



**SEAT PAGINE GIALLE GROUP
REPORT at September 30, 2003**

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■ COMPANY BOARDS

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| Board of Directors¹ | Chairman¹ | Enrico Giliberti |
| | CEO² | Luca Majocchi |
| | Directors | Lino Benassi (I) Dario Cossutta Claudio Demattè (I) Guido Gamucci Luigi Lanari Michele Marini Stefano Mazzotti Hardy McLain Marco Reboa (I) Alberto Tazartes Nicola Volpi |
| | Secretary to the Board | Marco Beatrice |
| Compensation Committee² | Chairman | Claudio Demattè Dario Cossutta Alberto Tazartes |
| Internal Control Committee² | Chairman | Lino Benassi Marco Reboa Nicola Volpi |
| Board of Statutory Auditors¹ | Chairman | Enrico Cervellera |
| | Acting Auditors | Andrea Vasapolli Vincenzo Ciruzzi |
| | Alternate Auditors | Guido Costa Guido Vasapolli |
| Independent Auditors³ | | Reconta Ernst & Young S.p.A. |

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

- 1) The Shareholders' Meeting held on September 23, 2003 appointed the Board of Directors, the Chairman and the Board of Statutory Auditors.
- 2) On September 23, 2003 the Board of Directors appointed the Managing Director, as well as the members of the Internal Control Committee and the Compensation Committee.
- 3) Appointed in the Articles of Association.

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■ FOREWORD

Seat Pagine Gialle S.p.A. was incorporated on August 1, 2003 following registration with the Milan Register of Companies of the partial proportional spinoff of "Telecom Italia Media S.p.A." (formerly Seat Pagine Gialle S.p.A), whereby the Directories activities of the company (telephone directories, directory assistance and business information) were transferred to the newly established Spinoff Company.

The income statement "accounting" values, both of the Parent Company and the consolidated amounts shown in this report relate to the period August 1 - September 30, 2003. Similarly the Balance Sheet and the Cash Flow Statement at September 30 reflect the financial results and the relative flows only for those two months.

The balance sheet "accounting" values for the Parent Company at September 30, 2003 are compared with the Spinoff Balance sheet at August 1, 2003 and with the pro forma Balance Sheet at December 31, 2002.

The consolidated balance sheet items at September 30, 2003 are given in comparison with the consolidated "accounting" situation at August 1, 2003 and with the pro forma figures at December 31, 2002.

In order to facilitate an analysis of the data relative to overall economic performance, the pro forma items relative to the period January 1 - September 30, 2003 have been reconstructed in comparison with the same period of the previous financial period, as if the spinoff had taken effect respectively as of January 1, 2003 and January 1, 2002.

For proper interpretation of the information provided by the pro forma data, the following aspects must be taken into consideration:

- i. given that these representations are constructed based on hypotheses, if the spinoff had been implemented on the dates used for reference in order to prepare the pro forma data, rather than the actual date, the historic data would not necessarily have been the same as the pro forma data;
- ii. the consolidated pro forma data do not reflect the forecast data since they are prepared so as to represent only the isolatable and objectively measurable effects of the spinoff transaction, without taking into account the potential effects due to variations in management policy and to operating decisions of the management ensuing from the transaction itself.

Hypotheses used for the preparation of the pro forma consolidated data

The pro forma consolidated data relative to 2002 are those previously reported in the post-spinoff Seat Pagine Gialle S.p.A. Prospectus, which should be consulted for a more analytical and precise description.

The criteria used for the drafting of the pro forma data are summarized below.

The consolidated pro forma data of the activities of Seat Pagine Gialle (Spinoff Company) have been obtained by pro forma consolidation of the historical data of the companies under the control of the Spinoff Company, on the basis of the definition of the new business area. The independent consolidation process of the Spinoff Company brought about adjustments that are typical of the process. It also led to a redefinition - compared to the pre-spinoff consolidated total - of some relationships between group companies which are under the control of the Spinoff Company and those under the control of the Company Effecting the Spinoff. By virtue of the Spinoff and the subsequent separation of the entities under two distinct parties, the relationships between the two parties have been considered as relationships between distinct companies, thus determining a different quantification of third-party revenues. In the revenues of the pro forma consolidated statements, third-party revenues also include services performed by group companies under the control of the Spinoff Company in favor of group companies which are under the control of the Company Effecting the Spinoff, and third-party costs which also include cost for services received from companies of the aforesaid group of the Company Effecting the Spinoff.

Based on the consolidated data of the Spinoff Company, the following adjustments have been made for the purposes of the pro forma financial statements:

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1. Operating costs

The costs of the Spunoff Company, for the whole of 2002 and for the first seven months of 2003, have been increased by the operating costs relative to the corporate sector, as compensation for Directors, Statutory Auditors and Independent Auditors, as well as other, lesser costs. Pro forma costs for 2002 total Euro 2.4 million, while for 2003 they amount to Euro 1.7 million.

2. Financial expense

The separation of the monetary flows of the two groups which are under the control of the Company Effecting the Spinoff and the Spunoff Company has demonstrated that in 2002 the Spunoff Company generated cash of approximately Euro 309.5 million while the group of the Company Effecting the Spinoff absorbed cash of approximately Euro 67.1 million. The opening accounting financial positions were obtained by applying the same allocation criterion at January 1, 2002 as applied for the determination of the Spinoff balance sheet at December 31, 2002 for financial payables and receivables. The reconstruction of the opening balances of the financial positions of the two groups (Company Effecting the Spinoff and Spunoff Company) and of the flows of the period highlighted the need to carry out a pro forma adjustment of the financial expense/income, based on the simulation of a contribution of pro forma liquidity (of approximately Euro 151 million) by the Spunoff Company to the Company Effecting the Spinoff. Pro forma earned interest for 2002 amounts to Euro 2.7 million.

At September 30, in application of the spinoff project principles, the equalization value was expressed between the Spunoff Company and the Company Effecting the Spinoff which was brought in to increase the net financial position of Spunoff Company: the pro forma interest for the whole of 2003 (pro forma interest expense amounts to Euro 1.6 million for 2003) impacted on the above-mentioned equalization value calculated as average value at the end of each quarter.

3. Income taxes

a) Pro forma consolidated Income Statement for 2002 shows income taxes for the Spunoff Company calculated independently and amounting to Euro 114.2 million. For 2003, pro forma income taxes for the first nine months amount to Euro 101.6 million. This amount includes also the taxation effects on the pro forma adjustments.

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■ GROUP ECONOMIC AND FINANCIAL HIGHLIGHTS

| <i>(in millions of euro)</i> | 08/01/2003 - 30/09/2003 | 01/01/2003 - 09/30/2003 pro forma | 01/01/2002 - 09/30/2002 pro forma | Year 2002 pro forma |
|---|----------------------------|---|---|------------------------|
| Sales and service revenues | 266.1 | 980.1 | 987.7 | 1,444.7 |
| Gross operating profit | 141.0 | 450.0 | 431.5 | 619.6 |
| Operating income before non-operating depreciation and amortization | 126.3 | 365.1 | 341.0 | 513.2 |
| Operating income | 105.0 | 269.7 | 243.5 | 383.2 |
| Income (loss) before taxes | 78.6 | 197.2 | 171.6 | 158.1 |
| Net income/(loss) of Parent Company and Minority Interests | 47.6 | 98.6 | 58.8 | 45.7 |
| Net income/(loss) of Parent Company | 46.8 | 97.4 | 54.1 | 58.8 |
| Operating free cash flow | 114.8 | 375.3 | n.d. | 439.8 |
| Investments: | | | | |
| - industrial | 2.1 | 19.3 | 19.8 | 34.3 |
| - goodwill | - | 49.9 | 4.0 | 25.5 |
| - financial | 0.1 | 1.8 | 10.7 | 16.9 |
| BALANCE SHEET HIGHLIGHTS | | | | |
| Total assets | 2,426.3 | 2,426.3 | n.d. | 2,936.7 |
| Net invested capital | 1,628.7 | 1,628.7 | n.d. | 1,744.2 |
| Shareholders' equity | 1,063.4 | 1,063.4 | n.d. | 1,027.3 |
| - Parent Company | 1,058.2 | 1,058.2 | n.d. | 1,023.4 |
| - Minority Interests | 5.3 | 5.3 | n.d. | 3.9 |
| Net financial debt | 565.3 | 565.3 | n.d. | 716.8 |
| INCOME AND FINANCIAL RATIOS | | | | |
| GOP/Sales and service revenues | 53.0 | 45.9 | 43.7 | 42.9 |
| Operating income/Sales and service revenues ROS | 39.5 | 27.5 | 24.7 | 26.5 |
| Free cash flow/Revenues | 43.1 | 38.3 | n.d. | 30.4 |
| Operating Free cash flow/ EBITDA | 84.50 | 88.3 | n.d. | 76.2 |
| PERSONNEL | | | | |
| Personnel (group figure at end of period, No.) | 5,508 | 5,508 | n.d. | 5,450 |

(1) Operating income + Amortization and depreciation – Industrial investments – Change in operating working capital

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■ INFORMATION BY BUSINESS AREA

The Seat Pagine Gialle Group is organized into 3 Business Areas, according to the subdivision reported in the table below.

