

ANNUAL REPORT ON CORPORATE GOVERNANCE

Annual Report on Corporate Governance

Act 262/2005, as subsequently amended by Legislative Decree 303/2006, introduced article 124-bis into the Consolidated Finance Act (Legislative Decree 58/98, as subsequently amended). Article 124-bis sets forth disclosure requirements in relation to the code of conduct of listed companies. The term and procedures for complying with said requirements will be set out in a specific Consob Regulation, which is still in the form of Consultation Document.

This report, which presents the Mediolanum S.p.A.'s corporate governance system, was drafted and made available to the public in accordance with the regulatory requirements in force at the time of its preparation.

During the year 2006, Mediolanum S.p.A. adhered to the New Code of Conduct drafted by the Corporate Governance Committee of Borsa Italiana and issued in March 2006 (hereinafter "New Code"). In compliance therewith, this Report includes also information on the progress in the implementation of the recommendations set out in the New Code, in accordance with the "comply or explain" principle, i.e. describing the actions already taken, or planned, to implement said recommendations or explaining any departures from recommendations.

1. CORPORATE GOVERNANCE SYSTEM

Introduction

On September 14, 2004 Fininvest S.p.A. as one party, and Ennio Doris, Lina Tombolato, Massimo Antonio Doris, Annalisa Doris and Herule Finance, as the other party, (the company and the individuals collectively referred to as the "Doris Group") renewed the shareholders' agreement, whereby they undertook to lock up an equal amount of shares representing at least 51% of the company's capital.

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The shareholders' agreement will remain in force for three years. The shareholders' agreement as well as any changes in the number of locked up shares, including changes resulting from changes in share capital, are disclosed to the market in accordance with the regulations in force.

The Company has a traditional governance structure consisting of the Board of Directors, the Board of Statutory Auditors and the Independent Auditors responsible for auditing the accounts.

The term of the current members of the Board of Directors will expire upon the approval of the financial statements for the year ending December 31, 2007. On that same date, the term of the current members of the Board of Statutory Auditors will also expire.

Information on the composition of corporate governing bodies at December 31, 2006 is set out in the relevant sections below.

Reconta Ernst & Young S.p.A. are currently serving a second three-year term as independent auditors. They are responsible for auditing the accounts, including the separate and consolidated annual financial statements as well as for carrying out the limited audit of the interim financial statements. Their audit mandate will expire upon the approval of the financial statements for the year ending December 31, 2007.

In this respect, it should be noted that the aforesaid Legislative Decree 303/06 extended the limit term for audit mandates to nine years and introduced transitional provisions, which stipulate that current audit mandates can be extended, to reflect the new limit term, by the shareholders at the General Meeting called to approve the financial statements for the year ended December 31, 2006.

The Board of Directors expressed its favourable opinion to extend the term of the independent auditors mandate and together with the Board of Statutory Audits will recommend the shareholders at the General Meeting convened to approve the financial statements for the year

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ended December 31, 2006 to vote for the extension of the term of the independent auditors mandate through financial year ending December 31, 2010.

The Board of Directors

Reflecting international best practice, the new Code of Conduct sets out a more refined definition of the role of the Board of Directors (cf. implementation rule 1.C.1. of the New Code).

Exercising the authority vested in it (art. 24 of the Bylaws), the Board of Directors elected the Chief Executive Officer (Ennio Doris) and, as in the prior mandate, conferred upon him all powers for the ordinary and extraordinary management of the company, except for those relating to significant and strategic matters, which remain exclusively reserved to the Board of Directors (“significant” transactions). Those matters include related party transactions, as further detailed herein.

As in the prior mandate, all powers for ordinary management, including guidance and operational management with respect to tax affairs, corporate affairs, administration and management control, finance, legal affairs and internal audit were conferred upon the Deputy Chairman (Alfredo Messina). The Board of Directors also conferred upon the Deputy Chairman the authority to oversee the internal control system as recommended by the new Code of Conduct.

In 2005, as in the prior mandate, the authority to coordinate and supervise ordinary business and the regular operation of the company’s offices and services was conferred upon the Executive Deputy Chairman (Edoardo Lombardi).

Any business under delegated authorities, as well as the performance and outlook of the company (and of its subsidiaries), any transactions which may have a significant impact on earnings, financial position and equity, and those transactions in which directors have an interest, either personally or to the benefit of any third party, are subject to the scrutiny of the Board of Directors and of the Board of Statutory Auditors, through a system of periodic reports to them submitted at *Approved by the Board of Directors of Mediolanum S.p.A. on March 28, 2007.*

least on a quarterly basis, as set out in the Bylaws.

