

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

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This report was prepared by Mediolanum S.p.A. to present the characteristics of the governance organisation adopted by Mediolanum S.p.A.

Since the Company has adhered to the Code of Conduct issued by the Corporate Governance Committee of Borsa Italiana, this report contains information on the progress made in the implementation of the recommendations set out in the Code, including explanations of any departures from said recommendations, in accordance with the “comply or explain” principle.

1. CORPORATE GOVERNANCE SYSTEM.

Introduction and information on the ownership structure

At 31 December 2009, the company’s subscribed and fully paid up share capital amounted to €73,140,057.90 divided into 731,400,579 ordinary shares, each with par value of €0.10. There are no shares other than ordinary shares.

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

(data as at 24 March 2010)	No. of Shares	%
SILVIO BERLUSCONI indirectly through: - FININVEST S.p.A. (ownership)	263,008,000	35.959

ENNIO DORIS		
- directly:		
Ownership	23,119,070	3.161
- indirectly through:		
HERULE FINANCE S.A.	194,449,557	26.586
H.INVEST	820,000	0.112
TOTAL	218,388,627	29,859
LINA TOMBOLATO		
directly		
- ownership	24,307,595	3.323
- indirectly through:		
T-INVEST S.r.l.	24,328,300	3.326
TOTAL	48,635,895	6.649

On September 14, 2007, Fininvest S.p.A., as one party, and Ennio Doris, Fin.Prog.Italia S.a.p.a. di Ennio Doris & C. and Herule Finance SA, as the other party (collectively referred to as the “Doris Group”), renewed the shareholders’ agreement, whereby they undertook to lock up their respective equal shareholdings totalling at least 51% of the company’s share capital. The key terms and conditions of the Shareholders’ Agreement are set out below.

Shares locked up under the Shareholders’ Agreement

373,830,000 Mediolanum S.p.A. ordinary shares, equal to 51% of share capital represented by shares entitled to vote.

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

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

FININVEST S.p.A. is one party, and ENNIO DORIS, FIN.PROG.ITALIA S.a.p.a. di Ennio Doris & C., HERULE FINANCE S.A. (hereinafter "HERULE" and together with FIN.PROG.ITALIA S.a.p.a. "Doris Group Companies") is the other party. Ennio Doris and FIN.PROG.ITALIA S.a.p.a. have the rights under articles 5) and 6) of the Shareholders' Agreement (appointment and composition of the bodies governing the Mediolanum S.p.A. Shareholders' Agreement); in relation to the exercise of those rights, Mr. Ennio Doris and the Doris Group Companies agreed to be represented by Mr. Ennio Doris or, in case of his impediment, by another individual or company of the Doris Group, as promptly indicated by the Doris Group Companies.

Parties to the shareholders' agreement	Number of shares locked-up	% of shareholding locked up	% of share capital
FININVEST S.p.A.	186,915,000	50%	25.5%
Total Fininvest	186,915,000	50%	25.5%
HERULE FINANCE S.A.	186,915,000 (*)	50%	25.5%

Total Doris Group	186,915,000	50%	25.5%
Total shares contributed to the Agreement	373,830,000	100%	51%

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

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

Type and Content of the Agreement

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

The current Agreement replaces the Agreement signed by the Parties on 14 September 2004, without materially changing its content.

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

The Parties undertook to compile and present within the term set forth in the company's bylaws a common list of nominees for the position of members of the Board of Directors, as follows. Each party nominates an equal number of directors (including one Independent Director pursuant to the Italian Legislative Decree no. 58/1998) so that FININVEST and the Doris Group are always represented by the absolute majority of directors on the Mediolanum S.p.A. Board of Directors. The Chairman is chosen from the directors nominated by FININVEST; the two Deputy Chairmen (one acting in the Chairman's stead) are chosen as follows, one

from the directors nominated by FININVEST and the other from those nominated by the Doris Group; the Chief Executive Officer is nominated by the Doris Group in the person of Mr. Ennio Doris; in the event that, for any reason whatsoever, Mr. Ennio Doris cannot hold the position of Chief Executive Officer, then the chief executive officer of Mediolanum S.p.A. shall be nominated by the Board of the Shareholders' Agreement upon the favourable votes of four of its members, who shall decide in the best interest of Mediolanum, the growth of its assets, its operations and those of its subsidiaries.

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

In compliance with statutory and regulatory requirements, the majority of statutory standing auditors of Mediolanum S.p.A. are designated by FININVEST, when possible, and the Chairman of the Board of Statutory Auditors, when possible, is designated by the Doris Group. In any case, the Parties shall compile and present, according to law and within the term set forth in the company's bylaws, a common list of nominees for the position of statutory auditors, as follows. The first name on the list of nominees for the position of standing auditor shall be a person nominated by Mr. Ennio Doris, or in case of his impediment, by the Doris Group Companies, followed by the names of two persons nominated by FININVEST. The first name on the list of nominees for the position of alternate auditor shall be a person jointly nominated by FININVEST and by Mr. Ennio Doris, or in case of his impediment, by the Doris Group Companies, while the person ranking second on that list shall be nominated, every three years, in turn by FININVEST and by Ennio Doris, or in case of his impediment, by the Doris Group Companies, starting from FININVEST.

Any sales or transfers to any third parties of Mediolanum S.p.A. shares held by

the Parties and locked up under the Shareholders' Agreement shall be preemptively offered to the other Party.

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

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

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

(c) does not approve strategic alliances and agreements submitted to it or if the decisions above made by the Board of the Shareholders' Agreement are not immediately implemented,

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

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

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

mutatis mutandis, replacing "FININVEST" with "HERULE" and "HERULE" with "FININVEST" respectively.

