

MEDIOLANUM S.p.A.

**SOCIAL
REPORT
2009**

Contents

Letter to the stakeholders	1	EMPLOYEES	99
Introduction and note on methodology	3	Analysis of employees	101
Dialogue with the stakeholders	4	Care for our people	108
IDENTITY	7	Internal participation	113
The History of the Group	9	Training and personal growth	115
VISION	11	Health & Safety - the Safety project	117
MISSION	12	Company-employee relations	119
THE BUSINESS MODEL	15	SHAREHOLDERS AND INVESTORS	123
The bank built around the customer	17	The Mediolanum stock	125
Asset management and advice	19	Share capital	125
THE ORGANISATIONAL SETUP	21	Investor Relations	126
The Group structure	23	VENDORS	127
Management profiles	25	Procurement policy	129
Our people	28	Analysis of vendors by business category	131
QUALITY AND SOCIAL RESPONSIBILITY	29	Analysis of vendors by sales level	131
Service quality and corporate social responsibility	31	Geographic analysis of vendors	132
Corporate Governance	33	THE COMMUNITY AT LARGE	133
The internal control system	39	Mediolanum Group charitable programmes	135
Protection of stakeholder interests	41	Humanitarian work - The Mediolanum Foundation	137
Rules of conduct	43	Piccolo Fratello	138
Business continuity	44	COMMUNICATION INITIATIVES	141
FINANCIAL INDICATORS	45	Mediolanum Market Forum	143
KEY FINANCIAL DATA	47	The Mediolanum Channel: the free-to-air Satellite TV channel	144
EMBEDDED VALUE	50	Communication with the Sales Network	145
VALUE ADDED FOR THE STAKEHOLDERS	51	Customer communication	147
SOCIAL INDICATORS	55	THE ENVIRONMENT	149
CUSTOMERS	57	Protecting the environment	151
Analysis of customers	59	Energy consumption	152
Customer Satisfaction	61	Waste collection and disposal	154
Channels and Services	63	Environmental impact of transportation	154
Development of the range of products and services	68	Workplace health	154
Advertising	72	REGULATORY AND LEGAL AUTHORITIES, TRADE ASSOCIATIONS	155
Guarantees and Protection	74	Regulatory Authorities	157
SALES NETWORK	81	Trade Associations	158
Size and Composition	83	STANDARDS	159
Customers per Family Banker®	86	TABLE OF INDICATORS	159
Incentives and Promotion	86	INDEPENDENT AUDITORS' REPORT	161
Satisfaction of the Sales Network	87	GLOSSARY	163
"Training & Learning"	91		
"Recruiting & Empowerment"	96		
The Customer-Family Banker® Relationship at the local level	97		

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LETTER TO THE STAKEHOLDERS

The 2009 Social Report of the Mediolanum Group accompanies the Annual Report for the fourth year. An opportunity to take stock of another complex year; one that presented new demands at the social level, but also offered new possibilities.

The first half was characterised by the counter-trend attitude of the Group, who had repeated (in communication as well) since the beginning of the year that faith in the “philosophy of optimism” must not be lost, particularly during moments of crisis, which always present opportunities. This involved a frequent dialogue with the stakeholders and the financial community - for example, through the Mediolanum Market Forum in April, meaningfully entitled: “The market that will be”, followed by “After the Flood” in October.

The relationship with Customers was particularly empathetic: our Family Bankers maintained a positive attitude while working alongside the Customer, working to manage their understandably anxious emotions created more by the media than by the temporary and cyclical fluctuations of the markets. This approach let them face the turbulence free of prejudice and look ‘strategically’ at the events thus teaching our Customers how to capture the opportunities offered by the crises.

Another immediate reaction was the creation of range of products and services that allow the Customers to put their savings other than managed assets to work, generating returns on the increased liquidity brought about by short term needs. The Mediolanum Freedom account, the new bank account-insurance policy offered a competitive interest rate and was free of restrictions, even for new customers. The result was €5.8 billion in net inflows for the Italian market in 2009, a clear countertrend with respect to the industry, particularly in the second and third quarters, which resulted in a 122% growth compared to an already positive year in 2008.

In a year that was economically positive for the Group, it seemed correct to us now more than ever to not only follow up with the activities and contributions that have a social impact, but to increase them.

The first commitment was the response to the severe earthquake that struck Abruzzo on April 6, 2009. The initial activities centred around the setting up of a dedicated bank account for fundraising and the allocation of a contribution of one million euro for customers and sales network members in the afflicted area to help get daily activities and work life back to normal.

Then the Bank 'physically' met up with the customers and the sales network with a semi-truck 'mobile office' to fill in for those offices that were damaged. Then there was the train accident in Viareggio, destroying, among other things, the entire transport fleet of the local Green Cross: Banca Mediolanum contributed to the reorganisation of activities important to the local inhabitants with the donation of a van for the disabled.

2009 drew attention to the need to intervene on behalf of families, who in uncertain times of crisis could find themselves exposed to a greater risk of indebtedness or usury.

Banca Mediolanum stepped in in support of its customers both through initiatives that were proposed by the Italian government and trade associations as well as through independent initiatives - as already happened in 2008 with extraordinary measures taken such as the unilateral reduction of the spread on mortgages or the covering of the loss on Index-linked policies with Lehman Brother bonds underlying.

Particularly noteworthy are the adoption of the framework agreement ABI-CEI for the granting of financing to at-risk families; the participation in the fund for "Newborns" established by the Presidency of the Council of Ministers' Department for Family Welfare; the endorsement along with the

Mediolanum Foundation of the agreement with the San Bernardino non-profit Foundation for instalment loans to persons in temporary financial difficulty; the participation in ABI's Family Plan for the suspension of mortgage payments.

The Mediolanum Foundation continued on with the work of the "Piccolo Fratello" project, which has mainly been concentrated in Haiti. The earthquake that devastated the country at the beginning of 2010 damaged many of the structures that were already up and running. Thus, this year's efforts will be focused on the reconstruction and the continuation of the planned activities.

On the training front, the anticipated launch of activities at MCU (Mediolanum Corporate University), whose objective is excellence in the level of quality and training, went into full swing in 2009.

To summarise: in a year that was not easy, yet with economic results for the company to be proud of, the Mediolanum Group was active and present with responsible actions on behalf of families, the community and all of the stakeholders impacting various levels in society.

This is certainly rewarding for us, but above all, it stimulates us. And we are even more committed to our vision of freedom that is shared and represents peace of mind.

In November 2009, the 2008 Social Report & Annual Report won the Oscar di Bilancio (the 'Oscar' of Annual Reports) in the Insurance Company category thanks to the completeness and the transparency of the communication with the stakeholders: with the latest issue, we intend to do the same. We hope you enjoy the reading.

Chairman
Roberto Ruozi

Chief Executive Office
Ennio Doris

Introduction and note on methodology

This year too Mediolanum Group Social report highlights the connection between:

- competitive business strategies,
- the values of the Group, and
- the relationship with the stakeholders drawing on past experience as well as the results of an in-depth consultation process involving the many contributors.

The Social Report focuses on the most relevant **projects and campaigns of 2009**, providing concrete information about the results achieved, cross-referencing the Separate and Consolidate Annual Reports for financial and economic data.

The Social Report is divided into three sections:

- **Identity:** the Group's organisation, history, vision, mission, values, strategic guidelines and corporate governance.
- **Financial indicators:** where the main link is found between the Consolidated Annual Report and the Social Report, representing the value created for the stakeholders, also through an analysis of the financial results achieved.
- **Social Indicators:** a description of the various programmes and their impact on individual stakeholders as measured by the quantitative and qualitative results.

SOCIAL REPORTING STANDARDS

The Social Report was prepared based on the social reporting standards indicated by the Work Group on Social Reporting (GBS) (Gruppo di studio per il Bilancio Sociale), as they best comply to the approach that the Mediolanum Group intends to adopt, an approach based on stakeholder dialogue and communication. It also includes qualitative information in line with

the ABI (Italian Bankers' Association) and Global Reporting guidelines in order to ensure more comprehensive coverage of information.

In particular, the Social Report of the Mediolanum Group is above all meant to be a document that discusses the main activities implemented in the social arena in the prior period. Strategic planning and business development activities are covered in other corporate communication documents.

SCOPE

The Social Report covers the entire Mediolanum Group, except for the section dedicated to social and environmental indicators, which only relate to the Italian companies within the Group. It should be noted however, that Italian companies account for the largest share of the Group's business as they employ over 90% of the Group's employees and manage about 95% of the Group's customer assets.

SYMBOLS

In this year's Social Report readers will note certain symbols. These symbols stand for the intangible capital components listed below and mark the path of the integration of the Social Report indicators and those typical of **Intangible Capital** Report.



- **Relational capital** is the wealth of the Group's relationships with its stakeholders. It expresses the value of the organisation's reputation as well as its ability to raise capital and attract to investors, customers and contractors.



- **Human capital** is made up of the competencies, ideas, knowledge, behaviours, talents and professional skills of the Mediolanum Group's workforce.



- **Structural capital** indicates the soundness of the organisation and of its investments, the value of its

brands. It also consists of the processes and systems that generate economic benefits and efficiency for the organisation.

These indicators will be used along with the traditional Social Report indicators for a more comprehensive and in-depth analysis of reported information and data as well as for a better understanding and appreciation of the value of the Mediolanum Group's Intangible Capital.

Dialogue with the stakeholders

It is important to underline that the process of the creation of the Social Report is characterised by the active involvement of many stakeholders in different ways:

- examination and approval by the company's strategic planning department;
- involvement of members of the Sales Network;
- active participation of many employees in the preparation of the document;
- meetings with customers, including those who participated in the communication campaigns and who gave useful suggestion for this year's Report.

The Social Marketing office, which reports to Intangible Asset Management, is in charge of the editing of the Social Report in agreement with all the company units involved in its creation.

The 2008 Social Report was made available for distribution in June 2009; the interactive version was also published on the corporate Internet website www.mediolanum.com in Italian and English.

This is a main reason why it was decided to print fewer paper copies, which are mainly distributed to employees, sales network members, customers, suppliers, shareholders, analysts, regulatory bodies

and board members.

ACKNOWLEDGEMENTS AND AWARDS

The Report was sent to industry associations, research institutes and universities, with the goal of collecting ideas and recommendations for the current and future editions.

The Mediolanum 2008 Annual Report, along with the 2008 Social Report, received the award first prize for the **2009 Reporting Oscar** in the "**Insurance Companies**" category from Ferpi (Italian Public Relations Association), with the following motivation: "Well-built, clear, and exhaustive Report, complete with adequate qualitative and quantitative analyses. The successful pursuit of synthesis is especially commendable. The Investor Kit available on the website allows



for easy retrieval of all the financial information and documentation. The Social Report deserves attention, as it embodies the company's sense of responsibility towards stakeholders."

In the 2008 edition of the awards, the Mediolanum reports had ranked among the three finalists.

Moreover, in the Lundquist CSR Online Award 2009 survey, the Social Responsibility section of the corporate Group website ranked 5th among Italian banks, and 15th overall for Italian companies.

Positive feedback has been collected on the corporate Group website, where a copy of the Social Report can be downloaded and an interactive version of both

the Social Report and the Annual Report are available, along with a section dedicated to Social Responsibility. The high access count on the interactive edition (more than 45,000 for the Italian edition and 12,000 in English) indicates a preference for the electronic version with respect to the paper version.

Employees and the Sales Network were involved in a satisfaction survey via questionnaires (whose results are generally positive), and are given the chance to make comments and suggestions, some of which were very useful and underwent a feasibility study.

A notice was put on the Banca Mediolanum and Mediolanum S.p.A. websites, alerting stakeholders about the publishing of the Social Report in downloadable and interactive versions, inviting them to read the report and submit their opinions and suggestions using an online form.

New ways of sharing the Social Report with a larger number of stakeholder are currently being investigated.

INVOLVEMENT

The dialogue with the stakeholders does not end with the collection of information and an analysis of the feedback on the Social Report. It continues through the vast number of activities assessing their level of satisfaction versus their expectations and to start projects and actions for improvement, such as:

- customer satisfaction surveys;
- Sales Network satisfaction surveys;
- employee climate surveys conducted every two years, with a response rate above 80% in the 2009 edition. This alone is a sign of high employee participation and satisfaction as well as a sign of

- the company's attention to the comments provided;
- meetings between senior management, analysts and investors, coordinated by the Investor Relations team;
- market research analyses for the assessment of the brand awareness of the Mediolanum Group and its positioning versus competitors.

The photos used in the layout of this document were taken by the employees of the Milano 3 headquarters and selected from those on display at the photo exhibit held in October, symbolising the employees' active participation in the preparation of this Social Report.

CONTACTS

To foster current and future dialogue, readers can send their comments and requests to the Mediolanum Group **Social Marketing Office** and fill out the online questionnaire available on the website **www.mediolanum.com** to express their opinions.

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The screenshot shows a web browser window displaying the Mediolanum website. The browser's address bar shows the URL: https://www.mediolanum.com/ITA/12258_14861.html. The website header includes the Mediolanum logo and navigation tabs for 'Chi siamo', 'Investor Relations', 'Media Relations', 'Careers', 'Contatti', and 'Cerca'. A banner below the header features a photograph of a man and the text 'Freedom in banking'. A secondary navigation bar lists various corporate sections. The main content area is titled 'Bilancio Sociale 2008 - Questionario' and contains the following text:

Home > Chi siamo > Responsabilità sociale > Bilancio Sociale > Questionario Bilancio Sociale 2008

Bilancio Sociale 2008 - Questionario

Il Bilancio Sociale è migliorabile anche grazie alla valutazione e ai suggerimenti dei suoi lettori e dei suoi stakeholder.

Compilando questa scheda è possibile dare un contributo per rendere ancora più interessante la prossima edizione.

1 - Che valutazione ritieni di assegnare alla sezione del sito www.mediolanum.com dedicata alla Responsabilità sociale?

Completezza delle informazioni	Seleziona ▼
Significatività dei contenuti	Seleziona ▼
Chiarezza espositiva	Seleziona ▼
Comprensibilità dei contenuti	Seleziona ▼
Chiarezza Grafica	Seleziona ▼
Facilità di Navigazione	Seleziona ▼

2 - Che valutazione ritieni di assegnare al Bilancio Sociale per ognuno di questi elementi?

Completezza delle informazioni	Seleziona ▼
Significatività dei contenuti	Seleziona ▼
Chiarezza espositiva	Seleziona ▼



Claudio Bertoncello

IDENTITY

BEING

The vision of “Freedom in Banking” is also expressed in the Mission Statement that the work of the Group and employees is based on, starting from the important role the Family Banker® plays in working alongside the customer.

DOING

In 2009, the slogan “Freedom in Banking” took on a tangible value, taking shape in a new line of products and services such as the Freedom bank account, which along with the freedom from physical or time restrictions thanks to the business model, gave also the freedom to earn a daily yield on the savings held in the account.

The strong identity built out of symbols (the circle, the red armchair of the President) and the physical presence of the founder in the media communication, creates a system of credibility rewarded by a high level of growth and customer satisfaction.

BUILDING

In addition to looking after families’ needs by offering personalised solutions for each stage in the customer life, in the past two years, the Mediolanum Group distinguished itself by providing specific help for problems in the social arena - immediate, and over time.

By doing so, the concept of human relationships is extended to the freedom from uncertainty: an ethical commitment worth investing in.

The history of the Group

THE ORIGINS

- 1982** Partnering with the Fininvest Group, Ennio Doris founded Programma Italia S.p.A, the first organisation to provide all-around financial advisory services in Italy.
- 1983** Formation of the Italian Fund Management Company Mediolanum Gestione Fondi.
- 1984** Acquisition of Mediolanum Vita to expand the product offering.
- 1991** Formation of Programma Italia Investimenti, a securities brokerage firm.
- 1996** Mediolanum S.p.A. is incorporated and becomes the holding company of the various subsidiaries. Mediolanum S.p.A. becomes listed on the Italian Stock Exchange in Milan on June 3, 1996.
- 1997** Formation of the Dublin-based product factory Mediolanum International Funds. Incorporation of Banca Mediolanum, an innovative multi-channel Bank, which leverages technology and an integrated multi-media approach as well as the additional value of a dedicated professional.
- 1998** The Mediolanum stock becomes a stable component of the MIB 30 index.
- 2000** Launch of the first Mediolanum online trading services.
Launch of a long series of advertising campaigns starring Ennio Doris, the Bank's Chairman, which subsequently became a classic "case study". Banca Mediolanum expands into Spain to replicate its Italian business model with the acquisition of the Fibanc Banking Group. Mediolanum acquires a stake in Mediobanca, and later forms the joint-venture Banca Esperia, which sets the standard in private banking.
- 2001** With the acquisition of Bankhaus August Lenz & Co. and Gamax Holding AG, Mediolanum continues its expansion into Europe.
- 2002** The Mediolanum Foundation is established and, following that, the "Piccolo Fratello" project is set in motion.
- 2003** Mediolanum sponsors for the first time the Green Jersey in the 96th edition of the Giro d'Italia long-distance road bike race. This sponsorship continues to-date.
- 2004** Mediolanum Channel, the Mediolanum Group digital television available on satellite platform, broadcasts increasingly innovative programming. Rollout of "PrimaFila" for the management of high net-worth customers.

RECENT PAST

2005 Launch of “4Freedoms”: an impressive programme geared to win new customers by leveraging the innovative Riflex products. The programme also entails the organisation of thousands of group meetings with customers and prospects across Italy.

Launch of a new multimedia advertising campaign starring customers and reinforcing the concept of Ennio Doris as the “signature” of the bank.

2006 Introduction of the Family Banker®: the professional who brings the bank directly into the homes of customers and who helps the customers to find the best solutions to meet their needs.

2007 The Mediolanum Group celebrates its 25th anniversary and Banca Mediolanum turns ten: a distinctive company in the market with more than one million customers and is growing at a highly competitive rate, firmly maintaining the mission and the values that have always been its trademark.


The 5th year of the Mediolanum Foundation came to a close with excellent results and new objectives.

The star of the new communication campaign was “customer satisfaction”, featuring real customers who are at centre of the relationship with the bank and the banking model. This year Italy passed new legislation on supplementary pension and the Mediolanum Group is market leader with a share of about one third of the individual pension plan market in 2007.

2008 The Mediolanum Market Forum becomes a “regular appointment” providing a platform

for information exchange aimed at the stakeholders and is held twice over the course of the year. Mediolanum Best Brands is born, a new financial service based on an agreement with the leading international asset management companies. The Group takes significant measures to protect the interests of customers and help them deal with the growing impact of mortgage rates on families’ finances and also with the overall crisis in the financial markets.

2009 The Mediolanum Corporate University, the educational arm of the Mediolanum Group, becomes operational: a top-quality training centre combining technology and high training capacity proactively transferring the values as well as the personal and professional experience that have enriched our corporate culture for more than 25 years. In order to satisfy the needs for freedom and for returns for the customer, the range of the new generation of bank products is extended by the new Freedom Account.



“I am aware that I work at a company guided by clear values that I fully share.”

(Employee since 2001)

VISION

We at Mediolanum
are bringing to the market
a change in the banking
tradition that goes
well beyond technology:
we give families
a new kind of freedom
as well as the human touch
in their relationship
with the bank.

We are
“Freedom in Banking”.



MISSION

For each and everyone of us “Freedom in Banking” means giving families tailored solutions through innovative yet easy-to-use technological solutions with the best service level; Complete, reassuring and expert financial solutions.

Thus, we are committed to:

- Listening, to better anticipate and respond
- Improving, to better manage and grow
- Sharing, to exchange and change
- Having faith in common values and in human relationships
- Underscoring the importance and validating the unique role of the Family Banker®.

OUR VALUES

At the base of our everyday activities there are principles and values that are profoundly shared and guide our choices and our decisions. Values we believe in and are based on:

- satisfaction of the customer, who is always the focus of our attention;
- the value placed on the person, on human and professional relationship and on the spirit of cooperation and teamwork;
- the importance of an excellent level of quality in terms of products, services, solutions and personal relationships;
- the capacity to grow and innovate continuously anticipating changes in the market;
- the awareness of the importance of team spirit and of the sharing of experience and of the sharing of results both at the professional and corporate level;
- the freedom to make choices with respect to ethical behaviour and responsibility that would increase corporate value.

1. Customer satisfaction

Working at Banca Mediolanum means working for customers.

We put customers first. We assist customers with passion and help them to get the most out of our expertise, professional skills and enthusiasm. We always provide them with the

solution which best fits their individual needs.

2. Service quality

Working at Banca Mediolanum means setting the standard.

We intend to be leaders and raise the market standard for service quality, through our behaviour and relationship management as well as technical product features.

The full satisfaction of our internal and external customers is assured by our continuous monitoring of operations and the actions taken in areas which need improvement. Our efforts are always directed towards the development of a set of behaviours, processes, products and tools of unparalleled quality that are useful to our customers and are appreciated by them.

3. Central role of the Family Banker®

Being a Family Banker® means being the heart of Banca Mediolanum.

The Family Banker® is at the centre of our business model. We endeavour to assist Family Bankers in the accomplishment of their mission, which can be summarised as follows:

- To help customers best manage their finances, by working with them side-by-side in their own environment, giving them support at an emotional level as well, offering our products and familiarising

them with our multi-channel model;

- To deliver excellent quality at all times complying with Banca Mediolanum Strategies and Rules;
- To represent the Bank locally and be a beacon for the local community.

4. Innovation and Change

*Working at Banca Mediolanum means **being capable of change.***

“With our feet deeply rooted in our past we look directly and proudly at the future.”

Every day we pursue innovation, meaning the ability to be a first-mover, to cause and induce change in the market, and accordingly to adapt our opinions, organisation, products, technology as well as internal and external communication to maintain our industry leadership.

5. Optimised use of resources

*Working at Banca Mediolanum means **being able to manage.***

The use of financial, operational, and human resources is always geared toward efficiency. We are well aware that our choices need to reflect priorities that change from time to time.

6. Employee relations

*Working at Banca Mediolanum means **being capable of relating to others.***

We manage interpersonal relationships applying the highest standards of ethics and transparency at all levels within our organisation.

Our day-to-day actions are based on expertise, empowerment and trust. Our activities are characterised by a strong entrepreneurial drive. We are objective and impartial in our assessments of others, as our judgement is based on the fulfilment of duties and qualitative/quantitative performance.

7. Teamwork

*Working at Banca Mediolanum means **being capable of sharing.***

In everything we do, we place great value on team spirit. We share our knowledge and skills. Our interactions are dynamic, fostering productive teamwork and the exchange of ideas to achieve the best results.

8. Development of the potential of the individual

*Working at Banca Mediolanum means **being capable of growth.***

We encourage the development of knowledge that is acquired as a new-hire as well as at all points along the career.

We provide technical and behavioural education as well as assessment systems, which foster personal, professional and career development. We prefer a system of promotion from within.



Giuseppe Saccinto

THE BUSINESS MODEL

BEING

The proposition of the Mediolanum Group to the market and families is based on a fundamental concept: the customer is the centre focus of our efforts and customer satisfaction remains the prime objective of the company.

DOING

Banca Mediolanum is the bank built around the needs of the customer: the Bank encompasses the advantages of both the online and traditional banks, without however having any of the weak points. This is thanks to the multi-channels available through truly user-friendly technology - so much so that in 2009, there was a strong increase in the number of contacts via self-banking: +12% through the Internet channel and +5% through the B.Med Voice portal. Then there is the special human relationship thanks to the Family Banker®, who brings the bank directly into the home of the customer, working alongside the customer offering advisory services for life insurance and asset management products and helping to manage their emotions during times of crisis.

Maximum autonomy and maximum sharing make up the most distinctive asset of Banca Mediolanum.

BUILDING

Freedom of choice, freedom in how you contact the bank, freedom in the relationship with the bank, freedom from worries: the Banca Mediolanum model, now more than ever, is the complete yet simple alternative for a person's time and money management.

The bank built around the customer

Banca Mediolanum is built around the needs of each and every Customer. Thanks to the telephone, computers and television, the Customer can 'utilise' the Bank with the same ease as they do with familiar devices. A bank that is complete, accessible, comfortable and close-by to individuals and families (the main target market) with products and services that are truly personalised and built around real needs, according to the principles that have always driven the strategy of Banca Mediolanum:

- the tradition, coming from the experience of a Group that has operated in the financial scene all over the world with a recognised authority and seriousness for years;
- the future, which Mediolanum keeps a constant watch on in order to comprehend and stay ahead of innovations in a market that is in a constant state of change;
- the technology, meaning the capacity to refine and develop tools that better the quality of the relationship between the Customer and the Bank, offering greater efficiency, convenience and simplicity of use;
- humanity, the base of every real relationship between individuals and where the power of working together is developed in order to make fully aware choices and reach common objectives focused on success.

The **multi-channel aspect**, in fact, offers a complete service equal to that offered by the traditional banks, but with the idea of **freedom** to enter the bank where, when and how the customer wants with the maximum level of simplicity and security for daily transactions, leaving the building of the professional relationship and advising the customer in the investment and asset management choices to the **Family Banker®**.

The Family Banker® is the professional figure that brings the Bank directly to the Customer's home. Together they study the solutions to the savings, investment, retirement, and insurance needs, helping out if necessary with the first attempts at using the multi-channels.

THE TELEPHONE - FOR A VOICE-READY BANK

Through the Banking Services Center of Banca Mediolanum, a simple call to the toll-free number will provide all the information desired at any time. More than 300 Banking Services Center Representatives are available to offer efficient and immediate service from Monday to Friday, 8:00 a.m. to 10:00 p.m. and on Saturday until noon. Moreover, the automatic voice answering system **B.Med Voice** is available 24 hours a day, 7 days a week and just one word is all it takes to enter the Bank. And freedom is even more evident with **B.Med Mobile** because the bank is reachable on-line and via mobile phones: the bank account, investments, markets trends are at hand and mobile phones top-ups are immediate and easy. The text messaging service also provides the updates on the bank account and on investments, which arrive directly on the mobile phone.

THE COMPUTER - THE FREEDOM TO ENTER THE BANK WHEN THE CUSTOMER PLEASES.

From home, the office or from wherever desired, customers can access the Bank via the

computer and www.bmedonline.it (the Banca Mediolanum website dedicated to customers); checking out their accounts and investments and making transactions on their own is safe and easy. Financial products, online trading and detailed information: just a click in order to have everything under control.

THE TV - EVEN MORE CONVENIENT.

The Bank is also on TV. Thanks to Mediaset's Teletext all banking and financial information is available to the Customer at any time, seated comfortably at home in an easy-chair.

THE FAMILY BANKER® - BRINGS THE BANK DIRECTLY INTO THE CUSTOMER'S HOME

Only Banca Mediolanum offers each Customer the availability of the **Family Banker®** for high-added value transactions and for financial, insurance and pension advice. The sales network consists of more the 5,300 professionals who are able to offer targeted and personalised advice to help the Customer make the most important decisions, bringing products and services directly into the home of the Customer.



TELEPHONE



COMPUTER



TV



FAMILY BANKER®

Asset management and advice

In addition to satisfying the banking needs of the customer, Family Bankers provide investment advice as well.

Through the Family Bankers, who are listed in the Register of Financial Advisors, Banca Mediolanum offers advisory services in the area of life insurance and asset management products - an instrumental and fundamental service for these kinds of products.

PROFILING

According to MiFID EU Directive in effect since 2007, advisory services require prior evaluation of the suitability of the investment choices made by the customer with respect to their investment objectives, according to their specific financial situation and to their knowledge and experience.

This evaluation is made possible through the filling out of the "Personal Profile" questionnaire, an instrument where the customer provides all the information necessary for the Family Banker® to get to know and understand the customer even better. This evaluation is designed to provide the highest level of care for the investor.

To best take care of the customer, the bank also looks at the suitability of the customer's investments in asset management products made through the direct channels (Internet, telephone).*

ASSISTANCE AND ADVICE

Providing advice not only means proposing the best investment solution, but also helping customers manage emotions that are put to the test by inevitable market volatility, which was the case particularly over the course of the last several years given the stock market performance and the

crisis in financial markets. Providing advice also means offering the best instruments to make the most of customer assets. This approach to advice ensures that customers reap the greatest benefits. Accordingly, advice must be customised and targeted to individual needs so that the customer can make investment choices consistent with their profile, individual needs, experience and real opportunities. Family Bankers do not merely sell products, they offer solutions. This system permits Mediolanum to operate in the various areas of financial services applying the skills and flexibility needed to best respond to the continuous economic, tax, financial and regulatory changes.

The investment strategy is the result of a thorough analysis of global financial markets and the expertise Mediolanum has developed in the management of assets. This is a strategy aimed at reducing risks associated with lack of investment diversification.

* For those transactions that do not require specific advice, the appropriateness of the investment will nonetheless be evaluated in terms of the customer's understanding and experience.

 **“THE 5D STRATEGY”**

This is the fundamental principle of financial diversification that Mediolanum has always applied to the entire range of products and services.

Our investment strategy is based on 5 types of diversification:

- 1. Diversification across time horizons:**
investments need to be diversified across time horizons, i.e. short, medium and long term, consistent with individual goals.
- 2. Diversification across securities:**
many securities are better than a few. The more diversified the portfolio, the lower the "investment risk".
- 3. Diversification across geographies and industries:**
diversifying investments across geographic areas increases security and magnifies return opportunities.
- 4. Diversification in terms of growth potential:**
a controlled-risk portfolio based on the rules above needs to include limited investments in emerging markets and companies in order to add value.
- 5. Diversification across instrument classes:**
a factor of further stability and security, with assets allocated to a variety of instruments (e.g. financial products and insurance products).



“It’s a bank with a young-spirited imprinting, offering opportunities that are rapid and efficient.”

(Customer since 2006)



Marianna Califano

THE ORGANISATIONAL SETUP

BEING

Relationships and sharing are the cohesive values motivating the entire organisation: with the stakeholders (customers, employees, sales network) involving all levels in the organisation, starting from Top Management. The dissemination of these values is guaranteed by an organisational setup that is consistent with these values and permits new managers to seamlessly enter the organisation.

DOING

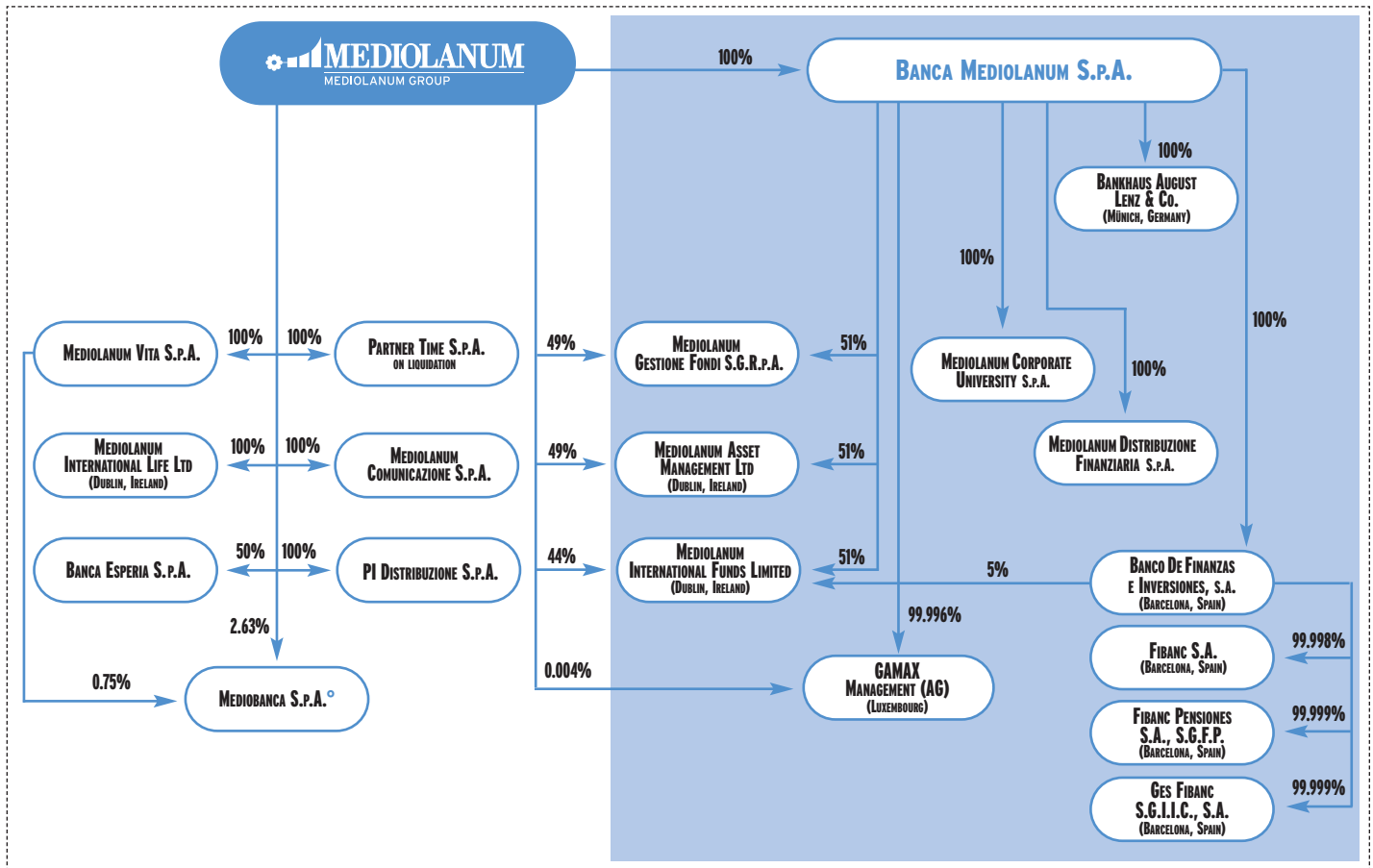
At a time when relationships with banks are complex, Mediolanum is able to rely on its relationship-based banking model (even though technology plays a distinctive role) thanks to two valuable assets: familiarity, generated by well-known faces and names; and the trust generated by the timely and demanding actions taken in support of customers at different points in time and with reference to different aspects of the crisis.

BUILDING

Since 2008, a new generation of managers have joined the founders and the Top Management historically in place. These new managers were developed from within and are bringing about 'innovation along with continuity', with the objective to further future growth.

The Group Structure

As at December 31, 2009



◻ • THE MEDIOLANUM FINANCIAL CONGLOMERATE

■ • THE MEDIOLANUM BANKING GROUP

◦ Due to the fact that Mediobanca holds a given amount of own shares, total shareholding is equal to 3.45% of the voting shares

Mediolanum S.p.A. - the holding of the Group - controls the insurance product companies and Banca Mediolanum S.p.A. - the holding of the Banking Group - includes the foreign subsidiaries (Fibanc and Bankhaus August Lenz & Co. AG). Mediolanum S.p.A. also owns Banca Esperia S.p.A jointly with Mediobanca S.p.A. and holds a stake in Mediobanca S.p.A.. The Group's retail banks are: Banca Mediolanum S.p.A. based in Basiglio, Milan, Banco de Finanzas y Inversiones S.A. based in Barcelona and Bankhaus August Lenz & Co. AG based in Munich.

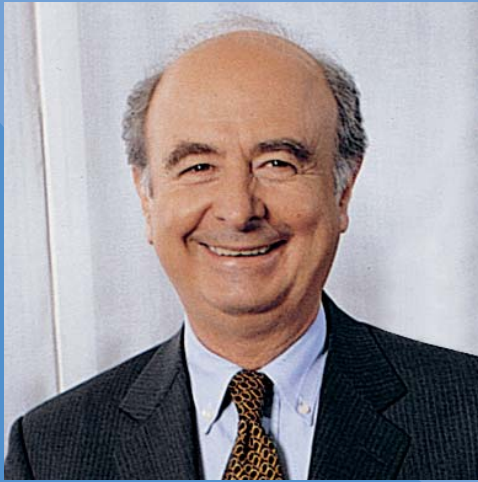
The Group companies that design and manage products are: Mediolanum Gestione Fondi S.G.R.p.A. and Mediolanum Vita S.p.A. based in Basiglio, Milano 3; Mediolanum International Funds Ltd, Mediolanum Asset Management Ltd and Mediolanum International Life Ltd based in Dublin; Gamax Management AG based in Luxembourg.

Mediolanum Corporate University S.p.A. was established as part of the Mediolanum Banking Group and is the arm that sets up, manages, maintains and develops all the training activities and competencies, which represent the corporate asset.

In June 2009, the Spanish company Fibanc S.A. became a subsidiary company of the Mediolanum Banking Group.

In October 2009, the liquidation of the company Mediolanum International S.A was resolved upon and the procedure was concluded on December 21, 2009. Consequently, 99.996% of the shareholding in Gamax Management AG was transferred to Banca Mediolanum S.p.A and 0.004% to Mediolanum S.p.A..

Management profiles



ROBERTO RUOZI

Chairman of Mediolanum S.p.A.

Dean of the L. Bocconi University from 1995 to 2000 and Professor of Economics of Financial Intermediaries until 2002.

Professor at the Universities of Ancona, Siena, Parma, Paris (Sorbonne) and Milan Politecnico.

Professor Emeritus at Bocconi University.

Author of many publications on banking and finance.

Chairman of Palladio Finanziaria S.p.A., Touring Club Italiano, and of Retelit S.p.A..

Chairman of the Board of Statutory Auditors of Borsa Italiana S.p.A..

Member of the Board of Directors of Gewiss S.p.A., and Cerruti Tessile S.p.A..



ENNIO DORIS

Chairman of Banca Mediolanum
Chief Executive Officer of Mediolanum S.p.A.

Mr. Doris started off as financial advisor, first with Fideuram and then with the RAS Group.

His career underwent a major change when he founded Programma Italia, a financial brokerage organisation, together with the Fininvest Group. He was Chief Executive Officer of Programma Italia since it was founded.

He and the Fininvest Group own an equal control shareholding in Mediolanum S.p.A., the company formed by the merger of Fininvest Italia S.p.A., Fintre S.p.A. and Programma Italia S.p.A..

He is Chairman of Banca Mediolanum S.p.A., Director of Mediobanca S.p.A., Banca Esperia S.p.A., Fondazione S. Raffaele del Monte Tabor and Safilo S.p.A..



ALFREDO MESSINA

Deputy Chairman of Mediolanum S.p.A.

After serving at a number of major companies, Mr. Messina joined Olivetti as Group Production Controller, and then moved to Alitalia as Corporate Finance, Control and Administration Officer.

In 1989 he joined IRI as Planning and Control Director and in 1990 joined Fininvest, first as General Manager and then, from February to July 1996, as Chief Executive Officer.

He is Chairman of Mediolanum Vita S.p.A., Mediolanum Assicurazioni S.p.A. and member of the Board of Directors of Mediaset S.p.A. and of Molmed S.p.A..

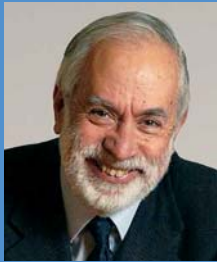


MASSIMO DORIS

Executive Deputy Chairman of Mediolanum S.p.A.
Chief Executive Officer and General Manager of Banca Mediolanum S.p.A.

Mr. Massimo Doris started his career at Banca Mediolanum in 1999 as Financial Advisor. Previously he was based in London where he worked as sales assistant at UBS, Merrill Lynch and Credit Suisse Financial Products.

