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Company Boards

Board of Directors	**Chairman**	Enrico Giliberti
	CEO	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 Committee	**Chairman**	Claudio Demattè (*)
		Dario Cossutta
		Alberto Tazartes
Internal Control Committee	**Chairman**	Lino Benassi
		Marco Reboa
		Nicola Volpi
Board of Statutory Auditors	**Chairman**	Enrico Cervellera
	Acting Auditors	Vincenzo Ciruzzi
		Andrea Vasapolli
	Alternate Auditors	Guido Costa
		Guido Vasapolli
Common Representative of Savings Shareholders		Carlo Pasteris(1)
Independent Auditors		Reconta Ernst & Young S.p.A.

(I) Independent Director pursuant to Art. 3 of the Code of Conduct of Listed Companies.
(1) Appointed on February 23, 2004
(*) Prof Claudio Demattè passed away on March 19, 2004.

→ Foreword

The merger of the companies reported below took effect as of December 23, 2003:

1) Seat S.p.A. in Silver S.p.A., a company wholly held by Spyglass S.p.A.;
2) the resulting company of the above-mentioned first merger in Spyglass S.p.A., that was renamed SEAT PAGINE GIALLE S.p.A. following the completion of the transaction.

Companies involved in the transaction

a) **Seat S.p.A.:** it was incorporated on August 1, 2003 as a result of the partial proportional spinoff of former Seat Pagine Gialle S.p.A. (currently Telecom Italia Media S.p.A.) of the "Directories" Business Area (operating in the telephone directories sector, with the solicitation of advertising and the publication of print and online products), the "Directory Assistance" Business Area (for voice information services and the operation of call centers), and the "Business Information" Area (that supplies one-to-one marketing services, marketing intelligence and database management services to companies).
As of the date the spinoff became effective, the Spunoff Company has taken the company name Seat Pagine Gialle S.p.A..

b) **Silver S.p.A.:** incorporated on May 30, 2003, it acquired a 62.50% stake in the ordinary share capital of Seat S.p.A. from Telecom Italia S.p.A. on August 8, 2003, and, following the public purchase offer (PPO) of all the outstanding ordinary shares of Seat S.p.A., promoted in September 2003, it acquired a further stake of 0.02% in the ordinary share capital of the company from the market.

c) **Spyglass S.p.A.:** incorporated on May 27, 2003, at the time of the merger this company held a 100% stake in Silver S.p.A., which represented the sole investments in its portfolio.

Group Economic and Financial Highlights

In order to make the economic and financial figures of the SEAT PAGINE GIALLE group easier to understand, the statutory and consolidated pro-forma figures over the period January-March 2003, the pro forma net invested capital and the pro forma net financial position at March 31, 2003, have been reconstructed as if the spinoff of SEAT PAGINE GIALLE S.p.A. from Telecom Italia Media S.p.A. (carried out on August 1, 2003) had been effective as of January 1, 2003.
The merger by incorporation that took place at the end of 2003, of Seat S.p.A. in Silver S.p.A. and of the resulting Company in Spyglass S.p.A. did not produce effects on revenues and operating cost items, or on operating working capital. Thus, it was not deemed necessary to state the effects of these transactions in the pro forma income statement for Q1 2003 and FY 2003.
Compared to pro-forma Q1 2003, the consolidation area was changed due to the disposal of French group Consodata and Consodata Germany GmbH, companies that were sold during the first months of 2004 and NetCreations Inc., a company no longer deemed strategic. The related impact on revenues and gross operating profit is illustrated in the following section "Economic and financial performance of the SEAT PAGINE GIALLE group".

Economic and financial Highlights

(euro/mln)	Q1 2004	Q1 2003 pro-forma (1)	Year 2003 pro-forma(2)
Product sales and services	187.7	188.7	1,450.0
Gross operating profit	53.7	44.5	673,6
EBITDA	35.3	29.2	602.3
Operating income before non-operating amortization	28.2	21.2	567.6
Operating income (loss)	(67.8)	(10.3)	330.2
Income (loss) before taxes	(84.9)	(25.9)	134.9
Net income/(loss) of Parent Company	(89.9)	(18.2)	16.4
Operating Free Cash Flow (3)	136.2	86.0	534.4
Investments:			
- Capex	2.4	3.4	32.2
- goodwill, other non-operating fixed assets, financial investments	0.1	16.3	3,290.4
Balance Sheet Highlights			
Net invested capital	4,641.9	1,704.8	4,834.4
Goodwill and other non-operating fixed assets	4,402.4	1,207.3	4,533,7
Operating fixed assets	71.0	82.8	80.1
Working capital	201.2	447.4	253.0
Shareholders' equity	4,287.6	1,017.5	4,374.5
Net financial debt	354.3	687.3	459.9
Income Ratios			
EBITDA/Revenues	18.8%	15.5%	41.5%
Operating income before non-operating amortization/Revenues	15.0%	11.2%	39.1%
Operating free cash flow/Revenues	72.6%	45.6%	36.9%
Personnel			
Personnel (Group figure at end of period, No.)	4,927	5,349	5,290
Personnel (average for the Group, No.) (4)	4,087.2	4,533.0	4,549.0

(1) Figures refer to SEAT PAGINE GIALLE Group after the spinoff from Telecom Italia Media S.p.A.

(2) Figures refer for the first seven months to post spinoff SEAT PAGINE GIALLE Group and for the remaining five months to post-merger SEAT PAGINE GIALLE Group.

(3) calculated as follows: Operating income (loss) + Amortization and depreciation - Capex - Change in operating working capital - Change in employee termination indemnities

(4) FTE - Full Time Equivalent for foreign companies; average salary for Italian companies.

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→ Information for Shareholders

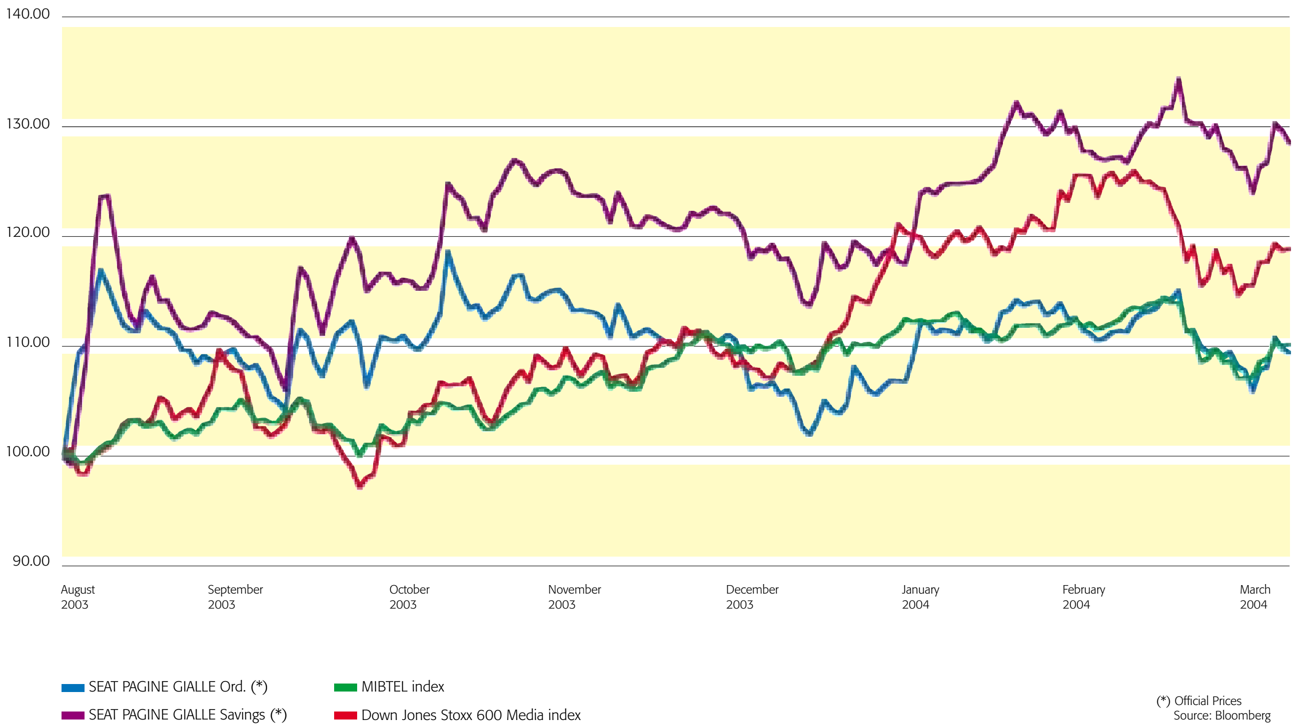
Shares

Share capital	Euro	247,538,714,46
Number of ordinary shares *(par value 0.03 euro)*	No.	8,115,215,696
Number of savings shares *(par value 0.03 euro)*	No.	136,074,786
Market capitalization *(on average market price for March 2004)*	(Euro/mln)	6,653