Governance Bodies

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

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

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

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

(b) The Chairman of the Shareholders' Agreement represents the Shareholders' Agreement before third parties, convenes and chairs the meetings of the Board of

the Shareholders' Agreement, and implements the resolutions of the Board of the Shareholders' Agreement within the scope of his authorities.

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

Term of the Shareholders' Agreement

The renewed Shareholders' Agreement entered into effect on 14 September 2007 – the date on which it was signed – and it will remain in force for three years. Unless otherwise agreed between the Parties, the Shareholders' Agreement shall be terminated if:

- a) following any de-mergers or mergers with other companies, the total number of shares held by the Parties is less than 51% of Mediolanum S.p.A. share capital or of the merging company or the company resulting from any said transactions;
- b) following any sales or transfers of Mediolanum S.p.A. shares or the loss of control by FININVEST and HERULE, either Party holds, either directly or indirectly, a shareholding which is lower than 25.5% of Mediolanum S.p.A. share capital.

Register of Companies

A copy of the Shareholders Agreement was deposited with the Milan Register of Companies on 17 September 2007.

Delegated Authorities Pursuant to art. 2443 of the Italian Civil Code

Readers are referred to article 6 of the company's Bylaws available on the website of Borsa Italiana and on the corporate website www.mediolanum.com under Corporate Governance/ Documents of Business Conduct, for information on

authorities delegated to the Board of Directors to effect capital increases pursuant to art. 2443 of the Italian Civil Code.

Governance Structure

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

Information on the composition of corporate governing bodies at 31 December 2009 is set out in the relevant sections below.

The independent auditors responsible for auditing the accounts, including the separate and consolidated annual financial statements as well as for carrying out the limited audit of the interim financial statements, are Reconta Ernst & Young S.p.A. Their audit mandate will expire upon the approval of the financial statements for the year ending 31 December 2010.

Shareholders' Meeting

The operations, the main powers and the shareholders' rights, and as regards the conditions for their exercise, of the Shareholders' Meeting are governed by the regulations in force – primary and secondary – as set out by the Bylaws under articles 9) to 16).

In particular:

- pursuant to article 11) – where it is set out that the shareholders who have sent to the Company the intermediary's communication as provided for by article 2370, 2nd paragraph, of the Italian civil code at least two clear working days before the day of the meeting, are entitled to participate in the meeting – and it is likewise set out that “The filing of the intermediary's communication does not prevent the shareholder from disposing of the shares before the meeting takes place”;
- the company – as described in detail herebelow (Paragraph “Relations with the

Shareholders”, on page 32) – has been provided since 2001 with a Meeting Regulation, available on the corporate website www.mediolanum.com under Investor Relations/ Corporate Governance / Shareholders’ Meeting.

The Board of Directors

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

In 2008, exercising the authority vested in it by law and the Bylaws (art. 24 of the Bylaws), the Board of Directors confirmed the Chief Executive Officer (Mr. Ennio Doris) and, as in the prior mandate, conferred upon him all powers for the ordinary and extraordinary management of the company, except for those relating to significant and strategic matters, which remain exclusively reserved to the Board of Directors (“significant” transactions). Those matters include related party transactions, as further detailed herein. In the same period, as in the prior mandate, all powers for ordinary management, including guidance and operational management with respect to tax affairs, corporate affairs, administration, management, control, finance, legal affairs and internal audit were conferred upon the Deputy Chairman (Mr. Alfredo Messina). The Board of Directors also conferred upon the Deputy Chairman the authority to oversee the internal control system as recommended by the Code of Conduct.

On 13 May 2009, as in the prior mandate, the authority to coordinate and supervise ordinary business and the regular operation of the company’s offices

and services was conferred upon the other Deputy Chairman (Mr. Massimo Antonio Doris, who took over from Mr. Edoardo Lombardi in May 2009).

Any business under delegated authorities, as well as the performance and outlook of the company (and of its subsidiaries), any transactions which may have a significant impact on earnings, financial position and equity, and those transactions in which directors have an interest, either personally or to the benefit of any third party, are subject to the scrutiny of the Board of Directors and of the Board of Statutory Auditors, through a system of periodic reports to them submitted at least on a quarterly basis, as set out in the Bylaws.

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

Again in 2009, the Board of Directors did not confer any operational authorities to the Chairman (Mr. Roberto Ruozzi), to whom, however, the Bylaws reserve the power to represent the company. The Chairman, or anyone acting on his behalf, is also responsible for convening the meetings of the Board of Directors, which pursuant to the Bylaws are to be held at least on a quarterly basis.

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

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

companies of a material size):

I) an executive director should not:

i) serve as executive director of another Italian or foreign listed company, or financial, banking or insurance company;

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

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

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

or

ii) serve as non-executive director or statutory auditor (or member of any other control body) in more than eight of the companies above.

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

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

On 9 March 2010, after examining the disclosure statements completed and signed by its members, the Board of Directors found all Board members were in compliance with the limits above.

Insider Dealing

Pursuant to art. 114, paragraph 7 of the Consolidated Finance Act, the Board of Directors of Mediolanum S.p.A. approved the company's **“Rules for purchases and sales made by insiders and their close family members - INSIDER**

DEALING CODE – as supplemented by resolutions dated 10 July 2007 and 24 March 2009”, available on the corporate website.

In compliance with statutory and regulatory requirements (abstracts appended to the Code), the Insider Dealing Code governs purchases and sales of shares of the Issuer and related financial instruments amounting to or higher than € 5,000.00/year made by “insiders” - as defined in art. 152 sexies of the Consob Regulations for Issuers (Consob Resolution no. 11971/99) - either directly or through third-parties or trustees, as well as by their close family members.

