

# REFERENCE DOCUMENT 2011

PAGESJAUNES GROUPE  
Creating Useful Media





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**Unofficial translation of the French-language “Document de référence 2011” of PagesJaunes Groupe, for information purposes only.**

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

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

# REFERENCE DOCUMENT

## 2011

### PAGESJAUNES GROUPE

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



This *document de référence* was filed with the French financial markets authority (AMF) on 26 April 2012 in accordance with article 212-13 of the General Regulations of the AMF. It can be used to support a financial operation if it is accompanied by a memorandum of operation approved by the AMF.

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

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

- the Group's consolidated and company financial statements for the financial year ending 31 December 2010, the related Auditors' Reports and the Group's Management report are provided respectively on pages 86 to 141, pages 161 to 163 and pages 38 to 48 of the *document de référence* filed on 4 May 2011 as number D.11-0446;
- the Group's consolidated and company financial statements for the financial year ending 31 December 2009, the related Auditors' Reports and the Group's Management report are provided respectively on pages 91 to 144, pages 168 to 171 and pages 44 to 55 of the *document de référence* filed on 25 March 2010 as number D.10-0166.

*The chapters in the documents de référence 2010 and 2009 that are not mentioned above are either of no relevance to the investor or are covered elsewhere in 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 the PagesJaunes Groupe holding Company, and the terms “PagesJaunes SA” or “PagesJaunes” refer to the Company PagesJaunes SA. The term “Group” refers to the group of companies comprising the Company and all its subsidiaries and the term

“Consolidated Group” refers to the group of companies comprising the Company and all its subsidiaries, apart from PagesJaunes Outre-Mer, which is not consolidated, and Edicom, which was sold in 2009. A glossary defining the main terms in this *document de référence* is given at the end of this document.

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

Responsibility for this *document de référence* is assumed by Mr Jacques Garaïalde, Chairman of the Board of Directors, and Mr Jean-Pierre Remy, Chief Executive Officer of PagesJaunes Groupe.

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

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

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

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

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

The Auditors' Report on the consolidated financial statements for the 2011 financial year, presented in chapter 20 of this document, does not contain any observations.

The report on the consolidated financial statements for the 2010 financial year, presented in the *document de référence* filed with the French financial markets authority (AMF) on 4 May 2011, as number D.11-0446, contains an observation concerning the application of new standards and interpretations with effect from 1 January 2010.

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

Mr Jean-Pierre Remy  
Chief Executive Officer of 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

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

### **Ernst & Young Audit**

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

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

## 2.2 Substitute Auditors

### **BEAS**

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

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

### **Auditex**

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

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

## 3

## SELECTED FINANCIAL INFORMATION

<i>(in millions of euros)</i>	2011	2010	2009
<b>CONSOLIDATED INCOME STATEMENT</b>			
<b>CONSOLIDATED GROUP REVENUES</b>	<b>1,101.6</b>	<b>1,125.2</b>	<b>1,163.9</b>
Internet	575.0	537.6	506.4
Printed directories	490.7	540.7	602.2
Other businesses	35.9	46.9	55.3
<b>GROSS OPERATING MARGIN (GOM) OF THE CONSOLIDATED GROUP <sup>(1)</sup></b>	<b>493.1</b>	<b>517.8</b>	<b>528.7</b>
Internet	257.6	250.2	unavailable <sup>(3)</sup>
Printed directories	224.4	253.0	unavailable <sup>(3)</sup>
Other businesses	11.1	14.6	unavailable <sup>(3)</sup>
<b>INCOME FOR THE PERIOD (GROUP SHARE)</b>	<b>197.0</b>	<b>244.9</b>	<b>273.6</b>
<b>CONSOLIDATED BALANCE SHEET</b>			
<b>Assets</b>			
<b>NON-CURRENT ASSETS</b>	<b>215.3</b>	<b>176.6</b>	<b>127.4</b>
of which net goodwill	94.1	66.7	50.3
<b>CURRENT ASSETS</b>	<b>667.8</b>	<b>690.6</b>	<b>688.2</b>
of which net trade debtors	439.3	447.0	466.2
of which cash and cash equivalents	82.7	106.0	67.0
<b>TOTAL ASSETS</b>	<b>883.1</b>	<b>867.2</b>	<b>815.5</b>
<b>Liabilities</b>			
<b>SHAREHOLDERS' EQUITY (GROUP SHARE)</b>	<b>(2,121.0)</b>	<b>(2,154.2)</b>	<b>(2,213.1)</b>
<b>NON-CURRENT LIABILITIES</b>	<b>2,040.4</b>	<b>2,017.7</b>	<b>2,025.4</b>
of which long-term financial liabilities and derivatives	1,981.5	1,962.4	1,980.1
<b>CURRENT LIABILITIES</b>	<b>963.6</b>	<b>1,003.7</b>	<b>1,003.2</b>
of which trade creditors	94.3	102.0	102.4
of which deferred income	636.6	642.1	660.0
<b>TOTAL LIABILITIES</b>	<b>883.1</b>	<b>867.2</b>	<b>815.5</b>
<b>CONSOLIDATED NET DEBT FOR THE GROUP <sup>(2)</sup></b>	<b>(1,914.7)</b>	<b>(1,900.1)</b>	<b>(1,935.4)</b>
Cash generated by the activity of the consolidated Group	240.4	291.8	284.0
<b>DATA PER SHARE</b>			
Net profit per share <i>(in euro)</i>	0.70	0.87	0.98
Dividend per share <i>(in euro)</i>	-	0.58	0.65

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

(2) Of which negative fair value of hedging instruments for 56.3 million euros in 2009, negative for 63.9 million euros in 2010 and negative for 56.4 million euros in 2011.

(3) The breakdown of the gross operating margin into three segments (Internet, Printed directories and Other businesses) was set up for the 2011 financial year and historically from 2010.



## 4

## RISK FACTORS

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Investors are invited 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 of risk management set up by the Group is provided in the Report of the Chairman of the Board of Directors on the conditions for preparing and organising the work of the Board of Directors and on the procedures for internal control, in the appendix of this document.

## 4.1 Risks related to the Group's business and strategy

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

The development of new technologies and widespread use of the Internet in the workplace, at home and on the move has meant that consumers' preferences and habits have changed. This could in particular have a long-term significant influence on printed directories, and it should be noted that a reduction in the audience of a particular platform leads over time to a reduction in advertising revenues for that platform. The Paris region is distinguished from the rest of France by a lower use of printed directories and higher use of on-line directories. Although this can be explained by the fact that the place of usage is often not the home of the person concerned and by a historically higher

use of online services, there is no guarantee that this is not a precursor of the long-term audience situation in France.

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

### UNCERTAINTY ABOUT THE BUSINESS MODEL OF ONLINE ADVERTISING

The Group has to contend with competition in the markets for the Internet services it offers. Various pricing models are used to sell advertising on the Internet and it is hard to predict which of these models will turn out to be the industry standard, if any. Although the Group has managed to increase the profitability of its Internet advertising products due in particular to an increase in the return on investment for advertisers, which would lead to an increase in prices

and volumes, stiffer competition in the on-line advertising market sector could lead to a drop in the rates charged in the market and a change in the Group's business model.

These factors could have a significant negative impact on the Group's business, financial position or results, or on its ability to achieve its goals.

### INABILITY TO HANDLE COMPETITION

The Group is seeing an increasing level of competition in the online advertising market. No assurances can be given that the Group will be able to handle this competition now or in the future. Increasing competition could result in lower prices, reduced growth, reduced

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

## Risks related to the Group's business and strategy

### SENSITIVITY TO THE ECONOMIC CLIMATE - THE GROUP'S INABILITY TO ADAPT ITS COST STRUCTURE

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

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

### INCREASE IN THE PRICE OF PAPER OR THE COST OF OTHER PRODUCTION FACTORS

If the price of paper or the cost of other production factors were to rise, operating costs could increase significantly.

An increase in the price of paper or a shortage of paper over a long period could have a significant negative impact on the Group's business, financial position or results. The price of paper at the time of production of this document is at a historical low, so it is possible that the price could rise significantly in the future.

As an example, based on the volumes of paper purchased by PagesJaunes in 2011, a 10% increase in the paper price per tonne on the world market leading to an equivalent increase in the cost of paper under the paper supply contracts entered into by the PagesJaunes Group would have meant an increase in printing paper costs of 2.7 million euros in 2011. The Group has no mechanisms to cover variations in the price

of paper, other than those provided for in the current contracts, which are valid until 1 February 2013.

The Group subcontracts most of the work involved in printing, binding and packing printed directories. Printing contracts were signed in 2008, allowing for price stability over the period from 2009 to 2013.

In addition, the Group has outsourced the distribution of the directories to a number of subcontractors. An increase in distribution costs (for example linked to a significant increase in the price of fuel), or difficulties encountered with distribution could have a significant negative impact on the Group's business, financial position or results.

### RISKS ASSOCIATED WITH CUSTOMER PAYMENTS FOR SERVICES

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

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

### RISK OF A REDUCTION IN THE CONTENT OF PUBLISHED DIRECTORIES - INABILITY TO IMPROVE THE TECHNICAL FEATURES AND FUNCTIONALITIES IN THE SERVICES OFFERED BY THE GROUP

The Group's goal in its printed directories and in its online services, as well as via its directory enquiry services, is to provide useful information which is as exhaustive as possible. The information on individuals and businesses published by the Group is mostly gathered from databases of various telecommunications operators. If the Group were unable to access these databases, or if a large number of subscribers asked to be unlisted, no assurance can be given that the Group would be able to gather the information about individuals and businesses by other means, and that this would not lead to a reduction in the content of the printed directories, online services and telephone directory enquiry services, which could have a significant negative impact on the Group's business, 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 platform for some products developed by the Group has increased this need for adaptability. Compared to other platforms, the Internet is characterised by very rapid technological advances, the frequent introduction of new products and services, business standards in a constant and rapid process of change, very volatile and changeable demand from the consumer and instability in its business models for these products and services.

The speed of change requires the Group to constantly improve its performance and be very adaptable in its technology. Any inability on the part of the Group to anticipate or properly respond to changes in technology or demand, significant delays or major costs incurred in developing and marketing new products and services could have a significant negative impact on the Group's business, financial position or results.

## Risks related to the Group's business and strategy

### DAMAGE TO INFORMATION, PRODUCTION OR DISTRIBUTION SYSTEMS

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

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

### FLUCTUATIONS IN THE GROUP'S QUARTERLY REVENUES AND HALF-YEARLY RESULTS

The various editions of the Group's printed directories are published and distributed throughout the year, so the business of Printed directories does not go through any major cycles. However, unlike online services, publishing and distributing printed directories can take place irregularly. From an accounting point of view, income and expenses from selling advertising space in the printed directories are recognised when they are published. Therefore revenues can be irregular from one quarter to the next and the results for a half-year period may not be representative of the Group's full-year results. In addition, if the publication of one

or more directories is brought forward or delayed, the recognition of revenues as well as the associated costs of publication and distribution could be delayed or brought forward. Finally, the time delay between the recognition of income and costs on the one hand and the actual receipt of invoice payments from advertisers on the other hand could affect working capital requirements, operating cash flow, operating income or other financial indicators generally used by investors to evaluate the financial performance of a company and not reflect the Group's actual liquidity level.

### EFFECT OF INVESTMENTS OR DIVESTMENTS

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

A part of these acquisitions and investments could involve payment by issuing shares in 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 divest itself, sell or close down any of its businesses. No assurance can be given that the Group could find potential buyers or that the price received for the sale of these businesses or the cost reductions associated with the sale or closing of these businesses could offset any drop in the Group's results.

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

With net debt<sup>(1)</sup> amounting to 1,915 million euros as at 31 December 2011, the Group's covenant on financial leverage stands at 3.82 times an aggregate close to the consolidated gross operating margin. No assurance can be given as to the Group's ability to refinance this debt under favourable terms between now and its maturity in November 2013 for 638 million euros, in September 2015 for 962 million euros and in June 2018 for 350 million euros. Refinancing this debt could have a cost that is higher than that in effect today and as such affect the results in the long term and the level of the Group's cash flow generation (cf. note 27 in the notes to the consolidated financial statements provided in chapter 20.1).

The financing agreement between PagesJaunes Groupe and its syndicate of lenders includes default and mandatory early repayment clauses as well as bank covenants which become increasingly tighter (cf. note 27 in the notes to the consolidated financial statements provided in chapter 20.1). Although as at 31 December 2011 it has 11% headroom under its tightest covenant (ratio of net debt to an aggregate close to consolidated GOM), the Group might have to renegotiate certain terms in its financing agreement if it were determined that a risk of non-compliance with one or more of its covenants had a high probability of occurring in the short to medium term. The Company has carried out a specific review of its liquidity risk and considers that it is in a position to meet its future payment liabilities.

(1) Net debt corresponds to the total gross financial debt less or plus derivative asset and/or liability cash flow hedging instruments and less cash and cash equivalents.

## Legal risks

## 4.2 Legal risks

### LITIGATION AND ARBITRATION

In the ordinary course of business, the Group entities may be involved in a number of legal, arbitration and administrative proceedings. 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 proceedings may call for a reassessment of this risk.

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

At the beginning of 2002, PagesJaunes implemented a commercial development plan, including, notably, the modification of the employment contracts of 930 commercial advisers. The purpose of this modification was to adapt these contracts to a new competitive environment. Approximately 100 employees refused to sign the proposed new contract and were made redundant during the second quarter of 2002. Almost all these employees commenced legal proceedings against PagesJaunes to contest the validity of the reason for the redundancies. The *Cour de cassation*, in two 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 on 14 February, 2007, the *Cour de cassation* confirmed the validity of the plan implemented by PagesJaunes.

With regards to cases before administrative courts, the *Conseil d'État*, as court of last resort, issued eight judgements unfavourable to PagesJaunes on 12 January 2011, setting aside rulings issued by the *Cour administrative d'appel* of Paris in 2009 and hence the Minister's authorisation of the redundancies. Six sets of industrial tribunal proceedings are currently in progress including claims for compensation for the financial consequences of cancelled redundancy authorisations.

The 7.3 million euros provision, recognised at the end of 2002 in respect of this risk, has been the subject of several writebacks since 2006 in view of the favourable progress of these cases and amounted to 1.9 million euros as at 31 December 2011.

Actions were brought against PagesJaunes by eleven advertising agencies at the *Tribunal de commerce* of Nanterre for abuse of a

dominant position (particularly for withdrawing the 5% trade discount granted to advertisers using advertising agencies on the Internet and 118 008 platforms), discriminatory practices and unfair competition. In a judgement on 26 January 2011, the *Tribunal de commerce* of Nanterre declined jurisdiction in favour of the *Tribunal de commerce* of Paris.

These same agencies referred the same facts to the *Autorité de la concurrence* as those brought before the *Tribunal de commerce* of Nanterre (cf. above) requesting the pronouncement of interim measures based on article L. 464-1 of the Commercial Code.

In a judgement on 22 December 2010, the *Autorité de la concurrence* dismissed the application for interim measures and referred the proceedings back on the merits.

In addition, in common with the other companies in the sector, the Company is frequently the subject of court proceedings brought in relation to errors in the publication of directories and other media. Generally the financial risk represented by each of these proceedings is relatively limited. However, an increase in their number may constitute a significant risk for the Company. The number of such proceedings declined constantly from 2001, remained stable in 2006 and 2007 and has decreased once again. As of 31 December 2011, there were 10, representing total claims for damages of 0.7 million euros. In these proceedings, the Group entities endeavour to negotiate out-of-court compensation, which significantly reduces the final total cost of these proceedings. However, no guarantee can be given that these proceedings will not have an adverse impact on the Group's financial position.

In 2010, PagesJaunes SA was the subject of an inspection by the French social security agency *URSSAF* in respect of the 2007, 2008 and 2009 financial years. The Company was notified of an adjustment amounting to 2.2 million euros, and the risk was fully provisioned as of 31 December 2010. PagesJaunes SA is contesting the adjustment and has referred it to the *URSSAF* arbitration committee to defend its position.

To the Company's knowledge, there is no other government, judicial or arbitration procedure, whether pending or threatened, that is liable to have, or having had in the last 12 months, a significant impact on the financial position or profitability of the Company and/or the Group.

All of this information is provided in note 32 of the notes to the consolidated financial statements.

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

The communications industry in which the Group operates is subject to many regulations (see section 6.7 "Regulations"). Changes in policy or regulations in the European Union (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 sales 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

## LEGAL RISKS ASSOCIATED WITH UNCERTAINTY CONCERNING EXISTING REGULATIONS

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

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

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

The global nature of the Internet means that the laws of multiple 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 legislative systems, 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, because of the global nature of the Internet, the Group's trademarks and other forms of intellectual and industrial

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

## PERSONAL INFORMATION CONCERNING USERS

If third parties were able to penetrate its network or somehow appropriate personal information about 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.

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

The Group must abide by privacy protection laws, including European directive No. 95/46/EC of 24 October 1995, which limits its right to collect and use personal information about its users (see section 6.7.1.2 "Protecting Personal Information"). In particular, any restrictions on using 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 public awareness 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 public perception of the Internet

as a market for goods and services. Each of these developments could have an impact on the Group's business, financial position or results.

In particular, the CNIL issued a public warning to PagesJaunes without financial penalty on 21 September 2011 concerning a "Web Crawl" service aimed at enabling users to find a person even if they are not listed on pagesblanches.fr by providing results obtained from social networks. The CNIL criticised PagesJaunes for distributing this data without specifically informing or having obtained authorisation from the persons involved. In the social networks that were crawled, members had the possibility of limiting search engines' access to their data, if they so desired. PagesJaunes is appealing this ruling with the *Conseil d'État*.

## USE OF DOMAIN NAMES

The regulations governing the assignment of domain names are regularly changed and leave the possibility open to 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 income, financial position or its ability to achieve its goals.

## Market risks

### 4.3 Market risks

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

The interest rate, liquidity and credit risks are set out in note 29 of the notes to the consolidated financial statements for the 2011 financial year provided in chapter 20.1 – Consolidated financial statements. Information pertaining to the Group's debt is also provided in chapter 10 – Consolidated liquidities, capital resources and investment expenses, note 16 – Derivative financial instruments, note 26 – Cash and cash equivalents, net financial debt, and note 29 – Financial risk

management and capital management policy objectives in the notes to the consolidated financial statements for the 2011 financial year.

The equity risk is linked to own shares held directly and under the liquidity contract implemented in October 2008, the details of which are set out in note 22.3 of the notes to the consolidated financial statements for the 2011 financial year appearing in chapter 20.1 – Consolidated financial statements.

### 4.4 Industrial and environmental risks

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

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

As a publisher of printed directories, the leader in its market, the PagesJaunes Group is concerned about limiting the environmental impacts linked to this business. For this purpose, PagesJaunes SA has implemented processes which comply with the AFAQ ISO 14001 standard, for which the Company obtained certification in October 2010 covering the design, production and distribution of printed directories.

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

- for businesses which are subcontracted and not carried out directly by the Group's companies, such as the production of directory

paper, printing and distribution of printed directories, the Group has only limited room for manoeuvre in controlling the environmental impacts. The Group nevertheless devotes attention to compliance with environmental criteria when selecting its subcontractors;

- with regard to these businesses, the environmental risks are mainly associated with the consumption of resources (paper and ink in particular) and the circulation of a large volume of directories.
- furthermore, there are risks associated with "office" businesses, to which similar companies are exposed.

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

## REDUCTION IN THE QUANTITY OF PAPER CONSUMED

With regard to the limiting of the quantity of paper required for directory publication, the Group's continuous efforts relate to the following aspects:

- optimised targeting of the distribution of printed directories, by means of the most accurate assessment possible of the number of directories to be printed, in order to adapt the number of directories as closely as possible to consumers' real needs. Furthermore, the [recevoirmesannuaires.pagesjaunes.fr](http://recevoirmesannuaires.pagesjaunes.fr) website enables each recipient to state whether he wishes to continue receiving printed directories;
- optimising the directory page layout and formatting for each edition, limiting overall paper consumption and reducing the loss of paper in the production of directories.

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

- the rollout of the new compact format allowing an increase in the printed area of the page and thereby also reducing the number of pages;
- the scoping of some PagesBlanches directories into several *infra-département* editions;
- the decrease in the page count due to lower advertising revenues.

The Group also ensures that the pulp used to produce the directory paper contains a significant proportion of recycled pulp.

## DIRECTORY RECYCLING

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

First of all, part of the purchased paper is recovered by the printer during the production and printing of the directories for subsequent recycling.

The surplus directories left at the end of their publication period are then recovered/recycled by companies specialising in waste management.

Finally, within the Group, the Company has joined the EcoFolio ecological organisation. EcoFolio was formed at the end of 2006 – and subsequently received official approval in January 2007 – by directory issuers who came together to assume their full environmental responsibility by responding collectively to the related legal obligations and to organise the new sector. EcoFolio acts on their behalf, collects

## Industrial and environmental risks

their financial contributions and develops prevention programmes. PagesJaunes Groupe thus applies a proactive policy of contributing to the financing of the collection and recycling of end-of-life printed material by paying EcoFolio an eco-contribution based on the tonnage of PagesJaunes Groupe printed directories distributed (the PagesBlanches directories fall outside the scope of this eco-contribution due to their status as part of the universal post and electronic communication service).

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

The amount of the financial contribution which the Company is required to pay in respect of 2011 is estimated at 717,000 euros (versus 781,000 euros excluding tax in 2010 and 995,000 euros excluding tax in 2009).

Continuing in the perspective of encouraging the recycling of out-of-date directories, PagesJaunes has reduced the use of ink in the page backgrounds of PagesJaunes printed directories, allowing a significant reduction in ink consumption. Work on the recyclability of directories has been carried out with the *Centre Technique du Papier* in Grenoble and with Fogra in Germany to develop recommendations on the percentage of directory paper that recyclers can accept into their plants.

## ENVIRONMENTAL IMPACTS ASSOCIATED WITH “OFFICE” BUSINESSES

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

Generally, in terms of all the risks described above, although the Group has adopted a policy of identifying and proactively managing risks relating to the environment, health and safety, it cannot guarantee that it will not suffer any environment-related losses, or 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 any such losses. In addition, any possible amendments to the legal and regulatory provisions on the environment, nationally or internationally, could affect the Group's business, financial position or results.

## 5

INFORMATION CONCERNING THE  
ISSUER

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## 5.1 History and evolution of the Company

### 5.1.1 CORPORATE NAME AND TRADING NAME

"PagesJaunes Groupe".

### 5.1.2 REGISTRATION LOCATION AND NUMBER

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

APE code: 7010 Z.

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

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

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

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

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

Telephone: 01 46 23 30 00.

Company's country of origin: France.

PagesJaunes Groupe is a public limited company with a Board of Directors subject to the provisions of articles L. 210-1 ff. of the French Commercial Code.

### 5.1.5 MAJOR EVENTS IN THE DEVELOPMENT OF BUSINESS

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

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

Advertising in the directories had developed continuously since 1946 thanks to the growth in consumption and in the advertising market in France and thanks to the increase in directory distribution

and its audience, linked to the increase in the number of telephone subscribers. The continuous increase in ODA's sales was due particularly to its ongoing ability to make permanent adaptations in terms of business and technology. The 1980s saw the successful launch of the PagesJaunes directory as well as the start up of Minitel, a precursor of the advertising model on the Internet. PagesJaunes experienced many technological changes, especially with the adoption of desktop 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 Company has developed its range of advertising services beyond that of consumer directories, with a range of directories for businesses (Kompass, PagesPro), as well as a range of services pertaining to the Direct Marketing business (Wanadoo Data).

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

In December 2004, PagesJaunes Groupe transferred to PagesJaunes SA, by a partial asset transfer agreement, the business assets, business, and



## History and evolution of the Company

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 had reinforced its presence in Luxembourg in October 2004 by increasing its holding from 50% to 100% in the capital of the Luxembourg company Eurodirectory, which holds 49% of Editus Luxembourg, consolidated henceforth by the proportional consolidation method.

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

In June 2005, PagesJaunes Groupe acquired the Moroccan company Edicom, the publisher of the Télécontact printed and Internet directory, which also operates the Kompass trademark in Morocco. Edicom has been consolidated since July 2005.

On 20 January 2006, PagesJaunes signed an operating licence agreement with France Télécom for the printed universal directory in favour of PagesJaunes, accompanied by an acquisition agreement for the "L'Annuaire" name for a total amount of 12.0 million 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 company associated with the existing management. The sale price was 56,755 US dollars, taking into account the payment by PagesJaunes Liban to PagesJaunes Groupe of a receivable for an amount of 193,245 US dollars.

Following a competitive tender process in June 2006, France Télécom concluded on 11 October 2006 with the Médiannuaire company and its sole partner, the Médiannuaire Holding company, a company controlled at the highest level by an investment fund consortium made up around 80% by funds ultimately managed by KKR Europe II Limited and KKR Millennium Limited and around 20% by some funds managed by the "Principal Investment Area" division of the Goldman Sachs group, a purchase agreement in which France Télécom has agreed to transfer 150,546,830 shares of PagesJaunes 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 of controlling interest that was performed in compliance with articles 516-2 ff. of the General Regulations of the AMF, on payment by Médiannuaire to France Télécom of a total price of 3,312,030,260.00 euros, *i.e.* 22.0 euros per transferred share. In application of the provisions of articles 235-1 to 235-3 of the General Regulations of the AMF, Médiannuaire offered the shareholders of PagesJaunes Groupe to irrevocably acquire, during a 15-day trading period between 10 November 2006 and 1 December 2006, the shares of PagesJaunes Groupe presented to it within the framework of this standing market offer. Following this standing market offer, Médiannuaire held 54.82% of the capital and voting rights of PagesJaunes Groupe. This holding decreased to 54.75% as of 31 December 2007.

On 9 January 2007, *via* its subsidiary PagesJaunes Petites Annonces, PagesJaunes Groupe launched an online real estate and vehicle small ads service, accessible *via* "annoncesjaunes.fr". On 17 October 2007, M6 acquired a holding of 34% in the capital of this subsidiary, *via* a capital increase of 16.0 million euros.

On 14 March 2007, PagesJaunes Groupe sold its Kompass France and Kompass Belgium subsidiaries to Coface Services. Coface Services owns Kompass International, owner of the Kompass trademark which is

operated by Kompass France in France and in Spain, and by Kompass Belgium in Belgium and Luxembourg. This sale generated a capital gain of 33.0 million euros for PagesJaunes Groupe.

On 11 October 2007, PagesJaunes Groupe acquired a holding of 55% in the capital of Horyzon Média, which was increased to 66% as of 31 December 2007, as well as a 66% holding in the capital of Horyzon Clics. The two companies, Internet advertising representatives, created respectively in February 2004 and in September 2005, merged on 30 June 2008, retroactively effective from 1 January 2008; the new entity is called Horyzon Média. Following the departure of one of the directors of Horyzon Média, PagesJaunes Groupe exercised its call option, permitted within the context of the partnership agreement, bringing its participation in this subsidiary from 66% to 95.83% for a total of 1.4 million euros on 15 January 2009. On 17 February 2010, PagesJaunes Groupe exercised the purchase option granted under the terms of the partnership agreement and raised its interest in Horyzon Média from 95.83% to 100% at a price of 0.5 million euros.

On 17 February 2009, PagesJaunes Groupe purchased from M6, for an amount of 6.0 million euros, its entire holding, *i.e.* 34% of the shares that it held in the capital of PagesJaunes Petites Annonces. The company was transferred to PagesJaunes, then its businesses were merged with those of PagesJaunes SA on 21 July 2009. The online business of Petites Annonces was therefore transferred from the International & Subsidiaries segment to the PagesJaunes in France segment.

PagesJaunes Groupe sold its Edicom subsidiary, the publisher of the Télécontact business directory in Morocco, in October 2009. This subsidiary ceased to form part of the consolidated group with effect from 31 October 2009.

On 12 March 2010, PagesJaunes Groupe finalised an agreement under which it acquired 100% of the capital of 123people, number 1 worldwide in people searches. 123people is an Austrian company. It has been consolidated in the Group's accounts since March 2010.

On 1 April 2011, PagesJaunes Groupe finalised an agreement with Price Minister to acquire 100% of the capital of A Vendre A Louer, a key operator in the online real-estate small ads market. Created in 1986, A Vendre A Louer specialises in communication solutions intended for real-estate agencies and more broadly all professionals in real estate. AVendreALouer.fr is the second professional site for real-estate advertising with over 2.2 million unique visitors on average per month over 2010 (source: Médiamétrie/Nielsen NetRatings). A Vendre A Louer provides its customers with a telephone call counting service called "Phone Traceur", and publishes the "Aptalis" real-estate transaction software.

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

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

On 29 July 2011, PagesJaunes Groupe finalised the acquisition of 100% of the capital of Fine Media, publisher of the ComprendreChoisir.com website, enriching its local and digital communication offering for businesses. Formed in 2007, ComprendreChoisir.com now attracts more than 1.5 million monthly visits and has developed over 280 sites with themed content aimed at the general public, enabling Internet

## Investments

users to have a better understanding and make the right choices in five areas: Home/Household Jobs, Money/Law, Consumer/Practical Info, Health/Beauty and Business.

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

## 5.2 Investments

### 5.2.1 MAIN INVESTMENTS DURING THE PAST FINANCIAL YEAR

The majority of the Group's investment expenses come from the Internet segment and are primarily aimed at improving the ergonomics, relevance of the results and the features offered by the Group's websites (pagesjaunes.fr, annoncesjaunes.fr, mappy.com, 123people,

qdq.es, etc.), as well as strengthening the effectiveness of the processes of defining offers, database management, customer relationship management, producing advertisements, and more generally directory editorial management.

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

<i>(in millions of euros)</i>	2011	2010	2009
Consolidated revenues	1,101.6	1,125.2	1,163.9
<b>Acquisitions of tangible and intangible fixed assets</b>	44.1	42.7	26.0
As a percentage of consolidated revenues	4.0%	3.8%	2.2%

### 5.2.2 MAIN CURRENT AND FUTURE INVESTMENTS

PagesJaunes is continuing its strategy of optimising all of its processes and the continuous improvement of its fixed and mobile Internet websites, in terms of relevance of the results, ergonomics and enriching the services offered. Current or future investments fall in line entirely with the Group's strategy and innovation policy, with in particular the

launching of new products and services for our customers, and the continuing enrichment of the functionalities of the Group's fixed and mobile Internet sites. Investment should represent about 3% to 4% of consolidated revenues in the future.

## 6

## OVERVIEW OF BUSINESSES

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## 6.1 Main businesses and development strategy

### 6.1.1 GENERAL BUSINESS PRESENTATION

PagesJaunes Groupe is a European leader in local advertising and information on the Internet, mobile and print platforms, with **consolidated revenues of more than 1.1 billion euros in 2011**. A creator of useful media, PagesJaunes Groupe is present in three complementary areas: publishing of local content and services, local media and communication adviser and advertising representation.

Thanks to the performance of its trademarks (PagesJaunes, Mappy, AVendreALouer, etc.), PagesJaunes Groupe has platforms that reached more than 90% of the French public in 2011.

<i>(in millions of visits)</i>	2011 financial year	2010 financial year	Change
PagesJaunes	1,099.0	1,006.7	+9.2%
of which mobile	138.9	70.6	+96.7%
Mappy	277.8	254.7	+9.1%
of which mobile	30.8	15.1	+104.0%
Others <sup>(1)</sup>	190.3	172.8	+10.1%
<b>TOTAL EXCLUDING 123PEOPLE</b>	<b>1,567.0</b>	<b>1,434.2</b>	<b>+9.3%</b>
of which mobile	174.3	87.2	+99.9%
123people	616.5	576.5	+6.9%
of which mobile	43.8	4.4	na
<b>TOTAL</b>	<b>2,183.5</b>	<b>2,010.6</b>	<b>+8.6%</b>
of which mobile	218.1	91.6	+138.1%

Source: PagesJaunes Groupe.

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

## Main businesses and development strategy

As indicated in the table above, the Internet audience of the Group's sites (excluding 123people) increased by 9.3% in 2011 compared to 2010, in particular thanks to a doubling in mobile Internet visitors. At the end of December 2011, the PagesJaunes, Mappy and AnnoncesJaunes applications had been downloaded 13.4 million times across all smartphones in France.

The Group's fixed and mobile websites, primarily pagesjaunes.fr, mobile.pagesjaunes.fr, fr.mappy.com, annoncesjaunes.fr, are visited by half of all French Internet users each month. The Group's websites achieved a record audience in the fourth quarter of 2011, totalling 19.7 million unique visitors in October 2011 (5<sup>th</sup> most visited site in France).

PagesJaunes Groupe had 5,063 employees as at 31 December 2011, including a sales force of more than 2,200 commercial advisers in France and Spain, offering a full range of advertising and digital services to their 712,000 local and national advertising customers.

A European leader in terms of Internet advertising revenues, PagesJaunes Groupe had revenues of 575 million euros on the Internet in 2011, *i.e.* more than 52% of the Group's consolidated revenues.

The Group's activities are organised into three segments:

- Fixed and mobile Internet: mainly involving online listing and directory advertising (Internet transposition of PagesJaunes

historical core business), but also the creation of websites for SMEs and microbusinesses, sales of advertising spaces such as banners or displays, publication of online small ads on the Group's websites (AnnoncesJaunes, AVendreALouer, Embauche.com, Kap'Stages) and other digital marketing services (natural and paid listing (SEO-SEM), emailings, sms, leads, routes/maps on Mappy and UrbanDive, requests for quotes on Keltravo, people searches on 123people, promotional offers on 123deal, arranging appointments). These activities encapsulate the Group's operations in France and internationally;

- Printed directories: the Group's historical activities, involving the publication, distribution and sales of advertising space in printed directories (PagesJaunes, *l'Annuaire*, QDQ Media directories in Spain and Editus in Luxembourg);
- Other businesses: businesses specific to PagesJaunes SA: telephone- and SMS-based directory enquiry services (118 008), Minitel, the QuiDonc reverse directory. This segment also includes a number of businesses provided by PagesJaunes Marketing Services: telemarketing, datamining, sale and rental of databases, leads and traditional direct marketing activities (post mailings, fulfilment).

The table below sets out PagesJaunes Groupe's revenues by business segment:

<i>(in millions of euros)</i>	2011	2010	2009
Internet	575.0	537.6	506.4
Printed directories	490.7	540.7	602.2
Other businesses	35.9	46.9	55.3
<b>TOTAL REVENUES</b>	<b>1,101.6</b>	<b>1,125.2</b>	<b>1,163.9</b>

PagesJaunes Groupe's Gross Operating Margin (GOM) stood at 493.1 million euros in the 2011 financial year, a decrease of 4.8% over 2010. Continued efforts to optimise costs for Printed directories and Other businesses largely offset investments in new Internet products

and services, and enabled us to retain a high GOM of 44.8% in 2011, compared with 46.0% in 2010.

### 6.1.2 DEVELOPMENT STRATEGY

PagesJaunes Groupe's growth strategy is based on three priority areas:

- continuous enrichment of local content, involving the launching of new products and services for advertisers (creation of sites with the Internet Visibility Pack, creation of sites with guaranteed visibility on search engines using SiteConnect, good deal finder with 123deal, etc.), partnerships with sector leaders (Bing, allocine.com, Michelin, booking.com, autoplus, etc.), and finally users themselves by providing reviews ("contributory input");
- continuous audience growth (historical record with more than 20 million weekly visits in November 2011 at pagesjaunes.fr), complementarities between fixed Internet, mobile Internet and printed media, to support growing use and needs (searches for information and contact details, map-based searches, 3D, searches by topic, searches for people, etc.);
- growing revenues for advertisers thanks, in particular, to a renewed Internet range and improved support for local communication advice needs of SMEs, microbusinesses and major accounts.

This growth strategy also aims to strengthen the Group's position with SMEs and microbusinesses and major national accounts through arguments that provide proof of return on investment (ROI) for

advertisers. This is achieved using performance monitoring tools for advertising products available to our customers, such as the Business Center. PagesJaunes Groupe also aims to develop marketing and commercial approaches that are increasingly adapted to our customers' specific needs, in particular for certain activities (real estate, household jobs sector, etc.), by verticalising its media and its sales forces' sectoral specialisation.

In particular, PagesJaunes Groupe aims to accelerate its growth on the dynamic Internet advertising market through a range of advertising products and services (fixed and mobile listings, displays, sites) and transactional products and services (requests for quotes, online appointments, online reservations, etc.).

In 2012, PagesJaunes Groupe's strategy will focus on the following areas:

- **acceleration of Internet growth:**
  - Fixed Internet: growth of pj.fr and mappy/urbandive,
  - mobile: usage growth and monetisation,
  - vertical offerings: focusing on real estate and home/household jobs,

## Presentation of business

- display: leadership in local display and AdExchange <sup>(1)</sup>,
- sites and digital marketing: growth acceleration;
- **pursuit of main transformation projects:**
  - expansion of sales force and specialisation,
  - strong innovation and development for major accounts,
- Marketing: client and user value,
- sales and information systems;
- **innovation and partnerships.**

## 6.2 Presentation of business

In 2011, PagesJaunes Groupe had revenues of 1,101.6 million euros. These revenues are broken down into 52.2% achieved from the Internet, 44.5% from Printed directories and 3.3% from the Group's Other businesses.

The gross operating margin for 2011 was 493.1 million euros.

### 6.2.1 FIXED AND MOBILE INTERNET

In 2011, PagesJaunes Groupe's Internet business generated revenues of 575 million euros, a 7% increase over 2010 and now representing 52.2% of PagesJaunes Groupe's consolidated revenues.

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

PagesJaunes online services represent a growing share of its business and are relatively high compared to most global directory publishers, as regards both revenues and audience. They have been developed

since 1985 with the launch of PagesJaunes' first electronic directory on Minitel. PagesJaunes' range of online services was enriched in 1997 with the launch of the pagesjaunes.fr website. An initial version of pagesjaunes.fr, adapted for mobile Internet (accessible from mobile telephones) was put online in December 1999. An iPhone version was also developed in 2009 and is now a massive success. Since then, it has been joined by versions for the different mobile systems (Android, Windows 7 mobile, RIM, etc.). Overall, the PagesJaunes application had been downloaded almost 8.7 million times by the end of 2011. An iPad version has also been available since 2010.

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

(in millions)	2011	2010	2009	Change
pagesjaunes.fr <sup>(1)</sup>	80.0	78.0	73.8	2.6%
pagesjaunes.fr on mobile <sup>(2)</sup>	11.6	5.9	2.5	96.6%
<b>TOTAL</b>	<b>91.6</b>	<b>83.9</b>	<b>76.3</b>	<b>9.2%</b>

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

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

Since 1997, PagesJaunes has also developed a complementary website creation and hosting business, which was broadened in 2009 with the launch of a specific offering (Internet Visibility Pack) allowing businesses to create their own online shop window and optimise their Internet visibility. In parallel to site creation, PagesJaunes offers increasingly integrated services to connect businesses to their customers, such as appointment making and hotel reservations.

In France and abroad, the Group has platforms based on complementary services to pagesjaunes.fr, such as mapping (Mappy, UrbanDive), small ads (AVendreALouer, AnnoncesJaunes, Embauche.com...), people searches (123people), online promotions (123deal), generation of quotation requests (Keltravo) and multichannel direct marketing solutions (PagesJaunes Marketing Services). The Group also has a presence in Spain (QDQ Media) and Luxembourg (Editus) where it provides its advertisers with listing services, website creation and communication advice. Finally, PagesJaunes Groupe also owns one of France's main fixed and mobile Internet advertising representatives jointly with Horyzon Média.

#### 6.2.1.1 Listing activities (search)

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

###### *Pagesjaunes.fr and pagespro.com*

The website pagesjaunes.fr is one of France's top sites by visitor numbers. With a reach rate of 38.4% and an average of almost 16 million unique monthly visitors in 2011 (source: NielsenNetRatings Brand – all access points – Internet applications excluded). The site pagesjaunes.fr is ranked eighth amongst French websites. In terms of visits, pagesjaunes.fr increased its visits by 24 million in one year (from 936.1 million in 2010 to 960.1 million in 2011 – source: Médiamétrie-eStat). The vast majority of pagesjaunes.fr visitors access the site directly. Furthermore, it has audience partnerships with sites such as Bing, Yahoo!, SFR and Free. External links, partnerships and sponsored links represent around 5% of total visits to pagesjaunes.fr (source: Médiamétrie-eStat, December 2011).

(1) AdExchange: auction platform for advertising space.

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

The site provides a set of innovative services that evolve over the years:

- search for a business or individual. People carrying out a search can also access street maps of all towns in metropolitan France and more than 2.3 million photos of 175 towns to locate their desired business or individual. These complementary services are provided by PagesJaunes in partnership with Mappy;
- a service called "*Recherche à proximité de*". Created in January 2004, it enables all Internet users to obtain a list of businesses close to them by entering an address and a category of businesses. It also generates a local map highlighting pagesjaunes.fr advertisers. This service has been gradually expanded and now covers all of France. Moreover, Internet users can run a search on a Point of Interest (POI) on the new version of pagesjaunes.fr;
- a map-based search service. This innovative service, in partnership with Mappy since November 2009, allows pagesjaunes.fr users to find a professional by browsing a geographical area on a map. Very simple to use, this service expedites the discovery of businesses in a given geographical area;
- an aerial view service, supplied by IGN and InterAtlas, covering all of France runs searches for businesses and individuals and positions the search results on an aerial view map;
- an immersive views service on pagesjaunes.fr available in more than 200 towns thanks to the launch of UrbanDive in 2011;
- a video-based search service. This service, created in November 2009, allows pagesjaunes.fr users to find a business on the basis of its video. This service is based on the "*vidéo pour les professionnels*" service developed in 2008. It now gives access to more than 20,000 videos of businesses;
- a private space called "*Espace Perso*". Created in 2003, *Espace Perso* is a free service allowing individuals and businesses to add active links to their contact details on pageblances.fr. These links allow Internet users to send a direct SMS text message or e-mail without the subscriber's mobile number or e-mail address being revealed. *Espace Perso* is a response to Internet users' wish to be contacted easily while preserving the confidentiality of their personal details;
- access to the "QuiDonc" reverse directory, which has been free since April 2008;
- the possibility to access quickly more than 200 online directories around the world and to find, for example, the contact details for a company located abroad. This service is offered free of charge to pagesjaunes.fr users;
- the option of consulting and entering opinions on businesses listed on PagesJaunes (on fixed and mobile). By the end of December 2011, more than 422,000 reviews had been entered by Internet users on both fixed and mobile Internet;
- launch of a free eco-responsible information service, with the assistance of a committee of independent and recognised experts on eco-responsibility, allowing users to search for businesses highlighting their societal and environmental commitments;
- in the B2B market, the website pagespro.com has been added to complement the pagesjaunes.fr platform.

### QDQ Media

QDQ Media is a major operator in local Internet advertising in Spain. A Google partner since 2008, it is now the number-two distributor in Europe, managing more than 20,000 campaigns.

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

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

The website "qdq.com" underwent a major modernisation in June 2011 and now includes an intuitive search engine, a personalised customer space and links to the social networks Facebook and Twitter.

In 2011, "qdq.com" received 32.9 million visits. In particular, the Internet services are based on the marketing of Google AdWords, which allows QDQ Media advertisers to include a number of sponsored links in their Internet communication plan, as well as the natural listing products launched in 2010.

Finally, in 2011 QDQ Media expanded its services through the acquisition of OptimizaClick and Trazada, allowing it to extend its digital marketing services for Spanish advertisers, SMEs and microbusinesses as well as major accounts.

With these acquisitions, QDQ Media has positioned itself as one of Spain's principal online marketing agencies.

### Luxembourg (Editus Luxembourg)

Since its creation in 1991, Editus Luxembourg has been Luxembourg's official directory publisher. The company is owned 49% by Eurodirectory and 51% by P&TLuxembourg. PagesJaunes Groupe has held 100% of the capital in Eurodirectory, a holding company, since the acquisition in October 2004 of the 50% of shares previously held by Seat Pagine Gialle. In 2004, Editus was consolidated into the Group's accounts using the equity method. Since 1 January 2005 it has been proportionally consolidated. Under the shareholders' agreement between Eurodirectory and P&TLuxembourg signed on 6 July 1995, Eurodirectory and P&TLuxembourg have appointed an identical number of directors. The Chairman of the Board is a director nominated by P&TLuxembourg.

All Editus websites are included on the Editus portal "www.luxweb.com": in the "services" category, Editus is the No. 1 website in Luxembourg with 12.3 million visits in 2011, representing growth of 16% compared to 2010.

#### 6.2.1.1.2 Listing on mobile Internet: mobile.pagesjaunes.fr and application

The website pagesjaunes.fr was launched for mobiles in December 1999. The service is listed under its own trademark on the three historical operators' portals. It is also accessible from the multioperator kiosk Gallery. Furthermore, PagesJaunes provides direct access to its site at the address: mobile.pagesjaunes.fr.

In 2008, PagesJaunes rolled out an optimised version of its pagesjaunes.fr service, dedicated to new-generation mobile telephones featuring mobile web browsers. This new version is an integral part of our service continuity strategy and has made PagesJaunes one of France's first

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publishers to provide an optimised version of its site, compatible with the principal mobile web browsers. Using their mobiles to consult pagesjaunes.fr, users can search for businesses, individuals and launch reverse searches. In terms of advanced functionalities, these are identical to searches from the fixed Internet site.

In 2009, PagesJaunes saw significant development in mobile telephony. Market conditions enabled mobile media to take off for the first time, with a focus on the advanced handsets market, in particular the iPhone, development of high-speed mobile networks and adapted rate structures. PagesJaunes has been able to take advantage of this rapid development by launching an application dedicated to smartphones, in particular the iPhone. This application has been hugely successful, having been downloaded more than 4.4 million times in France for the iPhone. With close to 15.9 million unique mobile visitors (mobile site and application) on average every month in 2011, PagesJaunes is ranked eighth in France throughout 2011 (source: PagesJaunes Groupe).

The Android application, for its part, has exceeded 2.8 million downloads. Across all mobile platforms, 8.7 million PagesJaunes applications had been downloaded by the end of 2011.

Mobile traffic has gone through very rapid growth, doubling in volume between 2010 and 2011. More than 75% of this growth came from the iPhone. At the end of December 2011, PagesJaunes mobile traffic represented more than 14 million monthly visits, *i.e.* close to 17% of the audience on pagesjaunes.fr.

Finally, PagesJaunes has continued its strategy of penetrating different mobile platforms by developing applications for Blackberry, Microsoft (Windows Mobile 7) and by signing structural partnerships with mobile operators (Bouygues Télécom) and handset manufacturers (Samsung).

### 6.2.1.2 Website creation

At the end of 2011, the Group surpassed the threshold of 100,000 sites sold in France and Spain, becoming one of Europe's leaders in website creation.

#### 6.2.1.2.1 PagesJaunes websites

PagesJaunes offers businesses a website creation and hosting service allowing them to present their activity through a website. The website creation and hosting service is a natural extension of our relationship with the advertiser, strengthening the Company's customer loyalty strategy. This service is offered throughout the country by our entire field sales force. The website service has been enriched since October 2009 with an offer called Internet Visibility Pack. This offer enables subscribing advertisers to benefit from a real, multi-tab website. On the website, advertisers can highlight all parts of their commercial services, including a photo gallery or a video. This site is optimised by PagesJaunes to be easily accessible *via* pagesjaunes.fr, but also through search engines such as Google and Bing. In 2010, a mobile version, optimised for iPhone, was launched.

#### 6.2.1.2.2 Other website creation offers

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

- **creation of specialised sites:** real estate sector (AVendreALouer), building and construction sector (Keltravo), Major Accounts and

networks, creation of websites with guaranteed visits (PJMS "Site Connect");

- **creation of sites abroad:** creation of "Solucion Web" sites, paid and natural listing and creation of videos in Spain (QDQ Media), creation of websites and listing in Luxembourg (Editus).

QDQ Media is the No. 1 website producer in Spain, with more than 23,000 customers at the end of 2011. The Company offers its advertisers a vast range of online advertising products and signed an AdWords programme distribution agreement with Google for local advertisers in June 2008. In the same year, the first "Solucion Web" sites were marketed. In Spring 2010, QDQ Media enriched its range of Internet products by launching a standardised natural listing product for Solution Web in order to increase their visibility. Today, more than 80% of searches conducted by users on the "qdq.com" search engine lead to a QDQ Media customer site.

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

Editus also offers Luxembourgian advertisers digital marketing solutions (advertising displays, sponsored links, natural listing optimisation services for websites for search engines). Under the "Marketing Direct" trademark, Editus conducts targeted direct marketing operations and markets its business database.

Finally, PagesJaunes Groupe offers its directory partners around the world a service of creating websites for their advertisers.

In addition to the creation of websites, PagesJaunes Groupe provided its advertisers with powerful digital marketing tools in 2011. Users now have the ability to arrange appointments with businesses online (ClicRDV), to reserve a hotel room or even to request a quote from a business in the household jobs sector (Keltravo).

### 6.2.1.3 Sales of advertising spaces (display)

#### 6.2.1.3.1 Publisher

As a publisher, PagesJaunes Groupe markets advertising spaces, including display boxes, banners and strips, available on pagesjaunes.fr, pagespro.com, fr.mappy.com, etc. These spaces can be sold based on the location and/or activity of the advertiser locally or nationally. Given the nature of the PagesJaunes Group's sites, the traffic exposed to the advertiser's ads is highly qualified. The premium share of the available inventory, in particular on the pagesjaunes.fr homepage, is essentially sold on a cost per thousand (CPM) basis, and features many national advertisers.

#### 6.2.1.3.2 Internet advertising representation

In 2011, Horyzon Média marketed advertising spaces on 70 consumer Internet sites to national advertisers, and was one of France's main click-based campaign platforms, with a network of 12,500 affiliated sites. Taken together, the sites marketed by Horyzon Média represented a reach rate of 81.6%, or 34 million unique visitors, in December 2011 (source: Médiamétrie/NetRatings), providing advertisers with one of the best reach rates of French Internet users. Horyzon Média was entrusted with managing national advertising locations for all PagesJaunes Groupe fixed and mobile websites in France, and in February 2008, the Company created a specific range of mobile Internet products. Horyzon Média's costs essentially comprise payments to publishers and personnel costs for its sales force.

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Horyzon Média also provides international advertising representation, with operations in Europe, Brazil and the United States.

Finally, in 2011 Horyzon Média introduced an "AdExchange" (Orbit) platform in order to better match supply and demand for advertising spaces using a real time auction system.

### 6.2.1.4 Specialised websites

#### 6.2.1.4.1 Real estate: annoncesjaunes.fr and avendrealouer.fr

In Spring 2011, PagesJaunes Groupe acquired AVendreALouer in order to strengthen its existing product range (via annoncesjaunes.fr) to accompany the growth and performance of advertising investments of businesses in the real estate sector.

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

The sites annoncesjaunes.fr and avendrealouer.fr now offer users a vast number of real estate ads. The total number of ads over the two platforms continued to grow by 3.9% in 2011. Annoncesjaunes.fr and avendrealouer.fr recorded 98.9 million visits during 2011 (source: Xiti) and 2.3 million unduplicated unique visitors in November 2011 (source: NielsenNetRatings), thus ranking the second most visited business real estate small ad sites in France. AnnoncesJaunes and AVendreALouer also developed in the mobile sphere, with the launch of their iPhone real estate applications, in 2010 and 2011 respectively.

In 2011, PagesJaunes Groupe marketed a "Double Impact" offer allowing real estate businesses to benefit from publication of their ads on both annoncesjaunes.fr and avendrealouer.fr. Its business activity increased strongly with customer numbers reaching 13,000 at the end of 2011.

#### 6.2.1.4.2 Household jobs sector: Keltravo

Keltravo was founded in March 2007. It very quickly became one of the leaders in online quotes for home works in France. Keltravo was acquired by PagesJaunes Groupe in May 2010.

Its site, keltravo.com, offers a quick, efficient and free solution to individuals looking for a service provider to carry out work in their home in the building and works field. Through the service individuals receive qualified quotes which they can then compare on price and services offered. Pro.keltravo.com is the site that enables construction artisans and companies, as well as building businesses, to sign up and receive requests for quotes that have been verified and validated by Keltravo's services.

Keltravo has also developed complementary sites: deco-travaux.com, which offers individuals advice on work to their home; kelplanete.com, a specialised renewable energy site and KelBTP.com, a site dedicated to building and works sector artisans and manufacturers.

#### 6.2.1.4.3 Jobs: Embauche.com and Kap'Stages

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

Kap'Stages is now the No. 1 website dedicated exclusively to finding internships, training contracts and apprenticeships in more than 50 countries. It is aimed at both students and companies looking for interns. In the online recruitment sector, Embauche.com offers advertisement dissemination and visibility solutions to SMEs and microbusinesses, as well as major companies looking for employees across all sectors.

At the end of December 2011, Embauche.com and Kap'Stages had almost 23,000 offers online.

### 6.2.1.5 Geographical services (Mappy and UrbanDive)

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

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

"www.mappy.com" is one of France's main websites, with 277.8 million fixed and mobile Internet visits in 2011 and more than 4 million mobile application downloads. To create its fixed and mobile online services, Mappy acquires raw geographical information from third parties, restructures, combines and enriches it, then incorporates it into its technical platform. Mappy provides practical services for journeys, such as displaying maps featuring additional information (road traffic, parking, public bike stands, service stations, Internet access points, local information, etc.). Mappy also offers route calculation services by car, by foot or by public transport, in addition to hotel and restaurant bookings. Since 2008, Mappy's fixed and mobile Internet audience has been marketed by Horyzon Média, PagesJaunes Groupe's Internet advertising representative.

In 2010, Mappy began positioning itself in the hyperlocal information and advertising market.

Mappy's revenues come from Horyzon Média's marketing of advertising spaces on fixed and mobile Internet platforms. Mappy also receives royalties from transactions performed by its partners (e.g.: booking.com) from the "www.mappy.com" website.

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

Launched in 2011, UrbanDive is a true next generation media that has innovated in the experience it offers to Internet users. Moving around a city in immersive 360° views, users will find major brands and advertisers as well as local services, cultural and practical information, etc. and content created by other Internet users. At the end of December 2011, UrbanDive covered more than 200 towns and cities and was available in a mobile version.

### 6.2.1.6 People search (123people)

Launched in 2008, 123people has quickly become the global benchmark player in the people search market. With sites developed in more than ten countries (France, Spain, Austria, USA, Canada, Germany, UK, Italy, etc.), 123people has proved its ability to develop useful services and attract large audiences (620 million fixed and mobile visits in 2011). It has sealed more than 200 editorial and affiliation partnerships. 123people was acquired by PagesJaunes Groupe in March 2010 and was renamed Yelster Digital in early 2012.

### 6.2.1.7 Promotional offers (couponing) and digital direct marketing

Launched in early 2011 following the company's acquisition by Mappy, 123deal is the French leader in good deals and grouped coupons on the Internet. Essentially, its revenues come from associated partners,



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through performance-based remuneration models. In addition to France, the service covers Spain, Italy, the UK and Germany. 123deal now has approximately one hundred associated partners.

PagesJaunes Groupe, through its PagesJaunes Marketing Services subsidiary, also offers direct digital marketing activities targeted at SMEs and microbusinesses, as well as major accounts. In particular this involves qualified lead generation services (deployment of e-mailing campaigns, SMS, search).

### 6.2.2 PRINTED DIRECTORIES

In addition to its traditional printed directory business in France, PagesJaunes Groupe also publishes directories in Spain through its QDQ Media subsidiary and in Luxembourg through the company Editus, in which it has a 49% interest through the holding company Eurodirectory.

In 2011, the Printed directories segment generated revenues of 490.7 million euros, down 9.2% compared to 2010. The gross operating margin of the Printed directories segment was 224.4 million euros in 2011, down 11.3% on 2010. Charges decreased by 7.3% between 2010 and 2011. The optimisation of all charges, and in particular those related to production, printing and distribution of printed directories, allowed the printed directories segment to maintain its gross operating margin at 45.7% in 2011.

#### 6.2.2.1 PagesJaunes printed directories

PagesJaunes' BtoC printed directories business covers the PagesJaunes and Pages Blanches directories. In 2011, it had revenues of 478.9 million euros. 518,000 advertisers bought an advertising product in the PagesJaunes and/or Pages Blanches directories in 2011.

In 2011, 273 editions of the PagesJaunes and Pages Blanches printed directories were issued (compared to 307 in 2010).

The directories' publication is staggered through the year. Advertising spaces in the directories are marketed from April of the previous year to the end of July of the year in question. It takes six months on average to prepare a directory.

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

##### 6.2.2.1.1 The PagesJaunes directory

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

In 2011, PagesJaunes published 133 separate editions of the PagesJaunes directory. These editions were largely distributed free of charge to households and companies. The PagesJaunes directory is also available for purchase on request from PagesJaunes. Some of these directories have advertising covering a single *département*, while others cover a part of a *département*. This scoping technique allows advertisers to promote their business over a more limited geographical area that better fits their catchment area.

In 2011, PagesJaunes launched the "*Kit Santé – Kit Dépannage*" to help Parisians manage emergency situations. This work features practical information and tips including contact details for healthcare and breakdown businesses.

PagesJaunes Marketing Services initiated its merchant website, MarketingConnect, in 2009. An Internet platform aimed at SMEs, microbusinesses and network businesses, MarketingConnect was awarded the "*Cube d'or*" for innovation, honouring the first personalised Internet solution to build and optimise relationship marketing campaigns.

In 2011, PagesJaunes Marketing Services launched the SiteConnect range (website creation services guaranteeing visibility on search engines) as well as the TrafficConnect product range (sponsored links aimed at SMEs, microbusinesses and middle market).

##### 6.2.2.1.2 L'Annuaire

In 2011, PagesJaunes published 140 *département* editions of the Pages Blanches directory, distributed free of charge to households and companies. It is also available for purchase on request from PagesJaunes.

PagesJaunes was awarded the contract to publish the Pages Blanches printed directory, part of the universal service, up to and including 2011 (decision of 29 November 2009).

##### 6.2.2.2 The QDQ Media printed directory (Spain)

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

The printed "*QDQ, La Guía Util*" (useful guide) directory lists businesses classified by category. In each category, businesses are classified by town or neighbourhood, or in alphabetical order, based on their activity and the directory in question. The first five printed directories were published in 1998 in the Madrid province. QDQ Media published 59 directories in 2011.

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

##### 6.2.2.3 The Editus printed directory (Luxembourg)

Editus Luxembourg offers its customers four lines of products and services based on local data: directories, in hard copy or by fixed or mobile Internet, and on digital tablets, real estate and vehicle small ads on print and fixed and mobile Internet platforms, digital marketing solutions and direct marketing services.

Editus publishes the PagesJaunes, Pages Blanches, PagesPro and Pages Internet directories in Luxembourg under the Editus Pro, Editus Tel and Editus B2B trademarks. There is one edition of each directory per year. They are distributed to households and companies by the Luxembourg post office. Additionally, a national distribution tour, "*Editus On Tour*", allows the company to hand directories directly to the public. "*Editus B2B*" also covers companies in the wider region which includes the Saarland and the Palatinate (in Germany), Lorraine (France) and Belgian Luxembourg. All of these directories are also available online at "*editus.lu*" through a single search engine, and on mobile devices. Applications are available for the main platforms (AppStore, Android and Blackberry).

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### 6.2.3 OTHER BUSINESSES

#### 6.2.3.1 Direct Marketing (PagesJaunes Marketing Services)

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

- identification by auditing all the data in the customer and prospective customer database. Data Management (audit, integrate, process, store, enrich, study, datamining, geo-marketing) is essential to ensure the quality of companies' data. The datamining and geo-marketing studies conducted by PagesJaunes Marketing Services enhance customer knowledge;
- contact, through the channel(s) best suited to the advertiser's targets, from the design of tools to the creation of media and their distribution. PagesJaunes Marketing Services provides the entire service;
- optimising the performance of campaigns after analysing their results and measuring the return on investment, in order to capitalise on all marketing actions.

In 2011, PagesJaunes Marketing Services bolstered its e-marketing business with the launch of the SiteConnect (creation of sites with guaranteed visibility on search engines) and Traffic Connect (paid-for packs providing listings on search engines) ranges.

In 2011, PagesJaunes Marketing Services had 1,405 customers, the majority of which were from the telecommunications, automobile, energy, mass and specialist distribution, banking and assurance, and business services sectors.

#### 6.2.3.2 Telephone directory enquiry services (118 008) and Minitel

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

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

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

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

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

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

There were no major product developments in PagesJaunes' directory enquiries service in 2011. Its revenues decreased in 2011 due to the combined impact of a downward trend in traffic and declining advertising revenues.

With regard to Minitel, France Télécom notified PagesJaunes in July 2008 of its decision to end provision of the Minitel "3611" directory service on 31 March 2009. However, given users' interest in this service (more than one million connections per month), France Télécom and PagesJaunes decided in February 2009 to retain the service, which is now provided by PagesJaunes. In 2011, despite a structural decline, the audience for PagesJaunes 3611 remained around 300,000 monthly connections.

### 6.2.4 ADVERTISERS: PAGESJAUNES IN FRANCE

Most of PagesJaunes' advertisers are artisans, freelance businesses (including the liberal professions) and small and medium sized companies. In 2011, 655,300 advertisers used at least one of PagesJaunes' platforms to promote their products or services.

	2011	2010	2009
Number of customers	655,300	659,600	700,100
ARPA	€1,536	€1,571	€1,543

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After strengthening its position as a local communication adviser particularly for its SME and microbusiness advertisers, PagesJaunes Groupe earned increased customer confidence in 2011.

### Multiplatform and loyal advertisers

Most PagesJaunes advertisers are multiplatform. In 2011 63% of them invested in both printed media (PagesJaunes directory or *L'Annuaire*) and Internet platforms (pagesjaunes.fr).

PagesJaunes' advertisers are highly loyal. 86.6% of PagesJaunes advertisers in 2010 continued their business relationship with the Company in 2011 (the remaining 13.4% of advertisers who did not continue with the Company includes companies that ceased trading or went out of business). The following table shows the mix of renewing and new customers over the last three financial years:

	2011	2010	2009
Number of renewing customers	571,370	564,816	581,546
Number of new customers	83,971	94,762	118,531

### Services acknowledged by advertisers

PagesJaunes offers its advertisers a wide variety of advertising platforms (printed directories, fixed and mobile Internet, telephone directory enquiries services) and believes that this variety of platforms is necessary to enable advertisers to reach the largest possible number of users and adapt to changing usage patterns. Moreover, PagesJaunes offers a wide range of advertising products on each platform. Rates for each of these products are set individually.

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

For several years, PagesJaunes has provided systems enabling advertisers to measure the effectiveness of their publication on PagesJaunes platforms. In particular, this involves printing a telephone number in their advertisement that appears nowhere else. This allows the customer to count calls generated by the advertisement. Additionally, the Business Centre was launched in 2010. This dedicated space provides advertisers with statistical data on the audience viewing all of their advertising products online.

### Commercial organisation

PagesJaunes has an experienced commercial organisation, valued by its advertisers, designed to increase customer loyalty and recruit new customers. Our sales force markets all PagesJaunes printed directories and online services in metropolitan France and the four overseas departments (Guadeloupe, Martinique, French Guiana and La Réunion). The sales forces in the overseas departments are part of PagesJaunes Outre-Mer, a 100% company-owned subsidiary. At 31 December 2011, PagesJaunes had a total staff of 1,981 sales representatives, compared to 1,895 in 2010, distributed across the three major sales channels: telesales, field sales and major accounts.

In 2011, PagesJaunes deployed a new commercial organisation aiming to respond more effectively to evolving advertiser expectations. This involved some telesales and field sales representatives specialising and the introduction of cross-channel gateways. Almost 200 commercial advisers are now specialised in real estate, hotels/restaurants, local shops and B2B.

Finally, in early 2011, PagesJaunes introduced an online shop for businesses, allowing them to purchase PagesJaunes digital products and services directly.

In parallel, PagesJaunes set up a new Major Accounts Division, combining the activities managed directly by PagesJaunes SA and those under the responsibility of Horyzon Média, which works with advertising agencies. The goal is to coordinate these different commercial approaches in order to offer the most comprehensive and efficient services and marketing products for Major Account advertisers, drawing on all the expertise and products of the Group's companies.

All these sales channels work in a coordinated way within a geographical area or specific market. Spreading customers over the different sales channels allows us to optimise customer relationships and direct commercial costs, defined as remuneration of the sales force and management costs.

In order to maintain a highly effective sales force, the Company is selective in its recruitment, and offers all its sales representatives continuous training programmes on products and new technologies. Since 2010, this has been channelled in particular through the e-learning website exclusively for the sales force. The training programme for newly recruited sales representatives – essentially working in telesales – involves three weeks of training, alternating between theory and practice.

Moreover, sales managers regularly evaluate the performance of the sales representatives under their leadership and draw up personalised progress plans. The performance-related pay offered to sales representatives varies depending on the channel in question. In the case of generalist, field sales representatives, it is 100% of their remuneration. By contrast, specialist field sales representatives' remuneration package is composed of a fixed element and a variable element.

PagesJaunes' commercial organisation offers its sales representatives career opportunities and attractive possibilities to see their remuneration progress. Generally, they begin their career in "Prospect Telesales" and – the best among them – are offered the possibility to progress towards "Customer Telesales" and then the field sales force. This motivates the PagesJaunes sales force and increases their loyalty to the Company.

### Access to business data

PagesJaunes uses subscriber databases from different French telecommunications operators, including France Télécom, through data provision contracts. To this information, the Company adds business network contacts from the customer relations centre. This data can also be updated using the "online" tools provided.

## Exceptional events

### 6.3 Exceptional events

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

### 6.4 Relations with the France Télécom Group and shareholders

Until 11 October 2006, the Company was owned by the France Télécom Group. The Group's consistent policy was to contractualise all relations with France Télécom and its subsidiaries at market conditions. In view of France Télécom's decision to sell its shares in the Company's capital, France Télécom and the Company signed a transition contract on 11 October 2006 the purpose of which was to determine the fate of contracts in existence between France Télécom Group companies and companies in the Group on the date on which the transition contract was signed. With regard to the transition contract, only a data provision agreement for the publication of directories (described in paragraph 6.4.1 of the *document de référence*) was still in effect in 2010.

Law 2003-1365 of 31 December 2003 provides for an invitation to tender to appoint the operator responsible for the universal service for directory enquiries and directories, both printed and electronic. By virtue of a decision of 3 March 2005 by the Ministry of Economics, Finance and Industry, France Télécom was designated the sole operator charged with this universal service component. The designation of France Télécom as the operator charged with the universal service was for a two-year period. Following a new invitation to tender, France Télécom was once again appointed by a decision of 29 March 2007 for a further two-year period as the sole operator responsible for this universal

service component: France Télécom published a printed and electronic directory and provided an information service, in accordance with the specification for the universal directory service and the telephone directory enquiries service, as stipulated in the aforementioned decision.

The invitations to tender to provide a universal paper directory service and a universal directory enquiries service were published in the *Official State Gazette* on 14 January 2009. The government did not launch an invitation to tender for the electronic directory. After a consultation process, it decided that this service was "widely available, free of charge, at a generally satisfactory level of quality". PagesJaunes was designated the operator charged with providing the universal paper directory by a decision dated 29 November 2009 and the operator charged with providing the universal directory enquiries service by a decision dated 18 November 2009.

A further invitation to tender for the universal paper directory service was launched by the government on 29 October 2011. PagesJaunes responded in November 2011. To date, the government has not yet designated the operator charged with the universal paper directory for an expected period of two years.

#### 6.4.1 DIRECTORY DATA PROVISION AGREEMENT FOR THE PUBLICATION OF DIRECTORIES

This agreement was signed on 26 June 2000 for a four-year period, renewable by tacit agreement for periods of one year. This agreement was terminated amicably and in advance, and was replaced by an agreement signed on 11 March 2004, with retroactive effect to 12 September 2003. The agreement was in force until 31 December 2004 and was then renewed by tacit agreement for two periods of one year. Under this agreement, PagesJaunes was awarded the non-exclusive and non-transferrable right to use France Télécom's fixed-line telephone numbers database, which is updated every day in the framework of an obligation, to provide resources for the sole purpose of providing a directory enquiries service and publishing directories, in any form, and in return for an amount calculated based on the intensity of usage of the database (fixed sum per use). The sums are payable as follows: 50% at the time of the order and the balance six months after the start of the year. At the end of each year, a comparison is made between the expected use declaration and the actual confirmed use

over the period. If the comparison establishes that PagesJaunes' actual directory data use was higher than forecast, France Télécom issues a corrective invoice. If the opposite is true, France Télécom issues a credit note which is discounted from the Company's following invoice. This agreement is part of the obligation incumbent upon all operators (including France Télécom) to supply a list of all of its subscribers to any person wishing to publish a directory or provide a directory enquiries service, in non-discriminatory conditions and at a price reflecting the costs of the service provided. A new agreement was signed on 31 January 2007, retroactive to 1 January 2007, for a period of one year and renewable by tacit agreement under the same conditions.

Under this agreement, PagesJaunes paid France Télécom 3.3 million euros in 2011 (4.3 million euros in 2010).

#### 6.4.2 LEASES AND SUBLETTING AGREEMENTS

The vast majority of the Group's sites outside of Paris are sub-leased from the France Télécom Group through leases or sub-letting agreements. These agreements have been maintained since 11 October 2006, with the exception of premises where the Group is the sole occupant (no other France Télécom Group entity sharing the premises)

and where the Group has become the direct tenant, so long as the financial conditions remained unchanged.

Under these contracts, PagesJaunes recorded an expense of 1.9 million euros invoiced by France Télécom in 2011 (2.3 million euros in 2010).

## The Group's dependence on certain factors

### 6.4.3 RELATIONS WITH MÉDIANNUAIRE

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

To this end, Médiannuaire has teams and personnel with the expertise necessary to provide its subsidiary with the services required to implement this management policy. It may also make use of external service providers to achieve its mission. To this end, a service provision contract was signed on 12 October 2006 between Médiannuaire and Kohlberg Kravis Roberts & Co L. P. in particular to assist it in the provision of strategic services.

The Company wished to benefit from Médiannuaire's skills to optimise management of its business and ensure the Company's development in the best conditions. It has signed a service provision contract with Médiannuaire, dated 28 November 2006, under which Médiannuaire undertook to provide the Company with assistance in accounting, financial, legal and tax management in addition to strategic advice.

Médiannuaire's annual remuneration for the assistance given to the Company will be equal to the total costs incurred by Médiannuaire to provide the services, plus a margin of 5%.

This contract led to a charge of 1.4 million euros for PagesJaunes Groupe in the 2011 financial year (1.2 million euros for the 2010 financial year).

## 6.5 The Group's dependence on certain factors

### 6.5.1 DEPENDENCE ON PATENTS AND LICENCES

The Group owns many trademarks and domain names for a wide range of products and services, in both France and internationally, including the "PagesJaunes", "Les Pages Blanches", "QDQ, La Guia Util", "QuiDonc", "Mappy" and "123people".

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

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

### 6.5.2 DEPENDENCE ON SUPPLY CONTRACTS AND INDUSTRIAL CONTRACTS

#### 6.5.2.1 Purchase of paper

PagesJaunes Groupe has signed framework agreements with a number of paper suppliers from among the world's largest paper groups. These framework agreements' terms and conditions benefit all companies in which PagesJaunes holds more than 20% of the capital, including PagesJaunes and QDQ Media. Under the terms of the framework agreements, each of the companies places its purchase orders directly with suppliers and is solely responsible for the ensuing obligations. The paper supply contracts set out the firm purchase volume commitments. They are in force until 1 February 2013. PagesJaunes does not consider itself dependent upon any of these suppliers.

#### 6.5.2.2 Printing

In order to guarantee the printing of its BtoC directories, in both France and Spain, PagesJaunes Groupe has signed agreements with four <sup>(1)</sup> printers for the 2009 to 2013 period for all companies in the Group. These contracts do not include a commitment to any volume of purchases and guarantee price stability.

#### 6.5.2.3 Distribution

PagesJaunes has signed four distribution contracts for the PagesJaunes and Pages Blanches directories for 2012. These contracts do not include any volume commitments.

