

**REPORT ON
CORPORATE GOVERNANCE AND ON THE
COMPANY'S OWNERSHIP STRUCTURE**

Approved by the Board of Directors of Mediolanum S.p.A. on March 29, 2011.

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This report was prepared by Mediolanum S.p.A to present its corporate governance system. The report also contains information on the implementation of the recommendations set out in the Code of Conduct issued by the Corporate Governance Committee of Borsa Italiana, including explanations of any departures from said recommendations, in accordance with the “comply or explain” principle.

1. CORPORATE GOVERNANCE SYSTEM

Introduction and information on the ownership structure

At December 31, 2010, the company’s subscribed and fully paid up share capital amounted to €73,287,996.00 divided into 732,879,960 ordinary shares, each with par value of €0.10. There are no shares other than ordinary shares.

The shareholders who, directly or indirectly, own over 2% of Mediolanum S.p.A.’s subscribed share capital represented by shares entitled to vote, based on the company’s records as supplemented by notices and other information received by the company, are as follows:

(information as of March 29, 2011)	No.	of	%
	SHARES		
SILVIO BERLUSCONI INDIRECTLY THROUGH: - FININVEST S.p.A. (OWNERSHIP)	263,008,000		35.886
ENNIO DORIS			
- OWNED DIRECTLY	23,119,070		3.154
- INDIRECTLY THROUGH:			
FIN.PROG.ITALIA S.A.P.A. di E. Doris & C.	194,449,557		26.531
H-INVEST	820,000		0.112
TOTAL	218,388,627		29.797
LINA TOMBOLATO			
- OWNED DIRECTLY	24,307,595		3.317
- INDIRECTLY THROUGH:			
T-INVEST S.r.L.	24,328,300		3.319
TOTAL	48,635,895		6.636

On September 14, 2010, Fininvest S.p.A., as one party, Ennio Doris and Fin.Prog.Italia S.a.p.a. di Ennio Doris & C., as the other party (collectively referred to as ‘Doris Group’), renewed the shareholders’ agreement whereby they undertook to lock up their respective

equal shareholdings totalling at least 51% of the company's share capital.

The key terms and conditions of the Shareholders' Agreement are set out below.

Shares locked up under the Shareholders' Agreement

373,830,000 Mediolanum S.p.A. ordinary shares, equal to 51.007% of share capital represented by shares entitled to vote.

The Parties to the agreement committed to lock up any further shares as may be necessary following any share capital increases under which pre-empting rights are excluded or not exercised, so that the total amount of shares equally contributed by each party and locked up under the agreement continues to be equal to at least 51% of Mediolanum S.p.A.'s share capital.

Parties to the Shareholders' Agreement and Shares Contributed by Each Party

FININVEST S.p.A., as one party, ENNIO DORIS and FIN.PROG.ITALIA S.a.p.a. di Ennio Doris & C. as the other party.

Ennio Doris has the rights under articles 5) and 6) of the Shareholders' Agreement (appointment and composition of the bodies governing the Mediolanum S.p.A. Shareholders' Agreement). In relation to the exercise of those rights, the Doris Group agrees to be represented by Ennio Doris or, in case of his impediment, upon prompt indication by FINPROG, by another individual or by FINPROG itself.

Parties to the shareholders' agreement	No. of shares locked up	% of shareholding locked up	% of share capital
FININVEST S.p.A.	186,915,000	50%	25.5%
Total Fininvest	186,915,000	50%	25.5%
FIN.PROG.ITALIA S.a.p.a. di Ennio Doris & C.	186,915,000 (*)	50%	25.5%
Total Doris Group	186,915,000	50%	25.5%
Total Shares Locked Up	373,830,000	100%	51%

() of which 46,260,000 shares held under right of property with voting rights while usufruct is jointly held by Ennio Doris and Lina Tombolato.*

By virtue of the agreement no party thereto exercises control over Mediolanum S.p.A.

Type and content of the agreement

The agreement regulates voting and transfers of shares for the purpose of ensuring equal control and joint management of Mediolanum S.p.A. by FININVEST and the Doris Group.

The current Agreement replaced the Agreement signed by the Parties on September 14, 2007, without materially changing its content.

At Mediolanum S.p.A. General Meetings, the Parties to the Agreement undertook to vote their locked up shares as indicated in the resolution of the Board of the Shareholders' Agreement.

The Parties undertook to compile and present within the deadline set forth in the company's bylaws a common list of nominees for the position of director, as follows. Each party nominates an equal number of directors (including one Independent Director pursuant to Legislative Decree 58/1998) so that FININVEST and the Doris Group are always represented by the absolute majority of directors on the Mediolanum S.p.A. Board of Directors. The Chairman is chosen from the directors nominated by FININVEST; the two Deputy Chairmen (one acting in the Chairman's stead) are chosen as follows, one from the directors nominated by FININVEST and the other from those nominated by the Doris Group; the Chief Executive Officer is nominated by the Doris Group in the person of Ennio Doris; in the event that, for any reason whatsoever, Ennio Doris cannot hold the position of Chief Executive Officer, then the chief executive officer of Mediolanum S.p.A. shall be nominated by the Board of the Shareholders' Agreement upon the favourable votes of four of its members, who shall decide in the best interest of Mediolanum, the growth of its assets, its operations and those of its subsidiaries.

Ennio Doris, or, in case of his impediment, FINPROG, shall have the right to propose the nominee for the position of Chief Executive Officer.

In compliance with the requirements of law and the Bylaw, the majority of statutory standing auditors of Mediolanum S.p.A. are designated by FININVEST, when possible, and the Chairman of the Board of Statutory Auditors, when possible, is designated by the Doris Group. In any case, in accordance with the requirements of law and the Bylaws, the Parties shall compile and present a common list of nominees for statutory auditors, as

follows. The first name on the list of nominees for the position of standing auditor shall be a person nominated by Ennio Doris, or in case of his impediment, by FINPROG, followed by the names of two persons nominated by FININVEST. The first name on the list of nominees for the position of alternate auditor shall be a person jointly nominated by FININVEST and by Ennio Doris, or in case of his impediment, by FINPROG, while the person ranking second on that list shall be nominated, every three years, in turn by FININVEST and by Ennio Doris, or in case of his impediment, by FINPROG. For the first three years the person ranking second on the list of alternate auditor nominees shall be designated by FININVEST.

Any sales or transfers to any third parties of Mediolanum S.p.A. shares held by the Parties and locked up under the Shareholders' Agreement shall be pre-emptively offered to the other Party.