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

As allowed under current regulations, Insiders and their close family members delegated the Head of Corporate Affairs to disclose any such information in the manner and within the term set out in art. 152 octies of the Regulations for Issuers.

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

Confidential Price-Sensitive Information

Pursuant to Article 115 bis of the Consolidated Finance Act, the Company keeps the Register of officers having access to confidential price-sensitive information, i.e. information not in the public domain that directly relates to Mediolanum S.p.A. or its subsidiaries and if made public would materially influence the price of said financial instruments).

Pursuant to the implementation rules set out in art. 152 bis et seq. of the Consob Regulation, each company within the Group proceeded to create its own Register, which is kept by the parent company Mediolanum S.p.A. on behalf of all subsidiaries and in accordance with a specific policy. Said policy, including procedures for the maintenance of the Register, is set out in the **“Policy Document on Confidential Price-Sensitive Information”** distributed to all subsidiaries and published on the corporate website.

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

2. ADHERENCE TO THE CODE OF CONDUCT

The Board of Directors of Mediolanum S.p.A. adhered to the current version of the Code of Conduct on 9 November 2006. On that occasion, the Board identified the wholly owned subsidiary, Banca Mediolanum S.p.A., as a strategic subsidiary, both for its size and the role it plays within the Group.

At its meeting of 9 March 2010, the Board of Directors pointed out that Banca Mediolanum S.p.A, during 2009, has made a global review of its Governance as a result of the need to prepare – in compliance with the “Supervisory Provisions Concerning Banks’ Organization and Corporate Governance” issued on 4 March 2008 by Banca d’Italia – its corporate Governance Project. Said project, prepared at a consolidated level, provides a description and the reasons of the connection conditions among the Bodies and the corporate positions of the different components of the Mediolanum Bank Group, with a specific attention to the profiles relating to the governance and control systems of the Parent and of its Subsidiaries.

On that occasion, the subsidiary has likewise made some significant amendments to the Bylaws such as those concerning the appointment of only one Deputy Chairman – who previously could be more than one – and the establishment, provided for by the Bylaws, of the Internal Auditing Committee and the Remuneration Committee.

The foregoing has therefore caused an updating of the documents, which are usually used by Banca Mediolanum S.p.A. to describe its organisational structure, management and accounting systems – the so-called “Organisational Policy” – which summarises the organisation system of Banca Mediolanum S.p.A., and sets out key positions, tasks and responsibilities of each individual unit.

Based on said corporate Governance project and the “Organisational Policy”, which are annually reviewed by the Board of Directors of Banca Mediolanum S.p.A. to verify the adequacy of the organisational structure, management and control systems of the Bank, the Board of Directors of Banca Mediolanum S.p.A. unanimously agreed that the organisational structure, management and control systems of that subsidiary are appropriate.

The Company also agreed that, in case of any transaction of strategic significance or that may have a significant impact on the earnings, financial position and equity of Mediolanum S.p.A., that any of its subsidiaries intends to carry out is to be submitted to the Board of Directors of the Parent Company Mediolanum S.p.A. for its prior examination and approval.

Board of Directors

Mediolanum S.p.A. Board of Directors has established both the Internal Auditing Committee and the Remuneration Committee. Relevant information is set out below.

The Board of Directors verified the qualifications of certain directors to serve as

independent directors against the requirements set out in the Code of Conduct and the information provided by each individual director.

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

The Board of Directors, elected by the shareholders at the General Meeting of 22 April 2008 from the list of nominees presented by the parties to the Shareholders’ Agreement under 1), in accordance with article 147 ter of the Consolidated Finance Act and article 17 of the company’s Bylaws will remain in office until the approval of the financial statements for the year ending 31 December 2010.

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

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

and art.147 ter of the Consolidated Finance Act)

- Danilo Pellegrino, Director - Non Executive
- Angelo Renoldi, Director - Independent (pursuant to the Code of Conduct)
- Paolo Sciumè, Director – Non Executive
- Antonio Zunino, Director – Non Executive

In relation to Mr. Ruozi's qualification as an independent member pursuant to the Code of Conduct, it should be noted that the Board of Directors unanimously agreed that there is no breach of the requirements under application rule 3.C.1 paragraph b), which sets forth that individuals "who in the previous three years served in key positions within the issuer's organization" do not qualify as independent. Key positions do include the Board Chairmanship. However, besides his proven independence, Mr. Ruozi has never had any executive powers since no delegated authorities were ever conferred upon him.

This conclusion finds confirmation in the Code of Conduct itself, under 2.C.1, first paragraph, which reads as follows:

"Executive directors are:

– chief executive officers of the issuer or of any of its strategic subsidiaries to whom authorities are delegated. This definition includes chairmen provided that they have individual management authorities or a role in corporate strategy design;".

The Board of Statutory Auditors verified the correct application of the criteria and procedures adopted by the Board of Directors to assess the independence of its members. Full details about this exercise will be disclosed in the Statutory Auditors' Report.

The independent Directors hold independent directors' meetings. This practice was first introduced in 2007. The independent directors prepare a report for the

Board of Directors, which sets out their assessment of the adequacy of the size, composition and operation of the Board of Directors and its Committees and includes recommendations on the recruitment of any professional figures, whose presence on the Board may be useful (so called self-assessment). The independent directors also monitor the Company Governance system and present their recommendations on required amendments thereto, if any, to the Board of Directors. In this respect, the independent directors agreed that, since the Chairman of the Board of Directors has no executive powers, there is no need to appoint a Lead Independent Director.

In 2009, Independent Directors held 3 meetings to assist the Board of Directors in relation to the 2008 Corporate Governance report and self-assessment. In relation to self-assessment, the Independent Directors decided to use a questionnaire – supplemented and slightly modified - to be filled out by all members of the Board of Directors as in the past year.

