

SEAT Pagine Gialle S.p.A.



2008 Annual Report



➤ 2008 Annual Report

Registered office: Via Grosio, 10/4 - 20151 Milan (Italy)
Secondary office: Corso Mortara, 22 - 10149 Turin (Italy)
Fully paid-up share capital: € 250,351,656.00
Tax Code and VAT Code: 03970540963
Milan Register of Companies No. 03970540963

The SEAT Pagine Gialle group is today a major multimedia platform offering to tens of millions of users detailed information and sophisticated search tools and to its advertisers a wide range of multi-platform advertising methods (print/voice/internet). These include highly innovative internet products, print directories and directory assistance services, plus a large selection of complementary advertising services.

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The new Turin headquarters

Highlights and General Information



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➤ Company Boards

(at March 6, 2009)

Board of Directors ^(I)	↑	Chairman Chief Executive Officer Directors	Enrico Giliberti Luca Majocchi Antonio Belloni Lino Benassi ^(II) Dario Cossutta Carmine Di Palo Alberto Giussani ^(II) ^(IV) Gian Maria Gros Pietro ^(II) Luigi Lanari Marco Lucchini Michele Marini Pietro Masera Nicola Volpi
		Secretary to the Board of Directors	Marco Beatrice
Remuneration Committee	↑	Chairman	Gian Maria Gros Pietro Antonio Belloni Dario Cossutta
Internal Control Committee	↑	Chairman	Lino Benassi Alberto Giussani ^(IV) Marco Lucchini
Board of Statutory Auditors	↑	Chairman Acting Auditors	Enrico Cervellera Vincenzo Ciruzzi Andrea Vasapolli
		Alternate Auditors	Guido Costa Guido Vasapolli
Common representative of Savings Shareholders	↑		Edoardo Guffanti
Manager responsible for the preparation of the financial statements			Massimo Cristofori ^(III)
General Manager	↑		Massimo Castelli ^(V)
Independent Auditors	↑		Reconta Ernst & Young S.p.A.

(I) The mandates of the members of the Board of Directors and Board of Statutory Auditors will expire at the Meeting of Shareholders held to receive the Consolidated and Separate Financial Statements as at December 31, 2008.

(II) Independent director within the meaning of art. 3 of the Corporate Governance Code for Listed Companies.

(III) Appointed by the Board of Directors on May 12, 2008. The appointment came into effect when the position was taken up in June 2008.

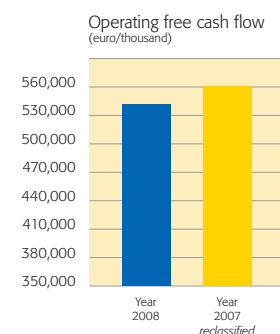
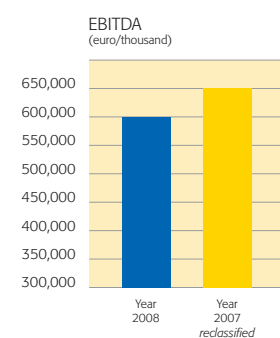
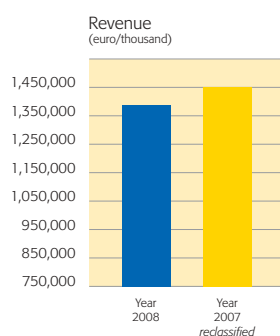
(IV) Appointed by the Ordinary Meeting of Shareholders on January 26, 2009. Co-opted December 23, 2008 to replace Marco Reboa.

(V) Position created by the new organisation of the Company in June 2008 with the creation of General Management Italy.

➤ Economic and financial highlights of the Group

The economic and financial results of the SEAT Pagine Gialle group for the financial year 2008 and previous periods have been prepared in accordance with the international accounting standards of the International Accounting Standards Board recognised as applicable by the European Union (IFRS).

In 2008 and in line with IFRS 5 the investment in WLW of Germany was included under "Discontinued operations/non-current assets held for sale". The 2008 operating results of WLW and the results of its sale are therefore shown under "Profit (loss) from discontinued operations/non-current assets held for sale". The 2007 Income Statement and Cash Flow Statement have also been *restated* to ensure consistency.



(euro/thousand)	Year 2008	Year 2007 reclassified
Economic and financial data		
Revenue from sales and services	1,375,989	1,444,213
GOP (*)	658,415	701,157
EBITDA (*)	605,289	648,124
EBIT (*)	228,317	427,704
Pre-tax profit (loss)	(27,122)	184,612
Profit (loss) on continuing operations	(96,600)	105,130
Profit (loss) pertaining to the Group	(179,646)	98,399
FCF (*)	545,192	560,808
Investment in the Turin property complex	65,832	-
Capital expenditure	48,733	65,611
Net invested capital (*)	3,920,304	4,310,082
<i>of which goodwill and customer database</i>	<i>3,517,486</i>	<i>3,943,671</i>
<i>of which net operating working capital (*)</i>	<i>320,633</i>	<i>300,306</i>
Group equity	876,595	1,100,006
Net financial debt (*)	3,082,016	3,274,306
Income ratios		
EBITDA/Revenue	44.0%	44.9%
EBIT/Revenue	16.6%	29.6%
EBIT/Net invested capital	5.8%	9.9%
FCF/Revenue	39.6%	38.8%
Operating working capital/Revenue	23.3%	20.8%
Workforce		
Workforce at the end of the year (units)	6,532	6,421
Average workforce for the year (FTE)	5,163	5,308
Revenue/Average workforce	267	272

(*) See "Non-GAAP measures" below for details of items.

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Non-GAAP Measures

The present Report on Operations and the Separate and Consolidated Financial Statements for SEAT Pagine Gialle as at December 31, 2008 and 2007 include not only the accounting measures within the scope of the IFRS but also a number of alternative performance measures, the latter providing a better evaluating of economic and financial management. These measures are not within the scope of the IFRS and therefore do not constitute an alternative method for assessing the Group's economic performance or its capital and financial position. Since these measures are not regulated by the accounting principles in reference, the Company's calculation methods might not necessarily be the same as those adopted by other companies, meaning that these measures might not be comparable. The measures are:

- **GOP** (*gross operating profit*) is represented by EBITDA including other operating income and charges and allowances for net adjustments and provisions for risks and charges.
- **EBITDA** (*earnings before interest, taxes, depreciation and amortisation*) is represented by EBIT including non-recurring and restructuring charges, depreciation of tangible assets and amortisation of defined useful life and non-operating intangible assets (goodwill and customer databases).
- **Operating Working Capital** and **Non-operating Working Capital** are calculated, respectively, as current operating assets (related to operating revenues) net of current operating liabilities (related to operating costs) and as current non-operating assets net of current non-operating liabilities respectively: neither item includes current financial assets or liabilities.
- **Net Invested Capital** is calculated as the sum of Current Operating Capital, Current Non-operating Capital, goodwill and customer databases, other non-current operating and non-operating assets and liabilities.
- **Net "Book Value" Financial Debt** is calculated as the sum of cash and cash equivalent and current and non-current financial assets and debts.
- **Net Financial Debt** corresponds to "Net Book" Value Financial Debt before net adjustments related to cash flow hedge contracts and opening, refinancing and securitisation charges amortisable.
- **FCF** (*free cash flow*) is represented by EBITDA adjusted to take account of capital expenditure, change in current operating capital and in operating non-current liabilities.

Information for Shareholders

Shares

		At 12.31.2008	At 12.31.2007
Share capital	euro	250,351,664.46	250,351,664.46
Number of ordinary shares (par value € 0.03)	No.	8,208,980,696	8,208,980,696
Number of savings shares (par value € 0.03)	No.	136,074,786	136,074,786
Market capitalisation (based on average December market price)	euro/mln	480	2,451
SEAT Pagine Gialle share weighting (SPG ordinary shares) at December 31			
- Mibtel		0.114%	0.295%
- Dow Jones Stoxx 600 Media		-	0.75%
- Dow Jones Euro Stoxx TM Media		0.344%	-
Equity per share	euro	21.0087	26.3750
Diluted equity per share	euro	21.0087	26.3233
Profit (loss) per share	euro	(4.3054)	2.3544
Diluted profit (loss) per share	euro	n.a.	2.3498
Dividend per share			
- ordinary shares	euro	-	-
- savings shares	euro	-	0.3000

On February 9, 2009 the resolution by the Extraordinary Shareholders' Meeting of January 26, 2009 for the capital regrouping came into effect at a ratio of one share for every two hundred ordinary and savings shares outstanding. The par value of the shares was eliminated at the same time (for further details, go to "Post-balance sheet events" below).

The resulting share capital was **€ 250,351,656.00**, divided into 41,725,276 shares (no par value), of which 41,044,903 ordinary shares and 680,373 savings shares.

Equity and profit per share were calculated by dividing equity and the operating result respectively of the SEAT Pagine Gialle group by the average number of shares outstanding in the financial year concerned. Diluted profit (loss) per share was calculated using the average weighted number of shares outstanding during the fiscal year, modified assuming subscription of all the potential shares derived from exercising the options with a dilutive effect pursuant to IAS 33, in respect the regrouping of one share for every two hundred existing ordinary and savings shares outstanding resolved to the Shareholders' Meeting of January 26, 2009 and became effective on February 9, 2009 (for further details, go to "Report on operation paragraph Post- Balance sheet events").

According to IAS 33, there was no dilution of shareholders' equity and earnings per share in 2008, as the market value of SEAT PG's ordinary share is significantly lower than the strike price of the options still exercisable as at December 31, 2008.

SEAT Pagine Gialle S.p.A. rating

(At March 6, 2009)

Rating agency	Corporate	Outlook
S&P's	BB-	Negative
Moody's	B1	Stable

→ **Highlights and general information**

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Market performance of ordinary shares in 2008 and traded volumes

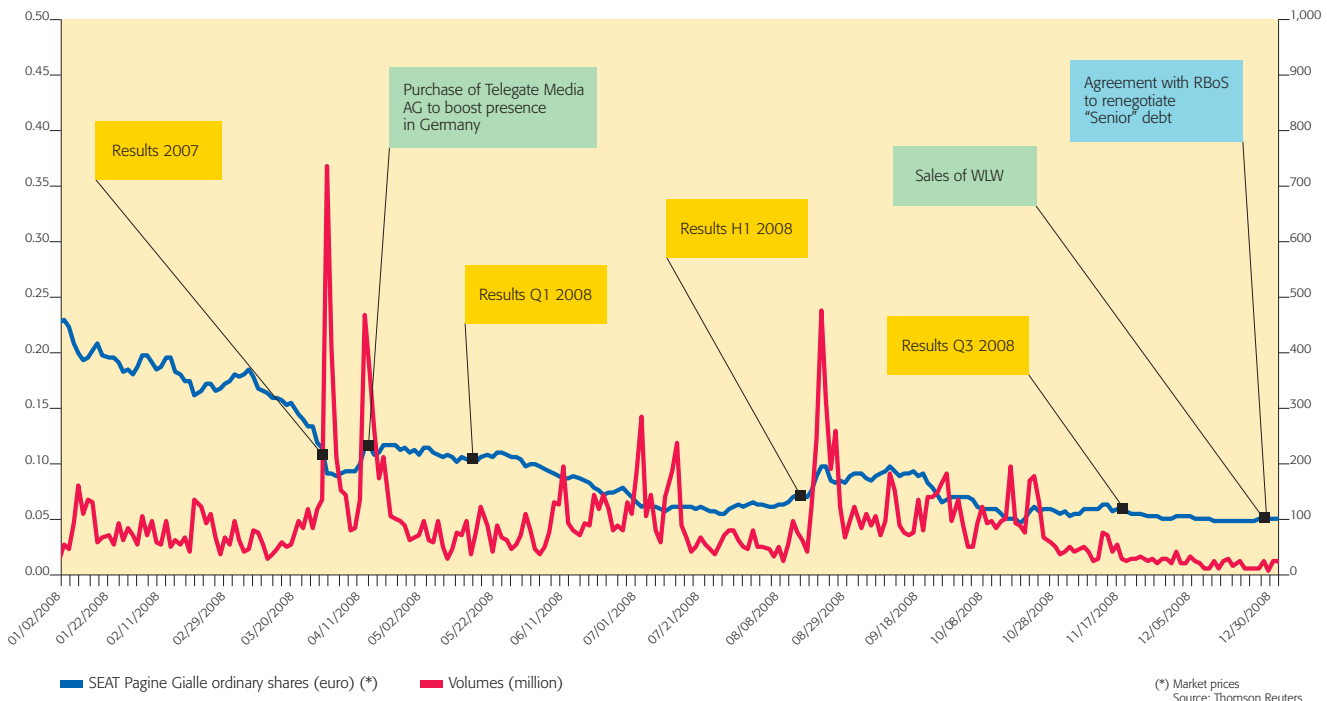
At end December 2008 SEAT Pagine Gialle shares were trading at € 0.06, down 78.5% approximately on December 31, 2007 (€ 0.27). This was essentially in line with other European (Eniro -81.6%, Yell -89.4%) and US (R.H. Donnelley and Idearc -99% and no longer traded on the NYSE by end 2008) directory shares and with the general fall in the equity market at a time of world recession, which worsened towards the end of September 2008.

Since directories companies such as SEAT Pagine Gialle S.p.A. are highly leveraged but historically have high cash inflows, debt forms a major part of their enterprise value.

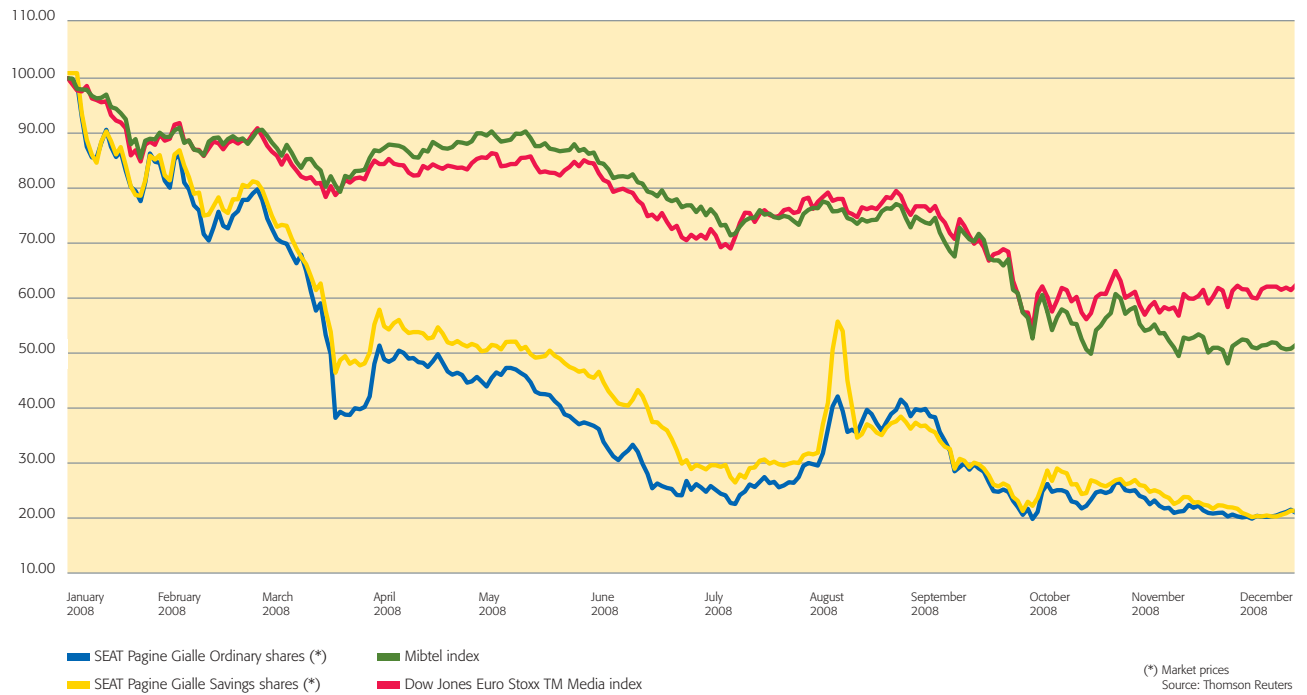
High leveraging has compounded the fall in the performance of directory shares when compared with the market in general. Even a slight reduction in the enterprise value of these companies is now producing an increasing impact on their market values and share prices and since the recent de-rating of the directories sector and because of the on-going nature of the financial crisis, their values have dropped.

From end December 2007 to end December 2008 the enterprise value of SEAT Pagine Gialle decreased 34% while its market value went down 78.5%.

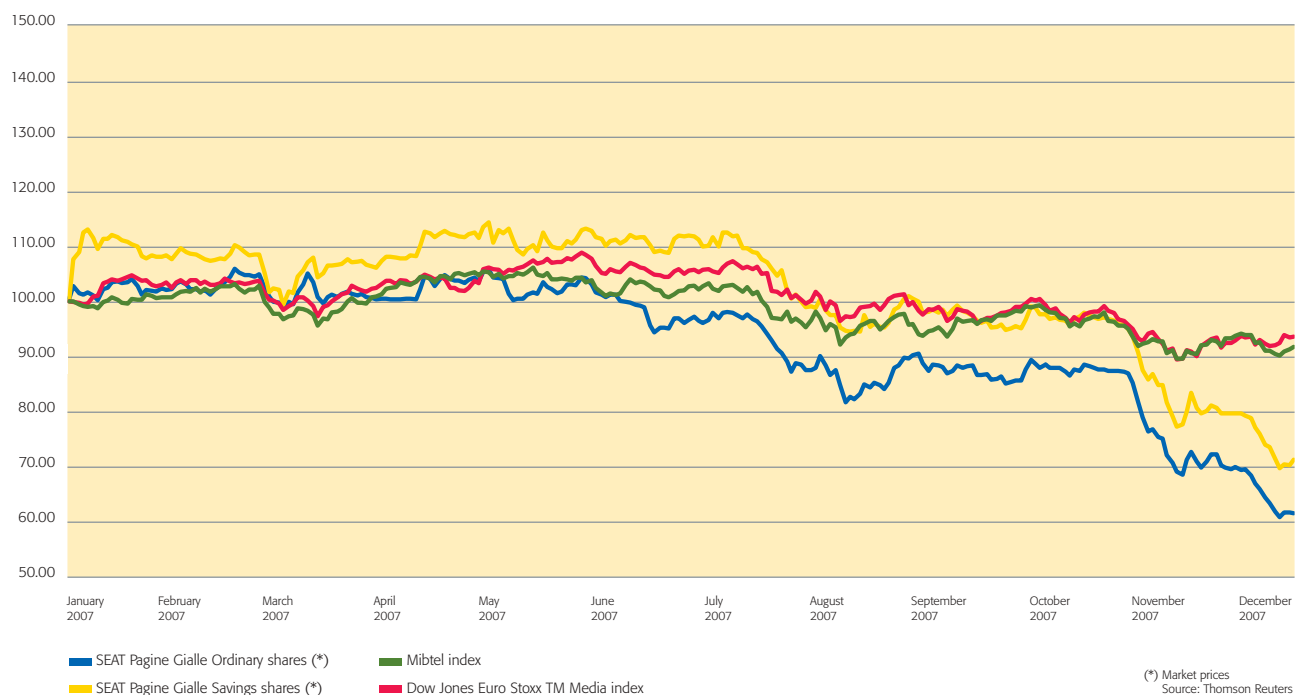
The picture was no different for the enterprise values of the other companies in the sector (Yell -42%, Eniro -38%, Pages Jaunes -28%, Idearc and R.H. Donnelley -23%, Mediaset -32%, Mondadori Editore -21%) or for their market values.



Performance of SEAT Pagine Gialle S.p.A. shares vs. Mibtel and Dow Jones Euro Stoxx TM Media indexes - at December 31, 2008



Performance of SEAT Pagine Gialle S.p.A. shares vs. Mibtel and Dow Jones Euro Stoxx TM Media indexes - at December 31, 2007



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Shareholders

The following table lists the holders of ordinary shares in SEAT Pagine Gialle S.p.A. who held more than 2% of the share capital at December 31, 2008

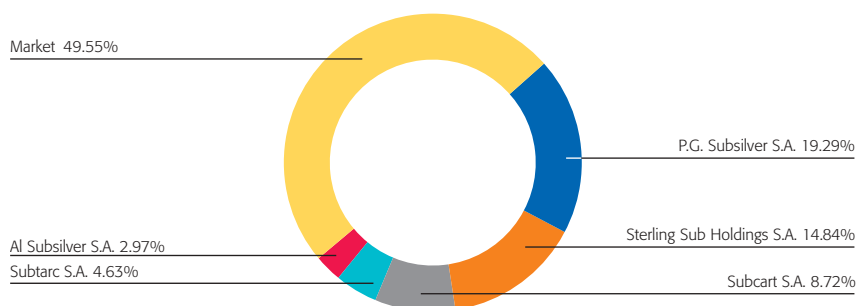
Shareholders	Ordinary shares held	% ordinary share capital
P.G. Subsilver S.A.	1,555,920,894 ⁽¹⁾	
	27,458,567 ⁽²⁾	
	1,583,379,461	19.29
Sterling Sub Holdings S.A.	1,196,849,420 ⁽¹⁾	
	21,121,748 ⁽³⁾	
	1,217,971,168	14.84
Subcart S.A.	703,586,244 ⁽¹⁾	
	12,416,744 ⁽³⁾	
	716,002,988	8.72
Subtarc S.A.	373,595,387 ⁽¹⁾	
	6,593,134 ⁽³⁾	
	380,188,521	4.63
AI Subsilver S.A.	239,369,605 ⁽¹⁾	
	4,224,345 ⁽³⁾	
	243,593,950	2.97

(1) Shares subject to first-line charge in favour of The Royal Bank of Scotland PLC Milan branch, The Royal Bank of Scotland PLC, Lehman Brothers Special Financing Inc., Citibank NA London branch and BNP Paribas SA and to second-line charge in favour of The Royal Bank of Scotland PLC Milan branch and to Citivic Nominees Ltd, London. The last charge having been placed on April 22, 2004. Voting rights lie with the shareholders themselves.

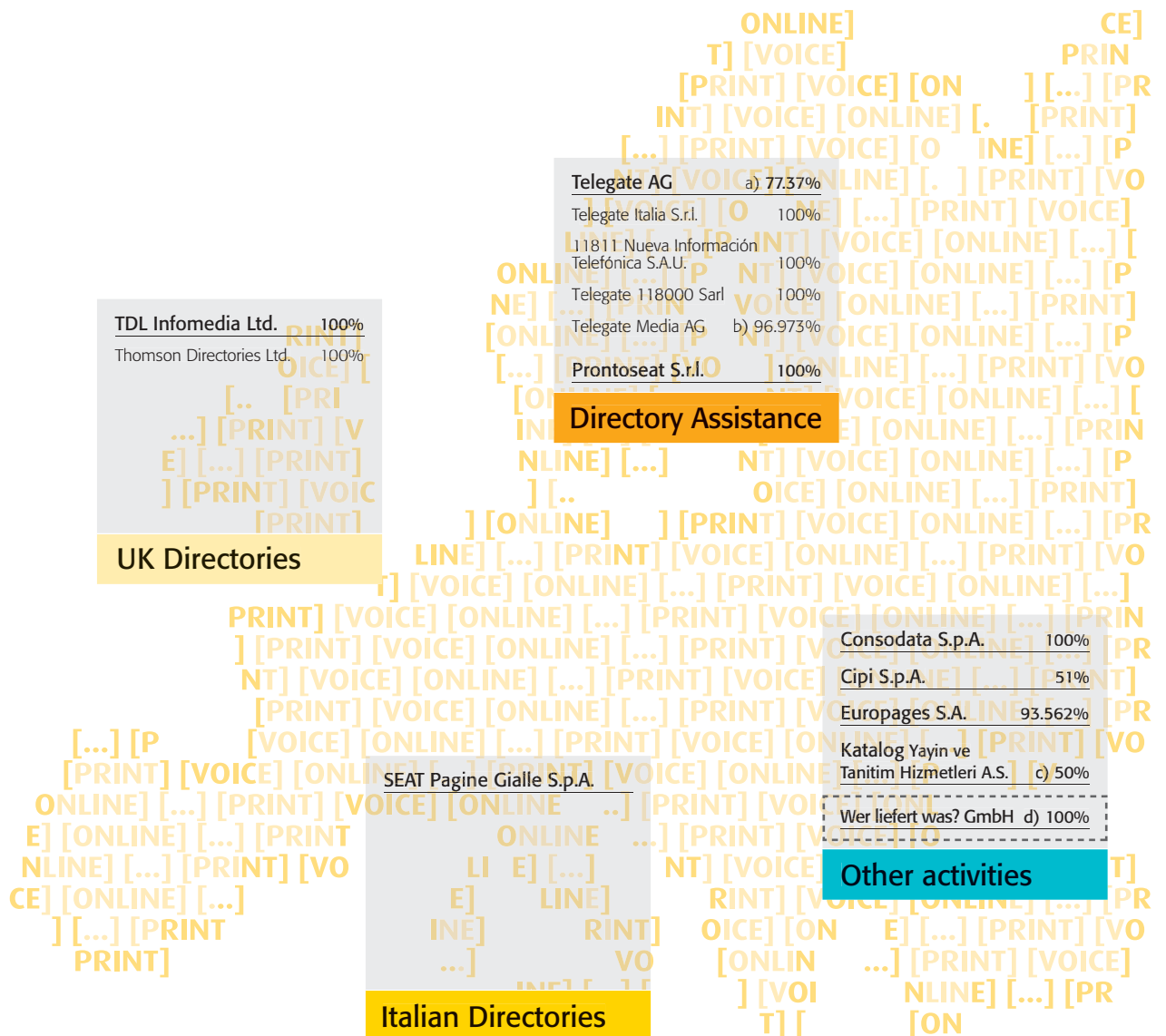
(2) Shares acquired on the market in October 2007 and not subject to charge.

(3) Shares acquired on the market in October 2007 and subject to charge in favour of Société Européenne de Banque SA as of January 31, 2008. Voting rights lie with the shareholders themselves.

SEAT Pagine Gialle S.p.A. shareholders at December 31, 2008



➤ Organisational structure of the Group



Legenda

- a) 16.24% held directly and 61.13% via Telegate Holding GmbH.
- b) KlickTel AG until September 2008. The company was consolidated on 1 April 2008 when a controlling interest was acquired.
- c) Consolidated by equity method.
- d) Sold 23 December 2008.

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➤ The market and strategic positioning

The SEAT Pagine Gialle group is today a major multimedia platform offering to tens of millions of users detailed information and sophisticated search tools and to its advertisers a wide range of multi-platform advertising methods (print/voice/internet). These include highly innovative internet products, print directories and directory assistance services, plus a large selection of complementary advertising services.

In 2008 the business of SEAT Pagine Gialle S.p.A. developed along the strategic guidelines approved at the start of the year in an economic environment that suddenly and quickly deteriorated.

The performance of the Group's ordinary business both in Italy and abroad was in line with forecasts. In Italy, the fall in turnover triggered by the economic crisis was contained thanks to the sharp rise in internet revenues to which the innovative products launched in June contributed. At the same time, margins were protected by deep cost cutting from May 2008, when the full extent of the crisis began to appear.

Italian Directories

The macro-economic and advertising environments

An economy in full slow-down and performing worse than forecast in 2008 withheld from SEAT Pagine Gialle S.p.A. the full benefits of the actions it took 2005-2007 to strengthen its business, and of its investment in online business during the year. SEAT Pagine Gialle S.p.A. was hit by the gradual slow-down of the Italian economy that closed 2007 with GDP at +1.7% and began showing signs of weakness at first six months of 2008, forecasting 0.7% growth in GDP for 2008. Over the year the world economy continued to deteriorate, producing a downward revision in GDP forecasts, the figures published in February 2009 showing that in 2008 GDP had fallen to -0.9% for the third time since the end of the War. Consumption fell too for the second time in fifteen years.

The worsening economy had a negative impact on the advertising market, which began to give signs of contraction in the first nine months of the year.

Online advertising market, although up on 2007, slowed in the second half of the year. According to the IAB (Interactive Advertising Bureau), in 2008 internet advertising rose around 23% against 2007, but this was less than the +41.4% growth achieved in 2007 and initial forecasts. Nevertheless, despite the current crisis internet advertising is still increasing as advertisers move towards this new media while freezing or cutting their advertising budgets.

The trend confirms the company's strategy of developing its multi-media range, placing increasing emphasis on online products by investing in innovation and improving accessibility and sales through its distribution networks in Italy.

Competition

SEAT Pagine Gialle S.p.A. holds 10% of the national and about 47% of the local advertising markets in Italy. For years it has competed with other local media (newspapers, radio, television) and with the other forms of advertising used by SMEs (direct marketing, promotional materials, gadgets, sponsorship) to become the country's third largest media company in terms of advertising income after the two big TV agencies (Publitalia and Sipra) and ahead of Italy's publishing groups (Espresso, RCS and Mondadori).

The internet advertising market is as competitive as its more traditional sister, with specialist operators (portals and search engines) coming up against companies with a more conventional background. In 1996 SEAT Pagine Gialle S.p.A. was one of the first companies to launch a website dedicated to the search for products and services and it is now a leader in the field with 19-20% of the overall market (local and national advertising) and 45-50% of the local market. At the same time, the strong growth in internet advertising and the crisis in traditional advertising media, such as newspapers and magazines, has brought new players into the online business. The big search engines (Google, Yahoo, MSN) have continued to expand their interests while publishing groups such as L'Espresso, Rizzoli Corriere della Sera have also muscled in, Telecom Italy launching "io Pubblicità", a new internet and telephone range of advertising products targeted at local SMEs. Pagine Utili, which held about 2% of the print and online directory market, at the end of December 2008 announced its liquidation and winding up owing to falling sales caused by increased competition and the worsening economy.

Business development in SEAT Pagine Gialle S.p.A.

In 2008 with a contracting advertising market, as described above, SEAT Pagine Gialle S.p.A. brought forward its investment in internet business.

- **Products:** improved internet products with more content and functionalities on the SEAT websites and the launch of a number of new commercial products:
 - PAGINEGIALLE.it: new types of advertising were introduced, with less content and lower prices than before to encourage internet use by small current and potential clients. Medium to large clients were catered for with new added-value services offering top listing on the SEAT website and greater visibility on more general search engines (Google especially);
 - PAGINEBIANCHE.it: a new type of payment-based content was brought in, enabling all companies in the alphabetical PAGINEBIANCHE® directory to buy their own page on PAGINEBIANCHE.it enriched with added-value information (address, method of contact by users).
- **Accessibility:** investment to improve the functionality of the PAGINEGIALLE.it and PAGINEBIANCHE.it websites, to improve user satisfaction and improve direct and indirect traffic on the websites of SEAT Pagine Gialle S.p.A.. The strategy based on agreements with Italian portals has been abandoned in favour of a new approach that aims to maximise traffic generation through general search engines (Google in particular).
- **Salesforce:** the sales network was increased through the recruitment of new sales staff and in particular of internet specialists for current and future clients who prefer internet to other products.

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Foreign subsidiaries

In March 2008 SEAT Pagine Gialle S.p.A. began a strategic review of its equity investment portfolio, instructing a leading investment bank to look at possible valuations for its foreign subsidiaries. As a result, and in line with the strategic decision to focus resources on the Italian business, on December 23, 2008 the wholly owned German subsidiary, **WLW**, was sold.

TDL Infomedia - a UK directories group since 1980 - found the market in 2008 particularly difficult, as did its competitors. The UK economy, which had posted +3.1% GDP in 2007, stagnated in 2008 (+0.7% growth according to the European Commission) leading the TDL Infomedia group in 2006 to overhaul its product range and make a number of significant innovations, reorganising Sales and reinventing itself as a media online agency offering SMEs a full range of internet presence services.

The **Telegate group** saw German GDP fall from +2.5% in 2007 to a forecast +1.3% and a year on year fall in directory assistance services. The group operates the 11880 portal and is the second largest directory operator after Deutsche Telekom, the former monopoly holder. It responded to the situation by introducing a strategy of enriching products with added-value services, growing market share to over 37% for its core directory service business. To counteract the structural deterioration of the market, Telegate also launched a portal based on a well-known brand and a quality database and created a salesforce dedicated to attracting advertisers. In 2008 it acquired klickTel AG (now Telegate Media AG), an online directories company, to increase its range of multi-channel products.

The new 2009-2011 Business Plan

In the light of the macro-economic and market developments described, at the end of 2008 the Board of Directors of SEAT Pagine Gialle S.p.A. approved the guidelines for the new 2009-2011 Business Plan, confirming the strategies decided in March 2008 aimed at protecting the company's high cash inflows during the recession and while the business is changing as the internet becomes the primary mass media.

The main investment plan guidelines are:

- confirmation of the strategy to develop (especially internet) business in Italy, focusing on protection of core business by increasing investment in product innovation, promoting services and expanding the sales network;
- introducing a cost-cutting programme to support investment, aimed at growing business and generating cash to repay debt.

The 2009-2011 Business Plan takes account of these strategies and on February 12, 2009 the Board of Directors confirmed the guidelines. The plan forms part of a strategy that seeks to ensure the financial health of the company up to the end of 2011, when the Company will renegotiate its existing debt with the banks. The main aim over this brief period is to recover the operating flexibility the Company needs to ensure its ability to invest in its internet business, particularly in Italy, through the approved Capital Increase approved by the Shareholders' Meeting on January 26, 2009 (for details, go to "Report on operation, paragraph Post-balance sheet events" below). These cash injections will give the company even greater flexibility when it comes to enhancing the value of its equity investments in a number of foreign subsidiaries at present suffering as a result of market conditions.

Bari e provincia | 2009/2010



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Report on operations



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➤ Economic and financial performance of the Group

➔ Reclassified Consolidated Income Statement for the fiscal year 2008

On December 23, 2008 became effective the disposal of the wholly owned German subsidiary, WLW. Our british subsidiary Calls You Control stopped its activity in the second half of 2008 and will be wound up. In accordance with IFRS 5, the economic and financial results of these companies are stated on separate lines under "Non-current assets held for sale and discontinued operations". At the same time, our consolidated Income Statement and Cash Flow Statement for the fiscal year 2007 have been *restated*.

Revenue from sales and services was € 1,375,989 thousand in 2008, 4.7% down on *restated 2007* (€ 1,444,213 thousand).

Gross of eliminations among Business Areas, revenue from sales and services was as follows:

- *Italian directories (SEAT Pagine Gialle S.p.A.)* Business Area: revenues amounted to € 1,058,731 thousand in 2008, down 2.9% on 2007 (€ 1,090,217 thousand). This reflects the solid performance of print-centred products (paper, internet and telephone directories) despite the slight drop against 2007 (-1.1%) and follows strong growth in internet business on the back of product innovation. There was a significant rise in internet revenues in the second half of the year, accompanied by a faster move in the revenue mix from print to online products, so that the final quarter saw essential stability (-0.8%) in total revenues from core (print and internet) products when compared with the same quarter of 2007. Revenues from minor products (business to business, direct marketing and promotional products) fell however, as they were harder hit by Italy's slowing economy (for further details, go to "Highlights and General Information paragraph The market and strategic positioning").

- *Directories UK (Thomson Directories group)* Business Area: revenues amounted to € 118,124 thousand in 2008, down 25.3% on *restated 2007*. The result was impacted by the fall of sterling against the euro and is significantly lower (-14.2%) in local currency terms. Revenues reflect the particularly tough market that has affected all players and forced TDL Infomedia to review its product range and reorganise Sales so as to be able to offer new products with highly innovative content.

Revenues fell fastest in the segment with clients requiring national coverage - banks in particular - who have been the biggest sufferers in the credit crunch and the revenue generated by regional sales teams (about 80% of the total). Paper directories closed the financial year with a fall in revenues, despite the impact of the restyled Thomson Directories and good sales of advertising space through the Nectar programme. At constant exchange rates, internet revenues grew 5.1% thanks to the group's new positioning as a *media* online agency for SMEs.

- *Directory Assistance (Telegate group and Prontoseat S.r.l.) Business Area:* in 2008 revenues increased by 2.5% to € 190,433 thousand (€ 185,793 thousand in 2007), thanks in part to the consolidation in April 2008 of Telegate Media AG (€ 15,391 thousand in revenues in 2008). This result was achieved despite a contracting directory assistance market (land lines in particular) to which Telegate responded by developing value-added services (e.g. weather forecasts, traffic information, hotel bookings) that increased call times and average values (up from € 1.7 in 2007 to € 1.5 in 2008). The Telegate group also continued to develop its telephone and internet advertising business by creating 11880.com and in April 2008 purchasing a stake in Telegate Media AG, one of the biggest online advertising agencies. In order to expand its range of internet products through SEO (Search Engine Optimization) and SEM (Search Engine Marketing) by increasing the visibility of its advertisers on the main search engines, the Telegate group entered into a partnership with Google and other Local Search engines. Prontoseat S.r.l. income fell slightly to € 11,691 thousand, down € 900 thousand on 2007 as a result of drop in traffic volumes on its 89.24.24 Pronto PAGINEGIALLE® added value service against a generally shrinking market. The drop was only partially offset by the introduction of new services, such as customer care.
- *Other Activities (Business to Business and online directories and other Italian activities) Business Area:* revenues amounted to € 70,279 thousand in 2008 (€ 71,564 thousand in restated 2007), down 1.8% on 2007 owing to lower revenues from Europages S.A. (negative for € 5,809 thousand) that were only partially offset by improved performance from Consodata S.p.A. (+€ 3,611 thousand). Cipi S.p.A. remained essentially stable.

Materials and external services - costs debited to third parties but included in the IFRS financial statements under "Other revenue and income" in 2008 were € 479,189 thousand, a fall of € 21,252 thousand on restated 2007 (€ 500,441 thousand), € 7,310 thousand of which attributable to the fall of sterling against the euro. Details of costs of materials and external services are as follows:

- *industrial costs*, which amounted to € 181,442 thousand (negative for € 16,846 thousand on restated 2007). The drop in print revenues led to less printing by both SEAT Pagine Gialle S.p.A. and Thomson Directories, lower paper consumption (negative for € 5,510 thousand) and lower manufacturing costs (negative for € 8,260 thousand). Distribution and storage costs also went down € 3,670 thousand, partly because the TDL Infomedia group brought directory distribution back in house in October 2007. The fall in inbound call center costs (€ 2,707 thousand) was particularly marked in the Telegate group and resulted from lower call volumes and the closure of a number of centers in France.
- *sales costs*, which amounted to € 180,964 thousand in 2008 (€ 186,246 thousand in restated 2007), a reduction primarily caused by lower advertising expenses (negative for € 5,036 thousand on 2007) that especially impacted directory assistance advertising expense in France (negative for € 3,545 thousand) and Germany (negative for € 1,051 thousand). *Commission and other sales costs* were essentially unchanged (€ 114,593 thousand in 2008; € 114,791 thousand in restated 2007) but outbound call center costs rose in line with increased telesales revenues.

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- *general costs*, which amounted to € 121,452 thousand in 2008, essentially the same as *restated 2007* (€ 119,607 thousand) and included € 37,291 thousand consultancy and professional services (€ 36,983 thousand in *restated 2007*) and € 27,428 thousand in lease and rental expense (€ 25,379 thousand in *restated 2007*).

Salaries, wages and employee benefits - net of shares of costs charged to other Group companies, was € 238,385 thousand (negative for € 4,230 thousand on *restated 2007*). At constant euro/sterling exchange rate and consolidation scope, this item fell € 2,626 thousand. In the TDL group these costs fell € 5,198 thousand, net of exchange adjustments as the company reorganisation plan focused on Sales and IT began to bite, cutting the group's average workforce by 160 units. The consolidation of Telegate Media AG increased salaries, wages and employee benefits by € 7,436 thousand and produced an average workforce of 194 units.

At December 31, 2008 the Group's workforce, including administrators, project workers and trainees, totalled 6,532 personnel (6,421 personnel at *restated* December 31, 2007). Average FTEs over the period were 5,163 units (5,308 units in *restated 2007*).

Gross operating profit (GOP), amounted to € 658,415 thousand in 2008, was down € 42,742 thousand on *restated 2007* (€ 701,157 thousand). The 2008 operating margin (47.9%) was slightly below that for *restated 2007* (48.5%) and was not significantly impacted by the consolidation of Telegate Media AG.

Other valuation adjustments and provisions to reserves for risks and charges, amounted to € 58,395 thousand in 2008, an increase of € 8,443 thousand on *restated 2007*, being primarily € 5,430 thousand in additional accruals to the allowance for bad debts to increase the coverage percentage of overdue receivables (up from 50.0% in 2007 to 51.3% in 2008), also as a result of the economic downturn, that has not however produced any evident effect on the quality on receivables or volume of collections.

Other operating income (expense), net amounted to € 5,269 thousand in 2008 (negative for € 3,081 thousand in *restated 2007*). € 5,540 thousand of the increase is the amount Deutsche Telekom repaid to Telegate AG at the end of June 2008 and the conclusion of court proceedings between the two companies over overpayments by Telegate to Deutsche Telekom for the supply of telephone subscriber data in previous years. The judgment, which is now *res judicata*, concerned the cost of supplying the data January-September 1999.

EBITDA amounted to € 605,289 thousand in 2008, was down 6.6% on *restated 2007* (€ 648,124 thousand). This was in line with forecasts for both Italy and abroad. In Italy, the slide in turnover caused by the economic crisis was reduced by the strong rise in internet revenues and the cost-cutting started in May 2008 as soon as the true scale of the crisis began to appear. This did protect operating margins which, at 44.0% in 2008, remained in line with those for 2007 (44.9%).

Operating amortisation, depreciation and write-down amounted to € 50,114 thousand in 2008 (€ 41,817 thousand in *restated* 2007) was € 34,606 thousand intangible assets with a defined useful life (€ 27,229 thousand in *restated* 2007) and € 15,508 thousand property, plant and equipment (€ 14,588 thousand in *restated* 2007). The big increase on 2007 reflects the coming online of the IT systems, product innovation projects and salesforce support in which the company has invested heavily over the past few years.

Non-operating amortisation and write-down amounted to € 295,207 thousand (€ 162,067 thousand in *restated* 2007). € 164,414 thousand of this figure is customer databases recognised in Group assets at business combination as the allocation of a proportion of the difference between purchase price and the proportion of equity acquired, as per IFRS 3 and as valued internally and/or independently. The item also includes € 130,793 thousand in goodwill write-down following impairment testing over the period on the Thomson group (€ 100,470 thousand), Europages S.A. (€ 25,311 thousand) and Cipi S.p.A. (€ 5,012 thousand). For further details of the impairment tests, see note 7 in the disclosures to the Consolidated Financial Statements of the SEAT Pagine Gialle group.

Non-recurring and restructuring costs, net amounted to € 31,651 thousand in 2008 (€ 16,536 thousand in *restated* 2007). These include a € 12,000 thousand accrual to the company restructuring reserve for the costs SEAT Pagine Gialle S.p.A. will incur in completing the 2007-2009 and starting the new 2009-2011 Reorganisation Plan agreed by the Unions and was approved by the Board of Directors at end of December 2008. This provides for the redundancy of 210 employees 2009-2011 through voluntary redundancies, early retirement and the use of the *Cassa Integrazione Guadagni Straordinaria* (Special Wage Guarantee Fund).

The item also includes € 17,910 thousand in non-recurring costs, of which € 3,643 thousand for support to the parent company's management during the review of product strategy, the production of the new Business Plan and the management of the equity investment portfolio, € 2,514 thousand for the integration of Telegate Media AG into the Telegate group, € 3,241 thousand for the reorganisation of a number of Group companies and € 2,445 thousand for the expense incurred by the parent company when transferring staff to the new offices in Turin. The items also includes € 4,936 thousand payable to the Chief Executive Officer, Luca Majocchi, when he leaves the Company and will be consideration for his signing of a no-competition with SEAT Pagine Gialle S.p.A.. For further details, see note 32 of the disclosures to the Financial Statements of SEAT Pagine Gialle S.p.A..

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EBIT amounted to € 228,317 thousand in 2008 (€ 427,704 thousand in *restated* 2007), impact on revenue 16.6% (29.6% in *restated* 2007). This reflects not only the downturn in business already seen in GOP and EBITDA, but also the impact of the write-down in goodwill described above (negative for € 130,793 thousand).

Interest expense, net amounted to € 248,205 thousand in 2008, up € 8,427 thousand on *restated* 2007. This comprises € 281,819 thousand interest expense (€ 258,505 thousand in *restated* 2007) plus € 33,614 thousand interest revenue (€ 18,727 thousand in *restated* 2007).

Interest expense includes € 23,014 thousand exchange loss (partly offset by € 17,941 thousand exchange gain recognised under interest revenue) on sterling intercompany receivables following the sharp drop in sterling against the euro over the period (€ 1,854 thousand exchange loss in 2007). It also includes the following non-recurring items: i) € 6,063 thousand write-down of credit positions and derivative hedges with Lehman Brothers (USA) at the time of its default and declaration of "Chapter 11"; ii) € 2,905 thousand in pre-financing expenses for financial leases that came into effect on December 23, 2008.

Net of the above, interest expense fell € 6,814 thousand despite the rise in Euribor, since this was more than offset by lower exposure to debt than in *restated* 2007.

2008 interest expense included:

- € 115,295 thousand interest payable (€ 124,056 thousand in *restated* 2007) on the "Senior Credit Agreement" between SEAT Pagine Gialle S.p.A. and The Royal Bank of Scotland Plc Milan Branch, net of hedging gains (€ 3,671 thousand in 2008 and € 3,062 thousand in *restated* 2007);
- € 109,519 thousand interest payable (essentially in line with 2007) on the "Subordinated" loan from Lighthouse International Company S.A.;
- € 13,906 thousand (€ 11,797 thousand in *restated* 2007) interest payable on limited recourse asset-backed securities issued by Meliadi Finance S.r.l. as part of the receivables securitisation started by SEAT Pagine Gialle S.p.A. in June 2006 and still under way;
- € 20,085 thousand interest and other financial charges (€ 10,896 thousand in *restated* 2007), of which € 6,971 thousand on the discounting of non-current assets and liabilities (€ 6,846 thousand in *restated* 2007). This item also includes the cost of writing down the asset and derivatives positions held with Lehman Brothers at the date it defaulted and the above leasing pre-financing charges;
- € 23,014 thousand exchange expense (€ 1,854 thousand in *restated* 2007).

Interest income rose € 14,887 thousand on restated 2007, of which:

- € 7,736 thousand interest income (€ 7,916 thousand in restated 2007) from the short-term cash deposits in banks at market rates;
- € 7,457 thousand other interest revenue (€ 7,274 thousand in restated 2007), of which € 6,264 thousand from Thomson group pension fund assets;
- € 17,941 thousand exchange revenue (€ 2,629 thousand in restated 2007) mainly as a result of the change in the euro/sterling exchange rate.

In 2008 the total average cost of SEAT Pagine Gialle S.p.A. financial debt was 6.7% (about 6.4% in 2007). The rise came in part from the increasing importance of the "Subordinated" debt to Lighthouse International Company S.A. (8% fixed rate) as "Senior" debt (€ 163 million) repayments were made during 2008 and in part because of the higher Euribor component within "Senior" debt and securitisation, whose effect was in part mitigated by hedging gains.

Interest rate hedges kept the cost of debt under control. The table below shows the estimated effect of using +50/-50 bp Euribor rate curves instead of the rates actually applied in 2008 when analysing the sensitivity of income statement charges, and to the 2009-2012 forward rate curve when estimating the value of derivatives in place at period end. The figures shown below do not include fiscal effect since these are not quantifiable at present.

(euro/million)	Estimated change in 2008 interest expense	Estimated change in net liabilities arising from the evaluation of cash-flow hedge contracts at fair value
+50 bps	8.5	(7.4)
-50 bps	(8.5)	7.4

Gain (loss) on investment valued at equity, was negative for € 7,234 thousand in 2008 (negative for € 3,314 thousand in restated 2007). This is primarily imputable to the write-down of the stake in Katalog YaYin ve Tanitim Hizmetleri A.S. to reflect the 2008 loss attributable to the SEAT Pagine Gialle group. Furthermore, in the light of the worsening Turkish economy and the negative effect this is expected to have on the growth of the business, the goodwill has also been written down (€ 2,646 thousand). In 2007 the item was primarily exchange loss recognised in the Income Statement following the de-consolidation in January 1, 2007 of Consodata Group Ltd, which was then wound up and deleted from the Companies Register.

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Income taxes for the year, amounted to € 69,478 thousand (negative for € 79,482 thousand in *restated* 2007) as follows

	Year 2008	Year 2007 restated	Change	
(euro/thousand)			Absolute	%
Current income taxes	68,924	39,662	29,262	73.8
(Accrual) reversal of deferred tax assets	(2,037)	101,879	(103,916)	n.s.
Accrual (reversal) of deferred tax liabilities	2,625	(62,877)	65,502	n.s.
Income taxes on previous year	(34)	818	(852)	n.s.
Total income taxes for the year	69,478	79,482	(10,004)	(12.6)

Current income taxes for the financial year 2008 are materially up on 2007 that used up all SEAT Pagine Gialle S.p.A. previous tax losses, exposing 2008 taxable income to full taxation. Tax assets mirrored this, having been reversed in 2007 to absorb previous loss.

Current tax was also affected by the reduction in customer database amortisation once Law 342/2000 of 2005 began its impact on current tax in 2008 (€ 50,888 thousand) and the 2008 Financial Law ended the full deductibility of interest expense (€ 16,292 thousand).

In addition, the 2007, Income Statement included release of deferred tax to cover the annual share of customer database amortisation, as a result of the above.

Profit (loss) from discontinued operations/non-current assets held for sale, in 2008 was a net loss of € 77,080 thousand (€ 1,108 thousand gain in *restated* 2007), mainly in connection with the German subsidiary WLW that was sold to Bisnode AB of Sweden on December 23, 2008 (for further details, go to "Material events in 2008"). This item includes a € 2,719 thousand profit produced by WLW from January 1, to September 30, 2008, when the sale came into book effect, and a € 79,465 thousand loss on its sale including sale expenses.

Profit (loss) for the fiscal year pertaining to the Minority interests, amounted to € 5,966 thousand (negative for € 7,839 thousand in *restated* 2007). This is primarily attributable to Telegate minority shareholders.

Profit (loss) for the fiscal year pertaining to the Group was negative for € 179,646 thousand, down € 278,045 thousand on *restated* 2007 (a profit of € 98,399 thousand). 2008 suffered not only from a failing economic environment that impacted ordinary business as above, but also from a € 138,027 thousand impairment of goodwill and equity investments and a € 79,465 thousand loss on the sale of WLW.

→ Reclassified Consolidated Balance Sheet as at December 31, 2008

Foreword

For its facilities agreement with The Royal Bank of Scotland Plc (Milan branch), SEAT Pagine Gialle S.p.A. provided the usual security, the most significant being:

- bank lien over the main trademarks;
- bank lien over shares in the main subsidiaries;
- lien over the material assets of SEAT Pagine Gialle S.p.A. that have a net book value of at least € 25,000.

Net invested capital

Net invested capital - € 3,920,304 thousand at December 31, 2008, down € 389,778 thousand on December 31, 2007 as a result of the amortisation of the customer database, the write-down of some goodwill and the sale of WLW. Current operating capital however was essentially stable.

Net invested capital comprised:

- **goodwill and customer database**, amounted to € 3,517,486 thousand at December 31, 2008, of which € 3,393,998 thousand goodwill. This was € 426,185 thousand down on December 31, 2007 owing to:
 - the amortisation (€ 164,414 thousand) of the customer database recognised in Group assets at business combination as allocation of a proportion of the difference between purchase price and the proportion of equity acquired, as valued internally and/or independently and as per IFRS 3;
 - write-down of goodwill recognised in Group assets following impairment testing over the period (€ 100,470 thousand Thomson group, € 25,311 thousand Europages S.A. and € 5,012 thousand Cipi S.p.A.);
 - the disposal of WLW to which € 126,949 thousand had been attributed in goodwill;
 - the recognition of an exchange rate loss on the goodwill recognised in TDL Infomedia group assets (€ 41,653 thousand) following the fall of sterling against the euro;
- **other non-current assets**, amounted to € 216,138 thousand at December 31, 2008, up € 48,165 thousand on December 31, 2007 (€ 167,973 thousand), of which:
 - *capital assets and equipment*, amounted to € 202,866 thousand at December 31, 2008 (€ 147,467 thousand at December 31, 2007), up € 55,399 thousand on 2007 primarily as a result of:
 - investment (€ 65,832 thousand) in the Corso Mortara property in Turin to which SEAT Pagine Gialle has transferred its Turin offices, of which € 62,571 thousand financed through a property lease that came into effect on December 23, 2008;
 - capital expenditure of € 48,733 thousand (€ 65,611 thousand in *restated* 2007), partially offset by € 50,114 thousand amortisation and write-down of non-current assets.

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Capital expenditure concerned:

- SEAT Pagine Gialle S.p.A. (€ 37,047 thousand in 2008; € 51,391 thousand in 2007):
 - the improvement of the new SEM (multimedia publishing system) to make it more ergonomic and provide better applications with a view to hitting the efficiency targets agreed with clients. All electronic text and graphic executables management functions are now fully paperless;
 - the completion of the development of the new SAP-CRM which in February 2009 led to the launches of SAP (to improve the integration of the Sales back-office, Administration and Salesforce processes) and of SFE-CRM (front-end system) that will provide agents with a friendly interface with the back-end systems (SAP, SEM, etc.);
 - adjusting the Company's legacy systems to new online business by introducing new services and types of product (PG Click, Priority, Visual Site, Contact Site etc.);
 - the start up of the Corso Mortara (Turin) data centre. SEAT Pagine Gialle S.p.A. now has a state-of-the-art technology campus with over 48 km of fibre optical connections, 46 km of copper cabling, over 2,600 high-speed LAN points interconnected with a highly redundant network, more than 710 servers and an innovative air conditioning system;
- the Telegate group (€ 5,514 thousand in 2008; € 5,462 thousand in 2007):
 - the development of an internet platform for directory assistance for the European countries on which the group operates;
 - the development of "Siebel" (customer relationship management) in Germany giving the telephone operator online information about the customer's potential buying power;
 - the maintenance of Group call center performance;
- Consodata S.p.A. (€ 2,286 in 2008; € 1,916 thousand in 2007):
 - the enrichment of the Lifestyle one-to-one marketing database;
 - the internal creation of proprietary and unlimited licence programs (Microsoft, Symantec, MapInfo) used to boost sales and output.
- *Investments accounted for at equity*, amounted to € 2,372 thousand at December 31, 2008 (€ 5,707 thousand at December 31, 2007). These were (€ 2,065 thousand) the 50% stake in Katalog Yayin ve Tanitim Hizmetleri A.S., a Turkish directories company that owns the "Golden Pages" brand and is jointly controlled by SEAT Pagine Gialle S.p.A. and the Turkish Doğan Yayin group. In 2008 SEAT Pagine Gialle S.p.A. subscribed and paid up a € 4,269 thousand Capital Increase to support the company during start-up. In the second half of 2008 Katalog ran its first sales campaign and in November published an Istanbul directory, distributing about 1.25 million copies, and created a website at www.bravoo.com. The book value of the investment was written down € 2,065 thousand at the end of 2008 to reflect the 2008 losses of the SEAT Pagine Gialle group. As a result of the worsening economic environment in Turkey and the negative impact it is expected to have on business, the goodwill originally acquired was also written down (€ 2,646 thousand);
- *net deferred tax assets*, amounted to € 10,442 thousand at December 31, 2008 (€ 14,343 thousand at December 31, 2007) were: € 3,786 thousand TDL Infomedia group and € 3,665 Telegate group;

- **operating non-current liabilities**, amounted to € 57,931 thousand at December 31, 2008 (€ 68,555 thousand at December 31, 2007). This item includes:
 - *defined-benefit pension funds*, amounted to € 10,646 thousand at December 31, 2008 (€ 20,894 thousand at December 31, 2007) which are stated net of the assets financing the funds (€ 69,246 thousand at December 31, 2008 and € 109,329 thousand at December 31, 2007). Liabilities and assets were calculated by an independent actuary using the projected unit credit method. In 2008 € 5,590 thousand was added to fund assets. In accordance with paragraph 93A of IAS 19, the € 2,891 thousand net actuarial profits for the year at December 31, 2008 (€ 758 thousand at December 31, 2007) were directly recognised in Group equity, net of fiscal effect.
 - *reserve for severance indemnities*, amounted to € 21,821 thousand at December 31, 2008 (€ 24,503 thousand at December 31, 2007);
 - *reserve for sale agents' termination indemnities*, amounted to € 22,158 thousand at December 31, 2008, up € 814 thousand on December 31, 2007. This is the year-end liability to current sales agents that is payable under current law in the event their agency contract ends. Pursuant to forecast financial flows, the fund was updated by application of an average market rate for liabilities of equal term, estimating probable future draw-down on the basis of average agency contract length;

- **non-operating non current liabilities**, amounted to € 17,174 thousand at December 31, 2008 (€ 6,404 thousand at December 31, 2007): being € 14,168 thousand deferred tax primarily on the consolidation of Telegate Media AG;

- **operating working capital**, amounted to € 320,633 thousand at December 31, 2008 (€ 300,306 thousand at December 31, 2007), up € 20,327 thousand on 2007, of which € 14,799 thousand from the de-consolidation of WLW.
 The € 20,327 thousand difference in net operating working capital is the result of:
 - a € 19,821 thousand drop in *trade account payables* (€ 256,993 thousand at December 31, 2008) of which € 12,019 SEAT Pagine Gialle S.p.A. and € 6,358 TDL Infomedia (€ 2,341 thousand at constant exchange rates), reflecting lower buying than in 2007;
 - a € 10,585 thousand fall in payables for *services to be rendered and other current operating liabilities* (€ 114,041 thousand at December 31, 2008) as a result of the € 12,210 thousand reduction in deferred liabilities, mainly caused by the de-consolidation of WLW (€ 10,783 thousand);
 - a € 3,861 thousand rise in *reserves for current risks and charges* (€ 38,045 thousand at December 31 2008), partly because of the consolidation of Telegate Media AG which is currently involved in legal proceedings that present a major € 1,296 thousand risk;

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- *trade account receivables* essentially unchanged at € 671,014 thousand at December 31, 2008 (€ 671,101 thousand at December 31, 2007). The worsening economy has not yet had any significant effect on the quality of credit or collections;
- **non-operating working capital**, negative for € 59,724 thousand at December 31, 2008 (negative for € 26,909 thousand at December 31, 2007), a fall of € 32,815 thousand on December 31, 2007. This includes:
 - *income tax payables*, for € 45,810 thousand at December 31, 2008 (€ 34,309 thousand at December 31, 2007), up € 11,501 thousand on December 31, 2007 despite offsetting of tax credits in place at the start of the financial year, because of the higher tax for the period recorded by the parent company, SEAT Pagine Gialle S.p.A. and by the Telegate AG group;
 - *current tax assets*, for € 4,941 thousand at December 31, 2008 (€ 18,326 thousand at December 31, 2007), a fall of € 13,385 thousand on December 31, 2007 owing to offsetting against tax liabilities by the parent company, SEAT Pagine Gialle S.p.A. over the financial year;
 - *current non-operating reserves*, for € 14,415 thousand (€ 9,981 thousand at December 31, 2007). The provisions available at the start of the period were exhausted in the first few months of the year and replenished by the parent company (€ 12,000 thousand, of which € 2,000 thousand non-current) to cover the charges SEAT Pagine Gialle S.p.A. will incur for the 2007-2009 and 2009-2011 Reorganisation Plans. For further details go to the disclosures in the Consolidated Reclassified Income Statement under "Non-recurrent and restructuring charges".

Equity

Equity totalled € 903,541 thousand at December 31, 2008 (€ 1,123,830 thousand at December 31, 2007), of which € 876,595 thousand attributable to the parent company (€ 1,100,006 thousand at December 31, 2007) and € 26,946 thousand to minority shareholders (€ 23,824 thousand at December 31, 2007).

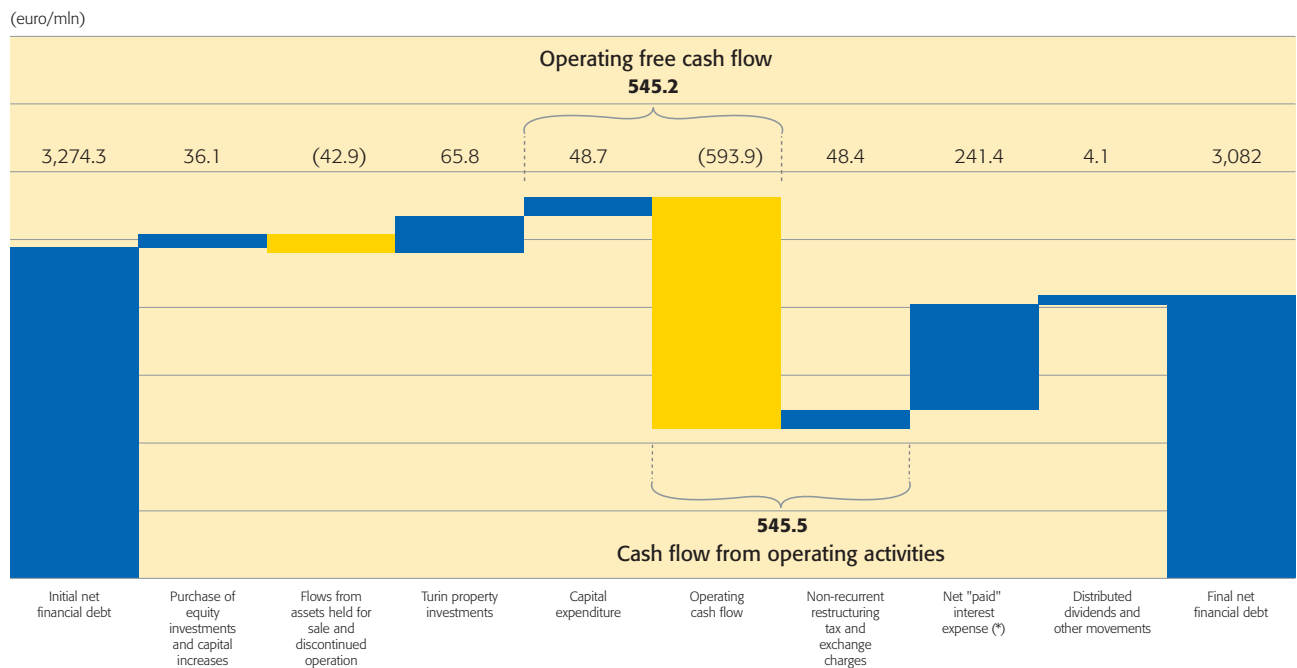
Over the period equity fell € 220,289 thousand on December 31, 2007 through the combined effect of the annual loss (€ 179,646 thousand), the loss on the translation of financial statements not denominated in euro (€ 30,031 thousand) and € 10,931 thousand in net loss on the value of "cash flow hedge" contracts either still in place at the end of the period or expired but with effect deferred to subsequent periods (net assets of € 5,262 thousand at December 31, 2007).

Net financial debt

Net financial debt, amounted to € 3,082,016 thousand at December 31, 2008 (€ 3,274,306 thousand at December 31, 2007). Net financial debt differs from net "book" financial debt (described below) since it includes the cost of taking out and refinancing medium and long-term "Senior" debt through The Royal Bank of Scotland Plc (Milan Branch), the "Subordinated" loan from Lighthouse International Company S.A., and the securitisation of receivables. These costs, net of those already paid, totalled € 76,184 thousand at December 31, 2008.

Net financial debt does not include the net market value of "cash flow hedge" contracts in existence at the balance sheet date (€ 17,011 thousand liability at December 31, 2008) or of those closed early but with effect deferred to subsequent periods. At December 31, 2008 this was a total net liability of € 10,931 thousand (€ 5,262 thousand asset at December 31, 2007).

The graph below shows the main items causing the change in net financial debt in 2008



(*) This item includes € 6.0 million write-down of credit and derivatives positions with Lehman Brothers and € 9.0 million commission to The Royal Bank of Scotland Plc (Milan Branch) for the renegotiation of "Senior" debt.

