

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

Website: www.seat.it

Relevant financial year: 2012

Date of approval: 27 June 2013

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

TABLE OF CONTENTS

Glossary

1. Company profile
2. Information on ownership structures pursuant to article 123-bis, paragraph 1, of the TUF
 - Management and coordination activity
3. Compliance (pursuant to article 123-bis, paragraph 2, letter a) of the TUF)
 - Corporate organisation
 - The role of the board of directors (Article 1 of the Code; article 123-bis, paragraph 2, letter d) of the TUF)
 - Composition of the Board of Directors holding office (article 123-bis, paragraph 2, letter d) of the TUF)
 - Operation of the Board of Directors (article 123-bis, paragraph 2, letter d) of the TUF)
 - Composition of the Board of Directors/delegated bodies (Article 2 of the Code)
 - Independent directors (Article 3 of the Code)
 - Internal committees of the Board of Directors (Article 5 of the Code; article 123-bis, paragraph 2, letter d) of the TUF)
 - Appointment of directors – remuneration of directors (Articles 5 and 6 of the Code)
 - Remuneration policy
 - Directors' compensation
 - Committee of Independent Directors
 - Internal audit and risk management system (Article 7 of the Code)
 - 1) Audit and Risks committee
 - 2) Internal audit system
 - 2.1) Board of Directors
 - 2.2.) Director responsible for the internal audit and risk management system
 - 2.3.) Internal Audit Manager
 - 2.4.) Main features of the risk management and internal audit system in relation to the financial reporting process (pursuant to article 123-bis, paragraph 2, letter b) of the TUF)
 - 2.5.) Organisational, management and control model pursuant to Legislative Decree no. 231/2001 – Supervisory Board.
 - Independent Auditors
 - Manager responsible for preparing the Company's reports (pursuant to article 154-bis of the TUF)
 - Directors' interests and transactions with related parties
 - Statutory auditors (Article 8 of the Code; article 123-bis, paragraph 2, letter d), of the TUF)
 - Provisions of the Articles of Association governing the appointment of the Board of Statutory Auditors
 - Composition and operation of the Board of Statutory Auditors

- Relations with Shareholders (Article 9 of the Code)
- Shareholders' Meetings (pursuant to article 123-bis, paragraph 2, letter c) of the TUF)
 - Meetings held in 2012
- Changes from the closure of the relevant financial year

TABLE 1 – STRUCTURE OF THE BoD AND THE COMMITTEES

TABLE 2: BOARD OF STATUTORY AUDITORS

Annex: articles 5, 6, 8, 10, 11, 14, 22, 23 of the Articles of Association

GLOSSARY

Code/Self-Governance Code: the Self-Governance Code of listed companies as approved in December 2011 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A.

Italian Civil Code: the Italian Civil Code.

Board: the Board of Directors of the Issuer.

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

Financial Year: the company's accounting period to which the Report refers (2012).

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

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

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

Reorganisation transaction: as defined in detail on page 5.

Contribution: the contribution by the Company of almost all its business to Seat Pagine Gialle Italia S.p.A., as provided for within the framework of the implementation of the reorganization transaction, as defined in detail on page 5.

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

1. Company profile

Seat (together with the group that is managed by the same) is a Local Internet Company that is deeply rooted in the Italian territory and that offers traditional visibility services, both in hard copy and via telephone, as well as an all-round support to businesses in order to promote its activity on the Internet, through a network of agencies (the WebPoints). Seat's web marketing services range from the construction and management of websites, which are also optimized for use on mobile devices, to the creation of multimedia contents, from activities concerning the visibility in the Web to e-commerce and web marketing services, from the management of the presence on the social networks to the couponing.

In any case, for an exhaustive analysis of the business, the Group's overall structure, the market scenario and social responsibility, reference should necessarily be made to the Company's Financial Statements for the year ended 31 December 2012 and to the information available on the Company's website at the address http://www.seat.it/seat/it/investor/financial_statements/2012/.

On a preliminary basis, it should be remembered that the third quarter of 2012 saw the completion of the financial reorganization of Seat, which had started in the first half of 2011.

The financial reorganization had significant effects on the Group's debt structure, which was the main object thereof, as well as on the shareholding structure, the corporate structure and the economic and financial position of the Group itself.

In fact, the reorganization took place through a structured corporate and legal transaction ("*Reorganisation Transaction*"), during which, in short:

a) on 31 August 2012 the share of the Group's subordinated debt, which was represented by High Yield Bonds 2004-14 issued by Lighthouse International Company S.A. ("*Lighthouse*") for a nominal amount of Euro 1.3 billion (plus interest accrued up to 31 December 2011 and not paid, for about Euro 69 million), was converted:

as to a nominal amount of about Euro 1,304 million, into new shares of SEAT, representing about 88% of the share capital after the issue (therefore, the stake held by the Seat's shareholders before the transaction was diluted and reduced, in aggregate, down to about 12% of the capital); as to the residual nominal amount of Euro 65 million, into senior secured bonds due 2017 for a nominal amount of Euro 65 million, having the same characteristics as the SEAT bonds 2010-2017 which were issued in 2010 for an overall nominal amount of Euro 750 million;

b) 6 September 2012 saw the refinancing of the exposure arising from the Senior Facilities Agreement in place with The Royal Bank of Scotland Plc;

c) in accordance with the agreements that regulated the financial reorganization, Lighthouse was merged into Seat, through a transnational merger by which Lighthouse was merged by incorporation into Seat;

d) in compliance with these reorganization agreements, effective from 1 September 2012, Seat substantially contributed its entire business to its wholly-owned subsidiary Seat Pagine Gialle Italia

¹ Hereinafter also referred to as "Seat" or "the Company"

S.p.A., including any equity investments held in subsidiaries and the entire financial debt (“Contribution”). The shares representing the entire share capital of Seat Pagine Gialle Italia S.p.A. after the contribution were pledged in favour of the Senior financial creditors to secure the related debt.

The process of negotiations and gathering consensus from all the stakeholders involved, and the implementation of the Reorganisation Transaction, required a long period of time, as well as the application of complex legal procedures and institutes in Italy, in the United Kingdom and in Luxembourg that therefore significantly involved the corporate bodies and management for the entire duration of the reorganization process.

In this context, the board of directors, which was appointed on 12 June 2012 and which resigned as a result of the Reorganisation Transaction, resolved to defer any decision to the future in relation to the update of the Self-Governance Code of listed companies, as subsequently amended at the end of 2011 (hereinafter the “Code”), complying with the corporate governance provisions previously in force. Therefore, any decision was to be adopted at a time when the debt structure, as well as the shareholding and corporate structure of the Group would have been defined, so as to be better reflected by the new board of directors.

Once the above complex process was concluded, it was only on 22 October 2012 that the Shareholders’ Meeting, in which the holders of the shares issued following the Company’s Reorganisation Transaction participated for the first time, acknowledged the resignation of all the members of the previous Board of Directors and took steps to appoint a new Board of Directors composed of nine members.

The activities necessary to allow the new Board of Directors of Seat to take office after a reorganization process that had lasted about 18 months – also considering the untimely death of Mr. Cappellini on 24 March 2012, who could have facilitated the handover – led to a further postponement of the necessary analyses for the purposes of an adequate adoption of the provisions laid down in the Code.

In the light of the above, it was only on 18 December 2012 that the Board, after acknowledging the actions that had been already implemented by the Company and the areas that needed to be further investigated, gave its favourable opinion on the adoption of the Code’s recommendations and granted a mandate to take steps, in early 2013, to implement such in-depth analyses and actions as deemed necessary in order to comply with the Code’s recommendations not yet adopted by the Company. Finally, on 24 April 2013, as a result of the mandate granted on 18 December 2012, the Board of Directors resolved to comply with the Code and identified the behaviour to adopt in order to apply the recommendations contained therein.

Having stated this, this report on corporate governance and ownership structures refers to the financial year that commenced in 2012, i.e. a period in which the Company had not yet been able, for the reasons referred to above, to pass the necessary resolutions for the purposes of complying with the Code.

However, this report will also expressly specify, with the objective of ensuring the utmost transparency, any behaviour identified and/or adopted in early 2013 in order to comply with the amendments to the Code.

Finally, it should be remembered that on 5 February 2013 the Board of Directors of Seat Pagine Gialle S.p.A. announced that the economic and financial targets set out in the 2011-2013 strategic guidelines and in the estimated 2015 projections prepared in the course of the Reorganisation Transaction completed in September 2012 were no longer current and attainable in the light of the present performance and market forecasts. Accordingly, the new governing body shared with the management the impossibility for the Group to meet, throughout 2013, all deadlines envisaged by the current debt structure with the available financial resources. Therefore, it was resolved to submit a request for admission to composition with creditors and, pending the preparation of the proposal and related plan, to submit the so-called “blank application”, as required by article 161, paragraph 6, of Royal Decree 267/1942.

On 6 February 2013 Seat filed the request for admission to composition with creditors with the Court of Turin, pursuant to article 161, paragraph 6, of Royal Decree no. 267/1942. The Court of Turin granted a time limit of 120 days for the submission of the proposed composition with creditors, the related plan and the documentation referred to in article 161, paragraphs 2 and 3, of Royal Decree 267/1942.

On 27 May 2013 the Board of Directors of Seat resolved to ask for an extension that had been initially granted by the Court of Turin (13 June 2013), in order to complete, with due care, the proposed composition with creditors, the related plan and the documentation referred to in article 161, paragraphs 2 and 3, of Royal Decree no. 267/1942. On 31 May the Court of Turin granted this extension up to 1 July 2013.

The same actions were taken by Seat Pagine Gialle Italia S.p.A..

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

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

a) Structure of the share capital as at 31 December 2012

Share capital Euro 450,265,793.58		Class of shares	No. of shares	Par value (€)	% compared to the share capital	Listing markets	Rights and obligations
Ordinary share capital	450,246,726.50	Ordinary shares	16,066,212,958	-	99.99	Electronic Stock Market organized and managed by Borsa Italiana S.p.A.	As per the law and the articles of association (see articles 8 and 11 attached hereto)

Retained earnings	19,067.08	Savings shares	680,373		0.01	As per the law and the articles of association (see article 6 attached hereto)
-------------------	-----------	----------------	---------	--	------	--

It should be noted that the Company has no stock option plans in place, nor has it resolved on the issue of new plans.

b) Restrictions on stock transfer

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

c) Major interests in the share capital

Below are provided the major interests in the Company's share capital, whether direct or indirect, as resulting from the notices given pursuant to article 120 of the TUF as at 31 December 2012.

Direct shareholder	No. of ordinary shares	Overall % share of the ordinary share capital
Anchorage Capital Group LLC	2,829,853,655	17.61
Owl Creek Asset Management LP	1,506,187,500	9.37
Sothic Capital Management LLC	1,233,068,267	7.67
Monarch Alternative Capital LP	826,500,000	5.14
Giovanni Cagnoli (direct and indirect equity investment)	352,616,728	2.19

d) Shares conferring special rights

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

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

There are no employee share ownership systems.

f) Restrictions on voting rights

Pursuant to article 8 of the Articles of Association - Right to attend (as finally amended by resolution passed by the Extraordinary Shareholders' Meeting on 22 October 2012), those who are entitled to vote and are authorized according to the applicable regulations may attend the Shareholders' Meeting in the manner and at the terms and conditions set out. Every person who is entitled to vote and to attend shareholders' meetings may appoint a representative by means of a written proxy or a proxy granted by electronic means pursuant to applicable regulations. The proxy may be issued to an individual or legal entity.

The electronic notification of the proxy may be made by using an appropriate section of the company's website, according to the procedures specified in the notice of call, or by certified e-mail to be sent to such e-mail address as will be notified in the notice of call from time to time.

The Company may appoint, for each Shareholders' Meeting, by indicating in the notice of call, a person that the members may appoint as a proxy with voting instructions for all or some of the proposals on the agenda, within the time limits and according to the procedures required by law.

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

As reported to the Company pursuant to law:

(i) on 29 August 2012, as a result of the registration of the public deed relating to the merger between the Company and Lighthouse International S.A. with the Milan Register of Companies, the shareholders' agreement finally ceased to apply, which had been signed on 29 April 2009 – and renewed on 26 April 2012 - between: (a) Alfieri Associated Investors Serviços de Consultoria S.A.; (b) Cart Lux S.à r.l. and Tarc Lux S.à r.l.; and (c) CVC Silver Nominee Ltd, concerning, *inter alia*, governance provisions in the light of the exit of BCP Investors from this agreement and the consequent reduction in the number of the Funds from four to three;

(ii) on 6 September 2012, following the final entry into force of all the agreements relating to the complex Reorganisation Transaction, the additional shareholders' agreement ceased to apply which had been signed on 12 March 2012 between: (a) Alfieri Associated Investors Serviços de Consultoria S.A.; (b) Cart Lux S.à r.l. and Tarc Lux S.à r.l.; (c) CVC Silver Nominee Ltd; and (d) Seat for the purposes of the successful outcome of the aforesaid Reorganisation Transaction.

Furthermore, it should be pointed out that the expiry of both abovementioned shareholders' agreements was notified to the Market through the announcement published in the newspaper MF-Milano Finanza on 8 September 2012 and that the appropriate statements of termination of the agreements themselves were filed with the Milan Register of Companies.

h) Change of control and articles of association's provisions concerning Takeover Bids (pursuant to articles 104, paragraph 1-ter, and 104-bis, paragraph 1)

The following summary description refers to the agreements existing at 31 December 2012.

1. Indentures relating to the debenture loans issued by SEAT and named “€ 550,000,000 10½ % Senior Secured Notes Due 2017” and “€ 200,000,000 10.5% Senior Secured Notes Due 2017” and “€ 65,000,000 10½ % Senior Secured Notes Due 2017”, respectively (the latter were issued as additional notes compared to the issue of € 550,000,000.)

On the basis of the Indentures (documents governed by US law), governing the regulation of the issued notes (bonds) specified above, which were initially issued by SEAT for a total of Euro 815,000,000, if (i) also following a merger of SEAT with or into any other entity (“Person”, as this word is defined in every Indenture), an entity becomes, either directly or indirectly, the holder (a “beneficial owner”, as this word is defined in every Indenture) of more than 30% of the voting capital of SEAT; or (ii) all, or substantially all, the assets of SEAT or SEAT Pagine Gialle Italia S.p.A. are transferred, as determined on a consolidated basis (except for a transfer as a result of which the transferee becomes an obligor relating to the notes issued by SEAT and a subsidiary company of the transferor of these assets), there is a “Change of Control” by virtue of which, pursuant to the contract provisions of these instruments, the holders of the same may require the repurchase of the same at 101% of the nominal value, plus interest.

