

2.17B

The Insolvency Act 1986

Statement of administrator's proposals

Name of Company

Yellow Pages Limited

Company number

04175821

In the
High Court of Justice, Chancery Division,
Companies Court

(full name of court)

Court case number
1603 of 2014(a) Insert full
name(s) and
address(es) of
administrator(s)

We (a)

Philip Stephen Bowers
Deloitte LLP
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66 Shoe Lane
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applicable

attach a copy of our proposals in respect of the administration of the above company

A copy of these proposals was sent to all known creditors on

(b) 14 March 2014

Signed

PSB
Joint Administrator

Dated

14 March 2014**Contact Details:**You do not have to give any contact
information in the box opposite but if
you do, it will help Companies House to
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A13 18/03/2014 #105
COMPANIES HOUSEWhen you have completed and signed this form, please send it to the
Registrar of Companies at -
Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff

Yell Finance BV	Court Case No 1356 of 2014
Yellow Pages Limited	Court Case No 1603 of 2014
Yell Holdings 2 Limited	Court Case No 1604 of 2014
hibu Finance (UK) Limited	
(formerly Yell Finance (UK) Limited)	Court Case No 1717 of 2014

- all in Administration (each being "a Company" and together being "the Companies")

**JOINT ADMINISTRATORS' STATEMENT OF PROPOSALS PURSUANT TO
PARAGRAPH 49 OF SCHEDULE B1 OF THE INSOLVENCY ACT 1986 (AS AMENDED)
FOR THE PERIOD TO 14 MARCH 2014**

14 March 2014

Phil Bowers, Neville Kahn and Ian Wormleighton
Joint Administrators of the Companies
 Deloitte LLP
 PO Box 810
 66 Shoe Lane
 London
 EC4A 3BQ

Phil Bowers, Neville Kahn and Ian Wormleighton were appointed Joint Administrators of Yell Finance BV on 27 February 2014, Yellow Pages Limited and Yell Holdings 2 Limited on 28 February 2014 and hibu Finance (UK) Limited on 4 March 2014

The affairs, business and property of the Companies are managed by the Joint Administrators. The Joint Administrators act as agents of the Companies and contract without personal liability.

Disclaimer Notice

- This Statement of Proposals ("Proposal" or "Proposals") has been prepared by Phil Bowers, Neville Kahn and Ian Wormleighton, the Joint Administrators of Yell Finance BV (in administration), Yellow Pages Limited (in administration), Yell Holdings 2 Limited (in administration) and hibu Finance (UK) Limited (in administration) solely to comply with their statutory duty under Paragraph 49, Schedule B1 of the Insolvency Act 1986 (as amended) to lay before creditors a statement of their proposals for achieving the purposes of the Administrations, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.
- These Proposals have not been prepared in contemplation of being used, and are not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in any of the Companies listed above.
- Any estimated outcomes for creditors included in these Proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.
- Any person that chooses to rely on these Proposals for any purpose or in any context other than under Paragraph 49, Schedule B1 of the Insolvency Act 1986 (as amended) does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of these Proposals.
- The Joint Administrators act as agents for Yell Finance BV (in administration), Yellow Pages Limited (in administration), Yell Holdings 2 Limited (in administration) and hibu Finance (UK) Limited (in administration) and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, Deloitte LLP does not assume any responsibility and will not accept any liability to any person in respect of these Proposals or the conduct of the Administrations.
- All licensed Insolvency Practitioners of Deloitte LLP are licensed in the UK to act as Insolvency Practitioners.

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ABBREVIATIONS AND GLOSSARY OF TERMS

For the purpose of this report the following abbreviations shall be used

"the Act"	Insolvency Act 1986 (as amended)
"the Administrators"	The Joint Administrators of each Company, Phil Bowers, Neville Kahn and Ian Wormleighton each of Deloitte LLP
"c"	Circa
"the Companies"	Yell Holdings 2 Limited (in administration), Yell Finance BV (in administration), Yellow Pages Limited (in administration) and hibu Finance (UK) Limited (in administration)
"Company"	One of the Companies
"the Court"	High Court of Justice, Chancery Division, Companies Court
"Deloitte"	Deloitte LLP
"Directors"	The directors of a Company Please see Appendix 1 for a list of the Directors as at the date of appointment
"Finance BV"	Yell Finance BV (in administration)
"Facilities Agreement"	The Facilities Agreement dated 30 November 2009 between, among others, UK Finco as borrower and the Companies as guarantors
"the Group"	hibu PLC and its subsidiaries immediately prior to the Restructuring
"hibu PLC"	hibu plc (in administration)
"the Lenders"	Lenders under the Facilities Agreement
"Pensions Trustees"	The trustees of the hibu (UK) Pension Plan
"the Restructuring"	The restructuring transaction as described in the SIP16 Letter
"the Rules"	Insolvency Rules 1986 and the Insolvency (Amendment) Rules 2010
"Security Agreement"	A security over shares agreement dated 30 November 2009 and registered on 7 December 2009 granted by YH2 as security for the Senior Debt
"the Senior Debt"	c £2.3bn + accrued interest owing to the Lenders under the Facilities Agreement
"SIP13"	Statement of Insolvency Practice 13 (England & Wales)
"SIP16"	Statement of Insolvency Practice 16 (England & Wales)
"SIP16 Letter"	The letter dated 6 March 2014 sent by the Administrators to creditors of the Companies in order to comply with SIP16, a copy of which is at Appendix 7
"UK Finco"	hibu Finance (UK) Limited (in administration)
"YH2"	Yell Holdings 2 Limited (in administration)
"YPL"	Yellow Pages Limited (in administration)

For the purposes of this report, the following terms are used

Secured Creditor	<p>A secured creditor has fixed and/or floating charge security in the relevant company and as such is entitled to be paid out of the net realisations of that security in priority to other creditors</p> <p>However, where the security is by way of a floating charge, this priority is subject to payment of preferential creditors in full, and, should any funds still remain, a reserve for distribution to unsecured creditors (subject to a maximum fund of £600,000) must be set aside under the Prescribed Part provisions before any return out of net realisations to a secured</p>
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creditor under the floating charge

Floating Charge Realisations	Monies realised from sale/disposal of assets pledged to a secured creditor under a debenture secured by a floating charge
Preferential Creditor	A preferential creditor has a right to be paid in priority to unsecured creditors out of net floating charge realisations, before the Prescribed Part and before payment to the secured floating charge holder. Such creditors are generally employees in relation to specific wage arrears, holiday pay and certain pension contributions
Prescribed Part	This is a fund for unsecured creditors, to be set aside out of a Company's Net Property, known as the Prescribed Part of the Company's Net Property, and as provided for under Section 176A of the Insolvency Act 1986 (as amended)
Calculation of the Prescribed Part	The amount of the fund set aside for unsecured creditors is calculated as 50% of Net Property up to £10,000, plus, 20% of Net Property thereafter up to a maximum fund of £600,000
Net Property	Net property is the amount remaining from net floating charge realisations after payment of preferential claims but before any distribution to the secured floating charge holder
Unsecured Creditor	An unsecured creditor ranks behind secured and preferential creditors except for the Prescribed Part. An unsecured creditor is able to participate in any Prescribed Part distribution and in the distribution of any surplus funds after payment of expenses and prior claims (secured and preferential)
Purposes of an Administration	<p>The purpose of an administration under the Act is split into three parts</p> <ol style="list-style-type: none">1 To rescue a company as a going concern (in other words a restructuring which keeps the actual entity intact)2 If the first purpose is not reasonably practicable (or the second purpose would clearly be better for the creditors as a whole), then the Administrators must perform their functions with the objective of achieving a better result for creditors as a whole than would be obtained through an immediate liquidation of the company. This would normally envisage a sale of the business and assets as a going concern (or a more orderly sales process than in liquidation)3 If neither of the first two parts of the purpose are reasonably practicable, the Administrators must perform their functions with the objective of realising property in order to make a distribution to secured and/or preferential creditors as applicable

1. INTRODUCTION AND EXECUTIVE SUMMARY

1.1. Introduction

This report is prepared pursuant to Paragraph 49 of Schedule B1 of the Act, which requires the Administrators to provide creditors with details of their proposals to achieve the purposes of the Administrations

To assist the creditors, the following information is included in the report

- the background of the Group, and
- the circumstances giving rise to the appointment of the Administrators

As there are no funds for distribution to the unsecured creditors of any of the Companies, in accordance with Paragraph 52(1)(b) of Schedule B1 of the Act, the Administrators will not be convening creditors' meetings, unless requested to do so

Should creditors of any Company, whose total debts amount to at least 10% of the total debts of that Company wish to request a meeting be held, they should complete the attached Form 2 21B (Appendix 5) and return it within 8 business days of issue of this statement

In the event no request (in the prescribed manner) is received within 8 business days of issue of this statement, the proposals will be deemed approved and notices to that effect will be filed at Companies House

The Administrators refer creditors to the SIP 16 Letter for additional information in this matter

1.2. Executive Summary

The hibu group of companies which, prior to the Restructuring, was made up of hibu plc (in administration) (formerly Yell Group plc) and its subsidiaries, operated a multinational directories and internet services business, with operations in the United Kingdom, the United States, Spain and a number of countries in Latin America

Prior to the Restructuring, the Group had debt of approximately £2 3bn, being the Senior Debt, over one third of which was due for repayment in April 2014 with the remainder due in July 2014 The Companies each guaranteed the Senior Debt and had significant intercompany loans with other companies in the Group None of the Companies traded and each was insolvent

UK Finco is one of the principal borrowers of the Senior Debt and provided fixed and floating charge security in favour of the Lenders YH2 guaranteed the Senior Debt and had, pursuant to the Security Agreement granted security over the shares in hibu (UK) Limited (formerly Yell Limited), hibu Holdings 3 Limited (formerly YH3 Limited) and YH Limited and rights related to those shares YPL guaranteed the Senior Debt and had granted security to the Lenders over the shares in UK Finco and rights related to those shares, pursuant to a security over shares agreement dated 30 November 2009 Finance BV guaranteed the Senior Debt but did not provide any security

The Companies were intermediate holding companies in the Group The only assets of Finance BV, YPL and UK Finco were intercompany receivables (which were subordinated to

the Senior Debt) and investments in the intermediate holding companies directly below them in the Group structure. Only YH2 had realisable assets, being the shares in the trading subsidiary companies.

As the intercompany receivables were subordinated to the Senior Debt, they had no value unless the Senior Debt was able to be repaid. As noted in our SIP 16 Letter, the value of the subsidiaries of YH2 on a debt free basis was c £516m to £570m, indicating that no value would be available for the parent companies of YH2 and ultimately the creditors and shareholders of the top parent company hibu PLC.

