

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE**INTRODUCTION**

In **March 2000** the Board of Directors of Mediaset S.p.A. decided to adopt the provisions of the Corporate Governance Code for listed companies. The company has continued since then to align its corporate governance system with Italian and international best practices, with the recommendations of the Corporate Governance Code of Borsa Italiana and with new legislation introduced by company law reform, keeping the shareholders and the market informed in this regard in the Annual Report on Corporate Governance.

There have been numerous radical changes in company law in recent years. Accordingly Borsa Italiana, drawing on international best practices, reviewed its code of conduct in March 2006 and introduced a series of innovative corporate governance principles. The changing legislative and regulatory framework is the result on one hand of sector operators' greater awareness of their responsibilities towards investors and, on the other, of the need to make governance rules more consistent with those in force in the international market on which Italian companies operate.

The Board Meeting of 1 March 2007, after examining the amended version of the Corporate Governance Code recommended by the Governance Committee, which is substantially based on the Code published by Borsa Italiana, and in consideration of the legislative framework and the organisation of Mediaset Group, approved the amended Mediaset S.p.A. Corporate Governance Code, endorsing the principles contained in the new Corporate Governance Code of Borsa Italiana issued in March 2006, which is attached to this document.

Following the approval by Consob of the amendments to the Issuer and Market Rules to reflect the Law on the protection of savings (Law no. 262/2005) and the relative Legislative decree on the coordination of the banking and financial intermediation laws (D. Lgs. no. 303/2006), the company amended the bylaws accordingly; being regulatory measures, they were adopted by the Board Meeting of 28 June 2007, pursuant to article 23, clause 3, of the current bylaws.

In order to complete the review of the bylaws and bring them into line with the Transparency Directive, which aims to harmonise certain periodical financial information disclosure obligations for issuers, the amendments to the bylaws are expected to be completed at the next general meeting called to approve the financial statements. The amendments proposed mainly refer to the term for calling ordinary general meetings and the harmonisation of the procedure to appoint the Board of Directors with respect to the procedure for the appointment of the Audit Board.

1. CORPORATE GOVERNANCE SYSTEM

Mediaset has adopted the traditional administration and control system.

The **General Shareholders' Meeting**, duly convened, is the corporate body which expresses the wishes of the shareholders through its resolutions. Traditionally it appoints the Chairman. Resolutions passed in compliance with the law and the bylaws are binding on all shareholders, independently of whether they agree or disagree with them.

The **Board of Directors** has the broadest possible powers of management in pursuit of the company object. Elected every three years by the General Meeting, it generally appoints a Vice-Chairman, a Managing Director and an Executive Committee and establishes their and the Chairman's powers.

The **Executive Committee**, Remuneration Committee, Internal Control Committee and Governance Committee are bodies established within the Board and made up of its members. While the Executive Committee is empowered to perform important management functions for the Company and Group, the other Committees primarily act in a consulting and proposing capacity.

The **Remuneration Committee** expresses opinions and makes non-binding proposals to the Board of Directors regarding the remuneration of directors who hold particular offices in Mediaset S.p.A.. Part of said remuneration may also be linked to the financial results reported by the company and/or the achievement of other specific objectives, to the general remuneration criteria for Mediaset Group managers, as well as to the criteria, categories of beneficiaries, quantities, terms, conditions and methods of application of stock option plans.

The **Internal Control Committee** assists the Board of Directors in performing the duties attributed to same by the Corporate Governance Code in respect of the internal control system.

The **Governance Committee** assesses the company's Corporate Governance Code and presents proposals where necessary, answering requests and performing the tasks assigned to it by the Board of Directors, particularly with regard to the review of the Corporate Governance Code itself, as well as providing the Board with support in assessing whether or not the Independent Directors continue to satisfy independence requirements.

Finally, the **Audit Board** supervises compliance with the law and the bylaws and exercises management control. The Audit Board is not responsible for controlling the accounting records, a function which is performed by an **Audit Firm** registered in the special register, which represents an external control body with respect to the company. The Independent Auditors check during the year that the company's accounts are properly kept and that management events are correctly reflected in the accounting records. The Independent Auditors also verify that the corporate and consolidated financial statements correspond

with the outcomes of the accounting records and the verifications performed, and that the accounting documents themselves are in compliance with the applicable regulations.

The functions and method of operation of the corporate bodies are regulated by the law, by the company bylaws and by the resolutions of the competent bodies.

The company bylaws are available for consultation in Italian, with English translations, at the registered office of the company or on the corporate website [www.mediaset.it \(/investor/governance/statuto_en.shtml\)](http://www.mediaset.it/investor/governance/statuto_en.shtml).

2. OWNERSHIP INFORMATION (ex art. 123 bis TUF)

a) Share capital structure

The share capital of Mediaset S.p.A. amounts to Euro 614,238,333.28, fully paid in and subscribed.

	No. shares	% with respect to share capital	Listed	Rights and obligations
Ordinary shares	1,181,227,564 (par value 0.52 each)	100%	Borsa Italiana – Blue Chip segment	Pursuant to the law and bylaws

No other financial instruments have been issued which grant the right to subscribe new share issues.

No share-based incentive schemes are planned which involve capital increases, either by payment or free of charge.

b) Restrictions on the transfer of securities

Pursuant to the bylaws, the company's shares are registered by name, indivisible and freely transferable. All representation, authentication and shareholder information provisions relevant to securities traded in regulated markets apply.

c) Significant shareholdings

On 11 March 2008, according to the communications received pursuant to article 120, T.U.F., the main shareholders of Mediaset S.p.A.* are the following:

Direct shareholder	% ownership of ordinary share capital and voting capital
Fininvest S.p.A.	36,384
Capital Research and Management Company	7,115
Mackenzie Cundill Investment Management Ltd	3,441
Abu Dhabi Investment Authority	2,042
Templeton Investment Council LLC	2,025
Tweedy Browne Company LLC	2,003

*The Consob website also lists the following significant shareholders and the relative percentage ownership of the ordinary share capital and voting capital:

Silchester International Investors Ltd	2,017%
Templeton Global Advisors Ltd	2,071%

On the same date, Mediaset S.p.A. owned no. 44,825,500 own shares, or 3.795% of the share capital, to which the regulations of article 2357 ter of the Italian civil code apply.

d) Securities which grant special rights

No securities have been issued which grant special rights of control.

e) Employee shareholdings: mechanism for exercising voting rights

There is no established mechanism for exercising voting rights.

f) Restrictions on voting rights

As a financial intermediary entered in the special section of the general register pursuant to article 113, D. Lgs. no. 385/1993, as amended (Banking Consolidation Act - T.U.B.), in accordance with the combined provisions of article 108 T.U.B. and article 1, D.M. (Treasury Ministry) no. 517/1998, whoever owns more than 5% of the share capital represented by shares with voting rights may not exercise said voting rights conferred by the excess shares, unless said person meets the integrity criteria provided. The same criteria must be met by whoever, independently of the size of the holding, controls the company pursuant to article 23, T.U.B.. In this case the suspension of voting rights is applied to the entire holding.

g) Agreements between shareholders

The company is not aware of any shareholders' agreements pursuant to article 122, T.U.F..

h) Appointment and replacement of directors and amendments to the bylaws

The company has adopted a traditional system of governance.

The Board of Directors is appointed by the General Meeting on the basis of lists. The provisions of articles 17 and subsequent of the bylaws are applicable to the appointment and replacement of directors.

Pursuant to article 15, clause 2, and article 15, clause 3 of the company bylaws, without prejudice to the power of the Extraordinary general meeting to decide on the matter, the Board of Directors has the power to make decisions relating to mergers in those cases described in Civil Code Article 2505, to set up or close down secondary centres, to authorize any director to represent the company, to reduce the share capital in the event of a member's withdrawal, or to amend the company bylaws in order to bring it into line with legal or regulatory provisions.

The company bylaws are published on the corporate website [www.mediaset.it](http://www.mediaset.it/investor/governance/statuto_en.shtml), (/investor/governance/statuto_en.shtml).

i) Mandates to increase the share capital and authority to buy own shares

No mandates have been granted to increase share capital pursuant to article 2443 of the civil code or to issue participatory financial instruments.

The Shareholders' Meeting of 19 April 2007 resolved to grant the Board of Directors the power to purchase, even through the negotiation of options or financial instruments, including derivatives of Mediaset shares, up to a maximum of no. 118,122,756, and therefore within the limits of the law, of its own ordinary shares of par value EUR 0.52 each (equal to 10% of the actual share capital), on one or more occasions, until the approval of the Financial Statements as of 31 December 2007, and in any case for a period of no longer than 18 months from the date of the resolution approved by the general meeting. The amount indicated above is covered by the available reserves reported in the last duly approved financial statements.

The purchase operations will be performed as follows:

i) the purchases for the implementation of the Stock Option Plans for 2003/2005 and for 2006/2008 shall be made on the stock exchange on which the shares are listed, in the manner indicated in article 144-bis, letters b) and c) of the Regulations for Issuers, at a price no higher than 20% and no less than 20% with respect to the reference price recorded by the stock during the Stock Exchange sitting prior to each individual operation. Said parameters are held to be adequate to identify the range of values within which the purchase is of interest to the company;

ii) other eventual purchases shall be made on the stock exchange on which the shares are listed in the manner indicated in article 144-bis, letters b) and c), of the Issuer Rules, at a price no higher than 20% and no less than 20% with respect to the reference price recorded by the stock during the Stock Exchange sitting prior to each individual operation. Said parameters are held to be adequate to identify the range of values within which the purchase is of interest to the company.

The purchase operations will be performed pursuant to article 2357 and subsequent of the Italian Civil Code, to article 132 of legislative decree 58/98, to article 144-bis of the Consob regulation enacting legislative decree no. 58, February 24, 1998 on the subject of issue regulation ("Issuer Regulations") and to all other applicable rules and regulations, including those pursuant to directive 2003/6 and the relative EU and national implementation rules

At the close of the financial year on 31 December 2007, the company held no. 44,825,500 own shares.

l) Change of control clause

There are no significant agreements in force pursuant to Article 123 bis, T.U.F., clause 1, letter l.

m) Directors' indemnity in the event of resignation, termination or cessation of employment following a takeover bid

There are no agreements in force pursuant to Article 123 bis, T.U.F., clause 1, letter m).

3. COMPLIANCE

The Board Meeting of 1 March 2007, after discussing the proposed amendments to the Corporate Governance Code of the company prepared by the Governance Committee, which substantially align it with the Code published by Borsa Italiana, and in consideration of the reference legal framework and

organisational structure of Mediaset Group, approved the amended Corporate Governance Code of Mediaset S.p.A., endorsing the principles contained in the new Corporate Governance Code of Borsa Italiana issued in March 2006.

Subsidiary company Gestelevision Telecinco S.A., which is listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges and on the Spanish online market, and its subsidiaries are subject to Spanish law and Spanish corporate governance regulations.

4. MANAGEMENT AND COORDINATION ACTIVITIES

Pursuant to article 2497 bis and subsequent of the Italian civil code, Mediaset S.p.A. carries on management and coordination activities with regard to the following subsidiary companies in the Group: R.T.I. S.p.A., Publitalia '80 S.p.A., Promoservice Italia S.r.l., Elettronica Industriale S.p.A., Video Time S.p.A., Media Shopping S.p.A., Mediaset Investimenti S.p.A., Medusa Film S.p.A., Medusa Cinema S.p.A., Medusa Multicinema S.p.A., Medusa Video S.p.A. and X Content S.r.l. in liquidation.

Fininvest S.p.A., while holding a stake of 36.384% in the share capital of Mediaset as of 11 March 2008, does not perform management and coordination activities pursuant to article 2497 bis and subsequent of the civil code.

5. BOARD OF DIRECTORS

5.1. MEMBERS

As stated in the bylaws: "... The company shall be run by a Board of Directors composed of no fewer than five nor more than twenty-one Directors, who may be re-elected. The members of the Board of Directors shall be appointed by the General Meeting on the basis of lists presented by shareholders, each list naming and serially numbering its (twenty-one or fewer) candidates. Lists may only be presented by members or groups of members representing at least 2.5% of the share capital formed of shares with voting rights at the ordinary General Meeting, or the other percentage established by the law as it stands at the time and which will be stated from time to time in the notice convening the General Meeting to appoint the Board of Directors. Each list must include and clearly identify at least two candidates who may be classified as independent pursuant to the law as it stands at the time.

Lists, accompanied by the candidates' professional CVs containing comprehensive information on their personal and professional characteristics and certifying that they may properly be classified as independent according to the law as it stands at the time, signed by the presenting members, must be lodged at the Company's registered office at least 15 (fifteen) days before the date set for the General Meeting at first call, together with (i) details regarding the identity of the members who presented the list and the total percentage stake they hold and (ii) a declaration that the presenters have no pacts or links of any kind whatsoever with other members. Declarations from the individual candidates must be lodged by the same date, agreeing to stand and declaring, on their own responsibility, that there is no cause why they cannot be elected nor any legal impediment to their serving as Directors..."

The Board of Directors, made up of 14 directors appointed on 20 April 2006 and in office until the date of the general meeting to approve the financial statements at 31 December 2008, comprises six executive directors and eight non-executive directors of whom four independent.

Directors accept directorships when they deem that they can devote the necessary time to the diligent performance of their duties, also in consideration of the number of offices held as director or auditor in other companies listed on regulated markets (including foreign markets), as well as in financial companies, banks, insurance companies or companies of considerable size.

In accordance with the provisions of the Corporate Governance Code of the company and based on the information provided by those involved, the table below discloses the offices held as of 11 March 2008 by the actual members of the Board of Directors in the aforementioned companies, excluding those held in Mediaset S.p.A. subsidiary or investee companies, as well as further information regarding same.

Board of Directors

Table 1

Name	Office	In office since	List	Exec.	Non-exec.	Ind.	Ind. TUF	% Board	Other offices
Fedele Confalonieri	Chairman	20/04/2006	M	/				100%	
Pier Silvio Berlusconi	Director Vice Chairman	20/04/2006 21/04/2006	M	/				70%	2
Giuliano Adreani	Director Managing Director	20/04/2006 21/04/2006	M	/				100%	
Marina Berlusconi	Director	20/04/2006	M		/			40%	3
Pasquale Cannatelli	Director	20/04/2006	M		/			90%	3
Paolo Andrea Colombo	Director	20/04/2006	M		/	/	/	100%	7
Mauro	Director	20/04/2006	M	/				100%	

Crippa									
Bruno Ermolli	Director	20/04/2006	M		/			70%	3
Luigi Fausti	Director	20/04/2006	M		/	/	/	80%	2
Marco Giordani	Director	20/04/2006	M	/				100%	
Alfredo Messina	Director	20/04/2006	M		/			90%	4
Gina Nieri	Director	20/04/2006	M	/				100%	
Carlo Secchi	Director	20/04/2006	M		/	/	/	90%	6
Attilio Ventura	Director	20/04/2006	M		/	/	/	100%	

Key

List: indicate M/m according to whether the director was elected from the majority or a minority list.

Exec.: tick if director can be qualified as an executive director.

Non-exec.: tick if director can be qualified as a non-executive director.

Ind.: tick if director can be qualified as an independent director according to the criteria established by the Corporate Governance Code.

Ind. TUF: tick if the director has the independence requirements established by article 148, clause 3, TUF.

% Board: indicate the director's percentage attendance of Board Meetings (the percentage of meetings attended out of the total number of Board meetings held during the financial year or after appointment).

Other offices: total number of offices held in companies listed on regulated markets (including foreign markets), as well as in financial companies, banks, insurance companies or companies of considerable size, with the exception of offices held in the subsidiary or investee companies of Mediaset S.p.A.

In accordance with the provisions of the company's Corporate Governance Code and based on information provided by those involved, the table below discloses supplementary information regarding Committee members.

Committees

Table 2

Name	Office	Executive committee	%	Governance committee	%	Remuneration committee	%	Internal control committee	%
Fedele Confalonieri	Chairman	Chairman	100%						
Pier Silvio Berlusconi	Vice Chairman	Member	87.5%						
Giuliano Adreani	Managing Director	Member	100%						
Nieri Gina	Director	Member	100%						
Luigi Fausti	Director			Member	50%			Chairman	80%
Alfredo Messina	Director							Member	70%
Carlo Secchi	Director							Member	100%
Bruno Ermolli	Director					Chairman	100%		
Paolo Andrea Colombo	Director			Member	75%	Member	100%		
Attilio Ventura	Director			Chairman	100%	Member	100%		

KEY

EC: indicate P/M if chairman/member of the Executive Committee.

% EC: indicate the director's percentage attendance of meetings of the Executive Committee (the percentage of meetings attended out of the total number of executive committee meetings held during the financial year or after appointment).

GC: indicate P/M if chairman/member of the Governance Committee.

% GC: indicate the director's percentage attendance of meetings of the Governance Committee (the percentage of meetings attended out of the total number of Governance Committee meetings held during the financial year or after appointment).

RC: indicate P/M if chairman/member of the Remuneration Committee.

% RC: indicate the director's percentage attendance of meetings of the Remuneration Committee (the percentage of meetings attended out of the total number of Remuneration Committee meetings held during the financial year or after appointment).

ICC: indicate P/M if chairman/member of the Internal Control Committee.

% ICC: indicate the director's percentage attendance of meetings of the Internal Control Committee (the percentage of meetings attended out of the total number of Internal Control Committee meetings held during the financial year or after appointment).

Below are brief summaries of the personal and professional CVs of each Director. The full CVs of directors are published on the corporate website www.mediaset.it (Investor Center/Governance/assemblea degli azionisti/2006/ Curriculum Vitae candidates to the Board of Directors).

FEDELE CONFALONIERI - Born in Milan, 6 August 1937. Degree in law from Statale University, Milan. Member of the Management Board and Executive Committee of Confindustria and Assolombarda. President of the Associazione Televisioni Nazionali [National Television Association] in the framework of the Federazione Radio Televisioni [Radio and Television Association]. Member of the Management Committee of Assonime, an Association of Italian joint stock companies. Board Director of "Il Giornale" daily newspaper. Board Director of Gestelevision Telecinco SA.