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Net book financial debt at December 31, 2008 was € 3,016,763 thousand (€ 3,186,252 thousand at December 31, 2007) as follows:

- **non-current financial debts** at December 31, 2008 were € 3,031,488 thousand (€ 3,190,372 thousand at December 31, 2007) as follows

(euro/thousand)	At 12.31.2008	At 12.31.2007	Change
Debts due to The Royal Bank of Scotland Plc (net value)	1,452,736	1,670,940	(218,204)
Debts due to Lighthouse International Company S.A. (net value)	1,269,470	1,264,201	5,269
Asset-backed securities (net)	255,268	254,965	303
Debts due to Leasint S.p.A.	53,921	-	53,921
Debts due to other lenders	93	266	(173)
Total non-current financial debts	3,031,488	3,190,372	(158,884)
Current share of non-current financial debts	222,030	163,744	58,286

- *debts due to The Royal Bank of Scotland Plc* at December 31, 2008 were € 1,452,736 thousand (net of € 44,922 thousand transaction costs on loans not yet amortised at December 31, 2008). At December 31, 2008 these were:

- tranche A (€ 1,252.4 million): repayable in variable half-yearly instalments up to June 2012, variable interest at Euribor +1.435% p.a.. The margin will not change until the first half of February 2009 and thereafter, depending on the ratio of net debt to EBITDA (based on results at December 31, 2008), will increase to 1.685% p.a.;
- tranche B (€ 464.5 million): bullet repayment in June 2013, variable interest at Euribor +2.06% p.a.. The margin will not change until the first half of February 2009 and thereafter, depending on the ratio of net debt to EBITDA (depending on results at December 31, 2008), will increase to 2.26% p.a.;
- tranche C (€ 90.0 million): not yet drawn down, covering working capital requirements of SEAT Pagine Gialle S.p.A. or its subsidiaries through a revolving credit line available up to May 2012 and bearing variable interest on draw-down at the same rate as tranche A. On amounts not currently drawn down through the line, commission of 0.56% p.a. is applied.

At end 2008 SEAT Pagine Gialle S.p.A. also renewed a € 30.0 million short-term committed credit line (expiring June 30, 2009) that is currently not used. A 1.65% p.a. margin on applicable Euribor will be applied on draw-downs and 0.30% p.a. commission on amounts unused;

- *debts due to Lighthouse International Company S.A.* totalled € 1,269,470 thousand at December 31, 2008 net of € 30,530 thousand transaction costs on loans not yet amortised at year end. The 10-year 8% p.a. fixed rate "Subordinated" loan expires in 2014. SEAT Pagine Gialle S.p.A. gave guarantees worth € 350,000 thousand to cover additional charges (if any) on the notes;

- *asset-backed securities* worth € 256,000 thousand gross at December 31, 2008 were issued by Meliadi Finance S.r.l. to finance the purchase of the initial receivables portfolio it bought from SEAT Pagine Gialle S.p.A. as part of the latter's five-year receivables securitisation programme from June 2006 until 2011.
The securities, guaranteed by the securitised receivables portfolio, were privately placed with an institutional investor and mature in 2014 when they will be repaid from the collection of the assigned receivables if the securitisation programme is not renewed. The securities bear variable interest at rates applicable to quarterly commercial papers but are capped at 3-month Euribor +5 bp. In accordance with IAS 32 and IAS 39, they are recognised in the balance sheet net of outstanding issue charges at December 31, 2008 (€ 732 thousand). The securitisation programme is backed by two annual, renewable credit lines;
- *debts due to Leasint S.p.A.* totalled € 53,921 thousand at December 31, 2008 on six property leases (as of December 23, 2008) associated with the purchase of the complex at Corso Mortara (Turin), to which SEAT Pagine Gialle S.p.A. has moved its offices. A seventh lease (worth about € 1 million) will be added in the first half of 2009. All the leases (all carrying an initial rent of € 6,124 thousand) are for 15 years and are based on 60 quarterly instalments payable in arrears, the first falling due on March 23, 2009, and variable interest at quarterly Euribor + a spread of about 65 bp p.a.. The cash surrender value is approximately 1% of the complex value.

The facilities agreements require SEAT Pagine Gialle S.p.A. to comply with covenants, examined quarterly, to maintain stated ratios between *i)* net debt and EBITDA, *ii)* EBITDA and interest on debt, and *iii)* cash flow and debt servicing (including interest and the capital repayable in each reference period).

There was full compliance at December 31, 2008 (the balance-sheet date).

The facilities agreements also set the usual limits and operating terms and regulate *inter alia* investment, additional debt, acquisitions, dividend distribution and capital transactions.

SEAT Pagine Gialle S.p.A. constantly monitors current and future compliance with the terms of these agreements.

In accordance with the above and in the light of market conditions, the economic and financial results forecast for 2008 and the 2009-2011 Business Plan the SEAT Pagine Gialle S.p.A. was preparing (the guidelines were approved by the Board of Directors of Company's on December 23, 2008), a number of steps were taken to protect the economic and financial equilibrium and cash generation ability of the Group and to ensure compliance with the facilities agreement with The Royal Bank of Scotland Plc (Milan Branch).

On December 23, 2008 the Board of Directors of SEAT Pagine Gialle S.p.A. called an Shareholders' Meeting for January 26, 2009 to approve the Capital Increase. At the same time and in the light of the possibility of the Capital Increase, SEAT Pagine Gialle S.p.A. and The Royal Bank of Scotland Plc (Milan Branch) agreed a number of changes to the terms of the facilities agreement to enable the Capital Increase to take place and to bring the terms of the agreement in line with the economic and financial performance of the SEAT Pagine Gialle

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group as forecast in the new 2009-2011 Business Plan. The changes involved recognising € 9.0 million in commission to The Royal Bank of Scotland Plc (Milan Branch) under refinancing charges for the "Senior" debt.

For further details see "Post-balance sheet events";

- **current financial debts**, amounted to € 293,835 thousand at December 31, 2008 (€ 215,508 thousand at December 31, 2007), include:
 - € 219,240 thousand in short-term liabilities under the facilities agreement with The Royal Bank of Scotland Plc (Milan Branch) that fall due in June and December 2009 (€ 163,491 thousand at December 31, 2007). In the event of a fully subscribed Capital Increase (for details see "Report on operations, paragraph Post-balance sheet events"), these would rise to € 300,552 thousand, while the non-current share in tranche A would fall in the same amount;
 - € 30,876 thousand owed by the parent company to shareholders in respect of dividends distributed but not yet paid out at period end (€ 30,579 thousand at December 31, 2007). This includes € 30,462 thousand to companies with a significant influence (leading shareholders) on 6% p.a. interest from November 1, 2008 has been agreed in return for their undertaking not to demand payment of € 14,362 thousand of the debt until January 15, 2009 (this was duly paid on January 16, 2009), and of the remaining € 15,799 thousand until June 15, 2009. Interests for year 2008 totalled € 301 thousand;
 - € 17,011 thousand net liabilities on the assessment at fair value of the cash flow hedge contracts in place at December 31, 2008 (€ 5,262 thousand assets at December 31, 2007). For further details of interest-rate hedges go to note 21 of the disclosures of Consolidated Financial Statement;
 - € 3,597 thousand in interest expense due but not yet paid, of which € 3,144 thousand *asset-backed securities* issued by Meliadi Finance S.r.l.;
 - € 2,537 thousand in the short-term component of the Leasint S.p.A. lease, due in March, June, September and December 2009.

The "Senior" debt to The Royal Bank of Scotland Plc (Milan Branch), the debt arising on the issue by Meliadi Finance S.r.l. of limited recourse *asset-backed securities* for the securitisation programme and the debt due to Leasint S.p.A. carry variable Euribor interest. To reduce interest-rate risk, SEAT Pagine Gialle S.p.A. took out derivatives contracts with leading international banks to cover the "Senior" debt. The following contracts were in place at December 31, 2008:

- a) *Interest Rate Collar*, (negative market value of € 93 thousand) February 2009 to June 2009: variable one-month Euribor capped at an average 3.03% with an average 1.66% floor and € 300 million notional value;
- b) *Interest Rate Swap* (negative market value of € 2 million) July 2009 to December 2011: variable six-month Euribor replaced by a fixed-rate of 4.5525% with € 50 million notional value;

- c) *Interest Rate Collar*, (negative market value of € 525 thousand) July 2009 to December 2009: variable six-month Euribor capped at 4.40% with a 3.20% floor and € 100 million notional value;
- d) *Forward Rate Agreement* (negative market value of € 4.7 million) July 2009 to December 2009: variable six-month Euribor replaced by a fixed-rate of about 3.643% with € 650 million notional value;
- e) *Forward Rate Agreement* (negative market value of € 1.3 million) January 2010 to June 2010: variable six-month Euribor replaced by a fixed-rate of about 3.778% with € 200 million notional value;
- f) *Interest Rate Collar*, (negative market value of € 2.5 million) January 2010 to December 2011: variable six-month Euribor with 4.70% constant cap and 3.68% constant floor and € 150 million notional value;
- g) *Interest Rate Swap* (positive market value of € 5 thousand) January 2010 to December 2011: variable six-month Euribor replaced by a fixed-rate of 3.035% with € 50 million notional value;
- h) *Interest Rate Swap* (negative market value of € 5 million) January 2010 to June 2012: variable six-month Euribor replaced by a fixed-rate of about 3.75% with € 325 million notional value;
- i) *Forward Rate Agreement* (negative market value of € 157 thousand) July 2010 to December 2010: variable six-month Euribor replaced by a fixed-rate of 3.58% with € 50 million notional value;
- j) *Interest Rate Swap* (negative market value of € 741 thousand) December 2008 to December 2011, hedging part of the interest on the financial lease: variable three-month Euribor replaced by a fixed-rate of 3.60% with € 30 million notional value.

2009-2011 about 69% on average will be hedged: 43.5% fixed-rate "*Subordinated*" debt, 20% Interest Rate Swaps and FRAs and 5.5% Interest Rate Collars.

2012-2013 about 67% on average will be hedged: 64% fixed-rate "*Subordinated*" debt and 3% Interest Rate Swaps.

January-February 2009 further hedges were taken out for the exposures forecast for 2009-2011, raising protection to 75%: 44% fixed-rate "*Subordinated*" debt, 23% Interest Rate Swaps and FRAs and 8% Interest Rate Collars;

- **non-current financial assets**, amounted to € 2,026 thousand at December 31, 2008 (€ 1,996 at December 31, 2007): these are mainly loans to employees;
- **current financial assets and cash and cash equivalent**, amounted to € 306,534 thousand at December 31, 2008 (€ 217,632 thousand at December 31, 2007), of which € 304,602 thousand cash and cash equivalent (€ 204,549 thousand at December 31, 2007), € 87,876 thousand being held by Meliadi Finance S.r.l. from the collection of receivables assigned by SEAT Pagine Gialle S.p.A. under the securitisation programme.

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Risk from high levels of financial debt

The SEAT Pagine Gialle group has a high level of debt with leverage that at end 2007 was about five times EBITDA. The average life of loans at the end of the financial year was 3.9 years with repayment as follows

(euro/thousand)	Due					plus	Total
	12.31.2009	12.31.2010	12.31.2011	12.31.2012	12.31.2013		
The Royal Bank of Scotland Plc (Milan Branch)	219,240 (*)	231,768	245,191	556,155	464,544		1,716,898
Lighthouse International Company S.A.						1,300,000	1,300,000
Limited recourse asset-backed securities (**)						256,000	256,000
Leasint S.p.A.	2,537	2,672	2,812	2,960	3,116	42,361	56,458
Other lenders	253	61	32				346
Total financial debt (gross)	222,030	234,501	248,035	559,115	467,660	1,598,361	3,329,702

(*) Of the € 219,240 thousand repayable by December 31, 2009, € 50 million was repaid on January 28, 2009.

(**) The 5-year securitisation programme expires in June 2011. If it is not then renewed by SEAT Pagine Gialle S.p.A. the limited-recourse asset-backed securities issued, which mature in 2014, will be repaid by the collection of the receivables assigned.

In the event the Capital Increase resolved by the Extraordinary Shareholders' Meeting on January 26, 2009 is successful, and taking account of the commitment given by SEAT Pagine Gialle S.p.A. to use 50% of the increase to repay part of The Royal Bank of Scotland Plc (Milan Branch) facility, the above repayment programme would be amended as follows

(euro/thousand)	Due					plus	Total
	12.31.2009	12.31.2010	12.31.2011	12.31.2012	12.31.2013		
The Royal Bank of Scotland Plc (Milan Branch)	300,552 (*)	192,256	203,391	556,155	464,544		1,716,898
Lighthouse International Company S.A.						1,300,000	1,300,000
Limited recourse asset-backed securities (**)						256,000	256,000
Leasint S.p.A.	2,537	2,672	2,812	2,960	3,116	42,361	56,458
Other lenders	253	61	32				346
Total financial debt (gross)	303,342	194,989	206,235	559,115	467,660	1,598,361	3,329,702

(*) Of the € 300,552 thousand repayable by December 31, 2009, € 50 million was repaid on January 28, 2009.

(**) The 5-year securitisation programme expires in June 2011. If it is not then renewed by SEAT Pagine Gialle S.p.A. the limited-recourse asset-backed securities issued, which mature in 2014, will be repaid by the collection of the receivables assigned.

If for reasons attributable to market conditions or other circumstances SEAT Pagine Gialle S.p.A. is unable to find sufficient resources to meet its financial commitments when they fall due or more generally if it defaults on any other obligations in the above financial agreements, e.g. in the event of composition with creditors or default on its obligations under any other debt instrument of or guarantee given by SEAT Pagine Gialle S.p.A. or its subsidiary, all loans will have to be repaid early and in full, along with interest payable and all other sums payable under the agreements, with all the negative impacts this will have on the business and on the economic and financial position of the Company and of the SEAT Pagine Gialle group.

Liquidity risk - obtaining of financial resources

Liquidity risk is the risk that available financial resources may not be sufficient to cover the € 222,030 thousand repayments due on December 31, 2009 (€ 303,342 thousand if the Capital Increase is subscribed in full). The business of the SEAT Pagine Gialle group is generally not volatile and generates high levels of cash flow and in the light of both the inflow from the planned Capital Increase and the existence of credit lines worth about € 120 million, the Group believes it does have the financial resources needed to meet its commitments.

After December 31, 2009, SEAT Pagine Gialle S.p.A. will have to make large repayments of current loans and it is possible that the Group will not have sufficient resources to do this, making it necessary to seek new financing. The 2008 financial crisis triggered by sub-prime mortgage lending and the heavy impact this has had on all the banks have given investors a general and growing aversion to risk, which has translated into higher credit default spreads and a marked fall in the market prices for high-yield securities.

Consequently, in the event that SEAT Pagine Gialle S.p.A. is for any reason unable to generate sufficient resources to meet its financial obligations and has to renegotiate the terms and conditions of its existing facilities and loans before they expire, or has to seek finance to make their repayment from the banks and/or on the financial markets, it could find itself unable to obtain that finance or be forced to accept terms that are less favourable than those it currently enjoys, with all the negative impacts this will have on the business, financial position and results of operations of the Group.

Financial resources could prove harder to obtain if Standard & Poor's current rating of SEAT Pagine Gialle S.p.A. (BB-) falls. The rating expresses Standard & Poor's view of the Company's likelihood of default and follows examination of *i)* the Group's outlook in terms of profit, cash generation and debt maintenance, and *ii)* likely market scenarios. If the rating agency's subjective assessment indicates that either or both parameters have worsened, and therefore even if there is only a worsening of the Group's markets, Standard & Poor's rating of SEAT Pagine Gialle S.p.A. could be downgraded. Under the terms of the rotating receivables securitisation programme introduced by SEAT Pagine Gialle S.p.A. in June 2006, a downgrading of SEAT Pagine Gialle S.p.A. could reduce its ability to assign its receivables. In this event, any receivables not realised via securitisation could be financed using alternative methods that, given current market positions, might be more expensive than the present securitisation. The SEAT Pagine Gialle group could however avoid the problems involved in using alternative methods of financing by using its own cash resources and the above € 120 million credit lines.

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Impact of “change of control” on existing facilities agreements (section 123 bis (l) of Legislative Decree 58/1998)

Both the US Indenture regulating the notes issued by Lighthouse International Company S.A. and underwritten by SEAT Pagine Gialle S.p.A. (€ 1,300 million in 2004 maturing 2014) and the “Senior” facilities agreement with The Royal Bank of Scotland Plc (Milan Branch) provide for early repayment in the event of change of control.

Under The Royal Bank of Scotland Plc (Milan branch) facilities agreement, a change of control would immediately cancel any The Royal Bank of Scotland Plc Milan Branch’s commitments to issuing new sums as part of the revolving tranche of the loan and SEAT Pagine Gialle S.p.A. would have to immediately repay early all the loan issued in its favour and pay The Royal Bank of Scotland Plc (Milan Branch) the interest accrued and not paid up to that date, as well as further amounts due to RBS under the facilities agreement and the documents annexed to it.

Under the Indenture, if a change of control occurs at SEAT Pagine Gialle S.p.A., each notes holder would have the right to require Lighthouse to repurchase the notes at a price of 101% of their nominal value plus interest accrued and not paid up to the repurchase date. In such an event the agreement requires SEAT Pagine Gialle S.p.A. to repay early a sufficient enough portion of the Lighthouse loan to provide Lighthouse with the necessary funding to execute these potential repurchases. Under the terms of the Indenture, the amount would have to be paid directly to the notes holders by SEAT Pagine Gialle S.p.A. if Lighthouse fails to do so since SEAT Pagine Gialle S.p.A. has also expressly and irrevocably committed to guaranteeing all Lighthouse’s obligations towards the notes holders. Any SEAT Pagine Gialle S.p.A. payment under the Lighthouse loan or the Indenture should in any case be made in compliance with The Royal Bank of Scotland Plc (Milan Branch) facilities agreement and the inter-creditor agreement signed by *inter alia* SEAT Pagine Gialle S.p.A., Lighthouse and The Royal Bank of Scotland Plc (Milan Branch) on May 25, 2005, when was signed The Royal Bank of Scotland Plc (Milan Branch) facilities agreement (the “Creditor Agreement”), which regulates, among other things, relations among SEAT Pagine Gialle S.p.A., The Royal Bank of Scotland Plc (Milan Branch) as senior creditor, and Lighthouse and the notes holders as subordinate creditors.

For further details and for what constitutes a “change of control”, see the “Annual Corporate Governance Report” published with these Financial Statements on www.seat.it.

Credit risk

The SEAT Pagine Gialle group is a multi-media advertising business with a large customer base. 87.2% of Group receivables at December 31, 2008 (87.7% at December 31, 2007) concern SEAT Pagine Gialle S.p.A. that has about 550,000 customers throughout Italy, mainly SMEs. Each year SEAT Pagine Gialle S.p.A. alone issues approximately 950,000 invoices, each of which on average involve payment in 2.5 instalments of about € 590 per instalment, generating over 2.3 million collections.

There is therefore no concentrated credit risk.

The large number of transactions leads to high levels of arrears and the consequent need for efficient credit management. SEAT Pagine Gialle S.p.A. has created an extremely wide system that is constantly being improved to enable it efficiently to manage the entire reminder process. The internal organisation, telephone reminder agencies, collection agencies and the legal network involved in the process employ in total about 1,400 staff.

Exposure to credit risk (recognised in the accounts as *allowance for doubtful trade account receivables*) is measured using a statistical model based on customer segmentation according to geographical and *seniority* criteria, and reflects in its estimates SEAT Pagine Gialle S.p.A.'s historical experience in credit collections, projecting it into the future.

At December 31, 2008 the Group *allowance for doubtful trade account receivables* totalled € 111,386 thousand, essentially in line with the position at December 31, 2007 (€ 117,775 thousand), income statement provisions rising from € 38,800 thousand to € 44,105 thousand as SEAT Pagine Gialle S.p.A. provisions went up to 51.3% from 50.0% at end 2007.

The rise in provisions will offset any fall in collections in the near future as the economy worsens, consumption stagnates and borrowing becomes harder as the banks increase their aversion to risk. In 2009 this could increase the rate of customer arrears in respect of their obligations to SEAT Pagine Gialle S.p.A..

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→ Consolidated Operating Free Cash Flow for the fiscal year 2008

In 2008 the SEAT Pagine Gialle group again generated high **operating free cash flow** (€ 545,192 thousand), although this was down on the € 560,808 thousand of *restated* 2007. The fall against 2007 was caused by a decrease in EBITDA (down € 42,835 thousand on *restated* 2007) but was partially offset by lower increase current operating capital than in 2007 (€ 3,913 thousand against € 16,415 thousand in *restated* 2007). Capital expenditure also dropped (negative for € 16,878 thousand on *restated* 2007).

About € 4.8 million of the lesser non-current operating liabilities in 2008 are imputable to the fall of sterling against the euro (€ 2 million in 2007).

The impact of operating free cash flow on sales and service revenue (39.6% in 2008) improved 38.5% on *restated* 2007, as did the free cash flow to EBITDA ratio, which rose from 86.1% in 2007 to 90.1% in 2008.

Reclassified consolidated income statement

(euro/thousand)	Year 2008	Year 2007 restated	Change	
			Absolute	%
Revenue from sales and services	1,375,989	1,444,213	(68,224)	(4.7)
Materials and external services (*)	(479,189)	(500,441)	21,252	4.2
Salaries, wages and employee benefits (*)	(238,385)	(242,615)	4,230	1.7
Gross operating profit (GOP)	658,415	701,157	(42,742)	(6.1)
<i>% on revenue</i>	<i>47.9%</i>	<i>48.5%</i>		
Other valuation adjustments and provisions to reserves for risks and charges	(58,395)	(49,952)	(8,443)	(16.9)
Other operating income (expense), net	5,269	(3,081)	8,350	n.s.
EBITDA	605,289	648,124	(42,835)	(6.6)
<i>% on revenue</i>	<i>44.0%</i>	<i>44.9%</i>		
Operating amortisation, depreciation and write-down	(50,114)	(41,817)	(8,297)	(19.8)
Non-operating amortisation and write-down	(295,207)	(162,067)	(133,140)	(82.2)
Non-recurring and restructuring costs, net	(31,651)	(16,536)	(15,115)	(91.4)
EBIT	228,317	427,704	(199,387)	(46.6)
<i>% on revenue</i>	<i>16.6%</i>	<i>29.6%</i>		
Interest expense, net	(248,205)	(239,778)	(8,427)	(3.5)
Gain (loss) on equity investments valued at equity	(7,234)	(3,314)	(3,920)	n.s.
Profit (loss) before tax and minority interests	(27,122)	184,612	(211,734)	n.s.
Income taxes for the period	(69,478)	(79,482)	10,004	12.6
Profit (loss) on continuing operations	(96,600)	105,130	(201,730)	n.s.
Profit (loss) from discontinued operations/non-current assets held for sale	(77,080)	1,108	(78,188)	n.s.
Profit (loss) for the year	(173,680)	106,238	(279,918)	n.s.
- of which Minority interests	(5,966)	(7,839)	(1,873)	(23.9)
- of which pertaining to the Group	(179,646)	98,399	(278,045)	n.s.

(*) Minus costs attributable to minorities and shown in the IFRS financial statements under "Other revenue and income".

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Reclassified consolidated balance sheet

(euro/thousand)	At 12.31.2008	At 12.31.2007	Change
Goodwill and customer database	3,517,486	3,943,671	(426,185)
Other non-current assets (*)	216,138	167,973	48,165
Operating non-current liabilities	(57,931)	(68,555)	10,624
Non-operating non-current liabilities	(17,174)	(6,404)	(10,770)
Operating working capital	320,633	300,306	20,327
- Operating current assets	756,666	756,034	632
- Operating current liabilities	(436,033)	(455,728)	19,695
Non-operating working capital	(59,724)	(26,909)	(32,815)
- Non-operating current assets	4,989	18,356	(13,367)
- Non-operating current liabilities	(64,713)	(45,265)	(19,448)
Non-current assets held for sale, net	876	-	876
Net invested capital	3,920,304	4,310,082	(389,778)
Equity shareholders of the Group	876,595	1,100,006	(223,411)
Minority interests	26,946	23,824	3,122
Total equity (A)	903,541	1,123,830	(220,289)
Net financial debt	3,082,016	3,274,306	(192,290)
Transaction costs on loans and securitisation program not yet amortised	(76,184)	(82,792)	6,608
Net market value of "cash flow hedge" instruments	10,931	(5,262)	16,193
Net financial debt - "book value" (B)	3,016,763	3,186,252	(169,489)
of which:			
- Non-current financial debts	3,031,488	3,190,372	(158,884)
- Current financial debts	293,835	215,508	78,327
- Non-current financial assets	(2,026)	(1,996)	(30)
- Current financial assets, cash and cash equivalent	(306,534)	(217,632)	(88,902)
Total (A+B)	3,920,304	4,310,082	(389,778)

(*) Includes financial assets available for sale.

Consolidated Financial Cash Flow for the fiscal year 2008

(euro/thousand)	Year 2008	Year 2007 restated	Change
Operating free cash flow			
EBITDA	605,289	648,124	(42,835)
Net interest, updating of operating assets/liabilities	(53)	264	(317)
Decrease (increase) in operating working capital (*)	(3,913)	(16,415)	12,502
(Decrease) increase in operating non-current liabilities (*)	(7,519)	(5,666)	(1,853)
Capital expenditure	(48,733)	(65,611)	16,878
(Gains) losses on disposal of non-current operating assets	121	112	9
Operating free cash flow	545,192	560,808	(15,616)
Investment in the Turin complex - new headquarters ⁽¹⁾	(65,832)	-	(65,832)
Purchase of Telegate Media AG and Katalog capital increases	(36,080)	(123,449)	87,369
Flows on non-current assets held for sale and sale of WLW, net	42,614	(1,257)	43,871
Payment of:			
- Non-recurring and restructuring expense	(21,512)	(9,204)	(12,308)
- Income taxes	(43,416)	(27,416)	(16,000)
- Interest expense, net	(241,403)	(222,393)	(19,010)
- Dividends	(3,862)	(62,221)	58,359
Exchange effect	16,504	7,561	8,943
Shareholder contributions	-	8,350	(8,350)
Other movements	85	697	(612)
Change in net financial debt	192,290	131,476	60,814

(*) This does not include the non-monetary effect of the consolidation of Telegate Media AG or the actuarial gains and losses carried directly to the income statement.

(1) This includes € 62,571 thousand on leased goods.

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→ Reconciliation of Separate and Consolidated Equity at December 31, 2008

	SEAT Pagine Gialle S.p.A.				Minorities			Total
	Share capital	Reserves	Profit (loss) for the year	Total	Share capital and reserves	Profit (loss) for the year	Total	
(euro/thousand)								
SEAT Pagine Gialle S.p.A. at December 31, 2008	250,352	835,722	(211,417)	874,657				874,657
Profit (loss) for the year of consolidated companies		(52,568)	(2,590)	(55,158)		5,965	5,965	(49,193)
Share capital and reserves of consolidated companies		305,857		305,857	20,829		20,829	326,686
Book value of consolidated companies		(397,214)	147,137	(250,077)				(250,077)
Consolidation adjustments:								
Equity investment gains		152,755	(98,757)	53,998				53,998
Inter-Group disposals in previous periods		(7,611)	(68)	(7,679)				(7,679)
Intercompany dividends		12,920	(12,920)					
Valuations of non-consolidated equity investments using the equity method		(189)	286	97				97
Consolidation impact of sale of WLW		1,239	(1,239)					
Exchange differences		(45,022)		(45,022)				(45,022)
Other movements			(78)	(78)	151	1	152	74
Share capital, reserves and consolidated results at December 31, 2008	250,352	805,889	(179,646)	876,595	20,980	5,966	26,946	903,541

→ Reconciliation of Separate and Consolidated Equity at December 31, 2007

	SEAT Pagine Gialle S.p.A.				Minorities			Total
	Share capital	Reserves	Profit (loss) for the year	Total	Share capital and reserves	Profit (loss) for the year	Total	
(euro/thousand)								
SEAT Pagine Gialle S.p.A. at December, 31 2007	250,352	763,161	88,310	1,101,823				1,101,823
Profit (loss) for the year of consolidated companies		(32,151)	47,513	15,362		7,830	7,830	23,192
Share capital and reserves of consolidated companies		392,726		392,726	15,843		15,843	408,569
Book value of consolidated companies		(546,152)		(546,152)				(546,152)
Consolidation adjustments:								
Equity investment gains		153,426		153,426				153,426
Inter-Group disposals in previous periods		(6,959)	(652)	(7,611)				(7,611)
Intercompany dividends		33,333	(33,333)					
Exchange differences and other movements		(9,410)	(158)	(9,568)	142	9	151	(9,417)
Release of the translation prohibition on the deconsolidation of Consodata Group Ltd,		3,281	(3,281)					
Share capital, reserves and consolidated results at December 31, 2007	250,352	751,255	98,399	1,100,006	15,985	7,839	23,824	1,123,830

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

For comments on individual items, go to:

- "Italian Directories" Business Area;
- Disclosures to the Financial Statements of SEAT Pagine Gialle S.p.A..

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Reclassified Income Statement of SEAT Pagine Gialle S.p.A.

(euro/thousand)	Year 2008	Year 2007	Change	
			Absolute	%
Revenue from sales and services	1,058,731	1,090,217	(31,486)	(2.9)
Materials and external services (*)	(393,009)	(399,935)	6,926	1.7
Salaries, wages and employee benefits (*)	(89,874)	(86,866)	(3,008)	(3.5)
Gross operating margin (GOP)	575,848	603,416	(27,568)	(4.6)
<i>% on revenue</i>	<i>54.4%</i>	<i>55.3%</i>		
Other valuation adjustments and provisions to reserves for risks and charges	(49,206)	(47,895)	(1,311)	(2.7)
Other operating income (expense)	249	(2,039)	2,288	n.s.
EBITDA	526,891	553,482	(26,591)	(4.8)
<i>% on revenue</i>	<i>49.8%</i>	<i>50.8%</i>		
Operating amortisation, depreciation and write-down	(34,254)	(26,764)	(7,490)	(28.0)
Non-operating amortisation and write-down	(162,067)	(162,067)	-	-
Non-recurring and restructuring costs	(26,618)	(13,077)	(13,541)	n.s.
EBIT	303,952	351,574	(47,622)	(13.5)
<i>% on revenue</i>	<i>28.7%</i>	<i>32.2%</i>		
Interest expense, net	(234,276)	(204,374)	(29,902)	(14.6)
Adjustment of investment values	(154,655)	192	(154,847)	n.s.
Pre-tax profit (loss)	(84,979)	147,392	(232,371)	n.s.
Income taxes for the year	(50,931)	(59,082)	8,151	13.8
Gain (loss) on continuing operations	(135,910)	88,310	(224,220)	n.s.
Gain (loss) on non-current assets held for sale and discontinued operations, net	(75,507)	-	(75,507)	n.s.
Profit (loss) for the period	(211,417)	88,310	(299,727)	n.s.

(*) Minus costs attributable to minorities and shown in the IFRS financial statements under "Other revenue and income".

Reclassified Balance Sheet of SEAT Pagine Gialle S.p.A.

(euro/thousand)	At 12.31.2008	At 12.31.2007	Change
Goodwill and customer database	3,281,698	3,443,765	(162,067)
Other non-current assets (*)	406,789	637,755	(230,966)
Operating non-current liabilities	(42,564)	(43,883)	1,319
Non-operating non-current liabilities	(5,995)	(5,226)	(769)
Operating working capital	305,176	308,903	(3,727)
- Operating current assets	668,399	670,150	(1,751)
- Operating current liabilities	(363,223)	(361,247)	(1,976)
Non-operating working capital	(49,099)	(20,847)	(28,252)
- Non-operating current assets	4,577	17,046	(12,469)
- Non-operating current liabilities	(53,676)	(37,893)	(15,783)
Net invested capital	3,896,005	4,320,467	(424,462)
Equity (A)	874,657	1,101,823	(227,166)
Net financial debt	3,086,601	3,306,698	(220,097)
Transaction costs on loans and securitisation program not yet amortised	(76,184)	(82,792)	6,608
Net market value of "cash flow hedge" instruments	10,931	(5,262)	16,193
Net financial debt - "book value" (B)	3,021,348	3,218,644	(197,296)
of which:			
- Non-current financial debts	2,947,282	3,103,653	(156,371)
- Current financial debts	361,341	320,059	41,282
- Non-current financial assets	(2,020)	(1,994)	(26)
- Current financial assets, cash and cash equivalent	(285,255)	(203,074)	(82,181)
Total (A+B)	3,896,005	4,320,467	(424,462)

(*) Includes financial assets available for sale.

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Financial cash flow of SEAT Pagine Gialle S.p.A.

(euro/thousand)	Year 2008	Year 2007 restated	Change
Operating free cash flow			
EBITDA	526,891	553,482	(26,591)
Net interest, updated operating assets/liabilities	(685)	(83)	(602)
Decrease (increase) in operating working capital	3,727	(23,624)	27,351
(Decrease) increase in operating non-current liabilities	(759)	(462)	(297)
Capital expenditure	(37,047)	(51,391)	14,344
(Gains) losses on disposal of non-current operating assets	(20)	(11)	(9)
Operating free cash flow	492,107	477,911	14,196
Investment in the Turin complex- new headquarters ⁽¹⁾	(65,832)		(65,832)
Subscription of Katalog capital increases	(4,298)	(6,324)	2,026
Sale of WLW	73,435	(148,928)	222,363
Payment of:			
- Non-recurring and restructuring expenses	(15,958)	(6,003)	(9,955)
- Tax liabilities	(32,468)	(15,273)	(17,195)
- Net interest expenses	(226,909)	(186,049)	(40,860)
- Distributed dividends	(204)	(58,478)	58,274
- SOP capital increases	-	4,809	(4,809)
Other movements	224	943	(719)
Change in net financial debt	220,097	62,608	157,489

(1) This includes € 62,571 thousand on leased goods.

➤ Material events in 2008

In addition to the details given in "Economic and financial performance by Business Area", we must report the following.

Purchase of Telegate Media AG

In the first quarter of 2008, Telegate purchased for about € 4.4 million 14.1% of KlickTel AG. This is a German online directory company, later renamed Telegate Media AG, that was founded in 1999 and whose shares are traded at Entry Standard on the Deutsche Borse. Also in February 2008, Telegate signed a number of preliminary agreements to purchase a further 78.7% of Telegate Media AG for about € 25 million. This was approved by the German Federal Cartel Office and came into effect in April 2008, giving the group a 92.8% stake in the company. In May 2008 Telegate launched a public take-over bid for the outstanding shares in Telegate Media AG, offering € 7.8 per share and at December 31, 2008 it held 96.97% of the company.

The purchase of Telegate Media AG has strengthened the position of the SEAT Pagine Gialle group on the German directories and directory assistance market in terms of both enquiries (about 2 million separate users per month in Germany), client base (about 25,000 BtoB advertisers) and salesforce (about 400 sales staff).

Since the 95% shareholder threshold has been overstepped for Telegate Media AG, Telegate has requested a squeeze out for its subsidiary to enable it to acquire the entire share capital. Under the German Stock Corporation Act, squeeze outs must be approved by the general Shareholders' Meeting of the company whose shares are to be purchased (the target company). The procedure will not come into effect until the resolution is entered in the Companies Register in which Telegate Media AG is registered - if there is no opposition from minority shareholders - and will automatically transfer shares to the majority interest shareholder who began the procedure.

On December 3, 2008 the shareholders of Telegate Media AG passed a resolution in favour of squeeze out by Telegate. The resolution has however been challenged by a number of the company's minority shareholders but to date no appeal has been served on Telegate Media AG.

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Turin property complex in Corso Mortara: plan for new headquarters for SEAT Pagine Gialle S.p.A.

At end 2008 and after two years of work, the construction of five of the six new buildings in the left part of the "Manica Storica" of the Ex Officine Savigliano complex in Turin was completed. The historic section is given over to offices and the main entrance and reception. The sixth building will be finished in the first few months of 2009 and the complex as a whole offers about 26,600 sq.m. in space. At end 2008 the Company's offices were gradually moved to the new headquarters, mainly in December, to ensure that the Company would be fully functional in its new headquarters from January 2009. € 62.6 million of the € 65.8 million investment in the property came from financial leases.

For further details go to note 10 of the disclosures to the Consolidated Financial Statements of the SEAT Pagine Gialle group.

Disposal of Wer liefert was? GmbH

In 2008 after SEAT Pagine Gialle S.p.A. had reset the Group's strategic objectives to focus on improving the Italian core business and to dispose of non-strategic equity investments, especially those operating in markets with low yield prospects, it decided to sell off its entire stake in WLW of Germany.

The sale to Bisnode AB of Sweden of the wholly-owned WLW came into effect on December 23, 2008 under a € 47.8 million contract signed in November 2008. The "locked box"⁽¹⁾ sale price looked at WLW's books and financial position at September 30, 2008 and was paid in full at the transfer date after receiving the go-ahead from the German Competition and Market Authority which was a condition precedent of the preliminary sale agreement for sale investment. The sale followed an auction and produced a net consolidated loss of € 79.5 million.

After the disposal, the economic and financial data on WLW for the financial years ending December 31, 2008 and 2007 were accounted for as "Profit (loss) from discontinued operation/non-current assets held for sale".

⁽¹⁾ "Locked box" is a pricing system often used in sales of equity investments. The parties agree that the price for the share transfer (and therefore the value of the purchased company) will be based on a financial position they have produced and agreed before the contract is signed.

➤ Post-balance sheet events

Renegotiation of the “Senior Agreement” with The Royal Bank of Scotland Plc Milan Branch

Pursuant to the many constraints imposed by the “Senior” facility provided by The Royal Bank of Scotland Plc (Milan Branch), of the market environment, forecast economic and financial results for 2008 and the 2009-2011 Business Plan still being defined, action was taken from the end of 2008 to maintain the economic and financial equilibrium and cash generating ability of SEAT Pagine Gialle S.p.A. and to ensure compliance with The Royal Bank of Scotland Plc (Milan Branch) facilities agreement.

Given the possibility that on January 26, 2009 the Extraordinary Shareholders’ Meeting might vote in favour of a Capital Increase (see below), with the agreement of The Royal Bank of Scotland Plc (Milan Branch) a number of changes were made to the terms and conditions of the “Senior” facilities agreement *inter alia* to enable the Capital Increase to take place and to bring the terms of the agreement in line with the economic and financial performance forecast for the SEAT Pagine Gialle group in the new 2009-2011 Business Plan.

The changes to the “Senior” facilities agreement were made official when on January 14, 2009 SEAT Pagine Gialle S.p.A. and The Royal Bank of Scotland Plc (Milan Branch) signed another agreement amending it. However, several of the amendments (including the *reset of financial covenants*, the restrictions on dividend payment and the higher margin on The Royal Bank of Scotland Plc facilities) will not come into effect until one or more key shareholders pay into SEAT Pagine Gialle S.p.A. (directly or indirectly, by subscription of the Capital Increase or in respect of future capital increases or for any other reason) a total of no less than € 99.2 million or until they give The Royal Bank of Scotland Plc Milan Branch a full, irrevocable and unconditional undertaking to make such a payment (and in all cases the payment must be made by May 31, 2009 or if the Capital Increase is delayed, by June 28, 2009).

The amendments agreed include:

- the resetting of the *financial covenants* and several economic and financial ratios in the 2005 “Senior” facilities agreement to take account of the new 2009-2011 Business Plan scenario, which differs from the previous scenario, so as to ensure there is 20% *headroom* for the 2009-2010 figures in the new Business Plan. The *financial covenants* were also extended until March 31, 2013 and 25% *headroom* was built in for the financial year 2011 and 30% for 2012 and 2013;
- a commitment by SEAT Pagine Gialle S.p.A.:
 - to use 50% of the income from the Capital Increase to make a voluntary *pro rata* repayment of tranche A “Senior” debt, due on December 2011;
 - not to vote any dividend distribution until the net financial debt (including the value of any distributable dividend) to EBITDA ratio is over 4;
 - to increase the margins applying to the credit lines given under the “Senior” facilities agreement by 0.75% p.a.. The increase will apply from the date the Capital Increase is completed and will be fixed until the end of 2010, after which there will be a return to the system of reducing margin in line with the drop in the net debt to EBITDA ratio.

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Elimination of the nominal value of SEAT Pagine Gialle shares and Capital Increase

On January 26, 2009 the Shareholders' meeting resolved to:

- eliminate the nominal value of shares, previously € 0.03 per share;
- group the existing ordinary and saving shares together according to the following ratio: one new ordinary (saving) share for every two hundred existing ordinary (saving) shares;
- increase the share capital by a maximum of € 200 million.

The Extraordinary Shareholders' Meeting also resolved that the Capital Increase would be executed by the issue of ordinary shares with no nominal value, to be offered as an option right to ordinary shareholders and holders of savings shares, at the unit offering price equal to theoretical ex right price (TERP) of the SEAT ordinary share, calculated to the current methods and on the basis on the arithmetic mean of the official unit prices posted during a period of at least three trading days prior to the determination of the offering price and discounted to the extent that is to be resolved by the Board of Directors, it being understood, in any case, that the offering price for the new shares may not be greater than € 6.0 per share.

The full subscription of the Capital Increase has been guaranteed. The Reference Shareholders have formed a syndicate representing about 50% of the voting capital and agreed to subscribe the Capital Increase in the proportion to which they are entitled, after a shareholders reorganisation. The residual portion of the Capital Increase will be underwritten by a consortium co-ordinated and managed by Mediobanca - Banca di Credito Finanziario S.p.A., which has guaranteed the subscription of any option remained unexercised. The subscription commitment of the Reference Shareholders and the underwriting agreement of Mediobanca - Banca di Credito Finanziario S.p.A. are in line with best practices for similar transactions. Subject to the obtaining of all necessary approvals, the Capital Increase should take place between the end of April and the first half of May 2009 and in all events will be completed by July 10, 2009.

The capital regrouping voted by the Shareholders' Meeting on January 26, 2009 came into effect on February 9, 2009.

Early repayment of a portion of "Senior" debt

At the end of January 2009, based on the good cash inflows in the financial year 2008 and in line with previous years, the Company continued its debt and interest expense management policy by making voluntary early repayment of € 50 million of the about € 109 million outstanding and due on June 2009.

CEO step down

At its meeting on February 9, 2009, the Board of Directors noted that the Chief Executive Officer did not wish to stand for re-election when a new Board is appointed at the Shareholders' Meeting convened for April 8, 2009. He declared that after two consecutive mandates he had completed his work and now wished to seek other professional challenges. The Board also noted that an agreement is being completed between Luca Majocchi and the Company's leading shareholders (who have formed a syndicate representing about 50% of the voting capital) under which, in order to ensure minimum

disruption during the transition period, at the April 8, 2009 Shareholders' Meeting the shareholders will propose and vote a resolution to re-elect Luca Majocchi to the Board of Directors as Chief Executive Officer with the same authority and powers as those currently attributed to this position. In addition, Mr Majocchi has declared his willingness to accept the position up to June 30, 2009 only and that he will resign as CEO and from the Board at that date, or earlier if the Company appoints another Chief Executive Officer to replace him.

Approval of the 2009-2011 Business Plan

On February 12, 2009 the Board of Directors approved the new 2009-2011 Business Plan, confirming the guidelines it previously approved on December 23, 2008 and after considering the draft closing figures for the financial year 2008 and checking they are consistent with the assumptions underlying the plan. For further details of the plan go to the "Highlights and General information paragraph Market and Strategic Positioning" and in the "Report on Operations paragraph Outlook".

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➤ Outlook

In 2008, in line with the strategic decision to focus resources on the Italian business, SEAT Pagine Gialle S.p.A. accelerated its investment in internet development by launching new products and services and customer management for its print-telephone-internet products.

The launch of new online products and the beefing up of the sales network, by hiring internet specialists, began to show its fruits in the third and fourth quarters of 2008 when the market had badly deteriorated. The internet profits boosted growth, materially cushioning the negative impact of the recession, and together with cost-cutting led to the achievement of EBITDA targets.

Supported by these positive results, in 2009 SEAT Pagine Gialle S.p.A. will continue in the direction taken last year and will continue to invest to improve its core business. At the same time SEAT Pagine Gialle S.p.A. will soften the impact on EBITDA of both recession-induced falls in revenue and business development costs by taking structural action to cut operating costs.

This, together by similar actions by the foreign subsidiaries, is expected to generate Group EBITDA of approximately € 560 million.

➤ Economic and financial performance by Business Area

		Italian Directories	UK Directories	Directory Assistance	Other Directories	Aggregate Total	Eliminations and other adjustments	Consolidated Total
(euro/million)								
Revenue from sales and services to third parties	Year 2008	1,055.7	118.1	154.7	47.5	1,376.0	-	1,376.0
Intercompany revenue from sales and services	Year 2008	3.0	-	35.7	22.8	61.5	(61.5)	-
Total revenue from sales and services	Year 2008	1,058.7	118.1	190.4	70.3	1,437.5	(61.5)	1,376.0
	Year 2007 restated	1,090.2	158.2	185.8	71.6	1,505.8	(61.6)	1,444.2
Materials and external services (*)	Year 2008	(393.0)	(40.0)	(68.1)	(39.9)	(541.0)	61.8	(479.2)
	Year 2007 restated	(399.9)	(52.0)	(64.1)	(40.3)	(556.3)	55.9	(500.4)
Salaries, wages and employee benefits (*)	Year 2008	(89.9)	(50.1)	(75.7)	(22.8)	(238.5)	0.1	(238.4)
	Year 2007 restated	(86.9)	(64.3)	(68.2)	(23.3)	(242.7)	0.1	(242.6)
Gross operating profit (GOP)	Year 2008	575.8	28.1	46.7	7.6	658.2	0.2	658.4
	Year 2007 restated	603.4	41.9	53.5	8.0	706.8	(5.6)	701.2
EBITDA	Year 2008	526.9	24.2	47.1	7.1	605.3	-	605.3
	Year 2007 restated	553.5	36.7	50.0	8.0	648.2	(0.1)	648.1
EBIT	Year 2008	304.0	(79.0)	33.2	(29.7)	228.4	(0.1)	228.3
	Year 2007 restated	351.6	33.2	40.7	2.2	427.7	-	427.7
Total assets	December 31, 2008	4,899.4	199.0	262.2	468.4	5,829.0	(1,024.2)	4,804.8
	December 31, 2007	5,520.0	361.1	226.4	513.3	6,620.7	(1,515.0)	5,105.7
Total liabilities	December 31, 2008	3,774.6	104.5	93.2	319.8	4,292.1	(390.9)	3,901.2
	December 31, 2007	3,872.0	150.3	67.8	308.5	4,398.6	(416.8)	3,981.8
Net invested capital	December 31, 2008	4,146.1	139.0	115.5	153.0	4,553.6	(633.3)	3,920.3
	December 31, 2007	4,866.7	273.7	91.9	177.1	5,409.3	(1,099.2)	4,310.1
Capital expenditure	Year 2008	37.0	1.9	5.9	4.2	49.0	(0.3)	48.7
	Year 2007	51.4	1.8	5.8	7.4	66.4	(0.3)	66.1
Average FTEs	Year 2008	1,389	839	2,500	435	5,163	-	5,163
	Year 2007 restated	1,379	999	2,476	454	5,308	-	5,308
Average sales agents	Year 2008	1,666	-	79	50	1,795	-	1,795
	Year 2007	1,607	-	-	16	1,623	-	1,623

(*) Minus cost debited to third parties and included in IFRS financial statements under "other revenue and income".

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Key performance indicators of the Group	Year 2008	Year 2007
Number of published directories		
PAGINEBIANCHE®	103	103
PAGINEGIALLE®	202	202
ThomsonLocal	174	173
Number of distributed directories (values in million)		
PAGINEBIANCHE®	26.7	26.9
PAGINEGIALLE®	22.4	21.2
ThomsonLocal	23.7	23.8
Number of visits (values in millions)		
<i>uninterrupted site access for 30 minutes</i>		
PAGINEBIANCHE.it	192.6	215.5
PAGINEGIALLE.it	102.3	81.4
TUTTOCITTA'.it	34.5	46.1
Europages.com	19.2	22.2

→ Italian Directories (SEAT Pagine Gialle S.p.A.)

The market

SEAT Pagine Gialle S.p.A. is Italy's top local advertising agency and one of the biggest nationally, with a large customer base and advertising revenue of about € 1 billion. SEAT Pagine Gialle S.p.A. has about 10% of Italy's traditional advertising market (TV and press, excluding internet) where turnover is approximately € 10 billion (2007 figures), second only to the national TV operators (Mediaset and RAI) in advertising revenue, and about 47% of the country's traditional local media advertising market, which the Company estimates to be worth in the national of € 2 billion.

Over the last few years SEAT Pagine Gialle S.p.A. has expanded its market to include not only directories but also promotional advertising for SMEs in the traditional media (local press and TV, hoardings, fliers, trade fairs, catalogues etc.) and new internet opportunities (general and vertical portals and search engines).

The general and specialist products and services offered by SEAT Pagine Gialle S.p.A. across three platforms (print, voice and internet) meet all SME marketing requirements since their wide distributions and heavy use provide lower cost per contact than competing media. The ever increasing popularity of the internet will also enable SEAT Pagine Gialle S.p.A. to continue to develop new products to meet SME marketing requirements.

The IAB (Internet Advertising Bureau) believes that the Italian internet advertising market was worth € 846 million in 2008. SEAT Pagine Gialle S.p.A. has 19-20% of that market. The current difficult macro-economic environment is hitting the traditional advertising market hard at the same time as internet advertising continues to show fast growth, expected to be about 20% in 2009.

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Print centred revenue per product

			Year 2008 % on total revenues	
<i>Print</i>		PAGINEGIALLE	Italian business directory	31.1 %
		PAGINEBIANCHE	Telephone directory	36.6 %
		TuttoCittà	Italian road maps	
		Other print products		0.3 %
	<i>Online</i>		PAGINEGIALLE.it	search engine specialised in business searches
		Other online products		
<i>Voice</i>			89.24.24 Pronto PAGINEGIALLE	voice service which provides directory assistance added-value services
		12.40 Pronto PAGINEBIANCHE	voice service which provides subscriber information service	
	Total print centred revenue			87.9 %

Product innovation

Online services

In 2008, with internet advertising booming, SEAT Pagine Gialle S.p.A. adopted an internet growth strategy to both expand its current customer database and to penetrate new markets to capture most of the growth in SME internet spending in Italy. The Company focused on: *i)* increasing traffic (making PAGINEGIALLE.it more visible on search engines through automatic SEO - *Search Engine Optimization*) and improving content to increase customer loyalty to PAGINEGIALLE.it; *ii)* improving services to SMEs with targeted products and competitive pricing; and *iii)* giving customers detailed reports on traffic generated.

The new sales approach therefore covered three areas:

- **content:** development/management of products better suited to online directory business that offer the advertiser a range of personalised visibility levels on SEAT websites. The product was launched in March 2008 at PAGINEGIALLE.it entry level (e.g. a company profile with standard information, text, photographs) at lower average entry costs than on existing products, to increase internet product penetration of the customer base and attract new customers. The synergies with the other two areas and the fact that the customer can structure information to match his target market makes this upselling strategy, as offer of products or services to customer with higher value than the previous purchases, more effective and has translated in to bigger average spend per customer;
- **services:** development of higher added-value products giving advertisers an internet presence at a competitive price thanks to industrialisation of business models by SEAT Pagine Gialle S.p.A.. *Visual Site* was launched in January 2008 offering SEAT Pagine Gialle S.p.A. advertisers their own personalised, multimedia websites, increasing their visibility on PAGINEGIALLE.it and in the leading search engines;
- **distribution/reselling:** development of products increasing advertisers' web presence through partnerships with leading market operators and internet advertising agency services (campaign management and optimisation across several platforms). This area also includes the distribution of PAGINEGIALLE.it content on the internet and other platforms.

The integration of the three areas and the functionalities within PAGINEGIALLE.it, have improved the range by ensuring it is complementary to, and not competitive with, general portals and search engines. PAGINEGIALLE.it is in a position to exploit the innate potential of these engines (e.g. Google) to:

- increase traffic from Google through automatic SEO (*Search Engine Optimization*);
- offer its own advertisers visibility within Google thanks to professional SEO. Launched in July, the service classifies advertiser categories and profiles to improve visibility on the leading search engines;
- offer a new commercial proposition in the form of an appearance on paid listings through key-word advertising. In July 2008 SEM (*Search Engine Marketing*) was introduced. This is based on *pay per click* on *Sponsored Links* from keywords in the company profile on search engines, and in September 2008 "*Priority Exit*" was introduced ensuring advertisers appear at the top of PAGINEGIALLE.it search results.

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In September 2008 the new SEAT Pagine Gialle S.p.A. websites appeared, combining content and function on one single new platform. The purpose of the project was to strengthen the SEAT Pagine Gialle S.p.A. *brand identity*, to make services and search results more effective and immediate for companies, institutions, professionals and private users and to increase traffic to the Company's advertisers. Innovations include: *i*) PAGINEGIALLE.it and PAGINEBIANCHE.it search results now appear in three micro areas (personal and/or company details, contact details and a link to other SEAT Pagine Gialle S.p.A. services, e.g. PAGINEGIALLE VISUAL) and *ii*) a central position on the web page of TuttoCittà.it enabling the user to locate the address required or to design a route to it.

Results of the new strategy are:

- **increased traffic:** consultations 25.5% up on 2007 to 102.3 million at 2008 closing, thanks in part to the restyling of the PAGINEGIALLE.it site that now offers better organised content and is more user-friendly. 21% of all 2008 traffic was generated by automatic SEO (*Search Engine Optimization*).

The overhaul of the PAGINEGIALLE.it website was followed by improvement of PAGINEBIANCHE.it and Tuttocittà.it content and in May additional pay-based content was introduced for PAGINEBIANCHE.it, (*Contact Site*). This offers PAGINEBIANCHE® advertisers a dedicated web page within PAGINEBIANCHE.it enriched with added-value information (company name, address, description of business, contact details, interactive map with aerial photo) through a .com domain endorsed by the PAGINEBIANCHE® brand;

- **new commercial products:** new commercial products (SEO Professionale, PGClick, Priority) have been launched, industrialising the typical web agency model and offering SEAT Pagine Gialle S.p.A. online advertisers consultancy and improved development and promotion of their internet presence;
- **performance reporting to the advertiser:** this is given in a detailed report certified by an Audiweb leader in internet audience measurement (Shinystat).

Directory assistance service

The success of the 89.24.24 Pronto PAGINEGIALLE® multimedia products have increased the average value per advertiser of the basic online product. The service sends callers free texts with the photograph, logo and map of the company requested. The new pay-per-call product introduced in July 2008 is priced on the number of queries per customer and also offers a previously stated limited number of free calls when the contract is signed, to ensure total transparency about service costs.

New information systems

Under its end 2004 IT Business Plan to be completed in 2009, the SEAT Pagine Gialle group made a strategic investment to make it more reactive to changes in the economy and the market and to cut time-to-market for new products.

In recent years the biggest general investment has been in creating a "Real-Time Enterprise" in which data and information is distributed to all company applications as it is input or updated.

The aim is to create a state-of-the-art agile IT technology architecture by: *i)* integrating different systems; *ii)* ensuring 24/7 service; *iii)* fully supporting "Mobile Computing"; *iv)* creating an integrated telecoms system that will support the sales network; and *v)* introducing advanced "Disaster Recovery".

2008 investment saw further refinement of the new directories-dedicated SEM "*Sistema Editoriale Multimediale*" (multimedia publishing system) that started operation at the beginning of 2007. The system was created by an international project team using extremely innovative structures and allows integrated processing of multimedia (print, internet, voice) advertising information. All electronic management of text and graphic executables obtained by the salesforce is now fully paperless and contacts with industry outsourcers has been improved to meet higher efficiency and quality targets.

The CRM (*Customer Relationship Management*) project also continued. This is a combination of software with strategy to improve the integration of publishing, company data management and sales and to develop new products fast and economically. The CRM programme is essential to the development of the information systems supporting the business and to provide the SEAT Pagine Gialle S.p.A. sales teams with efficient, flexible tools available in real time that will cut: *i)* time spent on administration and company database access. This will now be possible in real time, improving negotiations with the customer; and *ii)* processing time, reducing errors and improving the quality and transparency of service to the customer. The work done in 2008 meant that in February 2009 two new totally integrated new systems were launched:

- SAP, to manage sales and accounts administration;
- SFE (front-end system), software for preparing visits and obtaining new customer contracts.

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Economic and financial data

The table shows the main results for 2008 compared to 2007

(euro/million)	Year 2008	Year 2007	Change	
			Absolute	%
Revenue from sales and services	1,058.7	1,090.2	(31.5)	(2.9)
Gross operating profit (GOP)	575.8	603.4	(27.6)	(4.6)
EBITDA	526.9	553.5	(26.6)	(4.8)
EBIT	304.0	351.6	(47.6)	(13.5)
Net invested capital at the end of the year	4,146.1	4,866.7	(720.6)	(14.8)
Capital expenditure	37.0	51.4	(14.4)	(28.0)
Average workforce (FTE)	1,389	1,379	10	0.7

SEAT Pagine Gialle S.p.A. **revenue from sales and services** totalled € 1,058.7 million in 2008, down 2.9% on 2007 (€ 1,090.2 million).

This reflects the solid performance of print-centred products (paper, internet and telephone directories) despite the slight drop against 2007 (-1.1%) and follows strong growth in internet business on the back of product innovation. There was a significant rise in online revenue in the second half of the year, accompanied by a faster move in the revenue mix from print to online products, so that the final quarter saw essential stability (-0.8%) in total revenue from core (print and internet) products when compared with the last quarter of 2007. Revenues from minor products (business to business, direct marketing and promotional products) fell however, as they were harder hit by Italy's slowing economy with GDP that, according to the most recent official ISTAT statistics, fell to -0.9% for the third time since the end of the War. Consumption fell too for the second time in fifteen years.

SEAT Pagine Gialle S.p.A. has reacted to this environment by focusing its resources on the development of online business and customer management for print-internet-voice products:

a) print-centred revenue amounted to € 931.3 million in 2008, decreased by 1.1% on 2007 (€ 941.3 million):

- *Print*: directories and local product revenue in 2008 was € 720.5 million, down 4.6% on 2007 (€ 755.3 million) with a downturn in the fourth quarter of 2008 (-8.9%) when compared with the first nine months of the year (-3.0%). This was caused by seasonal problems (higher weight of large town directories) and a worsening economy

and market. Revenue for the two biggest products: PAGINEGIALLE® slid again by 8%, continuing the downward trend started in 2007 as the recession began to bite, causing a number of large companies (particularly in big cities) not to renew their advertising contracts when they expired and/or to reduce their advertising budgets. PAGINEBIANCHE® revenue remained on the contrary essentially stable, thanks in part to a combined print and online package, consultations of PAGINEBIANCHE.it in 2008 being 192.6 million (212.4 million in 2007). The fall in consultations was mainly caused by the end of the agreement with the Telecom Italia portal but net of this effect, traffic on PAGINEBIANCHE.it rose 3.9%.

Local products revenue fell € 3.6 million from 2007, since the product is under review (2009 will see the end of local editions of InZona and Idee Invacanza) to refocus the salesforce on print and online products.

- *Internet*: online products, supported by the new commercial strategy which focused sales in the second half of the year, brought in € 162.3 million in revenue in 2008, up 18.4% on 2007 (€ 137.1 million in 2007). The rise (+27.6% in the second half of 2008) was the result of the launch of new internet products and cross selling. The number of online customers rose about 20,000 units on 2007, as did average value per advertiser (existing customers in particular thanks to upselling), which was higher than that of new customers.

Over 60% of the increase in internet revenue over 2007 was thanks to new internet services, the remainder being imputable to traditional products. Consultations of PAGINEGIALLE.it rose 25.5% on 2007, on the back of excellent performance by the proprietary brand (+40.7%). Hits from partner sites fell however when the contract with the Telecom Italia portal ended but was more than offset by SEO business, as described yet, which from July 2008 generated about 24% of all consultations, increasing direct consultations of the proprietary brand, PAGINEGIALLE.it, by 41% (compared with the first half of 2008). Consultations of PAGINEGIALLE.it from proprietary brands rose 80% (71% in 2007) as commercial products improved and new services were introduced (advertiser promotional videos, real-time traffic news for all motorways and new "street level" video maps of the centres of a number of Italian cities). Partnership agreements were also signed to increase contacts for advertisers. In April 2008 a contract was signed with Samsung Electronics putting Visual Mobile on

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new-generation cell phones along with full PAGINEGIALLE VISUAL information. More recently, an agreement was signed with Microsoft putting PAGINEGIALLE and PAGINEBIANCHE content on *Windows Live Messenger* and *Live Search Maps*.

- *Voice*: advertising revenue amounted to € 48.6 million, down 0.7% on 2007 (€ 48.9 million). This reflects falling revenue in the fourth quarter of 2008 (-8.3%) after continuous growth in the first nine months of the year (+4.1%) as the commercial strategy refocused sales on new internet products. Advertising revenue from 12.40 Pronto PAGINEBIANCHE however rose 26.1% thanks to high traffic.

b) Business to Business: BtoB products brought in revenue of € 26.2 million, down 31.7% on 2007 (€ 38.4 million in 2007), influenced by a refocus of the sales force on core products and on the current migration from print to internet products, particularly for high-end customers, in line with the trend on all main BtoB markets. The strategic product review simplified the range of brands, and in 2009 Annuario SEAT and PAGINEGIALLE Professional will close.

c) Other products: revenue amounted to € 100.6 million, a fall of € 8.5 million on 2007. This item includes € 71.6 million in revenue from calls to 89.24.24 Pronto PAGINEGIALLE® and 12.40 Pronto PAGINEBIANCHE (€ 74.8 million in 2007). The consolidation of the directory assistance market has inevitably reduced call numbers. However, the quality of the services offered and the continued development of new products did lead to a slight increase in market share. Direct Marketing revenue at € 9.3 million was essentially unchanged, while merchandising dropped € 3.5 million to € 11.9 million, to a certain extent suffering from the refocus of the sales force on core products.

The **cost of materials and external services**, minus costs debited to third parties and included in IFRS financial statements under "Other revenue and income", totalled € 393.0 million in 2008, a fall of € 6.9 million on 2007 (-1.7%):

- *industrial costs*, amounted to € 169.3 million in 2008, fell € 6.8 million on 2007 (€ 176.1 million). The drop in print revenue led to a 5.6% reduction in the number of pages printed, lower paper consumption (-6.5%) and lower production costs (-5.8%);

- *sales costs*, amounted to € 151.2 million in 2008 were essentially unchanged on 2007 (€ 152.6 million). The drop in *commission and other sales costs* was € 119.8 million (€ 124.7 million in 2007), mainly owing to a different revenue mix that in 2008 saw the end of commission-based telesales. Outbound call center costs rose significantly however (+€ 3.1 million). Royalties fell € 2.0 million to € 6.3 million mainly when the partnership with Matrix for PGNet ended;
- *general costs*, amounted to € 72.5 million in 2008, up € 1.3 million on 2007 primarily because of higher software leasing fees (+€ 1.6 million) and higher property rental and condominium charges from 2008 for the Turin headquarters in Corso Mortara, even though staff did not transfer to the new headquarters until the end of the year. Collection expenses fell € 1.0 million thanks to improved efficiency.

Salaries, wages and employee benefits, net of the recovered cost for seconded personnel to other Group companies, totalled € 89.9 million, up 3.5% on 2007 (€ 86.9 million). The rise was caused by the increase in average workforce from 1,379 in 2007 to 1,389 in 2008. The change in staff numbers was the result both of the redundancies arising from the 2007-2009 Restructuring Plan and secondly by the hiring of experienced staff with specific technical and managerial skills to support the development of the business. The item was also impacted by the capitalisation of the labour cost of personnel working on the investment projects over the year (€ 5.2 million in 2008 as compared with € 4.2 million in 2007).

Workforce at December 31, 2008, including directors, project workers and trainees, was 1,444 personnel (1,449 personnel at December 31, 2007).

Gross operating profit (GOP), was at € 575.8 million in 2008, down 4.6% (€ 27.6 million) against 2007. This was essentially due to lower revenue (down € 31.5 million or 2.9% compared to 2007), and was only partially offset by lower operating costs (down € 3.9 million or 0.8% compared to 2007). The ratio on revenue (54.4%) was however in line with 2007 (55.3%).

EBITDA, was € 526.9 million, down € 26.6 million on 2007, with a ratio on revenue down 1% to 49.8%. EBITDA moved in the same way as GOP. Provisions to reserves to risks and charges (€ 49.2 million) rose € 1.3 million on 2007. The provision for doubtful trade account receivables lifted protection for overdue receivables from 50.0% in 2007 to 51.3% in 2008.

