



The SEAT Pagine Gialle group operates in *Italy* and the *United Kingdom* in the local advertising market for small and medium-sized enterprises (SMEs), in which it is present with its publishing and advertising business, mainly involving telephone directories and information services.

It also operates in the Directory Assistance market in *Germany, Spain, France* and *Italy*, in the Business Information and the merchandising markets in *Italy*.

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➤ Company Boards

(information updated at November 9, 2006)

Board of Directors	↑	Chairman	Enrico Giliberti
		Managing Director	Luca Majocchi
Board of Directors	↑	Non-executive Directors	Lino Benassi (I)
			Antonio Belloni (II)
			Dario Cossutta
			Cammine Di Palo (II)
			Gian Maria Gros Pietro (I)
			Luigi Lanari
			Marco Lucchini
			Michele Marini
			Pietro Masera
		Marco Reboa (I)	
Board of Directors	↑	Secretary to the Board	Nicola Volpi
			Marco Beatrice
Compensation Committee	↑	Chairman	Gian Maria Gros Pietro
Compensation Committee	↑		Antonio Belloni
			Dario Cossutta
Internal Audit Committee	↑	Chairman	Lino Benassi
Internal Audit Committee	↑		Marco Lucchini
			Marco Reboa
Board of Statutory Auditors	↑	Chairman	Enrico Cervellera
		Acting Auditors	Vincenzo Ciruzzi
			Andrea Vasapolli
Board of Statutory Auditors	↑	Alternate Auditors	Guido Costa
			Guido Vasapolli
Common Representative of Savings Shareholders	↑		Carlo Pasteris
Independent Auditors	↑		Reconta Ernst & Young S.p.A.

(I) Independent Director pursuant to Art. 3 of the Code of Conduct of Listed Companies.

(II) Co-opted by the Board of Directors on October 10, 2006 to replace Stefano Mazzotti and Stefano Quadrio Curzio, who resigned.

➤ Economic and financial highlights of the Group

- Consolidated REVENUES increased to 988.1 million (+ 3.4% compared to the first nine months of 2005) thanks to the launch of new products and services;
- Consolidated EBITDA was 373.5 million, down by around 47.6 million compared to the first nine months of 2005 as a result of the costs incurred in the first half of the year to innovate and, in particular, to launch new directory assistance services in France and Italy, with an increase in advertising costs by approximately 39 million compared to the first nine months of 2005;
- NET RESULT, positive for 12.5 million, benefited from lower interest expenses compared to 2005, as a result of the lower indebtedness and the drop in the debt cost, down to 5.95% in the first nine months of 2006 compared to 6.33% posted in the same period of 2005, despite the market rates increase;
- NET FINANCIAL DEBT at 3,533.4 million, down by 101.2 million compared to December 31, 2005 after a 45.3 million dividend distribution.

(euro/thousand)	3 rd quarter 2006	3 rd quarter 2005	9 months 2006	9 months 2005	Year 2005
Economic and financial highlights					
Revenues from sales and services	414,470	400,216	988,061	956,011	1,424,611
Gross operating profit	231,541	221,199	414,982	465,534	690,733
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net (EBITDA)	218,516	207,684	373,509	421,134	626,560
Operating income (EBIT)	164,155	156,336	217,936	266,696	420,194
Income before income taxes and Minority interests	103,081	99,643	32,887	73,415	163,869
Net income	81,870	71,500	12,526	24,966	131,905
Operating free cash flow (FCF) ⁽¹⁾	121,671	140,648	358,197	442,845	601,515
Capital expenditure	10,943	10,730	28,058	27,328	46,037
Net invested capital			4,420,756	4,515,300	4,534,995
<i>of which goodwill and customer data base</i>			4,036,313	4,197,699	4,154,998
<i>of which net operating working capital</i>			271,447	249,538	285,598
Equity of the Group			974,596	852,418	980,093
Net financial debt ⁽²⁾			3,533,370	3,731,080	3,634,581
Income ratios					
EBITDA/Revenues	52.7%	51.9%	37.8%	44.1%	44.0%
Operating income/Revenues	39.6%	39.1%	22.1%	27.9%	29.5%
Operating income/Net invested capital	3.7%	3.5%	4.9%	5.9%	9.3%
Net income/Equity of the Group	8.4%	8.4%	1.3%	2.9%	13.5%
Operating free cash flow/Revenues	29.4%	35.1%	36.3%	46.3%	42.2%
Operating working capital/Revenues	65.5%	62.4%	27.5%	26.1%	20.0%
Workforce					
Workforce (number at the end of the period)			6,746	5,697	6,105
Workforce (average number for the period) ⁽³⁾			5,216	4,407	4,760
Revenues/Workforce (average number)			189	217	299

(1) Calculated as follows: EBITDA minus capital expenditure, change in operating working capital and change in operating non-current liabilities.

(2) Net financial debt doesn't include the transaction costs on loans and the market value of the hedging instruments on interest rate risks accounted for as financial asset and amounting to € 102.4 million at September 30, 2006.

(3) FTE - Full Time Equivalent - for non-Italian companies, average workforce for Italian companies.

➤ Information for Shareholders

Shares

Share capital (<i>as at September 30, 2006</i>)	euro	248,596,289.46
Number of ordinary shares (<i>par value € 0.03</i>)	No.	8,150,468,196
Number of savings shares (<i>par value € 0.03</i>)	No.	136,074,786
Market capitalization (<i>on average official market prices for September 2006</i>)	euro/mln	3,156
Market ratio of SEAT Pagine Gialle (SPG ordinary shares) at September 30, 2006		
- on Mibtel index		0.424%
- on Dow Jones Stoxx 600 Media index		0.893%

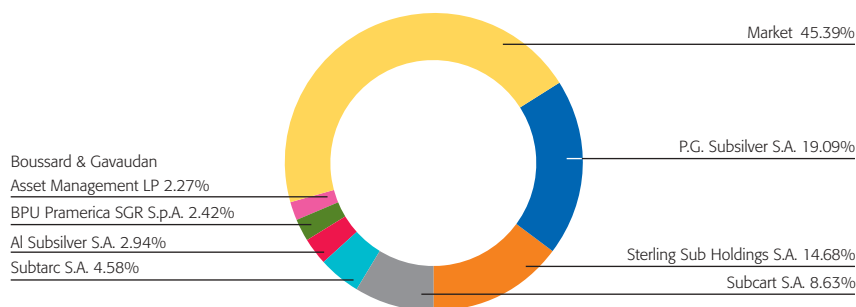
Shareholders

The following table lists the shareholders of ordinary shares in SEAT Pagine Gialle S.p.A. who held more than 2% of the share capital at September 30, 2006

Shareholders at September 30, 2006	No. of ordinary shares	% of ordinary share capital
P.G. Subsilver S.A.	1,555,920,894	19.09 ⁽¹⁾
Sterling Sub Holdings S.A.	1,196,849,420	14.68 ⁽¹⁾
Subcart S.A.	703,586,244	8.63 ⁽¹⁾
Subtarc S.A.	373,595,387	4.58 ⁽¹⁾
Al Subsilver S.A.	239,369,605	2.94 ⁽¹⁾
BPU Pramerica SGR S.p.A.	197,468,906	2.42
Boussard & Gavaudan Asset		
Management LP	184,920,637	2.27

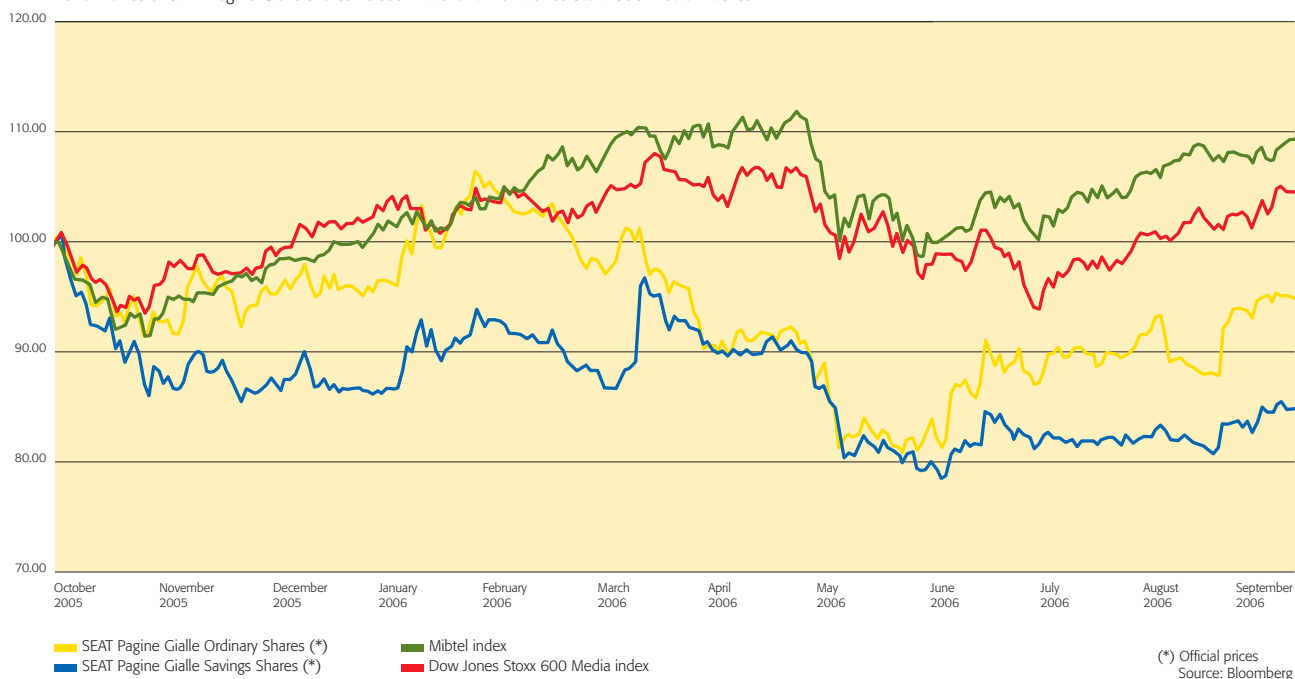
(1) Shares pledged on a first priority basis in favor of The Royal Bank of Scotland Plc Milan Branch, The Royal Bank of Scotland Plc, Lehman Brothers Special Financing Inc., Citibank N.A. London Branch, BNP Paribas S.A. and on a second priority basis in favor of The Royal Bank of Scotland Plc Milan Branch and of Citivic Nominees Limited – London, this last pledge issued on April 22, 2004. Voting right belongs to the respective right holders.

