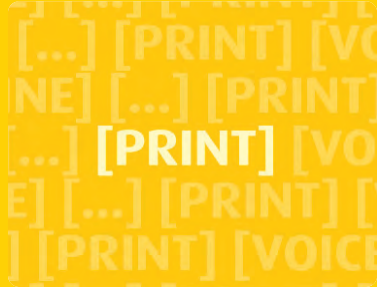


SEAT Pagine Gialle S.p.A.



2009 Annual Report



➔ 2009 Annual Report

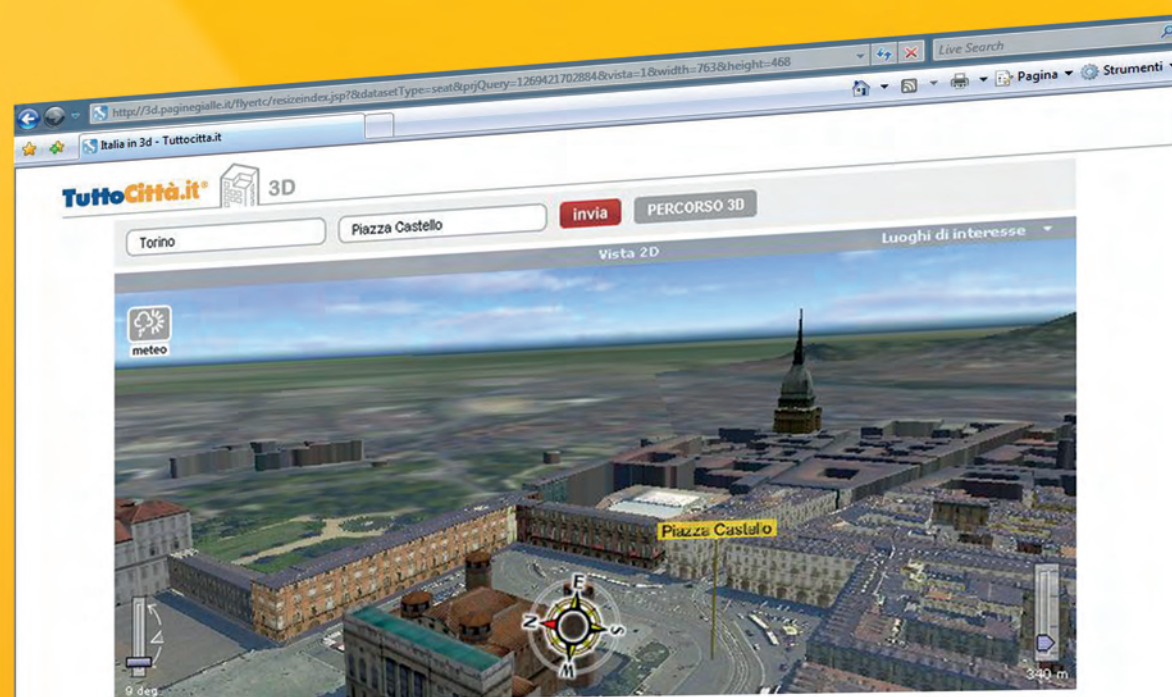
Registered office: Via Grosio, 10/4 - 20151 Milan (Italy)
Secondary office: Corso Mortara, 22 - 10149 Turin (Italy)
Fully paid-up share capital: € 450,265,793.58 i.v.
Tax Code and VAT Code: 03970540963
Milan Register of Companies No. 03970540963

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-online-voice). These include highly innovative internet products, print directories and directory assistance services, plus a large selection of complementary advertising services.

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Highlights and General Information



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➤ Company Boards

(at 16 March 2010)

Board of Directors (*)	Chairman	Enrico Giliberti
	Chief Executive Officer	Alberto Cappellini (***)
Directors		Lino Benassi (l)
		Dario Cossutta
		Maurizio Dallochio (l)
		Alberto Giussani (l)
		Luigi Lanari
		Pietro Masera
		Antonio Tazartes
		Marco Tugnolo (****)
	Nicola Volpi	
	Secretary to the Board of Directors	Marco Beatrice
Remuneration Committee (**)	Chairman	Lino Benassi
		Dario Cossutta
		Luigi Lanari
Internal Control Committee (**)	Chairman	Alberto Giussani
		Maurizio Dallochio
		Marco Tugnolo
Board of Statutory Auditors (*)	Chairman	Enrico Cervellera
	Acting Auditors	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
Independent Auditors		Reconta Ernst & Young S.p.A.

(*) The Board of Directors and Board of Statutory Auditors were elected by the Ordinary Shareholders' Meeting on 9 April 2009.

(**) Appointed by the Board of Directors on 9 April 2009.

(***) Co-opted by the Board of Directors on 29 April 2009 to replace Luca Majocchi who resigned.

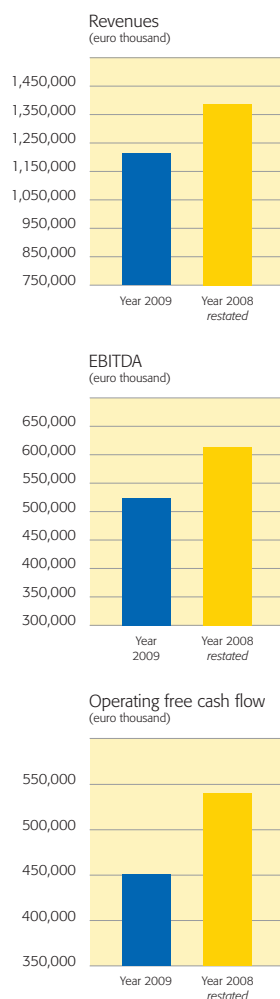
(****) Co-opted by the Board of Directors on 5 August 2009 to replace Marco Lucchini who resigned.

(l) Independent director pursuant to the art. 148, paragraph 3, Legislative Decree No. 58/98 and under the Corporate Governance Code for Listed Companies.

➤ Economic and financial highlights of the Group

The economic and financial results of the SEAT Pagine Gialle group for 2009 and 2008 were prepared in accordance with the International Accounting Standards of the International Accounting Standards Board recognised as applicable by the European Union (IFRS).

- Consolidated REVENUES: € 1,209.8 million (€ 1,361.3 million in 2008), Italian core business outperforming the rest of its advertising market and keeping the fall down to 7.7% due mainly to the strong expansion of online business.
- Italian online REVENUES: up 20.0%, outperforming the market twice over, traffic to PAGINEGIALLE.it® up 25.6%.
- Consolidated EBITDA: € 527.6 million, in line with guidance and stable margins (43.6%) due to the containment of operating costs in Italy and throughout the Group.
- Consolidated EBIT: increased by 7.6% to € 245.7 million following the drop in non-operating amortisation, depreciation and write down and profit (loss) before tax and Minority interests of € 31.2 million (€ 19.9 million loss in 2008) due to the big reduction in interest expense, net (-13.5%).
- NET FINANCIAL DEBT: € 2,762.8 million, down € 319.2 million on 2008 due to the share-capital increase, the drop in interest expense and high levels of operating cashflow throughout the year.



(euro/thousand)	Year 2009	Year 2008 restated (**)
Economic and financial data		
Revenues from sales and services	1,209,821	1,361,319
GOP (*)	588,635	657,602
EBITDA (*)	527,601	602,695
EBIT (*)	245,728	228,347
Pre-tax profit(loss)	31,152	(19,865)
Profit (loss) on continuing operations	(23,021)	(89,055)
Profit (loss) pertaining to the Group	(37,770)	(179,646)
FCF (*)	456,304	547,359
Investment in the Turin property complex	(1,091)	(65,832)
Capital expenditure	51,943	46,836
Net invested capital (*)	3,768,127	3,920,304
of which goodwill and customer database	3,335,257	3,517,486
of which net operating working capital (*)	326,222	320,633
Group equity	1,012,167	876,595
Net financial debt (*)	2,762,782	3,082,016
Economic and financial ratios		
EBITDA/Revenue	43.6%	44.3%
EBIT/Revenue	20.3%	16.8%
EBIT/Net invested capital	6.5%	5.8%
Profit (loss) pertaining of the Group/Group equity	(3.7%)	(20.5%)
FCF/Revenue	37.7%	40.2%
Operating working capital/Revenue	27.0%	23.6%
Workforce		
Workforce at the end of the year (units)	6,088	6,507
Average workforce for the year	4,947	5,196
Revenues/Average workforce	245	262

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

(**) See "Report on Operations, paragraph Introduction" for further details of 2008 restated.

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Non-GAAP measures

The present Report on Operations and the Consolidated and Separate Financial Statements of SEAT Pagine Gialle S.p.A. as at and for the year ended 31 December 2009 and 2008 include not only the IFRS accounting measures but also a number of non-GAAP measures, to allow better evaluating of the economic and financial performance.

These non-GAAP measures are not identified as accounting measures pursuant to IFRS and therefore do not constitute an alternative method for assessing the Group's economic performance or its capital or financial position. Since these measures are not governed by IFRS, the Company's calculation methods may not be consistent with those adopted by other companies, meaning that the following indicators may not be comparable. These non-IFRS measures are set forth below:

- **GOP** (*gross operating profit*) refers to EBITDA before other operating income and expenses, write-downs of operating assets and provisions for risks and charges.
- **EBITDA** (*earnings before amortisation depreciation and non-recurring and restructuring costs*) refers to operating income (EBIT) before non-recurring and restructuring costs and before operating amortisation and depreciation and non-operating amortisation and impairment losses (referred to goodwill and customer databases).
- **Operating and non-operating working capital** refers to current operating assets (producing operating revenues) net of current operating liabilities (resulting from operating costs) and current non-operating assets net of current non-operating liabilities respectively: neither item includes current financial assets or liabilities.
- **Net invested capital** refers to current operating and non operating working capital, goodwill, customer databases and other non-current operating/non-operating assets and liabilities.
- **Net financial debt "book value"** refers to cash and cash equivalent, current/non-current financial assets and liabilities.
- **Net financial debt** refers to net financial debt "book value" before net adjustments on cash flow hedge contracts and inception, refinancing and securitisation charges not yet amortised.
- **FCF** (*free cash flow*) refers to EBITDA as adjusted to take account of capital expenditure, change in operating working capital and in non-current operating liabilities.

Information for Shareholders

Shares

		At 31.12.2009	At 31.12.2008 post regrouping	At 31.12.2008
Share capital	euro	450,265,793.58	250,351,664.46	250,351,664.46
Number of ordinary shares	No.	1,927,027,333	41,044,903	8,208,980,696
Number of savings shares	No.	680,373	680,373	136,074,786
Market capitalisation (based on average December market price)	euro/mln	316	480	480
SEAT Pagine Gialle share weighting (SPG ordinary shares) at 31 December 2009				
- Ftse Italia All Share (ex Mibtel)		0.048%	0.124%	0.124%
Equity per share	euro	0.737	21.009	0.105
Profit (loss) per share - EPS	euro	(0.027)	(4.305)	(0.022)

On 9 February 2009 the 26 January 2009 resolution by the Extraordinary General Meeting 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, please refer to "Report on Operations paragraph Main events in 2009").

On 30 April 2009 the share-capital increase voted by the Extraordinary General Meeting at the same time was concluded.

This raised the share capital of SEAT Pagine Gialle S.p.A. to **€ 450,265,793.58** divided into 1,927,707,706 no-par value shares, of which 1,927,027,333 ordinary shares and 680,373 savings shares.

Equity per share and EPS have been calculated by dividing the equity and operating results of the SEAT Pagine Gialle Group by the average number of shares in circulation over the reference period.

2009 and 2008 saw no dilution of equity or EPS within the meaning of IAS 33 since the market price of SEAT Pagine Gialle S.p.A. ordinary shares over the year was materially below strike price for the options yet to be exercised at year end.

SEAT Pagine Gialle S.p.A. rating

(at 16 March 2010)

Rating agency	Corporate	Outlook
S&P's	B	Negative
Moody's	B2	Negative

→ **Highlights and general information**

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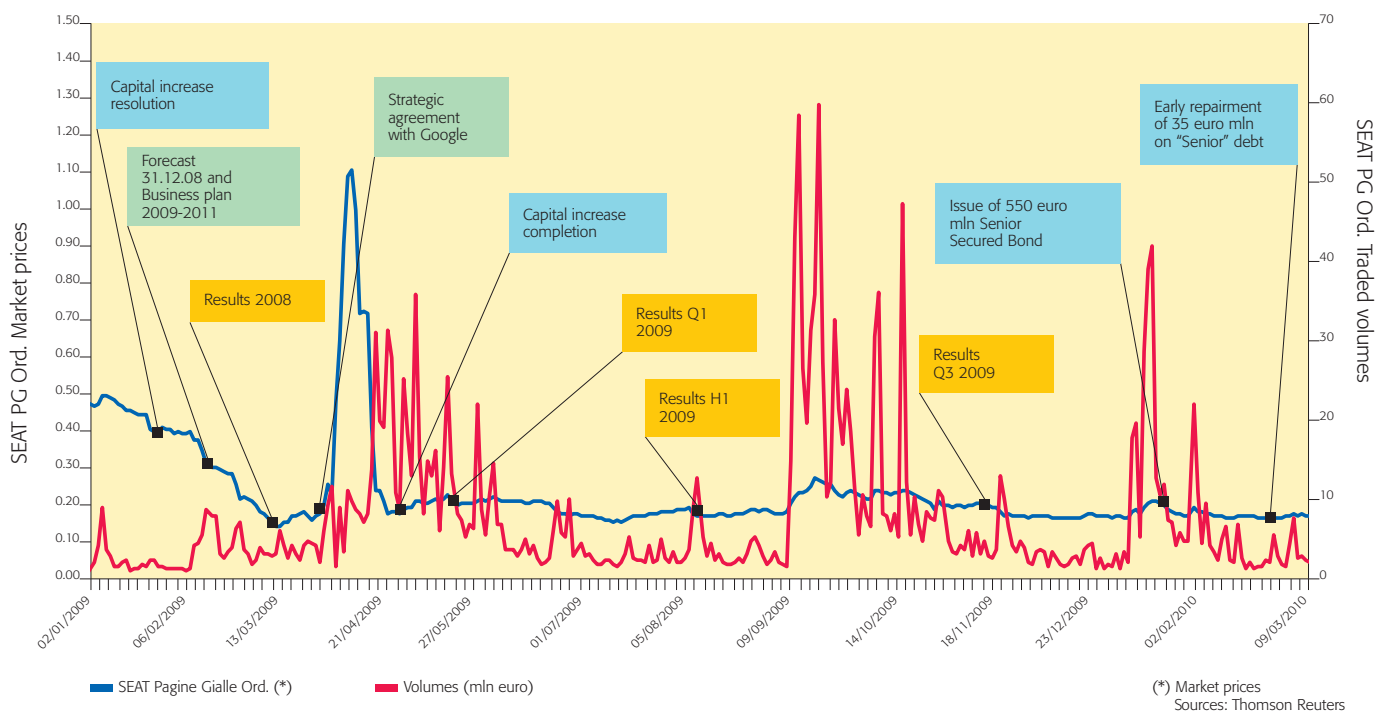
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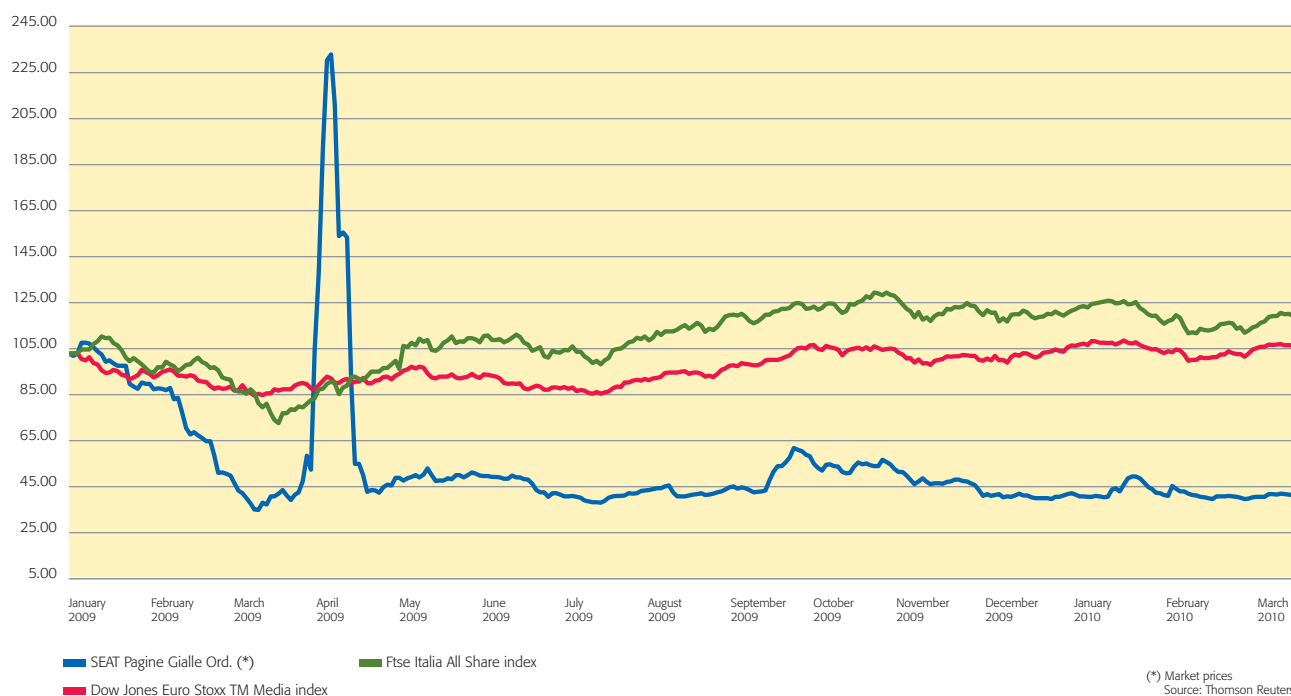
Market performance of ordinary shares in 2009 and traded volumes

SEAT Pagine Gialle shares ended December 2009 at € 0.16, about 65.9% below their January opening price of € 0.48. This reduction was performed in the first few months of the year, rising slightly in the second half (+1.2%) along with the prices of all other directory companies (the performances of Yell and Pages Jaunes improving in Europe). SEAT Pagine Gialle shares reached their 2009 peak (€ 1.13) during the share-capital increase, which ended 30 April 2009 with the subscription of the entire offering (for further details, go to "Report on Operations paragraph Main events in 2009").

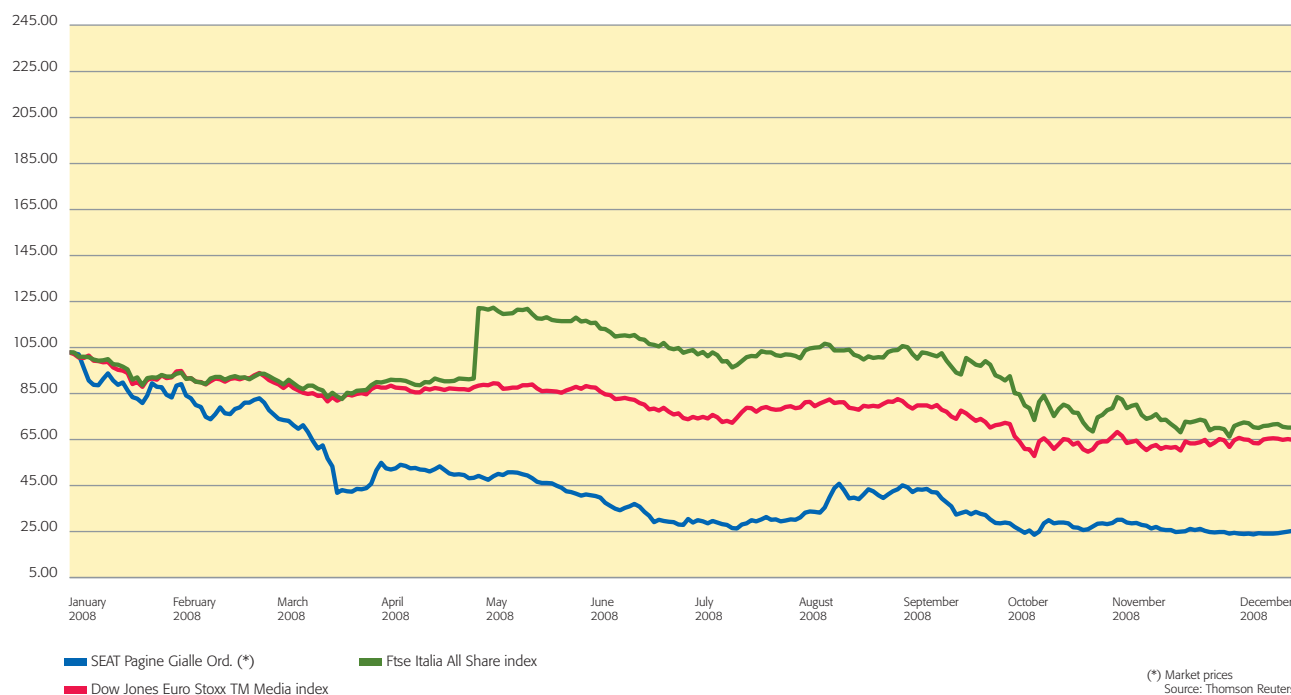
SEAT Pagine Gialle's bad performance was particular significant when compared with other company of the "Media Market" and it was biased by Company's Enterprise Value mainly structured with high indebtedness the market average was in part the result of the way the Company's enterprise value is structured with a heavy debt. A slight decrease in the Company's enterprise value (which decreased by 14.8% in 2009) leads to increasingly large falls in its market value, represented by its share price. SEAT market value also suffered from its derating and from financial market.



2009 performance of SEAT Pagine Gialle S.p.A. shares vs. Ftse Italia All Share and Dow Jones Euro Stoxx TM Media indexes (at 16 March 2010)



2008 performance of SEAT Pagine Gialle S.p.A. shares vs. Ftse Italia All Share and Dow Jones Euro Stoxx TM Media indexes



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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 31 December 2009

Shareholders at 31 December 2009	Ordinary shares held	% ordinary share capital
Sterling Sub Holdings S.A.	566,683,788 (*) (1) (3)	29.41
Subcart S.A.	253,219,895 (*) (1) (2)	13.14
Al Subsilver S.A.	135,113,995 (*) (1) (4)	7.01

(1) On 30 April 2009 the option rights of ordinary and savings shareholders within the share-capital increase expired, all 1,885,982,430 new ordinary shares have been subscribed. By the end of subscription period the Company's majority Shareholders held a total of No. 955,017,678 ordinary shares (around 49.6% of the ordinary share capital after the capital increase). For further details of the capital increase, go to "Report on Operations, paragraph Main events in 2009.

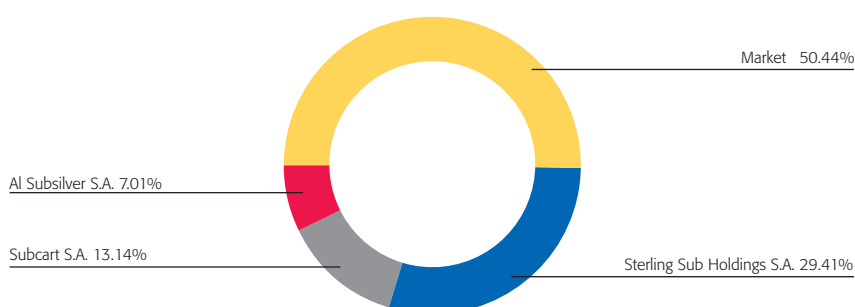
(2) On 8 September 2009 the merger of Subtarc S.A. (which held 87,823,429 ordinary shares in the company) merged with Subcart S.A., which thus obtained ownership of Subtarc's stake in the Company and added this to Subcart's own 165,396,466 ordinary shareholding at the time of the merger.

(3) On 20 October 2009 PG Subsilver A S.A. (which held 285,332,713 ordinary shares in the Company) merged with Sterling Sub Holdings S.A. which thus obtained ownership of PG Subsilver A S.A.'s stake in the company and added this to Sterling's own 281,351,075 ordinary shareholding at the time of the merger.

(4) On 20 October 2009 PG Subsilver B S.A. (which held 78,844,007 ordinary shares in the Company) merged with Al Subsilver S.A. which thus obtained ownership of PG Subsilver B S.A.'s stake in the Company and added this to its own 56,269,988 ordinary shareholding at the time of the merger.

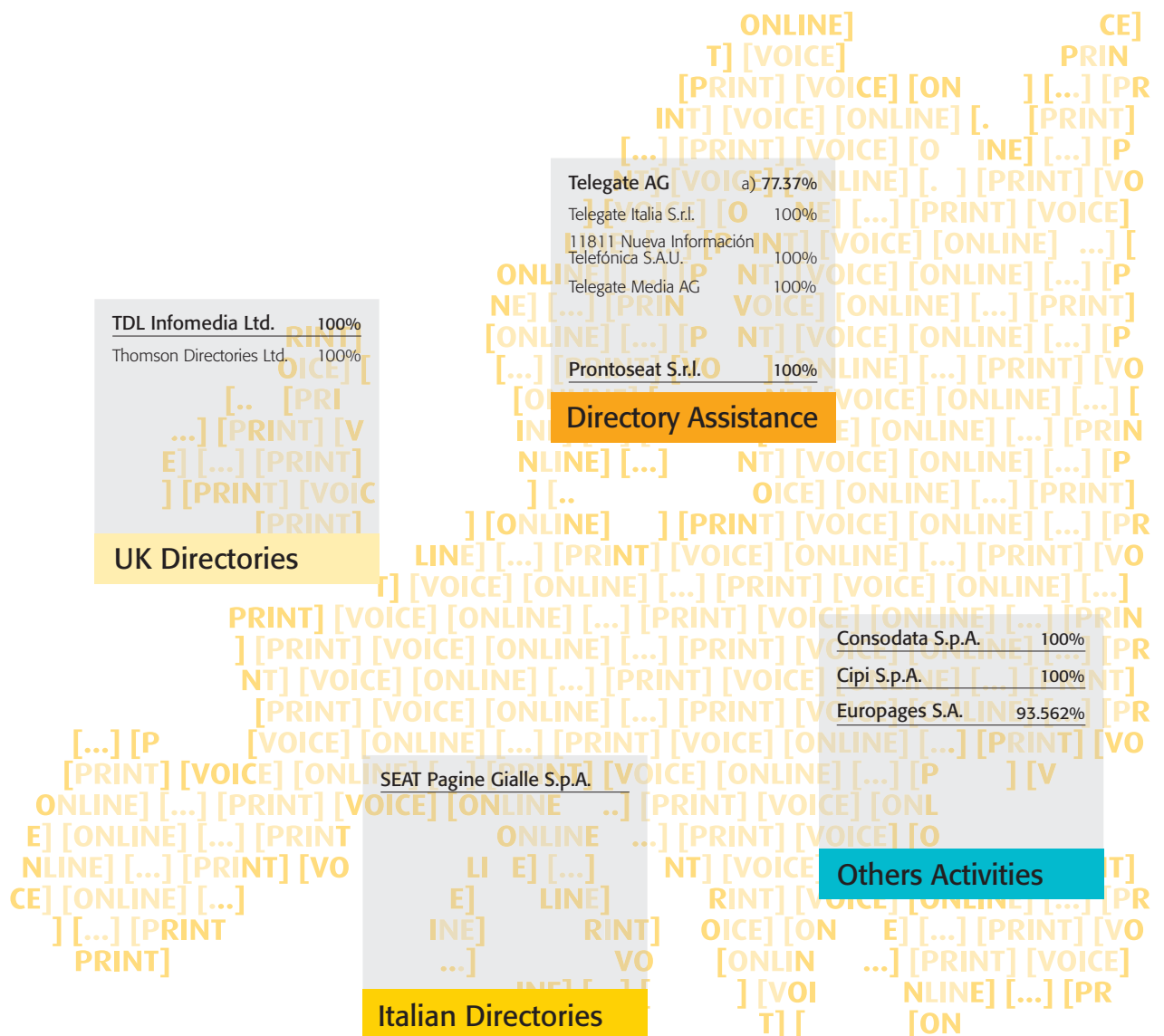
(*) On 28 January 2010 the first and second-line charge placed on the shares held by the leading shareholders under the pledge agreement of 22 April 2004 (as amended and confirmed) was extended through the 22 January 2010 agreement amending secured financing and a number of other associated agreements involving the Company inter alia. On the same date, another subordinate charge was placed on the shares held by the leading shareholders as security for the Company's liabilities under the 10,50% € 550 million Senior Secured Bond expiring 2017 and under in the accompanying documentation.

SEAT Pagine Gialle S.p.A. shareholders at 31 December 2009



➤ Organisational structure of the Group

(at 16 March 2010)



Legenda

a) 16.24% directly owned and 61.13% owned through Telgate Holding GmbH.

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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 communications methods ranging from products and services on three platforms (print-voice-online) to online marketing.

SEAT Pagine Gialle business in 2009 followed the Group's strategy of focusing on Italian business, although the tough economic scenario, whose drop began to be contained starting from the second half of the year.

Especially in Italy the Group sought to mitigate the impact of economic crisis on turnover by growing online revenues through increased penetration of its existing online customer base and new clients. Success followed in the wake of the launch of new online products and marketing services and through the sale of multimedia packages.

Margins were at the same time protected by structural action to cut operating costs with a reduction of current expenses and led to the redesign of the main operating processes. EBITDA targets were therefore successfully achieved.

Italian Directories

2009 results reflected the effects of a recession in which Italian GDP fell 5.1% year on year (figures from the Italian Statistics Institute - Istat). The slower decline reflected in GDP in the second half of 2009 translated only in part into higher industrial production and increased household consumption, because of the continued uncertainty about the future and high unemployment.

Although the recession had a negative impact on the traditional advertising market, which contracted in 2009, it led to a robust expansion in online services with new search methods for users and new tools. In the second half of the year SEAT Pagine Gialle S.p.A. therefore adopted a new approach to its key market by expanding its traditional (online and offline) services to include online marketing (website creation to strategies enabling SEAT Pagine Gialle clients to position themselves within the internet "ecosystem" as to raise their profiles and to be able to measure and analyse web contacts etc.), which is fast becoming a crucial method of communication.

In Italy, SEAT Pagine Gialle S.p.A. is the market leader in the Italian directories (both print and online) sector with the share of approximately 84% (source BIA-The Kelsey Group – 2008 figures). In 2009 SEAT Pagine Gialle S.p.A. held an estimated 20% and 51% respectively of the traditional and online media local advertising markets (source: internal estimates based on UPA and IAB - Internet Advertising Bureau - figures). Internal estimates of the online marketing services market for 2009 indicate that in 2009 the total turnover was around € 850 million (an increase of 25% on 2008) and SEAT Pagine Gialle S.p.A. commands a share of around 6%, a significant position achieved due to the development of own products.

IAB Europe (Internet Advertising Bureau) estimate that the total online advertising market in Italy will grow 11.4% in 2010, following on the 10.5% growth forecast for 2009.

Positive signals are also likely to follow higher broadband penetration within Italy. This is currently 54% - significantly below penetration rates in other European countries (87% in the UK, 84% in Germany).

While migrating the client base from single (mainly print) to multimedia products in 2010, the Company will continue developing its online marketing services. To continue meeting the communication needs of SME clients, in September 2009 new multimedia products were introduced that include online, print and in some cases telephone and mobile services. The new ranges have been welcomed by the sales networks, which sold more 5,000 of the products in 2009, many to new clients. The success has spurred the Company to develop more multimedia packages for the sales teams.

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Foreign subsidiaries

In 2009 SEAT Pagine Gialle S.p.A. continued the strategic review of its equity investment portfolio started in 2008. This resulted in a decision in June 2009 to pull out of Katalog Yayın ve Tanıtım Hizmetleri A.S. (the Turkish joint venture) and in September to pull out of the French directory assistance market by selling 118 000 SAS owned by its German subsidiary, Telegate AG.

Although its other subsidiaries remain non-core, SEAT Pagine Gialle S.p.A. retained its control over them, aiming to preserve value by containing operating costs.

TDL Infomedia - a UK directories group since 1980, was faced with a particularly difficult and complex market. The UK economy whose GDP has been essentially stable in 2008 contracted by 5.0% in 2009 (source: Eurostat). This affected all media operators nationally and making the market even more competitive than in the past. The Thomson group dealt with the situation by continuing its rationalisation and restructuring program.

Telegate group - The German economy recorded a negative GDP trend as well, from an increase of 1.3% in 2008 to a decline of 5.0% in 2009 (source: Eurostat). Directory assistance market in particular is contracting year on year in call volumes terms. In Germany the Telegate group - which operates the 11880 portal and is the second biggest operator after Deutsche Telekom, the old monopoly - continued to pursue a strategy of enriching products with added value services. This grew the company's market share of classic directory assistance business by around 40%. To deal with the continuing structural slide in demand for voice services, Telegate continued to expand the product range of its subsidiary Telegate Media using the strength of the brand name and developing a team dedicated to the sale of advertising space. It also pursued its expansion of its mobile platform by launching a number of iPhone, BlackBerry and Windows Mobile solutions, a strategy that will carry over into 2010.

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On Web with Seat

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Report on Operations



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➤ Economic and financial performance of the Group

Foreword

Following the decision to pull out of the Katalog Yayin ve Tanitim Hizmetleri A.S. joint-venture in Turkey and to sell the French subsidiary, Telegate 118 000 SAS, the economic and financial results for these companies are now presented separately as “non-current assets held for sale and discontinued operations” in accordance with IFRS 5 and the Income Statement and Cash Flow Statement for the financial year 2008 have been restated.

➤ Reclassified Consolidated Income Statement for the financial year 2009

Revenues from sales and service were € 1,209,821 thousand in the financial year 2009, down 11.1% on 2008 restated (€ 1,361,319 thousand). At constant consolidation scope (Telegate Media AG was consolidated on 1 April 2008) and constant €/GBP exchange rates, revenue fell 10.7%.

Including inter-segment revenues, revenues from sales and service were as follows:

- *Italian Directories* (SEAT Pagine Gialle) revenues, decreased by 10.1% to € 952,225 thousand in 2009 (€ 1,058,731 thousand in 2008). Although core product (print-online-voice) revenues fell 7.7% compared to 2008, they outperformed other products, due mainly to the expansion of online business. This was supported by continuing product innovation which speeded up the change in the revenue mix to increase the importance of online over print. To increase the dropping in revenues, as in previous quarters, were minor products (BtoB, direct marketing and promotional items) which were more negative affected by the recession and sales force's ever greater focus on core and especially online products;
- *UK Directories* (Thomson Directories group) revenues, decreased by 31.1% to € 81,394 thousand in 2009, against 2008 (declined by 22.7% at constant print directory numbers - 173 directories were published in 2009 compared to 174 in 2008 - and constant exchange rates). Revenues reflected the particularly complex UK directories market which influenced negatively all media operators. The Thomson group faced the difficult economic scenario, continuing to offer innovative new products by expanding its range and reorganising sales department. Print revenues fell in 2009; online revenues on SMEs segment remained essentially stable while online revenues on nation-wide clients decreased slightly;

- *Directory Assistance* (Telegate group and Prontoseat) revenues were € 165,439 thousand in 2009, declined by 5.9% compared to 2008 *restated* (€ 175,763 thousand). The drop was mainly imputable to the Telegate group whose 2009 revenues (€ 153,889 thousand) recorded a decline of 6.2% compared to 2008 *restated*. German revenues amounted to € 121,683 thousand, a decline of 2.1% compared to 2008 (€ 124,324 thousand) as a result of the structural problems facing the directory assistance market with a continuing drop in call volumes. The number of calls to the branded 11880 service also fell compared 2008, being only partly offset by the constant growth in added value services which allow to increase call times and average revenue per call. Prontoseat S.r.l. revenues amounted to € 11,694 thousand in 2009, in line with 2008. The revenues rise on outbound traffic (an increase of 4.1% on 2008) offset the drop on 89.24.24 Pronto PagineGialle® revenues, which was affected by falling call volumes;
- *Other Activities* (*Europages, Consodata and Cipi*) revenues, amounted to €63,853 thousand in 2009 down 9.1% on 2008 (€ 70,279 thousand) due to the decrease of Cipi and Consodata revenues (12% and 14% respectively). Europages revenues remained stable.

Materials and external services net of costs debited to third parties but included in the IFRS financial statements under "other revenue and income" in 2009 were € 403,533 thousand, a fall of € 63,999 thousand on 2008 *restated* (€ 467,532 thousand), of which € 4,242 thousand attributable to the drop of sterling against the euro. Details of costs of materials and external services are as follows:

- *industrial costs* were € 146,046 thousand (a decline of € 33,469 thousand on 2008 *restated*). The drop in print revenues led to less printing by both SEAT Pagine Gialle S.p.A. and Thomson Directories, and determined a reduction in paper consumption (declined by € 8,006 thousand), production costs (declined by € 15,709 thousand) and distribution and stocking costs (declined by € 4,109 thousand). The inbound call center costs declined by 49.3% (€ 4,874 thousand) was particularly marked for the Telegate group and resulted from lower call volumes;
- *commercial costs* were € 154,482 thousand in 2009 (€ 176,874 thousand in 2008 *restated*), a reduction primarily caused by lower advertising costs (declined by € 9,521 thousand on 2008) that impacted directory assistance advertising for the Telegate group (a decrease of € 4,202 thousand). Commission and other sales costs also dropped (€ 112,986 thousand in 2009; € 124,609 thousand in 2008 *restated*);
- *overheads* were €105,638 thousand in 2009, down € 9,612 thousand compared to 2008 *restated* (€115,250 thousand), partly as a result of the reduction in rental expenses for SEAT Pagine Gialle S.p.A. after the opening of the new head office in Turin at the beginning of 2009 acquired with a financial lease.

Salaries, wages and employee benefits net of recovered costs was € 217,653 thousand in 2009, down €18,532 thousand on 2008 *restated* (€236,185 thousand). The change was primarily imputable to the UK subsidiary, TDL Infomedia (€16,427 thousand) due to the combined effect of a reduction in workforce (€ 11,108 thousand) following the reorganisation of the company (average workforce reduced by 166 compared to 2008) and the fall of sterling against the euro (€5,319 thousand).

At 31 December 2009 the Group's workforce, including administrators, temporary employees and trainees, totalled 6,088 units (6,507 units at 31 December 2008 *restated*). Average workforce over the period was 4,947 units (5,196 units in 2008 *restated*).

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Gross operating profit (GOP) amounted to € 588,635 thousand in 2009, down € 68,967 thousand on 2008 *restated* (€ 657,602 thousand). The 2009 operating margin (48.7%) was slightly above that for 2008 *restated* (48.3%) due to the steps taken to contain operating costs, which more than offset revenue falls.

Other valuation adjustments and provisions to reserves for risks and charges amounted to € 58,002 thousand in 2009, being primarily € 48,745 thousand accruals to the allowance for doubtful trade accounts receivables. The additional accruals of € 4,236 thousand enabled the coverage percentage of overdue receivables at the same level of 2008 *restated* (45.4% in 2009 for the parent company, 45.8% end 2008). The item included € 9,257 thousand of net accruals for operating risks and charges (€ 13,972 thousand in the financial year 2008).

Other operating income expense: a loss of € 3,032 thousand in 2009 (€ 3,574 thousand in 2008 *restated*). In 2008 Telegate AG recorded income of € 5,540 thousand at the end of one of its case against Deutsche Telekom for the refund of excess payments made by Telegate to Deutsche Telekom for the supply of telephone subscriber data. Apart from this input, the remainder of the item is essentially in line with 2008 and includes € 1,385 thousand in direct and indirect taxes.

EBITDA amounted to € 527,601 thousand in 2009, a fall of 12.5% on 2008 *restated* (€ 602,695 thousand) with operating margin (43.6%) slightly below 2008 *restated* (44.3%). The lower operating margin (which rose slightly with respect to GOP) was the result of falls in other operating revenue as described above.

Operating amortisation, depreciation and write-down amounted to € 63,196 thousand in 2009 (€ 47,813 thousand in 2008 *restated*), of which € 47,245 thousand intangible assets with a defined useful life (€ 33,031 thousand in 2008 *restated*) and € 15,951 thousand property, plant and equipment (€ 14,782 thousand in 2008 *restated*). The increase on 2008 reflected the coming online of the IT systems and product innovation projects in which the Company has invested heavily over the past few years and the depreciation of the Turin headquarters to which SEAT Pagine Gialle S.p.A. moved end 2008 (€ 4,150 thousand).

Non-operating amortisation and write-down amounted to € 188,964 thousand (€ 295,207 thousand in 2008 *restated*). The item included € 97,667 thousand for the amortisation of the customer databases recognised as assets of the Group when business combinations were carried out, throughout the allocation of part of the difference between purchase price and the proportion of equity acquired, in compliance with IFRS 3 and based on internal evaluations and/or for independent experts evaluations. The item also included € 91,297 thousand in goodwill write-down following impairment testing over the period (€ 130,793 thousand 2008). The € 106,243 thousand reduction compared to 2008 reflected lower amortisation of the SEAT Pagine Gialle S.p.A. Customer Database (€ 67,530 thousand), which began in August 2003 and ended in July 2009.

Non-recurring and restructuring costs amounted to €29,713 thousand in 2009 (€31,328 thousand in 2008 *restated*). These included a €8,701 thousand accruals (€6,000 thousand current and €2,701 thousand non-current) to the SEAT Pagine Gialle S.p.A. restructuring reserve recognised in 2008 to pay for Company's 2009-2011 Reorganisation Plan. The item included also €5,272 thousand recognised in restructuring costs of other Group companies and in particular for the reorganisation of Thomson and Europages and the rationalisation of the Telegate group's German call centers.

Non-recurring costs (€15,740 thousand in 2009) included €9,602 thousand costs for external support to management in order to overhaul business development strategy, focused on online products and services, and to analyse operating costs with the aim of identifying effective ways of cutting them. The item also included the cost (€5,709 million) recognised to Pension Fund beneficiaries of TDL Infomedia group who at the end of 2009 subscribed the enhanced transfer value scheme. These costs were partially offset by the €3,563 thousand gain obtained by the curtailment of the Pension Fund after the changes of the benefit calculations for its members made in September 2009 (for further details go to "Economic and financial performance by Business Area – TDL Infomedia group"). Non-recurring costs therefore also included €3,984 thousand of the price paid for 49% of Cipi S.p.A. (for a total amount of €7 million) that SEAT Pagine Gialle S.p.A. decided was too high given the value of the subsidiary (for further details go to "Economic and financial performance by Business Area - Other activities - Main Company events"). Non-recurring income included €3,563 thousand referred to "curtailment" of defined benefit pension plans in favour of TDL employees (for further details go to paragraph 21 "Consolidated Financial Statements").

EBIT amounted to €245,728 thousand in 2009 (€228,347 thousand in 2008 *restated*), with a ratio to revenues of 20.3% (16.8% in 2008 *restated*). Although EBIT reflected the downturn in business in terms of GOP and EBITDA, it also included lower non-operating amortisation of SEAT Pagine Gialle S.p.A.'s Customer Database, since amortisation ended in July 2009.

Interest expense, net totalled €214,612 thousand in 2009, declined by €33,595 thousand compared to 2008 *restated*. This comprised €241,035 thousand interest expense (€281,819 thousand in 2008 *restated*) and €26,423 thousand interest income (€33,612 thousand in 2008 *restated*).

Net interest expense declined €40,784 thousand compared to 2008 and included:

- €96,317 thousand (€115,295 thousand in 2008 *restated*) of interest on the "Senior Credit Agreement" between SEAT Pagine Gialle S.p.A. and The Royal Bank of Scotland Plc Milan Branch. The item included €22,716 thousand of transaction costs (€10,131 thousand in 2008) and a loss of €23,928 thousand due to hedging contracts (a gain of €3,598 thousand in 2008 *restated*).

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Both items have a non-recurring component from the early repayment of €507,136 thousand of the tranche A Senior debt in January 2010, using funds raised from the end 2009 bond issue that closed on 28 January 2010 (for more details go to the paragraph "Post-balance sheet events" below). The issue of the Senior Secured Bond, which involved early repayment of a proportion of the Senior debt, amended the repayment schedule, increasing by €7,588 thousand increase the transaction costs for the year. Moreover €11,715 thousand were recorded as expense for hedging contracts closed at the end of 2009 under early termination clauses. The contracts were closed when the issue of the Senior Secured Bond led to a drop in the amount of variable-rate debt that might require hedging in the future;

- €110,017 thousand (€109,519 thousand in 2008) of interest expenses on the Subordinated loan from Lighthouse International Company S.A.;
- €6,184 thousand (€13,906 thousand in 2008) of interest expenses on the limited recourse asset-backed securities issued by Meliadi Finance S.r.l. as part of the securitisation program started by SEAT Pagine Gialle S.p.A. in June 2006 and still under way;
- €12,474 thousand interest and other financial expenses (€20,085 thousand in 2008), of which €6,211 thousand on the discounting of non-current assets and liabilities (€6,971 thousand in 2008) and €2,933 thousand interest and financial expenses (€2,604 thousand in 2008);
- €16,043 thousand foreign exchange losses (€23,014 thousand in 2008), which was more than offset by €19,268 thousand foreign exchange gains.

Interest income fell €7,189 thousand compared to 2008 *restated* and included:

- €2,676 thousand (€7,734 thousand in 2008 *restated*) of interest income on short-term cash deposits in banks at market rates;
- €4,434 thousand (€7,457 thousand in 2008) of other interest income, of which €4,266 thousand resulting from pension fund assets in the Thomson group (€6,264 thousand in 2008);
- €19,268 thousand (€17,941 thousand in 2008) in foreign exchange gains mainly as a result of the change in the euro/sterling exchange rate.

The total average cost of financial debt in 2009 (excluding transaction costs) was 5.8%. Excluding the cost (see above) of closing derivative hedging contracts closed at the end of 2009 under early terminations clauses because the 28 January 2010 bond issue, it would have been 5.49% (6.7% in 2008). The drop in the average cost of debt since 2008, despite the 100 basis point margins applied to Euribor on Senior when covenants were renegotiated for the capital increase launched at the beginning of 2009, was the result of the drop Euribor rates. The decision to continue paying interest on the Senior Facilities monthly was also successful and was impacted only in part by the loss on derivatives contracts taken out in previous years to hedge against interest-rate risk.

Interest rate hedges kept the cost of debt under control when interest rates fluctuate. The table below shows the estimated effect of using +50/-50 basis point Euribor rate curves instead of the rates actually applied in 2009 when analysing the sensitivity of income statement charges, and the 2010-2012 forward rate curve when estimating the value of derivatives in place at period end. The figures shown below do not include tax which is not yet known.

	Estimated change in 2009 interest expense	Estimated change in net liabilities arising from the evaluation of cash-flow hedge contracts at fair value
(euro/millions)		
+50 bps	4.1	(4.7)
-50 bps	(3.9)	4.7

Income taxes for the year amounted to €54,173 thousand (€69,190 thousand in 2008 restated) and were composed as follows

	Year 2009	Year 2008 restated	Change Absolute	%
(euro/thousand)				
Current income taxes	78,509	68,334	10,175	14.9
(Accrual) reversal of deferred tax assets	2,519	(1,667)	4,186	n.s.
Accrual (reversal) of deferred tax liabilities	(26,681)	2,557	(29,238)	n.s.
Income taxes on previous year	(174)	(34)	(140)	n.s.
Total income taxes for the year	54,173	69,190	(15,017)	(21.7)

Current income taxes increased by €10,175 thousand compared to 2008 mainly due as a result of the decision taken by SEAT to bring the book and fiscal values of its Customer Database and a number of other intangible fixed assets into line with Law 244 of 24 December 2007. This led to the recognition under current tax of a €15,816 thousand replacement tax and the simultaneous reverse entry in the income statement of a €31,566 thousand deferred tax liability.

Income tax for previous year included a €1 million accrual to the tax liability reserve for the tax assessments notified to SEAT at the end of December 2009 by the Direzione Generale delle Entrate della Lombardia (Tax Office) for 2004. Based on the independent expert opinions obtained, the Company believed the accrual was sufficient to cover this risk, particularly since most of the claims appear to be unfounded.

The item also included a €1,150 thousand gain on an appeal by the Company and the Italian subsidiaries in the tax group to obtain recognition of the lump-sum deduction of IRAP from IRES pursuant to Decree Law 195 of 29 November 2008, which allowed previous fiscal losses to be deducted from 2009 taxable income.

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Profit (loss) for the year on continuing operations: a loss of €23,021 thousand (a loss of €89,055 thousand in 2008). Despite the significant impact of the recession on continuing operations (-€75,094 thousand in 2008), losses on continuing operations were €66,034 thousand lower than in 2008 due to lower non-operating amortisation and depreciation (-€66,747 thousand), less goodwill impairment (-€39,496 thousand) and lower total interest expenses (-€33,595 thousand) as described above.

Profit (loss) from non-current assets held for sale and discontinued operations: a loss of €12,337 thousand in 2009 (a loss of €84,625 thousand in 2008 *restated*), of which €6,818 thousand the cost to date and forecast, net of tax, of pulling out of Turkish investment, and €3,068 thousand the cost of pulling out of Telegate 118 000 SAS which was sold in November 2009.

Profit (loss) for the year of Minority interests: €2,412 thousand (€5,966 thousand in 2008). This is mainly Telegate group Minority interests.

Profit (loss) for the year pertaining to the Group, a loss of €37,770 thousand (a loss of €179,646 thousand in 2008).

→ Riclassified consolidated balance sheet as at 31 December 2009

Foreword

For its facilities agreement with The Royal Bank of Scotland Plc Milan Branch, the Indenture with Lighthouse International Company S.A. and the January 2010 bond issue, 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.

The security was given in favour of The Royal Bank of Scotland Plc Milan Branch, Lighthouse International Company S.A., the holders of the bond issued by Lighthouse International Company S.A. and the holders of the bond issued by the Company directly in January 2010 (and of all other creditors secured by the above).

Net invested capital

Net invested capital amounted to €3,768,127 thousand as at 31 December 2009 down €152,177 thousand on 31 December 2008. Operating working capital was essentially unchanged however.

Net invested capital was as follows:

- **Goodwill and customer data bases** amounted to €3,335,257 thousand at 31 December 2009 of which €3,309,436 thousand of goodwill. This was €182,229 thousand down on 31 December 2008 as a result of:
 - the amortisation (€97,667 thousand) of the customer databases recognised as assets of the Group when business combinations were carried out, throughout the allocation of part of the difference between purchase price and the proportion of equity acquired, in compliance with IFRS 3 and based on internal evaluations and/or for independent experts evaluations;
 - write-down of goodwill recognised in Group assets following impairment testing over the year: €91,297 thousand Thomson group and €2,413 thousand Telegate 118 000 SAS, which was sold in November 2009;
 - the recognition of an exchange-rate gain on the goodwill recognised in TDL Infomedia group assets (€9,148 thousand) following the fall of sterling against the euro;
- **other non-current assets:** € 232,741 thousand at 31 December 2009, up €16,603 thousand on 31 December 2008 (€216,138 thousand) of which:
 - *capital assets and equipment:* €190,728 thousand at 31 December 2009 (€202,866 thousand at 31 December 2008), declined by €12,138 thousand on 2008. This is €51,943 thousand capital expenditure (€46,836 thousand in 2008 *restated*), partially offset by €63,196 thousand amortisation and write-down. It should be noted that SEAT Pagine Gialle S.p.A. tangible assets with a book value in excess of €25,000 are subject to a special lien in favour of The Royal Bank of Scotland Plc Milan Branch under the Senior debt agreement.

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Capital expenditure:

- SEAT Pagine Gialle S.p.A.: (€41,866 thousand in 2009; €35,697 thousand in 2008 *restated*):
 - consolidation of CRM activities upgraded to improve functionality and interface with other back-end systems (SAP, SEM, etc.);
 - completion of the roll-out activities of the Sales front-end system (SFE) and of the migration of sales and administration processes (billing and revenue);
 - purchase of centralised hardware (Data Center) to replace obsolete hardware with new, high-performance, low energy hardware, to improve the internet performance of centralised hardware, to meet SEAT Pagine Gialle S.p.A.'s ever increasing demand for processing capacity, to review backup architecture and to redesign disaster recovery modules;
- Telegate group: (€5,592 thousand; €4,967 thousand in 2008 *restated*) development of the Siebel CRM platform in Germany to give telephone operators access online to clients' purchasing power;
- Consodata S.p.A.: (€2,866 thousand; €2,286 thousand in 2008):
 - purchase of the MF Honyvem database providing financial information;
 - internal production of geomarketing software and enrichment of the Lifestyle database for one-to-one marketing;
- *investments accounted for at equity*: €343 thousand at 31 December 2009 (€2,372 thousand at 31 December 2008) referred to Lighthouse International Company S.A.. In 2008 the item included €2,065 thousand for the 50% interest in Katalog Yayin ve Tanitim Hizmetleri A.S., the Turkish joint venture from which SEAT Pagine Gialle S.p.A. decided to pull out in June 2009. The amount has therefore been reclassified under "Non-current assets held for sale and discontinued operations" in accordance with IFRS 5;
- *net deferred tax assets*: €40,562 thousand at 31 December 2009 (€10,442 thousand at 31 December 2008), of which €27,387 thousand SEAT Pagine Gialle S.p.A., €6,846 thousand TDL Infomedia group and €6,421 thousand Telegate group;
- **operating non-current liabilities**: €66,880 thousand at 31 December 2009 (€57,931 thousand at 31 December 2008). These included:
 - *net liabilities for defined benefit* pension plans amounted to €20,213 thousand at 31 December 2009 (€10,646 thousand at 31 December 2008), are accounted for net relevant assets designated to finance these funds (€34,879 thousand at 31 December 2009; €58,600 thousand at 31 December 2008). Liabilities and assets were calculated by an independent actuary using the projected unit credit method. In 2009 accruals of €9,873 thousand were added to the assets financing the funds. In accordance with paragraph 93A, IAS 19, the net actuarial loss for the year (€20,532 thousand) was recognised directly to Group equity, net of tax effect (€2,891 thousand actuarial gain at 31 December 2008). Different actions were taken during 2009 to cut future costs of managing the defined benefit pension fund (Thomson Pension Fund) set up for TDL group employees. A number of Fund operating rules were changed, removing the final salary link and introducing enhanced transfer value to encourage Thomson Pension Fund members to transfer to other funds of their choice outside the TDL Infomedia group. Under the system, members moving their pension amounts will obtain a bonus that they can choose to have added to the amount transferred to the other pension fund or to have paid out immediately on transfer. 2009 bonuses paid out totalled €5,709 thousand. At end 2009 over 50% of staff had opted for enhanced transfer value

- *reserve for severance indemnities* amounted to €20,742 thousand at 31 December 2009 (€21,821 thousand at 31 December 2008);
- *reserve for sale agents' termination indemnities* amounted to €23,186 thousand at 31 December 2009 an increase of €1,028 thousand on 31 December 2008 (€22,158 thousand). This reserve represents the accrued liability at the end of the year toward sales agents for the indemnity due to them in case of disruption, according to current regulations. This reserve has been discounted at the present value, taking into account the expected future cash flows and using an average market rate for debts of similar duration, by estimating its expected future use over time also on the basis of the average life of agency contracts;
- **non-operating non current liabilities:** €19,871 thousand at 31 December 2009 (€17,174 thousand at 31 December 2008), of which €14,028 thousand deferred tax liabilities, mainly for the Telegate group;
- **operating working capital,** €326,222 thousand at 31 December 2009 (€320,633 thousand at 31 December 2008).
The €5,589 thousand change is imputable to:
 - €28,046 thousand drop in *trade account payables* (€228,947 thousand at 31 December 2009): €16,616 thousand SEAT Pagine Gialle S.p.A. and €6,261 thousand Telegate group, due to lower purchase volumes compared to the previous year;
 - €28,707 thousand drop in *payables for services to be rendered and other operating current liabilities* (€85,334 thousand at 31 December 2009) caused by a €31,952 thousand drop for SEAT Pagine Gialle S.p.A. as a result of lower print sales;
 - €2,570 thousand drop in *current reserves for risks and charges* (€35,475 thousand at 31 December 2009), mainly due to the change in provisions for legal disputes following the conclusion of a number of previous years' actions;
 - €49,413 thousand drop in *trade account receivables* (€621,601 thousand at 31 December 2009) of which €39,469 thousand referred to the Parent Company following the fall in turnover;
- **non-operating working capital** negative for €39,416 thousand at 31 December 2009 (negative for €59,724 thousand at 31 December 2008), down €20,308 thousand on 31 December 2008. This included:
 - *current income tax payables:* €17,209 thousand at 31 December 2009 (€45,810 thousand at 31 December 2008), down €28,601 thousand on 31 December 2008, primarily due to the Company's offsetting of IRES payments in advanced made in previous years;
 - *current tax assets:* €7,387 thousand at 31 December 2009 (€4,941 thousand at 31 December 2008), up €2,446 thousand on 31 December 2008 following the offsetting of tax liabilities in the year by SEAT Pagine Gialle S.p.A.;
 - *current reserves for non-operating risks and charges:* €14,453 thousand (€14,415 thousand at 31 December 2008). In 2009 the utilisation of the current reserve for company's restructuring was €9,135 thousand and the provision was €8,211 thousand, of which €6,000 thousand to cover costs forecasted by SEAT Pagine Gialle S.p.A. for the 2009-2011 Reorganisation Plan. For further details, go to the notes in the Reclassified Consolidated Financial Statements under "non-recurring and restructuring costs".

