



Report on corporate governance
and ownership structures
of Seat Pagine Gialle S.p.A.
pursuant to article 123-*bis* of the TUF
(traditional administration and control model)

The following text is a translation, the Italian version will prevail

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Report on corporate governance and ownership structures of Seat Pagine Gialle S.p.A.

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GLOSSARY

Code/Self-Governance Code: the Self-Governance Code of listed companies as approved in March 2006 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A.

Italian Civil Code: the Italian Civil Code.

Board: the Board of Directors of the Issuer.

Issuer or the Company: the entity issuing the securities to which the Report refers.

Financial Year: the company's accounting period to which the Report refers (2009).

Issuers' Regulations of Consob: the Regulations issued by Consob by resolution no. 11971 of 1999 (as amended) in relation to the issuers.

Report: the report on corporate governance and ownership structures that the companies are required to prepare pursuant to article 123-*bis* of the TUF.

TUF: Legislative Decree no. 58 of 24 February 1998 (*Testo Unico della Finanza*, Consolidation Act on Finance).

Report on corporate governance and ownership structures of Seat Pagine Gialle S.p.A. ¹

1. Company profile

The SEAT Pagine Gialle group is currently a leading multi-media platform which offers detailed information and sophisticated research tools to tens of millions of users and a wide range of multi-platform advertising options to its advertisers (card-internet-telephone) and, specifically, highly-innovative products for internet, paper directories and telephone assistance services, in addition to a wide range of complementary advertising communication tools.

In any case, for an exhaustive analysis of the business, the Group's overall structure, the market scenario, and social responsibility, reference should necessarily be made to the Company's Financial Statements for the year ended 31 December 2009 and to the information available on the Company's website at the address <http://www.seat.it/seat/it/index.html>

2. Information on ownership structures pursuant to article 123-bis, paragraph 1, of the TUF

Below are reported the information required pursuant to article 123-bis, paragraph 1, of the TUF, letters a) to m).

Before proceeding with the indication of the provisions under article 123-bis, paragraph 1, letter a), of the TUF, it is pointed out that, on 26 January 2009, the Extraordinary Shareholders' Meeting of SEAT resolved:

- to eliminate the par value of shares previously determined as €0.03 per share;
- to carry out a reverse split in the ratio of one share for every two hundred shares, ordinary or savings, in circulation;
- to approve a Capital Increase for a total maximum amount of €200 million.

During the meeting, it was resolved that the Capital Increase would take place by means of an issue of ordinary shares of no par value, to be offered under option to holders of Ordinary and Savings Shares, with a unit issue price equal to the theoretical ex-rights price (TERP) of the ordinary SEAT Pagine Gialle S.p.A. stock, calculated according to the current methodologies and on the basis of the arithmetic mean of official unit prices recorded over a period of at least three stock exchange trading days before the issue price is determined and discounted at an amount established by the Board of Directors.

Therefore, in the implementation of the aforesaid resolution passed by the shareholders' meeting, the Board of Directors of 26 March 2009 set the issue price of the new shares - applying a discount of about 46% with respect to the theoretical ex-rights price of the SEAT ordinary share, calculated in accordance with the criteria described above - at €0.106 for each of the maximum 1,885,982,430 new

¹ Hereinafter also referred to as "SEAT" or "the Company".

ordinary shares, with regular enjoyment, to be offered as an option to the Shareholders, holding ordinary and savings shares of SEAT Pagine Gialle S.p.A., in the ratio of 226 new ordinary shares for every 5 ordinary and/or savings shares held.

The period for the exercise of rights of option on the part of the holders of ordinary and savings shares started on 30 March 2009 and ended on 17 April 2009; the rights of option were traded on the Stock Exchange between 30 March 2009 and 8 April 2009. During the offer period, 41,186,760 rights of option were exercised; subsequently, a total number of 1,861,641,552 new ordinary shares of SEAT Pagine Gialle S.p.A. were then subscribed to for 98.71% of the maximum 1,885,982,430 shares offered, for a total counter-value equal to €197,334,004.51.

Therefore, at the end of the period of offer as an option, 538,515 rights of option had not been exercised which were valid for subscribing a total of 24,340,878 new ordinary shares of SEAT Pagine Gialle S.p.A., for a total counter-value of €2,580,133.07.

SEAT Pagine Gialle S.p.A. has offered the unexercised rights of option on the Stock Exchange pursuant to article 2441, paragraph 3, of the Italian Civil Code, through Mediobanca - Banca di Credito Finanziario S.p.A., in the sessions of 23, 24, 27, 28 and 29 April 2009. The first meeting saw the offer and placement of the total rights.

On 30 April 2009, at the end of the trading of unopted rights, all the remaining 24,340,878 ordinary shares offered as an option were subscribed at the price of €0.106 per share, for a total counter-value of €2,580,133.07.

The capital increase thus concluded with the full subscription of 1,885,982,430 new ordinary shares, for a counter-value equal to €199,914,137.58, gross of fees and expenses. As a result, Mediobanca - Banca di Credito Finanziario S.p.A., which had undertaken to subscribe the portion of Capital Increase remained unopted at the end of the rights trading period, was not required to intervene.

a) Structure of the share capital as at 31 December 2009

Share capital Euro 450,265,793.58		Class of shares	No. of shares	Par value (€)	% compared to the share capital	Listing markets	Rights and obligations
Ordinary share capital	446,183,555.58	Ordinary shares	1,927,027,333	-	99.96	Electronic Stock Market organized and managed by Borsa Italiana S.p.A. - Blue Chip segment	As per the law and the articles of association (see articles 8 and 11 attached hereto)
Retained earnings	4,082,238.00	Savings shares	680,373		0.04		As per the law and the articles of association (see article 6 attached hereto)

With regard to the stock option plans issued by the Company, reference is made to the “Report on Operations” (paragraph “Stock Option Plans”) contained in the previous annual and interim accounts of

the Company and in the Draft of the Annual Report as at 31 December 2009, that are available on the Company's website and, in particular, to the "Information Document - Compensation plans based on financial instruments" drawn up by the Company in compliance with articles 114-*bis* of the TUF and 84-*bis* of the Issuers' Regulations of Consob² and to the contents of Annex 3A, table 7 of the above-mentioned Issuers' Regulations (available on the website at the following address:

http://www.seat.it/seat/it/governance/stock_option_plans_and_information_document/information_document/index.html).

b) Restrictions on stock transfer

Reference is made to what is reported in paragraph c) below.

c) Major interests in the share capital

Below are provided the major interests in the Company's share capital, whether direct or indirect, as resulting from the notices given pursuant to article 120 of the TUF.

Declarant	Direct shareholder	No. of ordinary shares	Overall % share of the ordinary share capital
CVC Silver Nominee Limited	Sterling Sub Holdings S.A.	566,683,788 (*) (1) (3)	29.41
Cart Lux Sarl Tarc Lux Sarl	Subcart S.A.	253,219,895 (*) (1) (2)	13.14
Alfieri Associated Investors Servicos De Consultoria S.A.	AI Subsilver S.A.	135,113,995 (*) (1) (4)	7.01

(1) On 30 April 2009, the exercise of the rights of option was completed by the holders of ordinary and savings shares within the capital increase transaction, with the full subscription of no. 1,885,982,430 new ordinary shares; as a result of this subscription, the relevant shareholders of the Company hold a total of 995,017,678 ordinary shares, equal to about 49.6% of the ordinary share capital after the capital increase.

(2) On 8 September 2009, the merger of Subtarc S.A. into Subcart S.A. became effective.

(3) On 20 October 2009, the merger of P.G. Subsilver A S.A. into Sterling Sub Holdings S.A. became effective.

(4) On 20 October 2009 the merger of P.G. Subsilver B S.A. into AI Subsilver became effective.

(*) On 28 January 2010, the first- and second-degree pledge over the shares held by the relevant shareholders, created pursuant to the pledge agreement executed on 22 April 2004 (as amended and confirmed), was confirmed in relation to the execution, on 22 January 2010, of an agreement amending the secured loan, as well as of related additional agreements on the part of, *inter alios*, the Company.

² Implementing regulations of legislative decree no. 58 of 24 February 1998, governing the regulation of issuers, adopted by Consob resolution no. 11971 of 9 May 1999, as amended and supplemented.

Again on 28 January 2010, a new pledge, which was of a higher level than the existing pledges, was created over the shares of the relevant shareholders in order to secure all the obligations of the Company arising from the issue, on the same date, of the debenture loan named €550,000,000 10 ½% Senior Secured Notes Due 2017 and from the related documentation.

d) Shares conferring special rights

The Company has not issued shares that confer special rights of control.

e) Employee share ownership: mechanism for the exercise of voting rights

There are no employee share ownership systems.

f) Restrictions on voting rights

Pursuant to article 8 of the Articles of Association - Right to participate -, shareholders with the right to vote, for whom the Company has received notification from the intermediary, under article 2370, paragraph 2, of the Italian Civil Code, within the two days preceding the date of each shareholders' meeting, may attend shareholders' meetings. Every shareholder who is entitled to attend shareholders' meetings may appoint a representative by means of a written proxy pursuant to the law. The proxy may be issued to an individual or legal entity.

g) Agreements that are known to the Company pursuant to article 122 of the TUF

As regards shareholders' agreements concerning the Company (and known to it), take note of the existence of the following current agreements:

(a) shareholders' agreement dated 30 July 2003, as amended by the addendum dated 24 March 2004, by the amendment dated 21 December 2006 and a further addendum dated 13 September 2007, between the closed-end investment funds which hold an indirect stake in the ordinary share capital of SEAT PAGINE GIALLE S.p.A. (the "Funds"), each through their own Luxembourgian SPVs (Special Purpose Vehicles). This Shareholders' agreement makes provisions concerning, *inter alia*, (i) composition of and the resolutions passed by the Board of Directors of SEAT PAGINE GIALLE S.p.A. and its subsidiaries, as well as the resolutions passed by the Shareholders' Meeting of SEAT PAGINE GIALLE S.p.A.; (ii) establishment of a constraint of non-transferability on SEAT PAGINE GIALLE S.p.A.'s shares owned by the Funds through their own respective vehicles, as well as on the equity investments held by the Funds in the vehicles themselves.

On 20 March 2007, it was agreed to renew the shareholders' agreement dated 30 July 2003, under the same terms and conditions. Therefore, the agreement had to expire, as entered into on 20 March 2007, on the first of the following dates: (i) the third anniversary of the date of 20 March 2007 (or the fifth anniversary, if the Company's ordinary shares are no longer listed on the third anniversary); or (ii) the date on which the parties to the agreement have fully transferred their investment, whether direct or indirect, in the Company.

(b) agreement dated 23 December 2008 between the Funds by which they agreed to carry out, subject to the conditions laid down therein, a transaction aimed at achieving a total reorganization of the stakes held by the Funds in SEAT PAGINE GIALLE S.p.A. as a result of the transfer of the majority of the stake owned by BCP Investors to Alfieri Associated Investors Servicios de Consultoria S.A. and CVC Silver Nominee Limited, with the resulting exit of BCP Investors from the current shareholders' agreement;

(c) agreement dated 29 April 2009 between the Funds (except for BCP Investors) by which they amended, on the one hand, the provisions on governance in the light of the exit of BCP Investors from the agreement and the consequent reduction of the number of Funds from four to three, and, on the other, they agreed to renew the shareholders' agreement referred to in point (a) above from 29 April

2009 up to the first of the following expiry dates: (i) the third anniversary of the date of 29 April 2009 (or the fifth anniversary, if the Company's ordinary shares are no longer listed on the third anniversary); or (ii) the date on which the parties to the agreement have fully transferred their investment, whether direct or indirect, in the Company.

All the aforesaid agreements have been properly notified as required by article 122 of Legislative Decree No. 58/1998 and related implementing provisions, also through the publication of extracts, respectively (i) in the "La Repubblica" newspaper on 9 August 2003, as regards the shareholders' agreement dated 30 July 2003, (ii) in "La Repubblica" on 30 March 2004, as regards the addendum dated 24 March 2004; (iii) in "La Repubblica" on 28 December 2006, as regards the amendment dated 21 December 2006; (iv) in "La Repubblica" on 23 March 2007, as regards the renewal of the shareholders' agreement dated 20 March 2007; (v) in "La Repubblica" on 26 October 2007, as regards the addendum dated 13 September 2007; (vi) in "La Repubblica" on 31 December 2008, as regards the agreement of 23 December 2008; (vii) in "La Repubblica" on 9 May 2009, as regards the agreement of 29 April 2009. Furthermore, an additional extract was published in the "Il Sole 24 Ore" newspaper on 17 December 2004, to notify the completion of some corporate reorganization transactions carried out to implement the abovementioned addendum of 24 March 2004.

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

h) Change of control

Indenture relating to the debenture loan issued by Lighthouse International Company S.A. and named "€1,300,000,000 8% Senior Notes Due 2014"

On the basis of the Indenture (a document governed by US law), governing the regulation of the notes (bonds) issued by the Luxembourgian company Lighthouse International Company S.A. for a total of Euro 1,300,000,000 on 22 April 2004, and guaranteed by Seat, if (i) an entity other than the investment funds that, considered jointly, indirectly hold a stake equal to approximately 50.4% of the ordinary share capital and 49.6% of the total share capital of Seat at the date of publication of this document, comes to hold, either directly or indirectly, more than 30% of the voting rights in Seat (and, at the same time, if the overall percentage of Seat equity held indirectly by the said funds falls below this percentage, and the said funds, considered jointly, do not have the possibility of appointing the majority of the members of the Board of Directors); or (ii) all, or substantially all, the assets of Seat are sold (except in the cases envisaged by the Indenture itself); or (iii) Lighthouse International Trust and Seat cease to jointly hold 99% of the share capital of Lighthouse S.A., in all these events, each note holder will have the right (and not the obligation) to sell Lighthouse S.A. the securities it holds for cash at a price equal to 101% of the par value of the notes with regard to which the holder has exercised the put option. On the basis of the contractual instruments in force, in this event Seat would find itself having to provide Lighthouse S.A. with the funds to carry out these repurchases, if any.

Indenture relating to the debenture loan issued by SEAT and named "€ 555,000,000 10½ % Senior Secured Notes Due 2017"

On the basis of the Indenture (a document governed by US law), governing the regulation of the notes (bonds) issued by Seat for a total of Euro 500,000,000 on 28 January 2010, if (i) an entity other than

the entities controlled by the investment funds that, considered jointly, indirectly hold a stake equal to approximately 49.56% of the ordinary share capital of Seat as at 31 December 2009, comes to hold, either directly or indirectly, more than 30% of the voting rights in Seat, also following a merger of Seat with any other entity (and, at the same time, if the overall percentage of Seat equity held indirectly by the said funds falls below this percentage, and the said funds, considered jointly, do not have the possibility of appointing the majority of the members of the Board of Directors); or (ii) all, or substantially all, the assets of Seat are sold to an entity who does not become the obliged entity in relation to the notes and is not or does not become a subsidiary of Seat, in all these events, each note holder will have the right (and not the obligation) to sell Seat all or only a portion of the securities it holds at a cash price equal to 101% of the par value of the same, plus interest (if any) accrued and not yet paid at the date of the repurchase on the part of Seat.

Term and Revolving Facilities Agreement

Pursuant to paragraph 8.6 of the loan agreement named Term and Revolving Facilities Agreement, that has been executed by, *inter alios*, Seat, as the Borrower, and The Royal Bank of Scotland Plc (**RBS**), as the Lender, on 25 May 2005, for a total of Euro 2,620,100,000 (as subsequently amended), if there is a “Change of Control”, the Lender’s commitment to pay out new amounts pursuant to the above-mentioned loan agreement will be immediately cancelled and (ii) the Borrower shall immediately repay all the loans granted to it and all letters of credit issued in its interest pursuant to the same loan agreement, in advance.

