REPORT ON STAFF REMUNERATION POLICIES

Dear Shareholders,

We have called you together in general meeting,

A) to report on the remuneration policies adopted for the twelve months ended 30 June 2010, and

B) to submit Mediobanca's new remuneration policies, approved by the Board of Directors on 21 September 2010 in compliance with the Bank of Italy's instructions on this matter, to your approval.

A) STAFF REMUNERATION POLICIES FOR FY 2009/2010

On 28 October 2009, the Bank of Italy issued communication no. 0321560/09, emphasizing that the adoption of appropriate "remuneration and incentivization systems" is an integral part of the rules of corporate governance, and constitutes an essential prerequisite for sound and prudent management of banks as well as the stability of the financial system as a whole. The communication reflects, among other things, the international standards and guidance contained in the "Principles for Sound Compensation Practices" issued by the Financial Stability Board on 25 September 2009. Accordingly, during the twelve months under review the Remunerations Committee and Board of Directors of Mediobanca have continued in their efforts to bring the Bank's remuneration system in line with the new regulatory requirements, along the lines approved by shareholders in the general meeting held on 28 October 2009.

a. Criteria for calculation of bonus pool and allocation using risk-adjusted metrics based on sustainable results over time

Criteria adopted:

1. quantitative metric: Economic Profit (EP) earned by the Corporate and Investment Banking division (not including the contribution from leasing or the equity investment effect), along with
2. other quantitative aspects;
3. qualitative considerations.

EP consists of the profit earned by the CIB division, not including the contribution from leasing operations or the equity investments attributable to the division (AFS equity investments and shares[1]), adjusted for the cost of capital (regulatory) required to carry out such activity. The metric therefore measures the extra profit created after the return on capital, with the cost of capital being calculated on the basis of the medium-/long-term risk-free rate plus returns for general and specific risk. The EP metric has been chosen in order to take into account current and potential risks and sustainability of results over time, as requested by the regulatory authorities. The metric has been supplemented by additional quantitative considerations (such as comparison with budget and with the previous year) and qualitative considerations (cost/income and compensation/income readings in order to assess sustainability over time, comparison with market, development of product offering and new businesses, cross-selling activity, quality of relations with customers, and staff professionalism and reliability).

The performance of the CIB division in the twelve months ended 30 June 2010, calculated as above, was ahead of budget, with gross operating profit up 8% and in line with 2009. The following aspects in particular are worth noting in comparison to the previous year:

– profits from banking activity improving (net interest income up 18%, net fee and commission income up 11%), and loan loss provisions down 14%;
– positive contribution from trading activity, despite being hit by strong volatility in second half;
– further strengthening of the headcount, which was up 7%, at the Bank's non-Italian branches in particular (up 26%), with high seniority and professional specialization.

At the Group level the following results should be noted:

– the sizeable profit earned, compared with substantial breakeven last year, due to significant increase in total income (up 14%) and reduced writedowns to securities;
– Mediobanca's positioning on its domestic market strengthened, and its footprint outside Italy consolidated;
– cost/income and compensation/income ratio readings far below those of the Bank's competitors, raising risks in terms of retaining key staff.

The CIB division's EP was comfortably positive, at just over €320m, in line with the €328m posted last year.

The unfavourable earnings performance last year, despite the good results posted by CIB, led to an approx. 30% reduction in senior staff bonuses. Give the

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[1] The Group's equity investments are divided into:

i. shareholdings allocated to the Principal Investing division (Assicurazioni Generali, Telco and RCS MediaGroup) and shareholdings taken in connection with merchant banking activity;

ii. other shareholdings, allocated to the CIB division.

return to significant profits and the other considerations referred to above, a policy of moderate increase was applied to the variable remuneration component (approx. 11%), with a bonus pool of approx. €61m being paid out for the cash part.

b. Introduction of methods for paying annual bonuses in equity forms spread over several years

The guidance issued by the Bank of Italy and the Financial Stability Board stipulates that a significant portion of the variable remuneration component should be paid in the form of equity instruments, in order to link incentives to the objective of creating value over the long term. In conformity with these indications, for senior management staff with variable remuneration of above €500,000, and to some staff operating in the Financial Markets division who, as a result of the type of activity or their seniority in their role, have an impact on the Bank's risk profile, a part of their variable remuneration (between 15% and 20%) has been paid in the form of stock options, in accordance with the terms and conditions of the scheme currently in operation (approved by shareholders in a general meeting held on 27 October 2007).

