

## **Report from the Board of Directors**

**to the Extraordinary Shareholders' Meeting called in a single session**

**on March 26, 2015**

Dear Shareholders,

You have been called in an Extraordinary Shareholders' Meeting to discuss the following matter:

**1. Adjustments and amendments to articles 4 (Purpose), 10 and 16 (Shareholders' Meetings) and 23 (Board of Directors) of the by-laws.**

Dear Shareholders,

We have called you in an Extraordinary Meeting to submit for your approval the proposed amendment of articles 4, 10, 16 and 23 of the corporate by-laws of Mediolanum S.p.A. ("**Mediolanum**" or the "**Company**"), the effectiveness of which will nevertheless be subject to appropriate authorization by the Banca d'Italia, pursuant to and for purposes of Article 61 of the Consolidated Law on Banking. This authorization has already been requested.

First of all, in compliance with supervisory provisions, the proposed amendments include provisions designed to align the Company's by-laws to Mediolanum S.p.A.'s new position as holding company for the "Mediolanum Banking Group," effective April 16, 2014, as per the letter from Banca d'Italia dated July 29, 2014. In this context, the purpose of the proposed amendments to Article 4 of the corporate by-laws is to provide, pursuant to Art. 61, paragraph 4 of Legislative Decree no. 385 of September 1, 1993, that in its capacity as holding company for the "Mediolanum Banking Group," the Company's management and coordination activities also include issuing provisions to group members for purposes of carrying out Banca d'Italia's instructions in the interest of the group's stability.

In addition, for purposes of listing the Company with the Registry of insurance groups as the Insurance Group's holding company – which has already been requested from IVASS in a communication dated December 11, 2014 – Article 4 of the Company By-laws should also be amended in accordance with the changes set out in Article 8 of IVASS Regulation no. 15 of February 20, 2008 as amended. In particular, these amendments would indicate that in its capacity as holding company for the Mediolanum Insurance Group, the Company:

- (i) manages and coordinates the insurance companies which are part of said group, taking measures regarding those companies in order to implement IVASS's provisions on behalf of the stable and efficient management of the insurance group
- (ii) is subject to supervisory controls in compliance with the provisions of Legislative Decree no. 209 of September 7, 2005 as amended, to the extent applicable.

<b>Current By-laws</b>	<b>Amendments to By-laws</b>
<p>Article 4)</p> <p>1. The corporate purpose is to engage in the following financial activities, not vis-à-vis the public:</p> <ul style="list-style-type: none"> <li>- acquisition of shareholdings in other companies, enterprises, and entities in Italy and elsewhere</li> <li>- financing and/or assistance and technical and administrative coordination of companies or entities in which it owns interests, including indirect interests</li> </ul>	<p>Article 4)</p> <p>1. The corporate purpose is to engage in the following financial activities, not vis-à-vis the public:</p> <ul style="list-style-type: none"> <li>- acquisition of shareholdings in other companies, enterprises, and entities in Italy and elsewhere</li> <li>- financing and/or assistance and technical and administrative coordination of companies or entities in which it owns interests, including indirect interests</li> </ul>

<ul style="list-style-type: none"> <li>- financial transactions in compliance with current laws, limited to companies or entities in which it owns interests, including indirect interests</li> <li>- provision of guarantees and acceptance of authorizations to sell insurance products, limited to companies within its group</li> </ul> <p>2. It may perform any other transaction deemed necessary and/or appropriate in order to achieve the corporate purpose, except for deposit-taking from the public pursuant to current laws and the activities reserved to parties authorized to provide investment and collective asset management services to the public.</p>	<ul style="list-style-type: none"> <li>- financial transactions in compliance with current laws, limited to companies or entities in which it owns interests, including indirect interests</li> <li>- provision of guarantees and acceptance of authorizations to sell insurance products, limited to companies within its group</li> </ul> <p>2. It may perform any other transaction deemed necessary and/or appropriate in order to achieve the corporate purpose, except for deposit-taking from the public pursuant to current laws and the activities reserved to parties authorized to provide investment and collective asset management services to the public.</p> <p><b>3. In its capacity as holding company for the Mediolanum banking group, pursuant to Art. 61, paragraph 4 of Legislative Decree no. 385 of September 1, 1993, its management and coordination activities include issuing provisions to group members for purposes of carrying out Banca d'Italia's instructions in the interest of the group's</b></p>
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	<p>stability. The company is subject to supervisory controls in compliance with the provisions of Legislative Decree no. 385 of September 1, 1993, and the by-laws are subject to examination by the Banca d'Italia.</p> <p>4. In addition, in its capacity as holding company for the Mediolanum insurance group and in its direction and coordination activities pursuant to Art. 87, paragraph 3 of Legislative Decree no. 209 of September 7, 2005 (as amended), the company takes measures regarding group companies in order to implement the provisions set out by IVASS on behalf of the stable and efficient management of the insurance group. The company is subject to supervisory controls in compliance with the provisions of Legislative Decree no. 209 of September 7, 2005 (as amended), to the extent applicable.</p>
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The proposed amendments to Article 10 of the By-laws also make it necessary to adapt the Company By-laws to the most recent version of Banca d'Italia Memorandum no. 285 (pursuant to the 7th update of November 18, 2014), which now contains a new Chapter 2 in Part One,

