

Mediaset Group

Report on Corporate Governance and the Company's Ownership Structure

The Report on Corporate Governance, which has been drawn up pursuant to article 123, part two, of the Consoli-dated Income Tax Act, is made available to the public at the company's registered office, published on the company's Internet website and transmitted to Borsa Italiana following the methodologies and the timeframes established by the relative regulations that are currently in force.

Issuer: Mediaset S.p.A.

Website: www.mediaset.it

The financial year to which the Report refers: Year closed at 31 December 2011

Date of approval of the Report: 20 March 2012

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

The Stock Exchange 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., which is available on the website www.borsaitaliana.it

The 2011 Code: The Self Regulating Code for quoted companies approved in December 2011 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., which is available on the website www.borsaitaliana.it

The Mediaset Code: The Self Regulating Code put in place by the Issuer, which is available on the website www.mediaset.it/investor/governance/autodisciplina_it.shtml.

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

The Board/The 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 Group: The Mediaset Group.

The Organisational Model: The Organisational, Management and Controls Model, per Legislative Decree 231 /2001, on the website www.mediaset.it/corporate/impresa/modello231_01_it.shtml.

The Procedure: The procedure for the transactions with related parties that was put in place by the Board of Directors' Meeting of Mediaset of 9 November 2010.

The Issuers' Regulations: The Regulations issued by the Consob with its resolution number 11971 of 1999, as afterwards modified, regarding Issuers.

The Market Regulations: The Regulations issued by the Consob with its resolution number 16191 of 2007, as afterwards modified, regarding stock markets.

The Related Parties Regulations: The Regulations issued by the Consob with its resolution number 17221 of 12 March 2010 regarding transactions with related parties, which is available on the website www.mediaset.it/investor/governance/particorrelate_it.shtmlmediaset.it.

The 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 Consolidated Finance Act.

The System: The System of Internal Controls.

The Articles of Incorporation: The Articles of Incorporation of Mediaset S.p.A., which are available on the web-site www.mediaset.it/investor/governance/statuto_it.shtml

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 subsidiary companies constitute the leading commercial television group in Italy. It has been quoted on the Italian Stock Exchange since 1996. The Group's main activities are generalist TV, advertising, free and pay Digital TV, managing the infrastructures of the transmission networks, the production of programme contents, Internet and Mobile TV. Abroad, Mediaset is the relative majority shareholder of the Spanish TV Group Mediaset España.

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 and 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.

The Board of Directors has set up, from among its own members, three committees with proposing and consulting functions: the Compensation Committee, the Internal Controls Committee and 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 and by the resolutions passed by the competent company bodies.

For the purpose of encouraging, favouring and supporting the diffusion of a series of values that are based on the pursuit of correctness and fidelity the Group has also adopted and put in place an Ethical Code that defines the whole set of the values that are recognised, accepted and shared, at all levels throughout the company by the Mediaset Group, in the carrying out of its business activities.

All the information that is contained within this Report, except where different indications are given, refers to the date of its approval by the Board of Directors' Meeting that took place on 20 March 2012.

2. INFORMATION ON THE COMPANY OWNERSHIP AT 20 MARCH 2012

Structure of the Share Capital

The Share Capital of Mediaset S.p.A. amounts to EUR 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 March 20, 2012, 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 any rights to be able to subscribe to new share capital 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.

Restrictions on the transfer of securities

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 shareholdings that are laid down for securities that are traded on regulated stock markets.

Relevant holdings in the Share Capital

On 20 March 2012, 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. were the following:

SIGNIFICANT INVESTMENTS IN CAPITAL			
Declarant	Direct shareholder	% Owned up ordinary share capital	% Owned voting capital
Berlusconi Silvio	Fininvest S.p.A.	41,107	41,107
	Holding Italiana Seconda S.p.A.	0,18	0,18
		41,287	41,287
Blackrock Inc.	Blackrock Asset Management Ireland Limited	0,110	0,110
	Blackrock (Luxemburg) S.A.	0,020	0,020
	Blackrock Institutional Trust Company NA	0,889	0,889
	Blackrock Fund Managers Limited	0,020	0,020
	Blackrock Advisors (UK) Limited	0,377	0,377
	Blackrock Financial Management Inc.	0,021	0,021
	Blackrock Asset Management Japan Limited	0,095	0,095
	Blackrock Asset Management Deutschland AG	0,039	0,039
	Blackrock Fund Advisors	0,299	0,299
	Blackrock International Limited	0,002	0,002
	Blackrock (Netherlands) BV	0,010	0,010
	Blackrock Investment Management (Australia) Limited	0,005	0,005
	Blackrock Investment Management LLC	0,056	0,056
	Blackrock Asset Management Australia LTD	0,007	0,007
	Blackrock Asset Management Canada Limited	0,015	0,015
	Blackrock Advisors LLC	0,005	0,005
Blackrock Investment Management (UK) Limited	0,060	0,060	
		2,03	2,03
International Value Advisers, LLC	International Value Advisers LLC	2,13	2,13
Mackenzie Cundill Investment Management Ltd.	Mackenzie Cundill Investment Management Ltd.	3,440	3,440
Mediaset S.p.A.	Mediaset S.p.A.	3,795	3,795(*)

(*) without voting rights.

Securities that confer special rights

No securities have been issued that confer any special controlling rights.

Employee shareholdings: mechanism for exercising voting rights

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.

Restrictions on the voting right

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.

Agreements made between the shareholders.

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

Change of control clauses and statutory measures regarding Public Purchase Offers

The company, in the context of its normal business activities, has existing loan and financing contracts, including the contracts relative to the bond issue of 21 January 2010 that foresee, as is the normal 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.

The company's Articles of Incorporation do not establish any suspensions or derogations regarding Public Purchase Offers regarding the "passivity rule" pursuant to article 104, paragraph 1, part three, of the CFA nor the application of the neutralization rules pursuant to article 104, part two, paragraph 1, of the CFA.

There are no agreements between the company and the directors, as referred to in the disclosure article 123, second part, first paragraph, letter i) of the CFA.

The rules and regulations applicable to the nominations and replacements of the Directors of the company and regarding the changes to the Articles of Incorporation

Regarding the rules and regulations that are applicable to the nominations and the replacements of the directors of the company reference should be made to paragraph 4) that is relative to the situation of the Board of Directors. Pursuant to the Articles of Incorporation, while there remain in force all those competencies that belong to the Extraordinary Shareholders' Meeting of the company, which maintains its powers to be able to pass valid resolutions regarding such matters, the Board of Directors has the power to pass valid resolutions regarding mergers and split offs from the company in those cases that are established by the articles 2505, 2505, part two, and article 2506, part three, of the Italian Civil Code, the setting up or closing of secondary company sites, the official indicating and designation of those Directors who can have legal representation of the company, the reduction of the Share Capital of the company in the case of the withdrawal of a shareholder and the updates regarding the Articles of Association and any required legislative rules and regulatory changes, changes.

There are no succession plans regarding the Directors of the company. The board of directors regarding to the Shareholders structure of the company and the current set of delegation of powers, didn't adopt succession plans.

Mandates to increase the Share Capital and authorisations for the acquisition of treasury shares

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 would constitute shareholdings in the company.

The Shareholders' Meeting of 20 April 2011 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 118,122,756 ordinary shares of the company with the nominal value of EUR 0.52 each, 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 31 December 2011 but, in any case, for a period that is no longer than 18 months from the

date of the relative resolution of the Shareholders' Meeting. 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 Issuer Regulations at a price that is no higher than that between the price of the last independent transaction and the price of the highest independent offer currently on the computerised Stock Exchange managed by Borsa Italiana.
- 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 Issuer Regulations at a price that is no higher than that between the price of the last independent transaction and the price of the highest independent offer currently to be found on the computerised Stock Exchange that is managed by Borsa Italiana.

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 Regulations that actuates the Legislative Decree of 24th February 1998, number 58, concerning the disciplining of the Issuers and observing any other applicable law, rule or regulation including those referred to in the EU Directive 2003/6 and all the relative executive measures both those of the EU and the Italian ones.

From the date of the Shareholders' Meeting until today there have been no purchases of the company's own shares. Therefore, on 20 March 2012, the company holds 44,825,500 of its own shares in its portfolio, amounting to 3.795% of its Share Capital.

Management and coordination activities pursuant to 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 41.107% of its Share Capital. On 4 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 11 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., Media Shopping S.p.A., Mediaset Investimenti S.p.A., Medusa Film S.p.A., Promoservice Italia S.r.l., 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.

From the month of January 2012 Mediaset also carries out management and coordination activities on behalf of the quoted subsidiary company El Towers S.p.A..

3. COMPLIANCE

The Board of Directors of Mediaset S.p.A., from March 2000, decided to put in place the measures contained in the Stock Exchange Code. The Board of Directors' Meeting of 1 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 and, in fact, taking into it the standards contained in the new Stock Exchange Code of March 2006. The company has continued, over time, to update its own system of corporate governance to align it with best domestic and international practices regarding it, with the recommendations of the Stock Exchange Code and with the regulatory measures that have been introduced from time to time, keeping the shareholders and the stock market informed on a yearly basis regarding this.

The Board of Directors of 20 December 2011 approved the changes to article 8 of the Mediaset Code that takes in the effects, while taking into account the organisational set up and structure of the Mediaset Group, the measures that are contained in the text of article 7 of the Self Regulating Code of Borsa Italiana, published in March 2010, regarding the company directors' compensation.

