

**REPORT OF
THE BOARD OF DIRECTORS
TO THE ORDINARY GENERAL MEETING
OF APRIL 26, 2005**

**Report of the Board of Directors to the
Ordinary General Meeting of April 26, 2005**

Dear Shareholders,

We convened the Ordinary Meeting to vote, *inter alia*, on the following agenda items:

1. Election of the members of the Board of Directors, subsequent to the determination of their number, election of the Board Chairman and their remuneration;
2. Election of the members of the Board of Statutory Auditors and of its Chairman, remuneration of statutory auditors;
3. Appointment of the independent auditors, as required by law, that shall be responsible for auditing, *inter alia*, the Company's and the Consolidated annual financial statements, including the limited audit of the first-half report, for the years 2005, 2006 and 2007, and determination of their remuneration;

With respect to the first item (**Election of the members of the Board of Directors, subsequent to the determination of their number, election of the Board Chairman and their remuneration**) you are reminded that the term of the Board of Directors expires with this Meeting.

We thank you for your trust and invite you to elect the members of the new Board of Directors, subsequent to the determination of their number, its Chairman and to determine their remuneration.

In that respect, you are reminded that the procedures for the election of the members of the Board of Directors are set out in art. 17 of the Bylaws, which is attached hereto (Schedule A).

With respect to the second item (**Election of the members of the Board of Statutory Auditors and of its Chairman, remuneration of statutory auditors**) you are reminded that the term of the Board of Statutory Auditors expires with this Meeting.

We, therefore, invite you to elect the members of the new Board of Statutory Auditors and its Chairman, subsequent to the determination of their remuneration.

In that respect, you are reminded that the procedures for the election of the members of the Board of Statutory Auditors are set out in art. 27 of the Bylaws, which is attached hereto (Schedule B).

With respect to the third item (**Appointment of the independent auditors, as required by law, that shall be responsible for auditing, *inter alia*, the Company's and the Consolidated annual financial statements, including the limited audit of the first-half report, for the years 2005, 2006 and 2007, and determination of their remuneration**) you are advised that with the audit of the financial statements for the year ended December 31, 2004, the first three-year term of the independent auditors Reconta Ernst & Young S.p.A. appointed at the General Meeting of April 23, 2002 expired, and that the provisions of Art. 159 of Legislative Decree No. 58 of February 24, 1998 and the regulations in force require the appointment of the independent auditors responsible for auditing, *inter alia*, the Company's and the consolidated annual financial statements, including the limited audit of the consolidated first-half report, for the next three-year term.

In that respect, we inform you the Board of Directors at its meeting held last March 1 resolved to submit for your approval the proposal to appoint Reconta Ernst & Young S.p.A as independent auditors, in accordance with their offer contained in the letter dated February 16, 2005, which is attached hereto (Schedule C).

With respect to their remuneration, the offer presented by Reconta Ernst & Young S.p.A. for the audit of the Company's and the Consolidated financial statements for the years ending December 31, 2005, 2006 and 2007 and the limited audit of the first-half report at June 30, 2005, 2006 and 2007 sets out, for each year, a total of 840 working

hours for a total amount of €4,000.00 for activities relating to the company's and the consolidated annual financial statements and 360 hours for a total of €4,000,00 – for each year - for activities relating to the consolidated half-year report.

It is also planned, for financial year 2005 only, to audit the opening balance sheets for the years 2004 and 2005 and the comparative figures for the year 2004, which requires 250 working hours for a total amount of €30,000.00.

Reimbursement of out-of-pocket expenses and VAT are to be added to the amounts above.

The above amounts will be revised annually to incorporate a cost-of-living adjustment equal to the ISTAT index. A review of the remuneration above may be undertaken in case of exceptional circumstances or changes which entail an increase or reduction in the audit workload.

