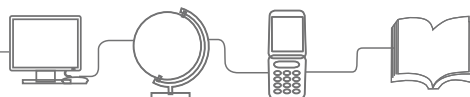


PagesJaunes Groupe

Document de référence 2007



pagesjaunes

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PagesJaunes Groupe

Limited liability corporation with 56,128,890 euros in capital,
Head office 7, avenue de la Cristallerie – 92317 Sèvres Cedex, France
Company R.C.S. registration number Nanterre 552 028 425

Unofficial translation of the French language *document de référence 2007*, for information purposes only.



This *document de référence* was registered with the AMF (*Autorité des marchés financiers*) on 1 April 2008 in accordance with Article 212-13 of the *Autorité des marchés financiers* general regulations. It may be used in support of a financial operation if it includes an operational note stamped by the *Autorité des marchés financiers*.

Copies of this *document de référence* are available at no cost from PagesJaunes Groupe, 7, avenue de la Cristallerie – 92317 Sèvres Cedex, and on PagesJaunes Groupe Internet site: www.pagesjaunesgroupe.com and on the *Autorité des marchés financiers* Internet site: www.amf-france.org.

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

- the Company and consolidated accounts for the Group in the year ended 31 December 2006, the Auditors' Reports on these, and the Group's management report, respectively on pages 92 to 147, pages 175 and 176 and pages 51 to 62 of the *document de référence* registered on 27 March 2007 as R. 07-023;
- the Company and consolidated accounts for the Group in the year ended 31 December 2005, the auditors' reports on these, and the Group's management report, respectively on pages 88 to 142, pages 159 and 160 and pages 54 to 64 of the *document de référence* registered on 23 March 2006 as R. 06-024.

Chapters of the *document de références* R. 07-023 and R. 06-024 not mentioned above are either of no interest to investors or are covered in another Section of this *document de référence*.

1 Persons responsible for the *document de référence*

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

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

1.1 Persons responsible for the *document de référence*

Mr Jacques Garaïalde, Chairman of the Board, and Mr Michel Datchary, CEO of PagesJaunes Groupe, are responsible for this *document de référence*.

1.2 Statement by the persons responsible for the *document de référence*

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

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

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

Reports have been drawn up on the historic financial information presented in this document. The auditors’ report on the consolidated accounts at year-end 31 December 2005 in Chapter 20.5 of the 2005 document de référence contains an observation.”

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

Mr Michel Datchary
CEO, PagesJaunes Groupe

2 Official Auditors

2.1 Statutory Auditors

Deloitte & associés

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

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

Ernst & Young Audit

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

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

2.2 Assistant Auditors

BEAS

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

Appointed at the General Shareholders' Meeting held on 3 June 2003 to replace the resigning Joint Assistant Auditor Mr Francis Gidoin, for the remaining period of the predecessor's appointment, until the end of the General Shareholders' Meeting voting on the accounts for the year ending on 31 December 2003. This appointment was renewed at the General Shareholders' Meeting held on 27 May 2004 for a term of six years until the end of the General Shareholders' Meeting voting in 2010 on the accounts for the Company year ending on 31 December 2009.

Auditex

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

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

3 Selected financial information

(in millions of euros)	FY 2007 (IFRS) ⁽²⁾	FY 2006 (IFRS) ⁽²⁾	FY 2005 (IFRS)
Consolidated income statement			
Consolidated Group revenue	1,158.3	1,093.3	1,060.7
PagesJaunes in France segment	1,071.8	1,013.3	956.1
International and Subsidiaries segment	93.8	85.9	108.9
Gross Operating Margin (GOM) of the consolidated Group ⁽¹⁾	508.9	483.6	463.1
PagesJaunes in France segment	517.6	479.9	457.5
International and Subsidiaries segment	(8.7)	3.7	5.5
NET CONSOLIDATED INCOME	268.6	296.9	261.7
Consolidated balance sheet			
ASSETS			
Non-current assets	204.3	177.6	209.9
inc. net goodwill	125.5	107.7	107.4
Current assets	739.8	672.5	1,167.7
inc. net trade account receivables	518.0	500.0	472.8
inc. cash and cash equivalents	71.2	55.1	549.8
TOTAL ASSETS	944.1	850.2	1,377.7
LIABILITIES			
Shareholders' equity	(2,072.9)	(2,060.6)	407.1
Non-current liabilities	1,966.4	1,947.3	35.8
inc. long-term financial liabilities and non-current derivatives	1,913.8	1,911.0	0.0
Current liabilities	1,050.6	963.4	934.7
inc. trade account payables	109.4	116.7	124.2
inc. deferred income	672.4	640.3	591.7
TOTAL LIABILITIES	944.1	850.2	1,377.7
Net cash from the consolidated Group	(1,854.0)	(1,866.6)	553.0
Cash from consolidated Group business	285.0	310.3	263.5
Data per share			
Net earnings per share (euro)	0.96	1.07	0.94
Dividend per share (euro) ⁽³⁾	0.96	1.08	1.02

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

(2) Excluding Kompass France and Kompass Belgium, disposed of in March 2007.

(3) For 2007, proposal by the Board of Directors to the General Shareholders' Meeting of 29 April 2008.

4 Risk factors

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

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

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

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

The development of new technologies and widespread use of the Internet in the workplace, at home and on the move has meant that consumers' preferences and habits have changed. This has had a particularly significant effect on the use of 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. The Paris region is thus distinguished from the rest of France by a lower use of printed directories and greater use of on-line services. Even if this can be explained by the fact that the place of use is often not the home of the person concerned and by a historically greater use of on-line services, there is no guarantee that this is not a precursor of the long-term audience situation in France.

Since the Group takes a substantial part of its advertising revenue from the printed directories, the new revenue which the Group could extract from 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 in relation to the 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, if any, of these models will turn out to be the industry standard. 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 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 on its ability to achieve its goals.

Inability to handle competition

The Group is seeing an increasing level of competition in the local advertising market over all the geographical markets where it is present. 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 conditions; the Group's inability to adapt its costs structure

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

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

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

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

An increase in the price of paper or a shortage of paper over a long period could have a significant negative impact on the Group's business, financial position or results. The price of paper when this document goes to press is at a historic low, and so it is possible that the price could go up significantly in the future. As an example, based on the volumes of paper purchased by PagesJaunes in 2007, a 10% increase in paper prices per tonne on the world market leading to an equivalent increase in the cost of paper under the paper supply contracts signed by PagesJaunes Groupe would have meant an increase in printing paper costs of 4.6 million euros in 2007 (0.4% of PagesJaunes revenue for 2007).

Since 2006 the Environmental Code makes it compulsory for "all natural and legal persons who gratuitously and on their own account supply printed material to private individuals who have not so requested, have this supplied to them, distribute this to them on their own account

or have this distributed to them in letter boxes, common sections of collective dwellings, commercial premises, public places or on the public highway [...], to contribute to the collection, upgrading and elimination of the waste thus produced. The contribution may take the form of benefits in kind." (Article L. 541-10-1 of the Environmental Code).

EcoFolio was created at the end of 2006, and approved by the authorities in January 2007. It was founded by issuers of free printed matter, who clubbed together to take up their environmental responsibilities in a joint response to legal obligations and to organise a new entity. EcoFolio acts on their behalf, collects their financial contribution, and carries out prevention programmes.

The EcoFolio contribution was freely set by the Board following negotiations with local authorities receiving the support. Every tonne of printed matter distributed is subject to an eco-contribution of 35 euros, and EcoFolio pays this to the authorities with paper recycling contracts.

The Group subcontracts most of the work involved in printing, binding and packing printed directories. An increase in the cost of these tasks 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. An 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 payment arrangements

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

The Group's goal in its printed and on-line directories, as well as via its information enquiries services, is to provide useful information which is as exhaustive as possible. The information about individuals and businesses published in the Group's directories is mostly gathered from databases of various telecommunications operators. If the Group were unable to access these databases, if the number of people with a landline telephone were to drop significantly in favour of mobile telephones, without the possibility of creating a complete database of mobile telephone subscribers, or if a large number of subscribers asked to be unlisted, no assurance can be given that the Group would be able to gather the information about individuals and businesses by other means, and that this would not lead to a reduction in the content of these directories, which could have a significant negative impact on the Group's business, 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, extremely volatile and changeable demand from the consumer and instability in business models. The novelty value of these products and services and their fast evolution requires the Group to constantly improve its performance and be extremely adaptable in its technology. Any inability by the Group to anticipate or properly respond to changes in technology or demand, significant delays or major costs incurred in developing and marketing new products and services could have a significant negative impact on the Group's business, financial position or results.

Damage to information, production or distribution systems

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

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

Fluctuations in the Group's quarterly sales and six-month results

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

results. In addition, if the publication of one or more directories is brought forward or delayed, the posting of revenue and the associated costs of publication and distribution could also be delayed or brought forward. Finally, the time delay between posting of products and costs on the one hand, and the actual payment of the costs and the billing of advertisers on the other, could affect operating results, operating cash flow 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 companies acquired, or that the additional income and results generated by each acquisition will justify the price paid for the acquisition. A failure in any of these integration steps could have a negative impact on the Group's business, financial position or results.

A part of these acquisitions and investments could involve payment by issuing shares in PagesJaunes Groupe, which could have a diluting effect for PagesJaunes Groupe shareholders. These acquisitions and investments, whether paid for in cash or shares, could have an unfavourable effect on the Group's business, financial position or results.

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

4.2 Legal risks

Lawsuits and arbitration

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

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

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

the plan implemented by PagesJaunes. However, cases including claims based on grounds not settled by the above judgments and cases before the administrative courts are still pending. The provision created in 2002 for this risk, 7.3 million euros, was recreated in the amount of 1.0 million euros in 2006, and subsequently 1.9 million euros in 2007 in due consideration of the favourable development of the case.

- The DGCCRF (General Directorate for Competition Policy, Consumer Affairs and Fraud Control) 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.
- PagesJaunes Groupe 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 euros was recorded in 2006; (ii) by contrast, PagesJaunes Groupe 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 euros, including interest. They sent their remarks on the subject to the taxation authorities in two letters on 10 January 2007. The taxation authorities simply abandoned the adjustment demand for the second point on 7 March 2007. A provision had not been created for the second point in the 2006 accounts.
- An action was 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 one million six hundred thousand euros in damages and interest. This case has reached the closing arguments stage. Although it believes it has elements in its favour, PagesJaunes cannot rule out an adverse judgment in this case.
- In January 2007, PagesJaunes was summoned to appear before the *Conseils de Prud'Hommes* (industrial tribunals) of Caen, Marseilles 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 with regard to unreported work. In particular, they are holding PagesJaunes liable on the basis of financial solidarity. These cases have reached the closing arguments stage. While it has strong arguments, it cannot rule out possible adverse judgments or prejudicial consequences.

- In February 2008 PagesJaunes initiated proceedings against Xentral (formerly Prodis) and *L'Annuaire Universel* for counterfeiting. PagesJaunes intends to defend its rights against Xentral (formerly Prodis) and *L'Annuaire Universel* which, by their use of the "pagesjaunes.com" online directory site for a French audience, availed themselves of the "PagesJaunes" trademark.

PagesJaunes owns a number of "PagesJaunes" trademarks, particularly the French trademarks "PagesJaunes" and "Les PagesJaunes". The trademarks are extremely well-known in France for the advertising services provided by the business directories. PagesJaunes feels that Xentral and *L'Annuaire Universel* are infringing its trademark rights, and are also creating great confusion in the minds of business customers in defiance of judicial decisions.

These new proceedings thus form part of an extension of decisions taken by the Paris Court of Appeal and the Court of First instance of the European Communities (CFI). In a ruling on 30 February 2005 the Paris Court of Appeal recognised beyond any doubt the validity of the PagesJaunes trademark and PagesJaunes' ownership of the trademark, and dismissed all the allegations made by Prodis. Likewise, in a ruling on 13 December 2007, the CFI of the European Communities confirmed the demand by PagesJaunes that Xentral's registration of the community trademark "pagesjaunes.com" be rejected, considering that the trademarks involved (PagesJaunes and pagesjaunes.com) are similar and that there is a high risk of confusion by the general public.

In addition, in common with other companies in the sector, the Group is frequently the subject of court proceedings brought in relation to errors in the publication of directories and other media. Generally the financial risk represented by each of these proceedings is relatively limited. However, an increase in their number may constitute a significant risk for the Group. The number of such proceedings has declined constantly since 2001, and has remained stable since 2006. As at 31 December 2007, the number of proceedings was 23, for a total amount of damages/interest claims of 1.8 million euros. 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 are no other governmental, judicial or arbitration proceedings, either suspended or pending, liable to have or having had, in the last 12 months, a significant impact on the financial position or profitability of the Company and/or of the Group.

Changes in regulations affecting the Group's markets

The communications industry where the Group operates is subject to many regulations (see Section 6.7 "Regulations"). Changes in policy or regulations by the European Union (particularly the directive entitled "Privacy and Electronic Communications"), in France or in other European countries where the Group has operations could have a significant 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 as to existing regulations

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

for content, e-business, encryption and electronic signatures. These future developments in regulations could have a significant 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

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

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

Intellectual and industrial property rights

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

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

Users' personal information

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

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

Restrictions on the Group's right to collect personal information

The Group must abide by privacy protection laws, including European directive 95/46/EC of 24 October 1995, which limits its right to collect and use personal information concerning its users (see Section 6.7.1.2 "Protecting Personal information"). 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.

Use of domain names

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

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

4.3 Market risks

The Group intends to optimise its financial structure, whose main assessment criterion is financial leverage (net debt/GOM ratio), in order to reduce its capital costs while retaining a certain amount of financial flexibility to carry through its development plan.

The two major objectives of financial management are as follows:

- PagesJaunes Groupe and the consolidated PagesJaunes Groupe are net borrowers, and thus the main objective of PagesJaunes Groupe is to secure and therefore limit the cost of debt;
- partly due to the production of a considerable cash flow in pace with the commercial prospection process, and partly to payment of interest on debt and of dividends to shareholders in accordance with differing schedules, PagesJaunes Groupe creates cash surpluses, and thus may temporarily find itself in a cash surplus situation. Since these surpluses do not usually last, the Group intends to arrange the best rate of interest as part of an ultra-low risk strategy.

The Group also exercises care with the undertakings in its banking documentation, with certain clauses in relation to default and compulsory pre-payment. 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 maximum financial leverage, measured by the ratio of consolidated net debt to a close aggregate of consolidated GOM.

The Group intends to keep financial leverage between 3 and 4 times the GOM. At 31 December 2007, the ratio was 3.6 times the GOM, well below the maximum of 5.25 set by bank documentation for this date.

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

Exchange rate risks

PagesJaunes Groupe 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.

Interest rate risk

PagesJaunes Groupe is exposed to the risk of changes in interest rates since all its short and long-term finance is arranged at a variable rate. The Group handles this risk using derivative instruments, mainly rate swaps and collars.

The main features of Group bank debt are set out in the consolidated PagesJaunes Groupe accounts in Section 20.1 (Historic financial information) in note 28 (Cash and cash equivalents, net financial debt), and the main features of hedging instruments for interest rates in note 18 (Derivative financial instruments – non-current assets).

The table below shows the financial assets and liabilities of PagesJaunes Groupe:

(in millions of euros)	Variable rates	Fixed rates	
		1 to 5 years	>5 years
Liabilities ⁽¹⁾	1,982.8	-	-
Assets ⁽²⁾	(71.2)	-	-
Net debt before hedging	1,911.5	-	-
Hedging ⁽³⁾	(1,520.0)	(1,520.0)	-
NET DEBT AFTER HEDGING	391.5	(1,520.0)	-

(1) Bank loan (1,950 million euros), bank overdrafts (16.7 million euros) and other long-term debt (16.1 million euros).

(2) Cash and cash equivalents (71.2 million euros).

(3) Interest rate hedging (1,520 million euros in rate swaps and collars).

PagesJaunes Groupe believes that a 1% increase in short-term interest rates with respect to the Euribor 3-month rate at 31 December 2007 – 4.684% – should lead to a fall in annual consolidated profit before tax of around 5.2 million euros.

Liquidity risk

PagesJaunes Groupe has implemented a centralised cash pooling management system which includes all its French subsidiaries, organised around a PagesJaunes Groupe pivot. This cash management system in association with an internal reporting system allows the Group to anticipate and estimate future cash flows in relation to the business operations of its subsidiaries, and thus optimise credit line draws

when extra cash is required, and investment when cash surpluses are available. The Group has a revolving credit arrangement of a maximum of 400 million euros, not utilised at 31 December 2007. The Group cannot discount the possibility that it may face a liquidity risk in the event of a significant reduction in its operational cash flow which is not covered by its revolving credit or its overdraft facility.

Credit risks

PagesJaunes Groupe is exposed to credit risks, mainly in relation to investment and interest rate hedging instruments. PagesJaunes Groupe limits its credit risk by selecting counterparties with a long-term rating over AA- (Standard & Poor's and/or Fitch IBCA) and Aa3 (Moody's).

The procedure for management of financial operations by PagesJaunes Groupe also establishes a restricted list of authorised signatures, beyond which authorisation by the CEO is compulsory. Bank documentation also restricts the counterparty list for hedging operations.

At 31 December 2007, the maximum credit risk assuming the hypothesis of a total default by PagesJaunes Groupe's counterparties was 30 million euros for hedging instruments and 67 million euros for investment (market value at 31 December 2007).

The Group, moreover, has an extremely diversified client portfolio of almost 763,000 advertisers, including 666,800 in France. In France the top 20 advertisers account for 1.3% of its revenue, and advertisers in the top 10 professional categories account for 14.1% of PagesJaunes' revenue. In France, client risk provision is low, a net of 0.245% with respect to revenue in 2007, almost stable in comparison to the figure for 2006. Client receivables were 518.0 million euros at 31 December 2007, including 479.9 million euros for PagesJaunes and 422.4 million euros corresponding to revenue to be published in 2008. PagesJaunes Groupe cannot, however, ignore the possibility that a deterioration in the economic environment could impair its credit risk.

Share-related risks

PagesJaunes Groupe feels that share-related risks are insignificant since the Group does not hold any own shares, and/or the investment of cash surpluses is not exposed to risk on the share markets.

PagesJaunes Groupe intends to distribute the full amount of the net Group profits for the 2008 financial year. This profit distribution target

does not under any circumstances represent a commitment on the part of PagesJaunes Groupe, and future dividends will depend on the Group's results, its financial position and any other information considered relevant by the Board of Directors and shareholders of PagesJaunes Group.

4.4 Industrial and environmental risks

In its business operations the Group is subject to a number of health and safety regulations; its activities affect the environment, and those relating to printed directory operations in particular.

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

- in relation to activities which are not carried out directly by companies in the Group but are subcontracted, such as the printing or distributing of the printed directories in particular, the Group only has limited room for manoeuvre to control their environmental impact. Even though the Group adheres to environmental criteria in the choice of its subcontractors, it cannot provide any assurance that these

subcontractors will observe all the regulations applicable to their own activity in terms of environmental protection;

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

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

Reducing paper consumption

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

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

In France the amount of paper consumed in producing the PagesJaunes directory and *l'Annuaire* was 71,070 tonnes in 2007, compared to 63,470 tonnes in 2006 and 67,321 tonnes in 2005. This increase may be explained by the following:

- distribution of *l'Annuaire* to subscribers with a Minitel facility who are therefore deprived of a printed copy of their *département's* directory;
- the distribution of printed directories to certain large cities in the provinces, in larger numbers than in 2006 ("all boxes" distribution);
- targeted distribution to those who have moved house recently and to second homes.

This will increase the usage of printed directors in the larger French cities outside Paris.

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

Recycling of directories

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

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

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

PagesJaunes Groupe also became a member of the ecological association EcoFolio (see Section 4.1). The PagesJaunes policy is to contribute voluntarily to financing this end-of-life printed material recycling and collection facility by paying an eco-contribution to EcoFolio based on the tonnage of printed PagesJaunes directories distributed (due to its status as a universal service component, *l'Annuaire* falls outside the scope of this eco-contribution).

The sum of eco-contributions collected by EcoFolio from entities issuing taxable printed matter, such as PagesJaunes directories distributed to individuals, is paid in support of local authorities responsible for waste collection and treatment.

The 2008 finance law makes provision for extending the scope of the printed matter affected – the official liability criterion is no longer delivery to a private individual, but household and similar waste. Thus direct-mail advertising, brand magazines, Company press and mail-order catalogues will be liable for tax as of 1 July 2008.

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

Extension of the tax scope will, as of 1 July 2008, affect all PagesJaunes and PagesPro already printed and future editions, and office automation paper (as of 1 January 2010) – *l'Annuaire* will not be affected, however.

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

Environmental impact of “office” activities

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

Generally, in terms of all the risks described above, although the Company has adopted a policy of identifying and voluntarily managing risks relating to the environment, 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 national or international legal and regulatory provisions regarding the environment could affect the Group's business, financial position or results.

5 Information concerning the issuer

5.1 History and progress of the Company

5.1.1 Corporate name and trading name

“PagesJaunes Groupe”.

5.1.2 Place of registration and registration number

RCS Company registration number: RCS Nanterre 552 028 425.

APE business activity code: 7010 Z.

5.1.3 Date of incorporation and term (article 5 of the Articles of Association)

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

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

5.1.4 Registered office, legal form and applicable legislation

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

Telephone: 01 46 23 30 00.

The Company's country of origin is France.

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

5.1.5 Major events in the development of business

Today the Group is the leading publisher of directories in France intended for the general public and businesses, available in printed form and on-line (Internet and Minitel). The Group's range of products offered to the general public notably includes the printed directories (the PagesJaunes directory and *l'Annuaire* in France and QDQ, *La Guía Útil* in Spain), as well as on-line directory services (such as pagesjaunes.fr or QDQ.com). In the business market, the Group publishes 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 Post, Telegraph and Telephone (“PTT”) made the office d’annonces (“ODA”), a state-owned Company through the Havas advertising agency, responsible for handling advertising representation for directories in mainland France.

The shareholders in the ODA changed on several occasions until 1998. In July 1998, Havas, which then owned all the share capital in the ODA, sold its holding to Cogecom (a subsidiary of France Télécom). In 2000, before

Wanadoo's IPO, France Télécom first sold some of SNAT's activities (the France Télécom division in charge of publishing telephone directories) to the ODA, then sold all ODA's shares to Wanadoo. ODA's name was then changed to "PagesJaunes". Following this reorganisation, PagesJaunes became the owner of the directory publishing business of the France Télécom Group, excluding *l'Annuaire* (formerly the PagesBlanches) 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 have developed continuously since 1946, thanks to the growth in consumption and in the advertising market in France, and the increase in directory distribution and its audience, linked to the increase in the number of telephone subscribers. The continuous increase in ODA's sales (from 1.6 million euros in 1956 to 1,124.5 million euros in 2006), was due particularly to its ongoing ability to make permanent adaptations in terms of business and technology. The 1980s saw the successful launch of the PagesJaunes directory as well as the start-up of Minitel, a precursor of the advertising model on the Internet. PagesJaunes experienced many technological changes, especially with the adoption of computer-aided publishing for all "paper" and "telematic" advertisements in 1990, the changeover to colour in 1995, the launch of 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 businesses (Kompass, PagesPro), as well as a range of services pertaining to the direct marketing business (Wanadoo Data).

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

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

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

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

PagesJaunes Groupe acquired the Moroccan Company Edicom, publisher of the Télécontact directory which operates the Kompass trade name in Morocco. Edicom has been consolidated since July 2005.

On 20 January 2006, PagesJaunes signed a licensing agreement with France Télécom for use of the printed general directory in favour of PagesJaunes accompanied by an acquisition agreement for the "*l'Annuaire*" trade name for a total amount of 12 million euros. These contracts took effect on 1 January 2006.

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

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

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

The transfer of the Controlling interest took place on 11 October 2006 within the framework of an over-the-counter transfer performed in compliance with the provisions of Article 516-2 and following of the *Autorité des marchés financiers* General Regulations, through payment by Médiannuaire to France Télécom of a total price of 3,312,030,260.00 euros – i.e., 22.00 euros per share sold.

Under the terms of the provisions of Articles 235-1 to 235-3 of the *Autorité des marchés financiers* General Regulations, Médiannuaire irrevocably offered to acquire from PagesJaunes Groupe shareholders any shares tendered under this standing tender offer during a 15-day trading period, from 10 November to 1 December 2006 inclusive.

Following this standing tender offer, Médiannuaire held 54.82% of the capital and voting rights of PagesJaunes Groupe, and this was brought down to 54.75% as at 31 December 2007.

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

On 14 March 2007 PagesJaunes Groupe sold its Kompass France and Kompass Belgium subsidiaries to Coface Services. Coface Services owns Kompass international, owner of the Kompass trade name operated by Kompass France in France and in Spain, and by Kompass Belgium in Belgium and Luxembourg. This operation created capital gains of 33 million euros for PagesJaunes Groupe.

On 27 July 2007 PagesJaunes Groupe and the M6 Group announced the creation of a strategic Internet partnership for joint development of the annoncesjaunes.fr site to make it the multi-segment leader of classified ads on the Internet, operating in the property and automobile markets, and eventually in other segments, particularly employment. On 17 October 2007 the M6 Group purchased a 34% shareholding in the capital of PagesJaunes Petites Annonces via a share capital increase of 16 million euros.

On 11 October 2007 PagesJaunes Groupe announced the purchase of a 55% shareholding in Horyzon Média, increased to 66% at 31 December 2007, and also 66% of Horyzon Clics. The intention is to merge the two companies under the name Horyzon Média.

Horyzon Média was created in July 2004, and markets advertising space to national advertisers on around sixty consumer Internet sites. Overall, the sites marketed by Horyzon Média account for a total reach rate of almost 73%, providing advertisers with the widest coverage of French Internet users. Horyzon Clics is one of France's main click campaign platforms, with a network of over 3,000 affiliated sites.

5.2 Investment

5.2.1 Main investment over the year

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, setting up facilities in the premises occupied for its operations. Investment expenditure stems mainly from the PagesJaunes segment in France (72%), and is primarily aimed on the one hand at making the pagesjaunes.fr user interface more intuitive, improving utilisation of the

wealth of its content and improving search result relevance, and on the other hand at reinforcing the effectiveness of processes pertaining to the definition of offers, production of advertisements and, more generally, editorial management for directories. Investment expenditure for 2007 also includes certain costs associated with the transfer of QDQ Media's head office for 1.2 million euros.

The table below shows the amount of the consolidated investment for the PagesJaunes Groupe over the last 3 financial years and the consolidated investment-to-revenue ratio:

(in millions of euros)	2007	2006 ⁽¹⁾	2005
Acquisition of tangible and intangible fixed assets	16.4	18.6	11.8
As a percentage of consolidated revenue	1.42%	1.65%	1.12%

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

5.2.2 Main ongoing investment

PagesJaunes is basically pursuing developments in connection with SIE (Publishing information System), consisting of the upgrading of its

information system in order to help launch new products, and to share and enhance information within PagesJaunes.

5.2.3 Main future investment

In addition to SIE development PagesJaunes has other investment plans, mostly to improve the results of searches, particularly trademarks,

practical information and products on pagesjaunes.fr, within the context of the prolongation of investment in 2007.

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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 businesses, and are available in printed form and on-line (Internet and

Minitel). Consolidated Group revenue was 1,158.3 million euros in 2007, an increase of 5.9% on 2006.

(in millions of euros)	2006	2007	Change
Consolidated revenue	1,093.3	1,158.3	5.9%
inc. online revenue	346.3	404.9	16.9%
as a percentage of consolidated revenue	31.7%	35.0%	3.3%

In 2007, almost 763,000 businesses used one or more Group media as advertising to develop their activity.

The table below shows the distribution by subsidiary of PagesJaunes Groupe advertisers:

	2005	2006	2007
PagesJaunes	619,513	638,399	666,822
QDQ Media	78,300	81,560	77,196
Editus Luxembourg ⁽¹⁾	14,444	13,200	15,100
Edicom	3,726	3,757	3,845
TOTAL NUMBER OF ADVERTISERS	715,983	736,916	762,963

(1) 49% shareholding.

The Group's range of products offered to the general public notably includes the printed directories (such as the PagesJaunes directory and *l'Annuaire* in France and QDQ, *La Guía Útil* in Spain), as well as on-line directory services (such as pagesjaunes.fr or QDQ.com). In the business 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, the Directory is one of the media most frequently consulted by French consumers aged 15 and above looking for a business when deciding to make a purchase.

In addition, the Group's platforms meet the information needs not only of individuals and businesses on a local level, but also the more specific needs of businesses 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 information 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 7.7 billion euros in 2007 (Source: the Kelsey Group, June 2007). Apart from PagesJaunes Groupe, the main companies active in the European directory market are Yell, Seat Pagine Gialle, Eniro, DeTeMedien, Truvo and European Directories.

In the United Kingdom, Yell publishes 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 enquiries service (118 24 7). In the United States, Yell publishes printed directories under the name Yellow Book and an on-line directory (yellowbook.com). In 2006 Yell acquired TPI from Telefónica, the historic telecoms operator. TPI publishes printed and on-line business and alphabetical directories in Spain (paginasamarillas.es), as well as a directory enquiries service (118 88). Yell Publicidad 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 Italy, particularly in the United Kingdom where it publishes Thomson Directories, the second largest directory publisher on the market. The group also operates a directory enquiries service via its subsidiary Telegate, in Italy, Germany, Austria, Switzerland, Spain and France, as well as a direct marketing business with its subsidiary Consodata. Seat Pagine Gialle is also 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 Poland. Eniro also operates telephone directory enquiries services.

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

Truvo 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 Aurii in Romania. Companies in the Truvo group publish printed and on-line directories (such as goudengids.nl in the Netherlands and pagesdor.be in Belgium). Truvo belongs to a consortium formed by Apax Partners Worldwide and Cinven Limited.

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

On 4 December 2007 Truvo and European Directories announced a plan for European Directories to buy out Truvo Netherlands. The merger is due to take place during the first half of 2008.

The table below gives an estimate of advertising revenue from the directory market in the main countries of Western Europe in 2006 and 2007:

(in millions of euros)	2006	2007 (estimated)	Main agent
United Kingdom	1,472	1,592	Yell ⁽¹⁾
Italy	1,133	1,181	Seat Pagine Gialle ⁽¹⁾
France	1,041	1,100	PagesJaunes Groupe ⁽¹⁾
Germany	1,061	1,080	DeTeMedien
Spain	483	499	Yell Publicidad (Yell)
Sweden	313	322	Eniro ⁽¹⁾
Netherlands	289	316	Gouden Gids (World Directories)
Belgium	233	237	Promedia (Truvo)
Norway	228	231	Eniro Norge (Eniro)
Finland	178	186	Fonecta (European Directories)
Denmark	147	154	TDC Directories (European Directories)
Other countries	792	821	
EUROPEAN MARKET	7,369	7,719	

Source: the Kelsey Group, Global Yellow Pages, June 2007.

(1) Companies listed on a regulated market at 31 December 2007.

6.1.2 Development strategy

The Group's strategy is based on:

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

This strategy as a whole is based on the assets that our staff represent and their ability to expand their skills to include 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 enquiries 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 potential market targeted by the Group, is less in France and in Spain compared to the average for Europe: 22.7% and 12.1% respectively compared to an average of 25.6% in Europe (Source: the Kelsey Group – February 2008 – non-weighted European average, on the basis of 2006 data).

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

This strategy is based on:

- an increase in the sales force in France, striving to find new customers and making existing customers loyal. PagesJaunes sales force increased from 1,558 in 2003 to 2,022 in 2007 (headcount as of 31 December);
- increasing marketing efficiency, particularly by training and encouraging our sales staff, sharing good marketing strategies and the optimum distribution of advertisers between the various sales channels.

REINFORCING THE “SALES RELATIONS ENGINE” POSITIONING ON THE INTERNET

The rapid development enjoyed by the 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 act as a “sales relation engine” that favours links between private individuals and businesses, particularly through promotion of direct telephone connections between the two parties, the integration of booking services and “search nearby” 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 relevance 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 enquiries service (118 008) within the framework of market deregulation, which became fully effective in April 2006. This new service allows the Group to make its services available across all 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 car/motorbike 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.

In October 2007, PagesJaunes Groupe rounded off its online directory advertising offer with a national advertising offer sold at either cost per thousand (CPM) or cost per click (CPC), through a majority shareholding in Horyzon Média and Horyzon Clics, the specialist Internet advertising agents. Horyzon Média was created in July 2004 and markets advertising space to national advertisers on around 60 consumer Internet sites, accounting for a monthly total of 16.9 million monthly unique visitors, a reach rate of almost 73%. Horyzon Clics is one of France's main click campaign platforms, with a network of over 3,000 affiliated sites.

PagesJaunes Groupe is also already active on the emerging mobile Internet market, where it has taken up a strong position. PagesJaunes.fr and mappy.com were among the 10 most mobile-visited Internet sites in September 2007 (Source: Médiamétrie – *Mobinaute survey*). This classification means that pagesjaunes.fr and mappy.com are ranked 2nd and 5th respectively, excluding mobile operator sites.

CONTINUING IMPROVEMENT IN THE GROUP'S OPERATIONS MANAGEMENT

The Group intends to implement a strict cost management policy through continuous improvement of efficiency in its operating processes and optimisation of the contract conditions negotiated with its major suppliers. This type of cost management, which is aimed at maintaining a significant operational lever, allowed the Group to increase its consolidated GOM by 5.2% in 2007 – 43.9% of revenue – within a context of investment in classified ads on the Internet, relaunching of printed directories, and launching of the new version of pagesjaunes.fr.

6.2 Presentation of the business

6.2.1 PagesJaunes in France segment

In 2007, the PagesJaunes in France segment earned revenue of 1,071.8 million euros, an increase of 5.8% compared to 2006, which is 92.5% of Consolidated Group revenue. PagesJaunes' revenue mainly comes from selling advertising space in its printed directories, its on-line services and its directory enquiries service (98% of the revenue of the PagesJaunes Segment in France in 2007). Most of the Company's costs are for publishing (buying paper, printing, distributing the printed directories and purchase of editorial content), 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.

In 2007, almost 670,000 advertisers used at least one PagesJaunes medium to promote their range of products and services. In 2007, the top 20 advertisers represented 1.3% of revenue and advertisers in the top 10 professional categories represented 14.1% of PagesJaunes' revenue.

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

	2007	2006	2005
Total number of advertisers ⁽¹⁾	666,822	638,399	619,513
inc. new advertisers ⁽²⁾	120,662	115,101	112,912
Printed directory advertisers (PagesJaunes Directory or <i>l'Annuaire</i>)	608,600	588,325	575,435
Advertisers in online services	471,191	453,829	445,866
(and as a percentage of the total number of advertisers)	70.7%	71.1%	72.0%
Advertisers in directory enquiries services (118 008)	93,561	68,350	14,581
Average revenue per advertiser (in euros) ⁽³⁾	1,581	1,570	1,528
Average revenue per advertiser in printed directories (in euros) ⁽⁴⁾	1,073	1,112	1,109
Average revenue per advertiser in online services (in euros) ⁽⁵⁾	798	713	658
Average revenue per advertiser in directory enquiries services (in euros)	163	133	-

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

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

(3) 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.

(4) 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.

(5) 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 in 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 on Multiple platforms

Most of PagesJaunes' advertisers use both the printed directories and the on-line directories. Thus, in 2007, 62% of them advertised both in a printed directory (the PagesJaunes directory or *l'Annuaire*) and one of the on-line services (PagesJaunes 3611 or *pagesjaunes.fr*). The table below shows the trend in the distribution of advertisers between 2005 and 2007:

	2007	2006	2005
	in %	in %	in %
Advertisers in both printed directories and on the Internet	62.2%	63.3%	65.0%
Advertisers in printed directories only	29.5%	29.0%	28.0%
Advertisers on the Internet only	8.3%	7.7%	7.0%
TOTAL NUMBER OF ADVERTISERS	100.0%	100.0%	100.0%

➔ Loyal advertisers

PagesJaunes has a very high loyalty rate with its advertisers. As such, 85.6% of PagesJaunes' advertising customers in 2006 continued their business relationship with the Company in 2007 (the remaining 14.4% 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 the length of time as a PagesJaunes customer. Thus the loyalty rating is around 79.0% for advertisers investing 500 euros or less (this particularly concerns new advertisers), around 88.0% for advertisers investing between 500 and 1,000 euros, around 90.5% for advertisers investing between 1,000 and 1,500 euros, and around 93.0% for advertisers investing over 1,500 euros (generally advertisers of the longest standing). The table below shows the trend in advertiser loyalty rates in, numbers and revenue, over the last 3 years:

	2007	2006	2005
Loyalty rate, number of advertisers	85.6%	84.5%	86.8%
Loyalty rate, revenue	93.2%	93.4%	93.9%

Typically, an advertiser's PagesJaunes budget develops 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:

	2007	2006	2005
Existing customers ⁽¹⁾	1,866	1,837	1,808
New customers ⁽¹⁾	601	581	551
Total average revenue ⁽²⁾	1,581	1,570	1,528

(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 estimate that PagesJaunes brings them about 19% of their customers (Source: 2007 satisfaction survey of 3,000 advertisers – TNS Sofres). PagesJaunes offers its advertisers a wide range of advertising platforms (print, Minitel, fixed and mobile Internet and directory enquiries 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 media) on each platform. Each of these products has its own rate structure.

Businesses wishing to promote their business on one of PagesJaunes' media sign a contract for the lifetime of a particular edition, i.e. 12 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 at the latest two months following the publication of the 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, enabling the calls thus generated to be counted. This measure of effectiveness is more concrete for the local advertiser than the concept of "costs per thousand" used by most media.

➔ A recognised trademark and a large audience of users

PagesJaunes owns the well-known trademark "PagesJaunes", and this helps expand the audience for its directories. PagesJaunes now has a large audience for all its directory services. According to a survey, 76% of those asked had used at least one PagesJaunes medium in the course of the previous month. In 2007, utilisation of PagesJaunes media was 62% for printed directories and 38% for pagesjaunes.fr (Source: TNS Sofres).

➔ Sales organisation

PagesJaunes has set up a tried and tested sales organisation that is appreciated by its 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 Guyana and Réunion). The sales force in the overseas departments is attached to PagesJaunes Outre-Mer, a 100%-owned subsidiary of the Company.

At 31 December 2007, PagesJaunes had a sales force of 2,022, compared to 1,918 in 2006, divided between three sales channels: telephone sales, field sales and major accounts.

Each of these sales channels works in coordinated fashion within a particular geographical area. Dividing customers between the various sales channels optimises customer relations and the direct cost of sales, defined as the remuneration paid to the sales staff and management costs. In 2007, direct sales costs accounted for 14.3% of the revenue earned by PagesJaunes (excluding specific costs relating to marketing operations for PagesJaunes Petites Annonces). This percentage may be up to six times higher when attracting a new advertiser.

To make sure it has an outstanding sales force, the Company is extremely selective in its recruitment, and offers its entire sales staff continuous training programmes on 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 who they lead, as well as drawing up personalised progress plans. The commission portion of the remuneration paid to sales staff depends on the channel in question: for the field staff, 100% of their salary is commission.

PagesJaunes' marketing organisation offers attractive career opportunities and pay increases for sales staff, who generally begin their careers in "Prospect Telesales". The best then have the opportunity to move to "Customer Telesales" and then the field sales force, which contributes

to the motivation and retention of the PagesJaunes' sales force. The sales staff, whose average age was around 38 at the end of 2007, have therefore worked for the Company for an average of 8 years.

➔ 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 produced revenue of 653.0 million euros in 2007, 56.4% of the 2007 Consolidated Group revenue. 608,600 advertisers bought an advertising product in the PagesJaunes directory or *l'Annuaire* in 2007. 273 editions of the printed PagesJaunes directories and *l'Annuaire* were produced in 2007.

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 *département* 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 *département*, PagesJaunes stops selling advertising space in the directories in question and starts the page layout. The layout process is carried out in the PagesJaunes information systems on the initiative of the production department: the advertisements are inserted in the lists of individuals or businesses; the production service also carries out a final check;
- 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 *département* 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 for qualitative and quantitative measurement of the services provided. The remuneration paid to the service providers depends in part on the results of these audits;
- since 2000, the printed directory manufacturing and distribution processes, including organisation and management principles, has been ISO 9001 version 2000-certified by AFAQ. The certificate of conformity for this standard for all 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 known as "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 classed as 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 known as "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), Front Page, Back Page, inserts, bookmark ribbons and sponsorship of the index, and headers for *l'Annuaire*. These advertising products, available in limited numbers, require the reserving of space. They operate in a similar way to advertising products offered by free or regional publications, or local display products.

PagesJaunes has also created a chequebook device in response to the needs of advertisers to announce promotional offers: the chequebook is distributed with the PagesJaunes directory and offers consumers reduction coupons from local advertisers.

➔ 6.2.1.1.1 The PagesJaunes directory

Each PagesJaunes directory lists businesses under one of its 1,700 categories depending on the location of the business. For each business listed, PagesJaunes shows an entry in the *département* directory where the business operates and, in general, where the corresponding telephone line is installed.

In 2007, PagesJaunes produced 134 different editions of the PagesJaunes directory, most of which were distributed free of charge to the addresses of individuals and to companies. The directory is also available for sale from PagesJaunes upon request. Some directories have *département*-level advertising coverage, while others have *infra-département* coverage. This scoping technique enables advertisers to promote their business for a lower cost over a smaller geographical area.

The PagesJaunes directory produced revenue of 528.8 million euros in 2007, 45.7% of the 2007 Consolidated Group revenue. Almost all this revenue was from advertising in this directory.

The costs associated with the PagesJaunes directory are mostly related to publishing costs (buying paper, printing and distributing the Directory, and purchase of editorial content) and marketing and management costs.

➔ 6.2.1.1.2 L'Annuaire

In 2007, PagesJaunes produced 139 *département*-specific editions of *l'Annuaire*, distributed free of charge to the homes of individuals and to companies, excluding certain private subscribers with a Minitel facility. This is also available for sale from PagesJaunes upon request.

France Télécom, the publisher of this directory, commissioned PagesJaunes to find advertising customers and design and produce 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 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 enquiries services, the France Télécom Group made a bid to publish printed and electronic directories, and provide directory enquiries services, stating that the printed universal directory would be subcontracted to PagesJaunes. Through a decree by the Ministry of the Treasury, Finance and Industry on 3 March 2005, France Télécom was appointed sole operator of this universal directory service for 2 years: in this capacity, France Télécom publishes a directory, in printed and electronic format, and operates a directory enquiries service, in accordance with the universal directory and directory enquiries service specifications as provided for in the decree.

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

The France Télécom Group made an application and stated that responsibility for providing the general printed directory would be given to PagesJaunes. Through a decree by the Ministry of the Treasury, Finance

and Industry on 29 March 2007, France Télécom was appointed sole operator of this universal directory service for a further 2 years: in this capacity, France Télécom publishes a directory, in printed and electronic format, and operates a directory enquiries service, in accordance with the universal directory and directory enquiries service specifications as provided for in the decree.

L'Annuaire produced revenue of 124.2 million euros in 2007, 10.7% of the 2007 Consolidated Group revenue.

The costs associated with the Directory are mostly related to publishing costs (buying paper, printing and distributing the Directory, and purchase of editorial content) and marketing and management costs.

6.2.1.2 ON-LINE SERVICES

PagesJaunes' on-line services represent an increasingly important part of its business, and are considerable in comparison to most European directory publishers, in terms of both revenue and audience. These on-line services underwent development starting in 1985 with the launching of PagesJaunes' first electronic directory on Minitel. PagesJaunes' on-line services were then enhanced 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 2007, PagesJaunes' on-line services generated revenue of 369.3 million euros, 31.9% of the consolidated Group revenue for 2007, and 34.5% of PagesJaunes' revenue. In 2007, 471,200 advertisers were customers of the Company's on-line services. Most revenue comes from products on pagesjaunes.fr – the balance is divided between the creation and hosting of Internet sites, which has increased significantly due to the offer of standardised sites, mainly in "*En Savoir +*" form, while PagesJaunes 3611 is a residual concern.

The following table shows recent changes in average monthly searches on PagesJaunes' on-line platforms:

(in millions)	2005	2006	Change	2007	Change
pagesjaunes.fr ⁽²⁾	44.9	60.0	33.7%	68.3	13.8%
PagesJaunes 3611 ⁽¹⁾	12.9	9.3	(27.6)%	5.9	(37.4)%
TOTAL	57.8	69.3	20.0%	74.1	6.9%

(1) Source: PagesJaunes. Counting of queries made using the question centres on the PagesJaunes 3611 servers.

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

➔ 6.2.1.2.1 Pagesjaunes.fr and Internet sites

By the end of December 2007, 379,600 advertisers had taken out an on-line advertisement on pagesjaunes.fr, an increase of almost 16,000 compared to the end of December 2006, and 56,650 Internet sites were on line, an increase of almost 3,200 compared to the end of December 2006. Revenue in 2007 for pagesjaunes.fr and the Internet website creation and hosting business was 344.0 million euros, an increase of 22.9% with respect to 2006.

Pagesjaunes.fr on the Internet

The pagesjaunes.fr Internet site is one of France's top sites in terms of audience. The site has a reach rate of 42.16%, and over 11 million visitors accessed it at least once in December 2007 (Source: Médiamétrie/NetRatings Panel France – home and/or workplace – excluding Internet applications – December 2007). The site is ranked 6th in France. In terms of visits, pagesjaunes.fr notched up 100 million visits in one year, from 720 million in 2006 to 820 million in 2007 (Source: Médiamétrie-eStat 2007). Most visitors to pagesjaunes.fr go directly to the site without visiting PagesJaunes' partner audience sites (Orange, Voilà, Msn, Aol, Club Internet, Alice). These portals only account for 9% of the

pagesjaunes.fr audience in terms of pages viewed (Source: Médiamétrie-eStat, December 2007).

On 20 September 2007, PagesJaunes launched a new version of its site pagesjaunes.fr. This prefigures a different method for find local information using a simpler, more intuitive search system. It consists of the following:

- a simplified entry box with two fields “Who, what?” and “Where?” for an intuitive natural search process;
- maximised accuracy of responses using a new database indexing tool using the advertising contents on pagesjaunes.fr;
- revamped ergonomics and visual identity for the sake of modernity;
- practical and leisure information and services;
- increased use of cartography and geopositioning.

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

- searches for a business or an individual. 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. 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 “Search Near-by”. Created in January 2004, this enables any Internet user, based on a simple address or a category of business being sought, to find 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 has been gradually extended and now covers all of France; Internet users may also make a request in relation to a point of interest (POI) on the new version of pagesjaunes.fr;
- 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 business or individual and then locate the search results on an aerial photograph and on a map, with the possibility of switching between them. Since April 2007, the partnership between PagesJaunes and interAtlas has provided users of pagesjaunes.fr with access to high-resolution aerial photos. 9 French cities and one region are available (Aix-en-Provence, Lyons, Marseilles, Mont Saint Michel, orléans, Paris, Rheims, toulouse, Vannes and the entire Ile-de-France region);
- also, in September 2006 an experimental launch was carried out for a service making it possible to represent a town in three dimensions. This service is available for Paris and Rennes. A business can be sought and located on a 3D representation of the city; in view of the success of this facility, another 5 cities were added in 2007 (Aix-en-Provence, Lyons, Marseilles, Toulouse and Issy-les-Moulineaux);
- the “Ville en direct” live service. With this service that started in February 2005, PagesJaunes provides Internet users with useful information that is updated in almost real-time for 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 300 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, launched in November 2005, allows users to call a business for free either using computer VoIP (Voice over IP), or from their own phone using the automatic call-back facility. This

offer is proposed to advertisers who have subscribed to 3-line module type advertising on pagesjaunes.fr;

- a personal space called “Espace Perso”. Created in 2003, Espace Perso is a free service which allows individuals or businesses to add active links to their information in pagesblanches.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 on-line directories all over the world and of getting information about a Company in another country, for example. This service is offered free of charge to users of pagesjaunes.fr;
- the possibility of consulting sale and hire adverts to find accommodation or a car all over France, in partnership with PagesJaunes Petites Annonces, a Group subsidiary producing the site annoncesjaunes.fr.

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, in particular 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) and may 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 *département*, 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 *département* 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 for one week.

Since 20 September 2007, the site home page has also offered the “Medium rectangle” format now marketed by the Group subsidiary Horizon Média.

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 on mobiles was launched in December 2000. The service is listed under its own trademark on all 3 of the historic operators' portals. It may also be accessed via the Gallery multi-operator kiosk. PagesJaunes also provides direct access on its site at: mobile.pagesjaunes.fr.

In July 2007 PagesJaunes enhanced its service offer on mobile. pagesjaunes.fr. The sites, containing over 44,000 businesses, may now be consulted by mobile, and give users practical information with high added mobile value (opening times, access, the products and brands distributed, etc.). Moreover, in line with its service continuity strategy, the new version of mobile.pagesjaunes.fr provides access to the "Ville en direct" service. This is a free local information service which has been providing daily weather information since June 2007, 5-day forecasts, aerial photos across France, maps and itineraries.

In November 2007, the launching of PagesJaunes inside® provided access to PagesJaunes services on mobile phones.

This application gives mobile users free access (excluding the costs of transferring data billed by operators) to the PagesJaunes local search service from their phone menu. The application is distributed by PagesJaunes by direct downloading from PagesJaunes on its fixed and mobile Internet sites. It is also available in certain handsets as part of the partnership agreement with mobile telephone operators.

With an audience of 940,000 visits in December 2007 (Source: Mobivillage), the service made good progress in 2007. In 2007 PagesJaunes was the 2nd largest independent site (excluding the portals of mobile phone operators, most frequently consulted mobile Internet site Source: Médiamétrie – mobile user panel – October 2007).

The PagesJaunes business model is that of free distribution and advertising sales, as on most Group 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' customer retention strategy. This service is offered throughout the country by the whole field sales force.

PagesJaunes' 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 "En Savoir +" (More info). This new product uses an extremely 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 Telesales to offer this product to its customers. Low-end 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 increased from 53,453 at 31 December 2006 to 56,650 at 31 December 2007. 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 voice message, or "clip+" which consists of 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 the marketing of 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)

PagesJaunes 3611 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 the *départements* in France, by name (alphabetical search) or by business. Users pay for this 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 all the tasks involved in the 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 portion of revenue over and above its commission for advertising representation.

PagesJaunes 3611 has experienced a considerable audience decrease, which was accelerated by France Télécom's decision in September to make this a paying service for users after the first second. PagesJaunes 3611 posted revenue of 25.3 million euros in 2007.

