



EI TOWERS S.P.A.

ANNUAL REPORT ON CORPORATE GOVERNANCE AND THE OWNERSHIP STRUCTURE

Financial Year 2012

Approved by the Board of Directors on 21 March 2013

Website: www.eitowers.it

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GLOSSARY

Borsa Italiana	Borsa Italiana S.p.A., with head office in Milan, piazza Affari no. 6
Self-Disciplinary Code	The Self-Disciplinary Code of listed companies approved by the Corporate Governance Committee in December 2011 and promoted by Borsa Italiana S.p.A.
Consob	The National Commission for Companies and the Stock Exchange, with head office in Rome, via G. B. Martini no. 3
Board	The Board of Directors of EI Towers S.p.A.
Financial Year	The financial year ended on 31 December 2012
Instructions accompanying the Rules of Borsa Italiana	The Instructions accompanying the Rules of the Markets organised and managed by Borsa Italiana S.p.A.
MTA	The Online Stock Market organised and managed by Borsa Italiana
Borsa Italiana Rules	The Rules of Markets organised and managed by Borsa Italiana S.p.A.
Issuer Regulations	The Regulations applicable to issuers introduced by Consob with resolution no. 11971, 14 May 1999, as amended
Market Rules	The Rules applicable to markets introduced by Consob with resolution no. 16191, 29 October 2007, as amended
Related Party Regulations	The Regulations applicable to transactions with related parties introduced by Consob with resolution no. 17221, 12 March 2010, as amended
Report	This Report on Corporate Governance and the Ownership Structure, prepared pursuant to art. 123-bis, Consolidated Financial Act
Company or Issuer	EI Towers S.p.A.
Related Party Procedure	The Company's related party transaction procedure is available for consultation on the www.eitowers.it website, Governance section - Related Parties

Bylaws	The bylaws of EI Towers S.p.A. in force at the date of this Report and available for consultation on the www.eitowers.it website, Governance section – Governance System.
TUF or Consolidated Financial Act	Legislative Decree no. 58, 24 February 1998, as amended

1. ISSUER PROFILE

EI Towers S.p.A. is the company resulting from the merger by incorporation of EI Towers S.p.A. (Mediaset Group) into DMT S.p.A. (hereafter “Merger”).

The Merger came into force on the date of the last registration with the Companies Register on 2 January 2012; the accounting and tax effects of the Merger came into force on 1 January 2012.

Elettronica Industriale S.p.A., a company wholly owned by Mediaset S.p.A., is the majority shareholder of EI Towers S.p.A., with a stake representing 65.001% of the share capital.

The Company is subject to the direction and coordination activities of Mediaset S.p.A.

EI Towers S.P.A. operates in the network infrastructure and integrated electronic communication services sector for operators in the radiophonic and television sector (broadcasters) and in the mobile (GSM/UMTS/LTE operators) and wireless (WiFi/iMax operators) telecommunications sector, as well as for public utility operators and the Institutions.

EI Towers s.p.a. has adopted a traditional administration and control system based on the General Shareholders’ Meeting, the Board of Directors and the Board of Statutory Auditors. The auditing of the accounts for legal purposes is performed by an independent audit company entered in the special Register set up for this purpose pursuant to the law.

The information contained in this Report, unless otherwise indicated, refers to the date of approval of same by the Board of Directors (21 March 2013).

2. INFORMATION ON THE OWNERSHIP STRUCTURE (pursuant to art. 123-bis, sub-section 1, TUF) as of 21 March 2013

a) Structure of the share capital (art. 123-bis, sub-section 1, letter a), TUF)

The subscribed and paid in share capital of EI Towers S.p.A. stands at Euro 2,826,237.70, divided into 28,262,377 ordinary shares of par value 10 eurocents each, each of which grants the right to a vote at the general meeting, with the exception of no. 62,526 treasury shares, equal to 0.22% of the share capital, of which no. 6,000 treasury shares on loan to Mediobanca S.p.A. to perform the Specialist activities pursuant to art. 2.2.3, sub-section 4, Borsa Italiana Rules, and to the relative Instructions accompanying the Rules. Pursuant to the law, voting rights are suspended for treasury shares held by the Company. The structure of the share capital is set out in Table 1 at the end of this Report.

The Company has not issued other categories of shares or financial instruments which can be converted into or exchanged with shares.

At the present time there are no share-based incentive plans involving increases of the share capital, including free increases.

b) Restrictions on the transfer of securities (art. 123-bis, sub-section 1, letter b), TUF)

There are no restrictions on the transfer of EI Towers securities.

c) Significant stakes in the share capital (art. 123-bis, sub-section 1, letter c), TUF)

Significant stakes in the share capital of EI Towers S.p.A., according to notifications received pursuant to art. 120, TUF, are set out in **Table 1** at the end of this Report.

d) Securities which grant special rights (art. 123-bis, sub-section 1, letter d), TUF)

The Company has not issued securities which grant special controlling rights.

e) Employee shareholdings: mechanism for exercising voting rights (art. 123-bis, sub-section 1, letter e), TUF)

The Company does not have an employee shareholding system.

f) Restrictions of voting rights (art. 123-bis, sub-section 1, letter f), TUF)

The voting rights of treasury shares held by the Company are suspended pursuant to art. 2357 ter, Italian civil code.

g) Shareholders' agreements (art. 123-bis, sub-section 1, letter g), TUF)

The Company is not aware of any shareholders' agreements pursuant to art. 122, TUF.

h) Change of control clauses (art. 123-bis, sub-section 1, letter h), TUF) and statutory provisions on the subject of Takeover Bids (art. 104, sub-section 1-ter and 104-bis, sub-section 1)

Pool financing contracts stipulated by subsidiary company Towertel S.p.A. grant financing banks the right to declare the borrower lapsed as regards the benefit of the term and/or to terminate early or withdraw from such contracts in the event of a change of control of the Company.

Pursuant to art. 15, paragraph G) of the Bylaws, the Board of Directors and any delegated bodies have the power, without the need for authorisation by the general meeting, to perform acts or operations to prevent the objectives of a takeover bid from being achieved, from the time of notification of same pursuant to article 102, sub-section 1, Legislative Decree no. 58/1998, until the conclusion of the bid or until the offering expires, and to implement decisions taken before the start of the aforementioned period which have not yet been implemented entirely or in part, which do not form part of the Company's normal activities, and the implementation of which may prevent the objectives of the takeover bid from being achieved.

i) Directors' indemnity in the event of resignation or the termination or ceasing of the relationship without due cause or following a takeover bid (art. 123-bis, sub-section 1, letter i), TUF)

There are no agreements in being between the Company and the directors pursuant to art. 123-bis, sub-section 1, letter i), TUF.

l) Appointment and replacement of directors and amendments to the bylaws (art. 123-bis, sub-section 1, letter l), TUF)

The appointment and replacement of directors is regulated by art. 13 of the Bylaws. For further information on this matter, see paragraph 4.1 below in this Report regarding the Board of Directors.

Pursuant to the Bylaws (art. 15, paragraph A), the Board of Directors may resolve to establish or abolish secondary head offices, reduce the share capital in the event of the withdrawal of a shareholder, amend the bylaws in line with legal provisions, transfer the head office of the company within Italy, and make the resolutions pursuant to article 2505 and 2505 bis, Italian civil code, also as referred to in relation to demerger by article 2506 ter, Italian civil code, within the limits of the law.

The Bylaws are available for consultation on the www.eitowers.it website, Governance Section - Governance System.

m) Delegation of powers to increase the share capital and authorisation to buy treasury shares (art. 123-bis, sub-section 1, letter m), TUF)

No proxies exist to increase the share capital pursuant to art. 2443, Italian civil code, or to issue equity instruments.

The General Meeting of 11 April 2012 authorised the purchase of ordinary shares in the Company, conferring such powers on the Board of Directors and for it the Managing Directors, severally, in one or more transactions, up to the maximum number permitted by the law, taking account of the treasury shares held directly and those held by subsidiary companies.

The purchases may be made, pursuant to art. 2357, first sub-section, Italian civil code, within the limits of profit available for distribution and available reserves as indicated in the most recently approved financial statements, with the consequent establishment, pursuant to art. 2357-ter, third sub-section, Italian civil code, of a restricted reserve equal to the amount of the treasury shares purchased from time to time, which must be retained until the shares have been transferred.

Authorisation to purchase shares was agreed as of the date of the aforementioned General Meeting, until the approval of the financial statements at 31 December 2012.

For information on the manner and terms of purchase of treasury shares, please see the minutes of the General Meeting of 11 April 2012, which are available for consultation on the www.eitowers.it website, Governance section - General Shareholders' Meeting.

At 31 December 2012, the Company held no. 62,526 treasury shares, equal to 0.22% of the share capital, of which no. 6,000 treasury shares on loan to Mediobanca S.p.A. to perform the Specialist activities pursuant to article 2.2.3, sub-section 4, Borsa Italiana Rules, and to the accompanying Instructions. There have been no purchases of treasury shares in the period from the end of the Financial Year to the date of this Report.

n) Direction and coordination activities (art. 2497 and following, Italian civil code)

As of 2 January 2012, EI Towers S.p.A. is subject to the direction and coordination activities of Mediaset S.p.A..

The Company, pursuant to the combined provisions of art. 39, sub-sections 2 and 4, Market Rules, informed Consob and the public of its full compliance with the provisions of art. 37 of such Market Rules, as demonstrated by the certificate pursuant to art. 2.6.2, sub-section 13, Borsa Italiana Rules, of the existence of the conditions required by art. 37, Market Rules, contained in the Management Report in the Financial Statements.

EI Towers S.p.A. exercises direction and coordination activities over its own subsidiary company Towertel S.p.A.

3. COMPLIANCE

The Company has adopted the Self-Disciplinary Code of listed companies, which is available for public consultation on the Borsa Italiana website (www.borsaitaliana.it), introducing the principles established by same and aligning its corporate governance system with Italian and international best practices.