Authorities are delegated to enable the Board of Directors to focus on the creation of value for the shareholders. The main responsibilities of the Board of Directors are to provide strategic guidance and management policies and to control the performance of the company. The Head of Corporate Affairs regularly reports and presents any main statutory and regulatory changes to the Board of Directors.

Again in 2006, the Board of Directors did not confer any operational authorities to the Chairman (Roberto Ruozi), to whom, however, the Bylaws reserve the power to represent the company. The Chairman, or anyone acting on his behalf, is also responsible for convening the meetings of the Board of Directors, which pursuant to the Bylaws are to be held at least on a quarterly basis.

At Board of Directors Meetings the exhaustive discussion of agenda items is assured and supported by the related documentation delivered in advance to Directors and Statutory Auditors, whenever possible.

Please note that the Board of Directors did not define general guidelines in relation to the maximum number of key positions held by its directors and statutory auditors in other companies (listed companies, banks, insurance companies, financial companies or companies of a material size) due to the still uncertain legal framework at the date this Report was drafted, following the amendments made to Act 262/05 and the current transitional phase.

Insider Dealing

Since April 1, 2006 insider dealings previously governed by the Regulation of Markets managed by Borsa Italiana SpA, have been regulated by the provisions of art. 114, paragraph 7 of the Consolidated Finance Act.

As early as March 1, 2006 the Board of Directors of Mediolanum S.p.A. approved the “**Rules for purchases and sales made by insiders and their close family members - INSIDER** Approved by the Board of Directors of Mediolanum S.p.A. on March 28, 2007.

DEALING CODE". The Insider Dealing Code is available at and can be downloaded from the company's website.

The Insider Dealing Code sets out statutory and regulatory requirements (abstracts appended to the Code) for purchases and sales of shares of the Issuer and related financial instruments amounting to or higher than €5,000.00/year made by "insiders" - as defined in art. 152 sexies of the Consob Regulation for Issuers (Consob Resolution 11971/99) - either directly or through third-parties, as well as by their close family members.

In addition to insiders as set out in the regulation (i.e. directors, statutory auditors and their close family members), Mediolanum SpA identified certain additional senior management officers falling within the purview of the Act above, due to the authorities delegated to them in relation to strategic matters, i.e. Mr. Luigi Del Fabbro, Chief Financial Officer and Mr. Giuseppe Lalli, General Manager International Operations.

As allowed under current regulations, insiders and their close family members delegated the company and, on its behalf, the Head of Corporate Affairs to disclose any such purchases and sales of shares and related financial instruments in the manner and within the term set out in art. 152 octies of the Regulation for Issuers.

Information on any such purchases and sales is published at the Company's website within the next trading day of their disclosure to Consob, Borsa Italiana S.p.A and the public.

Confidential and privileged information

Following Italy's implementation of the EU's Market Abuse Directive into national legislation (Act 62 of 2006) and the coming into effect of art. 115 bis of the Consolidated Finance Act, the companies within the Group proceeded to establish the register of officers having access to privileged information, i.e. information not in the public domain that directly or indirectly relates

to one or more issuers of financial instruments, which if made public would materially influence the price of said financial instruments.

Pursuant to the implementation rules set out in art. 152 bis *et seq.* of the Consob Regulation, each company within the Group proceeded to establish its own register, which is managed and regularly updated by the parent company Mediolanum S.p.A. on behalf of all subsidiaries and in accordance with a specific policy.

Said policy, including procedures for the maintenance of the Register and the management of information, is set out in the “**Policy Document on confidential and privileged information**” distributed to all subsidiaries and published at the corporate website.

In accordance with the law, the individuals whose names are entered in said Register are informed about it and on the consequences thereof, also by reference to the abstracts of statutes published at the corporate website. Any cancellations from the register is also notified to said individuals.

2. ADHERENCE TO THE CODE OF CONDUCT

As already mentioned, in March, 2006 the Corporate Governance Committee published the New Code of Conduct for listed companies which significantly amended the previous version of the Code of Conduct.

