

**REPORT OF THE BOARD OF DIRECTORS TO THE
ORDINARY GENERAL MEETING OF APRIL 29, 2014:**

**5. Report on compensation policies pursuant to article 123-
ter of Legislative Decree 58/1998**

**Report of the Board of Directors to the
Annual General Meeting
convened on April 29, 2014 (single call)**

Dear Shareholders,

The General Meeting is convened for you to deliberate and vote, *inter alia*, on the following agenda item:

5. Report on compensation policies pursuant to article 123-ter of Legislative Decree 58/1998

In accordance with regulations in force, Mediolanum S.p.A submits the appended Report on the compensation policies of the Mediolanum Financial Conglomerate, to which you are referred for details, to shareholders at the Annual General Meeting.

Assisted by the Nomination & Compensation Committee, the Board of Directors prepared and approved the Board of Directors Report on compensation policies in accordance with the model set out in applicable regulations (art. 123 *ter* of the Consolidated Finance Act and art. 84 *quarter* of the Regulation for Issuers). This document includes the Mediolanum Financial Conglomerate Compensation Policies Report that describes the compensation policies and incentives plans the Mediolanum Financial Conglomerate adopts to ensure due transparency in relation to significant corporate governance and market disclosure aspects.

In relation to this agenda item we invite you to vote on the following resolution:

‘The shareholders

after examining the report of the Board of Directors

resolve

to approve the content of the report presented by the Board of Directors pursuant to art. 123 *ter*, paragraph 6, of the Consolidated Finance Act and to any other statutory and regulatory effect.’

Milano 3, March 26, 2014

For the Board of Directors

The Chairman

(Carlo Secchi)

Mediolanum S.p.A.

Board of Directors' Report on compensation policies
Board of Directors Meeting of March 26, 2014

Pursuant to art. 123 *ter* of Legislative Decree 58 of February 24, 1998, as well as art. 84 *quarter* and Schedule 7-bis of Annex 3A of CONSOB Regulation No. 11971

1 PURPOSE AND STRUCTURE OF THE REPORT

Pursuant to Article 123-ter of Italian Legislative Decree No. 58 of February 24, 1998 (Consolidated Finance Act), this report has been prepared to inform Mediolanum S.p.A. shareholders prior to the AGM about the implementation of the compensation policies including incentive plans for the year 2013. Prepared in accordance with Schedule 7-bis of Annex 3A of CONSOB Regulation No. 11971 (Regulation for Issuers) this report is organised into two sections:

• SECTION I:

describes

- o the compensation policy applied to the members of the Board of Directors, general managers and other key management for at least the next year; and
- o the procedures for adoption and implementation of said policy.

• SECTION II:

- o describes with an adequate level of detail each item making up the compensation package, including leaver treatment in the event of termination of service/employment, highlighting consistency with the compensation policy approved in the prior year
- o sets out details about compensation paid in the year in any way and for any reason by the Company and its subsidiaries or associates, specifying any portion of pay relating to prior years' services as well as any pay deferred to one or more future years for activities carried out in the year, setting out estimates for those components whose amounts cannot be objectively quantified in the year.

This information will be available also on company's website (www.mediolanum.com) under Investor Relations / Corporate Governance / Annual General Meeting.

2 SECTION I

2.1 Roles and responsibilities of corporate bodies and staff involved in the preparation and implementation of compensation policies.

The following sub-sections provide detailed information about the roles and responsibilities of the corporate bodies and staff involved in the preparation and approval of compensation policies.

2.1.1 Shareholders – AGM

In accordance with the Compensation Policies of the Mediolanum Financial Conglomerate (hereinafter 'Compensation Policies') as well as applicable statutes and regulations, in order to foster shareholders' awareness and monitoring of the overall costs, benefits and risks of the chosen compensation policy including incentive plans, at the Annual General Meeting (ordinary session) the shareholders of Mediolanum S.p.A.:

- vote on (for or against) the compensation Policies established by the Board of Directors. Their vote is not binding and voting results are disclosed to the public;

- receive information on the implementation of compensation Policies so that they can monitor how said policies are actually implemented, especially with respect to the variable components of compensation and can thus assess their consistency with set guidelines and related goals.

2.1.2 Board of Directors

The Board of Directors adopts the compensation Policies at Financial Conglomerate and Mediolanum S.p.A. level, reviews them at least annually, and is responsible for their implementation.

The Board ensures that compensation Policies be appropriately documented and

- provided to the shareholders for their examination and vote at the AGM;
- accessible within the organisation.

Assisted by the members of the Nomination & Compensation Committee as well as staff from other functions as set out in the compensation policies, the Board:

- sets the Rules for the Stock Option Plans and the award of rights to subscribe to Mediolanum S.p.A. shares under said plans;
- may set additional performance targets for the exercise of options by individual beneficiaries under the stock options plans;
- sees to management and implementation of Stock Options Plans, including the identification of beneficiaries, the determination of the number of options to which each beneficiary is entitled, the vesting period, the performance targets over a timeframe of 2 to 3 years, any individual targets, as well as the execution of any deeds, formalities, notifications as may be required for the management and/or implementation of stock options plans;
- identifies, upon proposal by the Compensation Committee, the beneficiaries under the Stock Options Plans of the Company and its subsidiaries;
- establishes the number of options to be allotted to each beneficiary under the Stock Options Plans according to:
 - o their position and the compensation received – for directors;
 - o their position, responsibilities and professional skills - for beneficiaries other than directors;
 - o the relevance of their role and their ability to influence the future creation of value for the shares of the Company or the Group;
- sees to those amendments/additions to the Stock Options Plans including Rules thereof the Board deems useful or necessary to best pursue the goals of said plans without prejudice to the rights allotted to the plan beneficiaries in prior periods;
- following implementation of the policies adopted, the Board:
 - o is updated on the achievement of the targets set for the recognition of the performance-based incentive component for directors with special duties, the Chief Executive, other executives, employees and other people working for the Company (contractors), its subsidiaries and/or associates;
 - o verifies the Compensation Policies is consistent with sound and prudent management and long-term strategies of the Company;
 - o reviews and approves any proposals for amendments to the compensation policies including incentive plans to be submitted to the advisory vote of shareholders at the AGM (Ordinary Meeting), as well as related implementation rules;
 - o approves reports to the shareholders at shareholders at the AGM (Ordinary Meeting) on the implementation of the Compensation Policies applied within the organisation.

2.1.3 Chief Executive

Within the powers for the ordinary and extraordinary management of the company delegated to him¹, the Chief Executive Officer:

- has the power to make proposals on the compensation Policies of the Mediolanum S.p.A Financial Conglomerate;
- provides for the alignment of the compensation framework and practices with the Policies approved by the Board of Directors. The CEO conveys compensation Policies to the Boards of Directors of the entities that are part of the Financial Conglomerate for them to apply said Policies within their organisation after preparing the relevant documentation that is to be submitted to the shareholders of said entities for their approval at their AGM where so required;
- receives reports from competent functions on:
 - the status of implementation of compensation policies and incentive plans (including share-based plans) applicable to the various staff, recapping their compensation and rights accrued;
 - controls made in relation to the implementation the compensation Policies and proposals for their amendments, if any;
 - statistical analyses on the evolution of compensation dynamics and the company's position within the industry.

2.1.4 Officer responsible for accounting and financial reporting

Assisted by 262 unit staff who report directly to him, the Officer responsible for accounting and financial reporting oversees accounting and financial reporting processes for the preparation of the Notes to the Financial Statements and also disclosure of compensation paid for any purpose and in any form to members of the Board of Directors and Statutory Auditors, as well as General Managers (where appointed) including compensation paid to them by subsidiaries. The Officer also oversees actual implementation of accounting and financial reporting procedures.

2.1.5 Planning & Management Control Team

The Planning & Management Control team contributes to the definition of compensation policies by providing, upon request of the competent bodies and functions, data and information for the determination of targets to be set for those staff whose variable component of compensation is linked to expected performance, and for the verification of the performance attained by them.

2.1.6 Services outsourced to Banca Mediolanum S.p.A.

Mediolanum S.p.A. has entered into contracts with the subsidiary Banca Mediolanum S.p.A. whereby the parent company has outsourced certain technical services, which include services relating to compensation and incentive plans, to said subsidiary. This has been done to tap specialist expertise and synergies within the Group.

2.1.6.1 HR Team

The HR Team collaborates with competent bodies and functions of Mediolanum S.p.A. and of Banca Mediolanum (for services outsourced to this subsidiary) in the definition of compensation policies including incentive plans taking care of the prior review of the regulatory framework, of market trends and practices as well as of applicable collective labour agreements and supplementary company-based agreements with the Unions.

¹ Cf. art. 24 of the Bylaws.

In addition, assisted by other relevant teams when so needed, the HR team:

- identifies and proposes possible indicators to be used to estimate fixed and variable components of compensation, in accordance with best practice and supervisory regulations (where applicable), taking account of the position held and duties assigned to each member of staff;
- carries out statistical analyses on the evolution of compensation dynamics and the company's position within the industry;
- verifies progress in the implementation of compensation Policies;
- takes care of technical aspects involved in the preparation and implementation of share-based plans in accordance with internal guidelines;
- makes proposals on amendments to compensation Policies following changes in the internal organisation and/or the regulatory framework;
- takes care of the setup and implementation of self-assessment processes relating to risk takers;
- verifies the impact of potential compensation Policies updates on the current compensation system, highlighting possible issues in the implementation of the new Policies.