EI Towers S.p.A. and its subsidiary companies, at present Towertel S.p.A., are not subject to non-Italian legal provisions which influence the Issuer's corporate governance structure.

4. BOARD OF DIRECTORS

4.1 APPOINTMENT AND REPLACEMENT (art. 123-bis, sub-section 1, letter I), TUF)

Appointment of Directors

Pursuant to art. 13 of the Bylaws, the directors are appointed by the shareholders' meeting on the basis of lists in which each candidate is listed by means of a progressive number, presented by shareholders, who represent, alone or together with other shareholders, at least **2.5%** of the shares with voting rights at the ordinary shareholders' meetings or who represent a lower percentage that may be established by mandatory provisions of laws or regulations. This latter percentage will be communicated from time to time in the notice of convocation of the general meeting called to resolve upon the appointment of the Board of Directors. At the General Meeting to appoint the Board of Directors of the Company on 29 February 2012, the percentage equity stake determined by Consob (resolution no. 18083/2012) pursuant to art.144-quater of the Issuer Regulations, was **4.5%**.

The Bylaws do not make provision for the faculty pursuant to art. 147-ter, sub-section 1, TUF.

The procedure for the election of the directors is as follows:

- i) directors representing the number of members of the board of directors less one shall be taken from the list which has received the majority of the votes expressed by the shareholders, in the progressive order with which the candidates were listed on the list;
- ii) the last director shall be taken from the second list which is not related in any manner, including indirectly, with the list referenced in the preceding letter i) or with the shareholders who presented or voted the list referenced in the preceding letter i), and which obtained the second highest number of votes expressed by the shareholders.

Should the candidates elected with the procedure indicated above not result in the appointment of a number of directors in possession of the requisites for independence established for statutory auditors by Article 148, Paragraph 3, Legislative Decree no. 58, 28 February 1998, equal to the minimum number established by the law in relation to the total number of the directors, the last non-independent candidate elected listed on the list which received the highest number of votes, referenced in letter i) of the preceding Paragraph, will be substituted by the first independent candidate not elected according to the progressive order of such list, or, in absence thereof, by the first independent candidate not elected according to the progressive order of the other lists, according to the number of votes obtained by each list. Such substitution procedure shall continue until the board of directors has a number of members in possession of the requisites referenced in Article 148, Paragraph 3, Legislative Decree n. 58/1998, equal at least to the minimum set by law. Finally, should this procedure not ensure the final result indicated, the substitution shall occur with a resolution passed by the relative majority at the shareholders' meeting, subject to presentation of candidates in possession of the referenced requisites.

Should only a single list be presented, all directors to be elected shall be taken from such list; should no list be presented, the shareholders' meeting shall deliberate with the majorities provided by the law, without observing the procedure provided above.

Notwithstanding the foregoing, any different or other provisions provided by mandatory laws or regulations shall prevail.

Specifically, because the Company is subject to the direction and coordination activities of Mediaset S.p.A., the provisions of art. 37 of the Market Rules are applicable to the composition of the Board of Directors. Therefore, the Board of EIT Towers S.p.A. is composed of a majority of independent directors, while the Committees within the Board (Control and Risks Committee and Remuneration Committee) are composed entirely of independent directors.

As set out in **Table 2** at the end of this Report, 4 directors out of a total 7 members of the Board (Alberto Giussani – Chairman – Manlio Cruciatti, Richard Hurowitz and Michele Pirota), are in possession of the independence requirements established by the TUF, by the aforementioned art. 37 of the Market Rules and by the Self-Disciplinary Code.

The composition of the Board of Directors also complies with the measures prescribed by the Competition and Markets Authority on the subject of directors' independence (provision no. 23117, 14 December 2011, with which the Authority authorised the Merger).

For further details regarding directors' independence, see paragraph 4.6 of this Report.

Replacement of Directors

Art. 13 of the Bylaws makes provision that should one or more directors appointed on the basis of the list vote no longer serve in office during the year, such director(s) shall be replaced with persons listed on the same list as the director(s) to be replaced, or should there be no more candidates not elected from such list or no candidates with the necessary requirements, the board of directors shall arrange for the replacement pursuant to Article 2386 of the Italian civil code, just as the shareholders' meeting shall arrange thereafter for the substitution with the majorities provided by law, without any list vote. In any event, the board and the shareholders' meeting shall proceed with the appointment in a manner so as to ensure the presence of a number of independent directors equal to the total minimum number required by the laws and regulations prevailing from time to time.

With regard to the requirements of art. 147-ter, sub-section 1-ter, TUF on quotas of women in corporate bodies, the Board of Directors has approved the proposed amendments to art. 13 and 17 of the bylaws, regarding respectively the Board of Directors and the Board of Statutory Auditors, which will be submitted to the General Meeting to approve the financial statements - extraordinary session - on 18 April 2013, in order to ensure compliance with the aforementioned quotas when allocating the directors or statutory auditors to elect.

Succession plans

In consideration of the ownership structure, the mechanisms for appointing directors and delegations of power as they stand, the Board has decided not to introduce succession plans for executive directors.

4.2 COMPOSITION (art. 123-bis, sub-section 2, letter d), TUF)

Pursuant to art. 13 of the Bylaws, the Company is administered by a Board of Directors consisting of a minimum of 5 and a maximum of 21 members, who remain in office for a period, as determined by the shareholders' meeting, of no more than 3 years and may be re-elected.

The new Board of Directors of the Company was appointed by resolution of the General Meeting on 29 February 2012 and will remain in office until the approval of the financial statements for the year ended 31 December 2014. The Board consists of 7 members of whom six - Alberto Giussani, appointed chairman, Guido Barbieri, Valter Gottardi, Piercarlo Invernizzi, Manlio Cruciatti and Michele Pirota - were taken from the list presented by the majority shareholder Elettronica Industriale S.p.A. (**List No.1**), representing **65.001%** of the share capital, and one - Richard Hurowitz - taken from the minority list presented by shareholders Octavian Special Master Fund LP and Tiberius OC Fund LTD (**List No. 2**), representing a total stake of **4.37%** of the share capital of EI Towers S.p.A..

At the stated General Meeting, a second minority list (**List No. 3**) was also presented by shareholder Permian Master Fund LP, the owner of a stake equal to **3.2%** of the share capital.

Below are the candidates in each list presented and the relative percentage of votes obtained in relation to the voting capital (25,226,725 shares equal to **89.2590%** of the share capital):

- candidates on **List No. 1**: Alberto Giussani, Guido Barbieri, Valter Gottardi, Piercarlo Invernizzi, Manlio Cruciatti, Michele Pirota, Francesca Meneghel. The list obtained no. 18,400,952 votes equal to **72.9423%** of the voting capital;

- candidates on **List No. 2**: Richard Hurowitz, Igor Kuzniar, Yoav Magen. The list obtained no. 4,519,926 votes equal to **17.9172%** of the voting capital;
- candidates on **List No. 3**: Cara Goldemberg. The list obtained no. 2,300,437 votes equal to **9.1190%**.

The Board of Directors met on the same day as the General Meeting which appointed them, and appointed as Managing Directors of the Company Guido Barbieri (CEO Corporate and Management) and Valter Gottardi (CEO Business).

The composition of the Board of Directors is set out in **Table 2** at the end of this Report.

For information on the personal and professional characteristics of the members of the Board of Directors of EI Towers S.p.A., consult the information available on the www.eitowers.it website, Governance section, Company Bodies/Board of Directors. All the directors appointed by the General Meeting on 29 February 2012 are acting in this capacity for the first time in the Company. Directors Alberto Giussani, non-executive independent member (Chairman), and Guido Barbieri and Valter Gottardi, executive members (Managing Directors), were appointed after being coopted onto the previous Board of Directors on 30 December 2011 and remained in office until the General Meeting of 29 February 2012.

As reported in the previous Corporate Governance Report, the remaining members of the Board of Directors resigned with effect on 29 February 2012: Marco Almerigogna, Fabio Caccia, Carlo Ramella, Alessandro Torrisi and Raoul Giuseppe Fiano. You are finally reminded that the following directors resigned previously on 30 December 2011: Alessandro Falciai, Carlo Samuele Pellizzari and Federico Falciai.

Maximum number of offices held in other companies

On 26 July 2012, the Board of Directors stated its position on the maximum number of offices held in other companies (in companies listed on regulated markets, including foreign markets, in financial, banking and insurance companies, or in large companies). On the basis of this position:

an **executive director** should not hold:

- the office of executive director in another listed Italian or foreign company, in financial, banking or insurance companies, or in large companies (net equity greater than Euro 10bn) and
- the office of non-executive director or statutory auditor - or member of another control body - in more than five listed Italian or foreign companies, in financial, banking or insurance companies or in large companies (net equity greater than Euro 10bn);

a **non-executive director** should not hold:

- the office of executive director in more than three listed Italian or foreign companies, in financial, banking or insurance companies, or in large companies (net equity greater than Euro 10bn) and the office of non-executive director or statutory auditor - or member of another control body - in more than five listed Italian or foreign companies, in financial, banking or insurance companies or in large companies (net equity greater than Euro 10bn) or
- the office of non-executive director or statutory auditor - or member of another control body - in more than ten listed Italian or foreign companies, in financial, banking or insurance companies, or in large companies (net equity greater than Euro 10bn).

These limits do not include the offices held in EI Towers S.p.A. and in EI Towers Group companies.

In the event that these limits are exceeded, the director promptly informs the Board of Directors, which assesses the situation in light of the Company's interests and invites the director in question to act accordingly.

The Board of Directors takes note annually, based on the information received from each director, of the offices of director and/or statutory auditor held by same in other companies.

Below are the offices held by the members of the Board of Directors of EI Towers S.p.A. in other companies:

Alberto Giussani: Member of the Board of Statutory Auditors of Falck Renewables S.p.A., Member of the Board of Statutory Auditors of Luxottica Group S.p.A., Member of the Board of Statutory Auditors of Carlo Tassara S.p.A., Chairman of the Board of Statutory Auditors of Vittoria Assicurazioni S.p.A.