A financial restructuring was agreed between the Lenders, the Group and the Pensions Trustees which involved a series of inter-conditional steps of which the administrations of the Companies are part. The broader restructuring included:

- 8 Schemes of Arrangement under Part 26 of the Companies Act 2006, of subsidiaries incorporated in the UK, Spain and the US,
- 5 administrations, of the Companies and hibu PLC,
- a sale of the shares in subsidiaries of YH2, which became directly or indirectly owned by two new holding companies, Eagle Bidco 2013 Limited and Eagle Spain Holdco 2013 Limited, which are ultimately owned by the Lenders,
- release of the Senior Debt obligations at each of the Companies, and
- the assignment of certain intercompany receivables owing to YH2 and UK Finco to other members of the Group and the set-off of certain intercompany receivables against amounts owing by YH2 and UK Finco to other members of the Group.

Please refer to our SIP 16 Letter for further information in this regard.

The statutory purpose and summarised information for each of the administrations is set out below.

1.2.1. YH2 Key Issues

Purpose of the Administration	Better result for creditors as a whole than would be likely if the Company were wound up.
Initial Meeting	As there is no prospect of any funds being returned to unsecured creditors, the Administrators will not be convening a creditors' meeting, unless required to do so. Please refer to Paragraph 5.5 for further details.
Restructuring and Sale	The business and assets were sold on 3 March 2014 as detailed in the SIP16 Letter. A copy of this letter is attached at Appendix 7 of this report.
Timing	We anticipate the administration will not exceed 12 months.
Costs	On present information, we anticipate costs will not exceed £100k.
Outcomes	As part of an inter-conditional series of steps to achieve the Restructuring, the shares in the operating group subsidiaries were sold in consideration for the release from a £2.3bn liability owed by YH2 in respect of Senior Debt and the release of certain intercompany amounts.

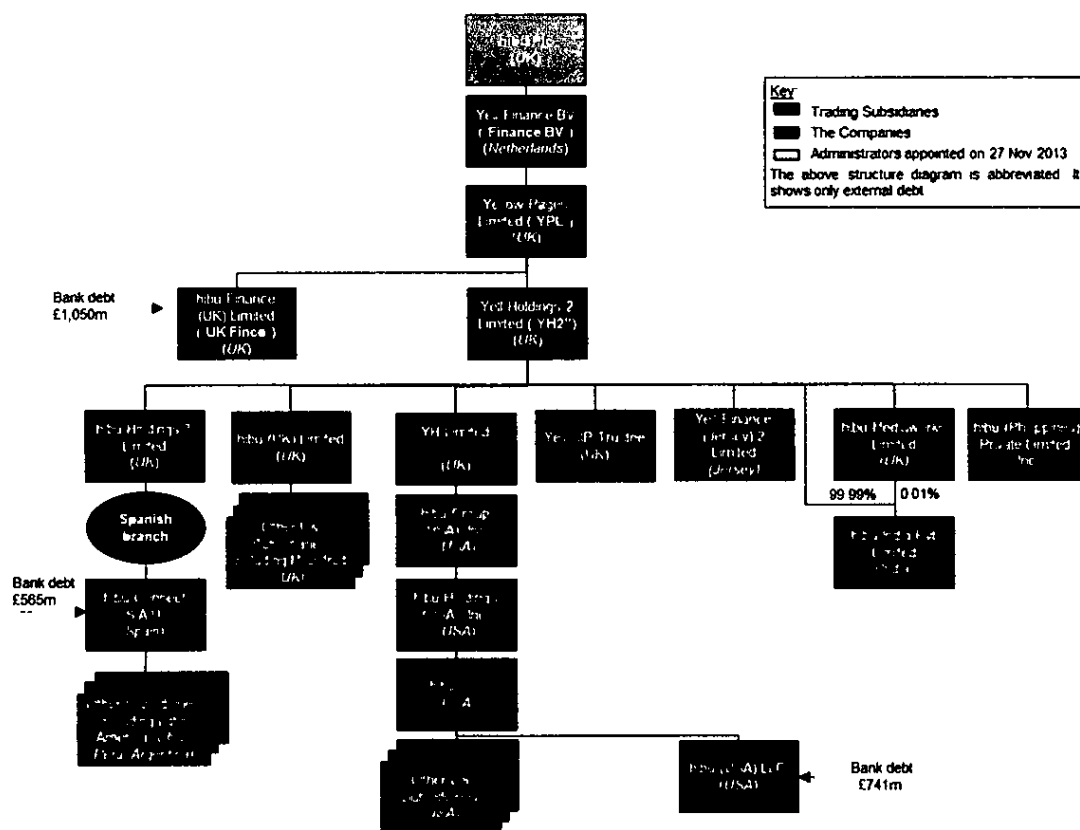
1.2.2. Finance BV, YPL and UK Finco Key Issues

Purpose of the Administration	Better result for creditors as a whole than would be likely if the Company were wound up
Initial Meeting	As there is no prospect of any funds being returned to unsecured creditors, the Administrators will not be convening a creditors' meeting, unless required to do so. Please refer to Paragraph 5.5 for further details.
Restructuring and Sale	<p>Finance BV and YPL had no realisable assets, and participated in the Restructuring to procure the release of their guarantees of the Senior Debt.</p> <p>In UK Finco, prior to the Administrators' appointment, certain intercompany payables were set off against intercompany receivables and certain intercompany payables were assigned to other members of the Group in exchange for certain releases and as part of the interconditional steps under which UK Finco's liability for the Senior Debt was released, such that on appointment UK Finco had no assets. The security granted by UK Finco in respect of the Senior Debt was also released prior to the Administrators' appointment.</p>
Timing	We anticipate that none of these administrations will exceed 12 months.
Costs	On present information, we anticipate the aggregate cost for these three administrations will not exceed £100k.
Outcomes	The only assets in the relevant companies are (i) intercompany loans, which are not recoverable and (ii) in the case of Finance BV its shares in YPL, and in the case of YPL its shares in YH2 and UK Finco, which in each case have no realisable value. Certain intercompany payables were satisfied as part of the transaction steps, however, apart from this recovery, there is no prospect of a return to any class of creditor in each case.

2. BACKGROUND

Finance BV, YPL and YH2 are intermediate holding companies in the Group. UK Finco is a non-trading finance vehicle which was incorporated at the time of the previous refinancing in 2009. None of the Companies traded. Finance BV and YPL had no purpose other than as holding companies in the Group. YH2 was the holding company owning the shares of the individual trading companies. UK Finco was one of the principal borrowers of the Senior Debt (together with finance companies in both the US and Spain) and provided full fixed and floating charge security to the Lenders.

A summarised Group structure chart as at 27 February 2014, being the date that Finance BV was put into administration, is set out below. This structure chart remained the same until 3 March 2014, when the subsidiaries of YH2 were sold as described in the SIP16 Letter. The Companies are highlighted green.



2.1. Overview of Financial Information

Extracts from the management accounts for the Companies as at 31 December 2013 and audited accounts for the financial years ended 31 March 2013 and 31 March 2012 are included below

As the Companies were intermediate holding companies, there is no trading reflected in the profit and loss account of any of the Companies and therefore this has not been included. The comments below the table reflect management's explanations of the amounts included.

Please note that this information has not been verified by the Administrators or by Deloitte

Summary Balance Sheets

Balance Sheets £'000	31-Dec-13	31-Mar-13	31-Mar-12
Investment in subsidiaries	-	-	288,697
Intercompany receivables	-	-	34,048
Total Assets	-	-	322,745
Corporation tax payable / (refund)	75	-	-
Other payables / (receivables)	(3)	-	-
Intercompany loans	20,323	19,727	22,970
Total Liabilities	20,395	19,727	22,970
Net Assets	(20,395)	(19,727)	299,775

Yellow Pages Limited Balance Sheets as at: £'000	31-Dec-13	31-Mar-13	31-Mar-12
Investment in subsidiaries	-	-	609,140
Intercompany receivables	-	-	345,003
Total Assets	-	-	954,143
Corporation tax payable / (refund)	(4,231)	-	-
Intercompany loans	694,448	676,067	661,154
Total Liabilities	690,217	676,067	661,154
Net Assets	(690,217)	(676,067)	292,989

Yell Holdings 2 Limited Balance Sheets as at: £'000	31-Dec-13	31-Mar-13	31-Mar-12
Investment in subsidiaries	1,106	1,106	961,731
Intercompany receivables	956,051	877,950	2,219,882
Total Assets	957,157	879,056	3,181,613
Corporation tax payable / (refund)	(9,332)	-	-
Other payables / (receivables)	(40)	-	-
Intercompany loans	3,191,649	3,083,263	2,908,851
Total Liabilities	3,182,277	3,083,263	2,908,851
Net Assets	(2,225,120)	(2,204,207)	272,762

hibu Finance (UK) Limited Balance Sheets as at: £'000	31-Dec-13	31-Mar-13	31-Mar-12
Investment in subsidiaries	-	-	-
Intercompany receivables	-	82,206	1,693,946
Total Assets	-	82,206	1,693,946
Corporation tax payable / (refund)	3,729	-	-
Other payables / (receivables)	54,914	-	3,981
External Loans	983,192	1,454,464	1,370,604
Intercompany loans	627,281	107,788	41,264
Total Liabilities	1,669,116	1,562,252	1,415,849
Net Assets	(1,669,116)	(1,480,046)	278,097

Source Management/Audited Accounts

Notes 1) the above balance sheets are provided by management and have not been verified by the Administrators or Deloitte

2) Each of the Companies had obligations as guarantor or borrower of the £2 3bn Senior Debt and this is excluded from the Balance Sheets above

The principal assets in the Companies comprise shares in their direct subsidiaries and intercompany receivables. In YH2 there was also a tax receivable of c £9.3m and in YPL there was a tax receivable of £4.2m as at 31 December 2013. We understand that these receivables relate only to timing differences and therefore are not recoverable by the Administrators, however, the tax position of the Companies has not yet been finalised.

In the latest Management accounts dated 31 December 2013, significant provisions against intercompany receivables have been included as the receivables were deemed by Management not to be collectible. In part this has caused the balance sheets of the Companies to be in a significant net liability position. Absent these provisions, certain of the Companies (namely Finance BV and UK Finco) would be in a net asset position as at 31 December 2013.

The value of the intercompany loans also significantly reduced between 31 March 2012 and the dates of the Administrations. This was due to a series of recapitalisations in the relevant companies, such that intercompany balances were repaid by the issuance of share capital by the relevant debtor company. Had the recapitalisation not been completed, the Companies could have had either a going concern qualification or negative net assets at 31 March 2012, which would in turn have constituted a breach of the Facilities Agreement and likely material adverse consequences for the Group.

In any event, each of the Companies were borrowers and/or guarantors of the entirety of the Senior Debt, owing secured (in the case of UK Finco) Lenders some £2.3bn, which would have caused a net liability position in every Company irrespective of the recapitalisations noted above.

Specifically for YH2 as the immediate owner of the key trading subsidiaries, a valuation of its shareholdings was undertaken on 17 September 2013. This indicated that the trading group was valued between £220m and £274m on a cash and debt free basis if an accelerated sales process was undertaken, equivalent to £516m to £570m including cash in the group as at 31 January 2014. This is significantly below the Senior Debt of c £2.3bn. Accordingly, in the absence of the Restructuring, neither the shares in its underlying subsidiaries nor its intercompany receivables had any recoverable value.