In addition, if the Board of the Shareholders' Agreement:

(a) does not designate – promptly, and in any case within 10 days of the request – the new chief executive officer pursuant to the Shareholders Agreement, in the event that Ennio Doris can no longer hold the position of Mediolanum S.p.A Chief Executive Officer for any reasons whatsoever;

(b) does not revoke – promptly, and in any case within 10 days of the request of either Party, the Mediolanum S.p.A Chief Executive Officer, whether Ennio Doris or another person designated by Ennio Doris or, in case of his impediment, by FINPROG;

(c) does not approve strategic alliances and agreements submitted to it or if the decisions

above made by the Board of the Shareholders' Agreement are not immediately implemented;

(i) FININVEST shall have the right to request FINPROG to sell all lockup shares held by FINPROG in Mediolanum S.p.A to FININVEST. FININVEST shall send its request to FINPROG in writing within 30 days of the date of the Meeting of the Board of the Shareholders' Agreement at which the decision in relation to (a), (b) and (c) was not taken or not immediately implemented. Should FININVEST fail to do so, its request shall be null and void;

(ii) upon receipt of the request from FININVEST, FINPROG shall have the right to request FININVEST to sell all lockup shares held by FININVEST in Mediolanum S.p.A. to FINPROG;

(iii) If FININVEST fails to send the request within the term set out under (i), FINPROG shall have the right to request FININVEST to sell all lockup shares held by FININVEST in Mediolanum S.p.A. to FINPROG. If FINPROG exercises said right, the provisions and the procedures set out under (i) and (ii) will apply *mutatis mutandis*, replacing "FININVEST" with "FINPROG" and "FINPROG" with "FININVEST" respectively.

Governance Bodies

The Shareholders' Agreement is governed by the Board, the Chairman and the Secretary, if appointed.

(a) The Board consists of five members, of whom two elected by each Party and the fifth jointly by the *pro-tempore* Chairman of FININVEST and by Ennio Doris or, in case of his

impediment, by FINPROG.

Guido Roveda from Milan, was appointed Chairman of the Shareholders' Agreement.

The Board meets no later than the day before any General Meetings, any meetings of the Board of Directors or of the Executive Committee (when established) of Mediolanum S.p.A. which include on the agenda any of the matters under letters (a)1 to (a)8 of article 5 of the Shareholders' Agreement (in brief: assessments of results, proposals to change share capital or amend the Bylaws, matters reserved to the General Meeting and proposals for the designation of nominees for the position of director and statutory auditor of Mediolanum S.p.A. and its subsidiaries, as well as strategic guidance, acquisitions of shareholdings or other significant assets, shareholders' agreements or strategic alliances which may be in the interest of the Mediolanum Group), provided that the meeting is called by at least one member of the Board of Directors designated by FININVEST or the Doris Group, or any time the Chairman of the Shareholders' Agreement deems it expedient or at least two members of the Board of the Shareholders' Agreement request it in writing.

(b) The Chairman of the Shareholders' Agreement represents the Shareholders' Agreement before third parties, convenes and chairs the meetings of the Board of the Shareholders' Agreement, and implements the resolutions of the Board of the Shareholders' Agreement within the scope of his authorities.

(c) The Board of the Shareholders' Agreement can appoint a Secretary who may also not be one of its members. The Secretary is responsible for ensuring the proper operation of

the Shareholders' Agreement, assisting the Board and the Chairman of the Shareholders' Agreement.

Term

The renewed Shareholders' Agreement entered into effect on September 14, 2010 – the date on which it was signed – and it will remain in force for three years.

Unless otherwise agreed between the Parties, the Shareholders' Agreement shall be terminated if:

a) following any de-mergers or mergers with other companies, the total number of shares held by the Parties is less than 51% of Mediolanum S.p.A. share capital or of the merging company or the company resulting from any said transactions;

b) following any sales or transfers of Mediolanum S.p.A. shares or the loss of control by FININVEST and FINPROG, either Party holds, either directly or indirectly, a shareholding which is lower than 25.5% of Mediolanum S.p.A. share capital.

Register of Companies

A copy of the Shareholders Agreement was deposited with the Milan Register of Companies on September 15, 2010.

Delegated authorities pursuant to art. 2443 of the Italian Civil Code

For information on authorities delegated to the Board of Directors to effect capital increases pursuant to art. 2443 of the Italian Civil Code, readers are referred to article 6 of the company's Bylaws available on the website of Borsa Italiana and on the corporate

website www.mediolanum.com under *Investor Relations/Corporate Governance/Documents of Business Conduct*.

Governance structure

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

Information on the composition of corporate governing bodies at December 31, 2010 is set out in the relevant sections below .

Reconta Ernst & Young S.p.A. are the Company's independent auditors responsible, *inter alia*, for the audit of the separate and consolidated annual financial statements as well as the limited audit of the half-year financial statements. The tenure of Reconta Ernst & Young S.p.A as the company's independent auditors will expire with the approval of the financial statements for the year ended December 31, 2010.

General Meeting

Shareholders' rights, exercise of shareholders' rights and procedures at General Meetings are subject to primary and secondary regulations as set forth in the Company's Bylaws articles 9 through 16 as amended by the Board of Directors at its Meeting of November 10, 2010 also to incorporate recent shareholders' rights regulations (Legislative Decree 27 of January 27, 2010).

Specifically:

- under art. 11 – as amended - “To be entitled to participate in and vote at the General Meeting shareholders must be registered in the register of members of the Company as of the end of the seventh trading day prior to the date of the General Meeting (first call) and be attested as such in the communication given to the Company by the intermediaries that are members of the central depository system. Changes in the register of members after said deadline shall be disregarded in determining the rights to vote at the Meeting. The communication shall be received by the Company by the end of the third trading day prior to the date of the General Meeting (first call) or within the deadline established for that purpose by *Commissione Nazionale per le Società e la Borsa* in its rules. If the communication is received by the Company after said deadline shareholders will still be entitled to participate in and vote at the Meeting provided that the communication is given prior to the beginning of the Meeting;
- under art.12 – as amended: The shareholders entitled to participate in the General Meeting may appoint a proxy in writing to represent them in accordance with law. Proxies can be appointed also electronically in accordance with the procedures set forth by the Ministry of Justice. Electronic appointment of proxies shall be made in accordance with the instructions set out in the notice of meeting via the relevant section of the Company’s website, or, if allowed and indicated in the notice of meeting, by sending the relevant document to the Company’s certified email address.

- as further noted herein ('Investor Relations' on page 35) as early as 2001 the Company adopted 'General Meeting Rules and Regulations' which can be found on the website www.mediolanum.com under Investor Relations/Corporate Governance /General Meeting.

