

**REPORT OF THE BOARD OF DIRECTORS TO THE
EXTRAORDINARY GENERAL MEETING
OF APRIL 27, 2010**

Authority to increase share capital for a consideration, delegated to the Board of Directors, pursuant to art. 2443 of the Italian civil code, waiving any shareholders' pre-emptive rights, pursuant to art. 2441, fifth paragraph, of the Italian civil code, to be exercised in one or more occasions

**Board of Directors' Report of the Shareholders' Extraordinary Meeting
convened on 27th April 2010, on first call, and on 28th April 2010 on second
call**

Shareholders,

you have been invited to attend the extraordinary meeting to resolve, *inter alia*, on the following agenda item:

Authority to increase share capital for a consideration, delegated to the Board of Directors, pursuant to art. 2443 of the Italian civil code, waiving any shareholders' pre-emptive rights, pursuant to art. 2441, fifth paragraph, of the Italian civil code, to be exercised in one or more occasions, as follows:

- for a maximum total amount of €500,000.00 issuing up to 5,000,000 new shares to be reserved for subscription of the directors and managers of the Company and of its subsidiaries;
- for a maximum total amount of €700,000.00 issuing up to 7,000,000 new shares to be reserved for subscription of the collaborators of the Company and of its subsidiaries;
- consequent amendment of art. 6 of the Company's Bylaws.

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With reference to the aforesaid agenda item, you have been convened to examine and approve the proposal to devolve authority on the Board of Directors, pursuant to art. 2443, first and second paragraphs, of the Italian civil code, for a period of five years from the date of the meeting's resolution, to increase the share capital for a consideration, to be exercised in one or more occasions, waiving any shareholders' pre-emptive rights pursuant to art. 2441, fifth paragraph, of the Italian civil code:

(i) for a maximum total amount of €500,000.00 issuing up to 5,000,000 new shares to be reserved for subscription of the directors and managers of the Company and of its subsidiaries, in the capacity as beneficiaries of the stock option plan referred to as the “Top Management Plan 2010” and

(ii) for a maximum total amount of €700,000.00 issuing up to 7,000,000 new shares to be reserved for subscription of the collaborators of the Company and of its subsidiaries, in the capacity as beneficiaries of the stock option plan referred to as the “Collaborators’ Plan 2010”

(the Top Management Plan 2010 and the Collaborators’ Plan 2010, collectively referred to as the “**Plans**”).

In that regard, it should be noted that the proposal for adoption of the Plans, as shown by an appropriate report prepared pursuant to art. 114-*bis* of the Italian Legislative Decree of 24th February 1998, no. 58 (the “Report of the Plans”), has been submitted for examination and approval to the Company’s ordinary meeting held today.

The Plans provide for the granting, over several yearly cycles, to Beneficiaries of rights to subscribe newly issued ordinary shares of Mediolanum S.p.A. (the “**Options**”). The Options shall be personal and non transferable *inter vivos* and will confer the right to subscribe the Mediolanum S.p.A. shares issued in pursuance of increases of capital resolved in favour of the Plans by the Board of Directors, in the ratio of one dividend-bearing share for every exercised Option.

The exercise of the Options assigned to the Beneficiaries of the Plans shall be conditional upon the achievement of economic and/or financial performance targets, as well as to the keeping of the relationship existing between the Beneficiaries and the Company or other company within the Group; these

obligations shall be specifically identified by the competent body in compliance with the guidelines set out in the Report on the Plans, and will be governed in the regulations of the respective Plans.

The Plans concern the following:

- a maximum number of 5,000,000 Options, to be assigned to the directors and managers, which confer on them the right to subscribe an equal number of dividend-bearing ordinary shares, each with a nominal value of €0.10, and
- a maximum number of 7,000,000 Options, to be assigned to the collaborators, which confer on them right to subscribe an equal number of dividend-bearing ordinary shares, each with a nominal value of €0.10.

For the benefit of the Plans and for their implementation, we propose to confer upon the Board of Directors, pursuant to art. 2443 of the Italian civil code, the authority to increase share capital for a consideration, to be exercised in one or more occasions, for a period of five years, for:

- a maximum amount of €500,000.00, waiving any shareholders' pre-emptive rights pursuant to art. 2441, fifth paragraph, of the Italian civil code, issuing up to 5,000,000 new ordinary shares to be reserved to the beneficiaries of the Top Management Plan 2010, and
- a maximum amount of €700,000.00, waiving any shareholders' pre-emptive rights pursuant to art. 2441, fifth paragraph, of the Italian civil code, issuing up to 7,000,000 new ordinary shares to be reserved to the beneficiaries of the Collaborators' Plan 2010;

at a subscription price, against the exercise of the Options, equal to the weighted average of (i) the Company's equity value per share as reported in the last financial statements approved prior to the allotment of the Options and (ii) the

average stock market price of the Company's shares in the six-month period preceding the grant date of the Options, applying a weight equal to 90% of the equity value and a weight equal to 10% of the average stock market price in the last six-month period, respectively.