The subsidiary company Mediaset España Comunicación S.A., which is 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 system of Corporate Governance that is currently in force.

4. BOARD OF DIRECTORS

4.1 NOMINATION AND REPLACEMENT

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 that is to be 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 Resolution number 16779/2009, the shareholding percentage required for the presentation of the lists of candidates for membership of the Board of Directors at the Shareholders' Meeting of 22 April 2009 amounted to 1.5%.

Furthermore, it is pointed out that Mediaset, apart from what is established 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.

4.2 MEMBERSHIP

Article 17 of the Articles of Incorporation establishes 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 22 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 and Luigi Fausti who resigned on 1 March 2011.

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 22 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 required to be presented by law, by the relative regulations and by the Articles of Incorporation for the members of the Board of Directors.

The composition of the list of candidates also takes into account the requirements expressed by the company regarding the maximum accumulation of administration and control offices that can be held by candidates pursuant to the Mediaset Code.

The personal and professional characteristics of each individual Director are given in Attachment B to this Report and they are available on the company's website.

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.

Michele Perini was nominated by cooption by the Board of Directors' Meeting of 22 March 2011 and, afterwards, his nomination was confirmed by the Shareholders' Meeting of 20 April 2011. He replaced Luigi Fausti who presented his resignation on 1 March 2011. Michele Perini was found to possess the necessary requisites of independence, pursuant to article 148, paragraph 3, of the Consolidated Finance Act and also the requisites established by the Mediaset Code. His curriculum vitae can be consulted on the company's website.

The Board of Directors has not authorized any suspensions of the competition prohibition as established by article 2390 of the Italian Civil Code.

There are no succession plans regarding the Directors of the company. The board of directors regarding to the Shareholders structure of the company and the current set of delegation of powers, didn't adopt succession plans.

The maximum accumulation of the offices held in other companies

In observance of the measures established by the Mediaset Code, the Board of Directors, in its meeting of 11 March 2008, put in place the following rules regarding the accumulation of the offices of Director and/or Statutory Auditor of the company:

- An Executive Director cannot hold any of the following offices:
 - 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 EUR 10 Billion.
 - II. The office of Non Executive Director or Statutory Auditor, or that of a member of any other 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 EUR 10 Billion.
- A Non Executive Director cannot hold any of the following offices:
 - 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 EUR 10 Billion and the office of Non Executive Director or Statutory Auditor, or that of a member of any other 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 EUR 10 Billion.
 - II. The office of Non Executive Director or Statutory Auditor, or that of a member of any other 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 EUR 10 Billion.

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 fulfill their 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 that are held in Mediaset and in any companies of the Mediaset Group.

In the case where the above limits are surpassed the Directors involved must immediately 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 and take the appropriate steps.

Once a year the Board of Directors scrutinises, based on the information received from each one of them, the offices of Director and/or Statutory Auditor that are held by them in other companies and states them in Attachment B to this Report.

4.3. THE ROLE OF THE BOARD OF DIRECTORS

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. The Board of Directors has all those powers that are established by law and by article 23 of the Articles of Incorporation. The Board of Directors can, pursuant to the contents of the Articles of Incorporation, 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 established by article 2381 of the Italian Civil Code and by article 23 of the 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 specifically reserves for the Board of Directors 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 2011, the Board of Directors met ten times. The average length of each of its meetings is about 2 hours. The participation percentage of the Directors during the financial year, on a total basis, was 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 2012 four Board of Directors' Meetings have been planned, and communicated to the market, for the approval of the periodic financial statements and, as of today, two of them have been held already.

The timeliness and completeness of the premeeting 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, usually 4 days before it, 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 of Directors.

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 indepth information for the purpose of giving the Directors a fully detailed understanding of the items on the Agenda.

During 2011, the Board has carried out the activities that fall within its competencies and this has continued in 2012, specifically concerning the following:

- It examined and approved the strategic, industrial and financing plans of the company and of the Group that it heads, as well as 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 any 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, drawn up under the care of the relative delegated bodies.
- 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 company and its subsidiaries operations that were significant from a strategic, economic, equity and financial perspective and, specifically, those with related parties.
- It approved the configuration of the whole compensation package of the Managing Director of Mediaset at the time of the confirmation of the office of Chairman and Managing Director of the subsidiary company Publitalia '80.
- It has evaluated in the 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.

The Board of Directors Meeting of 20 March 2012 defined a general policy for the compensation of the directors and of the company executives with strategic responsibilities.

The Shareholders' Meeting has not authorized any suspensions of the competition prohibition that is established by article 2390 of the Italian Civil Code.

Self-assessment of the Board of Directors

The Board of Directors in conformity with the Stock Exchange Code and taking into account the positive experience of the previous years, also set in motion, for the financial year 2011 the self-assessment process called Board Performance Evaluation entrusting, as usual, the Corporate Governance Committee to set up and drive the process.

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 the contributions of the directors to the Board's activities.

Also for the year 2011, the Corporate Governance Committee has confirmed the validity of the usage of the methodology that was used by the company in the previous financial year for carrying out the board performance evaluation. In its Report to the Board the Committee has suggested that the process should go ahead using a list of questions that is submitted to the directors, in order to facilitate the self-assessment process. The Board of Directors, in its

meeting of 20 December 2011, carried out the self-assessment process availing itself of the list of questions distributed to each individual Director.

From the relative debate, in which all of the Directors were involved, there emerged, yet again, a positive picture in terms of the effectiveness and the efficiency of the work carried out by both the Board and the Committees. In general it was confirmed that the Board's activities are carried out in conformity with the Stock Exchange Code. Specifically, from among the most positive aspects, there are highlighted the following ones:

- The extremely constructive climate existing within the Board of Directors, which favours a very open debate that respects the contribution of each individual Director and tends to converge towards decisions featuring an ample consensus.
- The decisional process within the context of the Board Meetings, according to the interested parties is fed by information flows and they were subject to the production 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 itself, there emerged a very broad agreement regarding their role, the effectiveness of their activities and the appropriateness and adequacy of their relative memberships. The work carried out by the Committees was judged to be both useful and accurate.

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, having valued as positive the activities undertaken, suggested aiming the programme for the year towards the analysis of the new technologies of business in relation to the enlargement of the competitive scenarios. Looking towards the renewal of the Board of Directors, which is forecasted to take place in April 2012, the Committee stated that it was opportune to highlight how the diversity of professional experience available within it enables the Board of Directors to effectively carry out its work. This is a necessary diversity because it enables, within the Board of Directors' Meetings the understanding, for example, of the complexities of the world markets, the financial goals of the company and the impact of its activities. The Corporate Governance Committee has, therefore, expressed its hope that the shareholders do take into account the need, also in the next Board membership, to not reduce the qualitative level of the current mix of skill sets in order to enable the Board to be made up of a balanced set of professional skills, which are also different from each other with knowledge, in the context of the company's operations, which brings into the Board appropriate managerial experience and/or business knowledge. It also hoped that there would be considered an increase in the presence of Independent Directors, based on the requisites established by the Mediaset Code. Lastly, the Committee also believes that it is very important that the company maintains its structured programme of orientation and training for the members of the Board of Directors, particularly for newly elected Directors and specifically for independent ones, thus enabling them to properly play their role right from the start.

4.4 DELEGATED BODIES

The Chairman

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

The Board of Directors, in the meeting of 23 April 2009, confirmed that the Chairman had all the powers of ordinary and extraordinary administration of the company, within the maximum value limit of EUR 13,000,000.00 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 contents of the Articles of Incorporation the Legal Representation of the company belongs to Chairman.

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 impact 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 also manages the Board Meetings. 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 23 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 EUR 10,000,000.00 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 contents of 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 23 April 2009, confirmed Giuliano Adreani as Managing Director, conferring upon him all the powers of ordinary administration of the company within the maximum value limit of EUR 5,000,000.00 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 contents of the Articles of Incorporation, the Managing Director has the legal representation of the company.

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

Executive Committee

The Board of Directors, in the meeting of 23 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 EUR 130,000,000.00 for each individual operation, but with the exception of those operations that fall, exclusively, within the competencies of the Board of Directors.

During 2011 the Executive Committee met seven 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.

Informational documents to the Board of Directors

There is 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 the Mediaset Code, by 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, as is established by the Articles of Incorporation.

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 members of the Board of Directors that are listed below:

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

- Vice Chairman and Managing Director for Human Resources of R.T.I. S.p.A.
- Vice Chairman of Publitalia 80 S.p.A

4.6. INDEPENDENT DIRECTORS

The Directors Paolo Andrea Colombo, Michele Perini, Carlo Secchi and Attilio Ventura, for their whole period in office are, and will be, in possession of the requisites of independence as these are specified by law, by article 148 of the CFA and by the Mediaset Code a and this shown in the Attachment C to this Report.

Each Independent Director has taken the commitment to make a timely communication to the Board of Directors regarding any situations that arise, which make the requisites in question disappear.

The Board of Directors evaluates the independence of its non-executive members, while looking more at the substance that is involved than the mere form, and bearing in mind that a Director does not normally appear to be independent, in the hypotheses that have been established in article 3) of the Mediaset Code. As far as the requisite skills involved are concerned, it is highlighted that the Board of Directors has believed it opportune to add some further criteria, establishing 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 ones:

- Within the television area, either public and/or private, or in that of cinema.
- Within the Media and telecommunications sector.
- Within the fields of advertising and marketing.
- Within the field 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, also with the support of the Corporate Governance Committee.