Based on the analysis of answers, made by the Independent Directors on 5 February 2010 during an additional meeting, and by the Board of Directors at the meeting held on 9 March 2009, it was concluded that directors are satisfied with the size, composition and operation of the Board of Directors.

During 2009 the Board of Directors held 6 meetings.

For the year 2010, 5 meetings of the Board of Directors are planned, of which 2 have already been held.

The Board of Directors has identified **significant transactions** as those set out in art. 23 of the Bylaws, which under the Bylaws are exclusively reserved to the Board of Directors.

The Board of Directors has exclusive authority also over **related party transactions**, as defined by the combined provisions of article 2, paragraph 1,

letter h) and article 71-bis of Consob Regulation 11971/1999, as subsequently amended, and article 2391-bis of the Italian Civil Code. In order to further clarify and supplement the International Accounting Standard (IAS) 24, which is the standard explicitly referred to in the regulations above, the Board of Directors of Mediolanum S.p.A. resolved that:

- a) close members of the family as defined under IAS 24 are relatives within the second degree;
- b) considerable influence is exercised and therefore related party transactions exist if the voting shareholding held in the entity is at least 10% if the entity is listed on a regulated market, or at least 20% in other cases.

The limit values for which a transaction is to be disclosed to the market due to its potential effects on the company's equity, are as follows:

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

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

Directors, if any, with vested interests in any such transactions shall comply with the requirements of art. 2391 of the Italian Civil Code. In addition, the Board of

Director may decide from time to time to apply approval rules under which any directors with vested interests in the transaction are required to abstain from voting and/ or temporarily withdraw from the meeting for the sake of decision-making transparency.

The above will be reviewed following the issue, by Consob, of the resolution 17221 of 12 March 2010 on related party transactions.

Nomination Committee

Based on its experience Mediolanum S.p.A. deemed unnecessary to establish a Nomination Committee, also considering its narrow shareholder base. In fact, as the Code reads, Nomination Committee “is typical of organisations with a broad shareholders base (...) and especially in that case it plays a particularly important role in the selection of candidates for the position of Director” .

Remuneration Committee

We remind you that the Remuneration Committee replaced the Stock Options Plan Committee, and is composed of non-executive, mostly independent, directors. Specifically the members of the Remuneration Committee are:

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

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

- a) submitting proposals to the Board of Directors for the remuneration of chief executive officers and other directors holding special positions, as well as monitoring the implementation of resolutions passed by the Board of Directors;
- b) periodically assessing the policies for the remuneration of key management officers, overseeing their implementation on the basis of the

information provided by chief executive officers, and presenting general recommendations on the matter to the Board of Directors;

c) drafting the rules governing all aspects of the Stock Options Plan, which are submitted to the Board of Directors for approval;

d) managing all actions required for the implementation of the Stock Options Plan, including the selection of the Beneficiaries, the number of options to be allotted to each of them and the conditions for their exercise;

e) setting operating and/ or financial performance targets, which regulate the exercise of the options allotted to the Beneficiaries;

f) in general, all tasks and duties previously assigned to the Stock Option Plan Committee.

In addition, the Remuneration Committee presents its annual budget.

The Committee, which duly presented its annual budget at the Board of Directors Meeting of 9 March 2009, in 2009, held 2 meetings to make the assessments, which led the Board of Directors and the Shareholders' Meetings in 2009 to resolve to revoke the previous stock option plan and, for 2009, to decide not to put in place any "cash bonus" or any other forms of long-term incentive plans to the Directors regarded as "key figures", to the executive Directors of the company and of the Group and to the sales personnel in order to organise a more articulated plan, which is expected to start in 2010 and that, in its phase of first application may set off also what has not been paid in 2009.

As is well known, during 2010, the considerations made by the Remuneration Committee – jointly with the newly-established Remuneration Committee of the subsidiary Banca Mediolanum S.p.A. – have led to propose to the Shareholders' Meeting, which will be held on first call on 27 April 2010, to approve a long-term incentive plan based on stock options benefiting (i) the directors and managers of

the Company and of its subsidiaries (the “**Top Management Plan 2010**”) and (ii) the collaborators – namely the sales personnel – of the Company and of its subsidiaries (the “**2010 Collaborators’ Plan**”). The above, in the light of considerations according to which the stock option instrument seems not to have lost any “appeal” both as regards profitability and involvement in creation of value.

Meanwhile, in strict compliance with the Code of Conduct for listed companies, the Remuneration Committee broadly and thoroughly examined the criteria used to determine the remuneration of key management personnel, exercised oversight over their application based on information provided by directors and presented general recommendations on the matter to the Board of Directors.

The Committee will express its opinion on the variable pay of executive Directors, where appropriate, at the time of the executive activities of the proposed remuneration plan.

Internal Control System

A description of the current Control system in force, which is supplemented by Enclosure 1) annexed to this report and concerning the “**Main characteristics of the internal control and risk management systems connected with the financial reporting process**” prepared pursuant to art. 123-bis, paragraph 2, letter b), Consolidated Finance Act, is described below.

Pursuant to the Code of Conduct, the Board of Directors appointed the Deputy Chairman Mr. Alfredo Messina officer responsible for the internal control system. At its Meeting held on 18 March 2008, upon a proposal of the members of the Internal Control Committee and upon a proposal of the Deputy Chairman in his capacity as Director responsible for overseeing the effectiveness of the Internal Control System, the Board of Directors of Mediolanum S.p.A. appointed Ms.

