses which are directly attributable to the directory publication campaigns for a particular financial period are recognised with the corresponding revenues stated for the period in question; this concerns commissions for sales and telesales personnel as well as the publishing costs including the publication fee.

Furthermore, in accordance with SIC 31 "Revenue – Barter Transactions Involving Advertising Services", the revenue from ordinary activities does not include any benefits resulting from exchanges of goods or services for similar benefits, even if these benefits are relating to different periods.

### 3.6 Advertising and similar expenses

Expenses for advertising, promotion, sponsorship, communication and brand development are stated in full in the expenses for the year in which they are incurred.

### 3.7 Earnings per share

The Group discloses both basic earnings per share and diluted earnings per share. The number of shares used to calculate diluted earnings per share takes into account the conversion into ordinary shares of dilutive instruments outstanding at the period-end (unexercised options, free shares, etc.). If the basic earnings per share are negative, diluted loss per share represents the same amount as the basic loss. To permit direct comparisons of earnings per share, the weighted average number of shares outstanding for the reporting year and previous years is adjusted to take into account any shares issued at a discount to market price. Treasury stock deducted from consolidated equity is not taken into account in the calculation of earnings per share.

### 3.8 Goodwill

Goodwill represents the difference between the purchase cost of shares in consolidated companies, including transaction expenses, and the Group's equity in the value of the underlying net assets at the date of acquisition.

In accordance with IFRS 3 "Business Combinations", goodwill is not amortised but is tested for impairment at least once a year or more frequently when there is an indication that it may be impaired. IAS 36 "Impairment of Assets" requires these tests to be performed at the level of each Cash Generating Unit (CGU) to which the goodwill has been allocated. In certain cases, CGUs may be combined if the combined CGUs represent the lowest level at which management monitors return on investment. (A CGU is defined as the smallest homogenous group of assets whose continuous use generates cash inflows that are largely independent of the cash inflows from other groups of assets.). The level at which PagesJaunes Group measures the current value of goodwill generally corresponds to the level of each of the consolidated companies.

To determine whether goodwill has been impaired, the consolidated net book value of the assets and liabilities are compared to their recoverable amount. The recoverable amount is the higher of the fair value less exit costs and value in use.

Fair value less exit costs is determined as the best estimate of the sale value net of exit costs in a transaction conducted under normal competitive conditions between knowledgeable, willing parties. This estimate is determined on the basis of the available market information, taking into account particular situations.

The value in use applied by PagesJaunes Group is the present value of the future cash flows expected to be derived from the CGU, including goodwill. Cash flow projections are based on economic and regulatory assumptions and forecast trading conditions applied by the management of PagesJaunes, as follows:

- cash flow projections are based on the five-year business plan;
- cash flow projections beyond the five-year period are extrapolated by applying a declining or flat growth rate over the next three years, followed by a growth rate to perpetuity reflecting the expected long-term growth in the market;
- the cash flows obtained are discounted using appropriate rates for the type of business and the countries concerned.

Goodwill impairment losses are recorded in the income statement as a deduction from operating income.

If the business is intended to be sold, the recoverable amount is determined on the basis of the fair value net of exit costs.

### 3.9 Other intangible assets

Other intangible assets, consisting mainly of trademarks, licences and patents, research and development costs and software, are stated at acquisition or production cost.

When intangible assets are acquired in a business combination, their cost is generally determined in connection with the purchase price grant based on their respective market values. When their 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 (cf. 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 20 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 intention and financial and technical ability to complete the development project;
- 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 costs 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.

#### Concession relating to *L'Annuaire*

France Télécom was appointed by decree on 3 March 2005 as the publisher of the universal directory for a period of two years. Since France Télécom must remain the publisher, the transfer of the *L'Annuaire* trademark to PagesJaunes, a subsidiary of PagesJaunes Group, as provided for in the agreements of May/June 2004, could not be implemented. In this context the two companies agreed to establish an operational concession contract for the universal printed directory in favour of PagesJaunes accompanied by a contract for the transfer of the *L'Annuaire* trademark for a total of €12 million. These contracts were signed on 20 January and came into force on 1 January 2006. The price of the operating concession, €11 million, is being amortised over a period of four years with effect from 1 January 2006, the period

corresponding to that of the non-competition undertaking granted by France Télécom for the publication of alphabetical directories.

### 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 PagesJaunes Group (finance 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 PagesJaunes 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 PagesJaunes Group to third parties under a lease contract are considered as having been sold.

Maintenance and repair costs are expensed as incurred, except where they serve to increase the asset's productivity or prolong its useful life.

#### Depreciation

Tangible fixed assets are depreciated on a basis that reflects the pattern in which their future economic benefits are expected to be consumed in the case of each asset item on the basis of the acquisition cost, less any residual value. The straight-line basis is usually applied over the following estimated useful lives: 25 to 30 years for buildings, 5 to 10 years for fittings, 1 to 5 years for other fixed assets.

These depreciation periods are reviewed annually and are adjusted if current estimated useful lives differ from previous estimates. These changes in accounting estimates are recognised prospectively.

### 3.11 Impairment of fixed assets

Under IAS 36 "Impairment of Assets", the value in use of tangible and intangible fixed assets must be tested for impairment when there is an indication that they may be impaired. Indicators are reviewed at each closing date.

Intangible and tangible fixed assets are subject to a writedown 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 PagesJaunes 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 remeasurement 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 remeasured periodically, to take into account changes in market interest rates. The remeasurement has the effect of increasing or reducing the effective interest rate and, consequently, the carrying value of the loan or receivable.

The Group assesses whether there is any objective evidence that loans or receivables are impaired. A financial asset is written down if its book value exceeds the recoverable amount estimated at the time of the impairment tests. The impairment loss is recognised in the income statement.

##### **Assets held for trading**

Assets held for trading are assets which the Company intends to re-sell 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).

Assets held for trading, consisting mainly of mutual fund units, are carried in the balance sheet under "Short-term financial assets".

##### **Cash and cash equivalents**

Cash equivalents are held to meet short-term cash needs rather than for investment or other purposes. They consist of instruments that are readily convertible into known amounts of cash and are not exposed to any material risk of impairment. Cash and cash equivalents comprise cash available on demand and short-term investments with maturities generally of three months or less at the date of purchase. They are stated at historical cost, which is close to their realisable value.

#### 3.12.2 Measurement and recognition of financial liabilities

##### **Financial liabilities**

With the exception of financial liabilities held for trading, which are measured at fair value, borrowings and other financial liabilities are initially recognised at fair value and subsequently measured at amortised cost by the effective interest method.

Transaction costs that are directly attributable to the acquisition or issue of a financial liability are deducted from the liability's carrying value. This is because financial liabilities are initially recognised at cost, corresponding to the fair value of the sums paid or received in exchange for the liability. The costs are subsequently amortised over the life of the liability, by the effective interest method.

The effective interest rate is the rate which discounts estimated future cash payments up to the maturity date or the nearest date of price adjustment to the market rate, to the net carrying amount of the financial liability.

##### **Financial liabilities held for trading**

Financial liabilities held for trading are measured at fair value.

#### 3.12.3 Measurement and recognition of derivative instruments

Derivative instruments are measured at fair value in the balance sheet. Except as explained below, gains and losses arising from remeasurement 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 per cent.

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 remeasuring 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 remeasuring the hedging instrument at fair value;
- for cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity – because the change in the fair value of the hedged portion of the underlying item is not recognised in the balance sheet – and the ineffective portion of the gain or loss on the hedging instrument is recognised in profit or loss. Amounts recognised directly in equity are subsequently recognised in profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss.

**3.13 Inventories**

Inventories are stated at the lower of cost and probable net realisable value. Cost corresponds to purchase or production cost determined by the weighted average cost method.

**3.14 Deferred taxes**

In accordance with IAS 12 "Income Taxes", deferred taxes are recognised for all temporary differences between the book values of assets and liabilities and their tax basis, as well as for unused tax losses, by the liability method. Deferred tax assets are recognised only when their recovery is considered probable.

IAS 12 requires, in particular, the recognition of deferred tax liabilities on all intangible assets recognised in business combinations (trade marks, customer lists, etc.).

A deferred tax liability is recognised for all taxable temporary differences between the book value of shares and their tax base associated with investments in subsidiaries, equity-method associates and interests in joint ventures, except where:

- the Group is able to control the timing of the reversal of the temporary difference (e.g.: distribution of dividends); and

- it is probable that the temporary difference will not be reversed in the foreseeable future.

In practice, this means that for fully and proportionally consolidated companies, a deferred tax liability is recognised for taxes payable on planned dividend distributions by these companies.

The deferred tax assets and liabilities are set off if there is a legally enforceable right allowing set-off against a future tax liability. Any set-offs are treated by tax group depending on a single tax authority.

The deferred taxes relating to items stated directly in shareholders' equity are also stated in shareholders' equity.

In accordance with IAS 12, deferred tax assets and liabilities are not discounted.

**3.15 Provisions**

In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", a provision is recognised when, at the end of the period, the Group has an obligation towards a third party resulting from a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

The obligation may be legal, regulatory or contractual or it may represent a constructive obligation deriving from the Group's practices or public commitments which have created a legitimate expectation among third parties concerned that the Group will meet certain responsibilities.

The amount recognised as a provision corresponds to the best estimate of the expenditure required of the Group to settle the present obligation. If a reliable estimate cannot be made of the amount of the obligation, no provision is recorded, but details of the obligation are disclosed in the notes to the financial statements.

Contingent liabilities – corresponding to potential obligations resulting from past events, the existence of which will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Company's control, and to probable obligations that are not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation are disclosed in the notes to the financial statements.

Provisions for restructuring costs are recognised only when the restructuring has been announced and the Group has drawn up or has started to implement a detailed plan before the period end-date.

Provisions are discounted when the discounting adjustment is material.

**Statutory training rights (DIF)**

Expenditure in respect of statutory training rights constitutes an expense for the period and does not give rise to any provision. However, the notes to the consolidated financial statements include disclosures of the cumulative number of hours' training entitlement at the end of the accounting period and the unused portion of the vested entitlement.

In a limited number of cases (request for training leave, redundancy or resignation) or where such costs cannot be considered as remuneration of future services, the resulting short-term obligation is provided for in the financial statements for the period as soon as the obligation towards the employee becomes probable or certain.

In respect of the statutory training rights, for non-civil servant employees and those on indefinite-term contracts within the French entities of the PagesJaunes Group, the number of hours in the open but unconsumed portion of the rights was 177,208 as at 31 December 2006. 1,479 hours were the subject of employee requests in 2006.

### 3.16 Pension and similar benefit obligations

#### 3.16.1 Post-employment benefits

##### **Retirement benefits and similar commitments**

In France, the legislation provides for benefits to be paid to employees on retirement on the basis of their length of service and salary at retirement age. The actuarial differences relating to post-employment benefits will be treated in accordance with the corridor method, which consists of recognising a specified portion of the net cumulative actuarial gains and losses that exceed 10% of the greater of the present value of the commitment and the value of plan assets, over the average expected remaining working lives of the employees participating in the plan.

The impact of changes in assumptions is reflected in the income statement over the residual average working life of the employees (cf. note 27).

##### **Other retirement schemes**

These benefits are provided either on the basis of defined contribution schemes or on the basis of defined benefit schemes.

In the context of defined contribution schemes, the Group has no commitment other than the payment of contributions; the charge corresponding to the contributions paid is recognised in the income statement for the period.

In accordance with IAS 19, obligations under defined benefit schemes are measured by the projected unit credit method. According to this method, each period of service gives rise to an additional unit of benefit entitlement and measures each unit separately to value the final obligation, which is then discounted.

#### 3.16.2 Other long-term benefits

Other long-term benefits which may be granted by the Group consist mainly of long-service awards, for which the related obligations are also measured on an actuarial basis.

#### 3.16.3 Termination benefits

Any termination benefits are also determined on an actuarial basis and covered by provisions.

For all commitments where termination of employment contracts would trigger payment of compensation, the impact of changes in assumptions is recognised in profit or loss for the period during which the revision takes place.

### 3.17 Share-based payments

In accordance with IFRS 2 "Share-Based Payment", stock options, employee share issues and free grants of shares to employees of the Group are valued on their grant date.

The grant date for employee share issues has been taken to be the date when the main terms of the plan were announced to employees, as stipulated in the circular issued by the CNC on 21 December 2004 relating to employee share ownership plans.

Since the related benefits are vested immediately (the vesting period being very short or non-existent), the related compensation expense

is recognised in full in the period. The Group has valued the benefits granted to employees at fair value on the grant date of the rights, taking into account the restriction period.

The value of stock options is determined in particular by reference to the exercise price, the life of the options, the current price of the underlying shares, the expected share price volatility, expected dividends and the risk-free interest rate over the life of the options. The amount so determined (under the "share-based payment" heading) is recognised in personnel expenses on a straight-line basis over the period between the grant date and the exercise date – corresponding to the vesting period – and in equity for equity-settled plans or in liabilities to employees for cash-settled plans.

The Group has opted for retrospective application of IFRS 2 to equity- and cash-settled plans. Plans issued prior to 31 December 2003 have been valued in accordance with the North American standard FAS 123 using the Black & Scholes model. With effect from 1 January 2004, all 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, adjusted to take account of the likelihood that the performance conditions will be fulfilled.

### Note 4 – Segment information

The core business of the Group is the publication of directories in France and abroad, offering a diversified range of products and services for the general public and businesses. Financial income, financial expenses, foreign exchange gains and losses and current taxation are not the subject of a segment allocation. Similarly, the related balance sheet items (cash, financial liabilities and tax liabilities) are not allocated to any segment. By convention, there is no segment allocation of deferred tax.

The Group's business is organised in two main segments:

- **PagesJaunes in France:** the activities in France related to the publication and distribution of directories, the sale of advertising space in printed and online directories, the creation and hosting of websites, the 118 008 telephone directory enquiry services and the publication of the PagesPro directories, the sale of online access to databases, the reverse directory QuiDonc and the advertising representation for Europages. This segment also includes the holding company activities accommodated within PagesJaunes Group;
- **International & Subsidiaries:** the activities of the Company's various subsidiaries that are principally involved in the publication of consumer directories outside France, developing the Kompass directories in Europe and developing complementary activities related to the publication of directories (such as the geographic services of Mappy and the direct marketing activities of PagesJaunes Marketing Services – formerly Wanadoo Data and e-sama). This segment also includes the new small ads business that is currently being launched as part of PagesJaunes Petites Annonces, formerly known as Cristallerie 1.

#### 4.1 Analysis by business segment

The following table shows information by business segment for the periods ended 31 December 2006, 2005 and 2004:

##### Analysis by business sector

##### Income statement

(Amounts in thousands of euros)	2006				2005				2004			
	Pages-Jaunes in France	International & Subsidiaries	Eliminations	Group	Pages-Jaunes in France	International & Subsidiaries	Eliminations	Group	Pages-Jaunes in France	International & Subsidiaries	Eliminations	Group
<b>Net revenues</b>	<b>1,014,981</b>	<b>117,248</b>	<b>(7,754)</b>	<b>1,124,475</b>	<b>956,144</b>	<b>108,874</b>	<b>(4,318)</b>	<b>1,060,700</b>	<b>903,937</b>	<b>65,064</b>	<b>(1,841)</b>	<b>967,160</b>
External	1,013,454	111,021		1,124,475	954,914	105,786		1,060,700	903,900	63,260		967,160
Inter-segment	1,527	6,227	(7,754)	0	1,230	3,088	(4,318)	0	37	1,804	(1,841)	0
<b>Gross Operating Margin</b>	<b>479,907</b>	<b>6,413</b>	<b>-</b>	<b>486,320</b>	<b>457,538</b>	<b>5,537</b>	<b>-</b>	<b>463,075</b>	<b>413,940</b>	<b>(6,458)</b>	<b>-</b>	<b>407,482</b>
Employee profit-sharing	(13,497)	(68)		(13,565)	(32,340)	(566)		(32,906)	(29,408)	(518)		(29,926)
Share-based payment	(7,443)	(1,770)		(9,213)	(19,125)	(1,325)		(20,450)	(23,522)	(1,752)		(25,274)
Depreciation and amortisation	(8,791)	(3,848)		(12,639)	(5,872)	(3,872)		(9,744)	(6,670)	(3,396)		(10,066)
Result of asset disposal	(595)	37		(558)	(538)	(31)		(569)	(360)	(3)		(363)
Restructuring costs	-	(63)		(63)	-	(372)		(372)	-	-		-
Result of equity method associates	-	-		-	-	-		-	-	774		774
<b>Operating income</b>	<b>449,582</b>	<b>701</b>	<b>-</b>	<b>450,282</b>	<b>399,663</b>	<b>(629)</b>	<b>-</b>	<b>399,034</b>	<b>353,980</b>	<b>(11,353)</b>	<b>-</b>	<b>342,627</b>
Financial income				21,167				16,378				20,784
Financial expenses				(13,663)				(4,795)				(444)
Result of disposal of financial assets				764				(18)				-
Gain (loss) on foreign exchange				-				18				(51)
Corporation tax				(161,655)				(148,873)				(149,314)
<b>Net income</b>				<b>296,895</b>				<b>261,745</b>				<b>213,602</b>
<b>Acquisition of tangible and intangible fixed assets</b>	<b>26,312</b>	<b>4,273</b>		<b>30,585</b>	<b>9,824</b>	<b>2,019</b>		<b>11,843</b>	<b>6,211</b>	<b>1,466</b>		<b>7,677</b>



Historical financial information

## Balance sheet

(Amounts in thousands of euros)	2006				2005				2004			
	Pages-Jaunes in France	International & Subsidiaries	Eliminations	Group	Pages-Jaunes in France	International & Subsidiaries	Eliminations	Group	Pages-Jaunes in France	International & Subsidiaries	Eliminations	Group
Net goodwill		107,727		107,727		107,394		107,394		77,475		77,475
Other net intangible fixed assets	22,586	5,430		28,016	6,031	5,480		11,511	1,578	6,841		8,419
Net tangible fixed assets	13,553	5,468		19,021	12,985	5,010		17,995	13,808	3,008		16,816
Investments accounted for using the equity method									15,493		15,493	15,493
Non-current non-segment assets				22,867				73,047				29,928
<b>Non-current assets</b>				<b>177,631</b>				<b>209,947</b>				<b>148,131</b>
Net inventories	5,944	681		6,625	4,653	628		5,281	11,842	531		12,373
Net trade accounts receivable	450,661	53,305	(4,013)	499,953	422,221	52,884	(2,349)	472,756	396,542	35,494	(1,243)	430,793
Other current assets	30,405	4,919		35,324	28,119	11,645		39,764	25,021	19,329		44,350
Prepaid expenses	43,209	16,319	(27)	59,501	39,934	15,709	(4)	55,639	27,148	12,696		39,844
Current non-segment assets				71,134				594,289				645,071
<b>Current assets</b>				<b>672,537</b>				<b>1,167,729</b>				<b>1,172,431</b>
<b>TOTAL ASSETS</b>				<b>850,168</b>				<b>1,377,676</b>				<b>1,320,562</b>
of which segment assets	566,358	193,849	(4,040)	756,167	513,943	198,750	(2,353)	710,340	475,939	170,867	(1,243)	645,563
of which non-segment assets				94,001				667,336				674,999
<b>Shareholders' equity</b>				<b>(2,060,565)</b>				<b>407,098</b>				<b>387,543</b>
Employee benefits - non-current	28,354	1,020		29,374	24,497	953		25,450	20,959	1,103		22,062
Provisions - non-current	6,709	180		6,889	7,876			7,876	8,217	112		8,329
Other non-current liabilities		90		90	2,400	92		2,492				
Non-current non-segment liabilities				1,910,989				18				32
<b>Non-current liabilities</b>				<b>1,947,342</b>				<b>35,836</b>				<b>30,423</b>
Provisions - current		746		746		509		509		236		236
Trade accounts payable	102,392	18,300	(4,013)	116,679	107,713	18,803	(2,349)	124,167	93,272	14,997	(1,243)	107,026
Employee benefits - current	62,577	10,930		73,507	78,158	9,732		87,890	74,077	7,944		82,021
Other current liabilities	93,254	9,551		102,805	89,736	11,419		101,155	86,506	4,755		91,261
Deferred income	600,176	40,135	(27)	640,284	553,167	38,493	(4)	591,656	506,707	28,663		535,370
Current non-segment liabilities				29,370				29,365				86,682
<b>Current liabilities</b>				<b>963,391</b>				<b>934,742</b>				<b>902,596</b>
<b>TOTAL LIABILITIES</b>				<b>850,168</b>				<b>1,377,676</b>				<b>1,320,562</b>
of which segment liabilities	893,462	80,952	(4,040)	970,374	863,547	80,001	(2,353)	941,195	789,738	57,810	(1,243)	846,305
of which non-segment liabilities				(120,206)				436,481				474,257

## 4.2 Analysis by geographic region

(Amounts in thousands of euros)	31 December 2006	31 December 2005	31 December 2004
<b>Contributory revenues</b>	<b>1,124,475</b>	<b>1,060,700</b>	<b>967,160</b>
- France	1,062,125	1,004,239	940,774
- Others	62,350	56,461	26,386
<b>Assets</b>	<b>850,168</b>	<b>1,377,675</b>	<b>1,320,562</b>
- France	622,637	570,251	469,804
- Others	133,530	140,089	91,565
- Unallocated	94,001	667,335	759,193
<b>Tangible &amp; intangible investments</b>	<b>30,585</b>	<b>11,843</b>	<b>7,677</b>
- France	29,479	11,119	6,888
- Others	1,106	724	789

### Note 5 – Additional information on a like-for-like basis

In order to make the data for 2004 comparable with that of the scope of consolidation in 2006, the 2004 data has been restated on the basis of the 2006 scope of consolidation.

The table below shows the transition between the consolidated financial statements as at 31 December 2004 and the consolidated information on a like-for-like basis as at 31 December 2004, taking into account:

- the entry into the consolidated group of QDQ Media and Mappy as at 1 January 2004 instead of 1 April 2004 and 1 May 2004 respectively;

- the entry into the consolidated group of Kompass Belgium on 1 January 2004 instead of 1 January 2005;
- the acquisition of Edicom on 1 July 2004 instead of 1 July 2005. The adjustment to 1 January is insignificant;
- the proportional consolidation of Editus on 1 January 2004, this company having previously been consolidated by the equity method;
- the acquisition of e-sama on 1 February 2004 instead of 1 February 2006. The adjustment to 1 January is insignificant.

### Historical income statement/like-for-like data

(Amounts in thousands of euros)	2004 historical	Adjustments	2004 on a like-for-like basis
Net revenues	967,160	33,873	1,001,033
External purchases	(317,582)	(14,284)	(331,866)
Other operating income and expenses	26,896	(603)	26,293
Personnel expenses			
- Salaries and charges	(268,992)	(14,718)	(283,710)
<b>Gross Operating Margin</b>	<b>407,482</b>	<b>4,268</b>	<b>411,750</b>
- Employee profit-sharing	(29,926)	(224)	(30,150)
- Share-based payment	(25,274)	0	(25,274)
Depreciation and amortisation	(10,066)	(788)	(10,854)
Impairment of goodwill	0	0	
Impairment of fixed assets	0	(11)	(11)
Result of asset disposals	(363)	(9)	(372)
Restructuring cost	0	0	0
Result of equity method associates	774	(774)	0
<b>Operating income</b>	<b>342,627</b>	<b>2,462</b>	<b>345,089</b>
Financial income	20,784	(1,714)	19,070
Financial expenses	(444)	(22)	(466)
Gain (loss) on foreign exchange	(51)	0	(51)
<b>Financial result</b>	<b>20,289</b>	<b>(1,736)</b>	<b>18,553</b>
Corporation tax	(149,314)	(1,457)	(150,771)
<b>Net income</b>	<b>213,602</b>	<b>(731)</b>	<b>212,871</b>

Cf. note 6 for further details.

## Note 6 – Change in the scope of consolidation

### 2006

The main operations during the 2006 financial year were as follows:

The companies Wanadoo Data and e-sama were merged on 31 March 2006 to form PagesJaunes Marketing Services. This internal restructuring operation has no significant impact on the consolidated financial statements. As forecast, a price supplement of €1.9 million was paid in April 2006 to close the acquisition of 100% of the shares of e-sama which began in February 2005;

The data for 2005 have not been adjusted to take account of the acquisition of e-sama, which took place on 1 February 2005, and of the acquisition of Edicom, which took place on 30 June 2005, as these companies, with revenues of €0.7 million in January 2005 in the case of e-sama and €1.2 million in the first half of 2005 in the case of Edicom, have no significant impact on the Group's results.

The company PagesJaunes Petites Annonces (formerly Cristallerie1), which includes the new online small ads business, has been consolidated since 1 January 2006. This company had no activity in 2005.

### 2005

The entry into the consolidated group of Kompass Belgium on 1 January 2005, this company having been acquired on 14 April 2004, at a price of €1.8 million, generated goodwill of €1.3 million, (for 100% of the shares and voting rights).

In February 2005, PagesJaunes Group acquired through its subsidiary Wanadoo Data 100% of e-sama, a company specialising in database hosting and Customer Relationship Management (CRM). This company has been fully consolidated since 1 February 2005 and its acquisition generated goodwill of €11.7 million for 100% of the shares at an acquisition price of €13 million (including a €1.9 million price supplement).

PagesJaunes Group also acquired the company Edicom, the leading publisher of directories in Morocco in July 2005. This company has been fully consolidated since 1 July 2005. The purchase from Atlas Services Belgium of 100% of the shares of Edicom at a price of €5.5 million generated goodwill of €4.8 million.

In view of the acquisition of the remaining 50% of the Eurodirectory sub-group at the end of 2004, Eurodirectory has been fully consolidated since 1 January 2005 and its subsidiary Editus has been proportionally consolidated.

### 2004

The entry on 1 April 2004 of QDQ Media for €17 million with an equity loan of €89 million generated goodwill amounting to €69 million (100% of shares and voting rights were acquired). The cash acquired amounted to €7 million. On an indicative basis, the 2004 revenues of QDQ Media were €37 million, with a negative gross operating margin of -€13 million. The acquisition price relating to this entity is explained in particular by the fact that QDQ Media occupies the second position in the Spanish market and that the target of breakeven in gross operating margin is expected to be achieved by the end of 2006.

The entry of Mappy (formerly Wanadoo Maps) on 1 May 2004, at an acquisition price of €10 million for 100% of the shares and voting rights, generates goodwill amounting to €7 million. On an indicative basis the 2004 revenues of Mappy (before intra-group eliminations) amounts to €5.5 million, with a gross operating margin of €1.3 million.

The acquisition of 50% of Eurodirectory, for a price of €13.5 million, takes the holding of PagesJaunes Group in this company to 100% and generates goodwill of €12.1 million. PagesJaunes Group thus becomes an indirect 49% shareholder in Editus, a Luxembourg directory company. Eurodirectory, the remainder of which was acquired at the end of 2004, remains consolidated by the equity method in 2004. This decision has no significant impact on the financial statements.

All the companies were acquired for cash.

In order to separate the directories activity from the holding company assets, the Group acquired in November 2004 a company named Nedif (since renamed PagesJaunes), to which it has transferred the operating activity of PagesJaunes. At the same time, the PagesJaunes company changed its name to PagesJaunes Group. The new PagesJaunes company is fully consolidated retrospectively to 1 January 2004.

## Note 7 – Revenues

(In thousands of euros)	31 December 2006	31 December 2005	31 December 2004
<b>PagesJaunes in France</b>			
Printed directories	654,144	638,194	618,928
- PagesJaunes	528,760	524,275	505,167
- <i>L'Annuaire</i>	125,384	113,919	113,761
Online services	320,727	284,959	254,518
- Internet	279,964	227,717	169,558
- Minitel	40,763	57,242	84,960
Other businesses	14,410	391	-
Printed directories	25,700	32,600	30,491
<b>Total for the PagesJaunes in France segment</b>	<b>1,014,981</b>	<b>956,144</b>	<b>903,937</b>
<b>International &amp; Subsidiaries</b>			
B to C directories	58,397	52,409	26,386
Kompass	31,392	29,338	23,356
Direct Marketing and geographic services	27,459	27,127	15,322
<b>Total for the International &amp; Subsidiaries segment</b>	<b>117,248</b>	<b>108,874</b>	<b>65,064</b>
Inter-segment	(7,754)	(4,318)	(1,841)
<b>TOTAL</b>	<b>1,124,475</b>	<b>1,060,700</b>	<b>967,160</b>

In accordance with SIC 31, income from ordinary activities does not include exchanges of goods or services.

## Note 8 – Other operating income

(In thousands of euros)	31 December 2006	31 December 2005	31 December 2004
Recharging of publication costs relating to <i>L'Annuaire</i>	5,891	47,276	48,264
Other income	6,598	7,630	6,985
<b>TOTAL</b>	<b>12,489</b>	<b>54,906</b>	<b>55,249</b>

## Note 9 – Personnel expenses

(In thousands of euros, except for number of employees)	31 December 2006	31 December 2005	31 December 2004
Average number of employees (full-time equivalent)	4,736	4,677	4,233
<b>Wages and social charges of which:</b>	<b>(313,592)</b>	<b>(297,577)</b>	<b>(268,992)</b>
- Wages and salaries	(204,489)	(195,082)	(185 114)
- Social charges	(85,385)	(80,626)	(72 846)
- Own work capitalised	-	-	-
- Taxes on salaries and other items	(23,718)	(21,869)	(11 032)
<b>Share-based payment of which:</b>	<b>(9,213)</b>	<b>(20,450)</b>	<b>(25,274)</b>
- Employee share issues	-	(14,732)	(15 299)
- Stock options and free shares <sup>(1)</sup>	(7,071)	(5,718)	(9 975)
- Social charges on exercised stock options	(2,142)	-	-
<b>Legal profit-sharing</b>	<b>(13,565)</b>	<b>(32,906)</b>	<b>(29,926)</b>
<b>TOTAL PERSONNEL EXPENSES</b>	<b>(336,370)</b>	<b>(350,933)</b>	<b>(324,192)</b>

(1) Cf. note 27.

At the end of 2005, the French companies in the PagesJaunes Group terminated their membership of the France Télécom group legal profit-sharing agreement. A pooled legal profit-sharing agreement bringing together all of the French companies of the PagesJaunes Group was concluded on 26 June 2006. This agreement, which was applicable with effect from the 2006 financial year in respect of the profit-sharing to be paid in 2007, provides for the pooling of the special profit-sharing reserves among all of the French entities within the PagesJaunes Group, with each special profit-sharing reserve being now calculated on the basis of a derogatory formula based on the operating result of each of the entities. In this context, the PagesJaunes Group recorded a consolidated legal profit-sharing charge of €13.6 million in 2006, compared to €32.9 million in 2005. This charge will benefit all of the employees of the PagesJaunes Group in respect of 2006, whereas the latter had received a total profit-sharing of €11.6 million in respect of 2005.

### Employee share issues

#### 2006

None.

#### 2005

Following the sale by the State of 152.2 million existing shares of France Télécom representing 6.2% of the share capital, on 9 June 2006, the State offered shares to current and former employees of the France Télécom group and PagesJaunes Group, in accordance with the Privatisation Act of 6 August 1986. This offer involved 16.9 million shares of France Télécom, representing 0.68% (undiluted) of the total number of France Télécom shares.

The offer was the subject of a prospectus approved by the Autorité des Marchés Financiers on 8 September 2006 under the number 04-895. The France Télécom shares were offered at the unit price of €19.79, corresponding to 80% of the sale price of the France Télécom share in the private placement with investors (*i.e.* €22.55 per share).

The subscription period ran from 15 to 27 September 2004. A total of 16.7 million shares were purchased, including 3.2 million by employees of the PagesJaunes Group. The settlement and delivery of the shares took place on 7 November 2006.

The expense entered in respect of this transaction was €14.7 million.

#### 2004

Following to the IPO of PagesJaunes Group in July 2004, the Company carried out a capital increase reserved for personnel of the France Télécom group. A total of 4.7 million shares were purchased by the employees.

In addition, following the sale by the State of 10.85% of France Télécom's capital on 7 September 2004, the State offered shares to the personnel and former employees of the France Télécom group and PagesJaunes Group, in accordance with the Privatisation Act of 6 August 1986. The subscription period ran from 1 to 13 December 2004. A total of 28.7 million shares were purchased by the employees, including 2.3 million shares by employees of PagesJaunes Group. The settlement and delivery of the shares took place on 20 January 2005.

The expense entered in respect of these transactions was €15.3 million in 2004, including €3.0 million in respect of the PagesJaunes offer.

## Note 10 – Financial result

The financial result is made up as follows:

(In thousands of euros)	31 December 2006	31 December 2005	31 December 2004
Interest and similar income from financial assets	16,384	16,027	20,434
Change in the fair value of hedging instruments	4,206	-	-
Dividends received	577	351	350
<b>Financial income</b>	<b>21,167</b>	<b>16,378</b>	<b>20,784</b>
Interest on financial liabilities	(11,501)	(3,278)	(444)
Amortisation of debt costs	(613)	-	-
Discounting cost <sup>(1)</sup>	(1,549)	(1,554)	-
<b>Financial expenses</b>	<b>(13,663)</b>	<b>(4,795)</b>	<b>(444)</b>
<b>Result of disposal of financial assets</b>	<b>764</b>	<b>(18)</b>	<b>-</b>
<b>Foreign exchange gain (loss)</b>	<b>-</b>	<b>18</b>	<b>(51)</b>
<b>FINANCIAL INCOME (EXPENSE)</b>	<b>8,267</b>	<b>11,583</b>	<b>20,289</b>

(1) Cost relating to the increase of the retirement benefit obligation present value, cf. note 27.

The financial result consists primarily of income generated by cash placed with France Télécom up to 11 October 2006, and placed in short-term treasury instruments since that date. It also includes the change in the time value of the collar set up by the Company, amounting to net income of €4.2 million in 2006.

In 2005, the financial expenses included in particular a financial expense of €2.9 million paid at the time of the securitisation of the tax credit relating to the exceptional levy of 25% on the dividends paid in 2005.

## Note 11 – Corporation tax

### 11.1 Group tax proof

The corporation tax for the year results from the application of the effective year-end rate to the pre-tax income.

The reconciliation between the effective tax expense and the theoretical tax calculated on the basis of the French statutory tax rate is as follows:

(In thousands of euros)	31 December 2006	31 December 2005	31 December 2004
Pre-tax income	458,549	410,617	362,916
Statutory tax rate in France	34.43%	34.93%	35.43%
<b>Theoretical tax</b>	<b>(157,878)</b>	<b>(143,429)</b>	<b>(128,581)</b>
Income from equity-method associates	-	-	274
Loss-making companies not integrated for tax purposes	(776)	(2,742)	(7,456)
Tax on long-term capital gain reserves	-	-	(964)
Distribution of special long-term capital gain reserve	-	-	(4,610)
Share-based payment	(2,435)	(6,720)	(8,547)
Foreign subsidiaries	(31)	113	-
Regularisation of CT in respect of previous years	(668)	3,232	-
Other non-taxable revenues and expenses	133	673	570
<b>Effective tax</b>	<b>(161,655)</b>	<b>(148,873)</b>	<b>(149 314)</b>
- of which current tax	(137,001)	(151,258)	(150,893)
- of which deferred tax	(24,654)	2,385	1,579

## 11.2 Balance sheet tax position

The net balance sheet tax position is made up as follows:

(In thousands of euros)	31 December 2006	31 December 2005	31 December 2004
Retirement benefits	8,321	7,105	6,201
Employee profit-sharing	4,663	11,361	10,320
Fixed assets	2,934	2,977	3,244
Non-deductible provisions	2,284	2,827	2,783
Tax-loss carried forward and depreciation deemed deferred	1,743	2,466	2,829
Other differences	1,745	1,791	767
<b>Sub-total of deferred tax assets</b>	<b>21,690</b>	<b>28,527</b>	<b>26,144</b>
Hedging instruments	(3,433)	-	-
Loan issue costs	(16,298)	-	-
<b>Sub-total of deferred tax liabilities</b>	<b>(19,731)</b>	<b>-</b>	<b>-</b>
<b>TOTAL NET DEFERRED TAX (ASSETS)</b>	<b>1,959</b>	<b>28,527</b>	<b>26,144</b>

No deferred tax assets were recognised in the balance sheet in respect of loss carry-forwards of QDQ Media, as this company recorded negative net income in 2006. The amount of the unstated deferred tax is estimated at €65.5 million as at 31 December 2006.

The companies' deferred tax assets and liabilities have been valued taking into account the departure in 2004, without compensation, of companies from the consolidated tax group formed by Wanadoo SA.

PagesJaunes has opted for the French tax consolidation regime provided for by Article 223A ff. of the French General Tax Code. This option aims to create a consolidated tax group, consisting of, in addition to PagesJaunes Group, all its French subsidiaries which satisfy the conditions required to become a member. This option took effect from 1 January 2006 for a period of five years.

Part of the deferred tax liabilities were recorded in shareholders' equity for €1,914,000, of which €1,703,000 in respect of hedging instruments (cf. note 20).

The liability in the balance sheet corresponds to current tax. The tax disbursed during the 2006 financial year amounted to €162.8 million.

## Note 12 – Earnings per share

Net income amounted to €296.9 million. The number of ordinary shares was 280,266,780 (cf. note 26 – Shareholders' equity) as at 31 December 2006.

The net earnings per share therefore amount to €1.07 and €1.05 taking into account the potentially dilutive effect of the existence of 3,735,176 PagesJaunes Group stock options as at 31 December 2006 (3,757,000 as at 31 December 2005) and the existence of 1,356,201 shares which could be granted free of charge in 2008 and 2009 subject to the fulfilment of performance conditions.

## Note 13 – Goodwill related to consolidated companies

The principal goodwill items arising from the fully consolidated companies are as follows:

(In thousands of euros)	31 December 2006			31 December 2005	31 December 2004
	Opening balance	Acquisitions/Disposals	Closing balance	Closing balance	Closing balance
QDQ Media	68,882	-	68,882	68,882	68,882
Mappy	7,400	-	7,400	7,400	7,395
PagesJaunes Marketing Services (formerly Wanadoo Data)	1,198	12,080	13,278	1,198	1,198
e-sama	11,747	-11,747	-	11,747	-
Eurodirectory	12,109	-	12,109	12,109	-
Edicom	4,796	-	4,796	4,796	-
Kompass Belgium	1,262	-	1,262	1,262	-
<b>TOTAL</b>	<b>107,394</b>	<b>333</b>	<b>107,727</b>	<b>107,394</b>	<b>77,475</b>

In 2006, the companies Wanadoo Data and e-sama were merged on 31 March 2006 to form PagesJaunes Marketing Services. This internal restructuring operation has no significant impact on the consolidated financial statements. As forecast, a price supplement of €1.9 million was paid in April 2006 to close the acquisition of 100% of the shares of e-sama which began in February 2005.

The main operations in 2005 were:

- the entry into the scope of consolidation of Kompas Belgium on 1 January 2005, a company acquired on 14 April 2004, at a price of €1.8 million, generated goodwill of €1.3 million (for 100% of the shares and voting rights);
- the acquisition of e-sama, through the subsidiary Wanadoo Data, on 1 February 2005, at a price of €12.9 million for 100% of the shares, generated goodwill of €11.7 million;
- the acquisition of Edicom from Atlas Services Belgium, at a price of €5.5 million for 100% of the shares, generated goodwill of €4.8 million;
- the acquisition of the remaining 50% of the Eurodirectory sub-group at a price of €13.5 million at the end of 2004 generated goodwill of €12 million. This company is now owned 100%. By acquiring the balance of the holding in Eurodirectory, PagesJaunes Group has become a 49% shareholder in Editus, a Luxembourg directory company. Since 1 January 2006, Eurodirectory has been fully consolidated and its subsidiary Editus proportionally consolidated.

The value of goodwill was examined in the context of the preparation of the consolidated financial statements, in accordance with the method described in Note 3.8 – Accounting policies, on the basis of business plans, a perpetual growth rate of between 1.5% and 2.5% and a discount rate after tax of between 8.7% and 12% depending on the cash-generating units.

## Note 14 – Other intangible fixed assets

(In thousands of euros)	31 December 2006			31 December 2005			31 December 2004		
	Gross value	Accumulated amortisation	Net value	Gross value	Accumulated amortisation	Net value	Gross value	Accumulated amortisation	Net value
ERP & Applications support	44,521	(28,402)	16,119	37,674	(27,845)	9,829	32,865	(26,538)	6,327
Other intangible fixed assets	19,357	(7,460)	11,897	5,534	(3,852)	1,682	4,018	(1,926)	2,092
<b>TOTAL</b>	<b>63,878</b>	<b>(35,862)</b>	<b>28,016</b>	<b>43,208</b>	<b>(31,697)</b>	<b>11,511</b>	<b>36,883</b>	<b>(28,464)</b>	<b>8,419</b>

No significant impairment was recognised as at 31 December 2005, 2005 and 2004.

France Télécom was appointed by decree on 3 March 2005 as the publisher of the universal directory for a period of two years. Since France Télécom must remain the publisher, the transfer of the *l'Annuaire* trademark to PagesJaunes, a subsidiary of PagesJaunes Group, as provided for in the agreements of May/June 2004, could not be implemented. In this context the two companies agreed to establish an operational concession contract for the universal printed directory in favour of PagesJaunes accompanied by a contract for the transfer

of the *l'Annuaire* trademark for a total of €12 million. These contracts were signed on 20 January and came into force on 1 January 2006. The price of the operating concession, €11 million, is being amortised over a period of four years with effect from 1 January 2006, the period corresponding to that of the non-competition undertaking granted by France Télécom for the publication of alphabetical directories. This operation was recorded in the "Other intangible fixed assets" line.

The movements in the net value of other intangible fixed assets were as follows:

(In thousands of euros)	31 December 2006	31 December 2005	31 December 2004
<b>Opening balance</b>	<b>11,511</b>	<b>8,419</b>	<b>3,607</b>
Acquisitions	16,121	1,640	1,558
Assets generated internally <sup>(1)</sup>	7,205	4,908	394
Effect of changes in scope of consolidation <sup>(2)</sup>	-	293	6,796
Translation differences	(1)	-	-
Reclassifications	(65)	-	-
Disposals	(120)	(2)	(10)
Amortisation charge	(6,635)	(3,748)	(3,926)
<b>Closing balance</b>	<b>28,016</b>	<b>11,511</b>	<b>8,419</b>

(1) Concerns all capitalised development expenses.

(2) Concerns primarily the consolidation of Mappy and QDQ Media.



## Note 15 – Tangible fixed assets

(In thousands of euros)	31 December 2006			31 December 2005			31 December 2004		
	Gross value	Accumulated depreciation	Net value	Gross value	Accumulated depreciation	Net value	Gross value	Accumulated depreciation	Net value
Land and buildings	2,855	(980)	1,875	2,855	(929)	1,926	632	(232)	400
Computers and terminals	40,577	(32,582)	7,995	37,295	(30,325)	6,970	36,073	(28,360)	7,713
Other assets	22,512	(13,360)	9,152	24,199	(15,100)	9,099	23,052	(14,349)	8,703
<b>TOTAL</b>	<b>65,943</b>	<b>(46,922)</b>	<b>19,021</b>	<b>64,349</b>	<b>(46,354)</b>	<b>17,995</b>	<b>59,757</b>	<b>(42,941)</b>	<b>16,816</b>

No significant impairment was recognised as at 31 December 2006, 2005 and 2004.

Movements in the net value of tangible fixed assets were as follows:

(In thousands of euros)	31 December 2006	31 December 2005	31 December 2004
<b>Opening balance</b>	<b>17,995</b>	<b>16,816</b>	<b>15,321</b>
Acquisitions of tangible fixed assets	7,260	5,298	5,726
Effect of changes in the scope of consolidation	-	2,248	2,537
Translation differences	(3)	-	-
Reclassifications	65	-	-
Disposals and discards	(291)	(371)	(616)
Depreciation charge	(6,004)	(5,996)	(6,152)
<b>CLOSING BALANCE</b>	<b>19,021</b>	<b>17,995</b>	<b>16,816</b>

## Note 16 – Investments accounted for using the equity method

Following the acquisition of 100% of the shares of Eurodirectory at the end of 2004, Eurodirectory is fully consolidated and Editus Luxembourg, its subsidiary, is proportionally consolidated.

(In thousands of euros)	31 December 2006	31 December 2005	31 December 2004
Eurodirectory			
<b>Opening balance</b>	<b>-</b>	<b>15,493</b>	<b>2,504</b>
Share in earnings	-	-	774
Dividends paid	-	-	(1,285)
Interest acquired in 2004	-	-	1,391
Goodwill	-	-	12,109
Change of consolidation method (equity =>full/prop.)	-	(15,493)	-
<b>CLOSING BALANCE</b>	<b>-</b>	<b>-</b>	<b>15,493</b>

**Note 17 – Other available-for-sale assets**

(In thousands of euros)	% interest	31 December 2006			31 December 2005	31 December 2004
		Fair value	Change in fair value	Change in scope of consolidation, acquisitions and disposals	Fair value	Fair value
PagesJaunes Outre-mer	100%	76	-	-	76	-
PagesJaunes Liban	100%	-	-	(312)	312	-
Other securities		93	-	43	50	-
<b>TOTAL</b>		<b>169</b>	<b>-</b>	<b>(269)</b>	<b>438</b>	<b>-</b>

These entities are not consolidated, due to their non material contribution to consolidated accounts. PagesJaunes Liban was sold in June 2006.

**Note 18 – Other non-current financial assets**

(In thousands of euros)	31 December 2006	31 December 2005	31 December 2004
Loan to France Télécom <sup>(1)</sup>	-	42,805	-
Other non consolidated securities	-	-	2,263
Other assets <sup>(2)</sup>	3,259	1,276	1,521
<b>TOTAL</b>	<b>3,259</b>	<b>44,081</b>	<b>3,784</b>

(1) In June 2005, PagesJaunes Group granted to France Télécom a loan of €64,208,000, repayable in three equal annual instalments and subject to interest payable in advance at a rate of 2.65%. This loan, the long-term part of which, i.e. €42,805,000, was classified in "Other non-current financial assets" as at 31 December 2005, and the short-term part, i.e. €24,803,000, was classified in "Other current financial assets" (cf. note 19), was prepaid in full on the sale by France Télécom of its holding in PagesJaunes Group on 11 October 2006.

