

REPORT

**ON CORPORATE GOVERNANCE AND THE OWNERSHIP STRUCTURE
FINANCIAL YEAR 2009**

GLOSSARY

The Executive Director: The Executive Director charged with overseeing the functioning of the Internal Controls system of Mediaset S.p.A.

The Shareholders' Meeting: The Meeting of the Shareholders of Mediaset S.p.A.

The Code: The Self Regulating Code for quoted companies approved in March 2006 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A.

The Mediaset Code: The Self Regulating Code put in place by the Issuer.

The Italian Civil Code: The Italian Legal Code containing Company Law.

The Board/Board of Directors: The Board of Directors of the Issuer.

The Assigned Executive: The Assigned Executive with the responsibility for the drafting of the company's accounting documents.

The Issuer/Company: Mediaset S.p.A.

The Financial Year: The financial year of the company to which the Report refers.

The Organisational Model: The Organisational, Management and Controls Model, pursuant to the Legislative Decree 231 /2001.

Issuers' Regulations: The Regulations issued by the Consob (Italian SEC) with its resolution n° 1971 of 1999, as afterwards modified, regarding Issuers.

Market Regulations: The Regulations issued by the Consob (Italian SEC) with its resolution n° 16191 of 2007, as afterwards modified, regarding stock markets.

Report: The report on Corporate Governance and company ownership structures that companies are obliged to draw up pursuant to article 123, part two, of the CFA.

Articles of Incorporation: The Articles of Incorporation of the company Mediaset S.p.A

CBA: The Legislative Decree of 1st September 1993, n° 385 (Consolidated Banking Act)

CFA: The Legislative Decree of 24th February 1998, n° 58 (Consolidated Finance Act).

I. PROFILE OF THE ISSUER

Mediaset and its subsidiaries make up the leading Italian commercial television group, quoted on the Italian Stock Exchange since 1996. The Group's main activities are generalist TV, advertising, free and pay Digital TV, managing the transmission network, contents production, Internet and Mobile TV. Abroad, Mediaset is the major shareholder of the Spanish TV Group Telecinco.

Mediaset has put in place the traditional administration and controls system made up of the following company bodies: the Shareholders' Meeting, the Board of Directors, the Executive Committee e the Board of Statutory Auditors. The accounting controls, in accordance with the relative legislative measures that are currently in force regarding these matters, are assigned to an external auditing company that is inscribed in the special roll kept by the Consob (Italian SEC).

The Board of Directors has set up, among its own members, three committees with prosing and consulting functions: the Compensation Committee, the Internal Controls Committee e the Corporate Governance Committee.

The powers and functional methodologies of the company bodies and Committees are governed by Law, by the Articles of Incorporation of the company (available on the website www.mediaset.it) and by the resolutions passed by the competent bodies.

The information contained in this document, except when stated otherwise, refers to that at the date of its approval by the Board of Directors (23rd March 2010).

2. INFORMATION ON THE OWNERSHIP STRUCTURES (ARTICLE 123, part two, paragraph 1, CFA) dated 23rd March 2010

a) Structure of the Share Capital (as per article 123, part two, paragraph 1, letter a), CFA)

The Share Capital of Mediaset S.p.A. amounts to Euros 614,238,333.28 fully subscribed and paid up. The Share Capital only consists of ordinary shares as shown below.

	N° of shares	% on share capital	Listed	Rights and obligations
Ordinary shares	1181227564 * (nominal value EUR 0.52 each)	100%	Borsa Italiana - Blue Chip segment -	Pursuant to law and Company By-Laws

* On 23rd March 2010, the company holds 44,825,500 of its own shares in its portfolio, amounting to 3.795% of the Share Capital which voting right is suspended pursuant to article 2357, part three, of the Italian Civil Code.

No other financial instruments have been issued that give the right to subscribe to new share issues.

There are not foreseen any share based incentive plans that will give rise to increases, even free of charge ones, of the Share Capital.

b) Restrictions on the transfer of securities (as per article 123, part two, paragraph 1, letter b), CFA)

Pursuant to the Articles of Incorporation the shares are nominative, indivisible and freely transferable. There are observed all the measures regarding representation, legitimisation and the circulation of company holdings that are laid down for securities traded on regulated stock markets.

c) Relevant holdings in the Share Capital (as per article 123, part two, paragraph 1, letter c), CFA)

On 23rd March 2010, according to the contents of the communications received pursuant to article 120 of the CFA, the relevant holdings in the Share Capital of Mediaset S.p.A. are the following:

Declarant	Direct shareholder	% of ownership on ordinary shares and on shares subject to voting
Berlusconi Silvio	Fininvest S.p.A.	38,618
Blackrock Inc.	Blackrock Investment Management (UK) Limited	4,978
Capital Research and Management Company (as manager and, in addition, the Europacif Growth Fund which individually holds 2,417%)	Capital Research and Management Company	4,920
Mackenzie Cundill Investment Management Ltd.	Mackenzie Cundill Investment Management Ltd.	3,441
Abu Dhabi Investment Authority	Abu Dhabi Investment Authority	2,042
Mediaset S.p.A.	Mediaset S.p.A.	3,795

d) Securities that confer special rights (as per article 123, part two, paragraph 1, letter d), CFA)

No securities have been issued that confer special controlling rights.

e) Employee shareholdings: mechanism for exercising voting rights (as per article 123, part two, paragraph 1, letter e), CFA)

There is no employee shareholding system with a mechanism for exercising voting rights that is different from the one laid down for all of the company's other shareholders.

f) Restrictions on the voting right (as per article 123, part two, paragraph 1, letter f), CFA).

They carry the right to vote all those ordinary shares that are currently in circulation, with the exception of the treasury shares that are held by the company itself and regarding which the voting right is suspended pursuant to article 2357, part three, of the Italian Civil Code as can be seen in Table I at the letter a).

Pursuant to the Articles of Incorporation, there can take part in the Shareholders' Meeting those Shareholders who have had arrive at the Company the communication of the intermediary that is laid down by article 2370, 2nd paragraph of the Italian Civil Code, at least two clear days before the date of the specific Shareholders' Meeting. The depositing of the communication of the intermediary does not impede the shareholders from being able to trade the shares before the Shareholders' Meeting takes place. In this case the purchaser of the shares can only take part in the Shareholders' Meeting if they have carried out the formalities laid down in the previous paragraph, at least two clear days before the date of the specific Shareholders' Meeting.

Due to the fact that they are a financial intermediary inscribed in the specific section of the general list laid down by article 113 of the Legislative Decree n° 385/1993 and the successive changes of the CBA, pursuant to the combination contained in article 108 of the CBA and article 1 of the Decree of the Treasury Minister n° 517/1998, whoever holds more than 5% of the Share Capital, consisting of shares with the right to vote, cannot exercise the voting right for the shares that exceed this percentage if they do not possess the requisites of honourableness laid down in the said Decree. The same requisites are applicable to anyone, independently of the size of their shareholding, who controls the company pursuant to article 23 of the CBA. In this case the suspension of the voting right involves the whole shareholding.

g) Agreements between shareholders (as per article 123, part two, paragraph 1, letter f), CFA)

There are no voting pacts concerning the company pursuant to article 122 of the CFA.

h) Change of control clauses (as per article 123, part two, paragraph 1, letter h), CFA)

The company, in the context of its normal business activities, has existing loan and financing contracts, including among the contract relative to the bond issue of 21st January 2010 that foresee, as is custom and usage in financial market practices, specific impacts if a “change of control” takes place such as, for example, their extinction or modification in the case of a change of control of the company. However, none of these contracts can be considered, as of itself, to be significant.

i) Mandates for increasing the Share Capital and authorisations for the acquisition of treasury shares (as per article 123, part two, paragraph 1, letter m), CFA)

There are no mandates for increases of Share Capital pursuant to article 2443 of the Italian Civil Code, or for the issuing of any financial instruments that constitute holdings in the company.

The Shareholders' Meeting of 22nd April 2009 passed a resolution giving the Board of Directors the faculty of being able purchase, also through trading in options or financial instruments, also derivatives, on the Mediaset share, up to a maximum number of 1 18,122,756 and, therefore, within the legal limits, the company's own shares with the nominal value of Euro 0.52 each, i.e. amounting to 10% of the current Share Capital, in one or more lots, up till the approval of the Financial Statements for the year closed at 31st December 2009 but, in any case, for a period that is no longer than 18 months from the date of the resolution. The amount shown above is covered by the available reserves as shown in the last regularly approved set of Financial Statements.

The purchase transactions are to be carried out as follows:

- i) The purchases to be used for the stock option plans for 2003/2005, 2006/2008 and 2009/2011 must be made on the quoted Stock Exchange with the operational methodologies referred to in article 144, part two, letters b) and c) of the Consob (Italian SEC) Regulations at a price that is no higher and no lower than 20% compared to the share price recorded on the Stock Exchange trading day before that of each individual transaction. These parameters are considered as suitable for identifying the range of values within which the purchase is in the company's interest.
- ii) Any other purchases must be made on the quoted Stock Exchange with the operational methodologies referred to in article 144, part two, letters b) and c) of the Consob (Italian SEC) Regulations at a price that is no higher and no lower than 20% compared to the share price recorded on the Stock Exchange trading day before that of each individual transaction. These parameters are considered as suitable for identifying the range of values within which the purchase is in the company's interest.

The purchase transactions are carried out while observing article 2357 and the following ones of the Italian Civil Code, article 132 of the Legislative Decree 58/98, article 144, part two, of the Consob (Italian SEC) Regulations that actuates the Legislative Decree of 24th February 1998, n° 58, concerning the disciplining of the Issuers and any other applicable law, rule or regulation including those referred to in the Directive 2003/6 and the relative executive measures both EU and Italian.

From the date of the Shareholders' Meeting until today there have been no purchases of the company's own shares. Therefore, on 23rd March 2010, the company holds 44,825,500 of its own shares in its portfolio, amounting to 3.795% of the Share Capital.

I) Management and coordination activities (as per article 2497 and the following ones of the Italian Civil Code)

Mediaset S.p.A. is subject to the de facto control of Fininvest S.p.A., because that company holds 38.618% of its Share Capital. On 4th May 2004 Fininvest S.p.A. communicated to Mediaset that it does not carry out any management and coordination activities, as per article 2497 and the following ones of the Italian Civil Code, regarding Mediaset. The Company took the communication of Fininvest S.p.A. into consideration at the Board of Directors Meeting of 11th May 2004. What has been declared by Fininvest is confirmed by the fact that Mediaset S.p.A. defines its own strategies independently and that it has total organisational, operational and transactional autonomy, not being subject to absolutely any directional or coordinating actions by Fininvest, regarding its own business activities. Specifically, Fininvest does not issue any directives to Mediaset nor does it carry out any technical, administrative or financial support or coordination activities on behalf of Mediaset and its subsidiaries.

Mediaset S.p.A. currently exercises management and coordination activities, pursuant to article 2497 and the following ones of the Italian Civil Code, over the following companies within the Mediaset Group: Digitalia '08 S.r.l., Elettronica Industriale S.p.A., Med Due S.r.l., Media Shopping S.p.A, Mediaset Investimenti S.p.A., Medusa Film S.p.A., Publitalia '80 S.p.A., R.T.I. S.p.A., Taodue S.r.l., Video Time S.p.A. and X Content S.r.l., in liquidation.

The information asked for by article 123, part two, paragraph 1, letters i) and l) is given in sections 9 and 4 of this Report that deal with the Compensation of the Directors and the Board of Directors, respectively.

3. COMPLIANCE (article 123, part two, paragraph 2, letter a) CFA)

The Board of Directors of Mediaset S.p.A., from March 2000, decided to put in place the measures contained in the Code (available on the website www.borsaitaliana.it). The Board of Directors Meeting of 1st March 2007, taking into account the relative legislative and regulatory context and the organisational structure of the Mediaset Group, approved the updating of the Mediaset Code (available on the website www.mediaset.it) and, in fact, taking into it the standards contained in the new Code of March 2006. The company has continued, over time, to update its own system of corporate governance to align it with both domestic and international best practices regarding these matters, with the recommendations of the Code and with the legislative and regulatory measures that have been introduced from time to time, keeping the shareholders and the stock market informed on a yearly basis.

The subsidiary company Gestelevision Telecinco S.A., quoted on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia and on the Spanish Computerised Stock Exchange, and its subsidiary companies, is subject to Spanish Law and the Spanish corporate governance system.

4. THE BOARD OF DIRECTORS

4.1 NOMINATION AND REPLACEMENT (as per article 123, part two, paragraph 1, letter l), CFA)

The nominations and the replacements of the Directors are regulated by article 17 of the Articles of Incorporation, which is given in **Attachment A** to this Report.

It is underlined that, based on the Articles of Incorporation that are currently in force, they only have the right to present the lists of candidates those shareholders who have voting rights and who, either alone or together with other shareholders, represent at least 2.5% of the part of the Share Capital that is made up of shares with voting rights in the Ordinary Shareholders' Meeting, or any different percentage that is laid down by the relative legal measures that are currently in force and which, from time to time, will be communicated in the Notice calling the Shareholders' Meeting held to pass resolutions regarding the nomination of the Board of Directors. Regarding this matter it is highlighted that pursuant to article 144, part four, and article 144, part seven, of the Issuers' Regulations, as well as the Consob (Italian SEC) Resolution n° 16779/2009, the shareholding percentage required for the presentation of the list of candidates for membership of the Board of Directors at the Shareholders' Meeting of 22nd April 2009 was 1.5%.

Furthermore, it is pointed out that Mediaset, apart from what is laid down by the Consolidated Finance Act, the Issuers Regulations and the Mediaset Code, is not subject to any other legislation, rules and regulations regarding the membership of the Board of Directors, except for what is laid down regarding the requisites of honourableness and independence of the Directors of financial intermediaries inscribed in the relative section of the General list as per article 113 of the CBA.

Changes to the Articles of Incorporation

Pursuant to article 15, paragraph 2, and article 23, paragraph 3, of the Articles of Incorporation, except for what falls within the competencies of the Extraordinary Shareholders' Meeting, which retains its power to pass resolutions on this subject, there appertains to the Board of Directors the passing of the resolutions regarding mergers and split-offs in those cases foreseen by articles 2505, 2505, part two, and 2506, part three, of the Italian Civil Code, i.e. the opening or closing of secondary sites, the identification of which Directors have the legal representation of the company, the reduction of the Share Capital in the case of the withdrawal of a shareholder and the updating of the Articles of Incorporation for any new legislative or regulatory measures.

4.2 MEMBERSHIP (as per article 123, part two, paragraph 2, Letter d), CFA)

Article 17 of the Articles of Incorporation lays down that the Company be administered by a Board of Directors consisting of five to twenty one Directors.

The Shareholders' Meeting, with its resolution passed on 22nd April 2009, fixed the number of the Board members at fifteen.

The following persons were elected as members of the Board of Directors:

Fedele Confalonieri, Pier Silvio Berlusconi, Giuliano Adreani, Mauro Crippa, Marco Giordani, Gina Nieri, Niccolò Querci, Marina Berlusconi, Pasquale Cannatelli, Bruno Ermolli, Alfredo Messina, Paolo Andrea Colombo, Carlo Secchi, Attilio Ventura, Luigi Fausti.

The members of the Board of Directors were elected with 566,281,745 favourable votes or 91.5%

of the voting Share Capital, which is 618,859,052 shares or 52.39% of the total Share Capital.

At the Shareholders' Meeting of 22nd April 2009 there was only presented one list of candidates for positions as Directors by the shareholder Fininvest S.p.A., with a shareholding amounting to 38.62% of the Share Capital, and broken down as follows: Fedele Confalonieri, Pier Silvio Berlusconi, Giuliano Adreani, Mauro Crippa, Marco Giordani, Gina Nieri, Niccolò Querci, Marina Berlusconi, Pasquale Cannatelli, Bruno Ermolli, Alfredo Messina, Paolo Andrea Colombo, Carlo Secchi, Independent Director, Attilio Ventura, Independent Director, Luigi Fausti, Independent Director and Danilo Pellegrino.

Together with the list there was also deposited, for each individual candidate, all the necessary documentation that is laid down by law, by the relative regulations and by the Articles of Incorporation for the members of the per Board of Directors.

The makeup of the list also takes into account the view expressed by the company regarding the maximum accumulation of administration and control offices pursuant to the Mediaset Code and the other requisites laid down in it that are given in the Annual Report on Corporate Governance for the Financial Year 2008.

The personal and professional characteristics of each individual Director are given in **Attachment B** to this Report and they can be viewed on the website www.mediaset.it.

Also, relative to what is laid down by the Mediaset Code and based on the information supplied by the parties involved there are given, in the **Attachment C** to this Report, the memberships of the Board of Directors and of the Committees and the offices held by the current members of the Board of Directors in companies quoted on regulated stock markets, also foreign ones and in financial, banking and insurance companies, or those of relevant dimensions, with the exception of those held in subsidiary companies of Mediaset S.p.A. or in those that it participates in, as well as further information relative to the same persons.

No change has taken place in the current membership of the Board of Directors since the closing date of the financial year.

The maximum accumulation of the offices held in other companies

In observance of the measures laid down in the Mediaset Code, the Board of Directors, in its meeting of 11th March 2008, expressed the following views regarding the accumulation of the offices of Director and/or Statutory Auditor:

An Executive Director must not hold any of the following:

- I. The office of Executive Director in any other quoted company, either Italian or foreign, or in a finance, banking or insurance company, or in a large sized one, i.e. with a Net Equity of more than 10 Billion Euros, and
- II. The office of Non Executive Director or Statutory Auditor, or that of a member of another controls body, in more than five quoted companies, either Italian or foreign, or in finance, banking or insurance companies, or in any large sized ones, i.e. those with a Net Equity of more than 10 Billion Euros.

A Non Executive Director must not hold any of the following:

- I. The office of Executive Director in more than three quoted companies, either Italian or foreign, or in finance, banking or insurance companies, or in any large sized ones, i.e. those with a Net Equity of more than 10 Billion Euros and the office of Non Executive Director or Statutory Auditor, or that of a member of another controls body, in more

than five quoted companies, either Italian or foreign, or in finance, banking or insurance companies, or in any large sized ones, i.e. those with a Net Equity of more than 10 Billion Euros, or

- II. The office of Non Executive Director or Statutory Auditor, or that of a member of another controls body, in more than ten quoted companies, either Italian or foreign, or in finance, banking or insurance companies, or in any large sized ones, i.e. those with a Net Equity of more than 10 Billion Euros.

The acceptance of any office, for all the Directors of the company, requires their prior evaluation of their possibility of being able to dedicate the time that is actually necessary in order to be able to diligently carry out the high level tasks entrusted to them and fulfil the consequent responsibilities. This means taking into account, among other things, also the number of the offices of Director and/or of Statutory Director that is held by them in other quoted companies in regulated stock markets, also foreign ones, and in finance, banking or insurance companies, or in any large sized ones.

There remain excluded from the accumulation limit the offices held in Mediaset and in companies of the Mediaset Group.

In the case where the above limits are passed the Directors involved must speedily inform the Board, which will evaluate the situation in the light of the company's interests and will ask the Director involved to make the consequent decisions.

The Board of Directors picks up yearly, based on the information supplied to it by each individual Director, or on other information in its possession, and inserts into the Report on Corporate Governance the offices of Director and/or Statutory Auditor that are held in the aforesaid companies.