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

#### 6.5.2.4 Access to directory data

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

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

Under these contracts, the Group's total costs for access to operator databases amounted to 5 million euros in 2011. This amount includes the payments to France Télécom under the contract for provision of directory data (see section 6.4.1).

(1) Since July 2010 there have been only three printers following the liquidation of Brodard Graphique.

## Competitive position

### 6.6 Competitive position

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

- competition for audience, because there are more and more possible sources for consumers wishing to contact a business, an individual, or to find information before making a purchase;
- competition from other advertising platforms, in particular local media (regional daily press, leaflets, etc.);
- competition for SMEs, microbusiness and major accounts from other local communication advisers (national and local advertising agencies).

At present, the Company's main competitors are:

- Internet search engines (particularly Google, Yahoo!, Bing);

- major social media (particularly Facebook);
- grouped purchase websites (Groupon, KGB Deals);
- certain themed portals and specialised websites (Google Maps, viamichelin.com, voyages-sncf.com, hotels.com, kelkoo.com, etc.);
- operators in the small ads market, either specialists in real estate, jobs or vehicles, or generalists (SeLogger, Monster, LeBonCoin, etc.);
- telephone directory enquiries services which have also developed on the Internet (118218.fr, 118712.fr, 118000.fr);
- free press Internet portals (Spir Communication, 20 Minutes, Métro);
- and directory publishers (in particular PubliGroupe, U Corsu, etc.) as well as town directories and local guides that have also developed online.

#### 6.6.1 INTERNET SEGMENT

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

The share of advertising investments on the Internet continued to grow in 2011, with a slight acceleration compared to 2010. The market exceeded 2.5 billion euros in online advertising spending on the Internet (including online directory revenues), representing growth of 11% compared to 2010 (source: Observatoire de l'e-pub 2011 SRI/CapGemini Consulting – January 2012). These trends also have an impact on the local advertising market.

Finally, the PagesJaunes Group has operations in a number of countries, including Spain (QDQ Media), Luxembourg (49% holding in Editus), Europe and the United States (via 123deal and 123people).

##### 6.6.1.1 Listing businesses (search)

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

At the same time, sponsored link advertising, sold based on performance on search engines, has developed. Google, Yahoo! and Bing are the major operators at this time. This advertising model had a volume of approximately 1 billion euros in 2011 (source: Observatoire de l'e-pub 2011 SRI/CapGemini Consulting – January 2012).

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

PagesJaunes Groupe's mobile arm is well positioned compared to the competition. After 8.7 million PagesJaunes application downloads and 174 million mobile visits across all platforms in 2011, PagesJaunes Groupe has become an essential mobile Internet "search" provider. Geolocation of the user's search is a natural opportunity for advertisers.

As with fixed Internet and 118-type directory enquiries, PagesJaunes Groupe is in competition with search engines and with smaller, purely mobile actors, positioned in the town guide and/or social network segment (DisMoiOu, AroundMe, etc.).

PagesJaunes Groupe also operates listing activities internationally:

- in Spain, QDQ Media is in direct competition with the leader Paginas Amarillas (Yell Publicidad Group) and with all local advertising media and digital communication agencies. QDQ Media is positioned in online directory advertising and the websites and digital communication advice market for SMEs and microbusinesses;
- in Luxembourg, Editus has a direct online competitor (yellow.lu), and is in indirect competition with all local and even international online advertising media. As in the case of QDQ, Editus is present on the online directory, communication advice and websites market for businesses.

##### 6.6.1.2 Website creation

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

Moreover, PagesJaunes now offers transactional products ranging from hotel bookings, to arranging appointments (Clic RDV), and online quotation requests (Keltravo) offering an enhanced return on investment (ROI) for its advertisers.

##### 6.6.1.3 Sales of advertising space (display)

The market for the sale of advertising spaces, such as banners and strips, was valued at 616 million euros in 2011 (source: Observatoire de l'e-pub 2011 SRI/CapGemini Consulting – January 2012), an increase over 2010. PagesJaunes markets display products including banners, totems and generic or contextual thumbnails (themed and/or local) on pagesjaunes.fr, as well as display products aimed at large, national advertisers (medium rectangle on the home page and corners on aerial views). This is mostly national advertising focused on large audience websites: Internet service provider portals, general or specialised information sites. pagesjaunes.fr is present on this market through its

## Competitive position

banner display products, totems and thumbnails, which can be generic or contextual (themed and/or local).

Furthermore, through its Horyzon Média subsidiary, PagesJaunes Groupe is one of the leading Internet advertising representatives in France thanks to its network of approximately 70 consumer websites and its main competitors are Facebook, Orange, Microsoft Advertising, Yahoo! and Hi-Media.

### 6.6.1.4 Specialised websites

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

#### 6.6.1.4.1 Real estate sector

In the real estate ads segment, PagesJaunes Groupe acquired the site AVendreALouer in Spring 2011 to enhance its services to advertisers in the real estate sector. This acquisition is in addition to AnnoncesJaunes and strengthens PagesJaunes Groupe's competitive position in the real estate segment. In this sector, the Group faces competition from specialised and generalist operators:

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

#### 6.6.1.4.2 Household jobs sector

With Keltravo, PagesJaunes Groupe has become one of the main operators in France in online quotes in the household jobs sector. The Company's main competitor in this activity is Quotatis, which is positioned as a generalist.

#### 6.6.1.4.3 Jobs sector

Although Kap'Stages is by far the leader in internship searches (audience and inventory), Embauché.com faces competition from generalist

operators in the jobs sector (Cadremploi, Monster, RegionsJobs) and from specialised sites (many national and regional operators) and free operators (Pôle Emploi, LeBonCoin...).

### 6.6.1.5 Geographical services (Mappy and UrbanDive)

Mappy faces strong competition on the online geographical services market, which includes companies such as ViaMichelin, Maporama, Novasys and Mapsolute, but also from several major Internet operators, including Google (with Google Maps), Yahoo! and Microsoft. The companies marketing PNDs (Portable Navigation Devices) and other GPS navigation solutions are another form of competition with Mappy, TomTom, Garmin, Mio and Nokia being the main players. To deal with this competitive pressure, in 2011 Mappy launched a free version of its mobile GPS application.

Moreover, with Urban Dive PagesJaunes Groupe added a local 3D immersion search platform in 2011 (service available on fixed and mobile systems) This uniquely positioned service in France is an enhanced alternative to the Google Maps "StreetView" service.

### 6.6.1.6 Meta search engine (123people)

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

### 6.6.1.7 Promotional offers (couponing) and digital direct marketing

Since 2011, PagesJaunes has positioned itself in the online promotional offers sector via the site 123deal, the leader in grouped deals and purchases in France. The website also operates in Italy, Spain, the United Kingdom and Germany. PagesJaunes' main competitor in this segment is Groupon.

With PagesJaunes Marketing Services, the Group is also positioned in the digital direct marketing market: e-mailing and data management for major accounts and SMEs and microbusinesses. These services are in direct competition with direct and relationship marketing agencies such as MilleMercis, Arvato, WDM, etc.

## 6.6.2 PRINTED DIRECTORIES SEGMENT

### 6.6.2.1 PagesJaunes printed directories

PagesJaunes' printed directories face two types of competition:

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

### 6.6.2.2 The QDQ Media printed directory (Spain)

The Spanish printed directories market is dominated by Yell Publicidad through the paper directories of PaginasAmarillas (the incumbent directory).

### 6.6.2.3 The Editus printed directory (Luxembourg)

Editus Luxembourg is the only publisher of printed consumer directories in Luxembourg.

## Regulations

### 6.6.3 OTHER BUSINESSES SEGMENT

#### 6.6.3.1 Direct Marketing (PagesJaunes Marketing Services)

In addition to these digital activities, PagesJaunes Marketing Services offers telemarketing, datamining, processing of marketing data, relationship marketing, postal mailing and fulfilment services.

The main competitors are as follows:

- prospecting database market (postal address, telephone): Mediapost Data (La Poste Group), Acxiom, Mediaprisme, WDM, Altares, Cegedim, Coface;

- Data Management market: WDM, Mediapost Data, Uniservices Informatique, ETO, Experian, Safig Dataway;
- relationship marketing market: Arvato Services, Come&Stay, WDM, ETO, MilleMercis, Acxiom, Mediapost Data.

#### 6.6.3.2 Telephone directory enquiries services (118 008) and Minitel

PagesJaunes Groupe is also positioned in the telephone directory enquiries segment with 118 008, Minitel and the QuiDonc reverse directory. The main competitors in the telephone directory enquiries market are the other 118 services.

## 6.7 Regulations

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

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

### 6.7.1 REGULATION OF THE INFORMATION SOCIETY

In 2003, the law on confidence in the digital economy was the subject of heated debate between French authorities and service providers. The bill was intended to adapt French law to the requirements of the development of the digital economy and to bolster confidence in the use of new technologies. This law, which complements the transposition of the electronic commerce directive and was adopted on 13 May 2004, establishes the liability regime of Internet service providers and hosters, and in particular covers the organisation of domain name and cryptology management.

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

#### 6.7.1.1 Regulation of Internet content and operators' responsibility

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

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

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

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

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

Furthermore, the LCEN stipulates, in article 6, paragraph 1-2, that "individuals or legal entities which, even free of charge, provide storage services for signals, documents, images, sounds or messages of any kind provided by the addressees of these services and to be made available to the general public by means of online public communication services are not civilly liable for the activities or information stored at the request of the addressee of said services if they had no knowledge of the illegal nature thereof or of the facts and circumstances making the aforementioned illegal, or if, from the time they became aware, they acted promptly to remove said data or to prevent access".

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

The hosting provider, however, is only liable if the content or information in question is manifestly illegal. This provision of the LCEN was the subject of an interpretation reservation issued by the *Conseil constitutionnel* on 10 June 2004: "[...] article 6, paragraph 1 2 and 3, of the law referred to the court has the sole consequence of excluding hosting service providers from civil and criminal liability in the two hypotheses mentioned; these provisions would not render a hosting service provider liable in the case that it does not remove information reported by a third party as illegal unless the said information is manifestly illegal or its removal is ordered by a judge [...]".

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



## Regulations

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

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

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

The Hadopi law also reduced the responsibility and editorial liability regime of the publication's director in order to take into account the contribution-based and interactive nature of certain publications, by adding a clear distinction based on the mode of publication. Article 27-II of the Hadopi law thus introduced the following provision: "Where the offence results from the content of a message sent by an Internet user to an online communication service for the public and made available to the public by the said service in a personal contributions space identified as such, the publication's director or co-director may not be held criminally responsible as the main author if it is established that he had no knowledge of the message before its publication online or if, from the time he becomes aware thereof, he acted promptly to remove the message."

### 6.7.1.2 Protection of personal information

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

The goals of the directive were:

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

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

The Information Technologies and Freedoms law strengthens people's rights to their personal information, requiring data processors to provide more detailed information on the conditions under which any such data will be used. The right to oppose commercial prospecting is now enshrined in law and the conditions governing the right of access and rectification of data are set out in the decree of 25 March 2007. In particular, all requests for access or rectification of data must be answered within two months or they will be deemed to have been refused; all refusals to provide access or rectification must be justified. In order to simplify formalities, the declaration has become the

common law regime. CNIL prior controls are now limited to processes with a particular risk to people's rights and freedoms. Finally, the CNIL's intervention powers have been increased and more detailed information provided regarding on-site controls. The CNIL can now take a wider range of intervention measures (injunction to cease processing or temporary cessation order, information locking, withdrawal of authorisation, etc.). The CNIL can now impose financial penalties, up to 150,000 euros for the first confirmed fault and 300,000 euros or 5% of the previous year's revenues before tax in the case of a company. Finally, warnings issued by the CNIL can be made public, orders may be given to include any penalties in the publications, newspapers or platforms affected, and the costs must be borne by the person penalised.

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

The new European sectoral directive concerning the processing of personal data and the protection of privacy in the electronic communications sector, whose transposition deadline in Member States was set at 31 October 2003, expands its scope of application to electronic communications and makes a number of changes to the existing provision. The new provisions are as follows:

- in a technologically neutral manner, traffic data now covers all data regarding traffic including data connected to transmission of communications over the Internet;
- "cookies" are permitted if clear and complete information is provided to the subscriber or user, particularly on the purpose of the processing, before they are deposited and if he has given his informed consent to these cookies. However, cookies exclusively designed to perform or facilitate the transmission of a communication, or those strictly necessary to provide a service expressly requested by the user (article 5.3 of the directive) are not covered by this provision. These provisions were transposed, on the one hand, by law 2004-801 of 6 August 2004 on the protection of individuals with regard to the processing of personal data (article 32 of the consolidated version of the Law on Information Technology and Freedoms) and, on the other hand, by the order of 24 August 2010, known as the "Telecom Package";
- location information other than traffic data may only be processed after anonymisation, or with the consent of the subscriber or user, duly informed in advance, and to provide an added value service. Subscribers and users have the right to withdraw their consent at any time and must retain the option, in a simple and free way, of temporarily stopping the processing of their data for each connection to the network or for each communication transmission. These provisions were transposed by Law 2004-669 of 9 July 2004, regarding electronic communication and audiovisual communication services (article L. 34-1-IV of the Post and Electronic Communications Code);
- with regard to directories, subscribers are entitled to decide whether the data, and where applicable exactly which data, appear in a public directory. Non-inclusion is free of charge, as is any correction or deletion. Member States may require subscriber consent for any public directory whose purpose is not a simple search for a person's contact details using their name. These provisions were adopted in decree No. 2003-752 of 1 August 2003 on universal directories and universal directory enquiry services, amending the Post and Telecommunications Code; with regard to unsolicited communications (or spamming), direct prospecting by e-mail is prohibited unless targeted at subscribers who have given their

## Regulations

prior consent. However, where a person has received electronic contact details directly from their customers, he may use the said information for direct prospecting for products or services similar to those originally supplied, on condition that customers can refuse the said prospecting at the time their details are collected and at the time of each message. These provisions were transposed into French law by the law for confidence in the digital economy and by the law on electronic communication, which places electronic commercial prospecting under an opt-in regime requiring prior consent from the people contacted (new article L. 34-1-II of the Post and Electronic Communication Code).

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

### 6.7.2 DIRECTORIES

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

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

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

### 6.7.3 REGULATIONS ON DATABASES

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

The main innovation introduced by this directive was the creation, beyond copyright, of a "*sui generis*" right designed to guarantee the protection of an investment to obtain, verify and present the contents of a database for the limited duration of the right, stating that this investment may consist of implementation of financial means and/or time, effort and energy.

This directive was transposed into French law by a law on 1 July 1998, providing for a "*sui generis*" right protecting database producers, regardless of the protection provided by copyright (articles L. 112-3 and L. 122-5 of the Intellectual Property Code, and title IV of book III of the Intellectual Property Code in its entirety, that is to say articles L. 341-1 to L. 343-4).

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

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

Where personal information is processed outside Europe, users will be entitled to contact the data protection authority in their country, even where their data is processed by a company based outside the European Union.

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

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

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

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

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

By virtue of the law, the producer of the database is entitled to prohibit any substantial extraction of the content of his database and all re-use

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thereof. Article L. 342-1 of the Intellectual Property code stipulates that the producer of the database is entitled to prohibit:

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

This protection is guaranteed even where the database is available to the public, in the event that a substantial part thereof is extracted. This protection is guaranteed even where the person executing the

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

## 6.7.4 SECURE ELECTRONIC SIGNATURE

French legal provisions on secure electronic signatures are composed of five successive texts: a law of 13 March 2000, two decrees of 30 March 2001 and 18 April 2002, a decision of 31 May 2002 and a decree of 2 May 2007.

Law 2000-230 of 13 March 2000 regarding the adaptation of the evidentiary law to information technologies and electronic signatures goes beyond the mere legal recognition of electronic signatures and enshrines the legal value of electronics documents, these being closely connected. It creates two types of electronic signatures with different legal effects: the simple signature and the secure signature.

The latter benefits from full legal recognition with the same evidentiary force as a handwritten signature as it is presumed reliable until proven otherwise.

With regard to electronic signatures that do not meet the conditions set by this decree, so-called simple signatures, the technical reliability of the procedure used must be demonstrated, for example by means of a legal expert's report, even though its admission as evidence may not be refused. It will also remain possible for them to be legally recognised by evidentiary conventions, the legal nature of which is now clearly stated in article 1316-2 of the Civil Code.

## 6.7.5 DOMAIN NAMES

The Group has registered a large number of domain names both in France and internationally (see section 6.5.1 "Dependence on patents and licences").

Domain names are terms assigned to the digital addresses for servers connected to the Internet (Internet addresses) to permit easier identification of websites and to facilitate their storage. Consequently, domain names represent a major marketing asset for companies with Internet activities.

Domain names are composed of two separate elements: a top level domain name ("TLD") and a second level domain name. Top level domain names can be generic ("gTLD"), such as ".com" for commercial companies, ".net" for companies providing online services, ".org" for organisations of public interest, or ".edu" for educational establishments, or correspond to a specific geographical area (country code top level domain names, or "ccTLD") such as ".fr" for France, ".de" for Germany or ".es" for Spain. Second level domain names, on the other hand, are the names chosen by each person or company so they can be identified on the Internet.

Registration of ".com", ".net" and ".org" domain names is provided by a number of companies accredited by the Internet Corporation for Assigned Names and Numbers ("ICANN"), an international, non-profit organisation. Registers, such as Verisign, for ".com" and ".net" are responsible for managing extensions. Only registration offices are accredited by ICANN to register domain names.

Registration of geographical domain names is supervised by a national authority designated in each country. This holds a central register and approves private companies as accredited registration offices. Nordnet, a subsidiary of the France Télécom Group, is an ICANN accredited "registration office" for registration of ".com", ".net", ".org", ".biz" and ".info" domain names.

Generally speaking, domain names are assigned on a "first come, first served" basis and most registration offices, whether for generic or geographical domain names, consider that the applicant bears sole responsibility for ensuring that no prior right is violated by use of the domain name he is registering.

To the extent that each national authority can define its own domain name assignment policy, the geographical domain name registration requirements may differ from the requirements placed upon generic domain names and may also vary from country to country. In particular, registration offices may be more or less strict when verifying, where applicable, that registration of a domain name does not violate prior rights held by third parties, whether intellectual property rights or others.

In France, AFNIC ("*Association française pour le nommage Internet en coopération*") is currently tasked with registering domain names with the ".fr" suffix. A number of Internet service providers have been accredited by AFNIC, in accordance with the recommendations published by ICANN, to process domain name registration applications.

Although the French courts have now ruled that the use of a term on a website or as a domain name may infringe prior rights (such as trademarks), the result of litigation in this area is not always clear. In particular, this is because the scope of trademark rights may be limited, geographically or by the type of products and services covered by the registration, while the use of a term on the Internet by a third party may cause a risk of confusion or enable unfair competition far beyond these limits.

The decree of 6 February 2007 on the allocation and management of Internet domain names, amending the Post and Electronic Communications Code, stipulates the administrative process for the designation of organisations tasked with managing French Internet extensions and sets guidelines for their management rules. It strengthens the principle of protection for the names of national institutions (*Sénat, Élysée, Matignon*, etc.), national public services, local authorities (names of towns), public intercommunal cooperation establishments with their own fiscal identity and elected officials within the framework of their mandates.

The decree opens new possibilities for a formally designated organisation to block, delete or transfer domain names without the involvement of legal authorities, based on its own perception of the problem. The

## Suppliers

said organisation and the registration offices could therefore be held accountable before the competent jurisdictions.

A decision by the *Conseil constitutionnel* dated 6 October 2010 ruled article L. 45 of the Post and Electronic Communications Code unconstitutional with deferred effect until 1 July 2011.

Article 19 of law 2011-302 of 22 March 2011 provides for the assignment and management of domain names to be set by law henceforth. The provisions of the new law amend article L. 45 of the Post and Electronic Communications Code, and even supplement it with provisions already set out in decree No. 2007-162 of 6 February 2007. The new articles came into force on 30 June 2011, but its application will be regulated by a decree.

This new law should have no substantial bearing on the Group's activities as, essentially, it consolidates existing principles. In particular, it provides as follows:

- the Minister charged with electronic communication must designate a centralised registration office;
- a domain name "identical or similar" to that of the French Republic or local authorities may be registered "if the applicant proves a legitimate interest and acts in good faith";

- an ".fr" domain name may be registered by any natural person residing in the European Union or any legal entity whose headquarters or main establishments is within a member state of the European Union (this provision will only come into force from 31 December 2011);
- registration offices will publish the domain names they have registered on a daily basis. The database containing the information necessary to identify natural persons or legal entities owning domain names is the property of the State. Registration offices only have a right of use over this database;
- a new dispute management procedure is provided for. In this regard, OMPI and AFNIC have decided to suspend their dispute management procedures (PARL for OMPI, and PREDEC for AFNIC) from 15 April 2011 and 15 May 2011, respectively. While awaiting the new procedure, disputes may be referred to the courts or the CMAP (Paris Mediation and Arbitration Centre).

## 6.8 Suppliers

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

## 6.9 Insurance and risk coverage

Following its departure from the France Télécom Group, from 1 January 2007 PagesJaunes Groupe implemented an insurance and risk management programme in order to cover the main risks of damage to property, civil liability and personal insurance.

The insurance policy is aimed at proposing and continuously optimising the management policy for risk transferable to the insurance markets.

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

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

The Group's insurance policies have been purchased from major international companies and are subject to regular renegotiation in close cooperation with a major broker to compare insurers, in order to maintain the same coverage/optional cost quality as PagesJaunes Groupe enjoyed within the France Télécom Group.

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

The maximum cover amount per year and per claim in 2011 was 49,900,000 euros for damage, and 20,000,000 euros for operating losses, which is sufficient, should there be an interruption to business activity resulting from a major loss, in combination with implementation of a business continuity plan.

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

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

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

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

With regard to insurance coverage for civil liability, the provisional premium paid by the Company for 2011 was approximately 67,000 euros including taxes (65,500 euros including taxes in 2010).

With regard to the policy for property damage and operating losses, the cost of the premium charged to the Company for 2011 was approximately 214,000 euros including taxes (208,000 euros including taxes in 2010).

In the case of automobile risks, in respect of 2011 the Company paid the sum of approximately 223,000 euros including taxes (195,500 euros including taxes in 2010).

## 7

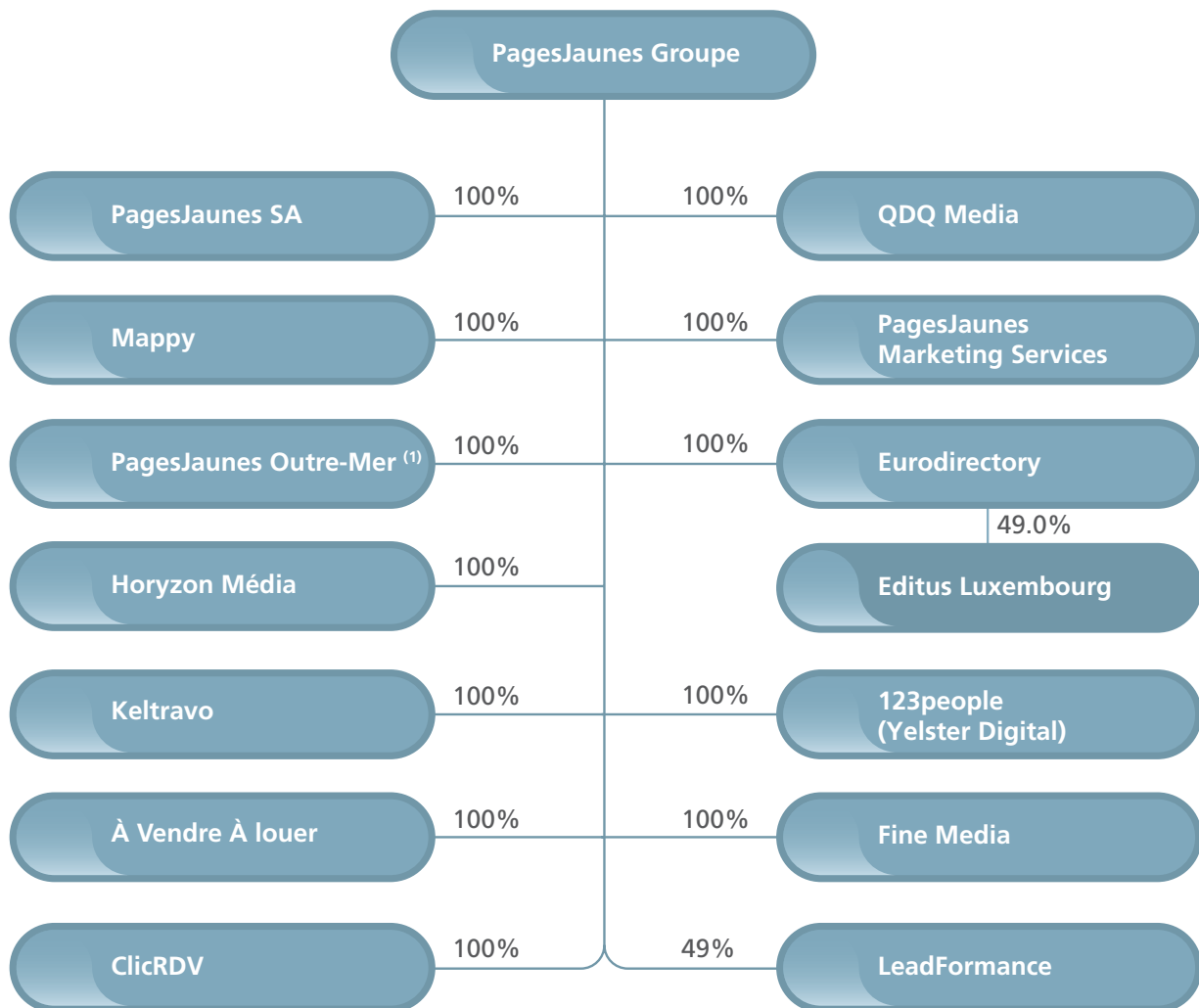
## ORGANISATION CHART

## 7.1 Description of the Group

A description of the Group appears in chapter 6.1.1 of the present *document de référence* ("General business presentation").

## 7.2 List of subsidiaries

An organisation chart of the Group as at 31 December 2011 is provided below:



(1) Not consolidated in 2011.

## 8

## REAL ESTATE, PLANT AND EQUIPMENT

## 8.1 Important tangible fixed assets

Leases and subletting agreements are detailed in section 6.4.

## 8.2 Environmental issues

PagesJaunes Groupe began implementing a voluntary social and environmental responsibility policy in 2011.

As a leader in local advertising and information, our Group wishes to assume its responsibility and fulfil its role and utility in respect of society, our employees and our various stakeholders.

Our approach is structured around **three major commitments**:

- **reliable, universal accessibility** to local information of use in day-to-day life;
- **developing eco-friendly management** of our activities and exercising our social responsibility;

- **helping SMEs and microbusinesses to develop in the digital space** and participate in the development of the local economy.

These commitments are now part of the Group's strategy and also represent growth levers for the Company.

They are part of a continuous process of improvement which both stimulates and incorporates our desire for progress and partnership in the areas covered.

Activities undertaken by the employees of PagesJaunes Groupe to meet the legitimate expectations of our users.

**Reducing, building, facilitating, connecting.** Every day, for you and with you.

### REDUCING OUR ENVIRONMENTAL FOOTPRINT

For a number of years, PagesJaunes Groupe has endeavoured to reduce the impact of its activities on the environment.

An environmental diagnosis (company and product) was carried out for PagesJaunes in 2011. A 23% decrease in CO<sub>2</sub> emissions has been recorded since 2009.

These results reflect our efforts to reduce the environmental footprint of the printed directory and our online services.

As a publisher of printed directories, PagesJaunes has implemented processes which comply with the AFAQ ISO 14001 standard for which the Company obtained certification in October 2010 covering the design, production and distribution of printed directories.

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

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

To limit this impact, the Group has implemented a number of measures aimed on the one hand at reducing the quantity of paper necessary

for its business and on the other hand at promoting the recycling of the paper used.

With regard to the limiting of the paper required for directory publication, the Group's continuous efforts relate to the following aspects:

- optimised targeting of the distribution of printed directories, by means of the most accurate assessment possible of the number of directories to be printed, in order to adapt the number of directories as closely as possible to consumers' real needs. Furthermore, the [recevoirmesannuaires.pagesjaunes.fr](http://recevoirmesannuaires.pagesjaunes.fr) website enables each recipient to state whether he wishes to continue receiving printed directories;
- optimising the directory page layout and formatting for each edition, limiting overall paper consumption and reducing the loss of paper in the production of directories.

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

- the rollout of the new compact format allowing an increase in the printed area of the page and thereby also reducing the number of pages;
- the scoping of some PagesBlanches directories into several *infra-département* editions;
- the decrease in the page count due to lower advertising revenues.

The Group also ensures that the pulp used to produce the directory paper contains a significant proportion of recycled pulp.

## Environmental issues

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

First of all, part of the purchased paper is recovered by the printer during the production and printing of the directories for subsequent recycling.

The surplus directories left at the end of their publication period are then recovered/recycled by companies specialising in waste management.

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

directories fall outside the scope of this eco-contribution due to their status as part of the universal post and electronic communication service).

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

The amount of the financial contribution which the Company is required to pay in respect of 2011 is estimated at 717,000 euros (*versus* 781,000 euros excluding tax in 2010 and 995,000 euros excluding tax in 2009).

Continuing in the perspective of encouraging the recycling of out-of-date directories, PagesJaunes has reduced the use of ink in the page backgrounds of PagesJaunes printed directories, allowing a significant reduction in ink consumption. Work on the recyclability of directories has been carried out with the *Centre Technique du Papier* in Grenoble and with Fogra in Germany to develop recommendations on the percentage of directory paper that recyclers can accept into their plants.

## BUILDING NEW WAYS OF WORKING TOGETHER

PagesJaunes Groupe is endeavouring to promote new ways of interacting with its employees, partners and citizens from the perspective of sustainable development.

Our social responsibility towards **our employees** is reflected in detailed commitments concerning employment, diversity and well-being.

In 2011, the Group undertook numerous action plans and negotiations with the social partners to develop initiatives to promote gender equality, the employment of seniors and the integration of disabled persons.

The “seniors” action plan for 2010-2012 is backed up by key indicators for commitments such as continued employment of at least 85% of employees aged 55 and over. In 2010, PagesJaunes also signed an agreement with Agefiph on the employment of disabled employees to develop the support, continued employment and recruitment of these persons.

For PagesJaunes, training is clearly a channel for both individual and collective progress. The Group therefore puts a strong emphasis on the training of its employees and devoted 4.8% of the PagesJaunes SA payroll to training in 2010. The communication advisers in particular are benefiting from programmes of continuous training in products and new technologies, thanks in particular to the operation of an e-learning site for commercial staff since 2010.

PagesJaunes also wishes to affirm its position on health protection and improved occupational welfare of its employees. Numerous action plans are being developed.

The Group already operates a risk management policy, including risk mapping, which is monitored by the Audit Committee.

PagesJaunes has decided to include **suppliers** in its approach to social and environmental responsibility.

As part of this, the Group drew up a suppliers’ charter in 2011. This has been signed by each new service provider or on each renewal of existing contracts with PagesJaunes SA. It commits them to respect a number of fundamental principles, described in the document, in the following areas: working conditions, health and safety, environment and ethics. It covers a wide range of subjects such as clandestine or forced labour, discrimination, compliance with environmental regulations and resource management. The commercial relations between each supplier and PagesJaunes Groupe are conditional upon compliance with this charter.

The responsible development that governs the Group’s activities is underpinned by principles of professional ethics. An **ethical charter determines the Group’s values and prescribes individual behaviour in respect of each stakeholder**, with commitments reinforced by a corporate governance code and the adoption of Afep-Medef recommendations on executive pay.

## FACILITATING ACCESS TO THE DIGITAL WORLD

Digital development is a key challenge for the Company: a challenge of solidarity but also of local development and data protection.

One of the Group’s missions is to help SMEs and microbusinesses to develop in the digital space. This commitment relies on the competence and mobilisation of the 2,200 local and digital communication advisers. Due to their personalised contact with each company, these experts provide unique support for Internet-based communication. They also offer SMEs and microbusinesses a range of tailor-made digital solutions. An outstanding system of promotional support has been designed to help business founders take their first steps on the Internet with the “*Web Créateur d’entreprise*” product offering.

PagesJaunes Groupe also signed an agreement with Cefac in 2011 to create appropriate educational tools to bridge the digital divide among

companies in France. This initiative is part of the government’s passport to the digital economy programme aimed at initiating and training microbusinesses on the Internet and enabling them to develop their business in a different way.

In order to distribute reliable and secure information and respect the privacy of Internet users, the Group and its subsidiaries have signed a number of charters:

- **Charter on targeted advertising and protection of Internet users;**
- **Charter on the right to be forgotten;**
- **Charter on the promotion of authentication on the Internet;**

## Environmental issues

- **Charter relating to the protection of personal data of users of its sites and services accessible online.**

In line with its commitment to promote the security of the personal data which it processes as part of its activities, the Group has decided to appoint a Data Protection Officer (DPO) tasked with ensuring that

the Group's processing of personal data complies with the French Data Protection Act. The DPO has the role of educating the Group's personnel and is the Group's designated contact person for CNIL, the French Data Protection Authority.

## BRINGING BUSINESSES AND CONSUMERS TOGETHER

Bringing businesses and customers together has always been the Group's main mission. Across all platforms (print, fixed and mobile Internet), the Group endeavours to match consumer demand with the services that businesses provide. This requires constant adaptation of the content, the platforms themselves and the search methods. The potential for innovation in this field is extensive.

Innovating to respond better and in a more sustained way to the needs and new concerns of customers and consumers.

The Group has therefore developed services to promote content and services associated with social and environmental responsibility:

- Sustainable mobility with **Mappy.fr**: pedestrian, cycle, public-transport and car-sharing journey planners;
- **Keltravo.com**: launch of independent site providing online quotations in the renewable-energy household jobs sector;
- **Embauche.com**: service on the employment small ads site enabling users to select a job advertisement by applying search criteria based on social and environmental responsibility (disability, young people, seniors, corporate social responsibility, etc).

### PagesJaunes launched an "eco-responsible" information service in September 2011

Pagesjaunes.fr enables users to select businesses on the basis of "eco-responsibility" criteria. A green leaf then appears identifying businesses which have an ecological label or are developing activities in this field. This service is provided for companies free of charge: a charter detailing the eligibility conditions for this labelling system is available at: [www.ecoresponsabilite.pagesjaunes.fr](http://www.ecoresponsabilite.pagesjaunes.fr).

With 20,000 businesses labelled at the outset, pagesjaunes.fr is the first site to enable such searching in all business sectors.

This initiative was conceived with the aid of a group of acknowledged experts in the field of social and environmental responsibility (Ademe, Elisabeth Laville, Tristan Lecomte and Sylvain Lambert).



## 9

FULL-YEAR BUSINESS REPORT  
AS AT 31 DECEMBER 2011

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## 9.1 Overview

The Group's core business is the provision of local information, principally in France, through the publication of online and printed directories, and the publication of editorial content to assist users in making searches and choices. Through its subsidiaries, the PagesJaunes Group conducts three complementary businesses: the provision of content and services, media and advertising representation. Its offering comprises a diversified range of products and services associated with this activity for the general public and businesses.

The Group's businesses model is based on that of the media: *i.e.* offering quality content which generates an audience and then monetising this audience, either as a whole or in segments, among businesses.

The Group's businesses are organised in three segments:

- Internet:

These are the activities carried out through the Internet. The main products are the creation and marketing of content and advertising space, listing, targeted advertising and the provision of advertising space for local and national advertisers (often referred to as display), as well as a complete range of products and services for the provision and distribution of information with local content. The Group's Internet activity is mainly carried out in France, but also in Spain (QDQ Media), Luxembourg (Editus) and in 12 countries through 123people.

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

The Group is one of the main European operators in the creation and hosting of sites. It offers its customers web optimisation and visibility solutions through Search Engine Optimisation ("SEO", optimisation of the coding, design, menu and content of a website) or Search Engine Marketing ("SEM", use of paid placements, contextual advertising and paid inclusions).

This segment includes the online journey planner, geolocation and reservation services of the Mappy and UrbanDive brands, and couponing from 123deal.

Online people and profile searching with 123people, online quotation requests and contact establishment with builders from Keltravo, the themed content site ComprendreChoisir.com published by Fine Media and the Direct Marketing (emailing type) services also form part of this segment.

- Printed Directories:

This is the Group's historical business, involving the publication, distribution and sale of advertising space in printed directories (PagesJaunes, *l'Annuaire*, and the directories of QDQ Media in Spain and Editus in Luxembourg).

- Other businesses:

This comprises the specific activities of PagesJaunes: directory enquiry services by telephone and SMS (118 008), Minitel and the QuiDonc reverse directory. This segment also includes a number of businesses of PagesJaunes Marketing Services: telemarketing, data mining, database generation, prospect processing and traditional direct marketing activities (data entry and postage).

## Commentary on the 2011 full-year results

## 9.2 Commentary on the 2011 full-year results

PagesJaunes Group	As at 31 December		
	2011	2010	Change 2011/2010
<i>(in millions of euros)</i>			
<b>REVENUES</b>	<b>1,101.6</b>	<b>1,125.2</b>	<b>-2.1%</b>
External purchases	(255.7)	(260.4)	-1.8%
Other operating income	3.9	3.2	21.9%
Other operating expenses	(11.5)	(11.9)	-3.4%
Salaries and charges	(345.2)	(338.3)	2.0%
<b>GROSS OPERATING MARGIN</b>	<b>493.1</b>	<b>517.8</b>	<b>-4.8%</b>
<i>As % of revenues</i>	<b>44.8%</b>	<b>46.0%</b>	
Employee profit-sharing	(14.1)	(14.7)	-4.1%
Share-based payment	(1.9)	(2.5)	-24.0%
Depreciation and amortisation	(25.4)	(18.4)	38.0%
Result of asset disposals	(1.2)	(0.1)	na
Restructuring costs	(0.7)	-	na
Acquisition costs of shares	(0.9)	(0.4)	125.0%
<b>OPERATING INCOME</b>	<b>449.0</b>	<b>481.7</b>	<b>-6.8%</b>
<i>As % of revenues</i>	<b>40.8%</b>	<b>42.8%</b>	
Financial income	2.9	2.0	45.0%
Financial expenses	(129.0)	(99.6)	29.5%
Gain (loss) on foreign exchange	-	0.0	na
<b>NET FINANCIAL INCOME</b>	<b>(126.2)</b>	<b>(97.6)</b>	<b>29.3%</b>
Share of profit or loss of an associate	(0.2)	-	na
<b>INCOME BEFORE TAX</b>	<b>322.6</b>	<b>384.2</b>	<b>-16.0%</b>
Corporation tax	(125.6)	(139.2)	-9.8%
<b>INCOME FOR THE PERIOD</b>	<b>197.1</b>	<b>244.9</b>	<b>-19.5%</b>
of which attributable to:			
- shareholders of PagesJaunes Groupe	197.0	244.9	-19.6%
- non-controlling interests	0.0	(0.0)	

The number of visits to the Group's Internet sites as a whole, in France and internationally, totalled 2,183.5 at 31 December 2011, representing a rise of 8.6% compared to 31 December 2010 on a like-for-like basis, with a doubling of the number of visits on mobile Internet. Excluding 123 people, the number of visits to the Group's Internet sites as a whole totalled 1,567.0 at 31 December 2011, representing a rise of 9.3% compared to 31 December 2010.

The consolidated revenues of the PagesJaunes Group amounted to 1,101.6 million euros in 2011, down 2.1% compared to 2010. The fall in revenues from printed directories, down 9.2% compared to 2010, was partly offset by the growth in Internet activities, which rose 7.0% compared to 2010, to 490.7 million euros. Internet revenues accordingly represented 52.2% of the Group's revenues in 2011, compared to 47.8% in 2010.

The Group's gross operating margin amounted to 493.1 million euros in 2011, representing a decrease of 4.8% compared to 2010. The continuation of efforts to optimise the costs of the printed directories and other businesses largely offset the cost of investing in new Internet

products and services while maintaining a high gross operating margin of 44.8% in 2011, compared to 46.0% in 2010.

The Group's operating income decreased by 6.8% compared to 2010, to 449.0 million euros. The decrease in operating income was essentially due to the decrease in the gross operating margin, and the increase in the depreciation and amortisation charge, amounting to 7.0 million euros, due to the increase in Internet investments from 2010.

The Group's financial result decreased by 29.3% between 2010 and 2011 to -126.2 million euros, due to the increase in the average interest rate on the gross debt (including hedging instruments), which rose from 4.55% in 2010 to 5.77% in 2011, and the accelerated amortisation of 5.1 million euros of part of the expenses associated with the issue of the bank loan in 2006 and its renegotiation in 2011.

Income for the period amounted to 197.1 million euros, down 19.5% compared to 2010.

## Commentary on the 2011 full-year results

The information below shows the revenues and the gross operating margin for each of the three segments of the Group: Internet, Printed Directories and Other businesses.

<i>(in millions of euros)</i>	As at 31 December		
	2011	2010	Change 2011/2010
Internet	575.0	537.6	7.0%
Printed Directories	490.7	540.7	-9.2%
Other	35.9	46.9	-23.5%
<b>REVENUES</b>	<b>1,101.6</b>	<b>1,125.2</b>	<b>-2.1%</b>
<i>Internet revenues as % of total revenues</i>	<i>52.2%</i>	<i>47.8%</i>	
Internet	257.6	250.2	3.0%
Printed Directories	224.4	253.0	-11.3%
Other	11.1	14.6	-24.0%
<b>GROSS OPERATING MARGIN</b>	<b>493.1</b>	<b>517.8</b>	<b>-4.8%</b>
<i>As % of revenues</i>	<i>44.8%</i>	<i>46.0%</i>	

### 9.2.1 ANALYSIS OF THE REVENUES AND GROSS OPERATING MARGIN OF THE INTERNET SEGMENT

The following table shows the revenues and gross operating margin of the Internet segment in 2010 and 2011:

<i>(in millions of euros)</i>	As at 31 December		
	2011	2010	Change 2011/2010
<b>REVENUES</b>	<b>575.0</b>	<b>537.6</b>	<b>7.0%</b>
<b>GROSS OPERATING MARGIN</b>	<b>257.6</b>	<b>250.2</b>	<b>3.0%</b>
<i>As % of revenues</i>	<i>44.8%</i>	<i>46.5%</i>	

The revenues of the Internet segment rose 7.0% in 2011 to 575.0 million euros. This growth was driven by the very good momentum of the “search” businesses, the development of mobile and the acceleration of the digital marketing and display activities in particular.

The gross operating margin of the Internet segment amounted to 257.6 million euros in 2011, up 3.0% compared to 2010. The gross

operating margin rate decreased from 46.5% in 2010 to 44.8% in 2011, due to the continuation of advertising investments and the strengthening of the marketing and technical teams at PagesJaunes SA, and the sustained growth of revenues from other subsidiaries with lower profitability.

## Commentary on the 2011 full-year results

### 9.2.2 ANALYSIS OF THE REVENUES AND GROSS OPERATING MARGIN OF THE PRINTED DIRECTORIES SEGMENT

The following table shows the revenues and gross operating margin of the Printed Directories segment in 2010 and 2011:

<b>Printed Directories</b>	<b>As at 31 December</b>		
	<b>2011</b>	<b>2010</b>	<b>Change 2011/2010</b>
<i>(in millions of euros)</i>			
<b>REVENUES</b>	<b>490.7</b>	<b>540.7</b>	<b>-9.2%</b>
<b>GROSS OPERATING MARGIN</b>	<b>224.4</b>	<b>253.0</b>	<b>-11.3%</b>
<i>As % of revenues</i>	<b>45.7%</b>	<b>46.8%</b>	

The revenues of the Printed Directories segment saw a contained fall of 9.2% in 2011 to 490.7 million euros, buoyed by the advertising offering in France (emergency and health kits in Paris, and area promotion in particular).

The gross operating margin of the Printed Directories segment amounted to 224.4 million euros in 2011, down 11.3% compared to

2010. Expenses decreased by 7.3% in 2011 compared to 2010. The optimisation of all expenses, particularly those associated with the production, printing and distribution of printed directories, made it possible to maintain the rate of gross operating margin of the Printed Directories segment at 45.7% in 2011.

### 9.2.3 ANALYSIS OF THE REVENUES AND GROSS OPERATING MARGIN OF THE OTHER BUSINESSES SEGMENT

The following table shows the revenues and gross operating margin of the Other businesses segment in 2010 and 2011:

<b>Other businesses</b>	<b>As at 31 December</b>		
	<b>2011</b>	<b>2010</b>	<b>Change 2011/2010</b>
<i>(in millions of euros)</i>			
<b>REVENUES</b>	<b>35.9</b>	<b>46.9</b>	<b>-23.5%</b>
<b>GROSS OPERATING MARGIN</b>	<b>11.1</b>	<b>14.6</b>	<b>-24.0%</b>
<i>As % of revenues</i>	<b>30.9%</b>	<b>31.1%</b>	

The revenues of the Other businesses segment decreased by 23.5% in 2011 to 35.9 million euros. This was due to the sharp decrease in revenues from telephone directory enquiry services, and in revenues from advertisers and from calls made by users of this service.

The gross operating margin of the Other businesses segment amounted to 11.1 million euros in 2011, down 24.0% compared to 2010. The gross

operating margin rate decreased from 31.1% on 31 December 2010 to 30.9% on 31 December 2011. The slight decrease in the margin rate was due mainly to the decrease in revenues of PagesJaunes SA, which was only partly offset by the discontinuation of advertising expenses to promote the telephone directory enquiry services (118 008).

Commentary on the 2011 full-year results

## 9.2.4 ANALYSIS OF CONSOLIDATED OPERATING INCOME

The table below shows the Group's consolidated operating income in 2010 and 2011:

PagesJaunes Group <i>(in millions of euros)</i>	As at 31 December		
	2011	2010	Change 2011/2010
<b>GROSS OPERATING MARGIN</b>	<b>493.1</b>	<b>517.8</b>	<b>-4.8%</b>
Employee profit-sharing	(14.1)	(14.7)	-4.1%
Share-based payment	(1.9)	(2.5)	-24.0%
Depreciation and amortisation	(25.4)	(18.4)	38.0%
Result of asset disposals	(1.2)	(0.1)	na
Restructuring costs	(0.7)	-	na
Acquisition costs of shares	(0.9)	(0.4)	125.0%
<b>OPERATING INCOME</b>	<b>449.0</b>	<b>481.7</b>	<b>-6.8%</b>
<i>As % of revenues</i>	<b>40.8%</b>	<b>42.8%</b>	

### 9.2.4.1 Employee profit-sharing and share-based payment

The employee profit-sharing in the Group amounted to 14.1 million euros in 2011, down 4.1% compared to 2010, in line with the trend in the gross operating margin.

The Group's share-based payment expense amounted to 1.9 million euros in 2011, compared to 2.5 million euros in 2010. The 2010 expense resulted from the stock option plans established in 2007 and 2009, whereas the 2011 expense resulted from the stock option plans established in 2009 and the second half of 2010 and the free grants of shares in October and December 2011.

### 9.2.4.2 Depreciation and amortisation

The Group's depreciation and amortisation charges amounted to 25.4 million euros in 2011, compared to 18.4 million euros in 2010, a rise of 38.0%. This rise reflects the increase in investments carried out by the Group which are essential for the business strategy, particularly in the context of the launch of new products and services for customers and the enrichment of the functionalities of the Group's fixed and mobile Internet sites.

### 9.2.4.3 Operating income

The Group's 2011 operating income amounted to 449.0 million euros, down 6.8% compared to 2010. The rate of the Group's operating margin as a proportion of revenues decreased from 42.8% in 2010 to 40.8% in 2011.

## Commentary on the 2011 full-year results

### 9.2.5 ANALYSIS OF INCOME FOR THE PERIOD

The table below shows the Group's income for the period in 2010 and 2011:

<b>PagesJaunes Group</b>	<b>As at 31 December</b>		
	<b>2011</b>	<b>2010</b>	<b>Change 2011/2010</b>
<i>(in millions of euros)</i>			
<b>OPERATING INCOME</b>	<b>449.0</b>	<b>481.7</b>	<b>-6.8%</b>
Financial income	2.9	2.0	45.0%
Financial expenses	(129.0)	(99.6)	29.5%
Gain (loss) on foreign exchange	-	0.0	na
<b>NET FINANCIAL INCOME</b>	<b>(126.2)</b>	<b>(97.6)</b>	<b>29.3%</b>
Share of profit or loss of an associate	(0.2)	-	na
<b>INCOME BEFORE TAX</b>	<b>322.8</b>	<b>384.2</b>	<b>-16.0%</b>
Corporation tax	(125.6)	(139.2)	-9.8%
<b>INCOME FOR THE PERIOD</b>	<b>197.1</b>	<b>244.9</b>	<b>-19.5%</b>
of which attributable to:	197.0	244.9	-19.6%
– shareholders of PagesJaunes Groupe			
– non-controlling interests	0.0	(0.0)	

#### 9.2.5.1 Financial result

The Group's financial result was a loss of 126.2 million euros in 2011, compared to a loss of 97.6 million euros in 2010. The financial result essentially comprises the interest expense relating to the bank loan, which decreased from 1,950.0 million euros as at 31 December 2010 to 1,600.0 million euros as at 31 December 2011, and relating to the bond loan issued on 20 May 2011 at a fixed rate of 8.875% for a total of 350.0 million euros.

In 2011, the bank loan was fully hedged against changes in interest rates by a portfolio of rate swaps and collars maturing in December 2011. As at 31 December 2011, this loan was hedged 56% by swaps for the period December 2011–November 2013 and 31% by forward swaps for the period November 2013–September 2015.

The total interest expense, net of the effect of rate hedging instruments, amounted to 113.0 million euros in 2011, compared to 89.3 million euros in 2010. The average interest rate on the debt rose from 4.55% in 2010 to 5.77% in 2011, a rise of 122 basis points associated particularly with the refinancing operations conducted in the first half of 2011 (see below).

The financial result also includes the amortisation of loan issue expenses amounting to 12.9 million euros in 2011, compared to 6.8 million euros in 2010, as well as changes in the time value of the collars and the value of the base swaps, representing income of 1.2 million euros

in 2011 against 0.7 million euros in 2010 and classified in "change in the fair value of hedging instruments". Investment income amounted to 1.5 million euros in 2011 compared to 0.6 million euros in 2010.

This operation resulted in the extinguishment of part of the bank debt and the recognition of accelerated amortisation of part of the expenses associated with the issue of this financing in 2006 and its renegotiation in 2011 amounting to 5.1 million euros.

#### 9.2.5.2 Corporation tax

In 2011, the Group recorded a corporation tax charge of 125.6 million euros, down 9.8% compared to 2010. The apparent tax rate was 38.9% in 2011 compared to 36.2% in 2010. This was mainly due to the introduction of additional contributions (including 5% on CT) representing an impact of 6.1 million euros, prior-year tax adjustments totalling 2.0 million euros recognised in 2011 and the recognition in 2010 of non-recurring deferred tax income amounting to 1.0 million euros following the option exercised in 2009 to classify the corporate value added contribution (CVAE) under corporation tax.

#### 9.2.5.3 Income for the period

The Group's income for the period amounted to 197.1 million euros in 2011, compared to 244.9 million euros in 2010, a decrease of 19.5% between the two periods.

## 10

# CONSOLIDATED LIQUIDITIES, CAPITAL RESOURCES AND INVESTMENT EXPENSES

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## 10.1 Consolidated liquidities, capital resources and investment expenses

The table below shows the consolidated Group's cash position in the years ending on 31 December 2010 and 31 December 2011:

### PagesJaunes Group

<i>(in millions of euros)</i>	As at 31 December 2011	As at 31 December 2010
Accrued interest not yet due	0.0	0.0
Cash and cash equivalents	82.7	106.0
<b>CASH</b>	<b>82.7</b>	<b>106.0</b>
Bank overdrafts	(4.6)	(2.5)
<b>NET CASH</b>	<b>78.1</b>	<b>103.5</b>
Bank borrowing	1,600.0	1,950.0
Notes	350.0	–
Revolving	–	–
Debt related costs	(33.4)	(21.4)
Liability in respect of hedging instruments	–	1.9
Fair value of hedging instruments	56.4	63.9
Accrued interest not yet due	7.4	4.7
Earn-outs	9.9	2.8
Other financial liabilities	2.4	1.7
<b>GROSS FINANCIAL DEBT</b>	<b>1,992.8</b>	<b>2,003.6</b>
Net debt	1,914.7	1,900.1
<b>NET DEBT EXCLUDING FAIR VALUE OF HEDGING INSTRUMENTS AND DEBT-RELATED FEES</b>	<b>1,891.7</b>	<b>1,857.6</b>

The Group's net debt amounted to 1,914.7 million euros on 31 December 2011 compared to 1,900.1 million euros on 31 December 2010.

As at 31 December 2011, it mainly comprised:

- a bank loan totalling 1,600 million euros, of which 638.0 million euros is repayable at the end of 2013 and 962.0 million euros in September 2015 and which was fully hedged in 2011 against changes in interest rates by a portfolio of rate swaps and collars maturing at the end of 2011. Since 13 December 2011, the bank debt has been 56% hedged by swaps for the period December 2011-November 2013 and 31% by forward swaps for the period November 2013-September 2015. In addition, a diversified syndicate of banks has granted PagesJaunes Groupe a credit line of approximately 300.0 million

euros expiring at the end of 2013. This credit line was unutilised as at 31 December 2011;

- a bond loan amounting to a total of 350.0 million euros at a fixed rate of 8.875% repayable in mid-2018.

Excluding the fair value of interest rate hedging instruments, representing a liability of 56.4 million euros as at 31 December 2011, compared to a liability of 63.9 million euros as at 31 December 2010, and excluding loan issue expenses of 33.4 million euros as at 31 December 2011, compared to 21.4 million euros as at 31 December 2010, the net debt amounted to 1,891.7 million euros as at 31 December 2011, compared to 1,857.6 million euros as at 31 December 2010.

## Off-balance-sheet commitments, disputes and related parties

The table below shows the cash flows of the consolidated Group for the years ending on 31 December 2010 and 31 December 2011:

<b>PagesJaunes Group</b>	<b>As at 31 December</b>		
	<b>2011</b>	<b>2010</b>	<b>Change 2011/2010</b>
<i>(in millions of euros)</i>			
Net cash from operations	240.4	291.8	(51.4)
Net cash used in investing activities	(69.0)	(55.6)	(13.3)
Net cash (used in) financing activities	(196.8)	(194.1)	(2.7)
Impact of changes in exchange rates on cash	(0.0)	0.0	(0.1)
<b>NET INCREASE (DECREASE) IN CASH POSITION</b>	<b>(25.4)</b>	<b>42.1</b>	<b>(67.5)</b>
Net cash and cash equivalents at beginning of period	103.5	61.4	42.1
<b>NET CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>78.1</b>	<b>103.5</b>	<b>(25.4)</b>

Net cash and cash equivalents amounted to 78.1 million euros as at 31 December 2011, compared to 103.5 million euros as at 31 December 2010.

The net cash from operations amounted to 240.4 million euros in 2011 compared to 291.8 million euros in 2010, representing a decrease of 51.4 million euros due mainly to:

- a gross operating margin of 493.1 million euros in 2011, down 24.7 million euros compared to 2010;
- neutralisation of non-monetary items included in GOM amounting to 2.4 million euros in 2011 compared to 9.4 million euros in 2010;
- an increase in the working capital requirement of 12.0 million euros in 2011 compared to a decrease of 4.5 million euros in 2010, representing a resource reduction of 16.4 million euros between the two periods;
- a net disbursement of 109.2 million euros in respect of financial interest in 2011, compared to 88.4 million euros in 2010, owing to the rise in the debt cost;
- a disbursement of 117.9 million euros in respect of corporation tax in 2011 compared to 136.0 million euros in 2010.

The net cash used in investing activities represents a disbursement of 69.0 million euros in 2011, compared to a disbursement of 55.6 million euros in 2010. That represents a rise of 13.3 million euros, mainly comprising:

- 44.1 million euros in respect of acquisitions of tangible and intangible fixed assets in 2011, compared to 42.7 million euros in 2010,

reflecting the maintenance of investments in new Internet products and services;

- 19.6 million euros in 2011 relating to acquisitions of equity interests, net of cash acquired (including A Vendre A Louer, ClicRDV, Fine Media), compared to 16.9 million euros in 2010 (123people and Keltravo);
- 5.1 million euros in respect of acquisitions of participating interests in associated companies (Relaxevents, Leadformance);
- in 2010, 5.3 million euros of income from disposals of financial assets relating to the sale of Edicom at the end of 2009.

The net cash used in financing activities amounted to 196.8 million euros in 2011 against 194.1 million euros in 2010, representing an almost unchanged position, comprising mainly:

- 162.7 million euros in respect of dividends paid in 2011, representing a decrease of 19.8 million euros compared to the dividends paid in 2010;
- a decrease of 26.0 million euros in other financial liabilities in 2011 (including a disbursement of 24.8 million euros in respect of part of the refinancing expenses), compared to a decrease of 10.8 million euros in 2010;
- disbursements in respect of own shares amounting to 8.1 million euros in 2011 compared to disbursements of 0.4 million euros in 2010.

## 10.2 Off-balance-sheet commitments, disputes and related parties

See notes 30 to 32 of the consolidated financial statements.



## Events subsequent to the closing date of 31 December 2011

### 10.3 Risks and uncertainties relating to the 2012 financial year

The main risks and uncertainties identified by the Group concern:

- the economic environment and the situation of the advertising market in France and Spain, which may affect the sales prospecting by PagesJaunes and QDQ Media in their respective markets;
- developments in competition on the Internet, particularly with regard to search services and geographic and mapping services, which may have an impact on the ability of PagesJaunes and Mappy to maintain their rate of revenue growth.

### 10.4 Events subsequent to the closing date of 31 December 2011

In order to secure its financing sources, at the beginning of January 2012, PagesJaunes Groupe drew all of its 300 million euros revolving

credit line. The proceeds amount to 281 million euros.

## 11

## RESEARCH AND DEVELOPMENT

At the cutting edge of its sector, the PagesJaunes Group conducts high-performance research and innovation thanks to its teams and numerous partnerships. These teams bring together the best specialists in their respective fields with the aim of promoting innovation and excellence.

## 12

## INFORMATION ON TRENDS

## 12.1 Main trends affecting the Group's business

See chapters 9 and 10.

## 12.2 Trends liable to influence the Group's business

The main trends liable to influence the Group's activity in 2012 are associated with developments in the advertising market in France and Spain, particularly in local communication, which are expected to affect the commercial prospecting of the PagesJaunes Group.

## 12.3 Outlook

PagesJaunes Groupe's outlook for 2012 is as follows:

- after revenue decreases of -3.3% in 2010 and -2.1% in 2011, stabilisation of revenues in 2012;
- acceleration of growth in Internet activities, which will represent around 60% of total revenues in 2012;
- expected gross operating margin of between 470 million euros and 485 million euros, impacted by the commercial investment in Internet businesses.

# 13

## PROFIT FORECASTS OR ESTIMATES

The Company does not issue forecasts as defined in European regulation (EC) 809/2004.

## 14

## ADMINISTRATIVE AND MANAGEMENT BODIES

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## 14.1 Composition of the Board of Directors

As at the date of the present document the following are members of the Board of Directors:

- Thierry Bourguignon;
- François de Carbonnel;
- Elie Cohen;
- William Cornog;
- Jacques Garaïalde;
- Jean-Christophe Germani;
- Hugues Lopic;
- Médiannuaire represented by Cécile Moulard;
- Jean-Pierre Remy and
- Rémy Sautter.

## Composition of the Board of Directors

Name	Nationality	Position	Date of appointment	Expiry of term of office	Other positions and main offices in all companies in past five years
<b>Thierry Bourguignon</b>	French	Director representing personnel	20 July 2011	20 July 2016	None <b>Offices no longer held:</b> None
<b>François de Carbonnel</b>	French	Director Chairman of Remuneration and Appointments Committee	27 May 2004	General Meeting to be held in 2014	Director of Quilvest SA (Luxembourg) Director of Ecofin Hedge Fund Limited (Ireland) Director of Ecofin Special Situations Funds Limited (Ireland) Director of Amgen Inc. (United States) Director of GFI SA (Groupe Foncier d'Île-de-France) Director of FdeC Services Ltd Director of Mazars <b>Offices no longer held:</b> Director and Chairman of the Audit Committee of Thomson Director of Nixxis SA (Luxembourg) Chairman of the Board of Directors of Thomson
<b>Elie Cohen</b>	French	Director Member of the Audit Committee Member of the Strategy Committee	27 May 2004	General Meeting to be held in 2014	Research Director at CNRS Professor at Institut d'études politiques in Paris Member of the Economic Analysis Council of the Prime Minister Member of the Supervisory Board of Groupe Steria (IT services) Director of EDF Énergies Nouvelles <b>Offices no longer held:</b> Chairman of the Scientific Board and Director of Vigeo Director of Orange Vice-Chairman of the High Council for the Public Sector Director of EDF ENR
<b>William Cornog</b>	American	Director	7 June 2011	General Meeting to be held in 2014	None <b>Offices no longer held:</b> Director of Médiannuaire Holding
<b>Jacques Garaïalde</b>	French	Director Chairman of the Board of Directors Chairman of the Strategy Committee	12 October 2006	General Meeting to be held in 2014	Partner of KKR Director of Legrand Director of Tarkett Member of the Management Committee of Société d'Investissement Familiale (S.I.F.) Director of Visma AS Director of Sorgenia SpA <b>Offices no longer held:</b> Chairman, Chief Executive Officer and Director of Médiannuaire Holding Director of Nexans
<b>Jean-Christophe Germani</b>	French	Director	12 October 2006	General Meeting to be held in 2016	Managing Director of Goldman Sachs Director of Financière Daunou 5 Director of Get A.S. Director of Thor Norway Topco A.S. Director of Norcab A.S. <b>Offices no longer held:</b> Director of EM Acquisition Corp. and Education Management Corporation Director of Alchemy Holding Sarl Director of CCom Holdings Luxembourg S.à.r.l. Director of Wireless Information Network Limited Director of InsuranceCity AG Director of Médiannuaire Holding

## Composition of the Board of Directors

Name	Nationality	Position	Date of appointment	Expiry of term of office	Other positions and main offices in all companies in past five years
<b>Hugues Lopic</b>	French	Director Member of the Remuneration and Appointments Committee Member of the Strategy Committee	12 October 2006	General Meeting to be held in 2016	Head of the Merchant Banking division for Europe and partner of The Goldman Sachs Group, Inc Member of the Investment Committee of Goldman Sachs Director of Endemol N.V. <b>Offices no longer held:</b> Director of Eutelsat Communications SA Chairman of the Supervisory Board of Autodis SA Chairman of the Supervisory Board of Autodistribution SA Director of Cablecom GmbH Director of Cablecom Luxembourg GP S.à.r.l Director of Prysmian S.p.A. Luxembourg GP S.à.r.l Director of Iliad SA Non-voting board member of Neuf Cegetel SA Director of Médiannuaire Holding
<b>Médiannuaire, represented by Cécile Moulard</b>	French	Director	12 October 2006	General Meeting to be held in 2016	Director of MilleMercis Director of Internet incubator holding company of Truffle Capital <b>Offices no longer held:</b> None
<b>Jean-Pierre Remy</b>	French	Director Chief Executive Officer	17 May 2009	General Meeting to be held in 2014	Chairman, Chief Executive Officer and Director of PagesJaunes Director of PagesJaunes Marketing Services Director of Mappy Chairman of the Board of Directors and Director of QDQ Media (Spain) <b>Offices no longer held:</b> Chairman of Egencia LLC Chairman and Chief Executive Officer of Egencia Europe SA Director of Egencia UK Director of Egencia GmbH Chairman of the Board of Directors and Director of Médiannuaire Holding
<b>Rémy Sautter</b>	French	Director Chairman of the Audit Committee	27 May 2004	General Meeting to be held in 2014	Chairman and Chief Executive Officer of Bayard d'Antin Chairman of the Supervisory Board of Ediradio/RTL Member of the Supervisory Board of M6 Director of Partner Re (USA) Director of Technicolor <b>Offices no longer held:</b> Director of M6 Publicité Director of Wanadoo Chairman of Sicav Multimedia et Technologies Director of Taylor Nelson Sofres (UK) Director of Thomson

## Composition of the Board of Directors

### INDEPENDENT DIRECTORS

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

The qualification criteria for independent directors are in accordance with the AFEP/MEDEF corporate governance code.

There are no family connections between the members of the administrative and management bodies.

### DIRECTORS' BIOGRAPHIES

**Thierry Bourguignon** joined PagesJaunes in November 1988 and has worked on all commercial levels. He is currently a Master Plus commercial adviser in the Bordeaux office. He also served as a trade union representative until his appointment to the Board of Directors of PagesJaunes Groupe on 20 July 2011.

**François de Carbonnel** holds company directorships and provides consultancy. Until the end of 2006 he served as a Senior Adviser for Citigroup's Global Corporate and Investment Bank. He had joined Citigroup at the end of 1999 as Managing Director of the Global Corporate and Investment Bank. After 10 years at Boston Consulting Group (Boston, Paris, Chicago) from 1971 to 1981, he served from 1981 to 1990 as President of Strategic Planning Associates (Washington, DC), which subsequently became Mercer Management Consulting. After it was acquired by Marsh McLennan, he joined General Electric (United States) as President of GE Capital-Europe and Vice-President of General Electric. In 1993 he was appointed as Vice-President of Booz Allen et Hamilton in Paris, and then in 1994 as Chairman and Chief Executive Officer of Midial S.A., a position he held until 1998. He also served as Chairman of the Supervisory Board of GE Capital-SNC between 1996 and 1998. Born in 1946, François de Carbonnel is a graduate of the *École centrale* in Lyon, the Faculty of Economic Sciences in Lyon and the business school of Carnegie-Mellon University, Pittsburgh, United States.

**Elie Cohen** has had a combined career as a researcher and as a higher education teacher. After working as a student researcher at the *École des mines* and then as a research officer at the Innovation Sociology Centre of the *École des mines*, he joined CNRS as Research Director in the Public Policy Analysis Group at Paris-1 and then at the French Political Studies Centre of the *Fondation nationale des Sciences politiques*. As an associate professor and then as a professor, Elie Cohen taught at the *Institut d'études politiques* in Paris, the *École normale supérieure* Ulm, the *École nationale d'administration* and at the School of Engineering at Harvard. After writing many articles in scientific journals, Elie Cohen published a number of works on industrial economics and public policy both in France and abroad. As an economist, Elie Cohen has participated in the work of parliamentary and executive committees. He was a member of the Board of Directors of France Télécom from 1991 to 1995 and of the Board of Directors of Orange between 2003 and 2007. He served as a member of the scientific committee of the *Institut du développement durable et des relations internationales*. Born in 1950, Elie Cohen is a graduate of the *Institut d'études politiques* in Paris and has doctorates in management and political sciences.

**William Cornog** joined KKR Capstone in 2002. He was previously Senior Vice-President of Williams Communication Group and Chief Executive Officer of Network Services. Prior to that he was a partner of the Boston Consulting Group. Born in 1964, William Cornog holds a BA from Stanford University and an MBA from Harvard Business School.

**Jacques Garaïalde** has been a partner of Kohlberg Kravis Roberts & Co. since 2003. Before joining Kohlberg Kravis Roberts & Co. he was a partner of Carlyle, with responsibility for the Europe Venture Partners fund. Between 1982 and 2000 he worked at Boston Consulting Group, as Senior VP in charge of Belgium (1992-1995) and then France and Belgium (1995-2000). Between 1979 and 1981 he occupied various posts at Esso France. Jacques Garaïalde has also served as a director of

Legrand, Tarkett, *Société d'Investissement Familiale (SIF)*, Visma and Sorgenia. Born in 1956, Jacques Garaïalde holds an MBA from INSEAD (Fontainebleau) and is a former student of the *École polytechnique*.

**Jean-Christophe Germani** is Managing Director in the Merchant Banking Division of Goldman Sachs. Born in 1974, he is a graduate of the HEC business school.

**Hugues Lepic** is a Partner-Managing Director of The Goldman Sachs Group, Inc. and manages the long-term investment activities (Merchant Banking Division) of Goldman Sachs in Europe. He directly manages the Private Equity and Distressed Investment activity in Europe. He is a member of the Executive Committee of Goldman Sachs in Europe and a member of the Investment Committee and the Strategy Committee of the Merchant Banking Division of Goldman Sachs. Hugues Lepic began his career in 1990 in the Mergers & Acquisitions department at Goldman Sachs in New York and then in London. He joined the Private Equity activities of Goldman Sachs in London in 1996 before being appointed Managing Director in 1998 and Partner-Managing Director in 2000. Born in 1965, Hugues Lepic is a former student of the *École polytechnique* and holds an MBA from the Wharton School of the University of Pennsylvania.

**Cécile Moulard** began her career as a journalist, and then crossed the Atlantic to work in a merchant bank in New York. On her return to France, the new territories became her day-to-day business. She joined Agence Carat in 1990. In October 1995 she formed Carat Interactive, assuming the role of Chief Executive Officer with responsibility for international development. She then joined the Vivendi Group as a special adviser to the Chairman and worked particularly on ethical problems associated with the Internet. In February 2000 she launched Amazon.fr in the post of Chief Executive Officer in charge of strategy, marketing and development. In 2004 she joined Meetic to prepare the company's IPO and organise its marketing and international development. Today, Cécile Moulard divides her time between France and the United States. She is a founding partner of Smallbusinessact.fr and is involved in the development of start-ups and provides advice and operational support for "traditional" companies in their adoption of information technologies within the Sixth Continent structure. She is also a member of the Board of Directors of *MilleMercis* and the Internet incubator holding company of Truffle Capital. She is a lecturer at HEC/Telecoms Paris, a Young Leader Fellow, Eisenhower Fellow and Remarque Fellow. Born in 1963, Cécile Moulard is a graduate of IEP Paris and holds a DESS degree in marketing from IEP Paris.

**Rémy Sautter** began his career at *Caisse des Dépôts et Consignations* (1971-1981) before being appointed technical adviser to the office of the Defence Minister for financial and budgetary affairs (1981-1983). He then served as Finance Director of Agence Havas from 1983 to 1985 and Vice-Chairman and Chief Executive Officer of RTL until 1996. Rémy Sautter occupied the post of Chief Executive Officer of CLT-UFA until 2004 and then held the positions of Chairman and Chief Executive Officer of RTL until 2002. Since December 2002 he has served as Chairman of the Supervisory Board of RTL. Born in 1945, Rémy Sautter holds a law degree and is a graduate of the *Institut d'études politiques* in Paris and the *École nationale d'administration*.



## Composition of the management bodies

## 14.2 Criminal offences and potential conflicts of interest

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

- convictions for fraud;
- bankruptcy, sequestration or liquidation;
- criminal offence and/or official public penalty imposed by statutory or regulatory authorities;

- court action intended to prevent them from acting as a member of an administrative, management or supervisory body of an issuer or taking part in the management or conduct of the affairs of an issuer.

There is no potential conflict of interest between the duties of the members of the administrative and management bodies and the General Management with regard to the Company and their private interests and/or other duties.

## 14.3 Composition of the management bodies

As at the date of the present document, the General Management of PagesJaunes Groupe therefore comprised:

Name	Position
Jean-Pierre Remy	Chief Executive Officer
Christophe Pingard	Deputy Chief Executive Officer
Julien Ampollini	Director of the Major Accounts and Digital Marketing segment
Julien Billot	Assistant Chief Executive Officer in charge of the Media segment
Pascal Garcia	Assistant Chief Executive Officer in charge of the Strategy, Partnerships and External Relations division
Martine Gerow	Assistant Chief Executive Officer in charge of Finance, Information Systems, Purchasing and Operational Performance Management
Dominique Paoli	Company Secretary

**Jean-Pierre Remy** has been Chief Executive Officer of PagesJaunes Groupe since 25 May 2009. Born in 1964, he is a graduate of the *École centrale* in Paris and of the doctoral programme of the HEC business school. After many years of experience in strategy consulting, as a partner of Bain & Company (specialising in the digital economy), he formed Egencia in 2000, which became the global leader in business travel on the Internet. In April 2004 Jean-Pierre Remy sold Egencia to Expedia and was appointed Head of Business Travel for Expedia, first at European level and then at global level. In this capacity he served as a member of the Executive Committee of Expedia Inc.