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Equity

Equity totalled €1,034,078 thousand at 31 December 2009 (€903,541 thousand at 31 December 2008), of which €1,012,167 thousand to the Parent Company (€876,595 thousand at 31 December 2008) and €21,911 thousand attributable to Minority interest (€26,946 thousand at 31 December 2008).

The increase of €135,572 thousand is attributable to the Parent Company is the result of:

- a €193,519 thousand rise following the SEAT Pagine Gialle S.p.A. Capital Increase resolved by an Extraordinary General Meeting on 26 January 2009 and concluded 30 April 2009. The figure included all direct costs of the Capital Increase net of tax effect (€7,741 thousand);
- a €6,798 thousand rise in the reserve for foreign exchange net of the translation of balance sheets denominated in foreign currencies, and was caused by the fall of sterling against the euro between 31 December 2008 and 2009.

The above positive impacts were partially offset by:

- a €11,554 thousand fall since 31 December 2008 in provisions for cash flow hedge contracts (negative for €22,485 thousand at 31 December 2009; negative for €10,931 thousand at 31 December 2008). For further details go to paragraph 15 in the Consolidated Financial Statements;
- a €15,776 thousand increase (net of tax effect) in actuarial loss on defined benefit pension funds;
- a loss for the year of €37,770 thousand.

Net financial debt

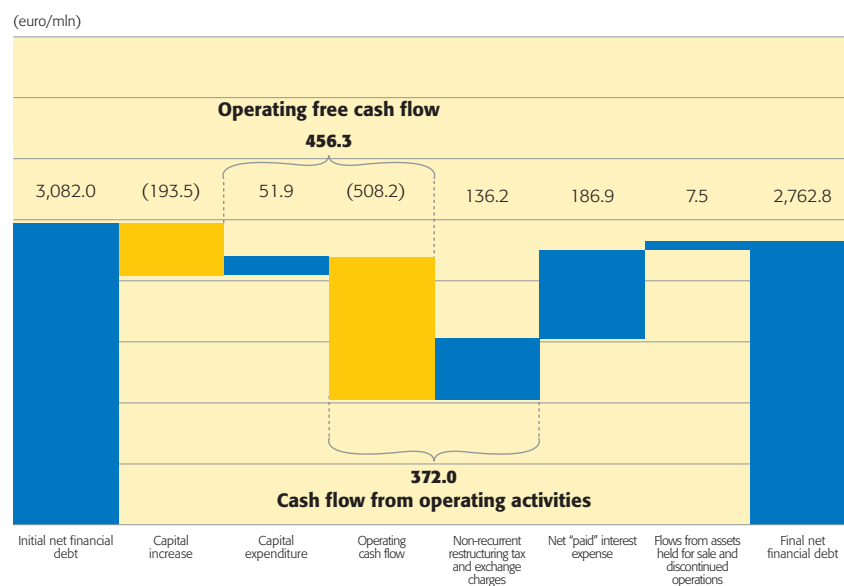
At 31 December 2009 this was structured as follows

	At 31.12. 2009	At 31.12. 2008	Change
(euro/thousand)			
Net financial debt	2,762,782	3,082,016	(319,234)
Transaction costs on loans and securitisation program not yet amortised	(51,218)	(76,184)	24,966
Net market value of "cash flow hedge" instruments	22,485	10,931	11,554
Net book financial debt - "book value"	2,734,049	3,016,763	(282,714)
of which:			
- Non-current financial debts	2,401,197	3,035,912	(634,715)
- Current financial debts	628,849	289,411	339,438
- Non-current financial assets	(2,088)	(2,026)	(62)
- Current financial assets and cash and cash equivalents	(293,909)	(306,534)	12,625

Net financial debt amounted to €2,762,782 thousand at 31 December 2009 (€3,082,016 thousand at 31 December 2008). Net financial debt differs from net financial debt - "book value" (described below) since it included the transaction costs for incurring and refinancing of the medium and long-term Senior debt from The Royal Bank of Scotland Plc Milan Branch, the Subordinated loan from Lighthouse International Company S.A. as well as for the inception of a securitisation program for trade receivables. These costs, net of accumulated amortisation, totalled €51,218 thousand at 31 December 2009.

Net financial debt does not include the net market value of cash flow hedge instruments in place at the reference date for this Report or, if closed early, with effect to later years. At 31 December 2009 this was a net liability of €22,485 thousand (a net liability of €10,931 thousand at 31 December 2008).

The following chart summarizes the main items that influenced the trend of net financial debt during 2009



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Net financial debt - "book value" amounted to €2,734,049 thousand at 31 December 2009 (€3,016,763 thousand at 31 December 2008) and included:

- **non-current financial debts** amounted to €2,401,197 thousand at 31 December 2009 (€3,035,912 thousand at 31 December 2008). They should be read in conjunction with the €580,343 thousand *current share of non-current financial liabilities* at 31 December 2009 (€222,030 thousand at 31 December 2008), as follows

(euro/thousand)	At 12.31.2009	At 12.31.2008	Change
Debts due to The Royal Bank of Scotland Plc Milan Branch	812,927	1,452,736	(639,809)
Debts due to Lighthouse International Company S.A.	1,275,237	1,269,470	5,767
Asset-backed securities	255,571	255,268	303
Debts due to Leasint S.p.A.	52,067	53,921	(1,854)
Debts due to other lenders	21	93	(72)
Negative non-current adjustments to the financial asset/liability hedging contracts	5,374	4,424	950
Total non-current financial debts	2,401,197	3,035,912	(634,715)
Current share of debts due to The Royal Bank of Scotland Plc Milan Branch	577,393	219,240	358,153
Current share of debts due to other lenders	2,950	2,790	160
Current share of non-current financial debts	580,343	222,030	358,313

- *Non-current debt to The Royal Bank of Scotland Plc Milan Branch* – amounted to €812,927 thousand at 31 December 2009. Including the current portion of €577,393 thousand and gross of the transaction costs not yet amortised at year end (€26,026 thousand), the Senior debt from The Royal Bank of Scotland Plc Milan Branch totalled €1,416,346 thousand at 31 December 2009, and was structured as follow:

- tranche A: €951,802 thousand, repayable in accordance with the amortization plan with non-constant six month instalments until June 2012 and bearing a floating interest rate p.a. equal to Euribor plus a spread of 2.44% p.a.. On 28 January 2010 was repaid a tranche of €507,136 thousand following the issue of the Senior Secured Bond and €35,128 thousand at the end of February 2010 as early repayment of the June 2010 instalment;
- tranche B: €464,544 thousand, repayable with a lump-sum payment in June 2013, bearing a floating interest rate equal to Euribor plus a spread of 3.01% p.a. at 31 December 2009;
- a revolving credit line for an amount of €90,000 thousand, designed to cover any working capital requirements of SEAT Pagine Gialle S.p.A. or its subsidiaries, in the form of a revolving credit line facility (at 31 December 2009 unused), available up to May 2012, bearing a floating interest rate p.a. equal to that applicable to tranche A. Non-usage fee of 0.56% p.a. is charged on the temporary non-used commitments.

In 2009 the Company has made principal repayment of the Senior Facilities equal to €300,552 thousand, of €100,000 thousand related of each of tranche A instalments due between December 2009 and December 2011, using 50% of the proceeds of the 2009 Capital Increase, as agreed with the Senior lender when Senior debt was renegotiated in December 2008.

- *Financial debt to Lighthouse International Company S.A.:* €1,275,237 thousand at 31 December 2009 net of transaction costs not yet amortised of €24,763 thousand. The ten year loan bears a 8% fixed-rate p.a. and falls due in 2014. SEAT Pagine Gialle S.p.A. gave guarantees worth €350,000 thousand to cover additional charges related to loan (issued in 2004) granted by Lighthouse International Company S.A. on income notes. In future SEAT Pagine Gialle S.p.A. could be called upon to pay Lighthouse International Company S.A. additional interest of up to €3,400 thousand under its commitment in the financing agreement to hold Lighthouse International Company S.A. harmless from any additional payment related to the 2004 notes or from any tax liability the latter might incur that would reduce its net interest income of the loan. No provisions have been made for this contingency since it is unlikely any such disbursement will be required.
- *Asset-backed securities* amounted to €256,000 thousand at 31 December 2009 (gross of transaction costs) 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 a part of five-year receivables securitisation program 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 program is not renewed. The securities bear variable interest at rates applicable to quarterly commercial papers but are capped at three-month Euribor plus 5 bp. In accordance with IAS 32 and IAS 39, they are recognised in the balance sheet net of transaction costs at 31 December 2009 (€429 thousand). The securitisation program is backed by two annual renewable credit lines.
- *Debt to Leasint S.p.A.* totalled €54,911 thousand at 31 December 2009 for seven financial leases (six as of 23 December 2008 and one as of end October 2009) taken out to purchase of the new headquarters of Turin, Corso Mortara, where SEAT Pagine Gialle S.p.A. moved its offices. All the leases are for 15 years and are based on 56 quarterly instalments payable in arrears, with variable interest at quarterly Euribor plus about 65 bp p.a.. The residual value is approximately 1% of the complex value.
- *Debts due to market value of "cash flow hedge"* instruments amounted to €5,374 thousand at 31 December 2009 (€4,424 thousand at 31 December 2008). For further details on interest rate hedges, go to paragraph 20 in the Explanatory notes of the Consolidated Financial Statements.

The facilities agreement with The Royal Bank of Scotland Plc Milan Branch requires SEAT Pagine Gialle S.p.A. to comply with specific ratios between *i)* net debt and EBITDA, *ii)* EBITDA and interest on debt, and *iii)* cash flow and debt service (including interest and principal instalment which are payable in each reference period). Compliance is checked quarterly basis.

The facilities agreement also sets the usual limits and operating terms and regulates inter alia investment, additional debt, acquisitions, dividend distribution and capital transactions.

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Similar restrictions are also contained in the two US indentures governing the notes issued by Lighthouse International Company S.A. in 2004, and the notes issued by SEAT Pagine Gialle S.p.A. in January 2010.

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

There was full compliance at 31 December 2009 (the reference date for this Report) with the covenants and the terms of the facilities agreement.

The adverse market and/or business conditions for the Company should cause breach of the financial covenants with The Royal Bank of Scotland Milan Branch at a reference date for this Report, The Royal Bank of Scotland Milan Branch could rescind the facilities agreement immediately, causing all or any financing already drawn down (including interest due but not yet payable and all other amounts owed to the Bank under the agreement) to become immediately payable. This could force SEAT Pagine Gialle S.p.A. to seek funds on the market to repay its debt and would allow The Royal Bank of Scotland Milan Branch to call on the security given for the facility if SEAT Pagine Gialle S.p.A. is unable to pay its debt. The position could be remedied only by waiver on the part of The Royal Bank of Scotland Milan Branch of its rights with respect to such breach and if necessary by adjusting of the financial covenants contained in the facilities agreement.

Given the current market scenario, in order to retain a sufficient liquidity margin and to manage the refinancing of Senior debt proactively given the extremely high repayments scheduled for 2012 and 2013, steps have been taken to protect the Group's economic and financial position and cash flow while at the same time meeting the commitments given under the facilities agreement with The Royal Bank of Scotland Plc Milan Branch.

The Company completed the capital increase in the first few months of 2009 launched end December 2008 (for further details go to "Report on Operations paragraph Main events in 2009") while at end 2009 the issued of Senior Secured Bond began and it ended in January 2010 (for further details go to " Report on Operations – paragraph Post-balance sheet events").

With the completion of the Capital Increase end April 2009, amendments to the Senior debt came into effect, including:

- the resetting of the financial covenants and of a number of economic and financial ratios in the 2005 Senior debt;
- an undertaking by SEAT Pagine Gialle S.p.A. not to vote any dividends while the ratio net financial debt/EBITDA remains over 4;
- an undertaking by SEAT Pagine Gialle S.p.A.: a) to use 50% of the proceeds from the capital increase to make early pro rata repayment on tranche A instalments on the Senior debt (done 28 April 2009) and b) to pay 0.75% p.a. higher margin on Senior credit lines at the end of 2010.

After December 2009 the SEAT Pagine Gialle S.p.A. Board of Directors instructed the Chief Executive Officer to ask The Royal Bank of Scotland Plc Milan Branch for permission to issue up to five senior secured bonds worth up to €1,000 million by February 2011, the proceeds of which are to be used to make early repayment of a number of tranche A instalments on the Senior facility issued by The Royal Bank of Scotland Plc Milan Branch, repayment of which is due in 2010, 2011 and 2012. In return for the Bank's agreement, the Company agreed that from the effective date of the Senior Secured Bond issue (28 January 2010) Euribor margins would be increased by a further 75 bp p.a.. The margins have therefore risen to 3.19% for tranche A and the revolving credit line and to 3.76% a year for tranche B;

- **current financial debts** amounted to €628,849 thousand at 31 December 2009 (€

289,411 thousand at 31 December 2008) and included:

- €580,343 thousand: short-term portion of non-current liabilities (for further details see previous paragraph);
- €17,375 thousand: interest due but not yet paid on the Lighthouse International Company S.A. loan (no change on 31 December 2008);
- €13,542 thousand: parent company liability to shareholders for dividends distributed but not yet paid at the year end (€30,876 thousand at 31 December 2008). They mainly referred for €13,526 thousand to dividends to companies with significant influence (Leading Shareholders) which have agreed not demand payment of the dividends owed them in return for 6% interest p.a. between 1 November 2008 and 15 June 2009 and thereafter 3.8% p.a. up to 24 August 2009, from which time interest will be three-month Euribor -0.4% p.a.. The interest liability at 31 December 2009 was €600 thousand;
- €7,844 thousand: current portion of net liabilities arising on the fair value of cash flow hedges at 31 December 2009 (€12,587 thousand at 31 December 2008);
- €9,745 thousand: other financial liabilities, of which €7,356 thousand on derivatives instruments revoked at year end and €1,359 thousand on interest due but not yet paid at the year end.

SEAT Pagine Gialle S.p.A. also has a €30.0 million short-term committed credit line (expiring 31 March 2010) that is not currently in use but carries interest at applicable Euribor +1.65% p.a. in the event of draw-down and 0.30% p.a. commission on amounts unused.

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 program and the debt to Leasint S.p.A. bears floating interest rates linked to the Euribor. To reduce interest-rate risk, SEAT Pagine Gialle S.p.A. has taken out interest-rate derivative hedges with leading international banks to cover the Senior debt. For further details on interest-rate risk hedges, go to note 20 in the Explanatory note of the Consolidated Financial Statements.

At the end of December 2009 total average hedging of interest rate risk 2010-2012 covered around 79% of the total debt, being 11% interest rate swaps and Forward Rate Agreements, 4% interest rate collars and 64% fixed-rate debt (this includes the debt to Lighthouse International S.A. and the Senior Secured Bond issued January 2010 and applied to refund part of the variable-rate Senior debt).

Total average hedging of interest rate risk 2013-2014 covered around 84% of the total debt, and corresponded to the fixed-rate debt to Lighthouse International Company S.A. and the Senior Secured Bond issued January 2010;

- **non-current financial assets:** €2,088 thousand at 31 December 2009 (€2,026 at 31 December 2008): these are mainly loans to employees;
- **current financial assets and cash and cash equivalent:** €293,909 thousand at 31 December 2009 (€306,534 thousand at 31 December 2008). They referred to €291,991 thousand cash and cash equivalent (€304,362 thousand at 31 December 2008) of which €118,004 thousand held by Meliadi Finance S.r.l. from the collection of receivables assigned by SEAT Pagine Gialle S.p.A. under the securitisation program.

Risk from high levels of financial debt

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The SEAT Pagine Gialle group has a high level of debt with leverage that, as at the end of 2008, was about five times EBITDA. The repayment schedule for loans at 31 December 2009, following the changes made to the original schedule for Senior debt repayment to The Royal Bank of Scotland Plc Milan Branch following the issue of the Senior Secured Bond in January 2010 is as follows

(euro/thousand)	Due						Total
	31.12.2010	31.12.2011	31.12.2012	31.12.2013	31.12.2014	plus	
The Royal Bank of Scotland Plc Milan Branch	577,393 ⁽¹⁾	70,391	304,018	464,544	-	-	1,416,345
Lighthouse International Company S.A.	-	-	-	-	1,300,000	-	1,300,000
Limited recourse asset-backed securities (*)	-	-	-	-	256,000	-	256,000
Debts due to Leasint S.p.A.	2,844	2,984	3,127	3,283	3,445	39,228	54,911
Debts due to other lenders	106	6	15	-	-	-	127
Total financial debt (gross)	580,343	73,381	307,160	467,827	1,559,445	39,228	3,027,384

(1) € 507,136 thousand being the 28 January 2010 repayment instalment made using funds raised through the Senior Secured Bond issue.

(*) 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.

The average life of loans in place end 2009, based on the Senior debt repayment schedule to The Royal Bank of Scotland Plc Milan Branch before the issue of the Senior Secured Bond, was 3.35 years. The Senior Secured Bond extended the average life of SEAT Pagine Gialle group financing to 4.35 years. The following table shows the repayment schedule for financing in place at 31 December 2009 and includes on a prospective basis the Senior Secured Bond issued January 2010, income from which was used to repay €507,136 thousand of Senior debt to The Royal Bank of Scotland Plc Milan Branch.

If for reasons attributable to market conditions or other circumstances SEAT Pagine Gialle

(euro/thousand)	Due						Total
	31.12.2010	31.12.2011	31.12.2012	31.12.2013	31.12.2014	plus	
The Royal Bank of Scotland Plc Milan Branch	70,257	70,391	304,018	464,544	-	-	909,202
Lighthouse International Company S.A.	-	-	-	-	1,300,000	-	1,300,000
Senior Secured Bond	-	-	-	-	-	536,799	536,799
Limited recourse asset-backed securities	-	-	-	-	256,000	-	256,000
Debts due to Leasint S.p.A.	2,844	2,984	3,127	3,283	3,445	39,228	54,911
Debts due to other lenders	106	6	15	-	-	-	127
Total financial debt (gross)	73,207	73,381	307,160	467,827	1,559,445	576,027	3,057,047

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 debit instrument of or guarantee given by SEAT Pagine Gialle S.p.A. or any SEAT Pagine Gialle group company, all loans will have to be repaid early and in full, along with interest payable and all other sums payable under the agreements. This will have a negative impact the business and on the economic, capital and financial position of the Company and of the SEAT Pagine Gialle group.

Liquidity risk - obtaining financial resources

Liquidity risk is the risk that available financial resources may not be sufficient to cover the €80,343 thousand repayments due on 31 December 2010. Thanks to the low volatility business of the SEAT Pagine Gialle group and the high level of cash generated and thanks to both the inflow from the Senior Secured Bond (€536.8 thousand) and credit lines worth about €120 million, the Group believes to have enough capital resources to discharge its obligations.

After 31 December 2010, SEAT Pagine Gialle S.p.A. will have to make large repayments of loans and it is possible that the Group will not have sufficient resources to do this, forcing it necessary to seek new financing.

The 2009 financial crisis triggered by securities linked to sub-prime mortgages and the heavy impact; that has had on all the banks, has given investors a general and growing aversion to risk, that has translated into higher spreads on credit default swaps and sharp drop in high-yield bond prices.

Consequently, in the event that SEAT Pagine Gialle S.p.A. is for any reason unable to generate sufficient resources to discharge its financial obligations and has to renegotiate the terms and conditions of its existing facilities and loans before they expire, or has to seek new financing to make their repayment from the banks and/or on the financial markets, it could find itself unable to obtain that financing or be forced to accept terms that are less favourable than the current ones, with all the negative impacts on the economic, capital and financial position of the Group.

Financial resources could prove harder to obtain if the Standard & Poor's or Moody's rating of SEAT Pagine Gialle S.p.A. falls.

Ratings express an agency's view of the Company's likelihood of default and it is the result of the analysis of *i)* the Group's outlook in terms of operating performance, cash generation and ability to service debt, and *ii)* foreseeable reference scenarios. In the final quarter of 2009 the above agencies dropped the Company's rating from BB- to B and from B1 to B2. These ratings have been confirmed at the reference date for this report.

Should the agencies downgrade SEAT Pagine Gialle S.p.A. further, this could reduce the Company's ability to assign its receivables in accordance with the securitisation program. If necessary, the funds no longer obtainable because of downgrading 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 Senior facilities agreement with The Royal Bank of Scotland Plc Milan Branch and the two indentures regulating the notes issued by Lighthouse International Company S.A. and guaranteed by SEAT Pagine Gialle S.p.A. (€1,300 million in 2004 with the due date 2014) and the conditions of the notes issued by SEAT Pagine Gialle S.p.A. in 2010 (€550 million) with the due date 2017 require the loan be refunded in advance, if certain events, defined in detail, wholly called "change of control", should occur.

Under the facilities agreement with The Royal Bank of Scotland Plc Milan Branch, a change of control would immediately cancel any obligation by The Royal Bank of Scotland Plc Milan Branch to provide further tranche funds under the facilities agreement and SEAT Pagine Gialle S.p.A. would have to make immediate repayment of all amounts advanced to it and all letters of credit issued in its favour and would have to pay The Royal Bank of Scotland Plc Milan Branch all interest due and outstanding at that date, along with all other amounts owed to The Royal Bank of Scotland Plc Milan Branch under the facilities agreement and associated documents.

Under the two indentures, a change of control within SEAT Pagine Gialle S.p.A. (as this is defined in each indenture) gives all notes holders the right to redeem for cash their notes from Lighthouse International Company S.A. or from SEAT Pagine Gialle S.p.A. (as applicable) at 101% of their nominal value plus all interest due and outstanding at that date. Should one or more holders of the notes issued by Lighthouse International Company S.A. exercise this right the Lighthouse agreement requires SEAT Pagine Gialle S.p.A. to make advance repayment to Lighthouse International Company S.A. of enough of the loan to enable the latter to make the redemptions.

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 because SEAT Pagine Gialle S.p.A. has also expressly and irrevocably guaranteed all Lighthouse's commitments to the notes holders. All payments made by SEAT Pagine Gialle S.p.A. under the Lighthouse agreement and under the indentures must comply with the RBS facilities agreement and the inter-creditor agreement signed by inter alia SEAT Pagine Gialle S.p.A., Lighthouse and RBS on 25 May 2005, at the same time as the facilities agreement with The Royal Bank of Scotland Milan Branch as subsequently amended and supplemented, which regulates inter alia relations between SEAT Pagine Gialle S.p.A., RBS (Senior creditor), Lighthouse and the "notes" holders (junior 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 89.7% of Group receivables at 31 December 2009 (87.2% at 31 December 2008) concern SEAT Pagine Gialle S.p.A. that has about 488,000 customers throughout Italy, mainly SMEs. Each year SEAT Pagine Gialle S.p.A. alone issues approximately 790,000 invoices, each of which on average involve payment of 2.5 instalments of about €573 each, generating over 1.8 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 under loan revaluation reserve) is valued using a statistical model that segments clients according to territory and age and uses the collection experience of SEAT Pagine Gialle S.p.A., to make projections for the future.

At 31 December 2009 the Group receivables revaluation reserve totalled €115,254 thousand, slightly up on 31 December 2008 (€111,386 thousand), income statement provisions rising from €44,105 thousand to €48,845 thousand to cover essentially the same proportion of doubtful debt (45.4% - SEAT Pagine Gialle S.p.A. - compared with 45.8% end 2008).

The rise in provisions should offset any fall in collections given the state of the economy (stagnant consumption and loans hard to find as the banks increase their aversion to risk). In 2010 this could increase the SEAT Pagine Gialle S.p.A loss ratio on customers.

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→ Consolidated Operating Free Cash Flow for the financial year 2009

Operating free cash flow (FCF) over the year (€ 456,304 thousand) was € 91,055 thousand below that for 2008 *restated* (€ 547,359 thousand). This was because of worsening EBITDA (-€ 75,094 thousand on 2008 *restated*) and to a lesser extent operating working capital that in 2009 rose € 6,959 thousand on 2008 (+€ 8,005 thousand in 2009, +€ 1,046 thousand in 2008). Operating FCF also impacted capital expenditure (€ 51,943 thousand), +€ 5,107 thousand on 2008 *restated*.

The impact of operating FCF on sales and service revenue (37.7% in 2009) was lower than in 2008 *restated* (40.2%), as well the impact on EBITDA (86.5% in 2009 and 90.8% in 2008 *restated*), in that lower EBITDA was accompanied by a worsening of operating working capital.

Reclassified consolidated income statement

(euro/thousand)	Year 2009	Year 2008 restated	Change	
			Absolute	%
Revenues from sales and services	1,209,821	1,361,319	(151,498)	(11.1)
Materials and external services (*)	(403,533)	(467,532)	63,999	13.7
Salaries, wages and employee benefits (*)	(217,653)	(236,185)	18,532	7.8
Gross operating profit (GOP)	588,635	657,602	(68,967)	(10.5)
<i>% on revenue</i>	<i>48,7%</i>	<i>48,3%</i>		
Other valuation adjustments and provisions to reserves for risks and charges	(58,002)	(58,481)	479	0.8
Other operating income (expense), net	(3,032)	3,574	(6,606)	n.s.
Earning before amortisation, depreciation, non-recurring and restructuring costs (EBITDA)	527,601	602,695	(75,094)	(12.5)
<i>% on revenue</i>	<i>43.6%</i>	<i>44.3%</i>		
Operating amortisation, depreciation and write-down	(63,196)	(47,813)	(15,383)	(32.2)
Non-operating amortisation and write-down	(188,964)	(295,207)	106,243	36.0
Non-recurring and restructuring costs, net	(29,713)	(31,328)	1,615	5.2
Operating income (EBIT)	245,728	228,347	17,381	7.6
<i>% on revenue</i>	<i>20.3%</i>	<i>16.8%</i>		
Interest expense, net	(214,612)	(248,207)	33,595	13.5
Gain (loss) on investments valued at equity	36	(5)	41	n.s.
Profit (loss) before tax and Minority interests	31,152	(19,865)	51,017	n.s.
Income taxes for the year	(54,173)	(69,190)	15,017	21.7
Profit (loss) on continuing operations	(23,021)	(89,055)	66,034	74.1
Profit (loss) from non-current assets held for sale and discontinued operations	(12,337)	(84,625)	72,288	85.4
Profit (loss) for the year	(35,358)	(173,680)	138,322	79.6
- of which Minority interests	2,412	5,966	(3,554)	(59.6)
- of which pertaining to the Group	(37,770)	(179,646)	141,876	79.0

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

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Statement of consolidated comprehensive income

(euro/thousand)		Year 2009	Year 2008
Profit (loss) for the year	(A)	(35,358)	(173,680)
Profit (loss) for "cash flow hedge" instruments		(11,554)	(16,193)
Profit (loss) for foreign exchange adjustments		6,798	(30,031)
Actuarial gain (loss) recognised to equity		(15,776)	2,401
Total other comprehensive profit (loss) for the year, net of tax effect	(B)	(20,532)	(43,823)
Total comprehensive profit (loss) for the year	(A+B)	(55,890)	(217,503)
- of which minority interests		2,412	5,966
- of which pertaining to the Group		(58,302)	(223,469)

Reclassified consolidated balance sheet

(euro/thousand)	At 31.12.2009	At 31.12.2008	Change
Goodwill and customer database	3,335,257	3,517,486	(182,229)
Other non-current assets (*)	232,741	216,138	16,603
Operating non-current liabilities	(66,880)	(57,931)	(8,949)
Non-operating non-current liabilities	(19,871)	(17,174)	(2,697)
Operating working capital	326,222	320,633	5,589
- Operating current assets	698,027	756,666	(58,639)
- Operating current liabilities	(371,805)	(436,033)	64,228
Non-operating working capital	(39,416)	(59,724)	20,308
- Non-operating current assets	7,405	4,989	2,416
- Non-operating current liabilities	(46,821)	(64,713)	17,892
Non-current assets held for sale, net	74	876	(802)
Net invested capital	3,768,127	3,920,304	(152,177)
Equity of the Group	1,012,167	876,595	135,572
Minority interests	21,911	26,946	(5,035)
Total equity	(A) 1,034,078	903,541	130,537
Net financial debt	2,762,782	3,082,016	(319,234)
Transaction costs on loans and securitisation program not yet amortised	(51,218)	(76,184)	24,966
Net market value of "cash flow hedge" instruments	22,485	10,931	11,554
Net financial debt - "book value"	(B) 2,734,049	3,016,763	(282,714)
of which:			
- Non-current financial debts	2,401,197	3,035,912	(634,715)
- Current financial debts	628,849	289,411	339,438
- Non-current financial assets	(2,088)	(2,026)	(62)
- Current financial assets, cash and cash equivalent	(293,909)	(306,534)	12,625
Total	(A+B) 3,768,127	3,920,304	(152,177)

(*) Includes financial assets available for sale.

In accordance with IAS 1 (as amended) from 1st January 2009 assets and liabilities relating to financial derivative hedging instruments are shown in the financial statement separately as current/non current assets/liabilities referring their due date. The figures at 31 December 2008 have therefore been restated to make them compliance.

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Consolidated financial flows

(euro/thousand)	Year 2009	Year 2008 restated	Change
Earning before amortisation, depreciation, non-recurring and restructuring costs (EBITDA)	527,601	602,695	(75,094)
Gains (losses) from discounting operating assets and liabilities	(1,795)	(53)	(1,742)
Decrease (increase) in operating working capital (*)	(8,005)	(1,046)	(6,959)
(Decrease) increase in operating non-current liabilities (*)	(9,818)	(7,519)	(2,299)
Capital expenditure	(51,943)	(46,836)	(5,107)
(Gains) losses on disposal of non-current operating assets	264	118	146
Operating free cash flow	456,304	547,359	(91,055)
Capital increase	193,519	-	193,519
Payment of interest expense, net	(186,842)	(241,496)	54,654
Payment of income taxes	(108,761)	(43,416)	(65,345)
Payment of non-recurring and restructuring expense	(23,899)	(21,242)	(2,657)
Dividends	(3,365)	(3,862)	497
Flows on "Non-current assets held for sale"	(2,417)	35,839	(38,256)
Investment in the Turin complex - new headquarters	(1,091)	(65,832)	64,741
Foreign exchange effect and other movements	(4,214)	(15,060)	10,846
Change in net financial debt	319,234	192,290	126,944

(*) The changes don't include the non monetary effects arising from the reclassification to non-current assets held for sale and discontinued operations and profit and losses recognised in equity.

→ Reconciliation of Separate and Consolidated Equity as at 31 December 2009

(euro/thousand)	Group				Minorities			Total
	Share capital	Reserves	Profit (loss) for the year	Total	Share capital and reserves	Profit (loss) for the year	Total	
SEAT Pagine Gialle S.p.A. at 31 December 2009	450,266	605,798	(38,191)	1,017,873				1,017,873
Profit (loss) for the year of consolidated companies		(79,264)	(78,000)	(157,264)	2,613	3,417	6,030	(151,234)
Share capital and reserves of consolidated companies		308,930		308,930	15,923		15,923	324,853
Book value of consolidated companies		(253,435)	87,752	(165,683)				(165,683)
Equity investments gains		53,999		53,999				53,999
Inter-Group disposals in previous periods		(7,679)		(7,679)				(7,679)
Intercompany dividends		10,213	(10,213)					
Valuations of investments using the equity method		98	36	134				134
Exchange differences		(38,505)		(38,505)				(38,505)
Other movements and change in the scope of consolidation		(483)	846	363	(58)	16	(42)	321
Share capital, reserves and consolidated results at 31 December 2009	450,266	599,671	(37,770)	1,012,167	18,478	3,433	21,911	1,034,078

→ Reconciliation of Separate and Consolidated Equity as at 31 December 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	
SEAT Pagine Gialle S.p.A. at 31 December 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)
Equity investments 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 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 and change in the scope of consolidation			(78)	(78)	151	1	152	74
Share capital, reserves and consolidated results at 31 December 2008	250,352	805,889	(179,646)	876,595	20,980	5,966	26,946	903,541

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

For comments on individual items, go to:

- Italian directories, Business Areas
- Explanatory notes to the Financial Statements for the year of SEAT Pagine Gialle S.p.A.

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

(euro/thousand)	Year 2009	Year 2008 restated	Change	
			Absolute	%
Revenues from sales and services	952,225	1,058,731	(106,506)	(10.1)
Materials and external services (*)	(347,717)	(393,009)	45,292	11.5
Salaries, wages and employee benefits (*)	(83,165)	(89,874)	6,709	7.5
Gross operating profit (GOP)	521,343	575,848	(54,505)	(9.5)
<i>% on revenue</i>	<i>54.7%</i>	<i>54.4%</i>		
Other valuation adjustments and provisions to reserves for risks and charges	(48,625)	(49,206)	581	1.2
Other operating income (expense), net	(1,994)	(1,563)	(431)	(27.6)
Earning before amortisation, depreciation, non-recurring and restructuring costs (EBITDA)	470,724	525,079	(54,355)	(10.4)
<i>% on revenue</i>	<i>49.4%</i>	<i>49.6%</i>		
Operating amortisation, depreciation and write-down	(48,592)	(32,904)	(15,688)	(47.7)
Non-operating amortisation and write-down	(94,537)	(162,067)	67,530	41.7
Non-recurring and restructuring costs, net	(22,192)	(26,608)	4,416	16.6
Operating income (EBIT)	305,403	303,500	1,903	0.6
<i>% on revenue</i>	<i>32.1%</i>	<i>28.7%</i>		
Interest expense, net	(204,422)	(234,276)	29,854	12.7
Adjustments of investments values	(87,752)	(147,137)	59,385	40.4
Profit (loss) before tax and Minority interests	13,229	(77,913)	91,142	n.s.
Income taxes for the period	(42,409)	(50,732)	8,323	16.4
Profit (loss) on continuing operations	(29,180)	(128,645)	99,465	77.3
Profit (loss) from non-current assets held for sale and discontinued operations	(9,011)	(82,772)	73,761	89.1
Profit (loss) for the year	(38,191)	(211,417)	173,226	81.9

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

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Statement of SEAT Pagine Gialle S.p.A. comprehensive income

(euro/thousand)		Year 2009	Year 2008
Profit (loss) for the year	(A)	(38,191)	(211,417)
Profit (loss) for "cash flow hedge" instruments		(11,554)	(16,193)
Actuarial gain (loss) recognised to equity		(952)	405
Total other comprehensive profit (loss) for the year, net of tax effect	(B)	(12,506)	(15,788)
Total comprehensive profit (loss) for the year	(A+B)	(50,697)	(227,205)

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

(euro/thousand)	At 31.12.2009	At 31.12.2008	Change
Goodwill and customer database	3,187,161	3,281,698	(94,537)
Other non-current assets ^(*)	339,379	406,789	(67,410)
Operating non-current liabilities	(41,860)	(42,564)	704
Non-operating non-current liabilities	(5,624)	(5,995)	371
Operating working capital	321,724	305,176	16,548
- Operating current assets	629,582	668,399	(38,817)
- Operating current liabilities	(307,858)	(363,223)	55,365
Non-operating working capital	(35,110)	(49,099)	13,989
- Non-operating current assets	2,967	4,577	(1,610)
- Non-operating current liabilities	(38,077)	(53,676)	15,599
Non-current assets held for sale, net	76	-	76
Net invested capital	3,765,746	3,896,005	(130,259)
Total equity	(A) 1,017,873	874,657	143,216
Net financial debt	2,776,606	3,086,601	(309,995)
Transaction costs on loans and securitisation program not yet amortised	(51,218)	(76,184)	24,966
Net market value of "cash flow hedge" instruments	22,485	10,931	11,554
Net financial debt - "book value"	(B) 2,747,873	3,021,348	(273,475)
of which:			
- Non-current financial debts	2,284,360	2,951,706	(667,346)
- Current financial debts	708,817	356,917	351,900
- Non-current financial assets	(2,088)	(2,020)	(68)
- Current financial assets, cash and cash equivalent	(243,216)	(285,255)	42,039
Total	(A+B) 3,765,746	3,896,005	(130,259)

(*) Includes financial assets available for sale.

In accordance with IAS 1 (as amended), from 1st January 2009 assets and liabilities relating to financial derivative hedging instruments are shown in the financial statement separately current/non current assets/liabilities referring their due date. The figures at 31 December 2008 have therefore been restated to make them compliance.

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

(euro/thousand)	Year 2009	Year 2008 restated	Change
Earning before amortisation, depreciation, non-recurring and restructuring costs (EBITDA)	470,724	525,079	(54,355)
Gains (losses) from discounting operating assets and liabilities	(1,378)	(685)	(693)
Decrease (increase) in operating working capital (*)	(19,454)	6,645	(26,099)
(Decrease) increase in operating non-current liabilities (*)	(2,447)	(759)	(1,688)
Capital expenditure	(41,866)	(35,697)	(6,169)
(Gains) losses on disposal of non-current operating assets	73	(20)	93
Operating free cash flow	405,652	494,563	(88,911)
Capital increase	193,519	-	193,519
Payment of interest expense, net	(177,069)	(226,898)	49,829
Payment of income taxes	(87,042)	(32,468)	(54,574)
Payment of non-recurring and restructuring expense	(19,912)	(15,948)	(3,964)
Flows on "Non-current assets held for sale"	(4,303)	66,686	(70,989)
Investment in the Turin complex - new headquarters	(1,091)	(65,832)	64,741
Profit of non-current assets	431	288	143
Dividends	-	(204)	204
Other movements	(190)	(90)	(100)
Change in net financial debt	309,995	220,097	89,898

(*) The changes don't include the non monetary effects arising from the reclassification to non-current assets held for sale and discontinued operations and profit and losses recognised in equity.

➤ Main events of 2009

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

Capital increase for SEAT Pagine Gialle S.p.A.

On 26 January 2009 the Extraordinary General Meeting resolved to:

- eliminate the nominal value of shares, previously €0.03 per share;
- effect a capital regrouping of one share for every two hundred ordinary or savings shares outstanding;
- approve a capital increase of up to €200 million.

The Extraordinary Shareholders' Meeting also resolved that the share 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 saving shares, at the unit offering price equal to the theoretical ex right price (TERP) of the SEAT ordinary share, calculated according to the current methods and on the basis of the arithmetic mean of the official unit prices posted during a period of at least 3 trading days prior to the determination of the offering price and discounted to the extent resolved by the Board of Directors.

In execution of the above mentioned resolution on 26 March 2009, the Board of Directors set the issue price of the new shares (applying an about 46% discount of TERP on ordinary SEAT shares calculated according to previous mentioned criteria) at €0.106 per share for up to No. 1,885,982,430 newly issued cum-coupon shares to be offered in option to shareholders at a ratio of 226 newly issued ordinary shares for every 5 ordinary/savings shares held by each shareholder.

The offering period of the option rights valid for the subscription of the newly issued shares deriving from the capital increase started on 30 March 2009 and ended on 17 April 2009 (both dates inclusive) whereas the same option rights were tradable on the Italian Stock Exchange from 30 March 2009 up to 8 April 2009.

At the end of the offering period No. 41,186,760 option rights were exercised and, subsequently, No. 1,861,641,552 newly issued ordinary shares were underwritten, equal to 98.71% of the maximum number of No. 1,885,982,430 shares included in the offering, for an overall value of €197,334 thousand. As a result No. 538,515 option rights – valid for the subscription of No. 24,340,878 newly issued ordinary shares, for an overall value of €2,580 thousand – resulted unexercised after the offering period. Such option rights were offered by auction on the Italian Stock Exchange by SEAT throughout Mediobanca – Banca di Credito Finanziario S.p.A. during the trading sessions of 23, 24, 27, 28 and 29 April 2009, pursuant to article 2441, paragraph 3, of the Italian Civil Code, all options being placed at the first session.

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The capital increase therefore concluded with all No. 1,885,982,430 new ordinary shares being subscribed for €199,914 thousand, gross of including commission and expenses. Mediobanca – Banca di Credito Finanziario S.p.A. was therefore not called on to subscribe unexercised options of the capital increase after the auction on the stock market.

Renegotiation of Senior debt with The Royal Bank of Scotland Plc Milan Branch

As described in the “Report on Operations” of SEAT Pagine Gialle S.p.A. 2008 Annual Report, in December 2008 and January 2009 a number of amendments were agreed with The Royal Bank of Scotland Plc Milan Branch to the terms and agreements governing the Senior financing agreement to enable the above capital increase to take place and to bring the financing agreement in line with the economic and financial performance forecast for the SEAT Pagine Gialle group under the 2009-2011 Business Plan.

A number of the amendments (including the resetting of financial covenants, the restrictions on dividend payment and the higher margins applied to financing by The Royal Bank of Scotland Plc Milan Branch) were not to come into effect until one or more of the Leading Shareholders paid SEAT Pagine Gialle S.p.A. (directly or indirectly by subscribing to the capital increase or making contributions in respect of future capital increases or for any other reason) a total of no less than €99.2 million or gave The Royal Bank of Scotland Plc Milan Branch a full, irrevocable and unconditional undertaking to make such a payment (in all cases by 31 May 2009 or, if the capital increase was delayed, by 28 June 2009).

The previous condition expired on 30 April 2009 with the completion of the capital increase, enabling SEAT Pagine Gialle S.p.A. to apply 50% of the liquidity obtained (€100 million) to early pro rata repayment of the instalments on tranche A of the financing, which were due December 2009-December 2011 inclusive.

The new covenants have meant that from end April 2009 there has been a 75 basis points increase on the margins applied to the Senior debt Euribor rate. This will end after December 2010 when there will be a reversion to the previous system whereby the margins applied to applicable Euribor will be revised downwards as the Group's net debt: EBITDA ratio falls.

Agreement with Google

On 25 March 2009, SEAT Pagine Gialle S.p.A. announced that it had signed an agreement with Google to become the authorised agent for Italy of Google AdWords™, an advertising system that allows companies to promote their own products and services on Google. The agreement comes under the Company's on-going strategy of developing the internet services it offers its advertisers. As a result of the alliance SEAT Pagine Gialle S.p.A. can now offer Italian SMEs the ability to plan their own internet advertising campaigns simply, quickly and effectively using the Google platform, moreover the professional sales teams across Italy also offer them supplementary internet advertising services, web mini site activation and results monitoring and improvement, providing full web agency services.

New CEO

On 29 April 2009 the Board of Directors co-opted Alberto Cappellini as CEO to replace Luca Majocchi who handed in his resignation on 9 February (effective 29 April 2009).

Katalog

As a result of the strategic refocus on the Italian market, SEAT Pagine Gialle S.p.A. recently decided, with the agreement of its partner Doğan, that in order to free up financial resources for its core business it would pull out of the Turkish joint venture that was still in the start up phase and whose business plan required significant investment. As an alternative to winding up and liquidating Katalog, SEAT Pagine Gialle S.p.A. had looked into the possibility of becoming the sole shareholder in the joint venture (by buying out Doğan's half-share for a nominal amount) so as to increase the value of its shareholding. SEAT Pagine Gialle S.p.A. has decided that it will not at present exercise its option of becoming the sole shareholder in Katalog.

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➤ Post-balance sheet events

Agreement with The Royal Bank of Scotland to issue a Senior Secured Bond

In order to retain a proper liquidity margin and proactively to manage the need to refinance Senior debt to meet the high repayments scheduled over the next few years, at the end of December 2009 the Board of Directors of SEAT Pagine Gialle S.p.A. instructed the CEO to ask The Royal Bank of Scotland Plc Milan Branch for permission to issue up to 5 Senior Secured Bonds worth up to €1,000 million by the end of February 2011.

The net proceeds of the bonds should be used to make early repayment of a number of tranche A instalments on the Senior debt issued by The Royal Bank of Scotland Plc Milan Branch, repayment of which is due in 2010, 2011 and 2012. The request also involved the resetting of a number of financial covenants to take account of the impact of the issue. This resulted in the Company's total debt rising slightly (due to the issue expense) along with the future cost of the debt increasing because of the higher interest on the new Senior Secured Bond.

In the first half of January 2010, The Royal Bank of Scotland Plc Milan Branch gave the permission, subject to a €7.4 million consent fee. SEAT Pagine Gialle S.p.A. at the same time agreed that as of issue of the Senior Secured Bond Euribor margins for the Senior debt would increase 75 bp p.a.. From 28 January 2010 the margins therefore rose 3.19% for tranche A and for the revolving credit line, and 3.76% for tranche B.

Issue of a € 550 million Senior Secured Bond

In the first half of January 2010, SEAT Pagine Gialle S.p.A. appointed a group of bookrunners comprising Deutsche Bank, BNP Paribas, Citigroup, JPMorgan and The Royal Bank of Scotland, and co-managers (Calyon, Lloyds, Mediobanca and Unicredit) to underwrite the issue of a Senior Secured Bond. This culminated in the issue on 28 January 2010 of a €550 million Senior Secured Bond expiring 31 January 2017 at a price of €0.975998 and carrying a 10.50% nominal coupon payable half-yearly at end January and end July of each year, with the first payment being due at the end of July 2010.

The issue discount brought yield up to 11% p.a..

The costs connected with the issue were €17.6 million, plus €11.7 million from the closure at end December 2009 under early termination clauses of derivative hedges no longer needed for the variable rate Senior debt remaining to The Royal Bank of Scotland Plc Milan Branch after the repayment.

The net proceed of Senior Secured Bond issue, €536.8 million, was used to repay part of tranche A (€507.1 million) and to cover issue costs.

Early repayment of the € 35.1 million instalment due end June 2010 on the Senior facilities agreement with The Royal Bank of Scotland Plc Milan Branch

At the end of February 2010 SEAT Pagine Gialle S.p.A. made a voluntary early repayment of the €35.1 million instalment due end June 2010 on the Senior debt with The Royal Bank of Scotland Plc Milan Branch, using cash generated by operations.

Following this repayment, the 2010 instalments fell to €35.1 million, due end December 2010.

Industrial relations: Company reorganisation agreement with the trades unions signed 24 February 2010 at the Ministry of Employment and Social Policies in Rome

On 24 February 2010 SEAT Pagine Gialle S.p.A. signed a Company reorganisation agreement with the trades unions that was approved by the Ministry of Employment and Social Policies at the same date. This supplements the previous agreement signed with the unions on 7 November 2008.

The new agreement involves an increase of 300 units redundancies that can be transferred to the *Cassa Integrazione Guadagni Straordinaria* (Special Wage Guarantee Fund - CIGS) during the period 9 February 2010 - 8 February 2011 and extends the procedure, previously restricted to Turin, Milan and Rome only, to all Company sites.

Redundancies will continue to be managed by the *Cassa Integrazione Guadagni Straordinaria* and early retirement under Law 416/81ff as amended, and by retraining redundant workers unable to apply for early retirement.

Tax inspection in SEAT Pagine Gialle S.p.A.

On 15 March 2010, with regard to the tax assessment launched in February 2009, the Guardia di Finanza di Milano (Tributary Police), issued an inspection report that challenged the deductibility for tax purposes of the interest expense related to the debt the Company incurred in 2004 and of the recorded Customer Database amortisation in connection with the Company acquisition in 2003.

The Company is confident that it has always complied with all applicable tax regulations in respect of the transactions at issue, and that the conclusions reached by the Guardia di Finanza are without foundation. This is also supported by external tax experts valuation engaged to examine the inspection during the investigative phase of the assessment in question.

Moreover the Company feels that the potential liability arising from the tax assessment in question cannot be actually quantified.

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➤ Outlook

In a negative economic scenario, that only in the second half of 2009 showed signs of recovery in economy, SEAT Pagine Gialle S.p.A. maintained its strategy of focusing on Italian business. The Company accelerated internet investment, launching new marketing and customer management products and services on a multimedia (print/voice/online) basis and expanding its sales network. A network of around 180 web points was created with dedicated internet advisors able to provide a full range of web marketing and online advertising services to SMEs to enable them to promote their businesses.

At the same time, the Company sought to reduce the impact on EBITDA of the downward pressure on revenue, cutting operating costs by containing current spending and redesigning its main operating processes. In Italy, SEAT Pagine Gialle group performed higher in revenue and EBITDA than its competitors. This was thanks to its traditionally high exposure to SMEs and its strong position in online advertising.

The new commercial strategies began to reflect its positive effects during the year, with growing in online revenue supported by a greater penetration of existing online clients and an increase in new clients. This helped mitigate the impact of the recession and, along with the cut cost actions, achieved the expected EBITDA targets.

Building on these favourable results, in 2010, SEAT Pagine Gialle plans to continue pursuing the strategy undertaken last year to advance its business, with a particular focus on expanding its customer base. This will be achieved by strengthening its product offering and online marketing services. The Company believes that its offering of online marketing services will allow it to continue to increase sales and will accelerate customers' transition to multimedia products. In keeping with 2009, SEAT Pagine Gialle S.p.A. will continue its operating cost containment programme aimed at maintaining an adequate level of costs and investments to expand its business.

As for the Group's foreign operations, which are considered non-core, in developing business plans for its subsidiaries, the Parent Company continued to guarantee closer and more systematic control of these companies.

In terms of the medium to long-term outlook for Italy, the results for the first half of 2010 will be affected by the economic recession as occurred in 2009. Orders in the first six months of 2010 will be developed in a more difficult market scenario. No signs of recovery can be expected until the second half of 2010 when the actions taken in terms of new online products and services, multimedia packages and a better organised sales network will get into effect. In addition to the strategic action taken to grow its business, the Company will also maintain its downward pressure on operating costs in Italy and in its foreign subsidiaries with the aim of bringing Group EBITDA in line with the expectations of the financial market.

➤ Economic and financial performance by Business Area

(euro/million)		Italian	UK	Directory	Other	Aggregate	Eliminations	Consolidated
		Directories	Directories	Assistance	Activities	Total	and other adjustments	Total
<i>Revenues from sales and services to third parties</i>	Year 2009	947.2	81.4	133.4	47.8	1,209.8	-	1,209.8
<i>Revenues from sales and services intercompany</i>	Year 2009	5.0	-	32.0	16.1	53.1	(53.1)	-
<i>Revenues from sales and services</i>	Year 2009	952.2	81.4	165.4	63.9	1,262.9	(53.1)	1,209.8
	Year 2008 restated	1,058.7	118.1	175.8	70.3	1,422.9	(61.6)	1,361.3
<i>Material and external services (*)</i>	Year 2009	(347.7)	(29.9)	(44.3)	(34.9)	(456.8)	53.3	(403.5)
	Year 2008 restated	(393.0)	(40.0)	(56.5)	(39.9)	(529.4)	61.9	(467.5)
<i>Salaries, wages and employee benefits (*)</i>	Year 2009	(83.2)	(33.6)	(79.3)	(21.6)	(217.7)	-	(217.7)
	Year 2008 restated	(89.9)	(50.1)	(73.5)	(22.8)	(236.3)	0.1	(236.2)
Gross operating profit (GOP)	Year 2009	521.3	17.8	41.8	7.4	588.3	0.3	588.6
	Year 2008 restated	575.8	28.1	45.9	7.6	657.4	0.2	657.6
Earning before amortisation, depreciation, non-recurring and restructuring costs (EBITDA)	Year 2009	470.7	13.8	36.3	6.8	527.6	-	527.6
	Year 2008 restated	525.1	24.2	46.3	7.1	602.7	-	602.7
Operating income (EBIT)	Year 2009	305.4	(84.0)	24.7	(0.4)	245.7	-	245.7
	Year 2008 restated	303.5	(79.1)	33.4	(29.5)	228.3	-	228.3
Total assets	31 December 2009	4,239.0	118.4	254.4	317.5	4,929.3	(359.5)	4,569.8
	31 December 2008	4,398.7	199.0	262.2	321.5	5,181.4	(376.6)	4,804.8
Total liabilities	31 December 2009	3,386.8	121.3	82.4	298.2	3,888.7	(353.0)	3,535.7
	31 December 2008	3,774.1	104.5	93.2	299.3	4,271.1	(369.9)	3,901.2
Net invested capital	31 December 2009	3,600.1	43.3	111.1	20.3	3,774.8	(6.7)	3,768.1
	31 December 2008	3,645.9	139.0	115.5	26.6	3,927.0	(6.7)	3,920.3
Capital expenditure	Year 2009	41.9	1.1	5.8	3.6	52.4	(0.5)	51.9
	Year 2008 restated	35.7	1.9	5.3	4.2	47.1	(0.3)	46.8
Average workforce	Year 2009	1,336	728	2,476	407	4,947	-	4,947
	Year 2008 restated	1,389	894	2,478	435	5,196	-	5,196
Workforce at the end of the year	Year 2009	1,376	730	3,585	397	6,088	-	6,088
	Year 2008 restated	1,444	881	3,776	406	6,507	-	6,507
Sales agents (average number)	Year 2009	1,682	-	20	36	1,738	-	1,738
	Year 2008 restated	1,666	-	79	32	1,777	-	1,777

(*) 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 2009	Year 2008
Number of published directories		
PAGINEBIANCHE®	103	103
PAGINEGIALLE®	202	202
ThomsonLocal	173	174
Number of distributed directories (values in million)		
PAGINEBIANCHE®	25.9	26.7
PAGINEGIALLE®	21.7	22.4
ThomsonLocal	23.1	23.7
Number of visits (values in millions)		
<i>uninterrupted site access for 30 minutes</i>		
PAGINEBIANCHE.it	164.4	192.6
PAGINEGIALLE.it	128.5	102.3
TuttoCittà.it®	30.0	34.5
Europages.com	47.3	19.2

→ Italian directories

The market

The market and the strategic positioning are the same as are described in the introduction referred to the Group since Italian directories (SEAT Pagine Gialle S.p.A.) is the main business area of the Group.

Earnings per product

			Year 2009 % on total revenue	
<i>Print</i>		PAGINEGIALLE®	classified directories of Italian business	27.8
		PAGINEBIANCHE®	alphabetical directories	37.1
	Other print product			0.2
	<i>Online</i>			
	PAGINEGIALLE.it®	search engine specialised in business searches	20.4	
Other online product				
<i>Voice</i>		89.24.24 Pronto PAGINEGIALLE®	voice service which provides directory assistance value added services	4.8
		12.40 Pronto PAGINEBIANCHE®	voice service which provides subscriber information service	
	Total core revenue			90.3

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Product innovation

Online services

During 2009 facing the higher growth in online advertising market and the increasingly complex internet ecosystem, SEAT Pagine Gialle S.p.A. continued to pursue its product and service development strategy to improve effectiveness, identify the best technologies and to develop the best solutions for its clients.

In addition to the traditional advertising offer on its three platforms (print-online-voice) SEAT Pagine Gialle S.p.A. also targeted its resources on developing *online marketing*, from personalised and multimedia websites (visual sites) to improving advertisers' web profiles (SEO - *Search Engine Optimization*) by classifying them and their product overviews (*scheda prodotto*) and by planning and managing clients' advertising campaigns (SEM - *Search Engine Marketing*). SEM was developed through the Google agreement signed in March 2009, which made SEAT Pagine Gialle S.p.A. the authorised agent for Italy of Google AdWords™. Online marketing services therefore range from setting up websites to monitoring results in terms of visitors/contacts generated (via *ShinyStat*™) and improving them.

This has led to the industrialisation of the entire value chain that puts Italian SMEs on the web and despite the number of web agencies already on the market, has turned SEAT Pagine Gialle S.p.A. into a player. In 2009 SEAT Pagine Gialle S.p.A. set up an Italian network of around 180 *web points* offering SMEs a full range of online marketing strategy and business promotion services and top-end dedicated web consultants.

Internet-mobile: in December 2009 PagineGialle Mobile for BlackBerry was launched along with an updated version of PAGINEGIALLE™ Mobile for iPhone. These supplement the applications that already exist for Vodafone 360 and give users new ways of accessing the Company's database when they are on the move, raising the profile of its client databases overall. PAGINEGIALLE™ Mobile is free to BlackBerry and iPhone subscribers on the virtual smartphone applications stores App World and App Store. The application uses all new generation mobile technologies such as display touch screen, GPS and high-speed internet connection. PAGINEGIALLE™ Mobile for iPhone has been top of Apple Store popularity ratings in all classes since it was launched end 2009 and has had around 200,000 downloads.

Directory assistance

89.24.24 Pronto PAGINEGIALLE[®] and 12.40 Pronto PAGINEBIANCHE[®] were overhauled in 2009 to make them more flexible to clients' needs. A new offer "Pricing variabile" ("Variable pricing") was launched to allow advertisers to pay for each advert placed, plus an initial start-up fee.