4.3. THE ROLE OF THE BOARD OF DIRECTORS (as per article 123, part two, paragraph 2, letter d) CFA)

The Board of Directors is the collegiate body of the company that administers it, playing a central role in the context of the company's organisation and it heads the functions and the responsibility for the strategic and organisational direction of the company, as well as checking on the existence of the controls that are necessary in order to be able to monitor the progress of the company and the Group. The system used for the delegation of powers is such as to maintain, within the context of the company's business and organisation, the central role played by the Board of Directors.

Regarding this the Articles of Incorporation state the following: *"The Board is invested with all the most wide ranging powers for the ordinary and extraordinary management of the company. The Board can delegate its own powers, to one or more of its members, also with the position of Managing Director, with the exception of those that, according to what is laid down in article 23 of the Articles of Incorporation of the company, fall solely within the competencies of the Board of Directors itself and which are, more precisely, the following:*

- *The stipulation of any contract or legal relationship, whatsoever, between the company and a shareholder of the company who owns a holding greater than 5% of its Share Capital, or companies belonging to the same group as the shareholder, for which there are meant the subsidiary companies, the parent companies or controlling physical persons and the companies controlled by these latter, and which has a value that is greater than 13, 000, 000. 00 Euros.*
- *The stipulation of any contract or legal relationship, whatsoever, which has a value that is greater than 130,000,000.00 Euros.*

- *The issuing of non-convertible bonds, within the limits referred to in article 2412 of the Italian Civil Code but, in any case, up to a maximum amount of 300,000,000.00 Euros, while there remains in force the fact that any issue over this limit falls within the competencies of the Extraordinary Shareholders' Meeting.”*

The Board of Directors can nominate one or more Vice Chairmen and delegate to one or more of its own members, also with the position of Managing Director, all or part of its own powers, except for what is laid down in article 2381 of the Italian Civil Code and in article 23 Articles of Incorporation, as well as being able to nominate an Executive Committee to which it can delegate its own powers, except for those which the Law reserves for the Board itself.

Furthermore, the Board of Directors can set up other Committees that can also consist of persons who are not Board members, setting their tasks, powers, compensation, if any, and establishing their membership and functioning methodologies.

The Board meets with regular periodicity, observing the legal due dates and a working calendar and it organises itself in such a way as to ensure that its functions are carried out effectively and efficiently.

During the financial year 2009, the Board of Directors met ten times. The average length of each meeting is about 2 hours. The participation percentage of the Directors during the financial year was, on a total basis, over 90% and the independent Directors have ensured an average overall presence of about 80%. The participation percentage of each individual Director at the Board Meetings is shown in the **Attachment C** to this Report.

For the year 2010 four Board of Directors Meetings have been planned and communicated to the market for the approval of the periodic accounting data and, as of today, two of them have been held already.

The speediness and completeness of the pre-meeting information is ensured by the Chairman by means of the distribution to the Directors, in the days immediately before the date fixed for the Board Meeting, of the documentation relative to the matters contained in the Agenda, in order to enable the interested parties to be informed about the Agenda items and to have useful elements that will enable them to participate effectively in the work of the Board.

The Chairman favours the participation in the Board Meetings of the company executives who are responsible for the competent company functions so that they can supply the appropriate in-depth information for the purpose of giving the Directors a fully detailed understanding of the items on the Agenda.

During 2009, the Board has carried out the activities that fall within its competencies and this has continued in 2010, specifically concerning the following:

- It has examined and approved the strategic, industrial and financing plans of the company and the group it heads, the company's corporate governance and the group's structure.
- It has evaluated the adequacy of the organisational, administrative and general accounting set-ups of the company and of those subsidiary companies that have strategic relevance, with particular reference to the internal controls system and to the proper managing of conflicts of interest. These evaluations, which had a positive outcome, were supported by specific explanatory reports relative to the different operational and control structures of the companies that were drawn up under the care of the delegated bodies.
- It has set, having examined the proposal of the Compensation Committee and having heard the Board of Statutory Auditors, the compensation of those Directors who hold particular offices pursuant to article 2389 of the Italian Civil Code;

- It has positively evaluated the general progress of operations, taking into consideration, specifically, the information received from the Executive Committee, from the Chairman, from the Vice Chairman, from the Managing Director and from the Internal Controls Committee, as well as periodically comparing the actual results with the planned ones.
- It has examined and approved in advance all those operations that have outstanding strategic, economic, equity and financial significance for the company and the subsidiary companies and, specifically, those with correlated parties. The general criteria for identifying the operations “that have outstanding significance” are given in chapter 12 below.
- It has evaluated, during the meeting of 23rd March 2010, in light of the reports received from the parties entrusted with overseeing the internal controls system and from the Internal Controls Committee that the internal controls system is suitable, appropriate, operational and effective.

Self-assessment of the Board of Directors

The Board of Directors, taking into account the positive experience of the previous years, has also set in motion, for the financial year 2009 the self-assessment process called “Board Performance Evaluation”.

This process, which was introduced starting from 2006 and carried out yearly, has enabled the checking on the dimensions and functioning of the Board on an overall basis and also of its Committees and to be able to evaluate its contributions to the Board of Directors own activities.

For the year 2009 the Corporate Governance Committee has been assigned the task of elaborating the themes that are the subject of the debate involved and the methodologies of the self-assessment process and in its meeting of 15th October, it decided to avail itself of the services of a specialised consultancy company, for the purpose of examining the procedures used for the self assessment process and the themes that have been dealt with during it.

In its Report to the Board, the Committee, also based on the results that emerged from the analysis carried out by the consultancy company, confirmed the validity and the current relevance of the themes dealt with, suggesting the use of a list of questions to be submitted to the Directors in order to facilitate the self-assessment process.

The Board of Directors, in its meeting of 15th December 2009, carried out the self-assessment process availing itself of a list of questions distributed to each individual Director concerning the following: (i) the structure, membership, role and responsibility of the Board; (II) how the Board Meetings proceed, the relative information flows and the decisional processes employed; (III) the functioning and membership of the Committees set up within the Board.

From the relative debate, in which there were involved absolutely all of the Directors, there emerged a positive picture in terms of the effectiveness and the efficiency of the work carried out by both the Board and the Committees. Specifically, one of the most positive aspects that emerged from the Board Review was that there is an extremely constructive climate existing within the Board of Directors, which favours very open debate that respects the contribution of each individual Director and tends to converge towards decisions featuring an ample consensus. Furthermore, it was highlighted that the decisional process within the context of the Board was fed by information flows that were considered by all the interested parties to be speedy and effective and that they were the subjects of punctual Minutes. The structure of the Board of Directors and the number of its meetings were considered to be adequate. Regarding the Committees set up within the Board of Directors there emerged a wide-ranging agreement on their role, on the

effectiveness of their activities and the adequacy of their relative memberships.

Specifically, the Directors have expressed their appreciation for the work encounters that have taken place with the top management of the company, which were aimed at gaining in depth knowledge of the different business sectors within which the group operates. The Directors considering the significant changes that have taken place in the industrial scenarios, also the international ones, suggested consolidating these practices. The Chairman and the executive Directors favourable accepted the proposal and committed themselves to continuing with these practices.

4.4 DELEGATED BODIES

The Chairman

Traditionally, the Chairman is nominated by the Shareholders' Meeting. The Shareholders' Meeting of 22nd April 2009 has confirmed Fedele Confalonieri as Chairman of the company.

The Board of Directors, in the meeting of 23rd April 2009, confirmed that the Chairman had all the powers of ordinary and extraordinary administration of the company, within the maximum value limit of 13,000,000.00 Euros for each individual operation, but with the exception of those operations that fall, exclusively, within the competencies of the Board of Directors and the Executive Committee. Pursuant to the Articles of Incorporation, the Chairman has the legal representation of the company.

The Board members are obliged to know the tasks and the responsibilities that are inherent to the office they hold. The Chairman shall take care to ensure that the Board is constantly updated on the main legislative and regulatory changes that affect the company also with the cooperation and support of the Director of Company Affairs and the Secretary of the Board of Directors.

The Chairman coordinates the activities of the Board of Directors and manages the Board Meeting. It is up to the Chairman, or to the person who acts in his place, to call and convene the Board Meetings.

The Vice Chairman

The Board of Directors, in the meeting of 23rd April 2009, confirmed Pier Silvio Berlusconi as Vice Chairman, conferring upon him all the powers of ordinary and extraordinary administration of the company, within the maximum value limit of 10,000,000.00 Euros for each individual operation, but with the exception of those operations that fall, exclusively, within the competencies of the Board of Directors and the Executive Committee. Pursuant to the Articles of Incorporation, the Vice Chairman has the legal representation of the company. The Vice Chairman replaces the Chairman, with legal representation of the company, in the case of his absence or impediment. The actual exercising of the power of legal representation of the company by the Vice Chairman attests, of itself, to the absence or impediment of the Chairman and it exonerates all third parties from the necessity of any ascertainment or responsibility regarding this fact.

The Managing Director

The Board of Directors, in the meeting of 23rd April 2009, Giuliano Adreani as Managing Director, conferring upon him all the powers of ordinary administration of the company within the maximum value limit of 5,000,000.00 Euros for each individual operation, but with the exception of those operations that fall, exclusively, within the competencies of the Board of Directors and

the Executive Committee. Pursuant to the Articles of Incorporation, the Managing Director has the legal representation of the company.

The Board of Directors believes that giving the above mandates Chairman, the Vice Chairman and the Managing Director is the best response to the needs for organisational efficiency.

Executive Committee (as per article 123, part two, paragraph 2, letter d), CFA)

The Board of Directors, in the meeting of 23rd April 2009, nominated the Executive Committee, consisting of four members who will remain in office for the same time period as that of the mandate of the Board of Directors and calling to take part in it the Chairman Fedele Confalonieri, the Vice Chairman Pier Silvio Berlusconi and the Managing Director Giuliano Adreani, as members by right pursuant to the Articles of Incorporation, as well as the Director Gina Nieri.

The Board of Directors has given the Executive Committee all the powers of ordinary and extraordinary administration of the company, within the maximum value limit of 130,000,000.00 Euros for each individual operation, but with the exception of those operations that fall, exclusively, within the competencies of the Board of Directors.

During 2009 the Executive Committee met eight times. The average duration of the meetings of the Executive Committee is about 1 hour. The percentage participation of each individual Director at the meetings of the Committee is shown in the **Attachment C** to this Report. Eight meetings were planned for the year 2010 of which one has taken place up till now.

Informational documents to the Board

There are assured, during the Board Meetings, the presence of ample in depth explanations and an exhaustive treatment of all the relative items, in order to enable the Directors to make a knowledgeable decision regarding the matters discussed.

Delegated activities are the constant subject of informational documents supplied to the Board of Directors and the Board of Statutory Auditors by the delegated bodies at the time of the Board Meetings, following the methodologies laid down by article 1 of the Mediaset Code, by article 20 of the Articles of Incorporation and by the relative legislative and regulatory measures currently in force.

At the time of the first useful Board Meeting the Chairman, the Vice Chairman, the Managing Director, the Executive Committee, the Directors with special assignments and, more in general, delegated bodies report to the Board of Directors and to the Board of Statutory Auditors on the progress status of the projects that have been entrusted to them and of the activities carried out while exercising the mandates that were given to them. The Articles of Incorporation lay down that: *“At least quarterly the Directors and the Board of Statutory Auditors shall be informed, also under the care of the delegated bodies and also relative to the subsidiary companies, regarding the general progress of operations and their foreseeable forecasted evolution, as well as regarding the main outstanding economic, financial and equity operations and regarding those in which the Directors themselves have an interest, on their own behalf or on that of third parties, or that are influenced by the party, where the same exists, that exercises management and coordination activities over the company. Whenever reasons of urgency require it, or it becomes opportune to do so, the communication can also be made to the interested parties in writing.”*

4.5. OTHER EXECUTIVE DIRECTORS

As well as the Chairman, the Vice Chairman and the Managing Director, there are another four Executive Directors, who are listed below, who are members of the Board:

- Mauro Crippa – *Director General of Information of R.T.I. S.p.A.*
- Marco Giordani - *Chief Financial Officer of Mediaset S.p.A. and Managing Director of R.T.I. S.p.A.*
- Gina Nieri – *Director of the Institutional, Legal and Strategic Analyses Affairs of Mediaset S.p.A. and Vice Chairman of R.T.I. S.p.A.*
- Niccolò Querci – *Central Personnel and Organisation Director of Mediaset S.p.A. and Vice Chairman and Managing Director for Human Resources of R.T.I. S.p.A.*

4.6. INDEPENDENT DIRECTORS

The Directors Paolo Andrea Colombo, Luigi Fausti, Carlo Secchi and Attilio Ventura are in possession of the requisites of independence as specified by law, article 148 of the CFA and by the Mediaset Code as is shown in the **Attachment C** to this Report. Regarding the said Directors, just as for all the other members of the Board of Directors, there was also attested the requisites of honourableness and independence laid down by article 109 of the CBA and the relative actuating Ministerial Decree n° 516/1998. Mediaset is, in fact, inscribed in the section of the General list, as per article 113 of the CBA, because it is an intermediary that carries out financial activities, in a prevalent manner but not towards the general public.

Each Independent Director has taken the commitment to speedily communicate to the Board of Directors situations that take place and make the requisites in question disappear.

The Board of Directors, following its nomination by the Shareholders' Meeting of 22nd April 2009, has taken care of the attesting, in the meeting that was held on 23rd April 2009, the existence of the requisites of independence of the Independent Directors.

The Board of Directors evaluates the independence of its non-executive members, looking more at the substance involved than the mere form and bearing in mind that a Director does not normally appear to be independent in the following hypotheses, which are not, however, to be considered as being peremptory:

- a) If, either directly or indirectly, also through subsidiary companies, trust companies or an intermediate person they control the Issuer or are able to exercise a notable influence upon it, or they participate in a voting pact through which one, or more, parties can exercise control or a notable influence on the Issuer.
- b) If they are, or were during the last three financial years, an important exponent of the Issuer, of one of its subsidiary companies that has strategic importance, or of a company subject to joint control together with the Issuer, or of a company which, also together with other persons, through a voting pact, controls the Issuer or is able to exercise a notable influence on it.
- c) If, either directly or indirectly, for example through subsidiary companies or in which they are an important exponent, or in they are in the position of a partner in a professional office or a consultancy company they have, or have had in a previous financial year a significant commercial, financial or professional relationship with any of the following:

With the Issuer, with one of the Issuer 's subsidiary companies, or with any one of the relative important exponents of the Issuer.

With a party that, also together with other persons, through a voting pact, controls the Issuer or, because it is a company, together with the relative important exponents.

Or if they are, or if they have been, during any of the last three financial years, an employed worker of one of the aforesaid parties.

- d) If they receive, or if they have received, during any of the last three financial years, from the Issuer or from a subsidiary or parent company an additional remuneration that is significant compared to the to the “fixed ” emolument of a non-executive Director of the Issuer, including the participation in incentive plans linked to company performance, also those based on shares.
- e) If they were a Director of the Issuer for more than nine years during the last twelve years.
- f) If they hold the office of Director in the subsidiary companies.
- g) If they hold the office of Executive Director in another company in which an Executive Director of the Issuer holds the office of Director.
- h) If they are a partner or Director of a company or of an entity belonging to the network of the company entrusted with the accounting audit of the Issuer.
- i) If they have a close family connection with a person that finds themselves in one of the situations that are referred to in the preceding points.

For the purposes of what has been outlined above the following persons are to be considered as being “important exponents” of a company: its legal representative, the Chairman of its Board of Directors, its Executive Directors and those Executives who have strategic responsibilities of the company being looked at.

As far as the relative skills are concerned, the Board has believed it opportune to add some further criteria laying down that the Independent Directors are required to have an adequate knowledge of the economic environment and of the business of the company and that, preferably, they should have skills within environments and/or sectors that are the same or similar to those in which the company carries out its business activities such as, for example, the following:

- Within the television area, either public and/or private, or in that of cinema.
- Within the Media and telecommunications sector.
- Within the field of advertising and marketing.
- Within that of University lecturing in Italian and/or foreign Universities, in subjects that are pertinent to the Group 's core business or in economics, finance, law/accounting and in the science and techniques of communications.
- Within the financial sector.

The Board of Directors evaluates the independence of the Directors periodically.

The Board of Statutory Auditors, in the meeting of 4th December 2009, checked on the correct application of the criteria and the ascertainment procedures used by the Board of Directors in order to evaluate the independence of the Directors in question.

The number and the skills of the Independent Directors are suitable and appropriate for both the dimensions of the Board and the activities carried out by Mediaset and they are such as to enable

the setting up of the Committees within the Board of Directors and regarding which there will be given ample explanations in the remaining part of this report.

For the purpose of enabling the Independent Directors to effectively play their role, as well as the Chairman who operates so that the Board, on an total basis, is constantly updated regarding all the main legislative and regulatory changes that appertain to the company, there are periodically organised specific meetings of the Independent Directors with the Chief Financial Officer and the management of Mediaset and its subsidiary companies so that they may have a vision of the structure of the whole Group, a knowledge of its business and be able to go into depth on specific matters. The members of the also Board of Statutory Auditors also take part in these encounters. The Independent Directors, assisted by the Secretary of the Board, have taken part in a number of initiatives aimed at making them highly knowledgeable regarding the main aspects of the company's total situation and to increase their knowledge of the company's dynamics such as business, organisation, technology and the market.

Specifically, it is highlighted that during 2009, the Independent Directors have gone into depth with the Management of the company Medusa Film regarding its current company structure, its company mission, the characteristics of its business areas and the main characteristics of the movie market. The Independent Directors were shown the organisational aspects, the industrial costs and the process of creating an edition a of television news program during a visit to the studios of TG 5.

The Independent Directors met among themselves, without any of the other Directors, once during the year, on 10th November 2009. At that meeting the Independent Directors dealt with themes regarding corporate governance and, specifically, they went into depth regarding the fundamental aspects of the economics of the Group, they followed the process of Self-assessment of the Board of Directors, they looked at the evolution of the legislative aspects and the legal and regulatory frame of reference and the went into depth regarding strategic aspects and critical matters and subjects. The presence of the majority of the Independent Directors inside of the Committees set up within the Board of Directors, i.e. the Internal Controls Committee, the Corporate Governance Committee and the Compensation Committee, enhances the constant ongoing exchange of opinions and information that takes place between them.

4.7 LEAD INDEPENDENT DIRECTOR

The Board of Directors has decided not to follow the recommendation of Borsa Italiana to create the position of a "Lead Independent Director ", because there do not exist the prerequisites for the nomination of one.

It is highlighted that the current structure of corporate governance fully guarantees, as of now, not only constant flows of information to all of the Directors, both executive and non-executive, as well as independent and non independent, but also a very wide ranging proactive and prepositional involvement in the overall management and operations of the company.

5. TREATMENT OF COMPANY INFORMATION

Privileged information

In 2006 the Board of Directors approved the updated version of the organisational guideline of the Mediaset Group called "Management and communication of privileged information ", which regulates the internal management and the communication to the public of privileged information, as well as putting in place and continuous updating of the "Register of the persons who have

access to privileged information”, i.e. the Insider Register, which is referred to in article 115, part two of the CFA.

The aforesaid guideline is applicable to the members of the company bodies and the employees of Mediaset S.p.A. and its subsidiary companies that have access to relevant and/or privileged information, with the exception of the quoted company Gestevisión Telecinco S.A. and its subsidiary companies in consideration of the fact that Gestevisión Telecinco is obliged by law to keep its own specific Insider Register, to fulfil the connected obligations and to communicate the privileged information to the Spanish market, pursuant to all the relative legislation, rules and regulations that are currently in force in that country.