He then became Marketing Manager in charge of the launch of the Online Banking website. He was subsequently named Head of the Sales Network Training. In October 2003, he took on the position of Italian Network Manager of Banca Mediolanum and was in charge of the Italian Sales Network until September 2005, after which he moved to Barcelona to take on the positions of Chief Executive Officer, General Manager and Head of Development of the Spanish banking group Banco de Finanzas e Inversiones. In July 2008, he returned to Italy as Chief Executive Officer and General Manager of Banca Mediolanum S.p.A.. Starting May 2009 he is Executive Deputy Chairman of Mediolanum S.p.A..



EDOARDO LOMBARDI

Executive Deputy Chairman of Banca Mediolanum S.p.A.
Chairman of Banca Esperia S.p.A.

Mr. Lombardi served as Corporate General Manager at Procter & Gamble Italy and General Manager at the Sangemini/Ferrarelle Group. In 1987 he was appointed General Manager of Fininvest Italia S.p.A. and then in 1989 Chief Executive of Mediolanum Vita S.p.A.. At present he is Executive Deputy Chairman of Banca Mediolanum S.p.A., Chairman of Banca Esperia S.p.A., Chief Executive Officer of Mediolanum Vita S.p.A., member of the board of Mediolanum S.p.A. and Chairman of Mediolanum Corporate University S.p.A..



LUIGI DEL FABBRO

Chief Administrative Officer responsible for accounting and financial reporting of Mediolanum S.p.A.

With Mediolanum since 1986.
Other positions and prior career history within the Group:
1968 to 1986: 3M, Total Italy, Eliolona Group (Finance & Administration Director), Lovable Italy (Chief Financial Officer);
Member of the Board of Directors, Banca Mediolanum S.p.A.;
Member of the Supervisory Board of Bankhaus August Lenz & Co.;
He is Chief Executive Officer of Mediolanum Vita S.p.A.;
President of Mediolanum Distribuzione Finanziaria S.p.A.;
He is the officer with delegated authority over Privacy matters for certain companies within the Group and the Officer responsible for preparing Mediolanum S.p.A. accounting and financial reporting documents pursuant to section 154-bis of the Consolidated Finance Act (L. 262/05);
Chief Administrative Officer of Banca Mediolanum S.p.A..



VALERIO BALDINI

General Manager of Sales Networks

With Mediolanum since 1982.
Positions previously held:
Branch Manager, UPIM (Rinascente Group);
Assistant Director, General Affairs, Rinascente;
Head of General Affairs, Edilnord;
SPV Manager - head of a team of 550 financial advisors - Dival S.p.A. (RAS Group);
Co-Founder and Sales Director of Programma Italia S.p.A..



GIOVANNI MARCHETTA

Banking Group Manager of Banca Mediolanum S.p.A.

With Mediolanum since 1988.
Positions previously held:
Head of the Sales Network, Banca Mediolanum S.p.A.;
Head of the Foreign Sales Network;
General Manager, Marketing and Sales, Fibanc Group;
Head of Service Quality for the entire Mediolanum Group;
Manager, Programma Italia S.p.A.;
Manager, Fideuram S.p.A.;
Lawyer.

Our people

The Mediolanum Group has more than 7,800 people classified into two main categories, i.e. employees and sales network members, in 5 markets: Italy, Spain, Germany, Ireland, Luxemburg.

TOTAL EMPLOYEES

Category (units)	2009	2008	% Change
Employees	2,065	1,961	5.3
Sales Network members	5,800	6,367	(8.9)
Total	7,865	8,328	(5.6)

Details regarding the Employees and the Sales Network follow:

MEDIOLANUM GROUP EMPLOYEES

Category (units)	2009	2008	% Change
Total employees in Italy	1,748	1,659	5.4
Total employees abroad	317	302	5.0
Total Employees	2,065	1,961	5.3

MEDIOLANUM GROUP SALES NETWORK MEMBERS

Category (units)	2009	2008	% Change
Sales Network in Italy	5,303	5,851	(9.4)
Sales Network abroad	497	516	(3.7)
Total Sales Network	5,800	6,367	(8.9)



Alessandro Bottalico

QUALITY AND SOCIAL RESPONSIBILITY

BEING

Feeling socially and personally responsible - in normal times as well as in times of emergency or crisis. Operating with efficiency and effectiveness. Guaranteeing the continuity and the accuracy of service. Pursuing improvement through sharing and the exchange of ideas. Innovating and continually raising the quality of products and services. Above all, creating value and common principles - beyond just the codes of conduct.

DOING

Being responsible has always allowed us to respond quickly on a variety of new fronts in 2009. Immediately after the earthquake in Abruzzo, a variety of actions were taken centred around the protection of customers, such as the suspension of mortgage payments and the exemption from commissions as well as the semi-truck set up to take the temporary place of the local office that was damaged. Moreover, the Group donated one million euro to customers struck by the event. Mediolanum responded in multiple ways to the new needs induced by the crisis and to its fallout in terms of growing indebtedness, exclusion from access to loans and risks of usury.

Banca Mediolanum adopted a series of agreements for the granting of a variety of forms of loans to families who found themselves in difficulty economically: such as the framework agreement with ABI - CEI (Italian Episcopal Conference of the Catholic Church) and the "Newborn" fund through the Presidency of the Council of Ministers.

BUILDING

As an ongoing practice, the Mediolanum Group intends to offer products, services and a high level of consultancy that answer the needs and the objectives of the individual that are transparent and reliable, providing quality and peace of mind to families.

In terms of new efforts, the agreements that have a social impact that are already in place will be maintained, and extended to support to small and mid-sized businesses owned by customers of the Bank, keeping watch on the general situation to be ready to step in where necessary.

Service quality and corporate social responsibility

Among the values guiding the Group strategy, service quality and social responsibility are first and foremost. These two are inextricably linked and characterise the Group offering.

Service quality means, first of all, attention to:

- customer satisfaction;
- efficient use of resources;
- effectiveness of processes and the organisation;
- combined with the adoption of “socially responsible” principles and behaviour in the conduct of business.

We believe that the adoption of socially responsible principles can trigger a virtuous circle of **value creation** to the benefit of all stakeholders: the Customers, the Sales Network, the Employees, the Vendors, the Shareholders, our Community.

Service quality and social responsibility to our customers are reflected, inter alia, in: the high level of service delivered by the Family Bankers; the efficiency of organisational processes and the timely response to requests through continuous, qualified assistance; and the openness also via dialogue, exchange and transparency.

To ensure that quality and social responsibility do not remain a mere statement of principles or of intents, the Mediolanum Group has assigned the responsibilities for coordinating all the activities needed to develop these intangible assets of the Group to a central unit. The centralised management of social responsibility permits the channelling of efforts towards a common objective, ensuring long-term sustainable growth.

The activities involved are constantly guided, managed and measured. Data collected and activities carried out are summarised in the section of social indicators. Specifically, measuring increases the awareness of the level of service provided (both internal and external) and thus actions aimed at improvement

can be implemented. The last, but certainly not the least important step in the process of social responsibility vis-à-vis all stakeholders, entails the promotion and the dissemination of the company's identity and its values reflecting an increasingly quality-oriented management.

Attention to service has always characterised the management processes of the Group.

Since 1988, study groups have been established to identify actions designed to monitor and improve service and relationship quality. The “Service Quality” office has the objective of promoting a ‘shared culture’ oriented to customer satisfaction (both internal and external), analysing the gap between expectations and achieved results. The activities of “Service Quality” department involve both the headquarters and the Sales Network, and utilise teamwork as their primary work method through cross-functional projects and activities originated by the employees themselves. In the Mediolanum Group, activities designed to improve communication and cooperation amongst the different corporate areas are implemented, encouraging the involvement of all levels of the company in improvement projects.



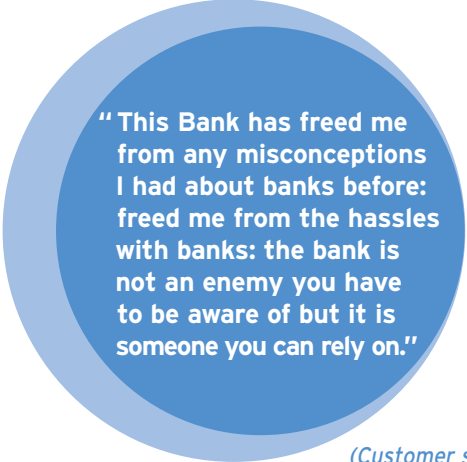
SOCIAL AWARENESS AND RESPONSIBILITY

Responsibility is also being able to manage the changes and difficulties that a downturn in the financial markets may cause to investors and to make consequent decisions that can satisfy customer needs and that have no detriment to the other stakeholders. In 2008, due to the profound crisis that affected the performance of financial markets and the world economy, Mediolanum chose to implement a number of important actions. Specifically, the decision to reduce the interest rate spread on Mediolanum mortgages, not just on new contracts but also on all existing customer mortgages, with the objective of making repayment easier.

An ad-hoc **'solidarity fund'** was established, entirely at the company's expense, to protect the interests of all Banca Mediolanum mortgage customers in the event they are no longer able to make payments on their mortgage due to severe disability. In this event, the residual portion of the loan will be extinguished by the company at its own expense.

Additionally, when Lehman Brothers defaulted, the majority shareholders of the Mediolanum Group, the Doris Group and the Fininvest Group, decided to take on the burden of the **losses** associated with the Index-Linked policies that had **Lehman Brothers** bonds as underlying assets, to protect the assets of the customers involved and, at the same time, the interests of minority shareholders.

In 2009, in order to face the difficulties caused by the national and international economic situation, Banca Mediolanum adopted a **number of initiatives** promoted by the government, through the ministries and trade associations or initiatives completely of its own undertaking **in support of the customers or the community** in difficult conditions. These initiatives are described in greater detail in the in the Social Report in the sections dedicated to Customers (Responses to the Crisis) and to the Community at large (Abruzzo and Viareggio: two operations in support of the local communities).



"This Bank has freed me from any misconceptions I had about banks before: freed me from the hassles with banks: the bank is not an enemy you have to be aware of but it is someone you can rely on."

(Customer since 2003)

Corporate governance

INTERNAL DEALING

Following Italy's implementation of the EU's Market Abuse Directive into national legislation (Act 62/2005), insider dealing previously governed by the Regulation of Markets managed by Borsa Italiana SpA and related Instructions, is now regulated by the provision of art. 114, 7th paragraph of the Consolidated Finance Act (Legislative Decree 58/1998) and the related implementation provisions set out in Consob Regulation for Issuers 11971/99 as subsequently amended, which entered into effect on April 1, 2006.

In addition to insiders, as set out in art. 152-sexies of the Regulation for Issuers (directors, statutory auditors, general managers etc.), Mediolanum SpA identified certain additional senior management officers falling within the purview of the Act above, i.e. Mr. Luigi Del Fabbro, Chief Administrative Officer, and Officer responsible for accounting and financial reporting. The Board of Directors of the company also approved the "Rules for purchases and sales made by insiders and their close family members - Insider Dealing Code" in the text, which is also published at the company's website www.mediolanum.com.

Insiders and their close family members may delegate the company (and on its behalf the Head of the Corporate Affairs Office) to disclose any purchases and sales of the company's financial instruments of a total amount equal to or higher than €5,000.00/year to CONSOB, Borsa Italiana S.p.A., and the general public. Generally, such transactions must be disclosed within 5 trading days of the sale or purchase.

By delegating said disclosure duty to the Company, insiders agree to inform the company within 48 hours of said transactions, and, in turn, the Company agreed to disclose said transactions to CONSOB, Borsa Italiana S.p.A. and the general public within one day after having received said information by making it available on the corporate website.

RELATED PARTIES

As early as 2003, the Board of Directors of Mediolanum S.p.A. adopted procedures to manage significant transactions and, as part of those transactions, those with related parties. The Board of Directors is the only competent board to make decisions over related party transactions as defined by the combined provisions of articles 2, paragraph 1, letter h) and 71-bis of Consob Regulation 11971/1999 and article 2391-bis of the Italian Civil Code and set out in the International Accounting Standard (IAS) 24. On November 9, 2006, the Company also decided that resolutions regarding significant transactions and related party transactions that the Board of Directors is the only competent board to resolve upon, be taken subject to the prior approval of its Independent Directors.

The limit value for which a related party transaction must be disclosed to the market for its potential effects on the company's assets was set at:

- €10,000,000.00 for any type of purchase or sale;
- €125,000,000.00 for interest-bearing credit facilities (excluding any deferred payment facilities granted to the company in connection with the supply of goods and the provision of services), excluding credit facilities maturing within one year and connected to the day-to-day business of the company and its subsidiaries.

The Board of Directors has exclusive decision-making authority regarding transactions with related parties, whose individual value is greater than €250,000.00. With respect to decisions over said related-party transactions, the Board shall note the opinion of the Independent Directors and may be assisted by independent experts in consideration of the nature, value or features of the transaction. Following Consob resolution 17221 dated March 12, 2010, concerning related-party transactions, the above will be reviewed.

* Clarifying and supplementing IAS 24 (related party disclosures), the Board of Directors at its Meeting held on November 8, 2007 resolved that close members of the family as defined under IAS 24 are relatives within the second degree; and that significant influence is exercised if the voting shareholding held in the entity is at least 10% if the entity is listed on a regulated market, or at least 20% in other cases

CORPORATE GOVERNANCE BOARDS AND COMMITTEES

The Board of Directors

The Board of Directors is vested with all powers for the ordinary and extraordinary management of the company - except for those the law exclusively reserves to the General Meeting - as well as the authority to take any and all actions expedient to the achievement and fulfilment of the company's purposes.

The Board of Directors is responsible for the management of the company. In this respect:

- the Board provides guidance and supervision in accordance with the law and the Bylaws, sets corporate strategies and goals, and ensures the implementation and regular assessment of the efficiency and effectiveness of the internal control system, which is to be consistent with the complexity of the business;
- the Board examines and approves all strategic, business and financial plans of the issuer and the group it heads, the governance system of the issuer and the group organisation;
- the Board assesses the adequacy of the organisational, management and accounting systems of the issuer and its strategic subsidiaries as organised by their Chief Executive Officers, especially in relation to the internal control system and the management of any conflicts of interest;
- the Board delegates to and revokes authorities from executive officers and, when appointed, the executive committee, setting the limits and procedures for exercise thereof; it also determines the frequency of reports to the Board on the work performed by officers who had been delegated the authority. The frequency of those reports shall be at least quarterly;
- after examining the proposals submitted by the compensation committee and the opinion of the

board of statutory auditors, it sets the compensation of Chief Executive Officers and other Directors holding special positions, and when not determined by the General Meeting, the distribution of the aggregate compensation among the members of the board of directors;

- the Board assesses the overall business performance especially on the basis of information received from boards that have been delegated authorities, as well as by periodically comparing actual results with plans;
- the Board examines and gives prior approval to those transactions of the issuers and its subsidiaries of strategic importance or may have a material impact on the strategy, equity, earnings or cash flows of the issuer, devoting special attention to those transactions where one or more directors may have vested interest, either directly or on behalf of third parties, as well as to related party transactions. To that end, the Board established general guidelines for the identification of significant transactions;
- at least once a year, the Board assesses the size, composition and work of the Board of Directors and its committees, recommending, when appropriate, the inclusion of professional figures whose presence on the Board is considered to be beneficial;
- in its annual corporate governance report the Board provides information on the implementation of the Code of Conduct, including the number of meetings of the Board of Directors held during the financial year and the attendance of each director;
- the Board examines and makes decisions on significant transactions as defined in article 23 of the Bylaws;
- the Board examines the annual Internal Audit plan.

In 2008, the mandate of the Board of Directors was renewed until the approval of the financial statements as at December 31, 2010.

Composition	14 members (4 executive members and 3 independent members)
Meetings held in 2009	6

The Board of Statutory Auditors

The Board of Statutory Auditors verifies compliance with the law and the Bylaws as well as adherence to principles of proper management. In particular, it verifies the adequacy of the organisational structure and the management and accounting systems adopted by the company as well as their operation. In addition, pursuant to the provisions of art. 159 of the Consolidated Finance Act, the Board of Statutory Auditors submits its proposal - along with supporting motivation - for the appointment of the independent auditors and scope of their work to the General Meeting. On April 22, 2008, the members of the Board of Statutory Auditors were appointed and will remain in office until the financial statements as at December 31, 2010 are approved.

Composition	3 standing auditors and 2 alternate auditors*
Meetings held in 2009	9

* until 23/04/2009 3 standing auditors and 1 alternate auditor

Compensation Committee

The Compensation Committee in accordance with the Code of Conduct, is in charge of the following duties:

- to submit proposals regarding the compensation of chief executives and other directors holding special positions to the Board, as well as to monitor the implementation of resolutions passed by the Board of Directors;

- to periodically assess the policies regarding the compensation of key management, oversee their implementation on the basis of the information provided by chief executive officers and present general recommendations on the matter to the Board of Directors;
- to draw up the regulation that will govern all aspects of the Stock Option Plan and that will be submitted to the Board of Directors for approval;
- to take all necessary measures to implement the Stock Option Plan including identifying beneficiaries, defining the number of options to be assigned to each one and related terms of exercise;
- to set objectives in terms of economic and/or financial performance that must be met for beneficiaries to be entitled to exercise the options that they were granted;
- to carry out all the tasks that were previously assigned to the Stock Option Plan Committee.

Composition	3 members (2 independent members and 1 non-executive member)
Meetings held in 2009	2

Audit Committee

In 2001, the Board of Directors of Mediolanum S.p.A. established the Audit Committee pursuant to the Code of Conduct for listed companies. In accordance with the revised Code of Conduct, the Audit Committee is in charge of the following duties:

- to assist the Board of Directors in defining internal control system guidelines which ensure the proper identification, measurement, management and control of major risks for the issuer and its subsidiaries, and guidelines for the assessment of the compatibility of those risks with a sound and proper management of the business;
- to assist the Board of Directors in the selection of an executive director (generally one of the chief executives) responsible for overseeing the effectiveness of the internal control system;
- to assist the Board of Directors in the assessment,

- at least annually, of the adequacy, efficiency and effectiveness of the internal control system;
- to assist the Board of Directors in drafting the description of the key elements making up the internal control system in the corporate governance report and express their opinion on the overall adequacy of the internal control system;
 - to verify the proper application of accounting standards and their consistency for the purpose of consolidated financial reporting in conjunction with the officer responsible for the preparation of accounting and financial reporting documents and the external auditors;
 - to express opinions on specific aspects that relate to the identification of main corporate risks as well as the design, implementation and management of the internal control system, upon request of the executive director;
 - to review the audit plan prepared by the Chief Auditor as well as his/her periodic reports;
 - to evaluate proposed audit mandates presented by independent auditors in addition to the scope of the audit and the recommendations set out in their management letters and reports;
 - to verify the efficacy of the audit process;
 - to carry out any other activities required by the Board of Directors;
 - to report on work performed and the adequacy of the internal control system to the Board of Directors at least every six months, concurrent with the approval of interim and annual financial statements.

The Audit Committee works in coordination with the Board of Statutory Auditors in the performance of its duties. The Audit Committee presents its annual budget to the Board, and in an emergency, it is assisted by Executive Directors for the funding of its expenses. The Audit Committee is authorised to access corporate information and receive assistance from those staff members that may help the Committee in the performance of its duties as well as to avail itself of external advisors when necessary.

The Audit Committee is composed of non-executive directors, the majority of whom are independent directors and at least one has knowledge of accounting and financial reporting. The members of the Board of Statutory Auditors and the Chief Auditor participate in the work of the Audit Committee.

Composition	3 members (2 independent members and 1 non-executive member)
Meetings held in 2009	4

Supervisory Board (pursuant to Legislative Decree 231/2001)

Upon the adoption of the “Organisation, Management and Control Models” as required under art. 6 of Legislative Decree 231/2001 (Liability of Legal Persons), the Board of Directors of the Company established the Supervisory Board responsible for overseeing the effectiveness, compliance and updating of said Models.

Composition	3 members
Meetings held in 2009	7

“The company has never left the customers to fend for themselves, to fall prey to fears or carried away by inappropriate ‘enthusiasm’. And, in particular, the Bank has supported the customers through difficult times.”

*(Statement by
Top Management)*

MEDIOLANUM S.P.A. GOVERNANCE OFFICERS

Composition of the Board of Directors

The Board of Directors of Mediolanum S.p.A. consists of 14 members, with 3 independent (21%) and 4 executive members.

In 2009, the Board of Directors held 6 meetings (versus 7 meetings in 2008) and the average attendance rate was 93%, (91% in 2008).

Position	Surname and first name	Independent	Executive	Female	COMMITTEES		Board of Directors	
					Internal Audit	Compensation	Meetings Attended	Attendance Rate
Chairman of the Board	Ruozì Roberto (°)	✓					6	100
Chief Executive Officer	Doris Ennio		✓				6	100
Deputy Chairman	Messina Alfredo		✓				6	100
Executive Deputy Chairman	Doris Massimo Antonio (*)		✓				6	100
Director	Lombardi Edoardo (**)		✓				6	100
Director	Berlusconi Luigi						5	83
Director	Cannatelli Pasquale						6	100
Director	Carfagna Maurizio						6	100
Director	Ermolli Bruno					✓	5	83
Director	Molteni Mario (°)	✓			✓	✓	6	100
Director	Pellegrino Danilo						6	100
Director	Renoldi Angelo (°°)	✓			✓	✓	5	83
Director	Sciumè Paolo (***)				✓		3	75
Director	Zunino Antonio						4	67
TOTAL	14	3	4	-	3	3	6	93

(*) on May 13, 2009 became Executive Deputy Chairman

(**) on May 13, 2009 ceased to be Executive Deputy Chairman but retained his Executive role in his capacity as Executive Deputy Chairman of the subsidiary Banca Mediolanum S.p.A.

(***) suspended from duties as per resolution of the Board of Directors dated February 16, 2009 due to Court order for precautionary measure enforced on January 23, 2009 and reinstated by the general meeting resolution dated April 23, 2009 (Ministerial Decree 516/98)

(°) Independent director pursuant to Code of Conduct and section 147-ter of the Consolidated Finance Act

(°°) Independent director pursuant to Code of Conduct

Composition of the Board of Statutory Auditors

Position	Surname and first name	Meetings Attended	Attendance Rate
Chairman	Simonelli Ezio Maria	9	100
Standing Auditor	Perotta Riccardo	8	89
Standing Auditor (*)	Vittadini Francesco	9	100
Alternate Auditor	Gatti Ferdinando	-	-
Alternate Auditor (**)	Marchesi Antonio	-	-
TOTAL			96

(*) Reconfirmed as standing auditor by shareholders' meeting resolution dated April 23, 2009

(**) Appointed alternate auditor to complete the board of auditors by shareholders' meeting resolution dated April 23, 2009

ATTENDANCE

The following table indicates the participation rate, calculated as a percentage of the average number of participants out of the total number of members of the different Mediolanum S.p.A. governance boards and committees.

Governance boards and committees (%)	2009	2008
Board of Directors	93	91
Board of Directors (only independent members)	94	100
Board of Statutory Auditors at Board of Directors meetings	83	90
Board of Statutory Auditors	96	100
Audit Committee	93	67
Compensation Committee	100	92

"When I think of Banca Mediolanum I think of a business, not a bureaucratic giant."

(Customer since 2006)

The internal control system

The Boards of Directors of the Parent Company and of all Group companies promote high ethical and integrity standards, and a 'culture of internal control' within the organisation by emphasising and demonstrating to all levels of personnel the importance of internal controls.

Specifically, the Boards of Directors are responsible for setting policies and assessing the adequacy and effectiveness of the internal control system, relying on other internal control structures.

Pursuant to the Code of Conduct for listed companies, the Board of Directors of the Parent Company Mediolanum S.p.A. established the Audit Committee and appointed the Chief Auditor. In their respective areas of remit, the Audit Committee and the Chief Auditor assist the Board of Directors in:

- identifying main corporate risks;
- implementing the Internal Control System policies issued by the Board of Directors through planning and monitoring.

Pursuant to the Code of Conduct, the Board of Directors appointed the Deputy Chairman Alfredo Messina officer responsible for the internal control system.

In 2008, Serenella De Candia was named Chief Auditor. Over the course of 2008, measures had been taken for the improvement of internal control systems mainly due to regulatory changes resulting from the Joint Regulations issued by the Bank of Italy and CONSOB on October 29, 2007, and the implementation of the Financial Instrument (MiFID) Directive in the EU Markets, which detailed and further clarified the role of the Internal Audit and Compliance functions, the Group started a review of the internal control system and processes to meet the dual objective of regulatory compliance of processes and greater effectiveness of the internal control system as a whole.

In 2009, additional steps were taken in the area of

corporate governance. More specifically, in June 2009, the 'Corporate Governance Project' of the Mediolanum Banking Group was laid out pursuant to the 'Regulatory requirements relating to the organizational setup and corporate governance of banks' and the 'Explanatory Note' issued by the Bank of Italy on March 4, 2008 and February 19, 2009, respectively.

The project covered the whole Group and provided a clear description of the relationship existing among the corporate bodies and departments of the various Group's entities, focusing in particular on the governance and control structure of Banca Mediolanum S.p.A. and its subsidiaries.

Specifically, the project presented the organizational setup of all key subsidiaries pursuant to the principle of proportionality and in accordance with specific criteria taking into account size/organizational structure or the risk profile of each subsidiary of the banking group.

On June 24, 2009, upon approval by the holding company Banca Mediolanum, the project was circulated among the subsidiaries for their governance and control bodies to be duly informed.

INTERNAL AUDIT

Internal audit of all Group companies, including the Parent Company Mediolanum S.p.A. is performed under individual outsourcing agreements by the internal audit department of the subsidiary Banca Mediolanum S.p.A. The Internal Audit department is separate and independent from operational departments and reports directly to the Board of Directors and the Board of Statutory Auditors of the respective companies on the work done. For Mediolanum S.p.A., the department reports via the Chief Auditor to the Deputy Chairman, the Audit Committee and the Board of Statutory Auditors. Internal Audit provides independent and objective

assessment and assurance of the efficiency and effectiveness of the organisation and detects possible areas for improvement. It assists operational departments in pursuing their goals through a systematic professional approach, which creates value since it is aimed at assessing and improving the control, risk management and corporate governance processes.

Internal auditors monitor the overall respect of the rights of all categories of stakeholders (Customers, Employees, minority and majority Shareholders, etc.). As part of those activities, the Internal Audit staff review the efficiency and effectiveness of the internal control system and processes and prepare final reports that include the actions planned by senior management for the correction of any deficiencies, or the adoption of recommendations to improve the effectiveness of processes.

Internal Audit work

Internal audits were conducted on all Group companies and were particularly meticulous for those companies who represent the most significant portion of business.

Data on Italian companies (number)	2009	2008	% Change
Reports	83	55	50.9
Recommendations /Improvement areas	333	198	68.1

No severe irregularities emerged from the work of the Internal Audit department, and for the vast majority of critical issues adequate measures were promptly scheduled.

Over the course of 2009, the number of areas earmarked for improvement increased as a result of a greater number of processes and activities being put under scrutiny.

RISK MANAGEMENT & CONTROL AND COMPLIANCE

Risk management and compliance are an integral part of the Group's internal control system.

At the end of 2005, action was taken to strengthen the risk management framework through the establishment of the "Risk Management and Compliance" department, which became operational in 2006. The risk management and compliance team verifies the adequacy of risk management procedures for financial, operational and credit risks as well as regulatory compliance, within the financial conglomerate.

The risk management department of Banca Mediolanum provides risk management and compliance services for the Italian Group companies under specific service agreements. In 2007, risk management and compliance units were established at Banco de Finanzas e Inversiones, the parent company of the Spanish banking sub-holding, and at the Irish companies, Mediolanum International Funds, Mediolanum Asset Management and Mediolanum International Life.

In 2008 and 2009, the risk control model used by the parent company and all the Group companies was progressively enhanced and refined.

The risk management and compliance models measure the risks the Group is exposed to, i.e. financial, credit, operational, non-compliance, strategic and reputational risks. Within the operational risk management framework, control activities with respect to the sales network play a crucial role and are primarily made by :

- the Sales Network inspectors and the Sales Network Control Unit, the latter of which conducts sales network quality controls;
- control over HQ operational processes conducted by the Operational Risk Management unit plays an equally important role.

2009 was dedicated to an improvement in the processes and the framework of compliance that

refined the model through a new methodology and through the re-examination of a better valuation of risks of non-conformity and an action plan directed at mitigating the risks of processes that could require additional control.

Risk management and compliance activities

Organisational units examined in 2009	230
Processes and activities reviewed	1,900
Operational risk checkpoints	3,000
Projects and actions to improve the internal control system	190

The projects and actions undertaken to improve the internal control system were aimed at enhancing the efficiency and improving some processes in the company by automating certain corporate processes that were deemed critical, by expanding automated processes in certain critical areas that were characterised by a high degree of manual work, as well as by blocking certain 'dangerous' transactions, and by establishing new checkpoints also in relation to officers' powers and delegated authorities and the proper exercise of this authority.

Moreover, training and informational sessions were held that were directed at spreading a culture oriented toward 'control' throughout the Group's companies some of which were held in collaboration with Mediolanum Corporate University, the subsidiary of the Group in charge of the professional updating of the employees and the sales network.

In 2009, the first complete ICAAP (Internal Capital Adequacy Assessment Process) statement was prepared for the Mediolanum Banking Group, pursuant to the regulatory requirements of the Bank of Italy (circular letter 263/2006). This statement indicated significant asset stability of the Mediolanum Banking Group against the stress test scenarios.

Protection of stakeholder interests

THROUGH ADEQUATE ACCOUNTING AND FINANCIAL REPORTING PROCEDURES

The environment in which listed issuers conduct their business is regulated by a vast number of statutory and regulatory provisions with a common denominator, i.e., the requirement to establish adequate policies and procedures for their main activities. Continuously monitoring the effectiveness of their organisational and management models to ensure that adequate controls are in place and that corporate targets are achieved in compliance with regulatory requirements has therefore become commonplace among issuers.

Depending upon the category of stakeholders that regulators intend to protect, regulations take different forms and entail different operational processes. In broad strokes, there are two main macro-categories of stakeholders:

- customers who use the services provided by the company;
- the varied base of investors who contribute capital.

Lawmakers introduced the requirement for issuers to appoint an Officer responsible (art. 154-bis of the Consolidated Finance Act, as modified by L.262/2005 and by Law Decree n.303), for accounting and financial reporting documents precisely to protect this second macro-category of stakeholders. This Officer is responsible for the entire accounting and financial reporting system that produces the documents disclosed to the market and to supervisory authorities.

Therefore this Officer is the guarantor of the information set out in accounting and financial reporting documents vis-à-vis third parties and is one of the various officers who collectively participate in shaping the governance system of the company, meaning the set of rules and functions that ensure the company is properly and efficiently run.

THE 262/05 GROUP GOVERNANCE MODEL

Mediolanum S.p.A. has always been committed to protecting stakeholder interests and as such created the position of 'Officer responsible for accounting and financial reporting documents' at the meeting of the Board of Directors on May 10, 2007. Luigi Del Fabbro was appointed to fill this position.

To comply with statutory requirements relating to the Officer responsible for accounting and financial reporting documents, the company defined and adopted a governance model pursuant to Act 262/05, which sets out the role, duties and responsibilities of the various staff involved in the preparation of accounting and financial reporting procedures as well as their maintenance and assessment of their adequacy and effective application.

The new rules revolve around the effective application of accounting and financial reporting procedures.

Consistent with this approach, the Officer responsible for accounting and financial reporting documents is in charge of:

- establishing well-structured organisational processes for the purpose of accurate accounting and financial reporting and related controls;
- assessing the adequacy of processes and controls as well as ensuring that operating units effectively perform their day-to-day control duties;
- defining and monitoring any corrective measures;
- confirming the effectiveness of the control system and its operation through responsibility statements and other statutory and regulatory disclosures.

On December 31, 2009, there were 619 check-points to check company processes that are deemed sensitive based on the model applied.

The governance model pursuant to Act 262/05 is part of the broader internal control system of Mediolanum S.p.A. and its consolidated subsidiaries. Since Mediolanum foreign companies operate in different regulatory environments, the responsibility for ensuring Mediolanum foreign companies'

compliance with the requirements of section 154-bis of Italy's Consolidated Finance Act was given to a senior management officer who has the authority to put in place any required actions in collaboration with Unit 262, in order to enable the officer responsible for accounting and financial reporting documents to fulfil his duties.

Compliance with statutory and regulatory changes has increased the transparency of the disclosures to investors made by Mediolanum S.p.A. and the other companies that appointed the Officer responsible for accounting and financial reporting documents. The appointment of this Officer, who acts as guarantor, and the adoption of the organizational and management model aimed at ensuring the adequacy of the accounting and financial reporting processes give greater protection to investors and the broader audience of stakeholders in relation to the reliability and accuracy of financial information disclosed by the company.

INDEPENDENT AUDITORS

Reconta Ernst & Young are the independent auditors responsible for auditing the separate and consolidated financial statements of Mediolanum S.p.A. for the financial years 2008, 2009 and 2010.

Rules of conduct

The Group has two Codes setting out conduct rules.

- **The Code of Ethics** sets out the general duties of diligence, fairness and loyalty which characterise the performance of work and behaviour in the workplace.
- **The Code of Business Conduct** is based on the general guidelines set out in the Code of Ethics, and further details the conduct rules for corporate governance officers, members of the Sales Network, employees and contract workers with specific reference to certain operational companies within the Group (Banca Mediolanum S.p.A. and Mediolanum Gestione Fondi S.G.R.p.A.).

Rules of conduct are regularly updated to reflect changes in the regulatory environment, organisational models and processes in order to have common, clear and transparent rules which ensure the ethical conduct of all people within the organisation.

THE CODE OF ETHICS

Since 2002, the vast majority of Group companies has adopted a Code of Ethics, i.e., a series of internal rules that exemplify the general duties of diligence, fairness and loyalty and that characterise the performance of work and behaviour in the workplace.

The Code of Ethics is organised into three sections:

1. general principles;
2. business conduct;
3. safety, health and the environment.

The general principles are responsibility, fairness, confidentiality and proper management of any conflicts of interest.

The business conduct shall be compliant with the law, loyal and fair vis-à-vis the competition, in dealings with vendors and in relations with the government and public agencies.

The Company respects the environment and protects the health and safety of its employees, sales network

and customers by adopting all measures required by law.

THE CODE OF BUSINESS CONDUCT

The Code of Business Conduct of Banca Mediolanum S.p.A. and the Code of Conduct of Mediolanum Gestione Fondi S.G.R.p.A. were both updated to include the regulatory changes made in 2008. These Codes detail the conduct rules those working for the Group have to comply with when performing their daily duties.

Key conduct rules are set out below:

1. any confidential or insider information either verbal or stored on any electronic medium shall be kept secret;
2. any confidential or insider information received from third parties or by virtue of the position held shall not be used for personal dealings including through third parties;
3. speculative investments are prohibited during working hours, especially intraday purchases and sales of the same security;
4. personal dealings, including via third parties, in trading derivatives, other derivatives (futures, options, swaps), short selling as well as dealings with a frequency that suggests speculative purposes are prohibited during working hours;
5. any personal activities or interests which may be in conflict with the interests of the Company, of customers/prospects and/or assets under management shall be fully disclosed;
6. acceptance of gifts that may potentially lead to a behaviour that clashes with the interests of investors or the Company for their nature.

Business continuity

The services provided are hallmarked by high reliability and security of the technology infrastructure. Business continuity and the provision of services to customers are dependent upon the proper operation of the business infrastructure and processes, including those based on IT and telecommunications technology. This is particularly true for an organisation like the Mediolanum Banking Group in which the technology-based direct access channels (the Internet, the Banking Services Center, the television) for the customer are the keystones of the business model. The Group is equipped with adequate systems to ensure business continuity and constantly monitors the proper functioning of all components, making sure they are suitably scaled to ensure the delivery of services.

This entailed the establishment of reliable controls over critical business processes, and investment in technology to ensure service delivery continuity, the constant monitoring of the operation of processes as well as the establishment and the dissemination of proper alternative procedures that ensure business continuity in the event of failures or crises. Due to the close correlation between technology and operational processes, the Information Systems and Organisation department of Banca Mediolanum is responsible for the extensive business continuity plan and implemented a number of measures geared to achieve the objectives above.

It should be noted that Banca Mediolanum not only provides Information Technology services but also manages, via intercompany service agreements, the information system processes of the Group's Italian companies whose products are sold by the bank.

The activities put in place to meet the objectives above were developed along two main lines:

- technology. Review of all activities needed to ensure the efficiency and security of the infrastructure, and a constant monitoring of the infrastructure and related equipment to ensure the delivery of services also in case of failures or disasters;

- processes. Development of operational procedures that ensure business continuity across a wide range of crisis scenarios (from temporary disruption to an emergency situation, severe crisis or catastrophe). The procedures were designed, tested and maintained in cooperation with the various users. A Crisis Team was established to coordinate and manage the various stages in a crisis until business is resumed. The team is composed of the heads of various departments and is responsible for coordinating all steps taken in the management of the crisis. The Group carries out a variety of drills and tests annually as well as updates and upgrades of its processes and systems to reflect any changes in internal processes and product innovation and to ensure that the organisation's infrastructure keeps pace with the rapidly changing market environment and business needs of the company.



Michela Fantin

FINANCIAL INDICATORS

BEING

The good performance of the Group is demonstrated by results that were particularly positive in 2009, despite the fallout connected to the economic crisis.

After a 2008 when net inflows had already increased 55% in the Italian market thanks to a level of 'trust capital' built over time, net inflows more than doubled in 2009, up 122%, to €5.8 billion, of which 2 billion in managed assets. These numbers put Mediolanum in 6th place among Italian asset management groups, with administered and managed assets in excess of €40 billion (+37%).

2009 closed with a Group net income of €217 million, thanks in part to extraordinary factors tied to the market's performance and interest rates.

DOING

The proactive nature of the Group had its impact on the results: immediately reacting during the crisis in 2008, unilaterally lowering the spread on mortgages and protecting those customers with index-linked policies with Lehman Brothers bonds underlying (a move that was completely and solely covered by the two majority shareholders of Mediolanum S.p.A.); knowing how to manage the emotions of the customers through the Family Bankers working alongside the customer; launching the Freedom products and services in 2009 that give a return also on short-term liquidity.

BUILDING

All of these moves together generated peace of mind, with the double-effect of social stability and ongoing growth - even in the number of customers.

The Group intends to continue to invest in these ideas and values.

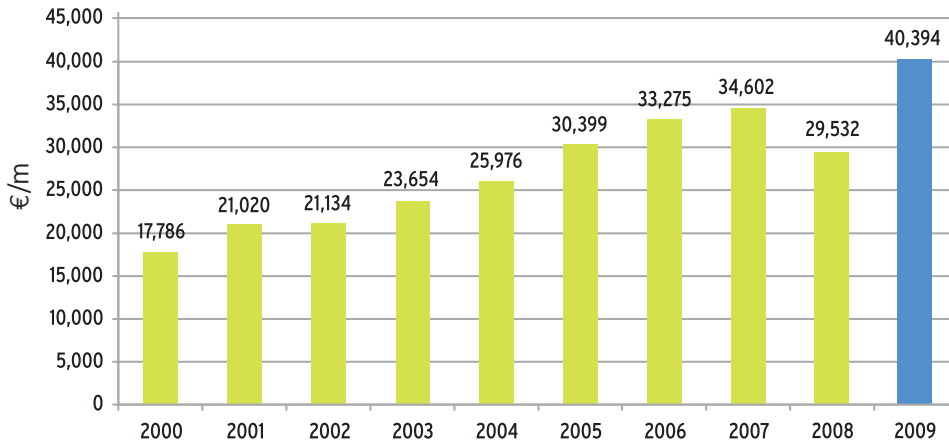
"Luigi Del Fabbro, Officer responsible for preparing Mediolanum S.p.A. accounting and financial reporting documents hereby certifies pursuant to section 154 bis, second paragraph, of the Consolidated Finance Act, that the financial information contained herein reflects the accounting entries, records and books."