SEAT Pagine Gialle S.p.A. Shareholders at September 30, 2006



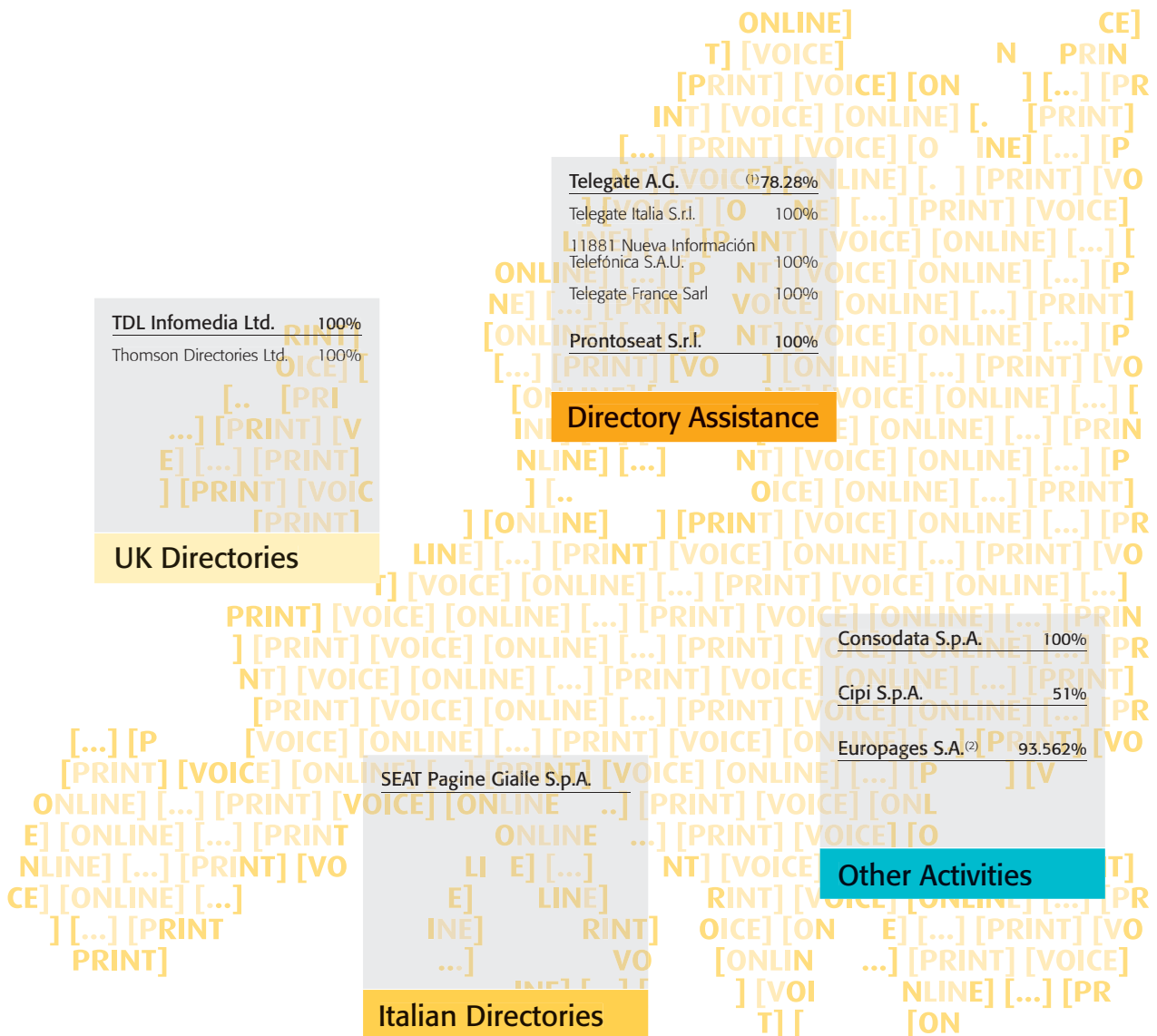
Stock performance of SEAT Pagine Gialle

Performance of SEAT Pagine Gialle shares versus Mibtel and Dow Jones Stoxx 600 Media indexes



➤ Organisational structure of the Group

(updated at November 9, 2006)



(1) 16.43% directly owned and 61.85% owned through Telegate Holding GmbH.

(2) New company name for Eurédit S.A. as from October 20, 2006.

➤ Economic and financial performance of the Group

Reclassified consolidated statement of operations for the third quarter of 2006

Revenues from sales and services amounted to € 414.5 million in the third quarter of 2006, up by 3.6% compared to the same period of the previous year (€ 400.2 million). This result reflects the positive performance in revenues of SEAT Pagine Gialle S.p.A. (+2.3% due in particular to online products and voice services, the latter supported by the success of new subscriber information service 12.40 Pronto PAGINEBIANCHE®), the Thomson Directories group (+5.1%) and the Telegate group (+26.9%).

Gross of eliminations among the Business Areas, revenues from sales and services are detailed as follows:

- revenues from the *"Italian Directories"* (SEAT Pagine Gialle S.p.A.) Business Area, which reached € 304.4 million in the third quarter of 2006, up by 2.3% compared to the same period of the previous year (€ 297.7 million). The results confirm the effectiveness and validity of the wide multi-platform offering of SEAT Pagine Gialle S.p.A. The increase in online (PAGINEGIALLE.it® to € 27.6 million, +20.0%) and voice revenues (€ 26.5 million in the third quarter of 2006, up by 69.0% thanks to the success of the new subscriber information service 12.40 Pronto PAGINEBIANCHE® and the growth of the directory assistance service 89.24.24 Pronto PAGINEGIALLE®) had more than compensated the drop in print products (-3.0%), due especially to the negative performance of PAGINEGIALLE®, which have not yet benefited from the product restyling that will be introduced starting from the Turin 2007 edition. Whereas the statement of operations of the third quarter of 2006 showed the first positive effects of PAGINEBIANCHE® in full-color, a great publishing innovation launched with the Genoa 2006 edition, which went into distribution in July;
- revenues from the *"UK Directories"* (Thomson Directories group) Business Area, which reached € 47.5 million in the third quarter of 2006, up by 5.1% compared to the same period of the previous year (€ 45.2 million). This result reflects the positive performance of online products (+70.0%), which offset the downturn in revenues of print products. The latter were impacted by the organisational restructuring of the sales force, carried out in the first half of 2006 in a highly competitive market environment;
- revenues from the *"Directory Assistance"* (Telegate group and Prontoseat S.r.l.) Business Area, which amounted to € 48.0 million in the third quarter of 2006, up by 24.7% compared to the third quarter of 2005. Telegate group's revenues reached € 45.7 million, up by 26.9%, thanks to the development of the French business and the positive performance in Italy and Spain;
- revenues from the *"Other activities"* (Europages S.A., Consodata S.p.A. and Cipi S.p.A.) Business Area, which amounted to € 29.7 million in the third quarter of 2006 (€ 31.3 million in the third quarter of 2005), of which € 22.0 million relating to Europages S.A., € 4.0 million relating to Consodata S.p.A. and € 3.6 million relating to Cipi S.p.A. (consolidated as of October 2005).

Materials and external services, less repayments of cost, amounted to € 126.4 million in the third quarter of 2006, substantially stable compared to the same period of the previous year (€ 126.2 million), despite operating costs incurred to launch new directory assistance services in France and Italy, thanks to the efficiencies reached in the printing and distribution processes of print directories.

Salaries, wages and employee benefits, net of the repayments of cost, amounted to € 56.6 million in the third quarter of 2006, up by € 3.8 million compared to the third quarter of 2005. This increase is mainly due to the 12.40 Pronto PAGINEBIANCHE® service (which had required the opening of a new call center in Livorno at the end of 2005 to handle the generated traffic) and to the consolidation of Cipi S.p.A. starting from October 2005.

Other valuation adjustments and provisions to reserves for risks and charges, net amounted to € 12.1 million in the third quarter of 2006, essentially in line compared to the same period of 2005.

Operating income before amortisation, depreciation, non-recurring and restructuring costs, net (EBITDA) amounted to € 218.5 million in the third quarter of 2006, up by 5.2% compared to the same period of the previous year (€ 207.7 million), with a 52.7% ratio to revenues (51.9% in the same period of 2005).

Operating amortisation, depreciation and write-downs amounted to € 8.6 million in the third quarter of 2006 (€ 8.3 million in the third quarter of 2005) and consist of amortisation of intangible assets with finite useful life (€ 5.0 million) and depreciation of property, plant and equipment (€ 3.6 million).

Non-operating amortisation and write-downs amounted to € 40.5 million in the third quarter of 2006 (unchanged compared to the third quarter of 2005) and refer to the *Customer Data Base*.

Non-recurring and restructuring costs, net amounted to € 5.2 million in the third quarter of 2006 (€ 2.5 million in the third quarter of 2005). They included € 2.8 million for charges relating to re-organization of the Sales Department of the Parent Company and € 1.4 million for stock option costs.

Operating income amounted to € 164.2 million in the third quarter of 2006 (€ 156.3 million in the third quarter of 2005), an increase of € 7.8 million compared to the same period of the previous year, with a 39.6% ratio to revenues (39.1% in the third quarter of 2005).

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Reclassified consolidated statement of operations for the first nine months of 2006

Revenues from sales and services amounted to € 988.1 million in the first nine months of 2006, up by 3.4% compared to the same period of the previous year (€ 956.0 million), with an improvement compared to the substantially flat performance of the first nine months of 2005.

Gross of eliminations among the Business Areas, revenues from sales and services are detailed as follows:

- revenues from the "Italian Directories" (SEAT Pagine Gialle S.p.A.) Business Area, which reached € 721.7 million in the first nine months of 2006, up by 1.2% compared to the same period of the previous year (€ 712.9 million). Most of revenues of the first nine months of 2006 was generated between the second half of 2005 and the first few months of 2006, in an economic environment marked by a downturn in consumption levels and a low attitude of SMEs, that use SEAT media, to invest in advertising. Within this scenario, the Company was able to develop all the main products in its multi-platform offering, recording a negative performance only for PAGINEGIALLE® print directories. However, during the first nine months of 2006 this product has not yet benefited from the restyling of the *Casa* and *Lavoro* editions, which positive effects are expected starting with the Turin 2007 edition;
- revenues from the "UK Directories" (Thomson Directories group) Business Area, which reached € 108.8 million in the first nine months of 2006, substantially stable compared to the same period of the previous year (€ 108.5 million). This result includes the effect of the publishing of two fewer directories than in the first nine months of 2005. On a like-for-like basis (same number of published directories), revenues expressed in local currency highlight an increase of 1.5% compared to the first nine months of 2005, driven by the good performance of online products (+50.6%). They offset the negative performance of print directories, which have not yet benefited from the measures taken in recent months to innovate products and support consultations. In a market scenario which continues to be highly competitive, the Thomson group increased ARPA (Average Value Per Advertiser), primarily thanks to cross-selling on its online offering. Online revenues received a positive boost from the ongoing development actions and partnership agreements with the main search engines operating on the UK market;
- revenues from the "Directory Assistance" (Telegate group and Prontoseat S.r.l.) Business Area, which amounted to € 140.8 million, up by € 28.5 million compared to the same period of the previous year (€ 112.3 million). Telegate group's revenues increased by 26.7% to € 133.9 million thanks to the development of the business on the French market. Excluding this incremental component, the rise in revenues was 4.9% thanks to the positive performance of the international operations in Spain and Italy and the contribution of new outsourcing contracts in Germany. Prontoseat S.r.l. also performed well and its revenues increased by 6.2% to € 6.9 million, due to the ever-increasing level of telephone traffic generated by the 89.24.24 Pronto PAGINEGIALLE® service;
- revenues from the "Other activities" (Europages S.A., Consodata S.p.A. and Cipi S.p.A.) Business Area, which amounted to € 55.9 million in the first nine months of 2006 (€ 47.0 million in the first nine months of 2005). This result reflects the positive performance of Europages S.A., which increased by 2.6% to € 28.1 million compared to the same period of the previous year. Consodata S.p.A. (€ 15.4 million) decreased by 21.8% due to the different scope of consolidation, after the disposal of Publibaby S.p.A.. This item also includes € 12.2 million for revenues from Cipi S.p.A., which was fully consolidated only starting from October 2005.

Materials and external services, net of the repayments of cost, amounted to € 400.0 million in the first nine months of 2006, up by € 67.4 million compared to the same period of the previous year (€ 332.6 million), due to the operating and advertising costs incurred to launch the new directory assistance services in France and Italy, in late 2005, and to reinforce the sales force (mainly training costs).

Salaries, wages and employee benefits, net of the repayments of cost, amounted to € 173.1 million in the first nine months of 2006, up by € 15.2 million (+9.6%) compared to the same period of 2005. This increase is mainly due to the new 12.40 Pronto PAGINEBIANCHE® service which had required the opening of a new call center in Livorno at the end of 2005 to handle the generated traffic, as well as the entry of Cipi S.p.A. in the consolidation area as of October 2005.

The Group workforce was 6,746 units – including directors, project workers and trainees – at September 30, 2006 (6,105 units at December 31, 2005). The average workforce (FTE for non-Italian companies) was 5,216 units in the period (4,407 units in the first nine months of 2005). Both these increases are due to the aforesaid strengthening of call centers providing directory assistance services.

Other valuation adjustments and provisions to reserves for risks and charges, net amounted to € 38.7 million in the first nine months of 2006, a decrease of 7.0% compared to the same period of the previous year (€ 41.6 million). This was due in particular to lower provisions to the allowance for doubtful accounts receivables, as a result of the strong and effective credit management and collection policy carried out in the last two years.

Operating income before amortisation, depreciation, non-recurring and restructuring costs, net (EBITDA) amounted to € 373.5 million in the first nine months of 2006 (€ 421.1 million in the first nine months of 2005). The decrease was mainly due to the one-off costs incurred in the first half of 2006 for the product and sales method innovations. Specifically, they included € 39.0 million for higher advertising costs incurred to launch the new directory assistance services in Italy and France and costs for training and reorganising the sales network in Italy.

Operating amortisation, depreciation and write-downs amounted to € 23.8 million in the first nine months of 2006 (€ 23.2 million in the same period of 2005) and consist of amortisation of intangible assets with finite useful life (€ 13.8 million) and depreciation of property, plant and equipment (€ 10.0 million).

Non-operating amortisation and write-downs amounted to € 121.6 million in the first nine months of 2006 (unchanged compared to the first nine months of 2005) and refer to the *Customer Data Base*.