Serenella De Candia born in Nuoro on 6 February 1967, Chief Auditor. The Chief Auditor is vested with the powers she needs for the performance of her duties. She provides assistance to the officer responsible for overseeing the effectiveness of the internal control system, in order to:

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

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

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

Specifically, in relation to "Financial Risk and Operational Risk Management" the following activities are conducted:

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

anomalies;

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

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

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

Audit Committee

The Audit Committee consists of three members who will remain in office until the expiration of the entire Board of Directors, i.e. until the General Meeting convened to approve the financial statements for the year ending 31 December 2010. The members of the Committee are the Directors:

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

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

In 2009, the Audit Committee held 4 meetings. Another 3 meetings were held on

20 January 2010, 9 March 2010 and 19 March 2010 respectively. During said meetings the members of the Audit Committee reviewed and assessed, inter alia i) Risk Assessment activities; ii) internal control activities both carried out and planned; iii) the annual report of the Supervisory Board established pursuant to the Italian Legislative Decree 231/2001; iv) in conjunction with the Officer responsible for preparing accounting and financial reporting documents, the adequacy of the accounting standards applied and their consistency in relation to the preparation of the consolidated financial statements, taking into account any changes in regulations and audit work.

Upon request of the Supervisory Body established pursuant to the Italian Legislative Decree 231/2001 the opportunity to supplement the Ethical Code of the company following several primary and secondary legislative provisions concerning the auditing system and Administrative Liability of the bodies was assessed.

The Audit Committee provides advice and proposals in relation to internal controls to the Board of Directors. The Audit Committee coordinates its activities with those of the Board of Statutory Auditors, the Independent Auditors, the Chief Auditor, within their respective competence. The Audit Committee presents its annual budget, and in an emergency, it is assisted by Executive Directors for the funding of its expenses.

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

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

statements.

Any Committee member who has a personal interest in the matter, which is being voted, shall abstain from voting. Resolutions are passed by majority voting of the members of the Committee.

The responsibilities of the Audit Committee are those set out in the Code of Conduct, i.e.:

- to assist the Board of Directors in defining internal control system guidelines which ensure the proper identification, measurement, management and control of major risks for the issuer and its subsidiaries, and guidelines for the assessment of the consistency of those risk with the sound and proper management of the business;
- to assist the Board of Directors in the selection of an executive director (generally one of the chief executives) responsible for overseeing the effectiveness of the internal control system;
- to assist the Board of Directors in the assessment, at least annually, of the adequacy, efficiency and effectiveness of the internal control system;
- to assist the Board of Directors in drafting the corporate governance report with respect to the description of the key elements making up the internal control system and the assessment of its overall adequacy;
- to verify, in conjunction with the Officer responsible for preparing accounting and financial reporting documents and the independent auditors, the proper application of accounting standards and their consistency for the purpose of consolidated financial reporting;
- to express opinions on specific aspects relating to the identification of main corporate risks as well as the design, implementation and management of the internal control system, upon request of the executive director;

- to review the audit plan prepared by the Chief Auditor as well as her periodic reports;
- to evaluate proposed audit mandates presented by independent auditors in addition to the scope of audit and the recommendations set out in their management letters and reports;
- to verify the efficacy of the audit process;
- to carry out any other activities required by the Board of Directors;
- to report on work performed and the adequacy of the internal control system to the Board of Directors at least every six months, concurrently with the approval of interim and annual financial statements.

The Audit Committee is authorised to access corporate information and receive assistance from those staff members that may help the Committee in the performance of its duties as well as to avail itself of external advisors when necessary.

The Audit Committee presented its annual budgets for 2010 to the Board of Directors for approval.

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

Officer Responsible for Preparing Accounting and Financial Reporting Documents

Following regulatory changes and the subsequent amendments to the company's bylaws resolved by the shareholders at the Extraordinary General Meeting of 19 April 2007, after ascertaining he was qualified for the position and upon the favourable opinion of the Board of Statutory Auditors, on 23 April 2008, the Board of Directors confirmed Mr. Luigi Del Fabbro in the position of Officer

responsible for preparing accounting and financial reporting documents and all his authorities.

Supervisory Board (pursuant to the Italian Legislative Decree 231/2001)

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

The Supervisory Board is composed of the following members:

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

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

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

In 2010, the Board of Directors approved the actions proposed by the Supervisory Board in relation to flows of information and procedures in connection with the “Organisation, Management and Control Models” pursuant to the Italian Legislative Decree 231/2001” and approved the annual budget presented by the Supervisory Board.

Investor Relations

Mediolanum has an **Investor Relations** office, under the responsibility of the

Chief Executive Officer, and headed by the Investor Relations Manager. This office is responsible for, inter alia, dealing with institutional Investors, and complying with market disclosure requirements for confidential price-sensitive information pursuant to the regulations in force.

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

As to General Meetings, the action of the Board of Directors is aimed at maximising shareholders' attendance, favouring the exercise of shareholders' rights and taking the General Meeting as an occasion to communicate company information to the shareholders. Any relevant corporate information is published in a specific section of the corporate website (www.mediolanum.com), which is easily found and accessible. At the corporate website, which is continuously upgraded and updated, you can also find all key corporate documents including the Bylaws, press releases, the Corporate Governance Report.

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

Dividend Policy

In 2009, the company continued its policy of dividend distribution, which entails the distribution of interim dividends any time steadily positive business performance so allows. On 11 November 2009, the Board of Directors resolved the distribution of a 2009 interim dividend to the shareholders in the amount of €0.085 for each share with par value of €0.10 euro, before withholding tax, for a total amount of €62,147,501.72.