**Christophe Pingard** has served as Deputy Chief Executive Officer of PagesJaunes Groupe since 21 November 2011. He is responsible for the revenues of all Group entities and manages the sales, marketing and operations of the Advertisers segment. Before joining PagesJaunes Groupe, he worked for 12 years at Steelcase Strafor before taking part in the formation of Egencia, the leader in business travel on the Internet. He occupied the posts of Chief Executive Officer France and then Senior Vice-President in charge of Europe and Asia-Pacific. Born in 1964, Christophe Pingard holds an MBA and a DESS degree in Quality Management and Innovation.

**Julien Ampollini** is Director of the Major Accounts and Digital Marketing segment. Born in 1974, he is a graduate of the HEC business school. After beginning his career with the LVMH Group in New York, Julien Ampollini joined the strategy consulting firm Bain & Company in Paris in 1998. In 2000, he took part in the formation of Egencia, which became the European leader in online business travel and was sold to Expedia. Two years later, he joined Boston Consulting Group, where he was appointed Manager. Between 2007 and 2009, he was Director of Strategy and a member of the Management Committee of the Canal+ Group. He joined PagesJaunes Groupe in 2009 as Chief Strategy and Communication Officer.

**Julien Billot** joined PagesJaunes Groupe in September 2009 and is now Assistant Chief Executive Officer in charge of the Media segment. Between December 2006 and August 2009 he managed the digital transformation of Lagardère Active in France and internationally as Managing Director Digital and New Business. Prior to that he served as Marketing Director Consumer Products and Services for the France Télécom Group, which he joined in 1993. He began his career at France Télécom as a Major Accounts Manager in the Business Division and in 1995 moved to France Télécom Mobiles Paging, working successively as an adviser to the Chairman, as Chief Finance and Strategy Officer and finally as Chief Sales and Finance Officer. In 1999 he joined Orange in France as Marketing Director for Mobile Multimedia and was then promoted to the post of Director of Consumer and Business Mobile Markets for Orange France, where he became a member of the Executive Committee. Born in 1968, Julien Billot is a graduate of the *École polytechnique et de Télécom*, Paris. He also holds a DESS degree in industrial economics conferred by the University of Paris-IX Dauphine in 1993.

**Pascal Garcia** is Assistant Chief Executive Officer in charge of the Strategy, Partnerships and External Relations Division. He previously occupied various General Management posts within the PagesJaunes Group, first at Telelistas, a subsidiary owned 50% by the Company in Brazil from 1997 to 2001, and then at Wanadoo Edition in 2002, before taking over the General Management of QDQ Media in Spain from 2003 to 2008. He began his career in 1982 in the oil services sector, in the Financial Management of Comex, and subsequently Coflexip in Brazil, a group in which he occupied various management posts in France and internationally before taking over the General Management of Coflexip Stena Offshore Brazil. Born in 1958, of French and Brazilian nationality, Pascal Garcia is a graduate of the HEC business school and holds MBAs from *Fundação Getulio Vargas* (São Paulo, Brazil) and from ESADE (Barcelona, Spain).

### Composition of the management bodies

**Martine Gerow** has served as Assistant Chief Executive Officer in charge of Finance, Information Systems, Purchasing and Operational Performance Management since October 2010. She previously served as Director of Finance and Information Systems for Campofrio Food Group, based in Madrid, from 2008. Prior to that she held a number of posts in the Danone Group from April 2002 to November 2007, first as Global Finance Director in the Beverages Division and then as Group Financial Controller in charge of management control, consolidation, reporting and internal control. She began her career in 1987 with Boston Consulting Group in New York before joining the PepsiCo Group in September 1989, where she occupied a number of finance and

strategy posts in the United States and France. Born in 1960, Martine Gerow has French and US nationality. She is a graduate of the HEC business school and holds an MBA from Columbia Business School (New York, United States).

**Dominique Paoli** has served as company Secretary of the Group since 26 July 2010. He was previously Legal and Real Estate Director of PagesJaunes from 1985. After beginning his career at Crédit Lyonnais, he joined the Personnel Department of Office d'Annonces in 1977. Born in 1953, Dominique Paoli holds a DESS degree in employment law.

## 15

## COMPENSATION AND BENEFITS

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## 15.1 Overall remuneration and benefits in kind

All gross remuneration excluding employer contributions and benefits in kind individually owed and paid by the Company to corporate officers during the financial year ended 31 December 2011 at PagesJaunes Groupe are summarised in the tables below:

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

	Full-year 2011	Full-year 2010
<b>Jacques Garaïalde, Chairman of the Board of Directors</b>		
Remuneration due in respect of the financial year (set out in the following table)	42,682	40,476
Valuation of amounts granted during the year	–	–
Valuation of performance-based shares granted during the year	–	–
<b>Jean-Pierre Remy, Chief Executive Officer (as of 25 May 2009)</b>		
Remuneration due in respect of the financial year (set out on the following page)	792,995	940,059
Valuation of options granted during the year	–	–
Valuation of performance-based shares granted during the year	277,200	–
<b>Christophe Pingard, Deputy Chief Executive Officer (as of 21 November 2011)</b>		
Remuneration due in respect of the financial year (set out on the following page)	164,811	–
Valuation of options granted during the year	–	–
Valuation of performance-based shares granted during the year	97,800	–
<b>TOTAL</b>	<b>1,375,488</b>	<b>980,535</b>

## Overall remuneration and benefits in kind

Table summarising the remuneration of each executive corporate officer

	Full-year 2011		Full-year 2010	
	Amounts owed	Amount paid	Amounts owed	Amount paid
<b>Jacques Garaïalde, Chairman of the Board of Directors</b>				
Fixed remuneration	–	–	–	–
Variable remuneration	–	–	–	–
Exceptional remuneration	–	–	–	–
Directors' fees	42,682	42,682	40,476	40,476
Benefits in kind <sup>(1)</sup>	–	–	–	–
<b>TOTAL</b>	<b>42,682</b>	<b>42,682</b>	<b>40,476</b>	<b>40,476</b>
<b>Jean-Pierre Remy, CEO</b>				
Fixed remuneration	500,000	500,000	390,000	390,000
Variable remuneration	250,000	510,000	510,000	355,000
Exceptional remuneration	–	–	–	–
Directors' fees	26,781	26,781	23,550	23,550
Benefits in kind <sup>(1)</sup>	16,214	16,214	16,509	16,509
<b>TOTAL</b>	<b>792,995</b>	<b>1,052,995</b>	<b>940,059</b>	<b>785,059</b>
<b>Christophe Pingard, Deputy Chief Executive Officer</b>				
Fixed remuneration	42,045	42,045	–	–
Variable remuneration	20,781	–	–	–
Exceptional remuneration	100,000	100,000	–	–
Directors' fees	–	–	–	–
Benefits in kind <sup>(1)</sup>	1,985	0	–	–
<b>TOTAL</b>	<b>164,811</b>	<b>142,045</b>	<b>–</b>	<b>–</b>

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

## Overall remuneration and benefits in kind

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

Non-executive corporate officers	Amounts paid in 2011	Amounts paid in 2010
<b>François de Carbonnel</b>		
Directors' fees	44,356	36,060
Other remuneration	–	–
<b>Elie Cohen</b>		
Directors' fees	46,867	41,212
Other remuneration	–	–
<b>Abeille Deniau <sup>(1)</sup></b>		
Directors' fees	16,738	20,606
Other remuneration	66,172	61,284
<b>Thierry Bourguignon <sup>(2)</sup></b>		
Directors' fees	10,043	–
Other remuneration	135,780	130,627
<b>William Cornog <sup>(3)</sup></b>		
Directors' fees	20,086	–
Other remuneration	–	–
<b>Jean-Christophe Germani</b>		
Directors' fees	23,433	23,550
Other remuneration	–	–
<b>Nicolas Gheysens <sup>(4)</sup></b>		
Directors' fees	50,215	38,268
Other remuneration	–	–
<b>Hugues Lepic</b>		
Directors' fees	33,476	38,268
Other remuneration	–	–
<b>Jérôme Losson <sup>(5)</sup></b>		
Directors' fees	10,043	17,662
Other remuneration	–	–
<b>Médiannuaire</b>		
Directors' fees	16,738	17,662
Other remuneration	–	–
<b>Rémy Sautter</b>		
Directors' fees	48,541	42,684
Other remuneration	–	–
<b>TOTAL</b>	<b>522,488</b>	<b>467,884</b>

(1) The term of the employee-representative director Abeille Deniau ended on 20 July 2011.

(2) The term of the employee-representative director Thierry Bourguignon began on 20 July 2011.

(3) William Cornog was co-opted by the Board of Directors on 7 June 2011.

(4) Nicolas Gheysens resigned on 13 April 2012.

(5) Jérôme Losson resigned at the Board of Directors' Meeting on 7 June 2011.

## Overall remuneration and benefits in kind

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

In 2011, the Chief Executive Officer was eligible for a variable share of 100% of the annual fixed remuneration on targets achieved between 0% and 200%, based on the following criteria:

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

Under the terms of the decisions by the Board of Directors on 14 February 2012 for the 2011 financial year, the total amount of the Chief Executive Officer's variable portion came to 250,000 euros.

Moreover, since the Company has implemented specific additional pension schemes (see section 17.3), the Board of Directors decided to grant the CEO the supplementary defined-contribution pension scheme (article 83 of the French General Tax Code) implemented for Group Management.

The Company share of pension contributions under article 83 of the French General Tax Code as applicable to Jean-Pierre Remy in 2011 came to 8,166 euros.

In 2011, the Deputy Chief Executive Officer was eligible for a variable share of 50% of the annual fixed remuneration on targets achieved between 0% and 100%.

The variable share of the Deputy Chief Executive Officer shall be determined according to the results of the Group to which the Company belongs and the achieving of qualitative and quantitative targets that will be set each year.

For 2011, and taking into account his date of arrival in the Company, this variable share was set to 50% of his annual fixed compensation, calculated on a pro rata basis.

The Company share of pension contributions under article 83 of the French General Tax Code as applicable to Christophe Pingard in 2011 came to 907 euros.

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

## COMMITMENTS ENTERED INTO FOR JEAN-PIERRE REMY AND CHRISTOPHE PINGARD

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

- In the event of his departure prior to the adoption by the Board of Directors of the Group consolidated financial statements for the year ending 31 December 2010, payment of severance would be subject to the following performance condition: achievement of at least 90% of the quantitative objectives set to determine his variable remuneration (especially in terms of the trend in gross operating margin).
- In the event of his departure after the adoption by the Board of Directors of the Group consolidated financial statements for the year ending 31 December 2010, payment of severance would be subject to the following performance condition: the average trend in gross operating margin over the previous three years (or over the last two years in the event of departure between the adoption by the Board of Directors of the Group's consolidated financial statements for the year ending on 31 December 2010 and the adoption by the Board of Directors of the Group's consolidated financial statements for the year ending on 31 December 2011) as shown in the Group's consolidated financial statements adopted by the Board of Directors prior to the date of departure of Jean-Pierre Remy will exceed the average trend in operating income before impairment of goodwill, restructuring costs and results of sales of SBF 120 index company assets, for the same period.

Severance would only be paid when the Company's Board of Directors has observed that the performance obligation has been met.

A non-competition obligation shall apply if Jean-Pierre Remy's office as Chief Executive Officer of the Company is terminated for any reason and in any way. This obligation would be limited to a period of 24 months

commencing on the day on which his duties actually terminate and would cover all of France. The corresponding compensation would amount to 12 months' remuneration calculated on the basis of the monthly average of his total gross pay for the 12 months prior to the date on which the term of office was terminated. It would be paid to Jean-Pierre Remy at the end of each half-year at a rate of one-quarter of the total compensation amount. The Company shall be entitled to release Jean-Pierre Remy from this non-competition clause, informing him of its decision at the latest within 15 calendar days after the Board of Directors has confirmed or decided on the cessation of Jean-Pierre Remy's term as Chief Executive Officer of the Company.

Mr Christophe Pingard was appointed Deputy Chief Executive Officer by the Board of Directors on 26 October 2011. On this occasion, PagesJaunes Groupe entered into the following commitments with regards to him.

Since Christophe Pingard does not benefit from an employment contract, the Board of Directors decided to provide severance pay in the event of forced departure from the Company due to a change in control or strategy or its implementation (regardless of the form of severance: dismissal, non-renewal or resignation), subject to compliance with the performance conditions detailed below:

- The payment of severance will be subject to the following performance condition: the average trend in revenues over the previous three years, as shown in the Group's consolidated financial statements adopted by the Board of Directors prior to the date of departure of Christophe Pingard, shall be greater than or equal to the average trend in revenues forecast in the budgets for the same period.
- In the case of departure before the end of the first year following the taking of office, the performance condition shall be assessed on the achievement of the revenue target for the previous year as defined on the date of taking office.

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

- In the case of departure between the end of the first year and the end of the third year following the taking of office, the performance condition shall be assessed on the elapsed period or periods during which Christophe Pingard was present in the Company.

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

The corresponding compensation shall amount to 12 months' remuneration calculated on the basis of the monthly average of his total gross pay for the 12 months prior to the date on which the term of office was terminated.

In the case of departure before the end of the first year following the taking of office, the corresponding compensation shall amount to six months' remuneration calculated on the basis of the monthly average of his total gross pay since the taking of office.

A non-competition obligation will be applied in the event of termination of Christophe Pingard's term of office as Deputy Chief Executive Officer

for any reason and in any form whatsoever. This obligation will be limited to a period of 24 months commencing on the day on which his duties actually come to an end, and will cover all of France. The corresponding compensation shall amount, based on a non-competition period of 24 months, to 12 months' remuneration calculated on the basis of the monthly average of his total gross pay for the 12 months prior to the date on which the term of office was terminated. It shall be paid to Christophe Pingard at the end of each half-year at a rate of one-quarter of the total compensation amount.

On termination of the term of office, the Company may renounce the benefit of the non-competition agreement (in which case it will not have to pay the corresponding compensation).

The aforementioned agreements shall be submitted for approval to the General Shareholders' Meeting on 6 June 2012.

Executive Corporate Officers	Employment contract		Supplementary retirement plan		Compensation or benefits due or likely to be due upon termination or change of duties		Compensation related to a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Jacques Garaialde, Chairman of the Board of Directors		X		X		X		X
Jean-Pierre Remy Chief Executive Officer		X	Supplementary defined contribution pension plan (article 83 of the General Tax Code)		X		X	
Christophe Pingard Deputy Chief Executive Officer		X	Supplementary defined contribution pension plan (article 83 of the General Tax Code)		X		X	

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

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

- for Jean-Pierre Remy: 0 euro;
- for Christophe Pingard: 0 euro;
- for Abeille Deniau: 44,121 euros as a provision for retirement benefits and 6,592 euros as a provision for length of service.
- for Thierry Bourguignon: 46,198 euros as a provision for retirement benefits and 6,266 euros as a provision for length of service.

## 16

## OPERATION OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

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The Company is managed by a Board of Directors that determines the Company's business strategy and oversees its implementation by the General Management. Subject to any powers expressly allocated to shareholders by law, and in line with the corporate purpose, the Board deals with all matters pertaining to the proper operation of

the Company and governs the Company's business through its deliberations. In particular, it expresses its view on all decisions relating to the Company's major strategic, economic, social, financial, and technological policies.

## 16.1 Compliance with French corporate governance standards

PagesJaunes Groupe follows the principles of corporate governance for listed companies laid down in the consolidated AFEP/MEDEF report of December 2008 and notably the corporate governance principles concerning:

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

The Company is committed to implementing the recommendations in the report, notably through the internal regulations adopted by the Board of Directors which set the guiding principles for its operations and the procedures it uses to carry out its tasks (see section 21.2.1).

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

At its meeting on 18 December 2008, the Board of Directors took note of the AFEP/MEDEF recommendations of 6 October 2008 on remuneration for corporate officers of listed companies.

The Board considers that the Company's approach to corporate governance reflects such recommendations.

As a consequence, pursuant to the Law of 3 July 2008, the amended Afep/Medef Corporate Governance Code serves as the Company's reference for drafting the report described in article L. 225-37 of the French Commercial Code.

### Exceptions:

The Board of Directors has nevertheless studied the differences between current PagesJaunes Groupe operating procedures and the three

recommendations made by the Afep/Medef Corporate Governance Code:

1. The Afep/Medef Corporate Governance Code stipulates that independent directors must account for at least one third of the directors in companies controlled by a majority shareholder. The PagesJaunes Groupe Board of Directors is composed of three independent directors out of 11. The proportion of independent directors is thus close to one-third. The active role of the three independent directors indicates that the spirit of the Code has been complied with;
2. The Afep/Medef Corporate Governance Code stipulates that board members' terms of office must not exceed four years. The term of office for PagesJaunes Groupe directors is five years. The Board of Directors believes that this point does not hinder good governance within the Company. In addition, all the terms of office of the Directors do not expire on the same date, such that the shareholders vote regularly on the choice of directors: the terms of six directors (François de Carbonnel, Elie Cohen, Jacques Garaialde, William Cornog, Jean-Pierre Remy and Rémy Sautter) will expire at the 2014 annual General Meeting and the terms of four directors (Thierry Bourguignon, Hugues Lépici, Jean-Christophe Germani and the Médiannuaire company) will expire in 2016.
3. The Afep/Medef Corporate Governance Code stipulates that the Remuneration Committee must be made up of a majority of independent directors. PagesJaunes Groupe's Remuneration and Appointments Committee has one independent director out of three members. The Board of Directors believes that the composition of this Committee, which is chaired by the independent director, as well as exchanges between this independent director and the other independent members of the Board of Directors, appears to comply with the principle of faithful representation of the interests of the different Company shareholders.



## Committees established by the Board of Directors

## 16.2 Service contracts

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

No other member of the Board of Directors or any Chief Executive Officer is bound by a service contract with PagesJaunes Groupe or its subsidiaries which would grant benefits at the end of such a contract.

## 16.3 Committees established by the Board of Directors

The Board of Directors may establish committees, which it oversees, determining their membership and powers. The powers granted to a Committee shall not be a delegation of the powers vested in the Board of Directors by law or the articles of association or reduce or limit the powers of the Chairman, the Chief Executive Officer or the Deputy Chief Executive Officers.

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

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

### 16.3.1 AUDIT COMMITTEE

The Audit Committee is comprised of at least two members, appointed by the Board of Directors based on a proposal by its Chairman. Pursuant to the Audit Committee's operating charter, the Committee designates its own Chairman.

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

- Mr Rémy Sautter, Chairman;
- Mr Elie Cohen;
- Mr Nicolas Gheysens (until his resignation on 13 April 2012; the Board of Directors' Meeting of 2 May 2012 will express an opinion on the composition of the Committee).

The Audit Committee monitors matters related to the preparation and auditing of accounting and financial information. It is responsible in particular (without prejudice to the powers of the administrative, management and supervisory bodies) for the following:

- the monitoring of the process for preparation of financial information, and in particular:
  - examining the draft Company and consolidated financial statements, both half-yearly and annual, draft management reports and activity and results statements,
  - examining the documents for financial communication,
  - ensuring compliance with the accounting standards adopted for preparing the Company and consolidated financial statements,
  - examining the accounting treatment related to specific transactions, and the information published regarding such transactions,
  - checking the quality and relevance of the information communicated to shareholders;
- the monitoring of the effectiveness of the internal control and risk management systems, and in particular:
  - checking that internal information collection and inspection procedures are applied in practice,
  - on a yearly basis, studying the inspection procedures for auditors and internal auditors and examining the internal auditing report for the past year and defining the schedule of tasks for the current year,

- on a yearly basis, examining the Group's exposure to risks, particularly financial and litigation, significant off-balance sheet commitments and the effectiveness of the internal control mechanism;

- the monitoring of the legal auditing of annual financial statements and, if applicable of the consolidated financial statements by the Statutory Auditors;
- the monitoring of the independence of the Statutory Auditors;
- issuing of a recommendation on the Statutory Auditors proposed for appointment by the General Meeting;
- regularly reporting to the Board of Directors on the performance of its duties and informing it promptly of any difficulty encountered.

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

The Audit Committee shall meet as often as it deems useful and shall consider any matter included within its duties. It met five times during 2011. On average, 2.80 members attended each meeting of the Audit Committee during this financial year.

It may ask the Company to provide it with any document or information necessary to fulfil its mission and carry out any internal or external audit on any subject it believes is covered in the said mission. During the examination of drafts of the annual and half-year financial statements, it may question the Statutory Auditors without the presence of the Company's senior managers. It is notified of any accounting or audit irregularities.

The following are the main issues examined by the Audit Committee in 2011:

- annual Company and consolidated financial statements as at 31 December 2010;
- half-year consolidated financial statements as at 30 June 2011;
- revenues and main results for the first and third quarters of 2011;
- 2011 internal audit programme, conclusions of the missions carried out during the year and monitoring of implementation of the recommendations;
- risk management system and mapping of major risks.

## Committees established by the Board of Directors

### 16.3.2 REMUNERATION AND APPOINTMENTS COMMITTEE

#### Members of the Remuneration and Appointments Committee

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

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

- Mr François de Carbonnel, Chairman;
- Mr Hugues Lepic;
- Mr Nicolas Gheysens (until his resignation on 13 April 2012, the Board of Directors' Meeting of 2 May 2012 will express an opinion on the composition of the Committee).

#### Tasks of the Remuneration and Appointments Committee

The Committee is responsible for submitting proposals to the Board of Directors for the appointment of members of the Board of Directors, the Chairman of the Board of Directors, the Chief Executive Officer and

the members of the Board Committees. It is also kept informed of the appointments of other senior managers of the Group by the Chairman of the Board of Directors. The Committee also proposes the amount of the Directors' fees to the Board of Directors to be submitted at the General Meeting, as well as the terms for the allocation of the said fees between the members of the Board of Directors.

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

The Remuneration and Appointments Committee met four times in 2011. On average, 2.5 members participated in each meeting of the Committee during the financial year.

In 2011, the Committee examined matters related to defining the targets and terms of calculating of the variable part of the Chief Executive Officer's remuneration, the composition of the executive management team, its remuneration and long-term incentives, as well as the composition of the Board of Directors.

### 16.3.3 STRATEGY COMMITTEE

#### Members of the Strategy Committee

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

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

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

#### Tasks of the Strategy Committee

It is charged with assisting the Board of Directors in its reflections concerning major long-term strategic policies of the Company or the Group, examining all major projects in relation to strategic Group positioning and development, especially strategic partnership projects and major investments and divestments and Company development plans submitted to the Board of Directors.

The Strategy Committee met once in 2011. All members participated in this meeting of the Committee.

The Strategy Committee studied in particular projects related to the Group's mid-term strategy.

### 16.3.4 COMMITTEE MEMBERSHIP AND OPERATION

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

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

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

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

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

Report of the Chairman of the Board of Directors and report of the Statutory Auditors on the report of the Chairman

## 16.4 Report of the Chairman of the Board of Directors and report of the Statutory Auditors on the report of the Chairman

### 16.4.1 REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

Article L. 225-37 of the Commercial Code  
(Financial year ended on 31 December 2011)

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

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

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

This report was approved by the Board of Directors at its meeting on 14 February 2012.

#### 1. Corporate governance

##### Corporate Governance Code

PagesJaunes Groupe refers to the AFEP/MEDEF Corporate Governance Code, in its December 2008 consolidated version, which is available on the [www.medef.fr](http://www.medef.fr) website.

##### Provisions excluded

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

1. The Afep/Medef Corporate Governance Code stipulates that independent directors must account for at least one third of the directors in companies controlled by a majority shareholder. PagesJaunes Groupe's Board of Directors has three independent members out of 11 Directors. The proportion of independent Directors is close to one-third. The active role of these three independent Directors indicates that the spirit of the Code is complied with.
2. The Afep/Medef Corporate Governance Code stipulates that board members' terms of office must not exceed four years. The term of office for PagesJaunes Groupe directors is five years. The Board of Directors believes that this point does not hinder good governance within the Company. In addition, all the terms of office of the

Directors do not expire on the same date, such that the shareholders vote regularly on the choice of Directors: the terms of seven directors (François de Carbonnel, Elie Cohen, Jacques Garaïalde, Nicolas Gheysens, William Cornog and Jean-Pierre Remy) will expire at the 2014 annual General Meeting, the terms of four directors (Thierry Bourguignon, Hugues Lepic, Jean-Christophe Germani, and the Médiannuaire company) will expire in 2016.

3. The Afep/Medef Corporate Governance Code stipulates that the Remuneration Committee must be made up of a majority of independent directors. PagesJaunes Groupe's Remuneration and Appointments Committee is comprised of one independent Director out of three members. The Board of Directors considers that the composition of this Committee, which is chaired by the independent director, as well as the quality of the exchanges taking place between this independent Director and the other independent members of the Board of Directors, appears to comply with the principle of appropriately representing the interests of the Company's various shareholders.

#### 1.1 Composition of the Board of Directors

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

On the date of the present report, the members of the Board of Directors were as follows:

- François de Carbonnel;
- Thierry Bourguignon (Director representing staff);
- Elie Cohen;
- William Cornog;
- Jacques Garaïalde;
- Jean-Christophe Germani;
- Nicolas Gheysens;
- Hugues Lepic;
- Médiannuaire represented by Cécile Moulard;
- Jean-Pierre Remy; and
- Rémy Sautter.

As William Cornog was co-opted as a Director by the Board of Directors on 7 June 2011, following the resignation of Jérôme Losson and for the remaining period of the latter's appointment, until the General Shareholders' Meeting convened to vote in 2014 on the financial statements for the Company's financial year ending on 31 December 2013, the Shareholders' Meeting on 6 June 2012 will be asked to ratify this co-optation.

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

## Report of the Chairman of the Board of Directors and report of the Statutory Auditors on the report of the Chairman

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

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

### 1.2 Conditions of preparation and organisation of the Board of Directors' work

#### 1.2.1 Rules of procedure

The Board of Directors' rules of procedure, which are in line with the provisions recommended by the AFEP/MEDEF Corporate Governance Code, were implemented by the Board of Directors on 23 September 2004. These operating rules set out the guiding principles of the Board of Directors' operation and the rights and duties of Directors.

The main provisions of the Board of Directors' rules of procedure are detailed in point 21.2.1 of the *document de référence*.

#### 1.2.2 Meetings of the Board

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

In the 2011 financial year, the Board of Directors met eight times. On average, 10.1 Directors attended each meeting of the Board of Directors over the course of the year. The average length of the Board of Directors' meetings was 3 hours 30 minutes.

The Board of Directors' main activities were as follows:

- Examination of financial statements and earnings: the Board examined and approved the annual and half-year company and consolidated financial statements and the management reports. It examined the revenues and the main quarterly earnings and the corresponding financial communications. It prepared the reports and resolutions submitted to the General Meeting. It examined the 2012 budget.
- Examination of ongoing business: a presentation of ongoing business is provided by the General Management at each Board of Directors meeting, enabling the directors to regularly monitor "in real time" the evolution of the Group's business.
- Examination of strategy: the Board devoted a specific meeting to examining the Group's strategy. In addition, presentations of a Group business are regularly given to the Board by the person in charge of such business.
- Approval of strategic operations: the Board deliberated on acquisition transactions or plans. The strategic plan was presented to the Board of Directors, which debated it at length.
- Corporate governance: the Board approved the report prepared by the Chairman pursuant to article L. 225-37 of the Commercial Code, related to the conditions of preparation and organisation of the Board's work and the internal control and risk management procedures.

#### 1.2.3 Committees formed by the Board of Directors

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

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

##### 1.2.3.1 Audit Committee

The Audit Committee is comprised of at least two members, appointed by the Board of Directors based on a proposal by its Chairman. Pursuant to the Audit Committee's operating charter, the Committee designates its own Chairman.

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

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

The Audit Committee monitors matters related to the preparation and auditing of accounting and financial information. It is responsible in particular (without prejudice to the powers of the administrative, management and supervisory bodies) for the following:

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

## Report of the Chairman of the Board of Directors and report of the Statutory Auditors on the report of the Chairman

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

The Audit Committee shall meet as often as it deems useful and shall consider any matter included within its duties. It may ask the Company to provide it with any document or information necessary to fulfil its duties and carry out any internal or external audit on any subject it believes is covered in the said duties. During the examination of drafts of the annual and half-year financial statements, it may question the Statutory Auditors without the presence of the Company's senior managers. It is notified of any accounting or audit irregularities.

The Audit Committee met 5 times in 2011. It regularly questioned the Company's executives and the main managers of the Group's Finance Department, the manager of internal auditing and the Statutory Auditors, to examine with them their respective intervention plans and the follow up they provided to these plans. On average, 2.8 members participated in each meeting of the Committee during the financial year.

The following are the main issues examined by the Audit Committee in 2011:

- annual Company and consolidated financial statements as at 31 December 2010;
- half-year consolidated financial statements at 30 June 2011;
- revenues and main results for the first and third quarters of 2011;
- 2011 internal audit programme, conclusions of the missions carried out during the year and monitoring of implementation of the recommendations;
- risk management system and mapping of major risks.

### 1.2.3.2 Remuneration and Appointments Committee

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

The composition of the Remuneration and Appointments Committee on the date of the present report was as follows:

- Mr François de Carbonnel, Chairman;
- Mr Hugues Lepic;
- Mr Nicolas Gheysens.

The Committee is responsible for submitting proposals to the Board of Directors for the appointment of members of the Board of Directors, the Chairman of the Board of Directors, the Chief Executive Officer and the members of the Board Committees. It is also kept informed of the appointments of other senior managers of the Group by the Chairman of the Board of Directors. The Committee also proposes the amount of the Directors' fees to the Board of Directors to be submitted at the General Meeting, as well as the terms for the allocation of the said fees between the members of the Board of Directors.

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

The Remuneration and Appointments Committee met four times in 2011. On average, 2.5 members participated in each meeting of the Committee during the financial year.

In 2011, the Committee examined matters related to defining the targets and terms of calculating of the variable part of the Chief Executive Officer's remuneration, the composition of the executive management team, its remuneration and long-term incentives, as well as the composition of the Board of Directors.

### 1.2.3.3 Strategy Committee

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

The composition of the Strategy Committee on the date of the present report was as follows:

- Mr Jacques Garaialde, Chairman;
- Mr Elie Cohen;
- Mr Hugues Lepic.

It is charged with assisting the Board of Directors in its reflections concerning major long-term strategic policies of the Company or the Group, examining all major projects in relation to strategic Group positioning and development, especially strategic partnership projects and major investments and divestments and Company development plans submitted to the Board of Directors.

The Strategy Committee met once in 2011. All members participated in this meeting of the Committee.

The Strategy Committee studied in particular projects related to the Group's mid-term strategy.

## 1.3 Evaluation of the Board of Directors

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

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

The Board of Directors considered that the results were positive and reflected satisfactory operation on the part of the Board of Directors.

## 1.4 Limitations of the Chief Executive Officer's powers

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

- that the Chief Executive Officer shall present, each year, to the Board of Directors a draft strategic plan defining the mid-term guidelines of the Group's business, and including in particular a projection of the Group's major operating and financial indicators, and a draft annual budget;
- that the following decisions shall be subject to prior approval by the Board of Directors:
  - approval of the annual budget and any other significant modification of such budget,
  - approval of the annual and three-year business plans,
  - any acquisition or sale of a business by PagesJaunes Groupe or by one of its subsidiaries, not included in the annual budget and for a total amount, including all liabilities and other off-balance sheet commitments assumed, in excess of 10 million euros per financial year,

## Report of the Chairman of the Board of Directors and report of the Statutory Auditors on the report of the Chairman

- all investment or divestment not included in the annual budget and regarding capitalised assets in an amount including all liabilities and other off-balance sheet commitments assumed, of greater than 10 million euros per financial year,
- modification of the employment contract, hiring/appointment or dismissal/removal from office of PagesJaunes Groupe's Chief Finance Officer; any modification of the employment contract, hiring/appointment or dismissal/removal from office of any other executive officer of the PagesJaunes Group whose total gross annual remuneration is greater than 200,000 euros will not give rise to the Board of Directors' prior authorisation, but must nonetheless give rise to a prior agreement of the Remuneration and Appointments Committee,
- any increase of PagesJaunes Groupe's total debt or that of its subsidiaries, in a total amount greater than that authorised under financing or loan agreements previously authorised by PagesJaunes Groupe's Board of Directors,
- the conclusion of any agreement with a view to creating a joint venture with a third party, not included in the annual budget and creating a commitment for PagesJaunes Groupe or one of its subsidiaries, over the duration of the joint venture, for a total amount greater than 10 million euros,
- any decision to commence a procedure for listing PagesJaunes Groupe's securities or those of its subsidiaries on a regulated market and any consequent transactions for an additional listing of PagesJaunes Groupe's securities or those of one of its subsidiaries whose shares may already be listed on a regulated market,
- any decision to withdraw the listing or repurchase shares (with the exception of share repurchases under liquidity agreements previously authorised by the Board of Directors),
- acquisition or subscription, by PagesJaunes Groupe or by one of its subsidiaries, of shares, partner's shares or any securities in or giving access to the capital of any company (x) for a value including all liabilities and other off-balance sheet commitments greater than 10 million euros if PagesJaunes Groupe's liability or that of its subsidiaries is limited and such transaction has not been included in the annual budget, and (y) regardless of the amount invested, when PagesJaunes Groupe or one of its subsidiaries acts as an unlimited liability partner of such company,
- any diversification of PagesJaunes Groupe's business or that of one of its subsidiaries not related to businesses already conducted or any diversification related to the business previously exercised, but not included in the annual budget and involving a commitment in a total amount greater than 10 million euros,
- any sale or cessation of one of PagesJaunes Groupe's main businesses or that of one of its subsidiaries not included in the annual budget or in the three-year business plan,
- any implementation of a profit-sharing plan (as defined in French labour law or any other similar regulations in other countries, with the exception of profit-sharing and participation) in PagesJaunes Groupe or its subsidiaries or any measure leading employees to acquire, directly or indirectly, shares in PagesJaunes Groupe's capital or that of its subsidiaries,
- any authorisation or instruction to a PagesJaunes Groupe subsidiary to study or undertake one of the transactions referred to in this annex,
- the conclusion of any agreement not included in the annual budget involving payments or the provision of goods or services by PagesJaunes Groupe or its subsidiaries for a total annual amount greater than 10 million euros, any decision related to the planning of a merger or demerger of one of PagesJaunes Groupe's

subsidiaries, to the partial asset contribution of a business of one of PagesJaunes Groupe's subsidiaries or the leasing of the business of one of PagesJaunes Groupe subsidiaries, not provided for in the annual budget or the three-year business plan, and outside the context of an internal reorganisation having an insignificant impact on the situation of PagesJaunes Groupe,

- any transfer or sale to provide collateral, any decision to provide collateral, a pledge, by PagesJaunes Groupe or one of its subsidiaries, in order to meet its debts or honour guarantees granted to third parties, not included in the annual budget and for a total amount greater than 10 million euros per financial year,
- any loans granted by PagesJaunes Groupe or one of its subsidiaries the cumulative amounts of which are greater than 5 million euros and not provided for in the annual budget.

### 1.5 Access, participation and voting of shareholders in the General Meeting

The information related to the access, participation and voting in the General Meeting is set out in articles 11 and 26 to 32 of the Company's articles of association and is detailed in point 21.2.2 of the *document de référence*.

### 1.6 Publication of the capital structure and information which may have an impact in the event of a public offering

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

### 1.7 Rules for setting the Chief Executive Officer's remuneration

#### 1) Fixed remuneration

The Board of Directors meeting of 8 February 2011 set the fixed amount of Jean-Pierre Remy's gross annual remuneration at 500,000 euros over twelve months.

#### 2) Rules for calculation of the variable share

The Board of Directors meeting of 8 February 2011, based on a proposal by the Remuneration and Appointments Committee, determined the rules for calculating the variable share of the Chief Executive Officer's remuneration.

In 2011, the Chief Executive Officer was eligible for a variable share of 100% of the annual fixed remuneration on targets achieved between 0% and 200%, based on the following criteria:

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

#### 3) Severance pay

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

- In the event of his departure prior to the adoption by the Board of Directors of the Group consolidated financial statements for the year ending 31 December 2010, payment of severance would be

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subject to the following performance condition: achievement of at least 90% of the quantitative objectives set to determine his variable remuneration (especially in terms of the trend in gross operating margin).

- In the event of his departure after the adoption by the Board of Directors of the Group consolidated financial statements for the year ending 31 December 2010, payment of severance would be subject to the following performance condition: the average trend in gross operating margin over the previous three years (or over the last two years in the event of departure between the adoption by the Board of Directors of the Group's consolidated financial statements for the year ending on 31 December 2010 and the adoption by the Board of Directors of the Group's consolidated financial statements for the year ending on 31 December 2011) as shown in the Group's consolidated financial statements adopted by the Board of Directors prior to the date of departure of Jean-Pierre Remy will exceed the average trend in operating income before impairment of goodwill, restructuring costs and results of sales of SBF 120 index company assets, for the same period.

Severance would only be paid when the Company's Board of Directors has observed that the performance obligation has been met.

#### 4) *Non-competition clause/related compensation*

A non-competition obligation shall apply if Jean-Pierre Remy's office as Chief Executive Officer of the Company is terminated for any reason and in any way. This obligation would be limited to a period of 24 months commencing on the day on which his duties actually terminate and would cover all of France. The corresponding compensation would amount to 12 months' remuneration calculated on the basis of the monthly average of his total gross pay for the 12 months prior to the date on which the term of office was terminated. It would be paid to Jean-Pierre Remy at the end of each half-year at a rate of one-quarter of the total compensation amount. The Company shall be entitled to release Jean-Pierre Remy from this non-competition obligation, informing him of its decision at the latest within 15 calendar days after the Board of Directors has confirmed or decided on the cessation of Jean-Pierre Remy's term as Chief Executive Officer of the Company.

#### 5) *Retirement*

Within the framework of the implementation of a supplementary retirement scheme in two sections (the Collective Retirement Savings Plan – PERCO) with an employer's contribution made in 2007, from which all the employees of the Group's French subsidiaries may benefit, a supplementary defined contribution retirement scheme open to all the management staff of Group subsidiaries as of 1 January 2008), Mr Jean-Pierre Remy is not able to take advantage of the PERCO scheme.

The Board of Directors of PagesJaunes Groupe, however, in accordance with the provisions of article L. 225-38 of the French Commercial Code, approved a provision whereby Mr Jean-Pierre Remy may avail himself of the supplementary retirement scheme (article 83 of the General Tax Code) under the same contribution conditions as other contributors.

For the record, Mr Jean-Pierre Remy is a member of the Company's benefits and retirement scheme under the same conditions as other Group employees.

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

## 2. Internal audit, internal control and risk management within PagesJaunes Groupe

The PagesJaunes Group has implemented three control functions: internal audit, internal control and risk management.

Through implementation of these mechanisms, the objective is to harmoniously combine the various regulatory (instructions and directives), organisational (organisation charts and processes) and technical (particularly IT and communication) measures, based on certain fundamental concepts:

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

In 2011, these three functions reported at least once to the Audit Committee in order to provide their roadmap and/or details of their achievements to date.

### 2.1 General organisation of the control functions within PagesJaunes Groupe

#### 2.1.1 *Internal audit*

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

PagesJaunes Groupe's Internal Audit department is responsible for performing the duties defined at the beginning of the year in the audit plan. It is functionally attached to the Group's General Management, but hierarchically supervised by the Audit Committee.

Three types of audit are performed at PagesJaunes: audits of compliance in financial statements, audits of the compliance, efficiency and governance of the subsidiaries and audits of processes.

#### 2.1.2 *Organisation of the internal control mechanism*

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

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

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

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

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

## Report of the Chairman of the Board of Directors and report of the Statutory Auditors on the report of the Chairman

### 2.1.3 Risk management

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

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

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

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

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

## 2.2 Internal control procedures concerning the preparation and processing of accounting and financial information

The Group's Finance Department draws up accounting and financial information.

The reliability of the published accounting and financial information is reinforced by a series of bodies, rules, procedures and checks, by a skills management policy, and by a process to ensure continuous improvement of procedures.

Specific internal control procedures have therefore been implemented based mainly on the following:

- Financial Information Committee;
- the Group's accounting and management organisation;
- unified Management and accounting reporting;
- the common accounting basis and methods within the Group;
- The scheduling of closure work at Group level;
- financial communication.

### 2.2.1 Financial Information Committee

Financial information and its control are organised in accordance with the managerial and management organisation of PagesJaunes Groupe. In order to improve the quality and reliability of financial information, the Group has set up a financial information management and control mechanism, primarily based on the work of the Financial Information Committee.

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

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

This Committee was set up in July 2004 and met on four occasions in 2011.

### 2.2.2 Accounting and management function

Reporting to the Group's Chief Financial Officer, the Consolidation department, the Group's management department and the finance departments of the Group's subsidiaries perform the essential duties to ensure consistency in PagesJaunes Groupe's financial data.

Hence,

- they produce the Company and consolidated financial statements of PagesJaunes Groupe within the periods satisfying the requirements of the financial markets and legal obligations;
- they manage the budgeting and forecasting process and produce monthly Management reports as swiftly as possible while ensuring data consistency;
- they produce the documentation necessary for the financial communication of results and the summary management reporting for PagesJaunes Groupe Management;
- they design and set up the accounting and management methods, procedures and bases of PagesJaunes Groupe;
- they identify and manage the necessary changes to the accounting and management information systems of PagesJaunes Groupe.

### 2.2.3 Unified management and accounting reporting

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

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

#### The strategic plan

Each year a strategic plan is drawn up by PagesJaunes Groupe for the next three years. This strategic plan is drawn up on the basis of strategic choices by PagesJaunes Groupe in view of market trends, its business segments and the competitive environment.

#### The budget process

The budget process is specified for PagesJaunes Groupe and its subsidiaries. The main phases are as follows:

- in autumn: updating the budget for the current year and preparation by each entity of an annual and monthly budget for the following year;
- in spring: updating the initial forecast for the current year, which also serves as the basis for drawing up the strategic plan;
- in summer: updating the second half of the year in accordance with the results for 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 financial control and information mechanism. It is the PagesJaunes Groupe Management's primary monitoring, control and Management tool. It comprises several documents prepared by the Management Control and Accounting departments and notified to the Management of PagesJaunes Groupe.

Monthly reporting includes quantified data, comments on developments, and performance measurement indicators.



## Report of the Chairman of the Board of Directors and report of the Statutory Auditors on the report of the Chairman

The Management Control and Accounting departments at 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 the Senior Managements of the subsidiaries are a key component of PagesJaunes Groupe's steering and control mechanism. Their primary objective is to ensure consistency between the action undertaken and the Group's priorities and ambitions.

### **2.2.4 Common accounting bases and methods within the Group**

For the process of preparing the forecast and actual consolidated financial statements, the Group has applied the principle of standardisation, which entails:

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

The Group has a single accounting basis that standardises all items in consolidated reporting, including off-balance-sheet commitments. All the Group's consolidated entities have adopted this accounting basis. PagesJaunes Groupe draws up consolidated financial statements in accordance with IFRS standards (European Regulation 1606/2002 of 19 July 2002).

The consolidation documents are prepared in accordance with local accounting principles and include standardisation restatements in order to comply with the Group's standards and with IFRS standards. Instruction memoranda from the Group's Finance Department specifying the preparation process and timetable for each closure are distributed within the Group. Each subsidiary of PagesJaunes Groupe defines these processes and timetables in its own organisation.

### **2.2.5 The scheduling of closure work at Group level**

In order to maintain short account closing times, which enable it to publish its consolidated financial statements as prepared by the Board of Directors in February, the Group has set up a precise schedule to plan its closure work.

This schedule is based on:

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

The planning of coordination activities between the various divisions and functions of the Group, improvement of the quality of quantified forecasts and increased control of financial processes and anticipation and acceleration of accounting preparation processes have all been essential factors in the progress made by the Group in preparing its accounts.

### **2.2.6 Financial Communication**

In addition to the Chief Executive Officer, the Chief Financial Officer, the Investor Relations Manager and the Department of Strategy and Communication's press Department are the only entities authorised to issue financial information concerning the Group and its strategy outside the Company.

The Group's Finance Department, in collaboration with Management Control and the Legal Department, is responsible for drawing up and distributing to the various public recipients and regulatory and market authorities (the AMF) the following periodic and permanent information documents:

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

## **2.3 Relations with Statutory Auditors**

As part of their mission required by law, the Statutory Auditors perform their work at the end of the first half of the year, in the form of a limited examination at Group level, and for the annual closing, *via* a review of the pre-closure, followed by an audit of the accounts at 31 December. They also carry out work concerning a review of the internal audit mechanism of the Group's main subsidiaries, according to an audit plan presented to Internal Audit of the Audit Committee. The main recommendations are presented to the Financial Departments and to the Audit Committee.

Generally, the continuous improvement of processes and standards meets three concerns of effectiveness, control and monitoring of operations.

Sèvres, 14 February 2012

**Jacques Garaïalde**

Chairman of the Board of Directors

**Report of the Chairman of the Board of Directors and report of the Statutory Auditors on the report of the Chairman****16.4.2 REPORT OF THE STATUTORY AUDITORS PREPARED PURSUANT TO ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE, ON THE REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS****PagesJaunes Groupe**

Financial year ended on 31 December 2011

Dear shareholders,

In our capacity as the Statutory Auditors of PagesJaunes Groupe SA and pursuant to the provisions of article L. 225-235 of the Commercial Code, we present to you our report on the report prepared by the Chairman of your Company pursuant to the provisions of article L. 225-37 of the Commercial Code for the financial year ended on 31 December 2011.

It is the duty of the Chairman to prepare and submit for the approval of the Board of Directors a report concerning the internal control and risk management procedures implemented in the Company and providing the other information required by article L. 225-37 of the French Commercial Code, relating in particular to the corporate governance system.

Our duty is to:

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

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

**Information regarding the internal control and risk management procedures related to the preparation and processing of accounting and financial information**

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

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

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

**Other information**

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

Paris-La Défense and Neuilly-sur-Seine, 16 February 2012

The Statutory Auditors

**Ernst & Young Audit**

Denis Thibon

**Deloitte & Associés**

Dominique Descours

## 17

## EMPLOYEES

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## 17.1 Number of employees and breakdown by business segment

As at 31 December 2011, the consolidated Group had 5,063 employees (including sales staff with the status of travelling sales staff, as against 4,776 in 2010 and 4,843 as at 31 December 2009).

In addition, PagesJaunes Outre-Mer and Médiannuaire (non-consolidated entities associated with PagesJaunes Groupe) employed 21 and 13 staff respectively as at 31 December 2011.

The following table shows changes in the geographical breakdown of employees in the consolidated Group since 2009:

	2011 <sup>(1)</sup>		2010 <sup>(1)</sup>		2009 <sup>(1)</sup>	
France	4,565	90%	4,278	90%	4,324	89%
including Île-de-France	2,030		1,857		1,583	
outside Île-de-France	2,535		2,421		2,741	
International	498	10%	498	10%	519	11%
<b>CONSOLIDATED GROUP TOTAL</b>	<b>5,063</b>	<b>100%</b>	<b>4,776</b>	<b>100%</b>	<b>4,843</b>	<b>100%</b>

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

The size of the Group's workforce at the end of 2011 rose (+287) compared to the end of 2010. This increase was attributable entirely to France. It is linked to the increase in the workforce, primarily the commercial workforce of PagesJaunes SA, and to the addition of A Vendre A Louer, ClicRdv and Fine Media to the Group.

As at 31 December 2011, the average age of employees in the consolidated Group was around 40. Female employees accounted for 52%. The average length of service at PagesJaunes Groupe was 10.5 years.

The consolidated Group's workforce at 31 December 2011 was made up as follows:

The Group had a large number of sales staff compared to the total number of employees (more than 2,200 field sales staff and telephone sales staff). In France, the PagesJaunes field sales staff (around 1,150) had the status of travelling sales staff and most were basically paid by commission on the basis of the level of and rise in sales.

Since 31 December 2006, the year in which France Télécom sold its shareholding in PagesJaunes Groupe, all PagesJaunes Group employees have been private sector employees.

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

The employee turnover rate at PagesJaunes was 8.1% in 2011 compared to 10.4% in 2010 and 8.5% in 2009.

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

Furthermore, since 2007, employees of PagesJaunes and its subsidiaries in France have benefited from a mandatory profit-sharing plan introduced at the level of the PagesJaunes Group and from voluntary profit-sharing plans in some companies (see section 17.3 "Voluntary and mandatory profit-sharing plans"). These same employees benefit from a Collective Retirement Savings Plan (PERCO), and Management also benefits from a defined contribution supplementary pension scheme (see section 17.3).

## Number of employees and breakdown by business segment

### 2011 HIGHLIGHTS

#### PagesJaunes Groupe

##### Organisation of the Group

In April 2011, the Internet segment continued to develop with the acquisition of A Vendre A Louer, specialising in communication solutions for all real-estate businesses. This tactical acquisition is fully in line with the Group's Internet growth strategy. In May, the segment expanded further with the acquisition of ClicRDV, a leader in online appointment booking solutions for businesses. This operation enhances the services offered by PagesJaunes Groupe in local digital marketing for companies as well as the functionalities offered to Internet users. In September, Fine Media joined the Internet segment. Fine Media publishes the ComprendreChoisir.com website. The Group thus expanded its local advertising offer for businesses and practical information for Internet users. Finally, in December, the Group enriched its digital communication offering for major advertising customers by acquiring a participating interest in LeadFormance, leader in sales outlet location on the Internet.

In order to pursue the Group's transformation, and to develop synergies between the various companies, boost growth and drive revenues, a new organisation for the Group's Senior Management was introduced on 1 October 2011.

This is the result of a strategy aimed at positioning PagesJaunes Groupe as a leader in local communication and information. Its objective is to pursue the Group's transformation, develop synergies between the various companies in the Group, boost growth and drive revenues. The Printed Directory and Internet segments are merging to create the Media segment. The Group Strategy and Communication Department has been expanded to focus on partnerships and development internationally. It is now the Strategy, Partnership and External Relations Department. The objective of the Major Accounts and Digital Marketing segment is to mark a clear acceleration in the Company's businesses with major network-based accounts, display and the new businesses in digital marketing. Christophe Pingard joined the Group in November as Deputy Chief Executive Officer and manages the Advertisers segment. As such, he is responsible at the Group level for driving revenues, managing the sales teams and operational marketing, as well as managing operations for the Advertising and Major Accounts segments. Finally, the activities of the "Vertical" divisions (AnnoncesJaunes, AVAL, Keltravo, etc.) are equally advertiser- and user-oriented.

Furthermore, the Media segment is reorganised into six departments in order to better meet the Group's objectives. The single Technical Department brings together all the technical expertise that exists in the entities of the segment. The objective of the Marketing Department is to pool content skills and resources, listing and audience development, share synergies across platforms and optimise relational marketing operations. The Printed Directories Department is the publisher of the PagesJaunes printed directories. The Internet Department publishes pagesjaunes.fr and ComprendreChoisir.com websites. The Mobile Internet Department is the publisher of mobile applications and sites. Finally, the New Media Department encompasses all of the Group's new media. It contributes value and audience and in particular brings together the Urban Dive and ZoomOn services and hosts projects that are being developed.

##### Industrial Relations/Human Resources

In 2011, the Group Human Resources Department continued to work on the vocational training plan and, in addition to the more conventional training programmes, introduced e-learning modules for all of its employees and specifically for its managers. In order to support its employees in career management, the HR Department initiated work

in identifying jobs and skills in order to update a complete mapping of the Group's businesses; in 2011, it finalised the business reference model for the Information and Technology (IT) and Finance sectors, and is currently pursuing the approach with the Marketing sector.

The Group Human Resources Department in 2011 initiated a socially responsible HR approach and is developing a strategy focused on jobs, diversity and the well-being of its employees. With regard to industrial relations, the Group has begun negotiations with the staff representation bodies on two major themes: forward planning of employment and skills and disabilities. With regard to disabilities, the Group signed an agreement with AGEFIPH in March 2010 (which will expire in 2012) and has already implemented actions in order to inform employees on disability-related subjects such as keeping disabled persons in employment, declarations and recruiting employees with disabilities, as well as specific training efforts especially for the HR team, managers and staff representation bodies. It launched a pilot group of telephone sales staff with disabilities, in the form of a professionalisation contract in August 2010, and repeated the experience in August/September 2011 with a new team of telephone sales staff in Sèvres and by also opening professional contracts for positions as data collection managers at Eysines.

In November 2011, Eurêka, the Group's Employee Participation Innovation Programme managed by the HR Department won an award from Cegos, in the "virtual community and knowledge management" category. As the purpose of this collaborative innovation system was to support the change in managerial behaviour and encourage transversality by involving all employees, it contributes fully to the Group's culture of innovation.

The opinion survey conducted in 2010 among the Group's employees highlighted three areas for progress for 2011 which are reinforcing actions concerning professional development and internal mobility, multiplying cross-line co-operation within the Group and the importance of well-being in the workplace. Specific action plans were also implemented within certain segments, departments and subsidiaries such as setting up new work processes aiming for more transversality and transparency (meetings for sharing or themed breakfasts, newsletters, welcoming newly-hired employees, etc.).

Within the framework of its Employer Brand, the Group sponsored *Raid Centrale* Paris. This event is in line with the school relations that the Group maintains in order to encourage better knowledge of the company and its businesses. This action is an integral part of the Employer Brand approach that the Group initiated and makes it possible to develop the Group's brand awareness, especially through internships (involving around a hundred interns and 30 people on work-study contracts in 2011) and recruiting young graduates. Other actions aimed at promoting the wealth of the Group's career offerings were carried out in 2011, such as for example a clip-teaser and a video presenting the job of telephone sales staff at PagesJaunes (in 2011, PagesJaunes recruited 315 telephone sales staff). These videos are used in trade shows, forums, recruiting sessions and also on our external sites and social networks via HR information on Twitter and the jobs tab on PageJaunes' Facebook fan page.

In 2011, PagesJaunes Groupe also showed its support in fighting breast cancer with the participation of a women's team in the *La Parisienne* race.

#### PagesJaunes

In 2011, the HR Department supported the Advertiser Production Department in order to set up a new organisation that takes the changes in the market into account and which makes it possible to better meet the needs of production, encouraging versatility with

## Number of employees and breakdown by business segment

PagesJaunes' digital and print advertising products. Together, the two departments progressively changed the organisation in the Department in order to bring teams together around its main activities and provide advertisers with a guarantee of comprehensive, quality service and compliance with production deadlines. The change in the organisation was therefore carried out in two stages: in March 2011, change in the managerial organisation with the setting up of four specific divisions (Order Management, Multimedia Production, Quality Management Reporting and Training) and, in December 2011, the distribution of the teams to enable work to be organised on the basis of sales channels and customer types.

The Jump Project to change the business model of PagesJaunes initiated in 2010 was deployed at the end of June 2011 in 25 regions. It allowed for the setting up of 215 positions for specialists in the field and 30 telesales positions as well as the creation of two cross channel telesales teams involving 20 telephone sales staff. The specialist positions are valued as promotions in the commercial career paths of PagesJaunes. Jump aims to support the resumed growth of PagesJaunes by making it possible in particular to specialise part of the sales in certain business sectors and maintain a permanent relationship throughout the year with our advertising customers through various channels. This project is fully in line with the Company's strategy for growth and offers a business model that is adapted to the changes in the market, the competitive environment, our customers' expectations and the activity of the sales teams.

In 2011, within the framework of the successive laws promoting professional equality, the PagesJaunes SA trade unions and the HR Department began negotiations concerning gender equality. At the end of December 2011, these negotiations resulted in a three-year agreement which will be signed in January 2012. This agreement, which will begin to be implemented in 2012, conveys the values of professional equality between men and women and aims to facilitate better conciliation between employees' professional and personal lives.

### Mappy

Since October, following the reorganisation of the Group, Mappy's Technical Department has been functionally attached to the Media segment.

### PagesJaunes Marketing Services

In 2011, PagesJaunes Marketing Services set up a Management Committee comprised of 16 members called TOP 16. In order to consolidate the feeling of belonging to the Company, entertainment-based information meetings addressing the Company's policy and strategy were organised and run by TOP 16 on the Company's two sites. In order to encourage exchanges on the results of the opinion survey conducted in 2010, presentation meetings were organised and run by the HR Department with small groups comprised of about ten people. In order to strengthen its policy of recognising and enhancing the status of its sales personnel, an award ceremony for the top salespeople took place in January in the presence of the Chairman and a new commission plan was set up. Telesales were also created in the second half of the year. In addition, in order to bring people physically closer together and maintain fluidity in professional relations, the departments at the Suresnes site were remodelled into an open space layout.

### Horyzon Média

Horyzon Média has implemented an individual appraisal interview process for all of its employees. It also developed its employee training policy by introducing a training plan for the first time.

Furthermore, in order to maintain a social dialogue, it has initiated monthly meetings with the elected employees.

Finally, Horyzon Média has introduced rules of procedure as well as an IT charter.

### A Vendre A Louer

In April 2011, A Vendre A Louer became a subsidiary of the PagesJaunes Group and joined the Group's agreements in December.

### ClicRDV

ClicRDV became a subsidiary of the PagesJaunes Group in May 2011 and joined the Group's agreements in December.

### Fine Media

In July 2011, Fine Media became a subsidiary of the PagesJaunes Group and signed up to the Group's agreements.

### 123people

The departments of 123People were reorganised. Gilles Clouet des Pesruches, on secondment at 123 People starting in August 2011, took over the management of the business.

### Editus

All the departments were grouped together into a single building in August 2011, which was opened officially by the Luxembourg Minister of the Economy in October 2011.

### QDQ Media

Following the results of the opinion survey conducted in 2010, QDQ has implemented various action plans addressing the policy for recognising and motivating employees, internal communication and professional development, as well as better accessibility for all employees to the members of the Management committee. A specific and complete support programme was developed by the HR Department in order to monitor the employees during optimisation. Finally, a charter of good practices aimed at reducing professional inequality between men and women was set up. QDQ is opening an establishment in Portugal.

### Industrial relations

A new voluntary profit-sharing agreement for the 2011-2012-2013 financial years was signed by Mappy in April and by Médiannuaire and PagesJaunes Groupe in June.

Elections for the Single Personnel Representation (Works Council and Personnel Representatives) were held at Mappy in April, Keltravo in May, Horyzon Média in July and A Vendre A Louer in November.

Equity participation, stock options, free grants of shares to each corporate officer and the options exercised by them

## 17.2 Equity participation, stock options, free grants of shares to each corporate officer and the options exercised by them

### EQUITY PARTICIPATION

As at 1 January 2012, to the Company's knowledge the number of PagesJaunes Groupe shares held by each member of the Board of Directors was as follows:

Director	Number of shares
Jacques Garaïalde	5,011
Jean-Pierre Remy and related persons	165,667
Thierry Bourguignon	100
François de Carbonnel	2,010
Elie Cohen and related persons	2,301
William Cornog	7,500
Jean-Christophe Germani	1
Hugues Lepic	1
Médiannuaire	153,640,181
Cécile Moulard	4,201
Rémy Sautter	1,773

### STOCK OPTIONS

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

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

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

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

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

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

Jean-Pierre Remy will be required to reinvest 33% of the net capital gain generated on the disposal of the shares resulting from the exercise of these options in PagesJaunes Groupe shares. Jean-Pierre Remy must

keep these shares in his own name until he has completed his term as Chief Executive Officer.

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

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

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

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

- if the average percentage of achievement of such targets is equal to or in excess of 100%: all of the options are granted;
- if the average percentage of achievement of such targets is less than 100%: this percentage is applied to the total number of options to determine the number actually granted.

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

## Equity participation, stock options, free grants of shares to each corporate officer and the options exercised by them

### Stock options granted during the financial year to each executive corporate officer by the issuer and by any Group company

Name of the executive corporate officer	No. and date of plan	Type of options (purchase or subscription)	Valuation of the options according to the method used for the consolidated accounts	Number of options granted during the year	Exercise price	Exercise period
Jacques Garaialde	-	-	-	-	-	-
Jean-Pierre Remy	-	-	-	-	-	-
Christophe Pingard	-	-	-	-	-	-
<b>TOTAL</b>	-	-	-	-	-	-

### Stock options exercised during the year by each Executive Corporate Officer

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

## FREE GRANTS OF SHARES

The Extraordinary General Meeting of 19 April 2006 authorised the Board of Directors to introduce a free share plan for the benefit of certain Group directors and employees, as defined in articles L. 225-197-1 to L. 225-197-5 of the Commercial Code, with the particular aim of involving them in the Company's development.

This authorisation was granted for a period of 38 months and the total number of free shares granted under this resolution must not exceed 0.5% of the Company's capital at the date of the said General Shareholders' Meeting, *i.e.* 1,393,948 shares.

The Board of Directors adopted the conditions for the first free share plan on 30 May 2006. This plan gave rise to the initial grant of 602,361 shares to 591 Group employees on 30 May 2006. A second free share plan was drawn up on 20 November 2006 and gave rise to a grant of 778,638 shares to 611 Group employees. Given that the performance obligations were not met in one of the 2 years concerned, only 50% of these shares were vested in the beneficiaries on 20 November 2008. A

third plan was drawn up on 14 February 2008 giving rise to a grant of 12,940 shares to 15 Group employees. As the performance obligations were not met, the grantees' right to receive these free shares was forfeited.

The shareholders of PagesJaunes Groupe, at the Combined General Meeting on 7 June 2011, authorised the Board of Directors to introduce a free share plan for the benefit of certain directors and employees of PagesJaunes Groupe and companies affiliated with it, as defined in articles L. 225-197-1 to L. 225-197-6 of the French commercial Code.

This plan gave rise to an initial grant of 1,226,000 shares to 41 employees of the Group on 26 October 2011. A second free share plan was drawn up on 16 December 2011 giving rise to a grant of 84,000 shares to three employees of the Group.

Equity participation, stock options, free grants of shares to each corporate officer and the options exercised by them

#### Performance-based shares granted to each corporate officer

Performance-based shares granted by the General Shareholders' Meeting during the year to each corporate officer by the issuer and by any Group company (nominative list)	No. and date of plan	Number of shares granted during the year	Valuation of the shares according to the method used for the consolidated accounts	Vesting date	Date of availability	Performance conditions
Jean-Pierre Remy	26 October 2011	140,000	€1.98	31 March 2014	1 April 2016	Amount of GOM
Christophe Pingard	12 December 2011	60,000	€1.63	31 March 2014	1 April 2016	Amount of GOM

Performance-based shares available to each corporate officer	Date of plan	Number of shares that have become available during the year	Vesting conditions
Jean-Pierre Remy	–	–	–
Abeille Deniau	20 November 2006	535	Amount of consolidated GOM
Thierry Bourguignon	–	–	–
<b>TOTAL</b>		<b>535</b>	



## Equity participation, stock options, free grants of shares to each corporate officer and the options exercised by them

### HISTORY OF GRANTS OF STOCK OPTIONS

#### Information on stock options

Meeting date	12 April 2005	12 April 2005	11 June 2009	11 June 2009	11 June 2009	11 June 2009	11 June 2009
Date of Board meeting and plan name	28 June 2005	20 Dec. 2007	23 July 2009	29 Oct. 2009	17 Dec. 2009	27 July 2010	16 Dec. 2010
Total number of shares available for subscription or purchase	3,796,800	2,927,900	1,145,000	87,000	75,000	1,336,000	166,000
<i>of which number available to be subscribed by corporate officers</i>							
Jean-Pierre Remy	–	–	140,000	–	–	140,000	–
Christophe Pingard	–	–	–	–	–	–	–
Abeille Deniau	3,000	1,700	–	–	–	–	–
Thierry Bourguignon	–	–	–	–	–	–	–
Start of exercise of options/vesting of shares	28 June 2008	20 Dec. 2010	23 July 2012	29 Oct. 2012	17 Dec. 2012	27 July 2013	16 Dec. 2013
Expiry date	28 June 2015	20 Dec. 2017	23 July 2019	29 Oct. 2019	17 Dec. 2019	27 July 2020	16 Dec. 2020
Subscription or purchase price		€14.46	€6.71	€8.843	€7.821	€8.586	€7.095
Subscription or purchase price before adjustment	€19.30						
Subscription or purchase price after adjustment	€11.72	–	–	–	–	–	–
Terms of exercise (if plan comprises multiple tranches)	–	–	–	–	–	–	–
Number of shares subscribed at 31 December 2011 <sup>(1)</sup>	377,670	0	0	0	0	0	0
Total number of cancelled or lapsed stock options	787,323	533,516	193,750	20,000	0	104,500	17,000
Stock options remaining at year-end	2,743,149	2,394,384	951,250	67,000	75,000	1,231,500	149,000

(1) Linked to the early exercise described below.

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

## Voluntary and mandatory profit-sharing plans

### EARLY EXERCISE OF STOCK OPTIONS

The plan rules enabled beneficiaries to exercise up to 50% of the options granted to them early, *i.e.* around 1.85 million options, within three months of notification of change of control. In view of the change of control that took place on 11 October 2006, the period in question was from 12 October 2006 to 12 January 2007. Beneficiaries were free to sell any shares thus obtained as they wished. Capital gains arising from this early exercise of options were deemed equivalent to wages and salaries for tax purposes. This means they are subject to social security charges and income tax for the beneficiary and employer contributions for the Company. 251,669 options were exercised early under this plan at the beginning of 2007 to 12 January.

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

The stock option plan regulations were adjusted on 28 June 2005, allowing beneficiaries to exercise up to 100% of the options granted to them within three months of notification of a change of control of a subsidiary and to sell up to 50% of the shares resulting from such exercise as they saw fit. Capital gains arising from this early exercise of options were deemed equivalent to wages and salaries for tax purposes. This means they are subject to social security charges and income tax for the beneficiary and employer contributions for the Company. 126,001 options were exercised early under this plan in 2007 by the employees of Kompass France and Kompass Belgium.

As of 31 December 2011, the potential dilutive effect of stock options granted was 2.46% of PagesJaunes Groupe's share capital.

## 17.3 Voluntary and mandatory profit-sharing plans

### MANDATORY PROFIT-SHARING

A mandatory profit-sharing agreement was signed by the PagesJaunes Group on 26 June 2006 with five trade unions (CFE/CGC, CFDT, FO, CGT and the independent PagesJaunes union). It covers the French companies in the PagesJaunes Group held more than 50% by the PagesJaunes Groupe. Horyzon Média joined the Group plan with effect from 1 January 2008, Keltravo with effect from 1 January 2010 and Clic Rdv, A Vendre A Louer and Fine Media with effect from 1 January 2011. The special mandatory profit-sharing reserve for PagesJaunes Groupe corresponds to the amount in the special profit-sharing reserves calculated for each subsidiary involved, using a special formula.

The special mandatory profit-sharing reserve is divided among all beneficiaries at 30% based on their length of service and 70% in proportion to the gross annual salary received by each beneficiary. The amounts allocated individually will be assigned to the PagesJaunes Group Savings Plan and blocked for five years if the beneficiaries choose to invest (it is possible to collect the amount directly without blocking).

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

<b>PagesJaunes Group Plan</b> <i>(in millions of euros)</i>	<b>Profits to be distributed to PagesJaunes Group employees</b>
2011	13.1
2010	13.9
2009	14.7

## Voluntary and mandatory profit-sharing plans

### VOLUNTARY PROFIT-SHARING

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

PagesJaunes Groupe subsidiaries in France (excluding Horyzon Média, Keltravo, Aval, Clic RDV and Fine Media) have a voluntary profit-sharing agreement.

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

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

On 22 April 2011, Mappy signed a new voluntary profit-sharing agreement for the years 2011-2011-2013.

On 27 June 2011, Médiannuaire and PagesJaunes Groupe also signed a new voluntary profit-sharing agreement for the years 2011-2012-2013.

<i>(in thousands of euros)</i>	<b>Voluntary profit-sharing 2010 paid in 2011</b>	<b>Voluntary profit-sharing 2009 paid in 2010</b>	<b>Voluntary profit-sharing 2008 paid in 2009</b>	<b>Voluntary profit-sharing 2007 paid in 2008</b>	<b>Voluntary profit-sharing 2006 paid in 2007</b>
Profit-sharing paid in PagesJaunes Group	8,594	6,627 <sup>(1)</sup>	9,918	10,239	8,423

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

### COMPANY SAVINGS PLAN

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

### SUPPLEMENTARY PENSION SCHEME

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

- a Collective Retirement Savings Plan (PERCO) providing for an employer contribution to be made in addition to the contributions made by employees. For 2008 and subsequent years, the maximum annual employer contribution has been set at a maximum of 502 euros gross for 1,500 euros paid by the employee. For 2007, on the inception of the PERCO plan, the employer contribution was set at 701 euros for a contribution of 1,500 euros to allow the greatest number of employees to take part in the plan;
- an additional defined-contribution retirement plan, as per article 83 of the French General Tax Code, from which the Management staff of the Group's subsidiaries have been able to benefit since 1 January 2008. Membership of the scheme is compulsory, and involves a 5.50% contribution applied to remuneration tranches B and C (remuneration in excess of tranche A, 2,946 euros per month in 2011). A total of 40% of the contribution is borne by the employee, *i.e.* 2.20%, and 60% by the Company, *i.e.* 3.30%.

## Voluntary and mandatory profit-sharing plans

### COMPANY STOCK OPTIONS EXERCISED AND GRANTED DURING THE YEAR

In accordance with article L. 225-184 of the French Commercial Code, Company stock options were granted and exercised as follows in 2011:

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

##### PagesJaunes Groupe subscription plan

Stock options granted in 2011 to the top ten employees who are not corporate officers and options exercised by them	Total number of options granted/shares subscribed or purchased	Weighted average price
Options granted during the year by the issuer and by any company in the option granting scope to the top ten employees of the issuer and of any company included in this scope with the highest number of options granted (general information)	None	–
Options held in the issuer and the companies mentioned above, exercised during the year by the top ten employees of the issuer and of these companies with the highest number of options purchased or subscribed (general information)	None	

#### Free share grant plan

The Extraordinary General Meeting of 19 April 2006 authorised the Board of Directors to introduce a free share plan for the benefit of certain Group directors and employees, as defined in articles L. 225-197-1 to L. 225-197-5 of the Commercial Code, with the particular aim of involving them in the Company's development. This authorisation was granted for a period of 38 months and the total number of free shares granted under this resolution must not exceed 0.5% of the Company's capital at the date of the said General Shareholders' Meeting, *i.e.* 1,393,948 shares. The Board of Directors adopted the conditions for the first bonus share plan on 30 May 2006.

The free share plan is based on the following principle: each beneficiary is initially granted the right to receive shares free of charge. These shares will be fully vested at the end of a two-year vesting period, provided the beneficiary is still an employee or director in the Group and the performance obligations have been met. The performance obligations involve growth targets for consolidated revenues and consolidated gross operating margin.

The original plan gave rise to an initial grant of 602,361 shares to 591 Group employees on 30 May 2006, approximately 43% of the package

authorised by the Extraordinary General Shareholders' Meeting of 19 April 2006. As the performance obligations were not met, the grantees' right to receive these free shares was forfeited.

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

Under a third plan, 12,940 shares were initially granted to 15 Group employees on 14 February 2008. As the performance obligations were not met, the grantees' right to receive these free shares was forfeited.

The shareholders of PagesJaunes Groupe, at the Combined General Meeting on 7 June 2011, authorised the Board of Directors to introduce a free share plan for the benefit of certain directors and employees of PagesJaunes Groupe and companies affiliated with it, as defined in articles L. 225-197-1 to L. 225-197-6 of the French Commercial Code.

This plan gave rise to an initial grant of 1,226,000 shares to 41 employees of the Group on 26 October 2011. A second free share plan was drawn up on 16 December 2011 giving rise to a grant of 84,000 shares to three employees of the Group.