The Corporate Governance Committee has supported the Board of Directors in evaluating the permanency of the independency requisites of the Independent Directors and this evaluation was attested to in the Board of Directors' Meeting of 14 June 2011.

The Board of Statutory Auditors, in the meeting of 2 December 2011, 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 business activities carried out by Mediaset and they are such as to enable the setting up of the Committees within the context of 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 organized 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 economic/financial matters. Also all of the members of the Board of Statutory Auditors habitually take part in these initiatives. The Independent Directors, together with the Board of Statutory Auditors, assisted by the Secretary of the Board of Directors, 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, organization, technology and the market. Specifically, it is highlighted that during the year 2011 the Independent Directors have been able to go into depth, in Madrid, with the Management of Mediaset España Comunicación S.A. regarding the situation of the quoted Spanish Group, also following the acquisition and the subsequent merger of the company called Sociedad General de Televisión Cuatro S.A.U. into the Spanish Group Parent Company Mediaset España Comunicación SA.

The Independent Directors met among themselves, without the presence of any of the other Directors, once during the year, on 21 October 2011. At that meeting the Independent Directors dealt with themes regarding corporate governance. Specifically, as usual, 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 they 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, 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 ones, but also a very wide ranging proactive and proposing involvement in the overall management and operations of the company.

5. THE TREATMENT OF COMPANY INFORMATION

Privileged information

The organizational guideline of the Mediaset Group called "Management and communication of privileged information ", regulates the internal management and the communication to the public of privileged information, as well as the 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. For privileged information there is meant every piece of information not in the public domain and of a precise nature, which, if it is rendered public, could significantly impact the prices of the Group's financial instruments.

The aforesaid guideline is applicable to the members of the company bodies and to the employees of Mediaset S.p.A. and its subsidiary companies who have access to relevant and/or privileged information, with the exception of El Towers S.p.A., which is obliged to keep its own Insider Register because it is a company quoted on the regulated Italian market and the quoted company Mediaset España Comuncacion S.A. and its subsidiary companies in consideration of the fact that being a quoted company Mediaset España Comuncacion S.A. 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 the personnel 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 generally accepted best practices regarding this matter, for the purpose of ascertaining its effectiveness.

The Insider Register is the list of those persons who, because of their working or professional activities, or because of the functions they carry out, or the offices that they hold, have access to important and/or privileged information of the company and of its subsidiary companies.

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

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

Internal dealing

The Board of Directors has actuated the relative legal obligations regarding internal dealing. Specifically, it has identified the Assignee for the receipt, managing and diffusion of the communications to the market as the Company Affairs Directorate of Mediaset S.p.A.. It has identified those subsidiary companies the accounting book value of the shareholding in which represents more than 50% of the Balance Sheet assets of Mediaset S.p.A., based on the last approved set of Financial Statements.

It has 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.

It has given timely information to the identified persons regarding the connected obligations.

In conformity with what has been recommended by Consob the company has created, within its own website, a specific section called “Market Abuse”.

6. COMMITTEES WITHIN THE BOARD OF DIRECTORS

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 of Directors, setting their tasks, powers, compensation and establishing their membership. The Committees, if they are also composed of persons who are not Board members, are only given consultation powers.

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

The Committees, who report punctually at Board Meetings regarding their activities, have put in place their own sets of functioning regulations and meetings calendars that are forecasted for the company's financial year.

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

6- PART TWO, THE CORPORATE GOVERNANCE COMMITTEE

The Board of Directors' Meeting of 23 April 2009 nominated the 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 the following to be its members:

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

During the year 2011, the Corporate Governance Committee met six times. The average duration of each meeting was about an hour. The percentage participation of each individual Director at the Committee Meetings is shown in Attachment C to this Report. For the Financial Year 2012 five meetings have been planned and three of them have already been held.

There have, as a rule, usually participated at the Committee meetings the Board of Statutory Auditors and there were also invited to take part in the meetings, through invitations issued by 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 formulating 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 the year 2011 the Committee has carried out the activities that fall within its competencies and this has continued in 2012. Specifically, it has done the following:

- It examined the “Annual Report of the Board of Directors on Corporate Governance relative to the financial year 2010”.
- It constantly monitored the application status of the Self Regulating Code of the company, put in place in March 2008. Specifically, during the meeting of 12 December 2011 it approved the contents of the new text of article 8 of the Mediaset Code regarding compensation. The proposal regarding this was approved by the Board of Directors' Meeting of 20 December 2011.
- It supported the Board of Directors regarding the annual evaluation of the independence of its members.
- It elaborated the themes and the methodologies of the Self-assessment process of the Board of Directors.
- It examined the “Annual Report of the Board of Directors on Corporate Governance relative to the financial year 2011”;
- It set in motion the examination of the main changes that were introduced into the Stock Exchange Code of December 2011 entrusting to the competent company functions, coordinated by external functions, all the appropriate operational in depth investigations.

The Committee has put in place its own set of functional regulations and proper Minutes have been produced of all of the aforesaid meetings. There has always been present at the meetings the Manager of the Company's Affairs Directorate, who has been given the office of Committee Secretary. The Secretary, in agreement with the Committee Chairman, in the days preceding the meeting, sees that there are sent to the Corporate Governance Committee members all the relative documentation available at that time and which is a support for the items contained in the Meeting Agenda.

The Corporate Governance Committee has been given a financing availability of EUR 100 thousand per annum for the expenses that are 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 22 April 2009.

7. THE NOMINATIONS COMMITTEE

As has already been pointed out, in the previous Reports on Corporate Governance Reports, 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 system for the nominations to the Board of Directors and to the Board of Statutory Auditors.

8. THE COMPENSATION COMMITTEE

The Board of Directors' Meeting of 23 April 2009 nominated the Compensation Committee, which was constituted in 2006, consisting of three Non-executive Directors, 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:

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 the year 2011 the Compensation Committee met four times. The average duration of each meeting is more than one hour. The percentage participation of each individual Director at the Committee meetings is shown in the Attachment C to this Report. The Committee has put in place its own functioning regulations and for all the aforesaid meeting there have been produced a proper set of Minutes. For the financial year 2012 seven meetings have been planned and one of them has already taken place.

The Chairman of the Board of Statutory Auditors, or his delegate, has always taken part in the Committee Meetings and there has been present a secretary, who has been chosen from time to time by the Chairman of the Committee Meeting.

The Functions of the Compensation Committee

The Board of Directors has given the Compensation Committee, at the Board Meeting of 20 December 2011, the competencies that were established by the Mediaset Code and which are, in detail, the following:

- To periodically evaluate the adequacy, the overall coherence and the actual application of the general policy that is applied regarding the compensation of the Chairman, of the Vice Chairman, of the Managing Director and of those company executives who have strategic responsibilities, while availing itself, regarding those company executives who have strategic responsibilities, of the relative information supplied by the Chairman, by the Vice Chairman and by the Managing Director and also formulating proposals regarding this subject to the Board of Directors.
- To express a prior opinion regarding the proposals of the Board of Directors and in this context of the Chairman and/or of the Vice Chairman, relative to the compensation of the Chairman, of the Vice Chairman and of the Managing Director, as well as regarding the setting of the performance goals that are related to the variable part of the compensation

package. It shall also monitor the effective application of the decisions that are made by the Board of Directors regarding these matters.

- To express a prior opinion regarding the proposals of the Board of Directors and in this context of the Chairman and/or of the Vice Chairman, relative to the criteria that are used for the definition, by the delegated bodies of Mediaset S.p.A., of the compensation of those company executives who have strategic responsibilities and also regarding that of the other key executives of the Mediaset Group.
- To express a prior opinion regarding the proposals of the Board of Directors and in this context of the Chairman and/or of the Vice Chairman, relative to the general regulating of the giving of compensation, i.e. the attributing, the renunciation or the repayment, regarding the employees belonging to the Mediaset Group, who have been designated to hold offices within administrative and controls bodies and/or in committees nominated by administrative bodies of subsidiary or participated companies, both Italian and foreign.
- To formulate proposals to the Board of Directors regarding the criteria, the categories of beneficiaries, the quantities, the timeframes, the conditions and the methodologies of those compensation plans that are based on shares.

During 2011 the Committee has carried out the activities that fall within its competencies and this has continued in 2012. Specifically, it has done the following to support the activities of the Board of Directors:

- It has examined the compensation situation of the top management, using the benchmark produced by the Hay Group.
- Within the context of the information flows with the Compensation Committee of Mediaset España Comunicacion it has expressed its favourable opinion regarding the adequacy of the compensation received by the Directors without any specific offices.
- It has prepared and made ready the following items:
 - The proposal for the assignment of the stock option rights for the financial year 2011 relative to the stock options plans for 2009 - 2011, giving the categories of the beneficiaries, the relative areas that they belong to and the quantities of the stock options that can be attributed, split by ranges.
 - The general guidelines regarding the company's multiyear incentives and fidelity systems, given that there has been closed the last three year (2009 - 2011) stock option plan.
 - The proposal, regarding the policy for the compensation of those company directors and executives with strategic responsibilities, which was submitted to the Board of Directors' Meeting of 20 March 2012.
- It has expressed its positive opinion regarding the adoption of the following items, regarding the compensation policy:
 - The general regulations for the attributing of the compensation to the employees of the companies belonging to the Mediaset Group.
 - The general criteria regarding the compensation policy for setting the whole compensation package of the key executives of the Group by the Delegated Bodies.