(2) The other assets comprise essentially the long-term portion of security deposits and guarantees.

**Note 19 – Other current financial assets**

(In thousands of euros)	31 December 2006	31 December 2005	31 December 2004
Loan to France Télécom (cf. note 18)	-	21,403	-
Short-term investments >3 months and <1 year <sup>(1)</sup>	285	16,482	-
Other assets	-	1,471	861
<b>TOTAL</b>	<b>285</b>	<b>39,356</b>	<b>861</b>

(1) On 14 November 2005, PagesJaunes Group assigned Rothschild & Cie Banque to operate a liquidity contract, for an automatically renewable period of one year, to which the sum of €17,000,000 had been allocated, including €16,482,000 classified as "short-term investments" as at 31 December 2005. PagesJaunes Group terminated this contract in November 2006.

## Note 20 – Derivative financial instruments – non-current assets

PagesJaunes Group uses derivative financial instruments in order to manage the rate risk associated with the variable rate debt which the Company arranged in October 2006 and drew down in November 2006 in order to finance the exceptional dividend paid on 24 November 2006. PagesJaunes Group has implemented the procedures and documentation necessary to justify the implementation of hedge accounting within the meaning of IAS 39.

### Description of derivative financial instruments

On 30 November 2006, PagesJaunes Group concluded the following with a number of financial establishments:

- an interest rate swap contract of a nominal amount of €380 million, commencing on 13 December 2006 and ending on 13 December 2011. In the context of this operation, PagesJaunes Group receives interest at a variable rate, *i.e.* Euribor, and pays a fixed rate of 3.7830%;
- a collar, comprising the synthetic combination of the purchase of a cap and the sale of a floor with a nominal amount of €1,140 million,

As at 31 December 2006, the value of these derivative financial instruments were as follows:

(In thousands of euros)	31 December 2006	31 December 2005	31 December 2004
Interest rate swap – cash flow hedge	3,715	-	-
Collar – cash flow hedge	13,765	-	-
- of which intrinsic value	1,233	-	-
- of which time value	12,532	-	-
<b>TOTAL</b>	<b>17,479</b>	-	-

The change in the fair value of these derivative financial instruments between the date on which they were concluded and 31 December 2006, *i.e.* €3,715,000 for the interest rate swap and €1,233,000 for the intrinsic value of the collar, was recognised in recyclable shareholders' equity, after the recording of a deferred tax liability of €1,703,000. The change in the time value of the collar was recorded in financial income (*cf.* note 10), in an amount of €4,206,000.

No ineffectiveness was recorded in respect of the cash flow hedges.

The maximum exposure to credit risk on the closing date corresponds to the fair value of each of the derivative instruments entered in the assets of the balance sheet, net of the liabilities recorded in respect of hedging instruments with regard to the collar.

commencing on 13 December 2006 and ending on 13 December 2011. The tunnel made up of this collar provides for a minimum interest rate of 3.0% and a maximum interest rate of 4.0%. The annual premium on this collar is €1.9 million.

These operations cover the cash flow relating to the variable-rate senior debt drawn by PagesJaunes Group in November 2006 (*cf.* note 29). The prospective effectiveness tests carried out by PagesJaunes Group when initiating these operations and the retrospective tests carried out on 31 December 2006 demonstrated that these financial instruments offered fully effective hedging of the cash flows relating to this senior debt.

### Recognition of assets and liabilities relating to these derivative financial instruments

The initial fair value of the collar was recognised in the consolidated assets when it was concluded, in an amount of €8,326,000, with the opposite entry being "Liabilities in respect of hedging instruments" (*cf.* note 29) in an amount of €8,326,000, corresponding to the discounted premium which the Company will have to pay in five annual instalments.

## Note 21 – Net inventories

Inventories principally comprise paper for the production of printed directories (PagesJaunes and *l'Annuaire*) and work in progress relating to the production of advertisements (printed and online products) and websites.

If necessary they are written down if, in regard to the commercial prospects, there is a risk that they may be sold for less than their balance sheet value.

No significant discards were recognised in the years 2004 to 2006.

## Note 22 – Trade accounts receivable

Trade receivables are generally due in less than one year. The breakdown of the gross value and impairment of trade receivables is as follows:

(In thousands of euros)	31 December 2006	31 December 2005	31 December 2004
Gross trade accounts receivable	516,525	489,027	451,259
Provisions for impairment <sup>(1)</sup>	(16,572)	(16,271)	(20,466)
<b>Net trade accounts receivable</b>	<b>499,953</b>	<b>472,756</b>	<b>430,793</b>

(1) Cf. note 25 – Changes in provisions for impairment of assets.

## Note 23 – Other current assets

Other current assets are made up as follows:

(In thousands of euros)	31 December 2006	31 December 2005	31 December 2004
VAT receivable	18,129	17,897	13,690
Sundry accounts receivable	198	217	300
Uncalled subscribed capital <sup>(1)</sup>	-	7,485	17,566
Other current assets <sup>(2)</sup>	16,997	14,165	12,794
<b>TOTAL</b>	<b>35,324</b>	<b>39,764</b>	<b>44,350</b>

(1) The uncalled subscribed capital corresponds to the balance of the 2003 capital increase of QDQ Media, which was paid up in full by Atlas Services Belgium (formerly Wanadoo International) in 2006.

(2) Concerns mainly advances and down payments to suppliers for €7,008,000 in 2006 and €7,206,000 in 2005.

## Note 24 – Prepaid expenses

The prepaid expenses mainly comprise charges relating to the sale of advertising insertions invoiced in respect of forthcoming and online directories apportioned over a display period which is generally 12 months.

## Note 25 – Changes in provisions for asset impairment

(In thousands of euros)	Opening balance	Net allowances (releases)	Other movements <sup>(1)</sup>	Closing balance
<b>2004</b>				
Investment securities	1,813	-	-	1,813
Trade accounts receivable	6,568	(4,892)	18,790	20,466
Other assets	1,264	(634)	-	630
<b>2005</b>				
Investment securities	1,813	889	-	2,702
Trade accounts receivable	20,466	(5,316)	1,121	16,271
Other assets	630	(572)	52	110
<b>2006</b>				
Investment securities	2,702	(2,702)	-	-
Trade accounts receivable	16,271	314	(13)	16,572
Other assets	110	412	-	522

(1) Effect of change in scope of consolidation.

## Note 26 – Shareholders' equity

### 26.1 Share capital

As at 31 December 2006, the share capital of PagesJaunes Group, amounting to €56.1 million, was divided into 280,266,780 ordinary

shares each of a par value of €0.20. It is fully paid up. The Company carried out a capital increase of €295,434 through the creation of 1,477,170 new shares in the context of the early exercise of PagesJaunes Group stock options. PagesJaunes Group is 54.80% owned by Médiannuaire SAS as at 31 December 2006.

### Movements in the number of shares during the period

<b>Number of €300 par value shares at start of period on 1 January 2004</b>	<b>182,700</b>
Division of the par value by 1500	273,867,300
Capital increase reserved for personnel <sup>(1)</sup>	4,739,610
<b>Number of €0.20 par value shares at end of period on 31 December 2004</b>	<b>278,789,610</b>
<b>Number of €0.20 par value shares at end of period on 31 December 2005</b>	<b>278,789,610</b>
Stock options exercised	1,477,170
<b>Number of €0.20 par value shares at end of period on 31 December 2006</b>	<b>280,266,780</b>

(1) Capital increase reserved for employees in an amount of €53.6 million.

### 26.2 Reserves

The various components of the consolidated reserves, which include the income for the period, are as follows:

(In thousands of euros)	31 December 2006	31 December 2005	31 December 2004
Company reserves of PagesJaunes Group	23,928	43,676	44,545
- of which legal reserve	5,576	5,576	5,481
- of which special reserve for long-term capital gains	-	-	39,064
- of which other reserves	18,352	38,100	-
Other reserves and consolidated results	(2,531,746)	(20,254)	5,303
<b>TOTAL RESERVES</b>	<b>(2,507,818)</b>	<b>23,422</b>	<b>49,848</b>

### 26.3 Own shares

As at 31 December 2005, PagesJaunes Group held 100,000 of its own shares under the liquidity contract implemented by PagesJaunes Group in November 2005. This contract was terminated at the end of 2006. No own shares were held at the end of 31 December 2006.

### 26.4 Dividend

Two dividend distributions took place in 2006:

- on 2 May, €283,994,000, i.e. €1.02 per share;
- on 24 November, €2,519,748,000, i.e. €9.00 per share.

The dividend distributions in 2005 amounted to €259,274,000, i.e. €0.93 per share.

**Note 27 – Employee benefits, provisions and other liabilities**

These are made up as follows:

(In thousands of euros)	31 December 2006	31 December 2005	31 December 2004
Post-employment benefits	24,239	20,626	18,065
Other long-term benefits	5,135	4,824	3,997
<b>Employee benefits – non-current <sup>(1)</sup></b>	<b>29,374</b>	<b>25,450</b>	<b>22,062</b>
Other provisions for risks	497	576	112
Provisions for corporate and taxation disputes	6,392	7,300	8,217
<b>Provisions – non-current</b>	<b>6,889</b>	<b>7,876</b>	<b>8,329</b>

(1) See more details further.

(In thousands of euros)	31 December 2006	31 December 2005	31 December 2004
Personnel <sup>(1)</sup>	46,059	64,795	59,453
Corporate bodies	27,448	23,095	22,568
<b>Total employee benefits – current</b>	<b>73,507</b>	<b>87,890</b>	<b>82,021</b>
VAT payable	90,794	88,870	80,572
Sundry accounts payable	8,693	7,125	6,585
Other current liabilities	3,318	5,160	4,104
<b>Other current liabilities</b>	<b>102,805</b>	<b>101,155</b>	<b>91,261</b>

(1) Mainly comprises employee profit-sharing (legal and contractual) and provisions for personnel expenses.

Movements in provisions were as follows:

(In thousands of euros)	1 January 2006	Allowance for the period	Release for the period (unused provision)	Release for the period (used provision)	Changes in scope, reclassifications et al	31 December 2006
Provisions for corporate and taxation disputes	7,300	63	(1,000)	-	29	6,392
Other provisions for risks and charges	1,085	707	(471)	(49)	(29)	1,243
<b>TOTAL PROVISIONS</b>	<b>8,385</b>	<b>770</b>	<b>(1,471)</b>	<b>(49)</b>	<b>0</b>	<b>7,635</b>
- of which non-current	7,876	310	(1,355)	0	58	6,889
- of which current	509	460	(116)	(49)	(58)	746

## Pension commitments and other personnel benefits

(In thousands of euros)	Post-employment benefits	Other long-term benefits	Total 31 December 2006	Total 31 December 2005	Total 31 December 2004
<b>Variation in the value of commitments</b>					
<b>- Total value of commitments at start of period</b>	<b>34,968</b>	<b>4,824</b>	<b>39,792</b>	<b>32,926</b>	<b>23,255</b>
- Cost of services rendered	2,577	398	2,975	2,345	1,378
- Discounting cost	1,384	165	1,549	1,573	1,239
- Contributions paid by employees	-	-	-	-	-
- Modification to scheme	-	-	-	-	-
- Reductions/liquidations	-	-	-	(94)	-
- Actuarial (gains) / losses	1,762	(129)	1,633	4,450	7,728
- Benefits paid	(1,082)	(123)	(1,205)	(1,426)	(674)
- Acquisitions	-	-	-	36	-
- Disposal/transfer of business	-	-	-	(18)	-
- Variation in scope	-	-	-	-	-
- Other (exchange differences)	-	-	-	-	-
<b>- Total value of commitments at end of period (A)</b>	<b>39,609</b>	<b>5,135</b>	<b>44,744</b>	<b>39,792</b>	<b>32,926</b>
Commitments at end of period relating to fully or partially financed schemes	37,653	-	37,653	33,122	31,882
Commitments at end of period relating to non-financed schemes	1,956	5,135	7,091	6,670	1,044
<b>Variation in hedge assets</b>					
<b>- Fair value of hedge assets at start of period</b>	<b>1,612</b>	<b>-</b>	<b>1,612</b>	<b>1,920</b>	<b>1,566</b>
- Financial income on hedge assets	63	-	63	50	66
- Gains / (losses) on hedge assets	(51)	-	(51)	(100)	-
- Contributions paid by the employer	600	-	600	800	800
- Contributions paid by employees	-	-	-	-	-
- Reductions/liquidations	-	-	-	-	-
- Benefits paid by the fund	(937)	-	(937)	(1,058)	(512)
- Variation in scope	-	-	-	-	-
- Other (exchange differences)	-	-	-	-	-
<b>- Fair value of hedge assets at end of period (B)</b>	<b>1,287</b>	<b>-</b>	<b>1,287</b>	<b>1,612</b>	<b>1,920</b>
<b>Financial cover</b>					
- Situation of the scheme (A) – (B)	38,322	5,135	43,457	38,180	30,982
- Unrecognised actuarial gains / (losses)	(14,083)	-	(14,083)	(12,730)	(9,037)
- Unrecognised cost of past services	-	-	-	-	-
- Adjustment linked to asset ceiling	-	-	-	-	-
<b>- Provision / (assets) at end of period</b>	<b>24,239</b>	<b>5,135</b>	<b>29,374</b>	<b>25,450</b>	<b>22,062</b>
of which provision / (asset): short term	220	282	502	334	-
of which provision / (asset): long term	24,019	4,853	28,872	25,116	22,062
<b>Pension charges</b>					
- Cost of services rendered	2,577	398	2,975	2,252	583
- Discounting cost	1,384	165	1,549	1,573	1,239
- Expected return on scheme assets	(63)	-	(63)	(50)	(66)
- Amortisation of actuarial (gains) / losses	461	(129)	332	848	3,292
- Amortisation of cost of past services	-	-	-	-	-
- Effect of reductions/liquidations	-	-	-	(119)	-
- Disposal/transfer of business	-	-	-	(18)	-
Adjustment linked to asset ceiling	-	-	-	-	-
<b>TOTAL PENSION CHARGES</b>	<b>4,359</b>	<b>434</b>	<b>4,793</b>	<b>4,486</b>	<b>5,048</b>

(In thousands of euros)	Post-employment benefits	Other long-term benefits	Total 31 December 2006	Total 31 December 2005	Total 31 December 2004
<b>Movements in the provision / (assets)</b>					
<b>- Provision / (assets) at start of period</b>	<b>20,626</b>	<b>4,824</b>	<b>25,450</b>	<b>22,062</b>	<b>17,176</b>
- Pension charges	4,359	434	4,793	4,486	5,048
- Contributions paid by the employer	(600)	(122)	(722)	(800)	-
- Benefits paid directly by the employer	(146)	(1)	(147)	(334)	(162)
- Variation in scope	-	-	-	-	-
- Other (goodwill)	-	-	-	36	-
<b>- Provision / (assets) at end of period</b>	<b>24,239</b>	<b>5,135</b>	<b>29,374</b>	<b>25,450</b>	<b>22,062</b>
<b>Hypotheses</b>					
- Discount rate (%)	4.25%	4.25%	4.25%	4.0%	
- Expected long-term inflation rate (%)			2.0%	2.0%	2.0%
- Expected long-term salary growth rate (%)	depending on employee category and age				
- Expected yield on scheme assets (%)	4.2%			4.0%	
- Probable residual activity period	20			20	
<b>Amount entered as a charge for the period</b>	<b>4,359</b>	<b>434</b>	<b>4,793</b>	<b>4,486</b>	<b>5,048</b>

## Note 28 – Stock options and free shares

### 28.1 Stock options

#### 28.1.1 Description of the plans

PagesJaunes Group established a stock option plan on 28 June 2005. In addition, some employees hold options which had been granted to them when PagesJaunes was a subsidiary of the Wanadoo Group or when they were employees of Wanadoo and Orange S.A., subsidiaries of the France Télécom group.

##### PagesJaunes Group

This plan established in June 2005, totalling 3,796,800 options with an exercise price of €19.30, has a life of 10 years and the options are fully vested after three years.

The settlement of the plan enabled the beneficiaries to exercise in advance up to 50% of the options granted to them, *i.e.* approximately 1.85 million options, within a period of three months from the date of sending of the notice of change of control, *i.e.*, in regard to the change of control which occurred on 11 October 2006, from 12 October 2006 to 12 January 2007, and to sell the shares resulting from such exercise at their convenience. The capital gains recorded as a result of such advance exercise are treated for tax purposes as wages and salaries. As a result, they are subject to social charges and income tax for the beneficiary, and employer's charges for the company. 1,477,170 options were exercised in advance in 2006, generating additional social charges amounting to €2,142,000 classified under the heading "Share-based payment expenses" (*cf.* note 28.3).

In addition, the payment of an exceptional dividend by deduction from the Company's free reserves gave rise to an adjustment in the exercise price and to the number of shares granted, in accordance with article L. 225-181 of the Commercial Code. As at 31 December 2006, taking into account this advance exercise on the one hand and the adjustment to the exercise price and the number of options on the other, and finally departures of employees, 3,735,176 options remained in circulation, the adjusted exercise price of which is now €11.72.

##### Orange S.A.

"France" stock option plans: These plans (2001, 2002 and 2003), amounting to 45,983,363 options at the level of the France Télécom group, have a term of 10 years and, in the case of most plans, the options are fully vested after three years. Certain options also have individually specified vesting periods. All these plans reached the end of the vesting period in 2006.

##### Wanadoo S.A.

The Wanadoo stock option plans for French employees (2000, 2001, 2002 and 2003), amounting to 30,630,000 options at the level of the France Télécom group, have a term of 10 years and are fully vested after three years (or five years in the case of the 2000 plan). In addition, for the 2000 and 2001 plans, the exercising of the options is subject to performance conditions associated with the performance of the underlying shares and the achievement of operating results. All the plans are based on settlement in shares (cash settlement was possible temporarily between 9 March 2004 and 1 September 2004). They reached the end of the vesting period in 2006.

#### 28.1.2 Description of the valuation models

PagesJaunes Group has measured the fair value of the goods or services received during the period, on the basis of the fair value of the issued instruments of shareholders' equity.

The fair values of the options in the PagesJaunes plan granted in June 2005 have been calculated using a binomial model which reflects the expected exercise behaviour of grantees by means of "exercise ceiling" assumptions expressed as a multiple of the exercise price and representing the value of the shares for which it is expected that all the options will be exercised. The ceiling used to calculate the above fair values is 2.0. The expected volatility has been established on the basis of the historical volatility of PagesJaunes over the longest available period preceding the calculation date, *i.e.* since its initial public offering in July 2004, *i.e.* a volatility of 15%. With regard to an estimated annual departure rate of 2.0% and an estimated expected dividend rate of 5.0%, the fair value of a PagesJaunes Group option had been measured at €1.68 for an underlying price on the grant date of €19.00 and an exercise price of €19.30. No new stock option plan was established in 2006.



## 28.1.3 Movements in stock option plans during the year

	Number of options 2006	Weighted average exercise price 2006	Number of options 2005	Weighted average exercise price 2005	Number of options 2004	Weighted average exercise price 2004
<b>Options in circulation at start of period</b>						
Orange stock option plan	-	-	186,900	€9.15		
Wanadoo stock option plan	-	-	4,129,709	€21.07		
PagesJaunes Group stock option plan	3,748,000	€19.30				
<b>Options granted</b>						
Orange stock option plan	-	-			-	-
Wanadoo stock option plan	-	-			-	-
PagesJaunes Group stock option plan			3,796,800	€19.30	-	-
<b>Additional options</b>						
Orange stock option plan	-	-				
Wanadoo stock option plan	-	-	12,484	€22.62		
PagesJaunes Group stock option plan <sup>(3)</sup>	1,588,512	€11.72				
<b>Options exercised</b>						
Orange stock option plan	-	-	(5,000)	€10.00	-	-
Wanadoo stock option plan	-	-	(868,128)	€14.93	(309,624)	€15.37
PagesJaunes Group stock option plan	(1,477,170)	€17.80				
<b>Options cancelled, lapsed</b>						
Orange stock option plan	-	-				
Wanadoo stock option plan	-	-	(110,084)	€22.79	(65,907)	€19.73
PagesJaunes Group stock option plan	(133,166)	€18.43	(39,800)	€19.30		
<b>Migration outside the PJ Group <sup>(1)</sup></b>						
Orange stock option plan	-	-			-	-
Wanadoo stock option plan	-	-	(128,737)	€20.42	(250,781)	€24.89
PagesJaunes Group stock option plan	9,000	€19.30	(9,000)	€19.30		
<b>Migration inside the PJ Group <sup>(2)</sup></b>						
Orange stock option plan	-	-	136,300	€9.00	186,900	€9.15
Wanadoo stock option plan	-	-			95,461	€19.82
PagesJaunes Group stock option plan						
<b>Options in circulation at end of period</b>						
Orange stock option plan	-	-	318,200	€9.07	186,900	€9.15
Wanadoo stock option plan	-	-	3,035,244	€22.71	4,129,709	€21.07
PagesJaunes Groupe stock option plan	3,735,176	€11.72	3,748,000	€19.30	-	-

(1) Options held by beneficiaries who transferred to another company within the France Télécom group in 2005.

(2) Options held by beneficiaries who transferred within the PagesJaunes Group in 2005 but who were in another company within the France Télécom group when their options were granted.

(3) Represents the additional options resulting from the adjustment mechanism linked to the distribution of the exceptional dividend of €9.

### 28.1.4 Details of options in circulation at the end of the period

	Number of options not exercised at closing date	Weighted average time to start of exercise period (months)	Weighted average exercise price	Number of options exercisable at end of period
<b>2004</b>				
Orange stock option plan	186,900	2	€9.15	137,500
Wanadoo stock option plan	4,129,709	8	€21.07	1,188,556
<b>TOTAL</b>	<b>4,316,609</b>	<b>7</b>	<b>€20.56</b>	<b>1,326,056</b>
<b>2005</b>				
Orange stock option plan	318,200	1	€9.07	276,080
Wanadoo stock option plan	3,035,244	3	€22.71	2,289,492
PagesJaunes Group stock option plan	3,748,000	30	€19.30	-
<b>TOTAL</b>	<b>7,101,444</b>	<b>17</b>	<b>€20.30</b>	<b>2,565,572</b>
<b>2006</b>				
PagesJaunes Group stock option plan	3,735,176	18	€11.72	759,206 <sup>(1)</sup>
<b>TOTAL</b>	<b>3,735,176</b>	<b>18</b>	<b>€11.72</b>	<b>759,206</b>

(1) Options exercisable until 12 January 2007, cf. note 28.1.1.

## 28.2 Free grant of shares

### 28.2.1 Description of the plans

The Board of Directors was authorised by the extraordinary general meeting of 19 April 2006 to implement a free share plan on behalf of a number of directors and employees of the Group, within the meaning of articles L. 225-197-1 to L. 225-197-5 of the Commercial Code, in order in particular to involve them in the development of the Company. This authorisation was granted for a period of 38 months and the total number of free shares allocated free of charge in respect of this resolution may not represent more than 0.5% of the capital of the Company on the date of this general meeting, i.e. 1,393,948 shares.

The Board of Directors drew up 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 employees of the Group on 30 May 2006. A second free grant was drawn up on 20 November 2006 and gave rise to the grant of 778,638 shares to 611 employees of the Group.

As at 31 December 2006, taking into account the departures which had arisen since these grants, 1,356,201 shares eligible for free grant remained in circulation. These shares will be finally vested at the end of a vesting period of two years, provided that the beneficiary is still an employee or director of the Group and performance conditions are fulfilled. The performance conditions concern the achievement of criteria for growth in consolidated revenues and growth in the Company's consolidated gross margin for the years 2006 and 2007 in the case of the first plan and criteria for growth in the Company's consolidated gross margin for the years 2007 and 2008 in the case of the second plan.

### 28.2.2 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 two-year vesting period.

### 28.2.3 Fair value of options granted free of charge during the period

Main assumptions - Valuation model	May 2006	November 2006
Price of underlying asset on grant date (market price)	€21.52	€23.84
Vesting period	2 years	2 years
Expected dividend rate <sup>(1)</sup>	5.00%	5.00%
Probability of achievement of performance conditions at outset	100%	100%
<b>Fair value of a share</b>	<b>€19.47</b>	<b>€12.57</b>

(1) The exceptional dividend of €9.00 per share, paid on 24 November 2006 was also taken into account in the calculation of the fair value of the shares granted free of charge on 20 November 2006.

The expense representing the cost of these free share plans, which takes account of an estimated annual departure rate of 5%, is amortised over the two-year vesting period. It is adjusted on the basis of the probability that the performance conditions will be achieved or the workforce 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. Following the 2006 Group results, 33% of the shares granted in May 2006 will not be vested because performance conditions, set for 2006 financial year, have not been fulfilled. Related expense has been adjusted accordingly.

### 28.3 Expense relating to stock option plans and free share plans

(In thousands of euros)	31 December 2006	31 December 2005	31 December 2004
Expense for the period			
Orange stock option plan	17	440	65
Wanadoo stock option plan	1,265	4,267	9,910
PagesJaunes stock option plan	3,294	1,011	-
Free grant of PagesJaunes Group shares	2,495	-	-
Social charges of early exercised stock options (cf. note 28.1.1)	2,142	-	-
<b>TOTAL</b>	<b>9,213</b>	<b>5,718</b>	<b>9,975</b>

### Note 29 – Net financial debt

The net financial debt corresponds to the total gross financial debt plus or minus derivative asset and liability instruments for cash flow hedging and minus cash and cash equivalents including mutual funds.

(In thousands of euros)	31 December 2006	31 December 2005	31 December 2004
Hedging instruments (cf. note 20)	17,479	-	-
ST investments >3 months and <1 year (cf. note 19)	285	16,482	265
Cash and cash equivalents	55,076	549,827	644,077
<b>Cash position</b>	<b>72,840</b>	<b>566,309</b>	<b>644,342</b>
Bank borrowing	(1,950,000)	-	-
Debt costs	47,336	-	-
Liability in respect of hedging instruments (cf. note 20)	(8,326)	-	-
Accrued interest not yet due	(5,645)	-	-
Bank overdrafts	(7,510)	(7,806)	(9,786)
Other financial liabilities	(15,303)	(5,507)	(4,816)
<b>Gross financial debt</b>	<b>(1,939,447)</b>	<b>(13,313)</b>	<b>(14,602)</b>
- of which current	(28,458)	(13,296)	(14,570)
- of which non-current	(1,910,990)	(17)	(32)
<b>Net cash (debt)</b>	<b>(1,866,607)</b>	<b>552,996</b>	<b>629,740</b>

#### Cash and cash equivalents

Cash and cash equivalents essentially comprised current accounts and investments up to three months with France Télécom in 2004 and 2005. These current accounts and investments were fully repaid at the time of France Télécom's disposal of its holding in PagesJaunes Group on 11 October 2006. As at 31 December 2006, the cash and cash equivalents mainly comprised mutual fund units and bank accounts.

#### Bank loan

On 24 October 2006 PagesJaunes Group concluded a financing arrangement with a syndicate comprising seven international banks

for a maximum total of €2.35 billion, comprising a medium-term senior loan of €1,950 million and a revolving credit line of €400 million. The sole purpose of the senior debt was to finance the exceptional dividend of €9 per share paid on 24 November 2006 and was drawn in full on 24 November 2006. The revolving credit line is intended to finance the Group's treasury requirements (working capital requirement, investments or refinancing) in the context of its operating activities and is available in the form of drawings, letters of credit or bilateral lines.

The medium-term senior loan has a maturity of seven years, with interest at a variable rate based on the Euribor reference rate and a maximum margin of 185 basis points (subject to downward adjustments as a

function of the ratio of total net debt to an aggregate close to the consolidated gross operating margin), and is repayable in full at maturity. The revolving credit line has a maturity of seven years, with interest at a variable rate based on the Euribor reference rate or Libor (in the event of the use of a currency other than the euro) with a maximum margin of 185 basis points (subject to downward adjustments as a function of the ratio of total net debt to an aggregate close to the consolidated gross operating margin) and the repayment of each drawing takes place at the end of each of the drawing periods. PagesJaunes Group is required to pay a non-utilisation commission calculated at a rate of 0.625% per year on the undrawn part of its revolving credit line.

This financing contract contains in particular compulsory early repayment clauses and default clauses as well as evolving financial covenants providing for (i) on the one hand a ratio of consolidated gross operating margin to total net interest expense and a lower limit rising over the term of the credit from 3.25x to 4.00x and (ii) a ratio of total consolidated net debt to an aggregate close to the consolidated gross operating margin and a higher limit reducing over the term of the credit from 5.25x to 3.75x. These two ratios are calculated on the basis of consolidated data. 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 movements in financial liabilities were as follows:

(In thousands of euros)	31 December 2006	31 December 2005	31 December 2004
Opening balance	13,313	14,602	15,386
Changes in scope of consolidation	-	368	89,705
Net increase (decrease)	1,926,134	(1,657)	(90,507)
<b>CLOSING BALANCE</b>	<b>1,939,447</b>	<b>13,313</b>	<b>14,602</b>

### Note 30 – Deferred income

(In thousands of euros)	31 December 2006	31 December 2005	31 December 2004
Deferred income	640,284	591,656	535,370
<b>TOTAL</b>	<b>640,284</b>	<b>591,656</b>	<b>535,370</b>

Deferred income consists mainly of the billing for advertisements in as yet unpublished directories and online directories apportioned over a display period that is generally 12 months.

PagesJaunes Group has incurred expenses totalling €48.0 million for the arrangement of this financing, comprising mainly commissions paid to the arrangers on the basis of a rate of 2% on the amount of the senior loan, *i.e.* €39.0 million and 2.125% on the amount of the revolving credit line, *i.e.* €8.5 million. The borrowing of €1,950 million has been recognised at fair value, on the basis of its nominal value less these issue costs of €39.0 million, the latter being the subject of actuarial amortisation over the life of the borrowing in accordance with the effective interest method. As at 31 December 2006, the fair value of the borrowing was €1,911.0 million. The issue expenses on the revolving credit line were also recorded as a deduction from the debt and are being amortised on a straight-line basis over the life of this credit line, which was not drawn as at 31 December 2006. The amortisation charge for all of these expenses is recorded in financial expenses (*cf.* note 10).

### Other financial liabilities

The other financial liabilities essentially comprise debit balances on current accounts with PagesJaunes Outre-mer, a non-consolidated subsidiary owned 100% by PagesJaunes Group.

## Note 31 – Information on related parties

### 31.1 Remuneration of members of the Executive Committee and the Board of Directors

This table breaks down remuneration of people who are at the closing of each financial year, or who were during the financial years, members

(In thousands of euros)	31 December 2006	31 December 2005	31 December 2004
Short-term benefits <sup>(1)</sup>	4,267	2,851	3,226
of which employer's contributions	1,121	778	955
Post-employment benefits <sup>(2)</sup>	39	34	43
Other long-term benefits <sup>(3)</sup>	-	-	-
Termination benefits <sup>(4)</sup>	-	705	-
Share-based payment <sup>(5)</sup>	947	830	1,717
<b>TOTAL</b>	<b>5,252</b>	<b>4,420</b>	<b>4,986</b>

(1) Salaries, remuneration, profit-sharing (legal and contractual) and bonuses and social security contributions, paid leave, director's fees and recognised non-monetary benefits.

(2) Pensions, retirement and other benefits, life assurance, medical insurance, etc.

(3) Leave associated with length of service, sabbatical leave, long-term leave, end of career leave, deferred remuneration, profit-sharing and bonuses (if payable 12 months or more after the period-end).

(4) Redundancy benefits.

(5) Stock options and other share-based payments, including social charges of early exercised stock options.

### 31.2 Transactions with related parties

The transactions and balances with related parties summarised below form part of day-to-day operations.

#### 31.2.1 Amounts receivable from and owed to associated companies

With regard to the change of control which occurred on 11 October 2006, when France Télécom sold its majority holding in PagesJaunes

#### Amounts receivable from associated companies

(In thousands of euros)	31 December 2006	31 December 2005	31 December 2004
France Télécom	-	15,821	15,710
Atlas Services Belgium (formerly Wanadoo International)	-	7,485	17,613
Other companies in the France Télécom group	-	1,591	1,875
Médiannuaire – Médiannuaire Holding	1,354	-	-
<b>TOTAL</b>	<b>1,354</b>	<b>24,897</b>	<b>35,198</b>

In addition to these receivables, there are current accounts and investments with France Télécom amounting to €637.6 million as at 31 December 2004 and €537.6 million as at 31 December 2005. A loan was also granted to France Télécom in a total amount of €64.2 million relating to the investment resulting from the liquidities of the assignment

of the Executive Committee of PagesJaunes Group, the Executive Committee of PagesJaunes or the Board of Directors of PagesJaunes Group. Up to 2006, this scope includes Board of Directors representing employees at the Board of PagesJaunes Group too.

Group to the company Médiannuaire, itself 100% owned by Médiannuaire Holding, the amounts receivable from and owed to associated companies concerned the France Télécom group as at 31 December 2004 and 2005, and Médiannuaire and Médiannuaire Holding as at 31 December 2006.

of the receivable in respect of the exceptional levy on the 2005 dividend. All of these receivables were repaid in full, early where applicable, at the time of the sale by France Télécom of its holding in PagesJaunes Group on 11 October 2006.

### Amounts owed to associated companies

(In thousands of euros)	31 December 2006	31 December 2005	31 December 2004
France Télécom	-	35,973	30,280
Other companies in the France Télécom group	-	1,297	2,197
Médiannuaire – Médiannuaire Holding	319	-	-
<b>TOTAL</b>	<b>319</b>	<b>37,270</b>	<b>32,477</b>

#### 31.2.2 Significant transactions with associated companies

##### France Télécom group

With regard to the change of control which occurred on 11 October 2006, when France Télécom sold its majority holding in PagesJaunes Group to the company Médiannuaire, itself 100% owned by Médiannuaire Holding, the expenses and income relating to associated companies

concerned France Télécom group in 2004, 2005 and part of 2006. For the sake of simplicity and comparability of the data, the expenses and income relating to the France Télécom group are presented for the years 2004 and 2005 and for the first half of 2005 and 2006.

The operations conducted with Médiannuaire and Médiannuaire Holding, companies formed in 2006, are shown only for 2006.

(In thousands of euros)	30 June 2006	31 December 2005	30 June 2005	31 December 2004
<b>Nature of the transaction</b>				
Téléétel	1,435	3,915	2,230	6,028
Publishing costs	2,956	47,276	21,171	48,264
Audiotel	200	1,248	606	1,395
Enriched databases (sale)	418	1,262	640	2,664
Advertising products and representation	2,966	3,672	1,153	
Direct marketing	720	1,377	693	
Other products	1,148	343	276	
Direct marketing – databases	(474)	(1,054)	(576)	
Provision of personnel	(2,453)	(5,948)	(3,102)	(7,631)
Pages Blanches fees	(2,365)	(61,323)	(29,454)	(58,622)
Real estate and rental charges	(5,785)	(12,022)	(5,070)	(10,085)
Gross databases (purchase)	(2,010)	(3,957)	(2,120)	(7,640)
Management fees	(2,868)	(5,618)	(2,821)	(5,464)
Trademark fee	-	(579)	(290)	(1,066)
Telephone - hosting	(3,451)	(6,394)	(3,594)	(5,438)
IT services and developments	(1,617)	(4,142)	(1,947)	
Call centres – training of telesales personnel	(3,904)	(907)	-	-
Operating concession for l'Annuaire brand (Intangible fixed asset)	(12,000)	-	-	-
Other operating services	(1 657)	(1 864)	(1 880)	(6 353)
<b>TOTAL</b>	<b>(28,741)</b>	<b>(44,715)</b>	<b>(24,085)</b>	<b>(43,948)</b>

##### Médiannuaire – Médiannuaire Holding

A service contract was established in December 2006 with Médiannuaire, the new majority shareholder of PagesJaunes Group. This contract gives rise to a charge of €267,000 in respect of 2006.

## Note 32 – Contractual obligations and off-balance-sheet liabilities

Significant off-balance-sheet liabilities are as follows:

Contractual obligations (in thousands of euros)	2006				2005	2004
	Total	Payments due by period			Total	Total
		Less than one year	One to five years	More than five years		
<b>Leases</b>	<b>28,400</b>	<b>15,699</b>	<b>12,550</b>	<b>152</b>	<b>37,448</b>	<b>44,389</b>
Paper, Printing, Distribution <sup>(1)</sup>	11,560	11,560	-	-	-	-
Others	19,439	17,231	2,208	-	-	-
<b>Purchase obligations for goods and services</b>	<b>30,999</b>	<b>28,791</b>	<b>2,208</b>	<b>-</b>	<b>120,165</b>	<b>64,224</b>
<b>TOTAL</b>	<b>59,399</b>	<b>44,490</b>	<b>14,758</b>	<b>152</b>	<b>157,613</b>	<b>108,613</b>

(1) See details in table below.

The "Others" heading includes all the firm orders placed as at 31 December 2006 for goods and services deliverable in 2007.

Contingent liabilities (in thousands of euros)	2006				2005	2004
	Total	Payments due by period			Total	Total
		Less than one year	One to five years	More than five years		
Guarantees	329	3	2	324	1,013	853

### Leasing contracts

PagesJaunes leases land, buildings, vehicles and materials. These contracts are due to mature at various dates over the next nine years.

The management believes that these contracts will be renewed or replaced at their termination by other contracts under normal business conditions.

The rent expense recorded in the income statement for operating leases amounted to €16.8 million in 2006.

### Commitments to purchase goods and services

#### Production of directories

As part of its activity of producing and distributing printed directories, PagesJaunes enters into contracts with its paper suppliers, printers and distributors. These may be single year or multi-year contracts.

These liabilities are detailed in the table below:

Contractual obligations (in thousands of euros)	2006			
	Total	Payments due per period		
		Less than one year	One to five years	More than five years
Papier	5,471	5,471	-	-
Printing	3,313	3,313	-	-
Distribution	1,120	1,120	-	-
Editorial content	1,656	1,656	-	-
<b>TOTAL</b>	<b>11,560</b>	<b>11,560</b>	<b>-</b>	<b>-</b>

In particular, at the end of 2005 PagesJaunes entered into three-year contracts with its printers, in respect of the years 2006, 2007 and 2008, which fix the rate conditions granted for the period and state forecast order volumes for each of the years but without any minimum contract value, for a total estimated amount of €58.3 million as at 31 December 2006, including €31 million at less than one year. QDQ Media concluded similar contracts with its printers, with forecast volumes totalling €5.8 million, including €2.9 million at less than one year.

Only the firm orders placed as at 31 December 2006, with paper suppliers, printers and distributors, are therefore recorded in off-balance-sheet liabilities at that date, for a total amount of €11.6 million.

### Other commitments received

On 24 October 2006 PagesJaunes Group concluded a revolving credit line of €400 million with a bank syndicate comprising seven international banks. The revolving credit line is intended to finance the Group's treasury requirements (working capital requirement, investments or refinancing) in the context of its operating activities and is available in the form of drawings, letters of credit or bilateral lines.

### Deconsolidating structures and *ad hoc* entities

The Group has not established any deconsolidating structures during the periods under review.

There are no contractual obligations towards *ad hoc* entities.

### Note 33 – Disputes and litigation

In the ordinary course of business, the companies of the Group may be involved in a number of legal, arbitration and administrative proceedings. Costs that may arise from these proceedings are provisioned only when they are probable and their amounts can be either quantified or estimated within a reasonable range. The amount of the provisions is based on an assessment of the risk on a case-by-case basis and largely depends on factors other than the particular stage of proceedings, although events occurring during the course of proceedings may call for a reassessment of this risk.

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

- (i) At the beginning of 2002, PagesJaunes implemented a commercial development plan, including, notably, the modification of the employment contracts of 930 sales representatives. This modification aims to adapt these contracts to a new competitive environment. Approximately 100 employees refused to sign the proposed new contract and were laid off during the second quarter of 2002. Almost all these employees commenced legal proceedings against PagesJaunes to contest the validity of the reason for the redundancies. The Cour de Cassation, in two judgments handed down on 11 January 2006, approved the commercial development plan. The Cour de Cassation ruled that economic redundancy following a reorganisation implemented to prevent future economic difficulties associated with technological developments was justified. However, cases including claims based on grounds not settled by the above judgments and cases before the administrative jurisdictions are still pending.
- (ii) During the years 2001 and 2002, PagesJaunes was subjected to a tax inspection in respect of fiscal years 1998 and 1999. The only adjustments still disputed represent a risk of approximately €6.6 million (including interest). The Company believes that it has strong arguments for opposing the adjustments which remain in dispute and has therefore not recognised provisions in respect of these adjustments as at 31 December 2006. In order to assert its arguments, the company instituted a dispute procedure by filing a prior complaint with the tax authorities in July 2004.
- (iii) PagesJaunes commenced legal action on 10 June 2003 against LSM, an advertising agency, before the Tribunal de Commerce of Cannes. Based on the testimony of many customers, PagesJaunes claims that this agency undertook acts of unfair competition with

the aim of creating confusion between LSM and PagesJaunes in the minds of customers contacted by LSM for advertisement insertions in the PagesJaunes directory. In a judgment rendered on 19 February 2004, the Tribunal de Commerce of Cannes dismissed PagesJaunes' claims. PagesJaunes has appealed this decision, which, if confirmed on appeal, would likely foster the development of this type of competition from other advertising agencies and create difficulties for PagesJaunes in its customer prospection. Even though it believes it has a strong case in these proceedings, PagesJaunes cannot exclude a confirmation of this decision on appeal. A judgment was delivered on 18 January 2007 by the Cour d'Appel of Aix en Provence. This decision annuls that of the Tribunal de Commerce of Cannes and validates the claims of PagesJaunes. All of LSM's claims were dismissed and it was ordered to pay damages in respect of its unfair competition.

- (iv) PagesJaunes was informed on 24 January 2006 of a reference to the Conseil de la Concurrence filed on 10 January 2006 by the company Le Numéro relating to alleged practices of France Télécom and PagesJaunes in the area of directory enquiry services. The Conseil de la Concurrence issued its ruling on 21 June 2006, closing the reference by Le Numéro and rejecting all of its claims against PagesJaunes.
- (v) The company Le Numéro brought an action against PagesJaunes on 27 July 2006 before the Tribunal de Commerce of Nanterre on the grounds that some of the advertising sold by PagesJaunes in its directories did not benefit from any protection in respect of any property right and could therefore be used by Le Numéro. PagesJaunes, although having elements in its favour, cannot rule out an adverse judgment in the current circumstances.
- (vi) The DGCCRF (Direction Générale de la Concurrence, de la Consommation et de la Répression des Fraudes – Directorate General for Competition, Consumer Affairs and the Suppression of Fraud) is currently conducting an investigation into the relations between PagesJaunes and advertising agencies. Although at this stage PagesJaunes has no information on the precise purpose of this investigation and the possible consequences, PagesJaunes cannot exclude the possibility that this inquiry will have prejudicial consequences for it.
- (vii) An action has been brought against PagesJaunes by an advertising agency (Publicom Méditerranée) before the Tribunal de Commerce of Nanterre alleging abuse of a dominant position, discriminatory practices and unfair competition. It is claiming damages of €1,600,000. The case is currently at the pre-trial stage. Although it believes it has elements in its favour, PagesJaunes cannot rule out an adverse judgment in this case.
- (viii) PagesJaunes Group and its subsidiary PagesJaunes were the subject of a tax audit in 2006 covering the years 2002, 2003 and 2004. The companies received reassessment requests from the taxation authorities on 11 December 2006 concerning two points: (i) with respect to the first point, relating to the non-deductibility of debt cancellations, an additional tax charge of €0.7 million was recorded in 2006; (ii) By contrast, PagesJaunes Group and PagesJaunes intend to contest the second point, involving a claim of an additional tax charge for the two companies of around €4.8 million, including interest. The companies believe they have strong arguments for contesting this proposed reassessment and have therefore not recognised a provision in respect of this reassessment. They sent their observations to this effect to the taxation authorities in two letters dated 10 January 2007.



## Historical financial information

(ix) In January 2007, PagesJaunes was summoned to appear before the Conseils de Prud'Hommes (industrial tribunals) of Caen, Marseille and Lille by three employees of the company ADREXO, which is responsible for the carriage of directories in certain *départements*. The plaintiffs are filing various claims for back pay and compensation and complaining of unreported work. In particular they are holding PagesJaunes liable on the basis of financial solidarity. Since these proceedings are in the initial stage, PagesJaunes does not have sufficient information to assess their possible consequences. While it has strong arguments, it cannot rule out possible adverse judgments or prejudicial consequences.

In addition, in common with the other companies in the sector, the Group is frequently the subject of court proceedings brought in relation to errors in the publication of directories and other media. Generally

the financial risk represented by each of these proceedings is relatively limited. However, an increase in their number may constitute a significant risk for the Group. The number of such proceedings declined constantly from 2001 and remained stable in 2006. As at 31 January 2006, the number of proceedings were 28, for a total amount of damages claims of €2 million. In these proceedings, the Group endeavours to negotiate out-of-court compensation, which significantly reduces the final total cost of these proceedings. However, no guarantee can be given that these proceedings will not have a significant negative impact on the financial situation of the Group.

To the Company's knowledge, there is no other dispute, arbitration or exceptional fact liable to have, or having had in the last 12 months, a significant impact on the financial position, earnings, activity and assets of the Company and of the Group.

### Note 34 – Subsequent events

As at the closing date of the consolidated financial statements, no significant events have occurred since 31 December 2006.