PIER SILVIO BERLUSCONI - Born in Milan, 28 April 1969. He began his professional career in 1992 in the marketing office of Publitalia, before moving to the Italia 1 television network where he devised new programs for young people. In November 1996 he became coordination manager for the scheduling and program area of Mediaset networks. In 1999 he was appointed Vice General Manager of Content at R.T.I.. Since April 2000 he has been Vice Chairman of Mediaset Group, as well as Chairman and Managing Director of R.T.I.. He is also a Board Director of: Fininvest S.p.A., Gestelevision Telecinco S.A., Medusa Film S.p.A., Arnoldo Mondadori Editore S.p.A. and Publitalia '80 S.p.A..

GIULIANO ADREANI - Born in Rome, 27 August 1942. Managing Director of Mediaset S.p.A., Chairman and Managing Director of Publitalia '80 S.p.A., Board Director of R.T.I., Board Director of Gestelevision Telecinco S.A., Director and Vice Chairman of Publiespana, Board Director of Medusa Film S.p.A., Board Director of Auditel, member of the Management Committee of the Milan province Unione del Commercio del Turismo dei Servizi e delle Professioni. In 2003 he was made a Cavaliere del Lavoro by the President of the Italian Republic. From 1962, until joining Mediaset Group in 1994, he worked at Sipra, the advertising concessionary company of Rai, where he managed all commercial and creative communication sectors (daily newspapers, periodicals, radio and television), before becoming General Manager in 1991.

MARINA BERLUSCONI - Born in Milan, 10 August 1966. She joined the company at a very early age, always acting in a management capacity and on the development of Group economic and financial

strategy. In July 1996 she was appointed Vice Chairman of Fininvest S.p.A., a position she held until becoming Chairman in October 2005. In February 2003 she was appointed Chairman of Arnoldo Mondadori Editore S.p.A. She is a Board Director of Mediolanum S.p.A.

PASQUALE CANNATELLI - Born in Soriano (Cz), 8 September 1947. He graduated in Economics and Commerce from Cattolica University, Milan, and began his career in 1972 at Rank Xerox. In 1985 he was appointed Group Controller of Farmitalia Carlo Erba. This was followed by periods at Alitalia, initially as Administrative Director and subsequently Controller, before returning to Farmitalia as Finance, Administration and Control Director at Erbamont Group. On July 1997 he becomes Board Director of Mediaset S.p.A. and Central Director of planning and control. Since May 2003 he has been Managing Director of Fininvest S.p.A. He is a Board Director at Arnoldo Mondadori Editore S.p.A., Mediolanum S.p.A. and AC Milan S.p.A.

PAOLO ANDREA COLOMBO - Born in Milan, 12 April 1960. Degree in Business Economics, "L. Bocconi" University, Milan, 27 February 1984. Registered accountant and auditor. Chairman of the Board of Statutory Auditors of Eni S.p.A., Saipem S.p.A. and Ansaldo STS S.p.A.; Standing Auditor of Sirti S.p.A. and Lottomatica S.p.A., Board Director of Sias S.p.A. and Interbanca S.p.A.

MAURO CRIPPA - Born in Rome, 26 April 1959. Professional journalist. Board Director of Società Europea Editrice de "Il Giornale" (since 1998), of RTI S.p.A. (since 1999) and of Class CNBC S.p.A. (since 2000). In 1987 he was appointed manager in charge of the Corporate and Product Press Office of Arnoldo Mondadori S.p.A. In 1994 he joined Fininvest Group as Press Relations Director. In 1996 he was made Central Director of Communication and Press Relations for Mediaset Group. Since 2004 he has been Managing Director of the Campus Multimedia Consortium (a consortium set up by Mediaset and Libera Università di Lingue e Comunicazioni IULM). In 2007 he became Information General Manager of R.T.I. S.p.A.

BRUNO ERMOLLI - Born in Varese, 6 March 1939. He has been an entrepreneur for more than thirty years in the field of Professional Management and Organisation Consulting Services. He teaches courses and seminars for entrepreneurs and managers. He has often been called on to collaborate with the Prime Minister, as expert in Public Management and the Organisation of the Public Administration. From 1985 to 1989 he was Promoter and President of the Federazione Nazionale del Terziario Avanzato [National Federation of the Advanced Service Sector]. From 1980 to 1982 he was President of the Associazione Nazionale delle Società di Consulenza di Direzione ed Organizzazione [National Association of Management and Organisation Consulting Companies]. In 1970 he established and continues to be the chairman of Sin&getica, a leading Italian management consultancy for Private Companies, Banks, Insurance Companies, Public Entities and the Public Administration. He is a Cavaliere del lavoro appointed by the President of the Republic of Italy. At the present time he is Vice Chairman of Fondazione Teatro alla Scala, Board Director of Arnoldo Mondadori Editore S.p.A., Mediolanum S.p.A. and Fininvest S.p.A.

LUIGI FAUSTI - Born in Ancona, 1929. He studied classics at Liceo C. Tacito high school, Terni, and law at Rome University. He joined Banca Commercial Italiana as a clerk in 1947 and worked there without a break for 51 years at various offices in Italy. In 1984 he moved to Corporate Management, Italy Credit Service, first as Central Co-Director and, from 1987, as Central Director and "supervisor" of the service. In May 1990 he was appointed Managing Director. In April 1994 he was appointed Vice Chairman and Managing Director. In June 1996 he received an honorary degree in Economics from Seconda Università degli Studi, Naples. In April 1997 he was appointed Chairman. In 1999 he was elected Honorary Chairman, a post from which he resigned in June of the same year following disagreement over the Bank's strategy. At the present time he is a Board Director of Telecom Italia S.p.A. and Poligrafici Editoriali S.p.A.

MARCO GIORDANI - Born in Milan, 30 November 1961. Degree in Economics and Commerce from "L. Bocconi" University, Milan. Since 2000, Chief Financial Officer of Mediaset Group. Board Director of Gestelevision Telecinco S.A., Publitalia '80 S.p.A. and Medusa Film S.p.A. and Managing Director of R.T.I. S.p.A.. From 1998 to 2000 he was Shareholding Control Manager at IFIL S.p.A., before being appointed Board Director and member of the Executive Committee of LA RINASCENTE S.p.A. and Board Director of S.I.B. (Società Italiana Bricolage). In 1991 he was appointed Financial Management Officer of RINASCENTE GROUP, of which he became Chief Financial Officer in 1997. In 1989 he joined Rinascete Group as Operations Manager and Board Director of COMFACTOR S.p.A. In 1985 he began his professional career in UNILEVER ITALIA group, first in the Audit Department and then as Administration Director of QUEST S.p.A.

ALFREDO MESSINA - Born in Colleferro (Rome), 8 September 1935. After graduating in Economics and Commerce, he began his career with a series of administrative posts in various companies. After periods at Olivetti as Production Group Controller and in Alitalia as Central Manager, Administration, Finance, Planning and Control, in 1989 he joined IRI as Central Manager, Planning and Control. In January 1990 he joined Fininvest S.p.A. as General Manager and in 1996 was appointed Managing Director for the administration and control area of the Group, supervising the Large-Scale Retail, Insurance Products and Financial sectors. At the present time he is Acting Vice Chairman of Mediolanum S.p.A., Chairman of Mediolanum Assicurazioni S.p.A. and Mediolanum Vita S.p.A.. He is Board Director of Gestelevision Telecinco SA and Molmed S.p.A.

GINA NIERI - Born in Lucca 2 December 1953. Degree in Political Sciences from Pisa University, specialising in Journalism and Mass Communication at LUISS, Rome. She has been working in the world of commercial television since 1977, starting as General Secretary of FIEL, the first association of "free" television broadcasters. She then became a Director of FRT (Federazione Radio Televisione - Radio Television Federation) until 1990, when she joined FININVEST GROUP as Manager for Relations with Business Associations. Since 28 April 1999 she has been a Board Member of R.T.I. S.p.A. She is a member of the Management Board of FEDERCOMIN (Federazione delle Imprese delle Comunicazioni e

dell'Informatica - Federation of Communication and IT Businesses). She is also a member of the Executive Committee of Assolombarda and an invited member of the Management Committee. Since 20 May 2003 she has been a member of the Confindustria Executive Committee. Since 21 June 2004 she has been Vice Chairman of the Campus Multimedia Consortium (a consortium set up by Mediaset and Libera Università di Lingue e Comunicazioni IULM). At the present time in MEDIASET she is Director of the Institutional, Legal Affairs and Strategic Analysis Division and Vice Chairman of R.T.I. S.p.A.

CARLO SECCHI - Born on 4 February 1944. Professor of European Economic Policy at Università Bocconi, Milan, of which he was Dean from 2000 to 2004. Director of the Latin American and Transition Country Study Institute. Member of the IV legislature of the European Parliament (1994-1999) and vice-chairman of the Economic and Monetary Commission. Member of the XXII legislature of the Senate of the Italian Republic (1994-96). Member of the management bodies of technical and scientific Foundations and Institutes, including the Scientific Committee of IReR (Lombardy regional research institute). Vice-chairman of ISPI (International policy study institute, Milan), chairman of the Italian group in the Trilateral Commission. Currently a member of the board of directors of several Italian companies, the Veneranda Fabbrica del Duomo and Fondazione Teatro alla Scala. At the present time he is a Board Director of TEM (Tangenziali Esterne di Milano) S.p.A., Pirelli & C. S.p.A., Parmalat S.p.A., Italcementi S.p.A., Allianz S.p.A. and Sviluppo del Mediterraneo S.p.A.. He is the author of books and numerous articles on international commerce and economics, economic integration and European issues.

ATTILIO VENTURA - Born 6 February 1936. Degree in Economics and Commerce, Università Cattolica del Sacro Cuore, Milan. Courses of specialisation in Economics and Finance at Seton Hall University of South Orange (US) and Merrill Lynch, New York. Foreign Exchange Broker since 1967 and member of the Management Committee, Foreign Exchange Brokers, since 1981. From 1985-1988 he was Vice Chairman of the Management Committee, Borse Valori, from 1988 to 1992 Chairman of the Management Committee, Borse Valori and from 1992 to 1995 Chairman of Board Borse Valori. From 1996 to 1998 Board Director of Banca Nazionale del Lavoro S.p.A. From 2004 to today, Vice Chairman of Banca Nazionale del Lavoro S.p.A. Since 2004 he has been Vice Chairman of "Fondazione Aretè" at the San Raffaele Hospital, Milan. He is currently Board Director of Aedes s.g.r.

Companies Arnoldo Mondadori Editore S.p.A. and Mediolanum S.p.A. are members of Fininvest group, of which Mediaset forms part.

Maximum number of concurrent engagements in other companies

Article 1.4 of the Company's Corporate Governance Code makes provision that the Board of Directors, for the purposes of issuing guidelines regarding the maximum number of engagements as director or auditor in other listed companies, financial companies, banks, insurance companies and companies of considerable size that may be considered compatible with the effective performance of the duties of a board director of Mediaset, will establish the general criteria, differentiating them according to the commitment entailed by each role (executive or non-executive or independent director), in addition to the nature and size of the companies in which the positions are held, plus whether or not the companies form part of the group; it may also take into account the participation of the directors in committees established within the ranks of the board.

Annually the Board of Directors, based on information received from each Director or on other information in its possession, determines the engagements as director and/or auditor of the directors of the aforementioned companies, which it publishes in the Report on Corporate Governance.

Before they accept the engagement, all company directors must first assess whether or not they are able to devote the necessary time to the diligent performance of their duties, also in consideration of the number of engagements held as director or auditor in other companies listed on regulated markets (including foreign markets), as well as in financial companies, banks, insurance companies or companies of considerable size.

The Board of Directors, in the meeting of 11 March 2008, at the proposal of the Governance Committee, issued the following guidelines regarding the maximum number of engagements as director and/or auditor:

- an executive director should not be:
 - I. an executive director in another Italian or foreign listed company, financial company, bank, insurance company or company of considerable size (shareholders' equity more than Euro 10 billion) and
 - II. a non-executive director or auditor - or member of another control body - in more than five Italian or foreign listed companies, or in financial companies, banks, insurance companies or companies of considerable size (shareholders' equity greater than Euro 10 billion);
- a non-executive director should not be:
 - I. an executive director in more than three Italian or foreign companies, or in financial companies, banks, insurance companies or companies of considerable size (shareholders' equity greater than Euro 10 billion) or a non-executive director or auditor - or member of another control body - in more than five Italian or foreign listed companies, or in financial companies, banks, insurance companies or companies of considerable size (shareholders' equity greater than Euro 10 billion), or
 - II. a non-executive director or auditor - or member of another control body - of more than ten Italian or foreign listed companies, financial companies, banks, insurance companies or companies of considerable size (shareholders' equity greater than Euro 10 billion).

Engagements in Mediaset or in other Mediaset Group companies are not taken into consideration for the purposes of establishing the maximum number.

If the aforementioned limits are exceeded, the directors will promptly inform the Board, which will assess the situation in the light of the company's interests and invite the director to make the appropriate decisions.

The guidelines issued by the Board of Directors will be applied in practice on the renewal of the Board whose mandate expires with the approval of the Financial Statements for the current year.

5.2. ROLE OF THE BOARD OF DIRECTORS

The Board of Directors is the collegiate body which governs the company. It plays a key role in the company organisation, performing the functions and holding the responsibilities inherent in the strategic and organisational guidelines, as well as verifying the existence of the controls needed to monitor the progress of the company and Group. The system of delegations of power is such as to ensure that the Board of Directors plays a central role in the framework of the business and corporate organisation.

The company bylaws make provision for the following: *"The Board of Directors shall have all powers of ordinary and extraordinary management of the company. The Board may delegate all or part of its own powers to one or more of its members (who may or may not be given the title of "Managing Director"), with the exception of the following matters pursuant to Article 23 of the company bylaws, which shall be determined only by the Board of Directors and in detail:*

- *the concluding of any contract or legally-binding relationship whatsoever between the company and any of its members holding 5% or more of the share capital (or any company belonging to the same group as such a member, i.e. any of the company's controlled subsidiaries, any company or individual with a controlling interest in the company, and any company controlled by such a company or individual), where the amount involved exceeds €13,000,000.00;*
- *the concluding of any contract or legally-binding relationship whatsoever where the amount involved exceeds €130,000,000.00;*
- *the issuing of non-convertible bonds, subject to the limits laid down in Article 2412 of the Italian Civil Code and also to a maximum of €300,000,000.00. Only an Extraordinary General Meeting may authorize an issue exceeding this limit."*

The board of directors may appoint one or more Vice Chairmen and grant authority to one or more of its members, also with the qualification of Managing Director, to perform all or some of its powers, without prejudice to the provisions of article 2381 of the Italian Civil Code and article 23 of the Company Bylaws. It may also appoint an Executive Committee, to which to delegate some or all of its powers, except for those reserved by law for the board of directors.

The board of directors may establish other committees, also comprising members who are not board directors, establishing their duties, powers and any remuneration, in addition to their composition and method of operation.

Delegated activities form the subject of reports to the board of directors during board meetings. Article 20 of the bylaws makes provision that the directors and the audit board be informed at least every quarter, by the board's delegated committees or officers or by others, about the company's general performance and foreseeable prospects, and about any significant transactions in terms of its profitability, finances, assets and liabilities, as well as any transactions in which the any director has a personal or representative interest or which have been influenced by any person in a position to exercise control and coordination over the company. The corresponding information shall also be provided in relation to the company's controlled subsidiaries. Where required for reasons of urgency or convenience, this information may also be given to its proper recipients by letter.

The Board meets regularly as required by law and according to a working schedule, operating in such a way as to ensure the effective performance of its functions.

During 2007 the Board of Directors met ten times. The average duration of each meeting was about 2 hours. The percentage attendance of each director at meetings of the Board is given in the previous table 1 of the Report.

In 2008 four Board Meetings have been planned, and the stock exchange informed about them, in order to approve the interim accounts. Two of these have so far been held.

The Board of Directors, pursuant to the Corporate Governance Code of Mediaset, performed the activities for which it is responsible in 2007, continuing them in 2008, and specifically:

- examined and approved the company's strategic, operating and financial plans, in addition to the corporate structure of the group it heads, the corporate governance of the company and the structure of the group;
- evaluated the adequacy of the organisational, administrative and accounting structure of the company, with particular regard to the internal control system and the management of conflicts of interest; the evaluation, which was positive, was supported by a special report illustrating the various operating and control structures of the company, prepared by the bodies responsible;
- identified, based on their size and business importance, the subsidiaries of strategic importance and assessed the adequacy of the general organisation, administration and accounting structure of same, with special reference to the internal control system and the management of conflicts of interest; the assessments of subsidiaries of strategic importance were also positive and were supported by a special report illustrating the various operating and control structures of the company, prepared by the bodies responsible;

- positively assessed the general performance of the company, with special regard to the information received from the Executive Committee, the Chairman, the Vice Chairman, the Managing Director and the Internal Control Committee, and periodically verified the results achieved against those planned;
- approved, with the agreement of the Internal Control Committee, the Guidelines on significant transactions in terms of the profitability, finances, assets and liabilities of Mediaset S.p.A. and its subsidiaries, and in particular those with related parties, paying special attention to transactions in which any director has a personal or representative interest and to transactions with related parties; it therefore established the general criteria for identifying significant transactions which must, compatibly with the Group's operations, be examined and approved on a prior basis by the Board of Directors of Mediaset. At the time of the discussion and approval of "significant transactions", the delegated bodies provide the Board of Directors with adequate information on the interests of Mediaset, the conclusion of the transaction, its feasibility and economic sustainability, and consistency with the strategic plans of Mediaset. The general criteria for identifying "significant transactions" are given in section 13;
- with regard to the self-assessment of the size, composition and operation of the Board and its Committees, the Board of Directors, now halfway through its term of office, as usual decided to perform a self-assessment devoting part of a board . The Governance Committee, suited to the purpose, decided that the self-assessment process should maintain the following objective: verifying the operation of the Board as a whole, identifying the eventual factors that, if removed, can favour the working of the board, evaluating the contributions to the Board's operations, the conduct of the executive directors, non-executive directors and independent directors, with regard to the structural and organisational characteristics of the Board of Directors and the personal characteristics of the directors. The Governance Committee therefore, during the meeting of 13 December 2007, raised a number of issues mainly regarding structural, organisational and individual competence matters, on which it invited the Board to express its opinion. The Board Meeting of 18 December 2007, after an in-depth analysis of the issues raised by the Governance Committee, gave a positive overall assessment of the size, composition and operation of the Board and its Committees, confirming its intention to continue to involve the Board on an ongoing basis, also in relation to the company's increased international presence, by means of an update on the international media sector scenario;
- assessed, during the Board Meeting of 11 March 2008, in the light of the period reports received from those in charge of supervising the internal control system and from the Internal Control Committee, the internal control system to be adequate, fully operational and effective.