- The configuration of the whole compensation package of the Managing Director of Mediaset, at the time of the confirmation of the office of Chairman and Managing Director of the subsidiary company Publitalia'80.

The Compensation Committee has financing availability of EUR 200 thousand 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 22 April 2009.

9. COMPENSATION OF THE DIRECTORS

The company, while awaiting the completion of the legislative and regulatory reference framework regarding the general policy on compensation that was last impacted by the Consob resolution number 18049 of 23 December 2011, which actuated article 123, part three, of the CFA regarding transparency and disclosure of the compensation of directors of quoted companies has postponed the approval of the relative report until the Shareholders' Meeting for the approval of the financial statements for 2011.

The Board of Directors' Meeting of 20 March 2012 defined a general policy for the compensation of the executive directors, of the other directors assigned with particular tasks and of those company executives who have strategic responsibilities.

It is highlighted that for further information relative to this section reference should be made to the relevant parts of the Report on Compensation, which is published pursuant to article 123, part three, of the CFA.

10. THE INTERNAL CONTROLS COMMITTEE

The Board of Directors of 23rd April 2009 nominated the Internal Controls Committee, constituted in 2006, consisting of three Non-executive Directors, who are experts in accounting and financial matters and the majority of whom are independent, who will remain in office until the mandate of the whole Board of Directors expires and calling the following to form part of it:

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

During 2011 nine 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 two hours. Ten meetings have been planned for the financial year 2012.

As a rule the all the members of the Board of Statutory Auditors participate 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 body regarding internal controls matters, which are referred to in article 10.5 of the Mediaset Code, exercises the functions that are listed in the Stock Exchange Code.

During the financial year 2011 the Committee 9 meetings during which it did the following:

- It took into account the “Work Plan for the financial year 2011” prepared by the Internal Controls Manager and the relative Periodic Reports regarding the “Internal Controls System”.
- It examined and judged positive the “Work Plan 2010/2011” and the “Audit Plan 2011” of the Auditing Company Reconta Ernst & Young S.p.A.
- It examined the request for an addition to the fees for the accounting audit services for the period 2010 – 2016 provided to Mediaset S.p.A. presented by Reconta Ernst & Young S.p.A. and evaluated it as being adequate. Therefore, the request for an addition to the fees was submitted to the Board of Directors for the calculations within its competency.
- It examined the proposal for the support assignment for the carrying out of accounting, financial and fiscal due diligence services relative to the industrial integration project between the Mediaset Group e Digital Multimedia Technologies S.p.A. presented by Ernst & Young Financial Business-Advisors S.p.A., a company belonging to the network of the Group's External Auditors Reconta Ernst & Young S.p.A., and evaluated it as being adequate on an overall basis. The Committee then reported to the Board regarding it.
- It examined the proposal for the assignment for the assessment of the accesses of the system administrators, according to what was established by the Measure of the Guarantor of the production of personal data dated 27 November 2008, presented by Ernst & Young Financial Business-Advisors S.p.A a company belonging to the network of the Group's External Auditors Reconta Ernst & Young S.p.A. and evaluated it as being adequate on an overall basis. The Committee then reported to the Board regarding it.
- It examined the “Letter of Suggestions” prepared and presented by the Auditing Company Reconta Ernst & Young S.p.A. and judged positive the work that had been carried out by Group Management and that which was still ongoing in order to actuate the suggestions contained in the letter.
- It took into account the “Audit Plan 2011” of the Spanish subsidiary company Mediaset España Comunicacion S.A. and the updates on the audit activities that were carried out during 2011. Specifically, during the financial year there were carried out the activities pursuant to the Law 262/05 and there was concluded the development and the integration of the process of Cuatro, a free to air Spanish television network that was acquired at the end of the financial year 2010.
- It evaluated, together with the Company Executive responsible for the drafting of the company's accounting documents, with the Auditing Company Reconta Ernst & Young

S.p.A. and with the Board of Statutory Auditors, the accounting standards applied in the Mediaset Group and their homogeneousness for the purposes of the drafting of the Consolidated Financial Statements, retaining them to be properly and correctly applied.

- It took into account the updates of the activities carried out by the Company Executive responsible for the drafting of the company's accounting documents, pursuant to Law 262/2005 regarding the safeguarding of Savings, for the purpose of issuing the attestation relative to the Company Financial Statements and the Consolidated Financial Statements at 31st December 2010, as well as the attestation relative to the Condensed Half-Yearly Financial Statements at 30 June 2011, which are required by article 154, part two, paragraph 5 of the Consolidated Finance Act.
- It expressed its favourable opinion regarding the changes made to the “Financial Risk Management Policy” of the Mediaset Group;
- It took into account the actual results regarding the “Audit Plan 2010” and the actual results relative to the first six months of the “Audit Plan 2011” prepared by the Internal Auditing Department, as well as the audit reports issued by the same Department up till September 2011.
- It took into account, evaluating them positively, the results that emerged from the process of Quality Assurance Review process of the Internal Auditing Department's activities. These results were communicated to the Board of Directors.
- It took into account the informational document supplied by the IT Systems Department of Mediaset regarding the “SAP” system used by the Mediaset Group to support its administrative, controls, purchases, sales and human resources management systems.
- It took into account the periodic updates of the “Rights Suppliers List”, which is prepared and presented by the Rights Management Department of RTI S.p.A., for the purposes of the completion of the company procedure for the planning, the acquisition and the managing of the rights, judging them to be positive.
- It took into account the periodic Reports prepared and presented by the Surveillance and Controls Body of Mediaset regarding the outcome of the checks that were carried out and the initiatives that were under taken, pursuant to the Legislative Decree 231/01.

During the opening months of 2012 it continued its activities and, specifically, four meetings were held during which the Internal Controls Committee did the following:

- It examined and judged positive the “Work Plan 2011/2012” of the Auditing Company Reconta Ernst & Young S.p.A.
- It took into account the “Audit Plan 2012” of the of the Spanish subsidiary company Mediaset España Comunicacion S.A..
- It took into account the “The Work Plan for the financial year Piano 2012” prepared by the Internal Controls Manager and the report of the same person on the “Internal Controls System at 31 December 2011”;
- It took into account the actual results of the Audit Plan 2011” prepared by the Internal Auditing Department, as well as the audit reports issued by the same department in the period October - December 2011;

- It took into account the start up of the process of evaluation and management of the main company risks of the Mediaset España Comunicación Group to be carried out following the “Enterprise Risk Management” methodology.
- It took into account the annual update by the Risk Officer regarding the evaluation and the methodologies of managing the main company, strategic and process risks of the Mediaset Group following the “Enterprise Risk Management” methodology.
- It took into account the update supplied by the company Executive responsible for the drafting of the company's accounting documents regarding the methodologies that are used for the Impairment test on the financial statements for 2011.
- It evaluated, together with the Company Executive responsible for the drafting of the company's accounting documents, with the Auditing Company Reconta Ernst & Young S.p.A. and with the Board of Statutory Auditors, the accounting standards applied in the Mediaset Group and their homogeneousness for the purposes of the drafting of the Consolidated Financial Statements, retaining them to be properly and correctly applied.
- It took into account the updates of the activities carried out by the Company Executive responsible for the drafting of the company's accounting documents, pursuant to Law 262/2005 regarding the safeguarding of Savings, for the purpose of issuing the attestation relative to the Company Financial Statements and the Consolidated Financial Statements at 31 December 2011.
- It took into account the Report prepared and presented by the Surveillance and Controls Body of Mediaset regarding the outcome of the checks that were carried out and the initiatives that were undertaken, pursuant to the Legislative Decree 231/01.

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

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 28 June 2007, proposed to the Board of Directors that it should evaluate, pursuant to the Mediaset Code, the internal controls system as being both 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 who holds 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 Internal Controls Committee has been given the financing availability of EUR 350 thousand per annum for the expenses connected to the 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 22 April 2009.

II. THE 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 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 to oversee the functionality of the internal controls system.
- 3) Evaluates, at least once per year, the adequacy, effectiveness and the actual functioning of the internal controls system.
- 4) Describes, in the report on 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 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, defined during the meeting of 28 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 "Enterprise Risk Management Policy", 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 aligned and supporting the company's mission.
- Operational objectives: objectives 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 correct 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 establishes 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, seeing 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 timely communication of the significant risks and of the control anomalies that emerge to appropriate levels within the Group, thus enabling the identification and the timely carrying out of the necessary corrective actions.

With particular reference to the financial information systems, below there is given **the description of the main characteristics 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 process

The risks management and internal controls systems in relation to the financial informational system process ⁽¹⁾, developed within the Mediaset Group, is aimed at guaranteeing the dependability, accuracy, trustworthiness and timeliness of the supply of financial information.

Mediaset, in defining its own system has aligned itself with the existing indications given in the reference legislation and regulations in force.

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 applies a model that is universally recognized as being among the most highly regarded ones, the CoSO (Committee of Sponsoring Organizations) Framework. Furthermore, the implementation of the System takes into account 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).

Article 154, part two, of the CFA established that that there be introduced, within the company organization of companies that issue shares on regulated markets, the position of the Assigned Executive, to whom there are given specific responsibilities regarding the company's informational and disclosure 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 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 timely 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 Auditing Department periodically carries out independent checks on the adequacy and effective functioning of the controls model used by the company in order to properly observe the requisites identified by the Law for Safeguarding Savings relative to the fulfilment of obligations related to the position of Assigned Executive.