### Note 35 – Scope of consolidation

#### Scope as at 31 December 2006

Company	Country	Interest	Control
<b>Fully consolidated companies</b>			
<b>PagesJaunes in France segment</b>			
PagesJaunes Group	France	100%	100%
PagesJaunes	France	100%	100%
<b>International &amp; Subsidiaries segment</b>			
QDQ Media	Spain	100%	100%
Eurodirectory	Luxembourg	100%	100%
Edicom	Morocco	100%	100%
Kompass France	France	100%	100%
Kompass Belgium	Belgium	100%	100%
PagesJaunes Marketing Services	France	100 %	100 %
(merger of Wanadoo Data, e-sama, Phesa & S2G)	France	100%	100%
Mappy	France	100%	100%
PagesJaunes Petites Annonces (formerly Cristallerie1)	France	100%	100%
<b>Proportionally consolidated companies</b>			
<b>International &amp; Subsidiaries segment</b>			
Editus	Luxembourg	49 %	49 %

**Scope as at 31 December 2005**

Company	Pays	Interest	Control
<b>Fully consolidated companies</b>			
<b>PagesJaunes in France segment</b>			
PagesJaunes Group	France	100%	100%
PagesJaunes	France	100%	100%
<b>International &amp; Subsidiaries segment</b>			
QDQ Media	Spain	100%	100%
Eurodirectory	Luxembourg	100%	100%
Edicom	Morocco	100%	100%
Kompass France	France	100%	100%
Kompass Belgium	Belgium	100%	100%
Wanadoo Data	France	100%	100%
e-sama (including Phesa and SZG)	France	100%	100%
Mappy	France	100%	100%
<b>Proportionally consolidated companies</b>			
<b>International &amp; Subsidiaries segment</b>			
Editus	Luxembourg	49%	49%

**Scope as at 31 December 2004**

Company	Pays	Interest	Control
<b>Fully consolidated companies</b>			
<b>PagesJaunes in France segment</b>			
PagesJaunes Group	France	100%	100%
PagesJaunes	France	100%	100%
<b>International &amp; Subsidiaries segment</b>			
QDQ Media	Spain	100%	100%
Kompass France	France	100%	100%
Wanadoo Data	France	100%	100%
Mappy	France	100%	100%
<b>Proportionally consolidated companies</b>			
<b>International &amp; Subsidiaries segment</b>			
Eurodirectory	Luxembourg	50%	50%

## 20.2 Financial statements of the PagesJaunes Group

### Bilan

(in euros)	Notes	Gross	Amortisations and provisions	On 31 December 2006 net	On 31 December 2005 net	Change
<b>ASSETS</b>						
Software applications	2.2	135,000	0	135,000		135,000
Advances and deposits paid on intangible assets	2.2	119,997	0	119,997		119,997
Shareholdings	3.2	4,188,273,919	15,000,000	4,173,273,919	4,168,547,393	4,726,526
Receivables attached to shareholdings	3.2	8,569,807	0	8,569,807	15,308,663	(6,738,856)
FT loan	3.4	0	0	0	64,208,008	(64,208,008)
Own shares	3.3	0	0	0	2,147,800	(2,147,800)
<b>Total fixed assets</b>		<b>4,197,098,722</b>	<b>15,000,000</b>	<b>4,182,098,722</b>	<b>4,250,211,864</b>	<b>(68,113,142)</b>
Advances and deposits		1,394,205		1,394,205		1,394,205
<b>Operating receivables</b>		<b>28,542,040</b>	<b>8,500</b>	<b>28,533,540</b>	<b>159,398,005</b>	<b>(130,864,465)</b>
- Client receivables	3.5	1,904,069	8,500	1,895,569	1,310,497	585,072
- Debtor suppliers	3.6	2,870		2,870	205,572	(202,702)
- Capital and fiscal receivables	3.6	17,712,912		17,712,912	1,720,728	15,992,184)
- Receivables on subsidiaries (fiscal integration)	3.6	8,922,188		8,922,188	156,161,208	(147,239,020)
Various receivables	3.6	6,785,804		6,785,804	6,401,204	384,601
Invested securities	3.7	44,896,684		44,896,684	16,481,663	28,415,021
Liquid assets	3.7	252,491		252,491	0	252,491
Pre-paid expenses		27,712		27,712	58,332	(30,621)
<b>Total circulating assets</b>		<b>81,898,936</b>	<b>8,500</b>	<b>81,890,436</b>	<b>182,339,205</b>	<b>(100,448,769)</b>
<b>TOTAL ASSETS</b>		<b>4,278,997,658</b>	<b>15,008,500</b>	<b>4,263,989,158</b>	<b>4,432,551,069</b>	<b>(168,561,911)</b>

(in euros)	Notes	On 31 December 2006	On 31 December 2005	Change
<b>LIABILITIES</b>				
Capital		56,053,356	55,757,922	295,434
Issue price		78,600,631	52,609,671	25,990,960
<b>Reserves</b>		<b>23,927,777</b>	<b>43,675,867</b>	<b>(-19,748,090)</b>
- Legal reserve		5,575,792	5,575,792	0
- Other reserves		18,351,985	38,100,075	(-19,748,090)
- Long-term gain reserve		0	0	0
Loss carried forward		1,147,301,636	3,689,152,909	(-2,541,851,273)
Annual balance		226,726,373	242,142,849	'-15,416,476)
<b>Shareholder equity</b>	3.8	<b>1,532,609,774</b>	<b>4,083,339,218</b>	<b>(-2,550,729,444)</b>
Provisions for risks		0	0	0
Provisions for expenses		870,000	807,000	63,000
<b>Provision for risks and expenses</b>	3.9	<b>870,000</b>	<b>807,000</b>	<b>63,000</b>
<b>Long-term debt</b>	3.10	<b>2,716,203,908</b>	<b>187,784,430</b>	<b>2,528,419,478</b>
- Current bank lending		96,796	2,133,631	(-2,036,836)
- Borrowing and financial debts with lending institutions		1,955,687,091		1,955,687,091
- Various loans and financial debts		760,420,021	185,650,798	574,769,223
<b>Operating debts</b>	3.11	<b>13,956,237</b>	<b>6,570,266</b>	<b>7,385,971</b>
- Supplier debts and attached accounts		8,225,409	1,448,460	6,776,949
- Outstanding tax and social security contributions		5,730,828	5,121,806	609,022
<b>Debts various</b>	3.11	<b>349,240</b>	<b>154,050,155</b>	<b>(-153,700,915)</b>
- Debts various		2,351	115,351	(-113,000)
- Debts on fixed assets and similar accounts		98,294	107,640	(-9,346)
- Subsidiary debt (tax consolidation)		248,595	0	248,595
- Tax debts (IS)		0	151 426 759	(151 426 759)
- Already established products	3.13	0	2 400 405	(2 400 405)
<b>Total debts</b>		<b>2 730 509 385</b>	<b>348 404 851</b>	<b>2 382 104 534</b>
<b>TOTAL LIABILITY</b>		<b>4 263 989 158</b>	<b>4 432 551 069</b>	<b>(168 561 911)</b>

## Income statement

(in euros)	Notes	On 31 December 2006	On 31 December 2005	Change
Provision of services	3.14	8,208,462	9,827,408	(1,618,946)
Related products	3.14	95,613	109,003	(13,390)
Reversal of provisions and expenses transfers		367,406	290,096	77,310
Other incomes		54,190	2,144	52,046
<b>Operating income</b>		<b>8,725,671</b>	<b>10,228,651</b>	<b>(1,502,980)</b>
Purchases and provision of services		14,000	13,186	814
Non-stocked purchases, materials and supplies		17,164	5,616	11,547
External services		720,099	612,551	107,548
Other external services		56,450,786	10,474,602	45,976,185
Taxes and assimilated payments		574,262	192,411	381,851
Salaries		3,995,571	3,968,997	26,574
Social expenses		1,555,431	1,586,841	(31,409)
Other expenses		208,088	113,027	155,061
Allowances for provisions on circulating assets		8,500	434,281	(425,781)
Allowances for provisions on risks and expenses		47,000	34,531	12,469
<b>Operating costs</b>		<b>63,650,901</b>	<b>17,436,042</b>	<b>46,214,859</b>
<b>Operating income</b>		<b>(54,925,230)</b>	<b>(7,207,391)</b>	<b>47,717,839</b>
Positive exchange difference		128	0	128
Holdings income		274,980,596	248,324,882	26,655,714
Investment income on invested securities and receivables from fixed assets		2,486,306	603,494	1,882,812
Reversal of provisions		2,762,038	702,861	2,059,178
<b>Investment income</b>		<b>280,229,069</b>	<b>249,631,237</b>	<b>30,597,832</b>
Negative exchange difference		3,634	113,586	(109,952)
Debtor interest		18,459,998	5,921,248	12,538,750
Allowances for provisions		34,000	994,900	(960,900)
Other finance costs		384,091		384,091
<b>Financial expenses</b>		<b>18,881,723</b>	<b>7,029,733</b>	<b>11,851,990</b>
<b>Financial results</b>	3.15	<b>261,347,346</b>	<b>242,601,504</b>	<b>18,745,842</b>
<b>Current results</b>		<b>206,422,116</b>	<b>235,394,113</b>	<b>(28,971,997)</b>
Exceptional income on management operations		0	0	0
Exceptional income on capital operations		659,839	39,427	620,412
Reversals on provisions and amortisation and expense transfers		49,152	0	49,152
<b>Exceptional income</b>		<b>708,991</b>	<b>39,427</b>	<b>669,564</b>
Exceptional expenses on management operations		7,376,024	(98,581)	7,474,605
Exceptional expenses on capital operations		0	0	0
Others				
<b>Exceptional expenses</b>		<b>7,376,024</b>	<b>(98,581)</b>	<b>7,474,605</b>
<b>Exceptional results</b>	3.16	<b>(6,667,033)</b>	<b>138,008</b>	<b>(6,805,041)</b>
Employee participation		0	0	0
Tax on benefits	4.6	(26,971,290)	(6,610,728)	(20,360,562)
<b>Net result</b>		<b>226,726,373</b>	<b>242,142,849</b>	<b>(15,416,476)</b>

**Cash flow table**

(in thousands of euros)	<b>On 31/12/2006</b>
<b>Net result</b>	<b>226,726</b>
<b>OPERATIONS</b>	
Non-monetary elements with no effect on cash	
- Amortisations and provisions for tangible fixed assets	-
- Gains or capital losses of assignment of elements of the assets	-
- Changes in provisions	(2,845)
<b>Self-financing capacity</b>	<b>223,881</b>
- Reduction (increase) of client receivables	(1,631)
- Reduction (increase) of other receivables	146,946
- Increase (reduction) of supplier debts	6,655
- Increase (reduction) of other debts	(168,636)
- Deferred expenses	-
<b>Change in need for working capital</b>	<b>(16,666)</b>
<b>Cash flow from the operation</b>	<b>207,215</b>
<b>INVESTMENT OPERATIONS</b>	
- Acquisitions of tangible and intangible fixed assets	(255)
- Increase (reduction) of debts on suppliers of fixed assets	-
- Acquisitions of holdings	4,714
- Income from assignment of tangible and intangible assets	2,208
- Acquisitions of own shares	-
- Reduction (increase) of VMPs and other long-term assets	(28,415)
<b>Cash flow assigned to investments</b>	<b>(21,748)</b>
<b>FINANCING TRANSACTIONS</b>	
- Issue of long-term loans	64,208
- Medium term loans	2,538,059
- Dividends paid to shareholders	(2,803,742)
- Increase in capital and shareholder equity	26,286
- Increase (reduction) of bank overdrafts and short-term loans	-
- Contribution of minority shareholders	-
<b>Cash flow from financing transactions</b>	<b>(175,189)</b>
<b>Net change in cash and cash equivalents</b>	<b>10,278</b>

### Situation of realisable and available assets and payable liabilities

Items (in thousands of euros)	Net 31/12/2006
<b>REALISABLE AND AVAILABLE ASSETS</b>	
Subscribed capital, not called	
Receivables attached to holdings	
Loans	
Other long-term investments	1,514
Client receivables and attached accounts	1,651
Other receivables <sup>(1)</sup>	10,660
Current account	6,786
UCITS and Liquid assets	45,149
Corporate tax claims	15,619
<b>TOTAL</b>	<b>81,379</b>
<b>PAYABLE LIABILITIES</b>	
Compulsory convertible loans	
Other compulsory loans	97
Loans and debts with credit establishments	178,046
Advances and down payments received on orders in progress	
Supplier debts and attached accounts	6,112
Fiscal and social debts	5,730
Other debts <sup>(2)</sup>	
<b>TOTAL</b>	<b>189,985</b>

(1) Of which c/c subsidiaries following fiscal integration.

## Subsidiaries and holdings

	Capital	Shareholder equity before allocation of results (including capital)	Quota of capital held in %	Book value of stocks held		Loans and advances agreed by the company, not yet repaid	Amount of sureties or guarantees given by the company	Revenue before tax for last fiscal year, closure	Results of last fiscal year, closure	Dividends cashed by the company during fiscal year	Observations
				Gross	Net						
<b>Detailed information on subsidiaries and holdings</b>											
<b>1/ Subsidiaries: + 50% held by the company</b>											
PJ Outremer 5, avenue de la Cristallerie 92317 Sèvres Cedex, France	75	83	100.00%	76	76			24,172	531	570	Preliminary data, not audited
PAGES JAUNES MARKETING SERVICES 25, quai Galliéni 95150 Suresnes	7275	11,992	100.00%	7,275	7,275			15,890	379		
KOMPASS France 66 quai Maréchal Joffre 92400 Courbevoie France	1,000	1,701	100.00%	47,085	32,085			28,289	1,892		
EURODIRECTORY SA 12-14, bld Grande-Duchesse Charlotte L.1330 Luxembourg	1,625	1,801	100.00%	14,707	14,707			78	1,970	2,054	Parent company of Editus Luxembourg held at 49%
											Preliminary data, not audited
KOMPASS BELGIUM Molière 256 1180 Bruxelles Belgium	2,206	522	100.00%	1,799	1,799	318		4,560	(3)		
QDQ MEDIA Jualian Camarillo, 6A 28037 Madrid Spain	30,550	5,326	100.00%	91,719	91,719	8,252		45,191	(2,371)		
CRISTALLERIE 1 17 avenue de la Cristallerie 92317 Sèvres Cedex, France	5,000	4,996	100.00%	5,000	5,000			0	(3,758)		
PAGESJAUNES SA 7 avenue de la Cristallerie 92317 Sèvres Cedex, France	4,005,038	4,034,253	100.00%	4,005,038	4,005,038			1,017,557	325,167	272,343	
MAPPY 47 rue de Charonne 75011 Paris, France	212	2,992	100.00%	10,048	10,048			10,505	342		
EDICOM 1 rue Chajarat Addour, Quartier Palmier 21000 Casablanca	27	1,147	100.00%	5,450	5,450			4,190	336		
CRISTALLERIE 2 7 avenue de la Cristallerie 92317 Sèvres Cedex, France	38	38	100.00%	38	38			-	-		Preliminary data, not audited
CRISTALLERIE 3 7 avenue de la Cristallerie 92317 Sèvres Cedex, France	38	38	100.00%	38	38			-	-		Preliminary data, not audited
<b>2/ Holdings (between 10 and 50%)</b>											



# PagesJaunes Group

## Annual accounts as at 31 December 2006

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## 1 Description of business

The PagesJaunes Group is a holding company that owns subsidiaries which have offered a diversified range of products and services to the general public and businesses for over 60 years. The Group's core business is directories in France and abroad.

The accounts set out below are for the twelve month period from 1 January 2006 to 31 December 2006.

## 2 Accounting rules and methods

Accounting conventions have been applied in adherence to the principle of prudence and in accordance with certain basic assumptions: continuity of operations, consistency of accounting methods from one year to the next, independent fiscal years and conformance to general rules for preparing and setting out annual accounts.

The Pagesjaunes Group's annual accounts have been prepared in accordance with applicable legislation and generally accepted practice in France, and in conformance with the CRC regulation dated 29 April 1999 relative to the rewriting of the General Chart of Accounts.

The principal methods are described below. Figures are stated in thousands of euros (k€).

### 2.1 Principles used for income and costs

Income and costs are accounted for in accordance with the General Chart of Accounts.

### 2.2 Intangible assets

Intangible assets include software packages which are amortised over one to four years on a pro rata basis.

### 2.3 Holdings and other fixed investments

Holdings are booked at their historic acquisition cost by PagesJaunes Group. This includes, where applicable, any costs directly chargeable to the transaction.

A provision for depreciation is recorded if this value is higher than the going concern value, as assessed by PagesJaunes Group management based on various criteria such as market value, growth and profitability prospects and shareholders' equity, taking into account the specific nature of each holding.

### 2.4 Customer receivables

Provisions are raised based on an assessment of the risk of non-collection of receivables. Provisions are based on individual or statistical assessment of the risk of non-collection.

## 2.5 Liquid assets and investment securities

Liquid assets as at 31 December 2006 consist of immediately available liquid assets and short-term investments with a term to maturity of three months or less as at their acquisition date. Investment securities may be provisioned, based on the last available price at the close of the financial year.

## 2.6 Provisions for risks and costs

French legislation provides for allowances to be paid to employees when they retire, depending on their length of service and salary at retirement age. Actuarial differences relating to post-employment benefits are treated using the corridor method. Under this method, differences exceeding 10% of the higher of the value of the liability and the value of covering assets may be spread over the remaining working life of the employees to whom the liability relates. The impact of changing assumptions is taken into account in profits over the average remaining working life of employees.

This provision is calculated on the basis of an actuarial assessment, and takes into account various parameters:

- INSEE (French Statistics Institute) tables for 2000-2002 (men and women);
- the employee turnover rates used, which vary depending on length of service with the company, age and socio-professional category;
- the retirement age used, which is 62;
- salary increase tables, which are defined based on age and socio-professional category;
- the discount rate, which is set at 4.25% for 2006 costs;
- the likely residual term, which is set at 19 years.

Other risk provisions are based on the best possible estimate of risks incurred by the PagesJaunes Group.

## 2.7 Financial income/expense

Financial income/expense consists mainly of income generated by dividends, as well as income and costs arising from short-term investments, financial debt, and debit and credit current accounts carried by PagesJaunes Group.

## 2.8 Company tax

Under the terms of the tax integration agreement entered into by PagesJaunes Group and its subsidiaries which are members of the Group for tax purposes, tax savings are taken into account by the parent company, PagesJaunes Group, as income for the year.

As at 31 December 2006, the tax group of which PagesJaunes Group is the parent company included six companies.

## 3 Additional information relating to the balance sheet and income statement

### 3.1 Intangible assets

	Period ending 31 December	
	2006	2005
(In thousands of euros)		
Software applications	135	-
Advances and deposits paid on intangible assets	120	-
<b>Intangible assets</b>	<b>255</b>	<b>-</b>

### 3.2 Holdings and related receivables

An analysis of changes in holdings and related receivables is as follows:

(In thousands of euros)	Period ending 31 December				2005 Net book value
	% Interest	Gross value	Provision	Net book value	
<b>Holdings</b>					
Cristallerie2	100%	38	0	38	-
Cristallerie3	100%	38	0	38	-
Edicom	100%	5,450	0	5,450	5,450
Eurodirectory	100%	14,707	0	14,707	14,707
Kompass France	100%	47,085	(15,000)	32,085	32,085
Kompass Belgium	100%	1,799	0	1,799	1,799
Mappy	100%	10,048	0	10,048	10,048
PagesJaunes	100%	4,005,038	0	4,005,038	4,005,038
PagesJaunes Petites Annonces	100%	5,000	0	5,000	38
PagesJaunes Outre-mer	100%	76	0	76	76
PagesJaunes Liban	100%	-	-	-	312
QDQ Media	100%	91,719	0	91,719	91,719
PagesJaunes Marketing Services	100%	7,275	0	7,275	7,275
<b>TOTAL</b>		<b>4,188,274</b>	<b>(15,000)</b>	<b>4,173,274</b>	<b>4,168,548</b>
<b>Related receivables</b>					
Kompass Belgium		318	0	318	309
QDQ Media		8,252	0	8,252	15,000
<b>TOTAL</b>		<b>8,570</b>	<b>0</b>	<b>8,570</b>	<b>15,309</b>

Changes during the year were as follows:

- disposal of PagesJaunes Liban on 26 June 2006, for a sale price of €45,000;
- creation of Cristallerie2 and Cristallerie3. Neither of these companies, each of which has capital of €38,000, were trading as at 31 December 2006.

Furthermore, PagesJaunes Petites Annonces is the new company name for Cristallerie1. This company received a capital injection which was fully subscribed by PagesJaunes Group, taking its capital to €5,000,000 as at 31 December 2006, as against €38,000 as at 31 December 2005.

Finally, PagesJaunes Marketing Services was formed by the merger on 31 March 2006 of e-sama, a wholly-owned subsidiary of Wanadoo Data, and Wanadoo Data. The entity thus formed changed its company name to become PagesJaunes Marketing Services.

### 3.3 Self-owned shares

On 14 November 2005, PagesJaunes Group asked Rothschild & Cie Bank to set up a liquidity contract for a period of one year with tacit renewal; €17,000,000 was allocated to this contract. Under the terms of the contract, PagesJaunes Group held 100,000 of its own shares as at 31 December 2005.

PagesJaunes Group terminated this contract on 16 November 2006, and therefore no longer held any of its own shares as at 31 December 2006. During the course of 2006, the company purchased 1,963,247 and sold 2,063,247 of its own shares.

### 3.4 Medium-term loan

In June 2005, PagesJaunes Group agreed a medium-term loan of €64,208,000 to France Télécom, repayable in three equal instalments at a fixed interest rate of 2.65%. Given France Télécom's disposal of its interest in the PagesJaunes Group, this loan was repaid in full on 11 October 2006.

### 3.5 Customer receivables and provisions for impairment of receivables

(In thousands of euros)	Period ending 31 December	
	2006	2005
Gross customer receivables	1,904	1,464
Provisions for impairment	(9)	(154)
<b>NET CUSTOMER RECEIVABLES</b>	<b>1,895</b>	<b>1,310</b>

These receivables mainly relate to services billed by PagesJaunes Group to its subsidiaries.

### 3.6 Receivables due in more than and less than one year

All receivables are due in less than one year.

### 3.7 Liquid assets, investment securities and current accounts

(In thousands of euros)	Period ending 31 December	
	2006	2005
Investment securities and UCITS	44,897	16,482
Other financial claims	252	
Current accounts for PagesJaunes Marketing Services and PagesJaunes Outre-mer	4,909	6,401
Tax integration current accounts	8,922	156,161
<b>Liquid assets, investment securities and current accounts</b>	<b>58,980</b>	<b>179,044</b>
Other financial debts	97	2,133
PagesJaunes current account	176,925	185,651
PagesJaunes Petites Annonces current account	1,121	-
Tax integration current accounts	249	-
<b>Gross financial debt</b>	<b>178,392</b>	<b>187,784</b>
Due in less than one year	178,392	187,784
Due in more than one year		0
<b>NET LIQUID ASSETS/(DEBT) <sup>(1)</sup></b>	<b>(119 412)</b>	<b>(8 740)</b>

(1) Including tax integration current accounts.

As at 31 December 2006, PagesJaunes Group held a portfolio of money market funds with an acquisition value of €44,897,000, and a stock market value of €44,915,000 based on the selling price on 29 December 2006 - i.e. a latent capital gain of €18,000.

Tax integration current accounts with subsidiaries, showing a net balance of €8,673,000 as at 31 December 2006, consist of the share of 2006 company tax owed by each subsidiary and billed to it under the terms of tax integration agreements effective from 1 January 2005.

The other current accounts with subsidiaries arise from cashflow agreements signed with each subsidiary. These bear interest at the EONIA rate plus 0.15% where PagesJaunes Group is the lender, or the EONIA rate plus 0.05% where it is the borrower. The exception is cashflow agreements entered into in 2006 between PagesJaunes Group and its PagesJaunes Petites Annonces and PagesJaunes subsidiaries. These bear interest at the EONIA rate plus 1/16% where PagesJaunes Group is the lender, and the Eonia rate less 1/16% where it is the borrower.

### 3.8 Share capital and changes in shareholders' equity

#### Share capital

The PagesJaunes Group's share capital as at 31 December 2006 was €56,053,356, as compared to €55,757,922 as at 31 December 2005. It is made up of 280,266,780 shares with a nominal value of €0.20 each.

Date	Description	Number of shares	Unit value	Capital in thousands of euros
01/01/06	Capital at start of year	278,789,610	0.20	55,758
31/12/06	Capital at end of year	280,266,780	0.20	56,053

The Company carried out a capital increase of €295,434, together with an issue premium of €25,990,960.40, as part of the early exercising of 1,477,170 share subscription options. These options had become exercisable, up to a limit of 50% of the options granted, following the change of control which took place on 11 October 2006 (see below).

#### Share subscription options

On 28 June 2005, the PagesJaunes Group's Board of Directors allocated a total of 3,796,800 PagesJaunes Group share subscription options to some of its employees and employees of companies related to it as defined in article L. 255-180 of the Commercial Code. These options represented 1.36% of the Company's capital, and gave the holder the right to subscribe the same number of shares at a price of €19.30 per share. As at 31 December 2005, 3,757,000 options remained in circulation.

The plan rules enabled beneficiaries to exercise early up to 50% of the options allocated to them - *i.e.* around 1.85m options - within three months of a notification of change of control being sent; given the change of control that took place on 11 October 2006, the period in question was from 12 October 2006 to 12 January 2007. Beneficiaries are free to dispose of any shares thus obtained as and when they so wish. Capital gains arising from this early exercising of options are treated for tax purposes in a similar way to wages and salaries. This means that they are subject to social security charges and income tax for the beneficiary, and employer contributions for the business. In 2006, 1,477,170 options were exercised early in this way, of which 156,564 were allocated to employees of the PagesJaunes Group, leading to the Company incurring social security charges on the early exercising of stock options of €218,000 in 2006.

Furthermore, the payment of an extraordinary dividend out of the company's free reserves resulted in both the exercise price and the

number of options being adjusted, in accordance with article L. 225-181 of the Commercial Code. Taking into account options exercised early, adjustments to the exercise price and number of options, and employee retirements, 3,753,176 options remained in circulation as at 31 December 2006, with an adjusted exercise price of €11.72.

#### Free shares

At the extraordinary general meeting of 19 April 2006, the Board of Directors was given authorisation to put in place a free share issue plan, as defined in articles L. 225-197-1 to L. 225-197-5 of the Commercial Code, for the benefit of certain Group senior managers and employees, essentially so as to give them an interest in the Company's development. This authorisation was given for a period of 38 months, and the total number of free shares allocated under the terms of this resolution may not represent more than 0.5% of the Company's capital as at the date of the general meeting in question - *i.e.* 1,393,948 shares.

The Board of Directors approved the terms of a first free share issue plan on 30 May 2006; under this plan, an initial allocation of 602,361 shares was made to Group employees on this date. A second free share issue plan was approved on 20 November 2006, under which 778,638 shares were allocated to 611 Group employees. Taking into account employees who have left the company since these free shares were allocated, 1,356,201 free shares remained in circulation as at 31 December 2006. Beneficiaries will be granted full ownership of shares allocated at the end of a two year acquisition period, provided that they are still Group employees or senior managers, and that certain performance conditions have been met. These performance conditions depend, for the first plan, on the achievement of growth targets for the Company's consolidated turnover and consolidated gross margin for the 2006 and 2007 financial years, and for the second plan, on growth targets for the consolidated gross margin for the 2007 and 2008 financial years.

#### Changes in shareholders' equity

The following is an analysis of changes in PagesJaunes Group shareholders' equity during the 2006 financial year:

##### Changes in shareholders' equity

(in thousands of euros)

<b>Shareholders' equity as at 1 January 2006</b>	<b>4,083,340</b>
Increase in share capital	295
Increase in issue premium	25,991
2006 dividend	(283,994)
Extraordinary dividend	(2,519,749)
Profit for the year	226,726
<b>SHAREHOLDERS' EQUITY AS AT 31 DECEMBER 2006</b>	<b>1,532,609</b>

## 3.9 Provisions for risks and costs

(in thousands of euros)	Post-employment benefits	Other long-term benefits	Total 31 December 2006	Total 31 December 2005
<b>Change in value of liabilities</b>				
<b>- Total value of liabilities at start of period</b>	<b>805</b>	<b>52</b>	<b>857</b>	<b>934</b>
- Cost of services provided	44	3	47	69
- Cost of discounting	32	2	34	46
- Contributions paid by employees				
- Change to benefits scheme				
- Reductions/liquidations				
- Actuarial losses (gains)	(142)	(18)	(160)	224
- Benefits paid for				
- Acquisitions				36
- Disposals/transfers of business				
- Change in scope				
- Other: (conversion rate adjustment)				
<b>- Total value of liabilities at end of period (A)</b>	<b>739</b>	<b>39</b>	<b>778</b>	<b>1,309</b>
- Period-end liabilities pertaining to fully or partly funded schemes			-	
- Period-end liabilities pertaining to non-funded schemes	739	39	778	1,309
<b>Change in covering assets</b>				
<b>- Fair value of covering assets at start of period</b>				
- Financial income on covering assets				
- Gains/losses on covering assets				
- Employer contributions paid				
- Contributions paid by employees				
- Reductions/liquidations				
- Benefits paid for by fund				
- Change in scope				
- Other (conversion rate adjustment)				
<b>- Fair value of covering assets at end of period (B)</b>				
Financial cover				
- Financial position of scheme (A) – (B)	739	39	778	1,309
- Unrecognised actuarial gains (losses)	92		92	(502)
- Unrecognised past service costs				
- Adjustment linked to asset cap				
<b>- Provision/(assets) at end of period</b>	<b>831</b>	<b>39</b>	<b>870</b>	<b>807</b>
- Of which short term provision (assets)	79		79	58
- Of which long term provision (assets)	752	39	791	749
<b>Pension costs</b>				
- Cost of services provided	44	3	47	69
- Cost of discounting	32	2	34	46
- Expected return on scheme assets				
- Amortisation of actuarial losses (gains)		(18)	(18)	17
- Amortisation of past service costs				
- Impact of reductions/liquidations				(6)

(in thousands of euros)	Post-employment benefits	Other long-term benefits	Total 31 December 2006	Total 31 December 2005
- Disposals/transfers of business				
- Adjustment linked to asset cap				
<b>TOTAL PENSION COSTS</b>	<b>76</b>	<b>(13)</b>	<b>63</b>	<b>126</b>
<b>Changes in provision (assets)</b>				
<b>- Provision/(assets) at start of period</b>	755	52	807	645
- Pension costs	76	(13)	63	126
- Employer contributions paid				
- Benefits directly paid by employer				
- Change in scope:				
- Other (goodwill)				36
<b>Provision/(assets) at end of period</b>	<b>831</b>	<b>39</b>	<b>870</b>	<b>807</b>
<b>Cost recorded for the period</b>	<b>76</b>	<b>(13)</b>	<b>63</b>	<b>126</b>

(In thousands of euros)	1 January 2006	Charge for the year	Write-back for the year (provision used)	31 December 2006
Pension and similar liabilities	807	81	(18)	870
Provisions for exchange rate risk	-	-	-	-
Other provisions	-	-	-	-
<b>TOTAL PROVISIONS FOR RISKS AND COSTS</b>	<b>807</b>	<b>81</b>	<b>(18)</b>	<b>870</b>
- Of which long-term	749	60	(18)	791
- Of which short-term	58	21	-	79

The net impact of costs incurred may be broken down as follows:

(In thousands of euros)	Charge for the year	Write-back
Operating profit	47	(18)
Financial income/expense	34	-

Provisions for pension and similar liabilities include rights given by way of lump sum retirement allowances (known in French as "IFCs") and the "work medal" (*la médaille du travail*).

### 3.10 Financial debts

The following is an analysis of PagesJaunes Group's financial debts as at 31 December 2005 and 2006:

(In thousands of euros)	Period ending 31 December	
	2006	2005
Bank loans and overdrafts	97	2,134
Borrowing and financial debts with lending institutions	1,955,687	-
Miscellaneous borrowing and financial debts	760,420	185,651
<b>TOTAL</b>	<b>2,716,204</b>	<b>187,785</b>

### Borrowing and debts with lending institutions

On 24 October 2006, PagesJaunes Group entered into a bank finance package with a syndicate made up of seven international banks. This package was for a maximum total amount of €2.35 billion, including a medium-term senior loan of €1,950 million and a revolving credit line of €400 million. The sole purpose of the senior loan was to fund the extraordinary dividend of €9 per share paid on 24 November 2006, and the loan was therefore fully drawn down on this date. The revolving credit line is intended to fund the Group's cash flow requirements (working capital requirement, investments and refinancing) in the context of its operating activities, and may be used by way of drawdowns, issuing of letters of credit or setting up loans with individual institutions.

The "senior" medium-term loan has a term to maturity of seven years, with interest at a variable rate above the Euribor reference rate and a maximum margin of 185 basis points (subject to downward revision depending on the ratio of total net indebtedness to a close aggregate of the consolidated gross operating margin). It is fully repayable at maturity. The revolving credit line has a term to maturity of seven years, with interest at a variable rate above the Euribor reference rate (or the Libor reference rate where used in a currency other than euros) and a maximum margin of 185 basis points (subject to downward revision depending on the ratio of total net indebtedness to a close aggregate of the consolidated gross operating margin). Each drawdown is repayable at the end of the drawdown period in question. PagesJaunes Group is liable for a non-utilisation fee of 0.625% per annum on any undrawn portion of the revolving credit line. In particular, this finance contract includes clauses for mandatory early repayment and default. It also includes progressive financial covenants requiring (i) a minimum ratio of consolidated gross operating margin to total net interest costs, increasing from 3.25 to 4.00 over the term of the loan, and

(ii) a maximum ratio of total consolidated net indebtedness to a close aggregate of the consolidated gross operating margin, reducing from 5.25 to 3.75 over the term of the loan. Both these ratios are calculated based on consolidated data. In addition, it includes a mandatory early repayment clause in the event that the acquisition of the Company's shares leads to a change of control.

As at 31 December 2006, the amount of borrowing and debts with lending institutions is therefore made up of the nominal amount of the medium-term loan, namely €1,950,000k, together with accrued interest on this loan, namely €5,687k. As at this date, no drawdowns had been made against the revolving credit line.

PagesJaunes Group incurred total costs of €47.5 million for setting up this bank finance package, consisting of arrangement fees of 2.0% of the amount of the senior loan and 2.125% of the amount of the revolving credit line. These costs, which were paid when the senior loan was drawn down, as well as legal fees amounting to €0.5 million incurred in putting in place the borrowing, have been recorded in 2006 costs.

### Miscellaneous borrowing and financial debts

PagesJaunes Group took out two loans with its PagesJaunes subsidiary, for a total amount of €580 million. Both these loans, which were put in place on 1 September and 23 November 2006 respectively, bear interest at a margin over the three-month Euribor rate. The term of the loans is two years; partial or full early repayment may be made at the borrower's or lender's initiative, subject to prior notice being given. Interest accrued but not yet due on these loans as at 31 December 2006 amounted to €2,374,000.

Moreover, miscellaneous borrowing and financial debts also includes current accounts with related companies, as detailed in the following table:

(In thousands of euros)	Period ending 31 December	
	2006	2005
<b>Related companies</b>		
PagesJaunes	176,925	185,651
PagesJaunes Petites Annonces	1,121	-
<b>TOTAL</b>	<b>178,046</b>	<b>185,651</b>

### 3.11 Debt maturity statement

(In thousands of euros)	Gross amount	Due in one year or less	Due in more than one year
Bank loans and overdrafts	97	97	-
Borrowing and financial debts with lending institutions	1,955,687	5,687	1,950,000
Borrowing and financial debts	582,374	2,374	580,000
Current accounts	178,046	178,046	-
Supplier payables and related accounts	8,323	8,323	-
Outstanding tax and social security contributions	5,731	5,731	-
Other	251	251	-
<b>TOTAL</b>	<b>2,730,509</b>	<b>200,509</b>	<b>2,530,000</b>



### 3.12 Costs payable included in balance sheet

(In thousands of euros)	<b>Gross</b>
Supplier payables and related accounts, invoices not received	2,460
Outstanding tax and social security contributions; VAT, taxes, salaries, and social security contributions payable	3,246
<b>TOTAL</b>	<b>5,706</b>

### 3.13 Prepaid income included in balance sheet

As at 31 December 2005, €2,400,000 of prepaid income had been recorded on the loan granted to France Télécom. Given the early repayment of this loan on 11 October 2006, this line shows a nil balance as at 31 December 2006.

### 3.14 Breakdown of turnover

Turnover consists mainly of services provided to subsidiaries. Total turnover was €8,304,000 as at 31 December 2006, as against €9,936,000 as at 31 December 2005.

### 3.15 Net financial income/expense

Net financial income/expense mainly consists of dividends received from subsidiaries amounting to €274,967,000 in 2006 (€248,325,000 in 2005).

(In thousands of euros)	<b>2006</b>	<b>2005</b>
Dividends	274,967	248,325
Other financial income	2,500	603
Write-back of provision	2,762	703
<b>FINANCIAL INCOME</b>	<b>280,229</b>	<b>249,631</b>

(In thousands of euros)	<b>2006</b>	<b>2005</b>
Interest on miscellaneous borrowing and financial debts	18,460	5,922
Other finance costs	384	-
Exchange rate losses	4	113
Financial provisions	34	995
<b>FINANCIAL COSTS</b>	<b>18,882</b>	<b>7,030</b>

### 3.16 Exceptional profit

In particular, exceptional profit includes consultancy fees of €4,097,000 incurred by PagesJaunes Group as part of the process of France Telecom's disposal of its majority interest in the Company. Also included is the

net book value of the Group's interest in PagesJaune Liban, which was disposed of in June 2006, namely €3,014,000. This amount is offset through the write-back of a provision for €2,702,000 (recorded in financial income/expense).

(In thousands of euros)	<b>2006</b>	<b>2005</b>
Income from disposal of own shares	615	40
Income from disposal of PagesJaunes Liban	45	-
Other exceptional income	49	138
<b>EXCEPTIONAL INCOME</b>	<b>709</b>	<b>178</b>

(In thousands of euros)	<b>2006</b>	<b>2005</b>
Other exceptional costs on management operations	4,314	-
Other costs	48	40
Net book value of shares in PagesJaunes Liban	3,014	-
<b>EXCEPTIONAL COSTS</b>	<b>7,376</b>	<b>40</b>

## 4 Other

### 4.1 Taxes

#### Latent and deferred tax position

	<b>Gross</b> (in thousands of euros)
<b>Reduction of future tax liability</b>	
Interest on sale of debt	1,312
Provision for lump sum retirement allowances	831
Other	27
<b>TOTAL</b>	<b>2,170</b>

Costs which were recorded in 2006 and during previous years, but which were added back into taxable profits, represent an amount of €2,710,000 as at 31 December 2006. Based on the company taxation rate applicable at that date, this represents a €747,000 reduction in future tax liabilities.

#### Tax inspection

During 2006, PagesJaunes Group was subject to a tax inspection relating to the 2002, 2003 and 2004 financial years. The Company received a correction proposal from the tax authorities on 11 December 2006, in relation to two points. Relative to the first point, which concerned the non-deductibility of loans written off, PagesJaunes Group recorded an additional tax charge of €0.7 million. PagesJaunes Group intends to contest the second point, however, which concerns a claim for around €4.4 million inclusive of interest. The Company feels that it has serious grounds on which to contest this correction proposal, and therefore has not recorded any provision in respect of this tax reassessment. The Company notified the tax authorities of its comments in regard to this by way of a letter sent on 10 January 2007.

### 4.2 Off balance sheet commitments

#### Individual right for training (*DIF - Droit individuel à la formation*)

For 2007, any employee with at least one year's service as at 31 December 2006 is entitled to 20 hours' training under the DIF. These may be used with effect from 1 January 2007, and represent a total commitment for 2007 of 1,075 hours.

#### Legal charge over securities

Under the terms of the bank finance contract described in paragraph 3.10, the Company granted the lending banks a legal charge over a financial instruments account relating to all PagesJaunes shares held by it. This charge is given by way of security for any and all amounts owed by the Company under the terms of the bank finance package (including capital, interest, fees, costs and ancillary amounts).

In addition, the Company undertook to grant the lending banks a legal charge over a financial instruments account relating to the shares of any subsidiary that might become a material subsidiary as defined in the finance contract. Such a charge would be given by way of security for

any and all amounts owed by the Company (including capital, interest, fees, costs and ancillary amounts).

#### Interest rate derivatives

On 30 November 2006, PagesJaunes Group entered into the following arrangements with various financial institutions:

- an interest rate swap contract for a nominal amount of €380 million, beginning 13 December 2006 and ending 13 December 2011. Under the terms of this transaction, PagesJaunes Group is a payer at a variable rate, namely Euribor, and a receiver at a fixed rate of 3.7830%;
- an interest rate collar, consisting of the simultaneous combined purchase of a cap and sale of a floor, for a total amount of €1,140 million, beginning 13 December 2006 and ending 13 December 2011. The tunnel created by this collar provides for a minimum interest rate of 3.0% and maximum interest rate of 4.0%. The annual premium for this collar is €1.9 million, payable in arrears.

These transactions serve to hedge the interest rate risk incurred on the variable rate senior debt drawn down by PagesJaunes Group in November 2006 (cf. 3.10). Both the interest on the interest rate swap and the premium payable on the collar are accounted for on a pro rata basis. As at 31 December 2006, PagesJaunes Group recorded net accrued interest not yet due of €26,000 on the interest rate swap, and a premium of €97,000 payable on the collar.

#### Bank commitments

In October 2006, PagesJaunes Group set up a revolving credit line for €400 million, agreed by a syndicate of seven banks. As at 31 December this revolving credit line, whose characteristics are described in paragraph 3.10, remained undrawn.

### 4.3 Directors' attendance fees and remuneration of non-voting Board members

Directors' attendance fees and remuneration of non-voting Board members amounted to €264,000 for 2006 and €113,000 for 2005.

Information with regard to the remuneration of members of the governing bodies is not provided, as this would enable the situation of one of the members to be clearly identified.

#### 4.4 Headcount

Average headcount	2006	2005
Managers	30.5	22.5
Supervisors and technicians	3.9	4.5
Administrative staff		0
<b>TOTAL</b>	<b>34.4</b>	<b>27</b>

#### 4.5 Related companies

As at 31 December 2005, PagesJaunes Group was a subsidiary of France Télécom by way of a 54.0% holding. On 11 October 2006, France Télécom sold its 54.0% interest to Médiannuaire, bringing Médiannuaire's interest in the PagesJaunes Group to 54.8% as at 31 December 2006.

In this context, the following are set out below:

- operating income and costs recorded in 2005 and 2006 with each PagesJaunes Group subsidiary, as well as assets and liabilities relative to these subsidiaries as at 31 December 2005 and 2006;
- outstanding balance sheet items as at 31 December 2005 relating to the France Télécom group, as well as income and costs recorded with the France Télécom group during 2005;
- outstanding balance sheet items as at 31 December 2006 relating to Médiannuaire and Médiannuaire Holding, direct and ultimate majority shareholders of the PagesJaunes Group, as well as income and costs recorded with these two companies during 2006.

During the 2006 financial year, France Télécom charged management fees of €4,482,000 excluding taxes to the PagesJaunes Group, as against €6,197,000 in 2005. PagesJaunes Group recorded an outstanding amount of €5,361,000 owed to France Télécom as at 31 December 2006.

In addition, PagesJaunes Group recorded a €267,000 charge for 2006 corresponding to ongoing services provided by Médiannuaire. In parallel, the accounts also show a debt of €1,035,000 owed by this company to PagesJaunes Group.

#### Other companies in the PagesJaunes Group

(In thousands of euros)	Income		Costs	Receivables	Payables
2006	Management fees	Employee costs passed on			
PagesJaunes SA	5,582	958	635	9,463	176,925
PagesJaunes Marketing Services	100			4,743	99
Kompass	141	247		467	19
Kompass Belgium	20			20	
Mappy	19			22	131
Edicom	12			29	
PagesJaunes Outre-mer	27	182		541	
Eurodirectory	13			13	
PagesJaunes Petites annonces		210			1,121
QdQ Média	197	504		706	
<b>TOTAL</b>	<b>6,111</b>	<b>2,101</b>	<b>635</b>	<b>16,004</b>	<b>178,295</b>

(In thousands of euros)	Income		Costs	Receivables	Payables
2005	Management and trademark fees	Employee costs passed on			
PagesJaunes SA	7,258	1,121	689	155,194	185,651
Wanadoo Data	87			6,639	
Kompass	184	144		216	
Kompass Belgium	18			18	
Mappy	16			238	
Esama	11			14	
Edicom	16			4	
PagesJaunes Outre-mer	28	181		767	
PagesJaunes Liban					
Eurodirectory	13				
QdQ Media	188	503		695	
<b>TOTAL</b>	<b>7,819</b>	<b>1,949</b>	<b>689</b>	<b>163,785</b>	<b>185,651</b>

#### 4.6 Tax integration

On 3 December 2004, PagesJaunes Group took up the option of placing itself under the tax regime for groups of companies as set out in article 223 A and following of the General Tax Code. This option is effective for a renewable five-year period. Through this option, PagesJaunes Group accepts sole liability for company tax on the profits of the whole group formed by itself and the companies of which it directly or indirectly holds at least 95% of the capital, and which have agreed to be members of the group. The subsidiaries which are

integrated for tax purposes are PagesJaunes, PagesJaunes Marketing Services, Kompass France, Mappy, PagesJaunes Petites Annonces and PagesJaunes Outre-mer. This has enabled a tax integration gain of €27,639,000 to be recorded for 2006.

#### 4.7 Events subsequent to the year-end

There have been no material events since the end of the financial year.

## 20.3 Report of the Board of Directors at the General Shareholders' Meeting

Ladies and Gentlemen,

We have called you to a mixed General Shareholders' Meeting, in accordance with the provisions of the Law and the statutes of our Company, in order to report to you on the Company's activity during the financial year 1 January to 31 December 2006, and to present for your approval the consolidated annual accounts for this financial year.

We have also called you to this meeting in order to ask you to rule on:

- the allocation of profits;
- the amount of directors' attendance fees to be allocated for the 2007 financial year;

- a new Company share buy-back programme;
- the proposed renewal of financial authorities which are delegated to the Board of Directors.

The stipulated notifications have been duly sent to you, and all documents and items required by current regulations have been made available to you within the legal timescales.

### I - HIGHLIGHTS OF THE FINANCIAL YEAR

The most significant event during 2006 was the withdrawal process initiated by our previous majority shareholder, France Télécom. This led to the purchase of around 54% of the PagesJaunes Group's shares by Médiannuaire on 11 October 2006. This company, via Médiannuaire Holding (a public limited company under French law) and Sèvres I, Sèvres II and Sèvres III (limited companies under Luxembourg law), is controlled by a consortium of investment funds. Around 80% of these funds are ultimately controlled by KKR Europe II Limited and KKR Millenium Limited and advised by Kohlberg Kravis Roberts & Co. L.P., and around 20% are funds managed by the "Principal Investment Area" division of the Goldman Sachs group.

