



PRESS RELEASE

- **UPDATE ON NEGOTIATIONS ON RESTRUCTURING OF THE COMPANY'S FINANCIAL AND CAPITAL STRUCTURE: TODAY'S PROPOSAL OF THE BONDHOLDERS' COMMITTEE.**
- **THE SEMI-ANNUAL INTEREST AS AT 31 OCTOBER UNDER THE LIGHTHOUSE NOTES, FOR WHICH THERE IS A 30-DAY GRACE PERIOD, WILL NOT BE FUNDED BY THE COMPANY FOR THE TIME BEING.**
- **MONTHLY REPORT PURSUANT TO ARTICLE 114, PARAGRAPH 5, LEGISLATIVE DECREE No. 58/1998**
 - **NET FINANCIAL INDEBTEDNESS AT THE END OF SEPTEMBER AMOUNTED TO € 2,702 MILLION, DOWN BY EURO € 21 MILLION COMPARED TO AUGUST 2011.**
 - **AVAILABLE LIQUIDITY AT € 149 MILLION.**
- **FORECASTS FOR 2011 CONFIRMED.**

Milan, October 27, 2011

Update on negotiations on restructuring of the Company's financial and capital structure

As previously announced during the Shareholder's Meeting held on 29 August for the approval of its First Half Report as at 30 June 2011, the Company and its financial and legal advisors have commenced from some time various initiatives aimed at creating the necessary environment for negotiations with key stakeholders in order to achieve a solution for the long-term stabilization of the Company's financial structure.

As part of these initiatives, the Company, with the help of its advisors, has studied and analyzed a series of potential financial options for the long-term stabilization of the Group's financial structure from both a technical and market perspective. These analyses have led to a closer examination of the options that involve the reduction of the Group's financial indebtedness through a consensual process with certain of its creditors, with a key focus being on the equitization of a significant portion of the Company's subordinated debt arising from the € 1,300 million proceeds loan in place between the Company and Lighthouse International Company S.A. ("Lighthouse") and, at the same time, of the high yield notes issued by Lighthouse (the "Lighthouse Notes") and guaranteed by the Company.



At present, the main counterparties involved in such process include the Coordinating Committee that includes the Company's senior bank creditor, The Royal Bank of Scotland Plc, Milan Branch ("RBS"), and certain other interested parties, and the Bondholders' Committee formed by a group of holders of the Lighthouse Notes and the core shareholders of the Company.

The Company deems it appropriate to provide an update on the material developments that have occurred with respect to these initiatives since 29 August 2011:

- on 16 September 2011, the Company presented to the above-mentioned counterparties and/or their respective advisors the key terms of its proposals with respect to a consensual restructuring of the financial structure of the Group. Following the delivery of this proposal, the Company received written responses and counterproposals from the advisors of certain of its main stakeholders.
- on 3 October 2011, the Company entered into a Non-Disclosure Agreement (NDA) with the members of the Bondholders' Committee;
- during early October, the Company ensured the independent business review (IBR) that it had commissioned with respect to the Company's 2011-2013 Strategic Guidelines and 2015 Projections (which Guidelines and Projections are described in the First Half Report) was delivered, subject to certain customary confidentiality provisions, to, *inter alia*, RBS and the advisors of the Coordinating Committee and of the Bondholders' Committee;
- during the week of 10 October 2011, the Company organized a negotiating session with the counterparties and their respective advisors in order to encourage a convergence on the key terms and conditions of the financial restructuring.

As a result of such discussions, and of a lot of subsequent opportunities for confrontation with the counterparties and their respective advisors, it has been possible to detect a substantial and appreciable convergence of the various parties involved with respect to certain key commercial terms and conditions of the financial restructuring, even if - although in an environment of active support to negotiations - a misalignment regarding further and also significant elements of negotiations persists.

Having acknowledged the state of current negotiations, the Company decided to avail, prudentially and despite the availability of sufficient financial resources, of the 30-day grace period contractually envisaged in its favour and for the time being not to fund the € 52 million semi-annual coupon as at 31 October 2011 due by Lighthouse International Company S.A.; any decision on the funding of the above-mentioned coupon within the grace period will be taken based on the progress and outcome of the negotiations at that date.