The Board of Directors

The current Board of Directors of Mediolanum S.p.A. was elected at the General Meeting of April 22, 2008 in accordance with the new list voting rules under section 147 ter *et seq.* of the Consolidated Finance Act, applied for the first time on that occasion. A single list of nominees for the position of Board member was presented by the parties to the Shareholders' Agreement above. The current Board members will expire upon the approval of the financial statements for the year ended December 31, 2010.

In 2008, exercising the authority vested in it by law and the Bylaws (art. 24 of the Bylaws), the Board of Directors of Mediolanum S.p.A. confirmed 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).

In 2008, 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 Code of Conduct.

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. Massimo Antonio Doris.

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 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 Board of Directors reserved to itself responsibilities for strategic guidance and management policies as well as control of the company's performance. Any significant statutory and regulatory changes are brought to the attention of the Board of Directors through regular reports presented by the Head of Corporate Affairs.

Again in 2010, 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, which is generally delivered in advance to Directors and Statutory Auditors.

The Board of Directors defined general guidelines in relation to the maximum number of director and statutory auditor positions held by its members in other companies (listed companies, banks, insurance companies, financial companies or companies of a material size):

I) an **executive** director should not serve as:

- i) executive director of another Italian or foreign listed company, or financial, banking or insurance company;
- ii) non-executive director or statutory auditor (or member of any other control body) in more than five of the companies above;

II) a **non-executive** director, in addition to the position held with the company, should not serve as:

- i) executive director in more than three of the companies above, and non-executive director or statutory auditor (or member of any other control body) in more than five of the companies above;
- or
- ii) as non-executive director or statutory auditor (or member of any other control

body) in more than eight of the companies above.

Any multiple positions held within the same Group of companies – i.e. that have the same key shareholder/s and/or are controlled by the same parent – shall be considered to be a single position.

The Board of Directors reserves the right to make different decisions which will be duly disclosed in the annual report on corporate governance.

On March 1, 2011, after examining the disclosure statements completed and signed by its members, the Board of Directors found all Board members were in compliance with the limits above.

Internal Dealing

Pursuant to art. 114, paragraph 7 of the Consolidated Finance Act, the Board of Directors of Mediolanum S.p.A. approved the company's "**Rules for purchases and sales made by insiders and their close family members - INTERNAL DEALING**" that can be found on the Company's website.

In compliance with statutory and regulatory requirements (abstracts appended), these rules govern purchases and sales of shares of the Issuer and related financial instruments amounting to or higher than €5,000.00/year made by insiders - defined in art. 152 sexies of the Consob Regulations for Issuers (Consob Resolution 11971/99) - either directly or through third-parties or trustees, as well as by their close family members.

In addition to insiders as set out in the regulations (i.e. directors, statutory auditors, and their close family members), the Company judged that also Mr. Luigi Del Fabbro, Officer responsible for accounting and financial reporting, falls within the purview of the Act above, due to the authorities delegated to him in relation to strategic matters.

As allowed under current regulations, the aforementioned individuals 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 Regulations for Issuers.

Information on any such purchases and sales is published on the Company's website within the next trading day of their notification, and disclosed to Consob, the stock market operator and the public.

Confidential price-sensitive information

Pursuant to Article 115 bis of the Consolidated Finance Act the Company keeps the register of officers having access to confidential price-sensitive information, i.e. information not in the public domain that directly relates to Mediolanum S.p.A. or its subsidiaries and 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 Regulations for Issuers, each company within the Group proceeded to create its own

register, which is kept 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 price-sensitive information**” distributed to all subsidiaries and published on the Company’s website www.mediolanum.com under Investor Relations/Corporate Governance/Other documents)

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 regulations published on the Company’s website.

2. ADHERENCE TO THE CODE OF CONDUCT

Mediolanum S.p.A. adheres to the Code of Conduct for listed companies.

At its meeting of November 9, 2006 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.

At its meeting of March 1, 2011 the Board of Directors of Mediolanum S.p.A. noted that in late 2010 the Bank proceeded to reorganise its operations and this has entailed, *inter alia*, working on certain amendments to the Bylaws – still ongoing at the time this report was prepared – to improve the efficiency of the Bank’s services. It also noted that the overall corporate governance framework adopted by Banca Mediolanum – also in its role

of Parent Company of the Mediolanum Banking Group – continues to be adequate to the Bank’s business and meets the requirements set out in the “Banking organisation and corporate governance regulations” and the “Explanatory Note” issued by the Bank of Italy on March 4, 2008 and February 19, 2009, respectively,.

Concurring with the assessment of the Board of Directors of Banca Mediolanum S.p.A., the Board of Directors of Mediolanum S.p.A. unanimously found the organisational structure, management and control systems of that subsidiary to be appropriate.

Any transaction of strategic significance or that may have a significant impact on the earnings, financial position and equity of Mediolanum S.p.A. that any of its subsidiaries intends to carry out is subject to the *prior* examination and approval of the Board of Directors of the Parent Company Mediolanum S.p.A..

Board of Directors

The Board of Directors of Mediolanum S.p.A. has established both the Audit Committee and the Compensation Committee. Further information on these committees is set out in the relevant sections below.

The Board of Directors has verified the qualifications of certain directors to serve as independent directors against the requirements set out in the Code of Conduct and the information provided by each individual director.

The Board of Directors has also established that transactions in excess of €200,000.00/year are to be considered “significant transactions” and confirmed the

definition of close family members as relatives within the second degree.

The current Board of Directors was elected by the shareholders at the General Meeting of April 22, 2008 from the list of nominees presented by the parties to the Shareholders' Agreement under section 1) herein, in accordance with section 147 ter of the Consolidated Finance Act and article 17 of the company's Bylaws, and its term in office will end with the approval of the financial statements for the year ended December 31, 2010.

Following verifications of qualifications, including the examination of disclosures made by individual members, and subsequent resolutions, the current Board of Directors is composed as follows:

Roberto Ruozi – Chairman (no delegated authorities)	– Independent pursuant to the Code of Conduct and section 147-ter of the Consolidated Finance Act
Alfredo Messina – Deputy Chairman	– Executive
Massimo Antonio Doris – Executive Deputy Chairman	– Executive
Ennio Doris – Chief Executive Officer	– Executive
Luigi Berlusconi – Director	– Non Executive
Pasquale Cannatelli – Director	– Non Executive
Maurizio Carfagna – Director	– Non Executive
Edoardo Lombardi – Director	– Executive (Executive Deputy Chairman of Banca Mediolanum S.p.A.)