Furthermore, the PagesJaunes Group's Board of Directors decided to pay an extraordinary dividend of €9 per share, paid out of the Company's distributable reserves, representing a total dividend of €2,519.7 million. This dividend, which was agreed in principle by the extraordinary General Shareholders' Meeting on 20 November 2006, was paid on 24 November 2006.

This dividend was funded in part from the Group's surplus cash, and in part through bank finance. In this regard, PagesJaunes Group entered into a bank finance package on 24 October 2006 for a maximum total amount of €2.35 billion, made up of a medium-term senior loan of €1,950 million and a revolving credit line of €400 million. The sole purpose of the senior loan was to fund the extraordinary dividend of €9 per share paid on 24 November 2006, and the loan was therefore fully drawn down on that date. The revolving credit line is intended to fund the Group's cash flow requirements (working capital requirement, investments and refinancing) in the context of its operating activities, and may be used by way of drawdowns, issuing of letters of credit or setting up loans with individual institutions.

The "senior" medium-term loan has a term to maturity of seven years, with interest at a variable rate above the Euribor reference rate and a maximum margin of 185 basis points (subject to downward revision depending on the ratio of total net debt to a close aggregate of the consolidated gross operating margin). It is repayable in full at maturity. The revolving credit line has a term to maturity of seven years, with

interest at a variable rate above the Euribor reference rate (or the Libor reference rate where used in a currency other than euros) and a maximum margin of 185 basis points (subject to downward revision depending on the ratio of total net debt to a close aggregate of the consolidated gross operating margin). Each drawdown is repayable at the end of the drawdown period in question. PagesJaunes Group is liable for a non-utilisation fee of 0.625% per annum on any undrawn portion of the revolving credit line.

In particular, this finance contract includes clauses for mandatory early repayment and default. It also includes progressive financial covenants requiring (i) a minimum ratio of consolidated gross operating margin to total net interest costs, increasing from 3.25 to 4.00 over the term of the loan, and (ii) a maximum ratio of total consolidated net debt to a close aggregate of the consolidated gross operating margin, reducing from 5.25 to 3.75 over the term of the loan. Both these ratios are calculated based on consolidated data. In addition, it includes a mandatory early repayment clause in the event of a change of control following the acquisition of the Company's shares.

PagesJaunes Group incurred total costs of €47.5 million in setting up this bank finance package, consisting of arrangement fees of 2.0% of the amount of the senior loan and 2.125% of the amount of the revolving credit line. These costs, which were paid when the senior loan was drawn down, as well as legal fees amounting to €450,000 incurred in putting in place the borrowing, have been recorded in 2006 costs.

In addition, PagesJaunes Group took out two loans from its PagesJaunes SA subsidiary, for a total amount of €580 million. Both these loans, which were put in place on 1 September and 23 November 2006 respectively, bear interest at a margin over the three-month Euribor rate. The term of the loans is two years; partial or full early repayment may be made at the borrower's or lender's initiative, subject to prior notice being given.

In 2005, PagesJaunes Group granted a loan to France Télécom in the amount of €64,208,000. This loan was repaid early on 11 October 2006, when the change of control took place.

Furthermore, PagesJaunes Group carried out various transactions in 2006 on its portfolio of holdings:

- sale of PagesJaunes Liban in June 2006 to a company linked to the existing management. The sale price was \$57,000 (€45,000), taking into account payment by PagesJaunes Liban of a debt of \$193,000 owed to PagesJaunes Group;
- a €4,962,000 capital increase for PagesJaunes Petites Annonces (formerly Cristallerie1), fully subscribed by PagesJaunes Group, bringing the company's capital to €5,000,000. Having not traded in 2005, this company built up an online classified advertising business in 2006 in the property, car and motorcycle sectors;
- creation of two companies, Cristallerie2 and Cristallerie3. Neither of these companies, each of which has capital of €38,000, were trading as at 31 December 2006.

During the 2006 financial year, PagesJaunes Group brought an end to the liquidity contract signed with Rothschild & Cie bank on 16 November 2005. The Company no longer held any of its own shares as at 31 December 2006.

On 3 December 2004, PagesJaunes Group took up the option of being taxed under the regime which applies to groups of companies

as set out in article 223 A and following of the General Tax Code. This option is effective for a renewable five-year period. Under this option, PagesJaunes Group accepts sole liability for company tax on the profits of the whole group formed by itself and the companies of which it directly or indirectly holds at least 95% of the capital, and which have agreed to be members of the group. The subsidiaries which are integrated for tax purposes are PagesJaunes, PagesJaunes Marketing Services, Kompass France, Mappy, PagesJaunes Petites Annonces and PagesJaunes Outre-mer. This approach has enabled a tax integration gain of €27,639,000 to be recorded for 2006.

Finally, PagesJaunes Group was subject to a tax inspection during 2006 relating to the 2002, 2003 and 2004 financial years. The Company received a correction proposal from the tax authorities on 11 December 2006, in relation to two points. Relative to the first point, which concerned the non-deductibility of loans written off, PagesJaunes Group has recorded an additional tax charge of €0.7 million. PagesJaunes Group intends to contest the second point, however, which represents a claim for around €4.4 million inclusive of interest. The Company feels that it has serious grounds on which to contest this correction proposal, and therefore has not recorded any provision in respect of this tax reassessment. The Company notified the tax authorities of its views on this matter by way of a letter sent on 10 January 2007.

## II - COMPANY ACTIVITIES / RESULTS / PRESENTATION OF ANNUAL ACCOUNTS

### Analysis of operating profit

#### Operating income

2006 turnover amounted to €8,304,000 (€9,936,000 in 2005). Of this, €4,482,000 related to support fees charged to PagesJaunes Group by France Télécom under the terms of a support agreement which was terminated on 11 October 2006 (the equivalent amount in 2005 was €6,197,000). These fees were then passed on by PagesJaunes Group to its subsidiaries. The remainder of PagesJaunes Group's turnover consists of services charged to its various subsidiaries.

#### Operating costs

Payroll costs amount to €3,966,000, together with €1,555,000 in employer social security contributions - the equivalent costs for 2005 were €3,969,000 and €1,587,000 respectively. Other operating costs mainly consist of the payment of €4,482,000 in support fees to France Télécom (€6,197,000 in 2005) and €2,968,000 in miscellaneous fees (€2,434,000 in 2005), together with rental costs of €462,000 charged to PagesJaunes Group by its subsidiary PagesJaunes SA (€452,000 in 2005). In addition, PagesJaunes Group incurred total costs of €48 million in connection with setting up bank loans.

PagesJaunes Group recorded an operating loss of €54,925,000 in 2006, as against an operating loss of €7,207,000 in 2005.

### Analysis of net financial income/expense

Financial income of €280,229,000 (€249,631,000 in 2005) arose mainly from dividends paid by subsidiaries, which amounted to €274,967,000 (€248,325,000 in 2005). Also included is a write-back of a €2,702,000 provision for PagesJaunes Liban. Financial costs of €18,882,000 (€7,030,000 in 2005) include interest costs on the €1,950 million loan, together with interest paid and received on loans and debit and credit current accounts with subsidiaries.

This leads to net financial income of €261,347,000 in 2006, as compared to €242,602,000 in 2005.

### Analysis of exceptional items

The exceptional loss of €6,667,000 (against a 2005 profit of €138,000) arose mainly from consultancy fees of €4,097,000 incurred by PagesJaunes Group as part of the sale by France Télécom of its interest in the PagesJaunes Group, €218,000 of social security costs relating to the early exercising of stock options, and a €2,969,000 loss relating to the sale of PagesJaunes Liban. This latter item was offset by the write-back of a €2,702,000 provision, recorded under net financial income/expense.

### Analysis of company tax

PagesJaunes Group recorded net tax income of €26,971,000 in 2006, as against €6,611,000 in 2005. This consists mainly of a €27,639,000 tax integration gain.

PagesJaunes Group recorded a net profit of €226,726,000 in 2006, as against €242,143,000 in 2005.

### Liquid assets and cash position

As at 31 December 2006, PagesJaunes Group showed a positive net cash position of €119,412,000 (€8,741,000 as at 31 December 2005). This mainly consists of debit and credit current accounts and loans with subsidiaries, together with €44,897,000 in investment securities as at 31 December 2006. As at this date, PagesJaunes Group also had medium-term bank debt of €1,950 million, together with €580 million in medium-term loans from related companies.

### III - PROPOSED ALLOCATION OF PROFITS

We propose that the profit for the year of €226,726,373.38 be allocated as follows:

- €29,543.40 to be allocated to the legal reserve, bringing it to €5,605,335.60;
- payment of a dividend of €1.08 per share, taking into account the previously retained amount of €1,147,301,636.04;
- the remaining available amount to be recorded as "retained earnings".

The proposed dividend would be paid on or after 4 May 2007.

Consequently, the maximum overall amount of the dividend would be €302,959,924.92. Any shares held by the Company as at the dividend payment date will not be entitled to any dividend.

The following dividends were distributed for the previous three financial years:

Year	Number of shares	Dividend per share <sup>(1)</sup>	Tax credit <sup>(2)</sup>
2003	182,700	0.86	No tax credit
2004	278,789,610	0.93	No tax credit <sup>(3)</sup>
2005	278,789,610	1.02	No tax credit

(1) The dividend amount takes into account the share split agreed at the General Shareholders' Meeting on 27 May 2004, when the nominal value of shares was reduced from €300 to €0.20.

(2) A single tax credit rate of 50% has been used for the purposes of this table (only applies to 2003).

(3) 100% of the dividend was eligible for the 50% allowance referred to in item 2, section 3, article 158 of the General Tax Code (only applies to 2004).

By way of reminder, it was agreed at a General Shareholders' Meeting on 20 November 2006 that an extraordinary dividend of €9 per share would be paid (i.e. a maximum overall amount of €2,519,748,090). The full amount of this extraordinary dividend was eligible for the 40% allowance referred to in item 2, section 3, article 158 of the General Tax Code, in favour of individuals who are resident in France for tax purposes.

The General Shareholders' Meeting is asked to give the Board of Directors full powers to calculate the overall amount of the dividend, taking into account the number of shares held by the Company as at the payment date, and thereby the remaining amount of distributable profits to be allocated to "retained earnings".

The full amount of dividends is eligible for the 40% allowance referred to in item 2, section 3, article 158 of the General Tax Code, in favour of individuals who are resident in France for tax purposes.

Attached to this report, in accordance with the provisions of article 148 of the order dated 23 March 1967, is a table showing the company's results for the past five financial years.

You are asked to approve the annual accounts and consolidated accounts of the PagesJaunes Group for the financial year ending 31 December 2006, thereby discharging the directors and statutory auditors from their mandates.

### IV - DISTRIBUTION OF SHARE CAPITAL

In accordance with the provisions of article L. 233-13 of the Commercial Code, and taking into account information received under the terms of articles L. 233-7 and L. 233-12 of the Commercial Code, you are reminded that Médiannuaire holds more than half of the share capital and voting rights.

On 10 February 2005, France Télécom completed the sale of 22,303,169 directly owned PagesJaunes Group shares, representing 8% of the group's capital, by way of an accelerated placement with institutional investors.

Following a competitive bid process begun in June 2006, France Télécom sold 150,546,830 PagesJaunes Group shares, representing around 54% of the Company's capital and voting rights, to Médiannuaire. This transaction was carried out by way of an off-market block sale in accordance with the provisions of articles 516-2 and following of the

General Regulations of the *Autorité des Marchés Financiers* (French Financial Markets Authority). This sale was completed on 11 October 2006, in return for payment by Médiannuaire to France Télécom of an overall price of €3,312,030,260, i.e. €22 per share acquired.

By way of a letter to the AMF and the Company dated 18 October 2006, Médiannuaire confirmed that it had on 11 October 2006 exceeded the 5%, 10%, 15%, 20%, 25%, 1/3 and 50% capital and voting rights thresholds. In the same letter, Médiannuaire declared its intention to file a standing tender offer with respect to the Company's shares, in accordance with applicable regulations. This declaration was the subject of an official notification published by the AMF on 19 November 2006 under reference 206C 1925.

Under the terms of the provisions of articles 235-1 to 235-3 of the AMF's General Regulations, Médiannuaire irrevocably offered to

acquire from PagesJaunes Group shareholders any shares tendered under this standing tender offer during a 15 day trading period, from 10 November to 1 December 2006 inclusive.

Following the PagesJaunes Group General Shareholders' Meeting on 20 November 2006, at which it was decided to proceed with an extraordinary dividend distribution of €9 per share, the standing tender offer was divided into two periods. Shareholders were thereby given the choice of selling their shares before the dividend distribution at a

unit price of €22 from 10 November to 23 November 2006 inclusive, or after the distribution at a unit price of €13 from 24 November to 1 December 2006 inclusive.

As a result of the standing tender offer, Médiannuaire confirmed on 23 November 2006 that it had acquired 1,753,862 shares at a unit price of €22 per share during the first period, and confirmed on 7 December 2006 that it had acquired 1,339,495 shares at a unit price of €13 per share during the second period.

The following table sets out the distribution of PagesJaunes Group's capital as at 31 December 2006:

	Number of shares	% of capital	% of voting rights
Médiannuaire	153,640,187	54.8	54.8
France Télécom group employees	7,373,836	2.6	2.6
PagesJaunes group employees	1,152,946	0.4	0.4
Public	118,099,811	42.1	42.1
Self-owned	0	0.0	0.0
<b>TOTAL</b>	<b>280,266,780</b>	<b>100.0</b>	<b>100.0</b>

## V - AGREEMENTS COVERED BY ARTICLE L. 225-38 OF THE COMMERCIAL CODE

Below is a list of agreements covered by article 225-38 of the Commercial Code which were entered into during the 2006 financial year, or which were entered into during previous years and continued to be effective in 2006:

- a medium-term loan contract to France Télécom for an amount of €64 million. The PagesJaunes Group Board of Directors had given prior authorisation for this contract on 28 June 2005;
- a bridging contract signed with France Télécom as part of the sale of its interest in the capital of PagesJaunes Group. The Board of Directors had given prior approval for this agreement at its meeting on 12 September 2006;

- a contract signed with PagesJaunes relating to bank finance, and in particular the agreement by PagesJaunes Group to guarantee any amounts owed under the €400 million revolving credit line (Facility B) by any group subsidiary that may become a borrower under the terms of this facility. The Board of Directors had given prior approval for this agreement at its meeting on 12 October 2006;
- a service delivery contract signed with Médiannuaire. The Board of Directors had given prior approval for this agreement at its meeting on 20 November 2006;
- a loan contract signed with PagesJaunes for an amount of €430 million. The Board of Directors had given prior approval for this agreement at its meeting on 20 November 2006.

## VI - COMPANY OFFICERS AND DIRECTORS

There are no mandates due for renewal as at the date of this General Meeting.

A table listing the duties and roles of the PagesJaunes Group's company officers as at 31 December 2006 is included in chapter 14 of this document.



**Former company officers of the PagesJaunes Group who held a mandate during the 2006 financial year**

Name	Role	Date appointed	Date mandate ends	Other roles and principal mandates held in any company during last 5 years
Antonio ANGUIA	Director	AGM 19 April 2006	12 October 2006	Chairman of FT ESPANA Director of EUROPORTAL JUMPY <b>Mandates no longer held:</b> <b>None</b>
Michel COMBES	Director	AGM 27 May 2004	12 October 2006	Chairman of the Board of Directors, TDF Member of Supervisory Board, Procapital Chairman of Supervisory Board, Assystem Brime Member of the Board of Directors, Sonae.com Member of the Board of Directors, Liberty TV <b>Mandates no longer held:</b> Member of the Board of Directors, Eurotunnel Member of the Board of Directors, Protravel Chairman of the Board of Directors, PagesJaunes Group
Olivier BARBEROT	Director	27 May 2004	12 October 2006	Executive Director, NeXT Programme HR and Competencies, France Télécom Executive Director responsible for Management Networks and Internal Communications, France Télécom <b>Mandates no longer held:</b> <b>None</b>
France Télécom	Director	AGM 19 April 2006	12 October 2006	Member of GRAND QUARTIER EIG Managing Director, BLUEBIRD PARTICIPATIONS Director, TAHITI NUI Director, FRANCETEL <b>Mandates no longer held:</b> Director, SUSINET Director, FTFI Director, FT1CI Director, BRANCION EIG Director, ALSATEL INDUSTRIE Director, FT ESPANA Chairman, FTIMMO PONTARLIER Partner, EMW Partnership
Patricia LANGRAND	Director	27 May 2004	12 October 2006	Executive Director, Content Division <b>Mandates no longer held:</b> <b>None</b>
Jean Hervé LORENZI	Director	23 September 2004	12 October 2006	Advisor to the Management Board, Compagnie Financière Edmond de Rothschild Professor, Paris Dauphine University Member of Economic Analysis Council and Chairman of the Economists' Circle Member of Supervisory Board, Compagnie Financière Saint Honoré Member of Supervisory Board, Saint Honoré Insurance and Consultancy Member of Management Committee, Saint Honoré Insurance Director, Atlex Director, Associés en France Non-voting Board member, Hermès Member of Supervisory Board, BVA Director, AFOM (French Association of Mobile Operators) <b>Mandates no longer held:</b> Chairman and Director, Saint Honoré Amérique Director, Entenial Director, Wanadoo Director, e-Rothschild Services Director, CDC Ixis LCF Rothschild Midcaps Director, Anvie Director, Mossley Badin

Name	Role	Date appointed	Date mandate ends	Other roles and principal mandates held in any company during last 5 years
Stéphane PALLEZ	Director	27 May 2004	12 October 2006	Executive Director in charge of Finance function
	Chairman of the Board of Directors		12 October 2006	Member of Supervisory Board, EQUANT NV
<b>Mandates no longer held:</b>				
Director, EIB (European Investment Bank)				
Member of Supervisory Board, French Development Agency				
Marcel ROULET	Non-voting Board member	27 May 2004	12 October 2006	Director, France Télécom
				Director, Thomson
Permanent representative of Thomson SA on the Board of Directors of Thales				
Director, HSBC France (ex CCF)				
Chairman of Supervisory Board, GIMAR Finances SCA				
Member of Supervisory Board, Eurazeo				
Non-voting Board member, Cap Gemini				
<b>Mandates no longer held:</b>				
Chairman of Supervisory Board, PagesJaunes				
Director, ON-X				

## VII - TOTAL COMPENSATION AND BENEFITS OF ANY KIND PAID BY PAGESJAUNES GROUP TO ITS OFFICERS DURING THE FINANCIAL YEAR

In accordance with legal provisions, this report is required to set out the total compensation and benefits of any kind paid by PagesJaunes Group to each of its company officers during the past financial year. This includes benefits in the form of shares of stock, debt securities

or securities giving access to capital or giving the right to receive an allocation of debt securities. Any of the aforementioned items received by company officers from companies controlled by PagesJaunes Group, or from the company which controls it, must also be indicated.

The overall compensation and benefits of any kind paid to each company officer is as follows:

PagesJaunes Group company officers	Compensation and benefits paid by PagesJaunes Group (gross amount in euros, excluding employer contributions)											
	Fixed		Variable		Profit sharing		Exceptional items		Benefits in kind		Attendance fees	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Michel DATCHARY CEO	300 000	300 000	159 750	56 740	0	10 702	243 519 <sup>(3)</sup>	-	19 329	10 458	-	3 324 <sup>(1)</sup>
François de CARBONNEL	-	-	-	-	-	-	-	-	-	-	63,000	24,000
Elie COHEN	-	-	-	-	-	-	-	-	-	-	52,000	25,000
Michel COMBES	-	-	-	-	-	-	-	-	-	-	8,600	-
Jean Hervé LORENZI	-	-	-	-	-	-	-	-	-	-	40,000	25,000
Rémy SAUTTER	-	-	-	-	-	-	-	-	-	-	54,600	24,000
Marcel ROULET	-	-	-	-	-	-	-	-	-	-	46,000 <sup>(2)</sup>	15,000 <sup>(2)</sup>

(1) Remuneration for the mandate of Chairman of the PagesJaunes Management Board.

(2) Remuneration as a non-voting Board member.

(3) Includes €143,519 from options exercised early.

The Chairman of the Company's Board of Directors receives no compensation from the Company.

In 2006, the Chief Executive Officer was eligible for a variable portion of salary ranging from zero to a maximum of 66% of base salary for the year, depending on the following performance criteria: turnover growth (50% weighting), operating profit growth (30% weighting) and net profit growth (20% weighting).

The Board of Directors decided to pay a one-off bonus to those Group employees who played an active role in the competitive process

for the sale of France Télécom's interest in PagesJaunes Group. The overall amount set aside for this bonus, paid to 44 PagesJaunes Group employees, was €679,000, of which €300,000 is allocated to Michel Datchary. Mr Datchary's bonus is split into two payments - €100,000 paid two months after final completion of the sale, and €200,000 payable 12 months after final completion of the sale subject to Mr Datchary remaining in his role at that date.

Compensation paid to members of the Board of Directors by way of attendance fees in 2006 amounted to €218,200.

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

- a fixed amount of €10,000 per annum (on a pro rata basis);
- €2,400 for each Board meeting attended.

Directors who are members of either of the Board's two committees also receive:

- a fixed amount of €5,000 per annum (on a pro rata basis) for each Chairman;

- €1,200 for each Committee meeting attended.

At the General Shareholders' Meeting on 26 April 2007, it will be proposed that the amount allocated for Board members' attendance fees during the current and subsequent financial years be set at €350,000, and that this decision should stand until such time as decided otherwise at a subsequent General Meeting.

## VIII - COMPENSATION AND BENEFITS OF ANY KIND RECEIVED BY PAGESJAUNES GROUP COMPANY OFFICERS FROM COMPANIES CONTROLLED BY PAGESJAUNES GROUP DURING THE FINANCIAL YEAR

Company officers	Fixed remuneration paid in year		Variable remuneration and miscellaneous bonuses paid in year		Profit sharing and additional amounts paid in year		Benefits in kind received in year		Attendance fees paid in year	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Abeille DENIAU	42,156	- (2)	11,575 of which 5,903 (2)	-	6,392	-	-	-	-	-
Jean-Claude MARCEAU	69,372	66,995	50,370 of which 5,635 (1)	42,654	11,401	13,389	-	-	-	-

(1) Options exercised early.

(2) Abeille Deniau was elected as director representing the staff on 8 June 2006.

## IX - COMPENSATION AND BENEFITS OF ANY KIND RECEIVED BY PAGESJAUNES GROUP COMPANY OFFICERS DURING THE 2006 FINANCIAL YEAR FROM FRANCE TÉLÉCOM, THE COMPANY CONTROLLING PAGESJAUNES GROUP

PagesJaunes Group company officers	Compensation and benefits paid (gross amount in euros, excluding employer contributions)											
	Fixed		Variable		Profit sharing		Exceptional items		Benefits in kind			
	2006 (1)	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Antonio ANGUIA (2)	-	-	-	-	-	-	-	-	-	-	-	-
Michel COMBES	172,083	312,604	167,460	176,485	17,968	15,705	137,371	-	-	3,278	-	-
Olivier BARBEROT	274,167	314,634	128,550	165,747	13,939	15,856	-	-	2,899	3,077	-	-
Patricia LANGRAND	197,256	212,603	79,779	107,075	11,421	12,015	-	-	476	162	-	-
Stéphane PALLEZ	250,667	305,150	122,321	165,747	13,780	9,158	-	-	1,078	486	-	-
Marcel ROULET	-	-	-	-	-	-	-	-	-	-	-	40,000

(1) Compensation paid between 1 January and 12 October 2006, end date of mandate as a PagesJaunes Group.

(2) Antonio Arguita was appointed as a director at the General Shareholder's Meeting on 19 April 2006, and resigned from his responsibilities on 12 October 2006.

## X - COMMITMENTS OF ANY KIND WHICH ARE OR MAY BE DUE BY REASON OF OR SUBSEQUENT TO ASSUMPTION OR CESSATION OF DUTIES

In accordance with legal provisions, this report is required to set out commitments of any kind which are made by the Company in favour of its officers with regard to compensation, allowances or benefits which are or may be due by reason of or subsequent to the assumption or cessation of duties.

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

Michel Datchary's employment contract includes a non-competition obligation limited to a period of 12 months, covering all French territory.

If applied, this non-competition obligation will result in a payment equal to 50% of average gross monthly salary over the last 12 months. This is limited to 25% of average gross monthly salary over the last 12 months if Michel Datchary chooses to leave on his own initiative.

Michel Datchary's employment contract includes clauses which allow for the payment of discretionary and contractual severance benefits not exceeding 21 months' salary.

The Company has not entered into any of the commitments set out in the first paragraph above during the financial year.

## XI - OPTIONS FOR SUBSCRIPTION OR PURCHASE OF PAGESJAUNES SHARES

Under the terms of the law on New Economic Regulations, you are informed that no options for the subscription or purchase of Company shares were granted during the year ending 31 December 2006.

### PagesJaunes Group share option plan

On 28 June 2005, the PagesJaunes Group's Board of Directors allocated a total of 3,796,800 PagesJaunes Group share subscription options to some of its employees, representing 1.36% of the Company's capital,

and giving the holder the right to subscribe the same number of shares at a price of €19.30 per share.

The following table sets out the PagesJaunes Group share option plan which is available to certain Company officers. This plan was adopted at a mixed General Meeting of the PagesJaunes Group on 12 April 2005, in accordance with article L. 225-177 of the Commercial Code (formerly articles 208-1 and following of the 24 July 1966 Act).

PagesJaunes Group share subscription options granted to each company officer during 2006 and options exercised by them	Number of options allocated or exercised	Exercise price (in euros)	Earliest exercise date	Plan expiry date
Options granted in 2006:	N/A	N/A	N/A	N/A
	Michel DATCHARY : 36,000 <sup>(1)</sup>	19.30	N/A	N/A
Options exercised in 2006:	Jean-Claude MARCEAU : 1,500 <sup>(1)</sup>			
	Abeille DENIAU : 1,500 <sup>(1)</sup>			

(1) Options eligible to be exercised early due to the sale by France Télécom of its interest in the capital of PagesJaunes Group.

### PagesJaunes Group free share allocation plan

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

represent more than 0.5% of the Company's capital as at the date of the General Meeting in question - i.e. 1,393,948 shares. The Board of Directors agreed the terms of free share allocation plans at its meetings on 30 May and 20 November 2006.

The following table sets out the PagesJaunes share option plan which is available to certain Company officers. This plan was adopted at a PagesJaunes mixed General Meeting on 12 April 2005, in accordance with articles L. 225-177 and following of the Commercial Code.

PagesJaunes Group free shares granted to each company officer during 2006	Number of free shares allocated	Earliest date for acquisition of shares
Shares allocated in 2006	Michel DATCHARY: 14,310	20/11/2008
	Jean-Claude MARCEAU: 3,234	20/11/2008
	Abeille DENIAU: 1,883	20/11/2008
Shares sold in 2006	N/A	

## XII - TRANSACTIONS UNDERTAKEN BY COMPANY OFFICERS ON PAGESJAUNES GROUP SHARES

Declarant	Nature of transaction	Date of transaction	Unit price	Transaction amount
François de CARBONNEL	Sale of 6,310 shares	10 August 2006	€22.11	€139,514.10
Person related to François de CARBONNEL	Sale of 2,757 shares	10 August 2006	€22.11	€60,957.27
François de CARBONNEL	Acquisition of 10 shares	28 August 2006	€22.32	€223.20
Michel DATCHARY	Exercising of 18,000 options	9 November 2006	€19.30	€347,400
Michel DATCHARY	Sale of 18,000 shares	9 November 2006	€23.31	€419,580
Michel DATCHARY	Exercising of 18,000 options	10 November 2006	€19.30	€347,400
Michel DATCHARY	Sale of 18,000 shares	10 November 2006	€23.50	€423,000
Médiannuaire	Acquisition of 1,753,862 shares	23 November 2006	€22	€38,584,964
Médiannuaire	Acquisition of 1,339,495 shares	7 December 2006	€13	€17,413,435

## XIII - TRANSACTIONS UNDERTAKEN BY PAGESJAUNES GROUP ON ITS OWN SHARES DURING THE YEAR, AND NEW COMPANY SHARE BUY-BACK PROGRAMME

On 14 November 2005, the Company awarded a liquidity contract to Rothschild & Cie Bank for a period of one year with tacit renewal, in accordance with the Professional Ethics Charter laid down by the French Association of Investment Companies and approved by the AMF on 22 March 2005. €17 million was allocated to a liquidity account to enable this contract to be put into effect.

This liquidity contract was terminated on 16 November 2006, and all PagesJaunes Group shares held under the contract were sold on the market.

Transactions undertaken during the financial year under the terms of the liquidity contract referred to above are described in the Board of Directors' special report on transactions for the purchase of self-owned shares.

We propose the termination, with immediate effect, of the authorisation given at the mixed General Meeting on 19 April 2006 for the purchase of Company shares. At the same time, in accordance with articles L. 225-209 and following of the Commercial Code, we propose that the Company be authorised to purchase its own shares up to a maximum of 10% of share capital as at the date of this meeting, subject to the following conditions:

- the maximum purchase price must not exceed €25 per share. In the case of capital transactions, including capitalisation of reserves and allocation of free shares and/or share splitting or consolidation, the price will be adjusted accordingly.

Consequently, the maximum amount of funds intended for the buy-back programme is €700,666,950, based on share capital as at 15 February 2007. This maximum amount may be adjusted to reflect the amount of capital as at the date of the General Shareholders' Meeting;

- this authorisation is valid for a period of eighteen months;
- any acquisitions made by the Company by virtue of this authorisation may not under any circumstances lead to its owning, directly or indirectly, more than 10% of shares making up the share capital;

- these shares may be acquired or transferred subject to the conditions and limits, particularly with respect to volumes and prices, set out in applicable laws as at the transaction date. This includes public offer periods, on condition that transactions during these periods are fully paid for in cash. Transactions may be undertaken by any method, whether on the open market or over the counter, including block purchase or sale and use of derivative financial instruments traded on a regulated market or over the counter, under the terms set out by market authorities, as and when the Board of Directors or its authorised representative considers appropriate.

Shares thus purchased may be allocated in any legally permitted manner. The purpose of this share buy-back programme is as follows:

- to create and fulfil obligations related to share option programmes or other distributions of shares to employees of the Company or related companies, and in particular to allocate shares to PagesJaunes group employees as part of (i) company profit sharing, (ii) any share purchase plan or free share distribution plan for the benefit of employees as set out in the law, and in particular articles L. 443-1 and following of the Labour Code, or (iii) any share purchase option plan or free share distribution plan for the benefit of some or all employees and company officers, as well as carrying out hedging transactions pertaining to such transactions, under the terms set out by market authorities and as and when the Board of Directors or its authorised representative considers appropriate;
- to reduce the Company's capital under the terms of resolution 18 of the General Shareholders' Meeting on 26 April 2007, if adopted;
- to guarantee the liquidity of PagesJaunes Group shares through a liquidity contract with an investment services provider, in accordance with the charter of ethics recognised by the *Autorité des Marchés Financiers*;
- to retain shares for subsequent exchange or use as payment in potential external growth transactions;
- to create and fulfil obligations relating to debt securities which may be converted into ownership certificates, and in particular to deliver

shares when rights are exercised giving immediate or future access by any method to shares, and to undertake any hedging transactions with respect to PagesJaunes Group's obligations related to such

securities, under the terms set out by market authorities and as and when the Board of Directors or its authorised representative considers appropriate.

## XIV - MATERIAL EVENTS SUBSEQUENT TO THE YEAR-END

None

## XV - EXTRAORDINARY RESOLUTIONS

This Meeting is requested to renew, by way of an extraordinary ruling, certain financial powers delegated to the Board of Directors and to authorise the Board, subject to limits and conditions set by the Meeting, to agree to issue shares of stock giving access, directly or indirectly, to the Company's capital. In addition, the Meeting will be asked to amend certain stipulations in the statutes so as to bring them into line with the provisions of order no. 67-236 dated 23 March 1967 on commercial companies, as amended by order no. 2006-1566 dated 11 December 2006.

### Financial authorisations

At Shareholders' Meetings on 12 April 2005 and 19 April 2006, the Board of Directors was given authority to choose, at any time, from among a wide range of securities giving access to shares, with or without shareholders' preferential subscription rights, those financial products best suited to the Company's development, taking into account market characteristics at the relevant time.

In particular, the Board of Directors was given authority at a Shareholders' Meeting on 12 April 2005, for a period of twenty-six months, to issue shares and securities giving immediate or future access to shares, with or without preferential subscription rights, and to increase the capital by a maximum nominal amount of up to €20 million.

Additional powers were given to the Board of Directors at this same meeting, for the same period of twenty-six months, by way of specific resolutions, one of which concerned capital increases through capitalisation of reserves, profits or premiums, of a maximum nominal amount of €20 million independent of the overall authorisation limit.

At a Shareholders' Meeting on 19 April 2006, the Board of Directors was given authority for a period of eighteen months to cancel some or all "PagesJaunes Group" shares acquired through share purchase programmes set up by the Company, and consequently to reduce the capital.

At a Shareholders' Meeting on 12 April 2005, the Board was given overall authority for a period of twenty-six months to increase the share capital for the benefit of members of the company savings plan set up within the Company and/or related companies as defined in article L. 225-180 of the Commercial Code, or to issue free shares or other securities giving access to capital, including by way of capitalisation of reserves, profits or premiums, up to a nominal overall limit of €2,230,000.

At a Shareholders' Meeting on 12 April 2005, the Board of Directors was also given authority for a period of thirty-eight months to allocate

share subscription or purchase options, provided that the total number of options granted did not give the right to subscribe or acquire more than 2% of the Company's capital.

Finally, at a Shareholders' Meeting on 19 April 2006, the Board of Directors was given authority for a period of thirty-eight months to carry out free distributions of ordinary Company shares, provided that the total number of ordinary shares thus distributed did not represent more than 0.5% of the Company's capital.

You are requested by the Board of Directors to:

- terminate, with immediate effect as at the date of the Shareholders' Meeting, certain authorities given at Shareholders' Meetings on 12 April 2005 and 19 April 2006;
- agree to delegate similar authorities to the Board of Directors to those delegated by resolutions on 12 April 2005 and 19 April 2006, for a period of twenty-six months.

The Board of Directors wishes to retain the flexibility to be able to quickly call on the financial resources required for the Company's development, if applicable by issuing shares on the markets.

Consequently, the Board of Directors requests that you agree, by way of extraordinary resolutions seven and eighteen, through the legal mechanism allowing overall delegation of authority, an authorisation for a period of twenty-six months allowing it to issue, with or without shareholders' preferential subscription rights, (i) ordinary Company shares, (ii) securities giving immediate or future access by any method to existing or future ordinary Company shares, and (iii) securities giving immediate or future access by any method to existing or future ordinary shares of any company in which the Company directly or indirectly holds more than half the capital (a "Subsidiary"). This overall authorisation is to be subject to a maximum nominal capital increase limit of €20 million, as specified in resolution 14.

You are also requested to give additional authorisations to the Board of Directors, again for a period of twenty-six months, as specified in extraordinary resolutions required by legal provisions which fall outside the principle of overall delegation of authority. Resolution 9 concerns the issuing of ordinary Company shares or securities giving access to ordinary Company shares, without preferential subscription rights. The purpose of this resolution is to enable the Board of Directors, as allowed for by the law, to depart from legal rules for setting the subscription price and to set this price in accordance with terms agreed at the Shareholders' Meeting. Resolution 10 concerns capital increases with or without shareholders' preferential subscription rights. Its purpose is to authorise the Board of Directors to increase the number of shares



issued in the event of surplus demand. Resolutions 11, 12 and 13 concern the issuing of ordinary shares, or securities giving access to ordinary shares, without preferential subscription rights. Resolution 11 is intended to enable the Company to initiate public exchange offers. Resolution 12 is intended to enable the Company to pay for non-cash contributions by issuing shares of stock or securities giving access to capital. Resolution 13 is intended to enable Subsidiaries or a Controlling Company of PagesJaunes Group to issue securities giving access to ordinary Company shares. Resolution 15 concerns the issuing of securities giving rights to the allocation of debt securities. Resolution 16 is intended to enable capital increases through capitalisation of reserves, profits or premiums, up to a maximum nominal capital increase limit of €20 million, independent of the first limit.

Resolution 17 is intended to enable capital increases for the benefit of members of the PagesJaunes Group company savings plan, through the issuing of shares for subscription in cash, up to a maximum nominal capital increase limit of €1,120,000, representing around 2% of the Company's share capital, independent of the first €20 million limit. If applicable, this may also be achieved through free distribution of shares or other securities giving access to capital, whether held in the portfolio or new; in this second case, capital increases through capitalisation of reserves, profits or premiums shall be limited to a maximum nominal amount of €1,120,000, independent of the limit set out in resolution 16.

Adoption of resolutions 7 to 17 above would thereby enable the issuing of ordinary shares and/or securities giving access to ordinary shares with or without shareholders' preferential subscription rights, and the issuing of securities giving access to debt securities. This would enable the Board of Directors to make all types of investment at the required time in France, abroad and/or on international markets, according to the interests of the Company and its shareholders. Depending on the class to which they belong, these securities may be issued in euros, a currency other than the euro, or any other unit of account defined with reference to a group of currencies.

The purpose of resolution 18 is to authorise the Board of Directors to reduce the Company's share capital by cancelling ordinary PagesJaunes Group shares acquired through Company share buy-back programmes.

In asking you to grant these authorities, the Board of Directors wishes to clarify the scope of the corresponding resolutions submitted for your approval, in accordance with legal and regulatory requirements.

**Delegation of authority to the Board of Directors to issue ordinary Company shares and securities giving access to ordinary shares in the Company or any of its subsidiaries, with shareholders' preferential subscription rights (resolution 7)**

a) This resolution asks you to agree to the issuing, with or without charge, and retaining your preferential subscription rights, of ordinary shares or securities giving immediate or future access to existing or future ordinary shares in the Company or any of its Subsidiaries.

It is hereby specified that this resolution expressly excludes the issuing of preference shares and securities giving immediate or future access to preference shares.

In the case of future access to ordinary Company shares - *i.e.* through securities giving access to ordinary Company shares by any method – your decision would entail the shareholders agreeing not to subscribe any ordinary shares which are liable to be obtained

via the securities initially issued, subscription of which securities would be restricted to shareholders.

By adopting resolution 7, you are asked to agree to a maximum nominal capital increase amount of €20 million, for a period of twenty-six months.

This capital increase limit does not include the effect on the capital increase amount of any adjustments which may be made in order to protect the holders of rights attached to securities giving access to ordinary shares.

The overall nominal amount of debt securities which may be created on the basis of resolution 7 – including those in the form of certificates, whether subordinated or not, and whether for a fixed term or not – may not exceed €300 million or its exchange value as at the date the issue is agreed. Securities issued may consist of debt securities or be linked to the issuing of such securities, or may be intermediate securities enabling such securities to be created. This amount applies to all debt securities issued under the terms of resolutions 7, 8, 11 and 12 submitted to the Shareholders' Meeting. However, it is independent and distinct from any amount of securities giving right to an allocation of debt securities which may be issued on the basis of resolution 15 submitted to the Shareholders' Meeting, and from any amount of debt securities the Board of Directors may decide or agree to issue in accordance with article L. 228-40 of the Commercial Code.

The term of any borrowing (giving access to ordinary shares in the Company or any of its subsidiaries) may not exceed 50 years. Loans may be accompanied by fixed or variable rate interest or capitalisation, and may be subject to the granting of guarantees or security, early repayment with or without a premium, or amortisation. In addition, securities may be subject to a buy-back on the stock market or a purchase or exchange offer by the Company.

In accordance with article L. 228-97 of the Commercial Code, it may be stipulated that any securities issued will only be redeemed once other creditors have been paid off, whether excluding or including holders of non-voting shares. A priority order of payment may also be stipulated for these classes of securities.

- b) The issue price of securities giving access to ordinary shares shall be such that the amount immediately received by the Company, or where securities are issued giving access to ordinary shares in a Subsidiary, by the Subsidiary, together with, if applicable, any amount which may be received by the Company or Subsidiary at a later date, is at least equal to the nominal value of ordinary shares in the Company or Subsidiary issued as a result of such securities being issued.
- c) The Board of Directors shall be authorised to give shareholders the right to subscribe excess ordinary shares or securities which have been issued. Where the full amount of shares or securities issued has not been subscribed, the Board of Directors may make use of some or all of the following powers in whichever order it chooses: (i) Limit the issue to the amount of subscriptions received (on condition that this amount is equal to at least three quarters of the agreed issue amount), or (ii) freely distribute some or all of any unsubscribed securities, or (iii) offer some or all of any unsubscribed securities via a public offering in France and/or, if applicable, abroad, and/or on the international market.

With respect to Company share subscription warrants, these may be issued either by way of subscription offer or by free allocation to previous owners of shares. In the case of a free allocation of share subscription warrants, the Board of Directors shall be authorised to

decide whether or not fractional allocation rights are tradable, and whether or not the corresponding securities are to be sold.

- d) The Board of Directors shall have the broadest possible powers to put this resolution into effect. This shall include the power to enter into agreements in this regard, particularly with the aim of ensuring the successful completion of any issue, and the power to carry out one or more issues as described above, in any proportion and at any time it sees fit, in France and/or, if applicable, abroad and/or on the international market, as well as the power to stay such issues. It shall be authorised to record the completion of such issues and proceed with any corresponding amendment to the statutes, as well as undertaking any other formalities, making any declarations and calling for any authorisations which may be required for the successful conclusion of such issues.

The Board of Directors shall agree the characteristics, amount and terms of any issue, and of the securities issued. In particular, it shall determine the class of securities to be issued and, taking into account information in the relevant report, shall set the subscription price, with or without premium, the payment terms, the vesting date, which may be retrospective, or the terms on which any securities issued on the basis of this resolution shall give access to ordinary shares in the Company or any of its Subsidiaries.

- e) In accordance with the law, the Board of Directors may delegate, within limits previously defined by itself, the powers granted to it at this Shareholders' Meeting under the terms of resolution 7. These powers may be delegated to the Chief Executive Officer or, with his agreement, to any of his deputies.

Whenever the Board of Directors chooses to exercise the authority granted to it by resolution 7, it shall prepare an additional report, which shall be certified by the statutory auditors, describing the definitive terms of the transaction and providing any information required so as to enable shareholders to understand the real impact on them.

**Delegation of authority to the Board of Directors to issue ordinary Company shares and securities giving access to ordinary shares in the Company or any of its subsidiaries, without shareholders' preferential subscription rights (resolution 8)**

- a) The Board of Directors may on occasion wish to carry out issues where it is not possible for shareholders to exercise their preferential subscription rights, where this is in the interests of the Company and its shareholders and enables opportunities provided by the financial markets to be seized in certain circumstances. You are therefore requested to delegate authority to the Board of Directors, by passing resolution 8, to issue ordinary Company shares and securities giving access to existing or future ordinary shares in the Company or any Subsidiary, without shareholders' preferential subscription rights. This authorisation shall be within the agreed upper limit, for the same twenty-six month period and under the same conditions as set out in resolution 7, but subject to the specific conditions set out in points b) to f) below.

It is hereby specified that this resolution expressly excludes the issuing of preference shares and securities giving immediate or future access to preference shares.

The overall nominal amount of debt securities which may be created on the basis of resolution 8 may not exceed €300 million. This is a shared limit with that fixed under the terms of resolution 7 and, as

is also the case with that resolution, does not include any above-par repayment premiums which may be stipulated.

- b) If you agree to delegate this authority to the Board of Directors by giving up shareholders' preferential subscription rights, the issue price of ordinary shares shall be at least equal to the weighted average price over the last three trading days before the price is set, subject to a maximum discount of 5%.

For securities giving future access to ordinary shares, the issue price shall be set by reference to this same amount, if applicable adjusted to allow for any difference in vesting date: the issue price of securities giving access to ordinary shares shall be such that the amount immediately received by the Company for each ordinary share issued as a result of such issue of securities, or where securities are issued giving access to ordinary shares in a Subsidiary, the amount received by the Subsidiary, is at least equal to the above-defined amount after any applicable adjustment to allow for any difference in vesting date.

Depending on these factors, the Board of Directors shall set the issue price of securities to be issued, as well as the remuneration terms of debt securities if applicable, in the best interests of the Company and its shareholders and taking into account all relevant parameters. To this end, the Board will in particular take into consideration the nature of securities to be issued, trends in stock markets and the market in PagesJaunes Group shares, the existence of any priority rights granted to shareholders, applicable interest rates where the securities issued are debt securities, the number of ordinary shares to which these securities give an entitlement, and more generally all characteristics of the securities issued.

However, in the event of resolution 9 being adopted, the Board of Directors shall be authorised to depart from the legal rules for setting prices, and to set the issue price by applying rules agreed at the Shareholders' Meeting in resolution 9, up to a limit of 10% of capital per 12 month period (cf. point f) below.

- c) On this basis, the Board shall have the broadest possible powers to carry out one or more issues, without shareholders' preferential subscription rights, of such ordinary shares or securities giving access to ordinary shares in the Company or any of its Subsidiaries, and to agree the terms and conditions of each issue as set out in this report under resolution 7.

Shares shall be issued in accordance with usual practice on the markets in question as at the issue date. Nevertheless, the Board of Directors requests authorisation to arrange, if circumstances permit, for shareholders to have a non-tradable pre-emptive right, which may also apply to any excess securities issued, and whose terms of exercise shall be fixed by the Board in accordance with the law.

Where the whole of an issue is not taken up by subscriptions, including subscriptions by shareholders if applicable, the Board may limit the transaction amount under the conditions set out by law.

- d) As part of this delegation of authority, you are reminded that the Board of Directors may take any other steps required by or as a result of issues under the conditions set out above for resolution 7, and in particular may make corresponding amendments to the statutes.

- e) In accordance with the law, the Board of Directors may delegate the power to agree the types of issue authorised by resolution 8, under the conditions set out above for resolution 7.

You are informed that, whenever this resolution is put to use, an additional report will be issued indicating the impact of the proposed



issue on holders of shares and securities giving access to capital, especially with regard to the proportion of shareholders' equity as at the end of the last financial year represented by the issue.

- f) The Board of Directors shall agree the characteristics, amount and terms of any issue, and of the securities issued. In particular, it shall determine the class of securities to be issued and, taking into account information in the relevant report, shall set the subscription price, with or without premium, the vesting date, which may be retrospective, together with the term if applicable, or the conditions under which any securities issued on the basis of this resolution shall give access to ordinary shares.