Key financial data

CONSOLIDATED DATA

Group assets under management & administration

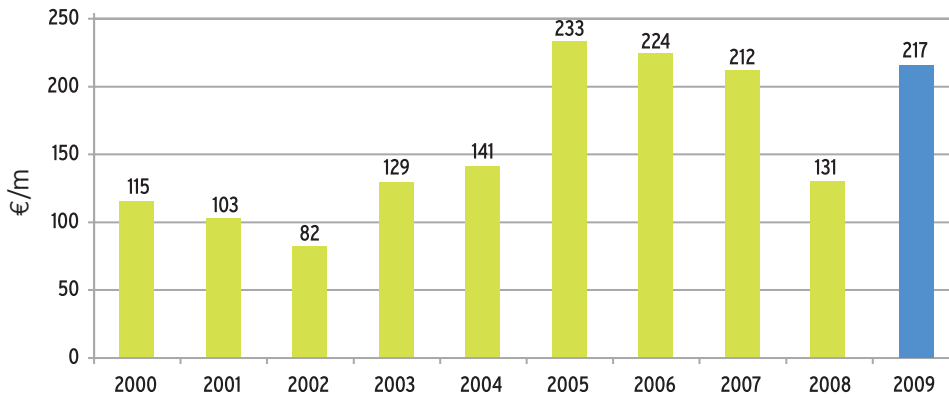
(€/m)



In 2009, assets under management and administration⁽¹⁾ had a strong increase, coming in at € 40,394 million.

Group net profit

(€/m)



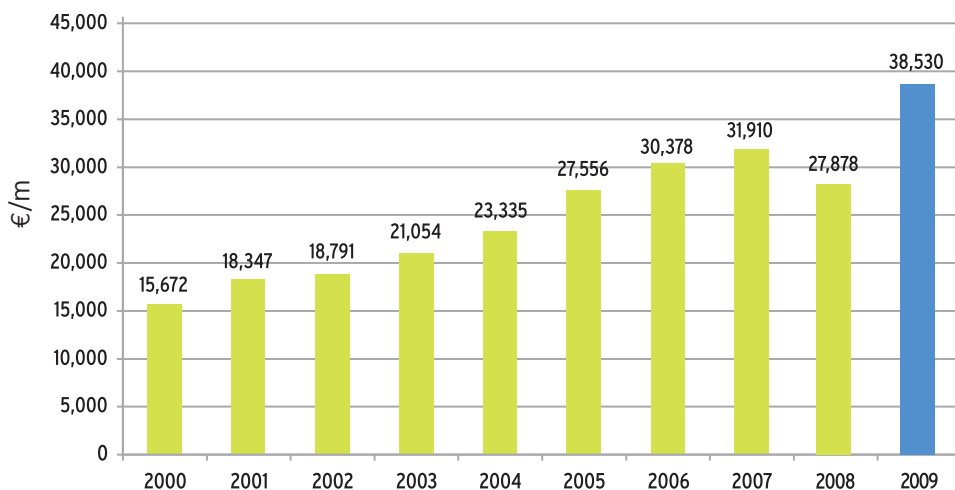
Consolidated net income from ordinary operations came to €217 million, back to the level in 2007.

(1) The data for 2008 differs from the data that was published last year due to a reclassification of the 2008 data

DOMESTIC MARKET⁽²⁾

Assets under management & administration

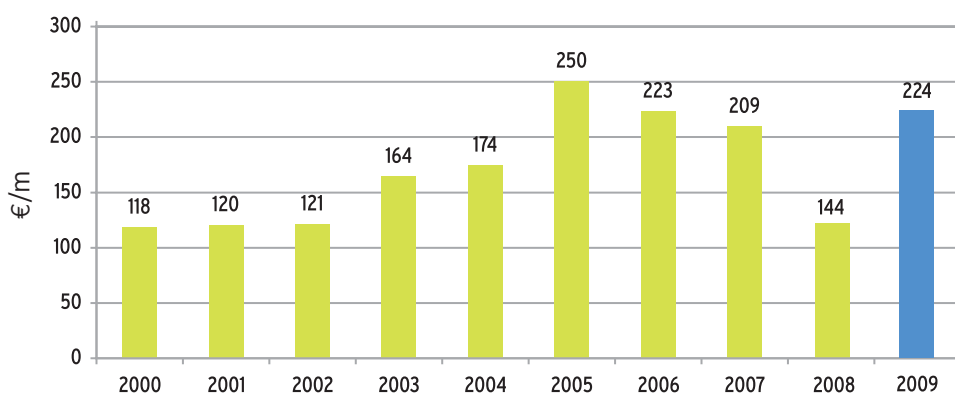
(€/m)



Assets under Administration⁽³⁾ increased significantly compared to 2008, coming in at €38,530 million.

Net Profit Domestic market

(€/m)



Net income from ordinary operations in the domestic market increased, coming in at €224 million (+ 55% compared to 2008).

(2) Figures relating to net profit, assets under management and administration and gross inflows of customer assets also include the results of Banca Esperia on a pro-rata basis (50%)

(3) The data for 2008 differs from the data that was published last year due to a reclassification of the 2008 data

Summary business and financial data

	2009	2008	% Change
Ordinary Shares outstanding (number)	731,400,579	730,096,109	0.2
Group (€/m)			
Group Assets under Management & Administration*	40,394	29,532	36.8
Gross Inflows*	11,586	7,677	50.9
Embedded Value post-acquisitions*	3,072	2,397	28.2
Revenues*	10,504	3,431	206.1
Profit before tax	258	165	56.4
Income tax	40	34	17.6
Net profit	217	131	65.6
Dividend	110	110	-
Dividend per share	0.15	0.15	-
Domestic Market Mediolanum			
Total Customers	1,097,800	1,084,740	1.2
Total Primary Account Holders	921,330	914,700	0.7
Sales Network	5,303	5,851	(9.4)
Assets under Management & Administration (€/m)	32,939	23,941	37.6
Total Gross Inflows, of which (€/m)	11,377	7,537	50.9
Gross Life Premiums Written	6,878	2,667	157.9
Gross Inflows to Mutual Funds & Managed Accounts	3,197	2,203	45.1
Gross Inflows to assets under administration	(768)	1,619	(147.4)
Banca Esperia Gross Inflows	2,049	1,032	98.5
other**	21	16	31.3
Total Net Inflows, of which (€/m)	5,795	2,610	122.0
Net Inflows to assets under management	6,563	991	562.3
Net Inflows to assets under administration	(768)	1,619	(147.4)
Banca Esperia*** (€/m)			
Assets under Management & Administration*	5,591	3,937	42.0
International Markets (€/m)			
Assets under Management & Administration*	1,864	1,653	12.8

* The data for 2008 differs from the data that was published last year due to a reclassification of the 2008 data

** Non-life policies and third-party insurance products (Skandia)

*** Mediolanum shareholding (50%)

Embedded value

Considering the importance of “embedded value” in analysing the Mediolanum Group performance, some key information on European Embedded Value prepared with the assistance of Towers Watson is provided below.

In 2009, the Mediolanum Group adopted the Market Consistent Embedded Value Principles established by the CFO Forum (the organisation comprised of all the CFOs of the European Insurance Groups) as far as the Life business (MCEV) is concerned, while for the other businesses (Asset Management and Banking), the Market Consistent European Embedded Value principles are applied.

Embedded Value is the sum of Shareholders' Equity, adjusted to the market value of assets, plus the value of in-force business.

For life business, the value of in-force business is the present value of the stream of future after-tax profits projected over the contract life and adjusted for the cost of maintaining a level of required capital and for the cost of non-hedgeable risk.

Value of in-force business for mutual funds, managed accounts and the banking business is calculated, wherever possible, in a way similar to that of the Life policies in-force.

The table below shows the analysis of “Embedded Value” at December 31, 2009 and comparative information at December 31, 2008.

Embedded value at December 31

€/m	2009	2008*	% Change
Net asset value (1)	992	814	21.9
Adjustments to net asset value (2)	(291)	(296)	(1.7)
Adjusted net asset value	701	518	35.3
Value of in-force business, life business	1,763	1,500	17.5
Value of in-force business asset management	389	250	55.6
Value of in-force business, banking	218	129	69.0
Value of in-force business	2,371	1,879	26.2
EMBEDDED VALUE	3,072	2,397	28.2

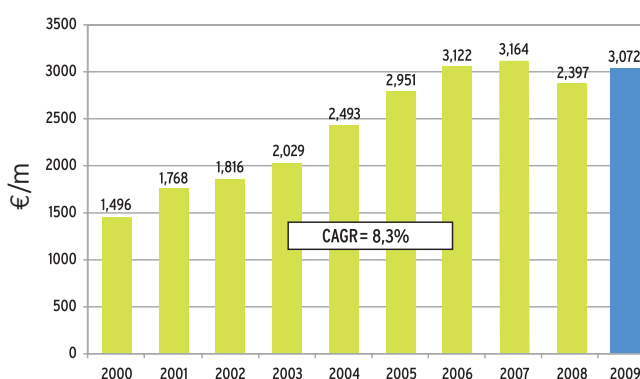
Embedded value totalled €3,072 million.

* 2008 data were reclassified according to MCEV principles for the life business, the covered part of the business

- (1) On an IFRS (International Financial Reporting Standards) basis
- (2) Consolidated shareholders' equity on an IFRS basis before distribution of dividends payable in the following year, is adjusted:
 - I. to reflect the market value of any assets not measured at market value under IFRS,
 - II. to eliminate the impact of goodwill arising in prior years, largely from the acquisitions of Fibanc, Gamax, B.A. Lenz and MILL,
 - III. to eliminate gains on segregated funds which are included in the value of in-force life business as they are realised,
 - IV. to eliminate the accounting balances relating to life contracts classified in accordance with IAS 39 for which the value of the in-force business is determined on a statutory basis,
 - V. to eliminate the impact of taxation on life reserves.

Embedded value

(€/m)



CAGR: Compound Annual Growth Rate

The principle components of European Embedded Value for the Group have been calculated internally since 2007, relying on the consultancy of Towers Watson for the review of the results of the calculation and for the calculation of all the other components of Embedded Value that are not calculated internally.

Value added for the stakeholders

CALCULATION AND DISTRIBUTION OF VALUE ADDED

Method

Value added expresses the value created by the company during the year, and is calculated as the difference between sales and costs and represents the bridge between the Annual Report and the Social Report.

For the calculation of value added, income statement items were reclassified to highlight the processes through which value is generated and distributed, and to quantify in monetary terms the relationship between the company and its social and business partners, especially some of its key stakeholders, i.e.:

- dividends that are paid out to the shareholders;
- wages and salaries, social security contributions, completion-of-service entitlements, compensation paid to human resources (employees, contract workers and sales network);
- direct and indirect taxes paid to the Government and its agencies; fees paid to supervisory authorities and trade associations;
- charitable projects for the community;
- earnings retained by the company to be reinvested in the business to ensure that the business is efficient and keeps growing.

The tables below show the generation and distribution of value added in FY 2009 and FY 2008 for our domestic market (Italy) using the same classification of items as reported in Segmental Financial Information as at December 31, 2009 and as at December 31, 2008, under Part E of the Notes to the 2009 Annual Consolidated Financial Statements.


Formation of consolidated value added - Italian market

(amounts in thousands of €)	FY 2009	FY 2008	% Change
Net sales			
Net premiums written	9,545,971	2,659,675	258.9
Amounts paid and changes in technical reserves	(9,457,085)	(2,561,802)	269.2
Commission income	579,218	455,441	27.2
Commission expense ⁽¹⁾	(43,557)	(28,013)	55.5
Net financial income*	211,266	148,938	41.8
Net income on other investments ⁽²⁾	14,899	17,832	(16.4)
Other revenues	23,802	21,943	8.5
TOTAL NET SALES	874,514	714,014	22.5
Costs			
General and administrative expenses ⁽³⁾	(137,567)	(141,069)	(2.5)
Net impairment	(35,506)	(8,832)	302.0
Provisions for risks and charges ^{(1)*}	12,250	(2,068)	(692.4)
TOTAL COSTS	(160,823)	(151,969)	5.8
Gross value added from ordinary operations	713,691	562,045	27.0
Profit/(loss) from discontinued operations	(389)	-	-
Profit/(loss) from disposal of investments ⁽²⁾	8,510	5,644	50.8
Total gross value added	721,812	567,689	27.1
Amortisation and depreciation ⁽³⁾	(15,594)	(13,833)	12.7
Impairment of goodwill	(4,038)	-	-
Total net value added	702,179	553,856	26.8
Cost of labour			
- employees ⁽³⁾	(122,590)	(113,719)	7.8
- sales network ⁽¹⁾	(268,480)	(229,021)	17.2
Gifts and donations ⁽³⁾	(5,292)	(2,328)	127.3
Direct and indirect taxation ⁽³⁾	(39,346)	(28,488)	38.1
PROFIT BEFORE TAXES AND MINORITY INTERESTS	266,472	180,300	47.8
Income tax for the period*	(42,353)	(35,968)	17.8
Minority interests	-	-	-
NET PROFIT	224,119	144,332	55.3

(1)-(2)-(3) The figure differs from the reported in the reclassified income statement due to the separate indication of the amounts relating to the items reported after Total Net Value Added

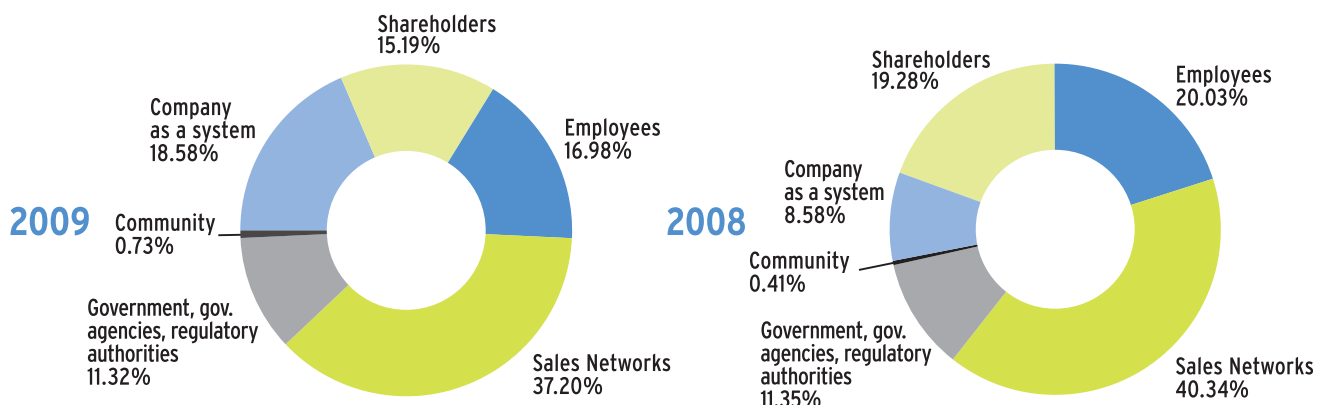
* Data does not include the impact of the operation that was put in place to safeguard customer interests following the Lehman Brothers default


Distribution of consolidated total gross value added - Italian market

(amounts in thousands of €)

	FY 2009	FY 2008	% Change
Shareholders	109,630	109,456	0.2
- dividend to third party stakeholders	109,630	109,456	0.2
Employees	122,590	113,719	7.8
Sales Networks	268,480	229,021	17.2
Government, gov. agencies, regulatory authorities	81,699	64,456	26.8
- direct and indirect taxes	39,346	28,488	38.1
- income tax for the period	42,353	35,968	17.8
Community	5,292	2,328	127.3
- gifts and donations	5,292	2,328	127.3
Company as a system	134,121	48,709	175.4
- amortisation and depreciation	15,594	13,833	12.7
- impairment of goodwill	4,038	-	-
- foreign operations	6,839	13,057	(47.6)
- retained earnings	107,650	21,819	393.4
Total gross value added	721,812	567,689	27.1

Value added distribution





Alessandro Bottalico

SOCIAL INDICATORS

CUSTOMERS

SALES NETWORK

EMPLOYEES

SHAREHOLDERS AND INVESTORS

VENDORS

THE COMMUNITY AT LARGE

COMMUNICATION INITIATIVES

THE ENVIRONMENT

REGULATORY AND LEGAL AUTHORITIES, TRADE ASSOCIATIONS



Francesca Marconcini

CUSTOMERS

BEING

All of the Group's activities aim at continuously improving the relationship with customers, through behaviour founded on the principles of fairness, transparency, responsibility, reliability and propriety; and through the highest level of professionalism and quality, characterised by ad-hoc, empathic and proactive answers.

Creating and increasing financial independence, hence more freedom.

DOING

Our activities carried out in 2009 were directed towards offering customers a reference point with respect to the crisis - whether real or perceived. This was the inspiration for the creation of the Freedom Account, a simple and feature-packed bank account addressing the question of how to employ short-term liquidity, as is often the case in uncertain times. The combination of a fully-fledged and user-friendly bank account with a Life policy with an attractive yield has brought new assets and new customers to Mediolanum.

The model's ease of use has been enhanced with the introduction of the new voice portal Bmed Voice and a new family of websites. The yearly in-house analysis of Customer Satisfaction shows a stable satisfaction rate at 83.6%; an ABI (Italian Bankers' Association) survey on the retail segment resulted in 80% for overall satisfaction, compared to 61% for the entire industry.

The many initiatives undertaken by Mediolanum aimed at protecting its customers were highly appreciated, particularly considering how difficult the year was for Italy. These include the financial aid granted to families struck by the earthquake in L'Aquila, and the participation in many crisis relief endeavours.

BUILDING

Mediolanum intends to keep paying attention and listening to its customers, as well as developing a line of products and services in line with their expectations, and to continue with programmes designed to protect customers.

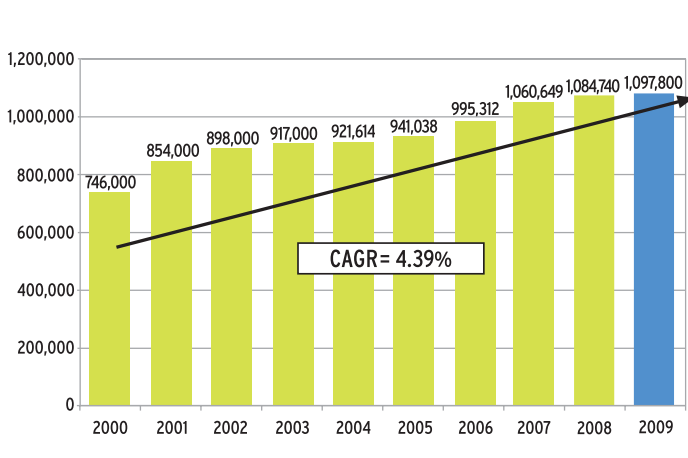
Because it takes quality and reliability to build long-lasting and stable relationships with customers.

Analysis of customers

NUMBER OF CUSTOMERS

Over the last decade, the growth in the number of total customers and primary account holders has been remarkable; increasing in 2009 as well, **1,2%** and **0,7%** respectively.

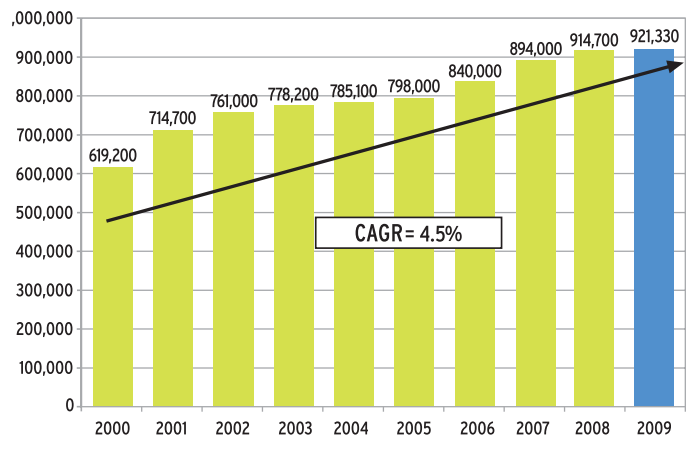
Total customers



CAGR: Compound Annual Growth Rate

(Number)	2009	2008	% Change
Total Customers	1,097,800	1,084,740	1.2
Primary account holders	921,330	914,700	0.7

Primary account holders



NUMBER OF CONTRACTS

In 2009, the total number of contracts increased **9.4%**.

(Number)	2009	2008	% Change
No. of Contracts*	2,807,618	2,567,300	9.4

* Types of contract: Life policies, Mutual Funds, Managed Accounts, Bank Accounts, Securities Accounts, Credit Cards, Mortgage Loans, Loans, Credit Facilities, Protection and Real Estate products (Timeshare Property).

GEOGRAPHIC DISTRIBUTION OF PRIMARY ACCOUNT HOLDERS

The Group's customers are evenly distributed across Italy.

In 2009, the number of customers increased slightly in the North-East.

Geographic area (Number)	2009	2008	% Change	% out of total customers Italy
North-West	253,854	253,996	(0.1)	27.6
North-East	268,458	264,135	1.6	29.1
Centre	210,175	208,004	1.0	22.8
South and Islands	188,843	188,565	0.1	20.5
TOTAL ITALY	921,330	914,700	0.7	100.0

PRIMARY ACCOUNT HOLDERS BY GENDER

Breakdown by gender remained stable.

Gender (%)	2009	2008
Men	61	61
Women	39	39
TOTAL	100.0	100.0

PRIMARY ACCOUNT HOLDERS BY AGE GROUP

The majority of Group customers are in the **36 - 55 age group (51.8%)**, with a slight increase in average age (47.7 years) in 2009.

Age group (%)	2009	2008
up to 25 years	3.8	4.2
26-30	6.8	7.4
31-35	11.4	12.1
36-45	29.2	29.5
46-55	22.6	21.8
56-65	14.3	13.7
> 65	11.9	11.3
TOTAL	100.0	100.0
Average age	47.7	47.0

PRIMARY ACCOUNT HOLDERS BY PROFESSIONAL CATEGORY

Over **51%** of Mediolanum Group customers are non-management employees, managers and entrepreneurs. In 2009, no significant change was observed in the breakdown of customers by professional category.

Professional category (%)	2009	2008
Non-management employees	34.2	34.8
Entrepreneurs	15.6	15.5
Blue collar workers	14.3	14.1
Self-employed professionals	11.1	11.7
Retired	12.8	11.9
Homemakers	6.4	6.7
Students	2.8	2.9
Managers	2.0	1.7
Unemployed	0.8	0.7
TOTAL	100.0	100.0

PRIMARY ACCOUNT HOLDERS BY LEVEL OF EDUCATION

2009 saw an increase in the number of Group customers who held a high-school diploma or university/postgraduate degree (now representing a share of **69%**).

Level of education (%)	2009	2008
Elementary school	7.0	7.3
Junior High School	24.0	24.0
High School	51.6	51.9
University/Postgraduate	17.4	16.8
TOTAL	100.0	100.0

Customer Satisfaction

Once again in 2009, a Customer Satisfaction survey was carried out by Unicab, the leading research institute that has been entrusted with this survey for the past 15 years. The survey looks at the gap between what the company offers and the expectations and perceptions of customers in their relationship with the bank. There are a variety of aspects that are put under the microscope:

- products selected and results obtained;
- multiple direct distribution channels and degree of customers' knowledge about their use, their frequency of use as well as the functions used;
- evaluation of the level of service offered by the various channels of access;
- customer-Family Banker® relationship.

The survey's historical data is extensive enough to identify trends in the results collected over time and to understand how the relationship between Mediolanum and the customer has developed. The stability in the level of satisfaction indicates a strengthening of the relationship with both the bank and with the Family Banker®.

METHOD

Each year a sample of **10,000 customers** are included in the survey. To adequately reflect Mediolanum's customer base, the data collection in 2009 consisted of a sample group of 76% bank account holders and 24% non-bank account holders*.

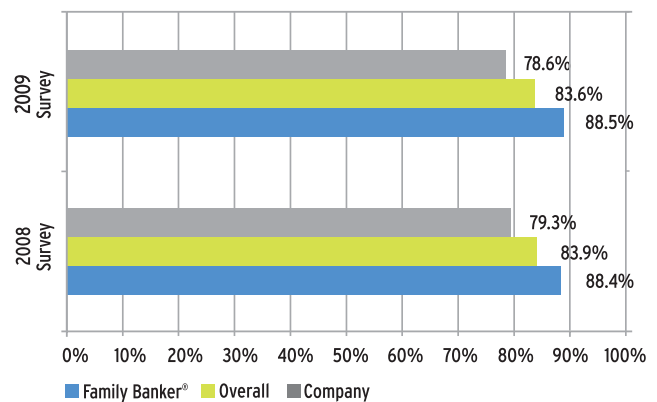
Compared to the 2008 survey, customer satisfaction for both the Company and the Family Banker® registered once again a very satisfactory level, despite the adversities experienced during the year with respect to both equity markets and interest rates. In particular, there was a significant improvement in customer satisfaction regarding response time in the Banking Services Center, and the service offered by the Banking Services Center via the toll-free number:

a very high satisfaction level of more than 90% was recorded.

The level of satisfaction with Family Bankers was very positive: the attention paid to the customer and their capacity to provide information and updates on the economic situation were appreciated in particular, especially when taking account of the markets' difficult behaviour.

Customer Satisfaction

(completely satisfied customers: a score between 8 and 10 on an increasing scale of 1 to 10)



Involving customers and focus groups in key areas of interest is one of the main strategies employed by Mediolanum in order to have a clear view of customer trends.

The results of the annual **ABI Retail Customer Satisfaction Survey** carried out in cooperation with Gfk Eurisko confirm the level of Customer Satisfaction. This analysis compares a sample of more than 3,000 Banca Mediolanum customers with a sample representative of the Italian banking market: the overall satisfaction index of the Mediolanum customers registered a higher level compared to the satisfaction level achieved by the entire sector (**80%** versus **61%**).

Customer loyalty is stable at very high levels - particularly where Average Customer Seniority, Cross-Selling rate and Retention rate are concerned.

* In the 2008 survey, the sample consisted of 75% bank account holders and 25% non-bank account holders

AVERAGE CUSTOMER SENIORITY

Average customer seniority increased in 2009 as well, indicating an increase in customer loyalty.

(years)	2009	2008	% Change
Average customer longevity	8.9	8.5	4.7

CROSS SELLING

Cross selling is an indicator of the degree of coverage of the customer financial needs by the bank. It indicates the number of product lines that are actively used by a customer. Data are substantially stable (with a slight increment in customers with only one product line). The share of customers with at least six product lines, which indicates optimal coverage, is stable at over 10%.

	2009	2008	% Change
Average number of products held	2.8	2.8	-
No. of products held (% out of total customers)	2009	2008	% Change
One product	35.0	34.1	2.6
2-5 products	54.7	55.6	(1.6)
At least 6 products	10.3	10.3	-
TOTAL	100.0	100.0	

(Product types: Bank Accounts, Credit Cards, Securities Accounts, Mutual Funds, Managed Accounts, Index-Linked Life products, Retirement Plans, Life Insurance and General Insurance products, Credit facilities/Loans/Mortgage products, Use of the multiple channels)

CUSTOMER RETENTION

Customer retention is defined as the number of customers doing business with the Group at the end of a financial year and is expressed as a percentage of those who were active customers at the beginning of the year.

In 2009 it decreased slightly.

(%)	2009	2008
Customer Retention Rate	92.9	93.4

"Banca Mediolanum has been my bank since it's existed: it's something that gives me more freedom and peace of mind."

(Customer since 2004)

"PRIMAFILA"

Since 2004 PrimaFila is a programme that was developed **to reward** the Group's most **loyal customers** with prizes and other advantages, fostering continuity in the relationship with customers.

PrimaFila also provides additional opportunities to keep in touch with the Banca Mediolanum **community**



by means of meetings, events, conventions and a variety of activities, all of which bring PrimaFila customers together in an effort to further develop a bond between the customers and the Group.

Advantages and services

Customers can access an array of carefully selected entertainment, sports and cultural events through the PrimaFila Club.

PrimaFila customers also have the benefits coming from agreements with partner companies and enjoy dedicated banking services, including a preferential 'fast track' for the management and handling of requests, priority access to the Banking Services Center, the possibility to increase the spending limit on the credit cards or ATM cards, and the issue of personalised checks.

The new magazine World PrimaFila, available in both hardcopy and electronic, interactive forms has been available since May 2009. The new biannual magazine looks at Club events and provides useful advice and information on topics of general interest (cuisine, free

time, travel, etc.) as well as on the activities reserved for the customers in the Club.

The online version lets customers browse through the photo gallery, view videos and send articles to external e-mail addresses.

The magazine is available within the password-protected section of the Banca Mediolanum website where there is a space dedicated to communicating with the best customers, as well as on the public website **www.primafilamediolanum.it**. This site is the window to the Club that lets everyone, not just customers, leaf through past activities, access the photo archive and keep updated on PrimaFila services and news.

In order to provide better service and broaden opportunities for PrimaFila Club members, an analysis of customer satisfaction for the programmes' services is underway, with the ultimate goal of widening the range of opportunities offered to members, in line with their needs.

Channels and Services

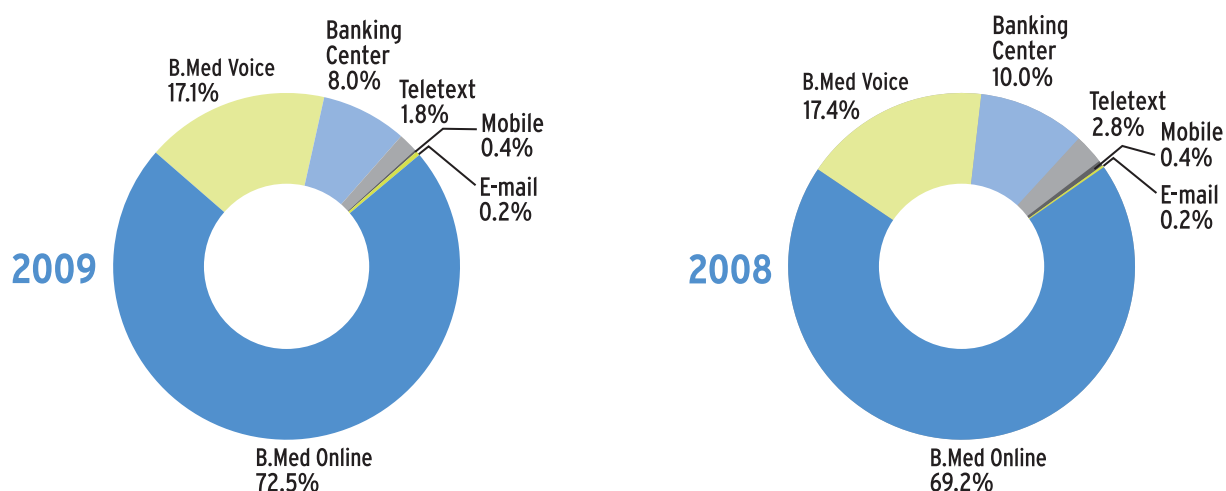
In 2009, **69%** of the customers who are bank account holders used Direct Channels, an increase of 2% compared to the previous year. Total **contacts** with the bank increased by **8.3%**, while the number of text messages sent by customers utilising text messaging service was up 2.6%. The increase in the number of **transaction orders** executed directly by the customer was even higher (**+14%**), indicating the customer's greater familiarity in the use of the multi-channels of the bank.

USAGE RATE OF DIRECT CHANNELS 2009 VS. 2008

- **B.Med Online** Contacts made via the Internet continued to increase (**+12%**) and represented **72.5%** of the total.

- **B.Med Voice** Contacts via the voice portal registered an increase of 5%, verifying the tendency and the preference of the customer to operate on their own, particularly when looking for information and doing the more simple transactions (requests for their bank account balance and movements, mobile phone top-ups...)
- Similarly, this propensity towards 'self-banking' is reflected in contacts made via the **Banking Services Center** representatives, which is down 15%.

Contacts per Channel



The level of service provided by the Banking Services Center continues to reach very high levels: **96%** of the calls are responded to within 20 seconds, and the average waiting time for all calls is about 2 seconds.

To fully appreciate these results, it is helpful to make the comparison with the results from the fifth research report "Rapporto sui call center bancari" (Report on banks' call centers), conducted by the ABI Lab and by the Marketing and Customer Satisfaction Department, where Banca Mediolanum is included, together with 23 other call centers that represent 84 banks: 70% of the calls receive a response within 20 seconds with an average waiting time on all calls of around 42 seconds*.



(Customer since 1994)

* Source: "5th Report on Banks' Call Centers", ABI Lab and ABI Marketing and Customer Satisfaction Departments

**REVIEW OF
MEDIOLANUM
PUBLIC INTERNET
WEBSITES**



The most important event in 2009 for the Direct Channels had to do with the development and review of the main Internet sites of the Mediolanum Group.



In particular, in July 2009, the public website www.bancamediolanum.it assumed the role as the lead channel for the relationship between the Bank and customers as well as potential customers, with an exhaustive presentation of the unique multi-channel, transparent model offered by Banca Mediolanum and its range of products and services.



The website's graphics and content have been renovated; the architecture has been reorganised for easy and intuitive navigation, with more space dedicated to communication and to the description of the services offered.



www.bmedonline.it is the new front door to the Bank and is dedicated to customers, and more than just identifying the customer and giving access to their own personal position, it also provides news targeted to current customers.

Lastly, all of the websites of the Mediolanum Group are accessible through a single portal www.mediolanum.it where it is easier to access all of the information relative to any of the companies or projects of the Group.

Please note that the corporate website of the Group, in Italian and English, is available at the address www.mediolanum.com.

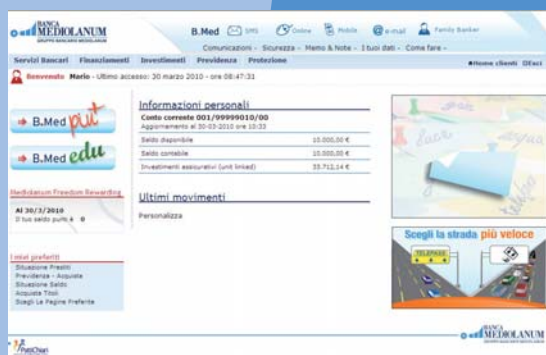
WELCOME KIT FOR NEW ACCOUNT HOLDERS

To facilitate the knowledge of the multi-channel services offered by the Bank, a Welcome Kit was developed: a kit filled with suggestions for the new account holders with the purpose of directing them to a better understanding and use of the channels available at Banca Mediolanum.

In particular, a leaflet dedicated to 'self-banking' is inside every Welcome Kit that is delivered to the new account holder's home. All the Banks' direct channels that allow the customer to operate on their own and with complete freedom are presented here: B.Med Voice, B.Med Online and B.Med Mobile.

A new area called **B.Med Edu** has been developed on the www.bmedonline.it website and is designed to educate and to provide support to all the new bank holders about the direct channels. The new bank account holders who access B.Med Edu and take advantage of the content available can participate in a dedicated contest, "Welcome to Mediolanum".

At the first telephone contact, the new bank account holder, aside from being greeted with a personalised welcome message, receives information about the multi-channels available and on how to access the Bank via 'self-banking'.



OTHER UPDATES IN 2009

Over the course of 2009, new **services and functions** supporting requests for information and for transactions were introduced.

In particular:

- the possibility to send a wire-transfer with a pre-set date specifying the value date for the beneficiary;
- the Direct Debiting feature has been extended to a greater number of utilities and service companies in order to satisfy most of customer requests;
- and in terms of this feature, an option was added for the automatic transfer of Direct Debiting instructions set up with other banking institutions to the Banca Mediolanum bank account using the Banking Services Center or the Internet;
- the B.Med Mobile application also provides customers information regarding their Repurchase Agreements in their portfolio.

Other features have been planned on the voice portal **B.Med Voice** to increase the 'Self-Service' options offered to the customer:

- the possibility to activate and deactivate all the Text Messaging services by telephone 24 hours a day, 7 days a week;
- checking the Cartasì credit card and ATM account balances and movements;
- self-service checking on the balance of points in the Freedom Rewarding programme;
- topping up of the Mediaset Premium DTT card 24 hours a day, 7 days a week.

An analysis on the perception of quality on the part of the customers who use the Banking Services Center was undertaken in order to pay greater attention to the level of quality of services provided. The survey was conducted with a sample of 1,600 customers in the period September - December

2009; the respondents were asked their opinion about the technical competence, response time, the professionalism and the kindness of the Banking Services Center representative (the reps who manage their requests).

The results were positive and nonetheless gave ideas for further improvement and refinement of the services provided.

2010 PROJECTS

B.Med Voice

Capitalising on one year of experience with a certain degree of success, B.Med Voice will continue to undergo improvements in 2010 through the introduction of new services and refinements of the current ones with the objective of giving even more autonomy to the customer.

B.Med Mobile

In 2010, another step was taken in the direction of the multi-channels: the web version based on GSM devices will allow a greater number of customers to take advantage of B.Med Mobile, while the version for the I-phone will cater to the needs of the more demanding customers.

B.Med TV

In 2010, a new channel will be launched that will support multi-media content.

The content will teach both customers and prospects about how to use the multi-channels and the bank products.

The new channel will have a structure that is typical of a Web Video Library and will present videos and shows produced by the Mediolanum Channel.

Development of the range of products and services

The Mediolanum Group's philosophy is **to identify the needs** of customers who are at the centre of the business proposition and to satisfy these needs.

Mediolanum continuously monitors its products and services to offer increasingly innovative, flexible solutions and eliminate those that no longer meet customer needs.

NEW PRODUCTS IN THE BANKING SERVICES RANGE

In the course of 2009 the entire Banca Mediolanum bank account range was revamped with the introduction in March of the new "Mediolanum Freedom" account, representing a significant innovation in the Italian banking industry.



The "**Mediolanum Freedom**" account is a new bank account, developed to address customers' needs with a simple, advantageous

offer that is also easy to use: a product combining free and unlimited banking operations with a new remuneration scheme thanks to the automatic investment/disinvestment of the liquidity in the account in a Life policy, ensuring yields well above the market average.

Customers have a flexible bank account in their hands, with a low or zero monthly fee, that adjusts automatically according to how it is used; the account allows for all main banking operations, and an unlimited use of the phone and Internet channels for information and transactions.

The Mediolanum Freedom product range has been developed to adapt to different tiers of customers: specific proposals exist to cover different personal and household needs, as well as for the self-employed and university students. Optional P&C insurance covering the account holder and his/her

family can be added to the current account.

With the launch of the new Mediolanum Freedom account, the whole range of debit/credit cards has been restructured. The new "**Mediolanum FreedomCard**" is a family of multi-function cards that cover all needs: from traditional bank customers who prefer to use an ATM but have an occasional need for a low-cost credit card, to those who want their card personalised with their picture and include the most sophisticated payment functions, all the way to demanding customers who require distinctive and exclusive services.



The new pre-paid rechargeable "**GiroCard**" was launched during the event of the 100th anniversary of the "Giro d'Italia" bicycle race, an event sponsored in part by Banca Mediolanum.

In 2009, the considerable success of the "**Mutuo Mediolanum Freedom**" mortgage continued, thanks to its flexibility, innovation, and competitiveness: features that allow to package together the ideal solution, and to be able to change it over time.