Pursuant to this loan agreement, the “Change of Control” occurs if:

- (a) the current shareholders, whether direct or indirect, of each of the companies Sterling Holdings S.A., Silcart S.A., Siltarc S.A. and AI Silver S.A., cease to hold, as a whole, whether directly or indirectly, at least 50% of the ordinary voting share capital of each of them, or
- (b) any of Sterling Sub Holdings S.A., Subcart S.A., AI Subsilver S.A. ceases to be fully (except for a single share) owned, whether directly or indirectly, by Sterling Holdings S.A., Silcart S.A. and Siltarc S.A. (jointly considered) and AI Silver S.A., respectively, or
- (c) the companies Sterling Sub Holdings S.A., Subcart S.A., AI Subsilver S.A. hold an overall stake of less than 30% of the ordinary voting share capital of Seat, or
- (d) any fact or circumstance occurs which is defined as “Change of Control” pursuant to the documents named Indenture, SSB Indenture and AFI Loan Facilities Agreement in the agreement between creditors named Intercreditor Deed executed by, *inter alios*, Seat and RBS on 25 May 2005 (as subsequently amended).

i) Agreements between the company and the directors providing for allowances in the event of resignation or dismissal without cause, or termination of their employment relationship as a result of a take-over bid

The Company has not entered into any agreements with directors, other than the Managing Director, providing for allowances in the event of resignation or dismissal without cause or if the employment relationship is terminated as a result of a take-over bid.

The Company has entered into an agreement with the Managing Director whereby the latter is awarded a leaving indemnity; for this purpose, the Company has undertaken to allocate the gross annual amount of Euro 150,000.00 (one hundred and fifty thousand). The agreement also provides that if the Managing Director is dismissed without cause, the Company undertakes to pay the former an amount equal to the sum of the base remuneration and the maximum annual bonus which would have been due until the date of expiry of the appointment as a director of the Company held at the date of dismissal (where the period between the date of the notice of dismissal and the date of expiry of the then current

appointment as a director of the Company is less than 12 months, those amounts will be in any case due for a twelve-month period).

I) Information on the appointment and replacement of directors, as well as to amendments to the Articles of Association if different from legislative and regulatory amendments applicable on a supplementary basis

As regards the appointment of Directors, note that the Extraordinary Shareholders' Meeting of SEAT held on 19 April 2007, resolved, *inter alia*, to amend article 14 of the articles of association in the light of the provisions under article 147-*ter* of the TUF, as introduced by the Savings Act. Specifically:

- restrictions were imposed aimed at allowing at least one director chosen by the minority interests to be appointed from a list that is in no way connected with the list which is ranked first in the number of votes
- procedures were explained for the determination of the minimum necessary stake in the share capital to present lists for the election of directors
- in accordance with article 147-*ter*, IV C, of the TUF, rules were prescribed which aim to allow the Board of Directors to be comprised of an adequate number of members who meet the independence requirements laid down for statutory auditors in article 148, III C, of the TUF
- amendments were also made in relation to the procedures for the submission of lists, in accordance with the Self-Governance Code, bringing the deadline for filing the lists from 10 to 15 days before the meeting and eliminating, for simplification purposes, the burden to prove the investment share useful to submit lists in the two days before the meeting.

Subsequently, the Extraordinary Shareholders' Meeting held on 26 January 2009 approved the amendment to article 14 of the Articles of Association, in the part relating to the appointment of members of the Board of Directors using the mechanism of voting by list, responding to the need to simplify the process of electing the governing body, by introducing a new method of determining the respective members which allows the number of directors to be elected by the majority and by the minority to be established with certainty. Following the amendment in question, irrespective of the number of members of the Board of Directors (as established during the shareholders' meeting) and the number of any minority lists submitted, there shall in any case be two directors representing the minority interests, unless the meeting should resolve on the election or the replacement of directors, in accordance with the Articles of Association, passed with a simple majority. The amendments approved by the Meeting are, in any case, in line with the rules set out by articles 147-*ter* of Legislative Decree no. 58 of 14 February 2008, as subsequently amended and supplemented, and 144-*ter* and ff. of the Issuers' Regulation adopted by Consob resolution no. 11971 of 9 May 1999, as subsequently amended and supplemented.

Having said this, pursuant to article 14 of the articles of association (the most recent version of which is attached hereto, as amended by the previously mentioned Meeting of 26 January 2009), it is therefore reported that the Board of Directors is appointed on the basis of the lists that must contain and expressly indicate at least two candidates who meet the independence requirements required by article 147-*ter*, IV C, of Legislative Decree no. 58/1998. The lists submitted by the shareholders shall be deposited at the registered office of the Company and published in at least one nationally circulated daily newspaper at the expense of the proposing shareholders at least fifteen days prior to the date scheduled for the meeting on first call (pursuant to article 6C1 of the Self-Governance Code). Only those shareholders who, alone or together with other shareholders, own voting shares representing at

least 2% of the voting capital in the ordinary shareholders' meeting, or representing the lower percentage determined by Consob pursuant to article 147-ter, I C, of Legislative Decree no. 58/1998, are entitled to submit lists. Together with each list, within the term indicated above, professional resumes and statements are to be submitted in which each candidate accepts the nomination and attests, under his/her own responsibility, that there is no cause for ineligibility or disqualification, and to his/her compliance with the requirements of law and the articles of association prescribed for the position, and mentions the possibility of being qualified as independent pursuant to article 147-ter, IV C, of Legislative Decree no. 58/1998. Any list which fails to meet the foregoing requirements shall be considered as not having been submitted.

Furthermore, it should be noted that:

- (i) at least one director must be appointed from a list, if any, which is not connected, either directly or indirectly, with the shareholders who have presented or voted the list which has ranked first in the number of votes, and
- (ii) at least one director appointed from the list which has obtained the majority of the votes at the shareholders' meeting, as well as at least one of the directors appointed from the list ranking second in the number of votes obtained, shall meet the independence requirements under article 147-ter, IV C, of Legislative Decree no. 58/1998.

It should be noted that, at the time of the renewal of the corporate Bodies at the shareholders' meeting held on 9 April 2009, the Board of Directors - within the framework of its own explanatory report submitted to the Shareholders' Meeting - specified that the governing body should be appointed on the basis of lists submitted by the shareholders which, individually or together with others, held total voting shares representing at least 2% of the voting share capital at the ordinary shareholders' meeting, or the lower threshold determined by Consob pursuant to article 147-ter, IC, of Legislative Decree no. 58/1998. In this regard, given that on 27 January 2009, by resolution no. 16779, Consob set, pursuant to article 144-septies, paragraph 1, of Consob resolution no. 11971 of 14 May 1999, the percentage of interest for submitting lists of candidates for the election of administration and control bodies at 2.5%, the Board specified that, pursuant to the articles of association's provision in force, the percentage threshold for submitting lists for the appointment of the governing body, had to be deemed reduced to 2%.

To appoint directors who for any reason have not been appointed according to the procedures previously described, the Shareholders' Meeting shall resolve with the majority provided by law, without prejudice to the obligation to comply with the minimum number of directors who meet the abovementioned independence requirements. If, during the financial year, one or more directors cease to hold office, article 2386 of the Italian Civil Code shall apply.

Finally, note that, pursuant to article 19 of the articles of association, the Board of Directors is competent to adopt resolutions concerning the adaptation of the articles of association to regulatory provisions; all other cases are regulated by law.

m) Delegation of powers to increase the share capital and authorisations to purchase treasury shares

As reported in paragraphs 2 and ff. of article 5 of the Articles of Association - Share capital size (attached hereto), the Company's Board of Directors has resolved - in partial implementation of the powers (finally) delegated to it pursuant to article 2443 of the Italian Civil Code by the Extraordinary Shareholders' Meeting by resolution of 15 April 2004 - the increase of the share capital against payment, on more than one occasion, for the implementation of stock option plans in favour of (i) the

Company's employees, or of the controlling company, if any, pursuant to article 2359, paragraph 1, no. 1), of the Italian Civil Code, or of subsidiaries, excluding the right of option pursuant to the combined provisions under article 2441, last paragraph, of the Italian Civil Code and article 134, paragraph 2, of Legislative Decree no. 58 of 24 February 1998, and of (ii) managing directors who are not employed by the Company, or by subsidiaries, to be identified by the Board of Directors, excluding the right of option pursuant to the combined provisions under article 2443, paragraph 1, second part, of the Italian Civil Code and article 2441, paragraph 5, of the Italian Civil Code and, therefore, by the Board of Directors itself while exercising the delegated powers, on the assumption of the actual existence of the corporate interest and in compliance with the additional conditions laid down in article 2441, paragraph 6, of the Italian Civil Code, insofar as it is applicable.

The shareholders' meeting of the Company never authorised the purchase of treasury shares pursuant to articles 2357 and ff. of the Italian Civil Code.

It is specified that the Articles of Association are available on the Company's website at the address:
http://www.seat.it/seat/it/governance/company_by_laws/index.html

Management and Coordination Activity

SEAT Pagine Gialle S.p.A. is not subject to management and coordination activities by Companies or entities. Pursuant to article 2497-*bis* of the Italian Civil Code, the subsidiaries have identified SEAT Pagine Gialle S.p.A. as the legal entity that performs management and coordination activities. Such activity consists in indicating the general strategic and operating guidelines of the Group and takes concrete form in the definition and updating of the corporate governance and internal audit model, and in the formulation of the general policies for the management of human and financial resources, the procurement of production, training and communication factors.

3. Compliance (pursuant to article 123-bis, paragraph 2, letter a) of the TUF)

The Board of Directors of SEAT held on 19 December 2006 resolved - having regard to the new principles laid down in the Self-Governance Code of Listed Companies promoted by Borsa Italiana and circulated in March 2006 – to adopt the recommendations set out therein (please note that the Code may be accessed by the public through the website of Borsa Italiana: www.borsaitaliana.it).

Seat Pagine Gialle SpA has adopted a Corporate Governance structure which is characterised by a set of rules, behaviours and processes aimed at ensuring an efficient and transparent system of corporate governance. This system is based on a series of procedures and codes, which are constantly reviewed and updated in order to ensure an efficient response to the changes occurring in the relevant regulatory framework and in the best practices.

Having said this, pursuant to the regulations in force, below is an analytical description of the corporate governance system and of the behaviour adopted by the Company in the light of a correct governance and control system. Attention is particularly paid to:

- the degree to which the recommendations contained in the individual principles and criteria set out in the Code are applied, consistently with the current provisions, as well as with the recommendations expressed in the Introductory Principle of the Code, in order to provide full information about the extent to which the Company complies with the Code itself;
- summary information in tabular form.

Corporate organisation

The organisational structure of SEAT is articulated according to the traditional system and is comprised of:

- The **Shareholders' Meeting**
- The **Board of Directors**
- The **Board of Statutory Auditors**

Auditing activities are carried out by the **Independent Auditors**.

The role of the Board of Directors (Article 1 of the Code; article 123-bis, paragraph 2, letter d) of the TUF)

The Board of Directors is assigned a central role in the Company's Corporate Governance system. It meets regularly (usually on a monthly basis), organising itself and operating in such a way as to assure real and effective performance of its functions.

It is specified that the Board is vested with the widest powers for ordinary and extraordinary management of the Company, and therefore has the power to perform all actions that it deems appropriate for the implementation and achievement of the corporate purposes, both in Italy and abroad, the only exception being those measures that by law are reserved as being the prerogative of Shareholders' Meetings (article 19 of the Articles of Association).

Again, pursuant to article 19 of Articles of Association, the Board is also competent to pass resolutions concerning:

- mergers, in the cases envisaged by articles 2505 and 2505-bis of the Italian Civil Code, and demergers in the cases when such rules are applicable;
- opening or closing down secondary offices;
- indication of which directors have powers of corporate representation;

- reduction of share capital in the case of withdrawal by shareholders;
- adaptation of the articles of association to regulatory requirements;
- transfer of the company's head office within the national territory.

The Board, whilst complying with legally established limits, may, for the execution of its resolutions and for business management:

- create an Executive Committee, determining its powers and the number of its members;
- delegate appropriate powers, determining the limits of powers delegated, to one or more directors, possibly qualifying them as Managing Directors;
- appoint one or more General Managers and business attorneys, determining their attributions and powers.

The Board of Directors is also empowered to set up Committees, in compliance with the recommendations of the Code.

It should be noted that powers attributed to the Chairman (corporate representation) and to the Managing Director (as indicated below) are exercised in compliance with applicable legal constraints - as regards matters that cannot be delegated by the Board of Directors -, as well as with the principles and limitations (and specifically with the reservations pertaining to the Board of Directors) set out in the Code. The Board of Directors then retains exclusive competence, as per the provisions of the articles of association, for all matters not expressly delegated to executive directors.

With specific regard to the recommendations under article 1 of the Code, note that the Board has the prime responsibility to determine and pursue the Company's and the Group's strategic goals. On the other hand, note that SEAT - as indicated above - is not subject to management and coordination activities, while - pursuant to article 2497-*bis* of the Italian Civil Code - the subsidiaries have identified SEAT as the legal entity that performs management and coordination activities.

With specific reference to the application criteria under article 1 of the Self-Governance Code, the Board of Directors' exclusive competence also includes, but is not limited to, the following functions:

- review and approval of the company's and the group's strategic, business and financial plans, the corporate governance structure and the structure of the group itself, as well as the assessment of the adequacy of the general organisational, administrative and accounting structure

In this regard, it should be noted that, as regards criterion 1C1, letter b), of the Code - which requires a formal assessment of the organisational, administrative and accounting structure of the company and of "subsidiaries of strategic importance", the Board of Directors established, in the previous financial years, that, according to a "size-based" business criterion, no subsidiaries were found to have a strategic importance such as to entail an assessment by the Company's Board of Directors of the structure required by the criterion referred to hereinabove. In fact, in "quantitative" terms, the subsidiaries are not of such a "significant" size that they require special administrative and accounting procedures to be implemented for the purposes of preparing annual and consolidated accounts (pursuant to article 154-*bis* of the TUF) in addition to those already existing within each company. In any case, the Internal Audit function normally performs activities whose purpose is to verify, if requested to do so, whether the Internal Audits carried out in the subsidiaries are satisfactory, on the basis of instructions given by the Internal Audit Committee and by the supervisory boards in the subsidiaries themselves.

Having said this, a size threshold has been introduced as a criterion whereby a subsidiary can be described as having "a strategic importance" (in the meaning assigned to the adjective "strategic" for the purposes of criterion 1C1 of the Code); the threshold consists of a consolidated EBITDA contribution of not less than 10%, while the Board still has the possibility of also attributing

strategic importance to subsidiaries whose contribution to EBITDA is lower, by reason of the type of business they conduct.

In relation to the above, the Board of Directors has acknowledged the Internal Audit Committee's favourable opinion regarding the adequacy of the organisational, administrative and accounting system and resolved - without prejudice to the periodic appraisals that have already been carried out pursuant to article 2381, paragraph 3, of the Italian Civil Code - to confirm, purely in order to comply with the formal recommendation of the Code, the adequacy of both the Company's corporate governance system and the group structure, and the Company's organisational, administrative and accounting structure.

- attribution and revocation of delegated powers to the Managing Director and Executive Committee (if created). Note that the Managing Director has been granted - without prejudice to the legal restrictions and the responsibilities reserved for the Board by the Articles of Association - wide powers for the management of the Company (referred to in below, "Board membership" - article 2 of the Code").
- determination of the compensation of managing directors and of directors holding particular offices, on the proposal of the Compensation Committee, after consultation with the Board of Statutory Auditors, as well as, if the shareholders' meeting has not already taken steps in this regard, the distribution of the overall emoluments to which the Board members are entitled (as regards the breakdown of the emoluments received by each director, reference is necessarily made to the special table contained in the financial statements at 31 December 2009)
- examination and preliminary approval of the main transactions implemented by the Company and its subsidiaries, with particular regard to situations where the directors hold an interest on their own account or a third-party interest and to the transactions with related parties. For this purpose, note that article 16 of the Articles of Association establishes that the Board of Directors and the Board of Statutory Auditors must be informed, also by delegated bodies, of the activity performed, the general business performance, the expected business progress and of the most important transactions in business, financial and capital terms carried out by the Company or by its subsidiaries. In particular, directors must report on transactions in which they have an interest on their own account or that of third parties, or that are influenced by the entity, if any, carrying out the activity of management and co-ordination. Note that disclosure obligations under the abovementioned article 16 of the Articles of Association and article 150, paragraph 1, of the TUF are fulfilled by means of a procedure whose purpose is to ensure transparency, not only as regards transactions with related parties in which an interest is held, either on its own account or on behalf of third parties, or which are influenced by the entity that performs the activity of management and coordination (including inter-group transactions), but also as regards all transactions that have been conducted, the most important transactions in business, financial and capital terms carried out by the Company and atypical or unusual transactions.

The Procedure also contains a document governing the "Standards of conduct for extraordinary transactions with related parties" (see below, article 9 of the Code).