Guido Barbieri: -

Manlio Cruciatti: -

Valter Gottardi: -

Richard Hurowitz: Chairman and CEO of Octavian Advisors LP

Piercarlo Invernizzi: -

Induction Programme

As of the date of their appointment, also on the initiative of the Chairman, the directors and statutory auditors held meetings with Management in order to gain a better understanding of the business sector in which the Company operates, the relative organisation structure, and the legislative and regulatory framework.

Specifically, during 2012 (14 June and 12 October), the Managing directors gave the directors and statutory auditors a detailed description of their respective areas of responsibility, introduced them to the relative main function/administration managers, offered a historical overview of the companies involved in the Merger and presented the evolution of the technology and know-how possessed by the Company, also in light of regulatory changes in the sector.

4.3 ROLE OF THE BOARD OF DIRECTORS (art. 123-bis, sub-section 2, letter d), TUF)

The Board of Directors plays a central role in the corporate organisation structure, in the structure of the EI Towers Group (hereafter “Group”) and in the Company’s governance system. It defines the Group’s strategic plans and periodically monitors their progress and implementation.

The Board meets regularly, in compliance with current legislation and a calendar of work, and organises itself and acts in such a way as to ensure that it performs its functions effectively and efficiently.

The Board is vested with the powers provided by the law and the Bylaws (art. 15). It is in particular vested, within the limits of the company purpose, with all powers of ordinary and extraordinary administration.

From the date of its appointment on 29 February 2012, the Board has met 10 times, with overall attendance by directors standing at **98.6%**. The attendance details for each director are set out in **Table 2** at the end of this Report. The average length of each meeting was about one and a half hours.

The previous Board of Directors, in office until 29 February 2012, met 3 times.

Directors Alberto Giussani (Chairman), Guido Barbieri (CEO) and Valter Gottardi (CEO) have attended all the meetings held.

As disclosed to the market in the financial calendar, 4 meetings have been planned for the examination of the Financial Reports. As at the date of this Report, 2 meetings have been held.

The Chairman provides the directors and statutory auditors with pre-board meeting information by confidentially distributing, in the days immediately prior to the date of the Board meeting (usually at least 2 days before), documentation regarding the items of business on the agenda. The aforementioned term of notice is usually respected, unless in cases in which there are matters on the agenda involving

information that requires even greater confidentiality. In these cases, in which the term of notice is reduced to the day immediately prior to the Board meeting, the facilities provided by the Procedure for the management and communication of insider information are in place, as adopted by the Board of Directors (see paragraph 5 in this Report).

During Board meetings, the Chairman ensures that enough time is devoted to the examination and discussion of each item of business on the agenda, encouraging the participation of the directors and contributions from the Committees with regard to certain Board decisions.

The Managing Directors ensure that, where held useful or necessary for the purposes of a full understanding of the items on the agenda, the managers of the competent corporate functions attend Board meetings to provide further details.

As also envisaged by the Self-Disciplinary Code, the Board of Directors examines and approves the strategic, business and financial plans of the Company and the Group it leads, the system of corporate governance of the Company and the Group structure. During financial 2012, with the frequency established by the Bylaws (art. 15), as adopted by the Board of Directors, and in particular at the time of the examination and approval of the Financial Statements, the Board, based on reports and information received from the Managing Directors, has assessed the general management trend and monitored the implementation of the Business Plan approved and disclosed to the market in July 2011, comparing the results reported with those planned and announcing any new quantitative objectives.

During the year the Board of Directors, amongst other things:

- assessed the adequacy of the organisational, administrative and accounting arrangements of the Company and its subsidiary companies of strategic importance, at present Towertel S.p.A., also with reference to the internal control and risk management system. The assessments were supported by special reports prepared by the bodies delegated to do so, describing the various operating and control structures;
- examined and approved on a prior basis transactions of significant strategic, economic, equity or financial importance performed by the Company and its subsidiaries, at present Towertel S.p.A. To this end it established general criteria for the identification of such transactions and approved specific Guidelines on the “transactions of significant importance” of EI Towers S.p.A..

On 14 December 2012, in compliance with the provisions of the Self-Disciplinary Code, the Board of Directors conducted the Board Performance Evaluation, after assigning the Chairman, an independent director, the task of defining the process and establishing the subjects to be discussed.

The self-assessment regarded the size, composition and operation of the Board and its Committees.

The Chairman, with the support of the Corporate Affairs Office, submitted a questionnaire to the Directors with a series of questions on the aforementioned topics, inviting each Director to express their assessment in relation to each individual question on a scale of values. The results obtained for each area, processed anonymously based on the answers provided by each director, were discussed during the board meeting of 14 December 2012, which was in part devoted to the self-assessment.

The results of the self-assessment process revealed a positive situation in terms of the efficiency and effectiveness both of the Board and the Committees. Specifically, the current sizes of the Board and Committees were unanimously considered to be adequate; the current composition was thought as a whole to be balanced and with the right mix of skills, experience and diversity (also in terms of international presence); diversity was considered by all Directors to be essential for the purposes of the effective performance of work by the Board of Directors. The Board hoped that in the future too, at the time of the next directorship renewals, the Shareholders will maintain a similar level of quality on the

Board, also taking account of the novelties introduced by Law no. 120/2011 on quotas of women in the administration and control bodies. In part in consideration of the majority of independent directors on the Board (and all Committee members), the support provided by Management to Directors and Statutory Auditors was thought to be essential for the purposes of providing knowledge about the sector in which the Company operates and its business activities. It was therefore hoped that key managers will continue to present management and business issues. The Board also suggested an annual meeting with the holding company to encourage mutual knowledge about the listed companies in Mediaset Group, to which EI Towers belongs. Finally, with regard to the operation of the Board, the planning, frequency and organisation of the meetings were held to be quite adequate, as was the documentation made available to the Directors and Statutory Auditors about the items on the agenda, and likewise discussions and exchanges of opinion during Board and Committee meetings.

The General Meeting has not authorised any exceptions to the prohibition of competition established by art. 2390, Italian civil code.

4.4 DELEGATED BODIES

Managing Directors

Taking account of the Company's organisational needs in relation to the activities performed by same, the Board of Directors, in its meeting of 29 February 2012, appointed Directors Guido Barbieri and Valter Gottardi to the position of Managing Directors.

CEO Guido Barbieri was charged with responsibility for the Corporate and Management of the Company, with powers of ordinary administration up to the maximum amount of Euro 2,500,000.00 per individual operation. Pursuant to the Bylaws, CEO Guido Barbieri represents the Company within the limits of the powers conferred upon him.

CEO Valter Gottardi was charged with responsibility for the Business of the Company, with powers of ordinary administration up to the maximum amount of Euro 2,500,000.00 per individual operation and with powers of extraordinary administration up to the maximum amount of Euro 500,000.00. Pursuant to the Bylaws, CEO Valter Gottardi represents the Company within the limits of the powers conferred upon him.

The situation of interlocking directorate envisaged by the Self-Disciplinary Code does not apply to the Managing Directors because they do not hold directorships at other issuers.

4.5 OTHER EXECUTIVE DIRECTORS

In addition to the Managing Directors, director Piercarlo Invernizzi (the EI Towers S.p.A. Technical Office manager) is an executive director on the Board.

4.6 INDEPENDENT DIRECTORS

You are reminded that the provisions of art. 37 of the Market Rules on the subject of the composition of the Board of Directors are applicable to the Company, which is subject to the direction and coordination of Mediaset S.p.A.. The Board of EI Towers S.p.A. is therefore composed of a majority of independent directors, and likewise the Committees within the Board (Control and Risks Committee and Remuneration Committee) are composed entirely of independent directors.

Pursuant to the Self-Disciplinary Code and current regulations, on 7 March 2012, during the first useful meeting after the appointments and delegations of power at the general meeting of 29 February 2012, on the basis of information and statements provided by interested parties and available to the company, the

Board assessed the independence requirements of its non-executive directors Alberto Giussani – Chairman – Manlio Cruciatti, Richard Hurowitz and Michele Pirota and announced the outcome of the assessment that same day.

As also set out in **Table 2** at the end of this Report, all the aforementioned directors are in possession of the independence requirements pursuant to art. 148, sub-section 3, TUF, to the Borsa Italiana Self-Disciplinary Code and to art. 37 of the Market Rules.

The Board performed its assessment taking account more of the substance than the form, applying the criteria set out in the Self-Disciplinary Code.

Each independent Director has also undertaken to inform the Board of Directors promptly of situations in which their independence requirements no longer exist.

The Board of Statutory Auditors, on 9 March 2012, verified the correct application of the assessment criteria and procedures adopted by the Board of Directors to evaluate the independence of the Directors.

At least once a year, beginning in the current year, the Board will assess the independence of its directors.

Finally, as disclosed to the market and verified by the Board on 7 March 2012, the composition of the Board of Directors is in compliance with the measures prescribed by the Competition and Markets Authority on the subject of the directors' independence (provision no. 23117, 14 December 2011, with which the Authority authorised the Merger). The verification was conducted on the basis of the statements provided by each director and on information available to the Company. The Board of Statutory Auditors took note of the above at the aforementioned meeting.

On 14 June 2012, the independent Directors met without the other directors to discuss the organisation and operation of Board meetings (pre-meeting information and supporting documentation, company managers' attendance of meetings, and knowledge about the business and management of the Company).

4.7 CHAIRMAN OF THE BOARD OF DIRECTORS

The General Shareholders' Meeting of 29 February 2012 appointed Mr Alberto Giussani, non-executive independent director, to the position of Chairman of the Board of Directors, who represents the Company pursuant to the Bylaws.

You are reminded that the majority of the members of the current Board of Directors are independent directors, including the Chairman. No management powers were therefore conferred upon him.

The Chairman convenes and directs the board meetings, coordinating the activities of the Board with the support of the Corporate Affairs Office manager and the Board Secretary. Board meetings are called by the Chairman.