To make the service more responsive to callers' searches, VoiceFinder (search engine used) maintenance and development has been supplemented by "12.40 Special", a new loyalty programme for 12.40 Pronto PAGINEBIANCHE[®] users that supports the existing "name recognition" caring approach. 500,000 subscribers have already signed up to the two programmes.

The 89.24.24 Pronto PAGINEGIALLE[®] existing loyalty programme (Prontissimo and 89.24.24perte) have now achieved quite significant dimensions 132,000 members Prontissimo (115,000 in 2008) and 742,000 89.24.24perte (426,000 in 2008). A new extended search system has been launched for the best customers in usage terms (if the customer's question cannot be answered during the call, another search is carried out and the customer is called with the new results found).

Print products

Genoa 2009 was the first TuttoCittà[®] to be published in pocket format easier to handle, cheaper to produce and more profitable.

The entire product was redesigned for the new format, including the maps which are now based on Navteq data thanks to an application developed ad hoc using SEAT Pagine Gialle S.p.A. know-how and that improve legibility and page use. Navteq means maps can be continuously updated and can cover the whole of Italy.

18 pocket editions were published in 2009 and all directories will be in the same format by the end of the first half of 2010.

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New IT systems

2009 investment by Information Technology & Processes had three main aims:

- product innovation, to create a service that is more sensitive to customer demand, flexible and quick to respond;
- the creation and commissioning of a new IT system to manage sales orders and CRM SAP/SFE accounting systems;
- review of the main processes to simplify operations and better allocate business generation resources, using the new management platforms (CRM SAP/SFE).

2009 saw the completion of the 2004 investment plan based on “*Real Time Enterprise*” in which data and information are distributed to all company applications as soon as they are input or updated.

The last step in the program was, at the beginning of 2009, the commissioning of CRM (SAP/SFE) that led to the upgrade of all the processes involved to improve functionality and interfaces with other systems.

CRM objectives are primarily to:

- cut the time SEAT Pagine Gialle S.p.A. sales teams spend on administration so they can spend more time with clients; give access to information in real-time and, on the move, improve the quality and effectiveness of sales;
- cut processing time by reducing defects and improving the quality and transparency of customer services;
- simplify order management and improve tracking.

2009 also saw the roll-out of the new front-end system for Sales (SFE) and the gradual migration of sales and administration processes (billing and revenues).

The Sales Effectiveness project began at end 2009 to move products towards multimedia, customer-centred ranges using SEAT Pagine Gialle S.p.A.'s new platforms.

The main investment in infrastructure technology in 2009 was the purchase of centralised hardware (Data Center) to:

- replace obsolete hardware with new, high-performance, low energy hardware;
- to improve the internet performance of centralised hardware;
- to meet SEAT Pagine Gialle S.p.A.'s ever increasing demand for processing capacity;
- to review backup architecture (using data deduplication, a specific form of compression where redundant data is eliminated, typically to improve storage utilization maintaining the same level of efficiency);
- and to redesign disaster recovery conditions.

Economic and financial data

The table shows the main results for 2009 and a comparison with 2008 *restated*. In the second quarter of 2009 and in line with the focus on Italy to free up financial resources for its core business, SEAT Pagine Gialle S.p.A. agreed with its partner, Doğan, to pull out of Katalog Yayın ve Tanıtım Hizmetleri A.S., a Turkish joint venture still at the start-up phase. The economic, capital and financial results for these companies are now classified under “non-current assets held for sale and discontinued operations”. In accordance with IFRS 5, the Income Statement and Cash Flow Statement for 2008 have been *restated*.

(euro/million)	Year 2009	Year 2008	Change	
		restated	Absolute	%
Revenues from sales and services	952.2	1,058.7	(106.5)	(10.1)
Gross operating profit (GOP)	521.3	575.8	(54.5)	(9.5)
Earning before amortisation, depreciation, non-recurring and restructuring costs (EBITDA)	470.7	525.1	(54.4)	(10.4)
Operating income (EBIT)	305.4	303.5	1.9	0.6
Net invested capital	3,600.1	3,645.9	(45.8)	(1.3)
Capital expenditure	41.9	35.7	6.2	17.4
Average workforce	1,336	1,389	(53)	(3.8)

Revenues from sales and services for SEAT Pagine Gialle S.p.A. totalled in 2009 €952.2 million, down 10.1% on 2008 (€1,058.7 million). This reflected the performance of core products (print-online-voice) which, although 7.7% lower than in 2008, was an improvement on other products mainly due to strong online growth (+20.0%) reflecting continuous product innovation. This sped up the shift in the revenue mix towards online (up to 23% from 17% in 2008) and away from print (down to 72% from 77% in 2008). The decline in revenues was also due to the negative performance of non-core products (BtoB, direct marketing and promotional items) that not only were affected more than other products by the Italian recession but suffered greatly from the sales teams focus on core products, particularly online. 2009 results reflected the effects of a recession in which Italian GDP fell 5.1% year on year (figures from the Italian Statistics Institute - Istat). The slower decline reflected in GDP in the second half of 2009 translated only in part into higher industrial production and increased household consumption, because of the continued uncertainty about the future and high unemployment. SEAT Pagine Gialle S.p.A. revenues performed well compared to other media companies due to the significant growth in online services, sustained by product innovation, and to the customer base formed mainly by SME, which provides stability during this difficult economic period. During 2009 advertising investment in Italy decreased by 13.4% (source: Nielsen) while those for SEAT Pagine Gialle S.p.A.'s core products declined only by 7.7%.

In particular:

- a) **Core revenues** amounted to €859.8 million in 2009, a decrease of 7.7% compared to 2008 (€931.3 million):
- *print* totalled €619.1 million in 2009, declined by 14.1% compared to 2008 (€720.5 million). The fourth quarter of 2009 decreased by 15.1% compared to a

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13.7% decline in the first nine months of the year owing the seasonal variations (compared to the first nine months of the year, the last quarter focuses more on large city directories) and the difficult economic scenario. Results reflected falling revenues on PAGINEGIALLE® and PAGINEBIANCHE®. The recession accelerated move of advertisers' promotional and publicity budgets from print to more innovative internet services. This meant that the decline in revenues were caused more by a small number of high spender advertisers than for the SMEs who continue to form the Company's core business.

From the end of September 2009 the Company introduced a number of strategies to innovate products and support the distribution of its directories throughout Italy and also to manage the gradual and efficient migration of revenue from print to online products. The commercial offer was simplified, cutting advertising objects and price ranges, content was enriched and the directory distribution system was made more efficient to protect the value of advertisers' investments.

The migration of revenues from print to online products included the launch of multimedia (print-online-voice) products with the sale in December 2009 of approximately 5,500 packages, over 50% being to new clients. The packages, which reallocate the sale price from print to internet component, aim to keep information content high and to encourage advertisers to move their budgets towards multi-product ranges.

TuttoCittà® (€1,560 thousand in 2009): 18 pocket format editions were published during 2009 to give users a product easier to handle and to improve product profitability by cutting production costs.

The local editions of InZona and Idee InVacanza (€1.4 million in 2008) were closed in 2009 to simplify the product portfolio;

- *online*: products generated €194.7 million in revenue in 2009, an increase of 20.0% on 2008 due to the new online advertising and marketing services sales strategy. Performance in the fourth quarter of 2009 (+8.3%) was slower than in the first nine months of the year (+30.1%) because of the introduction of the new sales strategy and the launch of new products. The 2009 revenue increase was almost entirely imputable to the new online products and marketing services launched in the second half of 2008 and at the end of 2009 brought in about 30% of total online revenues.

Online marketing services increased the number of online clients to 192,000 (+19.1% compared to 2008) thanks primarily to the new clients it brought in. Average expenditure per client was essentially in line with 2008 despite the availability of online packages and products with entry prices well below the average prices of other products. The growth of the online client base is the result of the Company's sales strategy of targeting not only its own clients that do not yet have websites but also SMEs that are equipped but whose internet profile is not high owing to their search engine ranking.

2009 visits to PAGINEGIALLE.it® were around 128.5 million (+25.6% on 2008), mainly through visits to proprietary sites (+38.3%) which more than offset for the decline in visits from partner sites. A significant contribution was the success of SEO (Search Engine Optimization), which in 2009 generated around one third of all visits to PAGINEGIALLE.it®. About 88% of all searches on PAGINEGIALLE.it® were via a proprietary site (80% in 2008), evidence of the increasing importance of brand identity for SEAT Pagine Gialle S.p.A. websites within the internet. In December 2009 SEAT Pagine Gialle S.p.A. launched a new PAGINEGIALLE.it® advertising campaign to consolidate its position as a fast and reliable search engine. The campaign focused on the pay-off in *Dritti al punto* (Getting to the point), an effective way of conveying the search engine's main strength;

- *voice*: advertising revenues from 89.24.24 Pronto PAGINEGIALLE® and 12.40 Pronto PAGINEBIANCHE® amounted to €46.0 million, declined by €2.5 million compared to 2008. This reflects the 7.6% decline of revenues in the fourth quarter of 2009 (a decrease of 3.9% in the first nine months of the year) caused by the impact of the above sales strategies that concentrate sales efforts on new internet products and of the reorganisation of the sales campaigns.

b) Business to Business amounted to €2.6 million. Profits suffered from the refocus of sales teams on core products (print-online-voice) and from the change in commercial offer (from multimedia to online) to bring it in line with the trends of the leading BtoB markets. The strategic overhaul simplified the number of brands available and led to the shutdown in 2009 of Annuario SEAT and PAGINEGIALLE Professional® (€17.0 million in 2008) and the transfer of Annuario Kompass to Consodata.

c) Other products totalled €88.1 million (declined by €12.4 million compared to 2008). This includes € 63.7 million voice revenue from 89.24.24 Pronto PAGINEGIALLE® and 12.40 Pronto PAGINEBIANCHE® (€71.6 million in 2008). 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 and merchandising income declined to €12.1 million (€21.2 million in 2008) mainly due to the worsening in this negative market scenario and the sales network focused on higher margin products.

The **cost of materials and external services**, net of the repayment of costs and shown in the IFRS financial statements under "Other revenue and income", amounted to €347.7 million in 2009, a decline of €45.3 million on 2008 *restated* (-11.5%). In particular:

- *industrial costs*: €143.4 million in 2009, decreased by €25.9 million compared to 2008 *restated* (€169.3 million). The drop in print revenues led to a 17.1% reduction in pages printed which translated into lower paper consumption (a decrease of €6.4 million to €31.2 million) and lower production costs (a decline of €14.6 million to €51.4 million). Inbound call center services also went down (a decrease of €3.5 million to €25.6 million) due to the reduction of call volumes. However data transmission costs rose as online services progressed (an increase of €4.1 million to €9.8 million);
- *sales costs* amounted to €138.7 million in 2009, a decrease of €12.5 million compared to 2008 *restated* (€151.2 million) because of the cut in direct sales expense. Commission and agents' fees (€95.9 million in 2009) dropped €13.0 million on 2008 as sale incentives remained generally stable. Publishers' commission rose however (an increase of 52.3% to €9.7 million) as new online products, aimed to increase internet traffic, were launched. Advertising costs amounted to €19.3 million (a decrease of € 1.3 million compared to 2008) and were concentrated on voice (€12.7 million) and online (€4.2 million) products;
- *overheads* totalled €65.6 million in 2009, with a reduction of €6.9 million compared to 2008 *restated* due to lower rental costs (-€3.5 million) as since the end of 2008 SEAT Pagine Gialle S.p.A. moved its offices to the new headquarter in Turin, Corso Mortara, purchased using a financial lease. Collection cost also declined by €2.1 million.

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Salaries, wages and employee benefits, net of repayment of costs for seconded personnel to other Group companies, totalled €83.2 million in 2009, a reduction of 7.5% on 2008 *restated* (€89.9 million). The decrease was due to the change in average workforce from 1,389 in 2008 to 1,336 in 2009 and from the savings achieved on variable-rate pay when managers failed to hit targets.

Workforce at 31 December 2009, including directors, project workers and trainees, was 1,376 (1,444 at 31 December 2008).

GOP amounted to €521.3 million in 2009 and declined by 9.5% compared to 2008 *restated* (€575.8 million); the ratio of GOP to revenues was 54.7% (54.4% in 2008 *restated*). The 10.1% decline in revenue was only in part offset by lower operating costs.

EBITDA totalled €470.7 million in 2009, with a reduction of €54.4 million compared to 2008 *restated*, with a ratio to revenues of 49.4% (49.6% in 2008 *restated*). EBITDA trend was in line with GOP and was mainly the result of accruals to reserves for risks and charges and to allowance for doubtful trade receivables that were essentially the same as in 2008. Although accruals to reserves for risks and charges were €3.3 million lower, provisions to allowance for doubtful trade receivables increased by €2.7 million, resulting in a coverage percentage of overdue receivables remained at previous year level (45.4% in 2009 and 45.8% in 2008).

Operating amortisation, depreciation and write-down amounted to €48.6 million in 2009 and increased by €15.7 million on 2008 *restated* following the set-up and commissioning of the new information system for managing sales order and accounting (CRM SAP/SFE). The item also included €4.2 million depreciation of the new headquarter in Turin to which the Company moved at the end of 2008.

Non-operating amortisation and write-down amounted to €94.5 million in 2009 and decreased by €67.5 million compared to 2008 (€162.1 million). This item was referred mainly to the customer databases whose amortisation, started in August 2003, ended in July 2009.

Non-recurring and restructuring costs amounted to €22.2 million in 2009 (€26.6 million in 2008 *restated*). It referred to non-recurring costs for €13.0 million, of which €4.6 million represented the reorganisation of Company management, and for €4.2 million to the support provided to management when business development strategy was being overhauled to focus on internet products and services and to analyse operating costs with the aim of identifying effective ways of cutting them. The item therefore included €4.0 million of the cost of purchasing 49% of Cipi S.p.A that SEAT Pagine Gialle S.p.A. decided was too high given the value of the subsidiary (for further details go to "Economic and financial performance by Business Area - Other activities - Main Company events").

Net restructuring costs (€9.2 million) were €8.7 million accruals to the reserve for restructuring expenses set up at the end of 2008 for the 2009-2011 Reorganisation Plan.

EBIT amounted to €305.4 million in 2009, was substantially in line with 2008 *restated* (€303.5 million) due to lower non-operating amortisation of the Customer Database which ended in July 2009.

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 (2002/19, 20, 21 and 22, as amended) 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.

The most important Directives for the Group (regulating competition and reducing the gap between the dominant operators and new entries) concern:

- **Access**, since this enables directory assistance companies, which often do not have their own telecoms networks, to connect with fixed and mobile telephony networks (so that their services can be accessed by all subscribers on all networks) and to obtain a range of cost-based services from the dominant operator;
- **Universal Service**, especially access to a common database of fixed and mobile telephony subscribers who have agreed to the use of their data. The Unique Data Base (UDB) must be set up involving all national operators and must be made available to its content users at fair prices that do not discriminate and are based on cost;
- **Authorizations**, the directives have also simplified the process of obtaining licences to run telephony operator services (to include previously excluded companies).

With the only exception of Directive 2002/58/EC on the processing of personal data and the protection of privacy in the electronic communications sector, which was transposed into Italian law in Legislative Decree 196 of 30 June 2003 (the "Privacy Code"), all the above Directives have been transposed through the Electronic Communications Code (Legislative Decree 259 of 1 August 2003) and other regulations issued by the Italian regulator (AGCom, Autorità per le Garanzie nelle Comunicazioni) and by the privacy authority.

At the end of November 2009 the European Commission approved a new package of telecoms directives that must be transposed into national law by May 2011. So far as SEAT Pagine Gialle S.p.A. is concerned, the new directives have not changed the regulatory scenario in which the company operates and, therefore, do not affect its business.

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Non-geographic numbers assigned to the SEAT group

In 2009, in order to improve its resources' management, SEAT group returned to the Ministry for Economic Development - Communications some of non-geographic numbers which were assigned to Telegate Italia in the previous years for providing directory assistance services (namely 12.56 and 89.24.00). SEAT Pagine Gialle S.p.A. retains the numbers: 12.40 Pronto PAGINEBIANCHE[®], 12.89 and 89.24.24 Pronto PAGINEGIALLE[®].

Privacy – Telemarketing - New regulations on the processing of data concerning persons listed in public telephone directories: opt-out and Robinson list

Law 166 of 20 November 2009 ("Urgent provisions to fulfil Community obligations and to execute the judgments of the Court of Justice of the European Communities") has converted the previous Decree 135 of 25 September 2009 (the so called "Malan Amendment"). The law introduced also some changes to section 130 of the Personal Data Protection Code ("Unwanted Communications") and, also, replaced the Data Protection Authority's Order 15/07/2004 concerning the rules for listing the telephone directors. The above Order was, infact based on an "Opt-In" principle (i.e. each subscriber must give his agreement to his Tlc Operators in case he accept to be contacted for any direct marketing purposes). The new law, instead, is based on a "Opt-Out" principle, thus allowing any Direct Marketing company to contact, via phone, all telephone subscribers as long as their data are published in a telephone directory. Those contracts - for direct marketing, market research and any promotional purposes, are made possible towards, any telephone subscriber who has not opted out. To Opt out a public Robinson list that must be set up within 6 months of the entry into effect of the converted law (i.e. by 25 May 2010). The same law postpones until 25 May 2010 the original deadline (31 December 2009) until which the creators of databases produced through public telephone directories published before 1 August 2005 can use the data in those directories for promotional purposes without giving any specific notice of such use nor obtaining the subscribers' consent. Finally, an Order issued on 22 December 2009 by the Data Protection Authority extended until 25 May 2010 the deadline for the interested Direct Marketing companies in order to comply the previous resolution of 12 May 2009 concerning the obligations to be fulfilled by the owners of such databases.

Security Plan

SEAT Pagine Gialle S.p.A., as owner of personal data processing, and with regard to rule 26 of Minimum Security Technical Requirements (Legislative Decree 196 of 30 June 2003) must by the end of March 2010 publish its annual update of its Security Plan for the electronic processing of "sensitive and legal data".

→ UK Directories

Market and strategic positioning

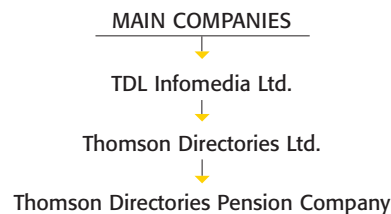
The Thomson group - which has produced UK telephone directories since 1980 - was acquired by the SEAT Pagine Gialle group at the end of 2000. It currently has around 53,000 clients, of which about 48% internet, and about 730 employees, producing 173 editions of Thomson Local, 23 million copies of which are distributed throughout the UK; it is the third largest directory company after Yell and British Telecom.

Thomson operates three contiguous businesses with the following main products:

- Thomson Local print directories, which are published in 173 editions covering 85% of the population and 45% of the UK. Thomson Local is distributed free to over 22 million residential and business addresses and contains not only classified business listings but also a local information section which includes local road maps, community and entertainment guides;
- online directories through its proprietary website Thomsonlocal.com. This is an online version of the print directories, with keyword searches of an online platform. Searches can be made on Thomson's proprietary database (BusinessFinder) and on the entire web (WebFinder). In support of the WebFinder search engine, a print directory was launched known as WebFinder Directory, which groups together the web addresses that can be consulted online;
- *Business Information*, through the sale of online consultation licences for its proprietary database and of the *Business Search Pro* product.

In 2009 the Thomson group found the market particularly challenging. UK GDP, essentially stable in 2008, recorded a 5.0% drop in 2009 (source: Eurostat). This difficult economic scenario affected all directory operators nationally making the market even more competitive than in the past. The Thomson group dealt with the situation by continuing its rationalisation and restructuring program.

Business area structure



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Main company events

- At a General Meeting of Calls You Control Ltd. (wholly owned by Thomson Directories Ltd.) held on 29 October 2009 the shareholders voted to wind up the company, appointing David Tann and Matthew Waghorn, both of Nortons Recovery Limited, liquidators.
- During 2009 many actions have been taken to reduce future costs of managing the defined benefit pension fund (Thomson Pension Fund) for TDL group employees. A number of Fund operating rules were changed, removing the final salary link and introducing *enhanced transfer value* program to encourage Thomson Pension Fund members to transfer to other funds of their choice outside the TDL Infomedia group. Under the above mentioned program, members moving their amounts will obtain a bonus that they can choose to have added to the total transferred to the other pension fund or to have paid out immediately on transfer.

At the end of 2009 over 50% of staff had opted for *enhanced transfer value* program.

Economic and financial data

The following table shows the main results for the financial period 2009 and a comparison with 2008

(euro/million)	Year 2009	Year 2008	Change	
			Absolute	%
Revenues from sales and services	81.4	118.1	(36.7)	(31.1)
Gross operating profit (GOP)	17.8	28.1	(10.3)	(36.7)
Earning before amortisation, depreciation, non-recurring and restructuring costs (EBITDA)	13.8	24.2	(10.4)	(43.0)
Operating income (EBIT)	(84.0)	(79.1)	(4.9)	(6.2)
Net invested capital	43.3	139.0	(95.7)	(68.8)
Capital expenditure	1.1	1.9	(0.8)	(42.1)
Average workforce	728	894	(166)	(18.6)



Revenues from sales and services amounted to €81.4 million in 2009 (£ 72.5 million), a fall of 31.1% on 2008. At constant directories published (173 in 2009; 174 in 2008) and constant exchange rates the decrease was only 22.7%.

The market scenario for the Thomson group was particularly difficult in 2009. The significant reduction was primarily attributable to lower revenues to customers requiring national coverage, mainly banks and insurance companies, and from field sales (which accounted from approximately 70 % of total revenues).

Print directories revenues decreased significantly in 2009 despite sales of advertising space through the Nectar Program (which were lower than in 2008 as a result of the recession and fierce competition). *Revenues from online business* were also affected by the difficult economic scenario and were down slightly on 2008, particularly for sales to national customers were concerned. Online revenues from SMEs were essentially stable however, due in part to the continued development of internet products. A number of major partnership agreements were signed with Expedia (travel booking) and Oodle (purchase/sale of products online).

In 2009 over 20.5 million individual users visited ThomsonLocal.com (an increase of 5 million compared to 2008) to make over 17.8 million internet searches (up 27% on 2008).

Facing fall in sales Thomson group has taken a number of actions to reduce operating costs, in particular: staff restructuring through the reorganisation started in 2008 that continued through 2009 which allowed a significant decrease in the cost of salaries, wages and employee benefits (24.8% in local currency, 32.9% in euro). To support Thomson group during this difficult economic period a new CEO was appointed in November 2009 to transfer skills and know-how within the SEAT Pagine Gialle group, particularly as regards internet products, organisation of sales teams and the management of operating costs.

The **average workforce** was 728 in 2009 (894 in 2008).

GOP amounted to €17.8 million in 2009 and decreased by €10.3 million compared to 2008. It declined less than revenues (-€36.7 million) thanks to savings in production operating costs (-€3.1 million), in advertising expense (-€2.9 million) and, above all, in salaries, wages and employee benefits (-€16.5 million).

EBITDA amounted to €13.8 million in 2009, decreased by €10.4 million compared to 2008 and was in line with GOP.

EBIT recorded a loss of €34.0 million at the end of 2009 (a loss of €79.1 million in 2008). EBIT was influenced by the cost of company restructuring (€2.1 million) to cut staff as above and the cost of payments to Pension Fund beneficiaries (€5.7 million) who at the end of 2009 took part in the *enhanced transfer value* program. These costs were partially offset by €3.5 million gain due to the curtailment of the Pension Fund after the changes made in September 2009 in the way benefits are calculated for its members. EBIT also reflected €91.3 million impairment losses on the goodwill allocated to Thomson Directories (a loss of €100.5 million in 2008) following the impairment test carried out in September 2009 for the difficult macroeconomic scenario in which the group operated and for negative business performances. Based on internal assessments, at the end of September 2009 the management decided to overhaul revenues, operating margins and cashflows estimate for the 2009-2011 Business Plan, significantly reducing enterprise value and causing a write-down of goodwill. These decisions were supported by impairment test carried out at the end of 2009 based on the new 2010-2013 Business Plan which was approved by the Company's management in 2010.

Net invested capital totalled €43.3 million at 31 December 2009, €95.7 million down compared to 31 December 2008. The change of €91.3 million was attributable to the write-down of the goodwill in Thomson Directories. After this write-down, goodwill at 31 December 2009 totalled €48.0 million. Net invested capital at 31 December 2009 also included a €20.2 million net liability in respect of the defined benefit pension fund (€10.6 million at 31 December 2008). For further details on the pension fund go to note 21 in the Explanatory note of the Consolidated Financial Statements.

Capital expenditure amounted to €1.1 million in 2009 (€1.9 million in 2008).

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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 telecommunication operators to provide their subscribers with print telephone directories;
- consider the need for proactive 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 its 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

The business area Directory Assistance 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** operates mainly in Germany, Spain and Italy, providing directory assistance.

In **Germany**, the group's main market, there is a year on year drop in the number of calls made. Telegate - through its 11880 portal, and the second biggest operator behind Deutsche Telekom the former incumbent - has implemented a strategy of enriching its products with added value services, thus managing to grow its market share. Moreover, to face the structural contraction of the market, Telegate creates an internet search portal, relying on its strong brand and the quality of its database, and has set up an appropriate sales force organisation. In the first few months of 2009 the integration of Telegate Media AG was completed. This is an online directories company bought at the beginning of 2008 to speed up the group's multi-channel strategy.

In **Spain**, Telegate, in order to manage the contraction in call volumes, launched a new multi-channel voice and online offering.

In **Italy**, the Group operates through Telegate Italia, that carry out call centers and together with Prontoseat S.r.l. 89.24.24 Pronto PAGINEGIALLE® for SEAT Pagine Gialle S.p.A. and other back-office services for the SEAT Pagine Gialle group.

In the second half of 2009 Telegate AG began the sell-off of its subsidiary 118 000 SAS, a French company, to enable it to focus on its German business. The sale came into effect in November 2009.

Business area structure

The business area Directory Assistance 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..



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Main company events

- In January 2009, 11880.com GmbH (wholly owned by Telegate AG via Datagate GmbH) changed its name to Vieras GmbH. This was later changed again to WerWieWas GmbH in October 2009.
- In March 2009, following the entry in the Companies Register of the shareholders' resolution, the squeeze-out decided by the General Meeting of Telegate Media AG in December 2008 was completed, giving Telegate AG, the parent company, the right to buy up all company shares still in circulation and making it the sole shareholder of Telegate Media AG.
- On 27 May 2009 the General Meeting of Telegate AG voted a shareholder dividend of €0.70 per share. The same Meeting resolved to amend the articles of association to i) extend the exercise period of the options in the current stock option plan from 31 December 2010 to 30 June 2013; and ii) modify the company's corporate purpose to make it flexible for any future developments in its business.
- In October 2009 an Extraordinary General Meeting of Telegate Holding GmbH (wholly owned by SEAT Pagine Gialle S.p.A.) resolved to distribute an interim dividend to the sole Shareholder for 2009 in the amount of €6.8 million.
- At the start of November 2009 the sale of 118 000 SAS of France came into effect with the transfer of shares to the company's management and to the private equity fund, Newfund.

Economic and financial data

The following table shows the key figures for 2009 compared with those for 2008 *restated* in accordance with IFRS 5, to make comparison of items consistent. Following the decision to sell 118 000 SAS, the economic, capital and financial figures for the company were reclassified under "non-current assets held for sale and discontinued operations". In accordance with IFRS 5 the figures shown on the Income Statement and Cash Flow Statement for 2008 were *restated*.

(euro/million)	Year 2009	Year 2008 restated	Change	
			Absolute	%
Revenues from sales and services	165.4	175.8	(10.4)	(5.9)
Gross operating profit (GOP)	41.8	45.9	(4.1)	(8.9)
Earning before amortisation, depreciation, non-recurring and restructuring costs (EBITDA)	36.3	46.3	(10.0)	(21.6)
Operating income (EBIT)	24.7	33.4	(8.7)	(26.0)
Net invested capital	111.1	115.5	(4.4)	(3.8)
Capital expenditure	5.8	5.3	0.5	9.4
Average workforce	2,476	2,478	(2)	(0.1)

Revenues from sales and services for Business Area Directory Assistance in 2009 totalled €165.4 million, a fall of 5.9% on 2008 *restated* (€175.8 million).

EBITDA dropped €10.0 million compared to 2008 *restated*, to €36.3 million.

For details of these figures, go to the breakdown by company and geographic area below.



Telegate group

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

The table below shows the key figures for the 2009 and 2008 *restated* to make comparison of items consistent, in accordance with IFRS 5.

(euro/million)	Year 2009	Year 2008 restated	Change	
			Absolute	%
Revenues from sales and services	153.9	164.1	(10.2)	(6.2)
Gross operating profit (GOP)	40.4	44.3	(3.9)	(8.8)
Earning before amortisation, depreciation, non-recurring and restructuring costs (EBITDA)	35.2	45.3	(10.1)	(22.3)
Operating income (EBIT)	23.9	32.9	(9.0)	(27.4)
Net invested capital	90.9	96.8	(5.9)	(6.1)
Capital expenditure	5.6	5.0	0.6	12.0
Average workforce	2,136	2,138	(2)	(0.1)

Revenues from sales and services declined by 6.2% to € 153.9 million in the 2009 (€ 164.1 million in 2008 *restated*).

Revenues for country:

- **Germany:** revenues in 2009 totalled €121.7 million, a 2.1% drop compared to 2008 (€124.3 million in 2008). The directory assistance market continued to shrink, the number of calls to the 11880 service only partially offset by the continuing growth of added-value services, which increase call time and average income per call. The on-going transformation of the group's business was a feature of 2009, the aim being to generate advertising revenue by focusing resources on the local search market by offering a wide range of products. These included mobile solutions for iPhone, BlackBerry and Windows Mobile. Consequently the result was a €24.3 million rise in online revenues (+31.4% compared to €18.5 million in 2008) which represent about 20.0% of total German revenues.
- **Spain:** revenues 2009 declined by 25.6% compared to 2008 as a result of the problems affecting the directory assistance market, which caused a material reduction in call volumes to 11811 not offset by the longer average call duration.
- **Italy:** 2009 revenues decreased by 15.0% compared to 2008 and reflected the reduction of 15.6% in call volumes, more evident on 12.40 Pronto PAGINEBIANCHE[®] than 89.24.24 Pronto PAGINEGIALLE[®].

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GOP amounted to €40.4 million for the Telegate group in 2009, declined by €3.9 million compared to 2008 *restated*. The decline in revenues was partially offset by the 21.5% cut in the cost of external services (-€11.8 million) compared to 2008 *restated*, which was mainly the result of lower advertising expenses across the group (-€4.2 million) and lower inbound call center costs (-€4.6 million) as call numbers fell. Salaries, wages and employee benefits increased by €5.4 million (+8.3%) as internet sales teams expanded under the new business model developed by Telegate Media AG to gain advertising revenue. This increase more than offset for the fall in the number of telephone operators as call numbers dropped. Salaries, wages and employee benefits rose in Italy too as a result of the new call center contracts.

EBITDA amounted to €35.2 million in 2009, -€10.1 million (-22.3%) compared to 2008 *restated*. In the previous year Telegate EBITDA benefitted from the €5.5 million that was paid at the end of a legal action against Deutsche Telekom to recover excess payments made by Telegate to Deutsche Telekom for telephone subscriber data. Excluding this payment, the fall in 2009 EBITDA compared to 2008 *restated* is essentially in line with GOP trend. This performance was also reflected in **EBIT** of €23.9 million in 2009 (-€9.0 million compared to 2008 *restated*), which was impacted by a €3.1 million amortisation of the customer database.

Average workforce for the Telegate group in 2009 was 2,136 units (2,138 units in 2008 *restated*), the drop in the number of directory assistance telephone operators (-63) was substantially offset by the increase in online advertising sales force.

Net invested capital for the Telegate group was €90.9 million at 31 December 2009, a decline of €5.9 million on 31 December 2008, partly due to the sale of 118 000 SAS, which had carried residual goodwill of €2.4 million.

Capital expenditure was €5.6 million, slightly up on 2008 *restated* (€5.0 million) and was mainly referred to the development of the Telegate Media AG internet platform and the restructuring of Telegate AG's head office in Munich.

Prontoseat S.r.l.

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

The table below shows the key figures for 2009 and a comparison with those for 2008

(euro/million)	Year 2009	Year 2008	Change	
			Absolute	%
Revenues from sales and services	11.7	11.7	-	-
Gross operating profit (GOP)	1.4	1.6	(0.2)	(12.5)
Earning before amortisation, depreciation, non-recurring and restructuring costs (EBITDA)	1.1	1.0	0.1	10.0
Operating income (EBIT)	0.8	0.5	0.3	60.0
Net invested capital	0.6	1.5	(0.9)	(60.0)
Capital expenditure	0.2	0.3	(0.1)	(33.3)
Average workforce	341	340		0.3



Revenues from sales and services amounted to €11.7 million in 2009, in line with 2008. The rise in revenues from outbound calls (+4.1% on 2008) offset the reduction in revenues from inbound calls to 89.24.24 Pronto PAGINEGIALLE®.

GOP amounted to €1.4 million in 2009, a decline of €0.2 million on 2008 due to the 4.7% rise in salaries, wages and employee benefits when the new call center contracts came into effect.

EBITDA was €1.1 million in 2009 in line with 2008.

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Regulations

Germany

The new laws regulating how directory companies and directory assistance providers obtain telephone subscriber data (the EU directives are described under Italian Directories - Regulations) apply in Germany too under the criterion of fair prices that do not discriminate and are based on cost. The disputes between Telegate AG and the voice incumbent, Deutsche Telekom, are based on the fact that the latter sold its databases on a commercial basis that did not constitute fair competition. The German Federal Administrative Court has handed down decisions that will now have to be taken into account when setting the cost of subscriber data.

Austria

To facilitate access to directory assistance numbers, in November 2008 the Austrian regulator began consultations on the possibility of offering other added value services through directory assistance numbers. These would include location-based services such as cinema and theatre programmes. Under the draft resolution that has been produced, these services could be advertised and offered in addition to basic services, but only if the 118 service remains dedicated to directory assistance.

Spain

The Communications Ministry has published an order that again requires the incumbent Telefónica to offer all universal services (including the distribution of print directories and directory assistance). Telefónica has for years provided universal service directory assistance on 118.118.

Telegate Spain is convinced that the universal service requirement is contrary to the EU Directive at a time when the directory assistance market has been completely opened up to competition. The Company took part in the consultation process launched by the Ministry, offering to replace Telefónica in the area of voice assistance only by providing information by telephone alone. Telegate Spain's proposal was not however accepted by the Ministry. The European Commission is currently looking into whether the Spanish government has complied with European law in this matter.

Even if the Communication Ministry's order is upheld, there are unlikely to be any changes in the Spanish directory assistance market so far as competition is concerned.

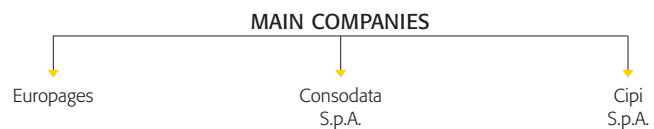
The Spanish regulator (CMT) has now set up a fund to finance the universal service and offset the cost to Telefónica of providing the service (this generated a loss 2003-2005), but has not yet announced who will be contributing to it.

In December 2008 at the end of a public invitation to tender for part of the universal service (directory assistance), the Ministry of Industry again awarded the contract to the incumbent, Telefónica.

→ Other Activities

Structure of the Business Area

This is a residual Business Area into which fall all activities that do not come under the previous areas. It is organised as follows



Main company events

- In October 2008 SEAT Pagine Gialle S.p.A. declared it would be exercising its call option (under the September 2005 option agreement with Promoinvestments S.r.l., CI.FIN. S.r.l. and the parties from whom at the same time it purchased 51% of the Company) over the remaining shares in Cipi S.p.A. it did not already hold.
Following the announcement SEAT Pagine Gialle S.p.A. and the current sole Minority Shareholder of Cipi S.p.A. (CI.FIN. S.r.l.) discussed the possibility of extending their collaboration within Cipi S.p.A., thus possibility rendering ineffective SEAT Pagine Gialle's decision to exercise its call option. However as an agreement could not be reached over either the collaboration or the enterprise value of Cipi S.p.A., under clause 2.4 of the option agreement each party asked the Chairman of Borsa Italiana S.p.A. to name an investment bank to decide Cipi's enterprise value. Following this request, the Chairman of Borsa Italiana S.p.A. named Leonardo & Co. S.p.A., a subsidiary of Banca Leonardo S.p.A., as the investment bank that would decide the enterprise value of Cipi S.p.A.. On 7 October 2009 Leonardo & Co. placed a value of the €7.8 million on 49% of Cipi S.p.A.. In February 2010, following a settlement with CI.FIN S.r.l. that ended the dispute over the enterprise value, SEAT Pagine Gialle S.p.A. acquired the minority interest in Cipi S.p.A. (49% of the company) from CI. FIN S.r.l., for €7.0 million.
- In November 2009 the Board of Directors of Europages approved a company Reorganisation Plan to manage 25 staff redundant in 2010.

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Economic and financial data

The table below shows the key figures for 2009 and a comparison with those for 2008

(euro/million)	Year 2009	Year 2008	Change	
			Absolute	%
Revenues from sales and services	63.9	70.3	(6.4)	(9.1)
Gross operating profit (GOP)	7.4	7.6	(0.2)	(2.6)
Earning before amortisation, depreciation, non-recurring and restructuring costs (EBITDA)	6.8	7.1	(0.3)	(4.2)
Operating income (EBIT)	(0.4)	(29.5)	29.1	98.6
Net invested capital	20.3	26.6	(6.3)	(23.7)
Capital expenditure	3.6	4.2	(0.6)	(14.3)
Average workforce	407	435	(28)	(6.4)

The following is detailed analysis of these figures as they relate to the companies in the Business Area.

Europages

93.562% SEAT Pagine Gialle S.p.A.

Europages publishes Europages, the pan-European BtoB 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 following table compares the key results for 2009 with those for 2008

(euro/million)	Year 2009	Year 2008	Change	
			Absolute	%
Revenues from sales and services	20.1	19.9	0.2	1.0
Gross operating profit (GOP)	0.6	(1.3)	1.9	n.s.
Earning before amortisation, depreciation, non-recurring and restructuring costs (EBITDA)	0.3	(1,4)	1.7	n.s.
Operating income (EBIT)	(3.2)	(30.1)	26.9	89.4
Net invested capital	4.1	7.5	(3.4)	(45.3)
Capital expenditure	0.2	1.0	(0.8)	(80.0)
Average workforce	123	135	(12)	(8.9)

EUROPAGES

Revenues from sales and services amounted to €20.1 million in 2009, basically in line with 2008: rising Italian and Belgian revenues offset for declining revenues in Spain, Germany and France.

In 2009 visits to the company's website totalled 47.3 million, more than double the 2008 figure (19.2 million); searches amounted to 99 million (52 million in 2008), confirming the company's position in European BtoB and justifying its 2008 investment in the development of the new website.

GOP in 2009 was €0.6 million (a loss of €1.3 million in 2008) thanks to the saving of advertising expense (decreased by €0.9 million) and of salaries, wages and employee benefits (declined by €0.3 million) achieved by reducing the workforce, especially in sales department.

The **average workforce** decreased to 123 units in 2009, from 135 units in 2008.

EBITDA, in 2009, amounted to €0.3 million and showed a similar trend to GOP.

EBIT, recorded a loss of €3.2 million in 2009; it included a €1.2 million accrual to the restructuring fund to cover the reorganisation approved by the company's management at the end of November 2009. In 2008 EBIT showed a loss of €30.1 million and included a €25.3 million impairment losses in connection with the 2009-2011 Business Plan. Impairment testing, performed at the end of December 2009 in connection with the new 2010-2013 Business Plan, confirmed the Company's Enterprise Value and showed no need of further write-down.

Net invested capital amounted to €4.1 million as at 31 December 2009 and decreased by €3.4 million primarily due to the above mentioned restructuring accrual (€1.2 million) and to the amortisation of intangible assets (€1.7 million).

Capital expenditure amounted to €0.2 million in 2009 and showed a decline of €0.8 million compared to 2008. During 2008 the Company carried out greater investments to update the company's databases and to develop its new website.

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Consodata S.p.A.

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

Consodata S.p.A. has been an Italian leader in one-to-one marketing and geomarketing for over 20 years, offering a full range of innovative marketing services targeted at thousands of companies in all trading sectors. Consodata S.p.A. provides its customers with access to its database, enabling them to take decisions based on the habits of millions of consumers and using advanced marketing intelligence tools.

The following table compares the key results for 2009 with those for 2008

(euro/million)	Year 2009	Year 2008	Change	
			Absolute	%
Revenues from sales and services	23.3	27.1	(3.8)	(14.0)
Gross operating profit (GOP)	2.7	5.4	(2.7)	(50.0)
Earning before amortisation, depreciation, non-recurring and restructuring costs (EBITDA)	2.7	5.2	(2.5)	(48.1)
Operating income (EBIT)	(0.4)	3.0	(3.4)	n.s.
Net invested capital	7.6	8.1	(0.5)	(6.2)
Capital expenditure	3.3	2.5	0.8	32.0
Average workforce	117	112	5	4.5



Revenues from sales and services amounted to €23.3 million in 2009, a decline of 14.0% compared to 2008. The recession affected all product lines, from SMEs sales (managed by the SEAT Pagine Gialle S.p.A. sales network) to direct sales to large customers. The reduction was particularly remarkable for mailing products (marketing services to not-for-profit entities and large retailers) and for the sale of database information related to businesses and consumers.

On 1 April 2009, Consodata started operating the line of business Kompass (previously managed by SEAT Pagine Gialle S.p.A.); it is a screened database of international companies products and managements which up to 31 December 2009 generated revenues of €2.7 million. Kompass had its own dedicated sales team, which was subsumed during the year into the Consodata S.p.A. sales network.

GOP was €2.7 million in 2009, compared to €5.4 million in 2008, largely as a result of the decline in revenues and of the different revenue mix. The same trend was also reflected in **EBITDA**, amounted to €2.7 million in 2009 compared to €5.2 million in 2008.

In 2009 **EBIT** recorded a loss of €0.4 million (a profit of €3.0 million in 2008) and took account not only of the above impacts on operating margin but also of the €0.8 million expense incurred to reorganise the company.

Net invested capital amounted to €7.6 million as at 31 December 2009 (€8.1 million at 31 December 2008).

Capital expenditure amounted to €3.3 million in 2009, an increase of €0.8 million on 2008, mainly due to the development of the software platforms, database enrichment and purchases.

Regulations

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

In June 2008 the Personal Data Protection Authority concluded an investigation into a number of companies that create and sell telephone subscriber databases by making an order against Consodata S.p.A. (served in September 2008) preventing the company (and a number of telephone operators) from continuing to process personal data obtained from telephone directories published before 1 August 2005, on the grounds that the data had been obtained without providing appropriate information to the individuals concerned or obtaining their consent to processing, where this is required by law.

The Authority declared that the use of subscriber data contained in telephone directories and databases created before 1 August 2005 for promotional, advertising or marketing purposes and their sale to third parties (including non-telecom companies) was a breach of the law. It pointed out that the law protects subscribers through the Authority's own order (1032397 of 23 May 2002), under which *i)* express consent must be obtained - the inclusion of data in a telephone directory does not constitute consent - for the use of their personal data for direct marketing, postal mailing, market research and interactive marketing purposes, and *ii)* a standard procedure has been set up that all operators must use, whereby they must show they have obtained subscribers' consent to the use of their personal data for marketing and advertising purposes by setting symbols against their names.

After service of the order Consodata S.p.A., maintaining it had lawfully acquired the data on its database, appealed to the Court of Rome to have the order overturned. A hearing was set for June 2009. In the light of a new decree (the "one thousand extensions decree") that allowed subscriber data obtained up to August 2005 to be processed by direct marketing operators until 31 December 2009, the appeal was rejected.

At the end of November 2009, the Authority issued an injunction (served February 2010) ending the proceedings that had started with an inspection of Consodata in February 2009. The company has now appealed against this and is clarifying its position in meetings and hearings held at the Authority's offices. Should these be unsuccessful, Consodata S.p.A. will appeal to the Civil Court of Rome. Finally, in February 2010 the Authority by way of challenge issued a penalty order concerning a number of the databases used by Consodata S.p.A.. The company will either defend its position before the Authority or make an on-the-spot payment of a reduced fine. In this case too the company has filed a defence setting out its actions and is waiting for a hearing date to be set by the Authority.

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Cipi S.p.A.

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

Cipi S.p.A. sells promotional items and corporate gifts, covering the entire value chain from the import of the items to their personalisation with the client's logo and direct sale or through the network of SEAT agents to the final customer.

The following table compares the key results for the first half of 2009 with those for the same period 2008

(euro/million)	Year 2009	Year 2008	Change	
			Absolute	%
Revenues from sales and services	20.5	23.3	(2.8)	(12.0)
Gross operating profit (GOP)	4.1	3.5	0.6	17.1
Earning before amortisation, depreciation, non-recurring and restructuring costs (EBITDA)	3.8	3.3	0.5	15.2
Operating income (EBIT)	3.2	(2.4)	5.6	n.s.
Net invested capital	8.3	10.6	(2.3)	(21.7)
Capital expenditure	0.1	0.6	(0.5)	(83.3)
Average workforce	166	187	(21)	(11.2)



Revenues from sales and services totalled €20.5 million in 2009 and decreased by €2.8 million compared to 2008.

The recession had a negative effect on most of company's products, both those sold through the company's own sales network and those sold through SEAT Pagine Gialle S.p.A.. Only revenues from low-margin imported and personalized items grew by 6% in 2009.

GOP was €4.1 million in 2009, increased by €0.6 million compared to 2008 owing to a reduction in the cost price of articles sold and a drop in salaries, wages and employee benefits.

The **average workforce** fell to 166 in 2009 (187 in 2008).

EBITDA amounted to €3.8 million in 2009, and was in line with GOP trend.

EBIT amounted to €3.2 million in 2009 (a loss of €2.4 million in 2008). The 2008 result suffered from a €5.0 million write-down of goodwill after impairment testing of the 2009-2011 Business Plan. Impairment testing performed at the end of 2009 in connection with the new 2010-2013 Business Plan essentially confirmed 2008 Enterprise Values, meaning no further write-down was required. SEAT Pagine Gialle considered €4.0 million of the price paid for 49% of Cipi S.p.A. (€0 million as agreed in the settlement with CI.FIN, which sold the shares) excessive and has therefore treated it as a non-recurring charge.

Net invested capital totalled €8.3 million at 31 December 2009, a decline of €2.3 million compared to 31 December 2008.

➔ Other information

➔ Human resources

SEAT Pagine Gialle group

	At 31.12.2009	At 31.12.2008 restated	Change
Employees	6,046	6,418	(372)
Directors, project workers and trainees	42	89	(47)
Total workforce at the end of the year	6,088	6,507	(419)
	Year 2009	Year 2008 restated	Change
Average workforce for the year	4,947	5,196	(249)

The SEAT Group employed about 6,088 people at 31 December 2009 a decrease of 419 personnel on 31 December 2008 restated, the average workforce over the period being 4,947 units (5,196 units in 2008 restated). The large difference between year end (number of "heads") and average figures is because of heavy use of part-time staff, particularly in call centers. At end 2009 although the Group employed 2,984 telephone operators; this translated into 1,997 FTEs over the year.

With reference to Human Resources by Business Area, although the Parent Company generated 75.4% of 2009 revenue, it accounted for only 27% of the total average workforce for the following reasons:

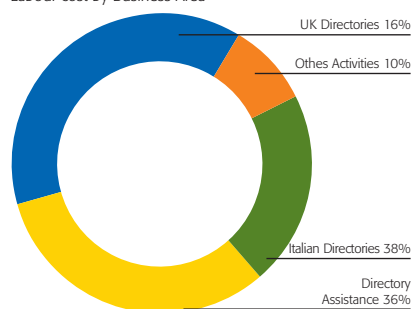
- the Italian sales force is primarily agents (1,597 at 31 December 2009), while in other countries it is mainly employees;
- call centers use part-time workers to provide directory assistance services. Although the Directory Assistance Business Area generates 13% of the Group's total revenues, in 2009 it employed 50% of the total average workforce.

There was a significant drop in the average workforce (-249 units). This was mainly the result of the reorganisation of the Thomson group, which started in 2008 and continued throughout 2009 making deep cuts in staff numbers (-166), and of SEAT Pagine Gialle S.p.A.'s own reorganisation under its 2009–2011 Reorganisation Plan (-53 units). Cipi S.p.A. staff numbers also fell significantly (-23 units).

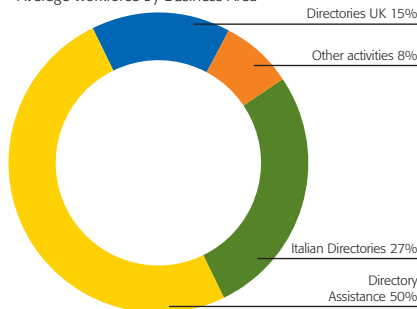
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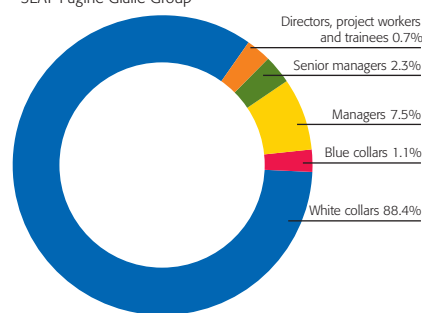
Labour cost by Business Area



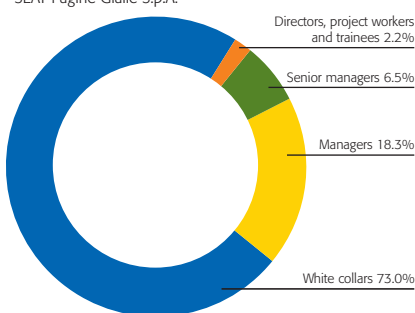
Average workforce by Business Area



SEAT Pagine Gialle Group



SEAT Pagine Gialle S.p.A.



SEAT Pagine Gialle S.p.A.

	At 31.12.2009	At 31.12.2008	Change
Employees	1,346	1,374	(28)
Directors, project workers and trainees	30	70	(40)
Total workforce at the end of the year	1,376	1,444	(68)
	Year 2009	Year 2008	Change
Average workforce for the year	1,336	1,389	(53)

The SEAT Pagine Gialle S.p.A. average workforce at 31 December 2009 was 1,336 units, down about 4% compared to the end of 2008.

This reflects the results of the 2009-2011 Reorganisation Plan, started at the beginning of February, which led to manage the redundancies with early retirement and other incentive. Actions to develop the workforce for the strategic Business Areas slowed: recruitments declined by 30 units compared to 2008. The current Reorganisation Plan relies on use of the Cassa Integrazione Guadagni Straordinaria. At 31 December 2009 this covered 65 employees (averaging 57 employees during 2009).

There was a material drop in the number of new graduates on training contracts (declined by 56% approximately compared to the 2008 figure), in particularly due to a number of management actions running alongside the Company's rightsizing policy. The number of qualified staff as a proportion of the total workforce rose to 43% (41% in 2008) a combined effect of graduate hirings (71%) and the shedding of staff with high school certificates or equivalent.

The number of female staff rose 1% to 55%.

Average staff age (42) is essentially unchanged since 2008, as are qualification levels and seniority within the Company (7.8 years, 33% of employees with less than 5 years' seniority).

Sales network

At 31 December 2009 the SEAT sales network comprised 1,597 agents (1,707 in 2008) and 92 employees (96 at 31 December 2008), organised into two main departments: "Large and Top Customers", and "SME and Local" Sales.

- "Large and Top Customers" - handles nation-wide companies with complex and sophisticated marketing requirements and big-ticket SMEs through highly qualified specialist teams. In 2009 "Large and Top Customers" responded to its market's demands for innovation and specialisation by setting up a central Customer Marketing & Solution to monitor market developments, propose and develop new solutions and through a new Coaching and Planning section, to spread skills within the organisation. Business analysis was also introduced to identify how the Company would have to change to meet its strategic objectives.

Sales lines are organised for marketing purposes into: national teams (big brands demanding highly personal service, and local government and central government with special and citizens' services requirements) and TOP teams (local and specialist service needs). All these markets are dealt with by a 27-strong sales force that is itself organised into "Key Account" and "Sales Managers", and 4 agents specialising in government sales, plus 42 agents, 6 "Area Managers" and one "Top" manager.

- "SME and Local Sales" - handles SMEs and small companies (Local network) to provide full, successful coverage of this market nationally using products and approaches targeted to each segment. SME Sales divides the country into 5 main areas and 36 markets (on the basis of territorial characteristics, sales potential and management improvement). To ensure the organisation matches customer requirements, a fifth area has been added to the original 4, comprising the metropolitan markets of Rome, Milan, Turin and Naples, that share the same socio-economic dynamic and are different from the rest of the country. A new sales force model has been developed for these cities in which three groups have been set up with characteristics matching those of their target markets. These sales agents have a higher level of back-up logistics and administration support to ensure they can devote more time to customers. Area directors manage and develop their own sales territories and are responsible for their sales figures, while market managers with the same duties on the markets assigned to them, look at each customer segment to understand and meet its marketing needs. 2009 also saw the launch of telesales as a support to SME Sales, to improve customer service and increase contacts with customers over the year.

SME and Local Sales has 1,538 agents and 37 "Market Managers" who manage SME marketing (medium and medium/small-sized companies) and about 500 telephone operators.

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Development of the organisation

In order to ensure more direct management of Italian core business, in August 2009 the SEAT Pagine Gialle S.p.A. Board of Directors (on a proposal from Alberto Cappellini, the CEO), decided to adopt a new organisational structure under which all departments would now report directly to the CEO. This led to the removal of the General Management Italy that in May 2008 had become responsible for Italian sales and operating management, and to the elimination of the job held down by its head, Massimo Castelli.

On 4 March 2010, in order to speed up the transformation of SEAT Pagine Gialle S.p.A. into a user and customer-oriented multi-media company, the Company's organisation was again changed with the introduction of new business units. The aim was to ensure operating management and results accountability on a costing basis, while at the same time promoting innovation and effective going to market. Three new product business units were identified (Print, Voice and Web&Mobile) that will be responsible for product marketing, service production/supply and product innovation, and two customer business units (Large & Top Customers and SME & Local Sales) were also set up.

Two new departments flank the new business units (Portfolio Strategy and Marketing Services) to co-ordinate brand image, to manage the participations portfolio, business development and transformation management, and directly to manage the interfunctional projects to transform the Company's business model, providing support for the fast adjustment of the Company's processes to these new strategies.

Staff development and services

Key to the SEAT Pagine Gialle S.p.A. group's HR policy is the 2008 performance review as part of the management remuneration system (MBO) for the same period. The dovetailing of the two processes improved 2009 target setting and created better feedback between managers and staff on target achievement and organisation. As in previous years, the process was backed by a Company-wide information campaign by intranet and WebTV to promote and spread the performance assessment culture.

The first few months of 2009 also saw a rationalisation of employee benefits that not only cut costs to the Company but improved the benefits themselves. New health insurance policies were introduced along with new procedures to simplify the accounting for benefit costs (travel, fuel, company cars).

In 2009 SEAT4PEOPLE, a project targeted at all Company employees and agents, continued, promoting and giving information about more than 270 new agreements for SEAT Pagine Gialle S.p.A. people and undertaking action management in partnership with CRAL DLF. Actions included: Company summer camps, which were especially popular and attracted a 100% growth in the number of places booked compared to 2008; the loyalty bonus for employees and agents with long service with the Company (awarded to over 100 people in 2009) and the children's Christmas parties organised in the Turin, Milan and Rome offices.



Training

Now in its fifth year, Seat Corporate University, SEAT Pagine Gialle S.p.A.'s training school, has expanded again to meet new sales force requirements as the advertising market evolves, becoming ever more competitive as the recession continues, and as our business model changes to focus heavily on fully exploiting every potential offered by the web.

Internal training was in line with the HR development plan, which aims to grow professional skills and behaviour and to make staff aware of the Company's values.

Training hours provided in 2009 totalled 126 797, an average of 42.3 (32.6 in 2008) per person. A total of 8,903 people went on courses: 81% Sales and 19% employees.

Training was provided in the following areas:

- 86% - sales techniques, of which one-third new staff induction training and two-thirds developing and updating internet skills and the development of increasingly targeted, professional and profitable customer contacts;
- 7% - soft skills and organisational behaviours;
- 7% - technical/specialist training, particularly web-based and in the use of SAP/SFE.

Wherever possible all these courses were financed through the Fondimpresa and Fondirigenti training funds and through European training funds, which covered about € 160,000 of the costs.

Seat Corporate University also continued its commitment to (especially SME) customer care with the on-going publication online in 2009 of three issues of Seat Con Voi (Seat and You) containing news and other articles.

Industrial relations

The new Company reorganisation (February 2009 - February 2011) was implemented in 2009 following agreement with the Unions and approval by the Board of Directors end 2008. 195 redundancies will be made as a result, mainly through use of the Cassa Integrazione Guadagni Straordinaria (CIGS - Special Wage Guarantee Fund) and early retirement under the special laws covering the publishing sector.

