

REPLY

CORPORATE GOVERNANCE 2008

Pursuant to articles.124 bis D.Lgs no. 58/1998, 89 bis Regolamento Emittenti Consob and IA.2.6 of Istruzioni al Regolamento di Borsa.

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Introduction

This Report reflects and illustrates the governing structure that the Company has adopted in accordance with the indications set forth in the new March 2006 edition of the Corporate Governance Code.

The Board of Directors is always open to any new orientations that will be brought to the “*Corporate Governance Code*” and their acknowledgments in the Company’s Corporate Governance system, only and compatibly with the company’s reality, if the recommendations formulated will allow to further strengthen the Company’s credibility.

1. CORPORATE GOVERNANCE SYSTEM

The *Corporate governance system* of the company, which is a set of laws and bylaws adopted in order to ensure the efficient and transparent functionality of the corporate bodies and the control system inspired on the principles and criteria recommended by the Code.

The Company is incorporated under Italian law and listed on the stock exchange on the MTA market, STAR segment. The *governance* structure of Reply S.p.A. – based on the traditional model, is made up of three bodies: The General Shareholders’ Meeting, Board of Directors (that carries out its function through executive directors and is advised by an Internal Control Committee and a Remuneration Committee), Board of Statutory Auditors and Independent Auditors.

The General Shareholders’ Meeting is the corporate body which expresses the wishes of the shareholders through its resolutions. Resolutions passed in compliance with the law and the bylaws are binding on all shareholders independently whether they agree or disagree with them unless the latter draw out, in the cases allowed. The Shareholders are convened according to the rules set out for listed companies.

The Board of Directors has the function to define and approve the company’s strategic, operating and financial plans in addition to the corporate structure it heads. The Board invests the broadest possible powers of management of the company in order to perform all the actions held to be most appropriate in the pursuit of the company objects, except those reserved for the Shareholders’ meeting.

The Statutory Auditors supervises compliance with the law and bylaws and exercises management control and has to verify the following: The Board of Statutory Auditors must ensure that the laws and bylaws are properly applied and carries out controls the following:

- Respect of good management principles;
- The adequate structure of the company;
- The ways in which the Code is actually executed;
- The adequacy of information disclosed by the subsidiaries in relation to mandatory information to the market and concerning privileged information.

The Statutory auditors are not responsible for controlling the accounting records which is a function performed by an external company registered in the special Consob register as requested by law and chosen by the Shareholders’ meeting.

The Audit Firm checks during the year that the company’s accounts are properly kept and the management events are correctly reflected in the accounting records. The auditors also verify that the corporate and consolidated financial statements correspond with the outcomes of the accounting records and the verifications performed and that the accounting documents themselves are in compliance with the applicable regulations. The Independent Auditors can also perform other services resolved by the Board of Directors, when non incompatible with the audit engagement.

The *governance* also includes the Internal Control System and the Organisational Model pursuant to Article 6 of the Law decree 231/2001 and the structure of the powers and proxies, as presented herein.

In the following Report the corporate governance code examined by the Board of Directors on 13 March 2009 is included and it should be noted that some recommendations have not been adopted by the Board of Directors and shall be further explained herein.

This Report has also been integrated with the information requested by laws and regulations of the *governance*.

The Report on Corporate Governance, which completes the explanatory notes and the code can be consulted on the company's website (www.reply.it – Investors – Corporate Governance).

2. ownership information (art. 123-bis of Legislative Decree 58/1998)

A) share capital structure

The share capital structure of Reply S.p.A. is summarised below.

II The share capital fully paid and subscribed at 13 March 2009, amounts to 4.795.885,64 euros, divided in 9.222.857 ordinary shares having nominal value of 0,52 euros.

The share capital can further be increased for a maximum of 87.568,00 euros following the exercise of stock options, with underlying Reply ordinary shares undersigned at established prices and existing at 31 December 2008 and not yet exercised, as specified in the Report on Operations at paragraph "Stock options" and summarized at the following table:

<i>Plan</i>	<i>Resolution of the General Shareholders' meeting</i>	<i>Board's resolution date</i>	<i>No. beneficiaries</i>	<i>Exercise price</i>	<i>Vesting period</i>	<i>Number of options</i>
2004	11/06/2004	11/11/2005	1	17,569	11/11/2008 – 11/11/2013	2.400
2004	11/06/2004	12/05/2006	10	21,339	12/05/2009 – 12/05/2014	150.000
2006	15/06/2006	08/08/2006	1	18,662	08/08/2009 – 08/08/2014	10.000
2006	15/06/2006	27/09/2007	1	24,096	27/09/2010 - 27/09/2015	6.000

B. RESTRICTIONS ON THE TRANSFER OF SECURITIES

The bylaws do not foresee restrictions on the transfer of securities.

C. SIGNIFICANT SHAREHOLDINGS

According to the Shareholders' Ledger, to the notifications received in compliance to the laws and according to other information available as at 13 March 2009, the shareholders that directly or indirectly hold stakes greater than 2% of the share capital having the right to vote are the following:

Shareholder	Direct Shareholder	Ownership % over share capital	Ownership %over voting capital
Rizzante Mario	Alika S.r.l.	53,0524	53,0524
	Reply S.p.A.	2,1880	-
	Rizzante Mario	0,1095	0,1095
	Total	55,3499	53,1619
Kairos Partners Sgr S.p.A.	Kairos Partners Sgr S.p.A.	4,4395	4,4395
Axa Rosemberg Group LLC	Axa Rosemberg Group LLC	2,2272	2,2272
Lodigiani Riccardo	Lodigiani Riccardo	2,0893	2,0893
Highclere International Investors Limited	Highclere International Small Companies Fund	2,0523	2,0523

D. SECURITIES WHICH GRANT SPECIAL RIGHTS

No securities have been issued which grant special rights of control.

E. EMPLOYEE SHAREHOLDINGS: MECHANISM FOR EXERCISING VOTING RIGHTS

In the case of employee shareholdings, a system by which the voting right can be exercised directly by someone else does not exist.

F. RESTRICTIONS ON VOTING RIGHTS

The company bylaws have not established restrictions on voting rights.

G. AGREEMENTS BETWEEN SHAREHOLDERS

At present the Company has the following lock-up agreements in compliance to art. 122 of Legislative Decree no. 58/1998:

1. Agreement dated 11 April 2006 between Mr. Manfred Wassel and Jochen Meier and the Company by which jointly or individually, as at present are obliged, unless otherwise required by the law or other regulations, cannot directly or indirectly, or publicly announce the intention of, directly or indirectly executing the following actions: offer, sell and in general not to dispose by any means the shares owned and the rights attributed to the same, with the exceptions under art. 123 TUF as outlined below:
 - after 36 months following 21 April 2006, the lock-up period shall expire in relation to 83.029 (eighty three thousand twenty-nine) shares, equivalent to 0.90% of the share capital held by Manfred Wassel;
 - after 36 months following 21 April 2006, the lock-up period shall expire in relation to 20.238 (twenty thousand two hundred thirty eight) shares, equivalent to 0.22% of the share capital;
2. Agreement dated 15 June 2006 between Mr. Giacomo Segalli and the Company by which Mr. Segalli, holder of 4,263 (four thousand two hundred sixty three) shares equivalent to approximately 0.05% of the share capital cannot directly or indirectly, or publicly announce the intention of, directly or indirectly executing the following actions: offer, sell and in general not to dispose by any means the shares owned and the rights attributed to the same, with the exceptions under art. 123 TUF as outlined below:
 - after 36 months following 15 June 2006, the lock-up period shall expire in relation to 4,263 (four thousand two hundred sixty two) shares, equivalent to approximately 0.05% (zero point zero five percent) of the share capital;
3. Agreement dated 15 June 2006 between Mr. Luca Miccoli, Mr. Michele Angelo Mr. Umberto Riva and Mr. Claudio Papetti and the Company by which, as at present, cannot directly or indirectly, or publicly announce the intention of, directly or indirectly executing the following actions: offer, sell and in general not to dispose by any means the shares owned and the rights attributed to the same, with the exceptions under art. 123 TUF as outlined below:
 - Mr. Luca Miccoli:
 - after 36 months following 15 June 2006, the lock-up period shall expire in relation to 15,121 (fifteen thousand one hundred twenty one) shares, equivalent to approximately 0.17% (zero point seventeen percent) of the share capital;
 - Mr. Michele Angelo and Mr. Umberto Riva:
 - after 36 months following 15 June 2006, the lock-up period shall expire in relation to 7,560 (seven thousand five hundred sixty) shares, equivalent to approximately 0.08% (zero point zero eight percent) of the share capital
 - Mr. Claudio Papetti:
 - after 26 months following 15 June 2006, the lock-up period shall expire in relation to 5,154 (five thousand one hundred fifty four) shares, equivalent to approximately 0.06% (zero point zero six percent) of the share capital;

4. Agreement dated 9 November 2004, tacitly renewed for a further three year period and until 9 November 2010, by which Alika S.r.l., with headquarters in Torino Corso Francia n. 110, share capital of 90.600,00 euros entirely called up, fiscal code and Torino company registration no. 07011510018, holder of 46.206,00 euros equivalent to 51% of the share capital and more specifically:
- Mr. Mario Rizzante holder of 5.705,00 euros, equivalent to approximately 6.3% (six point three percent) of the share capital;
 - Mrs. Maria Graziella Paglia holder of 17.100,00 euros equivalent to approximately 18.87% (eighteen point eighty-seven percent) of the share capital;
 - Mrs. Tatiana Rizzante holder of 11.700,00 euros equivalent to approximately 12.91% (twelve point ninety-one percent) of the share capital;
 - Mr. Filippo Rizzante holder of 11.700,00 euros equivalent to approximately 12.91% (twelve point ninety-one percent) of the share capital;
- have signed a lock up agreement according to article 122 of TUF for a three year period and renewable for equal periods as long as one of the shareholders does not communicate the cancellation with a six months written notice.