The progress of the negotiations and the commitment that the stakeholders currently involved in the negotiation process have constantly expressed lead to expectations that, despite the different stances regarding economic and technical terms still to be agreed upon in the bilateral relations between groups of stakeholders, a consensual solution for the

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long-term stabilization of the Group's financial structure can be reasonably achieved within a time frame compatible with Company needs.

Today's proposal of the Bondholders' Committee

In the context of the described negotiation, special significance is taken on by the Bondholders' Committee written communication received today by the Company which includes their final proposal with their substantial agreement, to the extent of their competence, to the commercial terms and conditions of the last financial restructuring proposal made by the Company to its current interlocutors. More specifically, the Bondholders' Committee confirmed their agreement in principle with respect to the following terms:

- equitization of € 1,200MM of € 1,300MM Lighthouse Notes in exchange for 90% of the voting share capital of the Company;
- the issuance by the Company of €100MM of new senior secured notes to the Lighthouse Noteholders;
- rescheduling, *repricing* and further amendments to economic terms of senior credit agreement (including retaining financial resources of about €100MM for future M&A transactions).

Moreover, in the context of the communication to the Company, the Bondholders' Committee also formalized their position regarding the capital share that is left to current Seat's shareholders following the equitization of € 1,200MM, equal to 10% of the share capital post capital increase, a subject in relation to which the Company had not expressed a position. Furthermore, the transaction would grant current shareholders 5-year warrants for up to a further 5% of the ordinary share capital of the Company post restructuring with a cashless exercise price, exercisable once the Lighthouse Noteholders have received (through dividends/other return of capital) the equivalent of par recovery on the Lighthouse Notes.

The above-mentioned proposal provides for a final term for the acceptance of the Company and the other relevant stakeholders and assumes the funding of the semi-annual coupon as at 31 October in both cases within 30 November 2011.

The member of the Bondholders' Committee have undertaken among themselves (but not towards the Company) not to transfer their respective currently hold Lighthouse notes until 30 November 2011 in the context of the proposal. Notwithstanding the foregoing, the members of the Bondholders' Committee may be able to trade in other securities of the Company or to purchase further Lighthouse notes, having become public again.

Upon receipt of the communication of the Bondholders' Committee, the Board of Directors acknowledges with satisfaction that the relevant proposal, should it be agreed upon by the other stakeholders, would guarantee the financial stabilisation of the Company, which is the primary objective pursued by the Board of Directors since the commencement of the restructuring process; it would also guarantee at the same time the participation of shareholders in a stabilised company, as part of a market operation, also using a tool such as the warrant, which could allow the market to benefit from the desirable growth in value. Since, as is well known, the completion of the operation requires the participation of other Company stakeholders for the sharing and implementation of the restructuring process, the Board of Directors firmly intends to engage in achieving an agreement on the terms of the operation with all of the necessary interlocutors, with the hope of subsequently launching, within the shortest possible technical time required, the implementation phases of the operation which however cannot be completed in a short timeframe.



In compliance with the request sent by Consob on September 7, 2011, Protocol No. 11076499, pursuant to Article 114, paragraph 5, Legislative Decree No. 58/1998 relating to monthly reporting of significant information on our Company and Group, we report the following as requested.

The following figures are preliminary because related to the interim report as at September 30, 2011, that will be approved by the Board of Directors of November 9, 2011.

1) Net financial indebtedness of the SEAT Pagine Gialle group and SEAT Pagine Gialle S.p.A. with indication of the short-term components separate from the medium and long-term components according to the outline provided by ESMA Recommendation 81/2011