2009 also saw successful inspections by the Provincial Labour Departments of the offices in Turin, Milan and Rome, to check programme implementation. These were followed in June and November 2009 by ministerial decrees approving the technical status of the reorganisation and approving and authorising the use of CIGS in the first and second halves of 2009.

Management of relations with the trades unions also continued through the year, in accordance with the reorganisation plan. In December the Company and unions met to discuss the progress of the programme. This led to a collective bargaining process on a proposal to update and supplement the reorganisation programme as a result of the continuing contraction of SEAT Pagine Gialle S.p.A.'s advertising market.

On 24 February 2010 the Company and the unions signed an agreement, which was approved that same day by the Ministry of Labour and Social Policies, supplementing the 7 November 2008 agreement.

Under the new agreement, the number of CIGS places 9 February 2010 - 8 February 2011 was increased to 300 and extended to include all the Company's sites (it had previously been restricted to Turin, Milan and Rome alone).

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The redundancy methods available remain Cassa Integrazione Guadagni Straordinaria and early retirement (Law 416/81 as amended) and the professional retraining of redundant workers not eligible for early retirement. CIGS personnel will receive a supplement to the INPS social security payments in line with Company practice, their personal social security status and the market in general.

The criteria for CIGS redundancy are: eligibility for early retirement over the period in question to minimise, as far as possible, both the trauma of redundancy and technical/organisational demands.

Both sides also agreed to work together to encourage the Ministry of Labour to look at how to use redundancy measures to extend non-traumatic management of redundancy beyond the 8 February 2011 deadline (set for the current two-year Reorganisation Plan) until 2013.

As part of the agreement the two sides also agreed to hold meetings to consider how to make the organisation more efficient, possibly through partnerships, and to safeguard the jobs of the employees involved in these projects.

Stock option plans

The stock option plans at end 2009 listed below were decided by SEAT Pagine Gialle S.p.A. and Telegate AG.

They are intended for employees in the parent company and subsidiaries who are considered key owing to their responsibilities and/or skills and allocate to those employees personal, non-transferable 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 Information Document – Compensation plans based on financial instruments, 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 1 September 2007.

No new stock option plans were voted in 2009 but:

- as of 9 February 2009 - the effective date for the reverse share split resolved by the Company's Extraordinary General Meeting on 26 January 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

2005 stock option plan for SEAT Pagine Gialle group employees	64.42 euro
2005 stock option plan for TDL group employees	64.42 euro

- The 2004 stock option plan for SEAT Pagine Gialle group employees, the 2004 stock option plan for TDL group employees and the 2004 stock option plan for the CEO all expired in June 2009.
- The 2005 stock option plan for the CEO expired when Luca Majocchi resigned on 29 April 2009.

		Options at 01.01.2009	New options granted 01.01.2009 31.12.2009	Options exercised 01.01.2009 31.12.2009	Options expired and not exercised 01.01.2009 31.12.2009	Options expired 01.01.2009 31.12.2009 for termination of service/other	Options at 31.12.2009	Of which exercisable at 31.12.2009	Maximum validity of the options
2004 Stock Option Plan for Employees of SEAT Pagine Gialle group	No. of ordinary shares	79,450	-	-	-	79,450	-	-	June 2009
	Strike price for ordinary share (euro)	66.82	-	-	-	66.82	-	-	
	Market price for ordinary share (euro)	0.0584 ⁽¹⁾	-	-	-	0.202 ⁽²⁾	-	-	
2004 Stock Option Plan for Employees of TDL group	No. of ordinary shares	6,150	-	-	-	6,150	-	-	June 2009
	Strike price for ordinary share (euro)	66.82	-	-	-	66.82	-	-	
	Market price for ordinary share (euro)	0.0584 ⁽¹⁾	-	-	-	0.202 ⁽²⁾	-	-	
2004 Stock Option Plan for the Chief Executive Officer	No. of ordinary shares	25,000	-	-	-	25,000	-	-	June 2009
	Strike price for ordinary share (euro)	66.82	-	-	-	66.82	-	-	
	Market price for ordinary share (euro)	0.0584 ⁽¹⁾	-	-	-	0.204 ⁽³⁾	-	-	
2005 Stock Option Plan for Employees of SEAT Pagine Gialle group	No. of ordinary shares	142,550	-	-	-	8,000	134,550	134,550	June 2010
	Strike price for ordinary share (euro)	64.42	-	-	-	64.42	64.42	64.42	
	Market price for ordinary share (euro)	0.0584 ⁽¹⁾	-	-	-	0.196 ⁽⁴⁾	0.162 ⁽⁵⁾	0.162 ⁽⁵⁾	
2005 Stock Option Plan for Employees of TDL group	No. of ordinary shares	2,350	-	-	-	-	2,350	2,350	June 2010
	Strike price for ordinary share (euro)	64.42	-	-	-	-	64.42	64.42	
	Market price for ordinary share (euro)	0.0584 ⁽¹⁾	-	-	-	-	0.162 ⁽⁵⁾	0.162 ⁽⁵⁾	
2005 Stock Option Plan for the Chief Executive Officer	No. of ordinary shares	25,000	-	-	-	25,000	-	-	June 2010
	Strike price for ordinary share (euro)	64.42	-	-	-	64.42	-	-	
	Market price for ordinary share (euro)	0.0584 ⁽¹⁾	-	-	-	0.204 ⁽³⁾	-	-	
2005 Stock Option Plan for Directors and Employees of Telegate group	No. of ordinary shares	21,000	-	-	-	-	21,000	21,000	June 2010
		359,375	-	-	-	40,625	318,750	318,750	June 2012
		319,000	-	-	-	7,500	311,500	311,500	June 2013
	Strike price for ordinary share (euro)	14.28	-	-	-	-	14.28	14.28	
		11.01	-	-	-	11.01	11.01	11.01	

(1) Market price of SEAT Pagine Gialle shares at 30 December 2008.

(2) Market prices of SEAT Pagine Gialle shares at expiry date of options.

(3) Market prices of SEAT Pagine Gialle shares at 29/04/2009, date of the Chief Executive Officer Luca Majocchi resignation.

(4) Market prices of SEAT Pagine Gialle shares at the date of termination of service of the beneficiary.

(5) Market prices of SEAT Pagine Gialle shares at 31 December 2009.

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→ Litigation

As a result of the disputes in which SEAT Pagine Gialle S.p.A.- the beneficiary of the partial hive-off of Telecom Italia Media S.p.A. (hereafter "Hive-Off") - is jointly and severally liable with Hive-Off under section 2506-quater, sub-section 3 Civil Code for the debts arising from the disputes that are unpaid by the Hive-Off. Three sets of proceedings continue against the Cecchi Gori group: Cecchi Gori Group (in liquidation), Fin. Ma. Vi. ("Finmavi") and Cecchi Gori Group Media Holding (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 Hive-Off of shares in Cecchi Gori Communication S.p.A. (now HMC) held by Media, was null and void or ineffective; and an order against Hive-Off 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 Corte di Cassazione. At a hearing on 20 September 2007, the Corte di Cassazione upheld Finmavi and Media's appeal and one ground in the cross-appeal made by Hive-Off, and referred the case to another division of the Milan Corte di Appello to tax the costs of the appeal. On 10 November 2008 Finmavi and Media had summons served resuming the case before the Milan Corte di Appello and Hive-Off filed an appearance on 24 March 2009.

The hearing has been adjourned until 18 October 2011 when final pleadings will be heard.

2) Liability in tort

A case was brought before the Court of Milan by Finmavi, Media and Vittorio Cecchi Gori personally against Hive-Off for tortious liability relating to *i)* the latter's management of HMC, and *ii)* performance of the 7 August 2000 contract for the purchase of TV companies in the Cecchi Gori group, seeking an order against Hive-Off for damages of some €500 million.

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

The Court of Milan issued decision 11436/09 of 24.9.2009-28.9.2009, accepting all the claims and arguments of the Hive-Off and ordering the plaintiffs jointly and severally to pay all costs totalling €1,704,572.69.

3) Appeal against the 11 August 2000 shareholder resolution

A case was brought by Finmavi and Media against HMC concerning the resolutions passed at the 11 August 2000 Extraordinary General 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 Corte di Cassazione; Hive-Off entered an appearance on 16 October 2007, filing a counter-claim and cross-appeal. No date has yet been set for a hearing.

* * * *

Finally, as part of the hive-off Hive-Off and SEAT Pagine Gialle S.p.A. signed an agreement under which all liabilities imputable to arms of the business remaining with Hive-Off (e.g. those connected with the above disputes) or transferred to SEAT Pagine Gialle S.p.A. will be for the account of the owner of the arm concerned.

→ Corporate Governance

Foreword

On 19 December 2006 the Board of Directors of SEAT Pagine Gialle S.p.A. resolved to apply the new Code of Conduct for Listed Companies promoted by Borsa Italiana and issued in March 2006 (the Code can be obtained on Borsa Italiana's website at www.borsaitaliana.it). SEAT Pagine Gialle corporate governance is based on a set of rules, conduct and processes intended to ensure efficient and transparent Company management. This takes the form of a set of procedures and codes that are continuously checked and updated to ensure they continue to respond effectively to changing regulations and best practice.

The following are the main features of corporate governance. See the Report on Corporate Governance and Shareholdings (drafted and published in accordance with section 123 bis of Legislative Decree 58/1998 and available on the Company's website at www.seat.it) for further details.

Management and co-ordination

SEAT Pagine Gialle S.p.A. is not managed or co-ordinated 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;
- a Board of Statutory Auditors.

Audits are performed by independent 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 Shareholders' Meeting (art. 19 Articles of Association).

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At its meeting on 9 February 2009 the Board of Directors noted that the Chief Executive Officer, Luca Majocchi, did not wish to be reappointed for another three years when the Board was re-elected at the next Shareholders' Meeting. Mr Majocchi said he believed that after two consecutive terms of office he had completed his mandate and now wished to go on to new professional challenges.

On 9 February 2009 the Board also noted that an agreement was being concluded between Luca Majocchi and the Company's leading shareholders (who form a syndicate representing about 50% of the voting capital) under which, to ensure total business continuity during the transition period, the shareholders would undertake to present and vote at the Shareholders' Meeting a proposal to reappoint Luca Majocchi to the Board of Directors as Chief Executive Officer with the same duties and powers as those he holds at present. In return, Luca Majocchi agreed to accept the position until 30 June 2009 only and that he would resign the position and his directorship early if a new Chief Executive Officer could be found before that date.

On 9 April 2009 the Shareholders' Meeting appointed the Board of Directors for the period 2009-2011, setting the number of directors at eleven.

The following have been appointed directors of the Company: Enrico Giliberti (Chairman), Luca Majocchi (appointed CEO by the Board after the Annual General Meeting), Dario Cossutta, Luigi Lanari, Marco Lucchini, Pietro Masera, Antonio Tazartes, Nicola Volpi, Lino Benassi, Alberto Giussani and Maurizio Dallochio.

On 29 April 2009 the Board of Directors co-opted Alberto Cappellini as CEO of the Company. Mr Cappellini took over from Luca Majocchi who resigned (see above). Finally, on 5 August 2009 the Board of Directors co-opted Marco Tugnolo to replace Marco Lucchini as director following the latter's resignation.

Lino Benassi, Maurizio Dallochio and Alberto Giussani are independent directors within the meaning of section 148(3) Legislative Decree 58/1998 and the Code of Conduct for Listed Companies.

Director appointments are regulated by article 14 of the Articles of Association as amended, most recently by the Extraordinary General Meeting of 26 January 2009. Directors are voted from 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 shareholder(s) no less than fifteen days prior to the date set for the meeting of shareholders (first calling). Lists may be submitted only by shareholders who alone or together with other shareholders hold voting shares representing at least 2% of the share capital entitled to vote at Ordinary Meetings of Shareholders, or by any lesser number that may be decided by Consob under art. 147 ter, I C, Legislative Decree 58/1998. Along with each list and within the above deadline, the professional CVs 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; that they do not have any conflicts of interest; 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 the appointment of directors, see article 14 of the Articles of Association and the Report on Corporate Governance and Shareholdings (referred to above). The following list was presented at the recent reappointment of the Company boards.

List presented for the appointment of the Board of Directors (disclosure required under art. 144-bis of the Consob Listed Companies Regulation)

The Company checked that all directors appointed at the 9 April 2009 Annual General Meeting meet the requirements set out in articles 144-bis and 144-bis of the Consob Listed Companies Regulation.

In the case of all candidates put forward for appointment to the Boards and in accordance with legal requirements: *i)* full details were provided of their personal and professional qualifications, including the declarations of all candidates who meet current independence requirements; *ii)* the names of the shareholders presenting the list were also given along with their total stakes in the Company (Sterling Sub Holdings S.A., which at the time - before the rights issue - held 6,089,855 ordinary voting shares and 14.837% of the ordinary share capital). The Company published the document immediately on its website.

The information received about the Company's directors and members of its Board of Statutory Auditors is as follows (based on art. 1 C.2 of the Code of Conduct)

Enrico Giliberti	Independent director of Telco S.p.A..
Alberto Cappellini	No position with any company covered by art. 1 C.
Dario Cossutta	No position with any company covered by art. 1 C.2.
Luigi Lanari	Director of Cartiere del Garda S.p.A., Lecta S.A. ^(*) , Sub Lecta 1 S.A. ^(*) , Sub Lecta 2 S.A. ^(*) and T&PSs.
Pietro Masera	No position with any company covered by art. 1 C.2.
Antonio Tazartes	No position with any company covered by art. 1 C.2.
Marco Tugnolo	No position with any company covered by art. 1 C.2.
Nicola Volpi	CEO of Permira Associati S.p.A. (**); director of Sisal S.p.A. and Sisal Holding Finanziaria S.p.A.(***).
Lino Benassi	Director of DeAgostini S.p.A., DeA Capital S.p.A. and Zignago Vetro S.p.A.; Chairman of Banca Italease and Credit Suisse Italy S.p.A..
Maurizio Dallochio	Director of Gabetti Property Solutions S.p.A., RDB S.p.A., IGI Iniziativa Gestione Investimenti SGR S.p.A. (formerly Interbanca Gestione Investimenti SGR S.p.A.), DGPA Capital SGR S.p.A. and ST Microelectronics S.r.l..
Alberto Giussani	Director of Credito Artigiano S.p.A., Fastweb S.p.A.; Chairman of the Board of Auditors of Mediaset S.p.A.; member of the Board of Auditors of Luxottica S.p.A..

(*) Member of the Lecta S.A. group.

(**) Member of the Permira group.

(***) Member of the Sisal group.

The personal and professional details of the directors are available on the Company's website at www.seat.it, under Company Boards.

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Chairman and CEO

The Company appointed two directors to the senior positions of Chairman and CEO. Only the CEO, Alberto Cappellini, 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.

No lead independent director has been appointed because the Chairman does not have the main responsibility for the Company's management and does not control the Company.

The following are the duties of the Chairman and CEO respectively and details of how management is organised.

The **Chairman** of the Company, Enrico Giliberti, is the authorised signatory and statutory representative of the Company before third parties and the courts. He has no management authority but is responsible for organising Board meetings and liaising between the executive director and the non-executive directors.

The **CEO**, Alberto Cappellini, is responsible for the technical and administrative running of the Company and for ensuring Board decisions are implemented. He is an authorised signatory and statutory representative of the Company before third parties and the courts and - subject to the law on matters that cannot be delegated by the Board of Directors - is responsible for managing Company operations with a general €10 million ceiling. In some cases other ceilings apply.

The CEO, as executive director, is also responsible for internal Controls (see below) and runs the Company's head office.

With a few exceptions that are decided on an ad hoc basis, signing authority within the Company is organised as follows:

- authority involving Company expenditure: joint signature of two senior managers (of the departments concerned) to ensure proper control; strict limit on spending and general exercise of this authority;
- Company representation: joint signature of two senior managers (of the departments concerned) or in a small number of ordinary cases, signature by one senior manager alone.

The above authority is attributed essentially in line with the authority granted by the Board of Directors to 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) in accordance with article 3.C.1 of the Code of Conduct 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, Maurizio Dalocchio 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;
- which have consultative and proactive duties.

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

Remuneration Committee

Lino Benassi (Chairman), Dario Cossutta and Luigi Lanari sit on the Remuneration Committee appointed by the Board after it was itself reappointed on 9 April 2009. The previous members of the Committee were Gian Maria Gros Pietro (Chairman), Antonio Belloni and Dario Cossutta.

The duties assigned to the Remuneration Committee by the Board of Directors in accordance with 7.C.3 of the Code of Conduct are:

- to present proposals to the Board of Directors concerning the remuneration of CEOs and other directors with specific positions, 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 2009 the Remuneration Committee met six times.

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 Shareholders Meeting. 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.

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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 Annual General Meeting held on 9 April 2009 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.

Senior management remuneration. The remuneration of senior management has a variable component dependent on the results each director achieves in his own department and on his hitting of personal targets.

Remuneration paid for 2009 to directors, the CEO and managers with strategic responsibility is stated in the Explanatory notes to the Annual Financial Statements of SEAT Pagine Gialle S.p.A..

Internal controls

1. Internal Control Committee

The Internal Control Committee appointed by the Board after the 9 April 2009 Shareholders' Meeting that reappointed the Board itself comprises Alberto Giussani (Chairman), Maurizio Dallochio and Marco Tugnolo. The previous Committee members were Lino Benassi (Chairman), Alberto Giussani and Marco Lucchini.

All the members of the Committee are non-executive directors (most of whom are independent) with appropriate experience in the accounting and financial fields.

Meetings are also attended by the Chairman of the Board of Statutory Auditors or any other member of the same Board delegated to attend and by the Head of Internal Audit. Depending on the agenda, meetings may also be attended by the CEO or by representatives of the external auditor and/or the Company's management.

At its 9 April 2009 meeting the Board of Directors decided to delegate to the Internal Control Committee the duties set out in art. 8.C.3 of the Code of Conduct. As required by the Code, the rules of the Committee also cover the appointment, composition and duties of the Committee. In particular, under the Code, the Committee:

- assists the Board of Directors to define the rules for the periodical review about the conformity and operation of the Internal Control System, to assure the identification, estimate, control and monitoring of main Company risks;
- examines the work plan prepared by the Internal Control Committee and their periodical report;
- surveys criticisms resulted by Internal Control Committee's control report, by Board of Statutory Auditors' communications, by Supervisory Body's reports and by third parties' tests;
- expresses an opinion about the designation and revocation's proposals of Internal Control Committee. It evaluates the organization and assures the independence pursuant the Legislative Decree No. 231/2001 about the administrative responsibility of the company;
- examines, with the Manager responsible for the preparation of the financial statements and auditors, the proper use of accounting policies to draw up the consolidated financial statements;

- supervises the effectiveness on audit process and in particular it examines with the Board of Statutory Auditors: *i)* critical account policies for a right representation of a financial, economic and balance sheet position of the Group; *ii)* alternative treatments provided for accounting policies, that are generally accepted and discussed with management, to make evidence on consequences and on treatments preferred by auditors; *iii)* the results of all communications written by the Audit Company to SEAT Pagine Gialle S.p.A.'s management and the Board of Statutory Auditors; and *iv)* problems related to separate and consolidated financial statements of the subsidiaries. The Internal Control Committee can meet the partner of the Audit Company of SEAT Pagine Gialle S.p.A., the SEAT Pagine Gialle S.p.A.'s management, the administrative directors of the subsidiaries, the chairman or other directors of Board of Statutory Auditors or other company boards (if any) and managers responsible for the audit of their financial statements;
- examines the Audit Company's proposals to assign the responsibility, the audit work plan, the result exposed on the report and on the management letter;
- carries out further duties that are requested by the Board of Directors and in particular:
 - in range of Independent Auditor relationship, it figures out the charge of Independent Auditor nominated to provide extra-audit services following that are defined by the Company policies;
 - in range of related parties relationship, it assents about transparency, formal and substantial correctness of the transactions with related parties or with the management which have a private or third party interest;
- supports the Board of Directors to decide if the organisational, administrative and accounting structure of Internal Control Committee are adequated;
- refers to the Board of Directors, at least every six-month, about its activities performed and its own assessments.

The Internal Control Committee met 6 times in 2009 and three-time in the first few months of 2010. *Inter alia* it:

- monitored the development of Internal Audit organisation and operation;
- examined and validated progress on the internal audit of the financial year 2009 and its results;
- examined the internal audit plan for the financial year 2010;
- met the Director Responsible for the Preparation of Accounting and Company Records, the heads of Administration, Finance and Control, the Board of Statutory Auditors and one of the partners of the independent auditors to examine the main points of the consolidated and separate financial statements as at 31 December 2009, checking the correct application of accounting policies and their consistency in these financial statements;
- met one of the partners of the independent auditors to examine results discovered during the audit;
- met the Company's management to look at the financial structure and accounting and tax matters;
- examined and approved the methodology applied to the impairment tests of investments;
- examined and assessed the results of enterprise risk management (ERM) to define an integrated approach to the identification, assessment, management and monitoring of Company risk;
- examined and approved the "Description of Organisation, Administration and Accounting" prepared by Company officers as part of the assessment of the Company's corporate governance, the structure of the Group and of the organisation, administration and accounting of SEAT Pagine Gialle S.p.A. within the meaning of art. 1 C.1 of the Code.

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2. The internal control system

2.1) Role of the Board of Directors

Responsibility for the internal control system lies with the Board of Directors, which sets internal control and risk management policies for the Company and regularly checks the system with the assistance of the Internal Control 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 Control System to all departments. All employees within the scope of their own duties are therefore responsible for identifying and ensuring the proper operation of the internal control system.

In accordance with art. 8.C.1(c) of the Code of Conduct the Board of Directors has considered the sufficiency, effectiveness and efficiency of the internal control system. This was done after the Board had looked into the sufficiency of the Company's corporate governance system and the structure of the Group and of Company organisation, administration and accounting.

2.2) Executive director responsible for internal controls

In accordance with art. 8.C.5. of the Code, the CEO was appointed by the Board of Directors on 29 April 2009 to supervise the running of the internal control system. Alberto Cappellini is therefore required to implement the guidelines decided by the Board and to:

- identify the main risks to which the Company is exposed, taking account of the type of work done by the listed company and its subsidiaries; he 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 control system, at all times checking that it is generally sufficient, effective and efficient; ensure the system is adjusted to operating dynamics and to applicable laws and regulations;
- propose to the Board of Directors the appointment, dismissal and remuneration of one or more internal control managers.

2.3) Head of Internal Audit

The Company has an Internal Audit department that reports to no operating manager and is structured to enable it to *i*) check and ensure the effectiveness and efficiency of the internal control 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 No. 231/01 (see below) and is also the Internal Control Manager.

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

Under art. 8.C.6 of the Code, the Internal Control Manager has the following responsibilities:

- to check that the internal control system is at all times sufficient, fully operational and in good working order;

- to report to the Internal Control Committee, the Board of Statutory Auditors and the executive director responsible for the internal control system. In particular, he reports on risk management, compliance with risk management plans and gives his opinion of the ability of the internal control system to generate an acceptable level of general risk.

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

The Internal Control Manager applies the risk control programme approved by the Internal Audit Committee. This mainly covers risk assessment, compliance 231 quality review, compliance 262 audit of particular processes and/or aspects, controls applied following management reports and follow-up to ensure recommendations have been implemented.

2.4) Financial information (art. 123 bis, (2)(b) TUF) and the financial management and internal control systems

For some years the Company has been applying enterprise risk management (ERM) to identify, assess and monitor its main risks.

ERM is implemented by management to:

- identify events that might impact the achievement of the Company's objectives, to assess risk and ascertain an acceptable level of risk;
- provide the Board of Directors and management with information that can be used when defining the Company's operating and organisational strategies;
- provide reasonable assurance that the processes and main controls so defined are effective and will ensure that the Company's objectives can be achieved.

A web-based application has therefore been developed for the systematic collection, management and consolidation of data. In accordance with best international practice, the risks identified are grouped into four main classes: strategic, operating, financial (reporting) and compliance.

The process is run annually, all areas of the company being involved in self-assessment to identify the actions and controls that will most successfully prevent and/or mitigate identified risk. Based on a calculation of the initial level of risk and of the effectiveness of the current internal control system, each risk is assigned a residual score rating. Each year risks with high residual score ratings are brought to the attention of the Internal Control Committee, the Board of Statutory Auditors and the Board of Directors.

For the financial and reporting risks picked up by ERM the Company has for years had a system for ensuring that financial data is reliable, accurate and timely, as required by Law 262/2005. The system:

- identifies scope, i.e. performs a quantitative analysis of the materiality of the companies in the consolidation. The analysis is carried out whenever there are significant changes in consolidation scope or in the main business of a consolidated subsidiary. Scoping has revealed that currently consolidated subsidiaries are not (in quantitative terms) material (see above on the Board of Directors' assessment of the sufficiency of the organisation, administration and general accounting - art. 1 of the Code);
- identifies areas and processes that are material to financial data, and the risks consequent on failure to achieve control objectives. This involves qualitative and quantitative analysis of current processes and the identification of the most sensitive;
- assesses controls. The current controls of the above areas and processes have been analysed with particular emphasis on the information provided in the financial statements (completeness, existence, rights and duties, assessment, identification, presentation, reporting). A process, narrative and control matrix flowchart for each of these processes has been prepared and updated. The control matrix flowchart shows the main key controls, types of control (automatic or manual), frequency, process or sub-process manager and the control manager;

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- identifies all action taken to improve the current Internal Control System to ensure better control of areas and processes that have a material impact on financial information.

The above duties are assigned, based on the annual control schedule, to Standards and Procedures, which reports directly to the Director Responsible for the Preparation of Accounting and Company Records and checks that all identified improvements are implemented. The Internal Audit carries out half-yearly inspections of progress, tests key controls to ensure they can identify whether the internal control system is effective and operating correctly and checks that any identified improvements have been undertaken.

Questionnaires are used each year to check the entity control levels of the top-level components of the internal control systems of the foreign subsidiaries, TDL and Telegate AG. Internal Audit will on demand perform checks of a subsidiary's Internal Control Systems to ensure it can cope with its own administrative and accounting procedures, based on information received from the controlling body of the subsidiary concerned.

2.5) Management and control organisation model within the meaning of Legislative Decree 231/2001 - 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 outcome 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 231/2001 and was 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) and receiving, recycling and using unlawfully obtained money, goods and assets (art. 25 octies Legislative Decree 231/2001). The document is therefore organised into separate 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.

The documents, updated as above, were approved at the recommendation of the Supervisory Body (see below) by the Board of Directors on 9 February 2009. The documents were also placed before the Internal Control Committee at its meeting on 30 January 2009.

The Company's website has a section dedicated to this topic.

The Supervisory Body (set up under Legislative Decree 231/2001) was created by the Board after the 9 April 2009 Annual General Meeting at which it was itself appointed and is composed of 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); it 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. The mandate of the Supervisory Body runs until the Annual General Meeting held to approve the 2011 financial statements. A member of the Board of Statutory Auditors is invited to attend all its meetings.

The Supervisory Body:

- implements the model;
- monitors the effectiveness of the model 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.

The duties of the Supervisory Body are to:

- monitor the effectiveness of the model by carrying out approved controls;
- check its ability to prevent offences;
- check that over time it continues to meet requirements, updating it where necessary;
- working together with other interested parties, to promote and contribute to the continuous updating and adjustment of the model and its monitoring;
- check appropriate information flows;
- liaise with the supervisory bodies of the subsidiaries;
- develop a supervisory programme in line with the principles of the model for the various areas of business;
- ensure scheduled and unscheduled controls are carried out;
- report breaches of the model to the appropriate department and, together with HR, check that disciplinary action is taken.

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

In 2009, the Body continued its ordinary supervisory duties.

Independent auditors

The Ordinary Shareholders' Meeting on 27 April 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 30 June 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.

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

The Company Extraordinary General Meeting held on 19 April 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 administrative and/or financial positions within the Company or in other companies of comparable size or organisation.

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At the meeting of the Board of Directors held on 9 April 2009 after the Shareholders' Meeting appointing new Company Boards, Massimo Cristofori (Chief Financial Officer) was reappointed Director Responsible for the Preparation of Accounting and Company Records since during his previous mandate in this position he had complied in full with the technical and professional requirements set out in art. 154 bis, sub-section 3 TUF and section 19, final paragraph of the Articles of Association. The Board of Statutory Auditors voted in favour of his reappointment. Mr Cristofori's new mandate runs until the Annual General Meeting to approve the financial statements as at 31 December 2011.

The Board also 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 Records 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 Records Director is key to the strengthening of the Company's internal control 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 Shareholders' Meeting that also decides on their remuneration (art. 22 of the Articles of Association).

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 Shareholders Meeting on 19 April 2007, provides *inter alia* that "Lists may only be submitted only by shareholders who alone or together with other shareholders holding voting shares representing at least 2% of the share capital entitled to vote at Ordinary Shareholders Meeting, or any lesser number that may be decided by CONSOB under art. 147 ter, I C, Legislative Decree 58/1998". 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 earlier list prepared on a number of votes basis.

At the same meeting, the shareholders also voted to change the list presentation method in accordance with 10.C.1 of the Code, bringing forward the deadline for filing of lists from 10 to 15 days prior to the Shareholders Meeting 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 Shareholders Meeting.

Along with each list, the professional CVs 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; that they do not have any conflicts of interest; and that they meet the requirements for the position in terms of the law and the Articles of Association.

List presented for the appointment of the Board of Statutory Auditors (disclosure required under art. 144-decies of the Consob Listed Companies Regulation)

At the 9 April 2009 Annual General Meeting and within the statutory deadline, full disclosure was made under articles 144 sexies, sub-section 4 of the Consob Listed Companies Regulation. As stated above with regard to the appointment of the Board of Directors, the names of the shareholders presenting the list were also given along with their total stakes in the Company (Sterling Sub Holdings S.A., which at the time - before the Capital Increase, see above - held 6,089,855 ordinary voting shares and 14.837% of the ordinary share capital).

The Company published the document immediately on its website. Furthermore, in accordance with section 144 octies, sub-section 2 of the Consob Listed Companies Regulation, the Company also disclosed that by the end of the deadline for the filing of a list of appointments to the Board of Statutory Auditors (23 March 2009), no lists had been submitted by any minority shareholders. In accordance with section 144 sexies, sub-section 5 of the Regulation, it was therefore announced that further lists of candidates to the Board of Statutory Auditors could be filed by 30 March 2009 and that the minimum shareholding legally required before such lists could be presented was now halved to 1% of the share capital bearing voting rights at ordinary Shareholders' Meetings.

In accordance with articles 14 and 22 of the Articles of Association, Sterling Sub Holdings S.A. then published a list of candidates to the Board of Directors and Board of Statutory Auditors.

The 9 April 2009 Annual General Meeting then appointed a Board of Statutory Auditors for the period 2009 - 2011, reconfirming all previous members in their positions.

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 Listed Companies Regulation Consob.

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

Shareholders' Meeting

Article 10 of the Articles of Association provide that the Annual General Meeting held to approve the Financial Statements must be convened within 120 days of the closing of the financial year.

As regards the right of attendance, the 19 April 2007 Extraordinary General Meeting voted to bring article 8 of the Articles of Association in line with section 2370(II) Civil Code (Right to attend and vote at Shareholders' Meetings) by allowing shareholders to attend General Shareholders' Meetings of so long as the Company has received notification that they will be attending in the two days prior to the meeting concerned.

Directors are to facilitate attendance by shareholders. Where possible all directors and members of the Board of Statutory Auditors (especially those directors who, by virtue of their positions, can make a useful contribution to the discussions of the shareholder meetings) must attend general Shareholders' Meetings.

Documentation for use at shareholder meetings will be sent to any shareholder requesting it, including to an e-mail address. Information can also be given over the phone.

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Shareholders' Meeting in 2009

On 26 January 2009 the Shareholders' Meeting voted to appoint Alberto Giussani as a director and in the Extraordinary General Meeting to: *i*) eliminate the nominal value of shares; *ii*) effect a capital regrouping of one share per two hundred ordinary or savings shares outstanding; *iii*) Capital Increase the Company's capital increase of up to €200 million; and *iv*) amend article 14 of the Articles of Association.

The Shareholders' Meeting held to approve the financial statements as at 31 December 2008 was held on 9 April 2009 and at the same time also appointed the Company Boards for the three years 2009-2011 (see above).

Relations with shareholders (Code article 11)

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

- the Company published a notice convening the Shareholders Meeting in Il Sole 24 Ore, the daily newspaper usually used by SEAT Pagine Gialle S.p.A. to publish notices to shareholders;
- Shareholders Meeting are always held at the Company's Turin headquarters;
- the Extraordinary General Meeting on 19 April 2007 resolved to bring art. 8 of the Articles of Association in line with art. 2370(II) Civil Code (Right to attend and vote at meetings of shareholders), so that it states that shareholders may attend Shareholders' Meeting 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 Shareholders' Meeting, public documents must be loaded onto the Company's website under "Corporate Governance".

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

In 2009 Investor Relations organised many formal meetings with the market (analysts, institutional investors and representatives of the financial community) through conference calls and road shows dealing with quarterly results and held at the time of the rights issue which ended in April, and through attendance at business conferences.

In addition to these events there were also daily contacts through meetings and conference calls with the shareholders, financial analysts and institutional investors.

To promote further 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.

Agreements known to the Company within the meaning of article 122 TUF

The following shareholder agreements concern the Company (and are known to it):

- a) Shareholder agreement dated 30 July 2003, as amended by addendums dated 24 March 2004, 21 December 2006 and 13 September 2007, among the closed investment funds that hold ordinary shares in SEAT Pagine Gialle S.p.A. (the "Funds") through their Luxembourg SPEs. This Shareholder agreement covers inter alia: *i)* the composition and deliberations of the Board of Directors of SEAT Pagine Gialle S.p.A. and its subsidiaries and the resolutions of the Shareholders' Meeting of SEAT Pagine Gialle S.p.A.; and *ii)* a ban on the transfer of shares in SEAT Pagine Gialle S.p.A. held by the Funds through their SPEs and on their shares in the SPEs themselves.
On 20 March 2007 the 30 July 2003 shareholders' agreement was renewed under the same terms and conditions and will therefore expire on the earlier of the following: *i)* the third anniversary of 20 March 2007 (or the fifth anniversary if on the third anniversary the Company's ordinary shares are no longer quoted); or *ii)* the date on which the parties to the agreement have sold off their direct or indirect entire investments in the Company;
- b) agreement dated 23 December 2008 among the Funds under which, subject to certain conditions, they will completely reorganise their holdings in SEAT Pagine Gialle S.p.A. if most of the shares held by BCP Investors are sold to Alfieri Associated Investors Servicos de Consultoria S.A. and CVC Silver Nominee Limited, with the result that BCP Investors is no longer party to the agreement;
- c) agreement dated 29 April 2009 among the Funds (excluding BCP Investors) under which they changed the governance clauses when BCP Investors ceased to be a party to the agreement, reducing the number of Funds from four to three; and agreed the renewal from 29 April 2009 of the shareholder agreement referred to in a) above until the first of the following dates: *i)* the third anniversary of 29 April 2009 (or the fifth anniversary if on the third anniversary the Company's ordinary shares are no longer quoted); or *ii)* the date on which the parties to the agreement have sold off their direct or indirect entire investments in the Company.

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* of 9 August 2003 as regards the 30 July 2003 shareholder agreement, *ii)* *La Repubblica* of 30 March 2004, as regards the 24 March 2004 addendum, *iii)* *La Repubblica* of 28 December 2006 as regards the 21 December 2006 amendment, *iv)* *La Repubblica* of 23 March 2007 as regards the 20 March 2007 renewal of the shareholder agreement, *v)* *La Repubblica* of 26 October 2007 as regards the 13 September 2007 addendum, *vi)* *La Repubblica* of 31 December 2008 as regards the 23 December 2008 agreement; *vii)* *La Repubblica* of 9 May 2009 as regards the 29 April 2009 agreement. A further extract was published in *Il Sole 24 Ore* of 17 December 2004 to announce the completion of a number of Company reorganisations implementing the 24 March 2004 addendum.

The 30 July 2003 shareholder agreement was filed with the Milan Commercial Register on 13 August 2003. The 24 March 2004 addendum was filed with the Milan Commercial Register on 1 April 2004. The 21 December 2006 amendment was filed with the Milan Commercial Register on 22 December 2006. The renewal of the 20 March 2007 shareholder agreement was filed with the Milan Commercial Register on 21 March 2007. The 13 September 2007 addendum was filed with the Milan Commercial Register on 19 September 2007. The 23 December 2008 agreement was filed with the Milan Commercial Register on 7 January 2009. The 29 April 2009 agreement was filed with the Milan Commercial Register on 14 May 2009.

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→ Sustainability and environment

The EU has issued a number of directives governing environmental sustainability; these regulate ordinary and hazardous waste, packaging and packaging waste in general but they do not cover paper or directories. The new "Ecolabel" Directive (2009/125/EC, published in OJ 285 of 31/10/09), which creates a certification process for paper production, itself says nothing specific about directories.

SEAT has always been protective of the environment and a promoter of the responsible use of paper - our print directories have for many years been 30%-40% recycled paper, making SEAT the third most responsible directories company in Europe. The paper manufacturers from which SEAT buys its paper are also committed to reforestation of the areas they use.

As part of our environmental commitment we support the European Declaration on Paper Recycling 2006-2010, a code of conduct that SEAT signed as a member of the European Association of Directory Publishers (EADP). The Declaration sets directory recycling targets and signatories undertake to use sustainable materials in directory production (<http://www.epa.info/european0.html>).

Finally, last October as part of a European group of paper operators and associations, SEAT became an active member of two projects promoting print by demonstrating its effectiveness as a publicity tool and its environmental credentials.

Both projects are European in scope organised through a Brussels-based steering committee, but are tailored to each national market:

- *"Print Power"*: is an advertising campaign promoting the effectiveness of print as a publicity tool and as a complement to internet and other media advertising. The campaign will target advertising budget managers, media companies and advertising agencies.
- *"Two Sides - Il lato verde della carta"* (two sides - the green side of paper) is an informational publication on the sustainability of the paper industry, using facts and figures to debunk a number of myths about the environmental impact of paper. Two Sides will target a wide range of paper and paper product users.

Both campaigns will be launched in June 2010 and will run over the next 3 years.

→ Social responsibility

SEAT Pagine Gialle S.p.A.: player and partner of distinction

As the European leader in multimedia directory assistance and a player of distinction in business web marketing services, SEAT Pagine Gialle S.p.A. has a key role in Italy's business and its economy.

For more than 80 years the Company has been providing consumers and companies with the means of finding each other, and products and services to help would-be customers get in touch with would-be suppliers. As a contacts facilitator with the capacity to meet the needs of both companies and the public, the Group focuses on innovation as a strategic way of delivering sustainable growth, driving SEAT Pagine Gialle S.p.A. towards technological innovation, culture, training and research, and towards a commitment to active participation in society. SEAT Pagine Gialle S.p.A. is well aware of the importance of synergy between central government, local government and businesses and in 2009 again took its place beside its public and private partners in promoting projects and events ranging from the arts to tourism, and from scientific research to social cohesion.

SEAT Pagine Gialle across Italy

In 2009 SEAT Pagine Gialle S.p.A. continued its Osservatori project. This was launched in 2005 and shares the Company's data with a wider public to raise its profile and increase its authority throughout Italy with newspaper editors and opinion leaders.

Based on its privileged viewpoint of Italian society and of the country's economy and its trends, SEAT Pagine Gialle S.p.A. has set itself the objective of providing companies and the public with useful knowledge.

The main topics for 2009 were:

- *Osservatorio Export* (export reports): these looked at export trends for European companies and Italian companies in particular. Data was extrapolated by matching PAGINEGIALLE database information with the results of online surveys and searches of Europages.com.
- *Osservatorio Consumi in Mobilità* (summer sales trends): based on calls received, 89.24.24 Pronto PAGINEGIALLE® analysed the types of information requested in summer and identified the most popular (e.g. restaurants, public services, supermarkets open in August, etc.).
- *Osservatorio Trend dei Consumi Natalizi* (Christmas sales trends): this report was launched for Christmas, predicting consumer trends over the period by analysing searches made through www.paginegialle.it.

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PAGINEBIANCHE d'Autore and Gemine Muse



PAGINEBIANCHE d'Autore is now in its fifth year. The competition selects twenty works by young artists from the regions of Italy every year, the topic this year being "Happiness: achievement, dreams, concepts of happiness in the post-modern era". The aim is to showcase youth creativity and social contacts by selecting works by artists aged between twenty and thirty-five who were born, live or work in Italy. The winning works appeared on the covers of the PAGINEBIANCHE® directories, gaining enormous visibility from a product found in every home and business in the region each winner represents. Entrants were also competing for the special prize of a six-month ISCP (International Studio & Curatorial Program) scholarship in New York. All five competitions to date have been enormously successful in terms of both the artists who took part and publicity, with over 4,500 entries, awards given to almost 500 works of art, more than 450 articles in the national and local press and more than 300,000 hits on the website, 40% from abroad.

PAGINEBIANCHE d'Autore has been supported by PABAAC (the General Department of Landscape, Fine Arts, Architecture and Contemporary Art of the Ministry of Culture and the Arts) and GAI (the Association for Young Italian Artists).

SEAT Pagine Gialle S.p.A. also continues to support "Gemine Muse", which in Italy promotes 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.

EccentricCity



Following the 2008 success of the photographic competition "Elettricità" (ElectriCity), in 2009 a third competition was launched under the title "Eccentricità, lo straordinario metropolitano" (EccentricCity, urban wonders) to explore the hidden, unusual and extraordinary corners of every city that are part of its true identity. The winning photographs were put on the front covers of the local editions of TuttoCittà®.

Over 1,440 photographs were received from which 64 winners were selected to appear in an exhibition entitled "Take a walk" that will be organised in partnership with FIAF, the Italian Federation of Photographic Associations.

The Mobile Digital Innovation Prize

The Mobile Digital Innovation Prize was awarded for the first time in 2009. The competition was organised with the Department of Architecture of Turin Polytechnic and invited students on the Graphic and Electronic Design degree course to develop innovative ideas and concepts for mobile phones and the mobile web.

The competition was an example of effective collaboration between business and academia and attracted entries from 120 students who produced 140 projects for user interfaces and mobile service ideas for mobile phones and the mobile web in general, based on an analysis of user experience.

The judges selected winners in 3 classes, who took away cash prizes and training courses at Seat Corporate University. Digital prizes were awarded to the winners of the Special Jury Prize.

Visual Italy

Visual Italy is a multimedia platform that uses the latest web technologies to create an innovative project to promote tourism in the country. Lombardy was one of the first regions to use the platform and its tourism site now uses Visual Italy to offer a multimedia map of the region and 500 places of interest, with over 1,500 km of walk-through maps of its cities and tourist areas and virtual tours of the interiors of a number of monuments.

Future Cup

The competition, promoted by the Regional Education Office and organised by Società di Amministrazione Aziendale di Torino (S.A.A.) and D. Schola l'iniziativa Future Cup, aims to provide pupils in the penultimate year of secondary school with an innovative form of careers advice. 11 schools and 11 companies and associations took part, in association with API, ASCOM, CCIA, Extracampus, la Repubblica and Unione Industriale.

Pupils were organised into teams, each with a consultant who was an SAA student, to create a multimedia marketing plan to launch e.g. a new product. This gave them hands-on understanding of the roles of companies and their objectives and processes. Prizes were awarded on 4 June at Centro Congressi Torino Incontra.

Social cohesion initiatives

A Practical Guide to Local Services – "Caring from the Heart"

Regione Piemonte, in co-operation with the local health associations (ASLs) and hospitals in Piedmont, in 2009 produced *Non c'è cura senza cuore* (Caring from the Heart) to provide all residents with vital information about the services offered by the ASLs and hospitals in the region. The information was together and published in *Guida pratica per il cittadino* (A Practical Guide to Local Services) by SEAT Pagine Gialle S.p.A. and then distributed (almost 2 million copies and 12 directories) to all Piedmont households along with PAGINEGIALLE® edition "Casa". Several thousand other copies were also distributed from strategic information points.

The guide was a great success.

Pagine della Salute - Osservatorio Salute

Pagine della Salute (Health Pages) were again published inside the "Casa" and "Lavoro" editions of PAGINEGIALLE® in the first half of 2009 and distributed throughout Italy (24 million directories).

The guide was produced by the Ministry of Employment, Health and Social Policies to provide all households in Italy with general advice on how to deal with medical emergencies and common ailments. It gives practical advice on how to stay healthy in short information bites on the prevention of smoking and alcohol abuse, the need to exercise and what is a proper diet.

The distribution of PAGINEGIALLE® was accompanied by Osservatorio Salute (Health Report) produced by SEAT Pagine Gialle S.p.A., which used press releases picked up by all leading national and local media to give everyone in all 103 Italian provinces a snapshot of the public and private health services available to them.

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Pink Ribbon Campaign

For the second year running SEAT Pagine Gialle S.p.A. backed the Pink Ribbon Campaign against breast cancer in collaboration with LILT (Italian League against Tumours) and Estée Lauder Companies. Throughout the campaign www.paginegialle.it, www.paginebianche.it and www.tuttocitta.it, the Company's main portals, displayed its banners free of charge while the face of the campaign to raise its profile was Elisabetta Canalis.

Telethon. Fighting genetic diseases together.

In 2009 SEAT Pagine Gialle S.p.A. again supported Telethon in its biomedical research to fight muscular dystrophy and other genetic diseases. SEAT Pagine Gialle S.p.A. gave Fondazione Telethon advertising space on its media and publicised its work in the PAGINEGIALLE® and PAGINEBIANCHE® directories and in TuttoCittà®.

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PAGINE DELLA SALUTE
a cura del
Ministero del Lavoro,
della Salute
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Consolidated Financial Statements



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Introduction

Following the decision to pull out of the Katalog Yayin ve Tanitim Hizmetleri A.S. the Turkish joint-venture in Turkey and to sell Telegate 118 000 SAS, the economic, capital and financial assets and liabilities of these companies have been reclassified under non-current assets held for sale and discontinued operations, in accordance with IFRS 5. This has led to the restatement of the Income Statement and Cash Flow Statement for the 2008.

➤ Consolidated Balance Sheet as at December 31, 2009

Assets

	At 31.12.2009	At 31.12.2008	Change	Note
(euro/thousand)				
Non-current assets				
Intangible assets with an indefinite useful life	3,309,436	3,393,998	(84,562)	(5)
Intangible assets with a finite useful life	119,169	219,752	(100,583)	(7)
Property, plant and equipment	37,207	43,716	(6,509)	(8)
Leased assets	60,173	62,886	(2,713)	(9)
Investments accounted for at equity	343	2,372	(2,029)	(10)
Other non-current financial assets	2,203	2,140	63	(11)
Deferred tax assets, net	40,562	10,442	30,120	(31)
Other non-current assets	993	344	649	(14)
Total non-current assets	(A) 3,570,086	3,735,650	(165,564)	
Current assets				
Inventories	10,482	15,211	(4,729)	(12)
Trade account receivables	621,601	671,014	(49,413)	(13)
Current tax assets	8,376	7,016	1,360	(31)
Other current assets	64,973	68,414	(3,441)	(14)
Current financial assets	1,918	1,932	(14)	(18)
Cash and cash equivalents	291,991	304,602	(12,611)	(18)
Total current assets	(B) 999,341	1,068,189	(68,848)	
Non-current assets held for sale and discontinued operations	(C) 329	914	(585)	(32)
Total assets	(A+B+C) 4,569,756	4,804,753	(234,997)	

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Liabilities and equity

(euro/thousand)	At 31.12.2009	At 31.12.2008	Change	Note
Equity shareholders of the Group				
Share capital	450,266	250,352	199,914	(15)
Additional paid-in capital	466,843	465,103	1,740	(15)
Reserve for foreign exchange adjustments	(38,445)	(45,243)	6,798	(15)
Reserve for transition to IAS/IFRS	181,570	181,570	-	(15)
Reserve for stock options	3,271	5,956	(2,685)	(15)
Reserve for "cash-flow hedge" instruments	(22,485)	(10,931)	(11,554)	(15)
Reserve for actuarial gains (losses)	(17,331)	(1,555)	(15,776)	(15)
Other reserves	26,248	210,989	(184,741)	(15)
Profit (loss) for the year	(37,770)	(179,646)	141,876	
Total equity shareholders of the Group	(A)	1,012,167	876,595	135,572
Minority interests				
Share capital and reserves	18,478	20,980	(2,502)	
Profit (loss) for the year	3,433	5,966	(2,533)	
Total Minority interests	(B)	21,911	26,946	(5,035)
Total equity	(A+B)	1,034,078	903,541	130,537
Non-current liabilities				
Non-current financial debts to third parties	1,125,960	1,766,442	(640,482)	(18)
Non-current financial debts to related parties	1,275,237	1,269,470	5,767	(18)
Non-current reserve to employees	42,896	34,767	8,129	(21)
Deferred tax liabilities, net	14,028	14,168	(140)	(31)
Other non-current liabilities	29,827	26,170	3,657	(23)
Total non-current liabilities	(C)	2,487,948	3,111,017	(623,069)
Current liabilities				
Current financial debts to third parties	597,948	241,574	356,374	(18)
Current financial debts to related parties	30,901	47,837	(16,936)	(18)
Trade account payables	228,947	256,993	(28,046)	(25)
Reserve for current risks and charges	49,928	52,460	(2,532)	(24)
Current tax payables	39,258	72,764	(33,506)	(31)
Payables for services to be rendered and other current liabilities	100,493	118,529	(18,036)	(25)
Total current liabilities	(D)	1,047,475	790,157	257,318
Liabilities directly associated with non-current assets held for sale and discontinued operations				
	(E)	255	38	217
Total liabilities	(C+D+E)	3,535,678	3,901,212	(365,534)
Total liabilities and equity	(A+B+C+D+E)	4,569,756	4,804,753	(234,997)

In accordance with IAS 1 (as amended), from 1st January 2009 assets and liabilities relating to financial derivative hedging instruments are shown in the financial statement separately current/non current assets/liabilities referring their due date. The figures at 31 December 2008 have therefore been restated to make them compliance.

➤ Consolidated Income Statement 2009

(euro/thousand)	Year 2009	Year 2008	Change		Note
		restated	Absolute	%	
Sales of goods	22,300	30,442	(8,142)	(26.7)	(27)
Rendering of services	1,187,521	1,330,877	(143,356)	(10.8)	(27)
Revenues from sale and services	1,209,821	1,361,319	(151,498)	(11.1)	(27)
Other income	4,654	13,652	(8,998)	(65.9)	(28)
Total revenues	1,214,475	1,374,971	(160,496)	(11.7)	
Materials	(45,408)	(56,308)	10,900	19.4	(28)
External services	(360,758)	(415,331)	54,573	13.1	(28)
Salaries, wages and employee benefits	(218,176)	(236,663)	18,487	7.8	(28)
Other valuation adjustments	(48,745)	(44,509)	(4,236)	(9.5)	(13)
Provisions to reserves for risks and charges, net	(9,257)	(13,972)	4,715	33.7	(23-24)
Other operating expense	(4,530)	(5,493)	963	17.5	
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net	527,601	602,695	(75,094)	(12.5)	
Amortisation, depreciation and write-down	(252,160)	(343,020)	90,860	26.5	(7-8)
Non-recurring costs, net	(15,740)	(17,587)	1,847	10.5	(28)
Restructuring costs, net	(13,973)	(13,741)	(232)	(1.7)	(28)
Operating income	245,728	228,347	17,381	7.6	
Interest expense	(241,035)	(281,819)	40,784	14.5	(29)
Interest income	26,423	33,612	(7,189)	(21.4)	(29)
Gains (loss) on investments valued at equity	36	(5)	41	n.s.	(30)
Income before income taxes	31,152	(19,865)	51,017	n.s.	
Income taxes for the year	(54,173)	(69,190)	15,017	21.7	(31)
Profit (loss) on continuing operations	(23,021)	(89,055)	66,034	74.1	
Profit (loss) from non-current assets held for sale and discontinued operations	(12,337)	(84,625)	72,288	85.4	(32)
Profit (loss) for the year	(35,358)	(173,680)	138,322	79.6	
- of which minority interests	2,412	5,966	(3,554)	(59.6)	
- of which pertaining to the Group	(37,770)	(179,646)	141,876	79.0	

	At 31.12.2009	At 31.12.2008	At 31.12.2008
		post capital regrouping	
Number of SEAT Pagine Gialle S.p.A. shares	1,927,707,706	41,725,276	8,345,055,482
- ordinary shares	No. 1,927,027,333	41,044,903	8,208,980,696
- savings shares	No. 680,373	680,373	136,074,786
Profit (loss) for the year	€/thousand (37,770)	(179,646)	(179,646)
Profit (loss) par share	€ (0.027)	(4.305)	(0.022)

Profit (loss) per share were calculated by dividing the economic results of the SEAT Pagine Gialle group by the average number of shares outstanding over the period. In 2008 and in order to allow a homogeneous comparison of figures, we used the number of ordinary shares and savings post capital regrouping (in a ratio of one share for every two hundred as resolved by the Extraordinary Shareholders' Meeting of 26 January 2009). According to IAS 33, there was no dilution of profit (loss) for the year since 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 31 December 2009 and 31 December 2008.

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➤ Statement of Comprehensive income

		Year 2009	Year 2008	Note
(euro/thousand)				
Profit (loss) for the year	(A)	(35,358)	(173,680)	
Profit (loss) for "cash flow hedge" instruments		(11,554)	(16,193)	(16)
Profit (loss) for foreign exchange adjustments		6,798	(30,031)	(16)
Actuarial gain (loss) recognised to equity		(15,776)	2,401	(16)
Total other comprehensive profit (loss) for the year, net of tax effect	(B)	(20,532)	(43,823)	(16)
Total comprehensive profit (loss) for the year	(A+B)	(55,890)	(217,503)	
- of which minority interests		2,412	5,966	
- of which pertaining to the Group		(58,302)	(223,469)	

➤ Consolidated Cash Flow Statement

(euro/thousand)	Year 2009	Year 2008 restated	Change
Cash inflow from operating activities			
EBIT	245,728	228,347	17,381
Amortisation, depreciation and write-down	252,160	343,020	(90,860)
Costs for stock option	227	572	(345)
(Gains) losses on disposal of non-current assets	264	118	146
Change in working capital	(1,614)	6,830	(8,444)
Income taxes paid	(108,761)	(43,416)	(65,345)
Change in non-current liabilities	(12,417)	(5,934)	(6,483)
Exchange adjustments and other movements	(3,539)	16,662	(20,201)
Cash inflow from operating activities	(A) 372,048	546,199	(174,151)
Cash outflow for investments			
Consolidated subsidiaries	-	(31,797)	31,797
Purchase of intangible assets with finite useful life	(44,984)	(37,179)	(7,805)
Purchase of property, plant and equipment	(6,959)	(12,918)	5,959
Other investments	(673)	(95)	(578)
Proceeds from disposal of non-current assets	104	185	(81)
Cash outflow for investments	(B) (52,512)	(81,804)	29,292
Cash outflow for financing			
Repayments of non-current loans	(303,910)	(169,615)	(134,295)
Payment of interest expense, net	(186,842)	(241,496)	54,654
Change in other current financial assets and liabilities	(29,132)	14,792	(43,924)
Capital increase	193,519	-	193,519
Distribution of dividends	(3,365)	(3,862)	497
Cash outflow for financing	(C) (329,730)	(400,181)	70,451
Cash flow from non-current assets held for sale and discontinued operations	(D) (2,417)	35,839	(38,256)
Increase (decrease) in cash and cash equivalents in the year	(A+B+C+D) (12,611)	100,053	(112,664)
Cash and cash equivalent at beginning of the year	304,602	204,549	100,053
Cash and cash equivalent at end of the year	291,991	304,602	(12,611)

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➤ Statement of Change in Consolidated Equity 2009

(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 31.12.2008	250,352	805,889	(179,646)	876,595	20,980	5,966	26,946	903,541
Allocation of previous year profit (loss)		(179,646)	179,646		2,601	(5,966)	(3,365)	(3,365)
- Reserves		(179,646)	179,646		5,966	(5,966)		
- Dividends					(3,365)		(3,365)	(3,365)
Capital increase	199,914	(6,395)		193,519				193,519
Other movements and changes in the scope of consolidation		355		355	(5,103)	1,021	(4,082)	(3,727)
Profit (loss) for the year			(37,770)	(37,770)		2,412	2,412	(35,358)
Other profit (loss) for the year		(20,532)		(20,532)				(20,532)
At 31.12.2009	450,266	599,671	(37,770)	1,012,167	18,478	3,433	21,911	1,034,078

➤ Statement of Change in Consolidated Equity 2008

(euro/thousand)	Group				Minorities			Total
	Capitale	Reserves	Profit (loss) for the year	Total	Share capital and reserves	Profit (loss) for the year	Total	
At 31.12.2007	250,352	751,255	98,399	1,100,006	15,985	7,839	23,824	1,123,830
Allocation of previous year 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)
Other movements and changes in the scope of consolidation		262		262	814		814	1,076
Profit (loss) for the year			(179,646)	(179,646)		5,966	5,966	(173,680)
Other profit (loss) for the year		(43,823)		(43,823)				(43,823)
At 31.12.2008	250,352	805,889	(179,646)	876,595	20,980	5,966	26,946	903,541

➤ Explanatory notes

1. Corporate information

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-online). These include highly innovative internet products, print directories and directory assistance services, plus a large selection of complementary advertising services.