2.2. Other Information

As at the relevant date of appointment, none of the Companies employed any staff.

Statutory information, including details of the Directors and Company Secretary, Bankers & Shareholders for each of the Companies is provided at Appendix 1.

3. THE CIRCUMSTANCES GIVING RISE TO THE APPOINTMENT OF THE ADMINISTRATORS

3.1. Events prior to the Administration

The Group has been in discussions with its Lenders to seek to agree a financial restructuring for 18 months in view of the significant financial difficulties facing the Group. Those discussions resulted in the Restructuring, which was implemented on 3 March 2014. As part of the Restructuring all equity in the operating subsidiaries in the Group was transferred to Lender controlled companies in exchange for a debt write-down.

The Restructuring was implemented via a series of Schemes of Arrangement and Administrations of the Companies. On 19 February 2014, approximately 87.5% by value (100% of those voting) of the Lenders approved the Schemes of Arrangement and, following that approval and sanction of the Schemes of Arrangement by the court, the directors of the Companies appointed administrators using an out of court process (with the exception of Finance BV which was a court appointment).

3.2. Details of the Appointment of the Administrators

Phil Bowers, Neville Kahn and Ian Wormleighton were appointed administrators of Finance BV on 27 February 2014 by the Court on the application of the Directors of Finance BV. On 28 February, the Directors of YPL and YH2 (respectively) appointed the Administrators as administrators of YPL and YH2, and on 4 March the Directors of UK Finco appointed the Administrators as administrators of UK Finco.

The Court having conduct of the proceedings is the High Court of Justice, Chancery Division. The Court numbers are:

Finance BV	1356 of 2014
YPL	1603 of 2014
YH2	1604 of 2014
UK Finco	1717 of 2014

For the purposes of Paragraph 100(2) of Schedule B1 of the Act the Administrators of each Company confirm that they are authorised to carry out all functions, duties and powers by any of them individually and independently of each other or by all of them.

3.3. Sale of business

On 3 March 2014, the Administrators of YH2 caused YH2 to sell its shareholdings in the trading subsidiaries. The consideration for the transaction entered into by YH2 acting by its Administrators was the release of YH2 (together with each of the other Companies) from its obligations in respect of Senior Debt of £2.3bn along with nominal consideration paid in respect of some of the individual sale transactions. In addition, the Company achieved a release of c. £1.7bn intercompany payables. Total consideration was therefore c. £4bn. Please refer to our SIP 16 Letter for further information.

3.4. Purpose of the Administration

The Companies had significant creditor liabilities in the form of the Senior Debt, which was secured (i) in full against the assets of UK Finco, (ii) against the shares in certain subsidiaries of YH2, and (iii) against the shares in UK Finco held by YPL, but unsecured in Finance BV. A restructuring of these creditors would have been required to meet the first objective of rescuing any of the Companies as a going concern.

Accordingly, the purpose of the Administrations was to achieve a better result for creditors as a whole than would be obtained through an immediate liquidation of the Companies. The purpose of the Administrations has been achieved through a sale of shares held by YH2 as discussed in Section 3.3.

Other insolvency processes (such as trading in Administration or Liquidation) were considered for the Companies, but were not considered appropriate as

- the majority of the Lenders and the Pensions Trustees supported the Restructuring,
- liquidation would have prevented certain tax attributes being realised and the perception of liquidation would have been likely to erode value in the operating subsidiaries,
- none of the Companies traded and in relation to the holding companies, had many direct or indirect trading subsidiaries which were part of a complex multi-jurisdictional group, as a result the Administrators did not think it would be appropriate for the Companies in administration to seek to control the trading group as part of a trading administration of the holding companies.

For further information as to alternatives considered see the SIP16 Letter.

3.5. Electronic communication with creditors

In an effort to reduce the costs of the Administrations, all communications with creditors, including updates and progress reports, will be posted onto a website, which has been set up specifically for this purpose. The web address is www.deloitte.com/uk/hibuplc.

A letter will be issued to all creditors each time the website is updated with a statutory notice or report. All creditors' statutory notices will be retained on the website until its closure 3 months after the relevant Administration being brought to a close.

Please therefore ensure that you review the website regularly for updates and further notices and reports.

4. THE MANNER IN WHICH THE AFFAIRS OF THE COMPANIES HAVE BEEN MANAGED AND FINANCED AND WILL CONTINUE TO BE MANAGED AND FINANCED IF THE ADMINISTRATORS' PROPOSALS ARE APPROVED

4.1. Introduction

4.1.1 YH2

In considering the acceptance of the appointment as Administrators and the proposed strategy to conclude a sale of YH2's assets on appointment, the Administrators needed to be satisfied that a sale of the business could not be better achieved in another manner and that continuing to trade the business would not achieve a better result

For the following reasons, the Administrators concluded that it would not be in the best interests of creditors to trade the business

- this is a complex group structure and YH2 is a non-trading holding company,
- valuations were obtained indicating YH2's shareholding in the trading subsidiaries was of significantly lower value than the Senior Debt,
- an offer was received from the Lenders which, if implemented, ensured the operating subsidiaries remained unaffected, with reduced overall Group borrowing and all guarantees being released at each of the Companies,
- the Lenders, the Pensions Trustees and those Group companies which were creditors of YH2 consensually agreed to the Restructuring, and
- the Pensions Regulator and HMRC each gave formal clearances in relation to the Restructuring

In addition, and as noted in our SIP 16 Letter, the Administrators did not carry out their own marketing of the business, on the basis that

- additional valuation evidence was received,
- the Companies' financial stakeholders consensually agreed to the Restructuring,
- there will be no impact on the underlying Group companies (there will be no redundancies or other operational impact), and
- the offer from the Lenders, which the Administrators of YH2 considered was the best available option for all the creditors of YH2, needed to be implemented to provide a stable platform from which the operating group can grow

Furthermore, while a formal marketing process was not undertaken, the restructuring has been a very public process. Any potentially interested party is likely to have made their interest known during this process and no offers have been received by any of the Companies prior to the appointment of Administrators. As mentioned in the SIP16 Letter, non-binding indicative offers were made to other members of the Group for parts of the business, but these were not accepted on the basis that such offers did not attribute sufficient value to the business and could cause insolvency in other parts of the Group.

Accordingly, the best course of action and method of maximising value for all creditors was a pre-packaged sale of YH2's shareholding in the trading subsidiaries in order to preserve continuity of trading, any goodwill and ongoing relationships with customers and suppliers at the operational level. The sale of the shareholdings took place on 3 March 2014, shortly after the appointment of the Administrators to YH2. Further detail is included in the SIP 16 Letter.

4.1.2. Finance BV, YPL and UK Finco

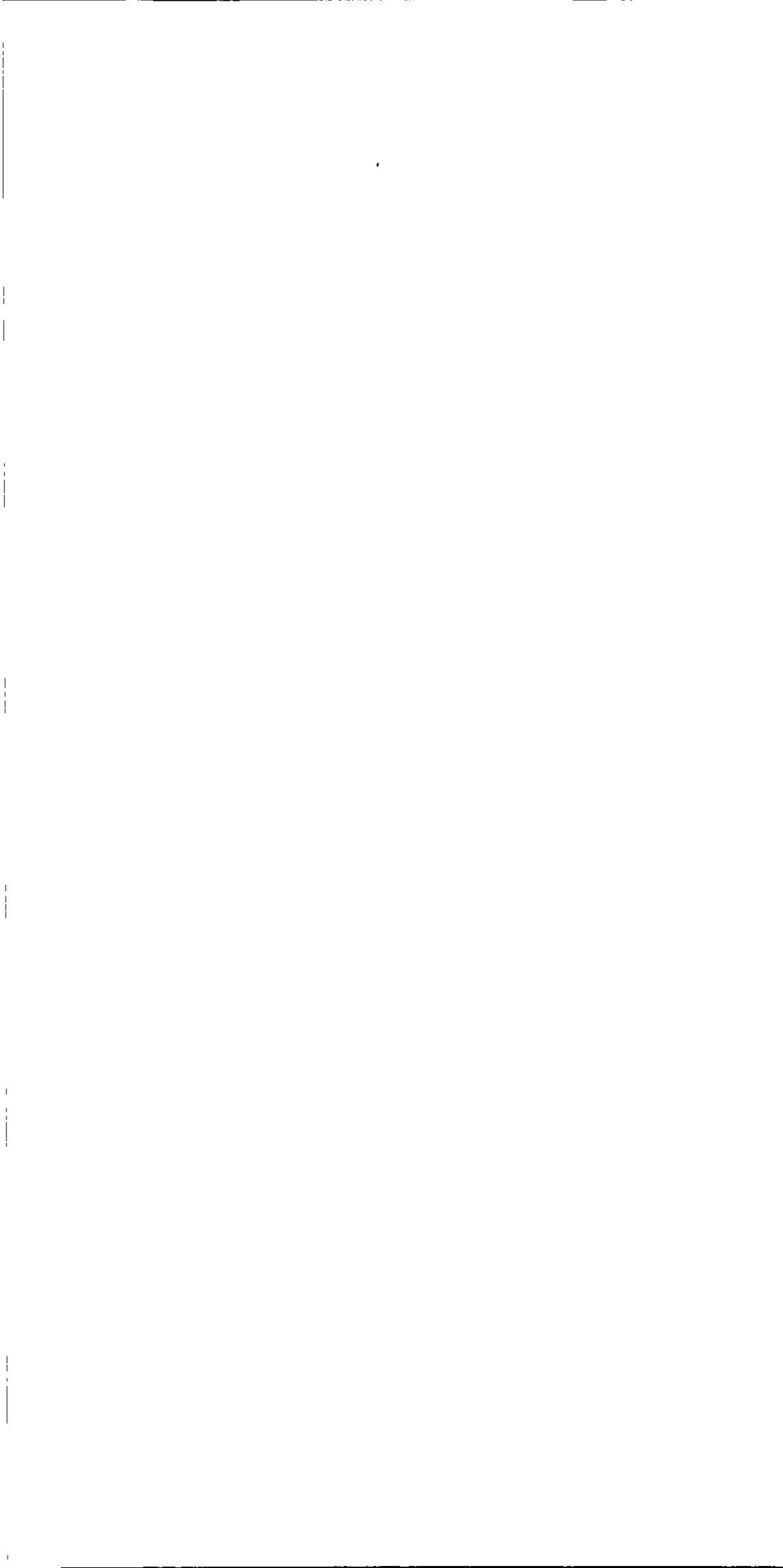
Finance BV, YPL and UK Finco are non-trading companies and have entered administration as a requirement of the offer from the Lenders to preserve the operating subsidiaries of the Group. Value has been maximised for each creditor of the Companies as the £2.3bn debt obligations and certain intercompany payables have been released.