SEAT Pagine Gialle group

		As at 09.30.2011	As at 12.31.2010	Change	As at 08.31.2011	Change
(euro/thousand)				Sept'11/Dec'10		Sept/Aug'11
A	Cash	148,784	241,728	(92,944)	109,275	39,509
B	Cash equivalent	-	-	-	-	-
C	Trading securities	-	-	-	-	-
D=(A+B+C)	Liquidity	148,784	241,728	(92,944)	109,275	39,509
E.1	Current Financial Receivable to third parties	5,430	1,498	3,932	5,582	(152)
E.2	Current Financial Receivable to related parties	-	-	-	-	-
F	Current Bank debt	103,528	7,683	95,845	100,182	3,346
G	Current portion of non current debt	187,496	263,270	(75,774)	187,460	36
H.1	Other current financial debt to third parties	9,852	24,056	(14,204)	2,858	6,994
H.2	Other current financial debt to related parties	43,438	17,375	26,063	34,750	8,688
I=(F+G+H)	Current Financial Debt	344,314	312,384	31,930	325,250	19,064
J=(I-E-D)	Net Current Financial Indebtedness	190,100	69,158	120,942	210,393	(20,293)
K	Non current Bank loans	446,794	596,116	(149,322)	446,794	-
L	Bonds Issued	721,120	718,587	2,533	720,754	366
M.1	Other non current loans to third parties	47,088	49,339	(2,251)	47,921	(833)
M.2	Other non current loans to related parties	1,300,000	1,300,000	-	1,300,000	-
N=(K+L+M)	Non Current Financial Debt	2,515,002	2,664,042	(149,040)	2,515,469	(467)
O	Non Current Financial Receivable to third parties	2,152	2,168	(16)	2,236	(84)
P=(N-O)	Net non Current Financial Indebtedness	2,512,850	2,661,874	(149,024)	2,513,233	(383)
Q=(J+P)	Net Financial Indebtedness	2,702,950	2,731,032	(28,082)	2,723,626	(20,676)
Transaction costs on loans and securitization costs not yet amortized and Net market value of "cash flow hedge" instruments		(45,015)	(47,043)	2,028	(45,788)	773
Net Financial Indebtedness - book value		2,657,935	2,683,989	(26,054)	2,677,838	(19,903)

The Net Financial Indebtedness according to the outline provided by ESMA Recommendation 81/2011 does not include Non Current Financial Receivable to third parties

Q	Net Financial Indebtedness	2,702,950	2,731,032	(28,082)	2,723,626	(20,676)
O	Non Current Financial Receivable to third parties	2,152	2,168	(16)	2,236	(84)
R=(Q+O)	Net Financial Indebtedness (ESMA Recommendation 81/2011)	2,705,102	2,733,200	(28,098)	2,725,862	(20,760)

The net financial indebtedness of the SEAT Pagine Gialle group at September 30, 2011 amounted to € 2,702,950 thousand compared to € 2,731,032 at December 31, 2010.

The main changes that occurred in the period are detailed as follows:

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- termination of the securitization program. The program, which had started with an initial issue of *Asset-backed* securities amounting to € 256 million, was gradually reduced and, with the last repayment of € 3.5 million made on June 15, 2011, upon the expiration of the five-year term, the exposure on these debt instruments was completely extinguished; in view of the low level of market propensity for securitization transactions it was deemed preferable not to renew this operation but, rather, to make use of the funding ensured by the *revolving* line of credit available to the company, as detailed below;
- use, starting from April 21, 2011, of a € 90 million *revolving* credit line to cover working capital requirements of SEAT Pagine Gialle S.p.A. or of its subsidiaries, available until June 8, 2012, within the framework of the *Senior* Loan with The Royal Bank of Scotland;
- repayment of € 35,196 thousand at the end of April 2011 applied against the remaining installment of tranche A on the Senior Loan with The Royal Bank of Scotland, due in June 2011 by contract.

In addition, with respect to the net financial indebtedness as at August 31 communicated last month, there aren't significant changes except operating cash flow net of debts for interest accrued but not yet paid.

SEAT Pagine Gialle S.p.A.