6.2.1.3 VOICE AND SERVICES

Within the framework of the deregulation of the directory enquiries services market that came into effect in April 2006, PagesJaunes opened a directory enquiries service, 118 008 PagesJaunes, in 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;
- "search nearby" in order to locate the businesses that are closest to a particular address, area 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 innovative 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 *départements* 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 (search by cinema, town, film, with times indicated), within the framework of a partnership with Allociné.

PagesJaunes uses several external call centres based in France in order to be as close as possible to its customers, with a high-performance computerised telecom platform and a database that is as complete as possible, combining information from fixed as well as mobile operators on customers who wish to provide the information.

In February 2007 PagesJaunes signed a management agreement with Belgacom and AlloBottin whereby PagesJaunes would take over operational management and processing of 118 007 and 118 612 calls. This agreement consisted of transferring these numbers to PagesJaunes in July 2007, and this was carried out in that month following a decision by the ARCEP telecommunications authority.

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

- sending of information via a multimedia message with a locator map in order to find the address sought 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 made available by them by providing, for example, the days and times that their business is open.

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

Advertising products on PagesJaunes 118 008

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

- "À vos marques et enseignes" – this advertising offer allows the advertiser to be found via any name (brand, Company name, corporate name) and according to their various activities;
- "Maxi Audience" offer: this advertising offer sorts the advertiser into a priority listing when the search is made by activity in his 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;
- "SMS Premium" 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;
- link to the advertiser's Wap site: this offer provides the advertiser with a link to their Wap site from the SMS to confirm the details sent via the 118 008 on the caller's mobile, thus allowing the caller to access further information on the Company.

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 activity was closed down in 2006.

6.2.1.4 OTHER

➔ 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 revenue comes from sales of advertising space in the PagesPro directory. 24,600 businesses used one of the PagesPro directory services in 2007 to advertise.

Printed PagesPro directory

In 2007, the printed PagesPro directory listed 303,000 businesses selected by 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 considerable amount of information on the businesses listed:

- contact information with the Company name, address, telephone and fax numbers, number of employees, e-mail and website address;
- information about the Company's business such as its main activity, products and services.

In 2007, some 281,000 copies were distributed.

The PagesPro Directory on CD-Rom

In 2007, the PagesPro directory on CD-Rom listed 521,000 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 2007, some 373,000 copies were distributed.

Pagespro.com

The PagesPro directory is also available free of charge on the Internet (www.pagespro.com) with a database of around 556,000 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 on the companies and information on economic trends in this sector). Searching for a business using the pagespro.com site is made easier by four main search modes: by Company name, by business, by NAF or by SIRET/SIREN code. The search can also be refined using geographical criteria: region, *département*, location or address. The Internet user also has an additional interactive service providing him with a map and itinerary to reach the Company's physical site.

➔ 6.2.1.4.2 QuiDonc

Created in 1998, the QuiDonc reverse directory allows a user to find a business or individual in France based on a telephone or fax number.

This directory also allows searches by name of 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 61 800, and via services offered by mobile telephone operators. QuiDonc is also accessible directly over the Internet (www.quidonc.fr), on the pagesjaunes.fr site through the thumbnail "*À qui est ce numéro ?*", and is also available as a fee-paying service on wanadoo.fr and voila.fr and other user sites.

The QuiDonc service is a fee-paying service. Internet payment is secure 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 income from the "QuiDonc" business is from payments made by users.

6.2.2 International and Subsidiaries segment

Over and above publishing general public directories in France, which represents the largest share of its business today, the Group was present in 2007 in three activities that make up the International and 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.

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 January 2007, small property and automobile ads through PagesJaunes Petites Annonces.

In 2007 PagesJaunes Groupe sold Kompass France and Kompass Belgium to Coface Services. The Group operated the Kompass trade name through its subsidiary Edicom in Morocco in 2007.

PagesJaunes Groupe acquired a majority shareholding in Horyzon Média, a specialised Internet advertising agency, and also in Horyzon Clics, a click campaign specialist, in October 2007.

The International and Subsidiaries segment accounted for total revenue in 2007 of 93.8 million euros, 8.1% of Consolidated Group revenue.

6.2.2.1 B TO C DIRECTORIES

➔ 6.2.2.1.1 QDQ Media

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

QDQ Media currently offers printed directories, on-line services and a directory enquiries service. To market advertising space on these platforms, QDQ Media has developed a field and telephone marketing sales force, with some 415 staff in total. The field sales force is divided into 7 agencies: Central, 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 Zaragoza.

QDQ creates the database from public sources enhanced by information gathered in the field. In addition, QDQ Media has free access to the databases of the various operators' subscribers 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. 77,200 advertisers used QDQ Media in 2007, generating revenue of 47.6 million euros, 4.1% 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 Guía Útil*

The printed directory QDQ, *La Guía Útil*, 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 Guía Útil* directories were launched in 1998 in the province of Madrid. Today, QDQ Media publishes 78 printed directories which come out each year and cover almost all of Spain. They are distributed free of charge to individuals and companies. 15 million copies of QDQ, *La Guía Útil* were distributed in 2007.

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.

Over 10 million Spaniards used QDQ, *La Guía Útil* over the last 12 months (Source: IPSOS, January – December 2007). 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 accounted for 76.7% of total revenue by QDQ Media in 2007.

Internet 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 refuse to be included for landline telephones, or who gave their consent in advance for mobile telephone subscribers).

The QDQ.com website received an average of 1.8 million visits per month in 2007 (Source: OJD www), and this has stabilised in comparison to 2006. The QDQ Media Internet services generated 22.8% of Company revenue in 2007.

QDQ signed a partnership agreement with eBay in 2007 allowing QDQ advertisers to add an online shop to their minisite (Info +); Madrid and Barcelona in 3D were launched; QDQ.com is now available in 7 languages.

Directory Enquiries Services

QDQ Media launched a directory enquiries service in July 2004: 11875. The service uses the QDQ Media database, and accessibility on the main telecom operator networks was phased in during the latter half of 2004.

As part of a cooperation agreement with Telegate, 11875 is now operated by the Telegate call centre, and QDQ Media markets advertising to the Telegate sites' audiences, and to those of 11811 in particular.

➔ 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. 49% of the Company is owned by Eurodirectory and 51% by P&T Luxembourg. PagesJaunes Groupe owns 100% of the share capital of Eurodirectory, a holding Company, since its purchase in October 2004 of the 50% previously owned by Seat Pagine Gialle. In 2004 Editus was consolidated by the equity method; it has used proportionate consolidation since 1 January 2005. Following 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, and the Board is chaired 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 mainly from its sale of advertising in these printed and on-line directories to around 15,100 advertisers in 2007. 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 individuals at post offices and in 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, the Luxembourg region of Belgium and the Grand-Duchy.

In addition, Editus Luxembourg publishes 2 real estate ad magazines: *Habiter* for the Grand-Duchy of Luxembourg, and "*Référence Immobilière*" distributed in the Luxembourg region of Belgium.

Internet 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 650,000 visits per month in 2007 (Source: MétriWeb), an increase of 16% on 2006.

➔ 6.2.2.1.3 Edicom

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

Edicom publishes Télécontact, a business directory sorted into sections comparable to those of PagesJaunes in France, around 130,000 copies of which were distributed in 2007.

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

Edicom also operates the Kompass trade name in Morocco (see Section "6.2.2.4 Kompass activities"). Edicom publishes two printed directories (Kompass National and Kompass Textile), and also operates the kompass.ma site.

6.2.2.2 ADDITIONAL ACTIVITIES

Direct marketing activities and map services generated 29.0 million euros of revenue in 2007.

➔ 6.2.2.2.1 Direct marketing

Wanadoo Data was incorporated in 1999, and bought up e-sama in February 2005. Wanadoo Data took the name PagesJaunes Marketing Services when e-sama was absorbed in March 2006.

PagesJaunes Marketing Services provides all kinds of direct marketing know-how, design of customer relations management systems, management of multi-outlet marketing activity, and outsourced 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 addresses and adding of new addresses, enhancement and decisional and statistical analysis) and to database operation 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 some 1,300 customers – major customers are in 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 Services' costs mostly stem from the purchase of data and production costs, which are basically staffing costs.

➔ 6.2.2.2 Mapping services

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

Mappy's business is based on on-line mapping services (maps, itineraries, nearby searches, geographical representations, GPS navigation), 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, itinerary calculations and nearby searches or GPS navigation. These services are sold to businesses and incorporated as a "white label" into their Internet/Intranet websites. They enhance the pagesjaunes.fr, QDQ.com, annoncesjaunes.fr and luxweb.com directories, and also allow website users to identify and locate the closest shop or follow fleets of vehicles on 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 most buildings, 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.com 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 has also taken up a position in the GPS navigation market, a natural extension to its know-how. Mappy has franchised PNDs (Portable Navigation Devices) and also offers MappyMobi, a GPS navigation solution for mobile phones with a built-in GPS chip or a GPS Bluetooth kit. This solution may be downloaded free of charge from www.mappy.com.

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, GPS navigation and 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.).

➔ 6.2.2.3 On-line classified ads

In January 2007, PagesJaunes launched an on-line classified ads business via its PagesJaunes Petites Annonces subsidiary. The service can be accessed from the annoncesjaunes.fr site. In October 2007, M6 bought a 34% shareholding in PagesJaunes Petites Annonces.

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. A considerable synergy has been developed with M6 Group activities: annoncesjaunes.fr supplies adverts on the Turbo.fr site.

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.

This new activity is also in line with the Group's strategy to develop its audiences by enhancing content and features on its platforms, and with PagesJaunes' desire to strengthen its positioning as a "sales relations engine", encouraging contact between individuals and businesses.

Opened to the public in January 2007, annoncesjaunes.fr offers users a wide array of car/motorbike and property ads, an innovative search interface and in particular, thanks to the integration of Mappy services, a particular emphasis on mapping. Annoncesjaunes.fr has considerably increased the number of ads on its site, from 260,000 at the end of January 2007 to over 400,000 at the end of December 2007. In December the site was visited at least once by 831,000 users (Source: NielsenNetRatings), and this makes it one of France's most popular classified property and automobile ad sites.

PagesJaunes Petites Annonces secured almost 5,400 customers in 2007, of which nearly half were paying customers by the end of the year. PagesJaunes Petites Annonces produced revenue of 1.9 million euros in 2007, mostly from subscriptions by businesses (mainly real estate companies and car dealers) advertising on annoncesjaunes.fr, and advertising sales on the site.

6.2.2.3 INTERNET ADVERTISING AGENCY (HORIZON MÉDIA)

PagesJaunes Groupe acquired a majority 55% shareholding in Horyzon Média, a specialist Internet advertising agency, in October 2007, increasing this to 66% by 31 December 2007, and also a 66% shareholding in the click campaign specialist Horyzon Clics.

Horyzon Média was created in July 2004 and markets advertising space to national advertisers on around 60 consumer Internet sites, accounting for a monthly total of 16.9 million unique visitors. Horyzon Clics is one of France's main click campaign platforms, with a network of over 3,000 affiliated sites. Horyzon Média and Horyzon Clics were consolidated over the fourth quarter of 2007, and contributed 1.1 million euros to consolidated PagesJaunes Groupe revenue in 2007. This purchase allows PagesJaunes Groupe to enhance its presence on the dynamic national online display advertising market.

Horyzon Média took on the national advertising for the new version of pagesjaunes.fr (Offre Puissance/Power offer): Medium Rectangle on the home page and the aerial photo section Corner Vues Aériennes in December 2007, and also the advertising for mappy.com (Power offer and geopositioning offer) at the beginning of 2008. Horyzon Média will also continue marketing annoncesjaunes.fr.

The sites marketed by Horyzon Média accounted for a total reach rate of almost 73%, providing advertisers with the greatest coverage of French Internet users.

With Horyzon Média, the PagesJaunes Groupe has rounded off its online directory offer with a national advertising offer in a cost per thousand or cost per click format.

6.2.2.4 KOMPASS ACTIVITIES

The Kompass concept is a world business database system using a detailed classification of products and services, owned by the Company Kompass international, and constantly updated with value-added data. Kompass international, a subsidiary of Coface, owns the Kompass trademark and licenses it in 70 countries. Through its subsidiaries Kompass France

and Kompass Belgium the Group was the licensor of the Kompass trademark for France, Spain, Belgium and Luxembourg. On 14 March 2007 PagesJaunes Groupe sold its Kompass France and Kompass Belgium subsidiaries to Coface Services.

Edicom still operates the Kompass trademark in Morocco (see 6.2.2.1.3). Edicom holds the exclusive rights for use of the Kompass name and

trademark, publishing and marketing advertising space in Kompass directories, and sale of the directories.

Kompass international publishes the website kompass.com, which offers fee-paying access to Kompass' worldwide database, supplied mostly by its licensees.

6.3 Exceptional events

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

6.4 Relations with the France Télécom Group and shareholders

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

Following disposal 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 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.

Under the 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*) and 6.4.5 (Agreement for making the directory data of France Télécom available for direct marketing or marketing research) of the *document de référence* remain in application with no change.

Law 2003-1365 of 31 December 2003 provided for a call for applications to appoint the operator responsible for universal directory enquires services and printed and electronic directories. The procedures for this call for applications were set out in an opinion from the Ministry of the Treasury, 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 Universal Electronic Communications Services" set out in point 2 of Article L. 35-1 of the 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 issued by the Ministry of the Treasury, Finance and industry, France Télécom was appointed sole operator of this universal directory service: in this capacity, France Télécom publishes a directory, in printed and electronic format, and operates a directory enquiries service, in accordance with the universal directory and directory enquiries service specifications provided for in the decree.

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

Thus a new call for applications to appoint the operator responsible for the universal directory enquires services and printed and electronic directories was made in a note issued by the Ministry of the Treasury, Finance and industry published in the official Journal on 25 January 2007.

The France Télécom Group made an application and stated that responsibility for providing the universal printed directory would be given to PagesJaunes. Through a decree by the Ministry of the Treasury, Finance and industry on 29 March 2007, France Télécom was appointed sole operator of this universal directory service for a further 2 years: in this capacity, France Télécom publishes a directory, in printed and electronic format, and operates a directory enquiries service, in accordance with the universal directory and directory enquiries service specifications provided for in the decree.

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

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

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

Pursuant to this agreement, PagesJaunes paid France Télécom 3.7 million euros in 2007 (4.0 million euros in 2006).

6.4.2 Advertising representation agreement

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

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

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

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

On 20 January 2006 PagesJaunes also signed an operating licence agreement with France Télécom for the printed universal directory in favour of PagesJaunes, accompanied by an acquisition agreement for the "*L'Annuaire*" name for a total sum of 12 million euros. 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 regard to the alphabetical search version of PagesJaunes 3611.

Pursuant to this agreement, France Télécom billed PagesJaunes fees of 2.4 million euros in 2007 (4.6 million euros in 2006).

France Télécom notified PagesJaunes of its decision to end its supply of the Minitel 3611 directory service on 31 March 2009. As a consequence, on 26 March 2008 France Télécom and PagesJaunes signed an amendment to the advertisement representation agreement intended to end this agreement early on 31 March 2009 and without applying the 10% commission referred to above.

6.4.3 Agreement on manufacturing and distributing PagesJaunes 3611 alphabetical search

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

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

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

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

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

France Télécom notified PagesJaunes of its decision to end its supply of the Minitel 3611 directory service on 31 March 2009. As a consequence, on 26 March 2008 France Télécom and PagesJaunes signed an amendment to this agreement intended to end this agreement early on 31 March 2009.

6.4.4 Operating licence agreement for the directory

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

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

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

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

PagesJaunes retains all income pertaining to operating the printed universal directory.

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

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

Moreover, when the operating licence agreement was signed France Télécom and PagesJaunes also signed a usage agreement for the name "*l'Annuaire*" in favour of PagesJaunes for a sum of one million euros.

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

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 terminating on 11 September 2004, whereupon it was automatically renewable for additional one-year periods. Under

the contract PagesJaunes Marketing Services is entitled to use of France Télécom's directory data, a weekly update, and a redistribution credit of 10 million addresses for an annual sum excluding tax of 200,000 euros.

Beyond the 10 million redistributed addresses, PagesJaunes Marketing Services pays a fee of 0.010 euro per address.

An amendment signed on 28 September 2007 redefines the rate conditions retroactively to 1 April 2007, as follows:

- annual right to use of France Télécom's directory data and a weekly update: 74,000 euros;
- redistribution credit for 4 million addresses;
- beyond the 4 million addresses, rates in stages between 17.50 euros per thousand and 8.50 euros per thousand addresses redistributed.

The other main stipulations of the contract remain unchanged.

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.

Pursuant to this contract, PagesJaunes Marketing Services booked the sum of 625,000 euros billed by France Télécom in 2007 (786,000 euros in 2006).

6.4.6 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 premises in which the Group was the sole occupant (with no other entity in the France Télécom Group sharing these premises), the

Group became a direct lessee of these premises as long as the financial conditions remained unchanged.

Pursuant to these agreements, PagesJaunes booked 4.5 million euros billed by France Télécom in 2007 (10.3 million euros in 2006).

6.4.7 Profit-sharing and Company savings plans

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

PagesJaunes Groupe was signed in June 2006 and will take effect as of the business year 2006 (see Section "17.3. Profit-sharing and Company savings plans").

6.4.8 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 prior to 11 October 2006, PagesJaunes Groupe and France Télécom signed assistance agreements for a period of around

six months in the following areas: tax assistance, "Purchasing" assistance and provision of a consolidation tool.

Pursuant to these agreements France Télécom billed PagesJaunes Groupe for 19,200 euros in 2007 (4.5 million euros in 2006).

6.4.9 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 Útil* directories). This undertaking was prolonged by the cooperation agreement to 31 December 2010.

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

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

6.4.10 France Télécom Group holding in the Company's share capital

As far as the Company is aware, the France Télécom Group does not hold any shares or voting rights in the Company beyond the assets held by employees of the France Télécom Group as part of the Group savings plan.

6.4.11 Fate of the contractual relations between the France Télécom Group and the Group

All agreements pertaining to purchases that the Group benefited from due to its membership of the France Télécom Group will be cancelled within a period of 3 to 12 months as of 11 October 2006, and this

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

6.4.12 Other stipulations of the transition agreement

Under the terms of the transition agreement, since the legal scheme allowing the removal or provision of public personnel within the Company and the Group may not be maintained after the sale by France Télécom of its holding in PagesJaunes Groupe, the Company and France Télécom have agreed, in their joint interest, to implement the following systems, in strict compliance with all applicable legal and regulatory provisions:

- a) collectively, public employees rejoined France Télécom as of 11 October 2006;
- b) to ensure continuity of the activities exercised by the redeployed public staff, 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; and
- c) on an individual volunteer basis, public personnel were able to ask to be made available to the Group, for personal reasons, for a period of up to ten (10) years.

Thus PagesJaunes' departure from the France Télécom Group was carried out satisfactorily in terms of public staff.

The transition agreement also envisages temporary retention of the following contractual relations between France Télécom and the Company:

- until 11 April 2007, France Télécom retained its status as supplier of IT and telecommunications services for the Group under current conditions; a master contract has been negotiated for a period of 3 to 5 years aiming to continue these services under commercial, technical and financial conditions comparable to those commonly operated with third parties; and
- France Télécom undertook to provide the Company with fifteen months' notice of any decision the purpose of which would be to terminate the Minitel service (see section 6.4.2 and 6.4.3 of this document).

6.4.13 Commercial cooperation agreement

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

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

- audiences will be counted:

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

The respective receivables in terms of these visibility services are compensated. In the event that a residual receivable exists in favour of one of the parties, this will 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 has been 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, have been extended under the same terms and conditions until 31 December 2008.

6.4.14 Relations with Médiannuaire

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 Groupe for the purposes of optimising, coordinating and harmonising management within the Group.

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

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

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

This contract produced fees for PagesJaunes Groupe of 3.2 million euros in 2007.

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 Guía Útil", "QuiDonc" and "Mappy" trademarks.

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

In addition, the Group has registered a large number of domain names, particularly pagesjaunes.fr, pagesblanches.fr, pagespro.com, quidonc.fr, mappy.com, annoncesjaunes.fr 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

PagesJaunes Groupe has signed master contracts with certain major paper suppliers. The terms and conditions of these master contracts apply to all companies where PagesJaunes owns over 20% of the share capital, and thus PagesJaunes and QDQ Media in particular. 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 specific amounts. These are mostly in force until 31 December 2009. PagesJaunes feels it does not depend 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 over the three years of 2006, 2007 and 2008, the PagesJaunes Groupe launched a Europe-wide call to tender. The Group secured the services of 4 printing entities from the tender, and does not feel it is dependent on any of them.

6.5.2.3 DISTRIBUTION

PagesJaunes has signed four major contracts for distributing the PagesJaunes and *l'Annuaire* directories. All the contracts cover distribution of the PagesJaunes directories from 2007 to 2009, with the exception of one, which has been prolonged for one year in 2008,

with the possibility of renewal in 2009. The contracts do not stipulate a volume commitment.

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

6.5.2.4 ACCESS TO DIRECTORY DATA

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

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

Pursuant to these contracts, the total cost to the Group for access to the operators' databases was 4.4 million euros in 2007 (5.6 million euros in 2006). This amount includes the sums paid over to France Télécom for the contract providing directory data (see Section 6.4.5).

6.6 Competitive position

6.6.1 PagesJaunes in France segment

PagesJaunes believes its competitive environment is broader than mere 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, in a more broad sense, to locate business information before buying a product or service. Thus the services offered by the Company constitute only one of many sources of information available to individual or business 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' competitive environment. Thus consumers can use the Internet to access a wide range of contents and services, in addition to or as a substitute for use of the Company's services, and the sophistication of mobile telephones means they can also access a wide range of electronic listing services.

PagesJaunes services are also in competition with paper listings, directory enquiries services, and all the press media listing businesses.

The Company's main competitors are therefore:

- electronic or paper listings, which store telecommunications numbers;
- directory enquiries services that have also developed on the Internet (118218.fr, 118712.fr, 118000.fr);
- the free press (particularly media published by Comareg and Spir Communication, 20 Minutes and Métro);

- 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.); and
- other publishers of printed or on-line directories (particularly PubliGroupe, U Corsu etc.) and town directories and local guides which are also being developed on the Internet.

➔ Competition from advertising media

PagesJaunes' directories are in competition with all the other advertising media which allow an advertiser to reach a local target. These are notably the free press, regional daily press, magazines, billboards and local radio. Development of the Internet has also broadened 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 bookings 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 local level in France represented total spending of around 5.12 billion euros in 2006, including 1.09 billion euros 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 broadband 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 adaptations, to the printed directories in order to maintain usage levels at the high levels they currently enjoy;

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

PagesJaunes managed to maintain its revenue from printed directories even though the advertising market in metropolitan France was stagnating, and was even on the downswing for certain types of media (daily press, for example).

6.6.1.2 ONLINE SERVICES

PagesJaunes' on-line directories are comparable to printed directories on the local advertising market, even if a portion is given over to national advertising campaigns. To find commercial information, and local commercial information in particular, 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.

Internet advertising investment has started to rise sharply, and in fact Internet advertisers spent 733 million euros on advertising in 2007, an increase of 35% compared to 2006 (Source: forecasts by France Pub – October 2007). These trends also filter down into the local advertising market.

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

- **Internet display advertising**, generally sold as "cost per thousand".

The market was evaluated at around 343 million euros in 2007 (Source: Jupiter Research). PagesJaunes markets display products such as generic or contextual headers, banners or totems (thematic and/or local) on pagesjaunes.fr, and display products for large national advertisers (Médium Rectangle on the home page and Corner on aerial photos).

This is for advertising most often at 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 – banner, totem or header – which can be either 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 progressed considerably since. Volume in 2007 was around 390 million euros (Source: Jupiter Research).

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

This type of advertising is particularly suited to search engines and creates income from the large audience from 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 search level in a purchasing situation. In 2006 Google and MSN launched local search services in France, as they had already done in other countries such as the US or the UK. Yahoo also started a similar service for the French market in 2007. This trend continues to provide even more direct competition for pagesjaunes.fr, and PagesJaunes intends to respond to the new competition with the new version of the pagesjaunes.fr Internet site, using context indexing technology with a new user interface.

In addition to these two categories, there is also online directory advertising. PagesJaunes.fr accounts for most of this kind of on-line advertising. Other market players, most frequently the product of 118 XXX-type directory enquiries services, implement strategies with a view to securing certain portions of the market.

6.6.1.3 VOICE AND SERVICES

In 2005 the directory enquiries services market represented about 220 million calls (PagesJaunes estimate) and 218 million euros 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, consisting of implementation of the 6-digit numbers with the 118 prefix, coexisting with the historical directory enquiry numbers (especially 12, 612, 712 and 222);
- the second phase, starting on 3 April 2006, when all the historical directory enquiry numbers (especially 12, 612, 712 and 222) were permanently removed, leaving only numbers in the 118 xyz format.

Call volume to the directory enquiries services experienced a sharp drop when the historical numbers were removed. Thus the figures published by ARCEP in relation to the third quarter of 2007 show 15.6% calls less than the third quarter of 2006 (34 million against 40 million). The PagesJaunes estimate was around 140 million calls for the entire market over 2007.

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

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

6.6.1.4 OTHERS

➔ 6.6.1.4.1 QuiDonc

The reverse search telephone number market was dominated for a long time by Minitel services, especially Annu and QuiDonc.

Competition has now moved to the Internet, which represents about 50% of this type of search – other resources are the Minitel, which is sharply declining, voice services, mobile phones and directory enquiries services of the 118 type.

On the Internet, the QuiDonc and CTQui websites together account for most of the traffic in reverse searches. In December 2007, QuiDonc had 700,000 different visitors, surpassed by CTQui with 866,000 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, directory enquiries services that invested substantially in advertising in November and December 2005 represent real potential competition. They offer a telephone enquiries service on the Internet, and reverse search in particular. This is particularly true of 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 from B to C to B to B: societe.com, bottin.com etc.).

6.6.2 International and Subsidiaries segment

6.6.2.1 B TO C DIRECTORIES

➔ 6.6.2.1.1 Spain

The Spanish directory market took estimated revenue of 499 million euros in 2007 (Source: the Kelsey Group, Global Yellow Pages, June 2007), including alphabetical directories – QDQ Media is not present in this segment.

The Spanish directory market is dominated by Yell Publicidad. It also includes local companies, particularly Guía Color (Castilla-León), Tu Distrito (province of Málaga) and Guiaraba (province of Álava).

➔ 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 and also 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 is the leading 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 small local players. The directory market for the general public is modest in size; the directory publishers themselves compete with the various local advertising media and with local and international players on the Internet – market penetration is enjoying sustained growth.

6.6.2.2 ADDITIONAL ACTIVITIES

➔ 6.6.2.2.1 Direct marketing

In the various markets in which it operates, PagesJaunes Marketing Services faces competition from the following:

- prospecting market (postal address, telephone, e-mail, text messaging): Mediaprisme, Axiom (Claritas/Consodata), La Poste, l'Insee, Wegener, lbase and Buongiorno;
- the engineering market involving the marketing of 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 faces fierce competition on the online mapping services market from companies such as Viamichelin, Maporama, Novasys or Mapsolute, but also from larger Internet players such as Google, Yahoo! or Microsoft, which have produced cartographic features that also represent competition for Mappy. Finally, companies selling PND (Portable Navigation Devices) and other GPS navigation solutions are a new form of competition for Mappy: the main competitors here are TomTom, Garmin and Mio.

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 on the market) for the two biggest sites in terms of general public mapping services, mappy.com and viamichelin.com:

(in %)	2007	2006	2005
mappy.com	28.1%	28.7%	25.9%
viamichelin.com	16.8%	15.6%	16.2%

Source: NielsenNetRatings

Of all the sites, mappy.com is one of the 15 most frequently consulted in France (Source: Nielsen Home and Work), and ranks 5th on the mobile Internet (Source: Médiamétrie, excluding mobile operator sites).

➔ 6.6.2.2.3 On-line classified ads

PagesJaunes Petites Annonces, whose real estate and car/motorbike classified ads service started in January 2007, is up against stiff competition, especially from:

- specialised real estate players: SeLogger.com, Explorimmo (Aden Classifieds), À Vendre À louer (PriceMinister), Logic Immo (Spir Communication), Reflex Immo (S3G), De Particulier à Particulier, EntreParticuliers.com...;
- specialised automobile players: La Centrale (Schibsted Classified France), L'Argus de l'Automobile, Caradisiac (Spir Communication), 321auto, Autoreflex (Corb's), WebCarCenter...;
- general players: ParuVendu (Comareg), topAnnonces (Spir Communication), S3G (Sud Ouest Group), publishers of national and regional daily press, but also Internet players, such as e-Bay, PriceMinister or Vivastreet.

It should be noted that although this competition comes from players in the printed classified ads market and from the press and also from specialised Internet players, all the market players have developed an on-line business and are therefore a form of competition for PagesJaunes Petites Annonces.

6.6.2.3 INTERNET ADVERTISING AGENCY

Horyzon Média is one of France's leading Internet advertising agencies both in terms of reach and number of pages read. The main Internet advertising competitors for Horyzon Média on the French market are Orange, Hi-Media, Advertising.com, MSN/Windows Live, ValueClick, AdvertStream and Adlink.

6.7 Regulations

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

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

6.7.1 Information society regulations

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

6.7.1.1 CONTENT REGULATION AND RESPONSIBILITIES OF INTERNET COMPANIES

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

This law makes direct or indirect identification compulsory for publishers of on-line communications services. Thus Article 43-10 stipulates that natural persons 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 persons and natural persons publishing websites on a professional basis must put their correct contact information on their website (Company name, registered office and name of the managing editor or joint managing editor), and the name and address of the hosting Company.

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

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

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

This provision is supplemented by the Law governing Confidence in the Digital Economy (LCEN) of 21 June 2004, which sets out the rules governing the responsibility of technical service providers on the Internet, particularly with regard to electronic commerce and encryption.

The law states that hosting companies do not have a general obligation to oversee the information they transmit or store, or a general obligation

to research facts or circumstances revealing illicit activities. However, the legal authorities can order specific temporary surveillance in individual cases.

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

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

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

6.7.1.2 PROTECTING PERSONAL INFORMATION

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

The goals of this directive include:

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

Law 2004-801 of 6 August 2004 on the protection of individuals in the way their personal information is handled amending Law 78-17 of 6 January 1978 in relation to computers, computer files and freedom, supplements the enactment of Directive 95/46/EC. This law reinforces individuals' rights over their information, helps to simplify the reporting formalities for handling high-risk information and gives the CNIL National Commission for Computers and Freedom greater powers to intervene.

The new law on computers and freedom gives individuals greater rights over their information, and now makes those in charge of handling the information responsible for giving more detailed information on the terms of use of this information. The right to opposition in relation to

commercial prospecting is now law, and the conditions for exercising the right to access and amend data are set out in the Decree of 25 March 2007. In particular, a reply must be forthcoming within two months following a demand for access or rectification, or this will imply a refusal; there must be justification for any refusal to allow access to or rectification of data. Since this constitutes a simplification of formalities the declaration falls under common law, and prior monitoring by the CNIL is limited only to handling presenting special risks infringing individuals' rights and freedom. The CNIL's powers to intervene have increased, and stipulations have been added in relation to the procedures for on-site control. The CNIL now has a wider range of powers to intervene (court order to curtail use of the information, or a request for temporary suspension, blocking of information, removing of authorisation etc.). The CNIL can now issue monetary fines, up to 150,000 euros for the first reported infringement, and 300,000 euros or 5% of revenue, excluding tax, for the last business year in the case of a Company. The warnings issued by the CNIL may be made public, and it may order notices of the warnings issued to be inserted in any publications, newspapers or media it indicates, with the costs paid by the individuals penalised.

In the course of its business, the Group has to record and process statistical data, particularly in relation to 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 the handling of personal information and the protecting of privacy in the electronic communications sector, which has a deadline of 31 October 2003 for enactment by Member States, extends its field of application to electronic communications and makes some amendments to the current provisions. The new provisions are as follows:

- traffic-related information now covers all data concerning traffic, regardless of the technology, and therefore includes information relating to Internet communications;
- cookies are only permitted if clear and complete information is given to the subscriber or user, particularly about how the processing will be used, and if the cookies can be refused. However, this provision does not cover cookies intended solely to effect or facilitate transmission of a communication, or those strictly necessary for providing a service expressly requested by the user (Article 5.3 of the directive). These provisions were enacted by Law 2004-801 of 6 August 2004 on the protection of individuals in the way their personal information is handled (Article 32 of the consolidated version of the law on Computers and Freedom);
- location information apart from that relating to traffic may only be handled after it has been made anonymous, or with the consent of the subscribers or users, who have been properly informed in advance, for the purpose of providing them with an added-value service. They have the option of withdrawing their consent at any time and must have the option of temporarily refusing to have this information used each time they connect to the network or each time they send a message, easily and free of charge. These provisions were enacted in Law 2004-669 of 9 July 2004 on electronic communications and audiovisual communications services (Article L. 34-1, IV of the Postal and Electronic Communications Code);
- in relation to directories, subscribers have the option of deciding if their information, and in some cases which parts of this information, should

appear in a public directory. Unlisting is free, as is any correction or removal. Member States may require consent from subscribers for any public directory used for anything but an ordinary search for the contact details of a person based on their name. These provisions were adopted in Decree 2003-752 of 1 August 2003 concerning universal directories and universal directory enquiries services amending the Postal and Telecommunications Code; in the case of unsolicited communications (or spamming), direct prospecting by electronic mail is forbidden, unless this is to subscribers who have already given their consent. However, if

someone has directly obtained the e-mail addresses from its customers, it may use them for direct prospecting purposes for similar products or services which it provides itself, provided customers may object when their information is collected, and on each message. These provisions were enacted into French law by the Law on Confidence in the Digital Economy and by the Law on Electronic Communications, which makes customer prospecting by electronic means an opt-in activity, therefore requiring the prior consent of the people being prospected (new Article L. 34-1, III of the Postal and Electronic Communications Code).

6.7.2 Directories

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

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

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

directory, i.e. A directory containing all telecommunications service subscribers. The Group, which produces both printed and 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 enhance its content. This decree is currently being reviewed.

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

6.7.3 Database regulations

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

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 the obtaining, verifying or presenting of the contents of a database for the limited time the right exists, on the understanding that this investment may consist of the implementation of financial means and/or use of time, effort and energy.

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

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

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

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

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

6.7.4 Secure electronic signature

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

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

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

For electronic signatures which do not meet the conditions set by this decree, known as simple signatures, proof of the technical reliability of the procedure used must be demonstrated, for example by expert examination, even if their admissibility as proof cannot be denied. It is also still possible to have them legally 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: a Top Level Domain name or TLD, and a second-level domain name. Top Level Domain names may be either generic – generic Top Level Domain names or gTLDs, such as “.com” for traders, “.net” for companies providing Internet-related services, “.org” for public-interest companies or “.edu” for academic entities – or correspond to a certain geographic area (country code Top Level Domain names, ccTLDs), such as “.fr” for France, “.de” for Germany or “.es” for Spain. Second-level domain names are the names chosen by each person or Company to identify their website.

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

Registration of 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”, “.org”, “.biz” and “.info”.

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

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

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

Although the French courts have now acknowledged that using a term on a website or as a domain name can infringe on prior rights 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 the use of a term on the Internet by a third party could create the risk of confusion or lead to acts of unfair competition well beyond these limits.

6.7.6 Law governing public telecommunications service obligations and France Télécom

Law 2003-1365 of 31 December 2003 provided for a call for applications to appoint an operator responsible for universal directory enquires services and printed and the universal directory. The procedures for this call for applications were set out in a document from the Ministry of the Treasury, 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 Universal Electronic Communications Services"* in point 2 of Article L. 35-1 of the Postal and Electronic Communications Code).

The France Télécom Group made an application and stated that responsibility for providing the universal printed directory would be given to PagesJaunes.

In an order of 3 March 2005 by the Ministry of the Treasury, Finance and industry, France Télécom was appointed the operator responsible for universal directory enquires services and the universal directory.

The France Télécom Group again made an application at the beginning of 2007 in the same conditions as in 2005. In an order of 29 March 2007 by the Ministry of the Treasury, Finance and industry, France Télécom was appointed the operator responsible for universal directory enquires services 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 Groupe, as a subsidiary of France Télécom, was covered by the insurance schemes 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);
- automobile risks.

On 1 January 2007, PagesJaunes Groupe set up an insurance scheme to cover the risks of:

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

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

Thus the preliminary premium paid by the Company as insurance coverage for civil liability in 2007 was around 88,200 euros, all taxes included (63,800 euros in 2006, all taxes included).

In relation to the Damage to assets and Operating Losses policy, the premium paid by the Company was around 242,700 euros in 2007, all taxes included (248,120 euros in 2006, all taxes included).

For automobile risk, the Company paid out around 65,600 euros in 2007, all taxes included (89,610 euros in 2006, all taxes included).

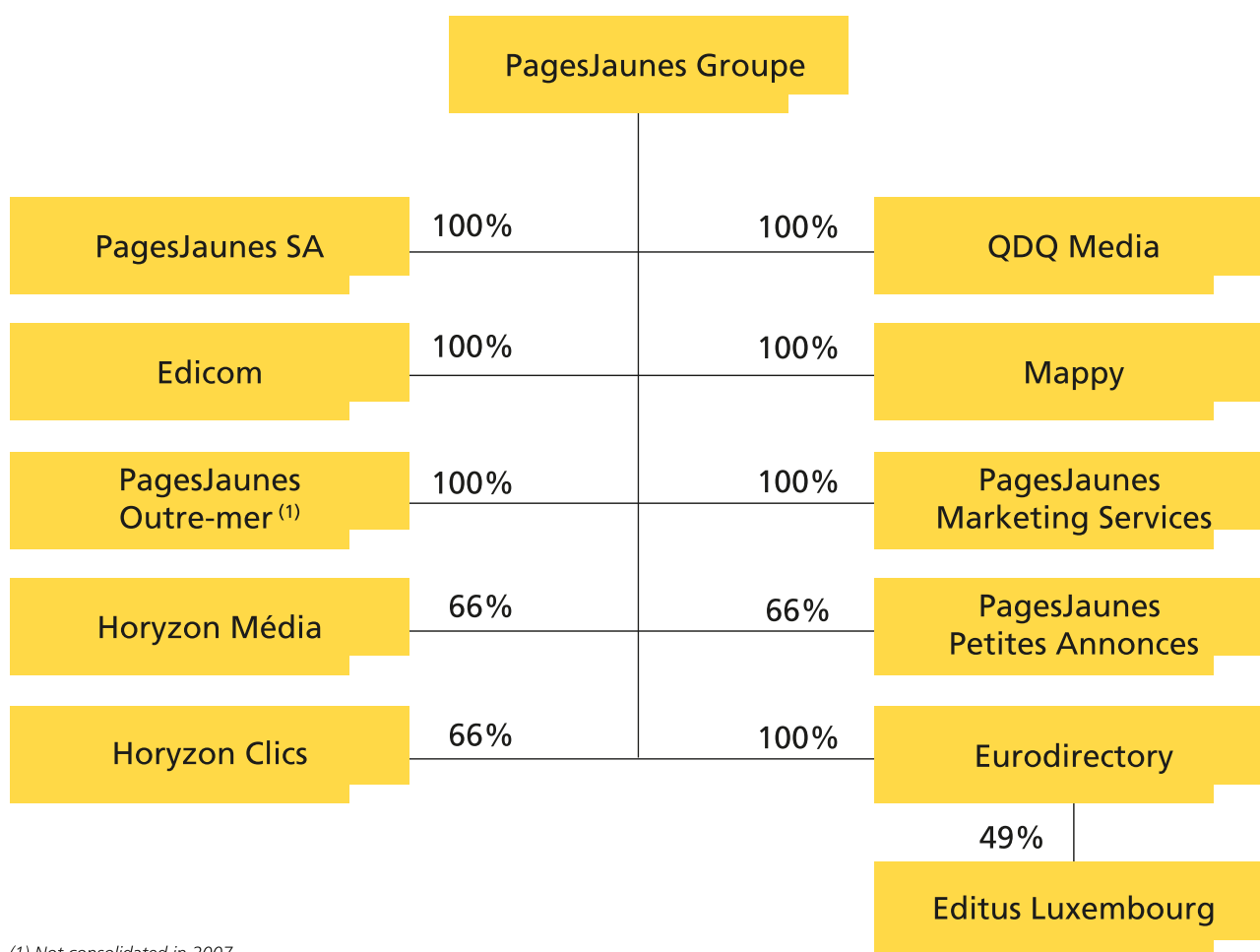
7 Company hierarchy

7.1 Description of the Group

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

7.2 List of subsidiaries

The following is the Group hierarchy at 31 December 2007:



(1) Not consolidated in 2007.

8 Real estate, plant and equipment

8.1 Major tangible assets

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

8.2 Environmental issues

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

9 Review of the financial situation and results: Group's management report

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9.1 General presentation

The Group's core business is the publication of directories in France and abroad. It offers a diversified range of products and services in relation to this activity for the general public and for businesses.

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

- **PagesJaunes in France:** the Group's activities in France relate to the publication and distribution of directories and the sale of advertising space in printed and online directories. It is also involved in the creation and hosting of Internet sites, telephone enquiries service activities (118 008) and other activities such as publication of PagesPro directories and the reverse directory QuiDonc. It also includes the holding Company activities accommodated within PagesJaunes Groupe;

- **International and Subsidiaries:** Activities of the Group's various subsidiaries, mainly involved in the publication of consumer directories outside France (Spain, Morocco and Luxembourg), and development of complementary activities related to the publication of directories such as the Mappy geographic services and the direct marketing activities of PagesJaunes Marketing Services. This segment also includes the new online classified activity ("annoncesjaunes.fr") which was launched at the beginning of January and accommodated within PagesJaunes Petites Annonces and, during the fourth quarter of 2007, the Internet advertising activities of Horyzon Média and Horyzon Clics, in which PagesJaunes Groupe bought a shareholding on 11 October 2007.

Data were presented for 2006 and 2007 with the impact of the disposal of Kompass France and Kompass Belgium to Coface Services on 14 March 2007. Wanadoo Data and e-sama merged on 31 March 2006 to form PagesJaunes Marketing Services. PagesJaunes Liban, a non-consolidated subsidiary, was disposed of at the end of June 2006.

9.2 Remarks on the accounts for the years ending 31 December 2007 and 31 December 2006

PagesJaunes Groupe (in millions of euros)	Periods ending 31 December		
	2007	2006	Change 2007/2006
Revenue	1,158.3	1,093.3	5.9%
External purchases	(314.6)	(302.6)	4.0%
Other operating income	10.1	11.6	-12.9%
Other operating expenses	(23.9)	(23.0)	3.9%
Salaries and charges	(321.0)	(295.7)	8.6%
Gross Operating Margin	508.9	483.6	5.2%
<i>in % of revenue</i>	43.9%	44.2%	
Employee profit sharing	(14.4)	(13.5)	6.4%
Share-based payment	(5.2)	(8.6)	-39.5%
Depreciation and amortisation	(14.9)	(11.9)	25.2%
Result of asset disposals	14.3	(0.6)	na
Restructuring cost	-	(0.0)	na
Operating profit	488.7	449.0	8.8%
<i>in % of revenue</i>	42.2%	41.1%	
Investment income	1.0	21.1	na
Financial expenses	(131.1)	(13.8)	na
Result of disposal of financial assets	2.1	0.8	na
Foreign exchange gain (loss)	(0.0)	-	na
Financial income	(128.0)	8.1	na
Corporation tax	(126.4)	(161.0)	-21.5%
Net income of activities	234.2	296.1	-20.9%
Net income of activities disposed of (after tax)	34.4	0.8	na
NET CONSOLIDATED INCOME	268.6	296.9	-9.5%
Amount allocable to the shareholders of PagesJaunes Groupe	269.6	296.9	-9.2%
Minority interest	(1.0)	-	na

Consolidated Group revenue was 1,158.3 million euros in 2007, an increase of 5.9% on 2006, mainly due to sustained growth of the Group's Internet business, which showed a 24.3% increase on the previous year. To a lesser extent, it is also due to the development of telephone enquiries services (118 008) in France, which made only a slight contribution to the 2006 revenue, and to new online classified advertising and Internet advertising following the launch of "annoncesjaunes.fr" at the beginning of 2007, and purchase of a majority shareholding in Horyzon Média and Horyzon Clics, the results of which have been consolidated with PagesJaunes Groupe since October 2007.

The Group's gross operating margin was 508.9 million euros in 2007, an increase of 5.2% on 2006, reduced to a 4.3% posting due to costs incurred by PagesJaunes Groupe by its disposal by France Télécom in 2006 – 4.1 million euros.

The ratio of gross operating margin with respect to consolidated revenue showed a slight fall over the year at 43.9%.

There were two major trends that had a significant impact on gross operating margin between 2006 and 2007:

- a considerable improvement in 2007 of the contribution of telephone enquiry business (118 008), thanks to greater revenue from advertising and fewer exterior purchases, and a substantial reduction in advertising costs with respect to 2006 – launch of the service incurred major advertising investment in 2006, whereas the costs structure has now been optimised;
- the launch of online classifieds ("annoncesjaunes.fr") negatively affecting the gross operating margin of the International and Subsidiaries segment in 2007, with the initial communication campaigns and the cost of marketing operations conducted by the PagesJaunes sales group in return for a limited revenue in 2007.

Group operating income increased by 8.8% with respect to 2006 to 488.7 million euros. This includes 14.6 million euros of dilution profit for PagesJaunes Petites Annonces posted following the purchase of a shareholding by M6 in the capital of PagesJaunes Petites Annonces in October 2007, under "result of asset disposals".

Net consolidated income was 268.6 million euros in 2007, a decrease of 9.5% with respect to 2006. The fall in net income for activities, 234.2 million euros as against 296.1 million euros in 2006, was due to financial expenditure incurred by payment of the exceptional dividend, which necessitated the implementation of a bank finance agreement

at the end of November 2006. On average, PagesJaunes Groupe's net debt was around 1.87 billion euros in 2007, producing negative financial income of 128.0 million euros. This also includes 34.4 million euros of net income on activities sold (Kompass France and Kompass Belgium), including 33.0 million euros of consolidated disposal capital gains.

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

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

The table below shows the trend in revenues and gross operating margin of the PagesJaunes in France segment for the years 2006 and 2007:

PagesJaunes in France (in millions of euros)	Periods ending 31 December		
	2007	2006	Change 2007/2006
Revenue	1,071.8	1,013.3	5.8%
External purchases	(270.8)	(268.9)	0.7%
Other operating income	12.6	10.9	15.6%
Other operating expenses	(22.6)	(21.3)	6.1%
Salaries and charges	(273.4)	(254.1)	7.6%
GROSS OPERATING MARGIN	517.6	479.9	7.9%
<i>in % of revenue</i>	48.3%	47.4%	

9.2.1.1 REVENUE OF THE PAGESJAUNES IN FRANCE SEGMENT

The following table shows distribution of the PagesJaunes in France segment by product line for 2006 and 2007:

PagesJaunes in France (in millions of euros)	Periods ending 31 December		
	2007	2006	Change 2007/2006
Printed directories	653.0	654.1	(0.2)%
PagesJaunes	528.8	527.1	0.3%
<i>L'Annuaire</i>	124.2	127.0	(2.2)%
Online services	369.3	320.8	15.1%
Internet	344.0	280.0	22.9%
Minitel	25.3	40.8	(38.0)%
Telephone directory enquiries services	28.1	14.4	na
Other activities	21.4	24.0	(10.8)%
REVENUE	1,071.8	1,013.3	5.8%

Revenue for the PagesJaunes in France segment was 1,071.8 million euros in 2007, up 5.8% on 2006. This was due to increased revenue from online services following sustained development of Internet activities and, to a lesser extent, to continued development in telephone directory enquiries services (118 008) launched at the end of 2005. Revenue for printed directories was almost stable in comparison to 2006.

The overall increase in revenue was due to both an increase in the numbers of advertisers and in the average revenue per advertiser. The number of advertisers grew by 4.5% between 2006 and 2007, with almost 667,000 advertisers in 2007 as against 638,000 in 2006. Almost 120,700 new advertisers were secured in 2007, compared to 115,100 new advertisers in 2006. Within this context of sustained increase, average revenue per advertiser shows a net gain from 1,570 euros in 2006 to 1,581 euros in 2007. The average revenue for new advertisers showed an increase of 3.4%, 601 euros as against 581 euros in 2006. Advertiser loyalty remained high with respect to the rest of the industry – 85.6% of advertisers in 2006 chose to remain customers of PagesJaunes in 2007, as against 84.5% the previous year, despite the substantial increase in recent years of new customers, where the drop rate is highest. The loyalty rate expressed as value changed from 93.4% of revenue in 2006 to 93.2% in 2007.

➔ Printed directories

Revenue for printed directories, stemming mainly from sales of advertising in the PagesJaunes directory and in *l'Annuaire* (PagesBlanches), was 653.0 million euros in 2007, almost stable with respect to 2006. Revenue for the PagesJaunes directory ¹ increased by 0.3% to 528.8 million euros, while revenue for *l'Annuaire* fell 2.2% to 124.2 million euros.

Slower growth in printed directories was concentrated on the Île-de-France region and, to a lesser extent, in certain large cities in the provinces, which mostly conducted wider printed directory distribution operations in the latter half of 2007 ("all boxes" distribution, distribution targeting house-movers and those with second homes). This distribution format, in conjunction with renewed advertising efforts, aims to back up consultation of printed directories, which are still substantial loss leaders for the vast majority of advertisers and a major medium in terms of consultation. In 2007, in fact, more than 80% of new advertisers on PagesJaunes used the printed format in their communication plan, a trend matching that of previous years.

The downturn in certain directories was basically due to a decrease in average revenue per advertiser, on average 1,073 euros in 2007 as against 1,112 euros in 2006, whilst the number of advertisers in printed directories increased – 608,600 in 2007, as against 588,300 in 2006.

For the year 2008, PagesJaunes decided to implement a new pricing policy to take better account of the differences observed in the utilisation of printed directories and of "pagesjaunes.fr", depending on the address. The new pricing policy will basically consist of offering considerable price reductions on the printed directory in certain targeted zones which in

2007 accounted for around 18% of revenue from the printed versions, mainly Île-de-France, in order to retain advertisers' return on investment while implementing a price increase in line with inflation in the vast majority of *départements*.

➔ Online services

Revenue from online services in the PagesJaunes in France segment was mainly from Internet services ("pagesjaunes.fr" and sites), which continued to grow steadily – an increase of 22.9% on 2006, with revenue of 344.0 million euros.