2. Term and Revolving Facilities Agreement

Pursuant to paragraph 7.9 of the loan agreement named “Term and Revolving Facilities Agreement”, which was executed by, *inter alios*, SEAT, as the guarantor, SEAT Pagine Gialle Italia S.p.A. as the borrower and The Royal Bank of Scotland Plc (RBS), as the lender, on 31 August 2012, if there is a “Change of Control”, the Lender’s commitment to pay out new amounts pursuant to the above-mentioned loan agreement will immediately cease to apply, and (ii) the Borrower shall immediately repay all the loans granted to it and all the amounts related to the letters of credit issued in its interest pursuant to the same loan agreement, in advance. Pursuant to this loan agreement, the “Change of Control” occurs if one or more persons who act in agreement with each other acquire control, either directly or indirectly, over SEAT or SEAT Pagine Gialle Italia S.p.A.; for this purpose, control means both the power to exercise (either directly or indirectly, also pursuant to agreements) more than 30% of the voting rights at the shareholders’ meeting of SEAT or SEAT Pagine Gialle Italia S.p.A. and the ownership, even indirectly, of more than 30% of the share capital of SEAT or SEAT Pagine Gialle Italia S.p.A. (it being understood that the calculation does not include any shares that grant rights to profit sharing or to distributions within a certain amount).

Articles of Association’s provisions concerning Takeover Bids (pursuant to article 104, paragraph 1-ter and 104-bis, paragraph 1)

In consideration of the entry into force of the provisions under Legislative Decree no. 146 of 25 September 2009 - containing supplementary and corrective provisions concerning takeover bids - the Extraordinary Shareholders’ Meeting held on 20 April 2011 resolved to supplement article 19 of the Articles of Association, making use of the right granted by the amended article 104 of the TUF. Through this amendment, the Board of Directors and its delegated bodies (if any) are permitted to take defensive measures that are able to contrast the achievement of the objectives of takeover bids and share-for-share offers. Specifically, the Board of Directors and its delegated bodies (if any) are entitled, without requiring the permission of the Shareholders’ Meeting:

- to perform all acts and transactions within their authority that may thwart the achievement of the objectives of a takeover bid or a share-for-share offer, from the notification by which the decision or the emerging of the obligation to promote the bid/offer are made public, to the closure or forfeiture of the bid/offer itself;
- to implement decisions within their authority that have not yet been fully or partially implemented and that are outside the normal course of business of the Company, which were taken before the abovementioned notification and whose implementation may thwart the achievement of the objectives of the bid/offer.

i) Agreements between the company and the directors providing for allowances in the event of resignation or dismissal without cause, or termination of their employment relationship as a result of a take-over bid (see also the Remuneration Report published pursuant to article 123-ter of the TUF)

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

The agreement with the Managing Director provides for the latter to be awarded an amount in the case of the termination of the employment relationship for “Good Leaving”.

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

The appointment and replacement of directors are regulated by article 14 of the Articles of Association, as finally amended by the Extraordinary Shareholders’ Meeting held on 12 June 2012, which are attached to this Report in full; reference is also made to paragraphs “*List submitted on the occasion of the appointment of the Board of Directors (information pursuant to article 144-decies of the Issuers’ Regulations of Consob)*” and “*Composition of the Board of Directors holding office (article 123-bis, paragraph 2, letter d) of the TUF)*”.

Specifically, the proposed amendments to article 14 (*Composition of the Board of Directors*) of the Articles of Association arose from the need to comply with the regulations introduced by Law no. 120 of 12 July 2011, governing gender equality in the composition of governing and supervisory bodies of listed companies, which, in amending the provisions governing the appointment of the members of the governing and supervisory bodies laid down in Legislative Decree no. 58 of 24 February 1998, as subsequently amended (the “TUF”), require the listed companies to comply with the gender equality criteria so that the less represented gender should include at least one fifth of the members for the first mandate after 12 August 2012 and at least one third for the two subsequent mandates.

Furthermore, the Issuers’ Regulations require the listed companies, *inter alia*, to regulate, in the articles of association, the procedures to form lists, as well as to replace the members of the bodies that cease to hold office in order to ensure compliance with the gender equality principle.

Having stated this, the Board of Directors is appointed on the basis of lists submitted by the shareholders or by the outgoing Board of Directors. Each list must contain and expressly indicate at least two candidates who meet the independence requirements required by article 147-ter, IV C, of Legislative Decree no. 58/1998.

The list possibly submitted by the outgoing Board of Directors and the lists submitted by the shareholders must be deposited at the registered office of the Company within the twenty-fifth day

prior to the date of the shareholders' meeting called to resolve on the appointment of the members of the Board of Directors and must be made available to the public at the registered office, on the Company's website and according to the other procedures envisaged by Consob regulations at least twenty-one days prior to the date of the Shareholders' Meeting itself.

Every shareholder may submit, or contribute to the submission of only one list and any candidate may be appointed to only one list under penalty of ineligibility.

Only those shareholders who, alone or together with other shareholders, own voting shares representing at least 2% of the voting capital in the ordinary shareholders' meeting, or representing the lower percentage determined by CONSOB pursuant to article 147-ter, I C, of Legislative Decree no. 58/1998, are entitled to submit lists. In order to prove ownership of the aforesaid right, copies of the certifications issued by authorised intermediaries must be deposited at the Company's registered office, proving ownership of the number of shares necessary to submit the lists themselves, within the time limit set out for the publication of the lists.

Together with each list, within the term indicated above, professional resumes and statements are to be submitted in which each candidate accepts the nomination and attests, under his/her own responsibility, that there is no cause for ineligibility or disqualification, and to his/her compliance with the requirements of law and the articles of association prescribed for the position, and mentions the possibility of being qualified as independent pursuant to article 147-ter, IV C, of Legislative Decree no. 58/1998. The lists that present a number of candidates equal to or higher than three must also include candidates of different genders, as required in the notice of call of the Shareholders' Meeting, so as to allow a composition of the Board of Directors that complies with the current regulations governing gender equality.

Any list which fails to meet the foregoing requirements shall be considered as not having been submitted.

It is specified that:

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

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

To appoint directors who for any reason have not been appointed according to the procedure described by article 14 of the Articles of Association, the Shareholders' Meeting shall resolve with the majority provided by law, without prejudice to the obligation to comply with the minimum number of directors who meet the abovementioned independence requirements. If, during the financial year, one or more directors cease to hold office, article 2386 of the Italian Civil Code shall apply.

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

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

Powers delegated pursuant to article 2443 of the Italian Civil Code, serving the stock option plans resolved by the Company, were partially exercised during the previous financial years and may no longer be exercised effective from 31 December 2010. The Extraordinary Shareholders' Meeting of 20 April 2011 approved the deletion of the provisional clauses contained in the third to last paragraphs of article 5 of the Articles of Association ("Share Capital Size"), relating to capital increases resolved in the past and whose terms have now expired, with the cancellation of the relating clauses.

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

It is specified that the Articles of Association, as finally amended by resolution passed by the shareholders' meeting on 22 October 2012², are available on the Company's website at the address http://www.seat.it/seat/it/governance/company_by_laws/index.html

- **Management and Coordination Activity**

Seat is not subject to management and coordination activities by companies or entities. Pursuant to article 2497-*bis* of the Italian Civil Code, as a result of the Contribution, (i) Seat Pagine Gialle Italia S.p.A. has identified Seat as the legal entity that performs management and coordination activities, while the companies controlled directly by Seat Pagine Gialle Italia S.p.A. have identified the latter. Such activity consists in indicating the general strategic and operating guidelines of the Group and takes concrete form in the definition and updating of the corporate governance and internal audit model, and in the formulation of the general policies for the management of human and financial resources, the procurement of production, training and communication factors.

² In January 2013 the version of the Articles of Association was registered with the Register of Companies in order to adopt article 10, last paragraph, "*The ordinary and extraordinary Shareholders' Meetings whose notice of call will be published after 1 January 2013 will be held in a single call, pursuant to law*" and, at the same time, to delete the paragraphs superseded by the entry into force of this provision.

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

The Board of Directors of the Company held on 19 December 2006 resolved - having regard to the new principles laid down in the Self-Governance Code of Listed Companies promoted by Borsa Italiana and circulated in March 2006 – to adopt the recommendations set out therein.

Subsequently, it should be remembered that March 2010 saw the approval of the new text of article 7 of the Self-Governance Code (2006 version), concerning the remuneration of directors and executives with strategic responsibilities. Therefore, the issuers were invited to apply the new article 7 by the end of the 2011 financial year, and to inform the market in the corporate governance report to be published in the course of 2012. In accepting this invitation, on 28 February 2011 the Board of Directors of the Company resolved (i) the enforcement of the new application principles and criteria envisaged in article 7 of the Code, (ii) the allocation of tasks to the Compensation Committee in accordance with the new criterion 7.C.5. (see below).

It should be remembered that in December 2011 significant amendments were made to the Self-Governance Code: on the basis of the transitional regime envisaged, the issuers were invited to apply these amendments by the end of the financial year that was to begin in 2012, and to inform the market in the corporate governance report to be published in the course of the subsequent financial year.

Taking account of the financial reorganization that was completed on 6 September, as represented in detail in paragraph 1 above (to which reference is made for more details), it was only on 18 December 2012 that the Board of Directors gave its favourable opinion on the adoption of the Code's recommendations and granted a mandate to take steps, in early 2013, to implement such in-depth analyses and actions as deemed necessary in order to comply with the Code's recommendations not yet adopted by the Company.

As a result, on 24 April 2013, as a result of the mandate granted on 18 December 2012, the Board of Directors resolved to comply with the Code and identified the behaviour to adopt in order to apply the recommendations contained therein.

The Code may be accessed by the public from the website of Borsa Italiana (www.borsaitaliana.it).

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

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

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

Corporate organisation

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

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

Statutory auditing activities are carried out by the **Independent Auditors**.

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

The Board of Directors is assigned a central role in the Company's Corporate Governance system. It meets regularly (usually on a monthly basis; however, in consideration of the reorganisation processes in which the Company has been involved, the frequency has been further increase), organising itself and operating in such a way as to assure real and effective performance of its functions.

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

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

- mergers, in the cases envisaged by articles 2505 and 2505-*bis* of the Italian Civil Code, and demergers in the cases when such rules are applicable;
- opening or closing down secondary offices;
- indication of which directors have powers of corporate representation;
- reduction of share capital in the case of withdrawal by shareholders;
- adaptation of the articles of association to regulatory requirements;
- transfer of the company's head office within the national territory.

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

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

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

As previously mentioned, in consideration of the entry into force of the provisions under Legislative Decree no. 146 of 25 September 2009 - containing supplementary and corrective provisions concerning takeover bids - the Extraordinary Shareholders' Meeting held on 20 April 2011 resolved to supplement article 19 of the Articles of Association, making use of the right granted by the amended article 104 of the TUF. Through this amendment, the Board of Directors and its delegated bodies (if any) are permitted to take defensive measures that are able to contrast the achievement of the objectives of takeover bids and share-for-share offers.

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

With specific regard to the recommendations under article 1 of the Code, note that the Board has the prime responsibility to determine and pursue the Company's and the Group's strategic goals.

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

- review and approval of the company's and the group's strategic, business and financial plans, periodically monitoring the implementation, the definition of the corporate governance structure and the structure of the group itself, as well as the assessment of the adequacy of the organisational, administrative and accounting structure of the Company and of subsidiaries of strategic importance, with specific reference to the internal audit and risk management system.

It should be noted that, within the composition of creditors in progress as represented in detail in paragraph 1 above (to which reference is made for more details), the Company has prepared the economic and operating strategic guidelines underlying the Plan and Proposal for composition with creditors (which were approved in the course of the Board's meeting of 27 June 2013). Therefore, in order to comply with the Code's recommendation in question, the Board approved, in the meeting held on 24 April 2013, the adoption of a process that provides for the Board' obligation to periodically monitor any strategic, industrial and financial plans.

Furthermore, it should be noted that, as regards criterion 1C1, letter c), of the Code - which requires a formal assessment of the organisational, administrative and accounting structure of the company and of its "subsidiaries of strategic importance" -, it is a policy of the Company to prepare a document on the organizational, administrative and accounting structure of Seat S.p.A. and of its "subsidiaries of strategic importance", aimed at providing a summary description of: (i) the organisational structure of Seat SpA and of the Group companies; (ii) the administrative and accounting structure of the Company. It should be noted that, before the contribution that took place in 2012 (as mentioned in paragraph 1 to which reference is made), according to a "size-based" business criterion, no subsidiaries were found to have a strategic importance such as to entail a specific assessment of the structure by the Board as required by the Code. This criterion consisted and still consists (as confirmed by the current Board by resolution passed on 24 April 2013) of a consolidated EBITDA contribution of not less than 10% (the Board still has the possibility of also attributing strategic importance to subsidiaries whose contribution to EBITDA is lower, by reason of the type of business they conduct).

Following the completion of the Reorganisation and Contribution Transaction that was completed in September 2012, it should be noted that the sole subsidiary of strategic importance is Seat Pagine Gialle Italia Spa..

In any case, it should be noted that the Internal Audit function normally performs activities whose purpose is to verify, if requested to do so, whether the Internal Audits carried out in the subsidiaries are satisfactory, on the basis of instructions given by the Audit and Risks Committee and by the supervisory boards in the subsidiaries themselves.

In relation to the above, on 20 June 2013 the Board of Directors also acknowledged the Audit and Risks Committee's favourable opinion regarding the adequacy of the organisational, administrative and accounting system and resolved - without prejudice to the periodic appraisals that have already been carried out pursuant to article 2381, paragraph 3, of the Italian Civil Code:

- to confirm, in order to comply with the formal recommendation of the Code, the adequacy (i) of the corporate governance system and of the organisational, administrative and accounting structure of Seat Pagine Gialle SpA and of the subsidiary Seat Pagine Gialle Italia SpA and (ii) of the group structure;
- the definition of the nature and level of the risk compatible with the strategic objectives of the Company. It should be noted that, for this purpose, the Company applies the so-called Enterprise Risk Management (hereinafter the ERM), a process implemented by the management, on an annual basis, with the support and coordination of the Internal Audit function, which is aimed at identifying, assessing and controlling the main (strategic, operational, reporting and compliance) risks that could compromise the achievement of the Company's corporate targets;
- the assessment of the general performance of operations on the basis of the information provided by the Managing Director;
- the adoption of resolutions as to the operations of the Company and of the subsidiaries, when these operations have a significant strategic, economic, capital or financial importance for the Company itself. For this purpose, note that article 16 of the Articles of Association establishes that the Board of Directors and the Board of Statutory Auditors must be informed, also by delegated bodies, of the activity performed, the general business performance, the expected business progress and of the most important transactions in business, financial and capital terms carried out by the Company or by its subsidiaries. In particular, directors must report on transactions in which they have an interest on their own account or that of third parties, or that are influenced by the entity, if any, carrying out the activity of management and co-ordination.

Note that disclosure obligations under the abovementioned article 16 of the Articles of Association and article 150, paragraph 1, of the TUF are fulfilled by means of a procedure whose purpose is to ensure transparency, not only as regards transactions with related parties in which an interest is held, either on its own account or on behalf of third parties, or which are influenced by the entity that performs the activity of management and coordination (including inter-group transactions), but also as regards all transactions that have been conducted, the most important transactions in business, financial and capital terms carried out by the Company and atypical or unusual transactions.