Customers can tweak different parameters to build a mortgage according to their personal needs: the type of reimbursement plan, rate type (variable or mixed), duration, rate cap, loan-to-value ratio. Moreover, the interest spread automatically shrinks if the reference rate goes up, and a mortgage from another bank can become a Mutuo Mediolanum Freedom at no cost, thanks to portability.

The consumer credit product line saw the addition of the new "Young" credit line to the "**Mediolanum Credit**" family. The new line is a personal loan dedicated to students aged 18 to 25 for up to €10,000, and is fast and easy to get as is typical of all last-generation consumer credit products.

The range of investment products was enriched with the new **MedPlus** line, which are structured bonds with a fixed-income and a derivative component, targeted to customers who want their capital protected without missing the opportunities presented by the markets.

In addition, the MedPlus Certificate variant offers potentially higher yields with no capital protection, for customers with a more aggressive investment profile.

In the last four months of 2009, Banca Mediolanum has put together a task force to support its customers in taking advantage of the law decree allowing for repatriation of assets held abroad.

WHAT'S NEW IN THE FINANCIAL AND INSURANCE SERVICES RANGE

In March 2009, **Mediolanum Super 10** was introduced and is intended for customers with a long term investment horizon and is a new investment service that gradually shifts the capital and coupons from a traditional bond investment into an instalment plan invested in Mediolanum Best Brands or Challenge equity funds. A one-of-a-kind, exclusive service, dedicated to a financially savvy customer target.

In the course of the year, the insurance product range was enlarged with a new family of Unit-Linked policies by Mediolanum International Life called **Mediolanum Più**. The first in this family was launched in February and is a simple investment tool



with a short time horizon and a clear investment objective, investing in bonds issued by primary banking institutions that

would not normally be accessible to the private investor.

In July, **Mediolanum Più Corporate Opportunity**

was launched. This product is perfect for customers who wish to take advantage of the chances offered by the corporate bond market, diversifying their investments with an attractive annual yield objective.

New regulations issued by ISVAP that have been in force since November 1, 2009, have introduced some limitations in the structure of Index-Linked products, making it more difficult to offer products that can satisfy the customers' financial needs with an appealing yield. Therefore, Banca Mediolanum has decided to discontinue DiPiù and Double Premium product ranges, and has made an effort to create replacement products.

In December, a new family of Unit-Linked policies named **Mediolanum Synergy** was launched, and is intended to be one of the options to the discontinued Index-Linked products, and features capital protection and a yield connected to one or more reference equity markets.

Mediolanum Synergy is a product aimed at customers with a pre-set medium/long term horizon, and benefits from growth in the equity markets, offers capital protection, and active, professional management of a diversified bond portfolio.

Mediolanum Synergy Power 2009 is the first tranche of this new insurance service that will provide diversification in terms of investment term and benefits.

Mediolanum Freedom Rewarding



In the course of 2009, Banca Mediolanum introduced a **loyalty programme** called "Mediolanum Freedom Rewarding".

Customers who introduce new customers or new financial advisors to the bank, or simply make extensive use of the bank's services (credit cards, direct debit, direct deposit of salary, and so on) can take part in a point accrual programme that will allow them to select gifts and advantages from a dedicated catalogue.

RESPONSES TO THE CRISIS

In June 2009, Banca Mediolanum made a series of decisions in support of customers. These were either autonomous decisions or based on proposals made by the Ministers in the Italian Government or by trade associations. Decisions with the same objective were made in 2008 such as the unilateral lowering of the spread on mortgages, the covering of the loss on Index-Linked policies with Lehman Brothers bonds as underlying in order to mitigate the impact of the economic crisis that affected the international and national community.

Specifically, the main steps taken by Banca Mediolanum S.p.A were:

Measures in support of families

- participation in the framework agreement between ABI (Italian Bankers' Association) and CEI (Italian Episcopal Conference of the Catholic Church) targeted to granting **loans to large families** or to those afflicted by severe illness or disability, who have lost all sources of income and who have a plan to get back to work or to launch an entrepreneurial

activity. These loans will be secured by a fund set up by CEI itself;

- participation in the Initiative by the Presidency of the Council of Ministers' Department for Family Welfare (fund for Newborns) to provide access to funds over 2009 - 2010 - 2011 through loans secured by the Department **for families with newborn or babies adopted** during this three-year period;
- compliance with the April 9, 2009 ordinance by the Council of Ministers "Measures supporting the residents of **Abruzzo struck** by the April 2009 earthquake in the city of L'Aquila and neighbouring areas". The bank undertook a number of additional initiatives supporting customers residing in the area that was struck by the quake such as the suspension of mortgage payments and repayment of loans of any kind, suppression of fees on ATM withdrawals as well as on wire transfers, if fees were applicable. Additionally, Banca Mediolanum S.p.A. granted €1 million to customers residing in the area affected and who reported severe damages caused by the quake;
- signing of an ad-hoc agreement between Banca Mediolanum, Mediolanum Foundation, and San Bernardino Onlus (a non-profit belonging to Lombardy's Caritas organisation) to grant instalment loans to needy people indicated by Fondazione San Bernardino Onlus with the main objective of helping children and women who need financial support to repay debts and to meet the costs of training and education for the family members;

At the beginning of 2010, the Bank decided to participate in the **"Family Plan"**, promoted by ABI, allowing customers who find themselves in a difficult financial situation (unemployment, insufficient unemployment insurance benefit, or annual income below €40,000) and have a mortgage loan for the purchase, building or renovation of their principal residence to completely **suspend mortgage payments** (both principal and interest).

Measures in support of business

- Banca Mediolanum takes part in the agreement - signed by ABI, the Ministry of Economy and Finance, and business associations - for **the freezing of bank loans held by small and mid-size businesses** with adequate future economic prospects, giving them a breather in terms of loan repayments.

Although, the numbers of business customers qualifying for the loan repayment freeze are small, the choice to participate in this agreement represents yet another sign of Banca Mediolanum's commitment to help customers whenever possible.

PRODUCT DEVELOPMENT

The crisis which affected the markets in 2008 carried over into 2009. On the one hand, the slowdown in the real economy can be considered close to conclusion, on the other hand, the financial markets started to pick-up earlier as is usual, registering very good performances.

Through its investment strategy, the Mediolanum Group has stood out among its competitors, marking an improvement in the already strong 2008 inflows data, and consolidating the success of **"Mediolanum Best Brands"**, the family of funds of branded funds created by Mediolanum International Funds, which

are dedicated to those who want to combine the prestige, solidity and capabilities of notorious brands with the time-proven investment strategy of the Group.

In 2009, the **"Challenge"** family of funds was restructured, in an effort to rationalise the product line and expand the range of investment policies, in order to enhance the efficiency of management of each single compartment.

Among investment services, many customers have chosen the investment mechanism **"Double Chance"** to seize the opportunities presented by the equity market's "down" phases.

As a matter of fact, the service allows customers to enter the world's equity markets gradually and automatically, while benefiting from a high and guaranteed yield on liquidity parked in a deposit account awaiting transfer into equity.

Banca Mediolanum has kept the attention on **complementary pension** high, conquering many new customers: Tax Benefit New is an Individual Pension Plan designed to integrate the public welfare, flexible enough to adapt to the needs of each single customers. Born in 2007, it represents Banca Mediolanum's solution to ensure a complementary income, thanks to the chance to receive the customer's TFR (severance indemnity) funds, while at the same time granting significant tax advantages. A distinctive feature of Tax Benefit New is the chance to invest in different financial markets with the help of an "auto-pilot", or "life cycle", that automatically changes the investment profile over time.

Advertising

In terms of advertising, the year was kicked-off with a re-launch of the communication campaign connected to two important Banca Mediolanum investment products, Best Brands and Double Chance, the latter of which allows a gradual investment in the equity market, with a guaranteed yield on the associated deposit account. A television tele-promotion was the main means used to promote these products, highlighting the various world-renowned asset management companies included in the Best Brands agreement. The tele-promotion went on air in January and featured the President, Ennio Doris. Moreover, the TV campaign ran in parallel with a campaign on the Internet.

On March 15, the 'Freedom' campaign focusing on the bank model as well as on the Mediolanum Freedom Account was launched and promoted the associated net interest rate paid of 3%.

In order to strengthen the brand and highlight the concept of a modern and accessible bank, TV commercials were aired featuring 5 new customers (from different backgrounds and with different ways of interacting with the bank) who were spotlighted in the advertising giving their testimonial about how happy they are with the bank, the different channels to access the bank and with Family Bankers, who play a key role in the relationship between the customer and Banca Mediolanum.

The promotion of the Mediolanum Freedom Account included a TV ad featuring the President, Ennio Doris, who presented some of the features of the account, including the interest rate paid that is quoted at net (not gross), the innovative nature of the product (a

bank account coupled with a life policy), and the immediate availability of the entire balance in the account. The launch phase of the new bank account was supported by a massive TV campaign, as well as by radio, the Internet and outdoor advertising. In addition to this campaign, a tele-promotion was broadcast in the month of April focusing on the recruitment of new Family Bankers and emphasizing the highly professional training provided to them thanks to Mediolanum Corporate University.

CONTO FREEDOM:
IL 2,50% NETTO
E GLI INTERESSI TUTTI I GIORNI.
CON POLIZZA MEDIOLANUM PLUS.

2,50% NETTO

E i tuoi soldi sempre disponibili.
Con assegni, boncomat, carta di credito.

Chiama il numero 840 704 666 o visita il sito www.bancamediolanum.it

BANCA MEDIOLANUM
Società per Azioni

The campaign dedicated to the Mediolanum Freedom Account was aired until the end of June. Advertising on the Internet and local billboards ran alongside the TV campaign.

In the second half of September, a new TV campaign dedicated to the Freedom Account promoting the net interest rate paid of 2.5% was rolled out. The new commercial with new creative, highlighted the additional concrete advantages offered by the account, such as daily

accrual and the crediting of interest, the continuous availability of the liquidity on the account that can be utilised freely (unlike deposit accounts) and the reduced tax rate on the yields generated by the Mediolanum Plus insurance policy, which is coupled with the bank account free of charge.

The new Freedom Account campaign was also supported by a banner campaign on the most popular search engines, widespread billboards and massive TV advertising.

Once again in 2009, TV was the most widely used means of communication accounting for 68% of



advertising expenditure. The advertising campaign dedicated to the Freedom Account generated overall high visibility, achieving extremely high levels of reach and frequency.

Medium (%)	Media Mix	
	2009	2008
Tv	68	65
Internet	9	14
Print	6	10
Radio	4	10
Cinema	2	-
Billboards	11	1
TOTAL	100.0	100.0

EFFICACY AND RECALL

Thanks to all of the advertising projects carried out in 2009, Banca Mediolanum ranked fourth in terms of consumer brand awareness and first in terms of **spontaneous recall** of banking brands advertising for the fifth year in a row, recording the highest numbers ever reached.

Spontaneous recall of banking brands advertisement*

2009	2008
1. Banca Mediolanum	1. Banca Mediolanum
2. CheBanca!	2. Unicredit
3. ING Direct e Unicredit Banca	3. Ing Direct e Sanpaolo

* Source: GfK Eurisko - December 2009 Multifintrack survey

Guarantees and Protection

“COMMITMENTS TO QUALITY”

Banca Mediolanum was among the founders of the “Patti Chiari” Consortium, promoted by ABI (Italian Bankers' Association) in 2003, with the aim of improving the relationship between banks and customers.

In particular, Banca Mediolanum has subscribed to two programmes within “Patti Chiari”: “Conti Correnti a confronto”, which grants customers an easy comparison between the characteristics and costs of current accounts offered by participating banks, and “Cambio Conto”, which has the goal of allowing customers to move from a bank to another more easily, by supplying clear information and efficient tools to ease the closing of a bank account and the transfer of direct deposits and debit onto a newly opened account at a different bank.

The website www.bancamediolanum.it has granted visibility to “Patti Chiari” through a dedicated section, which can be accessed directly from the home page.

Banca Mediolanum has already signed up for the new “Commitments to Quality” laid out by the Consortium and to the new organisational model including, among else, a Consulting Committee, made up by representatives of consumers' associations and the university and professional milieu, in charge of supervising the fairness of the work of the Consortium, and monitor how the Commitments are put into practice.

The main goal of the Commitments is to give simple and exhaustive information on the articulated theme of economy, from an introduction to savings to the different investment options, so as to create a more balanced relationship with the bank and enable the customer to make informed choices in terms of banking services.


“Commitments to Quality” had their start in the course of 2009, and are consistent with the spirit demonstrated by Banca Mediolanum before they were expressed, in promoting company-wide efforts to respond to the demand of clarity, transparency and trust expressed by markets and customers.

The Executive Committee of ABI has approved the 30 “Commitments to Quality” together with the new governance scheme of “Patti Chiari”.

They exclusively apply to retail customers, and are divided into four areas of intervention:

- 1) customer mobility;
- 2) simplicity and clarity of information;
- 3) customer assistance;
- 4) security.

Banca Mediolanum has undertaken all necessary tasks to implement each commitment according to the dates set forth by the Consortium, focusing in particular on those commercial solutions that allow for an easier customer mobility.



“Freedom is a concept that sets my bank apart from the others. It means freedom in managing my free time as well as my bank account.”

(Customer since 2002)

COMMITMENTS TO QUALITY

AREAS OF INTERVENTION	ACTIVITY	ACTIVATED	TO BE ACTIVATE
CUSTOMER MOBILITY	Automatic transfer of account debiting orders	✓	
	Automatic transfer of mortgage payments (mortgage portability)	✓	
	Transfer of wire transfers		✓
	Transfer of credit card statements		✓
	Transfer cash orders		✓
	Transfer of mortgage or loan payments not automatically debited to the account	✓	
	Transfer of securities in custody		✓
	Disclosure of average time to close an account	✓	
SIMPLE AND CLEAR INFORMATION	Search engine for comparison of current account packages	✓	
	Search engine for comparison of current accounts		not applicable to the Mediolanum model
	Search engine for comparison of basic banking services		✓
	Search engine for making informed investments	✓	
	Summary of information	✓	
	Simple account statement		✓
	Indicator of current account package features	✓	
	Indicator of current account features		not applicable to the Mediolanum model
	Indicator of basic banking service features		✓
	"Cambio conto" guide for how to change accounts	✓	
	"Cambio mutuo" guide for how to change mortgages	✓	
	"Guide to secure banking"	✓	
CUSTOMER ASSISTANCE	Monitoring of average time to close an account	✓	
	Code of ethics of financial intermediaries		✓
	Monitoring of ATM-FARO service quality		not applicable to the Mediolanum model
	Information provided by ATM on related fees	✓	
	FARO Call centre		not applicable to the Mediolanum model
	Statement of tax deductability of mortgages	✓	
SECURITY	Time to get refunds for wrong or unauthorised credit card debiting		✓
	Protection against illegal credit card use	✓	
	Protection for secure home banking	✓	

REVIEW OF CONTRACTUAL TERMS

Among the credit-related products offered to customers, some feature a high degree of flexibility. 'Mutuo Freedom' was launched in 2008 and is an example of a non-standard product that can be adapted to the customer's needs. The main feature is the option to modify several parameters (interest rate paid, amount of monthly payments, the length of the mortgage) over the life of the contract, without having to renegotiate the mortgage.

PERSONAL DATA PROTECTION

Legislative Decree 196 of June 30, 2003, also known as "The Personal Data Protection Code", unified the many amendments and addenda to the original Act 675/1996 into Italy's single statute on privacy legislation.

The Personal Data Protection Code sets forth confidentiality requirements for identity and personal data as well as for their protection. The code requires that personal information be processed only for the purpose that it was originally collected for and in a manner that complies with the nature of the information itself.

Processing of personal data is allowed only when minimum security requirements are met.

To increase security of personal data and of the databases storing customer's and Group companies information, i.e., to mitigate the risk connected with the circulation and/or use of information by third-parties:

- a notice was sent to all Banca Mediolanum's personnel regarding the minimum data security requirements users must comply with when storing and processing data, including electronically;
- document shredders were installed on each floor at the HQ to destroy any confidential material;
- the Bank complied with the regulation issued on November 11, 2008 that laid out specific requirements to be met by the personnel in charge of the electronic processing of personal data, with specific reference

to the role they play within the administrative system.

Mediolanum has a **Personal Data Protection Office** that is responsible for:

- preparing **information** about deeds, contracts, contests etc. in accordance with the instructions issued by the Information Commissioner's Office (ICO);
- verifying compliance of the physical infrastructure and information technology systems that have an impact on personal data protection with **security requirements**;
- preparing the "Security Policy Documents" for the companies that are part of the Group, in collaboration with the Information Systems and Organisation Department;
- organising **training sessions** for data processors and individuals in charge of processing personal data.

Notices and Requests

The Personal Data Protection Office may receive the following notices and requests either directly from customers or from the ICO.

- **Notices of infringement:** set out a detailed account of facts, violated regulations and remedies sought. These claims can be filed without having to comply with specific official procedures.
- **Notices of investigation:** when infringement on the improper use of personal data is suspected, a complaint can be filed with the Information Commissioner's Office for further investigation.
- **Notices of official complaints:** when an individual seeks protection of his/her rights with the Information Commissioner's Office under the Personal Data Protection Code.
- **Requests for information:** requests to verify whether a company stores certain personal information in its databases.
- **Requests for cancellation of data:** are requests to block the use of data for purposes other than those strictly related to the relationship in force with the bank.

Analysis of privacy protection notices and requests received

In 2009, requests for cancellation of personal data more than halved compared to the prior year.

Type of notice/request (number)	2009	2008
Notices of infringement	8	5
Notices of investigation	-	-
Notices of official complaints	2	-
Requests for information	1	1
Requests for cancellation	787	332
TOTAL	798	338

Complaints largely relate to claims of inadequate privacy protection that are part of complaints originating in other areas. These complaints were thoroughly investigated to identify any deficiencies and/or vulnerabilities in the system used to manage customers' sensitive personal data.

With reference to 'complaints', it should be noted that the Authority for the Protection of Personal Data resolved not to uphold the case against the Bank.

COMPLAINTS

In 2009, the review of the complaint management process continued. The review started in 2008, coming from both changes in the regulatory framework as well as from the need to keep in closer touch with the customers under market conditions that were out of the ordinary.

On January 1, 2009, ISVAP (Supervisory Authority for Insurance Companies) regulation 24/2008 came into effect, impacting Mediolanum Vita S.p.A.. Some measures to comply with this regulation were already underway in 2008.

Thus, the Compliance department's role expanded, which resulted in a greater number of periodic reports pursuant to Bank of Italy and CONSOB regulations that were issued on October 29, 2007. In 2009, there were significant changes in the

regulatory framework that had an impact on the Mediolanum Group companies:

- new Banking Transparency regulations came into effect in January 2010 and the Group has already effectively worked to comply with these new rules;
- the establishment of ADR boards to resolve disputes, specifically: the Banking and Financial Arbitrator whose role became effective on October 15, 2009;
- the review of the role and regulations governing the Ombudsman Banking Service.

These changes are meant to give customers easier and quicker mechanisms to resolve disputes with banking intermediaries as well as to improve the communication between intermediaries and customers in an attempt to find out-of-court resolutions to cases that potentially could result in litigation.

Analysis of complaints categorised by 'filing means'

In 2009, the Group received 5,809 complaints. About 84% of them were addressed to Banca Mediolanum, which sells all the Group's products through its distribution network.

Complaints by filing means (number)	2009	2008	% Change
Regular mail	2,979	3,158	(5.7)
Fax	503	579	(13.1)
e-mail	2,327	1,983	17.3
TOTAL CLAIMS	5,809	5,720	1.6
Total Customers	1,097,800	1,084,740	1.2
TOTAL CLAIMS/ TOTAL CUSTOMERS (%)	0.53	0.53	-
Total Active Contracts	2,807,618	2,567,300	9.4
TOTAL CLAIMS/ TOTAL ACTIVE CONTRACTS (%)	0.21	0.22	(4.5)

The number of complaints received in 2009 increased 1.6%. Again in 2009, the channel most used by customers to file complaints were regular mail and e-mail. However, it should be noted filings made via fax decreased.

Analysis of complaints by status

"Unresolved and expired complaints" out of "total complaints received" are equal to 4.6% just like in 2008 even though complaints increased by 1.6%, confirming that the management of complaint processing improved.

Status of complaints (number)	2009	2008	% Change
Not upheld / baseless	4,254	3,747	13.5
Upheld	743	724	2.6
TOTAL COMPLAINTS RESOLVED AT YEAR END	4,997	4,471	11.8
Unresolved but not expired	544	988	(44.9)
Unresolved and expired	268	261	2.7
- Of which legal actions*	183	203	(9.9)
TOTAL COMPLAINTS UNRESOLVED AT YEAR END	812	1,249	(35.0)
TOTAL COMPLAINTS RECEIVED	5,809	5,720	1.6
TOTAL COMPLAINTS UNRESOLVED AND EXPIRED/TOTAL COMPLAINTS RECEIVED (%)	4.6	4.6	-

* 'legal actions' refer to complaints falling under the jurisdiction of Legal Affairs (reports to the authorities, lawsuits, out-of-court settlements), and have not been classified as complaints since 2008

Average time taken to resolve complaints

Time-to-resolution (days)	2009	2008	% Change
Average time-to-resolution	42	42	-
Average time-to-resolution without legal action	42	41	2.4
Average time-to-resolution (for unresolved complaints)	80	67	19.4

Time to resolve complaints is in line with 2008, i.e., 42 days on average. In 2008, a major effort was made to reorganise the complaint management process, to make the process itself more efficient and to reduce the backlog.

The good results of this effort are well illustrated by the 35% reduction in unresolved complaints in 2009 despite the 1.6% increase in the total number of complaints.

The average number of days unresolved complaints were in 'pending status' increased as a consequence of the focus on the reduction of the aforementioned backlog of complaints. Additionally, to date the majority of unresolved complaints falls under the jurisdiction of the Legal Affairs department due to their more complex nature and thus require longer processing times.

Complaints filed with the Banking Ombudsman and with the Banking and Financial Arbitrator

The Banking Ombudsman Service was established by the Italian Bankers' Association in 1993 to help solve disputes between banks or other intermediaries and customers. The service is free of charge.

Any customers who claim an economic loss of up to €100,000 (for transactions made after January 1, 2006)* can refer their case to the Ombudsman. Customers must first file a complaint with their bank. If the bank does not respond, or customers are dissatisfied with the response, they can refer their case to the Ombudsman. The services offered by the Banking Ombudsman have also been provided by the newly established Banking Conciliator's Office since June 1, 2007. This Office is an Alternative Dispute Resolution (ADR) service for the banking, financial and corporate sectors and provides conciliation as well as arbitration services. Italy's top ten banking groups are among its founding members.

The regulations governing the Banking Ombudsman Service and its jurisdiction were changed when the Banking and Financial Arbitrator was instituted on October 15, 2009.

Specifically, their roles have been split as follows: the **Banking and Financial Arbitrator (BFA)** resolves disputes between customers and banks or other intermediaries in connection with *banking and financial transactions and services*. This technique is referred to as 'out-of-court' or alternative dispute

* Prior to January 1, 2006, only private consumers could refer their case to the Ombudsman and there was a limit of €10,000 for the economic loss suffered

resolution since it is an easier, quicker, cheaper alternative compared to litigation, which often entails complex and lengthy procedures.

BFA is independent and impartial and decides who is in the right and who is in the wrong in a few months time. This is a new system and should not be confused with conciliation or arbitration. The decisions are not binding as would be the case with a judge but, if the banking intermediary does not comply with the decision, their lack of compliance is made public.

Customers can refer to the Arbitrator by filing a complaint once they have made an effort to solve the problem directly with the bank or the intermediary. If they are not satisfied with the decision of the Arbitrator either, they can still present their case to a judge.

The Bank of Italy provides the facilities and technical support for the BFA.

The Banking and Financial Arbitrator can address disputes involving:

- banks and financial intermediaries registered in the lists pursuant to articles 106 and 107 of the Consolidated Law on Banking as well as loan guarantee consortia and currency exchange facilities pursuant to article 155 of the Consolidated Law on Banking;
- electronic money institutions (EMI) operating in Italy;
- Poste Italiane for their Bancoposta banking business;
- foreign banks and intermediaries operating in Italy.

The Banking and Financial Arbitrator has the power to resolve disputes over banking and financial transactions and services such as current accounts, mortgages and personal loans for instances:

- involving amounts up to €100,000, when the customer is seeking cash settlement;
- without a cap (when there is no money involved), when the customer only asks for a verification of

their rights and obligations (for instance, when customers were not given the appropriate documentation required by banking transparency regulations or when a mortgage has not been cancelled after it has been paid off).

The Banking and Financial Arbitrator cannot resolve disputes:

- concerning investment services and activities such as buying and selling stocks and bonds as well as derivatives trading that fall under the jurisdiction of CONSOB conciliation and arbitration services;
- over goods and services that are not banking and financial in nature. Leased goods or transactions involving consumer credit or factoring not falling under BFA jurisdiction (for instance, if the good was leased or bought via consumer credit, the BFA can not decide on defects or flaws of the good involved);
- or those that have already been submitted to judicial authorities, arbitrators or conciliators. However, should the conciliation process fail, the dispute can then be referred to the BFA;
- concerning transactions or practices dated prior to January 1, 2007.

A written complaint must be filed with the intermediary before cases can be submitted to the Banking and Financial Arbitrator and the submission must be made no more than 12 months after filing the complaint.

Customers of banking intermediaries that are members of the **Ombudsman Service** can refer their cases to the Ombudsman in connection with disputes relating to *investment services and activities* as well as other types of transactions that do not fall under title VI of the Consolidated Law on Banking - pursuant to article 23, paragraph 4 of the Consolidated Financial Law - and consequently are excluded from the ADR system, i.e., they do not fall under the jurisdiction of the recently instituted Banking and Financial Arbitrator that is regulated

pursuant to article 128-bis of the aforementioned Law and came into effect on October 15, 2009, as long as:

- a. the circumstances relating to the dispute occurred within two years from the day the complaint was filed;
- b. the complaint has not been already submitted to the judicial authority or a board of arbitrators nor is a conciliation already under way;
- c. the case concerns the verification of rights and obligations regardless of the compensation requested when a cash settlement is involved, the case falls under the Ombudsman jurisdiction only when the compensation requested is lower than €100,000; the same claim cannot be resubmitted at a lower amount in order to be heard by the Ombudsman;
- d. the case has already been submitted to the intermediary's Complaint Office, but
 - i) the response of the intermediary did not comply with article 2, paragraph 4;
 - ii) a part or all of the response was not made in favour of the customer ;
 - iii) the complaint was accepted by the intermediary, but no action was taken as per the aforementioned article;
- e. it has been less than a year since the complaint was made.

In 2009, only one Banca Mediolanum customer resorted to conciliation or arbitration to settle a dispute but no agreement between the parties could be reached.

Resolution Method (Number)	2009	2008	Distribution % 2009	% Change
Ombudsman	41	38	97.6	7.9
Conciliation /Arbitration*	-	1	-	(100.0)
Banking and Financial Arbitrator	1	-	2,4	-
TOTAL	42	39	100.0	7.7

* the Conciliator can activate a conciliation or ask for an arbitration to be started for specific matters

The number of complaints submitted to the Ombudsman by Banca Mediolanum customers increased slightly compared to 2008 (41 versus 38), but only one case was upheld.

Outcome of Complaints (Number)	2009	2008	Distribution % 2009	% Change
Upheld	1	2	2.4	(50.0)
Not upheld	13	15	31.7	(13.3)
Resolved by mediation	13	3	31.7	333.3
Dismissed	5	6	12.2	(16.7)
Outside jurisdiction	9	9	22.0	-
The Bank's decision was confirmed	-	-	-	-
TOTAL COMPLAINTS RESOLVED	41	35	100.0	17.1
TOTAL COMPLAINTS RECEIVED	45	38	-	18.4

Since the Ombudsman has an average of 90 days to make a decision, "Total complaints received" by the Ombudsman during the year may not coincide with "Total complaints resolved" by the Ombudsman.

For example, in 2009, the Ombudsman resolved complaints received in 2008, and in 2010 will make decisions on complaints received in 2009.

According to their outcome, complaints are classified as:

- upheld;
- not upheld;
- resolved by mediation: when then parties reached an agreement either directly or through the informal action of the Ombudsman;
- dismissed for inactivity of the complainant: when after filing a complaint, the complainant fails to send the documentation requested by the Ombudsman;
- the Bank's decision was confirmed;
- outside jurisdiction: e.g. because the economic loss is above the limit or outside the jurisdiction of the Ombudsman (against insurance companies, the Postal Service, etc.).



Barbara Comi

SALES NETWORK

BEING

Relationships and sharing, the cohesive values that drive the entire company, are also at the base of the relationship between the Family Banker® and the customer. Therefore, the quality of service springs from the commitment to continuity and transparency, as well as to the management of emotions - to protect the investments of the family, during a crisis and over time.

And the responsibility toward a single individual entails a social responsibility.

DOING

The trust that the Family Banker® creates between the customer and the company differentiates the experience with Banca Mediolanum: the proof is that in a year that was difficult for the markets, the Sales Network not only preserved the value of the customers' assets, they more than doubled inflows with respect to 2008, a year that already had very positive inflows.

This demonstrates that the Family Banker®'s experienced advice was recognised: a rewarding element at a time when emotions can make overly conservative choices prevail over a strategic vision for the long term.

BUILDING

The professional training that has always been a trademark of the Mediolanum Group received a boost in 2009, thanks to the launch of the courses at MCU - Mediolanum Corporate University, designed for the Family Banker®, but also open to the employees of the company, which strives for multi-faceted growth with the objective of Excellence.

Aside from the growth achieved by the company, MCU will be the source of new activities and projects, as well as a new phase of recruitment and selection of professionals.

Size and Composition

Corporate activity was mainly centred on strengthening and maintaining the professionally skilled, specialised Sales Network in 2009 as well. Therefore, the number of Family Bankers as at December 31 remained unchanged compared to 2008, while the number of Junior Family Bankers shrank, as always happens in the phases immediately following a market crisis.

Sales Network composition (units)	2009	2008	% Change
Family Banker® (Licensed Financial Advisor)	4,945	5,077	(2.6)
Junior Family Banker® (Insurance Agents and Financial Agents)	358	774	(53.7)
SALES NETWORK ITALY	5,303	5,851	(9.4)

The Sales Network of the Mediolanum Banking Group includes two main professional categories:

- the Family Banker® who has passed the state exam to become a licensed financial advisor and is registered with CONSOB;
- the Junior Family Banker® who is being trained and coached in preparation for the licensing exam. Junior Family Bankers are either registered with ISVAP (Regulation 5/2006) as Insurance Agents for Banca Mediolanum S.p.A., or are included in the Register of Financial Agents as per the mandate they received from Mediolanum Distribuzione Finanziaria S.p.A..

The **Mediolanum Private Banking** division of the Sales Network is made up of qualified professional advisors with significant experience, offering quality and the best banking and financial services solutions to high or very high net worth customers.

Personalised financial solutions are designed for these customers, as well as a series of exclusive activities and events through the Primafila Club.

In the following sections we will analyse the characteristics of the Banca Mediolanum S.p.A. Sales Network, since the 5,300 Family Bankers make it the largest and most representative sales network in the Italian market.



GEOGRAPHIC AND GENDER ANALYSIS

53.4% of the Sales Network is concentrated in the regions of Northern Italy.

The average length of service is also higher in this area and reflects the history of the Mediolanum Group since it started operating in Northern Italy.

Geographic area	Total number of Family Banker [®]	% of total	% of Female	Average age			Average length of service		
				M	F	Total	M	F	Total
Piedmont and Liguria	584	11.2	21.6	41.5	39.1	41.0	8.4	6.2	7.9
Lombardy	726	13.8	16.7	44.4	40.3	43.7	10.7	5.9	9.9
Northwestern Regions	1,310	25.0	18.9	43.1	39.7	42.5	9.7	6.1	9.1
Emilia Romagna	632	12.1	20.1	43.2	39.4	42.5	9.8	7.2	9.3
Triveneto	856	16.3	11.8	42.0	39.4	41.7	10.0	6.6	9.6
Northeastern Regions	1,488	28.4	15.3	42.5	39.4	42.0	9.9	6.9	9.5
Tuscany/Umbria	458	8.7	20.7	41.4	40.0	41.1	8.9	7.4	8.6
Marches/Abruzzi/Molise	257	4.9	18.7	42.8	38.8	42.0	10.2	6.3	9.4
Northern Central Regions	715	13.6	20.0	41.9	39.6	41.4	9.4	7.0	8.9
Latium/Sardinia	675	12.9	24.0	41.6	37.8	40.7	9.0	5.6	8.2
Apulia	114	2.2	18.4	40.2	38.2	39.8	8.1	5.3	7.6
Southern Central Regions	789	15.1	23.2	41.4	37.8	40.5	8.9	5.6	8.1
Campania/Calabria/Basilicata	382	7.3	24.9	37.8	35.6	37.2	6.4	4.6	6.0
Sicily	553	10.6	23.1	38.9	35.9	38.2	7.1	4.7	6.5
Southern Regions	935	17.9	23.9	38.5	35.8	37.8	6.8	4.7	6.3
SALES NETWORK ITALY*	5,237	100.0	19.6	41.7	38.4	41.1	9.1	6.0	8.5

* The Headquarters Sales Network (46 Managers and Family Bankers) as well as Expatriates to international Group companies (20 Managers and Family Bankers) are not included in the table showing the total Sales Network broken down by geographic area

Women account for about 20% of the total Sales Network, a percentage higher than the average for Italy in Central Southern, Central Northern, and Southern regions. The average age in the Sales Network is 41.1 years.

"For me, Mediolanum is a part of my lifestyle, not just a place to work."

(Family Banker[®] since 2001)

ANALYSIS BY COMMERCIAL ROLE

Family Bankers can be classified into the following 4 main subcategories:

1. Managers
2. Supervisors
3. Global Family Bankers
4. Family Bankers

Managers and Supervisors are part of Banca Mediolanum and coordinate other resources of the Sales Network structure (financial advisors, non-licensed financial advisors and/or other Supervisors) and are differentiated according to the number of advisors supervised, number of customers, assets under management per capita and other parameters like turnover and sales. Global Family Bankers and Family Bankers of Banca Mediolanum don't have any Sales Network members reporting to them (financial advisors or non-licensed financial advisors) and are differentiated according to the parameters of assets managed and revenues.

Category (Units)	2009	2008	% Change
Managers (from Group to Regional)	306	311	(1.6)
Supervisors	989	1,076	(8.1)
Global Family Bankers	531	495	7.3
Family Bankers	3,119	3,195	(2.4)
Total Family Bankers	4,945	5,077	(2.6)
- Of which Private Bankers	176	137	30
Total Junior Family Bankers (non-licensed advisors)	358	774	(53.7)
TOTAL SALES NETWORK	5,303	5,851	(9.4)

The most experienced and professional segment of the Sales Network maintained the number of advisors in a year when the market picked back up, which however was not immediately perceived by the public at large, as is always the case. Despite the rebound, the year turned out to be very complex as far as the economic situation of families was concerned

as well as their propensity to save; in fact, there was a significant contraction in the younger age segment with less experience, a segment which has always been the lifeblood of the Family Banker® segment.

Annual turnover

The annual turnover is calculated as follows:

Annual turnover = Number of Resignations/Average number of Sales Network members where: Average number of Sales Network members = [(Family Banker® total number at December 31 of the prior year)+(Family Banker® total number at December 31 of the current year)]/2

ANNUAL TURNOVER BY GEOGRAPHIC AREA

The lowest turnover rate is in the North-East, the region where the Sales Network was first established, while the number for the national average stood at 17.8%, a decrease compared to 2008 (20.7%).

Region (%)	Turnover	
	2009	2008
North-West	18.1	20.0
North-East	14.8	15.2
Centre North	15.2	18.5
Centre South	18.5	28.3
South	20.9	25.5
Sales Network Italy	17.8	20.7

"We want to keep on improving our capacity to have continuous and timely contact with the customers because the facts state the more they know us, the more they are satisfied with us."

*(Statement of
Top Management)*

Customers per Family Banker®

The average number of customers per Family Banker® increased compared to previous years.

	2009	2008	% Change
Average customers per Family Banker® (No.)	171	154	11.0
Average assets per Family Banker® (€/1,000)	6,013	3,929	53.0

The increase in the average assets managed per Family Banker® can surely be attributed to the more favourable performance of the markets, but also to the deliberate focus on the growth in net inflows through sales and marketing initiatives launched during the course of the year. And this was supported by the investment strategy that has always guided the Banca Mediolanum Sales Network, in other words, the capacity to foresee market upturns and to work alongside the customer in the more difficult moments, and to help manage the emotional aspect of their investment choices.

The result of this combination of events is clearly evident in the growth of average net inflows per Family Banker® in 2009 (+143.6%), with the consequent increase in average assets under management (+53%).

This effect is even more evident in the Private Banker segment of the Sales Network, where there was a growth of 194.7% in net inflows per capita in 2009.

In euro	2009	2008	% Change
Average net inflows per Family Banker®	1,039,154	426,554	143.6
Average net inflow per Private Banker	4,570,193	1,551,026	194.7

Incentives and promotion

The members of our Sales Network are self-employed, entrepreneurial in spirit, have a variable income, and they bear all the costs of their business.

These costs include office-related costs, travel to visit customers, many local commercial initiatives and out-of-pocket expenses for training activities. The Family Banker® can choose between alternative career paths based on their personal inclinations:

- the **development and the management of customers' portfolios** - the portfolio can be sold for a significant amount when the Family Banker® ceases his or her activity;
- a **managerial career** - building a hierarchy of Family Bankers within the Banca Mediolanum Sales Network structure, with compensation being awarded in the form of commissions.

The Mediolanum Group appraises the business the "entrepreneur" has built up at a premium compared to other commercial organisations in the same sector. The incentive system takes various quantitative and qualitative factors into account: part of the compensation is linked to **quality parameters** that are measured annually, with the main ones measuring whether regular payments are made into recurring policies and instalment plans, customer retention, and the number of active banking accounts. Incentive plans with a variety of objectives are underway. This applies to the entire structure up to top management.

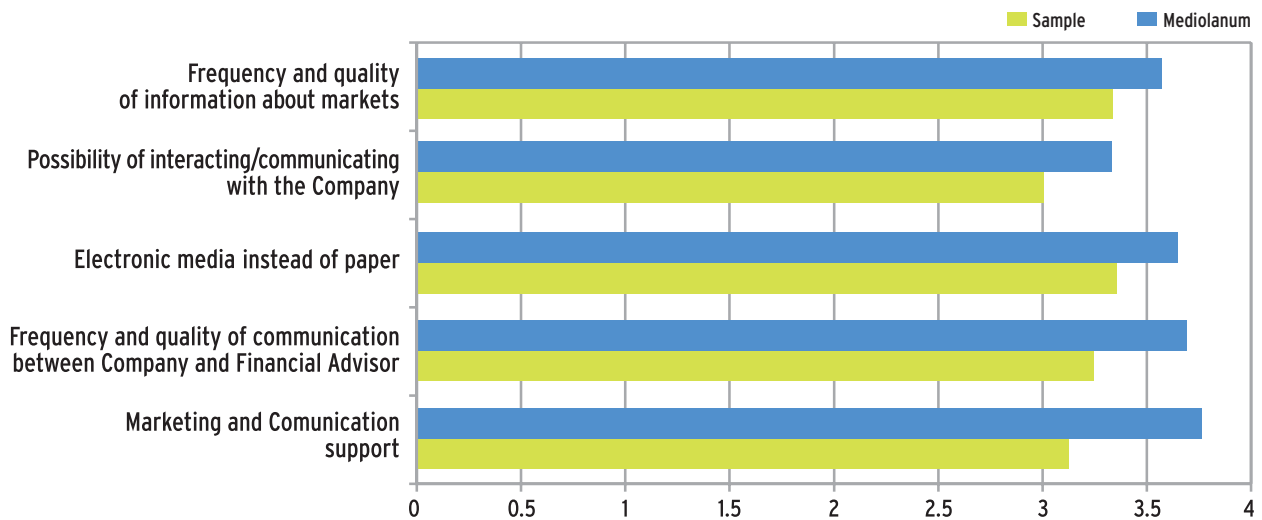
Moreover, the incentive plan is also characterised by:

- consistency between personal objectives and the requirements of the Group;
- the reward of particularly positive results through contests;
- granting of stock options to the most qualified part of the Sales Network.