Furthermore, part of the variable remuneration paid in cash has been deferred over three years, with 60% paid this year, and two tranches of 20% each to be paid in the next two years. Around 60 staff were paid using equity instruments; around half of these also received cash bonuses deferred over a two-year time horizon.

Thus the Board of Directors decided to award Group staff a total of 16,360,000 stock options from the upper limit and scheme approved on 27 October 2007, at a price of €6.537 per share. This award includes a portion distributed by way of a long-term incentive (generally every two years).

c. Remuneration structure for staff employed in control and support capacities

As from the 2009/2010 financial year, the remuneration package for staff employed in internal control capacities (internal audit, compliance and risk management), for the Head of company financial reporting and for the most senior staff in the areas referred to above has been structured in such a way as to ensure that the majority of the compensation is fixed, with a small variable component to be revised on a year-to-year basis in view of quality and efficiency criteria.

d. Assessment of quantitative/qualitative performance in awarding individual annual bonuses

The award of bonuses to individual beneficiaries is based on assessment of their performances, with a view to retaining the best key staff. This includes qualitative criteria (development of product offering, professional conduct and reliability, quality in terms of customer relationships, technical and analytical skills in the field of finance, ability to control costs, importance placed on achieving operating efficiency, and co-operation with other areas of the Bank), and also earnings results achieved.

e. Structure of executive directors' remuneration package

The Group's executive directors have a remuneration package which is structured as follows:

– fixed salary;

– annual bonus, payable at the Bank's discretion, in relation to the quality of the services provided and the results achieved by the Bank and the Group; this may also be paid via stock options or other instruments;

– MBO, defined every three years, and for the first three years linked to the substantial achievement of quantitative and qualitative earnings targets set for the Mediobanca Group in its 2008-11 business plan.

For the financial year ended 30 June 2010, as for the previous year, the Group's executive directors did not receive any bonuses.

The following stock option awards were made to the Chairman, the Managing Director and the General Manager:

– Renato Pagliaro - *Chairman*	350,000
– Alberto Nagel - *Managing Director*	350,000
– Francesco Saverio Vinci - *General Manager*	250,000

f. Role of Risk Management in remuneration process and involvement of Internal Audit Unit in validation

The Risk Management unit has been involved in finalizing the metrics to be utilized (EP; quantitative and qualitative aspects) and in validating the results.

The remuneration process has also been reviewed by the Internal Audit Unit, which has written a report on its activities and which shows that the remuneration and incentivization policy adopted by Mediobanca fundamentally complies with the Bank of Italy's guidance.

ANNEX

The table below shows the structured of the remuneration packages offered by Mediobanca, showing the fixed and annual variable cash, with long-term variable components of total compensation, as at 30 June 2009 and 30 June 2010, by division and role.

	2008/2009			2009/2010		
	Total remuneration[1]			Total remuneration[1]		
	FIXED	VARIABLE	STOCK OPTIONS	FIXED	VARIABLE	STOCK OPTIONS
Directors	100%	0%	0%	100%	0%	0%
Executive Directors	100%	0%	0%	92%	0%	8%
Heads of division	38%	62%	0%	22%	60%	18%
of which Advisory	41%	59%	0%	31%	55%	14%
of which Lending	48%	52%	0%	35%	53%	12%
of which Markets	30%	70%	0%	14%	65%	21%
Other divisional staff	55%	45%	0%	55%	45%	0%
of which Advisory	51%	49%	0%	51%	49%	0%
of which Lending	65%	35%	0%	65%	35%	0%
of which Markets	49%	51%	0%	49%	51%	0%
Heads of control units [2]	49%	51%	0%	72%	20%	8%
Heads of staff areas	64%	36%	0%	56%	39%	5%
Other employees in staff units	74%	26%	0%	74%	26%	0%

NOTES

1 Percentage of total compensation. Stock options awarded on 2 August 2010 have been measured and recognized in accordance with IAS/IFRS 2, and include options granted by way of two-year long-term incentives.