At its meeting of November 9, 2006, the Board of Directors of Mediolanum S.p.A. resolved to adhere to the New Code of Conduct. At that meeting, in relation to the requirement to assess the adequacy of organisational, management and accounting systems also of strategic subsidiaries – the Board of Directors of Mediolanum S.p.A. identified the wholly owned subsidiary, Banca Mediolanum S.p.A., as a strategic subsidiary, both for its size and the role it plays within the Group.

The Board of Directors also resolved that any transaction of strategic significance or that may have a significant impact on the earnings, financial position and equity of Mediolanum S.p.A., (i.e. the transactions set out in the instructions distributed to subsidiaries pursuant to art. 114, paragraphs 1 and 2 of the Consolidated Finance Act (cf. chapter II of the Policy Document on confidential and privileged information), that any of its subsidiaries intends to carry out is to be submitted to the Board of Directors of the Parent Company Mediolanum S.p.A. for its prior examination and approval.

Board of Directors

In order to comply with the New Code, in addition to the already existing Audit Committee, the Board of Directors of Mediolanum S.p.A. established the Compensation Committee. Information on the Compensation Committee is set out in the relevant section below.

The Board of Directors verified the compliance with the Code of Conduct requirements of certain directors to qualify as independent directors, applying the criteria adopted by the Board *Approved by the Board of Directors of Mediolanum S.p.A. on March 28, 2007.*

itself on March 26, 2006, and on the basis of the indications provided by each individual director.

At its Meeting of November 9, 2006, the Board of Directors resolved to apply also the requirements under principle No. 3 of the new Code of Conduct in relation to Independent Directors.

The Board of Directors also established that transactions in excess of €200,000.00/year are to be considered as “significant transactions” and confirmed the definition of close family members as relatives within the second degree.

Following the resolutions and verifications above, the members of the Board of Directors, who will remain in office until the approval of the financial statements for the year ending December 31, 2007, are as follows:

1. Roberto Ruozi, Chairman (no delegated authorities)	Independent
2. Alfredo Messina, Deputy Chairman	Executive
3. Edoardo Lombardi, Executive Deputy Chairman	Executive
4. Ennio Doris, Chief Executive Officer	Executive
5. Marina Berlusconi, Director	Non Executive
6. Pasquale Cannatelli, Director	Non Executive
7. Massimo Antonio Doris, Director	Non Executive
8. Bruno Ermolli, Director	Non Executive
9. Mario Molteni, Director	Independent
10. Angelo Renoldi, Director	Independent
11. Paolo Sciumè, Director	Non Executive
12. Antonio Zunino, Director	Non Executive

The Board of Statutory Auditors verified the correct application of the criteria and procedures adopted by the Board of Directors to assess the independence of Board members.

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The independent directors, who beginning from 2007 shall meet at least once a year, prepare a report for the Board of Directors. Said report sets out their assessment of the adequacy of the size, composition and operation of the Board of Directors and of Committees and includes recommendations on the recruitment of any professional figures, whose presence on the Board may be useful. The independent directors also monitor the Company Governance system and present their recommendations on required amendments thereto, if any, to the Board of Directors. In this respect, it should be noted that, since the Chairman of the Board of Directors has no executive powers, there was no need to appoint a *Lead Independent Director*.

During 2006 the Board of Directors held 8 meetings.

For the year 2007, 6 meetings of the Board of Directors are planned, of which 2 have already been held.

The Board of Directors has identified **significant transactions** as those set out in art. 23 of the Bylaws, which under the Bylaws are exclusively reserved to the Board of Directors. Specifically, the Bylaws reserve exclusive authority to the Board of Directors over the following transactions:

- acquisition and disposal of businesses and business lines;
- business agreements and deals (such as joint venture, cooperation, sponsoring or advice and consultancy agreements) with a term of more than 6 years – irrespective of the value of each deal or agreement - or having a total value (to be determined with reference to the annual value of the transactions) greater than €1,500,000 (one million five hundred thousand) (irrespective of their term);
- 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) amounting to over €5,000,000.00= each, excluding credit facilities maturing within one year and connected to the day-to-day business of the company and its subsidiaries;

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- lease out or rental of businesses or business lines, except for the lease out of individual commercial premises with a term of no more than nine years;
- acquisition and sale of shareholdings in any business or organisation;
- real estate transactions including real estate leases;
- provision of any guarantees except for those required for the day-to-day running of the company and its subsidiaries;
- appointment of the General Manager.