2.1.6.2 Risk Control and Risk Assessment & Mitigation Teams

These teams contribute to the definition of compensation policies including incentive plans by preparing, upon request of the competent bodies and functions, opinions on the adoption of adequate performance indicators that reflect the profitability of the Company over time, taking account of current and future risks, cost of capital and liquidity needed for the conduct of business.

2.1.6.3 Internal Audit Team

The Internal Audit team regularly reviews the system whereby compliance of compensation practices with applicable statutes and regulations is ensured within the Company.

Evidence gathered together with information about shortfalls found, if any, is reported to the relevant teams and bodies of Mediolanum S.p.A. for the adoption of remedial actions, if needed, and for the preparation of reports to the shareholders at the AGM, where applicable and for matters that after review are found relevant for such reporting.

2.1.7 Nomination & Compensation Committee

The Nomination & Compensation Committee of Mediolanum S.p.A is composed of 3 non-executive directors of whom 2 are independent directors.

This Committee has the power to make proposals, provide advice and conduct analyses which the Committee exercises serving the purpose of feeding information and providing assistance to the Board of Directors in its decision-making process. The Board of Directors approves the budget of resources needed by the Nomination & Compensation Committee for the performance of its duties.

The Nomination & Compensation Committee:

- makes proposals to the Board of Directors on the compensation of Chief Executives and other directors with special duties, monitoring the implementation of decisions made by the Board on the matter;
- periodically reviews the criteria used for key management compensation, it oversees their implementation based on information provided by chief executives and submits general recommendations on the matter to the Board of Directors;
- drafts the rules governing all aspects of the Stock Options Plan, which are submitted to the Board of Directors for approval;

- manages all actions required for the implementation of the Stock Options Plan, including the selection of the Beneficiaries, determination of the number of options to be allotted to each of them and the conditions for their exercise;
- defines business and/or financial performance targets for the exercise of stock options;

2.2 Rationale and goals pursued through the compensation policies

The compensation Policies established by Mediolanum S.p.A. pursue the goal of attracting and retain people with the right skills and expertise for its business as well as foster their engagement through incentives that motivate and reward them for boosting business performance.

In addition, the compensation Policy warrants improved alignment between the interest of shareholders and Mediolanum S.p.A.'s management both in the short term, through creation of maximum shareholder value, and in the long-term, through appropriate risk management and delivery on the long-term strategy.

In this respect the compensation and incentive criteria based on objective parameters linked to performance and aligned with medium/long-term strategic targets are an effective way to encourage engagement by all people and hence best serve the interests of Mediolanum S.p.A..

2.3 Remuneration package: fixed and incentive components

The adopted remuneration structure is a package consisting of **a fixed component** that rewards staff for their role and responsibilities, according to the skills and expertise required for the specific position as well as the level of excellence shown and the overall quality of their contribution to business performance; and **an incentive component** that is aimed at rewarding staff for results attained with a direct link between compensation and actual performance recorded by the company and the individual in the short, medium and long term.

Please note that the Board of Directors has resolved that the compensation package for top management (members of the Board of Directors and key management) with the sole exception of the Deputy Chairman, is to consist only of the fixed component as detailed below.

Position	Fixed component (*)	Short-term incentive (**)	Medium/long-term incentive (***)
Chairman of the BoD	100%	0%	0%
Deputy Chairman	40%	0%	60%
Executive Deputy Chairman	100%	0%	0%
Executive directors	100%	0%	0%
Non-Executive directors	100%	0%	0%
Statutory auditors	100%	0%	0%
CEO	100%	0%	0%
Officer responsible for financial reporting	100%	0%	0%

(*) estimated and relating to Mediolanum S.p.A. only. Average weight of the incentive component is calculated on the basis of actual participants in the plan.

(**) Short-term incentive is payable only upon attainment of the full individual and business targets (100%).

(***) information relating to prior year awards.

In addition to the member of the Board and other key management of Mediolanum S.p.A, the financial instruments issued under medium/long-term incentive are used also for the other entities within the Mediolanum S.p.A. Financial Conglomerate are rules thereof apply to them as well.

2.3.1 Fixed component

The weight of the fixed component within the overall package is designed to reduce the risk of excessively risk-oriented behaviours, discourage initiatives focused on short-term results that could jeopardise sustainability and the creation of value over the medium and long-term.

In this respect, the Compensation Policies require that the compensation determined by shareholders upon election of members of the Board of Directors and statutory auditors at the AGM be commensurate with their responsibilities, tasks and level of participation in the meetings of their respective Board and assumption of all ensuing responsibilities. This justifies compensation and warrants its transparency.

Specifically:

- the power to decide on the compensation of Board Directors (including the prerogative of determining the compensation of any director in a special position) and of Statutory Auditors upon their election is vested with shareholders at the annual general meeting (ordinary session);
- the Board of Directors determines the compensation of the Board Chairman, the Deputy Chairmen, any Directors holding special positions (when the shareholders do not exercise their prerogative to do so), as well as the aggregate compensation of the Chief Executive Officer;

- the compensation of employees is based on applicable collective labour agreements and supplementary company-based arrangements. Employee compensation and incentives reflect the relevance of their role within the organisation, taking account of compensation levels in the marketplace as well as available budget for the period;
- the compensation of people who are not employee of the Company is determined by the terms of their service, project or other temporary work contracts, in compliance with the internal authorisation system. For people on temporary work contracts, compensation is a function of the benefit the Company receive from their services. If the contract relates to intellectual and organisational support services, compensation takes account of compensation levels in the marketplace as well as service level and professional value of the individual. If the contract relates to the promotion or sale of products or services, compensation is determined on the basis of commission schedules that reflect market best practices in compliance with regulations in force.

2.3.2 Incentive component

The incentive component mainly consists of a variable compensation which according to the Group's incentivising mechanisms can be made up of two different elements:

- a short term incentive: annual rewards in the form of cash bonuses;
- a medium/long term incentive consisting of cash bonuses and/or shared-based awards.

The payment of the components above is conditional upon the achievement of financial and other targets, in particular:

- business targets, i.e. Target Consolidated Net Profit for the Mediolanum Group (defined at Financial Conglomerate level) as the basis for the determination of the annual variable award to each participant in the incentive plans (both for the short-term and medium/long-term portion);
- individual targets within:
 - o quantitative targets for the function;
 - o qualitative targets for the function.

Under the incentive system, indicators as well as related company and individual target values are set annually based on prior year's results and definition of firm-wide and function budgets for the current year.

2.3.2.1 Short-term incentive

The short-term incentive relates to the plan for the members of the Group management who are employee of the Company. The HR team takes care of preparing provisions relating to the individual participation in the plan and determination of the individual target value (i.e. achievement of 100% of the business objective and 100% of the individual objectives) following the guidelines received from Company Top Management and in accordance with the Group Remuneration policies especially with respect to risk takers.

Payment of the annual variable compensation is conditional upon achievement of business targets. Such determination is made on the basis of:

- value created;
- current and future risk taken in attaining such performance;
- budget constraints and targets

Payment of short-term variable compensation is also conditional upon achievement of individual targets. Such determination is made on the basis of the findings of the Management Appraisal exercise which is the way used by the Group to assess and improve performance at management level. Management appraisals exercises warrant development of management skills, sharing of goals and related monitoring as well as measurement of management performance.

2.3.2.2 Medium/long-term incentive

As to the medium/long-term incentive, the current plans are most effective ways to incentivise performance and retention of those directors, executives and other staff who are key to the success of the Company and the Group.

In that respect, the Mediolanum S.p.A. shareholders at the April 27, 2010 AGM approved guidelines for the stock options plans reserved to the directors and executives of the Company and its subsidiaries with strategic roles within the Company and/or its subsidiaries, (2010 Top Management Plan) and the stock option plans reserved to the sales network (2010 Sales Network Plan).

Said plans:

- incentivise retention of those resources who are key to the success of the Company and the Group;
- link a significant portion of the variable component of pay to the attainment of specific business performance targets, and where deemed necessary also individual performance targets, aligning the interests of the beneficiaries with the priority goal of creating value for the shareholders in the medium/long term;
- foster loyalty building on the engagement with Company and the Group.

Said entails annual awards of rights that entitle the beneficiaries to subscribe to newly issued Mediolanum S.p.A. ordinary shares, namely 1 share for each option that is exercised.

2.3.2.3 Incentive to fixed compensation ratio

The compensation structure adopted by Mediolanum S.p.A. for the members of the governing bodies and other key management entails a pay-mix where the weight of the variable component for 2013 is relatively lower. This to ensure sound and prudent management without running the risk of excessive risk-taking in the pursuit of stellar performance.

2.4 Non-cash benefits

The fixed compensation component includes a package of consistent, fair and competitive fringe benefits for specific categories of staff (e.g. executives).

Employees are generally offered special conditions on banking and financial products of companies within the Financial Conglomerate as well as supplementary pension and other insurance benefits such as health coverage for them and their families.

A third-party liability insurance policy is provided to Directors and Executives to hold them harmless in claims for damages arising from circumstances not caused by malicious intent on their part, with specific limits of indemnity per claim and per year.

² Cf. Rules of the “Sales Network Plan 2010” and “Top Management Plan 2010” stock options plans (May 9, 2013 updated versions).