5.3. CORPORATE OFFICERS

Chairman

The Chairman is traditionally appointed by the General Meeting. The General Meeting of 20 April 2006 re-appointed Fedele Confalonieri to the position of Chairman of the company.

During the meeting of 21 April 2006, in consideration of his experience and professional competence in the sector in which the company operates, the Board of Directors granted its Chairman all ordinary and extraordinary administrative powers up to a maximum limit of EUR 13,000,000.00 per operation, with the exception of the powers which, under article 23 of the Bylaws, are the sole concern of the Board of Directors. Under the Bylaws, the Company is represented by the Chairman of the Board.

Board members must be aware of the duties and responsibilities connected with their offices. The Chairman makes provision for the Board to be constantly updated on the main legal and regulatory novelties affecting the company, also with the collaboration of the Corporate Affairs Manager and the Board Secretary.

The Chairman coordinates the work of the Board of Directors and chairs Board meetings. Board meetings are called by the Chairman or by his deputy. The directors are notified of the call to meet, pursuant to the bylaws, in such a way as to allow them to gain full knowledge about the items on the agenda and gather the useful information needed for them to participate effectively in the work of the board. For this purpose the directors are provided with information on the items on the agenda a sufficient period in advance of Board Meetings.

Vice Chairman

During the meeting of 21 April 2006, the Board of Directors re-appointed Pier Silvio Berlusconi to the position of Vice Chairman, granting him by resolutions on 21 April 2006 and 8 May 2007 all ordinary and extraordinary administrative powers up to a maximum limit of EUR 10,000,000.00 per operation, with the exception of the granting of loans and the powers which, under article 23 of the Bylaws, are the sole concern of the Board of Directors. Under the Bylaws, the Company is represented by the Vice Chairman. The Vice Chairman replaces the Chairman and represents the company if the latter is absent or unable to attend. The actual exercise of the power of representation by the Vice Chairman proves by itself the absence or impeding of the Chairman and makes third parties exempt from any check or responsibility with respect to this.

Managing Director

During the meeting of 21 April 2006, the Board of Directors re-appointed Giuliano Adreani to the position of Managing Director, granting him ordinary administrative powers up to a maximum limit of EUR 5,000,000.00 per operation, and with the exclusion in any case of the granting of loans and of the powers which, under article 23 of the Bylaws, are the sole concern of the Board of Directors and of the Chairman. Under the Bylaws, the Company is represented by the Managing Director.

Executive Committee

During the meeting of 21 April 2006 the Board of Directors appointed the Executive Committee comprising four members, who will remain in office for the period of office of the Board of Directors, and specifically Chairman Fedele Confalonieri, Vice Chairman Pier Silvio Berlusconi and Managing Director Giuliano Adreani, who were appointed automatically pursuant to the bylaws, and Director Gina Nieri.

The Board of Directors conferred all ordinary and extraordinary administrative powers on the Executive committee up to a maximum limit of EUR 130,000,000.00 per operation, with the exception of the powers which, under article 23 of the Bylaws, are the sole concern of the Board of Directors.

In 2007, the Executive Committee met eight times. The average duration of the meetings of the executive committee was about one hour. The percentage attendance of each director at Committee meetings is given in the previous table 2 of the Report. Eight meetings are planned in 2008, of which one has so far been held.

Information for the Board

The directors are provided with information regarding the items on the agenda a suitable period in advance of board meetings. In any case, during board meetings they are provided with a detailed, wide-ranging and comprehensive presentation of all matters, in such as way as to allow them to take informed decisions on the matters to discuss.

For these purposes, meetings of the directors are organised periodically, with special regard to the independent directors and the management of Mediaset and its subsidiaries, to provide an overview of the structure of the Group as a whole and a broad understanding of its business. All in order that they may effectively perform their functions.

Delegated activities form the subject of constant reports to the Board of Directors and the Audit Board during board meetings, in the manner established by article 1 of the Corporate Governance Code, by article 20 of the Company bylaws and by the provisions of current legislation.

During the first board meeting, the Chairman, Vice Chairman, Managing Director, Executive Committee, Directors holding special office and, more in general, the delegated committees, reported to the Board of Directors and to the Audit Board on the progress of the projects entrusted to them and the activities performed in exercising the mandates conferred upon them. The company bylaws make provision that: *... Directors and members of the Audit Board are at least once a quarter informed, by the Board's delegated committees or officers or by others, about the company's general performance and foreseeable prospects, and about any significant transactions in terms of its profitability, finances, assets and liabilities, as well as any transactions in which any director has a personal or representative interest or which have been influenced by any person in a position to exercise control and coordination over the company. The corresponding information shall also be provided in relation to the company's controlled subsidiaries. Where required for reasons of urgency or convenience, this information may also be given to its proper recipients by letter.*

5.4. OTHER EXECUTIVE DIRECTORS

In addition to the Chairman, Vice Chairman and Managing Director, the following three executive directors are also members of the Board:

- Mauro Crippa - *General Information Manager, R.T.I. S.p.A.*;
- Marco Giordani - *Chief Financial Officer, Mediaset S.p.A., and Managing Director, R.T.I. S.p.A.*;
- Gina Nieri - *Division Manager, Institutional and Legal Affairs and Strategic Analysis Mediaset S.p.A. and Vice Chairman, R.T.I. S.p.A.*

5.4 bis. NON-EXECUTIVE DIRECTORS

The non-executive directors contribute their specific skills to performing the business of the company and during board discussions, and provide their contribution when requested by the Board in the making of resolutions which are in the company's interests.

5.5. INDEPENDENT DIRECTORS

At the General Meeting of 20 April 2006 to reappoint the members of the governing body, in identifying potential independent directors, the shareholders based their decisions, albeit on a voluntary basis, on the independence requirements set forth in the Corporate Governance Code of Borsa Italiana published in March 2006 and sanctioned by article 3 of the new Mediaset Corporate Governance Code, which contains a list of said requirements.

When lodging the voting lists, same were accompanied by the professional CVs and declarations of independence issued by candidates to the position of independent director, in the required form.

The board of directors evaluates the independence of its non-executive members with regard to the content rather than the form. Directors are not generally considered to be independent in the following cases, which are given by way of example and without limitation:

- a) if they directly or indirectly control the company, also through subsidiaries, trustees or a third party, or are able to exercise dominant influence over the company, or participate in a shareholders' agreement through which one or more persons may exercise control or considerable influence over the company;
- b) if they are, or have in the preceding three fiscal years been a significant representative of the company, of a strategically significant subsidiary or of a company under joint control, or of an entity controlling the company or able to exercise a considerable influence over same, also jointly with others through a shareholders' agreement;
- c) if they have, or had in the preceding fiscal year, directly or indirectly (e.g. through subsidiaries or companies of which they are significant representatives, or in their capacity as partners of a professional firm or of a consulting company) a significant commercial, financial or professional relationship:
with the company, one of its subsidiaries, or any of its significant representatives;
with a subject who, jointly with others through a shareholders' agreement, controls the company or, in the case of a company or an entity, with the relevant significant representatives;
or are, or have been in the preceding three fiscal years, an employee of the aforementioned subjects;
- d) if they receive, or have received in the preceding three fiscal years, from the company or a subsidiary or holding company, a significant additional remuneration with respect to the "fixed" remuneration of non-executive director of the company, including participation in incentive plans linked to the company's performance and stock option plans;
- e) if they have been directors of the company for more than nine years in the last twelve years;
- f) if they are directors in a subsidiary company;
- g) if they are executive directors in another company in which an executive director of the company is a director;
- h) if they are shareholders or quota holders or directors of a legal entity belonging to the same network as the company appointed to audit the accounts of the company;
- i) if they are close relatives of a person who holds any of the positions listed in the above paragraphs.

For the purposes of the above, the legal representative, the chairman of the board of directors, the executive directors and executives with strategic responsibilities in the relevant company, must be considered as "significant representatives".

The number and competences of the independent directors shall be adequate in relation to the size of the board and the business performed by the company; moreover, they must be such as to enable the constitution of committees within the board.

With regard to their competences, independent directors are required to have sufficient knowledge of the economic and business environment, and preferably possess competences in similar environments and/or sectors to those in which the company operates, such as for example:

- television (public and/or private) or cinema;
- media and telecommunications;
- advertising and marketing;
- university lecturing in Italian and/or foreign universities on subjects pertinent to the core business of the Group, or in other words, economics, finance, law, accounting and communication science and techniques;
- the financial sector.

The board of directors periodically assesses the independence of the directors, with the support of the governance committee.

There are four independent directors on the Board of Mediaset S.p.A. who meet the independence requirements stipulated by the law - article 148, T.U.F. - in addition to those indicated above in the Company Code of Corporate Governance.

The Board Meeting of 9 May 2006 assessed the aforementioned Directors to be suitable to qualify as independent directors, based on the information provided by each independent director, pursuant to the definition of independence given in article 3 of the new Corporate Governance Code mentioned above. Subsequently the Governance Committee provided support for the Board in its evaluation of the independence requirements of the Directors, and the Board Meeting of 6 November 2007 ratified that they were met. Each independent director undertook to inform the Board of Directors promptly of any situations that breach the requirements.

During its meeting of 2 March 2007, the Audit Board verified that the procedures adopted by the Board of Directors to ascertain the independence of the directors are correct.

The number and competences of the independent directors are adequate in relation to the size of the board and the business performed by the company and such as to enable the constitution of committees within the Board of Directors, as described in detail in this report.

In order to enable the independent directors to perform their role effectively, in addition to the Chairman's activities to ensure that the Board as a whole is constantly kept up to date on the main legislative and regulatory novelties affecting the company, meetings of the independent directors are periodically organised with the management of Mediaset and its subsidiaries to provide an overview of the structure of the Group as a whole and information about its business activities. The independent directors, with the support of the Board Secretary, have attended various initiatives to increase their awareness of the real business situation and developments. Specifically, a first day-long meeting with the management of Mediaset was held on 6 March 2007, attended by all the independent directors and members of the Audit Board. During the meeting a number of aspects of the business of Mediaset and its subsidiaries were examined, with special reference to new technology platforms. A second meeting was held on 25 October 2007, during which there was a visit to the Cologno Monzese TV Production Centre and the service structure established for "Medicenter" employees.

The independent directors met once without the other directors, on 6 March 2007. During their meeting, the independent directors, amongst other things, explored the business of the Group, examined fundamental issues underpinning the economics of same; monitored the Board of Directors' Self-Assessment process; learned about developments in legislation and the legal reference framework and examined strategic matters and critical issues. Overall they gained further elements to perform their duties as directors with greater awareness and expressed a positive judgement with regard to group management. The Board of Directors was informed of the positive outcome of the meeting.

5.6. LEAD INDEPENDENT DIRECTOR

With regard to the recommendation of Borsa Italiana to establish a "lead independent director", the Board of Directors has decided not to make this appointment, as it considers that the actual corporate governance structure ensures not only constant flows of information to all the directors - executive and non-executive, independent and non-independent - but also broad active involvement in the overall management of the company.

6. USE OF CONFIDENTIAL INFORMATION

Privileged information

On 25 July 2006, as stated above, at the conclusion of the review of the previous procedure adopted with regard to this matter, also conducted with the support of outside consultants, the Board of Directors approved the revised Mediaset Group organisation guideline "Management and disclosure of privileged information", which regulates the internal management and disclosure to the public of privileged information, and established and made provision for the keeping of the "Register of persons with access to privileged information" (Insider Register), pursuant to article 115-bis of D.Lgs. 58, 24 February 1998. The guideline was previously examined by the Internal Control Committee of Mediaset S.p.A. which, during the meeting of 20 July 2006, gave a favourable opinion on its adoption.

The aforementioned guideline is applicable to the members of the corporate bodies and employees of Mediaset S.p.A. and its subsidiaries who have access to privileged information, with the exception of listed company Gestevisión Telecinco S.A. and its Subsidiaries, in consideration of the fact that Telecinco is obliged to keep a register of persons with access to privileged information, to discharge its duties in connection with same and to inform the Spanish market about privileged information, pursuant to the *pro tempore* legislation in force in that country.

Pursuant to the attached Corporate Governance Code, the Chairman, the Vice Chairman and the Managing Director liaise to ensure that corporate information is managed correctly.

The directors and auditors of Mediaset and in general all the other recipients of the aforementioned guidelines are bound to keep confidential the documents and information acquired during the performance of their duties, with special regard to relevant and privileged information.

Disclosures to the authorities and the public are performed pursuant to current legislation, in full respect of information parity and the provisions of the guidelines.

The company has distributed the procedure to the employees of the company and its subsidiaries.

The Mediaset Group Central Director Finance, Control, and Business Development, at the request of the Board of Directors, will make provision to monitor the application and effectiveness of the procedure and its state of review in the light of best practices in the field, reporting periodically to the Mediaset S.p.A. Internal Control Committee.

The company has established, within the legal term, the Register of persons with access to relevant and/or privileged information regarding the company and its subsidiaries in connection with their work or professional engagement or the functions they perform or offices they hold (Insider Register).

The company has also identified the Subject in charge of keeping the Insider Register.

The Register is managed in accordance with the User Manual by means of a special software tool, which provides guarantees that the information entered cannot be modified and that every access session is traceable, as well as an easy way to consult and extract the data entered.

The establishment, management and keeping of the Insider Register are governed by organisational guideline "Management and disclosure of privileged information".

Internal dealing

On April 1, 2006 the internal dealing rules adopted by Mediaset S.p.A. with the Code of Conduct of November 2002, were replaced by the new legislation described above, which introduced a legal obligation of disclosure to the public and Consob about transactions performed by significant persons and persons closely linked to same involving financial instruments issued by the company.

The company has made provision with regard to the aforementioned obligations and specifically to:

- identify the Subject in charge of the reception, management and market diffusion of communications. For Mediaset Group this function is performed by the Mediaset S.p.A. Corporate Affairs Office, as it did previously pursuant to the preceding Code of Conduct governing the matter;
- identify, also based on the clarifications issued by Consob in its Circular DME/6027054, 28 March 2006 with regard to the calculation of "significant", any significant subsidiaries for which the book value of the investment represents more than 50% of the balance sheet assets of Mediaset S.p.A., as reported in the most recent approved financial statements;
- establish a procedure to identify which of its managers are obliged to disclose transactions;
- inform the subjects identified of this and the related obligations.

In compliance with the recommendation of Consob in the aforementioned Circular of March 2006, the company has created a special section of its website (www.mediaset.it) entitled "Internal Dealing" (investor/governance/internaldealing_en.shtml).

7. COMMITTEES WITHIN THE BOARD OF DIRECTORS

The Board of Directors may establish other committees, also comprising members who are not board directors, establishing their duties, powers and any remuneration, in addition to their composition and method of operation. Committees with members who are not board directors, have consulting powers only.

During 2006 the Board of Directors set up two more proactive consulting committees within the Board, namely the Governance Committee and the Remuneration Committee, in addition to the Internal Control Committee already established.

The Committees report punctually to the Board on their activities. Each Committee has drawn up a calendar of meetings for the current year.

The establishment and operation of Internal Committees of the Board of Directors are in compliance with the criteria set forth in article 6 of the Mediaset Corporate Governance Code (composition, minutes of meetings, business information flows to Committee, access to outside consultants, attendance of non-members at meetings when requested by the Committee with regard to individual items on the agenda). The Committees have adopted their own operating rules.

In 2007 the Board of Directors provided individual Committees with sufficient financial means to perform their duties, within the budget limits approved by the Board.

7.bis GOVERNANCE COMMITTEE

The Governance Committee established 21 April 2006 comprises three non-executive, independent Directors who remain in office for the period of office of the Board of Directors, and specifically:

Attilio Ventura	Chairman – Independent Director
Paolo Andrea Colombo	Independent Director
Luigi Fausti	Independent Director

In 2007 the Governance Committee met four times. The percentage attendance of each director at Committee meetings is given in the previous table 2 of the Report.

Committee meetings were attended, in general, by the Chairman or another member of the Audit Board, plus the managers of specific company functions and outside consultants invited by the Committee Secretary to illustrate particular issues.

Functions of the Governance Committee

The Board of Directors has assigned the Governance Committee the duties described in the Corporate Governance Code, and specifically it:

- assesses the company's Corporate Governance Code, containing the corporate governance principles followed by the Board of Directors in the performance of its duties, and formulates proposals;
- performs the duties assigned to it by the Board of Directors, with special regard to the review of the Corporate Governance Code adopted by the company;

- supports the board in its assessment of the continuing independence of independent directors.

With regard to the aforementioned duties, as indicated in the introduction, and with the cooperation of the corporate functions involved and the assistance of external consultants, the Committee began its review of the Mediaset Corporate Governance Code to bring it into line with the new Code published by Borsa Italiana in March 2006. In 2007 the Committee performed the activities in its sphere of competence, which continued in 2008, and specifically it:

- examined the "Annual Report of the Board of Directors on Corporate Governance for financial 2006";
- constantly monitored the state of application of the company's Code of Corporate Governance adopted in March 2007;
- provided support for the Board in the annual assessment of the independence of its directors;
- prepared the issues for self-assessment by the Board of Directors;
- examined the "Annual Report of the Board of Directors on Corporate Governance for financial 2007";
- provided support for the Board of Directors in giving its opinion on the maximum number of engagements as director or auditor.

The Committee has adopted its own operating rules and minutes were taken of all the aforementioned meetings. The Corporate Affairs Office Manager attends committee meetings as Committee Secretary. The Secretary, in liaison with the Committee Chairman, in the days prior to meetings, sends the members of the Governance Committee all the documentation then available regarding the items on the agenda.

The Board of Directors, at the meeting of 1 March 2007, within the budget limits approved by the Board, provided the Governance Committee with finance amounting to Euro 100 thousand for the performance of its duties.

Committee members also receive an attendance fee for each meeting attended as established by the General shareholders' meeting of 20 April 2006.

8. APPOINTMENTS COMMITTEE

The Board of Directors has decided not to establish an Appointments committee in consideration of the fact that the company bylaws already stipulate that the appointment of the Board of Directors and Audit Board are by list vote.

9. REMUNERATION COMMITTEE

The Remuneration Committee comprises three non-executive Directors, the majority of whom independent, who remain in office for the period of office of the Board of Directors, and specifically:

Bruno Ermolli	Chairman - Non-executive director
Paolo Andrea Colombo	Independent director
Attilio Ventura	Independent director

No directors attended the meetings of the Remuneration Committee at which proposals to the Board of Directors regarding their own remuneration were discussed.