In addition to the transactions above also authority over **related party transactions**, as defined by the combined provisions of article 2, paragraph 1, letter h) and article 71bis of Consob Regulation 11971/1999, as subsequently amended, and article 2391-bis of the Italian Civil Code, pending further regulation from the competent authorities, is exclusively reserved to the Board of Directors. The limit values for which a transaction is to be disclosed to the market due to its potential effects on the company's equity, are as follows:

- €10,000,000.00 for any type of purchase or sale;
- €25,000,000.00 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 also decided that resolutions regarding related party transactions, as set out above and reserved to the exclusive competence of the Board of Directors, the individual value of which is greater than €250,000.00 be taken subject to the prior opinion of its Independent Directors and with the assistance of independent experts, if so needed in consideration of the nature, value or features of the transaction.

Directors, if any, with vested interests in any such transactions shall comply with the *Approved by the Board of Directors of Mediolanum S.p.A. on March 28, 2007.*

requirements of art. 2391 of the Italian Civil Code. In addition, the Board of Director may decide from time to time to apply approval rules under which any directors with vested interests in the transaction are required to abstain from voting or to leave the Board room for the sake of decision-making transparency.

Nomination Committee

Based on its experience Mediolanum S.p.A. deemed unnecessary to establish a Nomination Committee, also considering that it does not fit in with the configuration of the company and its ownership structure, given that, as the Code reads, “it is typical of organisations with a broad shareholders base (...) and especially in that case it plays a particularly important role in the selection of candidates for the position of director”.

Compensation Committee

Some time ago the Board had established a Stock Options Plan Committee, responsible for setting policies for part of the compensation of senior management officers of the company and the group as well as key contract workers, through the assignment of stock options linked to the achievement of certain targets.

In accordance with the new Code of Conduct, the Board of Directors resolved to turn the Stock Options Plan Committee into a “**Compensation Committee**”, and changed its composition and responsibilities.

The members of the Compensation Committee are the following, mostly independent, non-executive directors:

- Mario Molteni;
- Bruno Ermolli
- Angelo Renoldi

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Beginning from 2007, the Compensation Committee will be responsible for submitting proposals for the compensation of chief executives and other directors holding special positions to the Board of Directors, as well as monitoring the implementation of resolutions passed by the Board of Directors. The Compensation Committee shall also periodically assess the policies for the compensation of key management officers, oversee their implementation on the basis of the information provided by chief executives, and present general recommendations on the matter to the Board of Directors.

The authority to determine the aggregate compensation of the Board of Directors, including any remuneration of directors holding special positions, however, rests with the General Meeting.

Since it replaced the Stock Options Plan Committee, the Compensation Committee is also responsible for drafting the rules governing all aspects of the Stock Options Plan, which are submitted to the Board of Directors for approval; managing all actions required for the implementation of the Plan, including the selection of the Beneficiaries, the number of options to be allotted to each of them and the conditions for their exercise;

The Compensation Committee presents its annual budget and the Board of Directors provides it with the resources needed for the performance of the Committee's duties.

Internal Control System

Pursuant to the New Code of Conduct, as already announced, at its meeting of November 9, 2006, the Board of Directors appointed the Deputy Chairman Alfredo Messina officer responsible for the internal control system.

Upon a proposal of the Deputy Chairman and with the favourable opinion of the Audit Committee, the Head of Internal Audit of the Mediolanum Group Andrea Alessandri was confirmed in the position of **Chief Auditor**. You are reminded that internal audit is conducted for the entire group, including Mediolanum S.p.A., by the internal audit staff of the subsidiary Banca *Approved by the Board of Directors of Mediolanum S.p.A. on March 28, 2007.*

Mediolanum S.p.A. under specific outsourcing arrangements.

The Chief Auditor is vested with the powers he needs for the performance of his duties. He provides assistance to the officer responsible for the internal control system, in order to

- identify key corporate risks and report them to the Board of Directors;
- implement the internal control policies set by the Board of Directors through internal control system planning, management and monitoring.

The Chief Auditor is a direct report of the Deputy Chairman (executive), however, he is vested with broad powers and independence in the performance of his duties. Being a direct report of the Deputy Chairman, who is responsible for the internal control system, is largely a function of the shareholders' agreement under which one party has strategic/operational responsibilities and the other party exercises control.

At the end of 2005, action was taken to strengthen risk management and monitoring. That also entailed the establishment, in 2006, of the "Risk Management and Compliance" function, which is responsible for ensuring the adequacy of risk management procedures for financial, operational and credit risks as well as regulatory compliance of the financial conglomerate headed by Mediolanum S.p.A..