The Risks Management and Internal Controls System relative to the financial informational documentation process is basically an ensemble of administrative and accounting procedures

¹ For financial informational process, as examples, reference should be made to: periodic accounting information, yearly and half-yearly financial report, interim operational statement, also consolidated, continuous informational disclosures and press releases.

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 rationalization and optimization, developed further.

The model contains three analyses points:

- a) The definition of the analysis context, identifying and evaluating 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, identifying and evaluating 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 significant processes that are representative of the business takes place through a quantitative analysis of the items in the Financial Statements, applying the concept of materiality on the aggregated items contained in the Consolidated Financial Statements of the Mediaset Group and a qualitative analysis of the process based on their level of complexity.

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.

To complete the analysis of the relative environment there is also carried out an overall summary analysis, at Group level, of the internal controls system at the functional and/or organisational level, i.e. the entity level control. The analysis breaks down each component of the COSO framework in the areas that, based on the Risk Assessment carried out, have to be covered by the Group and watched over by management.

For each of the identified areas the effective risk coverage connected with it is tested through checking on the existence of company procedures and practices in force with a Group context.

b) Findings and documentation of the controls

The identification of the controls takes place through the process of putting in place the administrative and accounting procedures that respond to a series of different control assertions (²).

The controls that have been identified are formalized 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 business 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 goes through and validates the whole controls model, involving all the process owners in the revisiting of the processes that fall within their competencies.

c) The evaluation of the adequacy and the effective application of the administrative and accounting procedures and 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 formalizing of the tests that that have been carried out and the information flows for communicating the outcomes of the tests that were made.

Test activities are carried out for the purpose of guaranteeing the effective application of the controls put in place in observance of the defined testing strategy. Each test, with its relative outcome, is documented through formalizing 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 deficiencies that can have a negative impact on the effectiveness of the Risks Management and Internal Controls System relative to the financial informational documentation.

² The reference control assertions are the following:

accuracy: the control ensures that all the details of the individual transaction have been properly processed

completeness: the control ensures that all the transactions are processed and that they are only processed once.

validity: the control ensures that the processed transaction is subject to appropriate and proper authorisation levels and that it is actually pertinent to the reality of the company.

restricted access: the control ensures that all access to information and transactions is properly configured in function of the roles and responsibilities that are officially recognised within the company.

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 the Board of Statutory Auditors and reports to the Internal Controls Manager and to the company's Surveillance Bodies of the Mediaset Group, 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 its meeting of 23 April 2009, with the favourable opinion of the Internal Controls Committee, confirmed the Chairman, already nominated in 2007, as the Executive Director assigned to supervising the functionality of the internal controls system.

The Executive Director has done the following during 2010:

- Set in motion the guidelines issued by the Board of Directors.
- 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, of the Internal Auditing Department and the Risk Officer has enabled the ability to express an overall evaluation regarding the status of the Internal Controls System and was finalized with the presentation, at the Board of Directors' Meeting of 20 March 2012, of the specific Report by the Executive Director.

11.2. THE INTERNAL CONTROLS MANAGER

The Board of Directors in the meeting of 23 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 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 reports 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.

There have not been specifically quantified the financial resources 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.

The Internal Controls Manager, the Internal Auditing Department and the External Auditing company have completely free and unhindered access to all the data, documentation and information useful for carrying out their activities.

Quality Assurance Review - Internal Auditing

During 2011, the activities carried out by the Internal Auditing Department were subjected to a Quality Assurance Review by a qualified and independent external valuator, as recommended by the International Standards for the professional practice of Internal Auditing. The outcome of this check enables it to be stated that the function does operate in a manner that generally conforms to the relative International Standards and Professional Ethical Code, issued by the Institute of Internal Auditors (IIA) and that it is in line with the current best practices.

11.3. THE ORGANISATIONAL MODEL AS PER THE LEGISLATIVE DECREE 231 /2001

The Internal Controls System was further strengthened by the putting in place of an Organisational, Management and Control Model, pursuant to the Legislative Decree 231/2001, approved by the Board of Directors of Mediaset S.p.A. on 29 July 2003, which was added to afterwards 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 21 December 2010.

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 general 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 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.

The 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.

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The 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.

The same updating and implementation initiatives regarding their respective Organisational Models have been put in place by the subsidiary companies.

Surveillance and Controls Body

The Surveillance and Controls Body nominated by the Board of Directors' Meeting of 23 April 2009, subject to the prior ascertainment of the existence of the prerequisites of honourable status, 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. Its mandate will expire with 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	Person in charge for internal control
Michele Pirotta	External consultant

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

The Surveillance and Controls Body carries out the tasks and exercises the powers that are established in the Organisational Model.

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 Organisational Model and of the procedures that are connected to it. These checks can also be carried out, on their own, by each individual one of its members.

The Surveillance and Controls Body also has the task of highlighting to the company when it is opportune, or not, to go ahead with the relative adjustments and updates to the Organisational Model and/or to the relative procedures, as a consequence of legislative, regulatory and/or organisational changes that have taken place, regarding significant violations of the prescriptions contained in the Organisational Model and/or in the company procedures that are connected to it, or to ascertain the existence of new activity areas 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 2011 the Surveillance and Controls Body met 8 times and it has reported, on a six monthly basis, to the Board of Directors, the Internal Controls Committee and the Board of Statutory Auditors of the company.

11.4. THE EXTERNAL AUDITING COMPANY

The Shareholders' Meeting of 16 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 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. The Financial Statements of the subsidiary companies are subject to accounting audits, which have been entrusted to Reconta Ernst & Young S.p.A.

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

The Board of Directors' Meeting of 23 April 2009 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, as the Assigned Executive. Mr. Andrea Goretti presented his resignation, because of new professional commitments that he has taken on within the Group. The Board of Directors' Meeting of Mediaset on 10 May 2011, nominated as the "Assigned Executive for the drafting of the company's accounting documents" of Mediaset S.p.A, pursuant to article 154, part two, of the Legislative Decree of 24 February 1998, number 58 and pursuant to article 28 of the Articles of Incorporation, Mr. Luca Marconcini, the manager of the Consolidation and Accounting Standards Department and the Risk Office. The Assigned Executive has been given all the powers and the responsibilities for carrying out the assignment and the relative tasks established by article 154, part two, of the CFA.

For the financial year 2011 the Assigned Executive, availing himself of the services of the Risk Office function, which was assisted by outside consultants, actuated, 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 findings 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 formalizing of the remediation plan aimed at removing any deficiencies that were found in the controls.
- The monitoring of the status of the defined remediation activities and the testing of the relative controls activities that have been implemented.

To the Company's Yearly Financial Statements 2011 and the Consolidated Financial Statements 2011 there were attached the attestations, stated according to the model established by Consob 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 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 10 May 2011, within the limits of the budget approved by the Board of Directors itself, gave the Assigned Executive available financing of the amount of EUR 350 thousand for the expenses connected with the fulfilling of his tasks.

12. INTERESTS OF THE DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES

Procedure for the transactions with related parties

The Board of Directors' Meeting of 9 November 2010 approved the "Procedure for the transactions with related parties" in actuation of what is laid down in the "Regulations containing measures for transactions with related parties" adopted by Consob with its resolution number 17221 of 12 March 2010, as afterwards modified with its resolution number 17389 of 23 June 2010.

The Procedure was submitted for the prior examination of the Governance Committee that gave its unanimous favourable opinion on it on 4 November 2010. The Board of Directors' Meeting of 29 July 2010 had already conferred upon that Committee the mandate to express its prior opinion at the time of the adoption of the procedure.

The Board of Directors' Meeting of 9 November 2010 created the Committee of Independents, consisting only of Independent Directors.

The Procedure, applicable from 1 January 2011 and viewable on the company's website, establishes the rules for the identification, approval, carrying out and publishing of the transactions with related parties that are carried out by Mediaset S.p.A., either directly or through subsidiary companies, for the purpose of ensuring both the substantial and procedural

transparency and correctness of the transactions themselves, as well as the cases of exclusion from the application of these rules.

Specifically, the Procedure has identified the transactions of major and minor relevance, establishing the rules for carrying them out and identifying the transactions to which the foregoing rules are not applied. Among the operations excluded there are, specifically, the minimal transactions, with a total value of less than EUR 500,000.00, the transactions with, or between, subsidiary and affiliated companies and the normal transactions.

The Procedure adopted has replaced, with effect from the date of its entry into force, the “Guidelines relative to significantly big transactions and those with related parties”, which was adopted by the Board of Directors on 18 December 2007.

Committee of Independents

The Committee of Independents consists of three independent Directors, who remain in office until the mandate of the whole Board of Directors expires:

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

The Committee of Independents carries out the tasks laid down by the Related Parties Regulations and by the procedure. Specifically, with regards to the transactions of minor relevance it expresses non-binding opinions while for those of major relevance it expresses binding opinions.

During 2011, the Committee of Independents met five times. The percentage participation of each individual Director at the Committee meetings is given in Attachment C to this Report.

The Board of Directors, in its meeting of 9 November 2010, within the limits of the budget approved by the Board of Directors itself, gave the Committee of Independents financial availability of EUR 100 thousand per annum for the expenses linked to the fulfilment of its tasks and duties.

The members of the Committee receive a presence fee for their attendance at each individual meeting for the amount that was approved by the Shareholders' Meeting of 22 April 2009.

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.

13. NOMINATION OF THE STATUTORY AUDITORS

The nomination of the statutory Auditors is governed by article 28 of the Articles of Incorporation, the details of which are 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 that has been called

to approve the Financial Statements that are relative to the third financial year of their period of office and they can also be re-elected.