Finally, note that the Company has adopted an internal procedure that provides a constant flow of information from subsidiaries to SEAT itself, regarding the main corporate events

- annual assessment of size, composition and operation of the board itself and its committees. In this regard (as regards the application criterion 1C1, letter g, of the Code), note that the Board fulfilled this accomplishment based on "self-appraisal" questionnaires transmitted and compiled by the Board members and subsequently processed by the Chairman, together with an Independent Director (as well as a member of the Compensation Committee) and the Secretary to the Board of Directors. During the meeting of 16 March 2010, the Board of Directors resolved that the size,

composition and operation of the Board and of its Committees are satisfactory, and that it does not consider that any additions to the Board are necessary given the existing qualifications of the present members of the governing body.

List submitted on the occasion of the appointment of the Board of Directors (information pursuant to article 144-decies of the Issuers' Regulations of Consob)

Without prejudice to the provisions described above with reference to the rules applicable to the appointment and replacement of directors (see what is reported in paragraph no. 2 with reference to **article 123-bis, paragraph 1, letter l) of the TUF**), note that, at the time of the renewal of the Corporate Bodies made at the abovementioned Shareholders' Meeting of 9 April 2009, the Company took steps to complete the formalities set out in articles 144-*octies* and 144-*novies* of the Issuers' Regulations of Consob.

Specifically, **with reference to the appointment of directors**, within the terms set out by the regulations in force, exhaustive information has been provided regarding the personal and professional characteristics of the candidates, including the statements made by those who meet the independence requirements required by the regulations in force; furthermore, the names of the shareholders have been provided which submitted a list, as well as the relevant percentage of interest that they respectively hold (reference is made to the Shareholder Sterling Sub Holdings S.A., who at that time held - before the completion of the capital increase transaction previously mentioned - no. 6,089,855 ordinary voting shares equal to 14.837% of the ordinary share capital). The Company has promptly taken steps to make this documentation public through the website at the address http://www.seat.it/seat/download_galleries/investor/Documentazione_deposito_liste_Sterling_Sub_Holdings_SA.PDF

Composition of the Board of Directors holding office (article 123-bis, paragraph 2, letter d) of the TUF)

It is pointed out that the Board of Directors, which met on 9 February 2009, communicated that it had acknowledged the wish expressed by the Managing Director, Mr. Luca Majocchi, to be unavailable for a further three-year term – in relation to the renewal of the Board of Directors which is expected to take place at the aforesaid Meeting for the approval of the financial statements. He considers that, at the end of two consecutive terms, he has completed his own mission and, to this end, wants to move on to new professional experiences.

On 9 February 2009, the Board also acknowledged that an agreement between Luca Majocchi and the relevant shareholders of the Company (grouped in a shareholders' agreement which owns approximately 50% of the voting capital) was in the process of being formalized, by virtue of which, for the purpose of ensuring maximum continuity in the company during the transition period: on the one hand, the shareholders themselves undertook to propose and vote, at the Meeting for the approval of the financial statements, for a proposed resolution providing for the reconfirmation of Luca Majocchi as a member of the Board of Directors with the role of Managing Director and with the same delegated powers and discretions as he has currently; on the other hand, Mr. Majocchi gave his own availability to accept the proposed role until and not beyond 30 June 2009, also resigning from the role and from the Board of Directors at an earlier date, if a new Managing Director should be found for the company. Subsequently the Board of Directors co-opted Mr. Alberto Cappellini and appointed him as the Managing Director of the Company.

The Ordinary Shareholders' Meeting of 9 April 2009 appointed the Board of Directors for the three-year period of 2009, 2010 and 2011, fixing the number of members at eleven (11).

The following Messrs. have been appointed as Directors of the Company: Enrico Giliberti (Chairman), Luca Majocchi (who has been appointed as the Managing Director in the Board's meeting held after the Shareholders' Meeting), Dario Cossutta, Luigi Lanari, Marco Lucchini, Pietro Masera, Antonio Tazartes, Nicola Volpi, Lino Benassi, Alberto Giussani, Maurizio Dallochio. As referred above, on 29 April 2009, the Board of Directors co-opted Mr. Alberto Cappellini and appointed him as the Managing Director of the Company. Mr. Alberto Cappellini then took the place of Mr. Luca Majocchi, resigning member (as shown above). Finally, on 5 August 2009, the Board of Directors co-opted Mr. Marco Tugnolo to replace the Director Marco Lucchini, resigning member.

It should be noted that the Directors Benassi, Dallochio and Giussani meet the requirements laid down in article 148, paragraph 3, of Legislative Decree no. 58/1998, as well as by the Self-Governance Code of Listed Companies, to be qualified as independent directors (see below).

Below is reported the current composition of the Board accompanied by the information on personal and professional characteristics of the Directors:

Enrico Giliberti, born in 1945. After a period of internship in New York at the Cahill, Gordon & Ohl law firm, he collaborated with the international law firm Ughi e Nunziante and was a member of Erede, Bianchi e Giliberti, as well as the founder of Colesanti e Giliberti Nobili and co-founder of Biscozzi Giliberti Nobili. Currently he is a senior partner at Giliberti, Pappalettera, Triscornia e Associati. He is specialised in company law, securities markets and mergers and acquisitions. He is a member of commercial arbitration panels in Italy and abroad. He is currently an independent director of Telco S.p.A.. Law degree at Naples University and Master of Comparative Jurisprudence at New York University, USA in 1969.

Alberto Cappellini, born in 1960. Electronic engineering degree at the Polytechnic Institute in Turin, and an MBA at the SAA school in Turin. He was a partner of 2 WIN S.r.l. (a company operating in the pharmaceutical sector) since 2007. From 1989 to 2007 he held various positions at Kimberly-Clark Europe (Product Manager, then Managing Director for Italy, Vice-Chairman for Southern Europe, and finally the position of European Chairman of the Family Care Division).

Lino Benassi, born in 1943. From 1963 to 1994 he worked with Banca Commerciale Italiana in various managerial capacities until he became managing director from 2000 to 2001; from 1995 to 2000 he was general manager and managing director of INA S.p.A., while from 2000 to 2002 he was also managing director of Banca IntesaBci. In 2003 he was awarded the honour of *Grande Ufficiale al Merito* of the Republic of Italy. His main positions have been chairman of Caboto Sim, chairman and general manager of Banque Sudameris (Paris), vice-chairman of Banco di Napoli Holding, director of Banco di Napoli (Executive Committee Member), director of BNL (Executive Committee Member), vice-chairman of ABI, vice-chairman of Compagnie Monegasque de Banque and Chairman of Toro Assicurazioni S.p.A. Currently he is Chairman of Banca Italease and Credit Suisse Italy S.p.A. and Director of DeAgostini S.p.A., DeA Capital S.p.A. and Zignago Vetro S.p.A.

Dario Cossutta, born in 1951. He is currently one of the non-executive directors of the Issuer. From 1980 to 1999 he worked with Banca Commerciale Italiana in the positions of head industrial economist (*Capo Economista Industriale*), M&A and primary market manager and merchant bank division manager. In 1999, he became managing director of Sviluppo Italia. He has been managing director of Investitori Associati since 2001. Statistics degree at Rome University and PhD in Economics at Cambridge University. Mr. Cossutta is also director of La Rinascente S.r.l., Upim S.r.l.,

Labochim S.p.A., Infa Group S.p.A., Sifavitor S.r.l., Cisalfa Sport S.p.A., Alberto Aspesi S.p.A. and Mer Mec S.p.A.

Maurizio Dallochio, born in 1958. He is a professor teaching Business Finance at Bocconi University in Milan and holds the "Nomura" chair. He is also the Past Dean of the SDA Bocconi School of Management. After graduating in business economics, he studied at the London Business School and at the New York University – Stern School of Business. Before becoming a professor at Bocconi, he has been a Visiting Scholar at the Department of Finance at the New York University and has taught at numerous international institutes.

A professional accountant, he is mainly interested in business finance and in particular, business valuation, extraordinary transactions, preparation of plans and projects and damage-benefit evaluation in disputes. He has published various monographs, essays, articles and case studies. He has also taken part in prestigious advisory boards of national and international organisations; he has on numerous occasions been a member of Governmental Study Committees. He has been a member and then the Chairman of the Audit Committee of the European Investment Bank.

He is a director and a member of the board of statutory auditors of a number of Companies and Entities. Specifically, he is a Director of Gabetti Property Solutions S.p.A. and RDB S.p.A., listed companies.

He has held roles and responsibilities within significant extraordinary deals, including privatisations, listings, combinations. In his capacity as an expert advisor, he has been given various responsibilities within banks and financial and social security institutions. He is a founder of DGPA & Co.; Dallochio and Prosperetti, DGPA SGR S.p.A. and Helm Finance SGR S.p.A..

Alberto Giussani, born in 1946. He was co-opted by the Board of Directors on December 23, 2008. He graduated in Economics and Commerce from the Catholic University of Milan and is enrolled on the Register of Public Accountants (*albo dei dottori commercialisti*) and on the Register of Auditors. Mr Giussani is a professor teaching courses in Professional Techniques and International Accounting at the Catholic University of Milan. Since 2001, he has been a Member of the Standards Advisory Council of the IASC foundation which establishes international accounting principles; since 1981 he has been a Member of the Accounting Principles Commission of the Italian Public Accountants and is currently Vice Chairman of the Technical and Scientific Committee of the Italian Accounting Body. Chairman of Assirevi (Italian Association of Auditors) in the three-year period 2004-2006 and director from 1980 to October 2006; Chairman of the Ludovico Necchi Association (Association of alumni of the Catholic University); Member of the Board of Statutory Auditors of Biblioteca Ambrosiana and Caritas Ambrosiana. Moreover, he was a member of the working group to review the Self-Governance Code for listed companies, member of the Board of Statutory Auditors of Borsa Italiana before it was privatized and a Partner in the audit company PricewaterhouseCoopers, from which he resigned on June 30, 2007.

During his career as an auditor he has overseen the audits of important Italian and also multinational companies that are listed on the Italian and United States stock exchanges.

He is a Director of Credito Artigiano S.p.A. and Fastweb S.p.A.; he is the Chairman of the Board of Statutory Auditors of Mediaset Spa and is a Statutory Auditor of Luxottica S.p.A..

Luigi Lanari, born in 1958. He worked for Banca Nazionale del Lavoro, New York, from 1984 to 1986 and with Citicorp Finanziaria (Citifin), Milan, in 1987. From 1988 to 1993 he worked for Citibank London and Milan offices. Currently he is a Partner in the CVC Capital Partners Group, for which he has been working since 1993, as well as Managing Director of the Milan branch. Degree in Economics and Commerce at Rome University, Commercial Lending Certificate at New York

University and a Master in Science of Management at the MIT Sloan School of Management in Cambridge, Massachusetts, U.S.A. He currently holds the role of Director of Cartiere del Garda S.p.A., Lecta S.A., Sub Lecta 1 S.A., Sub Lecta 2 S.A. and T&P Ss.

Marco Tugnolo, born in 1969, is an Investment Manager with Permira, for whose Milan office he has been working since 2004. He has been working for Citibank in the Corporate Banking and Investment Banking divisions in Milan and London since 1994. From 1999 to 2000 he worked for the BCG management consulting company in Milan and Washington, while from 2000 to 2004 he worked as VAS marketing director for Vodafone Italy.

He achieved a degree in Business Economics at Bocconi University in Milan and an MBA at the INSEAD in Fointainebleau.

Pietro Masera, born in Milan in 1968. From 1994 to 1998 he worked with UBS in Zurich, Paris and London. From 1998 to 2001 he worked with Deutsche Bank, London. He is currently a Director at CVC Capital Partners S.r.l. where he has worked since 2001. Mr Masera achieved a degree in Economics and Commerce at Bergamo University.

Antonio Tazartes, born in 1959. From 1986 to 1988, he worked for McKinsey & Co. as a Manager. In 1989 he was a Manager of Bain & Co.. He became Managing Director of Bain, Gallo Cuneo Capital Investments in 1990, and stayed there until 1993. From 1994 to date, he has been working as Chairman and Managing Director first at Investitori Associati S.p.A., and then at Investitori Associati SGR S.p.A.. Mr. Antonio Tazartes is also a Director of Novamont S.p.A., Util S.p.A., Global Engineering & Trade S.p.A., IDeA Alternative Investments S.p.A., Mer Mec S.p.A., La Rinascente S.p.A. and Grandi Navi Veloci S.p.A..

Law degree at the State University of Milan, and Master in Law from the University of New York and Master in Business Administration obtained at the Insead, Fontainebleau.

Nicola Volpi, born in 1961. He started working for Sefimeta - Montedison Group in Milan, New financial product development division, in 1987. From 1988 to 1995 he worked with San Paolo Finance, the merchant bank of the San Paolo Group, where he was deputy manager in the corporate finance and equity investments area. He is currently the Managing Director of Permira Associati S.p.A. and a Director of Sisal S.p.A. and Sisal Holding Finanziaria. Degree in Economics and Commerce at Bocconi University in Milan.

As regards application criterion 1C3 of the Code, pursuant to which the Board expresses its view of the maximum number of positions as a director or as a statutory auditor (N.B.: in listed companies on regulated markets, including foreign markets, as well as in financial, banking, insurance companies or companies of major size, as specified under criterion 1C2 of the Code) that may be considered compatible with the effective performance of the duties of a Company director, the Board of Directors laid down general criteria that differed according to the commitment expected of each position (executive, non-executive or independent director), also in the light of the nature and the size of the companies in which such positions are held, as well as of whether they belong to the issuer's group. Specifically, the Board (i) defined as companies of a major size, apart from listed companies, those with a turnover of more than Euro 500 million; (ii) established the following limits to the numbers of positions, specifying that positions held in more than one company belonging to the same group

(including the SEAT Group) are to be considered as one position, the one that entails the greatest degree of professional commitment prevailing:

- Maximum number of positions as non-executive director for a SEAT Executive Director in the companies indicated above: no more than 3
- Maximum number of positions as non-executive director for an Executive Director in the companies indicated above and non-executive or independent director in SEAT: no more than 5
- Maximum number of positions for a Non-executive director or as a statutory auditor in the companies indicated above and non-executive or independent director in SEAT: no more than 8.

Having stated this, as regards offices held by our Directors as statutory auditors or directors of companies indicated in article 1C2 of the Code, we highlight - based on the information received - the following:

Enrico Giliberti	Independent director of Telco S.p.A.
Alberto Cappellini	No office held in the companies under article 1C2
Dario Cossutta	No office held in the companies under article 1C2
Luigi Lanari	Director of Cartiere del Garda SpA, Lecta S.A. (*), Sub Lecta 1 S.A.(*); Sub Lecta 2 S.A.(*); T&PSs (*) Lecta S.A. Group company
Pietro Masera	No office held in the companies under article 1C2
Antonio Tazartes	No office held in the companies under article 1C2
Marco Tugnolo	No office held in the companies under article 1C2
Nicola Volpi	Managing Director of Permira Associati SpA (*); Director of Sisal SpA and Sisal Holding Finanziaria(**) (*) Permira Group company (**)Sisal Group company
Lino Benassi	Chairman of Banca Italease and Credit Suisse Italy SpA; Director of DeAgostini S.p.A.; DeA Capital SpA; Zignago Vetro SpA
Maurizio Dallochio	Director of Gabetti Property Solutions S.p.A., RDB S.p.A., IGI Iniziativa gestione Investimenti SGR S.p.A. (former Interbanca Gestione Investimenti SGR S.p.A.), DGPA Capital SGR S.p.A, ST Microelectronics S.r.l.

Alberto Giussani	Director of Credito Artigiano SpA, Fastweb Spa; Chairman of the Board of Statutory Auditors of Mediaset Spa; Statutory Auditor of Luxottica SpA.
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The current composition of the Board then complies with the abovementioned general criteria about the maximum number of positions held.

Operation of the Board of Directors (article 123-bis, paragraph 2, letter d) of the TUF)

As regards minimum frequency of Board **meetings**, article 16 of the Articles of Association envisages that Board meetings be held - normally - at least on a quarterly basis and in any case whenever deemed appropriate, or when at least two Directors or one standing Auditor ask the Chairman in writing to call a meeting, also indicating the agenda. Note that, in accordance with the provision under article 151, II C, of the TUF, as renewed by the Savings Act, the Extraordinary Shareholders' Meeting of 19 April 2007, resolved to formally approve, under article 16 of the Articles of Association, the power of each member of the Board of Statutory Auditors to individually call the Board of Directors' meeting upon prior request to the Chairman of the Board itself.

It should be noted that the Board of Directors met 13 times in 2009. Directors' attendance percentage was high; specifically, with regard to the Directors holding office on 31 December 2009, the attendance percentage was approximately 84% (the table attached to this report specifies the attendance percentage referred to each Director).