Specifically, in relation to "Financial Risk and Operational Risk Management" the related function of Banca Mediolanum carries out the following activities for the entire Group under specific outsourcing agreements:

- overseeing the definition of risk measurement methods applied by the risk management units of subsidiaries;
- validating the flows of information needed to ensure timely control of exposure to operational and financial risks associated with assets managed by subsidiaries, taking mitigating actions and, when possible, preventing any anomalies;

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- preparing reports to the Audit Committee, Senior Management and heads of operating units on risk evolution within Group companies, including any proposed corrective measures;
- assisting the line control units of subsidiaries in assessing Asset Liability Management models and techniques for proper understanding and management of risk exposures arising from any asset/liability mismatch.

In relation to “Regulatory Compliance”, the following activities are also carried out:

- assessment of the impact of regulations on the business at Group level, and changes in operating processes and/or procedures;
- assessment of compliance of processes with the law, the regulations issued by Supervisory Authorities and self-discipline rules (e.g. codes of conducts) as well as with any other applicable rules. This is done working together with Corporate Affairs and Organisation officers.

Audit Committee

In 2006, the members of the Audit Committee were confirmed in office. The Audit Committee consists of three members who will remain in office until the expiration of the entire Board of Directors, i.e. until the General Meeting convened to approve the financial statements for the year ending December 31, 2007. The members of the Committee are the Directors Mario Molteni (independent), Angelo Renoldi (independent) and Paolo Sciumè (non executive). All the members of the Audit Committee have knowledge of accounting and financial reporting.

The membership of the Committee is in accordance with the recommendation of the Code.

In 2006, the Audit Committee held 4 meetings, during which its members reviewed and assessed, *inter alia* i) Risk Assessment activities; ii) internal control activities both carried out and planned; iii) the annual report of the Supervisory Board established pursuant to Legislative Decree *Approved by the Board of Directors of Mediolanum S.p.A. on March 28, 2007.*

231/2001; iv) the adequacy of the accounting standards applied and their consistency in relation to the preparation of the consolidated financial statements.

The Audit Committee also examined the notices delivered to customers by the subsidiary Banca Mediolanum S.p.A., as they are one of the first controls for prompt detection of any anomalies.

The scope of work of the Audit Committee included also the so-called “disloyalty risk” in relation to the financial advisors working for the subsidiary.

The Audit Committee provides advice and proposals in relation to internal controls to the Board of Directors. The Audit Committee coordinates its activities with those of the Board of Statutory Auditors, the Independent Auditors, the Chief Auditor, within their respective competence.

The Audit Committee presents its annual budget, and in an emergency, it is assisted by Executive Directors for the funding of its expenses.

The Statutory Auditors, the Chief Executive Officer, the Chairman, the Deputy Chairmen, and the Chief Auditor are entitled to attend the meetings of the Audit Committee.

The Audit Committee elects its Chairman and meets anytime is needed, also upon request of the Chief Auditor and in any case no less than every six months on the occasion of the approval of the interim report and the annual financial statements.

Any Committee member who has a personal interest in the matter which is being voted shall abstain from voting.

Resolutions are passed by majority voting of the members of the Committee.

The responsibilities of the Audit Committee are those set out in the Code of Conduct (those recently introduced and applying to the Committee beginning from 2007 are indicated in italics), i.e.

- 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

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and its subsidiaries, and guidelines for the assessment of the consistency of those risk with the 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 corporate governance report with respect to the description of the key elements making up the internal control system and the assessment of its overall adequacy;
- to verify in conjunction with the officer responsible for the preparation of accounting and financial reporting documents and the independent auditors the proper application of accounting standards and their consistency for the purpose of consolidated financial reporting;
- to express opinions on specific aspects relating 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 periodic reports;
- to evaluate proposed audit mandates presented by independent auditors in addition to the scope of 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, concurrently with the approval of interim and annual financial statements.

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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.

From the examination of the activities, as reported by the Committee and analysed by the Board of Directors, no significant issue emerged with respect to the internal control system.

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 seeing to the effectiveness, compliance and update of said Models.

The Supervisory Board is composed of the following members:

- Angelo Renoldi, (Independent) Director, as Chairman;
- Alfredo Messina, Deputy Chairman of Mediolanum S.p.A.;
- Ettore Parlato Spadafora, Head of the Group’s Legal Affairs Department.