Satisfaction of the Sales Network

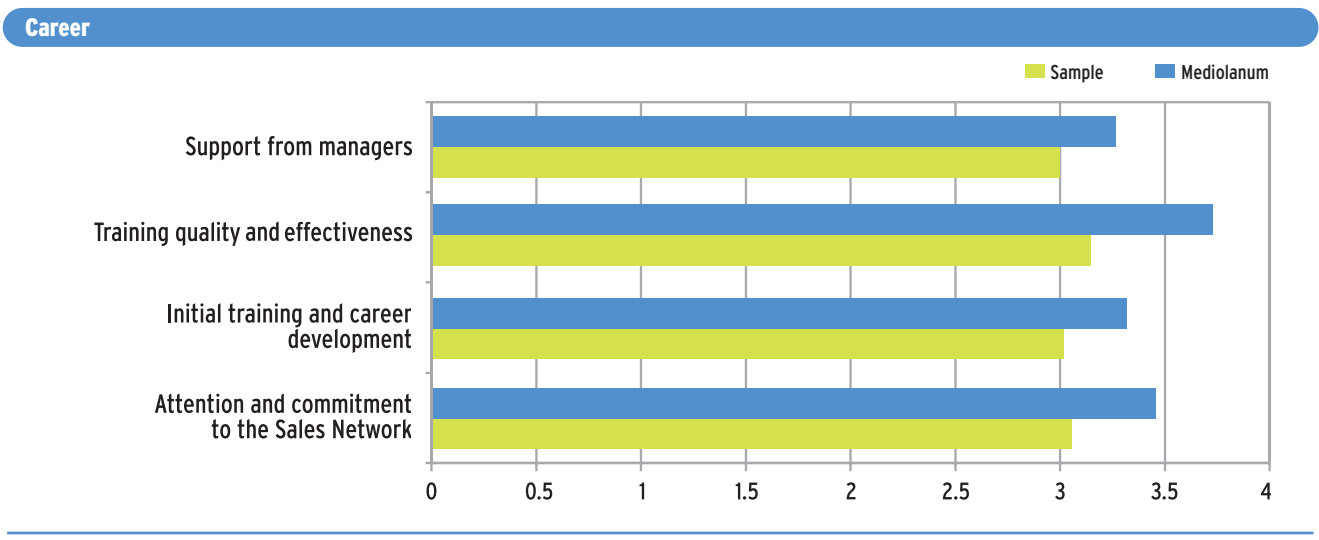
Once again in 2009, an independent research company (GfK Eurisko) conducted a survey on the satisfaction level of Financial Advisors working for the main players in Italy's banking and asset management industry*. The survey showed a very high degree of overall satisfaction for the Banca Mediolanum Sales Network (**3.43** on a scale from 1-4, where 4 is the highest score), placing Banca Mediolanum among the top in the ranking. 96% of Banca Mediolanum interviewees responded they were fairly or completely satisfied, in line with the 2008 figure. Banca Mediolanum came up with the same positive results as in previous years' surveys, scoring higher than average on most of the areas surveyed.

Communication

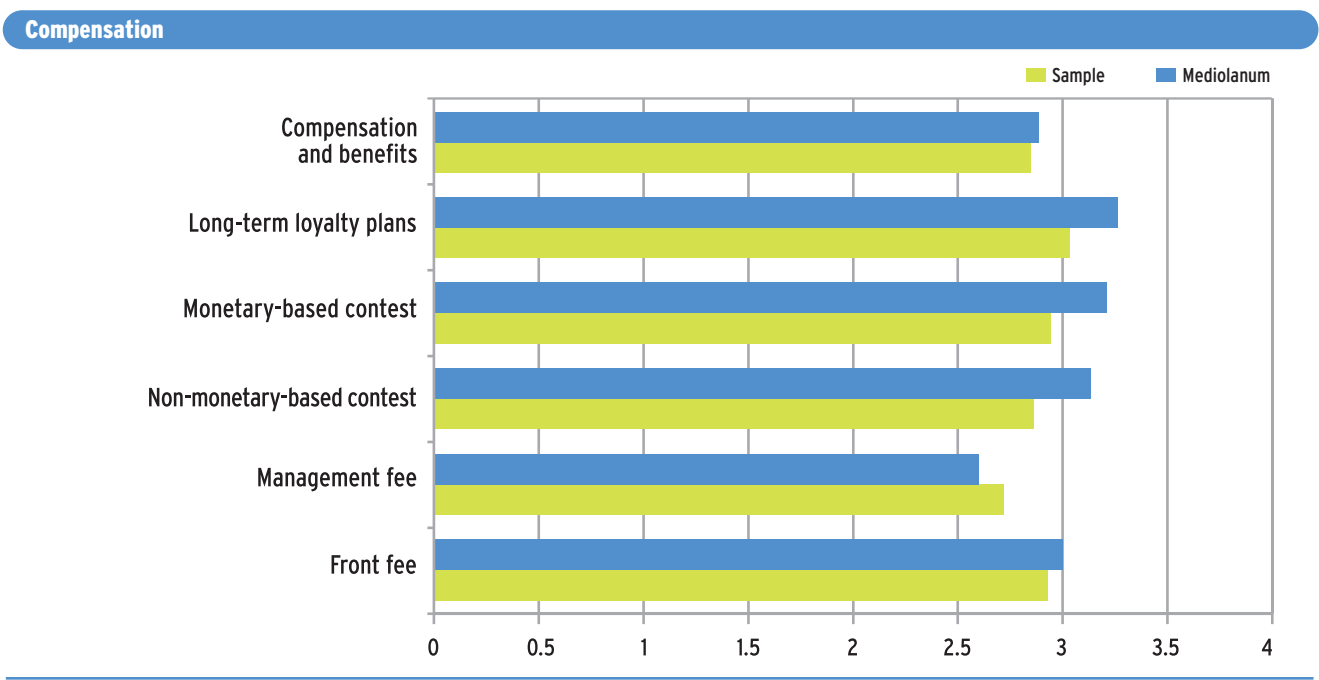


All ratings relating to communication and marketing support, frequency and quality of communication with the company were extremely high.

* The 2009 survey included a sample of 1,620 Financial Advisors from the following companies: Banca Mediolanum, Azimut, S. Paolo Invest, Banca Sara, Finanza & Futuro, Banca Fideuram, Allianz Bank, Banca Generali, Fineco (+ Xelion), MPS Banca Personale

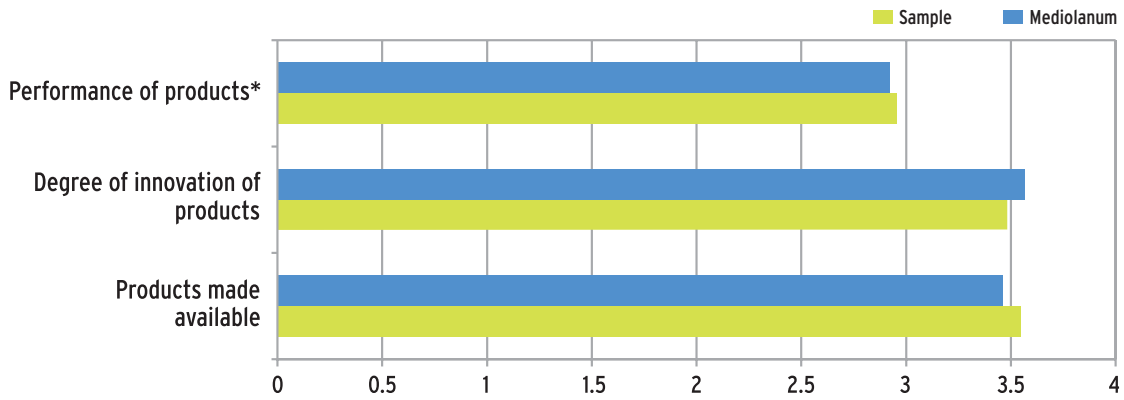


The 'career path' model is appreciated in all points measured, especially for quality and effectiveness of training in addition to the attention and efforts dedicated to the Sales Network.



A good level of satisfaction was expressed regarding almost all forms of compensation, indicating that the Group's reward and incentive systems are appreciated.

Products

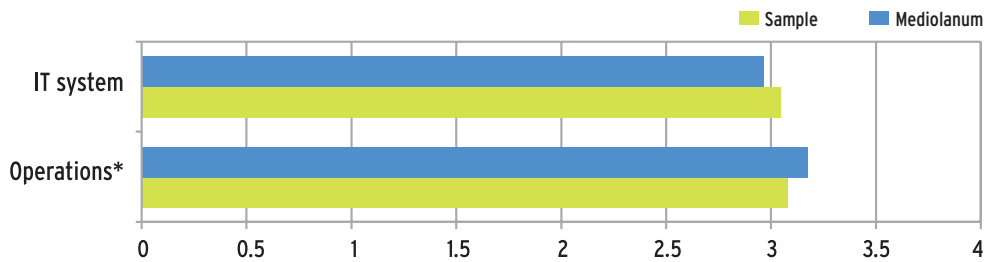


* In terms of customer returns

The satisfaction of the Sales Network with the Group's products was in line with the industry average and showed a slight decrease in the area of the range of products at their disposal.

This reflects the strategic approach of the company, which is offer a product line that satisfies all the financial needs of the customer, but without an excessive overlap that tends to render the job of advising more complex and therefore less effective.

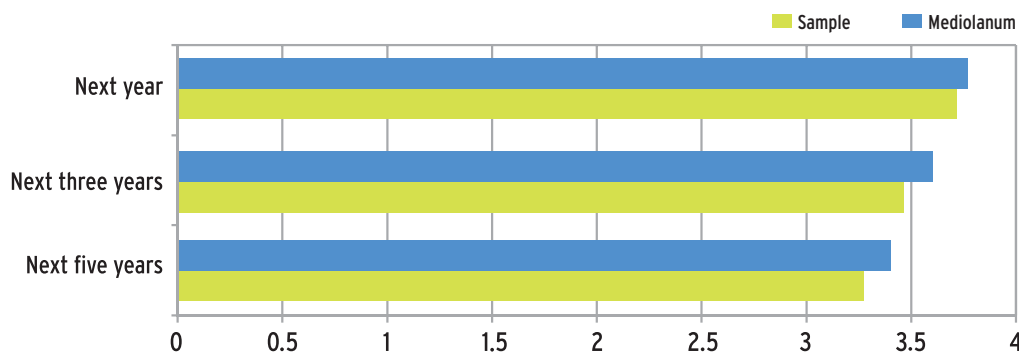
Support



* Time required to open contracts, deliver material, etc.

A good level of satisfaction was expressed for the infrastructures supporting the Family Bankers.

Propensity to remain in the network



The propensity to remain in the network for the Banca Mediolanum Sales Network members came in with very high ratings in the survey once again this year, indicating an above average loyalty rate compared to the “best in class” companies included in the GfK Eurisko survey.

SALES NETWORK SUPPORT: A DEDICATED TOLL-FREE NUMBER

The assistance provided to the Network by Headquarters via a dedicated toll-free number set up in 2008 was taken well advantage of again in 2009 receiving more than 290,000 calls from the Family Bankers.

The main objective, which was reached in a majority of the cases, was to provide the greatest support possible to the Family Banker® and their work in real time.

This means of communication supplements the multi-channels (Corporate TV- the Intranet - PC) supporting the Sales Network that are already in place and are covered in the ‘Communication Initiatives’ section.

LITIGATIONS AND DISPUTES

Outstanding lawsuits with the Sales Network mainly involve legal actions initiated by the Bank in response to unacceptable behaviour or in any event behaviour that is not compliant with the regulations governing sales in the financial services area: in this event the Bank takes measures to protect customers who were harmed.

To limit these risks, the Sales Network Inspectors Unit performs regular checks on the sales activity of the Network with the objective of ensuring full and continuous compliance with the regulations applicable to sales of financial products and services in the field. Checks and audits were conducted at Family Bankers’ offices in the field as well as at those at corporate Headquarters. Additional checks were conducted via ad-hoc quantitative and statistical indicators that monitor potential operational and reputational risks related to the Sales Network activities.

To further protect the bank, in 2009 the insurance policy was renewed that covers potential illegal actions by the members of the Sales Network that could come to the detriment of customers.

“Training & Learning”

MEDIOLANUM CORPORATE UNIVERSITY: THE FIRST YEAR

On March 18, 2009, Mediolanum Corporate University was officially inaugurated in the presence of the Minister of Education Mariastella Gelmini and the Nobel Laureate Lech Walesa. This educational facility of Banca Mediolanum was established to keep and reaffirm the values that made the company the great company it is. A company within the company to train professionals in the area of



Excellence in Customer Relationships, in financial advice and in the management of household assets. Mediolanum Corporate University has 119 professors, all of whom are managers who personally contributed to ‘making Banca Mediolanum’s history’. They work side-by-side with university professors and renowned corporate consultants chosen from among the best both nationally and internationally. Mediolanum Corporate University relies on a Scientific Committee, including representatives from the financial, sports and general education spheres and were selected with the objective of bringing in the external world in order to provide a fresh perspective.

The work carried out by the Scientific Committee contributes to generating, managing and conveying knowledge, with a continuous focus on innovation.

Mediolanum Corporate University aims to be a main point of reference for:

- Banca Mediolanum Family Bankers and employees during their professional development and personal growth;
- Banca Mediolanum customers or small investors to improve their economic and financial literacy;
- universities and the academic world as the ideal counterpart for discussing issues relating to securities trading, sales and the management of the relationship with customers;
- all the partners the company works with and all those who are near the Mediolanum Community.

The Mediolanum Corporate University Campus is located in Milano Tre, Basiglio, Milan, on the headquarter premises of Banca Mediolanum. There are more than 4,000 square meters of space entirely dedicated to students: a place for studying and for social activities, built with the idea of harmony in mind when speaking of modern materials, technologically advanced infrastructure, relaxing and energising spaces.

The classrooms are spacious and are designed to reflect the origins and history of Banca Mediolanum, and encourage the building of each student's personal and professional future. The Campus features the Museum and the Medioteca (Mediolanum audio-visual library): Banca Mediolanum “roots” are alive in the Museum where memories, keepsakes, souvenirs from past sales conventions, along with some of the most precious documents telling the company’s story are on display.

The Medioteca is dedicated to knowledge par Excellence: a book and audio-visual library with a large collection of international books and videos equipped with advanced multi-media workstations. The common areas and the break rooms are as important as those devoted to study: all of them have been designed to foster learning and socialising. And to let new information acquired during the day sink in and help students get ready for the upcoming tasks, the Mens Sana room was created: a place

that promotes an inner-look at the body and mind in order to find balance. The Mediolanum Corporate University Campus includes a Residence with 75 fully-appointed rooms to host the guests of MCU during the training sessions.

In its first year, Mediolanum Corporate University organised a series of conferences on the topic of anti-money laundering with the participation of eminent anti-mafia prosecutors and judges, illustrating the special attention devoted to ethical and regulatory issues. The sharing of their experience along with the contribution from other experts in the field increased the sensitivity and knowledge of the subject matter for all the Banca Mediolanum Family Bankers and employees who eagerly participated in the conferences.

In fact, there is an increasing necessity for Family Bankers to increase their skills in response to the need for transparency with their customers and at the same time, to recognise suspected anti-money laundering activities.

Another example of how Mediolanum Corporate University stands ready to interpret and respond to market trends or governmental moves is represented by the "2009 Tax Shield" **training conferences**, which took place at Mediolanum Corporate University as well as across the country at the local level.

In order to support its role as 'financial educator', Mediolanum Corporate University launched a number of events related to financial planning, the protection of household assets and investments, as well as to creating and strengthening their financial stability. In fact, real crises lie in not being familiar with the rules governing the financial universe.

The "Conoscere & Investire" ('Know & Invest') project was set up to offer the opportunity to those with a common interest in financial and economic subject matters to get together and discuss related topics.



In 2009, MCU's www.mediolanumcorporateuniversity.it corporate website was launched as an additional communication tool used to present MCU to the outside world.

The website presents the values and the mission, posts information about facilities and events, and highlights individuals at the helm of this new-born university in an effort to address the huge number of Internet surfers.

The information provided is accompanied by images, photos, videos and articles relating to Mediolanum Corporate University, along with a list of key events and key figures of the Company. In order to gain international visibility, the English version of the website is planned for 2010.

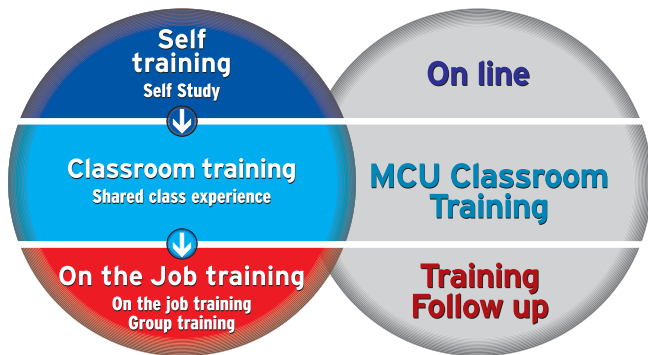
"MCU gave me the extraordinary chance to delve into subject matters that would be helpful for my job."

(Family Banker® since 2007)

LEARNING: AN INTEGRATED PROCESS

The training courses are developed based on an approach that integrates different teaching methods and tools in order to make learning as effective and as practical as possible. An advanced Learning Management System supports and facilitates self-directed learning.

Self-study provides fundamental preparation prior to entering the classroom where all the ideas and knowledge acquired during the self-study phase turn into a shared experience. **On-the-job training** follows the training phase so that what was learned in the structured training sessions is then put to practice in the field.



MEDBRAIN: KNOWLEDGE AT-HAND AT ANY MOMENT

In 2009, MedBrain was further developed: the technologically advanced, innovative system guarantees each student online access to their personalised training plan.

This website is mainly dedicated to the Banca Mediolanum Sales Network and provides an updated status of each study plan in terms of coursework and exams passed as well as data analysis and reports. Through multi-media technology, MedBrain allows

students to choose the learning mode best-suited to each individual: online courses in video, written and audio versions, all of which are downloadable and available for use at any time.

This MCU system provides a place for the students to get together, converse with each other and share their results.

MedBrain connects all the “Menti della Rete” (‘Minds of the Sales Network’) in just one place, for a new way of learning, where relationships can be built, know-how and knowledge can be shared.

A single portal called **BMedNet.it** was launched at the beginning of 2010 and integrates the four main areas that bring together in one place all of the information intended for the Sales Network (MedIntranet, Family Bankers, MedBrain, Corporate TV).

TRAINING AND DRILLING: DIALOGUE AND SHARING

After the inauguration and the launch of Mediolanum Corporate University in 2009, preference was given to training activities at headquarters in Milano 3: classroom training at MCU in fact registered an increase of 92.2%.

Training hours	2009	2008	% Change
MCU classroom hours	84,604	44,029	92.2

Training activities took on a role that kept getting more important and the courses offered and info-training events were significantly increased.

No. of Courses	2009	2008	% Change
Classroom	47	30	56.7
Online	55	41	34.1
TOTAL	102	71	43.7

Consequently, the necessity of the following was confirmed:

- reclassify the macro-categories used in 2008 in greater detail;
- Realign the length of each training course with the adoption of the new MedBrain platform.

Therefore, data published in 2008 had to be reclassified in order to make them comparable with 2009.

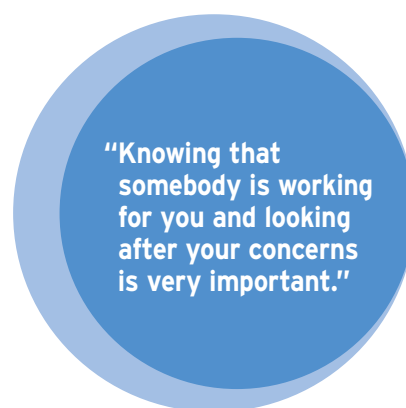
The reclassification indicated 720,011 training hours in total for 2008 compared to 545,675 training hours in 2009 (a decrease of 24.2%).

Courses offered (hours)	2009	2008	% Change
Insurance	290,500	287,538	1.0
Banking	135,540	207,836	(34.8)
Finance	14,884	103,172	(85.6)
Information technology	15,680	33,104	(52.6)
Behavioural - oriented	56,987	49,960	14.1
Managerial	32,085	38,401	(16.4)
TOTAL	545,675	720,011	(24.2)

The total number of participants in the courses therefore decreased, going from 115,434 students in 2008 to 88,178 in 2009 (down 23.6%).

Units	2009	2008	% Change
TOTAL PARTECIPANTS*	88,178	115,434	(23.6)

* Each Family Banker® can participate in more than one course in a year



(Family Banker® since 1999)

The drop in the number of training hours in 2009 was principally due to 2 factors:

- the prevalence of self-directed learning rather than classroom training in the preparation for the state licensing exam for financial advisor;
- a significant amount of updating courses related to the regulatory requirements introduced in 2008

Removing the effect of these two factors, the numbers for 2009 are substantially in line with the previous year, + 1.5%.

Courses offered (hours)	2009	2008	% Change
Insurance	290,500	287,538	1.0
Banking	135,540	95,998	41.2
Finance	14,884	47,372	(68.6)
Information technology	15,680	33,104	(52.6)
Behavioural - oriented	56,987	49,960	14.1
Managerial	32,085	23,548	36.3
TOTAL	545,675	537,519	1.5

As already mentioned, Mediolanum Corporate University focused its training efforts in 2009 on the banking rather than the financial sector in order to be in keeping with the changes the market and the government decided to put into effect, for example the '2009 Tax Amnesty' training sessions that took place both at MCU and all over the country.



PREPARATION FOR THE STATE EXAM FOR REGISTRATION IN THE FINANCIAL ADVISOR REGISTER

In 2009, a **new regulation** concerning the Registration in the Financial Advisor Register came into effect involving a more rigorous and selective exam with respect to the past. In addition to the typical financial material that has always been the focus of past exams, two new topical areas have been added: pension and insurance law. This is because more and more often, financial advisors find that the financial planning they carry out with their customers includes areas such as pension and family protection through insurance products.

Tests are given in technology equipped classrooms, each of which are able to handle 50 to 100 students, and consist of a theoretical/practical exam with questions chosen at random for each candidate and is in the form of a quiz that must be finished in a short amount of time. To guarantee each candidate's need for preparation, a section with exam simulations reserved for aspiring financial advisors is included in the website **www.albopf.it**.

The licensing exam relies on a database of more than 5,000 questions, and the complexity of the exam is accentuated by the fact that it is updated annually with the substitution of at least 500 questions as a function of the modification in laws and new regulations issued.

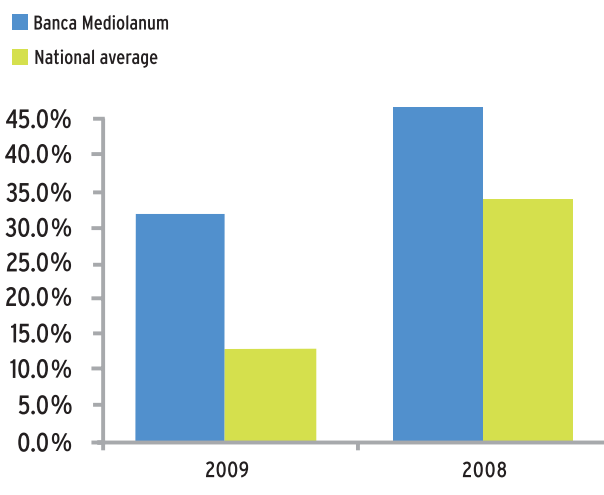
The change in the administration of the test and the atmosphere in the market at the time made it more difficult for the entire market to find new aspiring financial advisors, creating an overall drop in the number of participants in the exam and consequently in passing rates.

However, it should be highlighted how MCU knew to support the new-entries at Banca Mediolanum in

the preparation for the financial advisor licensing exam, providing them with a structured study plan that was detailed in terms of timing and method.

As a result, **32%** of the Banca Mediolanum candidates passed the exam compared to 13.6% for the rest of the market.

Percentage passing the exam/ Total number of participants



“Recruiting & Empowerment”

The growth in size of the Sales Network represents one of the strategic objectives of the Mediolanum Group and continues to be the central focus of its efforts. The success achieved over the two year period 2006-2007 in terms of size of the Sales Network was followed in 2008 - as a result of the financial market crisis - by the choice to consolidate the results attained in terms of skills and professional experience acquired by Family Bankers: a group of managers both at the Headquarters and all over Italy was set up to implement the new recruitment activities on a full-time basis.

2009 was dedicated to empowerment, increasing awareness and professionalism among Supervisors via our Corporate University as well as via hundreds of meetings at the local level. The main objective was to set up ad hoc courses stemming from the numerical and qualitative analysis of each Supervisor's performance.

To lay the groundwork for a further growth in numbers, those within the Sales Network who proved to be the best over the years at selecting new candidates were identified with the objective of applying their competence and experience to the new recruitment strategies that are better suited to the current job market. The best Human Resource managers were given the task of developing programmes designed to consolidate and strengthen the Sales Network and to achieve adequate levels of productivity and results. The “Web Recruiting” programme is the core of the new recruiting effort, impacting both the search for new potential candidates and the training of all those involved in the process via automatic pre-screening mechanisms designed to reduce costs and optimise qualitative as well as quantitative results.

The selection process is mainly done through targeted activities via the Internet and is based on

the detailed profiling of candidates. This is followed by face-to-face meetings held all over Italy and are organised to take a close look at the candidate's motivation and interest in entering this profession.



“I realise that what started out in the classroom was completed with the acquisition of a full awareness of a crystal clear vision.”

(Family Banker® since 2004)

The Customer-Family Banker® Relationship at the local level

THE “FAMILY BANKER OFFICES”

The Family Banker® brings the bank into the customer’s home and offers them the best solutions and tools to operate with complete freedom.

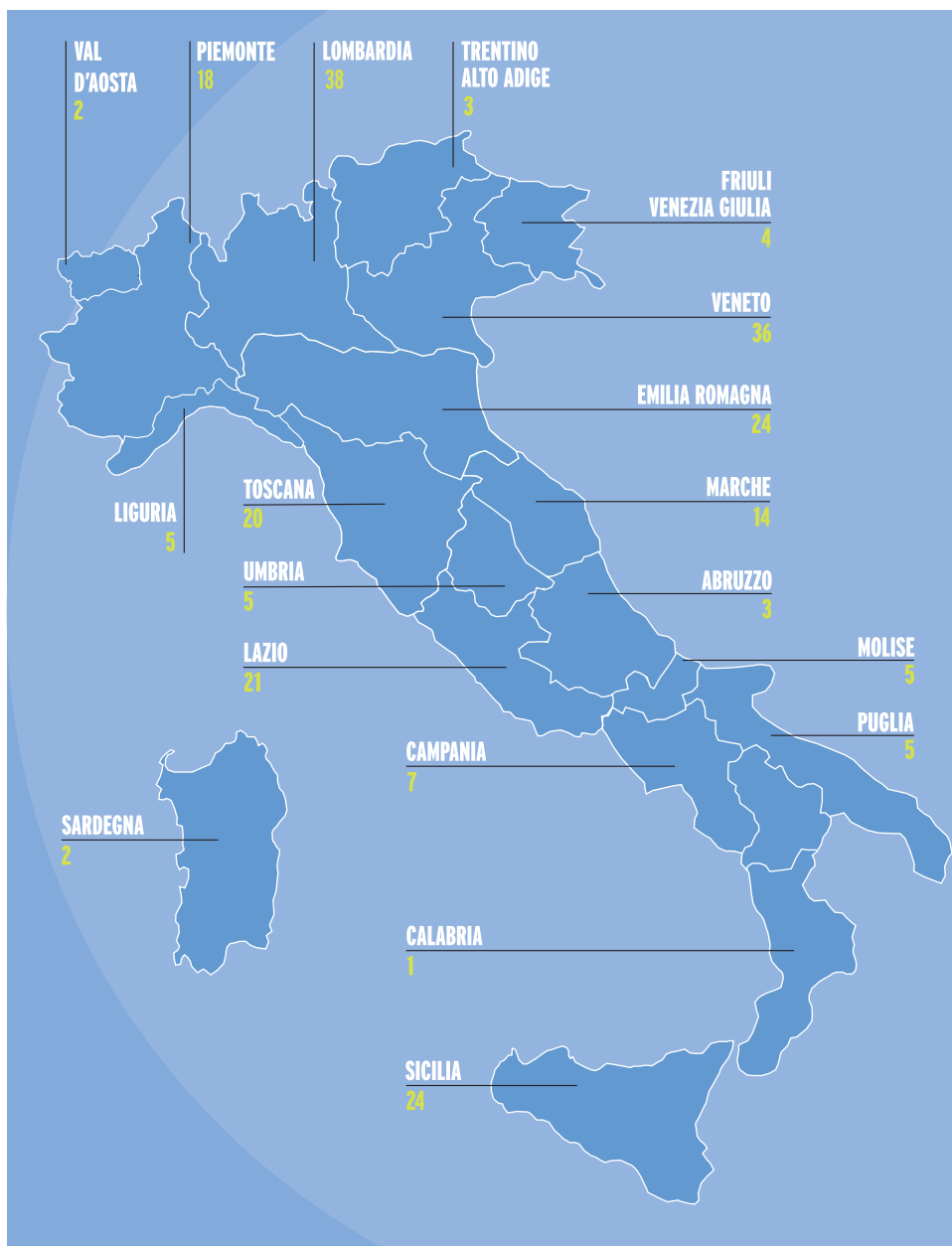
Banca Mediolanum and its Family Bankers are present in all Italian regions and main cities in Italy with offices that are located at street level and offices located on higher floors. The street level premises - “Banca Mediolanum - Family Banker Office®” - are a point of contact where everyone can obtain information or an opinion on financial, banking or pension matters.

Number	2009	2008	% Change
Family Banker Offices	237	239	(0.8)
Sales Network Traditional Offices	280	297	(5.7)
Banca Mediolanum branches	6	5	20.0
TOTAL	523	541	(3.3)

The Family Banker Office® is the place where customers can find out about Banca Mediolanum and, with the help of the Family Banker®, they can also learn how to use the bank’s multiple channels via the workstations that connect directly to the Internet and to Tele-text or they can access the Banking Services Center directly. Both Family Banker Offices and the traditional Sales Network offices are Family Bankers’ administrative offices. In 2009 a new Banca Mediolanum branch was opened in Assago, which adds to those in Milan, Padua, Bologna, Rome and the branch in Basiglio.

The Family Banker Offices of Banca Mediolanum are distributed such as practically the entire country of Italy is covered. The regions with the greatest number of offices are: Lombardy, Veneto, Sicily and Emilia Romagna.





DEDICATED MEETINGS

During the year, the Sales Network organises thousands of events across the country both at the Family Banker Office® and at other venues to meet customers and prospects: customer-dedicated evenings featuring movie premieres, concerts, black-tie dinners and various types of meetings. Specifically, in 2009, two important events were

organised, which entailed keeping the Banca Mediolanum Family Banker Offices open throughout the weekend in conjunction with the beginning of the Giro di Italia cycling race (10 e 11 May 2009) and the 85th World Savings Day (31 October 2009). During these 'open days', training and information were offered to both customers and prospects.



Diego Valente

EMPLOYEES

BEING

Mediolanum's human capital is represented by its employees and contractors, characterised by a strong cohesion in the company's values, principles and objectives.

The 1,748 employees of the Group are young (average age: 35.4), with substantially equal distribution in terms of gender (53% female vs. 47% male); there are approximately 10% more women compared to the average data for the Italian banking industry.

DOING

A new climate survey was carried out among the Mediolanum Group's employees in 2009, with a participation rate of 86%. The result in terms of Engagement was also high at 77%, based on positive answers to 8 questions in the areas of compliance to company strategy, commitment and motivation, against an average 59% in Europe. The overall level of satisfaction remains stable. Improvement ideas and projects are born from the results of this survey and the suggestions that are given.

One of the reasons for the general level of satisfaction is Baby Med, the company day care centre established in 2004, which was enlarged in 2009 becoming one of Italy's largest. This structure, only 50 meters away from the main office building, is now home to 127 children up to 3 years of age during office hours.

BUILDING

One of the main commitments is to further increase the opportunities for personal and professional growth, through multidisciplinary training paths, and the activity of Mediolanum Corporate University.

People already working at Mediolanum are given priority for growth and career opportunities. Another point of reference is the continuous progress and development resulting from the activity of the "Gruppi di miglioramento" (Teams for Improvement) put together by employees on a voluntary basis.

Analysis of employees

The following tables provide a picture of the Mediolanum Group's personnel. The figures refer to the number of employees at the end of the year.

ANALYSIS OF EMPLOYEES BY CATEGORY AND GENDER

Category	2009				2008			
	Number			% of total	Number			% of total
	M	F	Total		M	F	Total	
Senior Management*	73	16	89	5.1	65	15	80	4.8
Middle Management*	128	82	210	12.0	134	79	213	12.8
Non-management employees	624	825	1,449	82.9	584	782	1,366	82.4
TOTAL	825	923	1,748	100.0	783	876	1,659	100.0
Men/Women (%)	47	53		100.0	47	53		

Category	Change			% Change
	Number			
	M	F	Total	
Senior Management*	8	1	9	11.3
Middle Management*	(6)	3	(3)	(1.4)
Non-management employees	40	43	83	6.1
TOTAL	42	47	89	5.4
Men/Women (%)	47	53		

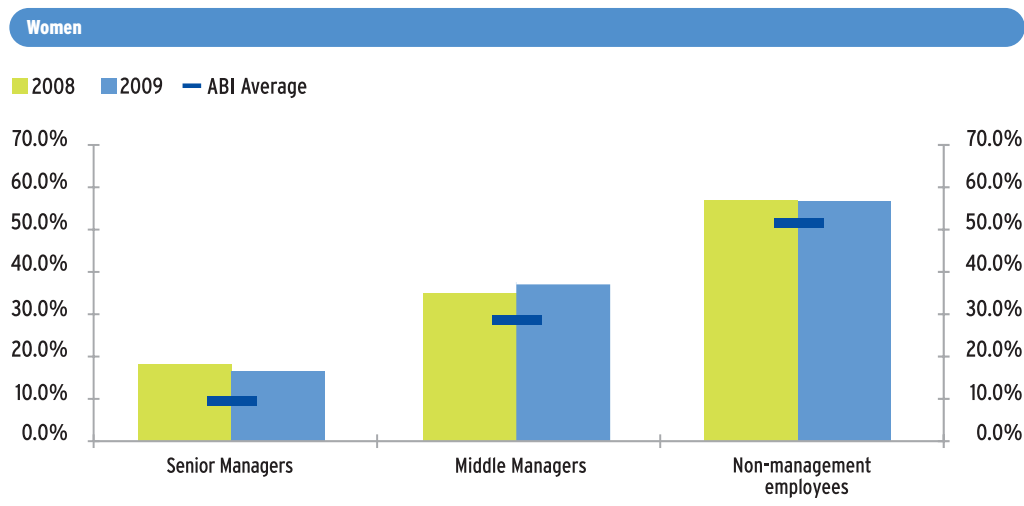
* Data do not take into account 7 senior managers and 5 middle managers in 2009 and 8 senior managers and 3 middle managers in 2008 hired on a temporary basis for a specific project underway in the Banca Mediolanum Sales Network Area

The general growth in the employee population was determined in 2009 by the growth in the business and the retention of some of those who were hired during the previous year for specific projects.

Overall, in 2009, 53% of the employees were women, and this percentage is in line with previous years. The figure is significant if compared to the industry average of 42.1%**.

Growth in the "senior management" category results from internal growth.

** ABI, "Statistical data as at December 31, 2008 - Analysis and Distribution of Banking Personnel"



The percentage of female employees was stable in the last two years. In 2009, **female executives** accounted for **1.7%** of all women employees, compared to the average of 0.5% in the Lending and Finance industry according to ABI (Italian Bankers' Association)*. Out of total executives, **18.0%** were women, well above the ABI* average percentage of 9.6%. The same can be said of other professional categories.

ANALYSIS OF EMPLOYEES BY COLLECTIVE LABOUR AGREEMENT TYPE

Collective Labour Agreement type	2009					2008				
	SM	MM	NME	Total	% of total	SM	MM	NME	Total	% of total
Banking	-	176	1,325	1,501	85.9	-	178	1,246	1,424	85.8
Insurance	2	5	31	38	2.1	2	5	31	38	2.3
Commerce	86	25	56	167	9.6	77	26	56	159	9.6
Manufacturing	1	-	-	1	0.1	1	-	-	1	0.1
Private Radio & TV Networks	-	4	37	41	2.3	-	4	33	37	2.2
TOTAL	89	210	1,449	1,748	100.0	80	213	1,366	1,659	100.0

The distribution of employees by collective labour agreement type reflects the weight of the different components of the Group's business. Since the Group includes Mediolanum Comunicazione S.p.A., a company active in the communications business,

some employees are covered under the "Private Radio & TV Networks" agreement. All other employees are covered under the banking, insurance and commerce agreements.

* ABI, "Statistical data as at December 31, 2008 - Analysis and Distribution of Banking Personnel"

ANALYSIS OF EMPLOYEES BY CONTRACT

Type of contract	2009	2008	% Change
	Number	Number	
Permanent employment	1,561	1,396	11.8
Total fixed-term contracts	199	274	(27.4)
Trainee contracts	111	181	(38.7)
Fixed term contracts*	88	93	(5.4)
Total standard contracts	1,760	1,670	5.4
Total flexible contracts and other contracts	65	140	(53.6)
TOTAL	1,825	1,810	0.8

* Data do not take into account 7 senior managers and 5 middle managers in 2009 and 8 senior managers and 3 middle managers in 2008 hired on a temporary basis for a specific project underway in the Banca Mediolanum Sales Network Area

Considering the total workforce, with both standard and flexible contracts, the overall growth came to **0.8%**.

Trainee contracts are standard in the Group for young employees at their first work experience. Specific projects started in 2008 causing an increment in the number of workers with flexible contracts for that year, were consolidated in 2009 bringing about the transformation of those contract into standard, more stable ones.

ANALYSIS OF EMPLOYEES BY AGE

Age group	2009					2008				
	Category			Total	% of total	Category			Total	% of total
	SM	MM	NME			SM	MM	NME		
18-25	-	-	77	77	4.4	-	-	102	102	6.1
25-35	1	19	850	870	49.8	1	33	822	856	51.6
35-45	34	126	432	592	33.9	29	127	371	527	31.8
45-55	39	58	74	171	9.8	37	48	58	143	8.6
over 55	15	7	16	38	2.1	13	5	13	31	1.9
TOTAL	89	210	1,449	1,748	100.0	80	213	1,366	1,659	100.0

In 2009, 54.2% of total employees are younger than 35.

39.3% of senior managers are younger than 45.

