

**REPORT OF THE BOARD OF DIRECTORS TO
THE ORDINARY GENERAL MEETING OF APRIL
22, 2008**

- **Election of the members of the Board of Directors and of its Chairman, subsequent to the determination of the number of members, their term in office and remuneration;**
 - **Election of the members of the Board of Statutory Auditors and of its Chairman, remuneration of Statutory Auditors;**
-

**Report of the Board of Directors to the
Ordinary General Meeting of April 22, 2008**

Dear Shareholders,

We convened the Ordinary General Meeting to vote, *inter alia*, on the following agenda items:

2. Election of the members of the Board of Directors and of its Chairman, subsequent to the determination of the number of members, their term in office and remuneration;
3. Election of the members of the Board of Statutory Auditors and of its Chairman, remuneration of statutory auditors.

With respect to item 2 (**Election of the members of the Board of Directors and of its Chairman, subsequent to the determination of the number of members, their term in office and remuneration**) you are reminded that the term of the Board of Directors expires with this Meeting.

We thank you for your trust and invite you to elect the members of the new Board of Directors, the new Board Chairman, subsequent to the determination of the number of Board members, their term in office and remuneration.

You are reminded that:

- the rules for the election of the members of the Board of Directors are set out in art. 17 of the Bylaws appended hereto (Schedule A).
- pursuant to article 147-ter of the Consolidated Finance Act to which express reference is made in article 17 of the Company's Bylaws, the percentage required to present lists of nominees for the position of director is 1.5% of

subscribed share capital as of the date the list is presented - as per Consob resolution 16319 of January 29, 2008.

With respect to item 3 (**Election of the members of the Board of Statutory Auditors and of its Chairman, remuneration of statutory auditors**) you are reminded that the term of the Board of Statutory Auditors expires with this Meeting.

We, therefore, invite you to elect the members of the new Board of Statutory Auditors and its Chairman, and determine their remuneration.

You are reminded that:

- the rules for the election of the members of the Board of Statutory Auditors are set out in art. 27 of the Bylaws appended hereto (Schedule B);
- pursuant to article 148 of the Consolidated Finance Act to which express reference is made in article 27 of the Company's Bylaws, the percentage required to present lists of nominees for the position of statutory auditor is 1.5% of subscribed share capital as of the date the list is presented - as per Consob resolution 16319 of January 29, 2008.

Basiglio – Milano 3 - March 4, 2008

For the Board of Directors

The Chairman

(Roberto Ruozi)

MEDIOLANUM S.P.A. BYLAWS

Article 17)

1. The company shall be managed by a Board of Directors consisting of no less than seven and no more than fifteen members. Directors shall have the qualifications required by primary and secondary regulations, as may be in force from time to time, and may be re-elected.

2. The General Meeting, prior to proceeding to their election, shall set the number of directors and their term in office in accordance with law.

3. Directors shall be elected by the General Meeting from lists of nominees. The lists shall set out no more than fifteen nominees and each nominee's name shall bear a sequential number.

If any one nominee's name appears on more than one list, that nominee shall be declared ineligible.

Lists can be presented by shareholders entitled to vote who, either alone or together with other shareholders, represent at least the percentage of subscribed capital indicated by CONSOB at the date the list is presented.

The percentage required to present a list will be indicated in the notice of the general meeting convened to elect the members of the Board of Directors.

4. Each shareholder, either directly or through any third-parties or trustees, can present and vote only one list. Shareholders in the same group, intended as the parent, its subsidiaries and companies under its control, as well as shareholders that are members of a shareholders' agreement as per article 122 of Legislative Decree 58/1998 in relation to the company's shares can present and vote, either directly or through any third-parties, only one list.

5. Any list setting out a maximum of seven nominees shall include and identify at least one nominee who meets the requirements set forth in Legislative Decree 58/1998 for independent directors of listed companies (hereinafter also "Independent Directors pursuant to Legislative Decree 58/1998" or "Independent Director pursuant to Legislative Decree 58/1998").