The successful launch on 19 September 2007 of the new version of the "pagesjaunes.fr" site, with a new visual identity and improved ergonomic features, a simplified data entry form and a new search facility, kept growth steady on the "pagesjaunes.fr" site – at December 2007, 11.2 million hits by users visiting at least once, an increase of 12.5% on December 2006. This record audience gives "pagesjaunes.fr" a reach rate of 42.2%, making it one of France's most popular Internet sites, and Europe's most popular directory site.

Implementation of the new version of "pagesjaunes.fr" was also accompanied by the launch of new advertising products, particularly national products sold at cost per thousand with short display times, and this increased growth in revenue over the last quarter of 2007.

With the incorporation of a decrease of 38% in revenue from PagesJaunes 3611 (Minitel) ², which accelerated following the decision by France Télécom to make this a pay service for users after the first second as of September 2007 (the number of searches in December 2007 was 2.9 million, as against 7.8 million in December 2006, for a total of 70.2 million searches in 2007 against 112.1 million in 2006), revenue from all online services increased by 15.1% with respect to 2006 to 369.3 million euros. The overall number of advertisers using online services increased from over 453,800 in 2006 to almost 471,200 in 2007 – 71% of the total number of advertisers. Over the same period, average revenue per advertiser increased 12.0% to 798 euros, as against 713 euros in 2006.

➔ Telephone directory enquiries services

Telephone directory enquiries services (118 008) stood at 28.1 million euros in 2007, as against 14.4 million euros in 2006 ³. The increased revenue from this service with respect to 2006 is, however, not representative insofar as the market was only totally deregulated as of April 2006, and so revenue from this activity only began to be received as of this date.

This revenue contains equal portions of traffic revenue and revenue from ad inserts, which more than doubled with respect to 2006 – 93,600 advertisers in 2007, as against 68,350 in 2006.

1. All technical expenditure billed for printed directories was previously related to the PagesJaunes directory. It now relates to the PagesJaunes and *l'Annuaire* directories for the corresponding portions. Distribution of revenue between PagesJaunes and *l'Annuaire* was restated after 2006, with a negative impact of 1.6 million euros on revenue for the PagesJaunes directory and a positive impact of 1.6 million euros on revenue for *l'Annuaire* in 2006.
2. Revenue from PagesJaunes 3611 is composed of access revenue billed to customers, and this revenue is distributed between pagesjaunes.fr and PagesJaunes 3611 according to the audience generated by the two formats.
3. The 118 008 traffic revenue was booked gross in 2007. Applying the same method in 2006 would have increased revenue by 1.6 million euros.

➔ Other Activities

Revenue from other activities in the PagesJaunes in France segment was 21.4 million euros in 2007, as against 24.0 million euros in 2006. This accounted for only 2.0% of revenue from the PagesJaunes in France segment in 2007, and mainly concerns PagesPro offers on printed and Internet formats, and the reverse directory QuiDonc searched on the Internet, Minitel and Audiotel.

The trend of revenue from PagesPro on the Internet is still favourable, while revenue from the reverse directory QuiDonc decreased due to a reduction in the Minitel audience.

9.2.1.2 EXTERNAL PURCHASES IN THE PAGESJAUNES IN FRANCE SEGMENT

PagesJaunes in France (in millions of euros)	Periods ending 31 December		
	2007	2006	Change 2007/2006
External purchases	(270.8)	(268.9)	0.7%
<i>in % of revenue</i>	25.3%	26.5%	

External purchases mainly include publishing costs (purchases of paper, printing and distribution of printed directories), the costs of purchasing, producing and updating databases, hosting charges for online directories and for creation of adverts, charges by external call centres, and charges for communication and computer development.

External purchases for the PagesJaunes in France segment were 270.8 million euros in 2007, remaining stable with respect to 2006, while revenue increased by 5.8% over the period. External purchases accounted for 25.3% of revenue in 2007, as against 26.5% in 2006.

Quasi-stability of external purchases between 2007 and 2006 was basically due to two inverse effects: PagesJaunes agreed to investment for the relaunch of printed directories, both in terms of communication and distribution, and for the launch of the new "pagesjaunes.fr", in terms of communication, computer features and editorial content. On the other hand, in 2007 PagesJaunes benefited from a reduction in expenditure relating to telephone directory enquiries services (118 008), with a considerable decrease in advertising expenditure and optimisation of the costs structure with respect to 2006.

The publishing costs of printed directories, consisting of purchase of paper, printing and distribution, were 103.3 million euros in 2007, as

against 94.7 million euros in 2006⁴, with the cost of paper rising from 40.0 million euros in 2006 to 45.1 million euros in 2007⁴. This trend was mainly due to an increase in directories printed and distributed in line with the 7% increase in distribution of printed directories in order to achieve exhaustive distribution ("all boxes" distribution in 20 major cities, targeting of house-movers and those with second homes), and insertion of mobile lines and voice on IP (VoIP). However, the signature by PagesJaunes, at the beginning of 2007, of multi-year paper and distribution contracts in addition to those already implemented for printing helped limit the sensitivity of directory publishing costs to price rises.

Despite the relaunching of directory advertising to increase the audience and utilisation of the printed directories PagesJaunes and *L'Annuaire*, and the launch of the new version of "pagesjaunes.fr", overall communication expenditure decreased with respect to 2006 following a considerable reduction in advertising expenses relating to 118 008.

Other external purchases decreased overall following optimisation of the 118 008 costs structure, reducing the subcontracting charges of call centres.

9.2.1.3 OTHER OPERATING INCOME OF THE PAGESJAUNES IN FRANCE SEGMENT

PagesJaunes in France (in millions of euros)	Periods ending 31 December		
	2007	2006	Change 2007/2006
Other operating income	12.6	10.9	15.6%

Other operating income for the PagesJaunes in France segment was 12.6 million euros in 2007, as against 10.9 million euros in 2006. Other operating income mainly consisted of rebilling France Télécom for the

operating costs of PagesJaunes 3611 alphabetical searches, and other non-recurring income, which in 2007 included rebilling for commercial operations undertaken on behalf of PagesJaunes Petites Annonces.

4. Following the deduction in 2006 of 0.6 million euros of proceeds on the disposal of paper and 1.0 million euros in printer receivables and, in 2007, of 0.1 million euros of proceeds on the disposal of paper and 1.1 million euros in printer receivables. All these proceeds are booked as other operating 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		
	2007	2006	Change 2007/2006
Other operating expenses	(22.6)	(21.3)	6.1%

Other operating expenses for the PagesJaunes in France segment equalled 22.6 million euros in 2007, as against 21.3 million euros in 2006. The other operating expenses are composed of taxes, certain

provisions for risks and charges, and a low net customer risk provision in relation to 2007 of 0.245%, almost stable with respect to 2006.

9.2.1.5 SALARIES AND CHARGES OF THE PAGESJAUNES IN FRANCE SEGMENT

PagesJaunes in France (in millions of euros)	Periods ending 31 December		
	2007	2006	Change 2007/2006
Salaries and charges	(273.4)	(254.1)	7.6%
<i>In % of revenue</i>	25.5%	25.1%	

Salaries and charges comprise wages and salaries, both fixed and variable, including profit-sharing, social charges, payroll tax, provisions for paid leave, post-employment benefits and various benefits paid to employees in the sales force and support functions.

Salaries and charges for the PagesJaunes in France segment accounted for 25.5% of revenue in 2007, as against 25.1% in 2006 – the actual figure was 273.4 million euros, an increase of 7.6% on 2006, while revenue increased by 5.8% over the same period.

Remuneration for the sales force and direct management accounted for 14.3% of revenue in 2007, excluding specific costs in relation to commercial operations conducted on behalf of PagesJaunes Petites Annonces, as against 14.0% in 2006. Over the same period, the headcount increased by 5.4% to 2,022 in 2007, as against 1,918 in 2006 (registered headcount), in order to deal with new customers handled by staff in the field and through telesales. Remuneration of the sales force is largely variable, depending mainly on the commercial results for the period concerned, and thus it cannot be easily reconciled with trends in the headcount.

9.2.1.6 GROSS OPERATING MARGIN OF THE PAGESJAUNES IN FRANCE SEGMENT

The gross operating margin of the PagesJaunes in France segment increased by 7.9% with respect to 2006 to 517.6 million euros, a 48.3% margin on 2007 revenue as against 47.4% in 2006.

The gross operating margin of the PagesJaunes in France segment in 2007 mainly benefited from a substantial improvement in telephone directory enquiries services (118 008), following increased advertising revenue and a reduction in external purchases with respect to 2006, and a considerable increase in online services as a result of growth in revenue from Internet activities, helping to absorb the costs of organising and launching the new version of "pagesjaunes.fr".

9.2.2 Analysis of revenue and gross operating margin in the International and Subsidiaries segment

The table below shows the trend in revenue and gross operating margin of the International and Subsidiaries segment for the years 2006 and 2007:

International and Subsidiaries (in millions of euros)	Periods ending 31 December		
	2007	2006	Change 2007/2006
Revenue	93.8	85.9	9.2%
External purchases	(51.2)	(39.5)	29.6%
Other operating income	1.4	2.2	-36.4%
Other operating expenses	(5.1)	(3.3)	54.5%
Salaries and charges	(47.6)	(41.6)	14.4%
GROSS OPERATING MARGIN	(8.7)	3.7	na
<i>in % of revenue</i>	-9.3%	4.3%	

9.2.2.1 REVENUE OF THE INTERNATIONAL AND SUBSIDIARIES SEGMENT

The following table shows the distribution of consolidated revenue for the International and Subsidiaries segment by product line for 2006 and 2007:

International and Subsidiaries (in millions of euros)	Periods ending 31 December		
	2007	2006	Change 2007/2006
B to C directories	61.8	58.4	5.8%
Internet advertising	1.1	-	na
On-line classified ads	1.9	-	na
Direct Marketing and Geographical Services	29.0	27.5	5.5%
REVENUE	93.8	85.9	9.2%

Revenue for the International and Subsidiaries segment, excluding activities sold off in March 2007 (Kompass France and Kompass Belgium) was 93.8 million euros in 2007, a 9.2% increase on 2006. Growth in this area was due in particular to an increase in online activities in Spain, the launch at the beginning of 2007 of the new online classified ads, "annoncesjaunes.fr", and consolidation as of October 2007 of the Internet advertising agencies Horyzon Média and Horyzon Clics.

➔ B to C Directories

Revenue from B to C directories was 61.8 million euros in 2007, an increase of 5.8% compared to 2006. This was mainly created by the sale of advertising space in printed and online directories and their publication and distribution, carried out by QDQ Media in Spain, Editus in Luxembourg, and Edicom in Morocco.

Revenue from QDQ Media was 47.6 million euros in 2007, an increase of 5.4% with respect to 2006, caused by 25.2% growth in revenue from online services (qdq.com), representing 22.8% of revenue from QDQ Media in 2007, against 19.2% in 2006. The stability of printed material revenue from QDQ Media, equal to 36.5 million euros, was due to a lessening of pressure in relation to the search for new customers caused by a delay in the schedule and the recruitment of salespeople. QDQ Media has implemented a new sales organisation, and positive

repercussions are expected for the year 2008. The overall number of advertisers dropped 5.4% from 81,600 in 2006 to 77,200 in 2007, while average revenue per advertiser increased 9.2% to 606 euros in 2007, as against 555 euros in 2006.

Revenue from the other B to C directories (Editus in Luxembourg and Edicom in Morocco) was 14.2 million euros in 2007, an increase of 7.6% on 2006, mainly due to growth in online directory and classified activities in Luxembourg, and Télécontact online directories and printed directories in Morocco.

➔ Internet advertising

On 11 October PagesJaunes Groupe took up a majority shareholding in Horyzon Média and Horyzon Clics, specialist Internet advertising agencies, and this was increased to a 66% shareholding at the end of December 2007. This has allowed PagesJaunes Groupe to step up pressure on the dynamic national online display advertising market. In addition to the "pagesjaunes.fr" and "annoncesjaunes.fr" it already owns, Horyzon Média will take over the advertising of "mappy.com" in January 2008. All the sites marketed by Horyzon Média should account for a total reach rate of almost 73%, thus offering advertisers the broadest coverage of French Internet users.

The income of Horyzon Média and Horyzon Clics has been consolidated in PagesJaunes Groupe since October 2007 – revenue at the fourth quarter of 2007 was 1.1 million euros ⁵.

➔ On-line classified ads

PagesJaunes Petites Annonces secured 5,400 customers in 2007, and revenue of 1.9 million euros, mainly in the latter half of 2007, thanks to 3,900 customers in portfolio at 31 December 2007, 2,500 of which were paying customers. The “annoncesjaunes.fr” site had been visited at least once by 831,000 users at December 2007, making it France's most popular online classified property and automobile site. Over 400,000 classifieds had appeared on “annoncesjaunes.fr” at 31 December 2007.

➔ Direct marketing and geographical services

Revenue from Direct Marketing and Geographical Services was 29.0 million euros in 2007, an increase of 5.5% on 2006. The sustained growth of Mappy's advertising revenue more than offset the downturn in revenue by PagesJaunes Marketing Services (direct marketing), which over the whole of 2007 did not benefit from the reinforcement of its commercial resources during the first half of the year.

9.2.2.2 EXTERNAL PURCHASES IN THE INTERNATIONAL AND SUBSIDIARIES SEGMENT

International and Subsidiaries (in millions of euros)	Periods ending 31 December		
	2007	2006	Change 2007/2006
External purchases	(51.2)	(39.5)	29.6%
<i>in % of revenue</i>	54.6%	46.0%	

External purchases in the International and Subsidiaries segment equalled 51.2 million euros in 2007, an increase of 29.6% on 2006. External purchases accounted for 54.6% of revenue in 2007, as against 46.0% in 2006.

This was mainly due to the costs of launching and developing the online classified activity (“annoncesjaunes.fr”), particularly the initial communication and marketing campaigns, the costs of implementation

of the commercial offer, and costs in relation to external suppliers of certain technologies and computer applications.

The slight increase in QDQ Media's communication expenditure in order to maintain its audience and the good name of its printed directories and qdq.com, and general growth in activity, also explain the increase in external purchases by the international and Subsidiaries segment between 2006 and 2007, although to a lesser extent.

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

International and Subsidiaries (in millions of euros)	Periods ending 31 December		
	2007	2006	Change 2007/2006
Other operating income and expenses	(3.7)	(1.1)	na

Other operating income and expenses in the International and Subsidiaries segment accounted for a net charge of 3.7 million euros in 2007, as against a net charge of 1.1 million euros in 2006.

This trend was mainly due to consideration of charges relating to marketing operations conducted by PagesJaunes in 2007 on behalf of PagesJaunes Petites Annonces.

9.2.2.4 SALARIES AND CHARGES IN THE INTERNATIONAL AND SUBSIDIARIES SEGMENT

International and Subsidiaries (in millions of euros)	Periods ending 31 December		
	2007	2006	Change 2007/2006
Salaries and charges	(47.6)	(41.6)	14.4%
<i>in % of revenue</i>	50.7%	48.4%	

Salaries and charges in the international and Subsidiaries segment were 47.6 million euros in 2007, an increase of 14.4% on 2006, accounting for 50.7% of revenue in 2007, as against 48.4% in 2006.

This was mainly due to the reinforcing of Mappy's sales, marketing and technical teams owing to increased activity, the teams set up for PagesJaunes Petites Annonces during the first half of 2007, and to a lesser extent to consolidation of Horyzon Média and Horyzon Clics as of October 2007.

5. Revenue made up exclusively of commissions paid out by advertisers.

9.2.2.5 GROSS OPERATING MARGIN OF THE INTERNATIONAL AND SUBSIDIARIES SEGMENT

The gross operating margin of the International and Subsidiaries segment showed an 8.7 million euro deficit in 2007 as against a surplus of 3.7 million euros in 2006, mainly due to losses by PagesJaunes Petites Annonces following payment of the costs of launch, communication and marketing for its "annoncesjaunes.fr" site, only partially offset by a gradual increase in revenue.

Due to a lower increase in the numbers of advertisers than in 2006, and a slight increase in communication expenses, the gross operating margin of QDQ Media showed a small deficit in 2007. Ongoing commercial reorganisation and new scoping of printed directories in certain major Spanish cities ought to give QDQ Media a positive gross operating margin in 2008. Over the same period, stabilisation of publishing costs and commercial expenses allowed QDQ to continue to improve its gross margin ⁶, with growth of 9.6% with respect to 2006 for a revenue that increased by 5.4%.

Horyzon Média and Horyzon Clics, consolidated as of October 2007, made a positive contribution to the gross operating margin of the International and Subsidiaries segment over the last quarter of 2007.

9.2.3 Analysis of consolidated operating profit

The table below shows the Group's consolidated operating profit for 2006 and 2007:

PagesJaunes Groupe (in millions of euros)	Periods ending 31 December		
	2007	2006	Change 2007/2006
Gross Operating Margin	508.9	483.6	5.2%
Employee profit-sharing	(14.4)	(13.5)	6.4%
Share-based payment	(5.2)	(8.6)	-39.5%
Depreciation charges	(14.9)	(11.9)	25.2%
Result of asset disposals	14.3	(0.6)	na
Restructuring cost	-	(0.0)	na
OPERATING INCOME	488.7	449.0	8.8%
<i>in % of revenue</i>	42.2%	41.1%	

9.2.3.1 EMPLOYEE PROFIT SHARING AND SHARE-BASED PAYMENT

Group employee profit-sharing was 14.4 million euros in 2006, an increase of 6.4% on 2006.

Payment in Group shares was 5.2 million euros in 2007 as against 8.6 million euros in 2006, mainly due to the stock options plan implemented on 28 June 2005, and two plans for free distribution of shares implemented on 30 May 2006 and 20 November 2006. In view of the Group income in 2006 and 2007, the shares allocated in 2006 cannot be assigned since the performance criteria for 2006 and 2007 were not attained. The relative charge of the first plan posted in the 2006 accounts as 2.0 million euros was therefore cancelled against the same amount of income in the accounts for 2007.

9.2.3.2 DEPRECIATION CHARGES

Group depreciation charges were 14.9 million euros in 2007, an increase of over 25.0% on 2006, reflecting increased investment by the Group since 2006, particularly for the implementation of a new publishing information scheme at PagesJaunes SA, and the launch of the new "pagesjaunes.fr".

9.2.3.3 OPERATING INCOME

Group operating income was 488.7 million euros in 2007, an 8.8% increase on 2006. The operating margin in relation to revenue increased from 41.1% in 2006 to 42.2% in 2007.

6. Gross margin is revenue less publishing costs and commercial expenses, which are mostly variable.

9.2.4 Analysis of consolidated net income

The table below shows the Group's consolidated net income for 2006 and 2007:

PagesJaunes Groupe (in millions of euros)	Periods ending 31 December		
	2007	2006	Change 2007/2006
Operating income	488.7	449.0	8.8%
Investment income	1.0	21.1	na
Financial expenses	(131.1)	(13.8)	na
Result of disposal of financial assets	2.1	0.8	na
Foreign exchange gain (loss)	(0.0)	-	na
Financial income	(128.0)	8.1	na
Corporation tax	(126.4)	(161.0)	- 21.5%
Net income of activities	234.2	296.1	- 20.9%
Net income of activities disposed of	34.4	0.8	na
NET CONSOLIDATED INCOME	268.6	296.9	-9.5%
amount allocable to the shareholders of PagesJaunes Groupe	269.6	296.9	-9.2%
minority interest	(1.0)	-	na

9.2.4.1 FINANCIAL INCOME

The Group's financial income showed a deficit in 2007 of 128.0 million euros, as against a net surplus of 8.1 million euros in 2006.

Financial income in 2007 basically consisted of interest on the loan of 1,950 million euros implemented in November 2006, which was 116.8 million euros net of rate hedging. The average rate of interest on the loan for 2007 was 5.85%.

Financial income also included the change in the time value of the collar implemented in November 2006, with a net value of 5.6 million euros, and repayment of loan issue expenses at 6.2 million euros.

9.2.4.2 CORPORATION TAX

The Group booked 126.4 million euros to corporation tax in 2007, a decrease of 21.5% with respect to 2006. This meant an apparent tax rate of 35.1% in 2007, as against 35.2% in 2006.

9.2.4.3 NET INCOME FROM ACTIVITIES DISPOSED OF

Net income from Group activities disposed of in 2007 was 34.4 million euros, as against 0.8 million euros in 2006.

PagesJaunes Groupe sold Kompass France and Kompass Belgium to Coface Services on 14 March 2007. Net income on activities disposed of in 2007 corresponded to net charges and income and consolidated capital disposal gains of 33.0 million euros.

9.2.4.4 NET INCOME

Net Group income in 2007 was 268.6 million euros, a decrease of 9.5% with respect to 2006.

10 Cash flow and capital

The table below shows movements in the cash position of the consolidated Group in 2006 and in 2007:

Groupe PagesJaunes (in millions of euros)	Period ending 31 December 2007	Period ending 31 December 2006
Hedging instruments	30.0	17.5
Short-term investments >3 months and <1 year	0.0	0.3
Cash and cash equivalents	71.2	55.0
Cash position	101.2	72.8
Bank loan	(1,950.0)	(1,950.0)
Revolving credit	-	-
Debt costs	41.2	47.3
Liabilities in respect of hedging instruments	(6.8)	(8.3)
Accrued interest not yet due	(6.8)	(5.6)
Bank overdrafts	(16.7)	(7.5)
Other financial debts	(16.1)	(15.3)
Gross financial debt	(1,955.2)	(1,939.4)
<i>inc. current</i>	(41.5)	(28.4)
<i>inc. of which non-current</i>	(1,913.7)	(1,911.0)
NET CASH (DEBT)	(1,854.0)	(1,866.6)

The Group's consolidated gross debt was 1,955.2 million euros at 31 December 2007, as against 1,939.4 million euros at 31 December 2006, an increase of 15.8 million euros due to repayments on loans of 6.2 million euros, and an increase of 9.0 million euros on bank overdrafts.

The Group's consolidated net debt was 1,854.0 million euros at 31 December 2007, as against 1,866.6 million euros at 31 December 2006.

The table below shows consolidated Group cash flows at 31 December 2006 and 31 December 2007:

Groupe PagesJaunes (in millions of euros)	Period ending 31 December 2007	Period ending 31 December 2006
Net cash from operations	285.0	310.3
Net cash used in investment activities	5.8	50.5
Net cash used in financing activities	(274.6)	(855.6)
Impact of variations in exchange rates on cash	(0.0)	(0.0)
Net variation of cash and cash equivalents	16.2	(494.8)
Initial cash and cash equivalents	55.0	549.8
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	71.2	55.0

Cash and cash equivalents were 71.2 million euros at 31 December 2007, a positive net difference of 16.2 million euros with respect to 2006.

Net cash from operations was 285.0 million euros, as against 310.3 million euros in 2006, with mainly the following in 2007:

- gross operating margin of 508.9 million euros, an increase of 25.3 million euros on 2006;
- a net disbursement of 114.7 million euros in financial interest, against net financial income of 9.3 million euros in 2006;
- a disbursement of 121.7 million euros in corporation tax, a decrease of 41.1 million euros with respect to 2006.

Net cash flows relating to investment were 5.8 million euros, as against 50.5 million euros in 2006, with mainly the following in 2007:

- 32.0 million in net income from the disposal of of Kompass France and Kompass Belgium to Coface Services on 14 March 2007;
- 10.8 million euros relating to net shareholding purchases, including 10.2 million euros in relation to the purchase of a majority shareholding in Horyzon Média and Horyzon Clics on 11 October 2007, as against 2.0 million euros in 2006, in due consideration of the price supplement paid over for purchase of e-sama;

- 16.4 million euros relating to the purchase of tangibles and intangibles, as against 30.6 million euros in 2006. These included the purchase from France Télécom of the operation of the printed directory PagesBlanches for 11.0 million euros, and of the "L'Annuaire" trademark for 1.0 million euros.

The net cash used in cash financing activities was 274.6 million euros, as against 855.6 million euros in 2006, with mainly the following:

- 303.1 million euros in dividends paid out in 2007, as against 2,803.7 million euros in 2006, in particular the special dividend paid out in November 2006, financed by an increase in borrowing to a total sum of 1,902 million euros;
- 16.0 million euros as a minority shareholder contribution in relation to the PagesJaunes Petites Annonces share capital increase in 2007;
- 34.4 million euros as a share capital increase in 2006, following release of the capital balance of QDQ Media.

11 Research and development

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

12 Information on trends

12.1 Main trends affecting Group business

See Sections 9 and 10.

12.2 Trends likely to influence Company prospects

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 2008.

12.3 Financial targets

On a like-for-like basis, PagesJaunes Groupe has set itself the following financial targets for 2008:

- over 5% growth in consolidated revenue, sustained by growth in Internet business revenue of over 25%;
- Internet business revenue accounting for almost 40% of consolidated revenue, thereby confirming the status of the Group as leader of local Internet advertising in France;
- over 8% growth in the gross operating margin thanks to a return to a substantial operating leverage.

PagesJaunes Groupe aims to distribute the whole of the net Group profits for 2008. This profit distribution target does not under any circumstances represent a commitment on the part of PagesJaunes Groupe, and future dividends will depend on the Group's results, its financial position and any other information considered relevant by the Board of Directors and shareholders of PagesJaunes Group.

13 Profit estimates or forecasts

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

14 Administration and Management bodies

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14.1 Composition of the Board of Directors

The meeting of the Board of Directors on 26 July 2007 recorded the resignation of Mattia Caprioli and Johannes Huth. Thomas Geitner and Nicolas Gheysens were co-opted on to the Board to replace the outgoing directors.

Ratification of the co-optings will be submitted for approval at the General Shareholders' Meeting on 29 April 2008.

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

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

Name	Position	Date appointed	Term	Other roles and principal offices held in any Company during the last 5 years
François de Carbonnel	Director Chairman of the Remuneration and Appointments Committee	27 May 2004	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 Thomson Director, Parc des Aulnois SA Director of Cofipar SA Director of GFISA (Property Group, Ile-de-France) Director of Nixis SA (Lux) Director of FdeC Services Ltd Posts no longer held: Manager, Geroa SARL
Elie Cohen	Director Member of the Audit Committee Member of the Strategic Committee	27 May 2004	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 Committee, Steria Group SSII) Director, EDF Energies Nouvelles Posts no longer held: Chairman of the Scientific Committee and director of Vigeo Director of Orange
Michel Datchary	Director Chief Executive officer	12 October 2006	General Shareholders' Meeting in 2009	Chairman and Managing Director and Director of PagesJaunes Director of PagesJaunes Marketing Services Director of Médiannuaire Holding Chairman of the Board and Board Member at QDQ Media (Spain) Director of Mappy Posts no longer held: Director of Kompass France
Abeille Deniau	Director representing the personnel	20 July 2006	20 July 2011	None Posts no longer held: None
Médiannuaire, represented by Ahmet Faralyali	Director	12 October 2006	General Shareholders' Meeting in 2011	None Posts no longer held: None
Jacques Garaïalde	Director Chairman of the Board of Directors Chairman of the Strategic Committee	12 October 2006	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 (S.I.F.) Posts no longer held: None
Thomas Geitner	Director	26 July 2007	General Shareholders' Meeting in 2009	BBC Worldwide Ltd., United Kingdom, Non-Executive Director Singulus Technologies AG, Germany, Non-Executive Director Posts no longer held: Vodafone Group PLC, United Kingdom, Executive Director Arcor AG, Germany, Non-Executive Director Vodafone Deutschland GmbH, Germany, Executive Director Vodafone D2, Germany, Non-Executive Director

Name	Position	Date appointed	Term	Other roles and principal offices held in any Company during the last 5 years
Jean-Christophe Germani	Director	12 October 2006	General Shareholders' Meeting in 2011	Managing Director, Goldman Sachs Director of Médiannuaire Holding Posts no longer held: Director of EM Acquisition Corp. and Education Management Corporation Director of Alchemy Holding Sarl Director of CCom Holdings Luxembourg S.à r.l. Director of Wireless information Network Limited Director of InsuranceCity AG
Nicolas Gheysens	Director Member of the Audit Committee Member of the Remuneration and Appointments Committee	26 July 2007	General Shareholders' Meeting in 2009	Employee, Kohlberg Kravis Roberts & Co SAS Member of the Supervisory Committee, Société d'Investissement Familiale Board Member, U.N Ro-Ro Isletmeieri A.S. CEO, Sedley Participations France (SAS) Director of Médiannuaire Holding Posts no longer held: Member of management, Victoria Holding Sarl Member of management, Angel Lux Parent Sarl Member of management, Angel Lux Common Sarl
Reinhard Gorenflos	Director	12 October 2006	General Shareholders' Meeting in 2009	KKR associate Chairman of the Board of AVR BV (Netherlands) Chairman of the Board of Demag Cranes AG (Allemagne) Director of DEMAG S.à.r.l (Luxembourg) Director of DSD GmbH (Germany) Director of ATU GmbH (Germany) Posts no longer held: Director of Selenia FL (Italy)
Hugues Lepic	Director Member of the Remuneration and Appointments Committee Member of the Strategic Committee	12 October 2006	General Shareholders' Meeting in 2011	Head of Private Equity Europe and associate of the Goldman Sachs Group, inc Member of the investment Committee, Goldman Sachs Director of Prysman S.p.A. Director of Médiannuaire Holding Posts no longer held: Director of Eutelsat Communications SA Chairman of the Supervisory Committee at Autodis SA Chairman of the Supervisory Committee at Autodistribution SA Director of Cablecom GmbH Director of Cablecom Luxembourg GP Sarl Director of Ilias SA Board member, Cegetel SA
Jean-Claude Marceau	Director	12 April 2005	General Shareholders' Meeting in 2009	None Posts no longer held: None
Rémy Sautter	Director Chairman of the Audit Committee	27 May 2004	General Shareholders' Meeting in 2009	Chairman and Managing Director of Bayard d'Antin Chairman of the Supervisory Committee, Ediradio/RTL Chairman of the Supervisory Committee, M6 Director of Partner Re (USA) Director of Taylor Nelson Sofres (UK) Director of Thomson Posts no longer held: Director of M6 Publicité Director of Wanadoo President of Sicav Multimedia et Technologies

Independent directors

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

The qualification criteria for independent directors are set out in the Bouton report. A member is deemed to be independent if he does not

have any relationship whatsoever with the Company that could have a significant impact on his freedom of judgment.

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

Biographies of the directors

François de Carbonnel is a Company 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 of the Global Corporate and investment Bank. After ten years at the Boston Consulting Group (Boston, Paris, Chicago), from 1971 to 1981, from 1981 to 1990 he was Chairman of Strategic Planning associates (Washington, DC), which is now Mercer Management Consulting. After it was bought by Marsh McLennan, he went to General Electric (USA) as President of GE Capital Europe and Vice-President of General Electric. In 1993, he was appointed Vice-President of Booz-Allen and Hamilton in Paris, and then in 1994 he was made Chairman-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 *Groupe d'Analyse des Politiques Publiques* in Paris and then at the FNPS (*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, representing Médiannuaire, joined Kohlberg Kravis Roberts & Co. In 2005, and was involved in investment operations in AVR BV (Netherlands), in PagesJaunes Groupe and in U.N. Ro Ro Isletmeleri A.S. Before joining Kohlberg Kravis Roberts & Co., Ahmet Faralyali worked for 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 of 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.

Thomas Geitner is currently on the board of a number of multinationals. From 2000 to 2006 he held a number of executive posts at Vodafone Groupe PLC. He started his career at Heidelberger Druckmaschinen AG, and held management posts at the German companies Leybold AG and RWE-Group AG. Born in 1955, he is a graduate of the Technische Universität München, and holds an INSEAD MBA.

Jean-Christophe Germani is an Executive Director of the Principal Investment Area division of Goldman Sachs. Born in 1974, Mr Germani is a graduate of the *Hautes Écoles Commerciales*.

Nicolas Gheysens joined Kohlberg Kravis Roberts & Co in 2004. He had already worked for the Sagard investment fund manager, and also at Goldman Sachs international. Born in 1976, Nicolas Gheysens holds a diploma from the Strasbourg Political Sciences institute and from ESSEC.

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, and was then given various management responsibilities at the Thyssen Group from 1991 to 1996. From 1996 to 1998 he held the position of CEO of OTTO Environment, and then CFO of ARAL AG. 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.

Hugues Lepic is an associate of the Goldman Sachs Group, inc., and runs Private Equity for Goldman Sachs in Europe. He is also a member of the Goldman Sachs investment Committee. Hugues Lepic began his career in 1990 at the Mergers & Acquisitions department of Goldman Sachs in New York, and then in London. He joined the Private Equity division at Goldman Sachs in London in 1996, and was then appointed Managing Director in 1998 and associate in 2000. Hugues Lepic is also a member of the board at Prysmian S.p.A. Born in 1965, Hugues Lepic is a former polytechnic student, and holds an MBA from the Wharton School, 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 Incrimination and potential conflicts of interest

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

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

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

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

14.3 Composition of Management bodies

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

Name	Position
Michel Datchary	Chief Executive officer
Thomas Abikhalil	Chief Communications officer
André Chaperon	Chief Officer of Human Resources
Gilles Clouet des Pesruches	Chief Officer of Strategy and innovation
Ghislaine Mattlinger	Chief Financial officer
Dominique Paoli	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 at PagesJaunes since 1999. After a short international stint in Africa and the Middle East, Thomas Abikhalil joined PagesJaunes Groupe in 1986 as commercial adviser. 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, 48, 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 Human Resources officer 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 subsequently 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.

Gilles Clouët-des-Pesruches has been the Company's Chief Strategy and Innovation Officer since January 2008. He succeeds Henri Moché, who was appointed Chairman and CEO of Mappy last December. Following ESME and a Master in Marketing at HEC, Gilles Clouët-des-Pesruches joined Sagem as Key Accounts Sales Engineer. He was then

Strategic and Operational Marketing Director with Bouygues Telecom, and in 2005 took charge of Kodak's European Mobile and Internet Division.

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

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

Dominique Paoli is the Company's Director of Legal Affairs. He has also been Director of Legal Affairs and Real Estate for PagesJaunes since 1985. After beginning 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.

15 Remuneration and benefits

15.1 Overall total of remuneration and benefits in kind **69**

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

15.1 Overall total of remuneration and benefits in kind

All gross remuneration excluding employer contributions and benefits in kind individually paid by the Company to Company Officers during the fiscal year ending on 31 December 2007 at PagesJaunes Groupe is summarised in the table below:

PagesJaunes Groupe 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	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Mattia Caprioli ^{(2) (5)}	-	-	-	-	-	-	-	-	19,051	-
François de Carbonnel	-	-	-	-	-	-	-	-	38,102	63,000
Élie Cohen	-	-	-	-	-	-	-	-	33,022	52,000
Michel Datchary, CEO	375,000	300,000	282,320	403,269 inc. 143,519 *	-	-	20,595	19,329	27,942	-
Abeille Deniau ⁽²⁾	51,148	42,156	6,322	11,575 inc. 5,903*	7,377	6,392	-	-	27,942	-
Jacques Garaïalde ⁽²⁾	-	-	-	-	-	-	-	-	34,292	-
Jean-Christophe Germani ⁽³⁾	-	-	-	-	-	-	-	-	25,401	-
Thomas Geitner ⁽⁴⁾	-	-	-	-	-	-	-	-	8,891	-
Nicolas Gheysens ⁽⁴⁾	-	-	-	-	-	-	-	-	16,511	-
Reinhard Gorenflos ⁽²⁾	-	-	-	-	-	-	-	-	-	-
Johannes Huth ^{(2) (5)}	-	-	-	-	-	-	-	-	-	-
Hugues Lepic ⁽²⁾	-	-	-	-	-	-	-	-	29,212	-
Jean-Claude Marceau	73,002	69,372	44,957	50,370 of which 5,635*	12,238	11,401	-	-	27,942	-
Médiannuaire represented by Ahmet Faralyali ⁽²⁾	-	-	-	-	-	-	-	-	20,321	-
Rémy Sautter	-	-	-	-	-	-	-	-	39,372	54,600

* Stock option exercised early (cf. Section 17.2).

(1) Abeille Deniau was elected as director representing the staff on 8 June 2006.

(2) Was co-opted by the Board of Directors on 12 October 2006.

(3) Was appointed as a Board Member on 20 November 2006.

(4) Co-opted by the Board of Directors on 26 July 2007. Ratification of this will be submitted to the General Meeting on 29 April 2008.

(5) Resigned on 26 July 2007.

Overall total of Remuneration and benefits in kind

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

In 2007, the Managing Director was eligible for a variable share, the annual amount of which could vary between 0% and 80% of the base salary, depending on the attainment of the following criteria:

- 35% on a qualitative scale of between 0 and 200% based on leadership of PagesJaunes Groupe, implementation and success of action plans, and movement of the operations portfolio; and
- 65% on a quantitative scale based on an additional gross operating margin target.

Following decisions by the Board of Directors on 14 February 2008 for the 2007 fiscal year, the total amount of CEO's variable portion came to 300,000 euros.

Moreover, since the Company has implemented specific additional pension schemes (see chapter 17-3), on 20 December 2007 the Board decided to grant the CEO the new defined-contribution pension scheme (Article 83 of the General Tax Code) implemented for Group management as of 1 January 2008.

The Board of Directors decided in 2006 to pay a one-off bonus to Group employees who played an active role in the competitive process for the sale of France Télécom's interest in PagesJaunes Groupe. The overall amount set aside for this bonus, paid to 44 PagesJaunes Groupe employees, was 679,000 euros, of which 300,000 euros were allocated to Michel Datchary. The latter bonus was paid in two instalments – 100,000 euros were paid in 2006, 2 months after the actual transfer, and a further 200,000 euros were paid in 2007, 12 months after the actual transfer.

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 features clauses for discretionary and contractual severance benefits:

- a sum as discretionary compensation for severance, calculated pursuant to the provisions of the collective agreement applicable to the Company with regard to his seniority;
- another sum totalling 15 months of his salary.

Calculation of these benefits will take into account the average of the total remuneration paid by PagesJaunes or PagesJaunes Groupe over the last 12 months.

The accumulated total amount of the discretionary compensation and the additional compensation may not exceed 21 months of salary.

These compensations will not be applicable in the event of serious or gross misconduct by Michel Datchary.

Pursuant to Article 17 of the Law of 21 August 2007 (the TEPA Law), the Board approved amendment of this employment contract to insert a performance condition into the calculation of the severance compensation payments mentioned above.

In order to ensure the coherence of this stipulation with the Company's normal performance criteria, the performance condition for payment of the severance compensation envisaged in Mr Michel Datchary's employment contract was set so that the gross operating margin of the last PagesJaunes Groupe consolidated annual accounts posted at the date of severance exceeds the average consolidated gross operating margin of the previous three years.

The General Shareholders' Meeting of 26 April 2007 decided to set the amount of the attendance fees to be distributed to the members of the Board of Directors at 350,000 euros for the current fiscal year and following years until a new decision is adopted by the General Shareholders' Meeting.

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

- a fixed amount of 10,000 euros per annum per director;
- 2,000 euros per meeting of the Board of Directors;
- 1,000 euros per meeting of a Committee;
- a fixed amount of 5,000 euros for each Chairman (of the Board or of a Committee).

In due consideration of the number of meetings of the Board of Directors and of Committees in 2007, the Board decided to share out the undistributed sum in line with the amounts allocated to each member in accordance with the initial method.

Compensation paid to members of the Board of Directors by way of attendance fees in 2007 amounted to 348,000 euros.

A proposal will be made at the General Shareholders' Meeting of 29 April 2008 to set the Board attendance fees at 365,000 euros for the current year and future years, until another decision is taken by the Meeting, in due consideration of the creation of a new Committee on the Board of Directors (the Strategic Committee, described in Section 16.3.3 of this document).

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

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

- for Michel Datchary, 0 euro;
- for Jean-Claude Marceau: 90,673 euros as provision for rights acquired for retirement compensation, and 2,743 euros as provision for the employment medal plan;
- for Abeille Deniau: 14,386 euros as provision for rights acquired for retirement compensation, and 3,529 euros as provision for the employment medal plan.

16 Functioning of the Administration and Management bodies

16.1 Conformity with the Corporate Governance plan in effect in France	72
16.2 Absence of service contracts	72
16.3 Committees created by the Board of directors	73

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

correct operation of the Company and by its deliberations regulates the matters concerning it. 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 Groupe follows the principles of Corporate Governance for listed companies laid down in the Medef/AFEP report of October 2003 and notably the key Corporate Governance principles concerning:

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

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

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

16.2 Absence of service contracts

No members of the Board of Directors or any CEO is linked by a service contract with PagesJaunes Groupe or one of its subsidiaries which would grant advantages at the term of such a contract.

16.3 Committees created by the Board of Directors

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

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

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

16.3.1 Audit Committee

COMPOSITION OF THE AUDIT COMMITTEE

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

The composition of the Audit Committee on the registration date of this *document de référence* was as follows:

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

TASKS OF THE AUDIT COMMITTEE

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

- examining the Company and consolidated accounts, both half-yearly and annual, as well as the management reports and business and financial statements;
- ensuring compliance with the accounting standards adopted for preparing the Company and consolidated accounts;
- 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, particularly looking at their selection and terms of compensation in order to make observations;
- on a yearly basis, studying the inspection procedures for the Auditors and the internal Auditors, and examining the internal auditing report for the year completed and the schedule of tasks for the year in progress;
- examining the accounting treatment pertaining to special operations;
- examining significant off-balance sheet commitments each year.

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

The Audit Committee shall meet as often as it deems useful and shall discuss any matters included within its mission. It met 4 times during 2007.

The Audit Committee may ask the Company to provide it with any document or information needed to perform its tasks and perform any internal or external audit on any subject it believes to be relevant. When examining the drafts of the annual and half-yearly accounts, it may question the Auditors without the presence of the Company managers. It is notified of any accounting or audit irregularities.

16.3.2 Remuneration and appointments Committee

MEMBERSHIP OF THE REMUNERATION AND APPOINTMENTS COMMITTEE

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

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

- Mr Francois de Carbonnel, chairman;
- Mr Hugues Lepic;
- Mr Nicolas Gheysens.

TASKS OF THE REMUNERATION AND APPOINTMENTS COMMITTEE

The Committee is responsible for submitting proposals to the Board of Directors for the appointment of members of the Board of Directors, the Chairman of the Board of Directors, the CEO and the members of the Board committees. It is also kept informed by the Chairman of the Board of Directors of the appointments of other senior managers of the Group. In addition, the Committee proposes to the Board of Directors the amount of the directors' fees to be submitted to the General Meeting,

as well as the conditions for the 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 setting the remuneration of the Company's senior managers.

The Remuneration and Appointments Committee met 3 times in 2007.

16.3.3 Strategic Committee

COMPOSITION OF THE STRATEGIC COMMITTEE

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

The composition of the Strategic Committee on the registration date of this *document de référence* was as follows:

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

TASKS OF THE STRATEGIC COMMITTEE

It assists the Board of Directors in its reflections concerning major long-term strategic focusing of the Company or the Group, examines all major projects in relation to strategic Group positioning and development, especially strategic partnership projects and major investment and disinvestment operations, and Company development plans submitted to the Board of Directors.

The Strategic Committee was created by the Board of Directors at its meeting on 14 February 2008, and therefore it has not met to date.

16.3.4 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 Committee Chairmen);
- the committees may invite outside or internal experts to examine particular issues, with the costs of any external experts borne by the Company.

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

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

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.

17 Employees

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17.1 Number of employees and distribution by activity

At 31 December 2007, the consolidated Group had 5,197 employees, including sales staff with the status of sales representative-travelling sales staff, as against 5,177 at 31 December 2006, and 5,189 at 31 December 2005.

Moreover, PagesJaunes Outre-Mer and Médiannuaire (non-consolidated entities linked to PagesJaunes Groupe) employed 16 and 12 staff respectively at 31 December 2007.

The following table shows changes in the geographical distribution of employees in the Consolidated Group since 2005:

	2007 *		2006 * (1)		2005 *	
France	4,293	83%	4,215	82%	4,227	81%
Île-de-France	1,837		1,876		1,905	
outside Île-de-France	2,456		2,339		2,322	
International	904	17%	962	18%	962	19%
TOTAL CONSOLIDATED GROUP	5,197	100%	5,177	100%	5,189	100%

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

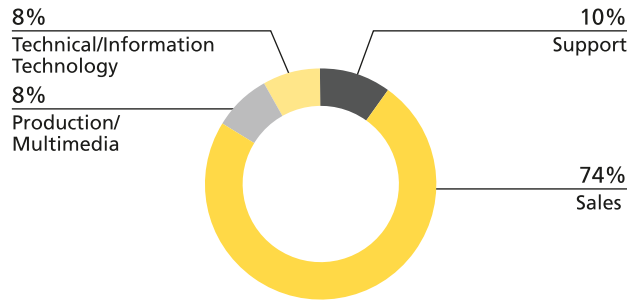
(1) At 31 December 2006, the consolidated headcount did not take account of staff on expertise loan (see ad hoc chapter), a total of 124 at PagesJaunes SA. These 124 staff all returned to the France Télécom Group during the first quarter of 2007.

To understand the changes in employees compared with previous years, the 124 people on expertise loan should be included in the consolidated headcount at the end of 2006. The total thus represents 5,301 in 2006 and 5,197 in 2007 – 104 less. This decrease was due to the sale at the beginning of 2007 of Kompas France and Kompas Belgium (304 staff), which was not offset by the purchasing of Horyzon Média and Horyzon Clics (+13 and +7 staff), or by the growth of PagesJaunes (+106 on top of the 124 staff on expertise loan at the end of 2006). The increased

headcount at PagesJaunes mostly concerned commercial staff. The headcount increased to a lesser extent at PagesJaunes Petites Annonces (+30 staff), particularly due to recruitment of sales reps.

At 31 December 2007, the average age of employees in the consolidated Group was around 38.5, and female employees accounted for 51%. Average seniority at PagesJaunes Groupe was 9.5 years.

The number of employees in the consolidated Group at 31 December 2007 can be broken down as follows:



The Group is characterised by a large number of sales staff compared to the total number of employees (about 2,530 field sales staff and telephone sales staff). In France, the PagesJaunes field sales staff (about 1,230) have sales rep status, and are basically paid by commissions on sales and progress.

At 31 December 2007, 4,951 people, around 95.4% of the consolidated Group's employees, were employees under private law (119 of whom had fixed-term contracts) and 238 people, around 4.6% of employees, were employees on detachment or made available to the Group by France Télécom. At 31 December 2006, following the disposal by France Télécom of its shareholding in PagesJaunes Groupe, 100% of PagesJaunes Groupe employees were employees under private law (see below "Public personnel on detachment or temporary transfer within the Group"). The same was true at 31 December 2007.

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

The employee turnover rate at PagesJaunes was 11.5% in 2007, as against 16.2% in 2006 and 13.3% in 2005.

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 remuneration. For executives, this portion can be up to 20% of their annual remuneration, and up to 60% for senior management.

In addition, in 2007 employees of PagesJaunes and its subsidiaries in France benefited from a new profit-sharing agreement in place for the PagesJaunes Groupe and employee shareholding agreements in some companies (see Section "6.4.9 Profit Sharing and Company Savings Plans"). Employees benefit from a Collective Retirement Savings Plan (PERCO) implemented in 2007, and the Management also benefit from a defined-contribution retirement scheme (see Section 17-3).

Highlights of 2007

PAGESJAUNES GROUPE

The departure of France Télécom Group led to negotiations on the implementation of PagesJaunes Groupe's own Group Savings Plan, and this produced an agreement on 12 February 2007.

At the same time, an invitation to tender was sent out to new insurance companies which led to negotiations with trades unions to finalise the benefits and healthcare scheme for the companies in the Group. An agreement was signed on 23 April 2007, leading to two new healthcare costs and benefits schemes with the Médéric insurance Company.

The Company has also implemented an additional two-pronged retirement package:

- a Collective Retirement Savings Plan (PERCO) with a contribution scheme implemented in 2007 for all employees at Group subsidiaries in France;
- an additional defined-contribution retirement system for all management employees at Group subsidiaries as of 1 January 2008 (see Section 17-3).

The scheme has led to negotiations with trades unions, and also to an agreement on 22 November 2007.

PAGESJAUNES

On 29 June 2007, PagesJaunes signed a new profit-sharing agreement concerning the three-year period 2007, 2008 and 2009.

Following the departure during the first quarter of 2007 of 124 employees on expertise loans from the former majority shareholder in PagesJaunes, France Télécom, PagesJaunes focused on recruiting replacement staff and key personnel.

The Company also conducted a second employee survey through its Company barometer "Listen in order to Progress" on approximately a dozen issues (work environment, proximity management, staff development, the Company, communication and cross-disciplinarity, etc.). Over half of Company staff replied to the questionnaire on the Internet. As in 2005, the results were positive overall, and generally above the benchmark data for comparable companies.

MAPPY

After two years' growth in its headcount, Mappy focused on job descriptions for its key business lines and on the migration of administration and wages management at PagesJaunes.

Following the resignation of the CEO in December 2007, the former Chairman of Mappy Henri Moché was appointed Company Chairman/CEO.

PAGESJAUNES MARKETING SERVICES

Following on from work since the merger of Wanadoo Data and e-sama on 31 March 2006 to create PagesJaunes Marketing Services, agreements relating to adaptation, working hours and profit-sharing were signed in 2007.

A new set of internal regulations was also drawn up, and regulations for use of information, computer resources and Internet services.

Work on harmonisation of the Articles of association was carried out for former Wanadoo Data staff as part of the transition from the National Collective Advertising Agreement to the SYNTEC agreement as of 1 January 2008.

PAGESJAUNES PETITES ANNONCES

In 2007 PagesJaunes Petites Annonces continued to set up its teams in the customer service, marketing and technical fields. PagesJaunes Petites Annonces organised a sales force consisting of 14 field reps by the end of the year.

PagesJaunes Petites Annonces also established a profit-sharing agreement.

QDQ MEDIA

Following the agreement signed in October 2006, in 2007 QDQ deployed its flexible remuneration scheme for employees who have been with the Company for more than one year. The system, called Qflex, enables employees to choose to subscribe to services rather than receiving a salary for part of their compensation. Thus employees can choose the form of compensation best suited to their needs.

QDQ Media also introduced a variable working hours system at its head office in Madrid.

QDQ Media also worked on its procedures for prevention of hazards in the workplace in 2007. The Zaragoza and Madrid offices drew up a risk assessment and an evacuation plan.

EMPLOYEE RELATIONS

A Group management agreement on group negotiation methods was signed with trade unions on 11 October 2007.

Mappy elected a Single Staff Delegation and a safety/health/working conditions body (CHSCT).