Pursuant to the Mediaset Code the Chairman, the Vice Chairman and the Managing Director, in coordination between themselves, take care to ensure that all the company information is correctly managed.

The Directors and the Statutory Auditors of Mediaset and, in general, all the other addressees of the aforesaid guideline are bound to keep strictly confidential all the documents and the information that they acquire while carrying out their assigned tasks, with particular reference to privileged information.

The communications to the relative authorities and to the public are carried out within the timeframes and with the methodologies that are contained in the relative legislation, rules and regulations that are currently in force, observing proper informational parity and what is laid down by the guideline.

The company has distributed the procedure to its own personnel and to that of its subsidiary companies.

The Chief Financial Officer of Mediaset S.p.A., assigned to do so by the Board of Directors, constantly monitors the application of the procedure and its update status, also in the light of the relative current best practices regarding this matter, for the purpose of ascertaining its effectiveness and reports periodically to the Internal Controls Committee of Mediaset S.p.A. and to the Board of Statutory Auditors regarding this.

The company has put in place, within the legally imposed timeframes, the Register of those persons who, because of their working or professional activities, or because of the functions they carry out or the offices they hold, have access to important and/or privileged information of the company and of its subsidiary companies, i.e. the Insider Register.

The company has also identified the Assignee for the keeping and managing of the Insider Register as being the Company Affairs Directorate of Mediaset S.p.A..

The setting up, managing and keeping of the Insider Register is regulated by the organisational guideline called “Management and communication of privileged information”.

Internal dealing

In 2006 the Board of Directors has actuated the relative legal obligations and done the following:

- Identified the Assignee for the receipt, managing and diffusion of the communications to the market. For the Mediaset Group this party has been identified as the Company Affairs Directorate of Mediaset S.p.A., which already fulfilled this assignment based on the previous Code of Practice that regulated these matters.
- Identified, also based on what has been detailed by the Consob (Italian SEC) in its communication DME/6027054 of 28th March 2006 regarding the calculation of the condition of “relevancy”, those relevant subsidiary companies the accounting book value of

the holding in which represents more than 50% of the Balance Sheet assets of Mediaset S.p.A. as this results from the last approved set of Financial Statements.

- Put in place a procedure aimed at monitoring the condition of relevancy of its own subsidiary companies and identified, among its own company executives, the persons obliged to issue the relative communications.
- Given the necessary information to the identified persons that their identification has taken place and regarding the connected obligations.

In conformity with what has been recommended by the Consob (Italian SEC) in its communication of March 2006, the company has created, within its own website www.mediaset.it, a specific section called “internal dealing”.

6. COMMITTEES WITHIN THE BOARD (as per article 123, part two, paragraph 2, letter d), CFA)

Pursuant to the Articles of Incorporation, the Board of Directors can set up Committees, also consisting of persons who are not members of the Board, setting their tasks, powers, compensation and establishing their membership. The Committees, if they are also composed of persons who are not members of the Board, only have consultation powers.

Following the renewal of the Board of Directors, which took place with the Shareholders’ Meeting of 22nd April 2009, the Board, on 23 April 2009, set up, within itself, a Corporate Governance Committee, an Internal Controls Committee and a Compensation Committee.

The Committees, who report punctually at Board Meetings regarding their activities, have their own sets of functioning regulations and meetings calendars laid down for the current financial years.

The setting up and function of the Committees within the Board of Directors responds to the criteria laid down by article 6 of the Mediaset Code, i.e. membership, Minutes of the meetings, company information flows, the possibility of availing themselves of the services of external consultants and the participation at the meetings of persons who are not members, at the invitation of the Committee, with reference to specific Agenda items.

6-, part two, CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee, set up on 21st April 2006, consisting of three Directors, all Non-executive and Independent, whose mandate expired naturally with the Shareholders’ Meeting of 22nd April 2009, was made up of Messrs. Attilio Ventura (Chairman), Paolo Andrea Colombo and Luigi Fausti.

Afterwards, the Board of Directors Meeting of 23rd April 2009 set up the new Corporate Governance Committee, consisting of three Non-executive and Independent Directors, who shall remain in office until the mandate of the whole Board of Directors expires, calling upon the following persons to be its members:

Attilio Ventura	Chairman – Independent Director
Paolo Andrea Colombo	Independent Director
Carlo Secchi	Independent Director

During 2009 the Corporate Governance Committee met five times. The average duration of each meeting was about an hour. The percentage participation of each individual Director at the Committee meetings is given in the **Attachment C** to this Report. For the year 2010 five meetings

were planned, of which three have been held.

There have usually participated at the Committee meetings the Chairman of the Board of Statutory Auditors, or another member of the Board of Statutory Auditors and there were invited to take part, through the Secretary of the Committee, the managers of specific company functions and external consultants in order to illustrate some particular themes.

The functions of the Corporate Governance Committee

The Board of Directors has given the Corporate Governance Committee the competencies laid down by the Mediaset Code and, specifically, it carries out the following tasks:

- It evaluates the Self Regulating Code of the company, containing the standards of corporate governance, which the Board of Directors follows in the fulfilment of its own competencies, and it formulates any eventual proposals regarding these matters.
- It sets in motion the requests and the tasks issued by the Board of Directors, particularly relative to the updating of the Self Regulating Code put in place by the company.
- It assists and supports the Board in evaluating the permanency of the independence requisites of the Independent Directors.

During 2009 the Committee has carried out the activities that fall within its competencies and this has continued in 2010. Specifically, it has done the following:

- Examined the “Annual Report of the Board of Directors on Corporate Governance relative to the financial year 2008”.
- Constantly monitored the application status of the Self Regulating Code of the company, put in place in March 2008.
- Elaborated the themes and the methodologies of the Self-assessment of the Board of Directors, also with the support of a leading consultancy company, specifically hired for this purpose.
- Examined the “Annual Report of the Board of Directors on Corporate Governance relative to the financial year 2009”.

The Committee has put in place its own set of functioning regulations and for all the meetings referred to above regular Minutes have been produced. There is present at these meeting the Manager of the Company Affairs Directorate who has been confirmed as the Secretary of the Committee. The Secretary, in agreement with the Chairman of the Committee, in the days before the meetings, sends the members of the Corporate Governance Committee all the documentation available, at that time, as support for dealing with the relative Agenda items.

The Board of Directors, in the meeting of 23rd April 2009, within the limits of the relative budget approved by the same Board, gave the Corporate Governance Committee financing availability of 100 thousand Euros per annum for the expenses linked to fulfilling its tasks.

The members of the Committee receive a presence fee, for participating in each meeting, for the amount that was fixed by the Shareholders’ Meeting of 22nd April 2009.

7. NOMINATIONS COMMITTEE

The Board of Directors has considered that it was not necessary to set up a Nominations Committee within itself because of the fact that there is already laid down by the Articles of Incorporation of the company the lists vote for the nominations to the Board of Directors and the Board of Statutory Auditors.

8. COMPENSATION COMMITTEE

The Compensation Committee, put in place on 21st April 2006, consisting of three Non-executive Directors, the majority of whom are Independent, whose mandate expired naturally with the Shareholders' Meeting of 22nd April 2009, was made up of Messrs. Bruno Ermolli (Chairman) Non-executive Director, Paolo Andrea Colombo and Attilio Ventura, Independent Directors.

Afterwards, the Board of Directors Meeting of 23rd April 2009 put in place the new Compensation Committee, consisting of three Non-executive Directors, the majority of whom are independent, who shall remain in office until the mandate of the whole Board of Directors expires, calling upon the following persons to be its members:

Bruno Ermolli	Chairman – Non executive Director
Paolo Andrea Colombo	Independent Director
Attilio Ventura	Independent Director

No interested Director has taken part in the meetings of the Compensation Committee, during which there were formulated the proposals to be made to the Board of Directors regarding his own compensation.

During 2009 the Compensation Committee met five times. The average duration of each meeting is about 1 hour. The percentage participation of each individual Director at the Committee meetings is shown in the **Attachment C** to this Report. For the financial year 2010 seven meetings have been planned and two of them have already taken place.

The Chairman of the Board of Statutory Auditors, or his designated replacement, has participated in the Committee meetings and there has been present a Secretary chosen, from time to time, by the Chairman.

Functions of the Compensation Committee

The Board of Directors has given the Compensation Committee the competencies laid down by the Self Regulating Code of the company. Specifically, the Committee formulates proposals it presents to the Board of Directors and it expresses its periodic evaluations regarding the following:

- The compensation of the Directors who hold particular offices within Mediaset S.p.A., also laying down that a part of it be linked to the financial results achieved by the company and/or the achievement of other specific objectives.
- The general criteria regarding the compensation of the executives of the Mediaset Group, i.e. fixed/variable split, the reference parameters for MbO (Management by Objectives) and the valuation and regulating criteria for the emoluments/compensation relative to offices held within the companies of the Group.
- The criteria, the beneficiary categories, the quantities, terms, conditions and methodologies involved in the stock option plans.

During 2009 the Committee has carried out the actives that fall within its competencies and this has continued in 2010. Specifically, it has done the following:

- Examined the legislative and regulatory changes of a fiscal and social security nature regarding Stock options and it maintains that this instrument is still an effective one for gaining and retaining the fidelity of the key managers. Therefore, it has drawn up a proposal for a new stock option plan 2009-2011, the characteristics of which largely mirror those of the previous plan.

- Formulated and presented proposals to the Board of Directors regarding the compensation of the Chairman, the Vice Chairman and the Managing Director.
- Regarding the actuation, for the year 2009, of the stock option plan 2009-2011, given the exceptional nature of the general economic crisis in 2009, it has carried out in depth investigations regarding the economic/financial elements in order to be able to more better quantify the parameters to which the Plan is correlated and for which the final proposal was presented to the Board, together with the relative Regulations. The innovative element in the new Plan is given by the assignment to the 2 chosen parameters of a weight of 50% each, such as to allow that the achievement of only one of the two objectives can obtain a stock option assignment according to a predefined quantitative scale.
- It approves the Operational Regulations for the functioning of the Committee's activities.
- It carried out in depth investigations in the whole system of incentives and fidelity.

The Committee has put in place its own set of functioning Regulations and for all the aforesaid meetings regular Minutes have been produced.

The Board of Directors, in the meeting of 23 April 2009, within the limits of the relative budget approved by the same Board, gave the Compensation Committee financing availability of 200 thousand Euros per annum for the expenses linked to the fulfilling of its tasks.

The members of the Committee receive a presence fee, for participating in each meeting, for the amount that was fixed by the Shareholders' Meeting of 22nd April 2009.

9. COMPENSATION OF THE DIRECTORS

The compensation of the Directors is set at a level that is sufficient to attract, retain and motivate Directors who have all the professional skills and qualities that are required in order to successfully manage the company.

The compensation of the Directors is contained in Scheme I of the Explanatory Notes to the Financial Statements of the company.

The compensation of the Executive Directors is articulated in such a way as to align their own interests with the pursuit of the priority objective of the creation of value for the shareholders within a medium/long-term timeframe.

The compensation of the Non-executive Directors is in line with the commitment that is asked for from each individual one of them, also taking into account whether they participate in one, or more, Committees. The Shareholders' Meeting of 22nd April 2009 passed a resolution fixing the overall total gross yearly emoluments due to the Board of Directors at the amount of 248,000.00 Euros to be split in the following manner:

- To the Chairman 24,000.00 Euros.
- To each one of the other Directors 16,000.00.

They have the faculty of being able to draw upon it, during the year, in a number of instalments.

The same Shareholders' Meeting passed a resolution to give the Directors a presence fee of 1,000.00 Euros gross, with an additional amount of 50% of this for the Chairman, for their participation in each meeting, both of the Board of Directors and of the Committees nominated by the Board.

Stock Option Plan 2009/2011 (Shareholders' Meeting of 22nd April 2009)

The Shareholders' Meeting of 22nd April 2009, also taking into account the experience gained with previous Plans, decided it opportune to promote the creation of a Stock Option Plan, for the purpose of gaining and maintaining fidelity and making the participants in the plan also participants in the exploitation of the value of the company.

The aforesaid Shareholders' Meeting approved the setting up of Stock Option Plan based on the company's own shares, with a duration of three years, starting from 2009, allocated to the Directors, to the employees, i.e. executives, journalists, managers of organisational units and similar persons, and to the collaborators of the company and of its subsidiaries, who are identified under the care of the Board of Directors from among those key people, who carry out functions relevant for the achievement of the strategic results of the Group.

Therefore, the Shareholders' Meeting has entrusted to the Board of Directors the management of the Stock Option Plan 2009/2011 with the most wide ranging powers for the identification of the participants, for fixing the performance objectives, for the assignment of option rights and for the realisation of the Plan in absolutely all of its aspects. Specifically, the Board of Directors, regarding the financial year 2009, has done the following:

- Identified the number of assignees as 50 employees, between executives and journalists.
- Assigned the total overall number of 3,450,000 option rights, which are personal and not transferable, amounting to 0.29% of the Share Capital of the company.
- Defined, as the criterion for setting the exercising price of the options, the value of the ordinary shares of Mediaset coming from the arithmetical average of the reference prices recorded by Borsa Italiana S.p.A., within the period between the date of assignment and the same day of the preceding calendar month, in conformity with the relative fiscal legislation that is currently in force. Therefore, the exercising unit price equals 4.72 Euros.
- Identified, as conditions for being able to exercise the options, the achievement of the company performance parameters of an economic/financial nature and on a yearly basis of "ROE" (Return On Equity) and "Free Cash Flow". That these exercising conditions have, in fact, taken place will be checked by the Board, within the first half-year of the following financial year from that of the assignment of the Options, which means within the first half-year of 2010.
- Established that the options assigned for the year 2009 can only be exercised after the period of 36 months from the date of their assignment, subject to the fact that there actually do exist the aforesaid conditions for being able to exercise. Therefore, the exercising period will start from 30th September 2012 and it will end on 29th September 2015.

The stock option plan 2009/2011 and the previous ones of 2003/2005 and 2006/2008 have given rise to the following assignments of stock options on Mediaset shares:

Year 1/1 – 31 /12	Number of Plan participants	Option rights assigned for the purchase of this number of shares of	Exercising price	Exercising period only allowed in a single lot	Check on fulfilment of the conditions fixed by the
2005	132	3,774,500	9.60	23.6.08/22.6.11(*)	Exercisable

2006	128	3,716,000	8.92	26.7.09/25.7.12(*)	Rights that are not exercisable because
2007	43	3,130,000	7.87	29.6.10/28.6.13	Exercisable
2007	1	100,000	7.73	18.7.10/17.7.13	Exercisable
2008	46	3,290,000	4.86	24.6.11/23.6.14	Exercisable
2009	50	3,450,000	4.72	30.9.12/29.9.15	Exercisable

(*) The Board of Directors Meeting of 28th June 2007 approved the change to the exercising dates to update them for the new legislation, rules and regulations for the Plans relative to the years 2004, 2005 and 2006.

Stock Option Plan 2003/2005

As of today there have been assigned option rights for the purchase of 3,774,500 Mediaset shares, amounting to 0.32% of the current Share Capital, for which the exercising conditions have been fulfilled. The plan relative to the financial year 2004, which foresaw 130 participants and the assignment of option rights for the purchase of 3,415,000 Mediaset shares at the exercising price of 9.07 Euros, the limitations regarding which have been satisfied, ended on 22nd June 2009.

Stock Option Plan 2006/2008

As of today there have been assigned option rights for the purchase of 6,520,000 Mediaset shares, amounting to 0.55% of the current Share Capital, for which the exercising conditions have been fulfilled and 3,716,000 shares, relative to the 2006 Plan, amounting to 0.31% of the current Share Capital, regarding which the exercising conditions have not been fulfilled.

Stock Option Plan 2009/2011

As of today there have been assigned option rights for the purchase of 3,450,000 Mediaset shares, amounting to 0.29% of the current Share Capital, for which the exercising conditions have been fulfilled.

Further information regarding all the Stock Option Plans is given in the Explanatory Notes to the Financial Statements of the company.

Severance Indemnity of the Directors in the case of resignations, firing or the ceasing of the relationship following a public purchase offer, as per article 123, part two, paragraph 1, letter i), CFA)

Currently, there are not in force any agreements pursuant to article 123, part two, paragraph 1, letter i) of the CFA.

10. INTERNAL CONTROLS COMMITTEE

The Internal Controls Committee, that was set up on 21st April 2006, consisting of three Non-executive Directors, who are experts in accounting and financial matters and the majority of whom are independent, whose mandate expired naturally with the Shareholders' Meeting of 22nd April 2009, was made up of Messrs. Luigi Fausti (Chairman) Independent Director, Alfredo Messina Non-executive Director and Carlo Secchi, Independent Director.

Afterwards, the Board of Directors Meeting of 23rd April 2009 set up the new Internal Controls Committee, consisting of three Non-executive Directors, who are experts in accounting and financial matters and the majority of whom are independent and who shall remain in office until the mandate of the whole Board of Directors expires, calling upon the following persons to be its members:

Carlo Secchi	Chairman – Independent Director
Alfredo Messina	Non executive Director
Attilio Ventura	Independent Director

During 2009 eleven meetings of the Internal Controls Committee were held in which, at the invitation of the Committee itself and regarding individual items contained in the Agenda, there participated and presented reports persons who are not members of it and, specifically, according to their respective competencies, the Internal Controls Manager, the Surveillance and Control Body, the Assigned Executive, persons from the External Auditing Company, the managers of specific company functions of the company and/or of the Group, as well as, where this was considered to be opportune, outside consultants. The average duration of each meeting was about 1 hour. Eight meetings have been planned for the financial year 2010.

The Chairman of the Board of Statutory Auditors, or another Active Statutory Auditor, participated in the Committee Meetings.

The percentage participation of each individual Director at the Committee Meetings is shown in the **Attachment C** to this Report.

Functions of the Internal Controls Committee

The Internal Controls Committee, as well as assisting the Board of Directors in carrying out the tasks that have been entrusted to this latter regarding internal controls matters, which are referred to in article 10.5 of the Self Regulating Code of the company, exercises the functions that are listed in article 11.1 of the said Code.

Before the renewal of the Board of Directors, which took place with the Shareholders' Meeting of 22nd April 2009, the Committee held three meetings a during which it did the following:

- It reviewed, without any adverse findings, the “Work Plan for the financial year 2009” drawn up by the Internal Controls Manager.
- It examined and positively evaluated the “Work Plan 2009” of Reconta Ernst & Young S.p.A., which was drawn up for the accounting audit activities.
- It reviewed the update regarding the audit activities carried out in 2008 by the Spanish subsidiary Gestevisión Telecinco S.A. and the relative “Audit Plan 2009”;
- It reviewed the activities carried out by the Assigned Executive, for the purpose of issuing the attestation relative to the Yearly Financial Statements and the Consolidated Financial Statements at 31 December 2008 laid down by article 154, part two, paragraph 5, of the Consolidated Finance Act;
- It evaluated, together with the Assigned Executive to the external auditing company Reconta Ernst & Young S.p.A. and to the Board of Statutory Auditors, the accounting standards followed within the Mediaset Group and their homogeneousness for the purposes of drawing up the Consolidated Financial Statements, finding them to have been correctly applied.
- It reviewed the summary of the Report issued, at the closing of the financial year 2008, by the Internal Auditing Department.

- It reviewed the report drawn up by the Assignee to Internal Controls on the “Internal controls system of the Mediaset Group” relative to the financial year 2008;
- It had a knowledge-gaining encounter with the new Surveillance and Controls Body of Mediaset, nominated by the Board of Directors on 16th December 2008, consequent to the approval of the new Organisational Model of the company, pursuant to the Legislative Decree 231/2001. The Board afterwards confirmed this same Surveillance and Controls Body in office on 23rd April 2009.