4.2. Assets excluded from the sale

As noted above, the sale included the shares in the underlying subsidiaries of YH2. Finance BV and YPL have retained their shareholdings in YPL and YH2 respectively, however given the sale of the underlying subsidiaries, these do not have any recoverable value. The intercompany claims have either been released or are between the Companies, or in the case of YH2 owing to it from hibu PLC, and given that the debtor companies are all in administration and returns to creditors are not expected, are not collectible. The Administrators are not aware of any other assets.

4.3. Post Appointment Actions

The Administrators are liaising with the purchasers of the underlying subsidiaries and HM Revenue and Customs in respect of any corporation tax liabilities arising on the share sales, collating creditor claims and handling creditor, director and shareholder queries as they arise.



5. DIRECTORS' STATEMENT OF AFFAIRS

5.1 Introduction

In accordance with Paragraph 47(1) of Schedule B1 of the Act the Directors have been asked to provide to the Administrators a Statement of Affairs for the Companies as at the relevant appointment date. These are due by late March 2014 and therefore, an Estimated Outcome Statement for creditors has been prepared at Appendix 3. Final Statement of Affairs will be attached to the six monthly report and to creditors.

The most recent accounting information available for each Company is summarised at section 2.1 and an up to date schedule of creditors, as drawn from the books and records of the relevant Company, is attached at Appendix 4. The Administrators have not carried out any work of the nature of an audit on the information.

5.2. Creditors

The only creditors of Finance BV, YPL and YH2 as at the relevant appointment date were the Lenders and intercompany creditors. The liabilities of those Companies to the Lenders were released shortly after the appointment of the Administrators. The only creditors of UK Finco as of the date of the appointment of the Administrators to UK Finco were intercompany creditors, the Lenders claims and security having been released as part of the restructuring on 3 March 2014.

As noted elsewhere in this report, the Lenders held security from YPL, YH2 and UK Finco. The security granted in favour of the Lenders by YPL and UK Finco was released as part of the Restructuring on 3 March 2014. The assets which were subject to the security granted by YH2 in favour of the Lenders were sold subject to that security as part of the Restructuring. No creditors are being disadvantaged by the Restructuring. Clearance has been granted from HMRC in respect of the Restructuring and the Administrators are seeking to minimise any tax claim to the extent possible using existing losses within the Companies.

The debt of Finance BV, YPL and YH2 at the respective dates of the appointment of the Administrators (under their respective guarantee obligations), was £2.3bn plus accrued interest, together with intercompany creditors (please refer to Appendix 4 for further details). The debt of UK Finco as at the date of the appointment of the Administrators to UK Finco was intercompany debts of c £627m, UK Finco's liability for the Senior Debt having been released on 3 March 2014.

A schedule of creditors of each Company is set out at Appendix 4.

5.3. Preferential Creditors

No preferential claims are anticipated as there were no employees in any of the Companies.

5.4 Prescribed Part

Please note that there are no floating charge assets and so no Prescribed Part is currently envisaged.

Accordingly, the Administrators do not propose to make an application under section 176A(5).

5.5 Creditors' Meeting to Seek Approval to the Proposals and consider specific Resolutions regarding the Remuneration and costs of the Administrators

As there are no funds for a distribution to the unsecured creditors in any of the Companies, the Administrators will not be convening a creditors' meeting in accordance with Paragraph 52(1)(b) of Schedule B1 of the Act, unless requested to do so

Should creditors of a Company, whose total debts amount to at least 10% of the total debts of that Company wish to request a meeting be held they should complete the attached Form 2 21B (Appendix 5) for the Company in question and return it to the Administrators within 8 business days of issue of this statement

A deposit of £500 towards the costs of convening the meeting should be enclosed with the request per rule 2 37(3) of the Rules

In the event no request (in the prescribed manner) is received within 8 business days of issue of this statement, the proposals will be deemed approved and notices will be filed at Companies House

6. PRE-ADMINISTRATION COSTS

There were no Pre-Administration costs as defined by Rule 2 33(2A) of the Insolvency Rules 1986

7. ADMINISTRATORS' REMUNERATION AND EXPENSES

7.1 Remuneration and Expenses

There will be no funds available to pay any administration costs and expenses. However, the Administrators have agreed with hibu (UK) Limited that all costs and expenses will be approved and paid by hibu (UK) Limited on the basis of time properly given by the Administrators and their staff in attending the matters arising in the administrations, calculated at the prevailing standard hourly charge out rates used by Deloitte at the time when the work is performed plus VAT.

The Administrators have engaged Linklaters LLP to provide legal advice to them in respect of the administrations of the Companies. The costs of Linklaters LLP will also be met by hibu (UK) Limited.

7.2 Creditors' Rights

Any secured creditor or, unsecured creditor with the support of at least 5% in value of the unsecured creditors or, with leave of the Court, may, in writing, request the Administrators to provide additional information regarding remuneration or expenses to that already supplied within this document. Such requests must be made within 21 days of receipt of this report, in accordance with Rule 2 47(1)(fa) and 2 48A of the Rules.

Any secured creditor or, unsecured creditor with the support of at least 10% in value of the unsecured creditors or, with leave of the Court, may apply to the Court for one or more orders (in accordance with Rule 2 109(4) of the Rules), challenging the amount or the basis of remuneration which the Administrators are entitled to charge or otherwise challenging some or all of the expenses incurred. Such applications must be made within 8 weeks of receipt by the applicant(s) of the report detailing the remuneration and/or expenses being complained of, in accordance with Rule 2 109 of the Rules.

8 OTHER MATTERS AND INFORMATION TO ASSIST CREDITORS

8.1 Directors' conduct

As part of their statutory duties, the Administrators will consider the conduct of the Directors and any person they consider a shadow or de facto director in relation to their management of the affairs of the Companies and the causes of failure and will submit a confidential report to the Insolvency Service, a division of the Department for Business, Innovation and Skills

As part of their investigations the Administrators will consider, among other matters, the following

- statutory compliance issues,
- misfeasance or breach of duty, and
- antecedent transactions (including transactions at an under value and preferences)

Creditors who wish to draw any matters to the attention of the Administrators should write to the Administrators at the address given on the front of this report

8.2 SIP13 (E&W) – Transactions with connected parties

In accordance with the guidance given in SIP13 (E&W), we are investigating any transactions with connected parties in the ordinary course of business for each of the Companies during the period of this report or in the two years prior to our appointment. Details of any connected party transactions will be included in our next report to creditors

Should creditors have information regarding any such transactions they should forward details in writing to the Administrators to the address on the front of this report

8.3 Exit Routes from Administration

In accordance with the provisions of the Act incorporated by the Enterprise Act 2002, all Administrations automatically come to an end after one year, unless an extension is granted by the Court or with consent of the creditors

There are several exit routes which are available to the Administrators such as,

- an application to Court,
- filing a notice in Court and with the Registrar of Companies confirming that the purpose of Administration has been sufficiently achieved, or
- in the event that the Company has no property remaining to be realised the Administrators may notify the Registrar of Companies to that effect at which time the appointment of the Administrators ceases and three months following that date the company is deemed to be dissolved

In addition the Administrators could propose to place the Companies into Creditors' Voluntary Liquidation or a Compulsory Liquidation or they may propose a Company Voluntary Arrangement



The exit route chosen in relation to the Companies will largely depend on the circumstances of each Administration

8.4 EC Regulations

Council Regulation (EC) No 1346/2000 applies and these are the main proceedings as defined in Article 3(1) of that Regulation

9. STATEMENT OF PROPOSALS PURSUANT TO PARAGRAPH 49 OF SCHEDULE B1 OF THE INSOLVENCY ACT 1986 (AS AMENDED)

Yell Finance BV	Court Case No 1356 of 2014
Yellow Pages Limited	Court Case No 1603 of 2014
Yell Holdings 2 Limited	Court Case No 1604 of 2014
hibu Finance (UK) Limited	Court Case No 1717 of 2014

The Administrators' proposals are as follows

- 1 the Administrators continue to manage the affairs and any remaining assets of the Companies and the settlement of all Administration expenses,
- 2 the Administrators continue with their enquiries into the conduct of the Directors of the Companies and continue to assist any regulatory authorities with their investigation into the affairs of the Companies,
- 3 the Administrators be authorised to agree the claims of the secured, preferential and unsecured creditors against each of the Companies unless the Administrators conclude, in their reasonable opinion, that one or more of the Companies will have no assets available for distribution,
- 4 the Administrators be authorised to distribute funds to the secured and preferential creditors as and when claims are agreed and funds permit and, in relation to distributions to unsecured creditors, if the Court gives permission following an appropriate application,
- 5 that, in the event the creditors of one or other of the Companies so determine, at meetings of creditors, a Creditors Committee be appointed in respect of any of the Companies comprising of not more than five and not less than three creditors of that Company or Companies,
- 6 that, following the realisation of assets and resolution of all matters in the Administrations, and as quickly and efficiently as is reasonably practicable, the Administrators implement the most cost effective steps to formally conclude the Administrations. This may include filing a notice in Court and with the Registrar of Companies confirming that the purpose of the Administrations has been sufficiently achieved, the distribution of funds to unsecured creditors (provided Court permission is obtained) and then the dissolution of the Companies, moving from Administration to Dissolution as per Paragraph 84 of Schedule B1 of the Act, or alternatively, seeking to put each or any of the Companies into Creditors' Voluntary Liquidation ("CVL") or Compulsory Liquidation, depending on which option will result in a better realisation for creditors,
- 7 that, if each or any of the Companies were to be placed into CVL, the Administrators propose to be appointed Liquidators and any Creditors' Committee appointed will become the Liquidation Committee pursuant to Rule 4.174A of the Rules and that the basis of the Liquidators' remuneration be fixed by reference to the time properly given by the Liquidators and their staff in attending to matters arising in the Liquidations, calculated at the prevailing standard hourly charge out rates used by Deloitte at the time when the work is performed, and/or as a percentage of realisations and/or as a set fee, plus VAT As per Paragraph 83(7) of Schedule B1 of the Act and Rule 2.117A(2)(b) of the Rules,

the creditors may nominate a different person to be Liquidator(s) provided the nomination is made before the proposals are approved by creditors. For the purposes of Section 231 of the Act the Liquidators will each be authorised to carry out all functions, duties and powers either jointly or severally, and

- 8 in the absence of Creditors' Committees, the creditors of each of YPL, YH2 and UK Finco agree that the Administrators shall be discharged from liability per Paragraph 98 of Schedule B1 of the Act immediately upon the Administrators' filing their final report to creditors and vacating office. In respect of Finance BV, the Administrators shall apply to Court to obtain an order under section 98(2)(C) of the Act

Yours faithfully

For and on behalf of Yell Finance BV, Yellow Pages Limited, Yell Holdings 2 Limited and hibu Finance (UK) Limited

Phil Bowers, Neville Kahn and Ian Wormleighton

Administrators of the Companies

Deloitte LLP

PO Box 810

66 Shoe Lane

London

EC4A 3BQ

Phil Bowers, Neville Kahn and Ian Wormleighton were appointed Joint Administrators of Yell Finance BV on 27 February 2014, Yellow Pages Limited and Yell Holdings 2 Limited on 28 February 2014 and hibu Finance (UK) Limited on 4 March 2014

