

December 2010

**PROCEDURE FOR COMPLIANCE WITH OBLIGATIONS PURSUANT TO
ART. 150, FIRST PARAGRAPH, LEGISLATIVE DECREE NO. 58 OF 1998
AND PRINCIPLES OF CONDUCT FOR TRANSACTIONS WITH
RELATED PARTIES**

PREFACE

1. The procedure (hereinafter **Procedure**) defines - for the implementation of the provision set out under art. 150, paragraph 1 of legislative decree No. 58 of 1998 (hereinafter 'Consolidated Financial Act'), as well all for all that is provided for by art. 16 of the Articles of Association, in the light of the communications issued by Consob in respect of corporate control and in accordance with the Regulation containing provisions relating to transactions with related parties adopted by Consob with Resolution no. 17221 of 12 March 2010, later amended by Resolution no. 17389 of 23 June 2010 (the "Regulation") - the individuals and transactions involved in the flow of information whose recipients are the auditors of Seat Pagine Gialle S.p.A. (hereinafter 'Seat' or 'the Company'), as well as the phases and timing which characterise this flow. In particular, the procedure defines:

- 1) the manner, schedule and contents of information;
- 2) the collection of information.

The purpose of the **Procedure** is to provide the Board of Auditors with the information required for carrying out that monitoring activity assigned to them by the Consolidated Financial Act' (art. 149).

2. The principles of conduct for the transactions with related parties (hereinafter the **Principles**) sanction the rules for self-discipline of the Company in respect of any transactions, that are relevant from the point of view of potential conflict of interest, carried out with related parties.

3. For the purposes of this document, the term related parties shall be identified with the subjects defined by the international accounting principles concerning

the disclosure on the annual accounts on the transactions with related parties, IAS 24, adopted pursuant to the procedure mentioned at the provision 6 of the regulation CE n. 1606/2002 (provision 2, letter H of the Issuer Regulation, as amended by Consob Resolution n. 14990 of April 14, 2005 (Annexe 1).

4. The terms used in this Procedure are the same meaning assigned in the related party transactions procedure approved by the Board of Directors on November 10th, 2010 ("Procedure OPC").

PROCEDURE

MANNER AND TIME SCHEDULE OF INFORMATION

The Board, through the Managing Director, by virtue of the authority conferred for this specific purpose, shall report every quarter to the Board of Auditors by means of a special written report (hereinafter the **Report**):

- a) on the activity performed;
- b) on the most significant transactions from an economic, financial and asset point of view;
- c) on the transactions with Related Parties which may represent an interest, for themselves or for third parties, or which may be influenced from the subject who exercises the activity of management and coordination (including inter-group transactions); the Procedure OPC does not apply to this transactions;
- d) on atypical or unusual transactions;
- e) on any other activity or transaction that is thought as worth communicating to the Board of Auditors.

Still excluded from the **Report** are all the transactions that are the subject of a specific communication at the meetings held by the Board of Directors.

The **Report** is transmitted simultaneously to all the Members of the Board of Directors, to the Statutory Auditors and to Person Responsible for Internal Audit.

1. Activity performed

The information concerns the executive activities and the development of the transactions already decided by the Board of Directors, as well as the activities of the Committees set up within the Board of Directors.

In particular, the report is about the activities carried out by executive directors – also through the structure of the Company and its subsidiaries, in the exercise of the authorities assigned to them.

- about the performance of Transactions of Lesser Importance, as defined in the Procedure OPC.

2. Transactions of the greatest economic, financial and asset significance

The information concerns the most significant transactions from an economic, financial and asset point of view, and illustrates in particular:

- the strategic aims;
- the consistency with the budget and business plan;
- the executive methods (including the terms and conditions, even economic ones, of their implementation);
- the developments, as well as any conditioning and implications for the activity of the Seat Group.

For the purposes of the **Procedure**, besides the transactions reserved for the Board of Directors as pursuant to art. 2381 of the Italian Civil Code, the Articles of Association, as well as the Code of Self-Conduct of Publicly Traded Companies, the following transactions carried out by the Company or its subsidiaries are also regarded as significant transactions from an economic, financial and asset point of view:

- buying and selling transactions and any other deeds concerning, in any way, shareholdings, companies or branches of the same;
- buying and selling transactions and any other deeds concerning, in any way, assets and brands with a value higher than Euro 1,000,000.00;
- setting up companies, joint ventures or similar entities and creation of strategic partnerships or alliances;
- carrying out corporate restructuring and reorganization transactions; granting loans and guarantees, under whatever form: (i) in favour of or on the account of a third party for an amount exceeding Euro 250,000.00; (ii) in favour of or on the account of Subsidiary Companies for amounts exceeding Euro 500,000.00;
- financial transactions with a value of more than Euro 500,000.00.