2 Heads of Internal Audit and Compliance, Head of Company Financial Reporting, Head of Risk Management.

B) NEW STAFF REMUNERATION POLICIES

a. Remuneration policy objectives and remuneration package structure

The remuneration policy operated by Mediobanca is intended to attract and retain professional staff in particular for key positions and roles, commensurate with the complexity and specialization of the business, and based on a rationale of prudent management and sustainable costs and results over time, in a competitive market scenario in line with international standards.

Mediobanca staff remuneration comprises three components, with the aim of diversifying financial benefits accruing over time:

– fixed salary: this is generally determined on the basis of specialization, role carried out in the organization and related responsibilities;

– variable remuneration (annual bonus): this recognizes and rewards the achievement of targets set and results achieved, and is an important motivational factor in their achievement. For some business figures, this may still form the majority of their annual pay, in line with market practice. Part of this variable component may be paid via equity instruments (hitherto stock options, which are fundamentally deferred over time) or in cash (this too on occasion may in part be deferred);

– long-term incentive (LTI), the main instrument in which is the stock option. For a restricted number of young staff with high potential who do not qualify for stock option schemes but occupy key positions and are on a fast-track career plan, a long-term incentive is applied in the form of deferred cash (a bonus which currently accrues over three years and is paid in the following two years).

This remuneration system has provided excellent staff retention levels, with an annual exit rate of around 2% in the last three years.

b. Governance structures

Under the current Articles of Association:

– shareholders in general meeting determine the fixed annual remuneration payable to members of the Board of Directors, upon their appointment for the entire duration of their term of office, to be divided among the individual Board members according to the decisions of the Board of Directors itself (Article 12);

– shareholders in general meeting also approve remunerations policies and share-based compensation schemes for Directors and Group staff (Article 12);

– the Board of Directors determines the Chairman's, the Managing Director's and General Manager's remuneration (Article 17);

– the Remunerations Committee has powers of consultation and enquiry to determine the remuneration of Directors vested with particular duties and the General Manager. The Remunerations Committee also gives its opinion on the staff remuneration and retention policies operated by the Group and presented by the Managing Director (Article 18);

– the Managing Director presents the staff remuneration and retention policies to the governing bodies (Article 18), and is responsible for them (Article 24).

b. Criteria for calculating variable component

The bonus pool for the variable component is established annually by applying:

1. the quantitative metric of the Economic Profit (EP) earned by the Corporate and Investment Banking division, along with

2. other quantitative aspects;

3. qualitative considerations.

1. EP consists of the profit earned by the CIB division, not including the contribution from leasing operations or the equity investments attributable to the division, adjusted for the cost of capital (regulatory) required to carry out such activity. The metric therefore measures the extra profit created after the return on capital, with the cost of capital being calculated on the basis of the medium-/long-term risk-free rate plus returns for general and specific risk. The EP metric has been chosen in order to take into account current and potential risks and sustainability of results over time.

2. The additional **quantitative aspects** for the CIB division are:
   – comparison with budget objectives;
   – performance compared to historical precedents.

3. The **qualitative considerations** are chiefly:
   – Group profit in comparison with the previous year;
   – possibility of distributing a dividend;
   – Mediobanca's positioning and market share;

– appraisal of the Mediobanca share stock market performance, including relative to the market and the Bank's main competitors;
– cost/income and compensation/income ratio readings, to take into account sustainability over time;
– developing product offering and new businesses;
– cross-selling activity;
– quality of relations with customers;
– staff professionalism and reliability;
– securing loyalty of top performers and retaining key staff, plus the need to add new professional talents.