All the Statutory Auditors must be inscribed in the Register of Legal Accounting Auditors, which has been established within the Ministry of Justice and they must have carried out the legal auditing of company accounts for a period of not less than three years.

Furthermore, the Statutory Auditors must possess the necessary requirements that are laid down by the relative legislation and regulations, which are currently in force and the Board of Directors must ascertain that these requirements 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 all those shareholders who have voting rights and who, either on their own or together with others, are in total the owners of the amount 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 Resolution, number 17633/2011, the percentage shareholding that was required for the presentation of lists of candidates for membership of the Board of Statutory Auditors at the Shareholders' Meeting of 20 April 2011 was 1%.

14. STATUTORY AUDITORS

The Board of Statutory Auditors, pursuant to article 149 of the CFA watches over the observance of the relative legislation and the contents of the Articles of Incorporation, over the observance of the principles of a correct and proper administration, over the appropriateness of the organisational structure of the company for all the aspects that fall within its own competencies, over the internal controls system and the administrative/accounting system, as well as regarding the dependability and trustworthiness of this latter in correctly recording and presenting operations. It watches over the methodologies of the practical actuation of the rules of corporate governance laid down by the behavioural codes drawn up by companies that manage regulated markets, or issued by category associations, regarding which the company, through its public disclosures, declares its observance and also regarding the appropriateness and adequacy of the measures imparted by the company to its subsidiary companies. Furthermore, the Legislative Decree of 27 January 2010 number 39 assigned to the Board of Statutory Auditors of a company the specific tasks of surveillance regarding the following matters:

- a) The company's financial informational process.
- b) The effectiveness of the systems of internal controls and of internal auditing, if applicable, and that of the risk management, as well as the legal audit of the annual accounts of the parent company and the consolidated accounts of the Group.
- c) The independence of the legal auditor or of the company that carries out the legal audit.

The Board of Statutory Auditors was nominated by the Shareholders' Meeting of 20 April 2011 and its mandate will expire with the Shareholders' Meeting called to approve the Financial Statements for the year closed at 31 December 2013. It consists of the following persons: Mauro Lonardo, Silvio Bianchi Martini, Francesco Vittadini, Active Statutory Auditors, Massimo Gatto and Flavia Daunia Minutillo, Substitute Statutory Auditors. Attachment E to this Report gives the membership of the Board of Statutory Auditors.

The Chairman of the Board of Statutory Auditors is Mauro Lonardo, who was listed at first place in the minority list of candidates.

The nomination took place through the list voting mechanism. At the Shareholders' Meeting of 20 April two lists were presented. The first one presented by those shareholders³ who were the owners, on a total basis, of an equity investment amounting to 1.33 % of the Share Capital pursuant to article 144, part six, of the Issuers Regulations. The list consisted of the candidates Mauro Lonardo to the office of Active Statutory Auditor and Massimo Gatto to the office of Substitute Statutory Auditor. A second list was deposited by the shareholder Fininvest S.p.A., with an equity investment amounting to 38.98% of the Share Capital, consisting of the candidates Francesco Vittadini, Silvio Bianchi Martini and Antonio Marchesi elected to the office of Active Statutory Auditor and Flavia Daunia Minutillo and Davide Attilio Rossetti elected to the office of Substitute Statutory Auditor.

The members of the Board of Statutory Auditors in the first list were elected with 193,647,383 favourable votes amounting to 28.9% of the voting capital and the members of the Board of Statutory Auditors in the second list were elected with 475,380,142 favourable votes amounting to 71% of the voting capital, i.e. 669,728,916 shares amounting to 56,7% of the Share Capital.

Together with the lists there was deposited, for each individual candidate, all the documentation required by the relative legislation and regulations and by the Articles of Incorporation for the members of the Board of Statutory Auditors. For the list presented by the minority shareholders there was also deposited the declaration attesting the absence of the persons involved having any relationships connecting them with the relative majority shareholder Fininvest S.p.A.

The curricula vitae of the Board of Statutory Auditors can be consulted on the company's website and there details are also 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.

The mandates of the members of the previous Board of Statutory Auditors, consisting of Chairman Alberto Giussani, of the Active Statutory Auditors Silvio Bianchi Martini and Francesco Vittadini and of the Substitute Statutory Auditors Antonio Marchesi and Mario d'Onofrio expired with the approval of the financial statements closed at 31 December 2010, in the Shareholders' Meeting of 20 April 2011). Attachment E to this Report gives the details of the members of the Board of Statutory Auditors.

³ ALETTI GESTIELLE SGR S.P.A. (Manager of the fund Gestielle Obiettivo Italia), ALLIANZ GLOBAL INVESTOR ITALIA SGR S.P.A. (Manager of the fund Allianz Azioni Italia), APG ALGEMENE PENSIOEN GROEP N.V. (Manager of the fund Stichting Depository APG Developed Markets Equity Pool), ARCA S.G.R. S.P.A. (Manager of the funds Arca Azioni Italia e Arca BB), EURIZON CAPITAL S.G.R.S.P.A. (Manager of the funds: Eurizon Azioni Alto Dividendo Euro, Eurizon Focus Azioni Euro, Eurizon Focus Azioni Italia, Unibanca Azionariato Europa, Eurizon Azioni Italia 130/30), EURIZON CAPITAL S.A. (Manager of the funds: Eurizon Stars Fund Italian Equity, Eurizon Easy Fund Equity Con-sumer Discretionary, Eurizon Easy Fund Equity Europe, Eurizon Easy Fund Equity Euro, Eurizon Easy Fund Equity Italy, Fid Funds-Italy Pool), FIDEURAM INVESTIMENTI SGR S.P.A. (Manager of the fund Fideuram Italia), FIDEURAM GESTION S.A. (Manager of the funds: Fonditalia Equity Italy, Fideuram Fund Equity Italy, Fideuram Fund Equity Europe), INTERFUND SICAV (Manager of the fund Interfund Equity Italy), KAIROS PARTNERS SGR S.P.A. (Manager of Kairos Italia-Speculative Fund), MEDIOLANUM GESTIONE FONDI SGRpA (Manager of the fund Mediolanum Flessibile Italia), MEDIOLANUM INTERNATIONAL FUNDS LIMITED - Challenge Funds), PIONEER ASSET MANAGEMENT S.A., PIONEER INVESTMENT MANAGEMENT SGRpA (Manager of the fund Pioneer Azionario Crescita), UBI PRAMERICA S.G.R.S.P.A. (Manager of the fund UBI Pramerica Azioni Italia)

During 2011 the Board of Statutory Auditors held 13 meetings, of which 2 were held by the previous Board of Statutory Auditors and the remaining 11 by the new Board of Statutory Auditors. The average duration of each meeting was about 2 hours. For the year 2012 about 22 meetings were planned and, as of today, 7 have been held.

On 4 May 2011 the Board of Statutory Auditors, in observance of the rules of the Mediaset Code, aimed at ensuring that the Statutory Auditors possess the necessary independence requisites, among other things, also evaluated the existence of the requisites of independence of its members. On 2 December 2011 it checked on the correct application of the criteria and the ascertainment procedures used by the Board of Statutory Auditors to evaluate the independence of the Directors.

Before the Board Meetings the Statutory Auditors are supplied with the documentation regarding the matters to be evaluated and to be resolved upon.

The Board of Statutory Auditors 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 and 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, in carrying out its own activities, also worked in coordination with the Internal Audit Function, the Internal Controls Committee and the Corporate Governance Committee, taking part in the Committees' meetings. The Chairman of the Board of Statutory Auditors also attended all the Compensation Committee Meetings.

15. RELATIONS WITH THE SHAREHOLDERS

On the company's website 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 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 number 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 relations with the Retail Investors and the Institutional Entities like Consob and Borsa Italiana.
- The Investor Relations Directorate, which presides over the relations with the Financial Community, i.e. Financial Analysts, Institutional Investors and Rating Companies.

Within the month of January there is supplied to the market and published on the company's website the financial calendar with the detail of the main financial events.

The addresses and telephone numbers of the Company Affairs Directorate and the Investor Relations Directorate can be found on the website of the company.

The Board of Directors, pursuant to what is laid down by the Mediaset Code, evaluated, during the meeting of 9 November 2011, 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

The Shareholders' Meeting is the time of the institutional encounter between the management of the company and its Shareholders.

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 established by article 9 of the Articles of Incorporation the Shareholders' Meeting must be called by means of a notice that is published according to the legal timeframes and containing the date, the time and the place of the gathering, the details to be dealt with, as well as any other information that is required by the relative legislation that is currently in force. The notice calling the meeting must be published, within the legal timeframes, on the company's Internet site and with the other methodologies required by the relative legislation that is currently in force. The company makes available to the public the documentation relative to the matters contained in the Agenda by depositing it, within the legal timeframes, 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 that is regulated by article 11 of the Articles of Incorporation

Each shareholder who has the right to take part in the Shareholders' Meeting can have themselves represented at it, by means of a written proxy, pursuant to law. Normally all of the

Directors of the company are present at the Shareholders' Meetings. The Shareholders' Meetings are also an occasion for communicating information regarding the company to the shareholders, while observing the rules governing privileged information.

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

During the Shareholders' Meeting held to approve the Yearly Financial Statements the Board of Directors reports on the activities that have been carried out, both with the Reports to the Financial Statements, which are made public in advance according to the methodologies established by law and the regulations and by answering the requests of clarifications made by the shareholders.