	As at 09.30.2011	As at 12.31.2010	Change Sept'11/Dec'10	As at 08.31.2011	Change Sept/Aug'11
Cash	93,754	133,698	(39,944)	56,832	36,922
Cash equivalent	-	-	-	-	-
Trading securities	-	-	-	-	-
Liquidity	93,754	133,698	(39,944)	56,832	36,922
Current Financial Receivable to third parties	4,573	670	3,903	4,848	(275)
Current Financial Receivable to related parties	31,953	85,081	(53,128)	30,684	1,269
Current Bank debt	103,511	7,683	95,828	100,182	3,329
Current portion of non current debt	187,494	73,254	114,240	187,457	37
Other current financial debt to third parties	9,852	22,466	(12,614)	2,858	6,994
Other current financial debt to related parties	56,848	184,486	(127,638)	50,471	6,377
Current Financial Debt	357,705	287,889	69,816	340,968	16,737
Net Current Financial Indebtedness	227,425	68,440	158,985	248,604	(21,179)
Non current Bank loans	446,794	596,116	(149,322)	446,794	-
Bonds Issued	721,120	718,587	2,533	720,754	366
Other non current loans to third parties	47,088	49,336	(2,248)	47,921	(833)
Other non current loans to related parties	1,300,000	1,300,000	-	1,300,000	-
Non Current Financial Debt	2,515,002	2,664,039	(149,037)	2,515,469	(467)
Non Current Financial Receivable to third parties	1,745	1,619	126	1,781	(36)
Net non Current Financial Indebtedness	2,513,257	2,662,420	(149,163)	2,513,688	(431)
Net Financial Indebtedness	2,740,682	2,730,860	9,822	2,762,292	(21,610)
Transaction costs on loans and securitization costs not yet amortized and Net market value of "cash flow hedge" instruments	(45,015)	(47,043)	2,028	(45,788)	773
Net Financial Indebtedness - book value	2,695,667	2,683,817	11,850	2,716,504	(20,837)

The Net Financial Indebtedness according to the outline provided by ESMA Recommendation 81/2011 does not include Non Current Financial Receivable to third parties

Net Financial Indebtedness	2,740,682	2,730,860	9,822	2,762,292	(21,610)
Non Current Financial Receivable to third parties	1,745	1,619	126	1,781	(36)
Net Financial Indebtedness (ESMA Recommendation 81/2011)	2,742,427	2,732,479	9,948	2,764,073	(21,646)

The net financial indebtedness of SEAT Pagine Gialle S.p.A. at September 30, 2011 amounted to € 2,740,682 thousand compared to € 2,730,860 at December 31, 2010.

For the main changes occurred in the period, reference is made to the above mentioned breakdown on the net financial indebtedness of the SEAT Pagine Gialle Group.

2) Group debt positions due, distributed by type (financial, commercial, tax, pension, and to employees) and any related initiatives in response from the creditors of the Group (requests, demands, suspensions of supply, etc.)

At September 30, 2011, trade payables to suppliers of the SEAT Pagine Gialle Group amounted to € 120,509 thousand; the amount of these payables due at September 30, 2011 is equal to € 28,272 thousand, of which € 16,781 thousand was paid in October.

This situation is to be viewed as representative of the normal scope of commercial relations with SEAT Group suppliers; in this respect none of the Group's suppliers has taken action to recover amounts due (demands, suspensions of supply, etc.) that could be considered detrimental to the continuation of normal business.



The SEAT Pagine Gialle Group has no positions due as of September 30, 2011 with respect to finance, tax, pensions, or to employees or agents.

3) Related parties transactions of the SEAT Pagine Gialle group and SEAT Pagine Gialle S.p.A.

Transactions with related parties carried out by Group Companies, including intra-group transactions, and by the Parent Company SEAT Pagine Gialle S.p.A. come under ordinary operating activities and are subject to market conditions or specific legislative provisions. There were no atypical or unusual transactions to report, nor any giving rise to potential conflict of interest.

SEAT Pagine Gialle group

STATEMENT OF OPERATIONS				
		Companies with significant influence		Total related parties as at 09.30.2011
(euro/thousand)	Associates	Other related parties (*)		
Cost of material and external services	-	-	(322)	(322)
Salaries, wages and employee benefits	-	-	(5,834)	(5,834)
Non-recurring costs	-	-	(936)	(936)
Interest expense	(78,188)	-	-	(78,188)

(*) Directors, statutory auditors and executives with strategic responsibility.

STATEMENT OF FINANCIAL POSITION				
		Companies with significant influence		Total related parties as at 09.30.2011
(euro/thousand)	Associates	Other related parties (*)		
Other non current loans to related parties	(1,300,000)	-	-	(1,300,000)
Non-current reserves to employees	-	-	(363)	(363)
Other current financial debt to related parties	(43,438)	-	-	(43,438)
Trade payables	(29)	-	(877)	(906)
Payables for services to be rendered and other current liabilities	-	-	(562)	(562)

(*) Directors, statutory auditors and executives with strategic responsibility.