5. Agreement dated 12 December 2008 by which:

- Gareth Arwel Lloyd holder of no. 57.266 (fifty seven thousand two hundred sixty-six) shares equivalent to approximately 0.621% (zero point six hundred twenty one percent) of the share capital;
- Stuart Richard Lowe holder of no. 57.266 (fifty seven thousand two hundred sixty-six) shares equivalent to approximately 0.621% (zero point six hundred twenty one percent) of the share capital;
- Colin Banfield holder of no. 1.295 (one thousand two hundred ninety-five) shares equivalent to approximately 0.014% (zero point zero fourteen percent) of the share capital;
- David Madigan holder of no. 2.815 (two thousand eight hundred fifteen) shares equivalent to approximately 0.031% (zero point zero thirty-one percent) of the share capital;
- Suzanne Lord holder of no. 2.285 (two thousand two hundred eighty-five) shares equivalent to approximately 0.025% (zero point zero twenty-five percent) of the share capital;
- John Sidhu holder of no. 1.627 (one thousand six hundred twenty-seven) shares equivalent to approximately 0.018% (zero point zero eighteen percent) of the share capital;
- Julian Douch holder of no. 1.328 (one thousand three hundred twenty-eight) shares equivalent to approximately 0.014% (zero point zero fourteen percent) of the share capital;
- Karim Ally holder of no. 1.649 (one thousand six hundred forty-nine) shares equivalent to approximately 0.018% (zero point zero eighteen percent) of the share capital;
- Rob Levene holder of no. 1.561 (one thousand five hundred sixty-one) shares equivalent to approximately 0.017% (zero point zero seventeen percent) of the share capital;
- Sue Cockeram holder of no. 1.918 (one thousand nine hundred eighteen) shares equivalent to approximately 0.021% (zero point zero twenty-one percent) of the share capital;
- Jason Hill holder of no. 4.134 (four thousand one hundred thirty-four) shares equivalent to approximately 0.045% (zero point zero forty-five percent) of the share capital;
- Lawrence Grech holder of no. 598 (five hundred ninety-eight) shares equivalent to approximately 0.006% (zero point zero zero six percent) of the share capital;
- Simon Gordon holder of no.897 (eight hundred ninety-seven) shares equivalent to approximately 0.010% (zero point zero ten percent) of the share capital;
- Dave O'Hara holder of no.598 (five hundred ninety-eight) shares equivalent to approximately 0.006% (zero point zero zero six percent) of the share capital;

Are obliged for a three year period commencing July 15, 2008 not to directly or indirectly offer, sell and in general not to dispose by any means the shares owned totalling no. 135.237 shares equivalent to 1.466% (one point four hundred sixty-six percent) of the share capital.

H. APPOINTMENT AND SUBSTITUTION OF DIRECTORS AND AMENDMENTS TO THE BYLAWS

The nomination and substitution of directors is disciplined by art. 16 (Nomination of Directors) of the bylaws, and is available on the Company's website (www.reply.it under Investors – Corporate Governance).

Article 16 of the Company's Articles of Incorporation has been revised under the General Meeting's resolution of June 14, 2007, in order to comply to the changes made to the laws and regulations recently introduced, even in relation to the "voting list" mechanisms, under Principle 6.P.1 of the Code that regulates that the nomination of the directors must follow transparent procedures that guarantee the timeliness of adequate information concerning the personal and professional characteristics of the candidate.

Art. 16 of the Corporate Governance , regulates that:

- The list of candidates shall be deposited at the company's registered office fifteen days prior to the date of the first call for the Annual general Shareholders' meeting;
- Only those shareholders that alone or together with others represent 2.5% of the ordinary voting shares have the right to present the lists or the minimum minority voting share required in accordance to binding laws or regulations;
- The lists that do not reach the percentage of votes equivalent to at least half of those required for the presentation of the same, cannot be considered when apportioning the directors to be elected
- The voting mechanism appoints the directors from the list having obtained the majority votes by the shareholders and following the order on the list, five sevenths of the Directors will be selected from the eligible candidates, while the remaining Directors will be selected from the other lists, guaranteeing in any case, that at least one component has been voted by the minority list that has received the most number of votes and that is not connected in any way, not even indirectly, to the shareholders that presented or voted the list that reached the greatest number of votes.

The Articles of Incorporation can be modified by resolution passed by the extraordinary shareholders' meeting that:

- as set out by art. 13 (Quorum of the Shareholders' meeting), the Shareholders' meeting is validly constituted at first call, with the attendance of shareholders that represent more than half of the share capital, at second call, with the attendance of more than one third of the share capital, and at third call, with the attendance of more than one fifth of the share capital;
- as set out by art. 14 (Resolution Quorum of the Shareholders' meeting), requests at least two thirds of the voting shares is represented in the meeting.

I. MANDATES TO INCREASE THE SHARE CAPITAL AND AUTHORITY TO BUY NEW SHARES

The General Shareholders' meeting authorised the Board of Directors' to increase share capital pursuant to article. 2443 of the civil code.

The information regarding the share capital increase is detailed in the table below:

Shareholders' Resolution	Proxy	Expiry date	Amount authorised		Proxy executed	
			Euros	Shares	Euros	Shares
14/06/2005	The Board of Directors has the proxy to increase the share capital with the exclusion of pre-emptive rights, to be executed separately against payment released through payment in shares of enterprises having the same business scope or instrumental to the development of the Company's activities.	14/06/2010	442.000,00	850.000	347.280,44	667.847
15/06/2006	The Board of Directors has the proxy to increase the share capital with the exclusion of pre-emptive rights, to be executed separately against payment released through payment in shares of enterprises having the same business scope or instrumental to the development of the Company's activities.	15/06/2011	312.000,00	600.000	-	-
14/06/2007	The Board of Directors has the proxy to increase the share capital in accordance to art. 2429 of the Italian Civil Code and to assign shares to employees, directors of the Parent Company and subsidiaries having a key role in achieving the Group's objectives.	14/06/2012	104.000,00	200.000	-	-

On June 14, 2007 the Company approved a share based incentive plan in favour of directors, employees and managers of the Company and its subsidiaries that cover a strategic role in achieving the overall objectives of the group; the plan is to be executed through Stock Granting represented by treasury shares of the company or newly issued shares pursuant to article 2349 of the Italian Civil Code. The Shareholders' have attributed proxy to the Board of Directors to resolve, even more than once and for a five year period, a free capital increase, pursuant to article 2349 of the Italian Civil Code for a maximum amount of 104.000 euros corresponding to 200,000 ordinary shares. At present, the share based incentive plan of Stock Granting has not been activated.

The Shareholder's, following resolution passed on June 12, 2008, have authorised the acquisition of treasury shares in accordance to art. 2357 of the Italian Civil Code as follows:

number of shares: considering the treasury shares already held by the Company at the said date, a maximum number of 738,493 ordinary shares at 0,52 euros, corresponding to 8.0072 % of the existing share capital, in the limits of 30.000.000 euros;

duration: for a period of 18 months, that is from 12 June 2008 to 12 December 2009, in substitution of the previous authorisation resolved by the shareholders' meeting of 14 June 2007;

minimum purchase price: nominal value of the ordinary shares (presently 0,52 euros);

maximum purchase price not greater than the official trade price on the MTA Market the day prior to the purchase applying a spread of 10% and a disbursement of maximum 30.000.000 euros;

authorisation to sell: on the market or in blocks, through a public bid, sale, transfer, or trade of shares as the acquisition and or negotiation with strategic *partners* against payment in kind pursuant to the regulations of the Stock Granting plans.

At the end of the financial year, the company held no. 186,499. Treasury shares.

L. CHANGE OF CONTROL CLAUSE

Should Reply S.p.A. undergo a change of control, with relation to contractual agreements the following is noted:

FINANCING CONTRACTS

Reply S.p.A., on December 30, 2005 undersigned a Loan Agreement with a pool of banks, San Paolo Imi (now Intesa San Paolo S.p.A.) as pool leader for a total of 66.000.000 euros, with the major scope of financing the Group for acquisitions on the Italian or European market.

This contract allows the financing banks the faculty to call off the contract if there is a change of control directly or indirectly of Reply S.p.A., in accordance to 2359 of the Italian Civil Code.

BUSINESS AGREEMENTS AND CONTRACTS

Within some business agreements and contracts undersigned by Reply S.p.A. it is mandatory to notify the change of control, the Company has also undersigned contracts in which the clause “Change of control” implies immediate cancellation of the contract.

Such agreements, which are not very significant, compared to the entire Group activities, are subject to confidentiality clauses.

M. DIRECTORS’ INDEMNITY IN THE EVENT OF RESIGNATION, TERMINATION OR CESSATION OF EMPLOYMENT FOLLOWING A TAKEOVER BID

There are no agreements in force between the company and the Board of directors with regards to Directors’ indemnities in the event of resignation, termination or cessation employment following a takeover bid.

3. MANAGEMENT AND COORDINATION ACTIVITIES

Reply S.p.A. does not perform management and coordination activities pursuant to article 2497 and subsequent of the civil code.

The Parent company does not exercise control and coordination activities over Reply S.p.A. inasmuch as it qualifies as a holding, lacking an autonomous organisational structure and consequently does not carry out management activities for Reply S.p.A.

All the Italian subsidiaries held, directly or indirectly, by Reply S.p.A. have accurately published the control and coordination to which they are subject by Reply S.p.A. in accordance to art. 2497 – bis of the Italian Civil Code.