The voting methods that are used at the Shareholders' Meeting, by means of remote controls, have the objective of aiding the shareholders in the exercising of their voting rights and ensuring that the results of the vote are immediately available.

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 to pass resolutions on matters, such as resolutions regarding mergers and splitoffs 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.

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

17. CHANGES SINCE THE CLOSING DATE OF THE FINANCIAL YEAR

The Board of Directors' Meeting of 20 March 2012 approved the Report on Compensation, pursuant to article 123, part three, of the CFA regarding the transparency and disclosure of the compensation of the directors of quoted companies, which will be submitted for the approval of the Shareholders' Meeting of 17/18 April 2012.

ATTACHMENT A

Article 17 of the Articles of Incorporation

1. The company is administered by a Board of Directors, consisting of from five to twenty one Directors, and they can be re-elected.
2. The Shareholders' Meeting, before going ahead with their nomination, fixes the number of the members of the Board and their duration in office, while observing the time limits that are established 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 individual shareholder cannot present, or take part in presenting, or vote for more than one list, even through an intermediary person or through a trust company. The shareholders belonging to the same group, for which there is meant those of the parent company, of the subsidiary companies and of the jointly controlled companies, as well as those 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 through a trust company.

There can only present the lists of candidates 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 total Share Capital that is made up of shares that have the right to vote in the Ordinary Shareholders' Meeting, or any different percentage that is established 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 that is to be convened for the nomination of the Board of Directors. The ownership of the minimum amount of the shareholding referred to previously, which is required to be able to present the lists, shall be calculated based on the shares that are registered in the shareholder's name on the day when the lists are deposited at the company's premises. The certification that proves the ownership of this shareholding can even be produced after the date of the depositing of the list, as long as this is done within the timeframe foreseen for the publication of the lists by the company.

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 required 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 established 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 of their 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 within the period of twenty five days before the date fixed for the Shareholders' Meeting at its first or single call and they must also be made available to the general public, following the relative legal measures that are currently in force regarding them.

While there remains the faculty of being able to produce the certification that proves the ownership of the shareholding within the timeframe referred to in the preceding paragraph six of this point 3, at the time of the presentation of the list there must be supplied the information relative to the identities of the shareholders who have presented the list, also indicating the percentage of the total shareholding owned. The shareholders who are 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, established 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 their inability to be elected or of incompatibility established by law, and also that there do exist those 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 required by the relative legal measures currently in force, which will be indicated in the notice of call of the meeting.

Any lists that are presented without the observance of the measures described above are understood as not having been presented and they will not be voted upon.

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

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

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 that candidate who, in the first list, has obtained the lowest quotient and then the membership of the Board shall be completed with the nomination of the candidate who has gained the first place in the second list that has achieved the biggest number of votes.

5. Whenever, after having followed the procedure referred to in paragraph 4 above, there has not been nominated the required number of Directors, who possess the requisites of independence, prescribed by the relative legal measures currently in force, the procedure given below 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 who is 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 membership of the Board of Directors and a number of candidates have obtained the same quotient, there shall be considered elected the candidate of the list that has not yet elected any Director, or of the one that has elected the smallest number of Directors.

In the case where none of these lists has already 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 that have been cast.

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 established by the relative legal measures currently in force. The candidate in first place on the list shall be elected as the Chairman of the Board of Directors

9. The voting procedure with lists is only applied in the case of the renewal of the whole membership of the 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 shall be nominated 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 established by the relative legal measures currently in force.

11. In the case of the ceasing of their tenure of 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 established 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 Directors already in office at the time of their nomination.

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

FEDELE CONFALONIERI - Born in Milan on 6 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 Vice Chairman of the Board of Directors of Mediaset España Comunicación S.A.

PIER SILVIO BERLUSCONI - Born in Milan on 28 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. He is also a member of the Boards of Directors of the following companies: Fininvest S.p.A., Mediaset España Comunicación 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 27 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. and of Mediamond S.p.A.. A Director of R.T.I. S.p.A., of Mediaset España Comunicación S.A., of Medusa Film S.p.A., of Auditel S.r.l. and a Director of Publiespaña. 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 he was in Sipra, the Advertising Concessionaire of R.A.I. (Italian State Radio and Television), where from 1962 to 1994 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. In 2010 he was in first place among the Italians and fifth among the Europeans in the classification of the CEO of the best media groups drawn up by Thomson Reuters, the prestigious economic/financial information company quoted on the New York Stock Exchange.

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

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

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

PASQUALE CANNATELLI - Born in Soriano (VV) on 8 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 12 April 1960. He took his Degree in Company Economics at the University "L. Bocconi" of Milan. He is a Certified Public Accountant and Accounting Auditor. He is Chairman of the Board of Directors of Enel S.p.A. and a Director of GIVI Holding S.p.A., Chairman of the Board of Statutory Auditors of Aviva Vita S.p.A. and of GE Capital Interbanca S.p.A. and an Active Statutory Auditor of Angelo Moratti S.p.A. and of Humanitas Mirasole S.p.A..

MAURO CRIPPA - Born in Rome on 26 April 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. Since 1987 he has been the manager of the Press 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 of the Mediaset Group. Currently he holds the position in Mediaset of Director General Information.

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&getica, 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 Chairman of Promos (The Special Organisation of the Chamber of Commerce of Milan), Chairman of Par-cam S.r.l., a member of the Junta and of the Board of the Chamber of Commerce of Milan, Vice Chairman of the La Scala Theatre Foundation, a Director of Arnoldo Mondadori Editore S.p.A., of Mediolanum S.p.A. of Mondadori France SAS, of Fininvest S.p.A., of Fondazione Cariplo, Pellegrini S.p.A., of Luigi Bocconi University of Milan, of Milan Polytechnic, of Censis, of the Foundation Pier Lombardo, of the Foundation Milano per la Scala, of FAI and of Sipa Bindi S.p.A.. He is a Senior Advisor and Member of the European Advisory Council of JP Morgan.

MARCO GIORDANI - Born in Milan on 30 November 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 Chairman of Media Shopping S.p.A. and of Mediaset Investimenti S.p.A.. He is the Managing Director of R.T.I. He is a Director of Mediaset España Comunicacion S.A., Publitalia '80 S.p.A., Mediamond S.p.A. Edam Acquisition Holding I Cooperatief U.A. and Medusa Film 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.

ALFREDO MESSINA - Born in Colleferro (Rome) on 8 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., of Mediolanum Vita S.p.A. and of Vacanze Italia S.p.A.. He is a Director of Mediaset España Comunicacion SA and of Molmed S.p.A.

GINA NIERI - Born in Lucca on 2 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 June 2007 she has been Vice Chairwoman of R.T.I. S.p.A., in which she has been a member of the Board of Directors since 1999. 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. Since November 2010 she has been Vice Chairwoman of A.C.T. (European Association of Commercial Television).

MICHELE PERINI - Born in 1952 in Milan, he graduated with a degree in Economics and Commerce from the Bocconi University. He is Chairman of SAGSA S.p.A., a company in the office furniture sector, and Chairman of Fiera Milano S.p.A, an office he has held since 27 October 2003. He is Honorary President of the Vinci Museum of Science and Technology of Milan and, also, a Director of ISPI (Institute for International Political Studies of Milan) and Chairman of Pentar S.p.A.. From 2001 to June 2005 Perini was Chairman of Assolombarda (Lombardy Trade Association), in which from 1997 to 2001 he held the position of Chairman of the Board of Small Industry and where he is currently a member of the Board of Directors and the Junta. Until June 2010 he was a member of the Board and the Junta of Confindustria (Italian Confederation of Industry). He has held positions as a member of the Board of Directors of the financial daily "Il Sole 24 Ore" and of Bocconi University. He is also committed to social works and is a member of the directorate of Telefono Azzurro, a child protection charity.

NICCOLO ' QUERCI – Born in Florence on 10 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.. From 2006 to 2010 he was Chairman of the company Media Shopping S.p.A.. From 2003 he has been 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 4 February 1944 he 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 12th legislature (1994-96). He is a member of the governing bodies of Foundations and Institutes of a technical/scientific nature and is Chairman of the Scientific Didactic Committee of the Multimedia Campus In Formazione. 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. of Expo 2015 S.p.A. and a member of the Management Committee of A2A S.p.A.. Since July 2009 he has been European Coordinator of the TEN-T Priority Projects (High Speed Trains France – Spain – Portugal). 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 6 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 to which Mediaset also belongs.