In 2007 the Committee met twice. The percentage attendance of each director at Committee meetings is reported in the previous table 2 of the Report.

The meetings of the Committee were attended by the Chairman of the Audit Board and a secretary chosen from time to time by the Chairman acted as observer.

Operation of the Remuneration committee

The Board of Directors has assigned the Remuneration Committee the duties described in the Corporate Governance Code. Specifically, it presents proposals to the Board of Directors and performs periodic assessments of:

- the remuneration of directors holding specific positions in Mediaset SpA, with the provision that a part of this remuneration is linked to the economic results reported by the company and/or the achievement of other specific objectives;
- the general remuneration criteria applied to Mediaset Group directors (fixed/variable portion, MBO reference criteria, assessment and regulation criteria for emoluments/remuneration with regard to offices in Group companies);
- the criteria, categories of beneficiary, amount, terms, conditions and method of application of stock option plans.

With regard to the aforementioned duties, during 2007 the Committee:

- examined the method of application of the 2006/2008 Stock Option Plan, both to make it more consistent with the new fiscal rules and to reinstate its original intention, by reducing the number of beneficiaries, of acting as an effective loyalty and incentive instrument for top management and so-called "key managers";
- took note that following the failure to attain the profitability and financial performance objectives that constituted the "Exercise Conditions" for the 2006 Stock Option Plan (ROE and Free Cash Flow), the options attributed on 25 July 2006 were to be considered as lapsed;
- based on the new consulting duties attributed to it by the Board of Directors, has prepared a proposal for the assignment of options for fiscal 2007, in the framework of the 2006/2008 Plan, indicating the categories of beneficiary, the areas in which they work and the number of options which may be assigned, broken down by band;
- proposed changing the "exercise period" for current Plans to align them with new legislation;
- proposed to the Board Meeting of 28 June 2007, in the framework of its own competences, the adoption, in line with the latest and most innovative practice in remuneration policy for "Key Managers", of the "no competition agreement" loyalty instrument. This instrument has been adopted and applied to a limited number of Key Managers.

The Committee adopted its own operating rules and minutes were taken of all the aforementioned meetings.

The Board of Directors, at the meeting of 1 March 2007, within the budget limits approved by the Board, provided the Remuneration Committee with finance amounting to Euro 200 thousand for the performance of its duties.

Committee members also receive an attendance fee for each meeting attended as established by the General shareholders' meeting of 20 April 2006.

10. REMUNERATION OF DIRECTORS

The remuneration of the directors is fixed at a sufficient level to attract, maintain and motivate directors endowed with the professional skills needed to manage the company successfully.

The remuneration of the executive officers is specified in such a way as to align their interests with the priority objective of creating value for shareholders in the medium-long term.

The remuneration of directors is shown in Chart 1 of the Supplementary Notes to the financial statement of the company and it is below-written.

Chart 1

Remuneration allowed to Directors and Auditors, to Executive Officers and to General Managers with significant strategic commitments (*)

Surname and Name	Office Description within Mediaset S.p.A.			Remuneration (1)			
	Office held	Period in which the office has been held	Office expiration (4)	Emoluments for the office	Fringe benefits	Bonus and other incentives	Other remunerations
Confalonieri Fedele (2)	Chairman of The Board of Directors	01.01.2007 - 31.12.2007	31.12.2008	1,551,000.00	16,289.21		1,753,699.07
Berlusconi Pier Silvio (2)	Vice Chairman	01.01.2007 - 31.12.2007	31.12.2008	1,030,000.00	7,931.23		419,852.48
Adreani Giuliano (2)	Managing Director	01.01.2007 - 31.12.2007	31.12.2008	534,000.00	4,805.50		1,842,269.77
Berlusconi Marina	Director	01.01.2007 - 31.12.2007	31.12.2008	20,000.00			
Cannatelli Pasquale (2) (3)	Director	01.01.2007 - 31.12.2007	31.12.2008	25,000.00			
Colombo Paolo Andrea	Director	01.01.2007 - 31.12.2007	31.12.2008	31,000.00			
Crippa Mauro (2)	Director	01.01.2007 - 31.12.2007	31.12.2008	26,000.00	7,270.26	150,000.00 (6)	596,152.71
Ermolli Bruno	Director	01.01.2007 - 31.12.2007	31.12.2008	26,000.00			
Fausti Luigi	Director	01.01.2007 - 31.12.2007	31.12.2008	38,000.00			
Giordani Marco (2)	Director	01.01.2007 - 31.12.2007	31.12.2008	26,000.00	7,536.03	250,000.00 (6)	864,624.02
Messina Alfredo (2)	Director	01.01.2007 - 31.12.2007	31.12.2008	32,000.00			87,500.00
Nieri Gina (2)	Director	01.01.2007 - 31.12.2007	31.12.2008	34,000.00	8,187.82	200,000.00 (6)	764,319.02

Secchi Carlo	Director	01.01.2007 - 31.12.2007	31.12.2008	35,000.00	
Ventura Attilio	Director	01.01.2007 - 31.12.2007	31.12.2008	34,000.00	
Frattini Achille (2) (5)	Chairman of the S.A.	01.01.2007 - 28.06.2007		46,500.00	136,776.50
Giampaolo Francesco Antonio (2) (5)	Statutory auditor	01.01.2007 - 28.06.2007		31,000.00	
	Chairman of the S.A.	28.06.2007 - 31.12.2007	31.12.2007	46,500.00	80,910.00
Perotta Riccardo (2)	Statutory auditor	01.01.2007 - 31.12.2007	31.12.2007	62,000.00	14,804.78
Vittadini Francesco (2) (5)	Statutory auditor	28.06.2007 - 31.12.2007	31.12.2007	31,000.00	128,886.82

(*) *The Managers with strategic commitments within Mediaset S.p.A. are Directors.*

(1) *The remunerations shown refer solely to the period in which they were in charge.*

(2) *Other offices held in Subsidiaries are shown in the subsequent Chart.*

(3) *With reference to the office held, the emolument is paid directly to the Company he/she belongs to.*

(4) *The Board of Directors holding office expires at the adoption of the balance sheet on 31.12.2008 and the Board of Statutory Auditors holding office expires at the adoption of the balance sheet on 31.12.2007.*

(5) *On 28.06.2007 the Chairman of the Board of Statutory Auditors, Achille Frattini, resigned from his office. At the same time the Statutory Auditor Francesco Antonio Giampaolo replaced him at the Chairmanship and Francesco Vittadini, Alternate Auditor, became Statutory Auditor.*

(6) *The amount will be settled after the adoption of the balance sheet provided that the connected company targets have been achieved.*

The remuneration of non-executive directors is proportional to the commitment assigned, taking into account their possible attendance to one or more committees.

On April 20, 2006 the General Meeting passed to fix the gross annual emolument payable to the Board of Directors in the total amount of EUR 232,000.00 to be divided as follows:

- EUR 24,000.00 to the Chairman
- EUR 16,000.00 to each other director

granting them the chance to withdraw the amount in different solution during the year.

The same General Meeting passed to award the directors with a gross attendance fee of EUR 1,000.00, with a 50% of increase to the Chairman, for attending each meeting of the Board of Directors and of the Committees appointed by the Board.

2006/2008 Stock Option Plan

On April 20, 2006 the General Meeting promoted the organisation of a 2006/2008 Stock Option Plan with the purposes to increase the loyalty of the partakers by sharing with them the company improvements.

The aforementioned Meeting passed the setting up of a Stock Option Plan on the Company's shares, for a three years period as of 2006, to be assigned to the staff both of the company and of its subsidiaries identified by the Board of Directors among the key people performing significant commitments aiming to achieve the strategic results of the group, and, if considered notable by the Board of Directors, to start similar projects in the subsidiaries or in those companies where Mediaset holds a direct or indirect investment.

Then the General Meeting entrusted the Board of Directors with the management of the 2006/2008 stock option plan, granting it the widest powers to identify partakers, to set the performance targets, to award the options rights and to implement each single aspect of the plan. As far as the fiscal year 2007 is concerned the Board of Directors has:

- identified the partakers
- assigned the option rights
- defined the criteria to determine the option pricing of Mediaset shares resulting from the arithmetic mean of the reference price of Borsa Italiana S.P.A. in the period between the date of allotment and the same day of the preceding calendar month in compliance with the fiscal law in force;
- identified the conditions to exercise the achievements of the options for the annual economic and financial performance parameters, such as "ROE" and "Free-Cash flow". Every year the Board of Directors shall check the fulfilment of the operating conditions within the first half year subsequent to the options assignment.
- established that the options assigned for the year 2007 shall be exercisable only after 36 months from the assignment, provided that the above-mentioned operating conditions will be achieved.

The 2003/2005 and 2006/2008 stock option plans involved the following stock option assignments on Mediaset equity shares:

Year 1/1 –	Number of participants to the	Option rights assigned for the	Exercise price	Period to exercise the option, exclusively in one time	Check of the conditions achievements established
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31/12	Plan	purchase of nr. company shares			by the Board of Directors
2004	130	3,415,000	9.07	23.6.2007/22.6.2009 (*)	The rights can be exercised
2005	132	3,774,500	9.60	23.6.2008/22.6.2011(*)	The rights can be exercised
2006	128	3,716,000	8.92	26.7.2009/25.7.2012 (*)	Conditions not fulfilled- the rights cannot be exercised
2007	43	3,130,000	7.87	29.6.2010/28.6.2013	The rights can be exercised
2007	1	100,000	7.73	18.7.2010/17.7.2013	The rights can be exercised

(*) On June 28, 2007 the Board of Directors meeting approved the change of the period to exercise the option to conform the Plans regarding years 2004, 2005, 2006 to the new regulation.

Up to now, therefore, the option rights purchase of Mediaset shares assigned are 10,419,500, equal to 0.88% of the present equity capital, the conditions of which have been fulfilled, and 3,716,000 shares, equal to 0.31% of the current equity capital, the conditions of which have not been fulfilled. The plan referred to year 2003, that expected 141 partakers to allot 3,565,000 Mediaset shares option rights to be purchased at the exercise price of EUR 7.39 and the conditions of which were fulfilled, ended on December 31, 2007.

Chart 2 lists the stock-options assigned to directors, executive officers and general managers with "strategic" commitments described in the Supplementary Notes to the 2007 Financial Statement of the Company.

CHART 2 STOCK - OPTIONS ASSIGNED TO THE DIRECTOR, EXECUTIVE OFFICERS AND GENERAL MANAGERS WITH STRATEGIC COMMITMENTS (*)

Name and Surname	Office held	Options held On 01/01/2007			Options assigned during the fiscal year 2007			Options exercised During the fiscal year 2007			Expired options during 2007	Options held on 31/12/2007			
		Options number	Exercise price	Expiration	Options number	Exercise price	Expiration	Options number	Exercise price	Market price during the fiscal year	Options number	Options number	Exercise price	Expiration	
Fedele Confalonieri	Chairman	170,000	1)	9.07	22.06.2009	3)						170,000	9.07	22.06.2009	3)
		340,000	2)	9.60	22.06.2011	3)						340,000	9.60	22.06.2011	3)
							450,000	7.87	28.06.2013				450,000	7.87	28.06.2013
Pier Silvio Berlusconi	Vice Chairman	150,000	1)	9.07	22.06.2009	3)						150,000	9.07	22.06.2009	3)
		300,000	2)	9.60	22.06.2011	3)						300,000	9.60	22.06.2011	3)
							360,000	7.87	28.06.2013				360,000	7.87	28.06.2013
Giuliano Adreani	Managing Director	110,000	1)	9.07	22.06.2009	3)						110,000	9.07	22.06.2009	3)
		220,000	2)	9.60	22.06.2011	3)						220,000	9.60	22.06.2011	3)
							270,000	7.87	28.06.2013				270,000	7.87	28.06.2013
Mauro Crippa	Director	62,000	1)	9.07	22.06.2009	3)						62,000	9.07	22.06.2009	3)
		62,000	2)	9.60	22.06.2011	3)						62,000	9.60	22.06.2011	3)
							100,000	7.87	28.06.2013				100,000	7.87	28.06.2013
Gina Nieri	Director	62,000	1)	9.07	22.06.2009	3)						62,000	9.07	22.06.2009	3)
		62,000	2)	9.60	22.06.2011	3)						62,000	9.60	22.06.2011	3)
							100,000	7.87	28.06.2013				100,000	7.87	28.06.2013
Marco Giordani	Director	62,000	1)	9.07	22.06.2009	3)						62,000	9.07	22.06.2009	3)
		62,000	2)	9.60	22.06.2011	3)						62,000	9.60	22.06.2011	3)
							100,000	7.87	28.06.2013				100,000	7.87	28.06.2013

1) Options assigned during fiscal year 2004

2) Options assigned during fiscal year 2005

3) On June 28, 2007 the Board of Directors approved the change in the exercise dates to conform the 2004 and 2005 Plans to the new regulations.

(*) In Mediaset S.p.A. the managers with strategic commitments are Directors

Chart 3 below shows the “participations held by the directors and the statutory auditors, by the executive directors and the general managers with strategic commitments both in the company and in its subsidiaries, according to criteria shown in Chart 3) expected by enclosure 3C) of the a.m. regulation “and detailed in the Supplementary Notes to the 2007 financial statements 2007 of the company.

CHART 3

PARTICIPATIONS HELD BY THE DIRECTORS AND THE STATUTORY AUDITORS, BY EXECUTIVE DIRECTORS AND GENERAL MANAGERS WITH STRATEGIC COMMITMENTS

STRATEGIC(*)

Surname and name	Related Company	Equity shares held at the end of the previous fiscal year	Nr. of shares purchased	Nr. of shares sold	Shares held at the end of the present fiscal year	
					(31/12/2006)	(31/12/2007)
Confalonieri Fedele	B. of D.	Mediaset S.p.A.	986,400	42,600	-	1,029,000
Adreani Giuliano	B. of D.	Mediaset S.p.A.	322,100	-	-	322,100
Berlusconi Marina	B. of D.	-	-	-	-	-
Berlusconi Pier Silvio	B. of D.	-	-	-	-	-
Cannatelli Pasquale	B. of D.	Mediaset S.p.A.	56,500	20,000	-	76,500
Colombo Paolo Andrea	B. of D.	Mediaset S.p.A.	1,000 (1)	-	-	1,000 (1)
Crippa Mauro	B. of D.	Mediaset S.p.A.	21,100	-	6,305	14,795
Ermolli Bruno	B. of D.	Mediaset S.p.A.-	-	19,000	-	19,000
Fausti Luigi	B. of D.	-	-	-	-	-
Giordani Marco	B. of D.	-	-	-	-	-
Messina Alfredo	B. of D.	-	-	-	-	-
Nieri Gina	B. of D.	Mediaset S.p.A.	5,500	-	-	5,500
Secchi Carlo	B. of D.	-	-	-	-	-
Ventura Attilio	B. of D.	-	-	-	-	-
Giampaolo Francesco Antonio	S. Auditor	-	-	-	-	-
Perotta Riccardo	S. Auditor	-	-	-	-	-
Vittadini Francesco	S. Auditor	-	-	-	-	-

(*) The Managers with strategic commitments within Mediaset S.p.A. are Directors.

(1) Of which 500 shares held by his wife.

On June 28, 2007 the Statutory Auditors Chairman Achille Frattini, who did not hold any share in the Company, resigned. At the same time the Statutory Auditor Francesco Antonio Giampaolo replaced him at the chairmanship and his place was taken by the alternate auditor Francesco Vittadini.

Detailed explanations on every plan have been given in the Supplementary Notes to the 2007 financial statements of the company.

11. INTERNAL CONTROL COMMITTEE

As above mentioned, the Board of Directors, in accordance with the provisions of the attached Corporate Governance Code, assesses the adequacy of the internal control system with respect to the features of the company, ensuring that its assessments and its decisions on the internal control system, on the approval of the company's balance sheets and on the half year reports, as well as on the relationships between the company and the auditor firm, are supported by an adequate preparatory work. To these purposes, during the April 21, 2006 meeting, the Board of Directors established a new Internal Control Committee, assigning it the duties set forth in the Corporate Governance Code. The committee consists of three members, who are non-executive directors, with expertise in financial and accounting matters, the majority of whom are independent, and who will remain in office for the entire Board of Directors term of office. They are:

Luigi Fausti	Chairman – Independent director
Alfredo Messina	Non-executive director
Carlo Secchi	Independent director

During 2007 fiscal year the Internal Control Committee met ten times and, on that occasions, invited to report on specific agenda points the Person in charge for the Internal Control, the Compliance Committee, the Executive responsible to issue all the company accounting papers, the representatives of the External Audit firm, the Person in charge for specific company and/or of the Group functions as well as, when considered necessary, external advisors.

The Chairman of the Statutory Auditors and a Statutory Auditor took part to the Committee meetings.

The participation percentage of each director is reported in the previous table 2 of the Report.

Duties of the Internal Control Committee

The Internal Control Committee, besides assisting the Board of Directors in its internal control activities, as expected by art. 10.5 of the new enclosed Corporate Governance Code, carries out the duties listed in article 11.1 of the same Code. Furthermore in 2007 the Board of Directors entrusted the Internal Control Committee of:

- begin to exam the procedure criteria to identify the operations with strategic, economic, asset and financial importance;
- define the approval mode of the transactions set by the company or by its subsidiaries or by the existing related parties and assess the chance to update the existing procedures between the company and its related parties.