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Operating amortisation, depreciation and write down, amounted to € 34.3 million in 2008 (€ 26.8 million in 2007). It includes € 26.3 million for intangible assets with a definite useful life and € 8.0 million for property, plant and equipment. The item increased 28.0% on 2007 when IT systems and the product innovation and sales force support projects in which the Company invested in recent years came online.

Non-operating amortisation and write-down, amounted to € 162.1 million in 2008, unchanged on 2007. This is the amortisation of the customer database.

Non-recurring and restructuring costs, amounted to € 26.6 million in 2008 (€ 13.1 million in 2007), including a € 12.0 million accrual to the company restructuring reserve for the cost of completing the 2007-2009 Reorganisation Plan (ending in the first few months of 2009) and starting the new 2009-2011 Reorganisation Plan agreed by the Unions and approved by the Board of Directors at end of December 2008. This provides for the shedding of 210 employees 2009-2011 through voluntary redundancies, early retirement and the use of the Cassa Integrazione Guadagni Straordinaria (Special Wage Guarantee Fund). In accordance with IAS 37, redundancy management costs identified at the balance-sheet date were provisioned.

Non-recurring costs include € 14.3 million, of which *i*) € 4.9 million payable to the CEO, Luca Majocchi, when he leaves the Company as consideration for a commitment not to undertake any activity with competitors of SEAT Pagine Gialle S.p.A. (for further details, go to note 32 of the disclosures to the Financial Statements of SEAT Pagine Gialle S.p.A); *ii*) € 3.6 million for support to the parent company's management during the review of internet product strategy, the production of the new Business Plan and the valuation of the equity investment portfolio; *iii*) € 2.8 million for company reorganisation charges, and *iv*) € 2.4 million cost to SEAT Pagine Gialle S.p.A. for moving its employees to the new headquarters in Turin.

EBIT, was € 304.0 million in 2008 (€ 351.6 million in 2007), reflecting GOP trends and EBITDA, as well as increased operating amortisation, depreciation and write-down and non-recurring and restructuring costs.

Regulations

The business of the SEAT Pagine Gialle group in general and of SEAT Pagine Gialle S.p.A. in particular is regulated by a set of EU telecoms directives that have been gradually transposed into law by the Member States, although not consistently:

- Directive 2002/19/EC, on access to, and interconnection of, electronic communications networks;
- Directive 2002/20/EC, on the authorisation of electronic communications networks and services;
- Directive 2002/21/EC, on a common regulatory framework for electronic communications networks;
- Directive 2002/22/EC, on universal service and users' rights relating to electronic communications networks and services;
- Directive 2002/58/EC, concerning the processing of personal data and the protection of privacy in the electronic communications sector.

In Italy the directives were transposed by Legislative Decree 259 of August 1, 2003 (the "Electronic Communications Code") and by other regulations by AgCom and the *privacy* regulator.

The most important regulations for the business of the SEAT group concern:

- access to telecoms networks since this enables directory assistance companies to connect with fixed and mobile telephony networks and to obtain a range of cost-based services;
- universal service, especially access to a Common Database of fixed and mobile telephony subscribers who have agreed to the use of their data. The database contains the details of the subscribers of all Italian telephony operators and is then made available to downstream market operators (including our own directory assistance service) at fair prices that do not discriminate and are based on cost;
- network and telecoms service licences. These have also simplified the process of obtaining licences to run telephony operator services.

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Telephone directories and the common database (DBU)

The EU Commission launched a review of Universal Service Directives, which ended on October 27, 2006. The purpose of the review was to reduce the current obligations on fixed telephony operators. SEAT took part in the public consultation, maintaining the need to retain the regulations that require telephony operators to provide a Common Database of telephone subscribers to all directories companies and also that the database should be provided at fair, non-discriminatory, cost-based price. SEAT Pagine Gialle S.p.A. also asked that compulsory universal access to directory assistance services be extended to all telecoms networks but argued that there was no longer any need for compulsory distribution of universal telephone directories because many other alternative sources of information (telephone, online and mobile directory assistance services) were now available, making it no longer necessary to require the provision of print directories. Discussion of the new packet of directives and their approval will start at the beginning of 2009 and transposal into national laws in 2010.

Directory assistance services - Cost of mobile calls to non-geographic numbers

In March 2007 the study by the European Commission and AgCom of mobile calls to non-geographic "NNG" numbers ("market 15bis") finished. SEAT took part in the study through the companies in its group, as a supplier of directory assistance services.

The study was based on a public consultation process in which AgCom issued an emergency order (504/06/CONS), later served on all the main mobile telephony operators in Italy, capping the cost of dialling an NNG number from a mobile network. These numbers include the SEAT Pagine Gialle S.p.A. directory assistance numbers 89.24.24, 89.24.00, 12.40, 12.56 and 12.89.

The emergency AgCom order assumed that market 15bis should be subject to retrospective regulation imposing obligations and/or "price caps" on mobile operators because the market itself was not believed sufficiently competitive.

The order expired on February 28, 2007 but Vodafone, H3G, Wind and Telecom Italia - the latter excluding only calls to 89.24.24 Pronto PAGINEGIALLE® that it has never considered a directory assistance service - continued to apply the costs set out in the AgCom order.

Even though Agcom order 504/06/CONS had expired at the end of February 2007, in March 2007 AgCom decided to withdraw it following a negative opinion from the European Commission, which maintained that the cost of market 15bis calls was a problem that could be solved under competition law and was not a matter for retrospective regulation.

After this decision and in order to consider whether it ought to resume the study of market 15bis, AgCom began (order 168/07/CONS) a study of access to and calls on mobile public telephony networks ("market 15", which is upstream of market 15bis). This study ended recently with an order by AgCom. When submitting its order to the European Commission, AgCom declared that it had discovered nothing to justify retrospective regulation of that market. The Commission approved the decision without comment on January 19, 2009. For further details of the dispute with Telecom Italia concerning AgCom order 504/06/CONS, go to "Report on Operations paragraph Litigation".

New National Numbers Plan

On July 24, 2008 the new National Numbers Plan (PNN) was published in the *Gazzetta Ufficiale* after an AgCom review from the end of 2006.

So far as the SEAT Pagine Gialle group is concerned, the most interesting item is the introduction of tougher and clearer regulation (to protect the public using these services and the companies offering them in compliance with the law) of the use of 892 numbers offering public information services. Under the PNN these can continue to offer information services to subscribers. The regulation of 12xy and 892 numbers is also made more consistent. No change has been made as regards price capping on services to the public or the service price announcement.

The new PNN makes the *recipient* operator responsible for the administration costs of number portability and in the case of 89.24.24 Pronto PAGINEGIALLE® this obligation will therefore move to Telegate. However, negotiation is under way with Telecom Italia to transfer the obligation for this number to SEAT Pagine Gialle S.p.A. instead of Telegate.

Transparency of telephone bills

In August 2007 AgCom took steps to provide telephone users with greater protection by issuing order 418/07/CONS on transparent telephone bills. Contributions to the decision were made by fixed and mobile telephone operators, directory assistance providers (including SEAT Pagine Gialle S.p.A.) and consumer associations. The main innovations are: *i*) users may ask to receive two separate bills (one for basic services - line rental and additional services and the other for premium price calls) in the same envelope, and *ii*) specific exclusion from call blocking of all 892 numbers offering directory assistance (such as the SEAT Pagine Gialle group numbers).

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Since the original deadline for entry into effect was broken by a Telecom Italia appeal from the order to administrative regional court of Lazio, in February 2008 AgCom issued order 97/08/CONS introducing an "opt-in" system for premium services (i.e. the subscriber must specifically request access to certain numbers - the opposite of the system to date).

At the end of March 2008 SEAT Pagine Gialle S.p.A. asked AgCom formally to clarify the list of numbers excluded from permanent call blocks so as to avoid any dispute with Telecom Italia and to ensure free access by subscribers to its own 892 services.

On May 14, 2008 AgCom published the list of NNGs excluded from permanent call block (order 201/08/CONS), confirming the free access to 892 services providing directory assistance. These are therefore not affected by the new permanent call block system that since June 30, 2008 automatically applies to all subscribers who in the three previous months prior to that date stated no objection to their service provider.

Data Security Document

SEAT Pagine Gialle S.p.A., as personal data processing owner and as required under rule 26 of the Technical Regulations on Minimum Security Standards (Legislative Decree 196 of June 30, 2003), will by the end of March 2009 publish its annual update of the "data security document" on the electronic processing of "sensitive and judicial data".

→ UK Directories

Market and strategic positioning

The TDL group, which operates through Thomson Directories Ltd., publishes telephone directories and sells advertising in its print and online products and on the Business Information market.

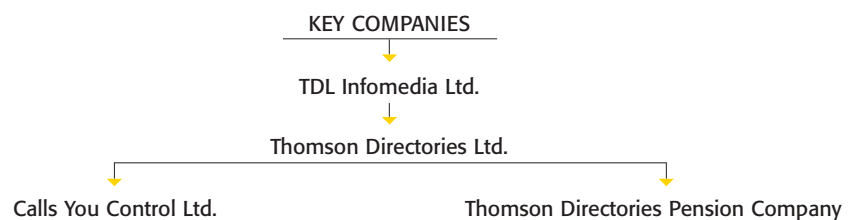
In 2008 the TDL group was the UK's third largest directory company after Yell and British Telecom, with about 75,000 customers.

Thomson operates three contiguous businesses with the following main products:

- Thomson Local print directories, which are published in 174 editions covering 85% of the population and 45% of the UK. Thomson Local is distributed free to over 22 million private or business addresses and contains not only classified business listings but also sections with public service information, local events and street maps;
- online directories through its www.Thomsonlocal.com website. This is an online version of the print directories, with "keyword" searches of an online platform. Searches can be made of Thomson's proprietary database (*BusinessFinder*) and of the entire web (*WebFinder*). *WebFinder directory*, a printed Web address directory, was recently launched as support for *WebFinder*;
- *Business Information*, through the sale of consultation licences for its proprietary database and of *Business Search Pro*, a new product distributed on CD-ROM containing part of the Thomson database. Payment is based on consultation of the data on the CD.

Thomson has a portfolio of about 75,000 customers, about 45% of whom are internet-based.

Business area structure



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Key company events

- On November 25, 2008 the Board of Directors of Thomson Directories Ltd. (which is wholly owned by TDL Infomedia Ltd), taking account of results at October 31, 2008 that showed up to 10 million in profits available for distribution, decided to distribute to the sole shareholder, TDL Infomedia Ltd., GBP 1,100,000 as an advance on dividend.
- In the second half of 2008, the Board of Directors of Thomson Directories decided stop the business of its subsidiary Call You Control. Therefore, its economic results, financial position and cash flows have been accounted for as "Discontinued operations/non-current assets held for sale".

Economic and financial data

The following table shows the main results for 2008 compared to *restated* 2007 in accordance with IFRS 5, to enable consistent comparison of items

(euro/million)	Year 2008	Year 2007 restated	Change	
			Absolute	%
Revenue from sales and services	118.1	158.2	(40.1)	(25.3)
Gross operating profit (GOP)	28.1	41.9	(13.8)	(32.9)
EBITDA	24.2	36.7	(12.5)	(34.1)
EBIT	(79.0)	33.2	(112.2)	n.s.
Net invested capital at the end of the year	139.0	273.7	(134.7)	(49.2)
Capital expenditure	1.9	1.8	0.1	5.6
Average workforce (FTE)	839	999	(160)	(16.0)



In 2008 **revenue from sales and services** was € 118.1 million (GBP 94.1 million), down 25.3% on *restated* 2007. The fall, which was worsened by the drop in sterling against the euro, is significantly less (-13.1%) in local currency terms. Revenue reacted to the particularly tough market that has affected all players and forced TDL Infomedia Ltd. to review its product range and reorganise Sales so as to be able effectively to offer new commercial products. The contraction in revenue was greatest for the segment with clients requiring national coverage - banks in particular - who have been the biggest sufferers in the credit crunch. Revenue generated by regional sales teams (about 80% of the total) did better however. Print directories closed 2008 with falling revenue, despite the impact of the restyled Thomson Directories and good sales of advertising space through the Nectar programme. At constant exchange rates, online revenue grew 5.1% thanks to the Group's new positioning as a *media* agency for SMEs, despite the negative impact the credit crunch had on them. Direct marketing revenue also suffered from the structural problems facing the UK directories market, with a 4.2% fall in year on year profits despite good e-marketing figures primarily from customers with nation-wide coverage needs.

In 2008 Thomsonlocal.com had over 15.5 million individual visitors (about 6 million in 2007) who made over 14 million internet searches (up 20.3% on 2007). Internet revenue rose about GBP 1 million over 2007, while business information remained essentially stable (GBP 7 million). Print products fell to GBP 71 million (GBP 15 million below *restated* 2007).

Lower print revenue cut **GOP** by € 13.8 million (-32.9%). In sterling terms the fall was GBP 6.3 million (-22.0% on **GOP** for *restated* 2007). The Thomson responded to a difficult UK market by cutting costs. 2008 service costs were € 33.6 million (€ 42.7 million in *restated* 2007), thanks to a reduction in manufacturing and production costs (-€ 3.1 million) as a result in fewer pages being printed and lower distribution costs (-€ 1.6 million on *restated* 2007) obtained by bringing part of the process back in house at the end of 2007.

Salaries, wages and employee benefits were € 50.1 million in 2008 (€ 64.3 million in *restated* 2007 and -9.3% in local currency terms) achieved by cutting the average number of workforce (FTE) in accordance with a general staff redundancy and/or Reorganisation Plan.

EBITDA of € 24.2 million in 2008 was € 12.5 million lower than in *restated* 2007, in line with **GOP**.

EBIT was negative for € 79.0 million in 2008 (positive for € 33.2 million in *restated* 2007). The 2008 result suffered from a € 100.5 million impairment losses on the goodwill in Thomson Directories after impairment testing as described in note 7 of the disclosures to the Consolidated Financial Statements of the Group.

Net invested capital of the Thomson group was € 139.0 million at end 2008, a fall of € 134.7 million on December 31, 2007, of which € 100.5 million due to the above impairment of the goodwill in Thomson Directories Ltd.. At the end of 2008 goodwill totalled € 130.2 million. Net invested capital also includes a defined-benefit pension fund valued at end 2008 at € 10.6 million (€ 20.8 million at December 31, 2007). In July 2008 and to reduce the risk of future pension-fund related liabilities, Thomson Directories Ltd. changed a number of the rules applying to its fund. This is now closed to new staff (who have a new defined-contribution pension plan) while contributions from existing members have been raised, as has the pensionable age, in order to maintain the level of benefits already acquired. For further details of the fund, go to note 22 of the disclosures to the Consolidated Financial Statements of the Group.

Capital expenditure totalled about GBP 1.5 million (GBP 1.2 million in 2007) sustained, particularly in the internet business, by product innovation.

Operating free cash flow was negative for € 10.6 million (GBP 9.8 million) was € 15.7 million down on 2007 owing to lower EBITDA and higher investment.

The **average workforce** in 2008 was 839 units (999 units in 2007) following company reorganisation (particularly Sales Department) over the past year.

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Regulations

The UK telecoms regulator (Ofcom) started a consultancy process in March 2008, proposing to:

- remove the universal service clause (USC7) that requires British Telecommunications Plc (BT) to maintain and supply the telephone subscriber database;
- remove the universal service clause (USC7) that requires telecoms operators to provide their subscribers with print telephone directories;
- consider the need for retrospective regulation to ensure compliance with future regulation of a common database under which all operators would be required to provide all other operators with data to enable the latter to produce directories and directory assistance services;
- amend section 19 of the Communications Act 2003 concerning the advisability of expanding the scope of directory assistance services;
- establish the best regulatory approach to enable directory assistance operators to obtain the information they need to provide proper levels of service.

The Ofcom consultation originated in the actions brought by The Number (UK) and Conduit against BT for obligations imposed on BT from 2003 under the Universal Service Directive (especially "USC7", the universal service clause on the supply of the database of subscribers). Ofcom concluded its examination by deciding that the clause was unlawful and therefore launched a public consultation process to decide how to regulate the supply of subscriber databases. Thomson took part in the consultation, maintaining that regulation is needed to ensure that the suppliers of telephone directories and directory assistance services have access to telephony subscriber information and that access to these databases should be provided at fair, non-discriminatory, cost-based price.

In November 2008, the Competition Appeal Tribunal (CAT) upheld an appeal by The Number UK and Conduit from the Ofcom decision that had revoked as unlawful USC7, which from 2003 had imposed a duty on BT to supply of subscriber database (in accordance with the Universal Service Directive). The CAT ruled that USC7 is lawful and ordered Ofcom to review its previous decision. In the meantime BT appealed from the CAT decision and Ofcom is now awaiting a final decision before either resuming the dispute or continuing the public consultation process it started in March 2008.

→ Directory Assistance

Market and strategic positioning

Directory Assistance as a Business Area provides information services by telephone through Telegate AG's German Group and Prontoseat S.r.l., the direct subsidiary of SEAT Pagine Gialle S.p.A..

The **Telegate group** is one of Europe's biggest directory assistance providers. Telegate, the parent company, was formed in 1996 and has been listed in Frankfurt since 1999. Today, the company is Germany's second biggest directories company after Deutsche Telekom, with 33% of the market in terms of branded call (calls made directly to 11880). The presence of the Telegate group extends beyond Germany and the 11880 service (seven call centers) to Spain, where the 11811 service has two call centers - one in Spain and the other in Argentina, France and the 118000 service (one call center in Morocco) and Italy and the Telegate Italia S.r.l. call center.

In *Germany* the Telegate group responded to the contraction of the directory assistance market, particularly for fixed networks, by continuing to develop value-added services (e.g. weather forecasts, traffic information, hotel bookings) that increased call times and average value per call. The Telegate group also continued its strategic development of its telephone and internet advertising businesses by creating 11880.com and in 2008 purchasing a controlling interest in Telegate Media AG, one of the biggest online advertising agencies that has a famous brand, a high-traffic (5 million visits a month) website and a large client base (around 20,000 clients at the time of the purchase by Telegate). In order to expand its range of internet products through SEO (Search Engine Optimization) and SEM (Search Engine Marketing) by increasing the visibility of its advertisers on the main search engines, Telegate entered into a partnership with Google and other "Local Search" portals to become the first official vendor of Google-Adwords in Germany.

To deal with the contraction of the *Spanish* market and fall in call numbers, Telegate launched a multichannel telephone/internet product and entered into a co-operation agreement with QDQ Media SAU, Spain's second largest directories company, to integrate new technologies and develop a common web platform.

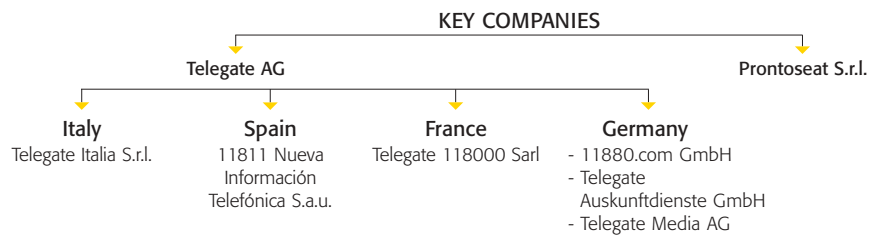
A similar strategy was followed in *France* where Telegate in 2006 launched a search portal using its own database (www.118000.fr) to generate advertising revenue. A co-operation agreement was also signed with Comareg S.A., a French local publishing company that distributes 118000 through its sales network.

Prontoseat S.r.l. operates call centers in outsourcing and together with the Italian subsidiary of the Telegate group manages 89.24.24 Pronto PAGINEGIALLE® for SEAT Pagine Gialle S.p.A. and other back-office services for the SEAT Pagine Gialle group on an outsourcing basis.

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Business Area structure

Directory Assistance as a Business Area provides directory services through the group headed by the German subsidiary, Telegate AG, and Prontoseat S.r.l., a direct subsidiary of SEAT Pagine Gialle S.p.A..



Key company events

- On April 1, 2008 with the approval of the German Federal Cartel Office and under the agreements previously signed with its leading shareholders, Telegate AG acquired a controlling stake in clickTel AG, giving Telegate AG 92.72% of Telegate Media AG. In September clickTel AG changed its name to Telegate Media AG. Over the next few months Telegate raised its shareholding, in part through a public offer in May 2008. In December 2008 the Shareholders' Meeting of Telegate Media AG passed a resolution in favour of a *squeeze out* (the purchase by Telegate AG of the shares still in the hands of the Minority shareholders of Telegate Media AG). For further details, go to "Material events in 2008". At December 31, 2008 Telegate AG owned 96.973% of Telegate Media AG.
- In June 2008 the Telegate AG Shareholders' Meeting approved the financial statements as at December 31, 2007, resolving to distribute a dividend of € 0.70 per share. At the same meeting, the shareholders also resolved to amend the articles of association, authorising the Management Board to effect one or more Capital Increases, if necessary excluding option rights, up to June 10, 2010 or until share capital totalled € 500,000.
- In October 2008 an Extraordinary Shareholders' Meeting of Telegate Holding GmbH resolved distribution to the sole shareholder, SEAT Pagine Gialle S.p.A., of a € 9.2 million dividend advance.

Economic and financial data

The following table compares the main results for 2008 compared to 2007.

(euro/million)	Year 2008	Year 2007	Change	
			Absolute	%
Revenue from sales and services	190.4	185.8	4.6	2.5
Gross operating profit (GOP)	46.7	53.5	(6.8)	(12.7)
EBITDA	47.1	50.0	(2.9)	(5.8)
EBIT	33.2	40.7	(7.5)	(18.4)
Net invested capital at the end of the year	115.5	91.9	23.6	25.7
Capital expenditure	5.9	5.8	0.1	1.7
Average workforce (FTE)	2,500	2,476	24	1.0

In 2008, economic results and invested capital of the Directory Assistance Business Area were impacted by Telegate Media AG, which was consolidated starting from April 1, 2008.

Telegate group

SEAT Pagine Gialle S.p.A. stake 16.24% and Telegate Holding GmbH stake 61.13%

The following table compares the main results for 2008 compared to 2007.

(euro/million)	Year 2008	Year 2007	Change	
			Absolute	%
Revenue from sales and services	178.8	173.3	5.5	3.2
Gross operating profit (GOP)	45.1	51.9	(6.8)	(13.1)
EBITDA	46.1	48.9	(2.8)	(5.7)
EBIT	32.7	40.4	(7.7)	(19.1)
Net invested capital at the end of the year	96.8	73.4	23.4	31.9
Capital expenditure	5.5	5.5	-	-
Average workforce (FTE)	2,161	2,130	31	1.5



Revenue from sales and services in 2008 rose 3.2% to € 178.8 million (€ 173.3 million in 2007), thanks in part to the consolidation as of April 2008 of Telegate Media AG (€ 15.4 million in revenue).

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Revenue per country:

- In **Germany** revenue was € 124.3 million in 2008 (€ 112.8 million in 2007). At constant scope of consolidation, German revenue fell 3.5% compared to 2007, as the voice directory assistance market contracted. The trend continued into 2008 for landline calls in particular and also to a lesser extent from mobile phones. Telegate's more mobile-oriented positioning meant that the fall in directory assistance revenue was less than the market fall in call numbers. The lower number of calls to the branded 11880 services was largely offset by the continued growth in added-value services which increased call times and average call value. The group also continued to expand its German telephone and internet advertising business that in 2008 brought in advertising revenue of € 18.5 million (about 15% of total revenue on the German market) of which € 7.0 million from 11880.com. This result was due in part to the positive contribution of Telegate Media AG (see above), which from the second quarter of the financial year generated over € 11.6 million in internet revenue. Furthermore, in order to expand its range of internet products through SEO (*Search Engine Optimization*) and SEM (*Search Engine Marketing*) by increasing the visibility of its advertisers on the main search engines, Telegate entered into a partnership with Google and other "Local Search" portals to become the first official vendor of Google-Adwords in Germany.
- In **Spain** revenue was in line with 2007 despite falls in directory assistance management services to JazzTel, Antena3 and Communitel. Branded revenue rose slightly despite lower call numbers as call times rose and call charges were changed. A multichannel telephone/internet product was launched in Spain too and a co-operation agreement was signed with QDQ Media SAU, the country's second largest directories company, to integrate new technologies and develop a common web platform for 11811 which saw visits rise but failed to produce significant economic results.
- In **Italy** revenue rose slightly in 2008 as call times increased, more than compensating for the slight reduction in call numbers.
- In **France** Telegate's own number (118 000) generated revenue of € 14.7 million, materially down on 2007 as call numbers slumped following the decision to cut advertising investment. As regards operating yield, the fall in revenue was more than offset by efficient cost management so that 2008 broke even in GOP terms. Sales testing of the 118 000 website whose management has been outsourced to a specialist company, has been successfully completed with higher than expected consultation numbers.





GOP was € 45.1 million in 2008 (down € 6.8 million on 2007) mainly owing to the € 8.0 million rise in salaries, wages and employee benefits for bigger staff numbers. The consolidation of Telegate Media AG had no material impact on GOP since the company closed 2008 at break-even in GOP terms. At constant consolidation scope, service costs fell against 2007 owing to lower advertising spending in France and Germany.

EBITDA was € 46.1 million in 2008 (down € 2.8 million on 2007). This includes € 5.5 million of the amount Deutsche Telekom paid to Telegate AG at the end of June 2008 and the conclusion of court proceedings between the two companies over overpayments by Telegate to Deutsche Telekom for the supply of telephone subscriber data. The judgment, which is now *res judicata*, concerned the cost of supplying the data January-September 1999 and ordered Deutsche Telekom to repay Telegate € 4.25 million plus interest at legal rates.

EBIT was € 32.7 million in 2008, down € 7.7 million on 2007. It includes € 2.3 million for non-operating amortisation of the customer database to which was allocated part of the Telegate Media AG purchase price (see point 5 in the disclosures to the Consolidated Financial Statements of the SEAT Pagine Gialle group), and € 2.5 million for non-recurring costs relating to this purchase.

Average workforce (FTE) was 2,161 in 2008 (2,130 in 2007), of whom 1,715 telephone operators.

Net invested capital for the Telegate group was € 96.8 million at December 31, 2008, up € 23.4 million on December 31, 2007 mainly due to the consolidation of Telegate Media AG.

Capital expenditure was € 5.5 million, in line with 2007, being investment in internet platform development and to improve the performance of the group's call centers.

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Prontoseat S.r.l.

Wholly owned by SEAT Pagine Gialle S.p.A.

The following shows the main results for 2008 compared to 2007

(euro/million)	Year 2008	Year 2007	Change	
			Absolute	%
Revenue from sales and services	11.7	12.6	(0.9)	(7.1)
Gross operating profit (GOP)	1.6	1.6	-	-
EBITDA	1.0	1.2	(0.2)	(16.7)
EBIT	0.5	0.3	0.2	66.7
Net invested capital at the end of the year	1.5	1.2	0.3	25.0
Capital expenditure	0.3	0.4	(0.1)	(25.0)
Average workforce	340	345	(5)	(1.4)



Revenue from sales and services for Prontoseat S.r.l. was € 11.7 million in 2008 (down € 0.9 million on 2007). Fewer calls to the value-added service 89.24.24 Pronto PAGINEGIALLE® at a time of shrinking markets and less outbound business were compensated only in part by the management of other services such as “Prontissimo” (+20.7%).

EBITDA was € 1.0 million in 2008, a decrease of € 0.2 million against 2007 because of the drop in revenue (fewer calls to 89.24.24 Pronto PAGINEGIALLE®) but was almost entirely offset by lower operating costs.

Regulations

Germany

Germany has transposed into national law the universal service Directive, requiring telephone subscriber data to be made available to directories publishers and directory service providers, including Telegate Companies, at prices that are fair, "non-discriminatory and cost-based".

In July 2008 the Federal Administrative Court issued an order as a result of which Deutsche Telekom AG (from which Telegate obtains its telephone subscriber data) may in future calculate data supply charges in a new way.

The judgment, which partially overturns a August 17, 2005 decision by the Cologne Administrative Court in favour of the Federal Network Agency (the German telecoms authority) that - on the basis of the German 2004 Telecommunications Act - ordered that the full € 49 million charged by Deutsche Telekom AG for the supply of subscriber data should be reduced to no more than € 770,000.

Austria

The Austrian Regulator wants to make the rules for use of directory assistance numbers more flexible. In November 2008 a consultation process was begun on a proposal that dedicated directory assistance numbers should also be able to offer other services, e.g. "location-based" information on cinema and theatre performances and other similar added-value information. The draft proposal is for these services to be advertised and offered in addition only if 118 remains primarily a directory assistance number.

On March 7, 2005, the Austrian Telecoms authority (Telekom Control Kommission) capped the cost of the supply of telephone subscriber data to the companies requesting it (in our case, Telegate GmbH) at a lump sum payment of about € 14,000 plus a monthly payment of about € 750. The order is based on the assumption that there is no direct connection between the cost of supplying subscriber data and the number of times the data is accessed. On December 19, 2005, the Austrian Federal Administrative Court upheld the order by the Telekom Control Kommission, dismissing the appeals from it (including an appeal by Telekom Austria).

France

On June 1, 2008 an amendment to the French consumer protection act (Law 2004-669 Article L121) made it compulsory for all directory assistance operators to inform callers of call cost using a "price announcement" before transferring the call to the number dialled (e.g. "call completion"). This is to protect consumers since most of such calls are at premium rates (e.g. "premium price").

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Spain

The Spanish Communications Ministry has issued an order again requires Telefónica, the *Incumbent*, to offer all Universal Service related services (including the supply of print directories and directory assistance). For years Telefónica has been offering directory assistance on a Universal Service basis through 118.118.

Telegate is convinced that the Universal Service obligation is totally irrelevant (and indeed contrary to EU Directives) at a time when subscriber information services have become entirely liberalised. It nevertheless took part in the Ministry consultation process, offering to replace Telefónica in the management of directory assistance services. The Ministry did not take up the offer. The European Commission is currently looking into the matter to see whether the procedure used by the Spanish government conforms with European law.

Even if the order by the Spanish Communications Ministry is confirmed, it is unlikely that there will be any change in competition on the Spanish directory assistance market.

The Spanish regulator (CMT) has finally ordered the formation of a Universal Service financing fund to meet the costs Telefónica will have to incur in providing the service (which was loss-making 2003 to 2005) but has so far failed to indicate who will have to contribute to it.

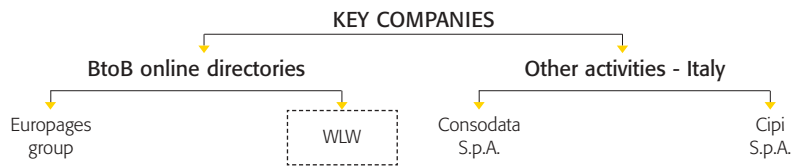
In 2008 the Industry Ministry invited telecoms operators to tender for part of the Universal Service (directory assistance) until now provided by *Incumbent* Telefónica through 118.118. This is a first for Europe, since competition for Universal Service contracts have until now always been for the full package of services, not just for directory assistance.

When the tender process ended in December 2008, the Ministry awarded the contract to Telefónica.

→ Other activities

Business Area structure

This is a residual Business Area into which fall all activities that do not come under the previous Areas.



WLW: in 2008 was reclassified as a discontinued operations/non-current asset held for sale and sold on December 23, 2008.

Key company events

- In April 2008 the Shareholders' Meeting of CIPI S.p.A. (51% SEAT Pagine Gialle S.p.A.) approved the financial statements as at December 31, 2007 and voted to distribute € 0.6 million in dividends, the remaining € 0.1 million profit for the period being allocated to retained earnings.
- In March 2008 the Shareholders' Meeting of Wer liefert was? GmbH (wholly owned by SEAT Pagine Gialle S.p.A.) voted to distribute € 26.0 million from retained earnings.
- In December 2008 an Extraordinary Shareholders' Meeting of Europages GmbH (wholly owned by Europages S.A.) voted to wind up the company with effect from December 31, 2008.
- On December 23, 2008 the sale of SEAT's 100% stake in Wer liefert was? GmbH to PROVISTA Siebenhundertsechunddreißigste Verwaltungsgesellschaft mbH came into effect.

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Economic and financial data

The following table shows the main results for 2008 compared to *restated* 2007 in accordance with IFRS 5, to enable consistent comparison of items

(euro/million)	Year 2008	Year 2007 reclassified	Change	
			Absolute	%
Revenue from sales and services	70.3	71.6	(1.3)	(1.8)
Gross operating profit (GOP)	7.6	8.0	(0.4)	(5.0)
EBITDA	7.1	8.0	(0.9)	(11.3)
EBIT	(29.7)	2.2	(31.9)	n.s.
Net invested capital at the end of the year	153.0	177.1	(24.1)	(13.6)
Capital expenditure	4.2	7.4	(3.2)	(43.2)
Average workforce (FTE)	435	454	(19)	(4.2)

The following is an examination of these figures at legal entity level.

Europages group

(93.562% SEAT Pagine Gialle S.p.A.)

Europages publishes "Europages", the pan-European B2B directory for importers and exporters.

The multilingual search tool was started in 1982 as a print directory, later supplemented by a CD-ROM version (1993) and after that by a website (1995). Today it is available online only at www.europages.com.

The company was set up to promote inter-company exchanges and connects buyers with sellers through:

- a specialist database of 1,500,000 active exporters which can be searched to find the best suppliers/partners since these are classified into 26 business sectors, 4,000 headings and 35,000 keywords;
- a multilingual search engine;
- a world-wide partner sales network.

Listed on all the main search engines, Europages is a key tool for all international exporters and importers.

The site is available in 26 languages and attracts about 2 million individual users a month, generating about 52 million searches a year from 200 countries.

The Europages online search engine is becoming a world leader thanks to the quality and importance of the services it offers to its users. This translates into significant value to advertisers.

The following table shows the main results for 2008 compared to 2007

(euro/million)	Year 2008	Year 2007	Change	
			Absolute	%
Revenue from sales and services	19.9	25.7	(5.8)	(22.6)
Gross operating profit (GOP)	(1.3)	1.1	(2.4)	n.s.
EBITDA	(1.4)	1.3	(2.7)	n.s.
EBIT	(30.4)	(1.9)	(28.5)	n.s.
Net invested capital at the end of the year	7.5	32.5	(25.0)	(76.9)
Capital expenditure	1.0	4.4	(3.4)	(77.3)
Average workforce (FTE)	135	129	6	4.7

Revenue from sales and services was € 19.9 million, down € 5.8 million on 2007 entirely as a result of lower Italian and Spanish revenue. French revenue however rose slightly. A change in sales strategy since 2007 *i*) migration to almost entirely online multimedia products compared to multimedia offer of previous years, and *ii*) the creation of a proprietary sales network in the most important countries, especially France, since the end of the distribution agreement with Pages Jaunes) makes performance comparison impossible. Although the new strategy put pressure on turnover for the year (particularly in Italy and Spain) it is in line with the global BtoB trend for most consultations to take place online. The Spanish fall in revenue was also affected by the move to the end of the first quarter in 2009 of the end of the sales campaign.

In 2008 visits totalled 19.2 million (-13%) and searches 51.9 million, confirming the solid positioning of the portal on the European B2B market.

The drop in revenue was reflected in lower **GOP** of € 1.3 million, down € 2.4 million on 2007 even though commercial costs were pulled down along with revenue.

EBITDA was negative for € 1.4 million mirroring GOP by comparison with 2007.

EBIT was negative for € 30.4 million in 2008 (negative for € 1.9 million in 2007) suffered from a € 25.3 million of impairment losses on goodwill after impairment testing as described in point 7 of the disclosures to the Consolidated Financial Statements of the SEAT Pagine Gialle group.

Average workforce (FTE) was essentially the same as in 2007. At the end of the general Reorganisation Plan the company had 135 employees.

Net invested capital was € 7.5 million at December 31, 2008 (down € 25.0 million on 2007). The drop was entirely caused by the goodwill impairment. Net invested capital includes higher trade account receivables following increased turnover in the last quarter from the new sales campaign (introduced in respect of the change in commercial products since 2007).

Capital expenditure was € 1.0 million in 2008, being mainly investment in the database and in the development of the new web site, and was down € 4.4 million on 2007.

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Consodata S.p.A.

Wholly owned by SEAT Pagine Gialle S.p.A.

Consodata S.p.A. is one of Italy's biggest One-to-One Marketing, Marketing Intelligence and Geomarketing companies.

Managing and exploiting its huge BtoC and BtoB databases, Consodata S.p.A. provides over 400 direct customers with tailored direct marketing solutions, existing and target market analyses, IT support in database management and standardisation and in sales network management and territory planning.

Through Giallo Dat@ Consodata S.p.A. also provides standard One-to-One Marketing solutions to over 13,000 SEAT Pagine Gialle S.p.A. customers.

In 2008 Consodata S.p.A. launched Lineaffari.com, a commercial information portal offering various types of registry information (cadastral, conservatorship and from Chambres of Commercial) for use in company valuations. The annual subscription only services with access ceilings are marketed through a network of dedicated agents to over 1,800, mainly BtoB, SMEs.

The following table shows the main results for 2008 compared to 2007

(euro/million)	Year 2008	Year 2007	Change	
			Absolute	%
Revenue from sales and services	27.1	23.4	3.7	15.8
Gross operating profit (GOP)	5.4	4.5	0.9	20.0
EBITDA	5.2	4.5	0.7	15.6
EBIT	3.0	2.6	0.4	15.4
Net invested capital at the end of the year	8.1	9.4	(1.3)	(13.8)
Capital expenditure	2.5	1.9	0.6	31.6
Average workforce (FTE)	112	117	(5)	(4.3)



In 2008 **revenue from sales and services** totalled € 27.1 million (up 15.8% on 2007) thanks particularly to good direct Large Customer sales channel.

These customers benefited from the improvement in B2B data products once full integration with the SEAT Pagine Gialle S.p.A. database was complete, from more address verification software products and from new data mining and marketing intelligence products. The rise in revenue was also due to the start on April 1, 2008 of the management of Lineaffari.com, a portal previously managed by SEAT Pagine Gialle S.p.A. that provides sales and marketing data to SMEs and has its own dedicated sales network.

SME sales use the SEAT Pagine Gialle S.p.A. local sales teams for the territory and use direct marketing products. In 2008 a strategic decision was taken to simplify the product range, enabling the sales force to focus on typical single-customer mailing products, local magazine segments and on the launch of new low-cost products. This met sales teams' demands for quick-closing products with low customer entry levels.

Revenue increase and the different revenue mix was reflected in **GOP**, which rose € 0.9 million on 2007 as operating margin went up from 19.2% in 2007 to 19.9% in 2008, primarily owing to the higher service costs on revenue rises.

Regulations

Personal data protection (Legislative Decree 196 of June 30, 2003)

On June 26, 2008, the Italian data protection Authority after an investigation into a number of companies producing and selling telephone subscriber databases, issued order 1544326 and served it on Consodata S.p.A. on September 4, 2008. The order prohibits Consodata S.p.A. (and a number of other telephone operators) from continuing to process additional personal data from telephone directories published before August 1, 2005, on the basis that the personal data would be acquired without proper information being given or without the consent required by law.

The Authority maintains that the use for promotional, advertising or commercial purposes of the subscriber data in directories and databases created before August 1, 2005 and the sale of such directories and databases to third parties (including non-telecoms companies) is illegal. The current law requires subscribers to be provided with the protection set out in the Authority's order 1032397 of May 23, 2002 under which *i*) subscribers must be asked to give their specific consent (a notice in the telephone directory is no longer sufficient) to the use of their personal data for telephone and postal marketing, market research and interactive marketing purposes; and *ii*) a standard procedure has been introduced and must be used by all operators to indicate consent by a subscriber to the use of his/her personal data for marketing and advertising purposes. The procedure requires a number of symbols to appear beside the subscriber's name.

Upon receipt of service of the order, Consodata S.p.A., maintaining that it had lawfully acquired the data on its databases, appealed to the Court of Rome for cancellation of order 1544326. A hearing has been set for April 2009. In the meantime, progress has been made on an out of court settlement of the case and on a new regulation that will allow Consodata S.p.A. to continue using these archives for postal mailings. As far as telemarketing is concerned Consodata S.p.A. is together with other companies in the sector organising a campaign to obtain agreement to personal data processing directly from the owners of telephone directories.

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Cipi S.p.A.

51% SEAT Pagine Gialle S.p.A.

Cipi sells promotional and merchandising products and corporate gifts that can be personalised with customers' logos and brands.

Cipi offers three main types of product and service:

- the design and implementation of marketing campaigns by distribution of promotional items for Large Customer;
- printing, management and logistics for corporate gift and merchandising catalogues for companies using famous brands and national sales networks;
- the sale (direct or through the SEAT Pagine Gialle S.p.A. network of agents) of catalogue-based promotional items personalised with the customer's brand (large and small quantities) through its premises in Catania.

The following table shows the main results for 2008 compared to 2007

(euro/million)	Year 2008	Year 2007	Change	
			Absolute	%
Revenue from sales and services	23.3	23.5	(0.2)	(0.9)
Gross operating profit (GOP)	3.5	2.3	1.2	52.2
EBITDA	3.3	2.2	1.1	50.0
EBIT	(2.4)	1.6	(4.0)	n.s.
Net invested capital at the end of the year	10.6	14.9	(4.3)	(28.9)
Capital expenditure	0.6	0.5	0.1	20.0
Average workforce (FTE)	187	206	(19)	(9.2)



In 2008 **revenue from sales and services** was essentially unchanged on 2007 at € 23.3 million: GialloPromo revenue was in line with 2007 as a result of the minimum guarantee clause in the Cipi contract with SEAT Pagine Gialle S.p.A.. Cipi's strategy of improving the quality and size of its Large Customer direct sales force grew Special e Professional line revenue, offsetting the fall in the "Service in" line revenue.

In 2008 **GOP** was € 3.5 million thanks to falling product costs caused by the drop in the dollar against the euro and also to the minimum guarantee clause, above mentioned.

EBITDA was € 3.3 million in 2008, showing the same trend as **GOP**.

EBIT was negative for € 2.4 million in 2008 (positive for € 1.6 million in 2007). 2008 figures suffered from the € 5.0 million goodwill impairment after impairment testing as described in point 7 of the disclosures to the Consolidated Financial Statements of the SEAT Pagine Gialle group.

Net invested capital was € 10.6 million at end 2008, down € 4.3 million on December 31, 2007 owing to the goodwill impairment, above mentioned.

➤ Other information

➔ Human resources

SEAT Pagine Gialle group

	At 12.31.2008	At 12.31.2007 restated	Change
Employees	6,443	6,190	253
Directors, project workers and trainees	89	231	(142)
Total workforce at the end of the year	6,532	6,421	111
Average workforce for the year	5,163	5,308	(145)

The SEAT Group employed about 6,532 people at December 31, 2008, an increase of 111 personnel on December 31, 2007 *restated*, with FTE over the year being 5,163 units (5,308 units in 2007 *restated*). The large difference between year end and average figures is because of heavy use of part-time staff, particularly in call centers. At end 2008 although the Group employed 3,214 telephone operators, this translated into 1,977 FTEs over the year.

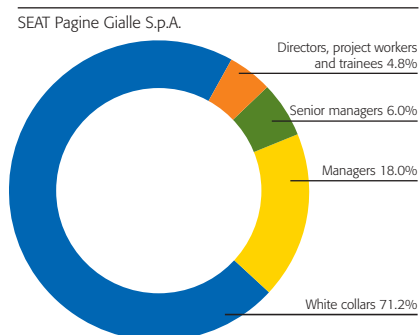
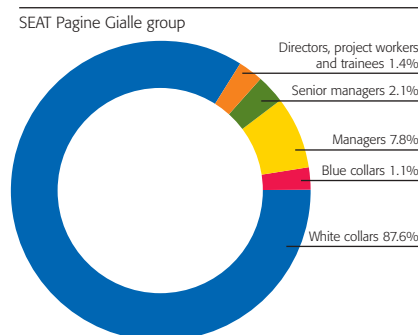
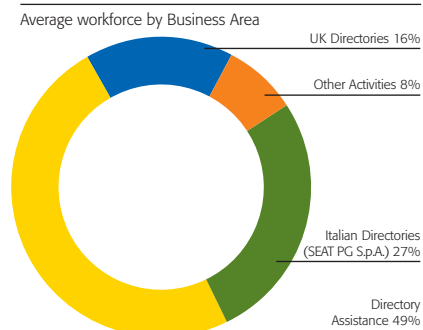
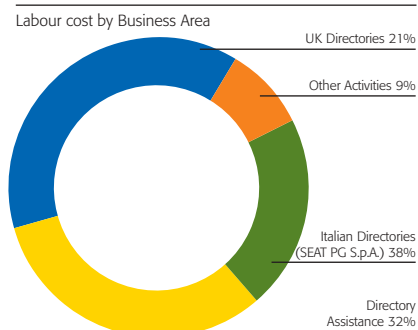
With reference to Human Resource by Business Area, although SEAT Pagine Gialle S.p.A. generated 76.9% of 2008 revenue, it accounted for only 22.1% of the total average workforce for the following reasons:

- the Italian sales force is primarily agents (1,707 at December 31, 2008), in other countries it is mainly employees;
- most call centers use part-time workers. Although the Directory Assistance Business Area generates 13.8% of the Group's total revenue, in 2008 it employed 58.2% of the total workforce.

The average TDL workforce fell to 160 units (-16%) following a reorganisation over the last 12 months that reduced the Sales area.

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SEAT Pagine Gialle S.p.A.

	At 12.31.2008	At 12.31.2007	Change
Employees	1,374	1,363	11
Directors, project workers and trainees	70	86	(16)
Total workforce at the end of the year	1,444	1,449	(5)
Average workforce for the year (FTE)	1,389	1,379	10

At December 31, 2008 the SEAT Pagine Gialle S.p.A workforce was 1,444, slightly down on the end of 2007. 2008 saw the beginning of a reversal of previous years' trend (+56 staff in 2007) as a result of the 2007-2009 Restructuring Plan, which through early retirements, use of the *Cassa Integrazione* system and other redundancy inducements improved those sections of the Company believed to be most strategic in terms of business development (e.g. Internet and Sales) by hiring qualified staff with specific technical and managerial skills, while keeping average cost per employee under control.

As in 2007, the number of staff on permanent contracts continued to fall.

86% of new hirings over the year were graduates, increasing the ratio of qualified staff within the workforce to 41% from 38% in 2007.

56% of new hirings in 2008 were under 30, cutting the average age of employees to below 42.

Over 33% of employees now have under 5 years' seniority.

The proportion of women in the Company remained essentially unchanged at about 54%.

Sales network

At the end of 2008 the SEAT sales network comprised 1,707 agents (1,618 in 2007) and 96 employees (104 in 2007). The high staff turnover led to the hiring of over 500 new agents during the year. The reorganisation in November 2007 of the sales network means that it is now organised into two main departments: "Large Customer and *Top Customers*", and "SME and *Local Sales*", each handling a different type of customer to ensure better understanding and satisfaction of their marketing requirements:

- "Large Customer and *Top Customers*" - handles nation-wide companies with complex and sophisticated marketing requirements through highly qualified specialist teams. In 2007, "Large Customer and *Top Customers*" created two new internal sales sections to handle central and local Government multi-platform projects, later developed in collaboration with Marketing, to meet the demand of nation-wide companies for extremely personalised solutions. In 2008 this department absorbed a separate *Top* client dedicated unit dealing with medium-sized companies that often operate at the local level but whose large advertising budgets demand more specialised services and who used to be handled by "*Business and Local Sales*". These particular markets are served by a sales force of 30 employees who are either "*Key Account*" managers or "*Sales Managers*", plus a further 34 agents and 6 "*Area Managers*" handling *Top* clients;
- "SME and *Local Sales*" - the department was set up in November 2007 to handle SMEs and small businesses (*Local* network) with the aim of standardising services throughout Italy, improving co-ordination between sales networks and of different products for the various customer segments. The reorganisation of "SME Sales" divides the country into 4 main areas (using the Nielsen classification) and 37 markets (based on consistent nature, sales potential and scope for management improvement). "*Area Manager*" has been introduced to manage and develop the sales networks and operating results for their areas, and "*Market Manager*" with the same duties have been appointed for the various customer markets to understand and meet marketing requirements. In 2008 "SME Sales" was reinforced by the hiring of new internet specialists and at end December 2008 about 200 new "*hunter*" agents joined the sales networks to acquire new customers to whom internet products will be offered.
"SME Sales" operates through 1,395 agents, co-ordinated by 37 "*Market Manager*" who together handle about 400,000 customers.
The telesales staff and field agents of "*Local Sales*" handle the *mass market* of small companies with basic, local marketing needs. The *Field* network of 228 agents handles about 220,000 customers and a large number of prospects. Mass market products are also sold by over 400 telesales employees.

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Development of the organisation

In order to implement the new strategy, in 2008 SEAT Pagine Gialle S.p.A. reorganised to provide even more effective management of its Italian core business and its foreign subsidiaries and added a number of new managers with proven experience to its teams.

In June General Management Italy was created, reporting directly to the CEO and covering all Italian sales and operating management. Massimo Castelli, formerly of Telecom Italia, was appointed General Manager Italy and in the same month Massimo Cristofori (formerly with Tiscali) who has solid publishing experience behind him, was appointed Chief Financial Officer reporting to the CEO; Massimo Cristofori is now also the Director Responsible for the Preparation of Financial Statement. In October Giancarlo Grimaldi joined as the new head of Customer Care for General Management Italy with the task of providing better and even more efficient management of the Company's customer base of hundreds of thousands of SMEs.

The reorganisation of SEAT Pagine Gialle, completed in November 2008 and creating the General Management Italy, aimed to help the Company adjust to the recentring of its business on the internet. Marketing, which was previously organised on a product basis (print directories, directory assistance, internet services) has been broken down into Product Marketing that handles the full range of Company products and Customer Marketing, which provides the sales teams with multimedia products appropriate for the various customer segments.

SEAT Pagine Gialle S.p.A. completed the reorganisation by creating a Group Strategy & Business Innovation department to deal with innovations that could have a long-term impact on the Company's business and to support other companies in the Group as regards innovation and business management. Finally, in order to keep tight control over costs and operating profits, Purchasing now falls under Administration, Financing and Control.

Staff development and services

One of the key pillars of the SEAT group's Human Resources management is the personal and professional development of its employees and sales force. As in previous years, performance reviews (for 2007) involved 99% of the workforce (90% in 2006 and 68% in 2005).

2008 performance reviews saw the introduction of new assessment charts with new graphics and structure and of optional self-assessment forms for each staff member, intended to assist them in their self-assessment and in discussions with their line manager.

At the same time, supporting the performance review process and to expand and sensitise the workforce to the performance assessment culture, as last year, seminars were held for Assessors and Assessed and assessment workshops for Human Resources managers.



Training

Now in its fourth year, Seat Corporate University, the training school of SEAT Pagine Gialle S.p.A. for its employees, salesforce and customers, not only offers a wide range of successful training courses but has also expanded into new activities to meet the strategic demands created by the move of the business towards web-based advertising, and to improve the salesforce, enabling it to provide better, more targeted cover of the market.

97,996 training hours were provided in 2008, an average of 32 hours per person (about 24 hours in 2007).

The main activities were:

- 80% - business-related training to improve the skills and knowledge of all staff in direct or indirect contact with end customers, working together with staff in customer development and business sustainability;
- 15% - management and administrator training in change management and the development of key skills for the Company;
- 5% - technical/specialist training for staff.

SME customer care continued with the issue of 4 numbers of *Seat Con Voi* (Seat and You) containing information on company marketing, new markets, and successful marketing and businesses.

Internal communication and staff services

Business Web TV remained in place throughout 2008, becoming a key channel for announcing Company business and social events.



In January 2008 "Yess", the Company's new intranet, was launched to support the growing of corporate identity and as a Social Networking channel to enable staff to share knowledge and skills, improve the exploitation of information within the Company and rationalise the services offered to employees. The move to the new headquarters in Turin generated significant activity (weekly video updates on building work, sales to employees of furniture and furnishings from the old offices and books from the Company's old library, the proceeds going to charity, the allocation to employees of the stationery they selected from a catalogue for their new workstations).

In 2008 SEAT4PEOPLE consolidated its work by signing new agreements and working on behalf of the employees and agents of SEAT Pagine Gialle S.p.A.. These were published in the Company intranet and on notice boards and reported to representatives.

HR events included the usual Christmas party for employees' children and a Company "Open Day" at all locations. 70 "Premi Fedeltà" (loyalty awards) were given to SEAT employees and agents with between 25 and 30 years' service in the Company in 2008.

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The new Turin headquarters

At end 2006 SEAT Pagine Gialle S.p.A. had begun the process of buying “ex Officine Savigliano”, a property complex in Turin made up of six new buildings and an enormous portion of the “Manica Storica”, total area about 26,600 m².

At end 2008, after two years of work, the building and systems were finished for 5 of the 6 buildings, the left part of the historic section given over to offices and the central entrance and reception area. The work was designed by Studio Alfarchitettura and interiors “look and feel” by Iosa Ghini.

By end December all departments had gradually moved to their new offices. This involved about 900 staff members and began in August 2008 with the move of the data centre, finishing at the end of the year with all other departments to ensure that the new headquarters would be fully functional from January 2009. The last stages of the work are still in progress and the auditorium and restaurant will be completed in February and March 2009.

The new headquarters are extremely modern and airy, using innovative solutions to ensure comfortable, extremely functional working environments. Large glass panels promote communication between departments and among staff members.

Work on the right of the “Manica Storica” that will house the restaurant, auditorium and training and exhibition areas are continuing and are expected to be completed in the first three months of 2009.

Industrial relations

2005-2008 the Company aimed to:

- improve skills by hiring highly professional new staff while at the same time managing the redundancy of staff with skills no longer in line with the new business model;
- keep labour costs down through the redundancy of more expensive staff and the hiring of younger and/or cheaper staff.

The January 2007 - February 2009 company Reorganisation Plan continued through 2008, creating about 150 redundancies in the last two years through early retirements, *Cassa Integrazione Guadagni Straordinaria* (Special Wage Guarantee Fund), and redundancy incentives. On January 15, 2009 the final Decree from the Ministry of Labour, Health and Social Policies was received enacting the plan.

Also in 2008 the social partners signed a new company Reorganisation Plan for February 2009 - February 2011, approved by the Ministry of Labour, Health and Social Policies on December 17, 2008 and involving over 200 redundancies through early retirements, *Cassa Integrazione Guadagni Straordinaria* (Special Wage Guarantee Fund), and redundancy incentives. The plan was agreed by the Unions and approved by the Board of Directors on December 23, 2008.

Stock option plans

The stock option plans at end 2008 listed below were decided by SEAT Pagine Gialle S.p.A. and Telegate AG.

They are intended for employees in the parent company and its subsidiaries considered of key importance owing to their responsibilities and/or skills and take the form of allocation to them of personal, non-transferrable options to purchase the same number of new ordinary shares in SEAT Pagine Gialle S.p.A. or Telegate AG.

The essential characteristics and features of the options have not changed over the period.

For more details, go to the Report on Operations in the Company's previous annual and interim financial statements and the *Documento informativo - Piani di compensi basati su strumenti finanziari* [Disclosure document - Share-based payment] drafted by the Company pursuant to articles 114-bis Legislative Decree 58/1998 (TUF) and 84-bis of CONSOB Regulation 11971/1991 as amended and supplemented (Issuer Regulation) and Annex 3A, table 7 of the Issuer Regulation on www.seat.it, which describe the stock option plans voted by SEAT Pagine Gialle S.p.A. on September 1, 2007.

No new stock option plans were voted in 2008 but:

- the options in the first and second allocations of the "Key People Plan" (none of which were exercised) expired in May 2008 and December 2008;
- as of February 9, 2009 - the effective date for the capital regrouping resolved by the Company's Extraordinary Shareholders' Meeting on January 26, 2009 - the beneficiaries of all SEAT Pagine Gialle S.p.A. options have retained the right to subscribe new ordinary shares on the basis of one new ordinary share per two hundred options exercised. This means that they will be exercising their options in multiples of two hundred. As a result, the strike price for outstanding share options has been restated as follows:

2004 Stock Option Plan for Employees of SEAT Pagine Gialle group	66.82 euro
2004 Stock Option Plan for Employees of TDL group	66.82 euro
2005 Stock Option Plan for Employees of SEAT Pagine Gialle group	64.42 euro
2005 Stock Option Plan for Employees of TDL group	64.42 euro

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		Options at 01.01.2008	New options granted 01.01.2008 12.31.2008	Options exercised 01.01.2008 12.31.2008	Options expired and not exercised 01.01.2008 12.31.2008	Options expired 01.01.2008 12.31.2008 for termination of service/other	Options at 12.31.2008	of which exercisable at 12.31.2008	Maximum validity of the options
Key People Plan	No. of ordinary shares	16,600,000	-	-	16,600,000	-	-	-	May 2008
	Strike price for ordinary share (euro)	0.8532	-	-	0.8532	-	-	-	December 2008
	Market price for ordinary share (euro)	0.3724 ⁽¹⁾	-	-	0.3724	-	-	-	
2004 Stock Option Plan for Employees of SEAT Pagine Gialle group	No. of ordinary shares	17,690,000	-	-	-	1,800,000	15,890,000	15,890,000	June 2009
	Strike price for ordinary share (euro)	0.3341	-	-	-	0.3341	0.3341	0.3341	
	Market price for ordinary share (euro)	0.2699 ⁽¹⁾	-	-	-	0.0918 ⁽⁴⁾	0.0584 ⁽²⁾	0.0584 ⁽²⁾	
2004 Stock Option Plan for Employees of TDL group	No. of ordinary shares	1,955,000	-	-	-	725,000	1,230,000	1,230,000	June 2009
	Strike price for ordinary share (euro)	0.3341	-	-	-	0.3341	0.3341	0.3341	
	Market price for ordinary share (euro)	0.2699 ⁽¹⁾	-	-	-	0.0715 ⁽⁴⁾	0.0584 ⁽²⁾	0.0584 ⁽²⁾	
2004 Stock Option Plan for the Chief Executive Officer	No. of ordinary shares	5,000,000	-	-	-	-	5,000,000	5,000,000	June 2009
	Strike price for ordinary share (euro)	0.3341	-	-	-	-	0.3341	0.3341	
	Market price for ordinary share (euro)	0.2699 ⁽¹⁾	-	-	-	-	0.0584 ⁽²⁾	0.0584 ⁽²⁾	
2005 Stock Option Plan for Employees of SEAT Pagine Gialle group	No. of ordinary shares	35,945,000	-	-	-	2,435,000	28,510,000	28,510,000	June 2010
	Strike price for ordinary share (euro)	1,600,000	-	-	-	1,600,000	-	-	June 2010
	Market price for ordinary share (euro)	0.3221	-	-	-	0.3221	0.3221	0.3221	
2005 Stock Option Plan for Employees of TDL group	No. of ordinary shares	3,915	-	-	-	0.3915	0.3915	0.3915	
	Strike price for ordinary share (euro)	0.2699 ⁽¹⁾	-	-	-	0.0937 ⁽⁴⁾	0.0584 ⁽²⁾	0.0584 ⁽²⁾	
	Market price for ordinary share (euro)	0.2699 ⁽¹⁾	-	-	-	0.0680 ⁽⁴⁾	0.0584 ⁽²⁾	0.0584 ⁽²⁾	
2005 Stock Option Plan for Employees of TDL group	No. of ordinary shares	1,370,000	-	-	-	900,000	470,000	470,000	June 2010
	Strike price for ordinary share (euro)	0.3221	-	-	-	0.3221	0.3221	0.3221	
	Market price for ordinary share (euro)	0.2699 ⁽¹⁾	-	-	-	0.0689 ⁽⁴⁾	0.0584 ⁽²⁾	0.0584 ⁽²⁾	
2005 Stock Option Plan for the Chief Executive Officer	No. of ordinary shares	5,000,000	-	-	-	-	5,000,000	5,000,000	June 2010
	Strike price for ordinary share (euro)	0.3221	-	-	-	-	0.3221	0.3221	
	Market price for ordinary share (euro)	0.2699 ⁽¹⁾	-	-	-	-	0.0584 ⁽²⁾	0.0584 ⁽²⁾	
2005 Stock Option Plan for Directors and Employees of Telegate group	No. of ordinary shares	21,000	-	-	-	-	21,000	21,000	September 2010
	Strike price for ordinary share (euro)	387,375	-	-	-	28,000	359,375	359,375	September 2010
	Market price for ordinary share (euro)	-	319,000	-	-	-	319,000	319,000	September 2010
	Strike price for ordinary share (euro)	14.28	-	-	-	-	14.28	14.28	
	Market price for ordinary share (euro)	16.09	-	-	-	16.09	16.09	16.09	
	Market price for ordinary share (euro)	11.01	-	-	-	-	11.01	11.01	

(1) Market price of SEAT Pagine Gialle shares at December 28, 2007.

(2) Market price of SEAT Pagine Gialle at December 30, 2008.

(3) Market price of SEAT Pagine Gialle shares at expiry of outstanding, unexercised options.

(4) Average market price of SEAT Pagine Gialle shares weighted for number of options expired for resignation.

→ Litigation

a) Litigation involving SEAT Pagine Gialle

Dispute with Telecom Italia over invoicing and receivables management for access services to non-geographic numbers (NNGs)

In April 2007 Telecom Italia cancelled all existing connection agreements with Alternative Line Operators (OLOs) with non-geographic numbers (NNGs), including SEAT Pagine Gialle's 892 and 12xy numbers. The agreements regulated the management and financial terms of access services¹ to Telecom Italia landlines, which Telecom Italia, as incumbent, is required to offer to OLOs with NNGs under current regulations. After the cancellations, Telecom Italia attempted to force the OLOs to sign an amended agreement - immediately rejected by SEAT Pagine Gialle - which, based on Ministerial Decree 366/2000 and its billing system, transferred a range of telecoms activities and charges, previously devolving on Telecom Italia, to OLOs with NNGs.

Under the proposed new agreement Telecom Italia was to provide receivables management to order for the OLOs but would stop a number of services concerning its own subscribers which it had previously provided up to October 2007. This would have meant that if Telecom Italia failed to recover payment for NNG services from its own subscribers who had become insolvent, the obligation of taking legal action to recover the amounts directly from the subscribers would devolve on the OLOs, even though they had nothing to do with the contracts between the subscribers and Telecom Italia.

On October 31, 2007, Telecom Italia informed the OLOs that the new connection agreements would be applied from November 15, 2007, stating that if the OLOs did not accept them, individual operators would have to assume direct responsibility for managing the receivables on their own traffic.

SEAT Pagine Gialle S.p.A., in collaboration with other leading OLOs, made a series of representations to the media regulator AGCom, asking it to take steps to clarify the obligations of Telecom Italia under the connection contracts. On November 26, 2007 AGCom sent Telecom Italia and all the operators concerned a letter which *i)* accepted SEAT Pagine Gialle's arguments and criticised Telecom Italia's interpretation of "third-party billing"; *ii)* reiterated that responsibility for collecting billed services remained with Telecom Italia, including receivables collection and insolvency management, and *iii)* asked Telecom Italia to make connection agreements with the OLOs in accordance with regulations (AGCom resolutions 417/06/CONS and 107/07/CIR).

However, despite the November 26, 2007 clarification letter, Telecom Italia made no changes to the draft agreement it had sent to the OLOs and refused to accept payment of Telegate invoices for non-geographic traffic between November 2007 and February 2008, on the

¹ These services include billing services for calls to non-geographic numbers by Telecom Italia subscribers and managing debt arrangements for such services, including any necessary debt collection proceedings and insolvency risks.

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grounds that its billing system did not alter the current regulatory framework and was therefore in accordance with AGCom's interpretation.

At the same time, SEAT Pagine Gialle S.p.A., having checked that Telecom Italia had cancelled only the access agreements for 892 numbers and not those for 12xy, demanded immediate payment from Telecom Italia for invoices for that number. Telecom Italia paid all outstanding amounts up to March 21, 2008.

Subsequently SEAT Pagine Gialle S.p.A. and the other leading OLOs (BT Italia, Fastweb, Tiscali, Vodafone and Wind) asked AGCom to rule again on the services to be performed by Telecom Italia under the connection agreements. AGCom's letter of May 2008, subsumed in order 27/08/CIR, agreed that Telecom Italia should accept responsibility for OLO receivables arising from traffic on non-geographic services offered by them (these were no longer Telecom Italia receivables as stated in previous resolutions) and issued some guidelines for receivables management so as to safeguard the rights of OLOs with Telecom Italia.