	PagesJaunes Groupe Plan October 2011	PagesJaunes Groupe Plan December 2011
Number of shares granted to the top ten grantees of PagesJaunes Group who are not corporate officers	547,000	24,000

## 18

## PRINCIPAL SHAREHOLDERS

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## 18.1 Breakdown of Company share capital

PagesJaunes Groupe is majority-owned by Médiannuaire which, through Médiannuaire Holding (French limited-liability company) and the companies Sèvres I, Sèvres II, Sèvres III and Sèvres IV (limited-liability companies under Luxembourg law), is controlled by an investment fund consortium, approximately 80% comprised of funds ultimately

managed by KKR Europe II Limited <sup>(1)</sup> and KKR Millennium Limited <sup>(2)</sup> and advised by Kohlberg Kravis Roberts & Co., L. P. ("KKR"), and around 20% of certain funds managed by the Goldman Sachs Group's "Principal Investment Area" Division.

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

	31 December 2011	As % of capital and voting rights	31 December 2010	As % of capital and voting rights	31 December 2009	As % of capital and voting rights
Médiannuaire	153,640,187	54.7%	153,640,187	54.7%	153,640,187	54.7%
PagesJaunes Group employees <sup>(1)</sup>	1,707,500	0.6%	1,637,220	0.6%	1,681,050	0.6%
Public	122,433,567	43.6%	125,088,286	44.5%	125,129,339	44.5%
Treasury stock	3,203,500	1.1%	619,061	0.2%	534,178	0.2%
<b>TOTAL</b>	<b>280,984,754</b>	<b>100.0%</b>	<b>280,984,754</b>	<b>100.0%</b>	<b>280,984,754</b>	<b>100.0%</b>

(1) As part of the PagesJaunes Groupe Group Savings Plan (PEG). To the Company's knowledge, no other shareholder holds more than 5% of the share capital or voting rights.

The treasury shares are held solely under a liquidity contract entered into on 7 October 2008.

Information concerning implementation of the share repurchase programme over the year is available in section 20.3 (Report by the Board of Directors to the General Shareholders' Meeting).

### EXCEEDING OF THRESHOLDS

Edmond de Rothschild Asset Management, acting on behalf of UCITS which it manages, informed the Company on 14 March 2011 that it had crossed the threshold of 5% of the capital and voting rights. At that

date, it held 14,062,748 shares of PagesJaunes Groupe, i.e. 5.005% of the Company's capital and voting rights.

## 18.2 Voting rights

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

1 May 2013, double voting rights would be granted to all registered fully paid-up shares of the Company which are registered in the name of the same holder for at least two years (cf. section 21.1).

The General Shareholders' Meeting on 7 June 2011 modified article 10 of the articles of association and resolved that with effect from

(1) In the capacity of ultimate general partner of KKR European Fund II, Limited Partnership and KKR Associates Europe II, Limited Partnership.

(2) In the capacity of ultimate general partner of KKR Millennium Fund (Overseas), Limited Partnership.

## Persons exercising or able to exercise control over the Company

## 18.3 Persons exercising or able to 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*.

Médiannuaire owns 54.7% of the Company's capital and voting rights.

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

- composition of the Board of Directors, which includes three independent members. These directors are appointed from among independent personalities with no specific interest in the Company.

A list of the independent directors on the Board at the date of this *document de référence* may be found in Section 14.1 of this *document de référence*;

- the existence of a Remuneration and Appointments Committee chaired by an independent Board member;
- the existence of an Audit Committee made up of a majority of independent Board members and chaired by an independent Board member;
- the existence of a Strategy Committee;
- the separation of the duties of Chairman and Chief Executive Officer.

## 18.4 Shareholder agreements

On the registration date of this *document de référence*, there is no shareholder agreement involving the Company's share capital and/or voting rights.

## 18.5 Pledges

### PLEDGES OF COMPANY SHARES

On 27 February 2007, Médiannuaire signed a financial instrument account pledge contract whereby it constituted, for a pool of banks and other creditors which had provided various forms of financing,

a financial instrument account pledge for 153,640,177 shares in the Company as a guarantee for all amounts due from Médiannuaire.

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

## Pledges

## PLEDGES OF COMPANY ASSETS

Under the terms of the bank finance contract, the Company granted the lending banks a financial instruments account pledge covering all the PagesJaunes shares that it owns. This pledge is given by way of security for any and all amounts owed by the Company under the terms of the bank finance package (including capital, interest, fees, costs and ancillary amounts).

The Company has also undertaken to pledge to the lending banks a financial instrument account relating to the securities of any subsidiary which becomes a material subsidiary according to the criteria defined in the financing agreement, as collateral in respect of all sums owed (including principal, interest, commission, charges and ancillary costs) by the Company.

## Issuer asset pledges (intangible, tangible and financial fixed assets)

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

## 19

## TRANSACTIONS WITH RELATED PARTIES

During the year ended 31 December 2011, the Company identified ten agreements likely to fall within the scope of application of article L. 225-38 of the French Commercial Code:

- a contract signed with PagesJaunes relating to bank financing, and in particular the agreement by PagesJaunes Groupe to guarantee any amounts owed under the revolving credit line (Facility B) by any Group subsidiary that may become a borrower under the terms of this facility. The Board of Directors gave prior approval for this agreement at its meeting on 12 October 2006;
- a service contract with Médiannuaire. The Board of Directors gave prior approval for this agreement at its meeting on 20 November 2006;
- a loan contract signed with PagesJaunes for 430 million euros. The Board of Directors gave prior approval for this agreement at its meeting on 18 December 2008. In the light of the changes in the market conditions, the financial conditions for this agreement were modified in 2011, with the margin changing from 90 basis points to 79 basis points and the bonus rate from 3.95% to 2.50%. The Board of Directors gave prior approval for the amendment to this agreement at its meeting on 8 February 2011;
- the terms and conditions of Jean-Pierre Remy's term as Chief Executive Officer (set out in section 15.1 of this *document de référence*), with prior approval granted by the Board of Directors at its meeting on 17 May 2009;
- an 11.5 million euro debt write-off in favour of QDQ Media as part of an equity loan signed on 22 October 2001, and a change in the maturity date of the 5 million euro equity loan from 15 December 2009 to 15 December 2013. The Board of Directors issued prior approval for these operations at its meeting on 17 December 2009;
- a letter of support requested by the auditors, in connection with the adoption of the accounts of QDQ Media. The Board of Directors gave prior approval for this letter of support at its meeting on 8 February 2011;
- within the process of refinancing a portion of the bank debt of PagesJaunes Groupe, which took place in April 2011, the terms and conditions of the financing documents in respect of Tranche C1 of this debt, as well as the terms of the issue of High Yield Bonds and the conclusion of the Purchase Agreement, were granted prior approval by the Board of Directors at its meeting on 28 April 2011;
- the terms and conditions of Christophe Pingard's term as Deputy Chief Executive Officer concerning his remuneration, the setting up of severance pay and a non-competition obligation (set out in section 15.1 of this *document de référence*), were granted prior approval by the Board of Directors at its meeting on 26 October 2011;
- a 4 million euro debt write-off in favour of QDQ Media as part of a cash management agreement signed on 27 March 2008. The Board of Directors gave prior approval for this agreement at its meeting on 16 December 2011;
- an 8 million euro debt write-off in favour of Mappy as part of a cash management agreement signed on 27 February 2007. The Board of Directors gave prior approval for this agreement at its meeting on 16 December 2011.



## PagesJaunes Groupe

Financial year ended on 31 December 2011

### SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED AGREEMENTS AND COMMITMENTS

Dear shareholders,

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

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

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

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

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

##### Agreements and commitments authorised during the past financial year

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

##### 1. With PagesJaunes, subsidiary of your Company

###### *Nature and purpose*

In the light of the changes in the market conditions, the financial conditions for a loan agreement between your Company and PagesJaunes for an amount of 430 million euros and which was authorised by the Board of Directors on 18 December 2008 were modified in 2011.

The Board of Directors issued prior approval for the modification of this loan agreement at its meeting on 8 February 2011.

###### *Terms*

The margin was changed from 90 basis points to 79 basis points and the bonus rate from 3.95% to 2.50%.

##### 2. With QDQ Media

###### *Relevant director*

Mr Jean-Pierre Remy.

###### *a. Nature and purpose*

The meeting of the Board of Directors on 8 February 2011 authorised the drafting of a letter of support for QDQ Media within the framework of the adoption of this company's accounts as at 31 December 2010.

###### *Terms*

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

###### *b. Nature and purpose*

Your Company granted a debt write-off in favour of QDQ Media as part of a cash management agreement signed on 27 March 2008. The Board of Directors gave prior approval for this operation at its meeting on 16 December 2011.

###### *Terms*

The debt write-off authorised is 4,000,000 euros.

##### 3. With Mappy

###### *Director concerned*

Mr Jean-Pierre Remy.

###### *Nature and purpose*

Your Company granted a debt write-off in favour of its subsidiary Mappy as part of a cash management agreement signed on 27 February 2007. The Board of Directors gave prior approval for this operation at its meeting on 16 December 2011.

###### *Terms*

The debt write-off authorised is 8,000,000 euros.

##### 4. With Mr Christophe Pingard

###### *Nature and purpose*

The Board of Directors' meeting on 26 October 2011 authorised the terms and conditions of Mr Christophe Pingard's term as Deputy Chief Executive Officer.

*Terms*

The terms and conditions, particularly financial conditions, intended for Mr Christophe Pingard's term of office, were the subject of a proposal of the Remuneration Committee meeting of 20 October 2011.

Mr Christophe Pingard will receive initial gross, annual lump-sum remuneration of a fixed amount of 370,000 euros, payable over 12 months. As a complement to this remuneration, Mr Christophe Pingard will receive a gross, annual variable remuneration which may be up to 50% of his fixed remuneration if the targets are attained and up to 100% of his fixed remuneration if the targets are exceeded. The variable share shall be determined according to the results of the Group to which the Company belongs and the attainment of qualitative and quantitative targets that will be set each year by the Remuneration and Appointments Committee.

For 2011, in view of his date of arrival in the Company, this variable share will be guaranteed at 50% of his annual fixed remuneration, calculated on a pro rata basis.

A "sign-in bonus" of 200,000 euros gross will be paid to him in two stages:

- 50% of this amount in the month following his arrival;
- 50% of this amount six months after his date of arrival, provided he is still present in the Company on that date.

Mr Christophe Pingard will receive the supplementary retirement package as currently implemented by your Company, medical expenses insurance and provident schemes on the terms applicable to the Company's managers or a similar package, and civil liability insurance.

A severance package may be paid to Mr Christophe Pingard in the event of his forced departure from the Company due to a change in control or strategy or implementation thereof. The corresponding compensation shall amount to 12 months' remuneration calculated on the basis of the monthly average of his total gross pay for the 12 months prior to the date on which the term of office was terminated. In the event of departure before the end of the first year following the taking of office, the corresponding compensation shall amount to six months' remuneration calculated on the basis of the monthly average of his total gross pay since the taking of office.

A non-competition obligation would be applied in the event of termination of Mr Christophe Pingard's term of office as Deputy Chief Executive Officer for any reason and in any form whatsoever. It would be limited to 24 months and would cover all of France. The corresponding compensation, based on a non-competition period of 24 months, would amount to 12 months' remuneration calculated on the basis of the monthly average of his total gross pay for the 12 months prior to the date on which the term of office was terminated. It would be paid to Mr Christophe Pingard at the end of each half-year at a rate of one-quarter of the total amount of the compensation.

On termination of the term of office, the Company may renounce the benefit of the non-competition agreement (in which case it will not have to pay the corresponding compensation).

Furthermore, within the framework of the process of refinancing a portion of the bank debt of your Company, two new agreements were given prior approval by the Board of Directors at its meeting on 28 April 2011 and concern the terms and conditions of the financing documents in terms of a new tranche of this debt, as well as the terms of the issue of high-yield bonds and the conclusion of the Purchase Agreement. These are detailed below:

**5. With Goldman Sachs Group, Inc***Directors concerned*

Messrs Jean-Christophe Germani and Hugues Lepic.

*Nature and purpose*

Your Company confirmed a new tranche in respect of the existing senior credit agreement, for a total amount in principal between 300 million euros and 800 million euros. Your Company stands as joint guarantor, for each of the financial parties specified in the existing credit agreement, for the proper performance of the payment and repayment obligations in respect of all amounts owed by each of the borrowers in the credit contract modified in respect of the financing documents to be concluded, particularly with regard to the new tranche.

*Terms*

Setting up the financing and the related commitments in order to confirm the new tranche in respect of the modified credit agreement and fulfil the obligations which are stipulated in any related document.

The new tranche was repaid following the issue of the high-yield bond loan detailed below.

In this regard, your Company recognised an expense of 6,200,134 euros in respect of arrangement costs, including 4,068,750 euros collected on behalf of other banking partners.

**6. With Médiannuaire***Persons concerned*

Messrs Jacques Garaïalde, Nicolas Gheysens, Jean-Pierre Remy, Jérôme Losson, Jean-Christophe Germani and Hugues Lepic.

*Nature and purpose*

In order to finance or refinance the new tranche, the main terms of the issuing by the issuer of the high-yield bonds and the conclusion of the purchase agreement were specified.

*Terms*

Issue of high-yield bonds, and establishment of the various issue conditions (the price conditions, in particular), and the related commitments.

On 20 May 2011, through PagesJaunes Finance & Co SCA, your Company finalised the issue of a 350 million euros bond loan with an issue premium of 2.3 million euros. The net proceeds consequently amounted to 347.7 million euros. This loan has a fixed rate of 8.875% and is repayable on 1 June 2018. The proceeds were allocated to the repayment of all of tranche A2 (345.3 million euros), with the balance (4.7 million euros) being allocated to part of tranche A1.

**Agreements and commitments already approved by the General Shareholders' Meeting****Agreements and commitments approved in prior periods and continuing to be fulfilled in the past financial year**

Pursuant to article R. 225-30 of the Commercial Code, we have been informed that the fulfilment of the following agreements and

commitments, already approved by the General Shareholders' Meeting in previous financial years, continued in the past financial year.

### 1. With PagesJaunes

#### a. Nature and purpose

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

#### Terms

Your Company has guaranteed the payment of all sums due in respect of principal up to a maximum amount of 400 million euros plus interest, late-payment interest, commissions, expenses and any other sums due in respect of the revolving credit facility (Facility B) outstanding from any Group subsidiary which may borrow on such basis. No Group subsidiary was utilising this facility as at 31 December 2011.

#### b. Nature and purpose

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

#### Terms

The amount of the loan is 430 million euros. The interest expense in respect of 2011 was 9,130,775 euros.

### 2. With Médiannuaire

#### Nature and purpose

A service contract was signed with Médiannuaire whereby the latter undertakes to provide your Company with its assistance in accounting, financial, legal and tax management and advice on strategy. The Board of Directors issued prior approval for this agreement at its meeting on 20 November 2006.

#### Terms

The amount of remuneration for such assistance provided to your Company in 2011 was 1,390,000 euros.

### 3. With QDQ Media

#### a. Nature and purpose

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

#### Terms

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

#### b. Nature and purpose

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

#### Terms

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

### 4. With Mr Jean-Pierre Remy

#### Nature and purpose

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

#### Terms

The terms and conditions, particularly financial conditions, intended for Mr Jean-Pierre Remy's term of office, were the subject of a proposal of the Remuneration Committee meeting of 15 May 2009.

Mr Jean-Pierre Remy will receive initial gross, annual lump-sum remuneration of a fixed amount of 390,000 euros, payable over 12 months. In addition to this remuneration, Mr Jean-Pierre Remy will receive a gross, annual variable remuneration, payable no later than 31 March of the following year, which may be up to 100% of his fixed remuneration in the event that the targets are reached and up to 200% of his fixed remuneration if the targets are exceeded. This variable remuneration would be based partly on the attainment of certain quantitative targets, relating in particular to the trend in the Company's gross operating margin, and partly on reaching qualitative targets, with such targets being set each year by the Board of Directors. The variable remuneration part, depending both on qualitative and quantitative targets, shall not in any event exceed 200% of fixed remuneration.

Mr Jean-Pierre Remy will receive the supplementary retirement package as currently implemented by your Company, medical expenses insurance and provident schemes on the terms applicable to the Company's managers or a similar package, and civil liability insurance.

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

A non-competition obligation would be implemented in the event of termination of Mr Jean-Pierre Remy's term of office as Chief Executive Officer for any reason and in any form whatsoever. It would be limited to 24 months and would cover all of France.

Your Company shall be entitled to release Mr Jean-Pierre Remy from this non-competition obligation, informing him of its decision at the latest within 15 calendar days after the Board of Directors has confirmed or decided on the cessation of Jean-Pierre Remy's term as Chief Executive Officer of the Company.

Neuilly-sur-Seine and Paris-La Défense, 18 April 2012

The Statutory Auditors

**Ernst & Young Audit**

Denis Thibon

**Deloitte & Associés**

Dominique Descours

## 20

# FINANCIAL INFORMATION CONCERNING THE ASSETS, FINANCIAL POSITION AND RESULTS OF THE ISSUER

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## Consolidated financial statements

## 20.1 Consolidated financial statements

## CONSOLIDATED INCOME STATEMENT

<i>(amounts in thousands of euros, except data relating to shares)</i>	Notes	As at 31 December 2011	As at 31 December 2010
Revenues		1,101,636	1,125,214
External purchases		(255,717)	(260,417)
Other operating income		3,936	3,172
Other operating expenses		(11,543)	(11,932)
Personnel expenses:			
• Salaries and charges	6	(345,191)	(338,258)
<b>GROSS OPERATING MARGIN</b>		<b>493,122</b>	<b>517,780</b>
• Employee profit-sharing	6	(14,137)	(14,712)
• Share-based payment	6	(1,862)	(2,452)
Depreciation and amortisation	12 & 13	(25,381)	(18,365)
Result of asset disposals	7	(1,177)	(90)
Restructuring costs		(689)	-
Acquisition costs of shares		(901)	(439)
<b>OPERATING INCOME</b>		<b>448,975</b>	<b>481,723</b>
Financial income		2,868	1,979
Financial expenses		(129,033)	(99,567)
Gain (loss) on foreign exchange		-	30
<b>NET FINANCIAL INCOME</b>	<b>8</b>	<b>(126,165)</b>	<b>(97,558)</b>
Share of profit or loss of an associate		(184)	-
Corporation tax	9	(125,568)	(139,239)
<b>INCOME FOR THE PERIOD</b>		<b>197,058</b>	<b>244,926</b>
Income for the period attributable to:			
• Shareholders of PagesJaunes Groupe		197,033	244,926
• Non-controlling interests		25	-
<b>NET EARNINGS PER SHARE OF THE CONSOLIDATED GROUP</b>			
• basic	10	0.70	0.87
• diluted		0.68	0.85

## STATEMENT OF COMPREHENSIVE INCOME

<i>(amounts in thousands of euros)</i>	Notes	As at 31 December 2011	As at 31 December 2010
<b>INCOME FOR THE PERIOD REPORT</b>		<b>197,058</b>	<b>244,926</b>
Net (loss) /gain on cash flow hedges			
• Gross		6,324	(8,372)
• Deferred tax		(2,177)	2,883
• <b>Net of tax</b>	<b>16</b>	<b>4,147</b>	<b>(5,489)</b>
Exchange differences on translation of foreign operations		-	-
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>		<b>4,147</b>	<b>(5,489)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>		<b>201,205</b>	<b>239,437</b>
Total comprehensive income for the period attributable to:			
• Shareholders of PagesJaunes Groupe		201,180	239,437
• Non-controlling interests		25	-

## Consolidated financial statements

## STATEMENT OF FINANCIAL POSITION

<i>(amounts in thousands of euros)</i>	Notes	As at 31 December 2011	As at 31 December 2010
<b>Assets</b>			
Net goodwill	11	94,079	66,687
Other net intangible fixed assets	12	66,438	49,154
Net tangible fixed assets	13	28,223	27,694
Investment in an associate	5	4,882	-
Available-for-sale assets	14	207	207
Other non-current financial assets	15	1,299	1,251
Net deferred tax assets	9	20,182	31,572
<b>TOTAL NON-CURRENT ASSETS</b>		<b>215,310</b>	<b>176,566</b>
Net inventories	17	1,600	2,194
Net trade accounts receivable	18	439,312	447,042
Other current assets	19	28,975	27,827
Current tax receivable	9	5,405	1,986
Prepaid expenses	20	109,372	105,611
Other current financial assets		445	3
Cash and cash equivalents	26	82,682	105,977
<b>TOTAL CURRENT ASSETS</b>		<b>667,791</b>	<b>690,639</b>
<b>TOTAL ASSETS</b>		<b>883,101</b>	<b>867,205</b>
<b>Liabilities</b>			
Share capital		56,197	56,197
Issue premium		98,676	98,676
Reserves		(2,425,277)	(2,509,017)
Income for the period attributable to shareholders of PagesJaunes Groupe		197,033	244,926
Other comprehensive income		(36,787)	(40,934)
Own shares		(10,816)	(4,037)
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PAGESJAUNES GROUPE</b>	<b>22</b>	<b>(2,120,974)</b>	<b>(2,154,189)</b>
Non-controlling interests		56	-
<b>TOTAL EQUITY</b>		<b>(2,120,918)</b>	<b>(2,154,189)</b>
Non-current financial liabilities and derivatives	16 & 26	1,981,520	1,962,358
Employee benefits – non-current	24	51,230	47,435
Provisions – non-current	24	6,358	6,813
Deferred tax liabilities	9	1,276	1,136
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,040,384</b>	<b>2,017,742</b>
Bank overdrafts and other short-term borrowings	26	8,477	38,970
Accrued interest	26	7,412	4,739
Provisions – current	24	896	1,285
Trade accounts payable	23	94,344	101,998
Employee benefits – current	24	118,279	119,261
Other current liabilities	24	97,453	94,808
Corporation tax	9	149	490
Deferred income	27	636,625	642,101
<b>TOTAL CURRENT LIABILITIES</b>		<b>963,635</b>	<b>1,003,652</b>
<b>TOTAL LIABILITIES</b>		<b>883,101</b>	<b>867,205</b>

## Consolidated financial statements

## STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

<i>(amounts in thousands of euros)</i>	Number of shares in circulation	Share capital	Issue premium	Own shares	Income and reserves	Cash flow hedges	Translation reserve	Group equity	Non-controlling interests	Total equity
<b>BALANCE AS AT 31 DECEMBER 2009</b>	<b>280,450,576</b>	<b>56,197</b>	<b>98,676</b>	<b>(3,831)</b>	<b>(2,328,709)</b>	<b>(35,445)</b>	<b>-</b>	<b>(2,213,112)</b>	<b>-</b>	<b>(2,213,112)</b>
Total comprehensive income for the period					244,926			244,926		244,926
Other comprehensive income, net of tax						(5,489)		(5,489)		(5,489)
<b>Comprehensive income for the period, net of tax</b>					<b>244,926</b>	<b>(5,489)</b>	<b>-</b>	<b>239,437</b>	<b>-</b>	<b>239,437</b>
Share-based payment					2,140			2,140		2,140
Dividends paid					(182,448)			(182,448)		(182,448)
Shares of the consolidating company net of tax effect	(84,883)			(206)				(206)		(206)
<b>BALANCE AS AT 31 DECEMBER 2010</b>	<b>280,365,693</b>	<b>56,197</b>	<b>98,676</b>	<b>(4,037)</b>	<b>(2,264,091)</b>	<b>(40,934)</b>	<b>-</b>	<b>(2,154,188)</b>	<b>-</b>	<b>(2,154,188)</b>
Total comprehensive income for the period					197,033			197,033	25	197,058
Other comprehensive income, net of tax						4,147	-	4,147		4,147
<b>Comprehensive income for the period, net of tax</b>					<b>197,033</b>	<b>4,147</b>	<b>-</b>	<b>201,180</b>	<b>25</b>	<b>201,205</b>
Share-based payment					1,511			1,511	-	1,511
Dividends paid					(162,697)			(162,697)	-	(162,697)
Shares of the consolidating company net of tax effect	(2,584,439)			(6,779)				(6,779)	-	(6,779)
Other								-	31	31
<b>BALANCE AS AT 31 DECEMBER 2011</b>	<b>277,781,254</b>	<b>56,197</b>	<b>98,676</b>	<b>(10,816)</b>	<b>(2,228,245)</b>	<b>(36,787)</b>	<b>-</b>	<b>(2,120,974)</b>	<b>56</b>	<b>(2,120,918)</b>

## Consolidated financial statements

## CASH FLOW STATEMENT

<i>(amounts in thousands of euros)</i>	Notes	As at 31 December 2011	As at 31 December 2010
<b>INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF PAGESJAUNES GROUPE</b>		<b>197,033</b>	<b>244,926</b>
Depreciation and amortisation of fixed assets	11 & 13	25,381	18,365
Change in provisions	21	2,379	9,352
Share-based payment		1,511	2,141
Capital gains or losses on asset disposals		1,177	90
Interest income and expenses	4	96,040	56,757
Hedging instruments	5	30,125	40,831
Unrealised exchange difference		47	(37)
Tax charge for the period	9	125,568	139,239
Share of profit or loss of an associate		184	-
Non-controlling interests (minority interests)		25	-
Decrease (increase) in inventories		594	4,240
Decrease (increase) in trade accounts receivable		7,895	18,182
Decrease (increase) in other receivables		(4,551)	4,943
Increase (decrease) in trade accounts payable		(9,038)	(554)
Increase (decrease) in other payables		(6,881)	(22,353)
<b>NET CHANGE IN WORKING CAPITAL</b>		<b>(11,980)</b>	<b>4,459</b>
Dividends and interest received		2,437	718
Interest paid and rate effect of net derivatives		(111,595)	(89,069)
Corporation tax paid		(117,941)	(135,993)
<b>NET CASH FROM OPERATIONS</b>		<b>240,390</b>	<b>291,778</b>
Acquisition of tangible and intangible fixed assets	12 & 13	(44,154)	(42,746)
Change in suppliers of fixed assets		151	(577)
Proceeds from sale of tangible and intangible assets		115	151
Acquisitions of investment securities and subsidiaries, net of cash acquired	5	(19,620)	(16,883)
Investments in associates		(5,065)	-
Proceeds from disposals of financial assets, net of cash sold	5	-	5,337
Decreases (increases) in marketable securities and other long-term assets	26	(393)	(916)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(68,966)</b>	<b>(55,634)</b>
Cash flows arising from changes in ownership interests not resulting in a loss/gain of control		(55)	(460)
Increase (decrease) in borrowings	26	(25,976)	(10,834)
Movements in own shares	22	(8,107)	(383)
Capital increase		-	-
Non-controlling interests contribution		31	-
Dividends paid	22	(162,697)	(182,447)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		<b>(196,804)</b>	<b>(194,124)</b>
Impact of changes in exchange rates on cash		(47)	37
<b>NET INCREASE (DECREASE) IN CASH POSITION</b>		<b>(25,427)</b>	<b>42,057</b>
Net cash and cash equivalents at beginning of period		103,501	61,444
<b>NET CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>26</b>	<b>78,074</b>	<b>103,501</b>

There are no significant non-monetary flows.



## Consolidated financial statements

## Note 1 Information on the Group

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

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

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

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

This information was approved by the Board of Directors of PagesJaunes Groupe on 14 February 2012.

## Note 2 Context of publication and basis for preparation of the 2011 financial information

Pursuant to European regulation 1606/2002 of 19 July 2002 on the application of international accounting standards, the Group has prepared the consolidated financial statements for the year ending 31 December 2011 in accordance with the IFRS standards adopted in the European Union and applicable as of that date.

The summary statements relate to the financial statements prepared in accordance with the IFRS standards as at 31 December 2011 and 31 December 2010. The 2009 financial statements, included in the *Document de référence* filed with the AMF on 4 May 2011 under the number D11-0446, are included for reference purposes.

In accordance with its strategy and lines of development, the Group has decided to modify its internal and external reporting in order to assess the performance of each operating segment and allocate resources accordingly.

The segments have been determined in compliance with IFRS 8 – Operating Segments and are as follows: Internet, Printed Directories and Other businesses.

Pursuant to IFRS 8, the segment reporting has been amended retrospectively.

The accounting policies used are consistent with those used in the preparation of the annual consolidated financial statements for the year ending 31 December 2010, with the exception of new standards, amendments and interpretations which are mandatory with effect from 1 January 2011, but which have no significant impact:

- IAS 32 – Classification of Rights Issues, applicable to financial years commencing from 1 February 2010;
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments, applicable to financial years commencing from 1 July 2010;
- IAS 24 – Related Party Disclosures, applicable to financial years commencing from 1 January 2011;
- IFRIC 14 – Prepayments of a Minimum Funding Requirement, applicable to financial years commencing from 1 January 2011;
- 2010 improvements:
  - amendments to IFRS 3 – Business Combinations, applicable to financial years commencing from 1 July 2010,
  - amendment to IFRS 7 – Financial Instruments – Disclosures, applicable to financial years commencing from 1 January 2011,
  - amendment to IAS 1 – Presentation of Financial Statements, applicable to financial years commencing from 1 January 2011,
  - amendment to IFRIC 13 – Customer Loyalty Programmes, applicable to financial years commencing from 1 January 2011,
  - amendment to IAS 34 – Interim Financial Reporting, applicable to financial years commencing from 1 January 2011.

None of these new standards and interpretations has had a significant effect on the consolidated financial statements as at 31 December 2011.

Furthermore, these principles do not differ from the IFRS standards as published by the IASB insofar as there would be no significant impact from the implementation of the amendments and interpretations which are mandatory for financial years commencing from 1 January 2011, as set out in the reference framework published by the IASB, but which are not yet mandatory in the reference framework endorsed by the European Union.

Finally, the Group is not applying the following instruments, which were not adopted by the European Union as at 31 December 2011:

- amendment to IFRS 7 – Disclosures – Transfers of Financial Assets;
- amendment to IAS 12 – Deferred Tax: Recovery of Underlying Assets;
- IFRS 9 – Financial Instruments;
- IFRS 10 – Consolidated Financial Statements;
- IFRS 11 – Joint Arrangements;
- IFRS 12 – Disclosures of Interests in Other Entities;
- IFRS 13 – Fair Value Measurement;
- revision to IAS 28 – Investments in Associates and Joint Ventures;
- revision to IAS 19 – Employee Benefits;
- amendment to IAS 1 – Presentation of Financial Statements – Presentation of items of other comprehensive income;
- revision to IAS 27 – Separate Financial Statements;
- amendment to IFRS 1 – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters;
- amendment to IFRS 7 – Disclosures – Offsetting Financial Assets and Financial Liabilities;
- amendment to IAS 32 – Offsetting Financial Assets and Financial Liabilities;
- IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine.

Nonetheless, the Group is currently reviewing the practical consequences of these new instruments and the effects of their implementation on its future financial statements. At this stage of the review, the impacts on its consolidated financial statements are expected to be as follows:

- IFRS 11 will replace IAS 31. Accounting for partnerships must be based on the substance of the agreements and mainly on the analysis of the resulting rights and obligations. Proportional consolidation is discontinued as a consolidation method. This is the method currently used for Editus Luxembourg, which could be consolidated by the equity method. This standard will be applied retrospectively. In 2011,

## Consolidated financial statements

this entity contributed 8.2 million euros to consolidated revenues and 2.5 million euros to consolidated GOM;

- IFRS 12 requires the publication of very detailed information on the determination of the scope of consolidation and on the risks associated with interests in other entities (subsidiaries, joint ventures, associated entities, SPVs, non-consolidated entities).

It should be noted that IFRS 10, IFRS 11, IFRS 12 and IAS 28 revised in 2011 are all required to be applied on the same date.

The main effects of the revision of IAS 19 are as follows:

- actuarial losses and gains on post-employment benefits must be recognised immediately in non-transferable equity;
- the recognition of the return on plan assets in the income statement based on an expected rate of return is eliminated (the same rate of return on first-class bonds must be used as that used for the accretion of the liability);
- the spreading of non-vested past service costs is discontinued;
- disclosures are improved by refocusing them on the characteristics of the plans and the associated risks.

It also redefines the principles of the accounting conditions for severance payments, which must be recognised when the entity is no longer able to withdraw its offer or when a restructuring liability under IAS 37 must be recognised. This standard will be the subject of limited retrospective application.

The main impact expected by the Group is the immediate recognition of actuarial losses and gains on post-employment benefits in non-transferable equity; these represented a gain of 1.0 million euros in 2011 and a total unrecognised liability of 15.5 million euros as at 31 December 2011.

All of the standards and interpretations adopted by the European Union as at 31 December 2011 are available on the website of the European Commission at the following address:

[http://ec.europa.eu/internal\\_market/accounting/ias/index\\_en.htm](http://ec.europa.eu/internal_market/accounting/ias/index_en.htm)

## Note 3 Accounting policies and changes of estimates

This note describes the accounting policies applied for the financial year ending 31 December 2011, in accordance with the provisions of international accounting standards as adopted by the European Union as at 31 December 2011.

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

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

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

#### Management Participation Plan

Sèvres I, Sèvres II and Sèvres III, which together controlled 100% of the capital of Médiannuaire Holding, the indirect majority shareholder of PagesJaunes Groupe, offered a certain number of Group managers the opportunity to take up a minority shareholding, in the form of 212,591 ordinary shares, in the capital of Médiannuaire Holding (*i.e.*

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

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

### SEASONAL VARIATIONS

Although the activities of the Group are not subject to seasonal effects *per se*, in order to optimise costs, the dates of publication of the printed directories (which determine the recognition of income and related expenses) may vary from one quarter to the next, as each printed directory appears only once a year.

0.55% of the capital of Médiannuaire Holding). This participating interest, acquired at the end of December 2006, was based on the price proposed by Médiannuaire Holding in the context of the price guarantee on the PagesJaunes Groupe stock finalised on 1 December 2006.

As at 31 December 2011, the Group managers held 131,122 ordinary shares and 306,565 preference shares, representing a total of 1.14% of the share capital of Médiannuaire Holding.

Médiannuaire Holding's capital is divided into ordinary shares and preference shares, the rights for each class of shares to the increase in value of the equity being variable depending on the internal rate of return recorded by the Médiannuaire Holding shareholders on their investment during their holding period. Moreover, each manager entered into a reciprocal put and call commitment which becomes exercisable on the repayment of the senior and mezzanine debts contracted by Médiannuaire Holding and at the earliest on 2 February 2014. The price per share at which these reciprocal call and put commitments would be implemented has been set on the basis that the price of the preference shares granted free of charge will depend on the gross operating margin of PagesJaunes Groupe.

**Consolidated financial statements****Statutory training rights (DIF)**

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

- the expenses committed to statutory training rights constitute a charge for the period and do not give rise to any provisions;
- the cumulative number of hours' training entitlement at the year-end and the unused portion of the vested entitlement are stated in the notes to the financial statements.

**3.2 CONSOLIDATION**

Subsidiaries which are controlled by the Group, directly or indirectly, are fully consolidated.

Companies controlled jointly by the Group and a limited number of other shareholders are proportionally consolidated.

Companies not controlled by the Group but over which the Group exercises significant influence (generally corresponding to an ownership interest of 20% to 50%) are consolidated using the equity method.

When assessing the level of control or significant influence exercised, account is taken of the existence and effect of any exercisable or convertible potential voting rights at the end of the period.

In accordance with IFRS 5, the assets and liabilities of controlled entities that are considered as being held for sale are reported on a separate line in the balance sheet. Profits or losses of discontinued operations are reported on a separate line of the income statement. IFRS 5 defines a discontinued operation as a component of an entity comprising cash flows that can be clearly distinguished from the rest of the entity, that has either been disposed of, or is classified as held for sale, and represents a separate major line of business or geographical area of operations.

Material inter-company transactions and balances are eliminated in consolidation.

**3.3 TRANSACTIONS IN FOREIGN CURRENCIES**

The principles covering the measurement and recognition of transactions in foreign currencies are set out in IAS 21 "Effects of Changes in Foreign Exchange Rates". In accordance with this standard, transactions in foreign currencies are converted by the subsidiary into its operating currency at the exchange rate of the transaction date. Monetary assets and liabilities are re-measured at each balance sheet date. The differences arising from re-measurement are recorded in the income statement:

- in operating income for commercial transactions;
- in financial income or expenses for financial transactions.

**3.4 PRESENTATION OF THE FINANCIAL STATEMENTS**

As permitted under IAS 1 "Presentation of Financial Statements", the Group presents the income statement by type.

Operating income corresponds to net income before:

- financial income;
- financial expenses;
- current and deferred income taxes;
- profits and losses of discontinued operations and operations held for sale.

Gross Operating Margin (GOM) corresponds to operating income before:

- employee profit-sharing;
- share-based payment, including any associated social charges;
- depreciation and amortisation expense;
- impairment of goodwill and fixed assets;
- results of asset disposals;
- restructuring costs;
- acquisition costs of shares;
- impairment of goodwill in respect of equity-method associates.

**3.5 REVENUES**

Revenues from the activities of PagesJaunes Groupe are recognised and presented as follows, in accordance with IAS 18 "Revenue":

- revenues from the sale of advertising space in printed directories are recognised at the time of publication of each printed directory. Consequently, sales of advertising space billed in respect of future directories are stated in the balance sheet under the heading of "Deferred Income";
- income from the sale of advertising space in online directories is apportioned over the display period, which is generally 12 months;
- revenues from traffic relating to the telephone enquiry services (118 008 in France) are recognised at their gross value when the service is rendered;
- revenues from publicity campaigns are recognised for the period in which the campaigns are run. When Group entities act exclusively as agents, the revenue consists only of the commission;
- cost of income directly attributable to the directory publication campaigns for a particular financial period are associated with the corresponding revenues stated for the period in question; this concerns commissions for sales and telesales personnel as well as publishing costs including the publication fee.

Furthermore, in accordance with SIC 31 "Revenue – Barter Transactions Involving Advertising Services", the revenue from ordinary activities does not include any benefits resulting from exchanges of goods or services for similar benefits, even when the latter are rendered over different periods.

**3.6 ADVERTISING AND SIMILAR EXPENSES**

Expenses for advertising, promotion, sponsorship, communication and brand development are stated in full in the expenses for the year in which they are incurred.

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### 3.7 EARNINGS PER SHARE

The Group discloses both basic earnings per share and diluted earnings per share. The number of shares used to calculate diluted earnings per share takes into account the conversion into ordinary shares of dilutive instruments outstanding at the period-end (unexercised options, free shares, etc.). If the basic earnings per share are negative, diluted loss per share represents the same amount as the basic loss. To permit direct comparisons of earnings per share, the weighted average number of shares outstanding for the reporting year and previous years is adjusted to take into account any shares issued at a discount to market price. Treasury stock deducted from consolidated equity is not taken into account in the calculation of earnings per share.

### 3.8 GOODWILL

Goodwill represents the difference between the purchase cost of shares in consolidated companies, including transaction expenses, and the Group's equity in the value of the underlying net assets at the date of acquisition.

In accordance with IFRS 3 "Business Combinations", goodwill is not amortised but is tested for impairment at least once a year or more frequently when there is an indication that it may be impaired. IAS 36 "Impairment of Assets" requires these tests to be performed at the level of each Cash Generating Unit (CGU) to which the goodwill has been allocated. In certain cases, CGUs may be combined if the combined CGUs represent the lowest level at which management monitors return on investment. (A Cash Generating Unit is defined as the smallest homogenous group of assets whose continuous use generates cash inflows that are largely independent of the cash inflows from other groups of assets). The level at which PagesJaunes Groupe measures the current value of goodwill generally corresponds to the level of each of the consolidated companies.

In accordance with its strategy and lines of development, the Group has decided to modify its internal and external reporting in order to assess the performance of each operating segment and allocate resources accordingly.

The segments have been determined in compliance with IFRS 8 "Operating Segments", and are as follows: Internet, Printed Directories and Other businesses.

The cash flows from the PagesJaunes in France and Editus CGUs come from the Internet and Printed Directories activities; the CGUs have consequently been redefined and the goodwill reallocated to the respective operating segments on the basis of the gross operating margins generated by each of the activities.

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 growth rate to perpetuity reflecting the expected long-term growth in the market and specific to each activity;
- the cash flows obtained are discounted using appropriate rates for the type of business and the countries concerned.

Goodwill impairment losses are recorded in the income statement

If the business is intended to be sold, the recoverable amount is determined on the basis of the fair value net of exit costs.

### 3.9 OTHER INTANGIBLE ASSETS

Other intangible assets, consisting mainly of trademarks, licences and patents, research and development costs and software, are stated at acquisition or production cost.

When intangible assets are acquired in a business combination, their cost is generally determined when the purchase price of the company acquired is allocated based on their respective market values. When such market value is not readily determinable, cost is determined using generally accepted valuation methods based on revenues, costs or other appropriate criteria.

Internally developed trademarks are not recognised in the balance sheet.

#### Trademarks

Trademarks having an indefinite useful life are not amortised, but are tested for impairment (see note 3.11).

#### Licences and patents

Licences and patents are amortised on a straight-line basis over periods which correspond to the expected usage period, not exceeding twenty years.

#### Research and development costs

Under IAS 38 "Intangible Assets", development costs must be recognised as an intangible fixed asset when the following can be demonstrated:

- the technical feasibility necessary to complete the intangible asset with a view to its being put into service or sold;
- the intention and financial and technical ability to complete the development project;
- its capacity to use or sell the intangible asset;
- the likelihood that the future economic benefits attributable to the development costs incurred will accrue to the Company;
- the costs of this asset can be reliably valued.

Research and development costs not fulfilling the above criteria are expensed in the year in which they are incurred. Significant capitalised development costs are amortised on a straight-line basis over their useful life, generally not exceeding three years.

#### Software

Software is amortised on a straight-line basis over its useful life, not exceeding five years.

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**3.10 TANGIBLE FIXED ASSETS****Gross value**

The gross value of tangible fixed assets corresponds to their purchase or production cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.

It also includes the estimate of the costs of dismantling and removing the item and restoring the site on which it is located, such obligation being incurred by the Group either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories.

**Finance leases**

Assets acquired under leases that transfer the risks and rewards of ownership to entities of the Group (financial leases) are stated in fixed assets, with a corresponding financial obligation being recorded in liabilities. The risks and rewards of ownership are considered as having been transferred to the entities of the Group when:

- the lease transfers ownership of the asset to the lessee at the end of the lease term;
- the Group has the option to purchase and the conditions of the option are such that it is highly likely that ownership will be transferred at the end of the lease term;
- the lease term covers the major part of the estimated economic life of the asset;
- the discounted value of the total of the minimum fees provided for in the contract is close to the fair value of the asset.

At the same time, the assets in respect of which the risks and rewards associated with ownership are transferred by the entities of the Group to third parties under a lease contract are considered as having been sold.

Maintenance and repair costs are expenses as incurred, except where they serve to increase the asset's productivity or prolong its useful life.

Finance leases are not significant for the disclosed periods.

**Depreciation**

Tangible fixed assets are depreciated on a basis that reflects the pattern in which their future economic benefits are expected to be consumed in the case of each asset item on the basis of the acquisition cost, less any residual value. The straight-line basis is usually applied over the following estimated useful lives: 25 to 30 years for buildings, 5 to 10 years for fittings, 1 to 5 years for other fixed assets.

These depreciation periods are reviewed annually and are adjusted if current estimated useful lives differ from previous estimates. These changes in accounting estimates are recognised prospectively.

**3.11 IMPAIRMENT OF FIXED ASSETS**

Under IAS 36 "Impairment of Assets", the value in use of tangible and intangible fixed assets must be tested for impairment when there is an indication that they may be impaired. Indicators are reviewed at each closing date.

Intangible and tangible fixed assets are subject to a write down for impairment when, because of events or circumstances which have occurred during the period (such as obsolescence, physical deterioration, significant changes to the manner in which the asset is used, worse than expected performance, a drop in revenues or other external indicators,

etc.), their recoverable amount appears to be lower than their net book value in the long term. The recoverable amount of an asset is the higher of its fair value less exit costs and its value in use.

Each asset or group of assets is tested for impairment by comparing its recoverable amount to its net book value. When an asset or group of assets is found to be impaired, the recognised impairment loss is equal to the difference between its net book value and the recoverable amount.

The recoverable amount of an asset is generally determined by reference to its value in use, corresponding to the future economic benefits expected to be derived from the use of the asset and its subsequent disposal. It is assessed by the discounted cash flows method, based on economic assumptions and operating conditions expected by the Management of the Group.

**3.12 FINANCIAL ASSETS AND LIABILITIES**

Financial assets include available-for-sale assets, held-to-maturity assets, loans and receivables and cash and cash equivalents.

Financial liabilities include borrowings, other financing and bank overdrafts and operating debts.

Financial assets and liabilities are measured and recognised in accordance with IAS 39 "Financial Instruments: Recognition and Measurement."

**3.12.1 Measurement and recognition of financial assets****Assets held to maturity**

Held-to-maturity investments comprise exclusively securities with fixed or determinable income and fixed maturities, other than loans and receivables, which the Group has the intention and ability to hold to maturity. They are recognised initially at fair value and are subsequently measured at amortised cost by the effective interest method.

The Group assesses whether there is any objective evidence that held-to-maturity assets are impaired. A financial asset is written down if its book value exceeds the recoverable amount estimated at the time of the impairment tests. The impairment loss is recognised in the income statement.

**Available-for-sale assets**

Available-for-sale assets consist mainly of shares in non-consolidated companies and marketable securities that do not fulfil the criteria for classification in any of the other categories of financial assets. They are measured at fair value and gains and losses arising from re-measurement at fair value are recognised in equity.

Fair value corresponds to market price for listed securities and estimated value in use for unlisted securities, determined according to the most appropriate financial criteria in each case.

If there is any objective indication that these assets are impaired, the accumulated loss stated in equity is recognised in the income statement.

**Loans and receivables**

This category includes receivables from participating interests, other loans and receivables and trade accounts receivable. They are recognised initially at fair value and are subsequently measured at amortised cost by the effective interest method. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Cash flows on loans and receivables at variable rates of interest are re-measured periodically, to take into

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account changes in market interest rates. The re-measurement has the effect of increasing or reducing the effective interest rate and, consequently, the carrying value of the loan or receivable.

Loans or receivables are assessed for objective evidence of impairment. A financial asset is written down if its book value exceeds the recoverable amount estimated at the time of the impairment tests. The impairment loss is recognised in the income statement.

### Assets at fair value through the income statement

Assets held for trading are assets which the Company intends to resell in the near term in order to realise a profit, which form part of a portfolio of financial instruments that are managed together and for which there is a practice of short-term disposal. This category also includes assets, which the Group has opted to classify in this category, irrespective of the criteria stated above ("fair value" option).

These assets are carried in the balance sheet under short-term financial assets.

### Cash and cash equivalents

Cash equivalents are held to meet short-term cash needs rather than for investment or other purposes. They consist of instruments that are readily convertible into known amounts of cash and are not exposed to any material risk of impairment. Cash and cash equivalents comprise cash available on demand and short-term investments with maturities generally of three months or less at the date of purchase. They are stated at historical cost, which is close to their realisable value.

### 3.12.2 Measurement and recognition of financial liabilities

#### Financial liabilities

With the exception of financial liabilities held for trading, which are measured at fair value, borrowings and other financial liabilities are initially recognised at fair value and subsequently measured at amortised cost by the effective interest method.

Transaction costs that are directly attributable to the acquisition or issue of a financial liability are deducted from the liability's carrying value. This is because financial liabilities are initially recognised at cost, corresponding to the fair value of the sums paid or received in exchange for the liability. The costs are subsequently amortised over the life of the liability, by the effective interest method.

The effective interest rate is the rate, which discounts estimated future cash payments up to the maturity date or the nearest date of price adjustment to the market rate, to the net carrying amount of the financial liability.

### 3.12.3 Measurement and recognition of derivative instruments

Derivative instruments are measured at fair value in the balance sheet. Except as explained below, gains and losses arising from re-measurement at fair value of derivative instruments are systematically recognised in the income statement.

### Hedging instruments

In accordance with IAS 39 "Financial Instruments: Recognition and Measurement", derivative instruments may be designated as fair value hedges or cash flow hedges:

- a fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an identified portion of the asset or liability, that is attributable to a particular risk, notably rate and currency risks, and which would affect profit or loss;
- a cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a forecast transaction (such as a future purchase or sale) and could affect profit or loss.

Hedge accounting applies if:

- at the inception of the hedge, there is formal designation and documentation of the hedging relationship;
- at the inception of the hedge and in subsequent periods, the Company may expect the hedge to be highly effective in offsetting changes in fair value or cash flows attributable to the hedged risk and if the actual results of the hedge are within a range of 80-125%.

The effects of applying hedge accounting are as follows:

- for fair value hedges of existing assets and liabilities, the hedged portion of the asset or liability is recognised in the balance sheet at fair value. The gain or loss from re-measuring the hedged item at fair value is recognised in profit or loss and is offset by the effective portion of the loss or gain from re-measuring the hedging instrument at fair value;
- for future cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity – because the change in the fair value of the hedged portion of the underlying item is not recognised in the balance sheet – and the ineffective portion of the gain or loss on the hedging instrument is recognised in profit or loss. Amounts recognised directly in equity are subsequently recognised in profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss.

### 3.13 INVENTORIES

Inventories are stated at the lower of cost and probable net realisable value. Cost corresponds to purchase or production cost determined by the weighted average cost method.

### 3.14 DEFERRED TAXES

In accordance with IAS 12 "Income Taxes", deferred taxes are recognised for all temporary differences between the book values of assets and liabilities and their tax basis, as well as for unused tax losses, by the liability method. Deferred tax assets are recognised only when their recovery is considered probable within a period of 3 to 5 years.

IAS 12 requires, in particular, the recognition of deferred tax liabilities on all intangible assets recognised in business combinations (trademarks, customer lists, etc.).

A deferred tax liability is recognised for all taxable temporary differences between the book value of shares and their tax base associated with

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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 a detailed plan has been drawn up or implemented before the period end-date.

Provisions are discounted when the discounting adjustment is material.

## 3.16 PENSION AND SIMILAR BENEFIT OBLIGATIONS

### 3.16.1 Post-employment benefits

#### Retirement benefits and similar commitments

In France, the legislation provides for benefits to be paid to employees at retirement on the basis of their length of service and salary at retirement age. The actuarial differences relating to post-employment benefits will be treated in accordance with the corridor method, which consists of recognising a specified portion of the net cumulative actuarial gains and losses that exceed 10% of the greater of the present value of the commitment and the value of plan assets, over the average expected remaining working lives of the employees participating in the plan.

The impact of changes in assumptions is reflected in the income statement over the residual average working life of the employees (see note 24).

#### 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.

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### 3.17 SHARE-BASED PAYMENTS

In accordance with IFRS 2 "Share-Based Payment", stock options, employee share issues and free grants of shares to employees of the Group are valued on their grant date.

The value of stock options is determined in particular by reference to the exercise price, the life of the options, the current price of the underlying shares, the expected share price volatility, expected dividends and the risk-free interest rate over the life of the options. The amount so determined (under the share-based payment heading) is recognised in personnel expenses on a straight-line basis over the period between the grant date and the exercise date – corresponding to the vesting period – and in equity for equity-settled plans or in liabilities to employees for cash-settled plans. The Group has opted for retrospective application of IFRS 2 to equity- and cash-settled plans. The new plans are valued in accordance with IFRS 2 using a binomial model.

The fair value of a free share is the market price of the share on the grant date after adjustment to take account of the loss of dividends expected during the vesting period. This expense is recorded on a straight-line basis over the vesting period and, if necessary, is adjusted to take account of the likelihood that the performance conditions will be fulfilled.

### 3.18 OWN SHARES

Under IAS 32, acquisition of own shares are recorded as a decrease in own capital on the basis of their acquisition cost.

If own shares are disposed of, the profits or losses are recognised in the consolidated reserves for their amounts less tax.

## Note 4 Segment information

The Group's core business activity is the provision of local information, principally in France, through the publication of online and printed directories, and the publication of editorial content to assist users in making searches and choices. Through its subsidiaries, the PagesJaunes Group conducts three complementary businesses: the provision of content and services, media and advertising representation. Its offering comprises a diversified range of products and services associated with this activity for the general public and businesses.

The Group's business model is based on that of the media: *i.e.* offering quality content which generates an audience and then monetising this audience, either as a whole or in segments, among businesses.

The Group's activities are organised in three segments:

- **Internet:** These are the activities carried out through the Internet. The main products are the creation and marketing of content and advertising space, listing, targeted advertising and the provision of advertising space for local and national advertisers (often referred to as display), as well as a complete range of products and services for the provision and distribution of information with local content. The Group's Internet activity is mainly carried out in France, but also in Spain (QDQ Media), Luxembourg (Editus) and in 12 countries through 123people.

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

The Group is one of the main European operators in the creation and hosting of sites. It offers its customers web optimisation and visibility solutions through Search Engine Optimisation ("SEO", optimisation of the coding, design, menu and content of a website) or Search Engine Marketing ("SEM", use of paid placements, contextual advertising and paid inclusions).

This segment includes the online journey planner, geolocation and reservation services of the Mappy and UrbanDive brands, and couponing from 123deal.

Online people and profile searching with 123people, online quotation requests and contact establishment with builders from Keltravo, the themed content site ComprendreChoisir.com published by Fine Media and the Direct Marketing (emailing type) services also form part of this segment.

- **Printed Directories:** This is the Group's historical business, involving the publication, distribution and sale of advertising space in printed directories (PagesJaunes, *l'Annuaire*, and the directories of QDQ Media in Spain and Editus in Luxembourg).
- **Other businesses:** This comprises the specific businesses of PagesJaunes: directory enquiry services by telephone and SMS (118 008), Minitel and the QuiDonc reverse directory. This segment also includes a number of activities of PagesJaunes Marketing Services: telemarketing, data mining, database generation, prospect processing and traditional direct marketing activities (data entry and postage).



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## 4.1 BY BUSINESS SECTOR

The table below presents a breakdown of the main aggregates by business sector for the periods ending 31 December 2011 and 2010:

<i>(amounts in thousands of euros)</i>	As at 31 December 2011	As at 31 December 2010
<b>REVENUES</b>	<b>1,101,636</b>	<b>1,125,214</b>
Internet	575,014	537,618
Printed Directories	490,680	540,669
Other businesses	35,942	46,927
<b>GROSS OPERATING MARGIN</b>	<b>493,122</b>	<b>517,780</b>
Internet	257,588	250,219
Printed Directories	224,448	253,004
Other businesses	11,085	14,557
<b>AMORTISATION OF TANGIBLE AND INTANGIBLE FIXED ASSETS</b>	<b>(25,381)</b>	<b>(18,365)</b>
Internet	(14,561)	(9,788)
Printed Directories	(9,947)	(7,398)
Other businesses	(873)	(1,179)
<b>ACQUISITIONS OF TANGIBLE AND INTANGIBLE FIXED ASSETS</b>	<b>44,154</b>	<b>42,746</b>
Internet	38,799	36,501
Printed Directories	4,635	4,143
Other businesses	720	2,102

There are no inter-sector relationships.

## 4.2 BY GEOGRAPHIC REGION

<i>(amounts in thousands of euros)</i>	As at 31 December 2011	As at 31 December 2010
<b>Revenues</b>	<b>1,101,636</b>	<b>1,125,214</b>
• France	1,062,194	1,084,868
• Others	39,442	40,346
<b>Assets</b>	<b>883,101</b>	<b>867,205</b>
• France	704,027	666,596
• Others	63,972	59,613
• Unallocated	115,102	140,996

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## Note 5 Changes in the scope of consolidation

The main transactions during the 2011 and 2010 financial years were as follows:

### 2011

On 1 April 2011, PagesJaunes Groupe acquired 100% of the shares and voting rights in the company A Vendre A Louer. A Vendre A Louer was formed in 1986 as the first solution for the distribution of real-estate ads for businesses, since when it has become a benchmark in the online real-estate small ads market.

On 24 May 2011, PagesJaunes Groupe acquired 100% of the shares and voting rights in the company ClicRDV. Formed in 2006, ClicRDV is

the leader in online appointment booking solutions and now provides tailor-made solutions for the specific needs of all businesses – major accounts, self-employed professionals, SMEs – and public bodies.

On 29 July, PagesJaunes Groupe acquired 100% of the shares and voting rights in the company Fine Media. Formed in 2007, it designed the ComprendreChoisir.com site and has developed around 300 sites with themed content aimed at the general public, enabling Internet users to have a better understanding and make the right choices in five areas: Home/Household Jobs, Money/Law, Consumer/Practical Info, Health/Beauty and Business.

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

<i>(amounts in thousands of euros)</i>	<b>Acquisitions of 2011</b>
Non-current assets	375
Current assets	1,864
Cash and cash equivalents	2,235
<b>TOTAL ASSETS</b>	<b>4,474</b>
Non-current liabilities	(116)
Current liabilities	(4,127)
<b>TOTAL LIABILITIES</b>	<b>(4,243)</b>
<b>TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE</b>	<b>231</b>
Non-controlling interest measured at fair value	-
Goodwill arising on acquisition	27,396
<b>PURCHASE CONSIDERATION TRANSFERRED</b>	<b>27,627</b>

All these securities were acquired for a total price of 27.6 million euros in cash.

Price supplements of an estimated total of 7.9 million euros may be paid up to 2014 if certain operating performance conditions are fulfilled. They form an integral part of the purchase price and have been recognised in non-current liabilities.

These operations gave rise to the recognition of goodwill totalling 27.4 million euros. This goodwill, which is not amortised for tax purposes, represents in particular the expected synergies (enrichment of new Internet services in digital marketing and vertical offerings such as real estate) and the know-how developed by these companies. Any value adjustments will be finalised over a period of 12 months from the respective transaction dates.

Since their acquisition date, these three entities have contributed 6.3 million euros to consolidated revenues ("Internet" segment) and -1.1 million euros to the gross operating margin.

If these entities had been acquired on 1 January 2011, the consolidated revenues would have been 1,105.5 million euros and the consolidated gross operating margin would have been 493.5 million euros.

On 20 May 2011, PagesJaunes Groupe, through the entity PagesJaunes Finance & Co SCA dedicated to this operation, finalised the issue of a bond loan amounting to 350 million euros (cf. note 25). It is fully consolidated.

### Investments in associated companies

On 27 April 2011, PagesJaunes Groupe subscribed 40% of the capital of Relaxevents, a company formed on 22 March. Relaxevents has been consolidated by the equity method.

On 30 November, PagesJaunes Groupe acquired 49% of the shares and voting rights of Leadformance, the leader in sales outlet location on the Internet. The Group is thus enhancing its digital communication offering for major advertisers.

Investments in associated companies totalled 5.1 million euros and represented a value of 4.9 million euros as at 31 December 2011.

The results of the associated companies were not significant in the 2011 financial year.

On the acquisition date, the assets of associated companies represented 0.7 million euros and the liabilities 4.6 million euros.

### 2010

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

On 12 March 2010, PagesJaunes Groupe acquired 100% of the shares and voting rights of 123people Internetservices GmbH, the global leader in real-time people search on the Internet. This strategic

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operation enables PagesJaunes Groupe to strengthen its leadership on the Internet by joining forces with 123people, a benchmark brand with an audience of over 40 million unique visitors in 11 countries and proven know-how in natural listing and meta-search on the web.

On 4 May 2010, PagesJaunes Groupe acquired 100% of the shares and voting rights of Keltravo, a major provider of online quotations in the household jobs sector. As a major operator in lead generation, Keltravo will allow the development of audiences in the household jobs sectors, the enrichment of content and the integration of a quotation request service on pagesjaunes.fr as well as ROI growth for PagesJaunes advertisers.

On 20 October 2010, PagesJaunes acquired 100% of the shares and voting rights of Aronet, which operates the embauche.com site and specialises in employment offers for businesses, recruitment firms and temporary employment agencies. This operation fits in with the policy of

enriching the Group's Internet services for businesses. On 31 December 2010, this entity was absorbed by the PagesJaunes company as part of an internal restructuring which had no significant impact on the consolidated financial statements.

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

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

No adjustment was made in 2011 to the allocation of the acquisition price of these entities.

## Note 6 Personnel expenses

<i>(in thousands of euros, except staff count)</i>	31 December 2011	31 December 2010
Average staff count (full-time equivalent)	4,426	4,253
<b>SALARIES AND CHARGES</b>	<b>(345,191)</b>	<b>(338,258)</b>
of which:		
• Wages and salaries	(235,770)	(236,988)
• Social charges	(98,959)	(92,049)
• Taxes on salaries and other items	(10,462)	(9,221)
<b>SHARE-BASED PAYMENT <sup>(1)</sup></b>	<b>(1,862)</b>	<b>(2,452)</b>
of which:		
• Stock options and free shares	(1,511)	(2,141)
• Social charges on grants of stock options and free shares	(351)	(311)
<b>EMPLOYEE PROFIT-SHARING <sup>(2)</sup></b>	<b>(14,137)</b>	<b>(14,712)</b>
<b>TOTAL PERSONNEL EXPENSES</b>	<b>(361,190)</b>	<b>(355,421)</b>

(1) Cf. note 25.

(2) Including corporate contribution.

## Note 7 Result of asset disposals

This section includes the result from current sales of intangible, tangible and financial assets.

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## Note 8 Financial result

The financial result is made up as follows:

<i>(in thousands of euros)</i>	31 December 2011	31 December 2010
Interest and similar items on financial assets	96	58
Result of financial asset disposals	1,419	558
Change in fair value of hedging instruments	1,202	1,263
Dividends received	151	100
<b>FINANCIAL INCOME</b>	<b>2,868</b>	<b>1,979</b>
Interest on financial liabilities	(82,908)	(49,031)
Income / (expenses) on hedging instruments	(30,110)	(40,257)
Change in fair value of hedging instruments	(15)	(574)
Amortisation of loan issue expenses	(12,853)	(6,808)
Other financial expenses & fees	(478)	(341)
Accretion cost <sup>(1)</sup>	(2,669)	(2,556)
<b>FINANCIAL EXPENSES</b>	<b>(129,033)</b>	<b>(99,567)</b>
<b>GAIN (LOSS) ON EXCHANGE</b>	<b>-</b>	<b>30</b>
<b>FINANCIAL RESULT</b>	<b>(126,165)</b>	<b>(97,558)</b>

(1) The accretion cost corresponds to the increase, during the financial year, of the current value of pension commitments (cf. note 24) and the liability in respect of hedging instruments (cf. note 16).

## Note 9 Corporation tax

## 9.1 GROUP TAX ANALYSIS

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

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

<i>(in thousands of euros)</i>	As at 31 December 2011	As at 31 December 2010
<b>PRETAX NET INCOME FROM CONTINUING BUSINESSES</b>	<b>322,626</b>	<b>384,165</b>
Statutory tax rate	34.43%	34.43%
<b>THEORETICAL TAX</b>	<b>(111,091)</b>	<b>(132,281)</b>
Loss-making companies not integrated for tax purposes	(1,248)	(384)
Loan and current account depreciation QDQ Media	254	896
Share-based payment	(520)	(729)
Foreign subsidiaries	168	451
Recognition of previously unrecognised tax losses	192	-
Corporate value added contribution	(8,884)	(7,365)
Additional tax 5%	(5,294)	-
Other non-taxable income	853	173
<b>EFFECTIVE TAX</b>	<b>(125,568)</b>	<b>(139,239)</b>
• of which current tax	(114,887)	(139,617)
• of which deferred tax	(10,681)	378
<b>EFFECTIVE TAX RATE</b>	<b>38.92%</b>	<b>36.24%</b>

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## 9.2 TAXES IN THE BALANCE SHEET

The net balance sheet position is detailed as follows:

<i>(in thousands of euros)</i>	<b>As at 31 December 2011</b>	<b>As at 31 December 2010</b>
Retirement benefits	15,378	13,537
Employee profit-sharing	4,706	4,783
Non-deductible provisions	4,570	4,726
Hedging instruments	19,436	24,806
Other differences	1,186	914
<b>SUBTOTAL DEFERRED TAX ASSETS</b>	<b>45,276</b>	<b>48,766</b>
Corporate value added contribution	(165)	(309)
Loan issue costs	(11,641)	(9,934)
Brand 123people	(1,132)	(1,132)
Depreciations accounted for tax purposes	(13,432)	(6,955)
<b>SUBTOTAL DEFERRED TAX LIABILITIES</b>	<b>(26,370)</b>	<b>(18,330)</b>
<b>TOTAL NET DEFERRED TAX ASSETS / (LIABILITIES)</b>	<b>18,906</b>	<b>30,436</b>
<i>Deferred tax assets</i>	<i>20,182</i>	<i>31,572</i>
<i>Deferred tax liabilities</i>	<i>(1,276)</i>	<i>(1,136)</i>

No deferred tax asset relating to loss carryforwards of QDQ Media was recognised in the balance sheet, as this company recorded a net loss in 2011. The amount of deferred tax not recognised is estimated at 63.0 million euros as at 31 December 2011.

PagesJaunes Groupe has opted for the tax integration system provided for in articles 223 A ff. of the General Tax Code. The aim of using this option is to create a fiscally integrated group comprising PagesJaunes Groupe and all its French subsidiaries fulfilling the necessary conditions to become members.

The deferred tax assets in the balance sheet decreased from 31.6 million euros as at 31 December 2010 to 20.2 million euros as at 31 December 2011.

In the balance sheet as at 31 December 2011, corporation tax represents a receivable of 5.4 million euros and a liability of 0.1 million euros. As at 31 December 2010, corporation tax represented a receivable of 2.0 million euros and a liability of 0.5 million euros. The tax disbursed during the 2011 financial year was 117.9 million euros as against 136.0 million euros in 2010.

## Note 10 Earnings per share

In 2011, net income amounted to 197.1 million euros. The average number of ordinary shares in circulation was 280.2 million, after deduction of own shares. The net earnings per share for the consolidated group therefore amounted to 0.70 euro, or 0.68 euro taking into account the potentially dilutive effect of the average of 7.9 million stock options and free shares in existence in 2011 (cf. note 25).

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

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## Note 11 Goodwill in respect of consolidated companies

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

<i>(in thousands of euros)</i>	As at 31 December 2011			As at 31 December 2010			Change
	Gross	Cumulated impairments	Net	Gross	Cumulated impairments	Net	Net
QDD Media – Internet	71,263	(68,882)	2,381	68,882	(68,882)	-	2,381
Mappy – Internet	7,400	-	7,400	7,400	-	7,400	-
PagesJaunes Marketing Services – Internet	13,278	-	13,278	13,278	-	13,278	-
Euro Directory	-	-	-	12,109	-	12,109	(12,109)
Euro Directory – Printed Directories	4,238	-	4,238	-	-	-	4,238
Euro Directory – Internet	7,871	-	7,871	-	-	-	7,871
PagesJaunes	-	-	-	6,824	-	6,824	(6,824)
PagesJaunes – Internet	6,824	-	6,824	-	-	-	6,824
Horyzon Média – Internet	11,100	-	11,100	11,104	-	11,104	(4)
Acquisitions 2010 – Internet	15,972	-	15,972	15,972	-	15,972	-
Acquisitions 2011 – Internet	25,015	-	25,015	-	-	-	25,015
<b>TOTAL</b>	<b>162,961</b>	<b>(68,882)</b>	<b>94,079</b>	<b>135,569</b>	<b>(68,882)</b>	<b>66,687</b>	<b>27,392</b>

The movements in the net value of goodwill can be analysed as follows:

<i>(in thousands of euros)</i>	2011	2010
<b>BALANCE AT START OF YEAR</b>	<b>66,687</b>	<b>50,358</b>
Acquisitions	27,396	16,370
Disposals	-	-
Impairments	-	-
Reclassifications, etc.	(4)	(41)
<b>BALANCE AT END OF YEAR</b>	<b>94,079</b>	<b>66,687</b>

Goodwill values were examined on the closure of the consolidated financial statements according to the method described in note 3.8 – Accounting policies, on the basis of business plans, a perpetual growth rate of between 2% and 2.5% and an after-tax discount rate of between 9.0% and 11.0% depending on the cash-generating units. These rates are based on published sector studies.

As at 31 December 2011, the impairment tests on these intangible assets showed no material sensitivity to rate variations.

The assumptions made in determining the recoverable values are similar for all cash-generating units. They may be based on market data, the penetration rates of the various media or the products on the market,

revenues (number of advertisers, average revenue per advertiser) or levels of gross operating margin. The values assigned to each of these parameters reflect past experience, subject to anticipated developments during the life of the plan. These parameters are the main sensitivity factors. There is no reasonably possible change in these sensitivity factors that could cause the recoverable value of the goodwill to be significantly below its book value.

No impairment was recorded in 2011 and 2010.

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## Note 12 Other intangible fixed assets

<i>(in thousands of euros)</i>	31 December 2011			31 December 2010		
	Gross value	Accumulated amortisation	Net value	Gross value	Accumulated amortisation	Net value
Software and support applications	134,991	(77,773)	57,218	102,380	(62,027)	40,352
L'Annuaire concession	-	-	-	11,000	(11,000)	-
123people brand	4,526	-	4,526	4,526	-	4,526
Other intangible fixed assets	6,420	(1,726)	4,694	5,534	(1,259)	4,276
<b>TOTAL</b>	<b>145,937</b>	<b>(79,499)</b>	<b>66,438</b>	<b>123,440</b>	<b>(74,286)</b>	<b>49,154</b>

No significant impairment was recorded as at 31 December 2011 and 2010.

Movements in the net value of other intangible fixed assets can be analysed as follows:

<i>(in thousands of euros)</i>	31 December 2011	31 December 2010
<b>BALANCE AT START OF YEAR</b>	<b>49,154</b>	<b>25,051</b>
Acquisitions	13,167	12,543
Internally generated assets <sup>(1)</sup>	21,666	17,725
Effect of changes in the scope of consolidation <sup>(2)</sup>	240	4,557
Disposals and accelerated amortisation	(1,220)	(202)
Amortisation charge	(16,569)	(10,520)
<b>BALANCE AT END OF YEAR</b>	<b>66,438</b>	<b>49,154</b>

<sup>(1)</sup> Concerns all capitalised development expenses.

<sup>(2)</sup> In 2011, essentially concerns the acquisitions of A Vendre A Louer and Fine Media. In 2010, concerns the acquisitions of Keltravo and 123people.

The increase in investments made by the Group is linked to the launch of new products and services for customers and the enrichment of the functionalities of the Group's fixed and mobile Internet sites. Part of these investments were carried out by internal teams.

## Note 13 Tangible fixed assets

<i>(in thousands of euros)</i>	31 December 2011			31 December 2010		
	Gross value	Accumulated depreciation	Net value	Gross value	Accumulated depreciation	Net value
Land and buildings	1,509	(266)	1,243	1,509	(247)	1,262
IT and terminals	52,635	(40,651)	11,984	49,714	(37,415)	12,299
Other items	41,376	(26,380)	14,996	37,571	(23,438)	14,133
<b>TOTAL</b>	<b>95,520</b>	<b>(67,297)</b>	<b>28,223</b>	<b>88,794</b>	<b>(61,100)</b>	<b>27,694</b>

No significant impairment was recorded as at 31 December 2011 and 2010.

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Movements in the net value of tangible fixed assets can be analysed as follows:

<i>(in thousands of euros)</i>	<b>31 December 2011</b>	<b>31 December 2010</b>
<b>BALANCE AT START OF YEAR</b>	<b>27,694</b>	<b>22,950</b>
Acquisitions of tangible fixed assets	9,321	12,477
Effect of changes in the scope of consolidation <sup>(1)</sup>	92	150
Disposals and discards	(72)	(39)
Depreciation charge	(8,812)	(7,844)
<b>BALANCE AT END OF YEAR</b>	<b>28,223</b>	<b>27,694</b>

(1) In 2011, essentially concerns the acquisitions of A Vendre A Louer and Trazada. In 2010, concerns the acquisitions of Keltravo and 123people.

**Note 14 Other available-for-sale assets**

This section includes investment securities classified as available-for-sale assets as defined in standard IAS 39.

**Note 15 Other non-current financial assets**

The other financial assets essentially comprise the long-term portion of security deposits.