In compliance with the current regulations, the Company has advised the market of its 2010 corporate events calendar (available on the Company's website at the address: http://www.seat.it/seat/en/investor/financial_calendar/index.html) indicating the dates of the Board Meeting and the Annual General Meeting of Shareholders for the approval of periodical accounts. It should be noted that - normally - the Board of Directors' meetings are held on a monthly basis.

The Chairman of the Board of Directors sees that the information and documents necessary for the Board to take the decisions for which it is responsible are provided for its members - where possible - in a satisfactory manner and in good time. At the request of the Managing Director, the Company's management may attend board meetings to supply any detailed information on the issues on the agenda that may be appropriate.

With regard to the exceptions to the non-competition obligation (as regards the critterion 1.C.4 of the Code), note that - without prejudice to the resolutions passed by the Shareholders' Meeting of the Company held on 9 April 2009 (which appointed the current Board of Directors, with the exemption from the obligations under article 2390, paragraph 1, of the Italian Civil Code³ in the event that the cases under the same article should occur), all the Directors have declared to the Board that they do not perform any activities that compete with those of the Company, also undertaking to notify any significant change if this event should occur.

³ **Article 2390 - Non-competition obligation**

Directors may not be unlimited partners in competing companies, nor may they conduct a competing business on their own account or on behalf of third parties, nor may they be directors or general managers in competing companies, unless authorized by the shareholders' meeting.

Composition of the Board of Directors/Delegated bodies (Article 2 of the Code)

The Company has appointed two different directors, the Chairman and the Managing Director, to hold corporate positions. Pursuant to the application criterion 2C1, **only the Managing Director - Mr. Alberto Cappellini - should be considered to be executive Director**. The other directors, who are therefore non-executive directors, are therefore such, in terms of number, authority and authoritativeness, as to assure that their opinion carries significant weight in Board decision-making; specifically, they particularly supervise areas where conflicts of interest may arise.

It should be noted that it is not necessary to appoint a lead independent director because the Chairman is not the main person responsible for business management, nor is the position of Chairman held by a person that controls the Company.

As regards the application criterion 2C2 of the Code, pursuant to which the directors are required to be aware of the duties and responsibilities inherent to the position, it should be noted that the “Code of Conduct” of SEAT (as approved by the Company while adopting the regulation on market abuse, referred to below), as well as the “Internal Procedure for Board of Directors’ Meetings” allow directors to act knowledgeably and to be acquainted with the responsibilities and duties involved in their positions.

In order to enhance knowledge of the corporate activities and dynamics, it should also be noted that the Chairman sees that Board of Directors’ Meetings (i) normally envisage the attendance of the Company’s CFO (who is also the Manager responsible for preparing the Company’s financial reports pursuant to article 154-*bis* of the TUF, referred to below), also in order to supply the necessary information support to directors requiring clarification about corporate procedures; (ii) envisage the attendance of the corporate officers directly concerned when matters of specific corporate interest are to be considered, in order to ensure that the questions for which the directors are responsible can be properly dealt with; (iii) are normally held at the Company offices, also in order to allow meetings to be arranged with the company’s management after the Board Meeting itself, so that corporate issues may be examined in greater depth.

For a more complete disclosure, below are listed the attributions of the Chairman and of the Managing Director, as well as information about the power delegation system.

The **Chairman**, Enrico Giliberti, is vested with powers of corporate signature and legal representation of the Company vis-à-vis third parties and before courts. The Chairman - who has not been vested with operating powers - is responsible for organising the board proceedings and for acting as a connection between the executive director and the non-executive directors.

The **Managing Director**, Alberto Cappellini, oversees the Company’s technical and administrative performance and ensures that Board of Directors’ resolutions are executed; Mr. Cappellini is vested with powers of corporate signature and legal representation of the Company vis-à-vis third parties and before courts. Furthermore, in compliance with the applicable restrictions laid down by law and in the articles of association, in terms of matters that the Board of Directors is not allowed to delegate, he is also vested with specific powers and responsibilities for operational management of corporate activities, within a general limit of an amount up to Euro 10 million. For some types of deeds, specific limits are envisaged.

The Managing Director has also been appointed as executive director responsible for supervising the functionality of the internal audit system (referred to below), as well as the official internal auditor of the Company’ secondary office.

As regards the system for delegation of operating powers within the corporate organisation, it should be noted that the Company has devised a system of powers that, except in special cases which are governed on a case-by-case basis, is structured as follows:

- (i) powers the exercise of which involves a spending commitment for the Company and which may be exercised only via joint signature of two managers, for matters forming part of their respective spheres of organisational responsibility, thereby ensuring a form of control which constrains the exercise of the powers delegated. Another constraint consists of an imperative and general limit of expenditure imposed on the exercise of the powers in question;
- (ii) powers of corporate representation, to be exercised, once again within their respective spheres of organisational responsibility, by two managers with joint signature or, in limited and routine cases, with individual signature.

The attributions of powers described above essentially reflects those conferred by the Board of Directors on the Managing Director.

Closing down of the General Management Office for Italy

In relation to the ever more pressing need for a direct management of the Italian core business, on 5 August 2009, the Board of Directors resolved – upon proposal by the Managing Director – to adopt a new organisational structure which provides for the Management Offices to report directly to the Managing Director. The simplification in terms of organisation has, specifically, led to the closing down of the General Management Office for Italy (in which commercial and operational management activities of the Italian business had been converged in May 2008) and the consequent abolition of the role of the relevant Manager, Mr. Massimo Castelli.

Independent directors (Article 3 of the Code)

In 2007 the Board of Directors adopted a procedure to assess the independence of the directors, pursuant to which the Directors sign an appropriate declaration form at least once a year (for submission to the Chairman of the Board of Directors and to the Chairman of the Board of Statutory Auditors), in which they certify that they meet the independence requirements under article 3 of the Code, if they in fact do so, with specific regard to the valuation criteria under the application criterion 3C1 of the Code.

On the basis of the information received, the Board, during the meeting of 16 March 2010, considered whether the independence requirements as regards each of the non-executive directors were met and, accordingly, acknowledged and confirmed the independence of Directors Lino Benassi, Maurizio Dallochio and Alberto Giussani. Note that the abovementioned Directors also meet the independence requirements under article 148, paragraph 3, of the TUF.

It should also be noted that, on the basis of the outcome of the Board's "self-appraisal" questionnaires (referred to above, reference to the application criterion 1C1, letter g), of the Code), the number and the qualifications of the independent directors were considered satisfactory, also for the purposes of setting up committees.

It should be noted that, in accordance with the application criterion 3C5 of the Code, the Board of Statutory Auditors verified the application of the criteria and of the above procedure, adopted by the Board of Directors to assess the independence of its members.

Finally, it should be noted that, as regards the application criterion 3C6 of the Code, the Independent Directors met once in the absence of the other directors during the 2009 financial year; during such

meeting, the following issues were dealt with: adequacy of information flows; business performance; debt restructuring plan.

Treatment of corporate information (Article 4 of the Code)

As for the internal dealing and the disclosure of inside information and making specific reference to the adoption by the Company of the regulations on market abuse⁴, the Company has adopted the following documents:

- the “Internal code of conduct for the handling of inside information”, with the aim of summarizing the “general” principles adopted by the Company on the handling of inside information, defining and identifying the “parties involved”, the rules of conduct, disclosure obligations and sanctions. The Code, with the documents below attached thereto, represents the *corpus* of the Company, governing market abuse.
- the “Procedure for the institution, updating and keeping of the Register of parties who have access to Inside Information”, for the purpose of guaranteeing compliance with the obligations prescribed on the procedures for the institution, keeping and updating of the “Register” of persons who, because of their working or professional activity or functions held, have regular or occasional access to “inside information” (pursuant to article 115-*bis* of the TUF). The Procedure (reflecting the policies put in place by the Company on handling of inside information referred to in the abovementioned “Code”) identifies the Function responsible for the keeping and updating of the Register, the Register's content, the parties to register, notice and disclosure obligations, updating and keeping procedures. The Register was instituted as from 1 April 2006.
- “Internal Dealing Procedure”, effective from 1 April 2006, which annuls and supersedes, as from the same effective date, the “Code of Conduct for Internal Dealing” previously adopted by the Company, in compliance with the Regulations of Borsa Italiana S.p.A.. The Procedure lays down a disclosure obligation (for the Contact Person identified in the Procedure, who, in turn, gives notice to Consob and the market) of transactions amounting to or in excess of Euro 5,000, conducted on the securities of the Company and of its subsidiaries, by (i) the “relevant parties” and (ii) “persons closely related to the relevant parties“. “Black-out periods” still apply, namely, fixed periods during which persons subject to the provisions of the Procedure are barred from conducting any transaction.

Furthermore, the Board of Directors has updated the Procedure on the “market disclosure of price-sensitive information” previously in force, in order to (i) acknowledge the new definition of “inside information” under article 181 of the TUF, (ii) envisage cases regarding “delayed disclosure” and (iii) establish rules of conduct on management of such information (thus, referring to the principles of the abovementioned “Code”). By means of this operating procedure (named “Procedure of Seat Pagine Gialle S.p.A. for the management and market disclosure of inside information”), the Company endeavours to assure equality of treatment for the public in general - and for all shareholder categories in particular - in compliance with the applicable regulations. The procedure identifies the Functions and Departments involved in the process, also regulating the procedure to be followed in the eventuality of rumours or of requests for information by regulatory and market management bodies. The procedure also governs the activities to be performed when the Company meets with the financial community and with the press.

⁴ The main aim of 2003/6/EC Directive on market abuse is to increase the level of transparency of financial markets, in particular, by laying down behavioural and organisational obligations for those persons who access relevant information.

The Company provides evidence of the aforesaid documentation through the website at the following address:

http://www.seat.it/seat/it/governance/market_abuse_and_internal_dealing/index.html

Furthermore, it should be noted that - in accordance with the application criteria 4C1 of the Code - the Managing Director, Mr. Cappellini, is also responsible for managing inside information.

Internal committees of the Board of Directors (Article 5 of the Code; article 123-bis, paragraph 2, letter d) of the TUF)

In accordance with principle 5P1 and criterion 5C1 of the Code, the Board of Directors has established the following internal committees:

- Compensation Committee and**
- Internal Audit Committee,**

with proactive and consultative functions.

Both Committees are composed of three members; duties are defined by resolution of the Board of Directors and may be supplemented or changed by a subsequent resolution of the Board.

Committees are entitled to access corporate information and departments as necessary for the performance of their functions.

The Board of Directors has fixed an annual budget for the Committees for the performance of their duties; specifically, an annual budget of Euro 30,000 was fixed for the Compensation Committee and an annual budget of Euro 50,000 for the Internal Audit Committee, with the possibility of additional funding during the year (and without prejudice to the possibility for the Internal Audit Committee to make use of the budget made available by the Company's Internal Audit Department, if sufficient provision has been made).

Persons that are not members of a Committee may attend meetings of each committee with reference to specific items on the agenda, upon invitation by the Chairman (note that minutes of meetings are recorded).

For precise information regarding the Compensation Committee and the Internal Audit Committee (institution, composition, duties, work actually done during the financial year, number of meetings and members' attendance percentage), see comments to articles 7 and 8 of the Code below, respectively.

Appointment of directors (Article 6 of the Code)

It should be noted that the Company has not deemed it necessary to set up an appointments committee within the Board of Directors, in consideration of the fact that Directors are appointed on the basis of a voting mechanism based on competing lists to guarantee clear election procedures and a well-composed Board.

As to the procedures to appoint and replace Directors, reference is made to Section I above, the paragraph relating to ownership structures.

Remuneration of directors (Article 7 of the Code)

Compensation committee

The Compensation Committee, which was appointed by the Board meeting held after the shareholders' meeting – following the renewal of the Corporate bodies - on 9 April 2009, is composed of the Directors Lino Benassi (Chairman), Dario Cossutta and Luigi Lanari. It should be noted that the previous composition was: Gian Maria Gros Pietro (Chairman), Antonio Belloni and Dario Cossutta.

While the Board of Directors acknowledges that the present composition of the Committee (all non-executive Directors and an independent director acting as Chairman) does not enable the Company to comply with the recommendations under principle 7P3 of the Code (which envisages a Committee composed of non-executive directors, the majority of whom to be independent), it considers that the composition of the Committee (which, as already said above, is chaired by an independent director) reflects the fact that at the moment there is a substantial diversity in the Company between the relevant shareholders (identifiable funds) and top management. In a scenario of this kind, it is the practice for the relevant shareholders to exert direct influence on the determination of the fixed and variable fees due to the executive directors.

Having stated this, we specify that, in accordance with criterion 7C3 of the Code, the Compensation Committee was assigned by the Board of Directors the duty of:

- submit proposals to the Board of Directors concerning the managing directors' compensation and that of other directors holding particular positions, monitoring application of the decisions adopted by the board itself;
- periodically assessing the criteria adopted for the remuneration of executives with strategic responsibilities, supervising their application based on the information provided by managing directors and making general recommendations to the Board of Directors concerning this issue.

Unless expressly invited to provide supporting information, no director takes part in Compensation Committee meetings in which proposals regarding his/her emoluments are submitted to the Board of Directors (criterion 7C4 of the Code).

It should be noted that during 2009 the Compensation Committee met 6 times during which:

- (i) it prepared a final statement on the achievement of objectives on the part of the former Managing Director, Luca Majocchi, for 2008, to which the variable portion of his fees is connected;
- (ii) it approved the objective tables of managers forming part of the Top Management;
- (iii) it approved the guidelines and criteria of the Company's business MBO system for the 2009 financial year and the definition of some terms of the employment relationships with managers forming part of the Top Management;
- (iv) it approved the redefinition of the time horizon of the Non-competition Agreement of the Managing Director in the period of time "1 July 2009 – 31 December 2011", extending the term of the Agreement from 24 to 30 months and, accordingly, redetermining the consideration;
- (v) it also considered the long-term incentive proposals for the Top Management of Telegate AG.

See the percentage of attendance at the Committee's meetings referred to each member (in the relevant table attached to this Report).

It should be noted that the information concerning stock option plans is contained in the Annual Report, in a specific paragraph in the Directors' Report on Operations.

Directors' compensation

Directors are entitled to receive - besides reimbursement of expenses incurred in performing their functions - annual compensation of an amount established by the Shareholders' Meeting. Such compensation also includes that of directors holding particular offices.

It should be noted that, pursuant to article 2389, paragraph 3, of the Italian Civil Code, the Board of Directors then decides upon compensation for directors holding particular positions, after having received the Board of Statutory Auditors' favourable opinion.

Non-executive directors (whose compensation is proportioned to their commitment, also taking account of their participation in the Committees' meetings) are not the beneficiaries of share incentive schemes.

The Chairman's compensation is fixed, whereas that of the Managing Director is to a large extent variable.

As far as compensation is concerned, the Shareholders' Meeting held on 9 April 2009, resolved, in particular, to set up, for social security purposes, a leaving indemnity for the Managing Director only, tasking the Board of Directors to set the relevant terms, conditions and procedures.

Finally, it should be noted that top management's compensation features a variable component dependent on results achieved in the managers' respective sectors and on individual targets.

The compensation paid to Directors for FY2009 is indicated in the Annual Report.

Internal Audit system (Article 8 of the Code)

1) INTERNAL AUDIT COMMITTEE

The Internal Audit Committee, which was appointed by the Board meeting held after the shareholders' meeting – following the renewal of the Corporate bodies - on 9 April 2009, is currently made up of the Directors Alberto Giussani (Chairman), Maurizio Dallochio and Marco Tugnolo (who was appointed as a member of the Committee on 5 August 2009, to replace Mr. Lucchini). It should be noted that, before the renewal of the Corporate bodies, the composition was the following: Lino Benassi (Chairman), Alberto Giussani and Marco Lucchini.

All members of the Committee are non-executive Directors (most of them are independent directors, pursuant to article 8P4 of the Code) and adequately experienced in accounting and financial issues (in accordance with article 8.P.4 of the Code).

Meetings may be attended by the Chairman of the Board of Statutory Auditors or by another auditor appointed by the latter, and the manager of the Internal Audit Department, in addition to the members of the Internal Audit Committee. Furthermore, depending on the items on the agenda, meetings may also be attended by the Managing Director, as well as by the representatives of the Independent Auditors and the Company's management.