After this resolution Telecom Italia published a new list of connections, taking account of the directives in AGCom order 27/08/CIR, and negotiated with Telegate Italia (in its capacity as a company in the SEAT Pagine Gialle group with a telephone operator licence running the centre that controls all the Group's NNGs) a new agreement for third-party billing which was signed on October 31, 2008 and covers connection services for both 892 and 12xy numbers.

The terms of the agreement entirely fulfil the requirements of the SEAT Pagine Gialle group, plus certain advantages, e.g. *i)* greater and more detailed transparency in all receivables management by Telecom Italia on behalf of SEAT Pagine Gialle S.p.A.; *ii)* percentage advance payments to Telegate prior to actual bill collection by Telecom Italia, and *iii)* transparent insolvency thresholds permitting Telecom Italia to transfer collection responsibility to an outside company. This agreement was also extended by common consent to 12xy numbers, which had previously been unaffected.

Dispute with Telecom Italia over connection costs between mobile phone networks and NNGs

With reference to the agreements with Telecom Italia for connection services to NNGs, Telecom Italia appealed to the Lazio Administrative Court against the urgent order issued by AGCom (504/06/CONS) (on connection costs between mobile networks and NNGs), arguing that the reduction in origination costs stipulated in this order should be interpreted restrictively and should therefore apply solely to directory assistance and not to other public information (e.g. the 89.24.24 Pronto PAGINEGIALLE® service).

In July 2007, the Lazio Administrative Court upheld Telecom Italia's appeal and cancelled order 504/06/CONS (which had case expired at end February 2007) on grounds of procedural defects (the basis for urgency, such as extraordinary circumstances or grounds, had allegedly not been met). AGCom appealed from this decision to the Consiglio di Stato, in which it was supported by SEAT Pagine Gialle S.p.A. and other directory assistance providers in defence of the original order. At the time of writing, a date for the appeal hearing had not yet been fixed.

Disputes arising from the partial hive-off of Telecom Italia Media S.p.A. (now "ex SEAT") in August 2003

The following disputes involve Telecom Italia Media S.p.A. ("Telecom Italia Media") - a spin-off inheriting the financial assets of Seat S.p.A. ("ex SEAT") not transferred to "ex SEAT 2" in course of the 2003 partial spin-off. Pursuant to art. 2506 quater, paragraph 3 of the Civil Code, SEAT Pagine Gialle S.p.A. is jointly and severally liable for any losses arising from these disputes that have not been paid by Telecom Italia Media. The three disputes in question were commenced by companies in the Cecchi Gori group, Cecchi Gori Group Fin. Ma. Vi. S.p.A. (now the Bankrupt Cecchi Gori Group Fin. Ma. Vi., "Finmavi") and Cecchi Gori Group Media Holding S.p.A., now in liquidation ("Media").

1) Pledge

This action was brought by Finmavi and Media before the Court of Milan, seeking a ruling that the pledge to Telecom Italia Media as security of shares in Cecchi Gori Communication S.p.A. (later Holding Media e Comunicazione HMC S.p.A., subsequently incorporated into Telecom Italia Media), held by Media, was null and void or ineffective; and an order against Telecom Italia Media for damages of not less than 750 billion lire plus revaluation and interest.

Finmavi and Media, which lost in the first two instances, appealed to the Court of Cassation. At a hearing on September 20, 2007, the Court of Cassation upheld Finmavi and Media's appeal and one ground in the cross-appeal made by Telecom Italia Media, and referred the case to another division of the Milan *Corte di Appello* to tax the costs of the appeal. By a summons served on November 10, 2008 Finmavi and Media resumed the case before the Milan *Corte di Appello*; the first hearing for entry of appearances is set for March 24, 2009.

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2) Liability in tort

A case was brought before the Court of Milan by Finmavi, Media and Vittorio Cecchi Gori against Telecom Italia Media for tortious liability relating to i) its management of Holding Media e Comunicazione HMC S.p.A. (subsequently incorporated into Telecom Italia Media), and ii) performance of the August 7, 2000 contract for the purchase of TV companies in the Cecchi Gori group, seeking an order against Telecom Italia Media for damages of some € 500 million.

The Court asked the parties to file pleadings, setting a deadline of March 29, 2009 for filing briefs and of April 18, 2009 for filing rejoinders.

3) Appeal against the resolution of the shareholders in Cecchi Gori Communications S.p.A. on August 11, 2000

A case was brought by Finmavi and Media against Holding Media e Comunicazione HMC S.p.A. (subsequently incorporated into Telecom Italia Media) concerning the resolutions passed at the August 11, 2000 Extraordinary Shareholders' Meeting of Cecchi Gori Communications S.p.A., amending the Articles of Association so as to attach special rights to class "B" shares.

Finmavi and Media, which lost in the first two instances, have appealed to the Court of Cassation; Telecom Italia Media entered an appearance on October 16, 2007, filing a counter-claim and cross-appeal.

* * * *

Finally, during the above-mentioned partial spin-off in August 2003, Telecom Italia Media and "ex SEAT 2" made an agreement confirming that any liabilities imputable to and relating to the part of the business still owned by Telecom Italia Media or to the part of the business transferred to SEAT will remain the responsibility of Telecom Italia Media or "ex SEAT 2", respectively. The latter has since been incorporated into Silver SpA, which was in its turn incorporated into Spyglass SpA, the current issuer.

b) Litigation involving companies in the SEAT Pagine Gialle group

Dispute between Telegate and Deutsche Telekom over the cost of providing data on telephone subscribers

On May 16, 2007 and June 27, 2007, respectively, the Düsseldorf Regional Court confirmed, on appeal, the August 31, 2005 ruling by the Court of Cologne confirming Telegate AG's right to recover from Deutsche Telekom the excess payments made for data on telephone subscribers in 1997-2000 and 2000-2004. Deutsche Telekom was ordered to pay Telegate AG € 52.04 million, plus interest, for 1997-2000 and € 30.52 million, plus interest, for 2000-2004. Deutsche Telekom has appealed the May 16, 2007 decision and with regard to the June 27, 2007 decision it has begun proceedings seeking further leave to appeal.

In 2007 the Düsseldorf Regional Court also confirmed the June 22, 2005 ruling that Telegate AG was entitled to recover € 4.25 million, plus interest, as partial repayment of the prices charged by Deutsche Telekom for data on telephone subscribers for January-September 1999. This decision became *res judicata* in June 2008 when the German Federal Court, refused Deutsche Telekom any further leave to appeal.

Dispute between Telegate and Telekom Austria

In July 2006 Telegate began proceedings against Telekom Austria AG to determine the cost of providing data on telephone subscribers, which Telegate considered excessive in view of a previous order by the Austrian Telecommunications Authority and seeking an order requiring Telekom Austria AG to repay the excess, in the sum of € 900 thousand.

At a hearing in April 2008, the Court of Vienna announced that it would issue a decision by summer 2008. At the time of writing, however, it has not made any order.

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→ Corporate Governance

Foreword

The Corporate Governance system of SEAT Pagine Gialle S.p.A. is based on a set of rules, conduct and processes intended to ensure efficient and transparent Company management. Throughout 2008 the Company applied the principles and criteria of the Italian Listed Company Code of Conduct promoted by Borsa Italiana and published in March 2006 (the "Code").

The SEAT Pagine Gialle S.p.A. governance approach protects all shareholders and in accordance with Italian and international best practice is continuously updated through internal discipline rules and through agreements with third parties.

The following are the main aspects of SEAT Pagine Gialle S.p.A. corporate governance and we refer to the Annual Report on Corporate Governance (published in accordance with applicable regulations and also available on www.seat.it) for further details. We also refer to the same report for *i*) reference shareholders as per art. 123 *bis* TUF; *ii*) directors and statutory auditors elected in accordance with art. 144 *decies* of the CONSOB Issuers Regulation (order 11971/99 as amended and supplemented).

Management and co-ordination

SEAT Pagine Gialle S.p.A. is not subject to direction and control activities by companies or entities. Under art. 2497 *bis* Civil Code, the subsidiaries have identified SEAT Pagine Gialle S.p.A. as their managing and co-ordinating entity. This involves identifying the general strategic and operating policies of the Group and results in the definition and adjustment of the governance and internal control model and the preparation of general human resource and financial policies, the procurement of production requirements, training and communications.

Company organisation

SEAT has a traditional organisation with:

- a Meeting of Shareholders
- a Board of Directors, and
- a Board of Statutory Auditors

Audits are performed by external auditors.

Board of Directors

The Board of Directors is central to the Company's corporate governance, meets regularly (usually monthly) and is organised and operates to ensure that it runs effectively and smoothly.

The Board has full powers to carry out the daily and extraordinary running of the Company and therefore has authority to do everything it believes necessary to implement and achieve the Company's corporate purpose in Italy and abroad, with the exception of those actions that by law must be carried out by the Meeting of Shareholders (art. 19 Articles of Association).

Under art. 14 of the Articles of Association, the Company is managed by a Board of Directors of at least 7 (seven) and at most 21 (twenty-one) Directors.

On April 27, 2006 the Ordinary Meeting of Shareholders appointed a Board of Directors for 2006, 2007 and 2008 with thirteen (13) members, reappointing the previous Board in its entirety. At the same time, the Company immediately published on its website the single list of nominations received (from P.G. Subsilver S.A.) along with the professional curriculum vitae of all candidates.

On April 19, 2007 the shareholders voted to appoint to the Board Antonio Belloni and Carmine Di Palo (both co-opted by the Board of Directors in 2006 following the resignations of Stefano Mazzotti and Stefano Quadrio Curzio). At the Shareholders' Meeting on January 26, 2009 Alberto Giussani was appointed to the Board, having been co-opted on December 23, 2008 to replace Marco Reboa who had resigned. Mr Giussani meets the independence criteria set out under current regulations and art. 3 of the Code.

An Shareholders' Meeting held to approve the Draft Consolidated and Separate Financial Statements as at December 31, 2008 will also be asked to vote to appoint new boards.

At its meeting on February 9, 2009 the Board of Directors declared that it had taken note of the CEO's decision not to stand for another three-year term when the new Board of Directors is voted by the Shareholders' Meeting at the end of March, on the grounds that after two consecutive terms he had completed his mandate and now wished to move on to new professional challenges.

On February 9, 2009 the Board also noted that an agreement is being completed (see Shareholder Agreements below) between Luca Majocchi and the Company's leading shareholders (who have formed a syndicate representing about 50% of the voting capital) under which, in order to ensure minimum disruption during the transition period, at the end of March Shareholders' Meeting the shareholders will propose and vote a resolution to re-elect Luca Majocchi to the Board of Directors as Chief Executive Officer with the same authority and powers as those currently attributed to this position. In addition, Mr Majocchi has declared his willingness to accept the position up to June 30, 2009 only and that he will resign as CEO and from the Board at that date, or earlier if the Company appoints another Chief Executive Officer to replace him.

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The following table shows the directorships and statutory auditor positions held by directors of the Company in other companies falling under art. 1.C.2 of the Code (i.e. in companies listed on regulated Italian or foreign markets, in financial companies, banks, insurance companies or large companies):

Enrico Giliberti	Independent director of Telco S.p.A.
Luca Majocchi	Director of Eniro AB.
Antonio Belloni	CEO and Deputy Chairman of BC Partners S.r.l.
Lino Benassi	Director of DeAgostini S.p.A., DeA Capital S.p.A. and Zignago Vetri S.p.A.; Chairman of Banca Italease and Credit Suisse (Italy).
Dario Cossutta	No such directorships.
Carmine Di Palo	No such directorships.
Gian Maria Gros Pietro	Director of Fiat S.p.A., Edison S.p.A.; Chairman of Atlantia S.p.A., Autostrade per l'Italia S.p.A. (Atlantia group) and Perseo S.p.A.
Luigi Lanari	Director of Samsonite Corporation, Cartiere del Garda, Lecta S.A.(*), Sub Lecta 1 S.A.(*), Sub Lecta 2 S.A.(*) and Vespucci Holdings LLP.
Marco Lucchini	No such directorships.
Michele Marini	No such directorships.
Pietro Masera	No such directorships.
Alberto Giussani	Director of Credito Artigiano S.p.A., Fastweb S.p.A. and Finanziaria Canova S.p.A.; Chairman of the Board of Statutory Auditors of Mediaste S.p.A.; Statutory Auditor for Carlo Tassara S.p.A.
Nicola Volpi	CEO of Permira S.p.A. and Permira Sgr S.p.A. (*); director of Sisal S.p.A. and Sisal Holding Finanziaria S.p.A.(**).

(*) Member of the Permira group.

(**) Member of the Sisa group.

The personal and professional details of the directors is available on www.seat.it under Company Boards.

Directors are appointed in accordance with article 14 of the Articles of Association as amended in 2007 to take account of the new regulations introduced by art. 147 *ter* TUF and implemented by the Savings Protection Act. The Extraordinary Shareholders' Meeting held on January 26, 2009 approved a further amendment of article 14 concerning the appointment of directors using the list method. This was in order to simplify the election of new Boards by introducing a system to establish with certainty the number of directors (two) who can be elected by the majority and minority shareholders. The amendments approved by the shareholders are in line with articles 147-*ter* Legislative Decree 58 of February 14, 2008 as amended and supplemented and 144-*ter* of the Issuers Regulation adopted by CONSOB order 11971 of May 9, 1999 as amended and supplemented.

The Board of Directors will now be voted using a list of candidates, at least two of whom must meet the independence criteria set out in art. 147-ter, IV C, Legislative Decree 58/1998. Lists submitted by shareholders must be filed at the Company's registered office and published in at least one national newspaper at the expense of the proposing shareholders no less than fifteen days prior to the date set for the meeting of shareholders (first calling). Only shareholders who alone or together with other shareholders holding voting shares representing at least 2% of the share capital entitled to vote at Ordinary Meetings of Shareholders, or any lesser number that may be decided by CONSOB under art. 147-ter, I C, Legislative Decree 58/1998, may submit lists. Along with each list and within the above deadline, the professional curriculum vitae of the candidates must be filed, together with their written acceptances of candidacy in which they state on their honour that they know of no reason why they should not be elected and that they do not have any conflicts of interest and that they met the requirements for the position in terms of the law and the Articles of Association and (where appropriate) that they are independent within the meaning of art. 147-ter, IV C, Legislative Decree 58/1998. Lists that do not meet these conditions are invalid. For further details of Board appointment methods, go to art. 14 of the Articles of Association.

Chairman, CEO and General Manager for Italy

The Company appoints two directors to the *senior* positions of Chairman and CEO. Only the CEO, Luca Majocchi, is an executive director. The remaining (non-executive) directors are sufficiently numerous and have the skills and authority needed to ensure that their opinions will be of material weight in Board decisions. They place particular emphasis on areas in which conflicts of interest may occur.

In June 2008 the Company was reorganised to create the General Management for Italy that is now responsible for Italian sales and operating management.

The duties of the Chairman, CEO and General Manager for Italy are given below along with details of management authority.

The **Chairman** of the Company, Enrico Giliberti, is its authorised signatory and represents the Company to third parties and before the law. The Chairman, who has no management authority, is responsible for organising Board meetings and is the link between the Chief Executive Officer and the non-executive directors.

The **CEO**, Luca Majocchi, is responsible for the Company's technical and administration side and ensures that the decisions taken by the Board of Directors are carried out. Luca Majocchi is an authorised signatory and represents the Company to third parties and before the law and also (subject to the limits set by the law and the Articles of Association on matters that cannot be delegated to the Board of Directors) has operating management powers and responsibilities with a general limit of €10 million. Special limits are set in certain cases.

The CEO is also executive director responsible for supervising that the internal control system (see below) operates correctly and is responsible for the Company's headquarters of Turin.

Massimo Castelli was appointed **General Manager for Italy** in June 2008 under an employment contract.

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The Company has developed the following system for the delegation of management authority, to which ad hoc exceptions may be made:

- authority involving expense to the Company. This can be exercised - with respect solely to the matters falling within their authority - only under the joint signature of two directors, thus controlling the exercise of the authority. Further control is created by the fixed financial ceiling attaching to such authority;
- representational authority. This can be exercised - with respect solely to the matters falling within their authority - only under the joint signature of two directors, or in a number of limited, ordinary other cases, under a single signature.

The General Manager for Italy has been attributed sole signatory powers by the Board of Directors, subject to an approved budget and restricted to matters falling within the scope of General Management Italy departments.

The attribution of powers as described above essentially reflects the powers conferred by the Board of Directors on the CEO.

Independent directors

In 2007 the Board of Directors introduced a system for assessing the independence of directors. At least once a year directors are required to sign a declaration (to the Chairman of the Board of Directors and the Chairman of the Board of Statutory Auditors) that they meet the independence requirements set out in article 3 of the Code.

Based on this information, the Board assessed the independence of each non-executive director and then confirmed that Lino Benassi, Gian Maria Gros Pietro and Alberto Giussani were independent within the meaning of art. 148(3) TUF.

Committees of the Board of Directors

In accordance with principle 5.P.1 and criterion 5.C.1 of the Code, the Board of Directors has created:

- the Remuneration Committee;
- the Internal Control Committee.

Both have three members whose duties were decided by decision of the Board of Directors and may be supplemented or amended by subsequent Board decisions.

Remuneration Committee

Gian Maria Gros Pietro (Chairman), Antonio Belloni and Dario Cossutta sit on the Remuneration Committee.

The duties assigned to the Remuneration Committee by the Board of Directors are:

- to present proposals to the Board of Directors concerning the remuneration of CEOs and other directors with specific positions, including stock option plans, and to monitor the carrying out of decisions made by the Board of Directors;
- regularly to assess the criteria applied to the remuneration of directors with strategic responsibilities, to check their application on the basis of the information provided by the CEOs and to make general recommendations to the Board of Directors in this connection.

In 2008 the Remuneration Committee met seven times, during which it *i)* set the 2008 targets for the CEO on which the variable portion of his remuneration is based; *ii)* examined the criteria on which the remuneration of the General Manager for Italy and Group management is based and the Company's annual incentive system.

Director remuneration. Directors are entitled not only to refund of their expenses when performing their duties but also to an annual fee decided by the Meeting of Shareholders. The fee may include that for directors holding positions within the Company.

Under art. 2389(3) Civil Code, the remuneration of directors holding positions within the Company is decided by the Board of Directors, once this has been approved by the Board of Statutory Auditors.

Non-executive directors (whose remuneration is commensurate with their duties and takes account of seats on committees) do not receive share-based payment.

The remuneration of the Chairman is fixed but that of the Chief Executive Officer contains a significant variable component.

The Meeting of Shareholders held on April 27, 2006 voted to the CEO alone a directors' severance pay fund for pension purposes and instructed the Board of Directors to set the terms and conditions and operating method for the fund.

On December 23, 2008 the leading shareholders and the CEO made an agreement whereby the CEO signed a no-competition and confidentiality agreement with SEAT Pagine Gialle S.p.A. to protect the Company against the risk that once the CEO, Luca Majocchi, steps down, he might work for competitors of SEAT Pagine Gialle S.p.A..

The agreement is for 30 months from July 1, 2009. For further details of the remuneration paid in this respect, go to the "Remuneration of directors and statutory auditors" at note 31 of the Notes to the Financial Statements of SEAT Pagine Gialle S.p.A.. By signing the agreement Luca Majocchi also gave a formal undertaking that all information to which he had access during his work for the Company would remain strictly confidential.

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Remuneration of senior management. This contains a variable component that depends on the results achieved in the sectors concerned and on the achievement of personal targets.

Faced with the need to support the Company during the move towards the internet, changes were made to the incentives system in 2008 to refine focus and perceived fairness of incentives.

A bonus pool was therefore set up for the proportion of employment costs dedicated to short-term incentives. This made the system more efficient and applied it equally across all departments. A more effective system meant that bonuses needed to be better differentiated to reflect the difficulty and risk involved in target achievement.

Remuneration paid for 2008 to directors, the CEO and managers with strategic responsibility is stated in the Notes to the Annual Financial Statements of SEAT Pagine Gialle S.p.A..

Internal Audit Committee

The Internal Audit Committee is made up of Lino Benassi (Chairman), Marco Lucchini and Alberto Giussani, who was co-opted by the Board of Directors on December 23, 2008 to replace Marco Reboa, who resigned. Committee members are non-executive directors with proper experience in accounting and finance.

Meetings are attended by members of the Internal Audit Committee, the Chairman of the Board of Statutory Auditors or another statutory auditor appointed by him, and by the Head of Internal Audit. Based on the items on the agenda, meetings may also be attended by the CEO, representatives of the external auditors and of the Company's management.

The Internal Audit Committee is entrusted with the duties set out in art. 8.C.3 of the Code and has its own regulations.

The Internal Audit Committee met 4 times in 2008 and twice in the first few months of 2009 *inter alia*:

- monitoring the development of the Internal Audit organisation and operation model;
- examining and validating progress on the audit of the fiscal year 2008 and its results;
- examining the audit plan for the fiscal year 2009;
- meeting the Director Responsible for the Preparation of Accounting and Company Records, the head of Administration, Finance and Control, the Board of Statutory Auditors and one of the partners of the external auditors to examine the main points of the Consolidated and Separate Financial Statements as at December 31, 2008, checking the correct application of accounting policies and their consistency in the Consolidated Financial Statements;
- meeting one of the partners of the external auditors to examine problems discovered during the audit;

- examining and assessing the results of enterprise risk management (ERM) so as to define an integrated approach to the identification, assessment, management and monitoring of Company risk;
- examining and approving the new Organisation, Management and Control Model produced in accordance with Legislative Decree 231/2001, which has been recently updated and was submitted for approval to the Board of Directors on February 9, 2009;
- examining the results of work done in connection with Law 262 (Savings Protection Act) to check that key controls had been carried out on the main Company procedures for preparing accounting and financial documents;
- examining and approving the Report on the Organisation, Administration and Accounts of the Company.

The internal audit system

Responsibility for the internal audit system lies with the Board of Directors, which sets internal audit and risk management policies for the Company and regularly checks the system with the assistance of the Internal Audit Committee and its manager.

In order to ensure that there is awareness at all levels of the existence and importance of such controls, the Company has in accordance with its code of ethics assigned responsibility for designing and running an effective internal audit system to all departments. All employees within the scope of their own duties are therefore responsible for identifying and ensuring the proper operation of an internal control system.

In accordance with art. 8.C.5. of the Code, the CEO has been appointed to supervise the running of the internal audit system and to implement the guidelines decided by the Board of Directors. In particular he must:

- identify the main risks to which the Company is exposed, taking account of the type of work done by the issuer and its subsidiaries and must regularly present them for examination to the Board of Directors;
- implement the guidelines set by the Board of Directors, providing for the design, development and management of the internal audit system, at all times checking that it is generally correct, effective and efficient; ensure the system is adjusted to operating dynamics and to applicable laws and regulations;
- propose to the Board of Directors the nomination, dismissal and remuneration of one or more internal control managers.

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The Company has an Internal Audit department that reports to no operating manager and is structured so as to be able to i) check and ensure the effectiveness and efficiency of the internal audit system and ii) ensure that the system provides reasonable assurances that the organisation can economically and efficiently achieve its aims.

The Head of Internal Audit sits on the Supervisory Body set up in accordance with the organisation model introduced by Legislative Decree 231/01 (see below) and is also the **Internal Audit Supervisor**.

In accordance with 8.C.5 c) of the Code, the Internal Audit Supervisor, who reports to no operating *senior* manager, was appointed to the Board of Directors at the recommendation of the director responsible for the internal audit system (CEO, see above) and with the approval of the Internal Audit Committee. The Board of Directors has authorised the CEO to monitor the sufficiency of the remuneration paid to the Internal Audit Supervisor, in accordance with Company policy.

Under art. 8.C.6. of the Code, the Internal Audit Supervisor has the following responsibilities:

- a) to check that the internal audit system is at all times sufficient, fully operational and in good working order;
- b) to report to the Internal Audit Committee, the Board of Statutory Auditors and the executive director responsible for the internal audit system. In particular, he reports on risk management, compliance with risk management plans and gives his opinion of the ability of the internal audit system to generate an acceptable level of general risk.

During the course of his duties the Internal Audit Supervisor has access to all information he considers useful and to all the resources he needs to carry out the duties assigned to him.

Law 262 of December 28, 2005, the "Savings Act"

The Savings Act requires all administrative procedures underlying company disclosures to be adequate and correctly applied. Although SEAT Pagine Gialle S.p.A. does have a properly structured internal audit system, it has regularly throughout the year carries out critical examinations of current processes and procedures as follows:

- definition of "scope" - Scoping of consolidated companies revealed that in quantitative terms they are not of material size. It was therefore decided to focus analysis on the generation of accounting data for the parent company only;
- identification of areas and processes for re-examination - This led to the quantitative and qualitative analysis of existing processes and consequently to the identification of the most sensitive for the analysis in question;

- assessment of controls - Analysis and test of controls in the areas and processes identified in the previous phase, particularly as regards balance sheet statements (completeness, existence, rights and obligations, assessment, recognition, presentation, disclosure). In 2008 these tests were carried out at 6-month intervals on samples to check that the key controls for the main operating processes underlying the preparation of accounting and financial documents were effective and in constant operation;
 - identification as appropriate of any improvements of the current internal audit system and consequently of greater control over sensitive areas and processes for the above work.
- The work done and its results were examined and assessed by the Internal Audit Committee and contributed to the approval by the Board of Directors of the operating adequacy, efficiency and effectiveness of the internal audit system.

Legislative Decree 231/2001 and the Supervisory Body

In 2004, the Company launched "Project 231" to produce the organisation model required under Legislative Decree 231/2001 on the administrative responsibility of entities for offences committed by persons in *senior* positions and by those subject to their management or supervision. The result of this was the following documents illustrating the procedures and controls in place to reduce the risk of such offences: "**The Group Code of Ethics**", "**Principles and Guidelines of the Organisation, Management and Control Model**" and "**The Organisation Model**".

In 2008 the Supervisory Body (see below) updated SEAT Pagine Gialle S.p.A.'s Principles and Guidelines of the Organisation, Management and Control Model produced in accordance with Legislative Decree 231/2001. In order to ensure general application, the document was drafted in accordance with Legislative Decree 231 and therefore divided into separate sections, one for each of the offences listed in the Decree. New sections were added on: computer offences (art. 24 *bis* Legislative Decree 231/2001), health and safety at work offences (art. 25 *septies* Legislative Decree 231/2001), receiving, recycling and using unlawfully obtained money, goods and assets (art. 25 *octies* Legislative Decree 231/2001). The document is therefore organised into sections, each of which names and describes: *i*) the relevant article in Legislative Decree 231; *ii*) the general principles for conduct and implementation and where necessary the particular procedural principles applying to assessment risk and support areas; *iii*) the appendices containing the definition of the offence to which the section relates.

Supervisory Body (created under Legislative Decree 231/2001) - This comprises Marco Reboa (lecturer in business and economics and former independent director of the Company), Marco Beatrice (Head of the Legal and Corporate Department at SEAT) and Francesco Nigri (Head of SEAT Internal Audit) and meets the requirements set out in the Accompanying Report to Legislative Decree 231/2001, which imposes on the Supervisory Body the autonomy, independence, professionalism and continuity needed to be able to carry out its duties effectively.

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The Supervisory Body:

- implements the organisation, management and control model;
- supervises its implementation to ensure that Company conduct is in line with it;
- monitors the effectiveness of the model and its ability to prevent the offences in question;
- updates the model to reflect the adjustments needed to cope with changes in the Company's environment/organisation;
- monitors application of the code of ethics.

When carrying out its duties, the Supervisory Body has unrestricted access to Company information on investigations, analyses and controls.

In 2008, the Body continued its ordinary supervisory duties as above and updated the Organisation, Management and Control Model to bring it in line with the new laws impacting Legislative Decree 231/2001.

Director Responsible for the Preparation of Accounting and Company Records (art. 154 bis TUF)

The Company EGM held on April 19, 2007, in accordance with art. 154 *bis* Legislative Decree 58/98 introduced by the "Savings Act", resolved to amend art. 19 of the Articles of Association, authorising the Board of Directors (upon receipt of the compulsory approval required from the Board of Statutory Auditors) to appoint and dismiss a Director Responsible for the Preparation of Accounting and Company Records (hereafter the "Records Director") and to set his term of office. Candidates for this position must have at least three years' experience in suitably responsible administration and/or financial positions within the Company or in other companies of comparable size or organisation.

In June 2008, Massimo Cristofori was appointed Chief Financial Officer. Massimo Cristofori was also appointed Director Responsible for the Preparation of Accounting and Company Records (under art. 154 *bis* Legislative Decree 58/98), a position held temporarily by the CEO April-May 2008 and previously by Maurizia Squinzi (who was also the Head of Administration, Finance and Accounting for the Company). The Board conferred on the Director Responsible for the Preparation of Accounting and Company Records the powers and resources effectively to perform the duties set out in art. 154 *bis* Legislative Decree 58/98. The Responsible Director reports at least every six months on the management and control of the preparation of accounting records, any problems discovered and on the effectiveness of the system and resources available to him.

The new position of Responsible Director is key to the strengthening of the Company's internal audit system and focuses on the importance of the preparation of the draft financial statements and in general of the main disclosures of the Company's finances.

Board of Statutory Auditors

The Board of Statutory Auditors has three standing statutory auditors and two alternates, appointed by the Meeting of Shareholders that also decides on their remuneration (art. 22 of the Articles of Association).

On April 27, 2006 the shareholders appointed a Board of Statutory Auditors for three years, reappointing all the previous Board. The Ordinary Shareholders' Meeting on December 31, 2008 will also be asked to decide on the reappointment of the Boards.

The Board of Statutory Auditors, in accordance with the Articles of Association, is also appointed on the basis of lists filed at the registered office before the Meeting. Since art. 148(2) TUF states that the statutory auditor elected by minority shareholders must be elected in accordance with CONSOB regulations, art. 22 of the Articles of Association, as amended by the Meeting of Shareholders on April 19, 2007, provides *inter alia* that "Only shareholders who alone or together with other shareholders holding voting shares representing at least 2% of the share capital entitled to vote at Ordinary Meetings of Shareholders, or any lesser number that may be decided by CONSOB under art. 147 ter, l C, Legislative Decree 58/1998 may submit lists". Art. 148(2 *bis*) of the TUF was also transposed. This states that the Chairman of the Board of Statutory Auditors must be appointed by the minority shareholders and that the member of the Board of Statutory Auditors representing the minority shareholders must appear on a list that is not in any way connected with the shareholders who previously submitted or voted the list on a number of votes basis.

At the same meeting, the shareholders also voted to change the list presentation method in accordance with criterion 10.C.1 of the Code, reducing from 10 to 15 days prior to the Meeting of Shareholders the deadline for filing of lists and, in the same way as for the Board of Directors and in order to simplify matters, removed the obligation to prove sufficient shareholding to submit a list in the two days prior to the Meeting of Shareholders.

Along with each list, the professional curriculum vitae of the candidates must be filed, together with their written acceptances of candidacy in which they state on their honour that they know of no reason why they should not be elected and that they do not have any conflicts of interest and that they met the requirements for the position in terms of the law and the Articles of Association.

For the work done by standing auditors, go to their own declarations attached to the Report of the Board of Statutory Auditors on the Financial Statements of SEAT Pagine Gialle S.p.A. pursuant to art. 144/XV of the Issuers Regulation.

Personal and professional details of the statutory auditors are available at www.seat.it under Company Boards.

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Meeting of Shareholders

As regards the convening of Meetings of Shareholders, on April 23, 2008 the Board of Directors amended art. 10 of the Articles of Association, bringing it in line with art. 154 *ter* of the Transparency Decree (Legislative Decree 195 of November 6, 2007). A Shareholders' Meeting must therefore necessarily be convened within 120 days of the closing of the financial year.

The Shareholders' Meeting to approve the Consolidated and Separate Financial Statements as at December 31, 2007 was held on April 23, 2008. The Board, in the person of the CEO, reported on work completed and scheduled and together with the Chairman provided the shareholders with sufficient information to enable them to vote with proper understanding on the matters falling within their responsibility (Code criterion 11C4).

On January 26, 2009 the Shareholders' Meeting (Ordinary Meeting) voted to appoint Alberto Giussani (see above) to the Board and at the Extraordinary Shareholders' Meeting *i)* to cancel the nominal value of shares, *ii)* a capital regrouping came into effect at a ratio of one share for every two thousand ordinary or savings shares, *iii)* a capital increase of up to € 200 million (for further details go to "Post Balance Sheet Events"), *iv)* amend art. 14 of the Articles of Association (see above).

Relations with shareholders (Code article 11)

In accordance with art. 11 of the Code, under which the Board of Directors acted to promote the greatest possible participation of shareholders in Meetings of Shareholders and to simplify the exercise by them of their rights:

- the Company published a notice convening the Meeting of Shareholders in *Il Sole 24 Ore*, the daily newspaper usually used by SEAT Pagine Gialle S.p.A. to publish notices to shareholders;
- Meetings of Shareholders are always held at the Company's Turin headquarters;
- the Extraordinary Shareholders' Meeting on April 19, 2007 resolved to bring art. 8 of the Articles of Association in line with art. 2370(II) Civil Code ("Right to attend and vote in meetings of shareholders"), so that it states that shareholders may attend Meetings of Shareholders so long as they have informed the Company through an intermediary of their intention of attending no less than two days before the date of the Meeting concerned;
- within fifteen days of a Meeting of Shareholders, public documents must be loaded in to the Company's website under "Corporate Governance".

Relations with the Italian and international financial community are in the hands of Investor Relations and those with shareholders with Legal and Corporate.

In 2008 Investor Relations organised many formal meetings with the market (analysts, institutional investors and representatives of the financial community) through quarterly conference calls, road shows and conferences. There were also daily contacts with financial analysts and institutional investors through meetings and conference calls.

To promote dialogue with all financial market operators, the Company published on its website all economic and financial documentation (financial statements, half-yearly and quarterly reports), supporting documentation (presentations to the financial community) a dedicated corporate governance section (containing documents concerning the governance of the Company, information on its directors and statutory auditors and reports and materials used at shareholder meetings) and Company press releases. All the above is published in Italian and English. The site also has a section of interest to most shareholders and online updates of the Group's share prices.

Independent auditors

The Ordinary Meeting of Shareholders on April 27, 2006 in accordance with art. 159 Consolidated Act, appointed Reconta Ernst & Young S.p.A. to audit the Separate and Consolidated Financial Statements of the Company for the financial years 2006-2011, to perform a limited-scope audit of the Half-Yearly Reports as at June 30, for the financial years 2006-2011 and to check that the Company accounts are properly kept and that the accounting records correctly record operating events over those periods.

Shareholders' agreements

The following arrangements should be noted relating to shareholders' agreements made by the Company or of which the Company has been informed:

- a) shareholders' agreement dated July 30, 2003, as amended by an addendum dated March 24, 2004, an amendment dated December 21, 2006 and a further addendum dated September 13, 2007, between the closed investment funds with indirect holdings in the ordinary share capital of SEAT Pagine Gialle S.p.A. (the "Funds"), each through its own Luxembourg vehicle. This shareholder agreement includes stipulations governing *i)* the composition and deliberations of the Management Board of SEAT Pagine Gialle S.p.A. and its subsidiaries and the resolutions of the General Meeting of Shareholders of SEAT Pagine Gialle S.p.A.; *ii)* a proposed non-transfer agreement for SEAT Pagine Gialle S.p.A. shares held by the Funds through their own vehicles, and on the Funds' holdings in the vehicles themselves.

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On March 20, 2007 it was agreed to renew the July 30, 2003 shareholders' agreement subject to the same terms and conditions. Hence the agreement will expire on the earlier of the following: *i*) the third anniversary of March 20, 2007 (or the fifth, if on the third the Company's ordinary shares are no longer listed); or *ii*) the date on which the parties to the agreement have sold off their direct or indirect entire investment in the Company;

- b) agreement dated December 23, 2008 between the Funds, whereby the Funds agreed, subject to the conditions therein laid down, to: *i*) reorganise Fund holdings in SEAT Pagine Gialle S.p.A. following the sale of most of BCP Investors' holding to Alfieri Associated Investors Servicos de Consultoria SA and CVC Silver Nominee Limited, after which BCP Investors exited from the current shareholders' agreement; *ii*) agree that the Funds will vote in favour of a Capital Increase of up to € 200 million for SEAT Pagine Gialle S.p.A. Up to € 99.2 million is to be subscribed by all Funds except BCP Investors, the same undertaking having been made for the benefit of SEAT Pagine Gialle S.p.A. pursuant to art. 1411 of the Civil Code; and *iii*) renew the shareholders' agreement (see a) above) for a further three years;
- c) agreement dated February 13, 2009 between, on the one hand, the vehicles through which the Funds indirectly hold ordinary shares in the Company and, on the other hand, Luca Majocchi, whereby the latter will continue to hold the positions of Director and CEO of the Company until the day a new CEO is appointed, i.e. up to June 30, 2009 at the latest.

All the above agreements have been duly reported pursuant to art. 122 of Legislative Decree 58/1998 and its implementing rules, including the publication of extracts in *i*) *La Repubblica*, August 9, 2003, for the July 30, 2003 shareholders' agreement; *ii*) *La Repubblica*, March 30, 2004, for the March 24, 2004 addendum; *iii*) *La Repubblica*, December 28, 2006, for the December 21, 2006 amendment; *iv*) *La Repubblica*, March 23, 2007, for the renewal of the March 20, 2007 shareholders' agreement; *v*) *La Repubblica*, October 26, 2007, for the September 13, 2007 addendum; *vi*) *La Repubblica*, December 31, 2008, for the December 23, 2008 agreement; *vii*) *La Repubblica*, February 23, 2009, for the February 13, 2009 agreement. In addition, a further extract was published in *Il Sole 24 Ore* on December 17, 2004, announcing the completion of certain restructuring operations in accordance with the March 24, 2004 addendum.

The July 30, 2003 shareholders' agreement was filed with the Milan Companies Register on August 13, 2003. The March 24, 2004 addendum was filed with the Milan Companies Register on April 1, 2004. The December 21, 2006 amendment was filed with the Milan Companies Register on December 22, 2006. The renewal of the March 20, 2007 shareholders' agreement was filed with the Milan Companies Register on March 21, 2007. The September 13, 2007 addendum was filed with the Milan Companies Register on September 19, 2007. The December 23, 2008 agreement was filed with the Milan Companies Register on January 7, 2009. The February 13, 2009 agreement was filed with the Milan Companies Register on February 26, 2009.

→ Social responsibility

SEAT Pagine Gialle: promoting business and social relationships

For more than 80 years SEAT Pagine Gialle S.p.A., a European leader in multimedia telephone publications and high-tech internet services, has been offering consumers and companies search tools and products for matching would be customers with suppliers. The SEAT group is dedicated not just to technological innovation but also to social responsibility: to promoting real relationships that fulfil the needs of the individual and companies. That's why it has a long history of leadership for the promotion of culture, knowledge, local relationships and sustainability - all important to quality of life.

SEAT Pagine Gialle S.p.A. is aware of the importance of synergy between central government, local government and businesses and in 2008 it continued to forge public and private partnerships to promote cultural projects and events, from figurative arts to design, literature to archaeology, tourist promotion of Italy's artistic heritage, teaching, training and scientific research, stressing the importance of the creativity that underlies all forms of expression and brings out the essence of what it is to be human.

SEAT Pagine Gialle across Italy

In 2008 SEAT Pagine Gialle successfully pursued its nationwide marketing plan, launched in 2005, aimed at consolidating and publishing the Company's image with a large, widely scattered public and strengthening SEAT's local reputation and authority by establishing contacts with local press and opinion formers. The project is based on creating specialised reports on a range of subjects, drawing on the Company's databases to prepare up-to-the-minute articles.

Thanks to its privileged status as an observer of decisive trends in Italy's economic and social fabric, SEAT Pagine Gialle is dedicated to extending practical awareness to the wider public, drawing attention to the special services it offers and their importance in sustaining day-to-day community life and the work of small, medium-sized and large Italian businesses.

The main subjects treated in 2008 were:

- *export reports*: these analyse the export potential of European, especially Italian companies. Data is extrapolated by comparing Pagine Gialle's databases with an online poll and the consultation data on Europages.com;
- *trend reports* on Christmas consumption: launched for Christmas, this report forecast consumer trends over the Christmas season by analysing internet searches of www.paginegialle.it;
- *mobile consumption report*: based on calls received, 89.24.24 Pronto PAGINEGIALLE® analysed calls by type over the summer to identify the most popular types (e.g. restaurants, public utilities, supermarkets that stay open over the summer, etc.).

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"PAGINEBIANCHE d'Autore" and "Gemine Muse"



Continuing success has been achieved with by "PagineBianche d'Autore", which selects twenty works by young Italian contemporary artists from each region every year. The aim is to showcase creativity and social contacts in Italy by selecting works – on any theme – by artists aged between twenty and thirty-five who were born, live or work in Italy and work in the visual arts. The winning works appear on the covers of the PAGINEBIANCHE directories, benefiting from the enormous visibility guaranteed by a product that is found in every home and business in the region each winner represents. They are also eligible for the special prize of a six-month scholarship to the ISCP (International Studio & Curatorial Program) in New York. The competition has grown steadily, in terms of both the number of participating artists and the achievement of communication targets: over 4,500 entries, prizes awarded for over 400 works, more than 450 articles in the national and local press and more than 300,000 hits on the website, 40% of them from abroad.

PagineBianche d'Autore is supported by PARC (Office for the quality and protection of landscapes, architecture and contemporary art in the Ministry for Cultural Heritage and Activities) and GAI (the Association of Young Italian Artists).

SEAT Pagine Gialle also contributes to "Gemine Muse", a national initiative to promote young artists and the best of their creative output by exhibiting their work in locations that are part of Italy's historic and artistic heritage.

Venice Architecture Biennale

SEAT Pagine Gialle has given the Venice Architecture Biennale free access to PagineGialle Visual's exclusive maps and orthophotomaps of Venice. These very high-resolution pictures were used to set up an 80-metre composition which includes not just maps of Venice but also drawings by Carlo Vita, writings by Italo Calvino and a historical map of the area.

ElettriCittà and Eccentricità



Following the 2007 success of the "Modern Times" photo competition, the competition was re-run in 2008 under the title "ElettriCittà", focusing on energy locations in the city with the aim of selecting the best cover illustrations for the thirty-fifth local edition of each of our city map guides, *TuttoCittà*. The photos had to show places in the city where energy was displayed to the full, in any form, from the forces of nature to expressions of collective enthusiasm.

Almost 1,400 photos were sent in and 5,550 *TuttoCittà* users voted on them via the competition website www.concorsotuttocitta.it. They chose their favourites from among those selected by Daniela Trunfio, curator of the Turin International Photography Biennale.

2009 will see the third competition under the title "Eccentricità", looking for everything in cities that can be described as out of the ordinary. For this edition the photos will be selected in partnership with the Italian Federation of Photographic Associations (FIAP).



Manifesta 7

Manifesta 7 is a two-yearly travelling European contemporary art exhibition and a world leader; the 2008 exhibition was held in Trentino in the Alto Adige. SEAT supported the success of this exhibition by offering its most innovative technologies and services. In particular, SEAT Pagine Gialle helped to enrich and update the exhibition website, using the latest PagineGialle Visual technology.

BJCEM

SEAT Pagine Gialle, as technology partner, supported the thirteenth BJCEM (Biennale of young artists from Europe and the Mediterranean), held in Bari in 2008, by providing map services.

During the Biennale some artists were given the chance to stage "live" works that were broadcast in real time via the visual.paginegialle.it portal as a channel for the creative highlights of the exhibition. Five young artists from Apulia used linguistic codes and multimedia technology to interpret the character and landscapes of their native region, creating virtual postcards that could be sent worldwide (the "Bjcem Puglia Visual Card"). All these postcards were based on PagineGialle Visual maps: Apulia's streets, squares and village became part of the artistic creation. The cards were digitalised and uploaded for public use via the internet.

During the exhibition, SEAT Pagine Gialle's experience of contemporary art was the focus of a discussion on "The Creative Economy and Local Development", with contributions from leading personalities in the worlds of art, politics and local government.

National Prize for Innovation: "Not all ideas are the same"

Milan was the 2008 venue for the travelling "National Prize for Innovation" competition, which has taken place every year since 2003 and is open to winners of the Italian Start Cup, the business plan contest organised by Italian universities who are members of PNICube (an association of "incubators" and academic business plan competitions with the purpose of promoting the creation of new businesses with a high academic content and guiding their first steps on to the market).

The first three winners of the seventeen local contests for the best high-tech content business plans then competed on set themes: financial instruments and company set-ups; ideas as capital; incubators and growth.

For this contest SEAT Pagine Gialle provided the **Special Prize for "Innovation in Communications: how to involve customers and lead with words."** The initiative was backed by the *Fondazione Politecnico di Milano* and the business promotion organisation *Acceleratore d'Impresa del Politecnico di Milano*.

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Social cohesion initiatives

Pagine della Salute

With the collaboration and advice of SEAT Pagine Gialle, the Ministry of Labour, Health and Social Policy has prepared a practical guide to domestic crises large and small: the *Pagine della Salute*.

The initiative was designed to provide every Italian household with some general advice on dealing with unexpected health crises and a guide for dealing with ordinary illnesses. It also gives some useful suggestions for “helping yourself to health” by taking information “pills” on giving up smoking, alcohol abuse, encouraging physical activity and healthy eating.

The Guide was published in the Domestic and Business editions of the PAGINEGIALLE® directory and 24 million copies were distributed nationwide. It was also used in the summer edition of the TV series *Elisir* to promote healthy eating awareness and general healthy living.

When distributing PAGINEGIALLE® directories to Italian homes, SEAT Pagine Gialle launched a major communications initiative, a Health Report for each of the 103 Italian provinces, giving Italian citizens a snapshot of the public and private healthcare services available to them via press notices in leading national and local newspapers.

Telethon

Once again SEAT Pagine Gialle has shown its commitment to the Telethon for research into genetic diseases, both by selling a range of publications and by staging an internal campaign among its employees and agents.

Thanks to the Company's support, Dr Camaschella's haemochromatosis project, which SEAT Pagine Gialle has financed since 2005, has attained some important scientific research objectives.

A inizio volume:
PagineBianche informa

Bari e provincia

2009/2010



PAGINEBIANCHE

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Aggiornato al 10 dicembre 2008

Premio PagineBianche d'Autore

"Un viaggio tra tanti", immagine di copertina realizzata da *Lea Caputo*.

Per informazioni sull'iniziativa, vedi l'inserto **PagineBianche Informa** a inizio volume

Consolidated Financial Statements



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Foreword

In the last quarter of 2008 and in line with IFRS 5, the German group WLW (sold December 23, 2008) was included under "Non-current assets held for sale and discontinued operations".

As a result,

- the 2008 operating results of WLW are shown under "Net profit (loss) on non-current assets held for sale and discontinued operations". The 2007 Income Statement has also been restated to ensure consistency;
- the 2008 Cash Flow Statement shows separately the cash flows generated by the German group over the year through its disposal. The 2007 Cash Flow Statement has also been restated to ensure consistency.

➤ Consolidated Balance Sheet as at December 31, 2008

Assets

	At 12.31.2008	At 12.31.2007	Change	Note
(euro/thousand)				
Non-current assets				
Intangible assets with an indefinite useful life	3,393,998	3,687,067	(293,069)	(6)
Intangible assets with a finite useful life	219,752	347,873	(128,121)	(8)
Property, plant and equipment	43,716	55,709	(11,993)	(9)
Leased assets	62,886	489	62,397	(10)
Investments accounted for at equity	2,372	5,707	(3,335)	(11)
Other non-current financial assets	2,140	2,126	14	(12)
Deferred tax assets, net	10,442	14,343	(3,901)	(32)
Other non-current assets	344	326	18	(15)
Total non-current assets	(A) 3,735,650	4,113,640	(377,990)	
Current assets				
Inventories	15,211	15,703	(492)	(13)
Trade account receivables	671,014	671,101	(87)	(14)
Current tax assets	7,016	21,054	(14,038)	(32)
Other current assets	68,414	66,532	1,882	(15)
Current financial assets	1,932	13,083	(11,151)	(19)
Cash and cash equivalents	304,602	204,549	100,053	(19)
Total current assets	(B) 1,068,189	992,022	76,167	
Non-current assets held for sale and discontinued operations	(C) 914	-	914	(33)
Total assets	(A+B+C) 4,804,753	5,105,662	(300,909)	

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Liabilities and equity

	At 12.31.2008	At 12.31.2007	Change	Note
(euro/thousand)				
Equity shareholders of the Group				
Share capital	250,352	250,352	-	(16)
Additional paid-in capital	465,103	465,103	-	(16)
Reserve for foreign exchange adjustments	(45,243)	(15,212)	(30,031)	(16)
Reserve for transition to IAS/IFRS	181,570	181,570	-	(16)
Reserve for stock options	5,956	7,592	(1,636)	(16)
Reserve for "cash-flow hedge" instruments	(10,931)	5,262	(16,193)	(16)
Reserve for actuarial gains (losses)	(1,555)	(3,956)	2,401	(16)
Other reserves	210,989	110,896	100,093	(16)
Profit (loss) for the year	(179,646)	98,399	(278,045)	
Total equity shareholders of the Group	(A)	876,595	1,100,006	(223,411)
Minority interests				
Share capital and reserves	20,980	15,985	4,995	
Income for the year	5,966	7,839	(1,873)	
Total minority interests	(B)	26,946	23,824	3,122
Total equity	(A+B)	903,541	1,123,830	(220,289)
Non-current liabilities				
Non-current financial debts to third parties	1,762,018	1,926,171	(164,153)	(19)
Non-current financial debts to related parties	1,269,470	1,264,201	5,269	(19)
Non-current reserve to employees	34,767	47,183	(12,416)	(22)
Deferred tax liabilities, net	14,168	5,089	9,079	(32)
Other non-current liabilities	26,170	22,687	3,483	(24)
Total non-current liabilities	(C)	3,106,593	3,265,331	(158,738)
Current liabilities				
Current financial debts to third parties	245,998	167,972	78,026	(19)
Current financial debts to related parties	47,837	47,536	301	(19)
Trade account payables	256,993	276,814	(19,821)	(26)
Reserve for current risks and charges	52,460	44,165	8,295	(25)
Current tax payables	72,764	54,413	18,351	(32)
Payables for services to be rendered and other current liabilities	118,529	125,601	(7,072)	(26)
Total current liabilities	(D)	794,581	716,501	78,080
Liabilities directly associated with non-current assets held for sale and discontinued operations				
	(E)	38	-	38
Total liabilities	(C+D+E)	3,901,212	3,981,832	(80,620)
Total liabilities and equity	(A+B+C+D+E)	4,804,753	5,105,662	(300,909)

➤ Consolidated Income Statement 2008

(euro/thousand)	Year 2008	Year 2007	Change		Note
		restated	Absolute	%	
Sales of goods	30,442	35,983	(5,541)	(15.4)	(28)
Rendering of services	1,345,547	1,408,230	(62,683)	(4.5)	(28)
Revenue from sale and services	1,375,989	1,444,213	(68,224)	(4.7)	(28)
Other income	16,983	5,375	11,608	n.s.	(29)
Total revenues	1,392,972	1,449,588	(56,616)	(3.9)	
Materials	(56,308)	(61,417)	5,109	8.3	(29)
External services	(427,550)	(442,724)	15,174	3.4	(29)
Salaries, wages and employee benefits	(239,785)	(242,615)	2,830	1.2	(29)
Other valuation adjustments	(44,423)	(38,741)	(5,682)	(14.7)	(14)
Provisions to reserves for risks and charges, net	(13,972)	(11,211)	(2,761)	(24.6)	(24-25)
Other operating expense	(5,645)	(4,756)	(889)	(18.7)	(29)
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net	605,289	648,124	(42,835)	(6.6)	
Amortisation, depreciation and write-down	(345,321)	(203,884)	(141,437)	(69.4)	(8-9)
Non-recurring costs, net	(17,910)	(9,017)	(8,893)	(98.6)	(29)
Restructuring costs, net	(13,741)	(7,519)	(6,222)	(82.8)	(29)
Operating income	228,317	427,704	(199,387)	(46.6)	
Interest expense	(281,819)	(258,505)	(23,314)	(9.0)	(30)
Interest income	33,614	18,727	14,887	79.5	(30)
Gains (loss) on investments valued at equity	(7,234)	(3,314)	(3,920)	n.s.	(31)
Income before income taxes, non-current assets held for sale and discontinued operations and minority interests	(27,122)	184,612	(211,734)	n.s.	
Income taxes for the year	(69,478)	(79,482)	10,004	12.6	(32)
Profit (loss) on continuing operations	(96,600)	105,130	(201,730)	n.s.	
Profit (loss) from discontinued operations/non-current assets held for sale	(77,080)	1,108	(78,188)	n.s.	(33)
Profit (loss) for the year	(173,680)	106,238	(279,918)	n.a.	
- of which Minority interests	(5,966)	(7,839)	1,873	23.9	
- of which pertaining to the Group	(179,646)	98,399	(278,045)	n.s.	

	At 12.31.2008	At 12.31.2008	At 12.31.2007	At 12.31.2007
	post capital		post capital	
	regrouping		regrouping	
SEAT Pagine Gialle shares (number)	41,725,276	8,345,055,482	41,725,276	8,345,055,482
- ordinary (number)	41,044,903	8,208,980,696	41,044,903	8,208,980,696
- savings (number)	680,373	136,074,786	680,373	136,074,786
Profit (loss) for the period	€/thousand (179,646)	(179,646)	98,399	98,399
Profit (loss) par share	€ (4.3054)	(0.0215)	2.3544	0.0118
Disuted profit (loss) par share	€ n.a.	(0.0215)	2.3498	0.0117

Profit per share were calculated by dividing operating result by the average number of shares outstanding over the period. Diluted profit per share is calculated using the average weighted number of shares in circulation during the fiscal year, modified assuming subscription of all the potential shares derived from exercising the options with a dilutive effect pursuant to IAS 33, and taking account of the shareholder resolution of January 26, 2009 (effective February 9, 2009) for the capital regrouping came into effect at a ratio of one share for every two hundred ordinary and savings shares. For details see "Post-balance sheet events" in the Report on Operations. According to IAS 33, there was no dilution of shareholders' equity and earnings per share in 2008, as the market value of SEAT Pagine Gialle S.p.A.'s ordinary share is significantly lower than the strike price of the options still exercisable as at December 31, 2008.

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➤ Consolidated Cash Flow Statement

(euro/thousand)		Year 2008	Year 2007 restated	Change
Cash inflow from operating activities				
Profit (loss) on continuing operations		(96,600)	105,130	(201,730)
Amortisation, depreciation and write-down		345,321	203,884	141,437
Interest expense, net ⁽¹⁾		247,997	240,638	7,359
Costs for stock option		572	1,497	(925)
Income taxes for the year		69,478	79,482	(10,004)
(Gains) losses on disposal of non-current assets		124	2,843	(2,719)
(Revaluation) write-down of financial assets		7,231	(13)	7,244
Change in working capital		(39,453)	(41,415)	1,962
Change in non-current liabilities		(5,828)	(5,973)	145
Exchange adjustments and other movements		16,661	10,796	5,865
Cash inflow from operating activities	(A)	545,503	596,869	(51,366)
Cash outflow for investments				
Consolidated subsidiaries		(31,797)	-	(31,797)
Purchase of intangible assets with finite useful life		(39,020)	(50,966)	11,946
Purchase of property, plant and equipment ⁽³⁾		(12,974)	(14,645)	1,671
Other investments		(4,378)	(5,339)	961
Proceeds from disposal of non-current assets		182	1,209	(1,027)
Cash outflow for investments	(B)	(87,987)	(69,741)	(18,246)
Cash outflow for financing				
Repayments of non-current loans		(169,615)	(208,301)	38,686
Payment of interest expense, net		(241,392)	(222,393)	(18,999)
Change in other current financial assets and liabilities		14,792	(26,817)	41,609
Increase in share capital from exercised stock options		-	8,350	(8,350)
Distribution of dividends		(3,862)	(62,221)	58,359
Cash outflow for financing	(C)	(400,077)	(511,382)	111,305
Purchase of Wer liefert Was?		-	(118,135)	118,135
Cash flow from non-current assets held for sale and discontinued operations		4,373	(1,257)	5,630
Net proceeds on disposal of Wer liefert Was?		38,241	-	38,241
Cash flow from non-current assets held for sale and discontinued operations	(D)	42,614	(119,392)	162,006
Increase (decrease) in cash and cash equivalents in the year	(A+B+C+D)	100,053	(103,646)	203,699
Cash and cash equivalent at beginning of the year		204,549 ⁽²⁾	308,195	(103,646)
Cash and cash equivalent at end of the year		304,602	204,549 ⁽²⁾	100,053

(1) Minus net interest on updating and on operating/non-operating assets and liabilities.

(2) Includes € 7,124 thousand in Wer liefert Was? group cash and cash equivalent.

(3) Does not include for 2008 € 62,571 thousand investment in the new headquarters in Turin financed by financial lease.

➤ Statement of Change in Consolidated Equity 2008

(euro/thousand)	Group				Minorities			Total
	Share capital	Reserves	Profit (loss) for the year	Total	Share capital and reserves	Profit (loss) for the year	Total	
At 12.31.2007	250.352	751.255	98.399	1.100.006	15.985	7.839	23.824	1.123.830
Allocation of 2007 profit (loss)		98.195	(98.399)	(204)	4.181	(7.839)	(3.658)	(3.862)
- Reserves		98.399	(98.399)		7.839	(7.839)		
- Dividends		(204)		(204)	(3.658)		(3.658)	(3.862)
Change in the reserve for "cash flow hedge" instruments		(16.193)		(16.193)				(16.193)
Actuarial gains (losses) for the year		2.404		2.404				2.404
Foreign exchange adjustments		(30.031)		(30.031)				(30.031)
Fair value of stock option plans		508	(508)		64	(64)		
Other changes		(249)		(249)	750		750	501
Transactions of the year affecting only the income statement			(179.138)	(179.138)		6.030	6.030	(173.108)
At 12.31.2008	250.352	805.889	(179.646)	876.595	20.980	5.966	26.946	903.541

➤ Statement of Change in Consolidated Equity 2007

(euro/thousand)	Group				Minorities			Total
	Share capital	Reserves	Profit (loss) for the year	Total	Share capital and reserves	Profit (loss) for the year	Total	
At 12.31.2006	249.879	727.169	80.136	1.057.184	16.594	1.652	18.246	1.075.430
Allocation of 2006 profit (loss)		21.658	(80.136)	(58.478)	(2.091)	(1.652)	(3.743)	(62.221)
Exercise of stock options	473	6.631		7.104	1.246		1.246	8.350
Change in the reserve for "cash flow hedge" instruments		3.729		3.729				3.729
Actuarial gains (losses) for the year		1.965		1.965				1.965
Foreign exchange adjustments		(13.181)		(13.181)				(13.181)
Reversal of the translation reserve on the deconsolidation of Consodata Group Ltd.		3.281	(3.281)					
Fair value of stock option plans		1.408	(1.408)		118	(118)		
Other changes		(1.405)		(1.405)	118		118	(1.287)
Transactions of the year affecting only the income statement			103.088	103.088		7.957	7.957	111.045
At 12.31.2007	250.352	751.255	98.399	1.100.006	15.985	7.839	23.824	1.123.830

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➤ Accounting policies and disclosures

1. Corporate information

The SEAT Pagine Gialle group is the European leader and one of the main operators at world level in the sector of multimedia profiled advertising, offering print/voice/internet directories, high-tech products for the Internet and for satellite and orthophotometric navigation, as well as complementary communication services such as one-to-one marketing.

The parent company, SEAT Pagine Gialle S.p.A., has its registered office at Via Grosio 10/4, Milan, and share capital is € 250,352 thousand.

The Group's main activities are described in the "Report on Operations, paragraph Economic and financial performance by Business Area".

2. Basis of preparation

The Consolidated Financial Statements have been prepared in accordance with Legislative Decree 38 of February 28, 2005, with the international accounting standards (IAS/IFRS) of the International Accounting Standards Board recognised as applicable by the European Union including their interpretations by the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standing Interpretations Committee (SIC), and with applicable CONSOB regulations.

The SEAT Pagine Gialle group adopted the IAS/IFRS on January 1, 2005 when Regulation (EC) No. 1606/2002 of July 19, 2002 came into effect.

The Consolidated Financial Statements have been prepared at historical cost but pension fund assets, derivative financial instruments and financial assets held for sale are accounted for at fair value.

The financial statements have been prepared in accordance with IAS 1:

- the *Consolidated Balance Sheet* classifies assets and liabilities as current or non-current and separates non-current assets held for sale from non-current liabilities held for sale, in accordance with IFRS 5;
- the *Consolidated Income Statement* classifies operating cost by type as better reflecting the Group's business and being in line with internal reporting procedures. The operating results on continuing operations are also separated from net gain (loss) on assets held for sale or discontinued operations as per IFRS 5. In accordance with CONSOB resolution 15519 of July 27, 2006, the income statement clearly identifies income and expense on non-recurring transactions, specifying their impact on operating results.

Non-recurring income and charges include items that do not continually occur during normal operations, such as:

- the cost of company reorganisation (e.g. the cost of moving SEAT Pagine Gialle S.p.A. employees to the new headquarters in Turin);
- stock option expense;
- extraordinary consultancy on highly strategic matters (e.g. the preparation of strategic plans, integration of new companies, valuation of investment portfolios etc.);
- the cost of the step-down of directors and executives;
- the *Consolidated Cash Flow Statement* shows the financial flows on operating activities under the indirect method allowed under IAS 7, presenting separately the flows on operating, investing or financing activities and on assets held for sale and discontinued operations. Cash and cash equivalent shown in the Balance Sheet include cash, cheques, overdrafts and short-term securities that are readily convertible to cash.

Operating financing flows presented adjust the operating result for the year by removing the effect of non-monetary transactions, deferrals and accruals for previous or future collections and operating payments and of income and costs connected with investing or financing flows or with non-current assets held for sale and discontinued operations.

Unless otherwise stated, all figures are in euro and rounded to the nearest thousand.

2.1 Consolidation policies

The Consolidated Financial Statements include the separate financial statements of SEAT Pagine Gialle S.p.A. and its subsidiaries. Where necessary, these have been adjusted to conform with the valuation criteria adopted by the parent company.

Subsidiaries are consolidated in full from acquisition (the date on which the Group acquired control) and are deconsolidated when their control leaves the Group. Special purpose entities (SPEs) are fully consolidated if risks and benefits are essentially imputable to the Group whatever the size of its shareholding in them. Meliadi Finance S.r.l. (created specifically for the securitisation of receivables) is therefore consolidated in full even though the Group does not hold any stake in it.

The following consolidation policies have been applied:

- assets, liabilities, costs and revenues are recognised in full, regardless of shareholding, recognising the proportion of equity held by minority shareholders and the profit (loss) for the period attributable to them are also recognised;
- intra-group receivables and payables are eliminated together with intra-group costs and revenues;
- intra-group dividends are eliminated.

Unrealised intra-group profits have not been eliminated because not material.

Associates and jointly-controlled undertakings are consolidated using the equity method.

The acquisition of the new subsidiaries is accounted for using the purchase method, allocating business combination cost at fair value of the assets, liabilities and contingent liabilities acquired at the acquisition date. In the purchase year, the Consolidated Balance Sheet includes the profit/loss of the companies concerned between their acquisition and balance sheet dates.

Minority interests are the proportion of profit/loss and equity in subsidiaries not attributable to the Group. These are shown separately from Group interests in both the Consolidated Income Statement and the Consolidated Balance Sheet.

2.2 Discretionary valuations and accounting estimates

Financial statements and the notes to the financial statements prepared in accordance with the IAS/IFRS require management to make estimates and assumptions that will impact balance sheet profits, costs, assets and liabilities and information on potential assets and liabilities at the balance sheet date. Actual figures may differ from these estimates.

The estimates are used to make accruals for credit risk and practical errors, depreciation and amortisation, write-down of assets, employee benefits, restructuring reserves and other provisions and reserves.

The estimates and assumptions are regularly reviewed and the impact of any change reflected immediately in the Income Statement.

3. Accounting policies not yet applicable and/or recently approved by the European Commission

3.1 New policies and interpretations accepted by the EU and effective from January 1, 2008

In accordance with IAS 8 (*Accounting Policies, Changes in Accounting Estimates and Errors*) the following is a brief list and description of the IFRS effective as of January 1, 2008.