4. BOARD OF DIRECTORS

A. MEMBERS

The Company's Board of Directors is made up of a variable number of components from a minimum of 3 to a maximum of 11 members. The number of components is resolved by the Annual General Shareholders' Meeting.

As required by the Corporate Governance Code the Board of Directors is made up of executive and non executive directors, the number, competence, authority and time availability of non-executive directors shall be such as to ensure that their judgment may have a significant impact on the taking of board's decisions.

At present the Board of Directors is made up of eight (8) Directors of which five (5) executive:

- Dott. Mario Rizzante Chairman and Managing Director
- Dott. Sergio Ingegnatti Managing Director
- Ing. Tatiana Rizzante Managing Director
- Dott. Oscar Pepino Executive Director
- Ing. Claudio Bombonato Executive Director

and three (3) non Executive and Independent Directors:

- Dott. Fausto Forti (*Lead Independent Director*)
- Prof. Marco Mezzalama
- Prof. Carlo Alberto Carnevale Maffè

The non Executive and Independent Directors bring about their specific competencies in the meetings contributing in taking decisions of company interest.

The above mentioned directors have been appointed under shareholders' resolution of June 15 2006, with the exception of Ing. Claudio Bombonato, appointed under shareholders' resolution of 13 December 2007. The mandate of the above directors upon approval of the year end 31 December 2008 financial statements.

The nomination of the next Board of Directors will take place according to the bylaws and are detailed in the paragraph "**APPOINTMENT AND SUBSTITUTION OF DIRECTORS AND AMENDMENTS TO THE BYLAWS**"

The Directors operate and take decisions in an informed and unconditioned matter, pursuing the primary objective of creating value for the investor. They hold office with the awareness of being able to dedicate the necessary time in order to carry out their actions diligently.

The Chairman coordinates the activities and conducts the Board of Directors Meetings and takes the necessary actions so as to inform the members well in advance on significant points and useful items in order to participate in a profitable manner.

The Chairman furthermore, by means of the operational members of the company, makes sure that the Directors participate in initiatives aimed at increasing their knowledge of the company reality and its evolution and that they are informed about the major new legislation and regulations that concern the Company and its governing bodies.

Following is a brief description of personal and professional characteristics of the members of the Board of Directors of the company.

Mario Rizzante (Chairman, Chief Executive Officer and founder of Reply S.p.A.)

Mr. Rizzante received a graduate in Science of Informatics at the University of Turin. In the 70's, within the Fiat Group, Mr. Rizzante worked on several projects for manufacturing automation. In 1981 Mr. Rizzante left Fiat and founded Mesarteam S.p.A., a System Integration company that in a few years became one of the leading Italian companies in the ICT sector. In 1990 Mesarteam was sold to Sligos, company belonging to the Group Crédit Lyonnais and Mr. Rizzante contributed as Chairman and strengthened relations with important international clients. In 1994 Mr. Rizzante joined Digital (now HP), as Southern Europe Territory Manager of System Integration and Consulting. In June 1996, together with other partners Mr. Rizzante decided to undertake a new entrepreneur endeavor: constructing a system integration and consulting company specialized in new internet technologies. Reply comes to life. Within only four years since its constitution, in December 2000, Mr. Rizzante leads Reply to the Stock market, listing it on the market in Milan.

Sergio Ingegnatti (Chief Executive Officer and founder of Reply S.p.A.)

Graduate in Science Administration at the Business Administration School of Turin. In the 70's Mr. Ingegnatti within the Fiat Group worked in the informatics area, In 1981, Mr. Ingegnatti left the Fiat Group and founded Mesarteam S.p.A., a System Integration company covering the role of Chief Executive Officer and Chief Finance Officer. In 1990 Mesarteam was sold to Sligos, company belonging to the Group Crédit Lyonnais and Mr. Ingegnatti continued his role as Chief Finance Officer for Italy. After a brief period in 1995 as finance consultant, in June 1996 he participates in the foundation of Reply in capacity of Chief Executive Officer, and which he currently holds.

Tatiana Rizzante (Chief Executive Officer of Reply S.p.A.)

Tatiana Rizzante received a Bachelor degree in Informatics Engineering at the Polytechnics of Turin. Immediately after having graduated, in 1995 Mrs. Rizzante begins working in the field of experimental and research activities on the Internet in collaboration with the Polytechnics of Turin and Cselit. In 1996 within Technology Reply S.r.l., she participates actively in projects involving the realization of Intranet websites, network computing and information retrieving. She continues her career within the Reply Group covering the role of Technical Director in Sytel Reply S.r.l. with the task of developing a competence center related to Internet services for Telecommunication operators. In 2002 Mrs. Rizzante is appointed Senior Partner of Reply with the mission of pursuing the business line Technological Architectures and Portals, along with marketing, communication and partnership activities. In 2003 Mrs. Rizzante was appointed Director of the Board of Directors of Reply and carries out activities of Sales & Marketing in Italy for the entire Group. In 2006 Mrs. Rizzante is appointed Chief Executive Officer of Reply and in the same year becomes member of the Supervisory Board of Syskoplan Ag (Germany).

Oscar Pepino (Executive Director and founder of Reply S.p.A.)

Mr. Pepino received a graduate degree in Science of Informatics at the University of Turin in 1977, in 1981 he founded Mesarteam S.p.A., a System Integration company covering the role of in charge of the headquarters in Milan. After Mesarteam was sold to Sligos, company belonging to the Group Crédit Lyonnais in 1990, Mr. Pepino joins Digital (now HP), covering the role of informatics consultant. In June 1996 he participates in the foundation of Reply and covers the role of Chief Executive Officer with the task of Technical and Quality Director of the Reply Group. Mr. Pepino within the Reply Group is currently is in charge of the Operations Office which heads: the informatics system, quality, the operational quarters, PM Academy and Cmmi.

Claudio Bombonato (Executive Director of Reply S.p.A.)

Mr. Claudio Bombonato graduated in Aeronautics Engineering from the Polytechnics of Turin. He holds Doctorate in Philosophy in Aerospace Engineering from the Turin University, and also Masters degree in Business Administration from *Università Commerciale Luigi Bocconi*.

Since 1981 he has held various positions at McKinsey, including Director and he was responsible for Commercial Banking. In 2006 he left McKinsey and was appointed Senior Advisor for Europe at Morgan Stanley and he is Member of the Board of Directors at SI Holding and FONSPA.

Fausto Forti (Independent Director and Lead Independent Director of Reply S.p.A.)

Mr. Forti has a graduate degree in mathematics. From 1974 to 1983 he held several positions in Inveco S.p.A. (Fiat Group) among which: IS and in charge of Spare parts for the Brazilian affiliate; from 1983 to 1994 in Fiat S.p.A. held the position of Director of Logistics. From 1994 to 2004 joins the TNT Group – Logistics division – where he covers the role of Chief Executive Officer of the Italian Business Unit and South America. In 2005 he joins DHL Express Mediterranean (Italy, Greece, Cyprus, Malta and Israel), Deutsche Post Group World Net, and is appointed Chairman and Chief Executive Officer, position that he currently holds. From 2000 to 2006 he was Chairman of Assologistica (*Associazione Italiana delle Aziende di Logistica*) and Vice- Chairman of Confetra (*Confederazione italiana delle Associazioni di Trasporto e Logistica*).

Marco Mezzalama (Independent Director of Reply S.p.A.)

Mr. Mezzalama received a graduate degree in Science of Informatics at the Polytechnics of Turin in 1972 where he is currently Professor of System Elaborations. Since 2005 he holds office of Vice-Chancellor at the Polytechnics of Turin for the informatics systems. From 2001 to 2005 he was substitute of the Chancellor. From 1993 to 2001 Mr. Mezzalama held office as Vice Chancellor for informatics systems and member of the Turin Science Academy. As a representative of the Polytechnics he also covers other roles in research and/or ICT institutions.

Carlo Alberto Carnevale Maffè (Independent Director of Reply S.p.A.)

Mr. Maffè is a professor of Business Strategy at the Strategy Institute and the School of Business Administration at the Bocconi University. He is a member of the Steering Committee “E-business Policies” of the European Commission. He collaborates on a regular basis with newspapers and national and international television. He is independent director of listed companies and strategic advisor for important international companies.

The table below discloses the main information related to the Board of Directors in compliance to Article 144- decies according to *Regolamento Emittenti* Consob.

Name	Office	Board of Directors								Internal Control Committee		Remuneration Committee	
		In office since	L	E	N.E	I.	I. TUF	% Attendance in BoD	Other offices	Attendance	%	Attendance	%
Mario Rizzante	Chairman and Chief executive officer	15/06/06	M	X	-	-	-	100%	N/A	-	-	-	-
Sergio Ingegnatti	Chief executive officer	15/06/06	M	X	-	-	-	100%	N/A	-	-	-	-
Oscar Pepino	Executive Director	15/06/06	M	X	-	-	-	100%	N/A	-	-	-	-
Tatiana Rizzante	Chief executive officer	15/06/06	M	X	-	-	-	100%	N/A	-	-	-	-
Claudio Bombonato	Executive Director	13/12/07	M	X	-	-	-	100%	2	-	-	-	-
Fausto Forti	Lead Independent Director	15/06/06	M		X	X	X	73%	1	X	100%	X	100%
Marco Mezzalama	Non-Executive independent Director	15/06/06	M		X	X	X	82%	N/A	X	100%	X	100%
Carlo Alberto Carnevale Maffè	Non-Executive Independent Director	15/06/06	M		X	X	X	82%	1	X	100%	X	100%
Number of meetings held in 2008		Board of Directors meetings.: 11								Internal Control Committee meetings: 2		Remuneration Committee meetings: 2	

Legend:

L: list

M/m: M/majority list m/minority list

E: Executive

N.E.: non executive

I: independent;

I TUF: independent pursuant to art. 148 TUF

The Board of Directors has verified the other offices held by Directors and Statutory auditors in other listed companies, finance, bank, and insurance companies or big enterprises.