Board of Statutory Auditors

The members of the Board of Statutory Auditors, whose term will expire at the General Meeting convened to approve the financial statements for the year ending

31 December 2010 – are as follows:

Ezio Maria Simonelli - Chairman;

Riccardo Perotta – Standing Auditor;

Francesco Vittadini– Standing Auditor;

Ferdinando Gatti– Alternate Auditor;

Antonio Marchesi - Alternate Auditor.

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

In 2009, the Board of Statutory Auditors held 9 meetings.

The Standing Auditor Francesco Vittadini and the alternate auditor Antonio Marchesi were appointed by the shareholders' Meeting on 23 April 2009 – pursuant to art. 2410, first paragraph, of the Italian civil code – following resignations given by the previous standing auditor Maurizio Dallochio on 29 August 2008 and the consequent replacement, until the first meeting, by the alternate auditor Francesco Vittadini.

The appointment of Mr. Vittadini and Mr. Marchesi – taking into account that both the outgoing and the incoming auditors were on the only list of nominees presented in 2008 and, therefore in accordance with current regulations and art. 27) 13, second paragraph of the Bylaws, took place by plurality voting with no list constraints at said General Meeting of 23 April 2009.

You are reminded that the Board of Directors decided to apply all the independence requirements for directors set forth in section 3 of the Code of

Conduct for Listed Companies also to the members of the Board of Statutory Auditors. At its meeting of 9 March 2010, after examining the disclosure statements made by the statutory auditors, the Board of Directors ascertained compliance with said requirements.

Finally, we inform you that the Chairman of the Board of Statutory Auditors Mr. Ezio Maria Simonelli also serves as Chairman of the Board of Statutory Auditors of MARR S.p.A. and as Standing Auditor of Banca Popolare di Milano Scarl; the Standing Auditor Mr. Riccardo Perotta serves as Chairman of the Board of Statutory Auditors of Fiat S.p.A. and Standing Auditor of SNAM Rete Gas S.p.A.; the Standing Auditor Dott. Francesco Vittadini serves as Chairman of the Board of Statutory Auditors of DMT S.p.A. and Standing Auditor of Mediaset S.p.A..

3. ANNUAL REPORT ON POSITIONS HELD BY DIRECTORS UNDER PRINCIPLE 1.C.2. OF THE CODE OF CONDUCT FOR LISTED COMPANIES

In compliance with the Code of Conduct, on 9 March 2010, after ascertaining compliance with the resolution made by the Board of Directors on 18 March 2008 regarding limits to the number of key positions held by directors at other companies, the Board of Directors of the company verified the positions as Director and Statutory Auditor held by Directors in other companies outside the Mediolanum Group which are listed on regulated exchanges, including exchanges located outside Italy, in financial companies, banks, insurance companies or companies of a material size.

These positions were:

ROBERTO RUOZI - Chairman

Chairman of the Board of Directors of:

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

Member of the Board of Directors of:

- Lanificio Fratelli Cerruti S.p.A.
- Cerruti Tessile S.p.A.
- Gewiss S.p.A.
- Convergenza Com S.A.
- Collegio San Carlo S.r.l.
- AVM Private Equity 1 S.p.A.
- Banca Intermobiliare di Investimenti e Gestioni S.p.A.

Chairman of the Board of Statutory Auditors of:

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

ALFREDO MESSINA – Deputy Chairman

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

- Mediolanum Assicurazioni S.p.A;

Member of the Board of Directors of:

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

MASSIMO ANTONIO DORIS – Deputy Chairman

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

ENNIO DORIS – Chief Executive Officer

Member of the Board of Directors of:

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

LUIGI BERLUSCONI - Director

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

PASQUALE CANNATELLI – Director

Chief Executive Officer of:

- Fininvest S.p.A.

Member of the Board of Directors of:

- Arnoldo Mondadori Editore S.p.A.
- A.C. Milan S.p.A.
- Mediaset S.p.A.

MAURIZIO CARFAGNA – Director

Member of the Board of Directors of:

- Class Editori S.p.A.
- CIA S.p.A.

- Molmed S.p.A.
- H-Equity Sarl SICAR
- Futura Invest S.p.A.
- Banca Esperia S.p.A.
- Duemme S.g.r.

BRUNO ERMOLLI – Director

Deputy Chairman of the Board of Directors of:

- Fondazione Teatro alla Scala

Member of the Board of Directors of:

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

EDOARDO LOMBARDI – Director

Chairman of the Board of Directors of:

- Banca Esperia S.p.A.

Member of the Board of Directors of:

- Istituto Europeo di Oncologia S.r.l.

MARIO MOLTENI – Director

Member of the Board of Directors of:

- 8a+ Investimenti SGR S.p.A.
- Opera SGR
- SCM Group S.p.A.

- B&B Italia S.p.A.
- Consorzio Milano ricerche
- Member of the Steering Board of Fondazione Cariplo

DANILO PELLEGRINO - Director

Member of the Board of Directors of:

- Fininvest Gestione Servizi S.p.A.
- Mediolanum Assicurazioni S.p.A.
- ISIM S.p.A.

ANGELO RENOLDI – Director

Member of the Board of Statutory Auditors of:

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

PAOLO SCIUMÈ – Director

Deputy Chairman of the Board of Directors of:

- Cremonini S.p.A.

Member of the Board of Directors of:

- Cafin S.a.p.a.

ANTONIO ZUNINO - Director

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

Basiglio, Milano 3, 24 March 2010

on behalf of the Board of Directors

The Chairman

Roberto Ruozi

* * *

ANNEX 1)

“Main characteristics of the internal control and risk management systems connected with the financial reporting process” pursuant to art. 123-bis, paragraph 2, letter b), Consolidated Finance Act”

The internal control system of Mediolanum S.p.A. consists of the set of corporate departments (including the executive ones), organizational rules, procedures and structures that aim to ensure:

1. effectiveness and efficiency of company processes,
2. a proper risk control,
3. safeguarding of the value of company assets and proper management of assets held on behalf of customers,
4. reliability and integrity of accounting and operating information,
5. conformity of transactions with the law, with supervisory regulations, with self-regulation rules and with the internal provisions of the company.