In the event of resolution 9 being adopted, the Board of Directors shall be authorised to depart from the conditions for setting prices set out in resolution 8, and to set the issue price of ordinary shares and/or securities according to the following terms, up to a limit of 10% of the Company's capital per 12 month period:

- the issue price of ordinary shares shall be at least equal to the closing price of PagesJaunes Group shares on the Euronext Paris Eurolist market on the last trading day before prices are set, subject to a maximum possible discount of 10%,
- the issue price of securities shall be such that the amount received immediately by the Company for each ordinary share issued as a result of such securities being issued, together with any amount liable to be subsequently received by the Company, shall be at least equal to the amount stipulated in the above point.

This authority would enable capital increases for a limited amount by public offering without preferential subscription rights, thereby giving the Board of Directors greater flexibility in setting issue prices and optimising the chances of the transaction in question being successfully concluded.

The power thus granted to the Board of Directors may be delegated to the Chief Executive Officer or, with his agreement, to one or more of his deputies, within limits agreed in advance by the Board of Directors.

Whenever the Board of Directors chooses to exercise the authority granted to it by resolution 8, it shall prepare an additional report, which shall be certified by the statutory auditors, describing the definitive terms of the transaction and providing any information required so as to enable shareholders to understand the real impact on them.

**Authorisation for the Board of Directors to increase the number of securities to be issued under resolutions 7 and 8 in the event of a capital increase with or without shareholders' preferential subscription rights (resolution 10)**

As provided for by article L. 225-135-1 of the Commercial Code, resolution 10 proposes that the Board of Directors be authorised to increase the number of securities to be issued for any issue agreed under the terms of resolutions 7 and 8, within 30 days of the end of the initial subscription period, under the conditions set out in the aforementioned article and subject to the upper limit stipulated by the resolution under which the issue is agreed.

This would enable the Board of Directors to carry out further capital increases under the same conditions as the initial issue. By enabling supplementary issue options to be exercised, it would be possible to increase the size of an issue in the event of surplus demand.

This power may be delegated to the Chief Executive Officer or, with his agreement, to one or more of his deputies, within limits agreed in advance by the Board of Directors.

**Delegation of specific authorities**

**Delegation of authority to the Board of Directors to issue ordinary shares and securities giving access to ordinary shares in the event that the Company initiates an exchange offer (resolution 11)**

Under the terms of article L. 225-148 of the Commercial Code, the Company may issue ordinary shares, or securities giving immediate or future access by any method to existing or future PagesJaunes Group ordinary shares, under the terms and conditions set out in resolution 8, as remuneration for securities involved in a share exchange offer initiated by the Company in France or abroad, in accordance with local regulations, so as to acquire shares in another company. However, the benefit of the regulations in article L. 225-148 of the Commercial Code is subject to the condition that the shares of the company targeted by the offering are traded on a regulated market, as stipulated in the aforementioned article.

This procedure enables securities to be exchanged without the Company having to adhere to the formalities required by other forms of non-cash issue.

The corresponding capital increase would not give rise to shareholders' preferential subscription rights, and you are requested to give up such rights under the conditions set out in resolution 11.

At the time of any offering, the Board of Directors would need to determine the nature and characteristics of the ordinary shares, or securities giving access to ordinary shares, to be issued. The amount of any capital increase would depend on the outcome of the offering and the number of securities of the target company offered for exchange, taking into account the agreed exchange ratio and the type of ordinary shares, or securities giving access to ordinary shares, issued. Moreover, the Board of Directors would authorise the creation, under balance sheet liabilities, of an "acquisition premium" account, over which all shareholders would have rights. This account would show the difference between the issue price of new ordinary shares and their face value. If applicable, any expenses and taxes incurred by the agreed transaction would also be charged to this account.

A specific resolution is required for this authority, which would be given for a nominal amount of €20 million. This amount must fall within the upper limit authorised under resolution 8 relative to issues without preferential subscription rights, subject to the stipulation that this limit does not take into account the face value of any ordinary shares which may be issued by way of adjustments to protect the holders of rights linked to securities giving access to ordinary shares. This authority would be given for a period of twenty-six months, effective from the date of the Shareholders' Meeting.

The provisions in this report relative to resolution 8 would also apply to issues undertaken on the basis of resolution 11, with the exception of provisions relating to the issue price of ordinary shares and securities giving access to ordinary shares, and to shareholders' priority rights.

The Board of Directors may delegate the power granted to it under this resolution to the Chief Executive Officer or, with his agreement, to one or more of his deputies, within limits agreed in advance by the Board of Directors.

**Delegation of authority to the Board of Directors to issue ordinary shares and securities giving access to ordinary shares, by way of remuneration for non-cash contributions granted to the Company consisting of shares or securities giving access to capital (resolution 12)**

As provided for by article L. 225-147 of the Commercial Code, resolution 12 proposes that certain powers be delegated to the Board of Directors for a period of twenty-six months, under the terms and conditions set out in resolution 8. The powers in question are those required to issue ordinary shares, or securities giving access to existing or future ordinary Company shares, by way of remuneration for contributions consisting of shares or securities giving access to capital. This resolution covers cases where article L. 225-148 of the Commercial Code is not applicable; the number of securities thus issued would be limited to 10% of the Company's share capital as at the date of the Shareholders' Meeting.

The preferential rights of shareholders to subscribe any ordinary shares and securities thus issued would be withdrawn in favour of the holders of the shares or securities being offered as a non-cash contribution.

This authority requires shareholders to give up their preferential right to subscribe any ordinary shares to which securities issued on the basis of this authority may give an entitlement.

Should resolution 12 be put into effect, the Board of Directors would make a ruling on the basis of a statutory auditors' report, under the same conditions as if a General Shareholders' Meeting had itself given a ruling. This means that the Board would have sole power to approve the valuation of non-cash contributions and the granting of specific benefits, and to register the capital increase.

All necessary powers would be given to the Board of Directors to put into effect the authority delegated to it, including the power to amend the statutes accordingly.

This power may be delegated to the Chief Executive Officer or, with his agreement, to one or more of his deputies, within limits agreed in advance by the Board of Directors.

**Delegation of authority to the Board of Directors to issue ordinary shares as a result of a subsidiary of the Company, or a company controlling the Company, issuing securities giving access to ordinary Company shares (resolution 13)**

You are also requested to delegate authority to the Board of Directors to issue ordinary shares as a result of Subsidiaries or a Controlling Company issuing securities, with the Company's agreement, which give immediate or future access by any method to ordinary Company shares to be issued to this end. This decision would mean you giving up, in favour of the holders of securities issued by Subsidiaries in this way, your preferential right to subscribe any ordinary PagesJaunes Group shares to which these securities could give an entitlement.

The nominal amount of any increase in the Company's capital resulting from issues carried out by virtue of this authority may not exceed €20 million. This amount must fall within the upper limit authorised under resolution 8 relative to issues without preferential subscription rights, subject to the stipulation that this limit does not take into account the face value of any ordinary shares which may be issued by way of adjustments to protect the holders of rights linked to securities giving access to ordinary shares.

The issue price of ordinary shares would be set as described in resolution 8; it would be at least equal to the weighted average of prices during the last three trading days before it was set, subject to a maximum possible discount of 5%.

Under the terms of this authority, the Board of Directors would have all necessary powers to implement this resolution, with the agreement of the boards of directors, management boards or other managing bodies of the issuing Subsidiaries or Controlling Companies. This includes the power to set the amount of each issue, to define the terms of issue and the class of securities to be issued, to set the vesting date of securities to be created (which may be retrospective), and generally to take all necessary steps and enter into any required agreements so as to ensure the successful conclusion of the planned issues, within the framework of relevant French and/or foreign laws and regulations, as applicable. The Board of Directors shall also have all powers to make any amendments to the statutes which may become necessary as a result of using this authority. This authority would also be delegated for a period of twenty-six months.

The other provisions in this report relative to resolution 8 will also apply, *mutatis mutandis*, to issues carried out on the basis of resolution 13.

The Board of Directors may delegate the power granted to it under this resolution to the Chief Executive Officer or, with his agreement, to one or more of his deputies, within limits agreed in advance by the Board of Directors.

**Overall limit for authorisations (resolution 14)**

Subsequent to the adoption of resolutions 7 to 13, you are requested to authorise the Board of Directors to set the maximum nominal amount of immediate and/or future increases in share capital, where such increases are carried out by way of the authorities delegated under resolutions 7 to 13, at €20 million. To this nominal amount may be added the nominal amount of any ordinary Company shares to be issued by way of adjustments required to protect to holders of rights attached to securities giving access to ordinary shares.

**Delegation of authority to the Board of Directors to issue securities giving the right to an allocation of debt securities (resolution 15)**

The General Shareholders' Meeting is requested by the Board of Directors to agree extraordinary resolution 15. This resolution would delegate authority to the Board of Directors to issue securities giving immediate or future rights to the allocation of debt securities such as bonds and similar instruments, fixed-term or open-ended subordinated securities, or any other securities which would convey, by way of a single issue, a single type of claim against the Company.

This resolution would enable the issue of all forms of securities that give access to debt securities. This includes, in particular, warrant bonds and warrants.

Debt securities may be allocated as a result of the conversion, exchange, repayment or presentation of a warrant or any other form of allocation right, or in any other way whatsoever.

The nominal amount for which all securities referred to above may be issued may not exceed €300 million or the exchange value of this amount in currency or any other monetary unit created by reference to more than one currency. This maximum nominal amount would apply to all debt securities to which the securities in question gave an entitlement by way of an immediate or future allocation; however, this amount would not include any above-par repayment premium or premiums which may be applicable.

This authority would be delegated for a period of twenty-six months.

The issuing of such securities giving access to debt securities would have the effect of enabling, at the appropriate time, all types of complex securities to be issued leading to the immediate or future issue of debt instruments, whether in France, abroad and/or on the international markets, in accordance with the interests of the Company and its funding requirements.

The Board shall determine the characteristics of securities to be issued, as well as of the debt securities to which these securities would give a right of allocation. This includes their face value, vesting date, issue price (with premium if appropriate), fixed and/or variable interest rate and interest payment dates, or in the case of variable rate securities, interest rate calculation method, or the terms under which interest may be capitalised. The Board shall also set, with reference to market conditions, terms for amortisation or early repayment of securities to be issued and of debt securities to which these securities would give a right of allocation, with a fixed or variable premium if appropriate, or terms for the buy-back of such securities by the Company. If applicable, the Board shall agree to give a guarantee or collateral against securities to be issued, and against debt securities to which those securities would give access by way of a right of allocation, and to define the nature and characteristics of such guarantee or collateral. In general, the Board shall define all terms for each issue of securities, enter into any agreements, sign agreements with any banks or other organisations, take any steps and fulfil all required formalities, and generally take all necessary action.

The Board of Directors may delegate the power granted to it under this resolution to the Chief Executive Officer or, with his agreement, to one or more of his deputies, within limits agreed in advance by the Board of Directors.

#### **Delegation of authority to the Board of Directors to increase the Company's capital by way of capitalisation of reserves, profits or premiums (resolution 16)**

You are requested to delegate authority to the Board of Directors to increase the Company's capital by way of capitalisation of profits, reserves and issue premiums. This operation does not necessarily lead to new ordinary shares being issued, and is the subject of a specific provision in article L. 225-130 of the Commercial Code. It is covered by a specific resolution since it must be voted on at a General Shareholders' Meeting under quorum and majority conditions for such meetings.

This authority would also be delegated for a period of twenty-six months. It would enable the Board to agree one or more capital increases up to a maximum nominal amount of €20 million. This limit (i) does not take into account the nominal value of any ordinary Company shares which may be issued by way of adjustments to protect holders of securities giving future access to ordinary shares, and (ii) is independent and distinct from the limits applying to capital increases resulting from issues of ordinary shares or securities authorised by resolutions 7 to 13.

All powers would be granted to the Board of Directors, in particular to determine the nature and amount of any capitalisation, the process or processes by which the capital increase is to be carried out, any uplift in the nominal value of pre-existing ordinary shares and/or any free allocation of ordinary shares, to register the completion of any capital increase and amend the statutes accordingly, and to carry out any adjustments required by law.

Where new securities are allocated, which may if appropriate have a retrospective vesting date, the Board of Directors may decide that

fractional rights are neither tradable nor transferable, and that the corresponding securities are to be sold. Any amounts arising from such sale would be allocated to the holders of those rights within the time limits laid down in regulations.

This power may be delegated to the Chief Executive Officer or, with his agreement, to one or more of his deputies, within limits agreed in advance by the Board of Directors.

#### **Delegation of authority to the Board of Directors to carry out capital increases restricted to members of the PagesJaunes Group savings plan (resolution 17)**

You are requested to delegate authority to the Board of Directors to agree to increase the share capital as set out in the provisions of the Commercial Code (articles L. 225-129-6, L. 225-138 I and II and L. 225-138-1) and the Labour Code (article L. 443-1 ff.). These provisions allow for the issuing of ordinary shares, or securities giving access to existing or future ordinary Company shares, which are reserved for employees and former employees who belong to the Company's savings plan and/or similar plans of companies which are related to the Company as defined in article L. 225-180 of the Commercial Code. They also allow for free allocations of ordinary shares, or securities giving access to existing or future ordinary Company shares, in particular by way of capitalisation of reserves, profits or premiums, within legal and regulatory limits.

This authority would be delegated for a period of twenty-six months, and for a maximum nominal amount of €1,120,000 for immediate or future PagesJaunes Group capital increases arising from all issues carried out by virtue of this authority. This limit represents around 2% of Company share capital, and (i) does not take into account the nominal value of any ordinary Company shares which may be issued by way of adjustments to protect holders of securities giving future access to ordinary shares, and (ii) is independent and distinct from the limits applying to capital increases resulting from issues of ordinary shares or securities authorised by resolutions 7 to 13.

The maximum nominal amount of immediate or future PagesJaunes Group capital increases arising from all issues carried out by virtue of this authority, by way of capitalisation of reserves, profits or premiums, would be limited to €1,120,000. This limit represents around 2% of Company share capital, and (i) does not take into account the nominal value of any ordinary Company shares which may be issued by way of adjustments to protect holders of securities giving future access to ordinary shares, and (ii) is independent and distinct from the limit which applies to resolution 16.

The subscription price of new shares shall be equal to the average opening price of PagesJaunes Group shares during the twenty trading days preceding the date on which the subscription date is fixed, subject to a maximum discount of 20%. The Board of Directors may reduce this discount if it deems appropriate to do so, particularly so as to meet the requirements of relevant local laws when offering securities to members of a company savings plan on the international market and/or abroad. The Board of Directors may also substitute an allocation of free shares or other securities for all or part of this discount under the terms of the provisions set out below.

The Board of Directors may arrange free allocations of ordinary shares, or securities giving access to ordinary Company shares, provided that the total benefit arising from such allocations, together with any applicable discount as referred to above, does not exceed the benefit that would have been received by a member of the savings plan if a total discount of 20% had been applied. In addition, legal limits must not be

exceeded when taking into account the monetary exchange value of freely allocated ordinary shares based on their subscription price.

A capital increase of this kind requires you to give up, in favour of the relevant employees and former employees, your shareholders' preferential rights to subscribe any ordinary shares, or securities giving access to ordinary Company shares, issued under the terms of this authority. You would thereby lay down any rights to any ordinary shares or other securities allocated free of charge to these employees and former employees on the basis of this authority.

As part of this delegation of authority, all necessary powers would be given to the Board of Directors to act on the authority and to amend the statutes accordingly.

More specifically, the Board of Directors would have all powers to put this resolution into effect, including the following: defining the characteristics, amount and terms of any issue or free allocation of securities; agreeing whether issues should be made directly to beneficiaries or via collective organisations; defining the legally allowed list of companies or groups whose employees and former employees may subscribe any ordinary shares or securities issued and, if applicable, receive any shares or securities allocated free of charge; determining the nature and terms of capital increases, together with the terms of any issue or free allocation; agreeing any length of service requirements which must be met by the beneficiaries of ordinary shares or new securities arising from capital increases, or securities issued free of charge, under the terms of this resolution; setting out the terms and conditions of issues of shares or securities to be made by virtue of this authority, including their vesting date and payment terms; setting the opening and closing dates for subscriptions; registering increases in capital through the issuing of ordinary shares, in the amount of ordinary shares actually subscribed; if applicable, determining the nature of securities to be allocated free of charge, together with the terms and conditions of any such allocation; if applicable, determining any amounts to be capitalised within the limits set out above, from which elements of shareholders' equity these amounts are to be taken and the vesting date of any shares thus created; by its sole decision and if it deems appropriate, charging any costs incurred by capital increases against premiums pertaining to those increases, and withdrawing from those premiums any amounts required to bring the legal reserve up to one tenth of the new amount of capital after any such increase; taking any steps required for the successful completion of capital increases; carrying out any formalities subsequent to such increases, including formalities relating to the listing of any new securities created; applying corresponding amendments to the statutes in light of capital increases; and generally taking any necessary action.

This power may be delegated to the Chief Executive Officer or, with his agreement, to one or more of his deputies, within limits agreed in advance by the Board of Directors.

#### **Authorisation for the Board of Directors to reduce the share capital by cancelling ordinary shares (resolution 18)**

In accordance with article L. 225-209 of the Commercial Code, and in relation to ordinary resolution 5 previously submitted for your approval, you are asked to approve resolution 18. This resolution requests that you authorise the Board of Directors, for a period of eighteen months, to cancel all or part of any PagesJaunes Group ordinary shares which may have been acquired through a buy-back programme authorised under ordinary resolution 5, and consequently to reduce the share capital.

In accordance with the law, shares may only be cancelled up to a maximum of 10% of the Company's capital per period of twenty-four months.

The Board of Directors may decide to charge the difference between the purchase price of ordinary shares and their face value against the "Issue Premiums" item or any other available reserve, including the legal reserve; in this latter case, a maximum of 10% of the decrease in capital being undertaken may be charged to the reserve.

All powers would be delegated to the Board of Directors to carry out decreases in capital resulting from the cancellation of ordinary shares, and to charge costs as set out above, as well as to amend article 6 of the statutes accordingly. The Board may choose to delegate these powers within legally allowed conditions.

#### **Additional reports where delegated authority is used**

Should the Board of Directors make use of any of the authorities delegated to it under resolutions 7 to 17, it would prepare, if appropriate, an additional report as set out in applicable laws and regulations at the time the relevant authority was used.

Furthermore, in the event of issues being undertaken by virtue of these authorisations, the statutory auditors shall prepare a report for the Board of Directors, as set out in applicable laws and regulations at the time the relevant authority is used.

#### **Expiry of certain authorities delegated at mixed General Shareholders' Meetings on 12 April 2005 and 19 April 2006**

As indicated in the introductory overview, approval of the resolutions being submitted to the Shareholders' Meeting would entail the immediate termination of any corresponding outstanding authorities previously delegated to the Board of Directors at mixed General Shareholders' Meetings on 12 April 2005 and 19 April 2006 for the issuing of ordinary shares or any securities giving access to ordinary shares or debt securities in the Company.

#### **Amendments to the statutes**

You are also requested to agree amendments to articles 26, 27 and 28 of the statutes, in order to bring them into line with the provisions of order no. 67-236 dated 23 March 1967 on commercial companies, as amended by order no. 2006-1566 dated 11 December 2006. These amendments mainly relate to the conditions for exercising voting rights in General Meetings, and in particular to the conditions under which shareholders are allowed to take part in General Meetings.

Article 26 would be amended as follows:

#### **"Article 26 - General Shareholders' Meetings**

General Shareholders' Meetings are made up of all shareholders whose shares are fully paid up and whose right to take part in General Meetings is proven by their shares being registered either in the name of the shareholder, or for shareholders not resident on French territory, in the name of the intermediary registered on their behalf, as at midnight on the third business day preceding the meeting (Paris time).

Shares must be registered within the timescales set out in the previous paragraph either in registered share accounts maintained by the

Company, or in bearer share accounts maintained by an authorised intermediary.

Members are given access to General Shareholders' Meetings on presentation of proof of status and identity. If it deems appropriate, the Board of Directors may decide to issue named personal access cards to shareholders, and to require them to show these cards."

Article 27 would be amended as follows:

#### **"Article 27 – Voting rights**

Each member of a General 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 give authority to his or her spouse or to any other shareholder to represent them at a General Meeting.

Remote voting and voting by proxy are allowed under the terms and conditions stipulated by legal and regulatory provisions. Voting forms must be received by the Company by 3 pm Paris time on the day before the General Meeting at the latest.

Powers, remote voting forms and attendance certificates may be submitted in electronic form as long as they are duly signed, under the terms set out in applicable legal and regulatory provisions. Shareholders who choose to vote remotely or by proxy, within the timescales set out in this article and using the form made available to Company shareholders, are treated in the same way as shareholders or their representatives who are physically present.

If the Board of Directors so decides at the time invitations to a General Meeting are issued, forms may be completed and electronically signed directly on a site set up by the Company. This site must use a process including a username and password, in accordance with the terms set out in the first sentence, paragraph two, article 1316-4 of the Civil Code, or any other process which meets the conditions set out in the first sentence, paragraph two, article 1316-4 of the Civil Code.

Any powers or votes registered prior to a General Meeting via such electronic means, as well as any receipts which are provided for them, shall be considered to be fully enforceable, irrevocable written records, subject to the points set out below. By exception, in the event of shares being sold before midnight Paris time on the third business day prior to a General Meeting, the Company may invalidate or amend accordingly, as applicable, any proxy given or vote recorded prior to the meeting by means of the electronic channel put in place by the Board of Directors.

Owners of Company shares who are not resident on French territory may be registered in the accounts and represented at General Meetings by any intermediary who is registered on their behalf and holds a general securities management contract. In accordance with legal and regulatory provisions, such intermediaries must declare themselves as intermediaries holding shares on behalf of others at the time when shares are registered in the accounts with the Company or account-holding financial intermediary.

The Company is entitled to ask any intermediary who is registered on behalf of shareholders not resident in France and holds a general contract to provide a list of the shareholders represented by them and whose rights are being exercised at a General Meeting.

General Meetings may be held by video-conference, or by any other form of telecommunication, including the internet, which enables shareholders to be identified under the conditions set out in applicable legal and regulatory texts."

Article 28 would be amended as follows:

#### **" Article 28 – Notification of meetings: form and timescales**

General Shareholders' Meetings are convened by the Board of Directors, under the conditions set out in law.

Failing that, they may also be convened by the statutory auditors or any other duly authorised person.

Shareholders' Meetings take place at the registered office or any other location as specified in the notice of Meeting.

Other than in exceptional cases allowed for by law, notifications are sent at least fifteen clear days before the planned meeting date; this period is reduced to six clear days where a second notification of a General Meeting is being sent, or where a meeting is being reconvened.

Meetings take place at the date, time and place indicated in the notice of Meeting.

The notice of Meeting must include the agenda for the meeting, which is drawn up by the person issuing the notice."

A table of financial authorities delegated to the Board of Directors at the General Shareholders' Meeting is included in section 21.1.1 of the company's *document de référence*.

## XVI - EMPLOYEE REPORT

Over the course of the 2006 financial year, the PagesJaunes Group's average headcount was 34 people, enabling it to fully discharge its role as a holding company for a quoted group (31 people at the end of 2006, as compared to 31 people at the end of 2005).

All information relating to PagesJaunes Group staff may be found in chapter 17 of the PagesJaunes Group 2006 *document de référence*.

## XVII - RESEARCH AND DEVELOPMENT

The Group is characterised by a strong culture of innovation which does not necessitate high levels of investment in basic research and development. However, in order to keep abreast of technological

developments, the Group has increased investment in this area in 2006, bringing it to €30.6 million for the year. Of this amount, €12 million was used to purchase the "*L'Annuaire*" brand and operating licence.



## XVIII - ENVIRONMENTAL IMPACT OF COMPANY ACTIVITY

In the context of its activities, the Group is subject to certain environmental, health and safety regulations. It is committed to limiting environmental impacts as much as possible. The environmental impacts of activities undertaken directly by the Group fall mainly into two categories: on the one hand, risks connected with the production and distribution of large quantities of paper, and on the other hand, risks connected with "office" activities, to which other similar companies are also exposed.

In order to limit the impact of the production and distribution of printed directories, the Group has put in place procedures which aim to reduce the quantity of paper required by its activities, and to promote recycling of used paper.

### Reducing paper consumption

In order to limit the amount of paper it requires, the Group has put in place the following measures:

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

The amount of paper consumed in producing the PagesJaunes directory and the *Annuaire* was 63,470 tonnes in 2006, compared to 66,732 tonnes in 2005 and 67,141 tonnes in 2004.

### Recycling of directories

At the same time, the Group has been making efforts to achieve more widespread and efficient recycling of the directories it produces.

On the one hand, some of the paper pulp used is made up of recycled paper, and on the other hand, some of the paper purchased is recovered during production and printing of directories for subsequent recycling.

In addition, various recovery and/or recycling measures have been implemented. The Group has also adopted the system known as "drop-off/collection", whereby directory distributors in the most densely populated urban areas are responsible for collecting old directories at the same time as new ones are delivered. Finally, surplus directories are recovered/recycled in the same way as out-of-date directories which are collected. All directories recovered in this way are recycled by specialist waste management companies. In this way, it has so far been possible to recycle more than 25% of total paper purchased.

In parallel with these steps, which aim to organise and facilitate recycling of paper used in producing directories, PagesJaunes has played an active role in creating EcoFolio SAS, an eco-organisation.

This company was formed following the publication in March 2006 of an order laying the foundations for financial aid for local and regional authorities for the recovery and recycling of end-of-life printed material.

The PagesJaunes policy is therefore to contribute voluntarily to this financial aid by paying an eco-contribution to EcoFolio based on the tonnage of printed PagesJaunes directories distributed. (Due to its status as a component of the universal service, the *Annuaire* falls outside the scope of this eco-contribution.)

In this way, EcoFolio collects contributions from all publishers who are subject to the March 2006 order, and makes financial aid payments to local and regional authorities.

### Environmental impact of "office" activities

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

## XIX - DESCRIPTION OF PRINCIPAL RISKS AND UNCERTAINTIES

### Liquidity risk

The documentation relating to PagesJaunes Group's bank financing contains certain default clauses and clauses allowing demands for early repayment to be made. These clauses are, in particular, linked to requirements to adhere to operational and financial covenants such as a minimum level of consolidated net interest cover by a close aggregate of the consolidated gross operating margin (GOM), and a maximum leverage, measured by the ratio of consolidated net debt to a close aggregate of consolidated GOM.

Under the terms of the loan agreement dated 24 October 2006, the Group must adhere to the following ratios:

- the ratio of consolidated net debt to a close aggregate of consolidated GOM must be less than or equal to 5.25 for each quarter from 30 June 2007 to 30 June 2008, 4.85 from 30 September 2008 to 30 June 2009, 4.40 from 30 September 2009 to 30 June 2010, 4.25 as at 30 September 2010, 4.00 from 31 December 2010 to

30 September 2011 and 3.75 thereafter (GOM and consolidated net debt as defined in the contract entered into with the relevant financial institutions);

- the ratio of a close aggregate of consolidated GOM to consolidated net interest must be greater than or equal to 3.25 for each quarter from 30 June 2007 to 30 June 2009, 3.50 from 30 September 2009 to 30 June 2010, 3.75 from 30 September 2010 to 30 June 2011 and 4.00 thereafter (GOM and consolidated net debt as defined in the contract entered into with the relevant financial institutions)

### Interest rate risk

On 24 November 2006, the Company carried out an extraordinary distribution in the amount of €9 per Company share, taken from reserve accounts on the Company's balance sheet (*i.e.* a total overall distribution of the order of €2.5 billion).

This extraordinary distribution was funded by (i) PagesJaunes Group's available cash as at the distribution date, and (ii) senior debt in the amount of €1.95 billion taken out by PagesJaunes Group with a banking pool under the terms of a loan agreement dated 24 October 2006. Under the terms of this loan agreement, the Company also obtained a revolving credit line for a maximum of €400 million to enable it to meet its cash flow requirements. The whole of this bank debt is subject to interest at a variable rate.

PagesJaunes Group is therefore exposed to the risk of interest rate changes. The Group has decided to manage this risk by hedging 78% of the net amount of debt against interest rate changes for a five-year period. This hedge was put in place by entering into an interest rate swap and purchasing an interest rate collar (the combination of a cap and a floor) on 30 November 2006.

PagesJaunes Group believes that a 1% increase in short-term interest rates relative to their level as at the end of 2006 would lead to a fall in annual profit before tax of no more than €8.1 million.

### Share-related risks

The Company terminated its liquidity contract with Rothschild & Cie Bank with effect from 17 November 2006. Consequently, the service provider which operated the liquidity contract sold all PagesJaunes Group shares which were held at that date. The Company was therefore no longer exposed to any share-related risks as at 31 December 2006.

## XX - DEVELOPMENT PROSPECTS

This chapter contains information about the Group's targets. The reader is reminded that the statements contained in this chapter depend on circumstances or events which may occur in the future. These statements are not historical facts, and should not be interpreted as guarantees that the events or facts expressed will occur or that the stated targets will be achieved. By definition, these targets may not be achieved, and the forecasts on which they are based may prove to be erroneous. The reader is encouraged to take into consideration the risk factors described in chapter 4 of the Company's *document de référence*, entitled "Risk factors".

### Financial targets

On a like-for-like basis, PagesJaunes Group has set itself the following financial targets for 2007:

- consolidated turnover growth of between 5% and 7%;
- consolidated GOM growth of between 2% and 4%, taking into account our investment in online classified advertising, the revival in printed directories and the development of online services.

PagesJaunes Group anticipates distributing the full amount of group net profits for the 2007 financial year. This goal of distributing profits does not under any circumstances represent a commitment on the part of PagesJaunes Group, and future dividends will depend on the group's results, its financial position and any other information considered relevant by the Board of Directors and shareholders of PagesJaunes Group.

## XXI - PROGRESS OF MAIN SUBSIDIARIES' BUSINESS

### Segment 1: PagesJaunes in France

Turnover for the PagesJaunes in France segment reached €1,015.0 million in 2006, representing a 6.2% increase relative to 2005. This trend has resulted from growth in revenue from printed directories, supported by the success of the new *Annuaire* (Pages Blanches) offering, and from online services, which have been boosted by sustained development of internet activities. Turnover also includes the impact of the launch of a new telephone-based directory enquiries service, as well as costs of €4.1 million linked to the sale of PagesJaunes Group.

The Gross Operating Margin of the PagesJaunes in France segment amounted to €479.9 million in 2006, a 4.9% increase relative to 2005. This represents 47.3% of 2006 revenue, as against 47.9% in 2005. This 0.6 point fall between the two periods mainly reflects investment in 2006, in a particularly competitive market, in the launch of a telephone-based directory enquiries service, which only contributed to turnover for three quarters during the period.

### Segment 2: International operations and subsidiaries

2006 turnover for the International operations and subsidiaries segment amounted to €117.2 million, a 7.7% increase relative to 2005.

#### QDQ Media

QDQ Media's turnover reached €45.2 million in 2006, a 9.5% increase relative to 2005. This increase is mainly due to 9.4% growth in the average revenue per advertiser from €524 in 2005 to €573 in 2006, as well as 2.5% growth in the customer base, which rose to 80,245 advertisers in 2006. QDQ Media's turnover growth has been particularly strong in online services (QDQ.com), with a 42.1% increase to €8.7 million, while revenue from printed directories increased 3.5% to €36.5 million. The proportion of sales represented by online activity now represents 19.2% of turnover, as compared to 14.8% in 2005. At the end of 2006 there were 44,325 advertisers present on QDQ.com, as compared to 40,951 at the end of 2005, representing growth of 8.2%.

**Kompass**

Turnover from Kompass's activities amounted to €31.4 million in 2006, a 7.0% increase relative to 2005. This turnover results from exploiting the marketing potential of the Kompass information system through the sale of advertising space and data on printed media, CD-ROMs, Minitel and on the internet through "Kompass.com", the global online directory of Kompass licensees, and "Kompass.fr", for which the number of visits rose from 177,061 in December 2005 to 277,678 in December 2006. This strong growth is explained by improved listings on the leading search engines. Media sales are supplemented by direct marketing services. Kompass's turnover is generated in France, Spain, Belgium and Luxembourg.

**Direct Marketing and Geographical Services**

2006 turnover from Direct Marketing and Geographical Services activities amounted to €27.5 million, a 1.2% increase relative to 2005.

This turnover arises from the sale of qualified files of private individuals and businesses for prospecting campaigns, and of data processing services, as well as Customer Relationship Management (CRM) services. These services are sold by PagesJaunes Marketing Services, which was created by the merger on 31 March 2006 of Wanadoo Data and e-sama.

In a context of transition due to this merger, PagesJaunes Marketing Services recorded a 14% fall in turnover.

Turnover is also generated by geographical services and online photos of towns and cities provided by Mappy, whose turnover increased by more than 45.6% in 2006.

The Gross Operating Margin for the International operations and subsidiaries segment was €6.4 million in 2006, a 15.3% increase relative to 2005.

We will now set out for your approval the detailed annual accounts and consolidated accounts. The rules of presentation and valuation methods used in preparing these documents are in compliance with current regulations.

An account of the statutory audit may be found in the auditors' general and special reports.

The Board encourages you to adopt the resolutions which are submitted for your vote.

Drawn up in Sèvres,

The Board of Directors



## 20.4 Special report of the Board of Directors at the PagesJaunes Group combined General Shareholders' Meeting on 26 April 2007 on transactions for the purchase of own shares

Ladies and Gentlemen,

The purpose of this report is (i) to inform the PagesJaunes Group General Shareholders' Meeting, in accordance with paragraph 2, article L. 225-209 of the Commercial Code, of transactions for the purchase of shares as part of the buy-back programme authorised at the General Shareholders' Meeting on 19 April 2006 (resolution 8), and (ii) to set

out the new buy-back programme on which shareholders will be asked to rule at the PagesJaunes Group General Shareholders' Meeting on 26 April 2007 (resolution 5).

This document has been prepared in accordance with articles 241-1 and following of the general regulations of the *Autorité des Marchés Financiers*.

### REVIEW OF THE BUY-BACK PROGRAMME AUTHORISED ON 19 APRIL 2006 (2006 BUY-BACK PROGRAMME)

At the combined General Shareholders' Meeting on 19 April 2006, the shareholders authorised the Company, by adopting resolution 8 at that meeting, to purchase its own shares up to a limit of 10% of the Company's share capital (the "2006 Buy-back Programme").

#### Summary of main characteristics of the 2006 Buy-back Programme

The main characteristics of the 2006 Buy-back Programme are as follows:

- the maximum purchase price may not exceed €30 per share; consequently, the maximum amount of funds intended for the buy-back programme is €836,368,830, based on share capital as at 30 January 2007. This maximum amount may be adjusted to reflect the amount of capital as at the date of the General Shareholders' Meeting ;
- this authorisation is valid for a period of eighteen months – *i.e.* until 19 October 2007;
- shares may be acquired or transferred by any method, subject to the conditions and limits set out in regulations in force as at the date of the transaction in question, including during a public offering period provided that such transactions are fully paid for in cash.

Shares thus purchased may be allocated in any legally permitted manner. The purpose of the 2006 Buy-back Programme is as follows:

- to implement and fulfil obligations related to share option programmes or other distributions of shares to employees of the Company or related companies, and in particular to allocate shares to PagesJaunes group employees as part of (i) company profit sharing, (ii) any share purchase plan or bonus share distribution plan for the benefit of employees as set out in law, and in particular articles L. 443-1 and following of the Labour Code, or (iii) any share purchase option

plan or bonus share distribution plan for the benefit of some or all employees and company officers, as well as carrying out hedging transactions pertaining to such transactions, under the terms set out by market authorities and as and when the Board of Directors or its authorised representative considers appropriate;

- to reduce the Company's capital, subject to the relevant resolution put to the General Shareholders' Meeting on 19 April 2006 being adopted;
- to guarantee the liquidity of PagesJaunes Group shares through a liquidity contract with an investment services provider, in accordance with the charter of ethics recognised by the *Autorité des Marchés Financiers*;
- to retain shares for subsequent exchange or use as payment in potential external growth transactions;
- to implement and fulfil obligations relating to debt securities which may be converted into ownership certificates, and in particular to deliver shares when rights are exercised giving immediate or future access by any method to shares, and to undertake any hedging transactions with respect to PagesJaunes Group's obligations related to such securities, under the terms set out by market authorities and as and when the Board of Directors or its authorised representative considers appropriate.

#### Transactions carried out under the 2006 Buy-back Programme

As at 19 April 2006 – the date of the General Shareholders' Meeting at which the 2006 Buy-back Programme was approved – the Company directly or indirectly held 321,000 of its own shares.

A liquidity contract had been entered into with Rothschild & Cie Bank on 14 November 2005, for a term of one year with tacit renewal. This

liquidity contract complied with the Charter of Ethics set out by the French Association of Investment Companies and approved by the *Autorité des Marchés Financiers*.

A summary of transactions carried out under the 2006 Buy-back Programme is as follows:

#### Up-to-date schedule as at 30 January 2007

Number of shares comprising the PagesJaunes Group's capital as at 19 April 2006:	278,789,610
Capital in directly or indirectly held own shares as at 19 April 2006:	321,000
Number of shares purchased between 19 April 2006 and 30 January 2007	826,482
Gross weighted average price of shares purchased (in euros)	€22.391
Number of shares sold between 19 April 2006 and 30 January 2007	1,147,482
Number of shares transferred between 19 April 2006 and 30 January 2007	0
Number of shares cancelled during last 24 months	0
Capital in directly or indirectly held own shares as at 30 January 2007	0
Book value of portfolio as at 30 January 2007 (in euros)	0
Market value of portfolio as at 30 January 2007 (in euros)	0

All purchases and sales of shares by PagesJaunes Group were carried out under a liquidity contract entered into with Rothschild & Cie Bank on 14 November 2005. This contract was terminated on 16 November 2005.

#### Summary tables of declarations

In accordance with the provisions of article L. 241-2 of the general regulations of the *Autorité des Marchés Financiers*, the following tables show a breakdown of cumulative gross cash flows and open positions

as at 30 January 2007, together with transactions carried out in cash under the 2006 Buy-back Programme (as at 30 January 2007).

#### Breakdown of cumulative gross cash flows and open positions as at 30 January 2007

None

#### Transactions carried out in cash as at 30 January 2007

A breakdown of transactions carried out is included as an appendix to this report.

## BUY-BACK PROGRAMME SUBMITTED AT THE GENERAL SHAREHOLDERS' MEETING ON 26 APRIL 2007 (2007 BUY-BACK PROGRAMME)

### Overview of the 2007 Buy-back Programme

PagesJaunes Group's Board of Directors would like the Company to continue to have a share buy-back programme.

To this end, a proposal will be put to the combined General Shareholders' Meeting on 26 April 2007 to terminate the authorisation given to the Board of Directors at the General Shareholders' Meeting on 19 April 2006, with immediate effect. At the same time, in accordance with articles L. 225-209 and following of the Commercial Code, we propose the approval of a programme to buy-back the company's own shares, up to a limit of 10% of the Company's capital as at the date of the meeting (the "2007 Buy-back Programme").

### Date of PagesJaunes Group General Shareholders' Meeting at which the 2007 Buy-back Programme is to be approved

The 2007 Buy-back Programme will be submitted for approval at the PagesJaunes Group General Shareholders' Meeting on 26 April 2007.

### Number of shares held directly or indirectly by the Company

As at 30 January 2007, the Company did not directly or indirectly hold any shares.

### Distribution of shares held by purpose

All shares held were acquired and retained under the terms of the liquidity contract entered into with Rothschild & Cie Bank on 14 November 2005.

### Objectives of the 2007 Buy-back Programme

Shares purchased may be allocated in any legally permitted manner. The objectives of the 2007 Buy-back Programme are as follows:

- to implement and fulfil obligations related to share option programmes or other distributions of shares to employees of the Company or related companies, and in particular to allocate shares to PagesJaunes group employees as part of (i) company profit sharing, (ii) any share

Special report of the Board of Directors to the PagesJaunes Group combined General Shareholders' Meeting on 26 April 2007 on transactions for the purchase of own shares

purchase plan or bonus share distribution plan for the benefit of employees as set out in law, and in particular articles L. 443-1 and following of the Labour Code, or (iii) any share purchase option plan or bonus share distribution plan for the benefit of some or all employees and company officers, as well as carrying out hedging transactions pertaining to such transactions, under the terms set out by market authorities and as and when the Board of Directors or its authorised representative considers appropriate;

- to reduce the Company's capital, subject to the relevant resolution put to the General Shareholders' Meeting on 26 April 2007 being adopted;
- to guarantee the liquidity of PagesJaunes Group shares through a liquidity contract with an investment services provider, in accordance with the charter of ethics recognised by the *Autorité des Marchés Financiers*;
- to retain shares for subsequent exchange or use as payment in potential external growth transactions;
- to implement and fulfil obligations relating to debt securities which may be converted into ownership certificates, and in particular to deliver shares when rights are exercised giving immediate or future access by any method to shares, and to undertake any hedging transactions with respect to PagesJaunes Group's obligations related to such securities, under the terms set out by market authorities and as and when the Board of Directors or its authorised representative considers appropriate.

### Maximum share of capital covered by the 2007 Buy-back Programme, and maximum number of shares to be acquired under the 2007 Buy-back Programme

The maximum share of capital able to be acquired by PagesJaunes Group under the 2007 Buy-back Programme is 10% of the Company's total capital as at the date of the General Shareholders' Meeting on 26 April 2007.

The maximum number of shares able to be acquired under the 2007 Buy-back Programme is 28,026,288, based on total share capital as at 30 January 2007.

### Maximum purchase price

The maximum purchase price would be set at €25 per share. In the event of capital transactions, including capitalisation of reserves and

allocation of bonus shares and/or share splitting or consolidation, the price would be adjusted accordingly.

The maximum amount of funds to be used for the buy-back programme would therefore be €700,666,950, based on a maximum purchase price of €30 per share and total share capital as at 30 January 2007.

### Shares covered by the 2007 Buy-back Programme

The PagesJaunes Group shares which are covered by the 2007 Buy-back Programme are ordinary shares.

### Term of the 2007 Buy-back Programme

The 2007 Buy-back Programme would be authorised for a period of 18 months with effect from the date on which it is approved - i.e. until 26 October 2008.

### Other terms and conditions of the 2007 Buy-back Programme

Shares may be acquired or transferred subject to the conditions and limits, particularly with respect to volumes and prices, set out in applicable laws as at the transaction date. This includes public offer periods, on condition that transactions during these periods are fully paid for in cash. Transactions may be undertaken by any method, whether on the open market or over the counter, including block purchase or sale and use of derivative financial instruments traded on a regulated market or over the counter, under the terms set out by market authorities, as and when the Board of Directors or its authorised representative may consider appropriate.

Shares acquired by the Company with a view to holding them for subsequent use as payment or exchange as part of a merger, demerger or capital contribution transaction may not exceed 5% of the Company's capital.

Moreover, in accordance with the provisions of article L. 241-2 of the general regulations of the *Autorité des Marchés Financiers*, any material change in any information presented in this report will be made known to the public as quickly as possible under the terms set out in article 212-13 of those regulations.

Consequently, a draft resolution giving the Board of Directors full powers to implement the 2007 Buy-back Programme under the terms set out above will be submitted for approval at the General Shareholders' Meeting on 26 April 2007.