Percentage of SEAT PAGINE GIALLE shares (SPG ordinary) at March 31, 2004	
- on Mibtel index	1.286 %
- on DJ Eurostoxx Media index	1.686 %

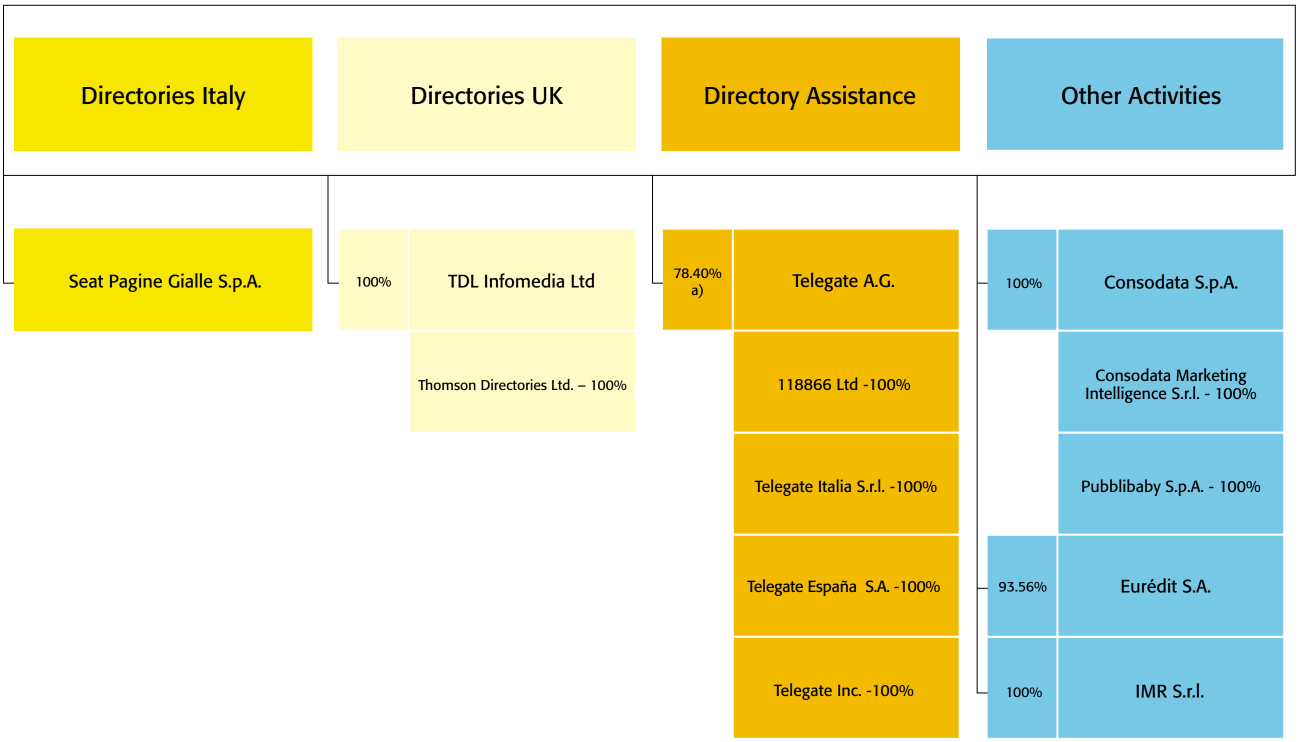
Stock performance of SEAT PAGINE GIALLE

Relative performance SEAT PAGINE GIALLE vs MIBTEL and Down Jones Stoxx 600 Media Indexes



(*) Official Prices
Source: Bloomberg

➔ Corporate Macrostructure of the Group
(updated on May 10, 2004)



Legenda
a) of which 16.45% directly and 61.95 through Telegate Holding Gmbh.

Directors' Report on Operations

Economic and Financial Performance of the Group

Operating performance

Product sales and services for the first three months of 2004 amounted to Euro 187.7 million, slightly down compared to the same quarter of the previous year. The comparison with the previous quarter however is not uniform due to the deconsolidation in 2004 of the French group Consodata that was sold in March 2004, Consodata Germany GmbH, that was sold in April, and NetCreations Inc., that was no longer deemed strategic. At constant consolidation area, instead, the Group recorded a strong growth (+9.5%) due to the results attained by the German subsidiary Telegate and the positive results achieved by the Directories business, both in Italy and the UK.

Gross of eliminations between Business Area items, revenues are made up as follows:

- product sales and services from the Business Area "*Italian Directories"* that in Q1 2004 reached Euro 126.5 million, up 3% compared to the same period of the previous year. This increase further endorses the validity of the multi-platform offering, as the positive performance of online activities (PAGINEGIALLE.it +23.8%), voice services (Pronto PAGINEGIALLE +47.5%), and the development of Direct Marketing activities (+81%) offset the slight decreases in the revenues from paper products (-1.7%),
- product sales and services from the "*Directories UK*" Business Area increased by 14.1% in local currency compared to Q1 2003, due to the simultaneous increase in the customer base and in the average revenue per customer, thus confirming the positive performance of the previous year;
- product sales and services from the "*Directory Assistance*" Business Area, that increased by +52% compared to the same period of 2003 thanks to the good performance of operations in Germany. This increase reflects the positive impact of new pricing policies implemented in Q2 and the development of operations in Spain and the UK;
- product sales and services from the "*Other activities*" Business Area, amounting to Euro 8.4 million in the first quarter of the year. These refer to Euro 6.9 million to Consodata S.p.A, up 39.5% compared to Q1 2003, thus highlighting the Company's operating synergies with the rest of the SEAT PAGINE GIALLE group. The Euro 17.4 million reduction compared to Q1 2003 is due to the elimination from the consolidation area of companies that were sold in 2004 or that are no longer deemed strategic.

Cost of materials and external services amounted to Euro 89.9 million, thus decreasing by 4.2% compared to pro forma Q1 2003 (Euro 93.8 million), with a 47,9% ratio to revenues (pro forma 49.7% in 2003), due especially to the deconsolidation of the French group Consodata, NetCreations Inc. and Consodata Germany GmbH (Euro 10.1 million). Net of this effect industrial costs increased (from Euro 21.8 million in pro forma Q1 2003 to Euro 26.6 million in Q1 2004), despite efficiencies recorded especially in the use of raw materials, due to greater volumes of production.

Salaries, wages and employee benefits amounting to Euro 44.1 million in Q1 2004, decreased by Euro 7.5 million compared to the pro forma figure for the same period of 2003 (Euro 51.6 million), as a result of the deconsolidation of the two companies belonging to the "Business Information" Area (Euro 7.2 million in Q1 2003).
Group personnel at March 31, 2004 numbered 4,927 employees (5,290 at December 31, 2003).
The average salaried presence (FTE for the foreign companies) amounted to 4,087 employees during Q1 2004 (4,549 employees in Q1 2003).

Gross operating profit significantly improved from Euro 44.5 million in pro forma Q1 2003 to Euro 53.7 million in Q1 2004, with a 28.6% ratio to revenues (23.6% in pro forma Q1 2003).

Other valuation adjustments of Euro 12.1 million (Euro 8.2 million in pro forma Q1 2003) refer principally to the writedown of trade receivables, in order to adjust their value to the estimated realizable value. The increase of euro 3.9 million when compared to pro forma figures for the first quarter of 2003, reflects the increase in mean age of the outstanding receivables due to SEAT PAGINE GIALLE S.p.A. as a result of the slowdown in collection cycles during the previous financial year, a phenomenon that has already been subjected to corrective action.

Provisions to reserves for risks and charges amounted to Euro 6.1 million (Euro 7.0 million in Q1 2003), of which Euro 5.6 million accrued for commercial risks (Euro 6.2 million in pro forma Q1 2003) in order to cover any expenses connected with non perfect compliance with contractual obligations. It must be noted that the provision fot the first quarter of 2004 is consistent with the first quarter, despite a traduction in the number of claims.

Operating income before non-operating amortization (EBITDA) amounted to Euro 35.3 million (Euro 29.2 million in Q1 2003), up 20.9% compared to the same period in the previous year, with a ratio to revenues of 18.8% (15.4% in pro forma 2003).

Operating depreciation and amortization amounting to Euro 7.1 million in Q1 2004 were substantially in line compared to the same period of pro forma FY 2003.