It should be noted that, on 10 November 2010, the Board of Directors - in the implementation of the Regulation of Transactions with Related Parties as approved by Consob resolution no. 17221 of 12 March 2010, as amended – approved the “Procedure as to Transactions with Related Parties” – which was made available on the website www.seat.it on 1 December 2010 – specifying the procedures which must be applied by Seat in implementing, either directly or through subsidiary companies, transactions with related parties, effective from 1 January 2011. The Procedure provides that the Company's Related Parties must notify the Managing Director, as soon as possible, of the information necessary to allow the Company to fulfil the obligations laid down in the abovementioned Regulation; the Managing Director will, in turn, notify the Board of Directors and the Board of Statutory Auditors, at the time of the board meeting, of the existence of transactions (if any) with related parties, in order to pass the related resolutions. The Extraordinary Shareholders' Meeting of 20 April 2011 subsequently resolved to introduce, in the Procedure referred to above,

some mechanisms for the approval of Transactions with Related Parties in derogation from the Procedure, upon prior introduction of the same into the Articles of Association. For this purpose, a new article has been introduced in the Articles of Association which is dedicated to Transactions with Related Parties (article 23, referred to below).

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

- annual assessment of operation of the board itself and its committees, as well as their size and composition. In this regard (as regards the application criterion 1C1, letter g), of the Code), note that the Board, during the meeting of 27 May 2013, fulfilled this accomplishment based on “self-appraisal” questionnaires transmitted and compiled by the Board members and subsequently processed by the Chairman, together with an Independent Director (as well as a member of the Appointments and Compensation Committee) and the Secretary to the Board of Directors. The Board of Directors resolved that the size, composition and operation of the Board and of its Committees are adequate, and that it does not consider that any additions to the Board are necessary given the existing qualifications of the present members of the governing body.

[List submitted on the occasion of the appointment of the Board of Directors \(information pursuant to article 144-decies of the Issuers’ Regulations of Consob\)](#)

Without prejudice to the provisions under article 14 of the Articles of Association (as mentioned above, as finally amended by the Shareholders’ Meeting of 12 June 2012), with reference to the rules applicable to the appointment and replacement of directors (see what is reported in paragraph no. 2 with reference to **article 123-bis, paragraph 1, letter l) of the TUF**), note that, at the time of the appointment of the Board of Directors currently holding office, which took place at the Shareholders’ Meeting of 22 October 2012, the Company took steps to complete the formalities set out in articles 144-octies and 144-novies of the Issuers’ Regulations of Consob.

Specifically, **with reference to the appointment of directors**, within the terms set out by the regulations in force, exhaustive information has been provided regarding the personal and professional characteristics of the candidates, including the statements made by those who meet the independence requirements required by the regulations in force; furthermore, the names of the shareholders have been provided which submitted a list, as well as the relevant percentage of interest that they respectively hold (reference is made to the Shareholders Acmo Sàrl, Acmo Finance (Ireland) Limited, Aio Sarl, Aio II Sarl, GRF Master Fund II L.P., Carisma SpA, Guido de Vivo, who at that time held no. 3,165,479,883 ordinary voting shares equal to 19.702% of the ordinary share capital). The Company has promptly taken steps to make this documentation public through the website at the address

http://www.seat.it/seat/download_galleries/governance/assemblee_2012/01_Seat_Lettera_Presentazione_Lista_26.09.2012.pdf.

It should be noted that, as a list was submitted which included a number of candidates higher than three, in accordance with the current regulations governing gender equality, the list itself must include two candidates of different genders.

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

As mentioned in paragraph 1 of this Report, before the completion of the Reorganisation Transaction, the Shareholders’ Meeting of 12 June 2012, in an Ordinary Session, resolved:

- to set the number of the members of the Board of Directors at 9, establishing a term of office up to the approval of the financial statements for the financial year ended 31 December 2012;
- to appoint Messrs. Enrico Giliberti, Dario Cossutta, Pietro Masera, Antonio Tazartes, Marco Tugnolo, Nicola Volpi, Lino Benassi, Alberto Giussani and Maurizio Dallochio as Directors, and to also appoint Enrico Giliberti as the Chairman of the Board of Directors. The directors appointed were all taken from the single list filed for the Shareholders' Meeting, which was submitted by the Company's outgoing Board of Directors and voted by the majority. Messrs. Lino Benassi, Alberto Giussani and Maurizio Dallochio declared that they met the independence requirements set out in article 148, paragraph 3, of Legislative Decree no. 58/1998 and in the Self-Governance Code of Listed Companies.

Subsequently, as a result of the completion of the Reorganisation Transaction, the Shareholders' Meeting of 22 October 2012 resolved, in the ordinary session:

- to set the number of the members of the Board of Directors at 9, establishing a term of office up to the approval of the financial statements for the financial year ended 31 December 2014;
- to appoint Messrs. Guido de Vivo, Vincenzo Santelia, Chiara Damiana Maria Burberi, Mauro Pretolani, Paul Douek, Luca Rossetto, Francesca Fiore, Harald Rösch and Mauro Del Rio as Directors 8who were all taken from the single list filed for the Shareholders' Meeting) and to also appoint Guido de Vivo as the Chairman of the Board of Directors.

It should be noted that the Directors Chiara Damiana Maria Burberi, Mauro Pretolani, Luca Rossetto, Francesca Fiore, Harald Rösch and Mauro Del Rio declared that they met the independence requirements laid down in the combined provisions of articles 147-ter, paragraph 4 and 148, paragraph 3, of legislative decree no. 58/1998 and of the Code (see below).

Furthermore, on 26 October 2012 the Board of Directors appointed Vincenzo Santelia as the Managing Director of the Company.

For the sake of completeness, it should be noted that, subsequently, Paul Douek resigned with effect from 29 April 2013.

Below is reported the composition of the Board at 31 December 2012, accompanied by the information on personal and professional characteristics of the Directors:

Guido de Vivo

Chairman of the Board of Directors - SEAT PG SpA.

Currently Mr. de Vivo is the Vice Chairman and CEO of Progressio SGR SpA and sits as Chairman or director on the boards of directors of various Italian companies, including Bartolini, Moncler and Cimbali-Faema.

Furthermore, he was the CEO of Mittel SpA (1989-2007), Credito Milanese SpA (1985-89) and Pasfin Servizi Finanziari SpA (1982-85).

Mr. de Vivo graduated in law from the Federico II University of Naplea and holds a MBA obtained at Harvard University, Graduate School of business administration



Vincenzo Santelia

He holds the office of Managing Director of Seat Pagine Gialle S.p.A..

He graduated in Economic and Social Disciplines from the Bocconi University and started his career at Unilever.

In 1994 he joined Bain & Co., where he was mainly responsible for Media and Consumer Goods and where he gained promotion up to the level of Director. From 2010 he has been working at the Dutch office, where he holds the office of Office Head.

Chiara D.M. Burberi

Currently she is a Partner of the Business Performance Institute.

She is an Independent Director, Chairman of the Audit and Risks Committee and a member of the Supervisory Board 231 at SEAT PG S.p.A. and an Independent Director and a member of the Supervisory Board 231 at SEAT PG Italia S.p.A.. She is also an Independent Director, Chairman of the Audit and Risks Committee, a member of the Appointments and Compensation Committee and of the Related Parties Committee of Meridiana Fly S.p.A..

From 2001 to 2009 she worked for the UniCredit Group as the Head of Retail Foreign Banks (Member of the Supervisory Board of Unicredit Romania and of KocBank), and then as the Head of Group Organisation and finally as the Compliance Chief Operating Officer.

From 1994 to 2000 she worked as a consultant at McKinsey & Co and gained promotion up holding the office of Associate Principal in the Financial Institutions Group.

Together with the professional activity, she has held positions as Temporary Lecturer at the Faculty of Economics at the Parma University and, immediately after graduation, she was Fellow in Economics of Industrial Companies at the Bocconi University.

He obtained a PhD in Business Economics at the Bocconi University and the CEMS (Community of European Management Schools) Master degree at the HEC (*Hautes Etudes Commerciales*).

She graduated from Business Economics from the Bocconi University in 1990 and participated in the Erasmus International Exchange Programme at the LBS (London Business School).

She is a member of the Global Board Ready Women Group.

Mauro Pretolani

He is currently the General Partner of TLcom Capital Partners, a manager of venture capital funds based in the United Kingdom and regulated by the FSA. He holds or has held the office of board director, chairman or managing director of innovative companies in the Mobile, Internet, Technology markets in Europe, the United States and Israel.

His previous work experience includes the role of consultant at Bain & Co and responsible for Marketing and Finance at Procter & Gamble. He graduated in Economics and Commerce from the Rome University "La Sapienza" and obtained a MBA at the Harvard Business School "with distinction".

Paul Douek

He holds the office of Director at Seat Pagine Gialle SpA. In Italy, Paul Douek is currently a Director of Montenegro SRL and of Compagnia Sviluppi Industriali Ed Immobiliari SpA.



His previous work experience includes the private equity group of Kohlberg Kravis Roberts & Co and the consultancy company The Boston Consulting Group.

He graduated in Mechanical Engineering from the Imperial College London, in Economics from the Oxford University and obtained a MBA from the Harvard Business School.

Luca Rossetto

On 15 April 2011 he was appointed as Consumer Director of Telecom Italia.

After graduation in Business Economics from the "L. Bocconi" University of Milan, he started his professional career at Arthur Andersen, which he left in 1991 to enrol at the Stanford University (USA), where he obtained a MBA.

From 1993 to 1998 he joined the Boston Consulting Group, where he mainly worked in the sectors of Services, Consumer Goods and Industrial Goods.

In 1998 he joined Autogrill S.p.A., where he initially held the office of Sales and Logistics Manager and then the office of General Manager in 2000.

From 2002 to January 2005 he joined Vodafone-Omnitel as Chief Operating Officer and member of the Board of Directors.

In 2005 he was appointed as the Chief Executive Officer of La Rinascente/Upim S.p.A., a position that he maintained up to 2009, when the company was sold once the reorganization was completed.

From 2009 to April 2011 he mainly carried out consultancy activities for private equity funds in the Retail sector.

In April 2011 he joined Telecom Italia in his capacity as Consumer Manager.

Francesca Fiore

She holds the office of Independent Director and member of the Appointments and Compensation Committee of Seat Pagine Gialle S.p.A.

After graduation in Economics and Commerce, she started her professional career in 1990 as a consultant for ODI and subsequently at McKinsey & Co.

From 1998 she has been working for Vodafone Group Plc, where she is currently a Director of Terminals Europe.

Harald Rösch

He holds the office of Director at Seat Pagine Gialle S.p.A..

From 2009 to 2012 he was the CEO of Kabel Baden-Württemberg; from 2003 to 2008 he was the CEO of HanseNet; from 2001 to 2003 he was responsible for the Internet Division of SEAT; from 1999 to 2001 he worked for Infostrada and from 1993 to 1999 for McKinsey&Co.

He is currently the Director of Sky in Germany, United Digital Group and Internetstores.

He graduated in Economics and Commerce from the ESB Reutlingen and CESEM Reims, and obtained a MBA from INSEAD.

Mauro Del Rio

He holds the office of Director at Seat Pagine Gialle SpA and is currently the Director of Buongiorno SpA, Lumata and Gazzetta di Parma.

Mauro Del Rio is the founder and chairman of Buongiorno SpA; in 1999, he was a Strategy Manager Senior at Andersen Consulting (now Accenture), a specialist consultancy company for the most important Italian financial institutions and fixed and mobile telecommunication companies. Before joining Accenture, Del Rio worked for Ote Telecomunicazioni – the Italian branch of the Marconi

Group -, a specialist company in the sector of research and development of the first test of the standard GSM technology in 1989.

Mauro Del Rio started his professional career as a researcher at Cefriel / Politecnico, where he obtained an IT Master in 1988.

With reference to criterion 1C1 letter j), it should be noted that - as for the internal dealing and the disclosure of inside information and making specific reference to the adoption by the Company of the regulations on market abuse³-, the Company has adopted the following documents:

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

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

³ The main aim of 2003/6/EC Directive on market abuse is to increase the level of transparency of financial markets, in particular, by laying down behavioural and organisational obligations for those persons who access relevant information.

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

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

As regards application criterion 1C3 of the Code, pursuant to which the Board expresses its view of the maximum number of positions as a director or as a statutory auditor (N.B.: in listed companies on regulated markets, including foreign markets, as well as in financial, banking, insurance companies or companies of major size, as specified under criterion 1C2 of the Code) that may be considered compatible with the effective performance of the duties of a Company director, taking account of the participation of the Directors in the Committees established within the Board -, the Board of Directors laid down general criteria that differed according to the commitment expected of each position (executive, non-executive or independent director), also in the light of the nature and the size of the companies in which such positions are held, as well as of whether they belong to the issuer's group. Specifically, the Board, in the course of the meeting of 24 April 2013, (i) confirmed (with respect to the practice applied in the past) as companies of a major size, apart from listed companies, those with a turnover of more than Euro 500 million; (ii) established the following limits to the numbers of positions, specifying that positions held in more than one company belonging to the same group (including the SEAT Group) are to be considered as one position, the one that entails the greatest degree of professional commitment prevailing:

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

Furthermore, it should be noted that on 24 April 2013 the Board also resolved, for the purposes of the achievement of the previous thresholds, to also calculate the position deriving from the participation in the Audit and Risks Committee.

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

Guido de Vivo	Director of Moncler Srl and Bartolini SpA
Vincenzo Santelia	No office held in the companies under article 1C2
Chiara Burberi	Director of Meridiana Fly SpA
Mauro Pretolani	No office held in the companies under article 1C2

Paul Douek	No office held in the companies under article 1C2
Luca Rossetto	No office held in the companies under article 1C2
Francesca Fiore	No office held in the companies under article 1C2
Harald Rösch	No office held in the companies under article 1C2
Mauro Del Rio	No office held in the companies under article 1C2

The current composition of the Board then complies with the abovementioned general criteria about the maximum number of positions held.

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

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

Also in consideration of the abovementioned financial reorganisation process, it should be noted that, in the 2012 financial year, the Board of Directors held a high number of meetings: in fact, the Board met 28 times. The participation of the Directors holding office in the meetings (relevant period: 24 October 2012 – 31 December 2012) was almost total; specifically, with regard to the Directors holding office on 31 December 2012, the attendance percentage was approximately 96% (the table attached to this report specifies the attendance percentage referred to each Director). It should be noted that the average duration of the meetings held by the Directors holding office in 2012 was equal to about 3 hours.

In consideration of the procedure of composition with creditors that is currently in progress, on 28 March 2013 the Company notified the dates of the corporate calendar events for the 2013 financial year, which were subsequently changed on 27 May 2013.

It should be pointed out, as at the date of this Report, the Board had already held 10 meetings, starting from 1 January 2013.

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

Pursuant to the application criterion 1C5, in the course of the meeting of 24 April 2013 the Board resolved to set a time limits of 3 days for a fair prior notice for the transmission of the documents to be used by the Board on an ordinary basis. In urgent cases, this prior notice may be reduced to one day.

With regard to the exceptions to the non-competition obligation (as regards the critereon 1C4 of the Code), note that all the Directors have declared to the Board that they do not perform any activities that compete with those of the Issuer, also undertaking to notify any significant change if this event should occur.

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

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

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

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

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

It should be noted that, immediately after the new Board took office, the Chairman facilitated meetings aimed at allowing an adequate knowledge by the Board of the business area in which the issuer operates, of the business situation and operations.