The bonus pool serves to pay the variable component awarded annually to staff who, in Italy and elsewhere, are closely identified with the Bank's earnings results on account of the size of their remuneration, management of business activities, assumption of specific risks and/or organizational role. These may be summarized as follows:

– heads of business areas in Italy;
– heads and Managing Directors of non-Italian branches;
– staff employed at desks in the Financial Markets division, in Italy and elsewhere, who, as a result of the nature of their activity and seniority in the role, may be described as "risk takers";
– staff in management positions in support roles.

Save where otherwise provided in pre-existing employment contracts, the bonus pool is only payable when the EP earned by the CIB division is positive and the consolidated financial statements reflect a profit.

The bonus pool is allocated to the individual business units on the basis of a model which in quantitative terms uses the EP of each individual area as its benchmark metric.

Distribution to individual staff members will be based on assessment of their performances with a view to retaining the best key staff based on qualitative considerations (development of product offering, professional conduct and reliability, quality in terms of customer relationships, technical and analytical skills in the field of finance, ability to control costs, importance placed on achieving operating efficiency, and co-operation with other areas of the Bank) and earnings results achieved. The positioning of the staff remuneration package is also reviewed annually relative to the reference market, including with the assistance of independent external consultants.

c. Annual bonuses paid in equity forms spread over several years

The guidance issued by the Bank of Italy and the Financial Stability Board stipulates that a significant portion of the variable remuneration component should be paid in the form of equity instruments, in order to link incentives to the objective of creating value over the long term. In conformity with these indications, for senior management staff with variable remuneration of above €500,000, and to some staff operating in the Financial Markets division who, as a result of the type of activity or their seniority in their role, have an impact on the Bank's risk profile (risk-takers), part of their variable remuneration will be paid in the form of stock options, using the scheme currently in operation, and/or performance shares, in accordance with the scheme being submitted to the approval of shareholders at today's general meeting. Part of the variable component paid in cash may be deferred over a time horizon of several years, with payment subject to the same conditions described above in respect of the bonus pool.

d. Stock option scheme

At an extraordinary general meeting held on 27 June 2007, shareholders of Mediobanca approved a rights issue involving 40,000,000 new shares (to be awarded by and no later than June 2014) for use in connection with a stock option scheme; a total of approx. 23 million are still outstanding. At an ordinary general meeting held on 27 October 2007, as required by legal and regulatory provisions, shareholders of Mediobanca approved the adoption of the stock option scheme and also the methods for implementing it. The main features of the scheme, which is intended for staff with roles considered to be strategic with a view to achieving the Group's objectives (such as executive members of the Mediobanca Board of Directors, key management figures in Group companies, key management figures in Mediobanca both in Italy and elsewhere, professionals with highly-specialized expertise in particular business areas, and some staff with responsibilities for co-ordination and/or support within Mediobanca) are as follows: vesting period of three years starting from the date on which the options are awarded; exercise period within eight years (three years' vesting plus five years' exercise), obligation to reinvest 50% of any capital gains achieved upon disposal of shares, and lock-up period of 18 months.

e. Performance share scheme

In connection with equity instruments to be used for deferred staff remuneration, alongside stock options it has been decided to adopt a performance share scheme, submitted to the approval of shareholders at today's general meeting. Under the proposed scheme, Mediobanca shares would be allotted free of charge at the end of a vesting period with a two-year horizon. Resolutions have been prepared to increase the company's share capital free of charge via the issuance of 20 million new Mediobanca shares and by using the treasury shares owned by the Bank. The objectives of the proposed scheme are to:

- bring the Bank's remuneration structure in line with guidance issued by regulatory authorities requiring that significant percentages of the variable remuneration component annually assigned be paid in the form of equity instruments, making it consistent with results sustainable over time;
- encourage the involvement of key staff in a mechanism for co-investing in the share capital of Mediobanca;
- introduce a new instrument alongside the stock options, with a limited number of newly-issued shares and by using the treasury shares owned by the Bank, in order to limit the dilutive impact for shareholders.

f. Remuneration structure for staff employed in control and support capacities

The remuneration package for staff employed in internal control capacities (internal audit, compliance and risk management), for the Head of company financial reporting and for the most senior staff in the areas referred to above is structured so as to ensure that the majority of the compensation is fixed, with a small variable component to be revised on a year-to-year basis in view of quality and efficiency criteria.