Non-recurring and restructuring costs, net amounted to € 10.2 million for the first nine months of 2006 (€ 9.7 million in the same period of 2005). They included € 4.1 million for stock option costs, € 2.8 million for costs incurred to reorganise the Parent Company's Sales Department and € 2.3 million for legal expenses incurred in litigation aimed primarily at safeguarding and protecting company's intellectual property on the Italian market and at withstanding competition in the UK market.

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Operating income amounted to € 217.9 million in the first nine months of 2006 (€ 266.7 million in the first nine months of 2005), showing a trend similar to EBITDA.

Interest expense, net amounted to € 185.0 million in the first nine months of 2006 and included € 193.4 million for interest expense (€ 215.0 million in the same period of 2005) and € 8.4 million for interest income (€ 17.1 million in the same period of 2005). Interest expense decreased by about 10% compared to the first nine months of 2005, thanks to the lower average indebtedness and the decrease in the average cost of debt. The latter decreased to 5.95% compared to 6.33% in the same period of 2005, despite the rise in market rates, thanks to the effectiveness of the debt management.

Interest expense includes:

- € 99.5 million (€ 114.8 million in the first nine months of 2005) referred to the "Senior Credit Agreement" between SEAT Pagine Gialle S.p.A. and The Royal Bank of Scotland Plc Milan Branch, which was re-financed in June 2005;
- € 82.4 million (€ 86.3 million in the first nine months of 2005) referred to the "Subordinated" loan with the associate Lighthouse International Company S.A.. They decreased by € 3.9 million compared to the same period of the previous year due to the new tax regulations introduced in July 2005, according to which such interests are no longer subject to withholding tax;
- € 10.1 million (€ 2.5 million in the first nine months of 2005) referred to other financial charges, including € 4.7 million for actuarial losses on non-current assets and liabilities and € 2.5 million for interest expense on asset backed securities issued by the vehicle Meliadi Finance S.r.l., under the securitisation program;
- € 1.3 million (€ 11.5 million in the first nine months of 2005) referred to exchange rate expenses.

Interest income includes:

- € 3.9 million (€ 0.2 million in the first nine months of 2005) referred to actuarial gains;
- € 3.4 million (€ 1.8 million in the first nine months of 2005) referred to bank deposits and other financial income;
- € 1.1 million (€ 15.1 million in the first nine months of 2005) referred to exchange rate income.

Income taxes for the period were negative for € 21.7 million (negative for € 43.3 million in the first nine months of 2005) and included € 14.8 million of current income taxes and € 6.9 million of deferred tax liabilities.

In accordance with IAS 34, income taxes for the period were measured by applying the annual average tax rates for the current fiscal year to the result before income taxes at September 30, 2006.

Minority interests presented a loss of € 1.4 million (an income of € 5.3 million in the first nine months of 2005).

The **result for the period** was positive for € 12.5 million (positive for € 25.0 million in the first nine months of 2005). The € 12.5 million decrease compared to the first nine months of 2005 was mainly due to the costs incurred during the first half of the year to launch the new directory assistance services in France and Italy. However, this rise in spending was partially offset by the decrease in net interest expense due to the debt management effectiveness.

Reclassified consolidated balance sheet at September 30, 2006

Foreword

The "Senior Credit Agreement" with The Royal Bank of Scotland Plc Milan Branch has requested SEAT Pagine Gialle S.p.A. to issue the following main guarantees, that are standard for transactions of this type:

- a pledge on its main trademarks;
- a pledge on the shares of its main subsidiaries;
- a special privilege on SEAT Pagine Gialle S.p.A.'s tangible assets that have a net book value equal or higher than € 25,000.

Net invested capital

Net invested capital amounted to € 4,420.8 million at September 30, 2006 and decreased by € 114.2 million compared to December 31, 2005. It consists of the following items:

- **non-current assets**, amounting to € 4,230.7 million at September 30, 2006, down by € 121.3 million compared to December 31, 2005 (€ 4,352.0 million), mainly due to the amortisation of the *Customer Data Base* (€ 121.6 million).
Investments for the period amounted to € 28.6 million (€ 36.1 million in the first nine months of 2005) and consist of the following items

(euro/thousand)	3 rd quarter 2006	3 rd quarter 2005	Change	9 months 2006	9 months 2005	Change
Capital expenditure	10,943	10,730	213	28,058	27,328	730
Goodwill and other non-operating investments	530	8,713	(8,183)	561	8,733	(8,172)
Total investments	11,473	19,443	(7,970)	28,619	36,061	(7,442)

- *capital expenditure*, amounting to € 28.1 million in the first nine months of 2006 (€ 27.3 million in the same period of the previous year), was targeted primarily at developing publishing software and new web products, such as PAGINEGIALLE VISUAL. About 40% of the investments for the period were made in the third quarter of the year;
- *goodwill and other non-operating investments*, amounting to € 0.5 million in the first nine months of 2006 (€ 8.7 million in the same period of the previous year), referred to the goodwill arising from the consolidation of Telegate Auskunftsdiensste GmbH, a German company acquired at the end of June 2006;
- **non-current operating liabilities** amounted to € 72.2 million at September 30, 2006 (€ 74.0 million at December 31, 2005) and include, in particular, € 18.4 million for defined benefit pension plans (€ 19.9 million at December 31, 2005), € 32.0 million for reserve for severance indemnities (€ 32.3 million at December 31, 2005) and € 21.1 million for reserve for sale agents' termination indemnities (€ 19.5 million at December 31, 2005);

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- **operating working capital** amounted to € 271.4 million at September 30, 2006 (€ 285.6 million at December 31, 2005), reflecting a decrease of € 14.2 million during the period, mainly as a result of:
 - a reduction of € 22.4 million in *trade accounts receivable* compared to December 31, 2005, thanks especially to the new credit management process introduced in the Parent Company over the past two years;
 - a reduction of € 66.3 million in *trade accounts payable* compared to December 31, 2005, as a result of trends in purchasing operating goods and services, including € 12.3 million due to sales agents;
 - an increase of € 67.8 million in *payables for services to be rendered and other current liabilities* compared to December 31, 2005, arising from directory publication cycles;
- **non-operating working capital**, negative for € 8.7 million at September 30, 2006 (negative for € 24.9 million at December 31, 2005). This change of € 16.2 million compared to December 31, 2005 was mainly due to the payment of income tax liabilities.

Shareholders' equity

Shareholders' equity amounted to € 989.8 million at September 30, 2006 (€ 999.7 million at December 31, 2005), of which € 974.6 million of the Group (€ 980.1 million at December 31, 2005) and € 15.2 million of Minority interests (€ 19.6 million at December 31, 2005). The decrease of € 5.5 million in the equity of the Group for the first nine months of 2006 is due to the distribution of an ordinary dividend (€ 42.1 million), pursuant to the resolution of the Shareholders' Meeting held on April 27, 2006, partially offset by the income for the period (€ 12.5 million) and the change in the market value of the hedging instruments entered into to hedge interest rate risks (+ € 12.8 million, net of the related tax effect).

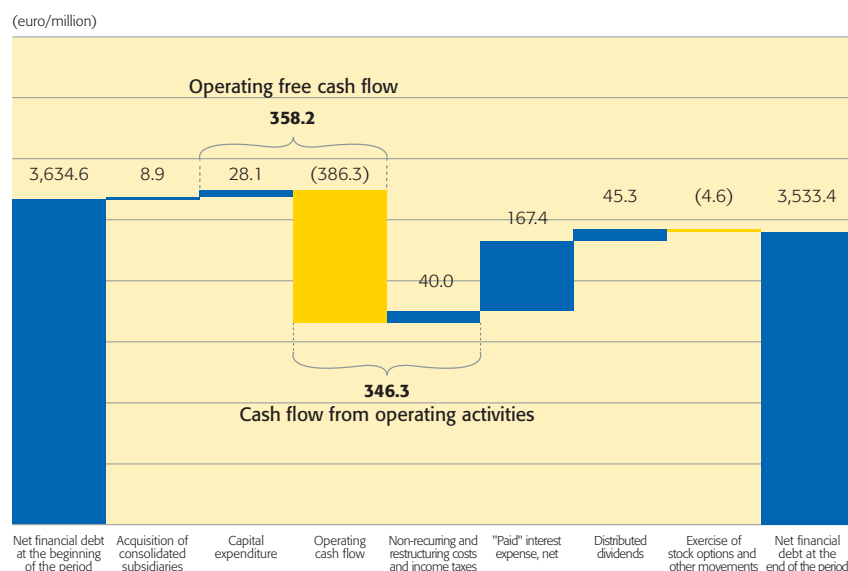
Net financial debt

Net financial debt amounted to € 3,533.4 million at September 30, 2006 (€ 3,634.6 million at December 31, 2005), down by € 101.2 million in the first nine months of 2006.

It differs from the "Net financial debt – book value" described below since it is reported "gross" of:

- transaction costs for the acquisition and refinancing of the medium and long-term loans with The Royal Bank of Scotland Plc Milan Branch and Lighthouse International Company S.A. and for the launch of the securitisation program of trade receivables. Transaction costs amounted to € 107.3 million at September 30, 2006, net of accumulated amortisation;
- net liabilities referred to the market values of the hedging instruments entered into to hedge interest rate risks, which amounted to € 4.9 million at September 30, 2006 (€ 23.2 million at December 31, 2005).

The following chart summarises the main items which impacted the net financial debt in the first nine months of 2006.



Net financial debt – book value amounted to € 3,431.0 million at September 30, 2006 (€ 3,535.3 million at December 31, 2005) and was detailed as follows:

- **non-current financial debts** amounted to € 3,458.4 million at September 30, 2006 (€ 3,526.7 million at December 31, 2005) and were made up as follows

(euro/thousand)	At 09.30.2006	At 12.31.2005	Change
<i>Debts due to The Royal Bank of Scotland Plc Milan Branch (gross value)</i>	2,009,539	2,349,100	(339,561)
<i>less transaction costs</i>	(62,989)	(75,371)	12,382
Debts due to The Royal Bank of Scotland Plc Milan Branch (net value)	1,946,550	2,273,729	(327,179)
<i>Debts due to Lighthouse International Company S.A. (gross value)</i>	1,300,000	1,300,000	-
<i>less transaction costs</i>	(42,864)	(47,103)	4,239
Debts due to Lighthouse International Company S.A. (net value)	1,257,136	1,252,897	4,239
<i>Asset backed securities (gross value)</i>	256,000	-	256,000
<i>less transaction costs</i>	(1,423)	-	(1,423)
Asset backed securities (net value)	254,577	-	254,577
Debts to other lenders	99	63	36
Total non-current financial debts	3,458,362	3,526,689	(68,327)

- *Financial debts due to The Royal Bank of Scotland Plc Milan Branch* amounted to € 1,946.5 million at September 30, 2006 (net of € 63.0 million of transaction costs not yet amortised at September 30, 2006) and refer to the non-current portion of the "Term and Revolving Facilities Agreement", which was re-financed in June 2005.

At September 30, 2006, this loan was structured as follows:

- a) tranche A, for € 1,574.1 million, repayable in accordance with the amortisation plan, with non-constant six month instalments until June 2012, and bearing interest at a floating interest rate p.a. equal to Euribor plus 1.91%;
- b) tranche B, for € 514.5 million, repayable in a single instalment in June 2013, and bearing interest at a floating rate p.a. equal to Euribor plus 2.41%;
- c) tranche C, for € 90 million, designed to cover any working capital requirement of SEAT Pagine Gialle S.p.A. or its subsidiaries, in the form of a revolving credit line, available up to May 2012, bearing interest at a floating rate p.a. equal to Euribor plus 1.91%, if taken down. A non-usage fee of 0.56% p.a. is charged on the temporary amounts not taken down relating to these credit lines.

The financing agreement requires SEAT Pagine Gialle S.p.A. to be compliant with specific *covenants*, checked on a quarterly basis. These *covenants* refer to the observance of specific ratios between: *i)* net debt and EBITDA; *ii)* EBITDA and interest on debt; *iii)* cash flow and debt service (including interest and principal instalments in each reference period). The result of the checks carried out on these *covenants* at September 30, 2006 (this reporting date) was positive.