Finally, it should be noted that on 24 April 2013 the Board of Directors granted an express mandate to the Chairman to identify, in the course of the financial year, meetings and initiatives aimed at allow an adequate knowledge of the Company and of the management.

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

The **Chairman, Guido de Vivo**, is vested with powers of corporate signature and legal representation of the Company vis-à-vis third parties and before courts. The Chairman - who is not ordinarily vested

with operating powers - is responsible for organising the board proceedings and for acting as a connection between the executive director and the non-executive directors.

The **Managing Director, Mr. Vincenzo Santelia**, oversees the technical and administrative performance of the Company and ensures the execution of the resolutions passed by the Board of Directors; Mr. Santelia is vested with powers of corporate signature and legal representation of the Company vis-à-vis third parties and before courts, as well as – in accordance with the applicable obligations laid down by the law and by the articles of association, in terms of matters that cannot be delegated by the Board of Directors – specific powers and responsibilities aimed at ensuring the operational management of the corporate activities, within a general limit of an amount up to Euro 10 million. For some types of deeds, specific limits are envisaged.

The Managing Director has also been appointed as director responsible for the internal audit and risk management system (referred to below), as well as the official internal auditor of the Company's secondary office.

Independent directors (Article 3 of the Code)

The Board of Directors adopts a procedure to assess the independence of the directors, pursuant to which the Directors, after the appointment and on an annual basis, sign an appropriate declaration form (for submission to the Chairman of the Board of Directors and to the Chairman of the Board of Statutory Auditors), in which they certify that they meet the independence requirements under article 3 of the Code, if they in fact do so, with specific regard to the valuation criteria under the application criterion 3C1 of the Code.

On the basis of the information received, the Board – during the meeting of 27 June 2013 – considered whether the independence requirements as regards each of the non-executive directors were met and, accordingly, acknowledged and confirmed the independence of Directors Chiara Burberi, Francesca Fiore, Mauro Del Rio, Mauro Pretolani, Luca Rossetto, Harald Rösch. Note that the abovementioned Directors also meet the independence requirements under article 148, paragraph 3, of the TUF.

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

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

Finally, it should be noted that, as regards the application criterion 3C6 of the Code - pursuant to which the independent directors must meet at least once a year in the absence of other directors – no meeting of independent directors only was held in 2012, until the previous Board held office, because of the frequency of the meetings of the corporate bodies linked to the financial reorganization.

In the course of the meeting held on 24 April 2013, the Board invited the independent directors to plan a meeting of the same in the absence of other directors.

[Internal committees of the Board of Directors \(Article 4 of the Code; article 123-bis, paragraph 2, letter d\) of the TUF\)](#)

In accordance with principle 4P1 and criterion 4C1 of the Code, the Board of Directors finally established, by resolution of 26 October 2012, the following internal committees:

- the **Appointments and Compensation Committee and**
- the **Audit and Risks Committee,**

with proactive and consultative functions.

It should be noted that, in accordance with the comments on article 4, the Board, by reason of the new organisational structure of the Group, as well as of the competences expressed by the designated members, has resolved that the functions referred to in articles 5 and 6 of the Self-Governance Code must be carried out by a single committee (Appointments and Compensation Committee) made up of three members provided with adequate professional skills for these functions.

A chairman has been appointed for both the Committees. Duties are defined by resolution of the Board of Directors and may be supplemented or changed by a subsequent resolution of the Board.

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

On 24 April 2013, the Board, on the basis of what was reported by the Chairmen of the two Committees, resolved that it reserved the right to pass a resolution as to the actual allocation of the budgets for the Committees themselves.

In this regard, the Chairmen of the two Committees will be entitled to submit specific requests for resources for the Committees in consideration of specific requirements that will be reported to the Board from time to time.

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

For precise information regarding the Appointments and Compensation Committee and the Audit and Risks Committee (institution, composition, duties, work actually done during the financial year, number of meetings and members' attendance percentage), see comments to articles 5, 6 and 7 of the Code below, respectively.

[Appointment of directors - Remuneration of directors \(Articles 5 and 6 of the Code\)](#)

As specified above, the Board resolved to establish a single Committee with the task of performing the duties referred to in articles 5 and 6 of the Self-Governance Code.

In accordance with the articles 5P1 and 6P3 of the Code, the Committee in question is fully composed of non-executive directors, who are mostly independent directors, in the persons of Mauro Pretolani (Chairman), Francesca Fiore and Paul Douek.

The director Paul Douek, who has adequate knowledge and experience of financial issues and remuneration policies, resigned with effect from 29 April 2013.

It should be noted that the chairmanship is handed over to an independent Director and that all the members have adequate knowledge and experience of financial issues or remuneration policies.

Finally, the Committee was appointed by the Board of Directors on 26 October 2012.

As regards the **functions referred to in article 5 of the Code**, the Committee in question performs the following duties:

- to submit opinions to the board as to the size and composition of the same, and to express recommendations as to the professionals the presence of which within the Board is deemed appropriate, as well as on the arguments referred to in articles 1C3 and 1C4;
- to submit proposals to the Board on the candidates to the position of director in the cases of co-option where it is necessary to replace independent members.

Furthermore, with reference to article 5C2 of the Code, it should be noted that, in the course of the meeting held on 24 April 2013, the Board resolved, *inter alia*, that it deemed not appropriate to adopt, at that time, a plan for the succession of executive directors.

As regards the duties performed by the Committee pursuant to article 6P4 of the Code, it should be noted that the same submits proposals to the Board of Directors on the remuneration policy of directors and executives with strategic responsibilities.

However, taking into account that the Company is committed to a composition of creditors that is destined to significantly affect the Company itself in the course of the financial year, the Company has deemed that, at present, it is not appropriate or relevant to propose – for the current financial year and for the subsequent financial years – to adopt a policy remuneration other than that applied in previous years.

Therefore, as a result of the above and up to different decisions (if any) by the competent bodies, the Company will continue to apply, for the current financial year, the current criteria for the management of the remuneration policy (see below).

On 26 October 2012, in accordance with the criterion 6C5 of the Code, the Compensation Committee was assigned by the Board of Directors the duty of:

- periodically assessing the adequacy, the overall consistency and the actual application of the policy for the remuneration of directors and of the executives with strategic responsibilities, with regard to the latter, it will make use of the information provided by managing directors; submitting proposals to the board of directors concerning this issue;
- submitting proposals or giving opinions to the board of directors concerning the executive directors' compensation and that of other directors holding particular positions, as well as the performance targets correlated to the variable component of such remuneration; monitoring application of the decisions adopted by the board itself, specifically verifying the actual achievement of the performance targets.

Unless expressly invited to provide supporting information, no director takes part in Committee meetings in which proposals regarding his/her emoluments are submitted to the Board of Directors (criterion 6C6 of the Code). Furthermore, should the Committee intend to make use of services rendered by a consultant in order to obtain information on market practices concerning remuneration policies, the Committee will preliminarily verify that he/she is not in a situation which could compromise his/her independence of opinion.

Finally, in accordance with the “comment” on the article 6 of the Code, it should be noted that the Appointments and Compensation Committee

- is supported, in performing its duties, by the competent corporate departments;
- provides for the participation of the Chairman of the Board of Statutory Auditors or of any other Statutory Auditor appointed by the latter in its own meetings, in which any other statutory auditors may also participate.

Remuneration policy

Pursuant to article 6.P.4 and of the criterion 6.C.1, it should be noted that the policy for the remuneration of the managing director and the executives with strategic responsibilities of Seat, as defined by the Board of Directors on the proposal of the Appointments and Compensation Committee, is focused on some main components:

- (a) a fixed remuneration
- (b) an annual variable remuneration based on the individuals’ and the Company’s performance (‘MBO’)
- (c) instruments and agreements to hedge risk from competition and indemnities linked to the activity carried out, if appropriate
- (d) company benefits. No long-term incentive plans (LTIPs) existed in 2012.

The remuneration components meet different needs and are structured as follows:

- A) the fixed component and the variable component are adequately balanced according to the strategic objectives and the company’s management policy, the organisational importance and the type of role, also taking account of the business sector in which it operates, the features of the business activity actually carried out and the market practices;
- B) In terms of the balancing of the economic weight of the various elements, in the case of achievement of the envisaged objectives, the maximum payable annual bonus varies in a range of between about 40 and 80% of the fixed remuneration: the percentage is linked to the organisational importance and the nature of the position held. As a whole, the economic impact of the bonus compared to the fixed remuneration causes the related cost for the company to be sufficiently variable, thus allowing the risk to be suitably hedged in the case of a company’s performance that is lower than expected;
- C) The fixed remuneration ensures an adequate and certain basic remuneration for the service performed, also in the case of non-payment of the variable share because of the failure to achieve the performance objectives assigned;
- D) The annual bonus is aimed at achieving the annual results for the Company and the Group. The logics and features of the MBO system, together with the main objectives for the achievement of the bonuses, are submitted to the Appointments and Compensation Committee and approved by the Board of Directors. The remuneration policy of the Managing Director and executives with strategic responsibilities is approved by the Company’s Board of Directors, on the proposal of the Appointments and Compensation Committee and with the support of the Resources and Organisation Management.

It should be noted that during 2012 the Committee met 3 times during which:

- it approved the Remuneration Report (2011 financial year);

- it approved the final statement and the quantification of the variable remuneration due to Mr. Cappellini as Managing Director and General Manager for the 2011 financial year;
- it approved the ability-to-pay mechanism within the 2012 business MBO system;
- it approved the compensation package of the Managing Director, Mr. Santelia;
- it gave its favourable opinion as to the fees due to the Chairman of the Board of Directors, the chairmen of the Appointments and Compensation Committee and of the Audit and Risks Committee, the remaining four members of the committees themselves and the Secretary to the Board of Directors;
- it approved the contractual and financial terms of the proposed termination of the employment relationship with a person holding a top management position within the Company;
- it approved the payment of a one-off amount to the General Manager, Ezio Cristetti, for the position held *ad interim* in the period 4 April - 26 October 2012.

The percentage of attendance at the Committee's meetings referred to each member is reported in the special table attached hereto.

For the purposes of the comments on article 6 of the Code, pursuant to which the shareholders must be notified of the methods to perform the duties of the Committee, it should be noted that, in the course of the Shareholders' Meeting on 12 June 2012, the Chairman (in consideration of the justified absence of the Chairman of the Committee) made reference to the information reported in that regard in the report on corporate governance and ownership structures relating to the 2011 financial year.

From 1 January 2013 up to the date of approval of this Report, the Committee met 5 times.

It should be noted that the incentive mechanisms of the Manager responsible for preparing the Company's reports are consistent with the duties allocated (criterion 6.C.3). As regards the Internal Audit Manager⁴, reference is made to the information reported in this regard in the paragraph relating to article 7 of the Code.

Directors' compensation

Directors are entitled to receive - besides reimbursement of expenses incurred in performing their functions - annual compensation of an amount established by the Shareholders' Meeting of 22 October 2012. Such compensation also includes that of directors holding particular offices.

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

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

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

⁴ It should be noted that the Internal Audit Function – allocated at the subsidiary Seat Pagine Gialle Italia SpA following the Contribution referred to in paragraph 1 of this Report – by virtue of the services contracts entered into between the two companies, also provides its services to Seat.

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

Committee of Independent Directors

It should be noted that, in the implementation of the Regulation of Transactions with Related Parties – as approved by Consob resolution no. 17221 of 12 March 2010, as amended – the Board of Directors' meeting held on 26 October 2012 resolved to assign to the Audit and Risks Committee (referred to below) the functions of the Committee of Independent Directors pursuant to and for the purposes of the provisions laid down in the aforesaid Regulation.

Internal Audit system

Internal Audit and Risk Management system (Article 7 of the Code)

1) Audit and Risks Committee

The Audit and Risks Committee, which was finally appointed by the Board meeting held after the shareholders' meeting on 26 October 2012, is made up of the Directors Chiara Burberi (Chairman), Luca Rossetto and Harald Rösch.

All members of the Committee are independent Directors and adequately experienced in accounting and financial issues or risk management (in accordance with article 7.P.4 of the Code).

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

During the aforesaid meeting of 26 October 2012, the Board of Directors resolved to confer on the Committee the tasks described in article 7.C.2 of the Self-Governance Code⁵.

The Regulations of the Committee contain, coherently with the information in the Code, the rules for the appointment, composition and function of the Committee itself. Specifically, pursuant to the Regulations, as approved on 18 December 2012 and in accordance with the abovementioned article 7C2, the Committee:

1. evaluates, together with the manager responsible for preparing the Company's financial reports and having heard the independent auditor and the board of statutory auditors, the correct use of

⁵ As previously mentioned, the Board, in consideration of the fact that all members of the Audit and Risks Committee meet the independence requirements envisaged for the directors, also resolved to assign to the same committee the functions of the Committee of Independent Directors pursuant to and for the purposes of the provisions laid down in the Regulation on transactions with related parties.

- the accounting standards applied and, in the case of groups, their consistency for the purposes of the preparation of the consolidated financial statements;
2. expresses opinions on specific aspects concerning the identification of the main business risks;
 3. examines interim reports concerning the assessment of the internal audit and risk management system, and those of particular importance prepared by the internal audit function;
 4. monitors the independence, adequacy, effectiveness and efficiency of the internal audit function;
 5. may ask the internal audit function to carry out checks on specific operating areas, giving notice thereof to the chairman of the board of statutory auditors;
 6. reports to the board, at least on a six-monthly basis, on the occasion of the approval of the annual and half-year financial report, on the work carried out, as well as on the suitability of the internal audit and risk management system.

In performing its Supervisory Board duties, the Committee is permanently supported by the Internal Audit function and may make use of both other internal functions and external persons, whose professionalism might be necessary from time to time.

The Audit and Risks Committee met 6 times (of which 3 times for the Audit and Risks Committee appointed by the Board of Directors of 26 October 2012) in 2012 (the average duration of the meetings was equal to about 2.5 hours) and 7 times from 1 January 2013 and up to the date of approval of this Report. During the meetings the Committee performed, *inter alia*, the following activities:

- monitored the development of the organisational and operational structure of the Internal Audit Department;
- examined and assessed the progress of the activities envisaged in the audit programme prepared by the Internal Audit Function for FY2012 and the results of the action taken;
- assessed and approved the audit program prepared by the Internal Audit Function for FY2013;
- met with the Manager responsible for preparing the Company's financial reports, the top management of the Administration, Finance and Control department, the Board of Statutory Auditors and the Partner of the Independent Auditors in order to examine the main features of the annual Financial Statements as at 31 December 2012, the correct use of the accounting standards and their uniformity for the purposes of preparing the consolidated financial statements;
- met with the Partner of the Independent Auditors to examine the outcome of the audit work done;
- met the company management for the examination of the main the business processes and the analysis of some issues that are of a more purely accounting nature;
- met the external consultant identified for the illustration of the method adopted in the performance of the impairment test, which are already being verified by the Independent Auditors;
- met the management for the examination and assessment of the disaster recovery plan and of significant business processes;
- examined and evaluated the outcomes of the Enterprise Risk Management (ERM) process aimed at defining an integrated approach to the identification, assessment, management and monitoring of business risks;
- examined the "document describing the organisational, administrative and accounting structure" prepared by the competent corporate functions in order to contribute to the assessment of the Company's corporate governance system, of the Group's structure and of the organisational, administrative and accounting structure of Seat pursuant to Article 1.C.1 of the Code.