Bruno Ermolli – Director	– Non Executive
Mario Molteni – Director	– Independent pursuant to the Code of Conduct and section 147-ter of the Consolidated Finance Act
Danilo Pellegrino – Director	– Non Executive
Angelo Renoldi – Director	– Independent pursuant to the Code of Conduct
Paolo Sciumè – Director	– Non Executive
Antonio Zunino – Director	– Non Executive

In relation to Mr. Ruozi’s qualification as an independent member pursuant to the Code of Conduct, it should be noted that applying the substance-over-form principle the Board of Directors confirmed its previous conclusions and unanimously agreed that there is no breach of the requirement under application rule 3.C.1 paragraph b), which sets forth that individuals ‘who in the previous three years served in key positions within the issuer’s organisation’ do not qualify as independent. Key positions do include the Board Chairmanship. However, besides his proven independent conduct, Mr. Ruozi has never had any executive powers since no authority was ever delegated to him.

The Board of Directors verified the qualifications of all three Independent Directors pursuant to the Code of Conduct - Roberto Ruozi, Mario Molteni and Angelo Renoldi – also against application rule 3.C.1 paragraph e) i.e. being a member for more than nine years in the past twelve years.

Applying again the substance-over-form principle, in accordance with the Code itself that in the comment to principle No. 3 reads:

“If the Board of Directors believes that in practice the requirement of independence is met even in the presence of circumstances which in theory may constitute a reason for non-independence it will be sufficient to disclose the findings of the assessment to the market, subject to the statutory auditors’ control of their grounds.”

the Board of Directors satisfied itself that said directors meet ethical standards and that their recognised professional competencies have enabled them to continue to be independent in their conduct. Hence, the Board believes the requirement of independence under the Code is met also in relation to their directorship tenure for more than nine years in the past twelve years.

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 its members (cf. Statutory Auditors’ Report).

The independent directors hold independent directors’ meetings. This practice was first introduced in 2007. The independent directors prepare a report for the Board of Directors, which sets out their assessment of the adequacy of the size, composition and operation of the Board of Directors and its Committees and may include recommendations on the recruitment of any professional figures, whose presence on the Board may be useful (so called self-assessment). The independent directors also monitor the Company Governance

system and present their recommendations on required amendments thereto, if any, to the Board of Directors. The Independent Directors agreed that, since the Chairman of the Board of Directors has no executive powers, there is no need to appoint a Lead Independent Director.

In 2010 the Independent Directors held 3 meetings to assist the Board of Directors in relation to the report on Corporate Governance and ownership structure for the year 2009 as well as for purposes of self-assessment. In relation to self-assessment, the Independent Directors decided to use a questionnaire to be filled out by all members of the Board of Directors as in the past year.

The analysis of answers, made by the Independent Directors on February 23, 2011 during an additional meeting, and by the Board of Directors at the meeting held on March 1, 2011, confirmed that directors are reasonably satisfied with the size, composition and operation of the Board of Directors.

In 2010 the Board of Directors held 6 meetings.

For 2011 six meetings of the Board of Directors are planned, of which two 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.

As to **related party transactions**, in 2010, Mediolanum S.p.A. worked to implement Consob Resolution 17221 regarding related party transactions.

On November 10, 2010, the Board of Directors approved the “Procedures pursuant to

Consob Resolution 17221, article 4” promptly circulated to all companies across the Mediolanum Financial Conglomerate – so that, even in the transitional period December 1, 2010 through January 1, 2011, these companies could provide all information needed to comply with the requirements of the Regulations for the transparency of relevant transactions. This information is available on the website www.mediolanum.com under Investor Relations/Corporate Governance /Documents of Business Conduct.

Nomination Committee

Based on its experience Mediolanum S.p.A. deemed unnecessary to establish a Nomination Committee, also considering its narrow shareholder base. In fact, as the Code reads, a Nomination Committee “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

The Compensation Committee – which, you are reminded, replaced the Stock Options Plan Committee - is composed of non-executive, mostly independent, directors. Specifically the members of the Compensation Committee are:

- Mario Molteni - Independent;
- Bruno Ermolli – Non Executive;
- Angelo Renoldi – Independent.

In accordance with the Code, the Compensation Committee is responsible for:

- a) submitting proposals to the Board of Directors for the compensation of chief executives and other directors holding special positions, as well as monitoring the implementation of resolutions passed by the Board of Directors;
- b) periodically assessing key management compensation policies, overseeing their implementation on the basis of the information provided by chief executives, and presenting general recommendations on the matter to the Board of Directors;
- c) drafting the rules governing all aspects of the Stock Options Plan, which are submitted to the Board of Directors for approval;
- d) managing all actions required for the implementation of the Stock Options Plan, including the selection of the Beneficiaries, the number of options to be allotted to each of them and the conditions for their exercise;
- e) setting operating and/or financial performance targets for option granting;
- f) in general, all tasks and duties previously assigned to the Stock Option Plan Committee.

Every year the Compensation Committee presents its annual budget, which for 2011 was presented at the Board of Directors meeting of March 1, 2011

In 2010 the Compensation Committee held 4 meetings. During those meetings the Committee reviewed and assessed the compensation policies together with the

Compensation Committee and the Board of Directors of the subsidiary Banca Mediolanum S.p.A.. The recommendations made following those reviews prompted the Board of Directors and the shareholders at the 2010 General Meeting to approve two new long-term share-based incentive plans (stock option plans). One plan is reserved to (i) the directors and executives of the Company and its subsidiaries (**‘Top Management Plan 2010’**) and the other plan to (ii) contract workers - i.e. the members of the sales network – of the Company and its subsidiary (**‘Sales Network Plan 2010’**). The choice was made considering that stock options are still a cost-effective way to incentivise value creation. Following the approval of the Plans by the shareholders at the General Meeting of April 27, 2010 - together with the Compensation Committee and the Board of Directors of the subsidiary Banca Mediolanum S.p.A - the Compensation Committee of Mediolanum S.p.A. proceeded to put in place the Plans and prepare the relevant resolution proposals to be submitted to the Board of Directors of Mediolanum S.p.A. for approval. On July 8, 2010, the Board of Directors of Mediolanum S.p.A. exercised the authorities delegated to it pursuant to article 2443 relating to:

- the increase in the Company’s share capital up to €160,000.00, for a consideration, through the issue of up to 1,600,000 dividend-bearing ordinary shares with par value of €0.10 each, with the exclusion of shareholders’ pre-emptive rights pursuant to article 2441, paragraph five, of the Italian Civil Code since those shares will be offered to the Directors and Executives of the Company and its subsidiaries pursuant to art. 2359, paragraph 1, No. 1), of the Italian Civil Code. Those shares are to be

subscribed within the fifth business day in the thirty-sixth month subsequent to the expiration of the three year term since July 8, 2010. Shares can be issued in one or more occasions;

- the increase in the Company's share capital up to €31,744.20, for a consideration, through the issue of up to 1,317,442 dividend-bearing ordinary shares with par value of €0.10 each, with the exclusion of shareholders' pre-emptive rights pursuant to article 2441, paragraph five, of the Italian Civil Code since those shares will be offered to the members of the sales network of the Company and its subsidiary pursuant to art. 2359, paragraph 1, No. 1), of the Italian Civil Code. Those shares are to be subscribed within the fifth business day in the thirty-sixth month subsequent to the expiration of the nine year term since July 8, 2010. Shares can be issued in one or more occasions.