The following arose:

- Mr. Claudio Bombonato is Chairman of the Board of Directors' of Fonspa S.p.A. and a member of the Board of SI Holding S.p.A,
- Prof. Marco Mezzalama is member of the Board of Directors of CSI Piemonte, of San Paolo. and of Fondazione Torinowireless.
- Prof. Carlo Alberto Carnevale Maffè is a member of the Board of Directors' of Poligrafica San Faustino S.p.A.,
- Mr. Fausto Forti is Chairman and is member of the Board of Directors of DHL Express Italy S.r.l..

Compared to the recommendations set out by the Code, the Board of Directors preferred not to express an opinion in relation to the maximum number of offices compatible with the execution of the directors' role, as it believes that such assessment firstly should be made by the shareholders when designating the directors and subsequently by the individual director when accepting the office.

The criteria in evaluating the requisites of the Board of Directors has not been integrated or modified.

Compared to the recommendations set out by the Code, the Board of Directors preferred not to express an opinion in relation to the maximum number of offices compatible with the execution of the directors' role, as it believes that such assessment firstly should be made by the shareholders when designating the directors and subsequently by the individual director when accepting the office.

B. ROLE OF THE BOARD OF DIRECTORS

The Board of Directors is the statutory managing body of the company invested encompassing all powers with regards to the ordinary and extraordinary administration of the company.

The Board of Directors primarily carry out a management and control function with relation to the general activities of the company and the subsidiary companies.

More specifically the Board of Directors:

- a) examine and approve the company's strategic, operational and financial plans and the corporate structure of the group it heads, if any;
- b) evaluate the adequacy of the organizational, administrative and accounting structure of the issuer and its subsidiaries having strategic relevance, as established by the managing directors, in particular with regard to the internal control system and the management of conflicts of interest;
- c) delegate powers to the managing directors and to the executive committee and revoke them; it shall specify the limits on these delegated powers, the manner of exercising them and the frequency, as a rule no less than once every three months, with which the bodies in question must report to the board on the activities performed in the exercise of the powers delegated to them;
- d) determine, after examining the proposal of the special committee and consulting the board of auditors, the remuneration of the managing directors and of those directors who are appointed to particular positions within the company and, if the shareholders' meeting has not already done so, determine the total amount to which the members of the board and of the executive committee are entitled;
- e) evaluate the general performance of the company, paying particular attention to the information received from the executive committee (when established) and the managing directors, and periodically comparing the results achieved with those planned;
- f) examine and approve in advance transactions carried out by the issuer and its subsidiaries having a significant impact on the company's profitability, assets and liabilities or financial position, paying particular attention to transactions in which one or more Directors hold an interest on their own behalf or on behalf of third parties and, in more general terms, to transactions involving related parties; to this end, the board shall establish general criteria for identifying the transactions which might have a significant impact;
- g) evaluate, at least once a year, the size, composition and performance of the Board of Directors and its committees, eventually characterizing new professional figures whose presence on the board would be considered appropriate;
- h) provide information, in the report on corporate governance on the number of meetings of the board and of the executive committee, if any, held during the fiscal year plus the related percentage of attendance of each director.

In accordance to the *Corporate Governance Code* (art. 1.C.1, letter f), the company has granted to the Board of Directors the examination and the approval of the operations deemed “significant” and some specific operations with related parties, fully detailed in this Report at the section dedicated to the topic.

The Board of directors meet on a regular basis, at least every three months or whenever deemed necessary.

The Directors report to the Statutory auditors on a quarterly basis with regards to the activities carried out during the year, to significant operations carried out by the company or its subsidiaries and with regards to operations that could be of potential conflict of interest.

During 2008 the Board of Directors met 11 (eleven) times and the average duration was approximately one hour.

The Board of Directors or scheduled to meet at least 6 (six) times in 2009.

The Board of Directors have held two (2) meetings at the present date of the Report.

The participating members of the Board are also allowed to intervene through audiovisual connection.

In order to facilitate the participation of a greater number of Managers and Statutory auditors, a draft of the annual meetings is scheduled.

Prior to the meetings, the Directors and Statutory auditors are provided with the Agenda of the meeting.

C. CHAIRMAN OF THE BOARD OF DIRECTORS, CHIEF EXECUTIVE OFFICERS AND EXECUTIVE DIRECTORS

The Board of Directors currently holding office is composed of two Managing Directors, an Executive Director and has empowered the Chairman with all operational delegations.

Mr. Mario Rizzante, Chairman of the Board of Directors, has the powers of the ordinary and extraordinary administration of the company with the exception of those specifically empowered by law to the Board of Directors and excluding the operations empowered to the Board of Directors, as set out by the *Regulation on Significant Operations and with related parties*.

Mr. Sergio Ingegnatti and Mrs. Tatiana Rizzante, Chief Executive Officers, have the following disjoint main powers:

- ordinary administration of the company, including the activities related to purchase, sales, trade-in of products, goods and automobiles, real estate and any other asset related to the company's activities;
- undersign rent and lease contracts for no longer than a nine year period and establishing the relative terms and conditions, and arrange the necessary services such as: telephone lines, telex, water, energy, gas, garbage collection by signing the related contracts with the public administration or private institutions;
- Carry out any type of operation with the offices of the public debt, banking institutions, post offices, administration and finance authorities, customs agents and transport institutions in general, governmental authorities whether federal, provincial or local, with ministries and in general with any public or private office, including the undersigning of any acts or declarations pursuant to fiscal laws;
- to represent the Company before any judicial authority, before any administration authority of the Italian Republic, even with reference to litigations even of fiscal nature of whatever degree, with reference to appeals, cassation, protests, undersign conservative and executive acts, and retract from them as necessary, intervene in bankruptcy procedures, take part in creditor meetings, insinuate receivables from the principal company, declare the truth, discuss, accept, sign and refuse agreements, grant to the bankrupt the benefits foreseen by law, allow penalties to payments, assist in inventories, appoint lawyers, carry out transactions, appoint arbiters and sign

compromises;

- request, accept and use short term or long term lines of credit, with no sum limitation, according to the necessary conditions and terms with any banking or credit institution;
- hire, appoint or suspend employees, undersign the related labour contracts, modify or retract from the same contracts and compromise the related controversies, representing the Company before the labour unions; nominate and engage external consultants and collaborators, agreeing the related terms of the contracts, such as the fee; resolve and revoke the above contracts;
- participate in any public or private biddings – even in temporary groups of similar enterprises or even through the constitution of mixed enterprises with the scope of acquiring public investments with an auction value not greater than 5.000.000,00 euros; and can:
 - draw up, undersign and present all the documentation and any necessary deed for the Company to participate in the bid;
 - confer or receive the related mandate in the event of a temporary group enterprise participation;
 - undersign the contracts following the assignment of the bid;
 - grant to third parties, to the extent foreseen by the law, the execution of the contracts.

Mr. Oscar Pepino, Executive Director, has the following disjoint main powers:

- sign rent and lease contracts for no longer than a nine year period and establishing the relative terms and conditions, and arrange the necessary services such as: telephone lines, telex, water, energy, gas, garbage collection by signing the related contracts with the public administration or private institutions. To accept, negotiate and impose in any of the said contracts, deals, conditions, clauses, prices, fees, commissions, executing the related payments and obtaining receipt of payment; resolve, cancel or draw back from any of the said contracts;
- participate in any public or private biddings – even in temporary groups of similar enterprises or even through the constitution of mixed enterprises with the scope of acquiring public investments with an auction value not greater than 5.000.000,00 euros; and can:
 - - draw up, undersign and present all the documentation and any necessary deed for the Company to participate in the bid;
 - - negotiate and undersign contracts for goods and services, and execute any subsequent act useful for the proper outcome of the contracts for a value not greater than 5.000.000,00 euros for each operation from an asset side and 500.000,00 euros for operations from a liability side;
 - - to represent the Company before any judicial authority, before any administration authority of the Italian Republic, even with reference to litigations even of fiscal nature of whatever degree, with reference to appeals, cassation, protests, undersign conservative and executive acts, and retract from them as necessary, intervene in bankruptcy procedures, take part in creditor meetings, insinuate receivables from the principal company, declare the truth, discuss, accept, sign and refuse agreements, grant to the bankrupt the benefits foreseen by law, allow penalties to payments, assist in inventories, appoint lawyers, carry out transactions, appoint arbiters and sign compromises;
 - - hire, appoint or suspend employees, undersign the related labour contracts, modify or retract from the same contracts and compromise the related controversies, representing the Company before the labour unions; nominate and engage external consultants and collaborators, agreeing the related terms of the contracts, such as the fee; resolve and revoke the above contracts;

The main proxies empowered to the Executive Director, Ing. Claudio Bombonato, with the scope of supporting the Company in the development of activities, are the following:

- individual powers:

- a) represent the Company Reply S.p.A. with external contacts and business negotiations and authorise the issuing of the related business offer with a limit of 5.000.000 euros per transaction;
- b) negotiate and undersign contracts for goods and services, and execute any subsequent act useful for the proper outcome of the contracts for a value not greater than 5.000.000,00 euros for each operation;
- c) participate in any public or private biddings – even in temporary groups of similar enterprises or even through the constitution of mixed enterprises with the scope of acquiring public investments with an auction value not greater than 5.000.000,00 euros; and can:
 - draw up, undersign and present all the documentation and any necessary deed for the Company to participate in the bid;
 - confer or receive the necessary mandate in the case of temporary joint ventures;
 - undersign contracts following the awarding of the bid
 - allow third parties the execution of the contracts awarded;
- d) to carry out in the interest of the Company whatever is necessary or convenient within his powers;

- joint powers, with another director having the necessary powers, the powers outlined at letters a), b) and c) in the case the limits defined above are exceeded.