Non-operating amortization, pertaining to consolidation differences, goodwill arising from mergers effected in previous fiscal years and SEAT PAGINE GIALLE S.p.A.'s "*Customer Data Base*", amounted to euro 95.9 million in Q1 2004. The Euro 64.4 million increase compared to pro forma Q1 2003 (Euro 31.5 million) reflects the effects of the mergers of Seat S.p.A. in Silver S.p.A. and of the resulting company into Spyglass S.p.A. carried out in December 2003.

Operating loss amounted to Euro 67.8 million, decreasing by Euro 57.4 million compared to pro forma Q1 2003. This reduction reflects increased non-operating and amortization due to mergers carried out in December 2003.

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Interest income (expense) amounted to Euro 12.6 million in Q1 2004, and was as follows

(euro/thousand)	Q1 2004	Q1 2003 pro forma	Change Absolut	%
Interest income	1,368	5,350	(3,982)	(74.4)
Interest expense	(13,943)	(21,772)	7,829	(36.0)
Net exchange charges	(46)	(61)	16	(25.6)
Interest income (expense)	**(12,621)**	**(16,483)**	**3,863**	**(23.4)**

Interest income for Q1 2004, amounting to Euro 1.4 million, decreased by Euro 4.0 million compared to pro forma Q1 2003, due to the combined effect of a shorter average deposit and lower average returns (euribor market rate).

Interest expense in Q1 2004 amounted to Euro 14 million, down Euro 7.8 million compared to pro forma Q1 2003 (Euro 21.8 million). This item includes euro 6.4 million for servicing the loan (Euro 513 million) granted to SEAT PAGINE GIALLE S.p.A. by Royal Bank of Scotland Plc Milan Branch, Euro 3.3 million by way of commissions for lack of use of the credit line made available to the Parent Company under the loan agreement mentioned above, and euro 3.3 million by way of interest payable on high-yield debenture loans of TDL Infomedia Ltd. (the same amount as in Q1 2003).

Value adjustments to financial assets, negative at Euro 1.4 million, refer to the Group's share of NetCreations Inc.'s results.

Net extraordinary income and expense, negative at Euro 3.1 million, include extraordinary income amounting to Euro 1.6 million, of which Euro 0.8 million are out-of-period income, and Euro 4.7 million extraordinary charges, of which Euro 3.3 million are losses from the transfer of French group Consodata S.A. and extraordinary writedown of the book value of NetCreations Inc. to adjust it to the estimated market value, based on in-house assessments.

Income taxes for the period (Euro 4.1 million) have been calculated, in accordance with accounting principle No. 30 for "intermediate financial statements", applying the actual average rates forecast for 2004 to the gross figure at March 31, 2004.

Financial Performance

At March 31, 2004, the SEAT PAGINE GIALLE group recorded net invested capital of Euro 4,641.9 million (Euro 4,834.4 million at December 31, 2003) which was covered by shareholders' equity for Euro 4,287.6 million (Euro 4,374.5 million at December 31, 2003) and net financial debt for Euro 354.3 million (Euro 459.9 million at December 31, 2003).

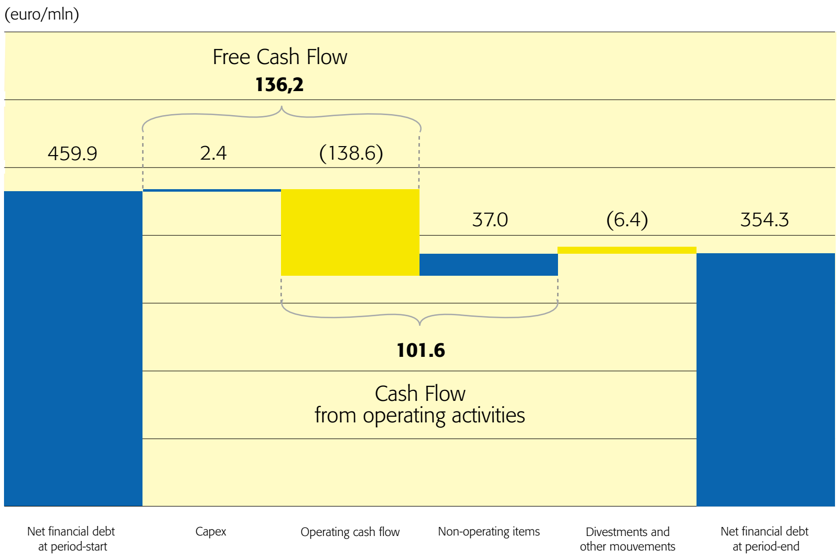
Investments for Q1 2004 amounted to Euro 2.6 million and were as follows

(euro/thousand)	Q1 2004	Q1 2003 pro forma
Capex	2,428	3,391
Goodwill and other non-operating investments		16,200
Financial investments	146	137
Total investments	**2,574**	**19,728**

Capex amounted to Euro 2.4 million (Euro 3.4 million in pro forma Q1 2003) are linked, mainly to the development of software applications;

Operating capital amounted to Euro 201.2 million at March 31, 2004 compared to Euro 253.0 million at December 31, 2003.
In particular, "*Trade accounts receivable*" amounting to Euro 692.8 million decreased by Euro 61.9 million compared to December 31, 2003, also due to invoicing cyclical trend. This reduction is substantially offset by an increase in "*Other assets*" (+ Euro 18.4 million), due to advances to suppliers and a reduction in "*Trade accounts payable*" (- Euro 53.6 million). "*Other liabilities*" amounting to Euro 535.9 million increased by Euro 80.1 million compared to December 31, 2003, due on the one hand to higher deferred revenues amounting to Euro 103.1 million and on the other hand to the repayment of the outstanding debt of Euro 22.2 million at December 31, 2003 vs. some managers of TDL Infomedia Ltd.

Net financial debt amounted to Euro 354.3 million, with a decrease of Euro 105.5 million compared to the net financial debt at December 31, 2003.
The chart below summarizes the main items that influenced the change in net financial debt over the period.


(euro/mln)
Free Cash Flow
136,2
459.9
2.4
(138.6)
37.0
(6.4)
354.3
101.6
Cash Flow
from operating activities
Net financial debt at period-start
Capex
Operating cash flow
Non-operating items
Divestments and other mouvements
Net financial debt at period-end

Reclassified Consolidated Income Statement

(euro/thousand)	Q1 2004	Q1 2003 pro forma(1)	Change absolute	Change %	Year 2003 pro forma(2)
A. Product sales and services	**187,673**	**188,706**	**(1,033)**	**(0.55)**	**1,450,043**
Changes in inventory of work in process, semi-finished and finished goods	(382)	777	(1,159)		1,450
Increases in capitalized internal construction costs	413	406	7		3,526
Operating grants					10
B. "Typical" production value	**187,704**	**189,889**	**(2,185)**	**(1.15)**	**1,455,029**
Cost of materials and external services (*)	(89,897)	(93,815)	3,918		(557,858)
Salaries, wages and employee benefits (*)	(44,144)	(51,615)	7,471		(223,545)
C. Gross operating profit	**53,663**	**44,459**	**9,204**	**20.70**	**673,626**
% on sales	*28.6*	*23.6*			*46.5*
Other valuation adjustments	(12,191)	(8,171)	(4,020)		(41,652)
Provisions to reserve for risks and charges	(6,131)	(7,027)	896		(31,216)
Net other income (expense)	(68)	(93)	25		1,578
D. EBITDA	**35,273**	**29,168**	**6,105**	**20.93**	**602,336**
% on sales	*18.8*	*15,5*			*41.5*
Depreciation and amortization	(7,111)	(7,947)	836		(34,748)
E1. Operating income before non-operating amortization	**28.162**	**21,221**	**6,941**	**32.71**	**567,588**
Non-operating amortization	(95,945)	(31,547)	(64,398)		(237,403)
E2. Operating profit (loss)	**(67,783)**	**(10,326)**	**(57,457)**		**330,185**
% on sales	*(36.1)*	*(5.5)*			*22.8*
Interest income (expense)	(12,621)	(16,483)	3,862		(126,734)
Value adjustments to financial assets	(1,409)	(60)	(1,349)		1,593
F. Income (loss) before extraordinary items and taxes	**(81,813)**	**(26,869)**	**(54,944)**		**205,044**
Extraordinary income (expense)	(3,069)	998	(4,067)		(70,189)
G. Income (loss) before taxes	**(84,882)**	**(25,871)**	**(59,011)**		**134,855**
Income taxes	(4,111)	7,522	(11,633)		(117,256)
H. Income (loss) before minority interests	**(88,993)**	**(18,349)**	**(70,644)**		**17,599**
(Income) Loss of minority interests	(945)	170	(1,115)		(1,193)
I. Income (loss) for the period	**(89,938)**	**(18,179)**	**(71,759)**		**16,406**
% on sales	*(47.9)*	*(9.6)*			*1.1*

(*) Less the relevant recuperated costs

(1) Figures refer to SEAT PAGINE GIALLE Group after the spinoff from Telecom Italia Media S.p.A.