During the current year the Compensation Committee has reviewed the changes that have occurred in the regulatory environment and, in particular considering that:

a) under the procedures prepared pursuant to art.4 of Consob Resolution 17221 (Related Party Transactions) approved by the Board of Directors on November 10, 2010, Mediolanum S.p.A. expressly stated that:

“the Company decided to exclude from the notion of related party transactions:

- *share-based compensation plans approved by the shareholders at General Meetings under section 114-bis of the Consolidated Finance Act as well as related implementation measures;*

- *the resolutions regarding the compensation of board members and directors holding special positions as well as other key management”.*

this because:

“the Company is adopting a policy under which compensation plans are to be:

- *developed together with the Compensation Committee which is composed of 3 non-executive, mostly independent, Directors;*
- *presented together with consistent measures for their implementation in a report to the shareholders at the General Meeting and put to at least their advisory vote”;*

b) the section relating to the compensation of directors and key management of the Code of Conduct for listed companies that the Company adopted was amended in March 2010 to incorporate the main European Recommendations regarding the process for the determination of compensation policies and their contents. The amended text of the Code of Conduct under article 7 sets forth, *inter alia*, that a report describing the policy for the compensation of executive directors, other directors holding special positions (in particular, the Chairman, and deputy chairman/chairmen), as well as key management be presented to the shareholders at the General Meeting.

Hence, assisted by staff from relevant functions, the Compensation Committed prepared a report that after being examined and approved by the Board of Directors on March 1, 2011 will be submitted to the advisory vote of the shareholders at the General Meeting to be held on April 21, 2011 (first call).

In the meantime, in accordance with the requirements of the Code of Conduct for listed companies, the Compensation Committee confirms it reviewed broadly and exhaustively the principles adopted for the compensation of key management, exercised oversight over their application based on the information provided by chief executives and submitted general recommendations on the matter to the Board of Directors.

As to the variable compensation of the executive Directors, the Committee proposed and the Board of Directors approved to include two executive directors in the cited Stock Option plan “**Top Management Plan 2010**”.

In relation to the requirements under Consob Communication DEM/11012984 of February 24, 2011 you are advised that i) there are no agreements in force between the company and directors that entail payments to them in the event of their resignation or dismissal without cause or termination following a tender offer; ii) there are no executive succession plans.

Internal Control System

This section gives a brief description of the current internal control system. A more detailed description is set out in Annex 1) Information on the “**Key features of the risk management framework and of the system of internal controls over financial reporting**” pursuant to section 123-bis, paragraph 2, letter b), Consolidated Finance Act.

Pursuant to the Code of Conduct, the Board of Directors appointed the Deputy Chairman

Alfredo Messina officer responsible for the internal control system.

At its Meeting held on March 18, 2008, upon a proposal of the Deputy Chairman as officer responsible for overseeing the effectiveness of the internal control system, and with the favourable opinion of the Audit Committee, the Board of Directors of Mediolanum SpA appointed Ms Serenella De Candia born in Nuoro on February 6, 1967, Chief Auditor.

The Chief Auditor is vested with the powers needed for the performance of duties. The Chief Auditor provides assistance to the officer responsible for overseeing the effectiveness of 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) but has broad powers and is independent in the performance of duties. Being a direct report of the Deputy Chairman, who is responsible for overseeing the effectiveness of 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.

The Chief Auditor Ms De Candia – responsible for the Internal Audit of the Mediolanum Group (a function which is part of the organisation of the subsidiary Banca Mediolanum S.p.A. that provides internal audit services to Group companies including Mediolanum S.p.A.) – resigned effective from December 31, 2010. When announcing her resignation,

the subsidiary Banca Mediolanum S.p.A. also informed that Giovanni Pirovano Director and Deputy General Manager of Banca Mediolanum will temporarily be responsible for overseeing and coordinating the activities of the internal audit function.

You are reminded that, also to comply with new financial and banking regulations, as early as the end of 2005 the Group risk management framework was enhanced with the establishment of the “Risk Management and Compliance” function. This function 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.. Also these activities are carried out for the entire Group by the relevant function of Banca Mediolanum.

The Risk Management and Compliance function conducts, among others, the activities set out below:

As to “Financial Risk and Operational Risk Management”:

- supervision of the definition of risk measurement methods applied by the risk management units of subsidiaries;
- validation of the flows of information needed to ensure timely control of exposure to operational and financial risks associated with assets managed by subsidiaries, adoption of mitigating actions and, when possible, prevention of any anomalies;
- preparation of reports to the Audit Committee, Senior Management and heads of operating units on risk evolution within Group companies, including any proposed corrective measures;

- assistance to 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.

As to “Regulatory Compliance”:

- 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

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 ended December 31, 2010. The membership of the Committee is in accordance with the recommendation of the Code.

The members of the Committee are:

- Mario Molteni (independent);
- Angelo Renoldi (independent);
- Paolo Sciumè (non executive);

All the members of the Audit Committee have accounting and financial reporting

competency.

In 2010, the Audit Committee held 5 meetings. Another 2 meetings were held in 2011, namely on January 18, 2011 and March 23, 2011. During said meetings the members of the Audit Committee 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 231/2001; iv) in conjunction with the Officer responsible for preparing accounting and financial reporting documents, Luigi Del Fabbro, the adequacy of the accounting standards applied and their consistency in relation to the preparation of the consolidated financial statements.

Duties of the Audit Committees

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 Audit Committee has the responsibilities set out in the Code of Conduct (principle 8.c.3). At its meeting of January 18, 2011, among other matters, the Audit Committee examined the key terms of *Legislative Decree 30 of January 27, 2010 (so called Auditors Decree)* and, assisted by staff from the relevant corporate functions, reviewed the provisions therein in particular with respect to possible overlaps of activities conducted by the various audit functions.