Mr. Claudio Bombonato in the Board Meeting held on March 13, 2009, in capacity of Executive, was assigned new powers related to activities under Network Finance & Security within the Reply Group.

The Chairman, the Chief Executive Officers and the Executive Director, during the Board of Director meetings, and at least on a quarterly basis, report to the Board of Directors and to the Board of Statutory Auditors with regards to the activities carried out during the fiscal year and provide adequate information on atypical, unusual or with related party transactions, that are not subject to the Board of Directors approval.

The Chairman, under the company's Articles of Incorporation, has the power to convene the Board of Directors' meetings.

In preparing the Board of Directors' meetings, the Chairman informs the Directors and Statutory Auditors about the agenda and provides the necessary documentation and information for an effective participation in the Board's work.

The Chairman coordinates the activities of the Board of Directors and coordinates the meetings.

In order to have a better management of the Group activities, the Board of Directors of Reply S.p.A. has the possibility to attribute specific delegation powers to several key managers of the Group Companies that can act in name and on behalf and interest of the Company:

At present, the following persons have proxies related to different levels of responsibilities and operational areas: Daniele Angelucci, Domenico Piantelli, Fernando Masella, Riccardo Lodigiani, Riccardo Iezzi, Luigi Luoni, Salvatore Zangari, Elena Previtera Filippo Rizzante, Francesco Savino, Flavia Rebuffat, Daniela Novelli, Giuseppe Veneziano and Fabio Zappelli; detailed information can be obtained by the competent Register of Companies.

D. INDEPENDENT DIRECTORS

As previously stated, in the current Board of Directors there are three directors having that qualify as being independent as specified by law and qualify as independent as per the Code:

- Dott. Fausto Forti (*Lead Independent Director*)
- Prof. Marco Mezzalama
- Prof. Carlo Alberto Carnevale Maffè

The independent directors are integral part of the remuneration Committee and internal control Committee.

The Independent non Executive Directors have the same characteristics as the Independent Directors, in compliance to paragraph 3.C.1. of the 2006 edition of the Corporate Governance Code that provides that a director usually does not appear independent in the following events, to be considered merely as an example and not limited to:

- a) if he/she controls, directly or indirectly, the issuer also through subsidiaries, trustees or through a third party, or is able to exercise over the issuer dominant influence, or participates in a shareholders' agreement through which one or more persons may exercise a control or considerable influence over the issuer;
- b) if he/she is or has been in the previous three accounting periods a key person of the issuer, of one of its subsidiaries having a significant strategic relevance or of a joint venture of the issuer, or a company that together with others or under special agreements control the issuer or is able to exercise a notable influence;
- c) if he/she has, or had in the preceding fiscal year, directly or indirectly (e.g. through subsidiaries or companies of which he/she is a significant representative, or in the capacity as partner of a professional firm or of a consulting company) a significant commercial, financial or professional relationship:
 - with the issuer, one of its subsidiaries, or any of its significant representatives;
 - with a subject who, jointly with others through a shareholders' agreement, controls the issuer, or
 - in case of a company or an entity – with the relevant significant representatives; or is, or has been in the preceding three fiscal years, an employee of the abovementioned subjects;
- d) if he/she receives, or has received in the preceding three fiscal years, from the issuer or a subsidiary or holding company of the issuer, a significant additional remuneration compared to the "fixed" remuneration of non-executive director of the issuer, including the participation in incentive plans linked to the company's performance, including stock option plans;
- e) if he/she was a director of the issuer for more than nine years in the last twelve years
- f) if he/she is vested with the executive director office in another company in which an executive director of the issuer holds the office of director;
- g) if he/she is shareholder or shareholder or director of a legal entity belonging to the same network as the company appointed for the accounting audit of the issuer;
- h) if he/she is a close relative of a person who is in any of the positions listed in the above paragraphs.

The Board of Directors, in its entirety, verified, in the meeting held March 13, 2009, and obtained positive results with respect to the independency of the abovementioned Directors, by drawing on information provided by each of the Directors in accordance with the definition provided by the Corporate Governance Code.

The Board of Statutory Auditors verifies the proper application of the assessment criteria and procedures adopted by the board in order to annually assess the independence of its members, communicating the outcome of such controls in its report to the shareholders.

In 2008 it was not necessary for solely the independent Directors to convene in specific meetings as they periodically meet when the Internal Control Committee and Remuneration Committee meetings are convened being an integral part of them.

E. LEAD INDEPENDENT DIRECTOR

The Code requires that, in case the Chairman of the Board of Directors is the key person in charge of the running of the company, and even when office is held by the person that controls the Company, the Board must designate a “*Lead Independent Director*”, that represents a reference and coordination point of the motions of the non executive Directors and more specifically the independent ones; for this scope, should these circumstances occur, in accordance to article 2.C.3 of the Code, the role of *Lead Independent Director* is head by the non Executive and Independent Director, Dott. Fuasto Forti.

5. Processing of confidential information

The Chief Executive Officer (Mr. Sergio Ingegnatti) and the Investor Relator (Mr. Riccardo Lodigiani) handle the processing of confidential information in order to avoid the spreading of such information through means not in compliance with law, provisions or rulings or by means that are not timely, or that are incomplete or inadequate.

More specifically, all company communication to outsiders and all press releases are accurately drawn up and under the strict supervision of the abovementioned persons that verify the correctness and compliance, in terms of content and means of diffusion, to the existing laws.

Furthermore, all employees, and in particular those having a managing position, have been instructed as to their duties concerning confidentiality of information of a listed company and must verify that the chief executive officer's directions are followed.

Following the so called regulation “market abuse” enacted by Community Law 2004 (Law 18, April 2005 no. 62), which restated article 114 of legislative decree 58/1998 (*TUF*) and endorsed by the corresponding Consob regulation (new articles from 152-bis to 152-octies introduced in Title VII of Part III of the regulation of listed companies no. 11971/99, endorsed by Consob resolution no. 15232 of 29 November 2005, in force since April, 1 2006), a law was passed concerning the obligation to notify the public about any transactions carried out by “important persons” and people strictly associated to them in relation to financial instruments of the company.

Consequently, the Internal Conduct Code on Internal Dealing already adopted by Reply S.p.A. since January 2003, was eliminated as of April 1, 2006 date in which the new Consob Regulation no.11971/99 was implemented. Consequently, the previously in force Internal Dealing included in the Market Regulation organised and managed by Borsa Italiana and related Instructions, applied by Reply since January 1, 2003 through the adoption of a specific Internal Dealing Code, has been abolished since the new regulations set out by Consob came into force, that is since April 1, 2006.

In execution of the new regulation of April 1, 2006, a new Conduct Code was implemented aimed at disciplining the flow of information from “Important persons” and “Parties connected to them” with respect to the Company and the corresponding obligations and informative and communication means with respect to Consob and to the market related to operations carried out by these parties. The new Corporate Governance Code was enacted starting April 1, 2006 following the Board of Directors' resolution of March 31, 2006.

More specifically, the new Corporate Governance Code, with reference to Internal Dealing concerning operations on financial derivative instruments issued by Reply S.p.A. executed by the so called “key persons”, disciplines the information to provide the Company, Consob and the market when purchase, sales, undersigning and negotiating of shares or financial derivative instruments connected to the shares, are executed for personal reasons by “Key Persons”, that is those being close to the Company that can legitimately negotiate his shares having access to information concerning the parent Company’s or its subsidiaries financial-economic trends.

The new code defines the conduct in terms of “internal dealing” and the ways of applying the same. The code disciplines more specifically, the identification of the so called “key” parties, the types of operations subject to mandatory communication, identification of the party in charge of receiving such information and the notification to Consob and to the market, timing and the means of communication that must be carried out by the so called “Key persons”.

The complete version of the Corporate Governance Code is available on the Company’s website (www.reply.it – Investors – Corporate Governance).

6. COMMITTEES WITHIN THE BOARD OF DIRECTORS

The Board of Directors set up consulting committees within the Board, The Internal Control Committee and the Remuneration Committee.

The Board of Directors, as allowed by the Code, have not deemed necessary to constitute within its members a director nomination Committee. More specifically, the definition of the professional characteristics of the candidates and the selection of the candidates is carried out through sharing of the shareholders knowledge of the moral requisites and professional competencies of the persons involved.

7. REMUNERATION COMMITTEE

The Board of Directors has internally constituted a Remuneration Committee composed by Prof. Marco Mezzalama and Prof. Carlo Alberto Carnevale Maffè, non Executive and Independent Directors and by Mr. Fausto Forti, *Lead Independent Director*.

The Remuneration Committee has the duty to submit to the Board of Directors proposals on the remuneration of the Chairman and Chief Executive Officers, whereas the latter propose the adoption of general remuneration criteria of the company’s directors.

The Committee meets upon request of one of the members, before the Board meetings that resolve the Chief Executive Officers’ remuneration, the assignment of stock options or with reference to other forms of remuneration connected to results, or when deemed necessary.

Minutes of the meeting are drawn up and include the proposals made by the Committee.

The Remunerations Committee met two (2) times during 2008 with the presence of all members.

At present, the Committee does not include external consultants.