4.8 BOARD BRIEFING

Also pursuant to the Bylaws (art. 15), the Managing Directors, each in their own sphere of responsibility, provide wide-ranging, comprehensive information during all board meetings about all the items on the agenda and on the activities performed in exercising the powers conferred upon them.

At least quarterly, and specifically at the time of the examination of the Financial Reports, the Managing Directors report to the Board of Directors and the Board of Statutory Auditors on the general management trend and its foreseeable evolution, as well as on the most significant operations performed by the Company and its subsidiaries.

Finally, in compliance with the provisions of the bylaws, the civil code and the Related Party Procedure, the delegated bodies, during the first useful meeting, provide a wide-ranging information briefing on transactions with the company that performs direction and coordination activities with regard to EI Towers S.p.A., describing the main terms and conditions and the relative reasons, also in relation to the interests underlying the performance of same.

4.9 LEAD INDEPENDENT DIRECTOR

In light of the previous paragraphs, the conditions set out by the Self-Disciplinary Code for the appointment of a *Lead Independent Director* do not exist.

The Board of directors has not set up an Executive Committee.

5. TREATMENT OF CORPORATE INFORMATION

Insider information

On 26 July 2012, as proposed by the Chairman, the Board of Directors adopted the EI Towers S.p.A. “Management and disclosure of insider information” procedure. This procedure, which also regulates the “Register of persons with access to insider information” (the so-called “Insider Register”) pursuant to art. 115-bis, TUF, replaced the previous corporate procedures on the subject adopted by DMT S.p.A..

The procedure is applied to the members of the corporate bodies and the employees of EI Towers S.p.A. and its subsidiary companies who have access to significant and/or insider information.

The management of corporate information is supervised by the CEO Corporate and Management, who draws on the contributions of the internal Corporate Affairs Office and the Central Management, Development and Communication Office functions.

Everyone to whom the procedure is applicable are bound to keep confidential the documents and information acquired during the performance of their duties, and insider information in particular. Disclosures to the authorities and the public are performed within the terms and in the manner established by current regulations, in compliance with the principle of information parity and the provisions of the procedure.

The Company’s competent corporate functions have made provision for the diffusion of the procedure among the human resources of EI Towers S.p.A. and its subsidiary companies.

The CEO Corporate and Management, as charged by the Board of Directors, constantly monitors the application and revision of the procedure in order to ensure that it is effective.

The persons entered in the Insider Register are those who, because of their business or professional activities, or as a result of the functions they perform in the framework of relationships with EI Towers S.p.A. and/or its subsidiary companies, have access to significant and/or insider information.

The Company has determined that the person responsible for the keeping, management and updating of the Insider Register is the Corporate Affairs Office manager.

Internal Dealing

On 27 September 2012, the Board of Directors adopted the EI Towers S.p.A. procedure on the “Management and disclosure of transactions performed by significant persons and by persons closely associated with them”. This procedure, which has replaced the previous corporate procedures on the subject adopted by DMT S.p.A., regulates internal management and the disclosure to Consob and the public of transactions performed by significant persons and persons closely associated with them (so-called “*Internal Dealing*”), pursuant to art. 152-sexies and subsequent of the Issuer Regulations.

The procedure is applied to the significant persons in EI Towers S.p.A. and, where identified, in significant subsidiary companies.

The competent corporate functions of the Company have made provision for the diffusion of the procedure among the human resources of EI Towers S.p.A. and its subsidiary companies.

The CEO Corporate and Management, as charged by the Board of Directors, makes provision for the constant monitoring of the application and revision of the procedure in order to ensure that it is effective.

The Company has identified the Corporate Affairs Office manager as the person responsible for the receipt, management and disclosure to Consob and the public of the transactions performed by significant persons and the persons closely associated with them.

In compliance with the provisions of Borsa Italiana Rules, significant persons are prohibited from performing transactions in the 15 days prior to the approval by the Board of Directors of the Company's accounting data for the period (so-called "Black Periods").

In compliance with Consob recommendations, the Company has made provision to create a special "Internal Dealing" section on its website (www.eitowers.it, Governance Section).

6. BOARD COMMITTEES (art. 123-bis, sub-section 2, letter d), TUF)

Pursuant to the Bylaws (art. 15), the Board of Directors may set up one or more committees and/or commissions, purely for the purposes of consulting and/or making proposals, also in order to align the corporate governance system with the model stipulated by the Self-Disciplinary Code of listed companies. The Board of Directors determines the number of members of each committee and/or commission and the duties attributed to same.

Following the appointment of the new post Merger Board of Directors by the General Shareholders' Meeting on 29 February 2012, on 7 March 2012 the Board established the Control and Risks Committee and the Remuneration Committee among its members. The establishment and operation of the Committees within the Board of Directors comply with the criteria set out in the Self-Disciplinary Code.

The Committees established by the Board have adopted their own operating rules and annual calendar of meetings, and report periodically to the Board on the activities performed.

The Control and Risks Committee, consisting entirely of independent directors, has been confirmed by the Board of Directors as the competent committee with regard to the related party procedure and transactions of EI Towers Group, in application of the Company's Related Party Procedure as it stands at the time.

7. APPOINTMENTS COMMITTEE

As the Board of Directors is composed of a majority of independent directors, and in consideration of the fact that the list voting mechanism established by art. 13 of the Bylaws for its election (see paragraph 4.1 above in this Report) ensures that the appointment procedure is transparent and that the composition of the Board is balanced, also in the event of the replacement of directors, the Board has not deemed it necessary to establish an Appointments Committee among its members.

8. REMUNERATION COMMITTEE

The Remuneration Committee established on 7 March 2012 is composed of three independent directors, who remain in office until the expiry of the entire Board of Directors:

Alberto Giussani, Chairman
Manlio Cruciatti

Richard Hurowitz

The composition of the Committee is in compliance with the requirements established by the Self-Disciplinary Code.

The Remuneration Committee has adopted its own operating rules, which are aligned with the criteria set out by the Self-Disciplinary Code and with the resolutions of the Board of Directors, according to which the work of the Committee is coordinated by the Chairman. Also pursuant to such rules, no director attends the meetings of the Committee in which the Board of Directors' proposals are formulated in relation to their own remuneration.

In 2012, the Remuneration Committee met three times, with overall attendance by directors standing at **100%**. The attendance details for each director are set out in **Table 2** at the end of this Report. The average length of each meeting was about thirty minutes. Three meetings have been planned for financial 2013, of which one has taken place as of the date of this Report.

The meetings of the Committee, of which minutes have been duly taken, were attended by the Board of Statutory Auditors. The meetings were also attended by the Corporate Affairs Manager, who has been appointed Committee Secretary.

The members of the Committee receive an attendance fee for attending each meeting in the amount determined by the General Shareholders' Meeting of 29 February 2012.

Functions of the Remuneration Committee

In its meeting of 7 March 2012, the Board of Directors assigned the competences provided by the Self-Disciplinary Code to the Remuneration Committee. These duties may be supplemented or modified by resolution of the Board of Directors.

In 2012, the Committee performed the following activities in its sphere of responsibility:

- it expressed its favourable opinion to the Board of Directors as regards the division among its members of the gross annual emolument determined by the General Shareholders' Meeting of 29 February 2012 as being payable to the Board, including the directors charged with special duties;
- it prepared a proposal for the Remuneration policy of directors and managers with strategic responsibilities, which was submitted to the Board of Directors on 16 March 2012;
- it expressed its favourable opinion to the Board of Directors with regard to the short term incentive scheme (MBO) for financial 2012 proposed for the Managing Directors of EI Towers S.p.A., as managers of the Company, and in particular on the quantitative performance objectives to be achieved by each of them, consistently with the Remuneration Policy defined by the Board, as well as on the overall remuneration package of same.

At the only meeting held so far in 2013, and precisely on 19 March 2013, the Committee:

- assessed the overall consistency and practical application of the remuneration policy defined by the Board of Directors for Financial 2012, approved by the General Shareholders' Meeting on 11 April 2012, which held it to be appropriate;
- expressed a positive opinion with regard to the second section of the 2013 Remuneration Report on remuneration in the previous year;
- prepared a proposal for the Remuneration policy of directors and managers with strategic responsibilities, which was submitted to the Board of Directors for examination on 21 March 2013.

During its meetings, as resolved by the Board of Directors, the Committee had access to the corporate information and functions needed to perform the aforementioned duties. The Committee had no recourse to external consultants.

The Remuneration Committee has been assigned financial resources amounting to one hundred thousand euros annually to perform its functions, also with recourse to external consultants where deemed necessary and/or appropriate.

9. DIRECTORS' REMUNERATION

On 16 March 2012, the Board of Directors, as proposed by the Remuneration Committee, defined the Policy on the remuneration of directors and managers with strategic responsibilities approved by the General Shareholders' Meeting on 11 April 2012.

For information regarding this section of the Report, please see the Remuneration Report for the Financial Year published on the www.eitowers.it website, Governance/Remuneration section.

At the next annual General Shareholders' Meeting called on 18 April 2013, the Board will submit to same the Remuneration Report illustrating, amongst other things, the Policy on the subject of the remuneration of directors and managers with strategic responsibility drawn up by same.

10. CONTROL AND RISKS COMMITTEE

The Control and Risks Committee, which was established on 7 March 2012, is composed of three independent directors, who will remain in office until the expiry of the entire Board of Directors:

Michele Pirota, Chairman

Manlio Cruciatti

Alberto Giussani

The composition of the Committee respects the requirements established for same by the Self-Disciplinary Code.

The Control and Risks Committee has adopted its own operating rules, which are aligned with the criteria established by the Self-Disciplinary Code and the resolutions of the Board of Directors, according to which the work of the Committee is coordinated by the Chairman.

In 2012, the Control and Risks Committee met five times, with overall attendance by directors standing at **100%**. The attendance details for each director are set out in **Table 2** at the end of this Report. The average length of each meeting was about one hour and thirty minutes. Five meetings have been planned for financial 2013, of which two have taken place as of the date of this Report.