Any list setting out more than seven nominees shall include and identify at least two

nominees who meet the requirements for Independent Directors pursuant to Legislative Decree 58/1998.

6. The lists shall be delivered at the company's registered office no later than fifteen calendar days before the date (first call) of the General Meeting convened to elect the members of the Board of Directors. The lists shall be accompanied by the following information

a) the names of the shareholders that present the lists, the percentage of their voting rights in the aggregate and a document certifying their shareholding;

b) a statement made by the shareholders, other than those who, either individually or jointly, control or have a relative majority shareholding in the company, whereby they represent they are or are not related to shareholders who, either individually or jointly, control or have a relative majority shareholding in the company, in compliance with article 144-quinquies, first paragraph, of Consob resolution 11971/1999 (hereinafter also "Regulations for Issuers");

c) exhaustive information on the personal and professional profile of nominees as well as a declaration whereby the nominees personally warrant they meet the requirements of the law and the Bylaws, and accept their nomination. Information on any qualifications as independent directors pursuant to article 148, paragraph 3 of Legislative Decree 58/1998 as well as any further qualifications under codes of conduct issued by stock market regulators or trade associations of which the company is a member is also to be disclosed.

The lists, for which the above conditions are not met, shall not be voted.

The nominees' lists are made available to the public within the term and in the manner required by law.

7. Before proceeding to voting, the Meeting Chairman notes the statements under b) above, if any, and invites the attending shareholders who did not submit any lists to disclose any relationships under b) above

If a shareholder related to one or more key shareholders voted a minority list, that relationship will be relevant only if his/her vote was crucial to the election of the Board member.

8. When voting is completed, the votes obtained by the lists shall be divided by integers in sequential order from one to the number of directors to be elected, without considering those lists which did not obtain a percentage of votes equal to at least 50%

of the percentage required to present lists.

The resulting quotients shall be attributed to the nominees of each list, according to their ranking on the list.

Then, the nominees from all lists shall be ranked in descending order of the quotients received. The nominees receiving the highest quotients are elected directors until all directorships, as set by the General Meeting, are filled. The nominee ranking first on the list obtaining the second highest number of votes shall be elected director, provided that the list is not related in any way, also indirectly, to the shareholders who presented or voted the list obtaining the highest number of votes.

If said nominee does not obtain the quotient required to be elected, the nominee with the lowest quotient from the list that obtained the highest number of votes shall not be elected and the Board of Directors will be completed by electing the nominee ranking first on the list obtaining the second highest number of votes.

9. The nominee who ranks first on the list obtaining the highest number of votes shall be elected Chairman of the Board of Directors.

10. In the event that to complete the Board of Directors more nominees obtain the same quotient, the nominee from the list from which either no director or the lowest number of directors was taken, shall be elected director.

In the event that no director was elected from any of the lists or an equal number of directors was elected from all lists, the nominee from the list receiving the largest votes shall be elected.

In case of a tie in list votes and equal quotients, the General Meeting shall hold a new voting session and the nominee shall be elected by simple majority of votes.

If by so doing, in an election of a Board of Directors composed of seven or more members, the “Independent Director or the two Independent Directors pursuant to Legislative Decree 58/1998” are not elected, then:

a) if the Board of Directors is composed of seven members, the nominee who would be elected last according to the progressive quotient and taken from the list that obtained the highest number of votes is replaced by the first nominee who obtained the lowest progressive quotient and is identified on the list as “Independent Director pursuant to Legislative Decree 58/1998”;

b) if the Board of Directors is composed of more than seven members, the two nominees who would be elected last according to the progressive quotient and taken

from the list that obtained the highest number of votes are replaced by the first two nominees who obtained the lowest progressive quotient and are identified on the list as “Independent Directors pursuant to Legislative Decree 58/1998”;

c) if the Board of Directors is composed of more than seven members, and only one nominee is identified as “Independent Director pursuant to Legislative Decree 58/1998”, then the second nominee to serve as independent director is elected as per a) above;

11. If a single list is presented, the General Meeting shall vote that list and if the list obtains the relative majority of votes, calculated by excluding any votes withheld, the nominees shall be elected according to their ranking on the list until all directorships, as set by the General Meeting, are filled.