(2) Figures refer for the first seven months to post spinoff SEAT PAGINE GIALLE Group and for the remaining five months to post-merger SEAT PAGINE GIALLE Group.

Reclassified Consolidated Balance Sheet

(euro/thousand)		03.31.2004	12.31.2003	Change	03.31.2003 pro forma(1)
A. Intangibles, fixed assets and long-term investments		**4,473,414**	**4,613,786**	**(140,372)**	**1,290,131**
Intangible assets		4,428,238	4,557,492	(129,254)	1,226,400
Fixed assets		38,318	42,579	(4,261)	48,984
Long-term investments:					
equity investments		3,815	8,327	(4,512)	10,137
other		3,043	5,388	(2,345)	4,610
B. Working capital		**201,155**	**253,038**	**(51,883)**	**447,363**
Inventories		13,232	12,890	342	10,868
Trade accounts receivable		692,794	754,713	(61,919)	706,594
Other assets		285,022	266,631	18,391	313,396
Trade accounts payable		(176,186)	(229,766)	53,580	(175,880)
Reserves for risks and charges		(77,786)	(95,616)	17,830	(61,760)
Other liabilities		(535,921)	(455,814)	(80,107)	(345,855)
C. Termination indemnities		**(32,642)**	**(32,427)**	**(215)**	**(32,731)**
D. Net invested capital	(A+B+C)	**4,641,927**	**4,834,397**	**(192,470)**	**1,704,763**
E.1 Group shareholders' equity		**4,281,582**	**4,369,172**	**(87,590)**	**1,013,916**
Share capital paid-in		247,539	247,539		247,358
Reserves and retained earnings		4,123,981	4,154,087	(30,106)	774,279
Result for the period		(89,938)	(32,454)	(57,484)	(7,721)
E.2 Minority interests		**6,012**	**5,351**	**661**	**3,595**
Share capital and reserves		5,067	4,462	605	3,765
Result for the period		945	889	56	(170)
E. Total shareholders' equity	(E1+E2)	**4,287,594**	**4,374,523**	**(86,929)**	**1,017,511**
F. Medium/long-term debt		**111,109**	**105,170**	**5,939**	**408,770**
G. Net short-term borrowings (availabilities)		**243,224**	**354,704**	**(111,480)**	**278,482**
Short-term borrowings		515,062	528,496	(13,434)	921,229
Availabilities and short-term financial assets		(279,805)	(175,212)	(104,593)	(640,564)
Net financial accruals and deferrals		7,967	1,420	6,547	(2,183)
H. Net financial debt at end of period	(F+G)	**354,333**	**459,874**	**(105,541)**	**687,252**
I. Total	(E+H)	**4,641,927**	**4,834,397**	**(192,470)**	**1,704,763**

(1) Figures refer to SEAT PAGINE GIALLE Group after the spinoff from Telecom Italia Media S.p.A.

Consolidated Cash Flow Statement

(euro/thousand)		Q1 2004	Q1 2003 pro forma[1]	Year 2003 pro forma[2]
A. Net financial debt, at beginning of period		**(459,874)**	**(716,832)**	**(716,832)**
B. Cash flows from operating activities		**101,630**	**38,136**	**515,790**
Result for the period		(88,993)	(18,349)	17,599
Depreciation and amortization		103,056	39,493	272,151
(Gains) Losses on sales of intangibles, fixed assets and long-term investments		1,695	119	(516)
(Writeups) Writedowns of intangibles and fixed assets and long-term investments		2,364	30	12,393
Change in working capital		51,879	(3,299)	191,026
Net change in "termination indemnities"		215	318	14
Change in area, exchange differences and other changes		31,414	19,824	23,123
C. Cash flows from investing activities		**3,911**	**(19,340)**	**(277,803)**
Intangibles, fixed assets and long-term investments:				
- intangibile assets		(1,630)	(18,849)	(274,743)
- *goodwill and other non-operating investments*			*(16,200)*	*(252,586)*
- *operating*		*(1,630)*	*(2,649)*	*(22,157)*
- fixed assets		(798)	(742)	(10,053)
- long-term investments		(146)	(137)	(1,003)
Proceeds from sale of intangibles, fixed assets and long-term investments		6,485	388	7,996
D. Cash flows from other financing activities				**3,113,020**
Stock options and contributions by shareholders				3,113,020
E. Acquisition of stakes merged by incorporation				**(3,036,744)**
F. Dividends paid			**(262)**	**(551)**
G. Cash flows for the period	(B+C+D+E+F)	**105,541**	**18,534**	**313,712**
H. Pro forma adjustments arising from Seat S.p.A. spinoff			**10,683**	**(130,036)**
I. Pro forma adjustments not included in net financial position at end of period			**363**	**73,282**
L. Net financial debt at end of period	(A+G+H+I)	**(354,333)**	**(687,252)**	**459,874**

(1) Figures refer to SEAT PAGINE GIALLE Group after the spinoff from Telecom Italia Media S.p.A.

(2) Figures refer for the first seven months to post spinoff SEAT PAGINE GIALLE Group and for the remaining five months to post-merger SEAT PAGINE GIALLE Group.

Economic and Financial Performance of SEAT PAGINE GIALLE S.p.A.

Product sales and services of SEAT PAGINE GIALLE S.p.A. in Q1 2004 reached Euro 126.5 million, up 3% compared to the same pro forma period of the previous year. While positive, these results still reflect the effects of an unfavorable economic climate that is expected to continue during the course of year.

The increase in revenues further endorses the validity of the multi-platform offering that allowed the Company to offset the slight decrease in the revenues from paper products (-1.7%) with the excellent performance of online activities (PAGINEGIALLE.it +23.8%), voice services (Pronto PAGINEGIALLE +47.5%), and the development of Direct Marketing activities (+81%).
In particular, with regard to print directories, there has been a generalized drop in the churn rate of customers, expressed in value and the maintenance of a rather stable customer base, a positive development when compared to 2003. The benefits derived from the drop in the churn rate, obtained thanks especially to specific action taken in respect of certain editions (in particular, Turin), were however set off by the value of renewals and new customers, both of which grew at a slower rate than in the first quarter of 2003. The large urban areas of the North continue to show signs of flexion, in particular for products in the business-to-business category, although there has been no change in the positive trend observed the previous year, in medium-sized centers and in central and southern Italy.

Revenues from on line and voice platforms grew further as a result of booming demand. The on line version of PAGINEGIALLE® in fact recorded 55 million pageviews (+41%) while value added telephonic services registered 7.1 million calls (+36%).

Cost of materials and external services amounting to Euro 62.1 million were basically in line with pro forma figures for Q1 2003 (Euro 62.4 million) with a ratio to revenues of 49.1% (50.8% in pro forma 2003). Industrial costs stand at Euro 23.7 million, up by Euro 3.6 million when compared to pro forma Q1 2003, since savings in raw material costs were set off by high variable costs as a result of growth in direct marketing activities and the Pronto PAGINEGIALLE service. Sales costs amounting to Euro 20.5 million, on the other hand, reflected a drop of 10.2% compared to pro forma Q1 2003, mainly as a result of the postponement of investments in advertising, to later months.
The overall sales force included 2,154 sales staff (including 1,954 agents and sales representatives) as against 2,132 at the end of the year 2003 (1,932 agents and sales representatives).

Salaries, wages and employee benefits in the first three months of 2004 amounted to Euro 18.7 million, a reduction of 4.8% compared to the same period of pro forma 2003 (Euro 19.8 million), due to the effects of the staff reorganization and cuts that have been implemented as of the previous financial periods.
Company personnel at March 31, 2004 numbered 1,379 employees (1,381 at December 31, 2003).
The average salaried presence in Q1 2004 was 1,308 employees (1,305 employees in pro forma Q1 2003).

Gross operating profit improved from Euro 41.5 million in pro forma Q1 2003 to Euro 45.3 million in Q1 2004, with a 35.8% ratio to revenues (33.8% Q1 2003).

Other valuation adjustments amounting to Euro 10.1 million increased by Euro 3.5 million compared to pro forma figures for the first quarter of 2003, thus reflecting the increase in mean age of the outstanding receivables as a result of the slowdown in collection cycles during the previous financial year, a phenomenon that has already been subjected to corrective action.