After its nomination on 23rd April 2009, the Committee met eight times and during these meetings the Committee did the following:

- It expressed its favourable opinion regarding the confirmation of the Chairman Fedele Confalonieri as Executive Director and, taking into account the proposal made by the Executive Director, it expressed its favourable opinion regarding the confirmation of Mr. Aldo Tani, manager of the internal audit function, as the Internal Controls Manager of Mediaset. These opinions were reported to the Board of Directors during the meeting of 23rd April.
- It approved the “Functioning Rules of the Internal Controls Committee”.
- it reviewed the periodic Reports drawn up by the Surveillance and Controls Body of Mediaset regarding the outcome of the checks carried out and the steps that have been taken pursuant to the Legislative Decree 231 /01.
- It reviewed the periodic updates of the “List of institutional suppliers of rights”, which were drawn up by the Rights Department of R.T.I. S.p.A., for the purpose of being able to complete the company procedure of planning, acquiring and managing the rights and it gave them a positive evaluation.
- It reviewed the summary of the Reports issued during 2009 by the Internal Auditing Department and the audit findings issued at 30th June 2009.
- It reviewed the updates regarding the Consultation promoted by the Consob (Italian SEC) in April 2008 regarding the regulating of the transactions with correlated parties, in actuation of the legislative delegation given by article 2391, part two, of the Italian Civil Code. The Committee, with an assignment given to it by the Board during 2008, is carrying out all the opportune in depth investigations in order to verify conformity of the current “Guidelines on significantly outstanding transactions and with correlated parties ” of the Mediaset Group with the Consob (Italian SEC) measures and it will go ahead, if it be the case, with the elaboration of a proposal to change and/or add to them.
- It reviewed the report, prepared by the Internal Controls Manager, on the “Internal Controls System of the Mediaset Group“ al 30 June 2009.
- It reviewed the update on the progress status of the “Quality Assurance Review ” project of the Internal Auditing activities. The project is forecasted to end during the first half-year of 2010.
- It reviewed the yearly update by the Risk Officer regarding the evaluation and the methodologies for managing the main company, strategic and process risks of the Mediaset Group carried out following “Enterprise Risk Management” methodologies.
- It reviewed the update of the audit activities carried out in 2009 by the Spanish subsidiary company Gestevisión Telecinco S.A.. Specifically, the company, during the financial year has gone ahead with the activities of up-dating to the standards pf the Law 262/2005, as it has been requested to do Mediaset S.p.A.

- It reviewed and positively evaluated the assignment proposal that arrived at the company from Reconta Ernst & Young S.p.A., the current external auditor of the Mediaset Group, and from its previous external auditing company Deloitte & Touche S.p.A. with reference to the Mediaset S.p.A. bond issue project, which is aimed at institutional investors and which was the subject of examination and approval by the Board of Directors Meeting of 15th December 2009.

Lastly, the Board of Directors asked for the assistance of the Internal Controls Committee in order to examine some transactions with correlated parties, according to what is laid down by the “Guidelines on significantly outstanding transactions and with correlated parties” of the Mediaset Group, approved on 18th December 2007, for the purpose of formulating an opinion regarding the financial conditions, and/or the executive methodologies, and/or any technical aspect and/or regarding the actual legitimacy of the transactions themselves. Regarding this matter the Committee, having carried out all the necessary and/or opportune in depth investigations, formulated and expressed to the Board its opinion in favour of finalising the aforesaid transactions.

During the first few months of 2010 it has carried on with its activities and, specifically, two meetings were held during which the Committee, among other things, did the following:

- It reviewed, without any adverse findings, the “Work Plan for the financial year 2010”, prepared by the Internal Controls Manager.
- It examined and positively evaluated the “Work Plan 2009/2010” of Reconta Ernst & Young S.p.A. drawn up for the accounting audit activities.
- It reviewed the “Audit Plan 2010” of the Spanish subsidiary company Gestevisión Telecinco S.A.
- It reviewed the update of the activities carried out by the Assigned Executive, for the purpose of issuing the attestation relative to the Yearly Financial Statements and to the Consolidated Financial Statements at 31st December 2009 that is foreseen by article 154, part two, paragraph 5, of the CFA.
- It evaluated, together with the Assigned Executive to the external auditing company Reconta Ernst & Young S.p.A. and to the Board of Statutory Auditors, the accounting standards followed within the Mediaset Group and their homogeneousness for the purposes of drawing up the Consolidated Financial Statements, finding them to have been correctly applied.
- It reviewed the Report drawn up by the Internal Controls Manager regarding the “Internal controls system of the Mediaset Group” relative to the financial year 2009.

During the activities described above and based on the reports it received from the Internal Controls Manager the Committee has judged the internal controls system to be suitable and appropriate.

Furthermore, the Committee, in the light of the checks that were carried out by the same Internal Controls Manager, on the “Policy for the management of the internal controls system” adopted by the Executive Director based on the guidelines issued by the Board of Directors in the meeting of 28th June 2007, proposed to the Board of Directors that it should evaluate, pursuant to the Self Regulating Code, the internal controls system as being fully operational and effective.

The Committee, as has already been said, has put in place its own set of functioning regulations and all the aforesaid meetings have been the subjects of regular Minutes. At the meetings there is present the manager of the Company Affairs Directorate upon whom there was confirmed the

office of Secretary of the Committee. The Secretary, in agreement with the Chairman of the Committee, in the days preceding the meetings, sees to it that there is sent to the members of the Internal Controls Committee all the documentation available at that time as support for dealing with the items contained in the Agenda.

In carrying out its functions the Internal Controls Committee has had complete access to all the information and functions of the company and/or of the Group that were necessary for its purposes and/or it has availed itself of the services of outside consultants.

The Board of Directors, in the meeting of 23rd April 2009, within the limits of the relative budget approved by the same Board, gave the Internal Controls Committee financing availability of 350 thousand Euros per annum for the expenses for fulfilling its tasks.

The members of the Committee receive a presence fee, for participating in each meeting, for the amount that was fixed by the Shareholders' Meeting of 22nd April 2009.

II. INTERNAL CONTROLS SYSTEM

The internal controls system is made up of an ensemble of rules, procedures and organisational structures aimed at enabling, through using a suitable and appropriate process of identification, measurement, management and monitoring of the main risks, the healthy and correct running of the enterprise that is also coherent with its forecasted objectives.

According to what is laid down by article 10.5 of the Mediaset Code, the Board of Directors, with the assistance of the Internal Controls Committee does the following:

- 1) Defines the guidelines of the internal controls system, in such a way that the main risks that could impact the company and its subsidiaries are correctly identified, as well as being properly measured, managed and monitored, while also calculating the criteria of compatibility of these risks with a healthy, proper and correct management of the enterprise.
- 2) Identifies an Executive Director assigned to oversee the functionality of the internal controls system.
- 3) Evaluates, at least yearly, the adequacy, effectiveness and the actual functioning of the internal controls system.
- 4) Describes, relative to corporate governance, the essential elements of the internal controls system, expressing its own evaluation regarding its overall adequacy.

Furthermore, the Board of Directors exercises its own functions relative to the internal controls system taking into proper consideration the reference models and the best practices that exist in both a domestic and international context. Specific attention has been focused on the organisational and managerial models that have been put in place pursuant to the Legislative Decree 231/2001.

As laid down by article 10.5 a) of the Mediaset Code, the Board of Directors, with the favourable opinion of the Internal Controls Committee, define during the meeting of 28th June 2007 the guidelines of the internal controls system in such a way that the main risks that could impact the company and its subsidiaries are correctly identified, as well as being properly measured, managed and monitored, while also calculating the criteria of compatibility of these risks with a healthy, proper and correct management of the enterprise.

These Guidelines, that identify the Enterprise Risk Management Framework as the reference model for presiding over the internal controls system, have been actuated, by the Executive Director, in the "Policy for the management of the internal controls system", which defines the

main methodological aspects linked to the management of risks, as well as the roles, responsibilities and main activities linked to risk management.

According to the Enterprise Risk Management methodology, the internal controls system is traced down starting from the definition of the company's strategy. The company's objectives are taken into consideration by the methodology according to the following categories:

- Strategic objectives: high-level objectives that are aligned with and support the company's mission.
- Operational objectives: objectives that are linked to the efficient and effect use of resources.
- Reporting objectives: objectives that are linked to the trustworthiness of the company's internal and external reporting.
- Compliance objectives: objectives that are linked to conformity with the applicable laws and regulations.

The internal controls system of the Mediaset Group is able to identify and measure the main company risks that could undermine the achievement of the objectives that have been defined above, taking into account the specific characteristics of the business activities that are carried out by Mediaset S.p.A. and by its subsidiary companies, based on the following criteria:

- The nature of the risk, with reference to the risks of a strategic, operational, reporting and compliance nature.
- The possibility of the risk to prejudice the ability to achieve the company's objectives.
- The organisation's ability to properly manage the identified risk.

The proper monitoring of the company's risks is carried out through checking on the suitability of the internal controls system to deliver an acceptable overall risk profile. Specifically, the internal controls system of the Mediaset Group foresees the following:

- The systematic monitoring by management of the main company risks, which is aimed at the identification and implementation of eventual corrections to be made to the existing controls processes and procedures.
- Doing periodic independent checks on the adequacy and effectiveness of the internal controls system, as well as the speedy activating of specific corrective interventions in those cases where weaknesses in it are flagged.
- Rules for reporting on the adequacy and effectiveness of the internal controls system.

For this purpose, the Executive Director takes care of the managing of the internal controls system of the Mediaset Group in order that it is suitable to do the following:

- To speedily react to significant risk situations, foreseeing that adequate control overviews are in place.
 - To ensure, within the context of company processes and procedures, a suitable level of separation between the operational and control functions, thus avoiding that conflicts of interest arise regarding the assigned competencies.
 - To ensure, within the context of the operational and administrative/accounting activities, the use of systems and procedures that guarantee the accurate recording of company phenomena and of the operational facts, as well as the putting in place of trustworthy, dependable and timely informational flows both inside and outside of the Group;
 - To put in place methodologies for the speedy communication of the significant risks and of the
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control anomalies that emerge to appropriate levels within the Group, thus enable the identification and the speedy carrying out of the necessary corrective actions.

With particular reference to the financial information systems, below there is given **the description of the risks management system and the internal controls inherent to it pursuant to article 123, part two, paragraph 2, letter b) of the CFA.**

Main characteristics of the existing risks management and internal controls systems in relation to the financial informational system

The risks management system and that of the internal controls relative to the process of producing financial informational documentation, i.e. the periodic accounting informational document, the Yearly and Half-yearly Financial Reports and the Intermediate Statement on Operations, also the consolidated ones, and continuous informational documents and press releases, that are produced by Mediaset Group, aimed at guaranteeing the dependability, the accuracy, the trustworthiness and the speediness of the financial informational documentation. Mediaset, in defining its own System, has aligned itself with the indications that are contained within the reference legislation and regulations, among which there are highlighted the following:

- The Legislative Decree of 24th February 1998, n° 58 (Consolidated Finance Act).
- The Law of 28th December 2005 n° 262 and its successive changes, among which there is the Legislative Decree that accepted the so-called Transparency Directive approved on 6th November 2007, regarding the drawing up of company accounting documents.
- The Issuers Regulations and the relative additions made to them with the Consob (Italian SEC) Resolution n° 15915 of 3rd May 2007 regarding the “Attestation of the Assigned Executive for the drafting of the company’s accounting documents and of the delegated administrative bodies on the yearly and consolidated financial statements and on the Abbreviated Half-Yearly Financial Statements pursuant to article 154, part two of the CFA”.
- The Consob (Italian SEC) Document subjected to public consultation on 7th July 2008 called “Acceptance of the Directive 2004/109/CE Transparency regarding the harmonisation of the obligations for transparency regarding the information on the issuers whose securities are listed for trading on a regulated market and that modifies the Directive 2001/34/EC” and the outcome of the said consultation and the changes to the Issuers Regulations with the Consob (Italian SEC) Resolution n° 16850 of 1st April 2009.
- The Italian Civil Code, that lays down the extension to the Assigned Executives to the drafting of the accounting documents of the legal action for responsibility in the management of the company (article 2434 of the Italian Civil Code), the offence of bad faith following settlement or the promise of profit (article 2635 of the Italian Civil Code) and the offence of hindering the public and surveillance authorities in the exercising of their functions (article 2638 of the Italian Civil Code).
- Legislative Decree 231/2001 which, referring to the provisions of the Italian Civil Code cited above and the administrative responsibility of legal persons for offences committed by their employees against the Public Administration considers the Assigned Executive for

the drafting of the accounting to be among the Important Parties.

The implementation of the Risks Management and Internal Controls System relative to the financial informational documentation of the Group was carried out considering not only the legislative and regulatory references shown above but also the guidelines supplied by some category bodies regarding the activities of the Assigned Executive such as the Italian Confederation of Industry and the National Association of Finance and Administration Managers (Confindustria and Andaf).

Because the reference legislation and regulations do not explicitly establish specific criteria for the design, planning, implementation, evaluation and monitoring of the Risks Management and Internal Controls System relative to the process of financial informational documentation, Mediaset has opted for the application of a model that is universally recognised as being among the most highly regarded ones, the CoSO (Committee of Sponsoring Organizations) Report.

This model enables the evaluation of an internal controls system through the analysis of its various components such as the controls environment, the evaluation of the risks, the control activities (split into analyses carried out by top management, controls on the transactions, controls on the information systems, physical controls, separation of the tasks, policies and procedures), information and communication and monitoring.

Article 154, part two, of the CFA laid down that that there be introduced, within the company organisation of companies with quoted shares, the position of the “The Assigned Executive for the drafting of the accounting and company documents”, to whom there are given specific responsibilities regarding the company’s informational documentation. The Assigned Executive, among his other activities is responsible, in cooperation with the functions involved, for the putting in place adequate administration and accounting procedures for the preparation of the Yearly Financial Statements, of the Consolidated Financial Statements and of the Abbreviated Half-Yearly Financial Statements, as well as any other information supplied to the market and relative to accounting informational documentation, and for the issuing of the specific attestations.

The Assigned Executive, in order to fulfil the requirements laid down by the legislation and regulations, avails himself of a company structure that has been specifically set up. This structure’s role is to support the Assigned Executive in designing, implementing and maintaining adequate administrative and accounting procedures aimed at the drafting of the Yearly Financial Statements and of the Consolidated Financial Statements and supplying the Assigned Executive with the elements in order to be able to evaluate their adequacy and effective functioning.

The Assigned Executive’s support structure, in its turn, cooperates with the process owners for the speedy identification of any events that can impact or change the frame of reference, for the updating of the administrative and accounting procedures, for the implementation of new controls and the carrying out of any improvement plans within their own processes.

The Internal Audit function, which carries out periodic independent checks on the state of the internal controls system, keeps up a periodic communication flow with the Assigned Executive and his support structure for the purpose of sharing and agreeing any criticalities relative to the internal controls system regarding the financial informational documentation process.

The Assigned Executive also keeps up periodic communication flows with the company bodies and structures that have surveillance or monitoring functions regarding the internal controls system such as, for example, the Internal Controls Committee, the Internal Controls Manager, the Executive Director, the Board of Statutory Auditors and the Surveillance Bodies as per the

Legislative Decree 231/01, each one of them for their own specific responsibilities.

The Risks Management and Internal Controls System relative to the financial informational documentation process is basically an ensemble of administrative and accounting procedures and of evaluation tools regarding their adequacy and effective functioning, that contribute to form an internal controls model that is maintained, updated over time and, where there are identified concrete opportunities for rationalisation and optimisation, developed further.

The model contains three analyses points:

- a) The definition of the analysis context with the identification and evaluation of the risks.
- b) The findings and documentation of the controls.
- c) The evaluation of the adequacy and the effective application of the administrative and accounting procedures and the relative controls.

a) The definition of the analysis context with the identification and evaluation of the risks

For the purpose of determining and planning the activities of checking on the adequacy and the effective application of the administrative and accounting procedures of the Group, the definition of the analysis context describes the path that must be followed in determining the level of complexity, for the identification and evaluation of the risks and for evaluating the materiality of the various areas of the Financial Statements.

This path is aimed at evaluating the controls on the transactions generated by those company processes that feed the accounting data and their transposition into the financial reporting. The identification of the significant processes, which are truly representative of the business, takes place through a quantitative analysis of the items in the Financial Statements and a qualitative evaluation of the processes. In fact, for the purpose of designing and implementing a controls system aimed at producing valid financial reporting in conformity with the adopted reference methodology, i.e. the CoSO Report, intervention priority is established based not only elements of a quantitative type but also on qualitative ones.

The quantitative is aimed at identifying the significant balances in the Financial Statements, which takes place by applying the concept of “materiality” to the aggregated items in the trial balance of the Mediaset Group. Having identified the significant accounts, through a matching of accounts to processes one, therefore, arrives at the identification of the relevant processes.

The quantitative analysis, through the evaluation of the relevancy of the processes for the business and their level of complexity, adds to the quantitative analysis determining the inclusion or exclusion of processes within the reference context and the periodicity of the adequacy evaluation activity and the effective application of the administrative/accounting controls and procedures.

For each process that has been identified as relevant there are then defined the “generic ” risks of untrustworthiness of the inherent in the process itself, making reference to the, so-called, Financial Statements assertions, i.e. existence and occurrence, completeness, rights and obligations valuation and recording, presentation and informational documentation, which constitute the controls objectives.

The Assigned Executive reviews the definition of the reference context at least yearly and whenever there show themselves any elements that can change the analysis that has been carried out in a relevant manner.

b) The findings and documentation of the controls

The identification of the controls takes place in relation to the findings process regarding the administrative and accounting procedures.

The identified controls correspond to a series of different control assertions, identified by the Mediaset Group based on the proper classification of the untrustworthiness risks of the economic/financial informational documentation to which they refer as follows:

- **Accuracy:** the control ensures that all the details of the individual transaction have been correctly processed.
- **Completeness:** the control ensures that all transactions are actually processed and that they are only processed once.
- **Validity:** the control ensures that the processed transaction has been passed through the correct and proper authorisation levels and that it does really refer to the company's business.
- **Restricted Access:** the control ensures that the access to information and transactions is properly configured according to the relative roles and responsibilities that are officially recognised within the company.

The controls that have been identified are formalised within a specific matrix called the “Risks and Controls Matrix” in the area of the administrative and accounting procedures. This matrix is the detailed document within which there are identified the “generic” risks of untrustworthiness relative to the Financial Reporting and the “specific” controls that have been identified and applied when carrying out the activities.

The administrative and accounting procedures and the relative controls are periodically monitored and updated through a process that involves the Assigned Executive, his support structure and the process owners. Specifically, the process owners communicate, on a regular basis, to the Assigned Executive's support structure the events that can impact and change the frame of reference of the relevant processes and, each year, the Assigned Executive's support structure go through and validate the whole controls model, involving all the process owners in the revisiting of the process that fall within their competencies.

c) The evaluation of the adequacy and of the effective application of the administrative and accounting procedures and of the relative controls

The evaluation of the adequacy and the effective application of the administrative and accounting procedures, carried out through specific testing activities is aimed at ensuring that both the design and the operational ability of the identified controls are valid.

The Mediaset Group has put in place a testing strategy, which is basically the definition of the approach and the criteria used for carrying out these tests and consist of the periodicity of the analyses, the sizing of the sample, the types of tests to carry out, the formalising of the tests that have been carried out and the information flows for communicating the outcomes of the tests that were made.