The meetings of the Committee, the minutes of which have been duly recorded, were attended by the Board of Statutory Auditors. The meetings were also attended by the Corporate Affairs Manager, who has been appointed Committee Secretary. At the invitation of the Committee and in relation to individual items on the agenda, meetings were also attended by persons who are not board members and specifically the Internal Audit function manager, the Director in Charge of the Internal Control and Risk Management Committee, the Supervisory and Control Body, the Manager in charge of corporate accounting documents, representatives of the independent auditors, the managers of specific corporate functions of the Company, and external consultants where deemed appropriate, according to their own respective competences.

The members of the Committee receive an attendance fee for each meeting attended. The amount of this fee was determined by the General Shareholders' Meeting of 29 February 2012.

Functions of the Control and Risks Committee

During its meeting of 7 March 2012, the Board of Directors assigned the responsibilities established by the Self-Disciplinary Code to the Control and Risks Committee. These duties may be supplemented or modified by resolution of the Board of Directors.

The Committee has been confirmed by the Board of Directors, in application of the Company's Related Party Procedure as it stands at the time, as the committee with competence for the EI Towers Group related parties procedure and relative transactions.

In 2012, the Committee performed the following activities in its sphere of competence:

- it assessed, in conjunction with the Manager in charge of corporate accounting documents and having heard the independent auditors Reconta Ernst & Young S.p.A. and the Board of Statutory Auditors, the main accounting standards applied to EI Towers S.p.A. and their consistency for the purposes of drawing up the consolidated financial statements, holding them to be correctly applied;
- it took note of the activities performed by the Manager in charge of corporate accounting documents pursuant to Law 262/2005 on the protection of Savings, for the purposes of issuing the certificate relating to the financial statements and the consolidated financial statements at 31 December 2011 and the certificate relating to the interim report at 31 June 2012;
- it examined the results presented by independent auditor Reconta Ernst & Young S.p.A. in the report on fundamental issues to emerge during statutory auditing of the accounts and expressed a favourable opinion to the Board of Directors with regard to the assessment;
- it expressed its favourable opinion on the organisational choice made by the Company after the Merger with regard to the Internal Audit function, as well as on the confirmation of the DMT S.p.A. Internal Audit manager as the manager in charge of this function and on the remuneration determined for same;
- it examined and expressed its favourable opinion to the Board of Directors with regard to the 2012 Work Plan prepared by the Internal Audit function manager and the resources assigned to same to perform their responsibilities;
- it examined the periodical Report prepared by the Internal Audit function manager on the assessment of the internal control and risk management system of EI Towers. The Committee therefore took note of the activities performed by the function during the year, verifying same against the 2012 Work Plan approved by the Board, and of the relative conclusions;
- it examined the proposed new Guidelines for the internal control and risk management system of EI Towers Group, prepared by the competent corporate functions, expressing its favourable opinion to the Board of Directors with regard to decisions in its own sphere of competence;
- it examined the new EI Towers S.p.A. "Procedure for related party transactions", expressing its favourable opinion on the approval of same by the Board of Directors, and performed the other functions attributed to it as the Committee competent for transactions with related parties;
- it reported to the Board of Directors on the activities performed by the Committee, as well as on the adequacy of the internal control and risk management system.

During the performance of the aforementioned activities and on the basis of information received from other internal control and risk management bodies, no significant facts have emerged for referral to the Board of Directors. The Committee also verified the adequacy of the financial information process. The Committee therefore expressed its favourable opinion on the issue by the Board of a generally positive assessment of the adequacy of the Company's Internal control and risk management system. The organisation and governance structure of the EI Towers Internal Control and Risk Management System was found to be consistent and adequate with regard to the activities performed and the characteristics of the Group and is suitable to permit effective supervision of same.

During the early months in 2013 this work continued and, specifically, two meetings were held during which the Control and Risks Committee, amongst other things:

- assessed, in conjunction with the Manager in charge of corporate accounting documents and having heard the independent auditors Reconta Ernst & Young S.p.A. and the Board of Statutory Auditors, the main accounting standards applied in EI Towers S.p.A. and their

consistency for the purposes of preparing the consolidated financial statements, holding them to be correctly applied;

- examined the new Policy for managing the financial risk of EI Towers Group and expressed its favourable opinion to the Board of Directors;
- it took note of the activities performed by the Manager in charge of corporate accounting documents pursuant to Law 262/2005, for the purposes of issuing the certificate relating to the financial statements and the consolidated financial statements at 31 December 2012;
- examined and expressed a favourable opinion on the proposed amendments to the bylaws resulting from the adoption of the Company's new Related Party Procedure and performed the other functions attributed to same as the competent Committee on related party transactions;
- confirmed its favourable opinion with regard to the confirmation of the Internal Audit manager and examined and expressed its favourable opinion to the Board of Directors with regard to the 2013 Audit Plan prepared by same and the resources assigned to it;
- examined the periodic Report prepared by the Internal Audit function manager on the assessment of the internal control and risk management system of EI Towers Group;
- expressed its favourable opinion to the Board of Directors on the identification of the strategic objectives of EI Towers Group and on the definition of the assessment model for the strategic and process risks associated with them;
- reported to the Board of Directors on the activities performed by the Committee, as well as on the adequacy of the internal control and risk management system, confirming the assessments made at the end of Financial 2012.

During its meetings, as resolved by the Board of Directors, the Committee had access to the information and corporate functions needed to perform the aforementioned duties. The Committee did not draw on the services of external consultants.

The Control and Risks Committee has been assigned financial resources amounting to two hundred thousand euros annually to perform its functions, also with recourse to external consultants where deemed necessary and/or appropriate.

11. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The EI Towers S.p.A. Internal Control and Risk Management System, as defined by the Self-Disciplinary Code, is integrated in the Company's organisation and governance arrangements.

The Board of Directors performs its functions with regard to the internal control and risk management system taking adequate account of Italian and international reference models and best practices.

On 14 December 2012 the Board, after receiving the favourable opinion of the Control and Risks Committee, defined the new Internal Control and Risk Management System Guidelines. These Guidelines, which are implemented by the Director in Charge, identify the Enterprise Risk Management model, already applied to the holding company Mediaset S.p.A., as the reference model for the supervision of the Internal Control and Risk Management System.

During the Financial Year, the Board of Directors:

- with the favourable opinion of the Internal Control and Risk Management System, having heard the Board of Statutory Auditors and the Director in Charge, approved the 2012 work plan prepared by the Internal Audit function manager. The planned activities take account of the corporate priorities and needs resulting from the Merger operation;
- in consideration of the results of the activities performed by the persons charged with supervising the Internal Control and Risk Management System of EI Towers S.p.A. and of the periodical reports of the Control and Risks Committee, with the favourable opinion of same, has assessed such System as being adequate in general terms. The Board also assessed the adequacy of the organisational, administrative and accounting arrangements of

the Company and its subsidiary companies of strategic importance, at present TowerTel S.p.A., also with reference to the Internal Control and Risk Management System. The assessments were supported by special descriptive reports on the various operating and control structures prepared by the delegated bodies. On the basis of these reports, the Board has assessed the structure of EI Towers Group to be consistent and adequate with the activities performed and their characteristics, and suitable in general terms to permit the effective supervision of the EI Towers Internal Control and Risk Management System.

Finally, on 21 March 2013 the Board, with the favourable opinion of the Control and Risks Committee and on the basis of the activities performed by the Director in Charge during the Exercise and in the first months of 2013, identified the strategic objectives of EI Towers Group and defined the assessment model for the strategic and process risks associated with them.

Main characteristics of the existing Internal Control and Risk Management Systems in relation to the financial information process (art. 123-bis, sub-section 2, letter b), TUF)

The internal control system on financial reporting is the process addressed to providing reasonable certainty regarding the reliability of financial information and the ability of the financial statement preparation process to produce financial information in accordance with the relative accounting standards.

Described below are the methods used by the Group to set up its risk management and internal control system in relation to the financial reporting process at consolidated level.

Methodological approach

The applicable legislation does not provide any indications about operating methods and the instruments used by the control system. Generally speaking, reference is made to international best practices in order to ensure the greatest possible consistency between the aims of the legislation and the organisation of activities to implement same.

There is a special focus on the goals of the internal control process, which are to provide reasonable certainty regarding compliance with the timing established by legislation for the preparation of financial reporting and accounting information, and to ensure the reliability of the data, the information and the process used to prepare financial reporting and accounting information.

The Group has introduced a working methodology that involves the following logical steps:

- identification and assessment of the risks applicable to financial reporting;
- identification of controls applicable to the risks identified;
- assessment of the controls in terms of design, operation and effectiveness, to reduce the risks to a level considered “acceptable”;
- assessment of the effective application and monitoring of the control model.

Risk identification and assessment

The risk assessment process, conducted using a top-down approach, is addressed to identifying the companies/organisational entities, processes and specific activities capable of generating risks of error, which could have significant effects on financial statements, based on criteria of significance and complexity.

In detail:

- a) for each significant consolidated balance sheet item, the contribution made by companies within the Group consolidation perimeter has been considered;
- b) in the framework of significant businesses for the financial reporting control system, the processes which contribute to balance sheet items have been identified;

- c) such processes have been mapped onto specific administrative procedures; specifically, separate procedures have been drawn up where the specific details of the process make this appropriate. These procedures have been published on the corporate Intranet;
- d) for each significant process the specific financial reporting risks have been identified, with special reference to so-called balance sheet assertions (existence and occurrence, completeness, rights and obligations, assessment and registration, presentation and information disclosure);
- e) specific risk mapping and assessment has been performed on the balance sheet closure process, in consideration of the specific assessment and reporting issues deriving from same.

Identification of controls

The controls in place to implement the associated control goals have been identified for the process risks mapped.

These controls can be manual or IT-based and are designed to prevent or identify any significant errors.

The frequency of controls is also indicated.

The account-process matrix and relative controls constitute the instrument used to:

- represent the significant processes, the main risks and the controls established to manage such risks;
- assess the design of mapped controls to verify their ability to manage and mitigate the risk identified.