2.5. Performance targets

Payment of incentives under the current compensation system is subject to the attainment of financial and non-financial targets which are detailed in the following subsections.

2.5.1 Financial performance targets

The financial parameters targets under the incentive plan are to be easily identifiable, also in terms of funds and coverage, and be objectively measurable.

To that end, Mediolanum S.p.A. identifies

- short-term targets established on an annual basis;
- medium/long-term targets established on a three-year basis.

whose implementation rules are defined by the Board of Directors through its approval of internal rules.

2.5.2 Non – financial performance targets

Non-financial performance targets considered for the determination of the incentive component are closely linked to objective assessment of the activities carried out by the individual in the specific role (e.g. activities planned in the year preceding the year of assessment, ordinary activities carried out by the structure) and qualitative assessment of the effectiveness and efficiency of the activity itself.

Specifically, also taking account of the Management Appraisal system adopted by the Company, the non-financial performance parameters for the short-term and medium/long-term variable incentive component of compensation for executives, heads of control functions and the rest of staff are based on the recognition of gained competencies, management of resources, customer satisfaction and other purely qualitative aspects, and take account of the specific role of the member of staff.

2.5.3 Link of incentive payment to actual performance

Based on financial targets with ex-post adjustment (malus) mechanisms, the current compensation system ensures incentive payment is properly correlated to actual results. Specifically, payment of both short-term and long-term incentives is pro-rated according to the percentage of attainment of the company financial performance target, i.e. net profit at the Financial Conglomerate level. If financial performance attained is lower than set target values, payment of the variable component is reduced accordingly up to the point of being withheld.

2.6 Determination of performance targets attainment for stock option award/exercise

The individual performance of members of the Group management team who are employee is determined through the Management Appraisal exercise. This exercise provides the basis for setting individual performance targets at the beginning of the period and determining their attainment at the end of the period.

Each section of Management Appraisal has a valuation scale and metrics. Generally, each value on the scale is associated to an assessment. The valuations made on an annual basis are then grouped (averaged) to determine individual performance attained over three years (starting from the date of stock options award) and - subject to achievement of the performance target - the percentage of options that can be exercised.

In addition to individual performance targets there also financial performance targets set at Group level (cf. subsection 2.7).

Mediolanum S.p.A.'s compensation policy ensures strict alignment with the long-term interests of the Company as well as sound risk management as the payment of the variable component to any and all participants in long-term incentive plans is subject to:

- attainment of the business target, i.e. consolidated net profit, calculated over the entire period;
- maintenance of a certain level of Return on risk adjusted capital (RORAC) and of capital surplus according to the applicable capital requirements, at Mediolanum Financial Conglomerate level in the year of stock option award and in subsequent years in the period over which performance is measured.

2.7 Vesting period, deferral and ex-post adjustment mechanisms

The Board of Directors determines the vesting period for the long-term incentive plan (LTIP). The length of the vesting period is a function of individual and business performance targets set as well as loyalty goals pursued. The length of the vesting period for the current LTIP is set at:

- three years from stock option award, for the Top Management plan;
- nine years from stock option award, for the Sales Network plan (provided by Mediolanum S.p.A. for Banca Mediolanum S.p.A.).

The exercise of the options and subsequent subscription for shares by beneficiaries are allowed exclusively after the expiration of vesting period, starting from the exercise date and for the next three years.

The exercise of the options and the subsequent subscription for shares are to be made in full on a single occasion in the exercise period.

Specifically, the exercise of options awarded in 2013 is subject to the following conditions:

- for the Top Management Plan - attainment of a business performance target which is set at consolidated level for the year of award and the following two years and consists of a cumulative consolidated net profit target which is determined by the Board of Directors from time to time and communicated to the beneficiaries in the letter of stock option award sent to them
- for the Sales Network Plan - attainment of a business performance target which is set at consolidated level for the year of award and the following year and consists of a cumulative consolidated net profit target which is determined by the Board of Directors from time to time and communicated to the beneficiaries in the letter of stock option award sent to them;
- for both Plans - at Mediolanum Financial Conglomerate level, maintenance of
 - a higher Return on risk-adjusted capital (RORAC) than its set level
 - capital surplus according to the applicable capital requirements
- the beneficiary's continued service with the Company (or its subsidiaries) in the period spanning from the award date and the expiration of the vesting period.

Specifically, options can be exercised if RORAC exceeds 15%, except for cases when in the period over which performance is measured this ratio is lower largely due to extraordinary write-downs of equity investments and/or goodwill and in any case provided that over the same period capital requirements have not increased by more than 3%; without prejudice to the further condition of a capital surplus, calculated in relation to the Financial Conglomerate capital requirements, in each year of the period. As to payment terms, payment of both the short-term and long-term incentive occurs upon approval of the financial statements for the last year in which performance – upon which payment is conditional – is measured.

Under the current system, variable compensation (both short-term and long-term incentives) is pro-rated according to the percentage of attainment of the company financial performance target, i.e. target consolidated net profit, according to specific schedules, broken down into short-term and long-term components that are communicated beforehand to participants in the plan.

The exercise of options being conditional on cumulative net profit attained is an adequate ex-post adjustment (malus) mechanism.

2.8 Share retention clauses

Options granted under LTIPs are personal, cannot be transferred nor assigned inter vivos, cannot be pledged or provided as security to the benefit of the Company, its subsidiaries or third parties, nor more generally can they be the subject of any kind of contract, including derivative contracts.

For the Top Management LTIP, the company has set the condition that the beneficiaries cannot execute, and/or agree and/or negotiate direct or indirect transfer of 5% of the shares subscribed as a result of the exercise of the stock options awarded to them.

Said obligation starts from the date on which shares are made available to the beneficiary and remains in force up until the first of the following events:

- expiration of the term in office for director, or termination of employment for executives;
- expiration of third calendar year after the shares are made available to the beneficiary.

2.9 Compensation upon termination

The pension and post-employment benefits policy is to be generally aligned with the Company's strategy, goals, values and long-term interests.

In the event of resignation, dismissal or early termination of service with Mediolanum S.p.A., in exceptional cases, after careful consideration, directors may receive special payments based results attained.

Please note that the Company has not made any specific agreements with respect to early termination compensation or pension coverage other than those that are prescribed by law or regulations.

2.10 Compensation policy for (i) independent directors, (ii) participation in committees e (iii) special positions (chairman, deputy chairman, etc.)

Directors who sit on Committees receive an increase in fixed remuneration and/or an attendance allowance.

The Deputy Chairman and one executive Director participate in the "Top Management 2010" incentive plan and unlike other members of the company's Board and key management, they variable compensation under the LTIP.

3 SECTION II

SCHEDULE 1: Compensation paid to members of the Board of Directors, statutory auditors, general managers and other key management.

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
First and last name	Position	Tenure in the year	Expiration of tenure (*)	Fixed compensation	Committee participation	Non- equity-based variable compensation		Non-cash benefits	Other	Total	Fair Value of equity-based pay	Payments on termination
						Bonuses & other incentives	Profit-sharing					
CARLO SECCHI	Chairman of the Board of Directors	Jan. 1, 2013 / Dec. 31, 2013	Dec. 31, 2013									
(I) Compensation from the reporting company				€ 100,000	0	0	0	0	0	€ 100,000	0	0
(II) Compensation from subsidiaries and associates				0	0	0	0	0	0	0	0	0
(III) Total				€ 100,000	0	0	0	0	0	€ 100,000	0	0
ALFREDO MESSINA	Deputy Chairman	Jan. 1, 2013 / Dec. 31, 2013	Dec. 31, 2013									
(I) Compensation from the reporting company				€ 200,000	0	0	0	0	0	€ 200,000	€ 298,480	0
(II) Compensation from subsidiaries and associates				€ 2,500	0	0	0	0	0	€ 2,500	0	0
(III) Total				€ 202,500	0	0	0	0	0	€ 202,500	€ 298,480	0

MASSIMO DORIS	Executive Deputy Chairman	Jan. 1, 2013 / Dec. 31, 2013	Dec. 31, 2013									
(I) Compensation from the reporting company				€ 300,000	0	0	0	0	0	€ 300,000	0	0
(II) Compensation from subsidiaries and associates				€ 683,574 ¹	0	0	0	0	€ 6,217 ^(c)	€ 689,791	0	0
(III) Total				€ 983,574	0	0	0	0	0	€ 989,791	0	0
ENNIO DORIS	CEO	Jan. 1, 2013 / Dec. 31, 2013	Dec. 31, 2013									
(I) Compensation from the reporting company				€ 600,000	0	0	0	0	0	€ 600,000	0	0
(II) Compensation from subsidiaries and associates				€ 200,000 ²	0	0	0	0	0	€ 200,000	0	0
(III) Total				€ 800,000	0	0	0	0	0	€ 800,000	0	0
FRANCESCO BARBARO	Director	Jan. 1, 2013 / Dec. 31, 2013	Dec. 31, 2013									
(I) Compensation from the reporting company				€ 16,667	€ 2,500	0	0	0	0	€ 19,167	0	0
(II) Compensation from subsidiaries and associates				0	0	0	0	0	0	0	0	0
(III) Total				€ 16,667	€ 2,500	0	0	0	0	€ 19,167	0	0
LUIGI BERLUSCONI	Director	Jan. 1, 2013 / Dec. 31, 2013	Dec. 31, 2013									
(I) Compensation from the reporting company				€ 25,000	0	0	0	0	0	€ 25,000	0	0
(II) Compensation from subsidiaries and associates				0	0	0	0	0	0	0	0	0
(III) Total				€ 25,000	0	0	0	0	0	€ 25,000	0	0
PASQUALE CANNATELLI	Director	Jan. 1, 2013 / Dec. 31, 2013	Dec. 31, 2013									
(I) Compensation from the reporting company				(**)€ 25,000	0	0	0	0	0	€ 25,000	0	0
(II) Compensation from subsidiaries and associates				0	0	0	0	0	0	0	0	0
(III) Total				€ 25,000	0	0	0	0	0	€ 25,000	0	0
MAURIZIO CARFAGNA	Director	Jan. 1, 2013 / Dec. 31, 2013	Dec. 31, 2013									
(I) Compensation from the reporting company				€ 25,000	0	0	0	0	0	€ 25,000	0	0

¹ Of which: for his position as CEO in a subsidiary: € 300,000, fixed compensation as an employee in a subsidiary: € 373,574 and for positions held at associates € 10,000.