The tests are carried out on a regular basis with the purpose of ensuring that all the existing controls have been covered for the reference period. The criteria for deciding the size of the test sample are defined by taking into account the complexity of the control, its dependency on subjective valuations, the level of skill necessary to be able to do it and its potential impact and importance, for the purpose of achieving a high level of certainty regarding the effective functioning of the control itself.

The tests are made according to three different methodologies:

- **Inquiry:** interviews with people in order to have descriptions of their activities, including the controls carried out.
- **Observation:** observation of the behaviour of people in carrying out their tasks for the purpose of checking that they correctly observe the procedures and their ability to deal with the anomalies they find.
- **Re-performance:** the re-performing of a control procedure, or part of it, in order to understand how it functions and/or to obtain sufficient assurances regarding its adequacy.

Each test, with its relative outcome, is documented through formalising of a test sheet and the filing of the documentary evidence gathered.

On a six-monthly basis the Assigned Executive's support structure prepares a report in which there are explained the activities carried out and the outcomes of the tests made.

Based on the result of the testing the Assigned Executive, with the cooperation of his support structure, defines a remedial plan for the purpose of rectifying any that can have a negative impact on the effectiveness on the Risks Management and Internal Controls System relative to the financial informational documentation.

The Assigned Executive's support structure, in cooperation with the process owners for their respective competency areas, has the task of coordinating the carrying out of any improvement plans and ensuring that they are correctly implemented.

At least yearly, the Assigned Executive reports to the Internal Controls Committee, to Board of Statutory Auditors and communicates to the company's Surveillance Bodies, with reference to the methodologies with which there has been conducted the evaluation of the adequacy and the effective application of the controls and the administrative/accounting procedures, as well as on the observance of the defined remedial plans and he expresses his valuation regarding the adequacy of the accounting and administrative controls systems.

11.1. THE EXECUTIVE DIRECTOR ENTRUSTED TO OVERSEE THE FUNCTIONALITY OF THE INTERNAL CONTROLS SYSTEM

The Board of Directors, in the meeting of 1st March 2007, with the favourable opinion of the Internal Controls Committee, identified, as this Executive Director the Chairman Fedele Confalonieri, whose mandate came to its natural expiry with that of the whole Board and, precisely, with the Shareholders' Meeting of 22nd April 2009. The Board of Directors, following its renewal, in its meeting of 23rd April 2009, with the favourable opinion of the Internal Controls Committee, confirmed the Chairman as the said Executive Director giving him the competencies laid down by the Mediaset Code.

The Executive Director has done the following:

- Set in motion the guidelines issued by the Board of Directors, putting in place the Policy of Enterprise Risk Management, with the favourable opinion of the Internal Controls Committee.
- Overseen the adapting of this system to the dynamics of the operational conditions and to the relative legislative and regulatory situations.
- Taken care of the identification of the main company risks, i.e. strategic, operational, financial and of compliance, taking into account the characteristics of the company's and

its subsidiaries' business activities, following the definition by the Board of Directors of the guidelines of the internal controls system. The analyses and evaluation of the main business processes and those of business support, with the involvement of the management of the Group, has enabled, in the second half of 2009, the ability to express an overall evaluation regarding the state of the internal controls system and, specifically, regarding the results of the process of the identification and evaluation of the company's risks, which was finalised with the presentation at the Board of Directors Meeting of 15th December 2009 of the specific Report by the Executive Director.

11.2. INTERNAL CONTROLS MANAGER

The Board of Directors in the meeting of 23rd April 2009, confirmed, as Internal Controls Manager, Mr. Aldo Tani, Manager of the Internal Auditing Department of the Mediaset Group, based on the proposal of the Executive Director and with the favourable opinion of the Internal Controls Committee, following what is laid down by article 10.6 of the Mediaset Code.

Pursuant to article 13 of the Mediaset Code, the Internal Controls Manager:

- a) Is entrusted with checking that the internal controls system is always adequate, fully operational and functioning.
- b) Is not responsible for any operational area, whatsoever, and does not hierarchically depend on any manager of operational areas, whomsoever.
- c) Has direct access to all the information that is useful for carrying out his assignment.
- d) Has available all the adequate means in order to be able to carry out the function assigned to him.
- e) Reports, regarding his work, to the Internal Controls Committee, to the Board of Statutory Auditors and to Executive Director. Specifically, he re-ports regarding the methodologies with which the management of the risks is conducted, as well as on the observance of the plans defined for limiting them and expresses his evaluation on the suitability of the internal controls system to achieve an acceptable overall total risk profile.

The Board has not defined a specific compensation for the Internal Controls Manager, because there is defined for the holder of that position an overall compensation, which also takes into account the responsibilities related to managing the activities of the Internal Auditing Department.

There have not been specifically quantified the financial resources to be made available to the Internal Controls Manager for carrying out the tasks related to his position, because he avails himself of the resources of the Internal Auditing Department for carrying out the relative activities.

In support of his technical opinion expressed regarding the adequacy of the internal controls system, the Internal Controls Manager shares and agrees the following in advance:

- The findings from the Audit Plan with the Internal Auditing Department.
- The results of the evaluation and management of the risks with the Risk Officer and the Assigned Executive, for the purpose of identifying the main company risk areas.

The Internal Controls Manager also maintains periodic information flows with the company personnel, bodies and structures that have the function of surveillance or monitoring of the internal controls system such as, for example, the Assigned Executive, the external auditing company, the Board of Statutory Auditors and the Surveillance and Control Bodies as per the Legislative Decree

231 /01, regarding the individual responsibilities of each one of them.

11.3. THE ORGANISATIONAL MODEL as per the Legislative Decree 231 /2001

The internal controls system was further strengthened through the adoption of an Organisation, Management and Control Model, pursuant to the Legislative Decree 231/2001, approved by the Board of Directors of Mediaset S.p.A. on 29th July 2003 and afterwards added to following the evolution of the relative legislation and regulations, the last addition being made with the resolution passed by the Board of Directors Meeting of 16th December 2008.

With the putting in place of its own Organisational Model, understood as being an ensemble of rules of a general and operational nature, Mediaset S.p.A. set itself the goal of furnishing itself with an overall complex of behavioural principles, as well as of procedures, which responds to the purposes and prescriptions of the Legislative Decree 231/01, both in terms of the prevention of offences and illegal administrative acts as well as in terms of the control of the its actuation and the eventual issuing of sanctions.

The Organisational Model, in fact, is made up of an organic ensemble of principles, standards, rules, measures and organisational frameworks relative to the management and control of the company's activities and consists, among other things, of an illustrative summary document, containing all the general rules and regulations suitable for preventing the committing of the illegal actions that are referred to by the Legislative Decree 231/01.

For the purpose of promoting the diffusion of a set of values, which are aimed at achieving correctness, honesty and loyalty to the company the Group has also put in place an Ethical Code, which defines an ensemble of values that the Mediaset Group recognises, accepts and shares, at all levels within itself, in carrying out the business activities of the enterprise. The principles and the measures contained in the Ethical Code constitute a series of exemplary specifications regarding the general obligations of diligence, correctness, honesty and loyalty to the company that constitute the proper fulfilment of the employment services and workplace behaviour, as well as in business relations and relationships with the institutions.

In the process of the definition of the Organisational Model, Mediaset S.p.A. also took into account the indications contained in the Guidelines published by the Italian Confederation of Industry (Confindustria) and it was inspired by a series of well-established principles, also in matters of corporate governance and internal controls. According to these principles, in fact, a risks management and controls system, which is in line with the measures referred to in the Legislative Decree 231/2001 must do the following:

- i. Identify and formalise the mapping of the “areas of activities that are at risk”, which means the areas of the company where potential offences can arise, and of the “instrumental processes” leading to any committing of illegal acts, understood as being processes within which, in an abstract sense, there could occur those de facto conditions that make possible the committing of offences.
- ii. Go ahead with the analysis of the potential risks for the “areas of activities that are at risk” and for the “instrumental processes” identified as above, regarding the potential methodologies that could actuate the illegal acts.
- iii. Go ahead with the analysis of the potential risks and the evaluation of the company's system of controls for the prevention of the committing of illegal acts and, if necessary, regarding its definition or updating.

Following the recognition and the evaluation of the effectiveness of the organisational,

management and controls systems that are already existent and being utilized systems, the company has gone ahead with the updating of the organisational procedures/guidelines or with the codifying, where necessary, in written documents of the current ongoing company practices, for the purpose of effectively opposing the risks that have been identified.

The successive updates of the Organisational Model have mainly taken into account the legislative innovations that occur from time to time, as well as the progressive juridical interventions regarding the organisational management and controls models.

During 2009 there were issued new legislative measures that have further enlarged the group of the so-called “presupposed offences” foreseen by the Legislative Decree 231/01. In the light of the new legislative and regulatory measures, the company is currently evaluating, also with the contribution of outside consultants, the impact of the new legislative and regulatory measures, for the purpose of checking whether it is necessary to make any changes and/or additions to the Organisational Model as well as putting in place new behavioural procedures/rules, or changing the existing ones.

Considering what is laid down by article 6, 1st paragraph, letters b) and d) of the Legislative Decree 231/01, that contains the obligatory institution of a body of the entity, which has independent power of control that enables it to watch over the functioning and observance of the Model, as well as an autonomous power to take initiatives in order to make sure that it is constantly updated, Mediaset S.p.A. already has, since 2003, provided itself with a Surveillance and Controls Body which, over the years, has seen its membership change from single person to multi-personal and, lastly, to collegiate.

The Surveillance and Controls Body nominated on 16th December 2008 arrived at the natural expiry of its mandate with the Shareholders’ Meeting of 22nd April 2009. It was re-nominated, subject to the prior ascertainment of the existence of the prerequisites of honourableness, the same as those that are asked for from the Directors of the company, and of the professionalism that is suitable and appropriate for the role to be played and the exemption for reasons of incompatibility and due to conflicts of interest with other company functions and/or assignments that are such as to undermine the freedom of action and judgement, with the Board of Directors Meeting of 23rd April 2009 and its mandate will expire at the approval of the Financial Statements at 31 December 2011. It consists of three members who are the following persons:

Sergio Beretta	Chairman – External consultant
Aldo Tani	Internal Audit Director and Person in charge for internal control
Michele Pirootta	External consultant

In carrying out its activities the Surveillance and Controls Body under its direct surveillance and responsibility is mainly supported by the Internal Auditing Department and it can avail itself, where necessary, of the support of other company functions or of that of external consultants.

The Surveillance and Controls Body is given the following tasks and powers:

- i. To watch over the observance of the prescriptions laid down by the Organisational Model and by the company procedures that are linked to it by the interested parties, picking up and flagging any eventual cases of non-fulfilment or behavioural deviations and those sectors that turn out to be more at risk, in consideration of the violations that have taken place.
- ii. To watch over the true effectiveness and real ability of the Organisational Model to prevent and impede the committing of illegal acts, as per the Legislative Decree 231/2001, relative to the individual company structures and the actual activities that they carry out.

- iii. To ensure that there is maintained over time the requisites of solidity and functionality of the Organisational Model;
- iv. To be vigilant as to whether it is opportune to make an update of the Organisational Model, when there arise needs for changing it and/or adding to it relative to changed legislative and regulatory conditions, changes in the company's organisational structure and/or in the methodologies of carrying out its business activities, or in those case where there have been significant violations of the Organisational Model and/or of the procedures that are linked to it.
- v. To acquire from all the Addressees of the Organisational Model the company documentation and information considered useful for carrying out its own tasks and fulfilling its own responsibilities.
- vi. To check that there are carried out all the opportune initiatives of information and training of the Addressees on the principles, values and the behavioural rules that are contained in the Organisational Model and in the company procedures that are linked to it, also based on the requests for clarification and the communications that come in from time to time.
- vii. To check on the adequacy of the initiatives of information and training carried out on the principles, values and the behavioural rules that are contained in the Organisational Model and in the company procedures that are linked to it, as well as on the level of knowledge acquired by the Addressees, with particular reference to those persons who operate within the "areas of activity that are at risk" and deal with the "instrumental processes".
- viii. To carry out periodic reporting activities towards the relative company bodies.
- ix. To gather, process and conserve the communications and relevant information transmitted to it by the various company functions with reference to the Organisational Model and to the company procedures that are linked to it and to properly conserve the results of the activities carried out and the relative reporting documents.

For the purpose of fulfilling its own responsibilities the Surveillance and Controls Body can, at any time whatsoever, within the context of its own independence and discretionary faculties, go ahead with checks regarding the application of the Model and of the procedures that are linked to it and these checks can be carried out singly by each individual one of its members.

Based on the checks carried out the Surveillance and Controls Body also has the task of highlighting to the company whether it is opportune to go ahead with the relative adjustments and updates of the Organisational Model and/or of the relative procedures as a consequence of legislative and regulatory and/or organisational changes that have taken place, where there have been significant violations of the prescriptions laid down by the Organisational Model and/or of the company procedures that are linked to it, or when there has been ascertained the existence of new areas of activity that are at risk. By means of successive follow-up activities, the Surveillance and Controls Body then satisfies itself that any recommended corrective actions have actually been carried out by the competent functions of the company.

During 2009 the Surveillance and Controls Body has reported, half-yearly, to the Board of Directors, the Internal Controls Committee and the Board of Statutory Auditors.

The Organisational Model of Mediaset S.p.A. is available on the company's website www.mediaset.it

11.4. THE EXTERNAL AUDITING COMPANY

The Shareholders' Meeting of 16th April 2008 entrusted the auditing company Reconta Ernst & Young S.p.A. with the audit of the Yearly and Consolidated Financial Statements, as well as the limited accounting review of the Abbreviated Half-Yearly Financial Statements for the financial years 2008/2016, pursuant to the combination of measures laid down by articles 156 to 159 of the CFA.

11.5. THE ASSIGNED EXECUTIVE FOR THE DRAFTING OF THE COMPANY'S ACCOUNTING DOCUMENTS

The Board of Directors Meeting of 23rd April 2009 has confirmed, subject to the prior ascertainment of the requisites laid down by the Articles of Incorporation and by Law, Mr. Andrea Goretti, previously nominated in 2007, who is the Manager of the Foreign Holdings Administration and Controls Department of the company, as the Assigned Executive who shall hold the position until the Shareholders' Meeting that approves the Financial Statements for the year ended at 31 December 2011, conferring up him all the powers and the responsibilities necessary for fulfilling his assignment. The Assigned Executive has all the relative tasks that are laid down by article 154, part two of the CFA.

The Assigned Executive was given all the powers of an organisational and managerial powers nature for carrying out the tasks imposed upon him by the legislation and regulations that are currently in force, by the Articles of Incorporation and by the Board of Directors, which are the following:

- With the support of the managers of the competent functions to implement a company organisational system aimed at making evident the definition of the roles and responsibilities of the human resources involved in the company functions appertaining to accounting and the building up of the Yearly Financial Statements, of the Consolidated Financial Statements, of the abbreviated Half-Yearly Financial Statements and of any other communication of the company broadcast to the market that is relative to accounting information.
- To ensure the correct application of the administrative and accounting procedures that impact the build up of the Yearly Financial Statements, of the Consolidated Financial Statements, of the Abbreviated Half-Yearly Financial Statements and of any other communication of the company broadcast to the market that is relative to accounting information.
- To avail himself of the services, where the case arises, of the Internal Audit function for the necessary support for the activity of checking on the actual application of the administrative and accounting procedures that are referred to in paragraph 3 of article 154, part two, of the CFA, which is an activity that is currently carried out by the Risk Office function that was set up for this purpose.
- To avail himself of the services of the function assigned to the identification and of the resources that are sufficient in order to be able to support him in the fulfilment of the tasks that are imposed upon him by article 154, part two, of the CFA;
- To watch over the putting in place and regulating of specific informational flows and the coordination with the model set up pursuant to the Legislative Decree of 8th June 2001, n° 231, and the procedures for the processing of confidential information within the company and the preparation and divulgation of the press releases pursuant to article 114 of the

CFA and article 66 of the Issuers Regulations.

For the financial year 2009 the Assigned Executive, availing himself of the services of the Risk Office function, which was assisted by outside consultants, acted, relative to the main processes within the operating companies of the Group, the activities laid down for the evaluation, updating and documentation of the internal controls system for the purposes of the Law 262/05.

Specifically, the following were carried out:

- The identification and evaluation of the company processes and of the relative risks.
- The updating, where necessary following the evolution of the operational methodologies of the Group, of the processes and of the controls found during prior years.
- The analysis of the adequacy of controls that have been put in place relative to the administrative/accounting and financial aspects of the company.
- The carrying out of the tests and the relative documentation of the controls for checking on the administrative/accounting procedures.
- The formalising of the remediation plan aimed at removing any deficiencies in the controls.
- The monitoring of the state of the defined remediation activities and the definite and testing of the relative controls activities that have been implemented.

To the Yearly Financial Statements 2009 and the Consolidated Financial Statements 2009 of the company there were attached the attestations, stated according to the model that is laid down by the Consob (Italian SEC) regulations, regarding the adequacy and the effective application of the procedures, as well as the fact that they truly reflect the contents of the accounting books and postings and their suitability and to provide a true and fair view of the Balance Sheet, Income Statement and Financial situations of the company and of the whole group of the enterprises that are included in the consolidation, signed by the Assigned Executive and by the Chairman of the company.

It is to be remembered that, pursuant to the Mediaset Code, the Assigned Executive evaluates, together with the Internal Controls Committee and with the auditors, the correct usage of the accounting standards and, in the case of the group, their homogeneousness for the purpose of drawing up the Consolidated Financial Statements, an activity that is physically carried out during the first few opening months of each financial year.

The Board of Directors, in the meeting of 23 April 2009, within the limits of the budget approved by the Board itself, gave the Assigned Executive available financing of the amount of 350,000 Euros for the expenses for fulfilling his tasks.

12. INTERESTS OF THE DIRECTORS AND TRANSACTIONS WITH CORRELATED PARTIES

The Board Meeting of 18th December 2007 approved the Guidelines relative to those transactions that have significant strategic, economic, financial and equity relevancy for Mediaset and, specifically, regarding those with correlated parties.

The Guidelines identify those transactions that have significant strategic, economic, financial and equity relevancy for the company and its subsidiaries and, specifically, regarding those with correlated parties which, in conformity with the Mediaset Code must undergo the prior examina-

tion and approval of the Board of Directors.

The following operations are considered to be such and they, absolutely, must undergo the prior examination and approval of the Board of Directors:

- The finalising of any contract or legal relationship, whatsoever, for an amount that is greater than 13,000,000.00 Euros, for each individual transaction, with a shareholder of the company who owns a holding that is more than 5% of its Share Capital, or companies belonging to the same group of the shareholder, meaning for them the subsidiary companies, the parent companies or controlling physical persons of these latter.
- The finalising of any contract or legal relationship, whatsoever, for an amount that is greater than 130,000,000.00 Euros, for each individual transaction, signed with absolutely any party, whomsoever, in any form, whatsoever.
- The issue of non-convertible bonds within the limits that are referred to in article 2412 of the Italian Civil Code but, in any case, up to a maximum amount of 300,000,000.00 Euros, while there remains in force the fact that any bond issue over that amount requires the approval of the Extraordinary Shareholders' Meeting.
- Those transactions that impose upon the company the obligation of having to make available, to the general public, an informational document that has been drawn up in conformity with the measures that are laid down by the Consob (Italian SEC);
- Those transactions, for an amount that is higher than 65,000,000.00 Euros, signed with absolutely any party, whomsoever, in any form, whatsoever, concerning the following matters:
 - a) The acquisition or disposal of companies, or branches of companies, and of fixed and other assets.
 - b) The acquisition or disposal of holdings.
 - c) The constitution and incorporation of companies and, in any case, the creation of partnerships, or strategic alliances, for a length of time that is longer than 3 years, with the exception of any temporary associations of enterprises. The conceding of loans, financing or guarantees, either collateral or personal.
 - d) The taking on of loans, financing or credit lines, or any other credit liability operations.
 - e) The stipulation of the following types of transactions:
 - f) The issuing of financial instruments.