➔ Public personnel on detachment or temporary transfer within the Group

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

- collectively, public employees rejoined France Télécom as of 11 October 2006;
- to ensure the continuity of the activities exercised by the redeployed public staff, 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; and
- on an individual level, and on a volunteer basis, Public personnel who so desired could ask to be transferred within the Group, for personal reasons, for a duration limited to ten years and to sign an open-ended contract with PagesJaunes. 81 France Télécom employees chose this possibility and were included as PagesJaunes Groupe employees at 31 December 2007.

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

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

SHARE SUBSCRIPTION OPTIONS

The Company set up a share subscription option plan on 28 June 2005, for a total of 3,796,800 options, each with an exercise price of 19.30 euros, and a duration of 10 years. Acquisition of options is completed after 3 years.

The Company also implemented a second share subscription plan on 20 December 2007, for a total of 2,927,900 options, each with an exercise price of 14.46 euros, with the same characteristics as the original plan: duration 10 years, and full acquisition after 3 years.

Information on subscription options

	PagesJaunes Groupe Plan June 2005	PagesJaunes Groupe Plan December 2007
Date of the General Shareholders' Meeting	12 April 2005	12 April 2005
Date of the Board of Directors' Meeting	28 June 2005	20 December 2007
Total number of shares which may be subscribed by employees of PagesJaunes Groupe	3,796,800	2,927,900
Including the number which may be subscribed by Company Officers		
M. Datchary	-	72,000
J.C. Marceau	-	3,000
A. Deniau	-	3,000
Including the number available for subscription to the top ten employee recipients of PagesJaunes Groupe who are not Company Officers	336,000	50,000
Starting date for exercising the options	28 June 2008	20 December 2010
Expiry date	28 June 2015	20 December 2017
Subscription price before adjustment	19.30 euros	
Subscription price after adjustment	11.72 euros	
Subscription price		14.46 euros
Number of shares subscribed in 2007	377,670	
Share subscription options cancelled in 2007	166,677	
Remaining share subscription options at 31 December 2007	3,190,829	2,927,900

FREE SHARE ALLOCATION

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 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 – 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 granting of 602,361 shares to 591 employees of the Group on 30 May 2006. A second free distribution was drawn up on 20 November 2006 and gave rise to the granting of 778,638 shares to 611 employees of the Group. A third plan was drawn up on 14 February 2008 to issue 12,940 shares to 15 Group employees.

Information on share allocation

	PagesJaunes Groupe Plan May 2006	PagesJaunes Groupe Plan November 2006*	PagesJaunes Groupe Plan February 2008
Date of the General Shareholders' Meeting	19 April 2006	19 April 2006	19 April 2006
Date of the Board of Directors' Meeting	30 May 2006, amended on 20 November 2006	30 May 2006, amended on 20 November 2006	14 February 2008
Total number of shares which may be subscribed by employees of PagesJaunes Group	602,361	778,638	12,940
Including the number which may be subscribed by Company Officers			
M. Datchary	10,002	4,308	-
J.C. Marceau	1,212	2,022	-
A. Deniau	813	1,070	-
Including the number available for subscription to the top ten employee recipients of PagesJaunes Groupe who are not Company Officers	24,120	32,304	12,940
Start date for acquisition of shares	20 November 2008	20 November 2008	14 February 2010
Shares cancelled in 2007	25,941	30,282	0
Shares remaining at 31 December 2007	0 **	745,440	NA

* Including 11,368 shares allocated as of 1 December 2006. The start date for acquisition is therefore 1 July 2008.

** In due consideration of failure to achieve performance conditions.

EARLY EXERCISE OF SHARE SUBSCRIPTION OPTIONS

The plan rules enabled beneficiaries to exercise up to 50% of the options allocated to them early – i.e. around 1.85 million options – within three months of 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 exercise of options are recorded for tax purposes in a similar fashion to wages and salaries. This means they are subject to social security charges and income tax for the beneficiary, and employer contributions for the business. 251,669 options were exercised in this way at the beginning of 2007 until 12 January.

Furthermore, the payment of an extraordinary dividend out of the Company's free reserves resulted in both the exercise price and the number of options being adjusted, in accordance with Article L. 225 181 of the Commercial Code.

Adjustments to the share subscription option plan on 28 June 2005 allowed the beneficiaries to exercise up to 100% of the shares allocated to them within 3 months of the sending of notification of a change of control of a subsidiary, and to dispose of up to 50% of the shares for that year as they saw fit. Capital gains arising from this early exercise of options are recorded for tax purposes in a similar fashion to wages and salaries. This means they are subject to social security charges and income tax for the beneficiary, and employer contributions for the business. 126,001 options were exercised early in this manner in 2007 by Kompass France and Kompass Belgium employees.

At 31 December 2007 the potential dilution brought about by the subscription options and the free shares allocated was 2.4% of PagesJaunes Groupe's share capital.

17.3 Description of Contracts for profit-sharing and employee savings plan agreements

Company savings plan

A new savings plan agreement was signed by the PagesJaunes Groupe on 26 June 2006 with five trades unions (CFE/CGC, CFDT, FO, CGT and the independent PagesJaunes union). It covers the French companies in the PagesJaunes Groupe held at more than 50% by the PagesJaunes Groupe. The special reserve for the PagesJaunes Groupe's Company savings plan is the amount in the special savings plan reserves calculated for each subsidiary involved, using a special formula.

The special savings plan reserves are divided among all beneficiaries at 30% based on their attendance and 70% in proportion to the gross annual salary received by each beneficiary. The amounts allocated individually will be assigned to the PagesJaunes Groupe Savings Plan and blocked for five years.

The table below shows the Company savings plan contributions distributed over the last year:

PagesJaunes Groupe Agreement (in millions of euros)	Savings Plan contributions distributed to PagesJaunes Groupe employees *
2007	14.5
2006	13.6

The table below shows the key figures for the Company savings plan in the context of the France Télécom agreement during 2005:

France Télécom Agreement (in millions of euros)	Total distributed by the France Télécom Group	Contribution by PagesJaunes Groupe	Savings Plan contributions distributed to PagesJaunes Groupe employees *
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 Groupe.

In 2006, all PagesJaunes Groupe subsidiaries in France, excluding PagesJaunes Petites Annonces, operated a profit-sharing agreement. The last agreement to be implemented concerned PagesJaunes Petites Annonces, and this was signed on 29 June 2007.

(in thousands of euros)	P/S 2006 paid in 2007	P/S 2005 paid in 2006	P/S 2004 paid in 2005
Profit-sharing paid in PagesJaunes Groupe	8,423	9,251	9,749

Company savings plan

Due to France Télécom's sale of their interest in PagesJaunes Groupe capital, the companies in PagesJaunes Groupe were removed from the France Télécom Group Savings Plan. An agreement on setting up

PagesJaunes Groupe's own new group savings plan was signed on 12 February 2007 by the Management and trade unions.

Additional retirement scheme

A PagesJaunes Groupe agreement to implement an additional retirement scheme was signed on 22 November 2007 by the Management and trade unions. There are two sections to the agreement, as follows:

- a **collective retirement savings plan** (PERCO) to supplement the contributions made by employees. For 2008 and successive years the contribution has been set at a maximum of 502 euros for 1,500 euros

paid out by the employee. For 2007, on initiation of the PERCO plan, to allow the greatest number of employees to take part in this, the contribution was set at 701 euros, again for a contribution of 1,500 euros;

- an additional defined-contribution retirement scheme, as per "Article 83" of the general tax code, which Group management staff

will benefit from as of 1 January 2008. The scheme is compulsory, and will involve a 5.50% contribution applied to remuneration levels B and C (remuneration in excess of level A, 2,773 euros per month in 2008). 40% of the contribution will be paid by the employee, i.e. 2.20%, and 60% by the Company, 3.30%.

Granting and exercising of stock options for the Company that took place during the year

In accordance with Article L. 225-184 of the French Commercial Code, the granting and exercising of options on the Company's stock in 2007 were as follows:

OPTIONS TO SUBSCRIBE OR BUY SHARES GIVEN TO TOP TEN EMPLOYEES WHO ARE NOT COMPANY OFFICERS AND OPTIONS EXERCISED BY THEM

➔ PagesJaunes Groupe subscription plan

The Combined General Shareholders' Meeting on 12 April 2005 authorised the Board of Directors to permit share subscription or purchase options on one or more occasions.

	Total number of options granted or exercised	Exercise price (in euros)	Date of 1 st possible exercise	Plan expiry dates
Option to subscribe PagesJaunes shares granted during 2007 to the top 10 employees of PagesJaunes Groupe who are not Company Officers	50,000	14.46	20/12/2010	20/12/2017
Option to subscribe PagesJaunes shares exercised in 2007 by the top 10 employees who are not Company Officers of PagesJaunes Groupe who exercised the most options	76,246	11.72		

➔ 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 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 – 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.

Since the performance criteria were not met, there was no entitlement to free shares.

A second free share allocation plan gave rise to the initial allocation of 778,638 shares to 611 employees of the Group on 20 November 2006.

A third plan gave rise to the allocation of 12,940 shares to 15 employees on 14 February 2008.

	PagesJaunes Groupe Plan May 2006	PagesJaunes Groupe Plan November 2006	PagesJaunes Groupe Plan February 2008
Number of shares allocated to the top ten employee recipients of PagesJaunes Groupe who are not Company Officers	24,120	32,304	9,440

➔ One-off bonus

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 Groupe. The overall

financial package for this bonus, paid to 44 Group employees, was 679,000 euros, including 300,000 euros for Michel Datchary. The latter bonus was paid in two instalments – 100,000 euros were paid 2 months after the actual sale, and a further 200,000 euros were paid in October 2007, 12 months after the actual sale.

18 Major shareholders

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18.1 Distribution of Company capital

Following a competitive bid process begun in June 2006, France Télécom sold 150,546,830 PagesJaunes Groupe 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* (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 3,312,030,260.00 euros, i.e. 22 euros per share sold.

By way of a letter to the *Autorité des marchés financiers* and the Company dated 18 October 2006, Médiannuaire confirmed that on 11 October 2006 it had 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 *Autorité des marchés financiers* on 19 November 2006 under reference 206C 1925.

Under the terms of the provisions of Articles 235-1 to 235-3 of the *Autorité des marchés financiers* General Regulations, Médiannuaire irrevocably offered to acquire from PagesJaunes Groupe shareholders any shares tendered under this standing tender offer during a 15-day trading period, from 10 November to 1 December 2006 inclusive.

Following the PagesJaunes Groupe General Shareholders' Meeting on 20 November 2006, at which it was decided to proceed with an extraordinary dividend distribution of 9 euros per share, the standing tender offer was divided into two periods. Shareholders were thereby given the choice of selling their shares before the dividend distribution at a unit price of 22 euros from 10 November to 23 November 2006 inclusive, or after the distribution at a unit price of 13 euros from 24 November to 1 December 2006 inclusive.

As a result of the standing tender offer, Médiannuaire confirmed on 23 November 2006 that it had acquired 1,753,862 shares at a unit price of 22 euros per share during the first period, and confirmed on 7 December 2006 that it had acquired 1,339,495 shares at a unit price of 13 euros per share during the second period.

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 by approximately 80% of funds finally managed by KKR Europe II Limited ⁷ and KKR Millennium Limited ⁸ and advised by Kohlberg Kravis Roberts & Co., L.P. ("KKR"), and, by approximately 20%, of certain funds managed by the "Principal investment Area" division of the Goldman Sachs group.

7. As final general partner of KKR European Fund II, Limited Partnership and KKR associates Europe II, Limited Partnership.

8. As final general partner of KKR Millennium Fund (Overseas), Limited Partnership.

The distribution of capital in the PagesJaunes Groupe changed over the course of the last three years as follows:

	31 December 2005	In % of capital and voting rights	31 December 2006	In % of capital and voting rights	31 December 2007	In % of capital and voting rights
Médiannuaire	-	-	153,640,187	54.8%	153,640,187	54.7%
France Télécom	150,546,830	54.0%	-	-	-	-
Employees of the PagesJaunes Group ⁽¹⁾	602,336	0.2%	1,152,946	0.4%	1,391,648	0.5%
Public	127,540,444	45.7%	125,473,647	44.8%	125,612,615	44.8%
Own control	100,000	0.0%	-	-	-	-
TOTAL	278,789,610	100.0%	280,266,780	100.0%	280,644,450	100.0%

(1) PEG, PagesJaunes Groupe

As far as the Company is aware, no other shareholder is in possession of more than 5% of share capital or voting rights.

Information concerning implementation of the share buy-back programme over the year is available in Section 20.4 (Report by the Board of Directors to the General Shareholders' Meeting).

CROSSING OF THRESHOLDS

On 23 January 2008 AXA investment Managers declared it had crossed the lower threshold of 5% of capital and voting rights in PagesJaunes Groupe in connection with its portfolio management activities on 18 January

2008. At this date AXA investment Managers held 13,059,557 shares and voting rights in PagesJaunes Groupe (4.6% of share capital and voting rights).

On 4 January 2008, AXA investment Managers declared it had crossed the lower threshold of 5% of capital and voting rights in PagesJaunes Groupe in connection with its portfolio management activities on 2 January 2008. At this date AXA investment Managers held 15,483,275 shares and voting rights in PagesJaunes Groupe (5.5% of share capital and voting rights).

On 14 February 2007, UBS investment Bank declared to the Company that it held 4,458,566 shares in the Company (1.59% of share capital and voting rights).

18.2 Voting Rights

All shareholders have one voting right per share. The Company's major shareholders do not have any voting rights that differ from those of the other shareholders.

18.3 Persons exercising or who could exercise control over the Company

Other than Médiannuaire, Médiannuaire Holding and the consortium controlling Médiannuaire Holding, no individual or legal entity directly or indirectly, together or in concert, does or could exercise control over the Company on the date of this *document de référence*.

The Company is held at 54.75% of its capital and voting rights by Médiannuaire.

Inspired in particular by the principles of Corporate Governance for listed companies laid down in the Medef/AFEP report of October 2003, PagesJaunes Groupe applies various measures to ensure that control is not exercised abusively. For example:

- composition of the Board of Directors, which includes 3 independent members. These directors are appointed from among independent personalities with no specific interest in the Company. A list of the independent directors on the Board at the date of this *document de référence* may be found in paragraph 14.1 of the document;
- the existence of a Remuneration and Appointments Committee chaired by an independent Board Member;
- the existence of an Audit Committee made up of a majority of independent Board Members and chaired by an independent Board Member;
- the existence of a Strategic Committee;
- the dissociation of the functions of Chairman and CEO. In particular, the CEO was appointed before the Company was taken over by 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 pledge contract under which it constituted, for a pool of banks

and other creditors which have provided various forms of financing, a financial instrument account pledge of 153,640,177 shares in the Company as a guarantee for all amounts due by Médiannuaire.

Name of the shareholder registered for pure shares	Beneficiary	Starting date of the pledge	End date of the pledge	Condition for lifting the pledge	Number of shares pledged by the issuer	% of capital pledged by the issuer
Médiannuaire	The creditors involved in the bank debt, the creditors involved in the mezzanine debt and the reimbursement banks, within the limit of a maximum amount in principal of 6,010,000,000 euros	27 February 2007	Extinction of all Médiannuaire obligations guaranteed by the share pledge	Extinction of all Médiannuaire obligations guaranteed by the share pledge	153,640,177	54.7%

PLEDGES OF COMPANY ASSETS

Under the terms of the bank finance contract described in paragraph 3.10, the Company granted the lending banks a financial instruments account pledge relating to all PagesJaunes shares held by it, given by way of security for any and all amounts owed by the Company under the terms of the bank finance package (including capital, interest, fees, costs and ancillary amounts).

In addition, the Company undertook to grant the lending banks a financial instrument account pledge relating to the shares of any subsidiary that might become a material subsidiary as defined in the finance contract, by way of security for any and all amounts owed by the Company (including capital, interest, fees, costs and ancillary amounts).

➔ Issuer asset pledges (intangibles, tangibles and financial assets)

Type of pledges or mortgages (in thousands of euros)	Starting date	Maturity date	Amount of assets pledged (a)	Total balance sheet item (b)	Corresponding % (a/b)
On intangibles	-	-	-	-	-
On tangibles	-	-	-	-	-
On financial assets	24 October 2006	-	4,005,038 (267,002,531 PagesJaunes shares)	4,150,140	96.5%
TOTAL	-	-	4,005,038	4,150,140	96.5%

19 Transactions with related parties

During the year ending 31 December 2007, the Company identified four agreements likely to come within the scope of application of Article L. 225-38 of the French Commercial Code:

- a contract concerning Facilities in the context of bank financing for a total maximum amount of 2.35 billion euros signed by PagesJaunes Groupe with a banking syndicate comprising seven international banks, and in particular a guarantee by PagesJaunes Groupe for all amounts owed for 400 million euros in revolving credit (Facility B) for all subsidiaries in the Group which could become lenders under this facility. The Board of Directors gave prior approval for this agreement at its meeting on 12 October 2006;
- a service contract with Médiannuaire. The Board of Directors gave prior approval for this agreement at its meeting on 20 November 2006;
- a loan contract signed with PagesJaunes. The Board of Directors gave prior approval for this agreement at its meeting on 20 November 2006;
- application of the additional retirement package (Article 83 of the General Tax Code) was implemented for Michel Datchary as Company CEO. The Board of Directors gave prior approval for this agreement at its meeting on 20 December 2007.

In addition, pursuant to article 17 of the Law of 21 August 2007 (the "TEPA" Law), and Article L. 225-42-1 of the Commercial Code arising therefrom, on 14 February 2008 the Board of Directors authorised implementation of an employment contract between Mr Michel Datchary and PagesJaunes SA to insert a performance condition in Article 11 of the contract.

Mr Michel Datchary's employment contract envisages payment of a sum as discretionary compensation for severance, in the event of termination by the Company, calculated in application of the provisions of the collective agreement applicable to the Company in view of his seniority, and an additional compensatory amount set at fifteen months of salary. Calculation of these benefits will take into account the average of the total remuneration paid by PagesJaunes SA or your Company over the last 12 months. The accumulated total amount of discretionary compensation and the additional compensation may not exceed 21 months of salary. The performance condition for payment of this severance compensation has been set as the exceeding by the last consolidated gross operating margin of PagesJaunes Groupe (the GOM) at the date of severance of the average GOM over the previous three years. These compensations would not be applicable in the event of serious or gross misconduct by Michel Datchary.

PagesJaunes Groupe SA

Year ended 31 December 2007.

Special Auditors' report on regulated agreements and commitments

Dear Shareholders,

In our capacity as Auditors for your Company, we herewith present to you our report on regulated agreements and commitments.

Agreements and commitments authorised during the year and at year-end.

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 R. 225-31 of the Commercial Code, to make an assessment of the interest attached to signing these agreements and commitments before approving them.

We have performed our work according to professional standards accepted in France; these standards require the implementation of procedures intended to verify the agreement between the information which has been provided for us and the *document de référence* from which it was taken.

1. WITH MR MICHEL DATCHARY, MEMBER OF THE BOARD OF YOUR COMPANY AND OF PAGESJAUNES SA

➔ a. Additional retirement package

Application of the additional retirement package (Article 83) to Mr Michel Datchary as CEO. This contract was approved by the Board of Directors on 20 December 2007.

Procedures

The CEO benefits from the additional retirement package in the same conditions as other contributors (contribution of 5.5% applied at remuneration levels B and C – 3.3% paid by the Company, and 2.2% by employees). This agreement had had no impact at 31 December 2007.

➔ b. Amendment to employment contract

Pursuant to the Law of 21 August 2007 (the "TEPA" Law), and Article L. 225-42-1 of the Commercial Code arising therefrom, on 14 February 2008 the Board of Directors authorised implementation of an employment contract between Mr Michel Datchary and PagesJaunes SA to insert a performance condition in Article 11 of the contract.

Procedures

Mr Michel Datchary's employment contract envisages payment of a sum as discretionary compensation for severance, in the event of termination by the Company calculated in application of the provisions of the collective agreement applicable to the Company in view of his seniority, and an additional compensatory amount set at fifteen months of salary. Calculation of these benefits will take into account the average of the total remuneration paid by PagesJaunes SA or your Company over the last 12 months. The accumulated total amount of discretionary compensation and the additional compensation may not exceed 21 months of salary. The performance condition for payment of this severance compensation has been set as the exceeding by the last consolidated gross operating margin of PagesJaunes Groupe (the GOM) at the date of severance of the average GOM over the previous three years. These compensations would not be applicable in the event of serious or gross misconduct by Michel Datchary.

Agreements and commitments approved during previous years, execution of which continued during the year

Moreover, in application of the Commercial Code, we have been informed that the execution of the following agreements and commitments, approved during previous years, continued last year.

2. WITH PAGESJAUNES SA

➔ a. Guarantee

A contract was signed with PagesJaunes SA concerning your Company's guarantee covering any amounts owed under the 400,000,000 euros revolving credit (Facility B). This contract was approved by the Board of Directors on 12 October 2006.

Procedures

Your Company agreed to guarantee payment of any amounts owed in principal for a maximum amount of 400,000,000 euros increased by interest, late-payment interest, commissions, costs and any other accessories owed under the revolving credit (Facility B) by any subsidiary of the group which could become a lender under this facility – it is pointed out that no subsidiary in the group had used this facility at 31 December 2007.

➔ b. Loan

A loan agreement between your Company and PagesJaunes SA was authorised by the Board of Directors on 20 November 2006.

Procedures

The loan was 430,000,000 euros. The full effective annual rate due on the amount of the loan was 4.63% based on the Euribor 3-month rate, at 31 December 2007. Interest paid over in 2007 was 19,913,189.51 euros.

3. WITH MÉDIANNUAIRE SAS

➔ Provision of services

Service contract under which Mediannuaire agrees to provide assistance to your Company in accounting, finance, legal and fiscal management as well as strategy advice. This contract was approved by the Board of Directors on 20 November 2006.

➔ Procedures

Remuneration for the assistance supplied to your Company in 2007 was 3,200,333 euros.

Neuilly-sur-Seine and Paris-La Défense, 28 February 2008.

The Company Auditors

Deloitte & Associés

Dominique Descours

Ernst & Young Audit

Jeremy Thurbin

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20.1 Historic financial information

Financial statements

Consolidated income statement

(Amounts in thousands of euros, except data relating to shares)	Notes	As at 31 December 2007	As at 31 December 2006
Net revenues	7	1,158,304	1,093,342
External purchases		(314,600)	(302,607)
Other operating income		10,125	11,622
Other operating expenses		(23,960)	(23,044)
Personnel expenses: - Salaries and charges	8	(321,014)	(295,703)
Gross Operating Margin		508,854	483,610
• employee profit-sharing	8	(14,385)	(13,525)
• share-based payment	8	(5,189)	(8,590)
Depreciation and amortisation	14 & 15	(14,892)	(11,917)
Result of asset disposals	9	14,277	(565)
Restructuring costs		-	(48)
Operating income		488,665	448,965
Financial income		972	21,172
Financial expenses		(131,069)	(13,841)
Result of disposal of financial assets		2,107	764
Gain (loss) on foreign exchange		(10)	-
Financial result	10	(128,001)	8,095
Corporation tax	11	(126,440)	(160,975)
Net income from continuing businesses		234,224	296,085
Net income from divested businesses (after tax)	6	34,358	809
NET INCOME OF THE CONSOLIDATED GROUP		268,582	296,895
<i>Attributable to:</i>			
• shareholders of the operating PagesJaunes Group		269,566	296,895
• minority interests		(984)	-
Net earnings per share (in euros)			
<i>Net earnings per share of continuing businesses</i>	12		
• basic		0.84	1.06
• diluted		0.83	1.05
<i>Net earnings per share of divested businesses</i>			
• basic		0.12	0.00
• diluted		0.12	0.00
Net earnings per share of the consolidated group			
• basic		0.96	1.07
• diluted		0.95	1.05

Consolidated balance sheet

(Amounts in thousands of euros)	Notes	As at 31 December 2007	As at 31 December 2006
Assets			
Net goodwill	13	125,528	107,727
Other net intangible fixed assets	14	26,128	28,016
Net tangible fixed assets	15	20,404	19,021
Available-for-sale assets	16	207	169
Other non-current financial assets	17	1,955	3,259
Derivative financial instruments	18	29,970	17,479
Net deferred tax assets	11	102	1,959
Total non-current assets		204,294	177,631
Net inventories	19	5,244	6,625
Net trade accounts receivable	20	517,990	499,953
Other current assets	21	28,023	35,324
Current tax receivable		12,699	15,774
Prepaid expenses	22	104,599	59,501
Other current financial assets		17	285
Cash and cash equivalents	28	71,228	55,076
Total current assets		739,800	672,537
TOTAL ASSETS		944,094	850,168
Liabilities			
Share capital		56,129	56,053
Issue premium		98,676	94,325
Reserves		(2,497,651)	(2,507,818)
Net income		269,566	296,895
Translation differences		(36)	(19)
Own shares		-	-
Equity attributable to equity holders of the parent		(2,073,316)	(2,060,565)
Minority interests		373	-
Total equity	24	(2,072,943)	(2,060,565)
Non-current financial liabilities and derivatives	29	1,913,767	1,910,990
Employee benefits - non-current	26	32,836	29,374
Provisions - non-current	26	5,658	6,889
Other non-current liabilities	5	8,700	90
Deferred tax liabilities	11	5,463	-
Total non-current liabilities		1,966,424	1,947,342
Bank overdrafts and other short-term borrowings	29	34,618	22,813
Accrued interest	29	6,845	5,645
Provisions - current	26	580	746
Trade accounts payable	25	109,393	116,679
Employee benefits - current	22 & 26	118,324	73,507
Other current liabilities	26	105,016	102,805
Corporation tax		3,431	912
Deferred income	26	672,407	640,284
Total current liabilities		1,050,613	963,391
TOTAL LIABILITIES		944,094	850,168

Statement of changes in consolidated shareholders' equity

(Amounts in thousands of euros)	Number of shares in circulation	Share capital	Issue premium	Income and reserves	Translation reserve	Own shares	Group equity	Minority interests	Total equity
Balance as at 31 December 2005	278,689,610	55,758	68,335	285,166	8	(2,169)	407,098	-	407,098
2006 result				296,895			296,894		296,894
Share-based payment				7,071			7,071		7,071
Exceptional dividend				(283,994)			(283,994)		(283,994)
Exceptional dividend				(2,519,748)			(2,519,748)		(2,519,748)
Translation difference					(27)		(27)		(27)
Change in value of hedging instruments net of tax				3,244			3,244		3,244
Stock options exercised	1,477,170	295	25,990				26,285		26,285
Shares of the consolidating company net of tax	100,000			443		2,169	2,612		2,612
Balance as at 31 December 2006	280,266,780	56,053	94,325	(2,210,924)	(20)	-	(2,060,565)	-	(2,060,565)
2007 result				269,566			269,566	(984)	268,582
Share-based payment				4,464			4,464	2	4,466
Dividends paid				(303,071)			(303,071)	-	(303,071)
Translation difference					(16)		(16)	-	(16)
Change in value of hedging instruments net of tax				11,880			11,880	-	11,880
Stock options exercised	377,670	76	4,351				4,427	-	4,427
Dilution effect (profit recognised when M6 acquired an interest in the capital of PagesJaunes Petites Annonces)							-	1,373	1,373
Scope entry of Horyzon Media, Horyzon Clics and A Ton Service							-	252	252
Minority puts on Horyzon Media et Horyzon Clics							-	(271)	(271)
BALANCE AS AT 31 DECEMBER 2007	280,644,450	56,129	98,676	(2,228,085)	(36)	-	(2,073,316)	373	(2,072,943)

Consolidated cash flow statement

(Amounts in thousands of euros)	Notes	As at 31 December 2007	As at 31 December 2006
Consolidated net attributable income		269,566	296,895
Depreciation and amortisation of fixed assets	14 & 15	14,892	12,639
Capital gains or losses on asset disposals		(47,277)	558
Change in provisions	24 & 26	2,960	2,887
Tax charge for the period	11	126,198	161,655
Interest income and expenses	10	126,188	(4,061)
Minority interests		(984)	-
Unrealised exchange difference		11	10
Hedging instruments	19	1,770	(4,206)
Share-based payment		4,466	7,071
Net change in working capital		23,554	(9,669)
Dividends and interest received		952	15,186
Interest paid and rate effect of net derivatives		(115,636)	(5,864)
Taxes paid	11	(121,698)	(162,752)
Net cash from operations		284,962	310,349
Acquisition of tangible and intangible fixed assets	14 & 15	(16,433)	(30,585)
Change in suppliers of fixed assets		(1,448)	1,405
Proceeds from sale of tangible and intangible assets		39	119
Acquisitions of investment securities and subsidiaries, net of cash acquired	5	(10,760)	(2,043)
Proceeds from disposals of financial assets, net of cash sold	6	32,044	45
Decreases (increases) in marketable securities and other long-term assets	28	2,394	81,578
Net cash used in investing activities		5,836	50,519
Increase (decrease) in long-term borrowings	28	(1,873)	1,901,981
Increase (decrease) in bank overdrafts and short-term borrowings	28	9,892	9,578
Movements in own shares		-	2,208
Capital increase	25	4,427	34,385
Minority interests contribution	9	16,000	-
Dividends paid	25	(303,071)	(2,803,742)
Net cash provided by (used in) financing activities		(274,625)	(855,590)
Impact of changes in exchange rates on cash		(22)	(29)
Net increase (decrease) in cash position		16,152	(494,751)
Cash and cash equivalents at beginning of period		55,076	549,827
CASH AND CASH EQUIVALENTS AT END OF PERIOD	28	71,228	55,076

NOTE 1 DESCRIPTION OF THE BUSINESS

For nearly sixty years PagesJaunes Groupe has been offering a wide range of products and services geared to the general public and businesses. Its core business is directories in France and abroad on printed and online media.

The financial year of the companies of PagesJaunes Groupe is from 1 January to 31 December. The presentation currency of the consolidated financial statements and Notes is the euro.

PagesJaunes Groupe is listed on Euronext Paris (PAJ) – compartment A.

This information was issued by the Board of Directors of PagesJaunes Groupe of 14 February 2008.

NOTE 2 CONTEXT OF THE PUBLICATION AND BASIS FOR PREPARATION OF THE 2007 FINANCIAL INFORMATION

In accordance with European regulation 1606/2002 dated 19 July 2002, the consolidated financial statements for the 2007 financial year have been prepared in accordance with the IAS/IFRS international standards and presented with comparative data for 2006 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 2007;
- 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 Groupe to make estimates and apply assumptions that affect the reported amounts of assets and liabilities and contingent

liabilities at the date of preparation of the financial statements and reported income and expenses for the period. The management reviews these estimates and assessments on a continuous basis, by reference to past experience and various other factors considered as reasonable which form the basis for assessing the book value of assets and liabilities. These concern in particular 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 2007 in accordance with the provisions of international accounting standards as adopted by the European Commission as at 31 December 2007.

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

New regulations or amendments came into force on 1 January 2007 and through which the Group is affected:

- standard IFRS 7 "Financial instruments – Disclosures", which is compulsory for financial years commencing after 1 January 2007;
- the amendment to standard IAS 1 "Presentation of financial statements – information on the share capital", which is compulsory for financial years commencing after 1 January 2007.

The other interpretations applicable in a compulsory manner since 1 January 2007 have not had any significant impact on the Group's accounts.

Other standards, interpretations and amendments of standards and interpretations adopted by the European Union as at December 31, 2007 are compulsory in respect of financial years commencing after December 31, 2007. The Group has not opted for early application of these provisions.

The Group is nevertheless analysing the practical consequences of these new regulations and the effects of their application in its future financial statements.

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.

Undertaking to acquire minority interests

In the framework of the acquisition, at the end of 2007, of 66% of the securities of the companies holding the advertising business of Horyzon Media and Horyzon Clics, call and put options were granted respectively for the balance of 34% of the securities of these companies consolidated through full integration. They are exercisable by both parties in 2011. The exercise price of these options is set according to a predetermined calculation formula based on the sales figures and the operating result for the financial year 2010.

In accordance with the different regulations in force as at 31 December 2007, the accounting method adopted by the Group is as follows:

- in accordance with the provisions set out by standard IAS 32 "Financial instruments: information to be supplied and presentation", the Group records a financial debt under the put options granted to the minority shareholders of the entities concerned;
- the debt is stated in "Other non-current liabilities", for the current value of the provisional exercise price at the time of the start of the operation, then at the time of the subsequent statements of account, on the basis of the fair value of the shares potentially bought;
- the counterpart of this debt is recorded as a decrease in the minority interests and for the balance in goodwill;
- the subsequent variation of the value of the undertaking is stated by adjusting the amount of goodwill, excluding unwinding of the discounting effect of the debt, which is stated in the financial expenses;

The share of the net income attributable to the shareholders of PagesJaunes Groupe is calculated on the basis of the percentage of their holding in the entities, without taking into account the percentage of interest attached to the put options.

Variations in percentage of interest

Since IFRS standards do not contain any specific detail on the accounting method at the time of the contribution by minority shareholders of their interests in a consolidated entity of the Group in exchange for securities of another consolidated entity of the Group, or on the accounting method for the percentage decrease of interest arising as a result, the Group has adopted the following accounting methodology: the increase in percentage of interest is assimilated to an acquisition of minority interests; the percentage decrease of interest is assimilated to a disposal where the result is recorded in the income statement under the heading "result of disposal of shares" when it is made.

Management share ownership plan

Sèvres I, Sèvres II and Sèvres III, which jointly controlled 100% of the capital of Médiannuaire Holding, the indirect majority shareholder of PagesJaunes Groupe, have offered certain managers of the Group the possibility of acquiring a minority holding, in the form of 212,591 ordinary shares, in the capital of Médiannuaire Holding, representing 0.55% of the company's capital). This holding was acquired at the end of December 2006 on the basis of the price proposed by Médiannuaire Holding in the framework of the price guarantee procedure relating to the PagesJaunes Groupe 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. Further more, each manager has made a with the shareholders of Médiannuaire Holding a

reciprocal commitment to buy and to sell, which becomes exercisable, by one or other of the parties, once this manager leaves PagesJaunes Groupe. The price per share at which these reciprocal purchase and sale undertakings would be implemented varies mainly depending on the share price of PagesJaunes Groupe, the length of service of the managers as from 21 December 2006, and the fulfilment of certain performance conditions. As at 31 December 2007, application of these criteria would result, assuming that these cross options were exercised on this date by one or other of the parties, in a buy-back at nought value of the shares acquired by the managers.

A valuation based on the Monte Carlo model, carried out by an independent expert, led to the conclusion that having regard to the discounted probably 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 benefit 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) 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.

Statutory training rights (DIF)

The Group has maintained in IFRS the treatment retained in French standards for statutory training rights (Opinion n°2004-F of 13 October 2004 of the emergency committee of the CNC relating to the "accounting for statutory training rights – DIF") namely:

- expenditure in respect of statutory training rights constitutes an expense for the period and does not give rise to any provision;
- the volume of hours at the end of the accounting period, of the portion open to rights with an indication of the volume of hours not having been the subject of requests from the employees, is mentioned in the appendices.

➔ 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 inter-company transactions and balances are eliminated in consolidation.

➔ 3.3 Transactions in foreign currencies

The principles covering the measurement and recognition of transactions in foreign currencies are set out in IAS 21 "Effects of Changes in Foreign Exchange Rates". In accordance with this standard, transactions in foreign currencies are converted by the subsidiary into its operating currency at the exchange rate at the transaction date. Monetary assets and liabilities are re-measured at each balance sheet date at the period-end exchange rate and the differences arising from re-measurement are recorded in the income statement:

- in operating income for commercial transactions;
- in financial income or expenses for financial transactions.

➔ 3.4 Presentation of the financial statements

As permitted under IAS 1 "Presentation of Financial Statements", the Group presents the income statement by type.

Operating income corresponds to net income before:

- financial income;
- financial expenses;
- current and deferred income taxes;
- profits and losses of discontinued operations and operations held for sale.

Gross operating margin (GOM) corresponds to operating income before:

- employee profit-sharing;
- share-based payment, including any associated social charges;
- depreciation and amortisation expense;
- impairment of goodwill and fixed assets;
- results of asset disposals;
- restructuring costs;
- share in profits (losses) of equity-method associates;
- impairment of goodwill in respect of equity-method associates.

➔ 3.5 Revenues

Revenues from the activities of PagesJaunes Groupe are recognised and presented as follows, in accordance with IAS 18 "Revenue":

- revenues from the sale of advertising space in printed directories are recognised at the time of publication. Consequently, sales of advertising space billed in respect of future directories are stated in the balance sheet under the heading of "Deferred income";
- income from the sale of advertising space in online directories is apportioned over the display period, which is generally 12 months;
- revenues from traffic relating to the telephone enquiry services (118 008 in France 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 associated 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 when the latter are rendered over different periods.

➔ 3.6 Advertising and similar expenses

Expenses for advertising, promotion, sponsorship, communication and brand development are stated in full in the expenses for the year in which they are incurred.

➔ 3.7 Earnings per share

The Group discloses both basic earnings per share and diluted earnings per share. The number of shares used to calculate diluted earnings per share takes into account the conversion into ordinary shares of dilutive instruments outstanding at the period-end (unexercised options, free shares, etc.). If the basic earnings per share are negative, diluted loss per share represents the same amount as the basic loss. To permit direct comparisons of earnings per share, the weighted average number of shares outstanding for the reporting year and previous years is adjusted to take into account any shares issued at a discount to market price. Treasury stock deducted from consolidated equity is not taken into account in the calculation of earnings per share.

➔ 3.8 Goodwill

Goodwill represents the difference between the purchase cost of shares in consolidated companies, including transaction expenses, and the Group's equity in the value of the underlying net assets at the date of acquisition.

In accordance with IFRS 3 "Business Combinations", goodwill is not amortised but is tested for impairment at least once a year or more frequently when there is an indication that it may be impaired. IAS 36 "Impairment of Assets" requires these tests to be performed at the level of each Cash Generating Unit (CGU) to which the goodwill has been allocated. In certain cases, CGUs may be combined if the combined CGUs represent the lowest level at which management monitors return on investment. (A Cash Generating Unit is defined as the smallest homogenous group of assets whose continuous use generates cash inflows that are largely independent of the cash inflows from other groups of assets.). The level at which PagesJaunes Groupe measures the current value of goodwill generally corresponds to the level of each consolidated companies.

To determine whether goodwill has been impaired, the consolidated net book value of the assets and liabilities is compared to their recoverable amount. The recoverable amount is the higher of the fair value less exit costs and value in use.

Fair value less exit costs is determined as the best estimate of the sale value net of exit costs in a transaction conducted under normal competitive conditions between knowledgeable, willing parties. This estimate is determined on the basis of the available market information, taking into account particular situations.

The value in use applied by PagesJaunes Groupe is the present value of the future cash flows expected to be derived from the CGU, including goodwill. Cash flow projections are based on economic and regulatory assumptions and forecast trading conditions applied by the management of PagesJaunes, as follows:

- cash flow projections are based on the five-year business plan;
- cash flow projections beyond the five-year period are extrapolated by applying a declining or flat growth rate over the next three years,

followed by a growth rate to perpetuity reflecting the expected long-term growth in the market;

- 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 twenty years.

Research and development costs

Under IAS 38 "Intangible Assets", development costs must be recognised as an intangible fixed asset when the following can be demonstrated:

- the technical feasibility necessary to complete the intangible asset with a view to its being put into service or sold;
- the intention and financial and technical ability to complete the development project;
- its capacity to use or sell the intangible asset;
- the likelihood that the future economic benefits attributable to the development costs incurred will accrue to the company;
- the costs of this asset can be reliably valued.

Research and development costs not fulfilling the above criteria are expensed in the year in which they are incurred. Significant capitalised development costs are amortised on a straight-line basis over their useful life, generally not exceeding three years.

Software

Software is amortised on a straight-line basis over its useful life, not exceeding five years.

➔ 3.10 Tangible fixed assets

Gross value

The gross value of tangible fixed assets corresponds to their purchase or production cost, including costs directly attributable to bringing the asset

to the location and condition necessary for it to be capable of operating in the manner intended by management.

It also includes the estimate of the costs of dismantling and removing the item and restoring the site on which it is located, such obligation being incurred by the Group either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories.

Finance leases

Assets acquired under leases that transfer the risks and rewards of ownership to entities of the Group (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 the entities of the Group when:

- the lease transfers ownership of the asset to the lessee at the end of the lease term;
- the Group has the option to purchase and the conditions of the option are such that it is highly likely that ownership will be transferred at the end of the lease term;
- the lease term covers the major part of the estimated economic life of the asset;
- the discounted value of the total of the minimum fees provided for in the contract is close to the fair value of the asset.

At the same time, the assets in respect of which the risks and rewards associated with ownership are transferred by the entities of the Group to third parties under a lease contract are considered as having been sold.

Maintenance and repair costs are 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 write down for impairment when, because of events or circumstances which have occurred during the period (such as obsolescence, physical deterioration, significant changes to the manner in which the asset is used, worse than expected performance, a drop in revenues or other external indicators, etc.), their recoverable amount appears to be lower than their net book value in the long term. The recoverable amount of an asset is the higher of its fair value less exit costs and its value in use.

Each asset or group of assets is tested for impairment by comparing its recoverable amount to its net book value. When an asset or group of assets is found to be impaired, the recognised impairment loss is

equal to the difference between its net book value and the recoverable amount.

The recoverable amount of an asset is generally determined by reference to its value in use, corresponding to the future economic benefits expected to be derived from the use of the asset and its subsequent disposal. It is assessed by the discounted cash flows method, based on economic assumptions and operating conditions expected by the Management of the Group.

➔ 3.12 Financial assets and liabilities

Financial assets include available-for-sale assets, held-to-maturity assets, loans and receivables and cash and cash equivalents.

Financial liabilities include borrowings, other financing and bank overdrafts and operating debts.

Financial assets and liabilities are measured and recognised in accordance with IAS 39 "Financial Instruments: Recognition and Measurement".

3.12.1 Measurement and recognition of financial assets

ASSETS HELD TO MATURITY

Held-to-maturity investments comprise exclusively securities with fixed or determinable income and fixed maturities, other than loans and receivables, which the Group has the intention and ability to hold to maturity. They are recognised initially at fair value and are subsequently measured at amortised cost by the effective interest method.

The Group assesses whether there is any objective evidence that held-to-maturity assets are impaired. A financial asset is written down if its book value exceeds the recoverable amount estimated at the time of the impairment tests. The impairment loss is recognised in the income statement.

AVAILABLE-FOR-SALE ASSETS

Available-for-sale assets consist mainly of shares in non-consolidated companies and marketable securities that do not fulfil the criteria for classification in any of the other categories of financial assets. They are measured at fair value and gains and losses arising from re-measurement at fair value are recognised in equity.

Fair value corresponds to market price for listed securities and estimated value in use for unlisted securities, determined according to the most appropriate financial criteria in each case.

If there is any objective indication that these assets are impaired, the accumulated loss stated in equity is recognised in the income statement.

LOANS AND RECEIVABLES

This category includes receivables from participating interests, other loans and receivables, and trade accounts receivable. They are recognised initially at fair value and are subsequently measured at amortised cost by the effective interest method. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Cash flows on loans and receivables at variable rates of interest are re-measured periodically, to take into account changes in market interest rates. The re-measurement has the effect of increasing or reducing the effective interest rate and, consequently, the carrying value of the loan or receivable.

The Group assesses whether there is any objective evidence that loans or receivables are impaired. A financial asset is written down if its book value exceeds the recoverable amount estimated at the time of the impairment tests. The impairment loss is recognised in the income statement.

ASSETS AT FAIR VALUE THROUGH THE INCOME STATEMENT

Assets held for trading are assets which the Company intends to resell in the near term in order to realise a profit, which form part of a portfolio of financial instruments that are managed together and for which there is a practice of short-term disposal. This category also includes assets, which the Group has opted to classify in this category, irrespective of the criteria stated above ("fair value" option).

These assets are carried in the balance sheet under short-term financial assets.

CASH AND CASH EQUIVALENTS

Cash equivalents are held to meet short-term cash needs rather than for investment or other purposes. They consist of instruments that are readily convertible into known amounts of cash and are not exposed to any material risk of impairment. Cash and cash equivalents comprise cash available on demand and short-term investments with maturities generally of three months or less at the date of purchase. They are stated at historical cost, which is close to their realisable value.

3.12.2 Measurement and recognition of financial liabilities

FINANCIAL LIABILITIES

With the exception of financial liabilities held for trading, which are measured at fair value, borrowings and other financial liabilities are initially recognised at fair value and subsequently measured at amortised cost by the effective interest method.

Transaction costs that are directly attributable to the acquisition or issue of a financial liability are deducted from the liability's carrying value. This is because financial liabilities are initially recognised at cost, corresponding to the fair value of the sums paid or received in exchange for the liability. The costs are subsequently amortised over the life of the liability, by the effective interest method.

The effective interest rate is the rate, which discounts estimated future cash payments up to the maturity date or the nearest date of price adjustment to the market rate, to the net carrying amount of the financial liability.

FINANCIAL LIABILITIES 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 re-measurement at fair value of derivative instruments are systematically recognised in the income statement.

HEDGING INSTRUMENTS

In accordance with IAS 39 "Financial Instruments: Recognition and Measurement", derivative instruments may be designated as fair value hedges or cash flow hedges:

- a fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an identified portion of the asset or liability, that is attributable to a particular risk, notably rate and currency risks, and which would affect profit or loss;
- a cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a forecast transaction (such as a future purchase or sale) and could affect profit or loss.

Hedge accounting applies if:

- at the inception of the hedge, there is formal designation and documentation of the hedging relationship;
- at the inception of the hedge and in subsequent periods, the company may expect the hedge to be highly effective in offsetting changes in fair value or cash flows attributable to the hedged risk and if the actual results of the hedge are within a range of 80-125%.

The effects of applying hedge accounting are as follows:

- for fair value hedges of existing assets and liabilities, the hedged portion of the asset or liability is recognised in the balance sheet at fair value. The gain or loss from re-measuring the hedged item at fair value is recognised in profit or loss and is offset by the effective portion of the loss or gain from re-measuring the hedging instrument at fair value;
- for cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity – because the change in the fair value of the hedged portion of the underlying item is not recognised in the balance sheet – and the ineffective portion of the gain or loss on the hedging instrument is recognised in profit or loss. Amounts recognised directly in equity are subsequently recognised in profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss.

➔ 3.13 Inventories

Inventories are stated at the lower of cost and probable net realisable value. Cost corresponds to purchase or production cost determined by the weighted average cost method.

➔ 3.14 Deferred taxes

In accordance with IAS 12 “Income Taxes”, deferred taxes are recognised for all temporary differences between the book values of assets and liabilities and their tax basis, as well as for unused tax losses, by the liability method. Deferred tax assets are recognised only when their recovery is considered probable.

IAS 12 requires, in particular, the recognition of deferred tax liabilities on all intangible assets recognised in business combinations (trademarks, customer lists, etc.).

A deferred tax liability is recognised for all taxable temporary differences between the book value of shares and their tax base associated with investments in subsidiaries, equity-method associates and interests in joint ventures, except where:

- the Group is able to control the timing of the reversal of the temporary difference (e.g.: distribution of dividends); and
- it is probable that the temporary difference will not be reversed in the foreseeable future.

In practice, this means that for fully and proportionally consolidated companies, a deferred tax liability is recognised for taxes payable on planned dividend distributions by these companies.

The deferred tax assets and liabilities are set off if there is a legally enforceable right allowing set-off against a future tax liability. Any set-offs are treated by tax group depending on a single tax authority.

The deferred taxes relating to items stated directly in shareholders’ equity are also stated in shareholders’ equity.

In accordance with IAS 12, deferred tax assets and liabilities are not discounted.

➔ 3.15 Provisions

In accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”, a provision is recognised when, at the end of the period, the Group has an obligation towards a third party resulting from a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

The obligation may be legal, regulatory or contractual or it may represent a constructive obligation deriving from the Group’s practices or public commitments, which have created a legitimate expectation among third parties concerned that the group will meet certain responsibilities.

The amount recognised as a provision corresponds to the best estimate of the expenditure required of the Group to settle the present obligation. If a reliable estimate cannot be made of the amount of the obligation, no provision is recorded, but details of the obligation are disclosed in the Notes to the financial statements.

Contingent liabilities – corresponding to potential obligations resulting from past events, the existence of which will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Company’s control, and to probable obligations that are not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation – are disclosed in the Notes to the financial statements.

Provisions for restructuring costs are recognised only when the restructuring has been announced and the Group has drawn up or has started to implement a detailed plan before the period end-date.

Provisions are discounted when the discounting adjustment is material.

➔ 3.16 Pension and similar benefit obligations

3.16.1 Post-employment benefits

RETIREMENT BENEFITS AND SIMILAR COMMITMENTS

In France, the legislation provides for benefits to be paid to employees at retirement on the basis of their length of service and salary at retirement age. The actuarial differences relating to post-employment benefits will be treated in accordance with the corridor method, which consists of recognising a specified portion of the net cumulative actuarial gains and losses that exceed 10% of the greater of the present value of the commitment and the value of plan assets, over the average expected remaining working lives of the employees participating in the plan.

The impact of changes in assumptions is reflected in the income statement over the residual average working life of the employees (cf. Note 26).

OTHER RETIREMENT SCHEMES

These benefits are provided either on the basis of defined contribution schemes or on the basis of defined benefit schemes.

In the context of defined contribution schemes, the Group has no commitment other than the payment of contributions; the charge corresponding to the contributions paid is recognised in the income statement for the period.

In accordance with IAS 19, obligations under defined benefit schemes are measured by the projected unit credit method. According to this

method, each period of service gives rise to an additional unit of benefit entitlement and measures each unit separately to value the final obligation, which is then discounted.

3.16.2 Other long-term benefits

Other long-term benefits which may be granted by the Group consist mainly of long-service awards that are also measured on an actuarial basis.

3.16.3 Termination benefits

Any termination benefits are also determined on an actuarial basis and covered by provisions.

For all commitments where termination of employment contracts would trigger payment of compensation, the impact of changes in assumptions is recognised in profit or loss for the period during which the revision takes place.

➔ 3.17 Share-based payments

In accordance with IFRS 2 "Share-Based Payment", stock options, employee share issues and free grants of shares to employees of the Group are valued on their grant date.

The value of stock options is determined in particular by reference to the exercise price, the life of the options, the current price of the underlying shares, the expected share price volatility, expected dividends and the risk-free interest rate over the life of the options. The amount so determined (under the share-based payment heading) is recognised in personnel expenses on a straight-line basis over the period between the grant date and the exercise date – corresponding to the vesting period – and in equity for equity-settled plans or in liabilities to employees for cash-settled plans. The Group has opted for retrospective application of IFRS 2 to equity- and cash-settled plans. The new plans are valued in accordance with IFRS 2 using a binomial model.