Special report of the Board of Directors to the PagesJaunes Group combined General Shareholders' Meeting on 26 April 2007  
on transactions for the purchase of own shares

## APPENDIX: LIST OF TRANSACTIONS CARRIED OUT IN CASH AS AT 30 JANUARY 2007

Date of transaction	Name of intermediary	Purchase Sale Transfer	Number of shares	Incl. number of shares purchased/sold under a liquidity contract	Price of transaction (euros)	Amount of transaction (euros)
21 Apr 2006	Rothschild et Cie Banque	Purchase	7,469	7,469	22.45	(167,679.05)
24 Apr 2006	Rothschild et Cie Banque	Purchase	24,270	24,270	22.41	(543,890.70)
26 Apr 2006	Rothschild et Cie Banque	Purchase	17,261	17,261	22.44	(387,336.84)
02 May 2006	Rothschild et Cie Banque	Purchase	6,624	6,624	21.84	(144,668.16)
03 May 2006	Rothschild et Cie Banque	Purchase	5,376	5,376	21.73	(116,820.48)
04 May 2006	Rothschild et Cie Banque	Purchase	13,500	13,500	21.49	(290,115.00)
09 May 2006	Rothschild et Cie Banque	Purchase	39,500	39,500	22.05	(870,975.00)
10 May 2006	Rothschild et Cie Banque	Purchase	5,000	5,000	21.82	(109,100.00)
11 May 2006	Rothschild et Cie Banque	Purchase	28,979	28,979	21.72	(629,423.88)
12 May 2006	Rothschild et Cie Banque	Purchase	14,021	14,021	21.44	(300,610.24)
15 May 2006	Rothschild et Cie Banque	Purchase	4,000	4,000	21.20	(84,800.00)
16 May 2006	Rothschild et Cie Banque	Purchase	6,000	6,000	21.09	(126,540.00)
17 May 2006	Rothschild et Cie Banque	Purchase	67,000	67,000	20.55	(1,376,850.00)
18 May 2006	Rothschild et Cie Banque	Purchase	45,000	45,000	19.95	(897,750.00)
22 May 2006	Rothschild et Cie Banque	Purchase	2,000	2,000	19.80	(39,600.00)
24 May 2006	Rothschild et Cie Banque	Purchase	3,000	3,000	20.43	(61,290.00)
30 May 2006	Rothschild et Cie Banque	Purchase	5,000	5,000	21.26	(106,300.00)
31 May 2006	Rothschild et Cie Banque	Purchase	500	500	21.10	(10,550.00)
02 Jun 2006	Rothschild et Cie Banque	Sale	(131,500)	(131,500)	22.29	2,931,135.00
02 Jun 2006	Rothschild et Cie Banque	Sale	(55,000)	(55,000)	22.30	1,226,500.00
05 Jun 2006	Rothschild et Cie Banque	Sale	(11,229)	(11,229)	22.35	250,968.15
05 Jun 2006	Rothschild et Cie Banque	Purchase	5,149	5,149	22.30	(114,822.70)
06 Jun 2006	Rothschild et Cie Banque	Sale	(297,600)	(297,600)	22.52	6,701,952.00
06 Jun 2006	Rothschild et Cie Banque	Purchase	2,680	2,680	22.10	(59,228.00)
07 Jun 2006	Rothschild et Cie Banque	Sale	(127,000)	(127,000)	22.90	2,908,300.00
08 Jun 2006	Rothschild et Cie Banque	Sale	(1,000)	(1,000)	22.89	22,890.00
08 Jun 2006	Rothschild et Cie Banque	Purchase	1,250	1,250	22.51	(28,137.50)
08 Jun 2006	Rothschild et Cie Banque	Sale	(250)	(250)	22.89	5,722.50
13 Jun 2006	Rothschild et Cie Banque	Purchase	28,832	28,832	22.84	(658,522.88)
14 Jun 2006	Rothschild et Cie Banque	Sale	(29,832)	(29,832)	23.35	696,577.20
14 Jun 2006	Rothschild et Cie Banque	Purchase	1,168	1,168	22.80	(26,630.40)
14 Jun 2006	Rothschild et Cie Banque	Sale	(168)	(168)	23.35	3,922.80
15 Jun 2006	Rothschild et Cie Banque	Purchase	4,250	4,250	23.10	(98,175.00)
16 Jun 2006	Rothschild et Cie Banque	Sale	(4,250)	(4,250)	23.55	100,087.50
22 Jun 2006	Rothschild et Cie Banque	Purchase	29,000	29,000	23.95	(693,970.00)
23 Jun 2006	Rothschild et Cie Banque	Purchase	1,500	1,500	23.90	(35,850.00)
26 Jun 2006	Rothschild et Cie Banque	Sale	(30,500)	(30,500)	24.02	732,610.00
28 Jun 2006	Rothschild et Cie Banque	Purchase	16,689	16,689	24.16	(403,206.24)
29 Jun 2006	Rothschild et Cie Banque	Sale	(16,689)	(16,689)	24.28	405,208.92
30 Jun 2006	Rothschild et Cie Banque	Sale	(1,000)	(1,000)	24.38	24,380.00
30 Jun 2006	Rothschild et Cie Banque	Purchase	9,982	9,982	24.35	(243,061.70)
30 Jun 2006	Rothschild et Cie Banque	Sale	(8,982)	(8,982)	24.38	218,981.16

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Date of transaction	Name of intermediary	Purchase Sale Transfer	Number of shares	Incl. number of shares purchased/sold under a liquidity contract	Price of transaction (euros)	Amount of transaction (euros)
03 Jul 2006	Rothschild et Cie Banque	Purchase	74,000	74,000	24.31	(1,798,940.00)
05 Jul 2006	Rothschild et Cie Banque	Purchase	3,000	3,000	24.03	(72,090.00)
06 Jul 2006	Rothschild et Cie Banque	Sale	(6,325)	(6,325)	24.32	153,824.00
06 Jul 2006	Rothschild et Cie Banque	Purchase	325	325	24.01	(7,803.25)
07 Jul 2006	Rothschild et Cie Banque	Sale	(14,000)	(14,000)	24.36	341,040.00
10 Jul 2006	Rothschild et Cie Banque	Purchase	1,532	1,532	24.17	(37,028.44)
12 Jul 2006	Rothschild et Cie Banque	Purchase	31,468	31,468	24.20	(761,525.60)
13 Jul 2006	Rothschild et Cie Banque	Purchase	1,500	1,500	24.13	(36,195.00)
14 Jul 2006	Rothschild et Cie Banque	Sale	(7,157)	(7,157)	24.27	173,700.39
14 Jul 2006	Rothschild et Cie Banque	Purchase	19,657	19,657	24.18	(475,306.26)
18 Jul 2006	Rothschild et Cie Banque	Purchase	50,000	50,000	22.87	(1,143,500.00)
19 Jul 2006	Rothschild et Cie Banque	Purchase	5,000	5,000	22.59	(112,950.00)
20 Jul 2006	Rothschild et Cie Banque	Purchase	2,000	2,000	22.62	(45,240.00)
21 Jul 2006	Rothschild et Cie Banque	Purchase	10,000	10,000	22.22	(222,200.00)
25 Jul 2006	Rothschild et Cie Banque	Purchase	78,000	78,000	22.02	(1,717,560.00)
26 Jul 2006	Rothschild et Cie Banque	Purchase	25,650	25,650	22.01	(564,556.50)
27 Jul 2006	Rothschild et Cie Banque	Purchase	2,350	2,350	22.00	(51,700.00)
31 Jul 2006	Rothschild et Cie Banque	Purchase	2,500	2,500	22.00	(55,000.00)
03 Aug 2006	Rothschild et Cie Banque	Purchase	500	500	22.05	(11,025.00)
04 Aug 2006	Rothschild et Cie Banque	Purchase	1,000	1,000	22.05	(22,050.00)
24 Aug 2006	Rothschild et Cie Banque	Purchase	20,385	20,385	22.35	(455,604.75)
28 Aug 2006	Rothschild et Cie Banque	Purchase	5,615	5,615	22.29	(125,158.35)
29 Aug 2006	Rothschild et Cie Banque	Purchase	16,215	16,215	22.27	(361,108.05)
31 Aug 2006	Rothschild et Cie Banque	Purchase	5,785	5,785	22.37	(129,410.45)
08 Sep 2006	Rothschild et Cie Banque	Purchase	2,500	2,500	22.30	(55,750.00)
12 Sep 2006	Rothschild et Cie Banque	Purchase	42,500	42,500	22.30	(947,750.00)
14 Sep 2006	Rothschild et Cie Banque	Purchase	5,000	5,000	22.27	(11,350.00)
21 Sep 2006	Rothschild et Cie Banque	Purchase	5,500	5,500	22.26	(122,430.00)
28 Sep 2006	Rothschild et Cie Banque	Purchase	5,584	5,584	22.45	(125,360.80)
29 Sep 2006	Rothschild et Cie Banque	Purchase	6,916	6,916	22.40	(154,918.40)
02 Oct 2006	Rothschild et Cie Banque	Purchase	5,000	5,000	22.34	(111,700.00)
03 Oct 2006	Rothschild et Cie Banque	Purchase	1,000	1,000	22.28	(22,280.00)
04 Oct 2006	Rothschild et Cie Banque	Purchase	1,000	1,000	22.26	(22,260.00)
09 Nov 2006	Rothschild et Cie Banque	Sale	(405,000)	(405,000)	23.33	9,448,650.00

## 20.5 Audit of historic annual financial information

### PagesJaunes Group, SA

Financial year ending 31 December 2006

### STATUTORY AUDITORS' GENERAL REPORT OF THE ANNUAL ACCOUNTS

Dear Shareholders,

Pursuant to the assignment entrusted to us at your General Shareholders' Meeting, we present to you our report for the financial year ending 31 December 2006, covering the following:

- our audit of the PagesJaunes Group's annual accounts, as attached to this report;
- the basis for our assessment;
- specific checks and information required by law.

The annual accounts were approved by the Board of Directors. It is our responsibility to express an opinion on these accounts on the basis of our audit.

#### I. Opinion on the annual accounts

We have carried out our audit according to professional standards which are applicable in France. These standards require us to follow procedures providing us with a reasonable degree of certainty that the annual accounts contain no material anomalies. An audit consists of examining, by sampling, key evidence supporting the information contained in the accounts. It also consists of assessing the accounting principles applied, any material estimates used in preparing the accounts, and the overall presentation of the accounts. We believe that our audit constitutes a reasonable basis for the opinion expressed hereafter.

We certify that, in light of French accounting rules and principles, the annual accounts are in order and in good faith, and provide a true and fair view of performance over the past financial year, as well as of the company's financial position and assets at the end of that year.

#### II. Basis for our assessment

Under the terms of the provisions of article L. 823-9 of the Commercial Code relative to the basis for our assessment, the following points are drawn to your attention:

Your company's management is obliged to make estimates and assumptions which have a bearing on the amounts shown in the financial statements and accompanying notes. The results achieved may ultimately prove different from these estimates, if the assumptions or situations on which they are based should change. As part of our audit of the annual accounts, we believe that those accounts which are subject to material accounting estimates and for which evidence is

therefore required for our assessment include equity interests (Note 3.2 to the annual accounts).

In accordance with French professional standards for accounting estimates, in relation to the aforementioned assets, we have, among other things, assessed the information and assumptions on which estimates are based (in particular cash flow forecasts prepared by the company's operating divisions), reviewed calculations made by the company and the sensitivities of the main values used, compared accounting estimates for previous periods with the corresponding actual amounts, and investigated the procedures used by management to approve these estimates.

Our assessment of these points forms an integral part of our process for auditing the annual accounts taken as a whole, and therefore forms part of the basis for our opinion expressed in the first part of this report.

#### III. Specific checks and information

In accordance with professional standards applicable in France, we have also carried out specific checks required by law.

We have no comments on the following:

- the accuracy of information provided in the Board of Directors' management report and in documents provided to shareholders on the company's financial position and annual accounts, or the consistency of this information with the annual accounts;
- the accuracy of information provided in the management report relative to compensation and benefits paid to company officers, together with any commitments given in their favour on or subsequent to their assumption, cessation or change of duties.

In accordance with the law, we have satisfied ourselves that the management report provides you with all required information relating to the acquisition of holdings and controlling stakes and the identity of holders of capital and voting rights.

Neuilly-sur-Seine and Paris-La Défense, 12 March 2007

The Statutory Auditors

DELOITTE & ASSOCIES  
Jean-Paul Picard  
Eric Gins

ERNST & YOUNG Audit  
Jeremy Thurbin  
Christian Chiarasini

**PagesJaunes Group, SA**

Financial year ending 31 December 2005

**STATUTORY AUDITORS' REPORT OF THE CONSOLIDATED ACCOUNTS**

Dear Shareholders,

Pursuant to the assignment entrusted to us at your General Shareholders' Meeting, we have carried out an audit of the PagesJaunes Group's consolidated accounts for the financial year ending 31 December 2006, as attached to this report.

The consolidated accounts were approved by the Board of Directors. It is our responsibility to express an opinion on these accounts on the basis of our audit.

**I. Opinion on the consolidated accounts**

We have carried out our audit according to professional standards which are applicable in France. These standards require us to follow procedures providing us with a reasonable degree of certainty that the consolidated accounts contain no material anomalies. An audit consists of examining, by sampling, key evidence supporting the information contained in the accounts. It also consists of assessing the accounting principles applied, any material estimates used in preparing the accounts, and the overall presentation of the accounts. We believe that our audit constitutes a reasonable basis for the opinion expressed hereafter.

We certify that, in light of the IFRS framework as adopted in the European Union, the consolidated accounts for the financial year are in order and in good faith, and provide a true and fair view of the assets, financial position and performance of the overall group formed by the companies and entities included within the consolidation scope.

**II. Basis for our assessment**

Under the terms of the provisions of article L. 823-9 of the Commercial Code relative to the basis for our assessment, the following points are drawn to your attention:

As specified in note 2 of the appendix to the consolidated accounts, your company's management is obliged to make estimates and assumptions which have a bearing on the amounts shown in the financial statements and accompanying notes. This note also points out that the results achieved may ultimately prove different from these estimates, if the assumptions or conditions on which they are based should change. As part of our audit of the consolidated accounts as at 31 December

2006, we believe that those accounts which are subject to material accounting estimates and for which evidence is therefore required for our assessment include goodwill, intangible assets, deferred tax assets and risk-related provisions.

In accordance with professional standards applicable to accounting estimates, we have, among other things, taken the following steps:

- in relation to the aforementioned assets, we have assessed the information and assumptions on which estimates are based (in particular cash flow forecasts prepared by the company's operating divisions), reviewed calculations made by the company and the sensitivities of the main values used, assessed the principles and methods used to calculate fair values, compared accounting estimates for previous periods with the corresponding actual amounts, and investigated the procedures used by management to approve these estimates;
- with respect to risk-related provisions, we have assessed the basis on which these provisions were raised, reviewed risk-related information contained in the appendix to the consolidated accounts and investigated the procedures used by management to approve these estimates.

Our assessment of these points forms an integral part of our process for auditing the consolidated accounts taken as a whole, and therefore forms part of the basis for our opinion expressed in the first part of this report.

**III. Specific checks**

In accordance with professional standards applicable in France, we have also checked the information provided in the report on the group's management. We have no comments on the accuracy of this information or its consistency with the consolidated accounts.

Neuilly-sur-Seine and Paris-La Défense, 12 March 2007

The Statutory Auditors

DELOITTE & ASSOCIES  
Jean-Paul Picard  
Eric Gins

ERNST & YOUNG Audit  
Jeremy Thurbin  
Christian Chiarasini



## 20.6 Dividend distribution policy

### EXTRAORDINARY DISTRIBUTION OF RESERVES

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At a meeting on 12 October 2006, the PagesJaunes Group Board of Directors decided to submit a proposal to the General Shareholders' Meeting scheduled for 20 November 2006 for an Extraordinary Distribution of €9 per share, that is to say a total distribution of the order of €2.5 billion.

This Extraordinary Distribution was paid out of "Other reserves", once amounts shown in the Company's accounts under "Retained earnings" had been transferred to this line. It was funded in part out of the Company's available cash, and in part through a loan taken out with a banking pool.

### DIVIDEND FOR THE 2006 FINANCIAL YEAR

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At a meeting on 15 February 2007, the PagesJaunes Group Board of Directors decided to submit a proposal to the General Shareholders' Meeting scheduled for 26 April 2007, for the payment of a dividend

of €1.08 per share. This is a 6% increase relative to the last dividend, and represents the group's total consolidated net profit excluding any impact of the cost of remuneration in shares.

### DIVIDEND FOR THE 2007 FINANCIAL YEAR

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PagesJaunes Group anticipates distributing the whole amount of group net profits for the 2007 financial year. This goal of distributing profits does not under any circumstances represent a commitment on the part of PagesJaunes Group, and future dividends will depend on

the group's results, its financial position and any other information considered relevant by the Board of Directors and shareholders of PagesJaunes Group.

## 20.7 Legal and arbitration proceedings

In the normal course of business, the Company is involved in a number of legal, arbitration and administrative proceedings.

Provisions are only raised for costs which may result from such proceedings where these are considered likely and their amount can be either quantified or estimated to within a reasonable range. In this latter case, the amount of any provision equates to the lowest estimate in the range. The amount of any provisions recorded is based on a case-by-case assessment of the level of risk, and does not depend primarily on how far proceedings have progressed. It is, however, specified that events which occur during the proceedings can lead to these risks being reassessed.

With the exception of proceedings described in note 33 of the appendix to the consolidated accounts ("Litigation"), neither the Company nor any of its subsidiaries is party to any lawsuit or arbitration proceedings of any kind whose likely outcome could, in the opinion of the Company's management, have a material negative impact on its performance, activities or consolidated financial position. Moreover, the Company is not aware of any proceedings of this type which may be under consideration by government authorities or third parties.

There are no other government, legal or arbitration proceedings, including any pending or threatened proceedings of which the Company is aware, which are likely to have, or which have had within the last 12 months, a significant impact on the Company's and/or the Group's financial position or profitability.



## 20.8 Material changes in the financial or commercial situation

Any material events which occurred between the year-end and 15 February 2007, the date on which the accounts were approved by the Board of Directors, are referred to in note 34 of the appendix to the consolidated accounts.

## 20.9 Auditors' fees

	Ernst & Young				Deloitte			
	Amount		As % of fees		Amount		As % of fees	
(In thousands of euros)	2006	2005	2006	2005	2006	2005	2006	2005
Audit, statutory audit, certification and inspection of individual and consolidated accounts	603	712	99%	94%	731	793	100%	100%
Other associated assignments and other audit assignments	7	44	1%	6%	-	-	-	-
<b>Subtotal</b>	<b>610</b>	<b>756</b>	<b>100%</b>	<b>100%</b>	<b>731</b>	<b>793</b>	<b>100%</b>	<b>100%</b>
Other services								
Legal, tax and social security related								
Information technology								
Internal audit	-	-	-	-	-	-	-	-
Other								
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>610</b>	<b>756</b>	<b>100%</b>	<b>100%</b>	<b>731</b>	<b>793</b>	<b>100%</b>	<b>100%</b>

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## 21.1 Share capital

### Rights and obligations attached to shares (article 10 of the statutes)

Each share entitles the holder to a share in the profits, ownership of company assets and liquidating dividend, in equal proportion to the share of capital it represents. In addition, each share entitles its holder to vote and be represented at General Shareholders' Meetings, in accordance with legal and statutory conditions. Ownership of shares automatically implies full adherence to the company's statutes and decisions taken at General Shareholders' Meetings.

Shareholders are only liable for losses up to the amount of their contribution to capital.

A shareholder's heirs, creditors, successors or representatives may not request that the Company's assets, securities or shares be placed under seal, divided or put up for public auction, or interfere in the Company's management. In order to exercise their rights, they must rely on lists of Company assets and liabilities and decisions taken at General Shareholders' Meetings.

Where exercising a particular right requires multiple shares to be owned, shareholders who do not own the required number of shares must take it upon themselves to form a group or, where appropriate, to purchase or sell shares as necessary.

### 21.1.1 SHARE CAPITAL

As at the registration date of this *document de référence*, the Company's share capital amounted to €56,053,356, divided into 280,266,780 fully paid up shares with a face value of €0.20 each, all in the same class.

#### Unissued authorised capital

At the combined General Shareholders' Meeting on 12 April 2005, the following powers were delegated to the Board of Directors under the terms set out in the table below and for a period of twenty-six months (apart from the power to reduce capital by cancelling ordinary shares, which is valid for a period of 18 months):

## Share capital

Shares concerned	Term and expiry date of authorisation	Maximum amount of debt securities	Maximum nominal amount of capital increase
Capital increases through capitalisation of reserves, profits or premiums	26 months 11 June 2007	-	€20 million
Issues without preferential subscription rights (capital increases using all types of securities)	26 months 11 June 2007	Debt securities: €20 million	€20 million
Issues with preferential subscription rights (capital increases using all types of securities)	26 months 11 June 2007	Debt securities: €20 million	€20 million
Issues of ordinary shares and securities giving access to ordinary shares where the Company initiates an exchange offer	26 months 11 June 2007	Debt securities: €20 million	€20 million
Issues of ordinary shares and securities giving access to ordinary shares in remuneration for non-cash contributions granted to the Company	26 months 11 June 2007	Debt securities: 10% of capital, i.e. €5,575,792	10% of capital, i.e. €5,575,792
Issues of ordinary shares as a result of a subsidiary of the Company, or a company controlling the Company, issuing securities giving access to ordinary Company shares	26 months 11 June 2007		€20 million
Capital increases for the benefit of members of company and/or employee savings plan(s)	26 months 11 June 2007	-	€2,230,000 approximately 4% of share capital

As at the date of this *document de référence*, the PagesJaunes Group's Board of Directors has not exercised these powers.

Shareholders will be asked to renew these powers at the combined General Shareholders' Meeting on 26 April 2007, under the terms set

out in the following table and for a period of twenty-six months (apart from the power to reduce capital by cancelling ordinary shares, which is valid for a period of 18 months):

Shares concerned	Term and expiry date of authorisation	Maximum amount of debt securities	Maximum nominal amount of capital increase
Capital increases through capitalisation of reserves, profits or premiums	26 months 26 June 2009	-	€20 million
Issues without preferential subscription rights (capital increases using all types of securities)	26 months 26 June 2009	Debt securities: €300 million	€20 million
Issues with preferential subscription rights (capital increases using all types of securities)	26 months 26 June 2009	Debt securities: €300 million	€20 million
Issues of ordinary shares and securities giving access to ordinary shares where the Company initiates an exchange offer	26 months 26 June 2009	Debt securities: €300 million	€20 million
Issues of ordinary shares and securities giving access to ordinary shares in remuneration for non-cash contributions granted to the Company	26 months 26 June 2009	Debt securities: 10% of capital, i.e. €5,605,336	10% of capital, i.e. €5,605,336
Issues of ordinary shares as a result of a subsidiary of the Company, or a company controlling the Company, issuing securities giving access to ordinary Company shares	26 months 26 June 2009		€20 million
Capital increases for the benefit of members of company and/or employee savings plan(s)	26 months 26 June 2009	-	€1,120,000 – i.e. approximately 2% of share capital

The full text of resolutions that will be submitted to the vote of the shareholders' at the General Shareholders' Meeting on 26 April 2007 can be found in the appendix to this document.

### Other securities giving access to capital

As at the registration date of this *document de référence*, there are no other securities giving access to the Company's capital.

## 21.1.2 SHARES NOT REPRESENTING CAPITAL

As at the registration date of this *document de référence*, there are no shares which are not representative of capital.

### 21.1.3 ACQUISITION BY THE COMPANY OF ITS OWN SHARES

Pursuant to articles L. 225-209 and following of the Commercial Code and Regulation no. 98-02 of the French Exchange Commission (as amended), the Board of Directors was authorised at the General Shareholders' Meeting on 19 April 2006 to acquire, by any method, on or off market, Company shares, up to a maximum of 10% of the Company's share capital as at the date of the General Shareholder's Meeting, and thereafter and throughout the validity period of this power, up to a maximum of 10% of share capital existing at the time, under the following conditions:

- the maximum purchase price may not exceed €30 per share. In the event of capital transactions, including capitalisation of reserves and allocation of bonus shares, and/or share splitting or consolidation, this price will be adjusted accordingly. If any shares thus acquired were to be used to allocate shares free of charge in accordance with articles L. 443-1 and following of the Labour Code, the sale price or exchange value of the shares allocated would be calculated in accordance with specifically applicable legal provisions;
- this authorisation is valid for a period of eighteen months. Any acquisitions made by the Company by virtue of this authorisation may not under any circumstances lead to its owning, directly or indirectly, more than 10% of shares making up the share capital;
- shares may be acquired or transferred subject to the conditions and limits, particularly with respect to volumes and prices, set out in applicable laws as at the transaction date. This includes public offer periods, on condition that transactions during these periods are fully paid for in cash. Transactions may be undertaken by any method, whether on the open market or over the counter, including block purchase or sale, the use of derivative financial instruments or warrants or securities giving access to Company shares, or by putting in place optional strategies, under the terms set out by market authorities, as and when the Board of Directors or its authorised representative considers appropriate.

On 14 November 2005, the Company awarded a liquidity contract to Rothschild & Cie Bank for a period of one year with tacit renewal, in accordance with the Professional Ethics Charter laid down by the French Association of Investment Companies and approved by the *Autorité des Marchés Financiers* on 22 March 2005. €17 million was allocated to a liquidity account to enable this contract to be put into effect.

This liquidity contract was terminated on 16 November 2006, and all PagesJaunes Group shares held under the contract were sold on the market.

The Board of Directors has decided to submit a proposal to the shareholders to terminate, with immediate effect as at the date of the General Shareholders' Meeting, the power which was delegated at the meeting on 19 April 2006, and to delegate a new power to the Board of Directors under the conditions set out below (a detailed description of which is included in the transaction memorandum submitted for the approval of the *Autorité des Marchés Financiers*).

The draft resolution on the new share buy-back programme, which will be proposed to shareholders at the combined General Shareholders' Meeting on 26 April 2007, is included as an appendix to this document.

#### Debt securities

At the General Shareholders' Meeting on 12 April 2005, authority was delegated to the Board of Directors to issue, on one or more occasions, in France, abroad and/or on the international market, securities giving immediate or future rights to the allocation of debt securities such as bonds and similar instruments, fixed-term or open-ended subordinated securities, or any other securities which would convey, by way of a single issue, a single type of claim against the Company.

The nominal amount for which all securities referred to above may be issued may not exceed €20 million or the exchange value of this amount in currency or any other monetary unit created by reference to more than one currency. This overall maximum nominal amount shall apply to all debt securities to which the securities in question give an entitlement by way of an immediate or future allocation; however, this amount does not include any above-par repayment premium or premiums which may be applicable.

This power is delegated for a period of 26 months.

At the General Shareholders' Meeting on 26 April 2007, the shareholders will be requested to renew this authorisation for an amount of €300 million.

#### Option plans

At the combined General Shareholders' Meeting on 12 April 2005, The Board of Directors was authorised, in accordance with articles L. 225-177 and following of the Commercial Code, to grant, on one or more occasions and under the following conditions, options to subscribe or purchase Company shares:

The beneficiaries must be staff members or officers (as defined in article L. 225-185) of the Company, or of a company or group which is related to the Company as defined in article L. 225-180 of the Commercial Code. Options may be granted by the Board of Directors to some or all of these persons.

This authorisation is granted for a period of thirty-eight months.

Each option shall entitle the holder to subscribe or acquire one new or existing ordinary share, as applicable.

The total number of options which may be granted under this resolution may not lead to an entitlement to subscribe or acquire a number of ordinary shares which would represent, at the allocation date, more than 2% of the Company's capital as at the date of this meeting.

The shares which may be obtained by exercising share purchase options granted under this resolution must be acquired by the Company, either under the terms of article L. 225-208 of the Commercial Code or, if applicable, under the share buy-back programme covered by resolution 9 submitted to this meeting pursuant to article L. 225-209 of the Commercial Code, or any subsequently applicable share buy-back programme.

The Board of Directors shall set the exercise price for options granted under this resolution according to the following terms:

- the exercise price of options to subscribe or purchase ordinary shares may not be less than the average price of PagesJaunes Group shares listed on the Eurolist Euronext market over the twenty trading sessions prior to the date the options are granted, and no options may be

granted less than twenty trading sessions after coupons giving rights to dividends or capital increases have been detached from shares;

- in addition, the exercise price of purchase options may not be less than 80% of the average purchase price of ordinary shares held by the Company under the terms of article L. 225-208 of the Commercial Code or, if applicable, under the share buy-back programme authorised by resolution 9 submitted to this meeting pursuant to article L. 225-209 of the Commercial Code, or any subsequently applicable share buy-back programme.

Any options allocated must be exercised within 10 years of the date they are granted by the Board of Directors.

Under the terms of this authorisation, at a meeting on 28 June 2005 the Board of Directors decided to set up a PagesJaunes Group stock option plan for the entire PagesJaunes Group except QDQ Media, together with a specific PagesJaunes Group stock option plan for QDQ Media, giving a right to subscribe 3,830,400 new shares, i.e. approximately 1.35% of capital as at the date of this document.

The subscription price was set at €19.30 per share, corresponding to the average listed price over the twenty trading sessions prior to 28 June 2005.

### Bonus share issues

At the General Shareholders' Meeting on 19 April 2006, the Company's Board of Directors was authorised to make one or more bonus issues of existing or future ordinary Company shares, under terms to be defined by itself and subject to the conditions set out below.

The beneficiaries are the employees and/or officers (as defined in article L. 225-197-1 of the Commercial Code) of the Company, or of a company or group which is related to the Company as defined in article L. 225-197-2 of the Commercial Code, or certain categories of the above.

This authorisation is granted for a period of 38 months from the date of this General Shareholders' Meeting.

The total number of ordinary shares allocated free of charge under the terms of this resolution may not represent more than 0.5% of the Company's capital as at the date of this meeting.

At the time of any decision to allocate options, the Board of Directors will agree the acquisition period, at the end of which the allocation of ordinary shares will become definitive. This period may not be less than two years from the date of the decision to allocate shares.

At the time of any decision to allocate shares, the Board of Directors will agree the mandatory holding period, which begins on the date of definitive allocation of ordinary shares. This period may not be less than two years.

Existing shares which may be allocated under this resolution must be acquired by the Company, either under the terms of article L. 225-208 of the Commercial Code or, if applicable, under the share buy-back programme authorised by resolution 5 submitted to this meeting pursuant to article L. 225-209 of the Commercial Code, or any subsequently applicable share buy-back programme.

This authorisation implies shareholders giving up, in favour of the beneficiaries of allocations of existing or future ordinary shares, (i) their preferential right to subscribe any ordinary shares which are issued as

and when shares are definitively allocated, (ii) any rights to ordinary shares allocated free of charge on the basis of this authorisation, and (iii) any rights to any reserves or premiums to which, if applicable, any issue of new shares may be charged.

At the General Shareholders' Meeting, the Board of Directors was given full powers, within the limits set out above, to:

- stipulate the conditions and, if applicable, the allocation criteria for ordinary shares;
- set, within legal conditions and limits, the dates on which bonus issues will be made;
- agree the vesting date of newly issued ordinary shares (which may even be retrospective);
- determine the identity of the beneficiaries, the number of ordinary shares allocated to each, the terms of allocation of ordinary shares, and in particular the acquisition period and mandatory holding period of ordinary shares thus allocated free of charge;
- agree one or more increases in the Company's capital as a result of bonus issues of ordinary shares to be issued by the Company in the future;
- agree the conditions under which the number of ordinary shares issued may be adjusted;
- more generally, with the ability to further delegate such tasks as provided for in the law, enter into any required agreements, prepare any documents, complete any formalities and make any declarations to any organisation, and otherwise take any action which may be necessary.

The Board of Directors will inform the General Shareholders' Meeting each year of any allocations carried out under the terms of this resolution, in accordance with article L. 225-197-4 of the Commercial Code.

Under the terms of this authorisation, the Board of Directors decided at its meetings on 30 May 2006 and 20 November 2006 to put in place two bonus share issue plans, the terms of which are set out in chapter 17.

### Convertible and exchangeable securities, and securities with warrants

As at the registration date of this *document de référence*, there are no convertible or exchangeable securities or securities with warrants.

### Information on the conditions governing any rights to purchase and/or any obligations attached to partly paid subscribed capital

Information relating to authorisations to issue shares given to the Board of Directors at the General Shareholders' Meeting on 12 April 2005 is set out in Section 21.1.1.

### Information about the capital of any Group member subject to a conditional or unconditional option or agreement

As at the registration date of this *document de référence*, no member of the Group benefits from this type of option or agreement.

## 21.1.4 RECORD OF CAPITAL AND VOTING RIGHTS

Information relating to the distribution of the company's capital is included in Chapter 18 of this document, entitled "Principal shareholders".

### Changes in capital over the last five years

Date	Transaction	Number of shares issued	Nominal amount of capital increase	Issue premium per share	Total amount of issue premium	Resulting amount of capital	Number of shares	Face value
Combined General Shareholders' Meeting, 10 March 1999	Changeover to the euro – capital increase by drawing on "Other reserves"	-	F3,140,868.78	-	-	€3,654,000	12,180	€300
Extraordinary General Shareholders' Meeting, 23 June 2000	Capital increase following contribution by France Télécom	170,520	€51,156,000.00	€547.77	€42,249,363	€54,810,000	182,700	€300
Combined General Shareholders' Meeting, 27 May 2004	Splitting of face value	274,050,000	-	-	-	€54,810,000	274,050,000	€0.20
IPO, July 2004	Capital increase restricted to France Télécom Group employees	4,739,610	€947,922	€11.10	€52,609,671	€55,757,922	278,789,610	€0.20
15 January 2007	Recording of capital increase resulting from exercising of subscription options in 2006	1,477,170	€295,434	€17.60	€25,990,960.40	€56,053,356	280,266,780	€0.20

### Comments on material changes in the distribution of the Company's capital during the last three years

The shares making up the capital of PagesJaunes Group were admitted for trading on the Euronext Paris *Premier Marché* on 8 July 2004. The PagesJaunes Group's initial public offering (set out in a transaction memorandum which was approved by the *Autorité des Marchés Financiers* on 21 June 2004 under no. 04-614) was undertaken by means of:

- the sale by Wanadoo of existing shares (the "Distribution") by way of a public offering in France in the form of an open-price offering intended mainly for private individuals;

- an overall distribution intended for institutional investors;
- an offering of new shares resulting from capital increases restricted to employees, carried out at the same time as the Distribution.

The number of shares sold by way of the Distribution was 101,200,000, after all overallocation options had been exercised by the banks responsible for the Distribution. In addition, 4,739,610 new shares were subscribed by way of the capital increases restricted to employees.

### Pledges

See chapter 18.5 of this document.

## Trading in the Company's shares

Month	Lowest price in euros	Highest price in euros	Last price in euros	Number of shares traded	Capital in millions of euros
March 2006	22.06	23.76	23.18	12,193,302	279,152
April 2006	22.37	23.22	22.91	12,504,801	283,060
May 2006	19.54	22.05	21.68	17,021,579	360,602
June 2006	21.59	24.55	24.55	26,488,560	619,170
July 2006	22.00	24.30	22.03	36,187,389	842,425
August 2006	22.04	22.41	22.39	20,073,011	446,110
September 2006	22.21	22.45	22.40	9,281,236	207,299
October 2006	22.31	23.64	23.52	20,389,774	471,167
November 2006	15.29	23.90	15.34	50,002,529	1,042,686
December 2006	14.55	15.43	15.07	16,009,125	239,034
January 2007	14.78	16.18	16.16	13,166,605	204,178

## 21.2 Incorporation certificate and statutes

### 21.2.1 CORPORATE PURPOSE

In accordance with article 3 of the statutes, the Company's corporate purpose, in France and abroad, is:

- to acquire and hold shares, interests or other securities in French or foreign legal entities, to define the policies to be implemented by subsidiary companies, and to provide any and all services to companies in which it holds shares;
- to acquire by any means, without exception or reservation, to hold by any means and in any capacity, to manage and, if appropriate, to transfer by any means, without exception or reservation, all or part of any majority or minority interests that may be directly or indirectly related to the Company's corporate purpose and to any similar or ancillary purpose.

Moreover, the Company's purpose in France and abroad is also:

- to publish, on its own behalf or on behalf of third parties, directories using any current or future publication processes and means, to provide information services by any current or future processes and means, and to carry on the business of advertising in all its forms, by any method and for any purpose;
- to advise on, research, design, develop, update and maintain all services related to any type of information distribution system on an open or closed network, whether interconnected via computer or telephone, wire-based, via satellite, cable or other methods, as well as any other activity related to such services, and more particularly to internet or intranet sites;
- to collect, acquire, enhance, manage, process, market or host all types of data and files;
- to carry on any activities directly or indirectly related to such services, or which are a prerequisite or accessory to or a condition or extension of such services, or which are likely to encourage or develop them;

- in general, to undertake any industrial, commercial, financial, civil, real estate or non-real estate operations which may be directly or indirectly related to any of the aforementioned corporate purposes or to any similar or related corporate purposes.

#### Provisions in the incorporation certificate, statutes and internal regulations concerning members of the administrative and management bodies

The Company is managed by a Board of Directors consisting of between three and eighteen members (subject to legal exceptions in the event of a merger). There are currently 13 Directors on the Board.

Directors are elected by shareholders at General Shareholders' Meetings. Each director must hold at least one Company share. Pursuant to the Company's statutes, each director is elected for a five-year term. There is no limit to the number of times a director may be re-elected.

The Board of Directors includes a director who represents the company's employees as well as those of its direct or indirect subsidiaries (as defined in article L. 225-27 of the Commercial Code) having their registered office on French territory.

This director is elected by way of two rounds of majority voting. All staff members who meet the conditions set out in law are eligible to vote and stand for election. Any application for election must include, in addition to the candidate's name, the name of a substitute who may replace him/her in the event of holidays or for any other reason whatsoever.

The director representing the employees is elected for a five-year term. The first director representing the employees will take up his or her



responsibilities at the first meeting of the Board of Directors to be held after the full results of the first elections have been published. The next director representing the employees will take up his or her responsibilities on expiry of the term of the previous director representing the employees.

If a director representing the employees ceases to be a member of staff, his or her responsibilities as a director are terminated.

The Board of Directors elects a Chairman from among its members. The Chairman is elected for his or her entire term as a director, and may be re-elected. At its meeting on 23 September 2004, the Board of Directors appointed Mr Michel Combes as its Chairman.

The Board of Directors meets whenever the Chairman calls a meeting. Meetings may be called by any method, including verbally in case of emergency, and as often as the Chairman deems necessary. They may be held at the registered office or any other place as indicated in the meeting notification.

Where the Board of Directors has not met for longer than two months, at least one third of the members of the Board of Directors may ask the Chairman at any time to call a Board meeting based on a specific agenda. The Chief Executive Officer may also ask the Chairman at any time to call a meeting of the Board of Directors.

The Board of Directors' deliberations are only valid if at least half its members are present.

Decisions are taken by majority vote of members who are present or represented. In the event of a tied vote, the Chairman of the meeting has the deciding vote.

Subject to legal and regulatory provisions, meetings of the Board of Directors may be held by way of video-conference or any other means of telecommunication. Any director participating in a Board meeting by way of video-conference or other means of telecommunication is deemed to be in attendance for the purposes of quorum and majority. The Board of Directors sets out the strategic direction for the Company's activities, and sees to it that this is implemented. Subject to any powers expressly allocated to shareholders' meetings, and within the confines of the corporate purpose, the Board deals with all matters to do with the smooth running of the Company, and governs the Company's business through its deliberations.

The Board of Directors may carry out any controls and checks it deems appropriate.

The Chairman or the Company's Chief Executive Officer is required to provide each director with all documents and information required by them to fulfil their duties.

The Company's statutes also enable one or more non-voting Board members (known as *Censeurs*) to be appointed at a General Shareholders' Meeting. These non-voting Board members may or may not be shareholders, and are chosen on the basis of their reputation or experience.

## Internal regulations

Internal regulations for the Board of Directors were put in place at the Board meeting on 23 September 2004. These regulations are in line with the guidelines set out in the Bouton Report, and specify the key operating principles of the Board of Directors, as well as directors' rights and duties.

The main provisions of the Board of Directors' internal regulations are summarised below.

## Preparation and organisation of the Board of Directors' work

### Strategic direction

Pursuant to article 17 of the statutes, the Board of Directors sets out the strategic direction for the Company's activities, and sees to it that this is implemented.

This means that the Board is involved in all decisions relating to the Company's strategic, economic, corporate, financial and technological direction, and ensures that these decisions are implemented.

Medium-term strategy for the Group's activities is defined each year in a strategic plan which is drafted by the Chief Executive Officer and presented to the Board of Directors for approval. This draft includes, in particular, projected trends for the Group's key operational and financial indicators. The Chief Executive Officer presents a proposed annual budget based on the proposed strategy.

The Chief Executive Officer is responsible for implementing the strategy set out in the strategic plan.

The Chief Executive Officer informs the Board of any problems or, more generally, any matter which may affect the achievement of any of the objectives in the strategic plan.

### Board of Directors' Committees

In order to prepare its work, the Board of Directors has created an Audit Committee and a Remuneration and Appointments Committee.

The operating terms and areas of authority of each committee are stipulated in the committees' Charters, which are approved by the Board of Directors.

## Directors' duties and responsibilities

### Directors' duty of confidentiality

Directors are required to maintain strict confidentiality with regard to the content of discussions and deliberations by the Board and its committees, as well as any information presented to them.

### Directors' duty to act independently

In carrying out the mandate entrusted to them, directors must make all decisions independently of any interest other than that of the Company.

Each director is required to inform the Chairman of any situation affecting them which could create a conflict of interest with the Company or any Group company; if appropriate, the Chairman may seek the opinion of the Remuneration and Appointments Committee.

Once this has been done, it is the responsibility of the director in question to act accordingly, under the terms of applicable legislation.

### Directors' duties with regard to Company shares

Each director must hold at least one Company share.

Any Company shares held by directors at the time they take up their roles must be registered in their own names. This also applies to any shares they acquire during their term of office.

Directors are forbidden to:

- undertake any transaction involving shares in any listed Group company where they have inside information;
- undertake, directly or indirectly, short-selling of such shares.



The first of the above bans applies in particular to the period when the Group's annual and half-yearly results, as well as quarterly reports, are being prepared and presented.

It also applies during special periods when projects or transactions which justify such a ban are being prepared.

The Professional Ethics Charter, which sets out in particular rules relating to inside information, is applicable to the directors.

### Directors' duty of care

In accepting the mandate entrusted to them, directors agree to fully embrace all their responsibilities and, in particular, to:

- dedicate whatever time is required to studying matters dealt with by the Board and, if applicable, any Committees of which they are members;
- request any additional information they consider necessary;
- ensure that these regulations are enforced;
- freely form their own opinion prior to any decision, with only the company's best interests in mind;
- actively participate in all Board meetings, unless they are prevented from doing so;
- put forward any proposals which might lead to improved working conditions for the Board and its committees.

The Board is constantly seeking to improve information communicated to shareholders. Each director must play a part in achieving this goal, particularly through his or her contribution to the work of the Board's committees.

Directors undertake to tender their resignation to the Board if and when they believe, in good faith, that they are no longer able to fully assume their responsibilities.

### Professional Ethics Charter

At its meeting on 23 September 2004, the Board of Directors adopted a Professional Ethics Charter (available on the PagesJaunes Group web site at <http://www.pagesjaunesgroupe.com>).

This Charter sets out the Group's values and presents its guiding principles for all dealings with customers, shareholders, employees, suppliers and competitors. It also sets out how the Group acts with respect to the environment and the countries in which it operates.

In addition, it refers to a number of principles of personal conduct to which each of the Group's employees, directors and managers must adhere and which encourage honest and ethical conduct on their part, as well as accurate, complete and timely communication of published information.

The Professional Ethics Charter refers to the principles and rules applicable to stock market ethics, and the requirement to comply with them scrupulously. It lays down certain preventive measures, including in particular closed periods when "permanent insiders", such as members of the Board of Directors and other senior managers, are not allowed to trade in the Company's shares.

The Professional Ethics Charter applies to each member of the Board of Directors, as well as to all the Group's senior managers and employees.

### Chairman of the Board of Directors and senior management

The Chairman of the Board of Directors is an individual appointed by the Board from among its members. Furthermore, the Board of Directors may decide whether to separate or combine the roles of Chairman of the Board and Chief Executive Officer. If it is decided to separate these roles, the Chief Executive Officer is appointed by the Board of Directors.

At its meeting on 23 September 2004, the Board of Directors decided to separate these roles.

Subject to powers expressly granted by law to General Shareholders' Meetings and to the Board of Directors, and within the confines of the corporate purpose, the Chief Executive Officer has the broadest powers to act on behalf of the Company under all circumstances, with the following stipulations:

- (i) the Chief Executive Officer must present to the Board of Directors each year a draft strategic plan defining the Group's medium-term objectives, and including in particular projected trends for the Group's key operational and financial indicators, as well as a proposed annual budget;
- (ii) the following decisions must be approved in advance by the Board of Directors:
  - (a) approval of the annual budget as well as any material changes made to it,
  - (b) approval of annual and three-year business plans,
  - (c) the acquisition or disposal of any part of PagesJaunes Group's business or that of any of its subsidiaries, where this is not included in the annual budget and is for a total amount in excess of €10 million in any one financial year,
  - (d) any investment or disinvestment not included in the annual budget and relating to assets of an amount greater than €10 million,
  - (e) amending the employment contract of, recruiting/appointing or dismissing/removing, any managing director of a PagesJaunes Group subsidiary, the PagesJaunes Group's Chief Financial Officer, or any other PagesJaunes Group senior manager whose gross annual remuneration is more than €200,000,
  - (f) any increase in the total indebtedness of PagesJaunes Group or its subsidiaries of an amount greater than that authorised under the terms of the financing or loan contracts previously authorised by the PagesJaunes Group's Board of Directors,
  - (g) entering into any agreement with a view to creating a joint venture with a third party,
  - (h) any decision to begin proceedings for the admission of securities of PagesJaunes Group or any of its subsidiaries onto a regulated market, as well as any consecutive transactions with a view to additional admissions of securities of PagesJaunes Group or any of its subsidiaries whose shares are already traded on a regulated market,
  - (i) any decision to delist or buy back shares (except share buy-backs under liquidity agreements previously authorised by the Board of Directors),
  - (j) the acquisition or subscription, by the PagesJaunes Group or any of its subsidiaries, of shares, interests or any other instrument in the capital or giving access to the capital of a company (x) for a value greater than €10 million where the liability of PagesJaunes Group or its subsidiaries is limited and the transaction is not included in

the annual budget, and (y) whatever the amount invested where PagesJaunes Group or any of its subsidiaries is acting as an unlimited liability partner in such a company,

(k) any diversification of the activities of PagesJaunes Group or its subsidiaries into areas unrelated to activities already carried out, and any disposal or termination of any of PagesJaunes Group's principal activities where this is not included in the annual budget or three-year business plan,

(l) setting up any profit sharing plan (as defined in French employment law or any other similar legal provisions in other countries, with the exception of mandatory and voluntary profit sharing - known as *intéressement* and *participation*) within PagesJaunes Group or its subsidiaries, or any measure which would lead employees to acquire, directly or indirectly, shares in the capital of PagesJaunes Group or its subsidiaries,

(m) any authorisation or instruction given to a subsidiary of PagesJaunes Group to study or undertake any of the operations referred to in this list,

(n) entering into any agreement not included in the annual budget which would entail PagesJaunes Group or its subsidiaries making payments or providing goods and services for an aggregate annual amount in excess of €10 million,

(o) any decision relating to plans for the merger or demerger of any PagesJaunes Group subsidiary, partial contribution of capital of a business of one of PagesJaunes Group's subsidiaries, or lease management of a business belonging to a PagesJaunes Group subsidiary, where this is not provided for in the annual budget or three-year business plan, and excluding internal reorganisations with no material impact on PagesJaunes Group's position,

(p) any transfer or disposal in order to grant security, or any decision for the granting of security or pledges, by PagesJaunes Group or any of its subsidiaries, so as to meet its obligations with respect to debts or to honour guarantees given in favour of third parties, where these are not included in the annual budget and are for a total amount in excess of €10 million in any one financial year,

(q) the granting of any loans by PagesJaunes Group or any of its subsidiaries where the cumulative amount is greater than €5 million and they are not provided for in the annual budget.

**Michel Datchary** has been Chief Executive Officer of PagesJaunes Group since 23 September 2004. He had previously served as Chairman of PagesJaunes's Management Board since 1996. Michel Datchary began his career with the Havas Group in 1977, before joining the ODA Group. He held various positions at ODA, including Product Manager in 1979, Deputy Marketing Director in 1981, Managing Director of a subsidiary in 1985, and Deputy Managing Director and member of the Management Board in 1992. From 2000 to 2004 he was Director of Wanadoo's directory division. Michel Datchary is a 1977 graduate of the Pau Chamber of Commerce's *Institut de Promotion Commerciale* (Sales Promotion Institute).

### Deputy Managing Directors

Upon recommendation by the Chief Executive Officer, the Board of Directors may appoint one or more individuals to assist the Chairman, with the title of Deputy Managing Director. The maximum number of Deputy Managing Directors is five. In agreement with the Chief Executive Officer, the Board of Directors determines the scope and term of powers granted to Deputy Managing Directors.