| (in millions of euro) | | Pro forma | Pro forma | Pro forma | Pro forma | Pro forma | Pro forma |
|--|--------------------|-------------|----------------------|----------------------|-----------------|-----------------------------------|--------------------|
| | | Directories | Directory Assistance | Business Information | Aggregate total | Other activities and eliminations | Consolidated total |
| Sales and service revenues | 9 Months 2003 | 789.3 | 124.5 | 72.0 | 985.8 | (5.7) | 980.1 |
| | 9 Months 2002 | 795.2 | 108.5 | 91.1 | 994.8 | (7.1) | 987.7 |
| | Year 2002 | 1,181.9 | 145.8 | 127.1 | 1,454.8 | (10.1) | 1,444.7 |
| Gross operating profit | 9 Months 2003 | 434.7 | 28.5 | 1.1 | 464.3 | (14.3) | 450.1 |
| | 9 Months 2002 | 438.6 | 12.8 | 5.1 | 456.5 | (25.0) | 431.5 |
| | Year 2002 | 621.1 | 20.9 | 6.4 | 648.4 | (28.8) | 619.6 |
| Operating income before amortization of goodwill | 9 Months 2003 | 365.7 | 18.4 | (3.3) | 380.8 | (15.7) | 365.1 |
| | 9 Months 2002 | 369.7 | (0.6) | (2.2) | 366.9 | (25.9) | 341.0 |
| | Year 2002 | 541.4 | 4.5 | (2.7) | 543.2 | (30.0) | 513.2 |
| Operating income | 9 Months 2003 | 290.6 | 4.7 | (9.9) | 285.4 | (15.7) | 269.7 |
| | 9 Months 2002 | 294.9 | (14.0) | (11.6) | 269.3 | (25.8) | 243.5 |
| | Year 2002 | 441.7 | (13.3) | (15.2) | 413.2 | (30.0) | 383.2 |
| Net invested capital . intangibles, fixed assets and long-term investments . operating capital | September 30, 2003 | 1,335.1 | 120.2 | 74.5 | 1,529.8 | 98.9 | 1,628.7 |
| | September 30, 2003 | 1,069.1 | 99.8 | 78.4 | 1,247.3 | 2.4 | 1,249.7 |
| | September 30, 2003 | 266.0 | 20.4 | (3.9) | 282.5 | 96.5 | 379.0 |
| Net invested capital . intangibles, fixed assets and long-term investments . operating capital | December 31, 2002 | 1,399.9 | 137.9 | 73.9 | 1,611.7 | 132.5 | 1,744.2 |
| | December 31, 2002 | 1,124.4 | 119.0 | 87.7 | 1,331.1 | 1.4 | 1,332.5 |
| | December 31, 2002 | 275.5 | 18.9 | (13.8) | 280.6 | 131.1 | 411.7 |
| Investments: . industrial | 9 Months 2003 | 9.4 | 3.8 | 5.4 | 18.6 | 0.7 | 19.3 |
| | 9 Months 2002 | 12.5 | 2.5 | 4.6 | 19.6 | 0.2 | 19.8 |
| | Year 2002 | 24.9 | 2.5 | 6.6 | 34.0 | 0.3 | 34.3 |
| . goodwill | 9 Months 2003 | 42.6 | 0.6 | 6.7 | 49.9 | | 49.9 |
| | 9 Months 2002 | | 0.4 | 3.6 | 4.0 | | 4.0 |
| | Year 2002 | 9.6 | 9.4 | 6.5 | 25.5 | | 25.5 |
| Personnel at: (No.) | September 30, 2003 | 2,263 | 2,510 | 646 | 5,419 | 89 | 5,508 |
| | December 31, 2002 | 2,220 | 2,400 | 721 | 5,341 | 109 | 5,450 |

■ GROUP OPERATIONS HIGHLIGHTS

| | 01/01/2003 09/30/2003 | 01/01/2002 09/30/2002 | Year 2002 |
|--|--------------------------|--------------------------|-----------|
| Directories Italy | | | |
| Published directories | 203 | 202 | 304 |
| Thomson Group | | | |
| Published directories | 118 | 118 | 173 |
| Directory Assistance | | | |
| Received calls - Telegate (thousands) | 83,278 | 92,902 | 119,064 |
| Received calls - Pronto PAGINE GIALLE [®] (thousands) | 10,195 | 8,016 | 10,494 |
| Pronto PAGINE GIALLE [®] acquired customers | 71,600 | 65,100 | 87,911 |

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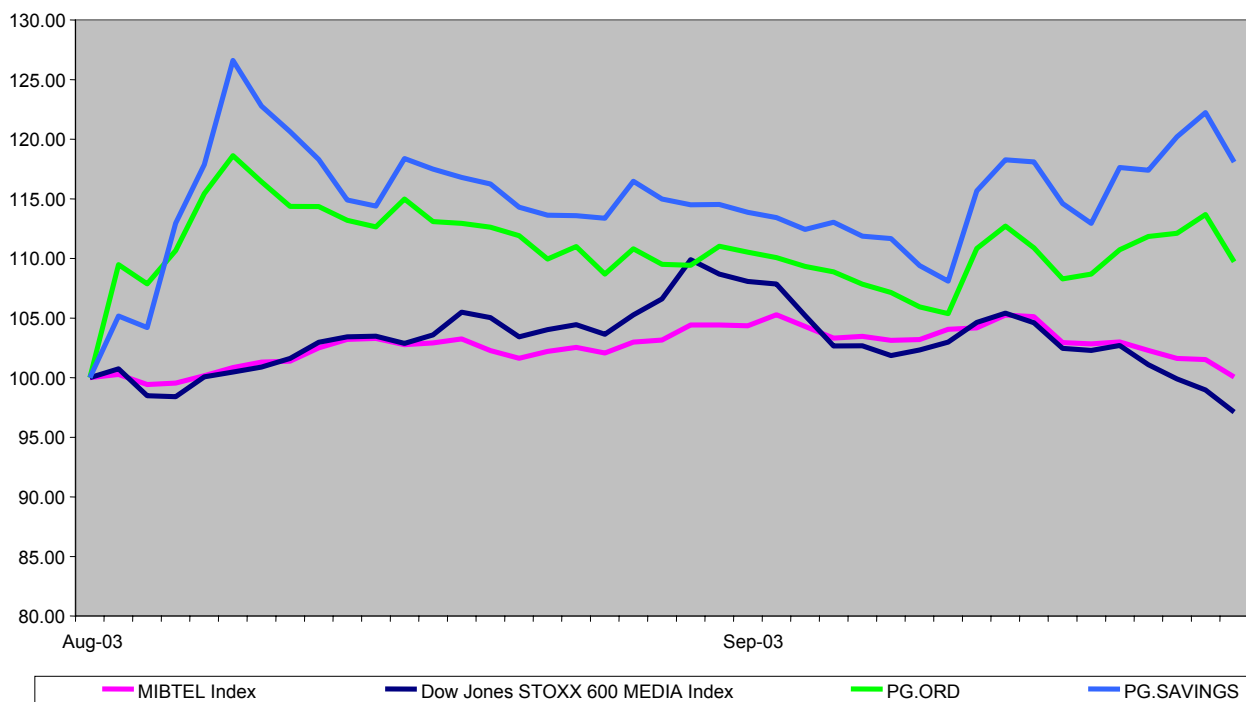
■ INFORMATION FOR SHAREHOLDERS

■ SHARES

| | | |
|--|-----------------------|----------------|
| Share capital | Euro | 247,538,714,46 |
| Number of ordinary shares (par value 0.03) | No. | 8,115,215,696 |
| Number of savings shares (par value 0.03) | No. | 136,074,786 |
| Market capitalization (on average market price for September 2003) | (in millions of euro) | 6,513 |
| Percentage of Seat Pagine Gialle shares (SPG ordinary) at September 30, 2003 | | |
| . on Mibtel index | | 1,436 |
| . on DJ Eurostoxx Media index | | 1,980 |

■ STOCK PERFORMANCE OF SEAT PAGINE GIALLE

Relative performance SEAT vs MIBTEL indexes and DJ Stoxx 600 Media

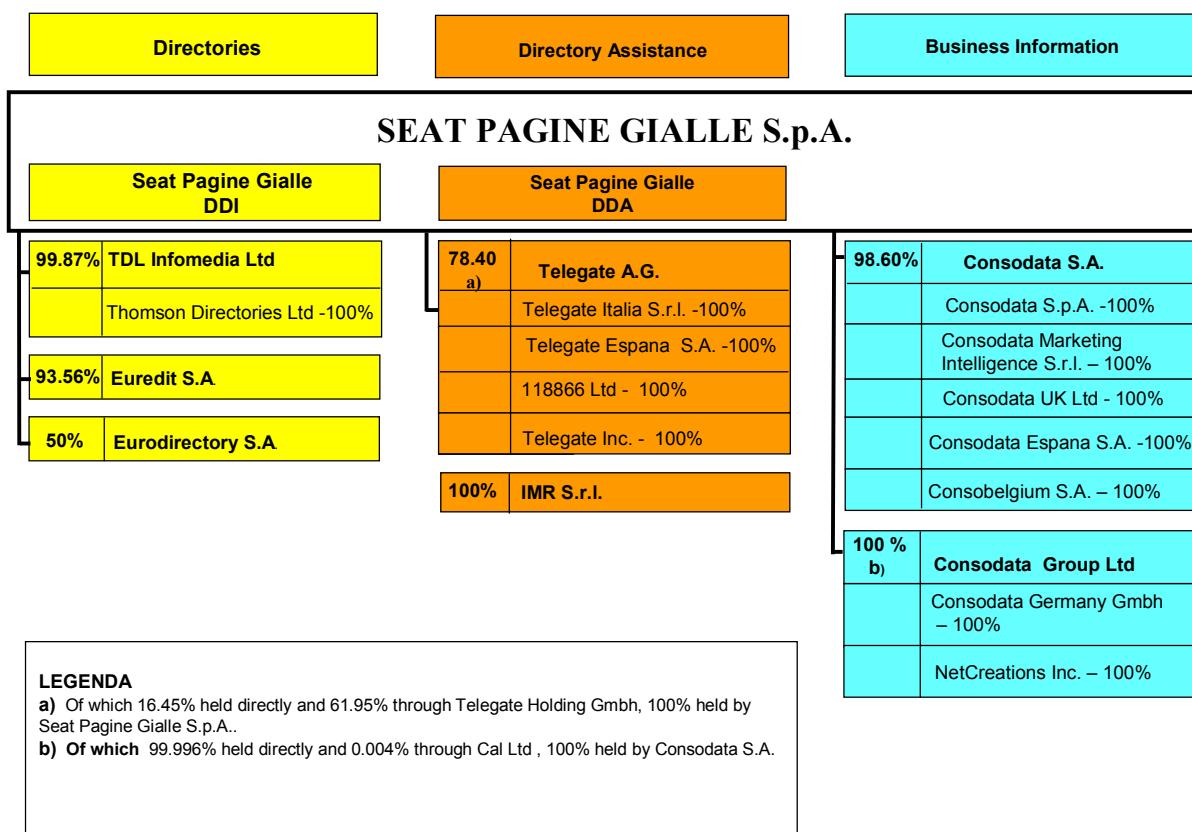


(*) Official prices. Source: Reuters

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(Updated November 6, 2003)



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■ ECONOMIC AND FINANCIAL PERFORMANCE OF THE SEAT PAGINE GIALLE GROUP

OPERATING PERFORMANCE

Net consolidated income at September 30, 2003 amounted to Euro 46.8 million, reflecting the economic performance of the Group exclusively for the period from August 1 to September 30 – as detailed in the “Foreword”.