Provisions to reserves for risks and charges amounted to Euro 6.1 million (Euro 6.9 million in Q1 2003), of which Euro 5.6 million accrued for commercial risks (Euro 6.2 million in pro forma Q1 2003) in order to cover any expenses connected with non perfect compliance with contractual obligations. It must be pointed out that against a provision essentially in keeping with pro forma figures for the first quarter of 2003, the percentage accounting for risk hedging rose while the number of positions to be hedged, fell.

Operating income before non-operating amortization
(EBITDA) amounted to Euro 29.4 million (Euro 27.9 million in Q1 2003), up 5.2% compared to the same period in the previous year, with a ratio to revenues of 23.2% (22.7% in pro forma 2003).

Non-operating amortization, amounting to Euro 84.3 million refer for Euro 40.5 million to a 6-year period amortization of the "*Customer Data Base*", for Euro 40.7 million to the 20-year period amortization of the goodwill entered following the mergers carried out in the previous years, and for Euro 3.1 million to the amortization and depreciation of other non-operating expenses.

Operating loss amounted to Euro 58.9 million, decreasing by Euro 64.7 million compared to pro forma Q1 2003. This reduction reflects increased non-operating depreciation and amortization (Euro +65.8 million) due to mergers carried out in December 2003.

Interest income (expense) had an expense balance of Euro 4.7 million in Q1 2004, and is made up as follows

(euro/thousand)	Q1 2004	Q1 2003 pro forma	Change Absolut	Change %
Interest Income	5,854	7,510	(1,656)	(22.1)
Interest expense	(10,373)	(16,138)	5,765	(35.7)
Net exchange charges	(151)	51	(202)	(396.1)
Interest income (expense)	**(4,670)**	**(8,577)**	**3,907**	**(45.6)**

For a more detailed description of the items included under "interest income and expense" see the comments provided in the chapter "Economic Performance of the Group".

Value adjustments to financial assets, were negative by Euro 8.4 million (Euro 14,4 million in pro forma Q1 2003) reflecting the Company's share of the negative results generated by TDL Infomedia Ltd and NetCreations Inc, during the quarter.

Net extraordinary income and expense, negative by Euro 0.8 million, include extraordinary income of Euro 0.8 million consisting in out-of-period income, and extraordinary expenses of Euro 1.6 million, including 0,6 million borne for the sale of the French group Consodata S.A..

Income taxes for the period, Euro 5.4 million, have been calculated, in accordance with accounting principle No. 30 for "intermediate financial statements", applying the actual average rates forecast for 2004 to the gross figure at March 31, 2004.

Net financial debt stands at Euro 135.1 million as against Euro 199.2 million at the end of December 2003, and is made up of Euro 514.9 million of short-term debts, including Euro 513 million towards the Royal Bank of Scotland Plc Milan Branch, Euro 381.5 million of availabilities, including Euro 227.4 million with banks, and Euro 154.2 million of financial receivables due from subsidiaries.

Reclassified Income Statement of SEAT PAGINE GIALLE S.p.A.

(euro/thousand)	Q1 2004	Q1 2003 pro forma (1)	Change absolute	Change %	Year 2003 pro forma(2)
A. Product sales and services	**126,503**	**122,789**	**3,714**	**3.0**	**1,056,630**
Changes in inventory of work in process, semi-finished and finished goods	(380)	777	(1,157)		1,460
B. "Typical" production value	**126,123**	**123,566**	**2,557**	**2.1**	**1,058,090**
Cost of materials and external services(*)	(62,052)	(62,362)	310		(392,006)
Salaries, wages and employee benefits(*)	(18,734)	(19,673)	939		(83,272)
C. Gross operating profit	**45,337**	**41,531**	**3,806**	**9.2**	**582,812**
% on sales	*35.8*	*33.8*			*55.2*
Other valuation adjustments	(10,100)	(6,600)	(3,500)		(30,180)
Provisions to reserves for risks and charges	(6,131)	(6,941)	810		(31,132)
Net other income (expense)	264	(61)	325		1,429
D. EBITDA	**29,370**	**27,929**	**1,441**	**5.2**	**522,929**
% on sales	23.2	22.7			49.5
Operating amortization and depreciation	(3,962)	(3,558)	(404)		(16,762)
E1. Operating income before non-operating amortization	**25,408**	**24,371**	**1,037**	**4.3**	**506,167**
% on sales	*20.1*	*19.8*			*47.9*
Non-operating amortization	(84,283)	(18,515)	(65,768)		(194,883)
E2. Operating profit (loss)	**(58,875)**	**5,856**	**(64,731)**		**311,284**
% on sales	*(46.5)*	*4.8*			*29.5*
interest income (expense)	(4,670)	(8,577)	3,907		(80,103)
Value adjustments to financial assets	(8,365)	(14,365)	6,000		(62,375)
F. Result before extraordinary items and taxes	**(71,910)**	**(17,086)**	**(54,824)**		**168,806**
Net extraordinary income (expense)	(812)	1,026	(1,838)		(40,362)
G. Income (loss) before taxes	**(72,722)**	**(16,060)**	**(56,662)**		**128,444**
Income taxes	(5,385)	5,602	(10,987)		(112,844)
H. Result for the period	**(78,107)**	**(10,458)**	**(67,649)**		**15,600**
% on sales	*(61.7)*	*(8.5)*			*1.5*

(*) Less the relevant recuperated costs

(1) these data refer to SEAT PAGINE GIALLE S.p.A. after the spinoff from Telecom Italia Media S.p.A.

(2) these figures result from the aggregation of the income statement for the first 7 months of Seat S.p.A. - the Spunoff Company - and the income statement for the last 5 months of SEAT PAGINE GIALLE S.p.A. - the company resulting from the two mergers carried out in December 2003

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Reclassified Balance Sheet of SEAT PAGINE GIALLE S.p.A.

(euro/thousand)		03.31.2004	12.31.2003	Change	03.31.2003 pro forma(1)
A. Intangibles, fixed assets and long-term investments		**4,317,909**	**4,394,944**	**(77,035)**	**1,078,337**
Intangible assets		4,033,604	4,119,969	(86,365)	774,854
Fixed assets		8,088	9,249	(1,161)	9,322
Long-term investments:					
equity investments		273,313	262,878	10,435	291,179
other		2,904	2,848	56	2,982
B. Working capital		**199,940**	**264,712**	**(64,772)**	**443,682**
Inventories		11,956	11,610	346	9,164
Trade accounts receivable		638,184	675,465	(37,281)	643,185
Other assets		242,612	233,666	8,947	267,613
Trade accounts payable		(159,789)	(205,326)	45,538	(146,533)
Reserves for risks and charges		(62,627)	(63,203)	576	(53,969)
Other liabilities		(470,396)	(387,500)	(82,898)	(275,778)
C. Termination indemnities		**(30,405)**	**(29,994)**	**(411)**	**(29,542)**
D. Net invested capital	(A+B+C)	**4,487,444**	**4,629,662**	**(142,218)**	**1,492,477**
E. Shareholders' equity		**4,352,385**	**4,430,491**	**(78,106)**	**1,080,946**
Share capital paid-in		247,539	247,539		247,358
Reserves and retained earnings		4,182,953	4,224,106	(41,153)	833,588
Result for the period		(78,107)	(41,154)	(36,953)	
F. Medium/long-term debt					**300,000**
G. Net short-term borrowings (availabilities)		**135,059**	**199,171**	**(64,112)**	**111,531**
Short-term borrowings		514,877	528,325	(13,448)	774,249
Availabilities and short-term financial assets		(381,485)	(328,210)	(53,275)	(664,491)
Net financial accruals and deferrals		1,667	(944)	2,611	1,773
H. Net financial debt	(F+G)	**135,059**	**199,171**	**(64,112)**	**411,531**
I. Total	(E+H)	**4,487,444**	**4,629,662**	**(142,218)**	**1,492,477**

(1) These data refer to SEAT PAGINE GIALLE S.p.A. after the spinoff from Telecom Italia Media S.p.A.

Cash Flow Statement of SEAT PAGINE GIALLE S.p.A.