The parent company, SEAT Pagine Gialle S.p.A., has its registered office at Via Grosio 10/4, Milan, and share capital is €450,266 thousand (€250,352 thousand at 31 December 2008).

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

2. Basis of preparation

The Consolidated Financial Statements have been prepared in accordance with Decree Law 38 of 28 February 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 1 January 2005 when Regulation (EC) No. 1606/2002 of 19 July 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/liabilities held for sale and discontinued operations", in accordance with IFRS 5;
- the *Consolidated Income Statement* classifies operating costs 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 27 July 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, optimization of operating costs, etc.);
- the cost of the step-down of directors and executives;

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- The *Statement of Consolidated Comprehensive Income* shows expense and/or revenue items that have an impact on the consolidated equity and not yet recorded to profit or loss at the Financial Statement date;
- The *Consolidated Cash Flow Statement* shows the financial flows on operations 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 for the year adjust the operating result for the year to take account of non-monetary transactions, deferrals and accruals for previous or future collections and operating payments and of revenue 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 Group control ceases. Special purpose vehicles (SPVs) 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 and attributing to minority shareholders the appropriate proportion of equity and the profit (loss) for the year;
- 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 are consolidated using the equity method.

The acquisition of 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 the end of financial year.

Minority interests are the proportion of profit/loss and equity in subsidiaries not attributable to the Group. They are shown separately from Group interests in both the consolidated income statement and the consolidated equity.

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 revenue, costs, assets and liabilities and information on potential assets and liabilities at the the end of financial year. Actual figures may differ from these estimates.

The estimates are used to make accruals for credit risk and 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

3.1 New policies and interpretations accepted by the EU and effective from 1 January 2009

As required by IAS 8 (*Accounting Policies, Changes in Accounting Estimates and Errors*), the IFRS in force from 1 January, 2009 are reported below and briefly summarised.

- IFRS 8 (*Operating Segments*). On 30 November 2006 the IASB issued IFRS 8 (*Operating Segments*) that came into effect on 1 January 2009, replacing IAS 14 (*Segment Reporting*).
IFRS 8 requires an entity to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments for which discrete financial information is available and whose operating results are reviewed regularly by the entity's management to make decisions about resources to be allocated to the segment and to assess its performance. Financial information is to be presented on the same basis as that used for internal reporting to the management. The adoption of this standard did not involve any changes in the disclosure related to the operating segments since the operating segments reported had already been identified in the internal reports used by the company's management for the above purposes.
- Amendments to IAS 23 (*Borrowing Costs*). On 10 December 2008, Commission Regulation (EC) 1260/2008 was published endorsing the amendments to the IAS 23 (*Borrowing Costs*). The main amendment to IAS 23, applying from 1 January 2009, removes the option, allowed in the previous version of the standard, of immediately recognising borrowing costs as an expense in the period incurred, rather than capitalising them. The revised IAS 23 requires borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets that take a substantial period of time to get ready for use or sale to be capitalised as part of the cost of such assets. The adoption of this standard did not have any effect on the consolidated financial statements at 31 December 2009.
- Amendments to IFRS 2 (*Share-Based Payment*). On 16 December 2008, Commission Regulation (EC) 1261/2008 was published endorsing the amendments to the standard. The standard clarifies the definition of "vesting conditions" and specifies the cases in which a condition that is not satisfied will result in the recognition of a cancellation of the award granted. The amendments did not have any impact on the consolidated financial statements at 31 December 2009.
- IFRIC 13 (*Customer Loyalty Programmes*). On 16 December 2008, Commission Regulation (EC) 1262/2008 was published endorsing IFRIC 13 (*Customer Loyalty Programmes*). This interpretation addresses general accounting guidelines for customer loyalty programmes. Such interpretation is characterised by the following elements:
 - loyalty award credits granted to a customer are considered a separately identifiable element of the original sales transaction of the product or service itself and represent rights granted to the customer, for which the customer implicitly paid;
 - the amount of sales proceeds allocated to the loyalty award credits is measured by reference to their fair value (that is, the amount for which the award credits could have been sold separately). The entity recognises the deferred portion of the proceeds as revenue only when it has fulfilled its obligations.IFRIC 13 has been applied since 1 January 2009, without implying any significant effects on the consolidated financial statements at 31 December 2009.
- Amendments to IAS 1 (*Presentation of Financial Statements*). On 17 December 2008, Commission Regulation (EC) 1274/2008 was published endorsing the amendments to IAS 1 (*Presentation of Financial Statements*). The main changes introduced provide for:
 - the presentation in the statement of changes in equity of the details related only to the owner changes in equity;
 - the presentation of all non-owner changes in equity either:
 - in one statement (Statement of comprehensive income), displaying revenues, income, costs and expenses recognised directly in the income statement, the profit (loss) for the year, as well as the detail of income and expenses recognised directly in equity (other components of comprehensive income); or
 - in two statements: a statement (Separate income statement) displaying components of profit (loss) for the year and a second statement (Statement of comprehensive income) beginning with profit (loss) for the year and displaying components of other comprehensive income (statement of comprehensive income for the year).

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The SEAT Pagine Gialle group was accounted for retrospectively in accordance with IAS 18, preparing not only an Income Statement but a Statement of Comprehensive Income (Loss). Adoption of the standard has had no impact on the valuation of balance sheet items.

- Amendments to IAS 32 (*Financial Instruments: Presentation*) and IAS 1 (*Presentation of Financial Statements*). On 21 January 2009, Commission Regulation (EC) 53/2009 was published endorsing the amendments to these standards. The amendments to IAS 32 require, when certain conditions are met, that certain puttable financial instruments or obligations arising on liquidation should be classified as equity. The amendments to IAS 1 require disclosure of specific information about those instruments. The adoption of these amendments did not have any effect on the consolidated financial statements at 31 December 2009.
- IFRIC 16 (*Hedges of a Net Investment in a Foreign Operation*). On 4 June 2009, Commission Regulation (EC) 460/2009 was published endorsing the interpretation. This interpretation eliminates the possibility of applying 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. Moreover, the interpretation clarifies that in a hedge of a net investment in a foreign operation the hedging instrument may be held by any company within the group. The adoption of this interpretation did not have any effect on the consolidated financial statements at 31 December 2009.
- Amendments to IFRIC 9 (*Reassessment of Embedded Derivatives*) and IAS 39 (*Financial Instruments - Measurement and Recognition*). On 27 November 2009, Commission Regulation (EC) 1171/2009 was published endorsing the interpretation and the amendments to the standard. The amendments to IFRIC 9 and IAS 39 allow entities to reclassify certain financial instruments out of the "fair value through income statement" category in specific circumstances. The amendments clarify that on the reclassification of a financial asset out of the "fair value through income statement" category all embedded derivatives have to be assessed and, if necessary, separately accounted for in the financial statements. The adoption of these amendments did not have any effect on the consolidated financial statements at 31 December 2009.
- FRS 7 (*Financial Instruments - Disclosures*). On 27 November 2009, Commission Regulation (EC) 1165/2009 was published endorsing the amendment to the standard. The amendments require, for every category of financial instrument measured at fair value, an indication of the methods and valuation techniques adopted. For this purpose, a three-level hierarchy has been introduced (level 1: quoted prices; level 2: inputs derived from observable market data; level 3: inputs that are not based on observable market data). Amendments have also been made to the liquidity risk disclosures. The disclosures to the Financial Statements as of 31 December 2009 have been drawn according to the new rules.
- IFRIC 18 (*Transfers of Assets from Customers*). On 27 November 2009, Commission Regulation (EC) 1164-2009 was published endorsing IFRIC 18. This interpretation applies to the accounting for transfers of items of property, plant or equipment by entities that receive such transfers from their customers and that the entity must then use to connect the customer to a network to provide the same goods or services. If the transferred item is controlled by the entity, it should be measured at fair value on initial recognition in property, plant and equipment. The interpretation also applies to cash received by entities from clients that must be used only to construct the asset. The application of this interpretation did not have any effect on the consolidated financial statements at 31 December 2009.

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

As required by IAS 8 (*Accounting Policies, Changes in Accounting Estimates and Errors*), the IFRS in force from 1 January 2010 are reported below and briefly summarized:

- IFRS 3R (*Business Combinations*) and IAS 27R (*Consolidated and Separate Financial Statements*). On 3 June 2009, Commission Regulations (EC) 494/2009 and 495/2009 were published endorsing the revised versions of IFRS 3R (*Business Combinations*) and IAS 27R (*Consolidated and Separate Financial Statements*). IFRS 3R introduces a number of changes in the accounting for business combinations that impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future

reported results. IAS 27R requires that a change in a parent's ownership interest in a subsidiary that does not result in loss of control be accounted for as an equity transaction, clarifies the accounting treatment in the event of the loss of control in a subsidiary and requires that the investors' losses share in a minority interest be allocated to the minority interest even if this results in a deficit. The changes introduced by IFRS 3R and IAS 27R must be applied prospectively starting from 1 January 2010. However, an earlier adoption in the year 2009 is allowed.

- Amendments to IAS 39 (Financial Instruments: Recognition and Measurement - Eligible Hedged Items). On 15 September 2009, Commission Regulation (EC) 839/2009 was published endorsing some amendments to IAS 39 which clarifies certain aspects of hedge accounting:
 - identifying the cases in which inflation may be a hedged risk;
 - specifying that only the intrinsic value (not the time value) of an option can be designated as a hedge of one or some risks of a hedged item (that is, a one-sided risk).

The amendments are effective beginning 1 January 2010 and must be applied retrospectively in accordance with IAS 8. The application of these amendments is not expected to have a material impact on the financial statements of SEAT Pagine Gialle group.

- IFRIC 17 (*Distributions of Non-cash Assets to Owners*). On 26 November 2009, Commission Regulation (EC) 1142/2009 was published endorsing IFRIC 17. This interpretation provides guidelines on the accounting treatment for the distribution of non-cash assets to shareholders. In particular, the interpretation clarifies that a dividend payable should be recognised when the dividend is appropriately authorised and that an entity should measure this dividend payable at the fair value of the net assets to be distributed. Finally, an entity should recognise the difference between the dividend paid and the carrying amount of the net assets used for payment in the separate income statement. IFRIC 17 is effective beginning from 1 January 2010 and must be applied prospectively. The application of this interpretation is not expected to have any effect on the financial statements of SEAT Pagine Gialle group.
- Amendment to IAS 32 (*Financial Instruments: Presentation*). On 23 December 2009, Commission Regulation (EC) 1293/2009 was published endorsing some amendments to IAS 32 regarding the accounting of rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously such rights issues were accounted for as derivative liabilities. The amendments require that, provided certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated. The amendments to IAS 32 are effective beginning 1 January 2011, but earlier application is permitted. The application of these amendments is not expected to have a material impact on the financial statements of SEAT Pagine Gialle group.

3.3 Improvements to IAS/IFRS

On 23 January 2009, Commission Regulation (EC) 70-2009 was published endorsing the improvements to the following standards that are in force from 1 January 2009:

- IAS 1 (*Financial Statement Presentation*): assets and liabilities arising from derivative financial instruments that are not held for trading and that are not financial guarantee contracts or designated hedging instruments should be presented as either current or non-current assets and liabilities, according to their settlement date;
- IAS 16 (*Property, Plant and Equipment*): the amendment provides clarification on the classification and accounting treatment for an entity that, in the course of the ordinary activities, routinely sells items of property, plant and equipment that it has held for rental to others;
- IAS 19 (*Employee Benefits*): the amendment clarifies the treatment for changes in employee benefits, defines recognition for cost and income relating to past service cost and revises the distinction between short-term and long-term employee benefits, and must be applied prospectively;
- IAS 20 (*Accounting for Government Grants and Disclosure of Government Assistance*): the amendment states that the benefit of a government loan at a below-market interest rate should be treated as a government grant, and must be applied prospectively;
- IAS 23 (*Borrowing Costs*): the amendment of borrowing costs has been revised to bring it in line with other standards;
- IAS 28 (*Investments in Associates*): the amendment clarifies that where investments in associates are accounted for by the equity method, any impairment loss should not be allocated to specific assets (and, in particular, to any goodwill) included within the carrying amount of the investment in the associate, but, rather, to the investment as a whole. Accordingly, where there are conditions for a subsequent reversal, such impairment reversal is recognised in full.

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- IAS 36 (*Impairment of Assets*): this amendment requires additional disclosure if fair value less costs to sell is determined using discounted cash flow projections;
- IAS 38 (*Intangible Assets*): the amendment requires that when an entity incurs costs providing future economic benefits, but no intangible assets are recognised, such costs should be recognised as expenses when incurred, meaning when the entity receives the related goods or services. Moreover, an amendment to the standard allows entities to use the "Unit of Production Method" to calculate the amortisation charge on an intangible asset with a finite useful life;
- IAS 39 (*Financial Instruments: Recognition and Measurement*): the amendment clarifies how to calculate the revised effective interest rate on a financial instrument on cessation of fair value hedge accounting and also specifies the cases in which it is possible for there to be movements into and out of the "fair value through income statement" category;
- IFRS 5 (*Non-current Assets held for Sale and Discontinued Operations*): the amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if an entity's disposal sale plan results in loss of control, regardless of whether the entity will retain a minority interest in its former subsidiary after the sale. The amended IFRS 5 is effective from 1 January 2010.

The application of "Improvements to IFRS" is not expected to have a material impact on the Company's consolidated financial statements.

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 the 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 year.

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 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 1 January 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 year applies to the time in which they were available. This does not apply to assets purchased during the year.

Financial leases

Assets acquired by financial lease, through which the Group acquires all risks and benefits associated with ownership of the assets, are recognised in assets at fair value or at the current value of all minimum payments owed on the lease, including amounts payable to exercise the option to purchase, if lower. The contra liability to the lessor is recognised in financial statement under financial liabilities. Interest expense is carried to income statement.

Since there is reasonable certainty that the Turin property will be purchased at the end of the lease, the leased asset has been depreciated over its useful life. However where there is no reasonable certainty that an asset will be acquired at the end of the lease, the leased asset 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 tests assets for impairment. If any is found or if annual impairment testing is required, the Group measures recoverable amount. This is the greater of the fair value of the asset or CGU less costs to sell and value in use, and is determined 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

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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 market's view 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 appropriate for the purpose of the impaired asset.

At each closing the Group also checks whether previous impairments have been reversed (or reduced) and, if 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 their carrying value (net of depreciation or amortisation) if there had been no previous impairment. All reversals are recognised to 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 to allocate the adjusted carrying value (net of residual values) at constant rates over the remaining useful life of the asset.

Equity investments

The investments of the SEAT Pagine Gialle group in associates and joint venture are valued at equity method. Associates are companies over which we can have a significant influence and which are not classifiable as subsidiaries or joint ventures.

The equity method requires the investment to be recognised in the balance sheet at cost, increased to reflect changes (after the acquisition date) in the Group's share of the associate's or joint venture's equity. Goodwill relating to the associate or joint venture is included in the carrying value of the investment and is not subject to amortisation. After the initial recognition, SEAT Pagine Gialle group measures possible impairment losses. The statement of operations reflects SEAT share of the associate's or joint venture's result for the year. If an associate or a joint venture has recognised costs or revenues directly to equity, the Group recognises SEAT share of these costs or revenues directly to SEAT equity, representing this adjustment, if possible, in SEAT statement of changes in equity. The reporting date of the associates and joint ventures is aligned with SEAT; the applied accounting standard complies with those used by the Company, for transactions and events of the same kind and in similar circumstances.

Impact of foreign exchange adjustments

The financial statements of subsidiaries denominated in foreign currencies not belonging to the Euro-zone are translated in euro by applying year-end exchange rates (current exchange rate method) to each item on the balance sheet and the average exchange rates for the period to each item on the statement of operations. Differences arising from the translation of equity at the beginning of the year and of the result for the year to year-end exchange rates are recognised as an item of equity up to the disposal of the investment. The consolidated statement of cash flow is prepared by applying average exchange rates to cash flows of foreign subsidiaries.

We decided not to make use of the option (provided by IFRS 1 to companies upon IAS/IFRS first-time application) to apply IAS 21 prospectively. As a consequence, at the transition date we recognised cumulative net exchange differences arising from the translation in euro of financial statements of foreign subsidiaries.

Foreign currency transactions are recognised initially at the exchange rate (relating to the functional currency) of the transaction date. Monetary assets and liabilities, denominated in foreign currency, are translated to the functional currency at the exchange rate at the reporting date. All exchange differences are recognised in the statement of operations, except for differences arising from foreign currency loans taken out to cover a net investment in a foreign company. These differences are recognised directly to equity up to the disposal of the net investment, when they are then recognised in the statement of operations. Non-monetary items valued at historic cost in foreign currency are translated using the exchange rates applying on the date the transaction is first recognised. Non-monetary items recognised at fair value in foreign currency are translated using the exchange rate at the date this value is determined.

The exchange rates applied are:

Currency/euro	Average exchange rate	Year-end exchange rate	Average exchange rate	Year-end exchange rate
	2009	2009	2008	2008
Pound sterling	1.1224	1.1260	1.2558	1.0499
Turkish lira	0.4623	0.4641	0.5246	0.4654

Financial assets

IAS 39 provides for the following types of financial instruments: financial assets at fair value, with adjustments recognised in the statement of operations, loans and receivables, held-to-maturity investments and available-for-sale 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, if it is adequate and possible, reviews such classification at each balance sheet date.

All standard purchases and sales of financial assets (i.e. transactions with delivery of the assets in the period generally envisaged by regulations and conventions in the market) are recognised at the trade date, which is the date on which the SEAT Pagine Gialle S.p.A. group committed itself to purchase the assets.

Financial assets include:

- *held-to-maturity financial assets*: which are non-derivative financial assets with fixed due date and fixed or determinable payments, classified under this heading when there is the intention to hold them until maturity. They are recognised at fair value and subsequently accounted for at the amortised cost, using the effective rate method. Gains and losses are recognised in the statement of operations when the investment is derecognised or when an impairment loss incurs, in addition to the amortisation process;
- *loans and receivables*: which are non-derivative financial assets with fixed or determinable payments and are not listed on an active market. These assets are accounted for at the amortised cost, using the effective rate method. Gains and losses are recognised in the statement of operations when the investment is derecognised or when an impairment loss incurs, in addition to the amortisation process. These assets are included in the net financial position;
- *financial assets held for trading*: which include financial assets purchased for short-term disposal. These are accounted for at fair value. Gains and losses on assets held for sale are recognised in the statement of operations. These assets are included in the net financial position;
- *available-for-sale financial assets*: which are non-derivative financial assets but have been so designated or are not classified under any previous categories. They include, in particular, the investments in companies other than subsidiaries, associates and joint-ventures. They are accounted for at fair value and the gains and losses are recognised as a separate item in equity until the relevant assets are derecognised or it is concluded that they have suffered a permanent loss in value. In these cases all gains or losses that have been accumulated up to that moment in equity are recognised in the statement of operations.

They are tested regularly in order to identify an indication that a financial asset or a group of assets is to be impaired. If an indication is found, the impairment loss is recognised as a cost in the statement of operations for the year.

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 debts are accounted for at the amortised cost.

Non-current loans are shown in the balance sheet net of the transaction costs not yet amortised.

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Derivative financial instruments

Derivatives agreements are entered into by us only for hedging purposes to reduce the risk of fluctuations in interest and exchange rates.

In accordance with IAS 39, derivatives are accounted for as hedging instruments only when, at the inception of the hedge, they are formally designated as hedging instruments, if the hedging is highly effective and such effectiveness is reliably measurable. Such derivative instruments are valued at market value.

When the derivatives have the requirements to be accounted for as hedging instruments, the following accounting treatment is applied:

- *fair value hedge*: if the financial instrument is designated to hedge fluctuations in the current value of an asset or liability arising from a certain risk that may have an impact on the statement of operations, gains or losses resulting from the subsequent valuations of this instrument at fair value are recognised in the statement of operations. The carrying value of the hedged asset (liability) is increased or decreased to reflect gains or losses arising from the hedged risk with a corresponding entry in the statement of operations;
- *cash flow hedge*: if the financial instrument is designated to hedge fluctuations in the cash flows of an asset or liability recognised in the balance sheet or a transaction deemed as more than highly likely and that could have an effect on the statement of operations, the effective portion of gains or losses on the financial instrument is recognised in a specific equity reserve. The cumulative gains or losses are reversed from equity and recognised in the statement of operations in the same period in which the hedged transaction is recognised. The gains or losses arising from the hedging or the portion of the hedging that become ineffective are immediately recognised in the income statement.

Inventories

Inventories are valued at the lower of their purchase or production cost and their market value.

In detail they include:

- *raw materials*: which are accounted for at purchase cost, including any directly attributable costs using the method of progressive weighted average cost;
- *works in progress*: which are valued at direct cost, including any auxiliary production costs and depreciation of the assets that are used;
- *works in progress on contract*: which involve services that have not been finished at the end of the period, relating to contracts for indivisible services that are scheduled to be completed within one year and are valued at production cost;
- *finished goods*: which are made up of print directories and are accounted for at production cost. They are adjusted where necessary through write-downs in relation to the period of publication;
- *goods for resale*: which are valued at purchase cost.

Trade account receivables and other receivables

Trade receivables, arising from the sale of goods or services produced or distributed by the Group, are included in current assets, even if they fall due after twelve months. They are recognised at the original amount net of any allowance for doubtful accounts, which is accrued based on the credit risk assessment at the year end.

Securitised receivables

In securitisation transactions involving the transfer of trade receivables, the transferred receivables can't be derecognised if the risks and rewards associated thereto are not transferred within the transaction.

The vehicle, set up especially for the securitisation transaction in accordance with Law No.130/99, and not belonging to us, is fully consolidated pursuant to SIC 12.

Transaction costs are recognised on a systematic basis as financial expenses over the expected duration of the securitisation program.

Reserves for risks and charges

These reserves are recognised when, in the presence of a legal or constructive obligation, it is possible that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Any changes in estimates are reflected in the income statement in the year in which they have occurred.

In the case of reserves for future risks – over more than 12 months – the liability, if significant, is discounted at a rate, before taxes, that reflects the present market valuation of the cost of money in relation to time. The increase of the reserves over time is accounted for as financial expenses in the income statement.

Reserves for risks and charges include:

- *tax*: the amount of this reserve depends on a prudential evaluation of tax cases;
- *sales agent severance fund*: based on the *Accordo Economico Collettivo* (collective economic agreement) in force, it represents the liabilities at period-end towards sales agents in force for the indemnity due to them if the agency relationship should cease;
- *commercial, contractual risks and other charges*: this reserve is recognised mainly for risks arising from the execution of contractual commitments that have been undertaken, as well as any litigation or other contingent liabilities;
- *subsidiary risks and charges*: this reserve is recognised to face equity deficits of investments exceeding the write-down of their carrying value. It is also recognised to face risks and contingent liabilities arising from the restructuring of investments when their disposal or liquidation has already been planned.

Employee benefits

Pension plans

The SEAT Pagine Gialle group recognises different forms of defined benefit and defined contribution pension plans, in line with the local conditions and practices of the countries in which it operates. The defined benefit pension plans are based on the expected average remaining working life of employees and on the remuneration paid to the employees during a defined period of service.

The assets designated to finance the funds for defined benefit pension plans and the annual cost of these plans recognised in the income statement are valued by independent expert using the projected unit credit method.

Actuarial gains and losses are immediately recognised in the year they occur, directly impacting the equity "Reserve for actuarial gains (losses)".

Accrued liabilities are accounted for net of the assets designated to finance their future payment.

Payments relating to defined contribution pension plans are recognised in the income statement as costs when incurred.

Severance pay fund

The provision for severance indemnities of the Italian companies, to the extent that it continues to represent an obligation for the company, is considered a defined benefit plan and is accounted for in accordance with the provisions for other defined benefit plans.

Share-based payment

We grant additional benefits to certain categories of SEAT employees and employees of SEAT subsidiaries which are considered to be "key" in terms of responsibility and/or skills. We do this through stock option plans. In accordance with IFRS 2 "*Share-based Payment*", stock option plans are accounted for at fair value at the grant date. This fair value is recognised as a cost in the income statement during the vesting period, in straight-line monthly quotas, debiting at the same time a specific equity reserve. The fair value is measured by an independent expert using a binomial model without taking into account any performance conditions, but only market conditions (which influence the price of SEAT shares). Changes in the fair value after the grant date have no effect on the initial valuation. Accrued costs at each reporting date are based on the best available estimate of the number of options which will be effectively vested on the maturity date. The cost for the year in the income statement represents the change in total costs recognised between the beginning and the end of the year. The dilution effect of options not yet exercised is reflected in the calculation of diluted earnings per share.

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Non-current assets held for sale and discontinued operations – disposal groups

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

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

Recognition of revenues

Revenue is recognised only when it is probable that economic benefits will flow to the Group and the relevant amount can be reliably estimated. The following criteria must be met to recognise revenues in the income statement:

- *disposal of assets*: revenue is recognised when the entity has transferred to the purchaser all the significant risks and rewards related to ownership of the goods;
- *services*: revenue is recognised when the service has been rendered. Consequently the amount of advertising services already invoiced and which will be completed at a date later than the year-end is shown in liabilities in the balance sheet under the item "other liabilities";
- *interest*: revenue is recognised as financial income. The accrued interest receivable for the period is measured by using the effective interest method;
- *dividends*: they are recognised when the Shareholders' right to receive payment is established.

Government grants

Government grants are recognised when there is reasonable certainty that they will be received and all the relevant conditions are met. When grants are related to cost items, they are recognised in the income statement and they are systematically allocated between periods so that they can offset the costs which they are referred to. When grants are related to assets, their fair value is accounted for in the balance sheet as an adjustment to the carrying value of the asset.

Income taxes

Current tax

Current income taxes are calculated based on the tax rates and regulations in force when the financial statements are prepared in the various countries in which the Group operates.

Income taxes due on items recognised directly to equity are charged directly to equity and accounted for by applying the enacted tax rates. Other taxes not related to income, such as taxes on property and capital, are included in the income statement as "other operating expenses".

Deferred tax

Deferred taxes are calculated at the year-end by applying the liability method on the temporary differences at the balance sheet date between the tax values relating to assets and liabilities and their values recognised in the balance sheet at the end of the previous year.

Deferred tax liabilities are recognised based on all taxable temporary differences existing at the latest balance sheet date between the tax values relating to assets and liabilities and their values recognised in the balance sheet.

Deferred tax assets are recognised on all the deductible temporary differences, and on tax assets carried forward to the extent to which there is reasonable certainty of future taxable amounts against which they may be offset. Exceptions include:

- deferred taxes arising from initial recognition of goodwill or an asset or liability in transactions other than a business combination which has no impact either on the net income for the year recognised in the financial statements or on the net taxable income for the year;
- taxable temporary differences relating to investments in subsidiaries and associates where the reversal of such differences can be controlled and it is unlikely to occur in the foreseeable future.

The value of deferred tax assets accounted for at the beginning of the year is reviewed at year end and is reduced to the extent that the possibility of utilisation of such asset in the future is no longer probable. Unrecognised deferred tax assets are annually reviewed and recognised to the extent that their future utilisation has become probable.

Deferred tax assets and liabilities are calculated with the tax rates expected to be applicable in the different countries in which the Group operates, in the years in which the temporary differences will be realised or written off.

Current and deferred tax assets and liabilities are offset where there is a legal right to offset assets for current taxes with liabilities for current taxes and deferred taxes refer to the same tax entity and same tax authority.

Deferred tax assets and liabilities are calculated with the tax rates expected to be applicable in the different countries in which the Group operates, in the years in which the timing differences will be realised or written off.

Value Added Tax

Costs, revenues and tangible and intangible assets are recognised in the balance sheet net of value added tax except when such tax, applied to the purchase of goods or services:

- is not deductible, in which case it is accounted for as part of the purchase cost of the tangible or intangible asset or part of the cost item recognised in the income statement;
- is related to receivables and/or payables which are recognised in the balance sheet including the tax value.

At the reporting date, the net amount of value added tax is recognised in the balance sheet as tax receivable or payable, depending on whether it is to be recovered from or paid to tax authorities.

Profit (loss) per share

Earning per share is calculated by dividing the result for the year of the Group by the average number of ordinary shares outstanding during the year. Diluted earning per share is calculated by using the weighted average number of the ordinary shares outstanding during the year, adjusted by assuming the subscription of all the potential shares deriving from the exercise of options that have a dilutive effect, pursuant to IAS 33.

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5. Intangible assets with an indefinite useful life

Intangible assets with an indefinite useful life € 3,309,436 thousand at 31 December 2009 (€ 3,393,998 thousand at 31 December 2008)

(euro/thousand)	Year 2009			Year 2008
	Goodwill	Consolidation differences	Total	Total
Balance at beginning of the year	3,182,784	211,214	3,393,998	3,687,067
Investments	-	-	-	7,071
Foreign exchange adjustments	-	9,148	9,148	(41,653)
Transfers to non-current assets held for sale	-	(2,413)	(2,413)	(127,694)
Impairment	-	(91,297)	(91,297)	(130,793)
Balance at end of the year	3,182,784	126,652	3,309,436	3,393,998

These were:

- *goodwill*: €3,182,784 thousand at 31 December 2009, of which €3,169,868 thousand the losses on previous mergers by SEAT Pagine Gialle S.p.A.;
- *consolidation differentials*: € 126,652 thousand at 31 December 2009 (€ 211,214 thousand at 31 December 2008). This is the difference between the purchase value of fully consolidated equity investments and the value of the share in their equity acquired at purchase. Over the year this item rose € 9,148 thousand as a result of the €/GBP exchange rate. It fell €91,297 thousand as a result of the impairment tests carried out over the financial year (for further details, see paragraph 6 below) and €2,413 thousand when Telegate 118 000 SAS was sold.

6. 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.

The following table shows goodwill for CGU

(euro/thousand)	At 31.12.2009	At 31.12.2008
Cash Generating Unit		
SEAT Pagine Gialle S.p.A.	3,180,174	3,180,174
Telegate group	78,518	80,931
TDL Infomedia Ltd.	48,033	130,182
Consodata S.p.A.	2,610	2,610
Prontoseat S.r.l.	101	101
Total	3,309,436	3,393,998

The SEAT Pagine Gialle group usually tests for impairment at the end of the year, or earlier if there are indications of impairment. Given the economic results turned in by a number of Group subsidiaries over the year and since the market capitalisation of SEAT Pagine Gialle S.p.A. remains below its carrying value, it was decided to retest goodwill for impairment at 30 June 2009 and 30 September 2009 for the updated 2009-2011 Business Plan.

At 31 December 2009 the business forecasts for 2010-2013, which had been prepared to Board guidelines, were again tested for impairment. This showed that the September 2009 enterprise value was essentially unchanged, meaning that the goodwill in the Thomson group, which was written down at 30 September (€91,297 thousand), needed no further adjustment.

The table below shows write-downs over 2009, with a comparison with those for 2008

(euro/thousand)	Year 2009	Year 2008
TDL Infomedia Ltd.	(91,297)	(100,470)
Europages S.A.	-	(25,311)
Cipi S.p.A.	-	(5,012)
Total	(91,297)	(130,793)

Impairment tests and findings

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 impairment tests performed on the goodwill in the CGUs of SEAT Pagine Gialle S.p.A. is based on the Company's value in use which is higher than its market value (IAS 36), since it is considered a better measure of the Company's value.

The *value in use* of each CGU was measured as the current value of forecast operating cash flows over two periods of time: the first is based on the business plan prepared by the Company's management; and the second is based on *terminal value*. For this purpose EBIT, net of tax effect, was used for each CGU plus amortisation, depreciation and write-downs minus capital expenditure and the cash flow generated/absorbed by changes in operating working capital. Cash flows on extraordinary transactions were not considered. Terminal value was calculated using the perpetual income method at zero growth rate (the rate applied in the impairment test at 31 December 2008) because the still difficult economic scenario is preventing growth within the traditional advertising markets, a situation only partially 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 considered analyses by the leading investment banks that monitor SEAT Pagine Gialle S.p.A. business trend.

Assumptions for Business Plan

A macro-economic scenario worse than forecast at the end of 2008 led SEAT Pagine Gialle to revise downward the forecasts it made when preparing its 2009-2011 Business Plan. New business forecasts have therefore been prepared for 2010-2013 but, like the Business Plan, these too contain a large degree of uncertainty that is mainly the result of the assumptions made about future events (e.g. the current recession and trends on the financial markets that are themselves extremely uncertain). Our assumptions are based on estimates and valuations that may in future differ from actual results.

Business estimates for 2010-2013 assume that the economy will still be slowing in the first half of 2010. Italian revenue is projected to rise since the second half of the year thanks to new online products and services and multimedia packages and the reorganisation of the sales force.

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Abroad, the market scenario will be particularly difficult for TDL Infomedia, which is suffering from the sharp contraction of the UK economy (GDP -5.0% in 2009) and the fierce competition among media operators. Telegate group revenue will reflect a continuing decline in call volumes.

Against this background, which is also the market's general view, EBITDA 2010 is projected to fall in both Italy and abroad.

Forecasts for 2011-2013 assume a gradual improvement in performance as operating results initially stabilise before beginning slowly to rise.

This will be thanks to:

- the expected improvement of the European economy and finances;
- the completion of the migration of the customer base from single (print-based) products to multimedia products with significant increase in online services;
- the cutting of operating costs by the application of downward pressure on current spending and the redesign of the main operating processes to protect the high margins the Company achieved in the past.

Capital expenditure are expected to fall slightly although remaining sufficient to support business development plans.

Sensitivity

A 10% fall in EBITDA in the last year of the Plan (basis for terminal value) would not require CGU impairment write-downs.

A 0.75% rise in WACC would wipe out the difference between the enterprise and carrying values of SEAT Pagine Gialle S.p.A. CGU (€200 million at 31 December 2009). WACC during impairment testing at 31 December 2009 was 8.5% (7.85% at 31 December 2008). The material rise in WACC at December 2009 when compared with December 2008 was caused by the reorganisation of SEAT Pagine Gialle S.p.A.'s debt structure following the senior secured bond issue in January 2010, which increased the average rate of interest paid by the Company.

A 0.75% rise in WACC for other CGUs would not lead to further impairment and write-down.

7. Intangible assets with a finite useful life

Intangible assets with a finite useful life amounted to €119,169 thousand at 31 December 2009 (€219,752 thousand at 31 December 2008)

	Year 2009					Year 2008
	Customer Databases	Software	Patents, concessions brands, and licences	Other intangible assets	Total	Total
(euro/thousand)						
Cost	1,003,698	186,651	26,029	58,090	1,274,468	1,208,273
Depreciation	(880,210)	(142,809)	(13,940)	(17,757)	(1,054,716)	(860,400)
Balance at beginning of the year	123,488	43,842	12,089	40,333	219,752	347,873
- Investments	-	38,578	991	5,415	44,984	39,020
- Amortisation	(97,667)	(41,022)	(4,619)	(1,566)	(144,874)	(197,580)
- Write-downs	-	(38)	-	-	(38)	(1,440)
- Change in consolidation scope	-	-	-	-	-	32,504
- Disposals	-	-	-	-	-	(51)
- Transfers to non-current assets held for sale	-	(61)	(12)	(640)	(713)	(521)
- Exchange adjustments and other movements	-	36,107	29	(36,078)	58	(53)
Cost	1,003,698	254,112	27,038	26,567	1,311,415	1,274,468
Depreciation	(977,877)	(176,706)	(18,560)	(19,103)	(1,192,246)	(1,054,716)
Balance at end of the year	25,821	77,406	8,478	7,464	119,169	219,752

Intangible assets with a finite useful life comprised:

- *customer databases*: €25,821 thousand at 31 December 2009 (€123,488 thousand at 31 December 2008). This item fell €97,667 thousand during the year for amortisation (€164,414 thousand in 2008). In July 2009 amortisation of the customer databases of SEAT Pagine Gialle S.p.A ended. These had been used to account for part of the December 2003 merger profit (€972,400 thousand);
- *software*: €77,406 thousand at 31 December 2009 (€43,842 thousand at 31 December 2008). This included the cost of purchasing third party software and producing sales, publishing and administrative software in house for proprietary use and licensing. This item increased € 74,685 thousand during the year, mainly owing to the commissioning of the CRM system (SAP/SFE front-end and sales system);
- *patents, concessions, brands and licences*: €8,478 thousand at 31 December 2009 (€12,089 thousand at 31 December 2008), mainly Telegate group licences for voice portals;
- *other intangible assets*: €7,464 thousand at 31 December 2009 (€40,333 thousand at 31 December 2008); primarily current software projects, €36,078 thousand of this item was reclassified under software once the CRM system (SAP/SFE) was commissioned (see above).

Investments in 2009 (€ 44,984 thousand - €39,020 thousand in 2008) were mainly in product innovation and the simplification of the main processes using the new management platforms. Investments were in the following areas:

- SEAT Pagine Gialle S.p.A. (€38,305 thousand; €32,253 thousand in 2008):
 - commissioning at start 2009 of the CRM (SAP/SFE) system led to the upgrading over the year of all associated processes, function improvement and the creation of interfaces with other systems;
 - completion of the roll-out of the sales front-end system (SFE) and of the gradual migration of sales and administration processes (billing and revenue);
 - purchase of central hardware (Data Center) to replace obsolete equipment with new high-performance, low-energy-consumption equipment able to make the centralised hardware more internet friendly and to meet SEAT Pagine Gialle S.p.A.'s ever increasing business programming requirements, to review backup architecture and to redesign disaster recovery;
- Telegate group (€3,547 thousand; €2,632 thousand in 2008):
 - development of the Siebel CRM platform in Germany to give telephone operators access online to information on clients' purchasing power;
- Consodata S.p.A. (€2,659 thousand; €2,206 thousand in 2008):
 - purchase of the MF Honyvem database and its financial data;
 - internal development of geomarketing software;
 - enrichment of the Lifestyle databases used in one-to-one marketing services.

8. Property, plant and equipment

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Property, plant and equipment amounted to €37,207 thousand at 31 December 2009 (€43,716 thousand at 31 December 2008). This is net of a €106,656 thousand depreciation at year end, which has a 74.14% (73.49% at 31 December 2008) impact on gross values

Property, plant and equipment included:

(euro/thousand)	Year 2009				Year 2008
	Property	Plant and equipment	Other fixed assets	Total	Total
<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 beginning of the year	13,603	11,328	18,785	43,716	55,709
- Investments	284	1,674	5,001	6,959	12,894
- Depreciation and write-downs	(663)	(3,731)	(7,752)	(12,146)	(15,254)
- Change in consolidation scope	-	-	-	-	1,263
- Transfers to non-current assets held for sale		(1,608)	(53)	(1,661)	(7,487)
- Disposals and other movements	590	(48)	(203)	339	(3,409)
<i>Cost</i>	21,216	52,612	70,035	143,863	164,920
<i>Depreciation</i>	(7,402)	(44,997)	(54,257)	(106,656)	(121,204)
Balance at end of the year	13,814	7,615	15,778	37,207	43,716

- *property*: €13,814 thousand at 31 December 2009 (€13,603 thousand at 31 December 2008); mainly Cipi S.p.A.'s offices in Milan and Catania;
- *plant and equipment*: €7,615 thousand at 31 December 2009 (€11,328 thousand at 31 December 2008). Investments in 2009 totalling €1,674 thousand (€3,263 thousand in 2008) of which €1,240 thousand technological infrastructure for the Telegate group;
- *other fixed assets*: €15,778 thousand at 31 December 2009 (€18,785 thousand at 31 December 2008), of which €7,426 thousand computer hardware and software. Investments for the year totalled €5,001 thousand (€9,473 thousand in 2008), of which €2,880 thousand for the purchase of EDP systems for the projects referred to in the previous note.

Current depreciation (€106,656 thousand) is considered adequate for the impairment of fixed assets in all classes over their residual useful life.

Depreciation rates

9. Financial leases

	Year 2009	Year 2008
Property	3%	3%
Plant and equipment	10-25%	10-25%
Other fixed assets	10-25%	10-25%

Financial leases amounted to €60,173 thousand at 31 December 2009, of which €60,081 thousand the new head office in Turin to which SEAT Pagine Gialle S.p.A. moved at the end of December 2008. At the end of October 2009 a further section of the property was acquired under a seventh lease (€1,091 thousand).

In accordance with IAS 17 the leased property was initially recognised at fair value, since this is lower than the current value of the minimum lease repayments.

The Company believes the property has retained its market value during the year.

(euro/thousand)	Year 2009				Year 2008	
	Leased land	Leased property	Leased plant	Other leased assets	Total	Total
<i>Cost</i>	10,303	32,518	16,261	4,301	63,383	732
<i>Depreciation</i>	-	-	-	(497)	(497)	(243)
Balance at beginning of the year	10,303	32,518	16,261	3,804	62,886	489
- Investments	197	558	263	73	1,091	62,651
- Depreciation and write-downs	-	(978)	(2,183)	(643)	(3,804)	(254)
<i>Cost</i>	10,500	33,076	16,524	4,354	64,454	63,383
<i>Depreciation</i>	-	(978)	(2,183)	(1,120)	(4,281)	(497)
Balance at end of the year	10,500	32,098	14,341	3,234	60,173	62,886

10. Investments valued at equity

Changes during the year were as follows

In the second quarter of 2009 and in line with its strategy of focusing on the Italian market to release financial resources to support its core

(euro/thousand)	At 31.12.2008	Change during the year			At 31.12.2009
		Profit for the year	Reclassification to non-current assets held for sale and discontinued operations	Total	
Associates					
Lighthouse International Company S.A.	307	36	-	36	343
Joint ventures					
Katalog Yayın ve Tanıtım Hizmetleri A.S.	2,065	-	(2,065)	(2,065)	-
Total investments valued at equity	2,372	36	(2,065)	(2,029)	343

business, SEAT Pagine Gialle S.p.A. decided with its partner, Doğan, to pull out of Katalog Yayın ve Tanıtım Hizmetleri A.S., the Turkish joint venture still at the start-up phase and requiring heavy investment. At 31 December 2009 the participation was therefore reclassified under non-current assets held for sale and discontinued operations.

11. Other non-current financial assets

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Other non-current financial assets amounted to €2,203 thousand at 31 December 2009 (€2,140 thousand at 31 December 2008):

- loans to employees at market rates (€2,088 thousand);
- held-for-sale assets of which €10 thousand represents the 2.2% stake in Emittenti Titoli S.p.A..

12. Inventories

Inventories were detailed as follows

	At 31.12.2008	Change during the year			At 31.12.2009	
		Increase (Decrease)	(Provision) Reversals of allowance	Foreign exchange, adjustments, change in consolidation scope and other movements		Total
(euro/thousand)						
Raw materials, suppliers and consumables	9,518	(3,295)	-	68	(3,227)	6,291
Merchandising products	3,542	(1,047)	(80)	-	(1,127)	2,415
Work in progress and semi-finished goods	1,988	(606)	-	-	(606)	1,382
Finished goods	163	230	1	-	231	394
Total inventories	15,211	(4,718)	(79)	68	(4,729)	10,482

13. Trade account receivables

Trade account receivables were detailed as follows

	Year 2009			Year 2008
	Trade account receivables	Allowance for doubtful trade account receivables	Net value	Net value
(euro/thousand)				
Balance at beginning of the year	782,400	(111,386)	671,014	671,101
Provision in the income statement	-	(48,845)	(48,845)	(44,105)
Utilisation	-	44,543	44,543	48,723
Transfer to non-current assets held for sale	(2,848)	68	(2,780)	(1,445)
Foreign exchange adjustments and other movements	(42,697)	366	(42,331)	(3,260)
Balance at end of the year	736,855	(115,254)	621,601	671,014

Trade account receivables amounted to €621,601 thousand at 31 December 2009 (net of €115,254 thousand amortisation), of which €3,323 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 *allowance for doubtful trade account receivables* of €115,254 thousand at 31 December 2009 (of which €105,987 thousand related to the Parent Company) is considered sufficient to cover potential losses.

Utilisation totalled €44,543 thousand in 2009 (€48,723 thousand in 2008): the less utilisation was due to the start-up of the new data system for SEAT Pagine Gialle S.p.A. in sales and administration department. This new system involved a slowdown in managing of overdue receivables at the beginning of the year.

The allowance for doubtful trade account receivables increased by an accrual of €48,845 thousand (€44,105 thousand in 2008) that kept stable the coverage of overdue trade receivable.

See paragraph 20 of this Explanatory note for more details of credit risk.

14. Other assets (current and non-current)

Other assets amounted to €65,966 thousand at 31 December 2009 (€68,758 thousand at 31 December 2008) as follows

(euro/thousand)	At 31.12.2009	At 31.12.2008	Change
Advances on sales commission and other receivables from agents	47,113	43,986	3,127
Advances to suppliers	6,448	5,074	1,374
Prepaid expenses	4,838	7,309	(2,471)
Other receivables	6,574	12,045	(5,471)
Total other current assets	64,973	68,414	(3,441)
Other non-current assets	993	344	649
Total other current assets and non-current assets	65,966	68,758	(2,792)

In particular:

- *advances on sales commission and other receivables from agents* at 31 December 2009 totalled €47,113 thousand (€43,986 thousand at 31 December 2008) and were shown net of the allowance for doubtful accounts of €2,338 thousand at 31 December 2009 (€2,106 thousand at 31 December 2008). They included €365 thousand receivables due in over 12 months that were classified under other current assets since they fell within the normal business operating cycle. These receivables were discounted using the average market interest rate for receivables of this due dates;
- *advances to suppliers* amounted to €6,448 thousand at 31 December 2009 (€5,074 thousand at 31 December 2008), including €6,239 thousand advances to the printer Ilte S.p.A. (€4,596 thousand at 31 December 2008).

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15. Equity

Equity was detailed as follows

	At 31.12.2008		Change for the year					At 31.12.2009	
		Cover for loss/ Allocation of previous year	Dividend distribution	Capital increase	Other movements	Profit (loss) of the year	Other profit (loss) of the year	Total	
(euro/thousand)									
Share capital	250,352			199,914				199,914	450,266
- ordinary shares	246,270			199,914				199,914	446,184
- savings shares	4,082								4,082
Additional paid-in capital	465,103			1,346	394			1,740	466,843
Reserve for transition to IAS/IFRS	181,570								181,570
Reserve for stock options	5,956				(2,685)			(2,685)	3,271
Other reserves	50,183	(112)						(112)	50,071
Retained earnings/losses	160,806	(179,534)		(7,741)	2,646			(184,629)	(23,823)
Profit (loss) for the year	(179,646)	179,646				(37,770)		141,876	(37,770)
Other profit/loss for the year									
- Reserve for "cash-flow hedge" instruments	(10,931)						(11,554)	(11,554)	(22,485)
- Reserve for actuarial gains (losses)	(1,555)						(15,776)	(15,776)	(17,331)
- Reserve for foreign exchange adjustments	(45,243)						6,798	6,798	(38,445)
Equity shareholders of the Group	876,595			193,519	355	(37,770)	(20,532)	135,572	1,012,167
Share capital and reserves	20,980	5,966	(3,365)		(5,103)			(2,502)	18,478
Profit (loss) for the year	5,966	(5,966)			1,021	2,412		(2,533)	3,433
Minority interests	26,946		(3,365)		(4,082)	2,412		(5,035)	21,911
Total equity	903,541		(3,365)	193,519	(3,727)	(35,358)	(20,532)	130,537	1,034,078

Share capital

Share capital amounted to €450,266 thousand at 31 December 2009, increased by €199,914 thousand at 31 December 2008 (€250,352 thousand) following the SEAT Pagine Gialle S.p.A. Capital Increase resolved by the Extraordinary General Meeting on 26 January 2009 and concluded 30 April 2009.

For further details go to the "Report on Operations, paragraph Main events in 2009".

At 31 December 2009 the share capital comprised 1,927,027,333 ordinary shares and 680,373 savings shares. The shares had no par value following the above Extraordinary General Meeting resolution.

It should be noted that in the share capital €13,741 thousand was subject to taxation in case of distribution. Deferred tax liabilities were not calculated on this amount, as the Parent Company is not planning to pay it out.

Additional paid-in capital

Additional paid-in capital amounted to €466,843 thousand at 31 December 2009 (€465,103 thousand at 31 December 2008).

It increased by €1,740 thousand compared to 31 December 2008. This rise included €1,346 thousand the sale on the stock market, in range Capital Increase of SEAT Pagine Gialle S.p.A., of the option rights not exercised during the offer. For further details, go to the "Report on Operations, paragraph Main events in 2009".

It should be noted that in the additional paid-in-capital €142,619 thousand was subject to taxation in case of distribution, due to the realignment in 2005 of the tax value of the Customer Databases to its book value, according with Law 342/2000. Deferred tax liabilities were not calculated on this amount, as the Company is not planning to pay it out.

Reserve for "cash flow hedge" instruments

The reserve was negative for €22,485 thousand at 31 December 2009 (negative for €10,931 thousand at 31 December 2008). The reserve represented 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 20 below for a more details of Group hedges.

Reserve for actuarial gain (loss)

Reserve actuarial gain (loss) was negative for €17,331 thousand (negative for €1,555 thousand at 31 December 2008). The reserve showed the accrued effect on the balance sheet of actuarial gain/loss on defined-benefit plans (pension fund in TDL Infomedia group, and for Italian companies, Reserve for several indemnities – percentage still on company books) once it has been recognised in accordance with paragraph 93A of IAS 19. For further details on the calculation of these amounts, go to paragraph 21 below.

Reserve for foreign exchange adjustments

Reserve for foreign exchange adjustments was negative for €38,445 thousand at 31 December 2009 (€45,243 thousand at 31 December 2008). This is the consolidation of the financial statements of the TDL Infomedia group, which are expressed in sterling.

Reserve for stock option

Reserve for stock option amounted to €3,271 thousand at 31 December 2009 (€5,956 thousand at 31 December 2008). The drop is primarily attributable to the combined effect of:

- a €2,861 thousand reduction from the reversal to Retained earnings referred to the portion of options expiring during the year;
- a €176 thousand rise as a cost for the year for stock option plans not yet matured, in accordance with IFRS 2.

Retained earnings

Retained earnings (€160,806 thousand at 31 December 2008) were completely used to cover part of the loss from 2008. In 2008 loss not covered from other reserves was recognised in *Retained losses* (€23,823 thousand at 31 December 2009). In 2009 the *Retained earnings/losses* decreased by €7,741 thousand due to the expenses, net of tax effect, for the Capital Increase of SEAT Pagine Gialle S.p.A..

Other reserves

Other reserves amounted to €50,071 thousand at 31 December 2009 (€50,183 thousand at 31 December 2008) and it referred to SEAT Pagine Gialle S.p.A. statutory reserve.

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16. Other profit (loss) for the period

	Year 2009	Year 2008
(euro/thousand)		
Profit (loss) for "cash flow hedge" instruments for the year	(33,515)	(12,522)
Profit (loss) for "cash flow hedge" instruments reclassified to income statement	21,961	(3,671)
Profit (loss) for "cash flow hedge" instruments	(11,554)	(16,193)
Profit (loss) for foreign exchange adjustments	6,517	(30,031)
Profit (loss) for foreign exchange adjustments reclassified to income statement	281	-
Profit (loss) for foreign exchange adjustments	6,798	(30,031)
Actuarial gain (loss) recognised to equity	(21,900)	3,367
Tax effect of actuarial gain (loss) recognised to equity	6,124	(966)
Actuarial gain (loss) recognised to equity, net of tax effect	(15,776)	2,401
Total Other profit (loss), net of tax effect	(20,532)	(43,823)

For further details about these items go to paragraph above of this Explanatory note.

17. Earnings per share

	At 31.12.2009	At 31.12.2008 post capital regrouping	At 31.12.2008
Number of SEAT Pagine Gialle S.p.A. shares	1,927,707,706	41,725,276	8,345,055,482
- <i>ordinary shares</i>	No. 1,927,027,333	41,044,903	8,208,980,696
- <i>savings shares</i>	No. 680,373	680,373	136,074,786
Profit (loss) for the year	€/thousand (37,770)	(179,646)	(179,646)
Profit (loss) par share	€ (0.027)	(4.305)	(0.022)

Earnings per share (EPS) is calculated by dividing the economic result by the average number of shares in circulation during the year. In order to provide a comparable view of figures for 2009 and 2008, the calculation was based on the number of ordinary and savings shares post capital regrouping (of one new share for every two hundred shares held, as resolved by the Extraordinary General Meeting on 26 January 2009).

There was no dilution within the meaning of IAS 33 since the market price of ordinary shares in SEAT Pagine Gialle S.p.A. was significantly below the strike price of the options not yet exercised at 31 December 2009 and 31 December 2008.

18. Net financial debt

At 31 December 2009 this was as follows

(euro/thousand)	At 31.12.2009	At 31.12.2008	Change	Note
Net financial debt	2,762,782	3,082,016	(319,234)	
Transaction costs on loans and securitisation programme not yet amortised	(51,218)	(76,184)	24,966	
Net market value of "cash flow hedge" instruments	22,485	10,931	11,554	
Net financial debt - "book value"	2,734,049	3,016,763	(282,714)	
of which:				
- Non-current financial debts to third parties	1,125,960	1,766,442	(640,482)	(a)
- Non-current financial debts to associates	1,275,237	1,269,470	5,767	(a)
- Current financial debts to third parties	597,948	241,574	356,374	(b)
- Current financial debts to associates	30,901	47,837	(16,936)	(c)
- Non-current financial assets (*)	(2,088)	(2,026)	(62)	
- Current financial assets	(1,918)	(1,932)	14	(d)
- Cash and cash equivalents	(291,991)	(304,602)	12,611	(e)

(*) This item does not include financial assets available for sale. It was commented on paragraph 12 of this Note.

Net financial debt amounted to €2,762,782 thousand at 31 December 2009 (€3,082,016 thousand at 31 December 2008). Net financial debt differs from net financial debt - "book value" (described below) since it includes the transaction costs for inception and refinancing of the medium and long-term Senior financing from The Royal Bank of Scotland Plc Milan Branch, the Subordinate financing from Lighthouse International Company S.A. as well as for the inception of a securitisation program for trade receivables. These costs, net of accumulated amortisation, at 31 December 2009 totalled €1,218 thousand.

Net financial debt excludes the market value of the cash flow hedge instruments either in place at the reference date of this report or, if closed early, with effect deferred to later years. At 31 December 2009 this was a loss of €22,485 thousand (a loss of €10,931 thousand at 31 December 2008).

The following are the various components of net financial debt – "book value"

a) Non-current financial debt

Non-current financial debt were detailed as follows

(euro/thousand)	At 31.12.2009	At 31.12.2008	Change
<i>Debts due to The Royal Bank of Scotland Plc Milan Branch (gross value)</i>	838,953	1,497,658	(658,705)
<i>less transaction costs</i>	(26,026)	(44,922)	18,896
Debts due to The Royal Bank of Scotland Plc Milan Branch (net value)	812,927	1,452,736	(639,809)
<i>Asset backed securities (gross value)</i>	256,000	256,000	-
<i>less transaction costs</i>	(429)	(732)	303
Asset backed securities (net value)	255,571	255,268	303
Debt due to Leasint S.p.A.	52,067	53,921	(1,854)
Debts due to other lenders	21	93	(72)
Non-current liabilities adjustments instruments "cash flow hedges"	5,374	4,424	950
Total non-current financial debts to third parties	1,125,960	1,766,442	(640,482)
<i>Debts due to Lighthouse International Company S.A. (gross value)</i>	1,300,000	1,300,000	-
<i>less transaction costs</i>	(24,763)	(30,530)	5,767
Debts due to Lighthouse International Company S.A. (net value)	1,275,237	1,269,470	5,767
Total non-current financial debts	2,401,197	3,035,912	(634,715)

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Non-current financial debt to third parties

- *Debts due to The Royal Bank of Scotland Plc Milan Branch* - non-current share - €838,953 thousand at 31 December 2009 (€812,927 net of transaction costs not yet amortised). Including the current share, the Senior facility from The Royal Bank of Scotland Plc Milan Branch totalled €1,416,346 thousand at 31 December 2009 (€1,716,898 thousand at 31 December 2008), as follows:
 - tranche A: €951,802 thousand, repayable in accordance with the amortisation plan with non-constant six month instalments until June 2012 and bearing a floating interest rate p.a. equal to Euribor plus a spread of 2.44% p.a.. On 28 January 2010 was repaid a tranche of €507,136 thousand following the issue of the senior secured bond and €35,128 thousand at the end of February 2010 as early repayment of the June 2010 instalment;
 - tranche B: €464,544 thousand, repayable with a lump-sum payment in June 2013, bearing a floating interest rate equal to Euribor plus a spread of 3.01% p.a. at 31 December 2009;
 - a revolving credit line for an amount of €90,000 thousand, designed to cover any working capital requirements of SEAT Pagine Gialle S.p.A. or its subsidiaries, in the form of a revolving credit line facility (at 31 December 2009 unused), available up to May 2012, bearing a floating interest rate p.a. equal to that applicable to tranche A. Non-usage fee of 0.56% p.a. is charged on the temporary non-used commitments.