The affairs, business and property of the Companies are managed by the Joint Administrators. The Joint Administrators act as agents of the Companies and contract without personal liability

YELL FINANCE BV, YELLOW PAGES LIMITED, YELLHOLDINGS 2 LIMITED AND HIBU FINANCE (UK) LIMITED (ALL IN ADMINISTRATION)

STATUTORY INFORMATION

Company Name	Yell Finance BV	Yellow Pages Limited	Yell Holdings 2 Limited	hibu Finance (UK) Limited
Proceedings	In Administration	In Administration	In Administration	In Administration
Court	High Court of Justice	High Court of Justice	High Court of Justice	High Court of Justice
Court Reference	1356 of 2014	1603 of 2014	1604 of 2014	1717 of 2014
Date of Appointment	27 February 2014	28 February 2014	28 February 2014	4 March 2014
Appointment by	The Royal Court of Justice, Chancery Division on application of the Directors under Paragraph 12 of Schedule B1 to the Insolvency Act 1986	Directors under Paragraph 22 of Schedule B1 to the Insolvency Act 1986	Directors under Paragraph 22 of Schedule B1 to the Insolvency Act 1986	Directors under Paragraph 22 of Schedule B1 to the Insolvency Act 1986
Joint Administrators	Phil Bowers, Neville Kahn, Ian Wormleighton Deloitte LLP PO Box 810 66 Shoe Lane London EC4A 3BQ	Phil Bowers, Neville Kahn, Ian Wormleighton Deloitte LLP PO Box 810 66 Shoe Lane London EC4A 3BQ	Phil Bowers, Neville Kahn, Ian Wormleighton Deloitte LLP PO Box 810 66 Shoe Lane London EC4A 3BQ	Phil Bowers, Neville Kahn, Ian Wormleighton Deloitte LLP PO Box 810 66 Shoe Lane London EC4A 3BQ
Registered office Address	Prins Bernhardplein 200, 10097JB Amsterdam	One Reading Central Forbury Road Berkshire RG1 3YL	One Reading Central Forbury Road Berkshire RG1 3YL	One Reading Central Forbury Road Berkshire RG1 3YL
Company Number	34157895 (Netherlands)	04175821	04180359	07020389
Incorporation Date	19/06/2001	08/03/2001	15/03/2001	16/09/2009
Company Secretary	Christian Wells	Christian Wells	Christian Wells	Christian Wells
Bankers	HSBC	HSBC	HSBC	HSBC
Auditors	PwC LLP	PwC LLP	PwC LLP	PwC LLP
Directors at date of Appointment	Antony Bates Christian Wells	Antony Bates, Elizabeth Chambers, John Coghlan, Toby Coppel, Kathleen Flaherty, Richard Hooper, Carlos Monteros, Robert Wigley	Antony Bates Christian Wells	Antony Bates Christian Wells
Directors' Shareholdings	Nil	Nil	Nil	Nil

Receipts and Payments Account for the period from the date of Administration to 14 March 2014

Receipts and Payments account for the Companies									
Yell Finance BV		Yellow Pages Limited		Yell Holdings 2 Limited		hibu Finance (UK) Limited			
From	To	From	To	From	To	From	To		
27-Feb-14	14-Mar-14	28-Feb-14	14-Mar-14	28-Feb-14	14-Mar-14	04-Mar-14	14-Mar-14		
Receipts	-		-		-		-		
Payments	-		-		-		-		
Balance	<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		

ESTIMATED OUTCOME STATEMENT AS AT 31 DECEMBER 2013

Yell Finance BV Estimated Outcome Statement		
	£'000 Book Value	Estimated to Realise
Investment in subsidiaries	-	-
Intercompany receivables	-	-
Total Assets available for unsecured creditors	-	-
Unsecured Creditors		
Lenders	(2,300,000)	(2,300,000)
Intercompany loans	(20,323)	(20,323)
Total Unsecured Creditors	(2,320,323)	(2,320,323)
Estimated Return for Unsecured Creditors	0%	0%

Yellow Pages Limited Estimated Outcome Statement		
	£'000 Book Value	Estimated to Realise
Investment in subsidiaries	-	-
Intercompany receivables	-	-
Corporation Tax	4,231	-
Total Assets available for unsecured creditors	4,231	-
Unsecured Creditors		
Lenders	(2,300,000)	(2,300,000)
Intercompany loans	(694,448)	(694,448)
Total Unsecured Creditors	(694,448)	(694,448)
Estimated Return for Unsecured Creditors	0%	0%

Yell Holdings 2 Limited Estimated Outcome Statement		
	£'000 Book Value	Estimated to Realise
Investment in subsidiaries	1,106	-
Intercompany receivables	956,051	-
Corporation Tax	9,332	-
Total Assets available for unsecured creditors	966,489	-
Unsecured Creditors		
Lenders	(2,300,000)	(2,300,000)
Intercompany loans	(3,191,649)	(3,191,649)
Total Unsecured Creditors	(5,491,649)	(5,491,649)
Estimated Return for Unsecured Creditors	0%	0%

hibu Finance (UK) Limited Estimated Outcome Statement		
	£'000 Book Value	Estimated to Realise
Investment in subsidiaries	-	-
Intercompany receivables	-	-
Total Assets available for unsecured creditors	-	-
Unsecured Creditors		
Other payables / (receivables)	(54,914)	-
External Loans	(983,192)	(2,300,000)
Intercompany loans	(627,281)	(107,788)
Total Liabilities	(1,665,387)	(2,407,788)
Net Assets	0%	0%

Schedule of Creditors of the Companies as at the date of appointment**Schedule of Creditors for Yell Finance BV as at 27 February 2014**

Creditor Name	Amount (£'000)
hibu Plc	(20,320)

Schedule of Creditors for Yellow Pages Limited as at 28 February 2014

Creditor Name	Amount (£'000)
Yell Holdings 2 Limited	(662,450)
Yell Finance BV	(31,998)
	<u>(694,448)</u>

Schedule of Creditors for Yell Holdings 2 Limited as at 28 February 2014

Creditor Name	Amount (£'000)
hibu (UK) Limited	(192,199)
hibu Finance (UK) Limited	(797,942)
hibu Holdings 3 Limited	(378,327)
Yell Finance Jersey Two Limited	(715,399)
hibu Connect SAU	(510,595)
hibu Chile SA	(19,444)
	<u>(2,613,906)</u>

Schedule of Creditors for hibu Finance (UK) Limited as at 4 March 2014

Creditor Name	Amount (£'000)
Yellow Pages Limited	(498,211)
Yell Holdings 2 Limited	(129,069)
	<u>(627,280)</u>

Notes

- 1 *Intercompany creditors may not tie into the balance sheet figures as the creditors listing represents the net intercompany position (i.e. payables and receivables between the same companies are set off against each other). The balance sheet represents the gross figures*
- 2 *Senior Lenders were creditors of Finance BV, YPL and YH2 at their respective administration dates*
- 3 *Senior Lenders held security at YPL and YH2*
- 4 *The address for the intercompany creditors is One Reading Central, Forbury Road, Reading, Berkshire, RG1 3YL*

Form 2.21b – Request Meeting of Creditors

Form 2.21B

Rule 2.37

Creditor's request for a meeting

Name of Company Yell Finance BV	Company number 34157895
In the High Court of Justice, Chancery Division, Companies Court (full name of court)	Court case number 1356 of 2014

(a) Insert full name and address of the creditor making the request

I (a)

(b) Insert full name and address of registered office of the company

request a meeting of the creditors of (b)
Yell Finance BV

One Reading Central
Forbury Road
Reading
Berkshire

(c) Insert amount of claim

My claim in the administration is (c)

(d) Insert full name(s) and address(es) of creditors concurring with the request (if any) and their claims in the administration if the requesting creditor's claim is below the required 10%

(d)

concur with the above request, and I attach copies of their written confirmation of concurrence

(e) Insert details of the purpose of the meeting

The purpose of the meeting is (e)

Signed

Dated

Form 2.21B

Rule 2 37

Creditor's request for a meeting

Name of Company
Yellow Pages Limited

Company number
4175821

In the
High Court of Justice, Chancery Division,
Companies Court
(full name of court)

Court case number
1603 of 2014

(a) Insert full name and
address of the creditor
making the request

I (a)

(b) Insert full name and
address of registered
office of the company

request a meeting of the creditors of (b)
Yellow Pages Limited

One Reading Central
Forbury Road
Reading
RG1 3YL

(c) Insert amount of claim

My claim in the administration is (c)

(d) Insert full name(s) and
address(es) of creditors
concurring with the
request (if any) and their
claims in the
administration if the
requesting creditor's claim
is below the required 10%

(d)

concur with the above request, and I attach copies of their written confirmation of
concurrence

(e) Insert details of the
purpose of the meeting

The purpose of the meeting is (e)

Signed

Dated

Software Supplied by Turnkey Computer Technology Limited, Glasgow

Form 2.21B

Rule 2 37

Creditor's request for a meeting

Name of Company
Yell Holdings 2 Limited

Company number
04180359

In the
High Court of Justice, Chancery Division,
Companies Court
(full name of court)

Court case number
1604 of 2014

(a) Insert full name and
address of the creditor
making the request

I (a)

(b) Insert full name and
address of registered
office of the company

request a meeting of the creditors of (b)
Yell Holdings 2 Limited

One Reading Central
Forbury Road
Reading
Berkshire
RG1 3YL

(c) Insert amount of claim

My claim in the administration is (c)

(d) Insert full name(s) and
address(es) of creditors
concurring with the
request (if any) and their
claims in the
administration if the
requesting creditor's claim
is below the required 10%

(d)

concur with the above request, and I attach copies of their written confirmation of
concurrence

(e) Insert details of the
purpose of the meeting

The purpose of the meeting is (e)

Signed

Dated

Software Supplied by Turnkey Computer Technology Limited Glasgow

Form 2.21B

Rule 2.37

Creditor's request for a meeting

Name of Company

hibu Finance (UK) Limited

Company number

07020389

In the
High Court of Justice, Chancery Division,
Companies Court

(full name of court)

Court case number
1717 of 2014(a) Insert full name and
address of the creditor
making the request

I (a)

(b) Insert full name and
address of registered
office of the companyrequest a meeting of the creditors of (b)
hibu Finance (UK) LimitedOne Reading Central
Forbury Road
Reading
Berkshire

(c) Insert amount of claim

My claim in the administration is (c)

(d) Insert full name(s) and
address(es) of creditors
concurring with the
request (if any) and their
claims in the
administration if the
requesting creditor's claim
is below the required 10%

(d)

concur with the above request, and I attach copies of their written confirmation of
concurrence(e) Insert details of the
purpose of the meeting

The purpose of the meeting is (e)