The Committee has also provided a preliminary opinion to the Board of Directors for the performance of the duties entrusted to it pursuant to article 7C1 of the Code (referred to below).

The percentage of attendance at the Committee's meetings held in 2012 is illustrated in the special Table attached hereto.

2)) Internal Audit System

Pursuant to article 7P1 of the Code, it should be noted that the Company is provided with an internal audit and risk management system aimed at allowing the identification, measurement, management and monitoring of the main risks; this system is integrated into the more general organisational and corporate governance structures and takes due account of the reference models and best practices applied at a national and international level.

As specified in article 7P3 of the Code, the internal audit system involves the Audit and Risks Committee referred to above, i) the Board of Directors, ii) the Director responsible for the internal audit and risk management system, iii) the Internal Audit Manager, iv) the Board of Statutory Auditors, as well as v) other specific corporate roles and functions. The Company establishes the methods to coordinate these persons by holding special collective meetings that provide for the participation of the various supervisory bodies (Audit and Risks Committee, Board of Statutory Auditors, Supervisory Board, External independent auditor, the Manager responsible for preparing the Company's reports and the Internal Audit Function).

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

2.1) Board of directors

The Board of Directors carries out activities of direction and assessment of the suitability of the internal audit system.

Pursuant to article 7C1 of the Code, the Board, subject to the preliminary opinion of the Audit and Risks Committee:

- defines the guidelines of the internal audit and risk management system;
- pursuant to article 7 C1, letter b), of the Code, has assessed the suitability of the internal audit and risk management system with respect to the features of the Company and the risk profile assumed, as well as its efficacy: such evaluation was conducted after the Board carried out its review of the adequacy of both the Company's corporate governance system and of the Group's structure, and the organisational, administrative and accounting structure of the Company (see the paragraph above concerning the "role of the Board of Directors", reference is made to article 1 of the Code); pursuant to article 7C1, letter d), of the Code, it has resolved that it considers the Company's internal audit system to be adequate, efficient and effective;
- approves the work plan prepared by the Internal Audit manager at least on an annual basis;
- assesses, after having heard the Board of Statutory Auditors, the results reported by the Independent Auditors in the letter of suggestions (if any) and in the report on the basic issues that arose at the time of the statutory audit of accounts.

Specifically, it should be noted that the Board examines, on an annual basis, the ERM process (Enterprise Risk Management, referred to below, Paragraph 2.4.1.), aimed at the identification, assessment and monitoring of the main risks to which the Company is exposed. In this circumstance, the Board approves the work plan of the Internal Audit Function, after having heard the Board of Statutory Auditors and the Director responsible for the internal audit and risk management system.

Furthermore, the Board (i) appoints and dismisses the Internal Audit Manager, (ii) ensures that the same is provided with adequate resources to perform his duties and (iii) defines his remuneration consistently with the company's policies (referred to below).

2.2.) Director responsible for the internal audit and risk management system

In accordance with article 7C4. of the Code, on 26 October 2012 **the Managing Director** was identified by the Board of Directors as the Director responsible for the internal audit and risk management system. Accordingly, the following functions were assigned to him:

- ensuring that the main business risks have been identified, taking account of the characteristics of the activities carried out by the issuer and its subsidiaries, submitting them for consideration by the board of directors on a periodical basis;
- executing the guidelines defined by the board of directors, taking care of the design, implementation and management of the internal audit and risk management system and constantly assessing its adequacy and efficacy;
- being responsible for adapting the system to the dynamics of the operational conditions and the legislative and regulatory framework;
- asking the Internal Audit Function to carry out checks on specific operating areas and on the compliance with internal rules and procedures in the performance of corporate transactions, giving notice thereof to the chairman of the board of directors, the chairman of the audit and risks committee and the chairman of the Board of Statutory Auditors;
- promptly reporting to the Audit and Risks Committee (or to the Board of Directors) as to problems and critical issues that arise in the performance of his activity or which he is become aware of, so that the committee (or the Board) may take the appropriate initiatives.

2.3.) Internal Audit Manager

As previously mentioned, the Company makes use of the Internal Audit Function, allocated to the subsidiary Seat Pagine Gialle Italia SpA following the Reorganisation and Contribution Transaction (referred to in paragraph 1 of this Report) and by virtue of services contracts entered into between the two companies.

The Internal Audit function is structured in such a way as to (i) check and ensure the effectiveness and efficiency of the Internal Audit System and (ii) ascertain whether the system provides reasonable guarantees that the organisation will be able to achieve its objectives economically and efficiently.

It should be noted that, in the Board's meeting of 24 April 2013, as proposed by Mr. Santelia, the Board (subject to the preliminary favourable opinion of the audit and risks committee, as well as after having heard the Board of Statutory Auditors), resolved that (i) it acknowledged the fact that the subsidiary Seat Pagine Gialle Italia SpA had confirmed Francesco Nigri as Internal Audit Manager; (ii) it provided the Internal Audit Manager with adequate resources to perform his duties; (iii) it appointed the Appointments and Compensation Committee to assess the consistency of the fees due to the Internal Audit Manager with the business policies and to report the results of this assessment to the Board itself. Furthermore, the

Board (i) acknowledged that the Internal Audit Manager is not responsible for any operating unit of Seat Pagine Gialle Italia S.p.A. and (ii) resolved that the same hierarchically depends on the Board of Directors of the Company.

The Internal Audit Manager is appointed to verify that the internal audit and risk management system is functioning and adequate. Furthermore, in accordance with article 7.C.5. of the Code:

- a) he/she verifies, both on an ongoing basis and in relation to specific needs and in accordance with international standards, the operations and suitability of the internal audit and risk management system, through an audit plan, approved by the board of directors, based on a structured process of analysis and prioritization of the main risks;
- b) he/she is not responsible for any operating unit and hierarchically depends on the board of directors;
- c) he/she has direct access to all useful information for the performance of his/her duties;
- d) he/she prepares interim reports containing adequate information on his/her activity, the manner in which risk management is carried out, as well as on compliance with the plans drawn up to deal with risks; interim reports contain an assessment of the suitability of the internal audit and risk management system;
- e) he/she promptly prepares reports on events of particular importance;
- f) he/she transmits the reports referred to in points d) and e) to the chairmen of the board of statutory auditors, the audit and risks committee and the board of directors, as well as the director responsible for the internal audit and risk management system;
- g) he/she verifies, within the audit plan, the reliability of the IT system, including accounting recognition systems.

In order to perform his/her duties, the Internal Audit Manager has access to all the information he/she deems useful, has the appropriate means for the fulfilment of the functions that have been assigned to him/her and acts in accordance with the action plan defined on the basis of risk-based methods and approved by the Audit and Risks Committee. The action plan mainly includes activities relating to the Risk Assessment process, compliance with Legislative Decree 231/2001, compliance with Law no. 262/2005, checks on specific processes, checks carried out after events have been reported by the management and monitoring the effective implementation of the recommendations made on the occasion of previous actions (follow up).

During 2012 the Internal Audit Manager:

- carried out the checks set out in the action plan established for the financial year;
- periodically reported to the Director responsible for the Internal Audit and Risk Management System as to how activities are conducted and the results of the actions taken;
- participated in all the meetings of the Audit and Risks Committee, illustrating the results of the actions taken and drafting minutes up for each meeting;
- participated in all the meetings of the Supervisory Board and, on request, in the meetings of the Board of Statutory Auditors.

2.4.) Main features of the risk management and internal audit system in relation to the financial reporting process (pursuant to article 123-bis, paragraph 2, letter b) of the TUF)

2.4.1) Preamble

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

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

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

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

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

2.4.2) Description of the main features of the risk management and internal audit system in relation to the financial reporting process.

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

- definition of the “scope”, that is the quantitative analysis of the significance of the companies included in the scope of consolidation. This analysis is conducted on the occasion of significant changes in the Group’s structure or in the relevant business of each subsidiary. On the basis of the scoping process it was assessed that, to date, the subsidiaries are not of significant size in quantitative terms (see, in this regard, the information reported above with regard to the assessment by the Board of the adequacy of the general organisational, administrative and accounting structure – article 1 of the Code);
- identification of the significant corporate processes and of the risks arising from the possible failure to achieve audit objectives. This activity entails the quantitative and qualitative analysis of current processes and the consequential identification of those considered to be the most sensitive;

- assessment of controls. The processes identified in the previous phase are subject to a specific analysis activity through the preparation and/or updating of the accounting and administrative procedure and in particular of the flowchart and process descriptions, and of the audit matrix. The latter identifies the main key controls and features of the same: type (automatic or manual), how often it is conducted, the person responsible for any process or sub-process and the person responsible for control;
- performance of tests on the key controls identified in order to check for compliance with the statements of preparation of the Financial Statements (Completeness, Existence, Rights & obligations, Valuation, Recognition, Presentation, Disclosures);
- identification of possible improvements to be made to the current Internal Audit System in order to ensure an increased monitoring of the areas and processes which are considered relevant in terms of impact on the financial disclosures.

These activities are carried out by the Internal Audit Function on the basis of an action plan defined on an annual basis. The results and the improvement actions (if any) identified are submitted to the Manager responsible for preparing the reports, the Audit and Risks Committee and the Board of Statutory Auditors.

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

The Internal Audit Function, where required, carries out activities aimed at assessing the adequacy of the Internal Audit System in place within subsidiaries – within the administrative and accounting procedures in place with the same - on the basis of the instructions given by the supervisory bodies and by the Company's management.

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

In 2004 the Company adopted an Organisational, Management and Control Model defined pursuant to Legislative Decree no. 231/2001 in relation to legal entities' administrative liability for criminal offences perpetrated by persons in top management positions and by those subject to their direction or supervision. In this context, the following documents have been issued which are considered to be suitable to illustrate the system of procedures and controls aimed at reducing the risk of those crimes being committed that are envisaged by the regulations in question: the "Group Code of Business Ethics", the "Principles and guidelines of the organisational, management and control model"; the "Organisational Model".

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

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

The Supervisory Board (set up pursuant to Legislative Decree no. 231/2001), which was appointed by the Board meeting held after the shareholders' meeting – following the renewal of the Corporate bodies - on 21 June 2012, was composed, **during 2012**, of Marco Reboa (University Professor of Business Economics and former Independent Director of the Company), Marco Beatrice (Manager responsible for the Legal and Corporate Affairs Department of SEAT) and Francesco Nigri (Manager responsible for the Internal Audit Department of SEAT). This approach is in fact able to assure consistency with the

guidance contained in the Accompanying Report of Legislative Decree no. 231/2001, endowing the Committee with the requisites of autonomy, independence, professionalism and continuity of action needed to perform the necessary activity efficiently. The Board has resolved that the Supervisory Board meetings shall always be attended by a member of the supervisory board envisaged by the articles of association.

It should be noted that on 20 February 2013 – following the resignation of Messrs. Marco Reboa, Marco Beatrice on 16 and 17 January 2013 and Francesco Nigri on 20 February 2013, respectively – the Board of Directors resolved to appoint Marco Rigotti (Temporary lecturer of commercial law at the Bocconi University) as Chairman, Chiara Burberi (Independent Director of the Company) and Michaela Castelli (Secretary to the Board of Directors of the Company) as members of the aforesaid body, establishing their term of office up to the shareholders' meeting that will be called to approve the financial statements for the 2014 financial year.

The Supervisory Board is tasked with:

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

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

- a. supervision of the effectiveness of the Model by implementing the planned control procedures;
- b. checking the effectiveness in preventing illegal conduct;
- c. checks that the required requisites are maintained over time, promoting, where necessary, the necessary update;
- d. promoting and contributing to, in liaison with the other units concerned, the updating and continuous adaptation of the Model and the system for supervising its implementation;
- e. ensuring the pertaining information flows are received;
- f. ensuring the operational integration of the Supervisory Boards established in the other subsidiary companies;
- g. working out a programme of supervision, consistently with the principles contained in the Model, within the various areas of activity;
- h. ensuring the implementation of the planned and unplanned control actions;
- i. reporting any violations of the Model to the competent offices and monitoring, in cooperation with the Human Resources Management, the application of any disciplinary sanctions.

In carrying out the assigned tasks, the Supervisory Board has unlimited access to company information for the activities of investigation, analysis and control; it makes use of the Internal Audit Function and, if required, of the help of external consultants.

During 2012, the Supervisory Board continued with its ordinary supervisory activity; specifically, the Supervisory Board observed that – following the Contribution referred to in paragraph 1 of this Report – it was necessary (also pursuant to and for the purposes of article 7, paragraph iv, letter a), of Legislative Decree 231/2001) to take steps to amend and update the documents concerning the regulations under Legislative Decree 231/2001 (Organisational Model; Principles and Guidelines of the Organisational

Model, Code of Ethics). Therefore, the Board gave priority to the update of the Model within which an assessment activity was also started in relation to the new cases of offences recently introduced.

Independent Auditors

The Ordinary Shareholders' Meeting held on 12 June 2012 appointed, pursuant to article 159 of the Consolidated Act, the Independent Auditors PricewaterhouseCoopers S.p.A. to carry out the statutory audit of the Company's annual and consolidated financial statements relating to financial years 2012-2020, to carry out a limited audit of the six-monthly reports as at 30 June of the financial years 2012-2020 and to verify the regularity of the company's bookkeeping and the correct recognition of the management events in the accounting records during the course of the said financial years.

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

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

During the Board meeting held after the Shareholders' Meeting on 21 June 2012 following the renewal of the Corporate bodies, Mr. Massimo Cristofori (Manager responsible for the Company's Administration, Finance and Control Department) was confirmed as "Manager responsible for preparing the Company's financial reports", since the position held by him fully meets the technical and professional requirements under article 154-bis no. 3 of the TUF and article 19 of the Articles of Association. The Board of Statutory Auditors has given its favourable opinion as to this proposed appointment. The term of office of this assignment has been set up to the shareholders' meeting which will be called to approve the financial statements as at 31 December 2012.

The Board also resolved that the Manager responsible for preparing the Company's financial reports should exercise the powers and have the means at his disposal that are necessary for the effective performance of the duties referred to in the abovementioned article 154-bis of Legislative Decree no. 58/98. The Manager Responsible reports at least every six months on the manner in which the management and control activity is carried out with regard to the process of preparing the accounting documents, on any criticalities found during the relevant period and on the adequacy of the structure and means put at his disposal.

As it is known, the position of the Manager Responsible takes on a fundamental role in the light of the strengthening of the Company's internal audit system, attributing express importance to the internal

process of preparing the draft of the annual report in particular, and to the main information documents concerning the Company's financial position in general.

Directors' interests and transactions with related parties

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

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

Furthermore, it should be noted that the "Procedure as to Transactions with Related Parties" regulates the procedural regime which must be applied by the Company on the occasion of the implementation, either directly or through subsidiaries, of Transactions with Related Parties.