During the aforesaid meeting of 9 April 2009, the Board of Directors resolved to confer on the Internal Audit Committee the tasks described in article 8.C.3 of the Self-Governance Code. The Regulations of the Committee contain, coherently with the information in the Code, the rules for the appointment, composition and function of the Committee itself. Specifically, pursuant to the Regulations, the Committee:

1. assists the Board of Directors in defining the guidelines and periodically verifying the adequacy and effective functioning of the Internal Audit System, in order to guarantee identification, adequate measurement, management and monitoring of the main corporate risks;

2. considers the work plan prepared by the person responsible for Internal Audit and periodical reports received from the same;
3. assesses the remarks appearing in the reports by the Person responsible for Internal Audit and in the notices made by the Board of Statutory Auditors, by the Supervisory Board's reports and by the examinations carried out by third parties;
4. expresses its opinion on the proposed appointments and revocations of the Person responsible for Internal Audit, evaluates the organisational set-up and guarantees its actual independence, also in the light of Legislative Decree No. 231/2001 on corporate administrative liability;
5. evaluates, together with the Manager responsible for preparing the Company's financial reports and the auditors, the correct use of the accounting standards applied and their consistency for the purposes of the preparation of the consolidated financial statements;
6. supervises the effectiveness of the auditing process and, in particular, examines, after consulting the Board of Statutory Auditors: (i) the accounting criteria that are key to giving a correct representation of the Group's financial, economic and equity position; (ii) alternative accounting treatments provided for by the GAAPs regarding material elements discussed with management, highlighting the impact of the adoption of such alternative treatments and relevant information, as well as the treatments deemed advisable by the auditor; (iii) the content of any other written communication between the Independent Auditors and the Seat S.p.A. management and the Board of Statutory Auditors; and (iv) issues related to the annual accounts and the consolidated financial statements of the main companies in the Group. For this purpose, the Committee may meet the person responsible for auditing the financial statements of Seat S.p.A., the management of Seat S.p.A., as well as the highest administrative ranks of the main companies in the Group, together with the chairmen or any other member of the respective boards of statutory auditors or other supervisory bodies (if any), as well as the persons responsible for auditing the financial statements of such companies;
7. assesses the proposals made by the Independent Auditors for the awarding of the independent auditing assignment, together with the audit work plan and the results shown in the report and in the advice letter, if any;
8. performs any further tasks assigned by the Board of Directors, and, in particular:
 - in its dealings with the Independent Auditors, assesses the admissible extra-audit tasks assigned to the Company auditing the financial statements, in accordance with the corporate provisions established for such purpose;
 - in its dealings with the related parties, expresses its opinion on the rules governing transparency and substantial and procedural fairness of the transactions with the abovementioned parties and those in which a director has an interest, whether on his/her own account or on behalf of third parties;
9. assists the Board of Directors in the process of preparing appraisals of the adequacy of the organisational, administrative and accounting structure of the internal audit system;
10. reports to the Board of Directors on the work done, at least every six months, expressing its opinion in relation to the matters involved in the delegated powers.

The Internal Audit Committee met 6 times in 2009 and 3 times in the early 2010. During the meetings the Committee performed, *inter alia*, the following activities:

- monitored the development of the organisational and operational structure of the Internal Audit Department;
- examined and assessed the progress of the activities envisaged in the internal audit programme prepared for FY2009 and the results of the action taken;
- assessed and approved the audit program prepared for FY2010;

- met with the Manager responsible for preparing the Company's financial reports, the top management of the Administration, Finance and Control department, the Board of Statutory Auditors and the Partner of the Independent Auditors in order to examine the main features of the annual and consolidated Financial Statements as at 31 December 2009, and the correct use of accounting standards adopted for the purposes of preparing such financial statements;
- met with the Partner of the Independent Auditors to examine the outcome of the audit work done;
- met the Company's management for the examination of the financial structure and of the matters concerning accounting and tax issues;
- examined and assessed the method adopted in conducting the impairment test of the investee companies;
- examined and evaluated the outcomes of the Enterprise Risk Management (ERM) process aimed at defining an integrated approach to the identification, assessment, management and monitoring of business risks;
- examined and assessed the "document describing the organisational, administrative and accounting structure" prepared by the competent corporate functions in order to contribute to the assessment of the Company's corporate governance system, of the Group's structure and of the organisational, administrative and accounting structure of Seat pursuant to Article 1.C.1 of the Code.

During 2009 the percentage of attendance at the Committee's meetings was very high. In this regard, see the attendance percentages for each member in the table attached to this report.

2) INTERNAL AUDIT SYSTEM

2.1) BOARD OF DIRECTORS

The Board of Directors has the responsibility for the internal audit system, establishing its guidelines, managing corporate risks, and periodically assessing its functioning through the support of the Internal Audit Committee and the Person responsible for internal audit.

The Company has sought to disseminate a culture at all levels of its business which is fully aware of the existence and usefulness of checks and controls. The Company's Code of Ethics imposes responsibility on all for creating and maintaining an internal audit system which is effective throughout the organisational structure. As a consequence all staff, in the context of their specific activities, have responsibility for the correct functioning of the audit system.

It should be noted that – pursuant to article 8 C1, letter c) of the Code – the Board of Directors has assessed the adequacy, efficiency and effective functioning of the internal audit system: such evaluation was conducted after the Board carried out its review of the adequacy of both the Company's corporate governance system and of the Group's structure, and the organisational, administrative and accounting structure of the Company (see the paragraph above concerning the "role of the Board of Directors", reference is made to article 1 of the Code).

2.2.) EXECUTIVE DIRECTOR RESPONSIBLE FOR THE INTERNAL AUDIT SYSTEM

In accordance with article 8.C.5. of the Code, **the Managing Director has been appointed by the Board of Directors, by resolution of 29 April 2009, to supervise the functionality of the Internal Audit System**; Mr. Cappellini is then required to implement the indications provided by the Board of Directors. Specifically:

- ensuring that the main business risks have been identified, taking account of the characteristics of the activities carried out by the issuer and its subsidiaries, submitting them for consideration by the board of directors on a periodical basis;
- implementation of the indications provided by the board of directors, being responsible for the design, creation and management of the internal audit system, checking its overall sufficiency, its effectiveness and efficiency on a continuing basis; responsibility for adapting the system to the dynamics of the operational conditions and the legislative and regulatory framework;
- proposing the appointment, dismissal and remuneration of one or more persons responsible for internal audit to the board of directors.

2.3.) PERSON RESPONSIBLE FOR INTERNAL AUDIT

The Company has an Internal Audit function which does not report, within the hierarchical structure, to any operational manager and it is structured in such a way as to (i) check and ensure the effectiveness and efficiency of the Internal Audit System and (ii) ascertain whether the system provides reasonable guarantees that the organisation will be able to achieve its objectives economically and efficiently.

The Internal Audit Manager - Mr. Francesco Nigri - is a member of the Supervisory Board as required by the Organisational Model under Legislative Decree no. 231/01 (referred to below) and also acts as the **Person responsible for Internal Audit**.

In accordance with critereon 8.C.5. letter c) of the Code, the Person responsible for Internal Audit, who does not report, within the hierarchical structure, to any operational manager, has been appointed by the Board of Directors on the proposal of the Director instructed to supervise the functionality of the internal audit system (the Managing Director, referred to above), in consultation with the Internal Audit Committee. It is also specified that the Board of Directors also delegated the Managing Director to monitor the adequacy of the Person responsible for Internal Audit's pay over a period of time, consistently with corporate policies.

The Person responsible for Internal Audit has been assigned, in accordance with article 8.C.6. of the Code, the following main duties:

- a) to ensure that the internal audit system is always adequate, fully operational and functioning;
- b) to report on the results of his/her work to the internal audit committee, the board of statutory auditors and the executive director responsible for supervising the functionality of the internal audit system. In particular, he/she is required to report on the manner in which risk management is carried out, as well as on compliance with the plans drawn up to deal with risks, expressing his/her assessment of the internal audit system's suitability for achieving an acceptable overall risk profile.

In order to perform his/her duties, the Person responsible for Internal Audit has access to all the information he/she deems useful and has the appropriate means for the fulfilment of the functions that have been assigned to him/her.

The Person responsible for Internal Audit, who is also responsible for the Internal Audit Function, shall act in accordance with the action plan defined on the basis of risk-based methods and approved by the Internal Audit Committee. The action plan mainly includes activities relating to the Risk Assessment process, 231 compliance, quality review and 262 compliance, checks on specific processes and/or aspects, checks carried out after events have been reported by the management and monitoring the effective implementation of the recommendations made on the occasion of previous actions (follow up).

During 2009, the Person responsible for Internal Audit:

- carried out the checks set out in the action plan established for the financial year;
- periodically reported to the Executive Director responsible for the internal audit system as to how activities are conducted and the results of the actions taken;
- participated in all the meetings of the Internal Audit Committee, illustrating the results of the actions taken and drafting minutes up for each meeting;
- participated in all the meetings of the Supervisory Board, in the capacity as member, and the meetings of the Board of Statutory Auditors.

2.4.) DESCRIPTION OF THE MAIN FEATURES OF THE FINANCIAL MANAGEMENT AND INTERNAL AUDIT SYSTEM IN RELATION TO THE FINANCIAL REPORTING PROCESS (pursuant to article 123-bis, paragraph 2, letter b) of the TUF)

For years now the Company has been developing an Enterprise Risk Management (ERM) process aimed at identifying, assessing and monitoring the main business risks.

The ERM process is a process implemented by the management in order:

- to identify any events which could affect the achievement of the objectives the company has set, assessing their risk and establishing their acceptable level;
- to provide the Board of Directors and the Management with the information required to define operational and organisational strategies for the company;
- to provide reasonable confidence that the processes and the main checks identified are effective and aimed at ensuring the achievement of the company objectives.

For this purpose, a dedicated web-based application was developed in order to obtain the systematic collection, management and consolidation of information. Consistently with the international best practise, the risks identified and to which the Company is exposed, are classified under four macro-categories: strategic, operational, financial (reporting) and compliance risks.

The process is conducted annually, using a Self Assessment process which involves any and all company functions; the objective is to identify the key activities and checks that are suitable to reduce the occurrence of the identified risks and/or to mitigate their impact. On the basis of a calculation algorithm, which considers the initial assessment of the risk and the effectiveness of the audit system in place, each risk is attributed a “residual score rating”. On an annual basis, the risks identified which show an high residual score rating are reported to the Internal Audit Committee, the Board of Statutory Auditors and the Board of Directors.

With reference to financial and reporting risks identified within the ERM process, the Company has for some years now identified a sequence of specific activities which are deemed to be suitable to ensure that financial disclosure is reliable, accurate, trustworthy and up to date as required by Law no. 262/05. These activities include, *inter alia*:

- definition of the “scope”, that is the quantitative analysis of the significance of the companies included in the period of consolidation. This analysis is conducted on the occasion of significant changes in the scope of consolidation or in the relevant business of each subsidiary. On the basis of the scoping process it was assessed that, to date, the subsidiaries are not of significant size in quantitative terms (see, in this regard, the information reported above with regard to the assessment by the Board of the adequacy of the general organisational, administrative and accounting structure – article 1 of the Code);
- identification of the areas and processes that are relevant in terms of both the impact on the financial disclosure, and the risks arising from the possible failure to achieve audit

- objectives. This activity entails the quantitative and qualitative analysis of current processes and the consequential identification of those considered to be the most sensitive;
- assessment of controls. An analysis and testing of existing controls is conducted with reference to the areas and processes identified in the previous phase, concentrating particularly on data appearing in the Financial Statements (Completeness, Existence, Rights & obligations, Valuation, Recognition, Presentation, Disclosures). For each of the said processes, it is required to prepare and update the process flowchart, the description and the audit matrix. The latter also identifies the main key controls, the type of control (automatic or manual), how often it is conducted, the person responsible for any process or sub-process and the person responsible for control;
 - identification, where this is considered appropriate, of possible improvements to be made to the current internal audit system in order to ensure an increased monitoring of the areas and processes which are considered relevant in terms of impact on the financial disclosures.

On the basis of an audit plan which is defined annually, the above activities are attributed to the “Rules and Procedures” Function. The said Function reports directly to the Manager responsible for preparing the Company’s reports and monitors the implementation of improvements (if any) that are identified. The Internal Audit function carries out a check, on a six-monthly basis, as to the status of the activities carried out, the adequacy of the tests conducted in relation to the key audits that are aimed at ensuring an efficient and operational internal audit system, and to improvements (if any) that are identified as necessary.

With regard to foreign subsidiaries TDL and Telegate AG, a qualitative evaluation is carried out, on an annual basis, using special questionnaires, of the entity level controls for the high-level components of the internal audit system in place within each subsidiary.

The Internal Audit Function, where required, carries out activities aimed at assessing the adequacy of the internal audit system in place within subsidiaries – within the administrative and accounting procedures in place with the same - on the basis of the instructions given by the supervisory bodies of said companies.

2.5) Organisational, management and control model pursuant to Legislative Decree no. 231/2001 - Supervisory Board

During 2004, the Company launched the so-called “Project 231” - designed to define the Company’s organisational model as envisaged by Legislative Decree no. 231/2001 in relation to legal entities’ administrative liability for criminal offences perpetrated by persons in top management positions and by those subject to their direction or supervision. The activities conducted made it possible to define the following documents that help illustrate the system of procedures and controls put in place to reduce the risk of those crimes being committed that are envisaged by the regulations in question: the “Group Code of Business Ethics”, the “Principles and guidelines of the organisational, management and control model”; the “Organisational Model”.

It is pointed out that, during 2008, the Supervisory Board (see below) updated the Organizational, Management and Control Model of Seat Pagine Gialle S.p.A, drawn up in accordance with Legislative Decree no. 231/2001: for the purpose of an organic layout, the Organisational Model has been drawn up according to the outline in Legislative Decree no. 231 itself, thus having distinct sections for each of the groups of alleged offences set out by the law. In particular, it is pointed out that sections have been introduced concerning computer crimes (article 24-*bis* Legislative Decree no. 231/2001), health and

safety at work offences (article 25-*septies* Legislative Decree no. 231/2001) and crimes of receiving, laundering, and spending money, goods or benefits of illegal origin (article 25-*octies* Legislative Decree no. 231/2001). Hence, the Model is divided on the basis of appropriate separate sections; each section includes: (i) indication and description of the relevant article of Legislative Decree no. 231; (ii) general principles of conduct and implementation and, where necessary, specific procedural principles defined in order to deal with risk areas identified in the activity of assessment and relative support areas; (iii) appropriate appendices containing the definition of the cases of crime described in the individual section.

It should be noted that the aforesaid documents – updated as indicated above – were approved, upon proposal by the Supervisory Board (referred to below), by the Board of Directors on 9 February 2009; these documents had also been submitted to the Internal Audit Committee in the meeting held on 30 January 2009.

A special section dedicated to this subject can be consulted on the Company website at the following address:

http://www.seat.it/seat/en/governance/documentation/legislative_decree/index.html.

The Supervisory Board (set up pursuant to Legislative Decree no. 231/2001), which was appointed by the Board meeting held after the shareholders' meeting – following the renewal of the Corporate bodies - on 9 April 2009, is composed of Marco Reboa (University Professor of Business Economics and former Independent Director of the Company), Marco Beatrice (Manager responsible for the Legal and Corporate Affairs Department of SEAT) and Francesco Nigri (Manager responsible for the Internal Audit Department of SEAT). This approach is in fact able to assure consistency with the guidance contained in the Accompanying Report of Legislative Decree no. 231/2001, endowing the Committee with the requisites of autonomy, independence, professionalism and continuity of action needed to perform the necessary activity efficiently. The Board set the term of office of the Supervisory Board up to the shareholders' meeting that will be called to resolve on the 2011 annual accounts, and has established that the Supervisory Board meetings shall always be attended by a member of the supervisory body envisaged by the articles of association.

The Supervisory Board is tasked with:

- implementing the Model;
- overseeing the effectiveness of the Model, in order to guarantee that the lines of conduct adopted in the company comply with the established Organisational, management and control model;
- monitoring the effectiveness of the Model, in order to assess its appropriateness in preventing the occurrence of the crimes established;
- updating the Model, in order to acknowledge the appropriate adjustments following environmental and/or organisational changes in the company;
- overseeing the application of the Code of Ethics.