Assessment of the adequacy of controls

The adequacy of the procedures has been documented by assessing the key controls, i.e. those which satisfy the most balance sheet assertions, using special measurement matrices. The results are discussed with the persons responsible for individual procedures. In the event the controls are not adequate, corrective action is taken.

Assessment of effective application and monitoring

The activities of the Manager Responsible included the assessment of the effective application of key controls for mapped processes. The results of the tests performed are set forth in specific reports which are used to take any corrective action necessary.

During the financial year closed, verifications were performed on processes relating to accounts payable and receivable, fixed assets, finance and treasury, personnel, end of period accounting procedures and consolidation.

Monitoring basically involves updating process documentation and defining and undertaking corrective action to remedy any key controls deemed unsatisfactory.

11.1 DIRECTOR IN CHARGE OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Board of Directors, on 7 March 2012, in consideration of the sphere of responsibility attributed to same, identified CEO Corporate and Management Guido Barbieri as the Director in Charge of the Internal Control and Risk Management System (hereafter "Director in Charge"), assigning same the duties established by the Self-Disciplinary Code. The Director in Charge will remain in office until the expiry of the entire Board of Directors.

During the Financial Year, the Director in Charge worked on aligning the Internal Control and Risk Management System with operating condition dynamics and the legal and regulatory framework in which the Company operates.

The Director in Charge implements the Internal Control and Risk Management System Guidelines defined by the Board of Directors on 14 December 2012 and deals with the identification of the main corporate risks, taking account of the characteristics of the activities performed by the Company and its subsidiaries, at present Towertel S.p.A.

During the first meetings in 2013, the Director in Charge reported to the Control and Risks Committee and the Board of Directors respectively with regard to the implementation of the Enterprise Risk Management process, in particular with reference to identification of the strategic objectives of EI Towers

Group and the definition of the assessment model for the strategic and process risks associated with them.

During the work performed by the Director in Charge, no significant problem or critical issue was referred to the Control and Risks Committee or the Board of Directors.

11.2 INTERNAL AUDIT FUNCTION MANAGER

Following the introduction of important novelties in the Self-Disciplinary Code in December 2011, in 2012 the Company initiated an analysis of its Internal Audit function in light of the post Merger organisation and governance changes. Having performed the necessary assessments and taking account of corporate reorganisation contingencies, the temporary organisational choice made by EI Towers S.p.A. was to establish hierarchical dependency, particularly in relation to the appointment, revocation and determination of the remuneration of the Internal Audit function manager, on CEO Guido Barbieri, in consideration of the powers and responsibilities assigned and identified by the Board as Director in Charge. The Internal Audit function manager reports to the Chairman of the Board of Directors, an independent director with no operating responsibilities, on the supervisory and control activities performed by the function manager.

Maintaining continuity with the previous corporate experience and situation, the Internal Audit manager of DMT S.p.A., Mr. Ettore Sironi, was confirmed in this role, with the same remuneration, which was held to be consistent with corporate policy. These decisions were presented to the Board of Directors and the Control and Risks Committee by the CEO Corporate and Management and the Director in Charge.

The Control and Risks Committee expressed a favourable opinion on the organisational choice described above, as well as on the confirmation of the Internal Audit manager and the remuneration of same. The Board of Statutory Auditors also expressed a favourable opinion.

At the time of the approval of the 2012 Work Plan, the Board of Directors, with the favourable opinion of the Control and Risk Committee and having heard the Board of Directors and the Director in Charge, deemed the resources assigned to the Internal Audit manager to be adequate. Specifically, the Internal Audit manager has been assigned financial resources amounting to one hundred thousand euros annually to perform his functions, also with recourse to external consultants where considered necessary and/or appropriate.

The Internal Audit manager has verified the effective operation and suitability of the Internal Control and Risk Management System. Specifically, the activities planned and performed in 2012 have taken account of corporate priorities and necessities resulting from the Merger operation. During the Financial Year, the Internal Audit manager prepared the periodical Report containing an assessment of the Internal Control and Risk Management System, which was first submitted to the Chairman of the Board of Directors and subsequently to the other figures in the Internal Control and Risk Management System of the Company as established by the Self-Disciplinary Code. Such Report provides information on activities performed in 2012 based on the Work Plan approved by the Board of Directors.

In performing its duties, the Internal Audit manager had access to all the necessary useful information.

No evidence has emerged from the activities performed and information received from the Internal Audit function such as to encourage the belief that the Internal Control and Risk Management System of EI Towers Group is not suitable to achieve an acceptable overall risk profile.

On 27 February 2013, the Board of Directors, holding that the EI Towers Group corporate and organisational restructuring phase had been completed, decided to comply definitively with the provisions of the Self-Disciplinary Code as regards the Internal Audit function. The Board is therefore responsible for the appointment, revocation and determination of the remuneration of same. In this sense the Board of

Directors, as proposed by the Director in Charge, has confirmed Mr. Ettore Sironi as Internal Audit manager. The Control and Risks Committee and the Board of Statutory Auditors confirmed their favourable opinion on the subject during 2012. The Internal Audit manager is not responsible for any operating area and reports to the CEO Corporate and Management, who reports to the Board of Directors.

On 12 March 2013, the Board of Directors, with the favourable opinion of the Control and Risks Committee, having heard the Board of Statutory Auditors and the Director in Charge, approved the 2013 Audit Plan prepared by the Internal Audit function manager.

On approval of the aforementioned Audit Plan, the Board of Directors, as proposed by the Director in Charge and having heard the Board of Statutory Auditors, held the resources assigned to the Internal Audit manager to be adequate. Specifically, financial resources amounting to one hundred thousand euros annually have been confirmed to perform the responsibilities of same, also with recourse to external consultants where deemed necessary and/or appropriate.

11.3 ORGANISATION MODEL PURSUANT TO LEGISLATIVE DECREE NO. 231/2001

After the Merger, the Model was modified by the Board of Directors of the Company on 23 February 2012, in the section regarding the Supervisory Body, to take account of the new ownership structure and the changing organisation and governance arrangements of EI Towers. The members of the Supervisory Body in office at the time (Marco Almerigogna - Chairman, Marco Lovati and Sara Alberton) resigned with effect on 29 February 2012.

Subsequently, on 7 March 2012, the Board of Directors, in consideration of best practices on the subject, after verifying the necessary requirements (honourability, professionalism and absence of causes of incompatibility and conflicts of interest), appointed the new Supervisory Body, a collegiate body comprising three members, of whom two from outside the company, and conferred a mandate on the CEO Corporate and Management to define and implement a plan for the overall revision of the Organisation Model of EI Towers, to be performed during 2012, in order to take account of the specific “areas of activity at risk” of the company resulting from the Merger, of the additional presumed medium term crimes introduced by Decree 231, as well as of court decisions and legal pronouncements on the subject.

The new version of the Model was approved by Board resolution on 31 October 2012. On the same day the Board also confirmed the Supervisory Body, appointed in March, which will remain in office until the date of the general meeting called to approve the Financial Statements at 31 December 2014. The members are:

Furio Ghezzi, Chairman – external member;
Michele Milano – external member;
Rossella Agostoni, external member.

The Supervisory Body has been granted the broadest possible powers to ensure prompt and efficient supervision of the operation of and compliance with the Company’s Organisation Model. The Supervisory Body is supported primarily by the Internal Audit function and performs its own duties, where necessary, with the support of other corporate functions or external consultants.

For the specific purposes of performing the supervisory and control activities attributed to it, the Board of Directors annually assigns the Supervisory Body adequate financial resources, which are reviewed from time to time according to any specific needs arising, in order to permit it to perform its functions with full economic and management independence.

During the Financial Year the Supervisory Body met 8 times and reported to the Board of Directors, the Control and Risks Committee and the Board of Statutory Auditors on the activities performed in relation to the current Organisation Model.

The Organisation Model of EI Towers S.p.A. is available for consultation on the www.eitowers.it website, Governance/Control System section.

Subsidiary company Towertel S.p.A., like EI Towers S.p.A., set a 231/10 Assessment plan in motion in 2012 for the purposes of adopting its own Organisation Model by the end of the current year.

11.4 INDEPENDENT AUDITORS

With the General Meeting to approve the financial statements at 31 December 2012, the engagement for the statutory auditing of the accounts conferred on Reconta Ernst & Young S.p.A. by the General Shareholders' Meeting of 22 March 2004 (for the three-year period 2004-2006 and subsequently extended for a period of six years from 2007 to 2012) expired and can no longer be renewed.

The Board of Statutory Auditors, pursuant to Legislative Decree 39/2010, presented a reasoned proposal on the assignment of the new engagement for financial years 2013-2021 at the General Meeting called on 18 April 2013. The proposal is available for consultation on the www.eitowers.it website, Governance Section/General Shareholders' Meetings.

11.5 MANAGER IN CHARGE OF CORPORATE ACCOUNTING DOCUMENTS

The Board of Directors, on 7 March 2012, after verifying the requirements established by the law and the Bylaws (art. 19) and after receiving the favourable opinion of the Board of Statutory Auditors, appointed as the Manager in Charge of corporate accounting documents (hereafter "Manager in Charge") of EI Towers S.p.A., pursuant to the law and the Bylaws, the EI Towers Group CFO Fabio Caccia, resolving to pay same a gross annual fixed fee consistent with the duties assigned to him. On appointment, all the duties provided by current legislation and the Self-Disciplinary Code were assigned to same. Within the budget limits approved by the Board, financial resources were assigned to same amounting to seventy thousand euros for the full performance of the aforementioned duties.

During the Financial Year, the Manager in Charge was assisted in the performance of the activities pursuant to Law 262/05 by the competent corporate administrative functions and supported by the Internal Audit function in its verification of the adequacy and effective application of the administrative and accounting procedures.

Also during 2012, in liaison with the Mediaset S.p.A. Manager in Charge and with the support of external consultants, the Manager in Charge initiated and developed a programme of activities addressed to the introduction of a Compliance Model pursuant to Law 262/05, as adopted by the holding company.