To facilitate the analysis of the financial data, comment is provided hereunder on the pro forma values relative to the period from January 1 to September 30, 2003 and compared with the pro forma values relative to the same period in the previous year.

Pro forma sales and service revenues for the first nine months of 2003 amounted to Euro 980.1 million, with a decrease by 0.8% compared to the same period in 2002; with equal exchange rates, the increase amounted to 0.4%. Gross of eliminations between Business Area items, revenues are made up as follows:

- Consolidated revenues in the “Directories” Area for the first nine months of the year reached Euro 789.4 million, with a 0.7% decrease compared to the same period of 2002. Although this period was characterized by a further decrease in advertising investments in Italy, especially by large companies, revenues from Italian activities amounted to Euro 673,8 million (-0.9%), thus signaling a good performance of telephone directories. This result was achieved thanks to the customer base of small and medium-sized enterprises that led to a significant turnover that offset the reduced investment of large advertisers. The good performance of the new online services should also be highlighted.
The revenues from foreign activities, originating principally with Thomson, increased by 8% in local currency, but were affected by the downturn in the exchange rate for translation into Euro.
- Revenues from the “*Directory Assistance*” Area increased by 14.7% compared to the same period in 2002. Note should be taken of both the significant growth of the 89.24.24 Pronto PAGINE GIALLE® service in Italy (+35.8%) and the good performance of the Telegate Group (+10.0%) especially in Germany and Spain.
- Revenues from the “*Business Information*” area were affected by the less than positive trend in the Direct Marketing market and decreased by 21% compared to the first nine months of 2002, also due to the reduction in the consolidation area and the devaluation of the dollar against the Euro that affected the results of the US subsidiary.

Pro forma raw materials and outside services amounted to Euro 376.1 million, with a decrease of 1.8% compared to the first nine months of 2002 (Euro 383.1 million), and a ratio to revenues of 38.4% (38.8% in 2002), due above all to lower consumption of raw materials (- Euro 10.7 million), to the containment of costs for professional services (- Euro 5.6 million), notwithstanding the higher commission costs (+ 1.4 million). Consumption includes higher costs for advertising and promotion (+ Euro 7 million) following the investments made in particular by TDL Infomedia and Telegate.

Pro forma labor cost in the first nine months of 2003, amounted to Euro 159.5 million, a reduction of 10.1% compared to the same period of 2002, due to the effects of the staff reorganization and cuts that have been implemented as of the previous financial periods.

Group personnel at September 30, 2003 numbered 5,508 employees (5,450 at December 31, 2002).

The average salaried presence (FTE for the foreign companies) for the first nine months of 2003 amounted to 4,679.1 employees.

Pro forma gross operating profit improved significantly increasing from Euro 431.5 million in the first nine months of 2002 to Euro 450.0 million in the first nine months of 2003, and accounted for 45.9% of revenues (43.7% in 2002).

Pro forma operating depreciation and amortization, amounting to Euro 24.9 million, down by 7.5 million compared to the first nine months of 2002 as a result of selective investment policy and the completion of the amortization relative to the online platforms. The reduction in depreciation and amortization was also determined for Euro 1.6 million by the transfer of the buildings in which the Parent Company performs its business, in the scope of the “Tiglio” operation in October 2002.

Pro forma other valuation adjustments of Euro 34.4 million (Euro 36.0 million at September 30, 2002) refer principally to the writedown of trade receivables, in order to adjust their value to the estimated realizable value.

Pro forma provisions to funds for risks and charges of Euro 25.3 million (Euro 19.3 million at September 30, 2002), relate, to the extent of Euro 22.5 million to the commercial risks fund (for the purposes of dealing with any charges

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connected to the less than perfect performance of contractual services), the increase is due essentially to a prudential rise in the risk hedging percentage.

Pro forma operating income before non-operating amortization and depreciation amounted to Euro 365.1 million (Euro 341.0 million in the first nine months of 2002), up 7.1% compared to the same period in the previous year, with a ratio to revenues of 37.3% (34.5% in 2002).

Pro forma non-operating depreciation and amortization, referring to goodwill and goodwill on consolidation, amounted to Euro 95,4 million at September 30, 2003 (Euro 97.5 million at September 30, 2002).

Pro forma net financial income and expense of Euro 62.7 million at September 30, 2003, is made up as follows:

| (in thousands of euro) | 01/01/2003 - | 09/30/2003 | 09/30/2002 | Change | |
|---|-----------------|-----------------|-----------------|----------------|------------|
| | 30/09/2003 | pro forma | pro forma | absolute | % |
| Financial income | 224 | 11,076 | 15,511 | (4,435) | (28.6) |
| Financial expense | (25,139) | (73,810) | (73,864) | 54 | (0.1) |
| Net exchange charges | 419 | 57 | (2,634) | 2,691 | (102.2) |
| Pro-forma net financial income (expense) | (24,496) | (62,677) | (60,987) | (1,690) | 2.8 |

Pro forma financial revenues for the first nine months amounted to Euro 11.1 million and refer substantially to Seat Pagine Gialle S.p.A. cash and cash equivalents with the Group Treasury managed by Telecom Italia and used at June 30, 2003 to pay back the Euro 700 million tranche of medium- and long-term financing. Compared to 2002, financial income were affected by the reduction in average rates (approximately -1%) due to the reduction in market rates.

Pro forma financial charges amounted to Euro 73.8 million, of which Euro 58.7 million relate to Seat Pagine Gialle S.p.A.. Contributing to these costs, in the first half 2003, were the higher costs of the medium- and long-term financing due to the entry into force of the "knock-in-floor" clause on the interest-rate collar contracts following the changes in Euribor on the debt tranche of Euro 700 million: the average annual cost on the entire loan increased from 5.94% to 6.24%, leading to increased charges of about Euro 1.4 million;

The reduction of approximately Euro 5.4 million due to the effect of the reacquisition on the market (in several tranches in the second quarter of 2002) of 86.2% of the bond issue in dollars of TDL Infomedia, which allowed the replacement of the medium- to long-term financing represented by high fixed-rate bonds, by a loan at rates linked to Libor and lower than the previous rates.

On August 7, 2003, Seat Pagine Gialle S.p.A. repaid in advance the Euro 300 million debt to Seat Pagine Gialle Finance S.r.l.: that repayment involved costs of Euro 18.4 million.

On August 8, 2003 Seat Pagine Gialle S.p.A. assumed the debt contracted by Silver S.p.A. with the Royal Bank of Scotland in order to repay its own financing debt to the Telecom Italia Group (amounting to Euro 513 million); on that date, Seat Pagine Gialle S.p.A. became, to the relevant extent, a party to the financing contract with the Royal Bank of Scotland. That short-term financing is regulated at market rates, less than 5% per annum.

Pro forma value adjustments to financial assets amounted to Euro 3.3 million and refer to the Group's share in the results of non-consolidated subsidiaries and affiliates.

Pro forma net extraordinary income and charges (- Euro 13.2 million) relates to Euro 4.3 million charges borne by the Telegate Group in relation to the closure of call centers in Germany and the restructuring of the business in the United States, and Euro 5.2 million for the extraordinary writedown of goodwill.

Pro forma income taxes for the period (Euro 98.6 million) have been calculated, in accordance with accounting principle No. 30 for "intermediate financial statements", applying the actual average rates forecast for 2003 to the gross figure at September 30, 2003.

CAPITAL INVESTMENT

At September 30, 2003, the Seat Pagine Gialle Group recorded net invested capital of Euro 1,628.7 million (Euro 1,663.7 million at August 1, 2003) which was covered by shareholders' equity for Euro 1,063.4 million (Euro 1,015.5 million at August 1, 2003) and net financial debt for Euro 565.3 million (Euro 648.2 million at August 1, 2003).

Pro forma investments for the period January 1 – September 30, 2003 amounted to Euro 70.8 million and are broken down as follows

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| (in thousands of euro) | 01/08/2003 - 30/09/2003 | 9 Months 2003 pro forma | Year 2002 pro forma | Change | |
|------------------------|----------------------------|-------------------------------|------------------------|----------------|--------------|
| | | | | absolute | % |
| Industrial investments | 2,098 | 19,295 | 34,264 | (14,969) | (43.7) |
| Goodwill | | 49,914 | 25,524 | 24,390 | 95.6 |
| Financial investments | 74 | 1,785 | 16,867 | (15,082) | (89.4) |
| Total | 2,172 | 70,994 | 76,655 | (5,661) | (7.4) |

- Industrial investments (Euro 19.3 million) relate, in particular, to the development of software applications (Euro 1.2 million) and to the acquisition of computer equipment (Euro 3.3 million);
- investments in goodwill (Euro 49.9 million), of which Euro 42.6 million relative to TDL following the execution of the contracts with the founding management and for Euro 6.7 million for the purchase of a further 8.17% of Consodata S.A.
- financial investments (Euro 1.8 million) were generated by the disbursement of frozen receivables

Operating capital amounted to Euro 411.5 million at September 30, 2003 compared to pro forma Euro 444.1 million at December 31, 2002.