In particular, the tasks of the Supervisory Board are set out as follows:

- a. supervision of the effectiveness of the Model by implementing the planned control procedures;
- b. checking the effectiveness in preventing illegal conduct;
- c. checks that the required requisites are maintained over time, promoting, where necessary, the necessary update;
- d. promoting and contributing to, in liaison with the other units concerned, the updating and continuous adaptation of the Model and the system for supervising its implementation;
- e. ensuring the pertaining information flows are received;

- f. ensuring the operational integration of the Supervisory Boards established in the other subsidiary companies;
- g. working out a programme of supervision, consistently with the principles contained in the Model, within the various areas of activity;
- h. ensuring the implementation of the planned and unplanned control actions;
- i. reporting any violations of the Model to the competent offices and monitoring, in cooperation with the Human Resources Management, the application of any disciplinary sanctions.

In carrying out the assigned tasks, the Supervisory Board has unlimited access to company information for the activities of investigation, analysis and control.

During 2009, the Supervisory Board continued with its ordinary supervisory activity.

Independent Auditors

The Ordinary Meeting held on 27 April 2006 appointed, pursuant to article 159 of the Consolidated Act, the Independent Auditors Reconta Ernst & Young S.p.A, to carry out a full audit of the Company's annual and consolidated financial statements relating to financial years 2006-2011, to carry out a limited audit of the six-monthly reports as at 30 June of the financial years 2006-2011 and to verify the regularity of the company's bookkeeping and the correct recognition of the management events in the accounting records during the course of the said financial years.

Manager responsible for preparing the Company's reports (pursuant to article 154-bis of the TUF)

In accordance with the provisions under article 154-*bis* of Legislative Decree no. 58/98, introduced by the so-called "Savings Act", the Extraordinary Shareholders' Meeting of the Company held on 19 April 2007, resolved to amend article 19 of the Articles of Association, providing for the Board of Directors (subject to the mandatory opinion of the Board of Statutory Auditors) to be granted the power to appoint and dismiss the Manager responsible for preparing the Company's financial reports (hereinafter also referred to as the "Manager Responsible") determining his/her term of office. Only persons with at least three years of experience in a position of appropriate responsibility in the administrative and/or financial area of the Company or of another company of comparable size or organisational structure may be appointed as Manager responsible for preparing the Company's financial reports.

During the Board meeting held after the Shareholders' Meeting on 9 April 2009 following the renewal of the Corporate bodies, Mr. Massimo Cristofori (Manager responsible for the Company's Administration, Finance and Control Department) was confirmed as "Manager responsible for preparing the Company's financial reports", since the position held by him fully meets the technical and professional requirements under article 154-*bis* no. 3 of the TUF and article 19, last paragraph, of the Articles of Association. The Board of Statutory Auditors has given its favourable opinion as to this proposed appointment. The term of office of this assignment has been set up to the shareholders' meeting which will be called to approve the financial statements as at 31 December 2011.

The Board also resolved that the Manager responsible for preparing the Company's financial reports should exercise the powers and have the means at his disposal that are necessary for the effective performance of the duties referred to in the abovementioned article 154-*bis* of Legislative Decree no.

58/98. The Manager Responsible reports at least every six months on the manner in which the management and control activity is carried out with regard to the process of preparing the accounting documents, on any criticalities found during the relevant period and on the adequacy of the structure and means put at his disposal.

As it is known, the position of the Manager Responsible takes on a fundamental role in the light of the strengthening of the Company's internal audit system, attributing express importance to the internal process of preparing the draft of the annual report in particular, and to the main information documents concerning the Company's financial position in general.

Directors' interests and transactions with related parties (Article 9 of the Code)

As regards article 9 of the Code, it should be noted that the Company has adopted an appropriate procedure governing the performance of disclosure obligations under the abovementioned article 16 of the Articles of Association and article 150, paragraph 1, of the TUF, whose purpose is to ensure transparency, not only as regards transactions with related parties in which an interest is held, either on its own account or on behalf of third parties, or which are influenced by the person that performs the activity of management and coordination (including inter-group transactions), but also as regards all transactions that have been conducted, the most important transactions in business, financial and capital terms undertaken by the Company and atypical or unusual transactions.

The Procedure also contains a document governing the "Standards of conduct for extraordinary transactions with related parties".

The Procedure is in any event effective in drawing attention to situations in which a director may have an interest on his/her own account or on behalf of third parties. As regards this aspect, it should also be noted that it is the Company's practice to circulate the documents regarding the items on the agenda before board meetings so that the Directors are fully informed before taking decisions. One of the purposes of this is in fact to preliminarily allow to see whether there are any transactions in which a Director has an interest (see the document available on the Company's website at the address <http://www.seat.it/seat/en/governance/documentation/procedure/index.html>).

Criterion 9C1 of the Code recommends that the Board of Directors, in consultation with the Internal Audit Committee, (i) should establish the procedures for the approval and the performance of transactions implemented by the issuer, or its subsidiaries, with related parties; and (ii) should pinpoint the specific transactions (or lay down criteria for doing so) that have to be approved after a prior opinion from the Internal Audit Committee itself and/or with the assistance of independent experts. The "Standards of conduct for extraordinary transactions with related parties" (attached to the Procedure) already envisage the possibility of the Board being assisted by experts. Therefore, the Board resolved to integrate these Principles, deciding that the Board of Directors should only approve such transactions (namely extraordinary transactions with related parties are atypical or unusual transactions or transactions concluded on non-standard terms) after first considering the opinion of the Internal Audit Committee. This duty has also been envisaged in the Committee's Regulations.

Statutory Auditors (Article 10 of the Code; article 123-bis, paragraph 2, letter d) of the TUF)

Provisions of the Articles of Association governing the appointment of the Board of Statutory Auditors

In accordance with the Articles of Association, statutory auditors too are appointed on the basis of lists that must be lodged at the Company's registered headquarters before the meeting. Given that Article 148, paragraph 2, of the TUF provides that the procedures for the election by the minority interests of a standing member of the board of statutory auditors must be determined by CONSOB regulation, article 22 of the Articles of Association - following the amendments resolved by the Shareholders' Meeting of 19 April 2007 - provides, *inter alia*, that "only those shareholders who, alone or together with others, own voting shares representing at least 2% of the voting capital in the Ordinary Shareholders' Meeting, or representing the lower percentage determined by Consob pursuant to Article 147-ter, I C, of Legislative Decree no. 58/1998, are entitled to submit lists." The provision under article 148, paragraph 2-bis, of the TUF has also been adopted which requires the minority interests to designate the Chairman of the Board of Statutory Auditors and it has been specified that the member of the board of statutory auditors appointed by the minority interests shall be appointed from a list which is not connected, either directly or indirectly, with the shareholders who have presented or voted the list which has ranked first in the number of votes.

Furthermore, the abovementioned Shareholders' Meeting resolved to make some amendments in relation to the procedures for the submission of lists, in accordance with criteria 10.C.1 of the Code, bringing the deadline for filing the lists from 10 to 15 days before the meeting and eliminating, as required for the Board of Directors, for simplification purposes, the burden to prove the investment share useful to submit lists in the two days before the meeting.

Note that each list must be deposited together with the professional resumes of the designated persons and the statements declaring that each candidate accepts the candidature and attests to the absence of any reasons for ineligibility and incompatibility under their own responsibility, as well as the existence of the regulatory requirements and of those under the articles of association prescribed for the office.

Composition and operation of the Board of Statutory Auditors

The Board of Statutory Auditors consists of three standing auditors and two alternate auditors, appointed by the Shareholders' Meeting, which also fixes their remuneration (article 22 of the Articles of Association).

List submitted on the occasion of the appointment of the Board of Statutory Auditors (information pursuant to article 144-decies of the Issuers' Regulations of Consob)

On the occasion of the Ordinary Shareholders' Meeting held on 9 April 2009, within the terms set out by the regulations in force, information has been provided and the documentation has been prepared referred to in article 144-*sexies*, paragraph 4, of the Issuers' Regulations of Consob. As already indicated above with reference to the appointment of the Board of Directors, the names of the shareholders have also been provided which submitted the list, as well as the relevant percentage of interest that they respectively hold (reference is made to the Shareholder Sterling Sub Holdings S.A., who at that time held - before the completion of the capital increase transaction previously mentioned - no. 6,089,855 ordinary voting shares equal to 14.837% of the ordinary share capital).

The Company has promptly taken steps to make public the documentation concerning the list submitted through the internet website at the address:

http://www.seat.it/seat/download_galleries/investor/Documentazione_deposito_liste_Sterling_Sub_Holdings_SA.PDF

Furthermore, with reference to the provisions under article 144-*octies*, paragraph 2, of the Issuers' Regulations of Consob, the Company has notified that, at the date of expiry of the time limit set for

filing the lists for the appointment of the Board of Statutory Auditors (23 March 2009), no minority lists had been submitted. Therefore, in accordance with the provisions under article 144-*sexies*, paragraph 5, of the aforesaid Issuers' Regulations, it was notified that additional lists for the appointment of the Board of Statutory Auditors could be deposited by and no later than 30 March 2009 and that the percentage of interest necessary for submitting lists, as per the articles of association, was reduced to half (and it was then equal to 1% of the voting share capital at the ordinary shareholders' meeting). See, for this purpose, the pres release circulated by the Company:

http://www.seat.it/seat/download_galleries/press/comunicati_2009/03_24_Cos_S_EAT_240309_en.pdf

Pursuant to articles 14 and 22 of the Articles of Association, the shareholder Sterling Sub Holdings S.A. has published, within the time limits set out, the list of candidates for the appointment of the Board of Directors and of the Board of Statutory Auditors; see, in this regard, the announcement published in the Il Sole 24Ore newspaper:

http://www.seat.it/seat/download_galleries/investor/STERLING_SUB_HOLDINGS_S_avviso_sul_sole_GPTA_-_mkup_2_.pdf

Finally, it should be noted out that the Company – following the Shareholders' Meeting of 9 April 2009 – informed the public of the appointment of the Board of Directors and of the Board of Statutory Auditors in the press release available through the website at the address:

http://www.seat.it/seat/en/press/press_releases/2009/financial/04_09_Cos_Seat_Assemblea09_def.html.

Having said this, it should be noted that the Shareholders' Meeting of 9 April 2009 proceeded to appoint the Board of Statutory Auditors for the three-year period 2009-2011, confirming the appointment of all members of the previous Board. Below is reported the composition of the Board of Statutory Auditors, accompanied by the information on personal and professional characteristics of the members:

Enrico Cervellera (Chairman of the Board of Statutory Auditors), born in 1941. From 1965 to 1983 he was a member of the tax advisors' firm associated with Arthur Andersen; he has been working in his own professional firm in Milan since 1983. He holds the roles of director of Ferrero S.p.A., chairman of the boards of statutory auditors of Interpump Group S.p.A., Lactalis Italia S.p.A. Group, S.p.A. Egidio Galbani, biG S.r.l., San Lorenzo S.p.A.; he is a standing auditor of Luxottica S.p.A. and Tamburi Investment Partners S.p.A. He has a degree in Economics and Commerce and in Law and he is enrolled on the Italian register of public accountants (*Albo dei Dottori Commercialisti*) and he is also an Auditor.

Vincenzo Ciruzzi (Standing Auditor), born in 1949. After three years' experience in a British accounting firm, he began to work as an independent professional in 1976. He was a member of the *Commissione per la Certificazione dei Bilanci* (Accounts Audit Committee) of the Association of Public Accountants (*Ordine dei Commercialisti*) in Milan for six years. He is a standing auditor of Dexia Crediop S.p.A., and the Chairman of the Board of Statutory Auditors of Twice Sim S.p.A., Camuzzi S.p.A., Baglietto S.p.A. Group, Aegis Media Italia S.p.A.. Degree in Economics and Commerce at Bocconi University in Milan; he is enrolled on the register of public accountants (*Albo dei Dottori Commercialisti*) and he is also an Auditor.

Andrea Vasapolli (Standing Auditor), born in 1962. Degree in Economics and Commerce at Turin University in 1987. He is a public accountant enrolled in the Turin Register since 1989, and is also an

auditor. He has been a fixed-term contract professor of tax law at the *Scuola Superiore dell'Economia e delle Finanze* (SSEF) business school in Rome since 2002. Founder of Vasapolli & Associati (Turin and Milan) tax, corporate and legal advice firm. Author of numerous publications on the subject of tax and company law. Member of Committee for the Common Interpretation of Rules of Conduct in Tax Matters of the Italian Association of Public Accountants. Statutory auditor with leading companies in the industry, trade and services sectors. Previous employment: Arthur Andersen & Co., Milwaukee office (WI – USA). Formerly a lecturer at the following bodies and institutions: Masters in International Tax Law at the SSEF (Milan and Venice), Masters in International Tax Law at the Second University of Naples, Masters in Tax Law at IPSOA (Milan), various local Institutes of Public Accountants and Accounting Experts.

Guido Costa (Alternate Auditor): born in Milan on 7.5.1965. Degree in Business Economics at L. Bocconi University in Milan (1989), enrolled on the register of Public Accountants in the district of the Court of Milan (1991), enrolled on the register of Auditors (Ministry of Justice); former member of the Legal Control of Accounts Committee (Private Bodies) of the Institute of Public Accountants in Milan.

Guido Vasapolli (Alternate Auditor): born in 1960. Degree in Economics and Commerce at Turin University in 1984. He is a public accountant enrolled on the Turin Register since 1986, and is also an Auditor. Founder of Vasapolli & Associati (Turin and Milan) tax, corporate and legal advice firm. Author of numerous publications on the subject of tax and company law. He is the scientific co-director of the magazine “Bilancio e reddito d’impresa” (Business accounts and income) – IPSOA Editore. Statutory auditor of major companies in the industry, trade and services sector. Formerly a lecturer at the following bodies and institutions: *Scuola Superiore dell'Economia e delle Finanze* (SSEF) business school, Masters in Tax Law at IPSOA (Milan), various local Institutes of Public Accountants and Accounting Experts.

With specific regard to the application criteria of article 10 of the Code, it should be noted that the Board of Statutory Auditors proceeded to formally comply with the recommendations therein. Specifically, the Board of Statutory Auditors resolved as follows:

- The statutory auditors act autonomously and independently also vis-à-vis the shareholders who elected them and spend as much time as is necessary on the diligent performance of the duties assigned to them. In this connection, the statutory auditors keep the information and documents that they acquire in the course of their duties confidential and observe the procedures that have been adopted for the disclosure of sensitive data outside the Company.
- The statutory auditors acknowledge that the issuer has adopted procedures and methods of behaviour that ensure the effective performance of the duties proper to the board of statutory auditors, such as, but not limited to: (i) the participation of the Board of Statutory Auditors’ members in the Internal Audit Committee’s meetings; (ii) the participation of at least one member of the Board of Statutory Auditors in the meetings of the Supervisory Board set up pursuant to Legislative Decree no. 231/2001; (iii) direct and constant contact with the Person responsible for Internal Audit, who also holds the position of Manager responsible for the Company’s Internal Audit Department; during the course of their duties, the statutory auditors may ask this Department to verify specific areas of operations or corporate transactions; (iv) the participation, on request, of the company officers concerned in the Board of Statutory Auditors’ Meetings.

- The Board of Statutory Auditors verifies annually that the requirements regarding the independence of the statutory auditors are satisfied; the outcome of the verification is mentioned in the report on corporate governance;
- The statutory auditor who has an interest, either on his/her own account or on behalf of third parties, in any transaction proposed by the Company proceeds to inform the other statutory auditors and the Chairman of the Board of Directors exhaustively and in good time of the nature, the terms, the origin and the extent of his/her interest;
- Without prejudice to the provisions of article 159, paragraph 1 of Legislative Decree no. 58/98, the Board of Statutory Auditors supervises the independence of the independent auditors, verifying both the compliance with the relevant regulatory provisions and the nature and extent of the services other than auditing rendered by the independent auditors and the entities in their network to the issuer and its subsidiaries, in accordance with the provisions under the “Procedure for the assignment of tasks to independent auditors” adopted by the Company in December 2005;
- The Board of Statutory Auditors and the Internal Audit Committee promptly exchange the information that is relevant to the performance of their respective duties;
- In the framework of the duties assigned to it by law, the Board of Statutory Auditors verifies that the criteria and the procedures adopted by the Board of Directors for the assessment of the independence of its members are correctly applied, subsequently disclosing the outcome of these controls to the market within the report on corporate governance and the statutory auditors’ report to the Shareholders’ Meeting.

It should be noted that, as regards critterion 10C2 of the Code, the Board of Statutory Auditors verified that the independence requirements for each statutory auditor were satisfied, also on the basis of the criteria laid down for Directors in this Code.