Signed

Dated

Software Supplied by Turnkey Computer Technology Limited Glasgow

PROOF OF DEBT - FORM 4 25

Rule 2.72

Form 4 25

PROOF OF DEBT - GENERAL FORM

**In the matter of Yell Finance BV
In Administration
and in the matter of The Insolvency Act 1986**

Date of Administration 27 February 2014

1	Name of Creditor	
2	Address of Creditor	
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into liquidation (see note)	£
4	Details of any document by reference to which the debt can be substantiated (Note the liquidator may call for any document or evidence to substantiate the claim at his discretion)	
5	If the total amount shown above includes Value Added Tax, please show - (a) amount of Value Added Tax (b) amount of claim NET of Value Added Tax	£ £
6	If total amount above includes outstanding uncapitalised interest please state amount	£
7	If you have filled in both box 3 and box 5, please state whether you are claiming the amount shown in box 3 or the amount shown in box 5(b)	
8	Give details of whether the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts under section 386 of, and schedule 6 to, the Insolvency Act 1986 (as read with schedule 3 to the Social Security Pensions Act 1975)	Category Amount(s) claimed as preferential £
9	Particulars of how and when debt incurred	
10	Particulars of any security held, the value of the security, and the date it was given	£
11	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Position with or relation to creditor	

Rule 2.72

Form 4 25

Software Supplied by Turnkey Computer Technology Limited Glasgow

PROOF OF DEBT - GENERAL FORM (CONTD)

Admitted to Vote for

£

Date

Administrator

Admitted preferentially for

£

Date

Administrator

Admitted non-preferentially for

£

Date

Administrator

Software Supplied by Turnkey Computer Technology Limited Glasgow

Tel +44 (0) 20 7936 3000
Fax +44 (0) 20 7007 3442
LDE DX 599

Form 4.25 www.deloitte.co.uk

Rule 272

PROOF OF DEBT - GENERAL FORM

**In the matter of Yellow Pages Limited
In Administration
and in the matter of The Insolvency Act 1986**

Date of Administration 28 February, 2014

1	Name of Creditor	
2	Address of Creditor	
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into liquidation (see note)	£
4	Details of any document by reference to which the debt can be substantiated [Note the liquidator may call for any document or evidence to substantiate the claim at his discretion]	
5	If the total amount shown above includes Value Added Tax, please show - (a) amount of Value Added Tax (b) amount of claim NET of Value Added Tax	£ £
6	If total amount above includes outstanding uncapitalised interest please state amount	£
7	If you have filled in both box 3 and box 5, please state whether you are claiming the amount shown in box 3 or the amount shown in box 5(b)	
8	Give details of whether the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts under section 386 of, and schedule 6 to, the Insolvency Act 1986 (as read with schedule 3 to the Social Security Pensions Act 1975)	Category Amount(s) claimed as preferential £
9	Particulars of how and when debt incurred	
10	Particulars of any security held, the value of the security, and the date it was given	£
11	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Position with or relation to creditor	

Rule 272

Form 4 25

Software Supplied by Turnkey Computer Technology Limited Glasgow

Important Notice: Partners and Directors acting as receivers and administrators contract without personal liability. Unless otherwise shown, all appointment taking Partners and Directors are authorised by The Institute of Chartered Accountants in England and Wales. In addition Peter Michael Allen is a Licensed Insolvency Practitioner authorised by The Institute of Chartered Accountants of Scotland. All licensed insolvency practitioners of Deloitte LLP are licensed in the UK.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square London EC4A 3BZ United Kingdom

Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, which is the parent company of the member firms of the network. DTTL is a limited liability company, which is not a legal entity in the United Kingdom. The member firms of the network are separate legal entities, which are not part of the legal structure of DTTL and its member firms.



Page 4 of 8

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Fax +44 (0) 20 7007 3442
LDE DX 599
www.deloitte.co.uk

PROOF OF DEBT - GENERAL FORM (CONTD)

Admitted to Vote for

£

Date _____

Administrator

Admitted preferentially for

£

Date _____

Administrator

Admitted non-preferentially for

£

Date _____

Administrator

Software Supplied by Turnkey Computer Technology Limited Glasgow

Important Notice: Partners and Directors acting as receivers and administrators contract without personal liability. Unless otherwise shown, all appointment taking Partners and Directors are authorised by The Institute of Chartered Accountants in England and Wales. In addition Peter Michael Allen is a Licensed Insolvency Practitioner authorised by The Institute of Chartered Accountants of Scotland. All licensed insolvency practitioners of Deloitte LLP are licensed in the UK.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square London EC4A 3BZ, United Kingdom

Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by
Yellow Finance BV, Yellow Pages Ltd, Yellow Holdings 2 Ltd and New Finance (UK) Ltd. All in Administration
 description of the legal structure of DTTL and its member firms

Deloitte LLP
PO Box 810
66 Shoe Lane
London EC4A 3WA

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LDE DX 599

Form 4.25 www.deloitte.co.uk

Rule 2.72

PROOF OF DEBT - GENERAL FORM

In the matter of Yell Holdings 2 Limited
In Administration
and in the matter of The Insolvency Act 1986

Date of Administration 28 February 2014

1	Name of Creditor	
2	Address of Creditor	
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into liquidation (see note)	£
4	Details of any document by reference to which the debt can be substantiated [Note the liquidator may call for any document or evidence to substantiate the claim at his discretion]	
5	If the total amount shown above includes Value Added Tax, please show - (a) amount of Value Added Tax (b) amount of claim NET of Value Added Tax	£ £
6	If total amount above includes outstanding uncapitalised interest please state amount	£
7	If you have filled in both box 3 and box 5, please state whether you are claiming the amount shown in box 3 or the amount shown in box 5(b)	
8	Give details of whether the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts under section 386 of, and schedule 6 to, the Insolvency Act 1986 (as read with schedule 3 to the Social Security Pensions Act 1975)	Category Amount(s) claimed as preferential £
9	Particulars of how and when debt incurred	
10	Particulars of any security held, the value of the security, and the date it was given	£
11	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Position with or relation to creditor	

Rule 2.72

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Form 4.25

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PROOF OF DEBT - GENERAL FORM (CONTD)

Admitted to Vote for

£

Date

Administrator

Admitted preferentially for

£

Date

Administrator

Admitted non-preferentially for

£

Date

Administrator

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Rule 2.72

PROOF OF DEBT - GENERAL FORM

In the matter of **hibu Finance (UK) Limited**
In Administration
and in the matter of **The Insolvency Act 1986**

Date of Administration 4 March, 2014

1	Name of Creditor	
2	Address of Creditor	
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into liquidation (see note)	£
4	Details of any document by reference to which the debt can be substantiated [Note the liquidator may call for any document or evidence to substantiate the claim at his discretion]	
5	If the total amount shown above includes Value Added Tax, please show - (a) amount of Value Added Tax (b) amount of claim NET of Value Added Tax	£ £
6	If total amount above includes outstanding uncapitalised interest please state amount	£
7	If you have filled in both box 3 and box 5, please state whether you are claiming the amount shown in box 3 or the amount shown in box 5(b)	
8	Give details of whether the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts under section 386 of, and schedule 6 to, the Insolvency Act 1986 (as read with schedule 3 to the Social Security Pensions Act 1975)	Category Amount(s) claimed as preferential £
9	Particulars of how and when debt incurred	
10	Particulars of any security held, the value of the security, and the date it was given	£
11	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Position with or relation to creditor	

Rule 2.72

Form 4.25

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Yell Finance (UK) Limited, Yell Holdings 2 Ltd and hibu Finance (UK) Limited All in Administration
description of the legal structure of DTTL and its member firms

PROOF OF DEBT - GENERAL FORM (CONTD)

Admitted to Vote for

£

Date

Administrator

Admitted preferentially for

£

Date

Administrator

Admitted non-preferentially for

£

Date

Administrator

Software Supplied by Turnkey Computer Technology Limited, Glasgow

Rule 2.72

Form 4 25

PROOF OF DEBT - GENERAL FORM

In the matter of Yell Holdings 2 Limited
In Administration
and in the matter of The Insolvency Act 1986

Date of Administration 28 February 2014

1	Name of Creditor	
2	Address of Creditor	
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into liquidation (see note)	£
4	Details of any document by reference to which the debt can be substantiated [Note the liquidator may call for any document or evidence to substantiate the claim at his discretion]	
5	If the total amount shown above includes Value Added Tax, please show - (a) amount of Value Added Tax (b) amount of claim NET of Value Added Tax	£ £
6	If total amount above includes outstanding uncapitalised interest please state amount	£
7	If you have filled in both box 3 and box 5, please state whether you are claiming the amount shown in box 3 or the amount shown in box 5(b)	
8	Give details of whether the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts under section 386 of, and schedule 6 to, the Insolvency Act 1986 (as read with schedule 3 to the Social Security Pensions Act 1975)	Category Amount(s) claimed as preferential £
9	Particulars of how and when debt incurred	
10	Particulars of any security held, the value of the security, and the date it was given	£
11	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Position with or relation to creditor	

Rule 2.72

Form 4 25

Software Supplied by Turnkey Computer Technology Limited Glasgow

PROOF OF DEBT - GENERAL FORM (CONTD)

Admitted to Vote for

£

Date

Administrator

Admitted preferentially for

£

Date

Administrator

Admitted non-preferentially for

£

Date

Administrator

Software Supplied by Turnkey Computer Technology Limited, Glasgow



Rule 2 72

Form 4 25

PROOF OF DEBT - GENERAL FORM

In the matter of hibu Finance (UK) Limited
In Administration
and in the matter of The Insolvency Act 1986

Date of Administration 4 March, 2014

1	Name of Creditor	
2	Address of Creditor	
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into liquidation (see note)	£
4	Details of any document by reference to which the debt can be substantiated [Note the liquidator may call for any document or evidence to substantiate the claim at his discretion]	
5	If the total amount shown above includes Value Added Tax, please show - (a) amount of Value Added Tax (b) amount of claim NET of Value Added Tax	£ £
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Rule 2 72

Form 4 25

Software Supplied by Turnkey Computer Technology Limited, Glasgow

PROOF OF DEBT - GENERAL FORM (CONTD)

Admitted to Vote for

£

Date

Administrator

Admitted preferentially for

£

Date

Administrator

Admitted non-preferentially for

£

Date

Administrator

Software Supplied by Turnkey Computer Technology Limited Glasgow



**To All Known Creditors of Yell Holdings 2 Limited, Yell Finance
BV, Yellow Pages Limited and hibu Finance (UK) Limited
– all in Administration**

Deloitte LLP
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Telephone: 0207 936 3000
Email: hibu@deloitte.co.uk

6 March 2014

Dear Sirs

Yell Holdings 2 Limited - in Administration ("the Company")
Company Number: 4180359
Trading Address: One Reading Central, Forbury Road, Reading, Berkshire RG1 3YL

Yell Finance BV, Yellow Pages Limited and hibu Finance (UK) Limited
("the Other Administration Companies")

I write to inform you that Phil Bowers, Neville Kahn and Ian Wormleighton were appointed joint administrators ("the Administrators") of the Company on 28 February 2014. Formal notice of the appointment is attached on Form 2.12B.

The assets of the Company were sold on 3 March 2014 as part of a wider restructuring transaction, which is described further below (the "Restructuring").