As a result of the increase of capital submitted to your approval, article 6 of the Articles of Association shall be amended as follows:

TEXT IN FORCE	PROPOSED TEXT
Article 6) SHARE CAPITAL	Article 6) SHARE CAPITAL
<p>[omissis]</p> <p>5. The meeting may delegate the resolutions referred to in the previous paragraph to the Board of Directors, in accordance with article 2443 of the Italian Civil Code.</p> <p>[omissis]</p>	<p>[omissis]</p> <p>5. The meeting may delegate the resolutions referred to in the previous paragraph to the Board of Directors, in accordance with article 2443 of the Italian Civil Code.</p> <p>[omissis]</p> <p>The extraordinary meeting held on 27 April 2010 resolved to confer upon the directors, pursuant to art. 2443, first and second paragraph, of the Italian civil code, for a maximum period of five years from the date of the said resolution, the authority:</p> <p>- to increase, in one or more occasions, the share capital for a consideration, for a maximum amount of €500,000.00 and, accordingly, issuing up to 5,000,000 dividend-bearing ordinary shares each with a nominal value of €0.10,</p>

to be offered for subscription, waiving any shareholders' preemptive rights pursuant to art. 2441, fifth paragraph, of the Italian civil code, to the directors and managers of the Company and of its subsidiaries, benefiting the respective stock option plan; the shares will be offered for subscription at a unit price equal to the weighted average of (i) the Company's equity value per share as reported in the last financial statements approved prior to the allotment of the Options and (ii) the average stock market price of Mediolanum S.p.A. shares in the six-month period preceding the grant date of the Options applying a weight equal to 90% of the equity value and a weight equal to 10% of the average stock market price in the last six-month period, respectively, by offer of subscription rights, which may be exercised also in more occasions and in more than one year. The resolutions of the Board of Directors will set proper terms for the subscription of the shares and will provide that, should the resolved increase be not subscribed by the

term fixed for that purpose, the capital will be increased by an amount equal to the subscriptions collected until the aforesaid term.

- to increase, in one or more occasions, the share capital for a consideration, for a maximum amount of €700,000.00 and, accordingly, issuing up to 7,000,000 dividend-bearing ordinary shares each with a nominal value of €0.10, to be offered for subscription, waiving any shareholders' preemptive rights pursuant to art. 2441, fifth paragraph, of the Italian civil code, to the collaborators of the Company and of its subsidiaries, benefiting the respective stock option plan; the shares will be offered for subscription at a unit price equal to the weighted average of (i) the Company's equity value per share as reported in the last financial statements approved prior to the allotment of the Options and (ii) the average stock market price of Mediolanum S.p.A. shares in the six-month period preceding the grant date of the Options applying a weight equal to 90% of the equity value and a weight equal to 10% of

	<p>the average stock market price in the last six-month period, respectively, by offer of subscription rights, which may be exercised also in more occasions and in more than one year. The resolutions of the Board of Directors will set proper terms for the subscription of the shares and will provide that, should the resolved increase be not subscribed by the term fixed for that purpose, the capital will be increased by an amount equal to the subscriptions collected until the aforesaid term.</p>
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It should be noted that the resolution at issue will not confer upon the shareholders a right of withdrawal pursuant to art. 2437 of the Italian civil code.

Shareholders,

in view of the foregoing, we therefore invite you to pass the following resolutions:

“The meeting:

- having examined the Board of Directors’ report;
- having acknowledged the board of auditors’ report, which certifies that the current share capital has been fully paid up;
- having acknowledged the auditing company’s fairness opinion on the issue price of the shares,

resolves

1) to confer upon the directors, pursuant to art. 2443, first and second paragraph, of the Italian civil code, for a maximum period of five years from the date of the said resolution, the authority to increase, in one or more occasions, the share

capital for a consideration, for a maximum amount of €500,000.00 and, accordingly, issuing up to 5,000,000 dividend-bearing ordinary shares each with a nominal value of €0.10, to be offered for subscription, waiving any shareholders' pre-emptive rights pursuant to art. 2441, fifth paragraph, of the Italian civil code, to the directors and managers of the Company and of its subsidiaries, benefiting the respective stock option plan "Top Management Plan 2010". The shares will be offered for subscription at a unit price equal to the weighted average of (i) the Company's equity value per share as reported in the last financial statements approved prior to the allotment of the Options and (ii) the average stock market price of Mediolanum S.p.A. shares in the six-month period preceding the grant date of the Options applying a weight equal to 90% of the equity value and a weight equal to 10% of the average stock market price in the last six-month period, respectively, by offer of subscription rights, which may be exercised also in more occasions and in more than one year. The resolutions of the Board of Directors will set proper terms for the subscription of the shares and will provide that, should the resolved increase be not subscribed by the term fixed for that purpose, the capital will be increased by an amount equal to the subscriptions collected until the aforesaid term.