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- IFRIC 11 (*IFRS 2 - Group and Treasury Share Transactions*) - On June 1, 2007 Commission Regulation (EC) 611/2007 was published adopting IFRIC 11 (IFRS 2 – Group and Treasury Share Transactions).
The interpretation establishes *inter alia* that share-based payment plans under which the company receives services (for instance from employees) in return for payment in its own shares must be recorded as equity instruments, whether or not the entity decides, or is required, to acquire the equity instruments to meet its commitments to its employees.
IFRIC 11 also states the accounting treatment to be applied in the separate financial statements (of the parent company/subsidiaries) to payment agreements concerning the transfer of equity instruments of the parent company under certain circumstances.
Application of the interpretation had no impact on the Balance Sheet as at December 31, 2008.
- *Amendments to IAS 39 (Financial Instruments: Recognition and Measurement) and to IFRS 7 (Financial Instruments - Disclosures)* - On October 15, 2008 Commission Regulation (EC) 1004/2008 was published adopting certain amendments to IAS 39 (Financial Instruments: Recognition and Measurement) and IFRS 7 (Financial Instruments - Disclosures) which in certain circumstances allow some financial assets to be restated outside “financial assets at fair value through profit and loss” and “available-for-sale financial assets”.
The changes to IFRS 7 have introduced new disclosure requirements in connection with the reclassifications allowed under the amended IAS 39.
The above amendments have had no impact on the Balance Sheet as at December 31, 2008.
- *IFRIC 14 (IAS 19 - The Limit on a Defined-Benefit Asset Minimum Funding Requirements and their Interaction)* - On December 16, 2008 Commission Regulation (EC) 1263/2008 was published adopting IFRIC 14 (IAS 19 - The Limit on a Defined-Benefit Asset, Minimum Funding Requirements and their Interaction). The interpretation provides general guidelines on how entities should determine the limit placed by IAS 19 on the amount of a surplus in a defined-benefit pension plan they can recognise as an asset and how a minimum funding requirement affects that limit.
If this interpretation had been applied it would have had no material effect on the Balance Sheet as at December 31, 2008.

3.2 New policies and interpretations accepted by the EU but not yet effective

In accordance with IAS 8 (*Accounting Policies, Changes in Accounting Estimates and Errors*) the following is a brief list and description of the IFRS effective as of January 1, 2009 or thereafter:

- *IFRS 8 (Operating Segments)* - On November 30, 2006 the IASB issued IFRS 8 (Operating Segments) which is effective from January 1, 2009, replacing IAS 14 (Segment Reporting). The new policy requires companies to base their information about their operating segments on the data used by management when making operating decisions and therefore requires operating segments to be identified on the basis of the separate financial information that is evaluated regularly by the chief operating decision maker in evaluating operating segment performance and in deciding how to allocate resources.
The adoption of this policy will have no effect on the valuation or presentation of Balance Sheet items.
- *Amendments to IAS 23 (Borrowing costs)* - On December 10, 2008 Commission Regulation (EC) 1260/2008 was published adopting the amendments to IAS 23 (Borrowing costs).
The main change to IAS 23 is the elimination of the option allowing borrowing costs to be carried to loss (the treatment adopted by Gruppo Telecom Italia) in the period incurred as an alternative to capitalisation. The new version of IAS 23 therefore requires borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended sale to be capitalised as part of the cost of that asset.
The new version of IAS 23 comes into effect on January 1, 2009.
Application of these requirements are not expected to have any material effect on the Company's balance sheet.

- *IFRIC 13 (Customer loyalty programmes)* On December 16, 2008 Commission Regulation (EC) 1262/2008 was published adopting IFRIC 13 (Customer loyalty programmes) which sets out the general guide lines on accounting for customer loyalty programmes as follows:
 - customer award credits must be accounted for as a separately identifiable component of the sales transaction in which they are granted and are therefore a right for which the customer has implicitly made payment;
 - the portion of the consideration that is allocated to award credits must be stated at fair value (i.e. the value at which the credits could be sold separately) and recognised as income deferred until the company fulfils its obligations.
 IFRIC 13 comes into effect on January 1, 2009 using the retrospective method applying to IAS 8.
 Application of these requirements are not expected to have any material effect on the Company's balance sheet.
- *Amendments to IAS 1 (Presentation of Financial Statements)* - On December 17, 2008 Commission Regulation (EC) 1274/2008 was published adopting the amendments to IAS 1 (Presentation of Financial Statements).
 The main changes are:
 - the statement of changes in equity must present all owner changes in equity;
 - the other changes in equity (other than owner changes) must now show:
 - in one single "comprehensive income statement", all profits, income, expenses and charges directly carried to profit or loss, profit (loss) for the year and details of income and expense carried directly to equity (other components of comprehensive income); or
 - in two separate statements: in one statement showing the components of profit (loss) for the year (separate income statement) and in the other profit (loss) for the year and details of the other components of comprehensive income (statement of comprehensive income for the period).
 The revised IAS 1 comes into effect on January 1, 2009.
 The adoption of the policy will have no impact on the valuation of balance sheet items.
- *Amendments to IFRS 2 (Share-based Payment)* - On December 16, 2008 Commission Regulation (EC) 1261/2008 was published adopting the amendments to IFRS 2 (*Share-based Payment*).
 The policy defines "vesting conditions" and how rights are cancelled.
 The amended policy comes into effect on January 1, 2009.
 The amendments are not expected to have any material effect on the Company's balance sheet.
- *Amendments to IAS 32 (Financial Instruments: Presentation) and IAS 1 (Presentation of Financial Statements)* - On January 21, 2009 Commission Regulation (EC) 53-2009 was published adopting the amendments to IAS 32 (Financial Instruments: Presentation) and IAS 1 (Presentation of Financial Statements).
 The amendments to IAS 32 mean that under certain conditions some puttable instruments must be classified in equity or will impose a liability on the entity in the event of settlement.
 The amendments to IAS 1 require disclosure of these instruments.
 The new versions of IAS 32 and IAS 1 come into effect on January 1, 2009.
 The amendments are not expected to have any material effect on the Company's balance sheet.
- *Amendments to IFRS 1 (First-time Adoption of International Financial Reporting Standards) and IAS 27 (Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, jointly-controlled Entity or Associate)* - On January 23, 2009 Commission Regulation (EC) 69/2009 was published adopting the amendments to IFRS 1 (First-time Adoption of International Financial Reporting Standards) and IAS 27 (Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, jointly-controlled Entity or Associate).

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The changes to IFRS 1 mean that entities making first-time application of the IFRS to their separate financial statements and that value their investments in subsidiaries, jointly-controlled entities and associates at cost can now value them at "deemed cost", which is fair value or carrying value depending on the above policies.

The changes to IAS 27 require dividends received from subsidiaries, jointly-controlled entities and associates to be recognised in the income statement of the parent company's own separate financial statements once the right to those dividends has been established.

The new versions of IFRS 1 and IAS 27 come into effect on January 1, 2009.

The amendments are not expected to have any material effect on the Company's balance sheet.

- *IFRIC 16 (Hedges of a Net Investment in a Foreign Operation)* - This interpretation issued in July 2008, eliminates the possibility of an entity qualifying for *hedge accounting* for a hedge of the foreign exchange differences between the functional currency of a foreign operation and the presentation currency of the parent's consolidated financial statements. The interpretation also clarifies that hedging instruments that are hedges of a net investment in a foreign operation can be held by any company in the group concerned. The interpretation comes into effect on January 1, 2009.

- *IFRS 3R (Business Combinations) and IAS 27R (Consolidated and Separate Financial Statements)* - In January the IASB issued new versions of IFRS 3R (Business Combinations) and IAS 27R (Consolidated and Separate Financial Statements). IFRS 3R introduces a number of changes to accounting for business combinations which will have an impact on recorded goodwill and on profit and loss recognised in the acquisition and subsequent periods.

IAS 27R provides that changes in the level of ownership interest in a subsidiary that do not result in loss of control must be accounted for in equity, explains how to account for loss of control of a subsidiary and states that the proportion of loss attributable to minorities must be minority equity, even if this produces a debit balance.

The changes to these policies, which will come into effect on January 1, 2010, will have to be adopted using the prospective method and will impact future acquisitions, disposals and transactions involving minority shareholders.

- *Amendments to IAS 39 (Financial Instruments: Recognition and Measurement - Eligible Hedged Items)* - In July 2008 the IASB issued a number of amendments to IAS 39 concerning *hedge accounting*:
 - the designation of inflation in particular situations;
 - only the intrinsic (not time) value of an option can be designated to hedge one or more of the risks affecting the item concerned (one-sided risk).

The changes will come into effect on January 1, 2010 using the retrospective method in accordance with IAS 8.

The amendments are not expected to have any material effect on the Company's balance sheet.

- *IFRIC 17 (Distributions of Non-cash Assets to Owners)* - This interpretation, issued in November 2008, regulates the accounting treatment of distributions of non-cash assets to shareholders and in particular how dividend liabilities and the distributed assets should be recognised, valued and classified.

The interpretation will come into effect on January 1, 2010 and will have to be applied on a prospective basis.

The amendments are not expected to have any material effect on the Company's balance sheet.

- *IFRIC 18 (Transfers of assets from customers)* - This was issued in January 2009 and sets out how entities are to account for transfers from customers of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with goods or services. If the asset is under the entity's control after transfer, it must be recognised under tangible assets at *fair value*. The interpretation will apply if the entity receives cash from a customer that is to be used only to acquire or construct the asset.

Associated profits must be recognised throughout the term of the contract with the customer for the supply of goods or services, or if this has no fixed termination date, during the useful life of the asset.

IFRIC 18 will come into effect on January 1, 2010.

Application of the interpretation is not expected to have any effect on the Company's balance sheet.

3.3 Improvements to IFRS

On January 23, 2009 Commission Regulation (EC) 70/2009 was published adopting a number of amendments to the International Financial Reporting Standard (IFRS).

The following amendments come into effect on January 1, 2009:

- IAS 1 (*Presentation of Financial Statements*): assets and liabilities relating to derivative financial instruments that are not held for trading and are not financial guarantee contracts or hedging instruments must be recognised in the balance sheet in current or non-current assets or liabilities, depending on their expiry dates;
- IAS 16 (*Property, plant and equipment*): the amendment provides details of how entities that during their ordinary business normally sell components of property, plant and equipment held for leasing are to account for and classify these components;
- IAS 19 (*Employee Benefits*): the new amendment, to be applied prospectively, clarifies how to account for changes in employee benefits, how to recognise cost/income on previous work and defines short and long-term benefits;
- IAS 20 (*Accounting for Government Grants and Disclosure of Government Assistance*): the new amendment, to be applied prospectively, states that the benefit of a government loan made at below market rates must be accounted for as a government grant;
- IAS 23 (*Borrowing costs*): these are redefined;
- IAS 27 (*Consolidated and Separate Financial Statements*): specifies how to account for investments in subsidiaries, jointly-controlled entities and associates in the separate financial statements of the Parent Company;
- IAS 28 (*Investments in Associates*) and IAS 31 (*Investments in Joint Ventures*): these cover the disclosures that must be made for investments in associates and joint ventures recognised at *fair value* in accordance with IAS 39. IFRS 7 (*Financial Instruments: Disclosures*) and IAS 32 (*Financial Instruments: Presentation*) have also been amended accordingly;
- IAS 36 (*Impairment of Assets*): additional disclosures must now be made if *fair value* minus purchase cost is calculated using discounted cash flow projections;
- IAS 38 (*Intangible assets*): promotional and advertising expenditure must be recognised as an expense. Where expenditure is incurred to provide future economic benefits to an entity, but no intangible assets are recognised, such expenditure must be recognised as an expense when the entity has a right to access those goods or services, as applicable. The policy was further amended to clarify when the unit of production method can be applied to amortise intangible assets with a finite useful life;
- IAS 39 (*Financial Instruments: Recognition and Measurement*): this amendment clarifies how the new effective interest rate on a financial instrument must be accounted for at the end of a "*fair value hedge*", and when a derivative instrument can be restated inside or outside the "*fair value through profit or loss*" category;

IFRS 5 (*Non-current Assets held for Sale and Discontinued Operations*) has also been amended: this now provides that an entity that is committed to a sale plan involving loss of control of a subsidiary must classify all assets and liabilities of that subsidiary as assets held for sale, whether or not after the sale it will retain a minority interest in the former subsidiary. The new version of IFRS 5 comes into effect on January 1, 2010.

The application of the above improvements to IFRS are not expected to have a material effect on the Company's balance sheet.

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4. Valuation criteria

Intangible assets

Intangible assets separately acquired are initially capitalised at cost, while those acquired through business combination are capitalised at fair value at the acquisition date. After initial recognition, intangible assets are recorded at cost net of amortisation and accrued impairment. Intangible assets constructed internally, excluding development costs, are not capitalised but are carried to profit or loss in the period in which the costs were incurred. The useful life of intangible assets is either finite or indefinite.

Intangible assets with a finite useful life are amortised over their useful lives and tested for impairment whenever necessary. The amortisation period and method applied are reviewed at the end of each financial year or more frequently if necessary.

Amortisation periods:

- *industrial patent rights and rights to use other inventions*: over their expected useful lives. Customer Databases, recognised after the partial allocation of merger deficits or of the difference between purchase price and net acquired equity, are amortised straight-line over 6-10 years, depending on useful life;
- *concessions, licences, brands and similar rights*: over their expected useful lives;
- *purchase cost of application software*: 3 years;
- *other capitalised costs*: 3-5 years.

Gains and losses on the disposal of intangible assets are the difference between disposal and carrying values of the asset concerned and are carried to loss or profit at disposal.

Research costs are recognised in profit or loss when incurred.

Development costs for a specific project are not capitalised until it can be demonstrated that there is the technical ability to produce the intangible asset in such a way as to render it available for use or sale, and that there is the intention to produce that asset for use or sale. There must also be demonstration of how the asset will generate probable future economic benefits, the availability of the technical, financial and other resources needed to complete the development and the ability reliably to assess the cost attributable to the asset during its development. After initial recognition, development costs are stated at cost minus accrued amortisation or loss. Capitalised development costs will be amortised in the period in which it is considered that the project concerned will generate revenues.

The carrying value of development costs is tested annually for impairment if the asset is no longer in use, or more frequently if there is an indication of possible impairment during the period.

Intangible assets with an indefinite useful life are goodwill and consolidation differentials. Acquisition and merger goodwill is initially stated at cost since it is the difference between purchase price and the net fair value of current and potential assets and liabilities.

After initial recognition, goodwill is valued at cost minus accrued impairment and is tested for impairment annually or more frequently if events or circumstances indicate possible impairment, in accordance with IAS 36 (Impairment of Assets).

At initial recognition, goodwill is allocated to each cash-generating unit (CGU) expected to benefit from acquisition synergies. Impairment will be identified by considering the ability of each CGU to generate cash flows sufficient to recover the goodwill allocated to it.

If the recoverable amount the CGU can generate is less than the carrying value attributed to it, the asset will be written down. If goodwill is attributed to a CGU, part of whose assets are sold, the goodwill on the sold assets will be taken into account when calculating any gain (loss) on the transaction. In these circumstances, the proportion of goodwill sold will be the same as the ratio of sold to remaining CGU assets.

At first-time adoption of the IAS/IFRS, the SEAT Pagine Gialle group decided not to apply IFRS 3 (Business Combinations) retroactively to the purchase of companies prior to January 1, 2004. The goodwill generated on purchases prior to IAS/IFRS transition is therefore stated in accordance with Italian GAAP after impairment testing.

Property, plant and equipment

Property, plant and equipment is recorded at purchase cost including directly imputable additional charges and is shown net of depreciation and accrued impairment.

Cost incurred post-purchase is capitalised only if it increases the future economic benefit of the asset concerned. All other costs are carried to profit or loss when incurred.

The cost of maintaining assets in good running order is expensed in the period in which they are incurred.

Land, including that on which buildings stand, is not depreciated.

Depreciation is based on remaining useful life.

Depreciation for assets sold over the period applies to the time in which they were available. This does not apply to assets purchased during the period.

Financial leases

Assets acquired by financial lease, through which the Group acquires all risks and benefits associated with ownership of the assets, are recorded in assets at the lesser of the current value of all minimum payments owed on the lease, including amounts payable to exercise the option to purchase. Associated liabilities to the lessor are recognised in balance sheet under financial liabilities. Interest expense is carried to loss.

In the case of the Turin property, since there is reasonable certainty that it will be purchased at the end of the lease, the leased assets have been depreciated over their useful lives. However where there is no reasonable certainty that the property concerned will be acquired at the end of the lease, the leased assets will be depreciated over the lesser of term of lease and useful life.

Leases in which the lessor retains all ownership risks and benefits are classified as operating leases and payments are carried to loss at constant rates over the term of the lease.

Impairment

At each closing the SEAT Pagine Gialle group checks for indications of asset impairment. If any are found, and where annual impairment testing is required, the Group measures *recoverable amount*. This is the greater of the fair value of an asset or CGU, less costs to sell and value in use and is calculated for all assets except those that do not generate cash flows that are very separate from those generated by other assets or groups of assets. If the carrying value of an asset is higher than its recoverable amount, the asset has been impaired and will be written down to its recoverable amount. When determining value in use, the SEAT Pagine Gialle group discounts the current value of estimated future cash flows using a pre-tax rate that reflects the market views of the current cost of money and the risks inherent in the asset. Impairments of continuing operations are carried to loss under the cost headings applying to the purpose of the impaired asset.

At each closing the Group also checks for the indications that previous impairments have disappeared (or reduced) and when such are found, estimates the recoverable amount. The impairment of assets other than goodwill can be reversed but only if there have been changes in the estimates used to determine their recoverable amounts since the last recognition of impairment. In such cases the carrying value of the assets will be the same as their recoverable amounts, although the increased value may not exceed the carrying value that would have been determined, net of depreciation or amortisation, if there had been no previous impairment. All reversals are posted as income in the income statement, unless the asset is shown at a revalued amount, in which case the reversal will be treated as a revaluation. After a value reversal, amortisation or depreciation will be adjusted in future periods in order to allocate the modified carrying value (net of residual values) at constant rates over the remaining useful life of the asset.

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Equity investments

The investments of the SEAT Pagine Gialle group in associates and jointly-controlled companies are valued at equity. An associate is an enterprise in which the Group has significant influence but not control.

The equity method is a method of accounting by which an equity investment is initially recorded at cost and subsequently adjusted (after acquisition) to reflect the Group's share of the net profit of the associate or joint venture. The goodwill of the associate or joint venture is included in the carrying value of the equity investment and is not written down. After initial recognition, the Group will test for impairment. The income statement will reflect attributable profit or loss for the period of the associate or joint venture. If an associate or joint venture recognises adjustments directly in profit or loss, the Group will recognise any attributable portion in the statement of changes in equity.

The balance sheet dates of associates and joint ventures are the same as those of the SEAT Pagine Gialle group and the accounting policies they apply are the same as those of the Group for transactions and events of the same kind and in similar circumstances.

Impact of foreign exchange adjustments

The financial statements of subsidiaries that are not denominated in euro are translated into euro by applying the exchange rates at the balance sheet date (current exchange rate method) to the balance sheet, and average rates over the financial year to the income statement. The differences between the conversion of opening equity and of the operating result at period-end rates are carried to equity until the equity investment is sold. The Consolidated Cash Flow Statement has been prepared using mean exchange rates for the period to convert cash flows from foreign subsidiaries.

The SEAT Pagine Gialle group has not used the IFRS 1 option which allows companies making first-time application of the IAS/IFRS to apply IAS 21 prospectively. At the transition date the Group therefore recognised the net accrued exchange differential on the translation of the financial statements of its consolidated foreign subsidiaries.

Foreign currency transactions are initially recognised at the exchange rate (functional currency) applying at the transaction date. Monetary assets and liabilities denominated in foreign currencies have been converted into the functional currency at the exchange rate applying at the balance sheet date. All exchange gains and losses are recognised in profit or loss apart from those arising on foreign currency financing taken out to hedge net investment in a foreign company, which are recognised directly in equity until the net investment is alienated, when they are recognised in profit or loss. Non-monetary items carried at historic cost in foreign currencies are converted using the exchange rate applying at the date the transaction was first recognised. Non-monetary items recorded at fair value in foreign currencies are converted using the exchange rate applying at the date the fair value was determined.

The exchange rates applied are

Currency/euro	Average	Period-end	Average	Period-end
	exchange rate	exchange rate	exchange rate	exchange rate
	2008	2008	2007 ⁽¹⁾	2007
Pound sterling	1.2558	1.0499	1.4613	1.3636
Swiss franc	0.6300	0.6734	0.6025	0.6043
Kuna	0.1384	0.1360	0.1365	0.1364
Corona	0.0401	0.0372	0.0373	0.0376
Turkish lira	0.5246	0.4654	0.5816	0.5824

(1) The average exchange rate is calculated over the month the company is consolidated within the Seat Pagine Gialle group.

Financial assets

IAS 39 identifies the following types of financial instruments: financial assets at fair value with changes imputed to profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. Initially all financial assets are recognised at fair value, plus any associated charges.

The SEAT Pagine Gialle group classifies its financial assets after initial recognition and where appropriate and permitted reviews that classification at each balance sheet date.

All standard purchases and disposals of financial assets (i.e. transactions with delivery in the period usually required under the regulations and agreements of the market involved) are recognised at the negotiation date, i.e. at the date the Group gives an undertaking to acquire the asset.

Financial assets include:

- *held-to-maturity financial assets*: unlike derivative instruments, these have fixed or determinable payments with set due dates and are put into this category if there is the intention and ability to keep them in the portfolio until they mature. They are recognised at fair value and thereafter valued at amortised cost using the effective rate method. Profit and loss is carried to the income statement when the investment is eliminated from the books or impaired and also during amortisation;
- *loans and receivables*: these are non-derivative financial assets with fixed or determinable payments and are not quoted on any active market. They are recognised at amortised cost using the effective rate method. Profit and loss is carried to the income statement when the investment is eliminated from the books or impaired and during amortisation. Loans and receivables are recorded under *net financial position*;
- *financial assets held for trading*: these include financial assets bought for short-term resale. They are measured at fair value. Profit and loss is carried to the income statement and the assets are recorded under *net financial position*;
- *available-for-sale financial assets*: these are financial assets other than derivative financial instruments that are available for sale or are not classified in any of the previous categories. They include equity investments other than in subsidiaries, associates and joint ventures and are measured at fair value, profit and loss being carried to a separate line in equity until the assets are eliminated from the books or impaired. When this happens, all profit and loss previously accrued to equity will be imputed to the income statement.

Financial assets and groups of assets are regularly tested for impairment and if any is found the impairment itself is expensed in the income statement for the period.

Cash and cash equivalent

Cash and cash equivalent includes cash in hand and sight and short-term bank deposits originally due in no more than three months.

Financial debt

Financial debt is recognised at amortised cost.

Medium to long-term financing is recorded in the balance sheet net of front-end charges.

Derivative financial instruments

The SEAT Pagine Gialle group uses derivative financial instruments for hedging only to reduce interest-rate and exchange-rate risk.

In accordance with IAS 39, derivative financial instruments qualify for hedge accounting only if at the inception of the hedge they are designated as hedged items, the hedge is highly effective and that effectiveness can be reliably measured. These derivative instruments are valued at market value.

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If derivative financial instruments qualify for hedge accounting, they will be treated as follows:

- *fair value hedge*: if the derivative is designated a hedge of the exposure to changes in the fair value of a balance sheet asset or liability that are attributable to a particular risk that could affect profit or loss, the gain or loss from subsequent valuation of the fair value of the hedging instrument will be recognised in profit or loss. The gains and losses on the hedged position, which are attributable to the hedged risk, will alter the carrying value of that position and be recognised in profit or loss;
- *cash flow hedge*: if a derivative is designated a hedge of the exposure to variability in cash flows on an asset or liability recognised in equity or on a highly probable forecast transaction that could affect profit or loss, the effective portion of the gains and losses on the financial instrument will be recognised in the appropriate equity provision. Accrued gains and losses will be moved from the provision and recognised in profit or loss in the period in which the hedge is recognised. The gains and losses on a hedge and the ineffective portion of the gain or loss on the hedging instrument will be recognised in profit or loss immediately.

Inventories

These are measured at the lesser of purchase/production cost or the value added from market performance.

They include:

- *raw materials*: measured at purchase cost including associated charges using the moving weighted average cost formula;
- *work in progress*: measured at direct imputed cost, taking account of additional production costs and depreciation of assets used;
- *work in progress on orders*: services not yet completed at the end of the period on contracts for indivisible services that will end in the next twelve months. Measurement is at production cost;
- *finished products*: telephone directories, measured at production cost adjusted if necessary by write-down for publication period;
- *goods for resale*: merchandising goods acquired for resale: measured at purchase cost.

Trade account receivables

Receivables from the sale of goods and services produced or sold by the Group are posted under current assets, even if due in over 12 months. They are recognised at nominal invoiced value minus accruals based on default risk at period end.

Securitised receivables

In securitisation involving the sale of trade account receivables, the latter remain on the assignor's balance sheet unless risks and benefits are also transferred.

The SPV set up for the transaction in accordance with Law 130/99, which is not owned by the SEAT Pagine Gialle group, has been consolidated in full in accordance with SIC 12.

The cost of such transactions is recorded pro rata under financial charges over the length of the transaction.

Reserves for severance indemnities

These are formed if a statutory or implicit obligation to third parties gives rise to the likelihood that resources will be needed to fulfil that obligation and when the obligation can be reliably quantified.

Changes in the estimate will be reflected in profit or loss for the period in which they occurred.

Within reserves for risks and charges due in over 12 months, material liabilities are discounted at a pre-tax rate that takes account of the current market cost of money over the time concerned. Accruals made to cover the passage of time are recognised as financial charges.

The following reserves are formed:

- *tax*: accruals are based on a prudent valuation of fiscal risk;
- *sales agent severance fund*: based on the current Collective Economic Agreement, this is the year-end liability to current sales agents payable in the event their agency contract ends;
- *commercial, contract and other operating risks*: covers contract default, current legal proceedings and other potential liabilities;
- *subsidiary risks and charges*: this reserve is recognised to face equity deficit of investments exceeding the write-down of their carrying value. It also covers the potential risk and liabilities that could flow from the restructuring of equity investments intended for sale or liquidation.

Employee benefits

Pension plans

The SEAT Pagine Gialle group recognises different types of defined-benefit and defined-contribution pension plans, in line with local terms and practices in the countries in which it operates. Defined-benefit pension plans are based on the average residual working lives forecast for employees in them and on the remuneration of those employees over a given period of service.

The assets financing defined-benefit pension funds and their annual cost recognised in loss are measured by independent actuaries using the projected unit credit method.

Actuarial gains and losses are carried immediately to equity for the year to which they apply, with reverse entries in equity under "Reserve for actuarial gain (loss)".

Liabilities are posted net of the assets ensuring their future payment.

Payments out under defined-contribution plans are expensed in the income statement when made.

Severance pay fund

The Italian severance pay fund (TFR) is a Company obligation and as such is treated as a defined-benefit plan accounted for in the same manner as other defined-benefit plans.

Share-based payment

SEAT Pagine Gialle S.p.A. offers additional benefits (stock option plans) to certain categories of employees working for the parent company and its subsidiaries who have key responsibilities and/or skills. In accordance with IFRS 2 (Share-based Payment), the total fair value of stock options at allocation is expensed in the income statement during the vesting period cost in constant monthly instalments, with a reverse entry in a dedicated equity reserve. Fair value is determined using a binomial model that takes no account of any performance-related conditions but only of market conditions affecting the SEAT Pagine Gialle S.p.A. share price. Changes in fair value after the allocation date will have no impact on the initial measurement. Accrued costs at each balance sheet date will be in line with the best available estimate of the number of options that will be picked up at maturity. The cost reflected in the income statement for the year is the change in accrued cost between the start and end of the financial year. The dilutive effect of options not yet exercised is reflected in the calculation of diluted EPS.

Non-current assets held for sale - disposal groups

Non-current assets held for sale - disposal groups are assets (and groups of assets) that are sold or are being sold and whose carrying value has been, or will be, recovered primarily through sale rather than through continuous use. Non-current assets held for sale are measured at the lower of net carrying value and fair value net of selling cost. In accordance with the IFRS data is presented:

- on two separate lines on the balance sheet: "Non-current assets held for sale" and "Liabilities directly connected with non-current assets held for sale"; and
- on a separate line in the income statement under: "Gain (loss) on non-current assets held for sale and discontinued operations, net".

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Recognition of revenues

Revenues are recognised to the extent it is probable that the Group will obtain economic benefits and the amount of those benefits can be reliably determined. Profits will be allocated to the income statement in accordance with the following criteria:

- *disposal of assets*: income is recognised once the company has transferred to the purchaser all significant ownership risks and benefits;
- *services*: revenue is recognised once the service has been performed. The amortisation of advertising services already invoiced but to be performed after the balance sheet date is therefore carried to loss under "Other debts";
- *interest*: is posted as interest income once it has arisen and is imputable under the effective interest method;
- *dividends*: are recognised once shareholders are entitled to payment.

Government grants

Government grants are recognised once there is a reasonable certainty that they will be received and all conditions for their receipt have been met. If grants are linked to cost components, they are recognised in revenues but are allocated over several years to cover the costs they are intended to offset. If grants are linked to a particular activity, their fair value is recognised on the balance sheet as an adjustment to the carrying value of the asset concerned.

Income taxes

Current tax

Current income taxes are recognised in profit and loss at the rates applying at the balance sheet dates in the various countries in which the SEAT Pagine Gialle group operates.

Income taxes on items directly recognised in equity are carried directly to equity and are calculated using current fiscal rates.

Other non-income taxes, e.g. property and capital taxes, are included under other operating expense.

Deferred tax

Deferred tax is calculated at the end of each year using the liability method for the temporary differences at the balance sheet date between projected tax on assets and liabilities and the actual figures shown in the financial statements for the previous financial year.

Deferred tax liabilities are recognised for all temporary taxable differences at the last balance sheet date between the projected tax on assets and liabilities and the actual figures shown in the financial statements.

Deferred tax assets are recognised for all temporary deductible differences and for tax assets and liabilities carried forward, to the extent it is probable that there will be a future taxable income against which they can be set. Exceptions to this are:

- deferred tax on the initial recognition of goodwill or on an asset or liability in a transaction other than business combination that has no effect either on the profit or loss for the year calculated for either balance sheet or fiscal purposes;
- temporary taxable differences on equity investments in subsidiaries and associates where the reversal of such differences can be controlled and will probably not take place in the foreseeable future.

Deferred tax assets recorded at year beginning are inspected again at year end and written down if it is unlikely they will be used in the future. Non-recorded deferred tax assets are inspected each year and recorded if it becomes probable that they will be used in the future.

Deferred tax assets and liabilities are determined using predicted tax rates for the countries in which the SEAT Pagine Gialle group operates and in the financial years in which the temporary differences will be used or lost.

Current and deferred tax assets and liabilities will be offset against each other where legally possible and so long as the deferred tax itself applies to the same fiscal entity and the same fiscal authority.

Value Added Tax

Revenues, costs and tangible and intangible assets are stated in the balance sheet net of value added tax (VAT) unless the tax on the purchase of goods and services:

- cannot be deducted, in which case it will be recognised as a component of the purchase cost of the tangible/intangible asset or as part of the expense carried to profit and loss;
- is on receivables and/or payables that are shown on the balance sheet including VAT.

Net VAT is shown on the balance sheet under tax assets or liabilities depending on whether it is payable to or receivable from the Tax Office.

Profit (loss) per share

Profit (loss) on ordinary shares is calculated by dividing the net result for the year by the average number of existing shares over the reference year. Diluted profit (loss) per share is calculated using the weighted average number of existing shares over the reference year, adjusted for the assumption that all potential new shares deriving by the exercise of options with diluting effect within the meaning of IAS 33 will be subscribed.

5. Business Combinations

On April 1, 2008 with the approval of the German Federal Cartel Office and under the agreements previously signed with its leading shareholders, Telegate AG acquired a controlling stake in Telegate Media AG, giving Telegate AG 92.72% of Telegate Media AG.

The carrying value of the assets and liabilities at the control acquisition date (April 1, 2008) was

(euro/thousand)	Carrying value	Fair value
Customer Database	-	31,298
Other non-current assets	2,774	2,774
Deferred tax liabilities, net	(13)	(10,114)
Other non-current liabilities	(262)	(262)
Working capital, net	1,615	1,615
Cash and cash equivalent	654	654
Total	4,768	25,965

The cost of the business combination was € 30,957 thousand including directly imputable charges, and it generated goodwill of € 6,838 thousand, being the difference between price paid and the proportion of equity acquired at fair value, in accordance with IFRS 3. The customer databases acquired were therefore posted to the balance sheet at € 31,298 thousand amortised over 10 years, with a € 10,101 thousand deferred tax liability.

During 2008 Telegate AG raised its shareholding through a public offer in May 2008. By the end of December 2008 Telegate AG had increased its ownership of Telegate Media to 96.97% at a cost of € 1,537 thousand.

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6. Intangible assets with an indefinite useful life

Intangible assets with an indefinite useful life totalled € 3,393,998 thousand at December 31, 2008 (€ 3,687,067 thousand at December 31, 2007) as follows

(euro/thousand)	Year 2008			Year 2007
	Goodwill	Consolidation differences	Total	Total
Balance at beginning of the year	3.309.733	377.334	3.687.067	3.579.001
Investments	-	7.071	7.071	127.620
Foreign exchange adjustments	-	(41.653)	(41.653)	(18.776)
Transfers to non-current assets held for sale	(126.949)	(745)	(127.694)	-
Impairment	-	(130.793)	(130.793)	-
Change in consolidation scope and other movements	-	-	-	(778)
Balance at end of the year	3.182.784	211.214	3.393.998	3.687.067

- *goodwill*: € 3,182,784 thousand at December 31, 2008, of which € 3,169,868 thousand loss on mergers carried out in previous financial years by SEAT Pagine Gialle S.p.A.. This item fell € 126,949 thousand over the period with the disposal of Wer liefert was? GmbH of Germany whose assets included that goodwill;
- *consolidation differences*: € 211,214 thousand at December 31, 2008 (€ 377,334 thousand at December 31, 2007) being the difference between the purchase value of fully consolidated equity investments and the value of the proportion of their equity at purchase. The item fell € 166,120 thousand over the period, which € 41,653 thousand the result of the fall of sterling against the euro. Impairment testing during the financial year led to the item being written down € 130,793 thousand. For further details, go to section 7 below.

7. Impairment testing of intangible assets with an indefinite useful life

Goodwill acquired through business combination was allocated at acquisition date to the companies acquired, which are separate cash generating units (CGUs) for impairment purposes.

€ 3,180,174 thousand in goodwill (86.3% of the total value of intangible assets with an indefinite useful life at January 1, 2008) was allocated to SEAT Pagine Gialle S.p.A. as a whole. The remaining goodwill was allocated to the acquired companies at their purchase date. These include Thomson Directories (€ 272,305 thousand at January 1, 2008), Telegate AG (€ 71,043 thousand at January 1, 2008) and Europage S.A. (€ 25,311 thousand at January 1, 2008).

Impairment was tested several times during 2008 as the European economy worsened and when the new 2009-2011 Business Plan approved by the SEAT Pagine Gialle S.p.A. Board of Directors on February 12, 2009 was being drawn up. The forecast data in the Business Plan on the assets and performance targets the SEAT Pagine Gialle group expects to achieve is based on assumptions about future events that are the result of estimates and valuations, as are the assumptions concerning the forecast macro-economic scenario, currently in recession, and the performance of the financial markets, which are now the most uncertain they have ever been in recent history.

The Business Plan also assumes that the Capital Increase resolved by the shareholders on January 26, 2009 will be successful, and that the business of the SEAT Pagine Gialle group will be refocused on directories business in Italy, moving increasingly from a print to online basis. After impairment testing in the first half of 2008, goodwill was written down € 13,000 thousand. This was followed by a further € 117,793 thousand write-down at end December 2008.

Impairment tests compared the carrying value of each CGU with its *recoverable amount*, which is the greater of the fair value of the asset (if any) and its *value in use* (the current value of expected cash flows from its permanent use and the disposal of the asset at the end of its useful life). Value in use was calculated on the basis of equity value (enterprise value minus net financial position).

The value in use of each CGU was measured as the current value of forecast operating cash flows over firstly five years (using the Business Plan prepared by management); and secondly terminal value. For this purpose, EBIT was used for each CGU *plus* amortisation and write-downs *minus* operating investment and the generation/absorption of cash from change in operating working capital. Cash flows on extraordinary transactions were not taken into account. Terminal value was calculated using the perpetual income method, with zero growth rate as per the 2009-2011 Business Plan (the growth rate for the previous plan was between 1% and 2.5%). The new plan is based on a negative economic scenario with negative impacts on growth in the traditional advertising markets, that are offset by continuing growth in online advertising.

Operating cash flow measured as above was discounted at a weighted average capital cost (WACC) based on a separate target financial structure for each CGU. The cost of debt was estimated using the average cost to SEAT Pagine Gialle S.p.A. which as parent company acts as central treasury and is the only company with debts to third parties. Shareholder beta reflected the debt/equity financial structure of each CGU and the risk premium applying. Specific risk was estimated by looking at the risk intrinsic to the business of the CGU and its market and also took account of analyses by the leading investment banks that monitor SEAT Pagine Gialle S.p.A..

Impairment testing led to the following write-downs in the SEAT Pagine Gialle consolidated income statement

(euro/thousand)	01.01.2008	Write-down	12.31.2008
TDL Infomedia Ltd.	272,305	(100,470)	171,835
Europages S.A.	25,311	(25,311)	-
Cipi S.p.A.	5,012	(5,012)	-

Sensitivity analysis, which moved WACC up and down by 1% increased/reduced write-downs by € 20 million and € 12 million respectively. Impairment testing of the goodwill recognised by SEAT Pagine Gialle S.p.A. looked at Company value in use which is higher than its market value (IAS 36) and is considered more representative of the value of the Company. The latter was € 300 to € 1,575 million higher than carrying value for the Company, depending on the WACC applied (7.85%), with 1% variations against benchmark WACC. Valuations therefore cautiously assume a 0.17% rise in terminal value (1.5% in 2007).

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8. Intangible assets with a finite useful life

Intangible assets with a finite useful life amounted to € 219,752 thousand at December 31, 2008 (€ 347,873 thousand at December 31, 2007) as follows

	Year 2008					Year 2007
	Customer Database	Software	Patents, concessions brands and licences	Other intangible assets	Total	Total
(euro/thousand)						
Cost	972,400	162,848	21,319	51,706	1,208,273	1,156,389
Accrued amortisation	(715,796)	(119,993)	(9,230)	(15,381)	(860,400)	(670,518)
Balance at beginning of the year	256,604	42,855	12,089	36,325	347,873	485,871
- Investments	-	20,087	1,585	17,348	39,020	51,094
- Amortisation	(164,414)	(26,208)	(4,506)	(2,452)	(197,580)	(189,263)
- Write-downs	-	(1,440)	-	-	(1,440)	(172)
- Change in consolidation scope	31,298	737	469	-	32,504	462
- Disposals	-	(3)	(45)	(3)	(51)	(27)
- Transfers to non-current assets held for sale	-	(521)	-	-	(521)	-
- Exchange adjustments and other movements	-	8,335	2,497	(10,885)	(53)	(92)
Cost	1,003,698	186,651	26,029	58,090	1,274,468	1,208,273
Accrued amortisation	(880,210)	(142,809)	(13,940)	(17,757)	(1,054,716)	(860,400)
Balance at end of the year	123,488	43,842	12,089	40,333	219,752	347,873

Intangible assets with a finite useful life included:

- *customer databases*: € 123,488 thousand at December 31, 2008 (€ 256,604 thousand at December 31, 2007). Customer databases are information and contract assets concerning customers over time and are an integral part of organised data and information, process models and classifications of data and sales and marketing expertise, all of which provide support during the Company's strategic decisions on how to retain customers and increase their numbers. SEAT Pagine Gialle S.p.A. allocated part of the deficits on the December 2003 mergers (€ 972,400 thousand) to these intangibles, in part based on an independent report. In 2008 the item increased € 31,298 thousand when Telegate Media AG was consolidated (see note 5 above). The customer databases are amortised over their useful lives of 6-10 years. Amortisation for the period was € 164,414 thousand;
- *software*: € 43,842 thousand at December 31, 2008 (€ 42,855 thousand at December 31, 2007), includes the cost of purchasing or developing proprietary software and user licences for sales, publishing and administration purposes;
- *patents, concessions, brands and licences*: € 12,089 thousand at December 31, 2008 (unchanged on December 31, 2007), being mainly Telegate group licences for the 11881, 11882 and 11889 voice portals;
- *other intangible assets*: € 40,333 thousand at December 31, 2008 (€ 36,325 thousand at December 31, 2007). These are mainly current projects for Telegate websites and for the enrichment/expansion of Consodata databases.

Investments for the year: € 39,020 thousand, decreased for € 12,074 thousand on 2007. In 2008 the Group focused on product innovation and on the effectiveness and efficiency of sales support systems (e.g. CRM - Customer Relationship Management - and SFE - Front End System).

For further details go to "Report on Operations, paragraph Economic and financial performance by Business Area" in the Report on Operations.

Investments were in the following areas:

- SEAT Pagine Gialle S.p.A. (€ 32,254 thousand; € 42,272 thousand in 2007):
 - the improvement of the new SEM (multimedia publishing system) to make it more ergonomic and provide better applications with a view to hitting the efficiency targets agreed with clients. In addition, all supplementary electronic management of text and graphic executables is now fully paperless;
 - the completion of the development of the new SAP-CRM which in February 2009 led to the launches of SAP (to improve the integration of the Sales back-office, Administration and Salesforce processes) and of SFE-CRM (front-end system) that will provide agents with a friendly interface with the back-end systems (SAP, SEM, etc.);
 - adjusting the Company's legacy systems to new online business with new services and types of product (PG Click, Priority, Visual Site, Contact Site etc.);
 - the start up of the Corso Mortara (Turin) data centre. SEAT Pagine Gialle now has a state-of-the-art technology campus with over 48 Km of fibre optical connections, 46 km of copper cabling, over 2600 high-speed LAN points interconnected with a highly redundant network, more than 710 servers and an innovative air conditioning system;
- Telegate group (€ 2,632 thousand; € 2,486 thousand in 2007):
 - the development of an internet platform for directory assistance throughout Europe;
 - the development of "Siebel" (customer relationship management) in Germany giving the telephone operator online information about the customer's potential buying power;
 - the maintenance of Group call centre performance;
- Consodata S.p.A. (€ 2,206 thousand; € 1,631 thousand in 2007):
 - the enrichment of the Lifestyle one-to-one marketing database;
 - the internal creation of proprietary and unlimited licence programs (Microsoft, Symantec, MapInfo) used to boost sales and output.

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9. Property, plant and equipment

Property, plant and equipment amounted to € 43,716 thousand at December 31, 2008 (€ 55,709 thousand at December 31, 2007). They are stated including € 121,204 thousand depreciation at year end, whose impact on gross value was 73.49% (68.43% at December 31, 2007).

(euro/thousand)	Year 2008				Year 2007
	Property	Plant and equipment	Other fixed assets	Total	Total
<i>Cost</i>	31,771	56,587	88,154	176,512	155,228
<i>Depreciation</i>	(9,408)	(44,432)	(66,963)	(120,803)	(105,704)
Balance at beginning of the year	22,363	12,155	21,191	55,709	49,524
- Investments	158	3,263	9,473	12,894	15,019
- Depreciation and write-downs	(960)	(4,437)	(9,857)	(15,254)	(14,783)
- Change in consolidation scope	-	405	858	1,263	7,327
- Transfers to non-current assets held for sale	(6,128)	-	(1,359)	(7,487)	-
- Disposals and other movements	(1,830)	(58)	(1,521)	(3,409)	(1,378)
<i>Cost</i>	20,878	59,656	84,386	164,920	176,512
<i>Depreciation</i>	(7,275)	(48,328)	(65,601)	(121,204)	(120,803)
Balance at end of the year	13,603	11,328	18,785	43,716	55,709

Property, plant and equipment includes:

- *property*: € 13,603 thousand at December 31, 2008 (€ 22,363 thousand at December 31, 2007). The € 8,760 thousand fall for the year was primarily imputable to the deconsolidation of Wer liefert was? GmbH, which owns its own headquarters;
- *plant and equipment*: € 11,328 thousand at December 31, 2008 (€ 12,155 thousand at December 31, 2007). 2008 investments of € 3,263 thousand (€ 2,919 thousand in 2007) were € 1,751 thousand Telegate group to improve its call center technology infrastructure;
- *other fixed assets*: € 18,785 thousand at December 31, 2008 (€ 21,191 thousand at December 31, 2007), of which € 10,275 thousand IT equipment and systems. Investments for the year totalled € 9,473 thousand (€ 11,872 thousand in 2007), of which € 4,773 thousand the purchase of an EDP system as part of the projects described in the previous note.

2008 investments also include € 3,261 thousand on furniture and CED infrastructures for the new headquarters in Turin.

Current depreciation (€ 121,204 thousand) is considered adequate for the impairment of fixed assets in all classes over their residual useful lives.

Depreciation rates

	Year 2008	Year 2007
Property	3%	3%
Plant and equipment	10-25%	10-25%
Other fixed assets	10-25%	10-25%

10. Leased assets

Leased assets totalled € 62,886 thousand at December 31, 2008 and were € 62,571 thousand the property complex that is the new offices in Turin, to which SEAT Pagine Gialle S.p.A. moved at the end of December 2008.

The property comprises six new buildings and an enormous portion of the "manica storica", giving a total of about 26,600 sqm. The purchase of the property from SNOS S.p.A. and the work on it (finished in 2007 and 2008) were financed through a fifteen-year financial lease with Leasint S.p.A., which is described in paragraph 19 of this note.

In accordance with IAS 17, the complex is recognised at fair value established independently (€ 62,571 thousand), since this is lower than the current minimum payments on the lease (€ 68,222 thousand)

(euro/thousand)	Leased land	Leased property	Leased plant	Other leased assets	Total
Balance at beginning of the year	-	-	-	489	489
- Investments	10,500	32,321	16,261	3,569	62,651
- Depreciation and write-downs	-	-	-	(254)	(254)
Balance at end of the year	10,500	32,321	16,261	3,804	62,886

Since SEAT Pagine Gialle S.p.A. moved to the new offices at the end of December to ensure everything would be fully functional from January 2009, the financial leases for the complex were not written down in 2008.

11. Investments accounted for at equity

Changes over the year

(euro/thousand)	At 12.31.2007	Change during the year			Total	At 12.31.2008
		Capital increases	Revaluation (write-down) to profit or loss	Exchange differential		
Associates						
Lighthouse International Company S.A.	309	-	(2)	-	(2)	307
Joint ventures						
Katalog Yayin ve Tanitim Hizmetleri A.S.	5,398	4,269	(7,229)	(373)	(3,333)	2,065
Total investments valued at equity	5,707	4,269	(7,231)	(373)	(3,335)	2,372

In 2008 SEAT Pagine Gialle S.p.A. subscribed and paid up a € 4,269 thousand Capital Increase to support Katalog Yayin ve Tanitim Hizmetleri A.S. during start-up.

Katalog is a Turkish directories company that owns the "Golden Pages" brand and is jointly controlled by SEAT Pagine Gialle S.p.A. and the Turkish Dogan Yayin group. In the second half of 2008 Katalog ran its first sales campaign and in November published an Istanbul directory, distributing about 1,25 million copies, and created a website at www.bravoo.com.

The carrying value of the investment was written down € 4,583 thousand at the end of the year to reflect 2008 losses and a further € 2,646 thousand as impairment of goodwill following a worsening Turkish economy and the negative impact it is expected to have on business.

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12. Other non-current financial assets

Other non-current financial assets amounted to € 2,140 thousand at December 31, 2008 (€ 2,126 thousand at December 31, 2007):

- loans to employees: € 2,025 thousand, given at applicable market rates;
- assets held for sale: € 110 thousand being the 2.2% stake in Emittenti Titoli S.p.A..

13. Inventories

	At 12.31.2007	Change during the year				Total	At 12.31.2008
		Increase (Decrease)	(Provision) Reversals of allowance	Transfer to non-current assets held for sale	Exchange adjustments, change in consolidation scope and other moviments		
(euro/thousand)							
Raw materials, suppliers and consumables	8,944	790	-	-	(216)	574	9,518
Merchandising products	3,403	232	(141)	-	48	139	3,542
Work in progress and semi-finished goods	2,981	(603)	-	(390)	-	(993)	1,988
Finished goods	375	(261)	34	-	15	(212)	163
Total inventories	15,703	158	(107)	(390)	(153)	(492)	15,211

14. Trade account receivables

	Year 2008			Year 2007
	Trade account receivables	Allowance for doubtful trade account receivables	Net value	Net value
(euro/thousand)				
Balance at beginning of the year	788,876	(117,775)	671,101	668,681
Provision in the income statement	-	(44,105)	(44,105)	(38,800)
Reversal in the income statement	-	48,723	48,723	37,752
Transfers to non-current assets held for sale	(2,132)	687	(1,445)	-
Foreign exchange adjustments and other moviments	(4,344)	1,084	(3,260)	3,468
Balance at end of the year	782,400	(111,386)	671,014	671,101

Trade account receivables amounted to € 671,014 thousand (net of a € 111,386 thousand accrual), of which € 2,002 thousand due in over 12 months.

Securitized receivables are still recognised under "Trade account receivables" in accordance with IAS 39 because SEAT Pagine Gialle S.p.A. retains the attaching risks and benefits.

The € 111,386 thousand allowance for doubtful trade account receivables at December 31, 2008 is considered sufficient. Release over the year was € 48,723 thousand (€ 37,752 thousand in 2007) with a € 44,105 thousand provision (€ 38,800 thousand in 2007). At December 31, 2008 the allowance for bad debts was € 104,168 thousand SEAT Pagine Gialle S.p.A. receivables, giving 51.3% more cover for overdue receivables than the 1% at December 31, 2007. This takes account of the worsening economic climate at period end, which has not yet had any obvious effect on the quality of receivables or collection. Credit risk is considered in greater detail in the paragraph 21 of this note.

All trade receivables are due within 5 years.

15. Other assets (current and non-current)

Other assets amounted to € 68,758 thousand at December 31, 2008 (€ 66,858 thousand at December 31, 2007) as follows

(euro/thousand)	At 12.31.2008	At 12.31.2007	Change
Advances on sales commission and other receivables from agents	43,986	45,017	(1,031)
Advances to suppliers	5,074	3,798	1,276
Prepaid expenses	7,309	8,083	(774)
Other receivables	12,045	9,634	2,411
Total other current assets	68,414	66,532	1,882
Other non-current assets	344	326	18

- *Advances on sales commission and other receivables from agents* at December 31, 2008 totalled € 43,986 thousand (€ 45,017 thousand at December 31, 2007) and are shown net of the provision for doubtful receivables (€ 2,106 thousand at December 31, 2008, € 2,077 thousand at December 31, 2007). They include € 557 thousand receivables due in over 12 months which are classified under other current assets since they fall within the Company's normal operating cycle. These receivables were discounted using the average market rate for receivables with the same due dates;
- *advances to suppliers*: € 5,074 thousand at December 31, 2008 (€ 3,798 thousand at December 31, 2007), include € 4,596 thousand advances to the printer Ilte S.p.A. (€ 3,347 thousand at December 31, 2007).

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16. Equity

	At 12.31.2007	Change for the year				At 12.31.2008
		Cover for loss/ Allocation of 2007 results	Dividend distribution	Change carried directly to equity	Profit (loss) for the year	
(euro/thousand)						
Share capital	250,352					250,352
- <i>ordinary shares</i>	246,270					246,270
- <i>savings shares</i>	4,082					4,082
Additional paid-in capital	465,103					465,103
Reserve for transition to IAS/IFRS	181,570					181,570
Reserve for "cash-flow hedge" instruments	5,262			(16,193)	(16,193)	(10,931)
Reserve for actuarial gains (losses)	(3,956)			2,401	2,401	(1,555)
Reserve for foreign exchange adjustments	(15,212)			(30,031)	(30,031)	(45,243)
Reserve for stock options	7,592			(1,636)	(1,636)	5,956
Other reserves	110,896	98,399	(204)	1,898	100,093	210,989
Profit (loss) for the year	98,399	(98,399)			(179,646)	(179,646)
Equity shareholders of the Group	1,100,006		(204)	(43,561)	(179,646)	(223,411)
Share capital and reserves	15,985	7,839	(3,658)	814	4,995	20,980
Profit (loss) for the year	7,839	(7,839)			5,966	(1,873)
Minority interests	23,824		(3,658)	814	5,966	3,122
Total equity	1,123,830		(3,862)	(42,747)	(173,680)	(220,289)

Share capital

Share capital amounted to € 250,352 thousand at December 31, 2008, unchanged since December 31, 2007: share capital comprises 8,208,980,696 ordinary and 136,074,786 savings shares.

On February 9, 2009 capital regrouping by SEAT Pagine Gialle S.p.A. came into effect (one share per two hundred current ordinary and savings shares) as resolved by the shareholders on January 26, 2009 (for further details, go to "Report on Operations, paragraph Post-balance sheet events"). The nominal value of the shares was also eliminated (€ 0.03 at December 31, 2008).

The share capital was therefore divided into 41,725,276 no par value shares, of which 41,044,903 ordinary shares and 680,373 savings shares. € 13,741 thousand of the share capital was subject to taxation in case of distribution. Deferred tax liabilities were not recognised on this amount, as the Company is not planning to pay it out.

Additional paid-in capital

Additional paid-in capital amounted to € 465,103 thousand at December 31, 2008, unchanged since December 31, 2007.

€ 142,619 thousand of this figure is subject to the deferred tax regime since in 2005 the book value of the customer databases were brought in line with their fiscal value, in accordance with Law 342/2000. The Company has not calculated deferred tax on the amount since it does not intend to distribute it.

Reserve for "cash flow hedge" instruments

Reserve for "cash flow hedge" instruments is negative for € 10,931 thousand at December 31, 2008, (+€ 5,262 thousand at December 31, 2007). The reserve covers the market value of interest-rate risk derivatives contracts (cash flow hedges) in place at the balance sheet date or, if closed early, with effect deferred to subsequent periods. Go to paragraph 21 of this note for a more detailed description of Group hedges.

Reserve for actuarial gain (loss)

Reserve for actuarial is negative for € 1,555 thousand (-€ 3,956 thousand at December 31, 2007): the reserve shows the accrued effect on the balance sheet of actuarial gain/loss on defined-benefit plans (TFR - proportion still on the company books) once recognised in accordance with paragraph 93A of IAS 19. For further details on the calculation of these amounts, go to paragraph 22 of this note.

Reserve for foreign exchange adjustments

Reserve for foreign exchange adjustments is negative for € 45,243 thousand at December 31, 2008 (€ 15,212 thousand at December 31, 2007) being almost entirely (€ 45,072 thousand) the consolidation of the TDL Infomedia group whose balance sheet is expressed in sterling.

Reserve for stock option

Reserve for stock option amounted to € 5,956 thousand at December 31, 2008 (€ 7,592 thousand at December 31, 2007). The fall is primarily attributable to the combined effect of:

- a € 2,144 thousand fall from the release to retained earnings of the accrual for options expiring during the year;
- a € 508 thousand rise for the cost for the year in stock option plans not yet matured, in accordance with IFRS 2.

Other reserves

The item includes € 160,806 thousand of retained earnings at December 31, 2008 (€ 60,808 thousand at December 31, 2007). The € 99,998 thousand change over the year is € 98,304 thousand the allocation of undistributed profit for 2007.

The item includes € 50,183 thousand of other reserves at December 31, 2008 (€ 50,088 thousand at December 31, 2007) of which € 50,071 thousand the litigation reserve of SEAT Pagine Gialle S.p.A..

17. Dividends distributed to Shareholders

On April 23, 2008, the Shareholders' Meeting of SEAT Pagine Gialle S.p.A. voted on the application of profits for the financial year 2007, resolving to distribute a € 0.0015 dividend, gross of withholding tax, for each of the 136,074,786 savings shares, corresponding to an overall amount of € 204 thousand. As a result of the capital regrouping resolved by the Shareholders' Meeting of SEAT Pagine Gialle S.p.A. on January 26, 2009, this dividend amounted to € 0.3 for each of the 680,373 savings shares.

Dividends distributed by subsidiaries to Minorities amounted to € 3,658 thousand in 2008 (€ 3,743 thousand in 2007), mainly to Minorities of the Telegate group.

18. Profit (loss) per share

	At 12.31.2008 post capital regrouping	At 12.31.2008	At 12.31.2007 post capital regrouping	At 12.31.2007
Number of SEAT Pagine Gialle S.p.A. shares	41,725,276	8,345,055,482	41,725,276	8,345,055,482
- ordinary shares	41,044,903	8,208,980,696	41,044,903	8,208,980,696
- savings shares	680,373	136,074,786	680,373	136,074,786
Profit (loss) for the period	€/thousand (179,646)	(179,646)	98,399	98,399
Profit (loss) par share	€ (4.3054)	(0.0215)	2.3544	0.0118
Diluted profit (loss) par share	€ n.a.	(0.0215)	2.3498	0.0117

Profit (loss) per share is calculated by dividing the net result for the year by the average number of existing shares over the reference year. Diluted profit (loss) per share is calculated using the weighted average number of existing shares over the reference year, adjusted for the assumption that all potential new shares deriving by the exercise of options with diluting effect within the meaning of IAS 33 will be subscribed, and taking account of the capital regrouping of one share per two hundred ordinary or savings shares resolved by the Shareholders' Meeting on January 26, 2009 (effective February 9, 2009). For details, see "Report on Operations, paragraph Post-balance sheet events".

In 2008 and in accordance with IAS 33, there was no dilution of profit (loss) since the market value of SEAT Pagine Gialle S.p.A. ordinary shares was significantly lower than the strike price of outstanding options at December 31, 2008.

19. Net financial debt

Net financial debt amounted to € 3,082,016 thousand at December 31, 2008 (€ 3,274,306 thousand at December 31, 2007), with a decrease of € 192,290 thousand during 2008.

Net financial debt differs from net book financial debt (described below) since it includes:

- the cost of taking out and refinancing medium and long-term "Senior" debt through The Royal Bank of Scotland Plc (Milan branch), the "Subordinated" facility with Lighthouse International Company S.A., and the securitisation of receivables. These costs, net of those already amortised, totalled € 76,184 thousand at December 31, 2008;
- net liabilities for the market value of cash flow hedge instruments in existence at the balance sheet date and of those closed early but with effect deferred to subsequent years. At December 31, 2008 this was a total net liability of € 10,931 thousand (net assets for € 5,262 thousand net asset at December 31, 2007).

(euro/thousand)	At 12.31.2008	At 12.31.2007	Change	Note
Net financial debt	3,082,016	3,274,306	(192,290)	
Transaction costs on loans and securitisation programme not yet amortised	(76,184)	(82,792)	6,608	
Net market value of "cash flow hedge" instruments	10,931	(5,262)	16,193	
Net financial debt - "book value"	3,016,763	3,186,252	(169,489)	
of which:				
- Non-current financial debts to third parties	1,762,018	1,926,171	(164,153)	(a)
- Non-current financial debts to associates	1,269,470	1,264,201	5,269	(a)
- Current financial debts to third parties	245,998	167,972	78,026	(b)
- Current financial debts to associates	47,837	47,536	301	(c)
- Non-current financial assets (*)	(2,026)	(1,996)	(30)	(d)
- Current financial assets	(1,932)	(13,083)	11,151	(e)
- Cash and cash equivalents	(304,602)	(204,549)	(100,053)	(f)

(*) This item does not include financial assets available for sale.

a) Non-current financial debt

(euro/thousand)	At 12.31.2008	At 12.31.2007	Change
Debts due to The Royal Bank of Scotland Plc Milan Branch (gross value)	1,497,658	1,716,898	(219,240)
less transaction costs	(44,922)	(45,958)	1,036
Debts due to The Royal Bank of Scotland Plc Milan Branch (net value)	1,452,736	1,670,940	(218,204)
Asset backed securities (gross value)	256,000	256,000	-
less transaction costs	(732)	(1,035)	303
Asset backed securities (net value)	255,268	254,965	303
Debt due to Leasint S.p.A.	53,921	-	53,921
Debts due to other lenders	93	266	(173)
Total non-current financial debts to third parties	1,762,018	1,926,171	(164,153)
Debts due to Lighthouse International Company S.A. (gross value)	1,300,000	1,300,000	-
less transaction costs	(30,530)	(35,799)	5,269
Debts due to Lighthouse International Company S.A. (net value)	1,269,470	1,264,201	5,269
Total non-current financial debts to related parties	1,269,470	1,264,201	5,269
Total non-current financial debts	3,031,488	3,190,372	(158,884)

Non-current financial debt to third parties

- Non-current debt to *The Royal Bank of Scotland Plc (Milan Branch)* at December 31, 2008 totalled € 1,452,736 thousand (net of € 44,922 thousand in transaction and refinancing charges not yet amortised at December 31, 2008). At end 2008, total financing from The Royal Bank of Scotland Plc (Milan Branch), including a € 219,240 thousand short-term portion, totalled € 1,716,898 thousand as follows:
 - tranche A (€ 1,252.4 million): repayable in variable half-yearly instalments up to June 2012, variable interest at Euribor +1.435% p.a.. The margin will change in the first half of February 2009, depending on the ratio of net debt to EBITDA (based on results at December 31, 2008), when it will increase to 1.685% p.a.;
 - tranche B (€ 464.5 million): bullet repayment in June 2013, variable interest at Euribor +2.06% p.a.. The margin will change until the first half of February 2009, depending on the ratio of net debt to EBITDA (depending on results at December 31, 2008), when it will increase to 2.26% p.a.;
 - tranche C (€ 90.0 million): not yet drawn down, covering working capital requirement of SEAT Pagine Gialle S.p.A. or its subsidiaries through a revolving credit line available up to May 2012 bearing variable interest on draw-down at the same rate as tranche A. On amounts not currently drawn down through the line, commission of 0.56% p.a. is applied.

At end 2008 SEAT Pagine Gialle S.p.A. renewed a € 30.0 million short-term committed credit line (expiring June 30, 2009) that is currently not used. A 1.65% margin on applicable Euribor will be applied on draw-downs and 0.30% p.a. commission on amounts unused.

- *Limited recourse asset-backed securities* worth € 256,000 thousand gross at December 31, 2008 were issued by Meliadi Finance S.r.l. to finance the purchase of the trade receivables portfolio sold to it by SEAT Pagine Gialle S.p.A. as part of securitisation programme from June 2006 until 2011. The securities, secured by the securitised receivables portfolio, were privately placed with an institutional investor and mature in 2014 when they will be repaid from the collection of the assigned receivables if the securitisation programme is not renewed. The securities bear variable interest at rates applicable to quarterly commercial papers but are capped at 3-month Euribor plus 5 b.p.. In accordance with IAS 32 and IAS 39, they are recognised in the balance sheet net of transaction costs (€ 732 thousand at December 31, 2008). The securitisation programme is backed by two annual, renewable credit lines.
- *debt to Leasint S.p.A.* amounted to € 53,921 thousand at December 31, 2008. It refers to six property leases (as of December 23, 2008) associated with the purchase of the complex at Corso Mortara 22 (Turin), to which SEAT Pagine Gialle S.p.A. has moved its offices. A seventh lease (worth about € 1 million) will be added in the first half of 2009. All the leases (carrying an initial rent of € 6,124 thousand) are for 15 years and are based on 60 quarterly instalments payable in arrears, the first falling due on March 23, 2009, with variable interest at quarterly Euribor plus a spread of about 65 b.p. p.a.. The residual value is approximately 1% of the complex value.

Non-current financial debt to related parties

Non-current financial debt to related parties consist of the loan issued by Lighthouse International Company S.A. (25% owned) amounting to € 1,269,470 thousand at December 31, 2008 (€ 1,264,201 thousand at December 31, 2007), net of € 30,530 thousand for transaction costs not yet amortised at the end of 2008. The ten-year loan bears a fixed interest rate of 8% p.a. and fall due in 2014.