11.6 COORDINATION AMONG PERSONS INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

Roles, responsibilities, objectives, information flows and relative timing with regard to persons involved in the Internal Control and Risk Management System pursuant to art. 7 of the Self-Disciplinary Code are contained in a specific EI Towers S.p.A. Policy which is in the process of implementation. The Policy, drawn up consistently with guidelines on the matter determined by the holding company Mediaset S.p.A., will be distributed to all those involved by the Corporate Affairs Office. During the Financial Year coordination activities were performed by this Office.

12. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS

Pursuant to article 2391-bis, Italian civil code, and article 4, sub-section 1, Related Party Regulations, the Board of Directors of DMT S.p.A. approved the Procedure for related party transactions on 30 November 2010.

As disclosed to the market, the Board of Directors of EI Towers S.p.A., on 31 October 2012, in consideration of the changes in the ownership and governance structure of the Company after the Merger, resolved to adopt a new Related Parties Procedure to replace the previous one.

Pursuant to article 4, sub-section 3, Related Party Regulations, the Control and Risks Committee, consisting entirely of independent directors with the necessary competences (Michele Pirota, Chairman, Manlio Cruciatti and Alberto Giussani), issued a favourable opinion on the new Procedure on 26 October 2012.

The Procedure, which is available for consultation on the www.eitowers.it website, Governance/Related Parties section, establishes the rules for the identification, approval, performance and disclosure of related party transactions performed by EI Towers S.p.A., directly or through subsidiary companies, in order to ensure the transparency and the material and procedural correctness of the transactions, also in cases of the exclusion of the application of these rules. Specifically, the Procedure has identified transactions of greater and lesser importance, establishing the rules for the performance of same and identifying the transactions to which the aforementioned rules are not applied. Excluded transactions include, in particular, low value transactions (total no greater than Euro 150,000.00), operations with or between subsidiary and associated companies, and ordinary operations.

The Board of Directors has assigned the competences provided by the Related Party Regulations and Procedure to the Control and Risks Committee.

As regards any directors' interests, without prejudice to the application of the provisions of the Related Party Procedure and compliance with art. 2391, Italian civil code, the Board of Directors has established that the Directors involved must give full notice to the other Directors and the Board of Statutory Auditors about every interest, even potential, which they have in a certain Company transaction, on their own behalf or on behalf of third parties, independently of a situation of conflict, specifying the nature, terms, origin and extent of same; if the person involved is a Managing Director, they must also refrain from performing the operation.

13. APPOINTMENT OF STATUTORY AUDITORS

Pursuant to art. 17 of the Bylaws, the statutory auditors are appointed by the General Meeting on the basis of lists. In order to ensure the appointment of a standing and an alternate statutory auditor presented by the minority, lists are presented comprising two sections: one for the appointment of the standing auditors and the other for the appointment of the alternate auditors. The lists must contain a minimum number of candidates equal to the number of candidates to elect, listed by means of a progressive number.

Shareholders have a right to present a list if they represent, alone or together with other shareholders, at least **2.5%** of the shares with voting rights at the ordinary shareholders' meetings or who represent a lower percentage that may be established by mandatory provisions of laws or regulations. This latter percentage will be communicated from time to time in the notice of convocation of the general meeting called to resolve on the appointment of the Board of Statutory Auditors. At the General Meeting to appoint the Board of Statutory Auditors of the Company on 6 May 2011, the percentage equity stake determined by Consob (resolution no. 17633/2011) pursuant to art.144-quater of the Issuer Regulations, was **4.5%**.

The statutory auditors are elected as follows:

The first two candidates of the list that obtains the most votes and the first candidate of the list with the second largest number of votes are elected as standing auditors. The first candidate of the list of alternate auditors which obtains the most votes and the first candidate of the list of alternate auditors with the second largest number of votes are elected as alternate auditors.

In the event that two or more lists receive the same number of votes, the most senior candidates will be elected as statutory auditors up to the total number of positions to assign. The first candidate of the list which obtains the most votes after the first is chairman.

In the event of death, waiver, expiry or in any case ceasing of the office of standing auditor, the alternate auditor belonging to the same list as the replaced auditor takes over.

Statutory auditors who are not appointed by means of the list vote procedure for any reason are appointed by resolution of the general meeting with the legal majority.

The general meeting, which shall make provision for the appointment of the statutory auditors necessary to complete the board pursuant to article 2401, Italian civil code, shall choose, with the legal majorities, among the names on the list to which the statutory auditor who left office belonged; if no names are available, the general meeting makes provision for the replacement with the legal majorities.

With regard to the requirements of article 147-ter, sub-section 1-ter, and 148, sub-section 1-bis, TUF on quotas of women in corporate bodies, the Board of Directors has approved the proposed amendments to articles 13 and 17 of the Bylaws, in relation respectively to the Board of Directors and the Board of Statutory Auditors, which will be submitted to the examination of the General Meeting to approve the financial statements - extraordinary session - of 18 April 2013, in order to ensure compliance with the aforementioned balance during the allocation of the directors or statutory auditors to elect.

The Board of Directors' report on the proposed amendments to the Bylaws, presented alongside the current text, is available for consultation on the www.eitowers.it website, Governance Section – General Shareholders' Meeting.

14. COMPOSITION AND OPERATION OF THE BOARD OF STATUTORY AUDITORS (art. 123-bis, sub-section 2, letter d), TUF)

Pursuant to art. 17 of the Bylaws, the control of the Company is vested with a Board of Statutory Auditors consisting of three standing members and two alternate members. The Statutory Auditors serve a three-year term of office and may be re-elected.

The current Board of Statutory Auditors of the Company was elected by resolution of the General Meeting of 6 May 2011 and will remain in office until the general meeting to approve the financial statements at 31 December 2013.

Standing Auditors Francesco Vittadini, Marco Armarolli and Anna Girello and Alternate Auditors Giancarlo Restori and Marco Lovati have all been elected from a single list presented by the then majority shareholder Millenium Partecipazioni S.r.l., the holder of a quota representing **31.789%** of the share capital, equivalent at the time to Euro 1,130,477.50.

The General Meeting, at the proposal of the assigns has, therefore, unanimously appointed Mr. Francesco Vittadini as Chairman of the Board of Statutory Auditors.

The composition of the Board of Statutory Auditors is set out in the **Table** below:

STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

	<i>Office</i>	<i>In office since</i>	<i>List (M/m)*</i>	<i>Indep. as per Code</i>	<i>% Attend. meetings**</i>	<i>No. of other offices***</i>
<i>Members</i>						
VITTADINI Francesco	Chairman	06/05/2011	M	X	100 %	24
GIRELLO Anna	Standing	06/05/2011	M	X	100 %	12
ARMAROLLI Marco	Standing	06/05/2011	M	X	100 %	16
RESTORI Giancarlo	Alternate	06/05/2011	M	X		
LOVATI Marco Benvenuto	Alternate	06/05/2011	M	X		

In office until: the approval of the financial statements at 31.12.2013
Quorum required to present lists for the most recent appointment: 2.5%
Number of meetings during the Financial Year: 8

NOTES

*This column contains M/m according to whether the member was elected from the list voted by the majority (M) or by a minority (m).

** This column indicates the attendance of Statutory Auditors at the meetings of the Board of Statutory Auditors, expressed as a percentage.

*** This column indicates the number of offices of director or statutory auditor held by the person in question for the purposes of art. 148 bis, TUF. The complete list of offices is published by Consob on its website pursuant to art. 144-quinquiesdecies of the Issuer Regulations.

None of the Statutory Auditors appointed has ceased to hold office during the Financial Year and there were no changes as of the date of the end of the Financial Year.

For information about the personal and professional characteristics of the members of the Board of Statutory Auditors of EI Towers S.p.A., please consult the information available on the www.eitowers.it website, Governance section, Corporate Bodies/Board of Statutory Auditors.

During the Financial Year, the Board of Statutory Auditors met eight times, with overall attendance standing at **100%**. The attendance details for each Statutory Auditor are set out in the **Table** referring to the structure of the Board of Statutory Auditors reported above. The average length of each meeting was about two hours.

About ten meetings have been planned for financial 2013, of which three have taken place as of the date of this Report.

During the year, in compliance with legal and regulatory provisions and the Self-Disciplinary Code, the Board of Statutory Auditors verified:

- on 9 March 2012, the independence requirements of Directors Michele Pirota, Manlio Cruciatti, Richard Hurowitz and Alberto Giussani;
- on 26 July 2012, the continued existence of the independence requirements of its members.

The Board of Statutory Auditors also monitored the independence of the audit firm.

During 2012, also on the initiative of the Chairman of the Board of Directors, the directors and the statutory auditors attended meetings with the company's management in order to learn more about the business sector in which it operates, the relative organisational structure and the legal framework (for further details see the *Induction Programme* described in paragraph 4.2 of this Report).

Before Board of Directors' meetings, the Statutory Auditors are provided with documentation on the items of business on the agenda.

As envisaged by the Self-Disciplinary Code, Statutory Auditors who, on their own behalf or on behalf of third parties, have an interest in a certain Company transaction promptly and fully inform the other Statutory Auditors and the Chairman of the Board of Directors of the nature, term, origin and scope of their interest.

In performing their activities, the Board of Statutory Auditors attended the Control and Risks Committee and the Remuneration Committee. During the Financial Year, the Board of Statutory Auditors also met and was reported to in their own respective spheres of competence by the other persons charged with supervising the Internal Control and Risk Management System of EI Towers S.p.A., including the Internal

Audit function manager. For further information on methods of coordination, see paragraph 11.6 above in this Report.

15. RELATIONS WITH SHAREHOLDERS

The Company's website, www.eitowers.it, contains both economic and financial information (Financial reports, presentations to the financial community, market trend of financial instruments issued by EI Towers S.p.A.), as well as information and documents of interest to all shareholders (press releases, composition of corporate bodies, Company Bylaws, General Meeting Regulations and documentation, documents and information regarding corporate governance and the Organisation Model pursuant to Legislative Decree no. 231/2001).