² Of which: for a position in a subsidiary € 200,000.

(II) Compensation from subsidiaries and associates	€ 95,000 ³	€ 30,000 ⁴	0	0	0	0	€ 125,000	0	0
(III) Total	€ 120,000	€ 30,000	0	0	0	0	€ 150,000	0	0

³ Of which: for a position in a subsidiary € 25,000 and for positions in associates € 70,000.

⁴ The indicated compensation was set on an aggregate basis for participation as member in the Compensation Committee and in the Audit Committee of an associate (Banca Esperia).

EDOARDO LOMBARDI		Director	Jan. 1, 2013 / Dec. 31, 2013	Dec. 31, 2013									
(I) Compensation from the reporting company					€ 25,000	0	0	0	0	0	€ 25,000	0	0
(II) Compensation from subsidiaries and associates					€ 870,000	€ 20,000 ⁵	0	0	0	€ 148,030 ^(a)	€ 1,038,030	€ 1,014,832	0
(III) Total					€ 895,000	€ 20,000	0	0	0	€ 148,030	€ 1,063,030	€ 1,014,832	0
MARIO MOLTENI		Director	Jan. 1, 2013 / Dec. 31, 2013	Dec. 31, 2013									
		Member of the Audit & Risk Committee	Jan. 1, 2013 / Dec. 31, 2013	Dec. 31, 2013									
		Member of the Compensation Committee	Jan. 1, 2013 / Dec. 31, 2013	Dec. 31, 2013									
(I) Compensation from the reporting company					€ 25,000	€ 21,000 ⁶	0	0	0	0	€ 46,000	0	0
(II) Compensation from subsidiaries and associates					0	0	0	0	0	0	0	0	0
(III) Total					€ 25,000	€ 21,000	0	0	0	0	€ 46,000	0	0
DANILO PELLEGRINO		Director	Jan. 1, 2013 / Dec. 31, 2013	Dec. 31, 2013									
(I) Compensation from the reporting company					(**) € 25,000	0	0	0	0	0	€ 25,000	0	0
(II) Compensation from subsidiaries and associates					(**) € 26,500	0	0	0	0	0	€ 26,500	0	0
(III) Total					€ 51,500	0	0	0	0	0	€ 51,500	0	0

⁵ The indicated compensation was set on an aggregate basis for participation as member in the Compensation Committee and in the Audit Committee of an associate (Banca Esperia).

⁶ Of which: as member of the Audit & Risk Committee: € 15,000; as member of Compensation Committee € 6,000.

ANGELO RENOLDI	Director	Jan. 1, 2013 / Dec. 31, 2013	Dec. 31, 2013									
	Chairman of the Supervisory Board (Leg. Decree 231/2001)	Jan. 1, 2013 / Dec. 31, 2013	Dec. 31, 2013									
	Chairman of the Audit & Risk	Jan. 1, 2013 / Dec. 31, 2013	Dec. 31, 2013									
	Chairman of the Compensation Committee	Jan. 1, 2013 / Dec. 31, 2013	Dec. 31, 2013									
(I) Compensation from the reporting company				€ 25,000	€ 46,000 ⁷	0	0	0	0	€ 71,000	0	0
(II) Compensation from subsidiaries and associates				€ 35,000	€ 37,500 ⁸	0	0	0	0	€ 72,500	0	0
(III) Total				€ 60,000	€ 83,500	0	0	0	0	€ 143,500	0	0
PAOLO SCIUME'	Director	Jan. 1, 2013 / Dec. 31, 2013	Dec. 31, 2013									
	Member of the Audit & Risk Committee	Jan. 1, 2013 / Dec. 31, 2013	Dec. 31, 2013									
(I) Compensation from the reporting company				€ 25,000	€ 15,000	0	0	0	0	€ 40,000	0	0
(II) Compensation from subsidiaries and associates				€ 25,000	€ 15,000	0	0	0	(b) € 350,990	€ 390,990	0	0
(III) Total				€ 50,000	€ 30,000	0	0	0	€ 350,990	€ 430,990	0	0
ZUNINO DE PIGNIER MARIA ALESSANDRA	Director	Jan. 1, 2013 / Dec. 31, 2013	Dec. 31, 2013									
(I) Compensation from the reporting company				€ 25,000	0	0	0	0	0	€ 25,000	0	0
(II) Compensation from subsidiaries and associates				€ 10,000	0	0	0	0	0	€ 10,000	0	0
(III) Total				€ 35,000	0	0	0	0	0	€ 35,000	0	0
EZIO SIMONELLI	Chairman of the Board of Statutory Auditors	Jan. 1, 2013 / Dec. 31, 2013	Dec. 31, 2013									
(I) Compensation from the reporting company				€ 90,000	0	0	0	0	0	€ 90,000	0	0
(II) Compensation from subsidiaries and associates				0	0	0	0	0	0	0	0	0
(III) Total				€ 90,000	0	0	0	0	0	€ 90,000	0	0

⁷ Of which: Chairman of the Supervisory Board (Leg. D. 231/2001) € 25,000; Chairman of the Audit & Risk Committee € 15,000; Chairman of the Compensation Committee € 6,000.

⁸ Of which: Chairman of the Supervisory Board (Leg. D. 231/2001) of subsidiaries € 30,000; member of the Compensation Committee of a subsidiary € 7,500.

RICCARDO PEROTTA	Standing Auditor	Jan. 1, 2013 / Dec. 31, 2013	Dec. 31, 2013									
(I) Compensation from the reporting company				€ 60,000	0	0	0	0	0	€ 60,000	0	0
(II) Compensation from subsidiaries and associates				0	0	0	0	0	0	0	0	0
(III) Total				€ 60,000	0	0	0	0	0	€ 60,000	0	0
FRANCESCO VITTADINI	Standing Auditor	Jan. 1, 2013 / Dec. 31, 2013	Dec. 31, 2013									
(I) Compensation from the reporting company				€ 60,000	0	0	0	0	0	€ 60,000	0	0
(II) Compensation from subsidiaries and associates				€ 45,000	0	0	0	0	0	€ 45,000	0	0
(III) Total				€ 105,000	0	0	0	0	0	€ 105,000	0	0
(***) KEY MANAGEMENT		Jan. 1, 2013 / Dec. 31, 2013		€768,000	0	0	0	€ 5,469	0	€ 773,469	0	0

(*) this is the date of the AGM when the financial statements for the year will be approved

(**) amount transferred to own company

(***) information relating to key management is indicated on an aggregate basis

(a) professional services rendered by company controlled by the named individual.

(b) fees to private practice

(c) aggregated amount relating to benefits calculated on the basis of information on tax returns

1.1 SCHEDULE 2: Stock options granted to the members of the Board of Directors, general managers and other key management

A	B	(1)	Options held at the beginning of the year			Options granted in the year						Options exercised in the year			Options lapse d in the year (14)	Options held at year end (15) = (2)+(5)-(11)-(14)	Options accrued in the year (16)
			(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)			
First and last name	Position	Plan	Number of options	Exercise price	Period of possible exercise (from - to)	Number of options	Exercise price	Period of possible exercise (from - to)	Fair value at grant date	Grant date	Market price of underlying shares	Number of options	Exercise price	Market price of underlying shares	Number of options	Number of options	Fair value
MESSINA ALFREDO	Deputy Chairman	"Top Management 2010"															
(1) Compensation from the reporting company		Resolution dated Apr. 27, 2010	417,000	459,951	July 09, 2013 – May 5, 2018	104,000	130,000	May 10, 2016 – May 9, 2019	298,480	May 9, 2013	566,800	111,200	125,544,80	582,866	0	382,000	176,941
LOMBARDI EDOARDO	Director	"Top Management 2010"															
(1) Compensation from subsidiaries and associates		Resolution dated Apr. 27, 2010	1,414,500	1,560,193,05	July 09, 2013 – May 5, 2018	353,600	442,000	May 10, 2016 – May 9, 2019	1,014,832	May 9, 2013	1,927,120	377,200	425,858,80	2,165,505	0	1,296,600	600,410

2 Shareholdings

The tables below show information about the shares held by the members of the Board of Directors, statutory auditors, general managers and other key management of the Company and its subsidiaries.