In short, the Procedure provides:

1. For Minor Transactions

- for approval by the Board of Directors and/or the bodies responsible for the transaction, subject to a non-binding opinion of the Control and Risks Committee, in consultation with the Board of Statutory Auditors, on the Company's interest in completing the same
- that the Committee is entitled to make use of one or more independent experts of its own choice
- that the board of directors' approval resolution must contain adequate reasons supporting the Company's interest in completing the transaction, as well as the appropriateness and material correctness of the related conditions;

2. for Major Transactions (i.e. those in which at least one of the significance ratios exceeds 5%)

- that the approval by the Board of Directors is exclusive, excluding the transactions which pertain to the shareholders' meeting, subject to the prior favourable opinion of the Committee of Independent Directors (referred to above) and/or with the favourable vote of the majority of the Independent Directors
- that the Committee of Independent Directors (i) must receive, well in advance, complete and adequate information on the transaction, (ii) must be preliminarily involved in the negotiations and in the preliminary investigation phase, (iii) may express, on a preliminary basis, a reasoned opinion on the Company's interest, as well as on the appropriateness and material correctness of the related conditions.

The Procedure is available on the Company's website at the address:

Statutory Auditors (Article 8 of the Code; article 123-bis, paragraph 2, letter d) of the TUF)

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

In accordance with the Articles of Association, statutory auditors too are appointed on the basis of lists that must be lodged at the Company's registered headquarters before the meeting.

It should be noted that the Extraordinary Shareholders' Meeting of 12 June 2012 approved the proposed amendments to article 22 (*Board of Statutory Auditors*) of the Articles of Association in order to adopt the same needs to comply with the regulations previously indicated with reference to the composition of the Board of Directors and contained in the TUF, as amended by Law no. 120/2011, as well as in the Issuers' Regulations (the so-called "female quotas"). Specifically, it was provided:

- (i) that the lists for the appointment of the Board of Statutory Auditors, which present an overall number of candidates equal to or higher than three, must necessarily include, both with reference to regular members and with reference to alternate members, candidates of different genders, in accordance with the current regulations;
- (ii) for a mechanism to replace regular members that takes account of the regulations governing gender equality;
- (iii) that, should gender equality appear to be not ensured as a result of the procedures specified in the Articles of Association, the shareholders' meeting shall take steps with the majorities prescribed by law, without prejudice to the compliance with the regulations governing gender equality.

As already anticipated, the regulations governing gender equality apply to the renewals after 12 August 2012: for this reason, it had no effect on the renewal of the Company's Board of Statutory Auditors (which took place, as mentioned, on 12 June 2012).

Again pursuant to article 22 of the Articles of Association (as attached hereto), it is provided that all statutory auditors must be entered in the Register of Statutory Auditors (*Registro dei Revisori Legali*) under chapter III of Legislative Decree no. 39 of 27 January 2010⁶ and must have carried out statutory auditing activities for a period of not less than three years.

⁶ It should be noted that Legislative Decree No. 39 of 27 January 2010 (which implemented the Community Directive 2006/43/EC) concerning statutory auditing activities replaced, *inter alia*, the word "accounting control" by "statutory auditors".

As a result, the name of the Register was also changed.

Only those shareholders who, alone or together with others, own voting shares representing at least 2% of the voting capital in the Ordinary Shareholders' Meeting, or representing the lower percentage determined by CONSOB pursuant to Article 147-ter, I C, of Legislative Decree no. 58/1998, are entitled to submit lists.

The lists must be filed at the Company's registered offices by the end of the twenty-fifth day before the date of the shareholders' meeting convened to resolve appointment of the members of the Board of Statutory Auditors. In order to prove the aforesaid title, a copy of the certificates issued by authorised intermediaries and proving ownership of a number of shares necessary to present the lists themselves is to be filed with the registered offices of the Company by the deadline established for publication of the lists.

No shareholder, as well as shareholders belonging to the same group, may submit, personally or through a trustee, more than one list and vote for different lists. Each candidate may appear on only one list, or shall otherwise be disqualified.

Candidates who do not meet the ethical and professional requirements established in applicable legislation may not be included in the lists. Exiting statutory auditors may be re-elected.

Together with each list, within the term indicated above, the designated parties' professional resumes are lodged, plus the declarations with which each candidate accepts the nomination and attests, under his or her own responsibility, that there is no cause for ineligibility or disqualification, and to his/her compliance with the requirements of law and the articles of association prescribed for the position.

Any lists which fail to observe the foregoing requirements shall be considered as not having been submitted.

The procedures indicated below are to be followed in electing the Statutory Auditors:

1) two permanent members and one alternate are to be selected from the list that received the greatest number of votes in the Shareholders' Meeting, based upon the order of priority in which they are listed in the sections of the list;

2) the remaining permanent member and alternate member are to be selected from the list that received the second greatest number of votes in the Shareholders' Meeting and which is not connected, either directly or indirectly, with the shareholders who have presented or voted the list which has ranked first in the number of votes, based upon the order of priority in which they are listed in the sections of the list.

The chairman of the Board of Statutory Auditors is the candidate appointed from the second list, if any, that receives the greatest number of votes.

If the requirements of pertinent laws or the Articles of Association are not met, the statutory auditor is dismissed from the position.

In the event of replacement of a statutory auditor, the alternate auditor from the same list as the auditor being replaced shall be the substitute. If this replacement does not allow compliance with the current regulations governing gender equality, the second alternate member, if present, belonging to the less represented gender and elected from the list of the replaced candidate, will be the alternate member. Should the application of the procedures referred to above not allow compliance with the current regulations governing gender equality, the shareholders' meeting shall be called as soon as possible in order to ensure compliance with the provisions under these regulations.

The foregoing requirements for appointing the Board of Statutory Auditors do not apply to the Shareholders' Meetings, which, according to law or the Articles of Association, must appoint the permanent and/or alternate auditors and the chairman as necessary to compose the Board of Statutory Auditors following replacement or dismissal and for appointing auditors for any reason if they are not appointed in accordance with the previous paragraphs. In these cases, the Shareholders' Meeting is to proceed according to the quorum required by law, without prejudice to the requirement – where applicable – of Article 144-sexies, paragraph 12, of the Issuers' Regulation, adopted by CONSOB with its resolution no. 11971 of 14 May 1999, as well as in accordance with the regulations governing gender equality and any additional applicable provisions of law.

Composition and operation of the Board of Statutory Auditors

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

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

On the occasion of the Ordinary Shareholders' Meeting held on 12 June 2012, within the terms set out by the regulations in force, information was provided and the documentation was prepared referred to in article 144-sexies, paragraph 4, of the Issuers' Regulations of Consob. Furthermore, the shareholder Sterling Sub Holdings S.A was indicated, which submitted the list, as well as the stake held (29.41% of the ordinary share capital, before the completion of the Reorganisation Transaction specified in paragraph 1 of this Report).

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

http://www.seat.it/seat/download_galleries/governance/assemblee_2012/Lista_Sterling_CS.pdf

Furthermore, with reference to the provisions under article 144-octies, paragraph 2, of the Issuers' Regulations of Consob, the Company has notified that, at the date of expiry of the time limit set for filing the lists for the appointment of the Board of Statutory Auditors, no minority lists had been submitted. Therefore, in accordance with the provisions under article 144-sexies, paragraph 5, of the aforesaid Issuers' Regulations, it was notified that additional lists for the appointment of the Board of Statutory Auditors could be deposited by and no later than 21 May 2012 and that the percentage of interest necessary for submitting lists, as per the articles of association, was reduced to half (and it was then equal to 1% of the voting share capital at the ordinary shareholders' meeting). See, for this purpose, the press release circulated by the Company:

http://www.seat.it/seat/it/press/press_releases/2012/financial/Cos_18052012.html

Finally, it should be noted out that the Company – following the Shareholders' Meeting of 12 June 2012 – informed the public of the appointment of the Board of Directors and of the Board of Statutory Auditors in the press release available through the website at the address

http://www.seat.it/seat/it/press/press_releases/2012/financial/Cos_12062012.htm

Having said this, it should be noted that the Shareholders' Meeting of 12 June 2012 appointed the Board of Statutory Auditors for the three-year period 2012-2014, confirming the appointment of all members of the previous Board.

Subsequently, the alternate members Guido Vasapolli and Guido Costa resigned on 24 April 2013 and 2 May 2013, respectively.

It should be pointed out that the special table attached hereto reports indications as to the number of Board meetings held in the course of 2012 and the percentage of attendance of each Statutory Auditor.

Below is reported the composition of the Board of Statutory Auditors, accompanied by the information on personal and professional characteristics of the members:

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

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

Andrea Vasapolli (Standing Auditor), born in 1962. Degree in Economics and Commerce at Turin University in 1987. He is a public accountant enrolled in the Turin Register since 1989, and is also an auditor. He has been a fixed-term contract professor of tax law at the *Scuola Superiore dell'Economia e delle Finanze* (SSEF) business school in Rome since 2002. Founder of Vasapolli & Associati (Turin and Milan) tax, corporate and legal advice firm. Author of numerous publications on the subject of tax and company law and scientific co-director of the magazine "Bilancio e reddito d'impresa" (Business accounts and income) (Wolters Kluwer – IPSOA). Member of Committee for the Common Interpretation of Rules of Conduct in Tax Matters of the Italian Association of Public Accountants. Statutory auditor with leading companies in the industry, trade and services sectors. Previous employment: Arthur Andersen & Co., Milwaukee office (WI – USA). Formerly a lecturer at the following bodies and institutions: Masters in International Tax Law at the SSEF (Milan and Venice), Masters in International Tax Law at the Second University of Naples, Masters in Tax Law at IPSOA (Milan), various local Institutes of Public Accountants and Accounting Experts.

Guido Costa (Alternate Auditor): born in 1965 (07.05.1965). Degree in Business Economics at L. Bocconi University in Milan (1989), enrolled on the register of Public Accountants in the district of the

Court of Milan (1991), enrolled on the register of Auditors (Ministry of Justice); former member of the Legal Control of Accounts Committee (Private Bodies) of the Institute of Public Accountants in Milan. Statutory auditor of joint stock companies and pension funds and author of publications on the subject of tax law.

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

It should be noted that the abovementioned Legislative Decree no. 39 of 27 January 2010 implemented the community directive concerning activities of statutory auditing of annual and consolidated accounts. As a result, the directive provides for the obligation of the Italian issuing companies to appoint a committee for internal audit and auditing to monitor the financial reporting process, to check efficiency of the internal control, internal audit and risk management systems, to monitor statutory auditing activities and to ascertain the auditor’s independence. As is known, the Italian legislator has provided that the duties of this committee must be performed by the supervisory board, or by the Board of statutory auditors.

- With specific regard to the application criteria of article 8 of the Code, it should be noted that the Board of Statutory Auditors proceeded to formally comply with the recommendations therein. Specifically, the Board of Statutory Auditors resolved as follows: The statutory auditors act autonomously and independently also vis-à-vis the shareholders who elected them and spend as much time as is necessary on the diligent performance of the duties assigned to them. In this connection, the statutory auditors keep the information and documents that they acquire in the course of their duties confidential and observe the procedures that have been adopted for the disclosure of sensitive data outside the Company.
- The statutory auditors acknowledge that the issuer has adopted procedures and methods of behaviour that ensure the effective performance of the duties proper to the Board of Statutory Auditors, such as, but not limited to: (i) the participation of the Board of Statutory Auditors’ members in the Audit and Risks Committee’s meetings; (ii) the participation of at least one member of the Board of Statutory Auditors in the meetings of the Appointments and Compensation Committee and of the Supervisory Board set up pursuant to Legislative Decree no. 231/2001; (iii) direct and constant contact with the Internal Audit Manager; during the course of their duties, the statutory auditors may ask the Internal Audit Department to verify specific areas of operations or corporate transactions; (iv) the participation, on request, of the company officers concerned in the Board of Statutory Auditors’ Meetings.
- The Board of Statutory Auditors verifies annually that the requirements regarding the independence of the statutory auditors are satisfied; the outcome of the verification is mentioned in the report on corporate governance.

- The statutory auditor who has an interest, either on his/her own account or on behalf of third parties, in any transaction proposed by the Company proceeds to inform the other statutory auditors and the Chairman of the Board of Directors exhaustively and in good time of the nature, the terms, the origin and the extent of his/her interest.
- The Board of Statutory Auditors and the Audit and Risks Committee promptly exchange the information that is relevant to the performance of their respective duties.
- In the framework of the duties assigned to it by law, the Board of Statutory Auditors verifies that the criteria and the procedures adopted by the Board of Directors for the assessment of the independence of its members are correctly applied, subsequently disclosing the outcome of these controls to the market within the report on corporate governance and the statutory auditors' report to the Shareholders' Meeting.

It should be noted that, as regards critterion 8C1 of the Code, the Board of Statutory Auditors verified that the independence requirements for each statutory auditor were satisfied, also on the basis of the criteria laid down for Directors in this Code.

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

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

Enrico Cervellera	Director of Ferrero S.p.A.; Chairman of the Board of Statutory Auditors of Interpump Group S.p.A., Lactalis Italia S.p.A. Group, S.p.A. Egidio Galbani, biG Srl and Italatte SpA; Standing Auditor of Tamburi Investment Partners SpA
Vincenzo Ciruzzi	Standing auditor of Dexia Crediop S.p.A., Chairman of the Board of Statutory Auditors of: Aegis Media Italia S.p.A.; Director of Mid Industry Capital SpA, Director of the Tessili Previmoda Pension Fund
Andrea Vasapolli	Standing auditor of Aksia Group SGR S.p.A., Iren Emilia SpA and Valvitalia S.p.A.; Chairman of the Board of Statutory Auditors of Bluvacanze SpA, Cisalpina Tours SpA (MSC Group) and Samsonite SpA

It should be noted that in 2012 the Board of Statutory Auditors met 6 times, with an average duration of the meetings that can be quantified at 2 hours.

From 1 January 2013 up to the date of approval of this Report, the Board of Statutory Auditors met 4 times.

Relations with Shareholders (Article 9 of the Code)

In accordance with principles under article 9 of the Code, pursuant to which the Board of Directors promotes initiatives aimed at encouraging participation of the shareholders in the meetings as widely as possible and helping them to exercise their rights, it should be noted, as to the place, that the shareholders' meetings must always be convened at the Company's secondary office located in Turin.

Documents to be consulted for the purposes of the Shareholders' Meetings, which are made available pursuant to the regulations in force, must be sent to all shareholders that request them, also by means of an appropriate e-mail address. Information may also be given by phone.

As regards application criteria under article 9 of the Code, it should be noted that in 2012 the Company gave precise and timely notice in order to guarantee correct and transparent disclosures on the Company's activities, in compliance with the "Procedure of Seat Pagine Gialle S.p.A. for the management and market disclosure of inside information" (referred to above).

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

In 2012, the Investor Relations function organised some formal meetings with the market (analysts, institutional investors and representatives of the financial community).