Section IV: “*Policies and practices on remuneration and incentives.*” The update to Banca d’Italia’s Memorandum, which is necessary to ensure implementation in Italy of what is known as the CRD IV Directive (Directive 2013/36/EU), also resulted in the abrogation of previous rules and regulations on the remuneration and incentive policies and practices set out in Banca d’Italia’s previous provision of March 30, 2011.

In compliance with the provisions of Memorandum no. 285 currently in effect on the responsibilities reserved to the Ordinary Shareholders’ Meeting of holding companies for banking groups, we propose adding a new paragraph 3 to Article 10 of the Company By-laws in order to give the Company’s Ordinary Shareholders’ meeting responsibility for approving:

- (i) remuneration policies for organs with supervision, management and control and personnel functions, and for collaborators who are not employees of the company
- (ii) incentive plans based on financial instruments; and
- (iii) criteria for determining the compensation to be paid in case of the early termination of an employment relationship or of an office held, including setting limits to said compensation, in compliance with the law or regulations in effect at the time

This amendment will allow the Company’s Ordinary Shareholders’ Meeting to make the most appropriate decisions in terms of remuneration policy, permitting it to identify appropriate incentive plans for particular company figures which, in consideration of the Company’s core business and its results, will make it possible to appropriately balance the variable component over the short and long term.

It is also proposed to introduce the new paragraph 4 of Article 10 of the Company By-laws to allow the Meeting to raise the ratio of variable remuneration to fixed remuneration under the conditions and within the limits set by current provisions of law and regulations, without

affecting its autonomy to precisely determine that ratio as part of its decisions on remuneration policies. The final part of this new paragraph also indicates the required quorums to adopt the relative meeting resolutions.

<b>Current By-laws</b>	<b>Amendments to the By-laws</b>
<p>Article 10)</p> <p>1. An ordinary Shareholders' Meeting for approval of the financial statements must be called at least once a year, within one hundred and twenty days after the end of the financial year, or else within one hundred and eighty days thereafter if the company is required to prepare consolidated financial statements or if special requirements related to the company's structure and purpose make this necessary.</p> <p>2. The reasons for the extension are set out in the Board of Directors' Operating Report.</p>	<p>Article 10)</p> <p>1. An ordinary Shareholders' Meeting for approval of the financial statements must be called at least once a year, within one hundred and twenty days after the end of the financial year, or else within one hundred and eighty days thereafter if the company is required to prepare consolidated financial statements or if special requirements related to the company's structure and purpose make this necessary.</p> <p>2. The reasons for the extension are set out in the Board of Directors' Operating Report.</p> <p><b>3. The Ordinary Shareholders' Meeting is responsible for approving: (a) remuneration policies for organs with supervision, management and control and personnel functions, and for collaborators who are not employees of the company; (b) incentive plans based on financial instruments; and (c)</b></p>

**criteria for determining the compensation to be paid in case of the early termination of an employment relationship or of an office held, including the limits set for said compensation, in compliance with the law or regulations in effect at the time. The Meeting will receive adequate information on the implementation of remuneration policies.**

**4. Within the sphere of approving remuneration policies, the Ordinary Shareholders' Meeting may raise the ratio between the variable component and the fixed component of individual remuneration, under the conditions and within the limits established by the laws and regulations in effect at the time. In this case, the Meeting's resolution will be approved with the favorable vote: (i) of at least 2/3 (two thirds) of the share capital represented at the meeting, if this is at least one half of the subscribed share capital; (ii) of at least 3/4 (three quarters) of share capital**

	<p><b>represented at the meeting, if this is less than half of the subscribed share capital; or else with any other majority vote established by the laws and regulations in effect at the time.</b></p>
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The amendment proposed at the end of the second paragraph of Article 16 of the By-laws is aimed at coordinating the provisions of that paragraph, under the section on quorums to hold meetings and pass resolutions, with the provision set out in the new paragraph 4 of Article 10.