In particular, the item "Other activities" includes advance tax credits, amounting to Euro 79.9 million, relative to Seat Pagine Gialle S.p.A., of which Euro 78.7 million allocated at the time of the spinoff.

It is pointed out that the amount of deferred tax income, allocated to the Spinoff Company at the date of the spinoff has been prudentially quantified taking account of the draft Legislative Decree approved by the Government on September 12, 2003, bringing in the institution of IRES.

More specifically, as regards the quantification of that item, account was taken of the following regulatory amendments, which will enter into force on the first tax period beginning after the entry into force of the draft Legislative Decree:

- reduction of tax rates from 34% to 33%;
- introduction of a regime of *participation exemption*, which involves the non-deductibility of the value adjustment of the shareholding. In that respect, as a matter of prudence, the deferred tax income has not been included for the spinoff relative to the value adjustments posted to the financial statements of the Company Effecting the Spinoff, in respect of which it is not reasonably certain that within the current year the presumptions shall arise for their deduction. In particular, this deals with value adjustments relative to *Consodata S.A.* (Euro 19 million) and to *TDL Infomedia Ltd.* (Euro 27 million).

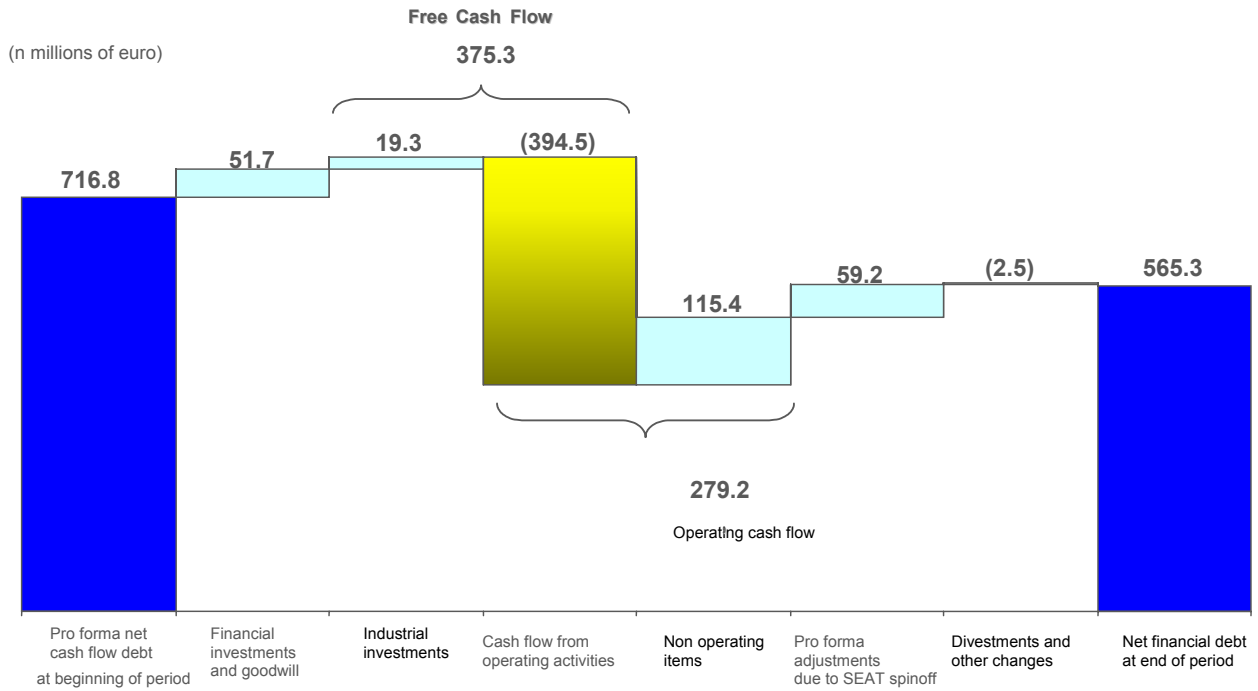
As a consequence, the spinoff equalization, amounting to Euro 80 million, does not include those amounts.

On the basis of informal contacts with the management of Telecomitalia Media S.p.A. it cannot be excluded that in the course of discussion of the spinoff equalization, Telecomitalia Media S.p.A may reach different conclusions on the entry of the above-mentioned deferred interest income. In the event that the parties do not reach an agreement, the determination of the issue and therefore its effects on the equalization shall be remitted to a third party arbiter.

Net financial debt amounted to Euro 565.3 million, with a decrease of Euro 151.5 million compared to the pro forma net financial debt at December 31, 2002 and includes a spinoff equalization of Euro 80 million. Should there be considered among the spinoff assets also the deferred tax credits relevant to TDL Infomedia and Consodata S.A. totaling Euro 46 million, the spinoff equalization would amount to Euro 126 million and consequently the net financial position would be Euro 611 million.

The chart below summarizes the main items that influenced the change in net financial debt over the period.

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|------------------------------------|--|
| HIGHLIGHTS AND GENERAL INFORMATION | ECONOMIC AND FINANCIAL PERFORMANCE OF THE GROUP |
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|------------------------------------|--|
| HIGHLIGHTS AND GENERAL INFORMATION | ECONOMIC AND FINANCIAL PERFORMANCE OF THE GROUP |
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SEAT PAGINE GIALLE GROUP

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

| (in thousands of euro) | 08/01/2003- 09/30/2003 | 01/01/2003 - 09/30/2003 pro forma | 01/01/2002- 09/30/2002 pro forma | Change absolute % | Year 2002 pro forma | |
|--|---------------------------|---|--|-------------------------|------------------------|------------------|
| A. Sales and service revenues | 266,075 | 980,105 | 987,673 | (7,568) | (0.8) | 1,444,689 |
| Changes in inventory of work in process, semi-finished and finished goods | 1,152 | 2,747 | 1,873 | | | 344 |
| Increases in capitalized internal construction costs | 161 | 2,639 | 2,465 | | | 3,314 |
| Operating grants | | | 10 | | | 8 |
| B. "Typical" production value | 267,388 | 985,491 | 992,021 | (6,530) | (0.7) | 1,448,355 |
| Raw materials and outside services (*) | (91,502) | (376,071) | (383,089) | 7,018 | | (584,979) |
| Labor cost (*) | (34,890) | (159,461) | (177,473) | 18,012 | | (243,793) |
| C. Gross operating profit | 140,996 | 449,959 | 431,459 | 18,500 | 4.3 | 619,583 |
| % on sales | 53.0 | 45.9 | 43.7 | | | 42.9 |
| Depreciation and amortization | (5,130) | (24,903) | (32,432) | 7,529 | | (42,697) |
| Other valuation adjustments | (6,841) | (34,356) | (35,952) | 1,596 | | (40,687) |
| Provisions to funds for risks and charges | (3,929) | (25,271) | (19,319) | (5,952) | | (21,370) |
| Net other income (expense) | 1,160 | (317) | (2,774) | 2,457 | | (1,641) |
| Operating income before non-operating depreciation and amortization | 126,256 | 365,112 | 340,982 | 24,130 | 7.1 | 513,188 |
| % on sales | 47.5 | 37.3 | 34.5 | | | 35.5 |
| Amortization of goodwill and consolidation differences | (21,271) | (95,409) | (97,503) | 2,094 | | (129,995) |
| E. Operating income | 104,985 | 269,703 | 243,479 | 26,224 | 10.8 | 383,193 |
| % on sales | 39.5 | 27.5 | 24.7 | | | 26.5 |
| Net financial income (expense) | (24,496) | (62,677) | (60,987) | (1,690) | | (88,356) |
| Value adjustments to financial assets | 652 | 3,344 | (5,050) | 8,394 | | (5,516) |
| F. Result before extraordinary items and taxes | 81,141 | 210,370 | 177,442 | 32,928 | | 289,321 |
| Extraordinary income (expense) | (2,508) | (13,193) | (5,822) | (7,371) | | (131,265) |
| G. Income (loss) before taxes | 78,633 | 197,177 | 171,620 | 25,557 | | 158,056 |
| Income taxes | (30,988) | (98,591) | (112,828) | 14,237 | | (112,390) |
| F. Result before minority interests | 47,645 | 98,586 | 58,792 | 39,794 | | 45,666 |
| (Income) Loss of minority interests | (879) | (1,183) | (4,651) | 3,468 | | 13,087 |
| G. Result for the period | 46,766 | 97,403 | 54,141 | 43,262 | | 58,753 |
| % on sales | 17.6 | 9.9 | 5.5 | | | 4.1 |