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b) Current financial debt to third parties

Current financial debt to third parties amounted to € 245,998 thousand at December 31, 2008 (€ 167,972 thousand at December 31, 2007) as follows

(euro/thousand)	At 12.31.2008	At 12.31.2007	Change
Current portion of the debt due to The Royal Bank of Scotland Plc Milan Branch	219,240	163,491	55,749
Debt due to market value of "cash flow hedge" instruments, net	17,011	-	17,011
Debts for interest expense accrued but not yet paid	3,597	3,803	(206)
Current portion of the debt due to Leasint S.p.A.	2,537	-	2,537
Exchange-rate hedges	901	-	901
Current portion of the debt due to other lenders	253	253	-
Other financial debts	2,459	425	2,034
Total current financial debts to third parties	245,998	167,972	78,026

- € 219,240 thousand for the current portion of the loan to The Royal Bank of Scotland Plc (Milan Branch), falling due in June and December 2009 (€ 163,491 thousand at December 31, 2007). If the Capital Increase is subscribed in full, this amount would rise to € 300,552 thousand (for further details go to "Report on Operations, paragraph Post-balance sheet events");
- € 17,011 thousand for the net liability on the measurement at fair value of cash flow hedge contracts in existence at December 31, 2008 (an asset of € 5,262 thousand asset at December 31, 2007). For further details on interest-rate hedges, go to paragraph 21 of this note;
- € 3,597 thousand at December 31, 2008 for debts for interest expense accrued but not yet paid, of which € 3,144 thousand on *limited-recourse asset-backed securities* issued by Meliadi Finance S.r.l.;
- € 2,537 thousand for the portion of the debt to Leasint S.p.A. fall due in March, June, September and December 2009.

c) Current financial debt to related parties

Current financial debt to related parties amounted to € 47,837 thousand at December 31, 2008 (€ 47,536 thousand at December 31, 2007) and referred to:

- € 17,375 thousand at December 31, 2008 (unchanged since December 31, 2007) for accrued but not yet paid interest on the loan at a fixed rate due to Lighthouse International Company S.A.;
- € 30,462 thousand at December 31, 2008 for dividends distributed but not yet paid at the end of the year to the reference leading Shareholders (i.e. Shareholders with a significant influence on SEAT Pagine Gialle S.p.A.) that, as per agreement, attract interest from November 1, 2008 at 6% p.a. as consideration for non exercise of the right to demand payment of € 14,362 thousand of those dividends until January 15, 2009 (duly paid on January 16, 2009) and until June 15, 2009 for the remaining € 15,799 thousand. Interest payable in 2008 totalled € 301 thousand.

d) Non-current financial assets

Non-current financial assets amounted to € 2,026 thousand at December 31, 2008 (€ 1,996 thousand at December 31, 2007). These were loans to employees.

e) Current financial assets

Current financial assets amounted to € 1,932 thousand at December 31, 2008 (€ 13,083 thousand at December 31, 2007), including € 7,578 thousand credit positions and derivative hedges with Lehman Brothers (USA) at the time of its default and declaration of "Chapter 11" that were written down by € 6,062 thousand.

f) Cash and cash equivalent

Cash and cash equivalent increase by € 100,053 thousand on December 31, 2007

(euro/thousand)	At 12.31.2008	At 12.31.2007	Change
Bank deposits	304,254	204,170	100,084
Postal deposits	182	238	(56)
Cash on hand	166	141	25
Total cash and cash equivalents	304,602	204,549	100,053

These include € 87,876 thousand bank deposits with Meliadi S.r.l. (€ 87,276 thousand at December 31, 2007) from collection of the receivables sold by SEAT Pagine Gialle S.p.A. in its securitisation programme.

20. Guarantees provided, commitments and material contract rights

The obligations deriving from the facilities agreement with The Royal Bank of Scotland Plc (Milan Branch) are secured by a pledge on shares of SEAT Pagine Gialle S.p.A. and other companies in the SEAT Pagine Gialle group, a pledge on the main trademark owned by the SEAT Pagine Gialle group a chattel mortgage on equipment belonging to SEAT Pagine Gialle and by a *fixed and floating charge*, according to English law on the assets of TDL Infomedia and Thomson. The obligations deriving from the *Indenture* are secured *inter alia* by a second-line lien on SEAT Pagine Gialle S.p.A. shares. The asset-backed securities issued by Meliadi Finance S.r.l. as part of the securitisation of SEAT Pagine Gialle trade account receivables starting June 2006 are secured by the securitised credit portfolio owned by Meliadi Finance S.r.l., while the only security for the leases taken out by SEAT Pagine Gialle with Leasint S.p.A. is the fact that Leasint S.p.A. owns the leased properties. In the event of default by SEAT Pagine Gialle, satisfaction can be obtained by selling the properties themselves.

SEAT Pagine Gialle S.p.A. has also give € 350,000 thousand in guarantees for additional charges on the debenture bond issued by Lighthouse International Company S.A..

The facilities agreements with The Royal Bank of Scotland Plc (Milan Branch) and Lighthouse International Company S.A. require SEAT Pagine Gialle S.p.A., examined quarterly, to maintain stated ratios between *i*) net debt and EBITDA, *ii*) EBITDA and interest on debt, and *iii*) cash flow and debt servicing (including interest and the capital repayable in each reference period).

There was full compliance at December 31, 2008 (the reference date at which these Financial Statements apply) with the covenants and the terms of the facilities agreement.

The facilities agreements also set the usual limits and operating terms and conditions on *inter alia* investment, additional debt, acquisitions, dividend distribution and capital transactions.

SEAT Pagine Gialle S.p.A. constantly monitors current and future compliance with the terms and conditions of the agreements.

In accordance with the above and in the light of market conditions, the economic and financial results which had been forecast for 2008 and the 2009-2011 Business Plan SEAT Pagine Gialle S.p.A. was preparing (whose guidelines having been approved by the Board of Directors of SEAT Pagine Gialle S.p.A. on December 23, 2008), a number of steps were taken to protect the economic and financial equilibrium and cash generation ability of the Group and to ensure compliance with the facilities agreement with The Royal Bank of Scotland Plc (Milan Branch).

In this scenario, on December 23, 2008 the Board of Directors of SEAT Pagine Gialle S.p.A. called a Shareholders' Meeting for January 26, 2009 to approve a share Capital Increase. At the same time and in the light of this possible share Capital Increase, SEAT Pagine Gialle S.p.A. and The Royal Bank of Scotland Plc (Milan Branch) agreed a number of changes to the terms of the facilities agreement to enable the Capital Increase to take place and to bring the terms of the agreement in line with the economic and financial performance of the SEAT Pagine Gialle group as forecast in the new 2009-2011 Business Plan. The cost of this renegotiation was a € 9.0 million commission to The Royal Bank of Scotland Plc (Milan Branch), as transactions costs on "Senior" debt.

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The changes to the "Senior" facilities agreement were made official when on January 14, 2009 SEAT Pagine Gialle S.p.A. and The Royal Bank of Scotland Plc (Milan Branch) signed another agreement amending it. However, several of the amendments (including the reset of financial covenants, the restrictions on dividend payment and the higher margin on The Royal Bank of Scotland Plc Milan Branch facilities) will not come into effect until one or more reference leading Shareholders pay into SEAT Pagine Gialle S.p.A. (directly or indirectly, by subscription of the Capital Increase or in respect of future Capital Increases or for any other reason) a total of no less than € 99,200 thousand or until they give The Royal Bank of Scotland Plc (Milan Branch) a full, irrevocable and unconditional undertaking to make such a payment (and in all cases the payment must be made by May 31, 2009 or if the Capital Increase is delayed, by June 28, 2009). For further details go to "Report on Operations, paragraph Post-balance sheet events".

At the end of December 2008 six property leases with Leasint S.p.A. came into effect relating to the purchase of Corso Mortara 22 (Turin), where SEAT Pagine Gialle S.p.A. now has its headquarters. The property transaction will be completed in the first few months of 2009 when all work on the last building is finished and a seventh lease worth about € 1 million comes into effect.

21. Information on financial risks

Market risk

During its normal business the SEAT Pagine Gialle group is subject to interest-rate and exchange-rate risk. These apply in particular to its debt to The Royal Bank of Scotland Plc (Milan Branch), the debt arising on the issue of limited-recourse asset-backed securities by Meliadi Finance S.r.l. for the securitisation programme, the debts to Leasint S.p.A. and foreign currency (especially sterling) payables and receivables. The SEAT Pagine Gialle group is constantly monitoring the risks to which it is exposed so as to be able to anticipate any negative effects and to take appropriate mitigating action. The risks are managed using financial derivative instruments in accordance with the Group's risk management policy. This requires the use of derivatives to be limited to management of the exposure to interest-rate and exchange-rate risk on monetary flows and asset and debit equity positions. Speculation is prohibited.

SEAT Pagine Gialle group policy on financial market risk

This requires:

- constant monitoring of exposure to interest-rate and exchange-rate risk and assessment of maximum exposure levels;
- the use of derivative hedges to manage these risks. Speculative use of derivatives is prohibited;
- constant assessment of financial counterparty reliability to reduce default risk. All hedge contracts are with leading financial institutions and banks. If the counterparty is a subsidiary, the transaction is at market conditions.

Interest-rate derivative hedges

The "Senior" debt to The Royal Bank of Scotland Plc (Milan branch), the debt arising on the issue by Meliadi Finance S.r.l. of asset backed securities for the securitisation programme and the debt to Leasint S.p.A., bears variable, Euribor-linked interest. Of the € 3,329,702 thousand financing in place at December 31, 2008, € 2,029,702 thousand is therefore at variable rate. To limit the exposure to this interest-rate risk, SEAT Pagine Gialle S.p.A. has taken out derivative hedges with leading international counterparties for the "Senior" debt.

Hedges in place at December 31, 2008 protect: *i*) during the 2009-2011 three-year period an average about 69% of the total debt as follows: fixed-rate "Subordinated" debt (43.5%), interest rate swaps and forward rate agreements (about 20%) and interest rate collars (5.5%); *ii*) during the 2012-2013 two-year period an average about 67% of the total debt as follows: fixed-rate "Subordinated" debt (64%) and interest rate swaps (3%).

In January-February 2009 further derivative hedging transactions were executed. Such transactions further strengthened its level of protection against the risk of fluctuations in interest rates in the 2009-2011 three-year period, raising it to 75%: 44% fixed-rate "Subordinated" debt, 23% IRs and Forward Rate Agreement and 8% Interest Rate Collars.

Interest rates have been extremely volatile in the last few months and it is possible that this will have a negative impact on the economic, asset and financial position of the issuer and the SEAT Pagine Gialle group.

To measure the fair value of the derivative financial instruments, SEAT Pagine Gialle S.p.A. made reference to pricing provided by third parties (banks and financial institutions).

The fair value of the Interest Rate Swaps (IRSs) and Forward Rate Agreements (FRAs) is the current value of the difference between fixed-rate interest to be paid and/or received and interest valued on the basis of the market interest rate curve referred to on the maturity dates of the derivative contracts.

IRSs and Forward Rate Agreements trigger or may trigger the exchange of interest flows calculated on the notional value of the derivative at a fixed or variable rate at the maturity dates agreed between the parties. The notional amount does not represent the amount exchanged between the parties and so it does not count towards the measure of exposure to credit risk, which is limited to the amount of the interest differentials that must be exchanged on the settlement dates.

The market value of a collar is the difference between the price that would be paid to buy back the floor options previously sold and the price that would be received to resell the cap options purchased. The price of these options is calculated on the basis of expected levels of interest rates on the respective maturity dates, the strike prices at each maturity date and interest-rate volatility.

At December 31, 2008 the following hedge contracts were in place:

- a) *Interest Rate Collar* (market value negative for € 93 thousand) February 2009 to June 2009: variable one-month Euribor capped at an average 3.03% with an average 1.66% floor and € 300 million notional value;
- b) *Interest Rate Swap* (market value negative for € 2 million) July 2009 to December 2011: variable six-month Euribor replaced by a fixed-rate of 4.5525% with € 50 million notional value;
- c) *Interest Rate Collar* (market value negative for € 525 thousand) July 2009 to December 2009: variable six-month Euribor capped at 4.40% with a 3.20% floor and € 100 million notional value;
- d) *Forward Rate Agreement* (market value negative for € 4.7 million) July 2009 to December 2009: variable six-month Euribor replaced by a fixed-rate of about 3.643% with € 650 million notional value;
- e) *Forward Rate Agreement* (market value negative for € 1.3 million) January 2010 to June 2010: variable six-month Euribor replaced by a fixed-rate of about 3.778% with € 200 million notional value;
- f) *Interest Rate Collar* (market value negative for € 2.5 million) January 2010 to December 2011: variable six-month Euribor with 4.70% constant cap and 3.68% constant floor and € 150 million notional value;
- g) *Interest Rate Swap* (market value € 5 thousand) January 2010 to December 2011: variable six-month Euribor replaced by a fixed-rate of 3.035% with € 50 million notional value;
- h) *Interest Rate Swap* (market value negative for € 5 million) January 2010 to June 2012: variable six-month Euribor replaced by a fixed-rate of about 3.75% with € 325 million notional value;
- i) *Forward Rate Agreement* (market value negative for € 157 thousand) July 2010 to December 2010: variable six-month Euribor replaced by a fixed-rate of 3.58% with € 50 million notional value;
- j) *Interest Rate Swap* (market value negative for € 741 thousand) December 2008 to December 2011, hedging part of the interest on the financial lease: variable three-month Euribor replaced by a fixed-rate of 3.60% with € 30 million notional value.

Interest rate hedges kept the cost of debt under control. The table below shows the estimated effect of using +50/-50 b.p. Euribor rate curves instead of the rates actually applied in 2008 with regards to interest expense recognised in the income statement and to the 2009-2012 forward rate curve with regards to the fair value of hedging instruments in place at year end. The figures shown below do not include fiscal effect since these are not quantifiable at present.

(euro/million)	Estimated change in 2008 interest expense	Estimated change in net liabilities from the valuation of cash flow hedge contracts at fair value
+50 bps	8.5	(7.4)
-50 bps	(8.5)	7.4

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Risk from high levels of financial debt

The SEAT Pagine Gialle group has a high level of debt with leverage that, as at end 2007, was about five times EBITDA. The average life of financing at the end of the financial year was 3.9 years with repayment as follows

(euro/thousand)	Due date - by						Total
	12.31.2009	12.31.2010	12.31.2011	12.31.2012	12.31.2013	beyond five years	
The Royal Bank of Scotland Plc Milan Branch	219,240(*)	231,768	245,191	556,155	464,544		1,716,898
Lighthouse International Company S.A.						1,300,000	1,300,000
Asset-backed securities (**)						256,000	256,000
Debts due to Leasint S.p.A.	2,537	2,672	2,812	2,960	3,116	42,361	56,458
Debts due to other lenders	253	61	32				346
Total non-current financial debts (gross value)	222,030	234,501	248,035	559,115	467,660	1,598,361	3,329,702

(*) Of the € 219,240 thousand repayable by December 31, 2009, € 50 million was repaid January 28, 2009.

(**) The 5-year securitization programme expires in June 2011. If it is not then renewed by SEAT Pagine Gialle the limited-recourse asset-backed securities issued, which mature in 2014, will be repaid by the collection of the receivables assigned.

In the event the Capital Increase resolved by the Shareholders' Meeting on January 26, 2009 is successful, and taking account of the commitment given by SEAT Pagine Gialle S.p.A. to use 50% of the increase to repay part of The Royal Bank of Scotland Plc (Milan Branch) facility, the above repayment programme would be amended as follows

(euro/thousand)	Due date - by						Total
	12.31.2009	12.31.2010	12.31.2011	12.31.2012	12.31.2013	beyond five years	
The Royal Bank of Scotland Plc Milan Branch	300,552(*)	192,256	203,391	556,155	464,544		1,716,898
Lighthouse International Company S.A.						1,300,000	1,300,000
Asset-backed securities (**)						256,000	256,000
Debts due to Leasint S.p.A.	2,537	2,672	2,812	2,960	3,116	42,361	56,458
Debts due to other lenders	253	61	32				346
Total non-current financial debts (gross value)	303,342	194,989	206,235	559,115	467,660	1,598,361	3,329,702

(*) Of the € 300,552 thousand repayable by December 31, 2009, € 50 million was repaid January 28, 2009.

(**) The 5-year securitization programme expires in June 2011. If it is not then renewed by SEAT Pagine Gialle the limited-recourse asset-backed securities issued, which mature in 2014, will be repaid by the collection of the receivables assigned.

If for reasons attributable to market conditions or other circumstances SEAT Pagine Gialle S.p.A. is unable to find sufficient resources to meet its financial commitments when they fall due or more generally if it defaults on any other obligations in the above financial agreements, e.g. in the event of composition with creditors or default on its obligations under any other debt instrument of or guarantee given by SEAT Pagine Gialle S.p.A. or its subsidiary, all loans will have to be repaid early and in full, along with interest payable and all other sums payable under the agreements, with all the negative impacts this will have on the business and on economic and financial position of the Company and of the SEAT Pagine Gialle group.

Liquidity risk - obtaining of financial resources

Liquidity risk is the risk that available financial resources may not be sufficient to cover the € 222,030 thousand repayments due on December 31, 2009 (€ 303,342 thousand if the Capital Increase is subscribed in full). The low volatility business of the SEAT Pagine Gialle group generates very large cash flows and in the light of both the inflow from the planned Capital Increase and the existence of credit lines worth about € 120 million, the Group believes it does have the financial resources needed to meet its commitments.

After December 31, 2009, SEAT Pagine Gialle S.p.A. will have to make large repayments of current financing and it is possible that the Group will not have sufficient resources to do this, making it necessary to seek new financing. The 2008 financial crisis triggered by sub-prime mortgage lending and the heavy impact this has had on all the banks have given investors a general and growing aversion to risk, which has translated into higher credit default spreads and a marked fall in the market prices for high-yield securities.

Consequently, in the event that SEAT Pagine Gialle S.p.A. is for any reason unable to generate sufficient resources to meet its financial obligations and has to renegotiate the terms and conditions of its existing facilities and loans before they expire, or has to seek finance to make their repayment from the banks and/or on the financial markets, it could find itself unable to obtain that finance or be forced to accept terms that are less favourable than those it currently enjoys, with all the negative impacts this will have on the economic, asset and financial position of the Group.

Financial resources could prove harder to obtain if Standard & Poor's current rating of SEAT Pagine Gialle S.p.A. (BB-) falls. The rating expresses Standard & Poor's view of the Company's likelihood of default and follows examination of *i)* the Group's outlook in terms of profit, cash generation and debt maintenance, and *ii)* likely market scenarios. If the rating agency's subjective assessment indicates that either or both parameters have worsened, and therefore even if there is only a worsening of the Group's markets, Standard & Poor's rating of SEAT Pagine Gialle S.p.A. could be downgraded. Under the terms of the rotating receivables securitisation programme introduced by SEAT Pagine Gialle S.p.A. in June 2006, a downgrading of SEAT Pagine Gialle S.p.A. could reduce its ability to assign its receivables. In this event, any receivables not realised via securitisation could be financed using alternative methods that, given current market positions, might be more expensive than the present securitisation. The SEAT Pagine Gialle group could however avoid the problems involved in using alternative methods of financing by using its own cash resources and the above € 120 million credit lines.

Impact of change of control on existing facilities agreements (section 123 bis (l) of Legislative Decree 58/1998)

Both the US Indenture regulating the notes issued by Lighthouse International Company S.A. and underwritten by SEAT Pagine Gialle S.p.A. (€ 1,300 million in 2004 maturing 2014) and the "Senior" facilities agreement with The Royal Bank of Scotland Plc (Milan Branch) provide for early repayment in the event of change of control.

Under The Royal Bank of Scotland Plc (Milan Branch) facilities agreement, a change of control would immediately cancel any The Royal Bank of Scotland Plc Milan Branch's commitments to issuing new sums as part of the revolving tranche of the loan and SEAT Pagine Gialle S.p.A. would have to immediately repay early all the loan issued in its favour and pay The Royal Bank of Scotland Plc (Milan Branch) the interest accrued and not paid up to that date, as well as further amounts due to The Royal Bank of Scotland Plc (Milan Branch) under the facilities agreement and the documents annexed to it.

Under the Indenture, if a change of control occurs at SEAT Pagine Gialle S.p.A., each notes holder would have the right to require Lighthouse to repurchase the notes at a price of 101% of their nominal value plus interest accrued and not paid up to the repurchase date. In such an event the agreement requires SEAT Pagine Gialle S.p.A. to repay early a sufficient enough portion of the Lighthouse loan to provide Lighthouse with the necessary funding to execute these potential repurchases. Under the terms of the Indenture, the amount would have to be paid directly to the notes holders by SEAT Pagine Gialle S.p.A. if Lighthouse fails to do so since SEAT Pagine Gialle S.p.A. has also

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expressly and irrevocably committed to guaranteeing all Lighthouse's obligations towards the notes holders. Any SEAT Pagine Gialle S.p.A. payment under the Lighthouse loan or the Indenture should in any case be made in compliance with the The Royal Bank of Scotland Plc (Milan Branch) facilities agreement and the inter-creditor agreement signed by *inter alia* SEAT Pagine Gialle S.p.A., Lighthouse and The Royal Bank of Scotland Plc (Milan Branch) on May 25, 2005, when was signed The Royal Bank of Scotland Plc (Milan Branch) facilities agreement (the "Creditor Agreement"), which regulates, among other things, relations among SEAT Pagine Gialle S.p.A., The Royal Bank of Scotland Plc (Milan Branch) as senior creditor, and Lighthouse and the notes holders as subordinate creditors.

For further details and for what constitutes a "change of control", see the "Annual Corporate Governance Report" published with these Financial Statements on www.seat.it.

Exchange-rate risk

The reference currency for the consolidated financial statements of the SEAT Pagine Gialle group is the euro. However a number of other Group companies use a different currency, primarily sterling, exposing the Group to exchange-rate risk.

At December 31, 2008 Group revenues expressed in sterling and converted into euro from UK business were 8.6% of total revenues. Changes in the €/GBP exchange rate could produce a change in the translation reserve that would impact the consolidated equity of SEAT Pagine Gialle.

The Company is also exposed to exchange-rate risk on an intra-group sterling loan to TDL Infomedia.

The Company has hedged this risk and the impact of the hedges is reflected in consolidated income statement.

Credit risk

The SEAT Pagine Gialle group is a multi-media advertising business with a large customer base. 87.2% of Group receivables at December 31, 2008 (87.7% at December 31, 2007) concern SEAT Pagine Gialle S.p.A. that has about 550,000 customers throughout Italy, mainly SMEs. Each year SEAT Pagine Gialle S.p.A. alone issues approximately 950,000 invoices, each of which on average involve payment in 2.5 instalments of about € 590 per instalment, generating over 2.3 million payment transactions.

There is therefore no concentrated credit risk.

The high volume of transactions executed generates a high numbers of arrears positions with the resulting need to set up a sufficient credit management organisation. Over time SEAT Pagine Gialle S.p.A. has set up an extremely wide system that is constantly being strengthened to effectively manage all phases of the solicitation process. The internal organisational structure, phone-based solicitation agencies, credit collection agencies and the legal network involved in a total about of around 1400 staff.

Exposure to credit risk (recognised in the accounts as allowance for doubtful trade account receivables) is measured using a statistical model based on customer segmentation according to geographical and seniority criteria, and reflects in its estimates SEAT Pagine Gialle S.p.A.'s historical experience in credit collections, projecting it into the future.

At December 31, 2008 Group the allowance for doubtful trade account receivables totalled € 111,386 thousand, essentially in line with the position at December 31, 2007 (€ 117,775 thousand), with a provision in the statement operations rising from € 38,800 thousand to € 44,105 thousand increasing the coverage of overdue receivables to 51.3% from 50.0% at end 2007.

The rise in provisions should face reductions in collections in the near future as the economy worsens, consumption stagnates and borrowing becomes harder because of banks' increased aversion to risk. In 2009 this could increase the rate of customer arrears in respect of their obligations to SEAT Pagine Gialle S.p.A..

22. Non-current employee-related reserves

The SEAT Pagine Gialle S.p.A. group companies provide post-employment benefits to their current and former employees (e.g. its CEO) both directly and by contributing to external funds. The benefits are subject to legal, fiscal and financial conditions in each country in which the Group operates but are usually based on remuneration and years of service.

Post-employment benefits are based on defined-contribution and/or defined-benefit plans.

In the case of defined-contribution plans, the Group pays contributions to public or private insurers as required by law, contract terms or on a voluntary basis, thus fulfilling all obligations. The cost for the period depends on the service provided by the employee and is recognised in the income statement (€ 5,859 thousand for 2008).

Defined-benefit plans are either *unfunded* (e.g. severance pay fund) or fully funded by the contributions paid by both the company and its employees to a firm or fund that is legally independent of the company providing the benefits to its employees (e.g. the TDL Infomedia pension fund).

The following table shows changes over the period for the various current plans

	Year 2008			Year 2007		
	Net liabilities for defined benefit pension plans	Reserve for severance indemnities	Reserve for defined contribution pension plans	Net liabilities for termination indemnities	Total	Total
(euro/thousand)						
Balance at beginning of the year	20,894	24,503	1,396	390	47,183	56,768
Provisions	2,620	88	5,859	726	9,293	10,672
Contributions	(5,475)	-	-	(703)	(6,178)	(7,417)
Benefits paid/received	(115)	(3,506)	(5,508)	-	(9,129)	(8,447)
Discounting losses	5,594	1,221	-	-	6,815	6,846
Expected return on plan assets	(6,283)	-	-	-	(6,283)	(6,202)
Actuarial losses (gains) recognised to equity	(2,891)	(476)	-	-	(3,367)	(2,739)
Curtailment	-	-	-	-	-	(1,188)
Foreign exchange adjustments and other adjustments	(3,698)	(9)	140	-	(3,567)	(1,110)
Balance at end of the year	10,646	21,821	1,887	413	34,767	47,183

a) Net liabilities for defined benefit pension plans

Net liabilities for defined benefit pension plans amounted to € 10,646 thousand at December 31, 2008 (€ 20,894 thousand at December 31, 2007). These are recognised net of the assets (€ 58,600 thousand) financing the funds (€ 69,246 thousand) and are almost entirely imputable to the TDL Infomedia group pension fund.

The figures for pension fund assets, liabilities to employees and related costs have been determined using the calculations of an independent actuary and the projected unit method in accordance with IAS 19.

In July 2008 and to reduce the risk of future pension-fund related liabilities, Thomson Directories Ltd. changed a number of the rules applying to its fund. This is now closed to new staff (who have a new defined-contribution pension plan) while contributions from existing members have been raised, as has the pensionable age, in order to maintain the level of benefits already acquired.

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(euro/thousand)	At 12.31.2008	At 12.31.2007
A. Change in defined-benefit obligation		
1 Benefit liabilities at start of the year	109,329	113,617
2 Current payroll benefit costs	2,620	4,382
3 Interest expense	5,594	5,776
4 Employee contributions	1,026	1,244
5 Actuarial profit (loss) carried to equity	(23,910)	(3,273)
6 Benefits paid out by plan/company	(3,360)	(2,491)
7 Foreign exchange adjustments	(22,053)	(9,926)
Defined-benefit liabilities at year end (A)	69,246	109,329
B. Change in plan assets		
1 Fair value of pla assets at start of year	(88,435)	(87,150)
2 Expected retur on plan assets	(6,283)	(6,202)
3 Actuarial profit (loss) carried to equity	21,019	2,515
4 Employer contibutions	(5,475)	(6,784)
5 Employee contributions	(1,026)	(1,244)
6 Benefits paid out	3,245	2,491
7 Foreign exchange adjustments	18,354	7,939
Fair value of plan assets at year end (B)	(58,601)	(88,435)
C. Change in assets/liabilities carried to balance sheet		
1 Current value of defined-denefit liabilities at year end	69,246	109,329
2 Fair value of found assets at year end	(58,601)	(88,435)
Liabilities (assets) carried to balance sheet, net (A+B)	10,645	20,894
D. Cost breakdown		
<i>Amounts carried to income statement</i>		
1 Current payroll benefit costs	2,620	4,382
2.a Interest expense	5,594	5,776
2.b Expected return o plan assets	(6,283)	(6,202)
2 Interest expense (income)	(689)	(426)
<i>Actual return on plan assets</i>		
Actual return on plan assets	14,736	(3,687)
E. Main actuarial assumptions		
<i>Weighted average of assumptions used to measure defined-benefit obligation</i>		
1 Discount rates	6.30%	5.65%
2 Pay rises	n.a.	n.a.
3 Inflation rate	2.75%	3.15%
4 Pension rate rise	2.70%	3.15%
<i>Weighted average of assumpitons used to measure pension costs</i>		
1 Discount rates	5.65%	5.10%
2 Expected rate of return on plan assets	7.57%	7.02%
3 Expected pay rises	n.a.	n.a.
4 Inflation rate	3.15%	2.80%
5 Pension rate rise	3.15%	2.80%
F. Plan assets		
Asset categories (*)	%of plan asset categories on total	Expected rate of return on plan assets
1 Shares	75.0%	7.4%
2 Government securities	19.3%	3.9%
3 Bonds	4.5%	6.7%
4 Other	1.2%	2.0%
Total	100.0%	6.6%

(*) Figures for financial year 2008.

b) Reserve for severance indemnities - % still on company books

The reserve for severance indemnities, of € 21,821 thousand at December 31, 2008 (€ 24,503 thousand at December 31, 2007), was accounted for in accordance with IAS 19 (since it is considered as a defined benefit pension fund).

Further to the entry into force of the complementary pensions reform (Legislative Decree 252 of December 5, 2005), on January 1, 2007 the TFR changed its nature from a defined benefits plan into a defined contributions plan. Therefore the liability recognised in the balance sheet now represents the liability on the defined-benefits plan, measured in accordance with IAS 19 and is due to personnel for services up to December 31, 2006.

The proportion of TFR accrued later and paid into complementary pension funds is accounted for as in the past as a *defined-contributions fund* since the Company's liability to its employee ends once it pays the relevant contribution into the pension fund. However, the TFR contributions paid to INPS's Treasury fund have also been accounted for as payments into a defined-contribution fund as the company is under no obligation to make any payment other than those required under the Ministerial Decree of January 30, 2007 if the fund is insufficient to ensure payment of benefits to the employee.

The following shows TFR still on company books

(euro/thousand)	At 12.31.2008	At 12.31.2007
A. Change in defined-benefit obligation		
1 Benefit liabilities at start of year	24,503	29,754
2 Current payroll benefit costs	88	866
3 Interest expense	1,139	1,070
4 Actuarial profit (loss) carried to equity	(476)	(1,981)
5 Benefit paid out by plan/company	(3,449)	(4,020)
6 Curtailment		(1,188)
7 Other movements	16	2
Benefit obligation at year end	21,821	24,503
B. Change in asset/liabilities recognised in the balance sheet		
<i>Unfunded/partly funded an totally funded plans</i>		
1 Benefit obligation at year end on unfunded plans	21,821	24,503
Liabilities carried to balance sheet, net	21,821	24,503
<i>Amounts carried to balance sheet</i>		
1 Liabilities	21,821	24,503
2 Assets		
C. Cost breakdown		
<i>Amounts carried to income statement</i>		
1 Current payroll benefit costs	88	866
2 Interest expense	1,139	1,070
Total cost carried to income statement	1,227	1,936
D. Main actuarial assumptions		
<i>Weighted average of assumptions used to measure benefit obligation</i>		
1 Discount rates	5.70%	5.35%
2 Inflation rate	2.00%	2.00%
<i>Weighted average of assumptions used to measure pension costs</i>		
1 Discount rate	5.35%	4.25%
2 Inflation rate	2.00%	2.00%

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23. Share-based payment

The stock option plans at December 31, 2008 as described in the "Report on Operations, paragraph Human Resources" are recorded on the balance sheet in accordance with IFRS 2.

SEAT Pagine Gialle S.p.A.'s stock option plans have been measured by an independent actuary using the binomial (*lattice model*) method recommended by the IASB using the following assumptions:

- current share price is the share price at the allocation date;
- the historic volatility of SEAT Pagine Gialle S.p.A. shares (calculated from August 1, 2003) is considered indicative of future volatility;
- dividend yield = 0. SEAT Pagine Gialle is a very new group, meaning that it was not possible at the allocation date to project an ordinary dividend distribution trend;
- interest rates on no-risk investments: benchmark is Italian government securities with maturity dates the same as exercise dates;
- strike price: it was assumed that options would be exercised whenever possible in line with increases in share price.

Telegate AG stock option plans were calculated in the same manner. However, the reference was to Telegate AG shares as quoted on the German stock market.

Beneficiaries	Grant date	Number of granted options	Number of expired options	End of the vesting period	Strike price (euro)	Number of exercised options	Number of not exercised options	Number of outstanding options at 12.31.2008	Fair value (euro/thousand)	of which accrued in the 2008
2004 stock option plans										
Employees of SEAT PG group	06.07.2004	59,265,000	(450,000)	09.30.2005	0.3341	(42,925,000)	(2,200,000)	13,690,000	5,590	-
Employees of SEAT PG group	06.30.2004	4,900,000	(800,000)	09.30.2005	0.3341	(1,900,000)		2,200,000	400	-
TDL Infomedia group	06.30.2004	10,000,000	(625,000)	09.30.2005	0.3341	(7,195,000)	(950,000)	1,230,000	922	-
Chief Executive Officer	11.25.2004	5,000,000		09.30.2005	0.3341			5,000,000	400	-
2005 stock option plans										
Employees of SEAT PG group	04.08.2005	67,400,000	(1,950,000)	09.30.2006	0.3221	(34,455,000)	(2,485,000)	28,510,000	5,633	-
Employees of SEAT PG group	11.04.2005	1,600,000		09.30.2006	0.3915		(1,600,000)		200	-
TDL Infomedia group	11.04.2005	9,335,000	(675,000)	09.30.2006	0.3221	(7,290,000)	(900,000)	470,000	745	-
Chief Executive Officer	04.08.2005	5,000,000		09.30.2006	0.3221			5,000,000	498	-
Key People plan	09.12.2006	20,000,000		04.15.2008	0.3724		(20,000,000)		1,595	290
Total		182,500,000	(4,500,000)			(93,765,000)	(28,135,000)	56,100,000	15,983	290
Piani 2005 gruppo Telegate										
Directors and employees	05.12.2005	293,000	(31,500)	05.12.2007	14.28	(240,500)		21,000	489	-
Directors and employees	06.01.2006	400,000	(40,625)	06.01.2008	16.09			359,375	819	144
Directors and employees	06.01.2008	319,000		06.01.2010	11.01			319,000	472	138
Total		1,012,000	(72,125)			(240,500)		699,375	1,780	282
Total for the SEAT PG group		183,512,000	(4,572,125)			(94,005,500)	(28,135,000)	56,799,375	17,763	572

Costs for stock options, of € 572 thousand in 2008 (€ 1,497 thousand in 2007) are accounted for in the income statement as non-recurring charges.

24. Other non-current liabilities

Other non-current liabilities, amounted to € 26,170 thousand at December 31, 2008 (€ 22,687 thousand at December 31, 2007) as follows

(euro/thousand)	Year 2008				Total	Year 2007
	Reserve for sale agents' termination indemnities	Reserve for restructuring expenses	Reserve for operating risks and charges	Other non-operating liabilities		Total
Balance at beginning of the year	21,344	1,315	28	-	22,687	21,814
Provision	3,638	2,014	833	2,454	8,939	4,968
Utilisation/repayment	(2,388)	(100)	(80)	-	(2,568)	(3,219)
Discounting losses (gains)	(436)	-	-	(91)	(527)	(876)
Change in the scope of consolidation and other movements	-	(1,084)	225	(1,502)	(2,361)	-
Balance at end of the year	22,158	2,145	1,006	861	26,170	22,687

In the light of current and future forecast cash flows, the balances at December 31, 2008 on non-current funds were discounted using the pre-tax discount rate that reflects the current market assessment of the cost of money to time ratio. The increase resulting from the passage of time and the change in the discount rate applied was recognised as financial income (€ 527 thousand).

The reserve for sales agents' termination indemnities, amounted to € 22,158 thousand at December 31, 2008, is the year-end liability to current sales agents that is payable under current law in the event their agency contract ends.

25. Reserves for current risks and charges (operating and non-operating)

(euro/thousand)	Year 2008			Total	Year 2007
	Reserve for commercial risks	Reserve for contractual and other operating risks	Non-operating reserves		Total
Balance at beginning of the year	14,944	19,240	9,981	44,165	39,259
Provisions	10,741	5,239	10,039	26,019	28,361
Utilisations	(11,135)	(1,447)	(6,777)	(19,359)	(17,791)
Reversal to the income statement	-	(675)	-	(675)	(6,253)
Other movements	-	1,138	1,172	2,310	589
Balance at end of the year	14,550	23,495	14,415	52,460	44,165

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The reserves for current risks and charges amounted to € 52,460 thousand at December 31, 2008 increased by € 8,295 thousand on December 31, 2007:

- reserve for commercial risks of € 14,550 thousand at December 31, 2008 accrued to cover claims on publishing errors on PAGINEGIALLE®, PAGINEBIANCHE® and Annuari;
- reserve for contract and other operating risks of € 23,495 thousand at December 31, 2008 (€ 19,240 thousand at December 31, 2007). They included a € 14,196 thousand to cover risks on legal disputes and a € 6,770 thousand on pending litigations against sales agents and employees;
- non-operating reserves of € 14,415 thousand at December 31, 2008 (€ 9,981 thousand at December 31, 2007) included a € 10,261 thousand reserve that rose € 10,000 thousand over the year to cover the expense SEAT Pagine Gialle S.p.A. will incur for completion of the 2007-2009 corporate Business Plan and for the start-up of the new corporate Business 2009-2011. This latter plan has been agreed at the union level and was approved by the Board of Directors in late December 2008. The new plan provides for the management of 210 redundancies in 2009-2011 through recourse to departure incentives, early retirement and the use of the *Cassa Integrazione Guadagni Straordinaria* (Special Wage Guarantee Fund). The present reserve must be considered together with the non-recurring company restructuring reserve which grew € 2,000 thousand over the period as a result of the company Business Plan.

26. Trade account payables and other current liabilities

(euro/thousand)	At 12.31.2008	At 12.31.2007	Change
Payables due to suppliers	165,668	185,184	(19,516)
Payables due to sales agents	50,444	52,845	(2,401)
Payables due to employees	28,050	25,906	2,144
Payables due to social security institutions	11,217	11,680	(463)
Payables due to related parties	1,614	1,199	415
Total trade account payables	256,993	276,814	(19,821)
Payables for services to be rendered	90,481	86,250	4,231
Advances from customers	2,309	5,749	(3,440)
Deferred income and other liabilities	25,739	33,602	(7,863)
Total payables for services to be rendered and other current liabilities	118,529	125,601	(7,072)

All trade account payables fall due within 12 months.

Services to be rendered and other current liabilities include € 65 thousand due in over 12 months (€ 77 thousand at December 31, 2007). In particular:

- payables due to suppliers, amounted to € 165,668 thousand at December 31, 2008 (€ 185,184 thousand at December 31, 2007) decreased by € 19,516 thousand on December 31, 2007. The change during the period reflects lower buying levels than in 2007;
- payables due to sales agents, amounted to € 50,444 thousand at December 31, 2008 (€ 52,845 thousand at December 31, 2007): this should be set against "commission advances" under "other current assets" of € 43,986 thousand at December 31, 2008 (€ 45,017 thousand at December 31, 2007);
- payables for services to be rendered, amounted to € 90,481 thousand at December 31, 2008 (€ 86,250 thousand at December 31, 2007), being advance invoicing for advertising, of which € 10,340 thousand already collected (€ 15,646 thousand at December 31, 2007).

27. Segment information

Presentation of the SEAT Pagine Gialle group is primarily by Business Area since the Group's risks and income are highly sensitive to the differences between the products and services offered. Presentation is secondly geographic.

The Group's operations are organised and managed separately to reflect the type of products and services supplied so that each Business Area is a separate strategic business unit offering various products and services on different market.

Intercompany transfer pricing applies the terms and conditions that also apply to transactions with non-Group entities.

Revenues, costs and results per Business Area include inter-area transfers, although these are eliminated in the consolidation.

Group territories are based on the location of the Group business and are essentially those of the "legal entity" that operates in the Business Area concerned.

See "Report on Operations, paragraph Economic and financial performance by Business Area" for details and comments on Business Areas and full information on their operating revenues and costs.

In 2008 and in accordance with IFRS 5, WLW and Calls you Control were restated as "Discontinued operations/non-current assets held for sale". Consequently, the 2008 cash flows of both companies were stated under "Profit (loss) on discontinued operations/non-current assets held for sale". At the same time, the 2007 income statement amounts were redetermined to make comparison of items consistent.

28. Revenue from sales and services

The revenue from sales and services € 1,375,989 thousand in 2008, a fall on 2007 (€ 1,444,213 thousand on *restated* 2007)

(euro/thousand)	Year 2008	Year 2007	Change	
		restated	Absolute	%
Italy Directories	1,058,731	1,090,198	(31,467)	(2.9)
UK Directories	118,124	158,206	(40,082)	(25.3)
Directory Assistance	190,433	185,793	4,640	2.5
Other Activities	70,279	71,564	(1,285)	(1.8)
IC eliminations	(61,578)	(61,548)	(30)	-
Total revenue from sales and services	1,375,989	1,444,213	(68,224)	(4.7)

See "Report on Operations, paragraph Economic and financial performance by Business Area" for further details.

29. Other income and operating costs

29.1 Other income

Other income amounted to € 16,983 thousand in 2008 (€ 5,375 thousand in *restated* 2007). This includes the € 5,540 thousand Deutsche Telekom repaid to Telegate AG upon the conclusion at the end of June 2008 of a legal action between the two Companies concerning an overpayment made by Telegate to Deutsche Telekom for the supply in previous years of telephone subscriber data. The judgment is now *res judicata* and concerns the cost involved in supplying data January-September 1999. The item also includes i) € 4,719 thousand income from Katalog from the sale of proprietary software user rights and the recovery of seconded personnel and other expenses, ii) € 1,354 thousand recovery from third parties of postal, legal and administration expenses.

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29.2 Materials

Materials amounted to € 56,308 thousand in 2008, a decrease of € 5,109 thousand on *restated* 2007.

This was € 43,968 thousand for paper costs, down 11.1% on 2007 due to the reduced number of printed directories.

The item also included goods for resale (€ 10,508 thousand; € 9,229 thousand in *restated* 2007).

29.3 External service

External service amounted to € 427,550 thousand in 2008, down € 15,174 thousand on *restated* 2007. The fall is essentially the result of lower production (-€ 8,260 thousand) and advertising (-€ 5,036 thousand) costs than in *restated* 2007. The item includes:

- *industrial production*: € 126,966 thousand in 2008, decreased by € 12,615 thousand on *restated* 2007. The fall in paper income was followed by a drop in the number of directories printed both by SEAT Pagine Gialle and Thomson Directories. This led to lower paper consumption and printing costs. Distribution and storage costs also went down € 3,670 thousand, partly because the TDL Infomedia group brought directory distribution back in house in October 2007. The fall in inbound call center costs (€ 2,707 thousand) was particularly marked in the Telegate group and resulted from lower call volumes and the closure of a number of call centers in France;
- *commission and other agent-related expense*: € 114,593 thousand in 2008, largely unchanged since *restated* 2007 (€ 114,791 thousand);
- *consultancy and professional services*: € 37,291 thousand in 2008, largely unchanged since *restated* 2007 (€ 36,983 thousand).

29.4 Salaries, wages and employee benefits

Salaries, wages and employee benefits amounted to € 239,785 thousand in 2008 was € 2,830 thousand down on *restated* 2007 (€ 242,615 thousand). At current euro/sterling exchange rate and consolidation scope, this item fell € 2,626 thousand. The costs of the TDL group fell € 5,198 thousand net of exchange adjustments as the company Business Plan focusing on Sales and IT began to bite, cutting the group's average workforce by 160. The consolidation of Telegate Media AG increased salaries, wages and employee benefits by € 7,436 thousand and raised the average workforce to 194.

At December 31, 2008 the Group's workforce, including administrators, project workforce and trainees, totalled 6,532 (6,421 at *restated* December 31, 2007). Average workers (FTE) over the period were 5,163 (5,308 in *restated* 2007).

29.5 Other operating expense

Other operating expense amounted to € 5,645 thousand in 2008 (€ 4,756 thousand in *restated* 2007) included € 1,302 thousand indirect tax and operating tax and € 499 thousand representation purchases and expenses.

29.6 Non-recurring costs, net

Non-recurring costs, net amounted to € 17,910 thousand in 2008 (€ 9,017 thousand in *restated* 2007) as follows

(euro/thousand)	Year 2008	Year 2007 restated	Change	
			Absolute	%
Stock option costs	572	1,497	(925)	(61.8)
Other non-recurring costs	17,338	8,708	8,630	99.1
Other non-recurring income	-	(1,188)	1,188	100.0
Total non recurring costs, net	17,910	9,017	8,893	98.6

The item includes:

- € 4,936 thousand for compensation that will be paid to the CEO, Luca Majocchi, when he leaves the Company and is consideration for a commitment not to undertake any activity with competitors of SEAT Pagine Gialle S.p.A.. For further details, go to paragraph 31 of the disclosures of Separate Financial Statements of SEAT Pagine Gialle S.p.A.;

- € 3,643 thousand for support to the Parent Company's management during the review of internet product strategy, the production of the new Business Plan and the valuation of the equity investment portfolio;
- € 3, 241 thousand for costs incurred in corporate to the Group of company reorganisations;
- € 2,445 thousand cost of moving employees to the new headquarters in Turin;
- € 2,514 thousand cost to the Telegate group of the integration of Telegate Media AG.

29.7 Restructuring costs, net

Restructuring costs, net amounted to € 13,741 thousand in 2008 (€ 7,519 thousand in *restated* 2007) as follows

	Year	Year 2007	Change	
	2008	restated	Absolute	%
Provision to reserve for restructuring expenses	12,014	6,201	5,813	93.7
Restructuring costs	1,727	1,318	409	31.0
Total restructuring costs, net	13,741	7,519	6,222	82.8

The item includes a € 12,000 thousand accrual to the company restructuring (current and non-current) reserve in respect of the costs SEAT Pagine Gialle S.p.A. will incur for its 2007-2009 Business Plan and to begin the new 2009-2011 Business Plan that has been agreed by the Unions and was approved by the Board of Directors at end of December 2008. The new plan provides for the shedding of 210 employees 2009-2011 through voluntary redundancies, early retirement and the use of the *Cassa Integrazione Guadagni Straordinaria* (Special Wage Guarantee Fund). At end 2008 provisions were made in accordance with IAS 37 for the management of the redundancies already identified at the balance-sheet date.

30. Interest income and expense

30.1 Interest expense

In 2008, *interest expense* amounted to € 281,819 thousand in 2008 (€ 258,505 thousand in *restated* 2007) as follows

(euro/thousand)	Year	Year 2007	Change	
	2008	restated	Absolute	%
Interest expense on the loan with The Royal Bank of Scotland Plc Milan Branch	115,295	124,056	(8,761)	(7.1)
Interest expense on the loan with Lighthouse International Company S.A.	109,519	109,902	(383)	(0.3)
Interest expense on asset-backed securities	13,906	11,797	2,109	17.9
Interest expense on leasing debt	2,905		2,905	n.s.
Other financial expense	17,180	10,896	6,284	57.7
Foreign exchange losses	23,014	1,854	21,160	n.s.
Total interest expense	281,819	258,505	23,314	9.0

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Interest expense includes € 23,014 thousand exchange loss (partly offset by € 17,941 thousand exchange gain recognised under interest income) on sterling intercompany receivables following the sharp drop in sterling against the euro over the year (€ 1,854 thousand exchange loss in 2007). It also includes the following non-recurring items: i) € 6,063 thousand write-down of credit positions and derivative hedges outstanding with Lehman Brothers (USA) at the time of its default and its entry into "Chapter 11" insolvency proceedings; ii) € 2,905 thousand in pre-financing expenses for real estate leasing that came into effect on December 23, 2008.

Net of the abovementioned components, interest expense fell € 6,814 thousand despite the rise in Euribor reference rate, since this was more than offset by the lower average debt exposure compared to *restated* 2007.

In particular, 2008 interest expense included:

- € 115,295 thousand (€ 124,056 thousand in *restated* 2007) on the "Senior Credit Agreement" between SEAT Pagine Gialle S.p.A. and The Royal Bank of Scotland Plc (Milan Branch), net of hedging gains (€ 3,671 thousand in 2008 and € 3,062 thousand in *restated* 2007);
- € 109,519 thousand (essentially in line with 2007) on the "Subordinated" loan from Lighthouse International Company S.A.;
- € 13,906 thousand (€ 11,797 thousand in *restated* 2007) on asset-backed securities issued by Meliadi Finance S.r.l. as part of the receivables securitization started by SEAT Pagine Gialle S.p.A. in June 2006 and still under way;
- € 20,085 thousand interest and other financial charges (€ 10,896 thousand in *restated* 2007), of which € 6,971 thousand on the discounting of non-current assets and liabilities (€ 6,846 thousand in *restated* 2007). This item also includes the cost of writing down the asset and derivatives positions held with Lehman Brothers at the date it defaulted and the above leasing pre-financing charges;
- € 23,014 thousand foreign exchange expense (€ 1,854 thousand in *restated* 2007).

30.2 Interest income

Interest income included:

- € 7,736 thousand (€ 7,916 thousand in *restated* 2007) from the short-term cash deposits in banks at market rates;
- € 7,457 thousand other interest income (€ 7,274 thousand in *restated* 2007), of which € 6,264 thousand from Thomson group pension fund assets;
- € 17,941 thousand foreign exchange income (€ 2,629 thousand in *restated* 2007) mainly as a result of the change in the euro/sterling exchange rate.

31. Gains (loss) on investments valued at equity

Negative for € 7,234 thousand in 2008 (negative for € 3,314 in *restated* 2007) being is mainly the impairment of Katalog YaYin ve Tanitim Hizmetleri A.S. to reflect the 2008 loss attributable to the SEAT Pagine Gialle group. In addition, in the light of the worsening Turkish economy and the negative impact foreseen on business growth, goodwill (€ 2,646 thousand) was also written down. In 2007 this item was primarily foreign exchange loss carried to loss on January 1, 2007 deconsolidation of Consodata Group Ltd. after its liquidation and deletion from the Companies Register. Up to December 2006 these losses were held in the equity "translation reserve", as required under IAS 21.

32. Income taxes for the year

Income taxes amounted to € 69,478 thousand for 2008 (€ 79,482 thousand in *restated* 2007) as follows

(euro/thousand)	Year	Year 2007	Change	
	2008	restated	Absolute	%
Current income taxes	68,924	39,662	29,262	73.8
Reversal of deferred tax assets	(2,037)	101,879	(103,916)	n.s.
Provision (reversal) of deferred tax liabilities	2,625	(62,877)	65,502	n.s.
Income taxes referred to the previous years	(34)	818	(852)	n.s.
Total income taxes for the year	69,478	79,482	(10,004)	(12.6)

Current income taxes for the financial year 2008 were materially up on 2007 *restated*, which used up all SEAT Pagine Gialle S.p.A. previous tax losses, exposing 2008 taxable income to full taxation. Tax assets mirrored this, having been reversed in 2007 to absorb previous loss. Current tax was also affected by the reduction in Customer Database amortisation once Law 342/2000 of 2005 began its impact on current tax in 2008 (€ 50,888 thousand) and the 2008 Financial Law ended the full deductibility of interest expense (€ 16,292 thousand). Unlike 2007, the Income Statement no longer shows any application of deferred tax to the annual share of Customer Database amortisation, a result of the above.

The **reconciliation** of actual and theoretical income taxes - by applying to pre-tax results the Italian tax rates at December 31, 2008 and 2007 - is as follows

(euro/thousand)	Year 2008	Year 2007
Income before income taxes	(27,122)	186,447
Current income taxes calculated with the theoretical tax rate	8,516	(69,452)
Fiscal effect on non-deductible expenses for IRAP purposes (personnel expenses, interest income and expense, etc.)	(20,215)	(16,200)
Benefits on non-recognised tax losses of previous years	(55)	7,449
Non-recognised tax losses for the year	-	(25)
Effects of different tax rates in foreign countries	1,724	1,724
Lower income taxes referred to previous years	(34)	(818)
Permanent differences	(59,414)	(2,887)
Total income taxes for the year	(69,478)	(80,209)

Permanent differences are non-deductible items in respect of impairment write-down (€ 39,206 thousand) that had a material impact on 2007 pre-tax results. The permanent differences include interest expense that SEAT Pagine Gialle S.p.A. cannot deduct, including that mentioned in art. 96 of the Combined Income Tax Act, because it is at present unlikely that the gross operating income referred to in art. 96 will in future be sufficient for fiscal deduction of interest expense not deducted in the current financial year. Deferred tax assets in the amount of € 16,292 thousand have therefore not been recognised.

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Net deferred tax assets and liabilities

(euro/thousand)	At 12.31.2007	Change during the year			At 12.31.2008
		Income taxes accounted for in the income statement	Income taxes accounted for the equity	Foreign exchange adjustments and other movements	
Deferred tax assets					
Tax losses	1,333	(983)		(447)	(97)
Allowance for doubtful trade account receivables	36,664	(840)		(131)	35,693
Reserves for contractual risks	12,251	1,714			13,965
Write-down of investments	36				36
Fair value of "cash flow hedge" instruments		1,667			1,667
Reserves to employees	5,355	(1,358)	(809)	(1,088)	2,100
Other	12,012	1,837	19	(132)	13,773
Total deferred tax assets	67,651	2,037	(790)	(1,798)	67,100
Deferred tax liabilities					
Customer DataBase	(29,686)	614			(29,072)
Goodwill amortisation	(20,333)	(4,159)			(24,492)
Reserves to employees	(1,459)		(154)		(1,613)
Other	(6,919)	920		(9,650)	(15,649)
Total deferred tax liabilities	(58,397)	(2,625)	(154)	(9,650)	(70,826)
Total	9,254	(588)	(944)	(11,448)	(3,726)
shown in the balance sheet as:					
- net deferred tax assets	14,343				10,442
- net deferred tax liabilities	(5,089)				(14,168)

Current tax assets

Current tax assets amounted to € 7,016 thousand at December 31, 2008 (€ 21,054 thousand at December 31, 2007) as follows

(euro/thousand)	At 12.31.2008	At 12.31.2007	Change
Income tax receivables	4,941	18,326	(13,385)
Other tax receivables	2,075	2,728	(653)
Total current tax assets	7,016	21,054	(14,038)

Current tax payables

Current tax payables amounted to € 72,764 thousand at December 31, 2008 (€ 54,413 thousand at December 31, 2007) as follows

(euro/thousand)	At 12.31.2008	At 12.31.2007	Change
Income tax payables	45,810	34,309	11,501
Other tax payables	26,954	20,104	6,850
Total current tax payables	72,764	54,413	18,351

33. Discontinued operations/ non-current assets held for sale

In 2008 and as required under IFRS 5, the WLW group (sold on December 23, 2008) and Calls You Control Ltd., which stopped trading in July 2008 and will soon be wound up, were restated as "Discontinued operations/non-current assets held for sale".

Concerning the WLW group:

- 2007: income statement and cash flow statement figures are for the last quarter of the year since the company was consolidated on October 1, 2007;
- 2008: income statement and cash flow statement figures are for January 1, 2008 - September 30, 2008, the effective dates for accounting purposes of the disposal.

Economic results of discontinued operations/non-current assets held for sale

(euro/thousand)	Year 2008	Year 2007 restated
Revenue	26,594	9,276
GOP	3,843	1,869
EBITDA	3,851	1,966
EBIT	2,649	1,363
Interest expense, net	591	460
Income taxes for the year	(855)	(716)
Net income of non-current assets held for sale and discontinued operations	2,385	1,108
WLW disposal loss	(79,100)	-
Other sale expense	(365)	-
Profit (loss) on non current assets held for sale and discontinued operations	(77,080)	1,108

Cash flow statement

(euro/thousand)	Year 2008	Year 2007 restated
Purchase of the German WLW group	-	(118,135)
Cash flows on non-current assets held for sale	4,373	(1,257)
- <i>Cash inflow from operating activities</i>	5,447	(1,633)
- <i>Cash outflow for investments</i>	(410)	(603)
- <i>Cash (outflow) inflow for financing</i>	(664)	979
Net collections on disposal of WLW	38,241	-
Cash flow on non-current assets held for sale/discontinued operations	42,614	(119,392)

"Discontinued operations/assets held for sale" and "Direct liabilities on discontinued operations/non current assets held for sale" at December 31, 2008 include Calls You Control Ltd..

(euro/thousand)	At 12.31.2008
Tax assets	40
Trade account receivables	68
Cash and cash equivalent	806
Non-current assets held for sale discontinued operations	914
Trade account payables	38
Direct liabilities on non-current assets held for sale and discontinued operations	38

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34. Related party transactions

In accordance with IAS 24 and art. 2(h) of CONSOB Issuer Regulation 11971/1999 as amended, the following are the economic and financial impacts of transactions with related parties on the 2007 Consolidated Financial Statements of the SEAT Pagine Gialle group.

In the consolidated data, the economic and financial effects arising from intra-group operations have been eliminated.

All transactions by Group companies with related parties, including intra-group operations, were ordinary business transactions under market conditions or particular laws and regulations. There were no atypical and/or unusual transactions or transactions that may represent a conflict of interests, apart from the agreement to extend the dividend payment deadline for companies with a material influence over the Company (leading shareholders). For further details, go to paragraph 19 of this note.

Related party transactions 2008

INCOME STATEMENT

	Total items	Associates	Companies with significant influence	Other related parties (*)	Total related parties	% impact on item
(euro/thousand)						
Other income	16,983	3,235	-	-	3,235	19.0
Material and external services	483,858	-	-	121	121	n.s.
Salaries, wages and employee benefits	239,785	-	-	7,306	7,306	3.0
Non-recurring costs	17,910	-	-	5,037	5,037	28.1
Interest expense	281,819	109,838	301	-	110,139	39.1

(*) Directors, statutory auditors and executives with strategic responsibility.

BALANCE SHEET

	Total items	Associates	Companies with significant influence	Other related parties (*)	Total related parties	% impact on item
(euro/thousand)						
Non-current financial debts	3,031,488	1,269,470	-	-	1,269,470	41.9
Non-current reserves to employees	34,767	-	-	413	413	1.2
Other non-current liabilities	26,170	-	-	861	861	3.3
Current financial debts	293,835	17,375	30,462	-	47,837	16.3
Trade account payables	256,993	-	-	1,390	1,390	0.5
Payables for services to be rendered and other current liabilities	118,529	-	-	4,075	4,075	3.4
Other current assets	68,414	2,867	-	-	2,867	4.2

(*) Directors, statutory auditors and executives with strategic responsibility.

Related party transactions 2007

INCOME STATEMENT

	Total items	Associates	Companies with significant influence	Other related parties (*)	Total related parties	% impact on item
(euro/thousand)						
Material and external services	500,441			105	105	n.s.
Salaries, wages and employee benefits	242,615			2,437	2,437	1.0
Non-recurring costs	9,017			100	100	1.1
Interest expense	258,505	109,902			109,902	42.5

(*) Directors, statutory auditors and executives with strategic responsibility.

BALANCE SHEET

	Total items	Associates	Companies with significant influence	Other related parties (*)	Total related parties	% impact on item
(euro/thousand)						
Non-current financial debts	3,190,372	1,264,202			1,264,202	39.6
Non-current reserves to employees	47,183			390	390	0.8
Current financial debts	215,508	17,375	30,161		47,536	22.1
Trade account payables	276,814			1,076	1,076	0.4
Investments	65,611			588	588	0.9

(*) Directors, statutory auditors and executives with strategic responsibility.

Cash Flow statement of related parties 2008 - 2007

	Year 2008	Related parties 2008	Incidenza %	Year 2007 restated	Related parties 2007	% impact
(euro/thousand)						
Cash inflow (outflow) from operating activities	545,503	(6,823)	(1.3)	596,869	(1,696)	(0.3)
Cash outflow for investments	(87,987)			(69,741)	(588)	0.8
Cash outflow for financing	(400,077)	(104,570)	26.1	(511,382)	(86,655)	16.9
Cash flow on non-current assets held for sale and discontinued operations	42,614			(119,392)		
Cash flow for the year	100,053	(111,393)	n.s.	(103,646)	(88,939)	85.8

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Principal economic and financial items relating to associates and jointly-controlled companies and companies with a significant influence on SEAT Pagine Gialle S.p.A.

INCOME STATEMENT (euro/thousand)	2008	2007	Type of transaction
OTHER INCOME			
Katalog Yayın ve Tanıtım Hizmetleri A.S.	3,235		recovery of seconded personnel expense and repayments for services.
Total other income	3,235	-	
INTEREST EXPENSE			
Lighthouse International Company S.A.	109,838	109,902	interest expense, changes and write-down of multi-year charges on long-term subordinated facilities.
Leading shareholders	301	-	interest expense on dividends to leading shareholders.
Total interest expense	110,139	109,902	
BALANCE SHEET (euro/thousand)	2008	2007	Type of transaction
NON-CURRENT FINANCIAL DEBTS			
Lighthouse International Company S.A.	1,269,470	1,264,202	subordinated financing.
Total non-current financial debts	1,269,470	1,264,202	
OTHER CURRENT ASSETS			
Katalog Yayın ve Tanıtım Hizmetleri A.S.	2,867	-	recovery of costs an services provided.
Total other current assets	2,867	-	
CURRENT FINANCIAL DEBTS			
Leading shareholders	30,462	30,161	dividends to leading shareholders, interest-bearing since November 1, 2008.
Lighthouse International Company S.A.	17,375	17,375	outstanding interest expense for the period.
Total current financial debts	47,837	47,536	

For details of Directors, Statutory Auditors and Executives with strategic responsibility, go to paragraph 32 of the disclosures to the Separate Financial Statements of SEAT Pagine Gialle S.p.A. as at December 31, 2008.

35. Other information

Remuneration to the external auditors and other entities in their network

Within the meaning of art. 149-*duodecies* of the CONSOB Issuer Regulation (resolution 11971/1999 as amended), the following table shows fees in respect of audit and other services for the financial year 2008 provided to the SEAT Pagine Gialle group by Reconta Ernst & Young and the entities in its network.

(euro/thousand)	Year 2008	Year 2007
Gruppo Reconta Ernst & Young		
SEAT Pagine Gialle S.p.A.		
- Audit	200	200
- Attest services	55	50
- Tax advice	10	3
- Other services	324	141
Total	589	394
Subsidiaries		
- Audit	755	609
- Tax advice	21	19
- Other services	108	22
Total	884	650

List of investments consolidated on a line-by-line basis
(CONSOB notice DEM/6064293 of July 28, 2006)

Annex 1

Company (business)	Registered office	Share capital		Ordinary shares held		% held by SEAT Pagine Gialle S.p.A.
				%	by	
CIPi S.p.A. (merchandising of promotional objects)	Milan (Italy)	Euro	1,200,000	51.00	SEAT Pagine Gialle S.p.A.	51.00
CONSODATA S.p.A. (direct marketing services; database creation, management and distribution)	Rome (Italy)	Euro	2,446,330	100.00	SEAT Pagine Gialle S.p.A.	100.00
EUROPAGES S.A. (production, promotion and marketing of the "Europages" directory)	Paris (France)	Euro	2,800,000	93.562	SEAT Pagine Gialle S.p.A.	93.562
EUROPAGES GmbH (in liquidazione) (promotion and marketing of the "Europages" directory)	Munich (Germany)	Euro	25,000	100.00	Europages S.A.	93.562
EUROPAGES Benelux SPRL (promotion and marketing of the "Europages" directory)	Brussels (Belgium)	Euro	20,000	99.00	Europages S.A.	92.626
PRONTOSEAT S.r.l. (call center services)	Turin (Italy)	Euro	10,500	100.00	SEAT Pagine Gialle S.p.A.	100.00
SEAT CORPORATE UNIVERSITY S.c.a.r.l. (training activity for manager especially in advertising communications to SMEs)	Turin (Italy)	Euro	10,000	95.00 5.00	SEAT Pagine Gialle S.p.A. Prontoseat S.r.l.	100.00
TDL INFOMEDIA Ltd. (holding)	Hampshire (United Kingdom)	Sterling	139,525	100.00	SEAT Pagine Gialle S.p.A.	100.00
THOMSON DIRECTORIES Ltd. (publishing and distribution of directories)	Hampshire (United Kingdom)	Sterling	1,340,000	100.00	TDL Infomedia Ltd.	100.00
CALLS YOU CONTROL Ltd. (call routing services provider)	Hampshire (United Kingdom)	Sterling	1	100.00	Thomson Directories Ltd.	100.00
THOMSON DIRECTORIES PENSION COMPANY Ltd. (administration of Thomson Directories Pension Fund)	Hampshire (United Kingdom)	Sterling	2	100.00	Thomson Directories Ltd.	100.00
TELEGATE HOLDING GmbH (holding)	Munich (Germany)	Euro	26,100	100.00	SEAT Pagine Gialle S.p.A.	100.00
TELEGATE AG (call center services)	Munich (Germany)	Euro	21,234,545	16.24 61.13	SEAT Pagine Gialle S.p.A. Telegate Holding GmbH	77.37
DATAGATE GmbH (call center services)	Munich (Germany)	Euro	60,000	100.00	Telegate AG	77.37
11880.COM GmbH (call center services)	Munich (Germany)	Euro	25,000	100.00	Datagate GmbH	77.37
MOBILSAFE AG (in liquidazione) (internet services)	Munich (Germany)	Euro	150,000	100.00	Datagate GmbH	77.37

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TELEGATE AKADEMIE GmbH (training of call center personnel)	Rostock (Germany)	Euro	25,000	100.00	Telegate AG	77.37
TELEGATE AUSKUNFTDIENSTE GmbH (call center services)	Munich (Germany)	Euro	25,000	100.00	Telegate AG	77.37
11811 NUEVA INFORMACION TELEFONICA S.A.U. (call center services)	Madrid (Spain)	Euro	222,000	100.00	Telegate AG	77.37
11880 TELEGATE GmbH (call center services)	Vienna (Austria)	Euro	35,000	100.00	Telegate AG	77.37
TELEGATE ITALY S.r.l. (call center services)	Turin (Italy)	Euro	129,000	100.00	Telegate AG	77.37
TELEGATE 118000 Sarl (call center services)	Paris (France)	Euro	118,000	100.00	Telegate AG	77.37
UNO UNO OCHO CINCO CERO GUIAS S.L. (call center services)	Madrid (Spain)	Euro	3,100	100.00	Telegate AG	77.37
TELEGATE MEDIA AG (sale of on-line directories)	Essen (Germany)	Euro	4,039,999	96.97	Telegate AG	75.03
MELIADI FINANCE S.r.l. * (special purpose entity)	Milan (Italy)	Euro	10,000	-		-

* SPE set up for the securitization of trade account receivables within the meaning of Law 130/99, not owned by the SEAT Pagine Gialle group but fully consolidated in accordance with SIC 12.