**Note 16 Derivative financial instruments**

PagesJaunes Groupe uses derivative financial instruments to manage the interest rate risk associated with the variable rate bank debt. PagesJaunes Groupe has implemented the procedures and documentation necessary to justify hedge accounting as defined in IAS 39.

**DESCRIPTION OF DERIVATIVE FINANCIAL INSTRUMENTS**

PagesJaunes Groupe has concluded the following agreements with several financial institutions:

In 2006 and 2009,

- interest rate swap contracts for a total nominal amount of 580 million euros, ending on 13 December 2011. In these operations, PagesJaunes Groupe received the three-month Euribor variable rate and paid the average fixed rate of 3.16%;
- two collars, made up of a synthetic combination of cap purchases and floor sales for a total nominal amount of 1,140 million euros, commencing on 13 December 2006 and ending on 13 December

2011. The tunnels formed by these collars provided for a minimum interest rate of 3.0% and a maximum interest rate of 4.0%.

All of these instruments matured on 13 December 2011.

In 2009, swap contracts were entered into for a total nominal amount of 900 million euros, commencing on 13 December 2011 and ending on 24 November 2013, for which PagesJaunes Groupe receives the three-month Euribor variable rate and pays the average fixed rate of 3.79%.

At the beginning of the summer of 2011, interest rate swap contracts were entered into for a total nominal amount of 500 million euros, commencing on 24 November 2013 and ending on 11 September 2015, for which PagesJaunes Groupe receives the three-month Euribor variable rate and pays the average fixed rate of 2.77%.

These operations provide a cash flow hedge relating to the variable rate debt (*cf.* note 26). Prospective effectiveness tests performed by PagesJaunes Groupe on the inception of these operations and retrospective tests carried out on 31 December 2011 and 2010 showed that these financial instruments offered a totally effective cash flow hedge in relation to this bank debt.



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ACCOUNTING AND ASSETS/LIABILITIES RELATING TO THESE DERIVATIVE  
FINANCIAL INSTRUMENTS

The fair value of these derivative financial instruments is made up as follows:

<i>(in thousands of euros)</i>	31 December 2011	31 December 2010
<b>Interest</b> rate swaps – cash flow hedge	(56,106)	(42,700)
<b>Interest</b> rate swap – fair value hedge	(325)	(574)
<b>Collars</b> – cash flow hedge	-	(20,668)
• of which <i>intrinsic value</i>	-	(19,730)
• of which <i>time value</i>	-	(938)
<b>ASSETS / (LIABILITY)</b>	<b>(56,431)</b>	<b>(63,942)</b>

The change in the fair value of derivative financial instruments (qualified as cash flow hedges) between 31 December 2010 and 31 December 2011, i.e. a decrease of 13.4 million euros for the interest rate swaps and an increase of 19.7 million euros for the intrinsic value of the collars (at maturity), was stated in transferable equity, after recognition of deferred tax of 2.2 million euros.

The changes in the time value of the collars and the base swap qualified as fair value hedging were stated in financial income (cf. note 8) in an amount of 1.2 million euros. Deferred tax of 0.4 million euros was recorded in this respect.

No ineffectiveness was recorded with regard to cash flow hedges.

## Note 17 Net inventories

Inventories consist mainly of paper for the production of the printed directories and current service requirements for the production of advertisements (printed and online products) and websites.

Where necessary, they have been written down when commercial prospects could entail a risk of a fall in value to below that stated in the balance sheet.

No significant discards were recorded during the 2011 and 2010 financial years.

## Note 18 Trade debtors

The breakdown of the gross value and impairment of trade debtors is as follows:

<i>(in thousands of euros)</i>	31 December 2011	31 December 2010
Gross trade debtors	466,516	472,770
Provisions for impairment <sup>(1)</sup>	(24,450)	(21,071)
<b>NET RECEIVABLES BEFORE STATISTICAL IMPAIRMENT</b>	<b>442,066</b>	<b>451,699</b>
Provisions for statistical impairment <sup>(1)</sup>	(2,754)	(4,657)
<b>NET TRADE DEBTORS</b>	<b>439,312</b>	<b>447,042</b>

<sup>(1)</sup> Cf. note 21 – Changes in provisions for impairment of assets.

As at 31 December, trade debtors were due as follows:

<i>(in thousands of euros)</i>	Total <sup>(1)</sup>	Not due <sup>(1)</sup>	Due and not impaired <sup>(1)</sup>					
			< 30 days	between 31 and 60 days	between 61 and 90 days	between 91 and 180 days	between 181 and 360 days	> 360 days
2011	442,066	392,770	17,995	9,319	5,084	8,267	7,507	1,124
2010	451,699	398,594	15,373	5,431	9,666	9,465	8,176	4,994

<sup>(1)</sup> Excluding statistical impairment provisions totalling 2,754 thousand euros as at 31 December 2011 and 4,657 thousand euros as at 31 December 2010.

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The Group's portfolio of trade debtors does not present a significant risk of concentration (over 712,000 advertisers, including 655,000 in France). In France, PagesJaunes' 20 largest advertisers represent 1.3% of these revenues (1.4% in 2010) and advertisers in the 10 largest

business sections represent 15.5% of PagesJaunes revenues (14.0% in 2010). In France, provisions for bad debts remain at a very low level, with net provisions amounting to 0.41% of revenues in 2011 compared to 0.42% in 2010.

**Note 19 Other current assets**

The other current assets are made up as follows

<i>(in thousands of euros)</i>	<b>31 December 2011</b>	<b>31 December 2010</b>
VAT receivable	17,765	17,148
Sundry accounts receivable	12	17
Advances and down payments to suppliers	4,494	3,347
Other current assets	6,704	7,315
<b>TOTAL</b>	<b>28,975</b>	<b>27,827</b>

**Note 20 Deferred charges**

Deferred charges mainly comprise production costs (essentially salespersons' commissions) for online advertisements (spread over a display period which is usually 12 months), and printed directories yet to be published.

**Note 21 Changes in provisions for asset impairment**

<i>(in thousands of euros)</i>	<b>Balance at start of period</b>	<b>Allocations</b>	<b>Releases of unused provisions</b>	<b>Release of used provisions</b>	<b>Other movements <sup>(1)</sup></b>	<b>Balance at end of period</b>
<b>2010</b>						
Trade debtors	22,871	8,237	(1,819)	(3,878)	317	25,728
Other assets	59	-	(59)	-	-	-
<b>2011</b>						
Trade debtors	25,728	6,620	(1,339)	(3,995)	190	27,204
Other assets	-	-	-	-	-	-

*(1) Of which additions of AVAL (103 thousand euros) and Fine Media (68 thousand euros) to consolidated group in April and July 2011 respectively.*

Receivables in respect of directories yet to be published are covered by a provision depending on the statistical rate observed empirically over the last five years of publication.

## Note 22 Shareholders' equity

### 22.1 SHARE CAPITAL

As at 31 December 2010 and 2011, the share capital of PagesJaunes Groupe amounted to 56.2 million euros and was divided into 280,984,754 ordinary shares of a par value of 0.20 euro each. This capital is fully paid up.

Médiannuaire SAS held 54.68% of the capital of PagesJaunes Groupe as at 31 December 2010 and 2011.

### 22.2 OTHER RESERVES AND OTHER ELEMENTS OF COMPREHENSIVE INCOME

The other consolidated reserves and other elements of comprehensive income were negative in an amount of 2,461.6 million euros as at 31 December 2011 (2,550.0 million euros as at 31 December 2010) and were mainly composed of:

- the portion of distributions in excess of the income for the year, mainly relating to exceptional distributions made in November 2006 for an amount of 2,519.7 million euros;
- the loss of fair value of derivative financial instruments between their conclusion date and 31 December 2011 in a pretax amount of 56.1 million euros (62.4 million euros as at 31 December 2010) and a corresponding tax of 19.7 million euros (21.5 million euros as at 31 December 2010);
- the cross-entry for the share-based payment expense corresponding to the portion settled in equity instruments in an amount of 59.9 million euros (58.4 million euros as at 31 December 2010), cf. note 25.

The recycling of reserves relative to the financial instruments, generated in the implementation of hedge accounting as defined in IAS 39, is forecast to be between 2 and 4 years (cf. note 16, maturity of these instruments).

### 22.3 OWN SHARES

A liquidity contract was entered into in 2008 with an investment service provider. It is renewable annually. The funds allocated to this contract amounted to 8.0 million euros.

Under this contract, as at 31 December 2011, the Company held 1,203,500 of its own shares, stated as a deduction from equity and 1.9 million euros of liquidities classified as cash and cash equivalents.

PagesJaunes Groupe also repurchased 2,000,000 of its own shares outside the liquidity contract in 2011 for a total of 6.0 million euros.

As at 31 December 2011, PagesJaunes Groupe consequently held 3,203,500 of its own shares.

As at 31 December 2010, the Company held 619,061 of its own shares and 4.0 million euros in liquidities under the liquidity contract.

### 22.4 DIVIDENDS

The dividend paid on 23 June 2011 amounted to 162.7 million euros, *i.e.* 0.58 euro per share.

In 2010, the dividend paid on 24 June amounted to 182.4 million euros, *i.e.* 0.65 euro per share.

## Note 23 Trade creditors

Amounts owed to suppliers bear no interest and are payable in principle between 30 and 60 days.

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## Note 24 Personnel benefits, provisions and other liabilities

These are made up as follows:

<i>(in thousands of euros)</i>	31 December 2011	31 December 2010
Post-employment benefits	42,936	39,327
Other long-term benefits	8,294	8,108
<b>NON-CURRENT PERSONNEL BENEFITS <sup>(1)</sup></b>	<b>51,230</b>	<b>47,435</b>
Other provisions for risks	5,915	6,597
Provisions for social or fiscal disputes	443	216
<b>NON-CURRENT PROVISIONS</b>	<b>6,358</b>	<b>6,813</b>

(1) Cf. details in the following note. Non-current personnel benefits concern the French companies.

<i>(in thousands of euros)</i>	31 December 2011	31 December 2010
Personnel <sup>(1)</sup>	74,188	78,373
Social organisations	44,091	40,888
<b>TOTAL CURRENT PERSONNEL BENEFITS</b>	<b>118,279</b>	<b>119,261</b>
VAT payable	86,906	86,205
Sundry accounts payable	8,704	7,633
Other current liabilities	1,843	970
<b>OTHER CURRENT LIABILITIES</b>	<b>97,453</b>	<b>94,808</b>

(1) Comprising mainly employee profit-sharing and provisions for personnel expenses.

Movements in provisions were as follows:

<i>(in thousands of euros)</i>	Opening balance	Charge for the year	Reversal of the year (unused)	Reversal of the year (utilised)	Changes in the scope of consolidation, reclassifications and others	Closing balance
Provisions for social and fiscal litigations	7,405	1,863	(2,049)	(516)	34	6,737
Other Provision for risks	693	270	(307)	(139)	-	517
<b>TOTAL PROVISIONS</b>	<b>8,098</b>	<b>2,133</b>	<b>(2,356)</b>	<b>(655)</b>	<b>34</b>	<b>7,254</b>
• of which non current	6,813	1,307	(1,989)	(89)	316	6,358
• of which current	1,285	826	(367)	(566)	(282)	896

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## Pension commitments and other personnel benefits

<i>(in thousands of euros)</i>	Post- employment benefits	Other long-term benefits	Total 31 December 2011	Post- employment benefits	Other long-term benefits	Total 31 December 2010
<b>CHANGE IN VALUE OF COMMITMENTS</b>						
<b>TOTAL VALUE OF COMMITMENTS AT START OF PERIOD</b>	<b>56,323</b>	<b>8,108</b>	<b>64,432</b>	<b>50,561</b>	<b>7,105</b>	<b>57,667</b>
Cost of services rendered	3,468	550	4,018	3,480	569	4,049
Discounting cost (financial expenses)	2,401	319	2,720	2,257	312	2,569
Contributions paid by employees	-	-	-	-	-	-
Amendments to scheme	-	-	-	-	-	-
Reductions/liquidations	(1,075)	-	(1,075)	(616)	(62)	(678)
Actuarial (gains) or losses	(413)	(401)	(814)	2,586	483	3,070
Benefits paid	(632)	(283)	(915)	(1,945)	(300)	(2,245)
Acquisitions	-	-	-	-	-	-
Assignments/transfers of activity	-	-	-	-	-	-
Changes in scope	-	-	-	-	-	-
Others: (translation differences)	-	-	-	-	-	-
<b>TOTAL VALUE OF COMMITMENTS AT END OF PERIOD (A)</b>	<b>60,072</b>	<b>8,294</b>	<b>68,366</b>	<b>56,323</b>	<b>8,108</b>	<b>64,432</b>
<i>Commitments at end of period relating to fully or partly financed schemes</i>	<i>58,499</i>	<i>-</i>	<i>58,499</i>	<i>55,060</i>	<i>-</i>	<i>55,060</i>
<i>Commitments at end of period relating to non-financed schemes</i>	<i>1,573</i>	<i>8,294</i>	<i>9,867</i>	<i>1,264</i>	<i>8,108</i>	<i>9,372</i>
<b>CHANGE IN COVER ASSETS</b>						
<b>FAIR VALUE OF COVER ASSETS AT START OF PERIOD</b>	<b>25</b>	<b>-</b>	<b>25</b>	<b>577</b>	<b>-</b>	<b>577</b>
Financial income from cover assets	3	-	3	12	-	12
Gains/losses on cover assets	-	-	-	-	-	-
Contributions paid by the employer	-	-	-	-	-	-
Contributions paid by the employees	-	-	-	-	-	-
Reductions/liquidations	-	-	-	-	-	-
Benefits paid by the fund	-	-	-	(564)	-	(564)
Change in scope	-	-	-	-	-	-
Others (translation differences)	-	-	-	-	-	-
<b>FAIR VALUE OF COVER ASSETS AT END OF PERIOD (B)</b>	<b>28</b>	<b>-</b>	<b>28</b>	<b>25</b>	<b>-</b>	<b>25</b>
<b>FINANCIAL COVER</b>						
Situation of the scheme (A) – (B)	60,044	8,294	68,338	56,298	8,108	64,406
Unrecognised actuarial gains or (losses)	(15,546)	-	(15,546)	(16,972)	-	(16,972)
Unrecognised cost of past services	-	-	-	-	-	-
Adjustment linked to upper limit of assets	-	-	-	-	-	-
<b>PROVISION / (ASSETS) AT END OF PERIOD</b>	<b>44,499</b>	<b>8,294</b>	<b>52,792</b>	<b>39,326</b>	<b>8,108</b>	<b>47,435</b>
<i>of which provision / (asset) short term</i>	<i>1,562</i>	<i>-</i>	<i>1,562</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>of which provision / (asset) long term</i>	<i>42,937</i>	<i>8,294</i>	<i>51,230</i>	<i>39,326</i>	<i>8,108</i>	<i>47,435</i>

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<i>(in thousands of euros)</i>	Post-employment benefits	Other long-term benefits	Total 31 December 2011	Post-employment benefits	Other long-term benefits	Total 31 December 2010
<b>PENSION CHARGE</b>						
Cost of services rendered	3,468	550	4,018	3,480	569	4,049
Discounting costs	2,401	319	2,720	2,257	312	2,569
Expected return on scheme assets	(3)	-	(3)	(12)	-	(12)
Amortisation of actuarial (gains) or losses	725	(401)	324	822	483	1,305
Amortisation of cost of past services	-	-	-	-	-	-
Effect of reductions/liquidations	(787)	-	(787)	(425)	(62)	(488)
Assignments/transfers of activity	-	-	-	-	-	-
Adjustment linked to upper limit of assets	-	-	-	-	-	-
<b>TOTAL PENSION CHARGE</b>	<b>5,804</b>	<b>469</b>	<b>6,273</b>	<b>6,121</b>	<b>1,303</b>	<b>7,424</b>
<b>MOVEMENTS IN THE PROVISION / (ASSET)</b>						
<b>PROVISION / (ASSETS) AT START OF PERIOD</b>	<b>39,326</b>	<b>8,108</b>	<b>47,435</b>	<b>34,586</b>	<b>7,105</b>	<b>41,692</b>
Pension charge	5,804	469	6,273	6,121	1,303	7,424
Pension charge from divested businesses	-	-	-	-	-	-
Contributions paid by the employer	(632)	(283)	(915)	(1,381)	(300)	(1,681)
Benefits paid directly by the employer	-	-	-	-	-	-
Change of scope	-	-	-	-	-	-
Others (goodwill)	-	-	-	-	-	-
<b>PROVISION / (ASSETS) AT END OF PERIOD</b>	<b>44,499</b>	<b>8,294</b>	<b>52,792</b>	<b>39,326</b>	<b>8,108</b>	<b>47,435</b>
<b>ASSUMPTIONS</b>						
Discount rate (%)	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expected long-term inflation rate (%)	2.0%	2.00%	2.00%	2.0%	2.00%	2.0%
Expected long-term salary growth (%)	dependent on employee category and age					
Expected yield on scheme assets (%)	4.20%	-	-	4.20%	-	-
Probable residual activity period	15.6	15.6	15.6	15.6	15.6	15.6
<b>AMOUNT ENTERED AS A CHARGE IN RESPECT OF THE PERIOD</b>	<b>5,804</b>	<b>469</b>	<b>6,273</b>	<b>6,121</b>	<b>1,303</b>	<b>7,424</b>

In 2011, the expense stated in respect of defined contribution pension plans amounted to 36.9 million euros.

The discount rate applied in valuing commitments as at 31 December 2011 is 4.00%, which is unchanged compared to 31 December 2010.

The IAS 19 standard sets the discount rate at the rate of bonds issued by first-class companies having a maturity equal to that of the commitment. If the market for these bonds is not liquid, the rate is equal to the rate of the corresponding government bonds (OATs).

On the valuation date, in the eurozone, the rate for first-class private bonds (AA) was between 3.50% and 4.60% according to Bloomberg.

The discount rate actually adopted in this valuation was thus in accordance with the IAS 19 standard.

### Sensitivity of the discount rate on post-employment benefits (IFC)

- A 0.50% increase in the discount rate leads to a decrease in the commitment of 7%, or around 3.7 million euros, while a decrease of 0.50% in the discount rate leads to an increase in the commitment of 7%, i.e. around 4.1 million euros.

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**Sensitivity of the discount rate on other long-term benefits (long-service awards)**

- An increase of 0.50% in the discount rate leads to a decrease in the commitment of 5% (less than 1 million euros), while a decrease of 0.50% in the discount rate leads to an increase in the commitment of 5% (less than 1 million euros).

In the case of all post-employment benefits and other long-term benefits, an increase or decrease of 0.5% in the discount rate leads respectively to a decrease or increase in the expense for the year of 0.2 million euros, *i.e.* 0.1% of the income for the period.

The discounted value of the obligation in respect of these commitments and the adjustments to the scheme linked to experience for the current year and or the four previous years are as follows:

<i>(in thousands of euros)</i>	2011	2010	2009	2008	2007
Total value of commitments at end of period	68,366	64,432	57,667	51,152	50,393
Fair value of cover assets at end of period	(28)	(25)	(577)	(2,034)	(1,542)
<b>SITUATION OF THE SCHEME</b>	<b>68,338</b>	<b>64,406</b>	<b>57,089</b>	<b>49,118</b>	<b>48,851</b>
Actuarial (gains) or losses relating to experience – liability	(837)	(2,655)	272	190	(1,581)
Actuarial (gains) or losses relating to experience – cover assets	-	-	-	-	-

**Note 25 Stock options and free shares****25.1 STOCK OPTIONS****25.1.1 Description of the plans**

The Combined General Meeting of 11 June 2009 authorised the Board of Directors to introduce a stock option plan for the benefit of certain Group managers and employees, as defined in articles L.225-177 ff. of the Commercial Code, in order to associate them with the Group's development. This authorisation was granted for a period of 38 months and the total number of stock options granted under this resolution must not represent more than 1.0% of the company's capital at the date of this General Meeting, *i.e.* 2,809,847 options.

In this context, PagesJaunes Groupe made three grants of stock options in 2009:

- the first on 23 July, for a total of 1,145,000 options at an exercise price of 6.71 euros;
- the second on 29 October, for a total of 87,000 options at an exercise price of 8.84 euros; and
- the third on 17 December, for a total of 75,000 options at an exercise price of 7.82 euros.

The programme continued in 2010 with two additional grants:

- the first on 27 July, totalling 1,336,000 options at an exercise price of 8.59 euros;

- the second on 16 December, totalling 166,000 options at an exercise price of 7.10 euros.

Under the authorisation given by the Extraordinary General Meeting on 12 April 2005, PagesJaunes Groupe had established two stock option plans:

- the plan set up in June 2005, for a total of 3,796,800 options at an adjusted exercise price of 11.72 euros, has a life of 10 years. The options were fully vested after three years, *i.e.* on 30 June 2008;
- the plan set up in December 2007, for a total of 2,927,900 options at an exercise price of 14.46 euros and having a life of 10 years. The options were fully vested after three years, *i.e.* on 20 December 2010. There are no performance conditions.

Whatever the plan, a four-year non-transferability period (restriction on sale) for the shares is required in accordance with tax regulations and must be applied to French tax residents.

**25.1.2 Description of valuation models**

Neither PagesJaunes Groupe nor any of its subsidiaries granted any stock option plans in 2011.

In 2010, PagesJaunes Groupe assessed the fair value of the goods or services received during each of the periods, based on the fair value of the granted equity instruments.

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The fair values of the options granted under the PagesJaunes Groupe plan in 2010 were calculated using a binomial model reflecting the anticipated exercise behaviour of the grantees with a hypothetical «exercise ceiling» expressed as a multiple of the exercise price and representing the value of the share for which it is expected that all options will be exercised. The ceiling used to calculate the above fair

values is 2.0. The expected volatility was established on the basis of the historical volatility of the PagesJaunes Groupe share. Taking into account an annual departure rate before the opening of rights estimated at 5.0% and an expected dividend rate estimated at 6.0%, the fair values of the PagesJaunes Groupe options were valued as follows:

<b>Grant date in 2010</b>	<b>27 July</b>	<b>16 December</b>
Exercise price	€8.59	€7.10
Market price of underlying stock	€9.23	€6.80
Expected volatility	36%	35%
Risk-free rate	3.28%	3.99%
Fair value of an option for French tax residents	€2.45	€1.63
Fair value of an option for non-French tax residents	€2.53	€1.67

The grant date applied for the valuation of the expense is the date of the Board of Directors' meeting granting the options, the time allowed for informing the grantees having been deemed reasonable.



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## 25.1.3 Movements in stock option plans during the year

	Number of options 2011	Weighted average exercise price 2011	Number of options 2010	Weighted average exercise price 2010
<b>OPTIONS CIRCULATING AT START OF PERIOD</b>	<b>7,994,484</b>		<b>6,870,922</b>	
July 2010 plan	1,319,000	€8.59	-	-
December 2010 plan	166,000	€7.10	-	-
July 2009 plan	1,039,000	€6.71	1,145,000	€6.71
October 2009 plan	87,000	€8.84	87,000	€8.84
December 2009 plan	75,000	€7.82	75,000	€7.82
December 2007 plan	2,483,484	€14.46	2,626,600	€14.46
June 2005 plan	2,825,000,	€11.72	2,937,322	€11.72
<b>OPTIONS GRANTED</b>	<b>-</b>	<b>-</b>	<b>1,502,000</b>	
July 2010 plan	-	-	1,336,000	€8.59
December 2010 plan	-	-	166,000	€7.10
July 2009 plan	-	-	-	-
October 2009 plan	-	-	-	-
December 2009 plan	-	-	-	-
December 2007 plan	-	-	-	-
June 2005 plan	-	-	-	-
<b>OPTIONS EXERCISED</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
July 2010 plan	-	-	-	-
December 2010 plan	-	-	-	-
July 2009 plan	-	-	-	-
October 2009 plan	-	-	-	-
December 2009 plan	-	-	-	-
December 2007 plan	-	-	-	-
June 2005 plan	-	-	-	-
<b>OPTIONS CANCELLED, LAPSED</b>	<b>(383,201)</b>		<b>(378,438)</b>	
July 2010 plan	(87,500)	€8.59	(17,000)	€8.59
December 2010 plan	(17,000)	€7.10	-	-
July 2009 plan	(87,750)	€6.71	(106,000)	€6.71
October 2009 plan	(20,000)	€8.84	-	-
December 2009 plan	-	-	-	-
December 2007 plan	(89,100)	€14.46	(143,116)	€14.46
June 2005 plan	(81,851)	€11.72	(112,322)	€11.72
<b>OPTIONS CIRCULATING AT END OF PERIOD</b>	<b>7,611,283</b>		<b>7,994,484</b>	
July 2010 plan	1,231,500	€8.59	1,319,000	€8.59
December 2010 plan	149,000	€7.10	166,000	€7.10
July 2009 plan	951,250	€6.71	1,039,000	€6.71
October 2009 plan	67,000	€8.84	87,000	€8.84
December 2009 plan	75,000	€7.82	75,000	€7.82
December 2007 plan	2,394,384	€14.46	2,483,484	€14.46
June 2005 plan	2,743,149	€11.72	2,825,000	€11.72

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As at 31 December 2011, the options in the June 2005 and December 2007 plans were exercisable. The average residual term until the start of the exercise period is seven months for the July 2009 plan, 10 months for the October 2009 plan, 12 months for the December 2009 plan, 19 months for the July 2010 plan and 24 months for the December 2010 plan.

## 25.2 FREE GRANT OF SHARES

### 25.2.1 Description of the plans

The Board of Directors was authorised by the Extraordinary General Meeting of 7 June 2011 to implement a free share plan on behalf of a number of directors and employees of the Group, as defined in articles L. 225-197-1 to L. 225-197-5 of the Commercial Code, in order in particular to involve them in the development of the Company. This authorisation was granted for a period of 38 months and the total

number of free shares granted in respect of this resolution must not exceed 1.5% of the capital of the Company on the date of this General Meeting, *i.e.* 4,214,771 shares.

The Board of Directors adopted the conditions for the first free share plan on 26 October 2011. This plan gave rise to an initial grant of 1,226,000 shares. A second free share plan was adopted on 16 December 2011 and gave rise to an additional grant of 84,000 shares.

As at 31 December 2011, 1,310,000 shares eligible for free grant remained in circulation. These shares will be finally vested at the end of a vesting period ending on 31 March 2014, provided that the beneficiary is still an employee or director of the Group and performance conditions are fulfilled.

The grant date applied for the valuation of the expense is the date of the Board of Directors' meeting granting the options, the time allowed for informing the grantees having been deemed reasonable.

Neither PagesJaunes Groupe nor any of its subsidiaries granted any free share plans in 2010.

### 25.2.2 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 vesting period ending on 31 March 2014.

Grant date in 2011	26 October	16 December
Market price of underlying stock	€2.43	€2.41
Vesting period	2.43 years	2.29 years
Expected dividend rate	17%	17%
Fair value of one share	€1.98	€1.63

The expense representing the cost of these free share plans, which takes account of an estimated annual departure rate of 15%, is amortised over the vesting period, *i.e.* 2.43 years and 2.29 years. It is adjusted in line with the probability that the performance conditions will be fulfilled or the departure rate during this period and is fixed permanently on the basis of the number of shares actually distributed at the end of this period.

## 25.3 EXPENSE RELATING TO STOCK OPTION PLANS AND FREE GRANTS OF SHARES

The impact of the stock option plans and free grants of shares on the 2011 income statement amounts to 1.9 million euros compared to 2.5 million euros in 2010. These amounts include social charges relating to the employer's 14% contribution based on the fair value of the options granted in 2011.

These plans are expected to be settled through equity instruments.

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**Note 26 Cash and cash equivalents, net financial debt**

Net financial debt corresponds to the total gross financial debt less or plus derivative asset and liability cash flow hedging instruments and less cash and cash equivalents.

<i>(in thousands of euros)</i>	31 December 2011	31 December 2010
Accrued interest not yet due	9	3
Cash equivalents	77,358	103,025
Cash	5,315	2,949
<b>GROSS CASH</b>	<b>82,682</b>	<b>105,977</b>
Bank overdrafts	(4,608)	(2,476)
<b>NET CASH</b>	<b>78,074</b>	<b>103,501</b>
Bank loan	1,600,157	1,950,000
Bond loan	350,000	-
Loans issue expenses	(33,368)	(21,439)
Lease liability	91	159
Fair value of hedging instruments (cf. note 16)	56,431	63,942
Liability in respect of hedging instruments (cf. note 16)	-	1,866
Accrued interest not yet due	7,412	4,739
Price supplements on acquisition of securities	9,923	2,772
Other financial liabilities	2,155	1,552
<b>GROSS FINANCIAL DEBT</b>	<b>1,992,801</b>	<b>2,003,591</b>
<i>of which current</i>	<i>11,281</i>	<i>41,233</i>
<i>of which non-current</i>	<i>1,981,520</i>	<i>1,962,358</i>
<b>NET DEBT</b>	<b>1,914,727</b>	<b>1,900,090</b>

**Cash and cash equivalents**

As at 31 December 2011, cash equivalents amounted to 77.4 million euros and comprised UCITS invested under the liquidity contract and non-blocked, remunerated, fixed-deposit accounts.

These are managed and therefore valued on the basis of their fair value.

**Bank overdraft**

The Group has authorised overdrafts totalling 30 million euros granted by a number of its banks.

**Bank loan**

PagesJaunes Groupe had a bank finance facility up to a maximum of 2,350 million euros comprising a medium-term loan of 1,950 million euros and a revolving credit line of approximately 400 million euros. The revolving credit line is intended to finance the Group's treasury requirements (working capital, investments or refinancing) in the context of its operating activities and is available in particular in the form of drawings, letters of credit or bilateral lines.

The medium-term loan has a variable rate. It was due to mature in November 2013 and was repayable in full at maturity.

On 12 May 2011, the Group finalised the refinancing of half of its bank debt on the following terms:

- maturity of a 962.0 million euros tranche (A3) of the debt extended by almost two years, with the maturity date moving from November 2013 to September 2015;
- covenants relaxed with financial leverage and interest coverage ratios adjusted to take account of the new debt structure;
- moderate increase in margin over Euribor, rising on average from 175 basis points to 274 basis points.

The maturity of tranches A1 (642.3 million euros) and A2 (345.3 million euros) remained November 2013.

The revolving credit line was decreased from approximately 400 million euros to approximately 300 million euros.

On 20 May, through PagesJaunes Finance & Co SCA, PagesJaunes Groupe finalised the issue of a 350 million euros bond loan with an issue premium of 2.3 million euros. The net proceeds consequently amount to 347.7 million euros. This loan has a fixed rate of 8.875% and is repayable on 1 June 2018. The proceeds were allocated to the repayment of all of tranche A2 (345.3 million euros), with the balance (4.7 million euros) being allocated to part of tranche A1.

This transaction led to the extinguishment of part of the bank debt and the recognition of 5.1 million euros of accelerated amortisation of part of the expenses associated with the issue of this loan in 2006 and its renegotiation in 2011.

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Pursuant to IAS 39, the refinancing of the remainder of the bank loan has not been considered as an extinguishment of debt.

These two transactions generated expenses of 24.8 million euros, including the issue premium.

The bank financing agreement notably includes default and mandatory prepayment clauses, as well as progressive financial covenants, which have been revised as follows:

- the ratio of consolidated net debt to an aggregate close to the consolidated GOM must be less than or equal to 4.30 from 31 December 2011 to 30 September 2012, 4.00 from 31 December 2012 to 30 September 2013 and 3.75 thereafter (GOM and consolidated net debt as defined in the agreement with the financial institutions);
- the ratio of an aggregate close to the consolidated GOM to the consolidated net interest expense must be greater than or equal to 3.0 over the residual term of the agreement (GOM and consolidated net debt as defined in the agreement with the financial institutions).

As at 31 December 2011, these financial covenants were met and there are no grounds for reclassifying non-current debt as current.

It also includes a compulsory early repayment clause in the event of a change of control of the Company resulting from the acquisition of the shares of the Company.

The reference rate is Euribor or Libor plus a margin of 175 basis points for tranche A1, or 150 basis points in the event that the financial leverage ratio falls below 3.50 times an aggregate close to the GOM. This margin is 350 basis points in the case of tranche A3.

The revolving credit line has the same maturity as tranche A1, with variable interest based on the Euribor or Libor reference rate plus a margin of 175 or 150 basis points. It was unutilised as at 31 December 2011.

Following these transactions, the liquidity profile is as follows:

- bank debt tranche A1: nominal 638 million euros maturing in November 2013;
- bank debt tranche A3: nominal 962 million euros maturing in September 2015;
- bond loan: nominal 350 million euros maturing in June 2018;
- revolving credit line: nominal around 300.0 million euros maturing in November 2013.

### Price supplements on acquisition of securities

As part of the acquisitions completed in 2010 and 2011, price supplements totalling an estimated 9.9 million euros may be paid between 2012 and 2014 if certain operating performance conditions are fulfilled.

### Other financial liabilities

The other financial liabilities primarily comprise a debit current account with PagesJaunes Outre-mer, a wholly owned non-consolidated subsidiary of PagesJaunes Groupe.

## Note 27 Deferred income

Deferred income mainly comprises income from sales of advertisements invoiced for inclusion in directories yet to be published and online directories spread over a display period which is usually 12 months.

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## Note 28 Financial instruments

## 28.1 FINANCIAL INSTRUMENTS IN THE BALANCE SHEET

<i>(in thousands of euros)</i>	Breakdown according to IAS 39						
	Carrying amount in balance sheet	Fair value recognised in profit or loss	Derivative instruments (Fair value recognised in equity)	Available-for-sale assets	Loans and receivables (amortised cost)	Financial liabilities (amortised cost)	Other
Available-for-sale assets	207	-	-	207	-	-	-
Other non-current financial assets	1,299	-	-	-	1,299	-	-
Net trade accounts receivable	439,312	-	-	-	439,312	-	-
Other current financial assets	445	445	-	-	-	-	-
Cash equivalents	77,358	77,358	-	-	-	-	-
Cash	5,324	5,324	-	-	-	-	-
<b>FINANCIAL ASSETS</b>	<b>523,945</b>	<b>83,127</b>	<b>-</b>	<b>207</b>	<b>440,611</b>	<b>-</b>	<b>-</b>
Non-current financial liabilities and derivatives	1,981,520	-	56,106	-	-	1,925,414	-
Bank overdrafts and other short-term borrowings	8,477	325	-	-	-	8,152	-
Accrued interest not yet due	7,412	-	-	-	-	7,412	-
Trade accounts payable	94,344	-	-	-	-	94,344	-
<b>FINANCIAL LIABILITIES</b>	<b>2,091,753</b>	<b>325</b>	<b>56,106</b>	<b>-</b>	<b>-</b>	<b>2,035,322</b>	<b>-</b>

Hedging derivatives stated at fair value in equity are detailed in note 16.

As at 31 December 2011, the market value of the bank and bond loans was 1,323.6 million euros, compared to a carrying value of 1,950 million euros:

<i>(in thousands of euros)</i>	Carrying value	Quotes as at 31 December 2011	Market value
Bank borrowing – facility A1	637,970	75.5%	481,667
Bank borrowing – facility A3	962,030	63.5%	610,889
Senior secured notes PagesJaunes Finance & Co SCA	350,000	66.0%	231,000
<b>LOANS</b>	<b>1,950,000</b>	<b>67.9%</b>	<b>1,323,556</b>
Other debts incl. debt costs	(24,586)	-	(24,586)
<b>NON-CURRENT FINANCIAL LIABILITIES AND DERIVATIVES</b>	<b>1,925,414</b>	<b>67.5%</b>	<b>1,298,970</b>

The Group has classified the valuations at fair value according to a hierarchy of fair values reflecting the importance of the data used to carry out the valuations. The hierarchy of fair values is made up of the following levels:

- level 1: prices (non-adjusted) listed on active markets with identical assets or liabilities;
- level 2: data other than the listed prices referred to in level 1, which are observable for the asset or liability concerned, either directly (*i.e.* prices) or indirectly (*i.e.* derivative price data);

- level 3: data relating to assets or liabilities not based on observable market data (non-observable data).

The valuation of hedging derivatives corresponds to level 2.

In the 2011 financial year, there were no transfers between levels 1 and 2 in the hierarchy of fair values, nor any transfers to or from level 3.

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## 28.2 EFFECT OF FINANCIAL INSTRUMENTS ON INCOME

(in thousands of euros)	Breakdown according to instrument category as defined in IAS 39						Other
	Impact in profit and loss	Fair value recognised in profit or loss	Derivative instruments	Available-for-sale assets	Loans and receivables (amortised cost)	Financial liabilities (amortised cost)	
Interest income	2,868	1,666	1,202	-	-	-	-
Interest expenses	(126,364)	-	(15)	-	-	(126,349)	-
Gain (loss) on foreign exchange	-	-	-	-	-	-	-
<b>NET GAINS / (NET LOSSES)</b>	<b>(123,496)</b>	<b>1,666</b>	<b>1,187</b>	<b>-</b>	<b>-</b>	<b>(126,349)</b>	<b>-</b>
Accretion cost	(2,669)						
<b>FINANCIAL INCOME (CF NOTE 8)</b>	<b>(126,165)</b>						

## Note 29 Financial risk management and capital management policy objectives

The Group's objective is to optimise its financial structure, the principal assessment criterion being the financial leverage (ratio of net debt to gross operating margin), in order to reduce the cost of its capital while maintaining financial flexibility enabling the Group to meet its development plan.

The two main financial management objectives are as follows:

- PagesJaunes Groupe, and the consolidated PagesJaunes Group, are net borrowers and, in this context, the prime objective of PagesJaunes Groupe is to secure and thus limit the cost of its debt;
- since the PagesJaunes Group generates a substantial cash flow in line with the rate of the sales prospecting cycle and pays interest on its debt and dividends to shareholders according to a different timescale, the PagesJaunes Group produces cash surpluses and may find itself in a situation of temporary cash flow surplus. Since these surpluses are not long-lasting, the Group's objective is to invest them at the best possible interest rate with a very limited level of risk.

The Group also ensures that the commitments made in its banking documentation are respected, including certain default and prepayment clauses. These clauses are linked, in particular, to compliance with operational and financial covenants such as the minimum level of coverage of the net consolidated interest charge by an aggregate close to the consolidated gross operating margin (GOM) and the maximum leverage, measured by the relationship between the consolidated net debt and an aggregate close to the consolidated GOM.

The Group aims to maintain a financial leverage ratio of between three and four times GOM. As at 31 December 2011, this ratio was 3.8 times GOM (3.6 times as at 31 December 2010), which is lower

than the maximum of 4.30 times specified in the bank documentation (4.00 times as at 31 December 2010).

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

### EXCHANGE RATE RISK

PagesJaunes Groupe considers that the exchange rate risk is not significant as far as its activity is concerned, insofar as it is exercised mainly in the eurozone.

### INTEREST RATE RISK

PagesJaunes Groupe is exposed to the risk of interest rate fluctuations insofar as 82% of its short and long term financing is at a variable rate. The Group manages this risk through recourse to derivative instruments, mainly interest rate swaps.

The main features of the Group's banking debt are stated in note 26 (Cash and Cash equivalents, net financial debt) and the features of the instruments used for hedging against interest rate fluctuations can be found in note 16 ("Derivative financial instruments – non-current assets").

PagesJaunes Groupe estimates that an increase of 0.50% in short-term interest rates compared to the three-month Euribor rate at 31 December 2011, i.e. 1.356%, would lead to a decrease in the consolidated pretax annual income of 3.1 million euros.

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## Sensitivity analysis of an increase of 50 basis points of Euribor 3 months (before tax)

<i>(in thousands of euros)</i>	Cash equivalents	Bank loan and overdrafts	Net derivative financial instruments		Total
			Cash flow hedge	Fair value	
Carrying amount in balance sheet	82.7	(1,602.3)	-	(56.4)	
Sensitivity in profit and loss	0.4	(8.0)	4.5	-	(3.1)
Sensitivity in equity	-	-	-	12.1	12.1

## LIQUIDITY RISK

The PagesJaunes Group has established a centralised cash management system with cash pooling including all its French subsidiaries and organised around a PagesJaunes Groupe pivot. This method of managing liquidities associated with an internal reporting system enables the Group to anticipate and estimate future cash flows linked to

the operational activities of its various subsidiaries and thus to optimise drawings on its credit lines when cash is required, and investments in the case of cash surpluses.

Based on the maturity dates of financial liabilities as at 31 December 2011, forecast disbursements for future periods, calculated on the basis of the forward rate curve at 31 December 2011, are as follows:

## Maturity table for financial liabilities – sensitivity to liquidity risk

<i>(in thousands of euros)</i>	Carrying amount in balance sheet		2012		2013		2014		2015		2016		2017		2018	
	Assets	Liabilities	Interest	Reimbursement	Interest	Reimbursement	Interest	Reimbursement	Interest	Reimbursement	Interest	Reimbursement	Interest	Reimbursement	Interest	Reimbursement
<b>FINANCIAL LIABILITIES</b>		<b>(1,974.3)</b>	<b>(98.7)</b>	<b>(8.2)</b>	<b>(94.1)</b>	<b>(640.0)</b>	<b>(80.5)</b>	<b>(8.6)</b>	<b>(69.5)</b>	<b>(962.0)</b>	<b>(31.1)</b>	<b>(31.1)</b>	<b>(13.0)</b>	<b>(350.0)</b>		
Bank loan A1	-	(638.0)	(17.3)	-	(18.4)	(638.0)	-	-	-	-	-	-	-	-	-	-
Bank loan A3	-	(962.0)	(42.9)	-	(44.6)	-	(49.5)	-	(38.4)	(962.0)	-	-	-	-	-	-
Bond loan	-	(350.0)	(31.1)	-	(31.1)	-	(31.1)	-	(31.1)	-	(31.1)	(31.1)	(13.0)	(350.0)		
Revolving credit line	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank overdrafts	-	(4.6)	-	(4.6)	-	-	-	-	-	-	-	-	-	-	-	-
Accrued interest not yet due	-	(7.4)	(7.4)	-	-	-	-	-	-	-	-	-	-	-	-	-
Liability on committed purchase of minority interests	-	(9.9)	-	(1.3)	-	(2.0)	-	(8.6)	-	-	-	-	-	-	-	-
Other financial liabilities	-	(2.3)	-	(2.3)	-	-	-	-	-	-	-	-	-	-	-	-
<b>INTEREST RATE RISK HEDGING</b>																
Swaps	-	(56.4)	(25.5)	-	(23.9)	-	(5.6)	-	(0.0)	-	-	-	-	-	-	-
Forward rate (Euribor 3m)			0.96%		1.14%		1.64%		2.18%							

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## CREDIT RISK

PagesJaunes Groupe is generally exposed to credit risk essentially in its investments and interest rate hedging instruments. PagesJaunes Groupe limits credit risk by selecting counterparties having a long-term rating higher than AA- (Standard & Poor's and/or Fitch IBCA) or Aa3 (Moody's). As at 31 December 2011, PagesJaunes Groupe was exposed to an extent of 78.1 million euros in respect of its investment operations (cf. note 26 – Cash equivalents), while the market value of its derivative financial instruments was negative (cf. note 16).

Furthermore, the management procedure for PagesJaunes Groupe's financial operations involves the drawing up of a limited list of

authorised signatures, outside of which the Chief Executive Officer's authorisation is compulsory. The banking documentation also limits the list of counterparties for interest rate hedging operations.

## EQUITY RISK

PagesJaunes Groupe considers that the equity risk is not significant insofar as the amount invested in own shares particularly under the liquidity contract remains limited and the investment of its cash surpluses is not exposed to equity market risk.

## Note 30 Information on related parties

## 30.1 REMUNERATION OF EXECUTIVE COMMITTEE AND BOARD OF DIRECTORS MEMBERS

The table below shows the remuneration of persons who were members of PagesJaunes Groupe's Board of Directors and Executive Committee during or at the end of each financial year. It also includes the directors representing employees and sitting on the PagesJaunes Groupe Board of Directors.

<i>(in thousands of euros)</i>	<b>31 December 2011</b>	<b>31 December 2010</b>
Short-term benefits <sup>(1)</sup>	5,051	4,157
<i>of which employer charges</i>	1,259	1,008
Post-employment benefits <sup>(2)</sup>	43	30
Other long term benefits <sup>(3)</sup>	1	2
End-of-contract benefits <sup>(4)</sup>	422	904
Equity benefits <sup>(5)</sup>	558	291
<b>TOTAL</b>	<b>6,074</b>	<b>5,385</b>

(1) Salaries, remuneration, profit-sharing and bonuses paid and social security contributions, paid holidays, directors' fees and non-monetary benefits entered in the accounts.

(2) Pensions, annuities, other benefits, life insurance, medical insurance, etc.

(3) Seniority leave, sabbatical leave, long-term benefits, deferred remuneration, profit-sharing and bonuses (if payable 12 months or more after the closing date).

(4) Severance pay, non-competition clause compensation, including social charges.

(5) Share-based payment including social charges relating to free grants of shares and stock options.

In 2011, the charge in respect of defined-contribution pension plans amounted to 0.4 million euros.

## 30.2 TRANSACTIONS WITH RELATED PARTIES

Service contracts were established in 2006 and 2007 with Médiannuaire, the majority shareholder of PagesJaunes Groupe. These contracts generated an expense of 1.4 million euros for the 2011 financial year (1.2 million euros for 2010). These transactions form part of current operations.

The PagesJaunes Groupe Board of Directors meeting on 17 May 2009 appointed Jean-Pierre Remy as the Company's Chief Executive Officer from 25 May 2009. Jean-Pierre Remy does not have an employment contract and the Board of Directors decided to provide severance pay in the event of dismissal from the Company due to a change in control or strategy or its implementation. The amount of this pay will be equal to his standard gross annual remuneration (fixed and

variable depending on targets attained), subject to the fulfilment of performance conditions.

A non-competition obligation will be applied in the event of termination of Jean-Pierre Remy's mandate as Chief Executive Officer for any reason and in any form whatsoever. This non-competition clause will be limited to a period of 24 months beginning on the day of effective termination of his duties and will cover the entire territory of France. The relevant compensation will be equal to 12 months of remuneration based on the total gross monthly average of remuneration over the 12 months of activity preceding the date of termination.

The bank and bond loans are indirectly guaranteed by a pledge of the securities of PagesJaunes SA held by PagesJaunes Groupe.



## Note 31 Contractual obligations and off-balance-sheet commitments

Significant off-balance-sheet commitments are as follows:

Contractual obligations	2011				2010
	Payments due per period				
	Total	In less than 1 year	In 1 to 5 years	In more than 5 years	
<i>(in thousands of euros)</i>					Total
<b>OPERATING LEASES</b>	<b>56,101</b>	<b>13,836</b>	<b>39,179</b>	<b>3,086</b>	<b>60,080</b>
Paper, printing, distribution <sup>(1)</sup>	5,488	5,488	-	-	6,931
Other services	21,633	12,920	8,713	-	21,800
<b>COMMITMENTS FOR THE PURCHASE OF GOODS AND SERVICES</b>	<b>27,121</b>	<b>18,408</b>	<b>8,713</b>	<b>-</b>	<b>28,731</b>
<b>TOTAL</b>	<b>83,222</b>	<b>32,244</b>	<b>47,892</b>	<b>3,086</b>	<b>88,811</b>

(1) See details in table below.

The «Other services» section includes all firm orders placed as at 31 December 2011 for goods and services deliverable from 2012.

Conditional commitments	2011				2010
	Payments due per period				
	Total	In less than 1 year	In 1 to 5 years	In more than 5 years	
<i>(in thousands of euros)</i>					Total
Guarantees	335	335	-	-	335

### LEASES

PagesJaunes has leased land, buildings, vehicles and equipment. These leases are due to expire on different dates over the next six years.

The Management considers that these leases will be renewed or replaced on expiry by other leases under normal operating conditions.

The rental charge recorded in the income statement in respect of operating leases amounted to 14.8 million euros in 2011 (13.7 million euros in 2010).

The leases on the premises in Sèvres were granted and accepted for a firm duration of nine entire consecutive years starting from 1 April 2007.

As at 31 December 2011, the Group's commitment under all leases amounted to 56.1 million euros, of which 13.8 million euros is payable in under one year.

### COMMITMENTS FOR PURCHASES OF GOODS AND SERVICES

#### Production of directories

For the production and distribution of its printed directories, the Group entities enter into contracts with their paper suppliers, printers and distributors. These contracts may be annual or multi-annual.

PagesJaunes had entered into three-year contracts with two of its paper suppliers in respect of 2007, 2008 and 2009. These contracts were formally extended until 31 January 2012. These contracts specify the rates payable over the period and state forecast order volumes for each year, but no minimum contract value. The new contracts have not been signed to date.

In 2008, PagesJaunes entered into new contracts with its printers, for a duration of five years and expiring on 31 December 2013. These contracts do not entail any firm commitment except with one printer with whom PagesJaunes is committed to a volume of 6 billion folios per year, valued at 13.6 million euros for the residual term of the contract as at 31 December 2011.

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Only firm orders placed as at 31 December 2011, both with paper suppliers and with printers and distributors, were reported as off-balance-sheet commitments at that date, for a total amount of 5.5 million euros, as detailed in the table below:

Contractual obligations	2011				2010
	Total	Payments due per period			Total
		In less than 1 year	In 1 to 5 years	In more than 5 years	
<i>(in thousands of euros)</i>					
Paper	2,496	2,496	-	-	3,566
Printing	2,097	2,097	-	-	2,321
Distribution	833	833	-	-	863
Editorial content	62	62	-	-	181
<b>TOTAL</b>	<b>5,488</b>	<b>5,488</b>	<b>-</b>	<b>-</b>	<b>6,931</b>

**Statutory training rights (DIF)**

In respect of statutory training rights for employees working for the French companies in the Group under indefinite-term contracts, the volume of hours accumulated but not used totalled 414,047 hours as at 31 December 2011 (392,324 hours at 31 December 2010). In 2011, 2,468 hours were used by employees (10,322 hours in 2010).

**Other commitments given**

The bank and bond loans are indirectly guaranteed by a pledge of the securities of PagesJaunes SA held by PagesJaunes Groupe.

**Other commitments received**

PagesJaunes Groupe has a revolving credit line of around 300 million euros to cover the Group's cash flow requirements (working capital, investments and refinancing) resulting from its operational activities. This line was unutilised as at 31 December 2011.

The other significant off-balance-sheet commitments received are as follows:

Contractual obligations	2011				2010
	Total	In less than 1 year	In 1 to 5 years	In more than 5 years	Total
<i>(in thousands of euros)</i>					
Operating leases – lessor	825	372	453	-	-
Other services	1,533	997	536	-	-
<b>TOTAL</b>	<b>2,358</b>	<b>1,369</b>	<b>989</b>	<b>-</b>	<b>-</b>

**Special purpose vehicles**

On 20 May 2011, PagesJaunes Groupe finalised the issue of a bond loan amounting to 350 million euros through PagesJaunes Finance & Co SCA, an entity specifically dedicated to this transaction (cf. note 25). This entity is fully consolidated.

The Group did not create any deconsolidation structures during the reporting periods. It has no contractual obligations towards special purpose vehicles.

## Note 32 Disputes and litigation

In the ordinary course of business, the Group entities may be involved in a number of legal, arbitration and administrative proceedings. 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 proceedings may call for a reassessment of this risk.

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

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

With regard to cases before administrative courts, the *Conseil d'État*, as court of last resort, issued eight judgements unfavourable to PagesJaunes on 12 January 2011, setting aside rulings issued by the *Cour administrative d'appel* of Paris in 2009 and hence the Minister's authorisation of the redundancies. Six sets of industrial tribunal proceedings are currently in progress including claims for compensation for the financial consequences of cancelled redundancy authorisations. The 7.3 million euros provision recognised at the end of 2002 in respect of this risk has been the subject of several writebacks since 2006 in view of the favourable progress of these cases and amounted to 1.9 million euros as at 31 December 2011.

Actions were brought against PagesJaunes by eleven advertising agencies at the *Tribunal de commerce* of Nanterre for abuse of a

dominant position (particularly for withdrawing the 5% trade discount granted to advertisers using advertising agencies on the Internet and 118 008 platforms), discriminatory practices and unfair competition. In a judgement on 26 January 2011, the *Tribunal de commerce* of Nanterre declined jurisdiction in favour of the *Tribunal de commerce* of Paris.

These same agencies referred the same facts to the French Competition Authority as those brought before the *Tribunal de commerce* of Nanterre (cf. above) requesting the pronouncement of interim measures based on article L.464-1 of the Commercial Code.

In a judgement on 22 December 2010, the French Competition Authority dismissed the application for interim measures and referred the proceedings back on the merits.

In addition, in common with the other companies in the sector, the Company is frequently the subject of court proceedings brought in relation to errors in the publication of directories and other media. Generally the financial risk represented by each of these proceedings is relatively limited. However, an increase in their number may constitute a significant risk for the Company. The number of such proceedings declined constantly from 2001, remained stable in 2006 and 2007 and has decreased once again. As at 31 December 2011, there were 10, representing total claims for damages of 0.7 million euros. In these proceedings, the Group entities endeavour to negotiate out-of-court compensation, which significantly reduces the final total cost of these proceedings. However, no guarantee can be given that these proceedings will not have an adverse impact on the Group's financial position.

In 2010, PagesJaunes SA was the subject of an inspection by the French social security agency *URSSAF* in respect of the 2007, 2008 and 2009 financial years. The Company was notified of an adjustment amounting to 2.2 million euros, and the risk was fully provisioned as at 31 December 2010. PagesJaunes SA is contesting the adjustment and has referred it to the *URSSAF* arbitration committee to defend its position.

To the Company's knowledge, there is no other government, judicial or arbitration procedure, whether pending or threatened, that is liable to have, or having had in the last 12 months, a significant impact on the financial position or profitability of the Company and/or the Group.

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## Note 33 Auditors' fees

<i>(amounts in thousands of euros)</i>	Ernst & Young				Deloitte			
	Amount		In % of fees		Amount		In % of fees	
	2011	2010	2011	2010	2011	2010	2011	2010
<b>AUDIT</b>								
Audit, statutory audit, certification and inspection of individual and consolidated accounts	346	354	75%	79%	334	307	84%	98%
• including PagesJaunes Groupe	123	121	27%	27%	123	121	31%	39%
• including fully consolidated subsidiaries	224	233	49%	52%	211	186	53%	59%
Other procedures and services in relation to the mission of the Company Auditors	115	94	25%	21%	64	7	16%	2%
• including PagesJaunes Groupe	109	87	24%	19%	64	7	16%	2%
• including fully consolidated subsidiaries	6	7	1%	2%	-	-	0%	0%
<b>SUBTOTAL</b>	<b>461</b>	<b>448</b>	<b>100%</b>	<b>100%</b>	<b>398</b>	<b>314</b>	<b>100%</b>	<b>100%</b>
<b>OTHER SERVICES PROVIDED BY THE NETWORKS TO FULLY CONSOLIDATED SUBSIDIARIES</b>								
Legal, tax and social security -related	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
<b>SUBTOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>461</b>	<b>448</b>	<b>100%</b>	<b>100%</b>	<b>398</b>	<b>314</b>	<b>100%</b>	<b>100%</b>

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## Note 34 Scope of consolidation

Entitie	Country	At 31 December 2011		At 31 December 2010	
		Interest	Control	Interest	Control
<b>FULLY CONSOLIDATED COMPANIES</b>					
PagesJaunes Groupe	France	100%	100%	100%	100%
PagesJaunes	France	100%	100%	100%	100%
QDQ Media	Spain	100%	100%	100%	100%
Euro Directory	Luxembourg	100%	100%	100%	100%
PagesJaunes Marketing Services	France	100%	100%	100%	100%
Mappy	France	100%	100%	100%	100%
Horyzon Média	France	100%	100%	100%	100%
Horyzon Worldwide	Spain	100%	100%	100%	100%
123people	Austria	100%	100%	100%	100%
Keltravo	France	100%	100%	100%	100%
A Vendre A Louer <sup>(1)</sup>	France	100%	100%	-	-
Optimizaclick <sup>(2)</sup>	Spain	100%	100%	-	-
Trazada <sup>(3)</sup>	Spain	100%	100%	-	-
ClickRDV <sup>(4)</sup>	France	100%	100%	-	-
Fine Media <sup>(5)</sup>	France	100%	100%	-	-
PagesJaunes Finance & Co <sup>(6)</sup>	Luxembourg	100%	100%	-	-
<b>PROPORTIONALLY CONSOLIDATED COMPANY</b>					
Editus	Luxembourg	49%	49%	49%	49%
<b>COMPANIES CONSOLIDATED BY THE EQUITY METHOD</b>					
Relaxevents <sup>(7)</sup>	France	40%	40%	-	-
Leadformance <sup>(8)</sup>	France	49%	49%	-	-

(1) Acquired on 1 April 2011.

(2) Acquired on 23 May 2011.

(3) Acquired on 30 May 2011.

(4) Acquired on 24 May 2011.

(5) Acquired on 29 July 2011.

(6) Formed at time of arrangement of bond loan on 20 May 2011.

(7) Capital subscribed on 27 April 2011.

(8) Interest acquired on 30 November 2011.

## Note 35 Events subsequent to the closing date

In order to secure its financing sources, at the beginning of January 2012 PagesJaunes Groupe drew all of its 300 million euros revolving credit line. The proceeds amount to 281 million euros.

## 20.2 PagesJaunes Groupe financial statements as at 31/12/2011

### BALANCE SHEET

Balance sheet as at 31 December						
<i>(in thousands of euros)</i>	Notes	Gross	Depreciation, amortisation and provisions	2011	2010	Variance
				Net	Net	
<b>ASSETS</b>						
Intangible fixed assets	3.1	287	(286)	1	9	(8)
Tangible fixed assets		19	-	19		
Participating interests	3.2	4,192,877	(91,719)	4,101,158	4,070,267	30,891
Receivables from participating interests	3.2	12,081	(5,000)	7,081	47	7,034
Other financial fixed assets	3.2	913	-	913	911	2
<b>TOTAL FIXED ASSETS</b>		<b>4,206,177</b>	<b>(97,005)</b>	<b>4,109,172</b>	<b>4,071,234</b>	<b>37,938</b>
Advances and payments on account		55		55	101	(46)
Trade debtors	3.3	2,115		2,115	501	1,613
Tax and social security receivables		6,403		6,403	2,488	3,915
Amounts owed by subsidiaries (tax consolidation)	3.9	3,083		3,083	1,974	1,109
Subsidiaries' current accounts	3.4	12,348	(4,696)	7,652	8,448	(796)
Sundry receivables	3.3	22		22	39	(17)
Short-term investments and own shares	3.4	84,558	(847)	83,711	105,680	(21,969)
Cash and cash equivalents	3.4	605		605	432	174
Prepayments		12		12	25	(13)
<b>TOTAL CURRENT ASSETS</b>		<b>109,201</b>	<b>(5,543)</b>	<b>103,657</b>	<b>119,689</b>	<b>(16,031)</b>
<b>TOTAL ASSETS</b>		<b>4,315,379</b>	<b>(102,548)</b>	<b>4,212,830</b>	<b>4,190,923</b>	<b>21,907</b>
<b>LIABILITIES</b>						
Capital				56,197	56,197	-
Share premium				82,951	82,951	-
Statutory reserve				5,620	5,620	-
Other reserves				18,284	18,284	-
Retained profit				1,062,201	971,654	90,547
Profit or loss for the period				187,724	253,244	(65,520)
Tax-related provisions				378	183	195
<b>SHAREHOLDERS' EQUITY</b>	<b>3.5</b>			<b>1,413,354</b>	<b>1,388,133</b>	<b>25,222</b>
Provisions for risks and charges				1,809	1,468	340
<b>PROVISION FOR RISKS AND CHARGES</b>	<b>3.6</b>			<b>1,809</b>	<b>1,468</b>	<b>340</b>
<b>Financial liabilities</b>	<b>3.7</b>			<b>2,778,217</b>	<b>2,789,119</b>	<b>(10,901)</b>
Bank loans				1,603,353	1,952,647	(349,294)
Borrowings and other financial liabilities				783,137	580,470	202,667
Subsidiaries' current accounts				388,733	254,613	134,120
Current bank facilities				2,994	1,389	1,605
<b>Operating liabilities</b>				<b>8,003</b>	<b>5,810</b>	<b>2,193</b>
Trade creditors and related accounts				3,032	1,822	1,211
Tax and social security payable	3.9			4,971	3,988	983
<b>Other liabilities</b>				<b>11,425</b>	<b>6,364</b>	<b>5,061</b>
Amounts owed to subsidiaries (tax consolidation)	3.9			668	408	260
Sundry liabilities				10,757	5,955	4,802
Deferred income				-	-	-
<b>TOTAL DEBT</b>				<b>2,797,645</b>	<b>2,801,292</b>	<b>(3,647)</b>
Unrealised exchange gains				21	30	(8)
<b>TOTAL LIABILITIES</b>				<b>4,212,830</b>	<b>4,190,923</b>	<b>21,907</b>

## PagesJaunes Groupe financial statements as at 31/12/2011

## INCOME STATEMENT

Income statement as at 31 December				
<i>(in thousands of euros)</i>	Notes	2011	2010	Variance
Provision of services	3.10	10,389	7,684	2,705
Related income	3.10	174	(1)	174
Reversals of provisions and transfers of expenses		14	-	14
Other income		6	1,977	(1,972)
<b>OPERATING INCOME</b>		<b>10,582</b>	<b>9,661</b>	<b>922</b>
Purchases and provision of services		242	211	30
Purchases of materials and supplies not stocked		27	14	13
External services		804	912	(108)
Other external services		32,328	8,350	23,978
Taxes, duties and similar payments		721	407	314
Salaries		8,645	5,299	3,346
Social charges		3,465	2,082	1,382
Other charges		390	338	52
Depreciation and amortisation and transfers to provisions for current assets		8	32	(24)
Transfers to provisions for risks and charges		2	62	(59)
<b>OPERATING EXPENSES</b>		<b>46,630</b>	<b>17,706</b>	<b>28,925</b>
<b>OPERATING INCOME</b>		<b>(36,048)</b>	<b>(8,045)</b>	<b>(28,003)</b>
Income from participating interests – dividend		304,370	336,038	(31,667)
Financial income from short-term investments and loans		1,800	1,629	171
Other financial income		771	2	769
Reversals of provisions		4,495	1,356	3,139
Realised exchange gains		2	135	(134)
<b>FINANCIAL INCOME</b>		<b>311,437</b>	<b>339,159</b>	<b>(27,723)</b>
Interest and similar expenses		105,944	72,339	33,605
Other financial expenses		38,416	45,738	(7,322)
Transfers to provisions		5,475	4,367	1,108
Realised exchange losses		17	23	(6)
<b>FINANCIAL EXPENSES</b>		<b>149,852</b>	<b>122,466</b>	<b>27,385</b>
<b>FINANCIAL RESULT</b>	3.11	<b>161,585</b>	<b>216,693</b>	<b>(55,108)</b>
<b>INCOME BEFORE EXCEPTIONAL ITEMS AND TAXES</b>		<b>125,537</b>	<b>208,648</b>	<b>(83,111)</b>
Exceptional income from operations		-	-	-
Exceptional income from capital transactions		-	-	-
Reversal of provisions and transfers of expenses		431	0	431
<b>EXCEPTIONAL INCOME</b>		<b>431</b>	<b>0</b>	<b>431</b>
Exceptional expenses from operations		632	-	632
Exceptional expenses from capital transactions		-	-	-
Depreciation and amortisation and transfers to provisions		913	786	127
<b>EXCEPTIONAL EXPENSES</b>		<b>1,545</b>	<b>786</b>	<b>759</b>
<b>EXCEPTIONAL INCOME</b>	3.12	<b>(1,114)</b>	<b>(786)</b>	<b>(328)</b>
Employee profit-sharing		-	-	-
Profit tax	3.9	(63,300)	(45,382)	(17,918)
<b>NET INCOME</b>		<b>187,724</b>	<b>253,244</b>	<b>(65,520)</b>

## NOTES TO THE FINANCIAL STATEMENTS

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## 1 Description of the business

PagesJaunes Groupe operates as a holding company owning subsidiaries whose activities have for over 60 years comprised a diversified range of products and services for consumers and businesses, its core business being the publication of directories in France and abroad.

The financial statements detailed below cover a period of 12 months from 1 January 2011 to 31 December 2011.

## 2 Accounting rules and methods

The accounting conventions have been applied in compliance with the principle of prudence in accordance with the basic assumptions of continuing operation, permanence of accounting methods from one year to the next and independence of financial years, in accordance with the general rules for the preparation and presentation of financial statements.

The annual financial statements of PagesJaunes Groupe have been prepared in accordance with the legal provisions and practices generally accepted in France and in compliance with the CRC regulation of 29 April 1999 relating to the revised General Chart of Accounts. The principal methods are described below.

The figures are in thousands of euros (€k).

### 2.1 PRINCIPLES FOR THE RECOGNITION OF INCOME AND EXPENSES

Income and expenses are stated in accordance with the General Chart of Accounts.

### 2.2 INTANGIBLE FIXED ASSETS

Intangible fixed assets comprise computer software, which is amortised on a pro rata basis over three years.

### 2.3 PARTICIPATING INTERESTS AND OTHER LONG-TERM INVESTMENTS

Equity interests are stated at the historical cost of acquisition by PagesJaunes Groupe, which includes any expenses directly attributable to the transaction.

A provision for impairment is recognised if this value exceeds the value in use as assessed by the Management of PagesJaunes Groupe on the basis of various criteria such as the market value, the prospects for development and profitability and shareholders' equity, taking into account the specific nature of each participating interest.

The value in use is determined on the basis of discounted cash flow adjusted for net debt. This is determined as follows:

- the cash flow is obtained from the business plans drawn up over an appropriate time period of between five and ten years;
- beyond this period, the flows are extrapolated using a perpetuity growth rate reflecting the expected long-term growth rate in the market and in each specific activity;
- the cash flow is discounted at rates appropriate to the nature of the activities and countries.

### 2.4 TRADE DEBTORS

Provisions are recognised on the basis of a measurement of the risk of non-recovery. They are based on an individual or statistical assessment of this risk of non-recovery.

### 2.5 CASH AND CASH EQUIVALENTS, SHORT-TERM INVESTMENTS AND OWN SHARES

The cash and cash equivalents as at 31 December 2011 comprise immediately available liquidities and short-term investments maturing within three months of their acquisition date. If applicable, a provision is recognised in respect of own shares on the basis of the average price over the final month of the financial year.

### 2.6 PROVISIONS FOR RISKS AND CHARGES

In France, legislation provides for benefits to be paid to employees at retirement on the basis of their length of service and salary at retirement age. Actuarial differences relating to retirement benefits are treated in accordance with the corridor method, whereby differences exceeding 10% of the greater of the value of the commitment and the value of the plan assets are spread over the remaining working lives of the employees included in the commitment.

This provision is determined on the basis of an actuarial measurement taking into account various parameters:

- the mortality tables used are the "*tables de mortalité par génération hommes*" (TGH 05) for the male population and the "*tables de mortalité par génération femmes*" (TGF 05) for the female population;
- the turnover rates used, which vary according to age or length of service with the company and socioprofessional category;
- the retirement age used, being 64 years for managerial staff and 62 for sedentary clerical, technical and supervisory staff;
- tables of salary increases, which are defined according to age and socioprofessional category;
- the discount rate, set at 4% for the 2011 charge;
- the probable remaining length of service, set at 15.85 years as at 31 December 2011.

The other provisions for risks are based on the best possible estimate of the risk incurred by PagesJaunes Groupe.

## PagesJaunes Groupe financial statements as at 31/12/2011

**2.7 FINANCIAL RESULT**

The financial result mainly comprises:

- dividends;
- interest expenses associated with financial debt;
- interest on debit and credit balances on current accounts with the subsidiaries of the Group;
- capital gains and losses on own shares held under the liquidity contract;
- income and expenses from short-term investments, including those held under the liquidity contract;

- write-offs of receivables (if applicable);
- transfers to and reversals of provisions for impairment of securities and receivables.

**2.8 CORPORATION TAX**

Under the tax consolidation agreement between PagesJaunes Groupe and its subsidiaries, which are members of the tax group, the tax savings are recognised by PagesJaunes Groupe, the controlling company, as income for the year.

In addition to PagesJaunes Groupe, which is the controlling company, the tax group comprised nine companies as at 31 December 2011.

**3 Additional information relating to the balance sheet and the income statement****3.1 INTANGIBLE FIXED ASSETS**

Gross	31 December 2011	Acquisition	Decrease	31 December 2010
Software	287	-	-	287
<b>GROSS TOTAL</b>	<b>287</b>	<b>-</b>	<b>-</b>	<b>287</b>

Amortisation	31 December 2011	Allowances	Reversals	31 December 2010
Software	286	8	-	278
<b>TOTAL AMORTISATION</b>	<b>286</b>	<b>8</b>	<b>-</b>	<b>278</b>

## PagesJaunes Groupe financial statements as at 31/12/2011

## 3.2 INVESTMENTS IN AND LOANS TO PARTICIPATING INTERESTS

The change in investments in and loans to participating interests is analysed as follows:

(in thousands of euros)	Year ending 31 December				2010
	2011				
	% interest	Gross value	Provision	Net carrying amount	Net carrying amount
<b>PARTICIPATING INTERESTS</b>					
PagesJaunes	100%	4,005,038	-	4,005,038	4,005,038
QDQ Media	100%	91,719	(91,719)	-	-
Mappy	100%	10,048	-	10,048	10,048
PagesJaunes Marketing Services	100%	7,275	-	7,275	7,275
Euro Directory	100%	14,707	-	14,707	14,707
Horyzon Média	100%	12,379	-	12,379	12,383
123people	100%	14,997	-	14,997	14,997
Keltravo	100%	5,628	-	5,628	5,628
PagesJaunes Outre-Mer	100%	76	-	76	76
Cristallerie 2	100%	38	-	38	38
Cristallerie 3	100%	38	-	38	38
Cristallerie 4	100%	38	-	38	38
Fine Média	100%	12,458	-	12,458	-
ClicRDV	100%	9,165	-	9,165	-
AVAL (A Vendre A Louer)	100%	4,025	-	4,025	-
Relaxevents	40%	200	-	200	-
Leadformance	49%	5,047	-	5,047	-
<b>TOTAL</b>		<b>4,192,877</b>	<b>(91,719)</b>	<b>4,101,158</b>	<b>4,070,267</b>
<b>RECEIVABLES FROM PARTICIPATING INTERESTS</b>					
QDQ Media (equity loan)		5,000	(5,000)	-	-
Accrued interest not yet due		69	-	69	47
Mappy		7,000	-	7,000	-
Accrued interest not yet due		11	-	11	-
<b>TOTAL</b>		<b>12,081</b>	<b>(5,000)</b>	<b>7,081</b>	<b>47</b>

The movements during the year were as follows:

On 1 April 2011, PagesJaunes Groupe acquired 100% of the shares and voting rights of the company A Vendre A Louer. A Vendre A Louer was formed in 1986 as the first solution for the distribution of real-estate ads for businesses, since when it has become a benchmark in the online real-estate small ads market. All these securities were acquired in cash for a price of 4,025 thousand euros.

On 27 April 2011, PagesJaunes Groupe subscribed 40% of the shares and voting rights of Relaxevents. All these securities were acquired in cash for a price of 200 thousand euros. A current account credit of 400 thousand euros was also granted.

On 24 May 2011, PagesJaunes Groupe acquired 100% of the shares and voting rights of the company ClicRDV. Formed in 2006, ClicRDV is the leader in online appointment booking solutions and now provides tailor-made solutions for the specific needs of all businesses – major accounts, self-employed professionals, SMEs – and public bodies. The purchase price of these securities was 9,165 thousand euros.

On 29 July 2011, PagesJaunes Groupe acquired 100% of the shares and voting rights of the company Fine Media. Formed in 2007, it designed the ComprendreChoisir.com site and has developed around 300 sites with themed content aimed at the general public, enabling Internet users to have a better understanding and make the right choices in five areas: Home/Household Jobs, Money/Law, Consumer/Practical Info, Health/Beauty and Business. All these securities were acquired in cash for a price of 12,458 thousand euros.