(*) Less the relevant recuperated costs

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|------------------------------------|--|
| HIGHLIGHTS AND GENERAL INFORMATION | ECONOMIC AND FINANCIAL PERFORMANCE OF THE GROUP |
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RECLASSIFIED CONSOLIDATED BALANCE SHEET

| (in thousands of euro) | 09/30/2002 (a) | 08/01/2003 (b) | Change (a)-(b) | 12/31/2002 pro forma | Change □□(a)-(c) |
|---|-------------------|-------------------|-------------------|-------------------------|---------------------|
| A. Intangibles, fixed assets and long-term investments | 1,249,683 | 1,273,053 | (23,370) | 1,332,514 | (82,831) |
| Intangible assets | 1,187,702 | 1,209,882 | (22,180) | 1,264,859 | (77,157) |
| Fixed assets | 45,429 | 47,354 | (1,925) | 53,922 | (8,493) |
| Long-term investments: | | | | | |
| equity investments | 10,717 | 9,959 | 758 | 9,079 | 1,638 |
| other | 5,835 | 5,858 | (23) | 4,654 | 1,181 |
| B. Working capital | 411,550 | 423,816 | (12,266) | 444,064 | (32,514) |
| Inventories | 17,131 | 16,054 | 1,077 | 8,716 | 8,415 |
| Trade accounts receivable | 737,442 | 714,548 | 22,894 | 707,943 | 29,499 |
| Other assets | 276,600 | 266,090 | 10,510 | 291,849 | (15,249) |
| Trade accounts payable | (204,943) | (177,110) | (27,833) | (232,102) | 27,159 |
| Funds for risks and charges | (97,801) | (66,461) | (31,340) | (112,658) | 14,857 |
| Other liabilities | (316,879) | (329,305) | 12,426 | (219,684) | (97,195) |
| C. Reserve for employee termination indemnities | (32,507) | (33,148) | 641 | (32,413) | (94) |
| D. Net invested capital | (A+B+C) | 1,628,726 | 1,663,721 | 1,744,165 | (115,439) |
| E.1 Group shareholders' equity | 1,058,179 | 1,011,203 | 46,976 | 1,023,430 | 34,749 |
| Share capital paid-in | 247,539 | 247,539 | | 247,358 | 181 |
| Reserves and retained earnings | 763,874 | 763,664 | 210 | 615,724 | 148,150 |
| Result for the period | 46,766 | | 46,766 | 160,348 | (113,582) |
| E.2 Minority interests | 5,259 | 4,318 | 941 | 3,902 | 1,357 |
| Share capital and reserves | 4,380 | 4,318 | 62 | 16,988 | (12,608) |
| Result for the period | 879 | | 879 | (13,086) | 13,965 |
| E. Total shareholders' equity | (E1+E2) | 1,063,438 | 1,015,521 | 1,027,332 | 36,106 |
| F. Medium/long-term debt | 106,818 | 106,593 | 225 | 416,000 | (309,182) |
| G. Net short-term borrowings (availabilities) | 458,470 | 541,607 | (83,137) | 300,833 | 157,637 |
| Short-term borrowings | 597,081 | 578,454 | 18,627 | 881,365 | (284,284) |
| Availabilities and short-term financial assets | (140,848) | (36,227) | (104,621) | (572,267) | 431,419 |
| Net financial accruals and deferrals | 2,237 | (620) | 2,857 | (8,265) | 10,502 |
| H. Net financial debt | (F+G) | 565,288 | 648,200 | 716,833 | (151,545) |
| I. Total | (E+H) | 1,628,726 | 1,663,721 | 1,744,165 | (115,439) |

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| HIGHLIGHTS AND GENERAL INFORMATION | ECONOMIC AND FINANCIAL PERFORMANCE OF THE GROUP |
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CONSOLIDATED CASH FLOW STATEMENT

| (in thousands of euro) | 08/01/2003- 09/30/2003 | 01/01/2003 - 09/30/2003 pro forma | Year 2002 pro forma |
|--|---------------------------|---|------------------------|
| A. Net borrowings, at beginning of period (accounting) | (648,200) | (716,833) | (872,696) |
| B. Cash flows from operating activities | | | |
| Net income | 47,645 | 98,586 | 45,666 |
| Depreciation and amortization | 26,400 | 120,311 | 172,692 |
| (Gains) Losses on sales of intangibles, fixed assets and long-term investments | 226 | 275 | 8,767 |
| (Writeups) Writedowns of intangibles and fixed assets and long-term investments | (661) | 3,432 | 56,817 |
| Change in working capital (*) | 12,266 | 32,514 | (105,604) |
| Net change in "reserve for employee termination indemnities" | (641) | 94 | 3,141 |
| Other movements | (171) | 23,967 | 41,799 |
| | 85,064 | 279,179 | 223,278 |
| C. Cash flows from investing activities | | | |
| Intangibles, fixed assets and long-term investments: | | | |
| - intangible assets | (1,047) | (62,216) | (46,606) |
| - fixed assets | (1,051) | (6,993) | (13,182) |
| - long-term investments | (74) | (1,785) | (16,867) |
| Proceeds from sale of intangibles, fixed assets and long-term investments | 20 | 2,863 | 58,995 |
| | (2,152) | (68,131) | (17,660) |
| D. Cash flows from other financing activities | | | |
| Stock option and contributions by minority shareholders | | 227 | |
| E. Dividends paid | | (551) | 22 |
| F. Cash flow for the period | (B+C+D+E) | 210,724 | 205,640 |
| G. Pro-forma adjustments due to SEAT S.p.A. spinoff | (G) | (130,037) | |
| H. Pro-forma adjustments not indicated in the net financial position at beginning of period | (H) | | (151,373) |
| I. Pro-forma adjustments not indicated in the net financial position at end of period | (I) | 70,858 | 101,597 |
| L. Net financial debt at end of period | (A+F+G+H+I) | (565,288) | (716,832) |

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|------------------------------------|--|
| HIGHLIGHTS AND GENERAL INFORMATION | ECONOMIC AND FINANCIAL PERFORMANCE OF THE GROUP |
| DIRECTORS' REPORT ON OPERATIONS | ECONOMIC AND FINANCIAL PERFORMANCE OF SEAT SPA |
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■ ECONOMIC AND FINANCIAL PERFORMANCE OF SEAT PAGINE GIALLE S.p.A.

Pro forma sales and service revenues of Seat Pagine Gialle S.p.A. at the end of the first nine months of 2003 showed pro forma growth of 1.2%, reaching Euro 703.9 million (Euro 695.8 million in 2002).

The recession in the economy in general and the advertising market in particular continued in Italy also in the first months of 2003. Revenues from Italian activities in the Directories sector amounted to Euro 673.8 million, thus remaining substantially unchanged compared to the previous year (-0.9%), thanks to the recently introduced product innovations, the efforts of the commercial networks and the actions taken to create customer loyalty and contrast the negative general economic situation. The sizeable growth in revenues from the 89.24.24 pronto PAGINE GIALLE® service (+ 35.8%) is also to be noted.

Pro forma gross operating profit in the first nine months exceeded Euro 394 million compared to Euro 381.6 million in the first nine months of 2002, mainly due to the action taken to streamline the business areas. Labor costs decreased by 5.3% compared to the same period of 2002. Depreciation in 2003 does not include the share relative to the buildings in which the company performs its business, that were transferred at the end of 2002 to "Tiglio" S.r.l. and are presently under lease.

Net financial expense includes Euro 22.7 million of dividends and relative tax credits, the distribution of which was resolved by the subsidiary Annuari Italiani S.p.A. in liquidation and Euro 58.9 of financial expense.

Value adjustments reflect the share of the losses for the period suffered by the subsidiaries, in particular by TDL and Consodata SA.

Pro forma industrial investments for 2003 amounted to Euro 8.9 million during the period and refer principally to the development of software applications and the acquisition of equipment such as modems and routers; software developments following the implementation of the new SAP computer system are also included.

Pro forma equity investments made in 2003 relate to the extent of Euro 42.7 million to the increase in value of the equity investments in TDL following the signing of the contracts with the managing partners.

Net financial debt amounted to Euro 294.1 million, compared to the pro forma value of Euro 408.4 million in December 2002.

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| HIGHLIGHTS AND GENERAL INFORMATION | ECONOMIC AND FINANCIAL PERFORMANCE OF THE GROUP |
| DIRECTORS' REPORT ON OPERATIONS | ECONOMIC AND FINANCIAL PERFORMANCE OF SEAT SPA |
| | EVENTS SUBSEQUENT TO SEPTEMBER 30, 2003 |
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SEAT PAGINE GIALLE S.p.A.

RECLASSIFIED INCOME STATEMENT

| (in thousands of euro) | 08/01/2003 - 09/30/2003 | 01/01/2003 - 09/30/2003 pro forma | 01/01/2002 - 09/30/2002 pro forma | Change absolute | % | Year 2002 pro forma |
|---|----------------------------|---|---|--------------------|------------|------------------------|
| A. Sales and service revenues | 184,080 | 703,788 | 695,773 | 8,015 | 1.2 | 1,037,468 |
| Changes in inventory of work in process, semi-finished and finished goods | 1,152 | 2,759 | 1,912 | 847 | | 379 |
| B. "Typical" production value | 185,232 | 706,547 | 697,685 | 8,862 | 1.3 | 1,037,847 |
| Raw materials and outside services (*) | (57,351) | (254,095) | (254,367) | 272 | | (407,493) |
| Labor cost (*) | (11,245) | (58,421) | (61,695) | 3,274 | | (87,855) |
| C. Gross operating profit | 116,636 | 394,031 | 381,623 | 12,408 | 3.3 | 542,499 |
| % on sales | 63.4 | 56.0 | 54.8 | | | 52.3 |
| Depreciation and amortization | (2,754) | (11,706) | (13,110) | 1,404 | | (17,874) |
| Other valuation adjustments | (5,068) | (27,366) | (28,220) | 854 | | (29,850) |
| Provisions to funds for risks and charges | (3,909) | (25,024) | (19,145) | (5,879) | | (20,955) |
| Net other income (expense) | 554 | (120) | (2,490) | 2,370 | | (1,164) |
| D. Operating income before non-operating depreciation and amortization | 105,459 | 329,815 | 318,658 | 11,157 | 3.5 | 472,656 |
| % on sales | 57.3 | 46.9 | 45.8 | | | 45.6 |
| Amortization of goodwill | (12,344) | (55,546) | (54,572) | (974) | | (73,087) |
| E. Operating income | 93,115 | 274,269 | 264,086 | 10,183 | 3.9 | 399,569 |
| % on sales | 50.6 | 39.2 | 38.0 | | | 38.5 |
| Net financial income (expense) | 2,389 | (19,185) | (28,923) | 9,738 | | (38,539) |
| Value adjustments to financial assets | (18,275) | (51,200) | (44,826) | (6,374) | | (87,273) |
| F. Result before extraordinary items and taxes | 77,229 | 203,884 | 190,337 | 13,547 | | 273,757 |
| Extraordinary income (expense) | (66) | (22) | (1,345) | 1,323 | | (84,594) |
| G. Income (loss) before taxes | 77,163 | 203,862 | 188,992 | 14,870 | | 189,163 |
| Income taxes | (34,087) | (101,608) | (108,193) | 6,585 | | (114,207) |
| H. Result for the period | 43,076 | 102,254 | 80,799 | 21,455 | | 74,956 |
| % on sales | 23.4 | 14.5 | 11.6 | | | 7.2 |