Annex 2

Company	Currency	Equity	Income (loss)	% held by SEAT Pagine Gialle S.p.A.	Equity held by SEAT Pagine Gialle
(thousand)		(1) (2)	(1)		
CIPI S.p.A.	Euro	6,245	1,814	51.00	3,185
CONSODATA S.p.A.	Euro	13,168	1,646	100.00	13,168
EUROPAGES S.A. ⁽³⁾	Euro	1,082	(4,233)	93.562	1,012
PRONTOSEAT S.r.l.	Euro	868	94	100.00	868
SEAT CORPORATE UNIVERSITY S.c.a.r.l.	Euro	10	-	100.00	10
TDL INFOMEDIA Ltd. ⁽³⁾	Sterling	90,190	(15,853)		
	Euro	94,686	(19,909)	100.00	94,686
TELEGATE HOLDING GmbH	Euro	67,525	9,233	100.00	67,525
TELEGATE AG ⁽³⁾	Euro	96,092	24,346	77.37	74,346

(1) Data adduced from the latest Financial Statements.

(2) Income (loss) for the year included.

(3) Amounts referred to the last consolidated Financial Statements of the subsidiary.

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Investments valued at equity (CONSOB circular DEM/6064293 of July 28, 2006)

Annex 1

Company (business)	Registered office	Share capital	Ordinary shares held		% held by SEAT Pagine Gialle S.p.A.	
			%	by		
Associates						
LIGHTHOUSE INTERNATIONAL COMPANY S.A. (holding)	Luxembourg	Euro	31,000	25,00	SEAT Pagine Gialle S.p.A.	25.00
INDIRECT S.P.R.L. (in liquidation) (supply of services)	Brussels (Belgium)	Euro	148,736	27,00	TDL Infomedia Ltd.	27.00
TDL BELGIUM S.A. (in liquidation) (publishing and distribution of directories)	Brussels (Belgium)	Euro	18.594,176	49,60	TDL Infomedia Ltd.	49.60
Joint venture						
KATALOG YAYIN VE TANITIM HIZMETLERI A.S. (publishing and distribution of directories)	Istanbul (Turkey)	Turkish Lira	26,500,000	50,00	SEAT Pagine Gialle S.p.A.	50.00

Annex 2

Company (thousand)	Currency	Equity	Profit	% held by SEAT Pagine Gialle S.p.A.	Equity held
		(1) (2)	(loss) (1)		by SEAT Pagine Gialle
LIGHTHOUSE INTERNATIONAL COMPANY S.A.	Euro	406	(7)	25.00	102
INDIRECT S.P.R.L. (in liquidation)	Euro	9	(38)	27.00	3
TDL BELGIUM S.A. (in liquidation)	Euro	(9,616)	(12,286)	49.60	(4,769)
KATALOG YAYIN VE TANITIM HIZMETLERI A.S.	Euro	4,130	(9,167)	50.00	2,065

(1) Data adduce from the latest financial statements.

(2) Includes profit (loss) for the period.

➤ Certification of the Consolidated Financial Statements pursuant to art. 81-ter of CONSOB Regulation 11971 of May 14, 1999 as amended and supplemented

1. The undersigned Luca Majocchi, acting in his capacity as Chief Executive Officer, and Massimo Cristofori, acting in his capacity as manager responsible for the preparation of the financial statements of SEAT Pagine Gialle S.p.A., hereby declare, taking due account of section 154-bis, sub-sections 3 and 4 of Legislative Decree 58 of February 24, 1998, that in the preparation of the Consolidated Financial Statements all administrative and accounting procedures considered appropriate to the nature of the undertaking were applied in 2008.
2. All administrative and accounting procedures relating to the preparation of the Consolidated Financial Statements as at December 31, 2008 were critically reviewed during the year to ensure their relevance and full application. The review did not reveal any anomalies.
3. We furthermore declare that:
 - 3.1. the Consolidated Financial Statements as at December 31, 2008:
 - have been prepared in accordance with the IAS/IFRS recognised as applicable by the European Community and under section 9 of Legislative Decree 38/2005 and that they offer a true and fair view of the Group's asset, economic and financial position;
 - agree with the books and accounting records;
 - offer a true and fair view of the assets economic and financial position of the Company and of all the companies included in the consolidation;
 - 3.2. the Report on Operations includes a reliable analysis of operating performance and results, of the position of the Company (Group) and a description of the main risks and uncertainties to which it is exposed.

Milan, March 6, 2009

Chief Executive Officer
Luca Majocchi

Manager responsible for the
preparation of the financial statements
Massimo Cristofori

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➤ Report of the Statutory Auditors on the Consolidated Financial Statements of the SEAT Pagine Gialle group as at December 31, 2008

Dear Shareholders of the Parent Company SEAT Pagine Gialle S.p.A.,

The present report concerns the Consolidated Financial Statements of the SEAT Pagine Gialle group as at December 31, 2008.

It takes account of the duties of the Board of Statutory Auditors as set out in Legislative Decree 58 of February 24, 1998 and consequently to the Report on the Financial Statements as at December 31, 2008 of SEAT Pagine Gialle S.p.A..

On this basis, the Statutory Auditors have:

- investigated and ensured, within the scope of their authority, that the organisation of the Company is adequate and that there is compliance with the principles applying to proper administration. They have done this through direct observation, the obtaining of information from management and through meetings with Reconta Ernst & Young S.p.A. to exchange relevant data and information;
- received as required by law from the Board of Directors the Balance Sheet for the financial year 2008, the Report on Operations and the Consolidated Balance Sheet and associated report;
- checked compliance with the laws governing consolidated balance sheets and reports on operations;
- have taken account of the March 13, 2009 report of the Independent Auditors, which provides a clean opinion;
- the financial statements of the leading subsidiaries have been audited by their own Statutory Auditors and by an Independent Auditor.

Our supervision has revealed no material events requiring comment in this Report.

For the sake of completion, we refer to our Report on the Separate Financial Statements of SEAT Pagine Gialle S.p.A., which provides all the information required by the Italian stock market authorities.

In our opinion the Consolidated Financial Statements as a whole offer a correct view of the assets, finances and economic position of the SEAT Pagine Gialle group (which shows a loss of € 179,646,000) for the financial year as at December 31, 2008 and comply with the above regulations governing consolidated financial statements.

It is also our opinion that the Group's Report on Operations is correct and consistent with the Consolidated Financial Statements.

Milan, March 16, 2009

The Statutory Auditors

Enrico Cervellera

Vincenzo Ciruzzi

Andrea Vasapolli



Reconta Ernst & Young S.p.A.
Corso Vittorio Emanuele II, 83
10128 Torino

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Independent auditors' report
pursuant to Article 156 of Legislative Decree No. 58 of February 24, 1998
(Translation from the original Italian text)

To the Shareholders of SEAT Pagine Gialle S.p.A.

1. We have audited the consolidated financial statements of SEAT Pagine Gialle S.p.A. and its subsidiaries, (the "SEAT Group") as of and for the year ended December 31, 2008, comprising the balance sheet, the statement of income, changes in shareholders' equity and cash flows and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Italian Legislative Decree n° 38/2005 is the responsibility of the SEAT Pagine Gialle S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. Our audit was made in accordance with auditing standards and procedures recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards and procedures, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

The consolidated financial statements present the comparative data of the preceding year. As described in the explanatory notes, management restated the comparative information related to the financial statements of the preceding year, on which we issued our auditors' report on April, 7 2008. We have examined the methods adopted to restate the comparative financial information for the same period of the preceding year for the purpose of our opinion as of and for the year ended December 31, 2008.

3. In our opinion, the consolidated financial statements of the SEAT Group at December 31, 2008 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Italian Legislative Decree n° 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations, the changes in shareholders' equity and the cash flows of the SEAT Group for the year then ended.

4. The management of SEAT Pagine Gialle S.p.A. is responsible for the preparation of the Report on Operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Report on Operations with the financial statements as required by art. 156, paragraph 4-bis, letter d) of the Legislative Decree 58/98. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the Report on Operations is consistent with the consolidated financial statements of the SEAT Group as of December 31, 2008.

Turin, March 13, 2009

Reconta Ernst & Young S.p.A.
signed by: Mario Lamprati, partner

Reconta Ernst & Young S.p.A.
Sede Legale: 00196 Roma - Via G.D. Romagnosi, 18/A
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Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584
P.I. 00891231003
Iscritta all'Albo Revisori Contabili al n. 70945 Pubblicato sulla G.U.
Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
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Separate Financial Statements of SEAT Pagine Gialle S.p.A.

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Foreword

In the last quarter of 2008 and in line with IFRS 5, the German group WLW (sold on December 23, 2008) was reclassified under "Non-current assets held for sale and discontinued operations".

As a result,

- the 2008 operating results of WLW are shown under "Net profit (loss) from discontinued operations/non-current assets held for sale".
- the 2008 Cash Flow Statement shows separately the cash flows over the year from the operation and management of the WLW group. The 2007 Cash Flow Statement has also been *restated* to ensure consistency.

➤ Separate Balance Sheet of SEAT Pagine Gialle S.p.A. as at December 31, 2008

Assets

	At 12.31.2008	At 12.31.2007	Change	Note
(euro/thousand)				
Non-current assets				
Intangible assets with indefinite useful life	3,187,161	3,187,161	-	(5)
Intangible assets with finite useful life	172,083	328,382	(156,299)	(7)
Property, plant and equipment	14,120	14,080	40	(8)
Leased assets	62,571	-	62,571	(9)
Investments	252,361	551,675	(299,314)	(10)
Other non-current financial assets from third parties	2,130	2,119	11	(11)
Other non-current assets	81	97	(16)	(14)
Total non-current assets	(A) 3,690,507	4,083,514	(393,007)	
Current assets				
Inventories	10,683	11,573	(890)	(12)
Trade account receivables	596,776	604,531	(7,755)	(13)
Current tax assets	4,559	16,575	(12,016)	(29)
Other current assets	60,958	54,517	6,441	(14)
Current financial assets from third parties	1,932	13,043	(11,111)	(18)
Current financial assets from related parties	84,459	99,099	(14,640)	(18)
Cash and cash equivalents	198,864	90,932	107,932	(18)
Total current assets	(B) 958,231	890,270	67,961	
Total assets	(A+B) 4,648,738	4,973,784	(325,046)	

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Liabilities and equity

(euro/thousand)	At 12.31.2008	At 12.31.2007	Change	Note
Equity				
Share capital	250,352	250,352	-	(15)
Additional paid-in capital	465,103	465,103	-	(15)
Reserve for transition to IAS/IFRS	161,750	161,750	-	(15)
Retained earnings	163,548	73,475	90,073	(15)
Reserve for stock options	4,352	6,172	(1,820)	(15)
Reserve for "cash-flow hedge" instruments	(10,931)	5,262	(16,193)	(15)
Reserve for actuarial gains (losses)	1,717	1,311	406	(15)
Other reserves	50,183	50,088	95	(15)
Profit (loss) for the year	(211,417)	88,310	(299,727)	
Total equity	(A) 874,657	1,101,823	(227,166)	(15)
Non-current liabilities				
Non-current financial debts to third parties	1,506,657	1,670,940	(164,283)	(18)
Non-current financial debts to related parties	1,440,625	1,432,713	7,912	(18)
Non-current reserves to employees	20,406	22,539	(2,133)	(21)
Deferred tax liabilities, net	3,134	4,142	(1,008)	(29)
Other non-current liabilities	25,019	22,428	2,591	(23)
Total non-current liabilities	(B) 2,995,841	3,152,762	(156,921)	
Current liabilities				
Current financial debts to third parties	242,597	166,906	75,691	(18)
Current financial debts to related parties	118,744	153,153	(34,409)	(18)
Trade account payables	218,907	230,926	(12,019)	(25)
Payables for services to be rendered and other current liabilities	95,201	84,704	10,497	(25)
Reserve for current risks and charges	43,509	39,260	4,249	(24)
Current tax payables	59,282	44,250	15,032	(29)
Total current liabilities	(C) 778,240	719,199	59,041	
Total liabilities	(B+C) 3,774,081	3,871,961	(97,880)	
Total liabilities and equity	(A+B+C) 4,648,738	4,973,784	(325,046)	

➤ Income Statement of SEAT Pagine Gialle S.p.A. 2008

(euro/thousand)	Year 2008	Year 2007	Change		Note
			Absolute	%	
Sales of goods	14,376	19,419	(5,043)	(26.0)	(26)
Rendering of services	1,044,355	1,070,798	(26,443)	(2.5)	(26)
Revenue from sales and services	1,058,731	1,090,217	(31,486)	(2.9)	(26)
Other income	11,585	6,483	5,102	78.7	(27)
Total revenues	1,070,316	1,096,700	(26,384)	(2.4)	
Materials	(51,193)	(52,466)	1,273	2.4	(27)
External services	(348,094)	(352,241)	4,147	1.2	(27)
Salaries, wages and employee benefits	(92,131)	(87,556)	(4,575)	(5.2)	(27)
Other valuation adjustments	(38,195)	(31,236)	(6,959)	(22.3)	(13-14)
Provisions to reserves for risks and charges, net	(11,011)	(16,659)	5,648	33.9	(24)
Other operating expense	(2,801)	(3,060)	259	8.5	(27)
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net	526,891	553,482	(26,591)	(4.8)	
Amortisation, depreciation and write-down	(196,321)	(188,831)	(7,490)	(4.0)	(5-7-8)
Non-recurring costs, net	(14,267)	(5,608)	(8,659)	n.s.	(27)
Restructuring costs, net	(12,351)	(7,469)	(4,882)	(65.4)	(27)
Operating income	303,952	351,574	(47,622)	(13.5)	
Interest expense	(277,728)	(252,293)	(25,435)	(10.1)	(28)
Interest income	43,452	47,919	(4,467)	(9.3)	(28)
Gains (losses) on disposal/valuation of investmets	(154,655)	192	(154,847)	n.s.	(10)
Income before income taxes	(84,979)	147,392	(232,371)	n.s.	
Income taxes for the year	(50,931)	(59,082)	8,151	13.8	(29)
Profit (loss) on continuing operations	(135,910)	88,310	(224,220)	n.s.	
Profit (loss) on non-current assets held for sale and discontinued operations	(75,507)	-	(75,507)	n.s.	(30)
Profit (loss) for the year	(211,417)	88,310	(299,727)	n.s.	

	At 12.31.2008 post capital regrouping	At 12.31.2008	At 12.31.2007 post capital regrouping	At 12.31.2007
Number of SEAT Pagine Gialle S.p.A. shares	41,725,276	8,345,055,482	41,725,276	8,345,055,482
- ordinary shares	41,044,903	8,208,980,696	41,044,903	8,208,980,696
- savings shares	680,373	136,074,786	680,373	136,074,786
Profit (loss) for the year	€/thousands (211,417)	(211,417)	88,310	88,310
Profit (loss) per share	€ (5.0669)	(0.0253)	2.1125	0.0106
Diluted profit (loss) per share	€ n.a.	(0.0253)	2.1084	0.0105

Profit per share were calculated by dividing operating result by the average number of shares outstanding over the period. Diluted profit per share is calculated using the average weighted number of shares in circulation during the fiscal year, modified assuming subscription of all the potential shares derived from exercising the options with a dilutive effect pursuant to IAS 33, and taking account of the shareholder resolution of January 26, 2009 (effective February 9, 2009) for the capital regrouping came into effect at a ratio of one share for every two hundred ordinary and savings shares. For details see "Post-balance sheet events" in the Report on Operations.

According to IAS 33, there was no dilution of shareholders' equity and earnings per share in 2008, as the market value of SEAT Pagine Gialle's ordinary share is significantly lower than the strike price of the options still exercisable as at December 31, 2008.

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➤ Cash Flow Statement of SEAT Pagine Gialle S.p.A. 2008

(euro/thousand)		Year 2008	Year 2007 restated	Change
Cash inflow from operating activities				
Profit (loss) on continuing operations		(135,910)	88,310	(224,220)
Amortisation, depreciation and write-down		196,321	188,831	7,490
Interest expense, net (*)		233,502	204,291	29,211
Costs for stock options		290	1,003	(713)
Income taxes for the year		50,931	59,082	(8,151)
(Gains) losses on disposal of non-current assets		(20)	(11)	(9)
(Gains) losses on disposal/valuation of investments		154,655	(192)	154,847
Change in working capital		(20,148)	(32,361)	12,213
Other changes		1,042	(528)	1,570
Cash inflow from operating activities	(A)	480,663	508,425	(27,762)
Cash outflow for investments				
Purchase of intangible assets with a finite useful life		(32,253)	(42,272)	10,019
Purchase of property, plant and equipment ⁽¹⁾		(8,055)	(9,119)	1,064
Equity investments and other financial investments		(4,298)	(6,324)	2,026
Preceeds from disposal of non-current assets		288	544	(256)
Cash outflow for investments	(B)	(44,318)	(57,171)	12,853
Cash outflow for financing				
Repayments of non current loans		(169,615)	(208,301)	38,686
Payment of interest expense, net		(226,898)	(186,048)	(40,939)
Change in other current financial assets and liabilities		(5,131)	65,105	(70,236)
Increase in share capital from exercised stock options		-	4,809	(4,809)
Distribution of dividends		(204)	(58,478)	58,274
Cash outflow for financing	(C)	(401,848)	(382,913)	(18,935)
Purchase of Wer liefert Was?		-	(148,928)	148,928
Proceeds from capital repayment		26,000	-	26,000
Proceeds on disposal of Wer liefert Was?		47,435	-	47,435
Cash flow on non-current assets held for sale and discontinued operations	(D)	73,435	(148,928)	222,363
Increase (decrease) in cash and cash equivalents in the year	(A+B+C+D)	107,932	(80,587)	188,519
Cash and cash equivalent at beginning of the year		90,932	171,519	(80,587)
Cash and cash equivalent at end of the year		198,864	90,932	107,932

(*) Minus net interest on updating operating/non-operating assets and liabilities.

(1) Does not include for 2008 € 62,571 thousand investment in the new headquarters in Turin financed by financial lease.

➤ Statement of Change in Equity for SEAT Pagine Gialle S.p.A. 2008

	Share capital	Additional paid-in capital	Other reserves	Profit (loss) for the year	Total
(euro/thousand)					
At 12.31.2007	250,352	465,103	298,058	88,310	1,101,823
Allocation of 2007 profit (loss)			88,106	(88,310)	(204)
Change in the reserve for "cash-flow hedge" instruments			(16,193)		(16,193)
Actuarial gains (losses) for the year on the reserve for severance indemnities			406		406
Fair value of stock option plans and other changes			242		242
Loss for the year				(211,417)	(211,417)
At 12.31.2008	250,352	465,103	370,619	(211,417)	874,657

➤ Statement of Change in Equity for SEAT Pagine Gialle S.p.A. 2007

	Share capital	Additional paid-in capital	Other reserves	Profit (loss) for the year	Total
(euro/thousand)					
At 12.31.2006	249,879	460,428	267,966	83,395	1,061,668
Allocation of 2006 profit (loss)			24,917	(83,395)	(58,478)
Exercise of stock options	473	4,675	(339)		4,809
Change in the reserve for "cash-flow hedge" instruments			3,729		3,729
Actuarial gains (losses) for the year on the reserve for severance indemnities			1,311		1,311
Fair value of stock option plans and other changes			474		474
Profit for the year				88,310	88,310
At 12.31.2007	250,352	465,103	298,058	88,310	1,101,823

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➤ Accounting policies and disclosures

1. Corporate information

SEAT Pagine Gialle S.p.A. is a public limited company listed on the Milan stock market. It is today a major multimedia platform offering to tens of millions of users detailed information and sophisticated search tools and to its advertisers a wide range of multi-platform advertising methods (print/voice/internet). These include highly innovative internet products, print directories and directory assistance services, plus a large selection of complementary advertising services.

The Company's registered office is at Via Grosio 10/4, Milan, and share capital is € 250,352 thousand.

The Company's main activities are described in "Report on operations, paragraph Economic and financial performance by Business Area, Italian Directories".

2. Basis of preparation

The Annual Financial Statements of SEAT Pagine Gialle S.p.A. have been prepared in accordance with Legislative Decree 38 of February 28, 2005, with the international accounting standards (IAS/IFRS) of the International Accounting Standards Board recognised as applicable by the European Union, including their interpretations by the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standing Interpretations Committee (SIC), and with applicable CONSOB regulations.

SEAT Pagine Gialle S.p.A. adopted the IAS/IFRS on January 1, 2005 when Regulation (EC) 1606/2002 of July 19, 2002 came into effect.

The Separate Financial Statements have been prepared at historical cost but derivative financial instruments and financial assets held for sale are accounted for at fair value.

The financial statements have been prepared in accordance with IAS 1:

- the *balance sheet* classifies assets and liabilities as "current or non-current" and separates "discontinued operations/non-current assets/liabilities held for sale", in accordance with IFRS 5;
- the *income statement* classifies operating cost by type as better reflecting the business of SEAT Pagine Gialle S.p.A. and being in line with internal reporting procedures. The operating results on continuing operations are also separated from net profit (loss) from discontinued operations/assets held for sale as per IFRS 5. In accordance with CONSOB resolution 15519 of July 27, 2006, the income statement clearly identifies income and expense on non-recurring transactions, specifying their impact on operating results.

Non-recurring income and charges include items that do not continually occur during normal operations, such as:

- the cost of company reorganisation (e.g. the cost of moving Company employees to the new headquarters in Turin);
- stock option expense;
- extraordinary consultancy on highly strategic matters (e.g. the preparation of strategic plans, integration of new companies, valuation of investment portfolios etc.);
- the cost of the step-down of Directors and Executives;
- the *Cash Flow Statement* shows the financial flows on operating activities under the indirect method allowed under IAS 7, presenting separately the flows on operating, investing and financing activities from discontinued operations/assets held for sale.

Cash and cash equivalent shown in the Balance Sheet include cash, cheques, overdrafts and short-term securities that are readily convertible to cash.

Operating financing flows presented adjust the operating result for the year by removing the effect of non-monetary transactions, deferrals and accruals for previous or future collections and operating payments and of income and costs connected with investing or financing flows from discontinued operations non-current assets held for sale.

Unless otherwise stated, all figures are in euro and rounded to the nearest thousand.

2.1 Discretionary valuations and accounting estimates

Financial statements and the notes to the financial statements prepared in accordance with the IAS/IFRS require management to make estimates and assumptions that will impact income, costs, assets and liabilities and information on potential assets and liabilities at the balance-sheet date. Actual figures may differ from these estimates.

The estimates are used to make accruals for credit risk and practical errors, depreciation and amortisation, write-down of assets, employee benefits, tax, restructuring reserves, and other provisions and reserves.

The estimates and assumptions are regularly reviewed and the impact of any change reflected immediately in the Income Statement.

3. Accounting policies not yet applicable and/or recently approved by the European Commission

Please go to this section in the disclosures to the Consolidated Financial Statements as at December 31, 2008.

4. Valuation criteria

For a summary of accounting policies, please go to this section in the disclosures to the Consolidated Financial Statements as at December 31, 2008 except for the valuation criteria applied to investments, which are given below.

Investments

Investments in subsidiaries, associates and jointly-controlled entities are accounted for at purchase cost in accordance with IAS 27. Any goodwill arising at purchase as the difference between the carrying value of the investment in the undertaking and the corresponding portion of equity at market values is included in the value of the investment and tested for impairment at least once a year. Any impairment will be carried to loss immediately under "equity investment value adjustment".

If the Company's share of loss in the value of the investment is greater than its balance-sheet book value, the value of the investment will be set at zero and the attributable share of any further loss will be carried to the "subsidiary risk and charges fund" if it constitutes a liability for the Company.

The cost of investments in foreign companies is converted to euro at the rates applying at acquisition and subscription.

5. Intangible assets with an indefinite useful life

Intangible assets with an indefinite useful life amounted to € 3,187,161 thousand at December 31, 2008. This is are the merger deficit generated in previous periods. The goodwill was allocated to one single CGU (cash generating unit) for the entire Company since separate CGUs were not set up within it.

6. Impairment testing of intangible assets with an indefinite useful life

Impairment was tested several times during 2008 as the European economy worsened and when the new 2009-2011 Business Plan approved by the SEAT Pagine Gialle S.p.A. Board of Directors on February 12, 2009 was being drawn up.

The forecast data in the Business Plan on the assets and performance targets the SEAT Pagine Gialle group expects to achieve is based on assumptions about future events that are the result of estimates and valuations, as are the assumptions concerning the forecast macro-economic scenario, currently in recession, and the performance of the financial markets, which are now the most uncertain they have ever been in recent history.

The Business Plan also assumes that the Capital Increase resolved by the shareholders on January 26, 2009 will be successful, and that the business of SEAT Pagine Gialle S.p.A. will be refocused on directories business in Italy, moving increasingly from a print to online basis.

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Impairment tests compared the carrying value of the CGU with its *recoverable amount*, which is the greater of its fair value or *value in use* (the current value of expected cash flows from its permanent use and the disposal of the asset at the end of its useful life). Value in use was calculated on the basis of equity value (enterprise value minus net financial position).

The value in use was measured as the current value of forecast operating cash flows over firstly five years (using the Business Plan prepared by management); and secondly terminal value. For this purpose, CGU EBIT was used *plus* amortisation and write-downs *minus* operating investment and the generation/absorption of cash from change in operating working capital. Cash flows on extraordinary transactions were not taken into account. Terminal value was calculated using the perpetual income method, with zero growth rate as per the 2009-2011 Business Plan. The new plan is based on a negative economic scenario with negative impacts on growth in the traditional advertising markets, offset by continuing growth in online advertising.

Operating cash flow measured as above was discounted at weighted average capital cost (WACC) based on a separate target financial structure. The cost of debt was estimated using the average cost to the Company. Shareholder beta reflected the debt/equity financial structure of the CGU and the risk premium applying. Specific risk was estimated by looking at the risk intrinsic to the CGU business and its market and also took account of analyses by the leading investment banks that monitor SEAT Pagine Gialle S.p.A.

Impairment testing at December 31, 2008 produced Company value in use € 295-€ 1,570 million above its carrying value, based on the WACC used (7.85%), fluctuating 1% against the WACC benchmark. Valuations also assumed a cautious 0.17% rise in terminal value (1.5% in 2007).

7. Intangible assets with a finite useful life

	Year 2008				Total	Year 2007
	Customer Data Base	Software	Work in progress	Other intangible assets		Total
(euro/thousand)						
Costs	972,400	136,925	29,991	14,247	1,153,563	1,113,672
Accrued amortisation	(715,796)	(99,324)	-	(10,061)	(825,181)	(644,976)
Balance at beginning of the year	256,604	37,601	29,991	4,186	328,382	468,696
- Investments	-	16,559	15,190	504	32,253	42,272
- Disposals	-	(224)	-	-	(224)	-
- Amortisation and write-down	(162,067)	(24,248)	-	(2,013)	(188,328)	(182,586)
- Other movements	-	7,944	(8,032)	88	-	-
Costs	972,400	159,304	37,149	14,839	1,183,692	1,153,563
Accrued amortisation	(877,863)	(121,672)	-	(12,074)	(1,011,609)	(825,181)
Balance at end of the year	94,537	37,632	37,149	2,765	172,083	328,382

- *software*: € 37,632 thousand at December 31, 2008 (€ 37,601 thousand at December 31, 2007), includes the cost of purchasing software or developing proprietary software and user licences for sales, publishing and administration purposes;
- *work in progress*: € 37,149 thousand at December 31, 2008 (€ 29,991 thousand at December 31, 2007). This is mainly software projects being developed in-house and not completed at the year end;
- *other intangible assets*: € 2,765 thousand at December 31, 2008 (€ 4,186 thousand at December 31, 2007) of which € 2,699 thousand concessions, licences, brands and similar rights.

Investments for 2008 totalled € 32,253 thousand (-€ 10,019 thousand on 2007). For further information on investment objectives and features over the year, go to "Report on Operations, paragraph Economic and financial performance by Business Area, Italian Directories" in the Report on Operations.

8. Property, plant and equipment

(euro/thousand)	Year 2008				Year 2007
	Property	Plant and equipment	Other fixed assets	Total	Total
Costs	2,298	6,113	53,879	62,290	55,577
Depreciation	(1,485)	(5,108)	(41,617)	(48,210)	(44,286)
Balance at beginning of the year	813	1,005	12,262	14,080	11,291
- Investments	133	1,197	6,725	8,055	9,119
- Depreciation and write-down	(428)	(494)	(7,071)	(7,993)	(6,245)
- Disposal and other movements	14	(1)	(35)	(22)	(85)
Cost	2,445	7,285	57,222	66,952	62,290
Depreciation	(1,913)	(5,578)	(45,341)	(52,832)	(48,210)
Balance at end of the year	532	1,707	11,881	14,120	14,080

Property, plant and equipment amounted to € 14,120 thousand at December 31, 2008 (€ 14,080 thousand at December 31, 2007) recognised net of depreciation in the amount of € 52,832 thousand (€ 48,210 thousand at December 31, 2007).

Property (€ 532 thousand at December 31, 2008) is a flat in Turin used for visitors.

Plant and equipment (€ 1,707 thousand at December 31, 2008) is electrical plant, air-conditioning systems and telephone switchboards in owned and leased properties.

Other fixed assets (€ 11,881 thousand at December 31, 2008) include furniture and furnishings, servers and IT equipment

Investments for the period were € 8,055 thousand in 2008 (€ 9,119 thousand in 2007) and were mainly the purchase of servers and other IT equipment (€ 4,184 thousand) and of furniture and furnishings (€ 2,045 thousand).

€ 3,261 thousand of 2008 investments were the purchase of furniture and CED infrastructure for the new headquarters in Turin.

Gross *depreciation* for property, plant and equipment was 78.9% (77.4% at December 31, 2007).

The table below shows depreciation of the carrying value of tangible fixed assets over their residual useful lives.

	Year 2008	Year 2007
Property	3%	3%
Machineries and equipment	10-25%	10-25%
Other fixed assets	10-40%	10-40%

9. Leased assets

Financial leases totalled € 62,571 thousand at December 31, 2008 for the property complex that is the new Turin headquarters, to which SEAT Pagine Gialle S.p.A. moved at the end of December 2008.

The property comprises six new buildings and an enormous portion of the "Manica Storica", giving a total of about 26,600 sq.m. The purchase of the property from SNOS S.p.A. and the work on it (finished in 2007 and 2008) were financed through a fifteen-year financial lease with Leasint S.p.A., which is described in the paragraph 18 of this note.

In accordance with IAS 17, the complex is recognised at fair value established independently (€ 62,571 thousand), since this is lower than the current minimum payments on the lease (€ 68,221 thousand).

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(euro/thousand)	Leased land	Leased property	Leased plant	Other leased assets	Total
Balance at beginning of the year	-	-	-	-	-
- Investments	10.303	32.518	16.261	3.489	62.571
Balance at end of the year	10.303	32.518	16.261	3.489	62.571

Since SEAT Pagine Gialle S.p.A. moved to the new offices at the end of December to ensure everything would be fully functional from January 2009, the financial leases for the complex were not written down in 2008.

10. Investments accounted for at equity

Interests in subsidiaries, associates and joint venture totalled at December 31, 2008 € 252,361 thousand (€ 551,675 thousand at December 31, 2007) as follows

(euro/thousand)	At 12.31.2007	Change dell'esercizio					Total	At 12.31.2008
		Capital contributions	Capitalisation additional purchase expense	Repayments	Disposals	Write-downs		
Subsidiaries	546,152		14	(26,000)	(122,942)	(147,137)	(296,065)	250,087
CIPI S.p.A.	8,328					(3,780)	(3,780)	4,548
CONSODATA S.p.A.	22,955							22,955
EUROPAGES S.A.	38,039					(37,084)	(37,084)	955
WER LIEFERT WAS? GmbH	148,928		14	(26,000)	(122,942)		(148,928)	
PRONTOSEAT S.r.l.	1,612					(653)	(653)	959
SEAT CORPORATE								
UNIVERITY S.ca.r.l.	10							10
TDL INFOMEDIA Ltd.	200,307					(105,620)	(105,620)	94,687
TELEGATE AG	21,563							21,563
TELEGATE GmbH	104,410							104,410
Associated and joint ventures	5,523	4,269				(7,518)	(3,249)	2,274
LIGHTHOUSE								
INTERNATIONAL CO. S.A.	209							209
KATALOG YAYIN VE								
TANITIM HIZMETLERI A.S.	5,314	4,269				(7,518)	(3,249)	2,065
Total investments	551,675	4,269	14	(26,000)	(122,942)	(154,655)	(299,314)	252,361

The item dropped € 299,314 thousand during the year, primarily because of:

- the € 26,000 thousand Wer liefert was? GmbH (WLW) capital repayment on March 2008. The company was later sold. For details go to paragraph 30 in these notes;
- the € 154,655 thousand write-downs that followed impairment testing over the period, of which € 105,620 thousand TDL Infomedia Ltd., € 37,084 thousand Europages S.A., € 3,780 thousand Cipi S.p.A., € 7,518 thousand Katalog Yayin ve Tannitim Hizmetleri A.S. and € 653 thousand Prontoseat.

Impairment tests compared the carrying value of each investment with its recoverable value, using the method described in paragraph 7 of the Consolidated Financial Statements as at December 31, 2008.

11. Other non-current financial assets from third parties

Other non-current financial assets from third parties amounted to € 2,130 thousand at December 31, 2008 (€ 2,119 thousand at December 31, 2007):

- € 2,020 thousand loans and financing to employees given at market rates for transactions of this kind;
- € 110 thousand assets held for sale, being the 2.2% stake in Emittenti Titoli S.p.A..

12. Inventories

	At 12.31.2007	Change during the year			At 12.31.2008
		Increase (Decrease)	(Provision) Reversal of the allowance	Total	
(euro/thousand)					
Raw materials, suppliers and consumables	8,607	(56)	-	(56)	8,551
Work in progress and semi-finished goods	2,591	(607)	-	(607)	1,984
Finished goods	375	(261)	34	(227)	148
- <i>Finished goods (gross value)</i>	410	(261)	-	(261)	149
- <i>Allowance for finished good</i>	(35)	-	34	34	(1)
Total inventories	11,573	(924)	34	(890)	10,683

The measurement of raw materials in stock at average weighted cost is essentially in line with market values.

13. Trade account receivables

	Year 2008					Year 2007
	Trade account receivables	Allowance for doubtful trade account receivables	Trade account receivables from subsidiaries	Allowance for doubtful trade account receivables from subsidiaries	Net value	Net value
(euro/thousand)						
Balance at beginning of the year	691,699	(106,895)	21,400	(1,673)	604,531	587,131
Provision in the income statement	-	(37,378)	-	(1,538)	(38,916)	(31,086)
Reversal in the income statement	-	-	-	1,164	1,164	-
Utilisation	-	40,105	-	432	40,537	30,107
Other movements	(9,247)	-	(1,293)	-	(10,540)	18,379
Balance at end of the year	682,452	(104,168)	20,107	(1,615)	596,776	604,531
<i>of which securitised</i>	<i>326,406</i>	<i>(25,641)</i>	<i>9,437</i>	<i>-</i>	<i>310,202</i>	<i>298,122</i>

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Trade account receivables amounted to € 596,776 thousand at December 31, 2008 (net of € 105,783 thousand allowance for doubtful receivables) of which € 95,640 thousand including V.A.T. for services to be performed (€ 82,395 thousand at December 31, 2007).

Securitised receivables are still recognised under "Trade account receivables" in accordance with IAS 39 because SEAT Pagine Gialle S.p.A. retains the attaching risks and benefits. At December 31, 2008 the nominal value of these receivables was € 335,843 thousand, of which € 9,437 thousand in respect of Telegate Italia S.r.l..

Trade account receivables to subsidiaries: € 20,107 thousand at December 31, 2008, including € 18,921 thousand Telegate Italia S.r.l. in respect of the SEAT Pagine Gialle S.p.A. share of the traffic generated by 89.24.24 Pronto PAGINEGIALLE® and 12.40 Pronto PAGINEBIANCHE.

All trade receivables are due within 5 years.

Allowance for doubtful receivables are considered sufficient to absorb loss and at end 2008 covered 51.3% of overdue receivables (50.0% at end 2007). This takes account of the worsening economic climate at period end, which has not yet had any obvious effect on the quality of receivables or collection. "Credit risk" is considered in greater detail in the paragraph 21 of the disclosures to the Consolidated Financial Statements as at December 31, 2008.

Securitisation disclosure as required under Law 130/99 (CONSOB circular 97003369)

Receivables sold to Meliadi Finance S.r.l. over the period totalled € 1,046,547 thousand (turnover). Collections for the period totalled € 992,779 thousand and receivables outstanding at December 31, 2008 were € 335,843 thousand.

14. Other assets (current and non-current)

(euro/thousand)	At 12.31.2008	At 12.31.2007	Change
Advances on sales commissions and other receivables from agents	43,853	45,003	(1,150)
Advance to suppliers	4,686	3,395	1,291
Other receivables from subsidiaries	4,012	2,447	1,565
Prepaid expenses	3,482	1,870	1,612
Other receivables	4,925	1,802	3,123
Total other current assets	60,958	54,517	6,441
Other non-current assets	81	97	(16)

The item includes:

- *advances on sales commission and other receivables from agents* at December 31, 2008 totalled € 43,853 thousand (€ 45,003 thousand at December 31, 2007) and are shown net of the allowance for doubtful receivables of € 2,106 thousand (€ 2,077 thousand at December 31, 2007). They include € 557 thousand receivables due in over 12 months which are classified under "other current assets" since they fall within the Company's normal operating cycle. These receivables were discounted using the average market rate for receivables with the same due dates;
- *advances to suppliers:* € 4,686 thousand at December 31, 2008 (€ 3,395 thousand at December 31, 2007), include € 4,596 thousand advances to the printer Ilte S.p.A. (€ 3,347 thousand at December 31, 2007).
- *other receivables from subsidiaries:* € 4,012 thousand at December 31, 2008, of which € 1,935 thousand expenses incurred on behalf of subsidiaries (including € 1,337 thousand Consodata S.p.A.), € 1,648 thousand advances to subsidiaries (including € 1,610 thousand to Cipi S.p.A.) and € 263 thousand receivables on Italian subsidiaries' membership of the tax group.

15. Equity

(euro/thousand)	At 12.31.2007	Change during the year				At 12.31.2008
		Resolution of Shareholders' Meeting	Change carried directly to equity	Profit (loss) for the year	Total	
Share capital	250,352					250,352
- <i>ordinary shares</i>	246,270					246,270
- <i>savings shares</i>	4,082					4,082
Additional paid-in capital	A,B,C 465,103					465,103
Other reserve	50,088	95			95	50,183
- <i>Legal reserve</i>	B 49,976	95			95	50,071
- <i>Reserve for grants related to research</i>	A,B,C 80					80 ⁽¹⁾
- <i>Reserve for grants related to assets</i>	A,B,C 32					32 ⁽¹⁾
Reserve for transition to IAS/IFRS	A,B,C 161,750					161,750
Reserve for "cash flow hedge" instruments	B 5,262		(16,193)		(16,193)	(10,931)
Reserve for actuarial gains (losses)	B 1,311		406		406	1,717
Reserve for stock options	B 6,172		(1,820)		(1,820)	4,352
Retained earnings	A,B,C 73,475	88,011	2,062		90,073	163,548
Profit (loss) for the year	88,310	(88,310)		(211,417)	(299,727)	(211,417)
Total equity	1,101,823	(204)	(15,545)	(211,417)	(227,166)	874,657(*)

A: Reserve available for share capital increase.

B: Reserve available for covering losses.

C: Reserve available for distribution to Shareholders.

(1) Reserve subject to tax imposition in case of distribution.

(*) Of which € 127,553 thousand subject to tax imposition in case of distribution (see art. 109 TUIR as modified by Legislative Decree 344/2003).

Share capital

Share capital amounted to € 250,352 thousand at December 31, 2008, unchanged since December 31, 2007: share capital comprises 8,208,980,696 ordinary and 136,074,786 savings shares.

On February 9, 2009 the capital regrouping by SEAT Pagine Gialle S.p.A. came into effect (one share per two hundred current ordinary and savings shares) as resolved by the Extraordinary Shareholders Meeting on January 26, 2009 (for further details, go to "Report on Operations, paragraph Post-balance sheet events"). The nominal value of the shares was also eliminated (€ 0.03 at December 31, 2008).

The share capital was therefore divided into 41,725,276 No. par value shares, of which 41,044,903 ordinary shares and 680,373 savings shares.

€ 13,741 thousand of the share capital is subject to the deferred tax regime and the Company has not calculated deferred tax on it since it does not intend to repay the capital.

Additional paid-in capital

Additional paid-in capital amounted to € 465,103 thousand at December 31, 2008, unchanged since December 31, 2007.

€ 142,619 thousand of this figure is subject to the deferred tax regime since 2005 the book value of the Customer Databases were brought in line with their fiscal value, in accordance with Law 342/2000. The Company has not calculated deferred tax on the amount since it does not intend to distribute it.

Reserve for "cash flow hedge" instruments

Reserve for "cash flow hedge" instruments negative for € 10,931 thousand at December 31, 2008, (€ 5,262 thousand at December 31, 2007). The reserve covers the market value of interest-rate derivatives contracts ("cash-flow hedges") in place at the balance sheet date or, if closed early, with effect deferred to subsequent periods. Go to paragraph 21 of the disclosure to the Consolidated Financial Statements as at December 31, 2008 for a more detailed description of Company hedges.

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Reserve for actuarial gains (losses)

Reserve for actuarial gains (losses) amounted to € 1,717 thousand at December 31, 2008 (€ 1,311 thousand at December 31, 2007): the reserve shows the accrued effect on the balance sheet of actuarial gain/loss on defined-benefit plans (TFR - proportion still on the company books) once recognised in accordance with paragraph 93A of IAS 19.

Reserve for stock options

Reserve for stock options amounted to € 4,352 thousand at December 31, 2008 (€ 6,172 thousand at December 31, 2007). The fall is primarily attributable to the combined effect of:

- a € 2,110 thousand reduction caused by the release to retained earnings of the accrual for options expiring during the period ("Key People" plan);
- a € 290 thousand rise in cost for the period on outstanding stock option plans, in accordance with IFRS 2.

Retained earnings

Retained earnings amounted to € 163,548 thousand at December 31, 2008 (€ 73,475 thousand at December 31, 2007). This rose € 90,073 thousand during the period owing to:

- the allocation of € 88,011 thousand in profits for 2007 as voted by the Shareholders' Meeting on April 23, 2008;
- the transfer in of € 2,062 thousand from the stock option reserve as a result of the expiry of the "Key People" plan during the period.

16. Dividends distributed to Shareholders

On April 23, 2008 Shareholders' Meeting of SEAT Pagine Gialle S.p.A. voted on the application of profits for the financial year 2007, resolving to distribute a € 0.0015 dividend, gross of withholding tax, for each of the 136,074,786 savings shares corresponding to an overall amount of € 204 thousand. As a result of the capital regrouping resolved by Extraordinary Shareholders' Meeting on January 26, 2009, this dividend amounted to € 0.3 for each of the 680,373 savings shares.

The dividend was paid on May 22, 2008 subject to profits tax in accordance with articles 44 and 89 of Presidential Decree 917 of December 22, 1986.

17. Profit (loss) per share

		At 12.31.2008 post capital regrouping	At 12.31.2008	At 12.31.2007 post capital regrouping	At 12.31.2007
Number of SEAT Pagine Gialle S.p.A. shares		41,725,276	8,345,055,482	41,725,276	8,345,055,482
- ordinary shares		41,044,903	8,208,980,696	41,044,903	8,208,980,696
- savings shares		680,373	136,074,786	680,373	136,074,786
Profit (loss) for the year	€/thousands	(211,417)	(211,417)	88,310	88,310
Profit (loss) per share	€	(5.0669)	(0.0253)	2.1125	0.0106
Diluted profit (loss) per share	€	n.a.	(0.0253)	2.1084	0.0105

Profit (loss) per share is calculated by dividing the net result for the year by the average number of existing shares over the reference year. Diluted profit (loss) per share is calculated using the weighted average number of existing shares over the reference year, adjusted for the assumption that all potential new shares deriving by the exercise of options with diluting effect within the meaning of IAS 33 will be subscribed, and taking account of the capital regrouping of one share per two hundred ordinary or savings shares resolved by the Shareholders' Meeting on January 26, 2009 (effective February 9, 2009). For details, see "Report on Operations, paragraph Post-balance sheet events".

In 2008 in accordance with IAS 33, there was no dilution of earning per share (EPS) since the market value of SEAT Pagine Gialle S.p.A. ordinary shares was significantly lower than the strike price of outstanding options at December 31, 2008.

18. Net financial debt

Net financial debt amounted to € 3,086,601 thousand at December 31, 2008 (€ 3,306,698 thousand at December 31, 2007), falling € 220,097 thousand during 2008.

Net financial debt differs from net "book" financial debt (described below) because the last one includes:

- the cost of taking out, refinancing and renegotiating medium and long-term "Senior" debt through The Royal Bank of Scotland Plc (Milan Branch), the "Subordinated" facility with Lighthouse International Company S.A., and the securitisation of receivables. These costs, net of those already amortised, totalled € 76,184 thousand at December 31, 2008;
- net adjustments to the market value of "cash flow hedge" contracts in existence at the balance sheet date and of those closed early but with effect deferred to subsequent periods. At December 31, 2008 this was a total net liability of € 10,931 thousand (€ 5,262 thousand net asset at December 31, 2007).

(euro/thousand)	At 12.31.2008	At 12.31.2007	Change	Note
Net financial debt	3,086,601	3,306,698	(220,097)	
Transaction costs on loans and securitisation program not yet amortised	(76,184)	(82,792)	6,608	
Net market value of "cash flow hedge" instruments	10,931	(5,262)	16,193	
Net book financial debt - "book value"	3,021,348	3,218,644	(197,296)	
<i>of which:</i>				
- Non-current financial debts to third parties	1,506,657	1,670,940	(164,283)	(a)
- Non-current financial debts to related parties	1,440,625	1,432,713	7,912	(a)
- Current financial debts to third parties	242,597	166,904	7,912	(b)
- Current financial debts to related parties	118,744	153,153	(34,403)	(c)
- Non-current financial assets from third parties (*)	(2,020)	(1,994)	(26)	(d)
- Current financial assets from third parties	(1,932)	(13,043)	11,111	(e)
- Current financial assets from related parties	(84,459)	(99,099)	14,640	(f)
- Cash and cash equivalents	(198,864)	(90,932)	(107,932)	(g)

(*) This item does not include financial assets available for sale.

a) Non-current financial debt

(euro/thousand)	At 12.31.2008	At 12.31.2007	Change
<i>Debts due to The Royal Bank of Scotland Plc Milan Branch (gross value)</i>	<i>1,497,658</i>	<i>1,716,898</i>	<i>(219,240)</i>
<i>less transaction costs</i>	<i>(44,922)</i>	<i>(45,958)</i>	<i>1,036</i>
Debts due to The Royal Bank of Scotland Plc Milan Branch (net value)	1,452,736	1,670,940	(218,204)
Debts due to Leasint S.p.A.	53,921	-	53,921
Total non-current financial debt to third parties	1,506,657	1,670,940	(164,283)
<i>Debts due to Lighthouse International Company S.A. (gross value)</i>	<i>1,300,000</i>	<i>1,300,000</i>	<i>-</i>
<i>less transaction costs</i>	<i>(30,530)</i>	<i>(35,799)</i>	<i>5,269</i>
Debts due to Lighthouse International Company S.A. (net value)	1,269,470	1,264,201	5,269
<i>Debts due to Meliadi Finance S.r.l. (gross value)</i>	<i>171,887</i>	<i>169,547</i>	<i>2,340</i>
<i>less securitisation costs</i>	<i>(732)</i>	<i>(1,035)</i>	<i>303</i>
Debts due to Meliadi Finance S.r.l. (net value)	171,155	168,512	2,643
Total non-current debt to related parties	1,440,625	1,432,713	7,912
Total non-current financial debt	2,947,282	3,103,653	(156,371)

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The following is a brief description of this item. For details go to the paragraph 19 in the disclosures to the Consolidated Financial Statements as at December 31, 2008.

Non-current financial debt to third parties

Debts due to The Royal Bank of Scotland Plc Milan Branch amounted to € 1,452,736 thousand at December 31, 2008 (€ 1,670,940 thousand at December 31, 2007). This is recognised net of transaction and refinancing charges not yet amortised of € 44,922 thousand (€ 45,958 thousand at December 31, 2007).

Debts due to Leasint S.p.A. amounted to € 53,921 thousand at December 31, 2008 on six property leases (as of December 23, 2008) associated with the purchase of the complex at Corso Mortara 22 (Turin), to which SEAT Pagine Gialle S.p.A. has moved its offices. A seventh lease (worth about € 1 million) will be added in the first half of 2009. All the leases (carrying an initial rent of € 6,124 thousand) are for 15 years and are based on 60 quarterly instalments payable in arrears, the first falling due on March 23, 2009, with variable interest at quarterly Euribor plus a spread of about 65 basis point p.a.. The cash surrender value is approximately 1% of the complex value.

Non-current financial debt to related parties

Debts due to Lighthouse International Company S.A. amounted to € 1,269,470 thousand at December 31, 2008 (€ 1,264,201 thousand at December 31, 2007). This is recognised net of transaction costs not yet amortised of € 30,530 thousand (€ 35,799 thousand at December 31, 2007).

Debts due to Meliadi Finance S.r.l. amounted to € 171,155 thousand at December 31, 2008 (€ 168,512 thousand at December 31, 2007). This is the debt to Meliadi Finance S.r.l., an SPV (special purpose vehicle) set up for the June 2006 5-year securitisation programme introduced in accordance with Law 130 of 1999. Debt is recognised net of securitisation charges not yet amortised at period end for an amount of € 732 thousand (€ 1,035 thousand at December 31, 2007).

This is the difference between the value of the receivables sold, the amount already recovered, the deferred purchase price (DPP) and the discounted payment to the SPV.

In 2008 the average total cost of the financial debt of SEAT Pagine Gialle S.p.A. was 6.7% (about 6.4% in 2007). This was in part owing to the increasing weight of the "Subordinated" debt to Lighthouse International Company S.A. (8% fixed rate) as "Senior" debt repayments were made in 2008 (€ 163,491 thousand), and in part to the growing weight of Euribor within the cost of "Senior" debt and securitisation, an effect partially mitigated by hedging gains.

Interest-rate hedges keep the cost of debt under control.

b) Current financial debt to third parties

Current financial debt to third parties amounted to € 242,597 thousand at December 31, 2008 (€ 166,906 thousand at December 31, 2007)

(euro/thousand)	At 12.31.2008	At 12.31.2007	Change
Current portion of the debt to The Royal Bank of Scotland Plc Milan Branch	219,240	163,491	55,749
Debt due to market value of "cash flow hedge" instruments, net	17,011	-	17,011
Current portion of the debt to Leasint S.p.A.	2,537	-	2,537
Liabilities relating to hedging instruments on exchange rate risks	901	-	901
Debts for accrued interest expense not yet paid	453	986	(533)
Other financial debt	2,455	2,429	26
Total current financial debt to third parties	242,597	166,906	75,691

These are primarily:

- € 219,240 thousand the current portion of the debt on The Royal Bank of Scotland Plc (Milan Branch) facility, due June and December 2009 (€ 163,491 thousand at December 31, 2007). If the Capital Increase is subscribed in full, this amount would rise to € 300,552 thousand (for further details go to "Report on Operations, paragraph Post-balance sheet events");
- € 17,011 thousand the net liability on the measurement at fair value of cash flow hedge contracts in existence at December 31, 2008 (positive for € 5,262 thousand at December 31, 2007). For further details on interest-rate hedges, go to paragraph 21 of the disclosure to the Consolidated Financial Statements as at December 31, 2008;
- € 2,537 thousand the amounts owed (short-term) on the Leasint S.p.A. facility that fall due in March, June and December 2009.

c) Current financial debt to related parties

Current financial debt to related parties amounted to € 118,744 thousand at December 31, 2008 (€ 153,153 thousand at December 31, 2007)

(euro/thousand)	At 12.31.2008	At 12.31.2007	Change
Debts due to subsidiaries	70,907	105,617	(34,710)
Debts due to undertakings with a significant influence	30,462	30,161	301
Debts due to associates	17,375	17,375	-
Total financial debt to related parties	118,744	153,153	(34,409)

- *Debts due to subsidiaries*: € 70,907 thousand at December 31, 2008. This is mainly debt on the short-term deposits of Telegate AG (€ 50,500 thousand), TDL Infomedia Limited (€ 15,748 thousand) and treasury financial debt to Consodata S.p.A. (€ 4,025 thousand). All this debt is at market rates;
- *Debts due to undertakings with a significant influence* on the Company (Leading Shareholders) totalling € 30,462 thousand at December 31, 2008 are dividends distributed but not yet paid at the end of the financial year that, as per agreement, attract interest from November 1, 2008 at 6% p.a. as consideration for non-exercise of the right to demand payment of € 14,362 thousand of those dividends until January 15, 2009 (duly paid on January 16, 2009) and until June 15, 2009 for the remaining € 15,799 thousand. Interest payable for 2008 totalled € 301 thousand.
- *Debts due to associates*: € 17,375 thousand at December 31, 2008. This is interest payable and outstanding on the "Subordinated" financing from Lighthouse International Company S.A..

d) Non-current financial assets from third parties

These form part of loans and financing to employees (€ 2,020 thousand at December 31, 2008) within the net financial position as described in the paragraph 11 above.

e) Current financial assets from third parties

Current financial assets from third parties amounted to € 1,932 thousand December 31, 2008 (€ 13,043 thousand at December 31, 2007). This includes € 7,578 thousand credit positions and derivative hedges with Lehman Brothers (USA) at the time of its default and declaration of "Chapter 11", written down € 6,062 thousand over the period.

f) Current financial assets from related parties

Current financial assets from related parties amounted to € 84,459 thousand in 2008 (€ 99,099 thousand at December 31, 2007) includes:

- € 71,916 thousand TDL Infomedia Ltd., (revolving credit line);
 - € 11,701 thousand financial receivables on cash positions, of which € 8,105 thousand Europages S.A. and € 3,052 thousand Cipi S.p.A..
- All receivables are at market rates.

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g) Cash and cash equivalent

Cash and cash equivalent increased by € 107,932 thousand on December 31, 2008, as follow

(euro/thousand)	At 12.31.2008	At 12.31.2007	Change
Bank deposits	198,797	90,689	108,108
Postal deposits	35	224	(189)
Cash on hand	32	19	13
Total cash and cash equivalents	198,864	90,932	107,932

19. Guarantees provided, commitments and material contract rights

The obligations deriving from the facilities agreement with The Royal Bank of Scotland Plc (Milan Branch) are secured by *inter alia* a lien on shares of SEAT Pagine Gialle S.p.A. and other companies in the SEAT Pagine Gialle group, a lien on the main brands owned by the SEAT Pagine Gialle group and certain capital goods belonging to SEAT Pagine Gialle and by a fixed and floating charge on the assets of TD Infomedia and Thomson. The obligations deriving from the US *Indenture* are secured *inter alia* by a second-line lien on SEAT Pagine Gialle shares. The asset-backed securities issued by Meliadi Finance S.r.l. as part of the securitisation of SEAT Pagine Gialle S.p.A. receivables starting June 2006 are secured by the securitised credit portfolio owned by Meliadi Finance S.r.l, while the only security for the leases taken out by SEAT Pagine Gialle S.p.A. with Leasint S.p.A. is the fact that Leasint S.p.A. owns the leased properties and in the event of default by SEAT Pagine Gialle, can obtain satisfaction by selling the properties themselves.

SEAT Pagine Gialle S.p.A. has also give € 350,000 thousand in guarantees for additional charges on the debenture bond issued by Lighthouse International Company S.A..

The table below summarises the repayment schedules for current financing at period end

(euro/thousand)	Due date - by						Total
	12.31.2009	12.31.2010	12.31.2011	12.31.2012	12.31.2013	beyond five years	
The Royal Bank of Scotland Plc Milan Branch	219,240 (**)	231,768	245,191	556,155	464,544	-	1,716,898
Lighthouse International Company S.A.	-	-	-	-	-	1,300,000	1,300,000
Meliadi Finance S.r.l.	-	-	171,887 (*)	-	-	-	171,887
Leasint S.p.A.	2,537	2,672	2,812	2,960	3,116	42,361	56,458
Total financial debt (gross)	221,777	234,440	419,890	559,115	467,660	1,342,361	3,245,243

(*) Liabilities to Meliadi Finance S.r.l. are treated as long-term since they relate to the 5-year securitization programme started in June 2008.

(**) Of the € 219 240 thousand repayable by December 31, 2009, € 50 000 thousand was repaid on January 28, 2009.

The facilities agreements with The Royal Bank of Scotland Plc (Milan Branch) and Lighthouse International Company S.A. require SEAT Pagine Gialle S.p.A. to maintain stated economic and financial ratios (financial covenants), checked quarterly, between *i*) net debt and EBITDA, *ii*) EBITDA and interest on debt, and *iii*) cash flow and debt servicing (including interest and the capital repayable at each due date). There was full compliance at December 31, 2008 (the date at which these Financial Statements apply) with the covenants and the terms of the facilities agreement.

The facilities agreements also set the usual limits and operating terms and conditions on *inter alia* investment, additional debt, acquisitions, dividend distribution and capital transactions.

SEAT Pagine Gialle S.p.A. constantly monitors current and future compliance with the terms and conditions of the agreements.

In accordance with the above and in the light of market conditions, the economic and financial results forecast for 2008 and the 2009-2011 Business Plan SEAT Pagine Gialle S.p.A. was preparing (the guidelines having been approved by the Company's Board of Directors on December 23, 2008), a number of steps were taken to protect the economic and financial equilibrium and cash generation ability of the Group and to ensure compliance with the facilities agreement with The Royal Bank of Scotland Plc (Milan Branch).

On December 23, 2008 the Board of Directors of SEAT Pagine Gialle S.p.A. called an Extraordinary Shareholders' Meeting for January 26, 2009 to approve the Capital Increase. At the same time and in the light of the possibility of the Capital Increase, SEAT Pagine Gialle S.p.A. and The Royal Bank of Scotland Plc (Milan Branch) agreed a number of changes to the terms of the facilities agreement to *inter alia* enable the Capital Increase to take place and to bring the terms of the agreement in line with the economic and financial performance of the SEAT Pagine Gialle group as forecast in the new 2009-2011 Business Plan. The amendments to the agreement have involved recognising € 9.0 million in commission to The Royal Bank of Scotland Plc (Milan Branch) under "Senior" debt refinancing charges.

The changes to the "Senior" facilities agreement were made official when on January 14, 2009 SEAT Pagine Gialle S.p.A. and The Royal Bank of Scotland Plc (Milan Branch) signed another agreement amending it. However, several of the amendments (including the reset of financial covenants, the restrictions on dividend payment and the higher margin on The Royal Bank of Scotland Plc Milan Branch facilities) will not come into effect until one or more of the leading shareholders pay into SEAT Pagine Gialle S.p.A. (directly or indirectly, by subscription of the Capital Increase or in respect of future capital increases or for any other reason) a total of no less than € 99,200 thousand or until they give The Royal Bank of Scotland Plc (Milan Branch) a full, irrevocable and unconditional undertaking to make such a payment (payment to be made by May 31, 2009 or if the Capital Increase is delayed, by June 28, 2009). For further details go to "Report on Operations, paragraph Post-balance sheet events".

At the end of December 2008 six property leases with Leasint S.p.A. came into effect relating to the purchase of Corso Mortara 22 (Turin), where SEAT Pagine Gialle S.p.A. now has its headquarters. The property transaction will be completed in the first few months of 2009 when all work on the last building is finished and a seventh lease worth about € 1 million comes into effect.

20. Information on financial risks

Go to paragraph 21 in the Consolidated Financial Statements as at December 31, 2008 for a detailed description of the risks to which the Company is exposed.

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21. Non-current reserves to employees

	Year 2008			Year 2007	
	Reserve for severance indemnities	Reserve for defined contribution pension plan	Net liabilities for termination indemnities	Total	Total
(euro/thousand)					
Balance at beginning of the year	21,035	1,114	390	22,539	26,077
Provision	-	4,245	726	4,971	4,630
Benefits paid to employees	(3,231)	(4,771)	(703)	(8,705)	(8,322)
Employee contributions	-	888	-	888	846
Discounting losses	1,165	-	-	1,165	991
Curtailement	-	-	-	-	(1,162)
Actuarial losses (gains) recognised to equity	(560)	-	-	(560)	(1,808)
Other adjustments	(32)	140	-	108	1,287
Balance at end of the year	18,377	1,616	413	20,406	22,539

The *reserve for severance indemnities* of € 18,377 thousand at December 31, 2008 (€ 21,035 thousand at December 31, 2007) was calculated by an independent actuary using the projected unit credit (PUC) method in accordance with IAS 19.

Despite the entry into effect of the complementary pensions reform (Legislative Decree 252 of December 5, 2005), on January 1, 2007, the Company is still required to maintain the TFR since it is treated as a defined-benefit fund.

The proportion of TFR created later and paid into complementary pension funds is treated as before as a *defined contribution plan* since the company's liability to its employee ends when it pays the due amount into the pension fund. However, the TFR contributions paid to INPS's Treasury Fund have also been accounted for as payments into a defined-contribution fund as the company is under no obligation to make any payment other than those required under the Ministerial Decree of January 30, 2007 if the fund is insufficient to ensure payment of benefits to the employee.