(euro/thousand)		Q1 2004	Q1 2003 pro forma(1)	Year 2003 pro forma(2)
A. Net financial debt, at beginning of period		**(199,171)**	**(408,379)**	**(408,379)**
B. Cash flows from operating activities		**83,659**	**3,060**	**458,102**
Result for the period		(78,107)	(10,458)	15,600
Depreciation and amortization		88,245	22,073	211,645
(Gains) Losses on sales of intangibles, fixed assets andlong-term investments		(19)	(594)	(108)
(Writeups) Writedowns of intangibles and fixed assets and long-term investments		8,356	14,347	73,836
Change in working capital		64,773	(22,502)	156,483
Net change in "termination indemnities"		411	194	646
C. Cash flows from investing activities		**(19,547)**	**(17,258)**	**(267,949)**
Intangibles, fixed assets and long-term investments:				
- intangibile assets		(729)	(1,592)	(217,117)
- *non operating*				*(203,229)*
- *operating*		*(729)*	*(1,592)*	*(13,888)*
- fixed assets		(6)		(4,282)
- long-term investments		(19,138)	(15,820)	(49,480)
Proceeds from sale of intangibles, fixed assets and long-term investments		326	154	2,930
D. Cash flows from other financing activities				**3,112,992**
Contributions by shareholders				3,112,992
E. Acquisition of stakes merged by incorporation				**(3,036,744)**
F. Dividends paid				**(439)**
G. Cash flows for the period	(B+C+D+E+F)	**64,112**	**(14,198)**	**265,962**
H. Pro forma adjustments arising from Seat S.p.A. spinoff			**10,683**	**(130,036)**
I. Pro forma adjustments not included in net financial position at March 31, 2003			**363**	**73,282**
L. Net financial debt at end of period	(A+G+H+I)	**(135,059)**	**(411,531)**	**(199,171)**

(1) these data refer to SEAT PAGINE GIALLE S.p.A. after the spinoff from Telecom Italia Media S.p.A.

(2) these figures result from the aggregation of the income statement for the first 7 months of Seat S.p.A. - the Spunoff Company - and the income statement for the last 5 months of SEAT PAGINE GIALLE S.p.A. - the company resulting from the two mergers carried out in December 2003

➔ Events subsequent to March 31, 2004

1) Payment of the extraordinary dividend and indebtedness

Prior to March 31, 2004

On **March 9**, the shareholder Sub Silver S.A. (that holds an absolute majority of the Company's ordinary share capital) sent the Company's Board of Directors, a request for the calling – pursuant to section 2367 of the Italian Civil Code - of an ordinary shareholders' meeting, with an agenda focusing on the distribution to shareholders, after integration of the legal reserve, of a dividend, to be imputed to available reserves, in the minimum amount of Euro 0.42 and a maximum amount of Euro 0.43 for each ordinary and savings share.

At an emergency Board meeting held on **March 10**, the Board, after having approved the consolidated financial statements and the draft financial statements for the year 2003, acknowledged the request made by the shareholder Sub Silver S.A., resolving, in such regard: *(i)* to call a general shareholders' meeting for April 14 and 15, so as to pass resolutions, in ordinary session, on the financial statements for the fiscal year and, as requested by Sub Silver S.A., on the distribution of available reserves, after integration of the legal reserve; *(ii)* to adjourn the proceedings of the Board to a later Board meeting held on March 26, so as to give the Board members time to consult with a financial advisor – identified in *Lehman Brothers*, the same firm that assisted the Company in the merger of Seat S.p.A. into Silver S.p.A. in December 2003, and immediately thereafter, of Silver S.p.A. into Spyglass S.p.A. (now renamed SEAT PAGINE GIALLE S.p.A – and to express their valuations from an economic, financial and equity standpoint, especially in respect of the sustainability of the Company's indebtedness following the proposed dividend payout.

On **March 26**, the Board of Directors, in acknowledging the favorable conclusions reached by the financial advisor *Lehman Brothers*, resolved, inter alia: *(i)* to approve – with regard to the item on the agenda of the General Shareholders' Meeting, requested by the shareholder Sub Silver S.A., pertaining to the distribution of available reserves after integration of the legal reserve – the explanatory report in which the Board expresses to the General Meeting a favourable opinion in respect of the sustainability from an economic, financial and equity standpoint of the Company's indebtedness following the proposed distribution of a dividend in the minimum amount of Euro 0.42 and the maximum amount of Euro 0.43 on each ordinary and savings share, as envisaged by the shareholder Sub Silver S.p.A.; *(ii)* to enter into the package of long-term financial contracts already entered into by the shareholder Sub Silver S.A. and made available to the Company (with the consequent refund of the related expenses), to cover the distribution of available reserves, in light of the finding that the terms and conditions of the aforesaid contracts were and are in line with market terms applicable to corporations with a creditworthiness similar to that of the Company; *(iii)* to avail – in keeping with the announcement included in the listing Prospectus of the Transaction effected in December 2003 – of the opportunity to finance part of the extraordinary dividend through a subordinate financing contract with Lighthouse International Company S.A., under terms corresponding to those of a bond issue by Lighthouse International Company S.A., guaranteed by the Company, to be reserved solely to institutional investors, of a duration of ten years and at a fixed interest rate, to be determined on the basis of the market conditions at the date of issue.

Following March 31, 2004

On **April 7**, Sub Silver S.A. gave the Company advance notice of its intention to vote, at the next general meeting of shareholders, in favour of the approval of: *(i)* the financial statements of the Company for the year ended December 31, 2003, and *(ii)* the distribution to shareholders of an extraordinary dividend of a minimum of Euro 0.42 and a maximum of Euro 0.43 for each ordinary and savings share, stating further that the precise amount of the said dividend would be proposed by Sub Silver S.A. at the said General Shareholders' Meeting.

On **April 8**, the Board of Directors approved on the overall, the Lighthouse International Company S.A. subordinate loan and, in particular, the final terms and conditions of the same that were announced to the market the same day, following the issue by Lighthouse International Company S.A. The Lighthouse International Company S.A. bond issue amounted to Euro 1.3 billion (at a fixed rate of 8% with expiry in April 2014), Euro 150 million above the amount initially envisaged, as a result of high demand. This surplus allowed the Company to cancel a credit line of the same amount, contemplated under the financing structure approved by the board of Directors on March 26.

On **April 15**, the General Shareholders's Meeting of the Company, at second calling, beside fully approving the the resolutions placed on the agenda in respect of the financial statements for fiscal year 2003, submitted by the Board of Directors on March 10, further resolved, in particular, in ordinary session and at the motion of the shareholder Sub Silver S.A.: *(i)* to distribute an extraordinary dividend of Euro 0.433658 – for each of the 8,115,215,696 ordinary shares and for each of the 136,074,786 savings shares issued at a par value of Euro 0.03 each, by withdrawing the overall amount of Euro 3,578,238,127.84 from the "Share Premium Reserve"; and *(ii)* to make payment of the aforesaid extraordinary dividend of Euro 0.433658 for each ordinary and savings share, as of April 22 (ex coupon April 19).

Financing Contracts

On **April 16** SEAT PAGINE GIALLE S.p.A. excuted its acceptance of the package of long-term financing contracts previously entered into by the shareholder Sub Silver S.A. with the Royal Bank of Scotland Plc Milan Branch.
The package, known as "Euro 2,900,000,000 and GBP 75,000,000 Senior Credit Agreement" is subdivided into several tranches, aimed at:

- using the overall amount of Euro 2,750,000,000 to cover the distribution of the extraordinary dividend and the refinancing of SEAT PAGINE GIALLE S.p.A. short-term debts towards banks;
- using GBP 75,000,000 for the refinancing of the high-yield bonds issued by TDL Infomedia Ltd (subjected to a call option as of October 15, 2004) so as to allow for debt refinancing at less burdensome terms;
- using Euro 150,000,000 to cover the potential working capital requirements of SEAT PAGINE GIALLE S.p.A. or its subsidiaries, in the form of a revolving credit line.

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The portion of the financing aimed at the distribution of the dividend is divided into the following tranches, featuring the duration and interest rates, indicated below:

- tranche A2 of Euro 1,250,000,000 with repayment in accordance with an amortization plan with six monthly installments, the last of which expires in June 2010, and the application of a margin of 2.415% on the variable Euribor parameter;
- tranche B of Euro 750,000,000 repayable in two installments falling due in December 2010 and June 2011, and subject to the application of a margin of 2.915% on the variable Euribor parameter;
- tranche C of Euro 750,000,000 with repayment in two installments falling due in December 2011 and June 2012, and the application of a margin of 3.415% on the variable Euribor parameter.

Under the financing contract, 50% of the exposure arising from the aforesaid contracts up to June 2007 is hedged against the risk of interest rate fluctuation, through an interest rate swap agreement that transforms the variable Euribor base rate applicable to the various tranches of the loan, into a fixed rate.

In line with normal business practice for transactions of this type, under the aforesaid loan package, SEAT PAGINE GIALLE S.p.A. is bound to comply with specific Covenants that are checked on a quarterly basis and that refer to the maintenance of specific ratios between net debt and EBITDA, between EBITDA and interest on debt and lastly between cash flow and debt servicing (inclusive of interest and quotas of principal payable in each period of reference)
SEAT PAGINE GIALLE S.p.A.'s ability to comply with the aforesaid Covenants has also been positively examined by the Board of Directors, as part of the general valuations made with the help of the financial advisor, Lehman Brothers.