(*) Less the relevant recuperated costs

RECLASSIFIED BALANCE SHEET

| (in thousands of euro) | 09/30/03 | 01/08/03 | Change | 12/31/2002 pro forma | Change |
|---|------------------|------------------|------------------|-------------------------|------------------|
| | (a) | (b) | (a)-(b) | (c) | (a)-(c) |
| A. Intangibles, fixed assets and long-term investments | 1,036,839 | 1,069,498 | (32,659) | 1,097,484 | (60,645) |
| Intangible assets | 737,083 | 750,775 | (13,692) | 794,159 | (57,076) |
| Fixed assets | 9,119 | 9,765 | (646) | 10,527 | (1,408) |
| Long-term investments: | | | | | |
| equity investments | 287,565 | 305,840 | (18,275) | 289,814 | (2,249) |
| other | 3,072 | 3,118 | (46) | 2,984 | 88 |
| B. Working capital | 411,069 | 416,684 | (5,615) | 421,194 | (10,125) |
| Inventories | 15,296 | 13,635 | 1,661 | 6,346 | 8,950 |
| Trade accounts receivable | 659,213 | 641,365 | 17,848 | 623,501 | 35,712 |
| Other assets | 247,953 | 226,158 | 21,795 | 254,677 | (6,724) |
| Trade accounts payable | (186,427) | (151,736) | (34,691) | (197,297) | 10,870 |
| Funds for risks and charges | (83,187) | (55,329) | (27,858) | (94,598) | 11,411 |
| Other liabilities | (241,779) | (257,409) | 15,630 | (171,435) | (70,344) |
| C. Reserve for employee termination indemnities | (30,005) | (29,769) | (236) | (29,348) | (657) |
| D. Net invested capital | (A+B+C) | 1,417,903 | 1,456,413 | 1,489,330 | (71,427) |
| E. Shareholders' equity | 1,123,769 | 1,080,693 | 43,076 | 1,080,951 | 42,818 |
| Share capital paid-in | 247,539 | 247,539 | | 247,359 | 180 |
| Reserves and retained earnings | 833,154 | 833,154 | | 833,592 | (438) |
| Result for the period | 43,076 | | 43,076 | | 43,076 |
| F. Medium/long-term debt | | | | 300,000 | (300,000) |
| G. Net short-term borrowings (availabilities) | 294,134 | 375,720 | (81,586) | 108,379 | 185,755 |
| Short-term borrowings | 610,268 | 589,619 | 20,649 | 704,855 | (94,587) |
| Availabilities and short-term financial assets | (315,757) | (215,035) | (100,722) | (595,106) | 279,349 |
| Net financial accruals and deferrals | (377) | 1,136 | (1,513) | (1,370) | 993 |
| H. Net financial debt | (F+G) | 294,134 | 375,720 | 408,379 | (114,245) |
| I. Total | (E+H) | 1,417,903 | 1,456,413 | 1,489,330 | (71,427) |

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| HIGHLIGHTS AND GENERAL INFORMATION | ECONOMIC AND FINANCIAL PERFORMANCE OF THE GROUP |
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| | RELATIONS WITH RELATED PARTIES |
| | ECONOMIC AND FINANCIAL PERFORMANCE OF THE BUSINESS AREAS |
| | LITIGATION |

CASH FLOW STATEMENT

| (in thousands of euro) | 08/01/2003 - 09/30/2003 | 01/01/2003 - 09/30/2003 pro forma | Year 2002 pro forma |
|--|----------------------------|---|------------------------|
| A. Net borrowings, at beginning of period (accounting) | (375,720) | (408,380) | (554,259) |
| B. Cash flows from operating activities | | | |
| Net income | 43,076 | 102,254 | 74,956 |
| Depreciation and amortization | 15,098 | 67,252 | 90,961 |
| (Gains) Losses on sales of intangibles, fixed assets and long-term investments | | (65) | 34,771 |
| (Writeups) Writedowns of intangibles and fixed assets and long-term investments | 18,264 | 51,164 | 87,473 |
| Change in working capital (*) | 5,615 | 10,119 | (76,177) |
| Net change in "reserve for employee termination indemnities" | 236 | 658 | 2,926 |
| Other movements | 1 | 6 | (110) |
| | 82,290 | 231,388 | 214,800 |
| C. Cash flows from investing activities | | | |
| Intangibles, fixed assets and long-term investments: | | | |
| - intangible assets | (541) | (6,343) | (35,230) |
| - fixed assets | (226) | (2,513) | (7,515) |
| - long-term investments | | (49,472) | (65,622) |
| Proceeds from sale of intangibles, fixed assets and long-term investments | 63 | 617 | 89,222 |
| | (704) | (57,711) | (19,145) |
| D. Cash flows from other financing activities | | | |
| Stock options | | 181 | |
| E. Dividends paid | | (433) | |
| F. Cash flows for the period | (B+C+D+E) | 173,425 | 195,655 |
| G. Pro forma adjustments due to SEAT S.p.A. spinoff | (G) | (130,037) | |
| H. Pro forma adjustments not indicated in net financial position at beginning of period | (H) | | (151,373) |
| I. Pro forma adjustments not indicated in net financial position at end of period | (I) | 70,858 | 101,597 |
| L. Net financial debt at end of period | (A+F+G+H+I) | (294,134) | (408,380) |

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| HIGHLIGHTS AND GENERAL INFORMATION | ECONOMIC AND FINANCIAL PERFORMANCE OF THE GROUP |
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■ EVENTS SUBSEQUENT TO SEPTEMBER 30, 2003

Merger of Seat Pagine Gialle S.p.A. in Silver S.p.A. and in SpyGlass S.p.A.

On October 15, 2003, the Board of Directors of Seat Pagine Gialle S.p.A. approved the project of merger by incorporation of Seat Pagine Gialle S.p.A. in the parent company Silver S.p.A. and of the latter in the parent company SpyGlass S.p.A.. The relative project is subject to the approval of the Extraordinary General Meeting, convened for December 1, 2003 at first call and for the following day at second call. The two mergers represent an inseparable operation that is subject to approval from Borsa Italiana S.p.A. for SpyGlass shares (renamed Seat Pagine Gialle S.p.A.) to be listed on the Mercato Telematico Azionario (MTA, i.e. the Electronic Equity Market).

Before proceeding with finalizing the mergers, both Spyglass S.p.A. and Silver S.p.A. will pass a capital increase so that the exchange ratio for both mergers will be 1:1. Consequently, the current shareholders of Seat Pagine Gialle S.p.A. will receive a Spyglass share (ordinary or savings) for each share (ordinary or savings) held currently.

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■ EVOLUTION OF OPERATIONS: OUTLOOK FOR THE CURRENT YEAR

Although experiencing a difficult economic climate, Seat Pagine Gialle reasonably considers that it can consolidate the trend of progress in its operating results compared to those of the previous period.

Operating performance and the careful choice of industrial investments should allow the Company to confirm the containment of the consolidated financial indebtedness.

■ RELATIONS WITH RELATED PARTIES

With reference to relations with related parties, the economic, equity and financial effects of these operations on the consolidated financial statements of the Seat Pagine Gialle Group at September 30, 2003 are reported below.

All the operations established with related parties, including intra-group operations, are part of ordinary operations and they are regulated at market conditions or based on specific regulatory provisions. In addition, there were no atypical and/or unusual operations or operations that may represent a conflict of interest.

| Main economic and financial items | From/to unconsolidated subsidiaries and affiliated companies | From/to parent companies | Type of operations |
|------------------------------------|--|--------------------------|--|
| <i>(in millions of euro)</i> | | | |
| Raw materials and outside services | | 0.7 | This item refers to amount accrued for the period for arrangement fees reimbursed to the Parent Company Silver S.p.A. for the "Financing Contract" envisaging the destination of some credit lines to the exclusive benefit of Seat PG |
| Financial receivables | 2.8 | | This item includes the current intercompany balance from Finsatel S.p.A. (Euro 1.1 million) and the financing granted by Netcreations to the affiliated company Icom Inc. (Euro 1.7 million) |
| Trade and other accounts payable | | 2.9 | This item refers to the amount payable to the Parent Company Silver S.p.A. for the reimbursement of costs borne for the "Financing Contract" envisaging the destination of some credit lines to the exclusive benefit of Seat PG |
| Commercial prepaid expenses | | 2.2 | This item refers to the amount not accrued in the period of the costs for services mentioned in the previous item |

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■ ECONOMIC AND FINANCIAL PERFORMANCE OF THE GROUP BUSINESS AREAS

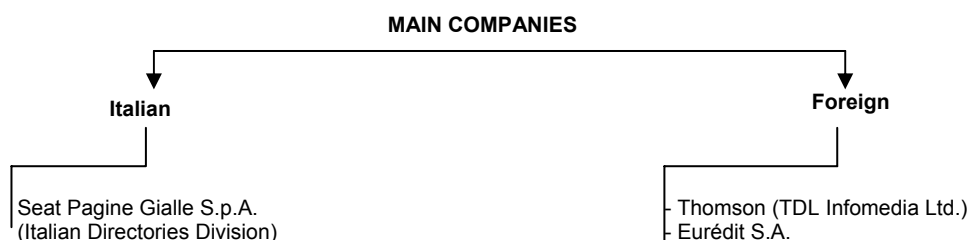
DIRECTORIES

- Thomson revenues increased by 8% in Sterling, but due to exchange rates on conversion into Euro they were reduced by 2%; the revenues from Italian Directories substantially maintained the previous year's level (-0.9%), notwithstanding the critical market situation;
- the strong sales performance of PagineGialle.it continued: + 17.3%

■ INTRODUCTION

The Directories Business Area operates in the telephone directories sector with the solicitation of advertising and the distribution of printed and online products and also distributes other communication products for SMEs.