Following the introduction of aforesaid decree, the Statutory Auditors of so called ‘public interest organisations’ which include, among others, listed companies, have now additional duties under art. 19 of said decree which requires, *inter alia*, that statutory auditors being the company’s ‘internal auditors’ oversee:

- a) the financial reporting process;
- b) the effectiveness of the internal control system, the internal audit system and, where applicable, the risk management system;
- c) the audit of the annual separate and consolidated account;
- d) the independence of registered public accounting firms (the independent auditors), especially in relation to non-audit services rendered to the entity to which they provide audit services.

Although some of the regulations implementing the provisions of said decree are still

pending approval, the statutory auditors have been fulfilling essentially all their new duties since the entry into force of the decree 39/2010 (April 7, 2010).

These are new oversight duties that statutory auditors are to fulfil with the assistance of staff from the relevant corporate functions and the independent auditors. The new regulatory provisions entail that listed companies need to assess, among other things, whether there are overlaps between the new oversight duties of the statutory auditors and those required, under the Code of Conduct for listed companies, of the Audit Committee, which is a Board Committee.

The review findings which were confirmed by a primary expert in the field showed that the new duties given to the statutory auditors appear not to overlap – from a conceptual standpoint – those given to the Audit Committee.

This essentially because the Board of statutory auditors (art. 19 of the Audit Decree) is responsible for oversight of the internal control system and other matters while Board Committees are responsible for giving advice and assistance to the Board of Directors to “determine” the internal control system, the risk management system as well as the financial reporting cycle.

However, there were persisting doubts concerning i) the examination of the proposal of the independent auditors for their engagement; ii) the assessment of the independent auditors’ audit plan; as well as iii) the duty of oversight in relation to the effectiveness of the audit process, all duties of the Board of statutory auditors under the new regulations.

On these matters, the analysis found that - taking for example the choice of the

independent auditors – the law makers intended to give the duty of selecting the independent auditors to the Board of statutory auditors and that such ‘independent’ choice might be quashed by a decision of the Board of Directors or one of its Committees.

Hence, the Audit Committee proposed – and the Board of Directors approved – that the Audit Committee cease to conduct such activities as early as the current year pending the likely issue of an amended version of the Code of Conduct for listed companies which incorporates the changes in legislation made in this and other areas.

Finally, you are advised that:

- 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;
- also for 2011, the Audit Committee presented its annual budget to the Board of Directors for its approval;

and that the examination of the Audit Committee did not reveal any significant issue in relation to the control system as set out in its report to the Board of Directors who reviewed it.

Officer responsible for accounting and financial reporting documents

Following regulatory changes and the subsequent amendments to the company’s bylaws resolved by the shareholders at the Extraordinary General Meeting of April 19, 2007, after ascertaining he was qualified for the position and upon the favourable opinion of the

Board of Statutory Auditors, on April 23, 2008, the Board of Directors confirmed Luigi Del Fabbro in the position of Officer responsible for accounting and financial reporting documents and all his authorities.

The tenure of the Officer responsible for accounting and financial reporting documents – under the Bylaws (art. 24) – expires on “the date of the first meeting of the Board of Directors successive to the General Meeting that elected the entire Board of Directors”.

As you know, the General Meeting convened to vote on the financial statements for the year ended December 31, 2010 will also vote on the election of the new Board of Directors, hence, at its first meeting successive to the General Meeting of April 21, 2011 (first call), the new Board of Directors will resolve on the appointment of the Officer responsible for accounting and financial reporting documents.

Supervisory Board established 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 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

At its meeting held on April 23, 2008, the Board of Directors confirmed all Supervisory Board members above up until the approval of the financial statements for the year ending December 31, 2010;

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 2010, the Board of Directors approved the actions proposed 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” 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 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 confidential price-sensitive 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’ participation, favouring the exercise of shareholders’ rights and taking the

General Meeting as an occasion to communicate company information to the shareholders.

This is further facilitated by the amendments made to the Bylaws by the Board of Directors at its meeting of November 10, 2010 as well as those put to the vote of the General Meeting on April 21, 2011 (first call) under recent shareholders rights legislation (Legislative Decree 27 of January 27, 2010 implementing Directive 2007/36/EC).

All relevant corporate information is made available on the Company's website (www.mediolanum.com) which is now subject to specific primary and secondary regulations. The Company's website includes a specific Investor Relations section which is easily found and accessible and whose contents are continuously upgraded and updated. Key corporate documents including the Bylaws, press releases, the Corporate Governance Report are also made available in the specific section of the website.

The Rules and Regulations of the General Meetings adopted at the Ordinary General Meeting of April 12, 2001, are also available on the Company's website.

Dividend Policy

In 2010, 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 10, 2010, the Board of Directors resolved the distribution of a 2010 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 €62,266,329.42.

Board of Statutory Auditors

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 ended December 31, 2010 – are as follows:

Ezio Maria Simonelli – Chairman;

Riccardo Perotta – Standing Auditor;

Vittadini Francesco – Standing Auditor;

Gatti Ferdinando – Alternate Auditor;

Antonio Marchesi – Alternate Auditor.

Also the members of the current Board of Statutory Auditors – like the members of the Board of Directors – were elected at the General Meeting of April 22, 2008 when, for the first time list voting pursuant to section 148 of the Consolidate Finance Act was applied. All members of the Board of Statutory Auditors were elected from the single nominees' list presented by the parties to the Shareholders' Agreement above. (cf. page 1).

In 2010, the Board of Statutory Auditors held 7 meetings.

The Standing Auditor Francesco Vittadini and the Alternate Auditor Antonio Marchesi were elected at the General Meeting of April 23, 2009 – in accordance with art. 2401, first paragraph of the Italian Civil Code - following the resignation tendered by the previous standing auditor Maurizio Dallochio on August 29, 2008 and his replacement with the then alternate auditor Francesco Vittadini, subject to shareholders' ratification at the next

General Meeting.

Since the resigned internal auditor and his replacement had been nominated on the single list presented in 2008, the appointment of Mr. Vittadini and Mr. Marchesi as statutory auditors was ratified at the General Meeting held on April 23, 2009 by relative majority of votes with no list constraints, pursuant to current regulations and article 27, section 13, second paragraph of the Bylaws.

You are reminded that the Board of Directors decided to apply all the independence requirements for directors set forth in section 3 of the Code of Conduct for Listed Companies also to the members of the Board of Statutory Auditors.

At its meeting of March 1, 2011, after examining the disclosure statements made by the statutory auditors, the Board of Directors ascertained compliance with said requirements.