In the year 2009 the Company repaid a total of €300,552 thousand, of which €100,000 thousand early on tranche A December 2009 to December 2011 instalments. This applied 50% of the income from the capital increase, as agreed with the senior lender when Senior debt was renegotiated in December 2008.

- *Asset-backed securities* amounted to €256,000 thousand at 31 December 2009 (gross of transaction costs) 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 the latter's five-year receivables securitisation program 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 program is not renewed. The securities bear variable interest at rates applicable to quarterly commercial papers but are capped at three-month Euribor plus 5 bp. In accordance with IAS 32 and IAS 39, they are recognised in the balance sheet net of transaction costs at 31 December 2009 (€429 thousand). The securitisation program is backed by two annual, renewable credit lines.
- *Debt to Leasint S.p.A.* amounted to €52,067 thousand at 31 December 2009 for seven financial leases (six as of 23 December 2008 and one as of end October 2009) taken out to purchase of the new headquarters of Turin, Corso Mortara, where SEAT Pagine Gialle S.p.A. moved its offices at the end of 2008. All the leases are for 15 years and are based on 56 quarterly instalments payable in arrears, with variable interest at quarterly Euribor plus a spread of about 65 bp p.a.. The residual value is approximately 1% of the complex value.
- *Non-current liabilities adjustments instruments "cash flow hedges"* amounted to €5,374 thousand at 31 December 2009 (€4,424 thousand at 31 December 2008). For further details on interest rate hedges, go to note 20 below.

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. (in which the Company has a 25% stake). This totalled €1,275,237 thousand at 31 December 2009 (€1,269,470 thousand at 31 December 2008), net of €24,763 thousand for transaction costs not yet amortised at the end of the year. The ten-year loan bears a fixed interest rate of 8% p.a. and falls due in 2014.

b) Current financial debt to third parties

Current financial debt to third parties amounted to €597,948 thousand at 31 December 2009 (€241,574 thousand at 31 December 2008) as follows

(euro/thousand)	At 31.12.2009	At 31.12.2008	Change
Current portion of the non-current financial debt	580,343	222,030	358,313
Liabilities adjustments instruments "cash flow hedges"	7,844	12,587	(4,743)
Debts for interest expense accrued but not paid	1,359	3,597	(2,238)
Other financial debts	8,402	3,360	5,042
Total current financial debts to third parties	597,948	241,574	356,374

These were:

- €580,343 thousand for the current portion of the non-current financial debt. For further details, see above;
 - €7,844 thousand: the current portion of net liabilities arising on the measurement at fair value of cash flow hedge contracts in place at 31 December 2009 (€12,587 thousand at 31 December 2008). For further details of the hedging of interest-rate risk, go to paragraph 20 below;
 - €1,359 thousand for debts for interest expense accrued but not paid, of which €954 thousand limited recourse asset backed securities issued by Meliadi Finance S.r.l.;
 - €8,402 thousand for other financial debts, of which €7,356 thousand derivatives contracts closed in advance.
- SEAT Pagine Gialle S.p.A. also has a €30.0 million short-term committed credit line (expiring 31 March 2010) that is currently unused, draw down on which attracts interest at Euribor +1.65% p.a. and a fee of 0.30% p.a. on all amounts not drawn down.

c) Current financial debt to related parties

Current financial debt to related parties amounted to €30,901 thousand at 31 December 2009 (€47,837 thousand at 31 December 2008). This included:

- *current financial debt to related parties*: €17,375 thousand at 31 December 2009 (unchanged since 31 December 2008), for accrued but not yet paid interest on the loan due to Lighthouse International Company S.A.;
- *liabilities to companies with a significant influence on SEAT Pagine Gialle S.p.A.* (leading shareholders): €13,526 thousand at 31 December 2009, for dividends distributed but not yet paid at the end of the year, that as per agreement, attracted interest at 6% a year between 1 November 2008 and 15 June 2009 and thereafter at 3.8% a year until 24 August 2009 as consideration for non-exercise of the right to demand payment. From the latter date, interest has been applied at three-month Euribor reduced of 0.4% p.a.. Accrued interest payable totalled €600 thousand at 31 December 2009.

d) Current financial assets

Current financial assets amounted to €1,918 thousand at 31 December 2009 (€1,932 thousand at 31 December 2008), and included €1,516 thousand relating to credit positions and derivative hedges with Lehman Brothers (USA) at the time of its default and declaration of Chapter 11. These have been written down to their realisable value.

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e) Cash and cash equivalent

Cash and cash equivalent amounted to €291,991 thousand at 31 December 2009 as follows

(euro/thousand)	AI 31.12.2009	AI 31.12.2008	Change
Bank deposits	290,870	304,254	(13,384)
Postal deposits	1,048	182	866
Cash on hand	73	166	(93)
Total cash and cash equivalents	291,991	304,602	(12,611)

This included €118,004 thousand for the bank deposits of Meliadi S.r.l. (€87,876 thousand at 31 December 2008), arising from the collection of trade receivables sold by SEAT Pagine Gialle S.p.A. under the securitisation program.

In case of use, this cash is subordinated to the payment of the special purpose vehicle's payables.

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 a pledge on shares of SEAT Pagine Gialle S.p.A. and other companies in the SEAT Pagine Gialle S.p.A. group, a pledge on the main brands owned by the SEAT Pagine Gialle S.p.A. group and a special lien on the property and equipment of SEAT Pagine Gialle S.p.A. and by a fixed and floating charge on the assets of TDL Infomedia and Thomson, under to English law. With the exception of the special lien on the property and equipment of SEAT Pagine Gialle S.p.A., the same security underpins the obligations arising on the Senior Secured Bond issued by SEAT Pagine Gialle S.p.A. in January 2010 and, on a second priority basis, the obligations deriving from the indenture for the notes issued by Lighthouse International Company S.A. in 2004. The asset-backed securities issued by Meliadi Finance S.r.l. as part of the securitisation of SEAT Pagine Gialle S.p.A. trade receivables starting June 2006 are secured by the securitised credit portfolio owned by Meliadi Finance S.r.l..

The security for the leasing agreement between SEAT Pagine Gialle S.p.A. and Leasint S.p.A. is the leased properties, which are owned by Leasint S.p.A.: in the event of default by SEAT Pagine Gialle S.p.A., satisfaction can be obtained by selling the properties themselves.

SEAT Pagine Gialle S.p.A. has also provided €350,000 thousand in guarantees for additional charges on the debenture bond issued by Lighthouse International Company S.A.

SEAT Pagine Gialle S.p.A. could be required to pay this financing company additional interest of up to €3.4 million under its commitment in the financing agreement to hold Lighthouse harmless from any liability the latter might incur with respect to the 2004 bond or any fiscal charge it might have to pay that would reduce its net interest receivable from the facility. No provisions have been made for this contingency since it is unlikely any such disbursement will be required.

The facilities agreement with The Royal Bank of Scotland Plc Milan Branch requires SEAT Pagine Gialle S.p.A. to observe specific 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). Compliance is checked quarterly basis.

In addition, as it is customary for these types of operations, the facilities agreements with The Royal Bank of Scotland Milan Branch contains other restrictive covenants imposing limits and operating conditions on the SEAT Pagine Gialle group, including investments, the possibility contracting further debt, to make acquisitions, to pay out dividends and to execute operations on capital.

Similar restrictions are also contained in the two US indentures governing the notes issued by Lighthouse International Company S.A. in 2004, and the notes issued by SEAT Pagine Gialle S.p.A. in January 2010.

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

There was full compliance at 31 December 2009 (the reference date of this report) with the covenants and the terms of the facilities agreement.

In the event adverse market and/or business conditions for the Company should cause breach of the financial covenants with The Royal Bank of Scotland Milan Branch at a reference date, The Royal Bank of Scotland Milan Branch could rescind the facilities agreement immediately, causing all or any financing already drawn down (including interest due but not yet payable and all other amounts owed to the Bank under the agreement) to become immediately payable. This could force SEAT Pagine Gialle S.p.A. to seek funds on the market to repay its debt and would allow The Royal Bank of Scotland Milan Branch to call on the security given for the facility if SEAT Pagine Gialle S.p.A. is unable to pay its debt. The position could be remedied only by waiver on the part of The Royal Bank of Scotland Milan Branch of its rights with respect to such breach and if necessary by adjusting of the financial covenants contained in the facilities agreement.

Given the current market scenario, in order to retain a sufficient liquidity margin and to manage the refinancing of Senior debt proactively, given the extremely high repayments scheduled for 2012 and 2013, many actions have been taken to protect the Group's economic and financial position and cash flow while at the same time meeting the commitments given under the facilities agreement with The Royal Bank of Scotland Plc Milan Branch.

The Company completed the capital increase in the first few months of 2009, launched end December 2008 (for further details go to "Report on Operations paragraph Main events in 2009"), while at the end of 2009 the issued of Senior Secured Bond began and it ended in January 2010 (for further details go to "Report on Operations paragraph Post-balance sheet events").

With the completion of the capital increase end April 2009, amendments to the Senior debt came into effect, including:

- the resetting of the financial covenants and of a number of economic and financial ratios in the 2005 Senior debt;
- an undertaking by SEAT Pagine Gialle S.p.A. not to vote any dividends while the ratio net financial debt/EBITDA remains over 4;
- an undertaking by SEAT Pagine Gialle S.p.A.: a) to use 50% of the proceeds from the capital increase to make early pro rata repayment on tranche A instalments on the Senior debt (done 28 April 2009) and b) to pay 0.75% p.a. higher margin on Senior credit lines at the end of 2010.

In December 2009 the SEAT Pagine Gialle S.p.A. Board of Directors instructed the Chief Executive Officer to ask The Royal Bank of Scotland Plc Milan Branch for permission to issue up to five senior secured bonds worth up to €1,000 million by February 2011, the proceeds of which are to be used to make early repayment of a number of tranche A instalments on the senior facility issued by The Royal Bank of Scotland Plc Milan Branch, repayment of which is due in 2010, 2011 and 2012. In return for the Bank's agreement, the Company agreed that from the effective date of the Senior Secured Bond issue (28 January 2010) Euribor margins would be increased by a further 75 bp a year. The margins have therefore risen to 3.19% for tranche A and the revolving credit line, and to 3.76% a year for tranche B.

20. Information on financial risks

Market risk

In the normal course of business the SEAT Pagine Gialle group is subject to interest-rate and exchange-rate risk. These market risks relate to its loan with The Royal Bank of Scotland Plc Milan Branch, the limited-recourse asset backed securities issued by Meliadi Finance S.r.l. serving the securitisation program, the debts to Leasint S.p.A. as well as foreign currency (especially sterling) payables and receivables.

The SEAT Pagine Gialle group constantly monitors the financial risks to which it is exposed so as to evaluate in advance the potential negative effects and take appropriate mitigating them. The risks are managed using financial derivative instruments in accordance with the Group's risk management policy. In the framework of this policies the use of derivatives is reserved for the management of exposure to interest-rate and exchange rate fluctuation associated with the cash flows and asset and liabilities items. No speculative operations are entered into.

Market risk policy of SEAT Pagine Gialle group

This policy provides for:

- constant monitoring of exposure level to interest and foreign exchange rate fluctuations and evaluation of maximum level of risk exposure;
- the use of derivative financial instruments for hedging purposes to manage the aforementioned risks and not for speculation;
- constant assessment of the credit quality of counterparties to minimize the non-performance risk. All hedge instruments are entered into with the major banks and financial institutions. If the counterparty is a subsidiary, the transaction is carried out at market rates.

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Hedging instruments on interest rate risks

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 program and the debt to Leasint S.p.A., carry variable, Euribor-linked interest. Of the €3,027,384 thousand financing in place at 31 December 2009, €1,727,384 thousand is therefore 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.

At the end of December 2009 and as a result in the reduction in variable-rate debt that needed hedging after the issue of the senior secured bond in January 2010, a number of derivative hedge contracts were closed under their early termination clauses, causing €11,715 thousand to be carried to loss.

Total average hedging of interest rate risk 2010-2012 covered around 79% of the total debt, being 64% fixed-rate subordinated debt and senior secured bond (SSB), 11% interest rate swaps and FRAs and 4% by interest rate collars.

For 2013-2014 about 84% of total debt on average is hedged by fixed-rate subordinated debt and SSB.

To determine the market values of derivative instruments, SEAT Pagine Gialle S.p.A. has used third party valuations (banks and financial institutions), which have taken directly observed (interest rates) and indirectly observed (interpolation of directly observed interest rates) market data. This means that for the purposes of IFRS 7 the fair value used by the Company to value derivative hedge contracts in place at closing is *level 2*.

The market value of the interest rate swaps (IRSs) and forward rate agreements (FRAs) is the current value of the difference between fixed-rate interest payable and/or receivable and interest valued using the market-rate curves applying at the same dates to the derivative contracts.

IRSs and FRAs involve, or may involve, interest-rate swaps measured using the notional value of the underlying fixed or variable rate derivative at the settlement date agreed. Notional value is not the amount exchanged by the parties and therefore is not a measure of exposure to credit risk, which is the difference between the interest rates swapped at the settlement date.

The market value of a collar is the difference between the price payable to buy back floor options and the price receivable for reselling cap options. The prices of both options are based on the interest rates forecast for expiry, strike price at each expiry and interest-rate volatility.

At 31 December 2009 the following hedge contracts were in place:

- Forward Rate Agreement* (negative market value of €513 thousand) July 2010 to December 2010, variable six-month Euribor replaced by 3.58% fixed-rate with €50 million notional value;
- Interest Rate Swap* (negative market value of €6,661 thousand) July 2010 to December 2011, variable six-month Euribor replaced by an average 2.91% fixed rate with €540 million notional value;
- Interest Rate Collar* (negative market value of €4,568 thousand) July 2010 to December 2011, variable six-month Euribor with an average 4.10% cap and an average 3.23% floor, with €250 million notional value;
- Interest Rate Swap* (negative market value of €504 thousand) mid-January 2010 to April 2011 hedging part of the interest on the securitisation liability: variable three-month Euribor replaced by about 1.85% fixed rate with €75.0 million notional value;
- Interest Rate Swap* (negative market value of €972 thousand) March 2010 to December 2011 hedging part of the interest on the financial lease, variable three-month Euribor replaced by 3.60% fixed-rate with a €30 million notional value.

Interest rate hedges affected 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 2009 when analysing the sensitivity of income statement charges, and to the 2010-2012 forward rate curve when estimating the value of derivatives in place at year end.

The figures shown below do not include tax since this cannot be quantified at present.

	Estimated change in 2009 interest expense	Estimated change in net liabilities from the valuation of "cash flow hedge" contracts at fair value
(euro/million)		
+50 bps	4.1	(4.7)
-50 bps	(3.9)	4.7

Risk from high levels of financial debt

The SEAT Pagine Gialle group has a high level of debt with leverage that, as at end 2008, was about five times EBITDA. The repayment schedule is as follows

(euro/thousand)	due						Total
	31.12.2010	31.12.2011	31.12.2012	31.12.2013	31.12.2014	Plus	
The Royal Bank of Scotland Plc Milan Branch	577,393 ⁽¹⁾	70,391	304,018	464,544	-	-	1,416,346
Lighthouse International Company S.A.	-	-	-	-	1,300,000	-	1,300,000
Limited recourse asset-backed securities ^(*)	-	-	-	-	256,000	-	256,000
Debts due to Leasint S.p.A.	2,844	2,984	3,127	3,283	3,445	39,228	54,911
Debts due to other lenders	106	6	15	-	-	-	127
Total financial debt (gross)	580,343	73,381	307,160	467,827	1,559,445	39,228	3,027,384

(1) € 507,136 thousand being the 28 January 2010 repayment instalment made using funds raised through the Senior Secured Bond issue.

(*) 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.

The average life of loans in place end 2009, based on the repayment schedule for the Senior debt to The Royal Bank of Scotland Plc Milan Branch before the issue of the senior secured bond (SSB), was 3.35 years. The SSB extended the average life of SEAT Pagine Gialle group financing to 4.35 years. The following table shows the repayment schedule for financing in place at 31 December 2009 and includes on a prospective basis the senior secured bond issued January 2010, income from which was used to repay €507,136 thousand of senior debt to The Royal Bank of Scotland Plc Milan Branch.

(euro/thousand)	due						Total
	31.12.2010	31.12.2011	31.12.2012	31.12.2013	31.12.2014	Plus	
The Royal Bank of Scotland Plc Milan Branch	70,257	70,391	304,018	464,544	-	-	909,210
Lighthouse International Company S.A.	-	-	-	-	1,300,000	-	1,300,000
Senior Secured Bond	-	-	-	-	-	536,799	536,799
Limited recourse asset-backed securities	-	-	-	-	256,000	-	256,000
Debts due to Leasint S.p.A.	2,844	2,984	3,127	3,283	3,445	39,228	54,911
Debts due to other lenders	106	6	15	-	-	-	127
Total financial debt (gross)	73,207	73,381	307,160	467,827	1,559,445	576,027	3,057,047

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 any SEAT Pagine Gialle group company, all loans will have to be repaid early and in full, along with interest payable and all other sums payable under the agreements. This will have a negative impact the business and on the economic, capital and financial position of the Company and of the SEAT Pagine Gialle group.

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Liquidity risk - obtaining of financial resources

Liquidity risk is the risk that available financial resources may not be sufficient to cover the €580,343 thousand repayments due on 31 December 2010. 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 senior secured bond (€536.8 million) and credit lines worth about €120 million, the Group believes it does have the financial resources needed to meet its commitments.

After 31 December 2010, 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 2009 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. This will have a negative impact on the economic, capital and financial position of the Group.

Financial resources could prove harder to obtain if Standard & Poor's or Moody's rating of SEAT Pagine Gialle S.p.A. falls.

Ratings express an agency'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. In the final quarter of 2009 the above agencies dropped the Company's rating from BB- to B and from B1 to B2. These ratings have been confirmed at the date of writing.

Should the agencies downgrade SEAT Pagine Gialle S.p.A. further, this could reduce the Company's ability to assign its receivables in accordance with the securitisation plan. If necessary, the funds no longer obtainable because of downgrading 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 senior facilities agreement with The Royal Bank of Scotland Plc Milan Branch and the two indentures regulating the notes issued by Lighthouse International Company S.A. and guaranteed by SEAT Pagine Gialle S.p.A. (€1,300 million in 2004 maturing 2014) along with the conditions of the notes issued by SEAT Pagine Gialle S.p.A. in 2010 (€550 million) and maturing 2017 provide for early repayment in the event of change of control.

Under the RBS facilities agreement, a change of control would immediately cancel any obligation by RBS to provide further tranche funds under the facilities agreement and SEAT Pagine Gialle S.p.A. would have to make immediate repayment of all amounts advanced to it and all letters of credit issued in its favour and would have to pay RBS all interest due and outstanding at that date, along with all other amounts owed to RBS under the facilities agreement and associated documents.

Under the indentures, a change of control of SEAT Pagine Gialle S.p.A. (as this is defined in each indenture) gives all note holders the right to redeem for cash their notes from Lighthouse International Company S.A. or from SEAT Pagine Gialle S.p.A. (as applicable) at 101% of their principal amount plus all interest due and outstanding at that date. Should one or more holders of the notes issued by Lighthouse International Company S.A. exercise this right the Lighthouse agreement requires SEAT Pagine Gialle S.p.A. to make advance repayment to Lighthouse International Company S.A. of enough of the loan to enable the latter to make the redemptions. 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 because SEAT Pagine Gialle S.p.A. has also expressly and irrevocably guaranteed all Lighthouse's commitments to the notes holders.

All payments made by SEAT Pagine Gialle S.p.A. under the Lighthouse agreement and under the indentures must comply with the RBS facilities agreement and the inter-creditor agreement signed by inter alia SEAT Pagine Gialle S.p.A., Lighthouse and RBS on 25 May 2005, at the same time as the facilities agreement with The Royal Bank of Scotland Milan Branch as subsequently amended and supplemented, which regulates inter alia relations between SEAT Pagine Gialle S.p.A., RBS (senior creditor), Lighthouse and the notes holders (junior 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 31 December 2009 Group revenues expressed in sterling and converted into euro from UK business were 6.7% of total revenues. Changes in the €/£ 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 profit and loss.

Credit risk

The SEAT Pagine Gialle group is a multi-media advertising business with a large customer base 89.7% of Group receivables at 31 December 2009 (87.2% at 31 December 2008) concern SEAT Pagine Gialle S.p.A. that has about 488,000 customers throughout Italy, mainly SMEs. Each year SEAT Pagine Gialle S.p.A. alone issues approximately 790,000 invoices, each of which on average involve payment of 2.5 instalments of about €573 each, generating over 1.8 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 under loan revaluation reserve) is valued using a statistical model that segments clients according to territory and age, and uses the collection experience of SEAT Pagine Gialle S.p.A., to make projections for the future.

At 31 December 2009 the Group receivables revaluation reserve totalled €115,254 thousand, slightly up on 31 December 2008 (€111,386 thousand), income statement provisions rising from €44,105 thousand to €48,845 thousand to cover essentially the same proportion of doubtful debt (45.4% - SEAT Pagine Gialle S.p.A. - compared with 45.8% end 2008).

The rise in provisions should offset any fall in collections given the state of the economy (stagnant consumption and loans hard to find as the banks increase their aversion to risk). In 2010 this could increase the SEAT Pagine Gialle S.p.A loss ratio on customers.

Tax risk

With regard to the tax assessment launched in February 2009, Guardia di Finanza (Tributary Police), on 15 March 2010, effected service of Official Findings entailing tax liabilities for the Company arising in respect of tax deductions of interest payable on debts assumed in 2004, as well as Customer-Database amortisation recognised in 2003-2004 in connection with the Company acquisition in 2003.

The Company is confident that it has always complied with all applicable regulations in respect of the transactions at issue, and is, accordingly, convinced of the groundlessness of the allegations raised in the present case also in light of the assessment made by the consultants it appointed to examine the Official Findings during the investigative phase of the assessment in question.

The Company, given the Official Findings, feels that the potential liability arising from the tax assessment in question cannot be actually quantified.

Moreover, SEAT Pagine Gialle has decided to not make a provision to cover this risk in the 2009 Annual Report, given that, as above mentioned, there are not the elements in accordance with the international accounting standards.

21. Non-current employee-related provisions

The SEAT Pagine Gialle group companies recognise post-employment benefits to their current and former employees (such as for its Chief Executive Officer) both directly and by contributing to external funds. The ways these benefits are recognised depend on the legal, fiscal and economic conditions in each country in which the Group operates. The benefits are usually based on the remuneration and years of employment.

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The Group companies recognise post-employment benefits through defined contribution plans and/or defined benefit plans. In the case of defined-contribution plans, the Group pays contributions to public or private insurance institutes according to a legal or contractual obligation, or on a voluntary basis. Through these contribution payments, the Group meets all its obligations. The cost for the period is measured on the service provided by the employee and is recognised in the income statement (€6,076 thousand for 2009). The defined benefit plans can be 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 2009			Year 2008		
	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	10,646	21,821	1,887	413	34,767	47,183
Provisions	851	2	6,076	332	7,261	9,293
Contributions	(9,316)	-	508	(413)	(9,221)	(6,178)
Benefits paid/received	-	(2,831)	(6,704)	-	(9,535)	(9,129)
Discounting losses	4,554	1,082	-	-	5,636	6,815
Expected return on plan assets	(4,292)	-	-	-	(4,292)	(6,283)
Actuarial losses (gains) recognised to equity	20,532	1,369	-	-	21,901	(3,367)
Curtailed settlement gain	(3,563)	-	-	-	(3,563)	-
Foreign exchange adjustments and other adjustments	801	(701)	74	(232)	(58)	(3,567)
Balance at end of the year	20,213	20,742	1,841	100	42,896	34,767

Net liabilities for defined benefit pension plans

Net liabilities under defined benefit pension plans amounted to €20,213 thousand at 31 December 2009 (€10,646 thousand at 31 December 2008). These are net of the underlying assets (€34,879 thousand) financing the funds (€55,092 thousand) and refer almost in their entirety 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.

Steps were taken during 2009 to cut future costs of managing the defined benefit pension fund (Thomson Pension Fund) set up for TDL group employees. A number of Fund operating rules were changed, removing the final salary link and introducing enhanced transfer value to encourage Thomson Pension Fund members to transfer to other funds of their choice outside the TDL Infomedia group. Under the system, members moving their pension pots will obtain a bonus that they can choose to have added to the amount transferred to the other pension fund or to have paid out immediately on transfer.

At end 2009 over 50% of staff had opted for enhanced transfer value.

After the changes made in September 2009 to the method of calculating fund members' benefits (curtailment), €3,563 thousand in non-recurring income was recognised. At the same time, at the end of the financial year 2009 non-recurring charges of €5,7 million were recognised for the incentives given to encourage acceptance of the enhanced transfer value scheme.

The huge fall in the number of pension fund members since 31 December 2008, together with the expectation that inflation would be higher than in 2008 and the drop in the discount rate note, also produced a €20,532 thousand actuarial loss. In accordance with paragraph 93A of IAS 19, the loss was carried, net of tax, directly to equity.

(euro/thousand)	At 31.12.2009	At 31.12.2008
A. Change in defined-benefit obligation		
1 Benefit liabilities at start of the year	69,246	109,329
2 Current payroll benefit costs	851	2,620
3 Interest expense	4,554	5,594
4 Employee contributions	557	1,026
5 Actuarial profit (loss) carried to equity	23,741	(23,910)
6 Benefits paid out by plan/company	(45,229)	(3,360)
7 Curtailment	(2,787)	-
8 Settlement	(776)	-
9 Foreign exchange adjustments	4,935	(22,053)
Defined-benefit liabilities at year end	(A) 55,092	69,246
B. Change in plan assets		
1 Fair value of plan assets at start of the year	(58,601)	(88,435)
2 Expected return on plan assets	(4,292)	(6,283)
3 Actuarial profit (loss) carried to equity	(3,209)	21,019
4 Employer contributions	(9,316)	(5,475)
5 Employee contributions	(557)	(1,026)
6 Benefits paid out	45,229	3,245
7 Foreign exchange adjustments	(4,133)	18,354
Fair value of plan assets at year end	(B) (34,879)	(58,601)
C. Change in assets/liabilities carried to balance sheet		
1 Current value of defined-benefit liabilities at year end	55,092	69,246
2 Fair value of found assets at year end	(34,879)	(58,601)
Liabilities (assets) carried to balance sheet, net	(A+B) 20,213	10,645
D. Cost breakdown		
<i>Amounts carried to income statement</i>		
1 Current payroll benefit costs	851	2,620
2.a Interest expense	4,554	5,594
2.b Expected return on plan assets	(4,292)	(6,283)
2 Interest expense (income)	262	(689)
<i>Actual return on plan assets</i>		
Actual return on plan assets	(7,501)	14,736
E. Main actuarial assumptions		
<i>Weighted average of assumptions used to measure defined-benefit obligation</i>		
1 Discount rates	5.70%	6.30%
2 Pay rises	-	n.a.
3 Inflation rate	3.45%	2.75%
4 Pension rate rise	3.45%	2.70%
<i>Weighted average of assumptions used to measure pension costs</i>		
1 Discount rates	6.30%	5.65%
2 Expected rate of return on plan assets	6.58%	7.57%
3 Expected pay rises	-	n.a.
4 Inflation rate	2.75%	3.15%
5 Pension rate rise	2.70%	3.15%
F. Plan assets		
Asset categories (*)	%of plan asset categories on total	Expected rate of return on plan assets
1 Shares	18.0%	8.0%
2 Government securities	42.0%	4.5%
3 Bonds	20.0%	5.6%
4 Other	20.0%	0.5%
Total	100.0%	4.6%

(*) Figures for financial year 2009.

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Reserve for severance indemnities - % still on company books

Reserve for severance indemnities amounted to €20,742 thousand at 31 December 2009 (€21,821 thousand at 31 December 2008). This fund (treated as a defined benefit pension fund) has been measured in accordance with IAS 19.

With the entry into effect of the complementary pensions reform (Legislative Decree 252 of 5.12.2005), on 1 January 2007 the TFR changed from a defined benefits plan into a defined contributions plan. The balance sheet liability is therefore now the liability on the defined-benefits plan, measured in accordance with IAS 19, and is owed to personnel for services up to 31 December 2006.

The proportion of TFR created later and paid into complementary pension funds is treated (as before) as a *defined-contribution fund* 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 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 30 January 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 31.12.2009	At 31.12.2008
A. Change in defined-benefit obligation		
1 Benefit liabilities at start of the year	21,821	24,503
2 Current payroll benefit costs	2	88
3 Interest expense	1,082	1,221
4 Actuarial (profit) loss carried to equity	1,369	(476)
5 Benefit paid out by plan/company	(2,831)	(3,506)
6 Other movements	(701)	(9)
Benefit obligation at year end	20,742	21,821
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	20,742	21,821
Liabilities carried to balance sheet, net	20,742	21,821
<i>Amounts carried to balance sheet:</i>		
1 Liabilities	20,742	21,821
2 Assets		
C. Cost breakdown		
<i>Amounts carried to income statement</i>		
1 Current payroll benefit costs	2	88
2 Interest expense	1,082	1,221
Total cost carried to income statement	1,084	1,309
D. Main actuarial assumptions		
<i>Weighted average of assumptions used to measure benefit obligation</i>		
1 Discount rates	5.00%	5.70%
2 Inflation rate	2.00%	2.00%
<i>Weighted average of assumptions used to measure pension costs</i>		
1 Discount rate	5.70%	5.35%
2 Tasso di inflazione	2.00%	2.00%

22. Share-based payment

Stock option plans at 31 December 2009 as described in "Human Resources" in the Report on Operations are recorded on the balance sheet in accordance with IFRS 2.

SEAT Pagine Gialle S.p.A. stock option plans have been calculated 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 1 August 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 options were valued using the above assumptions but applying 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 31.12.2009	Fair value (euro/thousand)	<i>of which accrued in the 2009</i>
2004 stock option plans										
Employees of SEAT PG group	07.06.2004	296,325	(2,250)	30.09.2005	66.82	(214,625)	(79,450)	-	5,590	-
Employees of SEAT PG group	30.06.2004	24,500	(4,000)	30.09.2005	66.82	(9,500)	(11,000)	-	400	-
TDL Infomedia group	30.06.2004	50,000	(3,125)	30.09.2005	66.82	(35,975)	(10,900)	-	922	-
Chief Executive Officer	25.11.2004	25,000	-	30.09.2005	66.82	-	(25,000)	-	400	-
2005 stock option plans										
Employees of SEAT PG group	08.04.2005	337,000	(9,750)	30.09.2006	64.42	(172,275)	(20,425)	134,550	5,633	-
Employees of SEAT PG group	04.11.2005	8,000	-	30.09.2006	78.3	-	(8,000)	-	200	-
TDL Infomedia group	04.11.2005	46,675	(3,375)	30.09.2006	64.42	(36,450)	(4,500)	2,350	745	-
Chief Executive Officer	08.04.2005	25,000	-	30.09.2006	64.42	-	(25,000)	-	498	-
Total		812,500	(22,500)			(468,825)	(184,275)	136,900	14,388	-
2005 Telegate's stock option plans										
Directors and employees	12.05.2005	293,000	(31,500)	12.05.2007	14.28	(240,500)	-	21,000	489	-
Directors and employees	01.06.2006	400,000	(81,250)	01.06.2008	16.09	-	-	318,750	727	-
Directors and employees	01.06.2008	319,000	(7,500)	01.06.2010	11.01	-	-	311,500	461	227
Total		1,012,000	(120,250)			(240,500)	-	651,250	1,677	227
Total for the SEAT PG group		1,824,500	(142,750)			(709,325)	(184,275)	788,150	16,065	227

Stock option expense of €227 thousand in 2009 (€72 thousand in 2008) is recognised to income statement under non-recurring charges.

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23. Other non-current liabilities

Other non-current liabilities amounted to €9,827 thousand at 31 December 2009 (€6,170 thousand at 31 December 2008) as follows

(euro/thousand)	Year 2009				Total	Year 2008
	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	22,158	2,145	1,006	861	26,170	22,687
Provision	3,949	2,923	114	-	6,986	8,939
Utilisation/repayment	(3,313)	(159)	(201)	-	(3,673)	(2,568)
Reversal to the income statement	-	-	(130)	-	(130)	-
Discounting losses (gains)	385	6	9	62	462	(527)
Other movements	7	-	-	5	12	(2,361)
Balance at end of the year	23,186	4,915	798	928	29,827	26,170

At 31 December 2009 non-current reserves have been discounted at the present value, taking into account the expected future cash flows and using the pre-tax discount rate which reflects the present market valuation of the cost of money over time. The increase due to the passage of time and to variations in the discount rate applied has been accounted for as financial income/expense (financial expense for €462 thousand in 2009).

The reserve for sale agents' termination indemnities (€23,186 thousand at 31 December 2009) is the year-end liability to current sales agents payable under current law when their agency contract ends.

The reserve for restructuring expenses (€4,915 thousand) rose in 2009 after a €2,923 thousand accrual, €2,701 thousand of which was from the parent company to supplement the payment already made in 2008 for the expense the Company expects to incur for its 2009-2011 Reorganisation Plan.

24. Reserves for current risks and charges (operating and non-operating)

Reserves for current risks and charges (operating and non-operating) were detailed as follows

(euro/thousand)	Year 2009				Year 2008
	Reserve for commercial risks	Reserves for contractual and other operating risks	Non-operating reserves	Total	Total
Balance at beginning of the year	14,550	23,495	14,415	52,460	44,165
Provisions	9,104	4,891	9,283	23,278	26,019
Utilisations	(8,062)	(2,915)	(9,140)	(20,117)	(19,359)
Reversal to the income statement	(17)	(5,497)	(121)	(5,635)	(675)
Other movements	-	(74)	16	(58)	2,310
Balance at end of the year	15,575	19,900	14,453	49,928	52,460

Reserves for current risks and charges amounted to €49,928 thousand at 31 December 2009, down €2,532 thousand on 31 December 2008:

- *reserve for commercial risks*: €15,575 thousand at 31 December 2009; this covers the risk of failure properly to perform contracted services in respect of PAGINEGIALLE® and PAGINEBIANCHE®;
- *reserves for contractual and other operating risks*: €19,900 thousand at 31 December 2009 (€23,495 thousand at 31 December 2008); they included €11,196 thousand to cover risks on legal disputes and €5,032 thousand on pending litigations against sales agents and employees;
- *non-operating reserves* (current share) amounted to €14,453 thousand at 31 December 2009 (€14,415 thousand at 31 December 2008). Include €9,347 thousand for the Company restructuring fund (current share) which increased €8,211 thousand in the financial year, of which €1,011 thousand related to Telegate group, €1,200 thousand related to Europages and €6,000 thousand related to SEAT Pagine Gialle S.p.A. to cover the cost SEAT Pagine Gialle S.p.A. will incur when implementing the 2009-2011 Reorganisation Plan. The current fund should be taken in conjunction with the non-current Company restructuring fund (€4,915 thousand at 31 December 2009). The item also includes a tax risk fund for SEAT Pagine Gialle S.p.A.. For more details go to paragraph 31 below.

25. Trade account payables and other current liabilities

Trade account payables and other current liabilities were detailed as follows

(euro/thousand)	At 31.12.2009	At 31.12.2008	Change
Payables due to suppliers	149,439	165,668	(16,229)
Payables due to sales agents	46,874	50,444	(3,570)
Payables due to employees	21,161	28,050	(6,889)
Payables due to social security institutions	10,541	11,217	(676)
Payables due to related parties	932	1,614	(682)
Total trade account payables	228,947	256,993	(28,046)
Payables for services to be rendered	57,038	90,481	(33,443)
Advances from customers	5,194	2,309	2,885
Deferred income and other liabilities	38,261	25,739	12,522
Total payables for services to be rendered and other current liabilities	100,493	118,529	(18,036)

All trade account payables fall due within 12 months.

Trade account payables and other current liabilities included:

- *payables due to suppliers*, amounted to €149,439 thousand at 31 December 2009 (€165,668 thousand at 31 December 2008). They decreased by €16,229 thousand compared to 31 December 2008. The fall reflects the reduction in purchasing since the last financial year;
- *payables due to sales agents*, amounted to €46,874 thousand at 31 December 2009 (€50,444 thousand at 31 December 2008); these should be read in conjunction with the item "advances on sale commission" included in "other current asset" (€47,113 thousand at 31 December 2009 - €43,986 thousand at 31 December 2008);
- *payables for services to be rendered*: €57,038 thousand at 31 December 2009 (€90,481 thousand at 31 December 2008); these are advance invoicing for advertising. The drop at 31 December 2008 (€33,443 thousand) is the result of orders received.

The *liabilities for services to be rendered and other liabilities* totalled €100,493 thousand at 31 December 2009 (€118,529 thousand at 31 December 2008) and included €47 thousand due in over 12 months (€65 thousand at 31 December 2008).

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26. 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 markets.

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 "Economic and financial performance by Business Area" for details and comments on Business Areas and full information on their operating revenues and costs.

In 2009, following the decision to pull out of Katalog Yayin ve Tanitim Hizmetleri A.S., the Turkish joint venture, and to sell Telegate 118 000 SAS, the operating, capital and financial assets and liabilities of these companies have been reclassified under non-current assets held for sale and discontinued operations, in accordance with IFRS 5. This has led to the restatement of the Income Statement and Statement of Cash Flow for 2008.

Non-current assets held for sale and discontinued operations also include the cost of disposing of Wer Liefert Was at the end of December 2008 and of winding up Calls You Control.

27. Revenues from sales and services

Revenues from sales and services amounted to €1,209,821 thousand for 2009, down against 2008 *restated* (€1,361,319 thousand). Revenues for Business Area was as follows

(euro/thousand)	Year 2009	Year 2008 restated	Change	
			Absolute	%
Italian Directories	952,225	1,058,731	(106,506)	(10.1)
UK Directories	81,394	118,124	(36,730)	(31.1)
Directory Assistance	165,439	175,763	(10,324)	(5.9)
Other Activities	63,853	70,279	(6,426)	(9.1)
IC eliminations	(53,090)	(61,578)	8,488	13.8
Total revenues from sales and services	1,209,821	1,361,319	(151,498)	(11.1)

See "Economic and financial performance by Business Area" in the Report on Operations for further details.

28. Other revenue and operating costs

28.1 Other income

Other income amounted to €4,654 thousand in 2009 (€13,652 thousand in 2008 *restated*). The item included €2,633 thousand recovery from third parties of postal, legal and administration expenses (€4,106 thousand in 2008 *restated*). The change over 2008 is mainly imputable to the €5,540 thousand received by Telegate AG in 2008 at the end of a legal action against Deutsche Telekom for recovery of overpayments made by Telegate to Deutsche Telekom for the supply of telephone subscriber data.

28.2 Materials

Materials amounted to €45,408 thousand in 2009, a decline of €10,900 thousand compared to 2008 *restated*.

This was €5,952 thousand paper, down 18.2% compared to 2008 *restated* as a direct result of the reduced number of directories printed.

The item also included €8,476 thousand goods for resale (€10,518 thousand in 2008 *restated*).

28.3 External services

External services amounted to €360,758 thousand in 2009, declined by €54,573 thousand on 2008 *restated*. The change is essentially imputable to lower production costs (declined by €15,709 thousand) and advertising costs (declined by €9,521 thousand on 2008 *restated*).

The item included:

- *industrial production*: €101,618 thousand in 2009, a decrease of €23,421 thousand compared to 2008 *restated*. The fall in print income led to a drop in the number of directories printed by SEAT Pagine Gialle S.p.A. and Thomson Directories Ltd., reducing printing costs and paper consumption. Distribution and stocking costs also fell €4,109 thousand. Inbound call center costs amounted to €4,874 thousand, decreased by 49.3%, dropping within the Telegate group as call volumes went down;
- *commissions and other sale agents' costs*: €101,290 thousand in 2009, declined by €13,224 thousand on 2008 *restated* (€114,514 thousand);
- *consultancy and professional services*: €33,844 thousand in 2009, essentially unchanged since 2008 *restated* (€35,374 thousand) due to the drop of revenues.

28.4 Salaries, wages and employee benefits

Salaries, wages and employee benefits amounted to €218,176 thousand in 2009, decreased by €18,487 compared to 2008 *restated* (€236,663 thousand). This large drop is primarily attributable to TDL Infomedia (€16,427 thousand), a combination of the staff cuts that followed the overhaul of its organisation (€11,108 thousand), shedding an average 166 jobs, and the drop in sterling, which produced a €5,319 thousand exchange rate differential.

At 31 December 2009 the Group's workforce, including administrators, project workers and trainees, totalled 6,088 units (6,507 units as at 31 December 2008 *restated*). Average workforce during the year totalled 4,947 units (5,196 units in 2008 *restated*).

28.5 Other operating expense

Other operating expense amounted to €4,530 thousand in 2009 (€5,493 thousand in 2008 *restated*); these included €1,385 thousand in indirect tax and operating tax and €309 thousand for losses on disposal of property, plant and equipment and €244 thousand for losses on trade receivables.

28.6 Non-recurring costs

Non-recurring costs amounted to €15,740 thousand in 2009 (€17,587 thousand in 2008 *restated*) as follows

(euro/thousand)	Year 2009	Year 2008 restated	Change	
			Absolute	%
Stock option costs	227	572	(345)	(60.3)
Other non-recurring costs	20,777	17,015	3,762	22.1
Non-recurring income	(5,264)	-	(5,264)	n.s.
Total non recurring costs, net	15,740	17,587	(1,847)	(10.5)

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Non-recurring costs included:

- €9,602 thousand costs for external support to management in order to overhaul business development strategy, focused on internet products and services, and to analyse operating costs with the aim of identifying effective ways of cutting them;
- € 5,709 million costs of payments to Pension Fund beneficiaries of TDL Infomedia group who at the end of 2009 took part in the *enhanced transfer value* program;
- € 3,984 thousand exercise of the call option over the remaining shares in Cipi S.p.A. not already held by the Company. As of 10 February 2010 and as a result of a settlement with CI.FIN S.r.l., SEAT Pagine Gialle S.p.A. became the owner of the 49% minority stake in Cipi S.p.A. previously held by CI.FIN S.r.l., at a cost of €7 million.

Non-recurring income: €3,563 thousand from the curtailment of the TDL group's defined-benefit pension fund, as described in paragraph 21 of these Explanatory note.

28.7 Restructuring costs, net

Restructuring costs, net amounted to €13,973 thousand in 2009 (€13,741 thousand in 2008) as follows

(euro/thousand)	Year 2009	Year 2008 restated	Change	
			Absolute	%
Provision to reserve for restructuring expenses	11,134	12,014	(880)	(7.3)
Restructuring costs	2,845	1,727	1,118	64.7
Reversal to the income statement	(6)	-	(6)	n.s.
Total restructuring costs, net	13,973	13,741	232	1.7

Provision to reserve for restructuring expenses referred for €8,211 thousand to current restructuring expenses and for €2,923 thousand to non-current restructuring expenses. Restructuring costs included for €2,720 thousand reorganisation costs of Thomson group (€2,133 thousand).

29. Interest income and expense

29.1 Interest expense

Interest expense amounted to €241,035 thousand in 2009 (€281,819 thousand in 2008) as follows

(euro/thousand)	Year 2009	Year 2008	Change	
			Absolute	%
Interest expense on the loan with The Royal Bank of Scotland Plc Milan Branch	96,317	115,295	(18,978)	(16.5)
Interest expense on the loan with Lighthouse International Company S.A.	110,017	109,519	498	0.5
Interest expense on asset-backed securities	6,184	13,906	(7,722)	(55.5)
Interest expense on leasing debt	1,974	2,905	(931)	(32.0)
Other financial expense	10,500	17,180	(6,680)	(38.9)
Foreign exchange losses	16,043	23,014	(6,971)	(30.3)
Total interest expense	241,035	281,819	(40,784)	(14.5)

The €40,784 thousand drop in interest expense over 2008 is mainly attributable as follows:

- € 96,317 thousand (€15,295 thousand in 2008) to the Senior credit agreement between SEAT Pagine Gialle S.p.A. and The Royal Bank of Scotland Plc Milan Branch. This comprised a) €22,716 thousand the share for the period of front-end and refinancing costs (€10,131 thousand in 2008) and b) €23,928 thousand the expense arising on interest-rate hedge contracts (€3,598 thousand gain in 2008).

Both items include a non-recurring component from the early repayment of €507,136 thousand of tranche A Senior debt in January 2010 using funds obtained from the bond issued end 2009-28 January 2010 (for further details go to "Report on Operations, paragraph Post-balance sheet events"). The Senior Secured Bond issue, which involved the early repayment of part of the Senior debt, amended the repayment schedule, increasing by € 7,588 thousand the proportion of transaction costs attributable to the year. Also recorded were €11,715 thousand in expense on hedging contracts closed end 2009 under their early termination clauses. The contracts were closed when the issue of the Senior Secured Bond led to a drop in the amount of variable-rate debt that might require hedging in the future;

- € 110,017 thousand (€109,519 thousand in 2008) on the subordinated facility from Lighthouse International Company S.A.;
- € 6,184 thousand (€13,906 thousand in 2008) on limited recourse asset backed securities issued by Meliadi Finance S.r.l. as part of the securitisation program launched by SEAT Pagine Gialle S.p.A. in June 2006 and still running;
- € 12,474 thousand in interest and other expense (€20,085 thousand in 2008), of which €6,211 thousand from the discounting of non-current assets and liabilities (€6,971 thousand in 2008) and €2,933 thousand other interest and other expense (€2,604 thousand in 2008);
- € 16,043 thousand of foreign exchange losses (€ 23,014 thousand in 2008), which was more than offset by foreign exchange gains entered in interest income of € 19,268 thousand.

29.2 Interest income

This fell €7,189 thousand against 2008 *restated* as follows:

- € 19,268 thousand exchange rate gain (€17,941 thousand in 2008), primarily due to the change in the €/GBP rate;
- € 2,676 thousand (€7,734 thousand in 2008 *restated*) on short-term bank deposits at market rates;
- € 4,434 thousand other income (€7,457 thousand in 2008), of which €4,266 thousand from Thomson group pension fund assets (€ 6,264 thousand in 2008).

In 2009 total average interest expense (excluding payment of front-end and refinancing charges on current financing) was 5.8%; net of this component on hedging contracts closed end 2009 under their early termination causes because of the January 2010 bond issue, the expense would have been 5.49% (6.7% in 2008). The reduction in the average cost of debt since 2008, despite a 100 bp increase in the Euribor margins on Senior debt under the covenants renegotiated as a result of the rights issue at the start of 2009, was caused by declining Euribor rates. The decision to continue paying senior interest monthly was also successful and was impacted only in part by the loss on derivatives contracts taken out in previous years to hedge against interest-rate risk.

30. Gains (loss) on investments valued at equity

Gains on investments valued at equity amounted to € 36 thousand in 2009 (a loss of €5 thousand in 2008 *restated*), concerning the valuation of Lighthouse International Company S.A..

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31. Income taxes

Income taxes for the year amounted to €54,173 thousand (€69,190 thousand in 2008 restated) as follows

(euro/thousand)	Year 2009	Year 2008 restated	Change	
			Absolute	%
Current income taxes	78,509	68,334	10,175	14.9
(Provision) Reversal of deferred tax assets	2,519	(1,667)	4,186	n.s.
Provision (reversal) of deferred tax liabilities	(26,681)	2,557	(29,238)	n.s.
Income taxes referred to the previous years	(174)	(34)	(140)	n.s.
Total income taxes for the year	54,173	69,190	(15,017)	(21.7)

Current income tax increased since 2008 by €10,175 thousand mainly as a result of the decision taken by SEAT Pagine Gialle S.p.A. to bring the book and fiscal values of its customer databases and a number of other intangible fixed assets into line with Law 244 of 24 December 2007. This led to the recognition under current tax of a €15,816 thousand replacement tax and the simultaneous reverse entry in the income statement of a €31,566 thousand deferred tax liability.

Income taxes for previous years included a €1 million accrual to the tax liability reserve for the tax assessments notified to SEAT Pagine Gialle S.p.A. end December 2009 by the *Direzione Regionale delle Entrate della Lombardia* (Tax Office) for 2004. Based on the independent expert opinions obtained, the Company believes the accrual is sufficient to cover this risk, particularly since most of the claims appear to be unfounded.

The item also included a €1,150 thousand gain on an appeal by the Company and the Italian subsidiaries in the tax group to obtain recognition of the lump-sum deduction of IRAP from IRES under Decree Law 185 of 29 November 2008, which allowed previous fiscal losses to be deducted from 2009 taxable income.

The *reconciliation* of actual and theoretical income taxes - by applying to pre-tax results the Italian tax rates at 31 December 2009 and 2008 *restated* - is as follows

(euro/thousand)	Year 2009	Year 2008 restated
Income before income taxes	31,152	(19,865)
Current income taxes calculated with the theoretical tax rate (31.40%)	(9,782)	6,238
Fiscal effect on non-deductible expenses for IRAP purposes (personnel expenses, interest income and expense, etc.)	(13,875)	(19,833)
Tax adjustments on intangible assets	31,566	-
Substitute tax on tax adjustments on intangible assets	(15,816)	-
Benefits on non-recognised tax losses of previous years	45	(55)
Effects of different tax rates in foreign countries	784	1,724
Lower income taxes referred to previous years	174	(34)
Permanent differences	(47,270)	(57,230)
Total income taxes for the year	(54,173)	(69,190)

Permanent differences are non-deductible items in respect of impairment write-down (€28,667 thousand in 2009, €39,206 thousand in 2008). Permanent differences also include tax expense non-deductible by SEAT Pagine Gialle S.p.A. under article 96 of the United Income Tax Act because it is unlikely that sufficient gross operating income within the meaning of article 96 will be generated in the foreseeable future to allow the future deduction of tax liabilities not already deducted in the current financial year. Deferred tax assets in the amount of €14,923 thousand have therefore not been recorded.

Net deferred tax assets and liabilities

Net deferred tax assets and liabilities are detailed in the following table

(euro/thousand)	At 31.12.2008	Change during the year			At 31.12.2009
		Income taxes accounted for in the income statement	Income taxes accounted for the equity	Foreign exchange adjustments and other movements	
Deferre tax assets					
Tax losses	(97)	(49)	-	222	76
Allowance for doubtful trade account receivables	35,693	489	-	-	36,182
Reserves for contractual risks	13,965	144	-	-	14,109
Write-down of investments	36	-	-	-	36
Fair value of "cash flow hedge" instruments	1,667	-	-	-	1,667
Reserves to employees	2,100	(3,295)	5,750	-	4,555
Other	13,736	192	2,936	(2,894)	13,970
Total deferred tax assets	67,100	(2,519)	8,686	(2,672)	70,595
Deferred tax liabilities					
Customer DataBase	(29,072)	28,953	-	-	(119)
Goodwill amortisation	(24,492)	(4,038)	-	-	(28,530)
Reserves to employees	(1,613)	531	376	-	(706)
Other	(15,649)	1,235	-	(292)	(14,706)
Total deferred tax liabilities	(70,826)	26,681	376	(292)	(44,061)
Total	(3,726)	24,162	9,062	(2,964)	26,534
shown in the balance sheet as:					
- net deferred tax assets	10,442				40,562
- net deferred tax liabilities	(14,168)				(14,028)

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Current tax assets

Current tax assets amounted to €8,376 thousand at 31 December 2009 (€7,016 thousand at 31 December 2008) as follows

(euro/thousand)	At 31.12.2009	At 31.12.2008	Change
Income tax receivables	7,387	4,941	2,446
Other tax receivables	989	2,075	(1,086)
Total current tax assets	8,376	7,016	1,360

Current tax payables

Current tax payables amounted to €39,258 thousand at 31 December 2009 (€72,764 thousand at 31 December 2008) as follows

(euro/thousand)	At 31.12.2009	At 31.12.2008	Change
Income tax payables	17,209	45,810	(28,601)
Other tax payables	22,049	26,954	(4,905)
Total current tax payables	39,258	72,764	(33,506)

32. Non-current assets held for sale and discontinued operations

Following the decision to pull out of Katalog Yayın ve Tanıtım Hizmetleri A.S, the Turkish joint venture, and to sell Telegate 118 000 SAS, the operating, capital and financial assets and liabilities of these companies have been reclassified under non-current assets held for sale and discontinued operations, in accordance with IFRS 5. This has led to the restatement of the Income Statement and Statement of Cash Flow for 2008.

Non-current assets held for sale and discontinued operations also include the cost of disposing of Wer Liefert Was at the end of December 2008 and of winding up Calls You Control.

The following are the operating results for non-current assets held for sale and discontinued operations.

Income Statement

Profit (loss), excluding non-current assets held for sale and discontinued operations, at 31 December 2009 included Calls You Control Ltd. and at 31 December 2008 the sale of Wer Liefer Was.

(euro/thousand)	Year 2009	Year 2008 restated
Revenues	10,405	41,264
Operating costs	(12,948)	(34,829)
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net (EBITDA)	(2,543)	6,435
Amortisation, depreciation, write-down and other non-recurring and restructuring costs	(3,734)	(3,816)
Operating result (EBIT)	(6,277)	2,619
Interest (expense) income, net	(700)	593
Gain (loss) from valuation of investments	(2,596)	(7,229)
Income taxes for the year	(84)	(1,143)
Net income from non-current assets held for sale and discontinued operations	(9,657)	(5,160)
Losses on disposal of subsidiary and other sale expenses	(2,680)	(79,465)
Profit (loss) on non current assets held for sale and discontinued operations	(12,337)	(84,625)

The €10,405 thousand revenue for 2009 referred to Telegate 118 000 SAS.

The €3,734 thousand item under "amortisation, depreciation, write-down and other non-recurring and restructuring charges" includes an amount of €2,413 thousand related to the write-down of Telegate 118 000 SAS goodwill.

The €6,277 thousand operating profit for 2009 is €3,419 thousand the Turkish joint venture Katalog Yayin ve Tanitim Hizmetleri A.S. and €2,848 thousand Telegate 118 000 SAS.

An amount of €2,596 thousand due to loss on investment accounted for at equity as at 31 December 2009 (€7,229 thousand at 31 December 2009) related to the Turkish joint venture, Katalog Yayin ve Tanitim Hizmetleri A.S..

Balance Sheet

"Non-current assets held for sale and discontinued operations" and "Direct liabilities on non-current assets held for sale and discontinued operations" as at 31 December 2008 included Calls You Control Ltd. and at 31 December 2009 also included the participation in the Turkish joint venture, Katalog Yayin ve Tanitim Hizmetleri A.S..

(euro/thousand)	At 31.12.2009	At 31.12.2008
Deferred tax assets	-	40
Other operating receivables	-	68
Tax receivables	326	-
Cash and cash equivalent	3	806
Non-current assets held for sale and discontinued operations	329	914
Trade account payables	5	38
Reserves for operating risks and charges	250	-
Direct liabilities on non-current assets held for sale and discontinued operations	255	38

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Cash Flow Statement

Cash flow on non-current assets held for sale and discontinued operations includes at 31 December 2009 the Turkish joint venture, Katalog Yayin ve Tanitim Hizmetleri A.S., Calls You Control Ltd. and Telegate 118 000 SAS and at 31 December 2008 also the sale of Wer Liefert Was.

(euro/thousand)	Year 2009	Year 2008
		restated
Cash flows on non-current assets held for sale and discontinued operations	(2,806)	(2,402)
- Cash inflow (outflow) from operating activities	(2,047)	4,853
- Cash inflow (outflow) for investments	-	(6,593)
- Cash inflow (outflow) for financing	(759)	(662)
Net collections on disposal of WLW	389	38,241
Cash flow on non-current assets held for sale and discontinued operations	(2,417)	35,839

Cash flow on non-current assets held for sale and discontinued operations at 31 December 2009 totalled a loss of €2,417 thousand, being mainly the operations for the period plus the financing of the Turkish joint venture Katalog Yayin ve Tanitim Hizmetleri A.S..

The net proceeds of the sale of consolidated subsidiaries totalled €389 thousand at 31 December 2009 and was the result of sale of the French subsidiary, 118 000 SAS. At 31 December 2008 the item amounted to €38,241 thousand and was entirely the sale of the German holding Wer Liefert Was.

33. Related party disclosures

In accordance with IAS 24 and art. 2(h) of CONSOB Issuer Regulation 11971/1999 as amended, the following are the economic, asset and financial impacts of transactions with related parties on the 2009 Consolidated Financial Statements of the SEAT Pagine Gialle group.