■ THE STRUCTURE OF THE BUSINESS AREA



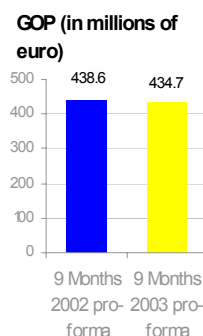
■ MAIN CORPORATE EVENTS / CONSOLIDATION AREA

- In May 2003, pre-spinoff Seat Pagine Gialle S.p.A. purchased shares in TDL Infomedia Ltd, thus increasing its stake to 99.864%.
- In July 2003, in relation to the spinoff operation, pre-spinoff Seat Pagine Gialle S.p.A. concluded an agreement with the minority shareholders of TDL Infomedia Ltd (Second Supplemental Deed) supplementing the original purchase agreements for the majority stake in the company.
Pre-spinoff Seat Pagine Gialle S.p.A. agreed that TDL Infomedia shareholders could sell the 7,450,231 Seat shares held by them and previously subject to lock-up, issuing them with non-interest bearing notes for a total value of approximately Euro 22 million, with maturity at 31 January 2004.

■ ECONOMIC AND FINANCIAL HIGHLIGHTS

The principal pro forma results for the first nine months of 2003 are shown in the table below, with comparisons against pro forma results for the same period in 2002:

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| (in millions of euro) | Pro forma | Pro forma | Pro forma | Change | |
|---|---------------|---------------|-----------|----------|--------|
| | 9 Months 2003 | 9 Months 2002 | Year 2002 | absolute | % |
| Sales and service revenues | 789.3 | 795.2 | 1,181.9 | (5.8) | (0.7) |
| Gross operating profit | 434.7 | 438.6 | 621.1 | (3.9) | (0.9) |
| Operating income before amortization of goodwill | 365.7 | 369.7 | 541.4 | (4.0) | (1.1) |
| Operating income | 290.6 | 294.9 | 441.7 | (4.3) | (1.5) |
| Invested capital (1) | 1,335.1 | 1,436.0 | 1,399.9 | (64.8) | (4.6) |
| . intangibles, fixed assets and long-term investments | 1,069.1 | 1,186.7 | 1,124.4 | (55.3) | (4.9) |
| . operating capital | 266.0 | 249.3 | 275.5 | (9.5) | (3.4) |
| Investments: | | | | | |
| . industrial | 9.4 | 12.5 | 24.9 | (3.1) | (24.8) |
| . goodwill | 42.6 | | 9.6 | 42.6 | n.s. |
| Personnel at end of period (No.) (1) | 2,263 | 2,237 | 2,220 | 43 | 1.9 |

(1) Changes in net invested capital and personnel have been calculated by reference to December 31, 2002

Consolidated revenues in the "Directories" Area for the first nine months of the year reached Euro 789.3 million, with a 0.7% decrease compared to the same period of 2002. Although this period was characterized by a further decrease in advertising investments in Italy, especially by large companies, revenues from Italian activities amounted to Euro 673.1 million (-0.9%), thus signaling a good performance of telephone directories. This result was achieved thanks to the customer base of small and medium-sized enterprises that led to a significant turnover that offset the reduced investments of large advertisers. The good performance of the new online services should also be highlighted.

Thomson, on the other hand, recorded a good performance with revenues in Sterling: however, their conversion into Euro reflects the general depreciation of British currency.

Revenues held steady and gross operating profit reached Euro 434.7 million, recording an increase of 0.9% compared to the value of the previous year.

Industrial investments made in the period amounted to Euro 9.4 million and relate essentially to the development of software applications and the purchase of computer equipment.

ITALIAN DIRECTORIES

Seat Pagine Gialle (Italian Directories Division)

| (in millions of euro) | 9 Months 2003 | 9 Months 2002 | Year 2002 | Change | |
|--|---------------|---------------|-----------|----------|-------|
| | pro forma | pro forma | | absolute | % |
| Sales and service revenues | 673.8 | 680.2 | 1,010.9 | (6.4) | (0.9) |
| Gross operating profit | 402.3 | 403.1 | 564.2 | (0.8) | (0.2) |
| Operating income before amortization of goodwill | 340.2 | 341.6 | 495.7 | (1.4) | (0.4) |

The first nine months have confirmed a significant reduction in advertising investment in Italy. Notwithstanding that scenario, directory publishing has substantially maintained its activity level, also thanks to product innovation and the strong customer base, represented by SMEs who consider their advertising investment with Seat Pagine Gialle as an important communication vehicle.

Advertising revenues amounted to Euro 673.8 million, slightly down compared to the previous year. As far as directories are concerned, only a slight drop has been recorded, -0.7%, notwithstanding the critical situation in the large urban centers of the North (Milan, Turin and Florence). These problems have been compensated for, however, by strong performance recorded in smaller centers.

The revenues from Web products amounted to Euro 46.4 million and increased by 13.7% compared to the previous year. Among these, PagineGialle.it continues in its good sales performance, which was up by 17.3%.

The printing cycle for Directories is more or less the same as September 2002 (Bari-Bolzano), with 203 volumes published compared to 202 in September 2002 (due to the separation of the minor networks of PagineBianche® Prato from the PagineBianche® directory for Florence).

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Total industrial costs reached Euro 96.3 million, down 6.1% over the same period in 2002. The decrease largely stems from a lower consumption of raw materials (down Euro 3.0 million) following the introduction of a more efficient and targeted print run for the number of copies of directories printed and due to the price containment per ton of the paper itself, obtained thanks to renewed supply contracts. The other costs do not show significant variations with the exception of the advertising investments supporting the Seat trademarks. Compared to the previous year, labor costs have benefited from the effects of the operational streamlining carried out. Gross operating profit reached Euro 402.3 million, almost completely absorbing the contraction in revenue levels: a similar situation is reflected by operating income.

Operating depreciation and amortization were reduced by almost Euro 2 million, notwithstanding new investments made in the period for approximately Euro 8 million. The reduction in depreciation and amortization is due to the completion of amortization of the investments made in previous years for the launch of the on-line platforms.

The new investments relate to activities of development and upgrading of management systems.

FOREIGN DIRECTORIES

Thomson (TDL Infomedia Ltd)

| (in millions of euro) | 9 Months 2003 | 9 Months 2002 | Year 2002 | Change | |
|--|---------------|---------------|-----------|----------|--------|
| | pro forma | pro forma | | absolute | % |
| Sales and service revenues | 96.4 | 98.4 | 153.9 | (2.0) | (2.0) |
| Gross operating profit | 25.1 | 29.6 | 52.3 | (4.5) | (15.2) |
| Operating income before amortization of goodwill | 18.6 | 22.6 | 42.0 | (4.0) | (17.7) |

Revenues for the first nine months amounted to Euro 96.4 million and increased by 8% in local currency, in line with the directories published: the reduction recorded in Euro is therefore entirely caused by the exchange rate effect following the depreciation of Sterling against the Euro, recorded during 2003. The growth in revenues of TDL Infomedia group is mainly connected to the excellent performance of paper directories and the Business Information services (which accounted for approximately 8% of total revenues).

The main growth drivers for turnover and the orders portfolio in paper directories are represented by the growth in customer numbers (+9.4%), against a slight diminution of the average revenue per advertiser (ARPA), down by 1.1%.

The growth in the number of customers is a result of both the substantial stability of the "churn rate" and the increase in new customers.

Gross operating profit decreased in local currency by 6.4% compared to the same period in the previous year due to the increase in advertising costs in relation to the television advertising campaign that took place during the summer; the increase over the same period in the previous year was of approximately 2.8 million. Substantially, also operating income reflects only the higher advertising costs.

At mid-October purchase orders from TDL Infomedia had risen by 7.6% compared to the same period for the previous year.

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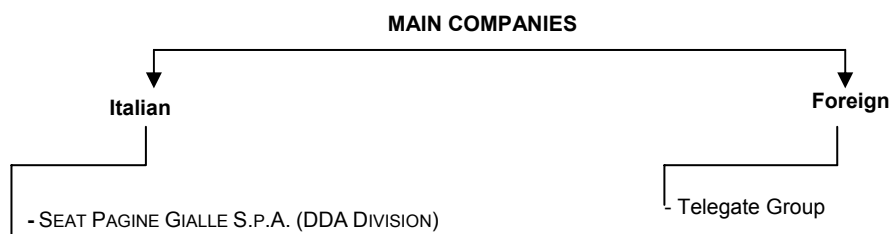
DIRECTORY ASSISTANCE

- The positive trend of 89.24.24 Pronto PAGINE GIALLE® continues: + 36% of revenues;
- Substantial improvement of Telegate's profitability: GOP increased by 130%

INTRODUCTION

The "Directory Assistance" Business Area offers information services via telephone and handles call-center activities. It operates in Italy with the 89.24.24 Pronto PAGINE GIALLE® service. For foreign operations, it has a strong presence in Germany, the main market of the Telegate Group, with the 11.880 service.