The organisation of the control system within the Group provides for more levels, which are summarised below.

The first level of control consists of verifications carried out by those implementing a specific activity, as well as by those with supervisory responsibility, generally in the same organizational unit or department. These controls are performed by the actual productive departments or incorporated into automated procedures; they are more or less detailed depending on the services provided, the complexity and the operational extent.

The second level of control consists of specific activities assigned to departments other than operational ones, with the task of defining the risk measurement methods and operating limits assigned to delegated parties and checking the

consistency of operations with the objectives and risk levels defined by the relative company boards and officers. This second level of control is carried out by the “Risk Management and Compliance” department, which supervises risk identification, monitoring and management, which the company is exposed to. In addition, the “Risk Management and Compliance” department deals with the development of methodologies and the control model, in conjunction with the guidelines and with the support, for the ex-post control activities, of the Internal Auditing and the Supervisory Board established pursuant to the Italian Legislative Decree 231/01. The activities of the “Risk Management and Compliance” department include also compliance assessments of the procedures with the rules and regulations in addition to the implementation of actions aiming to prevent, mitigate and control risks.

In some companies within the Mediolanum financial conglomerate, the second level of control is carried out by proper structures intended for specific assessment activities (such as the Financial and Operational Risk Control department or the Inspectorate on the Sales Personnel).

The third level of control consists of the Internal Auditing, which involves a periodic evaluation of the completeness, functionality and adequacy of the internal control systems with respect to the nature of activity exercised and the level of risk adopted.

An additional level of control, finally, is carried out by the Board of Auditors, which supervises the adequacy of the organisational, administrative/accounting and control structure and by the Independent Auditors, which are responsible for assessing the regular keeping of accounting records and the assessment of the compliance of the separate financial statements with the book keeping and that, as from this year, shall express their opinion, also pursuant to art. 123-bis, paragraph

4, on some special items of the report on corporate Governance.

Finally, the company, pursuant to the Italian Legislative Decree 231/2001 – which introduced in our legal system the concept of “administrative” liability of the Bodies for crimes strictly committed in their own exclusive interest – adopted the “Organisation, Management and Control Models” and established a Supervisory Board, which is responsible for supervising the effectiveness, the compliance with and the updating of the Models.

The Board of Director – which, we remind you, has been complying with an Internal regulation since 19 March 2001 concerning the management of price-sensitive information, updated by board resolution of 25 March 2003 and entirely replaced by resolution of 27 March 2006 (Manual for the circulation and monitoring of confidential and price-sensitive information) – ensures, in any case, that the effectiveness and efficiency of the internal controls, in relation to the complexity of the activity carried out, be assessed periodically.

With the introduction of the provisions laid down by art. 154-bis of the Consolidated Finance Act, as amended to implement the Italian Law 262/2005 and the Italian Legislative Decree 303/2006, Mediolanum Group also implemented an organisational model for the management of the procedures assigned the Officer responsible for accounting and financial reporting of Mediolanum S.p.A. and prepared a “Methodological and Operative Manual”, which governs the features assumed as basis for the control model.

The position of said Officer, who plays a role of guarantor to third parties of the financial reporting produced by the company, represents one of the several parties, who jointly contribute to the creation of an effective corporate governance system, i.e. a set of organisational rules and structures, which supervise a correct and effective corporate governance.

The Officer is therefore required to undersign the accounting reporting disclosed to the market, and to declare the compliance of the disseminated data with the accounting records of the Company.

As regards the financial statements, including the consolidated financial statements, and the half-yearly report, it should be noted that a certification is periodically prepared and submitted according to the model provided for by Consob (Annex 3C-ter, Regulation Concerning Issuers), which confirms, in addition to the compliance of the financial statement information and of all the documents disclosed to the market with the book-keeping entries, the adequacy in relation to the administrative and accounting procedures adopted. It is likewise certified that the financial statements provide a true and fair representation of the assets and liabilities, profits and losses and financial position of the issuer and the group of companies included in the consolidation.

The framework assumed as basis for the existing risk management and internal control management system in relation to the financial reporting process .

Aligned to the standards of the market's best practices and in compliance with the provisions of law in force, Mediolanum S.p.A. adopted, in relation to the risk control and protection in connection with the process of preparation and dissemination of financial reporting, a methodological approach, which enables the Officer responsible for accounting and financial reporting to certify the compliance of all the deeds disseminated to the market with the accounting records, the adequacy of the administrative and accounting procedures and the drawing up of the financial statements, as to provide a true and fair representation of the assets and liabilities, profits and losses and financial position of the issuer and the group of companies included in the consolidation.

Said adjustment model, which is now in force, has been developed in four phases, which are cyclically repeated in the periodical updating and maintenance activity of said model:

- Scoping & Planning: identification for each Company, which make a significant contribution to the Mediolanum S.p.A. consolidated financial statements, of the processes regarded as relevant according to the balance-sheet items which are related to, taking into account the qualitative and quantitative criteria;
- Control Environment and Governance: identification of the processes and instruments, which constitute the Group governance environment, i.e. the identification of regulations, rules and mechanisms of control (Company Level Control) and identification of the general rules of governance of the technologies and the application developments (IT General Controls);
- Detection of administrative and accounting processes: better formalisation of administrative and accounting processes, by identifying the critical aspects, presence of control points and adequacy of the existing control procedures as a whole;
- Definition and setting-up of the management model of the documentation system for 262 purposes: creation of a management model, made of information flows between the Officer, through a specific staff position (so-called “262 Unit”), and the reports of the positions involved in the control activity for 262 purposes .