As a result of the Restructuring, the Other Administration Companies are also taking certain actions. For this reason, this letter is also being sent to all creditors of the Other Administration Companies.

In order to provide full information to creditors in line with Statement of Insolvency Practice 16 (England & Wales) ("SIP 16"), this letter provides details regarding the sale of the assets of the Company and the events leading up to it.

Background Information

The hibu group of companies, which, prior to the Restructuring, was made up of hibu plc (in administration) (formerly Yell Group plc) ("PLC") and its subsidiaries (together "the Group"), operated a multinational directories and internet services business, with operations in the United Kingdom, the United States, Spain and a number of countries in Latin America.

Prior to the Restructuring, the Group had debt of approximately £2.3bn (the "Senior Debt") over one third of which was due for repayment in April 2014 with the remainder due in July 2014. The Senior Debt was owing under a facilities agreement dated 30 November 2009 (the "Facilities Agreement"). The Company guaranteed the Senior Debt and had granted security for the Senior Debt in the form of a security over shares agreement dated 30 November 2009 and registered on 7 December 2009 (the "Security Agreement"). Pursuant to the Security Agreement, the Company granted a fixed charge over

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the shares in hibu (UK) Limited (formerly Yell Limited), hibu Holdings 3 Limited (formerly YH3 Limited) and YH Limited and rights related to those shares

The Company was an intermediate holding company in the Group. Its only assets were shares in eight subsidiary companies (with a book value of £1.1m) and intercompany receivables of approximately £1.8bn (at 31 December 2013, before taking into account bad debt provisions) owing from various Group companies, which were subordinated to the Senior Debt.

The Company was significantly indebted to its creditors, due to its guarantee liability in relation to the Senior Debt and £2.6bn (as at 31 December 2013, before taking into account bad debt provisions) to other companies in the Group. The intercompany payables did not set off against the £1.8bn of intercompany receivables noted above.

The lenders under the Facilities Agreement (the "Lenders") hold security against the assets of certain companies in the Group (including the security granted by the Company over the shares in three of its subsidiaries), but are unsecured at the main trading companies.

Effect of the Transaction

As the Group was unlikely to be able to repay or refinance the Senior Debt prior to its maturity, the Group entered into negotiations with the Lenders in order to agree the terms of a financial restructuring. Negotiations continued over a period of approximately 18 months and resulted in the Restructuring which was implemented on 3 March 2014.

The Restructuring involved a series of steps which ultimately resulted in:

- the Lenders owning the subsidiaries of the Company through a new holding company structure (such subsidiaries and the new holding companies being the "New Group"),
- the Lenders releasing the Company and its parent companies (Yellow Pages Limited (in administration) and Yell Holdings BV (in administration)) from their respective guarantees of the Senior Debt;
- the Lenders agreeing to release the other borrowers and guarantors from certain debt under the Facilities Agreement and amending and restating the balance of the debt not released (approximately £1.5bn in aggregate). Of this £1.5bn debt remaining in the New Group, approximately £580m will be paying interest in cash with the remaining £920m being "payment in kind" (i.e. attracting no cash interest and therefore not impacting the underlying operations); and
- certain intercompany loans between members of the Group being rationalised through a series of interconditional steps which resulted in intragroup debts owing by the Company being reduced by approximately £1.8bn and intragroup debts owing to the Company being reduced in full.

A new management team has also been appointed to the New Group, although we understand that Tony Bates and Christian Wells, who were part of the existing management team, may continue to be involved in management of the New Group alongside this new team, at least for a short period.

The Restructuring provides stability for the New Group with significantly reduced debt of £580m cash pay interest and £920m payment in kind to maximise value for all stakeholders.

Implementation of the Restructuring required eight companies in the Group to enter schemes of arrangement under part 26 of the Companies Act 2006, four companies in the Group, including the Company, being put into administration and the sale of the shares in the Company's eight direct subsidiaries through pre-packaged sales by the Company in administration.

The Restructuring steps were interconditional such that if any one step did not occur none of the steps would occur and any steps already completed would be unwound

On the basis of the valuations of the Company referred to below, the shares in the subsidiary companies had a value well below the level of the Senior Debt of £2.3bn, which was released in consideration for them. In addition, as the intercompany receivables were subordinated to the Senior Debt, they had no value unless the Senior Debt was able to be repaid. Further details regarding valuation are included below

Information regarding the pre-packaged sale of the assets

On 3 March 2014, soon after the appointment of the Administrators on 28 February 2014

- the shares in the subsidiaries of the Company were sold and became directly or indirectly owned by two new holding companies Eagle Bidco 2013 Limited ("Bidco") and Eagle Spain Holdco 2013 Limited ("Spain Holdco"), which are ultimately owned by the Lenders, and
- certain intercompany receivables owing to the Company were assigned to other members of the Group or set-off against amounts owing by the Company,

In each case as part of the Restructuring, under which the Company was released from a c.£2.3bn liability owed by the Company in respect of the Senior Debt and from intercompany payables of approximately £1.7bn (the "Transaction"). The total consideration for the transaction was therefore c.£4bn.

Rationale for the transaction

The Administrators were satisfied that the Transaction they caused the Company to enter was appropriate in light of the Company's financial position and represented the best outcome for creditors. The Company was heavily insolvent but not in a formal insolvency process. As described below, enterprise values of the New Group (and hence the Company's shareholdings) were in the region of £516m to £570m on a debt free basis. The intercompany receivables were of no value as they were subordinated to the Senior Debt. The liabilities of the Company totalled approximately £2.3bn third party debt (being the Senior Debt) and £2.6bn intercompany debt.

The New Group agreed to retain as much debt as it was able to do without prejudicing its own position. Consequently the Restructuring had the effect of reducing the overall indebtedness of the Company and the New Group.

For the reasons explained below, Bidco and Spain Holdco were the only prospective purchasers of the shares in the Company's subsidiaries.

The source of the Administrators' introduction

The Administrators' first involvement in the Company arose in October 2013 when the Co-ordinating Committee of Lenders ("Co-Com") and the Group contacted the Administrators to instigate contingency planning for the implementation of the Restructuring through a series of insolvency appointments. Engagement terms were signed on 21 November 2013.

Extent of the Administrators' involvement prior to appointment

Phil Bowers, Neville Kahn and Ian Wormleighton were appointed as Administrators of PLC on 27 November 2013. PLC does not guarantee the Senior Debt and accordingly its stakeholder group is limited to certain professional firms whose fees remain outstanding, a potential liability to members of the New Group in relation to pension liabilities, and its shareholders.

Save for the engagement referred to above, the Administrators have had no prior involvement with either the Company or the Group. For completeness, the Administrators confirm that Deloitte LLP ("Deloitte") has been engaged by the Co-Com since 18 September 2012 to prepare an Independent Business Review and Options Analysis, in conjunction with the financial and legal advisers to the Co-Com. This review was prepared to assist the Lenders in their restructuring discussions. A separate Deloitte team was engaged by the Group (at the instigation of the Lenders) through engagement letters dated 23 November 2012 and 18 December 2012 to advise on the tax and accounting aspects of the restructuring respectively. Given the size of the Group, there have been a number of smaller engagements between Deloitte and the Group, including IT Due Diligence, Internal Audit and employment tax advice. The Administrators had no direct involvement with any of these engagements.

Both the Co-com and the Directors were advised of these roles in advance and have received independent legal advice throughout the restructuring process.

In accordance with the Ethical Code for Insolvency Practitioners issued by the Institute of Chartered Accountants in England and Wales, the Administrators do not consider that these engagements represent a significant professional relationship as, amongst other things, their or Deloitte's fees are not considered either significant to Deloitte or in the context of the overall level of fees paid by the Group to professional advisers and their independence is not impacted by any of the advisory engagements undertaken.

Pre-appointment position

The Group had been in discussions with the Lenders to seek to agree a financial restructuring for 18 months in view of the significant financial difficulties facing it. In the course of those discussions, the following options were considered by the Group:

Refinancing

Given the significant level of debt and the global structural decline in the directones market, a full refinancing of the debt was not feasible and discussions focussed on debt restructuring possibilities.

Restructuring discussions commenced in September 2012, in view of all facilities maturing by July 2014 and recently concluded, leading to the Transaction.

A sale of the business and assets

An M&A process was considered by the Co-com, the Group and its advisers at various points during the restructuring discussions. However, it was considered that any approach to market the business in the current market conditions would prove challenging given:

- the current distress in both the directones sector and the Group,
- the inability to easily separate the print and digital parts of the business (thus alienating digital trade buyers),
- the unproven digital initiatives underpinning the future strategy; and
- the limited buyer pool with sufficient resources to acquire a group of this size (either trade or financial).

Although non-binding Indicative offers were received for parts of the business prior to the Administrators' appointment, the Company, in consultation with its Lenders, decided such offers did not attribute sufficient value to the business and could cause insolvency in parts of the Group not subject to those offers.

A formal M&A process was conducted by the Company in December 2010 but again this did not result in any offers which the Directors considered reflected appropriate consideration for the Group or any individual operating entity.

Liquidation

In order to benchmark other restructuring options, a Liquidation analysis of the Group was prepared by Deloitte as part of the Options Analysis work noted above. The outcome of any insolvency process is inherently uncertain, however, the return to unsecured creditors (including the Lenders) was estimated to be 14.4%. This is substantially below the expected return from the Transaction, which is c 25%.

Alternative courses of action considered by the Administrators

The significant indebtedness of the Group meant that a market based refinancing was not possible. A consensual restructuring to consummate a sale on the same economic terms as that which the Administrators have completed had long been the intention of the parties involved. For various reasons, it became clear that a consensual restructuring was not possible in the absence of an administration of the Company and three other companies in the Group as well as Schemes of Arrangement proposed by eight members of the Group.

Neither a creditors voluntary liquidation nor a compulsory liquidation were considered appropriate as (i) the perception of a liquidation would likely erode value in the operating subsidiaries and (ii) certain tax attributes could not be realised by the New Group. The offer from Bidco and Spain Holdco also required that the Transaction be completed through an administration.

In considering the potential options for the Company in administration, the Administrators have also taken account of the following:

Marketing of the business and assets

The Administrators did not carry out their own marketing, on the basis that:

- additional valuation evidence was received as described below,
- the majority of the Company's financial stakeholders consensually agreed to the restructuring,
- there will be no impact on the New Group (no redundancies or other operational impact is expected), and
- the offer from the Lenders, which the Administrators considered was the best available option for all the Company's creditors, needed to be implemented to provide a stable platform from which the New Group can grow.

Furthermore, whilst a formal marketing process was not undertaken, the Restructuring has been a very public process. Any potentially interested party is likely to have made their interest known during this process and the Administrators are not aware of any offers having been received by the Company prior to the appointment of Administrators. It is noted that the offers referred to in the section titled "A sale of the business and assets" above were made to other members of the Group and not the Company directly.