Furthermore, in accordance with critterion 3C5 of the Code, the Board of Statutory Auditors verified that the criteria and the procedures for the assessment of the independence requirements regarding each member were properly applied (for this purpose, see what is indicated above with reference to Article 3 of the Code).

The main activities performed by Standing Statutory Auditors are highlighted below:

Enrico Cervellera	Director of Ferrero S.p.A.; Chairman of the Board of Statutory Auditors of Interpump Group S.p.A., Lactalis Italia S.p.A. Group, S.p.A. Egidio Galbani, biG S.r.l., San Lorenzo S.p.A.; Standing auditor of Luxottica S.p.A., Tamburi Investment Partners S.p.A..
Vincenzo Ciruzzi	Standing auditor of Dexia Crediop S.p.A., Chairman of the Board of Statutory Auditors of: Twice Sim S.p.A., Camuzzi S.p.A., Baglietto S.p.A. Group and Aegis Media Italia S.p.A..
Andrea Vasapolli	Standing auditor of Aksia Group SGR S.p.A. and Valvitalia S.p.A.; Chairman of the Board of Statutory Auditors of Samsonite S.p.A..

Relations with Shareholders (Article 11 of the Code)

In accordance with principles under article 11 of the Code, pursuant to which the Board of Directors promotes initiatives aimed at encouraging participation of the shareholders in the meetings as widely as possible and helping them to exercise their rights, it should be noted as follows:

- the Company publishes the notice of call of meetings in the daily newspaper “Il Sole 24 Ore”, in line with the established use by SEAT of this newspaper as an information medium already known to shareholders.
- As to the place, the shareholders’ meetings must always be convened at the Company’s secondary office located in Turin
- As regards the right of attendance, on 19 April 2007, the Extraordinary Shareholders’ Meeting passed a resolution to bring the provisions under article 8 of the Articles of Association in line with the provisions under article 2370, paragraph 2, of the Italian Civil Code (“Right to attend the shareholders’ meeting and exercise of voting”), providing that only shareholders for whom the Company has received notification from the intermediary within the two days prior to the date of individual meetings, may attend shareholders’ meetings.
- Within fifteen days of the date of the Shareholders’ Meeting, documents made available to the public are also published on the Company’s website in the section called “Corporate Governance”.

Documents to be consulted for the purposes of the Shareholders’ Meetings must be sent to all shareholders that request them, also by means of an appropriate e-mail address. Information may also be given by phone.

As regards application criteria under article 11 of the Code, it should be noted that in 2009 the Company gave precise and timely notice in order to guarantee correct and transparent disclosures on the Company's activities, in compliance with the “Procedure of Seat Pagine Gialle S.p.A. for the management and market disclosure of inside information” (referred to above).

Appropriate corporate functions guarantee, in particular, relations with the national and international financial community (Investor Relations) and the shareholders (Legal and Corporate Affairs).

In 2009, the Investor Relations function organised numerous formal meetings with the market (analysts, institutional investors and representatives of the financial community) through both conference calls and road shows on quarterly results and on the occasion of the Capital Increase transactions effected in April, and by participating in conferences concerning the relevant sector.

The Company also conducts daily contacts, through direct meetings and conference calls with shareholders, financial analysts and institutional investors

To further promote relations with the dealers of the financial market, the Company has released on its website all of its economic and financial documentation (financial statements, half-year and quarterly reports), supporting documents (presentations to the financial community), a special section named “Corporate Governance” (including the documentation relating to the Company’s governance system, information on corporate bodies, as well as the reports and material to be used by the shareholders’ meeting), as well as press releases issued by the Company, both in Italian and English. The website also has a section with useful information for all Shareholders and an on-line update on the Group's stock prices.

You may contact the Investor Relations Department as follows:

Telephone no.: +39 011 4352600; Fax no.: + 39 011 4352722; E-mail: investor.relations@seat.it

Shareholders' Meetings (pursuant to article 123-bis, paragraph 2, letter c) of the TUF)

Without prejudice to the provisions under the previous paragraph concerning the procedures to call Shareholders' Meetings, note that the Board of Directors, during the meeting held on 23 April 2008, took steps to bring article 10 of the Articles of Association in line with the provisions under article 154-ter, introduced by the so-called Transparency Decree (Legislative Decree no. 195 of 6 November 2007)⁵: the Ordinary Shareholders' Meeting to approve the financial statements must be called, without any postponement, within 120 days after the end of the financial year.

Shareholders' meetings are also held whenever the Board deems it necessary or when so required by law.

With reference to criteria 11C3 of the Code, as regards the right of attendance, as indicated above while commenting principles under article 11 of the Code, the Extraordinary Shareholders' Meeting of 19 April 2007, resolved to bring the provisions under article 8 of the Articles of Association in line with the provisions under article 2370, paragraph 2, of the Italian Civil Code ("Right to attend the shareholders' meeting and exercise of voting"), providing that only shareholders for whom the Company has received notification from the intermediary within the two days prior to the date of individual meetings, may attend shareholders' meetings. Article 8 of the Articles of Association is reported as an attachment to this Report.

The Shareholders' Meeting, upon the proposal of the meeting's Chairman, appoints a secretary, who need not be a shareholder. In the possible cases contemplated by law and when the meeting's Chairman deems it to be necessary, meeting minutes are prepared in the form of a public deed by a notary designated by the Chairman.

It should be noted that article 19 of the Articles of Association - pursuant to article 2365, paragraph 2, of the Italian Civil Code - states that the attributions provided for therein do not fall within the competence of the shareholders' meeting and must instead be allocated to the Board of Directors (see, in this regard, the information reported above in the paragraph "The role of the board of directors" (Article 1 of the Code)).

Directors make every effort to facilitate shareholders' attendance of shareholders' meetings. Whenever possible, all directors and statutory auditors (especially those directors who - by virtue of the position held - can make a useful contribution to meeting discussions) take part in shareholders' meetings.

As regards application criteria 11C5 of the Code, the characteristics of the shareholders' meetings - i.e. streamlined proceedings and absence of criticalities - have allowed us not to propose, thus far, adoption of a shareholders' meeting regulation. It is also pointed out that article 2371 of the Italian Civil Code expressly provides, as regards meeting chairmanship, for the meeting's Chairman to check proper constitution of the meeting and the identity and the legitimate right of those present, to manage proceedings and to ascertain the results of voting (pursuant to article 12 of the Articles of Association,

⁵ Article 154-ter, no. 1, of the TUF: "Without prejudice to the conditions under Articles 2429 of the Italian Civil Code and 156, paragraph 5, **within one hundred and twenty days of the end of the financial year**, listed issuers whose Member State of origin is Italy approve the annual accounts and publish the annual financial report including the annual accounts, the consolidated accounts, where prepared, the report on operations and the declaration referred to in article 154-bis, paragraph 5. The independent auditors' reports referred to in article 156 are fully published together with the annual financial report."

Note that these provisions apply to the preparation of annual, half-year and interim statutory reports for periods beginning on the date after this decree came into force (therefore, as from January 1st, 2008).

the meeting's Chairman checks - also through specifically appointed officers - the right to attend, compliance of proxies with current legislation, the valid constitution of the meeting as such, and the identity and the legitimate right of those present. He then manages meeting proceedings and takes appropriate measures to assure orderly discussion and voting, defining the latter's approach and ascertaining results; in particular, as regards shareholders' right to take the floor, the Chairman usually states that speeches must be concise, pertinent to the agenda and not exceed a maximum time, which the Chairman will set for each person that takes the floor. Those that have already taken part in the discussion may ask to take the floor again in order to respond to previous speakers).

As regards the composition of the corporate organisation, reference is made to the information reported below with regard to ownership structures.

Meetings held in 2009

On 26 January 2009, the Shareholders' Meeting resolved, in the Ordinary session, to appoint Professor Alberto Giussani as a Director, and, in the Extraordinary session, (i) the elimination of the par value of the shares, (ii) the reverse split to the ratio of 1 share for every 200 shares, ordinary or savings, (iii) the capital increase by a maximum of Euro 200 million, and (iv) the amendment to article 14 of the Articles of Association.

The Shareholders' Meeting for the approval of the annual accounts for the financial year ended 31 December 2008 was held on 9 April 2009. The Board, in the person of the Managing Director, reported on the activities that had been carried out and planned and took steps - together with the Chairman - to ensure that the shareholders were given sufficient information for them to take the decisions that are the responsibility of the shareholders' meeting with full knowledge of the facts regarding the points in question (critera 11C4 of the Code).

During this meeting, as previously mentioned, the Corporate bodies were also appointed for the three-year period 2009-2011.

TABLE 1 – STRUCTURE OF THE BoD AND THE COMMITTEES

Board of Directors (1)									Internal Audit Committee		Compensation Committee		Appointments Committee (if any) ◇	Executive Committee (if any)	Any other Committee (if any)
Office	Members	Holding office from	Holding office up to	Executive	Non-executive	Independence as per the code and the TUF	% **	Number of other offices	****	**	****	**			
Chairman	Giliberti Enrico	9/4/2009	31/12/2011		x		100	1							
Managing director	Alberto Cappellini	29/4/2009	Next Shareholders' Meeting	x			100	-							
Director	Benassi Lino	9/4/2009	31/12/2011		x	x	77	5			x	100			
Director	Cossutta Dario	9/4/2009	31/12/2011		x		70	-			x	100			
Director	Dalocchio Maurizio	9/4/2009	31/12/2011		x	x	56	5	x	100					
Director	Giussani Alberto	9/4/2009	31/12/2011		x	x	85	4	x	100					
Director	Lanari Luigi	9/4/2009	31/12/2011		x		92	5			x	100			
Director	Masera Pietro	9/4/2009	31/12/2011		x		85	-							
Director	Antonio Tazartes	9/4/2009	31/12/2011		x		89	-							
Director	Tugnolo Marco	5/8/2009	Next Shareholders' Meeting		x		100	-	x	100					
Director	Volpi Nicola	9/4/2009	31/12/2011		x		69	3							

DIRECTORS WHO CEASED TO HOLD OFFICE DURING THE RELEVANT FINANCIAL YEAR

Managing Director	Majocchi Luca	9/4/ 2009	29/4/2009	x			100							
Director	Belloni Antonio	10/10/2006	9/4/ 2009		x		75				x	67		
Director	Di Palo Carmine	10/10/2006	9/4/2009		x		100							
Director	Gros Pietro Gian Maria	27/4/2006	9/4/2009		x	x	75				x	100		
Director	Lucchini Marco	9/4/2009	5/8/2009		x		90			x	60			

(1) It should be noted that on the occasion of the appointment of the current Board of Directors, which occurred on 9 April 2009, a single list was submitted.
Quorum required for the submission of lists: 2%

<i>Number of meetings held during the relevant financial year</i>	<i>BoD: 13</i>	<i>Internal Audit Committee: 6</i>	<i>Compensation Committee: 6</i>	<i>Appointments Committee: -</i>	<i>Executive Committee: -</i>	<i>Any other Committee: -</i>
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NOTES

** This column indicates the directors' percent attendance respectively of Board and committee meetings (number of presences/number of meetings held during the actual term of office of the person concerned).

*** This column shows the number of offices held by the person concerned as a director or statutory auditor in other companies listed on regulated Italian and foreign markets; in financial, banking and insurance companies; or in companies of major size (nb: see above, the paragraph relating to the Board of Directors holding office).

**** In this column "X" indicates that a director is a member of the committee concerned.

TABLE 2: BOARD OF STATUTORY AUDITORS (1)

Office	Members	Holding office from	Holding office up to	Independence as per the Code	% **	Number of other offices ***
Chairman	Cervellera Enrico	9 April 2009	31 December 2011	Yes	100	9
Standing auditor	Ciruzzi Vincenzo	9 April 2009	31 December 2011	Yes	100	21
Standing auditor	Vasapolli Andrea	9 April 2009	31 December 2011	Yes	100	28
Alternate auditor	Costa Guido	9 April 2009	31 December 2011		-	
Alternate auditor	Vasapolli Guido	9 April 2009	31 December 2011		-	

(1) It should be noted that on the occasion of the appointment of the current Board of Directors, which occurred on 9 April 2009, a single list was submitted. Quorum required for the submission of lists: 2%

Number of meetings held during the relevant financial year: 6

NOTES

** This column indicates the statutory auditors' percent attendance of the Board of Statutory Auditors' meetings (number of presences/number of meetings held during the actual term of office of the person concerned).

*** This column shows the number of offices held by the person concerned as a director or statutory auditor that are relevant pursuant to article 148-bis of the TUF. The complete list of offices - updated on March, 31th 2010 - is attached, pursuant to article 144-quinquiesdecies of the Issuers' Regulations of Consob, to the report on supervisory activities, as prepared by the statutory auditors pursuant to article 153, paragraph 1, of the TUF.

Annex

Sections in the Articles of Association of SEAT Pagine Gialle SpA referred to in SECTION I of this Report

ARTICLE 5 – SHARE CAPITAL SIZE

The Company's share capital, subscribed and paid in, is equal to EUR 450.265.793,58 (Fourhundred and fifty million and two hundred and sixty five thousand and seven hundred and ninety three/58) divided into 1.927.027.333 (One billion and nine hundred twenty seven million and twenty seven thousand three hundred and thirty three) ordinary shares and 680,373 (six hundred and eighty thousand, three hundred and seventy three) savings shares, of no par value.

In resolutions concerning paid capital increases, the option right can be excluded to the maximum extent of 10 per cent of previously existing capital, on condition that the issue price corresponds to the shares' market value and that this is confirmed in a specific report by the firm appointed to perform independent auditing of accounts.

The Extraordinary Shareholders' meeting held on November 18th 2003, as supplemented by the resolution passed by shareholders at the meeting held on April 15th 2004 and by the resolution passed by shareholders at the meeting held on April 19 2007, has approved that: (i) The share capital may be further increased, with increases in a divisible form, by December 31th 2008, by maximum EUR 3,098,853.24 through the issue of up to 103,295,108 ordinary shares of no par value, to be offered to the directors and employees of the Company or to the employees of its controlling company pursuant to paragraph 1, point 1 of article 2359 of the Italian Civil Code, or to the employees of its subsidiaries pursuant to the stock option plans implemented by the Company; (ii) The Board of Directors may, pursuant to Article 2443 of the Italian Civil Code, increase the share capital of the Company on one or more occasions, by December 23rd 2008 by a maximum of EUR 5,031,630.39, through the issue of up to 167,721,013 ordinary shares of no par value, with exclusion of option rights in the terms illustrated hereunder, in order to service the stock option plans implemented by the Company and/or any other plan which may from time to time be approved by the Board of Directors, in order to offer such shares to: (i) the employees to be identified by the Directors, or to the employees of its controlling companies pursuant to paragraph 1, point 1 of article 2359 of the Italian Civil Code, or to the employees of any subsidiary. Such increases will not allow the exercise of the option rights under the last paragraph of article 2441 of the Italian Civil Code and paragraph 2 of article 134 of Law-Decree no. 58 of 24th February 1998, and/or (ii) within the limit of a maximum of 16,800,00 ordinary shares of no par value, to managing directors (non-employees) of the Company, or of its subsidiaries, to be identified by the Board of Directors, in which case exclusion of the option right must be performed pursuant to the combined provisions of Article 2443, first paragraph, second part, and of Article 2441, fifth paragraph, of the Italian Civil Code, and therefore by the Board of Directors when exercising the powers delegated, based on the prerequisite of effective existence of the corporate interest and observing further conditions envisaged by Article 2441, sixth paragraph, of the Italian Civil Code, insofar as they are applicable.

On June 21st 2004 the Board of Directors, partly implementing the powers delegated to it by the Extraordinary Shareholders' Meeting under Article 2443 of the Italian Civil Code via the latest resolution passed on April 15th 2004, decided to increase the share capital by a maximum nominal amount of EUR 1,950,000 via the issue of a maximum number of 65,000,000 ordinary shares of no par value, with normal entitlement, at the unitary price of EUR 0.3341, reserved for subscription by employees of SEAT PAGINE GIALLE SpA and of subsidiaries as per Article 2359, first paragraph, point 1, of the Italian Civil Code who, on June 7th 2004, were identified as participating in the 2004 stock option plan for employees. If the capital increase is not fully subscribed by December 31st 2009, capital will be deemed to have been increased by an amount equal to the subscriptions collected, as better specified in the Board resolution.