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

You may contact the Investor Relations Department as follows:

Telephone no.: +39 011 4352600; Fax no.: + 39 011 6948222; e-mail investor.relations@seat.it

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

As is known, the so-called "Shareholders Rights" rule (Legislative Decree no. 27 of 27 January 2010, as amended and supplemented) adopted the EU directive no. 2007/36/EC on the exercise of certain rights of shareholders in listed companies. Specifically, the decree amended articles 2366/2373 of the Italian Civil Code and strongly affected Legislative Decree no. 58 of 2008 (TUF), introducing new important provisions for listed companies, with specific regard to the carrying out of the activities of the shareholders' meetings.

In light of these new regulatory developments, the current text of article 8 of the Articles of Association (as attached hereto), as finally amended by the resolution passed by the Shareholders' Meeting on 22 October 2012, provides that those who are entitled to vote and are authorized according to the applicable regulations may attend the Shareholders' Meeting, in the manner and at the terms and conditions set out⁷. Each party who has the right to vote and who has the right to attend shareholders'

⁷ According to the new provisions, the persons who are the holders of the securities account on the seventh day prior to that of the Shareholders' Meeting are entitled to vote at the Shareholders' Meeting. Furthermore, as the ownership of the shares could vary between the seventh day prior to the shareholders' meeting and the date of the shareholders' meeting, it is not necessarily correct to talk about shareholders, but about "those who are entitled to vote".

meetings can cause himself/herself to be represented by means of a written proxy or a proxy granted via electronic mail pursuant to the applicable regulations.

It should be remembered that the Extraordinary Shareholders' Meeting held on 20 April 2011 resolved to amend article 8 in order to make it more compliant with article 135-*novies* of the TUF, which provides for the possibility of granting proxies by electronic means: each party who has the right to vote and who has the right to attend shareholders' meetings can cause himself/herself to be represented by means of a written proxy or a proxy granted via electronic mail pursuant to the applicable regulations.

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

The proxy can be notified electronically via use of a specific section of the Company's website, according to the procedures indicated in the meeting notice, or via certified email sent to the email address indicated at any given time in the meeting notice.

It should be noted that, pursuant to article 135-*undecies* of the TUF, as introduced by Legislative Decree 27/2010, the companies with listed shares may designate, for each Shareholders' Meeting, a person to which the shareholders may grant a proxy with voting instructions on all or some of the proposals on the agenda, according to procedures and time limits set out by the rule itself. It is also provided for the application of the rule, except for any provisions to the contrary laid down in the articles of association. Having stated this, the Board has deemed it appropriate, in the interests of the Company, not to deprive itself of the possibility of resorting, in specific circumstances, to the designation of the person specified by paragraph 1 of article 135-*undecies* of the TUF referred to above; for this reason, the Extraordinary Shareholders' Meeting of 20 April 2011 resolved to grant the Board itself, where it deems appropriate, the right to make this designation, giving specific notice thereof in the notice of call of the related Shareholders' Meeting.

In order to ensure the best possible management with regard to the organisation of the shareholders' meeting's proceedings (in technical/logistics terms), the Extraordinary Shareholders' Meeting of 20 April 2011 also resolved to provide for the place of calling of the shareholders' meetings to coincide with the Municipality district where the registered office or, if required, the secondary office of the Company is located (article 10 of the Articles of Association).

Pursuant to the article 10 of the Articles of Association, as amended by the aforesaid Extraordinary Shareholders' Meeting⁸, note the following.

⁸ In fact, the Shareholders' Meeting of 20 April 2011 resolved, with reference to article 10, as follows:

Amendments to paragraph 2

The combined provisions of articles 154-*ter* of the TUF, as amended by Legislative Decree 27/2010, and by article 2364, paragraph 2, of the Italian Civil Code, allow companies that are required to prepare consolidated accounts to make use, once again, of the right to call the Shareholders' Meeting for the approval of the financial statements within the higher time limit of 180 days from the closure of the company's financial year, without prejudice to the time limit of 120 days to make available the related documentation to the public. The Shareholders' Meeting has resolved to make use of this right in order to allow greater flexibility.

Amendment to paragraph 4 and introduction of a new paragraph 5

Legislative Decree 27/2010 has amended article 2369 of the Italian Civil Code, providing for the Articles of Association of companies that resort to the risk capital market to exclude calls subsequent to the first one and providing that the single call shall be subject, for the Ordinary Shareholders' Meeting, to the majorities specified for the second call and, for the Extraordinary Shareholders' Meeting, to the majorities envisaged for calls subsequent to the second one. Having stated this, the Shareholders' Meeting of 20 April 2011 resolved to amend article 10 of the Articles of Association, providing for the Ordinary and Extraordinary Shareholders' Meetings to be held normally following more than one call, without prejudice to the fact that the Board of Directors may consider the opportunity for the Ordinary and Extraordinary Shareholders' Meetings to be held following one single call.

The Shareholders' Meeting is convened in accordance with law in the municipal district in which the registered office of the company is located or, if required, the secondary office, by means of a notice published in the manner and within the terms envisaged by applicable regulations. The Ordinary Shareholders' Meeting for approval of year-end financial statements must be held within 180 days after the end of the company's fiscal year, according to the relevant law, due to the Company being required to prepare consolidated financial statements or, in any case, whenever specific needs concerning the structure and the corporate purpose of the Company render it necessary.

Shareholders' meetings are also held whenever the Board deems it to be appropriate or when the law requires that they be held.

The Ordinary and Extraordinary Shareholder's Meetings are normally held in more than one call. In this case, in the case of failure to reach a quorum on second call, extraordinary meetings of shareholders can be held on third call.

The Extraordinary Shareholders' Meeting held on 22 October 2012 amended article 10 of the Articles of Association, providing for the ordinary and extraordinary shareholders' meetings, the notice of call of which was published after 1 January 2013, to be held on a single call, pursuant to law.

Pursuant to article 11 of the Articles of Association, the quorum for the establishment and resolutions of Shareholders' Meetings is provided for by the law.

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

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

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

As regards application criterion 9C3 of the Code, the characteristics of the shareholders' meetings - i.e. streamlined proceedings and absence of criticalities - have allowed us not to propose, thus far, adoption of a shareholders' meeting regulation. It is also pointed out that article 2371 of the Italian Civil Code expressly provides, as regards meeting chairmanship, for the meeting's Chairman to check proper constitution of the meeting and the identity and the legitimate right of those present, to manage proceedings and to ascertain the results of voting (pursuant to article 12 of the Articles of Association, the meeting's Chairman checks - also through specifically appointed officers - the right to attend, compliance of proxies with current legislation, the valid constitution of the meeting as such, and the identity and the legitimate right of those present. He then manages meeting proceedings and takes appropriate measures to assure orderly discussion and voting, defining the latter's approach and ascertaining results; in particular, as regards shareholders' right to take the floor, the Chairman usually states that speeches must be concise, pertinent to the agenda and not exceed a maximum time, which the Chairman will set for each person that takes the floor. Those that have already taken part in the discussion may ask to take the floor again in order to respond to previous speakers).

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

Meetings held in 2012

In 2012 the following Meetings were held:

1) Bondholders' meetings

On 30 March 2012 the meetings of the holders of the debenture loans named “€550,000,000 10½% Senior Secured Notes due 2017” (ISIN CODES: XS0482702395; XS0482720025) and “€200,000,000 10½% Senior Secured Notes due 2017” (ISIN CODES: XS0546483834; XS0546484303) acknowledged and, within the sphere of their responsibilities, approved the amendments to the contract documentation relating to each of the abovementioned loans, according to the proposals submitted by the Company’s Board of Directors, and also granted the necessary powers for the amendment to this contract documentation.

2) Savings shareholders' meetings

On 12 April 2012 the Special Savings Shareholders’ Meeting resolved, by majority, to set up a Common Fund pursuant to article 146 of the TUF, for the protection of the interests of the category, setting aside an amount of Euro 150,000, to be replenished, if used, in each financial year. The same Meeting also resolved, again by majority, to grant a mandate to the common representative, Stella D'Atri, to identify, together with the Company and the other stakeholders, any suitable solutions to ensure compliance with the rights of the category within the restructuring of the Company’s debt.

3) Ordinary and Extraordinary Shareholders' Meetings

As previously mentioned, on 12 June 2012 the Ordinary and Extraordinary Shareholders’ Meeting of the Company was held.

The Ordinary session of the Shareholders’ Meeting approved the 2011 financial statements of the parent company Seat Pagine Gialle S.p.A., whose draft had been approved by the Board of Directors on 30 April 2012.

Furthermore, the ordinary session of the Shareholders’ Meeting also resolved:

- to set the number of the members of the Board of Directors at 9, establishing a term of office up to the approval of the financial statements for the financial year ended 31 December 2012, setting the overall fees due to the members of the Board of Directors thus appointed at € 307,000;
- to appoint Messrs. Enrico Giliberti, Dario Cossutta, Pietro Masera, Antonio Tazartes, Marco Tugnolo, Nicola Volpi, Lino Benassi, Alberto Giussani and Maurizio Dallochio as Directors, and to also appoint Enrico Giliberti as the Chairman of the Board of Directors. Messrs. Lino Benassi, Alberto Giussani and Maurizio Dallochio declared that they met the independence requirements set out in article 148, paragraph 3, of Legislative Decree no. 58/1998 and in the Self-Governance Code of Listed Companies;
- to appoint Messrs. Enrico Cervellera, Andrea Vasapoli and Vincenzo Ciruzzi as Standing Auditors and Messrs. Guido Costa and Guido Vasapoli as Alternate Auditors, and to also appoint Enrico Cervellera as Chairman of the Board of Statutory Auditors;

- to appoint PricewaterhouseCoopers S.p.A. for the financial years included in the 9-year period 2012-2020 to carry out the statutory audit of accounts of Seat Pagine Gialle S.p.A.,
- to give a favourable opinion on Section I of the Remuneration Report prepared pursuant to article 123-ter of Legislative Decree no. 58 of 24 February 1998;
- to approve the proposal submitted by the shareholders AI Sub Silver S.A., Sterling Sub Holdings S.A. e Subcart S.A., approving and ratifying, *inter alia*, the actions taken by the persons who had acted as members of the Board of Directors from 9 April 2009, by the persons that had been members of the Board of Statutory Auditors starting from 9 April 2009 and by the persons who had acted as Managers responsible for preparing the Company's reports and waiving to take any action against directors, also in relation to the acts committed during the terms of office prior to 9 April 2009, as well as indemnifying and holding the same harmless from petitions and/or claims and/or requests for compensation for damage (if any) that should come from corporate creditors and/or third parties and/or shareholders pursuant to articles 2395 and/or 2407 of the Italian Civil Code and/or civil or administrative sanctions of a pecuniary nature that should be imposed on them, also in relation to the actions taken as directors or statutory auditors of subsidiaries owned by Seat Pagine Gialle S.p.A..

The same Extraordinary Shareholders' Meeting also resolved:

- to approve the economic and financial position of Seat Pagine Gialle S.p.A. at 31 March 2012, as illustrated in the report prepared pursuant to articles 2446 and 2447 of the Italian Civil Code and article 74 of the Issuers' Regulations and showing a negative equity of € 558.3 million;
- to approve the merger of Lighthouse International Company S.A. into Seat Pagine Gialle S.p.A. and, as a result, to take steps (i) for the issue of ordinary shares, with no par value, to be assigned to the shareholders of Lighthouse, and (ii) for the issue of warrants, free of charge, relating to ordinary and savings shares to be assigned before the effective date of the merger itself, also as a measure to remedy the situation referred to in article 2447 of the Italian Civil Code;
- to approve the amendments to the Articles of Association as a result of the abovementioned resolutions, as well the proposed amendments to article 4 (Purpose), 14 (Composition of the Board of Directors), 22 (Statutory Auditors) of the Articles of Association, as well as the introduction of article 28 (Transitional provisions).

As a result of the completion of the financial reorganisation, on 22 October 2012 the Shareholders' Meeting of Seat Pagine Gialle S.p.A. resolved, in the extraordinary session, to amend articles 8 (Right to attend), 10 (Meeting notice) and 11 (Ordinary and extraordinary shareholders' meetings) of the Articles of Association, while, in the ordinary session, it resolved:

- to set the number of the members of the Board of Directors at 9, establishing a term of office up to the approval of the financial statements for the financial year ended 31 December 2014 and to set the annual fees due to each director at € 50,000.00, authorizing to take out an insurance policy to cover the liability of directors, general managers (if any), as well as of the manager responsible for preparing the Company's reports, with an annual premium up to a maximum amount of Euro 350,000.00;
- to appoint Messrs. Guido de Vivo, Vincenzo Santelia, Chiara Damiana Maria Burberi, Mauro Pretolani, Paul Douek, Luca Rossetto, Francesca Fiore, Harald Rösch and Mauro Del Rio (who are all taken from the single list filed for the Shareholders' Meeting) as Directors, and to also appoint Guido de Vivo as Chairman of the Board of Directors.



The extraordinary shareholders' meeting did not approve the proposed amendment to article 14 (Composition of the Board of Directors) of the Articles of Association.

Changes from the closure of the relevant financial year

It should be noted that, as already otherwise represented and illustrated in this Report, on 24 April 2013 the Company's Board of Directors resolved to comply with the Self-Governance Code of listed companies, as subsequently amended at the end of 2011 and identified the behaviour to adopt in order to apply the recommendations contained therein.

Seat Pagine Gialle S.p.A.
for the Board of Directors
The Chairman Guido de Vivo

Milan, 27 June 2013

TABLE 1 – STRUCTURE OF THE BoD AND THE COMMITTEES

Board of Directors at 31 December 2012 (1)									Audit and Risks Committee		Appointments and Remuneration Committee		Appointments Committee (if any) ◇	Executive Committee (if any)	Any other Committee (if any)
Office	Members	Holding office from	Holding office up to	Executive	Non-executive	Independence as per the code and the TUF	% **	Number of other offices ***	****	**	****	**			
Chairman	Guido de Vivo	24 October 2012	31/12/2014		x		100	2							
Managing Director	Vincenzo Santelia	24 October 2012	31/12/2014	x			100	-							
Director	Chiara Burberi	24 October 2012	31/12/2014		x	x	100	-	x	100					
Director	Mauro Del Rio	24 October 2012	31/12/2014		x	x	100	-							
Director	Paul Douek	24 October 2012	29/04/2013		x		67	-			x	50			
Director	Francesca Fiore	24 October 2012	31/12/2014		x	x	100	-			x	100			
Director	Mauro Pretolani	24 October 2012	31/12/2014		x	x	100	-			x	100			
Director	Harald Rösch	24 October 2012	31/12/2014		x	x	100	-	x	100					
Director	Luca Rossetto	24 October 2012	31/12/2014		x	x	100	-	x	67					

<i>Number of meetings held during the relevant financial year</i>		<i>Audit and Risks Committee: 6</i> (average duration of the meetings: 2.5 hours)	<i>Appointments and Remuneration Committee: 3</i> (average duration of the meetings: 1 hour)		<i>Executive Committee: -</i>	<i>Any other Committee</i> -
- by the Board of Directors holding office up to 24 October 2012	<i>BoD</i> 25					
- by the current Board of Directors (average duration of the meetings: 3 hours)	3	3	1			
		3	2			

NOTE

** This column indicates the directors' percentage attendance respectively of Board and committee meetings (number of presences/number of meetings held during the actual term of office of the person concerned, as well as the average duration of the meetings).