Specifically, shareholdings are indicated individually for the members of the Board of Directors, statutory auditors and general managers, and cumulatively for other key management. Shareholding are shown by company and the number shares held is broken down into:

- shares held at the end of the prior year;
- shares purchased in the year;
- shares sold in the year;
- shares held at year end.

Type of title is also disclosed. Information about shareholdings is provided for all individuals who served as members of the board of directors, statutory auditors, general managers or in other key management positions during the year, even if only for a part of it.

TABLE 1: Shares held by members of the Board of Directors, statutory auditors and general managers

FIRST AND LAST NAME	POSITION	COMPANY	N. of SHARES HELD UNTIL THE END OF THE PRIOR YEAR	N. of SHARES PURCHASED	N. of SHARES SOLD	N. of SHARES HELD AT YEAR END
Messina Alfredo	Deputy Chairman	Mediolanum S.p.A.	(pd) 303,000	0	0	303,000
Doris Massimo	Executive Deputy Chairman	Mediolanum S.p.A.	(pi) 14,507,180 (c) 7,000	0 0	0 0	14,507,180 7,000
Doris Ennio	CEO	Mediolanum S.p.A.	(pd) 23,563,070 (pi) 149,009,557 (u)(*) 46,260,000 (c) 49,702,296	0 0 0 0	0 0 0 0	23,563,070 149,009,557 46,260,000 49,702,296
Carfagna Maurizio	Director	Mediolanum S.p.A.	(pd) 85,000 (pi) 30,000 (c) 2,000	0 95,000 0	85,000 0 0	0 125,000 2,000
Ermolli Bruno	Director	Mediolanum S.p.A.	(c) 14,500	0	0	14,500
Lombardi Edoardo	Director	Mediolanum S.p.A.	(pd) 292,000	0	0	292,000

TABLE 2: Shares held by other key management

N. of KEY MANAGEMENT PEOPLE	COMPANY	N. of SHARES HELD UNTIL THE END OF THE PRIOR YEAR	N. of SHARES PURCHASED	N. of SHARES SOLD	N. of SHARES HELD AT YEAR END
1	Mediolanum S.p.A.	305.,300	0	0	305,300

(so) exercise of stock options

(pd) direct holding

(pi) indirect holding

(u) usufruct

(c) spouse

(*)Joint usufruct with spouse Tombolato Lina.

3 Annexes

3.1 Annex 1: Mediolanum S.p.A. Financial Conglomerate's Compensation Policies

Mediolanum S.p.A.

Mediolanum S.p.A Financial Conglomerate's
Compensation Policies

MEDIOLANUM S.P.A FINANCIAL CONGLOMERATE'S COMPENSATION POLICIES

GENERAL

I - PURPOSE AND STRUCTURE OF THIS DOCUMENT

This document sets out the Compensation Policies including Incentive Plans¹ the Mediolanum Financial Conglomerate² intends to adopt to ensure an adequate level of governance and transparency.

In addition to this introduction with general information and the next section with background information, the document is organised into two main sections, i.e.

- MEDIOLANUM FINANCIAL CONGLOMERATE'S GUIDELINES
setting out the general compensation principles and guidelines established by Mediolanum S.p.A. and applicable to all entities within the Financial Conglomerate considering local legislation and supervisory regulations; and
- MEDIOLANUM S.p.A. COMPENSATION POLICIES
setting out the compensation policies and incentive plans of Mediolanum S.p.A..

II – SCOPE OF APPLICATION AND IMPLEMENTATION

The Board of Directors of Mediolanum S.p.A. will implement Compensation Policies within its organisation and transmit them to the other entities within the Financial Conglomerate through the Chief Executive Officer and via appropriate internal and Group communications. The Board will do so in accordance with the roles and responsibilities attributed to it under regulatory and statutory provisions, the company's Bylaws as well as corporate rules.

Specifically, the adoption of the Compensation Policies entails:

- for Mediolanum S.p.A., the issue of specific implementation rules;
- for its subsidiaries, the acknowledgement of the principles and guidelines further detailed herein by their respective governing and control bodies and, where expressly required, their incorporation into specific reports to be submitted to their respective shareholders at the AGM.

¹ Hereinafter "Compensation Policies".

² Hereinafter "Financial Conglomerate".

BACKGROUND

For listed companies, the compensation of directors, and especially of executive directors is a key incentive and control mechanism to ensure the integrity and effectiveness of corporate governance.

Regulators at both national and international level have been paying greater attention to this matter pursuing enhanced transparency in compensation policies and their implementation as well as greater participation of shareholders.

Growing attention at European level has reflected in a series of measures taken through the adoption of guidelines, principles and standards relating to compensation. Specifically, in 2004, the European Commission adopted Recommendation 2004/913/EC fostering an appropriate regime for the compensation of directors of listed companies, and, in 2005, Recommendation 2005/162/EC on the role of non-executive or supervisory directors of listed companies and on Board committees (Board of Directors or Supervisory Board Committees). More recently the European Commission adopted Recommendation 2009/385/EC complementing Recommendations 2004/913/EC and 2005/162/EC applying to all listed companies and Recommendation 2009/384/EC on remuneration policies in the financial services sector.

At national level, Italy's "legislative decree 259 of December 30, 2010, transposing into national law European Commission Recommendations 2004/913/EC and 2009/385/EC relating to compensation of directors of listed companies" introduced into the Consolidated Finance Act article 123-ter setting forth the requirement for listed companies to provide a compensation policy report to the shareholders no later than 21 days prior to the Annual General Meeting (AGM), effective from AGMs convened in 2012. Said report on compensation policies is to be organised into two sections³.

The first section is to describe the compensation policy applied to directors, general managers and other key management for at least the next year as well as the procedures adopted for its implementation and enforcement.

The second section is to provide details on compensation paid in the year in any way and for any reason by the Company and its subsidiaries or associates, with indication of any portion of pay relating to prior years' service as well as any pay deferred to one or more future years for activities carried out in the year, setting out estimates for those components whose amounts cannot be objectively quantified in the current year.

As to the engagement of shareholders, paragraph 3 of newly introduced Consolidated Finance Act's art. 123-ter sets forth that shareholders are to express their advisory vote on the first section of the compensation policy report and the outcome of voting is to be disclosed to the public.

³ Under art. 2 ("Entry into force") of aforementioned legislative decree, the compensation policy report under art. 123-ter of the Consolidated Finance Act is to be presented to the Annual General Meeting "convened in the year following the year of entry into effect of the regulation" adopted by CONSOB under paragraphs 7 and 8 of said art. 123-ter.

In addition, considering the compensation policy is also a way to mitigate conflicts of interest, the stock market regulator set forth that decisions regarding the compensation of directors including those holding special positions (except for those under article 2389 of the Italian Civil Code) can be partly or entirely exempt from procedures under its regulation on related party transactions⁴ provided that the Company has adopted a compensation policy.

Mediolanum S.p.A. has availed itself of this option in the procedures prepared under art. 4 of aforementioned CONSOB resolution 17221, and published on its website.

As to self-regulation, the Corporate Governance Code for listed companies was amended in March 2010 to incorporate key elements of the European Commission Recommendations regarding the process of definition of compensation policies and their content, into the section relating to compensation of directors and key management. To that end, the Corporate Governance Committee adopted the amended text of article 7, renumbering it as article 6 in the December 2011 version of the Corporate Governance Code, setting forth, *inter alia*, that a report describing the general policy adopted for the compensation of executive directors, other directors holding special positions (in particular, the Chairman and any Deputy Chairman) and other key management is to be submitted to the shareholders at the AGM.

Finally, it should be noted that specific sector regulations apply to the different types of business conducted by the entities within the Financial Conglomerate.

MEDIOLANUM FINANCIAL CONGLOMERATE'S GUIDELINES

Against the regulatory framework outlined above, for the entities within the Financial Conglomerate, Mediolanum S.p.A. has prepared a series of guidelines for the definition and establishment of their own "compensation policies including incentive plans" that ensure adequate compensation and incentive mechanisms for directors and other key members whose activities may have a significant impact on the entity's risk profile, foster competitiveness and good governance of their business. Especially for people in key roles within the organisation, compensation is a mechanism to attract and retain people with the right talent and expertise.

For ease of reference, said guidelines are organised into the following parts:

I – GOVERNANCE AND CONTROL;

II – STRUCTURE OF THE COMPENSATION POLICY INCLUDING INCENTIVE PLANS;

III – DISCLOSURES.

⁴ Cf. CONSOB, Regulation on Related Party Transactions (Resolution 17221), art. 13, paragraph 3.

Please note that the guidelines described herein will be implemented as determined by the individual entity – where mandatory – in compliance with local legislation and regulations and in accordance with the principle of proportionality i.e. according to the size, nature and complexity of its business (with considerations that include but are not limited to: the size of its assets or other relevant financial items, ownership structure, type of business, being listed on a regulated market, sophistication of its risk measurement system).

Bearing all this in mind, the next sections outline the guidelines which each entity within the Financial Conglomerate needs to consider when setting up or updating its own compensation policy including incentive plans.