In consideration of the foregoing, We invite you:

- to appoint Reconta Ernst & Young S.p.A as independent auditors responsible for auditing, *inter alia*, the Company's and the consolidated annual financial statements, including the limited audit of the consolidated first-half report, for the years 2005, 2006 and 2007 in accordance with the terms set out in their letter of February 16, 2005, which is attached hereto (Schedule C).

For the Board of Directors

The Chairman

Basiglio – Milano 3 - March 1, 2005

(Roberto Ruozi)

MEDIOLANUM S.P.A. BYLAWS

Article 17)

1. The company shall be managed by a Board of Directors consisting of no less than seven and no more than fifteen members. Directors shall have the qualifications required by primary and secondary regulations, as may be in force from time to time, and may be re-elected.

2. The General Meeting, prior to proceeding to their election, shall set the number of directors and their term in office in accordance with law.

3. Directors shall be elected by the General Meeting from lists of nominees.

Shareholders representing at least 66% of the subscribed and fully paid up share capital are entitled to propose that list voting be waived and that directors be elected in accordance with the majorities set out in statute.

4. If list voting is used, directors shall be elected by the General Meeting from lists of nominees submitted by the shareholders. The lists shall set out a maximum of fifteen nominees and each nominee's name shall bear a sequential number.

If any one nominee's name appears on more than one list, that nominee shall be declared ineligible.

Each shareholder may present, either alone or with other shareholders or through any third-parties or trustees, only one list.

In the event that one shareholder submits more than one list, then the vote of that shareholder shall not be valid for any of the submitted lists.

Shareholders who either alone or together with other shareholders represent at least 5 % of share capital are entitled to present lists.

The lists, accompanied by the résumés of nominees and signed by the shareholders submitting them, shall be delivered in advance to the General Meeting and in any case no later than the time set for the opening of the General Meeting. The lists shall also be accompanied by the documentation certifying the status of shareholders of the individuals who submitted them. Within the same term, the individual nominees shall submit a declaration whereby they accept their nomination and personally warrant the non existence of anything which could give rise to their ineligibility as well as their possession of the qualifications, as required by law or statute, for the position of member of the Board of Directors.

When voting is completed, the votes obtained by the lists shall be divided by integers in

sequential order from one to the number of directors to be elected.

The resulting quotients shall be attributed to the nominees of each list, according to their ranking on the list.

Then, the nominees from all lists shall be ranked in descending order of the quotients received.

The nominees receiving the highest quotients are elected directors until all directorships, as set by the General Meeting, are filled.

The nominee who ranks first on the list obtaining the highest number of votes shall be elected Chairman of the Board of Directors.

In the event that to complete the Board of Directors more nominees obtain the same quotient, the nominee from the list from which either no director or the lowest number of directors was taken, shall be elected director.

In the event that no director was elected from any of the lists or an equal number of directors was elected from all lists, the nominee from the list receiving the largest votes shall be elected.

In case of a tie in list votes and equal quotients, the General Meeting shall hold a new voting session and the nominee shall be elected by simple majority of votes.

5. If a single list is presented, the General Meeting shall vote that list and if the list obtains the relative majority of votes the nominees shall be elected according to their ranking on the list until all directorships, as set by the General Meeting, are filled. The nominee ranking first on the list shall be elected Chairman of the Board of Directors.

6. In the absence of lists, the members of the Board of Directors shall be elected by the General Meeting in accordance with the majorities set out in statute.

7. If, for any reasons, one or more directorships become vacant, the remaining directors proceed to appoint the successors by cooptation.

8. The directors, nominated in accordance with article 2386 of the Italian Civil Code, are elected by the General Meeting in accordance with the majorities set out in statute. The directors elected under that procedure shall be coterminous with directors already in office at the time of such election.

MEDIOLANUM S.P.A. BYLAWS

Article 27)

1. The Ordinary General Meeting shall elect the Board of Statutory Auditor consisting of three standing auditors and two alternate auditors. Statutory auditors shall be elected for a three-year term, which expires on the date of the General Meeting convened to approve the financial statements for the third year of their term, and may be re-elected.