In real terms, during the aforementioned meeting the Committee:

- acknowledged the results of the preliminary assessment on the adequacy and effective application of the administrative and accounting procedures (Act 262, December 28, 2005) commissioned to the advisory firm Price Waterhouse Coopers Advisory;
- acknowledged the final Reports on the Risk Assessment Process issued by the Internal Auditing Department;
- examined and positively assessed the "2007 Work Schedule" prepared by the Person in charge for the Internal Control;
- examined and positively assessed the "2007 work schedule" prepared by Deloitte & Touche S.p.A. for audit work;
- examined and positively assessed the proposal of advisory firm Price Waterhouse Coopers Advisory regarding the "support for the documentation and assessment of the adequacy of the administrative and accounting procedures" and decided to submit that proposal to the Board of Directors;
- expressed its positive opinion to the Board of Directors identification of the Chairman, as Executive Officer in charge, to supervise the Internal Control System, to the confirmation of Mr Aldo Tani as Responsible for the Internal Auditing Office. Such advice has been reported to the Board of Directors during the meeting held on March 1;
- approved the changes in its own operating Regulation due to the approval of the new Mediaset Corporate Governance Code by the Board of Directors on March 1;
- acknowledged and shared the remarks contained in the Report issued by the Person in charge for the Internal Control on "Self assessment of the Internal Control system of Mediaset Group" as of the 2006 fiscal year and on June 30, 2007 ;
- acknowledged and shared the reports issued by the Internal Auditing Department at the end of 2006 fiscal year and of the subsequent recurring Reports issued by the same Department during the present year.
- acknowledged the summary of the reports issued by the Internal Auditing Department to support Compliance Committee;
- acknowledged the periodic Report issued by the Compliance Committee on the activities performed to develop the Organisation Model (ex D. lgs. 231/01) adopted by the Company due to the resolution approved by the Board of Directors meeting on November 7, 2006 and as result of the assessments performed and the steps made by the Compliance Committee self;
- acknowledged and positively assessed the reports of the audit firm Deloitte & Touche S.p.A. on Mediaset S.p.A. and Mediaset Group annual corporate and consolidated financial statements at December 31, 2006;

- acknowledged and positively assessed the proposal of the company Price Waterhouse Coopers Advisory on “Internal Control System –First Stage of the Self Risk Assessment adjustment to the Enterprise Risk Management methodology” and decided to submit such proposal to the Board of Directors;
- examined, to support the Board of Directors, the proposal of a guidelines-scheme for Mediaset Group internal control, processed by the competent department with the external support of firm Price Waterhouse Coopers Advisory, and decided to submit the proposal to the Board of Directors for the assessments of its own competence in compliance to the Corporate Governance Code;
- acknowledged the periodic up-dating of the TV “rights suppliers” arranged by RTI S.p.A. Rights Department;
- acknowledged the progresses made by the firm Price Waterhouse Coopers Advisory on the activities to support the Person in charge to issue all the accounting documents in compliance to the Act 262/2005 and to the internal control system subject of the aforementioned duties;
- acknowledged the informative report on Deloitte & Touche audit charges further to Mediaset investment in Endemol on July 2007 and in Medusa Group as well as the establishment of the company New Century Advertising Co. Ltd. In China;
- acknowledged the selection started to choose the Auditor firm that will be entrusted to audit the financial statements of Mediaset Group for the next nine years (2008-2016) in compliance to the law in force;
- pursuant to 11.1, lett. d) of Mediaset Corporate Governance Code, assessed adequate and structurally complete the proposals submitted by the audit firms Price Waterhouse Coopers S.p.A. and Ernst & Young S.p.A. to gain the office to audit the financial statements of Mediaset Group for the next nine years (2008-2016);
- acknowledged the “Policy to manage the financial risk” of Mediaset Group and of the policies “to manage the credit risk” connected respectively to:
 - Mediaset S.p.A., RTI S.p.A. and their subsidiaries;
 - Publitalia '80 S.p.A. and its subsidiaries;
 - to the companies of the Medusa Group;
- On behalf of the Board of Directors, drew up “the Guidelines regarding Mediaset strategic, economic, financial and asset significance operations and especially those with related parties” and decided to submit them to the Board of Directors, for its competence, expressing its positive advice to adopt them;
- After having expressed a first positive assessment on the ‘Policy for the Internal Control System Management’ accepted by the Executive Officer designed to supervise the practical effects of the internal control system, on the basis of the guidelines spread by the Board of Directors during the meeting on June 28, 2007 and on its own request, expressed a positive advice on that Policy during the Board of Directors meeting on December 18, 2007.

During the first months of 2008 the activity of the Committee proceeded and, in the two meetings held, it:

- positively assessed the “2008 Work Schedule” arranged by the Person in charge of the Internal Control and requested to start a periodic external audit through an ‘independent review’ on the whole internal control system within 2008;
- requested to the Persons in charge an updated situation to be submitted to the Board of Directors on the impact of Act nr. 123 dated August 3, 2007 regarding the health and safety at work and on the impact of the new Consolidated Act on Anti-Money Laundering (D. lgs. Nr. 231 dated November 21, 2007);
- acknowledged the activities performed to support the Person in charge to issue the company accounting documents ex Act 262/2005 to obtain the certificate regarding the annual and consolidated financial statements at December 31, 2007 pursuant to art. 154 bis, par. 5 of the Finance Consolidated Act;
- examined the results shown in the advice report issued by audit firm Deloitte & Touche S.p.A., positively assessing both the details described and the pertinent suggestions as well as the work made by Mediaset Group management for their implementation;
- assessed, together with the Person in charge, the issue of the company accounting documents and, together with the audit firm Deloitte & Touche S.p.A., the accounting principles applied in the Mediaset Group as well as their homogeneousness to draw up the consolidated financial statement and considered them correctly applied;
- examined and positively assessed the “Fast Closing” proposal of the audit firm Deloitte & Touche S.p.A., regarding the attendance to the closure in advance and the approval of the semi-annual report on June 30, 2008 in compliance to the new time-recording arising from the “Transparency” EU Directive, and decided to submit such proposal to the Board of Directors;
- acknowledged and shared the remarks contained in the report issued by the Person in charge for the Internal Control and by the Internal Auditing Department regarding “the Self-assessment of the Mediaset Group internal control system” referred to the fiscal year 2007.

During the aforementioned activities and on the basis of the reports received by the Person in charge for the internal control, no major facts emerged such as to warrant comment and the Committee considered adequate the Internal Control System.

Besides, the Committee, due to the assessments performed by the Person in charge for the Internal Control as well as due to the ‘Policy for the management of the Internal Control System’ adopted by the Person in charge to supervise the internal control system effectiveness on the guidelines issued by the Board of Directors in the meeting dating back June 28, 2007, proposed to the Board of Directors to assess the internal control system totally efficient and effective according to the Corporate Governance Code.

The Chairman of the Statutory Auditors or one Auditor were present to the Committee meetings.

The Committee adopted its own operational regulation and all the a.m. meeting have been regularly recorded. The person in charge for the Company Affairs Department attends all the meetings and accepts the charge of Committee Secretary. Some days before the meeting the Secretary, in accordance with the Chairman of the Committee, sends all the documents available to the Internal Control Committee in order to give them a survey of the topics in agenda .

Performing his duties the Internal Control Committee, through the Secretary of the Board of Directors, was able to access all the pieces of information and all the company and/or the Group functions and/or made use of external consultants.

On March 01, 2007 the Board of Directors, within the limits of the budget approved, assigned to the Internal Control Committee EUR 350,000.00 for the fulfilment of its commitments.

The members of the Committee collect an attendance fee for participate to the meetings as established by the Shareholders' Meeting on April 20, 2006.

12. INTERNAL CONTROL SYSTEM

The internal control system consists of rules, procedures and organization structures aiming to achieve a sound consistent and correct company management with prearranged targets through adequate processes of identification, measurement, management and monitoring of the main risks.

In compliance with art. 10.5 of Mediaset S.p.A. Corporate Governance Code, the Board of Direction, assisted by the Internal Control Committee:

- a) fixes the guidelines of the internal control system to identify, measure, manage and monitor the main risks affecting the company and its subsidiaries, and defines the consistency criteria of such risks with a sound and correct company management;
- b) identifies an Executive Officer responsible for supervising the internal control system effectiveness;
- c) assesses, at least once a year, the adequacy, the actual and the effectiveness of the internal control system;
- d) describes in the Corporate Governance Report the main elements of the internal control system, signifying its own global adequacy assessment.

The Board of Directors, moreover, exercises its own duties on the internal control system by keeping in the right consideration the reference models and the best practices existing within the national and international limits. Special attention is paid to organization and managing models adopted in compliance to D.Lgs 231/2001.

Pursuant to art. 10.5 a) of the company Corporate Governance Code, on June 28, 2007 the Board of Directors, with the positive assessment of the Internal Control Committee, fixed the guidelines of the internal control system in such a way that the main risks regarding the company and its subsidiaries would be identified, measured, managed and monitored properly and defined the consistency criteria of such risks with a sound and correct company management.

The guidelines identifying the Enterprise Risk Management Framework –as reference model for the internal control system protection- let the Executive Officer implement them by adopting the “Policy to manage the Internal Control System” fixing the elements composing the internal control system.

According to the Enterprise Risk Management method, the control system develops starting from the company strategy definition. The company targets have been detected by the methodology according to the following categories:

- strategic targets: high level targets, aligned and supporting the *mission*;
- operative targets: connected to the effective and efficient use of the resources ;
- *reporting* targets: connected to the reliability of the external and internal *reporting*;
- *compliance* targets: connected to the law and the applicable regulation compliance.

Mediaset Group internal control system must be able to identify and measure the main company risks that can sap the a.m. targets achievements, according to the features of Mediaset S.p.A. and its subsidiaries activities on the basis of the following criteria:

- nature of risk, referring to strategic, operative, reporting and adherence to the law risks;
- risk attitude able to compromise the capacity to achieve the company targets;
- organization attitude to manage in the adequate way the identified risk.

The correct company risks monitoring is performed through the assessment of the internal control system suitability to attain an acceptable total risk profile. Specifically Mediaset Group internal control system expects:

- the management methodically monitoring of the main company risks aiming to identify and implement, if necessary, corrective interventions, on the existing control point;
- independent periodic assessments to test the adequacy and the effectiveness of the internal control system, as well as the quick execution of specific assessment intervention in case of signalled weakness;

- reporting rules on the adequacy and effectiveness of the internal control system.

To this purpose the Executive Officer in charge to supervise the effectiveness of the internal control system manages the Mediaset Group Internal Control System so as to be able to:

- react quickly to significant risk conditions, expecting adequate control actions;
- guarantee, within the company processes, an adequate level of separation between the operative and control offices, so as to avoid clash of interests in the duties assigned ;
- guarantee within the operative and administrative-accounting duties, the use of systems and procedures able to ensure the exact record of the company events and of the managed facts, as well as the arrangement of reliable and quick information flows inside and outside the Group;
- detect modes for a quick communication of the significant risks and of the unusual controls to the appropriate Group levels allowing the identification and the quick execution of the corrective measures.

According to Mediaset S.p.A. Corporate Governance Code, from the operative view-point the institutional profiles of the internal control system are supported by:

- Risk Office, responsible for the risk managing process coordination through the definition, the monitoring and the consolidation of the process , in accordance with the Enterprise Risk Management model;
- Internal Auditing, responsible for the independent audit activities to assess the adequacy of the internal control system and to monitor its real effectiveness.

On March 11, 2008 the Board of Directors meeting assessed the internal control system adequate and fully effective and efficient on the basis of the periodical reports received by the Persons in charge for its supervision and by the Internal Control Committee.

12.1. EXECUTIVE OFFICER IN CHARGE TO SUPERVISE THE FUNCTIONALITY OF THE INTERNAL CONTROL SYSTEM

On March 1, 2007, the Board of Directors, after consulting the Internal Control Committee, appointed the Chairman, Fedele Confalonieri, to the position of Executive Officer in charge to supervise the functionality of Mediaset S.p.A. internal control system up to the expiration of the Board office and, precisely, up to the financial statement approval on December 31, 2008 assigning him all the duties listed in the new Mediaset Corporate Governance Code.

As already said, the executive officer has been entrusted to supervise the internal control system functionality and, specifically, he carried out :

- the evaluation of the main company risks (strategic, operative, financial and of compliance), taking into account the main features of the activities performed by the company and by its subsidiaries according to the internal control system guidelines defined by the Board of Directors. On December 18, 2007, the Board of Directors meeting examined the Executive Officer Report on the main company risks and on the "Internal Control System Policy". After a keen analysis, the model under definition has been supplemented and extended to the new acquired Medusa Group and to the Spanish related company Telecinco in order to guarantee the homogeneous planning. The new model will use the Mediaset Group strategic targets as starting point. Up to now the main business processes and their supports have been identified. They operate in the standard management to achieve the strategic targets and, therefore, to mitigate or, at least, manage the connected strategic risks. This analysis and assessment process, already started on 2007 with the involvement of the Group management, will be developed during the 2008 fiscal year and a first overall assessment of the internal control system will be expected within the first six-months of the next fiscal year;
- the execution of the guidelines adopting the "Policy for the Management of the Internal Control System", with positive assessment of the Internal Control System Committee; this Policy fixes the elements of which the internal control systems consists as well as the activities for their management and monitoring;
- the adjustment of such system to the operative conditions dynamics and to the lawgiving and normative outlines;
- the proposal of confirmation of the Person in charge for the internal control system to the Board of Directors meeting on March 1, 2007.

12.2. PERSON IN CHARGE FOR INTERNAL CONTROL

On April 21, 2006 the Board of Directors meeting appointed Mr Aldo Tani as Person in charge for Internal Auditing function within Mediaset Group. In a second time Mr Aldo Tani has been reappointed in his function by the Board on March 1, 2007 as proposed by the Executive Officer supervising the Internal Control System and with the positive assessment of the Internal Control Committee according to the provisions of art. 10.6 of the Corporate Governance Code of the company. Pursuant to art. 13 of the enclosed Code, the following duties have been assigned to the Person in charge for internal control.

In accordance to art. 13 the Person in charge of internal control:

- a) ensures that the internal control system is always adequate, fully operational and effective;

b) is not responsible for any operating divisions and does not report hierarchically to any manager of the operating divisions;
c) has direct access to all useful information for the performance of his/her duties;
d) is provided with adequate means to perform the functions assigned to him/her;
e) reports to the Internal Control Committee, to the Board of Statutory Auditors and to the Executive Officer in charge to supervise the effectiveness of the internal control system. In details, he/she reports on the procedures involved in risk management, on the compliance with the plans defined for their reduction and expresses his/her assessment on the internal control system to achieve an acceptable overall risk profile.

The Board did not fix any remuneration to the Person in Charge for the Internal Control as he collects a total remuneration being Internal Auditing Director.

The Board did not fix any financial means for the Person in charge to fulfil his/her duties in the internal control as he dispose of the funds of the Internal Auditing Department.

The Person in charge for Mediaset S.p.A. internal control reports regularly to the internal Control Committee (disposal of the 2007 Work Schedule and the Self-assessment report on the internal control system of Mediaset Group) to the Board of Statutory Auditors and to the Executive Officer.

To support the technical advice on the adequacy of the internal control system, the Person in charge for Mediaset S.p.A. shares in advance:

- the conditions of the Internal Control System with the related companies Referents each one with his specific responsibility;
- the outcomes of the Audit Plan with the Group Internal Auditing function;
- the outcomes of the Audit Plan pursuant to D.lgs 231/01 and performed by the Group Compliance Committee;
- the outcomes of the risk evaluation process to identify the main company risk areas and the outcomes of the Compliance process pursuant to Act 262/05 with the Risk Office.

The Person in Charge for Mediaset S.p.A. Internal Control holds periodic communication links with the subsidiaries Referents, with the Executive responsible pursuant to Act 262/05, with the external auditing company and with the other company bodies and divisions with the supervision or monitoring duties on the Internal Control System (such as, for example, the Compliance Committee pursuant to D. Lgs. 231/01, the functions in charge to assess the compliance to Act 626/94 on Safety and to Act 196/03 on Privacy, and so on), each one for its own responsibility.

The Person in charge for Mediaset S.p.A has been identified in the Internal Auditing Director profile.

12.3. ORGANISATION, MANAGEMENT AND CONTROL MODEL PURSUANT TO D. LGS. 231/2001

The Organisation, management and control model pursuant to D. Lgs. 231/2001 was approved by the Board of Directors of Mediaset on July 29, 2003 and subsequently supplemented by the resolution of December 18, 2003 and November 7, 2006.

By adopting its own Organization Model, Mediaset S.p.A. aims to achieve a general set of behaviour principles –as well as of procedures- to fulfil the requirements of D.Lgs. 231/01 to prevent crimes and administrative illicit, and to monitor its implementation.

The Organization model adopted, in fact, consists of an systematic set of principles, rules, dispositions and organization schemes referred to the managing and monitoring of the company activities as shown in an explanatory document containing general rules suitable to prevent the illicit detailed in the D.Lgs. 231/01.

Since the adoption of its own Organisation model, in compliance with the provision of article 6, par. 1, letters b) and d) of the aforementioned D. Lgs., Mediaset S.p.A. has opted for a single-person Compliance Committee with the independence, professional skills and continuity of action needed to perform its function and has identified in the Person in charge for the internal control system of the company the most appropriate subject to carry out such duties.

On 2006, in the framework of the existing preventive control system and corporate governance initiatives already underway, drawing on an internal work group with the support of outside consultants, Mediaset S.p.A. did every effort to complete the alignment of its Organisation, management and control model with the provisions of D.Lgs. 231/2001 (such as "market abuse"), in consideration of the new legislation recently introduced and the relative case law. The adjustment proposals have been examined by Mediaset S.p.A. internal Control Committee that expressed its favourable advice during the meeting on October 2006.

Specifically the amendments regard:

- the extension of the illicit cases which can arise an administrative liability for the company due to the new legislation on "market abuse" (that is "*abuse of privileged information*" and "*market manipulation*") and on the "organised transnational crime;
- the distinction between "*areas of activity at risk*", or the areas of activity of the company in which crimes could potentially be committed, and the processes which are instrumental in committing crimes;
- the transformation of the Compliance Committee from a single-person to a multi-person structure and a wider direction framework for the Compliance Committee;
- a complete description of the activities of information and training of the company on the Organization Model.

On 7 November, 2006 the Board of Directors meeting approved the amendments and supplements to the Organisation, management and control model of the company and established the Compliance Committee comprising two members, who will remain in office for the period of office of the Board of Directors, appointing as members of the body the Person in charge of internal control of Mediaset S.p.A., Mr Aldo

Tani, and the external consultant Mr Adriano Melai, after verifying the requirements established by the Model for said body.

Compliance Committee Members

Aldo Tani	Internal Audit Director and Person in charge for internal control
Adriano Melai	External consultant

Although D. Lgs. 231/2001 makes no provisions in this regard, Mediaset decided that the adoption of a multi-person Compliance Committee, comprising a member employed in the company and an external member, offers additional guarantees, particularly as far as concerns the effectiveness of controls, in consideration of the size and complexity of the company organisation.