- *Financial debts due to Lighthouse International Company S.A.* amounted to € 1,257.1 million at September 30, 2006, net of € 42.9 million for transaction costs not yet amortised at period-end. The ten-year loan bearing fixed interest of 8% p.a. will fall due in 2014.
 € 43.4 million of debt for interest accrued and not yet settled is recognised as current financial liabilities at September 30, 2006.
 It should be noted that SEAT Pagine Gialle S.p.A. issued guarantees of € 350.0 million for any possible additional charges relating to the bond.
- *Asset backed securities* amounted to € 256.0 million at September 30, 2006 (gross of transaction costs). They were issued by the special purpose vehicle Meliadi Finance S.r.l. to finance the purchase of the trade receivables portfolio sold to it by SEAT Pagine Gialle S.p.A. on a revolving monthly basis, in the framework of the securitisation program started as from June 2006. These securities, guaranteed by the trade receivable portfolio, were subscribed through private placement with an institutional investor. They expire in 2014 and bear interest at a floating rate in line with the commercial paper rate. They are accounted for in the balance sheet net of transaction costs not yet amortised at September 30, 2006 (€ 1.4 million).

The overall average cost of SEAT Pagine Gialle S.p.A.'s financial debts in the first nine months of 2006 amounted to 5.95% per annum (6.33% over the first nine months of 2005);

- **current financial debts** amounted to € 151.6 million at September 30, 2006 (€ 214.3 million at December 31, 2005) and included:
 - € 79.2 million for the current portion of the loan granted by The Royal Bank of Scotland Plc Milan Branch, due in June 2007. At the end of September 2006, SEAT Pagine Gialle S.p.A. made a voluntary prepayment of € 76.5 million referred to the Tranche A of the "Senior" debt, contractually due in December 2006. Voluntary prepayment is a specific contractual option the Company may use for liquidity exceeding operational requirements;

- € 43.4 million for accrued interest expense on the loan from Lighthouse International Company S.A., not yet paid at the end of the period;
 - € 20.8 million for payables due to Shareholders for distributed dividends not yet drawn at September 30, 2006;
 - € 5.3 million for the market values of the hedging instruments entered into to hedge interest rate risk, as described below;
- **non-current financial assets** amounted to € 1.4 million at September 30, 2006 (€ 1.2 million at December 31, 2005) and refer to loans to employees;
 - **current financial assets, cash and cash equivalents** amounted to € 177.6 million at September 30, 2006 (€ 204.5 million at December 31, 2005) and included € 176.1 million for cash and cash equivalents (€ 202.2 million at December 31, 2005), of which € 97.9 million held by the vehicle Meliadi Finance S.r.l. and originated from the collection of the trade accounts receivable transferred by SEAT Pagine Gialle S.p.A. within the securitisation program.

The "Senior" debt with The Royal Bank of Scotland Plc Milan Branch bears a floating interest rate linked to the Euribor. In order to reduce the exposure to risk on floating-rate debt, SEAT Pagine Gialle S.p.A. entered into hedging agreements with major international financial counterparties. At September 30, 2006, the following agreements were effective:

- a) three *Interest Rate Collars*, entered into to fix a variable band of the floating six-month Euribor rate with a maximum (in a range between 4.30% and 5.08%) and a minimum threshold (in a range between 2.59% and 3.42%) in the December 2006 - December 2011 period;
- b) five *Interest Rate Swaps*, entered into in February and March 2006, with reference to the loan expected to be outstanding in the December 2009 - June 2012 period, through which the floating six-month Euribor rate has been replaced by a fixed rate of about 3.75% p.a. on € 325.0 million of notional amount.

In September, two Interest Rate Swaps expiring in June 2007 were closed in advance. These contracts generated an overall gain of € 1.7 million, which was accounted for on an accrual basis in the statement of operations.

Furthermore, at the end of September 2006 a *Forward Rate Agreement (FRA)* entered into during the previous year expired. Through this agreement an average Euribor rate of 2.17% was fixed on € 350.0 million of notional amount with reference to loan expected to be outstanding between September 28, 2006 and December 28, 2006. This transaction generated a gain of about € 1.0 million which was accounted for on an accrual basis in the statement of operations.

Actually, the derivatives entered into allow a more or less constant overall coverage of about 85% of the financial exposure in 2007-09 three-year period. About 47% of this coverage is represented by the fixed-rate subordinate loan and about 53% by the Interest Rate Collars. The overall coverage for the 2010-2011 two-year period stands at about 80%, 57.5% of this coverage is represented by fixed-rate subordinate loan, 14.5% by the Interest Rate Swaps and 28% by the Interest Rate Collars.

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Operating free cash flow

Operating free cash flow generated in the first nine months of 2006 was still high in absolute terms (€ 358.2 million), though € 84.6 million lower than that generated in the first nine months of 2005 (€ 442.8 million). This trend reflects the costs incurred during the year to launch the new products and services, which caused a decrease of € 47.6 million in EBITDA compared to the first nine months of 2005 (for further details, please see the section "Reclassified consolidated statement of operations for the first nine months of 2006", above). Furthermore, the reduction in net working capital was € 33.6 million lower than that recorded in the first nine months of 2005, primarily due to the trend of trade accounts receivable in SEAT Pagine Gialle S.p.A. and in Germany, which, since the beginning of 2006, have decreased at a lower rate than in the first nine months of 2005. Capital expenditure was substantially stable in the first nine months of 2006 compared to the same period of the previous year.

The ratio of operating free cash flow to revenues from sales and services (36.3% in the first nine months of 2006) decreased compared to the same period of the previous year (46.3%), as a result of the downturn in EBITDA, as described above; the ratio of operating free cash flow to EBITDA also followed a similar trend (95.9% in the first nine months of 2006, as against 105.2% in the same period of 2005), as a result of the lower contribution of the remaining cash flows.

→ Reclassified consolidated statement of operations

(euro/thousand)	3 rd quarter 2006	3 rd quarter 2005	Change	9 months 2006	9 months 2005	Change	Year 2005
Revenues from sales and services	414,470	400,216	14,254	988,061	956,011	32,050	1,424,611
Materials and external services (*)	(126,358)	(126,231)	(127)	(400,022)	(332,606)	(67,416)	(514,954)
Salaries, wages and employees benefits (*)	(56,571)	(52,786)	(3,785)	(173,057)	(157,871)	(15,186)	(218,924)
Gross operating profit	231,541	221,199	10,342	414,982	465,534	(50,552)	690,733
% on revenues	55.9%	55.3%		42.0%	48.7%		48.5%
Other valuation adjustments and provisions to reserves for risks and charges, net	(12,136)	(12,499)	363	(38,674)	(41,565)	2,891	(60,659)
Other income (expenses), net	(889)	(1,016)	127	(2,799)	(2,835)	36	(3,514)
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net (EBITDA)	218,516	207,684	10,832	373,509	421,134	(47,625)	626,560
% on revenues	52.7%	51.9%		37.8%	44.1%		44.0%
Operating amortisation, depreciation and write-downs	(8,609)	(8,302)	(307)	(23,842)	(23,173)	(669)	(32,391)
Non-operating amortisation and write-downs	(40,517)	(40,517)	-	(121,550)	(121,550)	-	(162,067)
Non-recurring and restructuring costs, net	(5,235)	(2,529)	(2,706)	(10,181)	(9,715)	(466)	(11,908)
Operating income (EBIT)	164,155	156,336	7,819	217,936	266,696	(48,760)	420,194
% on revenues	39.6%	39.1%		22.1%	27.9%		29.5%
Interest expense, net	(61,051)	(61,505)	454	(185,010)	(197,965)	12,955	(260,568)
Gains (losses) on investments accounted for at equity and disposal of investments	(23)	4,812	(4,835)	(39)	4,684	(4,723)	4,243
Income before income taxes, discontinued operations and Minority interests	103,081	99,643	3,438	32,887	73,415	(40,528)	163,869
Income taxes	(20,188)	(26,423)	6,235	(21,739)	(43,345)	21,606	(25,383)
Income from discontinued operations	-	175	(175)	-	175	(175)	175
Income before Minority interests	82,893	73,395	9,498	11,148	30,245	(19,097)	138,661
Minority interests	(1,023)	(1,895)	872	1,378	(5,279)	6,657	(6,756)
Income for the period	81,870	71,500	10,370	12,526	24,966	(12,440)	131,905

(*) Less repayments of cost.

→ **Reclassified consolidated balance sheet**

	At 09.30.2006	At 12.31.2005	Change	At 09.30.2005
(euro/thousand)				
Goodwill and customer data base	4,036,313	4,154,998	(118,685)	4,197,699
Other non-current assets (*)	194,382	196,983	(2,601)	141,495
Non-operating non-current liabilities	(497)	(3,632)	3,135	(4,161)
Operating non-current liabilities	(72,229)	(74,003)	1,774	(73,266)
Operating working capital	271,447	285,598	(14,151)	249,538
- Operating current assets	740,532	755,600	(15,068)	738,660
- Operating current liabilities	(469,085)	(470,002)	917	(489,122)
Non-operating working capital	(8,660)	(24,949)	16,289	(6,005)
- Non-operating current assets	10,604	3,742	6,862	15,151
- Non-operating current liabilities	(19,264)	(28,691)	9,427	(21,156)
Net assets from discontinued operations	-	-	-	10,000
Net invested capital	4,420,756	4,534,995	(114,239)	4,515,300
Equity of the Group	974,596	980,093	(5,497)	852,418
Minority interests	15,182	19,617	(4,435)	16,745
Total Shareholders' equity (A)	989,778	999,710	(9,932)	869,163
Net financial debt	3,533,370	3,634,581	(101,211)	3,731,080
Transaction costs on loans not yet amortised	(107,276)	(122,474)	15,198	(127,663)
Net market value of hedging instruments on interest rate risks	4,884	23,178	(18,294)	42,720
Net financial debt - book value (B)	3,430,978	3,535,285	(104,307)	3,646,137
of which:				
- Non-current financial debts	3,458,362	3,526,689	(68,327)	3,620,137
- Current financial debts	151,589	214,301	(62,712)	185,235
- Non-current financial assets	(1,407)	(1,160)	(247)	(1,057)
- Current financial assets, cash and cash equivalents	(177,566)	(204,545)	26,979	(158,178)
Total (A+B)	4,420,756	4,534,995	(114,239)	4,515,300

(*) This item includes "financial assets available for sale".

→ Consolidated cash flow statement

(euro/thousand)	3 rd quarter 2006	3 rd quarter 2005	Change	9 months 2006	9 months 2005	Change	Year 2005
Cash inflow from operating activities							
Income for the period before Minority interests	82,893	73,395	9,498	11,148	30,245	(19,097)	138,661
Amortisation, depreciation and write-downs	49,126	48,816	310	145,392	144,723	669	194,458
Interest expense, net (*)	60,954	61,198	(244)	184,191	197,068	(12,877)	259,781
Cost for stock options	1,393	2,534	(1,141)	4,121	6,378	(2,257)	7,907
Income taxes for the period	20,188	26,423	(6,235)	21,739	43,345	(21,606)	25,383
(Gains) losses on disposal of non-current assets	23	223	(200)	55	293	(238)	(4,104)
(Write-up) write-down of assets	-	(4,739)	4,739	-	(4,740)	4,740	(220)
Change in working capital	(111,741)	(63,065)	(48,676)	(16,305)	33,000	(49,305)	(15,859)
Change in non-current liabilities	(1,018)	(3,258)	2,240	(2,850)	(1,375)	(1,475)	(413)
Exchange rate adjustments, change in the scope of consolidation and other movements	(239)	1,969	(2,208)	(1,254)	1,500	(2,754)	835
Cash inflow from operating activities	(A) 101,579	143,496	(41,917)	346,237	450,437	(104,200)	606,429
Cash outflow for investments							
Purchase of intangible assets with indefinite useful life	(385)	(8,695)	8,310	(416)	(8,695)	8,279	(7,587)
Purchase of intangible assets with finite useful life	(6,895)	(5,582)	(1,313)	(16,729)	(13,795)	(2,934)	(25,838)
Purchase of property, plant and equipment	(4,048)	(5,148)	1,100	(11,329)	(13,533)	2,204	(20,199)
Other investments	(129)	(18)	(111)	(145)	(38)	(107)	(40)
Proceeds from disposal of non-current assets	38	(9)	47	484	232	252	9,806
Change in the scope of consolidation	362	(4,192)	4,554	(8,469)	(4,192)	(4,277)	(7,884)
Exchange rate adjustments and other movements	(4,885)	2,419	(7,304)	(2,627)	(7,976)	5,349	(6,361)
Cash outflow for investments	(B) (15,942)	(21,225)	5,283	(39,231)	(47,997)	8,766	(58,103)
Cash outflow for financing							
Non-current loans proceeds	-	-	-	256,000	-	256,000	-
Repayments of non-current loans	(76,511)	(19)	(76,492)	(431,523)	(220,383)	(211,140)	(234,064)
Current loans proceeds	-	-	-	-	40,000	(40,000)	40,000
Repayments of current loans	-	(40,000)	40,000	-	(40,000)	40,000	(40,000)
Payment of interest expense, net	(54,498)	(52,947)	(1,551)	(167,393)	(179,419)	12,026	(236,150)
Payment of transaction costs on loans	-	(156)	156	(1,525)	(26,076)	24,551	(26,052)
Change in financial assets and financial debts	27,450	35,713	(8,263)	28,235	33,013	(4,778)	(1,006)
Increase in share capital from exercised stock options	341	-	341	6,197	-	6,197	5,576
Paid dividends	430	-	430	(24,493)	(158)	(24,335)	(158)
Exchange rate adjustments, change in the scope of consolidation and other movements	2,869	5,495	(2,626)	1,487	7,086	(5,599)	7,809
Cash outflow for financing	(C) (99,919)	(51,914)	(48,005)	(333,015)	(385,937)	52,922	(484,045)
Increase (decrease) in cash and cash equivalents in the period	(A+B+C) (14,282)	70,357	(84,639)	(26,009)	16,503	(42,512)	64,281
Cash and cash equivalents at the beginning of the period	190,431	84,023	106,408	202,158	137,877	64,281	137,877
Cash and cash equivalents at the end of the period	176,149	154,380	21,769	176,149	154,380	21,769	202,158

(*) Less actuarial gains (losses) on operating assets/liabilities.