As already noted in the financial statements for the year ended December 31, 2003, pursuant to the financing contract, SEAT PAGINE GIALLE S.p.A. issued the following main guarantees, that are standard for transactions of this type:

- a pledge on its trade marks;
- a pledge on the Company's current accounts;
- a pledge on the shares held in its subsidiaries;
- a pledge on intercompany loans underway between SEAT PAGINE GIALLE S.p.A. and its subsidiaries;
- special privilege on Company's tangible assets of a net book value of at least Euro 25,000.

On **April 22**:

- SEAT PAGINE GIALLE S.p.A. and Lighthouse International Company S.A. Luxembourg ("Lighthouse") executed and exchanged the financing contract under which Lighthouse made available as from the same date, the funds generated through the bond issue, net of related charges;
- dividends amounting to Euro 3.578 billion were distributed to shareholders, by using the above-said Senior financing contract and the Lighthouse loan.

2) Sale of Consodata Germany Gmbh

In **April 2004**, SEAT PAGINE GIALLE S.p.A., sold, through its subsidiary Consodata Group Ltd, its 100% stake in Consodata Germany GmbH & Co KG, to Acxiom Corporation for an enterprise value of Euro 5 million.

3) Sale by Sub Silver S.A. of a 12,3% stake in SEAT PAGINE GIALLE S.p.A.

On **April 14**, Sub Silver S.A., the majority shareholder of SEAT PAGINE GIALLE S.p.A. announced that it had sold on the same day, No. 1,004,627,080 ordinary shares in SEAT PAGINE GIALLE S.p.A. (equivalent to a 12.38% stake in SEAT PAGINE GIALLE S.p.A. ordinary share capital) to Quasar Holding S.A., a newly incorporated Luxembourg company – the share capital of which is held by the same shareholders that, through Silver S.p.A., hold stakes in Sub Silver S.A. – at the price of Euro 0.80 each.
Immediately thereafter, on the same day, Quasar Holding S.A. sold the No. 1,004,627,080 ordinary shares in SEAT PAGINE GIALLE S.p.A. to Lehman Brothers International (Europe) at the same price. Following this transaction, Sub Silver S.A. holds a 50.14% stake in SEAT PAGINE GIALLE S.p.A. ordinary share capital.
At the same time, Quasar Holding S.A. and Lehman Brothers International announced that they had entered into a two-year "total return equity swap" on the sold shares in SEAT PAGINE GIALLE S.p.A.. As a result of the swap and in keeping with normal business practice for transactions of this type, any increases or reductions in the value of SEAT PAGINE GIALLE S.p.A. shares (as well as in related dividends) during the said two year period, will be transferred to Quasar Holding S.A..

On **April 20**, Quasar Holding S.A. and Lehman Brothers International announced that, following Quasar Holding S.A. request to such effect, the said swap was prematurely cancelled in respect of 984,627,080 SEAT PAGINE GIALLE shares, or nearly all the shares covered by the swap. At the same time, Lehman Brothers International announced that it intended to place 984,627,080 of its shares in SEAT PAGINE GIALLE representing 12.3% of the ordinary share capital of the latter company, with professional investors in Italy and institutional investors overseas. The placement was made on the same day.

On **April 27**, Lehman Brothers International informed the Company that at April 20, 2004, it held 112,304,300 ordinary shares in SEAT PAGINE GIALLE S.p.A., amounting to about 1.38% of the latter company's ordinary share capital.

Evolution of operations: outlook for the current year

In the early months of the year, SEAT PAGINE GIALLE S.p.A.'s Italian operations were restructured with a view to increasing the Company's focus on customer requirements. This corporate restructuring was primarily targeted at the marketing and sales departments.

Thanks to the expected growth of Pronto PAGINEGIALLE® and PAGINEGIALLE.it, the validity of the multi-platform offering will be confirmed once again in 2004. It must however be pointed out that 2004 will not see all the benefits of the new, recently introduced initiatives, since by the end of April 2004, 74% of the orders for traditional products for the entire year, had already been placed. Taking due account of the sales cycle of directories (advertising orders are placed several months in advance of publication), the full effects on the initiatives launched by the new management, will be felt during the collection of advertising orders in 2004, and the related economic effects will therefore be reflected in financial statements for year 2005.

At the corporate level, the distribution of the extraordinary dividend to all shareholders marked the end of the transition phase following the change in the shareholders of reference. The optimization of the Group's financial and equity structure, followed by the distribution of the dividend, represents a further stimulus for management to ensure that operations are carefully planned and properly targeted.

The Group's net result for the entire year 2004 is expected to show a loss as a result of the amortization of goodwill and the "*Customer Data Base*", as well as the financial charges pertaining to the indebtedness incurred to cover the distribution of the extraordinary dividend of Euro 3,578 million.

Economic and Financial Performance of the Business Areas

(euro/mln)		Directories Italia(*)	Directories UK	Directory Assistance	Other Activities	Aggregate Total	Elimina-tions	Consolida-ted Total
Product sales and services	Q1 2004	126.5	21.8	40.3	8.4	197.0	(9.3)	187.7
	Q1 2003 pro forma	122.8	19.4	26.5	23.3	192.0	(3.3)	188.7
	December 31, 2003 pro forma	1,056.6	151.1	138.7	132.5	1,478.9	(28.9)	1,450.0
Gross operating profit	Q1 2004	45.3	(0.2)	9.3	(0.9)	53.5	0.2	53.7
	Q1 2003 pro forma	41.3	1.8	3.4	(2.0)	44.5		44.5
	December 31, 2003 pro forma	582.8	47.9	31.2	11.7	673.6		673.6
EBITDA	Q1 2004	29.4	(1.2)	8.0	(0.9)	35.3		35.3
	Q1 2003 pro forma	27.7	1.0	2.6	(2.1)	29.2		29.2
	December 31, 2003 pro forma	522.9	41.9	26.5	11.0	602.3		602.3
Operating income before	Q1 2004	25.4	(1.9)	6.3	(1.6)	28.2		28.2
non-operating amortization	Q1 2003 pro forma	24.1	0.2	0.6	(3.7)	21.2		21.2
	December 31, 2003 pro forma	506.2	38.6	18.4	4.4	567.6		567.6
Industrial investments	Q1 2004	0.7	0.4	0.5	0.8	2.4		2.4
	Q1 2003 pro forma	1.6	0.2	0.3	1.3	3.4		3.4
	December 31, 2003 pro forma	18.2	1.8	2.6	9.6	32.2		32.2
Personnel at: (unit)	31 marzo 2003	1,379	976	2,234	338	4,927		4,927
	December 31, 2003 pro forma	1,381	974	2,272	663	5,290		5,290

(*) 2003 includes data of Annuari Italiani S.p.A.

Group Economic and Financial Highlights		Q1 2004	Q1 2003	Year 2003
Italian directories				
Published directories	(units)	38	38	305
Sales network	(units)	2,154	2,158	2,132
Directories U.K.				
Published directories	(units)	23	24	174
Directory Assistance				
Telegate - calls received	(thousand)	29,116	25,517	113,210
89.24.24 Pronto PAGINEGIALLE ® calls received	(thousand)	3,600	2,600	13,941

Italian directories

The comments on the performance of the Business Area are included in the section dedicated to SEAT PAGINE GIALLE S.p.A..

UK Directories

The structure of the Business Area

MAIN COMPANIES

TDL Infomedia Ltd

Thomson Directories Ltd

Main corporate events

There are no significant events to report.

Economic and financial highlights

The principal results for Q1 2004 are shown in the table below, with comparisons against those of the same period of the previous year.

	Q1 2004	Q1 2003	Year 2003	Change	
(euro/mln)				Absolute	%
Product sales and services	21.8	19.4	151.1	2.4	12.4
Gross operating profit	(0.2)	1.8	47.9	(2.0)	n.s.
EBITDA	(1.2)	1.0	41.9	(2.2)	n.s.
Operating income before non-operating amortization	(1.9)	0.2	38.6	(2.1)	n.s.
Capex	0.4	0.2	1.8	0.2	86.0
Period-end personnel (unit)	976	928	974	48	5.2

Strategies previously implemented to increase customer retention and salesforce loyalty, generated positive effects in 1Q 2004 as well, with GBP-nominated revenues increasing by 14.1%. In addition, as during 2003, all product lines turned in high growth rate performances; paper directories (+6.7%), directories online (+82.1%) and data sales (+11.7%). The negative effect of the exchange rate, as a result of a decrease of the exchange rate of the pound vs. euro, however, had a curbing effect on revenue growth that totaled Euro 21.8 million (+12.4%).