In accordance to art. 7.C.4 of the Corporate Governance Code, no director shall participate in meetings of the Remuneration Committee in which proposals are submitted to the Board of directors relating to his/her remuneration.

8. REMUNERATION OF DIRECTORS

Remuneration of Directors not invested with operational proxies, for each year in office, was resolved by the Shareholders’ Meeting of June 15, 2006, upon nomination, and equal to 20.000,00 euros gross of any withholding amounts foreseen by law.

Remuneration of directors invested with special roles, was established by the Board of Directors upon proposal of the remuneration Committee, authorised by the Board of Statutory Auditors.

In compliance to article 7.C.1 of the Code in the March 2006 release, article 22 of the Articles of Incorporation allows the possibility that a variable fee be attributed to the Directors invested with special powers, as participation in the profits of the parent Company, and dependent of the economic trends of the Group and more specifically to the Consolidated Gross Margin, and is resolved by the Annual General Shareholders' Meeting approving the annual financial statements. Such a possibility, that has already been adopted upon since allocation of the 2004 net results, considering that this alternative does not exclude the distribution of dividends to the shareholders, will be once again applied in relation to 31 December 2008 results.

The following table summarises remuneration of controlling bodies:

<i>Director</i>	<i>Fee resolved (annual in relation to duration of office)</i>	<i>Note</i>
Rizzante Mario Chairman and Chief Executive Officer	Euro 700.000,00	Of which Euro 330.000 annual fee for the office of Chairman and Chief Executive Officer and Euro 370.000 as participation in 2007 results as resolved by the Shareholders' Meeting of 12 June 2008. The amount of Euro 700.000 does not include the amount received by Reply Services S.r.l. in capacity of Director and amounts to Euro 120.000.
Tatiana Rizzante Chief Executive Officer	Euro 360.000,00	Of which Euro 120.000 annual fee for the office of Chief Executive Officer and Euro 240.000 as participation in 2007 results as resolved by the Shareholders' Meeting of 12 June 2008. The amount of Euro 360.000 does not include the amount received by Reply Services S.r.l., in capacity of Director and amounts to Euro 173.000.
Sergio Ingegnatti Chief Executive Officer	Euro 480.000,00	Of which Euro 210.000 annual fee for the office of Chief Executive Officer, Euro 240.000 as participation in 2007 results as resolved by the Shareholders' Meeting of 12 June 2008 and Euro 30.000 in capacity of Chairman and Director of Reply Services S.r.l.
Pepino Oscar Executive Director	Euro 210.000,00	Annual fee for the office of Executive Director
Bombonato Claudio Executive Director	Euro 300.000,00	Annual fee for the office of Executive Director
Carnevale Maffè Carlo Alberto Non Executive and Independent Director	Euro 20.000,00	Annual fee for the office of Non Executive and Independent Director
Mezzalama Marco Non Executive and Independent Director	Euro 20.000,00	Annual fee for the office of Non Executive and Independent Director
Forti Fausto Non Executive and Independent Director - <i>Lead Independent Director</i>	Euro 24.000,00	Annual fee for the office of Non Executive and Independent Director - <i>Lead Independent Director</i> for 20.000 Euros and 4.000 Euros as token of attendance as member of Reply S.p.A.'s Surveillance Body.

In 2008 directors with key responsibilities' remuneration amounted to 3.106 thousand euros, inclusive of Directors' severance indemnities (71 thousand euros).

The table below summarises participations held in Reply S.p.A. by Directors, and managers with strategic commitments in Reply S.p.A. as at 31 December 2008 pursuant to art. 79 of Consob Regulations resolution no. 11971 of May 14, 1999:

<i>First name and surname</i>	<i>Office held in Reply S.p.A.</i>	<i>Number of shares held at 31/12/2007</i>	<i>Number of shares bought in 2008</i>	<i>Number of shares sold in 2008</i>	<i>Number of shares held at 31/12/2008</i>	<i>% of share capital</i>
Mario Rizzante	Chairman and Chief executive officer	11.381	-	-	11.381	0,1234%
Tatiana Rizzante	Chief executive officer	15.734	-	-	15.734	0,1706%
Sergio Ingegnatti	Chief executive officer	9.800	-	-	9.800	0,1063%
Oscar Pepino	Executive Director	11.960	1.750*	-	13.710	0,1487%
Marco Mezzalama	Independent director	250	-	-	250	0,0027%
Directors with Key responsibilities		697.973	23.457	(1.174)	720.256	7,8095%

* Shares inherited

At present, there are Stock option rights assigned to Directors of the Company in compliance to the Stock Option plans adopted by the Company; the assignment of Stock Option rights to the Directors is summarised in the table below:

<i>Director</i>	<i>Resolution by the Shareholders' meeting</i>	<i>Number of options assigned</i>	<i>Vesting period</i>	<i>Strike price</i>
Tatiana Rizzante	10/06/2004 (2004 plan)	15.000	12/5/09-12/5/2014	Euro 21,339

The Options assigned to the above Director can be exercised, within the vesting period in the above table, in a lump sum solution, within the "exercise window" following fifteen days after the Board of Directors' meeting approving the quarterly reports, the half year report or the annual report.

Stock options cannot be exercised in the "Blocked period", foreseen by the Conduct Code in relation to Internal Dealing, which are 15 days prior to the Board of Directors' meetings approving the annual report, the half year report and the quarterly reports, including the day the meeting is held.

Stock option rights cannot be exercised in the "blocked period", as disciplined by the Conduct Code in relation to Internal Dealing, that is 15 days prior to the Board of Directors of Reply S.p.A. called to approve the year-end financial statements, the half year report and quarterly reports, including the day in which the meeting is held.

In 2008 no stock options were neither assigned nor exercised by the Directors.

9. INTERNAL CONTROL COMMITTEE

In accordance to art. 8.P.4 of the Corporate Governance, the Board of Directors established the internal control committee composed by Mr. Carlo Alberto Carnevale Maffè and Mr. Marco Mezzalama, non-executive directors and independent director and by Mr. Fausto Forti, *Lead Independent Director*.

The Internal Control Committee:

- evaluates together with the director responsible for the preparation of the company's accounting documents and the auditor, the correct utilization of the accounting principles and, in the event of groups, their consistency for the purpose of the preparation of the consolidated balance sheet;
- upon the request of the executive director, express opinion on specific aspects relating to the identification of the principal risks for the company as well as on the design, implementation and management of the internal control committee;
- review the work plan prepared by the officers in charge of internal control as well as the periodic reports;
- evaluate the proposals submitted by the auditing firm for obtaining the relevant appointment, as well as the work plan prepared for the audit and the results described in the report and the letter of suggestions, if any;
- supervise the validity of the accounting audit process;
- perform any additional duties that are assigned by the Board of Directors;
- report to the board, at least on a half yearly basis, on the occasion of the approval of the balance sheet and the half yearly report, on the activity carried out, as well as on the adequacy of the internal control system.

The Committee meets when deemed necessary, and in any case, at least twice a year, when the half year report and the annual report is approved.

The president of the Board of Auditors or another auditor designated by the president participates in the works for the internal control and at the end of each meeting the minutes are drawn up with the Committee's proposals.

In order to carry out its duties, the Committee can request information and data from head of internal controls, the Board of Statutory Auditors and the independent auditors.

During the year 2008 the Internal control committee met two (2) times and once (1) in 2009 and examined the following:

- The separate financial statements and the consolidated financial statements of 2007 and 2008, half-year report of 2008;
- the projects concerning the revision of procedures according to Law 262/2005 (*Legge sul Risparmio*) and to regulations set out under Legislative Decree 231/2001 and other internal improvement projects.
- Compliance to the anti re-cycling law decree 231/

The Committee reported two times to the Board of Directors in relation to the activities carried out and with reference to the adequate functioning of the internal control System.

10. INTERNAL CONTROL SYSTEM

The internal control system is a set of procedures that contributes to safeguard the company's assets, the efficiency and effectiveness of business transactions, the reliability of financial information and the compliance with laws and regulations.

The Board of Directors is responsible for the internal control and defines the guide-lines of the internal control system and the company's risk management.

In relation to the company's objectives, operational and of compliance and reporting the Company uses the following instruments:

Instruments able to monitor operational objectives

- *Budgeting and management control* - Reply S.p.A. has implemented a structured and periodic system in order to forecast and monitor company activities, aimed at defining the company objectives/strategies and defining a *budget*;
- *Operational procedure system* - In order to properly apply the company directives and to limit the risks connected to the achievement of the company's objectives, Reply S.p.A. has implemented a group of procedures that regulate internal processes, regulating the activities executed within a function and those with other areas; in 2007 a specific procedure of "Offer Authorisation" was adopted by the Group and is applicable to the offers issued by all the Group companies for Public Bids, that in brief regulates that the issuing of an "Offer" by a Group Company is subject to approval at an adequate organisational level corresponding to the value of the offer and, if the offer exceeds 5.000.000,00 euros it must be approved by the Reply Approval Board (RAB) comprising the Chairman of the Board and by the Chief Executive Officers, Sergio Ingegnatti and Tatiana Rizzante; this procedure has been approved by the Internal Control Committee.

Instruments able to monitor compliance objectives

- *Law 262/2005 in relation to accounting and financial disclosures* - Following the coming into force of law 262/2005 concerning the safeguarding of savings, Reply S.p.A. has terminated the project related to the upgrading of procedures and has adopted other initiatives to monitor and improve them. The objective of the initial project was to revise the administrative and accounting procedures with reference to the reliance of the economic-financial information disclosed to the market and more specifically:
 - mapping of the main sub-processes within the administration and relevant accounting procedures;
 - assessment of the adequacy of the existing controls and proposal of further areas of control in view of compliance and greater reliance of the processes considered;
 - drafting of a series of procedures and consequently the drafting of an Administration Procedures Manual;
 - creation of future control and monitoring instruments.
- *Legislative Decree 231/2001* – see related paragraph.
- *Security, environment and quality*– Reply has established a procedure system and an organisational structure dedicated to the management of data security (also with regards to the laws on Privacy), protection of the environment, security of equipment and personnel and the quality of services carried out (Iso certification 9001:2000).
- *Other laws and regulations* - Monitoring the evolution and compliance to new laws and regulations is carried out internally.

