

Corporate governance and adoption of the Self-Discipline Code

The Board of Directors of the company, meeting on 26 March 2001, approved, within the regulatory framework of Borsa Italiana S.p.A. (the Italian Stock Exchange Office), the adoption of the Self-Discipline Code of companies listed on the stock exchange.

The Board of Directors

- **Role of the Board of Directors and operational powers**
As required by the articles of association, the Board meets at least four times a year to examine operations, the final quarterly, interim or annual results, and all major operations.
The Board of Directors met four times during 2006.
The Board appointed during the shareholders' meeting of 28 April 2004 proceeded with the appointments of the vice-chairmen and the managing director on May 13 2004. The Chairman and Vice Chairmen are vested with powers to act as the Company's legal representatives vis-à-vis third parties and before the courts. Vice Chairman and Managing Director Mr Paolo Panerai, and Vice Chairman Mr Vittorio Terrenghi were separately granted powers of ordinary and extraordinary administration and of company representation in executing the acts foreseen as provided for by their powers; no matters were reserved for the exclusive competence of the Board other than those expressly required by law. On November 14 2006, the board of directors granted the director Gabriele Capolini power of attorney to coordinate publishing operations together with the Vice Chairman and Managing Director Paolo Panerai, granting the former powers of ordinary administration.
- **Composition of the Board of Directors**
The Board, in office from the Shareholders' meeting of 28 April 2004 for a three-year period, comprises twelve members, of whom nine are non-executive. Seven of the nine non-executive directors are independent. The non-executive directors contribute to Board discussions with their own competencies, assisting the Board with decisions in the company's interests.

The executive directors are:

Paolo Panerai
Vittorio Terrenghi
Gabriele Capolino

The non-executive directors are:

Victor Uckmar
Pierluigi Magnaschi
Paolo Del Bue
Angelo Ricciardi
Luca Panerai
Maria Martellini
Samanta Libro
William L. Bolster
Maurizio Carfagna

The independent non-executive directors are:

Victor Uckmar
Paolo Del Bue
Angelo Ricciardi
Maria Martellini
Samanta Libro
William L. Bolster
Maurizio Carfagna

- **Independent directors**
The Board includes an adequate number of independent directors who do not have economic relationships of sufficient importance to influence the independence of their opinions, with the company, with its subsidiaries, with its executive directors, with the shareholder or group of shareholders who control the company. These independent directors do not own, directly or indirectly, equity investments sufficient to permit them to exercise control of the company, nor do they participate in agreements between shareholders for control of the company itself.
- **Information to the Board of Directors**
As part of their responsibility, the Vice Chairman Vittorio Terrenghi and Vice Chairman and Managing Director Paolo Panerai and the director Gabriele Capolino periodically report to the Board of Directors on activities carried out during the year under their authority. They report to Directors and Auditors every quarter on activities performed and on operations of major financial, economic and equity importance carried out by the company or subsidiaries.
- **Appointment of directors**
So far it has not been considered necessary to institute a committee for the appointment of directors, which is not required under the articles of association. In compliance with the conditions in article 16 of the articles of association, the appointment of directors is carried out by list vote. When a new director is appointed his curriculum vitae is filed at the company's headquarters.
- **Remuneration of directors**
The directors receive the fees shown in the table annexed to the financial statements On 12 September 2001 the Board of Directors instituted a Remuneration Committee, which formulates proposals for the remuneration of executive directors. The committee comprises three directors, two of them non-executive, namely Mr Vittorio Terrenghi, Chairman, Angelo Ricciardi and Paolo Del Bue. Directors who are employees of the company benefit from a stock option plan approved by the Board on 14 May 2003.

The positions held by directors in other listed companies or in financial, banking or insurance companies, or companies of substantial size, are reported below.

Victor Uckmar	2
Paolo Panerai	1
Luca Panerai	1
Vittorio Terrenghi	7
Maurizio Carfagna	2
Maria Martellini	3
Angelo Ricciardi	1

Processing of confidential information and negotiation of financial instruments ("Insider trading")

The management of confidential information, with special reference to "price sensitive" information, is directly handled by the Managing Director.

At 1 April 2006, a register of persons with access to privileged information was set up and the Company adopted internal regulations for the processing and communication of privileged information, implementing the so-called *Market Abuse* directive. Likewise and in compliance with requirements of the CONSOB regulation of 29-11-2005, the Company has amended its code of conduct concerning the processing of information for personal operations carried out by relevant parties on Class Editori Spa's listed financial instruments.

Internal control

The company has a Manual of procedures regulating all individual operational cycles. The managers of individual areas report to the Managing Director and to the Internal Control Committee comprising the non-executive directors, Angelo Riccardi, Samanta Libro, and Paolo Del Bue. In 2006 the committee met further to the interim results in order to review the report drawn up by the control body management pursuant to Legislative Decree 231/2001. The Board has also updated the "Organisation, management and control model", adopted under the terms of Legislative Decree 231/2001, based on new laws, also enacting guidelines from the Manager of the control body.

Within the time limits set by Legislative Decree 196/03 the Company issued its 2006 Planning Document for the Security of Personal Data, approved by the Internal Control Committee.

Relationships with institutional investors and other shareholders

In compliance with the procedure on disclosing documents and information concerning the company, the Chairman, the Vice Chairman and the Managing Director work actively to establish a dialogue with shareholders, as well as with institutional investors, based on an understanding of reciprocal roles. At periodic intervals meetings with representatives of the Italian and foreign financial community are organised.

Shareholders' meetings

Although no specific regulation on shareholders' meetings has been adopted, the company encourages and facilitates the widest possible participation by shareholders in Shareholders' Meetings.

Auditors

Article 28 of the articles of association requires the election of Auditors on a list vote basis. Proposals to the Shareholders' Meeting regarding the appointment of auditors are filed at the company's registered office at least one day prior to the date convened for the shareholders' meeting. As required by law, the choice of candidates takes account of criteria laid down by regulations on requirements of professionalism and respectability of Auditors of listed companies.