AVERAGE AGE

Category (Age)	2009			2008		
	M	F	Total	M	F	Total
Senior Management	47.1	48.1	47.3	47.7	47.4	47.6
Middle Management	42.1	41.4	41.8	41.0	40.4	40.8
Non-management employees	33.1	34.2	33.7	32.6	33.7	33.2
TOTAL	35.7	35.1	35.4	35.3	34.5	34.9

The average age (around **35.4**) is considerably lower than the ABI average* (about 42.5). Despite smaller changes in overall workforce with respect to previous years, growth in average age is modest. Average age in the “senior management” category went down slightly, due to the promotions.

ANALYSIS OF EMPLOYEES BY LENGTH OF SERVICE**

Length of service	2009					2008				
	Category			Total	% of total	Category			Total	% of total
SM	MM	NME	SM			MM	NME			
0-2 years	6	11	237	254	14.5	6	21	309	336	20.3
2-5 years	9	23	442	474	27.1	8	22	369	399	24.1
5-10 years	31	75	511	617	35.3	29	83	483	595	35.8
10-15 years	24	57	157	238	13.6	19	47	109	175	10.5
over 15 years	19	44	102	165	9.5	18	40	96	154	9.3
TOTAL	89	210	1,449	1,748	100.0	80	213	1,366	1,659	100.0

** Length of Service relates to service within the Group

The most visible change is a decrease in the ‘0-2 years’ category, as a consequence of the slowdown of new hirings with respect to the previous years.

* ABI, “Statistical data as at December 31, 2008 - Analysis and Distribution of Banking Personnel”

 **EDUCATION LEVEL**

Category (%)	Gender	2009			Total	2009			Total
		University degree	High School diploma	Vocation at school		University degree	High School diploma	Vocation at school	
Senior management	M	82.2	17.8	-	100.0	80.0	20.0	-	100.0
	F	56.3	43.7	-	100.0	53.3	46.7	-	100.0
	Total	77.5	22.5	-	100.0	75.0	25.0	-	100.0
Middle management	M	53.9	43.0	3.1	100.0	56.7	40.3	3.0	100.0
	F	40.3	51.2	8.5	100.0	43.0	48.1	8.9	100.0
	Total	48.6	46.2	5.2	100.0	51.6	43.2	5.2	100.0
Non-management employees	M	36.3	55.2	8.5	100.0	35.3	56.5	8.2	100.0
	F	33.3	61.1	5.6	100.0	30.8	63.0	6.1	100.0
	Total	34.6	58.6	6.8	100.0	32.7	60.2	7.0	100.0
TOTAL		38.4	55.2	6.4	100.0	37.0	56.4	6.6	100.0

The employees have a high level of education. Those with a university degree account for **38%** of total employees (ABI average: 32%*) and **77.5%** of executives.

 **EDUCATION LEVEL OF NEW HIRES**

Educational level	2009		2008	
	Number	%	Number	%
Postgraduate	3	2.6	6	2.7
University degree	54	47.4	110	48.7
High school diploma	38	33.3	100	44.2
Other	19	16.7	10	4.4
TOTAL	114	100.0	226	100.0

Also new hires have a high level of education. **50%** of them hold a university or a postgraduate degree.

* ABI, "Statistical data as at December 31, 2008 - Analysis and Distribution of Banking Personnel"

BREAKDOWN OF HOURS ABSENT BY LEAVE-TYPE IN TERMS OF HOURS AVAILABLE

Leave-type	2009		2008	
	Hours	%***	Hours	%***
Holiday / Maternity leave	369,221	12.5	376,041	13.7
Sick leave	109,413	3.7	101,404	3.7
Paid leave	78,175	2.7	45,568	1.7
Other*	39,291	1.3	46,174	1.7
TOTAL HOURS ABSENT	596,100	20.2	569,187	20.8
REGULAR HOURS WORKED	2,352,744	79.8	2,170,153	79.2
AVAILABLE HOURS**	2,948,844	100.0	2,739,340	100.0

* Coursework, medical visits, family leave and work-related leave

** Available hours are calculated as number of work-days in a year multiplied by the number of work hours according to the related labour agreement

*** The percentage is calculated as the ratio to the total number of available hours

Managers are not included in the table above due to the different way in which their presence at work is accounted for.

Vacation and maternity leave are contractually **obligatory** and account for more than **60%** of the total of hours absent.

EQUAL OPPORTUNITIES

This section highlights the relationship between average compensation for men and women, calculated as a ratio between the average compensation for men and the average compensation for women.

Category	2009					Average
	< 2 years	2-5 years	Length of service 5-10 years	10-15 years	>15 years	
Senior Management	1.48	n.a.*	0.90	1.21	1.58	1.28
Middle Management	1.02	1.09	0.99	1.21	1.17	1.12
Non-Management employees	1.02	1.04	1.09	1.05	1.04	1.01

Category	2008					Average
	< 2 years	2-5 years	Length of service 5-10 years	10-15 years	>15 years	
Senior Management	1.61	1.51	0.90	1.21	1.69	1.25
Middle Management	1.03	1.04	1.04	1.16	1.19	1.12
Non-Management employees	1.00	1.03	1.08	1.05	1.04	1.00

* This cannot be calculated because there are no female employees in this category and with this length of service

There are no significant differences between the average compensation for men and women in the middle management and non-management categories. With reference to senior managers, there is a significant difference in compensation in certain length-of-service categories, but is attributed in large part to the different roles and levels of responsibility.

PROTECTED CATEGORIES

Current laws require hiring personnel belonging to what are termed “protected categories”. Some Group companies have signed special **agreements** with the Provincial Government of Milan to plan the hiring of these individuals over the next few years, in compliance with the limits of the law. A possible channel for finding those belonging to the protected categories has also been activated through an agreement with an agency recognised by the Provincial Government, which is specialised in helping the disabled enter the world of work.

	2009	2008	% Change
Senior Management	-	-	-
Middle Management	1	1	-
Non-Management employees	36	35	2.9
TOTAL	37	36	2.8

The agency the Group collaborates with has a team of psychologists who recruit, select and train these individuals beforehand, according to the characteristics of the job they will have and in close collaboration with the Human Resources Department of the Group. These employees are helped to settle into the company by the presence of a dedicated and **specialised tutor** who works for the external agency. This tutor follows the individual for the first 6 months of internal training. At the end of this period the tutor, the team of psychologists and the company assess whether the activities of the job are suited to the individual, in

order to guarantee the job is in line with the person’s psychological and physical characteristics.

At Mediolanum Group Headquarters, the infrastructure necessary to guarantee the disabled employees and visitors access is in place: in fact, 12 **special entry-ways** and 22 **reserved parking spots** were constructed for this purpose. There are 8 restrooms dedicated to the disabled.

LITIGATIONS AND DISPUTES

In 2009, there were no pending litigations and disputes with employees.

Care for our people

PERFORMANCE MANAGEMENT AND DEVELOPMENT TOOLS

Many tools have been adopted within the Group to support HR in the management and development of employee performance, in terms of both meeting targets and of behaviours and attitudes shown during the course of their activities. A project for the review of these tools was started in the last few months of 2009, beginning with the process aimed at company's Management.

The project has brought about the redefinition of a process - now called Management Appraisal - that will be introduced company-wide in 2010, and includes the setting of targets both in terms of results, and development of managerial skills.

The tools adopted in different offices, although consistent with one another when it comes to the areas of performance and competence observed, are differentiated according to specific characteristic of the work environment. For example, Banking Services Center representatives are evaluated on a grid based on different skills, measuring both the operational performance (e.g. management of inbound calls in terms of duration), and teamwork capabilities (e.g. interaction with colleagues and knowledge sharing...)

The recognition of any given skill is based on competence and merits, and comes after a dedicated training period. Employees who acquire specific skills and employ them with positive results are granted a wage increase.

CAREER PATH AND TURNOVER

The Group prefers to hire young university or high school graduates and train them in-house because its comprehensive, multi-step training favours the sharing of corporate values. The selection process entails inviting candidates who are chosen on the basis of their curricula vitae, to spend an entire day

at the company. They are given a full description of the organisation and its values as well as the induction and development processes. The candidates also take part in group assessments and have individual interviews with Human Resources personnel.

Most of those who pass the selection process are hired to work in the Banking Services Center (BSC). During the first two months they receive classroom training and for the next four months they work alongside a senior BSC representative who coaches them. During this extended training period they gain an in-depth understanding of the products and services. The Banking Services Center, where representatives provide a wide range of information to customers and execute their orders, is the ideal place for training.

At the end of the training period, the new hires begin to deal with customers on their own. The various departments constantly draw on the Banking Services Center for the junior personnel they require, selecting them according to their personal characteristics, educational background and individual ambitions. These individuals then follow specific career paths, going on to hold positions of increasing technical and/or managerial responsibility. Similar training is also given to high-potential, new university graduates so that they can become familiar with corporate processes as well as products. Only when people with special skills or expertise in a given area are needed and cannot be found nor developed in-house, does the Group hire them from the outside.

NET NEW JOBS

(number)	2009				2008			
	SM	MM	NME	Total	SM	MM	NME	Total
Hires	1	2	111	114	4	11	211	226
Terminations	2	2	21	25	8	6	60	74
Resignations	2	2	11	15	4	6	54	64
Retirement	-	-	2	2	4	-	-	4
End of contract	-	-	8	8	-	-	6	6
Death	-	-	-	-	-	-	-	-
NET NEW JOBS*	(1)	-	90	89	(4)	5	151	152

* Where Net New Jobs = Hires - Terminations

NOTE: Please note that the figures shown in the table above do not coincide with those shown in the table 'Analysis of Employees by Category' as they do not include the effects of promotions to higher positions. The senior management category does not include the executives hired with a fixed-term contract, people joining/leaving the Group's foreign operations, nor new personnel resulting from acquisitions

The net increase in the number of employees in the non-management category is significant, particularly in the departments having to do with operational activities, and since these jobs function as a source of internal growth, there tends to be a high turnover in this area.

TURNOVER

Turnover %		2009				2008			
		SM	MM	NME	Total	SM	MM	NME	Total
New Hires*	Total	1.3	0.9	8.1	6.9	4.9	5.8	17.1	15.0
Resignations**	Total	2.5	0.9	1.5	1.5	10.0	2.9	4.9	4.9
	turnover TI ***	2.5	0.9	0.8	0.9	10.0	2.9	3.0	3.4

* New hires = No. of individuals hired in the category/total personnel in that category at the start of the year

** Resignations = No. of resignations in the category/total personnel in that category at the start of the year

*** Resignations calculated on permanent employment contracts

Once again in 2009, the number of incoming new employees was significantly higher than the number of those leaving, which is the condition required to support the continuous growth that characterises the Group's business. The number of resignations relating to permanent employment contracts is significantly low and indicates substantial stability in this category of employees.

PROMOTIONS

The table below confirms **equal career development** for men and women, and the extensive use of internal promotion to fill higher positions. Promotions accounted for **13.9%** of personnel on standard contracts at the end of the previous year.

Promotions (Number)	2009				2008			
	M	F	Total	% standard contracts	M	F	Total	% standard contracts
Middle to Senior Management	7	1	8	0.5	1		1	0.1
Middle to Middle Management	8	3	11	0.6	8	1	9	0.5
Non-management employees to Middle Management	3	4	7	0.4	10	9	19	1.1
Non-management employees to Non-management employees	111	106	217	12.4	77	88	165	9.9
TOTAL PROMOTIONS	129	114	243	13.9	96	98	194	11.7
TOTAL STANDARD CONTRACTS			1,748				1,659	

EMPLOYEE BENEFITS

Over the years, the Mediolanum Group has put special conditions, services and activities into place for the work and private lives of the employees. Some of these stemmed from employee suggestions. We believe in giving attention to people as a concrete application of the corporate values, as well as a way of improving the quality of our professional relationships.

Company day care centre

As shown by the data on employees, the Mediolanum Group personnel is young (average age: 35.4) and divided equally between the female (53%) and the male employees (47%). The shortage of services for child care often penalises female employees. The management recognised that there was an interest in setting up a company day care centre, resulting from a work climate survey conducted in 2003, where interviewees stated they would greatly appreciate such a project. In January 2004, the

General Services Department of Banca Mediolanum took on the project, with the objective of opening the company day care centre by the end of the year. **"Baby Med"** opened in early December 2004 and is run by people specialised in the field of child care.



The day care centre is only 50 metres from the Group's headquarters, so that it is very convenient for parents and easy to reach if necessary, giving them great peace of mind. In 2005, the day care centre was enlarged, with capacity being raised from 60 places to 88 places.

Further expansion of the Day Care Centre was carried out in 2009, which resulted in an increase in the



total available area to **1,000 sq. m** with a capacity of **127 children**.

Baby Med is probably one of the largest single-location company Centres in Italy, built to host employees' children up to 3 years of age.

The day care centre covers an area of 1,000 square metres and was completely renovated and furnished in full compliance with regulations and through very strict contracting procedures. There is also a 300 square metre outdoor playground that is protected by a system of video surveillance. It is open from 8.30 a.m. to 6.30 p.m. all year round (including August); in the summer, children can be enrolled for short periods, offering the service to other parents in periods when vacant places are available due to holidays.

During the summer vacation when pre-schools are closed, Baby Med functions as an **on-campus summer pre-school**. The presence of the day care centre allows for the organization of events centred around the children and their families, such as Carnival and

Christmas parties. The monthly fee paid by the employees for the day care centre is reasonable and lower than the average cost of the day care centres run by Milan's city government. This is mainly due to the "non-profit" nature of the initiative. The **local area** also benefits from the positive effect of the day care centre. Thanks to the quality of the project, a contribution was obtained from the Lombardy Regional Government and a percentage (about 10%) of the capacity is allocated to families living in Basiglio, where the Group has its headquarters.

Flex-time

Under the Flex-time scheme which allows employees to arrive up until 9.30 a.m., Mediolanum also meets its employees half-way through the adoption of flexible, part-time contracts. In 2009, 84 employees have taken advantage of part-time schedules, with 23 different hour schemes.

Shuttle bus service

A private shuttle bus service has been active for some time, with frequent runs between headquarters and Milan. This service is appreciated: the flexible shuttle hours respond to the needs of the employees in terms of both hours and runs that cover the main Underground stops. This leads to the savings of a considerable amount of travel time, as well as reducing pollution and traffic.

Company-sponsored supplementary pension

Some time ago the Group established a **Pension Fund** all employees could contribute to. Participation in the fund is incentivised because for those who opt to pay their production bonus into the fund, the bonus is then increased. At the end of 2009, 93% of middle managers and 90.7% of non-management employees were members of the Fund.

Protection: supplementary health insurance

Optional supplementary health care is a benefit offered free of charge to employees (middle managers and non-management employees covered under the banking and commerce labour agreement who have permanent employment or trainee contracts) and includes coverage for a range of medical expenses, with the possibility of extending it to the employee's family for an additional amount. The share of employees choosing to extend insurance to their family members has grown considerably during 2009.

Insured	2009		2008	
	Number	% of total	Number	% of total
Employee beneficiaries (middle managers and non-management employees)	1,586	74.3	1,487	87.9
No. of family members with extended health insurance	550	25.7	204	12.1
TOTAL NO. OF INSURED	2,136	100.0	1,691	100.0
No. of employees who extended health insurance to their family members	305	19.2	118	7.9

Since 2008, complementary health coverage is also granted to senior managers, completing the range of services already offered.

Tax Assistance

In the last few years, a free tax assistance service has been offered to employees, providing help in the filling out of the annual tax filings. In 2009, 926 employees took advantage of this service.

Special terms for products and services

Other benefits for employees concern special terms for access to the products and services offered by the group, for example:

- mortgages;
- bank accounts;
- credit and personal loans;

- financial products and services (e.g. investment funds);
- headquarters support service (which provides information and operational support to employees, collecting and dealing with their requests relative to Group products).

Commercial agreements

The Mediolanum Group signs commercial agreements for discounts and/or special terms for its employees and for the Family Bankers. These agreements cover sectors ranging from furniture to clothes, from well-being to leisure time and travel. Thanks to the agreement with ATM, the Milan's public transport company, for example, many employees have purchased annual passes at reduced rates. In addition to the agreements on an annual basis, agreements for special terms and discounts are made for sport and cultural events. An updated list of the agreements is published on the Innova portal and through an internal communication service.

Internal participation

The employees of the Mediolanum Group actively take part in improving the efficiency of the corporate processes, including those via the Teams for Improvement. This programme identifies areas for improvement or innovation in a number of areas within the company, leading to solutions which are carefully evaluated by Top Management, and are then often applied.

TEAMS FOR IMPROVEMENT

The Teams for Improvement are formed on a voluntary basis by employees and meet regularly to identify and study critical areas for improvement in their work and the company's business.

The Teams for Improvement were introduced at Banca Mediolanum at the beginning of the '90s and are based

on KAI-ZEN, where KAI means change and ZEN means better: **change for the better** is thus the "mission" of the Teams for Improvement. Ideas are submitted by any and all of the employees and work teams develop the most valid and significant

projects, proposing workable solutions that are based on improvement and optimisation.

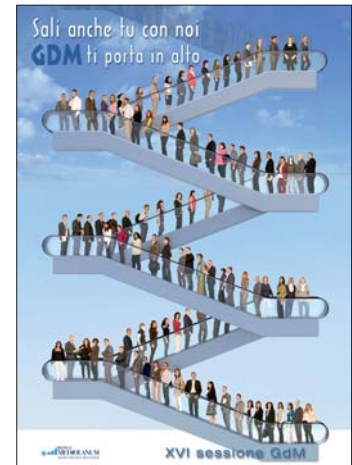
Teams for Improvement are always under the guidance of a **Tutor**, a high-level manager within the company who has experience and specific knowledge in the area related to the project and has the role of encouraging and assisting all the team members during all phases of the project.

The Teams for Improvement last about five months and follow four steps:

- identification of the problem;
- data collection;
- writing up of one or more proposals for improvements;
- implementation (and Follow up).

Moreover, all ideas are presented to Top Management and an award (travel-related) is given to the team with the best proposal in terms of concrete benefits to the company. All winning team members are also invited to attend a special dinner along with some members of Top Management.

The Teams for Improvement have led to results that substantially improve the workplace climate and gain active involvement of employees in company life, as well as obtain economic benefits and improvements in processes. In 2009, the manner in which the Teams for Improvement work and are



organised underwent some changes: the Tutor took on an even more central role in the process.

In fact, the tutors are selected according to their competency in the subject matter relating to the idea proposed: thus the Team can count on qualified technical assistance, and this raises the chances of a satisfactory outcome of the project.

This resulted in having almost twice as many participants (91 vs. 54) in 2009 compared to the previous session, and a 30% increase in the number of projects (14 vs. 9).

The need to bring the projects that were planned by the Teams for Improvement to life and turn them into real corporate projects led to the creation of the idea of **Follow up** in February 2006. The proposals made by the Teams for Improvement often require some kind of technical development and a practical assessment that the recommended solution works in practice. The push behind every single project is the Tutor, who stays in contact with the Teams at the beginning and with the 'technicians' in charge of implementation afterwards to make sure that the project is realized. Thanks to this new approach to the Teams for Improvement, 37 projects were implemented involving 106 people.



IMPROVEMENT PROJECTS

The Progetti di Miglioramento (PdM) (**Improvement Projects**) are also very important: these have to do with "continuous improvement" and do not normally require interaction with other employees, as they have to do with individual work. Everyone is encouraged to give their contribution by doing

their best to optimise daily practices and operations in whatever processes they are involved in, which are often without cost, and result in time savings and the streamlining of procedures.

80 Improvement Projects have been started since 2007 and have involved different areas of the company, resulting in significant economic and qualitative benefits.

The Quality Department at Headquarters makes sure that proper visibility is given to the projects and to the creators of the projects. In fact, some of the more worthwhile projects that are replicable all over the company were presented during important company events.

QUALITY WORKSHOP

As Mediolanum has always paid special attention to Quality, a variety of events aimed at the promotion of the concept are organised annually during the "week of quality".

And among these, Dr. A. Parasuraman, (Vice Dean of Faculty and Chair in Marketing at the University of Miami, consultant and member of the scientific committee for the Mediolanum Chair in Quality at Bocconi University) was invited last year to conduct a conference entitled: "The Relationship between Quality and Productivity in Services".

The presentation was open to the entire company thanks to the interactive portal where everyone has access to all company activities.

Training and personal growth

On July 1, 2009, the headquarters' Training department became part of Mediolanum Corporate University in order to provide synergies with the institutional training offered to the Sales Network. Most of 2009 activities consisted in analysing needs, and designing a new training path dedicated to employees, entirely remodelled in its content and in the way classroom courses are administered.

EMPLOYEE TRAINING COURSES

The following table shows the data relative to courses taken by Group employees. These courses are divided into three categories:

- 1. Training courses on values and on managerial skills:** these aim to convey what it means to work for Mediolanum and to develop a number of relationship and managerial skills to the Group's employees, in line with the Group values;
- 2. Technical refresher courses:** these are technical and specialised and are tailored to the needs of the various company areas;
- 3. Compulsory training courses:** all those required by the current regulations, such as courses on Personal Data Protection, Anti Money-Laundering, Act 231/2001 or Insurance Brokerage.

Course name	2009		2008		% Change	
	No. of Participants	Total hours	No. of Participants	Total hours	No. of Participants	Total hours
Training on corporate values and managerial training	338	3,914	322	4,815	5	(18.7)
Technical refresher courses	744	11,979	778	15,011	(4.4)	(20.2)
Compulsory training	2,161	15,987	3,304	19,162	(34.6)	(16.6)
TOTAL	3,243	31,879	4,404	38,988	(26.4)	(18.2)

AVERAGE NUMBER OF HOURS OF TRAINING AND PROFESSIONAL REFRESHER COURSES

Type of course (hours)	2009	2008	% Change
Training on corporate values and managerial training	2.2	2.9	(24.1)
Technical refresher courses	6.9	9.0	(23.3)
Compulsory training	9.1	11.6	(21.6)
Professional refresher courses*	32.4	46.0	(29.6)
TOTAL HOURS PER-CAPITA	50.6	69.5	(27.2)

* Update through specialised industry magazines and journals for employee use at no charge, corporate conventions for the launch of new products, specialised meetings to update on the development of the Group business and activities, presentation of quarterly earnings releases during meetings regarding the company's performance

In 2009 the decline in total number of participants and training hours (-18.2%) can be attributed to three factors:

- the establishment Mediolanum Corporate University called for the reorganisation of all courses, with the consequent increase in analysis and planning activities and the slowdown in classroom teaching (50.6 hours per capita in 2009 versus 69.5 in 2008);
- the completion of significant regulatory-related training in 2008 (for example, in 2008, 8,669 training hours, or 22% of the total, was dedicated to mandatory Act 231 and Anti-Money-Laundering law training with 2,823 participants); in 2009, only follow-up training (for maintenance or specialisation) was given on these topics, to a total of 853 trainees (2,986 hours, or 9% of the total hours for 2009);
- a lower number of new hires (101 versus 183) in the Banking Service Center.

Mediolanum Corporate University has also dedicated its efforts to the organisation of **panels and presentations** on current topics such as the "2009

Tax Shield", and the work against money laundering (1,446 hours and 333 participants).

TRAINING COURSES FOR NEW-HIRES

	2009	2008	% Change
No. of sessions	8	18	(55.6)
No. of participants (1)	101	183	(44.8)
Total hours (2)	30,464	55,568	(45.2)
TOTAL HOURS PER-CAPITA (2)/(1)	302	304	(0.7)

Like in the past years, the introduction of new hires in the company's workforce comes after a 49-day classroom course, followed by on-the-job training. This path leads to the acquisition of skills and knowledge necessary for being a Banking Services Centre Representative.

"I work for a company where I have learned many things. I understand what it means to work on a team, to work toward a common objective."

(Employee since 2007)

Health & Safety - the Safety project

In 2009, the Mediolanum Group developed the Safety Project to minimise accidents in the workplace, and thus create a culture of safety in the workplace.

Safety protection activities are conducted to ensure the safety of people and of the workplace in compliance with statutory and regulatory requirements, specifically with the Consolidated Finance Act (Testo Unico, T.U.) - Law Decree, passed on April 8, 2008, - which replaced Act 626/94 - encompassing all the laws regarding safety.

Mediolanum has the objective of achieving excellence in the area of Safety as well.

Over the course of 2009, many specialised support activities were carried out for the Prevention & Protection Service, represented by the two figures mandated by the above mentioned law: the "Employer in charge of Safety" (DdL) and the "Prevention & Protection Managers" (RSPP):

- consolidation of the organisational unit in charge of Safety;
- training and information activity: courses for the newly hired, ad-hoc training on safety for 68 corporate and 11 sales network managers; two appointed "Employee Representatives for Safety" in addition to the 6 already in charge; as of today, 82 colleagues have first-aid skills, and 70 are trained for fire emergencies;
- training session was held about Contracting and the DUVRI (a document, mandated by law, evaluating the so-called "Interference Risks", or risks run by workers when operating in a place where multiple contractors are present);
- monthly Safety Meetings and periodic Hazard Surveys consisting of workplace inspections to discover situations that may not be in compliance and require remedial action;
- organisation of a photography contest entitled "Safety First", to raise awareness on safety practices,

- where the best shots were awarded a prize and published on the "Innova" corporate intranet portal;
- constant updating of the dedicated safety area within the "Innova" portal;
- presentation of a Safety Status report to the "Organismo di Vigilanza", or supervisory authority;
- definition of the Management Organizational Model;
- periodic execution of office evacuation drills (a total of four carried out by the Mediolanum Group since end 2007);
- setup of First Aid boxes on each floor of all the buildings at headquarters, with updated maps available on the 'Innova' portal indicating their location;
- ongoing monitoring of infrastructure adequacy, the micro-climate in the Group's buildings, as well as an environmental analysis at the Milano Tre Residence;
- establishment of a committee on the potential emergency caused by "A" flu virus (H1N1 virus), announcements on the 'Innova' corporate intranet portal, informational meetings discussing the topic, the purchase of dedicated material (disinfectants and masks), and the availability of vaccines (on a voluntary basis) as recommended by the Department of Health.

In addition to new projects, annual maintenance is carried out, such as:

- sanitation of work stations and certain equipment;



- substitution of air filters;
- preventative and periodic disinfestations.

In the area of healthcare, 402 employees underwent a medical check-up and 60 requests for first-aid were received from employees and contractors. Furthermore, as in the past, a campaign for the vaccination against seasonal flu was carried out in 2009, as well as two blood drives at the Group's headquarters, in cooperation with AVIS (Italian Blood Donors' Association).

Industrial accident index	2009	2008	% Change
Industrial accident index	19	9	111.1
Of which driving to/from work	17	8	112.5
No. of days of work lost for industrial accidents	268	247	8,5
Severity index*	0.11	0.11	-

* The severity index is defined as the ratio between days absent due to industrial accidents and thousands of hours worked

Total industrial accidents - i.e., those recognised by INAIL (National Insurance Institute for Industrial Accidents) - recorded by the Human Resources Department (TIME LOST DUE TO ACCIDENTS) - increased with respect to 2008 for the most part due to a strong increase in accidents driving to/from work (90% of the total). The increase in accidents in 2009 is back to the level of the years prior to 2008, when the number of accidents was particularly low. The most frequent industrial accidents when driving to or from work are bumper-to-bumper collisions, whereas accidents in the workplace are mainly falls.

Company-employee relations



EMPLOYEE CLIMATE SURVEYS

Since 1999, the employees of the Mediolanum Group have taken part in an anonymous employee climate survey carried out every two years to measure their level of satisfaction and identify areas for improvement.

2009 marked the sixth edition of the survey, which was carried out in cooperation with Watson Wyatt (now part of Towers Watson), a company specialising in this kind of survey, and Human Resources in general. This choice allowed for a comparison with the Europe-wide research entitled "Work Europe™ 2008", on 44 (out of 56) topics in the survey.

The questionnaire, submitted in electronic form, covered a number of topics, with questions about:

- sharing of company strategy;
- work environment;
- communication;
- commitment;
- teamwork and co-operation;
- strategic leadership;
- customer-oriented behaviour;
- relationship with direct superior;
- salary and benefits;
- professional development;
- company values;
- engagement index;

also offering the possibility to submit suggestions and opinions for the improvement in the quality of life and work in the company.

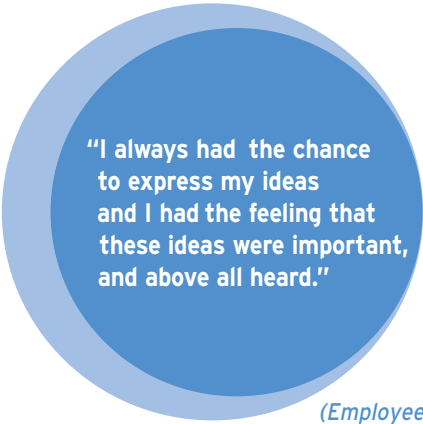
As before, the latest edition showed a high level of participation: **86%** of employees filled out the questionnaire. The level of engagement was also high at **77%**: this figure is calculated based on positive answers to 8 questions in the areas of

sharing of company strategy, commitment and motivation, and compares to an average **59%** for Europe.

The overall level of satisfaction remains substantially stable compared to past surveys.

Improvement ideas and projects are implemented based on the survey results and the suggestions that were received. This is why recommendations and suggestions for improvement can be submitted year-round through a dedicated section in the "Innova" intranet portal.

In the Autumn of 2009, the Human Resources Department started a series of meetings with managers in different departments to assess the results of the survey and programme activities and changes.



"I always had the chance to express my ideas and I had the feeling that these ideas were important, and above all heard."

(Employee since 2004)

EMPLOYEE RELATIONS

In 2002, the Employee Relations unit was set up within the Human Resources department with the aim of improving and optimising the quality of work life via:

- communication with employees;
- initiatives and recreational activities designed to enhance the workplace environment.

The latter in particular contributes to the employee's motivation to embrace the company objectives.

The various initiatives offered include:

- projects to balance work and family life;
- healthcare;
- cultural and sports activities.

BALANCING WORK AND FAMILY LIFE

In 2009, the company offered a number of services to all employees in order to balance work with private and everyday life.

In addition to the main service provided by the Day Care Centre Baby Med, other simple services to help out employees with their daily life were organized. A variety of services that help the employee save time and money were offered:

- a service for the filing and processes of administrative documents, consultancy on and processing of the renewal and duplication of driver's licenses and passports, the transfer of car title and plate number registration;
- a shoe repair service;
- a tailoring, mending and dry cleaning service;
- a service offering high-quality, biological foods;
- agreements with mechanics and tyre shops for the maintenance of employees' automobiles;
- recreational activities for the children of employees during the summer months.

HEALTHCARE

To raise awareness in the area of health, specific projects were implemented.

Two **blood drives** were organised in 2009 in

coordination with Avis Milano, with an ever-increasing number of donors.

And for preventive health care measures, two **flu vaccinations** were scheduled: the seasonal and the A H1N1 vaccine.

For a healthy lifestyle and diet intended to safeguard health, appointments with a nutritionist were made available: the purpose was to sensitise the employee to the central role played by preventive measures and to promote a **culture that prioritises health**.

This was a much appreciated opportunity to get a check-up right at the workplace with a specialised medical professional.

The anti-smoking campaign emphasising the damaged caused by smoking continued.

Moreover, employees had access to a variety of physical activities and sports thanks to the availability of locker rooms, showers, a recreation room designed for fitness courses like yoga, total body workout, targeted-toning exercise classes, Pilates, back-care classes, and courses utilising the Feldenkrais method.

The availability of bicycles that can be used during lunch break or after-work hours contributed to this objective.

RECREATIONAL ACTIVITIES

A variety of free-time activities were organized in 2009 for employees and their families, some of which are special for the year while others are repeated more frequently and on-going.

In particular:

- athletics and sports;
- recreational activities;
- cultural initiatives and courses (visits to exhibitions, concerts, theatres, conferences, employee photography exhibits on the company premises, fitness activities, yoga, Pilates);
- purchases at discount prices (books, gym memberships, etc.);
- baby and wedding gifts;
- special events;
- services and co-marketing activities.

In 2009, a **photography exhibit** with three distinct themes was organised exclusively for employees. Some of these photos were included in the layout of this Social Report.

The 2009 employee Climate Survey indicated that employees have an interest in going to shows and events at reduced prices. For this purpose, an agreement was signed to make reduced-price tickets available to employees for events that are held at Milan's Teatro alla Scala and at major theatres across the city.

Cooking courses were organised in cooperation with a professional chef that were greatly appreciated by employees.

A sound proof room was set up at corporate headquarters and made available to music lovers. During these get-togethers, a band was formed that played at the Group's corporate Christmas dinner and was greatly appreciated.

Excluding the year-round services and the deals offered under agreements with other companies

(which cannot be quantified) 102 activities were offered in 2008 and 129 in 2009, a **21%** increase. In 2009, over **1,290 employees** participated in these initiatives. Family members also took part in many of them.



INNOVA PORTAL

The "Innova - Circolo Mediolanum" intranet portal is visited every day by literally everyone in the company, and has turned out to be a very effective showcase for all proposals and activities. It was upgraded in 2007 and is the gateway to all the information, tools, rules and procedures that are relevant to working and "living" at Mediolanum. Specifically:

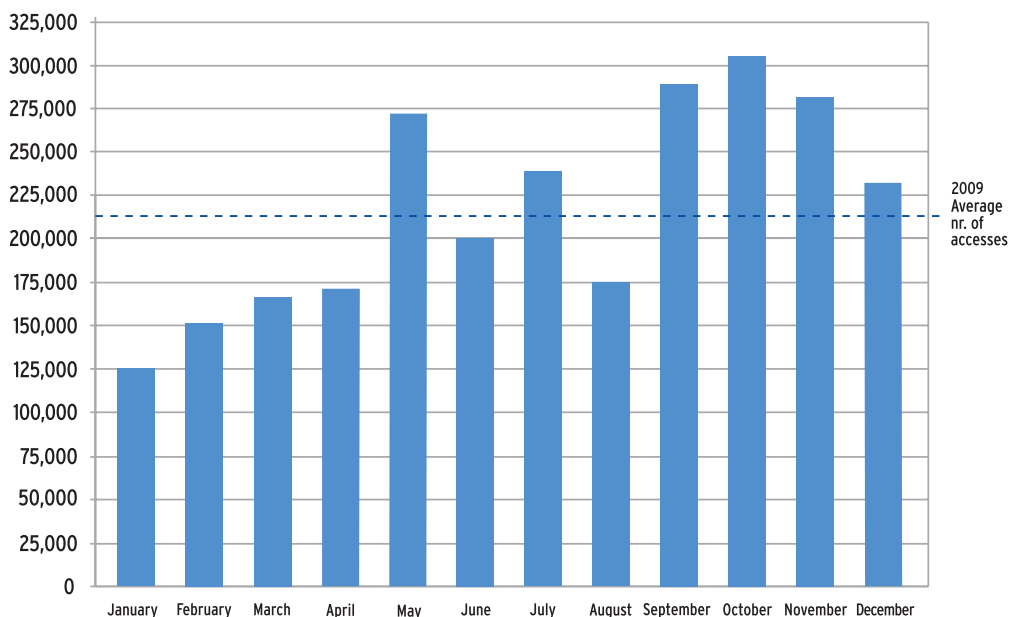
- information about the Group, its organisation, values, rules, results, events, activities, facts and new developments;
- a tool for employees to manage work life, to check the accuracy of the record of the employee's presence, time bank (time-off hours available), employee pay statement, benefits and vacation or leave requests are electronically authorised by the employee supervisor, thus saving paper;

- information on opportunities for personal growth through online training;
- information on teamwork opportunities (Teams for Improvement, collaboration and exchange of information);
- a tool for employees to carry out their specific work (software applications and work tools);
- information on services and activities available to employees (leisure time activities, balance of work and private life, special terms for Group products and services, discounts and special offers, tax advice);
- an area to communicate and exchange information, proposals and various and sundry items via the online marketplace, and to post employee improvement ideas and proposals.



(Employee since 1999)

Number of accesses to the Portal



Excluding accesses to the Home Page only, there were over 218,000 visitors per month, a significant increase with respect to last year average (148,000 accesses per month).



Maria Laura Serena Mantovani Erba

SHAREHOLDERS AND INVESTORS

BEING

The Mediolanum Group has always had the objective of creating value for the shareholder - value coming from a relationship rooted in trust generated by frequent dialogue, based on transparency, loyalty and sharing.

DOING

An efficient relationship with shareholders is always very important and even more so in light of the fact that in the majority of the cases, they are a category that acts in the interests of millions of people, i.e., mutual funds, pension funds and insurance companies. There are currently more than 51,000 shareholders in 36 different countries.

BUILDING

Managing the relationship with competency and communicating in a transparent way every aspect regarding the management of the Company and the strategies adopted, results in a dialogue that contributes to the creation of value: and Mediolanum is committed to continuing in the direction.

Each year, the Investor Relations team dedicates itself to meetings with shareholders and investors from all over the world as well as to days devoted to the sharing of data, ideas and strategies between the financial community and the top management of the Group.

The Mediolanum stock

HISTORY

The Mediolanum stock has been traded on the Italian Stock Exchange since June 1996 and is part of the FTSE/MIB index.

The following are the main events in the history of the Mediolanum stock:

- June 3, 1996: the Mediolanum stock is first traded on the Italian Stock Exchange in Milan at ITL 12,000 (€6.197) per share;
- November 1997: 1:5 stock split with ordinary shares divided by 5. Recalculating the IPO stock price after the split, the price is equal to ITL 2,400 (€1.239).

The Mediolanum S.p.A. stock is listed on the Italian Stock Exchange in Milan and is a part of the FTSE/MIB Index, the Italian Blue Chip stock index, including the most liquid and large-cap companies in each industry.

The stock is also a component of other major international stock indices, e.g., the S&P Euro 350 and the S&P Euro Index.

In 2009, a €0.15 dividend will be paid out.

HISTORICAL DATA IN EURO

	2009*	2008*	2007*	2006*	2005*	2004	2003	2002	2001	2000	1999	1998	1997
EPS	0.30	0.18**	0.29	0.31	0.32	0.19	0.18	0.11	0.14	0.16	0.12	0.10	0.06
DPS	0.15	0.15	0.20	0.20	0.20	0.14	0.11	0.10	0.10	0.09	0.07	0.06	0.05

* International Accounting and Financial Reporting Standards (IAS/IFRS)

** On pro forma net profit

EPS= Earning per Share

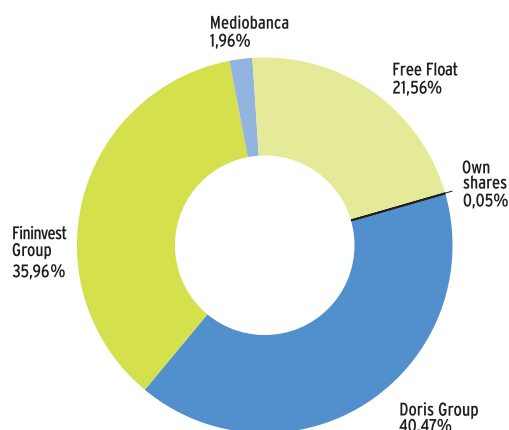
DPS= Dividend per Share

Share capital

As at December 31, 2009 the share capital of Mediolanum S.p.A. was made up of 731,400,579 ordinary shares with par value of €0.10. The main shareholders of Mediolanum S.p.A. are the Doris Group (40.47%) and the Fininvest S.p.A. Group (35.96%). Mediobanca holds a 1.96% interest with no voting rights. The free float is 21.56% and 0.05% is treasury shares held by

Mediolanum S.p.A.. The company is equally controlled via a Shareholders' Agreement (representing 51.04% of share capital), which will remain in force until September 13, 2010, by Fininvest S.p.A. (25.52%) and by Doris Group, which includes Mr. Ennio Doris, Fin. Prog. Italia S.p.a. owned by Ennio Doris & C. and Herule Finance S.p.A. (25.52%).