Operations regarding mergers, or split-offs, signed with absolutely any party, whomsoever, in relation to which the amount of the total assets of the incorporated, i.e. merged, company, or the assets that are the subject of the split-off, are equal to, or greater than, 3% of the total assets of Mediaset as this results from the last set of Consolidated Financial Statements.

Those transactions which, taken individually, do not exceed any of the parameters that have been laid down, but which are actually parts of the same strategic plan shall also be considered to be transactions “having significant strategic relevancy” and, therefore, they must be examined and approved by the Board of Directors if, grouped together on a total overall basis, they exceed the aforesaid parameters.

The Board, compatibly with the operations of the Group, examines and approves, in advance, those transactions “having significant relevancy”.

At the time of the examination and approval of the transactions “having significant relevancy” the

appropriate delegated bodies of Mediaset supply the Board with adequate information regarding the interests of Mediaset, the carrying out of the transaction, its feasibility and if it is financially sustainability and coherence with the strategic plans of Mediaset.

On the instructions of the Board of Directors, the delegated bodies ensure that the Directors of the subsidiary companies have full knowledge and awareness of the criteria that identify those transactions that are defined as being those “having significant relevancy”.

There qualify as being transactions with correlated parties, which must be submitted for the prior examination and approval of the Board of Directors of Mediaset S.p.A., the following ones:

A) Transactions with correlated parties for an amount that is greater than 13,000,000.00 Euros which, in relation to their subject, their nature or their completion times fall outside of the normal criteria of company operations and which, therefore, are atypical, unusual and at non-standard conditions.

For these transactions it is laid down that reference must be made, as far as their subject is concerned, to the following items:

- To transactions of a financial nature such as, for example, the conceding or taking on of loans and financing, the giving of guarantees and transactions regarding securities, or financial instruments in general.
- To transactions, which have as their subject industrial property rights such as, for example, trademarks, brands and patents.
- To transactions which have as their subject real estate, including leasing operations, which is not destined for instrumental use within the context of the entrepreneurial activities that are characteristic of the company.
- To agreements of a commercial or industrial nature with a duration that is longer than five years and which bring about limitations of binding exclusiveness or limitations in carrying out the entrepreneurial activities that are characteristic of the company.

As far as their nature, or their completion times concerned, reference must be made to the following items:

- To transactions which are carried with characteristics that are wholly atypical or unusual and for this there are meant those transactions which, due to their subject or their nature, are found to be not coherent with the core business of Mediaset S.p.A. and of the companies that are directly and/or indirectly controlled by it and which show particular elements of criticality linked to their characteristics, to the risks inherent to the nature of the counterpart, or to the timeframe for their completion and to their non-standard conditions for which latter there are meant those that have been signed at conditions that are not the same, or similar, to those that are usually applied in relationships with parties that are not correlated parties.

As mere examples the following can fall within the categories of atypical or unusual transactions:

- The timeframe between the signing of the contract and carrying it out, e.g. contracts in which supply of service of the company is in advance, without reason, compared to the counter supply of service by the counterpart.
- The signing of contracts whose execution is deferred over a timeframe that is unreasonable, also in the light of the goods or services involved, e.g. contracts whose execution is deferred for over three years and, therefore, also bringing about the need for

a revaluation of the originally agreed price.

- The signing of contracts with basically identical contents in series and at pre-established intervals, such as the splitting up of what is actually a single, and more complex, total transaction.
- Contracts signed using atypical prices and payments, e.g. with the part exchange of assets that are different from useable and easy to cash financial instruments, or as a counter supply of service for supplies of services that cannot be used and are difficult to replace, or with the ceding of receivables or the acceptance of payables.
- Transactions signed through the use of intermediaries who are not leading ones, or who do not have a good level of general recognition within the sector to which the transaction appertains.
- Transactions finalised between two financial years or quarters with the sole purpose of changing or impacting the numbers in the Yearly Financial Statements or in the quarterly or half-yearly situations.
- Transactions for the repurchasing of assets previously sold to the same party, in the absence of situations bringing about the dissolution of previous contracts or the exercising of options agreed previously.

B) Transactions with correlated parties for those amounts that are greater than

130,000,000.00 Euros for each individual transaction.

C) Transactions for those amounts that are greater than 13,000,000.00 Euros, for each individual transaction, with a shareholder of the company who owns a holding that is more than 5% of its Share Capital, or companies belonging to the same group of the shareholder, meaning for them the subsidiary companies, the parent companies or controlling physical persons and the subsidiary companies of these latter.

D) Transactions with correlated parties for an amount that is greater than 65,000,000.00 Euros and in any form, whatsoever, concerning the following:

- a) The acquisition or disposal of companies, or branches of companies, and of fixed and other assets.
- b) The acquisition or disposal of holdings.
- c) The constitution and incorporation of companies and, in any case, the creation of partnerships, or strategic alliances, for a length of time that is longer than 3 years, with the exception of any temporary associations of enterprises.
- d) The conceding of loans, financing or guarantees, either collateral or personal.
- e) The taking on of loans, financing or credit lines, or any other credit liability.
- f) The stipulation of transactions.

Those transactions which, taken individually, do not exceed any of the parameters that have been laid down, but which are actually parts of the same strategic plan shall also be considered to be transactions “having significant strategic relevancy” and, therefore, they must be examined and approved by the Board of Directors if, grouped together on a total overall basis, they exceed the aforesaid parameters.

E) Operations regarding mergers, or split-offs, with correlated parties, in relation to which the amount of the total assets of the incorporated, i.e. merged, company, or the assets that are the subject of the split-off, are equal to, or greater than, 3% of the total assets of Mediaset as this

results from the last set of Consolidated Financial Statements.

- F) Operations with correlated parties that oblige the company make available to the general public an informational document that is drawn up in conformity with the measures laid down by the Consob (Italian SEC) Issuers Regulations, article 71, part two.

Identification of the correlated parties

For correlated parties, based on the notion given by the International Accounting Standard IAS 24, there are meant the following:

- a) Those parties that directly and/or indirectly, through parent or subsidiary companies, trust companies or intermediate persons, who in their turn are also considered to be correlated parties, and are in the following situations:
 - They control Mediaset S.p.A.
 - Mediaset S.p.A. controls them, also jointly.
 - They share the same parent party with Mediaset S.p.A.
 - They have a holding in Mediaset S.p.A., which is such as to be able to exercise a notable influence on it.
 - They jointly control Mediaset S.p.A.
- b) The companies affiliated with Mediaset S.p.A..
- c) The Joint Ventures in which Mediaset S.p.A. participates.
- d) Those parties with strategic responsibilities within the entity or in its parent company to whom there are given powers and responsibilities for the planning, managing and control functions of the entity or in its parent company, i.e. Directors and the Active Statutory Auditors of Mediaset S.p.A., as well as the Executives of Mediaset S.p.A. and the Directors General and the External Auditing Company.
- e) The close family members of the parties referred to in points a) and d) above.
- f) Those parties subject to the control, also in a joint form, or to the notable influence of one of the parties referred to in points d) or e) above, or in which these latter parties hold, either directly or indirectly, a significant share of the voting rights.

Methodologies of approving and carrying out transactions with correlated parties

All the transactions, also those carried out through subsidiary companies, with correlated parties and, therefore, also those that are not subject to the prior examination and approval of the Board of Directors, must be resolved upon and/or actuated observing the criteria of procedural and substantial correctness.

The Board receives adequate information on the nature of the correlation, on the methodologies of carrying out the transaction, on the conditions, also the financial ones for realising it, on the relative evaluation process that has been followed, on the interest in it and the reasons underlying it and on any possible risks per the company. As examples, the following information:

- a) The level of correlation between the parties involved.
 - b) The details of the main contractual and financial characteristics and conditions of the transaction.
 - c) The interest of Mediaset S.p.A. in the carrying out of the transaction.
-

For the transactions with correlated parties, the Directors with the relative mandates or the company executives responsible for the transaction conserve the information referred to above.

The transactions requiring the prior examination and approval of the Board, observe the following procedure:

- Transactions with correlated parties for an amount that is greater than 13 million Euros and less than 130 million Euros: prior examination by the Internal Controls Committee of Mediaset S.p.A..
- Transactions with correlated parties for an amount that is greater than 130 million Euros: the Board of Directors of Mediaset, according to the nature or other characteristics of the transaction will ask for the assistance of the Internal Controls Committee, or of one or more experts, in order to obtain an opinion from them regarding the financial conditions and/or the executive methodologies and/or on any technical aspect and/or on the actual legitimacy of the transaction itself.

For those transactions that do not require the prior examination and approval of the Board, delegated bodies and the company executives responsible for the transaction shall take care of the gathering, conserving and keeping available for the Board of Directors, for the individual Directors and for the Statutory Auditors all the information regarding the main characteristics of the transactions.

Directors having interests

Before dealing with the subject, the Director must give exhaustive information, to the other Directors and to the Board of Statutory Auditors of any interest, even a potential one, which, on his own behalf or that of third parties, independently of any situation of conflict regarding it, that he has in a specific transaction of the company detailing its nature, terms, origin and dimensions. If the Director involved is a Managing Director, he must also abstain from carrying out the transaction.

Based on the relative Spanish legislation and regulations the quoted subsidiary company Gestevisión Telecinco S.A. is only subject to Spanish Law and the Spanish Corporate Governance regime. The principle contained in the Stock Exchange Code, taken into the Mediaset Code, according to which the Board of Directors of the company “examines and approves, in advance, the transactions of the company and of its subsidiary companies, when these transactions have a significant strategic relevancy” is, therefore, not applicable to Gestevisión Telecinco S.A. and its subsidiary companies.

13. NOMINATION OF THE STATUTORY AUDITORS

The nomination of the Statutory Auditors is regulated by article 27 of the Articles of Incorporation, given in **Attachment D** to this Report.

The Shareholders’ Meeting elects the Board of Statutory Auditors, consisting of three Active Statutory Auditors and two Substitute Statutory Auditors, who remain in office for three financial years, and whose mandates expire with the Shareholders’ Meeting called to approve the Financial Statements relative to the third financial year of their period of office and they can be re-elected.

All the Statutory Auditors must be inscribed in the Register of Accounting Auditors set up within the Ministry of Justice and must have carried out the legal auditing of accounts for a period of not

less than three years.

Furthermore, the Statutory Auditors must possess the necessary requisites laid down by the relative legislation and regulations that are currently in force and the Board of Directors must ascertain that they actually exist.

It is underlined that, based on the contents of the Articles of Incorporation that are currently in force, there have the right to present the lists of candidates those shareholders who have voting rights and who, either on their own or together, are totally the owners of the shareholding asked for by the Articles of Incorporation for the presentation of the lists regarding the nomination of the members of the Board of Directors. Regarding this it is highlighted that, pursuant to the Consob (Italian SEC) Resolution, n° 16319/2008, the percentage shareholding required for the presentation of lists of candidates for membership of the Board of Statutory Auditors at the Shareholders' Meeting of 16th April 2008 was 1%. Article 144, part six, of the Issuers Regulations, lays down that whenever, 15 days before the one fixed for the Shareholders' Meeting, only one list is presented, other lists can be presented until the fifth day after that date. In this case the thresholds are reduced to half.

14 STATUTORY AUDITORS (as per article 123, part two, paragraph 2, letter d), CFA)

The Board of Statutory Auditors was nominated by the Shareholders' Meeting of 16th April 2008 and its mandate will expire with the Shareholders' Meeting called to approve the Financial Statements for the year closed at 31 December 2010 and it consists of the following persons: Alberto Giussani, Silvio Bianchi Martini, Francesco Vittadini, Antonio Marchesi and Mario d'Onofrio. **Attachment E** to this Report gives the membership of the Board of Statutory Auditors.

The Chairman of the Board of Statutory Auditors is Alberto Giussani, listed at first place in the minority list.

The nomination takes place through the mechanism of list voting. At the Shareholders' Meeting of 16th April two lists were presented. The first by the shareholder Fininvest S.p.A. with a holding amounting to 37.04% of the Share Capital, consisting of the candidates Francesco Vittadini, Silvio Bianchi Martini and Ezio Maria Simonelli to the office of Active Statutory Auditors and Antonio Marchesi and Giancarlo Povoleri to the office of Substitute Statutory Auditor. According to article 144, part six, of the Issuers Regulations, a second list was deposited by the shareholders¹¹ who owned, on a total basis 0.56 % of the Share Capital. The list consisted of the candidates Alberto Giussani to the office of Active Statutory Auditor and Mario d'Onofrio to the office of Substitute Statutory Auditor.

Together with the lists there was deposited, for each individual candidate, all the documentation laid down by the relative legislation and regulations and by the Articles of Incorporation for the of

¹ Arca S.G.R. S.p.A. (Rubrica Fondo Azioni Italia -Rubrica Fondo Arca Bb), UBI Pramerica S.G.R. S.p.A. (Ubi Pramerica Azioni Italia - Capitalgest Italia), Monte Paschi Asset Management S.G.R. S.p.A. (Ducato Geo Italia), Eurizon Investimenti S.G.R. S.p.A. (Nextra Azioni Italia), Pioneer Investment Management S.G.R. S.p.A. (Pioneer Azionario Crescita), Pioneer Asset Management S.A. (Pioneer Asset Management SA), Eurizon Capital S.G.R. S.p.A. (Eurizon Capital Sgr Sanpaolo Azioni Italia -Eurizon Capital Sgr Sanpaolo Italian Equity Risk - Eurizon Capital Sgr Sanpaolo Opportunità Italia -Eurizon Capital Sgr Sanpaolo Euro Eurizon Capital Sgr Sanpaolo Soluzione 3-Eurizon Capital Sgr Sanpaolo Soluzione 4-Eurizon Capital Sgr Sanpaolo Soluzione 5-Eurizon Capital Sgr Sanpaolo Soluzione 6-Eurizon Capital Sgr Sanpaolo Soluzione 7), Eurizon Capital S.A. (Eurizon Easy Fund Equity Italy -Eurizon Easy Fund Equity Euro -Eurizon Easy Fund Equity Europe -Eurizon Easy Fund Equity Media), Fideuram Gestione S.A. (Fonditalia Global -Fonditalia Euro T.M.T. -Fideuram Fund Europe Listed Consumer Discretionary Equity) and Interfund Sicav (Interfund Equity Europe Interfund Equity Europe Consumer Discretionary)

the Board of Statutory Auditors. For the list presented by the minority shareholders there was also deposited the declaration attesting the absence of any linking relationships with the relative majority shareholder Fininvest S.p.A.

The curricula vitae of the Board of Statutory Auditors can be consulted on the website www.mediaset.it and are given in **Attachment F** to this Report.

No change in the current membership of the Board of Statutory Auditors has taken place since the closing date of the financial year.

During 2009 fourteen meetings of the Board of Statutory Auditors were held. The average duration of each meeting was about 1 hour. For the year about 14 meetings were planned and, as of today, 3 have been held.

On 4th December 2009 the Board of Statutory Auditors, among other things, also evaluated the continuance of the requisites of independence of its members and it checked on the correct application of the criteria and the ascertainment procedures used by the Board to evaluate the independence of the Directors.

It also watched over the independence of the external auditing company, checking both the observance of the relative legislative measures and the nature and entity of the different services supplied to Mediaset and its subsidiary companies by the same external auditing company and by the entities belonging to retail. Regarding this the Board of Statutory Auditors had no findings that required to be highlighted.

The Statutory Auditor who, on his own behalf or on that of third parties, has an interest in a specific transaction of the company must speedily and exhaustively inform the other Statutory Auditors the Chairman of the Board of Directors regarding the nature, terms, origin and dimensions of his interest.

Regarding the necessary requisites of the members of the Board of Statutory Auditors, it is highlighted that the current Board of Statutory Auditors possesses all the necessary legal requisites.

The Board of Statutory Auditors also worked in coordination with the Internal Audit Function and with the Internal Controls Committee.

15. RELATIONS WITH THE SHAREHOLDERS

On the website of the company (www.mediaset.it) there can be found both the information of an economic/financial nature such as Financial Statements, Half-Yearly and Quarterly Reports, presentations to the financial community and the trend of the of the Stock Exchange transactions involving the financial instruments issued by the company and the data and documents that are of interest to all the shareholders such as press releases, the membership of the Bodies and Committees of the company, the Articles of Incorporation of the company, the Regulations of the Shareholders' Meetings and the Minutes of the Shareholders' Meetings, as well as documents and information regarding corporate governance and the organisational model pursuant to the Legislative Decree N° 231/2001.

For the purpose of putting in place a continuous ongoing relationship with the shareholders based on the understanding of their reciprocal roles, the Board of Directors of Mediaset has identified, in the person of the Chief Financial Officer of the Group, Marco Giordani, who reports directly to the Chairman of the company, the Manager entrusted with managing the relations with the shareholders.

For this purpose the Chief Financial Officer avails himself of the services of the following two functions that report directly to him:

- The Company Affairs Directorate, which presides over the relationships with the Retail Investors and the Institutional Entities like Consob (Italian SEC) and Borsa Italiana (the company that runs the Italian Stock Exchange).
- The Investor Relations Directorate, which presides over the relationships with the Financial Community, i.e. Financial Analysts, Institutional Investors and Rating Companies.

The addresses and telephone numbers of the Company Affairs Directorate and the Investor Relations Directorate can be found on the website of the company (www.mediaset.it).

The Board of Directors, pursuant to what is laid down by the Self Regulating Code of the company evaluated, during the meeting of 15th December 2009, that the company structures entrusted with these functions are adequate for carrying out these tasks that ensure effective and continuous relations with the Financial Community and with the competent Authorities involved.

16. SHAREHOLDERS' MEETINGS (as per article 123-, part two, paragraph 2, letter c) CFA

In calling, convening, planning and managing the Shareholders' Meetings particular attention is given to favouring the participation by the Shareholders, as well as ensuring the maximum quality level of the information provided to them on those occasions, while the observing the limitations and the methodologies of broadcasting inherent to the price sensitive information.

The Shareholders' Meeting, when regularly constituted, represents all of the shareholders and its resolutions, passed in conformity with the law, are binding on all of them, even if absent or dissenting. The Ordinary and Extraordinary Shareholders' Meetings, meet in the cases and in the ways laid down by law, within the registered office of the company or elsewhere, as long as the place is in Italy. As laid down by article 9 of the Articles of Incorporation, the Shareholders' Meeting is called through a notice published in the Official Gazette of the Italian Republic, or in the financial daily "Il Sole 24 Ore", at least 30 days before the date of the Shareholders' Meeting. The notice which, at the same time, is published on the website of the company details the methodologies laid down by the Articles of Incorporation for participation in the Shareholders' Meeting.

The company makes available to the public the documentation relative to the matters contained in the Agenda by depositing it at the company's registered office, sending it to Borsa Italiana by means of NIS (Network Information Service) and publishing it on its website.

The Board of Directors promotes initiatives aimed at favouring the biggest participation possible of the shareholders at the Shareholders' Meetings and to facilitate their exercising of their rights and in order to reduce the limitations and the fulfilment of obligations that make it difficult or burdensome to take part in Shareholders' Meetings and exercising the right to vote.