Annually the Supervisory Board prepares a report on the activities carried out during the year and planned for the following year, including its annual budget, and submits it to the Audit Committee, the Board of Directors and the Board of Statutory Auditors.

In 2006, the Board of Directors approved the action taken by the Supervisory Board in relation to flows of information and procedures in connection with the “Organisation, Management and Control Models” pursuant to Legislative Decree 231/2001”. The Board of Directors believes the current composition, organisation as well as duties and powers of the Supervisory Board are appropriate and approved the annual budget presented by the Supervisory Board.

Investor Relations

Mediolanum has an **Investor Relations** office, under the responsibility of the Chief Executive
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Officer, and headed by the Investor Relations Manager. This office is responsible for, *inter alia*, dealing with institutional Investors, and complying with market disclosure requirements for privileged information pursuant to the regulations in force.

The **Corporate Affairs Department** is responsible for dealing with all investors other than institutional investors especially with respect to corporate information.

As to General Meetings, the action of the Board of Directors is aimed at maximising shareholders' attendance, favouring the exercise of shareholders' rights and taking the General Meeting as an occasion to communicate company information to the shareholders.

Any relevant corporate information is published in a specific section of the corporate website which is easily found and accessible.

At the corporate website, which is continuously upgraded and updated, you can also find all key corporate documents including the Bylaws, press releases, the Corporate Governance Report.

In addition, the Ordinary General Meeting (April 12, 2001) adopted the Rules and Regulations of the General Meetings. The Rules and Regulations can be downloaded from the company's website.

Dividend Policy

In 2006, the company continued its policy of dividend distribution, which entails the distribution of interim dividends any time steadily positive business performance so allows. On November 9, 2006, the Board of Directors resolved the distribution of a 2006 interim dividend to the shareholders in the amount of €0.085 for each share with par value of €0.10 euro, before withholding tax, for a total amount of €1,949,082.65.

Board of Statutory Auditors

In 2006, the Board of Statutory Auditors held 13 meetings.

Article 27 of the Bylaws provides that nomination lists for the election of the Board of Statutory Auditors were *Approved by the Board of Directors of Mediolanum S.p.A. on March 28, 2007.*

Auditors, accompanied by the résumés of nominees and the declaration whereby they warrant they meet professional, ethical and independence requirements, be submitted no later than five days prior to the date of the General Meeting.

The members of the Board of Statutory Auditors, whose term will expire at the General Meeting convened to approve the financial statements for the year ending December 31, 2007 – are as follows:

Mauri Arnaldo - Chairman;

Frattini Achille – Standing Auditor;

Giampaolo Francesco Antonio - Standing Auditor;

Gatti Ferdinando – Alternate Auditor;

Vittadini Francesco - Alternate Auditor.

Finally, we inform you that the Chairman of the Board of Statutory Auditors Prof. Arnaldo Mauri does not hold any positions as Director or Statutory Auditor in any other Italian listed companies, the Standing Auditor Achille Frattini is the Chairman of the Board of Statutory Auditors of Arnoldo Mondadori Editore S.p.A. and of Mediaset S.p.A., as well as Standing Auditor of GEOX S.p.A., while the other Standing Auditor Francesco Antonio Giampaolo is Standing Auditor of Mediaset S.p.A..

3. Annual report on positions held by directors under principle 1.C.2. of the Code of Conduct for Listed Companies

In compliance with the Code of Conduct, on March 28, 2007, the Board of Directors of the company verified the positions as Director or Statutory Auditor held by Directors in other companies outside the Mediolanum Group which are listed on regulated exchanges, including exchanges located outside Italy, in financial companies, banks, insurance companies or *Approved by the Board of Directors of Mediolanum S.p.A. on March 28, 2007.*

companies of a material size. The positions were:

ROBERTO RUOZI - Chairman

Chairman of the Board of Directors of:

- Palladio Finanziaria S.p.A.
- Axa Assicurazioni S.p.A.
- Axa Interlife S.p.A.
- Axa Sim S.p.A.
- Axa Soluzioni Vita S.p.A.
- Touring Club Italiano (Association)
- Touring Servizi S.r.l.
- Touring Editore S.r.l.
- Punto Touring S.r.l.
- Retelit S.p.A. (previously Eplanet S.p.A.)
- Polis Fondi SGR S.p.A.
- Consorzio San Siro Duemila
- Venice S.p.A.