SEAT Pagine Gialle S.p.A.

STATEMENT OF OPERATIONS

(euro/thousand)	Subsidiaries	Associates	Companies		Total related parties as at 09.30.2011
			with significant influence	Other related parties (*)	
Revenues from sales and services	39,222	-	-	-	39,222
Other income and revenues	2,208	-	-	-	2,208
Costs of materials and external services	(11,437)	-	-	(322)	(11,759)
Salaries, wages and employee benefits	(67)	-	-	(5,834)	(5,901)
Adjustments	(1,001)	-	-	-	(1,001)
Other operating costs	(19)	-	-	-	(19)
Non-recurring and restructuring costs	-	-	-	(936)	(936)
Interest income	2,936	-	-	-	2,936
Interest expense	(3,099)	(78,188)	-	-	(81,287)
Income taxes	74	-	-	-	74

(*) Directors, statutory auditors and executives with strategic responsibility.

STATEMENT OF FINANCIAL POSITION

(euro/thousand)	Subsidiaries	Associates	Companies		Total related parties as at 09.30.2011
			with significant influence	Other related parties (*)	
Other non current loans to related parties	-	(1,300,000)	-	-	(1,300,000)
Non-current reserves to employees	-	-	-	(363)	(363)
Other current financial debt to related parties	(13,410)	(43,438)	-	-	(56,848)
Trade payables	(7,305)	(29)	-	(877)	(8,211)
Payables for services to be rendered and other current liabilities	(2,290)	-	-	(562)	(2,852)
Trade receivables	17,725	-	-	-	17,725
Other current assets	9,962	-	-	-	9,962
Current Financial Receivable to related parties	32,530	-	-	-	32,530
Investments	155	-	-	-	155

(*) Directors, statutory auditors and executives with strategic responsibility.

Forecasts for 2011

During the 2011 sales cycle, the customer base contraction trend is expected to improve (-7% in the 2010 sales cycle) and, especially, the change in the revenue mix is expected to become more pronounced, which is expected to allow the Company to support its business in the still uncertain economic environment.



In detail, in Italy a decline in total revenues of between 5% and 7% compared to those of 2010 restated is expected, with projected revenues growth for online products, including the online component of PAGINE BIANCHE®, exceeding 50%; the share of online marketing services is expected to be around 30% of Web revenues, also reflecting the foreseen achievement of the overall target of 180 thousand multimedia packages sold. Margins on Italian operations are expected to exceed 46%.

At Group level, in a scenario of declining revenues, the measures to contain operating costs are expected to contribute to EBITDA, which is forecast to amount to between € 365 and € 385 million (€ 415 and € 435 million on the basis of previous accounting standards), down from € 416 million in 2010 restated (€ 483 million on the basis of previous accounting standards). Operating Free Cash Flow is expected to benefit from a marked improvement in operating working capital that will start benefiting from the effects of the working capital reduction program commenced at the beginning of the financial year, as well as from the positive effect resulting from applying the new accounting standards.

In the second half of 2011, Seat PG made its entry into the couponing market and formed a partnership with Glamoo, a young Italian e-commerce firm and pioneer in geo-localized mobile services. By the end of 2011 a wide offering of geo-localized mobile couponing services will be available throughout the Italian provinces.

The agreement also provides for an option to purchase Glamoo within one year from the date of the contract.

Finally during October 2011 the graphics and content of the PagineBianche.it portal were thoroughly restyled. The portal usability has been improved and the part containing information of public interest has been enhanced.

The Company is considering - after the conclusion of the financial restructuring - to further strengthen the development of its business in the web sector, possibly also through M&A transactions for which it has identified potential targets in the web sector.

DECLARATION PURSUANT TO ARTICLE 154-BIS, PARAGRAPH 2, LEGISLATIVE DECREE No. 58, 24 FEBRUARY 1998

The manager responsible for preparation of the financial statements, Massimo Cristofori, Head of the Administration, Finance and Control Department of SEAT Pagine Gialle S.p.A., declares, pursuant to Article 154-bis, paragraph 2, Legislative Decree No. 58 of 24 February 1998, that the accounting information contained in this press release corresponds to the accounting records, documents and books of the company.

Seat Pagine Gialle Communications

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