On 30 November 2011, PagesJaunes Groupe acquired 49% of the shares and voting rights of Leadformance, the leader in sales outlet location on the Internet. The participating interest amounts to 5,047 thousand euros.

Price supplements of an estimated total of 7,170 thousand euros may be paid up to 2014 if certain operating performance conditions are fulfilled. They form an integral part of the purchase price and have been recognised in debts.

The impairment of the QDQ Media equity interests dates from 2008 and followed the marked slowdown in this subsidiary's business and

**PagesJaunes Groupe financial statements as at 31/12/2011**

the deterioration of the economic outlook in the Spanish advertising market. The same applies to the loan to this participating interest, which was written off in full as at 31 December 2011. PagesJaunes Groupe also granted QDQ Media a debt waiver of 4,000 thousand euros in 2011 (part of the current account).

In the financing of the UrbanDive project, PagesJaunes Groupe granted a debt waiver of 8,000 thousand euros to Mappy and put in place a

medium-term loan of 7,000 thousand euros remunerated at three-month Euribor plus a margin of 350 basis points.

PagesJaunes Groupe converted the remunerated current account of ECM, amounting to 10 million dirhams, into a bond loan convertible into shares. It has been included in other financial fixed assets in an amount of 913 thousand euros.

### 3.3 TRADE DEBTORS, PROVISIONS FOR IMPAIRMENT OF RECEIVABLES AND SUNDRY RECEIVABLES

<i>(in thousands of euros)</i>	Year ending 31 December	
	2011	2010
Gross trade debtors	2,115	501
Provisions for impairment	-	-
<b>NET TRADE DEBTORS</b>	<b>2,115</b>	<b>501</b>

These receivables include those associated with services invoiced by PagesJaunes Groupe to its subsidiaries.

All trade debtors and sundry receivables are due within less than one year.

## PagesJaunes Groupe financial statements as at 31/12/2011

3.4 CASH AND CASH EQUIVALENTS, SHORT-TERM INVESTMENTS, CURRENT  
ACCOUNTS AND FINANCIAL LIABILITIES

<i>(in thousands of euros)</i>	Year ending 31 December	
	2011	2010
Horyzon Média current account	-	-
Horyzon Média Worldwide current account	203	201
123people current account	-	2
Keltravo current account	653	398
Mappy current account	1,884	7,560
PagesJaunes Marketing Services current account	2,312	286
QDQ Media current account	4,700	3,959
QDQ Media current account – provision	(4,696)	(3,957)
AVAL current account	1,929	-
Relaxevents current account	405	-
ClicRDV current account	263	-
<b>SUB-TOTAL OF NET CURRENT ACCOUNTS</b>	<b>7,652</b>	<b>8,448</b>
<i>of which accrued interest not yet due</i>	19	6
Own shares	9,246	4,638
Own shares – provision	(847)	(666)
Other short-term investments	75,312	101,708
Cash and cash equivalents	605	432
<b>CASH AND CASH EQUIVALENTS, SHORT-TERM INVESTMENTS AND CURRENT ACCOUNTS</b>	<b>91,968</b>	<b>114,560</b>
Bank loans	1,600,000	1,950,000
Accrued interest not yet due	3,353	2,647
<b>SUB-TOTAL OF BANK LOANS</b>	<b>1,603,353</b>	<b>1,952,647</b>
Borrowings from and financial liabilities to Group companies	430,000	580,000
Accrued interest not yet due	542	470
PagesJaunes Finance&Co SCA loan	350,000	-
Interest accrued on PagesJaunes Finance&Co SCA loan	2,594	-
<b>SUB-TOTAL OF BORROWINGS AND FINANCIAL LIABILITIES</b>	<b>783,137</b>	<b>580,470</b>
PagesJaunes current account	385,641	253,174
123people current account	75	-
Horyzon Média current account	1,874	580
PagesJaunes Outre-Mer current account	1,143	858
<b>SUB-TOTAL OF CURRENT ACCOUNTS</b>	<b>388,733</b>	<b>254,613</b>
<i>of which accrued interest not yet due</i>	120	86
Other financial liabilities – bank overdrafts	2,994	1,389
<b>GROSS FINANCIAL DEBT</b>	<b>2,778,217</b>	<b>2,789,119</b>
<i>Due in less than one year</i>	828,217	839,119
<i>Due in more than one year</i>	1,950,000	1,950,000
<b>NET CASH (DEBT)</b>	<b>(2,686,249)</b>	<b>(2,674,559)</b>

## PagesJaunes Groupe financial statements as at 31/12/2011

**Short-term investments and liquidity contract**

As at 31 December 2011, PagesJaunes Groupe held a portfolio of short-term investments made up as follows:

- mutual fund investments with a total acquisition cost of 12,094 thousand euros. The total net asset value as at 31 December 2011 was 12,146 thousand euros, resulting in an unrealised capital gain of 52 thousand euros;
- non-blocked, remunerated, fixed-deposit accounts with a total investment amount of 60,000 thousand euros. The interest on these fixed-deposit accounts will be received at the time of exit;
- mutual fund units held under the liquidity contract (*cf.* below) with an acquisition cost of 1,961 thousand euros and a net asset value of 1,965 thousand euros, representing an unrealised capital gain of 4 thousand euros;
- PagesJaunes Groupe also repurchased 2,000,000 own shares outside the liquidity contract for a total of 5,960 thousand euros in 2011.

The liquidity contract entered into in 2008 with an investment service provider for a period ending on 31 December 2011 was renewed for a term of one year. The funds allocated to this contract remained unchanged at 8,000 thousand euros.

Under this contract, the Company held 1,203,500 of its own shares as at 31 December 2011 with a historical cost of 3,284 thousand euros (3,155 thousand euros after impairment) and mutual fund units amounting to 1,961 thousand euros. These two items are stated in short-term investments.

The Company purchased 4,124,938 own shares and sold 3,540,499 under this contract in 2011.

**Bank loan**

PagesJaunes Groupe had a bank finance facility up to a maximum of 2,350 million euros comprising a medium-term loan of 1,950 million euros and a revolving credit line of approximately 400 million euros. The revolving credit line is intended to finance the Group's treasury requirements (working capital, investments or refinancing) in the context of its operating activities and is available in particular in the form of drawings, letters of credit or bilateral lines.

The medium-term loan has a variable rate. It was due to mature in November 2013 and was repayable in full at maturity.

On 12 May 2011, the Group finalised the refinancing of half of its bank debt on the following terms:

- maturity of a 962.0 million euros tranche (A3) of the debt extended by almost two years, with the maturity date moving from November 2013 to September 2015;
- covenants relaxed with financial leverage and interest coverage ratios adjusted to take account of the new debt structure;
- moderate increase in margin over Euribor, rising on average from 175 basis points to 274 basis points.

The maturity of tranches A1 (642.3 million euros) and A2 (345.3 million euros) remained November 2013.

The revolving credit line was decreased from approximately 400 million euros to approximately 300 million euros.

On 20 May, through PagesJaunes Finance & Co SCA, PagesJaunes Groupe finalised the issue of a 350 million euros bond loan with an issue premium of 2.3 million euros. The net proceeds consequently amounted to 347.7 million euros. This loan has a fixed rate of 8.875% and is repayable on 1 June 2018. The proceeds were allocated to the

repayment of all of tranche A2 (345.3 million euros), with the balance (4.7 million euros) being allocated to part of tranche A1.

These two transactions generated expenses of 22.5 million euros.

The bank financing agreement notably includes default and mandatory prepayment clauses, as well as progressive financial covenants, which have been revised as follows:

- the ratio of consolidated net debt to an aggregate close to the consolidated GOM must be less than or equal to 4.30 from 31 December 2011 to 30 September 2012, 4.00 from 31 December 2012 to 30 September 2013 and 3.75 thereafter (GOM and consolidated net debt as defined in the agreement with the financial institutions);
- the ratio of an aggregate close to the consolidated GOM to the consolidated net interest expense must be greater than or equal to 3.0 over the residual term of the agreement (GOM and consolidated net debt as defined in the agreement with the financial institutions).

As at 31 December 2011, these financial covenants were met and there were no grounds for reclassifying non-current debt as short-term debt.

As at 31 December 2011, the reference rate was one-month Euribor plus a margin of 175 basis points.

The accrued interest not yet due relating to this loan amounted to 3,353 thousand euros as at 31 December 2011, compared to 2,647 thousand euros at the end of December 2010.

The revolving credit line has the same maturity, with interest payable at a variable Euribor rate plus a margin of 175 basis points as at 31 December 2011. This credit line was unutilised as at 31 December 2010 and 2011.

**Borrowings and financial liabilities**

PagesJaunes Groupe has obtained two loans from its subsidiary PagesJaunes, one for an amount of 430,000 thousand euros and the other for an amount of 150,000 thousand euros, making a total of 580,000 thousand euros. These two loans were arranged in 2006 and bear interest at three-month Euribor plus a margin of 79 basis points in the case of the first loan and a margin of 30 basis points in the case of the second. Full or partial prepayments are permitted on the initiative of the borrower or the lender subject to notice. The maturity date of the 430,000 thousand euros loan is 18 December 2012. The 150,000 thousand euros loan matured on 31 August 2011 and was repaid from the current account.

The accrued interest not yet due on the loan amounted to 343 thousand euros as at 31 December 2011, compared to 470 thousand euros as at 31 December 2010.

PagesJaunes Groupe has obtained a loan from PagesJaunes Finance & Co SCA. *Cf.* above.

**Current accounts**

The current accounts with subsidiaries result from cash management agreements concluded with each of them, bearing interest at EONIA plus, if PagesJaunes Groupe is a lender, or minus, if it is a borrower, a margin of 1/16<sup>th</sup>.

The provision for impairment of the current account of QDQ Media has been adjusted by 739 thousand euros, increasing from 3,957 thousand euros to 4,696 thousand euros in order to adjust the impairment of the balance of the current account of QDQ Media.

All the receivables associated with the current accounts are due in less than one year.

## PagesJaunes Groupe financial statements as at 31/12/2011

**3.5 ISSUED CAPITAL AND CHANGE IN SHAREHOLDERS' EQUITY****Issued capital**

The issued capital of PagesJaunes Groupe amounted to 56,196,951 euros as at 31 December 2011. It comprised 280,984,754 shares of a par value of 0.20 euro each.

Date	Description	Number of shares	Unit value	Capital in thousands of euros
31 December 2010	Issued capital at start of year	280,984,754	0.20	56,197
31 December 2011	Issued capital at end of year	280,984,754	0.20	56,197

**Stock options**

The Combined General Meeting of 11 June 2009 authorised the Board of Directors to introduce a stock option plan for the benefit of certain Group directors and employees, as defined in articles L. 225-177 ff. of the Commercial Code, with the particular aim of involving them in the Group's development. This authorisation was granted for a period of 38 months and the total number of stock options granted under this resolution must not exceed 1.0% of the Company's capital at the date of this General Meeting, *i.e.* 2,809,847 options.

In this context, PagesJaunes Groupe made three grants of stock options in 2009:

- the first on 23 July, for a total of 1,145,000 options at an exercise price of 6.71 euros;
- the second on 29 October, for a total of 87,000 options at an exercise price of 8.84 euros; and
- the third on 17 December, for a total of 75,000 options at an exercise price of 7.82 euros.

The programme continued in 2010 with two additional grants:

- the first on 27 July, for a total of 1,336,000 options at an exercise price of 8.59 euros;
- the second on 16 December, for a total of 166,000 options at an exercise price of 7.10 euros.

Under the authorisation given by the Extraordinary General Meeting of 12 April 2005, PagesJaunes Groupe had established two stock option plans:

- the plan established in June 2005, for a total of 3,796,800 options at an adjusted exercise price of 11.72 euros, has a life of 10 years. The options were fully vested after three years, *i.e.* on 30 June 2008;
- the plan established in December 2007, for a total of 2,927,900 options at an exercise price of 14.46 euros and having a life of 10 years. The options were fully vested after three years, *i.e.* on 20 December 2010. There are no performance conditions.

Whatever the plan, a four-year non-transferability period (restriction on sale) for the shares is required in accordance with tax regulations and must be applied to French tax residents.

The options circulating as at 31 December 2011 were made up as follows:

Options circulating at end of period	7,611,283	Exercise price
July 2010 plan	1,231,500	€8.59
December 2010 plan	149,000	€7.10
July 2009 plan	951,250	€6.71
October 2009 plan	67,000	€8.84
December 2009 plan	75,000	€7.82
December 2007 plan	2,394,384	€14.46
June 2005 plan	2,743,149	€11.72

**Free grant of shares**

The Extraordinary General Meeting of 7 June 2011 authorised the Board of Directors to introduce a free share plan for the benefit of certain Group directors and employees, as defined in articles L. 225-197-1 to L. 225-197-5 of the Commercial Code, with the particular aim of involving them in the Company's development. This authorisation was granted for a period of 38 months and the total number of free shares granted in respect of this resolution must not exceed 1.5% of the Company's capital on the date of this general meeting, *i.e.* 4,214,771 shares.

The Board of Directors adopted the conditions for the first free share plan on 26 October 2011. This plan gave rise to an initial grant of 1,226,000 shares. A second free share plan was adopted on 16 December 2011 and gave rise to an additional grant of 84,000 shares.

As at 31 December 2011, 1,310,000 shares eligible for free grant remained in circulation. These shares will be finally vested at the end of a vesting period ending on 31 March 2014, provided that the beneficiary is still an employee or director of the Group and performance conditions are fulfilled.

The grant date applied for the valuation of the expense is the date of the Board of Directors' Meeting granting the options, the time allowed for informing the grantees having been deemed reasonable.

Neither PagesJaunes Groupe nor any of its subsidiaries granted any free share plans in 2010.

## PagesJaunes Groupe financial statements as at 31/12/2011

**Change in shareholders' equity**

The change in the shareholders' equity of PagesJaunes Groupe in the 2011 financial year is as follows:

<i>(in thousands of euros)</i>	Number of shares	Issued capital	Share premium	Statutory reserve	Other reserves	Retained profit or loss	Profit or loss	Tax-related provisions	Shareholders' equity
<b>AS AT 31 DECEMBER 2010</b>	<b>280,984,754</b>	<b>56,197</b>	<b>82,951</b>	<b>5,620</b>	<b>18,284</b>	<b>971,654</b>	<b>253,244</b>	<b>183</b>	<b>1,388,133</b>
Appropriation of 2010 result	-	-	-	-	-	253,244	(253,244)	-	-
Dividends paid in respect of 2010	-	-	-	-	-	(162,697)	-	-	(162,697)
2011 result	-	-	-	-	-	-	187,724	-	187,724
Transfer to tax-related provisions 2011	-	-	-	-	-	-	-	195	195
<b>AS AT 31 DECEMBER 2011</b>	<b>280,984,754</b>	<b>56,197</b>	<b>82,951</b>	<b>5,620</b>	<b>18,284</b>	<b>1,062,201</b>	<b>187,724</b>	<b>378</b>	<b>1,413,354</b>



## 3.6 PROVISIONS FOR RISKS AND CHARGES

<i>(in thousands of euros)</i>	Retirement benefits	Other long-term benefits	Total 31 December 2011	Total 31 December 2010
<b>CHANGE IN VALUE OF COMMITMENTS</b>				
<b>TOTAL VALUE OF COMMITMENTS AT START OF PERIOD</b>	<b>1,032</b>	<b>73</b>	<b>1,104</b>	<b>1,027</b>
• Service cost	100	6	106	67
• Discounting cost	58	3	61	42
• Contributions paid by employees	-	-	-	-
• Change of plan	-	-	-	-
• Reductions/liquidations	(179)	-	(179)	-
• Actuarial (gains) or losses	318	(4)	314	(32)
• Benefits paid	-	-	-	-
• Acquisitions	-	-	-	-
• Disposals/transfers of activity	-	-	-	-
• Change in scope:	-	-	-	-
• Other item: (exchange differences)	-	-	-	-
<b>TOTAL VALUE OF COMMITMENTS AT START OF PERIOD: (A)</b>	<b>1,327</b>	<b>78</b>	<b>1,405</b>	<b>1,104</b>
• End-of-period commitments relating to fully or partly funded plans	-	-	-	-
• End-of-period commitments relating to unfunded plans	1,327	78	1,405	1,104
<b>CHANGE IN PLAN ASSETS</b>				
<b>FAIR VALUE OF PLAN ASSETS AT START OF PERIOD</b>				
• Financial income from plan assets	-	-	-	-
• Gains/losses on plan assets	-	-	-	-
• Contributions paid by employer	-	-	-	-
• Contributions paid by employees	-	-	-	-
• Reductions/liquidations	-	-	-	-
• Benefits paid by the fund	-	-	-	-
• Change in scope:	-	-	-	-
• Other item: (exchange differences)	-	-	-	-
<b>FAIR VALUE OF PLAN ASSETS AT END OF PERIOD: (B)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FINANCIAL COVER</b>				
• Position of plan (A) – (B)	1,327	78	1,405	1,104
• Unrecognised actuarial gains (losses)	-	-	-	(63)
• Unrecognised past service cost	-	-	-	-
• Adjustment due to upper limit of assets	-	-	-	-
<b>PROVISION (ASSET) AT END OF PERIOD</b>	<b>1,327</b>	<b>78</b>	<b>1,405</b>	<b>1,041</b>
<b>PENSION EXPENSE</b>				
• Service cost	100	6	106	67
• Discounting cost	58	3	61	42
• Expected return on plan assets	-	-	-	-
• Amortisation of actuarial (gains) or losses	14	(4)	10	(5)
• Amortisation of past service cost	-	-	-	-
• Effect of reductions/liquidations	(128)	-	(128)	-
• Disposals/transfers of activity	-	-	-	-
• Adjustment due to upper limit of assets	-	-	-	-
<b>TOTAL PENSION EXPENSE</b>	<b>44</b>	<b>5</b>	<b>49</b>	<b>104</b>
<b>CHANGE IN PROVISION (ASSET)</b>				
<b>PROVISION (ASSET) AT START OF PERIOD</b>	<b>969</b>	<b>73</b>	<b>1,041</b>	<b>937</b>
• Pension expense	44	5	49	104
• Contributions paid by employer	-	-	-	-
• Benefits paid directly by employer	-	-	-	-
• Change in scope:	-	-	-	-
• Other item: (goodwill)	-	-	-	-
<b>PROVISION (ASSET) AT END OF PERIOD</b>	<b>1,013</b>	<b>78</b>	<b>1,091</b>	<b>1,041</b>
<b>AMOUNT TAKEN TO INCOME STATEMENT</b>	<b>44</b>	<b>5</b>	<b>49</b>	<b>104</b>

## PagesJaunes Groupe financial statements as at 31/12/2011

The net impact of increases and reversals of provisions can be analysed as follows:

<i>(in thousands of euros)</i>	Allowance for the year	Reversal for the year
Operating income	2	14
Financial result	61	-

The provisions for pensions and similar commitments include rights acquired in respect of retirement benefits and long-service awards.

### 3.7 DEBT MATURITY SCHEDULE

<i>(in thousands of euros)</i>	Year ending 31 December 2011		
	Gross amount	up to 1 year	more than 1 year
Bank loans	1,603,353	3,353	1,600,000
Borrowings from and financial liabilities to Group companies	430,542	430,542	-
PagesJaunes Finance&Co SCA loan	352,594	2,594	350,000
<b>SUB-TOTAL OF BORROWINGS AND FINANCIAL LIABILITIES</b>	<b>2,386,490</b>	<b>436,490</b>	<b>1,950,000</b>
PagesJaunes current account	385,641	385,641	-
123people current account	75	75	-
PagesJaunes Outre-Mer current account	1,143	1,143	-
Horyzon Média current account	1,874	1,874	-
<b>SUB-TOTAL OF CURRENT ACCOUNTS</b>	<b>388,733</b>	<b>388,733</b>	<b>-</b>
Current bank facilities	2,994	2,994	-
Trade creditors and related accounts	3,032	3,032	-
Tax and social security payable	4,971	4,971	-
Amounts owed to subsidiaries (tax consolidation)	668	668	-
Sundry payables	10,757	2,874	7,883
<b>TOTAL</b>	<b>2,797,645</b>	<b>839,762</b>	<b>1,957,883</b>

### 3.8 INCOME RECEIVABLE AND CHARGES PAYABLE

<i>(in thousands of euros)</i>	Year ending 31 December	
	2011	2010
Trade debtors – Invoices to be issued	1,755	145
Tax and social security receivable – Corporation tax	5,253	1,402
Tax and social security receivable – VAT	352	222
Sundry receivables – Financial income receivable	19	6
<b>TOTAL</b>	<b>7,378</b>	<b>1,776</b>

<i>(in thousands of euros)</i>	Year ending 31 December	
	2011	2010
Financial liabilities – Accrued interest not yet due	6,610	3,203
Trade creditors and related accounts	2,151	1,030
Tax and social security payable – VAT, tax, salaries and social charges	4,074	3,282
Tax and social security payable – Corporation tax	-	-
Sundry payables	1,376	3,177
<b>TOTAL</b>	<b>14,212</b>	<b>10,692</b>

## PagesJaunes Groupe financial statements as at 31/12/2011

### 3.9 CORPORATION TAX

#### Tax consolidation

By means of an option dated 3 December 2004, PagesJaunes Groupe placed itself under the tax regime for groups of companies provided for in articles 223A ff. of the General Tax Code for a tacitly renewable five-year period from 1 January 2005. By selecting this option, PagesJaunes Groupe assumed sole liability for the corporation tax due on all the results of the group comprising 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 this group.

The subsidiaries forming part of the consolidated tax group as at 31 December 2011 were PagesJaunes, PagesJaunes Marketing Services, Cristallerie 2, Cristallerie 3, Cristallerie 4, Mappy, PagesJaunes Outre-Mer, Horyzon Média and Keltravo. A tax consolidation gain of 64,510 thousand euros was recognised in 2011.

The corporation tax receivable in respect of the companies owned by PagesJaunes Groupe for the 2011 financial year, after the allocation of tax credits, amounted to 5,253 thousand euros.

#### Balance sheet positions

<i>(in thousands of euros)</i>	Year ending 31 December	
	2011	2010
Tax consolidation current accounts – assets	3,083	1,974
Corporation tax receivable	5,253	1,402
Tax consolidation current accounts – liabilities	(668)	(408)
Corporation tax payable	-	-
<b>NET BALANCE SHEET POSITION – ASSET (LIABILITY)</b>	<b>7,668</b>	<b>2,968</b>

The tax consolidation current accounts with subsidiaries show a net amount receivable of 2,415 thousand euros as at 31 December 2011. This balance comprises the share of 2011 corporation tax due from each of the subsidiaries under the tax consolidation agreements.

#### Deferred taxation

##### Reduction of future tax liability

<i>(in thousands of euros)</i>	Gross
Provision for retirement benefits	1,013
Impairment of QDQ equity loan and current account	9,696
ORGANIC	14
Other non-deductible provisions	5
Unrealised capital gain on UCITS	81
Depreciation/amortisation for tax purposes	(378)
<b>TOTAL</b>	<b>10,432</b>

The charges recognised in 2011 and previous years, but added back to the result for tax purposes, amounted to 10,432 thousand euros as at 31 December 2011. On the basis of the corporation tax rate in force on that date, that represents a reduction of the future tax liability of 3,587 thousand euros.

### 3.10 BREAKDOWN OF REVENUES

Revenues amounted to 10,563 thousand euros in 2011, compared to 7,683 thousand euros in 2010. They were made up as follows:

<i>(in thousands of euros)</i>	Year ending 31 December	
	2011	2010
Assistance to subsidiaries	8,561	3,327
Recharging of personnel expenses	1,828	4,357
Other items	174	(1)
<b>REVENUES</b>	<b>10,563</b>	<b>7,683</b>

## PagesJaunes Groupe financial statements as at 31/12/2011

## 3.11 FINANCIAL RESULT

The financial result essentially comprises dividends received from subsidiaries amounting to 304,370 thousand euros in 2011 (336,038 thousand euros in 2010), interest on loans and financial

liabilities amounting to 105,929 thousand euros, financial expenses relating to derivative instruments amounting to 31,879 thousand euros and write-offs amounting to 12,000 thousand euros.

<i>(in thousands of euros)</i>	Year ending 31 December	
	2011	2010
Dividends	304,370	336,038
Financial income relating to derivative instruments	771	2
Other financial income	1,800	1,629
Reversals of provisions	4,495	1,356
Exchange gain	2	135
<b>FINANCIAL INCOME</b>	<b>311,437</b>	<b>339,159</b>
Interest on borrowings and sundry financial liabilities	93,929	72,332
Financial expenses relating to derivative instruments	32,650	42,086
Other financial expenses	5,781	3,659
Accretion expense in respect of pension commitments	61	42
Transfers to financial provisions	5,414	4,325
Write-off of receivables	12,000	-
Exchange losses	17	23
<b>FINANCIAL EXPENSES</b>	<b>149,852</b>	<b>122,466</b>
<b>FINANCIAL RESULT</b>	<b>161,585</b>	<b>216,693</b>

## 3.12 EXCEPTIONAL INCOME

<i>(in thousands of euros)</i>	Year ending 31 December	
	2011	2010
Income from disposal	-	-
Reversal of provision and impairments	427	-
Other income	4	0
<b>EXCEPTIONAL INCOME</b>	<b>431</b>	<b>0</b>
Net carrying amount of sold securities	-	-
Depreciation/amortisation for tax purposes	195	103
Other expenses	1,350	683
<b>EXCEPTIONAL EXPENSES</b>	<b>1,545</b>	<b>786</b>
<b>EXCEPTIONAL INCOME</b>	<b>(1,114)</b>	<b>(786)</b>

## 4 Other items

### 4.1 OFF-BALANCE-SHEET LIABILITIES

#### Statutory training rights - DIF

For the 2011 financial year, any employee having completed at least one year of service as at 31 December 2011 was entitled to 20 hours of statutory training rights to be used from 1 January 2012. This represented a commitment of 2,193 hours in respect of 2011 for the whole workforce. No statutory training hours were used in respect of the 2011 financial year by the employees present as at 31 December 2011.

#### Pledge of securities

Under the bank financing agreement described in note 3.4, the Company has pledged to the lending banks a financial instrument account relating to all the PagesJaunes shares which it holds as collateral in respect of all sums owed (including principal, interest, commission, charges and ancillary costs) by the Company in respect of the bank financing.

The Company has also undertaken to pledge to the lending banks a financial instrument account relating to the securities of any subsidiary which becomes a material subsidiary according to the criteria defined in the financing agreement, as collateral in respect of all sums owed (including principal, interest, commission, charges and ancillary costs) by the Company.

#### Derivative interest rate instruments

PagesJaunes Groupe concluded with various financial institutions:

In 2006 and 2009,

- interest rate swap contracts of a total nominal amount of 580 million euros maturing on 13 December 2011. In these transactions, PagesJaunes Groupe received a variable rate of three-month Euribor and paid the average fixed rate of 3.16%;

- two collars, comprising the synthetic combination of purchases of caps and sales of floors with a total nominal amount of 1,140 million euros, commencing on 13 December 2006 and ending on 13 December 2011. The tunnels made up of these collars provided for a minimum interest rate of 3.0% and a maximum interest rate of 4.0%.

All these instruments matured on 13 December 2011.

In 2009, swap contracts were entered into for a total nominal amount of 900 million euros, commencing on 13 December 2011 and ending on 24 November 2013, for which PagesJaunes Groupe receives a variable rate of three-month Euribor and pays the average fixed rate of 3.79%.

At the beginning of the summer of 2011, interest rate swap contracts were entered into for a total nominal amount of 500 million euros, commencing on 24 November 2013 and ending on 11 September 2015, for which PagesJaunes Groupe receives a variable rate of three-month Euribor and pays the average fixed rate of 2.77%.

These transactions cover the rate risk incurred on the variable rate debt arranged by PagesJaunes Groupe in November 2006 (*cf.* note 3.4). They are accounted for on a pro rata basis, in respect of both the interest on the interest rate swap and the premium payable on the collar.

In 2011, PagesJaunes Groupe recorded a financial expense, including premiums on the collars, of 31,879 thousand euros on these transactions, compared to 42,086 thousand euros in 2010.

#### Bank commitments

PagesJaunes Groupe has a revolving credit line of approximately 300,000 thousand euros. As at 31 December 2011, this revolving credit line, the characteristics of which are described in paragraph 3.4, was unutilised.

No significant off-balance-sheet item has been omitted from the presentation of off-balance-sheet commitments under the accounting standards in force.

### 4.2 DIRECTORS' FEES AND REMUNERATION OF COMPANY OFFICERS

Directors' fees amounted to 390 thousand euros in respect of 2011 and 340 thousand euros in respect of 2010. The remuneration paid to company officers amounted to 1,195 thousand euros in 2011 and 762 thousand euros in 2010.

### 4.3 WORKFORCE

Average full-time equivalents	Year ending 31 December	
	2011	2010
Managerial staff	36.8	30.6
Employees	1.0	1.0
<b>TOTAL</b>	<b>37.8</b>	<b>31.6</b>

## PagesJaunes Groupe financial statements as at 31/12/2011

## 4.4 RELATED PARTIES

On 31 December 2011, as on 31 December 2010, PagesJaunes Groupe was owned 54.68% by Médiannuaire SAS.

In this context, details are provided below of the income and expenses and the assets and liabilities recorded in 2011 and 2010 with:

- Médiannuaire and Médiannuaire Holding, the direct and ultimate majority shareholders of PagesJaunes Groupe;

- each of the subsidiaries of PagesJaunes Groupe.

PagesJaunes Groupe recognised an expense of 1,390 thousand euros in 2011 in respect of ongoing services provided by Médiannuaire, compared to 1,170 thousand euros in 2010.

## PagesJaunes Group companies

## Year ending 31 December 2011

(in thousands of euros)

Related party	Income		Expenses		Receivables <sup>(1)</sup>		Liabilities <sup>(1)</sup>	
	operating	financial <sup>(2)</sup>	operating	financial	operating	financial	operating	financial
PagesJaunes	7,348	-	619	13,221	1,194	-	778	816,066
QDQ Media	114	141	-	4,739	-	4,765	7	-
PagesJaunes Marketing Services	494	17	-	-	134	2,310	-	-
Mappy	827	129	-	8,000	280	1,888	-	-
123people	68	-	-	-	1	-	-	195
Horyzon Média	792	2	-	5	187	-	-	1,873
Horyzon Média Worldwide	-	2	-	-	-	203	-	-
PagesJaunes Outre-Mer	49	-	-	10	38	-	-	1,142
Euro Directory	23	-	-	-	-	-	2	-
Keltravo	374	5	-	-	127	652	-	-
A Vendre A Louer	212	12	-	-	-	1,928	17	-
ClicRDV	103	-	-	-	11	263	-	-
Fine Media	139	-	-	-	166	-	-	-
<b>TOTAL</b>	<b>10,543</b>	<b>308</b>	<b>619</b>	<b>25,975</b>	<b>2,138</b>	<b>12,009</b>	<b>804</b>	<b>819,276</b>

## Year ending 31 December 2010

(in thousands of euros)

Related party	Income		Expenses		Receivables <sup>(1)</sup>		Liabilities <sup>(1)</sup>	
	operating	financial <sup>(2)</sup>	operating	financial	operating	financial	operating	financial
PagesJaunes	7,208	-	1,475	25,901	26	-	1,461	833,645
QDQ Media	170	63	-	2,601	47	8,959	91	-
PagesJaunes Marketing Services	380	9	-	-	10	287	-	-
Mappy	986	23	-	-	463	7,560	-	-
123people	84	1	-	-	28	1	51	-
Horyzon Média	583	6	-	-	-	-	156	580
Horyzon Média Worldwide	-	1	-	-	-	201	-	-
PagesJaunes Outre-Mer	18	1	-	5	-	-	4	859
Euro Directory	45	-	86	-	-	-	1	-
Keltravo	184	1	-	-	-	397	26	-
<b>TOTAL</b>	<b>9,658</b>	<b>105</b>	<b>1,561</b>	<b>28,507</b>	<b>574</b>	<b>17,405</b>	<b>1,790</b>	<b>835,084</b>

(1) Excluding tax consolidation current accounts (cf. note 3.9).

(2) Excluding dividends (cf. note 3.11).

## PagesJaunes Groupe financial statements as at 31/12/2011

## 4.5 EVENTS SUBSEQUENT TO THE CLOSING DATE

In order to secure its financing sources, at the beginning of January 2012 PagesJaunes Groupe drew all of its 300 million euros revolving credit line. The proceeds amounted to 281 million euros.

On 14 February 2012, PagesJaunes Groupe entered into a loan agreement amounting to 150 million euros with its subsidiary PagesJaunes SA.

## 4.6 CONSOLIDATION

PagesJaunes Groupe prepares its own consolidated financial statements and is fully consolidated in the consolidated financial statements of Médiannuaire Holding.

## 4.7 TABLE OF SUBSIDIARIES AND PARTICIPATING INTERESTS

Subsidiaries and participating interests	Shareholders' equity excluding capital and before appropriation of result			Share of capital held in %	Carrying amount of securities held		Loans and advances granted by the Company, not yet repaid (excluding current accounts)	Amount of guarantees given by the Company	Revenues in last financial year	Net income in last financial year	Dividends received by the Company during the financial year	Observations
	Capital				Gross	Net						
<i>(in thousands of euros)</i>												
<b>DETAILED INFORMATION ON SUBSIDIARIES AND PARTICIPATING INTERESTS</b>												
<b>1 - Subsidiary: over 50% owned by the Company</b>												
Cristallerie 2 SA 7, avenue de la Cristallerie 92317 Sèvres Cedex SIREN: 493 023 485	38	(14)	100.00%	38	38	-	-	-	(2)	-	-	Preliminary unaudited data
Cristallerie 3 SA 7, avenue de la Cristallerie 92317 Sèvres Cedex SIREN: 493 104 517	38	(17)	100.00%	38	38	-	-	-	(2)	-	-	Preliminary unaudited data
Cristallerie 4 SA 7, avenue de la Cristallerie 92317 Sèvres Cedex SIREN: 501 672 588	38	(13)	100.00%	38	38	-	-	-	(2)	-	-	Preliminary unaudited data
Euro Directory SA 2, avenue Charles-de-Gaulle L-1653 Luxembourg RCS Luxembourg B48461	1,625	179	100.00%	14,707	14,707	-	-	161	1,517	1,508	-	Holding company owning 49% of Editus Luxembourg
Horyzon Média SA 9, rue Maurice Mallet 92130 Issy-les-Moulineaux SIREN: 452 172 786	48	4,117	100.00%	12,379	12,379	-	-	29,419	2,118	1,000	-	
Mappy SA 47, rue de Charonne 75011 Paris SIREN: 402 466 643	212	2,916	100.00%	10,048	10,048	7,000	-	15,564	(25)	-	-	
PagesJaunes SA 7, avenue de la Cristallerie 92317 Sèvres Cedex SIREN: 444 212 955	4,005,038	428,920	100.00%	4,005,038	4,005,038	-	-	1,018,526	285,681	301,713	-	

## PagesJaunes Groupe financial statements as at 31/12/2011

Subsidiaries and participating interests	Capital	Shareholders' equity excluding capital and before appropriation of result	Share of capital held in %	Carrying amount of securities held		Loans and advances granted by the Company, not yet repaid (excluding current accounts)	Amount of guarantees given by the Company	Revenues in last financial year	Net income in last financial year	Dividends received by the Company during the financial year	Observations
				Gross	Net						
<i>(in thousands of euros)</i>											
PagesJaunes Marketing Services SA 25, quai Gallieni 92150 Suresnes SIREN: 422 041 426	7,275	8,643	100.00%	7,275	7,275	-	-	18,671	158	-	
PagesJaunes Outre-Mer SA 7, avenue de la Cristallerie 92317 Sèvres Cedex SIREN: 420 423 477	75	165	100.00%	76	76	-	-	5,036	158	149	Preliminary unaudited data
QDQ Media SAU Calle de la Haya 4 28044 Madrid – Spain RCS Madrid: A81745002	5,500	(5,645)	100.00%	91,719	0	5,000	-	25,311	(2,286)	-	Impaired shares, loans and advances
Keltravo SAS 2, bd Vauban 78180 Montigny-le-Bretonneux SIREN: 494 738 636	230	(504)	100.00%	5,628	5,628	1	-	7,636	(338)	-	Preliminary unaudited data
123people GmbH Linke Wienzeile 8, Top 9 1060 Vienna – Austria RCS Vienne: FN 298562 m	44	2,048	100.00%	14,997	14,997	-	-	5,105	157	-	
Fine Media SAS 108, rue des Dames 75017 Paris SIREN: 494 447 550	47	1,377	100.00%	12,458	12,458	-	-	3,154	2,344	-	Preliminary unaudited data
ClicRDV SASU 14, rue de Rouen 75019 Paris SIREN: 492 374 442	401	(643)	100.00%	9,165	9,165	-	-	649	(359)	-	Preliminary unaudited data
AVAL (A Vendre A Louer) SAS 81-83, bd de Sébastopol 75002 Paris SIREN: 438 177 062	11,600	(8,243)	100.00%	4,025	4,025	-	-	4,830	(620)	-	
<b>2 - Participating interests (between 10 and 50%)</b>											
Relaxevents 34, quai de la Loire 75019 Paris SIREN 531 170 322	500	(350)	40.00%	200	200	-	-	539	(351)	-	Preliminary unaudited data
Leadformance 7, avenue des Ducs de Savoie 73000 Chambéry SIREN: 440 743 763	1,677	(1,737)	49.00%	5,047	5,047	-	-	1,111	(1,501)	-	Preliminary unaudited data



Report of the Board of Directors to the Combined General Meeting of PagesJaunes Groupe  
on 6 June 2012

## 20.3 Report of the Board of Directors to the Combined General Meeting of PagesJaunes Groupe on 6 June 2012

Dear shareholders,

We have convened this Combined General Meeting, in accordance with legal requirements and our Company's articles of association, to report to you on the Company's activity during the financial year from 1 January 2011 to 31 December 2011 and to submit for your approval the annual and consolidated financial statements for this year.

We have also convened this meeting in order to ask you to approve in particular:

- the appropriation of the result;

- Mr William Cornog's appointment by co-optation;
- the renewal of financial authorisations; and
- the changes to the articles of association to bring them into compliance with the new legislative and regulatory provisions.

The prescribed notices of meeting have been duly sent to you, and all documents and items required by the current regulations have been made available to you within the periods prescribed by law.

### I. KEY EVENTS DURING THE YEAR

The key features of the PagesJaunes Group investment portfolio in 2011 were as follows:

- on 1 April 2011, PagesJaunes Groupe acquired 100% of the shares and voting rights in the company A Vendre A Louer. A Vendre A Louer was formed in 1986 as the first solution for the distribution of real-estate ads for businesses, since when it has become a benchmark in the online real-estate small ads market;
- on 24 May 2011, PagesJaunes Groupe acquired 100% of the shares and voting rights in the company ClicRDV. Formed in 2006, ClicRDV is the leader in online appointment booking solutions and now provides tailor-made solutions for the specific needs of all businesses – major accounts, self-employed professionals, SMEs – and public bodies;
- on 29 July, PagesJaunes Groupe acquired 100% of the shares and voting rights in the company Fine Media. Formed in 2007, it designed the ComprendreChoisir.com site and has developed around 300 sites with themed content aimed at the general public, enabling Internet users to have a better understanding and make the right choices in five areas: Home/Household Jobs, Money/Law, Consumer/Practical Info, Health/Beauty and Business.

All of these shares were acquired for cash at a total price of 27.6 million euros.

Price supplements of an estimated total of 7.9 million euros may be paid up to 2014 if certain operating performance conditions are fulfilled. They form an integral part of the purchase price and have been recognised in non-current liabilities.

On 27 April 2011, PagesJaunes Groupe subscribed 40% of the capital of Relaxevents, formed on 22 March.

On 30 November, PagesJaunes Groupe acquired 49% of the shares and voting rights of Leadformance, the leader in sales outlet location on the Internet. The Group is thus enhancing its digital communication offering for major advertisers.

On 12 May 2011, PagesJaunes Groupe finalised the refinancing of half of its bank debt on the following conditions:

- the maturity of a 962.0 million euros tranche (A3) of the debt extended by almost two years, with the maturity date moving from November 2013 to September 2015;
- covenants relaxed with financial leverage and interest coverage ratios adjusted to take account of the new debt structure;
- moderate increase in margin over Euribor, rising on average from 175 basis points to 274 basis points.

The maturity of tranches A1 (642.3 million euros) and A2 (345.3 million euros) remained November 2013.

The revolving credit line was decreased from approximately 400 million euros to approximately 300 million euros.

On 20 May, through PagesJaunes Finance & Co SCA, PagesJaunes Groupe finalised the issue of a 350 million euros bond loan with an issue premium of 2.3 million euros. The net proceeds consequently amount to 347.7 million euros. This loan has a fixed rate of 8.875% and is repayable on 1 June 2018. The proceeds were allocated to the repayment of all of tranche A2 (345.3 million euros), with the balance (4.7 million euros) being allocated to part of tranche A1

These two transactions generated expenses of 24.8 million euros, including the issue premium.

## Report of the Board of Directors to the Combined General Meeting of PagesJaunes Groupe on 6 June 2012

### II. PAGESJAUNES GROUP'S ACTIVITY / RESULTS / ANNUAL FINANCIAL STATEMENTS

The PagesJaunes Group is a holding company with shareholdings in subsidiaries that have offered a diversified range of products and services to the general public and businesses for more than 60 years. The Group's core business consists of directories in France and abroad.

#### Operating income

The PagesJaunes Group's revenues for 2011 amounted to 10.6 million euros compared to 7.7 million euros in 2010. Revenues consisted primarily of billing for services and re-invoicing personnel expenses to all of its subsidiaries.

#### Operating expenses

Personnel costs were 12.1 million euros in 2011 compared to 7.4 million euros in 2010, with an average staff of 32 people in 2010 and 38 people in 2011.

Other operating expenses increased from 10.3 million euros in 2010 to 34.5 million euros in 2011. These included the assistance fees paid to the majority shareholder of 1.4 million euros in 2011 and 1.2 million euros in 2010, plus the debt refinancing expenses of 24.8 million euros in 2011. By netting re-invoiced amounts of 2.0 million euros in 2010 and by neutralising the refinancing expenses in 2011, other net operating expenses rose from 8.3 million euros in 2010 to 9.7 million euros in 2011, an increase partially related to the increase in the payroll taxes and assistance fees.

PagesJaunes Groupe's operating income for 2011 showed a loss of 36.0 million euros compared to a loss of 8.0 million euros in 2010.

#### Financial result

Financial income amounted to 311.4 million euros in 2011 compared to 339.2 million euros in 2010. It was primarily comprised of:

- dividends from subsidiaries totalling 304.4 million euros in 2011 compared to 336.0 million euros in 2010,
- income from hedging instruments totalling 0.7 million euros in 2011,
- miscellaneous financial income (revenue from current account receivables and short-term investments) totalling 1.8 million euros in 2011 compared to 1.6 million euros in 2010; and
- write-backs of impairment provisions (including the QDQ Media current account) totalling 4.5 million euros in 2011 compared to 1.4 million euros in 2010.

Financial expenses amounted to 149.9 million euros in 2011 compared to 122.5 million euros in 2010. They were primarily comprised of:

- interest expenses on borrowing of 1.95 million euros and on loans and credit balances with subsidiaries totalling 93.9 million euros in 2011 compared to 72.3 million euros in 2010;
- interest expenses on hedging instruments totalling 32.7 million euros in 2011 compared to 42.1 million euros in 2010;
- other financial expenses (commitment fees, net expenses on sales of treasury shares) totalling 5.8 million euros in 2011 compared to 3.7 million euros in 2010;
- debt write-offs granted to QDQ Media and Mappy totalling 12.0 million euros in 2011; and

- provisions for impairment on QDQ Media's current account and treasury shares totalling 5.4 million euros in 2011 compared to 4.3 million euros in 2010.

Together with the effect of hedging instruments, the average interest rate on debt rose from 4.55% in 2010 to 5.77% in 2011, an increase of 122 basis points, primarily related to the debt refinancing.

Financial income was therefore 161.6 million euros in 2011 compared to 216.7 million euros in 2010.

#### Analysis of exceptional income

Exceptional income showed a loss of 1.1 million euros in 2011 compared to a loss of 0.8 million euros in 2010.

#### Analysis of corporate income tax

On 3 December 2004, the PagesJaunes Group opted to place itself for a renewable five-year period under the French tax consolidation scheme provided for by articles 223A ff. of the French General Tax Code. Through this option, PagesJaunes Groupe assumed sole liability for corporate tax on the profits of the whole Group formed by itself and the companies in which it directly or indirectly holds at least 95% of the capital and which have agreed to be members of the Group.

The consolidated subsidiaries for tax purposes are PagesJaunes, PagesJaunes Marketing Services, Mappy, Horyzon Média, PagesJaunes Outre-Mer, Keltravo, Cristallerie 2, Cristallerie 3 and Cristallerie 4.

With regard to tax consolidation gain, PagesJaunes Groupe recognised net tax income of 64.5 million euros in 2011 compared to 45.4 million euros in 2010.

#### Net Income

PagesJaunes Groupe's net income was 187.7 million euros in 2011 compared to 253.2 million euros in 2010.

#### Cash, cash equivalents and cash position

PagesJaunes Groupe had debt net of cash and impairment of 2,686.2 million euros at 31 December 2011 compared to 2,674.5 million euros at 31 December 2010.

This was primarily comprised of:

- a 1,600 million euros medium-term (syndicated) bank loan in 2011 compared to 1,950 million euros in 2010;
- a long-term loan for 350 million euros taken out in 2011 with PagesJaunes Finance & Co SCA;
- 430 million euros in borrowings from related companies in 2011 compared to 580 million euros in 2010;
- with its subsidiaries, net current account receivables totalling 7.7 million euros and net current account payables totalling 388.7 million euros in 2011 compared to 8.4 million euros and 254.6 million respectively in 2010;
- net short-term investments, treasury shares, cash and cash equivalents totalling 84.3 million euros in 2011 compared to 106.1 million euros in 2010.

## Report of the Board of Directors to the Combined General Meeting of PagesJaunes Groupe on 6 June 2012

### III. PROPOSED APPROPRIATION OF RESULT

We propose that you:

- (i) formally note that the year's profit amounted to 187,723,564.18 euros;  
 (ii) formally note that given the retained earnings of 1,062,200,933.08 euros, the distributable income for the year is 1,249,924,497.26 euros;  
 and

(iii) resolve to appropriate the entire distributable income to "retained earnings".

Dividends paid over the past three years were as follows:

Year	Number of shares	Dividend per share	Share of dividend eligible for allowance <sup>(1)</sup>
2008	280,984,754	0.96	100%
2009	280,984,754	0.65	100%
2010	280,984,754	0.58	100%

(1) 40% allowance pursuant to article 158-3-2 of the French General Tax Code.

In accordance with the provisions of article R. 225-102 of the French Commercial Code, a table is appended to this report showing the Company's earnings for the past five financial years.

You are asked to approve the PagesJaunes Group's annual financial statements and consolidated financial statements for the year ended 31 December 2011.

### IV. SHARE CAPITAL - DISTRIBUTION

In accordance with the provisions of article L. 233-13 of the French Commercial Code, and taking into account information received under the terms of articles L. 233-7 and L. 233-12 of the French Commercial Code, you are reminded that Médiannuaire holds more than half of the share capital and voting rights.

The following table sets out the distribution of PagesJaunes Groupe's capital at 31 December 2011:

	31 December 2011	As % of capital and voting rights	31 December 2010	As % of capital and voting rights	31 December 2009	As % of capital and voting rights
Médiannuaire	153,640,187	54.7%	153,640,187	54.7%	153,640,187	54.7%
Employees	1,707,500	0.6%	1,637,220	0.6%	1,681,050	0.6%
Public	122,433,567	43.6%	125,088,286	44.5%	125,129,339	44.5%
Treasury shares	3,203,500	1.1%	619,061	0.2%	534,178	0.2%
<b>TOTAL</b>	<b>280,984,754</b>	<b>100.0%</b>	<b>280,984,754</b>	<b>100.0%</b>	<b>280,984,754</b>	<b>100.0%</b>

## Report of the Board of Directors to the Combined General Meeting of PagesJaunes Groupe on 6 June 2012

### Unissued authorised capital

The Combined General Meeting of the Company (depending on the case, of 11 June 2009, 10 June 2010 or 7 June 2011) granted certain powers under the conditions set forth in the following table:

Shares concerned	Period of authorisation and expiry	Maximum amount of debt securities	Maximum nominal value of capital increase
Issues with pre-emptive subscription rights (capital increase for all marketable securities)	26 months 10 August 2012	Debt securities: €300 million	€20 million
Issues through public offers without pre-emptive subscription rights (capital increase including all marketable securities)	26 months 10 August 2012	Debt securities: €300 million	€10 million
Issues through offers set out in section II of article L. 411-2 of the French Monetary and Financial Code without pre-emptive subscription rights (capital increase including all marketable securities)	26 months 10 August 2012	Debt securities: €300 million	€10 million
Issue of ordinary shares and marketable securities providing entitlement to ordinary shares in the event of a public exchange offer initiated by the Company	26 months 10 August 2012	Debt securities: €300 million	€10 million
Issue of ordinary shares and marketable securities providing entitlement to ordinary shares as remuneration for in-kind contributions granted to the Company	26 months 10 August 2012	Debt securities: €300 million	10% of the share capital at 10 June 2010 (i.e.; €5,612,889)
Issue of marketable securities conferring a right to the allocation of debt securities	26 months 10 August 2012	Debt securities: €300 million	–
Capital increase through the incorporation of reserves, profits or premiums	26 months 10 August 2012	–	€20 million
Capital increase for the benefit of members of company savings plan(s) and/or employees	26 months 7 August 2013	–	€1,122,000, i.e. approximately 2% of the share capital
Capital reduction through the cancellation of ordinary shares	18 months 7 December 2012		Cancellation of 10% of the Company's capital per 24-month period
Grant of stock options	38 months 11 August 2012		1% of the share capital
Free grant of shares	38 months 7 August 2014		1.5% of the share capital

With the exception of the resolutions concerning the grant of stock options and the grant of free shares (see point XI in this report), at the date of this report PagesJaunes Groupe's Board of Directors had not implemented these authorisations.

**Report of the Board of Directors to the Combined General Meeting of PagesJaunes Groupe  
on 6 June 2012**

The General Meeting on 6 June 2012 will be invited to renew the following authorisations:

<b>Shares concerned</b>	<b>Period of authorisation and expiry</b>	<b>Maximum amount of debt securities</b>	<b>Maximum nominal value of the capital increase</b>
Issues with pre-emptive subscription rights (capital increase including all marketable securities)	26 months 6 August 2014	Debt securities: €300 million	€20 million
Issues through public offers without pre-emptive subscription rights (capital increase including all marketable securities)	26 months 6 August 2014	Debt securities: €300 million	€10 million
Issues through offers referred to in section II of article 411.2 of the French Monetary and Financial Code without pre-emptive subscription rights (capital increase including all marketable securities)	26 months 6 August 2014	Debt securities: €300 million	€10 million
Issues of ordinary shares and marketable securities providing entitlement to ordinary shares in the event of an exchange offer initiated by the Company	26 months 6 August 2014	Debt securities: €300 million	€10 million
Issues of ordinary shares and marketable securities providing entitlement to ordinary shares as remuneration for in-kind contributions granted to the Company	26 months 6 August 2014	Debt securities: €300 million	10% of the share capital (i.e.; €5,619,695)
Issues of marketable securities giving right to the allocation of debt securities	26 months 6 August 2014	Debt securities: €300 million	–
Capital increase through the incorporation of reserves, profits or premiums	26 months 6 August 2014	–	€20 million
Capital increase for the benefit of members of company savings plan(s) and/or employees	26 months 6 August 2014	–	€1,124,000, or approximately 2% of the share capital
Capital reduction through the cancellation of ordinary shares	18 months 6 December 2013	–	Cancellation of 10% of the Company's capital per 24-month period

**V. AGREEMENTS AND COMMITMENTS REFERRED TO IN ARTICLE L. 225-38 OF THE  
FRENCH COMMERCIAL CODE**

Below is a list of agreements and commitments referred to in article L. 225-38 of the French Commercial Code that were entered into during the 2011 financial year or that were entered into during previous years and remained in force in 2011:

- a contract signed with PagesJaunes relating to bank financing, and in particular the agreement by the PagesJaunes Groupe to guarantee any amounts owed under the revolving credit line (Facility B) by any Group subsidiary that may become a borrower under the terms of this facility. The Board of Directors gave prior approval for this agreement at its meeting on 12 October 2006;
- a service contract signed with Médiannuaire. The Board of Directors gave prior approval for this agreement at its meeting on 20 November 2006;
- a loan contract signed with PagesJaunes for 430 million euros. The Board of Directors gave prior approval for this agreement at its meeting on 18 December 2008. In the light of the changes in the market conditions, the financial conditions for this agreement were modified in 2011, with the margin changing from 90 basis points to 79 basis points and the bonus rate from 3.95% to 2.50%. The Board of Directors gave prior approval for the amendment to this agreement at its meeting on 8 February 2011;
- the terms and conditions of Jean-Pierre Remy's term as Chief Executive Officer (set out in section 15.2 of this *document de référence*), with prior approval granted by the Board of Directors at its meeting on 17 May 2009;
- an 11.5 million euros debt write-off in favour of QDQ Media as part of an equity loan signed on 22 October 2001, and a change in the maturity date of the 5 million euros equity loan from 15 December 2009 to 15 December 2013. The Board of Directors issued prior approval for these operations at its meeting on 17 December 2009;
- a letter of support requested by the auditors, in connection with the adoption of the accounts of QDQ Media. The Board of Directors gave prior approval for this letter of support at its meeting on 8 February 2011;
- within the process of refinancing a portion of the bank debt of PagesJaunes Groupe which took place in April 2011, the terms and conditions of the financing documents in respect of Tranche C1 of this debt as well as the terms of the issue of High Yield Bonds and the conclusion of the Purchase Agreement, were granted prior approval by the Board of Directors at its meeting on 28 April 2011;
- the terms and conditions of Christophe Pingard's term as Deputy Chief Executive Officer concerning his remuneration, the setting up of severance pay and a non-competition obligation (set out in section 15.1 of this *document de référence*), were granted prior approval by the Board of Directors at its meeting on 26 October 2011;

## Report of the Board of Directors to the Combined General Meeting of PagesJaunes Groupe on 6 June 2012

- a 4 million euro debt write-off in favour of QDQ Media as part of a cash management agreement signed on 27 March 2008. The Board of Directors gave prior approval for this agreement at its meeting on 16 December 2011;
- an 8 million euro debt write-off in favour of Mappy as part of a cash management agreement signed on 27 February 2007. The Board of Directors gave prior approval for this agreement at its meeting on 16 December 2011.

## VI. SITUATION OF CORPORATE OFFICERS AND DIRECTORS

The table below lists the terms and duties of PagesJaunes Groupe corporate officers and directors at 31 December 2011:

Name	Nationality	Position	Date of appointment	Expiry of term of office	Other positions and main offices in all companies in past five years
<b>Thierry Bourguignon</b>	French	Director representing personnel	20 July 2011	20 July 2016	None <b>Offices no longer held:</b> None
<b>François de Carbonnel</b>	French	Director Chairman of the Remuneration and Appointments Committee	27 May 2004	General Meeting to be held in 2014	Director of Quilvest SA (Luxembourg) Director of Ecofin Hedge Fund Limited (Ireland) Director of Ecofin Special Situations Funds Limited (Ireland) Director of Amgen Inc. (United States) Director of GFISA ( <i>Groupe Foncier d'Île-de-France</i> ) Director of FdeC Services Ltd Director of Mazars <b>Offices no longer held:</b> Director and Chairman of the Audit Committee of Thomson Director of Nixxis SA (Luxembourg) Chairman of the Board of Directors of Thomson
<b>Elie Cohen</b>	French	Director Member of the Audit Committee Member of the Strategy Committee	27 May 2004	General Meeting to be held in 2014	Research Director at CNRS Professor at <i>Institut d'études politiques</i> in Paris Member of the Economic Analysis Council of the Prime Minister Member of the Supervisory Board of Groupe Steria (IT services) Director of EDF <i>Énergies Nouvelles</i> <b>Offices no longer held:</b> Chairman of the Scientific Board and Director of Vigeo Director of Orange Vice-Chairman of the High Council for the Public Sector Director of EDF ENR
<b>William Cornog</b>	American	Director	7 June 2011	General Meeting to be held in 2014	None <b>Offices no longer held:</b> None
<b>Jacques Garaïalde</b>	French	Director Chairman of the Board of Directors Chairman of the Strategy Committee	12 October 2006	General Meeting to be held in 2014	Partner of KKR Director of Legrand Chief Executive Officer and Director of Médiannuaire Holding Director of Tarkett Member of the Management Committee of <i>Société d'Investissement Familiale</i> (S.I.F.) Director of Visma AS Director of Sorgenia SpA <b>Offices no longer held:</b> Chairman of the Board of Directors of Médiannuaire Holding Director of Nexans

Report of the Board of Directors to the Combined General Meeting of PagesJaunes Groupe  
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Name	Nationality	Position	Date of appointment	Expiry of term of office	Other positions and main offices in all companies in past five years
<b>Jean-Christophe Germani</b>	French	Director	12 October 2006	General Meeting to be held in 2016	Managing Director of Goldman Sachs Director of Médiannuaire Holding Director of Financière Daunou 5 Director of Get A.S. Director of Thor Norway Topco A.S. Director of Norcab A.S. <b>Offices no longer held:</b> Director of EM Acquisition Corp. and Education Management Corporation Director of Alchemy Holding Sarl Director of CCom Holdings Luxembourg S.à.r.l Director of Wireless Information Network Limited Director of InsuranceCity AG
<b>Nicolas Gheysens</b>	French	Director Member of the Audit Committee Member of the Remuneration and Appointments Committee	26 July 2007	General Meeting to be held in 2014	Employee of Kohlberg Kravis Roberts & Co SAS Director of Pets at Home Group Ltd Chairman of NorthgateArinso France Holdings Member of the Supervisory Board of <i>Société d'Investissement Familiale</i> (SIF) CEO of Sedley Participations France (SAS) Director of U.N. Ro-Ro Isletmeleri A.S. Member of the Management Board at A.T.U. Luxembourg S.à.r.l Director of Médiannuaire Holding <b>Offices no longer held:</b> Member of the Management Board of Victoria Holding S.à.r.l Member of the Management Board of Angel Lux Parent S.à.r.l Member of the Management Board of Angel Lux Common S.à.r.l
<b>Hugues Lepic</b>	French	Director Member of the Remuneration and Appointments Committee Member of the Strategy Committee	12 October 2006	General Meeting to be held in 2016	Head of the Merchant Banking division for Europe and partner of The Goldman Sachs Group, Inc Member of the Investment Committee of Goldman Sachs Director of Médiannuaire Holding Director of Endemol N.V. <b>Offices no longer held:</b> Director of Eutelsat Communications SA Chairman of the Supervisory Board of Autodis SA Chairman of the Supervisory Board of Autodistribution SA Director of Cablecom GmbH Director of Cablecom Luxembourg GR Sarl Director of Prysmian S.p.A. Luxembourg GP S.à.r.l Director of Iliad SA Non-voting board member of Neuf Cegetel SA
<b>Médiannuaire, represented by Cécile Moulard</b>	French	Director	12 October 2006	General Meeting to be held in 2016	Director of MilleMercis Director of Internet incubator holding company of Truffle Capital <b>Offices no longer held:</b> None
<b>Jean-Pierre Remy</b>	French	Director Chief Executive Officer	17 May 2009	General Meeting to be held in 2014	Chairman, Chief Executive Officer and Director of PagesJaunes Director of PagesJaunes Marketing Services Director of Mappy Chairman of the Board of Directors and Director of QDQ Media (Spain) <b>Offices no longer held:</b> Chairman of Egencia LLC Chairman and Chief Executive Officer of Egencia Europe SA Director of Egencia UK Director of Egencia GmbH Chairman and Director of Médiannuaire Holding

**Report of the Board of Directors to the Combined General Meeting of PagesJaunes Groupe  
on 6 June 2012**

<b>Name</b>	<b>Nationality</b>	<b>Position</b>	<b>Date of appointment</b>	<b>Expiry of term of office</b>	<b>Other positions and main offices in all companies in past five years</b>
<b>Rémy Sautter</b>	French	Director Chairman of the Audit Committee	27 May 2004	General Meeting to be held in 2014	Chairman and Chief Executive Officer of Bayard d'Antin Chairman of the Supervisory Board of Ediradio/RTL Member of the Supervisory Board of M6 Director of Partner Re (USA) Director of Technicolor <b>Offices no longer held:</b> Director of M6 Publicité Director of Wanadoo Chairman of Sicav Multimedia et Technologies Director of Taylor Nelson Sofres (UK) Director of Thomson



Report of the Board of Directors to the Combined General Meeting of PagesJaunes Groupe  
on 6 June 2012VII. REMUNERATION AND BENEFITS OF ALL KINDS GRANTED BY PAGESJAUNES  
GROUPE TO ITS CORPORATE OFFICERS

## For executive corporate officers

Table summarising the remuneration of each executive corporate officer

	Full-year 2011		Full-year 2010	
	Amounts due	Amounts paid	Amounts due	Amounts paid
<b>Jacques Garaïalde, Chairman of the Board of Directors</b>				
Fixed remuneration	–	–	–	–
Variable remuneration	–	–	–	–
Exceptional remuneration	–	–	–	–
Directors' fees	42,682	42,682	40,476	40,476
Benefits in kind <sup>(1)</sup>	–	–	–	–
<b>TOTAL</b>	<b>42,682</b>	<b>42,682</b>	<b>40,476</b>	<b>40,476</b>
<b>Jean-Pierre Remy, Chief Executive Officer</b>				
Fixed remuneration	500,000	500,000	390,000	390,000
Variable remuneration	250,000	510,000	510,000	355,000
Exceptional remuneration	–	–	–	–
Directors' fees	26,781	26,781	23,550	23,550
Benefits in kind <sup>(1)</sup>	16,214	16,214	16,509	16,509
<b>TOTAL</b>	<b>792,995</b>	<b>1,052,995</b>	<b>940,059</b>	<b>785,059</b>
<b>Christophe Pingard, Deputy Chief Executive Officer</b>				
Fixed remuneration	42,045	42,045	–	–
Variable remuneration	20,781	–	–	–
Exceptional remuneration	100,000	100,000	–	–
Directors' fees	–	–	–	–
Benefits in kind <sup>(1)</sup>	1,985	–	–	–
<b>TOTAL</b>	<b>164,811</b>	<b>142,045</b>		

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

In 2011, the Chief Executive Officer was eligible for a variable share of 100% of the annual fixed remuneration on targets achieved between 0% and 200%, based on the following criteria:

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

## For non-executive corporate officers

The Combined General Meeting of 7 June 2011 set the amount of directors' fees granted to the members of the Board of Directors at 390,000 euros, for the current financial year and subsequent years, until a new decision is adopted by the General Meeting.

Under the rules adopted by the Board of Directors for the distribution of directors' fees, directors receive the following for their participation on the Board:

- 4,000 euros per meeting of the Board of Directors;

- 4,000 euros per Committee meeting;
- a fixed amount of 10,000 euros for the Chairman of the Board or the Chairman of the Audit Committee; and
- a fixed amount of 5,000 euros for the Chairman of the Remuneration and Appointments Committee or the Strategy Committee.

In due consideration of the number of Board of Directors' and Committee meetings in 2011 and these distribution rules and in order to remain within the overall budget of 390,000 euros, the Board decided to reduce the pro rata amount that would have been granted to each director according to the aforementioned rules.

Directors' fees paid to members of the Board of Directors for 2011 amounted to 390,000 euros.

## Report of the Board of Directors to the Combined General Meeting of PagesJaunes Groupe on 6 June 2012

Non-executive corporate officers	Amounts paid in 2011	Amounts paid in 2010
<b>François de Carbonnel</b>		
Directors' fees	44,356	36,060
Other remuneration	–	–
<b>Elie Cohen</b>		
Directors' fees	46,867	41,212
Other remuneration	–	–
<b>Abeille Deniau <sup>(1)</sup></b>		
Directors' fees	16,738	20,606
Other remuneration	66,172	61,284
<b>Thierry Bourguignon <sup>(2)</sup></b>		
Directors' fees	10,043	–
Other remuneration	135,780	130,627
<b>William Cornog <sup>(3)</sup></b>		
Directors' fees	20,086	–
Other remuneration	–	–
<b>Jean-Christophe Germani</b>		
Directors' fees	23,433	23,550
Other remuneration	–	–
<b>Nicolas Gheysens</b>		
Directors' fees	50,215	38,268
Other remuneration	–	–
<b>Hugues Lepic</b>		
Directors' fees	33,476	38,268
Other remuneration	–	–
<b>Jérôme Losson <sup>(4)</sup></b>		
Directors' fees	10,043	17,662
Other remuneration	–	–
<b>Médiannuaire</b>		
Directors' fees	16,738	17,662
Other remuneration	–	–
<b>Rémy Sautter</b>		
Directors' fees	48,541	42,684
Other remuneration	–	–
<b>TOTAL</b>	<b>522,488</b>	<b>467,884</b>

(1) The term as director representing the employees of Abeille Deniau ended on 20 July 2011.

(2) The term as director representing the employees of Thierry Bourguignon began on 20 July 2011.

(3) William Cornog was co-opted by the Board of Directors on 7 June 2011.

(4) Jérôme Losson resigned at the Board of Directors' Meeting on 7 June 2011.

**Report of the Board of Directors to the Combined General Meeting of PagesJaunes Groupe  
on 6 June 2012**

**VIII. REMUNERATION AND BENEFITS OF ALL KINDS RECEIVED BY PAGESJAUNES  
GROUPE CORPORATE OFFICERS FROM COMPANIES CONTROLLED BY  
PAGESJAUNES GROUPE DURING THE YEAR**

Corporate officers of PagesJaunes Groupe	Fixed remuneration paid during the year		Variable remuneration and miscellaneous bonuses paid during the year		Voluntary and mandatory profit-sharing and employer's matching contributions paid during the year		Benefits in kind granted during the year		Directors' fees earned during the year	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
<i>(in euros)</i>										
Abeille Deniau	51,583	46,812	7,171 <sup>(2)</sup>	6,364 <sup>(1)</sup>	6,681	6,568	–	–	–	–
Thierry Bourguignon	27,133	26,864	97,769	94,225	10,879	9,538	–	–	–	–

(1) 2010: including 1,125 euros as payment for overtime hours exempt from social security deductions and taxes.

(2) 2011: including 1,636 euros as payment for overtime hours exempt from social security deductions and taxes.

**IX. REMUNERATION AND BENEFITS OF ALL KINDS RECEIVED BY PAGESJAUNES  
GROUPE CORPORATE OFFICERS DURING 2011 FROM THE COMPANY  
CONTROLLING PAGESJAUNES GROUPE**

None.

**X. COMMITMENTS OF ALL KINDS WHICH ARE OR MAY BE DUE BY REASON OF OR  
SUBSEQUENT TO THE ASSUMPTION OR CESSATION OF DUTIES**

**Concerning Mr Jean-Pierre Remy**

No new commitment was undertaken with regard to Mr Jean-Pierre Remy during the 2011 financial year.

The existing commitments undertaken in 2009 with regard to Mr Jean-Pierre Remy were approved by the Combined General Meeting of 10 June 2010.

**Concerning Mr Christophe Pingard**

Mr Christophe Pingard was appointed Deputy Chief Executive Officer in October 2011. On this occasion, PagesJaunes Groupe undertook the following commitments concerning him:

Since Christophe Pingard does not benefit from an employment contract, the Board of Directors decided to provide severance pay in the event of his forced departure from the Company due to a change in the Company's control or strategy or its implementation (irrespective of the form of departure: dismissal, non-renewal or resignation), subject to fulfilment of the performance condition set out below.

The payment of the severance pay will be subject to the following performance condition: the average growth in revenues over the last three years, as shown in the Group's consolidated financial statements adopted by the Board of Directors before Christophe Pingard's date of departure, shall be equal to or greater than the average growth in revenues provided for in the budgets for the same period.

In the case of departure before the end of the first year following the taking of office, the performance condition shall be assessed on the achievement of the revenue target for the previous year as defined on the date of taking office.

In the case of departure between the end of the first year and the end of the third year following the taking of office, the performance condition shall be assessed on the elapsed period or periods during which Christophe Pingard was present in the Company.

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

The amount of this severance pay shall equal 12 months of remuneration calculated based on the average monthly total gross remuneration paid during the 12 months of activity preceding the date of cessation of duties.

In the event of his departure before the end of the first year after taking up his duties, the amount of this severance pay shall equal six months of remuneration calculated based on the average monthly total gross remuneration paid since taking up his duties.

A non-competition obligation will be applied in the event of termination of Christophe Pingard's term of office as Deputy Chief Executive Officer for any reason and in any form whatsoever. This competition prohibition shall be limited to a period of 24 months commencing on the day on which his duties actually come to an end, and shall cover 100% of French territory. The corresponding compensation shall amount, based on a non-competition period of 24 months, to 12 months' remuneration calculated on the basis of the monthly average of his total gross pay

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for the 12 months prior to the date on which the term of office was terminated. It shall be paid to Christophe Pingard at the end of each half-year at a rate of one-quarter of the total compensation amount.

On termination of the term of office, the Company may renounce the benefit of the non-competition agreement (in which case it will not have to pay the corresponding compensation).

The aforementioned commitments are subject to the approval of your Meeting.

**XI. PAGESJAUNES GROUPE STOCK OPTIONS****PagesJaunes Groupe stock option plan****2005 plan**

On 28 June 2005, the Company implemented a stock option plan for a total of 3,796,800 options, with an adjusted exercise price of 11.72 euros with a life of 10 years. The options are fully vested after three years.

**2007 plan**

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

**2009 plan**

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

Under the plan of 23 July 2009, the Board of Directors adopted the Remuneration and Appointments Committee's proposal to grant 140,000 options to Jean-Pierre Remy.

All these options are subject to performance obligations, in accordance with the AFEP/MEDEF Corporate Governance Code.

Jean-Pierre Remy will be required to reinvest 33% of the net capital gain generated on the disposal of the shares resulting from the exercise of

these options in PagesJaunes Groupe shares. Jean-Pierre Remy must keep these shares in his own name until he has completed his term as Chief Executive Officer.

**2010 plan**

The Company introduced two stock option plans in 2010: on 27 July 2010 for 1,336,000 options at an exercise price of 8.586 euros and on 16 December 2010 for 166,000 options at an exercise price of 7.095 euros. All of these plans have the same features as the first plan: 10-year term and options fully vested after three years.

Under the plan of 27 July 2010, the Board of Directors adopted the Remuneration and Appointments Committee's proposal to grant 140,000 options to Jean-Pierre Remy.

All of these options are subject, in accordance with the AFEP/MEDEF Corporate Governance Code, to a performance obligation related to the CEO achieving his annual objectives for 2010, 2011 and 2012. This performance condition will operate as follows:

- if the average percentage of achievement of these targets is equal to or greater than 100%: all the options will be granted;
- if the average percentage of achievement of these targets is less than 100%: this percentage will be applied to all of the planned options to determine the actual number of options granted.

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

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

Name of executive corporate officer	Plan No. and date	Type of options (purchase or subscription)	Valuation of the options according to the method used for the consolidated financial statements	Number of options granted during the year	Exercise price	Exercise period
Jean-Pierre Remy	-	-	-	-	-	-
Christophe Pingard	-	-	-	-	-	-
<b>TOTAL</b>	-	-	-	-	-	-

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## Stock options exercised during the year by each Executive Corporate Officer

Name of the executive corporate officer	No. and date of plan	Number of options exercised during the year	Exercise price
Jean-Pierre Remy	–	–	–
Christophe Pingard	–	–	–
<b>TOTAL</b>	–	–	–

## PagesJaunes Groupe free share plan

## 2006 and 2008 plans

The Extraordinary General Meeting of 19 April 2006 authorised the Board of Directors to implement a free share plan for the benefit of certain directors and employees of the PagesJaunes Group, for a period of 38 months, with the particular aim of involving them in the Company's development. The maximum number of free shares that may be granted under this authorisation is set at 0.5% of the Company's capital, *i.e.* 1,393,948 shares. The Board of Directors adopted the conditions of the share plans at its meetings on 30 May 2006, 20 November 2006 and 14 February 2008.