As laid down by article 11 of the Articles of Incorporation "*there can intervene in the Shareholders' Meeting the shareholders who have ensured the arrival at the company the intermediary's communication laid down by article 2370, 2nd paragraph of the Italian Civil Code at least two clear days before the date of the individual Shareholders' Meeting in question. The depositing of the intermediary's communication does not impede the shareholder from disposing of the shares before the Shareholders' Meeting takes place. In this case the purchaser of the shares can only take part in the Shareholders' Meeting if they have duly fulfilled all the obligations laid down by the preceding paragraph at least two clear days before the date of the individual Shareholders' Meeting in question*".

The Shareholders' Meeting is presided over by the Chairman of the Board of Directors and, in his absence, by the Vice Chairman.

The Shareholders' Meeting has all the powers laid down by law regarding it. Pursuant to the Articles of Incorporation the giving to the administration body of the company the competencies and pass resolutions on matters, such as resolutions regarding mergers and split-offs in those cases laid down by the articles 2505, 2505, part two, and 2506, part three, of the Italian Civil Code, the opening or closing of secondary sites, indicating who among the Directors have the legal representation of the company, the reduction of the Share Capital in the case of the withdrawal of a shareholder and the updating of the Articles of Incorporation for legislative and regulatory measures, which belong by law to the Extraordinary Shareholders' Meeting, does not lessen the competency of the Shareholders' Meeting, which maintains the power to pass resolutions regarding such matters. Regarding the constitution and resolutions of the Shareholders' Meetings, both Ordinary and Extraordinary, at the first and the successive calls, the relative legal measures are applied.

Every shareholder who has the right to take part in the Shareholders' Meeting can have himself or herself represented at it, by means of a written proxy, pursuant to the relative legislation.

As a rule all the Directors are present at the Shareholders' Meetings. The Shareholders' Meetings are also the occasion for the communication to the shareholders of information regarding the company, while respecting the regulations regarding privileged information.

The Ordinary Shareholders' Meeting of 9th April 2001 put in place the "Shareholders' Meeting Regulations" available on the website of the company: www.mediaset.it, which regulates the proceedings of the Ordinary and Extraordinary of Shareholders' Meetings of the company.

17. CHANGES SINCE THE CLOSING DATE OF THE FINANCIAL YEAR

Since the closing date of the financial year no change, whatsoever, has taken place in the corporate governance structure of the company.

The Annual Report on Corporate Governance and the Ownership Structure was drawn up pursuant to article 123, part two, of the CFA.

Issuer: Mediaset S.p.A.

Website: www.mediaset.it

Year-end to which the Report refers: 31st December 2009 Approval date
of the Report: 23rd March 2010

ATTACHMENT A

Article 17 of the Articles of Incorporation of the company

1. The company is administered by a Board of Directors, consisting of from five to Directors, and they can be re-elected.
2. The Shareholders' Meeting, before going ahead with their nomination, fixes the number of members of the Board and their duration in office, while observing the time limits that are laid down by law.
3. The Board of Directors is nominated by the Shareholders' Meeting based on lists, within which there cannot be more than twenty one candidates, each one of them numbered progressively.

Each candidate can only present himself or herself in a single list, under pain of not being eligible for election.

Each shareholder cannot present, or take part in presenting, or vote for more than one list even through an intermediary person or a trust company. The shareholders belonging to the same group, for which there is meant the parent company, the subsidiary companies and the companies subject to joint control, and the shareholders that take part in a voting pact pursuant to article 122 of the Legislative Decree N° 58/1998, which has as its subject the shares of the company, cannot present, or take part in presenting, or vote for more than one list even through an intermediary person or a trust company.

There can only present the lists those shareholders who have the right to vote and who, on their own or together with other shareholders represent at least 2.5% (two point five percent) of the Share Capital made up of shares that have the right to vote in the Ordinary Shareholders' Meeting or the different percentage laid down by the relative legal measures that are currently in force and that will be communicated, from time to time, in the notice of call of the Shareholders' Meeting to be convened for the nomination of the Board of Directors. For the purpose of deciding upon the Directors to be elected, there will not be taken into account those lists that have not had a percentage of votes equal to at least half of the one asked for by the Articles of Incorporation or by the relative legal measures that are currently in force for the presentation of the lists themselves.

Each list must include at least two candidates who possess the requisites of independency laid down by the relative legal measures that are currently in force, indicating them separately. The lists, together with the professional curricula of the candidates, containing exhaustive information regarding the personal and professional characteristics of the candidates themselves and the attestation the suitability to be able to qualify themselves as independent pursuant to the relative legal measures currently in force and signed by the shareholders that have presented them must be deposited at the company's registered office at least 15 (fifteen) days before the one fixed for the Shareholders' Meeting at first call. At the time of the presentation of the list, there must be deposited the information relative to the identities of the shareholders who have presented the list, giving the total percentage shareholding owned by all of them and the specific certification issued by an intermediary, authorised pursuant to the relative legislation, proving the ownership of the said shareholding. The shareholders different from those that hold, also jointly, a controlling or relative majority shareholding must also present a declaration attesting to the absence of any linking relationships, foreseen by legal measures, with these latter. Within the same timeframe there must be deposited the declarations with which the individual candidates accept their candidature and declare, under their own responsibility, that there do not exist any reasons for

inability to be elected or of incompatibility laid down by law, that there do exist any requisites that may be prescribed by the relative legislation or regulations for the members of the Board of Directors. Together with each list, within the timeframes given above, there must also be deposited the further information asked for by the relative legal measures currently in force, which will be indicated in the notice of call.

The lists presented without the observance of the measures described above are understood as being not presented and they will not be put to a vote.

4. At the end of the voting, the votes obtained by the lists are divided by whole numbers progressive from one to the number of the Directors to be elected.

The quotients obtained in this way are attributed to the candidates of each list following the order foreseen by it.

Then the quotients attributed to the candidates of the various lists are arranged in a single decreasing ranking. There result as being elected, until there is arrived at the total number of Directors fixed by the Shareholders' Meeting, those who have obtained the highest quotients, while there remains in force the fact that there must be nominated as a Director, in any case, the candidate listed at the first place in the second list that has obtained the highest number of votes and that is not linked, in any way, with the shareholders who have presented or voted for the list that was first for number of votes. Therefore, whenever the aforesaid candidate has not obtained the quotient that is necessary to be elected, there shall not be elected the candidate who, in the first list, has obtained the lowest quotient and the Board will be completed with the nomination of the candidate listed at first place in the second list that has obtained the highest number of votes.

5. Whenever, after having followed the procedure referred to in paragraph 4 above, there has not been nominated the number of Directors, who possess the requisites of independence, prescribed by the relative legal measures currently in force, the following procedure will be followed.

Whenever the Board consists of seven or less members there shall be nominated as an Independent Director, replacing the non-independent candidate who, in the first list, obtained the lowest quotient, or the second last one if the last one was replaced by the minority Director pursuant to the preceding paragraph 4, the first independent candidate not elected who is listed afterwards in the same list. When the Board consists of more than seven members and, after having followed the procedure referred to in paragraph 4 above, only one Independent Director has been nominated, a second Independent Director will be nominated, replacing the non-independent candidate who, in the first list, obtained the lowest quotient, or the second last one if the last one was replaced by the minority Director pursuant to the preceding paragraph 4, the first independent candidate not elected who is listed afterwards in the same list.

When the Board consists of more than seven members and, after having followed the procedure referred to in paragraph 4 above, no Independent Director has been nominated, there will be nominated as Independent Directors (i) replacing the candidate who, in the first list, obtained the lowest quotient, or the second last one if the last one was replaced by the minority Director pursuant to the preceding paragraph 4, the first independent candidate not elected who is listed afterwards in the same list and (ii) replacing the non-independent candidate elected with the lowest quotient in the second list that has had the highest number of votes, the first independent candidate not elected who is listed afterwards in the same list. Whenever all the Directors are drawn from a single list also the second Independent Director will be drawn from that list following the aforesaid criteria.

6. The candidate listed at first place in the list that has obtained the highest number of votes shall

be elected to the office of Chairman of the Board of Directors.

7. In the case where it is necessary to complete the full Board of Directors and a number of candidates have obtained the same quotient, there shall be considered elected the candidate of the list that not yet elected any Director or that has elected the lowest number of Directors.

In the case where none of these lists has elected a Director or all of them have elected the same number of Directors, in the context of these lists there shall be elected the candidate of the list that has obtained the highest number of votes.

In the case of a tied vote between lists and always with quotient parity, new voting by the Shareholders' Meeting will take place, observing the relative legal measures currently in force, and there will be elected the candidate who obtains the simple majority of the votes.

8. Whenever only one list is presented, the Shareholders' Meeting votes on it and if it obtains the relative majority, there shall be elected as Directors the candidates listed in progressive numerical order, until the number of members fixed by the Shareholders' Meeting is reached, while there remains the fact that there must be elected a number of Independent Directors that is at least equal to the one laid down by the relative legal measures currently in force. The candidate in first place on the list shall be elected Chairman of the Board of Directors.

9. The list voting procedure is only applied in the case of the renewal of the whole Board of Directors.

10. Where there are no lists and also in the case where the list voting mechanism produces a number of elected candidates lower than the number of Board members fixed by the Shareholders' Meeting, the Board of Directors is by the Shareholders' Meeting with the relative legal majorities in such a way as to ensure, in any case, the presence of the necessary number of Directors in possession of the independence requisites laid down by the relative legal measures currently in force.

11. In the case of the leaving of their office for any reason, whatsoever, of one or more Directors, those remaining in office shall replace them by the process of co-opting, ensuring, in any case, the presence of the necessary number of Directors in possession of the independence requisites laid down by the relative legal measures currently in force.

12. The election of Directors, nominated pursuant to article 2386 of the Italian Civil Code, is carried out by the Shareholders' Meeting with the relative legal majorities. The mandates of the Directors nominated in this way expire together with the mandates of those in office at the time of their nomination.

ATTACHMENT B**Personal and professional characteristics of the Directors**

FEDELE CONFALONIERI - Born in Milan on 6th August 1937. Graduated with a Law Degree from the State University of Milan. He is a member of the Directive Board and the Junta of Confindustria (Italian Confederation of Industry) and of Assolombarda (Lombardy Trade Association) and in the context of the Radio Televisions Federation he is the Chairman of the National Televisions Association. He is a member of the Directive Junta of Assonime, the Italian Joint Stock Companies Association. He is a Director of the daily newspaper "Il Giornale". He is also a Director of Gestelevision Telecinco S.A.

PIER SILVIO BERLUSCONI - Born in Milan on 28th April 1969. He began his professional experience in '92 in the marketing area Publitalia, passing afterwards to the television network Italia 1. In November 1996 he became the manager for the coordination of the contents and programmes area of the Mediaset networks. In 1999 he was nominated Vice Director General Contents R.T.I. From April 2000 he has been Vice Chairman of the Mediaset Group, as well as the Chairman and Managing Director of R.T.I. and Med Due S.r.l. He is also a member of the Boards of Directors of the following companies: Fininvest S.p.A., Gestelevision Telecinco S.A, Medusa Film S.p.A., Arnoldo Mondadori Editore S.p.A. and Publitalia '80 S.p.A..

GIULIANO ADREANI - Born in Rome on 27th August 1942. He is Managing Director of Mediaset S.p.A., Chairman and Managing Director of Publitalia 80 S.p.A., Chairman of Digitalia 08 S.r.l., a Director of R.T.I. S.p.A., of Gestelevision Telecinco S.A., of Medusa Film S.p.A., of Auditel S.r.l. and a Director of Publiespana. In 2003 he was nominated a Knight of Labour by the President of the Italian Republic. In February of 2009 there was conferred upon him a *Honoris Causa* Degree in Communications Sciences by the University Suor Orsola Benincasa of Naples. Before the Mediaset Group, which he entered in 1994, from 1962 he was in Sipra, the Advertising Concessionaire of R.A.I. (Italian State Radio and Television), where he guided all the commercial and creative sectors of Communications, both of dailies and periodicals and of radio and television until his nomination, in 1991, as Director General.

MARINA BERLUSCONI - Born in Milan on 10th August 1966. She came into the company when she was very young and she has always deeply interested in the management and the development of the economic/financial strategies of the Group.

In July 1996 she took the office of Vice Chairman of Fininvest S.p.A., a role she filled until October 2005, when she was nominated Chairman of the holding company.

Since February 2003 she has been Chairwoman of Arnoldo Mondadori Editore S.p.A. She is a Director of Mediobanca S.p.A..

PASQUALE CANNATELLI - Born in Soriano (VV) on 8th September 1947. He took his Degree in Economics and Commerce at the Catholic University of Milan and began his work experience in 1972 at Rank Xerox. In 1985 he entered Farmitalia Carlo Erba as Group Controller. There followed his experiences in Alitalia, first as Administrative Director and then as Controller and, again, in Farmitalia where he was Finance Administration and Controls Director of the Erbamont Group. In July 1997 he became a Director of Mediaset S.p.A. and Central Director for Planning and Controls. Since May 2003 he has been Managing Director of Fininvest S.p.A..

He is a Director of Arnoldo Mondadori Editore S.p.A., Mediolanum S.p.A. and AC Milan S.p.A..

PAOLO ANDREA COLOMBO - Born in Milan on 12th April 1960. Took a Degree in Company

Economics at the University “L. Bocconi” of Milan. He is a Certified Public Accountant and Accounting Auditor. He is a Director of Eni S.p.A., Carlo Tassara S.p.A., Chairman of the Board of Statutory Auditors of Aviva Vita S.p.A., GE Capital Interbanca S.p.A, Ceresio Sim and an Active Statutory Auditor of Angelo Moratti S.p.A. and Credit Agricole Assicurazioni Italia Holding S.p.A..

MAURO CRIPPA - Born in Rome on 26th April of 1959. He is a Professional Journalist. He is also a Director of the company Europea Editrice of “Il Giornale ” since 1998, of R.T.I. S.p.A. since 1999 and of Class CNBC S.p.A. since 2000. In 1987 he has been the manager of the Institutional Print and Product Office of Arnoldo Mondadori Editore S.p.A. In 1994 he entered the Fininvest Group with the office of Press Relations Director. In 1996 he took the office of Central Communications Management and Press Relations in Mediaset. In 2007 he took over the office of Information General Management of R.T.I. S.p.A..

BRUNO ERMOLLI - Born in Varese on 6th March 1939. He has been an entrepreneur for more than thirty years of Professional Services for Management and Organisational Consultancy. He lectures at courses and seminars for entrepreneurs and managers. He is often called upon to collaborate with the Presidency of the Council of Ministers as an expert in Public Management and Public Administration Organisation. From 1985 to 1989 he was Promoter and Chairman of the National Federation for the Advanced Services Industries Sector. From 1980 to 1982 he was Chairman of the National Association of Management and Organisational Consultancy Companies. In 1970 he set up, and still today presides over Sin&rgetica, the leading Italian Management Consultancy Company for Private Enterprises, Banks, Insurance Companies, Public Entities and Public Administrations. The President of the Italian Republic nominated him a Knight of Labour. Currently he is Vice Chairman of the La Scala Theatre Foundation, a Director of Arnoldo Mondadori Editore S.p.A., Mediolanum S.p.A. Mondadori France, Fininvest S.p.A., and Fondazione Cariplo and a Senior Advisor and Member of the European Advisory Council of JP Morgan.

LUIGI FAUSTI - Born in Ancona in 1929. He did classical studies at the C. Tacito Grammar School of Terni and legal studies at the University of Rome. Hired as a clerical worker by the Banca Commerciale Italiana in 1947 he has had 51 years of uninterrupted professional activity passing upward through various career levels in different offices of the Bank in Italy. In 1984 he was called upon to enter its Central Management, in Italian Credit Services, firstly with the position of Central Joint Director and then, from 1987, with that of Central Director, with “supervisor ” functions for that same Service. In May 1990 he was nominated Managing Director. In April 1994 he was nominated Vice Chairman and Managing Director. In June 1996 there was conferred upon him, by the Second Studies University of Naples a Honoris Causa Degree in Economics. In April 1997 he was nominated Chairman. In 1999 he was nominated Honorary Chairman by acclamation, an office that he resigned from in June of the same year because of disagreements over the business choices that were being made by the Bank.

MARCO GIORDANI - Born in Milan on 30th November del 1961. He is a graduate in Economics and Commerce of the University “L. Bocconi ” of Milan. From 2000 he has been Chief Financial Officer of the Mediaset Group. He is a Director of Gestelevision Telecinco S.A., Publitalia '80 S.p.A., Med Due S.r.l, and Mediamond S.p.A. Edam Acquisition Holding I Cooperatief U.A. and Medusa Film S.p.A. and Managing Director of R.T.I. S.p.A. From 1998 to 2000 he was in IFIL S.p.A., in Shareholdings Controls Management and afterwards nominated as A Director and a member of the Executive Committee of LA RINASCENTE S.p.A., as well as a Director of S.I.B. (Società Italiana Bricolage). In 1991 he was Finance Manager of the RINASCENTE Group within which, in 1997 he took the position of Chief Financial Officer. In 1989 he entered the Rinascente Group as Operations Manager and a Director of COMFACTOR S.p.A. In 1985 he began his professional activity in the UNILEVER ITALIA Group, firstly in the Audit Department and then as Administration Manager of the company QUEST S.p.A..

ALFREDO MESSINA - Born in Colleferro (Rome) on 8th September 1935. A Graduate in Economics and Commerce he began his career filling various positions of an administrative type in a number of companies. After experiences in Olivetti, as Controller of Group Production and in Alitalia, as Manager for Central Administration, Finance, Planning and Controls, in 1989 he was at IRI (Institute for Industrial Reconstruction) as Central Planning and Controls Manager. In January 1990 he entered Fininvest S.p.A. as Director General and in 1996 was nominated Managing Director for the administration and controls area of the Group, overseeing the sectors of Large Scale Distribution and Insurance and Financial Products. Currently he is Deputy Vice Chairman of Mediolanum S.p.A., Chairman of Mediolanum Assicurazioni S.p.A. and of Mediolanum Vita S.p.A.. He is a Director of Gestelevision Telecinco SA and of Molmed S.p.A.

GINA NIERI - Born in Lucca on 2nd December 1953. A Graduate in Political Sciences at the University of Pisa, she obtained the specialisation in Journalism and Mass Communications at the Luiss of Rome (Free University of Social Studies). From 1977 she has worked in the area of commercial television, which she entered with her nomination as Secretary General of FIEL, the first association of the “free” broadcasters. She then went to FRT - Radio Television Federation – as Director until 1990, when she entered the FININVEST GROUP as Manager for Relations with the Enterprise Associations. From 28th April 1999 she has been a member of the Board of Directors of R.T.I. S.p.A.. She is a member of the Junta of ASSOLOMBARDA (Lombardy Trade Association) and the Junta of CONFINDUSTRIA (Italian Confederation of Industry). From 21st June 2004 she has been Vice Chairwoman of the Campus Multimedia Consortium, a Consortium set up by Mediaset and the Free University for Languages and Communications (IULM). Currently, in MEDIASET she holds the position of Director of Institutional and Legal Affairs and Strategic Analyses and she is Vice Chairman of R.T.I. S.p.A..