Responsibility for managing shareholder relations has been assigned by the Board of Directors to CEO Corporate and Management Guido Barbieri. The Board also identified the corporate structures in charge of this function:

- the Corporate Affairs Office, which supervises relations with retail investors and institutional entities;
- the Investor Relations function, which supervises relations with the financial community.

The contact details and telephone numbers of the Corporate Affairs Office and Investor Relations are available on the Company's website.

No later than the end of January, the Company publishes its financial calendar with details of the main events during the year on its website, for consultation by the market and the public.

16. GENERAL MEETINGS (art. 123-bis, sub-section 2, letter c), TUF)

The General Shareholders' Meeting is the corporate event at which a profitable dialogue is entered into by the Company's shareholders and Board of Directors.

Also pursuant to articles 8 and following of the Bylaws, shareholders' meetings represent the universality of the shareholders and their resolutions, passed in conformity with the law and the Bylaws, are binding for all shareholders, even those not voting or those opposed.

General Meetings are called by the administrative body, either at the company's head office or in another location in the European Union, whenever appropriate and in the cases provided by the law. Both the ordinary and extraordinary shareholders' meetings are convened through notice to be published within terms of the law on the Company's Internet site, as well as with the other means provided by applicable laws and regulations.

The Company provides the public with documentation regarding the items of business on the agenda of the general meeting by lodging same, within the legal term, at the company's head office and at Borsa Italiana, and by means of its publication on the EI Towers website.

Every shareholder to whom the rights of voting and participating in the shareholders' meeting accrue may elect to be represented by another person, including a person who is not a shareholder, according to the means provided in the notice of meeting.

The shareholders' meetings are chaired by the chairman of the board of directors, or, should the chairman be absent or unable to attend, by the vice chairman, if appointed, or, should the vice chairman be absent or unable to attend, by another person elected by the shareholders' meeting by the majority vote of those present, according to the number of votes accruing to each shareholder present.

The validity of the constitution of the shareholders' meetings and of their resolutions is governed by the law. In the event of a sole session, the majorities referenced in Article 2369, Paragraph 1, second period of the Italian civil code are applied.

The application of the exemption, as provided by prevailing laws and regulations, from the obligation to launch a public purchase offer and/or public exchange offer consequent to merger or demerger

transactions shall be precluded only if the majority of the shareholders opposing the related shareholder resolution – as determined on the basis of the provisions of applicable law – represents at least 7.5% of the share capital with voting rights.

The General Meeting has all the powers established by the law. Pursuant to the Bylaws (art. 15), the board of directors may resolve the establishment or the shutdown of secondary offices, the reduction of the share capital in the event of shareholder withdrawal, the amendments of the by-laws in order to comply with laws and regulations, the transfer of the registered office within national territory, and the resolutions referenced in Articles 2505 and 2505-bis of the Italian civil code, including that referenced by Article 2506-ter of the Italian civil code for demerger, in respect of the limits of the law.

In consideration of the present composition of the shareholder base, it has not been deemed necessary to make provision for voting instruments such as online voting or voting by correspondence. Methods of voting are used at general meetings with the goal of making it easier for shareholders to exercise their rights and to guarantee the immediacy of the results of voting.

The Board of Directors prepares its reports illustrating the items of business on the agenda and makes them publicly available at general meetings.

Usually general meetings are attended by all the Directors and Statutory Auditors of the Company. During the annual General Meeting to approve the Financial Statements, the Board of Directors reports on the activities performed and planned, both through the Annual Reports, which are filed and made publicly available before the general meeting under the terms and in the manner provided by the law, and by answering the questions posed by shareholders. The Chairman, a member of the Remuneration Committee, reported to the General Meeting on how the functions of the Committee are performed.

The Company, formerly DMT S.p.A., approved Regulations in 2004 addressed to ensuring that general meetings are conducted in an orderly and functional manner, in full respect of the fundamental rights accruing to all those eligible to participate in general meetings of being able to ask for clarifications on the various issues discussed, of expressing their own opinion, and of making proposals.

For the purposes of further encouraging the participation of the Shareholders in general meetings, in consideration of the new corporate entity named EIT Towers S.p.A., as created by the Merger, and of the changes in legislation on the subject in recent years, the Board of Directors has approved proposals to amend the General Meeting Regulations, which will be submitted to the examination of the General Meeting called on 18 April 2013. The report describing the proposals and the proposed amendments themselves are available on the www.eitowers.it website, Governance - General Shareholders' Meeting section, together with the text of the current Regulations.

17. CHANGES SINCE THE CLOSURE OF THE REFERENCE FINANCIAL YEAR

There have been no changes in the Company's corporate governance structure.

Lissone, 21 March 2013

The Chairman of the Board of Directors
(Alberto Giussani)

TABLES**TABLE 1: INFORMATION ON OWNERSHIP STRUCTURE**

STRUCTURE OF SHARE CAPITAL				
	No. of shares	% of share capital	Listed / non-listed	Rights and obligations
Ordinary shares	28,262,377* (par value 0.10 each)	100%	Borsa Italiana, Online Share Market, Star segment	Pursuant to the law and the bylaws

* The Company holds no. 62,526 treasury shares, equal to 0.22% of the share capital, of which no. 6,000 shares on loan to Mediobanca S.p.A. to perform the Specialist activities pursuant to article 2.2.3., sub-section 4, Regulations for Markets Organised and Managed by Borsa Italiana and the relative Instructions to the Regulations. Voting rights are suspended for these shares pursuant to art. 2357 ter, Italian Civil Code.

SIGNIFICANT EQUITY STAKES

Declarer	Direct shareholder	% of ordinary equity	% of voting equity
Silvio Berlusconi	Elettronica Industriale SpA	65.001%	65.001%
Falci ai Alessandro		9.328%	9.328%
	Falci ai Alessandro	1.613%	1.613%
	Millenium Partecipazioni Srl	7.715%	7.715%
Octavian Advisors LP Owner of shares: - Octavian Special Master Fund LP, for a quota amounting to 3.543%	Octavian Advisors LP	4.136%	4.136%
Permian Investment Partners LP Owner of shares: Permian Master Fund LP	Permian Investment Partners LP	3.266%	3.266%

TABLE 2

STRUCTURE OF THE BOARD OF DIRECTORS AND THE COMMITTEES

Board of Directors (BoD appointed by General Meeting on 29 February 2012)										Control and Risks Committee		Remuneration Committee	
Office	Members	In office from	In office until the approval of the Financial Statements at	List (M/m)*	Exec.	Non exec.	Indep. TUF and BoD	% BoD**	No. of other offices***	****	% **	****	% **
Chairman	GIUSSANI Alberto°	29.2.2012	31.12.2014	M		X	X	100	4	X	100	X	100
CEO	BARBIERI Guido°	29.2.2012	31.12.2014	M	X			100	-				
CEO	GOTTARDI Valter°	29.2.2012	31.12.2014	M	X			100	-				
Director	CRUCIATTI Manlio	29.2.2012	31.12.2014	M		X	X	100	-	X	100	X	100
Director	HUROWITZ Richard	29.2.2012	31.12.2014	m		X	X	90	1			X	100
Director	INVERNIZZI Piercarlo	29.2.2012	31.12.2014	M	X			100	-				
Director	PIROTTA Michele	29.2.2012	31.12.2014	M		X	X	100	-	X	100		

Quorum required for the presentation of lists for the most recent appointments: 2.5%

Number of meetings held during the Financial Year with reference to the Board of Directors appointed on 29 February 2012:

Board of Directors: 10

Control and Risks Committee: 5

Remuneration Committee: 3

NOTES

* This column indicates M/m according to whether the member was elected from the list voted by the majority (M) or by a minority (m).

**This column indicates the attendance of directors at the meetings of the BoD and Committees, expressed as a percentage.

***This column indicates the number of offices of director or statutory auditors held by the subject in question in other listed companies in regulated markets, including foreign markets, in financial, banking or insurance companies or in companies of a significant size. For a list of such companies see paragraph 4.2 of this Report.

****This column contains an "X" if the member of the BoD sits on the Committee.

OUTGOING DIRECTORS DURING THE REFERENCE FINANCIAL YEAR

Board of Directors (The directors indicated below resigned from office with effect on 29 February 2012)										Internal Control Committee		Remuneration Committee	
Office	Members	In office from	In office until	List (M/m)*	Exec.	Non exec.	Indep. TUF and BoD	% BoD**	No of other offices ***	****	% **	****	% **
Director	ALMERIGOGNA Marco	6.5.2011	29.2.2012	M		X		100	-	X	100	X	-
Director	CACCIA Fabio	6.5.2011	29.2.2012	M	X			100	-				
Director	FIANO Raoul Giuseppe	6.5.2011	29.2.2012	M		X	X	100	-	X	100	X	-
Director	RAMELLA Carlo	6.5.2011	29.2.2012	M	X			100	-				
Director	TORRISI Alessandro	6.5.2011	29.2.2012	M		X	X	33,3	-	X	100	X	-

Quorum required for the presentation of lists for the most recent appointments: 2.5%

Number of meetings held during the Financial Year with reference to the Board of Directors expired on 29 February 2012:

Board of Directors: 3

Internal Control Committee: 1

Remuneration Committee: 0

NOTES

* This column indicates M/m according to whether the member was elected from the list voted by the majority (M) or by a minority (m).

**This column indicates the attendance of directors at the meetings of the BoD and Committees, expressed as a percentage.

***This column indicates the number of offices of director or statutory auditors held by the subject in question in other listed companies in regulated markets, including foreign markets, in financial, banking or insurance companies or in companies of a significant size. For a list of such companies see paragraph 4.2 of this Report.

****This column contains an "X" if the member of the BoD sits on the Committee.

°Directors Alberto Giussani (Chairman), Guido Barbieri (CEO) and Valter Gottardi (CEO) were coopted on 30 December 2011 and their term in office expired on 29 February 2012. Until that date they attended all the Board of Directors' meetings held.