In the consolidated data, the economic, asset 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 significant influence over the Company (leading shareholders). For further details, go to note 18 above.

Related party disclosures 2009

INCOME STATEMENT

	Total items year 2009	Associates	Companies with significant influence	Other related parties (*)	Total related parties year 2009	% impact on item
(euro/thousand)						
Material and external services	(406,166)	-	-	(88)	(88)	n.s.
Salaries, wages an employee benefits	(218,176)	-	-	(9,885)	(9,885)	4.5
Non-recurring costs	(21,004)	-	-	(782)	(782)	3.7
Interest expense	(241,035)	(110,016)	(586)	-	(110,602)	45.9
Profit (loss) from discontinued operations/non-current assets held for sale	(12,337)	(3,641)	-	(131)	(3,772)	30.6

(*) Directors, statutory auditors and executives with strategic responsibility.

BALANCE SHEET

	Total items year 2009	Associates	Companies with significant influence	Other related parties (*)	Total related parties at 31.12.2009	% impact on item
(euro/thousand)						
Cost of the capital increase accounted for the equity	10,671	-	-	1,281	1,281	12.0
Non-current financial debts	(2,401,197)	(1,275,237)	-	204	(1,275,033)	53.1
Non-current reserves to employees	(42,896)	-	-	(100)	(100)	0.2
Current financial debts	(628,849)	(17,375)	(13,526)	-	(30,901)	4.9
Trade account payables	(228,948)	-	-	(729)	(729)	0.3
Payables for services to be rendered and other current liabilities	(100,493)	-	-	(1,600)	(1,600)	1.6

(*) Directors, statutory auditors and executives with strategic responsibility.

Related party disclosures 2008

INCOME STATEMENT

	Total items year 2008	Associates	Companies with significant influence	Other related parties (*)	Total related parties year 2008	% impact on item
(euro/thousand)						
Material and external services	(471,639)	-	-	(121)	(121)	n.s.
Salaries, wages an employee benefits	(236,663)	-	-	(7,307)	(7,307)	3.1
Non-recurring costs	(17,587)	-	-	(5,037)	(5,037)	28.6
Interest expense	(281,819)	(109,838)	(301)	-	(110,139)	39.1
Profit (loss) from discontinued operations/non-current assets held for sale	(84,625)	3,225	-	-	3,225	(3.8)

(*) Directors, statutory auditors and executives with strategic responsibility.

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BALANCE SHEET

(euro/thousand)	Total items year 2008	Associates	Companies with significant influence	Other releted parties (*)	Total releted parties at 31.12.2008	% impact on item
Non-current financial debts	(3,035,912)	(1,269,470)	-	-	(1,269,470)	41.8
Non-current reserves to employees	(34,767)	-	-	(413)	(413)	1.2
Other non-current liabilities	(26,170)	-	-	(861)	(861)	3.3
Current financial debts	(289,411)	(17,375)	(30,462)	-	(47,837)	16.5
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.

Cash Flow statement of related parties 2009 – 2008

(euro/thousand)	Total items year 2009	Associates	Companies with significant influence	Other releted parties (*)	Total releted parties year 2009	% impact on item
Cash inflow (outflow) from operating activities	372,048	-	-	(15,065)	(15,065)	(4.0)
Cash inflow (outflow) for investments	(52,512)	-	-	-	-	n.s.
Cash inflow (outflow) for financing	(329,730)	(104,250)	(17,522)	(1,485)	(123,257)	(37.4)
Cash flow on non-current assets held for sale and discontinued operations	(2,417)	(774)	-	(131)	(905)	(37.4)
Cash flow for the year	(12,611)	(105,024)	(17,522)	(16,681)	(139,227)	n.s.

(euro/thousand)	Total items year 2008 restated	Associates	Companies with significant influence	Other releted parties (*)	Total releted parties year 2008	% impact on item
Cash inflow (outflow) from operating activities	546,199	-	-	(7,192)	(7,192)	(1.3)
Cash inflow (outflow) for investments	(81,804)	-	-	-	-	n.s.
Cash inflow (outflow) for financing	(400,181)	(104,569)	-	-	(104,569)	(26.1)
Cash flow on non-current assets held for sale and discontinued operations	35,839	(992)	-	-	(992)	(2.8)
Cash flow for the year	100,053	(105,561)	-	(7,192)	(112,753)	n.s.

(*) Directors, statutory auditors and executives with strategic responsibility.

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.

(euro/thousand)	Year 2009	Year 2008	Type of transaction
INCOME STATEMENT			
INTEREST EXPENSE			
Lighthouse International Company S.A.	(110,016)	(109,838)	interest expense, changes and write-down of multi-year charges on long-term Subordinated facilities.
Leading shareholders	(586)	(301)	interest expense on dividends to Leading shareholders.
Total interest expense	(110,602)	(110,139)	
PROFIT (LOSS) FROM NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS			
Katalog Yayin ve Tanitim Hizmetleri A.S.	(3,641)	3,225	recovery of seconded personnel expense and repayments for services.
Total profit (loss) from non-current assets held for sale and discontinued operations	(3,641)	3,225	

(euro/thousand)	At 31.12.2009	At 31.12.2008	
BALANCE SHEET			
NON-CURRENT FINANCIAL DEBTS			
Lighthouse International Company S.A.	(1,275,237)	(1,269,470)	Subordinated loan.
Total non-current financial debts	(1,275,237)	(1,269,470)	
CURRENT FINANCIAL DEBTS			
Leading shareholders	(13,526)	(30,462)	dividends to Leading shareholders, interest-bearing.
Lighthouse International Company S.A.	(17,375)	(17,375)	outstanding interest expense for the year.
Total current financial debts	(30,901)	(47,837)	
OTHER CURRENT ASSETS			
Katalog Yayin ve Tanitim Hizmetleri A.S.	-	2,867	recovery of costs and services provided.
Total other current assets	-	2,867	

For details of directors, statutory auditors, CEO and executives with strategic responsibility, go to note 32 in the notes to the Balance Sheet of SEAT Pagine Gialle S.p.A. as at 31 December 2009.

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34. 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 2009 provided to the SEAT Pagine Gialle group by Reconta Ernst & Young and the entities in its network.

(euro/thousand)	Year 2009	Year 2008
Reconta Ernst & Young group		
SEAT Pagine Gialle S.p.A.		
- Audit	245	200
- Other services	631	142
- Assignments to the entities in Reconta Ernst & Young S.p.A. network	10	247
Total	886	589
Subsidiaries		
- Audit	602	755
- Other services	37	108
- Tax advice	11	21
Total	650	884

Equity investments included in the consolidated financial statements using the full consolidation method
(CONSOB circular DEM/6064293 of 28 July 2006)

Statement 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.		100.00
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 liquidation) (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
MOBILE COMMERCE Ltd. (call center services)	Cirencester (United Kingdom)	Sterling 497	10.00	TDL Infomedia Ltd.		10.00
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
WerWieWas GmbH (call center services)	Munich (Germany)	Euro 25,000	100.00	Datagate GmbH		77.37
MOBILSAFE AG (in liquidation) (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 ITALIA S.r.l. (call center services)	Turin (Italy)	Euro	129,000	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	100.00	Telegate AG	77.37
TELEGATE LLC (development and site optimisation)	Yerevan (Armenia)	AMD	50,000	100.00	Telegate AG	77.37
MELIADI FINANCE S.r.l. (*) (special purpose entity)	Milan (Italy)	Euro	10,000	-		-

(*) SPE set up for the securitisation 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.

Statement 2

Company	Currency	Equity	Profit (loss)	% held by SEAT Pagine Gialle S.p.A.	Equity held by SEAT Pagine Gialle S.p.A.
(thousand)		(1) (2)	(1)		
CIPI S.p.A	Euro	8,458	2,213	100.00	8,458
CONSODATA S.p.A.	Euro	11,570	(557)	100.00	11,570
EUROPAGES S.A. (3)	Euro	(2,372)	(3,351)	93.562	(2,219)
PRONTOSEAT S.r.l.	Euro	971	100	100.00	971
SEAT CORPORATE UNIVERSITY S.c.a.r.l.	Euro	10	-	100.00	10
TDL INFOMEDIA Ltd. (3)	Sterling	(2,499)	(79,268)		
	Euro	(2,814)	(88,971)	100.00	(2,814)
TELEGATE HOLDING GmbH	Euro	69,779	9,063	100.00	69,779
TELEGATE AG (3)	Euro	97,285	16,052	77.37	75,269

(1) Data adduced from the latest financial statements.

(2) Includes profit (loss) for the year.

(3) Refers to the most recent consolidated financial statements of the subsidiary.

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Investments valued at equity (Consob circular DEM/6064293 of 28 July 2006)

Statement 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)	Lussemburgo	Euro	31,000	25.00	SEAT Pagine Gialle S.p.A.	25.00
INDIRECT S.P.R.L. (in liquidation) (supply of services)	Bruxelles (Belgium)	Euro	148,736	27.00	TDL Infomedia Ltd.	27.00
TDL BELGIUM S.A. (in liquidation) (publishing and distribution of directories)	Bruxelles (Belgium)	Euro	18,594,176	49.60	TDL Infomedia Ltd.	49.60

Statement 2

Company (euro/thousand)	Currency	Equity (1) (2)	Profit (loss) (1)	% held by SEAT Pagine Gialle S.p.A.	Equity held by SEAT Pagine Gialle S.p.A.
LIGHTHOUSE INTERNATIONAL COMPANY S.A.	Euro	550	144	25.00	138
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)

(1) Data adduce from the latest financial statements

(2) Includes profit (loss) for the year

➤ Certification of the Consolidated Financial Statements within the meaning of art. 81-ter of Consob Regulation No. 11971 of 14 May 1999 as amended and supplemented

1. The undersigned Alberto Cappellini, 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 24 February 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 2009.
2. All administrative and accounting procedures relating to the preparation of the Consolidated Financial Statements as at 31 December 2009 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 31 December 2009:
 - 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 assets and its economic and financial position;
 - agree with the books and accounting records;
 - offer a true and fair view of the assets and 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 and of the position of the Company (Group) and a description of the main risks and uncertainties to which it is exposed.

Milan, 16 March 2010

Chief Executive Officer
Alberto Cappellini

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 31 December 2009

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 31 December 2009.

It takes account of the duties of the Board of Statutory Auditors as set out in Legislative Decree 58 of 24 February 1998 and consequently to the Report on the Financial Statements as at 31 December 2009 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 2009, the Report on Operations and the Consolidated Financial Statements and associated report;
- checked compliance with the laws governing Consolidated Financial Statements and Reports on Operations;
- have taken account of the 31 March 2010 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 €37,700 thousand) for the financial year as at 31 December 2009 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, 31 March 2010

The Statutory Auditors

Enrico Cervellera

Vincenzo Ciruzzi

Andrea Vasapolli



Reconta Ernst & Young S.p.A.
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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, 2009, comprising the balance sheet, the income statement, the statement of change in equity, the cash flow statement 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 of the prior year are presented for comparative purposes. As reported in the explanatory notes, management has recast certain comparative data related to the prior year with respect to the data previously presented, on which we issued our auditor's report dated March 13, 2009. We have examined the methods adopted to recast the comparative financial data and the information presented in the explanatory notes in this respect, for the purpose of our opinion as of and for the year ended December 31, 2009.

3. In our opinion, the consolidated financial statements of the SEAT Group at December 31, 2009 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.

Reconta Ernst & Young S.p.A.
Sede Legale: 00198 Roma - Via Po, 32
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
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4. The management of SEAT Pagine Gialle S.p.A. is responsible for the preparation of the Report on Operations and the Report on Corporate Governance and on the ownership structures of SEAT Pagine Gialle S.p.A. published in the section "Governance" of the website of SEAT Pagine Gialle S.p.A. in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Report on Operations and the information reported in compliance with art. 123-bis of Italian Legislative Decree n.° 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the Report on Corporate Governance and on the ownership structures of SEAT Pagine Gialle S.p.A., with the financial statements, as required by law. 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 and the information reported in compliance with art. 123-bis of Italian Legislative Decree n° 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) included in the Report on Corporate Governance and on the ownership structures of SEAT Pagine Gialle S.p.A., are consistent with the consolidated financial statements of SEAT Pagine Gialle S.p.A. as of December 31, 2009.

Turin, March, 31, 2010

Reconta Ernst & Young S.p.A.
signed by: Luigi Conti, partner



PAGINE GIALLE

Lavoro



Seat Pagine Gialle ama l'ambiente.
Ogni anno il 100% dei volumi riconsegnati viene riciclato.

Separate Financial Statements of SEAT Pagine Gialle S.p.A.



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Foreword

Following the decision to pull out of the Katalog Yayin ve Tanitim Hizmetleri A.S. joint-venture in Turkey and to sell the French subsidiary, Telegate 118 000 SAS, the economic, capital and financial results for these companies are now classified under “non-current assets held for sale and discontinued operations” in accordance with IFRS 5 and the Income Statement and Cash Flow Statement for the financial year 2008 have been reclassified.

➤ Separate Balance Sheet of SEAT Pagine Gialle S.p.A. as at 31 December 2009

Assets

	At 31.12.2009	At 31.12.2008	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	76,338	172,083	(95,745)	(7)
Property, plant and equipment	11,690	14,120	(2,430)	(8)
Leased assets	60,081	62,571	(2,490)	(9)
Investments	165,892	252,361	(86,469)	(10)
Other non-current financial assets from third parties	2,198	2,130	68	(11)
Deferred tax assets, net	25,193	-	25,193	(29)
Other non-current assets	75	81	(6)	(14)
Total non-current assets	(A) 3,528,628	3,690,507	(161,879)	
Current assets				
Inventories	7,260	10,683	(3,423)	(12)
Trade account receivables	557,307	596,776	(39,469)	(13)
Current tax assets	2,945	4,559	(1,614)	(29)
Other current assets	65,037	60,958	4,079	(14)
Current financial assets from third parties	1,918	1,932	(14)	(18)
Current financial assets from related parties	85,853	84,459	1,394	(18)
Cash and cash equivalents	155,445	198,864	(43,419)	(18)
Total current assets	(B) 875,765	958,231	(82,466)	
Non-current assets held for sale and discontinued operations	(C) 326	-	326	(30)
Total assets	(A+B+C) 4,404,719	4,648,738	(244,019)	

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Liabilities and equity

(euro/thousand)	At 31.12.2009	At 31.12.2008	Change	Note
Equity				
Share capital	450,266	250,352	199,914	(15)
Additional paid-in capital	466,843	465,103	1,740	(15)
Reserve for transition to IAS/IFRS	161,750	161,750	-	-
Retained earnings	2,337	163,548	(161,211)	(15)
Accumulated losses	(55,498)	-	(55,498)	(15)
Reserve for "cash-flow hedge" instruments	(22,485)	(10,931)	(11,554)	(15)
Reserve for stock options	2,015	4,352	(2,337)	(15)
Reserve for actuarial gains (losses)	765	1,717	(952)	(15)
Other reserves	50,071	50,183	(112)	
Profit (loss) for the year	(38,191)	(211,417)	173,226	
Total equity	(A)	1,017,873	874,657	143,216
Non-current liabilities				
Non-current financial debts to third parties	870,368	1,511,081	(640,713)	(18)
Non-current financial debts to related parties	1,413,992	1,440,625	(26,633)	(18)
Non-current reserves to employees	19,189	20,406	(1,217)	(21)
Deferred tax liabilities, net	-	3,134	(3,134)	(29)
Other non-current liabilities	28,295	25,019	3,276	(23)
Total non-current liabilities	(B)	2,331,844	3,000,265	(668,421)
Current liabilities				
Current financial debts to third parties	596,836	238,173	358,663	(18)
Current financial debts to related parties	111,981	118,744	(6,763)	(18)
Trade account payables	202,291	218,907	(16,616)	(25)
Payables for services to be rendered and other current liabilities	68,757	95,201	(26,444)	(25)
Reserve for current risks and charges	40,857	43,509	(2,652)	(24)
Current tax payables	34,030	59,282	(25,252)	(29)
Total current liabilities	(C)	1,054,752	773,816	280,936
Total liabilities	(B+C)	3,386,596	3,774,081	(387,485)
Liabilities directly associated with non-current assets held for sale and discontinued operations	(D)	250	-	250
Total liabilities and equity	(A+B+C+D)	4,404,719	4,648,738	(244,019)

In accordance with IAS 1 (as amended), from 1 January 2009 all assets and liabilities relating to financial derivative instruments held for hedging purposes are now shown separately under current and non-current assets/liabilities at their due dates. Item at 31 December 2008 have therefore been reclassified to enable proper comparison.

Income Statement of SEAT Pagine Gialle S.p.A. for the financial year 2009

(euro/thousand)	Year 2009	Year 2008	Change		Note
		restated	Absolute	%	
Sales of goods	7,883	14,376	(6,493)	(45.2)	(26)
Rendering of services	944,342	1,044,355	(100,013)	(9.6)	(26)
Revenues from sales and services	952,225	1,058,731	(106,506)	(10.1)	(26)
Other income	7,719	8,289	(570)	(6.9)	(27)
Total revenues	959,944	1,067,020	(107,076)	(10.0)	
Materials	(41,507)	(51,193)	9,686	18.9	(27)
External services	(310,491)	(347,532)	37,041	10.7	(27)
Salaries, wages and employee benefits	(85,147)	(91,209)	6,062	6.6	(27)
Other valuation adjustments	(40,935)	(38,195)	(2,740)	(7.2)	(13-14)
Provisions to reserves for risks and charges, net	(7,690)	(11,011)	3,321	30.2	(24)
Other operating expense	(3,450)	(2,801)	(649)	(23.2)	(27)
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net	470,724	525,079	(54,355)	(10.4)	
Amortisation, depreciation and write-down	(143,129)	(194,971)	51,842	26.6	(5; 7-9)
Non-recurring costs, net	(13,015)	(14,257)	1,242	8.7	(27)
Restructuring costs, net	(9,177)	(12,351)	3,174	25.7	(27)
Operating income	305,403	303,500	1,903	0.6	
Interest expense	(238,031)	(277,728)	39,697	14.3	(28)
Interest income	33,609	43,452	(9,843)	(22.7)	(28)
Gains (losses) on disposal/valuation of investmets	(87,752)	(147,137)	59,385	40.4	(10)
Income before income taxes	13,229	(77,913)	91,142	n.s.	
Income taxes for the year	(42,409)	(50,732)	8,323	16.4	(29)
Profit (loss) on continuing operations	(29,180)	(128,645)	99,465	77.3	
Profit (loss) on non-current assets held for sale and discontinued operations	(9,011)	(82,772)	73,761	89.1	(30)
Profit (loss) for the year	(38,191)	(211,417)	173,226	81.9	

	At 31.12.2009	At 31.12.2008 post capital regrouping	At 31.12.2008
Number of SEAT Pagine Gialle S.p.A. shares	1,927,707,706	41,725,276	8,345,055,482
- ordinary shares	1,927,027,333	41,044,903	8,208,980,696
- savings shares	680,373	680,373	136,074,786
Profit (loss) for the year	€/ thousand (38,191)	(211,417)	(211,417)
Profit (loss) per share	€ (0.028)	(5.0669)	(0.0253)

Profit (loss) per share were calculated by dividing operating result by the average number of shares outstanding over the period. In the financial year 2008 and in order to allow a homogeneous comparison of figures, we used the number of ordinary shares and savings post capital regrouping (in a ratio of one share for every two hundred as resolved by the Extraordinary Shareholders' Meeting of 26 January 2009).

According to IAS 33, there was no dilution of profit (loss) for the year since 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 31 December 2009 and 31 December 2008.

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➤ Statement of Comprehensive income

(euro/thousand)		Year 2009	Year 2008	Note
Profit (loss) for the year	(A)	(38,191)	(211,417)	
Profit (loss) for "cash flow hedge" instruments		(11,554)	(16,193)	(16)
Actuarial gain (loss) recognised to equity		(952)	405	(16)
Total other comprehensive profit (loss) for the year, net of tax effect	(B)	(12,506)	(15,788)	(16)
Total comprehensive profit (loss) for the year	(A+B)	(50,697)	(227,205)	

➤ Cash Flow Statement of SEAT Pagine Gialle S.p.A. for the financial year 2009

(euro/thousand)	Year 2009	Year 2008 restated	Change
Cash inflow from operating activities			
EBIT	305,403	303,500	1,903
Amortisation, depreciation and write-down	143,129	194,971	(51,842)
Costs for stock option	-	290	(290)
(Gains) losses on disposal of non-current assets	73	(20)	93
Change in working capital	(21,393)	14,493	(35,886)
Income tax paid	(87,042)	(32,468)	(54,574)
Other movements	309	1,013	(704)
Cash inflow from operating activities	(A) 340,479	481,779	(141,300)
Cash outflow for investments			
Purchase of intangible assets with finite useful life	(38,305)	(30,903)	(7,402)
Purchase of property, plant and equipment	(3,561)	(8,055)	4,494
Equity investments and other financial investments	-	(15)	15
Proceeds from disposal of non-current assets	431	288	143
Cash outflow for investments	(B) (41,435)	(38,685)	(2,750)
Cash outflow for financing			
Repayments of non-current loans	(303,690)	(169,615)	(134,075)
Payment of interest expense, net	(177,069)	(226,898)	49,829
Change in other current financial assets and liabilities	(50,920)	(5,131)	(45,789)
Capital increase	193,519	-	193,519
Distribution of dividends	-	(204)	204
Cash outflow for financing	(C) (338,160)	(401,848)	63,688
Cash flow from non-current assets held for sale and discontinued operations	(D) (4,303)	66,686	(70,989)
Increase (decrease) in cash and cash equivalents in the year	(A+B+C+D) (43,419)	107,932	(151,351)
Cash and cash equivalent at beginning of the year	198,864	90,932	107,932
Cash and cash equivalent at end of the year	155,445	198,864	(43,419)

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➤ Statement of Change in Equity for SEAT Pagine Gialle S.p.A. in the financial year 2009

(euro/thousand)	Share capital	Additional paid in capital	Other reserves	Profit (loss) for the year	Total
At 31.12.2008	250,352	465,103	370,619	(211,417)	874,657
Allocation of previous profit (loss)	-	-	(211,417)	211,417	-
Capital increase	199,914	1,346	(7,741)	-	193,519
Other movements	-	394	-	-	394
Profit (loss) for the year	-	-	-	(38,191)	(38,191)
Other profit (loss) for the year	-	-	(12,506)	-	(12,506)
At 31.12.2009	450,266	466,843	138,955	(38,191)	1,017,873

➤ Statement of Change in Equity for SEAT Pagine Gialle S.p.A. in the financial year 2008

(euro/thousand)	Share capital	Additional paid in capital	Other reserves	Profit (loss) for the year	Total
At 31.12.2007	250,352	465,103	298,058	88,310	1,101,823
Allocation of previous profit (loss)	-	-	88,106	(88,310)	(204)
Fair value of stock option plans and other changes	-	-	242	-	242
Loss for the year	-	-	-	(211,417)	(211,417)
Other profit (loss) for the year	-	-	(15,787)	-	(15,787)
At 31.12.2008	250,352	465,103	370,619	(211,417)	874,657

➤ Explanatory notes

1. Corporate information

SEAT Pagine Gialle S.p.A. is listed on the Milan Stock Market.

The SEAT Pagine Gialle S.p.A. 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/online). These include highly innovative internet products, print directories and directory assistance services, plus a large selection of complementary advertising services.

The parent company, SEAT Pagine Gialle S.p.A., has its registered office at Via Grosio 10/4, Milan, and share capital is €450,266 thousand (€250,353 thousand at 31 December 2008).

The main business areas of SEAT Pagine Gialle S.p.A. are described in the Report on Operations – 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 28 February 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 1 January 2005 when Regulation (EC) 1606/2002 of 19 July 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 non-current assets/liabilities held for sale/discontinuing operations, 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 gain (loss) on assets held for sale and discontinued operations as per IFRS 5. In accordance with CONSOB resolution 15519 of 27 July 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;
- stock option expense;
- extraordinary consultancy on highly strategic matters (e.g. the preparation of the industrial plan, development of core product strategies, valuation of investment portfolios etc.);
- the cost of the step-down of directors and executives;
- the *Statement of Comprehensive Profit (Loss)* shows cost and/or revenue items not yet recognised on the Income Statement but with equity impact at the balance-sheet date;
- the *Cash Flow Statement* shows operating financial flows under the indirect method in accordance with IAS 7, presenting separately the flows on operating, investing and 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.

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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 posted 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 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 carried immediately to profit or loss.

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

Please go to the appropriate section in the notes to the Consolidated Financial Statements as at 31 December 2009.

4. Valuation criteria

For a summary of accounting policies, please go to the appropriate section in the notes to the Consolidated Financial Statements as at 31 December 2009 except for the valuation criteria for equity investments, which are given below.

Equity 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 (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 write-down 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 carrying value on the balance sheet, the value of the investment will be set at zero and all residual 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 31 December 2009. This is the merger losses generated in previous years. 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

For details see note 6 in the disclosures to the Consolidated Financial Statements for SEAT Pagine Gialle as at 31 December 2009.

7. Intangible assets with a finite useful life

	Year 2009				Year 2008	
	Customer Data Base	Software	Work in progress	Other intangible assets	Total	Total
(euro/thousand)						
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 beginning of the year	94,537	37,632	37,149	2,765	172,083	328,382
- Investments	-	34,274	3,553	478	38,305	32,253
- Disposals	-	(384)	-	-	(384)	(224)
- Amortisation and write-down	(94,537)	(37,552)	-	(1,577)	(133,666)	(188,328)
- Other movements	-	36,031	(36,031)	-	-	-
Cost	972,400	221,276	4,671	15,317	1,213,664	1,183,692
Accrued amortisation	(972,400)	(151,275)	-	(13,651)	(1,137,326)	(1,011,609)
Balance at end of the year	-	70,001	4,671	1,666	76,338	172,083

The intangible assets with a finite useful life included:

- *software*: €70,001 thousand at 31 December 2009 (€37,632 thousand at 31 December 2008), includes the cost of purchasing software or developing proprietary software and user licences for sales and administration purposes;
- *work in progress*: €4,671 thousand at 31 December 2009 (€37,149 thousand at 31 December 2008). €36,031 thousand of the drop was attributable to internally software projects;
- *other intangible assets*: €1,666 thousand at 31 December 2009 (€2,765 thousand at 31 December 2008); €1,618 thousand being concessions, licences, trademarks and similar rights.

Investments during 2009 totalled €38,305 thousand (-€6,052 thousand compared to 2008). For further information on investment objectives and features over the year, go to Italian Directories under "Economic and financial performance by Business Area" in the Report on Operations.

8. Property, plant and equipment

Property, plant and equipment amounted to €11,690 thousand at 31 December 2009 (€14,120 thousand at 31 December 2008) net of depreciation totalling €36,165 thousand (€52,832 thousand at 31 December 2008).

	Year 2009				Year 2008	
	Property	Plant and equipment	Other fixed assets	Total	Total	
(euro/thousand)						
Costs	2,445	7,285	57,222	66,952	62,290	
Depreciation	(1,913)	(5,578)	(45,341)	(52,832)	(48,210)	
Balance at beginning of the year	532	1,707	11,881	14,120	14,080	
- Investments	244	318	2,999	3,561	8,055	
- Depreciation and write-down	(151)	(322)	(2,610)	(3,083)	(7,993)	
- Disposal and other movements	83	6	(199)	(110)	(22)	
Cost	1,970	4,580	41,305	47,855	66,952	
Depreciation	(1,262)	(2,871)	(32,032)	(36,165)	(52,832)	
Balance at end of the year	708	1,709	9,273	11,690	14,120	

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Property (€708 thousand at 31 December 2009) is a flat in Turin used for visitors.

Plant and equipment (€1,709 thousand at 31 December 2009), is electrical plant, air-conditioning systems and telephone switchboards in owned and leased properties.

Other fixed assets (€9,273 thousand at 31 December 2009) include furniture and furnishings, servers and IT equipment.

Investments totalled €3,561 thousand in 2009 (€8,055 thousand in 2008) for the purchase of servers and other computer equipment (€2,420 thousand) and furniture and furnishings (€490 thousand).

Gross depreciation for property, plant and equipment was 75.6% (78.9% at 31 December 2008).

The table below shows the depreciation rates applied to fixed assets based on their remaining useful lives.

	Year 2009	Year 2008
Property	3%	3%
Machineries and equipment	10-25%	10-25%
Other fixed assets	10-40%	10-40%

9. Leased assets

Leased assets totalled €60,081 thousand at 31 December 2009 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.

In accordance with IAS 17, the complex is recognised at fair value.

At the end of October another portion of the complex was purchased under a seventh lease worth €1,091 thousand. In accordance with IAS 17 the leased property was initially recognised at fair value, since this is lower than the current value of the minimum lease repayments.

The Company believes the property has retained its market value over the year.

(migliaia di euro)	Year 2009					Year 2008
	Leased land	Leased property	Leased plant	Other leased assets	Total	Total
Costs	10.303	32.518	16.261	3.489	62.571	-
Depreciation	-	-	-	-	-	-
Balance at beginning of the year	10.303	32.518	16.261	3.489	62.571	-
- Investments	197	558	263	73	1.091	62.571
- Depreciation and write-downs	-	(978)	(2.183)	(420)	(3.581)	-
Costs	10.500	33.076	16.524	3.562	63.662	62.571
Depreciation	-	(978)	(2.183)	(420)	(3.581)	-
Balance at end of the year	10.500	32.098	14.341	3.142	60.081	62.571

10. Investments accounted for at equity

Investments in subsidiaries, associates and joint venture entities totalled €165,892 thousand at 31 December 2009 (€252,361 thousand at 31 December 2008) as follows

	At 31.12.2008	Change during the year			At 31.12.2009
		Purchase	Write-downs	Reclassified to non-current assets held for sale and discontinued operations	
(euro/thousand)					
Subsidiaries	250,087	3,348	(87,752)	(84,404)	165,683
CIPI S.p.A.	4,548	3,348		3,348	7,896
CONSODATA S.p.A.	22,955				22,955
EUROPAGES S.A.	955				955
PRONTOSEAT S.r.l.	959				959
SEAT CORPORATE UNIVERSITY S.c.a.r.l.	10				10
TDL INFOMEDIA Ltd.	94,687		(87,752)	(87,752)	6,935
TELEGATE AG	21,563				21,563
TELEGATE GmbH	104,410				104,410
Associated and joint ventures	2,274			(2,065)	209
LIGHTHOUSE INTERNATIONAL COMPANY S.A.	209				209
KATALOG YAYIN VE TANITIM HIZMETLERI A.S.	2,065			(2,065)	(2,065)
Total investments	252,361	3,348	(87,752)	(2,065)	165,892

This item fell €86,469 thousand over the year, mainly for the following reasons:

- €87,752 thousand write-down of TDL Infomedia Ltd. following impairment testing in September 2009;
- €3,348 thousand increase in the value of Cipi S.p.A. after exercise of the call option over the remaining shares in the company not already held by SEAT Pagine Gialle S.p.A. (49%) (for details see the Report on Operations – Economic and financial performance by Business Area – Other activities – Main company events) at a cost of €7 million, €3,984 thousand of which was considered excessive given the valuation placed on the company and was carried to loss under non-recurring charges;
- reclassification under non-current assets held for sale and discontinued operations of €2,065 thousand relating to Katalog Yayin ve Tanitim Hizmetleri A.S., following the decision to pull out of this Turkish joint-venture. The company itself is now shown under non-current assets held for sale and discontinued operations.

Impairment tests compared the carrying value of each investment with its recoverable value, using the method described in note 7 of the Consolidated Financial Statements as at 31 December 2009.

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11. Other non-current financial assets from third parties

Other non-current financial assets from third parties amounted to €2,198 thousand at 31 December 2009 (€2,130 thousand at 31 December 2008):

- € 2,088 thousand loans and financing to employees at market rates for transaction of this kind;
- € 110 thousand assets held for sale, being the 2.2% stake in Emittenti Titoli S.p.A. determined at fair value using internal estimates.

12. Inventories

Inventories were detailed as follows

	At 31.12.2008	Change during the year			At 31.12.2009
		Increase (Decrease)	Transfer line of company	Total	
(euro/thousand)					
Raw materials, suppliers and consumables	8,551	(2,741)	-	(2,741)	5,810
Work in progress and semi-finished goods	1,984	(602)	-	(602)	1,382
Finished goods	148	(10)	(70)	(80)	68
- <i>Finished goods (gross value)</i>	149	(11)	(70)	(81)	68
- <i>Allowance for finished good</i>	(1)	1	-	1	-
Total inventories	10,683	(3,353)	(70)	(3,423)	7,260

The measurement of raw material in stock at average weighted cost is essentially in line with market values.

13. Trade account receivables

Trade account receivables were detailed as follows

	Year 2009					Year 2008
	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	682,452	(104,168)	20,107	(1,615)	596,776	604,531
Provision in the income statement	-	(39,500)	-	(1,317)	(40,817)	(38,916)
Reversal in the income statement	-	-	-	433	433	1,164
Utilisation	-	37,681	-	246	37,927	40,537
Other movements	(39,935)	-	2,923	-	(37,012)	(10,540)
Balance at end of the year	642,517	(105,987)	23,030	(2,253)	557,307	596,776
<i>of which securitised</i>	<i>325,136</i>	<i>(11,435)</i>	<i>10,647</i>	<i>-</i>	<i>324,348</i>	<i>310,202</i>

Trade account receivables amounted to €557,307 thousand at 31 December 2009 (net of €108,240 thousand allowance for doubtful receivables).

Securitised receivables are still recognised under trade account receivables in accordance with Law 130/999 and IAS 39 because SEAT Pagine Gialle S.p.A. retains the attaching risks and benefits. At 31 December 2009 the nominal value of these receivables was €335,783 thousand, of which €10,647 thousand from Telegate Italia S.r.l..

Trade account receivables to subsidiaries amounted to €23,030 thousand at 31 December 2009. It includes €20,962 thousand receivable from Telegate Italia S.r.l. in respect of the SEAT Pagine Gialle S.p.A. share of the voice traffic generated by 89.24.24 Pronto PAGINEGIALLE® and 12.40 Pronto PAGINEBIANCHE®.

Allowance for doubtful trade account receivables are sufficient to cover expected losses. During 2009 it was used for a total amount of €37,927 thousand (€40,537 thousand in 2008): the less consumption of the allowance is due to the new information system in commercial and administrative areas, that involved a slowdown of overdue receivables management during the first half of 2009.

It was integrated with a provision of €40,817 thousand (€38,916 thousand in 2008) which allowed to maintain substantially stable the percentage of overdue receivables.

For further details of "Credit risk" go to the note 20 of Explanatory notes of Consolidated Financial Statement as at 31 December 2009.

Securitisation disclosure as required under Law 130/99 (Consob circular 97003369)

Receivables sold to Meliadi Finance S.r.l. over the year totalled €949,868 thousand (turnover). Collections for the year totalled €918,096 thousand and outstanding receivables at 31 December 2009 came to €335,783 thousand.

14. Other assets (current and non-current)

Other assets were detailed as follows

(euro/thousand)	At 31.12.2009	At 31.12.2008	Change
Advances on sales commissions and other receivables from agents	46,816	43,853	2,963
Other receivables from subsidiaries	7,673	4,012	3,661
Advance to suppliers	6,287	4,686	1,601
Prepaid expenses	1,518	3,482	(1,964)
Other receivables	2,743	4,925	(2,182)
Total other current assets	65,037	60,958	4,079
Other non-current assets	75	81	(6)
Total other current and non-current assets	65,112	61,039	4,073

In particular:

- *advances on sales commission and other receivables from agents* at 31 December 2009 totalled €46,816 thousand (€43,853 thousand at 31 December 2008). This was net of provisions totalling € 2,338 thousand (€2,106 thousand at 31 December 2008). It included € 365 thousand receivables due in over 12 months, recognised 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 and prepayments to suppliers*: €6,287 thousand at 31 December 2009 (€4,686 thousand at 31 December 2008), of which €6,239 thousand advances to the printer Ite S.p.A. (€4,596 thousand at 31 December 2008);
- *other receivables from subsidiaries*: €7,673 thousand at 31 December 2009, of which €3,530 thousand recoveries of central expense incurred on the behalf of subsidiaries (of which €2,476 thousand Consodata S.p.A.), €3,875 thousand advances to subsidiaries (of which € 3,845 thousand Cipi S.p.A.) and €68 thousand receivables from the tax grouping to which the Italian subsidiaries belong.

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15. Equity

Equity was detailed as follows

	At 31.12.2008	Change during the year					At 31.12.2009
		Allocation of losses	Capital increase	Other profits (losses) of the year	Profit (loss) for the year	Other movements	
(euro/thousand)							
Share capital	250,352		199,914			199,914	450,266
- <i>ordinary shares</i>	246,270		199,914			199,914	446,184
- <i>savings shares</i>	4,082						4,082
Additional paid-in capital	A,B,C 465,103		1,346			394 1,740	466,843
Other reserve	50,183	(112)				(112)	50,071
- <i>Legal reserve</i>	B 50,071						50,071
- <i>Reserve for grants related to research</i>	A,B,C (1) 80	(80)				(80)	
- <i>Reserve for grants related to assets</i>	A,B,C (1) 32	(32)				(32)	
Retained earnings	A,B,C 163,548	(163,548)			2,337	(161,211)	2,337
Accumulated losses	A,B,C	(47,757)	(7,741)			(55,498)	(55,498)
Reserve for transition to IAS/IFRS	A,B,C 161,750						161,750
Reserve for "cash flow hedge" instruments	B (10,931)			(11,554)		(11,554)	(22,485)
Reserve for actuarial gains (losses)	B 1,717			(952)		(952)	765
Reserve for stock options	B 4,352				(2,337)	(2,337)	2,015
Profit (loss) for the year	(211,417)	211,417		(38,191)		173,226	(38,191)
Total equity	874,657		193,519	(12,506)	(38,191)	394 143,216	1,017,873(*)

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 € 47.158 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 €450,266 thousand at 31 December 2009, an increase of €199,914 thousand on 31 December 2008 (€250,352 thousand) following the rights issue voted by the 26 January 2009 Extraordinary General Meeting that ended 30 April 2009. For details go to "Report on Operations - Post-balance sheet events".

At 31 December 2009 the share capital comprised 1,927,027,333 ordinary shares and 680,373 savings shares. The shares had no par value following the above Extraordinary General Meeting resolution.

It should be noted that in the share capital €13,741 thousand was subject to taxation in case of distribution. Deferred tax liabilities were not calculated on this amount, as the Company is not planning to pay it out.

Additional paid-in capital

Additional paid in capital amounted to €466,843 thousand at 31 December 2009 (€465,103 thousand at 31 December 2008). The increase of €1,740 thousand compared to 31 December 2008 includes, relating to Capital Increase above mentioned, €1,346 thousand as a result of the sale of option rights not exercised on the stock market at the end of the offer period. For further details, go to the "Report on Operations, Main events in 2009".

It should be noted that in the additional paid-in-capital €142,619 thousand was subject to taxation in case of distribution, due to the realignment in 2005 of the tax value of the Customer Databases to its book value, according with Law 342/2000. Deferred tax liabilities were not calculated on this amount, as the Company is not planning to pay it out.

Reserve for "cash flow hedge" instruments

The reserve for "cash flow hedge" instruments was negative for €22,485 thousand at 31 December 2009 (negative for €10,931 thousand at 31 December 2008). The reserve covers the market value of interest-rate risk derivatives contracts (cash flow hedges) at the reference date for this report or, if closed early, with effect deferred to subsequent years. Go to note 20 in the notes to the Consolidated Financial Statements as at 31 December 2009 for a more detailed description of Group hedges.

Reserve for actuarial gain (loss)

Reserve for actuarial gain (loss) amounted to €765 thousand (€1,717 thousand at 31 December 2008). 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 option amounted to €2,015 thousand at 31 December 2009 (€4,352 thousand at 31 December 2008). The decrease of €2,337 thousand during the year reflects the reversal to retained earnings of the proportion of this reserve relating to options (particularly those in the Key People option scheme) that expired during the year.

Retained earnings

Retained earnings amounted to €2,337 thousand (€163,548 thousand at 31 December 2008). The drop is attributable to:

- the consumption of €163,548 thousand to cover 2008 losses, following an Extraordinary General Meeting resolution on 9 April 2009 to apply all retained earnings for this purpose;
- the receipt of €2,337 thousand from the stock option reserve after the expiry of stock options over the year.

Retained loss

Retained loss amounted to €55,498 thousand as a result of:

- the allocation of €47,757 thousand of 2008 loss not allocated to other reserves, following a resolution by the 9 April 2009 Extraordinary General Meeting;
- the imputation to reserves of the €7,741 thousand expense related to Capital Increase net of tax effect.

16. Other comprehensive profit (loss) for the year

	Year 2009	Year 2008
(euro/thousand)		
Profit (loss) for "cash flow hedge" instruments for the year	(33,515)	(12,522)
Profit (loss) for "cash flow hedge" instruments reclassified to income statement	21,961	(3,671)
Profit (loss) for "cash flow hedge" instruments	(11,554)	(16,193)
Actuarial gain (loss) recognised to equity	(1,313)	559
Tax effect of actuarial gain (loss) recognised to equity	361	(154)
Actuarial gain (loss) recognised to equity, net of tax effect	(952)	405
Total other comprehensive profit (loss), net of tax effect	(12,506)	(15,788)

For further details go to the previous paragraph of this Explanatory Note.

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17. Profit (loss) per share

	At 31.12.2009	At 31.12.2008 post capital regrouping	At 31.12.2008
Number of SEAT Pagine Gialle S.p.A. shares	1,927,707,706	41,725,276	8,345,055,482
- ordinary shares	1,927,027,333	41,044,903	8,208,980,696
- savings shares	680,373	680,373	136,074,786
Profit (loss) for the year	€/migliaia (38,191)	(211,417)	(211,417)
Profit (loss) per share	€ (0.028)	(5.067)	(0.0253)

Profit (loss) per share (EPS) is calculated by dividing the economic result by the average number of shares in circulation over the financial year. In order to provide a comparable view of figures for 2009 and 2008, the 2008 calculation was based on the number of ordinary and savings shares after the reverse share split (of 1 new share for every 200 shares held, as resolved by the Extraordinary General Meeting on 26 January 2009).

There was no dilution within the meaning of IAS 33 since the market price of ordinary shares in SEAT Pagine Gialle S.p.A. was significantly below the strike price of the options not yet exercised at 31 December 2009 and 31 December 2008.

18. Net financial debt

At 31 December 2009 this was structured as follows

(euro/thousand)	At 31.12.2009	At 31.12.2008	Change	Note
Net financial debt	2,776,606	3,086,601	(309,995)	
Transaction costs on loans and securitisation program not yet amortised	(51,218)	(76,184)	24,966	
Net market value of "cash flow hedge" instruments	22,485	10,931	11,554	
Net book financial debt - "book value"	2,747,873	3,021,348	(273,475)	
of which:				
- Non-current financial debts to third parties	870,368	1,511,081	(640,713)	(a)
- Non-current financial debts to related parties	1,413,992	1,440,625	(26,633)	(a)
- Current financial debts to third parties	596,836	238,173	358,663	(b)
- Current financial debts to related parties	111,981	118,744	(6,763)	(c)
- Non-current financial assets from third parties (*)	(2,088)	(2,020)	(68)	
- Current financial assets from third parties	(1,918)	(1,932)	14	(d)
- Current financial assets from related parties	(85,853)	(84,459)	(1,394)	(e)
- Cash and cash equivalents	(155,445)	(198,864)	43,419	(f)

(*) This item does not include financial assets available for sale. It was commented on paragraph 11 of this Note.

Net financial debt amounted to €2,776,606 thousand at 31 December 2009 (€3,086,601 thousand at 31 December 2008). Net financial debt differs from net financial debt - "book value" (described below) since it included the transaction costs for inception and refinancing of the medium and long-term Senior financing from The Royal Bank of Scotland Plc Milan Branch, the Subordinate financing from Lighthouse International Company S.A. as well as for the inception of a securitisation program for trade receivables. These costs, net of accumulated amortisation, at 31 December 2009 totalled €51,218 thousand.

Net financial debt excludes the market value of the cash flow hedge instruments either in place at the reference date of this report or, if closed early, with effect deferred to later years. At 31 December 2009 this was a loss of €22,485 thousand (a loss of €10,931 thousand at 31 December 2008).

The following are the various components of net financial debt "book value".

For further details go to the note 18 of Explanatory note of Consolidated Financial Statements as at 31 December 2009.

a) Non-current financial debt

No-current financial debt was detailed as follows

(euro/thousand)	At 31.12.2009	At 31.12.2008	Change
<i>Debts due to The Royal Bank of Scotland Plc Milan Branch (gross value)</i>	838,953	1,497,658	(658,705)
<i>less transaction costs</i>	(26,026)	(44,922)	18,896
Debts due to The Royal Bank of Scotland Plc Milan Branch (net value)	812,927	1,452,736	(639,809)
Debts due to Leasint S.p.A.	52,067	53,921	(1,854)
Non-current liabilities adjustments instruments "cash flow hedges"	5,374	4,424	950
Total non-current financial debt to third parties	870,368	1,511,081	(640,713)
<i>Debts due to Lighthouse International Company S.A. (gross value)</i>	1,300,000	1,300,000	-
<i>less transaction costs</i>	(24,763)	(30,530)	5,767
Debts due to Lighthouse International Company S.A. (net value)	1,275,237	1,269,470	5,767
<i>Debts due to Meliadi Finance S.r.l. (gross value)</i>	139,184	171,887	(32,703)
<i>less securitisation costs</i>	(429)	(732)	303
Debts due to Meliadi Finance S.r.l. (net value)	138,755	171,155	(32,400)
Total non-current debt to related parties	1,413,992	1,440,625	(26,633)
Total non-current financial debt	2,284,360	2,951,706	(667,346)

Non-current financial debt to third parties

Debts due to The Royal Bank of Scotland Plc Milan Branch: €812,927 thousand at 31 December 2008 (€1,452,736 thousand at 31 December 2008); this is net of €26,026 thousand in transaction costs not yet amortised (€44,922 thousand at 31 December 2008). At the end of 2009, the facility granted by The Royal Bank of Scotland Plc Milan Branch, including the current €577,393 thousand share, totalled €1,416,346 thousand (€1,716,898 thousand at 31 December 2008).

Debts due to Leasint S.p.A.: €52,067 thousand at 31 December 2009; this was the seven financial leases taken out to purchase the property in Corso Mortara, Turin to which SEAT Pagine Gialle S.p.A. moved its headquarters. The 15-year contracts call for repayments quarterly in arrears and attract interest at 3-month Euribor plus around 65 bp p.a.. The cash surrender value is 1% approximately of the value of the complex.

Non-current liabilities adjustments instruments "cash flow hedges" in place at 31 December 2009 totalled €5,374 thousand (€4,424 thousand at 31 December 2008). For further details of interest-rate hedging, go to note 20 of the Consolidated Financial Statements as at 31 December 2009.

Non-current financial debt to related parties

Debts due to Lighthouse International Company S.A.: €1,275,237 thousand at 31 December 2009 (€1,269,470 thousand at 31 December 2008). These are net of €24,763 thousand in front-end fees still outstanding (€30,530 thousand at 31 December 2008).

Debts due to Meliadi Finance S.r.l.: €138,755 thousand at 31 December 2009 (€171,155 thousand at 31 December 2008). This is the debt to Meliadi Finance S.r.l., an SPV (special purpose vehicle) set up for the June 2006 5-year securitisation program introduced in accordance with Law 130/1999. Debt is recognised net of €429 thousand in securitisation charges outstanding at year end (€732 thousand at 31 December 2008).

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b) Current financial debt to third parties

Current financial debt to third parties €596,836 thousand at 31 December 2009 (€238,173 thousand at 31 December 2008) as follows

(euro/thousand)	At 31.12.2009	At 31.12.2008	Change
Current portion of the non-current financial debt	580,237	221,777	358,460
Liabilities adjustments instruments "cash flow hedges"	7,844	12,587	(4,743)
Debiti per interessi passivi maturati e non liquidati	405	453	(48)
Other financial debts	8,350	3,356	4,994
Total current financial debts to third parties	596,836	238,173	358,663

This was:

- € 580,237 thousand (€221,777 thousand at 31 December 2008): *the current portion of non-current financial debt*, of which €577,393 thousand the current portion of the The Royal Bank of Scotland Plc Milan Branch facility, €507,136 thousand having been repaid on 28 January 2010 after the senior secured bond issue, and €35,128 thousand end February 2010 as an early repayment of the June 2010 instalment (for details go to the Report on Operations - Post-balance sheet events);
- €7,844 thousand: the current portion of net liabilities arising on the measurement at fair value of cash flow hedge contracts in place at 31 December 2009 (positive for €12,587 thousand at 31 December 2008). For further details of the hedging of interest-rate risk, go to note 20 of the notes to the Consolidated Financial Statements as at 31 December 2009;
- €8,350 thousand: *other financial debt*, of which €7,356 thousand derivatives contracts revoked at year end.

c) Current financial debt to related parties

Current financial debt to related parties amounted to €111,981 thousand at 31 December 2009 (€118,744 thousand at 31 December 2008) as follows

(euro/thousand)	At 31.12.2009	At 31.12.2008	Change
Debts due to subsidiaries	81,080	70,907	10,173
Debts due to undertakings with a significant influence	17,375	17,375	-
Debts due to associates	13,526	30,462	(16,936)
Total financial debt to related parties	111,981	118,744	(6,763)

- *debts due to subsidiaries*: €81,080 thousand at 31 December 2009; this is mainly the short-term deposits of Telegate AG (€57,941 thousand), TDL Infomedia Limited (€16,890 thousand) and cash financial liabilities to Consodata S.p.A. (€2,929 thousand) and Cipi S.p.A. (€2,664 thousand). All are at market rates;
- *debts due to associates*: €17,375 thousand at 31 December 2009; this is interest due but not yet payable on the subordinated facility granted by Lighthouse International Company S.A.;
- *liabilities to companies with a significant influence on SEAT Pagine Gialle S.p.A.* (leading shareholders): €13,526 thousand at 31 December 2009 (€30,462 thousand at 31 December 2008), being the dividends distributed but not yet paid at period end, that as per agreement attracted interest at 6% a year between 1 November 2008 and 15 June 2009 and thereafter at 3.8% a year until 24 August 2009 as consideration for non-exercise by those shareholders of their right to demand payment. From the latter date, interest has been applied at 3-month Euribor -0.4% p.a.. Accrued interest payable totalled €600 thousand at 31 December 2009.

d) Current financial receivable from third parties

Current financial receivables from third parties amounted to €1,918 thousand as at 31 December 2009 (€1,932 thousand at 31 December 2008), including €1,516 thousand in credit positions and derivative hedges held with Lehman Brothers (USA) at the time of its default and declaration of Chapter 11. These have been written down to their assumed realisation values.

e) Current financial assets receivable from related parties

Current financial assets receivable from related parties amounted to €85,853 thousand at 31 December 2009 (€84,459 thousand at 31 December 2008). These included:

- € 77,131 thousand interest receivable from TDL Infomedia Ltd. on a revolving credit line;
 - € 8.722 thousand interest receivable on a cash flow agreement, of which €3,243 thousand from Europages S.A.
- The loans are at market rates.

f) Cash and cash equivalent

Cash and cash equivalent decreased by €43,419 thousand on 31 December 2008 as follows

(euro/thousand)	At 31.12.2009	At 31.12.2008	Change
Bank deposits	154,483	198,797	(44,314)
Postal deposits	942	35	907
Cash on hand	20	32	(12)
Total cash and cash equivalents	155,445	198,864	(43,419)

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 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 brands owned by the SEAT Pagine Gialle group and special lien on the property and equipment to SEAT Pagine Gialle S.p.A. and by a fixed and floating charge on the assets of TDL Infomedia and Thomson, under English law. With the exception of the special lien on the property and equipment of SEAT Pagine Gialle S.p.A., the same security underpins the obligations arising on the Senior Secured Bond issued by SEAT Pagine Gialle S.p.A. in January 2010 and, on a second priority basis, the obligations deriving from the indenture for the notes issued by Lighthouse International Company S.A. in 2004. The asset-backed securities issued by Meliadi Finance S.r.l. as part of the securitisation of SEAT Pagine Gialle S.p.A. trade receivables starting June 2006 are secured by the securitized credit portfolio owned by Meliadi Finance S.r.l..

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The security for the leasing agreement between SEAT and Leasint S.p.A. is the leased properties, which are owned by Leasint S.p.A.: in the event of default by SEAT, satisfaction can be obtained by selling the properties themselves.

SEAT Pagine Gialle S.p.A. has also given €350,000 thousand in guarantees for additional charges on the debenture bond issued by Lighthouse International Company S.A. in the form of a charge over the income generated by the bond issued in 2004. SEAT Pagine Gialle S.p.A. could be required to pay this financing company additional interest of up to €3.4 million under its commitment in the financing agreement to hold Lighthouse harmless from any liability the latter might incur with respect to the 2004 bond or any fiscal charge it might have to pay that would reduce its net interest receivable from the facility. No provisions have been made for this contingency since it is unlikely any such disbursement will be required.

For further details on guarantees provided, commitments and the materia contract rights go to Consolidated Financial Statement as at 31 December 2009.

20. Information on financial risk

For details go to note 20 in the notes to the Consolidated Financial Statements as 31 December 2009.

21. Non-current reserves to employees

Non-current reserves to employees were detailed as follows

	Year 2009			Total	Year 2008
	Reserve for severance indemnities	Reserve for defined contribution pension plan	Net liabilities for termination indemnities		Total
(euro/thousand)					
Balance at beginning of the year	18,377	1,616	413	20,406	22,539
Provision	-	4,311	332	4,643	4,971
Benefits paid to employees	(2,566)	887	(413)	(2,092)	(8,705)
Employee contributions	-	(5,364)	-	(5,364)	888
Discounting losses	1,045	-	-	1,045	1,165
Actuarial losses (gains) recognised to equity	1,313	-	-	1,313	(560)
Write-downs	-	-	430	430	-
Other adjustments	(596)	66	(662)	(1,192)	108
Balance at end of the year	17,573	1,516	100	19,189	20,406

The *reserve for severance indemnities* (TFR) of €17,573 thousand at 31 December 2009 (€18,377 thousand at 31 December 2008) 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 5.12.2005), the Company is still required to maintain the TFR since it is treated as a defined-benefit fund.

The proportion of TFR due and paid into complementary pension funds is treated as before as a *defined contribution pension 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 have also been accounted for as payments into a defined contribution pension plan as the Company is under no obligation to make payment other than as required under the Ministerial Decree of 30 January 2007 if the fund is insufficient to ensure payment of benefits to the employee.

(euro/thousand)	At 31.12.2009	At 31.12.2008
A. Change in benefit obligation		
1. Benefit obligation at the beginning of the year	18,377	21,035
2. Current service cost	-	-
3. Interest expense	1,045	1,165
4. Actuarial (gains) losses recognised to equity	1,313	(560)
5. Benefits paid out by plan/company	(2,566)	(3,231)
6. Other movements	(596)	(32)
Benefit obligation at the end of the year	17,573	18,377
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	17,573	18,377
Net liability (asset) recognised in the balance sheet	17,573	18,377
<i>Amounts in the balance sheet:</i>		
1. Liabilities	17,573	18,377
2. Assets	-	-
C. Components of pension cost		
<i>Amounts recognised in the income statement:</i>		
1. Current service cost	-	-
2. Interest expense	1,045	1,165
Total pension cost recognised in the income statement	1,045	1,165
D. Principal actuarial assumptions		
<i>Weighted-average of assumptions to determine benefit obligation</i>		
1. Discount rates	5.00%	5.70%
2. Rate of price inflation	2.00%	2.00%
<i>Weighted-average of assumptions used to determine net pension costs</i>		
1. Discount rates	5.70%	5.35%
2. Rate of price inflation	2.00%	2.00%
E. Previous experience of actuarial profit (loss)		
a. Amount ⁽¹⁾	342	(80)
b. % of plan liabilities at balance-sheet date	1.87%	-0.44%

(1) Actuarial profit/loss determined by applying to the current population the actuarial assumptions for the previous period.

Net liabilities for termination indemnities represents the amount due to the Chief Executive Officer

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22. Share-based payment

Stock option plans at 31 December 2008 as described in in the "Report on Operations - Human Resources" are recorded on the balance sheet in accordance with IFRS 2.

For valuation details, go to note 22 of the Explanatory note to the Consolidated Financial Statements as at 31 December 2009.