The fair value of a free share is the market price of the share on the grant date after adjustment to take account of the loss of dividends expected during the vesting period. This expense is recorded on a straight-line basis over the vesting period and, if necessary, is adjusted to take account of the likelihood that the performance conditions will be fulfilled.

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. 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 and the reverse directory QuiDonc. This segment also includes the holding company activities accommodated within PagesJaunes Groupe;

- International & Subsidiaries: the activities of the Company's various subsidiaries that are principally involved in the publication of consumer directories outside France (Spain, Morocco and Luxembourg) 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. This segment also includes the new small online ads business ("annoncesjaunes.fr") launched at the start of January 2007, and part of PagesJaunes Petites Annonces, together with, in the fourth quarter of 2007, the Internet advertising business of Horyzon Media and Horyzon Clics, in which PagesJaunes Groupe took a 66% stake on 11 October 2007.

➔ 4.1 Analysis by business segment

The following table shows information by business segment for the periods ended 31 December 2007 and 2006:

Income statement (amounts in thousands of euros)	As at 31 December 2007				As at 31 December 2006			
	PagesJaunes in France	International & Subsidiaries	Eliminations	Group	PagesJaunes in France	International & Subsidiaries	Eliminations	Group
Net revenues	1,071,830	93,825	(7,351)	1,158,304	1,013,293	85,868	(5,819)	1,093,342
• external	1,071,533	86,771	-	1,158,304	1,013,245	80,097	-	1,093,342
• inter-segment	297	7,054	(7,351)	-	48	5,771	(5,819)	-
External purchases	(270,753)	(51,198)	7,351	(314,600)	(268,935)	(39,491)	5,819	(302,607)
Other operating income	12,613	1,417	(3,905)	10,125	10,939	2,212	(1,529)	11,622
Other operating expenses	(22,708)	(5,158)	3,905	(23,961)	(21,277)	(3,296)	1,529	(23,044)
Salaries and charges	(273,383)	(47,631)	-	(321,014)	(254,112)	(41,591)	-	(295,703)
Gross operating margin	517,599	(8,745)	-	508,854	479,908	3,702	-	483,610
Employee profit-sharing				(14,385)				(13,525)
Share-based payment				(5,189)				(8,590)
Depreciation and amortisation	(11,916)	(2,976)	-	(14,892)	(8,791)	(3,126)	-	(11,917)
Result of asset disposals				14,277				(565)
Restructuring costs				-				(48)
Operating income				488,665				448,965
Financial income				972				21,172
Financial expenses				(131,069)				(13,841)
Result of disposal of financial assets				2,107				764
Gain (loss) on foreign exchange				(10)				-
Corporation tax				(126,440)				(160,975)
Net income from continuing businesses				234,224				296,086
Net income from divested businesses (after tax)				34,358				809
Net income of the consolidated group				268,582				296,895
Attributable to:								
• shareholders PagesJaunes Group				269,566				296,895
• minority interests				(984)				-
Acquisitions of tangible and intangible fixed assets	11,871	4,562	-	16,433	26,312	4,273	-	30,585

Balance sheet (amounts in thousands of euros)	As at 31 December 2007				As at 31 December 2006			
	PagesJaunes in France	International & Subsidiaries	Eliminations	Group	PagesJaunes in France	International & Subsidiaries	Eliminations	Group
Net goodwill	-	125,528	-	125,528	-	107,727	-	107,727
Net intangible fixed assets	20,994	5,134	-	26,128	22,586	5,430	-	28,016
Net tangible fixed assets	14,713	5,691	-	20,404	13,553	5,468	-	19,021
Non-current non-segment assets				32,234				22,867
Non-current assets				204,294				177,631
Net inventories	4,353	891	-	5,244	5,944	681	-	6,625
Net trade accounts receivable	472,006	49,323	(3,339)	517,990	450,661	53,305	(4,013)	499,953
Other current assets	23,555	4,480	(12)	28,023	30,405	4,919	-	35,324
Pre-paid expenses	96,594	8,029	(24)	104,599	43,209	16,319	(27)	59,501
Current non-segment assets				83,944				71,135
Current assets				739,800				672,537
TOTAL ASSETS				944,094				850,168
- of which segment assets	632,215	199,076	(3,375)	827,916	566,358	193,849	(4,040)	756,167
- of which non-segment assets				116,178				94,001
Shareholders' equity				(2,073,316)				(2,060,565)
Shareholders' equity				373				-
Personnel benefits - non-current	32,627	209	-	32,836	28,354	1,020	-	29,374
Provisions - non-current	5,647	11	-	5,658	6,709	180	-	6,889
Other non-current liabilities	8,700	-	-	8,700	-	90	-	90
Non-current segment liabilities				1,919,230				1,910,990
Non-current liabilities				1,966,424				1,947,342
Provisions - current	-	580	-	580	-	746	-	746
Trade accounts payable	89,382	23,350	(3,339)	109,393	102,392	18,300	(4,013)	116,679
Personnel benefits - current	110,963	7,361	-	118,324	62,577	10,930	-	73,507
Other current liabilities	98,166	6,862	(12)	105,016	93,254	9,551	-	102,805
Deferred income	649,129	23,302	(24)	672,407	600,176	40,135	(27)	640,284
Current non-segment liabilities				44,893				29,370
Current liabilities				1,050,613				963,391
Total liabilities				944,094				850,168
- of which segment liabilities	994,614	61,675	(3,375)	1,052,914	893,461	80,952	(4,040)	970,373
- of which non-segment liabilities				(108,820)				(120,205)

➔ 4.2 Analysis by geographic region

(amounts in thousands of euros)	As at 31 December 2007	As at 31 December 2006
Revenues	1,158,304	1,093,342
- France	1,096,534	1,034,930
- Others	61,770	58,412
Assets	944,094	850,168
- France	696,334	622,637
- Others	131,583	133,530
- Unallocated	116,177	94,001
Acquisitions of tangible and intangible fixed assets	16,433	30,585
- France	13,640	29,479
- Others	2,793	1,106

NOTE 5 CHANGE IN THE SCOPE OF CONSOLIDATION

The main operations during 2006 and 2007 were as follows:

➔ 2007

On 14 March 2007, PagesJaunes Groupe sold 100% of shares of the companies Kompass France and Kompass Belgium to Coface Services. In accordance with international accounting standards (IFRS 5 "Non-current Assets Held for Sale and Discounted Operations"), the revenues and expenses of the Kompass businesses are stated separately from the continuing businesses on a "divested businesses" line at the foot of the consolidated income statement, until the actual departure from the consolidated group. In accordance with IFRS, this presentation format in the income statement is used both for the financial data for the current year and for the data for the previous year on a comparative basis. In addition, the figures are stated before the elimination of intercompany items between Kompass France and Kompass Belgium on the one hand, and on the other hand, all the other companies of the PagesJaunes Group. These two companies formed part of the "International & Subsidiaries" segment.

On 27 July 2007, PagesJaunes Groupe and Groupe M6 formed a strategic partnership as regards the business of Internet classified ads, under the terms of which Group M6 acquired, on 17 October, a 34% stake in the capital of PagesJaunes Petites Annonces, subsidiary of PagesJaunes Groupe, by an increase in capital of 16 million euros.

On 11 October 2007, PagesJaunes Groupe acquired 55% of shares and voting rights of the company Horyzon Media and 66% of shares and voting rights of the company Horyzon Clics. On 24 December 2007, an additional 11% of shares and voting rights of the company Horyzon

Media were acquired. All these shares were acquired in cash, for a price of 10.7 million euros, of which 0.2 million euros for fees and costs.

In addition, options to buy and sell shares were respectively granted for the balance of 34% of shares. They can be exercised by both parties in 2011. The accounting of these options generated a debt of 8.6 million euros recognised in "Other non-current liabilities" and additional goodwill for the same amount.

On 17 October 2007, PagesJaunes Petites Annonces, subsidiary of PagesJaunes Groupe, acquired 100% of shares and voting rights of the company "A Ton Service" for 0.5 million euros.

➔ 2006

The companies Wanadoo Data and e-sama were merged, on 31 March 2006, to form PagesJaunes Marketing Services. This internal restructuring operation had no significant impact on the consolidated financial statements. As forecast, a price supplement of 1.9 million euros was paid, in April 2006, to conclude the acquisition of 100% of the shares of e-sama, which occurred in February 2005.

The company PagesJaunes Petites Annonces (formerly Cristallerie 1), which includes the new online classified ads business, has been consolidated, since 1 January 2006. This company had no activity in 2005.

NOTE 6 DIVESTED BUSINESSES

PagesJaunes Groupe sold 100% of the shares of the companies Kompass France and Kompass Belgium, on 14 March 2007 (cf. Note 5). The Kompass businesses are recognised in the financial statements as divested

businesses. The net income and expenses and the disposal results after tax are recognised in "net income from divested businesses".

The main aggregates making up the net income from divested businesses for the periods presented are as follows:

(in thousands of euros)	31 December 2007 ⁽¹⁾	31 December 2006
Revenues	7,017	31,392
Operating expenses	(5,656)	(28,681)
Gross operating margin	1,361	2,711
Operating income	1,015	1,317
Financial income	31	172
Corporation tax	(273)	(680)
Net income from Kompass businesses	1,013	809
Capital gain on disposal before tax ⁽²⁾	32,830	-
Tax on disposal result ⁽³⁾	515	-
Capital gain on disposal after tax ⁽²⁾	33,345	-
Net income from divested businesses	34,358	809

(1) Corresponds to the flows generated by the Kompass businesses up to the disposal date.

(2) Capital gain net of disposal expenses amounting to 0.2 million euros and the balance of deferred tax assets on the disposal date, recorded in respect of losses in previous years, amounting to 2.2 million euros.

(3) Corresponds to the tax saving relating to the fiscal short-term loss from the disposal result ((1.3) million euros) and disposal expenses (0.2 million euros).

Net cash flows for Kompass activities for the periods submitted were as follows:

(in thousands of euros)	31 December 2007 ⁽¹⁾	31 December 2006
Net cash from operations	1,728	2,764
Net cash used in investing activities	(247)	(451)
Net cash provided by (used in) financing activities	55	(150)

(1) Corresponds to the flow generated by the Kompass businesses until the disposal date.

The net impact of the divestment of the Kompass businesses on the cash position, net of cash divested, amounted to 32.0 million euros.

NOTE 7 REVENUES

(in thousands of euros)	31 December 2007	31 December 2006
PagesJaunes in France		
Printed directories	653,003	654,144
PagesJaunes	528,795	527,187
<i>L'Annuaire</i>	124,208	126,957
Online services	369,285	320,727
Internet	344,025	279,964
Minitel	25,260	40,763
Telephone directory enquiry services	28,067	14,410
Other businesses	21,475	24,012
PagesJaunes in France segment total	1,071,830	1,013,293
International & Subsidiaries		
BtoC directories	61,779	58,348
Kompass	-	-
Internet advertising management	1,148	-
Online classified ads	1,891	-
Direct marketing and geographic services	29,007	27,520
International & Subsidiaries total	93,825	85,868
Inter-segment	(7,351)	(5,819)
TOTAL	1,158,304	1,093,342

NOTE 8 PERSONNEL EXPENSES

(in thousands of euros, except the number of employees)	31 December 2007	31 December 2006
Average number of employees (full-time equivalent)	4,640	4,443
Salaries and social charges	(321,014)	(295,703)
of which: - Salaries and wages	(230,581)	(211,957)
- Social charges	(82,171)	(75,969)
- Self-constructed assets	0	-
- Payroll and other items	(8,262)	(7,777)
Share-based compensation	(5,189)	(8,590)
of which: - Stock options and free shares ⁽¹⁾	(4,367)	(6,625)
- Social charges on exercised and stock options	(822)	(1,965)
Employee profit-sharing	(14,385)	(13,525)
TOTAL PERSONNEL EXPENSES	(340,588)	(317,818)

(1) Cf. Note 27.

NOTE 9 INCOME FROM ASSET DISPOSALS

On 27 July 2007, PagesJaunes Groupe and Groupe M6 formed a strategic partnership as regards the business of Internet classified ads, under the terms of which Groupe M6 acquired, on 17 October, a 34% stake in the capital of PagesJaunes Petites Annonces, subsidiary of PagesJaunes Groupe, by an increase in capital of 16 million euros.

This operation generated a dilution profit of 14.6 million euros in 2007, recognised in the section "Income from asset disposals".

NOTE 10 FINANCIAL INCOME

The financial income breaks down as follows:

(in thousands of euros)	31 December 2007	31 December 2006
Interest and similar income from financial assets	438	16,389
Change in fair value of hedging instruments	-	4,206
Dividends received	534	577
Financial income	972	21,172
Interest on financial liabilities	(120,749)	(11,719)
Hedging instrument receipts	3,861	-
Change in fair value of hedging instruments	(5,628)	-
Amortisation of debt costs	(6,151)	(613)
Discounting cost (1)	(2,402)	(1 509)
Financial expenses	(131,069)	(13,841)
Result of disposal of financial assets	2,107	764
Foreign exchange gains (losses)	(10)	-
Financial income (loss)	(128,001)	8,095

(1) Cost relating to the increase of the retirement benefit obligation present value (cf. Note 26).

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:

(Amounts in thousands of euros)	As at 31 December 2007	As at 31 December 2006
Pretax income	360,664	457,060
Statutory tax rate	34.43%	34.43%
Theoretical tax	(124,177)	(157,366)
Income from equity-method associates	-	-
Loss-making companies not integrated for tax purposes	(6,115)	(776)
Tax on long-term capital gain reserves	-	-
Distribution of special long-term capital gain reserve	-	-
Share-based payment	(1,504)	(2,281)
Foreign subsidiaries	191	(31)
Previous year adjustments	(1)	(668)
Dilution profit recognised when M6 acquired an interest in the capital of PagesJaunes Petites Annonces	5,036	-
Other non-taxable revenues and expenses	129	147
Effective tax	(126,440)	(160,975)
of which current tax	(127,806)	(137,040)
of which deferred tax	1,366	(23,935)

➔ 11.2 Balance sheet tax position

The net balance sheet tax position is made up as follows:

(Amounts in thousands of euros)	As at 31 December 2007	As at 31 December 2006
Retirement benefits	9,233	8,321
Employee profit-sharing	4,960	4,663
Fixed assets	-	2,934
Non-deductible provisions	1,818	2,284
Tax loss carry-forwards and depreciation deemed deferred	-	1,743
Other differences	709	1,745
Subtotal of deferred tax assets	16,720	21,690
Hedging instruments	(7,258)	(3,433)
Loan issue costs	(14,823)	(16,298)
Subtotal of deferred tax liabilities	(22,081)	(19,731)
TOTAL NET DEFERRED TAX ASSETS / (LIABILITIES)	(5,361)	1,959
Deferred tax assets	102	1,959
Deferred tax liabilities	(5,463)	-

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 2007. The amount of the unstated deferred tax was estimated at 56.8 million euros, as at 31 December 2007.

PagesJaunes Groupe opted for the French tax consolidation regime provided for by Article 223 A. of the French General Tax Code. This option aims to create a consolidated tax group, consisting of, in addition to PagesJaunes Groupe, all its French subsidiaries that satisfy the conditions required to become a member. This option took effect from 1 January 2005, for a period of five years.

Deferred tax recorded in the balance sheet went from a deferred tax asset of 2.0 million euros, as at 31 December 2006, to a deferred tax liability of 5.4 million euros, as at 31 December 2007.

The liability in the balance sheet corresponds to current tax. The tax disbursed during the 2007 financial year amounted to 121.7 million euros (162.8 million euros in 2006).

NOTE 12 EARNINGS PER SHARE

In 2007, net income amounted to 268.6 million euros. The number of ordinary shares in circulation was 280.6 million. Net consolidated earnings per share was therefore 0.96 euro and 0.95 euro, taking into account the potentially dilutive effect of the existence of, on average in 2007, 3.4 million stock options, as well as 0.8 million shares that could be granted free of charge, in 2008 and 2009, subject to the fulfilment of performance conditions. Net earnings per share of continuing operations was 0.84 euro (0.83 euro following dilutions) and net earnings per share of discontinued operations was 0.12 euro (0.12 euro following dilution).

In 2006, net income amounted to 296.9 million euros. The average number of ordinary shares in circulation was 278.6 million. Net consolidated earnings per share was therefore 1.07 euro, and 1.05 euro taking into account the potential dilutive effect of the existence of, on average for 2006, 3.7 million stock options and 0.2 million shares that 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 2007			31 December 2006
	Other movements	Acquisitions/Disposals	Closing balance	Closing balance
QDQ Media	-	-	68,882	68,882
Mappy	-	-	7,400	7,400
PagesJaunes Marketing Services	-	-	13,278	13,278
Eurodirectory	-	-	12,109	12,109
Edicom	-	-	4,796	4,796
Kompass Belgium	-	(1,262)	-	1,262
A Ton Service	-	421	421	-
Horyzon Média and Clics	(271)	18,913	18,642	-
TOTAL	(271)	18,072	125,528	107,727

The value of goodwill was examined in the context of the consolidated financial statements, in accordance with the method described in Note 3.8 – Accounting Policies, on the basis of business plans, a perpetual growth rate of between 1.5% and 2.5% and a discount rate after tax of between 8.5% and 12% depending on the cash-generating units (8.7%

and 12% in 2006). In fact, the liability recognised for commitments to buy out minority shareholders is offset by a decrease in minority interest and an increase in goodwill (cf. Note 3.1.2).

NOTE 14 OTHER INTANGIBLE FIXED ASSETS

(in thousands of euros)	31 December 2007			31 December 2006		
	Gross value	Accumulated amortisation	Net value	Gross value	Accumulated amortisation	Net value
ERP & Applications support	49,970	(33,440)	16,530	44,521	(28,402)	16,119
Annuaire concession	11,000	(5,500)	5,500	11,000	(2,750)	8,250
Other intangible fixed assets	5,885	(1,787)	4,098	8,357	(4,710)	3,647
TOTAL	66,855	(40,727)	26,128	63,878	(35,862)	28,016

No significant impairment was recognised as at 31 December 2007 and 2006.

The movements in the net value of other intangible fixed assets were as follows:

(in thousands of euros)	31 December 2007	31 December 2006
Opening balance	28,016	11,511
Acquisitions	3,744	16,121
Assets generated internally ⁽¹⁾	3,869	7,205
Effect of changes in scope of consolidation ⁽²⁾	(326)	-
Translation differences	(1)	(1)
Reclassifications	1	(65)
Disposals	(335)	(120)
Amortisation charge	(8,840)	(6,635)
Closing balance	26,128	28,016

(1) Concerns all capitalised development expenses.

(2) Concerns the entry of A Ton Service and Horyzon Média into the scope of consolidation in 2007 and the departure of Kompass France and Kompass Belgium.

NOTE 15 TANGIBLE FIXED ASSETS

(in thousands of euros)	31 December 2007			31 December 2006		
	Gross value	Accumulated Depreciation	Net value	Gross value	Accumulated depreciation	Net value
Land and buildings	1,530	(191)	1,339	2,855	(980)	1,875
Computers and terminals	37,475	(29,418)	8,057	40,577	(32,582)	7,995
Other assets	27,579	(16,571)	11,008	22,512	(13,360)	9,152
TOTAL	66,584	(46,180)	20,404	65,943	(46,922)	19,021

No significant impairment was recognised as at 31 December 2007 and 2006.

Movements in the net value of tangible fixed assets were as follows:

(in thousands of euros)	31 December 2007	31 December 2006
Opening balance	19,021	17,995
Acquisitions of tangible fixed assets	8,820	7,260
Effect of changes in the scope of consolidation ⁽¹⁾	(1,294)	-
Translation differences	(2)	(3)
Reclassifications	(35)	65
Disposals and discards	(54)	(291)
Depreciation charge	(6,052)	(6,004)
Closing balance	20,404	19,021

(1) Concerns the entry of Horyzon Media and Horyzon Clics into the scope of consolidation in 2007 and the departure of Kompass France and Kompass Belgium.

NOTE 16 OTHER AVAILABLE-FOR-SALE ASSETS

This section includes shares classified as assets available for sale within the meaning of IAS 39.

NOTE 17 OTHER NON-CURRENT FINANCIAL ASSETS

The other assets comprise essentially the long-term portion of security deposits and guarantees.

NOTE 18 DERIVATIVE FINANCIAL INSTRUMENTS – NON-CURRENT ASSETS

PagesJaunes Groupe uses derivative financial instruments in order to manage the rate risk associated with the variable rate debt which the Company arranged in October 2006 in order to finance the exceptional dividend paid on 24 November 2006. PagesJaunes Groupe has implemented the procedures and documentation necessary to justify the implementation of hedge accounting within the meaning of IAS 39.

➔ Description of derivative financial instruments

On 30 November 2006, PagesJaunes Groupe concluded the following with a number of financial establishments:

- an interest rate swap contract of a nominal amount of 380 million euros, commencing on 31 December 2006 and ending on 13 December 2011.

In the context of this operation, PagesJaunes Groupe 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 euros, commencing on 13 December 2006 and ending on 13 December 2011. The tunnel made up of this collar provides for a minimum interest rate of 3.0% and a maximum interest rate of 4.0%. The annual premium on this collar, payable in arrears, is 1.9 million euros.

These operations cover the cash flow relating to the variable-rate senior debt drawn by PagesJaunes Groupe in November 2006 (cf. Note 28). The prospective effectiveness tests carried out by PagesJaunes Groupe when initiating these operations and the retrospective tests carried out on 31 December 2006 and 2007 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 December 2006, in an amount of

The value of these derivative financial instruments was as follows:

(in thousands of euros)	31 December 2007	31 December 2006
Interest rate swap – cash flow hedge	8,515	3,715
Collar – cash flow hedge	21,455	13,765
of which intrinsic value	14,551	1,233
of which time value	6,904	12,532
TOTAL	29,970	17,479

The change in the fair value of these derivative financial instruments between 31 December 2006 and 31 December 2007, i.e. 4.8 million euros for the interest rate swap and 13.3 million euros for the intrinsic value of the collar, was recognized in recyclable shareholders' equity, after the recording of a deferred tax liability of 6.2 million euros. The change in the time value of the collar was recorded in financial charges (cf. Note 10), in an amount of (5.6) million euros, giving rise to deferred tax of 1.9 million euros.

8.3 million euros, with the opposite entry being "Liabilities in respect of hedging instruments" (cf. Note 28) in an amount of 8.3 million euros, corresponding to the discounted premium which the Company will have to pay in five annual instalments. This debt amounted to 6.8 million euros as at 31 December 2007.

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.

NOTE 19 NET INVENTORIES

Inventories principally comprise paper for the production of printed directories and work in progress relating to the production of advertisements (printed and online products) and websites.

Where necessary, they are written down if, having 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 2006 and 2007.

NOTE 20 TRADE ACCOUNTS RECEIVABLE

The breakdown of the gross value and impairment of trade receivables is as follows:

(in thousands of euros)	31 December 2007	31 December 2006
Gross trade accounts receivable	535,190	516,525
Provisions for impairment ⁽¹⁾	(17,200)	(16,572)
Net trade accounts receivable	517,990	499,953

(1) Cf. Note 23 – Changes in provisions for impairment of assets

At 31 December customer receivable maturities were as follows:

(in thousands of euros)	Total	Activities disposed of	Not due and not impaired	Overdue and not impaired					
				< 30 days	Between 31 and 60 days	Between 61 and 90 days	Between 91 and 180 days	Between 181 and 360 days	> 360 days
2007	517,990	-	476,235	19,476	10,766	3,731	4,422	2,827	533
2006	499,953	13,342	442,608	19,391	11,181	4,267	6,239	2,342	583

The Groupe's trade receivables portfolio does not present a significant risk of concentration (close to 763,000 advertisers of which 666,800 in France). The first 20 advertisers in France represent 1.3% of this turnover and advertisers in the 10 leading professional categories represent 14.1%

of turnover for PagesJaunes in France. Provisions for trade account risks in France remain at a very low level, with a net charges rate of 0.245% compared to turnover for 2007, almost stable compared to 2006.

NOTE 21 OTHER CURRENT ASSETS

Other current assets are made up as follows:

(in thousands of euros)	31 December 2007	31 December 2006
VAT receivable	17,439	18,129
Sundry accounts receivable	675	198
Other current assets ⁽¹⁾	9,909	16,997
TOTAL	28,023	35,324

(1) Of which advances and down payments to suppliers for 3.1 million euros in 2007 and 7.0 million euros in 2006

NOTE 22 DEFERRED CHARGES

The deferred charges 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.

In an effort to homogenize results with deferred charges income, the deferred charges as at 31 December 2007 (104.6 million euros) include

an amount of 46.5 million euros entered opposite current staff benefits in order to recognize all remuneration due with regard to forthcoming directories as at 31 December 2007. The corresponding amount as at 31 December 2006 was estimated at 43.3 million euros. The financial statements on that date were not revised.

NOTE 23 CHANGES IN PROVISIONS FOR ASSETS IMPAIRMENT

(in thousands of euros)	Opening balance	Net allowances/ releases	Other movements ⁽¹⁾	Closing balance
2006				
Investment securities	2,702	(2,702)	-	-
Trade accounts receivables	16,271	314	(13)	16,572
Other assets	110	412	-	522
2007				
Trade accounts receivables	16,572	2,203	(1,575)	17,200
Other assets	522	(463)	29	88

(1) Of which the departure of *Kompass France* and *Kompass Belgium* in 2007 for (1,575) K€.

Almost all of the receivables due were covered by a provision for impairment amounting to close to 100% of their total. The receivables relative to forthcoming directories are also covered by a provision

calculated according to a statistical rate observed empirically during the last 5 years of publications.

NOTE 24 SHARE CAPITAL**➔ 24.1 Company capital**

As at 31 December 2007, the share capital of the company PagesJaunes Groupe, amounting to 56.1 million euros, was divided into 280,644,450 ordinary shares each of a par value of 0.20 euros. It is fully paid up (280,266,780 shares at 31 December 2006).

The Company carried out a capital increase of 75,534 euros through the creation of 377,670 new shares in the context of the early exercise of PagesJaunes Groupe options in 2007. In 2006, 1,477,170 shares were created in the same context, increasing the Company's capital by 295,434 euros.

The share capital of PagesJaunes Groupe is 54.75% owned by Médiannuaire SAS as at 31 December 2007.

➔ 24.2 Other reserves

The other consolidated reserves amounting to (2,497,651) as at 31 December 2007 are essentially made up of:

- the fair value variation of derivative financial instruments between their conclusion date and 31 December 2007 for a before-tax total of 23.1 million euros (4.9 million euros as at 31 December 2006) and a tax amount of 7.9 million euros (1.7 million euros as at 31 December 2006);
- the opposite entry for share-based payment expenses for the portion settled in own equity instruments (cf Note 27);

- under deduction of the portion of dividend distributions exceeding the result for the period, concerning principally the exceptional distribution effected in November 2006 (2,519.7 million euros).

The estimated time for recycling of reserves relative to financial instruments, generated in the context of implementation of hedging accounting according to IAS 39, is four years.

➔ 24.3 Own shares

No own shares were held at 31 December 2007, nor at 31 December 2006.

➔ 24.4 Dividends

Dividends distributed on 4 May 2007 amounted to 303.1 million euros, i.e. 1.08 euro per share.

In 2006, two distributions were made:

- on 2 May, 284.0 million euros, i.e. 1.02 euro per share;
- on 24 November, 2,519.7 million euros, i.e. 9.00 euros per share.

NOTE 25 TRADE ACCOUNTS PAYABLE

Trade accounts payable do not bear interest and are usually payable between 30 and 90 days.

NOTE 26 EMPLOYEE BENEFITS, PROVISIONS AND OTHER CURRENT LIABILITIES

These are made up as follows:

(in thousands of euros)	31 December 2007	31 December 2006
Post-employment benefits	26,655	24,239
Other long-term benefits	6,181	5,135
Employee benefits – non-current ⁽¹⁾	32,836	29,374
Other provisions for risks	1,258	497
Provisions for corporate and taxation disputes	4,400	6,392
Provisions – non-current	5,658	6,889

(1) Cf. details in following Note. Non-current employee benefits concern French entities.

(in thousands of euros)	31 December 2007	31 December 2006
Personnel ⁽¹⁾	96,246	46,059
Corporate bodies	22,078	27,448
Total employee benefits – current	118,324	73,507
VAT payable	94,567	90,794
Sundry accounts payable	8,429	8,693
Other current liabilities	2,020	3,318
Other current liabilities	105,016	102,805

(1) Mainly comprises employee profit-sharing and provisions for personnel expenses.

Movements in provisions were as follows:

(in thousands of euros)	Opening balance	Charge for the year	Reversal of the year (unused)	Reversal of the year (utilised)	Changes in scope of consolidation, reclassifications and others	Closing balance
Provisions for social and fiscal litigations	6,392	63	(1,989)	(56)	250	4,660
Other provisions for risks	1,243	853	(20)	(218)	(280)	1,578
TOTAL PROVISIONS	7,635	916	(2,009)	(274)	(30)	6,238
- of which non-current	6,889	868	(1,900)	(176)	(23)	5,658
- of which current	746	48	(109)	(98)	(7)	580

➤ Pension commitments and other personnel benefits

(in thousands of euros)	Post-employment benefits	Other long-term benefits	Total 31 December 2007	Total 31 December 2006
Change in value of commitments				
Total value of commitments at start of period	39,609	5,135	44,744	39,792
Cost of services rendered	2,593	421	3,014	2,975
Discounting cost	1,723	227	1,950	1,549
Contributions paid by employees	-	-	-	-
Amendments to scheme	-	-	-	-
Reductions/liquidations	-	-	-	-
Actuarial (gains) or losses	2,359	609	2,968	1,633
Benefits paid	(1,276)	(193)	(1,469)	(1,205)
Acquisitions	-	-	-	-
Assignments/transfers of activity	-	-	-	-
Changes in scope	(796)	(18)	(814)	-
Others: (translation differences)	-	-	-	-
Total value of commitments at end of period (A)	44,212	6,181	50,393	44,744
Commitments at end of period relating to fully or partly financed schemes	43,102	-	43,102	37,653
Commitments at end of period relating to non-financed schemes	1,110	6,181	7,291	7,091
Change in cover assets				
Fair value of cover assets at start of period	1,287	-	1,287	1,612
Financial income from cover assets	42	-	42	63
Gains/losses on cover assets	-	-	-	(51)
Contributions paid by the employer	1,489	-	1,489	600
Contributions paid by the employees	-	-	-	-
Reductions/liquidations	-	-	-	-
Benefits paid by the fund	(1,276)	-	(1,276)	(937)
Change in scope	-	-	-	-
Others (translation differences)	-	-	-	-
Fair value of cover assets at end of period (B)	1,542	-	1,542	1,287
Financial cover				
Situation of the scheme (A) – (B)	42,670	6,181	48,851	43,457
Unrecognised actuarial gains or (losses)	(15,783)	-	(15,783)	(14,083)
Unrecognised cost of past services	-	-	-	-
Adjustment linked to upper limit of assets	-	-	-	-
Provision / (assets) at end of period	26,887	6,181	33,068	29,374
of which provision / (asset) short term	232	-	232	502
of which provision / (asset) long term	26,655	6,181	32,836	28,872
Pension charge				
Cost of services rendered	2,593	421	3,014	2,975
Discounting costs	1,723	227	1,950	1,549
Expected return on scheme assets	(42)	-	(42)	(63)
Amortisation of actuarial (gains) or losses	659	609	1,268	332
Amortisation of cost of past services	-	-	-	-
Effect of reductions/liquidations	-	-	-	-
Assignments/transfers of activity	(17)	-	(17)	-
Adjustment linked to upper limit of assets	-	-	-	-
Total pension charge	4,916	1,257	6,173	4,793

(in thousands of euros)	Post-employment benefits	Other long-term benefits	Total 31 December 2007	Total 31 December 2006
Movements in the provision / (asset)				
Provision / (assets) at start of period	24,239	5,135	29,374	25,450
Pension charge	4,916	1,257	6,173	4,793
Pension charge from divested businesses	17	-	17	-
Contributions paid by the employer	(1,489)	(193)	(1,682)	(722)
Benefits paid directly by the employer	-	-	-	(147)
Change of scope	(796)	(18)	(814)	-
Others (goodwill)	-	-	-	-
Provision / (assets) at end of period	26,887	6,181	33,068	29,374
Assumptions				
Discount rate (%)	4.75%	4.75%	4.75%	4.25%
Expected long-term inflation rate (%)	2.0%	2.0%	2.0%	2.0%
Expected long-term salary growth (%)	dependent on employee category and age			
Expected yield on scheme assets (%)	4.0%	-	-	4.2%
Probable residual activity period	15.4	15.4	-	
AMOUNT ENTERED AS A CHARGE IN RESPECT OF THE PERIOD	4,916	1,257	6,173	4,793

NOTE 27 STOCK OPTIONS AND FREE SHARES

➔ 27.1 Stock options

27.1.1 Description of the plans

The Board of Directors was authorized on 12 April 2005 at the General Shareholders' Meeting to implement a share option plan to the benefit of certain managers and employees of the Group, in accordance with articles L. 225-177 and subsequent of the Commercial Code, in order to associate them with the Group's development. Such authorization was granted for 38 months and the total number of stock options allocated in the context of this resolution may not represent more than 2.0% of the Company's capital at the date of this Shareholders' Meeting, i.e. 5,575,792 options.

Thus, PagesJaunes Groupe implemented two share option subscription plans, the first on 28 June 2005 and the second on 20 December 2007.

The plan established in June 2005, totalling 3,796,800 options all with an exercise price of 19.30 euros, 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. having 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. 1,854,840 options (377,670 in 2007 and 1,477,170 in 2006) were thus exercised in advance, generating additional social charges amounting to 0.5 million euros in 2007 and 2.1 million euros in 2006, classified under the heading "Share-based payment expenses" (cf. Note 27.3).

In addition, the payment of an exceptional dividend by deduction from the Company's free reserves gave rise to an adjustment to the exercise

price and to the number of shares granted, in accordance with article L.225-181 of the Commercial Code. As of 31 December 2007, 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, 3,190,829 options remained in circulation (3,735,176 in 2006), the adjusted exercise price of which is now 11.72 euros.

A second plan was introduced in December 2007, totalling 2,927,900 options with an exercise price of 14.46 euros, and with a life of 10 years. The options are fully purchased after 3 years. There are no performance conditions attached.

For all plans, French tax laws forbid the sale of the shares for 4 years. This applies to beneficiaries of French nationality.

27.1.2 Description of the valuation models

PagesJaunes Groupe 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 Groupe plan granted in December 2007 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, i.e. 18%. Having regard to an estimated annual departure rate of 3.0% and an estimated expected dividend rate of 5.0%, the fair value of a PagesJaunes Groupe option has been measured at 1.61 euro for French resident taxpayers (1.62 euro for non-French residents) for an underlying price on the grant date of 13.65 euros and an exercise price of 14.46 euros. The allocation date for valuation of the charge corresponds to the date of the Board of Directors' meeting during which the options were granted, i.e. 20 December 2007, the lead-time for informing the grantees having been considered as reasonable.

27.1.3 Movements in stock option plans during the year

	Number of options in 2007	Weighted average exercise price 2007	Number of options in 2006	Weighted average exercise price 2006
Options in circulation at start of period				
December 2007 stock option plan	-	-	-	-
June 2005 stock option plan	3,735,176	11.72 €	3,748,000	19.30 €
Options granted				
December 2007 stock option plan	2,927,900	14.46 €	-	-
June 2005 stock option plan	-	-	-	-
Additional options				
December 2007 stock option plan	-	-	-	-
June 2005 stock option plan **	-	-	1,588,512	11.72 €
Options exercised				
December 2007 stock option plan	-	-	-	-
June 2005 stock option plan	(377,670)	11.72 €	(1,477,170)	17.80 €
Options cancelled, lapsed				
December 2007 stock option plan	-	-	-	-
June 2005 stock option plan	(166,677)	11.72 €	(133,166)	18.43 €
Other movements *				
December 2007 stock option plan	-	-	-	-
June 2005 stock option plan	-	-	9,000	19.30 €
Options in circulation at end of period				
	6,118,729		3,735,176	
December 2007 stock option plan	2,927,900	14.46 €	-	-
June 2005 stock option plan	3,190,829	11.72 €	3,735,176	11.72 €

(*) Options held by beneficiaries who transferred to another company within the France Télécom Group in 2006.

(**) Represents the additional options resulting from the adjustment mechanism linked to the distribution of the exceptional dividend of 9 euros in 2006.

No options were exercisable at 31 December 2007.

The average duration left to run to the commencement of the exercise period is 6 months for the June 2005 plan and 36 months for the December 2007 plan.

➔ 27.2 Free grant of shares

27.2.1 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 French *Code de Commerce*, in order in particular to involve them in the development of the Group. 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 actions.

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. 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.

These shares will be finally vested at the end of a vesting period of two years, provided that the beneficiary is still an employee or director of the Group and performance conditions are fulfilled. The performance conditions concern the achievement of criteria for growth in consolidated revenues and growth in consolidated gross operating margin for the years 2006 and 2007 in the case of the first plan and criteria for growth in consolidated gross operating margin for the years 2007 and 2008 in the case of the second plan.

As at 31 December 2007, taking into account the cancellations which had arisen since these grants and the non-fulfilment of performance criteria fixed for 2006 and 2007, 745,440 shares eligible for free grant remained in circulation (1,356,201 as at 31 December 2006).

No new free grant of shares was agreed in 2007.

27.2.2 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.

27.2.3 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 ⁽¹⁾	5.00%	5.00%
Probability of achievement of performance conditions at outset	100%	100%
Fair value of share	19.47 €	12.57 €

(1) The exceptional dividend of 9.00 euros 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 of 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. In view of the Group's results in 2006 and 2007, the shares permitted in May 2006 cannot be granted due to non-fulfilment of performance criteria fixed for the periods of 2006 and 2007. The expense relating to this first plan recorded in the accounts for 2006 for an amount of 2.0 million euros was cancelled by a product of the same amount in the accounts for 2007.

➔ 27.3 Expense relating to stock option plans and free share plans

The impact of the stock option plans and free share plans on the statement of accounts for the period of 2007 amounts to 5.2 million euros (8.6 million euros in 2006) of which 0.8 million euros for social contributions (2.1 million euros in 2006, cf. Note 8). The social contributions are relative to the advance exercise of stock options in 2006 and 2007 and the employer's contribution of 10%, introduced by the law for Social Security financing of 2008 and based on the fair value of shares granted in December 2007.

These plans are expected to be settled in own equity instruments.

NOTE 28 CASH AND CASH EQUIVALENTS, NET FINANCIAL DEBT

The net financial debt corresponds to the total gross financial debt plus or minus derivative asset and liability instruments for cash flow hedging and minus cash and cash equivalents.

(in thousands of euros)	31 December 2007	31 December 2006
Hedging instruments (cf. Note 18)	29,970	17,479
ST investments > 3 months and < 1 year	17	285
Cash and cash equivalents	71,228	55,076
Cash position	101,214	72,840
Bank borrowing	(1,950,000)	(1,950,000)
Debt costs	41,186	47,336
Liability in respect of hedging instruments (cf. Note 18)	(6,792)	(8,326)
Accrued interest not yet due	(6,845)	(5,645)
Bank overdrafts	(16,709)	(7,510)
Other financial liabilities	(16,070)	(15,303)
Gross financial debt	(1,955,230)	(1,939,447)
of which current	(41,463)	(28,458)
of which non-current	(1,913,767)	(1,910,990)
Net cash (debt)	(1,854,016)	(1,866,607)

CASH AND CASH EQUIVALENTS

Cash and cash equivalents essentially comprised negotiable MTNs, UCITs and overdrawn bank accounts.

BANK LOAN

On 24 October 2006, PagesJaunes Groupe concluded a financing arrangement with a syndicate comprising seven international banks for a maximum total of 2.35 billion euros, comprising a medium-term senior

loan of 1,950 million euros and a revolving credit line of 400 million euros. The sole purpose of the senior debt was to finance the exceptional dividend of 9 euros 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.

This financing contract contains in particular obligatory and default advance repayment clauses as well as adaptive financial covenants.

The medium term senior loan has a maturity of seven years, with interest at a variable rate based on the Euribor 3 month reference rate and a margin of 175 basis points as at 31 December 2007, 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 or Libor reference rate with a margin of 175 basis points as at 31 December 2007.

The movements in financial liabilities were as follows:

(in thousands of euros)	31 December 2007	31 December 2006
Opening balance	1,939,447	13,313
Changes in scope of consolidation ⁽¹⁾	(57)	-
Net increase (decrease)	15,840	1,926,134
Closing balance	1,955,230	1,939,447

(1) Entry of A Ton Service for 0.1 million euros and departure of Kompass France and Kompass Belgium for (0.2) million euros.

NOTE 29 DEFERRED INCOME

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.

NOTE 30 FINANCIAL INSTRUMENTS

➔ 30.1 Financial instruments recorded in the balance sheet

	Carrying amount in balance sheet	Breakdown according to IAS 39				Financial liabilities (amortised cost)
		Fair value recognised in profit or loss	Derivative instruments (fair value recognised in equity)	Available-for-sale assets	Loans and receivables (amortised cost)	
Available-for-sale assets	207	-	-	207	-	-
Other non-current financial assets	1,955	-	-	-	1,955	-
Derivative financial instruments	29,970	6,904	23,066	-	-	-
Net trade accounts receivable	517,990	-	-	-	517,990	-
Other current financial assets	17	17	-	-	-	-
Cash equivalents	67,397	67,397	-	-	-	-
Cash	3,831	3,831	-	-	-	-
Financial assets	621,367	78,148	23,066	207	519,945	-
Non-current financial liabilities and derivatives	1,913,767	-	-	-	-	1,913,767
Bank overdrafts and other short-term borrowings	34,618	-	-	-	-	34,618
Accrued interest	6,845	-	-	-	-	6,845
Trade accounts payable	109,393	-	-	-	-	109,393
Financial liabilities	2,064,623	-	-	-	-	2,064,623

Hedging derivatives recorded in the accounts at their fair value by own capital are detailed in Note 18.

Commitments to purchase minority interest are detailed in Note 5.

➔ 30.2 Impact of financial instruments on the result

	Impact in profit and loss	Breakdown according to IAS 39				
		Fair value recognised in profit or loss	Derivative instruments	Available-for-sale assets	Loans and receivables (amortised cost)	Financial liabilities (amortised cost)
Interest income	3,079	3,079	-	-	-	-
Interest expenses	(128,999)	-	(5,960)	-	-	(123,039)
Gain (loss) on foreign exchange	(10)	-	-	-	(10)	-
Derecognition	-	-	-	-	-	-
Impairment	(1,740)	-	-	-	(1,740)	-
Net gain / (loss)	(127,671)	3,079	(5,960)	-	(1,750)	(123,039)

NOTE 31 OBJECTIVES OF THE GROUP'S POLICY FOR FINANCIAL RISK AND SHARE CAPITAL MANAGEMENT

The Group's objective is to optimise its financial structure, whose principle assessment criterion is the financial lever (ratio of net debt to gross operating margin), in order to reduce the cost of its capital while at the same time preserving the financial flexibility that will allow it to achieve its development plan.

The two main financial management objectives are:

- PagesJaunes Groupe, and PagesJaunes Group at consolidated level, are net borrowers and within this context the first objective of PagesJaunes Groupe is to secure and thus limit the cost of its debt;
- due to generation of a significant cash flow at the rate of the sales prospecting cycle and also due to payment of interest on its debt and to dividends payable to shareholders at different periods, the PagesJaunes Groupe produces cash surpluses and may find itself temporarily in a cash surplus situation. As these surpluses are not expected to last over time, the Group's objective is to invest them at the highest interest rate possible and under conditions of very limited risk.

The Group is also careful to respect its commitments as indicated in its banking documentation that contains certain default and early demand for payment clauses. These clauses are linked in particular to respect for the operating and financial arrangements such as the minimum level of hedging for the net consolidated interest charge through an aggregate close to the gross operating margin (GOM) and the maximum lever, measured by comparing the consolidated net debt to an aggregate close to the consolidated GOM.

The Group's objective is to maintain its financial lever at between 3 and 4 times GOM. As at 31 December 2007, this lever was fixed at 3.6 times

GOM, a level clearly lower than the maximum of 5.25 times fixed by the banking documentation.

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

➔ Exchange rate risk

PagesJaunes Groupe estimates that the exchange rate risk is not significant with regard to its activity insofar as it is carried out essentially in the euro zone.

➔ Interest rate risk

PagesJaunes Groupe is exposed to the risk of interest rate fluctuations insofar as all of its short and long term financing is at variable rates. The Group manages this risk by taking recourse to derivative instruments, mainly interest rate swaps and collars.

The principle characteristics of the Group's bank debt are detailed in Note 28 (Cash and cash equivalents, net financial debt) and those of the instruments used for hedging interest rates in Note 18 (Derivative financial instruments – non-current assets).

PagesJaunes Groupe estimates that a 1% increase in the short term interest rates compared to the Euribor 3 month rate reported as at 31 December 2007, i.e. 4.684%, should lead to a decrease in the consolidated annual before-tax result of 5.2 million euros.

➔ Sensitivity analysis of an increase of 100 basis points of Euribor 3 months (before tax)

(In millions of euros)	Cash equivalents	Bank loan and overdrafts	Net derivative financial instruments	Total
Carrying amount in balance sheet	71.2	(1,966.7)	23.2	
Sensitivity in profit and loss	0.7	(19.7)	13.7	(5.2)
Sensitivity in equity	-	-	49.9	49.9

➔ Liquidity risk

The PagesJaunes Groupe has set up a centralised cash flow management system with cash pooling that includes all of its French subsidiaries, and is organised around a PagesJaunes Groupe pivot. This method of

managing liquidity combined with an internal reporting system enables the Group to anticipate and estimate future cash flows linked to the operational activity of its various subsidiaries, thus optimising the drawing on credit lines for cash flow requirements and investing when it has cash surpluses.

Based on maturity of financial liabilities as at 31 December 2007, the estimated cash disbursements for coming periods, calculated on the basis of the forward rates as at 31 December 2007, are as follows:

(in millions of euros)	Carrying amount in balance sheet		2008		2009-2010		2011-2012		2013 and over	
	Assets	Liabilities	Variable interest	Reimbur.	Variable interest	Reimbur.	Variable interest	Reimbur.	Variable interest	Reimbur.
Financial liabilities										
Bank loan	-	(1,950.0)	(124.8)	-	(235.5)	-	(239.3)	-	(120.7)	(1,950.0)
Revolving credit line	-	-	-	-	-	-	-	-	-	-
Bank overdrafts	-	(16.7)	-	(16.7)	-	-	-	-	-	-
Accrued interest not yet due	-	(6.8)	(6.8)	-	-	-	-	-	-	-
Other financial liabilities	-	(16.1)	-	(16.1)	-	-	-	-	-	-
Interest rate risk hedging										
Cash flow hedges										
Collars and swap	30.0	(6.8)	8.8	-	6.7	-	4.5	-	-	-

At the same time, in the event of exercising the puts consented within the framework of minority interest purchasing commitments (cf. Note 5), the debt valued at 8.7 million euros on the balance sheet of 31 December 2007 will be honoured at 10.7 million euros in 2011.

of which the CEO's signature is compulsory. The banking documentation also limits the list of counterparts for interest rate hedging operations.

➔ Credit risk

PagesJaunes Groupe is exposed to credit risk, essentially in the context of its investments and interest rate hedging instruments. PagesJaunes Groupe limits credit risk by selecting counterparts with a long term rating higher than AA- (Standard & Poor's and/or Fitch IBCA) and Aa3 (Moody's). As at 31 December 2007, the PagesJaunes Groupe's exposure was set at 67 million euros due to its investments in negotiable MTNs and 30 million euros for the market value of its interest rate financial instruments.

The procedure adopted by PagesJaunes Groupe for managing its financial operations also includes as limited list of authorised signatures outside

➔ Share risk

PagesJaunes Groupe estimates that the share risk is not significant insofar as the Group does not hold its own shares and its cash surplus investments are not exposed to risk on the securities markets.

Finally, PagesJaunes Groupe has fixed the objective of distributing all of the Group's net profits for the period 2008. It should be noted that this distribution objective does not represent a definite commitment by the PagesJaunes Groupe and future dividends will depend on Group results, the Group's financial situation and on any other issues that the Board of Directors and the PagesJaunes Groupe shareholders judge to be relevant.

NOTE 32 INFORMATION ON RELATED PARTIES**➔ 32.1 Remuneration of members of the Executive Committee and the Board of Directors**

Executive Committee of PagesJaunes at the close of each period or who had been members during the periods closed. The scope of this table also includes members representing employees on the Board of Directors of the PagesJaunes Groupe.

The table below presents the remuneration of members of the PagesJaunes Groupe's Board of Directors, Executive Committee or the

(in thousands of euros)	31 December 2007	31 December 2006
Short-term benefits ⁽¹⁾	4,879	4,267
of which employer's contributions	1,226	1,121
Post-employment benefits ⁽²⁾	48	39
Other long-term benefits ⁽³⁾	2	-
Termination benefits ⁽⁴⁾	-	-
Equity benefits ⁽⁵⁾	205	947
TOTAL	5,134	5,252

(1) Salaries, remuneration, profit-sharing 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 including social contributions relative to advance levies and other share-based payments.

➔ 32.2 Transactions with related parties

Service contracts were set in place in 2006 and 2007 with Médiannuaire, majority shareholder in the PagesJaunes Groupe. These contracts generated a charge of 3.2 million euros for the period 2007 (0.3 million euros for 2006).

The transactions and balances with related parties form part of day-to-day operations.

In 2006, operations realised with France Télécom (and its subsidiaries), former majority shareholder in PagesJaunes Groupe, represented a net charge of 28.7 million euros.

NOTE 33 CONTRACTUAL OBLIGATIONS AND OFF-BALANCE-SHEET LIABILITIES

A summary of the significant off-balance-sheet liabilities is as follows:

Contractual obligations (in thousands of euros)	2007				2006
	Total	Payments due by period			Total
		Less than one year	From one to five years	More than five years	
Simple leases	69,901	13,420	42,708	13,773	28,400
Paper, printing, distribution ⁽¹⁾	7,792	7,792	-	-	11,560
Others	17,599	11,084	4,985	1,530	19,439
Purchase obligations for goods and services	25,391	18,876	4,985	1,530	30,999
TOTAL	95,292	32,296	47,693	15,303	59,399

(1) See details in table above.

The «Others» heading includes all the firm orders placed as at 31 December 2007 for goods and services deliverable in 2007.