I – GOVERNANCE AND CONTROL

In establishing the compensation policy including incentive plans, the Board having strategic supervisory powers ⁵ is to make sure said policy takes into due consideration risk mitigation policies and is consistent with the long-term goals, business culture and the overall corporate governance and internal control systems of the business. To that end the Board should:

- ensure the structure of the compensation policy including incentive plans be such not to increase business risks; and specifically, the Board should:
 - o adopt specific internal rules governing the compensation policy including incentive plans (e.g. policies, statements, procedures) that:
 - can be accessed and looked up by relevant internal people, without prejudice to any confidentiality requirements;
 - are aligned with the strategic goals and risk appetite of the entity, with the values and long-term interests of all stakeholders;
 - promote compliance with applicable statutes and regulations. Special attention is to be paid to compensation policy including incentive plans of internal or external networks which may be used by the entity as well as to that of people who have control duties;
 - o ensure that adequate self-assessment is performed within the entity in order to identify those categories of people whose work has or may have a material impact on the risk profile (so called “risk taker”);
- manage conflicts of interest also by adopting appropriate organisational measures and ensuring that the assignment of different duties to key members engaged in activities that entail a conflict of interest does not prevent them from being independent in their activities so as to avoid that any such conflict may have a negative impact on customer interests;
- adopt measures and procedures designed to eliminate any direct link between different compensations of key members who predominantly conduct activities that may entail a potential conflict of interest;

⁵ strategic supervisory powers mean the powers of guidance and setting strategic objectives for the entity as well as verifying their implementation; Board having strategic supervisory powers means the board having powers of guidance and/or supervision of management of the entity (e.g. by way of examination and decisions relating to business or financial plans or strategic deals of the entity).

- set out that in addition to determining the compensation of the governing bodies they elect, where applicable under specific sector regulations, the shareholders can also approve:
 - o the compensation policies relating to members of the Board of Directors/Management Board, of employees or people who provide their service to the company under non-employment contracts;
 - o equity-settled share-based payment plans (e.g. stock options plans);
- set up a committee made up of a majority of independent members, where applicable under specific sector regulations, providing advice and proposals on compensation as well as advice on criteria for management compensation, within the body that determines the compensation of members of the Board of Directors/Management Board;
- provide for the engagement of shareholders in the process of approval of compensation policies, where applicable under specific sector regulations, in order to foster shareholders' awareness and monitoring of the overall costs, benefits and risks of the chosen compensation policy including incentive plans;
- provide for clear, documented and inherently transparent rules and procedures for the determination of the compensation policy within the entity
- provide for the involvement of control and other relevant staff (in particular, the heads of internal control and risk management, compliance, human resources, strategic planning) in accordance with principles and criteria set out in sector regulations in the process of definition of compensation policies. All said relevant people, including the members of the Board having strategic supervisory powers who have responsibility over the compensation Policy and the Board committees on the matter should have the necessary competence to carry out an objective assessment about the adequacy of the compensation Policy and its implications on risk taking for the entity;
- provide for internal audit's independent review of the compensation Policy, under specific sector regulations, to verify its compliance with applicable statutory and regulatory requirements as well as adherence of compensation practices to approved compensation policies. Internal audit staff report on the outcome of said review to the Board having strategic supervisory powers and to shareholders at the AGM;
- provide for regular updates of the structure of the compensation Policy to ensure it reflects any changes within the entity and/or in the regulatory framework.

II – STRUCTURE OF THE COMPENSATION POLICY INCLUDING INCENTIVE PLANS

The structure of the compensation policy including incentive plans should consider the guidelines set out below and be in compliance with any specific regulatory requirements for the specific sector. To that end it should be structured as follows:

- the fixed component of compensation should represent a sufficiently high portion of total compensation so as to allow the entity to operate a fully flexible bonus policy.

Specifically:

- o the fixed component should be sufficient to pay for services received in the event that the variable component is not paid due to failure to attain performance targets;
- o the entity should be able to withhold bonuses entirely or partly when individual employees, or an operational unit or the entity do not meet performance criteria;
- o the entity should be able to withhold bonuses also in the event its situation deteriorates significantly, in particular where it can no longer be presumed that it can or will continue to be able to carry out its business as a going concern;
- if compensation includes a variable component or a bonus, the compensation policy should be structured with an appropriate balance of fixed and variable components. The appropriate balance of compensation components may vary across staff members, according to market conditions and the specific context in which the entity operates;
- the portion of the variable component out of total compensation should also be subject to predetermined and measurable criteria;
- the variable component of compensation should satisfy the following criteria:
 - o be aligned with actual results attained, and be reduced significantly or forfeited when actual performance is below estimates or is negative;
 - o be linked to performance measured net of risk over a multi-year timeframe (ex-ante risk adjustment) and take account of capital and liquidity levels needed for the conduct of business;
 - o be oriented to building incentive mechanisms for people within the organisation that do not run counter to the best interests of customers. Particular attention is to be paid to compensation mechanisms for employees, contractors and financial advisors in relation to the different types of products offered, performance targets and related rewards to the sales network;
 - o the overall amount of variable compensation is to be based on actual, long-lasting results. Compensation is to be based on clearly identified, objective parameters that can be readily assessed. When applying discretion, the criteria on which judgement is based are to be clear and determined beforehand, and the entire decision-making process is to be properly documented;
 - o take account of the results of the specific business unit, of the Company or the Group (or Financial Conglomerate) as a whole, and where possible individual performance;
 - o a portion of compensation, that in principle is to be relevant, should consist of share-based or equivalent incentives; in this respect, in compliance with industry-specific supervisory regulations, these incentives need to take account of risk and be structured in a way that does not incentivise behaviours that may diverge from the long-term interests of the company;
 - o directors should retain a portion of shares awarded to them or purchased by them up until the end of their tenure or for an otherwise fair term;

o a portion of compensation, that as in principle is to be relevant, should be deferred over an adequate timeframe; the size of the deferred portion and timeframe of deferral should be consistent with the type of business and related risk profile;

o be subject to ex-post adjustments (*malus* adjustment, clawback policy) that reflect, *inter alia*, actual performance net of risk taken, and be reduced significantly or forfeited when actual performance is significantly below estimates or is negative. In this respect, where possible, there should be mechanisms that in the assessment of individual performance include consideration of non-financial aspects such as adherence to regulations and internal procedures in addition to those governing the relationship with customers and investors.

- for non-executive directors, incentive mechanisms should be avoided or be a non-significant portion of their compensation;
- the compensation of internal control staff or staff in similar positions (including but not limited to, the Officer responsible for accounting and financial reporting) should adequately reflect the significant responsibilities and commitments that come with such roles. In this respect, incentive mechanisms should be aligned with duties assigned; performance-linked bonuses should generally be avoided;
- to ensure proper conduct and independence of control functions, the method used to determine compensation of key staff that are involved in controls should be such that it does not impair their objective judgement;
- termination and pension policy should be aligned with the business strategy, the values, goals and long-term interests of the company. In this respect, any early termination agreements are to be such to ensure amounts paid on any such circumstances be linked to actual performance and risk taken.

III – DISCLOSURE

Without prejudice to confidentiality and data protection provisions, as well as compliance with any more restrictive sector regulations, each entity within the Mediolanum Financial Conglomerate is to provide relevant information on its Compensation policy (compensation policy statement) in a clear and easily understandable way to the relevant stakeholders.

To that end, the guidelines set out below are to be applied, where expressly required:

- **a report** should be prepared and submitted **to the shareholders** at least annually, at the AGM, where applicable under specific sector regulations. As a general indication, the report should be organised into two sections:

o the first section should describe the Entity's compensation policies for at least the next year as well as the way said policies are going to be implemented (information provided before the policy takes effect); it should also inform about significant changes, if any, over the policy applied in the year;

o the second section should provide adequate disclosure about the actual implementation of the current compensation policies, especially with respect to the variable components of compensation and their consistency with set guidelines and related goals, providing statistics about the evolution of compensation dynamics, including industry trends, where needed;

- relevant information should be disclosed to the public and/or investors, where mandatory, both in annual reports⁶ and in other forms and reports⁷.

- relevant information should be given to internal staff. The general principles of the compensation Policy should be accessible to staff members to whom they apply. Those staff members should be informed in advance of the criteria that will be used to determine their compensation and of the appraisal process. The appraisal process and the compensation Policy should be properly documented and transparent to staff members.

MEDIOLANUM S.p.A.'s COMPENSATION POLICIES

I – RATIONALE AND GOALS PURSUED THROUGH THE COMPENSATION POLICIES

In accordance with the Financial Conglomerate guidelines, the compensation Policy established by Mediolanum S.p.A. pursues the goal of attracting and retaining people with the right skills and expertise for the business as well as fostering their engagement through incentives that motivate and reward them for enhancing business performance.

Its compensation Policy warrants improved alignment between the interest of shareholders and Mediolanum S.p.A.'s management both in the short term, through creation of maximum shareholder value, and in the long term, through appropriate risk management and delivery on the long-term strategy.

In this respect the compensation and incentive criteria based on objective parameters linked to performance and aligned with medium/long-term strategic targets are an effective way to encourage engagement by all people and hence best serve the interests of Mediolanum S.p.A..

Given it has adopted a compensation policy Mediolanum S.p.A. can and did avail itself of the exemption under article 13, paragraph 3 of CONSOB Resolution 17221, from related-party transaction procedures for the compensation of directors, directors holding special positions and other key management.

⁶ Cf. CONSOB Resolution No. 11971 – “Regulation for Issuers”, art. 78.