Beneficiaries	Grant date	Number of granted options	Number of expired options	End of the vesting period	Stike price (euro)	Number of exercised options	Number of not exercised options	Number of outstanding options at 31.12.2009	Fair value (euro/thousand)
2004									
SEAT PG employees	07.06.2004	296,325	(2,250)	30.09.2005	66.82	(214,625)	(79,450)	-	5,590
Chief Executive Officer	25.11.2004	25,000	-	30.09.2005	66.82	-	(25,000)	-	400
2005									
SEAT PG employees	08.04.2005	312,500	(9,750)	30.09.2006	64.42	(166,725)	(16,625)	119,400	5,211
SEAT PG employees	04.11.2005	8,000	-	30.09.2006	78.3	-	(8,000)	-	200
Chief Executive Officer	08.04.2005	25,000	-	30.09.2006	64.42	-	(25,000)	-	498
Key People Plan	12.09.2006	100,000	-	15.04.2008	74.48	-	(100,000)	-	1,595
Total		766,825	(12,000)			(381,350)	(254,075)	119,400	13,494

23. Other non-current liabilities

Other non-current liabilities amounted to €28,295 thousand at 31 December 2009 as follows

(euro/thousand)	Year 2009				Year 2008
	Reserve for sale agents' termination indemnities	Reserve for restructuring expenses	Other non-operating debts	Total	Total
Balance at beginning of the year	22,158	2,000	861	25,019	22,428
Provision	3,910	2,701	-	6,611	6,657
Utilisation	(3,307)	-	-	(3,307)	(2,388)
Discounting losses (gains)	377	-	62	439	(565)
Other movements	(467)	-	-	(467)	(1,113)
Balance at end of the year	22,671	4,701	923	28,295	25,019

Reserve for sale agents' termination indemnities increased by €513 thousand. This is the year-end liability to current sales agents that is payable under current law when their agency contract ends.

In the light of current and future forecast cash flows, the balances at 31 December 2009 on non-current funds were discounted using the pre-tax discount rate to reflect the current market view of the cost of money to time ratio. The change resulting from the passage of time and the change in the discount rate applied was recognised as a financial charge (€377 thousand).

The *non-current share of the Company restructuring fund* (€4,701 thousand) rose in 2009 after a €2,710 thousand accrual to supplement the payment already made in 2008 for the expense the Company expects to incur for its 2009-2011 reorganisation plan.

24. Reserves for current risks and charges (operating and non-operating)

Reserves for current risks and charges (operating and non-operating) were detailed as follows

(euro/thousand)	Year 2009				Year 2008
	Reserve for commercial risks	Reserve for contractual and other operating risks	Non-operating reserves	Total	Total
Balance at beginning of the year	14,433	14,821	14,255	43,509	39,260
Provisions	9,104	373	7,000	16,477	21,320
Utilisations	(8,062)	(1,052)	(8,244)	(17,358)	(17,934)
Reversal to income statement	-	(1,787)	-	(1,787)	(309)
Other movement	-	-	16	16	1,172
Balance at end of the year	15,475	12,355	13,027	40,857	43,509

In particular:

- *commercial risks*: €15,475 thousand at 31 December 2009 (€14,433 thousand at 31 December 2008); this covers the risk of failure properly to fulfil all contracted services for PAGINEGIALLE® and PAGINEBIANCHE®;
- *contract and other operating risks*: €12,355 thousand at 31 December 2009 (€14,821 thousand at 31 December 2008), including €3,795 thousand for current legal actions and €3,560 thousand for actions against sales agents and employees;
- *non-operating funds* (current share): €13,027 thousand at 31 December 2009 (€14,255 thousand at 31 December 2008). These include €8,027 thousand *Company restructuring fund (current share)* that rose €6,000 thousand over the year to cover the expense SEAT Pagine Gialle S.p.A. will incur, during 2010, for the new 2009-2011 reorganisation plan. The current fund should be taken in conjunction with the non-current *Company restructuring fund* (€4,701 thousand at 31 December 2009).
Moreover non operating funds include a fiscal provision for an amount of €1 million as at 31 December 2009. For more details go to note 29 below.

25. Trade account payables and other current liabilities

Trade account payables and other current liabilities were detailed as follows

(euro/thousand)	At 31.12.2009	At 31.12.2008	Change
Payables due to suppliers	120,879	127,352	(6,473)
Payables due to sales agents	46,769	50,421	(3,652)
Payables due to related parties	17,354	17,945	(591)
Payables due to employees	9,364	14,674	(5,310)
Payables due to social security institutions	7,925	8,515	(590)
Total trade account payables	202,291	218,907	(16,616)
Payables for services to be rendered	53,251	88,123	(34,872)
Advances from customers	5,167	2,268	2,899
Other current liabilities	10,339	4,810	5,529
Total services to be rendered and other current liabilities	68,757	95,201	(26,444)

All trade account payables are due within 12 months.

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Services to be rendered and other liabilities due in over 12 months totalled €47 thousand at 31 December 2009 (€65 thousand at 31 December 2008).

Payables due to suppliers: €120,879 thousand at 31 December 2009 (€127,352 thousand at 31 December 2008), down €6,473 thousand on 31 December 2008. This reflects a drop in purchase levels compared to the previous year.

Payables due to sales agents: €46,769 thousand at 31 December 2009 (€50,421 thousand at 31 December 2008), these should be taken in conjunction with commission advances under other current assets (€46,816 thousand at 31 December 2009 - €43,853 thousand at 31 December 2008).

Payables due to services to be rendered: €53,251 thousand at 31 December 2009 (€88,123 thousand at 31 December 2008); these are advance invoicing for advertising on printed volumes. The drop reflects the change in revenue mix, which now has a more relevant on line component and a lower print component which this item is due.

26. Revenues from sales and services

Revenues from sales and services amounted to €952,225 thousand in 2009, a 10.1% fall compared to 2008 (€1,058,731 thousand). This reflected the performance of core products (print, online and voice) which, although 7.7% lower than in 2008, was an improvement on other products, thanks mainly to strong internet growth (+20.0%) on the back of continuous product innovation. This speeded up the move in the revenue mix towards internet (up to 23% from 17% in 2008) from print (down to 72% from 77% in 2008).

As in previous quarters, overall revenue falls were dragged down further by minor products (BtoB, direct marketing and promotional items) that not only were the hardest hit by the Italian recession but suffered greatly from the sales teams' increasing focus on core (and particularly online) products.

For more details, go to the "Report on Operations - Economic and financial performance by Business Area - Italian Directories".

27. Other income and operating costs

27.1 Other income

Other income amounted to €7,719 thousand in 2009, a €570 thousand fall on 2008 *restated*, being €3,056 thousand recovery of the expense incurred by SEAT Pagine Gialle S.p.A. and later debited to Group companies for the purchase of goods and services and seconded personnel; €2,645 thousand recovery of sundry expenses; and €1,436 thousand other income, of which €859 thousand from the sale of licences for software internally produced.

27.2 Materials

Cost of materials amounted to €41,507 thousand in 2009 and decreased by €9,686 thousand on 2008:

- *paper:* €31,163 thousand in 2009, down €6,428 thousand owing to the fall in the number of directories printed (-17.1%). 44,816 tonnes of paper were used in 2009 (55,611 tonnes in 2008) and 16.36 million sheets of paper (16.58 million in 2008);
- *goods for resale:* €9,052 thousand in 2009 (€11,162 thousand in 2008); these were personalised items used in merchandising.

27.3 External services

External services amounted to €310,491 thousand in 2009, decreased by €37,041 thousand on 2008 *restated*:

- *commission and other agent-related expense*: €99,813 thousand in 2009 (€112,508 thousand in 2008), a fall of €12,695 thousand despite essentially unchanged sales bonuses, because of the drop in revenues;
- *industrial production and printing*: €51,444 thousand in 2009 (€66,014 thousand in 2008), being the cost of composing, printing and binding PAGINEGIALLE® and PAGINEBIANCHE®. The €14,570 thousand fall followed the drop in the number of directories printed;
- *inbound call center services*: €25,556 thousand in 2009 (€29,067 thousand in 2008), down €3,511 thousand owing to the slide in the number of calls to 89.24.24 Pronto PAGINEGIALLE® and 12 40 Pronto PAGINEBIANCHE®;
- *advertising and promotion*: €19,271 thousand in 2009 (€20,545 thousand in 2008), supported by 89 24 24 Pronto PAGINEGIALLE® and PAGINEGIALLE online.

27.4 Salaries, wages and employee benefits

Salaries, wages and employee benefits amounted to €35,147 thousand in 2009 (€1,209 thousand in 2008 *restated*), down €6,062 thousand on *restated* 2008 (-6.6%). Staff numbers fell under the 2009-2011 restructuring plan. The item includes the capitalisation of payroll costs under the investment program implemented during the year (€4,827 thousand in 2009 compared with €5,190 thousand in 2008).

At 31 December 2009 the workforce, including directors, project workers and trainees, totalled 1,376 units (1,444 units at 31 December 2008).

27.5 Other operating expense

Other operating expense amounted to €3,450 thousand in 2009 (€2,801 thousand in 2008); these included €1,142 thousand in representation expense and €993 thousand indirect tax and operating tax.

27.6 Non-recurring costs, net

Non-recurring costs, net amounted to €13,015 thousand in 2009 (€14,257 thousand in 2008 *restated*) and included *i*) €4,562 thousand reorganisation of senior management, *ii*) €4,154 thousand support to management with the aim of reviewing the internet product and services development strategy and of analysing operating costs to find effective ways of containing them, and *iii*) the €3,984 thousand paid for 49% of Cipi S.p.A., considered by SEAT Pagine Gialle S.p.A. to be too high given the valuation placed on the subsidiary (for details go to "Main company events" under "Other Activities" in "Business Area").

27.7 Restructuring costs, net

Restructuring costs, net amounted to €9,177 thousand in 2009 (€12,351 thousand in 2008) of which €8,701 thousand supplementary to the accrual made in 2008 for the cost of implementing the 2009-2011 Reorganisation Plan approved end December 2008 by the Company's Board of Directors.

28. Interest income and expense

28.1 Interest expense

Interest expense amounted to €238,031 thousand in 2009 (€277,728 thousand in 2008). This comprises €96,317 thousand the senior credit agreement with The Royal Bank of Scotland PLC Milan Branch, €110,017 thousand the subordinated facility from Lighthouse International Company S.A., €7,230 thousand interest and charges owed to Meliadi Finance S.r.l., and €1,974 thousand the financial leases.

For more details go to notes 18-19-20 in the notes to the Consolidated Financial Statements as at 31 December 2009.

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28.2 Interest income

Interest income amounted to €33,609 thousand in 2009 (€43,452 thousand in 2008) being mainly:

- € 10,213 thousand dividends from subsidiaries (€12,962 thousand in 2008), of which Telegate GmbH €6,800 thousand, Telegate AG € 2,413 thousand and Consodata S.p.A. €1,000 thousand;
- € 2,359 thousand financial receivables from subsidiaries (€6,636 thousand in 2008), of which €2,207 thousand TDL Infomedia Ltd.;
- € 1,886 thousand interest income and other financial income (€6,087 thousand in 2008);
- € 19,151 thousand foreign exchange gains (€17,767 thousand in 2008) primarily owing to the euro/sterling exchange rate.

29. Income taxes for the year

Income taxes for the year were detailed as follows

(euro/thousand)	Year 2009	Year 2008 restated	Change	
			Absolute	%
Current income taxes	68,607	51,505	17,102	33.2
Provision (reversal) of deferred tax assets	1,492	(2,977)	4,469	n.s.
Provision (reversal) of deferred tax liabilities	(27,619)	2,204	(29,823)	n.s.
Income taxes referred to previous years	(71)	-	(71)	n.s.
Total income taxes for the year	42,409	50,732	(8,323)	(16.4)

Current income taxes for 2009 (€68,607 thousand) rose €17,102 thousand on *restated* 2008 mainly as a result of the decision taken by SEAT Pagine Gialle S.p.A. to bring the book and fiscal values of its customer databases and a number of other intangible fixed assets into line with Law 244/2007. This led to the recognition under current tax of a € 15,816 thousand replacement tax and the simultaneous reverse entry in the income statement of an € 31,566 thousand deferred tax liability.

Income taxes referred to previous years (€71 thousand in 2009) include a €1 million accrual to the tax liability reserve for the tax assessments notified to SEAT Pagine Gialle S.p.A. end December 2009 by the Direzione Regionale delle Entrate della Lombardia for the financial year 2004. Based on the independent expert opinions obtained, the Company believes the accrual is sufficient to cover this risk, particularly since most of the claims appear to be unfounded.

The item also includes a €1,071 thousand gain on an appeal by the Company and the Italian subsidiaries in the tax group to obtain recognition of the lump-sum deduction of IRAP from IRES under Decree Law 185 of 29 November 2008, which allowed previous fiscal losses to be deducted from 2009 taxable income.

The **reconciliation** of actual and theoretical income taxes – by applying to pre-tax results the Italian tax rates at 31 December 2009 and *restated* 2008 – is as follows

(euro/thousand)	At 31.12.2009	At 31.12.2008
Income before income taxes	13,229	(77,913)
Current income taxes calculated with the theoretical tax rate	(4,154)	24,465
Tax adjustments on intangible assets	31,566	-
Substitute tax on tax adjustments on intangible assets	(15,816)	-
Fiscal effect on non-deductible expenses for IRAP purposes	(16,039)	(20,390)
Income taxes referred to previous years	71	-
Permanent differences and other adjustments	(38,037)	(54,807)
Total income taxes for the year	(42,409)	(50,732)

Permanent differences are non-deductible items in respect of impairment write-down (€24,132 thousand in 2009, €42,540 thousand in 2008). Permanent differences also include tax expense non-deductible by SEAT Pagine Gialle S.p.A. under article 96 of the United Income Tax Act because it is unlikely that sufficient gross operating income within the meaning of article 96 will be generated in the foreseeable future to allow the future deduction of tax liabilities not already deducted in the current financial year. Deferred tax assets in the amount of €14,923 thousand have therefore not been recorded.

Net deferred tax assets and liabilities

Net deferred tax assets and liabilities amounted to € 25,193 thousand at 31 December 2009 (negative for €3,314 thousand at 31 December 2008).

	At 31.12.2008	Change during the year			At 31.12.2009		
		Income taxes accounted for in the income statement	Income taxes accounted for to equity	Tax group and other movements	Total	of which IRES	of which IRAP
(euro/thousand)							
Deferred taxes assets							
Allowance for doubtful trade account receivables	28,488	628	-	-	29,116	29,116	-
Reserve for contractual risks	17,648	144	-	-	17,792	16,096	1,696
Reserve for severance indemnities	1,667	-	-	-	1,667	1,667	-
Tax losses	-	(222)	-	222	-	-	-
Other	6,088	(2,042)	2,936	(958)	6,024	5,794	230
Total deferred tax assets	53,891	(1,492)	2,936	(736)	54,599	52,673	1,926
Deferred tax liabilities							
Customer DataBase	(29,072)	29,072	-	-	-	-	-
Goodwill amortisation	(23,925)	(4,046)	-	-	(27,971)	(25,218)	(2,753)
Reserve for severance indemnities	(1,573)	531	361	(361)	(1,042)	(1,042)	-
Other	(2,455)	2,062	-	-	(393)	(245)	(148)
Total deferred tax liabilities	(57,025)	27,619	361	(361)	(29,406)	(26,505)	(2,901)
Total net deferred tax	(3,134)	26,127	3,297	(1,097)	25,193	26,168	(975)

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Current tax assets

Current tax assets amounted to €2,945 thousand at 31 December 2009 (€4,559 thousand at 31 December 2008) as follows

(euro/thousand)	At 31.12.2009	At 31.12.2008	Change
Income tax receivables	2,689	4,303	(1,614)
Other tax receivables	256	256	-
Total current tax assets	2,945	4,559	(1,614)

Current tax payables

Current tax payables amounted to €34,030 thousand at 31 December 2009 (€59,282 thousand at 31 December 2008) as follows

(euro/thousand)	At 31.12.2009	At 31.12.2008	Change
Income tax payables	14,751	34,630	(19,879)
Other tax payables	19,279	24,652	(5,373)
Total current tax payables	34,030	59,282	(25,252)

Income tax payables amounted to €14,751 thousand (€34,630 thousand in 2008), including a €1,071 thousand residual replacement tax liability on the alignment of the book and fiscal values of the customer databases and other intangible fixed assets in accordance with Law 244/07. The change since 31 December 2008 is therefore mainly the result of the offsetting of tax credits against IRES and IRAP down payments.

30. Non-current assets held for sale and discontinued operations

Following the decision to pull out of the Turkish joint venture Katalog Yayin ve Tanitim Hizmetleri A.S. and to sell Telegate 118 000 SAS, the economic, capital and financial results of these companies, in accordance with IFRS 5, were reclassified under non-current assets and discontinued operations.

This meant that in accordance with IFRS 5 the Income Statement and Cash Flow Statement for the financial year 2008 were restated. Moreover non current assets and discontinued operation include costs due to sale of WLW (effective December 2008).

Non-current assets held for sale and discontinued operations was detailed as follow

Income Statement

(euro/thousand)	Year 2009	Year 2008 restated
Revenues	-	3,296
Operating costs	(3,384)	(2,834)
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net (EBITDA)	(3,384)	462
Operating result (EBIT)	(3,419)	452
Interest (expense) income, net	(758)	-
Value adjustments of investments	(2,315)	(7,518)
Net income from non-current assets held for sale and discontinued operations	(6,537)	(7,265)
Losses on disposal of Wer Liefer WAS and other sale expenses	(2,474)	(75,507)
Profit (loss) on non current assets held for sale and discontinued operations	(9,011)	(82,772)

Balance Sheet

(euro/thousand)	At 31.12.2009	At 31.12.2008
Tax receivables	326	-
Non-current assets held for sale and discontinued operations	326	-
Reserves for investments	250	-
Direct liabilities on non-current assets held for sale and discontinued operations	250	-

Cash Flow Statement

(euro/thousand)	Year 2009	Year 2008 restated
Cash flows on non-current assets held for sale and discontinued operations	(1,829)	(6,749)
- Cash inflow (outflow) from operating activities	(1,070)	(1,116)
- Cash inflow (outflow) for investments	-	(5,633)
- Cash inflow (outflow) for financing	(759)	-
Proceeds of capital repayments and sale of Wer liefert Was?	(2,474)	73,435
Cash flow on non-current assets held for sale and discontinued operations	(4,303)	66,686

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31. Related party disclosures

In accordance with IAS 24 and art. 2(h) of CONSOB Issuer Regulation 11971/1999 as amended, the following are the economic, asset and financial impacts of transactions with related parties on the 2009 Consolidated Financial Statements of the SEAT Pagine Gialle group.

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 significant influence on the Company (leading shareholders). For further details, go to note 18 above.

Related party disclosures for the financial year 2009

INCOME STATEMENT

(euro/thousand)	Total items year 2009	Subsidiaries	Associates	Companies with significant influence	Other related parties (*)	Total related parties year 2009	Impact % on items
Revenue from sales and services	952,225	72,008	-	-	-	72,008	7.6
Other income and revenues	7,719	4,186	-	-	-	4,186	54.2
Cost of materials and external services	(351,998)	(48,603)	-	-	(88)	(48,691)	13.8
Salaries, wages and employee benefits	(85,147)	(88)	-	-	(9,885)	(9,973)	11.7
Adjustments	(40,935)	(884)	-	-	-	(884)	2.2
Other operating costs	(3,450)	(943)	-	-	-	(943)	27.3
Non-recurring and restructuring costs	(22,192)	-	-	-	(782)	(782)	3.5
Interest income	33,609	12,572	-	-	-	12,572	37.4
Interest expense	(238,031)	(9,882)	(110,016)	(586)	-	(120,484)	50.6
Income taxes	(42,409)	836	-	-	-	836	(2.0)
Profit (loss) from discontinued operations/non-current assets held for sale	(9,011)	-	(3,641)	-	(131)	(3,772)	41.9

(*) Directors, statutory auditors and executives with strategic responsibility.

BALANCE SHEET

(euro/thousand)	Total items as at 31.12.2009	Subsidiaries	Associates	Companies with significant influence	Other related parties (*)	Total related parties as at 31.12.2009	Impact % on items
Cost of the capital increase accounted for the equity	(1,346)	-	-	-	1,281	1,281	(95.2)
Non-current financial debts	(870,368)	(138,754)	(1,275,237)	-	204	(1,413,787)	n.s.
Non-current employee-related reserves	25,192	-	-	-	(100)	(100)	(0.4)
Current financial debt	(596,836)	(81,080)	(17,375)	(13,526)	-	(111,981)	18.8
Trade account payables	(13,526)	(16,436)	-	-	(729)	(17,165)	n.s.
Services to be rendered and other current liabilities	(202,291)	(801)	-	-	(1,600)	(2,401)	1.2
Provision for current risks and charges	(68,757)	(4,500)	-	-	-	(4,500)	6.5
Trade account receivables	557,307	20,777	-	-	-	20,777	3.7
Other current assets	65,037	7,673	-	-	-	7,673	11.8
Current financial assets	87,771	85,853	-	-	-	85,853	97.8
Cash and cash equivalent	155,445	115	-	-	-	115	0.1
Investments	42,957	431	-	-	-	431	1.0
Disposals	(495)	(386)	-	-	-	(386)	78.0

(*) Directors, statutory auditors and executives with strategic responsibility.

Related party disclosures for the financial year 2008

INCOME STATEMENT

(euro/thousand)	Total items year 2008 restated	Subsidiaries	Associates	Companies with significant influence	Other related parties (*)	Total related parties year 2008 restated	Impact % on items
Revenue from sale and services	1,058,731	77,013	-	-	-	77,013	7.3
Other income and receivables	8,289	2,749	-	-	-	2,749	33.2
Cost of materials and external services	(398,725)	(59,378)	-	-	(121)	(59,499)	14.9
Salaries, wages and employee benefits	(91,209)	(303)	-	-	(7,307)	(7,610)	8.3
Adjustments	(38,195)	(374)	-	-	-	(374)	1.0
Other operating costs	(2,801)	(146)	-	-	-	(146)	5.2
Non-recurring and restructuring costs	(26,608)	(500)	-	-	(5,037)	(5,537)	20.8
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	(50,732)	1,701	-	-	-	1,701	(3.4)
Profit (loss) from discontinued operations / non-current assets held for sale	(82,772)	(10)	3,296	-	-	3,286	(4.0)

(*) Directors, statutory auditors and executives with strategic responsibility.

BALANCE SHEET

(euro/thousand)	Total items as at 31.12.2008	Subsidiaries	Associates	Companies with significant influence	Other related parties (*)	Total related parties as at 31.12.2008	Impact % on items
Non-current financial debt	(1,511,081)	(171,153)	(1,269,470)	-	-	(1,440,623)	95.3
Non-current employee-related reserves	31,262	-	-	-	(413)	(413)	(1.3)
Other non-current liabilities	(3,134)	-	-	-	(861)	(861)	27.5
Current financial debt	(238,173)	(70,907)	(17,375)	(30,462)	-	(118,744)	49.9
Trade account payables	(30,462)	(16,348)	-	-	(1,390)	(17,738)	58.2
Services to be rendered and other current liabilities	(218,907)	(429)	-	-	(4,075)	(4,504)	2.1
Provision for current risks and charges	(95,201)	(5,968)	-	-	-	(5,968)	6.3
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 (**)	101,529	856	-	-	-	856	0.8
Disposals	(261)	(224)	-	-	-	(224)	85.8

(*) Directors, statutory auditors and executives with strategic responsibility.

(**) Following the decision to pull out of the Katalog Yayın ve Tanıtım Hizmetleri A.S. joint-venture in Turkey and in accordance with IFRS 5 the data has been restated .

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Statement of Related Parties 2009 - 2008

	Total items year 2009	Subsidiaries	Associates	Companies with significant influence	Other related parties (*)	Total related parties year 2009	Impact % on items
(euro/thousand)							
Cash inflow (outflow) from operating activities	340,479	18,722	2,867	-	(16,346)	5,243	1.5
Cash inflow (outflow) for investments	(41,435)	(45)	-	-	-	(45)	0.1
Cash inflow (outflow) for financing	(338,160)	(20,928)	(104,250)	(17,522)	(204)	(142,904)	42.3
Cash flow on non-current assets held for sale and discontinued operations	(4,303)	-	(649)	-	(131)	(780)	18.1
Cash flow for the year	(43,419)	(2,251)	(102,032)	(17,522)	(16,681)	(138,486)	n.s.

(*) Directors, statutory auditors and executives with strategic responsibility.

	Total items year 2008 restated	Subsidiaries	Associates	Companies with significant influence	Other related parties (*)	Total related parties year 2008 restated	Impact % on items
(euro/thousand)							
Cash inflow (outflow) from operating activities	481,779	19,491	(2,867)	-	(2,657)	13,967	2.9
Cash inflow (outflow) for investments	(38,685)	(632)	-	-	-	(632)	1.6
Cash inflow (outflow) for financing	(401,848)	45,430	(104,569)	(602)	-	(59,741)	14.9
Cash flow on non-current held for sale and discontinued operations	66,686	-	(982)	-	-	(982)	(1.5)
Cash flow for the year	107,932	64,289	(108,418)	(602)	(2,657)	(47,388)	(43.9)

(*) Directors, statutory auditors and executives with strategic responsibility.

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.

(euro/thousand)	Year 2009	Year 2008	Type of transaction
INCOME STATEMENT			
REVENUES			
Telegate Italia S.r.l.	65,814	71,857	retroceded telephone traffic.
Europages S.A.	6,002	5,060	royalties.
Other	192	96	
Total revenues on sales and services	72,008	77,013	
OTHER INCOME AND REVENUE			
Consodata S.p.A.	2,847	1,522	recovery of cost of seconded personnel and refunds for services.
Prontoseat S.r.l.	741	761	recovery of cost of seconded personnel and refunds for services.
Europages S.A.	448	360	recovery of cost of seconded personnel and refunds for services.
Other	150	106	
Total other income and revenue	4,186	2,749	
COSTS			
Telegate Italia S.r.l.	28,928	33,318	call center services.
Cipi S.p.A.	9,331	11,498	purchase of goods and products for resale
Consodata S.p.A.	5,367	9,991	sale of direct marketing services.
Prontoseat S.r.l.	4,811	4,356	call center services.
Other	166	215	
Total cost of materials and external services	48,603	59,378	
Total salaries, wages and employee benefits	88	303	cost of seconded personnel.
Total adjustments	884	374	accruals to the doubtful trade account receivables provision over the period for Telegate Italia S.r.l. receivables in respect of telephone traffic.
Total other operating expense	943	146	spurchase of representation goods and services from Cipi S.p.A..
INTEREST INCOME			
Telegate GmbH	6,800	9,200	distributed dividends.
Telegate AG	2,413	2,413	distributed dividends.
TDL Infomedia Ltd.	2,207	6,286	interest income on financing.
Consodata S.p.A.	1,000	1,000	distributed dividends.
Other	152	656	
Total interest expense	12,572	19,555	
Total interest income			
Lighthouse International Company S.A.	110,016	109,838	interest expense, charges and write-down of multi-year costs on the long-term "Subordinated" financing.
Meliadi Finance S.r.l.	7,227	12,137	interest expense, charges and write-down of multi-year costs on financing.
Telegate AG	2,111	2,808	interest expense on short-term deposits and current accounts to subsidiaries.
Leading shareholders	586	301	interest expense on dividends to some Leading Shareholders
TDL Infomedia Ltd.	483	1,376	interest expense on short-term deposits and current accounts to subsidiaries.
Other	61	328	interest expense on short-term deposits and current accounts to subsidiaries.
Total interest expense	120,484	126,788	
Total income taxes	836	1,701	profits tax for period of Italian subsidiaries in the tax group.
Katalog Yayın ve Tanıtım Hizmetleri A.S.	(3,641)	3,245	provisions to reserves for trade account receivables and financial credits
Telegate 118 000 SAS	-	61	repayments for services.
Profit (loss) on non current assets held for sale and discontinued operations	(3,641)	3,286	

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(euro/thousand)	At 31.12.2009	At 31.12.2008	Type of transaction
BALANCE SHEET			
NON-CURRENT FINANCIAL DEBT			
Lighthouse International Company S.A.	1,275,237	1,269,470	"Subordinated" financing
Meliadi Finance S.r.l.	138,754	171,153	financing.
Total non-current financial debt	1,413,991	1,440,623	
TRADE ACCOUNT RECEIVABLES			
Telegate Italia S.r.l.	18,709	17,306	services rendered.
Europages S.A.	1,973	1,144	services rendered.
Other	95	42	services rendered.
Total trade account receivables	20,777	18,492	
OTHER CURRENT ASSETS			
Cipi S.p.A.	3,994	1,873	in 2008 mainly advances.
Consodata S.p.A.	2,476	1,364	recovery of costs and services rendered.
Katalog Yayın ve Tanıtım Hizmetleri A.S.	-	2,867	recovery of costs and services rendered.
Other	1,203	775	recovery of costs and services rendered.
Total other current assets	7,673	6,879	
CURRENT FINANCIAL ASSETS			
TDL Infomedia Ltd.	77,131	71,916	revolving loan
Europages S.A.	8,243	8,105	current account receivables
Cipi S.p.A.	-	3,052	current account receivables
Other	479	1,386	current account receivables
Total current financial assets	85,853	84,459	
Total cash and cash equivalent	115	118	current account receivable from Meliadi Finance S.r.l.
CURRENT FINANCIAL DEBT			
Telegate AG	57,885	50,929	cash deposits
Lighthouse International Company S.A.	17,375	17,375	outstanding interest payable.
TDL Infomedia Ltd.	16,890	15,748	current account debt.
Leading shareholders	13,526	30,462	dividends to leading shareholders - interest bearing since 1 November 2008.
Consodata S.p.A.	2,929	4,025	current account debt.
Other	3,376	205	current account debt.
Total current financial debt	111,981	118,744	
COMMERCIAL DEBT			
Europages S.A.	5,071	3,408	services rendered.
Telegate Italia S.r.l.	4,825	5,778	services rendered.
Cipi S.p.A.	4,427	3,430	services rendered.
Consodata S.p.A.	1,253	2,671	services rendered.
Prontoseat S.r.l.	860	1,060	services rendered.
Other	-	1	
Total commercial debt	16,436	16,348	
Total services to be rendered and other current liabilities	2,401	429	debts for profits tax for period of Italian subsidiaries in the tax group.
Total reserve for current risks and charges	4,500	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.	371	769	capitalisation of geomarketing costs.
Other	60	87	
Total investments	431	856	
DISPOSALS	386	224	Disposals for sale of line of business (Kompass) to Consodata.

32. Other information

Stock options allocated to directors, the former General Manager and managers with strategic responsibility

No stock options were issued to the directors.

For details of the stock options given to the former CEO, Luca Majocchi, go to the "Report on Operations -Other information".

As required under article 79 of the implementing regulation of Legislative Decree 58 of 24 February 1998 as adopted by CONSOB order 11971 of 14 May 1999 as amended, the following table shows the stock options allocated to directors, the former CEO and managers with strategic responsibility.

	Options held start 2009			Options allocated in 2009			Options exercised in 2009			Options expired in 2009		Options held end 2009		
	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	
2004 plan for employees - Managers with strategic responsibility	31,425	66.82	06.2009	-	-	-	-	-	-	31,425	-	-	-	
2005 plan for employees - Managers with strategic responsibility	25,750	64.42	06.2010	-	-	-	-	-	-	-	25,750	64.42	06.2010	

Equity interests held by directors, statutory auditors, the former General Manager and managers with strategic responsibility

As required under article 79 of the implementing regulation of Legislative Decree 58 of 24 February 1998 as adopted by Consob order 11971 of 14 May 1999 as amended, the following table shows the interests of Directors, Statutory Auditors 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 2008	Number of shares purchased	Number of shares sold	Number of shares held end 2009
CAPPELLINI Alberto	-	-	-	-	-
BENASSI Lino	SEAT Pagine Gialle S.p.A.	741 ordinary shares	33,448 ordinary shares	-	34,189 ordinary shares
GILIBERTI Enrico	SEAT Pagine Gialle S.p.A.	-	1,356 ordinary shares	-	1,356 ordinary shares
		30 savings shares	-	-	30 savings shares
GROS PIETRO Gian Maria	SEAT Pagine Gialle S.p.A.	300 ordinary shares	-	-	300 ordinary shares
MAJOCCHI Luca	SEAT Pagine Gialle S.p.A.	57,265 ordinary shares	4,170,378 ordinary shares	-	4,227,643(*) ordinary shares
CASTELLI Massimo	-	-	-	-	-
Managers with strategic responsibility	SEAT Pagine Gialle S.p.A.	10,011 ordinary shares	291,828 ordinary shares	-	301,839 ordinary shares
	Telegate AG	3,000	-	-	3,000

(*) Number of shares held as at 24 April 2009, date of termination from his position of Chief Executive Officer of the Company.

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Remuneration of directors and statutory auditors

The following information is required under article 78 of Consob regulation No. 11971 of 14 May 1999 as amended.

Person Surname and christian name	Description of position		Remuneration (euro)			
	Position	Term of mandate	Remuneration for position	Non-monetary benefits	Bonuses and other incentives	Other remuneration
GILIBERTI Enrico	Director	01.01.2009 - 31.12.2009	10,000			
	Chairman	01.01.2009 - 31.12.2009 (1)	90,000			1,773,834 (2)
CAPPELLINI Alberto	Director	29.04.2009 - 31.12.2009 (3)	6,667			
	Chief Executive Officer	29.04.2009 - 31.12.2009 (1)	605,769		775,000 (4)	108,339 (5)
BENASSI Lino	Director	01.01.2009 - 31.12.2009	10,000			
	Chairman of the Internal Control Committee	01.01.2009 - 09.04.2009	10,000			
	Chairman of the Remuneration Committee	09.04.2009 - 31.12.2009	30,000			
COSSUTTA Dario	Director	01.01.2009 - 31.12.2009	10,000			
	Member of the Remuneration Committee	01.01.2009 - 31.12.2009 (6) (7)	30,000			
DALLOCCHIO Maurizio	Director	09.04.2009 - 31.12.2009	7,500			
	Member of the Internal Control Committee	09.04.2009 - 31.12.2009	22,500			
GIUSSANI Alberto	Director	01.01.2009 - 31.12.2009	10,000			
	Member of the Internal Control Committee	01.01.2009 - 09.04.2009	7,500			
	Chairman of the Internal Control Committee	09.04.2009 - 31.12.2009	30,000			
LANARI Luigi	Director	01.01.2009 - 31.12.2009	10,000			
	Member of the Remuneration Committee	09.04.2009 - 31.12.2009 (7)	22,500			
MASERA Pietro Giovanni	Director	01.01.2009 - 31.12.2009 (7)	10,000			
TAZARTES Antonio	Director	09.04.2009 - 31.12.2009 (7)	7,500			
TUGNOLO Marco	Director	05.08.2009 - 31.12.2009	4,167			
	Member of the Internal Control Committee	05.08.2009 - 31.12.2009 (7)	12,500			
VOLPI Nicola	Director	01.01.2009 - 31.12.2009 (7)	10,000			
MAJOCCHI Luca (*)	Director	01.01.2009 - 29.04.2009 (3)	3,333			
	Chief Executive Officer	01.01.2009 - 29.04.2009 (1)	528,000	77	575,000	343,987 (5)
BELLONI Antonio (*)	Director	01.01.2009 - 09.04.2009	2,500			
	Member of the Remuneration Committee	01.01.2009 - 09.04.2009 (6) (7)	7,500			
DI PALO Carmine (*)	Director	01.01.2009 - 09.04.2009 (7)	2,500			
GROS PIETRO Gian Maria	Director	01.01.2009 - 09.04.2009	2,500			
	Chairman of the Remuneration Committee	01.01.2009 - 09.04.2009	10,000			
LUCCHINI Marco (*)	Director	01.01.2009 - 05.08.2009	5,833			
	Member of the Internal Control Committee	01.01.2009 - 05.08.2009 (6)	17,500			
MARINI Michele (*)	Director	01.01.2009 - 09.04.2009	2,500			
CERVELLERA Enrico	Chairman of the Board of Statutory Auditors	01.01.2009 - 31.12.2009	61,975			
VASAPOLLI Andrea	Acting Auditor	01.01.2009 - 31.12.2009	41,317			10,409 (8)
CIRUZZI Vincenzo	Acting Auditor	01.01.2009 - 31.12.2009	41,317			10,494 (9)

(*) Resigned on the 2009; for further details see the section "Highlights and general information - Company Boards"

(1) Remuneration for 2009 under art. 2389, 3° Civil Code.

(2) "Other remuneration" to Enrico Giliberti refers to Studio Legale Giliberti Pappalettera Triscornia e Associati, for consultancy to SEAT Pagine Gialle S.p.A. in 2009.

(3) Remuneration for 2009 under art. 2389, 1° Civil Code - remuneration waived.

(4) € 600.000,00 for 2009 bonus (it will be distribute at date of approval of the 2009 Report) and € 175.000 for transfer fee distributed on May 2009.

(5) "Other remuneration" to Luca Majocchi and Alberto Cappellini refer to the applicable proportion of directors' TFR for the year.

(6) Have waived part of their remuneration for their work on: a) Remuneration Committee: Antonio Belloni and Dario Cossutta; b) Internal Control Committee: Marco Lucchini and Marco Tugnolo.

(7) Luigi Lanari and Pietro Giovanni Masera pay their remunerations to CVC Capital Partners S.r.l.; Antonio Belloni (6) e Carmine Di Palo to BC Partners S.r.l.; Nicola Volpi and Marco Tugnolo to Permira Associati S.p.A.; Dario Cossutta and Alberto Tazartes to Investitori Associati S.r.l..

(8) Remuneration for 2009 in respect of his position as Chairman of the Board of Statutory Auditors of Prontoseat S.r.l. (€ 8.756) and as standing auditor of Cipi S.p.A. (€ 1,653).

(9) Remuneration for 2009 in respect of his position as Chairman of the Board of Statutory Auditors of Consodata S.p.A..

Remuneration of the former General Manager and managers with strategic responsibility

The following information is required under article 78 of CONSOB regulation 11971 of 14 May 1999 as amended.

Person Surname and christian name	Description of position	Remuneration (euro)		
		Remuneration	Net-monetary benefits	Bonuses and other incentives
CASTELLI Massimo ⁽¹⁾	General Manager Italy	487,500	3,167	1,400,000
Managers with strategic responsibility		2,746,227	48,406	2,931,730

(1) Appointed June 2008. The date of termination from his position is 30 September 2009.

Remuneration of 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 following table shows fees in respect of audit and other services for the financial year 2009 provided to the SEAT Pagine Gialle group by Reconta Ernst & Young and the entities in its network.

The Annual Financial Statements for 2009 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 27 April 2006 for the periods 2006-2011 in accordance with the United Act on Financial Intermediaries (Legislative Decree 58 of 24 February 1998).

The remuneration for the audit of the Financial Statements for 2008 and for examination to ensure the accounts have been properly kept and transactions correctly reported in the accounting documents was €163 thousand and that for the Consolidated Financial Statements of the Group €41 thousand. The cost of the limited-scope audit of the Consolidated Interim Financial Statements for 2009 of SEAT Pagine Gialle was €41 thousand.

Reconta Ernst & Young S.p.A. was also instructed (total remuneration €631 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 and *iv*) assist in the preparation of a rights issue prospectus and of the letter of comfort and bring-down letters for the prospectus.

Mandates worth €10 thousand were also conferred on entities connected with Reconta Ernst & Young S.p.A. for tax advice.

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List of material equity participations

Name	Registered office	Share capital	Owned by	% held by SEAT Pagine Gialle S.p.A.	
CIPI S.p.A.	Milan (Italy)	Euro	1,200,000	SEAT Pagine Gialle S.p.A.	100.00
CONSODATA S.p.A.	Rome (Italy)	Euro	2,446,330	SEAT Pagine Gialle S.p.A.	100.00
EUROPAGES S.A.	Neuilly-sur-Seine Cedex (France)	Euro	2,800,000	SEAT Pagine Gialle S.p.A.	93.562
EUROPAGES GmbH (in liquidation)	Munich (Germany)	Euro	25,000	Europages S.A.	100.00
EUROPAGES Benelux SPRL	Watermael-Boitsfort (Belgium)	Euro	20,000	Europages S.A.	99.00
KATALOG YAYIN VE TANITIM HIZMETLERI A.S.	Istanbul (Turkey)	YTL	26,500,000	SEAT Pagine Gialle S.p.A.	50.00
LIGHTHOUSE INTERNATIONAL COMPANY S.A.	Luxembourg	Euro	31,000	SEAT Pagine Gialle S.p.A.	25.00
PRONTOSEAT S.r.l.	Turin (Italy)	Euro	10,500	SEAT Pagine Gialle S.p.A.	100.00
SEAT CORPORATE UNIVERSITY S.c.ar.l.	Turin (Italy)	Euro	10,000	SEAT Pagine Gialle S.p.A.	95.00
TELEGATE HOLDING GmbH	Munich (Germany)	Euro	26,100	SEAT Pagine Gialle S.p.A.	100.00
TELEGATE AG	Munich (Germany)	Euro	21,234,545	Telegate Holding GmbH	61.13
				SEAT Pagine Gialle S.p.A.	16.24
11811 NUEVA INFORMACION TELEFONICA S.A.U.	Madrid (Spain)	Euro	222,000	Telegate AG	100.00
11880 TELEGATE GmbH	Vienna (Austria)	Euro	35,000	Telegate AG	100.00
DATAGATE GmbH	Munich (Germany)	Euro	60,000	Telegate AG	100.00
WERWIEWAS GmbH (ex VIERAS GmbH)	Munich (Germany)	Euro	25,000	Datagate GmbH	100.00
MOBILSAFE AG (in liquidation)	Munich (Germany)	Euro	150,000	Datagate GmbH	100.00
TELEGATE AKADEMIE GmbH	Rostock (Germany)	Euro	25,000	Telegate AG	100.00
TELEGATE AUSKUNFTDIENSTE GmbH	Munich (Germany)	Euro	25,000	Telegate AG	100.00
TELEGATE ITALIA S.r.l.	Turin (Italy)	Euro	129,000	Telegate AG	100.00
TELEGATE MEDIA AG	Essen (Germany)	Euro	4,039,999	Telegate AG	100.00
UNO UNO OCHO CINCO CERO GUIAS S.L.	Madrid (Spain)	Euro	3,100	Telegate AG	100.00
TELEGATE LLC	Yereva (Armenia)	Dram	50,000	Telegate AG	100.00
TDL INFOMEDIA Ltd.	Hampshire (UK)	Sterling	139,524.78	SEAT Pagine Gialle S.p.A.	100.00
INDIRECT S.P.R.L. (in liquidation)	Brussels (Belgium)	Euro	148,736	TDL Infomedia Ltd.	27.00
MOBILE COMMERCE Ltd.	Cirencester (UK)	Sterling	497	TDL Infomedia Ltd.	10.00
TDL BELGIUM S.A. (in liquidation)	Brussels (Belgium)	Euro	18,594,176	TDL Infomedia Ltd.	49.60
THOMSON DIRECTORIES Ltd.	Hampshire (UK)	Sterling	1,340,000	TDL Infomedia Ltd.	100.00
THOMSON DIRECTORIES PENSION COMPANY Ltd.	Hampshire (UK)	Sterling	2	Thomson Directories Ltd.	100.00
CALLS YOU CONTROL Ltd. (in liquidation)	Hampshire (UK)	Sterling	1	Thomson Directories Ltd.	100.00

➤ Certification of the Separate Financial Statements within the meaning of art. 81-ter of Consob Regulation No. 11971 of 14 May 1999 as amended and supplemented

1. The undersigned Alberto Cappellini, 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 No. 58 of 24 February 1998, that in the preparation of the Financial Statements for the period all administrative and accounting procedures considered appropriate to the nature of the undertaking were applied in 2009.
2. All administrative and accounting procedures relating to the preparation of the Financial Statements as at 31 December 2009 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 Financial Statements for 2009:
 - 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 assets and economic and financial position;
 - agree with the books and accounting records;
 - offer a true and fair view of the assets and 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, 16 March 2010

Chief Executive Officer
Alberto Cappellini

Manager responsible for the
preparation of the financial statements
Massimo Cristofori

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➤ Report of the Statutory Auditors to the Shareholders Meeting of SEAT Pagine Gialle S.p.A. on the Financial Statements as at 31 December 2009, in accordance with art. 2429 Civil Code and art. 153 Legislative Decree No. 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 No. 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 6 April 2001 as amended and supplemented by circulars DEM/3021582 of 4 April 2003 and DEM/6031329 of 7 April 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 2009.

- a) Capital Increase: on 26 January 2009 the Extraordinary Shareholders's Meeting resolved an increase of share capital for a total amount of €200,000 thousand. This share capital issue was subscribed for an amount of €197,334 thousand; the not exercised shares have been entirely placed on the Stock Exchange.
- b) On 29 April 2009 the Shareholder's Meeting co-opted and appointed as Chief Executive Officer Mr. Alberto Capellini.
- c) Katalog: SEAT Pagine Gialle S.p.A., in accordance with its partner Dogan group, decided to pull out of Katalog Yayin ve Tanitim Hizmetleri A.S. whose business plan required significant investment.
- d) Agreement with the The Royal Bank of Scotland on the "Senior" loan: during the 2009 the "Senior" loan was renegotiated following the Capital Increase above mentioned. Moreover at the end 2009/beginning 2010 new agreement was achieved related to the bond issue and subscription for an amount of €550 million (see more details in the Report as at 31 December 2009).
- e) Agreement with Google: on 25 March 2009 SEAT Pagine Gialle S.p.A. signed an agreement with Google to become the authorised agent for Italy of Google AdWords™.

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.

- 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, excluding from the Kompass spin-off to Consodata S.p.A. as at 1 April 2009.
- 2.3. As regards ordinary and financial transactions with related parties, the Company maintains economic and financial relations with the companies of 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 the carried on transactions are in the Company's interests.

3. The Board of Statutory Auditors believes that the information provided by the directors in the Annual Report concerning intragroup and related party transactions is adequate.

4. On 31 March 2010 in accordance with the art. 156 Legislative Decree No. 58/98, the independent auditor Reconta Ernst & Young S.p.A. issued a clean audit opinion.

Moreover the independent auditor considered consistent with the Annual Report some information of Corporate Governance Report, in accordance with Legislative Decree n. 173/2008.

5. Charges made under art. 2408 Civil Code.

No charges were filed.

6. No briefs were filed.

7. The following additional engagements were given to Reconta Ernst & Young S.p.A. for a total of € 631 thousand:

- activities on the Capital Increase (€470 thousand);
- the quarterly audits required by the securitisation agreement (€70 thousand);
- certification for Lighthouse notes holders (€55 thousand);
- comfort letter for the "Senior" debt covenants (€23 thousand);
- certification for expenses related to Training Plan by Fondimpresa (€13 thousand).

8. An additional tax consulting engagement were given to entities connected with Reconta Ernst & Young S.p.A. for a total of €10 thousand.

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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;
- appointment of Mr. A. Giussani as member of Internal Control Committee;
- appointment of Mr. Massimo Cristofori as Company Documents Preparation Director under art. 154-bis TUF;
- the co-opting of Mr. Alberto Capellini in the Board of Directors and his appointment as Chief Executive Officer;
- the co-opting of Mr. Marco Tugnolo.

10. There were held:

- 13 meetings of the Board of Directors;
- 6 meetings of the Board of Statutory Auditors;
- 6 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 6 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 through direct observation, with 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 to relate.

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 no. 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.

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 31 December 2009 that show a loss of € 38,191 thousand, 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, 31 March 2010

The Board of Statutory Auditors

Enrico Cervellera

Vincenzo Ciruzzi

Andrea Vasapolli

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Tasks of Enrico Cervellera as at 31 December 2009 and as at 31 March 2010

No.	Company	Directorships	Expiring at AGM on
1	Interpump Group S.p.A.	Chairman, Board of Statutory Auditors	31-12-2010
2	SEAT Pagine Gialle S.p.A.	Chairman, Board of Statutory Auditors	31-12-2011
3	Luxottica S.p.A.	Acting auditor	31-12-2011
4	Tamburi Investment Partners S.p.A.	Acting auditor	31-12-2011
5	Ferrero S.p.A.	Director	31-08-2010
6	San Lorenzo S.p.A.	Chairman, Board of Statutory Auditors	31-12-2011
7	Gruppo Lactalis Italia S.p.A.	Chairman, Board of Statutory Auditors	31-12-2010
8	S.p.A. Egidio Galbani	Chairman, Board of Statutory Auditors	31-12-2010
9	Big S.r.l.	Chairman, Board of Statutory Auditors	31-12-2009

Tasks of Vincenzo Ciruzzi as at 31 March 2010

No.	Company	Directorships	Expiring at AGM on
1	Aegis Media Italia S.r.l.	Chairman, Board of Statutory Auditors	31-12-2009
2	Carat Italia S.p.A.	Chairman, Board of Statutory Auditors	31-12-2011
3	Vizeum S.r.l.	Chairman, Board of Statutory Auditors	31-12-2009
4	S.t.s. S.p.A.	Chairman, Board of Statutory Auditors	31-12-2009
5	SEAT Pagine Gialle S.p.A.	Acting auditor	31-12-2011
6	Consodata S.p.A.	Chairman, Board of Statutory Auditors	31-12-2011
7	Dexia Crediop S.p.A.	Acting auditor	31-12-2009
8	Camuzzi S.p.A.	Chairman, Board of Statutory Auditors	31-12-2009
9	Gruppo Baglietto S.p.A.	Chairman, Board of Statutory Auditors	31-12-2009
10	Cantieri Navali Baglietto S.p.A.	Chairman, Board of Statutory Auditors	31-12-2009
11	Cantieri di Pisa S.p.A.	Chairman, Board of Statutory Auditors	31-12-2009
12	Speziayachting S.r.l.	Chairman, Board of Statutory Auditors	31-12-2009
13	Unispray S.r.l.	Acting auditor	31-12-2011
14	H&C S.r.l. (in liquidation)	Chairman, Board of Statutory Auditors	31-12-2011
15	Twice Sim S.p.A.	Chairman, Board of Statutory Auditors	31-12-2011
16	Eurovetrocap S.r.l.	Chairman, Board of Statutory Auditors	31-12-2010
17	Pragma Inform S.p.A.	Chairman, Board of Statutory Auditors	31-12-2011
18	Sidim S.p.A.	Chairman, Board of Statutory Auditors	31-12-2009
19	Messina Fuels S.p.A.	Acting auditor	31-12-2010
20	CDR&Associati S.r.l.	Chairman, Board of Directors	until revoked
21	Mid Industry S.p.A.	Managing director	31-12-2012

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Tasks of Andrea Vasapolli as at 31 March 2010

No.	Company	Directorships	Expiring at AGM on
1	Camo S.p.A.	Chairman, Board of Statutory Auditors	31-12-2011
2	Plave S.p.A.	Chairman, Board of Statutory Auditors	31-12-2010
3	Foro Frumentario S.p.A.	Acting auditor	31-12-2010
4	Vega International Tools S.p.A.	Acting auditor	31-12-2009
5	Bercap S.p.A.	Acting auditor	31-12-2011
6	IN.GE.CO. S.p.A.	Acting auditor	30-06-2012
7	CO.GE.PI. S.p.A.	Acting auditor	30-06-2012
8	Eurochimind S.p.A.	Acting auditor	31-12-2011
9	Polithema (Vemero)	Acting auditor	31-12-2010
10	Finmeco S.p.A. (30-6)	Chairman, Board of Statutory Auditors	31-12-2012
11	SEAT Pagine Gialle S.p.A.	Acting auditor	31-12-2011
12	San Carlo dal 1973 S.p.A.	Acting auditor	31-12-2011
13	Burckhardt Compression (Italia) S.r.l.	Acting auditor	31-03-2010
14	S.p.a.ce 2000 S.p.A.	Acting auditor	30-06-2012
15	Cofim S.p.A.	Acting auditor	31-12-2009
16	Prontoseat S.r.l.	Chairman, Board of Statutory Auditors	31-12-2011
17	E-Motion S.p.A.	Acting auditor	30-06-2011
18	E-Motion Labs S.p.A.	Acting auditor	30-06-2012
19	Aksia Group SGR S.p.A.	Acting auditor	31-12-2009
20	Valvitalia Holding S.p.A. (1-7 - 31-12-2009)	Acting auditor	31-12-2009
21	Valvitalia S.p.A. (bilancio 1-1 - 30-6-2010)	Acting auditor	31-12-2009
22	M.S.B. S.r.l.	Acting auditor	31-12-2010
23	Samsonite S.p.A.	Chairman, Board of Statutory Auditors	31-12-2010
24	Samsonite Finanziaria S.r.l.	Chairman, Board of Statutory Auditors	31-12-2011
25	Cipi S.p.A.	Acting auditor	31-12-2010
26	Trend S.r.l.	Chief Executive Officer	until revoked
27	T2 S.r.l.	Chief Executive Officer	until revoked
28	Praxi Intellectual Properties S.p.A.	Acting auditor	31-12-2012

No. 1 positions in issuers



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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. as of and for the year ended December 31, 2009, comprising the balance sheet, the income statement, the statement of change in equity, the cash flow statement 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.º 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 of the prior year are presented for comparative purposes. As reported in the explanatory notes, management has recast certain comparative data related to the prior year with respect to the data previously presented, on which we issued our auditor's report dated March 13, 2009. We have examined the methods adopted to recast the comparative financial data and the information presented in the explanatory notes in this respect, for the purpose of our opinion as of and for the year ended December 31, 2009.

3. In our opinion, the financial statements of SEAT Pagine Gialle S.p.A. at December 31, 2009 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.º 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 SEAT Pagine Gialle S.p.A. for the year then ended.

Reconta Ernst & Young S.p.A.
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4. The management of SEAT Pagine Gialle S.p.A. is responsible for the preparation of the Report on Operations and the Report on Corporate Governance and on the ownership structures of SEAT Pagine Gialle S.p.A. published in the section "Governance" of the website of SEAT Pagine Gialle S.p.A. in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Report on Operations and the information reported in compliance with art. 123-bis of Italian Legislative Decree n.º 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the Report on Corporate Governance and on the ownership structures of SEAT Pagine Gialle S.p.A., with the financial statements, as required by law. 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 and the information reported in compliance with art. 123-bis of Italian Legislative Decree n.º 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) included in the Report on Corporate Governance and on the ownership structures of SEAT Pagine Gialle S.p.A., are consistent with the consolidated financial statements of SEAT Pagine Gialle S.p.A. as of December 31, 2009.

Turin, March, 31, 2010

Reconta Ernst & Young S.p.A.
signed by: Luigi Conti, partner

89.24.24

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➤ Proposed resolutions

Ladies and Gentlemen,

The Board of Directors has called this Annual General Meeting to submit for your approval the projected Financial Statements for SEAT Pagine Gialle S.p.A. as at 31 December 2009, which show a loss for the period of €3 8,191,143.04.

We propose that the loss be covered by:

- full application of the retained earnings fund formed during the financial year, which at 31 December 2009 totalled €2,337,198.10;
- carrying forward the remaining amount not covered.

We therefore submit the following proposed resolution for your attention:

The General Shareholders' Meeting of SEAT Pagine Gialle S.p.A., having

- a) examined the Annual Financial Statements for the Company as at 31 December 2009;*
- b) read the Report on Operations accompanying the Annual Financial Statements;*
- c) read the reports of the Board of Statutory Auditors and of Reconta Ernst & Young S.p.A.; the independent auditor;*

resolves

1. to approve the Report on Operations prepared by the Board of Directors, the Balance Sheet, Income Statement and Notes to the Financial Statements of SEAT Pagine Gialle S.p.A., which show a loss for the year of €38,191,143.04;
2. to cover partially the loss for the year by application of all retained earnings (€2,337,198.10);
3. to carry forward the remaining amount not covered of €35,853,944.94.

➤ Shareholders' Meeting resolutions

On 21 April 2010, 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 Boards of Directors, the Balance Sheet, the Income Statement and the Explanatory Notes of SEAT Pagine Gialle S.p.A., which saw a loss for the year of €38,191,143.04;
2. partially to cover the loss of the year by application of all retained earnings for €2,337,198.10;
3. to carry forward the remaining amount not covered of €35,853,944.94.

The Ordinary Shareholders' Meeting also resolved:

- the appointment of Alberto Cappellini and Marco Tugnolo as directors of the Board of Directors, already co-opted in 2009 to replace Luca Majocchi and Marco Lucchini who resigned. During the post Shareholders's Meeting, Alberto Cappellini was confirmed in the role of Chief Executive Officer and Marco Tugnolo in the role of member of Internal Control Committee;
- integration of the remuneration to the Independent Auditors for the major activities forecasted pursuant the Legislative Decree No. 173 on 3 November 2008.

* * * *

Please note that on 20 April 2010, in Turin, Corso Mortara 22, at the secondary office of the Company, the Extraordinary Shareholders' Meeting, holders of savings shares, was held in second convocation and appointed Dr. Stella D'Atri as Common Representative of the Savings Shareholders will remain in office for the years 2010-2011-2012.

To contact SEAT Pagine Gialle S.p.A.

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A copy of official documents
available on the website

www.seat.it

Official documents may
be requested to

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