## 2011 plan

The Extraordinary General Meeting of 7 June 2011 authorised the Board of Directors to implement a free share plan for the benefit of certain directors and employees of the PagesJaunes Group, for a period of 38 months, with the particular aim of involving them in the Company's development. The maximum number of free shares that may be granted under this authorisation is set at 1.5% of the Company's capital, *i.e.* 1,393,948 shares. The Board of Directors adopted the conditions of the share plans at its meetings on 26 October 2011 and 16 December 2011.

## Performance-based shares granted to each corporate officer

Performance-based shares granted during the year to each corporate officer by the issuer and any company in the Group	No. and date of plan	Number of shares granted during the year	Valuation of the shares according to the method used for the consolidated financial statements	Vesting date	Date of availability	Performance conditions
Jean-Pierre Remy	26 October 2011	140,000	€1.98	31 March 2014	1 April 2016	Amount of consolidated gross operating margin
Christophe Pingard	16 December 2011	60,000	€1.63	31 March 2014	1 April 2016	Amount of consolidated gross operating margin

Performance-based shares available to each corporate officer	Plan date	Number of shares that became available during the year	Vesting conditions
Abeille Deniau	20 November 2006	535	Amount of consolidated gross operating margin

**Report of the Board of Directors to the Combined General Meeting of PagesJaunes Groupe on 6 June 2012****XII. LIST OF TRANSACTIONS UNDERTAKEN BY CORPORATE OFFICERS IN PAGESJAUNES GROUPE SHARES**

Declarant	Type of transaction	Transaction date	Unit price	Amount of transaction
Nicolas Gheysens	Acquisition of 1,750 shares	11 February 2011	€7.04	€12,323
Nicolas Gheysens	Acquisition of 1,750 shares	3 June 2011	€7.1116	€8,889
Cécile Moulard	Acquisition of 1,278 shares	30 June 2011	€6.265	€8,102
William Cornog	Acquisition of 7,500 shares	18 August 2011	€4.1724	€31,293
Thierry Bourguignon	Acquisition of 1,000 shares	13 September 2011	€3.652	€3,652
JPRF SA (related to Jean-Pierre Remy)	Acquisition of 88,500 shares	21 September 2011	€3.1997	€283,333
Jean-Pierre Remy	Purchase and sale of 37,167 shares	22 September 2011	acquisition price: €2.921 sale price: €2.921	Amount of the acquisition transaction: €108,565 Amount of the sale transaction: €108,565
Cécile Moulard	Acquired 2,923 shares	16 December 2011	€2.398	€7,009

**XIII. TRANSACTIONS EFFECTED BY PAGESJAUNES GROUPE IN ITS OWN SHARES DURING THE YEAR AND THE NEW COMPANY SHARE REPURCHASE PROGRAMME****Summary of transactions effected under the programme approved by the Combined General Meeting of 7 June 2011**

On 7 June 2011, the date of the Combined General Meeting that approved the 2011 Repurchase Programme, the Company held 535,405 treasury shares.

The transactions effected under the 2011 Share Repurchase Programme are summarised below:

**Table as at 31 December 2011**

<b>Number of shares making up PagesJaunes Groupe's capital at 7 June 2011</b>	<b>280,984,754</b>
Treasury shares held directly or indirectly as at 7 June 2011	535,405
Number of shares purchased between 7 June 2011 and 31 December 2011	5,330,737
Gross weighted average price of shares purchased (euros)	3.51
Number of shares sold between 7 June 2011 and 31 December 2011	2,662,642
Gross weighted average price of shares sold (euros)	3.74
Number of shares cancelled during the last 24 months	0
Treasury shares held directly or indirectly as at 31 December 2011	3,203,500
Carrying value of portfolio (assessed at purchase price) as at 31 December 2011 (euros)	9,243,766
Market value of portfolio as at 31 December 2011 (euros)	8,985,818

As at 31 December 2011, the 3,203,500 shares held by the Company were allocated as follows:

- (i) 1,203,500 shares to fulfil a liquidity objective; and
- (ii) 2,000,000 shares to meet the objective of implementing and honouring all obligations related to the stock option programmes or other share allocations to employees of the Company or of associated companies.

**Report of the Board of Directors to the Combined General Meeting of PagesJaunes Groupe  
on 6 June 2012****New Company share repurchase programme  
(Submitted to the Combined General Meeting  
of 6 June 2012)**

We propose that you renew, for an 18-month period, the authorisation to implement a repurchase programme for the Company's shares and accordingly authorise the Company, in accordance with articles L. 225-209 ff. of the French Commercial Code, to repurchase its own shares subject to a limit of 10% of the amount of the Company's share capital at the date of your Meeting.

- the maximum purchase price must not exceed 10 euros per share. In the case of capital transactions, especially by incorporation of reserves, grant of free shares and/or the division or grouping of shares, this price will be adjusted accordingly;
- the maximum amount of the funds devoted to the repurchase programme shall not exceed 280,984,754 euros.

The purposes of the share repurchase programme would be to:

- implement and fulfil all obligations related to stock option programmes or other distributions of shares to employees of the Company or associated companies, and in particular to grant shares

to Group employees as part of (i) mandatory company profit-sharing and (ii) any share purchase plan, stock option plan or free share plan (including any share disposals within the scope of article L. 3332-24 of the Labour Code) for the benefit of some or all employees or corporate officers, as well as carrying out hedging transactions pertaining to such transactions,

- reduce the Company's share capital by cancelling shares,
- ensure the liquidity of the PagesJaunes Groupe share within the framework of a liquidity contract consistent with the professional ethics charter recognised by the *Autorité des marchés financiers* (French Financial Markets Authority),
- retain shares for remittance subsequent to an exchange or as payment for any external growth operations,
- establish and honour the obligations associated with debt securities convertible into title deeds and especially to remit shares upon the exercise of the rights attached to marketable securities providing entitlement to shares, and to carry out any hedging transactions in connection with the PagesJaunes Groupe's obligations associated with these marketable securities.

**XIV. FACTORS LIKELY TO HAVE AN IMPACT DURING PUBLIC OFFERINGS**

None.

**XV. SIGNIFICANT SUBSEQUENT EVENTS**

In order to secure its financing sources, at the beginning of January 2012 PagesJaunes Groupe drew down its entire revolving credit line of 300 million euros. The funds received amounted to 281 million euros.

**XVI. HR REPORT**

As at 31 December 2011, PagesJaunes Groupe had 40 employees (36 at the end of 2010 compared to 34 at the end of 2009), enabling it to fully discharge its role as a holding Company for a listed group.

All information relating to PagesJaunes Group staff may be found in section 17 of the PagesJaunes Groupe's 2011 *document de référence*.

**XVII. RESEARCH AND DEVELOPMENT**

At the cutting edge of its sector, the PagesJaunes Group conducts high-performance research and innovation thanks to its teams and numerous partnerships. These teams bring together the best specialists in their respective fields with the aim of promoting innovation and excellence.

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### XVIII. ENVIRONMENTAL IMPACTS OF COMPANY ACTIVITY - SUSTAINABLE DEVELOPMENT COMMITMENTS

#### Reducing paper consumption

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

- optimised targeting of the distribution of printed directories, by means of the most accurate assessment possible of the number of directories to be printed, in order to adapt the number of directories as closely as possible to consumers' real needs. Furthermore, the [recevoirmesannuaires.pagesjaunes.fr](http://recevoirmesannuaires.pagesjaunes.fr) website enables each recipient to state whether he wishes to continue receiving printed directories;
- optimising the directory page layout and formatting for each edition, limiting overall paper consumption and reducing the loss of paper in the production of directories.

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

- the rollout of the new compact format allowing an increase in the printed area of the page and thereby also reducing the number of pages;
- the scoping of some PagesBlanches directories into several *infra-département* editions;
- the decrease in the page count due to lower advertising revenues.

The Group also ensures that the pulp used to produce the directory paper contains a significant proportion of recycled pulp.

#### Directory recycling

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

First of all, part of the purchased paper is recovered by the printer during the production and printing of the directories for subsequent recycling.

The surplus directories left at the end of their publication period are then recovered/recycled by companies specialising in waste management.

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

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

The amount of the financial contribution which the Company is required to pay in respect of 2011 is estimated at 717,000 euros (*versus* 781,000 euros excluding tax in 2010 and 995,000 euros excluding tax in 2009).

Still from the perspective of encouraging the recycling of out-of-date directories, PagesJaunes has reduced the use of ink in the page backgrounds of PagesJaunes printed directories, allowing a significant reduction in ink consumption. Work on the recyclability of directories has been carried out with the *Centre Technique du Papier* in Grenoble and with Fogra in Germany to develop recommendations on the percentage of directory paper that recyclers can accept into their plants.

#### Environmental impacts associated with "office" activities

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



**Report of the Board of Directors to the Combined General Meeting of PagesJaunes Groupe  
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PROMOTION OF DIVERSITY**

The Group's companies have implemented a responsible HR strategy illustrated by specific actions, especially in two major areas: encouraging the recruitment and integration of vulnerable people and developing gender equality.

In order to encourage the recruitment and integration of vulnerable people, the Group strives to have a recruitment policy that favours diversity in the profiles recruited. To that end it uses anonymous CVs, which make it possible to ensure future applicants have equal chances of being hired. In 2011, PagesJaunes maintained anonymity on 13% of the CVs received, which represented 1,397 anonymous CVs. It also gave substantial priority to significantly increasing the number of young people on work-study contracts in all of the company's business lines. In 2011, PagesJaunes hired 80 people (disabled or otherwise) on work-study contracts (70 professionalisation contracts and 10 apprenticeship contracts).

Having launched an active policy in 2005 on the recruitment and professionalisation of people with disabilities, PagesJaunes Groupe confirmed its proactive position on this theme by signing an agreement with Agefiph in March 2010 and has commenced negotiations on disabilities with a view to signing a Group-wide agreement. Actions have already been implemented with the aim of encouraging integration, training and ongoing employment for these people:

- the Group is developing the integration of people with disabilities in certain activities such as customer relations (action initiated in 2010 with a pilot telesales group). In 2011, it recruited 19 people with disabilities on nine and 12-month fixed-term professionalisation contracts;
- building employees' awareness and training key players (HR teams, managers and employee representative bodies) in order to change people's attitude towards disabilities;

- fitting out workstations (appropriate equipment and human aids);
- collaborating with the protected sector in charge of specific activities such as photocopying, printing documents, etc.

The Group also allocates part of its apprenticeship tax to organisations that work with vulnerable people, such as education and training institutes for people with disabilities).

The Group also implemented a "seniors" action plan at the end of 2009 that provides in particular personalised support for employees over the age of 45:

- personalised skills development (use of training rights, skills assessment, etc.) and priority actions within the training plan;
- an interview in the second half of the employee's career;
- adjusted working hours for non-commercial staff aged over 55 and commercial staff aged over 57.

In order to develop gender equality, the Group conducted negotiations with the trade unions in 2011. A three-year agreement on professional equality was signed in January 2012 between PagesJaunes SA and the trade unions. This agreement aims in particular to create a more equitable work environment that encourages a balance between working life and private life.

The Group is also seeking to increase the proportion of female senior executives. To that end, it has set recruitment objectives for female managers by involving the recruitment agencies it works with in this process. In addition, the Group's HR department is developing an appropriate career management policy with a view to substantially increasing the ratio of female senior executives over the next three years. To meet these objectives, especially concerning gender equality, the Group's HR department is launching a specific action plan in 2012.

**XX. DESCRIPTION OF THE MAIN RISKS AND UNCERTAINTIES****Exchange rate risks**

See notes 29 and 32 in the notes to the consolidated financial statements.

**Liquidity risk**

See notes 29 and 32 in the notes to the consolidated financial statements.

**Interest rate risk**

See notes 29 and 32 in the notes to the consolidated financial statements.

**Counterparty (credit) risks**

See notes 29 and 32 in the notes to the consolidated financial statements.

**Equity risks**

See notes 29 and 32 in the notes to the consolidated financial statements.

**Report of the Board of Directors to the Combined General Meeting of PagesJaunes Groupe on 6 June 2012****XXI. NON-TAX DEDUCTIBLE EXPENSES**

In accordance with the provisions of article 223 *quater* of the French General Tax Code, we inform you that the expenditures and expenses covered by article 39-4 of the said code for 2011 amounted to 52,767 euros and that the related tax amounted to 19,049 euros.

**XXII. INFORMATION CONCERNING TRADE CREDITORS' PAYMENT TERMS**

The due date for all trade creditors on the balance sheet at 31 December 2011, totalling 0.9 million of euros (excluding accrued expenses), is less than 60 days.

**XXIII. OUTLOOK**

This section contains information concerning the Group's objectives. Readers are reminded that the statements in this section depend on circumstances or events that are expected to occur in the future. Such information is not historical data and should not be interpreted as a warranty that the events or facts as stated will occur or that the stated objectives will be achieved. By their nature, these objectives may not be achieved and the projections they are based on may prove to be erroneous. Readers are invited to consider the risk factors described in Section 4 "Risk factors" of the Company's *document de référence*.

PagesJaunes Groupe's outlook for 2012 is as follows:

- after revenue decreases of -3.3% in 2010 and -2.1% in 2011, a continued stabilisation of revenues in 2012;
- acceleration of growth in Internet, which will represent around 60% of total revenues in 2012;
- expected gross operating margin of between 470 million euros and 485 million euros, impacted by the commercial investment in Internet businesses.

**XXIV. PROGRESS OF MAIN SUBSIDIARIES' BUSINESS**

The Group's core business activity is the provision of local information, principally in France, through the publication of online and printed directories, and the publication of editorial content to assist users in making searches and choices. Through its subsidiaries, the PagesJaunes Group conducts three complementary businesses: the provision of content and services, media and advertising representation. Its offering comprises a diversified range of products and services associated with this activity for the general public and businesses.

The Group's business model is based on that of the media: *i.e.* offering quality content which generates an audience and then monetising this audience, either as a whole or in segments, among businesses.

The Group's activities are organised in three segments:

**Internet**

These are the activities carried out through the Internet. The main products are the creation and marketing of content and advertising space, listing, targeted advertising and the provision of advertising space for local and national advertisers (often referred to as display), as well as a complete range of products and services for the provision and distribution of information with local content. The Group's Internet activity is mainly carried out in France, but also in Spain (QDQ Media), Luxembourg (Editus) and in 12 countries through 123people.

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

The Group is one of the main European operators in the creation and hosting of sites. It offers its customers web optimisation and visibility solutions of the "SEO" or "SEM" type.

This segment includes the online journey planner, geolocation and reservation services of the Mappy and UrbanDive brands, and couponing from 123deal.

Online people and profile searching with 123people, online quotation requests and contact establishment with builders from Keltravo, the themed content site ComprendreChoisir.com published by Fine Media and the Direct Marketing (emailing type) services also form part of this segment).

**Printed directories**

This is the Group's historical activity, involving the publication, distribution and sale of advertising space in printed directories (PagesJaunes, *l'Annuaire*, and the directories of QDQ Media in Spain and Editus in Luxembourg).

**Other businesses**

This comprises the specific activities of PagesJaunes: directory enquiry services by telephone and SMS (118 008), Minitel and the QuiDonc reverse directory. This segment also includes a number of activities of PagesJaunes Marketing Services: telemarketing, data mining, database generation, prospect processing and traditional direct marketing activities (data entry and postage).

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The following table summarises the revenues and gross operating margin for each of the Group's three segments: Internet, Printed directories and Other businesses.

<i>(in millions of euros)</i>	Years ended 31 December		
	2011	2010	Change 2011/2010
Internet	575.0	537.6	7.0%
Printed directories	490.7	540.7	-9.2%
Other businesses	35.9	46.9	-23.5%
<b>REVENUES</b>	<b>1,101.6</b>	<b>1,125.2</b>	<b>-2.1%</b>
<i>Internet revenues as % of total revenues</i>	<i>52.2%</i>	<i>47.8%</i>	
Internet	257.6	250.2	3.0%
Printed directories	224.4	253.0	-11.3%
Other businesses	11.1	14.6	-24.0%
<b>GROSS OPERATING MARGIN</b>	<b>493.1</b>	<b>517.8</b>	<b>-4.8%</b>
<i>as % of revenues</i>	<i>44.8%</i>	<i>46.0%</i>	

The number of visits to the Group's Internet sites as a whole, in France and internationally, totalled 2,183.5 million as at 31 December 2011, representing a rise of 8.6% compared to 31 December 2010 on a like-for-like basis, with a doubling of the number of visits on mobile Internet. Excluding 123 people, the number of visits to the Group's Internet sites as a whole totalled 1,567.0 million as at 31 December 2011, representing a rise of 9.3% compared to 31 December 2010.

In December 2011, the Group's French websites as a whole ranked sixth among the most visited websites with 19.2 million unique visitors, which represents a reach rate of 45.5% of the total number of internet users in France.

The consolidated revenues of the PagesJaunes Group amounted to 1,101.6 million euros in 2011, down 2.1% compared to 2010. The fall in revenues from printed directories, down 9.2% compared to 2010, was partly offset by the growth in Internet activities, which rose 7.0% compared to 2010, to 490.7 million euros. Internet revenues accordingly represented 52.2% of the Group's revenues in 2011, compared to 47.8% in 2010.

The Group's gross operating margin amounted to 493.1 million euros in 2011, representing a decrease of 4.8% compared to 2010. The continuation of efforts to optimise the costs of printed directories and other businesses largely offset the cost of investing in new Internet products and services while maintaining a high gross operating margin of 44.8% in 2011, compared to 46.0% in 2010.

Internet segment revenues rose 7.0% in 2011 to 575.0 million euros. This growth was driven by the excellent momentum in «search» activities, the development of mobile services and the acceleration in digital marketing and especially display activities.

The Internet segment's gross operating margin amounted to 257.6 million euros in 2011, up 3.0% from 2010. The gross operating margin rate decreased from 46.5% in 2010 to 44.8% in 2011 due to the ongoing advertising investments and the strengthening of the marketing and technical teams at PagesJaunes SA, combined with sustained revenue growth in other subsidiaries with lower profitability.

The revenues of the Printed directories segment saw a contained fall of 9.2% in 2011 to 490.7 million euros, buoyed by the advertising offering in France (emergency and health kits in Paris, and area promotion in particular).

The gross operating margin of the Printed directories segment amounted to 224.4 million euros in 2011, down 11.3% compared to 2010. Expenses decreased by 7.3% in 2011 compared to 2010. The optimisation of all expenses, particularly those associated with the production, printing and distribution of printed directories, made it possible to maintain the rate of gross operating margin of the Printed directories segment at 45.7% in 2011.

The revenues of the Other businesses segment decreased by 23.5% in 2011 to 35.9 million euros. This was due to the sharp decrease in revenues from telephone directory enquiry services, and in revenues from advertisers and from calls made by users of this service.

The gross operating margin of the Other businesses segment amounted to 11.1 million euros in 2011, down 24.0% compared to 2010. The gross operating margin rate decreased from 31.1% on 31 December 2010 to 30.9% on 31 December 2011. The slight decrease in the margin rate was due mainly to the decrease in revenues of PagesJaunes SA, which was only partly offset by the discontinuation of advertising expenses to promote the telephone directory enquiry services (118 008).

## XXV. EXTRAORDINARY RESOLUTIONS

The Meeting, deciding on an extraordinary basis, is invited to renew certain financial authorisations granted to the Board of Directors and to authorise the Board of Directors, subject to the limits and conditions defined by the Meeting, to issue equity instruments providing entitlement, directly or indirectly, to the Company's share capital.

The Board of Directors invites the Meeting, convened as an extraordinary meeting, via the vote on the 8<sup>th</sup> and 9<sup>th</sup> resolutions and by using the legal provision of the global delegation of authority, to authorise it for a 26-month period to issue, with or without the pre-emptive subscription right for shareholders, Company shares and marketable securities providing entitlement to existing or future Company shares, subject

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to a maximum capital increase with a nominal value of 20 million euros, this limit being covered specifically by the 14<sup>th</sup> resolution.

The Meeting, convened as an Extraordinary Meeting, is also invited to give the Board of Directors for the same 26-month period the additional authorisations covered by specific resolutions. The purpose of the 10<sup>th</sup> resolution, within the context of securities issued without pre-emptive subscription rights, is to carry out offers covered by article L. 411-2-II of the French Monetary and Financial Code (generally known as private placements). The purpose of the 11<sup>th</sup> resolution is to authorise the Board of Directors, in the case of a capital increase with or without pre-emptive subscription rights for shareholders, to increase the number of shares to be issued in the event that demand exceeds the supply. The purpose of the 12<sup>th</sup> and 13<sup>th</sup> resolutions is to issue, without pre-emptive subscription rights for shareholders, shares or marketable securities providing entitlement to ordinary shares, either to conduct public exchange offers that would be initiated by your Company (12<sup>th</sup> resolution) or to enable your Company to remunerate contributions in kind consisting of shares or marketable securities providing entitlement to the capital (13<sup>th</sup> resolution). The purpose of the 15<sup>th</sup> resolution is to issue marketable securities conveying a right to obtain debt securities. The purpose of the 16<sup>th</sup> resolution is to allow a capital increase based on incorporating reserves, profits or premiums, subject to a maximum capital increase with a nominal value of 20 million euros, independent of the first ceiling.

The purpose of the 17<sup>th</sup> resolution is to allow a capital increase for the benefit of members in a PagesJaunes Group savings plan based on issuing shares subscribed to in cash, subject to a maximum capital increase (including by incorporation of reserves, profits or premiums) with a nominal value of 1.124 million euros, representing approximately 2% of the Company's share capital.

If the aforementioned 8<sup>th</sup> to 17<sup>th</sup> resolutions are adopted, the option you would grant your Board of Directors to issue shares and/or marketable securities providing entitlement to shares while maintaining or eliminating the shareholders' pre-emptive subscription right, or to issue marketable securities providing entitlement to debt securities, would have the effect of allowing, at the due time, all types of investments in France, abroad and/or in international markets based on the interests of your Company and its shareholders. Depending on the class of securities issued, these issues could be in euros or in currencies other than the euro, or in any accounting unit established by reference to a group of currencies.

The purpose of the 18<sup>th</sup> resolution is to authorise the Board of Directors to reduce the Company's share capital by cancelling Company shares acquired within share repurchase programmes adopted by the Company.

In proposing that you grant it these powers, your Board of Directors wishes to inform you, according to the legal and regulatory requirements, of the scope of the corresponding resolutions submitted for your approval.

The Meeting, deciding on an extraordinary basis, is also requested to pronounce its opinion on several changes to your Company's articles of association that aim to bring the articles of association into compliance with the new legal and regulatory provisions (19<sup>th</sup> to 21<sup>st</sup> resolutions).

**Financial authorisations****Authorisation of the Board of Directors to issue Company shares and marketable securities providing entitlement to Company shares, with the maintenance of the shareholders' pre-emptive subscription rights (8<sup>th</sup> resolution)**

a) Under this resolution, you will be requested to authorise the Board of Directors to issue, for valuable consideration or free of charge, with the maintenance of the shareholders' pre-emptive subscription right, shares and marketable securities providing entitlement to existing or future shares of your Company.

In the event of a future entitlement to shares of the Company (*i.e.* through marketable securities providing entitlement to Company shares), your decision would entail the renunciation by shareholders of the right to subscribe to the shares liable to be obtained from the marketable securities initially issued, the subscription to which would be reserved for shareholders.

The maximum nominal value of the capital increase you are requested to establish by adopting the 8<sup>th</sup> resolution is 20 million euros for a period of 26 months.

This capital increase ceiling would not include the consequences (on the amount of the capital increase) of adjustments that could be made to protect the holders of rights attached to marketable securities providing entitlement to shares.

The total par value of debt securities, including any subordinated (or unsubordinated) securities that form this amount, with a definite or indefinite term, that can be created based on the 8<sup>th</sup> resolution (the marketable securities issued which may comprise debt securities or be associated with the issue of such securities or enable their existence as intermediary securities) shall not exceed 300 million euros or the equivalent at the date of the decision to issue such securities. This amount shall be common to all debt securities whose issue is provided for by the 8<sup>th</sup>, 9<sup>th</sup>, 10<sup>th</sup>, 12<sup>th</sup> and 13<sup>th</sup> resolutions submitted to the Meeting.

Pursuant to article L. 228-97 of the French Commercial Code, it can be stipulated that the marketable securities issued will only be repaid after amounts owed to other creditors have been settled, to the exclusion of or including the holders of equity securities. In such classes of marketable securities, an order of payment priority may also be stipulated.

b) The issue price for marketable securities providing entitlement to shares shall be such that the amount received immediately by the Company plus, where appropriate, the amount likely to be collected subsequently by the Company, shall, for each share issued as a result of the issue of these marketable securities, at least equal the par value of the Company share.

Your Board of Directors would have the widest powers, including the power to sub-delegate under the conditions provided for by the law, to implement this authorisation.

**Report of the Board of Directors to the Combined General Meeting of PagesJaunes Groupe  
on 6 June 2012****Authorisation of the Board of Directors to issue Company shares and marketable securities providing entitlement to Company shares, without the shareholders' pre-emptive subscription right (9<sup>th</sup> and 10<sup>th</sup> resolutions)**

- a) Your Board of Directors may, in the interest of your Company and its shareholders and in order to seize opportunities offered by the financial markets in certain circumstances, issue securities without shareholders being able to exercise the pre-emptive subscription right. Consequently, your Board of Directors requests you, by means of the vote on the 9<sup>th</sup> resolution, to authorise it to issue, without pre-emptive subscription rights for shareholders, in public offerings of Company shares and marketable securities providing entitlement to existing or future Company shares, up to the authorised ceiling, for a 26-month period and under the same conditions as those provided for by the 8<sup>th</sup> resolution, but subject to the specific features set out in points b), c) and d) hereinafter.
- b) If you grant your Board of Directors this authorisation, by renouncing the pre-emptive subscription right for shareholders, the issue price would be, in the case of shares, at least equal to the weighted average price of the last three Stock Market sessions preceding the fixing of the price, less a maximum discount of 5%. For marketable securities providing future entitlement to shares, the issue price will be set by reference to this same amount: the issue price for marketable securities would be such that the amount received immediately or in the future by the Company shall, for each share issued as a result of the issue of these marketable securities, at least equal the amount defined above. Based on these elements, your Board of Directors would set the issue price for the securities issued and where applicable, the terms of remuneration of the debt securities, in the best interests of your Company and its shareholders, taking all the parameters into account. To that end, it would take into consideration in particular the type of securities issued, stock market trends and the market for the PagesJaunes Groupe share, the existence of any priority rights granted to shareholders, the interest rates applied if the securities issued are debt securities, the number of shares these marketable securities provide entitlement to and in general all of the features of the issued securities.
- c) On this basis, your Board of Directors will have, with power to sub-delegate under the conditions provided for by law, the widest powers to issue, in one or more transactions without shareholders' pre-emptive subscription rights, *via* public offerings, these shares or other marketable securities providing entitlement to Company shares. We inform you that in the event that this resolution is used, the additional report your Board of Directors is required to draw up will also indicate the impact of the proposed issue on the situation of holders of shares and marketable securities providing entitlement to shares, especially with regard to their share of shareholders' equity at the close of the last financial year.
- d) The purpose of the 10<sup>th</sup> resolution is to authorise your Board of Directors, with power to sub-delegate under the conditions provided for by law, to issue Company shares and marketable securities providing entitlement to existing or future Company shares, without pre-emptive subscription rights for shareholders, by way of offers provided for in article L. 411-2 (II) of the French Monetary and Financial Code, up to the authorised ceiling, for a 26-month period and under the same conditions (especially price) as those provided for by the 9<sup>th</sup> resolution, subject to placement conditions that are not applicable to private placement operations.

**Authorisation of the Board of Directors to increase the number of shares to be issued in the event of a capital increase with or without elimination of the pre-emptive subscription right for shareholders (11<sup>th</sup> resolution)**

In accordance with the power created by article L. 225-135-1 of the French Commercial Code, we invite you in the 11<sup>th</sup> resolution to authorise the Board of Directors, with power to sub-delegate under the conditions provided for by law, to decide within 30 days of the end of the subscription of the initial issue (or within any period provided for by the regulations in force during the transaction in question), for each of the issues decided pursuant to the 8<sup>th</sup>, 9<sup>th</sup> and 10<sup>th</sup> resolutions, to increase the number of shares to be issued, under the conditions of the aforementioned article L. 225-135-1 (namely, based on the current regulations, up to 15% of the amount of the initial issue) and subject to compliance with the ceiling(s) provided for in the resolution according to which the issue was decided. This system would give the Board of Directors the power to make additional capital increases based on identical conditions to the initial issue. This would make it possible to exercise greenshoe options (*i.e.*; options used to increase the size of issues in case of excess demand).

**Specific authorisations****Authorisation of the Board of Directors to issue shares and marketable securities providing entitlement to shares, in the event that the Company initiates a public exchange offer (12<sup>th</sup> resolution)**

Article L. 225-148 allows your Company to issue shares or marketable securities providing entitlement to existing or future PagesJaunes Groupe shares that can be issued under the conditions of the 9<sup>th</sup> resolution, as remuneration for securities tendered in response to a public offering with an exchange mechanism (either as the primary or secondary mechanism) initiated in France or abroad, according to the local regulations, by the Company in respect of the shares of a company. Nevertheless, the benefit of article L. 225-148 of the French Commercial Code is subordinated to the condition that the securities of the company that is the subject of the offer are listed for trading on one of the regulated markets referred to in the aforementioned article L. 225-148. This is a procedure that authorises the exchange of securities without your Company having to respect the formalism imposed when carrying out an investment in kind. The corresponding capital increase would be carried out without a pre-emptive subscription right for shareholders, which right we request you to renounce under the conditions defined by the 12<sup>th</sup> resolution. Your Board of Directors, with the power to sub-delegate under the conditions provided for by law, would have to determine, at the time of each offer, the type and features of the shares to be issued. The amount of the capital increase would depend on the result of the offer and the number of target company shares tendered for exchange, in the light of the established parities and the shares or marketable securities providing entitlement to issued shares. Furthermore, the Board of Directors would decide to register all of the expenses and fees generated by the authorised transaction as liabilities on the balance sheet in a "share premium" account. This authorisation would be given for a nominal amount of 10 million euros, which would be charged against the ceiling authorised by the 9<sup>th</sup> resolution, regarding issues without pre-emptive subscription rights through public offerings, it being specified that this ceiling is set irrespective of the par value of the shares to be issued in respect of adjustments that may be carried out to protect the holders of rights attached to marketable securities providing entitlement to shares. The authorisation would be given for the same 26-month period starting on the day of your Meeting. The provisions of the present report regarding the 9<sup>th</sup> resolution would apply to issues carried out on the basis of the

## Report of the Board of Directors to the Combined General Meeting of PagesJaunes Groupe on 6 June 2012

12<sup>th</sup> resolution, with the exception of provisions regarding the issue price for shares and marketable securities providing entitlement to shares and regarding shareholders' priority right.

### Authorisation of the Board of Directors to issue shares and marketable securities providing entitlement to shares, in order to remunerate contributions in kind granted to the Company and comprised of shares or marketable securities providing entitlement to shares (13<sup>th</sup> resolution)

In accordance with the power offered by article L. 225-147 of the French Commercial Code, we invite you in the 13<sup>th</sup> resolution to authorise the Board of Directors for a 26-month period, with the power to sub-delegate under the conditions provided for by law, on the basis of and under the conditions provided by the 8<sup>th</sup> resolution, the necessary powers to issue shares or marketable securities providing entitlement to existing or future Company shares, representing up to 10% of its share capital (as at the date of your Meeting), in order to remunerate the contributions comprised of shares or marketable securities providing entitlement to shares, when article L. 225-148 of the French Commercial Code is not applicable. Shareholders' pre-emptive subscription right to shares and marketable securities so issued would be cancelled in favour of the holders of shares or marketable securities that are the subject of the contributions in kind. This authorisation would entail the shareholders' renunciation of their pre-emptive subscription right to the shares to which the marketable securities that would be issued based on the present authorisation could provide entitlement. If the 13<sup>th</sup> resolution is implemented, the Board of Directors would decide based on the report of the capital contributions auditor(s) and under the same conditions as if the Meeting itself had decided: thus it could approve alone the valuation of the contributions in kind, grant specific benefits and recognise the capital increase. The Board of Directors would have the necessary powers to implement this authorisation and, in particular, to modify the articles of association accordingly.

### Overall limit of authorisation (14<sup>th</sup> resolution)

As a consequence of the adoption of the 8<sup>th</sup> to 13<sup>th</sup> resolutions, we propose that you authorise the Board of Directors to set at 20 million euros the maximum nominal value of the immediate and/or future share capital increases that may be performed by virtue of the authorisations provided by the 8<sup>th</sup> to 13<sup>th</sup> resolutions, it being specified that this nominal value may potentially be increased by the par value of Company shares issued for adjustments made to protect holders of the rights attached to the marketable securities providing entitlement to shares.

### Authorisation of the Board of Directors to issue marketable securities conveying a right to obtain debt securities (15<sup>th</sup> resolution)

The Board of Directors proposes a 15<sup>th</sup> resolution to the General Meeting, deciding on an extraordinary basis, whereby the General Meeting would authorise the Board of Directors, with the power to sub-delegate under the conditions provided for by law, to decide to issue any marketable securities (other than shares) providing a right to obtain debt securities such as bonds or similar securities, subordinated securities of definite or indefinite duration, or any other securities conferring in the same issue an identical claim on the Company. This resolution would authorise the issue of all forms of marketable securities that provide entitlement to debt securities including, in particular, bonds with bond warrants attached or bond warrants. The granting of debt securities may arise as the result of the conversion, exchange, repayment or presentation of a warrant or of any other form of allotment right, or in any other manner. The nominal value of the total debt securities

that may be issued cannot exceed 300 million euros or the equivalent amount in a foreign currency or any monetary units established by reference to a group of currencies. This authorisation would be valid for a 26-month period from the date of your Meeting. The issuing of such marketable securities providing entitlement to debt securities would have the effect of authorising, at the appropriate time, the issuing of all types of complex securities leading to the immediate or future issuing of debt securities, in France, abroad and/or on international markets based on your Company's financing needs and consistent with its interests. The Board of Directors would determine the features of marketable securities to be issued and of the debt securities to which they would provide an allotment right and would determine the terms of redemption and/or early repayment for both the marketable securities to be issued and the debt securities to which they would provide an allotment right. If necessary, the Board of Directors could decide to provide a guarantee or security for both the marketable securities to be issued and the debt securities to which they would provide an allotment right and to determine their nature and features.

### Authorisation of the Board of Directors to increase the Company's share capital by incorporation of reserves, profits or premiums (16<sup>th</sup> resolution)

We request that you authorise the Board of Directors, with the power to sub-delegate under the conditions provided for by law, to increase the Company's share capital by incorporation of reserves, profits and issue premiums. Such transactions, which do not necessarily involve the issue of new shares, are covered by a specific provision of article L. 225-130 of the French Commercial Code and must be decided by your General Meeting in accordance with the quorum and majority conditions applicable to ordinary shareholders' meetings. This authorisation, which would also be given for a 26-month period, would authorise your Board of Directors to effect one or more capital increases up to a maximum nominal value of 20 million euros, it being specified that this ceiling is set irrespective of the par value of the Company shares that may be issued with regard to adjustments carried out to protect the holders of rights attached to marketable securities providing future entitlement to shares. All powers would be given to the Board of Directors to determine, in particular, the nature and sums to be incorporated, as well as the procedure(s) for increasing the share capital, increasing the par value of the existing shares and/or granting free shares, to confirm the completion of each capital increase and modify the articles of association accordingly, as well as to make any adjustments required by law.

### Authorisation of the Board of Directors to carry out capital increases reserved for members of the PagesJaunes Groupe savings plan (17<sup>th</sup> resolution)

We request that you authorise the Board of Directors, with the power to sub-delegate under the conditions provided for by law, to increase the Company's share capital under the provisions of the French Commercial Code (articles L. 225-129-6, L. 225-138 I and L. 225-138-1) and the French Employment Code (articles L. 3332-18 ff.) relating to the issue of shares or marketable securities providing entitlement to existing or future Company shares, reserved for employees and former employees participating in a PagesJaunes Groupe company savings plan, or through the granting of free shares or marketable securities providing entitlement to existing or future Company shares, especially by means of incorporating reserves, profits or premiums, subject to the applicable legal and regulatory limits. This authorisation would be given for a 26-month period for an increase in the Company's share capital with a maximum nominal value (including by means of incorporating reserves, profits or premiums), immediately or at a later date, as a result of all issues effected by virtue of this authorisation, of 1,124,000 euros representing approximately 2% of the Company's

**Report of the Board of Directors to the Combined General Meeting of PagesJaunes Groupe  
on 6 June 2012**

share capital, fixed independently of the par value of any Company shares issued for adjustments made to protect the holders of rights attached to marketable securities providing future entitlement to shares. The subscription price for the new shares will equal the average of the opening quoted prices for the PagesJaunes Groupe share on the Euronext Paris stock exchange during the twenty stock exchange sessions preceding the date of the decision fixing the opening date for subscriptions, less the maximum discount of 20%, it being noted that the Board of Directors may reduce the amount of this discount if it considers appropriate, especially in the event of a securities offer made to the members of a company savings plan on the international market and/or abroad in order to comply with the local legal requirements. The Board of Directors may also substitute a grant of bonus shares or marketable securities for all or part of this discount under the provisions set out below.

The Board of Directors may make provision to grant free shares or marketable securities providing entitlement to the Company's shares. Such a capital increase implies that you cancel, in favour of such employees and former employees, shareholders' pre-emptive subscription right to the shares or marketable securities providing entitlement to the Company's shares to be issued in the framework of this authorisation, and that you waive any right to shares or marketable securities granted free of charge on the basis of this authorisation to those same employees and former employees.

In the context of this authorisation, the Board of Directors would have the necessary powers to implement this authorisation and to modify the articles of association accordingly.

**Authorisation for the Board of Directors to reduce the Company's share capital by cancelling shares (18<sup>th</sup> resolution)**

Regarding the 5<sup>th</sup> resolution submitted for your approval and in accordance with article L. 225-209 of the French Commercial Code, we propose in the 18<sup>th</sup> resolution to authorise for a 18-month period the Board of Directors, with power to sub-delegate under the conditions provided for by law, to cancel all or part of PagesJaunes Groupe shares that would have been acquired under the repurchase programme that would be authorised by the vote on the 5<sup>th</sup> resolution (or any share repurchase programme implemented previously or subsequently) and consequently to reduce the capital. According to the law, shares may only be cancelled up to a maximum of 10% of the Company's share capital per 24-month period. The Board of Directors may decide that any excess of the share purchase price over their par value will be allocated to "Issue premiums" or any available reserves, including the legal reserve, subject to a limit of 10% of the capital reduction.

The Meeting would delegate all powers to the Board of Directors, with power to delegate under the conditions provided for by law, to reduce the share capital resulting from the cancellation of shares and the aforementioned allocation, as well as to modify article 6 of the articles of association accordingly.

**Modification of article 9 of the articles of association (19<sup>th</sup> resolution)**

You are requested to vote on a modification to the Company's articles of association that aims to harmonise the time limit for breaches of statutory thresholds provided for in article 9 of the articles of association, with the time limit provided for in article R. 233-1 of the French Commercial Code for breaches of legal thresholds, as modified by decree 2009-557 of 19 May 2009.

If you approve this proposal, we would request you to modify the first paragraph of point II in article 9 as follows (the provisions not reproduced remain unchanged):

*"Article 9 – Form, sale and transfer of shares*

*II. In addition to the legal requirement to inform the Company of their holding of certain percentages of share capital or voting rights, anyone acting alone or in concert who comes to hold or ceases to hold directly or indirectly a percentage – of the capital, voting rights or securities providing future entitlement to the Company's share capital – equal to or greater than 1% or a multiple of this percentage – will be required, no later than before the close of trading on the fourth trading day following the day on which this threshold is breached, to inform the Company, by registered letter with acknowledgement of receipt, of the total number of shares, voting rights or securities providing entitlement to share capital, that it holds directly or indirectly, alone or in concert."*

**Modification of article 27 of the articles of association (20<sup>th</sup> resolution)**

You are requested to vote on a modification to the Company's articles of association that aims to harmonise article 27 of the articles of association on shareholders' representation with article L. 225-106 of the French Commercial Code, as modified by order No. 2010-1511 of 9 September 2010.

Henceforth, any shareholder may be represented by another shareholder, by his spouse or by the partner with whom he has entered into a civil partnership. In addition he may choose to be represented by any other natural person or legal entity of his choosing, especially when the Company's shares are listed for trading on a regulated market.

If you approve this proposal, we will request you to modify the second paragraph of article 27 of the articles of association as follows:

*"Any shareholder may be represented, under the conditions provided for by the law, by any natural person or legal entity of his choosing."*

You are also asked to delete the fifth and sixth paragraphs of article 27 of the articles of association to bring this article into compliance with articles R. 225-77 and R. 225-79, as modified by decrees 2010-684 of 23 June 2010 and 2011-1473 of 9 November 2011, related to (i) the proof of electronic signature that can now result from a reliable shareholder identification process, guaranteeing the shareholder's connection with the remote voting form to which the signature is affixed and (ii) the option of revoking the power.

**Modification of article 28 of the articles of association (21<sup>st</sup> resolution)**

You are requested to vote on a modification to the Company's articles of association that aims to harmonise article 28 of the articles of association with (i) article R. 225-69 of the French Commercial Code, as modified by decree 2010-684 of 23 June 2010, related to the notice period for General Meetings held after a second notice and for adjourned Meetings, which is now 10 days, and (ii) articles L. 225-105 and R. 225-71 of the French Commercial Code, as modified respectively by order 2010-1511 of 9 December 2010 and decree 2010-1619 of 23 December 2010, related to the power of a shareholder to request that items be entered on the agenda.

If you approve this proposal, we will request you to modify article 28 of the articles of association as follows:

*"Article 28 – Convening of meetings – Forms and notice periods*

*The Board of Directors shall convene General Meetings under the conditions provided for by law.*

**Report of the Board of Directors to the Combined General Meeting of PagesJaunes Groupe on 6 June 2012**

*Failing this, they can also be called by the Auditors or by anyone authorised for this purpose.*

*Shareholders' Meetings shall be held at the registered office or any other location specified in the notice of meeting.*

*Apart from exceptions provided for by law, the notices of meeting shall be sent at least 15 clear days before the scheduled date for the Meeting and this time period is reduced to 10 clear days for Shareholders' Meetings held after a second notice of meeting and for adjourned Meetings.*

*The meetings are held on the day, time and place indicated in the notice of meeting.*

*The notices of meeting must indicate in particular the meeting agenda, which is drawn up by the author of the notice of meeting.*

*One or more shareholders representing at least the share of capital provided for by law, or any association of shareholders fulfilling the conditions required by law and acting in accordance with the legal conditions and time periods, may request that items or draft resolutions*

*be entered on the agenda. The reason for the request to enter an item on the agenda must be stated."*

**Additional report in the event of delegations of powers**

If the Board of Directors uses any of the delegations of powers granted to it by your Meeting, it would prepare an additional report according to the conditions provided for by the law and applicable regulations when the delegation is used.

Furthermore, the Company's auditors will establish a report for the Board of Directors, according to the conditions provided for by the law and the applicable regulations when the delegation is used.

The Board of Directors recommends that you adopt the resolutions submitted for your vote.

Issued in Sèvres on 14 February 2012

The Board of Directors

**FINANCIAL RESULTS OVER THE LAST FIVE YEARS**

(Articles 133-135-148 of the Decree of 23 March 1967)

Type of indication (excluding capital, amounts in thousands of euros)	2011	2010	2009	2008	2007
<b>1 – FINANCIAL POSITION AT YEAR-END</b>					
a) Share capital	56,196,951	56,196,951	56,196,951	56,196,951	56,128,890
b) Number of ordinary shares in issue	280,984,754	280,984,754	280,984,754	280,984,754	280,644,450
<b>2 – TOTAL INCOME FROM OPERATIONS</b>					
a) Revenue net of taxes	10,563	7,683	7,171	4,995	6,602
b) Earnings before tax, profit-sharing, depreciation, amortisation and provisions	125,881	211,497	229,857	172,392	150,500
c) Profit tax	(63,300)	(45,382)	(42,491)	(55,863)	(54,862)
d) Employee profit-sharing for the year	–	–	–	–	–
e) Profit after tax, depreciation, amortisation and provisions	187,724	253,244	273,456	128,397	220,207
f) Profit distributed in n+1*	–	162,697	182,446	269,454	269,419
<b>3 – INCOME FROM OPERATIONS PER SHARE (in euros)</b>					
a) Profit after tax and profit-sharing but before depreciation, amortisation and provisions	0.67	0.91	0.97	0.81	0.73
b) Profit after tax, profit-sharing, depreciation, amortisation and provisions	0.67	0.90	0.97	0.46	0.78
c) Dividend per share paid out in n+1*	0.00	0.58	0.65	0.96	0.96
<b>4 – PERSONNEL</b>					
a) Average number of employees during the year	38	32	32	30	31
b) Total payroll	8,645	5,299	7,865	3,937	3,819
c) Total contributions paid for social benefits	3,465	2,082	2,830	1,559	1,596

\* Or proposed to the General Meeting for the previous year (before deduction of treasury shares).



Report of the Board of Directors to the Combined General Meeting of PagesJaunes Groupe  
on 6 June 2012

## TABLE OF SUBSIDIARIES AND PARTICIPATING INTERESTS AS AT 31 DECEMBER 2011

Subsidiaries and participating interests	Capital	Shareholders' equity excluding capital and before appropriation of result	Share of capital held as %	Carrying value of shares held		Loans and advances granted by the Company, not yet repaid (excluding current accounts)	Amount of guarantees given by the Company	Revenues of last financial year	Net income of last financial year	Dividends received by the Company during the year	Observations
				Gross	Net						
<i>(in thousands of euros)</i>											
<b>DETAILED INFORMATION ON SUBSIDIARIES AND PARTICIPATING INTERESTS</b>											
<b>1 – Subsidiary: more than 50% held by the Company</b>											
Cristallerie 2 SA 7, avenue de la Cristallerie 92317 Sèvres Cedex SIREN: 493 023 485	38	(14)	100.00%	38	38	-	-	-	(2)	-	Preliminary data, unaudited
Cristallerie 3 SA 7, avenue de la Cristallerie 92317 Sèvres Cedex SIREN: 493 104 517	38	(17)	100.00%	38	38	-	-	-	(2)	-	Preliminary data, unaudited
Cristallerie 4 SA 7, avenue de la Cristallerie 92317 Sèvres Cedex SIREN: 501 672 588	38	(13)	100.00%	38	38	-	-	-	(2)	-	Preliminary data, unaudited
Eurodirectory SA 2, avenue Charles-de-Gaulle L-1653 Luxembourg RCS Luxembourg B48461	1,625	179	100.00%	14,707	14,707	-	-	161	1,517	1,508	Holding with 49% of Editus Luxembourg
Horizon Média SA 9, rue Maurice Mallet 92130 Issy-les-Moulineaux SIREN: 452 172 786	48	4,117	100.00%	12,379	12,379	-	-	29,419	2,118	1,000	
Mappy SA 47, rue de Charonne 75011 Paris SIREN: 402 466 643	212	2,916	100.00%	10,048	10,048	7,000	-	15,564	(25)	-	
PagesJaunes SA 7, avenue de la Cristallerie 92317 Sèvres Cedex SIREN: 444 212 955	4,005,038	428,920	100.00%	4,005,038	4,005,038	-	-	1,018,526	285,681	301,713	
PagesJaunes Marketing Services SA 25, quai Gallieni 92150 Suresnes SIREN: 422 041 426	7,275	8,643	100.00%	7,275	7,275	-	-	18,671	158	-	
PagesJaunes Outre-Mer SA 7, avenue de la Cristallerie 92317 Sèvres Cedex SIREN: 420 423 477	75	165	100.00%	76	76	-	-	5,036	158	149	Preliminary data, unaudited
QDQ Media SAU Calle de la Haya 4 28044 Madrid – Spain RCS Madrid: A81745002	5,500	(5,645)	100.00%	91,719	0	5,000	-	25,311	(2,286)	-	Impaired securities, loans and advances
Keltravo SAS 2, bd Vauban 78180 Montigny-le-Bretonneux SIREN: 494 738 636	230	(504)	100.00%	5,628	5,628	1	-	7,636	(338)	-	Preliminary data, unaudited

## Report of the Board of Directors to the Combined General Meeting of PagesJaunes Groupe on 6 June 2012

Subsidiaries and participating interests	Capital	Shareholders' equity excluding capital and before appropriation of result	Share of capital held as %	Carrying value of shares held		Loans and advances granted by the Company, not yet repaid (excluding current accounts)	Amount of guarantees given by the Company	Revenues of last financial year	Net income of last financial year	Dividends received by the Company during the year	Observations
				Gross	Net						
<i>(in thousands of euros)</i>											
123people GmbH Linke Wienzeile 8, Top 9 1060 Vienna – Austria RCS Vienna: FN 298562 m	44	2,048	100.00%	14,997	14,997	–	–	5,105	157	–	
Fine Media SAS 108, rue des Dames 75017 Paris SIREN: 494 447 550	47	1,377	100.00%	12,458	12,458	–	–	3,154	2,344	–	Preliminary data, unaudited
ClicRDV SASU 14, rue de Rouen 75019 Paris SIREN: 492 374 442	401	(643)	100.00%	9,165	9,165	–	–	649	(359)	–	Preliminary data, unaudited
AVAL (A Vendre A Louer) SAS 81-83, bd de Sébastopol 75002 Paris SIREN: 438 177 062	11,600	(8,243)	100.00%	4,025	4,025	–	–	4 830	(620)	–	
<b>2 – Participating interests (between 10 and 50%)</b>											
Relaxevents 34, quai de la Loire 75019 Paris SIREN: 531 170 322	500	(350)	40.00%	200	200	–	–	539	(351)	–	Preliminary data, unaudited
Leadformance 7, avenue des Ducs de Savoie 73000 Chambéry SIREN: 440 743 763	1,677	(1,737)	49.00%	5,047	5,047	–	–	1,111	(1,501)	–	Preliminary data, unaudited

## Verification of historical annual financial information

## 20.4 Verification of historical annual financial information

**PagesJaunes Groupe**

Financial year ended 31 December 2011

**STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS**

To the shareholders:

In accordance with the terms of our appointment at your General Meeting, we hereby submit our report for the year ended 31 December 2011, regarding:

- our examination of the accompanying annual financial statements of PagesJaunes Groupe;
- the basis of our assessments; and
- the specific procedures and disclosures required by law.

The Board of Directors has approved the annual financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

**I. Opinion on the annual financial statements**

We conducted our audit in accordance with professional auditing standards applicable in France. Those standards require that we plan and perform our audit to obtain reasonable assurance that the annual financial statements are free from material misstatement. An audit includes examining, on a test basis or by other selection methods, evidence supporting the amounts and disclosures in the annual financial statements. An audit also includes assessing the accounting principles used, the significant estimates made and the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We certify that the annual financial statements give a true and fair view of the assets and liabilities and financial position of the Company and the results of operations for the past year in accordance with French accounting principles and regulations.

**II. Basis of our assessments**

Pursuant to article L. 823-9 of the French Commercial Code regarding the basis of our assessments, we draw your attention to the following matters:

Your Company's Management makes estimates and assumptions, which have a bearing on the amounts shown in the financial statements and accompanying notes. The actual results could differ appreciably from these estimates, if the actual outcome differs. As part of our audit of the annual financial statements, we believe that the accounts which are subject to material accounting estimates and which require a justification of our assessment include the equity securities (note 3.2 to the annual financial statements).

In accordance with the professional standards concerning the assessment of accounting estimates, we have assessed in particular the information and assumptions on which the estimates of the equity securities' value are based (especially the cash flow forecasts prepared by your Company's operating divisions), reviewed the calculations made by your Company and the sensitivities of the main values in use, compared the accounting estimates for prior periods with the corresponding actual amounts and examined the procedures used by Management to approve these estimates.

The assessments on these matters were made in the context of our audit of the annual financial statements taken as a whole and therefore contributed to the formation of our opinion expressed in the first part of this report.

**Verification of historical annual financial information****III. Specific procedures and disclosures**

We also performed the specific procedures and disclosures required by law, in accordance with professional standards applicable in France.

We have no comments to make on the fairness of the information given in the Board of Directors' management report and the documents sent to shareholders on the financial position and financial statements or its consistency with those financial statements.

Concerning the information provided in accordance with the provisions of article L. 225-102-1 of the French Commercial Code on the remuneration and benefits paid to officers and the commitments granted to them, we verified their consistency with the financial statements and with the data used to prepare these financial statements and, where applicable, with the information gathered by your Company from companies controlling your Company or controlled by it. On the basis of this work, we attest to the accuracy and fairness of this information.

Paris-La Défense and Neuilly-sur-Seine, 16 February 2012

The Statutory Auditors

**Ernst & Young Audit**

Denis Thibon

**Deloitte & Associés**

Dominique Descours

**Verification of historical annual financial information****PagesJaunes Groupe**

Year ending 31 December 2011

**STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

To the shareholders:

In accordance with the terms of our appointment at your General Meeting, we hereby submit our report for the year ended 31 December 2011, regarding:

- our examination of the accompanying consolidated financial statements of PagesJaunes Groupe;
- the basis of our assessments; and
- the specific procedures required by law.

The Board of Directors has approved the consolidated financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

**I. Opinion on the consolidated financial statements**

We conducted our audit in accordance with professional auditing standards applicable in France. Those standards require that we plan and perform our audit to obtain reasonable assurance that the consolidated financial statements are free from material misstatement. An audit includes examining, on a test basis or by other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used, the significant estimates made and the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We certify that the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group and the entities included within the consolidation and of the results of its operations for the year in accordance with IFRS as adopted in the European Union.

**II. Basis of our assessments**

Pursuant to article L. 823-9 of the French Commercial Code regarding the basis of our assessments, we draw your attention to the following matters:

As stated in note 2 of the notes to the consolidated financial statements, your Company's Management makes estimates and assumption, which have a bearing on the amounts shown in the financial statements and accompanying notes. This note also states that the actual results could differ appreciably from these estimates, if the actual outcome differs. As part of our audit of the consolidated financial statements at 31 December 2011, we believe that the accounts which are subject to material accounting estimates and which require a justification of our assessment include goodwill and employee benefits.

In accordance with the professional standards concerning the assessment of these accounting estimates, we have in particular:

- with regard to the aforementioned assets, assessed the information and assumptions on which the estimates are based, particularly the cash flow forecasts prepared by your Company's operating divisions, reviewed the calculations made by your Company and the sensitivities of the main values in use, assessed the principles and methods used to determine fair values, compared the accounting estimates for prior periods with the corresponding actual amounts, examined the procedures used by Management to approve these estimates and verified the appropriateness of the information disclosed in the notes to the consolidated financial statements;
- with regard to employee benefits, assessed the basis on which these provisions were constituted, reviewed risk-related information contained in the notes to the consolidated financial statements and examined the procedures used by the Management to approve these estimates.

The assessments on these matters were made in the context of our audit of the consolidated financial statements taken as a whole and therefore contributed to the formation of our opinion expressed in the first part of this report.

**III. Specific procedures**

In accordance with professional standards applicable in France, we have also performed the specific procedures required by law regarding the information given in the report on the Group's management.

We have no matters to report regarding its fairness and consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, 16 February 2012

The Statutory Auditors

**Deloitte et Associés**

Dominique Descours

**Ernst & Young Audit**

Denis Thibon

**Dividend distribution policy****20.5 Dividend distribution policy****EXCEPTIONAL DISTRIBUTION OF RESERVES**

The General Meeting of Shareholders of 20 November 2006 resolved to carry out an extraordinary distribution of 9 euros per share, for a total distribution of approximately 2.5 billion euros.

This exceptional distribution was paid from "Other reserves", once amounts in the Company's "Retained earnings" had been appropriated to this item. It was funded partially by the Company's available cash and partially by a loan taken out with a banking pool.

**DIVIDEND FOR THE FINANCIAL YEAR 2007**

The General Meeting of Shareholders of 29 April 2008 decided to pay a dividend of 0.96 euro per share.

**DIVIDEND FOR THE FINANCIAL YEAR 2008**

The General Meeting of Shareholders of 11 June 2009 decided to pay a dividend of 0.96 euro per share.

**DIVIDEND FOR THE FINANCIAL YEAR 2009**

The General Meeting of Shareholders of 10 June 2010 decided to pay a dividend of 0.65 euro per share.

**DIVIDEND FOR THE FINANCIAL YEAR 2010**

The General Meeting of Shareholders of 7 June 2011 decided to pay a dividend of 0.58 euro per share.

**DIVIDEND FOR THE FINANCIAL YEAR 2011**

On 14 February 2012 PagesJaunes Groupe's Board of Directors decided to propose to the General Meeting of Shareholders convened for 6 June 2012 that no dividend be paid for the 2011 financial year.

**20.6 Legal and arbitration proceedings**

In the normal course of business, the Company is involved in various legal, arbitration and administrative proceedings.

Provisions are only constituted for expenses that may result from such proceedings where they are considered likely and their amount can be either quantified or estimated within a reasonable range. In this case, the amount of any provision corresponds to the lowest estimate in the range. The amount of the provisions constituted is based on a case-by-case assessment of the level of risk and does not depend primarily on how far proceedings have progressed. However, events that occur during the proceedings can lead to the reassessment of risks.

With the exception of the procedures described in note 32 "Disputes and litigation" of the notes to the consolidated financial statements, neither the Company nor any of its subsidiaries are party to any legal or

arbitration proceedings (nor does the Company have any knowledge of any such proceedings that have been envisaged by government authorities or third parties) whose likely outcome could, in the opinion of the Company Management, have a materially negative impact on its results, activities or consolidated financial position.

There are no other government, legal or arbitration proceedings, including any pending or threatened proceedings the Company is aware of, which are likely to have, or which have had within the last 12 months, a significant impact on the Company's and/or the Group's financial position or profitability.

## 20.7 Material changes in the financial or commercial position

Any material events that occurred between year-end and 14 February 2012, the date when the Board of Directors approved the financial statements, are stated in note 35 to the consolidated financial statements.

## 20.8 Statutory Auditors' fees

This table appears in chapter 20.1 "Historical financial information", in note 33.

21.1	Share capital	182
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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 Meetings, in accordance with the law and articles of association. Ownership of shares automatically implies full adherence to the Company's articles of association and decisions taken at the General Meeting.

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 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.

The General Meeting of Shareholders of 7 June 2011 modified article 10 of the articles of association, resolving that as of 1 May 2013 a double voting right will be attributed to all fully paid-up registered Company shares that have been registered in the name of the same holder for at least two years.

In the event that the capital is increased by incorporation of reserves, profits or issue premiums, this double voting right will apply, as soon as they are issued, to new shares granted to a shareholder on the basis of existing shares for which he already benefits from this right. Any share converted to a bearer share or transferred in ownership will lose the double voting right subject to exceptions provided for by law. These provisions take effect as of 1 May 2013.

#### 21.1.1 SHARE CAPITAL

At the registration date of this *document de référence*, the Company's share capital amounted to 56,196,950.80 euros divided into 280,984,754 fully paid-up shares of a par value of 0.20 euro each, all of the same class.



## Share capital

**Unissued authorised capital**

The Combined General Meetings of the Company of 10 June 2010 and 7 June 2011 granted, according to the conditions set out in the table below, the following authorisations to the Board of Directors:

<b>Securities concerned</b>	<b>Period of authorisation and expiry</b>	<b>Maximum amount of debt securities</b>	<b>Maximum nominal value of capital increase</b>
Issues with pre-emptive subscription right (capital increase including all marketable securities)	26 months 10 August 2012	Debt securities: €300 million	€20 million
Issues through public offers without pre-emptive subscription rights (capital increase including all marketable securities)	26 months 10 August 2012	Debt securities: €300 million	€10 million
Issues through offers set out in section II of article L. 411-2 of the French Monetary and Financial Code with pre-emptive subscription rights (capital increase including all marketable securities)	26 months 10 August 2010	Debt securities: €300 million	€10 million
Issue of ordinary shares and marketable securities providing entitlement to ordinary shares in the event of a public exchange offer initiated by the Company	26 months 10 August 2012	Debt securities: €300 million	€10 million
Issue of ordinary shares and marketable securities providing entitlement to ordinary shares as remuneration for in-kind contributions granted to the Company	26 months 10 August 2012	Debt securities: €300 million	10% of the capital, <i>i.e.</i> €5,619,695
Issue of marketable securities conferring a right to the allocation of debt securities	26 months 10 August 2012	Debt securities: €300 million	-
Capital increase through the incorporation of reserves, profits or premiums	26 months 10 August 2012	-	€20 million
Authorisation to grant Company shares free of charge	38 months 7 August 2014	-	1.5% of share capital
Capital increase for the benefit of members of company and/or employee savings plan(s)	26 months 7 August 2013	-	€1,122,000, <i>i.e.</i> approximately 2% of the share capital
Capital reduction through the cancellation of ordinary shares	18 months 7 December 2012	-	Cancellation of 10% of the Company's capital per 24-month period

With the exception of the authorisations concerning the granting of stock options for the subscription and/or purchase of ordinary shares and the granting of free shares (see 17.2 in this *document de référence*), at the date of this *document de référence* the PagesJaunes Groupe Board of Directors had not implemented these authorisations.

## Share capital

The General Meeting of Shareholders of 6 June 2012 will be asked to renew the following authorisations:

Securities concerned	Length of authorisation and expiry	Maximum amount of debt securities	Maximum nominal value of capital increase
Issues with pre-emptive subscription right (share capital increase including all marketable securities)	26 months 6 August 2014	Debt securities: €300 million	€20 million
Issues through public offers without pre-emptive subscription rights (capital increase including all marketable securities)	26 months 6 August 2014	Debt securities: €300 million	€10 million
Issue through offers set out in section II of article L. 411-2 of the French Monetary and Financial Code with pre-emptive subscription rights (capital increase including all marketable securities)	26 months 6 August 2014	Debt securities: €300 million	€10 million
Issue of ordinary shares and marketable securities providing entitlement to ordinary shares in the event of a public exchange offer initiated by the Company	26 months 6 August 2014	Debt securities: €300 million	€10 million
Issue of ordinary shares and marketable securities providing entitlement to ordinary shares as remuneration for in-kind contributions granted to the Company	26 months 6 August 2014	Debt securities: €300 million	10% of share capital, i.e. €5,619,695
Issue of marketable securities conferring a right to the allocation of debt securities	26 months 6 August 2014	Debt securities: €300 million	-
Capital increase by incorporation of reserves, profits or premiums	26 months 6 August 2014	-	€20 million
Capital increase for the benefit of members of company and/or employee savings plan(s)	26 months 6 August 2014	-	€1,124,000, i.e. approximately 2% of the share capital
Capital reduction by cancellation of ordinary shares	18 months 6 December 2013	-	Cancellation of 10% of the Company's share capital per 24-month period

### Other securities providing entitlement to the capital

At the registration date of this *document de référence*, there were no other securities providing entitlement to the Company's capital.

### 21.1.2 NON-EQUITY SHARES

At the registration date of this *document de référence*, there were no non-equity shares.

### 21.1.3 ACQUISITION BY THE COMPANY OF ITS OWN SHARES

Pursuant to articles L. 225-209 ff. of the French Commercial Code, the Combined General Meeting of 7 June 2011 authorised the Board of Directors to acquire Company shares, by any method, in the market or over the counter, up to a maximum of 10% of the Company's share capital at the date of the General Meeting and thereafter, throughout the validity period of this authorisation, up to a maximum of 10% of the share capital existing at the time, according to the following conditions:

- the maximum purchase price may not exceed 15 euros per share. In the event of capital transactions, including incorporation of reserves, granting of free shares and/or share splitting or consolidation, this price will be adjusted accordingly. If any shares thus acquired were used to grant shares free of charge in accordance with articles L. 3332-1 ff. of the French Labour Code, the sale price or the monetary consideration for the shares granted would be calculated in accordance with specifically applicable legal provisions;
- this authorisation is valid for an 18-month period. Any acquisitions made by the Company by virtue of this authorisation may not under any circumstances lead to its owning, directly or indirectly, more than 10% of the shares making up the share capital;

- shares may be acquired or transferred, including during public offer periods provided these transactions are fully paid for in cash, subject to the conditions and limits, especially with respect to volumes and prices, set out in the applicable laws at the transaction date. Transactions may be undertaken by any method, especially in the market or over the counter, including block purchases or sales, the use of derivative financial instruments or warrants or securities providing entitlement to Company shares, or by setting up options strategies, under the terms set out by the market authorities, as and when the Board of Directors or its authorised representative considers appropriate.

The Board of Directors has decided to submit a proposal to the shareholders to terminate, with immediate effect at the date of the Meeting, this authorisation granted by the Combined General Meeting on 7 June 2011, and to give the Board of Directors a new authorisation with the same effect.

The draft resolution on the new share repurchase programme, which will be proposed to shareholders at the Combined General Meeting on 6 June 2012, is appended to this document.

## Share capital

**Debt securities**

The General Meeting on 7 June 2011 authorised the Board of Directors to issue, on one or more occasions, in France, abroad and/or on the international market, all marketable securities giving immediate or future rights to the granting of debt securities such as bonds and similar instruments, fixed-term or open-ended subordinated securities, or any other securities that would convey in a single issue, the same claim on the Company.

The nominal value of all of the aforementioned marketable 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 value shall apply in general to the debt securities to which the marketable securities give entitlement to an immediate or future grant, although this value does not include above-par redemption premiums, if any were provided for.

This authorisation is given for a 26-month period.

The General Meeting of 6 June 2012 will be asked to renew this authorisation. The draft resolution that will be proposed to the shareholders is shown in the appendix to this *document de référence*.

**Stock option plans**

The Combined General Meeting of 12 April 2005 authorised the Board of Directors, in accordance with articles L. 225-177 ff. of the French Commercial Code, to grant, on one or more occasions, options to subscribe to or purchase Company shares. The total number of options that may be granted under this authorisation cannot lead to an entitlement to subscribe to or acquire a number of ordinary shares that would represent, at the grant date, more than 2% of the Company's capital as at the date of this Meeting.

Under the terms of this authorisation, at a meeting on 28 June 2005 the Board of Directors decided to implement 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 the right to subscribe to 3,830,400 new shares (*i.e.*: approximately 1.35% of the capital at the date of the Combined General Meeting of 12 April 2005). The subscription price was set at 19.30 euros per share, corresponding to the average listed price over the 20 trading sessions preceding 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, providing the right to subscribe to 2,927,900 new shares. The subscription price was set at 14.46 euros per share, corresponding to the average listed price over the 20 trading sessions preceding 20 December 2007.

The Combined General Meeting of 11 June 2009 renewed this authorisation, in accordance with articles L. 225-177 ff. of the French Commercial Code, to grant, on one or more occasions, options to subscribe to or purchase Company shares. The total number of options that may be granted under the 27<sup>th</sup> resolution of the said Meeting cannot lead to an entitlement to subscribe to or acquire a number of ordinary shares that would represent, at the grant date, more than 1% of the Company's capital as at the date of this Meeting.

The beneficiaries must be staff members or corporate officers (as defined in article L. 225-185 of the French Commercial Code) of the Company or of companies or groups that are related to the Company as defined in article L. 225-180 of the French Commercial Code. The Board of Directors may grant options to some or all of these persons.

This authorisation is granted for a 38-month period.

Each option shall entitle the holder to subscribe to or acquire one new or existing ordinary share, depending on the case.

The shares that may be obtained by exercising share purchase options granted under the 27<sup>th</sup> resolution of the Combined General Meeting of 11 June 2009 must be acquired by the Company, either under the terms of article L. 225-208 of the French Commercial Code or, if applicable, under the share repurchase programme covered by the 5<sup>th</sup> resolution approved by the said Meeting pursuant to article L. 225-209 of the French Commercial Code or any subsequently applicable share repurchase programme.

The Board of Directors shall set the exercise price for options granted under this resolution according to the following terms:

- the exercise price of options to subscribe or purchase ordinary shares may not be less than the average listed price of PagesJaunes Groupe shares on the Eurolist Euronext market over the 20 trading sessions preceding the date when the options are granted, and no options may be granted less than 20 trading sessions after coupons giving rights to dividends or capital increases have been detached from the shares;
- in addition, the exercise price of 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 French Commercial Code or, if applicable, under the share repurchase programme authorised by the 5<sup>th</sup> resolution approved by the Combined General Meeting of 11 June 2009 pursuant to article L. 225-209 of the French Commercial Code, or any subsequently applicable share repurchase programme.

Any options granted must be exercised within 10 years of the date when the Board of Directors grants them.

In accordance with this authorisation, the Board of Directors made the following grants:

- at its meeting on 23 July 2009, the Board of Directors decided to implement a PagesJaunes Groupe share subscription option plan for the entire PagesJaunes Groupe, providing the right to subscribe to 1,145,000 new shares. The subscription price was set at 6.71 euros per share, corresponding to the average listed price over the 20 trading sessions preceding 23 July 2009;
- at its meeting on 29 October 2009, the Board of Directors decided to implement a PagesJaunes Groupe share subscription option plan for the entire PagesJaunes Groupe, providing the right to subscribe to 87,000 new shares. The subscription price was set at 8.843 euros per share, corresponding to the average listed price over the 20 trading sessions preceding 29 October 2009;
- at its meeting on 17 December 2009, the Board of Directors decided to implement a PagesJaunes Groupe share subscription option plan for the entire PagesJaunes Groupe, providing the right to subscribe to 75,000 new shares. The subscription price was set at 7.821 euros per share, corresponding to the average listed price over the 20 trading sessions preceding 17 December 2009;
- at its meeting on 27 July 2010, the Board of Directors decided to implement a PagesJaunes Groupe share subscription option plan for the entire PagesJaunes Groupe, providing the right to subscribe to 1,336,000 new shares. The subscription price was set at 8.586 euros per share, corresponding to the average listed price over the 20 trading sessions preceding 27 July 2010;
- at its meeting on 16 December 2010, the Board of Directors decided to implement a PagesJaunes Groupe share subscription option plan for the entire PagesJaunes Groupe, providing the right to subscribe to 166,000 new shares. The subscription price was set at 7.095 euros per share, corresponding to the average listed price over the 20 trading sessions preceding 16 December 2010.

## Share capital

### Free grant of shares

The General Meeting of 19 April 2006 authorised the Company's Board of Directors to carry out one or more free issues of existing or future ordinary Company shares, under terms to be defined by it and subject to the conditions set out below.

Under the terms of this authorisation, the Board of Directors decided at its meetings on 30 May 2006, 20 November 2006 and 14 February 2008 to implement three free share plans.

Under the plan of 30 May 2006, 602,361 shares were initially granted to 591 Group employees.

Under the plan of 20 November 2006, 778,638 shares were initially granted to 611 Group employees.

Under a third plan adopted on 14 February 2008, 12,940 shares were granted to 15 Group employees.

The General Meeting of Shareholders of 7 June 2011 renewed this authorisation.

In accordance with this renewed authorisation, the Board of Directors, in its meetings on 26 October 2011 and 16 December 2011, decided to implement two free share plans.

Under the plan of 26 October 2011, 1,226,000 shares were initially granted to 41 Group employees.

Under the plan of 16 December 2011, 84,000 shares were granted to three Group employees.

### Convertible securities, exchangeable securities or securities with warrants

At the registration date of this *document de référence*, there were no convertible or exchangeable securities or securities with warrants.

### Information on the conditions governing any acquisition rights and/or any obligations attached to subscribed but not paid-up capital

Information relating to authorisations to issue shares given to the Board of Directors at the General Meeting on 7 June 2011 is set out in section 21.1.1.