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

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

(1) It should be noted that, on the occasion of the appointment of the current Board of Directors, which occurred on 22 October 2012, a single list was submitted. Quorum required for the submission of lists: 2%

TABLE 2: BOARD OF STATUTORY AUDITORS at 31 December 2012(1)

Office	Members	Holding office from	Holding office up to	Independence as per the Code	% **	Number of other offices ***
Chairman	Cervellera Enrico	12 June 2012	31 December 2014	Yes	100	7
Standing auditor	Ciruzzi Vincenzo	12 June 2012	31 December 2014	Yes	67	17
Standing auditor	Vasapolli Andrea	12 June 2012	31 December 2014	Yes	100	27
Alternate auditor	Costa Guido	12 June 2012	31 December 2014		-	
Alternate auditor	Vasapolli Guido	12 June 2012	31 December 2014		-	

(1) It should be noted that on the occasion of the appointment of the current Board of Statutory Auditors, which occurred on 12 June 2012, a single list was submitted. Quorum required for the submission of lists: 2%

Number of meetings held during the relevant financial year: 6
 Average duration of the meetings: 2 hours

NOTE

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

*** This column shows the number of offices held by the person concerned as a director or statutory auditor that are relevant pursuant to article 148-*bis* of the TUF.

Annex

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

TITLE II

SHARE CAPITAL AND BONDS

ARTICLE 5 - SHARE CAPITAL SIZE

The Company's share capital, subscribed and paid in, is equal to EUR 450,265,793.58 (four hundred and fifty million two hundred and sixty-five thousand seven hundred and ninety-three/58) divided into 16,066,212.958 (sixteen billion sixty-six million two hundred and twelve thousand nine hundred and fifty-eight) ordinary shares and 680,373 (six hundred and eighty thousand three hundred and seventy-three) savings shares, of no par value.

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

The extraordinary shareholders' meeting of 12 June 2012, resolved to issue a maximum number of 558,837,917 ordinary shares and a maximum number of 197,287 savings shares, to be assigned, respectively, to holders of warrants related to ordinary shares and to holders of warrants related to savings shares and allotted to those who are shown to be Shareholders of the Company immediately before the merger of Lighthouse International Company S.A. into the Company, and on the occasion of the merger itself, in accordance with the terms and conditions that are better described in the Common Merger Project, in the Explanatory Notes on the Merger and that will emerge in the Warrant Regulation, if exercised.

ARTICLE 6 - SHARES

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

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

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

Shares are issued according to the dematerialisation system.

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

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

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

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

In the case of distribution of reserves, savings shares have the same rights of other shares. Moreover, the meeting that approves the financial statements has the

option - in case such financial statements show no or insufficient net profit -, to use the available reserves in order to meet the capital rights mentioned under item six above as possibly increased according to item eight above.

A share capital reduction due to losses shall not affect the savings shares except for the portion of the loss that is not met by the portion of share capital represented by the other shares.

At the winding up of the company, savings shares shall have preference in redemption of share capital up to the amount of EUR 6.00 per share. If there is subsequent reverse split or share-splitting (also as regards capital transactions, should any be necessary in order not to affect the rights of holders of savings shares should the shares have a par value), this fixed amount per share will be modified accordingly.

In order to provide the common representative with sufficient information on operations that may impact on the price development of savings shares, said representative shall be sent notices with regard to this matter, as it is relevant and required by law.

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

TITLE III

SHAREHOLDERS' MEETING

ARTICLE 8 - RIGHT TO ATTEND

Those who have the right to vote in compliance with applicable regulations, in the ways and terms envisaged, can attend shareholders' meetings.

Each party who has the right to vote and who has the right to attend shareholders' meetings can cause himself/herself to be represented by means of a written proxy or a proxy granted through a document duly signed in electronic form pursuant to the applicable regulations.

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

The proxy can be notified electronically via use of a specific section of the Company's website, according to the procedures indicated in the meeting notice, or via certified email sent to the email address indicated at any given time in the meeting notice.

The Company may appoint, for each Shareholders' Meeting, by indicating in the notice of call, a person that the members may appoint as a proxy with voting instructions for all or some of the proposals on the agenda, within the time limits and according to the procedures required by law.

ARTICLE 10 - MEETING NOTICE

The Shareholders' Meeting is convened in accordance with law in the municipal district in which the registered office of the company is located or, if required, the secondary office, by means of a notice published in the manner and within the terms envisaged by applicable regulations.

The Ordinary Shareholders' Meeting for approval of year-end financial statements must be held within 180 days after the end of the company's fiscal year, according to the relevant law, due to the Company being required to prepare consolidated financial statements or, in any case, whenever specific needs concerning the structure and the corporate purpose of the Company render it necessary.

Shareholders' meetings are also held whenever the Board deems it to be appropriate or when the law requires that they be held.



The ordinary and extraordinary Shareholders' Meetings whose notice of call will be published after 1 January 2013 will be held in a single call, pursuant to law.

ARTICLE 11 - ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETINGS

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

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

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

TITLE IV

ADMINISTRATIVE AND GOVERNING BODIES

ARTICLE 14 – COMPOSITION OF THE BOARD OF DIRECTORS

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

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

Directors may be re-elected.

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

The appointment of the Board of Directors shall be based on a list submitted by the shareholders, in accordance with the following paragraphs, or by the exiting Board of Directors, in any case without prejudice to the application of different and further provisions under mandatory legal or regulatory rules. The candidates must be listed progressively.

Each list must contain and expressly indicate at least two candidates who meet the independence requirements required in Article 147-ter, IV C, of Legislative Decree no. 58/1998.

The list submitted by the outgoing Board of Directors and the lists submitted by the shareholders shall be deposited at the registered office of the Company by the end of the 25th (twenty-fifth) day before the date of the shareholders' meeting convened to resolve appointment of the members of the Board of Directors and must be made available to the public at the Company's registered office, on its website, and with the other methods established by CONSOB [Italian securities and exchange commission] via regulation, at least 21 (twenty-one) days before the date of the shareholders' meeting concerned.

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

Only those shareholders who, alone or together with other shareholders, own voting shares representing at least 2% of the voting capital in ordinary shareholders' meetings, or representing the lower percentage determined by CONSOB pursuant to Article 147-ter, I C, of Legislative Decree no. 58/1998, shall be entitled to submit

a list. In order to prove the aforesaid title a copy of the certificates issued by authorised intermediaries and proving ownership of a number of shares necessary to present the lists themselves is to be filed at the registered offices of the Company by the deadline established for publication of the lists.

Together with each list, within the term indicated above, professional resumes and statements are to be submitted in which each candidate accepts the nomination and attests, under his or her own responsibility, that there is no cause for ineligibility or disqualification, and to his/her compliance with the requirements of law and the articles of association prescribed for the position, and mentions the possibility of being qualified as independent pursuant to Article 147-ter, IV C, of Legislative Decree no. 58/1998. Furthermore, lists with three or more candidates must include candidates of different genders, as per the provisions in the notice of the Shareholders' Meeting, in order to allow the composition of the Board of Directors to comply with the regulations in force on the subject of gender equality. Any lists which fail to observe the foregoing requirements shall be considered as not having been submitted.

All shareholders with voting rights may only vote one list.

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

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

2) the remaining directors are elected from other lists; for this purpose, the votes received by the lists are divided by one and subsequently by two. The resulting quotients shall be progressively assigned to the candidates on each of these lists, according to the respective order of priority.

The quotients assigned to the candidates on the various lists shall be arranged in a single list in decreasing order. Those who receive the highest quotient shall be elected. If quotients are even, the candidate on the list that has not elected any director shall be elected.

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

It is understood that

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

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

If the application of the procedure under items 1) and 2) above does not allow compliance with the regulations in force on the subject of gender equality, the quotient of votes attributable to each candidate from the list is calculated by dividing the number of votes obtained by each list by the position in the list of said candidates; the candidate of the most represented gender that has the lowest quotient out of the candidates from all the lists is replaced, in compliance with the provisions of paragraph (ii) above, by a person of the less represented gender, if any, that is indicated (with the next highest position in the list) in the same list as that of the replaced candidate; failing that, the relevant missing directors will be appointed in accordance with the procedure referred to in the second-last paragraph of this article. In the event that candidates from different lists obtain the same quotient, the candidate from the list from which the highest number of directors have been taken will be replaced or, alternatively, the candidate from the list that obtained the lowest number of votes or, in the event of an equal number of votes, the candidate that obtains the least votes by the Shareholders' Meeting in a special vote.

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

If, during the course of the fiscal year, one or more directors cedes from his post, the procedures indicated in Article 2386 of the Italian Civil Code shall prevail in compliance with regulatory requirements relating to independent directors and gender equality..

ARTICLE 22 - STATUTORY AUDITORS

The Board of Statutory Auditors is composed of three permanent auditors and two alternate auditors appointed by the Shareholders' Meeting, which shall also establish their compensation. The duties and responsibilities of the Statutory Auditors are subject to current law.

They are entitled to be reimbursed for expenses they incur in performing their duties.

In order to allow minority interests to elect a permanent auditor and an alternate, the Board of Statutory Auditors is appointed based upon a list submitted by shareholders pursuant to the following paragraphs, in any case without prejudice to the application of different and further provisions under mandatory legal or regulatory rules. The candidates must be listed progressively. The list consists of two sections: one for candidates for the position of permanent auditors, and the other for candidates for the position of alternate auditors. Lists that, taking both sections into consideration, have three or more candidates and compete for the appointment of the majority of members of the board of statutory auditors, must include, in the section relating to candidates for the position of permanent auditor, candidates of different genders in the first two positions of the list, as specified in the Meeting notice, in order to comply with the regulations in force on the subject of gender equality. In the event that the alternate auditors section of said lists indicates two candidates, these candidates have to be of different genders.

All statutory auditors must be registered in the Central Register of Legal Auditors as indicated under Heading III of Italian Legislative Decree no. 39 of 27 January 2010 and must have performed legal auditing of accounts for a period of not less than three years.

Only those shareholders who, alone or together with others, own voting shares representing at least 2% of the voting capital in the Ordinary Shareholders' Meeting, or representing the lower percentage determined by CONSOB pursuant to Article 147-ter, I C, of Legislative Decree no. 58/1998, are entitled to submit lists.

The lists must be filed at the Company's registered offices by the end of the 25th (twenty-fifth) day before the date of the shareholders' meeting convened to resolve appointment of the members of the Board of Statutory Auditors.

In order to prove the aforesaid title, a copy of the certificates issued by authorised intermediaries and proving ownership of a number of shares necessary to present the lists themselves is to be filed with the registered offices of the Company by the deadline established for publication of the lists.

No shareholder, as well as shareholders belonging to the same group, may submit, personally or through a trustee, more than one list and vote for different lists. Each candidate may appear on only one list, or shall otherwise be disqualified.

Candidates who do not meet the ethical and professional requirements established in applicable legislation may not be included in the lists. Exiting statutory auditors may be re-elected.

Together with each list, within the term indicated above, the designated parties' professional resumes are lodged, plus the declarations with which each candidate accepts the nomination and attests, under his or her own responsibility, that there is no cause for ineligibility or disqualification, and to his/her compliance with the requirements of law and the articles of association prescribed for the position.

Any lists which fail to observe the foregoing requirements shall be considered as not having been submitted.

The procedures indicated below are to be followed in electing the Statutory Auditors:

1) two permanent members and one alternate are to be selected from the list that received the greatest number of votes in the Shareholders' Meeting, based upon the order of priority in which they are listed in the sections of the list;

2) the remaining permanent member and alternate member are to be selected from the list that received the second greatest number of votes in the Shareholders' Meeting and which is not connected, either directly or indirectly, with the shareholders who have presented or voted the list which has ranked first in the number of votes, based upon the order of priority in which they are listed in the sections of the list.

The chairman of the Board of Statutory Auditors is the candidate appointed from the second list, if any, that receives the greatest number of votes.

If the requirements of pertinent laws or the Articles of Association are not met, the statutory auditor is dismissed from the position.

In the event of replacement of a statutory auditor, the alternate auditor from the same list as the auditor being replaced shall be the substitute. If this replacement does not allow compliance with the regulations in force on the subject of gender equality, the second alternate auditor, if any, who belongs to the less represented gender and is appointed from the list of the replaced candidate, will be the substitute. In the event that enforcement of the procedures above does not allow compliance with the regulations in force on the subject of gender equality, a shareholders' meeting must be called as soon as possible in order to guarantee compliance with the terms of such regulations..

The foregoing requirements for appointing the Board of Statutory Auditors do not apply to the Shareholders' Meetings, which, according to law or by-laws, must appoint the permanent and/or alternate auditors and the chairman as necessary to compose the Board of Statutory Auditors following replacement or dismissal and for appointing auditors for any reason if they are not appointed in accordance with the previous paragraphs. In these cases, the Shareholders' Meeting is to proceed according to the quorum required by law, without prejudice to the requirement – where applicable – of Article 144-sexies, paragraph 12, of the Issuers' Regulation, adopted by CONSOB with its resolution no. 11971 of 14 May 1999, as well as in compliance with the regulations on the subject of gender equality and other applicable provisions of law.

For the purposes of the Ministry of Justice decree, dated March 30th 2000 no. 162, art.1, paragraph 3 it is established that publishing, advertising and other communication services, irrespective of its means or used device are activities that are covered by the purpose of the company.

Meetings of the Board of Statutory Auditors, should the Chairman ascertain that they are necessary, can be validly held by video conference or audio conference, on condition that all the participants can be identified by the Chairman and by all those in attendance, that they are allowed to follow the discussion and to intervene in real time in dealing with the arguments being discussed, that they are allowed to exchange documents relating to these matters and that note is made of all the above in the relevant minutes. When these conditions are met, the meeting of the Board of Statutory Auditors shall be considered held in the place in which the Chairman is located.

ARTICLE 23 - TRANSACTIONS WITH RELATED PARTIES

The Company approves any transactions with related parties in accordance with the provisions of law and regulations in force, its by-laws requirements and the procedures adopted on the subject.

The Procedure regarding Transactions with Related Parties can provide:

- 1) for the Board of Directors to approve the Significant Transactions, even despite the contrary opinion of a majority of Independent Directors, provided that i) the performance of the same has been previously authorized by the Shareholders' Meeting, pursuant to article 2364, paragraph 1, no. 5, of the Italian Civil Code; (ii) a majority of the Shareholders not Related to the Significant Transaction, present at the Shareholders' Meeting and representing at least 10% of the voting capital, has not voted against the Transaction itself;
- 2) that, when the proposed resolution of the Board of Directors concerning the performance of a Significant Transaction to be submitted to the Shareholders' Meeting is approved with the contrary opinion of the Committee of Independent Directors or of the Board of Statutory Auditors, the Shareholders' Meeting may pass resolutions with the legal quorum, provided that the majority of Shareholders not related to the Significant Transaction, present at the Shareholders' Meeting and representing at least 10% of the voting capital, has not voted against the Transaction itself;
- 3) that, in case of urgency, Transactions with Related Parties, whether for approval by the board or by the shareholders' meeting, are concluded in exception to the provisions governing the Company's Procedure on Transactions with Related Parties, in compliance with the legislative and regulatory provisions on the subject.