The members of the Compliance Committee must satisfy integrity criteria similar to those applied to the company directors, must have adequate professional skills in consideration of their role and, in general, there must be no reasons for clash of interests with other functions and/or company offices. Adherence to these requirements is verified from time to time by the Board of Directors of the company, both before appointment and throughout the period in which the members of the Compliance Committee remain in office. Should the aforementioned compliance requirements no longer be met, the mandate granted to the member in question is terminated.

Performing its duties the Compliance Committee is expected to be supported by the internal auditing department to take advantage each other of their mutual skills. In this way the Compliance Committee ensures high professionalism and continuity of action.

The Compliance Committee is expected to be supported by other company departments depending on the specific profile needed, such as the Legal Affairs Department, the Company Affairs Department, the Personnel Department (with reference, for example, to personnel information/training, procedures formalization and sanctions) and the Administration Department.

The following duties and powers have been assigned to the Compliance Committee:

- ensure that the rules contained in the Model are observed by the relevant individuals, signalling each eventual non-compliance and the sectors that are most at risk, in view of the violations revealed ;
- to check the real efficiency and effectiveness of the Model to prevent illicit ex the D.Lgs. 231/01 from being committed, with regard to the individual company departments and business activities performed;
- to ensure that the Organization Model holds soundness and functionality over the time;
- to check the need of updating the Organization Model either in case of regulations changes or in case of variations in company operating areas;
- to collect from all the company Entities involved in the organization Model, the company documents and any additional information necessary to carry out its own duties;
- to verify the adequacy of the initiatives to improve information and training on the principles, on the values and on the behaviour regulations contained in the organization Model as well as the knowledge level;
- to verify that initiatives to promote and to improve the information and the training on the principles, on the values and on the behaviour regulations contained in the organization Model have been carried out as well as to assess the knowledge level, even through clarification requests and reports received, have been disposed;
- to report to the various company bodies.

Aiming to perform its duties the Compliance Committee can carry out any inspection on the Organization Model application even in separate way and according to its independence and discretion .

At the end of the codification process of the existing organization, managing and control system as well as after the renovation of the company behaviour methods/rules, the company sorted out the procedures regarding the Organization Model, collecting them in proper documents and disclosing them to the involved Entities and, anyhow, keeping them at the Entities' disposal through their publication in the company intranet. Behaviours procedures/rules referable to the organization Model are integrated with all the organization guidelines adopted by the company, with the organization charts, with work orders, with the company office and proxy assignment system – as referable to the Model self- and already in use and in operation within the company.

The Italian Mediaset S.p.A. related companies adopted independent initiatives to adequate their own organization Model, on the basis of their features and of their specific operation areas .

On 2007 the Compliance Committee reported both to the Internal Control Committee and to Board of Directors every six-months.

Specifically during the Board of Directors meeting on November 6, 2007 Mediaset Compliance Committee notified the Board that the Act nr. 123 dated August 3, 2007 has come into force and that, through the cancellation of one or more legislative decrees, it rearranged and coordinated the regulation on health and safety at work. It has been extended to all the activities sectors and to all the risk typologies including employees, self-employed workers and all the equivalent profiles. Specifically art. 25-septies ex D. Lgs

231/2001 adds administrative liabilities for the Companies in case of some specific negligent crimes (such as "manslaughter" and "severe or extremely severe injuries") committed by infringing the accident prevention rules and the health at work regulations .

On the basis of the actions performed, the Compliance Committee assessed that the Organization Model is consistent and adequate to prevent the crimes listed in D. Lgs. 231/01, with the exemption of the health and safety at work aforementioned due to the new lawgiving disposal.

In the subsequent meeting on February 26, 2008 the Board of Directors took note of the coming into force the new Consolidated Act on Anti-Money Laundering (ex D. Lgs. 231, dated November 21, 2007) starting a series of measure aiming to strengthen the strategy to prevent money laundering and terrorism financing. One of the most important innovation is the inclusion of the money laundering crime among the crimes that can arise the administrative liability of the companies (art. 63).

On both the aforementioned themes (Act nr. 123 dated August 3, 2007 and D. Lgs. Nr. 231 dated November 21, 2007) Mediaset S.p.A. has already formed a working team with the cooperation of external consultants to evaluate the impact of the new regulations and modify the Organization Model accordingly as well as to adopt new behaviour procedures/rules or to modify the existing ones.

The Organization Model of Mediaset S.p.A. is published on the company website [www.mediaset.it](http://www.mediaset.it/corporate/impresa/modello231_01_en.shtml) (corporate/impresa/modello231_01_en.shtml).

12.4. INDEPENDENT AUDITORS

The task of auditing the annual corporate and consolidated financial statements, plus the interim report, for the three-year period 2005/2006/2007, was assigned by the General Meeting of April 29, 2005 to the auditing firm Deloitte & Touche S.p.A., pursuant to articles 156 and 159 ex D.Lgs. 58 dated February 24, 1998, and CONSOB communication no. DAC/RM/97001574 dated February 20, 1997.

12.5. EXECUTIVE OFFICER RESPONSIBLE TO DRAW UP THE COMPANY ACCOUNTING DOCUMENTS

On April 20, 2006 the Shareholders' Meeting conformed the company bylaws to the new regulations introduced by the savings law. The profile of the Executive Officer responsible to issue the company accounting documents set by art. 28 of the bylaws arise from the aforementioned provision.

The coordinating D. lgs. nr. 303 dated December 29, 2006 introduced some innovations in the aforementioned profile compared with the "savings law" (art. 154 bis of TUF - the Consolidated Text on Financial Intermediation). Mediaset bylaws has been conformed after the enforcement of the Consob fulfilment regulations and, specifically, during the Board of Directors meeting on June 28, 2007. Such changes involved the requirements of professionalism and honourability of the Executive Officer responsible to draw up the company accounting documents. Concerning the Executive Officer responsible to draw up the company accounting documents, the article 28 of the bylaws states that *"the Board of Directors appoints and removes, upon Statutory Auditors advice, an Executive responsible to draw up the company accounting documents choosing him among the candidates with a total job experience of at least three years in (a) the administration or control area, with managerial duties and financial, accounting or control experience at stock corporations with corporate capital of at least EUR two million or companies trusts with a share capital of at least EUR two million, or (b) the professional profiles skilled in law, business management, financial matters strictly pertaining to the company activities, or (c) the management functions at state-owned bodies or at public administrations operating in the credit, financial and insurance areas or, anyhow, in activity areas strictly connected to those of the Company .*

The phrase "matters and sectors activities strictly connected to those of the Company" refers to the matters and sectors listed in the art. 4 of the present bylaws. The Board of Directors confers to the Executive Officer responsible to draw up the accounting documents adequate powers and means to fulfil the duties assigned in compliance to the law and to the regulation.

The disposal ruling the directors responsibility regarding the duties granted are also applied to the Executive Officer responsible to draw up the accounting documents .

Only after such change, on July 17, 2007 the Board of Directors examined the curriculum vitae, ascertained the skills and the honourability and then, after the positive advice of the Board of Statutory Auditors, passed the resolution to appoint as Executive Officer responsible to draw up the company accounting documents Mr Andrea Goretti, Executive Officer of the Administration and Control of Foreign Interests Department of the company, conferring him all the powers and duties necessary to the fulfilment of his commitment. He will remain in office for the period of office of the Board of Directors, therefore up to the date of the meeting for financial statement approval on December 31, 2008.

The Executive Officer responsible is conferred of all the duties set by art 154 bis of TUF (the Consolidated Text on Financial Intermediation) and specifically:

- the arrangement, in cooperation with the functions in charge, of adequate administrative and accounting procedures to draw up the annual corporate and consolidated financial statements, the six-months report and every other company disclosure to the market on accounting matters;
- the issue of a written statement certifying the conformity of the actions of the Company with its disclosure to the market on accounting matters and referred to the accounting disclosure during the year with its documental outcome, with its accounting books and with its accounting records;
- the statement fitted with a report, drawn up in compliance to the model established by the Consob regulation to be enclosed to the financial statement, to the six-months report and to the consolidated financial statement, certifying the real application of the aforementioned

- procedures during the period under exam, as well as conformity of these documents to the accounting books outcomes and to the accounting records and their suitability to supply a truthful and correct description of the economic and financial status of the Company and of all the enterprises included in the consolidation;
- the evaluation, together with the Internal Control Committee and with the auditors, of the correct use of the accounting principles and, in case of Group, of their homogeneity to draw up the consolidated financial statement.

Besides, the Executive Officer in charge has been conferred of the organization and managing powers needed to fulfil the duties entrusted by the law in force, by the Bylaws and by the Board of Directors, such as:

- together with the responsible people of the competent functions, the implementation of a business organization aiming to make evident the duties descriptions and the responsibility of the resources involved in the company functions and pertaining to accounting and drawing up of the annual and consolidated financial statements, of the six-months report and of each other disclosure to the market on accounting matters ;
- to ensure the correct application of the administrative and accounting procedures impacting on the drawing up of the annual and consolidated financial statements, on the six-months report and on each other disclosure to the market on accounting matters;
- to make use, when needed, of the Internal Auditing function to be supported in the audit activity to assess the effective application of the administrative and accounting procedures pursuant to par. 3 of art. 154-bis ex D. lgs. nr. 58 dated February 24, 1998, activity now is carried out by the Risk Office function established for this purpose ;
- to make use of the function responsible for identification and managing of the adequate resources to support him in the fulfilment of the duties assigned him by art. 154-bis ex D. lgs. nr. 58 dated February 24, 1998;
- to supervise on the establishment and on the regulation of specific communication flows as well as on the coordination with the model established ex D. Lgs. nr. 231 dated June 8, 2001 with the procedure for the treatment of the confidential information within the Company including the arrangement and disclosure of the press releases of art. 114 ex D.Lgs. nr. 58 February 24, 1998, and art. 66 of the Broadcasting Regulation.

Pursuant to Act 262/05, as far as the fiscal year 2007 is concerned, the Executive Officer responsible to draw up the company accounting documents, making use of the Risk Office function and assisted by external advisors, implemented the evaluation plan, the adaptation and documentation of the Control System to the main company procedures of the main operative companies of the Group (Mediaset, RTI, Videotime, Elettronica Industriale, Publitalia e Media Shopping).

Specifically the following steps have been carried out:

- identification and evaluation of the company processes and of its risks;
- analysis of the adequacy of the controls set on administrative-accounting and financial aspects;
- execution of tests and issue of the referred documents to state they have been carried out;
- formalization of *remediation plans* aiming to eliminate incidental lacks in the controls made.

Concerning Medusa Group and Gestelevision Telecinco there have been concluded the steps of risk identification and evaluation as well as the analysis of the adequacy of the main company processes. The statement, issued in accordance with the model established by the Consob regulation on the adequacy and real application of the procedure and their compliance to the accounting books outcomes and to the accounting records as well as their qualification to supply a truthful and correct economic and financial situation of the Company and of the enterprises included in the consolidation undersigned by the Executive Officer responsible to draw up the company accounting documents and by the Chairman of the Company, has been enclosed to the financial statement 2007.

In compliance to Mediaset Corporate Governance Code, the Executive Officer in charge, together with the Internal Control Committee and with the auditors, assesses the correct use of the accounting principles and, in case of Group, their homogeneity to draw up consolidated financial statement, activity started, in actual facts, during the first months of 2008.

13. DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

On March 1, 2007 the Board of Directors assigned to the Internal Control Committee the office to work out a guideline proposal to identify the transactions with strategic importance and the transactions with related parties on the basis of the already existing provisions in force and of the present organization structure.

On December 13, 2007 the Internal Control Committee examined the general criteria. Pursuant to the Stock Exchange Corporate Governance Code, on December 18, 2007, with the positive advice of the Internal Control Committee, the Guidelines of Mediaset S.p.A. on transactions with strategic, economic, financial and equity importance, and specifically those with related parties, have been approved.

The guidelines identify the transactions with strategic, economic, equity and financial importance of the company and of the related parties and specifically with those correlated parties that, in compliance with Mediaset S.p.A. Corporate Governance Code, must be submitted to the preventive check and approval of the Board of Directors.

The following transactions are considered of specific importance and must be submitted to the preventive check and approval of the Mediaset S.p.A. Board of Directors:

- the settlement of every agreement or incorporation dealing, the single transaction of which

involves amounts greater than EUR 13.000.000,00 and through a company shareholder holding more than 5% of shares (or companies belonging to the same shareholder's group, and for this considered related companies, the holding companies or individual persons and the related companies held by him/her);

- the settlement of every agreement or incorporation dealing, the single transaction of which involves amounts greater than EUR 130.000.000,00, with any part and under any form;
- the issue of non-convertible debentures within the limits of art. 2412 of the Civil Code and, anyhow, up to a maximum amount of EUR 300.000.000,00, taking into account that issues above such limit must be authorized by the extraordinary meeting.
- the transactions imposing the Company to issue a disclosure drawn up in compliance to the Consob regulations;
- the transactions involving amounts greater than EUR 65.000.000,00 with any party and under any form and concerning :
 - a) the purchase or sale of enterprises or enterprises branches, assets and other activities;
 - b) the purchase or sale of equity stakes;
 - c) the establishment of companies and, anyhow, the partnership achievement or strategic alliances lasting more than 3 years, but excluding the enterprises temporary associations;
 - d) the grant of loans or warranties both real and personal;
 - e) the underwriting of loans, credit lines or other payable credit transactions;
 - f) the transactions agreement;
- the issue of financial instruments;
- the mergers or splits agreed with any party, according to which the total worth assets of the incorporated company (merged), in other words of the activities referred to the split, is equal or greater than 3% of the total Mediaset assets, resulting from the last consolidated financial statement.

Those transactions, that considered one by one do not exceed some of the parameters set but that can be referred to the same strategic planning, are anyhow considered "with strategic importance" – and, therefore, have to be checked and approved by the Board of Directors- if, considered all in all, exceed the said parameters.

The Board of Directors, the Group operability permitting, checks and approves in advance the transactions with "specific significance".

During the check and approval of the transactions "with specific significance", Mediaset deputy bodies submit all the necessary pieces of information on Mediaset interests, transaction completion, feasibility and economic sustainability as well as consistency with Mediaset strategic plans.

On the Board of Directors instruction the deputy bodies make sure that the directors of the related parties are informed of the identification criteria of the transactions "with specific significance" .

There have been qualified as transactions with the related parties the following transactions that must be submitted to preventive check and approval of Mediaset S.p.A. Board of Directors:

- A) transactions with related parties involving amounts greater than EUR 13,000,000.00 -that, according to the object, the nature and the realization times, are unrelated to the ordinary management of the company - atypical, unusual and at non standard conditions.

For the said transactions it has been established to refer to the object:

- transactions of financial nature (such as, for example, granting or underwriting loans, granting collateral, dealings in bonds or in financial instruments in general);
- transactions referred to industrial ownerships, such as trademarks and copyrights;
- real estate transactions (including also leasing transactions) not destined to the instrumental use within the entrepreneurial activities of the company ;
- commercial or industrial agreements lasting more than five years and implying the exclusive rights obligations or restrictions to the entrepreneurial activity peculiar of the company;

when the nature and the times of the realization are:

- transactions accomplished with completely atypical or unusual features (meaning that the transaction object or nature are not coherent with the core business of Mediaset S.p.A. and of its directly and/or indirectly connected companies, and that show specific elements of criticality connected to their features, to the risks linked to the counterpart or to the achievement times) and to non standard conditions (meaning those accomplished at non similar conditions to those usually applied to entities different from the related parties).

By way of example the following cases can be considered atypical or unusual:

- o the time slot between the agreement definition and its execution (for example those contracts in which the service is anticipated without reason compared to the counter-service of the counterpart);
- o the agreements definition and the execution time differ of more than a reasonable lapse of time even considering the kind of service (for example agreements in which the execution differs of more than three years, implying also the need to raise the compensation agreed);

- o the agreements definition with substantially similar and repeated content and at fixed time slots (such as the splitting of a sole and more complex transaction);
 - o transactions defined adopting atypical compensations (for example barter with asset different from financial instruments fungible and easily payable) or counter-service of services non-fungible and unlikely replaceable or with assignation or assumption of debts;
 - o transaction defined through non-leading brokers or not recognized in the area of the transaction self;
 - o transactions defined on fiscal year end or quarter end cut off dates, so as to change or affect the financial statement representation or the quarter or the semi-annual statements;
 - o repurchase transactions of assets formerly sold to the same entity, in absence of situations implying the resolution of the former agreements or taking up options formerly agreed.
- B) Transactions with related parties involving amounts greater than EUR 130,000,000.00 for each single transaction.
- C) Transactions involving amounts greater than EUR 13,000,000.00, for each single transaction, with a company shareholder holding more than 5% of shares (or companies belonging to the same shareholder's group, and for this considered related companies, the holding companies or individual persons and the related companies held by them).
- D) Transactions with related parties involving amounts greater than EUR 65,000,000.00, under all kind of form and concerning:
- a) the purchase or sale of enterprises or enterprises branches, assets and other activities;
 - b) the purchase or sale of equity stakes;
 - c) the establishment of companies and, anyhow, the *partnership* achievement or strategic alliances lasting more than 3 years, excluding the enterprises temporary associations;
 - d) the grant of loans or warranties both real and personal;
 - e) the underwriting of loans, credit lines or other payable credit transactions;
 - f) the transactions agreement.

Transactions, that individually do not exceed some of the parameters but that are part of the same strategic planning are anyhow considered "with strategic importance" – and, therefore, have to be checked and approved by the Board of Directors- if, considered all in all, exceed the said parameters;

- E) mergers or splits agreed with any party, according to which the total worth assets of the incorporated company (merged), in other words of the activities referred to the split, is equal or higher than 3% of the total Mediaset assets, resulting from the last consolidated financial statement
- F) transactions with related parties imposing the Company to spread disclosures draw up pursuant to the Consob regulations (art. 71 bis of the Broadcasting Regulation);

Identification of the related parties

According to the accounting principle defined by IAS 24 the related parties are:

- a) the entity that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries the party):
 - control Mediaset S.p.A.;
 - are controlled by Mediaset S.p.A., even jointly;
 - share with Mediaset S.p.A. the same controlling entity;
 - hold a Mediaset S.p.A. stake able to have a great influence on it;
 - jointly control Mediaset S.p.A.
- b) the companies connected with Mediaset S.p.A.;
- c) the Joint venture in which Mediaset S.p.A. is a venturer;
- d) the entities with strategic responsibility in the entity or in its parent company entrusted with powers and duties of the planning, direction and control functions (Mediaset S.p.A. Directors and Statutory Auditors as well as Mediaset S.p.A. Directors with strategic responsibility, General Managers and Auditing Companies)
- e) the close member of the family of any individual referred to in (a) or (d);
- f) the entity controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e).