All statutory auditors shall be registered CPAs with the Ministry of Justice and have no less than three years auditing experience.

The Board of Directors shall ascertain that statutory auditors possess all qualifications required by law or statute.

2. Statutory Auditors shall be appointed by the use of lists presented by shareholders in accordance with the procedures set out below. Each nominee's name on the lists shall bear a sequential number. Each list shall contain two sections: one section for nominees running for the position of standing auditors and the other section for nominees running for the position of alternate auditors. If one nominee's name appears on more than one list, that nominee shall be declared ineligible.

3. Shareholders, who, either alone or together with other shareholders, represent at least 3% (three per cent) of share capital are entitled to present a list. Each shareholder may present, either alone or with other shareholders or through any third-parties or trustees, only one list. In the event that one shareholder submits more than one list, then the vote of that shareholder shall not be valid for any of the submitted lists.

4. The lists, accompanied by the résumés of nominees and signed by the shareholders submitting them, shall be delivered at the company's registered office no later than 5 (five) days before the date set for the General Meeting on first call. Within the same term, the individual nominees shall submit a declaration whereby they accept their nomination and personally warrant the non existence of anything which could give rise to their ineligibility, including the restrictions on service in others companies as set out in the next paragraph, as well as their possession of the qualifications, as required by law or statute and the Bylaws, for the position of member of the Board of Statutory Auditors.

5. Individuals may not be appointed Statutory Auditor if they already hold the position

of Statutory Auditor in more than seven companies issuing securities listed on regulated exchanges.

6. The individuals submitting the lists shall deliver in advance the documentation certifying their status of shareholders to the General Meeting and in any case no later than later than the time set for the opening of the General Meeting.

7. The lists, for which the above conditions are not met, shall not be voted.

8. Each individual is entitled to vote can only vote one list.

9. The procedures for the election of statutory auditors are as follows:

a) two standing auditors and one alternate auditor shall be taken, according to their ranking in the respective list sections, from the list obtaining the highest number of votes at the General Meeting;

b) the third standing auditor and the second alternate auditor shall be taken, according to their ranking in the respective list sections, from the list obtaining the second highest number of votes at the General Meeting.

In the event that more lists receive the same number of votes, all shareholders attending the General Meeting shall proceed to runoff voting. The nominees from the lists winning the simple majority of votes shall be elected standing auditors.

10. The nominee who ranks first on the list obtaining the largest number of votes shall be elected the Chairman of the Board of Statutory Auditors.

11. If a single list is presented, the General Meeting shall vote that list and if the list obtains the relative majority of votes the first three nominees whose names appear in the standing auditors section shall be elected standing auditors and the first two names from the alternate auditors section shall be elected alternate auditors. The nominee ranking first in the standing auditors section shall be elected Chairman of the Board of Statutory Auditors.

In the event of death, resignation, disqualification of a standing auditor, the first-elected alternate auditor shall fill the vacant position. In the event that the Chairman is to be replaced, the Board of Statutory Auditors shall appoint the new Chairman selecting him among its members. The new Chairman shall remain in office until the next General Meeting which is called to fill any vacant positions.

12. In the event that no list is submitted, then the General Meeting shall elect the members and the Chairman of the Board of Statutory Auditors in accordance with the majorities set out in statute

13. If more lists are presented, in the event of death, resignation, disqualification of a

standing auditor he shall be replaced by the alternate auditor elected from the same list. In the event that the Chairman is to be replaced, the Board of Statutory Auditors shall appoint the new Chairman selecting him among its members. The new Chairman shall remain in office until the next General Meeting which is called to fill any vacant positions.

14. When it is not possible to replace the members of the Board of Statutory Auditors following the procedures above, a General Meeting shall be convened to fill the open positions by relative majority voting, as required by statute.

15. The General Meeting shall determine the compensation for statutory auditors. The Statutory Auditors shall also be entitled to reimbursement for expenses incurred in the performance of their duties.

16. The duties and powers of statutory auditors are set out in statute.