(euro/thousand)	At 12.31.2008	At 12.31.2007
A. Change in benefit obligation		
1. Benefit obligation at the beginning of the year	21,035	25,530
2. Current service	-	457
3. Current service cost	1,165	991
4. Interest expense	(560)	(1,808)
5. Actuarial (gains) losses recognised to equity	(3,231)	(3,385)
6. Curtailments	-	(1,162)
7. Other movements	(32)	412
Benefit obligation at the end of the year	18,377	21,035
B. Account recognised in the balance sheet		
<i>Plans that are wholly unfunded and plans that are wholly or partly funded</i>		
1. Present value of benefit obligation at the end of the year of unfunded plans	18,377	21,035
Net liability (asset) recognised in the balance sheet	18,377	21,035
<i>Amounts in the balance sheet:</i>		
1. Liabilities	18,377	21,035
2. Assets	-	-
C. Components of pension cost		
<i>Amounts recognised in the income statement:</i>		
1. Current service cost	-	457
2. Interest expense	1,165	991
Total pension cost recognised in the income statement	1,165	1,448
D. Principal actuarial assumptions		
<i>Weighted-average of assumptions to determine benefit obligation</i>		
1. Discount rates	5.70%	5.35%
2. Rate of price inflation	2.00%	2.00%
<i>Weighted-average of assumptions used to determine net pension costs</i>		
1. Discount rates	5.35%	4.25%
2. Rate of price inflation	2.00%	2.00%
E. Previous experience of actuarial profit (loss)		
a. Amount ⁽¹⁾	(80)	(579)
b. % of plan liabilities at balance-sheet date	-0.44%	-2.75%

(1) Actuarial profit/loss determined by applying to the current population the actuarial assumptions for the previous period.

The net *liabilities for termination indemnities* represents the amount due to the Chief Executive Officer net of the award periodically paid for the insurance policy whose beneficiary - at the end of his office - will be the Chief Executive Officer himself. Payments to this insurance policy may refer to contributions for termination indemnities, as well a part of the Chief Executive Officer's variable compensation.

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22. Share-based Payment

Stock option plans at December 31, 2008 as described in "Report on Operations, paragraph Human Resources" are recorded on the balance sheet in accordance with IFRS 2.

Go to paragraph 23 in the disclosure to the Consolidated Financial Statements as at December 31, 2008 for a detailed description of their measurement.

Beneficiaries	Grant date	Number of granted options	Number of expired options	End of the vesting period	Strike price (euro)	Number of exercised options	Number of not exercised options	Number of outstanding options at 12.31.2008	Fair value	of which accrued in 2008
(euro/thousand)										
2004 stock option plans										
SEAT PG employees	06.07.2004	59,265,000	(450,000)	09.30.2005	0.3341	(42,925,000)	(2,200,000)	13,690,000	5,590	-
Chief Executive Officer	11.25.2004	5,000,000	-	09.30.2005	0.3341	-	-	5,000,000	400	-
2005 stock option plans										
SEAT PG employees	04.08.2005	62,500,000	(1,950,000)	09.30.2006	0.3221	(33,345,000)	(1,725,000)	25,480,000	5,211	-
SEAT PG employees	11.04.2005	1,600,000	-	09.30.2006	0.3915	-	(1,600,000)	-	200	-
Chief Executive Officer	04.08.2005	5,000,000	-	09.30.2006	0.3221	-	-	5,000,000	498	-
Key People Plan	09.12.2006	20,000,000	-	04.15.2008	0.3724	-	(20,000,000)	-	1,595	290
Total		153,365,000	(2,400,000)			(76,270,000)	(25,525,000)	49,170,000	13,494	290

The € 290 thousand stock option expense in 2008 (€ 1,003 thousand in 2007) is recognised in the income statement under non-recurring charges.

23. Other non-current liabilities

Other non-current liabilities amounted to € 25,019 thousand at December 31, 2008 as follow

(euro/thousand)	Year 2008				Year 2007
	Reserve for sale agents' termination indemnities	Reserve for restructuring expenses	Other non-operating debts	Total	Total
Balance at beginning of the year	21,344	1,084	-	22,428	21,238
Provision	3,638	2,000	1,019	6,657	4,964
Utilisation	(2,388)	-	-	(2,388)	(2,898)
Discounting losses (gains)	(436)	29	(158)	(565)	(876)
Other movements	-	(1,113)	-	(1,113)	-
Balance at end of the year	22,158	2,000	861	25,019	22,428

Reserve for agents' termination indemnities rose € 814 thousand over the period. This is the year-end liability to current sales agents that is payable under current law in the event their agency contract ends.

In the light of current and future forecast cash flows, the balance on the fund was discounted using the pre-tax discount rate that reflects the current market assessment of the cost of money to time ratio. The increase resulting from the passage of time and the change in the discount rate applied was recognised as financial income (€ 436 thousand).

24. Reserves for current risks and charges (operating and non-operating)

(euro/thousand)	Year 2008				Year 2007
	Reserve for commercial risks	Reserve for contractual and other operating risks	Non-operating reserves	Total	Total
Balance at beginning of the year	14,944	15,182	9,134	39,260	29,402
Provisions	10,624	696	10,000	21,320	26,236
Utilisations	(11,135)	(748)	(6,051)	(17,934)	(15,914)
Reversal to income statement	-	(309)	-	(309)	(464)
Other movement	-	-	1,172	1,172	-
Balance at end of the year	14,433	14,821	14,255	43,509	39,260

- *reserve for commercial risks*: € 14,433 thousand at December 31, 2008 - this covers the failure properly to perform contracted services in respect of PAGINEGIALLE®, PAGINEBIANCHE® and Annuari;
- *reserve for contractual and other operating risks*: € 14,821 thousand at December 31, 2008, includes € 10,990 thousand for current litigation provision and € 3,831 thousand for provision for disputes with agents and employees;
- *non-operating reserves*: € 14,255 thousand at December 31, 2008 (€ 9,134 thousand at December 31, 2007) including a € 10,255 thousand restructuring reserve that rose € 10,000 thousand over the period and covers the expense SEAT Pagine Gialle S.p.A. will incur for its 2007-2009 Business Plan and to begin the new 2009-2011 Business Plan that has been agreed by the Unions and was approved by the Board of Directors at end of December 2008. The new plan provides for the shedding of 210 employees 2009-2011 through voluntary redundancies, early retirement and the use of the *Cassa Integrazione Guadagni Straordinaria* (Special Wage Guarantee Fund). This present reserve must be considered together with the non-recurring company restructuring reserve which grew € 2,000 thousand over the period as a result of the company Business Plan.

25. Trade account payables and other current liabilities

(euro/thousand)	At 12.31.2008	At 12.31.2007	Change
Payables due to suppliers	127,352	140,325	(12,973)
Payables due to sales agents	50,421	52,758	(2,337)
Payables due to related parties	17,945	16,850	1,095
Payables due to employees	14,674	12,481	2,193
Payables due to social security institutions	8,515	8,512	3
Total trade account payables	218,907	230,926	(12,019)
Payables for services to be rendered	88,123	80,592	7,531
Advances from customers	2,268	2,874	(606)
Other current liabilities	4,810	1,238	3,572
Total services to be rendered and other current liabilities	95,201	84,704	10,497

All trade account payables fall due within 12 months.

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At December 31, 2008 *services to be rendered and other current liabilities* due in over 12 months totalled € 65 thousand (€ 77 thousand at December 31, 2007).

Payables due to suppliers: € 127,352 thousand at December 31, 2008 (€ 140,325 thousand at December 31, 2007) decreased by € 12,973 thousand on December 31, 2007. The change during the period reflects lower buying levels than in 2007;

Payables due to agents: € 50,421 thousand at December 31, 2008, this should be set against "commission advances" under "Other current assets" of € 43,853 thousand at December 31, 2008 (€ 45,003 thousand at December 31, 2007);

Payables due to services to be rendered: € 88,123 thousand at December 31, 2008 being advance invoicing for advertising, of which € 7,880 thousand already collected (€ 9,834 thousand at December 31, 2007).

26. Revenue from sales and services

Revenue from sales and services amounted to € 1,058,731 thousand in 2008, down 2.9% on 2007 (€ 1,090,217 thousand).

This reflects the solid performance of print-centred products (paper, internet and telephone directories) despite the slight drop against 2007 (-1.1%) and follows strong growth in internet business on the back of product innovation. There was a significant rise in internet revenues in the second half of the year, accompanied by a faster move in the revenue mix from print to online products, so that the final quarter saw essential stability (-0.8%) in total revenues from core (print and internet) products when compared with the same quarter of 2007. Revenues from minor products (business to business, direct marketing and promotional products) fell however, as they were harder hit by Italy's slowing economy.

For further details go to "Report on Operations, paragraph Economic performance by Business Area - Italian Directories".

27. Other income and operating costs

27.1 Other income

Other income amounted to € 11,585 thousand in 2008 (increased by € 5,102 thousand on 2007) being € 4,220 thousand recovery of various expense from third parties (postal expense in particular), € 3,820 thousand repayment of costs incurred by SEAT Pagine Gialle S.p.A. and later debited to Group companies for the purchase of goods and services and seconded personnel, and € 1,729 thousand revenues from Katalog Yayın ve Tanıtım Hizmetleri A.S. on the sale of user rights on proprietary software.

27.2 Materials

Materials amounted to € 51,193 thousand in 2008 (decreased by € 1,273 thousand on 2007):

- *paper*: € 37,591 thousand in 2008, decreased by € 2,599 thousand owing to the smaller number of pages in directories. 55,611 tonnes of paper were used in 2008 (59,087 tonnes in 2007) and 16.58 million pages (17.82 million in 2007);
- *goods and products for resale*: € 11,162 thousand in 2008 (€ 11,225 thousand in 2007) being the purchase of personalised merchandising items.

27.3 External service

External service amounted to € 348,094 thousand in 2008, down € 4,147 thousand on 2007:

- *commission and other agent costs*: € 112,508 thousand in 2008 (€ 114,643 thousand in 2007) down € 2,135 thousand owing to a different revenue mix as telesales, which are no longer on a commission basis. Outbound call center costs however rose to € 10,841 thousand in 2008 (€ 7,788 thousand in 2007);
- *industrial production and printing*: € 66,014 thousand in 2008 (€ 70,921 thousand in 2007) was mainly the cost of composition, printing and binding PAGINEGIALLE®, PAGINEBIANCHE® and Annuari. The fall on 2007 was caused by the reduced number of pages printed;
- *inbound call center services*: € 29,067 thousand in 2008 (€ 29,951 thousand in 2007) essentially in line with 2007;
- *advertising and promotion*: € 20,545 thousand in 2008 (€ 20,067 thousand in 2007) for PAGINEGIALLE®, 89.24.24 Pronto PAGINEGIALLE® and 12.40 Pronto PAGINEBIANCHE.

27.4 Salaries, wages and employee benefits

Salaries, wages and employee benefits amounted to € 92,131 thousand in 2008 (€ 87,556 thousand in 2007), up € 4,575 thousand on 2007 (+5.2%) as average FTEs rose from 1,379 in 2007 to 1,389 in 2008. This was the result of job losses under the 2007-2009 Business Plan and new hirings of qualified staff with specific technical and managerial skills to support the development of the business. The item was also impacted by the capitalisation of the cost of personnel working on investment projects undertaken during the year (€ 5,190 thousand in 2008 compared with € 4,241 thousand in 2007).

At December 31, 2008 the workforce, including directors, project workers and trainees, totalled 1,444 personnel (1,449 personnel at December 31, 2007).

27.5 Other operating expense

Other operating expense amounted to € 2,801 thousand in 2008 (€ 3,060 thousand in 2007) include € 925 thousand indirect tax and operating tax and € 582 thousand representation expenses.

27.6 Non-recurring costs, net

Non-recurring costs, net amounted to € 14,267 thousand in 2008 (€ 5,608 thousand in 2007) of which *i*) € 3,643 thousand support to management during the review of internet product strategy, the production of the new 2009-2011 Business Plan and the valuation of the equity investment portfolio, *ii*) € 2,807 thousand company reorganisation, and *iii*) € 2,445 thousand transfer of personnel to the new Turin headquarters.

The item also includes € 4,936 thousand to the CEO, Luca Majocchi, when he leaves the Company and is consideration for a commitment not to undertake any activity with competitors of SEAT Pagine Gialle S.p.A.. For further details, go to paragraph 32 in these notes.

27.7 Restructuring costs, net

Restructuring costs, net amounted to € 12,351 thousand in 2008 (€ 7,469 thousand in 2007). This is the cost of completing the 2007-2009 Business Plan and starting the new 2009-2011 Plan that has been agreed by the Unions and was approved by the Board of Directors at end of December 2008. The new Plan provides for the shedding of 210 employees 2009-2011 through voluntary redundancies, early retirement and the use of the *Cassa Integrazione Guadagni Straordinaria* (Special Wage Guarantee Fund). At end 2008 provisions were made in accordance with IAS 37 for the management of the redundancies already identified at the balance-sheet date.

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28. Interest income and expense

28.1 Interest expense

Interest expense amounted to € 277,728 thousand in 2008 (€ 252,293 thousand in 2007) of which € 115,295 thousand the "Senior Credit Agreement" with The Royal Bank of Scotland Plc (Milan Branch), € 109,519 thousand the subordinated financing from Lighthouse International Company S.A., € 12,139 thousand interest and charges owed to Meliadi Finance S.r.l and € 2,905 thousand financial lease.

For further details go to paragraphs 19, 20 and 21 in the disclosures to the Consolidated Financial Statements as at December 31, 2007.

28.2 Interest income

Interest income amounted to € 43,452 thousand in 2008 (€ 47,919 thousand in 2007):

- € 12,962 thousand *dividends from subsidiaries* (€ 32,873 thousand in 2007), of which € 9,200 thousand from Telegate GmbH, € 2,413 thousand from Telegate AG, € 1,000 thousand from Consodata S.p.A. and € 302 thousand from Cipi S.p.A;
- € 6,636 thousand *interest income on financial loans to subsidiaries* (€ 7,862 thousand in 2007), of which € 6,286 thousand TDL Infomedia Ltd.;
- € 6,087 thousand *interest income and other financial revenue* (€ 4,602 thousand in 2007);
- € 17,767 thousand *foreign exchange income* (€ 2,582 thousand in 2007) recognised mainly in respect of the euro/sterling exchange rate.

29. Income taxes for the year

(euro/thousand)	Year 2008	Year 2007	Change	
			Absolute	%
Current income taxes	52,074	26,844	25,230	94.0
Provision (reversal) of deferred tax assets	(3,347)	95,452	(98,799)	n.s.
Provision (reversal) of deferred tax liabilities	2,204	(63,519)	65,723	n.s.
Income taxes referred to previous periods	-	305	(305)	(100.0)
Total income taxes for the year	50,931	59,082	(8,151)	(13.8)

Current income taxes for the financial year 2008 are materially up on 2007 that used up all SEAT Pagine Gialle S.p.A. previous tax losses, exposing 2008 taxable income to full corporate taxation. Tax assets mirrored this, having been reversed in 2007 to absorb previous loss.

Current tax was also affected by the reduction in customer database amortisation (€ 50,888 thousand) once Law 342/2000 of 2005 began its impact on current tax in 2008 and the 2008 year ended the full deductibility of interest expense (€ 16,292 thousand).

Unlike 2007, the Income Statement no longer shows any release of deferred tax to cover the annual share of customer database amortisation, a result of the above.

The reconciliation of actual income tax and the theoretical tax based on application of the rates applying for the financial years ending December 31, 2008 and 2007 to pre-tax profit is

(euro/thousand)	At 12.31.2008	At 12.31.2007
Income before income taxes	(84,979)	147,392
Current income taxes calculated with the theoretical tax rate	26,683	(54,903)
Fiscal effect on non-deductible expenses for IRAP purposes	(20,737)	(13,351)
Adjustment due to the change of tax rate on deferred taxes previously recorded	-	2,776
Income taxes referred to previous years	-	(305)
Permanent differences and other adjustments	(56,877)	6,701
Total income taxes for the year	(50,931)	(59,082)

Permanent differences are non-deductible impairment write-down (€ 42,530 thousand) that had a material impact on 2007 pre-tax results. Permanent differences include non-deductible interest expense, including that mentioned in art. 96 of the Combined Income Tax Act, that cannot be deducted because it is at present unlikely that the gross operating income referred to in art. 96 will in the foreseeable future be sufficient to offset fiscally the interest expense not deducted in the current financial year. Deferred tax assets in the amount of € 16,292 thousand have therefore not been recognised.

Net deferred tax assets

Net deferred tax assets negative for € 3,134 thousand at December 31, 2008 (negative for € 4,142 thousand at December 31, 2007), as follow

	At 12.31.2007	Change during the year		At 12.31.2008		
		Income taxes accounted for in the income statement	Income taxes accounted for to equity	Total	of which IRES	of which IRAP
(euro/thousand)						
Deferred taxes assets						
Allowance for doubtful trade account receivables	29,221	(733)	-	28,488	28,488	-
Reserve for contractual risks	15,934	1,714	-	17,648	15,932	1,716
Reserve for severance indemnities	-	1,667	-	1,667	1,667	-
Other	5,371	699	19	6,089	5,799	290
Total deferred tax assets	50,526	3,347	19	53,892	51,886	2,006
Deferred tax liabilities						
Customer DataBase	(29,686)	614	-	(29,072)	(25,999)	(3,073)
Goodwill amortisation	(19,879)	(4,046)	-	(23,925)	(21,314)	(2,611)
Reserve for severance indemnities	(1,419)	-	(154)	(1,573)	(1,573)	-
Other	(3,684)	1,228	-	(2,456)	(2,079)	(377)
Total deferred tax liabilities	(54,668)	(2,204)	(154)	(57,026)	(50,965)	(6,061)
Total net deferred tax	(4,142)	1,143	(135)	(3,134)	921	(4,055)

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Current tax assets

Current tax assets amounted to € 4,559 thousand at December 31, 2008 (€ 16,575 thousand at December 31, 2007), as follow

(euro/thousand)	At 12.31.2008	At 12.31.2007	Change
Income tax receivables	4,303	16,307	(12,004)
Other tax receivables	256	268	(12)
Total current tax assets	4,559	16,575	(12,016)

Current tax payables

Current tax payables amounted to € 59,282 thousand at December 31, 2008 (€ 44,250 thousand at December 31, 2007), as follow

(euro/thousand)	At 12.31.2008	At 12.31.2007	Change
Income tax payables	34,630	27,632	6,998
Other tax payables	24,652	16,618	8,034
Total current tax payables	59,282	44,250	15,032

30. Non-current assets held for sale and discontinued operations

In the last quarter of 2008 and in accordance with IFRS 5, the investment in Wer liefert was? GmbH (WLW) (sold on December 23, 2008) was restated under discontinued operations/non-current assets held for sale.

For comparability purposes, the items referring to WLW in the 2007 Cash Flow Statement were also restated.

Income Statement

(euro/thousand)	Year 2008	Year 2007
WLW disposal loss	75,142	-
Additional disposal charges	365	-
Net loss on non-current assets held for sale and discontinued operations	75,507	-

Cash Flow Statement

(euro/thousand)	Year 2008	Year 2007 restated	Change
Purchase of Wer liefert Was?	-	(148,928)	148,928
Proceeds of capital repayments	26,000	-	26,000
Proceeds of sale of Wer liefert Was?	47,800	-	47,800
Additional disposal charges	(365)	-	365
Cash flow on non-current assets held for sale and discontinued operations	73,435	(148,928)	222,363

In March 2008 WLW made a capital repayment of € 26,000 thousand. On December 23, the sale of the wholly-owned WLW to Bisnode AB for € 47,800 thousand came into effect. For details of the disposal, go to "Report on Operations, paragraph Material events in 2008".

31. Related party transactions

In accordance with IAS 24 and art. 2(h) of CONSOB Issuer Regulation 11971/1999 as amended, the following are the economic and financial impacts of transactions with related parties on the 2008 Financial Statements of the SEAT Pagine Gialle S.p.A..

All transactions by the Company with related parties were ordinary business transactions under market conditions or particular laws and regulations. There were no atypical and/or unusual transactions or transactions that may represent a conflict of interests, apart from the agreement to extend the dividend payment deadline for companies with a material influence over the Company (Leading Shareholders). For further details, go to paragraph 18 of these Notes.

Related party transactions 2008

INCOME STATEMENT

	Total items	Subsidiaries	Associates	Companies with significant influence	Other related parties (*)	Total related parties	Impact % on items
(euro/thousand)							
Revenue from sales and services	1,058,731	77,013				77,013	7.3
Other income and revenues	11,585	2,810	3,235			6,045	52.2
Cost of materials and external services	399,287	59,378			121	59,499	14.9
Salaries, wages and employee benefits	92,131	303			7,306	7,609	8.3
Adjustments	38,195	374				374	1.0
Other operating charges	2,801	146				146	5.2
Non-recurring costs	14,267	500			5,037	5,537	38.8
Interest income	43,452	19,555				19,555	45.0
Interest expense	277,728	16,649	109,838	301		126,788	45.7
Income taxes	50,931	1,701				1,701	3.3

(*) Directors, statutory auditors and executives with strategic responsibility.

BALANCE SHEET

	Total items	Subsidiaries	Associates	Companies with significant influence	Other related parties (*)	Total related parties	Impact % on items
(euro/thousand)							
Non-current financial debts	2,947,282	171,153	1,269,470			1,440,623	48.9
Non-current employee-related reserves	20,406				413	413	2.0
Other non-current liabilities	25,019				861	861	3.4
Current financial debt	361,341	70,907	17,375	30,462		118,744	32.9
Trade account payables	218,907	16,348			1,390	17,738	8.1
Services to be rendered and other current liabilities	95,201	327			4,075	4,402	4.6
Provision for current risks and charges	43,509	5,968				5,968	13.7
Trade account receivables	596,776	18,492				18,492	3.1
Other current assets	60,958	4,012	2,867			6,879	11.3
Current financial assets	86,391	84,459				84,459	97.8
Cash and cash equivalent	198,864	118				118	0.1
Investments	102,879	857				857	0.8

(*) Directors, statutory auditors and executives with strategic responsibility.

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Related party transactions 2007

INCOME STATEMENT

	Total items	Subsidiaries	Associates	Companies with significant influence	Other related parties (*)	Total related parties	Impact % on items
(euro/thousand)							
Revenue from sale and services	1,090,217	80,521				80,521	7.4
Other income and receivables	6,483	1,965				1,965	30.3
Cost of materials and external services	404,707	57,714			105	57,819	14.3
Salaries, wages and employee benefits	87,556	380			2,437	2,817	3.2
Adjustments	31,236	1,673				1,673	5.4
Net accruals for risks and charges	16,659	5,968				5,968	35.8
Other operating charges	3,060	287				287	9.4
Non-recurring charges	5,608				100	100	1.8
Interest income	47,919	41,194				41,194	86.0
Interest expense	252,293	12,655	109,902			122,557	48.6
Income taxes	59,082	1,900				1,900	3.2

(*) Directors, statutory auditors and executives with strategic responsibility.

BALANCE SHEET

	Total items	Subsidiaries	Associates	Companies with significant influence	Other related parties (*)	Total related parties	Impact % on items
(euro/thousand)							
Non-current financial debt	3,103,653	168,512	1,264,202			1,432,714	46.2
Non-current employee-related reserves	22,539				390	390	1.7
Current financial debt	320,059	107,626	17,375	30,161		155,162	48.5
Trade account receivables	230,926	15,653			1,076	16,729	7.2
Services to be rendered and other current liabilities	84,704	363				363	0.4
Provision for current risks and charges	39,260	5,968				5,968	15.2
Trade account receivables	604,531	19,727				19,727	3.3
Other current assets	54,517	2,446				2,446	4.5
Current financial assets	112,142	99,099				99,099	88.4
Investments	51,391	1,065			588	1,653	3.2

(*) Directors, statutory auditors and executives with strategic responsibility.

Cash flow statement of related parties 2008 - 2007

	Year 2008	Related parties 2008	Impact %	Year 2007 restated	Related parties 2007	Impact %
(euro/thousand)						
Cash inflow from operating activities	480,663	14,328	3.0	508,425	16,999	3.3
Cash outflow for investments	(44,318)	(857)	1.9	(57,171)	(1,653)	2.9
Cash outflow for financing	(401,848)	(98,854)	24.6	(382,913)	19,465	(5.1)
Cash flow on non-current assets held for sale and discontinued operations	73,435			(148,928)		
Cash flow for the year	107,932	(85,383)	(79.1)	(80,587)	34,811	(43.2)

Principal economic, asset and financial items relating to associates and jointly-controlled companies and companies with a significant influence on SEAT Pagine Gialle S.p.A.

INCOME STATEMENT (euro/thousand)	2008	2007	Type of transaction
INCOME			
Telegate Italy S.r.l.	71,857	73,707	retroceded telephone traffic.
Europages S.A.	5,060	6,565	royalties.
Other	96	249	
Total income on sales and services	77,013	80,521	
OTHER INCOME AND REVENUE			
Katalog Yayın ve Tanıtım Hizmetleri A.S.	3,235	-	recovery of cost of seconded personnel and refunds for services.
Consodata S.p.A.	1,522	271	recovery of cost of seconded personnel and refunds for services.
Prontoseat S.r.l.	761	870	recovery of cost of seconded personnel and refunds for services.
Europages S.A.	360	736	recovery of cost of seconded personnel and refunds for services.
Other	167	88	
Total other income and revenue	6,045	1,965	
COSTS			
Telegate Italy S.r.l.	33,318	32,237	call centre services.
Cipi S.p.A.	11,498	11,662	purchase of goods and products for resale
Consodata S.p.A.	9,991	9,149	sale of direct marketing services.
Prontoseat S.r.l.	4,356	4,404	call centre services.
Other	215	262	
Total cost of materials and external services	59,378	57,714	
Total salaries, wages and employee benefits	303	380	cost of seconded personnel.
Total adjustments	374	1,673	accruals to the doubtful trade account receivables provision over the period for Telegate Italy S.r.l. receivables in respect of telephone traffic.
Total net accruals for risks and charges	-	5,968	accruals to the contract risk provision for possible higher connection costs from mobile networks to non-geographic numbers September 2006-June 2007.
Total other operating expense	146	287	purchase of representation goods and services from Cipi S.p.A..
Total other non-operating charges	500	-	the transfer of personnel seconded from Consodata S.p.A..
INTEREST INCOME			
TDL Infomedia Ltd.		17,292	distributed dividends
Telegate GmbH	9,200	8,400	distributed dividends
Europages S.A.		2,783	distributed dividends
Telegate AG	2,413	2,241	distributed dividends
Consodata S.p.A.	1,000	2,005	distributed dividends
Cipi S.p.A.	306	612	distributed dividends
TDL Infomedia Ltd.	6,286	7,783	interest income on financing
Other	350	78	
Total interest expense	19,555	41,194	
Total interest income			
Lighthouse International Company S.A.	109,838	109,902	interest expense, charges and write-down of multi-year costs on the long-term subordinated financing.
Meliadi Finance S.r.l.	12,137	9,960	interest expense, charges and write-down of multi-year costs on financing.
Telegate AG	2,808	1,713	interest expense on short-term deposits and current accounts to subsidiaries.
TDL Infomedia Ltd.	1,376	-	interest expense on short-term deposits and current accounts to subsidiaries.
Other	629	982	interest expense on short-term deposits and current accounts to subsidiaries.
Total interest expense	126,788	122,557	
Total income taxes	1,701	1,900	profits tax for period of Italyan subsidiaries in the tax group.

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BALANCE SHEET	2008	2007	Type of transaction
(euro/thousand)			
NON-CURRENT FINANCIAL DEBT			
Lighthouse International Company S.A.	1,269,470	1,264,202	"Subordinated" financing
Meliadi Finance S.r.l.	171,153	168,512	financing
Total non-current financial debt	1,440,623	1,432,714	
TRADE ACCOUNT RECEIVABLES			
Telegate Italy S.r.l.	17,306	18,175	services rendered.
Europages S.A.	1,144	1,401	services rendered.
Other	42	151	services rendered.
Total trade account receivables	18,492	19,727	
OTHER CURRENT ASSETS			
Katalog Yayın ve Tanıtım Hizmetleri A.S.	2,867	-	recovery of costs and services rendered.
Cipi S.p.A.	1,873	283	in 2008 mainly advances.
Europages S.A.	-	656	recovery of costs and services rendered.
Consodata S.p.A.	1,364	649	recovery of costs and services rendered.
Prontoseat S.r.l.	-	318	recovery of costs and services rendered.
Other	775	540	recovery of costs and services rendered.
Total other current assets	6,879	2,446	
CURRENT FINANCIAL ASSETS			
TDL Infomedia Ltd.	71,916	93,407	revolving loan
Europages S.A.	8,105	2,757	current account receivables
Cipi S.p.A.	3,052	2,387	current account receivables
Other	1,386	548	current account receivables
Total current financial assets	84,459	99,099	
Total cash and cash equivalent	118	-	current account receivable from Meliadi Finance S.r.l.
CURRENT FINANCIAL DEBT			
Telegate AG	50,929	60,237	cash deposits
Leading Shareholders	30,462	-	dividends to leading shareholders - interest bearing since November 1, 2008.
Lighthouse International Company S.A.	17,375	17,375	outstanding interest payable.
WLW gruppo	-	22,366	current account debt.
TDL Infomedia Ltd.	15,748	20,454	current account debt.
Consodata S.p.A.	4,025	2,319	current account debt.
Meliadi Finance S.r.l.	-	2,009	current account debt.
Other	205	30,402	current account debt.
Total current financial debt	118,744	155,162	
COMMERCIAL DEBT			
Telegate Italy S.r.l.	5,778	6,342	services rendered.
Cipi S.p.A.	3,430	1,999	services rendered.
Europages S.A.	3,408	3,416	services rendered.
Consodata S.p.A.	2,671	2,942	services rendered.
Prontoseat S.r.l.	1,060	953	services rendered.
Other	1	1	
Total commercial debt	16,348	15,653	
Total services to be rendered and other current liabilities	327	363	mainly the current share of the liability to Company directors in respect of their signing of a no-competition agreement.
Total reserve for current risks and charges	5,968	5,968	accruals to a reserve for increase in connection costs from mobile networks to NNG numbers September 2006-June 2007.
INVESTMENTS			
Consodata S.p.A.	770	1,064	capitalisation of geomarketing costs.
Other	87	1	
Total investments	857	1,065	

32. Other information

Stock options allocated to Directors, the CEO and Managers with Strategic Responsibility

The 2004 and 2005 "CEO Stock Option Plans" each provide for the allocation of 5,000,000 options to subscribe the same number of ordinary shares to the Company's CEO, Luca Majocchi, at strike prices of € 0.3341 and € 0.3221 respectively. The options are personal and non-transferable, *inter vivos*.

For full details of the options, go to paragraph 22 in these notes.

No options were allocated to other Directors.

As required under article 79 of the implementing regulation of Legislative Decree 58 of February 24, 1998 as adopted by CONSOB order 11971 of May 14, 1999 as amended, the following table shows the stock options allocated to Directors, the CEO and Managers with Strategic Responsibility.

	Options held start 2008			Options allocated in 2008			Options exercised in 2008			Options expired in 2008	Options held end 2008		
	Number of options	Average strike price (euro)	Average expiry	Number of options	Average strike price (euro)	Average expiry	Number of options	Average strike price (euro)	Average expiry	Number of options	Number of options	Average strike price (euro)	Average expiry
Key People plan - Managers with strategic responsibility	780,000	0.8532	05.2008	-	-	-	-	-	-	780,000	-	-	-
	9,150,000	0.3724	12.2008	-	-	-	-	-	-	9,150,000	-	-	-
2004 plan for employees - Managers with strategic responsibility	6,285,000	0.3341	06.2009	-	-	-	-	-	-	-	6,285,000	0.3341	06.2009
2004 plan for employees - Managers with strategic responsibility	9,200,000	0.3221	06.2010	-	-	-	-	-	-	-	9,200,000	0.3221	06.2010
Massimo Castelli - Director General Italy	-	-	-	-	-	-	-	-	-	-	-	-	-

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Interests of Directors, Statutory Auditors, the CEO and Managers with Strategic Responsibility

As required under article 79 of the implementing regulation of Legislative Decree 58 of February 24, 1998 as adopted by CONSOB order 11971 of May 14, 1999 as amended, the following table shows the interests of Directors, the CEO and Managers with Strategic Responsibility in SEAT Pagine Gialle S.p.A. and its subsidiaries.

Surname and christian name	Company	Number of shares held end of previous period	Number of shares purchased	Number of shares sold	Number of shares held end 2008
BENASSI LINO	SEAT Pagine Gialle S.p.A.	148,300 ordinary shares	-	-	148,300 ordinary shares
GILIBERTI Enrico	SEAT Pagine Gialle S.p.A.	6,144 savings shares	-	-	6,144 savings shares
GROS PIETRO Gian Maria	SEAT Pagine Gialle S.p.A.	60,000 ordinary shares	-	-	60,000 ordinary shares
MAJOCCHI Luca	SEAT Pagine Gialle S.p.A.	7,033,000 ordinary shares	4,420,000 ordinary shares	-	11,453,000 ordinary shares
CASTELLI Massimo	-	-	-	-	-
Managers with strategic responsibility	SEAT Pagine Gialle S.p.A.	122,205 ordinary shares	1,920,000 ordinary shares	40,000 ordinary shares	2,002,205 ordinary shares
	Telegate AG	3,000	-	-	3,000

Remuneration of Directors and Statutory Auditors

The following information is required under article 78 of CONSOB regulation 11971 of May 14, 1999 as amended

Person Surname and christian name	Description of position		Remuneration (euro)			
	Position	Term of mandate	Remuneration for position	Payment in kind	Bonuses and other incentives	Other remuneration
GILIBERTI Enrico	Director	01.01.2008 - 12.31.2008	10,000			
	Chairman	01.01.2008 - 12.31.2008 ⁽¹⁾	90,000			102,876 ⁽²⁾
MAJOCCHI Luca	Director	01.01.2008 - 12.31.2008 ⁽³⁾	10,000			
	Chief Executive Officer	01.01.2008 - 12.31.2008 ⁽¹⁾	1,056,000	155	1,145,158	5,746,897 ⁽⁴⁾⁽⁵⁾
BELLONI Antonio	Director	01.01.2008 - 12.31.2008	10,000			
	Member of the Remuneration Committee	01.01.2008 - 12.31.2008 ⁽⁶⁾⁽⁷⁾	30,000			
BENASSI Lino	Director	01.01.2008 - 12.31.2008	10,000			
	Chairman of the Internal Control Committee	01.01.2008 - 12.31.2008	40,000			
	Director	01.01.2008 - 12.31.2008	10,000			
COSSUTTA Dario	Director	01.01.2008 - 12.31.2008	10,000			
	Member of the Remuneration Committee	01.01.2008 - 12.31.2008 ⁽⁶⁾	30,000			
DI PALO Carmine	Director	01.01.2008 - 12.31.2008 ⁽⁷⁾	10,000			
GIUSSANI Alberto	Director	12.23.2008 - 12.31.2008 ⁽⁸⁾	10,000			
	Member of the Internal Control Committee	12.23.2008 - 12.31.2008 ⁽⁸⁾	30,000			
	Director	01.01.2008 - 12.31.2008	10,000			
GROS PIETRO Gian Maria	Director	01.01.2008 - 12.31.2008	10,000			
	Chairman of the Internal Control Committee	01.01.2008 - 12.31.2008	40,000			
	Director	01.01.2008 - 12.31.2008 ⁽⁷⁾	10,000			
LANARI Luigi	Director	01.01.2008 - 12.31.2008 ⁽⁷⁾	10,000			
	Member of the Internal Control Committee	01.01.2008 - 12.31.2008 ⁽⁶⁾	30,000			
MARINI Michele	Director	01.01.2008 - 12.31.2008	10,000			
	Director	01.01.2008 - 12.31.2008 ⁽⁷⁾	10,000			
MASERA Pietro Giovanni	Director	01.01.2008 - 08.29.2008 ⁽⁹⁾	6,667			
	Member of the Internal Control Committee	01.01.2008 - 08.29.2008 ⁽⁹⁾	20,000			
	Chairman of the Supervisory Board	01.01.2008 - 12.31.2008	20,000			
	Director	01.01.2008 - 12.31.2008 ⁽⁷⁾	10,000			
VOLPI Nicola	Director	01.01.2008 - 12.31.2008 ⁽⁷⁾	10,000			
	Chairman of the Board of Statutory Auditors	01.01.2008 - 12.31.2008	61,975			
VASAPOLLI Andrea	Acting Auditor	01.01.2008 - 12.31.2008	41,317			8,385 ⁽¹⁰⁾
CIRUZZI Vincenzo	Acting Auditor	01.01.2008 - 12.31.2008	41,317			13,267 ⁽¹¹⁾

(1) Remuneration for 2008 under art. 2389, 3° Civil Code.

(2) Other remuneration to Enrico Giliberti is by Studio Legale Giliberti Pappalettera Tricornia e Associati, for consultancy to SEAT Pagine Gialle S.p.A. in 2008.

(3) Remuneration for 2008 under art. 2389, 1° Civil Code - remuneration waived.

(4) In February 2009 Luca Majocchi and SEAT PG signed a no-competition agreement to protect the Company from the risk that when he stepped down as CEO, Luca Majocchi might work for a competitor of Seat. The agreement is for 30 months (from July 1, 2009).

As consideration for the undertaking, SEAT Pagine Gialle is to pay Luca Majocchi the equivalent of 30 monthly payments based on the gross annual remuneration voted to him for 2008, plus the MBO bonus calculated as the accrued average value of the MBO for the 3 fiscal years prior to his step-down from his position as CEO for the Company. By signing the agreement, Luca Majocchi also gave a formal undertaking that all information to which he has had access as CEO will remain strictly confidential.

(5) Other remuneration to Luca Majocchi refers to the applicable proportion of directors' TFR for the period.

(6) Have waived part of their remuneration for their work on:

a) Remuneration Committee : Antonio Belloni (€ 25,000); Dario Cossutta (€ 25,000);

b) Internal Control Committee: Marco Lucchini (€ 25,000).

(7) Luigi Lanari and Pietro Giovanni Masera pay their remunerations to CVC Capital Partners S.r.l.; Antonio Belloni (6)) and Carmine Di Palo to BC Partners S.r.l.; Nicola Volpi to Permira Associati S.p.A..

(8) Alberto Giussani was co-opted by the Board of Directors on December 23, 2008 and therefore received no remuneration in respect of 2008.

(9) Marco Reboa resigned as director and member of the Internal Control Committee on 08.29.2008.

(10) Remuneration for 2008 in respect of his position as Chairman of the Board of Statutory Auditors of Prontoseat S.r.l..

(11) Remuneration for 2008 in respect of his position as Chairman of the Board of Statutory Auditors of Consodata S.p.A. (€10,044) and as standing auditor of Cipi S.p.A. 01.01.2008 - 08.29.2008 (€ 3,222)

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Remuneration of the CEO and Managers with Strategic Responsibility

The following information is required under article 78 of CONSOB regulation 11971 of May 14, 1999 as amended

Person Surname and christian name	Description of position Position	Remuneration (euro)		
		Remuneration (1)	Payment in kind (1)	Bonuses and other incentives
CASTELLI Massimo	Director General Italy	325,000	4,566	167,785 (1)
Managers with strategic responsibility		2,489,966	45,071	920,721

(1) Appointed June 2008, these figures are therefore for June-December 2008.

Remuneration to the Independent Auditors and entities in their network

Within the meaning of art. 149-*duodecies* of the CONSOB Issuer Regulation (resolution 11971/1999 as amended), the table in "Consolidated Balance Sheet paragraph Other information" shows fees in respect of audit and other services for the financial year 2008 provided to the SEAT Pagine Gialle S.p.A. by Reconta Ernst & Young and the entities in its network.

The Annual Financial Statements for 2008 of SEAT Pagine Gialle S.p.A. were audited by Reconta Ernst & Young S.p.A. under the mandate given to them by the Shareholders' Meeting on April 27, 2006 for the periods 2006-2011 in accordance with the Combined Act on financial intermediaries (Legislative Decree 58 of February 24, 1998).

The remuneration for the audit of the Financial Statements for 2008 and for examination to ensure the accounts have been properly kept was € 135 thousand and that for the Consolidated Financial Statements of the Group € 29 thousand. The cost of the limited-scope audit of the Consolidated Interim Financial Statements for 2008 of SEAT Pagine Gialle S.p.A. was € 36 thousand.

Reconta Ernst & Young S.p.A. was also instructed (total remuneration € 142 thousand) to *i*) carry out the quarterly audits required under the securitisation contracts, *ii*) provide certification in favour of the holders of Lighthouse International Company S.A. notes *iii*) issue a comfort letter for "Senior" debt covenants.

Mandates were also conferred on entities connected with Reconta Ernst & Young S.p.A. worth € 247 thousand, of which € 237 thousand for the valuation of the holding in the TDL Infomedia group and € 10 thousand for tax advice.

List of material equity participations

Name	Registered office	Share capital	Owned by
CIPI S.p.A.	Milan (Italy)	Euro 1,200,000	SEAT Pagine Gialle S.p.A.
CONSODATA S.p.A.	Rome (Italy)	Euro 2,446,330	SEAT Pagine Gialle S.p.A.
EUROPAGES S.A. (ex Eurédit SA)	Neuilly-sur-Seine Cedex (France)	Euro 2,800,000	SEAT Pagine Gialle S.p.A.
EUROPAGES GmbH in liquidazione	Munich (Germany)	Euro 25,000	Europages S.A.
EUROPAGES Benelux SPRL	Watermael-Boitsfort (Belgium)	Euro 20,000	Europages S.A.
KATALOG YAYIN VE TANITIM HIZMETLERI A.S.	Istanbul (Turkey)	Turkish Lira 26,500,000	SEAT Pagine Gialle S.p.A.
LIGHTHOUSE INTERNATIONAL COMPANY S.A.	Luxembourg	Euro 31,000	SEAT Pagine Gialle S.p.A.
PRONTOSEAT S.r.l.	Turin (Italy)	Euro 10,500	SEAT Pagine Gialle S.p.A.
SEAT CORPORATE UNIVERSITY S.c.ar.l.	Turin (Italy)	Euro 10,000	SEAT Pagine Gialle S.p.A.
TELEGATE HOLDING GmbH	Munich (Germany)	Euro 26,100	SEAT Pagine Gialle S.p.A.
TELEGATE AG	Munich (Germany)	Euro 21,234,545	Telegate Holding GmbH SEAT Pagine Gialle S.p.A.
11811 NUEVA INFORMACION TELEFONICA S.A.U.	Madrid (Spain)	Euro 222,000	Telegate AG
11880 TELEGATE GmbH	Vienna (Austria)	Euro 35,000	Telegate AG
DATAGATE GmbH	Munich (Germany)	Euro 60,000	Telegate AG
11880.COM GmbH	Munich (Germany)	Euro 25,000	Datagate GmbH
MOBILSAFE AG in liquidazione	Munich (Germany)	Euro 150,000	Datagate GmbH
TELEGATE 118 000 Sarl	Paris (France)	Euro 118,000	Telegate AG
TELEGATE AKADEMIE GmbH	Rostock (Germany)	Euro 25,000	Telegate AG
TELEGATE AUSKUNFTDIENSTE GmbH	Munich (Germany)	Euro 25,000	Telegate AG
TELEGATE ITALY S.r.l.	Turin (Italy)	Euro 129,000	Telegate AG
TELEGATE MEDIA AG	Essen (Germany)	Euro 4,039,999	Telegate AG
UNO UNO OCHO CINCO CERO GUIAS S.L.	Madrid (Spain)	Euro 3,100	Telegate AG
TDL INFOMEDIA Ltd.	Hampshire (United Kingdom)	Sterling 139,524.78	SEAT Pagine Gialle S.p.A.
INDIRECT S.P.R.L. in liquidazione	Bruxelles (Belgium)	Euro 148,736	TDL Infomedia Ltd.
MOBILE COMMERCE Ltd.	Cirencester (United Kingdom)	Sterling 497	TDL Infomedia Ltd.
TDL BELGIUM S.A. in liquidazione	Bruxelles (Belgium)	Euro 18,594,176	TDL Infomedia Ltd.
THOMSON DIRECTORIES Ltd.	Hampshire (United Kingdom)	Sterling 1,340,000	TDL Infomedia Ltd.
THOMSON DIRECTORIES PENSION COMPANY Ltd.	Hampshire (United Kingdom)	Sterling 2	Thomson Directories Ltd.
CALLS YOU CONTROL Ltd.	Hampshire (United Kingdom)	Sterling 1	Thomson Directories Ltd.

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➤ Certification of the Separate Financial Statements pursuant of art. 81-ter of CONSOB Regulation 11971 of May 14, 1999 as amended and supplemented

1. The undersigned Luca Majocchi, acting in his capacity as Chief Executive Officer, and Massimo Cristofori, acting in his capacity as manager responsible for the preparation of the financial statements of SEAT Pagine Gialle S.p.A., hereby declare, taking due account of section 154-bis, sub-sections 3 and 4 of Legislative Decree 58 of February 24, 1998, that in the preparation of the Separate Financial Statements for the period all administrative and accounting procedures considered appropriate to the nature of the undertaking were applied in 2008.
2. All administrative and accounting procedures relating to the preparation of the Separate Financial Statements as at December 31, 2008 were critically reviewed during the year to ensure their relevance and full application. The review did not reveal any anomalies.
3. We furthermore declare that:
 - 3.1. the Separate Financial Statements for 2008:
 - have been prepared in accordance with the IAS/IFRS recognised as applicable by the European Community and under section 9 of Legislative Decree 38/2005 and that they offer a true and fair view of the Company's asset, economic and financial position;
 - agree with the books and accounting records;
 - offer a true and fair view of the assets, economic and financial position of the Company;
 - 3.2. the Report on Operations includes a reliable analysis of operating performance and results, of the position of the Company and a description of the main risks and uncertainties to which it is exposed.

Milan, March 6, 2009

Chief Executive Officer
Luca Majocchi

Manager responsible for the
preparation of the financial statements
Massimo Cristofori

➤ Report of the Statutory Auditors to the Meeting of Shareholders of SEAT Pagine Gialle S.p.A. on the Financial Statements as at December 31, 2008, in accordance with art. 2429 Civil Code and art. 153 Legislative Decree 58/98

Dear Shareholders,

in this report the Board of Statutory Auditors comment on their activities as required under art. 2429 Civil Code and art. 153 Legislative Decree 58/98, taking account of the conduct principles recommended by the Consigli Nazionali dei Dottori Commercialisti e dei Ragionieri (National Board of Certified Accounts) and of the CONSOB order of April 6, 2001 as amended and supplemented by circulars DEM/3021582 of April 4, 2003 and DEM/6031329 of April 7, 2006.

1. Comments on the most material economic, financial and asset transactions by the Company and their compliance with legal requirements and the Memorandum of Association.

The Board of Statutory Auditors points out the following transactions, considered the most significant ones in 2008.

- a) Disposal to Bisnode AB of Sweden of the 100% stake in Wer Liefert Was? GmbH of Germany for € 47.8 million. The sale took place on December 23, 2008 after a competitive auction and generated a net loss of € 75.1 million.
- b) At end 2008 five of the six buildings in the Company's new headquarters in Turin were completed.
The € 65.8 million investment was financed (€ 62.6 million) through financial leases.
- c) The Company performed impairment tests on its intangible assets with an indefinite useful life and on its investments. For 2008 this resulted in an income statement write-down of TDL Ltd., Europages S.A., CIPI S.p.A. and Katalog A.S. in the total amount of € 154.7 million.
- d) In December 2008 the bases were agreed for the renegotiation of the "Senior" financing with The Royal Bank of Scotland, which was completed on January 14, 2009. The amendment is based *inter alia* on the success of the € 200 million Capital Increase by SEAT Pagine Gialle S.p.A. as resolved by its Shareholders' Meeting on January 26, 2009.

The Board of Statutory Auditors believes that the above transactions comply with the law and Memorandum of Association, are in the Company's interests, are not manifestly imprudent or risky, are not contrary to the resolutions of the shareholders and do not compromise the assets of the Company.

2. Transactions with related parties

The Company has adopted a procedure for meeting its disclosure obligations under art. 150(1) of Legislative Decree 58/98 concerning transactions with related parties, its business, and material, atypical and unusual transactions.

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- 2.1. The Board of Statutory Auditors has discovered no atypical and/or unusual transactions with third parties by the Company.
- 2.2 The Board of Statutory Auditors has discovered no atypical and/or unusual or extraordinary transactions with related parties, apart from the agreement to delay dividend payment with shareholders having a significant influence on the Company, which agreement was approved by the Board of Directors in accordance with the relevant procedure adopted by the Company.
- 2.3 As regards ordinary and financial transactions with related parties, the Company has asset, economic and financial relations with the companies in the Group; all transactions are at market conditions.
As regards the above intragroup and related party transactions, the Board of Statutory Auditors believes that the amounts are appropriate and that the transactions effected are in the Company's interests.

3. The Board of Statutory Auditors believes that the information provided by the directors in the Financial Statements concerning intragroup and related party transactions is adequate.

4. On March 13, 2009 in accordance art. 156 Legislative Decree n. 58/98, Reconta Ernst & Young S.p.A. issued a clean audit opinion.

5. Reports made under art. 2408 Civil Code.

During the course of the Shareholders' Meeting held on January 26, 2009, one shareholder reported and demonstrated under art. 2408 Civil Code the fact that between the resignation from the Board of Directors of Mr. M. Reboa (08.29.2008) and the co-opting of Mr. A. Giussani (12.23.2008), the Board (which has a total of 13 members) met four times even though a replacement for the former member had not been appointed.

As noted during to the Shareholders' Meeting, the Board of Statutory Auditors must point out that the search for a new director began immediately Mr M. Reboa handed in his resignation. It took some time to find for the position of independent director an appropriate professional who had no conflicts of interests and not a large number of other directorships. Furthermore, the Civil Code does not set a time-limit on co-opting.

6. No briefs were filed.

7. The following additional mandates were given to Reconta Ernst & Young S.p.A. for a total of € 142 thousand:

- certification in favour of the holders of Lighthouse notes;
- comfort letter for the "Senior" debt covenants;
- the quarterly audits required under the securitisation contracts.

8. The following additional mandates were given to entities connected with Reconta Ernst & Young S.p.A. for a total of € 247 thousand:

- valuation of the investment in the TDL Infomedia group;
- tax consultancy.

9. The Board of Statutory Auditors has issued opinions in favour of:

- the remuneration paid to Directors holding certain positions under art. 2389(3) Civil Code, including the no-competition agreement signed with Luca Majocchi on December 23, 2008;

- the co-opting of a new Director under art. 2386(2) Civil Code (decision of December 23, 2008);
- € 200 million Capital Increase (decision of December 23, 2008);
- appointment of a Company Documents Preparation Director.

Pursuant to art. 3-c-5 of the Code of Conduct, the Board of Statutory Auditors has also checked the proper application of the criteria and procedures adopted by the Board of Directors for assessing the independence of its members.

10. There were:

- 11 meetings of the Board of Directors;
- 6 meetings of the Board of Statutory Auditors;
- 4 meetings of the Internal Control Committee.

The Board of Statutory Auditors, or one or more of its members, has attended all the above meetings.

There were also 7 meetings of the Remuneration Committee.

11. The Board of Statutory Auditors has investigated and ensured, within the scope of its authority, that the organisation of the Company is adequate and that there is compliance with the principles applying to proper administration. It has done this through direct observation, the obtaining of information from management and through meetings with the external auditors to exchange relevant data and information.

With regards to this point, no issuers are to be disclosed.

12. The Board of Statutory Auditors has also investigated and ensured, within the scope of its authority, that the Company is properly organised and has discovered no problems in this respect.

13. The Board of Statutory Auditors has monitored the internal control and administration/accounting systems to ensure they are adequate and that the latter system reliably records operating transactions, by: i) examining reports on the administration and accounting, internal control and corporate reporting systems; ii) obtaining information from the various department heads; iii) contacts with the management of subsidiaries within the meaning of art. 151(1) and (2) Legislative Decree 58/98; iv) participating in the work of the Internal Control Committee. This has revealed no anomalies indicating any insufficiency in the Internal Control System.

14. The Board of Statutory Auditors believes the administration/accounting system is adequate and that it reliably records operating transactions.

15. The Company has provided the subsidiaries with the information they require to meet their reporting duties under art. 114(2) Legislative Decree 58/98.

16. During meetings with the Independent Auditors in accordance with art. 150(2) Legislative Decree 58/98, no material matters arose.

17. The Company's implementation of corporate governance and its correct application of the rules set out in the Borsa Italiana Code of Conduct are described in full in a report to the Shareholder' Meeting with which the Board of Statutory Auditors concurs.

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18. During its supervision and controls, the Board of Statutory Auditors has discovered nothing of material importance to report to the Supervisory Bodies or to include in this document.

19. The Board of Statutory Auditors, taking account of the Annual Financial Statements as at December 31, 2008 that show a loss of € 211,417,000, has no objection to the proposed resolutions presented by the Board of Directors for partial cover of that loss.

* * * * *

Attachment

Within the meaning of art. 144/XV of the Issuers Regulation, we attach the list of directorships held by Company officers with other companies described in Book V, Title V, Sections V-VI-VII Civil Code at the date of this report.

Milan, March 16, 2009

The Board of Statutory Auditors

Enrico Cervellera

Vincenzo Ciruzzi

Andrea Vasapoli

Enrico Cervellera

No.	Company	Directorships	Expiring at AGM on
1	Interpump Group S.p.A.	Chairman, Board of Statutory Auditors	12-31-2010
2	SEAT Pagine Gialle S.p.A.	Chairman, Board of Statutory Auditors	12-31-2008
3	Luxottica S.p.A.	Acting auditor	12-31-2008
4	Tamburi Investment Partners S.p.A.	Acting auditor	12-31-2008
5	Ferrero S.p.A.	Director	08-31-2009
6	San Lorenzo S.p.A.	Chairman, Board of Statutory Auditors	12-31-2008
7	Gruppop Lactalis Italy S.p.A.	Chairman, Board of Statutory Auditors	12-31-2010
8	S.p.A. Egidio Galbani	Chairman, Board of Statutory Auditors	12-31-2010
9	Big S.r.l.	Chairman, Board of Statutory Auditors	12-31-2009

No. 4 positions in issuers

No. 9 general positions

Vincenzo Ciruzzi

No.	Company	Directorships	Expiring at AGM on
1	Aegis Media Italy S.p.A.	Chairman, Board of Statutory Auditors	12-31-2009
2	Carat Italy S.p.A.	Chairman, Board of Statutory Auditors	12-31-2008
3	Vizeum S.p.A.	Chairman, Board of Statutory Auditors	12-31-2009
4	S.t.s. S.p.A.	Chairman, Board of Statutory Auditors	12-31-2009
5	SEAT Pagine Gialle S.p.A.	Acting auditor	12-31-2008
6	Consodata S.p.A.	Chairman, Board of Statutory Auditors	12-31-2008
7	Dexia Crediop S.p.A.	Acting auditor	12-31-2009
8	Camuzzi S.p.A.	Chairman, Board of Statutory Auditors	12-31-2009
9	Gruppo Baglietto S.p.A.	Chairman, Board of Statutory Auditors	12-31-2009
10	Cantieri Navali Baglietto S.p.A.	Chairman, Board of Statutory Auditors	12-31-2009
11	Cantieri di Pisa S.p.A.	Chairman, Board of Statutory Auditors	12-31-2009
12	Speziayachting S.r.l.	Chairman, Board of Statutory Auditors	12-31-2008
13	Unispray S.r.l.	Acting auditor	12-31-2008
14	H&C S.p.A.	Chairman, Board of Statutory Auditors	12-31-2008
15	Twice Sim S.p.A.	Chairman, Board of Statutory Auditors	12-31-2009
16	EniPower Mantova S.p.A.	Acting auditor	12-31-2008
17	Eurovetropac S.r.l.	Chairman, Board of Statutory Auditors	12-31-2010
18	Pragma Inform S.p.A.	Chairman, Board of Statutory Auditors	12-31-2008
19	Sidim S.p.A.	Chairman, Board of Statutory Auditors	12-31-2009
20	Messina Fuels S.p.A.	Acting auditor	12-31-2010
21	CDR & Associati S.r.l.	Chairman Board of Directors	until revoked

No. 1 positions in issuers

No. 21 general positions

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Andrea Vasapoli

Positions as standing auditor or director of public limited companies:

No.	Company	Directorships	Expiring at AGM on
1	Samsonite Finanziaria S.r.l.	Chairman, Board of Statutory Auditors	12-31-2001
2	Samsonite S.p.A.	Chairman, Board of Statutory Auditors	12-31-2010
3	SEAT Pagine Gialle S.p.A.	Acting auditor	12-31-2008
4	A.G.B. S.r.l.	Chairman, Board of Statutory Auditors	12-31-2009
5	CAMO S.p.A.	Chairman, Board of Statutory Auditors	12-31-2008
6	Burckhardt Compression (Italy) S.r.l.	Acting auditor	03-31-2010
7	Aksia Group Sgr S.p.A.	Acting auditor	12-31-2009
8	Valvitaly Holding S.p.A.	Acting auditor	12-31-2009
9	Valvitaly S.p.A. (già Valvitaly Finanziaria S.p.A.)	Acting auditor	12-31-2009
10	Varenne Itaco S.p.A.	Chairman, Board of Statutory Auditors	12-31-2010
11	Varenne Bidco S.p.A.	Chairman, Board of Statutory Auditors	12-31-2010
12	Finmecc S.p.A.	Chairman, Board of Statutory Auditors	12-31-2009
13	Foro Frumentario S.p.A.	Acting auditor	12-31-2010
14	Vega International Tools S.p.A.	Acting auditor	12-31-2009
15	Eurochimind S.p.A.	Acting auditor	12-31-2008
16	San Carlo dal 1973 S.p.A.	Acting auditor	12-31-2008
17	Cofim S.p.A.	Acting auditor	12-31-2009
18	Space 2000 S.p.A.	Acting auditor	12-31-2009
19	Bercap S.p.A.	Acting auditor	12-31-2008
20	In.Ge.Co. S.p.A.	Acting auditor	06-30-2009
21	Co.Ge.Pi. S.p.A.	Acting auditor	06-30-2009
22	Trend S.r.l.	Director	until revoked
23	Prontoseat S.r.l.	Chairman, Board of Statutory Auditors	12-31-2008
24	E-Motion S.p.A.	Acting auditor	06-30-2011
25	E-motion Labs S.p.A.	Acting auditor	06-30-2009
26	T2 S.r.l.	Director	until revoked
27	Piave S.p.A.	Chairman, Board of Statutory Auditors	12-31-2010
28	Polythema S.r.l.	Acting auditor	12-31-2010
29	San Carlo Immobiliare S.r.l.	Acting auditor	12-31-2009
30	Casa Antonica S.r.l.	Director	until revoked
31	M.S.B. S.r.l.	Acting auditor	12-31-2010

No. 1 positions in issuers

No. 31 general positions



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Independent auditors' report
pursuant to Article 156 of Legislative Decree No. 58 of February 24, 1998
(Translation from the original Italian text)

To the Shareholders of SEAT Pagine Gialle S.p.A.

1. We have audited the financial statements of SEAT Pagine Gialle S.p.A. and its subsidiaries, (the "SEAT Group") as of and for the year ended December 31, 2008, comprising the balance sheet, the statement of income, changes in shareholders' equity and cash flows and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Italian Legislative Decree n° 38/2005 is the responsibility of the SEAT Pagine Gialle S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. Our audit was made in accordance with auditing standards and procedures recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards and procedures, we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

The financial statements present the comparative data of the preceding year. As described in the explanatory notes, management restated the comparative information related to the financial statements of the preceding year, on which we issued our auditors' report on April, 7 2008. We have examined the methods adopted to restate the comparative financial information for the same period of the preceding year for the purpose of our opinion as of and for the year ended December 31, 2008.

3. In our opinion, the financial statements of the SEAT Pagine Gialle S.p.A. at December 31, 2008 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Italian Legislative Decree n° 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations, the changes in shareholders' equity and the cash flows of the SEAT Pagine Gialle S.p.A. for the year then ended.
4. The management of SEAT Pagine Gialle S.p.A. is responsible for the preparation of the Report on Operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Report on Operations with the financial statements as required by art. 156, paragraph 4-bis, letter d) of the Legislative Decree 58/98. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the Report on Operations is consistent with the financial statements of the SEAT Pagine Gialle S.p.A. as of December 31, 2008.

Turin, March 13, 2009

Reconta Ernst & Young S.p.A.
signed by: Mario Lamprati, partner

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Sede Legale: 00196 Roma - Via G.D. Romagnosi, 18/A
Capitale Sociale € 1.402.500,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584
P.I. 00891231003
Iscritta all'Albo Revisori Contabili al n. 70945 Pubblicato sulla G.U.
Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10381 del 16/7/1997

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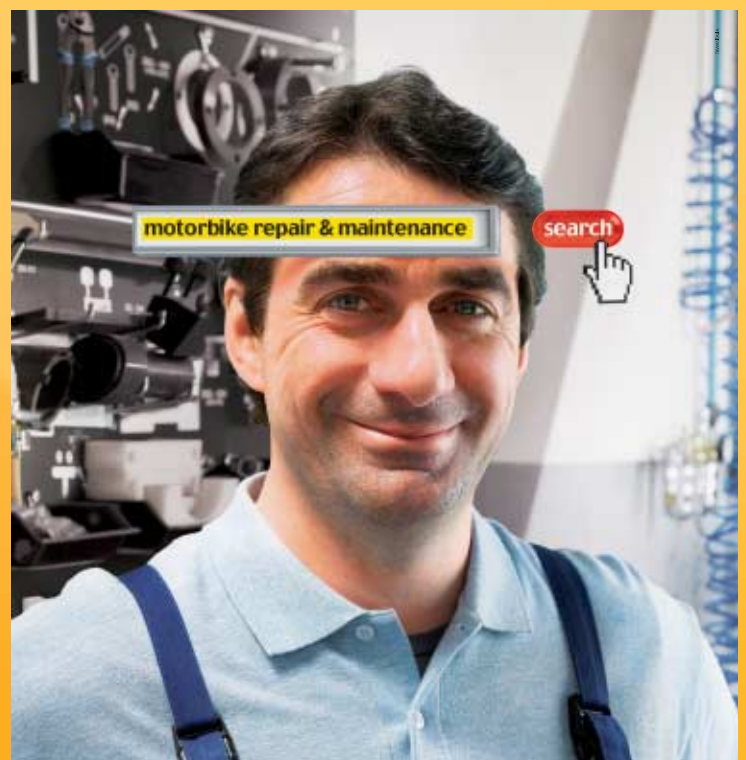
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➤ Proposed resolutions

Dear Shareholders,

The Board of Directors has called this Ordinary Shareholders' Meeting to present to You the Draft Annual Financial Statements of SEAT Pagine Gialle S.p.A. as at December 31, 2008, which show a loss for the year of € 211,417,149.47.

We propose that the loss should be covered by:

- application of all retained earnings, the research contribution reserve and the capital contribution reserve;
- carrying forward the remaining amount not covered.

We therefore submit the following resolution to You for Your approval:

The Shareholders' Meeting of SEAT Pagine Gialle S.p.A.

- a) having examined the Annual Financial Statements of the Company as at December 31, 2008;*
- b) having read the Report on Operations supplementing the Annual Financial Statements;*
- c) taking note of the reports of the Board of Statutory Auditors and of Reconta Ernst & Young S.p.A., the Independent Auditors*

resolves

1. to approve the Report on Operations of the Board of Directors, the Balance Sheet, the Income Statement and the Notes to the Financial Statements of SEAT Pagine Gialle S.p.A., which show a loss for the period of € 211,417,149.47;
2. partially to cover the € 211,417,149.47 loss for the period by application of all retained earnings (€ 163,548,079.19), of the research contribution reserve (€ 80,308.16) and the capital contribution reserve (€ 31,979.77);
3. to carry forward the remaining loss not covered of € 47,756,782.35.

➤ Shareholders' Meeting resolutions

On April 9, 2009, in Turin, Corso Mortara 22, at the secondary office of the Company, the Ordinary Shareholders' Meeting of SEAT Pagine Gialle S.p.A. was held in second convocation.

The Ordinary Shareholders' Meeting resolved:

1. to approve the Report on Operations of the Board of Directors, the Balance Sheet, the Income Statement and the Notes to the Financial Statements of SEAT Pagine Gialle S.p.A, which show a loss for the period of € 211,417,149.47;
2. partially to cover the € 211,417,149.47 loss for the period by application of:
 - all retained earnings for € 163,548,079.19;
 - the "Research contribution" reserve for € 80,308.16;
 - the "Capital contribution" reserve for € 31,979.77;
3. to carry forward the remaining loss not covered of € 47,756,782.35.

To contact SEAT Pagine Gialle S.p.A.

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available on the website

www.seat.it

Official documents may
be requested to

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Art direction Barabino & Partners

Graphic concept Fitolito BN

Printed by Fitolito BN

Printed in June 2009