The main aspects assessed are as follows:

a) for staff employed in accountancy divisions:
   - earnings results and financial information being correctly represented in the Group's and the Bank's financial statements;
   - all mandatory, regulatory and reporting requirements being met correctly;
   - all accounting processes and related electronic procedures being managed efficiently and correctly;
   - alignment between company strategies and policies in respect of their representation in the accounts and the relevant tax and legal requirements;
   - reliability of budget and pre-closing figures;

b) for staff employed in delle internal control capacities (internal audit, compliance and risk management):
   - continuous coverage and control of the Bank's processes and operations, carried out independently and autonomously, to prevent risk situations arising and to detect irregular behaviour early;

– ongoing appraisal of compliance with regulatory requirements through appropriate audit plans, updates to internal guidelines and staff training (business and non-business divisions);
– development of models, methodologies and metrics by which to measure market, credit and operating risk, producing reports on risk monitoring activity, and accurate analysis of new products and their risk profiles.

In general terms the remuneration for such staff is determined on the basis of positioning vis-à-vis the reference market, and varies according to the value of the individual staff, their role and retention strategies. The variable remuneration component for such staff is usually small, both in absolute terms and as a percentage of the total, and tends not to be increased in accordance with the Group's earnings performance but instead on the basis of individual qualitative performance.

g. Bonus calculation for executive directors

The performance of the executive directors is also assessed on the basis of EP, in order to comply with the regulatory requirements, with different benchmarks used according to the individual role performed.

For the Managing Director and the General Manager, the benchmark is the Group's performance, whereas for the heads of division the performance of their respective divisions and business areas are used, with adjustments made in all cases to reflect qualitative considerations. Part of the bonus, which in accordance with the practice and timescales hitherto adopted and also with international benchmark practice, has to be approved by the relevant governing bodies, may also be paid in the form of equity instruments. As required by the regulators, provision will be also be made for the executive directors' variable remuneration to be deferred over time, in a variety of ways.

h. Remuneration policies for Group companies

The main incentivization mechanism used for the management and key staff of Mediobanca Group companies (in a very limited number and with amounts of variable remuneration which do not exceed 30% of the fixed component) is the annual bonus, approved by Mediobanca S.p.A. on the basis of a qualitative and quantitative assessment of the performance delivered by the company. This mechanism rewards results based on qualitative considerations and the sustainability of the incentives. It is not, however, based on defined objectives, and as such will be shortly reviewed along the following lines:

– more structured criteria to be adopted as the basis for assessment, to allow the sustainability of the performance to be appraised more easily and to facilitate the internal validation process (Board meetings and annual general meetings of Group companies);

– metrics to be finalized for use as the benchmarks in setting operating targets (volumes/income, profits, etc.), adjusted to reflect risk;
– qualitative considerations to be formalized (compliance with procedures, laws and regulations, customer satisfaction, reliability and professionalism, etc.).

i. Role of internal control units

The Risk Management unit will be involved in finalizing the metrics to be used (EP, quantitative and qualitative considerations) and in validating the results.

The Compliance unit has expressed the opinion that the new staff remuneration policies are consistent with correct application of the principles and criteria established by the regulations. Its analysis shows that the policies are substantially consistent with the regulatory provisions.

The process will also be subject to review by the Internal Audit Unit.

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Dear Shareholders,

We invite you to adopt the following resolution:

"At an ordinary general meeting, having heard the Board of Directors' proposal, the shareholders of Mediobanca

hereby resolve

- to approve the "Staff Remuneration Policies";
- to confer on the Board of Directors, the Chairman and the Managing Director, jointly and severally, the broadest powers to execute all deeds and perform all measures and formalities necessary in order to implement this resolution."

Milan, 21 September 2010

THE BOARD OF DIRECTORS