Member of the Board of Directors of:

- Indesit Company S.p.A.
- Lanificio Fratelli Cerruti S.p.A.
- Gewiss S.p.A.
- Data Service S.p.A.
- L'Oreal Italia S.p.A.

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- Air Liquide Italia S.p.A.
- Convergenza Com S.A.
- Collegio San Carlo S.r.l.
- Efi Banca S.p.A.

Chairman of the Board of Statutory Auditors of:

- Borsa Italiana S.p.A.
- Monte Titoli S.p.A.

ALFREDO MESSINA – Deputy Chairman

Chairman of the Board of Directors and Chief Executive Officer of:

- Mediolanum Assicurazioni S.p.A;

Chairman of the Board of Directors:

- Pagine Utili S.r.l.

Member of the Board of Directors of:

- Mediaset S.p.A.
- Gestelevision Telecinco S.A.
- Molmed S.p.A.

EDOARDO LOMBARDI – Executive Deputy Chairman

Chief Executive Officer of:

- Mediolanum Assicurazioni S.p.A.

Member of the Board of Directors of:

- Banca Esperia S.p.A.
- Istituto Europeo di Oncologia S.r.L.

ENNIO DORIS – Chief Executive Officer

Chief Executive Officer of:

- Mediolanum Assicurazioni S.p.A.

Member of the Board of Directors of:

- Banca Esperia S.p.A.
- Mediobanca S.p.A.
- Fondazione Centro S.Raffaele del Monte Tabor
- Safilo Group S.p.A.

MARINA BERLUSCONI - Director

Chairman of the Board of Directors:

- Arnoldo Mondadori Editore S.p.A.
- Fininvest S.p.A.

Member of the Board of Directors of:

- Mediaset S.p.A.
- Medusa Film S.p.A.
- 21 Investimenti S.p.A.

PASQUALE CANNATELLI – Director

Chief Executive Officer of:

Approved by the Board of Directors of Mediolanum S.p.A. on March 28, 2007.

- Fininvest S.p.A.

Member of the Board of Directors of:

- Arnoldo Mondadori Editore S.p.A.
- A.C. Milan S.p.A.
- Mediaset S.p.A.
- Medusa Film S.p.A.
- Pagine Utili S.r.l.
- Publitalia '80 S.p.A.
- Capitalia S.p.A.

MASSIMO ANTONIO DORIS – Director

He does not hold any material position in companies outside the Group.

BRUNO ERMOLLI – Director

Chairman of the Board of Directors:

- Medusa Film S.p.A.

Deputy Chairman of the Board of Directors of:

- Fondazione Teatro alla Scala

Member of the Board of Directors of:

- Arnoldo Mondadori S.p.A.
- Fininvest S.p.A.
- Mediaset S.p.A.
- Member of the Steering Board of Fondazione Cariplo

Approved by the Board of Directors of Mediolanum S.p.A. on March 28, 2007.

MARIO MOLTENI - Director

Member of the Board of Directors of:

- 8a+ Investimenti SGR S.p.A.

ANGELO RENOLDI – Director

Member of the Board of Directors of:

- Editoriale Domus S.p.A.

Member of the Board of Statutory Auditors of:

- Saf Wood S.p.A. – listed on Alternext, Paris

PAOLO SCIUMÈ – Director

Deputy Chairman of the Board of Directors of:

- Cremonini S.p.A.

ANTONIO ZUNINO - Director

He does not hold any material position in companies outside the Group.

Basiglio, Milano 3, March 28, 2007

on behalf of the Board of Directors

The Chairman
Roberto Ruozi

Approved by the Board of Directors of Mediolanum S.p.A. on March 28, 2007.

Position	Member	Executive	Non-executive	Independent	****	Number of other positions **	***	****	***	****	***	****	***	****
Board of Directors							Audit Committee ●		Compensation Committee ◆ (^)		Nomination Committee if any ◇		Executive Committee if any o	
Chairman	Ruozì Roberto			x	87 %	24								
Deputy Chairman	Messina Alfredo	x			62 %	6								
Executive Deputy Chairman	Lombardi Edoardo	x			100 %	3								
Chief Executive Officer	Doris Ennio	x			62 %	5			x	100 %				
Director	Berlusconi Marina		x		0 %	5			x	0%				
Director	Cannatelli Pasquale		x		100 %	8								
Director	Doris Massimo Antonio		x		100 %	0								
Director	Ermolli Bruno		x		37 %	6			x	100%				
Director	Molteni Mario			x	75 %	1	x	50%						
Director	Renoldi Angelo			x	100 %	2	x	100%						
Director	Sciumè Paolo		x		100 %	1	x	100%	x	100%				
Director	Zunino Antonio		x		87 %	0								
● Brief comment on the absence of the Committee or on a composition different from that recommended in the Code:														
◆ Brief comment on the absence of the Committee or on a composition different from that recommended in the Code:														
◇ Brief comment on a composition different from that recommended in the Code:														