Finally, we inform you that the Chairman of the Board of Statutory Auditors Ezio Maria Simonelli also serves as Chairman of the Board of Statutory Auditors of MARR S.p.A. and as Standing Auditor of Banca Popolare di Milano Scarl; the Standing Auditor Riccardo Perotta also serves as Chairman of the Board of Statutory Auditors of Fiat S.p.A.; the Standing Auditor Francesco Vittadini serves as Chairman of the Board of Statutory Auditors of DMT S.p.A. and as 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 1, 2011, after ascertaining compliance with the resolution made by the Board of Directors on March 18, 2008 regarding limits to the number of key positions held by directors in other companies, 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 that are listed on regulated exchanges, including exchanges located outside Italy, in financial companies, banks, insurance companies or companies of a material size.

These 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.
- Polis Fondi SGR S.p.A.
- Venice S.p.A.
- Eagle S.r.l.
- Banca Intermobiliare Investimenti e Gestioni S.p.A.
- Factorit S.p.A.
- Venice European Investment Capital S.p.A.

Member of the Board of Directors of:

- Lanificio Fratelli Cerruti S.p.A.
- Cerruti Tessile S.p.A.
- Gewiss S.p.A.
- AVM Private Equity 1 S.p.A.
- AVM Energia S.p.A.

Chairman of the Board of Statutory Auditors of:

- Borsa Italiana S.p.A.
- Monte Titoli S.p.A.
- MTS Mercato Titoli di Stato S.p.A.
- Barclays Family S.p.A.

ALFREDO MESSINA – Deputy Chairman

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

- Mediolanum Assicurazioni S.p.A;

Member of the Board of Directors of:

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

MASSIMO ANTONIO DORIS – Executive Deputy Chairman

He does not hold key positions in companies outside the Group.

ENNIO DORIS – Chief Executive Officer

Member of the Board of Directors of:

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

LUIGI BERLUSCONI – Director

Member of the Board of Directors of:

- Molmed S.p.A.

PASQUALE CANNATELLI – Director

Chief Executive Officer of:

- 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.

MAURIZIO CARFAGNA – Director

Member of the Board of Directors of:

- Class Editori S.p.A.
- CIA S.p.A.
- Molmed S.p.A.
- H-Equity S.r.l.
- Futura Invest S.p.A.
- Banca Esperia S.p.A
- Duemme S.g.r.

BRUNO ERMOLLI – Director

Deputy Chairman of the Board of Directors of:

- Fondazione Teatro alla Scala

Member of the Board of Directors of:

- Arnoldo Mondadori Editore S.p.A.
- Fininvest S.p.A.
- Mediaset S.p.A.
- Mondadori France
- Fondazione Cariplo
- Senior Advisor and Member of the European advisory council of JPMorgan

EDOARDO LOMBARDI – Director

Chairman of the Board of Directors of:

- Banca Esperia S.p.A.

Member of the Board of Directors of:

- Istituto Europeo di Oncologia S.r.l.

MARIO MOLTENI - Director

Member of the Board of Directors of:

- 8a+ Investimenti SGR S.p.A.
- Opera SGR
- SCM Group S.p.A.
- B&B Italia S.p.A.
- Consorzio Milano ricerche
- Member of the Steering Board of Fondazione Cariplo

DANILO PELLEGRINO - Director

Chairman of the Board of Directors of:

- Il Teatro Manzoni S.p.A.
- ISIM S.p.A.

Member of the Board of Directors of:

- Fininvest Gestione Servizi S.p.A.

- Mediolanum Assicurazioni S.p.A.

ANGELO RENOLDI – Director

Member of the Board of Directors of:

- AME – Arnoldo Mondadori 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.

Member of the Board of Directors of:

- Cafin S.a.p.a.

ANTONIO ZUNINO - Director

He does not hold key positions in companies outside the Group.

Basiglio - Milano 3, March 24, 2010

On behalf of the Board of Directors

The Chairman

Roberto Ruozi

MEDIOLANUM S.P.A.

Annex 1: Information on the “Key features of the risk management framework and of the system of internal controls over financial reporting” pursuant to section 123-bis, paragraph 2, letter b), Consolidated Finance Act

The internal control system of Mediolanum S.p.A. consists of the set of corporate functions (including management), rules, procedures and organisational units established to ensure:

1. the effectiveness and efficiency of corporate processes,
2. an adequate control of risks,
3. the protection of the company’s assets and the proper management of customer assets,
4. the reliability and integrity of accounting and management information,
5. the compliance of transactions with the law, the regulations issued by Supervisory Authorities, self-discipline and internal rules.

The Group’s internal control system is designed to encompass the main lines of defence briefly described below.

The first line of defence consists of controls made by the individuals who carry out a certain activity and by their supervisors, generally within the same organisational unit or function. These controls are carried out by operational units or embedded in automated procedures. The level of controls depends upon the size, nature and complexity of the

business.

The second line of defence is made up of specific controls performed by units other than operating units that contribute to the definition of risk measurement methods, control of operating limits of officers to whom authorities are delegated, and verify compliance of transactions with the risk/return targets set by corporate bodies in their respective areas of responsibility. These controls are primarily carried out by the “Risk Management and Compliance” function that is responsible for identifying, monitoring and managing risks to which the business is exposed. This function is also responsible for the development of control methods and models working together with operational units and assisted for ex-post controls by staff from Internal Audit and the Supervisory Board established pursuant to Legislative Decree 231/2001. The activities conducted by staff in the “Risk Management and Compliance” function also include checks to assure compliance with statutory and regulatory requirements as well as the deployment of actions geared to prevent, mitigate and manage risks.

In certain companies that are part of the Mediolanum financial conglomerate, the second level of defence is operated through dedicated functions (such as the Financial and Operational Risk function or the Sales Network Inspectors).

The third line of defence is made up of Internal Audit exercises which entail the periodic assessment of the completeness, effectiveness and adequacy of the internal control system in relation to the nature of the business and the level of risks undertaken.

A further line of defence is assured by the Board of Statutory Auditors who i) under the

Italian Civil Code, are responsible, *inter alia*, for overseeing the adequacy of the company's organisational structure, the accounting and internal control systems and, ii) in compliance with the requirements of Legislative Decree 39 of January 27, 2010 for so-called public interest organisations which include listed companies, also :

- a) the financial reporting process;
- b) the effectiveness of the internal control, internal audit and risk management systems;
- c) audit of the annual separate and consolidated accounts;
- d) the independence of the independent auditors in particular in relation to non-audit services rendered to the entity to which they provide audit services.

Then, there are the independent auditors responsible for the verification that accounting entries and records support the amounts and disclosures in the financial statements, and that the financial statements are prepared in compliance with applicable standards and legislation.