⁷ Cf. Bank of Italy's Circular 263 of December 27, 2006 (Title IV “Basel II Pillar 3 Disclosure”) and Consolidated Finance Act (article 123-bis - Report on Corporate Governance & Ownership Structure).

II – COMPENSATION GOVERNANCE RULES

1. Bylaws provisions on compensation

Mediolanum S.p.A.'s Bylaws contain the following provisions regarding compensation.

Under article 24 of the Bylaws

the Board apportions amongst its members the aggregate compensation determined by the General Meeting for all directors. Additionally, depending on whether the company avails itself of the relevant prerogative of shareholders, the Board determines or apportions the compensation of directors with special duties, after hearing the opinion of the statutory auditors.

Under article 26 of the Bylaws

Members of the Board of Directors are entitled to the reimbursement of any expenses incurred in the performance of their duties;

Shareholders at the General Meeting determine the aggregate compensation of all directors. Said amount may include also the compensation of those directors with special duties.

Shareholders at the General Meeting may also grant Board Directors bonuses or other additional compensation.

Under article 27 of the Bylaws

Shareholders at the General Meeting determine the compensation for statutory auditors. For expenses incurred in the performance of their duties statutory auditors are entitled to reimbursement as well.

2. Roles and responsibilities

The roles and responsibilities of the various bodies and functions involved in the governance of compensation and incentive systems are set out below in separate subsections to provide an overview of decision-making and update processes relating to current compensation policies.

2.1 - Shareholders – AGM

Under its compensation Policies in accordance with applicable statutes and regulations, in order to foster shareholders' awareness and monitoring of the overall costs, benefits and risks of the chosen compensation policy including incentive plans, at the Annual General Meeting (ordinary session) the shareholders of Mediolanum S.p.A.:

- vote on (for or against) the compensation Policy established by the Board of Directors. Their vote is not binding and voting results are disclosed to the public;
- receive information on the implementation of compensation Policies so that they can monitor how said policies are actually implemented, especially with respect to the variable components of compensation, and can thus assess their consistency with set guidelines and related goals.

2.2 Board of Directors

The Board of Directors adopts the compensation Policies at Financial Conglomerate and Mediolanum S.p.A. level, reviews them at least annually, and is responsible for their implementation.

The Board ensures that compensation Policies be appropriately documented and

- provided to the shareholders for their examination and vote at the AGM;
- accessible within the organisation.

In addition to the powers and duties under the Bylaws, assisted by the members of the Nomination & Compensation Committee as well as staff from other functions as set out in the compensation policy, the Board of Directors:

- sets the Rules for the Stock Options Plans and the award of rights to subscribe to Mediolanum S.p.A. shares under said plans;
- may set additional performance targets for the exercise of options by individual beneficiaries under the stock options plans - if so envisaged under the Stock Options Plan Rules;
- sees to management and implementation of Stock Options Plans, including the identification of beneficiaries, the determination of the number of options to which each beneficiary is entitled, the vesting period, the performance targets over a timeframe of 2 to 3 years, any individual targets, as well as the execution of any deeds, formalities, notifications as may be required for the management and/or implementation of stock options plans;
- identifies, upon proposal by the Nomination & Compensation Committee, the beneficiaries under the Stock Options Plans of the Company and its subsidiaries;
- establishes the number of options to be allotted to each beneficiary under the Stock Options Plans according to:
 - o their position and the compensation received – for directors;
 - o their position, responsibilities and professional skills - for beneficiaries other than directors;
 - o the relevance of their role and their ability to influence the future creation of value for the shares of the Company or the Group;
- sees to those amendments/additions to the Stock Options Plans including Rules thereof the Board deems useful or necessary to best pursue the goals of said plans without prejudice to the rights allotted to the plan beneficiaries in prior periods;
- following implementation of the policies adopted, the Board:
 - o is updated on the achievement of the targets set for the recognition of the performance-based incentive component for directors with special duties, the Chief Executive, other executives, employees and other staff (contractors) of the Company, its subsidiaries and/or associates;

- o verifies the Compensation Policies are consistent with sound and prudent management and long-term strategies of the Company;
- o reviews and approves any proposals for amendments to the compensation policies including incentive plans to be submitted to the advisory vote of shareholders at the AGM (Ordinary Meeting), as well as related implementation rules;
- o approves reports to the shareholders convened at the AGM (Ordinary Meeting) on the implementation of the Compensation Policies applied within the organisation.

2.3 Nomination & Compensation Committee

The Nomination & Compensation Committee is composed of non-executive, largely independent Directors. In accordance with the scope of its remit, the Nomination & Compensation Committee:

- makes proposals to the Board of Directors on the compensation of Chief Executives and other directors with special duties, monitoring the implementation of decisions made by the Board on the matter;
- periodically reviews the criteria used for key management compensation, it oversees their implementation based on information provided by chief executives and submits general recommendations on the matter to the Board of Directors;
- drafts the rules governing all aspects of the Stock Options Plan, which are submitted to the Board of Directors for approval;
- manages all actions required for the implementation of the Stock Options Plan, including the selection of the Beneficiaries, determination of the number of options to be allotted to each of them and the conditions for their exercise;
- defines business and/or financial performance targets for the exercise of stock options;
- makes proposals to the Board of Directors on the Stock Options Plan for the sales network under art. 84-bis, paragraph 2, of the Regulation for Issuers, after consulting with the Compensation Committee and the Board of Directors of Banca Mediolanum;
- makes proposals on the Stock Options plans beneficiaries identified from time to time by the Company's Board of Directors among individuals working for the Company and its subsidiaries.

2.4 Chief Executive Officer

Within the powers for the ordinary and extraordinary management of the company delegated to him⁸, the Chief Executive Officer:

- has the power to make proposals on the compensation Policies of the Mediolanum S.p.A Financial Conglomerate;

⁸ Cf. art. 24 of the Bylaws.

- provides for the alignment of the compensation framework and practices with the Policies approved by the Board of Directors. The CEO conveys compensation Policies to the Boards of Directors of the entities that are part of the Financial Conglomerate for them to apply said Policies within their organisation after preparing the relevant documentation that is to be submitted to the shareholders of said entities for their approval at their AGM where so required;
- receives reports from competent functions on:
 - the status of implementation of compensation policies and incentive plans (including share-based plans) applicable to the various staff, recapping their compensation and rights accrued;
 - controls made in relation to the implementation the compensation Policies and proposals for their amendments, if any;
 - statistical analyses on the evolution of compensation dynamics and the company's position within the industry.

2.5 Officer responsible for accounting and financial reporting

Assisted by 262 unit staff who report directly to him, the Officer responsible for accounting and financial reporting oversees accounting and financial reporting processes for the preparation of the Notes to the Financial Statements and also disclosure of compensation paid for any purpose and in any form to members of the Board of Directors and Statutory Auditors, as well as General Managers (where appointed) including compensation paid to them by subsidiaries. The Officer also oversees actual implementation of accounting and financial reporting procedures.

2.6 Planning & Management Control Team

The Planning & Management Control team contributes to the definition of compensation policies including incentive plans by providing, upon request of the competent bodies and functions, data and information for the determination of targets to be set for those staff whose variable component of compensation is linked to expected performance, and for the verification of the performance attained by them.

2.7 Services outsourced to Banca Mediolanum

Mediolanum S.p.A. has entered into contracts with the subsidiary Banca Mediolanum S.p.A. whereby the parent company has outsourced certain technical services, which include services relating to compensation and incentive plans, to said subsidiary. This has been done to tap specialist expertise and synergies within the Group.

2.7.1 HR Team

The HR Team collaborates with competent bodies and functions of Mediolanum S.p.A. and of Banca Mediolanum (for services outsourced to this subsidiary) in the definition of compensation policies including incentive plans taking care of the prior review of the regulatory framework, of market trends and practices as well as of applicable collective labour agreements and supplementary company-based agreements with the Unions.

In addition, assisted by other relevant teams when so needed, the HR team:

- identifies and proposes possible indicators to be used to estimate fixed and variable components of compensation, in accordance with best practice and supervisory regulations (where applicable), taking account of the position held and duties assigned to each member of staff;
- carries out statistical analyses on the evolution of compensation dynamics and the company's position within the industry;
- verifies progress in the implementation of compensation Policies and incentive plans;
- takes care of technical aspects involved in the preparation and implementation of share-based plans in accordance with internal guidelines;
- makes proposals on amendments to compensation Policies following changes in the internal organisation and/or the regulatory framework;
- takes care of the setup and implementation of self-assessment processes relating to risk takers;
- verifies the impact of potential compensation Policies updates on the current compensation system, highlighting possible issues in the implementation of the new Policies.

2.7.2 Risk Control and Risk Assessment & Mitigation Teams

These teams contribute to the definition of compensation policies including incentive plans by preparing, upon request of the competent bodies and functions, opinions on the adoption of adequate performance indicators that reflect the profitability of the Company over time, taking account of current and future risks, cost of capital and liquidity needed for the conduct of business.

2.7.3 Internal Audit Team

The Internal Audit team regularly reviews the system whereby compliance of compensation practices with applicable statutes and regulations is ensured within the Company.

Evidence gathered together with information about shortfalls found, if any, is reported to the relevant teams and bodies of Mediolanum S.p.A. for the adoption of remedial actions, if needed, and for the preparation of reports to the shareholders at the AGM, where applicable and for matters that after review are found relevant for such reporting.