→ Consolidated operating free cash flow

(euro/thousand)	3 rd quarter 2006	3 rd quarter 2005	Change	9 months 2006	9 months 2005	Change	Year 2005
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net (EBITDA)	218,516	207,681	10,835	373,509	421,134	(47,625)	626,560
Actuarial gains (losses) on operating assets and liabilities	(97)	(307)	210	(819)	(897)	78	(787)
Decrease (increase) in operating working capital	(84,863)	(54,501)	(30,362)	15,323	48,909	(33,586)	19,977 (*)
(Decrease) increase in operating non-current liabilities	(942)	(1,485)	543	(1,774)	971	(2,745)	1,708
Capital expenditure	(10,943)	(10,730)	(213)	(28,058)	(27,328)	(730)	(46,037)
(Gains) losses on disposal of non-current assets	-	(11)	11	16	56	(40)	94
Operating free cash flow	121,671	140,648	(18,977)	358,197	442,845	(84,648)	601,515

(*) This amount includes an adjustment of € 6,951 thousand to offset the effects on free cash flow resulting from the new VAT taxation in the Thomson group.

➤ Economic and financial performance of SEAT Pagine Gialle S.p.A.

For the notes please refer to the section "Economic and financial performance of the Business Areas - Italian Directories".

Reclassified statement of operations of SEAT Pagine Gialle S.p.A.

(euro/thousand)	3 rd quarter 2006	3 rd quarter 2005	Change	9 months 2006	9 months 2005	Change	Year 2005
Revenues from sales and services	304,407	297,684	6,723	721,659	712,877	8,782	1,061,813
Materials and external services (*)	(88,172)	(93,525)	5,353	(277,458)	(249,062)	(28,396)	(389,203)
Salaries, wages and employees benefits (*)	(19,363)	(19,176)	(187)	(62,027)	(61,262)	(765)	(85,116)
Gross operating profit	196,872	184,983	11,889	382,174	402,553	(20,379)	587,494
<i>% on revenues</i>	<i>64.7%</i>	<i>62.1%</i>		<i>53.0%</i>	<i>56.5%</i>		<i>55.3%</i>
Other valuation adjustments and provisions to reserves for risks and charges, net	(11,094)	(9,831)	(1,263)	(33,299)	(34,805)	1,506	(50,028)
Other income (expenses), net	(581)	(323)	(258)	(1,781)	(1,168)	(613)	(2,256)
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net (EBITDA)	185,197	174,829	10,368	347,094	366,580	(19,486)	535,210
<i>% on revenues</i>	<i>60.8%</i>	<i>58.7%</i>		<i>48.1%</i>	<i>51.4%</i>		<i>50.4%</i>
Operating amortisation, depreciation and write-downs	(4,980)	(4,872)	(108)	(13,670)	(14,023)	353	(19,312)
Non-operating amortisation and write-downs	(40,517)	(40,517)	-	(121,550)	(121,550)	-	(162,067)
Non-recurring and restructuring costs, net	(4,488)	(2,213)	(2,275)	(8,940)	(8,426)	(514)	(10,007)
Operating income (EBIT)	135,212	127,227	7,985	202,934	222,581	(19,647)	343,824
<i>% on revenues</i>	<i>44.4%</i>	<i>42.7%</i>		<i>28.1%</i>	<i>31.2%</i>		<i>32.4%</i>
Interest expense, net	(59,726)	(59,728)	2	(163,940)	(186,283)	22,343	(248,071)
Write-up (write-down) of investments	-	448	(448)	-	448	(448)	447
Gains (losses) on disposal of investments	(23)	1,892	(1,915)	(39)	1,756	(1,795)	(432)
Income before income taxes	75,463	69,839	5,624	38,955	38,502	453	95,768
Income taxes	(10,720)	(18,855)	8,135	(14,881)	(33,645)	18,764	(11,053)
Income for the period	64,743	50,984	13,759	24,074	4,857	19,217	84,715

(*) Less repayments of cost.

Reclassified balance sheet of SEAT Pagine Gialle S.p.A.

	At 09.30.2006	At 12.31.2005	Change	At 09.30.2005
(euro/thousand)				
Goodwill and customer data base	3,646,349	3,767,899	(121,550)	3,808,417
Other non-current assets (*)	505,309	514,257	(8,948)	439,061
Operating non-current liabilities	(49,598)	(48,758)	(840)	(48,189)
Operating working capital	272,407	283,588	(11,181)	270,794
- Operating current assets	654,678	658,645	(3,967)	663,973
- Operating current liabilities	(382,271)	(375,057)	(7,214)	(393,179)
Non-operating working capital	(4,076)	(23,209)	19,133	(2,871)
- Non-operating current assets	7,713	2,144	5,569	8,876
- Non-operating current liabilities	(11,789)	(25,353)	13,564	(11,747)
Assets held for sale	-	-	-	10,000
Net invested capital	4,370,391	4,493,777	(123,386)	4,477,212
Shareholders' equity (A)	983,127	979,587	3,540	878,757
Net financial debt	3,489,656	3,613,486	(123,830)	3,683,398
Transaction costs on loans and securitisation costs not yet amortised	(107,276)	(122,474)	15,198	(127,663)
Net market value of hedging instruments on interest rate risks	4,884	23,178	(18,294)	42,720
Net financial debt - book value (B)	3,387,264	3,514,190	(126,926)	3,598,455
of which:				
- Non-current financial debts	3,367,974	3,526,626	(158,652)	3,616,937
- Current financial debts	172,787	261,949	(89,162)	228,284
- Non-current financial assets	(1,427)	(110,600)	109,173	(111,035)
- Current financial assets, cash and cash equivalents	(152,070)	(163,785)	11,715	(135,731)
Total (A+B)	4,370,391	4,493,777	(123,386)	4,477,212

(*) This item includes "financial assets available for sale".

Cash flow statement of SEAT Pagine Gialle S.p.A.

(euro/thousand)	3 rd quarter 2006	3 rd quarter 2005	Change	9 months 2006	9 months 2005	Change	Year 2005
Cash inflow from operating activities							
Income for the period	64,743	50,984	13,759	24,074	4,857	19,217	84,715
Amortisation, depreciation and write-downs	45,497	45,389	108	135,220	135,573	(353)	181,379
Interest expense, net (*)	59,483	59,502	(19)	162,721	185,454	(22,733)	247,073
Cost for stock options	1,002	2,151	(1,149)	2,973	5,378	(2,405)	6,454
Income taxes for the period	10,720	18,855	(8,135)	14,881	33,645	(18,764)	11,053
(Gains) losses on disposal of non-current assets	17	94	(77)	33	294	(261)	502
(Write-up) write-down of assets	-	(2,107)	2,107	-	(2,107)	2,107	(447)
Change in working capital	(97,008)	(55,282)	(41,726)	(16,350)	27,466	(43,816)	9,484
Other changes	454	(215)	669	790	1,611	(821)	2,248
Cash inflow from operating activities	(A) 84,908	119,371	(34,463)	324,342	392,171	(67,829)	542,461
Cash outflow for investments							
Purchase of intangible assets with finite useful life	(5,871)	(4,934)	(937)	(13,121)	(9,910)	(3,211)	(21,224)
Purchase of property, plant and equipment	(1,862)	(2,930)	1,068	(4,630)	(4,372)	(258)	(6,367)
Other investments	(200)	(16,178)	15,978	(450)	(16,194)	15,744	(18,377)
Proceeds from disposal of non-current assets	65	16,490	(16,425)	346	16,638	(16,292)	26,758
Cash outflow for investments	(B) (7,868)	(7,552)	(316)	(17,855)	(13,838)	(4,017)	(19,210)
Cash outflow for financing							
Repayments of non-current loans	(76,506)	-	(76,506)	(431,410)	(220,364)	(211,046)	(230,364)
Net flow from securitisation program	3,662	-	3,662	177,138	-	177,138	-
Current loans proceeds	-	-	-	-	40,000	(40,000)	40,000
Repayments of current loans	-	(40,000)	40,000	-	(40,000)	40,000	(40,000)
Payment of interest expense, net	(57,718)	(49,714)	(8,004)	(159,814)	(173,759)	13,945	(228,533)
Payment of transaction costs on loans	-	(156)	156	-	(26,076)	26,076	(26,052)
Payment of securitisation costs	-	-	-	(1,525)	-	(1,525)	-
Change in financial assets and financial debts	32,456	37,296	(4,840)	4,532	37,792	(33,260)	6,666
Increase in share capital from exercised stock options	341	-	341	6,197	-	6,197	5,576
Paid dividends	-	-	-	(21,768)	-	(21,768)	-
Cash outflow for financing	(C) (97,765)	(52,574)	(45,191)	(426,650)	(382,407)	(44,243)	(472,707)
Increase (decrease) in cash and cash equivalents in the period	(A+B+C) (20,725)	59,245	(79,970)	(120,163)	(4,074)	(116,089)	50,544
Cash and cash equivalents at the beginning of the period	58,965	44,540	14,425	158,403	107,859	50,544	107,859
Cash and cash equivalents at the end of the period	38,240	103,785	(65,545)	38,240	103,785	(65,545)	158,403

(*) Less actuarial gains (losses) on operating assets/liabilities.

(**) The amount does not include € 565 thousand of non-operating debts recorded as counterparty of Shareholders' equity.

Operating free cash flow of SEAT Pagine Gialle S.p.A.

(euro/thousand)	3 rd quarter 2006	3 rd quarter 2005	Change	9 months 2006	9 months 2005	Change	Year 2005
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net (EBITDA)	185,197	174,829	10,368	347,094	366,580	(19,486)	535,210
Actuarial gains (losses) on operating assets and liabilities	(243)	(196)	(47)	(1,219)	(829)	(390)	(998)
Decrease (increase) in operating working capital	(76,152)	(51,620)	(24,532)	11,181	33,171	(21,990)	20,377
(Decrease) increase in operating non-current liabilities	461	(215)	676	840	1,611	(771)	2,180
Capital expenditure	(7,735)	(7,864)	129	(17,753)	(14,282)	(3,471)	(27,591)
(Gains) losses on disposal of non-current assets	(6)	(14)	8	(6)	50	(56)	70
Operating free cash flow	101,522	114,920	(13,398)	340,137	386,301	(46,164)	529,248

➤ Main events subsequent to September 30, 2006

1818 Auskunft A.G.

As of October 10, 2006, the subsidiary 1818 Auskunft A.G., fully owned by Telegate A.G. (in which Telegate Holding GmbH holds a 61.85% stake and SEAT a 16.43% stake), was sold to the US group InfoNXX.

Possible acquisition of the 1288 and 1248 numbers

On November 7, SEAT Pagine Gialle S.p.A. entered into an agreement with the Spanish group TPI (now controlled by Yell) for the acquisition of full ownership of 1288 Servizio di Consultazione Telefonica S.r.l., a directory assistance company operating in Italy through the 1288 and 1248 numbers.

The acquisition is conditional upon approval by the Italian Antitrust Regulator.