2) to confer upon the directors, pursuant to art. 2443, first and second subparagraph, of the Italian civil code, for a maximum period of five years from the date of the said resolution, to increase, in one or more occasions, the share capital for a consideration, for a maximum amount of €700,000.00 and, accordingly, issuing up to 7,000,000 dividend-bearing ordinary shares each with a nominal value of €0.10, to be offered for subscription, waiving any shareholders' pre-emptive rights pursuant to art. 2441, fifth paragraph, of the Italian civil code, to

the collaborators of the Company and of its subsidiaries, benefiting the respective stock option plan; the shares will be offered for subscription at a unit price equal to the weighted average of (i) the Company's equity value per share as reported in the last financial statements approved prior to the allotment of the Options and (ii) the average stock market price of Mediolanum S.p.A. shares in the six-month period preceding the grant date of the Options applying a weight equal to 90% of the equity value and a weight equal to 10% of the average stock market price in the last six-month period, respectively, by offer of subscription rights, which may be exercised also in more occasions and in more than one year. The resolutions of the Board of Directors will set proper terms for the subscription of the shares and will provide that, should the resolved increase be not subscribed by the term fixed for that purpose, the capital will be increased by an amount equal to the subscriptions collected until the aforesaid term.

4) to confer upon the Board of Directors any full power to implement the aforementioned resolutions and in particular to fulfil any requested obligation so that the passed resolutions may be approved in compliance with the law, with the authority to make any possible amendment therein or addition thereto, which may be necessary or advisable for that purposes;

5) to amend art. 6 of the Bylaws, by introducing therein the following last paragraph:

SHARE CAPITAL

Article 6)

[*omissis*]

5. The meeting may delegate the resolutions referred to in the previous paragraph to the Board of Directors, in accordance with article 2443 of the Italian Civil

Code.

[omissis]

The extraordinary meeting held on 27 April 2010 resolved to confer upon the directors, pursuant to art. 2443, first and second paragraph, of the Italian civil code, for a maximum period of five years from the date of the said resolution, the authority:

- to increase, in one or more occasions, the share capital for a consideration, for a maximum amount of €500,000.00 and, accordingly, issuing up to 5,000,000 dividend-bearing ordinary shares each with a nominal value of €0.10, to be offered for subscription, waiving any shareholders' pre-emptive rights pursuant to art. 2441, fifth paragraph, of the Italian civil code, to the directors and managers of the Company and of its subsidiaries, benefiting the respective stock option plan; the shares will be offered for subscription at a unit price equal to the weighted average of (i) the Company's equity value per share as reported in the last financial statements approved prior to the allotment of the Options and (ii) the average stock market price of Mediolanum S.p.A. shares in the six-month period preceding the grant date of the Options applying a weight equal to 90% of the equity value and a weight equal to 10% of the average stock market price in the last six-month period, respectively, by offer of subscription rights, which may be exercised also in more occasions and in more than one year. The resolutions of the Board of Directors will set proper terms for the subscription of the shares and will provide that, should the resolved increase be not subscribed by the term fixed for that purpose, the capital will be increased by an amount equal to the subscriptions collected until the aforesaid term.

- to increase, in one or more occasions, the share capital for a consideration, for

a maximum amount of €700,000.00 and, accordingly, issuing up to 7,000,000 dividend-bearing ordinary shares each with a nominal value of €0.10, to be offered for subscription, waiving any shareholders' pre-emptive rights pursuant to art. 2441, fifth paragraph, of the Italian civil code, to the collaborators of the Company and of its subsidiaries, benefiting the respective stock option plan; the shares will be offered for subscription at a unit price equal to the weighted average of (i) the Company's equity value per share as reported in the last financial statements approved prior to the allotment of the Options and (ii) the average stock market price of Mediolanum S.p.A. shares in the six-month period preceding the grant date of the Options applying a weight equal to 90% of the equity value and a weight equal to 10% of the average stock market price in the last six-month period, respectively, by offer of subscription rights, which may be exercised also in more occasions and in more than one year. The resolutions of the Board of Directors will set proper terms for the subscription of the shares and will provide that, should the resolved increase be not subscribed by the term fixed for that purpose, the capital will be increased by an amount equal to the subscriptions collected until the aforesaid term.”;

6) to confer upon the Board of Directors any proper power to file and publish the text of the articles of association as updated at art. 6, by making therein any amendment consequent to the passed resolutions”.

Basiglio – Milan 3rd, 9th March 2010.

On behalf of the Board of Directors

The Deputy Chairman (Alfredo Messina)