Further, the management model cornerstones are the following:

- Certification system: concerns the chain liability system, which is under the control of the officers responsible for the process of the administrative areas and the departments concerned, which the analysed processes are respectively associated to. This governance system aims firstly at ensuring, through the

certification of the officers responsible concerned, that the procedures regarded as suitable to ensure the control targets identified, be complied on a continuative basis and, should events which may prejudice the fulfilment of such targets occur, they are highlighted and promptly submitted to the Officer responsible for review.

- Test system: concerns the activity, which is mainly carried out with the Internal Auditing's support, of assessment of traceability and reverse traceability of the control activities, in order to assess the effectiveness of the present controls, their adequacy and the need, if any, to define additional ones, so that the controls adopted by the departments concerned on the processes being audited be suitable to ensure the correct performance of the administrative and accounting processes. The logic adopted adheres to the need to find out, and better define if necessary, the procedures and the activities carried out for the processes under analysis; afterwards, within the identified processes all the controls ensuring the correct performance thereof are identified. Having defined and better formalised the documental system, suitable measures, which ensure the performance of the processes in compliance with the control procedures identified and centrally monitored by Unit 262 are agreed upon with the process reports, both with passive modalities, through the certification system adopted, and with active modalities through the direct performance of the control tests.

As to the foreign Companies, which contribute in a significant manner to the formation of Mediolanum S.p.A. Consolidated Financial Statements items, the subsidiaries Banco de Finanzas e Inversiones S.A., Mediolanum International Life Limited, Mediolanum Asset Management Limited and Mediolanum International Fund Limited have been identified. As to these Companies, the Delegated Administrative Bodies, upon request of the Officer responsible, have identified a local report authorised to repeat, according to a principle of proportionality, the

activities carried out by the Officer responsible to control the administrative and accounting processes, in compliance with the Group model. The foreign local reports, in addition to perform the activities needed to meet the regulation requirements of the Officer responsible, provide the latter with adequate information notices concerning the activities carried out through an internal certification, issued before the drawing up of the Financial Statements. The activities carried out with reference to the control of the processes assumed as basis for the preparation and dissemination of the financial reporting are submitted to continual reporting and the control model is updated in order to make it always compliant with the features of the business model of the financial conglomerate.

	Danilo													
Director	Renoldi Angelo			X	83 %	1	X	75%	X	100%				
Director	Sciumè Paolo		X		75%	2	X	100%						
Director	Zunino Antonio		X		67 %	0								
●	Brief comment on the absence of the Committee or on a composition different from that recommended in the Code:													
◆	Brief comment on the absence of the Committee or on a composition different from that recommended in the Code:													
◇	Brief comment on a composition different from that recommended in the Code:													

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

Number of meetings held during the year	Board of Directors: 6	Audit Committee: 4	Compensation Committee: 2	Nomination Committee: -	Executive Committee: -

NOTES

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

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

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

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

◇ Considered to be unnecessary given the current ownership structure, (see page 20).

SCHEDULE 2: BOARD OF STATUTORY AUDITORS

Position	Member	Attendance of Board of Statutory Auditors Meetings	Number of other positions**
Chairman	Simonelli Ezio	100%	2
Standing auditor	Riccardo Perotta	89%	2
Standing auditor	Vittadini Francesco	100%	2
Number of meetings held during the year: 9			
Indicate the percentage of shares required of minority shareholders to present lists for the election of one or more statutory auditors (article art. 148 of the Consolidated Finance Act): 2% (cf. Consob Resolution 16769 of January 27, 2009)			

NOTES

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

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

SCHEDULE 3: OTHER CODE OF CONDUCT REQUIREMENTS

	YES	NO	Brief description of any reasons for any departures from the Code recommendations
Delegated authorities and related party transactions			
Did the Board of Directors delegate powers and define:			
a) limits	X		
b) manner of exercising powers	X		
c) and frequency of reports?	X		
Did the Board of Directors reserve for itself the authority to review and approve transactions which may have a material impact on earnings, financial position and equity (including related party transactions)?	X		
Did the Board of Directors establish guidelines and criteria for the identification of “significant” transactions?	X		
Are the guidelines and criteria above described in the report?	X		
Did the Board of Directors establish procedures for reviewing and approving related party transactions?	X		
Are the procedures for the approval of related party transactions described in the report?	X		

Procedures for the most recent election of directors and statutory auditors			
Were nominations for directorships received at least ten days in advance?	x ⁽¹⁾		
Did nominations for directorships include exhaustive information?	x		
Did nominations for directorships include evidence as to the suitability of the nominee as an independent director?	x		
Were nominations for statutory auditors received at least ten days in advance?	x ⁽¹⁾		
Did nominations for statutory auditors include exhaustive information?	x		
(1) requirement superseded by new regulations			

General Meetings			
Did the company approve Rules and Regulations for the General Meetings?	x		
Are the Rules and Regulations attached to the Report (or does it indicate where the Rules and Regulations can be obtained/ downloaded)?	x		
Internal Audit			
Did the company appoint chief auditors?	x		
Are these officers independent of heads of operating functions?		x	Pursuant to the provisions of the shareholders' agreement.
Department responsible for internal audit	INTERNAL AUDIT		
Investor relations			
Did the company appoint an Investor Relations Manager?	x		
Investor Relations Manager's details (address/phone/fax/e-mail)	Alessandra Lanzone Investor Relations Manager fax:+39-02-9049-2413 e-mail: investor.relations@mediolanum.it		