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➤ Outlook

The first nine months of 2006 have been influenced by the business development strategy, implemented by the SEAT Pagine Gialle group in the first half of 2006. This strategy, following on from the second half of 2005, has involved major investments in product and service innovation and in strengthening the sales network, entailing significant one-off costs. In Italy, the first nine months of 2006 have seen the new 12.40 Pronto PAGINEBIANCHE® service, launched in the fourth quarter of 2005, establish itself on the market. Distribution of the new full-color PAGINEBIANCHE® directories started in July, whilst advertising sales on the new PAGINEGIALLE® print directories, which are to be published as from the first quarter of 2007, are at an advanced stage. Finally, September saw the start of advertising sales on the new Internet platform PAGINEGIALLE VISUAL, a highly innovative offering which allows the search modes to evolve from purely textual methods to those based on a visual and emotional search. From a commercial point of view, the product innovations have been accompanied by an ever-greater specialization of the sales network by customer segment, with the finalization in recent months of the new organization, started in January. This is based on three sales channels dedicated to large customers, small and medium-sized enterprises and small businesses, and envisages further investment in training and development of the IT tools supporting the sales functions.

In the foreign subsidiaries, the first nine months of 2006 have seen major investments in the Telegate group to enter the Directory Assistance market in France, and in Thomson to review and upgrade the sales structure and strengthen both the print and online offering.

The third quarter of 2006 represents a turning point: the investments of the last few months have started to show their positive returns in terms of growth in revenues and, albeit only partially, in profitability. In particular, it should be noted the recovery in term of profitability of the one-off costs sustained for the innovation between the fourth quarter of 2005 and the first half of 2006.

The latter part of the year will see a similar trend of the third quarter of 2006 both in revenues and profitability, since the advertising costs incurred to promote the new services, although still substantial, will gradually slow down, particularly compared to the fourth quarter of 2005. Growth in revenues will be sustained by the growth forecast for the online sector, thanks to the new PAGINEGIALLE VISUAL offering, and the gradual improvement in print directories. Although the print directories are still not fully benefiting from the products and sale methods innovations, which will be effective only at the end of the first quarter of 2007, they show a great improvement in numbers of orders placed for the fourth quarter of 2006. Taking the above-mentioned trends into account, EBITDA for the fourth quarter of 2006 is expected to grow compared to the same period of 2005, as well as the net result for the current year is expected to be positive both at separate and consolidated level.

➤ Related party transactions

In compliance with the CONSOB notices No. DAC/RM 97001574 dated February 20, 1997 and No. DAC/RM 98015375 dated February 27, 1998, concerning transactions with related parties, the table below summarises the economic and financial effects of these transactions on the financial statements of SEAT Pagine Gialle S.p.A. and of the SEAT Pagine Gialle group at September 30, 2006.

In the consolidated financial statements, the economic and financial effects arising from intra-group transactions, i.e. among consolidated companies, have been eliminated.

All the transactions entered into by the Group companies with related parties, including intra-group transactions, are ordinary operations regulated at market conditions or on the basis of specific regulatory provisions. There were no atypical and/or unusual transactions, or transactions that may represent a conflict of interests.

Economic and financial highlights of the SEAT Pagine Gialle group

(euro/million)		Descriptions
Interest expense	82.4	they refer to interest expense on the long-term "Subordinated" loan to Lighthouse International Company S.A.
Non-current financial debts	1,257.1	they refer to the "Subordinated" loan to Lighthouse International Company S.A. of € 1,300 million stated net of € 42.9 million for transaction costs incurred at the inception of the loan and not yet amortised at the end of the period.
Current financial debts	43.4	they refer to the debt to Lighthouse International Company S.A. for interests accrued and not yet settled at the end of the period.

Economic and financial highlights of SEAT Pagine Gialle S.p.A.

(euro/million)		Descriptions
Revenues from sales and services	53.4	they include € 44.9 million for revenues on call rebate from Telegate Italia S.r.l. and € 6.8 million for royalties from Europages S.A..
Materials and external services	32.3	they refer for € 17.5 million to costs for call center services provided by Telegate Italia S.r.l., € 7.1 million for direct marketing products provided by Consodata S.p.A. and € 5.2 million for goods and prizes for sale force provided by Cipi S.p.A..
Interest income	23.0	it refers to dividends from TDL Infomedia Ltd. (€ 9.4 million), Consodata S.p.A. (€ 2.9 million), Europages S.A. (€ 2.8 million) and Telegate A.G. (€ 2.2 million). Moreover, the item includes interest income on the loan to TDL Infomedia Ltd. (€ 2.5 million) and on current accounts and short-term financing, of which € 3.1 million to TDL Infomedia Ltd..
Interest expense	85.6	it includes € 82.4 million of interest expense on the long-term "Subordinated" loan to Lighthouse International Company S.A. and € 2.3 million of interest expense and charges on non-current financial debt to Meliadi Finance S.r.l..
Current financial assets	112.4	they include € 110.7 million for the revolving financing to TDL Infomedia Ltd. and € 1.6 million for financial receivables to Meliadi Finance S.r.l..
Trade accounts receivable	37.5	they include € 31.3 million for trade accounts receivable from Telegate Italia S.r.l., € 5.1 million from Europages S.A. and € 1.0 million from TDL Infomedia Ltd..
Other current assets	5.4	they refer for € 4.4 million to advances to Cipi S.p.A..
Bank deposits	4.0	they refer to current account receivables from Meliadi Finance S.r.l..
Non-current financial debts	1,421.4	they refer for € 1,257.1 million to the "Subordinated" loan to Lighthouse International Company S.A., of € 1,300 million stated net of € 42.9 million for transaction costs not yet amortised at the end of the period, and for € 164.3 million to the debts to Meliadi Finance S.r.l., net of € 1.4 million for securitisation costs not yet amortised at the end of the period.
Current financial debts	66.8	they refer for € 43.4 million to accrued interest expense not yet paid to Lighthouse International Company S.A., for € 9.0 million to debts to Telegate A.G. for cash deposits, for € 14.4 million to current loans, of which € 8.2 million due to Telegate Holding GmbH.
Trade accounts payable	22.9	they refer to operating payables for services rendered by the subsidiaries, of which € 15.0 million for payables to Europages S.A., € 6.1 million to Telegate Italia S.r.l., € 1.1 million to Consodata S.p.A. and € 0.5 million to Prontoseat S.r.l.

➤ Economic and financial performance of the Business Areas

		Italian Directories	UK Directories	Directory Assistance	Other Activities	Aggregate total	Eliminations and other adjustments	Consolidated total
(euro/million)								
Revenues from sales and services	3 rd quarter 2006	304.4	47.5	48.0	29.7	429.6	(15.1)	414.5
	3 rd quarter 2005	297.7	45.2	38.5	31.3	412.7	(12.5)	400.2
	9 months 2006	721.7	108.8	140.8	55.9	1,027.2	(39.1)	988.1
	9 months 2005	712.9	108.5	112.3	47.0	980.7	(24.7)	956.0
	Year 2005	1,061.8	175.6	159.4	67.6	1,464.4	(39.8)	1,424.6
Gross operating profit	3 rd quarter 2006	196.9	15.7	10.3	8.6	231.5	-	231.5
	3 rd quarter 2005	185.0	12.1	11.2	12.8	221.1	0.1	221.2
	9 months 2006	382.2	16.0	7.6	9.1	414.9	0.1	415.0
	9 months 2005	402.5	17.7	34.5	10.5	465.2	0.3	465.5
	Year 2005	587.5	48.0	42.7	12.5	690.7	-	690.7
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net (EBITDA)	3 rd quarter 2006	185.2	14.1	10.7	8.5	218.5	-	218.5
	3 rd quarter 2005	174.8	10.3	9.9	12.7	207.7	-	207.7
	9 months 2006	347.1	12.2	5.3	9.0	373.5	-	373.5
	9 months 2005	366.6	13.2	31.2	10.2	421.1	-	421.1
	Year 2005	535.2	42.0	37.7	11.7	626.6	-	626.6
Operating income (EBIT)	3 rd quarter 2006	135.2	12.9	8.4	7.7	164.2	-	164.2
	3 rd quarter 2005	127.2	9.3	7.9	11.9	156.3	-	156.3
	9 months 2006	202.9	8.6	-	6.4	217.9	-	217.9
	9 months 2005	222.6	8.4	27.4	8.3	266.7	-	266.7
	Year 2005	343.8	35.9	31.1	9.4	420.2	-	420.2
Total assets	September 30, 2006	4,967.5	319.1	159.4	329.5	5,775.5	(614.7)	5,160.8
	September 30, 2005	5,177.1	312.4	145.2	64.9	5,699.6	(436.0)	5,263.6
	December 31, 2005	5,217.3	310.1	158.4	57.6	5,743.4	(426.4)	5,317.0
Total liabilities	September 30, 2006	3,984.4	179.5	80.9	301.5	4,546.3	(375.3)	4,171.0
	September 30, 2005	4,298.3	189.1	88.6	40.6	4,616.6	(222.2)	4,394.4
	December 31, 2005	4,237.7	166.0	71.8	29.2	4,504.7	(187.4)	4,317.3
Net invested capital	September 30, 2006	4,370.4	214.2	55.0	20.6	4,660.2	(239.4)	4,420.8
	September 30, 2005	4,477.2	205.2	29.1	25.6	4,737.1	(221.8)	4,515.3
	December 31, 2005	4,493.8	231.4	35.5	13.2	4,773.9	(238.9)	4,535.0
Capital expenditure	3 rd quarter 2006	7.7	1.0	1.3	0.9	10.9	-	10.9
	3 rd quarter 2005	7.9	0.7	1.7	0.4	10.7	-	10.7
	9 months 2006	17.8	2.1	5.4	2.8	28.1	-	28.1
	9 months 2005	14.3	2.3	9.0	1.7	27.3	-	27.3
	Year 2005	27.6	2.8	13.1	2.7	46.2	(0.2)	46.0
Workforce (average number)	9 months 2006	1,335.6	1,022.0	2,446.6	411.6	5,215.8	-	5,215.8
	9 months 2005	1,282.8	1,026.0	1,679.7	418.1	4,406.6	-	4,406.6
	Year 2005	1,288.4	1,025.0	2,019.4	427.1	4,759.9	-	4,759.9
Sales agents (average number)	9 months 2006	1,798	-	-	-	1,798	-	1,798
	9 months 2005	1,919	-	-	-	1,919	-	1,919
	Year 2005	1,899	-	-	-	1,899	-	1,899

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Main operational data of the Group	9 months 2006	9 months 2005	Year 2005
Number of published directories			
PAGINEBIANCHE®	69	69	103
PAGINEGIALLE®	134	134	202
ThomsonLocal	110	112	173
Number of distributed directories (values in million)			
PAGINEBIANCHE®	17.1	16.8	26.1
PAGINEGIALLE®	13.8	13.8	21.1
ThomsonLocal	14.6	14.7	24.0
Number of pages views (values in million)			
<i>Thirty-minute accesses to website with no interruption</i>			
PAGINEBIANCHE.it®	132.9	116.5	159.6
PAGINEGIALLE.it®	57.2	56.2	76.7
TUTTOCITTA'.it®	33.6	23.8	34.1
Europages.com	19.8	16.9	23.7

→ Italian Directories

Market scenario

The Italian GDP is expected to rise in 2006 after years of substantial stability. Nevertheless, the economic scenario has not yet been able to influence to any considerable degree the consumption and level of confidence of families/companies and in particular the advertisers' decisions to invest in advertising. The upward revision in GDP growth estimates for 2006 is linked above all, in fact, to the trends in exports of products and consumables, with limited impact on the type of customers SEAT Pagine Gialle S.p.A. has, consisting principally of small and medium-sized enterprises.

Economic and financial data

The table below sets out the highlights for the third quarter of 2006 and the first nine months of 2006, compared to those of the same period in the previous year.

(euro/million)	3 rd quarter	3 rd quarter	Change		9 months	9 months	Change	
	2006	2005	Absolute	%	2006	2005	Absolute	%
Revenues from sales and services	304.4	297.7	6.7	2.3	721.7	712.9	8.8	1.2
Gross operating profit	196.9	185.0	11.9	6.4	382.2	402.5	(20.3)	(5.0)
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net (EBITDA)	185.2	174.8	10.4	5.9	347.1	366.6	(19.5)	(5.3)
Operating income (EBIT)	135.2	127.2	8.0	6.3	202.9	222.6	(19.7)	(8.8)
Net invested capital	-	-	-	-	4,370.4	4,477.2	(106.8)	(2.4)
Capital expenditure	7.7	7.9	(0.2)	(2.5)	17.8	14.3	3.5	24.5
Workforce (average number)	-	-	-	-	1,335.6	1,282.8	52.8	4.1

Third quarter of 2006

SEAT Pagine Gialle S.p.A.'s revenues from sales and services reached € 304.4 million in the third quarter of 2006, up by 2.3% compared to the same period in the previous year (€ 297.7 million). This quarter has benefited from the important innovation represented by PAGINEBIANCHE® in full-color, distributed starting from July (Genoa 2006 edition), and from the positive trend of the online and voice products.