Approval and execution method for the transactions with the related parties

All the transactions performed, even through subsidiaries, with related parties –including also those not submitted to the preventive check and approval of the Board of Directors- have to be passed and/or achieved satisfying the criteria of substantive and procedural fairness.

The Board receives adequate information on the relations, on the execution procedure of the transaction, on all the conditions, including the economic one, referred to its execution, to the evaluation process, to the interest and deep reasons and to the possible risks for the company. For example:

- a) relation degree between the parties;
- b) disclosure on the main features and contractual and financial conditions of the transaction;
- c) Mediaset S.p.A. interest in the transaction achievement.

Concerning the transactions with related parties the directors with power of attorney or the directors responsible for the transaction shall file the aforementioned pieces of information.

The transactions submitted to the preventive check and approval of the Board of Directors will meet the following procedure:

- Transactions with related parties involving amounts greater than EUR 13 million and lower than EUR 130 million: preventive check of Mediaset S.p.A. Control Committee;
- Transactions with related parties involving amounts greater than EUR 130 million: due to the nature and features of the transaction, the Board of Directors requires the support either of the Internal Control Committee or of one or more experts –or of both- to acquire a complete opinion on the economic conditions and/or on execution procedures and/or on each technical aspect and/or on the validity of the transaction self.

Concerning the transactions non submitted to preventive check and approval of the Board of Directors, the directors with power of attorney and the directors responsible of the transaction have to collect and file all the information on the main features of the transaction, keeping them at disposal of the Board of Directors, of each individual Director and of the Statutory Auditors.

Interests-holder Directors

Before the treatment of a subject the Director must give exhaustive details to the other Directors and to the Board of Statutory Auditors on his/her interest, even potential, that can affect a specific company transaction on his/her or third parties behalf and independently from a clash of interests case. The Director must detail the nature, the terms, the origin and the degree of his/her involvement and, if he/she is the managing director must abstain from carrying out such transaction.

On the basis of the Spanish regulations the listed related company Gestevisión Telecinco S.A. is solely subject to Spanish Law and to the Spanish Corporate Governance regulations. Therefore the principle of the Stock Exchange Code, acknowledged in the Mediaset Corporate Governance Code, according to which the Board of Directors of the company “checks and approves in advance the transactions of the Company and of its related parties when such transactions represent a strategic importance, ...” cannot be applied to Telecinco and its related parties

14. APPOINTMENT OF STATUTORY AUDITORS

The General Meeting appoints the Statutory Auditor Board, made up of three standing auditors and two alternate auditors. They serve for three fiscal years up to the date of the General Meeting called to approve the financial statements of the third year of their office, they may be reappointed.

All the statutory auditors must be members of the Italian Board of Certified Public Accountants at the Italian Ministry of Justice and must have audited accounts for at least three years.

The statutory auditors must also meet the requirements set forth by the Law and the Regulations in force. The Board of Directors probates their truth and veracity.

According to the Bylaws the members of the Board of Statutory Auditors shall be appointed through a transparent procedure on the basis of the slates presented by the shareholders. A candidate's name shall appear only on one slate, under penalty of becoming unelectable.

Slates may only be presented by shareholders who, at the slates presentation time, alone or together with other, account for the percentage interest in the company's share capital shown in the Bylaws for the Board of Directors appointment. The slates, accompanied by the professional CVs of the individuals listed and signed by their presenting members, must be lodged at the Company's registered seat at least fifteen days prior to the first calling of the Shareholders' Meeting to pass the Statutory Auditors appointment. Together with the slates the following documents shall be filed: (i) the data identifying of the shareholders filing the slates showing the total percentage of interest held, a certification attesting they possess the corresponding shares and an affidavit drawn up by an independent broker authorized by the Law to certify the shareholders' possessory titles, (ii) a statement certifying the lack of agreements or connecting relation of every nature with other important shareholders in accordance with the Law and the Regulations in force, (iii) a CV for each single candidate with exhaustive details of his/her personal and professional background (iv) all the pieces of information requested by the pro-tempore regulations in force at the call of the Shareholders' Meeting. Within the same term the candidates shall file their statements showing their acceptance to the nomination and the lack of ineligibility or non-admissibility reasons, including the plurality of offices and the law requirements, provided for by the Law, by the Regulations and the Bylaws for the members of the Board of Statutory Auditors as well as the list of administrative and control offices in other companies.

The Statutory auditors' appointment procedure is the following:

- a) two standing auditors and one alternate auditor are chosen, according to the progressive list order, from the slate that received the highest number of votes;
- b) the third standing auditor and the second alternate auditor are chosen, according to the progressive list order from the second slate with the highest number of votes who are not linked to reference shareholders as defined by defined in Article 148, par. 2 of the Consolidated Act.

In the event of a tie between two or more slates a second ballot among such lists will be performed pursuant to the pro-tempora regulation, the candidates obtaining the highest number of votes will be elected.

The Chairman of the Board of Directors is the candidate who obtained the highest number of votes and the Statutory Auditors will be those candidates who received the highest number of votes in the first and in the second highest voted slates.

In the event of only one slate filed, the Shareholders' Meeting votes on that slate. In the event that the slate obtains the relative majority, the Standing Auditors elected will be the three who gained the highest number of votes in progressive order of the relevant section and the Alternate Auditors elected will be those who gained the highest number of votes in progressive order of the relevant section; the Chairman of the Board of Statutory Auditors will be the person shown at the first place of the statutory auditors candidates section of the filed slate.

If a Statutory Auditor were to die, resign or be dismissed the first Alternate Auditor will replace him. In case of replacement of the Chairman, the Board of Statutory Auditors chooses and appoints the new Chairman among the members of the Board self and he will remain in office up to the next Shareholders' Meeting that will provide to elect the vacancies in the Board of Statutory Auditors.

15. STATUTORY AUDITORS

The slates furnished with the information and features of the candidates are published on the company website www.mediaset.it.

The curriculum vitae of the Board of Statutory Auditors are published on the company website [www.mediaset.it \(/investor/governance/organi/scheda_18_en.shtml\)](http://www.mediaset.it (/investor/governance/organi/scheda_18_en.shtml)).

The Board of Statutory Auditors has been appointed during the Shareholders' Meeting on April 29, 2005 and will expire on 31 December, 2007 with the Shareholders' Meeting to approve the financial statement and consists of the members shown in the below- Chart

Name and Surname	Office	In office from	Slate	Independent from Code.	% Board of Statutory Auditors meeting participation.	Other offices
Francesco Antonio Giampaolo	Statutory Auditor	29/04/2005	Majority	/	100	2
	Chairman of the Board of Statutory Auditors	28/06/2007	Majority	/	100	
Riccardo Perotta	Statutory Auditor	29/04/2005	Majority	/	100	3
Francesco Vittadini	Alternate Auditor	29/04/2005	Majority	/		
	Alternate Auditor	28/06/2007	Majority	/	100	2
Giancarlo Povoleri	Alternate Auditor	29/04/2005	Majority	/		

CHART DESCRIPTION

Office: show if chairman, statutory auditor, alternate auditor.

Slate: show M/m whether the statutory auditor has been voted by a majority or minority list

Independent: crossed, if the statutory auditor can be qualified as independent according to the criteria set by the Code and specifying below the Chart if the criteria have been integrated or modified

% Board of Statutory meeting participation: show in percentage terms, the Statutory Auditor attendance to the meeting of the Board (to calculate such percentage, have been taken into account the number of meetings to which the statutory auditor attended compared to the meetings performed during the fiscal year or from the office assumption).

Other offices: show the total number of offices held pursuant to Book V, Title V, sections V, VI and VII of the Civil Code.

A synthesis of the personal and professional profile of the Board of Statutory Auditors follows.

FRANCESCO ANTONIO GIAMPAOLO - was born in Ortonova/FG on February 15, 1943. He graduated in Economics and Business from the S. Cuore Catholic University, Milan. He is Business Expert and Chartered Public Accountant. From 1975 he has been working exclusively in the business area, building up a wide experience in legal, economic, technical and scientific fields. He is Technical Consultant for the Judge at the Court of Milan. For years he is being Chairman or member of the Boards of Statutory Auditors of medium-large companies in the industrial, commercial, financial and communication sectors. Among the others are included the following companies: Fininvest S.p.A.; Mediolanum S.p.A.;

RICCARDO PEROTTA – was born in Milan on April 21, 1949. He graduated in Economics and Business from "L. Bocconi" University, Milan. He is Business Expert and Chartered Public Accountant. From 1975 he has been practising as business expert mainly in the areas of business management, corporate and tax consulting. He is Associate Professor of Business Methods and Quantitative Assessments (accountancy and financial statements) at "L. Bocconi" University, Milan. He is member of the Board of

Statutory Auditors of Gewiss S.p.A. (Chairman); of ENI S.p.A. (Statutory Auditor); of Snam Rete Gas S.p.A. (Statutory Auditor). He is author of many publications.

FRANCESCO VITTADINI – was born in Bellano on May 25, 1943. He graduated in Economics and Business from “L. Bocconi” University, Milan. He was admitted to the Board of Business Experts of the town of Monza in 1971. He is Statutory Auditor of industrial, financial, insurance, communication and media companies among which DMT S.p.A. and Mediolanum S.p.A.

GIANCARLO POVOLERI – was born in Milan on April 27 1947. He graduated in Economics and Business from “L. Bocconi” University in Milan. He is member of the Board of Business Experts of the city of Milan.

During the office the Chairman of the Board of Auditors, Achille Frattini, resigned from his office as detailed in the Chart below:

Name and Surname	Office	In office from/to	Slate	Independent from Code.	% Board of Statutory Auditors meeting participation.	Other offices
Achille Frattini	Chairman of the Board of Statutory Auditors	April 29, 2005 to June 28, 2007	Majority	/	100	2

During his office fourteen meetings of the Board of Statutory Auditors have been performed.

During the year the Board of Statutory Auditors evaluated, among other issues, the independence requirements persistence of its own members and supervised, also, on the independence of the audit firm, and its entities, verifying both the respect of the pertaining regulation disposals and the nature and extent offices supplied to Mediaset and to its related companies; the board of Statutory Auditors defined to have no remarks to point out.

The Board of Statutory Auditors cooperated also with the *internal auditing* office and with the Internal Control Committee.

As far as the requirements of the members of the Board of Statutory Auditors are concerned it is remarked that the present Board of Statutory Auditors, expiring at the next financial statement approval on December 31, 2007, holds all the law requirement.

The Board of Directors hopes that the next candidates to the statutory auditor office, in addition to the law requirements and even without expressly instruction in the Corporate Governance Code, would possess the independence requirements expected by art. 3 of the of the same Code for Directors.

16. SHAREHOLDERS RELATIONS

The Board of Directors does its utmost to set an ongoing dialogue with the shareholders based on the understanding of their reciprocal roles. At this aim the company website (www.mediaset.it) publishes both economic and financial information (financial statements, semi-annual and quarterly reports, presentations to the financial community and the Stock exchange trends of the financial instruments issued by the company) as well as data and documents of general interest to the shareholders (press releases, composition of the corporate entities and committees, bylaws, general meeting regulation, general meeting minutes, as well as documents and information on the corporate governance and on the organization model ex D. Lgs. nr. 231/2001).

In order to set a continuative relation with the shareholders based on the understanding of their reciprocal roles, the Board of Directors sorted out in the Group Finance, Control, Business and Development Director Mr. Marco Giordani, who depends directly from the Chairman, the Person in charge to manage the relations with the shareholders.

To this aim the Chief Financial Officer is assisted by the following two functions at his direct report:

- Corporate Affair Office, that supervises the relations with Retail and Institutional Investors (Consob, Borsa Italiana, ...);
- Investor Relations Office that supervises the relations with the financial community (Financial analysts, Institutional Investors, Rating Companies ...).

Contact names and telephone numbers for the Corporate Affairs Office and Investor Relations Office are published on the company website (www.mediaset.it).

According to the Corporate Governance Code, on the December 18, 2007 meeting, the Board of Directors considered such offices adequate fulfil all the duties able to ensure an effective and continuative support to the Financial Community and to the qualified Authorities involved.

17. GENERAL MEETINGS

The general Meeting, duly established, represents all the shareholders and its resolutions, passed in compliance with the law, bind them either if they did not take part to the meeting or if they totally disagree with the resolution. The ordinary and extraordinary general meeting is held, according to the provisions of the law, at the company's registered seat or elsewhere in Italy.

The Board of Directors supports initiatives to encourage the widest participation to the general meeting and to facilitate the shareholders' to assert their rights by making their utmost efforts to limit the restrictions and the fulfilments able to make difficult and burdensome for the shareholders to attend the meetings and to exercise their voting rights.

At this aim the Board of Directors, starting from the General Meeting on April 20, 2006 adopted several initiatives to encourage greater involvement of shareholders in the corporate life such as the issue of a notice convening the shareholders' meeting containing detailed pieces of information on the legitimating attendance to the meeting.

As shown in art 11) of the bylaws *"members may attend to the General Meeting provided they have sent to the Company the agent's notification prescribed by art. 2370, par. 2 of the Civil Code at least two whole days before the date of the specific meeting in question. The lodging of the agent's notification shall not prevent a member to dispose of his/her shares before the General Meeting takes place. In such cases the purchaser of shares may only take part in the General Meeting if he/she has completed the formalities laid down in the preceding paragraph at least two whole days before the date of the specific meeting in question."*

According to the law each shareholder with the right to attend the general meeting can be represented by written proxy.

All the directors usually attend the general meetings. General meetings also provide the chance to inform the shareholders on the company, in compliance with the regulations on the privileged information.

On April 9, 2001 the ordinary general meeting adopted the "General meeting Regulation" published on the corporate website www.mediaset.it ([investor/azionisti/guidaazionista_it.shtml](http://www.mediaset.it/investor/azionisti/guidaazionista_it.shtml)), which governs the execution of the works of the ordinary and extraordinary general meetings.

Prepared pursuant to article 124 bis, TUF; article 89 bis, Consob Issuer Rules; and article 1A.2.6., Instructions accompanying the Rules for Markets managed by Borsa Italiana

Issuer: Mediaset S.p.A.

Website: www.mediaset.it

Financial year to which the report refers: year ending 31 December 2007

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CODE OF CORPORATE GOVERNANCE MEDIASET S.p.A.

Article 1 – Role of the board of directors

1.1 The board of directors is the collegiate body which governs the company. It meets at regular intervals and is organised and operates in such a way as to perform its functions in an effective and efficient manner.

The directors act and pass resolutions independently and with full knowledge of the facts, pursuing the priority of creating value for the shareholders.

Pursuant to the provisions of the company bylaws in effect, the broadest possible powers of ordinary and extraordinary management of the company are conferred upon the board of directors, which is granted authority to perform all the actions held to be most appropriate in the pursuit of the company objects.

The board of directors may appoint one or more Vice Chairmen and grant authority to one or more of its members, also with the qualification of Managing Director, to perform all or some of its powers, without prejudice to the provisions of article 2381 of the Italian Civil Code and article 23 of the Company Bylaws. It may also appoint an Executive Committee, to which to delegate some or all of its powers, except for those reserved by law for the board of directors.

The board of directors may establish other committees, also comprising members who are not board directors, establishing their duties, powers and any remuneration, in addition to their composition and method of operation.

Delegated activities form the subject of reports to the board of directors during board meetings. Article 20 of the bylaws makes provision that the directors and the audit board be informed at least every quarter, by the board's delegated committees or officers or by others, about the company's general performance and foreseeable prospects, and about any significant transactions in terms of its profitability, finances, assets and liabilities, as well as any transactions in which the any director has a personal or representative interest or which have been influenced by any person in a position to exercise control and coordination over the company. The corresponding information shall also be provided in relation to the company's controlled subsidiaries. Where required for reasons of urgency or convenience, this information may also be given to its proper recipients by letter.

1.2 In detail the board of directors:

- a) examines and approves the company's strategic, operating and financial plans, in addition to the corporate structure of the group it heads;
- b) evaluates the adequacy of the organizational, administrative and accounting structure of the company and its strategically significant subsidiaries, with particular regard to the internal control system and the management of conflicts of interest;
- c) delegates and revokes the powers of the Chairman, the Vice Chairman, the Managing Director and the Executive Committee, specifying limitations and the manner in which they must be exercised;
- d) establishes, after examining the proposal of the special committee and consulting the audit board, the remuneration of the directors who are appointed to particular positions within the company and, if the shareholders' meeting has not already done so, determines the total amount to which the board directors are entitled;
- e) evaluates the general performance of the company, with special regard to the information received from the Executive Committee, the Chairman, the Vice Chairman, the Managing Director and the Internal Control Committee, and periodically verifies the results achieved against those planned;
- f) examines and approves in advance transactions carried out by the company and its subsidiaries with a significant impact on the company's profitability, assets and liabilities or financial position, with special regard to transactions in which one or more directors hold an interest on their own behalf or on behalf of third parties and, in more general terms, to transactions involving related parties; to this end, the board shall establish general criteria for identifying these transactions;
- g) evaluates, at least once a year, the size, composition and performance of the board of directors and its committees, identifying where necessary new professional figures whose presence on the board is considered to be appropriate;
- h) provides information, in the annual report on corporate governance, on the application of this article 1 and, in particular, on the number of meetings of the board and of the executive committee, if any, held during the fiscal year, plus the percentage attendance of each director.

1.3 Directors accept directorships when they deem that they can devote the necessary time to the diligent performance of their duties, also in consideration of the number of offices held as director or auditor in other companies listed on regulated markets (including foreign markets), as well as in financial companies, banks, insurance companies or companies of considerable size.

On the basis of the information received from the directors, the board annually records the positions of director or auditor held by the directors in the aforementioned companies and discloses them in the annual report on corporate governance.

1.4. The board issues guidelines regarding the maximum number of engagements as director or auditor in the types of companies referred to in the above paragraph that may be considered compatible with the effective performance of a director's duties. To this end, the board establishes the general criteria, differentiating them according to the commitment entailed by each role (executive or non-executive or independent director), in addition to the nature and size of the companies in which the positions are held, plus whether or not the companies form part of the group; it may also take into account the participation of the directors in committees established within the ranks of the board.