The nominee ranking first on the list shall be elected Chairman of the Board of Directors.

If by so doing, in an election of a Board of Directors composed of seven or more members, the “Independent Director or the two Independent Directors pursuant to Legislative Decree 58/1998” are not elected, the nominee or the two nominees who would be elected last according their ranking on the list and taken from the only list presented is/are replaced by the first nominee or the first two nominees with lowest ranking on the list identified on the list as “Independent Directors pursuant to Legislative Decree 58/1998”

12. In the absence of lists, or when, by list voting, the number of elected nominees is lower than the number of directors established by the General Meeting, then all members of the Board of Directors or the number of directors needed to complete the Board shall be elected by the General Meeting in accordance with the majorities set out in statute.

13. If, for any reasons, one or more directorships become vacant, the remaining directors proceed to appoint the successors by cooptation pursuant to and to the effects of article 2386 of the Italian Civil Code, while ensuring that the Board includes the minimum number of “Independent Directors pursuant to Legislative Decree 58/1998”

The General Meeting shall vote on the election of any directors needed to fill any vacancies, including directors appointed by cooptation, in accordance with the majorities set out in statute while ensuring that the Board includes the minimum number of “Independent Directors pursuant to Legislative Decree 58/1998”.

14 Any directors indicated on their respective lists as “Independent Directors pursuant to Legislative Decree 58/1998” shall promptly inform the Board of Directors of any circumstances as a result of which they no longer qualify as independent and subsequently cease to be a director.

SCHEDULE B

MEDIOLANUM S.P.A. BYLAWS

Article 27)

1. The Ordinary General Meeting shall elect the Board of Statutory Auditors consisting of three standing auditors and two alternate auditors. Statutory auditors shall be elected for a three-year term, which expires on the date of the General Meeting convened to approve the financial statements for the third year of their term, and may be re-elected.

All statutory auditors shall be registered CPAs with the Ministry of Justice and have no less than three years auditing experience.

The Board of Directors shall ascertain that statutory auditors possess all qualifications required by law or statute.

2. Statutory Auditors shall be appointed by the use of lists presented by shareholders in accordance with the procedures set out below. Each list shall contain two sections: one section for nominees for the position of standing auditors and the other section for nominees for the position of alternate auditors. Each nominee’s name on the list shall bear a sequential number. If one nominee’s name appears on more than one list, that nominee shall be declared ineligible.

3. Lists can be presented by shareholders entitled to vote who, either alone or together with other shareholders, represent at least the percentage of subscribed capital indicated by CONSOB at the date the list is presented.

The percentage required to present a list will be indicated in the notice of the general meeting convened to elect the members of the Board of Statutory Auditors.

Each shareholder, either directly or through any third-parties or trustees, can present and vote only one list. Shareholders in the same group, intended as the parent, its subsidiaries and companies under its control, as well as shareholders that are members of a shareholders’ agreement as per article 122 of Legislative Decree 58/1998 in relation

to the company's shares can present and vote, either directly or through any third-parties, only one list.

4. The lists shall be delivered at the company's registered office no later than fifteen calendar days before the date (first call) of the General Meeting convened to elect statutory auditors. The lists shall be accompanied by the following information

a) the names of the shareholders that present the lists, the percentage of their voting rights in the aggregate and a document certifying their shareholding;

b) a statement made by the shareholders other than those who, either individually or jointly, control or have a relative majority shareholding in the company, whereby they represent they are or are not related to shareholders who, either individually or jointly, control or have a relative majority shareholding in the company, in compliance with article 144-quinquies, first paragraph, of Consob resolution 11971/1999 (hereinafter also "Regulations for Issuers");

c) exhaustive information on the personal and professional profile of nominees as well as a declaration whereby the nominees personally warrant they meet the requirements of the law and the Bylaws and accept their nomination.