2009 Shareholdings



Investor Relations

Communication has always been one of the pillars of the Group's corporate culture. In this area, the Investor Relations team is the point of reference for the Italian and international financial community. Mediolanum has more than **51,000 shareholders** in about **36 countries** with significant shareholdings held by pension funds, mutual funds and insurance companies.

In line with the guidelines provided by top management, the objective of the Investor Relations team is to develop and maintain the relationship with shareholders, institutional investors and financial analysts through transparent and exhaustive disclosure and communication of information relating to the company's management and strategies as well as its economic and business results.

All relevant information is promptly brought to the attention of the financial community in full compliance with CONSOB and Borsa Italiana guidelines on the

disclosure of price sensitive information, i.e. information that has the potential to influence market performance.

The Investor Relations team liaises with stakeholders in the financial community in ways that aim to maintain a **continuous, dynamic dialogue** through meetings, one-on-one contacts, telephone conversations and via the technological channels: e-mails, conference calls and video conferences.

The objective of the Investor Relations team is to spur the interest of the financial community through targeted activities all year long that are intensified in conjunction with earnings releases: roadshows in the main European and North-American financial centres and presentations at the financial conferences held by the major International financial brokers are organised. Over the course of 2009 preference was given to industry conferences of analysts and investors where there is a high participation.

	2009	2008	% Change
Number of Analyst presentations	5	7	(29)
Number of Investor presentations	14	12	17
Number of roadshow days in Italia	1	1	-
Number of roadshow days abroad	13	10	30
Number of One-on-One Analyst meetings*	5	11	(55)
Number of One-on-One Investor meetings	172	123	40

* The table above does not include e-mail or telephone communication although there was a high number of in-depth telephone conversations and e-mail exchanges

Investor Relations is present on the Internet with a dedicated section on the corporate website **www.mediolanum.com**. The webcasts of the earnings releases can also be accessed here: both the live, interactive presentations that give the viewers the opportunity to ask questions, as well as past events on demand.

Moreover the team provides support and advice to all departments in the company that need to communicate financial information, for any number of reasons, to external entities.



Davide Luconi

VENDORS

BEING

For the Mediolanum Group, vendors are counterparties with whom long-term relationships are built based on both trust and shared principles set out in the Code of Ethics and operational criteria.

DOING

Mediolanum's corporate policy continues to give particular attention to its suppliers, establishing relationships with those who assure ways of doing business that are compatible with the concept of respect towards human beings and the environment. The selection takes into account criteria regarding cost-effectiveness, quality of service and technical, commercial and financial reliability.

The portal of services for prequalification and Vendor Management are a means for constant communication between the Group and suppliers, as well as the point of access to the Vendor List through applications for inclusion in the list or participation in the bidding process.

BUILDING

The behaviour in the relationships with suppliers has the objective of maintaining a relationship of mutual satisfaction, taking care of the efficiency and the image of the Group; and it is based on respecting the principles of transparency, equality, loyalty, correctness and competition, with the objective of maintaining and further improving the level of overall satisfaction and adopting policies of management that are in line with best practices in this industry.

Procurement policy

The suppliers are important stakeholders of the Mediolanum Group with whom solid relationships are established and built, based on the principles of legality, transparency, correctness and loyalty, in compliance with the criteria of social responsibility contained in the Social Report and the Code of Ethics of the Bank.

Reliability, quality, cost competitiveness, service and timely delivery are the aspects examined when assessing a vendor, but also adherence to ethical behaviour in the environmental and social arenas.

The price of goods or services is important but it is not the only aspect considered nor the exclusive focus of assessment.

The terms and conditions of procurement contracts with vendors are transparent, comparable and binding.

Pursuant to Legislative Decree 231 of June 8, 2001 on the liability of legal persons, Banca Mediolanum has adopted specific "Organisation, Management and Control Models".

The Procurement Department is in charge of goods and services procurement and operates in line with the principles set out in the Code of Ethics of Banca Mediolanum and of other companies within the Group. They stipulate the conduct to conform to for the regular and reliable management of the company. These principles are incorporated into and supplemented by ad hoc operational procedures as laid out in the Internal Procurement Policy.

To evaluate and compare procedures and practices in this area, the Purchasing Department participates in the activities promoted by the **SIRF Project**. The procurement department managers of many Italian companies are involved in this project that has the objective to promote the adoption of "best

practices" on the part of companies in their relationship with vendors.

The project revolves around corporate social responsibility in the procurement process and was conceived and promoted by the Procurement Executive Circle (PEC) (the party of reference for Procurement Departments of companies operating in Italy) in cooperation with i-Faber S.p.A..

The SIRF Project was carried out with the cooperation of the consulting firm Methodos S.p.A. and entailed the setting up of a "Study Group for the Definition of Strategic Guidelines". The study group included the Procurement Managers from all the main companies operating in Italy and came up with a set of Guidelines for Sustainability and Integrity in the Relationships with Vendors. All the companies involved in the study were evaluated against said guidelines: Mediolanum was judged adequate and fully sufficient in terms of meeting the standards.

Banca Mediolanum joined ABC (Asset Banking Consortium), the consortium that provides support to banking institutions for the identification of 'best practices' and for a better management of the purchasing process.



PURCHASING PROCEDURE AND SUPPLIER SATISFACTION

A web-based portal was created for the electronic management of requests for quotes (RFQ) and auctions as well as for contractor eligibility and evaluation (**Vendor Management**) accessed directly from the corporate website in the 'Social Responsibility with Vendors' section.

The portal permits participation in the bidding process to supply goods and services to the Group in compliance with corporate procedures.

Once the presence of the fundamental requirements has been verified, the Purchasing department tends to select suppliers that operate according to the principles of 'sustainability' (safety in the workplace, respect towards the environment etc.).

Registered vendors must download a general vendor contract directly from the portal, sign and return it.

Three important clauses are set out concerning:

- disclosure in compliance with Law Decree 231 dated June 8, 2001;
- the obligation of confidentiality relative to the data and information concerning the purpose of the contract or the information acquired in the course of business, and the obligation of compliance with the Privacy Law Decree 196/2003;
- the obligation to comply with safety rules in the workplace.

The purchasing procedure for goods and services was automated for the management of most of the purchasing documents. The system is able to monitor the process in all phases: from the initial request, to the order, to the final billing, and the related payment.

The optical archive instrument permits the tracking of the printed documentation used during the

negotiation process and the relationship with the supplier, optimising costs and efficiency.

A questionnaire with 220 questions directed at the suppliers is available on the portal, some designed to measure **supplier satisfaction**.

A substantial number of the suppliers who responded to the questionnaire were very satisfied with the relationship established with the Mediolanum Group. The evaluation that is based on a scale from 1 to 5 (where 5 represents the highest score) showed a level of overall satisfaction equal to **4.31**.

The following items scored higher than 4.31:

- transparency in the negotiation terms;
- on-time payment;
- degree of cooperation among Headquarters departments.



Analysis of vendors by business category

The distribution of vendors by business category reflects the composition of the Mediolanum Group's activities and services and is characterised by a large number of IT vendors.

Business Category (%)	% of sales		
	2009	2008	% Change
EDP and Databanks	28.0	28.0	-
General expenses	18.2	21.9	(16.9)
Promotion, Advertising and Marketing	15.3	15.2	0.7
Professional services	12.2	10.1	20.8
Property Management	5.3	6.2	(14.5)
Utilities	5.4	5.6	(3.6)
Transportation and shipment	4.5	3.0	50.0
Insurance	5.6	2.8	100.0
Other	5.5	7.2	(23.6)
TOTAL	100.0	100.0	

Analysis of vendors by sales level

Over 68% of vendors have sales to the Group that are less than €10,000 and only 8.8% have sales to the Group higher than €100,000.

Annual sales (€)	N. of vendors			
	2009	%	2008	%
0 - 1,000	880	31.1	641	28.1
1,001 - 5,000	803	28.4	557	24.4
5,001 - 10,000	255	9.0	223	9.8
10,001 - 50,000	484	17.1	445	19.5
50,001 - 100,000	157	5.6	173	7.6
100,001 - 500,000	172	6.1	164	7.2
500,001 - 1,000,000	34	1.2	42	1.8
>1,000,000	42	1.5	37	1.6
TOTAL	2,827	100.0	2,282	100.0

Geographic analysis of vendors

The number of vendors grew by 23.9%. 46% of the suppliers are concentrated in Lombardy, the region where the Mediolanum Group is headquartered. More than 70 vendors who supply the Italian subsidiaries of the Group have registered offices abroad.

Region	N. of vendors		
	2009	2008	% Change
Lombardy	1,302	1,182	10.2
Latium	262	220	19.1
Veneto	201	123	63.4
Emilia Romagna	178	152	17.1
Tuscany	139	70	98.6
Piedmont	137	119	15.1
Sicily	120	71	69.0
Abroad	78	100	(22.0)
Campania	75	36	108.3
The Marches	61	37	64.9
Sardinia	40	24	66.7
Apulia	40	24	66.7
Friuli Venezia Giulia	37	11	236.4
Umbria	36	21	71.4
Abruzzi	34	21	61.9
Calabria	26	20	30.0
Liguria	25	29	(13.8)
Trentino Alto Adige	15	12	25.0
Molise	12	6	100.0
Valle d'Aosta	7	4	75.0
Basilicata	2	-	-
TOTAL	2,827	2,282	23.9

"When I started to work for Banca Mediolanum, I was afraid I was getting into a complicated 'cog'. But, it turned out to be a structure that communicates in a personal, direct way."

(Vendor since 2008)

Claims and Disputes

Against a portfolio including over 2,800 vendors, pending disputes in 2009 were limited in terms of both the number and amounts involved.

This result reflects the attention devoted by the Mediolanum Group to fulfil its contractual obligations and to carefully select its vendors.



Dante De Angelis

THE COMMUNITY AT LARGE

BEING

Mediolanum puts the entire individual at center focus: ability, commitment and work, but also needs and necessities. Therefore, alongside the banking activities and the promotion of financial education, the Group provides intense support for social and cultural initiatives (through the Mediolanum Foundation).

For a path toward freedom from limits and neediness.

DOING

In addition to the objective of educating the employees and the Family Bankers about finance and responsibility toward the customer, there are also get-togethers with the financial community of the Mediolanum Market Forum (viewable on TV and the Internet) and the training activities of MCU - Mediolanum Corporate University.

Cultivating freedom means the ending of poverty. After the "Piccolo Fratello" (Little Brother) project in Kenya was up and running, the work of the Mediolanum Foundation built 4 'street schools' in Haiti, giving more than 1,800 children access to primary school education and preparation for a job that will free them from poverty.

Following the severe earthquake that hit Abruzzo in April, 2009, Banca Mediolanum decided to step in, allocating one million euro in funds to customers who were impacted.

Another act of social responsibility related to the city of Viareggio, with the donation of a van to the 'Croce Verde' (Green Cross) for the transport of disabled individuals to replace the one that had been destroyed in the tragic fire at the Viareggio train station in June, 2009.

BUILDING

The Mediolanum Foundation has renewed its commitment to Haiti, resuming work after the earthquake that devastated the country in January, 2010, having to reconstruct part of what had been built.

The 'financial dialogue' with the stakeholders is planned to be pursued through the continuity of information via the "Mediolanum Market Forum" and the quality training at MCU.

Mediolanum Group charitable programmes

The Mediolanum Group is directly and actively involved in important social initiatives in Italy and abroad. These initiatives are carried out in the following four areas:

- commitment to service quality through the partnership with Bocconi University;
- medical and healthcare research through a shareholding in IEO (Istituto Europeo di Oncologia - European Oncological Institute);
- humanitarian work through the Mediolanum Foundation;
- financial literacy through a variety of events and the educational activities of Mediolanum Corporate University which is covered in the section dedicated to Sales Network and Employees.

The common pattern underlying the strategy of all these projects is the focus on and the enrichment of the person and the community with a long-term view.

Abruzzo and Viareggio: two operations in support of the local communities

2009 was marked by a series of important events that hit Italy and shook the population: the earthquake that hit Abruzzo and its people in April and the railway accident at the end of June at the Viareggio train station.

In both circumstances Banca Mediolanum intervened supporting the people of the local communities struck by these tragedies.

Banca Mediolanum donated one million euro to help its customers and Sales Network members severely damaged by the earthquake that hit **Abruzzo** on April 6, 2009, to regain a normal daily life and get back to work activities.

At the same time, the funds that were raised from generous donations from customers and employees through a dedicated bank account brought in a total of €400,000. This amount funded a Caritas

Ambrosiana project for the creation of a multi-use 'community centre' in the area of Paganica (AQ) providing the people from the local community with social services and suitable space to meet and spend their free time.

In **Viareggio**, Banca Mediolanum bought a van for the transportation of the disabled to contribute to the rebuilding of the fleet of the local Croce Verde (Green Cross) which had been devastated in the fire that destroyed the streets and the buildings surrounding the train station. The vehicle was presented to the Croce Verde and to the people of Viareggio January 24, 2010.

COMMITMENT TO SERVICE QUALITY

Banca Mediolanum S.p.A. considers "service excellence" to be a key success factor.

Since 2006, Banca Mediolanum and Bocconi University entered an agreement that established the '**Customer Centre & Service Science Lab**' and set up the "**Customer & Service Science**" chair. Both the chair and the centre are headed by Enrico Valdani, former professor of Economics and Business Management at the Bocconi University, who will work alongside a scientific committee including, among others, A. Parasuraman, Vice Dean of Faculty and Chair in Marketing at the University of Miami, and Edoardo Lombardi, Executive Deputy Chairman of Banca Mediolanum S.p.A..

Every year an analysis is conducted to identify the most innovative processes in the service industry across the country and an award is presented to the most innovative companies.

On June 17, 2009, the second "**Mediolanum Award for Service, Quality & Innovation**" was awarded to those companies who excelled in customer service quality.

While the first award was specifically dedicated to

the hotel and tourism industry, in 2009 the focus was on an increasingly socially relevant area: healthcare services for the elderly. This sector is becoming ever more important due to the aging of the population as well as diminishing resources available in the public sector. Out of the more than 110 companies selected, the award was given to 4 organizations most noted for the innovative service quality offered to their customers:

- A.S.P. Città di Siena;
- Casa di Riposo San Giuseppe Onlus, Casnigo, BG, non-profit Nursing Home;
- Casa di Riposo Dott. Giuseppe Pariani, Oleggio, NO, Nursing Home;
- I.S.A.C.C. - Istituto Servizi Assistenziali Cima Colbacchini, Bassano del Grappa, VI, Nursing Home.

In the 2008/2009 academic year, the Mediolanum Customer & Service Science chair established at the Bocconi University became part of the curriculum of undergraduate students. The course introduces and discusses 'service-dominant logic' that places service at the centre of every exchange. This mindset interprets service as an offer of a competence that customers buy to obtain a solution to their needs.

MEDICAL RESEARCH


The Mediolanum Group has a shareholding of about 4.6% in Istituto Europeo di Oncologia (IEO), a non-profit organisation formed to achieve excellence in cancer prevention, diagnosis and treatment through scientific research, clinical trials, innovation in organisation and management and an emphasis on superior patient care.

OTHER INITIATIVES IN 2009

Moreover, over the course of 2009, two blood drives, by now a custom, were organised at the

Group headquarters in cooperation with AVIS who provided the vehicle for the blood drive, with a large turnout on the part of the employees. This was also an opportunity for employees to receive personalised advice on their life styles and dietary habits in order to increase awareness of prevention and a culture of health.

The Mediolanum Group has supported the activities of **FAI Fondo Ambiente Italiano** (Fund for the Italian environment) through its participation in "I 200 del FAI" (the "FAI 200") which looks after and protects Italy's historical, artistic and natural resource heritage.



"What we did in Viareggio gave us the chance once again to show the values of our Group."

(Family Banker® since 2000)

Humanitarian work - The Mediolanum Foundation

The Mediolanum Foundation was established in 2002 with the main objective of following, developing and carrying out the Group's activities in the social environment. Over the years, various activities aimed at helping the less fortunate and disadvantaged have been carried out in the areas of assistance, philanthropy and research.

OBJECTIVES

Since 2007, the Mediolanum Foundation has concentrated primarily on **caring for, assisting and helping children** in disadvantaged conditions.

Children who are often the weakest and most vulnerable link in society must be equipped with a background of knowledge and values that will enable them to face the reality of life and their environment in a free and independent manner. The Mediolanum Foundation intends to work towards helping today's children become the free adults of tomorrow.

In addition to basic education, an enormous amount of effort is given to the fulfilment of primary needs such as food, a place to stay, vaccinations and medical care. In addition to all this, teenagers are given a chance to learn the basics of a job. This allows the Foundation to help dozens of teens to reach a level of autonomy that allows them to become free adults that respect the universal values of the individual. All of this is done in line with local cultural and religious traditions.

In order to reach this objective, the Mediolanum Foundation pursues:

- long-term commitments in order to verify the efficacy of the project and the significance of the change brought about;
- concrete and lasting projects to develop and create added value in the local areas where it operates;
- transparency in the activities carried out and a

continuous verification of the advancement of the projects via continuous and systematic communication with its stakeholders.

2009 PROJECTS

The Foundation's projects in 2009 involved **assistance and training** for children and teenagers, in cooperation with leading non-profit organisations:

- the launch of a project to integrate Roma children in the schools of the city of Rome;
- the construction and the opening of a shelter home providing educational, entertainment and medical services to poor children and youth with learning disorders in Andong, Cambodia;
- the cooperation with a Rome's non-profit organisation to set up vocational training courses for young immigrants in order to acquire work rendering them self-sufficient;
- the bearing of the cost of rent of 3 flats in Genua available to out-of-town families with young ones at the Gaslini Hospital;
- the opening of a car repair shop as part of 'Francisville the city of jobs', a project created to develop entrepreneurial work and shops (bread bakery, print shop, construction) that will allow the teens of Port au Prince to learn a vocation and take on professional autonomy;
- the renovation and the completion of the maternity ward of the Consolata hospital in Tanzania, the only medical centre in a radius of many kilometres;
- the launch of a programme assisting street children of Mubai, India, in terms of their identification and to help out with the management and saving of the money they earn through their occasional work;
- the setting up of a literacy programme for poor children who for whatever reason cannot attend public schools in Obok, Gibuti;
- the support of a vocational training project in Kinshasa, Congo, for young mothers and widows in order to guarantee their economic self-sufficiency.

These projects are concrete in nature and are built to be sustainable over time and have positive repercussions on the local population and not just on the children and the teenagers directly involved. The project that still has the greatest visibility is “Piccolo Fratello”, which has been active for years and has the aim of giving concrete help to underprivileged children, particularly in developing countries. After the first project in Kenya, Piccolo Fratello is moving ahead with new projects in Haiti.

“Piccolo Fratello”

Over the course of the years, the Piccolo Fratello project took on an increasingly important role in activities carried out by the Mediolanum Foundation and has become more and more a socially-conscious brand.

Piccolo Fratello was set up in 2005 to promote a number of humanitarian projects geared to improve the quality of life and the education of children in developing countries. The first project carried out was an important initiative for children in Kenya, which was followed by another important project launched in Haiti, another part of the world where children - and others as well - need assistance and help.

Kenya

Relying on the experience and work of the non-profit organisation “Associazione Amani”, the Mediolanum Foundation has supported an important project in Nairobi to protect and take care of street children in the slums of Kibera, a village near Kenya’s capital city. This project was complemented by another project to train educators and teachers at the local level who would then be able to take care of the education of these children.



The objective is to allow young people, many of whom are ex street children themselves to become expert in emergency teaching and who are particularly sensitive

to the management and education of children with serious problems and disadvantages due to their own personal knowledge and direct experience of the local situation.

The commitment of the Mediolanum Foundation and the fundraising during the three-year period between 2005 and 2007 allowed all planned projects to become a reality.

Specifically:

- a **drop-in centre** established as a first point of contact with the street children where they can go in times of emergency and where they can find a trouble-free, warm environment, a hot meal and shelter. Here, they can wash up, play, be in the company of other children in a protective environment;
- a **family foster home** called “Ndugu Mdogo” (Piccolo Fratello) a completely new building inaugurated in 2006 which is able to host three couples of foster parents and 40 children entrusted to their care. Here the children can find warmth, security and taste the experience of real family life.

To guarantee self-sufficiency and autonomy of the project, the Mediolanum Foundation donated a **water truck** for the distribution of water. This resource is present in great quantity in the area, but it is not distributed through pipes or an aqueduct. The proceeds originating from the sale of the



water (micro-business) contribute to covering the expenses of the family foster home and will also produce an income for the water truck drivers' families.

The Mediolanum Foundation also contributed to setting up a **permanent education centre** to host and train local teachers who prepare the street children to deal with life in a self-sufficient way. In a year that was very difficult for Kenya due to a



severe drought that caused increases in food prices, the Mediolanum Foundation enlarged the project to equip the drop-in centre with the services and means

necessary to host and help a growing number of kids that depend on the centre.

Haiti

In 2007, in cooperation with the non-profit Francesca Rava N.P.H. Foundation, a new project was started to help disadvantaged children in Haiti. Haiti is a country in Central America defined as a fourth world country for its incredible level of poverty and backwardness: 1 child in 3 dies before age 5 due to diseases that are curable in other parts of the world, and 56% of the population suffers from malnutrition.

Therefore, Piccolo Fratello Haiti set an objective of building **4 street schools** over a period of three years in the slums of Port au Prince, where Father Rick Frechette, an active American Catholic priest has been cooperating with the N.P.H. association for years. He decided to obtain a degree in medicine to be able to help those most needy in a concrete manner and to counter the lack of medical infrastructure locally. The 4 schools built by Piccolo Fratello under

the supervision of Father Rick every year provide 600 children access to primary education as well as a daily hot meal, vaccination and medical care when needed.



The Mediolanum Foundation aims to render the projects it supports self-sufficient and autonomous. With this in mind, the Foundation created a parallel **self-funding project** that will allow the generation of funds to keep the street schools fully operational by buying a **water truck**, i.e., a vehicle that distributes water to the slums. Involving street teenagers in micro-businesses gives them work and keeps them far from organised crime, that often



tries to recruit them by offering money to support their families.

The proceeds from the sale of the water are also used to fund the school activities.

The objective for the Mediolanum

Foundation for 2009 was the development of a project for safe maternity. To help the women of Haiti who often become mothers at a very young age to face pregnancy with awareness and, above all, to preserve their health, which is also indispensable to give the newborn a future, an **out-patient clinic** was set up to follow them before, during and after pregnancy providing medical care, check-ups, and exams to follow up on the health of the foetus and to provide post-natal assistance. The construction work on the centre started in February 2009 and was completed in early 2010. Fund raising efforts in 2009 were concentrated on this project in order to give mothers,

pregnant women and the newborns a safe and secure environment.

Over the course of the year, a number of charitable projects were launched. The project that received

maximum exposure was the charitable text-message campaign organized in cooperation with the main telephone operators in the month of May 2009. Many customers participated in the



reward programme Mediolanum Freedom Rewarding choosing to donate the value of the prizes they won, totalling more than €7,000.

THE 2010 OBJECTIVE

Following the earthquake that struck Haiti on January 12, 2010, the Mediolanum Foundation intends to maintain its commitment to the projects already underway in the country, to deal with the damage and above all to help the local people get back to their daily activities, with a particular focus on the children.

Visible results

The “Piccolo Fratello” project enjoys high visibility, has tangible results and is fully accountable for how funds are used. You can also follow the progress and updates of Piccolo Fratello on the dedicated website www.piccolofratello.it, which over time has taken on the role of a portal for the variety of projects the Foundation is engaged in and their progress.

In conjunction with the holiday season, as well as during the whole year, **charitable projects** are organized **within the company** contributing to

“Piccolo Fratello” supporting the children in Haiti. Proceeds were donated to the project coming from the company Christmas market that is organized along with employees, the sale of Christmas cards for charitable fundraising, and the donation of a portion of the amount that would have gone to corporate gifts. Once again in 2009, “Christmas packages” were donated to a “soup kitchen” for the poor of Milan, continuing on with a tradition that has been in place for quite a few years.

“This company has always shown itself to be attentive to the needs of the employees and responsive to all kinds of situations: and this represents a significant stimulus for the present, but above all, trust in the future.”

(Employee since 1999)



Andrea Bordoli

COMMUNICATION INITIATIVES

BEING

In addition to corporate and internal communication, the Mediolanum Group is engaged in a series of projects aiming at involving all stakeholders. The goal here is to build an active and strong relationship with individuals, but also with the local community and society in general, spreading knowledge about financial freedom as well as fostering a positive attitude. Both these objectives are more important than ever in times of uncertainty and crisis.

DOING

In 2009, two Mediolanum Market Forums were held. These multi-media events feature panels of economists and opinion leaders discussing current economic and financial topics. The crisis was this year's theme, and the consequences were analysed, (including emotional consequences) and how they should be dealt with, followed by a discussion of the opportunities generated by the inevitable changes that will be brought about.

An intense dialogue with the Sales Network was kept up through BMedNet, a new portal granting access to all the network-dedicated websites, and also through corporate TV and conventions. And speaking of this, the annual event held at the Forum in Assago was presented to a live audience of more than 12,000, and won the "Best Events Award".

The dialogue with customers is enriched by the more than 2,000 local events (double the number in 2008), organised in conjunction with the Sales Network, with the participation of ca. 200,000 customers and prospects. And this does not include the numerous chances for meeting up during the "Giro d'Italia", an event Banca Mediolanum has been a sponsor for the seventh year in a row.

A semi-truck customized with the Mediolanum Freedom campaign visuals has advertised the bank and its model all around Italy.

BUILDING

Mediolanum intends to continue its dialogue with all stakeholders, thanks to the full range of media, taking advantage of the Group's professional and technical resources. New rendez-vous with the financial community as well as opportunities for being in contact with stakeholders through local initiatives are in the planning stages.

Beyond corporate and advertising communication, the Mediolanum Group is engaged in a series of initiatives aimed at building long-lasting and productive relationships with its stakeholders.

Mediolanum Market Forum



In 2009, two Mediolanum Market Forums were held. These multi-media events are open to interested stakeholders through live TV broadcasting and web streaming, where famous economists and opinion leaders have the opportunity to explain the events and developments in the world's economic scenario in a clear and authoritative manner.



The fifth Mediolanum Market Forum was created with the goal of becoming a reference point in the

financial industry, spreading ideas and information to orient customers towards more and more informed choices.

To accomplish this, Banca Mediolanum can count on two areas of excellence:

- its relationships with well-known figures in the world of finance, university, culture and knowledge;
- a vast production capacity, made possible by its own production company, Internet and text-messaging software platforms, as well as a TV channel.

The two Forums in 2009 dealt with the crisis in the world's financial markets and related themes, just as in 2008.

The Forum held in April, "The Market that will be", explained how emotional crises can amplify real-world ones, and suggested the appropriate behaviour to deal with the upcoming recovery.

The Forum held in October, "After the Flood", made an effort to explain the opportunities that may appear after the crisis and the change that inevitably comes about as a result, with the assistance of representatives from the financial world.

To make the events available to the public at large, they were broadcast live on the Internet (on the corporate websites and www.mediolanumchannel.tv) and on the Mediolanum Channel (free-to-air satellite TV, Sky Italy's channel n. 803).

Simultaneous translation into English and Spanish was also provided for the TV broadcast and the webcast.

The Mediolanum Market Forum was heavily advertised through:

- a press campaign with ads and advertorials in national newspapers;
- banners on the Mediolanum Group's corporate websites;
- information on the direct channels (Teletext and Internet-banking website) for customer access.

The Mediolanum Channel: the free-to-air satellite TV channel

The Mediolanum Channel is Mediolanum's free-to-air satellite TV channel, created in 2001 as a tool to generate an ongoing and direct relationship with the Mediolanum community (one million customers and 5,300 Family Bankers). The objective of the Channel is to be a reference point and a tool for meetings and get-togethers.

Here, the 'customer at centre-focus' turns into 'viewer at centre-focus', creating satisfaction through well-informed and soft-toned communication, reflecting Banca Mediolanum's values in both content and style.

PROGRAMMES

The Mediolanum Channel features a general-interest programme line-up, concentrating on issues related to the economy using plain and simple language to help viewers understand and face the complex world of finance in the best possible way.

Economic programmes are designed to inform the audience through authoritative guests and original content, which are useful in order to understand the economic scene and learn to manage personal savings.

The Channel broadcasted the 2009 Mediolanum Market Forums, a series of panels covering financial topics, where famous economists and opinion leaders join together to give their insight on new and recurring events in the world's economy.

The most important economic programme in 2009 was "Quello che gli altri non dicono" ("What the others don't tell you"), and featured financial information that was analysed in a manner that was positively-oriented, anti-conventional, free

from constraints and faced the future, providing the layout to understand what no one else tells you, even in times of crisis.

Among **community-oriented programmes**, "Noi dell'803" ("We at 803") is a unique and original talk show that provides a platform for the audience of Mediolanum Channel to tell their life story, passions, and work. This format lets members of the Mediolanum community not only gain access to the world of television, but also seize opportunities for business and development of professional relationships.

In 2010, in an effort to keep up-to-date with developments in media, Mediolanum Channel's work was optimised by concentrating on content closer to Banca Mediolanum's core business, and by changing the broadcasting platform **from satellite to the Internet**.

The web-based channel will benefit from a more flexible and interactive medium, available to a larger and ever-growing potential audience, thanks to the widespread diffusion of Internet access.

"These initiatives also set the bank apart from the rest."

(Customer since 2001)

Communication with the Sales Network

The Group has some major communication tools that are dedicated to the Sales Network: the intranet, corporate TV, and conventions.

A SINGLE PORTAL: BMedNET

Over the course of 2009, web-based communication underwent a major, radical change; the four different platforms carrying information useful for the Sales Network (Med-Intranet, FamilyBanker, MedBrain, Corporate TV) were united in a single portal (dubbed **BMedNET - the Portal Built Around You**), completing the first phase of development described in last year's Report.

The merger of the work tools used by the Sales Network will bring about unquestionable benefits to the Family Bankers in 2010, who will be able to navigate freely among the different sources, accessing all the information available on any given topic they might be interested in all in the same place.

The BMedNet portal is an encyclopaedic collection of all information directly or indirectly connected to the Family Banker[®]'s work, warranting constant updates in all areas: products, training courses, commercial campaigns, incentivisation, administrative data, free time/entertainment activities, and more. It's a complete single point of contact, maintained and updated in real time.



CORPORATE TELEVISION

The Corporate TV produces and broadcasts a number of programmes dedicated to training, products, and marketing initiatives.

Mediolanum was the first company in Italy to adopt this innovative medium, starting its corporate TV operations in 1989, following the successful



examples provided by some American companies. Created with the idea of introducing a direct communication link between the Top Management and the entire Sales Network, the corporate TV broadcasts **via the Internet** (IP streaming) to the Sales Network: each Family Banker[®] can follow its programmes at any time, through wideband or narrowband connections.

A wide range of programmes, put together by television professionals, augments their professional training, and also discusses the connection between financial news and real-world, day-to-day topics.

In addition to the programmes for the Italian Sales Network, specific shows are dedicated to the Spanish and German companies in the Group. These programmes reach their viewers through different technologies.

CONVENTIONS

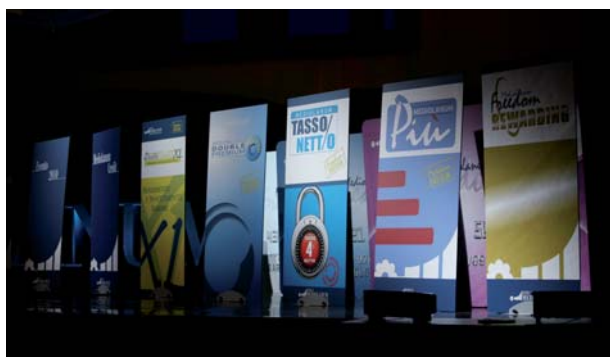
Banca Mediolanum's conventions are an unparalleled route to share values, strategies, company culture, products and initiatives, and a chance to have an authentic and close-up gathering with Top Management.



On March 9, 2009, a national convention entitled "Io Non Ho Paura" ("I am not afraid") was held simultaneous with the stock market's lowest point in the last few years.

President and founder Ennio Doris shared his view on what was happening in the markets before anyone else in the industry expressed theirs, and this view was clearly summarised in the title.

This event marked the turnaround point of a very difficult period during which the Family Bankers were able to maintain a good, working relationship with their customers nonetheless. The event brought more than 12,000 people (employees and members of the Sales Network) to Milan and was awarded many prizes by "Premio Bea Italia", including the first prize in the "Conventions and Congresses" category.



Banca Mediolanum's conventions are entirely organised in-house. The themes vary each time, and are dedicated to different clusters of the Sales Network: some of them are directed at Supervisors and Managers, while others are open to all Family Bankers in Italy.

The same organisational model is adopted for the Spanish and German sales networks.

"It is without question a bank that takes care of its customers beyond just the economic aspects of the relationship."

(Customer since 2005)

Customer communication

Many communication activities have been carried out to involve customers and prospects, often having an effect on other important stakeholders, such as the financial world or local communities.

SPONSORSHIPS

For 7 years, sponsorship of the **Giro d'Italia's**



“Green jersey” has been the reason for Family Bankers and customers to meet where they live, bringing the company to different parts of the country each year.

By following the event, Banca Mediolanum also performs

a “Tour of Italy”, providing entertainment and information to the public-at-large, and meeting thousands of customers in person at all legs of the race through dinners that are organized to include the participation of top management.

Endorsement from sports celebrities and the accumulated experience have made the event format richer and richer, with hospitality areas and booths at the start and the finish lines of each leg of the race.

Moreover, with the celebrities' help, the 2009 edition of the Giro d'Italia helped promote “Piccolo Fratello” benefitting the children of Haiti, raising a significant level of funds.

The Mediolanum Group choose to partner its name with the “Forum di Assago”, a large indoor sports / entertainment arena in Milan, and came into effect



January 1, 2009. Renamed the **Mediolanum Forum**, with a capacity of more than 10,000, it is the preferred venue in Italy for the national and international tours of prominent personalities in music and entertainment. It is also home to many other events and hosts a multi-function sports centre.

In 2009, a Family Banker Office[®] was opened inside the main building, catering to all Forum visitors.

LOCAL EVENTS

Sponsorships are not limited to national events, but also take place at a local level. It's the Family Bankers themselves who identify opportunities



to get together with customers and prospects. Local events provide the chance to meet up with the public, whether it be trade shows, or cultural, artistic, and sports events, and have the goal of acquiring new customers and develop existing ones.

In 2009, more than 2,000 local events were organised, double the 1,034 in 2008. With respect to the previous year, the number of customers and prospects involved has almost tripled, from 82,000 to ca. 200,000.

To support these activities, an advertising **semi-truck**, decorated with visual elements from the Freedom Account campaign, is at the Sales Network's disposal and can be positioned in high-transit public places; **stands and interactive kiosks** achieve the same purpose, and allow for a practical demonstration of the bank's multi-channel model.

After the earthquake in Abruzzo, a special semi-truck was set up as a temporary office, as a substitute for the office in L'Aquila that was destroyed: this was a way for Banca Mediolanum to support both its advisors and customers.

Among the events organised to enhance the relationship with customers, those designed by Mediolanum Private Banking and Club Primafila deserve special mention for the very high level of attention paid to the organisational details and logistics.

In 2009, two **Open Days** at the Banca Mediolanum Family Banker Offices were organised: an additional opportunity to get together with customers and prospects.



MEDIOLANUM PERSONAL MARKETING

In 2009, the Mediolanum Personal Marketing platform established its popularity with the Sales Network as a tool to send commercial information to customers through a variety of channels:

- by post;
- by e-mail;
- via a text message;
- through a dedicated banner on the restricted area of the Banca Mediolanum website.

The Family Banker® can plan and develop their communication activities targeted at their customers,



making use of the pre-defined scripts devised at the headquarters.

In the course of 2009, 49 personal marketing campaigns were carried out (versus

31 in 2008) designed to convey both product and corporate information.

More than 440,000 customers were contacted at least once compared to 373,000 in 2008.

In 2009, advertising campaigns dedicated to prospects were an important new feature introduced in Mediolanum Personal Marketing (MPM).

MPM promotional efforts ran in tandem with the corporate advertising campaign on the Freedom account that appeared on the most important media. Letters and emails the Family Bankers could send to prospects (who had granted their consent according to the Privacy Law) rounded out the advertising campaign.

This tool is expected to be used even more extensively in 2010, both in terms of Family Bankers taking advantage of the system and in terms of customers/prospects contacted.

Other activities

One outstanding activity of 2009 was the participation of the President of Banca Mediolanum, Ennio Doris in the World Business Forum, an annual event organised by HSM, which represents a window on international economics and on the world's business community, and is where many leaders of the world's economy and of successful companies get the chance to gather every year.

On October 28 and 29, more than 3,000 executives got together at this event in Milan to share their views on the current themes and the future challenges of the world's economy.

Ennio Doris' keynote address, entitled "Crisis: a magic moment", came immediately before the closing remarks by the 42th US President Bill Clinton, and centred on the business opportunities resulting from the moments of crisis in the economy, discussed that those who interpret the changes underway and who properly respond to markets and customers according to their expectations, will come out to be winners.



Veronica Ciccio

THE ENVIRONMENT

BEING

The Group has demonstrated attention to the environmental issues since its inception, making the choice to build headquarters out of the financial centre of Milan, in an area characterised by wide-open spaces surrounded by nature, and over its life by making a constant effort to improve and fine-tune all the various aspects of living and working together.

DOING

Mediolanum has responded to the new environmental challenges with a multifaceted approach, featuring technological innovation, a policy of increasing containment of waste and emissions, plus paying constant attention to even the smallest daily practices that have an environmental impact.

The most significant project in 2009 was the creation of two tri-generation plants, making way for the production of energy according to new criteria.

A process for the consolidation of multi-function network printers was also started; the effects should have an impact over the course of 2010, with a marked reduction in consumption - both of paper and energy.

BUILDING

In 2010, the tri-generation plants will be fully operational, covering the four main buildings in the Group's headquarters, replacing 60% of the current electricity consumption, plus 100% of the heating and air-conditioning. It is estimated that CO2 emissions will be reduced by 1,200 tons.

Protecting the environment

Our attention on minimising the direct environmental impact of the Group and its employees has resulted in concrete projects mainly geared to:

- launching and implementing measures aimed at reducing consumption;
- pursuing a more efficient use of resources (energy, paper, water, ...);
- adopting and promoting environmentally-friendly practices.

We also strive to reduce any indirect impact by giving priority to those vendors who implemented a high level of environmentally-sensitive processes including the use of innovative materials with lower environmental impact.

RAISING EMPLOYEE AWARENESS

The Group's environmentally-friendly approach is a daily reality at Headquarters demonstrated through employees' simple practices, which have led to a tangible containment of both costs and environmental impact in addition to helping employees to acquire more environmentally-aware, eco-compatible "habits" and behaviours at the workplace.

On the "Innova" employee intranet website, ample visibility is constantly given to all of these projects as well as to other projects aimed at reducing the consumption of water and energy.