Instruments able to monitor reporting objectives

- *Accounting disclosures* – The Group accounting Manual sets the guidelines to the information to be disclosed with relation to consolidated and separate financial statements, to the administrative-accounting procedures recently upgraded/integrated within the Project related to Law no. 262/2005, illustrated previously.
- *Processing of confidential information*: see relevant paragraph;
- *Internal information* – Reply S.p.A. has an internal communication system, orientated to facilitate and promote the internal communication within the company and the Group, also through a structured system as the Management and coordination Committee.

The Internal Control Committee has evaluated the adequacy of the internal controls adopted by the Reply Group and has expressed a positive opinion.

A. EXECUTIVE OFFICER IN CHARGE TO SUPERVISE THE FUNCTIONALITY OF THE INTERNAL CONTROL SYSTEM

On 15 June 2006, the Board of Directors, appointed Mr. Sergio Ingegnatti to the position of Executive Officer in charge to supervise the functionality of the internal control system and has nominated Mrs. Celestina Massenzio as head of internal controls.

Head of internal controls reports his activities to the members of the Board of Directors, key management and to the Board of Statutory Auditors.

B. ORGANISATION, MANAGEMENT AND CONTROL MODEL PURSUANT TO LEGISLATIVE DECREE 231/2001

The Board of Directors approved in November 2004, the “Ethic Code” whose introduction represents an important step towards the constitution of a sound internal control system and transparency principles that guide the company’s internal and external activities, and outlining the fundamental principles necessary to guarantee legality, loyalty and correctness in conducting Reply’s relations.

In 2007 the project to adopt a new organisation, management and control model pursuant to Legislative Decree 231/2001 (the Model) was put in place, with relation to the responsibilities of enterprises, in order to prevent the execution of illicit. The model was approved by the Board of Directors on 28 March 2008. The Model adopted, starting from an accurate analysis of the company activities with the objective of identifying the potential activities at risk, is the set of general principles, rules of conduct, control instruments and organisational procedures, formation and informational activities and disciplinary system finalised at assuring, the prevention of offences.

The types of offences contemplated by Legislative Decree 231/2001 and that have been considered at risk for the Group, as outlined in the attached Model, are the following:

- (i) relations with the Public Administration;
- (ii) enterprise obligations;
- (iii) privileged information;
- (iv) security, prevention, health and hygiene on the work site.

The Model was adopted during 2008 by all the Italian Group companies.

The Organisational Model of Reply S.p.A is published on the company website (www.reply.it – Investors – Corporate Governance).

The Model and the Code of Ethics have been distributed to all Group employees and collaborators through the company Intranet. The Code of Ethics is also supplied to newly hired employees of the Group.

The Board of Directors has nominated a Compliance Committee which has the duty to verify the correct function of the Model and to update the following. The Compliance Committee has to refer to the Board and in the worst cases must refer to the Internal Control Committee. The Compliance Committee comprises external members (Eng. Franco Gianolio) as Chairman, Lead Independent Director (Mr. Fausto Forti) and a member employed in the company (Mrs. Celestina Massenzio) that will hold office until the approval of 31 December 2008 financial statements.

The Italian Group companies have entrusted the function of the Compliance Committee to their Directing body, which performs the functions of compliance through resources within the Compliance Committee of the Parent Company, on the basis of specific agreements.

Upon drive of the Compliance Committee a risk assessment related to offences disciplined by Law Decree 231/01 (*Delitti informatici*" e *"Riciclaggio"*) was carried out with the scope of updating the Model and presented to the Board of Directors in the meeting held on March 13, 2009.

In 2008 the Compliance Committee met five (5) times and referred to the Board of Directors and to the Statutory Auditors in relation to their activities and the state of the art concerning the Model.

C. INDEPENDENT AUDIT FIRM

The General Shareholders' meeting of June 10, 2004 resolved to confer auditing of the Financial Statements of the Company and the Consolidated Financial Statements as well as the limited auditing of the Half-year financial statements for the fiscal year 2004, 2005 and 2006 to the independent auditors Deloitte & Touche S.p.A.

With the modifications introduced by Law no. 262 of December 2005 and the Legislative decree no.303 of December 2006 with regards to accounting principles, the Shareholders' Meeting of 14 June 2007 have evaluated positively the extension of the term of the auditing firm Deloitte & Touche S.p.A from 2007-2009, in order to guarantee the coordination and the adaptation of the measures introduced by the same Law with the existing regulations. The auditing period will terminate with the auditing of the Financial statements of 2009.

D. DIRECTOR IN CHARGE OF DRAWING UP THE ACCOUNTING AND LEGAL DOCUMENTS

The Board of Directors, pursuant to Law 262/2005, has appointed in capacity of *Director in charge of drawing up the accounting and legal documents*, with approval of the Board of Statutory Auditors, Mr. Giuseppe Veneziano. On September 15, 2006 a specific proxy was conferred in order to enable him to execute his powers.

Pursuant to article 24 of the Articles of Incorporation, the Director must set up adequate administration and accounting procedures for the drawing up of the statutory financial statements, the consolidated statements and any other financial communication.

The Director, together with the other executive organs, must assert in a specific report, annexed to every financial statement and to any other financial communications that the procedures set up have been abided to.

With reference to his tasks, the *Director in charge of drawing up the accounting and legal documents* has the same responsibilities and liabilities as those foreseen by law for the Directors, with the exception of those executed under work relations with the company.

11. DIRECTOR'S INTERESTS AND TRANSACTIONS WITH ELATED PARTIES

In compliance with the Corporate Governance Code transactions carried out with related parties are preformed in a transparent manner and meet criteria of substantial and procedural fairness. Directors who have an interest, even if only potential or indirect with related parties shall:

- promptly inform the board in detail of the existence of the interest and of the related circumstances;
- abandon the board meeting when the issue is discussed.

The Board of Directors can however, under certain circumstances, allow the directors to participate and/or vote.

The Company has adopted a Regulation on Significant Operations with related parties and can be consulted on the company's website (www.reply.eu – Investors – Corporate Governance) and regulated what follows.

Significant operations

Pursuant to the Corporate Governance Code, the Board of Directors has the task of reviewing and approving operations of significant economic, financial and earning value, including the most significant operations with related parties, which are subject to specific substantial procedural correctness criteria.

Decisions concerning Significant Operations cannot be taken by delegated directors.

Significant operations are those that put the Company in the position to make the necessary communication to the market and accompany it with ad-hoc accounting situations according to the requirements of the market controlling body³.

When the Company has to put in action significant operations, the delegated directors provide the Board of Directors, reasonably in advance, a summary of the analysis conducted in terms of strategic coherence, economic feasibility, and the expected benefits for the company.

Operations with related parties

Identification of related parties

Related parties are:

- a) subjects which control, are controlled by (even 100%) or are under the same control as Reply S.p.A.;
- b) subjects which hold an interest sufficient to exercise considerable influence over Reply S.p.A.;
- c) the under signers of non competition agreements, pursuant to article 122, paragraph 1 of Legislative decree 58/1998, related to the right of vote;
- d) subjects associated with Reply S.p.A.;
- e) subjects which have power and responsibility in the planning, management and control of Reply S.p.A. or in holdings i.e. The Board of Directors and Board of Statutory Auditors;
- f) subjects' close relatives in a), b), c), d), and e). a subject close relative means those potentially capable of influencing or being influenced by the natural person in their relationship with Reply S.p.A and may include cohabitant, and relatives up to second degree;
- g) subjects controlled, jointly controlled or subject to considerable influence by any of the subjects in a), b), c), d), and e), or subjects in a), b), c), d), and e) who exercise considerable influence;
- h) subjects who have the same majority directors as Reply S.p.A.

³ Currently Consob communication no. DIS/98081334 of 19 October 1998.

According to the Accounting Principle "IAS 24" control means the power to determine financial and management policies of an organization in order to enjoy the benefits of its business.

Therefore, pursuant to art. 2359 of the Italian Civil Code and to art. 93 of Legislative decree 24 no. 58 of February 1998, subsidiary (controlled) companies are:

- 1) the company in which the other company has the majority voting rights in the general Shareholders' meeting;
- 2) the company in which the other company has sufficient votes in order to have dominating influence in the general Shareholders' meeting;
- 3) the company, Italian or foreign, in which a subject has the right, in view of a contract or a statutory clause, to exercise a dominating influence, where the law allows such contracts or clauses;
- 4) the company, Italian or foreign, in which a shareholder, on the basis of agreements with other shareholders, has alone sufficient voting rights in order to have dominating influence in the general Shareholders' meeting.

Pursuant to the International accounting standard IAS 28, a company is considered an associate when the holder of the investment has a significant influence but is neither a subsidiary nor a joint venture. Significant influence means the power to participate in administration and operational decisions of the company without having control of it.

Therefore, pursuant to art. 2359 of the Italian Civil Code, associate companies are also those over which another company has significant influence; significant influence is presumed when the company, in the general Shareholders' meeting, can exercise at least one fifth of the voting rights or a tenth if the company's shares are listed.