III – INTERNAL ASSESSMENT OF RISK TAKERS

1. Scope of application of the Mediolanum S.p.A.'s compensation policy

Mediolanum S.p.A.'s compensation policies and incentive plans include any form of payment or benefit given⁹, either directly or indirectly, in cash, share-based or in kind (fringe benefits) in exchange for services rendered by staff¹⁰. The term "staff" includes:

⁹ Including discretionary pension benefits.

¹⁰ Excluding marginal payments or benefits accorded on a non-discretionary basis to staff as part of a general company-wide policy and have no incentive effect in terms of risk assumption or control.

- the members of the Board of Directors and of the Board of Statutory Auditors;

- employees;
- other individuals (including but not limited to contractors), if they can generate significant risk for the Company.

With respect to said staff, Mediolanum S.p.A. conducts an accurate internal assessment based on specific criteria and geared to identify those categories of staff whose activities may have a material impact on the Company's risk profile (risk takers).

2. Key internal roles

Mediolanum S.p.A. has adopted a system for the internal classification of staff that groups individuals with comparable roles into the same category and warrants consistency in the identification of decision-making authorities, as well as in the design, implementation and monitoring of the compensation system.

3. Definition of compensation structure

The overall compensation structure reflects the rules set out below.

For risk takers utmost attention is paid to ensure full adherence with the guidelines set out under "Structure of compensation policies including incentive plans" herein.

IV – COMPENSATION STRUCTURE

The adopted remuneration structure is a balanced package consisting of **a fixed component** that rewards staff for their role and responsibilities, according to the skills and expertise required for the specific position as well as the level of excellence shown and the overall quality of their contribution to business performance; and **an incentive component** that is aimed at rewarding staff for results attained with a direct link between compensation and actual performance recorded by the company and the individual in the short, medium and long term.

1. Fixed component

The weight of the fixed component within the overall package is designed to reduce the risk of excessively risk-oriented behaviours, discourage initiatives focused on short-term results that could jeopardise medium to long-term sustainable value creation.

In this respect, the Compensation Policies require that the compensation determined by shareholders upon election of members of the Board of Directors and statutory auditors at the AGM be commensurate with their roles, responsibilities and participation in the meetings of the respective Boards as well as the level responsibilities that come with their position. This justifies compensation and warrants its transparency.

Specifically, as already mentioned:

- the power to decide on the compensation of Board Directors (including the prerogative of determining the compensation of any director in a special position) and of Statutory Auditors upon their election is vested with shareholders at the annual general meeting (ordinary session)

- the Board of Directors determines the compensation of the Board Chairman, the Deputy Chairmen, any Directors holding special positions (when the shareholders do not exercise their prerogative to do so), as well as the aggregate compensation of the Chief Executive Officer;
- the compensation of employees is based on applicable collective labour agreements and supplementary company-based arrangements. Employee compensation and incentives reflect the relevance of their role within the organisation, taking account of compensation levels in the marketplace as well as available budget for the period;
- the compensation of people who are not employee of the Company is determined by the terms of their service, project or other temporary work contracts, in compliance with the internal authorisation system. For people on temporary work contracts, compensation is a function of the benefit the Company receive from their services. If the contract relates to provision of intellectual and organisational support services, compensation takes account of compensation levels in the marketplace as well as the service level and professional value of the individual.

If the contract relates to the promotion or sale of products or services, compensation is determined on the basis of commission schedules that reflect market best practices in compliance with regulations in force.

The fixed compensation component includes a package of consistent, fair and competitive fringe benefits for specific categories of staff (e.g. executives).

Employees are generally offered special conditions on banking and financial products of companies within the Financial Conglomerate as well as supplementary pension and other insurance benefits such as health coverage for them and their families.

A third-party liability insurance policy is provided to Directors and Executives to hold them harmless in claims for damages arising from circumstances not caused by malicious intent on their part, with specific limits of indemnity per claim and per year.

As to reimbursement of expense incurred in the performance of business duties, the terms and conditions of such any such reimbursement to directors and statutory auditors are set out in specific internal rules and determined in accordance with the position held. Reimbursement of expenses to other member of staff is regulated under the collective agreement applicable to them or their specific employment or service contract.

2. Incentive component

2.1 Composition of the incentive component

The incentive component may be a variable compensation made up of two different elements:

- a short term incentive: annual rewards in the form of cash bonuses;
- a medium/long term incentive: consisting of cash bonuses and/or shared-based awards.

Payment of the components above is conditional upon the achievement of financial and non-financial, business, individual and behavioural targets.

As to the medium/long-term incentive, the Mediolanum S.p.A. shareholders at the April 27, 2010 AGM approved guidelines for the stock options plans reserved to the directors and executives of the Company and its subsidiaries with strategic roles within the Company and/or its subsidiaries, (2010 Top Management Plan) and the stock option plans reserved to the sales network (2010 Sales Network Plan). Said plans entails annual awards of rights that entitle the beneficiaries to subscribe to newly issued Mediolanum S.p.A. ordinary shares.

Said plans are most effective ways to incentivise performance and retention of those directors, executives and other staff who are key to the success of the Company and the Group.

2.2 Incentive component: financial performance targets

The financial targets under the incentive plan are to be easily identifiable, also in terms of funds and coverage, and be objectively measurable.

To that end, the policies identify short-term targets that are established on an annual basis, and medium/long-term targets established on a three-year basis. Their implementation rules are defined by the Board of Directors through its approval of internal rules and related budgets.

Short and medium/long-term financial targets are based on net profit at Financial Conglomerate level adjusted for risk and capital adequacy at Financial Conglomerate level.

2.3 Incentive component: non-financial performance targets

The determination of the incentive component non-financial performance targets is closely linked to objective assessment of the activities carried out by the individual in the specific role (e.g. activities planned in the year preceding the year of assessment, ordinary activities carried out by the structure) and qualitative assessment of the effectiveness and efficiency of the activity itself.

Specifically, also taking account of the appraisal system adopted by the Company, the non-financial performance parameters for the short-term and medium/long-term variable incentive component of compensation for executives and heads of control functions are based on objective assessment of the activities conducted by the individual in the specific role and other purely qualitative aspects. For the rest of staff, where applicable, they are principally based on the recognition of gained competencies, abilities and skills, customer satisfaction and improvement of processes.

3. Payment of incentives

No reward is given for non-compliant behaviours or circumstances in which disciplinary measures are formalised. Payment of rewards is conditional upon the absence of any proceedings initiated by the company in relation to an employee/contractor due to irregularities or bad conduct.

Payment of variable compensation, when due, to directors holding special positions, the Chief Executive and executive, is conditional upon their continued service with the company upon the award.

V – TREATMENT IN THE EVENT OF EARLY TERMINATION

The pension and post-employment benefits policy is to be generally aligned with the Company's strategy, goals, values and long-term interests.

In the event of resignation, dismissal or early termination of service with Mediolanum S.p.A., in exceptional cases, after careful consideration, directors may receive special payments based on results attained.

Executives (including the heads of control functions) are not entitled to receive payment of incentives in the event of resignation, dismissal or termination of service with the Company.

For people who work for Mediolanum S.p.A. as contractors/consultants the provisions of their respective consultancy, project or other temporary work/service contracts will apply.

VI - DISCLOSURE

In accordance with the Mediolanum Financial Conglomerate guidelines described above, Mediolanum S.p.A. provides information about its compensation system including incentives in the following manners as required of the Company under the law and supervisory regulations:

- in the compensation policy report that is **made available to the public** at its registered office, on its website, as well as, as required by CONSOB as part of its implementation rules. The compensation policy report is made up of two sections::

- o section I describes:

- the compensation policy applied to the members of the Board of Directors, general managers (where appointed) and other key management for at least the next year; and
- the procedures for adoption and implementation of said policy;

- o section II

separately for each member of the Board of Directors and of the Board of Statutory Auditors, general managers (where appointed), as well as, on an aggregate basis for other key management:

- describes with an adequate level of detail each item making up the compensation package, including leaver treatment in the event of termination of service/employment, highlighting consistency with the compensation policy approved in the prior year;

□ sets out details about compensation paid in the year in any way and for any reason by the Company and its subsidiaries or associates, specifying any portion of pay relating to prior years' services as well as any pay deferred to one or more future years for activities carried out in the year, setting out estimates for those components whose amounts cannot be objectively quantified in the year.

The tables on compensation prepared in accordance with article 114-bis of the Consolidated Finance Act are appended to the compensation policy report and indication of the section of the website where they can be found is provided in the report itself.

● in the annual report, in relation to compensation paid in the year. Specifically, Mediolanum S.p.A. complies with art. 78 of CONSOB Resolution No. 11971 ("Regulation for Issuers") setting forth that issuers of shares should indicate compensation paid in the year in any way and for any reason to each members of the Board of Directors and of the Board of Statutory Auditors, general managers (where appointed) in the notes to the financial statements in accordance with criteria and templates indicated in Annex 3-C of said CONSOB Regulation. Specifically, fully adhering to Schedule 1 of said Annex 3-C:

o Schedule 1 is completed in all its field with information on compensation paid, specify any components of compensation that was not paid;

o under the relevant columns or in the notes, separate indication is given of the various components of the items 'emoluments' and 'other compensation' also with reference to the specific sub-items indicated in Schedule 1 for clarify of the information set out in the table. As to the item "emoluments' separate indication is give of payments made for participation in committees.