Finally, pursuant to Legislative Decree 231/2001 that introduced into Italian legislation the notion of liability of corporate persons for a specified list of offences committed in their interest – the Company adopted the “Organisation, Management and Control Models” and established the Supervisory Board responsible for overseeing the effectiveness, compliance and update of said Models.

The Board of Directors assures regular review and assessment of the effectiveness and

efficiency of the internal control system and of its adequacy to the type of business .

Following the introduction of regulations under section 154-bis of the Consolidated Finance Act, as amended by Act 262/2005 and Legislative Decree 303, the Mediolanum Group also put in place a system for compliance with relevant requirements by the Officer responsible for accounting and financial reporting documents of Mediolanum S.p.A.. The Group also prepared a “Methodological and operational manual” setting out the fundamental characteristics of that system.

The Officer responsible for accounting and financial reporting documents is the officer that certifies financial reporting information to third parties. Therefore he is one of the various officers who contribute to an effective corporate governance system intended as the set of rules and organisational functions that ensure an appropriate and effective governance of the organisation.

The Officer responsible for accounting and financial reporting documents is responsible for signing financial information disclosed to the market, confirming that said information reflects the accounting entries and records.

For information set out in the annual separate and consolidated financial statements as well as in the half-year financial statements said officer signs the responsibility statement prepared in accordance with Consob template (Annex 3C-ter of the Regulations for Issuers). In the responsibility statement said Officer confirms that the financial statements and any other financial information given to the market reflect the accounting entries and records, and attest to the adequacy of accounting and financial reporting procedures

applied. He also confirms that the financial statements give a true and fair view of the financial position, result of operations and cash flows of the issuer and of all entities included in the consolidated financial statements.

Internal controls over financial reporting

To ensure adequate internal controls over financial reporting and disclosure, as required by regulations in force, Mediolanum S.p.A. adopted a framework based on best practices that enables the Officer responsible for accounting and financial reporting documents to attest that financial reports and disclosures reflect the accounting entry and records, that accounting and financial reporting procedures are adequate and the financial statements give a true and fair view of the financial position, result of operations and cash flows of the issuer and of all entities included in the consolidated financial statements.

This framework is now fully in place and was developed in four steps that are repeated when undertaking regular updates and upgrades:

- Scoping & Planning: for each Company that contributes significantly to the Mediolanum S.p.A. consolidated financial statements, identification of processes that are considered to be relevant to the financial item to which they relate, both qualitatively and quantitatively.
- Control Environment; definition of the processes and systems that make up the Group control environment, i.e. identification of rules and control mechanisms

(Company-Level Control) and identification of general rules governing technology and application development (IT General Controls).

- Assessment of accounting and financial reporting processes; improved formalisation of accounting and financial reporting processes, identifying any weaknesses, presence of check points and adequacy of existing control procedures as a whole.
- Definition and implementation of a formal structure and documenting system for compliance with Act 262; creation of a formal structure built on information flows between the Officer responsible for accounting and financial reporting documents, via the 262 Unit, and the heads of the functions involved in Act 262 compliance activities.

The internal control structure is built on the following keystones :

- Attesting system; the system whereby the heads of the various accounting, finance and other relevant units attest to compliance of relevant processes at each level of the organisation. The primary goal is to ensure continuous adherence to the procedures defined as adequate to achieve compliance objectives and prompt reporting of any shortcomings to the Officer responsible for accounting and financial reporting documents so that they can be remedied.

- Testing; tracing back control activities with the assistance of internal audit staff to assess the effectiveness and adequacy of existing controls and any need for additional controls .

The cycle starts with the need to identify, and, if necessary, improve internal control procedures and activities. This is followed by the identification of all controls in place for the various processes. After defining and better formalising the documenting system, adequate measures agreed with the heads of processes are put in place to ensure that controls are properly applied. These activities are monitored by the 262 Unit both through the attesting system and via direct testing.

As to foreign companies that contribute significantly to the Mediolanum S.p.A. Consolidated Financial Statements, these were identified as the subsidiaries Banco de Finanzas e Inversiones S.A., Mediolanum International Life Limited, Mediolanum Asset Management Limited and Mediolanum International Fund Limited. Upon request of the Officer responsible for accounting and financial reporting documents, these companies have appointed their local officer who in accordance with the proportionality principle replicates the activities conducted by the Officer responsible for accounting and financial reporting documents to ensure control over financial information, in accordance with the Group framework. In addition to activities needed for compliance with regulatory requirements by the Officer responsible for accounting and financial reporting documents, said officers of foreign subsidiaries also provide their attestation prior to the preparation of the financial statements. The internal control activities are the subject of regular reports

and the internal control framework is regularly reviewed and upgraded to ensure it is always adequate to the type of business of the financial conglomerate.

- | |
|------------------------------------------------------------------------------------------------------------------|
| • 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: 6	Audit Committee: 5	Compensation Committee: 4	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.

◇ Considered to be unnecessary given the current ownership structure, (see page 22).

SCHEDULE 2: BOARD OF STATUTORY AUDITORS

Position	Member	Attendance of Board of Statutory Auditors Meetings	Number of other positions**
Chairman	Simonelli Ezio	100%	2
Standing auditor	Riccardo Perotta	100%	1
Standing auditor	Vittadini Francesco	100%	2
Number of meetings held during the year: 7			
Indicate the percentage of share capital required of minority shareholders to present lists for the election of one or more statutory auditors (art. 148 of the Consolidated Finance Act): 1.5% (cf. Consob Resolution 17633 of January 26, 2011)			

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 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	x		
b) manner of exercising powers	x		
c) and frequency of reports?	x		
Did the Board of Directors reserve for itself the authority to review and approve transactions which may have a material impact on earnings, financial position and equity (including related party transactions)?	x		
Did the Board of Directors establish guidelines and criteria for the identification of "significant" transactions?	x		
Are the guidelines and criteria above described in the report?	x		
Did the Board of Directors establish procedures for reviewing and approving related party transactions?	x		
Are the procedures for the approval of related party transactions described in the report?	x		
<u>Procedures for the most recent election of directors and statutory auditors</u>			
Were nominations for directorships received at least ten days in advance?	x ⁽¹⁾		
Did nominations for directorships include exhaustive information?	x		
Did nominations for directorships include evidence as to the suitability of the nominee as an independent director?	x		
Were nominations for statutory auditors received at least ten days in advance?	x ⁽¹⁾		
Did nominations for statutory auditors include exhaustive information?	x		
<u>General Meetings</u>			
Did the company approve Rules and Regulations for the General Meetings?	x		
Are the Rules and Regulations attached to the Report (or does it indicate where the Rules and Regulations can be	x		

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	INTERNAL AUDIT		

⁽¹⁾ requirement superseded by new regulations

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		