Valuation of the business and assets

In order to satisfy the Lenders that a sale of the type completed was in the best interests of all creditors (including themselves), valuations of the New Group were conducted by BDO LLP ("BDO") dated 17 September 2013, on which the Administrators have reliance. BDO is a firm of Chartered Accountants and business advisers and confirmed its independence to advise the Company prior to undertaking this work. This assessed the value of the New Group on a debt and cash free basis assuming an orderly sales process. BDO was also asked to consider the value impact under an accelerated sales process.

The valuation was performed with the knowledge that it was required as part of a proposed financial restructuring whereby certain subsidiary entities will be transferred to a Newco group.

BDO advised that the valuation of the New Group (and therefore of the shares owned by the Company) on a debt-and cash-free basis is between £314m to £391m with a mid-point of £353m. Further, in its opinion, any accelerated sales process may see a discount of at least 30% to this value. The implied

value under an accelerated sales process may be between £220m and £274m. Cash as at 31 January 2014 was £296m, and accordingly the relevant valuation range equates to £516m to £570m.

As another valuation benchmark, the debt in the Group has traded at various stages throughout the restructuring process at values between 19 and 25 p/£. This implies a value of between £437m and £575m. The debt price as at the date of the Transaction was 21p/£, implying a valuation of £483m. All valuations are significantly below the amount of Senior Debt of c.£2.3bn.

Continuing to trade in Administration

The Company acts as an intermediate holding company and guarantor of the Senior Debt. It is a non-trading entity with many indirect trading subsidiaries within a complex multi-jurisdictional group structure. As a result, the Administrators do not believe it would have been appropriate for the Company to monitor and seek to control the trading of the business of its subsidiaries.

Furthermore, the Transaction was considered to give the best return to all the Company's creditors for the following reasons:

- the Company will be released from its liability for the Senior Debt;
- the Company will be released from net intercompany payables;
- an alternative strategy (e.g. liquidation of the Group) presents significant downside to the Lenders and would, in the opinion of the Administrators, give rise to significantly reduced recoveries for Lenders as opposed to those contemplated under the Restructuring;
- clearance has been granted from the Pension Regulator, such that the Group has comfort that the Pensions Regulator will not seek to issue financial support directives or contribution notices, notwithstanding that the section 75 pension deficit crystallised on appointment of Administrators at PLC. We understand that arrangements for payment of the pension deficit by members of the New Group have been agreed as part of the Restructuring. The pensions liability, if called, could have caused the insolvency of the trading companies;
- all trade creditors of the operating subsidiaries are being kept whole and will be unaffected by the Transaction; and
- there are no expected redundancies as a result of the Transaction.

The financial stakeholders of the Company receiving no recovery are its shareholder Yellow Pages Limited (in administration), and by extension the stakeholders of Yellow Pages Limited and its Parent Companies, being ultimately the creditors and shareholders of PLC, and hibu Chile, a member of the New Group which has a intercompany claim against the Company, which was subordinated to the Senior Debt. There is also a potential claim against the Company for contribution to the pension deficit by the New Group companies which have agreed to cover that liability. For any payment to be made to these stakeholders, recovery in excess of the £2.3bn Senior Debt would be required, and value has been demonstrated to be significantly below that level.

Requests made to potential funders to fund working capital requirements

The Lenders have waived various events of default under the financing documents on the basis the Group took steps to recapitalise its business. There are no working capital shortfalls until the facilities expire in April 2014 and July 2014, and absent repayment in full there is no working capital shortfall to resolve. Accordingly the Administrators have made no requests for additional funding.

Consultation with major creditors

The major creditors of the Group are the Lenders (c.£2.3bn), the Pensions Regulator (Section 75 debt of c.£510m if crystallised in the operating subsidiaries), intercompany creditors (c.£2.6bn) and, potentially, HMRC.

As disclosed above, the Lenders have been extensively involved in the restructuring negotiations and the Restructuring, including the Transaction has been approved by the Lenders via the Schemes of Arrangement. Similarly, the intercompany creditors have been involved in negotiating the restructuring. The intercompany creditors (other than hibu Chile) have consented to the Restructuring through their entry into the restructuring documents. hibu Chile has not directly consented but has common directorships with the other Group companies and will be part of the New Group which benefits from a more stable structure with reduced debt. The parent companies of the Group are all in administration.

Both the Pensions Regulator and HM Revenue and Customs have provided formal clearances in relation to the Restructuring.

As individual subsidiaries have remained solvent and trading as a result of the Restructuring, creditors of the subsidiaries and their employees have been protected.

The Transaction

The transaction took place on 3 March 2014, and other key details are outlined below.

Assets

The Company's only known assets immediately prior to the Transaction were subordinated intercompany receivables and its shareholdings in the following Group subsidiaries:

- hibu (UK) Limited
- Yell SIP Trustee Limited
- YH Limited
- Yell Finance (Jersey) Two Limited
- hibu Mediaworks Limited
- hibu Holdings 3 Limited
- hibu India Pvt Ltd
- hibu (Philippines) Private Limited, Inc

Under the Transaction, the Administrators have facilitated a wider restructuring of the Group's operating entities such that YH Limited owns the UK and US operating entities, and hibu Holdings 3 Limited owns the Spanish operating entities. This was completed through the following series of sales for nominal consideration (£5 in total):

- Yell Finance (Jersey) Two Limited was sold to hibu Holdings 3 Limited,
- hibu (UK) Limited was sold to YH Limited,
- Yell SIP Trustee Limited was sold to hibu Asia Pacific Holdings Limited ("APH") (a subsidiary of YH Limited),
- hibu Mediaworks Limited was sold to hibu (UK) Limited,
- hibu India Pvt Ltd was sold to APH, and
- hibu (Philippines) Private Limited, Inc was sold to APH.

The Administrators then sold the shares in YH Limited and hibu Holdings 3 Limited to Bidco and Spain Holdco respectively. The overall effect of this is that all operating subsidiaries of the Group are now owned by Bidco and Spain Holdco, which are each ultimately owned by the Lenders.

The subordinated intercompany receivables were either set-off against intercompany payables of the Company or were assigned intragroup as part of a set of steps to rationalise the intragroup loan position. As a result of these steps the Company achieved a release of £1.7bn intercompany payables.

Purchaser and related parties

The purchasers of the individual assets are as set out above but are ultimately Bidco and Spain Holdco (together the "Purchasers")

The directors of Bidco and Spain Holdco are

- David John Anderson
- David Alan Eckert
- Alfred Thomas Mockett; and
- David William Henry Sharman

None of these directors are connected to the Company or the Group

No directors or former directors of the Company were involved in the management or ownership of the Purchasers at the time of the sale. However, we understand that Christian Wells and Tony Bates may be involved in the management of the New Group following the Restructuring, at least for a short period.

No director of the Company had given a guarantee to a provider of finance to the Company.

Sale Consideration

As consideration for the Transaction, the Company was released from a c £2.3bn liability (plus accrued interest) owed by the Company in respect of the Senior Debt and from intercompany payables of approximately £1.7bn. The Company also received nominal cash consideration in respect of the share sales. This has been paid to the Administrators and therefore there are no further assets for the Administrators to realise. There are no share options or buy-back arrangements involved in the transaction.

Purpose of the Administration

The purpose of an administration under Schedule B1 of the Insolvency Act 1986 is split into three parts:

- 1 To rescue a company as a going concern (in other words, a restructuring which keeps the actual entity intact)
- 2 If the first purpose is not reasonably practicable (or the second purpose would clearly be better for the company's creditors as a whole), then the Administrators must perform their functions with the objective of achieving a better result for creditors as a whole than would be obtained through an immediate liquidation of the company. This would normally envisage a sale of the business and assets as a going concern (or a more orderly sales process than in liquidation).
- 3 If neither of the first two parts of the purpose are reasonably practicable, the Administrators must perform their functions with the objective of realising property in order to make a distribution to secured and/or preferential creditors as applicable.

As noted above, the Group had unsuccessfully attempted to negotiate a consensual restructuring arrangement with its Lenders during 2012 and 2013, and as such the Administrators concluded that the first option was not possible to achieve.

Accordingly, the purpose of the administration is to achieve a better result for creditors as a whole than would be obtained through an immediate liquidation of the Company. The purpose of the Administration has been achieved through the sale of the Company's subsidiaries to Bidco and Spain Holdco and the intragroup loan rationalisation steps with the resultant mitigation of creditor claims.

General matters to be brought to the attention of creditors

The effect of an administration appointment is essentially to give protection to the Company and prevent any person taking action against it. During the period of the administration the Company cannot normally be wound up, no administrative receiver can be appointed, nor can steps be taken by any creditor to enforce security, repossess goods or commence any legal proceedings against the Company without the consent of the Administrators. The Administrators will manage the affairs, business and property of the Company for the duration of the administration.

Pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986 (as amended) the Administrators will prepare proposals which will be submitted to the Company's creditors within eight weeks of the commencement of the administration, or such period as the Court may order. If appropriate a meeting of creditors will be convened.

The directors have been requested to prepare a Statement of Affairs as at the date of the administration. In order to assist in the Administrators' review of the Company's financial situation, creditors should submit a detailed statement of the amount due from the Company as at 28 February 2014 together with details of any security held. Enclosed with this letter is a formal Proof of Debt form for creditors to complete and return. Also enclosed is a questionnaire for completion by creditors who wish to provide the information requested.

The Administrators are obliged to consider the conduct of the directors of the Company during the last three years. If there are any matters creditors wish to bring to the attention of the Administrators, please provide this in writing to the Administrators.

Please contact hibu@deloitte.co.uk should you have any queries regarding any of the above matters.

Please note that the Administrators act as agents of the Company and contract without personal liability.

Yours faithfully
For and on behalf of the Company



Phil Bowers
Administrator

Enc Form 2 12B, Proof of Debt Form

Rule 2.72

Form 4.25

PROOF OF DEBT - GENERAL FORM

In the matter of
Yell Holdings 2 Limited

In Administration
and in the matter of The Insolvency Act 1986

Date of Administration Order 28 February 2014

1	Name of Creditor	
2	Address of Creditor	
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into liquidation (see note)	£
4	Details of any document by reference to which the debt can be substantiated. [Note the liquidator may call for any document or evidence to substantiate the claim at his discretion]	
5	If the total amount shown above includes Value Added Tax, please show:- (a) amount of Value Added Tax (b) amount of claim NET of Value Added Tax	£ £
6	If total amount above includes outstanding uncapitalised interest please state amount	£
7	If you have filled in both box 3 and box 5, please state whether you are claiming the amount shown in box 3 or the amount shown in box 5(b)	
8	Give details of whether the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts under section 386 of, and schedule 6 to, the Insolvency Act 1986 (as read with schedule 3 to the Social Security Pensions Act 1975)	Category Amount(s) claimed as preferential £
9	Particulars of how and when debt incurred	
10	Particulars of any security held, the value of the security, and the date it was given	£
11	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Position with or relation to creditor	

Rule 2.72

PROOF OF DEBT - GENERAL FORM (CONTD)

Form 4.25

Admitted to Vote for

£

Date

Administrator

Admitted preferentially for

£

Date

Administrator

Admitted non-preferentially for

£

Date

Administrator