More specifically, revenues from print products, down by 3.0%, showed an improvement compared to the first half of the year, where the reduction had been 5.3%. This result reflects the positive performance of PAGINEBIANCHE® (+2.4%), which is in sharp contrast with the 2.6% drop recorded in the first half of 2006.



PAGINEGIALLE®, instead, showed a substantially similar contraction in revenues to that highlighted in the first half of 2006, as it has not yet benefited from the content and graphical restyling of the two editions, Casa and Lavoro, nor it has fully profited from the innovations in its sales procedures.

Online products (PAGINEGIALLE.it® € 27.6 million, +20.0% compared to the third quarter of 2005) highlighted a positive trend in sharp contrast with the second quarter of 2006 (-5.7% compared to the second quarter of 2005). This result was achieved thanks to the return to normal levels in renewals of existing customer contracts, which were intentionally delayed in the second quarter of the year while waiting for the launch of the new product PAGINEGIALLE VISUAL. The aim of this delay was to allow the largest possible number of clients to benefit from the new commercial offer, that was suitable to satisfy the needs of most customers thanks to its particular characteristics.

Revenues from voice products were also positive (€ 26.5 million, +69.0% compared to the third quarter of 2005), due to the growth of 89.24.24 Pronto PAGINEGIALLE® service, sustained by the sharp increase in telephone traffic (+27.0% of revenues) and the success of the new service, 12.40 Pronto PAGINEBIANCHE®, which has reached levels of excellence on the market.

Materials and external services, net of repayments of cost, amounted to € 88.2 million in the third quarter of 2006 with a decrease of 5.7% compared to the same period of the previous year. The reduction is attributable to the further improvements in efficiency reached in the industrial production costs of print directories. Furthermore, if compared to the first half of the year, the third quarter of 2006 was characterized by a slowing-down in advertising costs incurred to sustain the information subscribers service 12.40 Pronto PAGINEBIANCHE® and the value added service 89.24.24 Pronto PAGINEGIALLE® thanks to a progressive and typical evolution in the market towards a more stable situation allowing a progressive reduction in advertising and promotional costs.

Salaries, wages and employee benefits, net of repayments of cost for personnel seconded to other Group's companies, amounted to € 19.4 million in the third quarter of 2006 (€ 19.2 million in the third quarter of 2005), substantially stable compared to the same period of the previous year.

Gross operating profit, of € 196.9 million in the third quarter of 2006, showed an improvement of 6.4% compared to the third quarter of 2005, with a 64.7% ratio to revenues (62.1% in the third quarter of 2005) thanks to the recovery in profitability and efficiency as described above.

EBITDA amounted to € 185.2 million in the third quarter of 2006 and showed an increase of 5.9% compared to the third quarter of 2005, with a similar trend to that of the gross operating profit.

First nine months of 2006

SEAT Pagine Gialle S.p.A.'s revenues from sales and services amounted to € 721.7 million in the first nine months of 2006, up by 1.2% compared to the same period of the previous year (€ 712.9 million), thanks to the effectiveness and validity of its multi-platform offer: the excellent result of the most innovative products (online and voice) more than compensated the drop in print products, mainly attributable to the PAGINEGIALLE® performance.

In particular:

- *Print*: revenues amounted to € 552.7 million in the first nine months of 2006, a decrease of 4.3% compared to the same period of the previous year (€ 577.7 million). This negative trend slowed down in the third quarter of 2006 compared to the first half of the year due to the positive contribution of PAGINEBIANCHE®, which benefited, as mentioned previously, from the important innovation represented by the new full-color directories, which went into distribution in July (Genoa 2006 edition). This recovery, on the other hand, has not yet involved PAGINEGIALLE®, which have not yet benefited from the content and graphic restyling of the two editions, Casa and Lavoro, and from the main innovations in their sales procedures.
- *Online*: revenues amounted to € 71.7 million in the first nine months of 2006 (+10.2% compared to the same period of the previous year), thanks above all to PAGINEGIALLE.it® (€ 67.9 million in the first nine months of 2006 compared to € 61.6 million in the same period of 2005). The first nine months of 2006 also benefited from the growth in the number of page views due, in particular, to the launch of PAGINEGIALLE VISUAL.
- *Voice*: revenues continued to grow, up by 61.4% to € 69.0 million (€ 42.8 million in the first nine months of 2005), thanks to the 89.24.24 Pronto PAGINEGIALLE® and 12.40 Pronto PAGINEBIANCHE® services. As regards the 89.24.24 Pronto PAGINEGIALLE® service, the 18.2% growth in revenues represents an extremely important result as it was reached in a market characterized by a strong competitive pressure, since the early phases of its liberalization started in October 2005. This growth was achieved by the increase in revenues from telephone traffic, which also benefited from higher call average handling time, and slightly less so by the increase in advertising revenues. Also the subscribers information service 12.40 Pronto PAGINEBIANCHE®, launched at the end of 2005, achieved excellent results in terms of market awareness and call numbers, which, in addition to those of the 89.24.24 Pronto PAGINEGIALLE® value added service, ensure to SEAT Pagine Gialle S.p.A. a leading position in the directory assistance market.
- *Other products*: revenues from direct marketing products continued to grow (+7.0% to € 8.0 million), due to the development in products and services offered as well as the launch of the new offer regarding direct marketing campaigns by short text messages.



Materials and external services, net of repayments of cost, amounted to € 277.5 million in the first nine months of 2006, up by € 28.4 million compared to the same period of 2005, due to *i*) increased advertising costs (+ € 10.1 million compared to the first nine months of 2005) incurred during the first half of the year, in particular, to promote the new subscriber information service 12.40 Pronto PAGINEBIANCHE® and to support the value added service 89.24.24 Pronto PAGINEGIALLE®, and *ii*) increased costs for call center services (+ € 6.4 million compared to the first nine months of 2005) as a consequence of the higher handled traffic volume.

Salaries, wages and employee benefits, net of repayments of cost for personnel seconded to other Group's companies, amounted to € 62.0 million in the first nine months of 2006, substantially stable compared to the same period of 2005.

The workforce at September 30, 2006, including directors, project workers and trainees, numbered 1,448 units (1,331 units at December 31, 2005), whereas the average workforce in this period stood at 1,336 units (1,283 units in the first nine months of 2005).

Gross operating profit amounted to € 382.2 million in the first nine months of 2006, down by 5.0% compared to the same period of 2005, with a 53.0% ratio to revenues (56.5% in the first nine months of 2005), due, in particular, to increased advertising costs of € 10.1 million incurred mainly to launch the 12.40 Pronto PAGINEBIANCHE® subscribers information service and to support the 89.24.24 Pronto PAGINEGIALLE® value added service.

Other valuation adjustments and provisions to reserves for risks and charges, net amounted to € 33.3 million in the first nine months of 2006, down by 4.3% compared to the same period of 2005 (€ 34.8 million). This trend reflects the lower provision to the allowance for doubtful accounts receivable thanks to intensive efforts over the last two years in the management and recovery of trade receivables.

EBITDA reached € 347.1 million in the first nine months of 2006, with a drop of 5.3% compared to the same period of the previous year. It showed a similar trend to that of the gross operating profit.

Operating amortisation, depreciation and write-downs amounted to € 13.7 million in the first nine months of 2006 (€ 14.0 million in the first nine months of 2005) and consist of amortisation of intangible assets with finite useful life (€ 10.0 million) and depreciation of property, plant and equipment (€ 3.7 million).

Non-operating amortisation and write-downs amounted to € 121.6 million in the first nine months of 2006 (unchanged compared to the first nine months of 2005) and refer to the *Customer Data Base*.

Non-recurring and restructuring costs, net amounted to € 8.9 million in the first nine months of 2006 (€ 8.4 million in the same period of 2005). They included € 3.0 million for stock option costs, € 2.8 million for charges relating to re-organization of the Sales Department and € 1.3 million for legal expenses incurred mainly in litigation aimed at safeguarding and protecting company's intellectual property.

Operating income amounted to € 202.9 million in the first nine months of 2006 (€ 222.6 million in the first nine months of 2005) showing the same performance of the gross operating profit and EBITDA.

→ UK Directories

Main company events

In July 2006 the company "Calls You Control Limited" was established. It is fully owned by Thomson Directories Ltd and its registered office is in the UK. The company's business purpose is to provide call routing services (generating qualified and segmented contacts for certain advertisers categories).

Economic and financial data

The table below sets out the highlights for the third quarter of 2006 and the first nine months of 2006, compared to those of the same period in the previous year.

(euro/million)	3 rd quarter	3 rd quarter	Change		9 months	9 months	Change	
	2006	2005	Absolute	%	2006	2005	Absolute	%
Revenues from sales and services	47.5	45.2	2.3	5.1	108.8	108.5	0.3	0.3
Gross operating profit	15.7	12.1	3.6	29.8	16.0	17.7	(1.7)	(9.6)
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net (EBITDA)	14.1	10.3	3.8	36.9	12.2	13.2	(1.0)	(7.6)
Operating income (EBIT)	12.9	9.3	3.6	38.7	8.6	8.4	0.2	2.4
Net invested capital	-	-	-	-	214.2	205.2	9.0	4.4
Capital expenditure	1.0	0.7	0.3	42.9	2.1	2.3	(0.2)	(8.7)
Workforce (average number)	-	-	-	-	1,022.0	1,026.0	(4.0)	(0.4)



TDL Infomedia group's revenues amounted to € 47.5 million in the third quarter of 2006, up by 5.1% compared to the same period of the previous year (+4.9% in the local currency), reflecting the positive performance of online products (+70.0% compared to the third quarter of 2005) which offset the downturn in revenues of print products (-1.5%). The negative performance of print products, though progressively reducing compared to the first quarters of the year, is a result of changes in the organisational structure and sales force commercial approach, as well as of the strong competition level of the UK directories market. This performance was more than compensated by the sharp increase in online products, thanks to the cross-selling effectiveness within its own customer base both of the online directories offer and the resale of search traffic on the principal search engines operating in the UK market.

Highlights and general information	
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In the first nine months of 2006, revenues, expressed in local currency, were substantially stable compared to the same period of the previous year, despite the publishing of two fewer directories than in the first nine months of 2005. These directories (which were worth about 1 million pounds in 2005) will be published before the end of this year.

On a like-for-like basis, at the same number of directories published, the overall revenues highlighted an increase of 1.5% compared to the first nine months of 2005.

In these first nine months of the year revenues also reflect the positive performance of online products (+50.6% compared to the first nine months of 2005) and of data sales (+1.7%) which enabled to offset the difficulties in print directories. Online revenues, rising from 8.3 million to 12.5 million pounds, benefited principally from the actions aimed at bringing innovation to the product contents so as to increase customer and user loyalty, from the Business Finder distribution agreements and from the growing interest in the new model for reselling search traffic generated by the main search engines using the Webfinder.com platform (boosted by agreements signed between May and December 2005 with Google, Skype and MSN, among others).

These results are particularly significant and suggest the value of Thomson's commercial offering which increased the average value per advertiser, due to the considerable and effective cross-selling within its own client base.

At EBITDA level, the Thomson group showed a decrease of about 0.7 million pounds compared to the first nine months of 2005, mainly due to the postponement in publishing of the two directories mentioned above.

→ Directory Assistance

Economic and financial data

The table below sets out the highlights for the third quarter of 2006 and the first nine months of 2006, compared to those of the same period in the previous year.

(euro/million)	3 rd quarter	3 rd quarter	Change		9 months	9 months	Change	
	2006	2005	Absolute	%	2006	2005	Absolute	%
Revenues from sales and services	48.0	38.5	9.5	24.7	140.8	112.3	28.5	25.4
Gross operating profit	10.3	11.2	(0.9)	(8.0)	7.6	34.5	(26.9)	(78.0)
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net (EBITDA)	10.7	9.9	0.8	8.1	5.3	31.2	(25.9)	(83.0)
Operating income (EBIT)	8.4	7.9	0.5	6.3	-	27.4	(27.4)	(100.0)
Net invested capital	-	-	-	-	55.0	29.1	25.9	89.0
Capital expenditure	1.3	1.7	(0.4)	(23.5)	5.4	9.0	(3.6)	(40.0)
Workforce (average number)	-	-	-	-	2,446.6	1,679.7	766.9	45.7

In the Directory Assistance Business Area revenues increased by 24.7% in the third quarter of 2006 compared to the third quarter of 2005, thanks to the positive performance of the international business of the Telegate group.