### Rights, preferential rights and restrictions attached to each class of existing shares

Fully paid up shares may be in registered or bearer form, at the shareholder's discretion. They must be registered until they are fully paid up. They are registered in the Company's records or with an authorised intermediary under the terms and conditions set out in law.

In order to be able to identify bearer shares, under current legal and regulatory conditions and subject to applicable legal or regulatory sanctions, the Company may ask any organisation or intermediary, including the central custodian of financial instruments, for information required by law or regulations enabling the identification of owners of Company shares giving immediate or future voting rights at General Shareholders' Meetings, and in particular the number of shares held by each of them, and if applicable, any restrictions which may apply to those shares.

Any intermediary registered on behalf of an owner who is not resident on French territory is required, under the terms set out in article L. 228-1 of the Commercial Code, to reveal the identity of the owners of such shares within ten days, on request by the Company or its legal representative at any time.

Where the Company has reason to believe that holders of registered or bearer shares who are known to the Company are holding those shares on behalf of third party shareholders, it is entitled to ask those holders to reveal the identities of the owners of said shares under the terms set out above.

Where a person to whom a request is made in accordance with the above provisions does not provide the requested information within legal and regulatory timescales, or provides incomplete or incorrect information relative either to their role or to the identity of share owners, the shares or securities giving immediate or future access to share capital for which that person is the registered account holder shall have no voting rights at General Shareholders' Meetings until such time as all matters relating to identity are settled, and payment of any corresponding dividends shall be deferred until that date.

In addition, if a person registered as a holder of shares knowingly disregards the above provisions, the court in whose jurisdiction the Company's registered office is located may, at the request of the Company or one or more shareholders holding at least 5% of the capital, order the full or partial withdrawal, for a total period not exceeding five years, of any voting rights attached to the shares in question and, potentially for the same period, the right to any corresponding dividends.

Where any legal entity owns shares in the Company and has a stake of more than one fortieth of the capital or voting rights, the Company may ask that entity to inform it of the identities of any persons who directly or indirectly hold more than one third of the entity's share capital or voting rights exercised at the entity's General Shareholders' Meetings.

### Changes to shareholders' rights

As at the registration date of this *document de référence*, the statutes contain no provisions stricter than those set out in law relating to changes to shareholders' rights.

## 21.2.2 GENERAL SHAREHOLDERS' MEETINGS (ARTICLES 11 AND 26-32 OF THE STATUTES)

### Access, participation and voting at General Shareholders' Meetings

General Shareholders' Meetings are made up of all shareholders whose shares have been fully paid up and registered in their name by no later than 3 pm (Paris time) on the day prior to the General Shareholders' Meeting, subject to the following conditions:

- in order to attend, vote remotely or be represented at General Shareholders' Meetings, owners of bearer shares or shares registered in an account not held by the Company must file a certificate prepared by the intermediary holding their account indicating that the shares will not be transferable before the date of the General Shareholders' Meeting, at the place indicated in the notice of meeting, by no later than 3 pm (Paris time) on the day prior to the General Shareholders' Meeting;
- in order to attend, vote remotely or be represented at General Shareholders' Meetings, owners of shares registered in an account held by the Company must have their shares registered in their account held by the Company by no later than 3 pm (Paris time) on the day prior to the General Shareholders' Meeting.

Members are given access to General Shareholders' Meetings on presentation of proof of status and identity. If it deems appropriate, the Board of Directors may decide to issue named personal access cards to shareholders, and to require them to show these cards.

Owners of Company shares who are not resident on French territory may be registered in the accounts and represented at General Shareholders' Meetings by any intermediary who is registered on their behalf and holds a general securities management contract. In accordance with legal and regulatory provisions, such intermediaries must declare themselves as intermediaries holding shares on behalf of others at the time their account is opened with the Company or account-holding financial intermediary.

The Company is entitled to ask any intermediary who is registered on behalf of shareholders not resident in France and who holds a general contract to provide a list of the shareholders represented by them and whose rights are being exercised at a General Shareholders' Meeting.

Each member of a General Shareholders' Meeting has as many votes as the number of shares he or she owns or represents, provided that his or her voting rights have not been withdrawn.

Any shareholder may, subject to legal and regulatory conditions, vote remotely or give an authority to his or her spouse or to any other shareholder with a view to being represented and voting at a General Shareholders' Meeting.

Remote voting is carried out under the terms and conditions stipulated by legal and regulatory provisions. Voting forms must be received by the Company by 3 pm (Paris time) on the day before the General Shareholders' Meeting at the latest.

Powers, remote voting forms and certificates of non-transferability of shares may be submitted in electronic form as long as they are duly signed, under the terms set out in applicable legal and regulatory provisions.

Shares may not be jointly owned in the eyes of the Company. Joint owners of shares must arrange for one of them to act as their representative with the Company; this person will be considered by the Company to be the sole owner and representative. In the event of failure to agree, the sole

representative may be appointed by the court at the request of the first joint owner to so request. Unless the Company is properly notified of any agreement to the contrary, beneficial owners have the right to vote at Ordinary General Shareholders' Meetings, and bare owners have the right to vote at Extraordinary General Shareholders' Meetings.

General Shareholders' Meetings may be held by video-conference, or by any other means of telecommunication, including the internet, which enables shareholders to be identified under the conditions set out in applicable legal and regulatory texts.

A proposal will be put to shareholders at the General Shareholders' Meeting on 26 April 2007 to amend articles 26 and 27 of the Company's statutes, in order to bring them into line with order no. 2006-1566 dated 11 December 2006.

Article 26 would be amended as follows:

#### "Article 26 - General Shareholders' Meetings

General Shareholders' Meetings are made up of all shareholders whose shares are fully paid up and whose right to take part in general meetings is proven by their shares being registered either in the name of the shareholder, or for shareholders not resident on French territory, in the name of the intermediary registered on their behalf, as at midnight on the third business day preceding the meeting (Paris time).

Shares must be registered within the timescales set out in the previous paragraph either in registered share accounts maintained by the Company, or in bearer share accounts maintained by an authorised intermediary.

Members are given access to General Shareholders' Meetings on presentation of proof of status and identity. If it deems appropriate, the Board of Directors may decide to issue named personal access cards to shareholders, and to require them to show these cards."

Article 27 would be amended as follows:

#### "Article 27 - Voting rights

Each member of a general 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 give an authority to his or her spouse or to any other shareholder to represent them at a General Shareholders' Meeting.

Remote voting and voting by proxy are allowed under the terms and conditions stipulated by legal and regulatory provisions. Voting forms must be received by the Company by 3 pm (Paris time) on the day before the general meeting at the latest.

Powers, remote voting forms and attendance certificates may be submitted in electronic form as long as they are duly signed, under the terms set out in applicable legal and regulatory provisions. Shareholders who choose to vote remotely or by proxy, within the timescales set out in this article and using the form made available to Company shareholders, are treated in the same way as shareholders or their representatives who are physically present.

If the Board of Directors so decides at the time invitations to a general meeting are issued, forms may be completed and electronically signed directly on a site set up by the Company. This site must use a process including a username and password, in accordance with the terms set

out in the first sentence, paragraph two, article 1316-4 of the Civil Code, or any other process which meets the conditions set out in the first sentence, paragraph two, article 1316-4 of the Civil Code.

Any powers or votes registered prior to a general meeting via such electronic means, as well as any receipts which are provided for them, shall be considered to be fully enforceable, irrevocable written records, subject to the points set out below. By exception, in the event of shares being sold before midnight (Paris time) on the third business day prior to a general meeting, the Company may invalidate or amend accordingly, as applicable, any proxy given or vote recorded prior to the meeting by means of the electronic channel put in place by the Board of Directors.

Owners of Company shares who are not resident on French territory may be registered in the accounts and represented at general meetings by any intermediary who is registered on their behalf and holds a general securities management contract. In accordance with legal and regulatory provisions, such intermediaries must declare themselves as intermediaries holding shares on behalf of others at the time when shares are registered in the accounts with the Company or account-holding financial intermediary.

The Company is entitled to ask any intermediary who is registered on behalf of shareholders not resident in France and who holds a general contract to provide a list of the shareholders represented by them and whose rights are being exercised at a general meeting.

General meetings may be held by video-conference, or by any other means of telecommunication, including the internet, which enables shareholders to be identified under the conditions set out in applicable legal and regulatory texts."

### Ordinary General Shareholders' Meetings

Ordinary General Shareholders' Meetings are called to take all decisions which do not amend the statutes. They must be held at least once a year within six months of the end of the company financial year (unless this period is extended by order of the court) to approve the accounts for the previous financial year.

Act no. 2005-842 dated 26 July 2005 on economic confidence and modernisation (*Loi pour la confiance et la modernisation de l'économie*) amended the rules relating to quorum at General Shareholders' Meetings. At the General Shareholders' Meeting on 19 April 2006, article 31 of the statutes was amended to stipulate that Ordinary General Shareholders' Meetings are only validly in session, upon first notice of meeting, where shareholders who are present, represented or have voted remotely own at least one fifth of the shares with voting rights. Upon a second notice of meeting, no quorum is required. Decisions are made by 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 Ordinary General Shareholders' Meeting by video-conference or any other means of telecommunication enabling them to be identified, and whose nature and terms of use are defined by applicable laws and regulations.

### Extraordinary General Shareholders' Meetings

Only Extraordinary General Shareholders' Meetings are authorised to amend any provisions in the statutes. However, they may not increase shareholders' commitments except through transactions resulting from a properly executed share consolidation.

At the General Shareholders' Meeting on 19 April 2006, article 32 of the statutes was also amended to stipulate that, subject to legal provisions applicable to capital increases through capitalisation of reserves, profits or issue premiums, Extraordinary General Shareholders'

Meetings are only validly in session where shareholders who are present, represented or have voted remotely own, upon first notice of meeting, at least one quarter of the shares with voting rights, and upon second notice of meeting, at least one fifth of such shares. If the latter quorum cannot be reached, the second meeting may be reconvened up to two months after the original date, at which point a one fifth quorum is again required.

Subject to the same conditions, decisions are made by a two thirds majority vote of shareholders who are present, represented or have voted remotely.

For the purposes of calculating quorum and majority, shareholders are deemed to be present if they take part in an Extraordinary General Shareholders' Meeting by video-conference or any other means of telecommunication enabling them to be identified, and whose nature and terms of use are defined by applicable laws and regulations.

### Notification of meetings: form and timescales (article 28 of the statutes)

General Shareholders' Meetings are convened by the Board of Directors, under the conditions set out in law.

Failing that, they may also be convened by the statutory auditors or any other duly authorised person.

In accordance with the provisions of article 130 of the order dated 23 March 1967, a notice informing shareholders of the next General Shareholders' Meeting is published at least 30 days prior to the meeting in the *Bulletin des annonces légales obligatoires* (French bulletin of mandatory legal announcements, or "BALO").

Except where allowed for by law, notices are issued at least fifteen clear days before the scheduled date of a General Shareholders' Meeting. This period is reduced to six clear days for General Shareholders' Meetings held after a second notice of meeting and for reconvened General Shareholders' Meetings.

Notices of meetings are issued by publishing a notice in a newspaper authorised to publish legal notices in the area where the Company's registered office is located, and in the *BALO*, in accordance with article 124 paragraph 1 of the aforementioned order dated 23 March 1967. Furthermore, shareholders who have held registered shares for at least one month as at the date of the notice are invited to General Shareholders' Meetings by ordinary post. They may ask to be notified by registered post, provided that they pay the additional postage costs to the Company.

Meetings take place at the date, time and place indicated in the notice of meeting.

Notices of meeting must include the agenda for the meeting.

### Officers of General Shareholders' Meetings (article 30 of the statutes)

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 that, the General Shareholders' Meeting elects its own Chairman.

The role of voting inspector is carried out by the two members of the General Shareholders' Meeting having the highest number of votes and who accept this role.

The officers of a General Shareholders' Meeting appoint a secretary, who is not required to be a shareholder.

## Agenda

The agenda for a General Shareholders' Meeting is drawn up by the person issuing the notice of meeting.

One or more shareholders representing the percentage of capital required by applicable regulatory provisions and acting in accordance with legal conditions and timescales may request that draft resolutions be added to the agenda.

Requests to add draft resolutions to the agenda must be made by registered letter with acknowledgement of receipt, within ten days of the notice of meeting being published in the *BALO*. Those making such requests must provide proof that they hold or represent the required percentage of capital by ensuring that the owners of the shares are registered in the Company's records prior to the request being sent.

Only matters which are included on the agenda may be discussed at General Shareholders' Meetings. However, the meeting may at any time dismiss and replace one or more members of the Supervisory

Board and, under certain conditions, dismiss one or more members of the Management Board.

The agenda may not be amended where a second notice of meeting has been issued, or in the event of a meeting being reconvened.

## Conditions for exercising voting rights

At all General Shareholders' Meetings, each shareholder has as many votes as the number of shares he or she owns or represents, with no limitations other than those which may arise from legal provisions or provisions in the statutes, subject to a court order in certain cases. There are no clauses in the statutes allowing the Company's shareholders to have double or multiple voting rights, or restricting voting rights.

### 21.2.3 SALE OR TRANSFER OF SHARES (ARTICLE 9 OF THE STATUTES)

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Shares may be freely traded, subject to applicable legal and regulatory provisions. They are registered and transferred under the terms and conditions set out in applicable legal and regulatory provisions.

### 21.2.4 EXCEEDING THRESHOLDS SET OUT IN THE STATUTES (ARTICLE 9 OF THE STATUTES)

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By law, the Company and the *Autorité des Marchés Financiers* must be informed when thresholds of 5%, 10%, 15%, 20%, 25%, 33 1/3%, 50%, 66 2/3%, 90% and 95% of the Company's capital or voting rights are exceeded. In addition, any individual or legal entity, acting alone or in concert, who comes to own or ceases to own, directly or indirectly, as defined in articles L. 233-7 and following of the Commercial Code, a number of shares, voting rights or securities giving future access to the Company's capital corresponding to 1% of the Company's capital or voting rights or a multiple of this percentage, must, within five trading days of registering the securities that cause them to reach or exceed this threshold, notify the Company by registered letter with acknowledgement of receipt of the total number of shares, voting rights or securities giving access to capital held directly or indirectly by them, alone or in concert.

This notification must be repeated under the terms set out above each time the holding reaches, exceeds or falls below a further 1% threshold, whatever the reason, including levels above the 5% threshold.

In the event of non-compliance with the above provisions, and on request at a General Shareholders' Meeting by one or more shareholders holding at least 1% of capital, the shareholder(s) in question, without prejudice to any suspension of voting rights ordered by a court, shall be deprived of voting rights pertaining to those shares exceeding the thresholds for which notification is required, within the conditions and limits set out in law.

### 21.2.5 CAPITAL RECONSTRUCTION CLAUSE

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As at the registration date of this *document de référence*, the statutes contain no provisions stricter than those set out in law relating to capital reconstruction.

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## Major contracts

Taking into account the sale by France Télécom of its interest in the Company's capital, France Télécom and the Company have entered into a bridging contract and cooperation contract intended to govern the relationship between them. The details of these contracts are set out in sections 6.4.14 and 6.4.15 of this document.

In addition, on 24 October 2006 PagesJaunes Group entered into a bank finance agreement, the details of which are set out in chapter 10 of this document.

To date, the Company has entered into no other major contracts, other than those concluded in the normal course of business, which would impose a significant obligation or commitment on the Group as a whole.

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## Information provided by third parties, expert declarations and declarations of interest

None

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## Documents available to the public

Documents relating to the Company which must be made available to the public (statutes, reports, correspondence and other documents, the Company's historic financial information and consolidated information for each of the two financial years preceding the date of this *document de référence*) are available for consultation at the registered office, preferably by appointment.

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## Information concerning equity interests

Other than those companies referred to in section 7.2 ("List of subsidiaries"), the Company has no interests in any other companies liable to have a material impact on the assessment of its assets, financial position or performance.

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# Drafts resolutions to be submitted at the General Meeting of 26 April 2007

## ORDINARY GENERAL MEETING

### First resolution (Approval of the annual accounts of the year ended 31 December 2006)

The General Meeting, deciding in the quorum and majority conditions required for Ordinary General Meetings, after having taken note of the Board of Director's management report and the auditor's report, approves the annual accounts of the year ended 31 December 2006, including the balance sheet, profit and loss account, and the notes to the financial statements, as these were submitted to it, as well as the transactions reflected in these accounts and summarised in these reports. It shows a profit of €226,726,373.38 for this year.

It gives the members of the Board of Directors discharge for the performance of their work for said year.

### Second resolution (Approval of the consolidated accounts of the year ended 31 December 2006)

The General Meeting, deciding in the quorum and majority conditions required for Ordinary General meetings, after having taken note of the Board of Director's management report and the auditor's report on the consolidated accounts, approves the consolidated accounts of the year ended 31 December 2006, including the consolidated balance sheet and the profit and loss account, as well as the notes to the financial statements, as these were submitted to it, as well as the transactions reflected in these accounts and summarised in these reports.

### Third resolution (Appropriation of the net income of the year ended 31 December 2006, as indicated in the annual accounts and distributed)

The General Meeting, deciding in the quorum and majority conditions required for Ordinary General Meetings, after having taken note of

the Board of Director's report and the auditor's report on the annual accounts:

- (i) formally notes that the year's profit came in at €226,726,373.38;
- (ii) formally notes that retained earnings amounted to €1,147,301,636.04 euros;

#### for an amount available for appropriation of net income of €1,374,028,009.42;

- (iii) decides to allocate €29,543.40 to the legal reserve, bringing it to €5,605,335.60;
- (iv) to pay the shareholders as dividend €1.08 per share;
- (v) and decides to allocate the balance of the available amount to "retained earnings".

The dividend shall be paid as of 4 May 2007.

Accordingly, the total amount of the dividend cannot exceed €302,959,924.92. The shares that will be held by the Company on the dividend payment date shall not create any right thereto.

The General Meeting grants full powers to the Board of Directors to determine – based on the number of shares held by the Company on the dividend payment date – the total amount of the dividends and, accordingly, the amount of the balance of the distributable profit that will be allocated to "retained earnings".

The entire dividend is eligible for the 40% rebate mentioned in Article 158.2.3 of the General Tax Code, which applies to natural persons fiscally domiciled in France.

The following dividends that were paid the past three years:

Year	Number of shares	Dividend per share	Tax credit <sup>(1)</sup>
2003	182,700	0.86	No tax credit
2004	278,789,610	0.93	No tax credit <sup>(2)</sup>
2005	278,789,610	1.02	No tax credit <sup>(3)</sup>

(1) The tax credit was calculated using only the rate of 50% for the purposes of this table (only concerns the year 2003).

(2) 100% of the dividend is eligible for the 50% rebate mentioned in Article 158.2.3 of the General Tax Code (concerns the dividend paid for the year 2004).

(3) 100% of the dividend is eligible for the 40% rebate mentioned in Article 158.2.3 of the General Tax Code (concerns the dividend paid for the year 2005).



During its meeting on 20 November 2006, the Ordinary General Meeting of the Company's shareholders decided to pay shareholders a one-time distribution of €9 per share (i.e. a maximum total amount of €2,519,748,090). This entire one-time distribution was eligible for the 40% rebate mentioned in Article 158.2.3 of the General Tax Code, which applies to natural persons fiscally domiciled in France.

#### Fourth resolution (Agreements referred to in Article L. 225-38 of the Commercial Code)

The General Meeting, deciding in the quorum and majority conditions required for Ordinary General Meetings, after having taken note of the special report of the auditors on the agreements referred to in Article L. 225-38 of the Commercial Code, takes note of the conclusions of this report and approves the agreements mentioned therein.

#### Fifth resolution (Authorisation to grant the Board of Directors, for the purpose of purchasing, keeping or transferring PagesJaunes Group shares).

The General Meeting, deciding in the quorum and majority conditions required for Ordinary General Meetings, after having taken note of the Board of Director's report,

- terminates, with immediate effect, for the unused portion, the authorisation granted by the Combined General Meeting of 19 April 2006 through its fifth resolution, to purchase shares of the Company;
- authorises, in accordance with Articles L. 225-209 and seq. of the Commercial Code, the Company to purchase its own shares, for up to 10% of the amount of the share capital existing on the date of this meeting, in the following conditions:
  - the maximum purchase price cannot exceed €25 per share. In the case of transactions involving the capital, notably, via the incorporation of reserves and awarding of bonus shares, and/or division or pooling of shares, this price shall be adjusted accordingly.
  - Accordingly, the maximum amount of the funds to be allocated to the buy-back programme is €700,666,950, as calculated based on the share capital of 15 February 2007. This maximum amount may be adjusted to reflect the amount of the share capital on the date of the General Meeting,
  - this authorisation is valid for a period of eighteen months,
  - the acquisitions made by the Company pursuant to this authorisation cannot under any circumstances cause the company to directly or indirectly hold more than 10% of the shares comprising the share capital,
  - the shares may be acquired or transferred, including during a public offer period, provided that it is fully paid in cash, in the conditions and within the limits, notably with respect to volumes and prices, stipulated by laws and regulations in effect on the date of the envisaged transactions, by any means, including on the market or as a private transaction, including via the acquisition or assignment of blocks, by the use of derivative financial instruments traded on a regulated market or privately, in the conditions stipulated by market authorities and at the times determined by the Board of Directors or the person acting on the delegation of the Board of Directors.

These share purchases may be carried out with a view to any allocation permitted by law. The purposes of this share buy-back programme are:

- to establish and honour the obligations associated with the stock option programmes or other allocations of shares to the employees of the Companies or affiliated firms and, notably, to allocate shares to the employees of the PagesJaunes Group as part of (i) sharing in the Company's results, (ii) any plan to purchase or to freely allocate shares to employees in the conditions stipulated by law, in particular by Articles L. 443-1 et seq. of the Labour Code or (iii) any stock option plan or plan involving the free allocation of shares to employees and company directors or of certain of them, as well as to engage in any hedging of these transactions, in the conditions stipulated by market authorities and at the times determined by the Board of Directors or by the person acting on the Board of Director's delegation;
- to reduce the Company's capital pursuant to the 18th resolution of this General Meeting, subject to its approval;
- to ensure the liquidity of the PagesJaunes Group's share by an investment service provider pursuant to a liquidity contract consistent with the ethical charter recognised by the Autorité des Marchés Financiers [France's financial markets supervisor];
- for the subsequent remittance for exchange or as payment as part of any external acquisitions;
- to establish and honour the obligations associated with debt securities convertible into title deeds and notably, to remit shares during the exercise of the rights attached to negotiable securities giving access by any means, whether immediately or in future, to shares, as well as to carry out any hedging transactions for the PagesJaunes Group's obligations associated with these negotiable securities, in the conditions stipulated by the market authorities and at the times determined by the Board of Directors or by the person acting on the Board of Director's delegation.

The number of shares acquired by the Company with a view to their holding and their subsequent remittance in payment or in exchange as part of a merger, de-merger or contribution cannot exceed 5% of its share capital.

Each year, the Board of Directors shall inform the General Meeting of the transactions carried out within the scope of this resolution, in accordance with Article L. 225-209 of the Commercial Code.

The General Meeting grants full powers to the Board of Directors, with the right of delegation, to place all stock market orders, enter into any agreements, prepare any documents, in particular, information documents, allocate and, if applicable, reallocate, in the conditions stipulated by law, the shares acquired for the various goals pursued, perform all formalities and make all declarations to any and all entities and, in general, to do whatever is necessary.

#### Sixth resolution (Directors' fees allocated to the Board of Directors)

The General Meeting, deciding in the quorum and majority conditions required for Ordinary General Meetings, after having taken note of the Board of Director's report, decides to fix at €350,000 the amount of the directors' fees allocated to the members of the Board of Directors for the year in progress and for subsequent years, until a new decision by the General Meeting.

## THE EXTRAORDINARY PORTION OF THE MEETING

### Seventh resolution (Delegation of competence to the Board of Directors for the purpose of issuing ordinary shares of the Company and negotiable securities giving access to ordinary shares of the Company or one of its subsidiaries, while maintaining shareholders' preferential subscription right).

The General Meeting, deciding in the quorum and majority conditions required for Extraordinary General Meetings, after having taken note of the Board of Directors' report and the special report of the auditors, and after having formally noted that the share capital had been fully paid-up, and deciding in accordance with Articles L. 225-129-2, L. 228-92 and L. 228-93 of the Commercial Code,

- terminate, with immediate effect, for the unused portion, the delegation given by the Combined General Meeting of 12 April 2005, through its 10th resolution;
- and delegates to the Board of Directors, for a term of 26 months from this General Meeting's date, its power to decide on the issue, while maintaining the shareholders' preferential right to subscribe to (i) ordinary shares of the Company, (ii) negotiable securities giving access by any means, whether immediately or in the future, to the Company's existing or future ordinary shares and (iii) negotiable securities giving access by any means, whether immediately or in the future, to existing or future ordinary shares of a company in which the Company directly or indirectly owns more than one-half of the share capital (the "Subsidiary"), the subscription of which may take place either in cash or by offsetting receivables.

The following are expressly excluded: the issuing of preference shares and negotiable securities giving immediate or future access to preference shares.

The maximum nominal amount of an increase to the Company's capital, whether immediate or in future, arising from all of the issues made pursuant to this delegation is fixed at €20 million. This ceiling does not take account of the nominal value of any ordinary shares of the Company to be issued for adjustments made to protect the holders of the rights attached to the negotiable securities giving access to ordinary shares.

The thus issued negotiable securities giving access to ordinary shares of the Company or of a Subsidiary may consist of debt securities or be associated with the issuer of such securities, or else, they may permit the issuing thereof as intermediary securities. They may take the form of subordinated or unsubordinated securities, have an open-ended or close-ended term, and be issued either in euros, or in foreign currency, or in any monetary units established by referring to several currencies. The nominal amount of the debt securities thus issued cannot exceed €300 million or their equivalent on the issue decision date. It is hereby noted that (i) this amount does not include above-par redemption premiums, if any had been planned, (ii) this amount is common to all of the debt securities whose issue is stipulated by the 7th, 8th, 11th and 12th resolutions below, submitted to this Meeting, (iii) but this amount is autonomous and separate from the amount of the negotiable securities giving the right to the allocation of debt securities issued based on the 15th resolution submitted to this Meeting and the amount

of the debt securities whose issue is decided or authorised by the Board of Directors in accordance with Article L. 228-40 of the Commercial Code. The term of the loans (giving access to ordinary shares of the Company or a Subsidiary) other than those represented by open-ended term securities, cannot exceed 50 years. Loans (giving access to ordinary shares of the Company or a Subsidiary) may be characterised by a fixed and/or variable interest rate or with capitalisation, and may be redeemed, with or without premium. The securities may also be the subject of stock market purchases, or an offer to purchase or exchange by the Company.

Those shareholders have, in proportion to the amount of their shares, a preferential right to subscribe the ordinary shares and negotiable securities issued pursuant to this resolution. The Board of Directors may grant the shareholders a right (without trading rights) to subscribe the ordinary shares or negotiable securities issued, which will be exercised in proportion to their subscription rights, and within the limit of their demand.

If the subscriptions without trading rights and, if applicable, those with trading rights, have not absorbed the entire issue, the Board of Directors may use, in the order it determines, some or all of the following options: (i) limit the issue to the amount of the subscriptions received, provided that the latter accounts for at least three-quarters of the issue decided, (ii) freely distribute all or some of the unsubscribed securities, or (iii) offer to the public, by floating shares, all or some of the unsubscribed securities, on the French market and/or international market and/or abroad.

The General Meeting takes official note that this delegation entails waiver by the shareholders of their preferential right to subscribe to the ordinary shares of the Company to which the negotiable securities issued based on this delegation may give the right.

The Board of Directors shall determine the characteristics, amount and conditions of any issue, as well as of the securities issued. In particular, it shall determine the category of the securities issued and shall fix, based on the information contained in its report, their subscription price, with or without premium, their paying up conditions, their ex date (which may possibly be retroactive), or the conditions by which the negotiable securities issued based on this resolution shall give access to ordinary shares of the Company or of a Subsidiary.

The Board of Directors shall have full power to apply this resolution, in particular by entering into any agreement to this effect, with a view to the good delivery and payment of any issue, to carry out, on one or more occasions, in the proportion and at the times determined by it, in France and/or if applicable, abroad and/or on the international market, the aforementioned issues – as well as, if applicable, to postpone the same – to formally note the execution thereof and to carry out the correlative modification of the Articles of Association, as well as to perform all formalities and make all declarations and request any authorisations necessary to the execution and good delivery and payment of these issues.

The Board of Directors may, within the limits determined in advance by it, delegate to the managing director or in accord with the latter, to one or more assistant managing directors, the power granted to the latter by this resolution.

**Eighth resolution  
(Delegation of competence to the Board of Directors for the purpose of issuing ordinary shares of the Company and negotiable securities giving access to ordinary shares of the Company or of one of its subsidiaries, with the elimination of the shareholders' preferential subscription right)**

The General Meeting, deciding in the quorum and majority conditions required for Extraordinary General Meetings, after having taken note of the Board of Director's report and of the special report of the auditors and formally noted that the share capital has been fully paid up, and deciding in accordance with Articles L. 225-129-2, L. 225-135, L. 228-92 and L. 228-93 of the Commercial Code,

- terminate, with immediate effect, for the unused portion, the delegation given by the Combined General Meeting of 12 April 2005 through its 11th resolution;
- and delegate to the Board of Directors, for a term of 26 months from the date of this General Meeting, its power to decide to issue (i) ordinary shares of the Company, (ii) negotiable securities giving access by any means, whether immediately or in future, to existing or future ordinary shares of the Company and (iii) negotiable securities giving access by any means, whether immediately or in future, to existing or future ordinary shares of a company in which the Company directly or indirectly holds more than one-half of the capital (the "Subsidiary"), which may be subscribed in cash or by offsetting receivables.

The General Meeting shall decide to eliminate the shareholders' preferential right of subscription to these ordinary shares and negotiable securities.

The following are expressly excluded: the issue of preference shares and negotiable securities giving access to preference shares, immediately and/or in future.

The maximum nominal amount of an increase of the Company's capital, whether immediate or in future, arising from all of the issues carried out pursuant to this delegation is fixed at €20 million. This ceiling does not reflect the nominal value of the Company's ordinary shares to be issued, if applicable, under adjustments made to protect the holders of rights attached to the negotiable securities giving rise to ordinary shares.

The thus issued negotiable securities giving access to ordinary shares of the Company or of a Subsidiary may consist of debt securities or be associated with the issue of such securities, or may enable their issue as intermediary securities. The provisions concerning negotiable securities of the same type that may be issued based on the previous resolution shall apply for their issue, during their existence and for their access to ordinary shares, or their redemption. The nominal amount of the debt securities thus issued cannot exceed €300 million or their equivalent on the issue decision date. It is hereby stipulated that (i) this amount does not include the above-par redemption premiums, if any, (ii) this amount is common to all of the debt securities whose issue is stipulated by the previous resolution and the 11th and 12th resolutions below, submitted to this General Meeting, (iii) however, this amount is autonomous and separate from the amount of the negotiable securities granting the right to the allocation of debt securities issued on the

basis of the 15th resolution submitted to this General Meeting and the amount of the debt securities whose issue is decided or authorised by the Board of Directors in accordance with Article L. 228-40 of the Commercial Code.

The Board of Directors may establish in favour of the shareholders an irreducible and/or reducible right of priority to subscribe the ordinary shares or the negotiable securities for which it shall fix, according to the law, the exercise terms and conditions, without creating negotiable rights. The securities not subscribed pursuant to this right shall be the subject of a public offering in France and/or abroad, and/or on the international market.

If subscriptions, including, if applicable, those of the shareholders, have not absorbed the entire issue, the Board of Directors may limit the amount of the transaction in the conditions stipulated by law.

The General Meeting takes official note that this delegation entails a waiver by the shareholders of their preferential right to subscribe to the Company's ordinary shares to which the negotiable securities issued based on this delegation may grant the right.

The Board of Directors shall specify the characteristics, amount and conditions of any issue, as well as of the securities issued. In particular, it shall determine the category of the securities issued and, based on the information contained in its report, shall determine their subscription price, with or without premium, their ex date (which may possibly be retroactive), as well as, if applicable, the term, or the conditions by which the negotiable securities issued based on this resolution will give access to ordinary shares. It is hereby stipulated that:

- a) the issue price of the ordinary shares shall be at least equal to the weighted average of the prices of the last three trading sessions preceding its fixing, if applicable, less a rebate of up to 5%;
- b) the issue price of the negotiable securities shall be such that the amount received immediately by the Company or, in the case of an issue of negotiable securities giving access to the ordinary shares of a Subsidiary, by the Subsidiary, plus, if applicable, that, if any, received in future by the Company or the Subsidiary, as the case may be, for each ordinary share issued as a result of the issue of these negotiable securities, at least equal to the amount referred to in paragraph "a)" above after correction, if applicable, of this amount to reflect the difference of the ex date.

The Board of Directors shall have full power to implement this resolution, in particular, by entering into any agreement to this effect, notably, with a view to ensuring the good delivery and payment of any issue, and carrying out, on one or more occasions, and in the proportion and at the times it will determine, in France and/or, if applicable, abroad and/or on the international market, the aforementioned issues – as well as, if applicable, in order to defer the same – to formally note its execution and to make a correlative modification of the Articles of Association, as well as to perform any formalities and make any declarations, and to request any authorisations necessary to the execution and good delivery and payment of these issues.

The Board of Directors may, within the limits set out beforehand, delegate to the managing director or, in accord with the latter, to one or more assistant managing directors, the power granted to the latter by this resolution.

**Ninth resolution  
(Authorisation to the Board of Directors, in case of issue, with the elimination of the shareholders' preferential right to subscribe to ordinary shares or negotiable securities giving access to ordinary shares, to set the issue price in accordance with the conditions fixed by the General Meeting)**

The General Meeting, deciding in the quorum and majority conditions required for Extraordinary General Meetings, after having taken note of the Board of Director's report and of the special report of the auditors, and deciding in accordance with Article L. 225-136 of the Commercial Code, authorise the Board of Directors, for a term of 26 months from the date of this General Meeting, for each of the issues decided pursuant to the 8th resolution above and for up to 10% of the Company's capital (as existing on the date of this General Meeting) for a 12-month period, to derogate from the price-setting conditions stipulated by the aforementioned 8th resolution and to fix the issue price of the ordinary shares and/or of the negotiable securities issued, in accordance with the following conditions:

- a) the issue price of the ordinary shares shall be at least equal to the closing price of the PagesJaunes Group share on the Euronext Paris Eurolist market during the last trading session preceding its determination, if applicable, less a rebate of up to 10%;
- b) the issue price of the negotiable securities will be the amount received immediately by the Company plus, if applicable, the amount received subsequently by the Company or, for each ordinary share issued as a result of the issue of these negotiable securities, at least equal to the amount referred to in paragraph "a)" above.

The total nominal amount of the Company's capital increase arising from issues made pursuant to this delegation shall be charged against the maximum capital increase stipulated by the aforementioned 8th resolution.

The Board of Directors may, within the limits that will be stipulated beforehand, delegate to the managing director or, in accord with the latter, to one or more assistant managing directors, the power granted to the latter by this resolution.

**Tenth resolution  
(Authorisation to the Board of Directors to – in case of a capital increase with or without the elimination of the shareholders' preferential right to subscribe – to increase the number of securities to be issued)**

The General Meeting, deciding in the quorum and majority conditions required for Ordinary General Meetings, after having taken note of the Board of Director's report and of the special report of the auditors and deciding in accordance with Article L. 225-135-1 of the Commercial Code, for a term of 26 months from this General Meeting, authorise the Board of Directors to decide, for each of the issues decided pursuant to the aforementioned 7th and 8th resolutions, to increase the number of securities to be issued, in the conditions of the aforementioned Article L. 225-135-1 and subject to compliance with the ceiling stipulated in the resolution pursuant to which the issue is decided.

The Board of Directors may, within the limits stipulated by it beforehand, delegate to the managing director or, in accord with the latter, to one or more assistant managing directors, the power granted to the latter by this resolution.

**Eleventh resolution  
(Delegation of competence to the Board of Directors to issue ordinary shares and negotiable securities giving access to ordinary shares, in case of a public offer of exchange initiated by the Company)**

The General Meeting, deciding in the quorum and majority conditions required for Extraordinary General Meetings, after having taken note of the Board of Director's report and the special report of the auditors and deciding in accordance with Articles L 225-129-2, L. 225-148 and L. 228-92 of the Commercial Code, delegate to the Board of Directors, for a term of 26 months from the date of this General Meeting, its power to decide, on the basis of and in the conditions stipulated by the 8th resolution above, the issue of the Company's ordinary shares or of negotiable securities giving access by any means, whether immediately and/or in future, to existing or future ordinary shares of the Company, as remuneration for the securities contributed to a public offer of exchange made in France or abroad, in accordance with local rules, by the Company, on securities of another company listed on one of the regulated markets referred to in Article L. 225-148 above, and, if necessary, decides to eliminate, in favour of the bearers of the shares, the shareholders' preferential right to subscribe these ordinary shares and negotiable securities.

The General Meeting takes official note that this delegation entails waiver by the shareholders of their preferential right to subscribe to the ordinary shares to which the negotiable securities issued based on this delegation may give the right.

The maximum nominal amount of the capital increase, whether immediate or in future, arising from all of the issues made pursuant to this delegation is fixed at €20 million. This amount is charged against the ceiling fixed by the 8th resolution. It is hereby stipulated that this ceiling does not reflect the nominal value of the Company's ordinary shares to be issued, if applicable, for adjustments made to protect the holders of rights attached to the negotiable securities giving access to ordinary shares.

The General Meeting decides that the Board of Directors has full power to make the public offers referred to by this resolution, and, in particular:

- to fix the exchange parity, as well as, if applicable, the amount of the cash payment to be made;
- to officially note the number of securities contributed to the exchange;
- to determine the issue dates and conditions, in particular, the price and ex date, of the new ordinary shares, or, if applicable, of the negotiable securities giving access, whether immediately and/or in future, to the Company's ordinary shares;
- to post to the balance sheet's liabilities, in a "share premium" account, which will hold the rights of all of the shareholders, the difference between the issue price of the new ordinary shares and their nominal value;
- if necessary, to charge against said "share premium" all of the expenses and rights caused by the authorised transaction;
- in general, to take all useful measures and enter into any agreements to ensure the success of the authorised transaction, formally note the resulting capital increase(s) and to correlatively alter the Articles of Association.

The Board of Directors may, within the limits determined beforehand, delegate to the managing director or, in accord with the latter, to one or more assistant managing directors, the power granted to the latter by this resolution.

### Twelfth resolution

**(Delegation of powers to the Board of Directors for the purpose of issuing ordinary shares and negotiable securities giving access to ordinary shares, with a view to remunerating contributions in kind granted to the Company and comprised of equity securities or negotiable securities giving access to the capital)**

The General Meeting, deciding in the quorum and majority conditions required for Extraordinary General Meetings, after having taken note of the Board of Director's report and deciding in accordance with Article L. 225-147 of the Commercial Code, delegate to the Board of Directors, for a term of 26 months from the date of this General Meeting, and based on the report of the auditors mentioned in the 1st and 2nd paragraphs of the aforementioned Article L. 225-147, the powers to issue ordinary shares of the Company or negotiable securities giving access by any means, immediately and/or in future, to the Company's existing or future ordinary shares, with a view to remunerating contributions in kind made to the Company and comprised of equity securities or negotiable securities giving access to the capital, if the provisions of Article L. 225-140 of the Commercial Code are not applicable and decides, if necessary, to eliminate, in favour of the bearers of the equity securities or negotiable securities giving access to the capital (the subject of the contributions in kind) the subscribers' preferential right to subscribe to the ordinary shares and negotiable securities thus issued.

The maximum nominal amount of the capital increase, whether immediate or in future, arising from all of the issues made pursuant to this delegation is fixed at 10% of the Company's capital (as it exists on the date of this General Meeting), is €5,605,335.

The General Meeting takes official note that this delegation entails waiver by the shareholders of their preferential right to subscribe the ordinary shares to which the negotiable securities issued based on this delegation may give the right.

The Board of Directors shall have full power to implement this resolution, in particular, to decide, based on the report of the auditors on the contributions mentioned in paragraphs 1 and 2 of the aforementioned Article L. 225-147, on the valuation of contributions and the granting of special benefits, to officially note the definitive execution of capital increases made pursuant to this delegation, to carry out the correlative modification of the Articles of Association, to perform all formalities and make all declarations and to request any authorisations needed to make these contributions.

The Board of Directors may, within the limits fixed beforehand, delegate to the managing director or, in accord with the latter, to one or more assistant managing directors, the powers granted to the latter by this resolution.

### Thirteenth resolution

**(Delegation of competence to the Board of Directors to issue ordinary shares, as a result of the issue by a subsidiary of the Company or a company controlling the Company of negotiable securities giving access to ordinary shares of the Company)**

The General Meeting, deciding in the quorum and majority conditions required for Extraordinary General Meetings, after having taken note of the Board of Director's report and of the special report of the auditors and deciding in accordance with Articles L. 225-129-2 and L. 228-93 of the Commercial Code, with a view to the possible issue, on one or more occasions, in France, on foreign markets and/or on the international market, by one or more companies in which the Company directly or indirectly owns more than one-half of the share capital (the "Subsidiary") or by one of the companies that directly or indirectly holds more than one-half of the share capital (the "Controlling Company"), with the Company's consent, of all negotiable securities giving access by any means, whether immediately or in future, to ordinary shares of the Company, delegate to the Board of Directors, pursuant to the aforementioned 8th resolution, the power to decide to issue ordinary shares of the Company to which the aforementioned negotiable securities issued by a Subsidiary or a Controlling Company may give the right.

This decision entails in favour of the bearers of negotiable securities that could be issued by the Subsidiaries or the Controlling Companies, waiver by the Company's shareholders of their preferential right to subscribe the ordinary shares to which the aforementioned negotiable securities issued by the Subsidiaries or the Controlling Companies may give the right.

The General Meeting takes official note that the Company's shareholders do not hold a preferential right of subscription on the aforementioned negotiable securities issued by the Subsidiaries or the Controlling Companies.

The ceiling of the nominal amount of the Company's capital increase resulting from all of the issues made pursuant to this delegation is fixed at €20 million, to be charged against the ceiling fixed by the 8th resolution. It is hereby stipulated that the ceiling does not reflect the nominal value of the Company's ordinary shares to be issued, if applicable, as part of the adjustments made to protect the holders of rights attached to the negotiable securities giving access to ordinary shares.

Regardless of the circumstances, the amount paid at the time of the issue or that may be paid at a later date to the PagesJaunes Group must, in accordance with the stipulations of the 8th resolution, for each ordinary share issued as a result of the issue of these negotiable securities, be at least equal to the weighted average of the prices of the three last trading days preceding its determination, if applicable, less a rebate of up to 5%;

This delegation is given for a term of 26 months from this General Meeting's date.

The Board of Directors shall have full power to implement this resolution, in accord with the Board of Directors, Supervisory Board or other management bodies of the issuing Subsidiaries or Controlling Companies, in particular, to determine the amounts to be issued, determine the issue conditions and the category of the negotiable securities to be issued, determine the ex date (which may even be retroactive), the securities to be created and, in general, take all useful



measures and enter into any agreements to ensure the good delivery and payment of the envisaged issues, all consistent with French laws and regulations and, if applicable, any applicable foreign laws and regulations. The Board of Directors shall have full power to alter the Articles of Association as required by the use of this delegation, in accordance with the terms of its report to this General Meeting.

The Board of Directors may, within the limits fixed by it beforehand, delegate to the managing director or, in accord with the latter, to one or more assistant managing directors, the power granted to the latter by this resolution.

#### **Fourteenth resolution (Overall limit of authorisations)**

The General Meeting, deciding in the quorum and majority conditions required for Extraordinary General meetings, after having taken note of the Board of Director's report and as a result of the approval of the aforementioned resolutions 7 to 13, decides to set at €20 million the maximum nominal amount of increases in share capital, immediately and/or in future, that could be made pursuant to the delegations granted by resolutions 7 to 13. This nominal amount may possibly be increased by the nominal amount of the Company's ordinary shares to be issued for adjustments made to protect the holders of rights attached to the negotiable securities giving access to ordinary shares.

#### **Fifteenth resolution (Delegation of competence to the Board of Directors to issue negotiable securities giving the right to the allotment of debt securities)**

The General Meeting, deciding in the quorum and majority conditions required for Extraordinary General Meetings, after having taken note of the Board of Director's report and of the special report of the auditors, and deciding in accordance with Articles L. 225-129-2 and L. 228-92 of the Commercial Code,

- terminates, with immediate effect, for the unused portion, the delegation given by the Combined General Meeting of 12 April 2005 through its 18th resolution;
- delegates to the Board of Directors its power to decide to issue, on one or more occasions, in France, abroad, and/or on the international market, all negotiable securities giving the right to the immediate or future allotment of debt securities, such as bonds, equivalent securities, open-ended or closed-ended term subordinated securities, or any other securities granting, in the same issue, the same right to a claim on the Company.

The nominal amount of all of the aforementioned negotiable securities to be issued cannot 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 amount shall apply in general to the debt securities to which the negotiable securities give the right to immediate or future allotment, although this same amount does not include above-par redemption premiums, if any were planned.

This delegation is given for a term of 26 months from this General Meeting's date.

The Board of Directors shall have full power to:

- carry out said issues within the aforementioned limit, and to determine the issue date, type, amounts and currency;

- stipulate the characteristics of the negotiable securities to be issued, as well as the debt securities to which the negotiable securities give the right to allotment, in particular, their nominal value and their ex date, their issue price, if applicable, with premium, their interest rate, fixed and/or variable, and its payment date, or in the case of variable rate securities, the conditions for determining their interest rate, or the interest capitalisation conditions;
- determine, based on market conditions, the conditions for the early amortisation and/or redemption of the negotiable securities to be issued, as well as the debt securities to which the negotiable securities give the right to allotment, if applicable, with a fixed or variable premium, or even in the case of a buy-back by the Company;
- if necessary, decide to give a guarantee or sureties to the negotiable securities to be issued, as well as to the debt securities to which the negotiable securities give the right to allotment, and to stipulate the nature and the characteristics thereof;
- in general, stipulate all of the conditions of each of the issues, enter into any agreements with any banks and any entities, take all measures and perform all required formalities and, in general, do whatever will be necessary.