Contingent liabilities (in thousands of euros)	2007				2006
	Total	Payments due by period			Total
		Less than one year	From 1 to 5 years	More than 5 years	
Guarantees	322	-	322	-	329

➔ 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 15.9 million euros in 2007 (16.8 million euros in 2006).

At the beginning of 2007, PagesJaunes renegotiated contracts for premises in Sèvres, permitting the Group to hold the lease directly with the owner. These premises, used for offices, had formerly been sub-leased to France Télécom, former majority shareholder of PagesJaunes Groupe. These leases were permitted and accepted for a firm period of nine whole consecutive years starting from 1 April 2007. The commitment was evaluated at 51 million euros as at 31 December 2007.

As at 31 December 2007, the Group's commitment for all rental contracts amounted to 69.9 million euros of which 13.4 million euros at less than one year.

These liabilities are detailed in the table below:

Contractual obligations (in thousands of euros)	2007				2006
	Total	Payments due per period			Total
		Less than 1 year	From 1 to 5 years	More than 5 years	
Paper	-	-	-	-	5,471
Printing	6,392	6,392	-	-	3,313
Distribution	1,004	1,004	-	-	1,120
Editorial content	396	396	-	-	1,656
TOTAL	7,792	7,792	-	-	11,560

Individual entitlement to training (DIF)

Under the legal entitlement to professional training, for those employees in possession of a permanent work contract with the Group's French entities, the total volume of training hours available but not consumed as at 31 December 2007 was 235,694 (compared to 177,208 hours as at 31 December 2006). 4,305 training hours were claimed by employees in 2007 (1,479 hours in 2006).

Other commitments made

On 14 March 2007, PagesJaunes Groupe sold all of the shares of Kompass France and Kompass Belgium to the company Coface Services. Within this context, PagesJaunes Groupe gave a certain number of general guarantees to Coface Services, with a ceiling of 2.7 million euros, as well as specific guarantees relating in particular to corporate and fiscal risks, with a ceiling total of 7.7 million euros.

➔ Commitments to purchase goods and services

Production of directories

As part of its activity of producing and distributing printed directories, PagesJaunes SA enters into contracts with its paper suppliers, printers and distributors. These may be single year or multi-year contracts.

In particular, PagesJaunes entered into three-year contracts with its printers, in respect of the years 2006, 2007 and 2008, and with three of its paper suppliers in respect of the years 2007, 2008 and 2009. It has also entered into a two-year contract with a paper supplier for the years 2007 and 2008. These contracts 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 101.2 million euros as at 31 December 2007, of which 68.7 million euros at less than one year.

QDQ Media concluded similar contracts with its printers, with forecast volumes totalling 2.8 million euros (at less than a year).

Only the firm orders placed as at 31 December 2007, with paper suppliers, content suppliers, printers and distributors, are therefore recorded in off-balance-sheet liabilities at that date, for a total amount of 7.8 million euros.

Other commitments received

On 24 October 2006 PagesJaunes Groupe concluded a revolving credit line of 400 million euros 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. This credit line was not drawn as at 31 December 2007.

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 34 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 Groupe nor any of its subsidiaries is party to any lawsuit or arbitration proceeding that the management of PagesJaunes believes could reasonably have a material adverse effect on its results, its business or its consolidated financial position.

- At the beginning of 2002, PagesJaunes implemented a commercial development plan, including, 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. On 14 February 2007, the *Cour de Cassation* passed a new judgment confirming validity of the plan implemented by PagesJaunes. However, cases including claims based on grounds not settled by the above judgments and cases before the administrative jurisdictions are still pending. The provision of 7.3 million euros constituted at the end of 2002 to cover this risk was reduced by 1.0 million euros in 2006, then by 1.9 million euros in 2007 in view of the favourable progress of this case.
- The French *Direction Générale de la Concurrence, de la Consommation et de la Répression des Fraudes* (DGCCRF) is currently carrying out an investigation on the relationship of PagesJaunes with certain advertising agencies. Although at this stage PagesJaunes is not aware of the exact purpose of this investigation and therefore cannot assess its implications, PagesJaunes cannot rule out the possibility that it might have adverse consequences for the company.
- In 2006, PagesJaunes Groupe and its subsidiary PagesJaunes were subjected to a tax inspection in respect of the years 2002, 2003 and 2004. On 11 December 2006, the companies received a proposed

reassessment from the taxation authorities concerning two points: (i) In respect of the first point, relating to the non-deductibility of debt cancellations, PagesJaunes Groupe recorded an additional tax charge of 0.7 million euros from 2006; (ii) By contrast, PagesJaunes Groupe and PagesJaunes contested the second point concerning a claim of about 4.8 million euros including interest. They sent their observations to the taxation authorities to this effect in two letters dated 10 January 2007. On 7 March 2007, the tax authority simply rejected the request for adjustment on this second point. This latter point had not been covered by a provision in the accounts for 2006.

- An advertising agency (Publicom Méditerranée) commenced legal proceedings against PagesJaunes before the Commercial Court of Nanterre for abuse of dominant position, discriminatory practices and unfair competition. It is claiming 1,600,000 euros in damages. This case is still at the pre-trial stage. Although PagesJaunes believes it has a strong case, it cannot rule out possible adverse judgments.
- During January 2007, the company PagesJaunes was summoned to appear before the "*Conseils de Prud'Hommes*" (French work and industrial tribunal) of Caen, Marseille and Lille at the instigation of three employees from the company ADREXO, charged with 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 grounds of financial solidarity. These proceedings are in the initial stage and although PagesJaunes has strong arguments in its defence, it cannot rule out possible adverse judgments or prejudicial consequences.

In addition, in common with other companies in this sector, the Group is frequently the subject of court proceedings brought in relation to errors in the publication of directories and other media. Generally the financial risk represented by each of these proceedings is relatively limited. However, an increase in their number may constitute a significant risk for the Group. The number of such proceedings declined constantly from 2001 and has remained stable since 2006. On 31 December 2007, there were 23 cases pending for a total amount of 1.8 million euros in damages. Within this context, the Group is attempting to negotiate out-of-court settlements which will significantly reduce the total final cost of these proceedings. However, there is no guarantee that these cases will not have an unfavourable impact on the Group's financial situation.

To the Company's knowledge, there is no other dispute, arbitration or exceptional fact liable to have, or having had in the last 12 months, a significant impact on the financial position or profitability of the Company and/or of the Group.

NOTE 35 EVENTS SUBSEQUENT TO CLOSING

In February 2007, PagesJaunes issued writs against the companies Xentral (formerly Prodis) and L'Annuaire Universel on grounds of counterfeiting. PagesJaunes intends to defend its rights against these

companies, which, by operating the "pagesjaunes.com" online directory site aimed at a French audience, are taking advantage of the awareness of the "PagesJaunes" brand.

NOTE 36 SCOPE OF CONSOLIDATION

Company	Country	As at 31 December 2007		As at 31 December 2006	
		Interest	Control	Interest	Control
Fully consolidated companies					
PagesJaunes in France segment					
PagesJaunes Groupe	France	100%	100%	100%	100%
PagesJaunes	France	100%	100%	100%	100%
International & Subsidiaries segment					
QDQ Media	Spain	100%	100%	100%	100%
Eurodirectory	Luxemburg	100%	100%	100%	100%
Edicom	Morocco	100%	100%	100%	100%
Kompass France ⁽¹⁾	France	-	-	100%	100%
Kompass Belgium ⁽¹⁾	Belgium	-	-	100%	100%
PagesJaunes Marketing Services	France	100%	100%	100%	100%
Mappy	France	100%	100%	100%	100%
PagesJaunes Petites Annonces	France	66%	66%	100%	100%
Horyzon Média	France	66%	66%	-	-
Horyzon Clics	France	66%	66%	-	-
A Ton Service	France	66%	100%	-	-
Proportionally consolidated companies					
International & Subsidiaries segment					
Editus	Luxemburg	49%	49%	49%	49%

(1) Activities sold in 2007 – see Note 6.

20.2 Financial statements for PagesJaunes Groupe

Balance Sheet

(in thousands of euros)	Notes	Gross	Amortizations and provisions	At 31 December 2007 net	At 31 December 2006 net	Variation
Assets						
Software applications	2.2	264	64	200	135	65
Advances and deposits paid on intangible assets		0		0	120	(120)
Holdings	3.2	4,150,140		4,150,140	4,173,274	(23,134)
Receivables attached to holdings	3.2	15,962		15,962	8,570	7,392
TOTAL FIXED ASSETS		4,166,366	64	4,166,302	4,182,099	(15,797)
Advances and deposits		52		52	1,394	(1,342)
Operating receivables		29,903		29,903	28,534	1,369
Customer receivables	3.3	1,024		1,024	1,896	(872)
Trade debts		0		0	3	(3)
Capital and fiscal receivables		10,803		10,803	17,713	(6,910)
Receivables on subsidiaries (fiscal integration)	3.5	18,076		18,076	8,922	9,154
Various receivables	3.4	5,628		5,628	6,786	(1,158)
Invested securities, money market funds and certificates of deposit	3.5	67,376		67,376	44,897	22,479
Cash	3.5	181		181	252	(71)
Pre-paid expenses		250		250	28	223
TOTAL CIRCULATING ASSETS		103,390		103,390	81,890	21,500
TOTAL ASSETS		4,269,756	64	4,269,692	4,263,989	5,703

(in thousands of euros)	Notes	Gross	Amortizations and provisions	At 31 December 2007 net	At 31 December 2006 net	Variation
Liabilities						
Capital				56,129	56,053	76
Issue premium				82,951	78,601	4,350
Reserves				23,957	23,928	29
Legal reserve				5,605	5,576	29
Other reserves				18,352	18,352	0
Loss carried forward				1,070,928	1,147,302	(76,374)
Profit for the year				220,207	226,726	(6,519)
Regulatory provision				9	0	9
SHAREHOLDERS' EQUITY	3.6			1,454,181	1,532,610	(78,429)
Provision for expenses				961	870	91
PROVISIONS FOR RISKS AND COSTS	3.7			961	870	91
Financial debt	3.8			2,808,454	2,716,204	92,250
Bank loans and overdrafts				94	97	(3)
Borrowing and financial debts with banks				1,956,872	1,955,687	1,185
Miscellaneous borrowing and financial debts				583,026	582,374	652
Current accounts				268,462	178,046	90,416
Operating debt				4,868	13,956	(9,088)
Supplier payables and related accounts	3.9			977	8,225	(7,248)
Outstanding tax and social security contributions				3,891	5,731	(1,840)
Miscellaneous debt	3.9			1,228	349	879
Debts various				810	2	808
Debts on fixed assets and related accounts				0	98	(98)
Subsidiary debt (tax consolidation)				418	249	169
TOTAL DEBT				2,814,550	2,730,509	84,041
TOTAL LIABILITIES				4,269,692	4,263,989	5,703

Income statement

(in thousands of euros)	Notes	At 31 December 2007	At 31 December 2006	Change
Provision of services	3.11	6,524	8,208	(1,685)
Related products	3.11	78	96	(18)
Write-back of provisions and expense transfers		8	367	(359)
Other income		0	54	(54)
Operating income		6,610	8,726	(2,116)
Purchases and provision of services		13	14	(1)
Non-stocked purchases, materials and supplies		11	17	(6)
External services		837	720	117
Other external services		7,792	56,451	(48,659)
Taxes and similar payments		293	574	(281)
Salaries		3,819	3,996	(177)
Social expenses		1,596	1,555	41
Other costs		380	268	112
Allowances for provisions on circulating assets		64	9	55
Allowances for provisions on risks and expenses		56	47	9
Operating costs		14,861	63,651	(48,790)
Operating income		(8,251)	(54,925)	46,674
Positive exchange difference		0	0	0
Holding income		313,520	274,973	38,547
Investment income on invested securities and receivables from fixed assets		2,858	2,494	364
Other income		4,648		4,648
Write-back of provisions		15,000	2,762	12,238
Financial income		336,026	280,229	55,797
Negative exchange difference		10	4	6
Debtor interest		150,793	18,460	132,333
Allowances for provisions		35	34	1
Other finance costs		4,996	384	4,612
Financial expenses		155,834	18,882	136,952
Financial result	3.12	180,192	261,347	(81,155)
Current results		171,941	206,422	(34,481)
Exceptional income on capital operations and managed funds		42,300	660	41,640
Write-backs on provisions and amortisation and expense transfers		0	49	(49)
Exceptional income		42,300	709	41,591
Exceptional charges on capital operations and managed funds		48,887	7,376	41,511
Accelerated depreciation		9	0	9
Exceptional expenses		48,896	7,376	41,520
Exceptional profit	3.13	(6,596)	(6,667)	71
Employee participation		0	0	0
Tax on benefits	4.6	(54,862)	(26,971)	(27,891)
Net income		220,207	226,726	(6,519)

➤ Cash flow statement

in thousands of euros	on 31 December 2007
Net result	220,207
Operations	
Non-monetary elements with no effect on cash	
- Amortization and provision for tangible fixed assets	64
- Capital gains or losses on assignment of assets	
- Changes in provisions	(14,900)
Self-financing capacity	205,371
- Reduction (increase) in client receivables	2,217
- Reduction (increase) in other receivables	(8,666)
- Increase (reduction) in supplier debts	(7,249)
- Increase (reduction) in other debts	5,335
- Deferred expenses	
Change in need for working capital	(8,363)
Cash flow from operation	197,008
Investment	
- Purchase of tangible and intangible fixed assets	(9)
- Increase (reduction) of debts from suppliers of fixed assets	(98)
- Changes in holdings and other receivables	30,742
- Reduction (increase) in VMP investment securities and other long-term assets	(22,480)
Cash flow assigned to investment	8,155
Financing	
- Repayment of long-term loans	
- Medium-term loans	
- Dividends paid to shareholders	(303,071)
- Increase in capital and shareholder equity	4,427
- Increase (reduction) in bank overdrafts and short-term loans	1,837
Cash flow from financing	(296,807)
Net cash variation (including current accounts)	(91,644)

➤ Situation of realisable and available assets and liabilities payable

Items (in thousands of euros)	Net at 31 December 2007
Realisable and available assets	
Advances and down payments on orders (operating suppliers)	52
Client receivables and related accounts (invoices pending)	1,024
Other receivables ⁽¹⁾	20,354
Current accounts	4,546
UCITS and liquid assets	20,184
Corporate tax claims	9,606
TOTAL	55,766
Liabilities payable	
Compulsory convertible loans	
Other compulsory loans	
Borrowing and debts with lending institutions (excluding interest accrued)	93
Miscellaneous borrowing and financial debts	848,462
Advances and down payments received on ongoing orders	
Supplier payables and related accounts (invoices not received)	976
Outstanding tax and social security contributions	3,891
Debts on fixed assets and related accounts	
Other debts	1,227
TOTAL	854,649

(1) Including subsidiary current accounts following fiscal integration.

Subsidiaries and shareholdings 2007

Subsidiaries and Shareholdings	Capital	Shareholders' equity prior to allocation of the results (including capital)	Share of capital held in %	Book value of shares held		Loans and advances granted by the Company not yet repaid, excluding current accounts	Amount of guarantees or endorsements provided by the Company	Turnover excluding taxes for the last business year closed	Result for the last business year closed	Dividends cashed by the Company over the year	Observations
				Gross	Net						
Detailed information on subsidiaries and shareholdings											
1/ Subsidiary: + 50% held by the Company											
CRISTALLERIE 2 7 avenue de la Cristallerie 92317 Sèvres Cedex	38	36	100.00%	38	38	-	-	-	(3)	-	Preliminary data, not audited.
CRISTALLERIE 3 7 avenue de la Cristallerie 92317 Sèvres Cedex	38	36	100.00%	38	38	-	-	-	(4)	-	Preliminary data, not audited.
CRISTALLERIE 4 7 avenue de la Cristallerie 92317 Sèvres Cedex	38	38	100.00%	38	38	-	-	-	(2)	-	Preliminary data, not audited.
EDICOM 1 rue Chajarat Addour, Quartier Palmier 21000 Casablanca	27	477	100.00%	5,450	5,450	-	-	4,418	630	966	
EURODIRECTORY SA 12-14, bld Grande-Duchesse Charlotte L.1330 LUXEMBOURG	1,625	1,794	100.00%	14,707	14,707	-	-	78	2,277	2,301	Parent Company of Editus Luxembourg 49% shareholding Preliminary data, not audited.
HORYZON CLICS 122 rue de Paris 92100 Boulogne Billancourt	N/S	-47	66.00%	1,555	1,555	-	-	2,264	77	-	
HORYZON MEDIA 122 rue de Paris 92100 Boulogne Billancourt	40	414	66.00%	9,157	9,157	-	-	7,897	355	-	
MAPPY 47 rue de Charonne 75011 Paris	212	3,335	100.00%	10,048	10,048	-	-	12,687	(898)	-	
PAGESJAUNES SA 7 avenue de la Cristallerie 92317 Sèvres Cedex	4,005,038	4,049,697	100.00%	4,005,038	4,005,038	-	-	1,072,891	349,445	309,723	
PAGESJAUNES MARKETING SERVICES 25 Quai Gallieni 92 150 Suresnes	7,275	12,371	100.00%	7,275	7,275	-	-	16,391	929	-	
PAGESJAUNES Outre-mer 5, avenue de la Cristallerie 92317 Sèvres cedex	75	83	100.00%	76	76	-	-	25,683	329	531	
PAGESJAUNES PETITES ANNONCES 7 avenue de la Cristallerie 92317 Sèvres Cedex	7,576	17,238	66.00%	5,000	5,000	8,700	-	2,076	(15,997)	-	
QDQ MEDIA Jualian Camarillo, 6A 28037 Madrid- SPAIN	5,500	2,955	100.00%	91,719	91,719	7,000	-	47,617	(2,369)	-	
2/ Shareholdings (between 10 and 50 %)											

PagesJaunes Groupe

Annual accounts at 31 December 2007

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1. DESCRIPTION OF BUSINESS

PagesJaunes Groupe is a holding Company that owns subsidiaries which have offered a diversified range of products and services to the general public and businesses for over 60 years. The Group's core business is directories in France and abroad.

The accounts set out below are for the twelve-month period from 1 January 2007 to 31 December 2007.

2. ACCOUNTING RULES AND METHODS

Accounting conventions have been applied in adherence to the principle of prudence and in accordance with certain basic hypotheses: 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.

PagesJaunes Groupe's annual accounts have been prepared in accordance with applicable legislation and generally accepted practice in France, and in conformance with the CRC regulation dated 29 April 1999 relating to the rewriting of the General Chart of Accounts.

The principal methods are described below. Figures are stated in thousands of euros.

➔ 2.1 Principles used for income and costs

Income and costs are accounted for in accordance with the General Chart of Accounts.

➔ 2.2 Intangible assets

Intangible assets include software packages, which are amortized over three years on a pro rata basis.

➔ 2.3 Holdings and other fixed investments

Holdings are booked at their historic acquisition cost by PagesJaunes Groupe. This includes, where applicable, any costs directly chargeable to the transaction.

A provision for depreciation is recorded if this value is higher than the going concern value, as assessed by PagesJaunes Groupe's 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 Cash and investment securities

Cash at 31 December 2007 consist of immediately available liquid assets and short-term investments with a term to maturity of three months or less at their acquisition date. Investment securities may be provisioned, based on the last available price at the close of the financial year.

➔ 2.6 Provisions for risks and 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. The actuarial differences relating to post-employment benefits will be treated in accordance with the corridor method, which consists of recognising a specified portion of the net cumulative actuarial gains and losses that exceed 10% of the greater of the present value of the commitment and the value of plan assets, over the average expected remaining working lives of the employees participating in the plan.

This provision is calculated on the basis of an actuarial assessment, and takes into account various parameters:

- the mortality tables used are "male generation mortality tables" (TGH 05) for the male population and "female generation mortality tables" (TGF 05) for the female population;
- the employee turnover rates used, which vary depending on length of service with the Company, age and socio-professional category;
- retirement age, set at 63 for management and 61 for sedentary employees, technicians and supervisors;
- salary increase tables, which are defined based on age and socio-professional category;
- the discount rate, which is set at 4.75% for 2007 costs;
- the likely residual term, which is set at 14.18 years.

Other risk provisions are based on the best possible estimate of risks incurred by PagesJaunes Groupe.

➔ 2.7 Financial result

Financial result 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 Groupe.

➔ 2.8 Corporation tax

Under the terms of the tax integration agreement entered into by PagesJaunes Groupe and its subsidiaries which are members of the Group for tax purposes, tax savings are taken into account by the parent Company, PagesJaunes Groupe, as results for the year.

As at 31 December 2007 the tax group of which PagesJaunes Groupe is the parent Company included six companies.

3. ADDITIONAL INFORMATION RELATING TO THE BALANCE SHEET AND INCOME STATEMENT

➔ 3.1 Intangible assets

Gross	1 January 2007	Acquisition and entry changes	Reduction and entry changes	31 December 2007
Software applications	135	129	-	264
Advances and deposits paid on intangible assets	120	-	120	-
GROSS TOTAL	255	129	120	264

Amortization	1 January 2007	Allowances	Write-backs	31 December 2007
Software applications	-	64	-	64
TOTAL AMORTIZATION	-	64	-	64

➔ 3.2 Holdings and related receivables

The analysis of changes in holdings and related receivables is as follows:

(in thousands of euros)	% interest	Gross value	Period ending 31 December		2006 Net book value
			2007		
			Provision	Net book value	
Holdings					
Cristallerie 2	100%	38	-	38	38
Cristallerie 3	100%	38	-	38	38
Cristallerie 4	100%	38	-	38	-
Edicom	100%	5,450	-	5,450	5,450
Eurodirectory	100%	14,707	-	14,707	14,707
Horyzon Clics	66%	1,555	-	1,555	-
Horyzon Média	66%	9,157	-	9,157	-
Kompass Belgium	100%	-	-	-	1,799
Kompass France	100%	-	-	-	32,085
Mappy	100%	10,048	-	10,048	10,048
PagesJaunes	100%	4,005,038	-	4,005,038	4,005,038
PagesJaunes Marketing Services	100%	7,275	-	7,275	7,275
PagesJaunes Outre-Mer	100%	76	-	76	76
PagesJaunes Petites Annonces	66%	5,000	-	5,000	5,000
QDQ Media	100%	91,719	-	91,719	91,719
TOTAL		4,150,140	-	4,150,140	4,173,274
Related receivables					
Kompass Belgium		-	-	-	318
PagesJaunes Petites Annonces		8,774	-	8,774	-
QDQ Media		7,188	-	7,188	8,252
TOTAL		15,962	-	15,962	8,570

Changes during the year were as follows:

- sale of Kompass France and Kompass Belgium on 14 March 2007, selling price 42,300 thousand euros;
- creation of Cristallerie 4. This Company has share capital of 38,000 euros, and had recorded no operations at 31 December 2007;

- purchase of 66% of Horyzon Média and 66% of Horyzon Clics for the respective amounts of 9,157 thousand euros and 1,555 thousand euros. The purchase costs for these shareholdings, 200,000 euros, were locked up and subject to accelerated amortization over five years on a *prorata* basis, equal to 9,000 euros at 31 December 2007.

On 11 October 2007, PagesJaunes Groupe and the M6 Group announced a strategic Internet partnership for joint development of the annoncejaunes.fr site. The M6 Group acquired a 34% shareholding in PagesJaunes Petites Annonces through a share capital increase of 16,000 thousand euros.

PagesJaunes Groupe granted a loan to PagesJaunes Petites Annonces, the total amount of which was 8,700 thousand euros. The loan was implemented on 17 October 2007, with interest at EONIA 12 months, plus 30 basis points, and will be locked up in terms of the principal and the interest until an operating balance is achieved by PagesJaunes Petites Annonces.

➔ 3.3 Customer receivables and provisions for impairment of receivables

(in thousands of euros)	Period ending 31 December	
	2007	2006
Gross customer receivables	1,024	1,904
Provisions for impairment	-	(9)
Net trade accounts receivable	1,024	1,895

These receivables mainly relate to services billed by PagesJaunes Groupe to its subsidiaries.

➔ 3.4 Receivables due in more than and less than one year

Excluding receivables relating to shareholdings, all receivables are at less than one year.

➔ 3.5 Cash, investment securities and current accounts

(in thousands of euros)	Period ending 31 December	
	2007	2006
Invested securities, money market funds and certificates of deposit	67,376	44,897
Cash	181	-
Other financial claims	-	252
Current account, Horyzon Clics	468	-
Current account, Mappy	1,364	-
Current account, PagesJaunes Marketing Services	2,714	-
Current account, PagesJaunes Outre-Mer	-	4,909
Tax integration current accounts	18,076	8,922
Liquid assets, investment securities and current accounts	90,179	58,980
Other financial debt	94	97
Current account, PagesJaunes	240,878	176,925
Current account, PagesJaunes Petites Annonces	11,542	1,121
Current account, PagesJaunes Outre-Mer	16,043	-
Tax integration current accounts	418	249
Gross financial debt	268,975	178,392
Due in less than one year	268,975	178,392
Due in more than one year	-	-
Net cash/(debt) ⁽¹⁾	(178,796)	(119,412)

(1) Including tax integration current accounts.

As at 31 December 2007, PagesJaunes Groupe held a portfolio of medium-term notes with an acquisition value of 47,242 thousand euros, and stock market value of 47,273 thousand euros, based on the selling price on 31 December 2007, i.e. a latent capital gain of 31,000 euros. At 31 December 2007, PagesJaunes Groupe also held a certificate of deposit of 20,003 thousand euros. In 2007 the certificate generated income of 132,000 euros.

Tax integration current accounts with subsidiaries, showing a net balance of 17,658 thousand euros at 31 December 2007, consist of the share of 2007 corporation tax owed by each subsidiary and billed to it under the terms of tax integration agreements effective from 1 January 2005.

Other current accounts with subsidiaries arise from cash agreements drawn up with each, bearing interest at EONIA plus a margin of 1/16, if PagesJaunes Groupe is the lender, or EONIA minus a margin of 1/16 if the Company is the borrower.

➔ 3.6 Share capital and changes in shareholders' equity

Share capital

PagesJaunes Groupe share capital as at 31 December 2007 was 56,128,890 euros, as against 56,053,356 euros at 31 December 2006. It is made up of 280,644,450 shares with a nominal value of 0,20 euro each.

Date	Description	Number of shares	Unit value	Capital in thousands of euros
1 January 2007	Capital at start of year	280,266,780	0.20	56,053
31 December 2007	Capital at end of year	280,644,450	0.20	56,129

The Company carried out a capital increase of 75,534 euros in 2007, along with an issue premium of 4,350,758.40 euros, as part of the early exercising of 377,670 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

PagesJaunes Groupe implemented two share subscription option plans on 28 June 2005 and 20 December 2007.

The plan implemented in June 2005 was for 3,796,800 options with an exercise price of 19,30 euros, and a 10 year duration. Acquisition of options is completed after 3 years.

The plan rules enabled beneficiaries to exercise up to 50% of the options allocated to them early – i.e. around 1.85 million options – within three months of 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 wish. Capital gains arising from this early exercise of options are recorded for tax purposes in a similar fashion to wages and salaries. This means they are subject to social security charges and income tax for the beneficiary, and employer contributions for the business. 1,854,840 options (377,670 in 2007 and 1,477,170 in 2006) were exercised early in this fashion.

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. As at 31 December 2007, taking into account this advance exercise on the one hand and the adjustment of the exercise price and the number of options on the other, and finally employee departures, 3,190,829 options remained in circulation (3,735,176 in 2006), the adjusted exercise price of which is now 11,72 euros.

A second plan was implemented in December 2007 for 2,927,900 options with an exercise price of 14,46 euros and a duration of ten years. The acquisition of options is completed after 3 years. There are no performance conditions.

Whatever the plans, a four-year share sale restriction period is required by the tax authorities, and is applicable to French beneficiaries.

Free shares

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 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 drew up the conditions for the first free share plan on 30 May 2006. This plan gave rise to the initial granting 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 granting of 778,638 shares to 611 employees of the Group.

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. 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. In due consideration of Group results in 2006 and 2007, the first plan granted in May 2006 cannot be implemented since the performance criteria for 2006 and 2007 were not met.

At 31 December 2007, in consideration of departures and cancellations since these allocations and failure to meet the performance criteria set for 2006 and 2007, 745,440 freely allocable shares remained in circulation (1,356,201 at 31 December 2006). No new free share issue plan was granted in 2007.

Changes in shareholders' equity

The following is an analysis of the changes in PagesJaunes Groupe shareholders' equity during the 2007 financial year:

Changes in shareholders' equity	(in thousands of euros)
Shareholders' equity as at 1 January 2007	1,532,610
Increase in share capital	76
Increase in issue premium	4,349
Dividends 2007	(303,070)
Profit for the year	220,207
Regulatory provision	9
Shareholders' equity at 31 December 2007	1,454,181

➔ 3.7 Provisions for risks and costs

(in thousands of euros)	Post-employment benefits	Other long-term benefits	Total 31 December 2007	Total 31 December 2006
Change in value of liabilities				
- Total value of liabilities at start of period	739	39	778	857
- Cost of services provided	42	3	45	47
- Discounting cost	33	2	35	34
- Contributions paid by employees				
- Change to benefits scheme				
- Reductions/liquidations				
- Actuarial losses (gains)	97	15	112	(160)
- Benefits paid for		(3)	(3)	
- Acquisitions				
- Business disposals/sales				
- Change in scope:				
- Others: (translation differences)				
- Total value of liabilities at end of period: (A)	911	56	967	778
- Period-end liabilities pertaining to fully or partly funded schemes				-
- Period-end liabilities pertaining to non-funded schemes	911	56	967	778
Change in hedge assets				
- Fair value of hedge assets at start of period				
- Financial income on hedge assets				
- Gains/losses on hedge assets				
- Employer contributions paid				
- Contributions paid by employees				
- Reductions/liquidations				
- Benefits paid for by fund				
- Change in scope				
- Other (translation differences)				
- Fair value of hedge assets at start of period: (B)				
Financial cover				
- Financial position of scheme (A) – (B)	911	56	967	778
- Unrecognised actuarial gains (losses)	(6)		(6)	92
- Unrecognised past service costs				
- Adjustment linked to asset ceiling				
- Provision/(Assets) at end of period	905	56	961	870
- including provision (assets): Short-term		3	3	79
- including provision (assets): Long-term	905	53	958	791
Pension costs				
- Cost of services provided	42	3	46	47
- Discounting cost	33	2	35	34
- Expected return on scheme assets				
- Amortization of actuarial losses (gains)	(1)	15	14	(18)
- Amortization of past service costs				
- Impact of reductions/liquidations				
- Business disposals/sales				
- Adjustment linked to asset ceiling				
Total retirement charge	74	20	94	63

(in thousands of euros)	Post-employment benefits	Other long-term benefits	Total 31 December 2007	Total 31 December 2006
Changes in provision (assets)				
- Provision/(Assets) at beginning of period	831	39	870	807
- Pension costs	74	17	91	63
- Employer contributions paid				
- Benefits directly paid by employer				
- Change in scope:				
- Other (goodwill)				
- Provision/(Assets) at end of period	905	56	961	870
Cost recorded for the period	74	17	91	63

(in thousands of euros)	1 January 2007	Charge for the year	Write-back for the year (provision used)	31 December 2007
Pension and similar liabilities	870	94	(3)	961
Provisions for exchange rate risk	-	-	-	-
Other provisions	-	-	-	-
TOTAL PROVISION FOR RISKS AND CHARGES	870	94	(3)	961
- including long-term	791	94	(3)	882
- including short-term	79			79

The net impact of costs incurred may be broken down as follows:

(in thousands of euros)	Charge	Write-back
Operating income	59	(3)
Financial result	35	-

Provisions for pension and similar liabilities include rights given by way of lump sum retirement allowances and the "work medal".

➔ 3.8 Financial Debt

The following is an analysis of PagesJaunes Groupe's financial debt as at 31 December 2007 and 31 December 2006:

(in thousands of euros)	Period ending 31 December	
	2007	2006
Bank loans and overdrafts	94	97
Borrowing and financial debt with banks	1,956,872	1,955,687
Financial debt and borrowings with Group companies	583,026	582,374
Current accounts with related companies	268,462	178,046
TOTAL	2,808,454	2,716,204

Borrowing and debt with banks

On 24 October 2006, PagesJaunes Groupe 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 euros, including a medium-term senior loan of 1,950 million euros and a revolving credit line of 400 million euros. The sole purpose of the senior debt was to finance the exceptional dividend of 9 euros 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.

This finance contract contains compulsory early repayment clauses and default clauses, as well as evolving financial covenants.

The medium-term loan has a term to maturity of seven years, with interest at a variable rate, the Euribor 3-month rate, and a margin of 175 basis points at 31 December 2007. 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, Euribor or Libor, with a margin of 175 basis points at 31 December.

As at 31 December 2007, the amount of borrowing and debts with banks is therefore made up of the nominal amount of the medium-term loan, 1,950,000 thousand euros, along with accrued interest on this loan, equal to 6,872 thousand euros.

Financial debt and borrowings with Group companies

PagesJaunes Groupe took out two loans with its PagesJaunes subsidiary, for a total amount of 580 million euros. Both these loans, which were implemented on 1 September 2006 and 23 November 2006 respectively, bear interest at the Euribor 3-month rate plus a margin. The term of the loans is two years; partial or full early repayment may be made on the borrower's or lender's initiative, subject to prior notice. Interest accrued and not yet due on the two loans was 3,026 thousand euros at 31 December 2007, as against 2,374 thousand euros at 31 December 2006.

Current accounts

The table below shows current accounts with related companies:

(in thousands of euros)	Period ending 31 December	
	2007	2006
Related companies		
PagesJaunes	240,877	176,925
PagesJaunes Outre-mer	16,043	-
PagesJaunes Petites Annonces	11,542	1,121
TOTAL	268,462	178,046

➔ 3.9 Debt maturity statement

(in thousands of euros)	Gross amount	At one year maximum	At more than one year
Bank loans and overdrafts	94	94	-
Borrowing and financial debt with banks	1,956,872	6,872	1,950,000
Financial debt and borrowings with Group companies	583,026	583,026	-
Current accounts with related companies	268,462	268,462	-
Supplier payables and related accounts	977	977	-
Outstanding tax and social security contributions	3,891	3,891	-
Others	810	810	-
TOTAL	2,814,132	864,132	1,950,000

➔ 3.10 Charges payable

(in thousands of euros)	Gross
Supplier payables and related accounts, invoices not received	877
Outstanding tax and social security contributions, VAT, taxes, salaries, and social security contributions payable	2,468
TOTAL	3,345

➔ 3.11 Breakdown of revenue

Revenue was 6,602 thousand euros in 2007, as against 8,304 thousand euros in 2006.

➔ 3.12 Financial result

Financial result basically includes consists of 313,520 thousand euros in dividends received in 2007 (274,967 thousand euros in 2006), and a write-back of provision on the Kompass shareholding disposed of (see 3.13).

(in thousands of euros)	2007	2006
Dividends	313,520	274,967
Other financial income	7,506	2,500
Write-back of provisions	15,000	2,762
FINANCIAL INCOME	336,026	280,229

(in thousands of euros)	2007	2006
Interest on miscellaneous borrowing and financial debts	150,793	18,460
Other finance costs	4,997	384
Exchange rate losses	10	4
Financial provisions	35	34
FINANCIAL EXPENSES	155,834	18,882

➔ 3.13 Exceptional profit

The exceptional profit deficit of 6,593 thousand euros includes the net book values of the Kompass France and Kompass Belgium shareholdings

sold in March 2007 – 48,884 thousand euros – offset by a selling price of 42,300 thousand euros and a provision write-back of 15,000 thousand euros (write-back posted to financial income).

(in thousands of euros)	2007	2006
Income from disposal of own shares	-	615
Disposal income	42,300	45
Other exceptional income	-	49
EXCEPTIONAL INCOME	42,300	709

(in thousands of euros)	2007	2006
Other exceptional costs on management operations	3	4,314
Other costs	9	48
Net book value of the shareholdings sold	48,884	3,014
EXCEPTIONAL EXPENSES	48,896	7,376

4. OTHERS

➔ 4.1 Taxes

Latent and deferred tax position

Reduction of future tax liability	Gross (in thousands of euros)
Interest on sale of debt	291
Provision for lump sum retirement allowances	905
Others	42
TOTAL	1,238

Costs which were recorded in 2007 and during previous years, but which were added back into taxable profits, represent an amount of 1,238 thousand euros at 31 December 2007. Based on the corporation tax rate applicable at that date, this represents a reduction of 426,000 euros in future tax liabilities.

➔ 4.2 Off-balance-sheet commitments

Statutory training rights (DIF)

For 2008, any employee with at least one year's service as at 31 December 2007 is entitled to 20 hours' training under the DIF at 31 December 2007. These may be used with effect from 1 January 2008, and represent a total commitment for 2008 of 1,619 hours.

Pledges on securities

Under the terms of the bank finance contract described in paragraph 3.8, the Company granted the lending banks a financial instruments account pledge covering all the PagesJaunes shares that it owns. This pledge is given by way of security for any and all amounts owed by the Company under the terms of the bank finance package (including capital, interest, fees, costs and ancillary amounts).

In addition, the Company undertook to grant the lending banks a financial instruments account pledge relating to the shares of any subsidiary that might become a material subsidiary as defined in the finance contract. Such a pledge 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 Groupe entered into the following arrangements with various financial institutions:

- an interest rate swap contract for a nominal amount of 380 million euros, beginning 13 December 2006 and ending 13 December 2011. Under the terms of this transaction, PagesJaunes Groupe is a payer at a variable rate, namely Euribor, and a receiver at 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 euros, commencing on 13 December 2006 and ending on 13 December 2011. The tunnel created by this collar provides for a minimum interest rate of 3.0% and a maximum interest rate of 4.0%. The annual premium for this collar is 1.9 million euros, payable in arrears.

These transactions serve to hedge the interest rate risk incurred on the variable rate senior debt drawn down by PagesJaunes Groupe in November 2006 (see 3.8). Both the interest on the interest rate swap and the premium payable on the collar are accounted for on a *pro rata* basis.

At 31 December 2007 PagesJaunes Groupe booked net financial income of 2.7 million euros on these operations.

Bank commitments

In October 2006, PagesJaunes Groupe set up a revolving credit line for 400 million euros, agreed by a syndicate of seven banks. As at 31 December this revolving credit line, whose characteristics are described in paragraph 3.8, remained undrawn.

Minority interest purchase commitment

Following the purchase at the end of 2007 of 66% of the shares of Internet advertising companies (Horyzon Média and Horyzon Clics), purchase and sale options were respectively granted for the balance of 34% of the shareholdings. They may be exercised by the two parties in 2011. The exercise price for these shares is calculated using a formula based on revenue and operating income for the year 2010.

Other commitments given

On 14 March 2007, PagesJaunes Groupe sold 100% of the share capital in Kompass France and Kompass Belgium to Coface Services. In this framework PagesJaunes Groupe granted a number of general guarantees to Coface Services, capped at 2.7 million euros, and specific guarantees in relation to business and tax risks capped at a total sum of 7.7 million euros.

At this date, there are no other significant off-balance-sheet commitments as per current accounting standards.

➔ 4.3 Directors' attendance fees and remuneration of Board Members

Directors' fees and remuneration for Members of the Board stood at 348,000 euros in 2007 and 264,000 euros in 2006.

Other remuneration for members of administrative bodies equalled 678,000 euros.

➔ 4.4 Headcount

Average headcount	2007	2006
Managers	28.0	30.5
Administrative staff	2.8	3.9
TOTAL	30.8	34.4

➔ 4.5 Related companies

PagesJaunes Groupe is 54.75% owned by Médiannuaire SAS as at 31 December 2007, as against 54.82% as at 31 December 2006.

In this context, the following are set out below:

- operating income and costs recorded in 2006 and 2007 with each PagesJaunes Groupe subsidiary, as well as assets and liabilities relating to these subsidiaries as at 31 December 2006 and 31 December 2007;

- outstanding balance sheet items as at 31 December 2007 relating to Médiannuaire and Médiannuaire Holding, direct and ultimate majority shareholders of the PagesJaunes Groupe, as well as income and costs recorded with these two companies during 2007.

In 2007 PagesJaunes Groupe also booked a charge of 3,200 thousand euros for current Médiannuaire services, as against 267,000 euros in 2006.

Other companies in PagesJaunes Groupe

(in thousands of euros)						
2007	Income		Costs		Receivables	Payables
	Provision of services	Financial	Operation	Financial		
Edicom	15	-	8	-	23	-
Eurodirectory	33	-	-	-	33	-
Horyzon Clics	-	3	-	-	468	-
Mappy	25	43	-	-	1,394	-
PagesJaunes SA ⁽¹⁾	4,958	-	616	6,367	-	240,878
PagesJaunes Marketing Services	55	148	36	-	2,715	-
PagesJaunes Outre-mer	262	1	-	320	-	16,043
Pagesjaunes Petites Annonces ⁽¹⁾	265	189	-	92	-	11,542
QDQ Média ⁽¹⁾	668	-	-	-	672	-
TOTAL	6,281	384	660	6,779	5,305	268,463

(in thousands of euros)						
2006	Income		Costs		Receivables	Payables
	Provision of services	Financial	Operation	Financial		
Edicom	12	-	-	-	29	-
Editus	-	14	-	-	-	-
Eurodirectory	13	-	-	-	13	-
Kompass	388	-	-	-	467	19
Kompass Belgium ⁽¹⁾	20	9	-	-	20	-
Mappy	19	-	-	-	22	131
PagesJaunes SA ⁽¹⁾	6,540	-	635	3,672	9,463	176,925
PagesJaunes Marketing Services	100	191	-	-	4,743	99
PagesJaunes Outre-mer	209	-	-	-	541	-
PagesJaunes Petites Annonces	210	-	-	64	-	1,121
QDQ Média ⁽¹⁾	701	-	-	-	706	-
TOTAL	8,208	214	635	3,736	16,004	178,295

(1) Excluding receivables connected to shareholdings (see 3.2) and borrowing (see 3.8).

➔ 4.6 Tax integration

On 3 December 2004, PagesJaunes Groupe took up the option of placing itself under the tax system for groups of companies as set out in Article 223 A and following of the General Tax Code. This option is effective for a renewable five-year period. Through this option, PagesJaunes Groupe accepts sole liability for corporation tax on the profits of the whole group formed by itself and the companies of which it directly or indirectly holds at least 95% of the capital, and which have agreed to be members of the group. The subsidiaries integrated for tax purposes at 31 December 2007 were PagesJaunes SA, PagesJaunes Marketing Services, Cristallerie 2, Cristallerie 3, Mappy, and PagesJaunes Outre-mer. A tax integration gain of 54,862 thousand euros was posted in 2007, and corporation tax owed by PagesJaunes Groupe in 2007 was 125,873 thousand euros. At 31 December 2007 PagesJaunes Groupe had already paid out 135,352 thousand euros.

➔ 4.7 Events subsequent to year-end

There have been no material events since the end of the financial year.

➔ 4.8 Consolidation

PagesJaunes Groupe draws up its own consolidated accounts, and is fully consolidated in the consolidated accounts of Médiannuaire Holding.

20.3 Report by the Board of Directors at the General Shareholders' Meeting

Annual accounts for the year ending 31 December 2007

Ladies and Gentlemen,

We have called you to a combined General Shareholders' Meeting, in accordance with the provisions of the Law and the Articles of Association of our Company, in order to report to you on the Company's activity during the financial year 1 January 2007 to 31 December 2007, 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;
- ratification of the co-opting as directors of Mr Thomas Geitner and Mr Nicolas Gheysens;
- a new Company share buy-back programme;

The regulatory notifications have been duly sent to you, and all documents and items required by the current regulations have been made available to you within the legal timescales.

I - Main events during the year

The year 2007 featured a number of movements within the PagesJaunes Groupe shareholding portfolio:

- sale of Kompass France and Kompass Belgium on 14 March 2007 for a selling price 42.3 million euros;
- a strategic partnership with the M6 Group to develop the annoncesjaunes.fr website, entailing purchase of a 34% shareholding in PagesJaunes Petites Annonces by the M6 Group through a share capital increase of 16 million euros in October 2007;
- purchase in October and December 2007 of a 66% shareholding in the specialist Internet advertising companies Horyzon Media and Horyzon Clics, at the respective cost prices of 9.2 million euros and 1.6 million euros;

- creation of Cristallerie 4. This Company has share capital of 38,115 euros, and had recorded no operations at 31 December 2007.

In February 2007, the Company also implemented a bank syndicate loan of 1,950 million euros to finance an exceptional dividend payment of 9 euros per share. This improved the margin paid out by PagesJaunes Groupe, from 185 to 175 basis points, representing approximate savings of 2 million euros per year.

As per authorisation granted by the General Shareholders' Meeting on 12 April 2005 and the decision by the Board of Directors on 20 December 2007, the Company granted 2.9 million share subscription options, with an exercise price of 14.46 euros.

II - Company activity/results/presentation of the annual accounts

OPERATING INCOME

➔ Operating income

Revenue for 2007 was 6.6 million euros, as against 8.3 million euros in 2006. Revenue consisted mainly of billing for services rendered by all its subsidiaries.

➔ Operating costs

Personnel expenditure in 2007 was 5.4 million euros, as against 5.6 million euros in 2006, for an average headcount decreasing from 34 in 2006 to 31 in 2006. Other operating costs increased from 58.1 million euros in 2006 to 9.4 million euros in 2007. This mainly includes the assistance fees paid to the majority shareholder (3.2 million euros paid over to Médiannuaire SAS in 2007, as against a total of 4.8 million euros in 2006, including 0.3 million euros to Médiannuaire SAS and 4.5 million euros to France Télécom over the first nine months of the year). In 2006, PagesJaunes Groupe also incurred 47.5 million euros in expenses for bank financing of 2,350 million euros.

The PagesJaunes Groupe operating income for 2007 showed a deficit of 8.3 million euros, as against an operating deficit of 54.9 million euros in 2006.

FINANCIAL INCOME

Financial income of 336.0 million euros in 2007 (280.2 million euros in 2006) arose mainly from dividends from subsidiaries, which accounted for 313.5 million euros in 2007 (275.0 million euros in 2006). This also includes a provision of 15.0 million euros for Kompass France. Financial expenses, equalling 155.8 million euros (18.9 million euros in 2006), mainly consist of interest on the loan of 1,950 million euros, where the average rate was set at around 5.85% in 2007 in due consideration of the favourable incidence of interest rate hedging implemented at the end of 2006. It also includes interest on borrowing and creditor current accounts with subsidiaries.

Net financial income was therefore 180.2 million euros in 2007, as against 261.3 million euros in 2006.

ANALYSIS OF EXCEPTIONAL ITEMS

Exceptional items showed a deficit of 6.6 million euros, as against a deficit of 6.7 million euros in 2006. This mainly stems from losses on the sale of shareholdings in Kompass France and Kompass Belgium, offset at 15.0 million euros by a provision write-back under financial income.

ANALYSIS OF CORPORATION TAX

On 3 December 2004, PagesJaunes Groupe took up the option of placing itself under the tax system for groups of companies as set out in Article 223 A and following of the General Tax Code. This option is effective for a renewable five-year period. Through this option, PagesJaunes Groupe accepts sole liability for corporation tax on the profits of the whole group formed by itself and the companies of which it directly or indirectly holds at least 95% of the capital, and which have agreed to be members of the group. The subsidiaries integrated for tax purposes are PagesJaunes, PagesJaunes Marketing Services, Mappy, PagesJaunes Outre-mer, Cristallerie 2 and Cristallerie 3. PagesJaunes Groupe also posted income net of taxes in 2007 of 54.9 million euros, as against 27.0 million in 2006 – a tax integration gain.

NET INCOME

Net income for PagesJaunes Groupe activities in 2007 was 220.2 million euros in 2007, as against 226.7 million euros in 2006.

LIQUID ASSETS AND CASH POSITION

At 31 December 2007 PagesJaunes Groupe showed a positive net cash position of 178.8 million euros (119.4 million euros at 31 December 2006), mainly consisting of debit current accounts and loans with subsidiaries, and invested securities of 67.4 million euros. At this date PagesJaunes Groupe also posted a medium-term bank debt of 1,950 million euros, with medium-term related Company borrowing of 580 million euros.

III - Proposed distribution of income

We propose that the profit for the year of 220,207,377.91 euros be allocated as follows:

- 7,553.40 euros to be allocated to the legal reserve, bringing it to 5,612,889.00 euros;
- payment of a dividend of 0.96 euro per share, taking into account the previously retained amount of 1,070,927,808.70 euros;
- the remaining available amount to be recorded as "retained earnings".

The proposed dividend would be paid on or after 14 May 2007.

Consequently, the maximum overall amount of the dividend would be 269,418,672 euros. Any shares held by the Company as at the dividend payment date will not carry entitlement to any dividend.

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 entire dividend is eligible for the 40% rebate mentioned in Article 158.2.3 of the General Tax Code, which applies to natural persons resident in France for tax purposes.

The following dividends that were paid over the past three years are as follows:

Year	Number of shares	Dividend per share	Tax credit
2004	278,789,610	0.93	No tax credit ⁽¹⁾
2005	278,789,610	1.02	No tax credit ⁽²⁾
2006	280,266,780	1.08	No tax credit ⁽³⁾

(1) 100% of the dividend was eligible for the 50% rebate referred to in item 2, Section 3, Article 158 of the General Tax Code (applies to 2004 only).

(2) 100% of the dividend was eligible for the 40% rebate referred to in Article 158.2.3 of the General Tax Code (concerns the dividend paid for the year 2005).

(3) 100% of the dividend was eligible for the 40% rebate referred to in Article 158.2.3 of the General Tax Code (concerns the dividend paid for the year 2006).

Attached to this report, in accordance with the provisions of Article 225 of the Trading Code, is a table showing the Company's results for the past five financial years.

You are asked to approve the annual accounts and consolidated accounts of PagesJaunes Groupe for the financial year ending 31 December 2007, thereby discharging the directors and statutory auditors from the performance of their duties.

IV - Share capital – distribution

In accordance with the provisions of Article L. 233-13 of the Commercial Code, and taking into account information received under the terms of Articles L. 233-7 and L. 233-12 of the Commercial Code, you are

reminded that Médiannuaire holds more than half of the share capital and voting rights.