3. Transactions with Related Parties not covered by Procedure OPC

This paragraph regulates the following Related Party Transactions Procedure OPC not covered by Procedure OPC (par. 6.1)

- Transactions for Smaller Amounts (in which the maximum amount of the consideration is less than or equal to (i) €250,000.00 for transactions with intercompany related parties, or (ii) €50,000.00 for transactions with non-intercompany related parties).
- Regular Related Transactions (carried out in the course of the regular business and related financial activities of the Company, completed under market-equivalent or standard terms, i.e. in similar conditions to those usually adopted for unrelated parties for transactions of a corresponding nature, size and risk, or based on regulatory tariffs or prices imposed or those adopted for persons with whom the Company is obliged by law to agree a particular consideration).

- Related Party Transactions with or between the Subsidiary Companies and Associated Companies of Seat, provided that in the Subsidiary Companies or Associated Companies there are no Significant Interests of other Related Parties of Seat.

Significant Interests are defined as

- (i) holding more than 10% of the voting share capital;
- (ii) sharing one or more directors or other key management personnel between the Company and its subsidiaries and associates in the event that such persons benefit from share-based incentive plans or other performance-related compensation which is more than 40% based on the performance of the subsidiary or the associate.

Specially highlighted are the transactions: (i) with a value of more than Euro 250,000 if concerning intra-group transactions; (ii) with a value of more than Euro 50,000 if other than intra-group transactions.

4. Transactions, not carried out with related parties, that are atypical or unusual, and other transactions.

Information about transactions, not carried out with related parties, that are atypical or unusual, and about any other activity or transaction about which providing information is regarded as necessary, illustrates:

- the underlying interest
- the executive methods of the transactions (including the terms and conditions, even economic ones, of their implementation), with particular regard to the valuation procedures followed.

5. Extension

The Board of Directors makes every effort to ensure that the companies of the group, compatibly with their respective national regulations and excepting situations that are particularly specific, comply with the provisions set out in the Procedure and Principles.

COLLECTION OF INFORMATION

The Board of Directors shall report to the Board of Auditors through the Managing Director. For the drawing up of the **Report**, all the information must be received by the Managing Director, in accordance with the procedure set out below.

1. Information on the activity performed, on the most significant transactions from an economic, financial and asset point of view, on ordinary transactions with related parties and on atypical or unusual transactions

The Directors of the departments making up Seat, as well as those who report directly to the Executive Directors, shall communicate every quarter to the Managing Director, with a copy also sent for information only to the Head of Corporate Affairs at Seat, the following information contained in a special note:

- the activity performed by the relevant department in the period
- the most significant transactions from an economic, financial and asset point of view any Ordinary Transactions with Related Parties;
- any atypical or unusual transactions
- any executive activities and the developments of the transactions already decided by the Board of Directors
- the activities performed as part of the authority assigned to delegated board members, including the initiatives undertaken and the projects started.

Also to be communicated are those transactions which, though being individually below the threshold in terms of size as indicated previously or not falling under the exclusive competence of the Board of Directors, appear to be linked to each other within the same strategic or executive structure and therefore, taken as a whole, exceed the relevant threshold.

With reference to Ordinary Transactions with Related Parties, the relevant Director or Manager shall receive and keep safe, even by arranging it by type or group of transactions, adequate information about the nature of the correlation, the executive methods of the transaction, the terms, even economic ones, for its implementation, the valuation procedure followed, the underlying interest and reasons and any possible risks for the Company. For such transactions, experts may be appointed as described in the Principles.

The information about the activities of the Committees is supplied by the respective Secretaries.

2. Information about ordinary transactions with intra-group related parties

The Director in charge of Administration, Finance and Control shall prepare and transmit to the Managing Director, with a copy also being sent for information only to the Head of Corporate Affairs of Seat, within three months from the previous transmission, the summary schedules containing the aggregate data of intra-group transactions carried out in the time interval (maximum of three months) following the one (also no longer than three months) which was the subject of the previous communication, with evidence being provided for transactions whose value exceeds Euro 250,000.00.

3. Information about ordinary transactions with related parties other than inter-group transactions

The Head of Corporate Affairs shall collect and transmit to the Managing Director, within three months of the previous communication, the declarations

with which the directly related parties provide evidence of any transactions carried out, even by means of a third party, with Seat - or with its subsidiaries - by them or by the parties that are indirectly related through them, whose value exceeds Euro 50,000.00.

Annexe 1

In accordance to International Accounting Principles "IAS 24", a person is a related party to Seat if it:

- a) directly or indirectly, through subsidiaries, trustees or an intermediary:
 - controls Seat, is controlled by Seat, or is under common control therewith;
 - holds a stake in Seat enabling it to exert significant influence over the entity;
 - exercises control over Seat jointly with others,
- b) is an associate of Seat;
- c) is a joint venture in which Seat is a participant;
- d) is one of the key management personnel of Seat or its parent;
- e) is a close relative of a person referred to in paragraphs (a) or (d);
- f) is an entity in which a person referred to in paragraphs (d) or (e) exercises control, joint control or significant influence or owns, directly or indirectly, a significant portion, but not less than 20% of the voting rights;
- g) is a supplementary pension fund, whether collective or individual, Italian or foreign, established for the employees of Seat or any other entity associated therewith.