1.5 If for organisational reasons the shareholders' meeting authorises departures, on a general and preventive basis, from the rule prohibiting competition, pursuant to Article 2390 of the Italian Civil Code, the board of directors assesses each such departure, reporting on any critical issues at the next shareholders' meeting. To this end, directors inform the board on accepting their appointment of any activities exercised in competition with the company and of any effective modifications that ensue.

Article 2 – Composition of the board of directors

2.1 The board of directors is made up of executive and non-executive directors.

The following are executive directors:

- the directors to whom the board of directors has granted individual management powers, as well as directors with management duties within the company or in one of its strategically significant subsidiaries, or in the controlling company when the directorship also concerns the company;
- the Chairman, Vice Chairman and Managing Director of the company or of a strategically significant subsidiary;
- directors who are members of the executive committee.

The distribution of powers among executive directors is based on the principle of the distinction of competences.

The granting of powers exclusively in cases of urgency to directors who are not provided with management powers is not enough, per se, to cause them to be identified as executive directors, unless such powers are actually exercised with considerable frequency.

2.2 Non-executive directors bring their specific expertise to board discussions and contribute to balanced decisions being taken, with special regard to areas where conflicts of interest may exist.

The number, competence, authority and time availability of non-executive directors is such as to ensure that their judgement has a significant impact on the board's decisions.

2.3 The directors are aware of the duties and responsibilities relating to their office. The chairman of the board of directors makes his/her best efforts to encourage the directors to participate in initiatives aimed at increasing their knowledge of the real business situation and its dynamics, also having regard to the relevant regulatory framework, so that they may carry out their role effectively.

Article 3 – Independent directors

3.1 The general meeting appoints the board of directors, ensuring that there is an adequate number of independent directors.

3.2 An adequate number of non-executive directors are independent, in the sense that they do not maintain, nor have recently maintained, directly or indirectly, any business relationships with the company or persons linked to the company, of such a significance as to influence their independent judgement.

3.3 The board of directors evaluates the independence of its non-executive members with regard to the content rather than the form. Directors are not generally considered to be independent in the following cases, which are given by way of example and without limitation:

- a) if they directly or indirectly control the company, also through subsidiaries, trustees or a third party, or are able to exercise dominant influence over the company, or participate in a shareholders' agreement through which one or more persons may exercise control or considerable influence over the company;
- b) if they are, or have in the preceding three fiscal years been a significant representative of the company, of a strategically significant subsidiary or of a company under joint control, or of an entity controlling the company or able to exercise a considerable influence over same, also jointly with others through a shareholders' agreement;
- c) if they have, or had in the preceding fiscal year, directly or indirectly (e.g. through subsidiaries or companies of which they are significant representatives, or in their capacity as partners of a professional firm or of a consulting company) a significant commercial, financial or professional relationship:
 - with the company, one of its subsidiaries, or any of its significant representatives;
 - with a subject who, jointly with others through a shareholders' agreement, controls the company or, in the case of a company or an entity, with the relevant significant representatives;
 - or are, or have been in the preceding three fiscal years, an employee of the aforementioned subjects;
- d) if they receive, or have received in the preceding three fiscal years, from the company or a subsidiary or holding company, a significant additional remuneration with respect to the "fixed" remuneration of non-executive director of the company, including participation in incentive plans linked to the company's performance and stock option plans;
- e) if they have been directors of the company for more than nine years in the last twelve years;
- f) if they are directors in a subsidiary company;
- g) if they are executive directors in another company in which an executive director of the company is a director;
- h) if they are shareholders or quotaholders or directors of a legal entity belonging to the same network as the company appointed to audit the accounts of the company;
- i) if they are close relatives of a person who holds any of the positions listed in the above paragraphs.

For the purposes of the above, the legal representative, the chairman of the board of directors, the executive directors and executives with strategic responsibilities in the relevant company, must be considered as "significant representatives".

3.4 The number and competences of the independent directors shall be adequate in relation to the size of the board and the business performed by the company; moreover, they must be such as to enable the constitution of committees within the board, according to the indications set out in the Code.

3.5 With regard to their competences, independent directors are required to have sufficient knowledge of the economic and business environment and preferably possess competences in similar environments and/or sectors to those in which the company operates, such as for example:

- television (public and/or private) or cinema;
- media and telecommunications;
- advertising and marketing;
- university lecturing in Italian and/or foreign universities on subjects pertinent to the core business of the Group, or in other words, economics, finance, law, accounting and communication science and techniques;
- the financial sector.

3.6 The board of directors periodically assesses the independence of the directors, with the support of the governance committee.

After the appointment of directors who represent themselves as independent, and subsequently at least once a year, the board of directors, on the basis of the information provided by said directors, also by means of statements signed by same, evaluates those relations which could be or appear to be such as to jeopardize the independent judgement of these directors.

The board of directors notifies the result of its assessments at the first meeting after the appointment, by issuing a press release to the market and, subsequently, in the annual report on corporate governance, specifying, with adequate reasons, whether any criteria have been adopted other than those indicated in these criteria.

3.7 The audit board shall ascertain, in the framework of the duties attributed to it by the law, the correct application of the assessment criteria and procedures adopted by the board for assessing the independence of its members. The outcome of such controls is notified to the market in the annual report on corporate governance or in the report of the audit board to the shareholders' meeting.

3.8 The independent directors meet at least once a year without the other directors in attendance, when called by the most senior independent director.

Article 4 – Chairman of the board of directors

4.1 The Chairman holds the competences and exercises the powers conferred upon him/her by the law, the bylaws and the board of directors.

The Chairman also exercises the operating and management powers conferred upon him/her.

The Chairman also represents the company pursuant to the bylaws.

4.2 The Chairman coordinates the work of the board of directors and chairs board meetings. Board meetings are called by the Chairman or by his/her deputy.

The directors are notified of the call to meet, pursuant to the bylaws, in such a way as to allow them to gain full knowledge about the items on the agenda and gather the useful information needed for them to participate effectively in the work of the board.

For these purposes the directors are provided with information regarding the items on the agenda a suitable period in advance of board meetings. In any case, during board meetings they are provided with a detailed, wide-ranging and comprehensive presentation of all matters, in such a way as to allow them to take informed decisions on the matters to discuss.

Article 5 – Treatment of corporate information

5.1 All the directors and members of the audit board shall keep the documents and information acquired in the performance of their duties confidential and comply with the procedure adopted by the company for the internal handling and disclosure to third parties of such documents and information.

5.2 Communications to the authorities and the public are made pursuant to the terms and in the manner stipulated by current legislation, consistently with the principle of parity of information.

5.3 The Chairman, the Vice Chairman and the Managing Director liaise to ensure that corporate information is handled correctly; to this end they submit proposals for approval to the board of directors regarding a procedure for the internal handling and disclosure to third parties of documents and information concerning the company, with special regard to price sensitive information.

Article 6 – Establishment and operation of internal committees of the board of directors

6.1 The board of directors establishes one or more committees among its members to act in a consulting role and make proposals as set out in the articles below.

6.2 The establishment and operation of board directors' committees comply with the following criteria:

- a) committees are made up of at least three members;
- b) the duties of individual committees are specified in the resolution which established them and may be supplemented or amended by a subsequent resolution of the board of directors;
- c) the minutes are taken of the meetings of each committee;
- d) in the performance of their duties, internal committees have the right to access the necessary company information and functions, according to the procedures established by the board of directors, as well as to avail themselves of external advisers. The company makes adequate financial resources available to the committees to perform their duties, within the limits of the budget approved by the board;
- e) persons who are not members of the committee may participate in the meetings of each committee, at the invitation of same with regard to individual items on the agenda;
- f) the board of directors provides comprehensive information, in the annual report on corporate governance, on the establishment and composition of committees, on the duties and authority conferred upon them and the activity actually performed during the fiscal year, specifying the number of meetings held and the relevant percentage participation of each member.

Article 7 – Appointment of directors

7.1 Directors are appointed by means of a transparent procedure, which provides, inter alia, timely and adequate information on the personal and professional qualifications of the candidates.

7.2 Lists of candidates, accompanied by exhaustive information on their personal characteristics and professional qualifications and indicating where appropriate their eligibility to qualify as independent directors as defined in Article 3, are lodged at the company's registered office at least fifteen (15) days before the date fixed for the shareholders' meeting at first call. The lists, complete with information on the qualifications of the candidates, are published promptly on the company website.

Article 8 – Remuneration committee and remuneration of directors

8.1 The remuneration of directors is fixed at a sufficient level to attract, maintain and motivate directors endowed with the professional skills needed to manage the company successfully.

8.2 The remuneration of executive directors is specified in such a way as to align their interests with the priority objective of creating value for shareholders in the medium-long term.

8.3 The remuneration of non-executive directors is proportional to the commitment required from each of them, taking into account their possible participation in one or more committees. Non-executive directors may not be beneficiaries of equity based remuneration plans, unless so decided by the shareholders' meeting, which shall also give the relevant reasons.

8.4 The board of directors shall establish among its members a remuneration committee, made up of non-executive directors, the majority of whom are independent.

8.5 The Remuneration Committee presents proposals to the board of directors and performs periodic assessments of:

- the remuneration of directors holding specific positions in Mediaset SpA, with the provision that a part of this remuneration is linked to the economic results reported by the company and/or the achievement of other specific objectives;
- the general remuneration criteria applied to Mediaset Group directors (fixed/variable portion, mbo reference criteria, assessment and regulation criteria for emoluments/remuneration with regard to offices in Group companies);
- the criteria, categories of beneficiary, amount, terms, conditions and manner of application of stock option plans.

8.6 The Chairman of the audit board or another auditor assigned by the chairman participates in the work of the committee.

8.7 No directors shall participate in meetings of the remuneration committee in which proposals are submitted to the board of directors regarding their own remuneration.

Article 9 - Governance committee

9.1 The board of directors establishes a governance committee on which non-executive and independent directors sit.

9.2 The Governance Committee:

- assesses the company's Code of Corporate Governance, containing the corporate governance principles followed by the board of directors in the performance of its duties, and formulates proposals;
- performs the duties assigned to it by the board of directors, with special regard to the review of the Code of Corporate Governance adopted by the company;
- supports the board in its assessment of the continuing independence of independent directors.

9.3 The Chairman of the audit board or another auditor assigned by the chairman participates in the work of the committee.

Article 10 – Internal control system

10.1 The internal control system is the set of rules, procedures and organizational structures addressed to ensuring that the company is managed soundly, correctly and consistently with the goals established, by identifying, measuring, managing and monitoring the main risks.

10.2 An effective internal control system contributes to the protection of corporate assets, the efficiency and effectiveness of its business transactions, the reliability of financial information, and compliance with laws and regulations.

10.3 The board of directors assesses the adequacy of the internal control system with respect to the features of the company.

10.4 The board of directors ensures that its assessments and decisions regarding the internal control system, the approval of the company's balance sheets and half yearly reports, as well as the relationships between the company and the external auditor, are supported by adequate preparatory work. For these purposes, the board of directors establishes an internal control committee, made up of non-executive directors, the majority of whom are independent. At least one member of the committee must have adequate experience in accounting and finance, to be evaluated by the board of directors at the time of his/her appointment.

10.5 The board of directors, with the assistance of the internal control committee:

- a) defines guidelines for the internal control system, in such a way that the main risks to which the company and its subsidiaries are exposed are correctly identified, and adequately measured, managed and monitored, also establishing the criteria for determining whether such risks are compatible with the sound and correct management of the company;
- b) appoints an executive director in charge of supervising the functionality of the internal control system;
- c) evaluates, at least once a year, the adequacy, effectiveness and actual operation of the internal control system;
- d) describes the basic components of the internal control system and its assessment of the overall adequacy of same in the annual report on corporate governance.

10.6 The board of directors, as proposed by the executive director in charge of supervising the functionality of the internal control system and after consulting the internal control committee, appoints and revokes the person in charge of internal control.

10.7 The board of directors exercises its functions with regard to the internal control system in due consideration of the reference models and best practices adopted in Italy and internationally. Particular attention shall be addressed to the organization and management models adopted pursuant to legislative decree 231, June 8, 2001.

Article 11 - Internal control committee

11.1 In addition to assisting the board of directors in the performance of its duties as set out in point 10.5, the internal control committee:

- a) assesses, on a joint basis with the executive responsible for preparing the company's accounting documents and the auditors, the correct application of the accounting principles and, in the case of groups, the consistency of same for the purposes of preparing the consolidated balance sheet;
- b) at the request of the executive director appointed for this purpose, expresses opinions on specific issues relating to the identification of the main risks to which the company is exposed, as well as on the design, implementation and management of the internal control system;
- c) reviews the work plan prepared by the officers in charge of internal control as well as the periodic reports prepared by them;
- d) assesses the proposals submitted by firms of auditors seeking to be engaged, in addition to the work plan prepared for the audit and the results described in the report and the letter of recommendations, if any;
- e) supervise the validity of the audit process;

- f) perform any additional duties assigned to it by the board of directors;
- g) report to the board, at least once each half year, at the time of approval of the balance sheet and the half yearly report, on the work performed and on the adequacy of the internal control system.

11.2 The chairman of the audit board or another auditor designated by the chairman of the board shall participate in the work of the committee.

Article 12 - Executive director in charge of supervising the functionality of the internal control system

The executive director in charge of supervising the functionality of the internal control system:

- a) identifies the main business risks, taking into account the characteristics of the activities carried out by the company and its subsidiaries, and submits them periodically for the board of directors to review;
- b) implements the guidelines defined by the board of directors, making provision for the design, implementation and management of the internal control system, in addition to constantly monitoring its overall adequacy, effectiveness and efficiency; the executive director also makes adjustments to this system in accordance with changes in operating conditions and the legislative and regulatory framework;
- c) makes proposals to the board of directors regarding the appointment and revocation of the person in charge of internal control;
- d) fixes the remuneration of the person in charge of internal control after consulting the internal control committee.

Article 13 - Person in charge of internal control

13.1 The person in charge of internal control:

- a) ensures that the internal control system is always adequate, fully operational and effective;
- b) is not responsible for any operating divisions and does not report hierarchically to any manager of operating divisions;
- c) has direct access to all useful information for the performance of his/her duties;
- d) is provided with adequate means to perform the functions assigned to him/her;
- e) reports to the internal control committee, the audit board and the executive director in charge of supervising the functionality of the internal control system. In detail, the person in charge of internal control reports on the procedures involved in risk management, on compliance with the plans defined to reduce same and formulates his/her evaluation of the internal control system to achieve an acceptable overall risk profile.

13.2 The company establishes an internal audit function. The person in charge of internal control is responsible for the internal audit function.

Article 14 – Directors' interests and transactions with related parties

14.1 The board of directors adopts measures aimed at ensuring that the transactions in which directors have an interest, either on their own behalf or on behalf of third parties, and that the transactions carried out with related parties, are performed in a transparent manner and are substantially and formally correct.

14.2 The board of directors, after consulting the internal control committee, establishes approval and implementation procedures for the transactions carried out by the company, or its subsidiaries, with related parties. In detail, it defines the specific transactions which must be approved after consulting the internal control committee and/or with the assistance of independent experts.

14.3 The board of directors adopts operating solutions to facilitate the identification and adequate handling of those situations in which a director holds an interest on his/her behalf or on behalf of third parties.

Article 15 - Members of the audit board

15.1 Auditors are appointed by means of a transparent procedure which provides, inter alia, timely and adequate information on the personal and professional characteristics of the candidates.

15.2 The auditors also act independently vis-à-vis the shareholders who elected them.

15.3 The company adopts suitable measures to ensure the effective performance of the typical duties of the audit board.

15.4 Lists of candidates, accompanied by detailed information on their personal characteristics and professional qualifications, are lodged at the company's registered office at least fifteen (15) days prior to the date fixed for the shareholders' meeting at first call. The lists, complete with information on the characteristics of the candidates, are published promptly on the company website.

15.5 The auditors are independent professionals. The audit board verifies compliance with said criteria after appointment and subsequently on an annual basis. The outcome of such verification is published promptly in the annual report on corporate governance.

15.6 The auditors accept the appointment when they believe that they can devote the necessary time to the diligent performance of their duties.

15.7 Auditors who have an interest, either directly or on behalf of third parties, in a certain transaction of the company, must promptly and exhaustively inform the other auditors and the chairman of the board as to the nature, terms, origin and extent of their interest.

15.8 The audit board monitors the independence of the auditing firm, verifying both compliance with the provisions of the law and regulations governing the matter, as well as the nature and extent of services other than accounting control provided to the company and its subsidiaries by the same auditing firm and the entities belonging to the same network.

15.9 In the framework of their activities, the auditors may ask the internal audit function to assess specific operating areas or company transactions.

15.10 The audit board and the internal control committee promptly exchange material information regarding the performance of their respective duties.

Article 16 - Shareholder relations

16.1 The board of directors endeavours to engage in an ongoing dialogue with the shareholders based on an understanding of their reciprocal roles.

16.2 The board of directors makes its best efforts to ensure that significant information regarding the company is made promptly available to shareholders in an easily accessible form, to allow them to exercise their rights in an informed manner. For this purpose, the company publishes a special section on its website, in which the aforementioned information is available, with particular reference to procedures to attend shareholders' meetings and exercise voting rights at them, as well as the documentation relating to items on the agenda of shareholders' meetings, including the lists of candidates for the positions of director and auditor, complete with a description of the relevant personal characteristics and professional qualifications.

16.3 The board of directors identifies a person in charge of shareholder relations and periodically evaluates the adequacy of the business structure responsible for this function.

Article 17 - General meetings

17.1 The board of directors promotes initiatives to encourage the broadest possible attendance of shareholders at general meetings and to facilitate the process of exercising their rights.

17.2 The board of directors makes its best efforts to limit restrictions and fulfilments which make it difficult and burdensome for shareholders to attend shareholders' meetings and exercise their voting rights.

17.3 All directors usually attend shareholders' meetings. Shareholders' meetings also provide an opportunity to disclose information regarding the company to the shareholders, in compliance with the rules governing price-sensitive information. In particular, the board of directors reports to the shareholders' meeting as regards work performed and planned, as well as making its best efforts to ensure that the shareholders receive adequate information about the elements needed for them to make informed decisions on matters which are the competence of the shareholders' meeting.

17.4 The board of directors submits regulations to the shareholders' meeting for approval, setting out the procedures to be followed for ordinary and extraordinary shareholders' meetings to be held in an orderly and effective manner, without prejudice to the right of individual shareholders to express their opinions on the matters under discussion.