Individuals who hold the position of director or statutory auditor in a number of other companies which exceeds the limit set out in the regulations in force cannot be elected statutory auditors.

5. If, upon the expiration of the fifteen calendar days before the date (first call) of the General Meeting convened to elect statutory auditors, a single list is presented or lists are presented only by related shareholders as defined in article 144-quinquies of the Regulations for Issuers, then the term for the presentation of nominees' lists can be extended up until the fifth calendar day subsequent to the original term for the presentation of lists. In this case the percentage of voting rights required to present lists under 3) above is halved.

6. The lists, for which the above conditions are not met, shall not be voted.

7. The nominees' lists are made available to the public within the term and in the manner required by law.

8. Before proceeding to voting, the Meeting Chairman notes the statements under b) above, if any, and invites the attending shareholders who did not submit any lists to disclose any relationships under b) above

If a shareholder related to one or more key shareholders voted a minority list that

relationship will be relevant only if his/her vote was crucial to the election of the statutory auditor.

9. The procedures for the election of statutory auditors are as follows:

a) two standing auditors and one alternate auditor shall be taken, according to their ranking in the respective list sections, from the list obtaining the highest number of votes at the General Meeting;

b) one standing auditor and one alternate auditor shall be taken, according to their ranking in the respective list sections, from the list obtaining the second highest number of votes at the General Meeting, provided that the list is not to be related in any way, also indirectly, to the shareholders who presented or voted the list obtaining the highest number of votes as required by rules and regulations in force.

In the event that more lists receive the same number of votes, the General Meeting shall proceed to runoff voting. The nominees from the lists winning the simple majority of votes shall be elected auditors.

10. The nominee who ranks first on the section setting out nominees for the position of standing auditor of the list under b) above shall be elected Chairman of the Board of Statutory Auditors.

11. If a single list is presented, the General Meeting shall vote that list and if the list obtains the majority of votes required under article 2368 *et seq.* of the Italian Civil Code the first three nominees whose names appear in the standing auditors section shall be elected standing auditors and the first two names from the alternate auditors section shall be elected alternate auditors. The nominee ranking first in the standing auditors section shall be elected Chairman of the Board of Statutory Auditors.

12. In the event that no list is submitted, or the number of nominees elected by list voting is lower than the number of statutory auditors required under these Bylaws, then the General Meeting shall elect all members or the members needed to fill vacancies on the Board of Statutory Auditors in accordance with the majorities set out in statute

13. In case of cessation of a standing auditor, he shall be replaced by the alternate auditor elected from the same list, if more lists are presented.

When the General Meeting is to elect standing or alternate auditors to replace auditors elected from the majority list and complete the Board of Statutory Auditors, the new statutory auditors shall be elected by relative majority of votes with no list constraints.

When the General Meeting is to elect standing or alternate auditors to replace auditors

elected from the minority list and complete the Board of Statutory Auditors, the new statutory auditors shall be elected by relative majority of votes from the same list as the replaced auditor or, secondarily, from any other minority lists. If there is no nominee on one or more minority lists, the standing auditors are elected by voting one or more lists setting out a number of nominees that does not exceed vacancies and presented prior to the Meeting date in accordance with the rules set out above for the election of statutory auditors. Lists cannot be presented (and if presented will be invalid) by key shareholders and any shareholders related to them, as defined in statutes and regulations. The nominees from the list that obtained the majority of votes will be elected.

If no list is presented in accordance with the rules set out above, statutory auditors shall be elected by relative majority voting with no list constraints.

14. In the event that the Chairman is to be replaced, the substitute statutory auditor will also be the new Chairman of the Board of Statutory Auditor.

15. The General Meeting shall determine the compensation for statutory auditors. The Statutory Auditors shall also be entitled to reimbursement for expenses incurred in the performance of their duties.

16. The duties and powers of statutory auditors are set out in statute.