The following table sets out the distribution of PagesJaunes Groupe capital as at 31 December 2007:

	Number of shares	% of capital	% of voting rights
Médiannuaire	153,640,187	54.7	54.7
Employees	1,391,648	0.5	0.5
Public	125,612,615	44.8	44.8
Treasury shares	0	0.0	0.0
TOTAL	280,644,450	100.0	100.0

UNISSUED AUTHORISED CAPITAL

At the combined General Shareholders' Meeting on 26 April 2007, the following powers were delegated to the Board of Directors under the terms set out in the table below and for a period of 26 months (apart from the power to reduce capital by 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 inclusion of reserves, profits or premiums	26 months 26.06.09	-	20 million euros
Issues without preferential subscription rights (capital increases using all types of securities)	26 months 26.06.09	Debt securities: 300 million euros	20 million euros
Issues with preferential subscription rights (capital increases using all types of securities)	26 months 26.06.09	Debt securities: 300 million euros	20 million euros
Issues of ordinary shares and securities giving access to ordinary shares where the Company initiates an exchange offer	26 months 26.06.09	Debt securities: 300 million euros	20 million euros
Issues of ordinary shares and securities giving access to ordinary shares in remuneration for non-cash contributions granted to the Company	26 months 26.06.09	Debt securities: 10% of capital, i.e. 5,605,336 euros	10% of capital, i.e. 5,605,336 euros
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 26.06.09		20 million euros
Capital increases for the benefit of members of Company and/or employee savings plans	26 months 26.06.09	-	1,120,000 euros – i.e. approximately 2% of share capital

As at the date of this *document de référence*, PagesJaunes Groupe's Board of Directors has not exercised these powers.

the reduction of share capital through the cancellation of ordinary shares valid for 18 months.

At the Mixed General Shareholders' Meeting of 29 April 2008, shareholders will be consulted as to the renewal of authorisation for

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 2007 financial year, or which were entered into during previous years and continued to be effective in 2007:

- a contract signed with PagesJaunes relating to bank financing, and in particular the agreement by PagesJaunes Groupe to guarantee any amounts owed under the 400 million-euro revolving credit line (Facility B) by any group subsidiary that may become a borrower under the terms of this facility. The Board of Directors gave prior approval for this agreement at its meeting on 12.10.06;
- a service delivery contract signed with Médiannuaire. The Board of Directors gave prior approval for this agreement at its meeting on 20 November 2006;
- a loan contract signed with PagesJaunes for 430 million euros. The Board of Directors gave prior approval for this agreement at its meeting on 20 November 2006;
- Application of the additional retirement package (Article 83 of the General Tax Code) to Mr Michel Datchary as CEO. The Board of Directors gave prior approval for this agreement at its meeting on 20 December 2007.

Your General Meeting is also asked to approve the commitment benefiting Mr Michel Datchary, as described in the special report by the auditors.

Mr Michel Datchary's employment contract provides for payment of the following, in the event of termination by PagesJaunes:

- a sum as discretionary compensation for severance, calculated pursuant to the provisions of the collective agreement applicable to the Company with regard to his seniority;
- another sum totalling 15 months of his salary.

Calculation of these benefits will take into account the average of the total remuneration paid by PagesJaunes or PagesJaunes Groupe over the last 12 months.

The accumulated total amount of the discretionary compensation and the additional compensation may not exceed 21 months of salary.

These compensations will not be applicable in the event of serious or gross misconduct by Michel Datchary.

Pursuant to Article 17 of the Law of 21 August 2007 (the TEPA Law), the Board of Directors has approved amendment of this employment contract in fulfilment of Article 11 of Mr Michel Datchary's employment contract, to include a performance condition.

In order to ensure the coherence of this stipulation with the Company's normal performance criteria, the performance condition for payment of the severance compensation provided for in Mr Michel Datchary's employment contract was set so that the gross operating margin (GOM/MBO) of the last PagesJaunes Groupe consolidated annual accounts posted by the Board of Directors at the date of severance exceeds the average consolidated gross operating margin of the previous three years.

Within the framework of the implementation of an additional retirement scheme in two Sections (the Collective Retirement Savings Plan – PERCO), implemented in 2007, whereby all employees of the Group's French subsidiaries may benefit from an additional defined-contribution retirement scheme to be enjoyed by all management staff at Group subsidiaries as of 1 January 2008, Mr Michel Datchary cannot benefit from the PERCO scheme.

The Board of Directors at PagesJaunes Groupe, however, in accordance with the stipulations of Article L. 225-38 of the Commercial Code, has approved a stipulation whereby Mr Michel Datchary may avail himself of the additional retirement scheme (Article 83 of the General Tax Code) under the same conditions as other contributors.

It must also be stated that Mr Michel Datchary has been signed up to the Company's benefits and retirement scheme under the same conditions as other Group employees.

VI - Situation of Company Officers and directors

There are no terms of office due for renewal as at the date of this General Meeting.

A table listing the duties and positions of PagesJaunes Groupe Company Officers as at 31 December 2007 is included in chapter 14 of this document.

➤ Former Company Officers of the PagesJaunes Groupe who held office in 2007

Name	Function	Date appointed	Date term of office ends	Other roles and principal offices held in any Company during last 5 years
Mattia CAPRIOLI	Director Member of the Remuneration and Appointments Committee Member of the Audit Committee	12.10.06	26.07.07	Employee of KKR Director of AVR Director of Selenia Offices no longer held: Director of Médiannuaire Holding
Johannes HUTH	Director	12.10.06	26.07.07	Employee of KKR Director of KKR & Co Limited (United Kingdom) Chairman of KKR & Co SAS Chairman of the Supervisory Board of ATU Holding GmbH (Germany) Chairman of the Supervisory Board of MTU Aero Engines GmbH (Germany) Chairman of the Supervisory Board of MTU Aero Engines Holding AG (Germany) Chairman of the Supervisory Board of Wincor Nixdorf GmbH (Germany) Deputy Chairman of the Supervisory Board of Zumbotel (Austria) Member of the Supervisory Board of NXP BV (Netherlands) Director of Rally Lux Holding One S.à.r.l (Luxembourg) Director of Rally Lux Holding Two S.à.r.l (Luxembourg) Director of DEMAG S.à.r.l (Luxembourg) Chairman and Director of Selenia FL (Italy) Offices no longer held: Chairman of the Supervisory Board of Wincor Nixdorf AG (Germany)

Ratification of the co-opting of Mr Thomas Geitner and Mr Nicolas Gheysens will be submitted to your General Shareholders' Meeting.

The following were co-opted at the meeting of the Board of Directors on 26 July 2007:

- Mr Thomas Geitner as director to replace the outgoing director Mr Johannes Huth for the remainder of the latter's term, until the Ordinary

General Shareholders' Meeting in 2009 ruling on the Company accounts for 2008;

- and Mr Nicolas Gheysens as director to replace the outgoing director Mr Mattia Caprioli for the remainder of the latter's term, until the Ordinary General Shareholders' Meeting in 2009 ruling on the Company accounts for 2008.

VII - Total remuneration and all benefits allocated to Company Officers at PagesJaunes Groupe by PagesJaunes Groupe

In accordance with legal provisions, this report must set out the total compensation and benefits of any kind paid by PagesJaunes Groupe 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 Groupe, or from the Company which controls it, must also be indicated.

The overall compensation and benefits of any kind paid to each Company Officer are as follows:

PagesJaunes Groupe 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		Directors' fees paid in year	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Mattia Caprioli ⁽²⁾	-	-	-	-	-	-	-	-	19,051	-
François de Carbonnel	-	-	-	-	-	-	-	-	38,102	63,000
Élie Cohen	-	-	-	-	-	-	-	-	33,022	52,000
Michel Datchary, CEO	375,000	300,000	282,320	403,269 inc. 143,519*	-	-	20,595	19,329	27,942	-
Abeille Deniau ⁽¹⁾	-	-	-	-	-	-	-	-	27,942	-
Jacques Garaïalde ⁽²⁾	-	-	-	-	-	-	-	-	34,292	-
Jean-Christophe Germani ⁽³⁾	-	-	-	-	-	-	-	-	25,401	-
Thomas Geitner ⁽⁴⁾	-	-	-	-	-	-	-	-	8,891	-
Nicolas Gheysens ⁽⁴⁾	-	-	-	-	-	-	-	-	16,511	-
Reinhard Gorenflos ⁽²⁾	-	-	-	-	-	-	-	-	-	-
Johannes Huth ⁽²⁾	-	-	-	-	-	-	-	-	-	-
Hugues Lepic ⁽²⁾	-	-	-	-	-	-	-	-	29,212	-
Jean-Claude Marceau	-	-	-	-	-	-	-	-	27,942	-
Médiannuaire represented by Ahmet Faralyali ⁽²⁾	-	-	-	-	-	-	-	-	20,321	-
Rémy Sautter	-	-	-	-	-	-	-	-	39,372	54,600

* Options exercised early.

(2) Abeille Deniau was elected as director representing the staff on 8 June 2006.

(4) Co-opted by the Board of Directors on 12 October 2006

(5) Appointed as a Board Member on 20 November 2006

(6) Co-opted by the Board of Directors on 26 July 2007. Ratification of this will be submitted to the General Meeting on 29 April 2008.

In 2007, the Chief Executive Officer was eligible for a variable share, the annual amount of which could vary between 0% and 80% of the base salary, depending on the attainment of the following criteria:

- 35% on a qualitative scale of between 0 and 200% based on leadership of PagesJaunes Groupe, implementation and success of action plans, and movement of the operations portfolio; and
- 65% on a quantitative scale based on an objective of additional gross operating margin.

In 2006 the Board of Directors decided to pay a one-off bonus to Group employees who played an active role in the competitive process for the sale of France Télécom's interest in PagesJaunes Groupe. The overall amount set aside for this bonus, paid to 44 PagesJaunes Groupe

employees, was 679,000 euros, of which 300,000 euros were allocated to Michel Datchary. The latter bonus was paid in two instalments – 100,000 euros were paid in 2006, 2 months after the actual sale, and a further 200,000 euros were paid in 2007, 12 months after the actual sale.

Compensation paid to members of the Board of Directors by way of attendance fees in 2007 amounted to 348,000 euros.

The General Shareholders' Meeting of 26 April 2007 decided to set the amount of the attendance fees to be distributed to the members of the Board of Directors at 350,000 euros for the current fiscal year and following years until a new decision is adopted by the General Shareholders' Meeting.

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

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

In due consideration of the number of meetings of the Board of Directors and of the Committees in 2007, the Board decided to share out the undistributed sum in line with the amounts allocated to each member in accordance with the initial method.

At the General Shareholders' Meeting on 29 April 2008, it will be proposed that the amount allocated for Board Members' attendance fees during the current and subsequent financial years be set at 365,000 euros, 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 Groupe Company Officers from companies controlled by PagesJaunes Groupe during the financial year

PagesJaunes Groupe Company Officers	Fixed remuneration paid in year		Variable remuneration and miscellaneous bonuses paid in		Profit sharing and additional amounts		Benefits in kind received in year		Directors' fees paid in year	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
(in euros)										
Abeille Deniau	51,148	42,156	6,322	11,575 of which 5,903*	7,377	6,392	-	-	-	-
Jean-Claude Marceau	73,002	69,372	44,957	50,370 of which 5,635*	12,238	11,401	-	-	-	-

* Stock option exercised early (see 17.2).

IX - Compensation and benefits of any kind received by PagesJaunes Groupe Company Officers during the 2007 financial year from the Company controlling PagesJaunes Groupe

None

X - Commitments of any kind which are or may be due by reason of or subsequent to assumption or cessation of duties

In accordance with legal provisions, this report must set out commitments of any kind 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 entails a payment equal to 50% of the average gross monthly salary over the last 12 months. This

is limited to 25% of the average gross monthly salary over the last 12 months if Michel Datchary chooses to leave on his own initiative.

Mr Michel Datchary's employment contract provides for payment of the following, in the event of termination by PagesJaunes:

- a sum as discretionary compensation for severance, calculated pursuant to the provisions of the collective agreement applicable to the Company with regard to his seniority;
- another sum totalling 15 months of his salary.

Calculation of these benefits will take into account the average of the total remuneration paid by PagesJaunes or PagesJaunes Groupe over the last 12 months.

The accumulated total amount of the discretionary compensation and the additional compensation may not exceed 21 months of salary.

These compensations will not be applicable in the event of serious or gross misconduct by Michel Datchary.

The Company has not entered into any of the commitments set out in the first paragraph above during the financial year.

Pursuant to Article 17 of the Law of 21 August 2007 (the TEPA Law), the Board of Directors has approved the amendment of this employment contract in fulfilment of Article 11 of Mr Michel Datchary's employment contract, to include a performance condition.

In order to ensure the coherence of this stipulation with the Company's normal performance criteria, the performance condition for payment of the severance compensation provided for in Mr Michel Datchary's employment contract was set so that the gross operating margin (GOM/MBO) of the last PagesJaunes Groupe consolidated annual accounts posted by the Board of Directors at the date of severance exceeds the average consolidated gross operating margin of the previous three years.

The 8th resolution of your General Shareholders' Meeting proposes, pursuant to Articles L. 225-42-1 and L. 225-40 of the Commercial Code, the approving of the commitment, as described in the special report by the auditors, of which Mr Michel Datchary is the beneficiary by virtue of his employment contract with PageJaunes, a Company controlled by PagesJaunes Groupe.

XI - Options for subscription or purchase of PagesJaunes shares

PAGESJAUNES GROUPE SUBSCRIPTION OPTION PLAN

On 28 June 2005, PagesJaunes Groupe's Board of Directors allocated a total of 3,796,800 PagesJaunes Groupe 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 19,30 euros per share.

On 20 December 2007, PagesJaunes Groupe's Board of Directors allocated a total of 2,927,900 PagesJaunes Groupe share subscription

options to some of its employees, representing 1.04% of the Company's capital, and giving the holder the right to subscribe the same number of shares at 14.46 euros per share.

The following table sets out the PagesJaunes Groupe subscription option plan which is available to certain Company Officers. This plan was adopted at a combined General Meeting of the PagesJaunes Groupe on 12 April 2005, in accordance with Article L. 225-177 of the Commercial Code (formerly Articles 208-1 and following of the Law of 24 July 1966).

PagesJaunes Groupe share subscription options granted to each Company Officer during 2007 and options exercised by them	Number of options allocated or exercised	Exercise price in euros	Date of 1 st possible exercise	Plan expiry dates
Options granted in 2007	A Deniau: 1 700	14.46	20/12/2010	20/12/2017
Options exercised in 2007	0	11.72*	N/A	N/A

* Considering the adjustment of the subscription price following distribution of a special dividend by the General Shareholders' Meeting of 20 November 2006.

PAGESJAUNES GROUPE 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 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 the free share allocation plans at its meetings on 30 May and 20 November 2006.

PagesJaunes Groupe free shares granted to each Company Officer during 2007	Number of free shares allocated	Earliest date for acquisition of shares
Shares allocated in 2007	-	
Shares sold in 2007	N/A	

XII - List of transactions undertaken by Company Officers on PagesJaunes Groupe shares

Declarant	Nature of transaction	Date of transaction	Unit price	Transaction amount
Jacques Garaïalde	Acquisition of 10 shares	19.02.07	16.35 euros	164.67 euros
Michel Datchary	Acquisition of 5,000 shares	19.12.07	13.65 euros	68,663.82 euros

XIII - Transactions undertaken by PagesJaunes Groupe on its own shares during the year, and new Company share buy-back programme

We propose the termination, with immediate effect, of the authorisation given at the combined General Meeting on 26 April 2007 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 the share capital as at the date of this meeting, subject to the following conditions:

- the maximum purchase price cannot exceed 20 euros per share. In the case of transactions affecting 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.

Consequently, the maximum amount of funds intended for the buy-back programme is 561,288,900 euros, based on the share capital as at 14 February 2008. 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 the shares making up the share capital;
- Shares may be bought or sold subject to the conditions and limits, particularly with respect to volumes and prices, set out in the applicable laws as at the transaction date. This includes public offer periods, on condition that transactions during these periods are fully paid for in cash. Transactions may be undertaken by any method, whether on the open market or over the counter, including block purchase or sale and use of derivative financial instruments traded on a regulated market or over the counter, under the terms set out by the market authorities, as and when the Board of Directors or its authorised representative may consider appropriate.

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 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 Groupe 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 Employment 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 to carry 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 Company share capital pursuant to Resolution 10, which will be submitted for approval at the General Shareholders' Meeting of 29 April 2008;
- to ensure the liquidity of the PagesJaunes Groupe's share through an investment service provider pursuant to a liquidity contract consistent with the ethical charter recognised by the *Autorité des marchés financiers*;
- to retain shares for 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 Groupe'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.

XIV - Material events subsequent to year-end

None.

XV - Extraordinary resolutions

AUTHORISATION FOR THE BOARD OF DIRECTORS TO REDUCE THE SHARE CAPITAL BY CANCELLING ORDINARY SHARES

In accordance with Article L. 225-209 of the Commercial Code, and in relation to ordinary resolution 5 previously submitted for your approval, in Resolution 10 you are asked to authorise the Board of Directors, for a period of eighteen months, to cancel all or part of any PagesJaunes Groupe 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 Articles of Association accordingly.

A table of the financial powers 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 - Company report

At 31 December 2007, PagesJaunes Groupe's headcount was 31 (34 at year-end 2006 and 34 at year-end 2005), enabling it to fully discharge its role as a holding Company for a quoted group.

All information relating to PagesJaunes Groupe staff may be found in chapter 17 of the PagesJaunes Groupe 2007's *document de référence*.

XVII - Research and development

PagesJaunes Groupe is a cutting-edge entity within its sector with its state-of-the-art research and development through its teams and

many partnerships. These contain the best field specialists focusing on innovation and excellence.

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 directly undertaken 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 the 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 the production of directories.

Paper consumption for the PagesJaunes directory and *l'Annuaire* was 71,070 tonnes in 2007, as against 63,470 tonnes in 2006 and 66,732 tonnes in 2005. There was a broader distribution of printed directories in a number of large cities in the provinces ("all boxes" distribution, targeted distribution to house-movers and second homes) in a bid to maintain utilisation levels.

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 the 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 the 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 the total paper purchased.

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 the ecological association SAS EcoFolio.

This Company was formed following the publication in March 2006 of an order laying the foundations for a collection facility 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 collection facility by paying an eco-contribution to EcoFolio based on the tonnage of printed PagesJaunes directories distributed (due to its status as a universal service component, *l'Annuaire* falls outside the scope of this eco-contribution.)

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

EXCHANGE RATE RISKS

PagesJaunes Groupe 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

The documentation relating to PagesJaunes Groupe's bank financing contains certain default 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)

PagesJaunes Groupe has implemented a centralised cash pooling management system which includes all its French subsidiaries, organised around a PagesJaunes Groupe pivot. This cash management system

in association with an internal reporting system allows the Group to anticipate and estimate future cash flows in relation to the business operations of its subsidiaries, and thus optimise credit line draws when extra cash is required, and investment when cash surpluses are available.

INTEREST RATE RISK

PagesJaunes Groupe is exposed to the risk of changes in interest rates since all its short and long-term finance is arranged at a variable rate. The Group handles this risk using derivative instruments, mainly interest rate swaps and collars.

The main features of Group bank debt are set out in the consolidated PagesJaunes Groupe accounts in Section 20.1 (Historic financial information) in Note 28 (Cash and cash equivalents, net financial debt), and the main features of hedging instruments for interest rates in Note 18 (Derivative financial instruments – non-current assets).

PagesJaunes Groupe believes that a 1% increase in short-term interest rates with respect to the Euribor 3-month rate at 31 December 2007 – 4.684% – should lead to a fall in annual consolidated profit before tax of around 5.2 million euros.

COUNTERPARTY RISKS

PagesJaunes Groupe has implemented a counterparty risk control policy. The Group considers the direct counterparty risk in relation to the insolvency of the issuer and the indirect counterparty risk in relation to the insolvency of the investment intermediary to be insignificant.

The procedure for management of financial operations by PagesJaunes Groupe also establishes a restricted list of authorised signatures, beyond which authorisation by the CEO is compulsory. It also sets a maximum amount for risks unrelated to rates (shares, loans) and imposes a maximum investment duration (generally less than one year)

beyond which authorisation by the CEO and by the Board of Directors is compulsory.

In practice, investments are carried out for a maximum duration of three months, with products such as medium-term notes or certificates of deposit issued by financial institutions with a long-term credit rating which is generally above AA- (Standard & Poor's and/or Fitch IBCA) and Aa3 (Moody's). PagesJaunes Groupe limits the mutual counterparty risk (default by a UCITS counterparty, for example) and time counterparty risk (risk of failure to buy back the security before the due date, representing an illiquidity risk).

Hedging on interest rates is subject to the same restrictions, and this has been arranged with financial institutions with a long-term credit rating above AA- (Standard & Poor's and/or Fitch IBCA) and Aa3 (Moody's).

SHARE-RELATED RISKS

PagesJaunes Groupe feels that share-related risks are insignificant since the Group does not hold any own shares, and/or the investment of cash surpluses is not exposed to any risk on share markets.

XX - Non-tax deductible expenses

As per the stipulations of Article 223 *quater* of the General Tax Code, we wish to inform you that the expenditure and charges covered by Article 39-4 of the Code for 2007 were 6,749 euros.

XXI - 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, "Risk factors".

- Internet business revenue accounting for almost 40% of consolidated revenue, thereby confirming the status of the Group as the leader in local Internet advertising in France;
- over 8% growth in the gross operating margin thanks to a return to a substantial operating leverage.

PagesJaunes Groupe anticipates distributing the whole of net Group profits for 2008. This profit distribution target does not under any circumstances represent a commitment on the part of PagesJaunes Groupe, and future dividends will depend on the Group's results, its financial position and any other information considered relevant by the Board of Directors and shareholders of PagesJaunes Groupe.

FINANCIAL TARGETS

On a like-for-like basis, PagesJaunes Groupe has set itself the following financial targets for 2008:

- over 5% growth in consolidated revenue, sustained by growth in Internet business revenue of over 25%;

XXII - Progress of main subsidiaries' business

SEGMENT 1: PAGESJAUNES IN FRANCE

Revenue for the PagesJaunes in France segment was 1,071.8 million euros in 2007, up 5.8% on 2006. This was due to increased revenue from online services following sustained development of Internet activities and, to a lesser extent, to continued development in telephone directory enquiries services (118 008) launched at the end of 2005. Revenue for printed directories was almost stable in comparison to 2006.

The gross operating margin of the PagesJaunes in France segment increased by 7.9% with respect to 2006 to 517.6 million euros, almost a 48.3% margin on revenue.

SEGMENT 2: INTERNATIONAL AND SUBSIDIARIES

Revenue for the International and Subsidiaries segment, excluding activities sold off in March 2007 (Kompass France and Kompass Belgium) was 93.8 million euros in 2007, a 9.2% increase on 2006. Growth in this area was due in particular to an increase in online activities in Spain, the launch at the beginning of 2007 of the new classified ads online, "annoncesjaunes.fr", and consolidation as of October 2007 of the Internet advertising entities Horyzon Média and Horyzon Clics.

➔ B to C directories

Revenue from B to C directories businesses amounted to 61.8 million euros in 2007, an increase of 5.8% compared to 2006. Revenue from B to C directories results mainly from the sale of advertising space in printed and online directories and their publication and distribution, carried out by the companies QDQ Media in Spain, Editus in Luxembourg and Edicom in Morocco.

Revenue from QDQ Media was 47.6 million euros in 2007, an increase of 5.4% with respect to 2006, caused by 25.2% growth in revenue from online services ("QDQ.com"), representing 22.8% of revenue from QDQ Media in 2007, as against 19.2% in 2006. Stability of printed matter revenue from QDQ Media, 36.5 million euros, was due to a lessening of pressure in relation to the search for new customers caused by a delay in the planning and recruitment of salepeople. QDQ Media has implemented a new sales organisation, and positive repercussions are expected for the year 2008. The overall number of advertisers dropped 5.4% from 81,600 in 2006 to 77,200 in 2007, while average revenue per advertiser increased 9.2% to 606 euros in 2007, as against 555 euros in 2006.

Revenue from the other B to C directories (Editus in Luxembourg and Edicom in Morocco) was 14.2 million euros in 2007, an increase of 7.6% on 2006, mainly due to growth in online directory and classified activities in Luxembourg, and Télécontact online directories and printed directories in Morocco.

➔ Internet advertising

On 11 October PagesJaunes Groupe took up a majority shareholding in Horyzon Média and Horyzon Clics, specialist Internet advertising agencies, and this was increased to a 66% shareholding at the end of December 2007. This has allowed PagesJaunes Groupe to step up pressure on the dynamic national online display advertising market. In addition to the "pagesjaunes.fr" and "annoncesjaunes.fr" it already owns, Horyzon Média will take over the advertising of "mappy.com" in January 2008. All the sites marketed by Horyzon Média should account for a total reach rate of almost 73%, thus offering advertisers the broadest coverage of French Internet users.

The income of Horyzon Média and Horyzon Clics has been consolidated in PagesJaunes Groupe since October 2007 – revenue at the fourth quarter of 2007 was 1.1 million euros¹⁰.

➔ On-line classified ads

PagesJaunes Petites Annonces secured 5,400 customers in 2007, and revenue of 1.9 million euros, mainly in the latter half of 2007 thanks to 3,900 customers in portfolio at 31 December 2007, 2,500 of which

were paying customers. The "annoncesjaunes.fr" site had been visited at least once by 831,000 users at December 2007, making it one of France's most popular online classified property and automobile sites. Over 400,000 classifieds had appeared on "annoncesjaunes.fr" at 31 December 2007.

➔ Direct marketing and geographical services

Revenue from Direct Marketing and Geographical Services was 29.0 million euros in 2007, an increase of 5.5% on 2006. The sustained growth of Mappy's advertising revenue Mappy more than offset the downturn in revenue from PagesJaunes Marketing Services (direct marketing), which over the whole of 2007 did not benefit from the reinforcement of its commercial resources during the first half of the year.

The gross operating margin of the International and Subsidiaries segment showed an 8.7 million euro deficit in 2007 as against a surplus of 3.7 million euros in 2006, mainly due to losses by PagesJaunes Petites Annonces following payment of the costs of launch, communication and marketing for its "annoncesjaunes.fr" site, only partially offset by a gradual increase in revenue.

Due to a lower increase in the numbers of advertisers than in 2006, and a slight increase in communication expenses, the gross operating margin of QDQ Media showed a small deficit in 2007. Ongoing commercial reorganisation and new scoping of printed directories in certain major Spanish cities ought to give QDQ Media a positive gross operating margin in 2008. Over the same period, stabilisation of publishing costs and commercial expenses allowed QDQ to continue to improve its gross margin¹¹, with growth of 9.6% with respect to 2006 for a revenue that increased by 5.4%.

Horyzon Média and Horyzon Clics, consolidated as of 1 October 2007, made a positive contribution to the gross operating margin of the International and Subsidiaries segment over the last quarter of 2007.

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

10. Revenue only from commissions paid by advertisers.

11. Gross margin is revenue less publishing costs and commercial expenses, which are mostly variable.

FINANCIAL RESULTS OVER THE PAST FIVE YEARS

(Articles 133-135-148 of the decree of 23 March 1967)

(excluding capital, amounts in thousands of euros)

Type of indications	Financial Year 2003	Financial Year 2004	Financial Year 2005	Financial Year 2006	Financial Year 2007
1 - Financial situation at the end of the year					
a) Share capital <i>(in euros)</i>	54,810,000	55,757,922	55,757,922	56,053,356	56,128,890
b) Number of outstanding ordinary shares	182,700	278,789,610	278,789,610	280,266,780	280,644,450
2 - Total income from operations					
a) Pre-tax revenues	847,610	4,971	9,827	9,827	6,602
b) Earnings before tax, profit-sharing, depreciation and provisions	336,064	3,953,234	236,001	196,911	150,500
c) Company tax	107,156	107,156	(6,611)	(26,971)	(54,862)
d) Profit-sharing for the year	26,778	0	0	0	
e) Earnings before tax, depreciation and provisions	167,924	3,948,522	242,143	226,726	220,207
f) Total profits paid out in n+1	235,957	259,274	284,365	303,070	
3 - Earnings per share <i>(in euros)</i>					
a) Earnings after tax and profit-sharing, but before depreciation and provisions	1,106	13.80	0.87	0.80	0.73
b) Earnings after tax, profit-sharing, depreciation and provisions	919	14.16	0.87	0.81	0.78
c) Dividends per share	1,291	0.93	1.02	1.08	0.96 ⁽¹⁾
4 - Personnel					
a) Average headcount during the financial year	2,970	17	27	34	31
b) Total payroll	141,457	2,074	3,969	3,996	3,819
c) Total social benefits paid out	57,113	1,125	1,587	1,555	1,596

(1) For 2007, proposal by the Board of Directors to the General Shareholders' Meeting of 29 April 2008.

20.4 Special report by the Board of Directors to PagesJaunes Groupe's General Shareholders' Meeting of 29 April 2008 on the purchase of own shares

Ladies and Gentlemen,

The purpose of this report is (i) to inform the PagesJaunes Groupe General Shareholders' Meeting, in accordance with paragraph 2, Article L. 225 209 of the Commercial Code, of the transactions for the purchase of shares as part of the buy-back programme authorised at the General Shareholders' Meeting on 26 April 2007 (resolution 5), and

(ii) to set out the new buy-back programme on which shareholders will be asked to rule at the PagesJaunes Groupe General Shareholders' Meeting on 29 April 2008 (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* (Financial Markets Authority).

1. Review of the buy-back programme authorised on 26 April 07 (2007 buy-back programme)

At the combined General Shareholders' Meeting on 26 April 2007, the shareholders authorised the Company, by adopting Resolution 5 at the meeting, to purchase its own shares up to a limit of 10% of the Company's share capital (the "2007 Buy-back Programme").

1.1 SUMMARY OF THE MAIN CHARACTERISTICS OF THE 2007 BUY-BACK PROGRAMME

The main characteristics of the 2007 Buy-back Programme are as follows:

- the maximum purchase price may not exceed 25 euros per share; consequently, the maximum amount of the funds intended for the buy-back programme is 700,666,950 euros, 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, until 26 October 2008;
- shares may be bought or sold by any method, subject to the conditions and limits set out in the 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 2007 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 Groupe 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 Employment 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 to carry 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 ensure the liquidity of the PagesJaunes Groupe's share through an investment service provider pursuant to a liquidity contract consistent with the ethical charter recognised by the *Autorité des marchés financiers* (Financial Markets Authority);
- to retain shares for subsequent remittance for exchange or as payment as part of any external acquisitions;
- 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 Groupe'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.

1.2 TRANSACTIONS CARRIED OUT UNDER THE 2007 BUY-BACK PROGRAMME

As at 26 April 2007 – the date of the General Shareholders' Meeting at which the 2007 Buy-back Programme was approved – the Company did not hold, directly or indirectly, any of its own shares.

A summary of the transactions carried out under the 2007 Buy-back Programme is as follows:

Up-to-date schedule as at 14 February 2008	
Number of shares comprising the PagesJaunes Groupe's capital as at 26 April 2007	280,266,780
Capital in directly or indirectly held own shares as at 26 April 2007	0
Number of shares purchased between 26 April 2007 and 14 February 2008	0
Gross weighted average price of shares purchased (euros)	-
Number of shares sold between 26 April 2007 and 14 February 2008	0
Number of shares transferred between 26 April 2007 and 14 February 2008	0
Number of shares cancelled during last 24 months	0
Capital in directly or indirectly held own shares as at 14 February 2008	0
Book value of portfolio as at 14 February 2008 (euros)	0
Market value of portfolio as at 14 February 2008 (euros)	0

SUMMARY DECLARATION TABLES

In accordance with the provisions of Article L. 241-2 of the general regulations of the *Autorité des marchés financiers* (Financial Markets Authority), the following tables show a breakdown of cumulative gross cash flows and open positions as at 14 February 2008, together with transactions carried out in cash under the 2007 Buy-back Programme (as at 14 February 2008).

➔ 1.2.1 Breakdown of cumulative gross cash flows and open positions as at 14 February 2008

None

➔ 1.2.2 Transactions carried out in cash as at 14 February 2008

None

2. Buy-back programme submitted to the General Shareholders' Meeting on 29 April 2008 (2008 Buy-back Programme)

2.1 OVERVIEW OF THE 2008 BUY-BACK PROGRAMME

PagesJaunes Groupe'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 29 April 2008 to terminate the authorisation given to the Board of Directors at the General Shareholders' Meeting on 26 April 2007, 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 "2008 Buy-back Programme").

2.2 DATE OF PAGESJAUNES GROUPE GENERAL SHAREHOLDERS' MEETING AT WHICH THE 2008 BUY-BACK PROGRAMME IS TO BE APPROVED

The 2008 Buy-back Programme will be submitted for approval at the PagesJaunes Groupe General Shareholders' Meeting on 29 April 2008.

2.3 NUMBER OF SHARES HELD DIRECTLY OR INDIRECTLY BY THE COMPANY

As at 14 February 2008, the Company did not directly or indirectly hold any shares.

Special report by the Board of Directors to PagesJaunes Groupe's General Shareholders' Meeting of 29 April 2008 on the purchase of own shares

2.4 DISTRIBUTION OF SHARES HELD BY PURPOSE

Not applicable.

2.5 OBJECTIVES OF THE 2008 BUY-BACK PROGRAMME

Shares purchased may be allocated in any legally permitted manner. The objectives of the 2008 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 Groupe 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 Employment 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 to carry 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 Company share capital pursuant to Resolution 10 submitted for approval at the General Shareholders' Meeting of 29 April 2008 to authorise the Company to reduce its share capital;
- to ensure the liquidity of the PagesJaunes Groupe's share through an investment service provider pursuant to a liquidity contract consistent with the ethical charter recognised by the *Autorité des marchés financiers* (Financial Markets Authority);
- to retain shares for subsequent remittance for exchange or as payment as part of any external acquisitions;
- 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 Groupe'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.

2.6 MAXIMUM SHARE OF CAPITAL COVERED BY THE 2008 BUY-BACK PROGRAMME, AND MAXIMUM NUMBER OF SHARES TO BE ACQUIRED UNDER THE 2008 BUY-BACK PROGRAMME

The maximum share of capital able to be acquired by PagesJaunes Groupe under the 2008 Buy-back Programme is 10% of the Company's total capital as at the date of the General Shareholders' Meeting on 29 April 2008.

The maximum number of shares able to be acquired under the 2008 Buy-back Programme is 28,064,445, based on total share capital as at 14 February 2008.

2.7 MAXIMUM PURCHASE PRICE

The maximum purchase price would be set at 20 euros 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 the funds to be used for the buy-back programme would therefore be 561,288,900 euros, based on a maximum purchase price of 20 euros per share and total share capital as at 14 February 2008.

2.8 SHARES COVERED BY THE 2008 BUY-BACK PROGRAMME

The PagesJaunes Groupe shares which are covered by the 2008 Buy-back Programme are ordinary shares.

2.9 DURATION OF THE 2008 BUY-BACK PROGRAMME

The 2008 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 29 October 2009.

2.10 OTHER TERMS AND CONDITIONS OF THE 2008 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 the applicable laws as at the transaction date. This includes public offer periods, on condition that transactions during these periods are fully paid for in cash. Transactions may be undertaken by any method, whether on the open market or over the counter, including block purchase or sale and use of derivative financial instruments traded on a regulated market or over the counter, under the terms set out by the 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* (Financial Markets Authority), 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 2008 Buy-back Programme under the terms set out above will be submitted for approval at the General Shareholders' Meeting on 29 April 2008.

20.5 Verification of historic annual financial information

PagesJaunes Groupe SA

Period ending 31 December 2007

Statutory Auditors' general report on 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 2007, covering the following:

- our audit of the PagesJaunes Groupe'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 the 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 relating 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. Actual results may differ significantly from these estimates, if different assumptions or circumstances apply. As part of our audit of the annual accounts, we consider 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 the 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 the 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 the information provided in the Board of Directors' management report and in the 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 the information provided in the Management Report relating 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 the 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, 28 February 2008

The Company Auditors

DELOITTE & ASSOCIES

ERNST & YOUNG Audit

Dominique DESCOURS

Jeremy THURBIN

PagesJaunes Groupe SA

Period ending 31 December 2007

Statutory Auditors' report on 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 Groupe's consolidated accounts for the financial year ending 31 December 2007, 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 the 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 relating 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 2007, 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 the professional standards concerning the assessment of accounts, we have observed the following:

- in relation to the aforementioned assets, we have assessed the information and assumptions on which estimates are based (in particular cash flow forecasts prepared by the Company's operating divisions), reviewed calculations made by the Company and the sensitivities of the main values used, assessed the principles and methods used to calculate fair values, compared accounting estimates for previous periods with the corresponding actual amounts, and investigated the procedures used by 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 the 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 the 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, 28 February 2008

The Company Auditors

DELOITTE & ASSOCIES

ERNST & YOUNG Audit

Dominique DESCOURS

Jeremy THURBIN

20.6 Dividend distribution policy

Extraordinary distribution of reserves

The General Shareholders' Meeting of 20 November 2006 decided to proceed with an extraordinary distribution of 9 euros per share – total distribution was around 2.5 billion euros.

This Extraordinary Distribution was paid out of "Other reserves", once amounts shown in the Company's accounts under "Retained earnings"

had been transferred to this line. It was funded partly by the Company's available cash, and partly by a loan taken out with a banking pool.

Dividend for the 2006 financial year

The General Shareholders' Meeting of 26 April 2007 decided to pay out a dividend of 1.08 euro per share.

Dividend for the 2007 financial year

The meeting of the PagesJaunes Groupe's Board of Directors on 14 February 2008 decided to propose payment of a dividend of 0.96 euro per share to the General Shareholders' Meeting scheduled for 29 April 2008.

PagesJaunes Groupe anticipates distributing the whole of net Group profits for 2007. This profit distribution target does not under any

circumstances represent a commitment on the part of PagesJaunes Groupe, and future dividends will depend on the Group's results, its financial position and any other information considered relevant by the Board of Directors and shareholders of PagesJaunes 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 within a reasonable range. In this latter case, the amount of any provision equates to the lowest estimate in the range. The amount of any provisions recorded is based on a case-by-case assessment of the level of risk, and does not depend primarily on how far proceedings have progressed. It is, however, specified that events which occur during the proceedings can lead to these risks being reassessed.

With the exception of proceedings described in Note 33 of the appendix to the consolidated accounts, "Legal proceedings", neither the Company nor any of its subsidiaries are party to any arbitration procedure (nor

does the Company have any knowledge that any such procedure has been envisaged by government authorities or by third parties) whose likely outcome could, in the opinion of Company Management, have a material negative impact on its performance, activities or consolidated financial position.

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 year-end and 14 February 2008, 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

(amounts in thousands of euros)	Ernst & Young				Deloitte			
	Amount		In % of fees		Amount		In % of fees	
	2007	2006	2006	2007	2007	2006	2006	2007
Audit								
Audit, statutory audit, certification and inspection of individual and consolidated accounts	364	603	96%	99%	414	724	97%	99%
- Including PagesJaunes Groupe	168	220	45%	36%	168	220	39%	30 %
- Including fully consolidated subsidiaries	196	383	52%	63%	246	504	58%	69 %
Other procedures and services in relation to the mission of the Company Auditors	14	7	4%	1%	13	7	3%	1 %
- Including PagesJaunes Groupe	12		3%	0%	12		3%	0 %
- Including fully consolidated subsidiaries	2	7	1%	1%	1	7	0%	1 %
Subtotal	378	610	100%	100%	427	731	100%	100 %
Other services provided by the networks to fully consolidated subsidiaries								
Legal, tax and social security-related								
Others								
Subtotal	0	0	0%	0%	0	0	0%	0 %
TOTAL	378	610	100%	100%	427	731	100%	100 %

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21.1 Share capital

RIGHTS AND OBLIGATIONS ATTACHED TO SHARES (ARTICLE 10 OF THE ARTICLES OF ASSOCIATION)

Each share entitles the holder to a share in the profits, ownership of Company assets and liquidating dividend, in equal proportion to the share of capital it represents. In addition, each share entitles its holder to vote and be represented at General Shareholders' Meetings, in accordance with legal and statutory conditions. Ownership of shares automatically implies full adherence to the Company's Articles of Association and decisions taken at General Shareholders' Meetings.

Shareholders are only liable for losses up to the amount of their contribution to capital.

A shareholder's heirs, creditors, successors or representatives may not request that the Company's assets, securities or shares be placed under seal, divided or put up for public auction, or interfere in the Company's management. In order to exercise their rights, they must rely on lists of Company assets and liabilities and decisions taken at General Shareholders' Meetings.

Where exercising a particular right requires multiple shares to be owned, shareholders who do not own the required number of shares must take it upon themselves to form a group or, where appropriate, to purchase or sell shares as necessary.

21.1.1 Share capital

As at the registration date of this *document de référence*, the Company's share capital amounted to 56,128,890 euros, divided into 280,644,450 fully paid-up shares with a face value of 0.20 euro each, all of the same class.

UNISSUED AUTHORISED CAPITAL

At the Combined General Shareholders' Meeting on 26 April 2007, the following powers were delegated to the Board of Directors under the terms set out in the table below and for a period of 26 months (apart from the power to reduce capital by 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 inclusion of reserves, profits or premiums	26 months 26 June 2009	-	20 million euros
Issues without preferential subscription rights (capital increases using all types of securities)	26 months 26 June 2009	Debt securities: 300 million euros	20 million euros
Issues with preferential subscription rights (capital increases using all types of securities)	26 months 26 June 2009	Debt securities: 300 million euros	20 million euros
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 euros	20 million euros
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 euros	10% of capital, i.e. 5,605,336 euros
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 euros
Capital increases for the benefit of members of Company and/or employee savings plans	26 months 26 June 2009	-	1,120,000 euros – i.e. approximately 2% of share capital

As at the date of this document de référence, PagesJaunes Groupe's Board of Directors has not exercised these powers.

At the mixed General Shareholders' Meeting of 29 April 2008, shareholders will be consulted as to the renewal of the authorisation for the reduction of the share capital through the cancellation of ordinary shares valid for 18 months.

The full text of the resolutions that will be submitted to the vote of the shareholders at the General Shareholders' Meeting on 29 April 2008 may 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 26 April 2007 to acquire Company shares, by any method, on or off market, up to a maximum of 10% of the Company's share capital as at the date of the General Shareholder's Meeting, and thereafter and throughout the validity period of this power, up to a maximum of 10% of the share capital existing at the time, under the following conditions:

- the maximum purchase price may not exceed 25 euros 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 the applicable laws as at the transaction date. This includes public offer periods, on condition that transactions during these periods are fully paid for in cash. Transactions may be undertaken by any method, whether on the open market or over the counter, including block purchase or sale, the use of derivative financial instruments or warrants

or securities giving access to Company shares, or by putting in place optional strategies, under the terms set out by the market authorities, as and when the Board of Directors or its authorised representative considers appropriate.

The Board of Directors has decided to submit a proposal to the shareholders to terminate, with immediate effect as at the date of the General Shareholders' Meeting, the power which was delegated at the meeting on 26 April 2007, and to delegate a new power to the Board of Directors.

The draft resolution on the new share buy-back programme, which will be proposed to shareholders at the combined General Shareholders' Meeting on 29 April 2008, is included as an appendix to this document.

DEBT SECURITIES

At the General Shareholders' Meeting on 26 April 2007, authority was delegated to the Board of Directors to issue, on one or more occasions, in France, abroad and/or on the international market, securities giving immediate or future rights to the allocation of debt securities such as bonds and similar instruments, fixed-term or open-ended subordinated securities, or any other securities which would convey, by way of a single issue, a single type of claim against the Company.

The nominal amount of all of the aforementioned negotiable securities to be issued cannot exceed 300 million euros, or the equivalent of this amount in foreign currency or in any monetary units determined by reference to several currencies. This maximum nominal amount shall apply in general to the debt securities to which the negotiable securities give the right to immediate or future allotment, although this same amount does not include above-par redemption premiums, if any were planned.

This power is delegated for a period of 26 months.

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 power is delegated for a period of 38 months.

Each option shall entitle the holder to subscribe or acquire one new or existing ordinary share, as applicable.

The total number of options which may be granted under this resolution may not lead to an entitlement to subscribe or acquire a number of ordinary shares which would represent, at the allocation date, more than 2% of the Company's capital as at the date of this meeting.

The shares which may be obtained by exercising share purchase options granted under this resolution must be acquired by the Company, either under the terms of Article L. 225-208 of the Commercial Code or, if applicable, under the share buy-back programme covered by Resolution 5 submitted to this meeting pursuant to Article L. 225-209 of the Commercial Code, or any subsequently applicable share buy-back 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 to or purchase ordinary shares may not be less than the average price of PagesJaunes Groupe shares listed on the Euronext market over the twenty trading sessions prior to the date when 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 the ordinary shares held by the Company under the terms of Article L. 225-208 of the Commercial Code or, if applicable, under the share buy-back programme authorised by resolution 5 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 when 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 Groupe stock option plan for the entire PagesJaunes Groupe except QDQ Media, together with a specific PagesJaunes Groupe stock option plan for QDQ Media, giving a right to subscribe 3,830,400 new shares, *i.e.* approximately 1.35% of capital as at the date of this document.

The subscription price was set at 19.30 euros per share, corresponding to the average listed price over the twenty trading sessions prior to 28 June 2005.

At its meeting on 20 December 2007 the Board of Directors decided to implement a PagesJaunes Groupe share subscription option plan for the entire PagesJaunes Groupe, with the entitlement to subscribe to 2,927,900 new shares. The subscription price was set at 14.46 euros per share, corresponding to the average listed price over the twenty trading sessions prior to 20.12.07.

FREE 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 option of further delegating such tasks as provided for by the law, enter into any agreements required, prepare any documents, complete any formalities and make any declarations to any 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, 20 November 2006 and 14 February 2008, to implement three bonus share issue plans, the terms of which are set out in chapter 17.

➔ **Convertible and exchangeable securities, and securities with warrants**

As at the registration date of this 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 26 April 2007 is set out in Section 21.1.1.

➔ **Information about the capital of any Group member subject to a conditional or unconditional option or agreement**

As at the registration date of this 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 (in euros)	Total amount of issue premium (in euros)	Successive sums of capital	Number of shares	Face value (in euros)
Combined General Shareholders' Meeting, 10.03.99	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, 27.05.04	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 07	Recording of capital increase resulting from exercising of subscription options in 2006	1,477,170	€295,434	17.60	25,990,960.40	56,053,356	280,266,780	0.20
15 January 08	Recording of capital increase resulting from exercising of subscription options in 2007	377,670	€75,534	11.52	4,350,758.40	56,128,890	280,644,450	0.20

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 Groupe were admitted for trading on the Paris Euronext Premier Marché on 8 July 2004. The PagesJaunes Groupe's initial public offering (set out in a transaction memorandum approved by the Autorité des marchés financiers (Financial Markets Authority) on 21 June 2004 as no. 04-614) was undertaken by means of:

- the sale by Wanadoo of existing shares (the "Distribution") by way of a public offering in France in the form of an open-price offering intended mainly for private individuals;
- an overall distribution intended for institutional investors;
- an offering of new shares resulting from capital increases restricted to employees, carried out at the same time as the Distribution.

The number of shares sold by way of the Distribution was 101,200,000, after all over-allocation options had been exercised by the banks responsible for the Distribution. In addition, 4,739,610 new shares were subscribed by way of the capital increases restricted to employees.

Following a competitive bid process begun in June 2006, France Télécom sold 150,546,830 PagesJaunes Groupe 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 (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 3,312,030,260.00 euros, *i.e.* 22 euros per share sold.

By way of a letter to the AMF and the Company dated 18 October 2006, Médiannuaire confirmed that it had on 11 October 2006 exceeded the 5%, 10%, 15%, 20%, 25%, 1/3 and 50% capital and voting rights thresholds. In the same letter, Médiannuaire declared its intention to file a standing tender offer with respect to the Company's shares, in accordance with applicable regulations. This declaration was the subject of an official notification published by the AMF on 19 October 2006 under reference 206C1925.

Under the terms of the provisions of Articles 235-1 to 235-3 of the AMF General Regulations, Médiannuaire irrevocably offered to acquire from PagesJaunes Groupe shareholders any shares tendered under this standing tender offer during a 15-day trading period, from 10 November to 1 December 2006 inclusive.

Following the PagesJaunes Groupe General Shareholders' Meeting on 20 November 2006, at which it was decided to proceed with an extraordinary dividend distribution of 9 euros per share, the standing tender offer was divided into two periods. Shareholders were thereby given the choice of selling their shares before the dividend distribution at a unit price of 22 euros from 10 November to 23 November 2006 inclusive, or after the distribution at a unit price of 13 euros from 24 November to 1 December 2006 inclusive.

As a result of the standing tender offer, Médiannuaire confirmed on 23 November 2006 that it had acquired 1,753,862 shares at a unit price of 22 euros per share during the first period, and confirmed on 7 December 2006 that it had acquired 1,339,495 shares at a unit price of 13 euros per share during the second period.

PLEDGES

See chapter 18.5 of this document.

TRADING IN COMPANY SHARES

Month	Lowest price in euros	Highest price in euros	Last price in euros	Number of shares traded	Capital in euros
March 2007	15.24	16.51	16.34	16,938,663	267,737,208
April 2007	16.21	17.03	17.03	10,541,499	173,352,853
May 2007	15.74	17.00	15.90	11,606,852	186,530,367
June 2007	15.26	15.93	15.57	11,606,852	182,565,136
July 2007	14.74	15.54	14.74	8,239,541	125,343,285
August 2007	13.54	14.90	14.88	12,886,110	184,570,911
September 2007	14.25	14.90	14.41	10,859,824	159,010,452
October 2007	14.40	15.59	15.24	8,749,628	131,400,754
November 2007	14.46	15.26	15.00	9,872,659	147,533,968
December 2007	13.29	14.89	13.71	10,070,190	140,791,853
January 2008	12.14	13.70	12.99	22,287,646	288,534,880
February 2008	11.90	13.93	12.33	23,067,928	298,233,497

21.2 Incorporation certificate and articles of association

21.2.1 Corporate purpose

In accordance with Article 3 of the Articles of Association, the Company's corporate purpose, in France and abroad, is:

- to acquire and hold shares, interests or other securities in French or foreign legal entities, to define the policies to be implemented by subsidiary companies, and to provide any and all services to companies in which it holds shares;
- to acquire by any means, without exception or reservation, to hold by any means and in any capacity, to manage and, if appropriate, to transfer by any means, without exception or reservation, all or part of any majority or minority interests that may be directly or indirectly related to the Company's corporate purpose and to any similar or ancillary purpose.