### Information on the capital of any of the Group's members subject to an option or a conditional or unconditional agreement

At the registration date of this *document de référence*, no member of the Group had any option or agreement of this type.

## 21.1.4 HISTORY OF CAPITAL AND VOTING RIGHTS

Information relating to the breakdown of the Company's capital is included in chapter 18 "Principal shareholders" of this document.

### Changes in capital over the last five years

Date	Operation	Number of shares issued	Nominal amount of capital increase	Issue premium per share	Total issue premium	Successive capital amounts	Number of shares	Par value
Combined General Meeting of 27 May 2004	Division of nominal value	274,050,000	–	–	–	€54,810,000	274,050,000	€0.20
Initial public offering July 2004	Capital increase reserved for employees of the France Télécom Group	4,739,610	€947,922	€11.10	€52,609,671	€55,757,922	278,789,610	€0.20
15 January 2007	Recognition of capital increase resulting from exercise of share subscription options in 2006	1,477,170	€295,434	€17.60	€25,990,960,40	€56,053,356	280,266,780	€0.20
15 January 2008	Recognition of capital increase resulting from exercise of share subscription options in 2007	377,670	€75,534	€11.52	€4,350,758,40	€56,128,890	280,644,450	€0.20
25 February 2009	Recognition of capital increase resulting from free grants of shares in 2008	340,304	€68,060,80	–	–	€56,196,950,80	280,984,754	€0.20

## Share capital

**Comments on material changes in the breakdown of the Company's capital during the last three years**

None

**Pledges**

See chapter 18.5 of this document.

**Market for securities of the Company**

Month	Lowest price (in euros)	Highest price (in euros)	Last price (in euros)	Number of shares traded	Capital (in euros)
January 2011	6.72	7.70	7.65	23,294,726	168,987,368
February 2011	6.89	7.84	7.10	24,574,615	176,018,314
March 2011	6.35	7.16	7.16	19,210,077	130,092,812
April 2011	6.83	7.30	7.04	12,575,926	88,267,349
May 2011	7.08	7.70	7.27	17,494,480	129,650,371
June 2011	6.13	7.25	6.14	22,025,095	152,587,096
July 2011	5.35	6.20	5.54	18,884,267	108,265,045
August 2011	4.01	5.38	4.35	14,834,996	67,057,540
September 2011	2.92	4.54	3.17	16,905,739	59,812,637
October 2011	2.71	3.26	3.19	14,215,556	43,261,730
November 2011	2.32	3.10	2.58	10,418,632	27,948,174
December 2011	2.32	2.83	2.81	12,501,582	32,672,720
January 2012	2.70	3.71	3.54	12,646,869	39,655,645

Source: Thomson Reuters.

## Incorporation certificate and articles of association

# 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.

In addition, the Company's purpose in France and abroad, directly or indirectly, is:

- to publish, on its own behalf or on behalf of third parties, 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, produce, 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, by cable or other methods, as well as any other activity related to such services, and especially 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 that are a prerequisite or accessory to or a condition or extension of such services, or which are likely to encourage or develop them; and
- in general, to undertake any industrial, commercial, financial, civil, property or non-property operations that may be directly or indirectly related to any of the aforementioned corporate purposes or to any similar or related corporate purposes.

### Provisions in the incorporation certificate, articles of association or internal regulations concerning members of the administrative and management bodies

A Board of Directors consisting of three to 18 members manages the Company (subject to legal exceptions in the event of a merger). There are currently 11 Directors on the Board.

Shareholders elect the directors at Ordinary General 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 French Commercial Code) whose registered office is located on French territory.

This director is elected by way of two rounds of majority voting. All staff members who meet the conditions set by law are eligible to vote and stand for election. Each candidacy must include, in addition to the

candidate's name, the name of a substitute who may replace him or her in the event of absence for any reason.

The director representing the employees is elected for a five-year term. The first director representing the employees shall take up his or her responsibilities at the first meeting of the Board of Directors held after the full results of the first elections have been published. The next director representing the employees shall take up his or her responsibilities on expiry of the term of the previous director representing the employees.

If a director representing the employees ceases to be a member of staff, his or her responsibilities as a director are terminated.

The Board of Directors elects a Chairman from among its members. The Chairman is elected for his or her entire term as a director, and may be re-elected.

The Board of Directors meets whenever the Chairman calls a meeting. Meetings may be called by any method, including verbally in case of emergency, and as often as the Chairman deems necessary. They may be held at the registered office or any other place as indicated in the notice of meeting.

Where the Board of Directors has not met for more than two months, at least one-third of the members of the Board of Directors may request the Chairman at any time to call a Board meeting based on a specific agenda. The Chief Executive Officer may also request the Chairman at any time to call a meeting of the Board of Directors based on a given agenda.

The Board of Directors' deliberations are only valid if at least half of its members are present.

Decisions are taken by a majority vote of the members who are present or represented. In the event of a tied vote, the Chairman of the meeting has the casting vote.

Subject to legal and regulatory provisions, meetings of the Board of Directors may be held by means of videoconference or any other means of telecommunication. Any director participating in a Board meeting by means of videoconference or other means of telecommunication is deemed to be in attendance for the purposes of quorum and majority. The Board of Directors sets out the strategic orientations for the Company's activities and sees to it that they are implemented. Subject to any powers expressly granted to Shareholders' Meetings and within the limits 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 provide that an Ordinary General Meeting can appoint one or more non-voting Board members (*censeurs*). These non-voting Board members may or may not be shareholders and are chosen on the basis of their personality or experience.

## Incorporation certificate and articles of association

### Internal regulations

Internal regulations for the Board of Directors were defined at the Board of Directors' meeting of 23 September 2004. These regulations specify the guiding principles for the operation of the Board of Directors and the rights and duties of the directors.

The main provisions of the Board of Directors' internal regulations are summarised below.

### Preparation and organisation of the Board of Directors' work

#### Strategic orientation

Pursuant to article 17 of the articles of association, the Board of Directors determines the strategic orientations for the Company's activities and ensures they are implemented.

This means that the Board is involved in all decisions relating to the Company's major strategic, economic, social, financial and technological orientations and ensures that these decisions are implemented.

The medium-term orientations for the Group's activities are defined each year in a strategic plan, which is prepared and presented by the Chief Executive Officer to the Board of Directors for approval. This draft includes in particular projected trends for the Group's key operational and financial indicators. The Chief Executive Officer presents a draft annual budget based on these orientations.

The Chief Executive Officer is responsible for implementing the orientations set out in the strategic plan.

The Chief Executive Officer informs the Board of Directors of any problems or, more generally, any matter which may affect the achievement of any of the orientations in the strategic plan.

#### Board committees

In order to prepare its work, the Board of Directors has created an Audit Committee, a Remuneration and Appointments Committee and a Strategy Committee.

The operating terms and areas of authority of each Committee are stipulated in the Committees' Charters, which are approved by the Board of Directors.

### Directors' duties and responsibilities

#### Directors' duty of confidentiality

Directors are required to maintain strict confidentiality with regard to the content of discussions and deliberations by the Board and its Committees and any information presented to them.

#### Directors' duty to act independently

In carrying out the mandate entrusted to them, directors must make all decisions independently of any interest other than that of the Company.

Each director is required to inform the Chairman of any situation affecting him that could create a conflict of interest with the Company or any Group Company. Where appropriate, the Chairman may seek the opinion of the Remuneration and Appointments Committee.

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, as well as any shares they acquire during their term of office.

Directors are forbidden to:

- undertake any transaction involving securities in any listed Group Company where they have inside information;
- undertake, directly or indirectly, short-selling of such shares.

The first of the above prohibitions 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 that warrant such a prohibition are being prepared.

The Professional Ethics Charter, which sets out in particular the rules relating to inside information, applies to the directors.

#### Directors' duty of diligence

In accepting the office entrusted to them, directors agree to fully assume all their responsibilities and, in particular, to:

- devote whatever time is required to study matters dealt with by the Board and, if applicable, any Committees of which they are members;
- request any additional information they consider necessary;
- ensure that these Regulations are applied;
- 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 to improve working conditions for the Board and its Committees;

The Board constantly seeks to improve the information communicated to shareholders. Each director must play a part in achieving this goal, particularly through his or her contribution to the work of the Board's Committees.

Directors undertake to tender their resignation to the Board when they believe, in good faith, that they are no longer able to fully assume their responsibilities.

#### Professional Ethics Charter

At its meeting on 23 September 2004, the Board of Directors adopted a Professional Ethics Charter (available on the PagesJaunes Groupe web site at <http://www.pagesjaunesgroupe.com>).

This Charter sets out the Group's values and presents its guiding principles for all dealings with customers, shareholders, employees, suppliers, and competitors, as well as 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 that each Group employee, director and manager must adhere to 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 permitted to trade in the Company's shares.

The Professional Ethics Charter applies to each member of the Board of Directors and to all of the Group's senior managers and employees.

## Incorporation certificate and articles of association

### Chairman of the Board of Directors and Senior Management

The Chairman of the Board of Directors is a natural person 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 the decision is taken to separate these roles, the Board of Directors appoints the Chief Executive Officer.

At its meeting on 23 September 2004, the Board of Directors decided to separate these roles.

Subject to the powers expressly granted by law to Shareholders' Meetings and to the Board of Directors, and within the limits of the corporate purpose, the Chief Executive Officer has the widest powers to act on behalf of the Company under all circumstances, with the following stipulations:

- (i) the Chief Executive Officer must present a draft strategic plan to the Board of Directors each year defining the Group's medium-term objectives including, in particular, projected trends for the Group's key operational and financial indicators, in addition to a draft annual budget;
- (ii) the Board of Directors must approve the following decisions in advance:
  - approval of the annual budget and any material changes made to it,
  - approval of annual and three-year business plans,
  - the acquisition or disposal of any business by PagesJaunes Groupe or any of its subsidiaries, where this is not included in the annual budget and is for a total amount, including all liabilities and other off-balance sheet commitments, in excess of 10 million euros in any one financial year,
  - any investments or divestments not included in the annual budget that concern fixed assets for an amount, including all liabilities and other off-balance sheet commitments, in excess of 10 million euros,
  - amendments to the employment contract of, recruiting/appointing or dismissing/removing the financial director of PagesJaunes Groupe, and any amendments to the employment contract of, recruiting/appointing or dismissing/removing any other senior manager of PagesJaunes Groupe whose gross annual remuneration exceeds 200,000 euros shall not require prior authorisation by the Board of Directors, but shall require the prior agreement of the Remuneration and Appointments Committee,
  - any increase in the total indebtedness of PagesJaunes Groupe or its subsidiaries of an amount greater than that authorised under the terms of the financing or loan contracts previously authorised by PagesJaunes Groupe's Board of Directors,
  - entering into any agreement with a view to creating a joint venture with a third party not included in the annual budget and entailing a commitment for PagesJaunes Groupe or one of its subsidiaries, for the duration of the joint venture, to a sum exceeding 10 million euros,
  - any decision to begin proceedings to list marketable securities of PagesJaunes Groupe or any of its subsidiaries on a regulated market and any subsequent transactions with a view to additional listings of marketable securities of PagesJaunes Groupe or any of its subsidiaries whose shares are already traded on a regulated market,
  - any decision to delist or repurchase shares (except share repurchases under liquidity agreements previously authorised by the Board of Directors),

- the acquisition or subscription, by PagesJaunes Groupe or any of its subsidiaries, of shares, interests or any capital instrument or securities providing entitlement to the capital of a company (x) for a value including all of the liabilities and other off-balance sheet commitments assumed greater than 10 million euros where the liability of PagesJaunes Groupe or its subsidiaries is limited and the transaction is not included in the annual budget, and (y) irrespective of the amount invested, where PagesJaunes Groupe or any of its subsidiaries is acting as an unlimited liability partner in such a company,
- any diversification of the business of PagesJaunes Groupe or one of its subsidiaries bearing no relation to the activities previously carried out, or any diversification related to activities previously carried out but not included in the annual budget, entailing a commitment to a sum in excess of 10 million euros,
- any transfer or cessation of one of the main businesses of PagesJaunes Groupe or one of its subsidiaries not included in the annual budget or in the three-year business plan,
- the implementation of any voluntary 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) 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 annex,
- entering into any agreement not included in the annual budget that would entail PagesJaunes Groupe or its subsidiaries making payments or providing goods and services for an annual amount in excess of 10 million euros,
- any decision relating to plans for the merger or demerger of any PagesJaunes Groupe subsidiary, partial contribution of assets of a business of one of PagesJaunes Groupe's subsidiaries, or the 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 to grant 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 no provision has been made for this in the annual budget.

### Deputy Chief Executive Officers

On 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. By agreement with the Chief Executive Officer, the Board of Directors determines the scope and term of the powers granted to Deputy Chief Executive Officers.



## Incorporation certificate and articles of association

### Rights, preferred rights and restrictions attached to each class of existing shares

Fully paid-up shares may be in registered or bearer form, at the shareholder's discretion. They must be registered until they are fully paid up. They are registered in the Company's records or with an authorised intermediary under the terms and conditions set out in law.

In order to be able to identify bearer shares, under current legal and regulatory conditions and subject to applicable legal or regulatory penalties, the Company may request any organisation or intermediary, including the central custodian of financial instruments, for information required by law or regulations enabling the identification of holders of Company shares giving immediate or future voting rights at shareholders' meetings and, in particular, the number of shares held by each of them and, if applicable, any restrictions that may apply to those shares.

Any intermediary registered on behalf of an owner who is not resident in French territory is required, under the terms set out in article L. 228-1 of the French Commercial Code, to reveal the identity of the owners of such shares within 10 days, on request by the Company or its legal representative at any time.

Where the Company has reason to believe that holders of registered or bearer shares who are known to the Company are holding those shares on behalf of third-party shareholders, it is entitled to request those holders to reveal the identities of the owners of the said shares under the terms set out above.

Where a person to whom a request is made in accordance with the above provisions does not provide the requested information within legal and

regulatory time limits, or provides incomplete or incorrect information relative either to his capacity or to the identity of the shares' owners, the shares or securities providing immediate or future entitlement to share capital for which that person is the registered account holder shall have no voting rights at any shareholders' meetings until such time as all matters relating to identity are settled, and payment of any corresponding dividends shall be deferred until that date.

In addition, if a person registered as a holder of shares knowingly disregards the above provisions, the Court in whose jurisdiction the Company's registered office is located may, at the request of the Company or one or more shareholders holding at least 5% of the capital, order the full or partial withdrawal, for a total period not exceeding five years, of any voting rights attached to the shares in question and, possibly for the same period, the right to any corresponding dividends.

Where any legal entity owns shares in the Company and has a holding of more than one-fortieth of the capital or voting rights, the Company may ask that entity to disclose the identities of any persons who directly or indirectly hold more than one third of the entity's share capital or voting rights exercised at the entity's General Meetings.

### Actions required to modify shareholders' rights

At the registration date of this *document de référence*, the articles of association contain no provisions stricter than those set out in the law relating to changes to shareholders' rights.

## 21.2.2 GENERAL MEETINGS (ARTICLES 11 AND 26-32 OF THE ARTICLES OF ASSOCIATION)

### Access, participation and voting at General Meetings

General 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 Meeting, subject to the following conditions:

- in order to attend, vote remotely, or be represented at General 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 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 Meeting;
- in order to attend, vote remotely or be represented at General 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 Meeting,

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,

Owners of Company shares who are not residents of France may be registered in the accounts and represented at General Meetings by any intermediary who is registered on their behalf and holds a general securities Management mandate, provided that such intermediaries have previously declared themselves as intermediaries holding shares on behalf of others at the time their account is opened with the Company

or account-holding financial intermediary, in accordance with legal and regulatory provisions.

The Company is entitled to request any intermediary who is registered on behalf of shareholders not resident in France and who holds a general mandate to provide a list of the shareholders represented by them and whose rights would be exercised at the General Meeting.

Each member of a General Meeting has as many votes as the number of shares he or she owns or represents, provided that his or her voting rights have not been withdrawn.

Any shareholder may, subject to legal and regulatory conditions, vote remotely or issue an authorisation to any person of his choice with a view to being represented and voting at a General Meeting.

Remote voting is carried out under the terms and conditions stipulated by legal and regulatory provisions. The Company must receive voting forms by 3 pm (Paris time) on the day before the General Meeting at the latest.

Authorisations, remote voting forms and certificates of non-transferability of shares may be submitted in electronic form duly signed under the terms set out in applicable legal and regulatory provisions.

Shares are indivisible with regard to the Company. Joint owners of shares must arrange for one of them to act as their representative with the Company, who shall be considered to be the sole owner and representative. In the event of failure to agree, the sole representative may be appointed by the Court at the request of the first joint owner to so request. Unless the Company is properly notified of any agreement to the contrary, beneficial owners have the right to vote at Ordinary General Meetings and bare owners have the right to vote at Extraordinary General Meetings.

## Incorporation certificate and articles of association

General Meetings may be held by videoconference or by any other means of telecommunication, including the Internet, which enables shareholders to be identified under the conditions set out in applicable legal and regulatory texts.

General Meetings may be attended by all shareholders whose securities are paid up for the amounts due and for which proof has been submitted of the right to attend the General Meetings by means of the posting in the accounts of the securities in the name of either the shareholder or, if the shareholder is not a resident of France, of the intermediary registered on its behalf, on the third business day preceding the General Meeting at midnight (Paris time).

The posting of the securities within the time limit stipulated in the previous paragraph must take place either in the registered securities accounts held by the Company or in the bearer securities accounts held by the authorised intermediary.

If the Board of Directors so decides at the time of convening the Meeting, forms may be completed and signed electronically directly on a site set up by the Company. This site must use a process including a username and password, in accordance with the terms set out in the first sentence of paragraph two of article 1316-4 of the French Civil Code, or any other process which meets the conditions set out in the first sentence of paragraph two of article 1316-4 of the French Civil Code.

Any authorisations or votes registered prior to the Meeting by such electronic means, and any receipts which are provided for them, shall be considered to be fully enforceable, irrevocable written records, subject to the points set out below. By derogation, in the case of a sale of shares occurring prior to midnight (Paris time) on the third business day preceding the Meeting, the Company shall invalidate or alter accordingly, as the case may be, the proxy expressed or the vote cast prior to the Meeting, using the electronic method set up by the Board of Directors.

Owners of Company shares who are not resident in French territory may be registered in the accounts and represented at the Meeting by any intermediary who is registered on their behalf and holds a general securities management mandate, provided such intermediaries have previously declared themselves as intermediaries holding shares on behalf of others at the time when shares are registered in the accounts with the Company or account-holding financial intermediary, in accordance with legal and regulatory provisions.

The Company is entitled to ask any intermediary who is registered on behalf of shareholders not residing in France and who holds a general mandate to provide a list of the shareholders represented by them and whose rights would be exercised at the Meeting.

### Ordinary General Meetings

Ordinary General Meetings are called to make all decisions that do not amend the articles of association. They are held at least once a year within six months of the end of the financial year, unless this period is extended by Court order, to approve the financial statements for the previous financial year.

Ordinary General Meetings cannot validly deliberate, on the first notice of meeting, unless shareholders present, represented or voting remotely hold at least one-fifth of shares with voting rights. Upon a second notice of meeting, no quorum is required. Decisions are made by majority vote of the shareholders who are present, represented or have voted remotely.

For the purposes of calculating quorum and majority, shareholders are deemed to be present if they take part in an Ordinary General Meeting

by video-conference or any other means of telecommunication enabling them to be identified, the nature and terms of use of which are defined by applicable laws and regulations.

### Extraordinary General Meetings

Only Extraordinary General Meetings are authorised to amend any provisions in the articles of association. However, they may not increase shareholders' commitments except through transactions resulting from a properly executed share consolidation.

Subject to legal stipulations applicable to share capital increases by the incorporation of reserves, profits or issue premiums, Extraordinary General Meetings cannot validly deliberate unless shareholders present, 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 Meeting by video-conference or any other means of telecommunication enabling them to be identified, the nature and terms of use of which are defined by applicable laws and regulations.

### Convening of meetings: forms and permitted periods (article 28 of the articles of association)

The Board of Directors convenes General Meetings under the conditions provided for by law.

Otherwise, General Meetings may also be convened by the auditors or by any person authorised for this purpose.

A notice informing shareholders of the next General Meeting is published at least 35 days prior to the Meeting in the French bulletin of mandatory legal announcements (BALO).

Except where provided for in law, notices are issued at least fifteen clear days before the scheduled date of a General Meeting. This period is reduced to ten clear days for General Meetings held after a second notice of meeting and for reconvened General Meetings.

The notices of meetings are issued by a notice in a newspaper publishing legal announcements in the *département* where the registered office is located and in the French bulletin of mandatory legal announcements. Moreover, shareholders who have held registered shares for at least one month prior to the notice of meeting are summoned to the General Meeting by ordinary letter. They may ask to be notified by registered post, provided they pay the registered postage fee to the Company.

The meetings are held on the day, time and place indicated in the notice of meeting.

Notices of meeting must include the agenda for the meeting.

### Officers of General Meetings (article 30 of the articles of association)

General 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 Meeting elects its own Chairman.

## Incorporation certificate and articles of association

The two members of the General Meeting with the highest number of votes, who accept this role, fulfil the scrutineer's role.

The officers of a General Meeting appoint a secretary, who is not required to be a shareholder.

### Agenda

The person issuing the notice of meeting draws up the agenda for a General Meeting.

One or more shareholders representing the percentage of capital required by applicable regulatory provisions and acting in accordance with legal conditions and time limits may request that draft resolutions be added to the agenda.

Requests for draft resolutions to be added to the agenda must be sent by registered letter with recorded delivery as of publication of the notice of meeting in the bulletin of mandatory legal announcements, and up to 25 days prior to the Meeting (however, if the notice is published more than 45 days prior to the Meeting, draft resolutions must be sent within 20 days of publication of the notice). The authors must provide

proof that they possess or represent the required proportion of share capital, prior to dispatch of the request, by registering the shareholders on the Company registers.

Only matters that are included on the agenda may be discussed at General 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 Meetings, each shareholder has as many votes as the number of shares he or she owns or represents, with no limitations other than those which may arise from legal provisions or provisions in the articles of association, subject to a Court order in certain cases. There are no clauses in the articles of association allowing the Company's shareholders to have double or multiple voting rights or restricting voting rights.

## 21.2.3 SALE AND TRANSFER OF SHARES (ARTICLE 9 OF THE ARTICLES OF ASSOCIATION)

Shares may be freely traded, subject to applicable legal and regulatory provisions. They are registered and transferred under the terms and conditions set out in applicable legal and regulatory provisions.

## 21.2.4 BREACH OF THRESHOLDS SET OUT IN THE ARTICLES OF ASSOCIATION (ARTICLE 9 OF THE ARTICLES OF ASSOCIATION)

In addition to the legal requirement to inform the Company of their breaching certain percentages of share capital or voting rights, anyone acting alone or in concert who comes to hold or ceases to hold directly or indirectly a fraction – of the capital, voting rights or securities providing future entitlement to the Company's share capital – equal to or greater than 1% or a multiple of this fraction, will be required, no later than before the close of trading on the fourth trading day following the day on which this threshold was breached, to notify the Company, by registered letter with acknowledgement of receipt, of the total number of shares, voting rights or securities providing entitlement to share capital, that it holds directly or indirectly, alone or in concert.

This notification must be renewed under the aforementioned conditions every time a new threshold of 1% is reached or breached, upwards or downwards, irrespective of the reason, including above the 5% threshold.

In the event that the aforementioned requirements are not respected and if one or more shareholders holding at least 1% of the share capital so requests the General Meeting, the shareholders concerned shall, without prejudice to potential suspensions of voting rights decided by a court, subject to the conditions and limits specified by law, have no voting rights for the shares exceeding the thresholds subject to declaration.

## 21.2.5 CAPITAL MODIFICATION CLAUSE

At the registration date of this *document de référence*, the articles of association contain no provisions stricter than those set out in the law relating to capital modifications.

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## SIGNIFICANT CONTRACTS

In due consideration of the sale by France Télécom of its interest in the Company's capital, France Télécom and the Company have entered into a bridging contract and cooperation contract intended to govern the relationship between them. The details of these contracts are set out in section 6.4 of this document.

In addition, PagesJaunes Groupe entered into a bank financing agreement, the details of which are set out in chapter 10 of this document.

To date, the Company has entered into no other significant contracts, other than those drawn up in the normal course of business, which would impose a significant obligation or commitment on the Group as a whole.

## 23

## INFORMATION PROVIDED BY THIRD PARTIES, EXPERT DECLARATIONS AND DECLARATIONS OF INTEREST

None.

## 24

## DOCUMENTS AVAILABLE TO THE PUBLIC

Documents relating to the Company that must be made available to the public (articles of association, reports, correspondence and other documents, the Company's historical financial information and consolidated information for each of the two financial years preceding the date of this *document de référence*) are available for consultation at the registered office, preferably by appointment.

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## INFORMATION CONCERNING PARTICIPATING INTERESTS

Other than those companies referred to in section 7.2 ("List of subsidiaries"), the Company has no participating interests in any companies liable to have a material impact on the assessment of its assets, financial position or results.

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## Draft resolutions to be submitted to the Combined General Meeting of 6 June 2012

### ORDINARY ITEMS

#### First resolution

##### (Approval of the annual financial statements for the year ended 31 December 2011)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, after having taken note of the Board of Directors' Management Report and the Auditors' Report, approves the annual financial statements for the year ended 31 December 2011, comprising the balance sheet, the income statement and the notes thereto, as submitted to it, as well as the transactions reflected in these financial statements and summarised in these reports. It confirms that the net profit for the year, as set out in these financial statements, stands at 187,723,564.18 euros.

The General Meeting approves the total amount of expenses and charges falling within the scope of article 39-4 of the French General Tax Code (CGI), which stands at 52,767 euros for the year ended 31 December 2011 and the related amount of tax, *i.e.* 19,049 euros.

#### Second resolution

##### (Approval of the consolidated financial statements for the year ended 31 December 2011)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, after having taken note of the Board of Directors' Management Report and the Auditors' Report on the consolidated financial statements, approves the consolidated financial statements for the year ended 31 December 2011, comprising the consolidated balance sheet, the income statement and the notes thereto, as submitted to it, and the transactions reflected in these financial statements and summarised in these reports.

#### Third resolution

##### (Appropriation of the result for the year ended 31 December 2011, as stated in the financial statements)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, after having taken note of the Board of Directors' Report:

- notes that the year's profit amounts to 187,723,564.18 euros;
- notes that, in due consideration of the retained earnings amounting to 1,062,200,933.08 euros, the distributable profit for the year is 1,249,924,497.26 euros;
- resolves to allocate all of the distributable profit to "Retained Earnings".

The dividends paid in respect of the past three years were as follows:

Year	Number of shares	Dividend per share	Portion of dividend eligible for tax allowance <sup>(1)</sup>
2008	280,984,754	0.96	100%
2009	280,984,754	0.65	100%
2010	280,984,754	0.58	100%

(1) Allowance of 40% referred to in article 158.3.2 of the French General Tax Code (CGI).

#### Fourth resolution

##### (Agreements covered by article L. 225-38 of the French Commercial Code)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, after having taken note of the Auditors' Special Report on the agreements covered by article L. 225-38 of the French Commercial Code, takes note of the conclusions of this report and approves the agreements stated therein.

#### Fifth resolution

##### (Authorisation to be granted to the Board of Directors to purchase or transfer PagesJaunes Groupe shares)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, after having taken note of the Board of Directors' Report,

- terminates, with immediate effect for the unused portion, the authorisation granted by the Combined General Meeting of 7 June 2011 in its fifth resolution, to purchase Company shares;
- authorises the Board of Directors, with the power to sub-delegate under the conditions provided by law, in accordance with articles L. 225-209 ff. of the French Commercial Code, to purchase Company shares under the conditions stated below and within the limit of 10% of the amount of the share capital existing on the date of this Meeting:
  - the maximum purchase price shall not exceed 10 euros per share, this amount being adjusted to take account of any capital transactions such as the incorporation of reserves, granting of free shares, and/or share consolidation or share split,
  - the maximum amount of funds allocated to the repurchase programme is 280,984,754 euros,
  - this authorisation is valid for a period of 18 months,

- the acquisitions made by the Company pursuant to this authorisation cannot under any circumstance or at any time cause the Company to directly or indirectly hold more than 10% of the shares which make up the share capital on the date in question,
- these shares may be acquired or transferred by any means, notably on the market or *via* multilateral trading systems or over-the-counter, including through the acquisition or transfer of blocks of shares, or the use of derivative instruments traded on a regulated market, multilateral trading system or over-the-counter,
- shares may be acquired or transferred at any time, except during a public offering of Company shares, in compliance with legal and regulatory provisions.

Such share purchases may be carried out with a view to any allocation permitted by law. The purposes of this share repurchase programme are:

- to establish and honour obligations associated with stock option programmes or other allocations of shares to employees of the Company or associated companies and to allocate shares to the employees of PagesJaunes Groupe in the context of (i) the Company profit-sharing scheme and (ii) any share purchase plan, stock option plan or free grant of shares (including any transfer of shares covered by article L. 3332-24 of the French Labour Code) for the benefit of all or some of the Company's employees and corporate officers, and to carry out all hedging operations relating to these transactions;
- to reduce the Company's capital pursuant to the 18<sup>th</sup> resolution submitted to this General Meeting, subject to its adoption;
- to guarantee the liquidity of PagesJaunes Groupe shares through a liquidity contract with an investment service provider, in accordance with the code of ethics recognised by the AMF;
- to retain shares for subsequent remittance for exchange or payment, within the framework of any external growth transactions;
- to establish and honour obligations relating to convertible bonds and, in particular, deliver shares when rights attached to marketable securities are exercised giving immediate or future access to shares by any means, and to carry out any hedging transactions to cover the obligations of PagesJaunes Groupe in respect of such marketable securities.

The General Meeting grants full powers to the Board of Directors, including the power to sub-delegate, for deciding and implementing this authorisation, for specifying the terms where necessary, determining the procedures, placing all orders on the stock market, entering into all agreements, producing all documents particularly information documents, assigning and, where appropriate, reassigning the shares acquired in keeping with the goals pursued, performing all formalities and filing all declarations to all required entities and, in general, doing whatever is necessary.

### Sixth resolution

#### (Approval of the co-optation of Mr William Cornog as Director)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, approves the decision to co-opt Mr William Cornog as Director taken at the meeting of the Board of Directors of 7 June 2011, for his predecessor's remaining term of office, *i.e.* until the General Meeting convened in 2014 to approve the financial statements for the year ended 31 December 2013.

### Seventh resolution

#### (Deliberation pursuant to article L. 225-42-1 of the French Commercial Code concerning commitments for which Mr Christophe Pingard is the beneficiary)

Pursuant to article L. 225-42-1 of the French Commercial Code, the General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, after having taken note of the Auditors' Special Report, approves the commitment to pay severance allowance and compensation in consideration for a non-competition clause whereby the beneficiary may not carry out any competing professional activity after the termination of his duties within the Company, as described in the said report, for Mr Christophe Pingard in respect of his term of office as Deputy Chief Executive Officer of the Company.

## Draft resolutions to be submitted to the Combined General Meeting of 6 June 2012

## EXTRAORDINARY ITEMS

**Eighth resolution****(Authorisation granted to the Board of Directors to issue Company shares and marketable securities giving access to Company shares, with preservation of the shareholders' pre-emptive subscription right)**

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, after having taken note of the Board of Directors' Report, and acting in accordance with articles L. 225-129 ff. of the French Commercial Code, in particular article L. 225-129-2, and articles L. 228-91 to L. 228-97 of the said Code,

- terminates, with immediate effect for the unused portion, the authorisation given by the Combined General Meeting of 10 June 2010, in its 11<sup>th</sup> resolution; and
- grants power to the Board of Directors, including the power to sub-delegate under the conditions provided by law, for a period of 26 months from the date of this Meeting, to decide to issue, with preservation of the shareholders' pre-emptive subscription right, Company shares and marketable securities giving access by any means, whether immediately or in the future, to existing or new Company shares, which may be acquired through cash payment or debt conversion.

The nominal amount of the Company's capital increase, whether immediate or future, resulting from all issues carried out under this authorisation, is capped at 20 million euros, with the understanding that this cap does not take account of the par value of any Company shares to be issued, if applicable, pursuant to the adjustments made to protect the holders of rights attached to marketable securities giving access to shares.

The marketable securities giving access to Company shares thus issued may consist of debt securities or be linked to the issue of such securities, or allow their issuing as intermediate securities. They may or may not be subordinated securities, with or without a fixed term, and be issued in euros or other currencies or any monetary units determined by reference to several currencies. The term of the loans (giving access to Company shares), other than those represented by indefinite-term securities, may not exceed 50 years.

The issued securities may, if applicable, carry warrants entitling the holders to the allocation, acquisition or subscription of bonds or other debt securities.

The total nominal amount of the debt securities thus issued may not exceed 300 million euros or its equivalent on the date of the issue decision, with the understanding that this amount covers all debt securities to be issued under the 8<sup>th</sup>, 9<sup>th</sup>, 10<sup>th</sup>, 12<sup>th</sup> and 13<sup>th</sup> resolutions submitted to this Meeting.

By virtue of this resolution, shareholders have a pre-emptive subscription right to the shares and securities issued, in proportion to the number of shares they hold. The Board of Directors may grant shareholders a right to apply for excess shares or securities issued, in proportion to their subscription rights and within the limit of their requests.

If applications made as of right and, if applicable, for excess shares or securities have not absorbed the entire issue, the Board of Directors may use all or part of the following powers, in the order it deems fit: (i) limit the issue to the amount of the subscriptions received, provided it

amounts to at least three quarters of the issue decided upon, (ii) freely distribute all or part of the unsubscribed securities, or (iii) offer all or part of the unsubscribed securities to the public on the French and/or international market and/or abroad.

The General Meeting acknowledges that this authorisation entails the shareholders' waiver of their pre-emptive subscription right to the Company shares to which any marketable securities issued under this authorisation may confer a right.

The Meeting resolves that issues of Company share subscription warrants may be carried out through subscription offers, as well as through free grants to holders of existing shares. Where share subscription warrants are granted free of charge, the Board of Directors may decide that fractional grant rights will not be tradable and that the corresponding securities will be sold.

The Board of Directors shall set, with the power to sub-delegate under the conditions provided by law, the characteristics, amount and terms of all issues and securities to be issued. In particular, it shall determine the category of securities issued and set their subscription price, their payment terms, their date of vestment (which may be retroactive) or the procedures for the exercise of the rights attached to the securities issued. The Board of Directors may also, if appropriate, with the power to sub-delegate under the conditions provided by law, carry out any adjustments to take account of the effect of any operations on the Company's capital, in particular in the event of modification of the par value of the share, capital increase through the incorporation of reserves, free grant of shares, share split, share consolidation, distribution of reserves or any other assets, or capital redemption, and set the procedures to ensure the preservation of the rights of any holders of marketable securities giving access to the capital. The Board of Directors may, at its sole initiative and with the power to sub-delegate under the conditions provided by law, deduct the costs of the capital increase from the amount of the related premium and debit from this amount the sums required for the statutory reserve.

The Board of Directors shall have all powers, with the power to sub-delegate under the conditions provided by law, to implement this resolution, in particular by entering into any agreement to this effect, to carry out the above mentioned issues, through one or more operations, in the proportion and at the times it sees fit, in France or abroad and/or on the international market, – and, if appropriate, defer it.

**Ninth resolution****(Authorisation granted to the Board of Directors to issue, through public offerings, Company shares and marketable securities giving access to Company shares, with cancellation of the shareholders' pre-emptive subscription right)**

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, after having taken note of the Board of Directors' Report and Auditors' Special Report, and ruling in accordance with articles L. 225-129 ff. of the French Commercial Code, in particular articles L. 225-129-2, L. 225-135 and L. 225-136 of the said Code, and articles L. 228-91 to L. 228-97 of the said Code,

- terminates, with immediate effect for the unused portion, the authorisation granted by the Combined General Meeting of 10 June 2010, in its 12<sup>th</sup> resolution; and



- gives power to the Board of Directors, with the power to sub-delegate under the conditions provided by law, for a period of 26 months from the date of this Meeting, to decide on the issue, via public offerings, of Company shares and marketable securities giving access by any means, immediately or in the future, to existing or new Company shares, which may be acquired through cash payment or debt conversion.

The issues under this authorisation shall be carried out by means of public offerings, with the understanding that they may be carried out in conjunction with any offering(s) covered by Section II of article L. 411-2 of the French Monetary and Financial Code pursuant to the 10<sup>th</sup> resolution below.

The General Meeting consequently resolves to cancel the shareholders' pre-emptive subscription right to any such shares and marketable securities to be issued by means of public offerings.

The nominal amount of the Company's capital increase, whether immediate or future, resulting from all issues carried out under this authorisation is capped at 10 million euros, with the understanding that this amount covers all issues carried out under the 9<sup>th</sup> and 10<sup>th</sup> resolutions submitted to this Meeting, and does not take account of the par value of any Company shares to be issued, if applicable, pursuant to the adjustments made to protect the holders of rights attached to marketable securities giving access to shares.

The marketable securities giving access to Company shares thus issued may consist in debt securities or be linked to the issue of such securities, or allow their issuing as intermediate securities. The provisions applicable to their issuing, during their existence, to their access to shares, and their redemption shall be those applicable to marketable securities of the same type which may be issued under the previous resolution.

The securities issued may, if applicable, carry warrants entitling the holders to the allocation, acquisition or subscription of bonds or other debt securities.

The total nominal amount of the debt securities thus issued under this resolution may not exceed, and shall be deducted from, the cap set for debt securities under the 8<sup>th</sup> resolution above.

The Board of Directors may, with the power to sub-delegate under the conditions provided by law, grant shareholders a pre-emptive right to apply for all or part of the issue as of right and/or for excess shares or marketable securities, for which it shall set the exercise terms and conditions, in compliance with legal requirements, without creating any negotiable rights.

Where subscriptions, including, if applicable, those of shareholders, have not absorbed the entire issue, the Board of Directors may limit the issue to the amount of the subscriptions received, provided it amounts to at least three quarters of the issue decided upon.

The General Meeting acknowledges that this authorisation entails the shareholders' waiver of their pre-emptive subscription right to the Company shares to which any marketable securities issued under this authorisation may confer a right.

With the power to sub-delegate under the conditions provided by law, the Board of Directors shall set the characteristics, amount and terms of any issues and securities issued. In particular, it shall determine the category of securities issued and set their subscription price, with or without premium, their date of vestment (which may be retroactive) and, if applicable, the exercise period or the procedures relating to the rights attached to the securities issued; it may also, if appropriate, with the power to sub-delegate under the conditions provided by law, carry out any adjustments to take account of the effect of any operations

on the Company's capital, in particular in the event of modification of the par value of the share, capital increase through the incorporation of reserves, free grant of shares, share split, share consolidation, distribution of reserves or any other assets, or capital redemption, and set the procedures to ensure the preservation of the rights of any holders of marketable securities giving access to the capital, with the understanding that:

- a) the share issue price shall be at least equal to the weighted average share price over the three trading sessions preceding its setting, with a possible discount of up to 5%;
- b) the issue price of the marketable securities shall be such that the amount received immediately, plus any amount to be received at a later date, shall be at least equal to the amount stated in item a) above for each ordinary share issued as a result of the issue of such marketable securities.

The Board of Directors shall have all powers, with the power to sub-delegate under the conditions provided by law, to implement this resolution, in particular by entering into any agreement to this effect, and to carry out the above-mentioned issues, through one or more operations, in the proportion and at the times it sees fit, in France or abroad and/or on the international market – and, if appropriate, defer it. The Board of Directors may, at its sole initiative and with the power to sub-delegate under the conditions provided by law, deduct the costs of the capital increase from the amount of the related premiums and debit from this amount the sums required for the statutory reserve.

## Tenth resolution

### **(Authorisation granted to the Board of Directors to issue, by means of offers covered by Item II of article L. 411-2 of the French Monetary and Financial Code, Company shares and marketable securities giving access to Company shares, with cancellation of the shareholders' pre-emptive subscription right)**

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, after having taken note of the Board of Directors' Report and the Auditors' Special Report, and acting in accordance with articles L. 225-129 ff. of the French Commercial Code, in particular articles L. 225-129-2, L. 225-135 and L. 225-136 of the said Code, and articles L. 228-91 to L. 228-97 of the said Code,

- terminates, with immediate effect for the unused portion, the authorisation granted by the Combined General Meeting of 10 June 2010, in its 13<sup>th</sup> resolution; and
- gives power to the Board of Directors, with the power to sub-delegate under the conditions provided by law, for a period of 26 months from the date of this Meeting, to decide on the issue of Company shares and transferable securities giving access by any means, immediately or in the future, to existing or new Company shares, which may be acquired through cash payment or debt conversion.

The issues under this authorisation shall be carried out by means of offerings covered in Item II of article L. 411-2 of the French Monetary and Financial Code, with the understanding that they may be carried out in conjunction with one or more public offerings pursuant to the 9<sup>th</sup> resolution above.

The General Meeting consequently resolves to cancel the shareholders' pre-emptive subscription right to such shares and marketable securities.

The total nominal amount of the capital increase, whether immediate or future, resulting from all issues carried out under this resolution may not exceed 10 million euros (the «cap»), or the cap set by law (as at the date of this Meeting, 20% of the share capital per year). The cap covers any issues carried out under the ninth and 10<sup>th</sup> resolutions submitted to this Meeting and does not take account of any Company shares to be issued, if applicable, pursuant to the adjustments made to preserve the rights of holders of marketable securities giving access to the Company's capital.

The marketable securities giving access to Company shares thus issued may consist of debt securities or be linked to the issue of such securities, or allow their issuing as intermediate securities. The provisions applicable to their issuing, during their existence, to their access to shares, and their redemption shall be those applicable to marketable securities of the same type which may be issued under the 8<sup>th</sup> resolution.

The securities issued may, if applicable, carry warrants entitling the holders to the allocation, acquisition or subscription of bonds or other debt securities.

The total nominal amount of the debt securities thus issued under this resolution may not exceed, and shall be deducted from, the cap set for debt securities under the 8<sup>th</sup> resolution above.

Where subscriptions, including, if applicable, those of shareholders, have not absorbed the entire issue, the Board of Directors may limit the issue to the amount of the subscriptions received, provided it amounts to at least three quarters of the issue decided upon.

The General Meeting acknowledges that this authorisation entails the shareholders' waiver of their pre-emptive subscription right to the Company shares to which any marketable securities issued under this authorisation may convey a right.

With the power to sub-delegate under the conditions provided by law, the Board of Directors shall set the characteristics, amount and terms of any issues and securities issued. In particular, it shall determine the category of securities issued and set their subscription price, with or without premium, their date of vesting (which may be retroactive), and, if applicable, the exercise period or procedures relating to the rights attached to the securities issued; it may also, if appropriate, with the power to sub-delegate under the conditions provided by law, carry out any adjustments to take account of the effect of any operations on the Company's capital, in particular in the event of modification of the par value of the share, capital increase through the incorporation of reserves, free grant of shares, share split, share consolidation, distribution of reserves or any other assets, or capital redemption, and set the procedures to ensure the preservation of the rights of any holders of marketable securities giving access to the capital, with the understanding that:

- a) the share issue price shall be at least equal to the weighted average share price over the three trading sessions preceding its setting, with a possible discount of up to 5%;
- b) the issue price of the marketable securities shall be such that the amount received immediately, plus any amount to be received at a later date, shall be at least equal to the amount stated in item a) above for each ordinary share issued as a result of the issue of such marketable securities.

The Board of Directors shall have all powers, with the power to sub-delegate under the conditions provided by law, to implement this resolution, in particular by entering into any agreement to this effect, and to carry out the above mentioned issues, through one or more operations, in the proportion and at the times it sees fit, in France or abroad and/or on the international market – and, if appropriate, defer

it. The Board of Directors may, at its sole initiative and with the power to sub-delegate under the conditions provided by law, deduct the costs of the capital increase from the amount of the related premiums and debit from this amount the sums required for the statutory reserve.

### Eleventh resolution

#### **(Authorisation granted to the Board of Directors to increase the number of securities to be issued in the event of a capital increase with or without cancellation of the shareholders' pre-emptive subscription right)**

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, after having taken note of the Board of Directors' Report and the Auditors' Special Report, and ruling in accordance with article L. 225-135-1 of the French Commercial Code,

- terminates, with immediate effect for the unused portion, the authorisation granted by the Combined General Meeting of 10 June 2010, in its 15<sup>th</sup> resolution; and
- authorises the Board of Directors, with the power to sub-delegate under the conditions provided by law, for a period of 26 months from the date of this Meeting, for each of the issues decided upon pursuant to the 8<sup>th</sup>, 9<sup>th</sup> and 10<sup>th</sup> resolutions above, to increase the number of securities to be issued, in accordance with the provisions of article L. 225-135-1 above, subject to the cap(s) provided for in the resolution pursuant to which the issue is decided upon.

### Twelfth resolution

#### **(Authorisation granted to the Board of Directors to issue shares and marketable securities giving access to shares, in the event of a public exchange offer initiated by the Company)**

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, after having taken note of the Board of Directors' Report and the Auditors' Special Report, and ruling in accordance with article L. 225-148 and articles L. 228-91 to L. 228-97 of the French Commercial Code,

- terminates, with immediate effect for the unused portion, the authorisation granted by the Combined General Meeting of 10 June 2010, in its 16<sup>th</sup> resolution; and
- gives power to the Board of Directors, with the power to sub-delegate under the conditions provided by law, for a period of 26 months from the date of this Meeting, under the conditions set in the 9<sup>th</sup> resolution above (except with regard to the pricing rules set out in the said resolution), to decide on the issue of Company shares or marketable securities giving access to existing or new Company shares, as remuneration for securities tendered in a public offering comprising an exchange component (whether on a principal or subsidiary basis) initiated by the Company in France or abroad, in compliance with local rules, for securities of a company whose shares are traded on one of the regulated markets referred to in article L. 225-148 above, and resolves, as required, to cancel the shareholders' pre-emptive subscription right to such shares and marketable securities, in favour of the holders of these securities.

The General Meeting acknowledges that this authorisation entails the shareholders' waiver of their pre-emptive subscription right to the Company shares to which any marketable securities issued under this authorisation may confer a right.

The nominal amount of the Company's capital increase, whether immediate or future, resulting from all issues carried out under this authorisation is capped at 10 million euros, with the understanding that (i) this cap does not take account of the par value of any Company shares to be issued pursuant to the adjustments made to protect the holders of rights attached to marketable securities giving access to shares and (ii) the total nominal amount of the capital increase, whether immediate or future, resulting from issues carried out under this authorisation shall be deducted from the capital increase cap set in the 9<sup>th</sup> resolution.

The total nominal amount of the debt securities issued under this resolution shall not exceed, and shall be deducted from, the cap relating to debt securities set out in the 8<sup>th</sup> resolution above.

The General Meeting resolves that the Board of Directors shall have all powers, including the power to sub-delegate under the conditions provided by law, to carry out the public offerings covered by this resolution and, in particular:

- set the exchange parity and, if applicable, the amount of the cash balance to be paid;
- record the number of securities tendered for exchange;
- determine the issue dates and conditions, in particular the price and date of vesting of the shares or marketable securities giving access to Company shares and, if applicable, modify the procedures for the securities issued under this resolution, during the life of the securities in question and in compliance with the applicable formalities;
- record the difference between the issue price of the new shares and their par value, on the liability side of the balance sheet in a "share premium" account covering the rights of all shareholders;
- from the said "share premium", deduct any expenses and fees stemming from the authorised operation;
- take all required measures and enter into all agreements.

### Thirteenth resolution

#### **(Authorisation granted to the Board of Directors to issue shares and transferable securities giving access to shares, with a view to remunerating contributions in kind made to the Company and consisting of shares or marketable securities giving access to capital)**

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, after having taken note of the Board of Directors' Report and the Auditors' Special Report, and ruling in accordance with article L. 225-147 and articles L. 228-91 to L. 228-97 of the French Commercial Code,

- terminates, with immediate effect for the unused portion, the authorisation granted by the Combined General Meeting of 10 June 2010, in its 17<sup>th</sup> resolution; and
- gives power to the Board of Directors, with the power to sub-delegate under the conditions provided by law, for a period of 26 months from the date of this Meeting, based on the report of the contributions auditor(s) referred to in paragraphs 1 and 2 of the aforementioned article L. 225-147, to issue Company shares or marketable securities giving access to existing or new Company shares, with a view to remunerating contributions in kind granted to the Company and consisting of shares or marketable securities giving access to capital, when the provisions of article L. 225-148 of the French Commercial Code are not applicable, and resolves to cancel, as necessary, the shareholders' pre-emptive subscription right to the shares and marketable securities thus issued in favour of the

holders of the transferred shares or marketable securities that are the subject of contributions in kind.

The nominal amount of the Company's capital increase, whether immediate or future, resulting from all issues carried out under this authorisation is capped at 10% of the Company's capital (in existence as at the date of this Meeting).

The total nominal amount of the debt securities issued under this resolution may not exceed, and shall be deducted from, the cap relating to debt securities set out in the 8<sup>th</sup> resolution above.

The General Meeting acknowledges that this authorisation entails the shareholders' waiver of their pre-emptive subscription right to the Company shares to which the transferable securities issued under this authorisation may give access.

The Board of Directors shall have all powers, with the power to sub-delegate under the conditions provided by law, to implement this resolution, and in particular to determine, based on the report of the contributions auditor(s) referred to in paragraphs 1 and 2 of the aforementioned article L. 225-147, the value of the contributions and granting of specific benefits, recognise the completion of the capital increases carried out by virtue of this authorisation and modify the articles of association accordingly.

### Fourteenth resolution

#### **(Overall limitation of authorisations)**

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, after having taken note of the Board of Directors' Report, resolves to cap the maximum nominal amount of capital increases, whether immediate and/or future, liable to be carried out by virtue of the authorisations granted by resolutions 8 to 13, at 20 million euros, with the understanding that this nominal amount may be supplemented by the par value of the Company shares to be issued in respect of the adjustments made to protect the holders of rights attached to marketable securities giving access to shares.

### Fifteenth resolution

#### **(Authorisation granted to the Board of Directors to issue marketable securities conferring a right to the allocation of debt securities)**

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, after having taken note of the Board of Directors' Report and the Auditors' Special Report, and ruling in accordance with articles L. 225-129 ff. of the French Commercial Code and L. 228-91 to L. 228-97 of the said Code,

- terminates, with immediate effect for the unused portion, the authorisation granted by the Combined General Meeting of 10 June 2010, in its 19<sup>th</sup> resolution; and
- gives power to the Board of Directors, along with the power to sub-delegate under the conditions provided by law, to issue, through one or more operations, in France or abroad and/or on the international market, any marketable securities (other than shares) giving immediate or future rights to 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, the same claim against the Company.

The total nominal amount of all debt securities to be issued immediately or in the future by virtue of this resolution may not exceed 300 millions euros or its equivalent in foreign currency or any monetary units determined by reference to several currencies.

This authorisation is granted for a period of 26 months from the date of this Meeting.

The Board of Directors shall have all powers, with the power to sub-delegate under the conditions provided by law, to:

- proceed with the said issues within the limit set out above, and determine the date, nature, amount and currency of such issues;
- set the characteristics of the marketable securities to be issued as well as those of any debt securities to which they confer a right of allocation;
- set the terms for the redemption and/or early repayment of the marketable securities to be issued as well as those of any debt securities to which they confer a right of allocation;
- if applicable, attach a guarantee or surety to the marketable securities to be issued, and to any debt securities to which they confer a right of allocation, and set their type and characteristics;
- set all the terms for each of the issues;
- in general, enter into all agreements, take all measures and comply with all required formalities and generally do whatever is necessary.

### Sixteenth resolution

#### (Authorisation granted to the Board of Directors to increase the Company's capital through the incorporation of reserves, profits or premiums)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, after having taken note of the Board of Directors' Report, and acting in accordance with articles L. 225-129-2 and L. 225-130 of the French Commercial Code,

- terminates, with immediate effect for the unused portion, the authorisation granted by the Combined General Meeting of 10 June 2010, in its 20<sup>th</sup> resolution; and
- gives power to the Board of Directors, with the power to sub-delegate under the conditions provided by law, for a period of 26 months from the date of this Meeting, to decide on a capital increase, through one or more operations, at the times it sees fit, through the incorporation of reserves, profits or premiums, followed by the creation and free grant of shares or the increase in the par value of existing shares, or a combination of the two.

With the power to sub-delegate under the conditions provided by law, the Board of Directors will have the power to decide that fractional share rights will be neither negotiable nor transferrable, and that the corresponding securities will be sold; the amounts resulting from their sale will be allocated to the holders of rights within the legally required period.

The nominal amount of the Company's capital increase, whether immediate or future, resulting from all issues carried out under this authorisation is capped at 20 million euros, with the understanding that (i) this cap does not take account of the par value of any Company shares to be issued pursuant to the adjustments made to protect the holders of rights attached to securities giving access to shares and (ii) this cap is set independently from the capital increase caps resulting from the issues of shares or marketable securities authorised by resolutions 8 to 13 above.

### Seventeenth resolution

#### (Authorisation granted to the Board of Directors to carry out capital increases reserved for participants in the PagesJaunes Group's employee savings plan)

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, after having taken note of the Board of Directors' Report and the Auditors' Special Report, and ruling in accordance with articles L. 225-129-6, L. 225-138 I and L. 225-138-1 of the French Commercial Code and articles L. 3332-18 ff. of the French Labour Code,

- terminates, with immediate effect for the unused portion, the authorisation granted by the Combined General Meeting of 7 June 2011, in its 13<sup>th</sup> resolution; and
- gives power to the Board of Directors, with the power to sub-delegate under the conditions provided by law, for a period of 26 months from the date of this Meeting, to increase the share capital at its sole initiative, through one or more operations, at the times it sees fit, through the issue of shares or marketable securities giving access to existing or new Company shares reserved for current and former employees participating in the PagesJaunes Group's employee savings plan, or through the free grant of shares or marketable securities giving access to existing or new Company shares, in particular by the incorporation of reserves, profits or premiums.

The nominal amount of the Company's capital increase, whether immediate or future, resulting from all issues carried out under this authorisation (including through the incorporation of reserves, profits or premiums under the conditions and within the limits set by the above-mentioned articles of the French Labour Code) is capped at 1,124,000 euros (representing approximately 2% of the Company's capital on the date of this Meeting), with the understanding that this cap does not take account of the par value of the Company shares that may be issued pursuant to the adjustments made to protect the holders of rights attached to marketable securities giving access to shares.

The General Meeting resolves to cancel, for the benefit of these current and former employees, the shareholders' pre-emptive subscription right to shares or marketable securities giving access to shares to be issued under this authorisation, and to waive any right to any free shares or other marketable securities allocated under this authorisation.

The General Meeting resolves:

- to set the discount granted under the company savings plan to 20% of the average opening price of the PagesJaunes Groupe share on Euronext Paris over the twenty trading days preceding the decision setting the beginning of the subscription period, with the understanding that the Board of Directors may reduce this discount if it deems it appropriate, in particular in the event of an offer of securities to participants in a company savings plan on the international market and/or abroad, in order to meet local legal requirements. The Board of Directors may also replace all or part of the discount with the allocation of shares or other marketable securities pursuant to the provisions below;
- that the Board of Directors may, with the power to sub-delegate under the conditions provided by law and within the legal and regulatory limits, decide to allocate free shares or marketable securities giving access to shares.

The Board of Directors shall have all powers, with the power to sub-delegate under the conditions provided by law, to implement this resolution and in particular to:

- set the characteristics, amounts and terms of any issue or free grant of securities;
- determine whether the issues will be made directly in favour of the beneficiaries or through collective bodies;
- establish, among the entities liable to be included in the company savings plan, the list of companies or groups of entities whose current and former employees will be entitled to subscribe to the shares or marketable securities issued and, if applicable, receive any shares or marketable securities granted free of charge;
- determine the nature and terms of the capital increase, as well as the terms of the issue or free grant;
- set the length of service required for beneficiaries of new shares or marketable securities to be issued under the capital increase(s) or securities in each free grant pursuant to this resolution;
- recognise the completion of the capital increase;
- determine, if applicable, the nature of the free shares granted, and the terms and conditions of the grant;
- determine, if applicable, the amounts to be incorporated in the capital within the limit set out above, the equity item(s) from which the amount will be deducted and the date of vestment of the shares thus created;
- if it deems it appropriate, deduct the cost of the capital increases from the amount of the premiums related to such capital increases and from such amount deduct the amounts necessary to raise the statutory reserve to one tenth of the new share capital after each increase;
- take all measures for the completion of the capital increases, carry out all formalities resulting from said increases, in particular concerning the listing of the securities created, modify the articles of association accordingly, and in general, do whatever is necessary.

### **Eighteenth resolution**

#### **(Authorisation granted to the Board of Directors to reduce the capital through the cancellation of shares)**

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, after having taken note of the Board of Directors' Report and the Auditors' Special Report, and ruling in accordance with article L. 225-209 of the French Commercial Code,

- terminates, with immediate effect for the unused portion, the authorisation granted by the Combined General Meeting of 7 June 2011 in its 11<sup>th</sup> resolution;
- gives full power to the Board of Directors, with the power to sub-delegate under the conditions provided by law, to cancel, through one or more operations, within the limit of 10% of the Company's capital per 24-month period, all or part of the PagesJaunes Groupe shares acquired under the share repurchase programmes authorised by the 5<sup>th</sup> resolution submitted to this Meeting or any share repurchase programmes authorised before or after the date of this Meeting;
- resolves that the difference between the purchase price and the par value of the shares shall be recognised under "Issue premium" or any available reserve item, including the statutory reserve, within the limit of 10% of the capital reduction carried out;

- gives full power to the Board of Directors, with the power to sub-delegate under the conditions provided by law, to reduce the capital as a result of the above mentioned share cancellation and recognition, and to modify article 6 of the articles of association accordingly;
- sets the term of this authorisation to 18 months from the date of this Meeting.

### **Nineteenth resolution**

#### **(Modification of article 9 of the articles of association)**

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, after having taken note of the Board of Directors' Report, resolves to modify the first paragraph of Item II in article 9 of the Company's articles of association to bring it into line with the period provided for in article R. 233-1 of the French Commercial Code concerning the crossing of legal thresholds, as modified by Decree 2009-557 of 19 May 2009.

Consequently, the first paragraph of Item II in article 9 has been modified as follows, with the provisions not shown remaining unchanged:

*"Article 9 – Form, transfer and assignment of shares*

*II. In addition to the legal obligation to inform the Company of the holding of certain fractions of the capital or voting rights, any person acting alone or in concert who comes to hold or ceases to hold, either directly or indirectly, a fraction of the share capital, voting rights or securities giving future access to the Company's capital equal to or exceeding 1% or a multiple thereof, shall be required to notify the Company before the close of trading on the fourth trading day following the date on which the threshold was crossed, by registered mail with acknowledgement of receipt, stating the total number of shares, voting rights and securities giving access to capital, directly or indirectly held by the person, alone or in concert."*

### **Twentieth resolution**

#### **(Modification of article 27 of the articles of association)**

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, after having taken note of the Board of Directors' Report, resolves to modify the second paragraph of article 27 of the articles of association to bring it into conformity with article L. 225-106 of the French Commercial Code, as modified by Order 2010-1511 of 9 December 2010. article 27 of the articles of association will now read as follows:

*"Any shareholder may be represented, under the conditions provided by law, by any natural person or legal entity of their own choice."*

Resolves, after having taken note of the Board of Directors' Report and articles R. 225-77 and R. 225-79, as modified by Decrees 2010-684 of 23 June 2010 and 2011-1473 of 9 November 2011, to delete the fifth and sixth paragraphs of article 27 of the articles of association.

The remainder of article 27 remains unchanged.

### **Twenty-first resolution**

#### **(Modification of article 28 of the articles of association)**

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, after having taken note

of the Board of Directors' Report, resolves to modify article 28 of the Company's articles of association to bring it into conformity with article R. 225-69 of the French Commercial Code, as modified by Decree 2010-684 of 23 June 2010, and articles L. 225-105 and R. 225-71 of the French Commercial Code, as modified by Order 2010-1511 of 9 December 2010 and Decree 2010-1619 of 23 December 2010 respectively.

Consequently, article 28 will now read as follows:

*"Article 28 – Convening of meetings – forms and notice periods*

*General Meetings shall be convened by the Board of Directors, under the conditions provided by law.*

*Failing that, they may also be convened by the Auditors or by any duly authorised person.*

*The Shareholders' Meetings shall be held at the registered office or at any other location stated in the notice of meeting.*

*Except where otherwise provided by law, Meetings shall be convened at least fifteen clear days before the date planned for the Shareholders' Meeting. This period shall be reduced to ten clear days for General Meetings held for the second time and reconvened Meetings.*

*The Meetings shall take place at the date, time and place stated in the notice of meeting.*

*The notice of meeting must state the agenda of the Meeting, which is drawn up by the person producing the notice of meeting.*

*One or more shareholders representing at least the percentage of capital required by law, or any association of shareholders meeting the conditions required by law and acting under the legally required conditions and deadlines, may require the inclusion of certain items or draft resolutions in the agenda. Such requests must be justified."*

## **Twenty-second resolution**

### **(Powers to conduct formalities)**

The General Meeting grants full powers to the bearer of an original, copy or extract of the minutes of this Meeting to conduct all legal and administrative formalities and comply with all filing and publication requirements in accordance with the laws in force.

## Auditors' Report on the issuing of ordinary shares and various marketable securities, with maintenance and/or cancellation of the pre-emptive subscription right

### PagesJaunes Groupe

General Meeting of 6 June 2012

Eighth, ninth, tenth, eleventh, twelfth and thirteenth resolutions

## Auditors' Report on the issuing of ordinary shares and various marketable securities, with maintenance and/or cancellation of the pre-emptive subscription right

Dear shareholders,

In our capacity as your Company's Auditors and in accordance with the terms of our engagement defined by articles L. 228-92 and L. 225-135 ff. of the French Commercial Code, we present you with our report on the proposals to authorise the Board of Directors to issue shares and marketable securities through various operations, on which you are requested to vote.

Based on its report, the Board of Directors proposes as follows:

- that you authorise it, for a period of twenty-six months, to decide on the following operations and set the final terms and conditions of the following issues, and proposes, if applicable, to cancel your pre-emptive subscription right:
  - issue of ordinary shares and marketable securities giving access to ordinary Company shares with maintenance of the pre-emptive subscription right (eighth resolution),
  - issue of ordinary shares and marketable securities giving access to ordinary Company shares through public offerings, with cancellation of the pre-emptive subscription right (ninth resolution),
  - issue of ordinary shares and marketable securities giving access to ordinary Company shares, with cancellation of the pre-emptive subscription right, through offers falling within the scope of article L. 411-2 II of the French Monetary and Financial Code, within the limit of 20% of the share capital per year (tenth resolution),
  - issue of ordinary shares and marketable securities giving access to ordinary shares, in the event of a public exchange offer initiated by your Company (twelfth resolution), pursuant to the terms and conditions of the ninth resolution;
- that you grant it power, for a period of twenty-six months, to set the terms of an issue of ordinary shares and marketable securities giving access to ordinary shares, as remuneration for contributions in kind made to the Company and consisting of shares or marketable securities giving access to capital (thirteenth resolution), within the limit of 10% of the capital.

The nominal amount of the capital increases liable to be carried out immediately or in the future may not exceed 20 million euros pursuant to the eighth resolution, and 10 million euros pursuant to the ninth, tenth and twelfth resolutions, with the understanding that these amounts would be deducted from the overall cap of 20 million euros set in the fourteenth resolution (pursuant to resolutions eight to thirteen).

The total nominal amount of the debt securities liable to be issued may not exceed 300 million euros for the eighth, ninth, tenth, twelfth and thirteenth resolutions.

The number of securities to be created pursuant to the use of the powers granted in the eighth, ninth and tenth resolutions may be increased under the conditions set out in article L. 225-135-1 of the French Commercial Code, if you adopt the eleventh resolution and subject to compliance with the cap set in the resolution under which the issue is to be made.

It is your Board of Directors' duty to produce a report in accordance with articles R. 225-113 ff. of the French Commercial Code. Our duty consists in giving an opinion on the accuracy of the figures taken from the accounts, on the proposal to cancel the pre-emptive subscription right and on other information concerning such operations, provided in this report.

We have performed the tasks we deemed necessary in respect of the professional auditing standards applicable to our engagement in France. These tasks consisted in verifying the information contained in the Board of Directors' report relating to such operations and the methods used for determining the issue price of the shares to be issued.

Subject to the subsequent examination of the conditions applicable to the issues decided upon, we have no comment to make on the methods used for determining the issue price stated in the Board of Directors' report concerning the shares to be issued under the ninth and tenth resolutions.

Moreover, as the Board of Directors' report does not give details of the methods used for determining the issue price of the shares to be issued under the eighth, twelfth and thirteenth resolutions, we are unable to give an opinion on the choice of the data used for the calculation of the issue price.

**Auditors' Report on the issuing of ordinary shares and various marketable securities,  
with maintenance and/or cancellation of the pre-emptive subscription right**

As the final terms and conditions of the issues have not yet been set, we are unable to give an opinion on them and, consequently, on the proposal to cancel the pre-emptive subscription right submitted to you in the ninth, tenth, twelfth and thirteenth resolutions.

In accordance with article R. 225-116 of the French Commercial Code, we shall produce an additional report, if applicable, when these authorisations are used by the Board of Directors for issues of marketable securities giving access to capital and/or conferring a right to the allocation of debt securities and for issues with cancellation of the pre-emptive subscription right.

Neuilly-sur-Seine and Paris-La Défense, 20 March 2012

The Statutory Auditors

**Deloitte & Associés**

Dominique Descours

**Ernst & Young Audit**

Denis Thibon



## Auditors' Report on the issuing of marketable securities conferring a right to the allocation of debt securities

### PagesJaunes Groupe

General Meeting of 6 June 2012

Fifteenth resolution

## Auditors' Report on the issuing of marketable securities conferring a right to the allocation of debt securities

Dear shareholders,

In our capacity as your Company's Auditors and in accordance with the terms of our engagement defined by article L. 228-92 of the French Commercial Code, we present you with our report on the proposal to authorise the Board of Directors to issue marketable securities conferring a right to the allocation of debt securities, amounting to a maximum of 300 million euros, on which you are requested to vote.

Based on its report, the Board of Directors proposes that you authorise it, for a period of twenty-six months, to decide on this operation. If applicable, it shall be responsible for setting the final conditions for the issue.

It is your Board of Directors' duty to produce a report in accordance with articles R. 225-113 ff. of the French Commercial Code. Our duty consists in giving an opinion on the accuracy of the figures taken from the accounts and on other information concerning the issue, provided in this report.

We have performed the tasks we deemed necessary in respect of the professional auditing standards applicable to our engagement in France. These tasks consisted in verifying the information contained in the Board of Directors' report relating to this operation.

As the final terms and conditions of the issue have not yet been set, we are unable to give an opinion on them.

In accordance with article R. 225-116 of the French Commercial Code, we shall produce an additional report, if applicable, when this authorisation is used by the Board of Directors.

Neuilly-sur-Seine and Paris-La Défense, 20 March 2012

The Statutory Auditors

**Deloitte & Associés**

Dominique Descours

**Ernst & Young Audit**

Denis Thibon

## Auditors' Report on the issuing of various marketable securities reserved for participants in an employee savings plan

### PagesJaunes Groupe

General Meeting of 6 June 2012

Seventeenth resolution

## Auditors' Report on the issuing of various marketable securities reserved for participants in an employee savings plan

Dear shareholders,

In our capacity as your Company's Auditors and in accordance with the terms of our engagement defined by articles L. 228-92 and L. 225-135 ff. of the French Commercial Code, we present you with our report on the proposal to authorise the Board of Directors to decide on a capital increase with cancellation of the pre-emptive subscription right, reserved for current and former employees participating in the PagesJaunes Group's employee savings plan, through the issue of ordinary shares or marketable securities giving access to existing or new shares, or through the free grant of shares or marketable securities giving access to existing or new Company shares, notably by the incorporation of reserves, profits or premiums, for a maximum amount of 1,124,000 euros, on which you are requested to vote.

This operation is submitted for your approval in accordance with the provisions of articles L. 225-129-6 of the French Commercial Code and L. 3332-18 ff. of the French Labour Code.

Based on its report, the Board of Directors proposes that you authorise it, for a period of twenty-six months, to issue securities and cancel your pre-emptive subscription right to the marketable securities to be issued. If applicable, it shall be responsible for setting the final terms and conditions for the issue.

It is your Board of Directors' duty to produce a report in accordance with articles R. 225-113 ff. of the French Commercial Code. Our duty consists in giving an opinion on the accuracy of the figures taken from the accounts, the proposal to cancel the pre-emptive subscription right and other information concerning the issue, provided in this report.

We have performed the tasks we deemed necessary in respect of the professional auditing standards applicable to our engagement in France. These tasks consisted in verifying the information contained in the Board of Directors' report relating to this operation and the methods used for determining the issue price of the shares to be issued.

Subject to the subsequent examination of the terms and conditions applicable to the share issue decided upon, we have no comment to make on the methods used for determining the issue price stated in the Board of Directors' report concerning the shares to be issued.

As the final terms and conditions of the issue have not yet been set, we are unable to give an opinion on them or, consequently, on the proposal to cancel the pre-emptive subscription right submitted to you.

In accordance with article R. 225-116 of the French Commercial Code, we shall produce an additional report, if applicable, when this authorisation is used by the Board of Directors.

Neuilly-sur-Seine and Paris-La Défense, 20 March 2012

The Statutory Auditors

**Deloitte & Associés**

Dominique Descours

**Ernst & Young Audit**

Denis Thibon

**Auditors' Report on the capital reduction****PagesJaunes Groupe**

General Meeting of 6 June 2012

Eighteenth resolution

**Auditors' Report on the capital reduction**

Dear shareholders,

In our capacity as your Company's Auditors and in accordance with the terms of our engagement defined by article L. 225-209 of the French Commercial Code pursuant to capital reductions through the cancellation of purchased shares, we have produced this report to give you our assessment of the causes and conditions of the proposed capital reduction.

Your Board of Directors proposes that you grant it full powers, for a period of eighteen months from the date of this Meeting, to cancel, within the limit of 10% of its capital per twenty-four month period, the shares purchased under the Company's share repurchase authorisation in accordance with the provisions of the aforementioned article.

We have performed the tasks we deemed necessary in respect of the professional auditing standards applicable to our engagement in France. These tasks consisted in examining whether the causes and conditions of the proposed capital reduction, which will not impair the equality of shareholders, are fair.

We have no comment to make on the causes and conditions of the proposed capital reduction.

Neuilly-sur-Seine and Paris-La Défense, 20 March 2012

The Statutory Auditors

**Deloitte & Associés**

Dominique Descours

**Ernst & Young Audit**

Denis Thibon

## Glossary

## Glossary

**Directory:** a compilation of lists of businesses and/or individuals, subscribers of a fixed or mobile operator, with a view to their publication in alphabetical order or by type of business, in printed or electronic format.

**Group's consolidated revenues:** the Group's revenues, including those of PagesJaunes and all its subsidiaries.

**Publisher:** natural person or legal entity who assumes responsibility for the content he/it disseminates.

**Group:** the group of companies comprising the Company and all its subsidiaries.

**Consolidated Group:** the group of companies comprising the Company and all its subsidiaries.

**Intranet:** local network using the same protocols and technologies as the Internet, but connecting computers privately (*i.e.* not open to all Internet users). Examples: company Intranet, community Intranet, etc.

**PagesJaunes or PagesJaunes SA:** the PagesJaunes SA company.

**Advertising representative:** natural person or legal entity responsible for selling advertising space in content produced by a third party, and whose rights and obligations are defined by an advertising representation contract.

**Company:** PagesJaunes Groupe.

**Website reach rate:** number of Internet users who visited the website in question at least once over a given period, out of the total number of active Internet users during that period.

## Concordance table

The 2011 annual financial report, drawn up in accordance with article L. 451-1-2 of the French Monetary and Financial Code and article 222-3 of the General Regulations of the *Autorité des marchés financiers*, comprises the following sections of the *document de référence*:

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