Here are some of the habits that have already taken root:

- a wiser use of copiers by posting instructions at the main copy centres on all floors at HQ. We encouraged our employees to use both sides of paper when making copies, thus reducing paper use;
- by changing copier settings to 'automatic switch-off' we contributed to the reduction of electricity consumption;
- recycle bins for toner-cartridges and paper available on all floors;
- reduction of paper consumption by code-locking

copiers. Centralised copiers, printers, facsimiles, scanners and e-mail (by sending documents to an e-mail box);

- campaign for the use of electronic forms of communication instead of paper-based ones.

In 2009, the awareness campaign continued that focused on the reduction of energy consumption through the practice of turning off PCs and all other electronic devices at the end of the workday. Analytic monitoring of these practices made it possible to know whether each workstation was compliant. Special green or red stickers were used to indicate whether the proper practice was followed in the use of electronic devices and proper attention was paid to energy consumption. The monitoring is on-going and notifies the user of less careful practices and gives reminders to pay closer attention to energy saving.

TARGETED MEASURES

In 2009, a **tri-generation system** was started, for the simultaneous production of electricity, heat and refrigeration through the use of co-generators, heat pumps and absorption chillers.

The system is fueled with methane gas, and provides self-generated energy for daily consumption (lighting, personal computers, motive power...). Covering the needs of four buildings, the system is made up by two separate and independent devices, located on the roof.

The system was started in mid-September 2009, and will become fully operational before the end of 2010, with the following targets:

- supply of ca. 60% of the electricity currently bought on the market;
- total coverage of all heating and air-conditioning needs;

Moreover, the tri-generation system will allow to:

- obtain "White certificates" (Energy Efficiency

- Credits) that can be used on the energy market;
- reduce CO2 emissions by an estimated 1,200 tons, with a strongly positive environmental impact.

Feasibility studies are underway in 2010 to add a third tri-generation plant for the Mediolanum Corporate University Residence, and to set up a photovoltaic plant for the production and sale of electricity to the national transmission grid.

In 2009, a competitive tender was organised for the installation of network printers uniformly distributed on all floors of all buildings in the Group's headquarters, thus reducing the number of local and/or personal printers. The machines will come with a badge reader to ensure that all printing is done in compliance with the company policy. Installation of the machines is scheduled in the course of 2010.

Energy consumption

The information presented in this section relates only to the **Milano 3 Headquarters**. In 2009, the surface consumption was equal to 44,362 sq. m versus 37,498 in 2008 (**+18.3%**) due to the enlargement of the "Baby Med" day care centre, and the beginning of operations in the Mediolanum Corporate University buildings.

The corresponding population, including employees and contract workers, e.g. interns, project contractors and advisors who are typically present at the Headquarters grew from 2,030 individuals in 2008 to 2,485 individuals in 2009 (**+22.4%**). Following the increase in the total surface of the headquarter facilities as well as the number of the employees, the consumption of energy resources rose in line with the new energy supply system.

ELECTRICITY

The Mediolanum Group devotes a great deal of attention to energy consumption since this is an area where direct actions can be taken to reduce the environmental impact. In February 2006, Mediolanum joined the "ABI Energia" Consortium through its membership in the Association of Italian Private Bankers.

ABI Energia provides services to its member for optimal energy procurement and use. Thanks to agreements made with energy companies, the members of the consortium can benefit from below-market energy prices and other advantageous contractual terms. Increase in the square footage and the number of individuals present at Headquarters brought about an absolute increase of consumption, but both figures per sq. m and per capita are down significantly, a result of the awareness-building activities and the technical measures put in place.



	2009*	2008**	% Change
Total consumption [MW]	9,496	8,982	5.7
Yearly consumption/sq. m [kW/sq. m]	214.1	239.5	(10.6)
Yearly per-capita consumption [MW/employee]	3.8	4.4	(13.6)

* estimate based on actual expenses accrued, awaiting final balance
 ** 2008 figures are lower than published last year, due to a reclassification to better reflect actual consumption

After the start of the tri-generation system, in less than 4 months, ca. 1,396 MW of electricity were produced (15% of total consumption).

HEATING

Last year, energy consumption for heating increased in absolute terms but square-meter and per-capita consumption fell.

	2009*	2008**	% Change
Total consumption [MCal]	3,071,920	2,868,946	7.1
Yearly consumption/sq. m [MCal/sq. m]	71.24	76.51	(6.9)
Yearly per-capita consumption [MCal/employee]	1,253.3	1,413.3	(11.3)

* estimate based on actual expenses accrued, awaiting final balance
 ** 2008 figures are higher than published last year, due to a reclassification to better reflect actual consumption

After the start of the tri-generation system, in less than 4 months, ca. 948,580 MCal were produced (30% of total consumption).

WATER

Water consumption increased in 2009 due to the needs of the tri-generation system in terms of cooling and air conditioning during the summer. 2008 data has changed due to a reclassification to better reflect actual consumption in different HQ buildings.

	2009	2008*	% Change
Total consumption [m3]	32,606	22,312	46.1
Per-capita consumption [m3/employee]	13.1	11.0	19.0

* 2008 figures are higher than published last year, due to a reclassification to better reflect actual consumption

PAPER

In 2009, the absolute consumption of paper has increased, while the per-capita consumption went down following the awareness campaigns and the use of centralised, multi-function photocopiers as scanners to replace paper copies with digital ones and as e-mails.

	2009	2008	% Change
Letterhead and blank paper [tons]	14.0	10.0	40.0
Recycled paper [tons]	60.6	57.7	5.0
Per-capita consumption [Kg/employee]	30.4	33.3	(8.7)

The awareness campaign for paper saving was also brought to Banca Mediolanum customers with the **"Enough with paper!"** slogan, incentivising customers to request account statements in electronic form instead of regular paper mail. At the end of the year, this option had been chosen for more than



50% of the accounts. In 2010, electronic communication will also be offered for insurance and asset management products.

Waste collection and disposal

The following waste is source separated:

- paper;
- packaging (cardboard, styrofoam, wood);
- toner and cartridges for printers and copiers;
- PCs and electronic equipment.

Dedicated bins within the office premises have been set up to allow for their correct disposal.

Environmental impact of transportation

SUSTAINABLE MOBILITY

The headquarters in Basiglio is connected to the city of Milan (underground stations Famagosta and Rogoredo) through an efficient **shuttle bus service**. The service was utilised by 285 employees in 2009 (unchanged with respect to 2008).

The use of public transport to get to Headquarters is incentivised through a dedicated agreement with ATM (Azienda di Trasporto Milanese - Milan's Public Transport Company) for the purchase of annual passes at a discount.

A **car pool scheme** is also available for employee ride-sharing among two or more employees. The employees who are willing to join the car pool scheme can go to the Innova section of the intranet portal and get in touch with colleagues who travel on the same route.

TRAVEL EXPENSES

A few notes on the various line items for travel expenses in the table below: **fuel costs** are those reimbursed by the company to those employees who have a company car as a benefit; these costs went down due to the trend in raw material price in the first half of 2009 compared to the previous year, and to the introduction of "Eco Fuel" vehicles in the fleet.

Car Rental costs borne by the Company went down

in 2009, due to the extension from 3 to 4 years of the long-term rental contracts; the corresponding savings were compensated by the increase in number of vehicles.

Mediolanum is actively pursuing the creation of a more eco-friendly company fleet, with limited CO2 emissions, equipped with last-generation (Euro 5) Diesel engines with particulate filters or with alternative fuelling.

Currently 20% of the vehicle in the company fleet have a CO2 production lower than 130 grams/km, and 5 use alternative fuels (LPG or methane). All new vehicles are compliant to the strictest environmental standards (Euro 5, DPF, eco-fuel).

The **shuttle costs** are covered by the company and are relative to runs between Basiglio Headquarters and Milan.

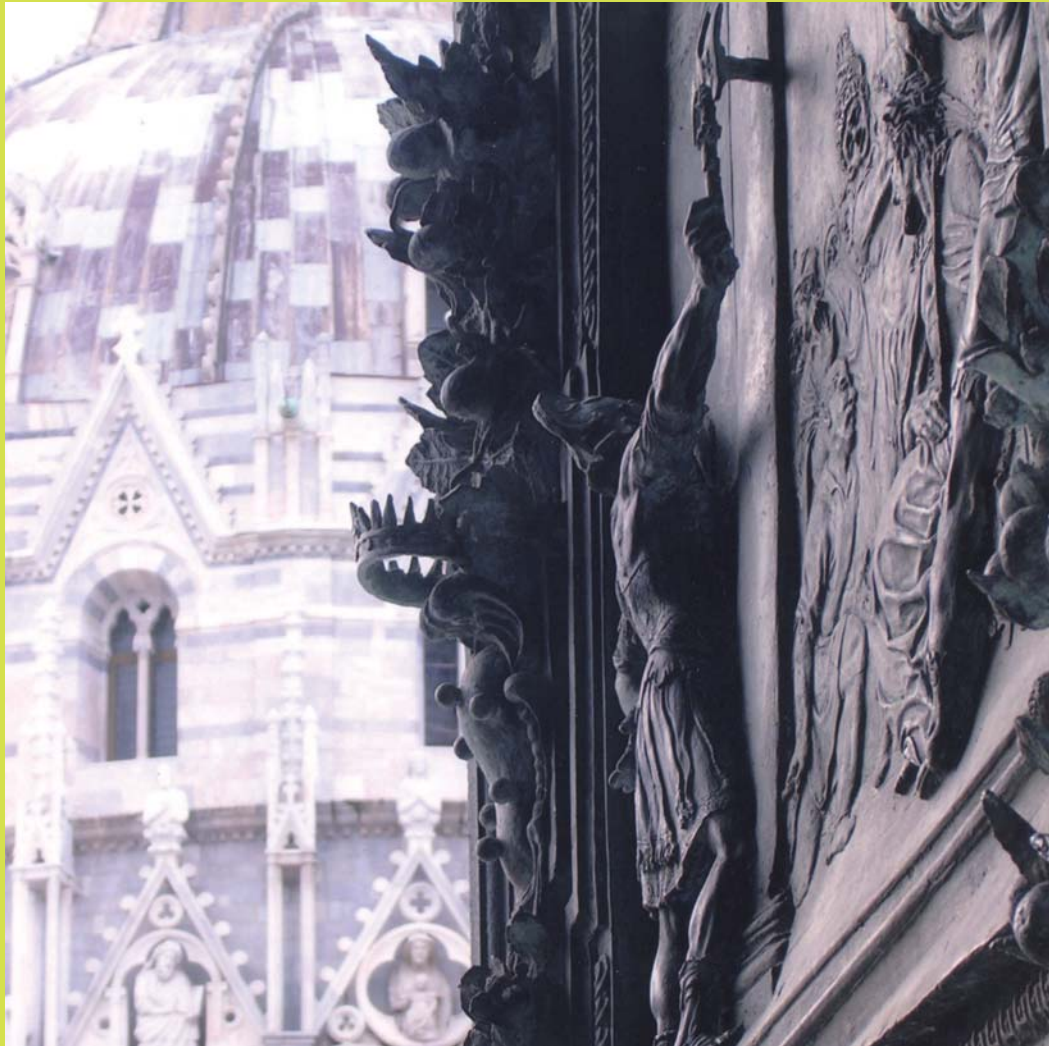
(euro)	2009	2008	% Change
Fuel	290,100	340,170	(14.7)
Car rental	1,412,860	1,419,800	(0.5)
Bus (shuttle)	486,711	494,871	(1.6)

Workplace health

Included in the workplace health projects is the smoke-free programme adopted by Group companies several years ago: smoking is prohibited in the offices and in common areas.

"I try to just use the printer only when necessary and to remember to turn off the PC every evening. You can pay simple attention to all kinds of energy consumption: why not turn off the light when you walk out of the office?"

(Employee since 2000)



Maurizio Caltabiano

REGULATORY AND LEGAL AUTHORITIES, TRADE ASSOCIATIONS

BEING

For a Group active in the financial arena, the relationships with institutions are particularly important.

Aside from the various regulatory authorities, there is an ongoing collaboration and exchange with the trade associations that permits working together on joint projects: with an eye on the improvement and monitoring of the efficiency of the control and compliance systems.

DOING

Dialogue with the trade associations in 2009 resulted in the creation of joint projects aimed at dealing with situations of a high social risk.

BUILDING

Dialogue and the sharing of ideas continued on and were further developed, also in light of the new demands for clarity and prompt reaction, and of the new opportunities presented

Regulatory Authorities

The industries in which the Mediolanum Group operates are heavily regulated (statutes and other industry regulations) and companies are subject to inspections by the competent supervisory authorities. The main regulatory bodies for the Italian Companies of the Mediolanum Group are listed in the table below.

COMPANY	BUSINESS TYPE	Tax Authority	Antitrust	Electricity and Gas Regulator	Communications Authority	Bank of Italy	Borsa Italiana	CONSOB	COVIP	Information Commissioners' Office	ISVAP	ENSARCO	UIF
Mediolanum S.p.A.	Holding company	✓	✓	✓			✓	✓		✓	✓		✓
Banca Mediolanum S.p.A.	Bank	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mediolanum Gestione Fondi S.G.R.p.A.	Asset Management	✓	✓	✓		✓		✓	✓	✓			✓
Mediolanum Vita S.p.A.	Life Insurance	✓	✓	✓					✓	✓	✓		✓
Mediolanum Corporate University S.p.A.	Training and Education	✓	✓	✓				✓	✓	✓	✓		✓
Mediolanum Comunicazione S.p.A.	Communications	✓	✓	✓	✓					✓			✓
Mediolanum Distribuzione Finanziaria S.p.A.	Financial Services (section 196 of the Consolidated Banking Act)	✓	✓	✓		✓		✓		✓		✓	✓

In 2009, the following inspections were conducted on Italian Group companies:

- **Covip** conducted an inspection of Mediolanum Vita S.p.A. in February 2009, which was concluded in the month of September;
- **Enasarco** carried out an inspection of Banca Mediolanum S.p.A. in March 2009;
- **The Tax Authority** conducted an audit on Mediolanum S.p.A., which was concluded in the month of September;
- **The Antitrust Authority** presented a request for clarification to Banca Mediolanum S.p.A. with reference to the advertising campaign of the Freedom account, which was launched in the month of March, and at the end of the proceedings a reduced sanction was given, in recognition of the Bank's timely and collaborative handling of the requests.

This entails, inter alia:

- membership of the Group officers in the governance bodies of certain trade associations (the Cavaliere del Lavoro (Knight of Labour) Mr. Ennio Doris is Vice President of Assoreti, Mr. Giovanni Pirovano, Deputy General Manager of Banca Mediolanum S.p.A., is a member of the ABI Board of Directors; the Chief Executive Officer of Mediolanum Gestione Fondi S.G.Rp.A., Mr. Walter Ottolenghi, sits on the Executive Board of Assogestioni);
- participation in workgroups regarding specific issues and technical committees requiring specific expertise or specialising in specific areas;
- participation in initiatives that are geared to monitor developments in the relationship with customers, regulatory and legal authorities, etc. on a regular basis;
- research studies and surveys.

Trade Associations

The companies within the Mediolanum Group are members of a variety of trade associations based on the type of business they conduct. These memberships include:

- ABI (Italian Bankers' Association);
- Assoreti (National Association of Sales Networks in the Financial Services Industry);
- Assogestioni (Asset Managers Association);
- Assofin (Association of Consumer Credit and Mortgage Lenders);
- Ania (Association of Italian Insurers);
- Assonime (Association of Italian Joint-Stock Companies).

Mediolanum as an active member of the trade associations above constantly exchanges information with them.

In the course of business, the Mediolanum Group also interacts with the Judiciary and the Tax Authority through the Group's Legal Affairs Department, which is responsible, among other things, for the preparation and delivering of documents expressly requested by the bodies mentioned above.

Standards

TABLE OF INDICATORS

Indicators	Standard GBS	Type of data (N/Q)	Coverage (I/G)	Reference to Mediolanum Social Report
CORPORATE IDENTITY				
CORPORATE GOVERNANCE STRUCTURE	✓	N e Q	G	23
PRINCIPLES	✓	Q	G	11, 13
MISSION	✓	Q	G	12
STRATEGIES	✓	Q	G	3, 16, 31
POLICIES	✓	Q	G	3, 16, 31
VALUE ADDED CREATION AND DISTRIBUTION				
RECONCILIATION WITH FINANCIAL REPORTING	✓	N	I	51
VALUE ADDED FORMATION	✓	N	I	52
VALUE ADDED DISTRIBUTION	✓	N	I	53
Personnel	✓	N	I	53
Public Administration	✓	N	I	53
Financing Parties	n.d.			
Return on Equity	✓	N	I	53
Company Return	✓	N	I	53
Donations	✓	N	I	53
SOCIAL INDICATORS				
KEY SECTIONS				
CONTENT	✓	Q	I	1, 31, 56
Indication of commitments, goals, rules of conduct	✓	Q	I	3, 31, 43
Identification of the stakeholders	✓	Q	I	3, 31
Policies relating to each stakeholder category, expected results, consistency with stated values	✓	Q	I	58, 82, 100, 124, 128, 134, 142, 150, 156
Opinions and judgments of the stakeholders	✓	N e Q	I	4, 61, 87, 119, 130
Objectives to improve process design and process substance	✓	Q	I	3, 31
Opinions of third parties requested to assess process quality and compliance with standards	✓	Q	I	161
IDENTIFICATION OF THE STAKEHOLDERS	✓	Q	I	3, 4
MAIN ASSUMPTIONS BY STAKEHOLDER CATEGORY	✓	Q	I	58, 82, 100, 124, 128, 134, 142, 150, 156
COMMON DENOMINATOR IN THE RELATIONS WITH STAKEHOLDERS				
Policies and expected results consistent with corporate values and mission	✓	Q	I	58, 82, 100, 124, 128, 134, 142, 150, 156
Measurement process, legitimate expectations and level of satisfaction/agreement	✓	N e Q	I	61, 87, 119, 130
Disclosures and communications	✓	N e Q	I	4
Litigations and disputes	✓	N e Q	I	77, 90, 107, 132
RECOMMENDED DETAILED INFORMATION				
Personnel*				
1. Analysis of personnel	✓	N e Q	I	83, 101
2. Analysis by age, gender, level of education, category, job title, length of service, origin, nationality and type of contract	✓	N e Q	I	84, 101
3. Work organisation	✓	N e Q	I	85, 101
4. Turnover	✓	N e Q	I	85, 109
5. Social initiatives	✓	N e Q	I	110, 120
6. Recruitment policy	✓	N e Q	I	108, 110
7. Equal opportunities policy	✓	N e Q	I	106
8. Training policy	✓	N e Q	I	91, 115, 116
9. Compensation and incentives	✓	N e Q	I	86, 108
10. Workplace Health & Safety	✓	N e Q	I	112, 117
11. Relations with trade unions	n.d.			

* Personnel includes Employees and Sales Network members

TABLE OF INDICATORS

Indicators	Standard GBS	Type of data (N/Q)	Coverage (I/G)	Reference to Mediolanum Social Report
Shareholders				
1. Analysis of shareholders by status and nationality	✓	N e Q	I	125
2. Shareholders' benefits	n.d.			
3. Return on invested capital	✓	N e Q	I	125
4. Shareholders' participation in corporate governance and protection of minority shareholders	✓	Q	I	124
5. Investor relations	✓	N e Q	I	126
Financing parties	n.d.			
Customers/Users				
1. Characteristics and analysis of customers and markets	✓	N e Q	I	59
2. Quality systems	✓	N e Q	I	31
3. Assessment of customer satisfaction	✓	N e Q	I	61
4. Customer contractual terms and conditions	✓	N e Q	I	76
Vendors				
1. Characteristics and analysis of vendors	✓	N e Q	I	128, 129
2. Quality systems	✓	Q	I	129
3. Vendor contractual terms and conditions	✓	Q	I	129
4. Local economic benefits	✓	N	I	132
5. Compliance with consistent standards along the supply chain	✓	Q	I	132
Public Administration				
1. Income tax, other taxes and contributions paid	✓	Q	I	52, 53
2. Subsidies, tax reliefs and/or soft loans received by segment	n.d.			
3. Preferential rates	n.d.			
4. Contractual relationships with the Public Administration	n.d.			
5. Internal rules and control systems to ensure regulatory and statutory compliance	✓	Q	I	39
The community at large				
(a) Initiatives in the social sphere	✓	Q	I	134
(a.1) Improvement of the quality of life in programme areas:	✓	Q	I	135
1. Education	✓	Q	I	135
2. Sports	✓	Q	I	120, 147
3. Healthcare	✓	Q	I	136
4. Culture	✓	Q	I	120
5. Research	✓	Q	I	136
6. Solidarity	✓	N e Q	I	137
(a.2) Relations with associations and organisations	✓	Q	I	156
(b) The environment	✓	Q	I	151
1. Environmental and risk management systems	✓	Q	I	151
2. Education and training	✓	Q	I	151
3. Environmental performance indicators	✓	N e Q	I	152
4. Use and consumption of energy and non-recyclable materials	✓	N e Q	I	152
SUPPLEMENTARY SECTIONS				
OPINIONS AND JUDGMENTS OF STAKEHOLDERS	✓	N e Q	I	4, 61, 87, 119, 130
COMMENTS AND STATEMENTS MADE BY THE COMPANY	✓	Q	I	1
SOCIAL REPORT IMPROVEMENT	✓	Q	I	3, 4

Legenda

type of data: N: number Q: qualitative information

Coverage: I: italian companies G: Mediolanum group

AUDITORS' REPORT

(Translation from the original Italian text)

To the Board of Directors
of Mediolanum S.p.A.

1. We have carried out the compliance procedures and analyses on the Social Report of Mediolanum Group as of December 31, 2009, described in paragraph 2 of this report.

The procedures were carried out to evaluate the statements, included in the paragraph "Introduction and Note on Methodology" of the Social Report, that such report has been prepared in compliance with the guidelines issued by the Gruppo di Studio per il Bilancio Sociale ("GBS"). The preparation of the Social Report in accordance with the above mentioned guidelines is the responsibility of Mediolanum S.p.A.'s management. It is also responsibility of Mediolanum S.p.A.'s management the identification of the stakeholders and of the significant issues to report, as well as the implementation and the maintenance of adequate management and internal control processes related to the data and information presented in the Social Report.

2. In order to evaluate the Board of Directors' statements mentioned in paragraph 1, we have performed certain procedures as recommended by the Research Document n. 1 issued by GBS and in accordance with the criteria stated by the Audit Standard International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information ("ISAE 3000"), issued by the International Auditing and Assurance Standard Board ("IAASB"), which are summarized as follows:

- verified that the financial data and information are consistent with those included in the financial statements of Mediolanum S.p.A. and the consolidated financial statements of Mediolanum Group as of December 31, 2009 with respect to which we issued our audit report dated April 6, 2010;
- analyzed the operation of the processes underlying the generation, recording and management of quantitative data. In particular, we have performed the following procedures:
 - interviews and discussions with Mediolanum S.p.A.'s management and personnel to gather information on the technology, accounting and reporting systems used in preparing the Social Report, and on processes and internal control procedures used to gather, combine, manage and transmit data and information to the function responsible for preparing the Social Report;

sample-based analysis of supporting documentation used in preparing the Social Report to confirm the existing processes, their adequacy and the operation of the internal control system in managing the data and information in relation to the objectives described in the Social Report;

- analyzed the consistency of the qualitative information included in the Social Report and their compliance with the guidelines mentioned in the paragraph 1 of this Auditors' Report;
- verified the process of the stakeholders' involvement, in terms of the methods used and completeness of the stakeholders, through the analysis of minutes or other supporting documentation about the significant findings in this respect;
- obtained the representation letter signed by the legal representative of Mediolanum S.p.A. on the compliance of the Social Report with the guidelines mentioned in paragraph 1 and on the reliability and completeness of information and data contained therein.

For our opinion on the Social Report of the prior year, which data and information are presented for comparative purposes, reference should be made to our Auditors' Report dated May 15, 2009.

3. In the section " Financial Indicators", paragraph "Embedded Value", the management report the Mediolanum Group's embedded value on the basis of the Market Consistent Embedded Value principles ("MCEV") for the business Life and on the basis of the European Embedded Value principles ("EEV") for the business Asset Management and Banking. The verify of the consistency of the data and information included in the above mentioned paragraph was not performed since those data and information are not reported in the financial statements of Mediolanum S.p.A. and in the consolidated financial statements of Mediolanum Group as of December 31, 2009.
4. Based on the procedures performed, we believe that the Social Report of Mediolanum Group as of December 31, 2009 complies with the guidelines and principles which form the basis of preparation and which are described in the paragraph "Introduction and Note on Methodology" of the Social Report. Moreover, the financial data included in the Social Report, except for the matter referred to in the paragraph 3, are consistent with the data and information included in the financial statements of Mediolanum S.p.A. and in the consolidated financial statements of Mediolanum Group as of December 31, 2009 and the other data and information are consistent with the documentation and meet the content requirements established by the guidelines and principles governing the preparation of the Social Report.

Milan, May 28, 2010

Reconta Ernst & Young S.p.A.
Signed by: Daniele Zamboni (Partner)

This report has been translated into the English language solely for the convenience of international readers.

GLOSSARY

A

ABI (Associazione Bancaria Italiana) Italian Bankers' Association

The Italian Bankers' Association represents, defends and promotes the interests of the banking and financial services industry. The majority of Italian banks are ABI members.

AGCOM (Italian Communications Authority)

Independent Authority established under Act 249 of July 31, 1997. AGCOM is first and foremost a watchdog: the regulator entrusts this authority with the dual task of guaranteeing fair competition among market players as well as protecting the fundamental rights of citizens.

ANIA (Association of Italian Insurers)

The Association of Italian Insurers that represents and defends the interests of insurance companies with the government and during negotiations with trade unions.

Antitrust

The set of regulations for fair competition in the market.

Assbank

National association of non-government owned banks.

Asset Management

A term for an investment made indirectly in managed products by financial institutions (banks, stock brokerages, mutual funds, insurance companies) authorized by law.

Assofin

Italian Association for Consumer Credit and Mortgage Loans. The Association gathers and represents the main financial services companies and banks operating in the consumer credit and mortgage sectors.

Assogestioni

Association of Asset Management Companies.

Assonime

Association of joint stock companies incorporated in Italy (voluntary membership, nonprofit).

The association studies and deals with issues directly or indirectly affecting the interests and the development of the Italian economy.

Assoreti

National Association of securities brokerage companies and banks that sell financial, banking and insurance products to the public through sales networks of financial advisors.

B**Bank of Italy**

The Bank of Italy is the central bank of the Republic of Italy and part of the European System of Central Banks (ESCB) and the Eurosystem. It is a public-law institution and pursues objectives of general interest in monetary and financial matters: price stability, the primary objective of the Eurosystem under the Treaty establishing the European Community (the EC Treaty); the stability and efficiency of the financial system, thus implementing the principle of the protection of savings embodied in the Constitution (Article 47 - "The Republic encourages and protects savings in all its forms. It regulates, coordinates and controls lending"); and the other duties entrusted to it by Italian law.

Banking Services Center

Call center for customers that provides assistance with banking transactions (home banking) or information. It is also used as customer care centre and telemarketing service.

Benchmark

A standard of reference derived from financial indicators created by independent third parties

commonly used to measure relative performance, such as stock indexes.

Best practice

Generally, it indicates a practice which reflects the best knowledge in a certain technical/professional area.

Board of Directors

Members elected by the shareholders and called "directors" who are responsible for the conduct of the business and corporate policies.

Board of Statutory Auditors

Collegial body mainly responsible for: verifying the adherence to principles of proper management, compliance with the law and the articles of incorporation, ensuring that accounting records are properly kept and reflected in the financial statements.

Borsa italiana - Italian Stock Exchange (ISE)

Created in 1998 with the privatisation of the Italian stock market, the ISE has been responsible for the organisation, management and operation of Italy's financial markets. Its main objectives are market growth and maximisation of liquidity, transparency, competitiveness and efficiency.

Brand

An identifying mark or trademark. It indicates the name or symbol whereby a company distinguishes its product from other products that are similar or are in the same category.

Bylaws

Document which sets forth the regulations for the management and operation of a public or private organisation.



Code of ethics

The document a company prepares on a voluntary basis that concisely stipulates all the values recognised and internalised by the company and the consequent set of principles and standards of behaviour all those working for the company are to comply with. Those principles and standards of behaviour also include the environmental, social and financial commitments of the company vis-à-vis the main categories of stakeholders, both within and outside the company.

Code of insider dealing

The code sets out disclosure requirements and the limits on the dealing of financial instruments that are issued by the company or its listed subsidiaries by individuals who are close family members or otherwise related to insiders, e.g. directors, statutory auditors, the Chairman's and the Chief Executive Officer's direct reports. The identification of insiders and the disclosure to the market if ever the value limit of dealings is exceeded are two requirements set out in the Borsa Italiana Regulation and in the Code of Conduct of the individual listed companies.

Compliance

A department that identifies, evaluates, supports, controls and reports risks associated with legal and administrative sanctions, operational losses or reputational damage to the company for not adhering to the law, regulations, procedures and codes of conduct, best practices.

CONSOB (Commissione Nazionale per le Società e la Borsa) - Stock Market Regulator

An independent authority established under Act 216 of June 7, 1974, Act 281 of 1985 conferred legal personality and full independence to CONSOB. Its key purposes are to protect investors and ensure the efficiency, transparency and growth of securities markets. Its functions have progressively increased over time together with the need for greater

investor protection associated with the expansion of financial markets and related regulations.

Consolidated Financial Statements

The financial statements (Balance sheet, Income Statements and Notes) of a group of companies of a holding company. The consolidated financial statements include the balance sheets and income statements of all the companies within the group.

Core Business

The main business that is the focus of the strategic choices and policies of an organisation.

Corporate Governance Code

The set of rules and functions that govern and control the company, especially in relation to the transparency of documents and the complete disclosure to the market.

Corporate Governing Bodies

The Boards and officers of a company that manage and run the business.

Corporate Social Responsibility

Reporting, on a voluntary basis, of social and environmental issues as they relate to industrial and commercial activities of a company and to the stakeholders.

COVIP (Commissione di vigilanza sui fondi pensione) - Pension Fund Supervisory Authority

The Pension Fund Supervisory Authority was established in 1993 by Legislative Decree 124/93, and started to operate under the current configuration in 1996. Its mandate is to ensure the protection of retirement savings, the transparency and proper operation of the pension fund industry to ensure the greatest possible pension coverage.

Cross Selling rate

An indicator of the degree of coverage of the customers financial needs by the bank.

Customer care

All those forms of assistance provided by an organisation to its customers to help them choose the right products and services and properly use them post-sales. It can also include the assistance provided by call centers or service centers helping customers troubleshoot any problems they may have.

Customer satisfaction

The customer is the focus of the attention of the company, which seeks to provide superior customer service.

Customer satisfaction can be assessed by measuring customer perception of the product and service quality and how much actual values deviate from expected values.

D**Diversification**

Strategy geared to mitigate risk exposure and ensure greater stability by investing into a variety of asset classes.

Dividend

Amount distributed by a company to its shareholders at the end of the financial year as return on invested capital.

Dividend per share

The amount of dividend for each share entitled to dividend distribution.

E**Embedded value**

The valuation measure of the core business of an organisation, which analyses sources of income/loss. Embedded value is measured on the basis of estimated future cash flows (in the form of streams of profits) discounted at their net present value.

Extraordinary General Meeting

General Meeting of shareholders with powers to vote on special business, e.g., amendments to the articles of incorporation, the issue of bonds (for joint stock companies) and, in case of winding up, the appointment and powers of liquidators.

F**Family Banker®**

Banca Mediolanum sales network member.

Financial Agent

Junior Family Banker of Mediolanum Distribuzione Finanziaria that promotes and sells banking and credit products and services, excluding financial products and investments services. These professionals are regulated by the decree 485 dated December 13, 2001 issued by the Minister of Economy and Finance. They are entrusted by one or more financial intermediaries with the sale and the signing of contracts associated with the carrying out of financial activities as set out by article 106, paragraph 1, of the Consolidated Finance Act without being entitled to autonomously set prices nor other contractual conditions. The carrying out of this profession with the public is reserved to those agents registered in the UIC list (now renamed UIF).

Financial Statements

The purpose of financial statements is to provide shareholders and third parties with faithful and transparent information on the Company's balance sheet, income statement and cashflows at the end of the financial year. The financial statements are a snapshot of the main business activities conducted in the year and the related results of operations (net profit or loss).

I

IAS/IFRS

The international accounting and financial reporting standards that under EU regulations are to be used by all European publicly traded companies in the preparation of their consolidated financial statements beginning from 2005.

The adoption of these accounting and financial reporting standards is intended to ensure uniformity, comparability and transparency of the financial information reported by European listed companies.

Independent auditors

External auditors responsible for auditing the accounts and the financial statements of an organisation and for verifying compliance with accounting standards.

Index-linked policies

These are term policies under which the amount paid at maturity is linked to the performance of certain benchmark indices (stock indices or basket of shares).

Information Commissioner's Office

The Information Commissioner's Office was established in 1997. This office is responsible for overseeing protection of personal data in every aspect of Italy's social, economic and cultural life.

The responsibilities of the Information Commissioner's Office are set out in Section 31 of Act 675/1996.

Insider Trading

Illegal use of confidential information relating to a publicly traded company by individuals who received this price sensitive information in the fulfilment of their duties or from third parties, which if made public, would have a significant effect on the companies stock price.

Institutional Investors

Organisations that invest in securities markets as part of their business. These organisations are largely banks, investment funds, insurance companies,

pension funds and financial companies.

Insurance agent (Banca Mediolanum)

A member of the Banca Mediolanum sales force under a mandate to sell insurance products.

Internal Audit

An independent and objective of assurance and advice activity aimed at increasing the efficacy and efficiency of the company. It helps the company to pursue its objectives through a systematic, professional approach that generates added-value insomuch as it evaluates and improves control, management and corporate governance processes.

Investor Relations

The department in listed companies that is responsible for communicating with investors and intermediaries.

ISVAP (Supervisory Authority for Insurance Companies)

Supervisory Authority for Insurance Companies. Established in 1982, ISVAP is an independent authority set up as an organisation with its own capital, financial reporting system and management. The objective of this authority is to guarantee the stability of the market and of insurance companies and also the transparency of products in the interest of the insured and of insurance market participants in general.

Italy's Electricity and Gas Regulator

An independent authority established under Act 481 of November 14, 1995 responsible for regulating and supervising the electricity and gas markets.

J

Joint Venture

Agreement between two or more parties to work together on an investment where the duties and responsibilities as well as the risks and profits are shared between the parties on a pro-rata basis.

L

Licensed Financial Advisor

Professional advisor specialised in the selling of financial products and services on behalf of a securities brokerage firm or a bank.

A financial advisor needs to be licensed and registered in the FA register in order to practice, and has to meet basic minimum requirements and pass a state exam in order to become licensed. The state exam certifies that the candidate is capable of practicing ethically and effectively.

Logo

Graphic symbol that identifies an organisation.

M

Management

The management techniques of an organisation or the management team that runs the business.

MiFID

Markets in Financial Instruments Directive: directive 2004/39/CE of the European Parliament and Council dated April 21, 2004, to establish an integrated, efficient, competitive capital market within the European Union.

Mission

A company's overriding corporate purpose. It expresses the ideals and values which form the foundation of the company's policies and are fundamental and drive the organisation.

Mortgage loan

A loan extended by a bank for the purchase or the renovation of a property or a house.

The loan is repaid in instalments (typically, half-yearly or monthly); interest on the residual debt can be at a fixed or floating rate.

Multi-channel bank

A bank, that in addition to traditional channels, uses innovative channels based on electronic or telecommunications networks for the provision of banking services, e.g., home banking, telephone and cellular phone banking.

Mutual Funds

Financial instruments managed by an investment professionals and targeted to individual investors, investing their assets in a variety of securities or property. The individual becomes a shareholder in the Fund with a stake that is equal to the amount invested.

N

Net profit

Profit for the year after tax.

O

OMBUDSMAN

The figure that by mandate resolves disputes with customers as an objective, disinterested third party.

ONLUS (non profit organisation)

Non-profit organisations, boards, foundations, cooperatives and other private entities, with or without legal status, where the by-laws or articles of association set out activities carried out in the areas of social welfare and health care, charity, education, training, etc.

Ordinary General Meeting

General Meeting of shareholders, who have the power to vote on: 1) the approval of the financial statements; 2) the appointment of directors, statutory auditors, the chairman of the board of statutory auditors; 3) the determination of the compensation of directors and statutory auditors, when not stipulated in the articles of incorporation 4) other business relating to the management of the company that they have

the authority to vote on, under the articles of incorporation, or other business submitted to them by the directors, as well as on the directors' and statutory auditors' liability.



Parent Company

The company - also called holding company - that provides guidance and controls the policies and management of subsidiaries.

Payout ratio

The percentage of a company's earnings paid out to shareholders, i.e., the ratio of total dividends (distributed earnings) to total earnings for the period.

Pension Funds

Funds established to provide pension benefits which supplement those paid by the national social security and pension agency under the national mandatory pension scheme to retired workers (employees or self-employed).

Pre-tax profit

Profit for the year before tax.

Private banking

Personalised, high-quality services targeted to high-net-worth customers with complex financial needs.



Quote

The price of a security as it results from its trading on an exchange.



Rating

Indicator of the financial soundness of a company

as determined by analyses made by companies specialized in this type of activity (rating agencies).

Retail Market

The market that is prevalently made up of private customers, small companies and consumer households.

Return

Profit on investment.

Risk profile of the investor

Represents the risk tolerance of the investor measured on the basis of the investor's objective, personal characteristics, and subjective behaviour.

Roadshow

A series of meetings with institutional investors that take place in any given international financial centre.

R.U.I.

Register of Insurance and Reinsurance Intermediaries (RUI). A register that was established on February 1, 2007, which contains the data of all insurance and reinsurance intermediaries operating, domiciled or with registered offices in Italy.



SGR (Asset Management Company)

A company that actively manages the assets of a mutual fund.

Share capital

Shares subscribed by the shareholders of a joint-stock company to form the capital needed to start up and run the business.

Share capital may be increased or reduced only by a resolution passed by the shareholders at the extraordinary general meeting, which sets out the terms thereof (e.g., amount of share capital increase/decrease, procedures for subscribing to new share issue or for reducing share capital).

Share certificate

A document of ownership in a joint stock company and related rights. A company can issue different classes of shares which give the holders different rights. Shares can be registered shares or shares in the bearer's name.

Shareholders' Agreement

Agreement among major shareholders aimed at stabilising control in a company.

S&P/MIB

The S&P/MIB index tracks the performance of major stocks listed on the markets regulated and managed by Borsa Italiana.

Spread

Generally, the difference between two interest rates.

Stakeholder

Any category of individuals who can influence, be affected or have an interest in the business, e.g. employees, shareholders, clients, vendors, non-governmental organisations, local communities.

Stock split

Increase in a corporation's total number of shares outstanding, without any capital increase. Each shareholder will thus hold a greater number of shares with lower par value without any disbursement.

Supplementary pension

Pension schemes underwritten by individuals that are meant to complement the national compulsory pension system.

T**Teletext**

A news and information service in the form of text transmitted from a database to the television screen.

Trading online

A system of buying and selling of shares on the stock exchanges carried out online.

U**UIF (Unità di informazione finanziaria della Banca D'Italia)**

An office within Bank of Italy that performs activities to prevent and fight money laundering and the financing of international terrorism, provides statistical reports on the balance of payments and the management of foreign currency reserves. It took over the duties of UIC (Ufficio Italiano Cambi - Italian Foreign Exchange Office), which ceased operations on January 1, 2008.

Unit-linked policy

A policy under which benefits are linked to the unit value of shares in ad-hoc insurance funds or mutual funds.

V**Vision**

Strategy for a future scenario that reflects the company's values.

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