Moreover, the Company's purpose in France and abroad is also:

- to publish, on its own behalf or on behalf of third parties, directories using any current or future publication processes and means, to provide information services by any current or future processes and means, and to carry on the business of advertising in all its forms, by any method and for any purpose;

- to advise on, research, design, develop, update and maintain all services related to any type of information distribution system on an open or closed network, whether interconnected via computer or telephone, wire-based, via satellite, cable or other methods, as well as any other activity related to such services, and more particularly to internet or intranet sites;
- to collect, acquire, enhance, manage, process, market or host all types of data and files;
- to carry on any activities directly or indirectly related to such services, or which are a prerequisite or accessory to or a condition or extension of such services, or which are likely to encourage or develop them;
- in general, to undertake any industrial, commercial, financial, civil, real estate or non-real estate operations which may be directly or indirectly related to any of the aforementioned corporate purposes or to any similar or related corporate purposes.

PROVISIONS IN THE INCORPORATION CERTIFICATE, ARTICLES OF ASSOCIATION AND INTERNAL REGULATIONS CONCERNING MEMBERS OF THE ADMINISTRATION AND MANAGEMENT BODIES

The Company is managed by a Board of Directors consisting of between three and 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 Articles of Association, each director is elected for a five-year term. There is no limit to the number of times a director may be re-elected.

The Board of Directors includes a director who represents the Company's employees as well as those of its direct or indirect subsidiaries (as defined in Article L. 225-27 of the Commercial Code) having their registered office on French territory.

This director is elected by way of two rounds of majority voting. All staff members who meet the conditions set out by law are eligible to vote and stand for election. Any application for election must include, in addition to the candidate's name, the name of a substitute who may replace him/her in the event of holidays or for any other reason whatsoever.

The director representing the employees is elected for a five-year term. The first director representing the employees will take up his or her responsibilities at the first meeting of the Board of Directors to be held after the full results of the first elections have been published. The next director representing the employees will take up his or her responsibilities on expiry of the term of the previous director representing the employees.

If a director representing the employees ceases to be a member of staff, his or her responsibilities as a director are terminated.

The Board of Directors elects a Chairman from among its members. The Chairman is elected for his or her entire term as a director, and may be re-elected.

The Board of Directors meets whenever the Chairman calls a meeting. Meetings may be called by any method, including verbally in case of emergency, and as often as the Chairman deems necessary. They may be held at the registered office or any other place as indicated in the meeting notification.

Where the Board of Directors has not met for longer than two months, at least one third of the members of the Board of Directors may ask the Chairman at any time to call a Board meeting based on a specific agenda. The Chief Executive Officer may also ask the Chairman at any time to call a meeting of the Board of Directors.

The Board of Directors' deliberations are only valid if at least half its members are present.

Decisions are taken by majority vote of the members who are present or represented. In the event of a tied vote, the Chairman of the meeting has the deciding vote.

Subject to legal and regulatory provisions, meetings of the Board of Directors may be held by way of video-conference or any other means of telecommunication. Any director participating in a Board meeting by way of video-conference or other means of telecommunication is deemed to be in attendance for the purposes of quorum and majority. The Board of Directors sets out the strategic direction for the Company's activities, and sees to it that this is implemented. Subject to any powers

expressly allocated to shareholders' meetings, and within the confines of the corporate purpose, the Board deals with all matters to do with the smooth running of the Company, and governs the Company's business through its deliberations.

The Board of Directors may carry out any controls and checks it deems appropriate.

The Chairman or the Company's Chief Executive Officer is required to provide each director with all documents and information required by them to fulfil their duties.

The Company's Articles of Association also enable one or more non-voting Board members (known as *Censeurs*) to be appointed at a General Shareholders' Meeting. These 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 Articles of Association, the Board of Directors sets out the strategic direction for the Company's activities, and sees to it that this is implemented.

This means that the Board is involved in all decisions relating to the Company's strategic, economic, corporate, financial and technological direction, and ensures that these decisions are implemented.

The medium-term strategy for the Group's activities is defined each year in a strategic plan which is drafted by the Chief Executive Officer and presented to the Board of Directors for approval. This draft includes, in particular, projected trends for the Group's key operational and financial indicators. The Chief Executive Officer presents a 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 the applicable legislation.

➔ Directors' duties with regard to Company shares

Each director must hold at least one Company share.

Any Company shares held by directors at the time they take up their roles must be registered in their own names. This also applies to any shares they acquire during their term of office.

Directors are forbidden to:

- undertake any transaction involving shares in any listed Group Company where they have inside information;
- undertake, directly or indirectly, short-selling of such shares.

The first of the above bans applies in particular to the period when the Group's annual and half-yearly results, as well as quarterly reports, are being prepared and presented.

It also applies during special periods when projects or transactions which justify such a ban are being prepared.

The Professional Ethics Charter, which in particular sets out rules relating to insider information, is applicable to the directors.

➔ Directors' duty of care

In accepting the office entrusted to them, directors agree to fully embrace all their responsibilities and, in particular, to:

- dedicate whatever time is required to studying matters dealt with by the Board and, if applicable, any Committees of which they are members;
- request any additional information they consider necessary;
- ensure that these regulations are enforced;
- freely form their own opinion prior to any decision, with only the Company's best interests in mind;
- actively participate in all Board meetings, unless they are prevented from doing so;
- put forward any proposals which might lead to improved working conditions for the Board and its committees.

The Board is constantly seeking to improve information communicated to shareholders. Each director must play a part in achieving this goal, particularly through his or her contribution to the work of the Board's committees.

Directors undertake to tender their resignation to the Board if and when they believe, in good faith, that they are no longer able to fully assume their responsibilities.

PROFESSIONAL ETHICS CHARTER

At its meeting on 23 September 2004, the Board of Directors adopted a Professional Ethics Charter (available on the PagesJaunes Groupe web site at <http://www.pagesjaunesgroupe.com>).

This Charter sets out the Group's values and presents its guiding principles for all dealings with customers, shareholders, employees, suppliers and competitors. It also sets out how the Group acts with respect to the environment and the countries in which it operates.

In addition, it refers to a number of principles of personal conduct to which each of the Group's employees, directors and managers must adhere and which encourage honest and ethical conduct on their part, as well as accurate, complete and timely communication of published information.

The Professional Ethics Charter refers to the principles and rules applicable to stock market ethics, and the requirement to comply with them scrupulously. It lays down certain preventive measures, including in particular closed periods when "permanent insiders", such as members of the Board of Directors and other senior managers, are not allowed to trade in the Company's shares.

The Professional Ethics Charter applies to each member of the Board of Directors, as well as to all the Group's senior managers and employees.

CHAIRMAN OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The Chairman of the Board of Directors is an individual appointed by the Board from among its members. Furthermore, the Board of Directors may decide whether to separate or combine the roles of Chairman of the Board and Chief Executive Officer. If it is decided to separate these roles, the Chief Executive Officer is appointed by the Board of Directors.

At its meeting on 23 September 2004, the Board of Directors decided to separate these roles.

Subject to powers expressly granted by law to General Shareholders' Meetings and to the Board of Directors, and within the confines of the corporate purpose, the Chief Executive Officer has the broadest powers to act on behalf of the Company under all circumstances, with the following stipulations:

- (i) the Chief Executive Officer must present to the Board of Directors each year a draft strategic plan defining the Group's medium-term objectives, and including in particular projected trends for the Group's key operational and financial indicators, as well as a proposed annual budget;
- (ii) the following decisions must be approved in advance by the Board of Directors:

– approval of the annual budget as well as any material changes made to it,

- approval of annual and three-year business plans,
- the acquisition or disposal of any part of PagesJaunes Groupe's business or that of any of its subsidiaries, where this is not included in the annual budget and is for a total amount in excess of 10 million euros in any one financial year,
- any investment or disinvestment not included in the annual budget and relating to assets of an amount greater than 10 million euros,
- amending the employment contract of, recruiting/appointing or dismissing/removing, any Chief Executive Officer of a PagesJaunes Groupe subsidiary, the PagesJaunes Groupe's Chief Financial Officer, or any other PagesJaunes Groupe senior manager whose gross annual remuneration is more than 200,000 euros,
- any increase in the total indebtedness of PagesJaunes Groupe or its subsidiaries of an amount greater than that authorised under the terms of the financing or loan contracts previously authorised by the PagesJaunes Groupe's Board of Directors,
- entering into any agreement with a view to creating a joint venture with a third party,
- any decision to begin proceedings for the admission of securities of PagesJaunes Groupe 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 Groupe or any of its subsidiaries whose shares are already traded on a regulated market,
- any decision to delist or buy back shares (except share buy-backs under liquidity agreements previously authorised by the Board of Directors),
- the acquisition or subscription, by the PagesJaunes Groupe or any of its subsidiaries, of shares, interests or any other instrument in the capital or giving access to the capital of a Company (x) for a value greater than 10 million euros where the liability of PagesJaunes Groupe or its subsidiaries is limited and the transaction is not included in the annual budget, and (y) whatever the amount invested where PagesJaunes Groupe or any of its subsidiaries is acting as an unlimited liability partner in such a Company,
- any diversification of the activities of PagesJaunes Groupe or its subsidiaries into areas unrelated to activities already carried out, and any disposal or termination of any of PagesJaunes Groupe's principal activities where this is not included in the annual budget or three-year business plan,
- setting up any profit sharing plan (as defined in French employment law or any other similar legal provisions in other countries, with the exception of mandatory and voluntary profit-sharing – known as *intéressement* and profit-sharing within PagesJaunes Groupe or its subsidiaries, or any measure which would lead employees to acquire, directly or indirectly, shares in the capital of PagesJaunes Groupe or its subsidiaries,
- any authorisation or instruction given to a subsidiary of PagesJaunes Groupe to study or undertake any of the operations referred to in this list,
- entering into any agreement not included in the annual budget which would entail PagesJaunes Groupe or its subsidiaries making payments or providing goods and services for an aggregate annual amount in excess of 10 million euros,
- any decision relating to plans for the merger or demerger of any PagesJaunes Groupe subsidiary, partial contribution of capital of a business of one of PagesJaunes Groupe's subsidiaries, or lease management of a business belonging to a PagesJaunes Groupe subsidiary, where this is not provided for in the annual budget or

- three-year business plan, and excluding internal reorganisations with no material impact on PagesJaunes Groupe's position,
- any transfer or disposal in order to grant security, or any decision for the granting of security or pledges, by PagesJaunes Groupe or any of its subsidiaries, so as to meet its obligations with respect to debts or to honour guarantees given in favour of third parties, where these are not included in the annual budget and are for a total amount in excess of 10 million euros in any one financial year,
- the granting of any loans by PagesJaunes Groupe or any of its subsidiaries where the cumulative amount is greater than 5 million euros and they are not provided for in the annual budget.

DEPUTY CHIEF EXECUTIVE OFFICER

Upon the recommendation of the Chief Executive Officer, the Board of Directors may appoint one or more individuals to assist the Chairman, with the title of Deputy Chief Executive Officer. The maximum number of Deputy Chief Executive Officers is five. In agreement with the Chief Executive Officer, the Board of Directors determines the scope and term of powers granted to Deputy Chief Executive Officers.

RIGHTS, PREFERENTIAL RIGHTS AND RESTRICTIONS ATTACHED TO EACH CLASS OF EXISTING SHARES

Fully paid up shares may be in registered or bearer form, at the shareholder's discretion. They must be registered until they are fully paid up. They are registered in the Company's records or with an 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 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.

21.2.2 General Shareholders' Meetings (articles 11 and 26-32 of the articles of association)

ACCESS, PARTICIPATION AND VOTING AT GENERAL SHAREHOLDERS' MEETINGS

General Shareholders' Meetings are made up of all shareholders whose shares have been fully paid up and registered in their name by no later than 3 pm (Paris time) on the day prior to the General Shareholders' Meeting, subject to the following conditions:

- in order to attend, vote remotely or be represented at General Shareholders' Meetings, owners of bearer shares or shares registered in an account not held by the Company must file a certificate prepared by the intermediary holding their account indicating that the shares will not be transferable before the date of the General Shareholders' Meeting, at the place indicated in the notice of meeting, by no later than 3 pm (Paris time) on the day prior to the General Shareholders' Meeting;
- in order to attend, vote remotely or be represented at General Shareholders' Meetings, owners of shares registered in an account held by the Company must have their shares registered in their account held by the Company by no later than 3 pm (Paris time) on the day prior to the General Shareholders' Meeting.

Access to the General Meeting is open to its members upon submission of proof of their 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.

CHANGES REQUIRED TO MODIFY SHAREHOLDERS' RIGHTS

As at the registration date of this document de référence, the Articles of Association contain no provisions stricter than those set out in law relating to changes to shareholders' rights.

Remote voting is carried out under the terms and conditions stipulated by legal and regulatory provisions. Voting forms must be received by the Company by 3 pm (Paris time) on the day before the General Shareholders' Meeting at the latest.

Powers, remote voting forms and certificates of non-transferability of shares may be submitted in electronic form as long as they are duly signed, under the terms set out in applicable legal and regulatory provisions.

Shares may not be jointly owned in the eyes of the Company. Joint owners of shares must arrange for one of them to act as their representative with the Company; this person will be considered by the Company to be the sole owner and representative. In the event of failure to agree, the sole representative may be appointed by the court at the request of the first joint owner to so request. Unless the Company is properly notified of any agreement to the contrary, beneficial owners have the right to vote at Ordinary General Shareholders' Meetings, and bare owners have the right to vote at Extraordinary General Shareholders' Meetings.

General Shareholders' Meetings may be held by video-conference, or by any other means of telecommunication, including the internet, which enables shareholders to be identified under the conditions set out in applicable legal and regulatory texts.

The General 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.

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 or her spouse or to another shareholder with a view to being represented at the General Meeting.

Voting remotely or by proxy shall take place in accordance with the terms and conditions fixed by laws and regulations. The voting form must be received by the Company at the latest by 3 pm (Paris time) the day before the General Meeting.

Powers of Attorney and distance voting forms as well as the certificate of attendance may be prepared on an electronic medium duly signed in the conditions stipulated by applicable laws and regulations. Shareholders voting remotely or by proxy within the term stipulated in this article and using the form made available to the shareholders by the Company shall be treated as present or represented shareholders.

If the Board of Directors so decides at the time invitations to a General 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.

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 irrevocable 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 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 registration with the Company or the financial intermediary account holder, in accordance with the 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.

➔ Ordinary General Shareholders' Meetings

Ordinary General Shareholders' Meetings are called to take all decisions which do not amend the Articles of Association. They must be held at least once a year within six months of the end of the Company financial year (unless this period is extended by order of the court) to approve the accounts for the previous financial year.

Ordinary General Shareholders' Meetings cannot validly deliberate, on the first notice of meeting, unless shareholders present or represented or voting remotely hold at least one fifth of shares with voting rights. Upon a second notice of meeting, no quorum is required. Decisions are made by majority vote of the shareholders who are present, represented or have voted remotely.

For the purposes of calculating quorum and majority, shareholders are deemed to be present if they take part in an Ordinary General Shareholders' Meeting by video-conference or any other means of telecommunication enabling them to be identified, and whose nature and terms of use are defined by applicable laws and regulations.

➔ Extraordinary General Shareholders' Meetings

Only Extraordinary General Shareholders' Meetings are authorised to amend any provisions in the Articles of Association. However, they may not increase shareholders' commitments except through transactions resulting from a properly executed share consolidation.

Subject to legal stipulations applicable to share capital increases by the addition of reserves, profits or issue payments, Extraordinary General Shareholders' Meetings cannot validly deliberate unless shareholders present or represented or voting remotely hold at least, on the first notice of meeting, one quarter or, on the second notice of meeting, one fifth of the shares with voting rights. If the latter quorum cannot be reached, the second meeting may be reconvened up to two months after the original date, at which point a one fifth quorum is again required.

Subject to the same conditions, decisions are made by a two thirds majority vote of shareholders who are present, represented or have voted remotely.

For the purposes of calculating quorum and majority, shareholders are deemed to be present if they take part in an Extraordinary General Shareholders' Meeting by video-conference or any other means of telecommunication enabling them to be identified, and whose nature and terms of use are defined by applicable laws and regulations.

NOTIFICATION OF MEETINGS: FORM AND TIMESCALES (ARTICLE 28 OF THE ARTICLES OF ASSOCIATION)

General Shareholders' Meetings are convened by the Board of Directors, under the conditions set out in law.

Otherwise, General Meetings may also be convened by the auditors or by any person authorised for this purpose.

In accordance with the provisions of Article 130 of the order dated 23 March 1967, a notice informing shareholders of the next General Shareholders' Meeting is published at least 30 days prior to the meeting in the French bulletin of mandatory legal announcements, "BALO".

Except where allowed for by law, notices are issued at least fifteen clear days before the scheduled date of a General Shareholders' Meeting. This period is reduced to six clear days for General Shareholders' Meetings held after a second notice of meeting and for reconvened General Shareholders' Meetings.

The notices of meetings are issued by a notice in a newspaper publishing legal announcements in the *département* where the head office is located, and in the French bulletin of mandatory legal announcements, "BALO", in accordance with Article 124 Section 1 of the abovementioned decree of 23 March 1967. Shareholders who have held shares in their own name for at least one month prior to the notice of meeting are summoned to the General Shareholders' Meeting by ordinary letter. They may ask to be notified by registered post, provided that they pay the additional postage costs to the Company.

Meetings shall take place at the date, time and place indicated in the meeting notice.

Notices of meeting must include the agenda for the meeting.

OFFICERS OF GENERAL SHAREHOLDERS' MEETINGS (ARTICLE 30 OF THE ARTICLES OF ASSOCIATION)

General Shareholders' Meetings are chaired by the Chairman of the Board of Directors or, in his or her absence, by a director appointed by the Board for this purpose. Failing this, the General Shareholders' Meeting elects its own Chairman.

The role of voting inspector is carried out by the two members of the General Shareholders' Meeting having the highest number of votes and who accept this role.

The officers of a General Shareholders' Meeting appoint a secretary, who is not required to be a shareholder.

AGENDA

The agenda for a General Shareholders' Meeting is drawn up by the person issuing the notice of meeting.

One or more shareholders representing the percentage of capital required by applicable regulatory provisions and acting in accordance with legal conditions and timescales may request that draft resolutions be added to the agenda.

Requests for proposed resolutions to be added to the agenda must be sent by registered post with recorded delivery as of publication of the

notice of meeting in the bulletin of mandatory legal announcements, and up to 25 days prior to the General Shareholders' Meeting (however, if the announcement is published more than 45 days prior to the General Shareholders' Meeting, proposed resolutions must be sent within 20 days of publication of the notice); the authors must provide proof of possession or representation of the required proportion of share capital, proceeding, prior to dispatch of the request, to registers shares on the Company register.

Only matters which are included on the agenda may be discussed at General Shareholders' Meetings. However, the meeting may at any time dismiss and replace one or more members of the Supervisory Board and, under certain conditions, dismiss one or more members of the Management Board.

The agenda may not be amended where a second notice of meeting has been issued, or in the event of a meeting being reconvened.

CONDITIONS FOR EXERCISING VOTING RIGHTS

At all General Shareholders' Meetings, each shareholder has as many votes as the number of shares he or she owns or represents, with no limitations other than those which may arise from legal provisions or provisions in the Articles of Association, subject to a court order in certain cases. There are no clauses in the Articles of Association allowing the Company's shareholders to have double or multiple voting rights, or restricting voting rights.

21.2.3 Sale or transfer of shares (article 9 of the articles of association)

Shares may be freely traded, subject to applicable legal and regulatory provisions. They are registered and transferred under the terms and conditions set out in applicable legal and regulatory provisions.

21.2.4 Exceeding of thresholds set out in the articles of association (article 9 of the articles of association)

By law, the Company and the *Autorité des marchés financiers* (Financial Markets Authority) 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

As at the registration date of this *document de référence*, the Articles of Association contain no provisions stricter than those set out in law relating to capital reconstruction.

22 Major contracts

In due consideration of the sale by France Télécom of its interest in the Company's capital, France Télécom and the Company have entered into a bridging contract and cooperation contract intended to govern the relationship between them. The details of these contracts are set out in Sections 6.4.12 and 6.4.13 of this document.

In addition, on 24 October 2006 PagesJaunes Groupe entered into a bank finance agreement, the details of which are set out in chapter 10 of this document.

To date, the Company has entered into no other major contracts, other than those concluded in the normal course of business, which would impose a significant obligation or commitment on the Group as a whole.

23 Information provided by third parties, expert declarations and declarations of interest

None

24 Documents available to the public

Documents relating to the Company which must be made available to the public (Articles of Association, reports, correspondence and other documents and the Company's historic financial information and consolidated information for each of the two financial years preceding the date of this document de reference) are available for consultation at the registered office, preferably by appointment.

25 Information concerning shareholdings

Other than those companies referred to in section 7.2 ("List of subsidiaries"), the Company has no interests in any other companies liable to have a material impact on the assessment of its assets, financial position or performance.

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Draft resolutions to be submitted at the General Meeting of 29 April 2008

Ordinary General Meeting

FIRST RESOLUTION

(Approval of the annual accounts for the year ending 31 December 2007)

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 2007, 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 posts the profit from this year as it arose from these accounts as 220,207,377.91 euros.

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 for the year ending 31 December 2007)

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 2007, 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, and the transactions reflected in these accounts and summarised in these reports.

THIRD RESOLUTION

(Appropriation of the net income of the year ended 31 December 2007, 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 220,207,377.91 euros;
- (ii) formally notes that retained earnings amounted to 1,070,927,808.70 euros; an amount available for appropriation of net income of 1,291,135,186.61 euros;

- (iii) decides to allocate 7,553.40 euros to the legal reserve, bringing it to 5,612,889 euros;
- (iv) decides to pay the shareholders a dividend of 0.96 euro per share;
- (v) and decides to allocate the balance of the available amount to "retained earnings".

The dividend shall be paid as of 14 May 2008.

Accordingly, the total amount of the dividend cannot exceed 269,418,672 euros. 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 resident in France for tax purposes.

The following dividends that were paid over the past three years are as follows:

Year	Number of shares	Dividend per share	Tax credit
2004	278,789,610	0.93	No tax credit ⁽¹⁾
2005	278,789,610	1.02	No tax credit ⁽²⁾
2006	280,266,780	1.08	No tax credit ⁽³⁾

(1) 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).

(2) 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).

(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 2006).

FOURTH RESOLUTION

(Agreements covered by 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 for the Board of Directors, for the purpose of purchasing, keeping or transferring PagesJaunes Groupe 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 26 April 2007 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 20 euros per share. In the case of transactions affecting 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 561,288,900 euros, as calculated based on the share capital of 14 February 2008. 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,
 - 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.

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 Groupe 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 Company share capital pursuant to the tenth resolution;
- to ensure the liquidity of the PagesJaunes Groupe's share through an investment service provider pursuant to a liquidity contract consistent with the ethical charter recognised by the *Autorité des marchés financiers* (Financial Markets Authority);
- to retain shares for 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 Groupe'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 Directors' 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.

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. 225-209 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

(Ratification of the co-opting of Mr Thomas Geitner as director)

The General Shareholders' Meeting, ruling under the quorum and majority required for ordinary meetings, ratifies the co-opting by the Board of Directors at its meeting of 26 July 2007 of Mr Thomas Geitner as director replacing the resigning director Mr Johannes Huth, for the remainder of the latter's term, i.e. until the Ordinary General Shareholders' Meeting in 2009 to rule on the accounts for the year 2008.

SEVENTH RESOLUTION

(Ratification of the co-opting of Mr Nicolas Gheysens as director)

The General Shareholders' Meeting, ruling under the quorum and majority conditions required for ordinary meetings, ratifies the co-opting by the Board of Directors at its meeting of 26 July 2007 of Mr Nicolas Gheysens as director replacing the resigning director Mr Mattia Caprioli, for the remainder of the latter's term, i.e. until the Ordinary General Shareholders' Meeting in 2009 to rule on the accounts for the year 2008.

EIGHTH RESOLUTION**(Deliberation pursuant to Article L. 225-42-1 of the Commercial Code concerning a commitment where Mr Michel Datchary is the beneficiary)**

The General Shareholders' Meeting, pursuant to Articles L. 225-42-1 and L. 225-40 of the Commercial Code, ruling under the quorum and majority conditions required for ordinary meetings and having taken due note of the special report by the Auditors, approves the departure compensation commitment as described in the report in favour of Mr Michel Datchary as part of his employment contract with PagesJaunes, a Company controlled by PagesJaunes Groupe.

NINTH RESOLUTION**(Directors' fees)**

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, has decided to fix at 365,000 euros 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.

Extraordinary portion of the meeting**TENTH RESOLUTION****(Authorisation for the Board of Directors to reduce the share 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 26 April 2007 through its 18th resolution;
- delegates to the Board of Directors full power to cancel, on one or more occasions, for up to 10% of the Company's capital and by 24-month periods, all or some of the PagesJaunes Groupe ordinary shares acquired as part of the share purchase programmes authorised by the 5th Resolution submitted to this General Meeting for the share purchase programmes authorised prior to or subsequent to the date of this General Meeting;
- has decided that the surplus of the purchase price of the ordinary shares on their nominal value will be charged to the "issue premium" account or to any available reserve account, including the legal reserve, for up to 10% of the capital reduction made;
- delegates full power to the Board of Directors, with the option to delegate pursuant to the law, to carry out the capital reduction arising from the cancellation of the ordinary shares and the aforementioned charging, as well as to amend accordingly article 6 of the Articles of Association;
- sets the term of this authorisation at 18 months from the date of this General Meeting.

ELEVENTH RESOLUTION**(Powers for procedural arrangements)**

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 proceedings with all filings and announcements required by current legislation.

Report by the Chairman of the Board of Directors on the conditions for the preparation and organisation of the Board's work and on internal audit procedures

Pursuant to Article L. 225-37 of the Commercial Code, the Chairman of your Board of Directors informs you in this report as to 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 all due care. The Company Auditors were informed of this work and of this due care.

This report presents the conditions for the preparation and organisation of the work of the Board of Directors of PagesJaunes Groupe during

the year 2007. This report also presents the internal audit procedures at PagesJaunes Groupe.

With respect to accounting and financial matters, PagesJaunes Groupe 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.

Preparation and organisation of the Board of directors' work

PagesJaunes Groupe 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 Groupe 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 set out the guiding principles of its operation and the conditions according to which it performs its mission.

PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK

The Board of Directors issues its opinion on all decisions concerning the Company's major strategic, economic, social, financial and technological orientations, and ensures that these are implemented by senior management.

PagesJaunes Groupe policy concerning Corporate Governance stipulates that the Chief Executive Officer must obtain authorisation from the Board in order to arrange any purchases or disposals of operations that are not included in the annual budget for a total amount in excess of ten million euros, and any investment or disinvestment not included in the annual budget in relation to assets for a sum in excess of ten million euros.

On 23 September 2004, the Board of Directors of PagesJaunes Groupe decided to separate the positions of Chairman of the Board of Directors and Chief Executive Officer. Mr Jacques Garaïalde is the Chairman of the Board of Directors of PagesJaunes Groupe and Mr Michel Datchary is Chief Executive Officer of PagesJaunes Groupe.

At its meeting on 26 July 2007, the Board of Directors took note of the resignation from their directorships of Mr Mattia Caprioli and Mr Johannes Huth. Mr Nicolas Gheysens and Mr Thomas Geitner were co-opted to replace these directors.

The co-optings will be submitted for ratification at the next General Shareholders' Meeting of PagesJaunes Groupe.

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

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

The Board of Directors includes 3 independent members: Mr François de Carbonnel, Mr Élie Cohen, and Mr Rémy Sautter. A member is deemed to be independent if he does not have any relationship whatsoever with the Company that could have a significant impact on his freedom of judgment.

PagesJaunes Groupe uses certain criteria in selecting its directors, in particular: availability, experience and expertise in the areas associated with the Group's businesses and with the challenges of its environment.

In 2007, the Board of Directors met on five occasions. On average, ten out of thirteen directors attended each session of the Board of Directors during the year. The average duration of a Board of Directors meeting was 3 hours and 30 minutes.

THE BOARD'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 revenue and the main quarterly results. It drew up the reports and resolutions submitted to the General Meeting. It examined the budgets for 2007 and 2008, and also the five-year strategic marketing plan.

Examination and approval of strategic operations: the Board deliberated on and planned acquisitions. The Group's main strategic hypotheses were presented at a special meeting of the directors, where they were discussed at length.

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.

Study and implementation of an options programme plan providing entitlement to the subscription of 2.9 million new shares for certain Group employees.

MISSIONS AND OPERATION OF THE BOARD OF DIRECTOR'S COMMITTEES

Two committees were created by the Board of Directors at its meeting on 23 September 2004.

The Board of Directors decided to set up an Audit Committee, chaired by Rémy Sautter, and a Remuneration and Appointments 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.

➔ Audit Committee

The Audit Committee is comprised of at least two members, appointed by the Board of Directors based on a proposal by its Chairman. In addition, according to the terms of the Audit Committee's operating charter, the Committee will appoint its own Chairman.

The composition of the Audit Committee on the date of this report is as follows:

- Mr Remy Sautter, Chairman;
- Mr Élie Cohen;
- Mr Nicolas Gheysens.

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

- examining the semi-annual and annual Company and consolidated accounts, as well as the management reports and the activity and result tables;
- examining documents for Financial Communication;
- ensuring compliance with the accounting standards adopted for preparing the Company and consolidated accounts;
- verifying that the internal information collection and checking procedures are applied in practice;
- checking the quality and relevance of the information communicated to shareholders;
- examining the procedure for selecting the Company's auditors, in particular, the motivations for their choices and their remuneration conditions, in order to submit comments;
- examining each year the respective work plans of the Company auditors and the internal auditors, examining the internal audit reports of the year ended and defining the mission schedule for the year in progress;
- examining the accounting treatments associated with specific transactions, as well as the information published on these transactions;

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

The Audit Committee shall meet as often as it deems useful and shall refer to any matter included within its mission. It may ask the Company to provide it with any document or information necessary to the exercise of its mission and to the carrying out of any internal audit or external audit on any subject it believes is included in the said mission. During the examination of drafts of the annual and semi-annual accounts, it may question the Company auditors without the presence of the Company's senior managers. It is notified of any accounting or audit irregularities.

The Audit Committee met 4 times in 2007. It audited the Company's senior managers and the senior managers of the Group's Financial Department, the internal auditors and the Statutory Auditors on a regular basis, to examine with them their respective work plans and their follow-up on said plans.

During the year 2007, the Audit Committee examined the following questions:

- annual Company and consolidated accounts at 31 December 2006;
- semi-annual consolidated accounts at 30 June 2007;
- revenue and main results for the first and third quarters of 2007;
- 2007 internal audit programme, conclusions of the missions carried out during the year and monitoring of the implementation of the recommendations;

➔ Remuneration and Appointments Committee

This Committee is comprised of at least three members, who are appointed by the Board of Directors based on a proposal by its chairman. The Committee itself appoints its chairman.

On the date of this report, the Remuneration and Appointments Committee was comprised of the following persons:

- Mr Francois de Carbonnel, chairman;
- Mr Hugues Lepic;
- Mr Nicolas Gheysens.

The committee is responsible for submitting proposals to the Board of Directors for the appointment of members of the Board of Directors, the Chairman of the Board of Directors, the CEO and the members of the Board committees. It is also kept informed by the Chairman of the Board of Directors of the appointments of other senior managers of the Group. In addition, the Committee proposes to the Board of Directors the amount of the directors' fees to be submitted to the General Meeting, as well as the conditions for the 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 setting the remuneration of the Company's senior managers.

The Remuneration and Appointments Committee met on three occasions in 2007.

The Committee examined the definition of the objectives and the conditions for the calculation of the variable portion of the Chief Executive Officer's remuneration.

It also proposed the Board of Directors set up free share allotment plans.

LIMITATIONS OF THE CHIEF EXECUTIVE OFFICER'S POWERS

Pursuant to Article L. 225-51-1 of the Commercial Code, which enables the Board of Directors to choose between general management of the Company assumed, under its responsibility, by the Chairman of the Board of Directors or by another natural person appointed by the Board of Directors and bearing the title of Chief Executive Officer, on 23 September 2004 the Board of Directors of PagesJaunes Groupe decided to separate the positions of Chairman of the Board of Directors and Chief Executive Officer. On 12 October 2006 it elected from among its members Mr Jacques Garaïalde as Chairman of the Board of Directors of PagesJaunes Groupe and Mr Michel Datchary as Chief Executive Officer of PagesJaunes Groupe.

RULES FOR THE DETERMINATION OF THE CHIEF EXECUTIVE OFFICER'S REMUNERATION

On 15 February 2007, the Board of Directors, based on a proposal by the Remuneration and Appointments Committee, determined the rules for the calculation of the Chief Executive Officer's variable share.

In 2007, the Chief Executive Officer was eligible for a variable share, the annual amount of which could vary between 0% and 80% of the base salary, depending on the attainment of the following criteria:

- 35% on a qualitative scale of between 0 and 200% based on leadership of PagesJaunes Groupe, implementation and success of action plans, and movement of the operations portfolio; and
- 65% on a quantitative scale based on an additional gross operating margin objective.

Mr Michel Datchary's employment contract provides for payment of the following, in the event of termination by PagesJaunes:

- a sum as discretionary compensation for severance, calculated pursuant to the provisions of the collective agreement applicable to the Company with regard to his seniority;
- another sum totalling 15 months of his salary.

Calculation of these benefits will take into account the average of the total remuneration paid by PagesJaunes or PagesJaunes Groupe over the last 12 months.

The accumulated total amount of the discretionary compensation and the additional compensation may not exceed 21 months of salary.

These compensations will not be applicable in the event of serious or gross misconduct by Michel Datchary.

Pursuant to Article 17 of the Law of 21 August 2007 (the TEPA Law), the Board of Directors approved modification of this employment contract to supplement Mr Michel Datchary's employment contract with the inclusion of a performance condition.

In order to ensure the coherence of this stipulation with the Company's normal performance criteria, the performance condition for payment of the severance compensation provided for in Mr Michel Datchary's employment contract was set so that the gross operating margin (GOM) of the last PagesJaunes Groupe consolidated annual accounts posted by the Board of Directors at the date of severance exceeds the average consolidated gross operating margin of the previous three years.

A proposal was made to the General Shareholders' Meeting of PagesJaunes Groupe on 29 April 2008, in the eighth resolution, to approve this commitment in favour of Mr Michel Datchary.

Within the framework of the implementation of an additional retirement scheme in two sections (the Collective Retirement Savings Plan – PERCO), implemented in 2007, whereby all the employees of the Group's French subsidiaries may benefit from an additional defined-contribution retirement scheme to be enjoyed by all management staff at Group subsidiaries as of 1 January 2008), Mr Michel Datchary cannot benefit from the PERCO scheme.

The Board of Directors at PagesJaunes Groupe, however, in accordance with the stipulations of Article L. 225-38 of the Commercial Code, has approved a stipulation whereby Mr Michel Datchary may avail himself of the additional retirement scheme (Article 83 of the General Tax Code) in the same conditions as other contributors.

It must also be stated that Mr Michel Datchary has been signed up to the Company's benefits and retirement scheme under the same conditions as other Group employees.

Internal control procedures established by PagesJaunes Groupe

For the purposes of organising its internal controls and managing its risks, PagesJaunes Groupe has implemented a number of internal processes, described below, with reference to the COSO (Committee Of Sponsoring Organisations of the Treadway Commission).

Procedures in accordance with the stipulations of the Sarbanes Oxley Law were drawn up for the entire entity and its major subsidiaries when the entity was a subsidiary of France Télécom.

In 2007 PagesJaunes Groupe continued to relate its internal control mechanisms to the COSO structure. However, following the departure of the France Télécom Group, PagesJaunes Groupe began the simplification and implementation of these procedures with respect to the standards of the *Autorité des marchés financiers* (Financial Markets Authority), and this situation was ongoing at year-end.

Internal control is a process implemented by the Company's directors, Management and personnel, the purpose of which is to provide reasonable assurance concerning the achievement of objectives in the following areas:

- effectiveness and efficiency of operations;
- reliability of financial information;
- conformity with current laws and regulations.

This process covers all the activities of the PagesJaunes Groupe. Its purpose is to carry out a reasonable verification that risks are controlled and that the stipulated objectives will be attained.

GENERAL ORGANISATION OF INTERNAL CONTROL AT PAGESJAUNES GROUPE

➔ Internal control objectives

Internal control objectives are:

- to ensure that activities for the management or performance of operations and the conduct of employees are as stipulated by the guidelines for business activity in accordance with the Company's internal rules, standards and values;
- to ensure that information relating to accounts, finance and management notified by the Company constitutes a true reflection of the business and the position of the Company.

Among other concerns, the internal control system aims to prevent and control risks arising from Company business and the risk of errors, particularly aspects relating to accounts, finance and legal matters.

Like any control system, it cannot provide an absolute guarantee that all risks will be completely eliminated.

➔ Scope of internal control procedures

Internal control applies to all operational processes at the Company, and most particularly the account-closing process, as recommended by the *Autorité des Marchés Financiers*.

➔ General organisation of internal control

PagesJaunes Groupe has established a series of organisational rules, policies, procedures and mechanisms and evaluation and control bodies that contribute to the effectiveness of internal control.

The Board of Directors, operational and functional departments and all staff play a role in controlling activities and risks associated with the areas under their responsibility.

AGENTS OR STRUCTURES CARRYING OUT CONTROL ACTIVITIES

➔ The group's action and behavioural values and principles

At its meeting on 27 May 2004, the Supervisory Board of PagesJaunes Groupe approved an Ethical Charter for the Group. This is available on the Group's Intranet and Internet sites (www.pagesjaunesgroupe.com), and is also given to all new employees. At the end of 2007 a specific course of action in relation to communication was drawn up, and a copy of the Charter was distributed to all PagesJaunes Groupe employees.

This Charter sets out the Group's values and explains its action principles vis-à-vis its clients, its shareholders, its employees, its suppliers, and its competitors, as well as vis-à-vis the environment and the countries in which the group operates. It also mentions a number of individual behavioural principles with which each employee, director and manager must comply.

Stock market ethical principles and rules will be covered by a specific document which is an integral part of the Charter. The purpose of this document is to draw the attention of the 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* (Financial Markets Authority) (adopted pursuant to Article L. 621-18-2 of the French Monetary and Financial Code), PagesJaunes Groupe informed its directors of the Company's obligation to communicate to the *Autorité des marchés financiers* and to make public through a press release, within five days of trading, any acquisitions, sales, subscriptions or exchanges of its financial instruments, as well as the transactions carried out on these instruments using financial futures instruments, by the members of the Board of Directors and by those persons having close personal links with them, in conditions that will be defined by a decree in the *Conseil d'État* [the country's highest administrative court].

➔ The Group's Governance

The Executive Committee

An Executive Committee of PagesJaunes Groupe was set up under the authority of the Chief Executive Officer. It is comprised of the executive directors in charge of the Group's divisions and functions. The Executive Committee defines the Group's strategic orientations contributing to the growth of operational and commercial activities.

The Group's Executive Committee decides on and coordinates the implementation of strategic orientations. It monitors the achievement of objectives, and its decisions determine the operational scope and allocation of financial resources.

The internal strategic Committee

The Strategic Committee is comprised of the Chief Executive Officer and Financial Director of PagesJaunes Groupe, the directors of the three PagesJaunes business units (printed directory, online and voice services and services) as well as the Director of Strategy at PagesJaunes Groupe, who co-ordinates it. The meetings of the Strategic Committee are also attended by those persons concerned by the issues 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 Groupe and its subsidiaries, as well as to co-ordinate and structure the Group's strategic analysis.

➔ **The Internal Audit function**

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

The PagesJaunes Groupe's internal audit department carries out the missions defined at the beginning of the year in the audit plan. From the functional viewpoint, the department is part of the Group's Finance Department, but from the point of view of hierarchy it is supervised by the Audit Committee.

Three types of audit are carried out at PagesJaunes:

- an audit of conformity in relation to financial statements: assessment of off-balance-sheet commitments, evaluation of retirement commitments, monitoring of stock...;
- a conformity, efficiency and governance audit, particularly directed at subsidiaries;

- audit of specific functions such as the purchasing function, monitoring of commercial expenditure, etc.

➔ **Risk management**

In 2005 PagesJaunes Groupe implemented a risk management approach and appointed a risk manager reporting to the Director of Legal Affairs, who supervises and organises the approach.

This led to the establishment of risk-mapping and organised the risk management process, which includes, on the one hand, an approach by Group segment (PagesJaunes Groupe, PagesJaunes, QDQ Media, and other subsidiaries) and by business category and, on the other, the allocation of risks to risk owners.

This risk management approach was presented to the Audit Committee.

A full review of risks is carried out at the end of each financial year. The review allows the following operations to be carried out:

- measurement of the progress of the actions planned;
- updating of the risks previously identified (trends and disappearances);
- addition of any new risks which may arise.

This approach is led by the risk manager, who is assisted by a steering committee comprised of the Executive Directors of PagesJaunes Groupe and PagesJaunes. The Steering Committee also supports the establishment of an information security policy within PagesJaunes Groupe, so as to ensure the homogeneity of these two programmes.

Risk management is now organised as follows:

- two complete reviews of risks and information security are carried out each year;
- regular monitoring committees check the progress of the actions planned;
- a quarterly list of indicators focusing mainly on the progress of activities to cover risks.

An activity continuity plan was also drawn up in 2007. It will be tested in 2008 with a view to complete deployment in 2009.

Internal control procedures concerning the preparation and treatment of accounting and financial information

The Group's Finance Department draws up accounting and financial information.

The reliability of the accounting and financial information published is 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.

Specific internal control procedures have therefore been implemented, based mainly on the following:

- the Financial Information Committee;
- the Group's accounting and management organisation;

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

THE FINANCIAL INFORMATION COMMITTEE

Financial information and its control are organised in a consistent manner with the managerial organisation and management of PagesJaunes

Groupe. In order to improve the quality and reliability of financial information, the Group has set up a financial information management and control mechanism, 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 Groupe.

It reviews – after an examination by the Audit Committee and then by the Board of Directors – all financial information communicated to the public. This examination covers periodic press releases including financial elements, periodic presentations to analysts, management reports, and the *document de référence*.

The Committee acts on the basis of procedures for the preparation and validation of financial information defined for the entire Group. It is chaired by the Group's Finance Director and includes directors who are competent in the areas of accounting, legal affairs, communication, investor relations and management control.

This Committee was set up in July 2004 and met on four occasions in 2007.

THE ACCOUNTING AND MANAGEMENT FUNCTION

Under the authority of the Group's Finance 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 consistency in PagesJaunes Groupe's financial data.

Thus,

- they produce the Company and consolidated accounts of PagesJaunes Groupe within the periods satisfying the requirements of the financial markets and legal obligations;
- they manage the budget and estimation process and produce monthly management reporting as swiftly as possible, while ensuring data consistency;
- they produce the documentation necessary for the financial communication of results and the summary management reporting for Management of the PagesJaunes Groupe;
- they design and set up the accounting and management methods, procedures and reference documents of the PagesJaunes Groupe;
- they identify and manage the necessary changes to the accounting information and management systems of the PagesJaunes Groupe.

UNIFIED MANAGEMENT AND ACCOUNTING REPORTING;

The Group's management and steering cycle has four basic components, as follows:

- the strategic plan for at least five years;
- the budget process;
- monthly reporting;
- business reviews.

➔ The strategic plan

Each year a strategic plan is drawn up by PagesJaunes Groupe for the next five years. This strategic plan is drawn up on the basis of strategic choices by PagesJaunes Groupe in view of changes in markets, its activity sectors and the competitive environment.

➔ The budget process

The budget process is determined for PagesJaunes Groupe and its subsidiaries. The main phases are as follows:

- in autumn: updating of the budget for the year in progress and preparation by each entity of a monthly budget for the following year;
- in spring: updating of the initial forecast for the year in progress, which also serves as the basis for drawing up the strategic plan.
- summer: updating of the latter half of the year in accordance with the results produced during the first half of the year.

A continuous reforecasting process was implemented in 2007 in order to improve steering and monitoring of Group performance.

➔ Monthly reporting

Monthly reporting is a major component of the control and financial information mechanism. It is PagesJaunes Groupe's senior management's primary monitoring, control and management tool. It is comprised of several documents prepared by management control and accounting and notified to the Management of PagesJaunes Groupe.

Monthly reporting includes quantified data, comments on developments, and performance measurement indicators.

The management control and accounting services of PagesJaunes Groupe use a joint consolidation tool to produce reporting on actual figures and the budget, as well as the strategic plan.

➔ Business reviews

The monthly business reviews with all senior management at subsidiaries are a key component of PagesJaunes Groupe's management and control mechanism. Their primary objective is to ensure consistency between the actions undertaken and the group's priorities and ambitions.

COMMON ACCOUNTING METHODS AND REFERENCES USED AT THE GROUP

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

- homogeneity of the reference model, accounting methods and consolidation rules;
- standardisation of output formats;
- 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 the Group's consolidated entities have adopted this reference model. PagesJaunes Groupe draws up the consolidated accounts in accordance with IFRS standards (European Regulation 1606/2002 of 19 July 2002).

The consolidation documents are prepared in accordance with local accounting principles and include standardisation restatements in order to comply with the Group's standards and with IFRS standards. Instruction memos from the Group's Finance Department specifying the preparation process and timetable for each closure are distributed within the Group. Each subsidiary of PagesJaunes Groupe defines these processes and timetables at the level of its organisation.

THE SCHEDULING OF CLOSURE WORK AT GROUP LEVEL

In order to maintain short accounting closing times, which enable it to publish its consolidated accounts, as prepared by the Board of Directors in mid-February, the Group has set up a precise programme to plan its closure work. This programme includes:

- budget monitoring processes;
- carrying out accounting pre-closures;
- enhanced formalisation of closing processes;
- forecasting the treatment of complex accounting transactions and estimates.

The planning of coordination activities between the various divisions and functions of the Group, improvement of the quality of quantified forecasts and increased control of financial processes, and anticipation and acceleration of accounting preparation processes have all been essential factors in the progress made by the Group in preparing its accounts.

FINANCIAL COMMUNICATION

In addition to the Chief Executive Officer, the Finance Director, the head of investor relations and the Department of Communication's press department are the only entities authorised to issue financial information concerning the Group and its strategy outside the Company.

The Group's Finance Department, in association with management control and the Legal Department, is responsible for drawing up and distributing to public entities and regulatory and market authorities (the Autorité des Marchés Financiers) the following periodic and permanent information documents:

- periodic financial press releases (quarterly information, half-yearly and annual results) and also occasional releases (operations relating to external growth, disinvestment, strategic partnerships, etc.);
- presentations to back up meetings of analysts, investors and press conferences;
- half-yearly and annual financial reports;
- the *document de référence*;
- presentation for the General Shareholders' Meeting.

These documents are reviewed by the Financial Information Committee (see Section 2.3.1).

PagesJaunes Groupe strives to provide intelligible, relevant and reliable information. The Group strives to observe stock market regulations and the principles of Corporate Governance.

Relations with the Company Auditors

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 Group level, and for the annual closing, via a review of the pre-closure, followed by an audit of the accounts at 31 December. In this way, they provide an external evaluation reference that complements the internal evaluation process.

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

PagesJaunes Groupe SA

Period ending 31 December 2007

The Auditors' Report, prepared pursuant to Article L. 225-235 of the Commercial Code, on the report of the Chairman of the Board of directors of PagesJaunes Groupe, regarding the internal control procedures concerning the preparation and treatment of accounting and financial information

Dear Shareholders,

As Company Auditors of PagesJaunes Groupe and pursuant to Article L. 225-235 of the Commercial Code, we submit to you our findings on the report prepared by the Chairman of your Company in accordance with Article L. 225-37 of the Commercial Code for the year ended 31 December 2007.

The Chairman is responsible for reporting 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 providing you with our comments concerning the information provided in the Chairman's report with regard to the internal control procedures for the preparation and treatment of accounting and financial information.

We have conducted our work in accordance with the professional standards applicable in France. This work required measures aimed at assessing the sincerity of the information given in the Chairman's report, in relation to the internal audit procedures concerning the preparation and treatment of accounting and financial information. These measures consist mainly of:

- examining the internal control procedures concerning the preparation and treatment of the accounting and financial information underlying the information submitted in the Chairman's report, and existing documentation;
- examining the work involved in drawing up this information and existing documentation;
- determining whether any of the major deficiencies in internal controls relating to the preparation and treatment of accounting and financial information that we encountered during our task are suitably covered in the Chairman's report.

Based on this work, we have no comments concerning the information provided in the Company's internal control procedures in relation to the preparation and treatment of accounting and financial information in the report by the Chairman of the Board of Directors, drawn up pursuant to Article L. 225-37 of the Commercial Code.

Neuilly-sur-Seine and Paris-La Défense, France, 28 February 2008

The Company Auditors

DELOITTE & ASSOCIES

Dominique DESCOURS

ERNST & YOUNG Audit

Jeremy THURBIN

PagesJaunes Groupe SA

Combined General Shareholders' Meeting, 29 April 2008

(Tenth Resolution)

Auditors' report on the capital reduction *via* the cancellation of shares purchased

Dear Shareholders,

In our capacity as Company Auditors to PagesJaunes Groupe, and pursuant to our task as set out in article L. 225-209, Section 7 of the Commercial Code in the event of a reduction in share capital by the cancellation of shares purchased, we have drawn up this report to provide you with our assessment of the causes and conditions of the envisaged reduction in share capital.

We have carried out the tasks we deemed necessary with regard to the professional code of conduct of the French Association of Accountants concerning this task. This task involves ascertaining whether the causes and conditions of the reduction in share capital are in order.

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 issued 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, France, 28 February 2008

DELOITTE & ASSOCIES

Dominique DESCOURS

The Company Auditors

ERNST & YOUNG Audit

Jeremy THURBIN

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.

Consolidated Group revenue: the Group's revenue, including the revenue of PagesJaunes and all its subsidiaries, with the exception of the revenue of PagesJaunes Outre-Mer, Kompas Belgium and PagesJaunes Liban, which are not consolidated.

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 its subsidiaries.

Consolidated Group: the group of companies comprised of the Company and all its subsidiaries, with the exception of PagesJaunes Outre-mer and PagesJaunes Liban.

France Télécom Group: the France Télécom Company and all its subsidiaries.

I-mode: data exchange protocol developed by the Japanese mobile telephone operator NTT DoCoMo permitting 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. not accessible to all Internet users). Examples: Company Intranet, community Intranet etc.

"Numéro Azur": telecommunications number the cost of which is shared between the service provider and the caller.

PagesJaunes or PagesJaunes SA: the PagesJaunes SA Company.

Advertising sales agency: natural person or legal entity who assumes responsibility for selling the advertising spaces of the content edited by a third party and whose rights and obligations are defined by an advertising sales contract.

Company: the PagesJaunes Groupe Company.

Reach rate of a website: the number of Internet users who have visited the site at least once during a given period over the total number of users active during this period.

WAP (wireless application protocol): data exchange protocol developed by several mobile telephone manufacturers permitting 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.