The positive performance of paper products that accounted for 74.3% of income was achieved despite the fact that one less directory was published (23 vs. 24) compared to previous year. This directory (the approximate revenue value of which amounted to GBP 0.2 million in 2003) will be published in Q2.
Revenues from the Internet business area, increasing from Euro 1.8 million to Euro 3.1 million (+79.4%), primarily benefited from the positive effects of the launch of search engine Webfinder.com and now accounts for 14.2% of overall revenues.

It should be noted how, in contrast to 2003, figures for sales campaign performance show simultaneous growth in Directory customers (+10.7%) and relative average value (+1%).
These results endorse the validity of the Thomson sales offering in an extremely competitive market scenario.

EBITDA for TDL Infomedia showed a downward shift of approximately Euro 2.2 million. This downturn had been fully forecast and was primarily generated by increased advertising expenditure supporting the launch of the re-styled Thomson Local Directory. In addition, an increase in general costs were reported due to the effect of transaction fees linked to closing the pre-existing management incentive scheme and increased costs associated, amongst others, with enhancing the internet offering.

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Directory Assistance

The structure of the Business Area

MAIN COMPANIES

Telegate A.G.

Germany
11 880.com GmbH

UK
118866 Ltd

Spain
11811 Nueva Informacion
Telefonica S.a.u.

Main corporate events

There are no significant events to report.

Economic and financial highlights

The principal results for Q1 2004 are shown in the table below, with comparisons against those of the same period in 2003

	Q1 2004	Q1 2003	Year 2003	Change	
(euro/mln)				Absolute	%
Product sales and services	40.3	26.5	138.7	13,8	52.0
Gross operating profit	9.3	3.4	31.2	5,9	175.2
EBITDA	8.0	2.6	26.5	5.4	207.1
Operating income before non-operating amortization	6.3	0.6	18.4	5.7	n.s.
Capex	0.5	0.3	2.6	0.2	48.5
Period-end personnel (unit)	2,234	2,291	2,272	(57)	(2.5)

The Telegate group showed excellent growth in financial results compared to the same period of the previous year, both from the standpoint of revenues and profitability.

Group income increased by Euro 13.8 million, hitting the Euro 40.3 million mark (+52%), due to the positive performance of the German market and strong international revenue growth (Italy, Spain and the UK).

A significant contribution to growth came from Germany where income increased by 23.8% thanks to the launch of new pricing policies and, as a result, of a 28.6% increase in the average cost per call. This greatly offset the fall in call volumes (-3.8% at Euro 20.6 million). These pricing policies were introduced in April 2003.

Revenues of the Italian subsidiary strongly increased – substantially increased fourfold – compared to Q1 2003 (+285.9%), as a result of greater telephone traffic volumes and new billing and revenue accounting procedures introduced in October 2003 (+ Euro 4.2 million). Specifically, the new billing and accounting procedures had no effects on the margins of the Area of Business due to the fact that they generated an increase equal to the amount in call traffic costs attributable to SEAT PAGINE GIALLE S.p.A. for the 89.24.24 Pronto PAGINE GIALLE® service.
Income for Q1 2004 for subsidiaries in Spain and the United Kingdom cannot be compared to similar final statement figures for Q1 2003 due to the fact that the latter essentially referred to outsourcing services, while those for Q1 2004 primarily refer to the Directory Assistance service marketed under the brand launched during 2003. Specifically, in Spain, advertising support of the 11811 service, initially launched only in the Madrid area, has now been rolled out nationally. Also in the UK, as in Spain, an area-based communication strategy has been adopted. In fact, the service will receive advertising support initially only in Scotland, an area where there is less competitive pressure.

EBITDA for the "Directory Assistance" Area grew by Euro 5.4 million to Euro 8.0 million mark due to German operations (+ Euro 6.8 million) offsetting service launch costs in Spain and the United Kingdom. In Germany, the quarter benefited, in addition to further efficiencies in call centers, also by the lower incidence of costs for data acquisition, due to the lower unit cost paid to Deutsche Telekom in compliance with the decision passed by the German Telecommunications Regulator in 2003.

Other Activities

The structure of the Business Area

MAIN COMPANIES

Italian
- Consodata S.p.A.
- IMR S.r.l.

Foreign
- Eurédit S.A.

Main corporate events/consolidation area

- On March 30, 2004, SEAT PAGINE GIALLE S.p.A. acquired a direct stake from Consodata S.A. equal to 100% of share capital in Consodata S.p.A. The equity investment in Consodata S.p.A. also includes stakes held by the same company in Consodata Marketing Intelligence S.r.l. and in Pubblibaby S.p.A.;
- on March 30, 2004, SEAT PAGINE GIALLE S.p.A. sold its 98.6% stake in Consodata S.A. to Acxiom Corporation. Following this transaction, shareholdings in BCA Finance S.A., CAL Ltd, Consobelgium S.A. Consodata UK Ltd and Consodata Espana S.A. were excluded from the consolidation area of SEAT PAGINE GIALLE group.

Economic and financial highlights

The principal results for Q1 2004 are shown in the table below, with comparisons against those of the same period in 2003:

	Q1 2004	Q1 2003	Yeat 2003	Change	
(euro/mln)				Absolute	%
Sales and service revenues	8.4	23.3	132.5	(14.9)	(63.9)
Gross operating profit	(0.9)	(2.0)	11.7	1.1	55.0
EBITDA	(0.9)	(2.1)	11.0	1.2	57.1
Operating income before non-operating amortization	(1.6)	(3.7)	4.4	2.1	56.8
Capex	0.8	1.3	9.6	(0.5)	(38.5)
Period-end personnel (unit)	338	759	663	(421)	(55.5)

Comparison with previous quarter is not consistent due to the effect of deconsolidation, actuated in 2004, of the companies that were transferred during the quarter (the French group Consodata), or, for which selling off operations are underway (Pan-Adress GmbH and NetCreations Inc.).

Consodata S.p.A.

100% Held by SEAT PAGINE GIALLE S.p.A.

The principal results for Q1 2004 are shown in the table below, with comparisons against those of the same period in 2003

(euro/mln)	Q1 2004	Q1 2003	Year 2003	Change Absolute	Change %
Product sales and services	6.9	4.9	29.8	1.9	39.5
Gross operating profit	0.7	(0.6)	3.0	1.3	n.s.
EBITDA	0.7	(0.6)	3.1	1.2	n.s.
Operating income before non-operating amortization	0.2	(1.0)	1.1	1.2	n.s.
Capex	0.5	0.4	2.9	0.1	43.2
Period-end personnel (unit)	144	157	143	(13.0)	(8.3)

Consodata S.p.A., now directly held (100% stake) by SEAT PAGINE GIALLE S.p.A., after transfer of the international operations within the "Business Information" Area, showed growth in results compared to previous year, both in revenues and EBITDA terms.
Income increased by 39.5%, totaling Euro 6.9 million, an increase attributable to improved performance in all business operations. The company has significant sales and operational synergies with Italian Directories, taking into consideration that it can harness the SEAT PAGINE GIALLE S.p.A. sales network to sell Direct Marketing products. The above-mentioned income increase due to the effect of bringing forward the period for sending out a number of publications compared to Q1 2003.
EBITDA increased by Euro 1.2 million, from the negative figure reported in 2003 to a positive one amounting to Euro 0.7 million in 2004, attributable to an increase in income and as a result of recovered efficiency, particularly in the area of labor costs.

Eurédit S.A.

93,562% Held by SEAT PAGINE GIALLE S.p.A.

Eurédit publishes Europages, the European trade directory that is distributed in hardcopy and on CD it is also available online in 24 languages. Eurédit S.A., which in 2003 reported revenues of approximately Euro 25 million, publishes its issues in the third quarter of the year and, thus, during the remaining quarters does not generate any significant revenues.

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→ Main Litigation

As outlined in the **Foreword**, Seat S.p.A., a company merged by incorporation in Silver S.p.A. and subsequently in Spyglass S.p.A., originated from the partial proportional spinoff of Telecom Italia Media S.p.A, the new name of former Seat Pagine Gialle S.p.A. (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 S.p.A. by virtue of the spinoff.
Furthermore, pursuant to Article 2504-decies, paragraph 2, of the Italian Civil Code, Seat S.p.A., as Spunoff 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 Telecom Italia Media S.p.A., in the event that such debts are not repaid by that company. Similarly, Seat S.p.A. 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.

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 (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.

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