On July 22nd 2004 the Board of Directors, partly implementing the powers delegated to it by the Extraordinary Shareholders' Meeting under Article 2443 of the Italian Civil Code via the latest resolution passed on April 15th 2004, decided to increase the share capital by a maximum nominal amount of EUR 300,000 via the issue of a maximum number of 10,000,000 ordinary shares of no par value, with normal entitlement, at the unitary price of EUR 0.3341, reserved for subscription by employees of the subsidiary as per Article 2359, first paragraph, no. 1, of the Italian Civil Code, TDL Infomedia Limited, who, on June 30th 2004, were identified as participating in the "2004 stock option plan for TDL employees". If the capital increase is not fully subscribed by December 31st 2009, capital will be deemed to have been increased by an amount equal to the subscriptions collected, as better specified in the Board resolution.

On November 25th 2004 the Board of Directors, partly implementing the powers delegated to it by the Extraordinary Shareholders' Meeting under Article 2443 of the Italian Civil Code via the latest resolution passed on April 15th 2004, decided to increase the share capital by a maximum nominal amount of EUR 150,000 via the issue of a maximum number of 5,000,000 ordinary shares of no par value, with normal entitlement, at the unitary price of EUR 0.3341, reserved for subscription by the Managing Director of SEAT PAGINE GIALLE S.p.A.. If the capital increase is not fully subscribed by December 31st 2009, capital will be deemed to have been increased by an amount equal to the subscriptions collected, as better specified in the Board resolution.

The Board of Directors, partly implementing the powers delegated to it by the Extraordinary Shareholders' Meeting under Article 2443 of the Italian Civil Code via the latest resolution passed on April 15th 2004, decided - according to the resolutions of the meetings held on April 8th 2005 and October 11th 2005 - to increase the share capital by a maximum nominal amount of EUR 2,022,000 via the issue of a maximum number of 67,400,000 ordinary shares of no par value, with normal entitlement, at the unitary price equal to the "*valore normale*" (fair value as defined in accordance with Italian tax law and taking into account that the options have been assigned on April 8th 2005) , reserved for subscription by employees of SEAT PAGINE GIALLE SpA and of subsidiaries as per Article 2359, first paragraph, point 1, of the Italian Civil Code who, on April 8th 2005, were identified as participating in the 2005 stock option plan for employees. If the capital increase is not fully subscribed by December 31st 2010, capital will be deemed to have been increased by an amount equal to the subscriptions collected, as better specified in the Board resolution. On April 8th 2005 the Board of Directors, partly implementing the powers delegated to it by the Extraordinary Shareholders' Meeting under Article 2443 of the Italian Civil Code via the latest resolution passed on April 15th 2004, decided to increase share capital by a maximum nominal amount of EUR 150,000 via the issue of a maximum number of 5,000,000 ordinary shares of no par value, with normal entitlement, at the unitary price equal to the "*valore normale*" (fair value as defined in accordance with Italian tax law and taking into account that the options have been assigned on April 8th 2005) and in any case not lower than EUR 0,3133, as results from the Board's resolutions, reserved for subscription by the Managing Director of SEAT PAGINE GIALLE S.p.A.. If the capital increase is not fully subscribed by December 31st 2010, capital will be deemed to have been increased by an amount equal to the subscriptions collected, as better specified in the Board resolution.

On November 8th 2005 the Board of Directors, partly implementing the powers delegated to it by the Extraordinary Shareholders' Meeting under Article 2443 of the Italian Civil Code via the latest resolution passed on April 15th 2004, decided to increase the share capital by a maximum nominal amount of EUR 280,050 via the issue of a maximum number of 9,335,000 ordinary shares of no par value, with normal entitlement, at the unitary price of EUR 0.3221, reserved for subscription by employees of the subsidiary Thomson Directories Limited, who were identified as participating in the 2005 stock option plan for TDL employees. If the capital increase is not

fully subscribed by December 31st 2010, capital will be deemed to have been increased by an amount equal to the subscriptions collected, as better specified in the Board resolution.

On November 8th 2005 the Board of Directors, partly implementing the powers delegated to it by the Extraordinary Shareholders' Meeting under Article 2443 of the Italian Civil Code via the latest resolution passed on April 15th 2004, decided to increase the share capital by a maximum nominal amount of EUR 48,000 via the issue of a maximum number of 1,600,000 ordinary shares of no par value, with normal entitlement, at the unitary price of EUR 0.3915, reserved for subscription by employees of "SEAT PAGINE GIALLE S.p.A." and of subsidiaries as per Article 2359, first paragraph, point 1, of the Italian Civil Code who, on November 4th 2005, were identified as participating in the completion of the 2005 stock option plan for employees of the Seat Group. If the capital increase is not fully subscribed by December 31st 2010, capital will be deemed to have been increased by an amount equal to the subscriptions collected, as better specified in the Board resolution.

Following the reverse split (resolved by the Extraordinary Shareholders' Meeting of January 26, 2009):

the maximum number of shares to be issued to service the stock option plan resolved by the Extraordinary Shareholders' Meeting of November 18, 2003 is redetermined at a maximum of 516,475 ordinary shares of no par value amounting to a maximum value of EUR 3,098,850;

the maximum number of shares to be issued for which the Extraordinary Shareholders' Meeting of November 18, 2003, granted the Board of Directors delegated powers pursuant to Article 2443 of the Italian Civil Code, is redetermined at a maximum of 838,605 ordinary shares of no par value for a maximum amount of EUR 5,031,630; of these, the maximum number of shares reserved for managing directors (non-employees) is redetermined at a maximum of 84,000 shares;

the maximum number of shares to be issued against the capital increase servicing the 2004 stock option plan reserved for employees, resolved by the Board of Directors on June 21, 2004, is redetermined at a maximum of 325,000 ordinary shares of no par value amounting to a maximum nominal value of EUR 1,950,000, at a unit price of EUR 66.82.

the maximum number of shares to be issued against the capital increase servicing the 2004 stock option plan reserved for TDL employees, resolved by the Board of Directors on July 22, 2004, is redetermined at a maximum of 50,000 ordinary shares of no par value amounting to a maximum nominal value of EUR 300,000, at a unit price of EUR 66.82.

the maximum number of shares to be issued against the capital increase servicing the stock option plan reserved for the Managing Director of "SEAT PAGINE GIALLE S.p.A.", resolved by the Board of Directors on November 25, 2004, is redetermined at a maximum of 25,000 ordinary shares of no par value amounting to a maximum nominal value of EUR 150,000, at a unit price of EUR 66.82.

the maximum number of shares to be issued against the capital increase servicing the 2005 stock option plan reserved for employees, resolved by the Board of Directors on April 8, 2005, and October 11, 2005, is redetermined at a maximum of 337,000 ordinary shares of no par value amounting to a maximum nominal value of EUR 2,022,000, at a unit price equal to the fair value of the share.

the maximum number of shares to be issued against the capital increase servicing the stock option plan reserved for the Managing Director of "SEAT PAGINE GIALLE S.p.A.", resolved by the Board of Directors on April 8, 2005, is redetermined at a maximum of 25,000 ordinary shares of no par value amounting to a maximum nominal value of EUR 150,000, at a unit price equal to the fair value of the share and in any event not lower than EUR 62.66.

the maximum number of shares to be issued against the capital increase servicing the 2005 stock option plan reserved for TDL employees, resolved by the Board of Directors on November 8, 2005, is redetermined at a maximum of 46,675 ordinary shares of no par value amounting to a maximum nominal value of EUR 280,050, at a unit price of EUR 64.42.

the maximum number of shares to be issued against the capital increase servicing the 2005 stock option plan reserved for SEAT group employees, resolved by the Board of Directors on November 8, 2005, is redetermined at a maximum of 8,000 ordinary shares of no par value amounting to a maximum nominal value of EUR 48,000, at a unit price of EUR 78.3.

On January 26, 2009, the Extraordinary Shareholders' Meeting resolved to make a capital increase against payment, in a divisible form, for a maximum amount of EUR 200,000,000 (two hundred million) by issuing a number of ordinary shares with the same characteristics as those outstanding, to be offered under option to holders of ordinary and savings shares, equal to the quotient of the division of the total amount of the capital increase by the issue price of the new shares. The issue price of the new shares will be equal to the so-called theoretical ex right price of the ordinary SEAT share calculated according to current methodologies and on the basis of the arithmetic mean of official unit prices recorded over a period of at least three stock exchange trading days before the issue price is determined, discounted if appropriate; it is understood, however, that the issue price of the new shares may not exceed EUR 0.03, or, after the reverse split referred to in item 2 of the agenda, EUR 6.00. The Board of Directors is vested with all the widest powers to implement the resolutions mentioned above, including, but not limited to, the power: (i) to set the issue price in accordance with the criteria specified above, and with the power to fix the extent of the discount with respect to the so-called theoretical ex right price of the ordinary SEAT share, taking into account, inter alia, the financial market conditions prevailing at the time the transaction is actually launched, the quotations of the ordinary SEAT share, as well as the market practice for similar transactions, it being understood in any event that the issue price of the new shares may not exceed EUR 0.03, or, should the resolution for the reverse split referred to in item 2 of the agenda be approved, EUR 6.00; (ii) as a result of this, to determine the maximum number of new shares; (iii) to set the timing for the execution of the capital increase resolution in compliance with the deadline of July 10, 2009; (iv) to prepare all the documents required in order to execute the capital increase resolution and submit them to the competent authorities.

ARTICLE 6 – SHARES

The Shareholders' Meeting may resolve to issue shares with varying rights, in accordance with law.

Within the limits and conditions established by law, the shares may be bearer shares.

Bearer shares may be converted into registered shares and vice versa at the request and expense of the interested party.

Shares are issued according to the dematerialisation system.

Savings shares have the privileges and rights described in this article.

Net profits reported in the regularly approved financial statements, less allocations to legal reserves, must be distributed to holders of savings shares up to an amount equal to five per cent of EUR 6.00 per share.

Any profits remaining after allocating the preferred dividend to the savings shares as established in the previous paragraph and as resolved by the Shareholders' Meeting shall be distributed among all shares so that savings shares receive a greater cumulative dividend than ordinary shares, equal to two per cent of EUR 6.00 per share.

When a dividend that is less than the amount indicated in the sixth paragraph from above is allocated to savings shares during any fiscal year, the difference shall be added to the preferred dividend during the two subsequent fiscal years.

In the case of distribution of reserves, savings shares have the same rights of other shares. Moreover, the meeting that approves the financial statements has the option - in case such financial statements show no or insufficient net profit -, to use the available reserves in order to meet the capital rights mentioned under item six above as possibly increased according to item eight above.

A share capital reduction due to losses shall not affect the savings shares except for the portion

of the loss that is not met by the portion of share capital represented by the other shares.

At the winding up of the company, savings shares shall have preference in redemption of share capital up to the amount of EUR 6.00 per share. If there is subsequent reverse split or share-splitting (also as regards capital transactions, should any be necessary in order not to affect the rights of holders of savings shares should the shares have a par value), this fixed amount per share will be modified accordingly. In order to provide the common representative with sufficient information on operations that may impact on the price development of savings shares, said representative shall be sent notices with regard to this matter, as it is relevant and required by law.

If at any time ordinary or savings shares of the company are excluded from trading, savings shares shall retain their rights and characteristics, unless savings shareholders are given the right to request conversion of their shares to ordinary or preferred shares listed on the exchange, with the same characteristics as the savings shares, in accordance with pertinent legal provisions in effect at that time, and the right to vote only in Extraordinary Shareholders' Meetings. The right to convert may be exercised by savings shareholders according to the terms and conditions to be defined by a resolution of the Extraordinary Shareholders' Meeting convened for this purpose, subject to approval by a meeting of savings shareholders, if applicable.

ARTICLE 8 – RIGHT TO PARTICIPATE

Shareholders with the right to vote, for whom the Company has received notification from the intermediary, under Article 2370, paragraph 2, of the Italian Civil Code, within the two days preceding the date of each shareholders' meeting, can attend shareholders' meetings.

Every shareholder who has the right to attend shareholders' meetings can cause himself/herself to be represented by means of a written proxy pursuant to law.

The proxy may be issued to an individual or legal entity.

ARTICLE 11 – ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETINGS

Only ordinary shares are entitled to vote in Ordinary Shareholders' Meetings.

At Extraordinary Shareholders' Meetings ordinary shares are entitled to vote and, if issued, preference shares that have voting rights.

The quorum for the establishment and resolutions of Shareholders' Meetings is provided for by the law.

ARTICLE 14 – COMPOSITION OF THE BOARD OF DIRECTORS

The Company is managed by a Board of Directors composed of a minimum of 7 (seven) and a maximum of 21 (twenty-one) directors.

The Shareholders' Meeting determines the number of members of the Board of Directors, which remains unchanged until otherwise resolved and throughout the term of office, subject to the maximum limits established by law.

Directors may be re-elected.

Whenever, for any reason whatsoever, the majority of Directors elected by the Shareholders' Meeting cease to perform their duties before their term of office has elapsed, the term of office of the remaining directors on the Board of Directors is considered to have expired and they shall cease to perform their duties when the Board of Directors is reappointed by the Shareholders' Meeting.

The appointment of the Board of Directors shall be based on a list submitted by the shareholders, in accordance with the following paragraphs, or by the exiting Board of Directors, in any case without prejudice to the application of different and further provisions under mandatory legal or regulatory rules. The candidates must be listed progressively. Each list must contain and expressly indicate at least two candidates who meet the independence requirements required in Article 147-ter, IV C, of Legislative Decree no. 58/1998.

The list submitted by the exiting Board of Directors shall be deposited at the registered office of the Company and published in at least one nationally circulated daily newspaper at least twenty days prior to the date scheduled for the initially convened Shareholders' Meeting.

The lists submitted by the shareholders shall be deposited at the registered office of the Company and published in at least one nationally circulated daily newspaper at the expense of the shareholders at least fifteen days prior to the date scheduled for the initially convened Shareholders' Meeting.

Every shareholder may submit or agree to the submission of only one list, and every candidate may list himself/herself on only one list, or otherwise shall be disqualified.

Only those shareholders who, alone or together with other shareholders, own voting shares representing at least 2% of the voting capital in ordinary shareholders' meetings, or representing the lower percentage determined by CONSOB pursuant to Article 147-ter, I C, of Legislative Decree no. 58/1998, shall be entitled to submit a list. In order to prove the aforesaid title, together with the lists presented by the shareholders, a copy of the certificates issued by authorised intermediaries and proving ownership of a number of shares necessary to present the lists themselves is to be filed with the registered offices of the Company.

Together with each list, within the term indicated above, professional resumes and statements are to be submitted in which each candidate accepts the nomination and attests, under his or her own responsibility, that there is no cause for ineligibility or disqualification, and to his/her compliance with the requirements of law and the bylaws prescribed for the position, and mentions the possibility of being qualified as independent pursuant to Article 147-ter, IV C, of Legislative Decree no. 58/1998. Any lists which fail to observe the foregoing requirements shall be considered as not having been submitted.

All shareholders with voting rights may only vote one list.

Except as otherwise required by the below listed conditions for compliance with the minimum number of directors who, in accordance with applicable regulations, must meet the independence requirements or be appointed, where possible, by minority interests, the procedures indicated below are to be followed in electing the Board of Directors:

1) from the list that received the greatest number of votes in the Shareholders' Meeting, a number of directors corresponding to the number of members of the Board of Directors, less two are selected, based upon their order of priority on the list;

2) the remaining directors are elected from other lists; for this purpose, the votes received by the lists are divided by one and subsequently by two. The resulting quotients shall be progressively assigned to the candidates on each of these lists, according to the respective order of priority. The quotients assigned to the candidates on the various lists shall be arranged in a single list in decreasing order. Those who receive the highest quotient shall be elected. If quotients are even, the candidate on the list that has not elected any director shall be elected.

. In the event of an equal number of votes and the same quotients, a new vote shall be held, and the candidate who receives the simple majority vote shall be elected.

It is understood that:

(i) at least one director must be appointed from a list, if any, which is not connected, either directly or indirectly, with the shareholders who have presented or voted the list which has ranked first in the number of votes, and

(ii) at least one director appointed from the list which has obtained the majority of the votes at the shareholders' meeting, as well as at least one of the directors appointed from the list ranking second in the number of votes obtained, shall meet the independence requirements under Article 147-ter, IV C, of Legislative Decree no. 58/1998.

In order to appoint directors for any reason who are not appointed in the manner described above, the Shareholders' Meeting shall pass resolutions with the majority provided by law, without prejudice to the obligation to comply with the minimum number of directors who meet the abovementioned independence requirements.

If, during the course of the fiscal year, one or more directors cedes from his post, the procedures indicated in Article 2386 of the Italian Civil Code shall prevail.