The Board of Directors may, within the limits determined by it beforehand, delegate to the managing director or, in accord with the latter, to one or more assistant managing directors, the power granted to it by this resolution.

#### **Sixteenth resolution (Delegation of competence to the Board of Directors to increase the company's capital by incorporating reserves, profits or premiums)**

The General Meeting, deciding in the quorum and majority conditions required for Ordinary General Meetings, after having taken note of the Board of Director's report and deciding in accordance with Articles L. 225-129-2 and L. 225-130 of the Commercial Code,

- terminates, with immediate effect, for the unused portion, the delegation given by the Combined General Meeting of 12 April 2005 by its 19th resolution;
- delegates to the Board of Directors, for a term of 26 months from the date of this General Meeting, its power to decide to increase the share capital, on one or more occasions, at the times and in accordance with the conditions that it will determine, by incorporating in the capital any reserves, profits or premiums, followed by the creation and free allotment of shares or the increase of the nominal value of the existing ordinary shares, or a combination of these two arrangements.

The General Meeting delegates to the Board of Directors the power to decide that the rights forming odd lots will not be negotiable or assignable and that the corresponding securities will be sold; the amounts resulting from the sale will be allocated to the holders of rights within the term specified by regulations.

The ceiling of the nominal amount of the immediate or future capital increase arising from all of the issues made pursuant to this delegation is set at €20 million. This ceiling is fixed (i) without taking account of the nominal value of the company's ordinary shares to be issued, if applicable, for adjustments made to protect the holders of rights attached to the negotiable securities giving access to ordinary shares and (ii) separately and distinctly from the maximum capital increases arising from issues of ordinary shares or negotiable securities authorised by the 7th and 13th resolutions above.

The Board of Directors shall have full power to implement this resolution and, in general, to take any measures and to perform all formalities required for the good delivery and payment of each capital increase.

The Board of Directors may, within the limits determined by it in advance, delegate to the managing director or, in accord with the latter, to one or more assistant managing directors, the powers granted to it by this resolution.

### Seventeenth resolution (Delegation of competence to the Board of Directors to carry out capital increases reserved for the members of the PagesJaunes Group savings plan)

The General Meeting, deciding in the quorum and majority conditions required for Extraordinary General Meetings, after having taken note of the Board of Director's report and of the special report of the auditors, and deciding in accordance with Articles L. 225-129-6, L. 225-138 I and II and L. 225-138-1 of the Commercial Code and with Articles L. 443-1 and seq of the Labour Code,

- terminate, with immediate effect, for the unused portion, the delegation given by the Combined General Meeting of 12 April 2005 through its 20th resolution;
- and delegates to the Board of Directors, for a term of 26 months from the date of this General Meeting, its power to decide to increase the share capital, to be decided by it alone, on one or more occasions, at the times and in accordance with the conditions that it will determine, via the issue of ordinary shares or of negotiable securities giving access to the Company's existing or future ordinary shares reserved for the employees and former employees or members of the PagesJaunes Group company savings plan, or else, through the free allotment of ordinary shares or negotiable securities giving access to the Company's existing or future ordinary shares, in particular by the incorporation in the capital of reserves, profits or premiums, within the limits stipulated by laws and regulations.

The ceiling of the nominal amount of an increase in the company's capital, whether immediate or future, arising from all of the issues made pursuant to this delegation is fixed at €1,120,000 (representing roughly 2% of the Company's capital). This ceiling is fixed (i) without taking account of the nominal value of the Company's ordinary shares to be issued, if applicable, for adjustments made to protect the holders of rights attached to the negotiable securities giving access to ordinary shares and (ii) separately and distinctly from the maximum capital increases arising from issues of ordinary shares or negotiable securities authorised by the aforementioned 7th to 13th resolutions.

The ceiling of the nominal amount of the increase of the Company's capital arising from all of the issues made pursuant to this delegation by the incorporation of reserves, profits or premiums in the conditions and within the limits fixed by the articles of the aforementioned Labour Code and implementing regulations, is fixed at €1,120,000 (representing roughly 2% of the Company's capital). This ceiling is fixed (i) without taking account of the nominal value of the Company's ordinary shares to be issued, if applicable, for adjustments made to protect the holders of rights attached to the negotiable securities giving access to ordinary shares and (ii) separately and distinctly from the ceiling of the aforementioned 16th resolution.

If the subscriptions have not absorbed an entire issue of securities, the capital increase may only take place for the amount of securities subscribed.

The General Meeting decides to eliminate the preferential right of these employees and former employees to subscribe to the ordinary shares or negotiable securities giving access to ordinary shares to be issued pursuant to this delegation, and to waive any right to the ordinary shares or other negotiable securities allotted free of charge on the basis of this delegation.

The General Meeting decides:

- to fix the rebate offered as part of the company savings plan at 20% of the average of the first quoted market prices of the PagesJaunes Group's share on the Euronext Paris Eurolist market during the twenty trading days preceding the date of the decision fixing the date for the beginning of subscriptions. The Board of Directors may reduce this rebate if it deems this appropriate, in particular in case of an offer made to the members of a company savings plan of securities on the international market and/or abroad in order to satisfy the requirements of applicable local laws. The Board of Directors may also substitute all or part of the rebate via the allotment of shares or other negotiable securities pursuant to the provisions below;
- that the Board of Directors may allot free of charge ordinary shares or negotiable securities giving access to the Company's ordinary shares. It is understood that the total benefit resulting from this allotment and, if applicable, from the aforementioned rebate, cannot exceed the benefit that the savings plan's members would have enjoyed if this differential had been 20%; and provided that the taking into account of the pecuniary equivalent of the ordinary shares allotted free of charge, valued at the subscription price, does not give rise to an exceeding of legal limits.

The Board of Directors shall have full power to implement this resolution, and, in particular, to:

- stipulate the characteristics, amount and conditions of any issue or free allotment of securities;
- determine that the issues may take place directly in favour of the beneficiaries or via collective entities;
- stipulate, pursuant to the law, the list of companies, or groupings, whose employees and former employees may subscribe the ordinary shares or negotiable securities issued and, if applicable, receive the ordinary shares or negotiable securities allotted free of charge;
- determine the type and the conditions of the capital increase, as well as the conditions of the issue or free allotment;
- fix the seniority conditions [i.e. the time the employee has worked for the group] that must be satisfied by the beneficiaries of the new ordinary shares or negotiable securities to come from one or more capital increases or the securities that are the subject of each free allotment, the subject of this resolution;
- stipulate the terms and conditions of the issues of shares or negotiable securities that will be carried out pursuant to this delegation, in particular, their ex date, and their paying up conditions;
- determine the start and end subscription dates;
- formally note the execution of the capital increase via the issue of ordinary shares for the amount of the ordinary shares that will actually be subscribed;
- determine, if applicable, the nature of the securities allotted free of charge, as well as the terms and conditions of this allotment;
- determine, if applicable, the amounts to be incorporated in the capital within the aforementioned limit, the shareholders' equity item(s)

from which they are deducted, as well as the ex date of the shares thus created;

- if it alone decides and if it deems this appropriate, charge the capital increase's expenses to the amount of the premiums for these increases and deduct from this amount the amounts needed to bring the legal reserve to one-tenth of the new capital after each increase;
- take any measure for the execution of capital increases, carry out the formalities resulting from said increases, in particular those concerning the quotation of the securities created, and make to the Articles of Association the modifications correlative to these capital increases, and in general, do what will be necessary.

The Board of Directors may, within the limits determined by it in advance, delegate to the managing director or, in accord with the latter, to one or more assistant managing directors, the power granted to it pursuant to this resolution.

### **Eighteenth resolution (Authorisation to the Board of Directors to reduce the capital by cancelling ordinary shares)**

The General Meeting, deciding in the quorum and majority conditions required for Extraordinary General Meetings, after having taken note of the Board of Director's report and of the special report of the auditors, and deciding in accordance with Article L. 225-209 of the Commercial Code,

- terminates, with immediate effect, for the unused portion, the delegation given by the Combined General Meeting of 19 April 2006 through its 11th resolution;
- delegate to the Board of Directors full power to cancel, on one or more occasions, for up to 10% of the Company's capital and by 24-month periods, all or some of the PagesJaunes Group ordinary shares acquired as part of share purchase programmes authorised by the 5th resolution submitted to this General Meeting for share purchase programmes authorised prior to or subsequent to the date of this General Meeting;
- decide that the surplus of the purchase price of the ordinary shares on their nominal value shall be charged to the "issue premium" account or to any available reserve account, including the legal reserve, for up to 10% of the capital reduction made;
- delegate full power to the Board of Directors, with the option to delegate pursuant to the law, to carry out the capital reduction arising from the cancellation of the ordinary shares and the aforementioned charging, as well as to modify accordingly Article 6 of the Articles of Association;
- fix the term of this authorisation at 18 months from the date of this General Meeting.

### **Nineteenth resolution (Modifications of Articles 26, 27 and 28 of the Articles of Association with a view to bringing them into compliance with Decree No. 2006-1566 of 11 December 2006)**

The General Meeting, deciding in the quorum and majority conditions required for Extraordinary General Meetings, after having taken note of

the Board of Director's report, decides to alter Articles 26, 27 and 28 of the Company's Articles of Association, to bring them into compliance with Decree No. 2006-1566 of 11 December 2006.

Accordingly, Article 26 is altered as follows:

#### **"Article 26 - General Meetings**

The General Meetings will be attended by all of the shareholders whose securities are paid up for the amounts due and for which proof has been submitted of the right to attend the General Meetings via the posting of the securities in the name of either the shareholder or, if the shareholder is not domiciled on French territory, of the intermediary registered on its behalf, on the third business day preceding the General Meeting, at midnight (Paris time).

The posting of the securities within the term stipulated in the previous paragraph must take place either in the registered securities accounts held by the Company or in the bearer securities accounts held by the authorised intermediary.

Access to the General Meeting is open to its members upon submission of proof of their status and identity. If it deems this useful, the Board of Directors may see to it that the shareholders are sent registered and personal admission cards and demand that these cards be shown at the General Meeting."

Article 27 is altered as follows:

#### **"Article 27 – Right to vote**

Each member of the General Meeting has the same number of votes as the number of shares he holds or represents, with the exception of any deprivation of the right to vote.

Any shareholder may give a power of attorney to his spouse or to another shareholder with a view to being represented at the General Meeting.

Voting at a distance or by proxy shall take place in accordance with the terms and conditions fixed by laws and regulations. The voting form must be received by the Company at the latest by 3 pm (Paris time) the day before the General Meeting.

Powers of Attorney and distance voting forms as well as the certificate of attendance may be prepared on an electronic medium duly signed in the conditions stipulated by applicable laws and regulations. Shareholders voting at a distance or by proxy within the term stipulated in this article and using the form made available to the shareholders by the Company shall be treated as present or represented shareholders.

If the Board of Directors so decides at the time that it convenes the Meeting, the form may be electronically filled out and signed, directly on the site set up by the Company using a process that includes the use of an identifier code and a password, in accordance with the conditions defined in the first sentence of the second paragraph of Article 1316-4 of the Civil Code or of any other process satisfying the conditions defined in the first sentence of the second paragraph of Article 1316-4 of the Civil Code.

The proxy thus expressed or the vote thus cast prior to the General Meeting through this electronic process and its acknowledgment of receipt shall be considered, subject to what is indicated below, as revocable written documents enforceable against all parties. By derogation, in case of a sale of shares occurring prior to midnight (Paris time) on the third business day preceding the General Meeting, the Company shall invalidate or alter accordingly, as the case may be,



the proxy expressed or the vote cast prior to the General Meeting, using the electronic method set up by the Board of Directors.

The owners of the Company's shares not having their domicile on French territory may be registered and be represented at the General Meeting by any intermediary on their behalf who holds a general securities management authorisation, provided that the intermediary has declared beforehand the fact that it is an intermediary holding securities on behalf of others at the time of the registration with the company or the financial intermediary account holder, in accordance with laws and regulations.

The Company is entitled to ask the intermediary registered on behalf of shareholders not having their domicile in France and holding a general authorisation to provide a list of the shareholders he represents, the rights of whom will be exercised at the General Meeting.

The General Meeting may be held by video-conference or by any other telecommunications method, including by Internet that enables the identification of the shareholders in the conditions stipulated by current laws and regulations."

Article 28 is altered as follows:

**"Article 28 - Meeting notice procedures and times**

General Meetings are convened by the Board of Directors in the conditions required by law.

Otherwise, General Meetings may also be convened by the auditors or by any person authorised for this purpose.

Meetings of shareholders are held at the registered office or at any other place stipulated in the meeting notice.

**Save for the exceptions stipulated by law**, meeting notices shall be given at least fifteen clear days prior to the date scheduled for the General Meeting and this period shall be shortened to six clear days for those General Meetings convened on a second notice and for postponed General Meetings.

Meetings shall take place on the date, time and place indicated in the meeting notice.

Meeting notices must indicate the meeting's agenda, which is determined by the person(s) convening the meeting."

**Twentieth resolution  
(Powers for formalities)**

The General Meeting grants full power to the bearer of an original, a copy or an extract of the minutes of this General Meeting with a view to performing all legal or administrative formalities and making all filings and publicity required by current legislation.

# Auditor's report on the draft resolutions

## Seventh, eighth, ninth, tenth, eleventh, twelfth and thirteenth resolutions

### Auditors' report on the issue of shares and of various negotiable securities with maintenance and/or elimination of the preferential subscription right

Dear Shareholders,

As auditors of your company and pursuant to the mission stipulated by the Commercial Code, in particular, by Articles L. 225-135, L. 225-136, and L. 228-92, we hereby submit to you our report on the proposals to delegate to the Board of Directors various issues of shares and negotiable securities, transactions on which you are asked to give your opinion.

On the basis of its report your Board of Director proposes to you:

- to delegate it, for a term of twenty-six months, the power to decide on the transactions below and to fix the final conditions of these issues and proposes to you if applicable, to eliminate your preferential subscription right:
  - issue of ordinary shares and of negotiable securities giving access to ordinary shares of the company or of one of its subsidiaries, with maintenance of the preferential subscription right (seventh resolution),
  - issue of ordinary shares and of negotiable securities giving access to ordinary shares of the company or of one of its subsidiaries with the elimination of the preferential subscription right (eighth resolution),
  - issue of ordinary shares and negotiable securities giving access to ordinary shares, in case of a public offer of exchange initiated by your company (eleventh resolution), based on and in the conditions set out in the eighth resolution,
  - issue of ordinary shares, resulting from the issue by a subsidiary of your company or a company controlling your company of negotiable securities giving access to ordinary shares of the company (thirteenth resolution);
- to authorise it, through the ninth resolution and within the scope of the implementation of the delegation referred to in the eighth resolution, to fix the issue price within the annual legal limit of 10% of the share capital;
- to delegate to it, for a term of twenty-six months, the power to determine the conditions for the issue of ordinary shares and negotiable securities giving access to ordinary shares, with a view to remunerating contributions in kind made to the company and comprised of equity securities or negotiable securities giving access to the capital (twelfth resolution), for up to 10% of the capital.

The total nominal amount of the capital increases that could be carried out immediately or in future cannot exceed €20 million pursuant to resolutions seven to thirteen. The total nominal amount of the debt securities that could be issued cannot exceed €300 million pursuant to resolutions seven, eight, eleven and twelve.

The number of securities to be created within the scope of the implementation of the delegations referred to in the seventh and eighth resolutions may be increased in the conditions stipulated in Article L. 225-135-1 of the Commercial Code, if you approve this tenth resolution and subject to compliance with the ceiling stipulated in the resolution.

It is the responsibility of your Board of Directors to draft a report in accordance with Articles 154 and 155 of the Decree of 23 March 1967. It is our responsibility to give our opinion on the truthfulness of the quantified information taken from the accounts, on the proposal to eliminate the preferential right of subscription and on certain other information concerning these transactions, given in this report.

We performed our work in accordance with professional standards applicable in France, which require the implementation of measures aimed at verifying the content of the Board of Director's report concerning these transactions and the conditions for the determination of the issue price of the equity securities to be issued.

Subject to the subsequent examination of the conditions of the issues decided, we do not believe that it is necessary for us to comment on the conditions for the determination of the issue price of the equity securities to be issued, given in the Board of Director's report pursuant to the eighth, ninth and thirteenth resolutions.

In addition, as this report does not specify the conditions for the determination of the issue price of the equity securities to be issued pursuant to the seventh, eleventh and thirteenth resolutions, we are unable to give our opinion on the choice of the items used to calculate the issue price.

As the amount of the issue price of the equity securities to be issued is not fixed, we will not express an opinion on the final conditions in which the issues will be executed nor, accordingly, will we express an opinion on the proposal to eliminate the preferential subscription right made to you in the eighth, ninth, eleventh, twelfth and thirteenth resolutions.

In accordance with Article 155-2 of the Decree of 23 March 1967, we will draft an additional report, if applicable, during the use of these authorisations by your Board of Directors in case of issues with the elimination of the preferential subscription right and of issues of negotiable securities giving access to the capital.

## Fifteenth resolution

### **Auditors' report on the issue of negotiable securities giving the right to the allotment of debt securities**

Dear Shareholders,

As auditors of your company and pursuant to the mission stipulated by Article L. 228-92 of the Commercial Code, we hereby submit to you our report on the proposal to delegate to the Board of Directors the power to decide on an issue of negotiable securities giving the right to the allotment of debt securities, of an amount of up to €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 amount will apply overall to the debt securities to which the negotiable securities give the right to immediate or future allotment, although this same amount does not include any above-par redemption premiums. You are asked to give your opinion on this transaction.

Based on its report, your Board of Directors will propose to you to delegate to it for a term of twenty-six months the power to decide on this transaction. If applicable, your Board of Directors shall be responsible for fixing the final issue conditions.

It is the responsibility of your Board of Directors to draft a report in accordance with Articles 154 and 155 of the Decree of 23 March 1967. It is our responsibility to give our opinion on the truthfulness of the quantified information taken from the accounts and on certain other information concerning the issue given in this report.

We performed our work in accordance with professional standards applicable in France, which require the carrying out of measures aimed at verifying the content of the Board of Director's report on this transaction.

As the issue's final conditions are not fixed, we will not express an opinion on the final conditions in which the issue will be carried out.

Pursuant to Article 155-2 of the Decree of 23 March 1967, we will draft an additional report, if necessary, during the use of this authorisation by your Board of Directors.

## Seventeenth resolution

### **Auditor's report on the issue of shares or negotiable securities with elimination of the preferential subscription right reserved for the members of the PagesJaunes Group savings plan**

Dear Shareholders,

As auditors of your company, and pursuant to the mission stipulated by Articles L. 225-138 and L. 228-92 of the Commercial Code, we hereby submit to you our report on the proposal to delegate to the Board of Directors the power to decide on an issue of ordinary shares or of negotiable securities giving access to existing or future ordinary shares of the company, of up to €1,120,000 with the elimination of the preferential subscription right reserved for employees and former employees who are members of the PagesJaunes Group savings plan, or else, via the free allotment of ordinary shares or negotiable securities giving access to existing or future ordinary shares of the company, in particular via the incorporation in the capital of reserves, profits or premiums, within the limits stipulated by laws and regulations, a transaction on which you will be asked to express your opinion.

This issue is submitted for your approval pursuant to the provisions of Articles L. 225-129-6 of the Commercial Code and L. 443-5 of the Labour Code.

Based on its report, your Board of Directors proposes that you delegate to it for a term of twenty-six months the power to decide on one or more issues and to waive your preferential subscription right. If applicable, your Board of Directors shall be responsible for fixing the final issue conditions of this transaction.

Your Board of Directors is responsible for drafting a report in accordance with Articles 154 and 155 of the Decree of 23 March 1967. It is our responsibility to give our opinion on the truthfulness of the quantified information taken from the accounts, on the proposal to eliminate the preferential subscription right and on certain other information concerning the issue, given in this report.

We performed our work in accordance with professional standards applicable in France. These standards require the carrying out of measures aimed at verifying the conditions for the determination of the issue price of the equity securities to be issued.

Subject to a subsequent examination of the conditions for the proposed capital increase, we do not believe it is necessary for us to comment on the conditions for the determination of the issue price of the equity securities to be issued, given in the Board of Director's report.

As the issue price of the equity securities to be issued is not fixed, we will not express an opinion on the final conditions in which the capital increase will be executed nor, accordingly, will we express an opinion on the proposal submitted to you to eliminate the preferential subscription right.

Pursuant to Article 155-2 of the Decree of 23 March 1967, we will draft an additional report, if necessary, during the use of this authorisation by your Board of Directors.

## Eighteenth resolution

### Auditors' report on the capital reduction via the cancellation of shares purchased

Dear Shareholders,

As auditors of the PagesJaunes Group company, and pursuant to the mission stipulated in Article L. 225-209, paragraph 7 of the Commercial Code in case of a reduction of capital by cancelling purchased shares, we have drawn up this report to communicate to you our assessment of the causes and conditions of the envisaged capital reduction.

We performed our work in accordance with professional standards applicable in France. These standards require the carrying out of measures aimed at examining whether or not the causes and conditions of the envisaged capital reduction are lawful.

This transaction is part of your company's purchase, within the limit of 10% of its share capital, of its own shares, in the conditions stipulated in Article L. 225-209 of the Commercial Code. Moreover, this purchase authorisation is proposed for the approval of your General Meeting and would be given for a period of eighteen months.

Your Board of Directors is asking you to delegate to it for a period of eighteen months, as part of the application of your company's authorisation to acquire its own shares, full power to cancel the shares thus purchased, for up to 10% of its capital, by period of twenty-four months.

We do not believe it is necessary to comment on the causes and conditions of the envisaged capital reduction. It is hereby recalled that said reduction may only be executed insofar as your General Meeting first approves your company's purchase of its own shares.

Neuilly-sur-Seine and Paris-La Défense, on 12 March 2007

The Auditors

#### **DELOITTE & ASSOCIÉS**

Jean-Paul Picard

Éric Gins

#### **ERNST & YOUNG Audit**

Jeremy Thurbin

Christian Chiarasini

# Report of the chairman of the Board of Directors on the conditions for the preparation and organisation of the Board of Director's work and on internal audit procedures

## Year 2006

Pursuant to Article L. 225-37 of the Commercial Code, the chairman of your Board of Directors reports to you in this report on the conditions for the preparation and organisation of the Board's work, as well as the internal audit procedures established by your Company.

The chairman asked the Group's Finance Department to draft this report, carry out the preparatory work and act with due care. The company auditors were informed of this work and of this care.

This report presents the conditions for the preparation and organisation of the work of the Board of Directors of PagesJaunes Group during

the year 2006. This report also presents the internal audit procedures at PagesJaunes Group.

With respect to accounting and financial matters, PagesJaunes Group has set up an internal audit organisation around its major activities, using an internationally recognised methodology and based on the COSO standard (see introduction of Section 2 of this report).

In order to ensure the quality and reliability of the financial information produced, the Group implements an approach involving the continuous improvement of internal auditing.

## 1. PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTOR'S WORK

PagesJaunes Group adheres to the corporate governance principles of listed companies set out in the Medef [French Employers' Association]/AFEP [French Association of Private Firms] report of October 2003, in particular:

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

PagesJaunes Group has striven to implement the recommendations of these reports, in particular, via the establishment of Rules of Procedure approved by the Board of Directors at its meeting of 23 September 2004, which sets out the guiding principles of its operation and the conditions according to which it performs its mission.

### 1.1 Preparation and organisation of the Board of Director's work

The Board of Directors will give its opinion on all of the decisions concerning the Company's major strategic, economic, social, financial and technological orientations, and shall see to it that these are implemented by senior management.

According to the corporate governance policy of PagesJaunes Group, the managing director must obtain the Board's authorisation to initiate investment or disinvestment transactions of an amount exceeding €5 million per transaction, in the case of an acquisition or a sale. In addition, any investment of an amount exceeding €5 million that is not part of the company's strategic orientation must first be approved by the Board of Directors.

On 23 September 2004, the Board of Directors of PagesJaunes Group decided to separate the positions of chairman of the Board of Directors and managing director. Mr Jacques Garaïalde is the chairman of the Board of Directors of PagesJaunes Group and Mr Michel Datchary is executive managing director of PagesJaunes Group.

During the meeting of the Board of Directors of PagesJaunes Group that was held on 12 October 2006, the Meeting took official note of the resignation from their director positions of Mrs Stéphane Pallez and Mrs Patricia Langrand, of France Télécom, and Messrs Olivier Barberot, Michel Combes, Jean-Hervé Lorenzi and Antonio Anguita. The following were provisionally appointed to replace the resigning directors: Médiannuaire, Messrs Jacques Garaïalde, Mattia Caprioli, Reinhard Gorenflos, Johannes Huth, Hugues Lepic and Michel Datchary.

Mr. Jacques Garaïalde was appointed chairman of the Board of Directors.

The General Meeting of PagesJaunes Group held on 20 November 2006 appointed Mr Jean-Christophe Germani as director and approved all of these provisional appointments.

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

- Mattia Caprioli;
- François de Carbonnel;
- Élie Cohen;
- Michel Datchary;
- Abeille Deniau;
- Médiannuaire, represented by Ahmet Faralyali;
- Jacques Garaïalde;

- Jean-Christophe Germani;
- Reinhart Gorenflos;
- Johannes Huth;
- Hugues Lepic;
- Jean-Claude Marceau; and
- Rémy Sautter.

The Board of Directors includes 3 independent members: Messrs François de Carbonnel, Élie Cohen, and Rémy Sautter. A member is deemed independent if s(he) does not have any relationship whatsoever with the Company that could have a significant impact on his/her freedom of judgment.

PagesJaunes Group uses certain criteria in selecting its directors, in particular: availability, experience and expertise in the areas associated with the Group's businesses and with the challenges of its environment.

In 2006, the Board of Directors met 16 times. On average, 9 out of 11 directors attended each session of the Board of Directors during this past year. The average duration of a Board of Directors meeting was 2 hours and 20 minutes.

The Board of Director's main activities were the following:

- examination of the accounts and of the results: the Board examined and closed the company and consolidated annual and semi-annual accounts, and the management reports. It examined turnover and the main quarterly results. It drew up the reports and resolutions submitted to the General Meeting. It examined the 2006 budget;
- examination and approval of strategic operations: the Board deliberated on acquisitions and envisaged acquisitions. The Board also had the Group's strategic orientations presented and discussed these in detail. It examined the Group's strategic plan for the period 2006-2011;
- sale of its interest by France Télécom: the Board of Directors was kept informed of progress made with the intended sale by France Télécom of its interest in the capital of PagesJaunes Group until its execution, and then gave its reasoned opinion on the intended price guarantee given on the balance of the PagesJaunes Group shares. The Board of Directors also proposed to the General Meeting convened for 20 November 2006 a one-time distribution of €9 per share, which was implemented on 24 November 2006;
- Corporate governance: the Board examined the report prepared by the chairman pursuant to Article 117 of the Financial Security Act concerning the preparation and organisation of the Board's work and internal audit procedures. It examined and set up a programme for the free allotment of shares to certain of the Group's employees.

## 1.2 Missions and operation of the Board of Director's committees

Two committees were set up by the Board of Directors.

The Board of Directors decided to set up an Audit Committee, chaired by Rémy Sautter, as well as a Remuneration and Appointment Committee, chaired by François de Carbonnel.

The Audit Committee is responsible for assisting the Board of Directors in performing its financial missions and responsibilities.

The Remuneration and Appointments Committee is responsible for assisting the Board of Directors in appointing and remunerating the company directors.

### 1.2.1 Audit Committee

The Audit Committee is comprised of at least two members, appointed by the Board of Directors based on a proposal by its chairman. In addition, according to the terms of the Audit Committee's operating charter, the Committee will itself appoint its chairman. The composition of the Audit Committee on the date of this report is as follows:

- Mr Remy Sautter, chairman;
- Mr Mattia Caprioli;
- Mr Élie Cohen;

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

- examining the semi-annual and annual company and consolidated accounts, as well as the management reports and the activity and result tables;
- ensuring compliance with the accounting standards adopted for preparing the company and consolidated accounts;
- verifying that the internal information collection and checking procedures are applied in practice;
- checking the quality and relevance of the information communicated to shareholders;
- examining the procedure for selecting the company's auditors, in particular, the motivations for their choices and their remuneration conditions, in order to submit comments;
- examining each year the respective work plans of the company auditors and the internal auditors, examining the internal audit reports of the year ended and define the mission schedule for the year in progress;
- examining the accounting treatments associated with specific transactions, as well as the information published on these transactions;

The missions on behalf of the Board of Directors are not limited to the powers of the Board of Directors, who cannot exempt themselves from their responsibility by citing the missions or opinions of these Committees.

The Audit Committee shall meet as often as it deems useful and shall refer to any question included within its mission. It may ask the Company to provide it with any document or information necessary to the exercise of its mission and to the carrying out of any internal audit or external audit on any subject it believes is included in the said mission. During the examination of drafts of the annual and semi-annual accounts, it may question the company auditors without the presence of the company's senior managers. It is notified of any accounting or audit irregularities.

The Audit Committee met 5 times in 2006. It audited on a regular basis the company's senior managers and the senior managers of the Group's Financial Department and the company auditors, to examine with them their respective work plans and their follow-up on said plans.

During the year 2009, the Audit Committee examined the following questions:

- annual company and consolidated accounts at 31 December 2005;



- semi-annual consolidated accounts at 30 June 2006;
- turnover and main results of the first and third quarters of 2006;
- 2006 internal audit programme, conclusions of the missions carried out during the year and monitoring of the implementation of the recommendations;
- report on progress made with the projects launched for the implementation of America's Sarbanes-Oxley law (up to the announcement in June 2006 by France Télécom of its decision to sell its stake in PagesJaunes) and of Act No. 2003-706 of 1 August 2003 on financial security.

### 1.2.2 Remuneration and Appointments Committee

This Committee is comprised of at least three members, who are appointed by the Board of Directors based on a proposal by its chairman. The Committee itself appoints its chairman.

On the date of this report, the Remuneration and Appointment Committee was comprised of the following persons:

- Mr Francois de Carbonnel, chairman;
- Mr Mattia Caprioli;
- Mr Hugues Lepic.

It is responsible for submitting proposals to the Board of Directors for the appointment of the members of the Board of Directors, the chairman of the Board of Directors, the managing director and the members of the Board of Directors' Committees. It is also kept informed by the chairman of the Board of Directors of the appointments of other senior managers of the Group. In addition, the Committee proposes to the Board of Directors the amount of the directors fees to be submitted to the General Meeting, as well as the conditions for the distribution of said fees between the members of the Board of Directors.

The Committee also proposes to the Board of Directors the remuneration of the company directors and may, if requested by the chairman of the Board of Directors, give an opinion on the conditions for fixing the remuneration of the Company's senior managers.

The Remuneration and Appointments Committee met 8 times in 2006.

The Committee examined the definition of the objectives and the conditions for the calculation of the variable portion of the managing directors remuneration.

It also proposed to the Board of Directors to set up free share allotment plans.

### 1.3 Limitations of the managing director's powers

Pursuant to Article L. 225-51-1 of the Commercial Code, which enables the Board of Directors to choose between senior management of the company, under its responsibility, performed either by the chairman of the Board of Directors or by another natural person appointed by the Board of Directors and bearing the title of managing director, on 23 September 2004, the Board of Directors of PagesJaunes Group decided to separate the positions of chairman of the Board of Directors and managing director. On 12 October 2006, it elected from among its members Mr Jacques Garaïalde as chairman of the Board of Directors of PagesJaunes Group and Mr Michel Datchary as executive managing director of PagesJaunes Group.

### 1.4 Rules for the determination of the managing director's remuneration

On 7 February 2006, the Board of Directors, based on a proposal by the Remuneration and Appointment Committee, determined the rules for the calculation of the managing director's variable share.

In 2006, the managing director was eligible for a variable share, the annual amount of which could vary between 0 and 66% of the base salary, depending on the attainment of the following criteria: turnover growth would account for 50%, growth in operating income would account for 30% and growth in net income would account for 20%.

## 2. INTERNAL CONTROL PROCEDURES ESTABLISHED BY PAGESJAUNES GROUP

For the organisation of its internal control and management of its risks, PagesJaunes Group has established a number of internal processes, described below, based on COSO (Committee Of Sponsoring Organizations of the Treadway Commission), as well as, up to the announcement by France Télécom of its intention to sell its stake in PagesJaunes Group, in June 2006, consistent with the framework defined by the Sarbanes-Oxley law.

Under COSO, internal control is a process implemented by the company's senior management, managers and personnel, the purpose of which is to provide reasonable assurance concerning the attainment of objectives in the following areas:

- execution and optimisation of transactions;
- reliability of financial information;
- conformity with current laws and regulations.

This process covers all of the activities of the PagesJaunes Group. Its purpose is to carry out a reasonable verification that risks are controlled and that the stipulated objectives will be attained.

### 2.1 The control environment

PagesJaunes Group has established a series of organisational rules, policies, procedures and mechanisms and evaluation and control bodies that contribute to the effectiveness of internal control.

#### 2.1.1 Values, Governance, and Mobilisation of expertise

##### 2.1.1.1. The Group's action and behavioural values and principles

At its meeting on 27 May 2004, the Supervisory Board of PagesJaunes Group approved an Ethical Charter for the group (available at the site [www.pagesjaunesgroupe.com](http://www.pagesjaunesgroupe.com)). This Charter sets out the Group's values

and explains its action principles vis-à-vis its clients, its shareholders, its employees, its suppliers, and its competitors, as well as vis-à-vis the environment and the countries in which the group operates. It also mentions a number of individual behavioural principles with which each employee, director and manager must comply.

Stock market ethical principles and rules will be covered by a specific document that is an integral part of the Charter. The purpose of this document is to draw the attention to employees and directors of the Group's companies to the current relevant principles and rules and the need to fully conform to these, as well as certain preventive measures (in particular, the existence of a lockup period for "insiders").

In addition, in accordance with Article 222-14 of the new General Regulations of the Autorité des Marchés Financiers (adopted pursuant to Article L. 621-18-2 of the French Monetary and Financial Code), PagesJaunes Group informed its directors of the company's obligation to communicate to the AMF and to make public through a press release, within five days of trading, any acquisitions, sales, subscriptions or exchanges of its financial instruments, as well as the transactions carried out on these instruments using financial futures instruments, by the members of the Board of Directors and by those persons having close personal links with them, in conditions that will be defined by a decree in the *Conseil d'Etat* [the country's highest administrative court].

### 2.1.1.2. The Group's governance

#### **The Executive Committee**

An Executive Committee of PagesJaunes Group was set up under the authority of the managing director. It is comprised of the executive directors in charge of the Group's divisions and functions. The Executive Committee defines the Group's strategic orientations contributing to the growth of operational and commercial activities. The Group's Executive Committee decides on and coordinates the implementation of strategic orientations. It monitors the attainment of the objectives reflecting its operational and financial resource allocation decisions.

#### **The Strategic Committee**

The Strategic Committee is comprised of the managing director and financial director of PagesJaunes Group, the directors of the three PagesJaunes business units (printed directory, online service and voice and services) as well as the director of strategy of PagesJaunes Group, who co-ordinates it. The meetings of the Strategic Committee are also attended by those persons concerned by the subjects placed on the agenda, as necessary. The purpose of the Strategic Committee is to analyse and examine the strategic plans and structural projects of PagesJaunes Group and its subsidiaries, as well as to co-ordinate and structure the Group's strategic analysis.

### 2.1.2. The internal control function

Until France Télécom left the Group, PagesJaunes Group's internal control work had always been performed by the former Audit and Risk Control Department. In November 2006, the latter set up its own internal control department.

Internal control helps the Group to maintain an appropriate audit mechanism by evaluating its efficiency and effectiveness and by encouraging its continuous improvement. Based on risk evaluation results, internal control assesses the relevance and effectiveness of the internal audit procedures by measuring the quality of the audit environment within the Group, the quality of the operation of the internal governance bodies, the reliability and integrity of the financial and operational information, the effectiveness and efficiency

of operations, the protection of assets, and compliance with laws, regulations and contracts.

The internal audit structure of PagesJaunes Group is responsible for performing the missions defined by the Audit Committee at the beginning of the year in the Audit Programme:

- reviews of the internal control environment at the subsidiaries of PagesJaunes Group;
- subject-related missions at PagesJaunes;
- cross-disciplinary subject-related missions.

### 2.1.3 Risk management

In 2005, PagesJaunes Group initiated an approach to manage risks and appointed its legal director as risk manager.

Since then, a risk manager dedicated to risk management has been appointed, and the legal director continues to supervise and coordinate the approach.

This led to the establishment of the risk-mapping and organised the risk management process, which includes, on the one hand, an approach by Group segment (PagesJaunes Group, PagesJaunes, QDQ Media, and other subsidiaries) and by business category and, on the other, the allocation of risks to risk owners.

This risk management approach was presented to the Audit Committee.

The complete risk-mapping, the determination of the owners and the associated action plans for major risks were established as scheduled in June 2005.

A complete review of risks was carried out at the end of 2005. It:

- measured progress made with the planned actions;
- updated the risks identified in June 2005 (changes and disappearance);
- included new risks which may arise.

This approach is led by the risk manager, who is assisted by a steering committee comprised of Executive Directors of PagesJaunes Group and PagesJaunes. The Steering Committee also supports the establishment of an information security policy within PagesJaunes Group, so as to ensure the homogeneity of these two programmes.

Risk management is now organised as follows:

- two complete reviews of risks and information security are carried out each year;
- regular monitoring committees ensure progress made with planned actions;
- each month, a monthly list of indicators mainly covering progress made with risk hedging actions is prepared,

In addition, a business continuity plan draft was decided in 2006. Its content will be prepared in 2007 and it will be deployed in 2008.

## 2.2. Internal control procedures concerning the preparation and treatment of accounting and financial information

The reliability of the accounting and financial information published is supplemented by a series of bodies, rules, procedures and checks,

by an expertise management policy, and by an approach to ensure continuous improvement of procedures.

The internal control of accounting and financial information is organised around the following points:

- the Financial Information Committee;
- the Group's accounting and management organisation;
- joint accounting and management reporting;
- the reference model and the common accounting methods within the Group;
- planning of closing work at the Group level.

### The Financial Information Committee

Financial information and its control are organised in a consistent manner with the managerial organisation and management of PagesJaunes Group. In order to improve the quality and reliability of financial information, the Group has set up a financial information management and control mechanism, which is primarily based on the work of the Financial Information Committee.

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

It reviews – after an examination by the Audit Committee and then by the Board of Directors – all of the financial information communicated to the public. This examination covers periodic press releases including financial elements, on periodic presentations to analysts, manager reports, and on the reference document.

The Committee acts based on the procedures for the preparation and validation of financial information defined for the entire Group. It is chaired by the Group's financial director and includes those directors who are competent in the areas of accounting, legal, communication, investor relations and management control. This Committee was set up in July 2004 and met 4 times in 2006.

### The accounting and management function

Under the authority of the Group's financial director, the financial directors, the Consolidation Department, the Management Control departments and the Accounting departments of the Group's subsidiaries perform the essential missions to ensure the consistency of the financial data of PagesJaunes Group.

For example,

- they produce the company and consolidated accounts of PagesJaunes Group within the times satisfying the requirements of financial markets and legal obligations;
- they manage the budget and estimation process and produce monthly management reporting as quickly as possible, while ensuring data consistency;
- they produce the documentation necessary for the financial communication of results and the synthesis management reporting for the management of the PagesJaunes Group ;
- they design and set up the accounting and management methods, procedures and reference documents of PagesJaunes Group;
- they identify and manage necessary changes to the accounting information and management systems of PagesJaunes Group.

### Accounting reporting and joint management

PagesJaunes participates in the Group's management and running cycle, which is comprised of four main components:

- the strategic plan for at least five years;
- the budget process;
- monthly reporting;
- business reviews.

Each year, a strategic plan is drawn up by PagesJaunes Group for the next five years. This strategic plan is prepared based on strategic choices by PagesJaunes Group, given changes in the markets, its activity sectors and the competitive environment.

The budget process is determined for PagesJaunes Group and its subsidiaries. The main phases of the budget process are the following:

- in the autumn: updating of the budget for the year in progress and preparation for each entity of a monthly budget for the following year;
- in the spring: updating of the initial forecast for the year in progress, which also serves as the basis for the preparation of the strategic plan.

Monthly reporting is a major component of the control and financial information mechanism. It is the PagesJaunes Group's senior management's primary monitoring, control and management tool. It is comprised of several documents prepared by management control and accounting and communicated to the management of PagesJaunes Group.

Monthly reporting includes quantified data, comments on developments, and performance measurement indicators.

The management control and accounting services of PagesJaunes Group use a joint consolidation tool to produce reporting on actual figures and budget, as well as the strategic plan.

The quarterly business reviews with all of the senior managements of the subsidiaries are a key component of the PagesJaunes Group's management and control mechanism. Their primary objective is to ensure consistency between the actions undertaken and the group's priorities and ambitions.

### The reference model and common accounting methods within the Group

For the process to prepare the provisional and actual consolidated accounts, the Group has chosen the principle of standardisation, which entails:

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

The Group has a single reference model that standardises all of the items of the consolidated reporting, including off-balance sheet commitments. All of the Group's consolidated entities have adopted this reference model. PagesJaunes Group prepares the consolidated accounts in accordance with IFRS standards (European regulation 1606/2002 of 19 July 2002).

The consolidation documents are prepared in accordance with local accounting principles and include standardisation restatements in order to comply with the Group's standards and with IFRS standards. Instruction memos from the Group's Finance Department specifying the preparation process and timetable for each closure are disseminated within the Group. Each subsidiary of PagesJaunes Group defines these processes and these timetables at the level of its organisation.

### **The planning of closing work at the Group level**

In order to maintain short accounting closing times, which enable it to publish its consolidated accounts, as prepared by the Board of Directors in mid-February, the Group has set up a precise programme to plan its closing work. This programme includes:

- budget monitoring processes;
- the carrying out of accounting pre-closures;
- greater formalisation of closing processes;

- forecasting the treatment of complex accounting transactions and estimates.

The planning of co-ordination actions between the various divisions and functions of the Group, the improvement of the quality of quantified forecasts and the heightened mastery of financial processes, and the anticipation and acceleration of accounting preparation processes have all been essential factors in the progress made by the Group in preparing its accounts.

As part of their mission required by law, the company auditors perform their work at the end of the first half of the year, and after a pre-closure, in the form of a limited examination at the Group level, and for the annual closing, via a review of the pre-closure, followed by an audit of the accounts at 31 December. In this way, they provide an external evaluation reference that complements the internal evaluation process.

**PagesJaunes Group SA**

Year ended 31 December 2005

# The Auditor's report, prepared pursuant to Article L. 225-235 of the Commercial Code, on the report of the chairman of the Board of Directors of the PagesJaunes Group, regarding the internal control procedures concerning the preparation and treatment of accounting and financial information

Dear Shareholders,

As company auditors of PagesJaunes Group and pursuant to Article L. 225-235 of the Commercial Code, we submit to you our report on the report prepared by the chairman of your company in accordance with Article L. 225-37 of the Commercial Code for the year ended 31 December 2006.

The chairman is responsible for reporting, in his report, on the conditions for the preparation and organisation of the Board of Director's work and the internal control procedures established at the company.

We are responsible for communicating to you our comments concerning the information provided in the chairman's report concerning the internal control procedures concerning the preparation and treatment of accounting and financial information.

We conducted our work in accordance with professional standards applicable in France. This work required the carrying out of measures aimed at assessing the truthfulness of the information given in the chairman's report, concerning the internal audit procedures concerning the preparation and treatment of accounting and financial information. These measures consist of:

- analysing the objectives and overall organisation of internal control, as well as the internal control procedures concerning the preparation and treatment of accounting and financial information presented in the chairman's report;
- analysing the work underlying the information thus given in the report.

Based on this work, we do not believe that it is necessary to comment on the information given in the Company's internal control procedures concerning the preparation and treatment of accounting and financial information contained in the report of the Board of Directors, prepared pursuant to Article L. 225-37 of the Commercial Code.

Neuilly-sur-Seine and Paris-La Défense, 12 March 2007

The Company Auditors

DELOITTE & ASSOCIÉS

Jean-Paul Picard      Éric Gins

ERNST & YOUNG Audit

Jeremy Thurbin      Christian Chiarasini

# Glossary

*Directory*: a directory is a compilation of lists of professionals and/or private individuals, subscribers of a fixed or mobile operator, with a view to their publication in alphabetical form or by professional section, in print or electronically.

*The Group's consolidated turnover*: the Group's turnover, including the turnover of PagesJaunes and all of its subsidiaries, with the exception of the turnover of PagesJaunes Outre-Mer, Kompas Belgium and PagesJaunes Liban, which are not consolidated.

*The Group's external turnover*: the Group's turnover obtained with third parties outside the France Télécom group.

*Publisher*: a natural person or legal entity who assumes the responsibility for the content it disseminates.

*Group*: the group of companies comprised of the Company and all of its subsidiaries.

*Consolidated group*: the group of companies comprised of the Company and all of its subsidiaries, with the exception of PagesJaunes Outre-Mer and PagesJaunes Liban.

*France Télécom Group*: the France Télécom company and all of its subsidiaries.

*I-mode*: data exchange protocol developed by Japanese mobile telephone operator NTT DoCoMo permitting the use of the Internet from mobile terminals.

*Intranet*: local network using the same protocols and technologies as the Internet, but connecting computers privately (i.e. without being open to all surfers). Examples: company Intranet, community Intranet, etc.

*"Numéro Azur"*: telecommunications number whose cost is shared between the service publisher and the caller.

*PagesJaunes or PagesJaunes SA*: the PagesJaunes SA company.

*Advertising sales agency*: natural personal or legal entity who assumes responsibility for selling the advertising spaces of the content edited by a third party and whose rights and obligations are defined by an advertising sales contract.

*Company*: the PagesJaunes Group company.

*Coverage rate of an Internet site*: number of surfers who have been to the site studied at least once during a given period over the total number of surfers active during this period.

*WAP (wireless application protocol)*: data exchange protocol developed by several mobile telephone manufacturers permitting the use of the Internet from mobile terminals.

*Web call-back*: telephone connection with the advertiser if requested by the consultant from an icon placed on the advertiser's Internet site.