NICCOLO ’ QUERCI – Born in Florence on 10th May 1961. A Law Graduate of the University of Siena in 1988 he took a Master in Enterprise Communications. Since 2007 he has been Central Personnel and Organisation Director of the Mediaset Group and Vice Chairman of Publitalia ’80 S.p.A.. Since 2006 he has been Chairman of the company Mediashopping, from 2003 Managing Director of R.T.I. for Human Resources, General Services and Safety and from 2001 Vice Chairman of R.T.I. S.p.A.. From 1999 to 2006 he was Director of artistic resources, productions, entertainment and sport and, until 2008, Manager for the diversified activities and new business of the Group. From 1992 to 1999 he was the Assistant and Head of the Secretariat of Silvio Berlusconi, filling various organisational positions over the years, from 1989 to 1992 in Publitalia ’80 he was Account Manager Large Customers and assistant Chairman and Managing Director and from 1987 to 1988 an Account Executive in P. T. Needham.

CARLO SECCHI – Born on 4th February 1944 is professor of European Political Economy at the Bocconi University of Milan, of which he was Rector in the period 2000-2004. He is Director of the Institute of Latin American Studies and of the Countries in Transition. He was a Member of the European Parliament during the 4th legislature (1994-1999), where he was Vice Chairman of the Economic and Monetary Commission. He was a Senator of the Italian Republic during the 22nd legislature (1994-96). He is a member of the governing bodies of Foundations and Institutes of a technical/scientific nature, among which the Scientific Committee of IReR (Regional Research Institute of Lombardy). He is Vice Chairman of ISPI (Institute for International Political Studies of Milan), Chairman of the Italian Group of the Trilateral Commission. He is currently a member of the Board of Directors of a number of Italian companies and of the Veneranda Fabbrica del Duomo (the Milan Cathedral Conservation Body). He is currently a Director of Pirelli & C. S.p.A., Parmalat S.p.A., Italcementi S.p.A., Allianz S.p.A. and Centrale Finanziaria Generale S.p.A.. Since 21st July 2009 he has been a Director of Expo 2015 S.p.A. He is the author of books and numerous articles on international commerce and economy, on economic integration and on European themes.

ATTILIO VENTURA – Born on 6th February 1936. A Graduate in Economy and Commerce from the Catholic University of the Sacred Heart of Milan. He has taken specialisation courses in Economy and Finance at the Seton Hall University of South Orange (United States) and Merrill Lynch of New York. From 1967 he was a Stockbroker and from 1981 a member of the Stockbrokers' Management Committee. From 1985 to 1988 he was Vice Chairman of the Stock Exchange Management Committee, from 1988 to 1992 Chairman of the Stock Exchange Management Committee and from 1992 al 1995 Chairman of the Board of the Stock Exchange. From 1996 to 1998 he was a Director of the Banca Nazionale del Lavoro S.p.A. From 2004 until today he has been Vice Chairman of the “Fondazione Aretè ” of the San Raffaele Hospital of Milan. Currently he is a Director of Ceresio Sim.

The companies Arnoldo Mondadori Editore S.p.A. and Mediolanum S.p.A. belong to the Fininvest Group of which Mediaset is a part.

ATTACHMENT C

Table 2 - Format Borsa Italiana

Board of Directors											Internal Controls Committee		Compensation Committee		Corp. Governance Committee		Executive Committee	
Office held	Members	In office from	In office till approval of Financial Statements at	List (M/m) *	Exec.	Non exec.	Indep. by Code	Indep. by CFA	(%) ** (1)	N° of other offices ***	****	** (2)	****	**	****	** (3)	****	**
Chairman	Confalonieri Fedele	20/04/2006 22/04/2009	22/04/2009 31/12/2011	M	X				100								X	100
(=) Vice Chairman	Berlusconi Pier Silvio	20/04/2006 22/04/2009	22/04/2009 31/12/2011	M	X				100	2							X	87.5
(=) Managing Director	Adreani Giuliano	20/04/2006 22/04/2009	22/04/2009 31/12/2011	M	X				100								X	100
Director	Berlusconi Marina	20/04/2006 22/04/2009	22/04/2009 31/12/2011	M		X			60	3							X	100
Director	Cannatelli Pasquale	20/04/2006 22/04/2009	22/04/2009 31/12/2011	M		X			100	3								
Director	Colombo Paolo Andrea	20/04/2006 22/04/2009	22/04/2009 31/12/2011	M		X	X	X	80	4			X	100	X	80		
Director	Crippa Mauro	20/04/2006 22/04/2009	22/04/2009 31/12/2011	M	X				100									
Director	Ermolli Bruno	20/04/2006 22/04/2009	22/04/2009 31/12/2011	M		X			100	3			X	100				
Director	Fausti Luigi	20/04/2006 22/04/2009	22/04/2009 31/12/2011	M		X	X	X	60		X	66.6			X	100		
Director	Giordani Marco	20/04/2006 22/04/2009	22/04/2009 31/12/2011	M	X				100									
Director	Messina Alfredo	20/04/2006 22/04/2009	22/04/2009 31/12/2011	M		X			90	4	X	100						
Director	Nieri Gina	20/04/2006 22/04/2009	22/04/2009 31/12/2011	M	X				100								X	87.5
Director	Querci Niccolò (1)	22/04/2009	31/12/2011	M	X				100									
Director	Secchi Carlo	20/04/2006 22/04/2009	22/04/2009 31/12/2011	M		X	X	X	90	6	X	100			X	100		
Director	Ventura Attilio	20/04/2006 22/04/2009	22/04/2009 31/12/2011	M		X	X	X	90		X	87.5	X	100	X	100		
DIRECTORS WHO CEASED DURING THE REFERENCE FINANCIAL YEAR																		
Show the quorum required for the presentation of the lists at the time of the last nomination: 1.5%																		
Number of meetings held during the reference financial year :										BOD:10	ICC:11	CC:5	CGC:5	EC:8				

NOTES

(1) The mandate of the Board of Directors expired with the Shareholders' Meeting of 22nd April 2009. Before that date 2 meetings of the Board of Directors were held and after that date 8 meetings of the new Board of Directors were held. There is indicated the Director of first nomination Niccolò Querci whose percentage participation is calculated on 8 meetings. The percentage participation of all the other Directors is calculated on the whole 10 meetings held during the reference period.

(2) The mandate of the Internal Controls Committee expired with the Shareholders' Meeting of 22nd April 2009. Before that date 3 meetings of the Internal Controls Committee were held and after that date 8 meetings of the new Internal Controls Committee were held. The participation percentage of the Director Luigi Fausti is calculated on 3 meetings, the participation percentage of the Directors Alfredo Messina and Carlo Secchi is calculated on 11 meetings. The participation percentage of the Director Attilio Ventura is calculated on 4 meetings.

(3) The mandate of the Corporate Governance Committee expired with the Shareholders' Meeting of 22nd April 2009. Before that date 1 meeting of the Corporate Governance Committee was held and after that date 4 meetings of the new Corporate Governance Committee were held. The participation percentage of the Director Luigi Fausti is calculated on 1 meeting. The participation percentage of the Directors Attilio Ventura e Paolo Andrea Colombo is calculated on 5 meetings. The participation percentage of the Director Carlo Secchi is calculated on 4 meetings.

* In this column there is indicated M/m according to whether the member was elected by the list voted by the majority (M) or by a minority (m)

** In this column there is indicated the percentage participation of the Directors at the BOD meetings and the Committee meetings respectively, i.e. number of presences/number of meetings during the effective period in office of the interested party.

*** In this column there is indicated the number of offices of Director or Statutory Auditor held by the interest part in other companies quoted on regulated stock markets, also foreign ones, in finance companies, in banks, in insurance companies or in those of dimensions. There is attached to the Report the list of these companies with reference to each individual Director, indicating if the company in which the office is held belongs, or not, to the Group that the Issuer heads or is part of.

**** In this column there is indicated with an "X" that the member of the BOD belongs to the Committee.

(=) Nominated with the Board of Directors Meeting of 23rd April 2009

ATTACHMENT D

Article 27 Articles of Incorporation of the company

1. The Ordinary Shareholders' Meeting elects the Board of Statutory Auditors, consisting of three Active Statutory Auditor and two Substitute Statutory Auditors, who remain in office for three financial years and whose mandates expire with the Shareholders' Meeting called to approve the Financial Statements relative to the third financial year of their period in office and they can be re-elected.

All the Statutory Auditors must be inscribed in the Register of Accounting Auditors set up within the Ministry of Justice and must have carried out the legal auditing of accounts for a period of not less than three years.

Furthermore, the Statutory Auditors must possess the necessary requisites laid down by the relative legislation and regulations that are currently in force and the Board of Directors must ascertain that they actually exist.

2. The nomination of the Statutory Auditors takes place based on lists presented by the shareholders, with the procedure shown below. The lists must indicate at least one candidate to the office of Active Statutory Auditor and one candidate to the office of Substitute Statutory Auditor and they can contain up to a maximum of three candidates to the office of Active Statutory Auditor and a maximum of two candidates to the office of Substitute Statutory Auditor. The candidates are listed in progressive numerical order.

Each list consists of two sections. One is for the candidates for the office of Active Statutory Auditor and the other is for the candidates for the office of Substitute Statutory Auditor. Each candidate can only be present in one list, under pain of not being eligible for election

3. There have the right to present the lists the shareholders who have voting rights who alone or jointly are the overall owners of the amount of the shareholding that is asked for by the Articles of Incorporation for the presentation of the lists for the nominations of the members of the Board of Directors. Each shareholder cannot present, or take part in presenting, or vote for more than one list even through an intermediary person or a trust company. The shareholders belonging to the same group, for which there is meant the parent company, the subsidiary companies and the companies subject to joint control, and the shareholders that take part in a voting pact pursuant to article 122 of the Legislative Decree N° 58/1998, which has as its subject the shares of the company, cannot present, or take part in presenting, or vote for more than one list even through an intermediary person or a trust company.

4. The lists, together with the professional curricula of the persons designated, and signed by the shareholders who have presented them must be deposited at the company's registered office at least 15 (fifteen) days before the one fixed for the Shareholders' Meeting at first call that is to be convened in order to pass resolutions regarding the nominations of the Statutory Auditors. At the time of the presentation of the list, there must also be deposited (i) the information relative to the identities of the shareholders who have presented the list, giving the overall percentage of the shareholding owned by them and the specific certification issued by a legally authorised intermediary proving the ownership of the shareholding, (ii) a curriculum vitae for each candidate containing exhaustive information regarding the personal and professional characteristics of the candidates and (iii) the further information, asked for by the relative legal measures currently in force, that will be indicated in the notice calling the Shareholders' Meeting. The shareholders different from those that hold, also jointly, a controlling or relative majority shareholding must also

present a declaration attesting to the absence of any linking relationships, foreseen by legal measures, with these latter. Within the same timeframe there must be deposited the declarations with which the individual candidates accept their candidature and declare, under their own responsibility, that there do not exist any reasons for inability to be elected or of incompatibility laid down by law and that there is observe the limit of the accumulation of offices referred to in the following paragraph and also that there do exist any requisites that may be prescribed by the relative legislation, by the regulations and by the Articles of Incorporation for members of the Board of Statutory Auditors, as well as the list of the other administration and controls offices they hold in other companies.

5. There cannot be elected as Statutory Auditors those persons who hold administration and controls offices that surpass the limits that are laid down by the relative legislative measures that are currently in force.

6. The lists presented without observing the foregoing measures shall not be considered to have been presented and they will not be voted on.

7. The election of the Statutory Auditors goes ahead as follows:

a) From the list, which has obtained the highest number of votes in the Shareholders' Meeting, there are drawn, based on the progressive numerical order with which they are listed within the specific sections of the list, two Active Statutory Auditors and one Substitute Statutory Auditors.

b) From the second list, which has obtained the highest number of votes in the Shareholders' Meeting, among the lists presented and voted by the shareholders who are not linked to reference shareholders, pursuant to article 148, paragraph 2, of the relative Consolidated Act, there are drawn, based on the progressive numerical order with which they are listed within the specific sections of the list, the remaining Active Statutory Auditor and the other Substitute Statutory Auditor.

In the case where a number of lists have obtained the same number of votes there shall take place a new ballot between these lists, in observance of the relative legal measures currently in force, and there shall be elected those candidates of the list that obtains the simple majority of the votes.

8. There shall be elected to the office of Chairman of the Board of Statutory Auditors the candidate at first place in the section of the candidates to the office of Active Statutory Auditor elected pursuant to the preceding paragraph 7. b).

9. Whenever there is only presented one list, the Shareholders' Meeting votes on it. Whenever the list obtains the relative majority, there shall be elected as Active Statutory Auditors the three candidates indicated in progressive numerical order in the relative section and as Substitute Statutory Auditors the two candidates indicated in progressive numerical order in the relative section. The Chairmanship of the Board of Statutory Auditors belongs to the person indicated at first place in the section of the candidates for the office of Active Statutory Auditor in the list presented.

In the case of the death, renunciation or the expiry of the mandate of an Active Statutory Auditor, there enters into the office the Substitute Statutory Auditor elected at first place. In the hypothesis of the replacement of the Chairman, the Board of Statutory Auditors chooses and nominates a new Chairman from among its own members, who remains in office until the first successive Shareholders' Meeting, which must take care of the integration of the Board of Statutory Auditors.

10. Where there are no lists, the Board of Statutory Auditors and its Chairman are nominated by the Shareholders' Meeting with the relative legal majorities.

11. Whenever a number of lists are presented, in the case of the death, renunciation or the expiry

of the mandate of a Statutory Auditor, there enters into the office the Substitute Statutory Auditor belonging to the same list as the one who ceased, positioned in the first place. In this case in order to deal with the nomination of the Statutory Auditors necessary in order to be able to integrate the Board of Statutory Auditors the procedure is as follows: when it is necessary to go ahead with the replacement of the Statutory Auditors elected in the majority lists, the nomination takes place with a relative majority vote, without the necessity for a list. When, on the other hand, the Shareholders' Meeting must nominate Active Statutory Auditors or Substitute Statutory Auditors, for the purpose of integrating the Board of Statutory Auditors, replacing Active Statutory Auditors or Substitute Statutory Auditors elected in the minority list, it passes resolutions with a relative majority vote, choosing from among the candidates indicated in the list where there was the Statutory Auditor to be replace or, next in order to this, choosing from among the candidates positioned in any further minority lists. Where there are no candidates of the majority list or the minority lists, the nomination takes place through the voting of one or more lists, consisting of a number of candidates no greater than the number of those to be elected, presented before the date of the Shareholders' Meeting, observing the measures laid down by this article for the nomination of the Board of Statutory Auditors, while there remains the fact that there cannot be presented any lists, and if they are presented they will be totally without effect, by reference shareholders or by the shareholders who are linked to them, as these are defined by the relative legislative and regulatory measures that are currently in force regarding them. There shall be elected the candidates contained in the list that obtains the highest number of votes.

12. The Shareholders' Meeting sets the compensation of the Statutory Auditors, as well as the reimbursement of the expense incurred by them in order to carry out their assignment.

13. The powers and the duties of the Statutory Auditors are those that are laid down by law.

ATTACHMENT E**Table 3 – Format Borsa Italiana**

Board of Statutory Auditors							
Office	Members	In office from	In office till approval of Financial Statements at	List (M/m)*	Independence by Code	** (%)	Number of other offices ***
Chairman	Giussani Alberto	16th April 2008	31st December 2010	m	X	100	7
Active Auditor	Bianchi Martini Silvio	16th April 2008	31st December 2010	M	X	78,57	6
Active Auditor	Vittadini Francesco	16th April 2008	31st December 2010	M	X	71,43	26
Substitute Auditor	D'Onofrio Mario	16th April 2008	31st December 2010	m	X		11
Substitute Auditor	Marchesi Antonio	16th April 2008	31st December 2010	M	X		2
STATUTORY AUDITORS THAT CEASED DURING THE REFERENCE FINANCIAL YEAR							
Show the quorum required for the presentation of the lists at the time of the last nomination: Majority list 1% - Minority list 0.50% of the Share Capital.							
Number of meetings held during the reference financial year: 14							

NOTE

* In this column there is indicated M/m according to whether the member was elected by the list voted by the majority (M) or by a minority (m)

** In this column there is indicated the percentage participation of the Statutory Auditors at their Board meetings, i.e. number of presences/number of meetings held during the effective period in office of the interested party.

***In this column there is indicated the number of offices of Director or Statutory Auditor held by the interested party that are relevant pursuant to article 148, part two, of the CFA. The complete list of the offices is attached, pursuant to article 144, part fifteen, of the Consob (Italian SEC) Issuers Regulations, to the report on the surveillance activities, drawn up by the Statutory Auditors pursuant to article 153, paragraph 1, of the CFA.

ATTACHMENT F

PERSONAL AND PROFESSIONAL CHARACTERISTICS OF THE MEMBERS OF THE BOARD OF STATUTORY AUDITORS

ALBERTO GIUSSANI – Born in Varese on 23rd August 1946. A Graduate in Economy and Commerce at the Catholic University of the Sacred Heart of Milan. He is inscribed in the Roll of Certified Public Accountants since 1979 and in the Register of Accounting Auditors since 1995. He holds the courses in Professional Techniques and International Accounting at the Catholic University of Milan. He holds the office of Director in Credito Artigiano S.p.A., in Fastweb S.p.A., in Seat Pagine Gialle S.p.A., in Istifid S.p.A. and in Finanziaria Canova S.p.A. He is an Active Statutory Auditor in the Luxottica Group S.p.A. and in Carlo Tassara S.p.A.. He is a member of a number of Associations and Foundations. His is the author of publications regarding Financial Statements and is a lecturer at numerous conventions.

SILVIO BIANCHI MARTINI – Born in Lucca on 12th January 1962. He is an Ordinary Professor of Company Economy in the Economics Faculty of the University of Pisa and Professor of Company Strategy and Policies at the Bocconi University of Milan. He is authorised to exercise the profession of Certified Public Accountant and is inscribed in the Order of Certified Public Accountants accredited to the circumscription of the Court of Lucca since 1998. Furthermore, he has been inscribed in the Register of Accounting Auditors since its inception. He is a member of the corporate governance and controls bodies of a number of industrial and services companies among which there are highlighted Dada S.p.A., Molecular Medicine S.p.A., Banco di Lucca e del Tirreno S.p.A. and Sofidel S.p.A..

FRANCESCO VITTADINI - Born in Bellano on 25th May 1943. He took a Degree in Economy and Commerce at the Luigi Bocconi Commercial University. He has been inscribed in the Roll of Certified Public Accountants of Monza since 1971. He holds the office of Statutory Auditor in industrial, financial, insurance, communications and media companies among which there are highlighted as DMT S.p.A. and Mediolanum S.p.A.

MARIO D 'ONOFRIO – Born in Naples on 9th September 1947. He graduated in Economy and Commerce in 1972. He has been inscribed in the Roll of Certified Public Accountants since 1978 and in the Register of Accounting Auditors since 1995. He is the Chairman of Boards of Statutory Auditors of national relevancy, among which there are highlighted F.Ili Aversa, Atlantica (Grimaldi Group) and Pernigotti. He is Chairman of the Surveillance Body of Ferrarelle S.p.A.. He is Professor of Company Auditing at the Parthenope University of Naples.

ANTONIO MARCHESI – Born in Milan on 6th June 1946. He is a member of the Order of Certified Public Accountants and Accounting Experts of Varese since 9th February 1978 and he is inscribed in the Register of Accounting Auditors. He was formerly Professor in Sport Management in the Department of Company Economy of the University of Turin. Currently he is an Active Statutory Auditor of Basf Italia S.r.l and Mediolanum Assicurazioni S.p.A., a Substitute Statutory Auditor of Mol Med and the sole member of the Surveillance Body of the Milan Group.