THE STRUCTURE OF THE BUSINESS AREA



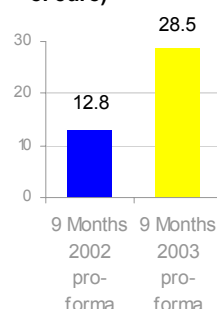
MAIN CORPORATE EVENTS / CONSOLIDATION AREA

- In April 2003, the capital increase operation of Telegate AG was completed, as decided by the Extraordinary Shareholders' Meeting held in November 2002. The share subscribed by minority shareholders in the company totaled 10,000 shares. Against this subscription, the Group now holds a 78.4% stake in Telegate AG;

ECONOMIC AND FINANCIAL HIGHLIGHTS

The principal pro forma results for the first nine months of 2003 are shown in the table below, with comparisons against pro forma results for the same period in 2002:

GOP (in millions of euro)



| (in millions of euro) | Pro forma | Pro forma | Pro forma | Change | |
|---|---------------|---------------|-----------|----------|--------|
| | 9 Months 2003 | 9 Months 2002 | Year 2002 | absolute | % |
| Sales and service revenues | 124.5 | 108.5 | 145.8 | 16.0 | 14.7 |
| Gross operating profit | 28.5 | 12.8 | 20.9 | 15.7 | 122.6 |
| Operating income before amortization of goodwill | 18.4 | (0.6) | 4.5 | 19.0 | n.s. |
| Operating income | 4.7 | (14.0) | (13.3) | 18.6 | 133.3 |
| Invested capital (1) | 120.2 | 153.4 | 137.9 | (17.7) | (12.9) |
| . intangibles, fixed assets and long-term investments | 99.8 | 142.3 | 119.0 | (19.2) | (16.1) |
| . operating capital | 20.4 | 11.1 | 18.9 | 1.4 | 7.6 |
| Investments: | | | | | |
| . industrial | 3.8 | 2.5 | 2.5 | 1.3 | 52.1 |
| . goodwill | 0.6 | 0.4 | 9.4 | 0.1 | 33.2 |
| Personnel at end of period (unit) (1) | 2,510 | 2,559 | 2,400 | 110 | 4.6 |

(1) Changes in net invested capital and personnel have been calculated by reference to December 31, 2002

The "Directory Assistance" Business Area shows results which are increasing significantly both in terms of turnover and profitability compared to the previous year, thanks to the good performance of Pronto PAGINE GIALLE® and the Telegate Group's revenues. Gross operating profit and operating income reflect the good commercial performance with more than proportional growth, thanks also to costs trends and the favorable operating leverage.

Performance over the nine months, in Italy, has been extremely positive in relation to the 89.24.24 Pronto PAGINE GIALLE® service with revenues increasing by approximately 36%. All the main drivers show positive performances:

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increase in telephone traffic volumes (+27.2%), average value of calls (+35.5%), number of advertisers (+6.7%) and average revenue generated per advertiser (ARPA) - (+11.9%). At the end of October, purchase orders from advertisers were increasing by 23.5% due to the parallel growth in the customer base and in the ARPA.

Gross operating profit grew over the nine months by 148%, and a similar performance was seen for operating income, mainly due to the contained growth in fixed operating costs.

Telegate Group's performance is also markedly improving in comparison to 2002, both in terms of revenues and gross operating profits; all this endorses the completion of the turn-around of the German associate company, whose revenues grew by more than 9.6% primarily due to the positive effects of the revision of tariff policies. In Spain, the Telegate Group gained a good position on the recently liberalized market in a very short space of time, recording revenues of Euro 4.9 million over the nine months compared to Euro 0.1 million in the same period of 2002.

Gross operating profit increased significantly (approximately +130%) due to the reaching of a good level of efficiency in activities and reaching 22.9% of group revenues (11.8% in the previous year).

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BUSINESS INFORMATION

- The unfavorable economic climate affected revenues in the Business Information Area, falling by 21%; cost containment allowed a positive gross operating profit to be maintained.

INTRODUCTION

The Business Information Area comprises the activities of national and international subsidiaries in information marketing, surveys of domestic consumption patterns, e-mail marketing, competition studies and market surveys.

THE STRUCTURE OF THE BUSINESS AREA



MAIN CORPORATE EVENTS / CONSOLIDATION AREA

- During the month of January 2003 Consodata S.p.A. transferred its entire stake in the company DWI S.p.A.;
- in February 2003, the Parent Company acquired a further 8.17% stake in the French subsidiary Consodata S.A., bringing its total stake to 98.6%;
- in June 2003, Consodata S.A. fully subscribed the capital increase of Media Prisme S.A., bringing its equity investment to 92.04%.

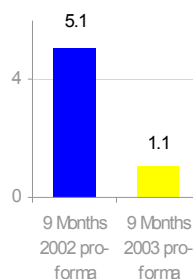
ECONOMIC AND FINANCIAL HIGHLIGHTS

GOP (in millions of euro)

The principal pro forma results for the first nine months of 2003 are shown in the table below, with comparisons against pro forma results for the same period in 2002:

| (in millions of euro) | Pro forma | Pro forma | Pro forma | Change | |
|---|---------------|---------------|-----------|----------|--------|
| | 9 Months 2003 | 9 Months 2002 | Year 2002 | absolute | % |
| Sales and service revenues | 72.0 | 91.1 | 127.1 | (19.1) | (21.0) |
| Gross operating profit | 1.1 | 5.1 | 6.4 | (4.0) | (79.0) |
| Operating income before amortization of goodwill | (3.3) | (2.2) | (2.7) | (1.1) | 52.1 |
| Operating income | (9.9) | (11.6) | (15.2) | 1.7 | 14.5 |
| Invested capital (1) | 74.5 | 123.3 | 73.9 | 0.7 | 0.9 |
| . intangibles, fixed assets and long-term investments | 78.4 | 119.7 | 87.7 | (9.3) | (10.6) |
| . operating capital | (3.9) | 3.6 | (13.8) | 9.9 | 72.0 |
| Investments: | | | | | |
| . industrial | 5.4 | 4.6 | 6.6 | 0.8 | 18.0 |
| . goodwill | 6.7 | 3.6 | 6.5 | 3.1 | 86.3 |
| Personnel at end of period (unit) (1) | 646 | 701 | 721 | (75.0) | (10.4) |

(1) Changes in net invested capital and personnel have been calculated by reference to December 31, 2002



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The continuing unfavorable economic climate is also reflected in the direct marketing sector in terms of a contraction in investments by economic operators.

The economic results of the Area are down compared to the previous year both in terms of revenues and gross operating profit. The reduction in revenues over the nine months stems from the changes in the consolidation perimeter of approximately Euro 2.6 million, following the sale of DWI and Pharmasoft by the Italian subsidiary of the Group, a time delay in the payment of revenues generated by the Seat Pagine Gialle network in Italy and the significant contraction in business in the United States amplified by the effect of the Dollar-Euro exchange rate.

However, the revenues of subsidiaries in Germany and the United Kingdom increased by 4% and 3% respectively (in Pound Sterling).

The Group has implemented a series of actions to tackle the difficulties related to revenues, which have allowed the reduction of operating costs by 18% and labor costs by 15%, maintaining a positive gross operating profit figure, albeit significantly down compared to the previous year.

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MAIN LITIGATION

Seat Pagine Gialle S.p.A. originated from the partial proportional spinoff of Telecom Italia Media S.p.A. (former "Seat Pagine Gialle" hereinafter referred to as "Company Effecting the Spinoff"), and in that respect succeeded to all the asset and liability positions of the Company Effecting the Spinoff in relation to the business areas transferred to Seat Pagine Gialle S.p.A. by virtue of the spinoff. Furthermore, pursuant to Article 2504-decies, paragraph 2, of the Italian Civil Code, Seat Pagine Gialle S.p.A., as Spinoff Company, is jointly liable, together with the Company Effecting the Spinoff within the effective limits of the net equity transferred at the time of the Spinoff, for the debts which, following the completion of the Spinoff itself, remained vested in the Company Effecting the Spinoff, in the event that such debts are not repaid by that company. Similarly, Seat Pagine Gialle is jointly liable with the Company Effecting the Spinoff, pursuant to Article 2504-octies, paragraph 3, of the Italian Civil Code, for the liabilities of the company that was the subject of the spinoff, whose attribution may not be inferable to the spinoff project.

In that respect, it is noted that the Company Effecting the Spinoff has legal proceedings underway with the Cecchi Gori Group and with the De Agostini Group, which are inherent to, respectively, the Television Business Area and the Internet Business Area, following the completion of the Spinoff are still vested in the Company Effecting the Spinoff.

The extent of potential liability arising from an unfavorable decision in the above-mentioned proceedings is of approximately Euro 730 million in respect of the De Agostini Group and of approximately Euro 390 million in relation to the Cecchi Gori Group. Some of the claims made under various titles in the proceedings at the instance of the Cecchi Gori Group and presently before the Court of Appeal in Rome and the Civil Court of Milan, were recently refused in arbitration, following the award made by the Arbitration Board appointed to deal with the dispute.

Due to the potential joint liability in the terms briefly described above, Seat Pagine Gialle S.p.A. could be subject to an action by the Cecchi Gori Group and/or the De Agostini Group, in the event of a decision in favor of the latter two groups and the failure to satisfy their claims by the Company Effecting the Spinoff, without prejudice to right of recovery by Seat Pagine Gialle S.p.A. against the Company Effecting the Spinoff.

Furthermore, on August 8, 2003, Telecom Italia S.p.A. signed a letter pledging itself, also in the interests of Seat Pagine Gialle S.p.A., to provide the Company Effecting the Spinoff with the resources which may be necessary in order for the latter to be in a position to satisfy the debts existing at the date the Spinoff took effect and remaining vested in the Company Effecting the Spinoff.

It must also be pointed out that the Company Effecting the Spinoff and Seat Pagine Gialle S.p.A., within the scope of the spinoff operation, have signed an agreement dated August 1, 2003 in terms of which: (i) they confirmed that any liabilities attributable to the company division which remained vested in the Company Effecting the Spinoff Company (as those inherent in the proceedings described above) or those transferred to Seat Pagine Gialle S.p.A. remain entirely to be borne by the party which is owner of the said company division; (ii) they have regulated the attribution of liabilities not expressly attributable to one or other division, according to a criterion proportionate to the percentage of the net equity value respectively transferred to Seat Pagine Gialle S.p.A. or remaining vested in the Company Effecting the Spinoff.