Three different types of categories of operations with related parties have been defined and are the following:

A) significant operations

These significant operations are with related parties. If the nature, prices or mode/timing of implementation of significant operations with related parties may affect shareholders' equity or the correctness of information (including accounting data) relating to Reply S.p.A., such operations must be made public pursuant to CONSOB regulations.

These operations must be previously authorized by the Board of Directors and specific notice must be provided to CONSOB.

B) Intercompany transactions

These are defined as the transactions realized with companies whose financial statements are consolidated in reply S.p.A.'s consolidated financial statements on a line by line basis.

These transactions must previously be authorized by the Board of Directors when each have a value greater than 5.000.000 euros and are related to atypical, unusual or transactions regulated under non standard market conditions. Atypical, unusual or transactions regulated under non standard market conditions having a value lower than 5.000.000 euros must, in any case, be specifically referred to the Board of directors in the following board meeting.

The operations qualifying as ordinary business activities of Reply S.p.A., and are carried out at normal market conditions, do not require the Board of Directors authorization.

C) Transactions with related parties

These are defined as transaction with related parties other than “group companies”.

These transactions must previously be authorized by the Board of Directors when each have a value greater than 2.000.000 euros or greater than 1.000.000 euros if related to atypical, unusual or transactions regulated under non standard market conditions.

Atypical, unusual or transactions regulated under non standard market conditions having a value lower than 1.000.000 euros must, in any case, be specifically referred to the Board of directors in the following board meeting.

12. APPOINTMENT OF STATUTORY AUDITORS

The appointment and the substitution of statutory auditors is disciplined by Article 23 (Statutory Auditors) of the Company bylaws, and can be consulted on the company’s internet website (www.reply.it – Investors – Corporate Governance).

Article. 23 of the Company bylaws has been modified with the resolution of the Extraordinary Shareholders’ meeting of 14 June 2007 in compliance to modifications in the legislations and regulations recently introduced with regards to the “voting lists”, Principle 10.P.1 which states that the appointment of auditors shall occur according to a transparent procedure. It shall ensure, inter alia, timely adequate information on the personal and professional characteristics of the candidates.

Article 23 of the bylaws regulates, among other, the following:

- the lists of the candidates for the office of Statutory Auditor must be deposited at the Company’s offices at least fifteen days prior to the date set for the Shareholders’ Meeting on first call; only those shareholders that alone or together with others represent 2.5% of the ordinary voting shares have the right to present the lists or any other minimum number requested by other laws and regulations;
- The voting mechanism foresees that the votes obtained from each list, Statutory Auditors are separated from Alternate Auditors, will be divided by one, two, three for the Statutory Auditors and one, two for the Alternate Auditors, according to the progressive number of auditors to be appointed. These percentages will then be progressively assigned to the candidates on each list and a grade in descending order will be formed. The candidates with the highest percentage will be appointed, being that one Statutory Auditor and Alternate Auditor have been elected from the second list according to the number of votes obtained and must not be connected, neither indirectly, to the Shareholders which presented or voted the list which obtained the highest number of votes;
- President of the Board of Statutory Auditors is held by the statutory auditor which was elected from the minority list which obtained the highest number of votes.

13. STATUTORY AUDITORS

The Board of Statutory Auditors is made up of three standing auditors and two alternate auditors and the Board is comprised as follows:

- | | |
|--|-------------------|
| - Dott. Tommaso Vallenzasca | President |
| - Dott.ssa Ada Alessandra Garzino Demo | Statutory auditor |
| - Dott. Paolo Ciarretta – Assandri | Alternate auditor |
| - Dott. Alessandro Mikla | Alternate auditor |

The Board of Statutory Auditors was appointed during the Shareholders’ Meeting on 15 June 2006 and expired on 31 December 2008 with the approval of the financial statements. In the month of

August 2008 Prof Piergiorgio Re resigned from office in capacity of President of the Board of Statutory Auditors of Reply S.p.A., and upon his resignation, Mr. Paolo Claretta Assandri took office as Alternate Auditor, consequently, Mr. Tommaso Vallenzasca took office as President pursuant to art. 2401 of the Italian Civil Code.

The appointment of the statutory auditors will be in accordance with the new laws as better explained in the section “ Appointment of Statutory Auditors”.

The table below summarises the Board of Statutory Auditors and explains the main information requested in accordance to Article 144-decies of the Consob Regulation of Issuers.

Name	Office held	In office since	List	Independent from Code	% of attendance in meetings	Other offices held (1)
Tommaso Vallenzasca	Statutory auditor until 08.08.2008 President since 08.08.2008	15/06/2006	M	X	100%	6
Ada Alessandra Garzino Demo	Statutory auditor	15/06/2006	M	X	100%	15
Paolo Claretta-Assandri	Statutory auditor since 08.08.2008	15/06/2006	M	X	100%	28
Alessandro Mikla	Alternate auditor	15/06/2006	M	X	NA	NA

Legend:

M/m: M/majority list, m/minority list

(1) Other offices held in joint stock companies

The following table summaries information related to resigned auditors:

Name	Office held	In office since	List	Independent from Code	% of attendance in meetings
Piergiorgio Re	President until 08.08.2008	15/06/2006	M	X	66,67%

In 2008 the Board of Statutory Auditors, were remunerated for a total of 85.474 euros as follows, Piergiorgio Re 34.472 euros;

- Piergiorgio Re 34.448 euros;
- Tommaso Vallenzasca 25.306 euros;
- Ada Alessandra Garzino Demo 24.377 euros;
- Paolo Claretta Assandri 1.343 euros.

In 2008 the Statutory Auditors met eight (8) times.

14. INVESTOR RELATIONS

The Board of Directors ensures that a person in charge of relations with investors is identified and periodically assesses the need to constitute a structural function within the company.

Mr. Riccardo Lodigiani has been appointed, under resolution made 15 June 2006, the person in charge of relations with Institutional Investors and with Shareholders (*Investor relator*) in order to create continuous dialogue with the said persons.

The abovementioned person must exclusively and periodically inform the Chairman and the Chief Executive Officer, Mr. Sergio Ingegnatti of his activities.

On the Company's website (www.reply.it, Investors - Corporate governance) the following documents are available:

- Company bylaws;
- Annual calendar of company events;
- Organisational Model pursuant ex art. 6 Legislative Decree no. 231/01 and the ethic Code;
- Code of conduct for internal dealing;
- Corporate Governance Code;
- Regulations on significant operations and related party transactions.

Pursuant to *Regolamento di Borsa*, the company's calendar for 2009 and the events have been made available to the public within the established terms, and the following dates have been established:

- the Board of Directors meeting to approve the Annual Financial Statements;
- the Shareholders' Meeting to approve the Annual Financial Statements;
- the Board of Directors meeting to approve the first quarter Interim Management Report of 2009 the Half-year report and the third quarter Interim Management Report 2009.

15. GENERAL MEETINGS

The company encourages and facilitates the participation at the Annual General Meeting providing any necessary information or explanation in order to guarantee a smooth and conscientious participation of the Shareholders.

Article 12 of the Company bylaws establishes that shareholders have the right to intervene during the General Shareholders' Meeting if they have provided written notice pursuant to art. 2370, paragraph two of the Italian Civil Code, two work days prior to the day of the meeting.

The company does not deem necessary the adoption of an Annual General Meeting legislation (aimed at controlling the running of the meetings), as the Articles of Incorporation provide adequate provisions concerning the matter.

16. CHANGES SUBSEQUENT TO THE YEAR END CLOSE

Following the year end close no significant changes have been made to the structure of the Corporate Governance.

Information concerning Other requirements of the Corporate Governance have been included at Table 1, annexed herein.

Turin, 13 March 2009

For the Board of Directors
The Chairman
Mario Rizzante

TABELLA 1: OTHER REQUIREMENTS OF THE CORPORATE GOVERNANCE CODE

	YES	NO	Summary explanation of reasons deviating from the guidelines
<u>System for delegating powers and handling transactions with related parties</u>			
Has the Board of Directors has delegated powers and defined:			
a) scope of the power	X		
b) manners in which the powers may be exercised?	X		
c) regular reporting intervals?	X		
Has the Board of Directors reserved the right to approve transactions of significance in the balance sheet, economic and financial figures (including transactions with related parties)?	X		
Has the Board of Directors provided guidelines and criteria for identifying "significant" transactions?	X		
Are these guidelines and criteria described in the Report?	X		
Has the Board of Directors defined special procedures for reviewing and approving transactions with related parties?	X		
Are the procedures for approving transactions with related parties described in the Report?	X		
<u>Procedures followed in the most recent appointments of directors and statutory auditors</u>			
Were the names of candidates for the post of director filed at least 10 days in advance?	X		
When the names of candidates for the post of director were filed, did the filing contain adequate information?	X		
When the names of candidates for the post of director were filed, did the filing contain information about the qualifications of the candidates to serve as independent directors?	X		
Were the names of candidates for the post of statutory auditor filed at least 10 days in advance?	X		
When the names of candidates for the post of statutory auditor were filed, did the filing contain adequate information?	X		
General Meetings			
Has the company approved Procedures for General Meetings?		X	The Company does not deem necessary a manual procedures for General Meetings as the bylaws are sufficient
Are the Procedures appended to the Report (or does the Report indicate where the Procedures are available or downloadable)?		X	
Internal Control			
Has the Company appointed Compliance Officers?	X		
Are the Compliance Officers hierarchically independent of executives with operational responsibility?		X	
Department in charge of internal control (as per Article 9.3 of the Code)			
Investor relations			
Has the company appointed an Investor Relations Officer?	X		Mr. Riccardo Lodigiani
Name of the Department and contact information of the Investor Relations:	E-mail: investor@reply.it Reply S.p.A., Corso Francia 110, 10143 Torino; telephone: 011/7711594.		