<b>Current By-laws</b>	<b>Amendments to By-laws</b>
<p>Article 16)</p> <p>1. At the discretion of the governing body, both ordinary and extraordinary meetings may be convened in a single session, pursuant to Art. 2369, paragraph 1, of the Italian Civil Code, or in a number of sessions, pursuant to Art. 2369, paragraphs 2 et seq. of the Italian Civil Code. If the notice of meeting does not indicate calls beyond the first call, the meeting shall be considered called in a single session pursuant to Art. 2369, paragraph 1 of the Civil Code.</p> <p>2. The provisions of laws shall govern the constitution of meetings and the approval of</p>	<p>Article 16)</p> <p>1. At the discretion of the governing body, both ordinary and extraordinary meetings may be convened in a single session, pursuant to Art. 2369, paragraph 1, of the Italian Civil Code, or in a number of sessions, pursuant to Art. 2369, paragraphs 2 et seq. of the Italian Civil Code. If the notice of meeting does not indicate calls beyond the first call, the meeting shall be considered called in a single session pursuant to Art. 2369, paragraph 1 of the Civil Code.</p> <p>2. <b>Unless otherwise provided by these by-laws,</b> the provisions of laws shall govern the</p>



meeting resolutions and shall apply to both ordinary and extraordinary meetings, first or later calls, or single sessions.	constitution of meetings and the approval of meeting resolutions and shall apply to both ordinary and extraordinary meetings, first or later calls, or single sessions.
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Finally, it is proposed to amend Art. 23 of the corporate by-laws in order to give the Board of Directors sole responsibility for the following:

- (i) determination of criteria for the coordination and management of companies in the banking group and the insurance group, as well as determination of criteria for carrying out Banca d'Italia's instructions and implementing the provisions set out by IVASS; and
- (ii) the acquisition and sale of shareholdings, including those which produce changes in the banking group, provided they do not fall within the situation governed by Article 2361, paragraph two, of the Italian Civil Code.

<b>Current By-laws</b>	<b>Amendments to By-laws</b>
Article 23) 1. The Board of Directors shall have all powers for ordinary and extraordinary management of the company. 2. The Board of Directors shall have exclusive authority to approve resolutions regarding the following matters, although it may delegate all or some of them exclusively to the Executive Committee through a resolution passed with the favorable vote of nine tenths of the	Article 23) 1. The Board of Directors shall have all powers for ordinary and extraordinary management of the company. 2. The Board of Directors shall have exclusive authority to approve resolutions regarding the following matters, although it may delegate all or some of them exclusively to the Executive Committee through a resolution passed with the favorable vote of nine tenths of the