SCHEDULE 1: MEMBERSHIP OF THE BOARD OF DIRECTORS AND OF THE COMMITTEES

Number of meetings held during the year	Board of Directors: 8	Audit Committee: 4	Compensation Committee: 1 (^)	Nomination Committee: -	Executive Committee: -
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NOTES

* An asterisk means that the director was elected from a nomination list presented by minority shareholders.

**This column indicates the number of directorships or positions as statutory auditor held by the specific member in other companies listed on regulated exchanges, including exchanges located outside Italy, in financial companies, banks, insurance companies or companies of a material size. The positions are detailed in the Corporate Governance Report.

*** An "X" in this column indicates the membership of the Board Director on the Committee.

**** This column shows the percentage of Board of Directors and Committee meetings attended by directors.

(^) Previously "Stock Options Plan Committee" now "Compensation Committee".

◇ Considered to be unnecessary given the current ownership structure, (see page 11).

SCHEDULE 2: BOARD OF STATUTORY AUDITORS

Position	Member	Attendance of Board of Statutory Auditors Meetings	Number of other positions**
Chairman	Mauri Arnaldo	100%	0
Standing auditor	Frattini Achille	100%	3
Standing auditor	Giampaolo Francesco Antonio	100%	1
Number of meetings held during the year: 13			
Indicate the percentage of shares required of minority shareholders to present lists for the election of one or more statutory auditors (article art. 148 of the Consolidated Finance Act): 3%			

NOTES

* An asterisk means that the statutory auditor was elected from a nomination list presented by minority shareholders.

**This column indicates the number of directorships or positions as statutory auditor held by the specific member in other companies listed on regulated exchanges in Italy. The positions are detailed in the Corporate Governance Report.

SCHEDULE 3: OTHER CODE OF CONDUCT REQUIREMENTS

	YES	NO	Brief description of any reasons for any departures from the Code recommendations
<u>Delegated authorities and related party transactions</u>			
Did the Board of Directors delegate powers and define:			
a) limits	✘		
b) manner of exercising powers	✘		
c) and frequency of reports?	✘		
Did the Board of Directors reserve for itself the authority to review and approve transactions which may have a material impact on earnings, financial positions and equity (including related party transactions)?	✘		
Did the Board of Directors establish guidelines and criteria for the identification of "significant" transactions?	✘		
Are the guidelines and criteria above described in the report?	✘		
Did the Board of Directors establish procedures for reviewing and approving related party transactions?	✘		
Are the procedures for the approval of related party transactions described in the report?	✘		
<u>Procedures for the most recent election of directors and statutory auditors</u>			
Were nominations for directorships received at least ten days in advance?		✘	The Bylaws set out a different term.
Did nominations for directorships include exhaustive information?	✘		
Did nominations for directorships include evidence as to the suitability of the nominee as an independent director?	✘		
Were nominations for statutory auditors received at least ten days in advance?		✘	The Bylaws set out 5 days in advance.
Did nominations for statutory auditors include exhaustive information?	✘		
<u>General Meetings</u>			
Did the company approve Rules and Regulations for the General Meetings?	✘		
Are the Rules and Regulations attached to the Report (or does it indicate where the Rules and Regulations can be obtained/downloaded)?	✘		

Internal Audit			
Did the company appoint chief auditors?	X		
Are these officers independent of heads of operating functions?		X	Pursuant to the provisions of the shareholders' agreement..
Department responsible for internal audit (art. 9.3 of the Code)	INTERNAL AUDIT		
Investor relations			
Did the company appoint an Investor Relations Manager?	X		
Investor Relations Manager's details (address/phone/fax/e-mail)	Alessandra Lanzone Investor Relations Manager fax: +39-02-9049-2413 e-mail: investor.relations@mediolanum.it		