Telegate group

16.43% held by SEAT Pagine Gialle S.p.A. and 61.85% held by Telegate Holding GmbH

The table below sets out the highlights for the third quarter of 2006 and the first nine months of 2006, compared to those of the same period in the previous year.

(euro/million)	3 rd quarter	3 rd quarter	Change		9 months	9 months	Change	
	2006	2005	Absolute	%	2006	2005	Absolute	%
Revenues from sales and services	45.7	36.0	9.7	26.9	133.9	105.7	28.2	26.7
Gross operating profit	10.0	10.7	(0.7)	(6.5)	7.4	33.5	(26.1)	(77.9)
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net (EBITDA)	9.5	9.4	0.1	1.1	4.2	30.3	(26.1)	(86.1)
Operating income (EBIT)	7.4	7.6	(0.2)	(2.6)	(0.4)	26.9	(27.3)	n.s.
Net invested capital	-	-	-	-	37.0	11.0	26.0	n.s.
Capital expenditure	1.2	1.5	(0.3)	(20.0)	4.9	8.3	(3.4)	(41.0)
Workforce (average number)	-	-	-	-	2,160.8	1,476.0	684.9	46.4

Telegate group revenues from sales and services amounted to € 45.7 million in the third quarter of 2006, an increase of 26.9% compared to the same period of the previous year. These results were mainly reached through the business development in France and the

11 880

positive performance in Germany boosted by the increase in the call numbers due to the directory assistance services provided for by the main telephone operators of the country (Vodafone, O2) which are managed by Telegate in outsourcing and the increase in the average value per call in the Group's brand 11880.

In Germany revenues decreased by 0.7% in the first nine months of 2006, principally due to the decrease in the call numbers to its 11880 service, which was, however, at a lower level than the general market contraction. This reduction was partially offset by an increase in the average value per call following a revision of prices and an increase in the call average handling time, as a consequence of the strong growth in the value added services. Revenues also benefited from growth in the other business lines, such as the management of interconnection services for businesses and consumers and the outsourcing services relating to the existing contracts with Vodafone GmbH, Mobilcom and Colt Telecom which allowed an increase in traffic volume with further benefits from economies of scale.

In the first nine months of 2006, revenues in Italy and Spain increased by 20.0% and 40.4% respectively, compared to the same period of the previous year, sustained by the positive trend in call numbers.

In Italy, Telegate Italia S.r.l. benefited from the positive performance in the call numbers to the 89.24.24 Pronto PAGINEGIALLE® service and the strong growth in the 12.40 Pronto PAGINEBIANCHE® service.

In Spain, the Group is pursuing a policy aimed at consolidating and strengthening its own position, as third player after Telefonica and TPI in a market that, differently from other countries, continues to host, albeit partially, the universal service provided by Telefonica. In the last few months Telegate has signed an important contract to manage the directory assistance services of MGA and Antena3 television group.

In France, Telegate's performance has suffered from the high market competition which forced it to invest more in advertising than expected. In addition, the typical contraction in the market, which followed liberalization, was higher than expected, thus narrowing it and turning it into a highly competitive environment.

118 000
LES RESSOURCES HUMAINES, TOUT EMPLOI

At EBITDA level, the Telegate group recorded a decrease of € 26.1 million in the first nine months of the year compared to the same period of 2005, mainly due to the high level of advertising costs incurred to launch the 118000 number in France. In Germany, EBITDA decreased by 12.0% compared to the same period of 2005, mainly due to the timing of costs relating to advertising campaigns aimed to compete the entry of a new player (Arvato) in the market and to sustain the business development. This temporary higher expenditure in advertising allowed Telegate to increase its own market share, despite the greater competitive pressure. Telegate group's international business (Italy and Spain) showed positive performances thanks to further cost savings on its call centers through the overall capacity optimization.

The capital expenditure for the first nine months of 2006 continues to be high, due to the call centers modernization process in Germany and the investments in France.

The average workforce increased by 685 units as an effect of the opening of the call center in Livorno and the restructuring of the call centers in Germany which were previously undersized.

Prontoseat S.r.l.

100% held by SEAT Pagine Gialle S.p.A.

The table below sets out the highlights for the third quarter of 2006 and the first nine months of 2006, compared to those of the same period in the previous year.

(euro/million)	3 rd quarter	3 rd quarter	Change		9 months	9 months	Change	
	2006	2005	Absolute	%	2006	2005	Absolute	%
Revenues from sales and services	2.4	2.5	(0.1)	(4.0)	6.9	6.5	0.4	6.2
Gross operating profit	0.3	0.5	(0.2)	(40.0)	0.2	1.0	(0.8)	(80.0)
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net (EBITDA)	1.2	0.5	0.7	n.s.	1.0	0.9	0.1	11.1
Operating income (EBIT)	1.0	0.3	0.7	n.s.	0.5	0.4	0.1	25.0
Net invested capital	-	-	-	-	0.6	0.7	(0.1)	(14.3)
Capital expenditure	0.03	0.2	(0.2)	(85.0)	0.6	0.8	(0.2)	(25.0)
Workforce (average number)	-	-	-	-	285.7	203.8	82.0	40.2

The economic results of the first nine months of 2006 showed an increase in revenues, which reached € 6.9 million (+6.2% compared to the same period of the previous year), thanks to the higher traffic volume generated by the value added service, 89.24.24 Pronto PAGINEGIALLE®, a service provided jointly with the Italian subsidiary of the Telegate group. Nevertheless, EBITDA recorded a drop, due to the higher cost for call center personnel following the revision of labor agreements.

→ Other Activities

Economic and financial data

The table below sets out the highlights for the third quarter of 2006 and the first nine months of 2006, compared to those of the same period in the previous year.

(euro/million)	3 rd quarter	3 rd quarter	Change		9 months	9 months	Change	
	2006	2005	Absolute	%	2006	2005	Absolute	%
Revenues from sales and services	29.7	31.3	(1.6)	(5.1)	55.9	47.0	8.9	18.9
Gross operating profit	8.6	12.8	(4.2)	(32.8)	9.1	10.5	(1.4)	(13.3)
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net (EBITDA)	8.5	12.7	(4.2)	(33.1)	9.0	10.2	(1.2)	(11.8)
Operating income (EBIT)	7.7	11.9	(4.2)	(35.3)	6.4	8.3	(1.9)	(22.9)
Net invested capital	-	-	-	-	20.6	25.6	(5.0)	(19.5)
Capital expenditure	0.9	0.4	0.5	n.s.	2.8	1.7	1.1	64.7
Workforce (average number)	-	-	-	-	411.6	418.1	(6.5)	(1.6)

Europages S.A. (new company name for Eurédit S.A.)

93.562% held by SEAT Pagine Gialle S.p.A.

The table below sets out the highlights for the third quarter of 2006 and the first nine months of 2006, compared to those of the same period in the previous year.

(euro/million)	3 rd quarter	3 rd quarter	Change		9 months	9 months	Change	
	2006	2005	Absolute	%	2006	2005	Absolute	%
Revenues from sales and services	22.0	27.0	(5.0)	(18.5)	28.1	27.4	0.7	2.6
Gross operating profit	9.4	12.7	(3.3)	(26.0)	8.8	8.7	0.1	1.1
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net (EBITDA)	9.3	12.6	(3.3)	(26.2)	8.6	8.5	0.1	1.2
Operating income (EBIT)	9.2	12.5	(3.3)	(26.4)	8.2	8.0	0.2	2.5
Net invested capital	-	-	-	-	9.1	8.2	0.9	11.0
Capital expenditure	0.5	-	0.5	n.s.	1.1	0.3	0.8	n.s.
Workforce (average number)	-	-	-	-	58.9	60.2	(1.3)	(2.2)

Europages S.A. is the publisher of Europages, the pan-European Business-to-Business directory for import and export companies. This multi-language and multi-media search tool is available online and is distributed on print support and CD Rom. The Europages portal includes nearly 700,000 Business-to-Business companies, that are either suppliers or exporters.

The company published the print edition of its directory in September and consequently recognised the majority of its annual revenues in that month. Revenues increased by 2.6% compared to the first nine months of 2005. This result was due to the positive sales performance in Italy (representing about 70% of the total), supported primarily by the online component of its multi-platform offer, which has been assuming great relevance.

As a consequence of the constant increase in page views of its portal in every part of the world, particularly in countries with strong economic growth, Europages S.A. has undertaken a restructuring program of its Sales Area aimed at strengthening its presence in the main European markets. The first step of this re-organization was a partnership agreement with a French company specialized in tele-sales (a project that has been running for a few weeks) and the setting up of its own sales network in the main industrial areas.

Consodata S.p.A.

100% held by SEAT Pagine Gialle S.p.A.

The table below sets out the highlights for the third quarter of 2006 and the first nine months of 2006, compared to those of the same period in the previous year.

(euro/million)	3 rd quarter	3 rd quarter	Change		9 months	9 months	Change	
	2006	2005	Absolute	%	2006	2005	Absolute	%
Revenues from sales and services	4.0	4.4	(0.4)	(9.1)	15.4	19.7	(4.3)	(21.8)
Gross operating profit	(0.02)	0.1	(0.1)	n.s.	1.3	1.9	(0.6)	(31.6)
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net (EBITDA)	(0.02)	0.1	(0.1)	n.s.	1.3	1.8	(0.5)	(27.8)
Operating income (EBIT)	(0.5)	(0.5)	-	-	(0.2)	0.2	(0.4)	n.s.
Net invested capital	-	-	-	-	7.1	14.8	(7.7)	(52.0)
Capital expenditure	0.4	0.4	-	-	1.3	1.4	(0.1)	(7.1)
Workforce (average number)	-	-	-	-	135.4	141.9	(6.5)	(4.6)

Consodata S.p.A., a leader in Italy of One-to-One Marketing and Geo-marketing, has been offering for 20 years comprehensive and innovative direct marketing services to thousands of companies in all sectors, using the parent company's widespread sales network to reach SMEs and its own network to manage the nationwide customers market. In the first nine months of 2006 revenues registered a drop of 21.8% to € 15.4 million. At the same scope of consolidation (the results for the first half of 2005 included the figures of Pubblibaby S.p.A., a subsidiary deconsolidated as of July 2005), revenues decreased by 5.0% due principally to the delay in sales to SMEs.

EBITDA achieved € 1.3 million in the first nine months of the year and, at the same scope of consolidation, was substantially stable compared to the same period of the previous year, thanks to a positive revenues mix with a higher weight of sales of geomarketing products and services.

Cipi S.p.A.

51% held by SEAT Pagine Gialle S.p.A.

The table below sets out the highlights for the third quarter of 2006 and the first nine months of 2006, compared to those of the same period in the previous year.

Cipi S.p.A. was fully consolidated as of October 2005.

(euro/million)	3 rd quarter	3 rd quarter	Change		9 months	9 months	Change	
	2006	2005	Absolute	%	2006	2005	Absolute	%
Revenues from sales and services	3.6	4.1	(0.5)	(12.2)	12.2	11.2	1.0	8.9
Gross operating profit	(0.8)	(0.2)	(0.6)	n.s.	(1.0)	(0.5)	(0.5)	(100.0)
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net (EBITDA)	(0.8)	(0.2)	(0.6)	n.s.	(1.0)	(0.6)	(0.4)	(66.7)
Operating income (EBIT)	(0.9)	(0.4)	(0.5)	n.s.	(1.6)	(1.0)	(0.6)	(60.0)
Net invested capital	-	-	-	-	4.6	2.7	1.9	70.4
Capital expenditure	0.04	0.3	(0.3)	n.s.	0.4	0.5	(0.1)	(20.0)
Workforce (average number)	-	-	-	-	210.3	216.0	(5.7)	(2.6)

Cipi S.p.A. operates in the merchandising market, covering the entire value chain, importing and personalizing the promotional items with the customer's trademark, and selling them to the final customer directly or through the Parent Company.

In the first nine months of 2006 its revenues reached € 12.2 million, whereas EBITDA was negative for € 1.0 million. This performance reflects the effects of the restructuring of the product range and of the sales departments (including the SEAT Pagine Gialle S.p.A.'s sales department), which led to higher costs in the sales structure, with a consequent negative impact on the operating margins.

➤ Main litigation

With reference to the litigation for which SEAT Pagine Gialle S.p.A. - as beneficiary of the partial proportional spin-off in August 2003 of Telecom Italia Media S.p.A., the new name of the former Seat Pagine Gialle S.p.A. (hereafter referred to as the "Spin-off Company") - is jointly liable together with the Spin-off Company, there have been no important developments to the situation illustrated in the "First Half Report at June 30, 2006".

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