<p>directors in office:</p> <ul style="list-style-type: none"> <li>- acquisition and disposal of businesses and business branches</li> <li>- agreements and understandings of a commercial nature (such as joint venture agreements and cooperation, sponsorship or consulting and collaboration agreements) with a term of validity of more than 6 years – whatever their overall value – or which have an overall value (determined based on the annual value of transactions) of more than €1,500,000 (one million five hundred thousand euros) (whatever their term of validity)</li> <li>- Borrowing with interest (excluding payment extensions granted to companies in connection with the supply of goods and services), for an overall amount of more than €5,000,000, excluding borrowing with a maturity of no more than 12 months connected to continuing operations of the company and its subsidiaries</li> <li>- leasing (as lessor or lessee) of businesses or</li> </ul>	<p>directors in office:</p> <ul style="list-style-type: none"> <li>- acquisition and disposal of businesses and business branches</li> <li>- agreements and understandings of a commercial nature (such as joint venture agreements and cooperation, sponsorship or consulting and collaboration agreements) with a term of validity of more than 6 years – whatever their overall value – or which have an overall value (determined based on the annual value of transactions) of more than €1,500,000 (one million five hundred thousand euros) (whatever their term of validity)</li> <li>Borrowing with interest (excluding payment extensions granted to companies in connection with the supply of goods and services), for an overall amount of more than €5,000,000, excluding borrowing with a maturity of no more than 12 months connected to continuing operations of the company and its subsidiaries</li> <li>- leasing (as lessor or lessee) of businesses or</li> </ul>
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<p>business branches, except for leases given for individual commercial enterprises for a term of no more than nine years</p> <ul style="list-style-type: none"> <li>- acquisitions and disposals of shareholdings in companies and entities of any kind</li> <li>- real estate transactions, including real estate leasing transactions</li> <li>- giving guarantees of any kind, except for those necessary for the ordinary and current activity of the company and its investees</li> <li>- appointment of the General Manager</li> </ul> <p>3. Subject to the provisions of Article 15.2 of these by-laws, the Board of Directors is responsible for approving resolutions concerning:</p> <ul style="list-style-type: none"> <li>- mergers in the cases provided by Article 2505 of the Civil Code, within the limits of law</li> <li>- opening or closing secondary offices</li> <li>- indicating which directors have authority to represent the company</li> <li>- reduction of capital if a shareholder withdraws</li> </ul>	<p>business branches, except for leases given for individual commercial enterprises for a term of no more than nine years</p> <p><del>acquisitions and disposals of shareholdings in companies and entities of any kind</del></p> <ul style="list-style-type: none"> <li>- real estate transactions, including real estate leasing transactions</li> <li>- giving guarantees of any kind, except for those necessary for the ordinary and current activity of the company and its investees</li> <li>- appointment of the General Manager</li> </ul> <p><b>In addition to responsibilities that may not be delegated pursuant to law, the Board of Directors shall be exclusively responsible for decisions concerning:</b></p> <ul style="list-style-type: none"> <li>- <b>determining criteria for the coordination and management of companies in the banking group and the insurance group, as well as determining criteria to implement the instructions of Banca d'Italia and to implement the provisions set out by IVASS</b></li> <li>- <b>acquisition and disposal of shareholdings,</b></li> </ul>
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<ul style="list-style-type: none"> <li>– adapting the by-laws to regulatory provisions</li> <li>– issuing non-convertible bonds within the limits of Article 2412 of the Italian Civil Code, provided that issuances beyond those limits are the responsibility of the Extraordinary Shareholders’ Meeting.</li> </ul> <p>The Shareholders’ Meeting shall also be responsible for issuing bonds with warrants for subscribing company shares.</p>	<p><b>including those which involve changes in the banking group, provided they do not fall within the situation provided and governed by Article 2361, paragraph two, of the Italian Civil Code</b></p> <p>3. Subject to the provisions of Article 15.2 of these by-laws, the Board of Directors is responsible for approving resolutions concerning:</p> <ul style="list-style-type: none"> <li>– mergers in the cases provided by Article 2505 of the Civil Code, within the limits of law</li> <li>– opening or closing secondary offices</li> <li>– indicating which directors have authority to represent the company</li> <li>– reduction of capital if a shareholder withdraws</li> <li>– adapting the by-laws to regulatory provisions</li> <li>– issuing non-convertible bonds within the limits of Article 2412 of the Italian Civil Code, provided that issuances beyond those limits are the</li> </ul>
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	<p>responsibility of the Extraordinary Shareholders' Meeting.</p> <p>The Shareholders' Meeting shall also be responsible for issuing bonds with warrants for subscribing company shares.</p>
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These proposed resolutions do not create a right of withdrawal pursuant to law.

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Therefore, the following proposal is submitted for the approval of the Shareholders' Meeting:

*“The Extraordinary Shareholders' Meeting of Mediolanum S.p.A., having examined and approved the explanatory report from the Board of Directors*

***resolves***

- 1) to amend articles 4, 10, 16 and 23 of the Corporate By-laws in accordance with the text set out in the Explanatory Report from the Directors pursuant to Art. 72 of the Issuers' Regulation*
- 2) to authorize the legal representatives pro tempore to handle the formalities necessary for the resolutions to be entered in the Company Registry, with the power to make any changes, adjustments, or non-substantive additions that are appropriate for this purpose or which are required by the competent Authorities, including at the time of registration (including any contained in the authorizing provision pursuant to Art. 61 of Legislative Decree 385/1993), and, in general, to take any other measures necessary for the complete execution of said resolutions, with any and all power necessary and appropriate for that purpose, with no exclusions or exceptions.”*



Basiglio, January 28, 2015

For the Board of Directors

The Chairman

(Carlo Secchi)