ATTACHMENT C

**Table 2 - Borsa Italiana
Format**

TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND OF THE COMMITTEES

Board of Directors										Internal Controls Committee		Compensation Committee		Governance Committee		Executive Committee		Independents Committee			
Office	Members	In office since	In office till approval of F. S. at	List (M/m) *	Exec.	Non exec.	Indep. per Code	Indep. per CFA	(%) **	Number other offices ***	****	**	****	**	****	**	****	**			
Chairman	Confalonieri Fedele	22/04/2009	31/12/2011	M	X				100								X	100			
(-3) Vice Chairman	Berlusconi Pier S ilvio	22/04/2009	31/12/2011	M	X				100	2							X	42,85			
(-1) Director Delegate	Adreani Giuliano	22/04/2009	31/12/2011	M	X				100								X	100			
Director	Berlusconi Marina	22/04/2009	31/12/2011	M		X			80	3											
Director	Cannatelli Pasquale	22/04/2009	31/12/2011	M		X			100	3											
Director	Colombo Paolo Andrea	22/04/2009	31/12/2011	M		X	X	X	80	4			X	75	X	100			X	60	
Director	Crippa Mauro	22/04/2009	31/12/2011	M	X				100												
Director	Ermolli Bruno	22/04/2009	31/12/2011	M		X			90	8			X	100							
Director	Giordani Marco	22/04/2009	31/12/2011	M	X				100												
Director	Messina Alfredo	22/04/2009	31/12/2011	M		X			50	4	X	77,77									
Director	Neri Gina	22/04/2009	31/12/2011	M	X				100								X	100			
Director #	Michele Perini	20/04/2011	31/12/2011	M					100	2											
Director	Querci Niccolò	22/04/2009	31/12/2011	M	X				90												
Director	Secchi Carlo	22/04/2009	31/12/2011	M		X	X	X	100	5	X	100		X	100				X	100	
Director	Ventura Attilio	22/04/2009	31/12/2011	M		X	X	X	90		X	77,77	X	75	X	83,33			X	80	
DIRECTORS WHO CEASED DURING THE REFERENCE YEAR																					
Director	Fausti Luigi	22/04/2009	01/03/2011	M		X	X	X	0												
Give the quorum required for the presentation of the lists at the time of the last nomination: 1,5%																					
Number of meetings held in the reference year:										BOD:10		ICC:9		CC:4		GC:6		EC:7		IC:5	

NOTES

* In this column is shown 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 is shown the percentage presence at the BOD and the Committee meetings (n° of presences/n° of meetings during the actual period of office of the party in question).

*** In this column is shown the number of offices held by the director or statutory auditor in other companies, also foreign, in finance, banking, insurance or large companies. There is attached to the Report the list of these companies with reference to each individual Director, stating if the company in which they hold office is part, or not, of the group that the Issuer reports to or that is a part of.

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

(-3) Nominated by the board of Directors Meeting of 23rd April 2009

(#) Nominated with board of Directors Meeting of 22nd March 2011

ATTACHMENT D

Article 28 of the Articles of Incorporation

1. The Ordinary 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 at the date of 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 specific public register for them that has been set up according to law and they 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 established by the relative legislation and regulations that are currently in force and the Board of Directors must ascertain that these actually exist.

2. The nomination of the Statutory Auditors takes place based on lists presented by the shareholders, with the procedure established 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. They have the right to present the lists those shareholders who have voting rights and who, either alone or jointly, are the owners of the total amount of the shareholding that is required 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 through a trust company. The shareholders belonging to the same group, for which there is meant those of the parent company, of the subsidiary companies and of the jointly controlled companies, as well as those 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 through a trust company. The ownership of the minimum amount of the shareholding, which is required to be able to present the lists, shall be calculated based on the shares that are registered in the shareholder's name on the day when the lists are deposited at the company's premises.

The certification that proves the ownership of this shareholding can even be produced after the depositing of the list, as long as this is done within the timeframe foreseen for the publication of the lists by the 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 within the period of twenty five days before the date fixed for the Shareholders' Meeting at its first or single call and they must also be made available to the general public, following the

relative legal measures that are currently in force regarding them. There remains in force the faculty of being able to produce the certification that proves the ownership of the share holding, which is established in the last paragraph of point 3 above. At the time of the presentation of the list there must also be supplied (i) the information relative to the identities of the shareholders who have presented the list, indicating the percentage of the total of the shareholdings owned by them, (ii) a curriculum vitae for each individual candidate containing an exhaustive disclosure of the personal and professional characteristics of the candidates and (iii) the further information, required by the relative legislative measures that are currently in force, which will be indicated in the notice calling the Shareholders' Meeting. Furthermore, those 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 their inability to be elected or of incompatibility established by law and that there is observed 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 established by the relative legislative measures that are currently in force.

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

7. The election of the Statutory Auditors proceeds as follows:

a) From the list, which has obtained the highest number of votes in the Shareholders' Meeting, there are selected, 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 Auditor.

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 selected, 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 contained in 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 who is at first place in the section of the candidates for the office of Active Statutory Auditor, elected pursuant to the procedure in paragraph 7. b) above.

9. Whenever only one list is presented, 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 shall enter into the vacant office the Substitute Statutory Auditor elected at first place. In the case of the replacement of the Chairman, the Board of Statutory Auditors chooses and nominates a new Chairman from among its own members, who shall remain in that 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 has ceased to hold office, and who is 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: whenever it becomes 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 replaced 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 for 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 established 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 fixes the compensation of the Statutory Auditors, as well as the details of the reimbursement of the expenses incurred by them in order to carry out the duties of their office.

13. The powers and the duties of the Statutory Auditors are those that are established by the relative legislation.

ATTACHMENT E

Table 3 – Borsa Italiana Format

TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Board of Statutory Auditors							
Office	Members	In office since	In office till approval of the F. S. at	List (M/m)*	Independence by Code	** (%)	Number of other offices ***
Chairman	Leonardo Mauro	20 April 2011	31 December 2013	m	X	100	11
Active Auditor	Bianchi Martini Silvio	20 April 2011	31 December 2013	M	X	61.53	6
Active Auditor	Vittadini Francesco	20 April 2011	31 December 2013	M	X	84.61	24
Substitute Auditor	Gatto Massimo	20 April 2011	31 December 2013	m	X		3
Substitute Auditor	Minutillo Flavia Daunia	20 April 2011	31 December 2013	M	X		14
AUDITORS THAT CEASED DURING THE REFERENCE YEAR							
Chairman	Giussani Alberto	16 April 2008	31 December 2010	m	X	100	9
Substitute Auditor	Marchesi Antonio	16 April 2008	31 December 2010	m	X		2
Substitute Auditor	D'Onofrio Mario	16 April 2008	31 December 2010	M	X		10
Show the required quorum for the presentation of the lists at the time of the last nomination: majority and minority list 1% of the Share Capital.							
Number of meetings held during the reference year: 13							

NOTES

* in this column is shown M/m according to whether the member was elected from the list voted by the majority (M) or by minority (m)

** in this column is shown the percentage participation of the auditors at the meetings of the BSA (n° of presences/n° of meetings held during the actual period in office of the interested party).

***in this column is shown the number of offices of director or statutory auditor held by the interested party shown pursuant to article 148, part two. of the CFA.

ATTACHMENT F**PERSONAL AND PROFESSIONAL CHARACTERISTICS OF THE BOARD OF STATUTORY AUDITORS**

MAURO LONARDO – Born in Rome on 16 April 1969. He is a Graduate in Economics and Commerce of the University La Sapienza of Rome. He is inscribed on the Roll of Certified Public Accountants and in the Register of Accounting Auditors since 1999. He is Chairman of the Board of Statutory Auditors of Unicompany S.p.A.. He holds the office of Active Statutory Auditor in Azienda Municipale Ambiente S.p.A. (AMA S.p.A.), in AFP Capital S.r.l., of ERG Rivara Storage, of Cosmic Blue Team S.p.A., of Gimias S.r.l., of Independent Energy Solutions S.r.l. and Independent Gas Management S.r.l.. He was the Control and Coordination Manager for the Municipality of Rome group for the participated companies of the infrastructures and services. He is a member of the Commission of the Order of Certified Public Accountants of Rome. He lectures at numerous seminars and conventions.

SILVIO BIANCHI MARTINI – Born in Lucca on 12 January 1962. He is an Ordinary Professor of Company Economy in the Economics Faculty of the University of Pisa. During the last ten years he has taken on various positions in the University of Pisa, such as: Director of the Doctorate School "Fibonacci", President of the Graduate Course in "Corporate Strategies and Governance", Director of the Master in "Auditing and Internal Controls" and of the Master in "Corporate Strategies and Governance". He taught Company Strategy and Policies for more than a decade 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 its inception. He is a member of the corporate governance and controls bodies of a number of industrial and ser-vices companies among which there are highlighted Dada S.p.A., Molecular Medicine S.p.A. and Sofi-del S.p.A..

FRANCESCO VITTADINI - Born in Bellano on 25 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 the quoted companies El TOWERS S.p.A. and Mediolanum S.p.A.

MASSIMO GATTO – Born in Rome on 27 June 1963. He is a Graduate in Economics and Commerce of the University La Sapienza of Rome. He has been inscribed in the Roll of Certified Public Accountants since 1995 and in the Register of Legal Accounting Auditors since 1999. He has been a Receiver in Bankruptcy regarding judicial administrations within the Court of Rome - Bankruptcy Section - since 1998/1999. He is inscribed in the Register of Real Estate Guardian and in the Roll of Technical Consultants of the Civil Court of Rome (C.T.U.). He is the Chairman of the Board of Statutory Auditors of SNAM S.p.A. and of Banca del Mezzogiorno Mediocredito Centrale S.p.A. He holds the office of Active Statutory Auditor Eurofinance 2000 S.r.l. and in the National Association for the Encyclopaedia of Banking and the Stock Exchange.

FLAVIA DAUNIA MINUTILLO – Born in Milan on 24 May 1971. She is a Graduate in Economics and Commerce from the Catholic University of Milan. She has been inscribed in the Roll of Certified Public Accountants since 1996 and in the Register of Legal Accounting Auditors since 1999. Since 1998 she has been on the Boards of Statutory Auditors of leading companies, including banks, securitisation, factoring, trust, financial, brokerage and asset management companies. Since 2009 she has been Co-Liquidator of a leading directories company.

for the Board of Directors
the Chairman