

ANNUAL REPORT 2018



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Mediaset S.p.A.

Annual Report 2018
Financial Statements and Explanatory Notes



MEDIASET S.p.A.

STATEMENT OF FINANCIAL POSITION

(values in EUR)

ASSETS	Note s	31/12/2018	31/12/2017
Non-current assets	5		
Property, plant and equipment and other tangible fixed assets	5.1	4,546,601	4,576,784
Equity investments	5.5		
<i>in subsidiaries</i>		2,185,871,623	2,287,783,263
<i>in associates and joint ventures</i>		466,101,339	-
<i>in other companies</i>		2,034	1,999
Total		2,651,974,996	2,287,785,262
Receivables and other non-current financial assets	5.6	7,530,712	15,593,344
Deferred tax assets	5.9	231,701,012	205,901,320
Total non-current assets		2,895,753,321	2,513,856,710
Current Assets	6		
Trade receivables	6.2		
<i>to customers</i>		15,167	3,857
<i>to subsidiaries</i>		1,490,378	5,584,109
<i>to associates and joint ventures</i>		11,481	5,254
<i>to parent companies</i>		14,179	-
Total		1,531,205	5,593,220
Tax receivables	6.3	31,648,996	29,935,536
Other receivables and current assets	6.4	37,108,526	26,667,837
Intercompany financial receivables	6.5		
<i>to subsidiaries</i>		1,346,400,205	1,450,611,166
<i>to associates and joint ventures</i>		516,203	1,542,259
Total		1,346,916,408	1,452,153,425
Other current financial assets	6.6	17,542,598	18,005,745
Cash and cash equivalents	6.7	218,334,832	24,244,289
Total current assets		1,653,082,565	1,556,600,052
TOTAL ASSETS		4,548,835,886	4,070,456,762

MEDIASET S.p.A.

STATEMENT OF FINANCIAL POSITION

(values in EUR)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	31/12/2018	31/12/2017
Shareholders' equity	8		
Share capital	8.1	614,238,333	614,238,333
Share premium reserve	8.2	275,237,092	275,237,092
Treasury shares	8.3	(408,596,243)	(416,656,052)
Other reserves	8.4	2,108,549,204	2,043,369,941
Valuation reserves	8.5	6,189,336	6,405,971
Retained earnings (losses)	8.6	(809,521,764)	(808,413,428)
Profit (loss) for the year	8.7	111,843,478	69,151,696
TOTAL SHAREHOLDERS' EQUITY		1,897,939,436	1,783,333,553
Non-current liabilities	9		
Post-employment benefit plans	9.1	1,043,479	1,205,608
Deferred tax liabilities	9.2	684,377	866,312
Financial payables and liabilities	9.3	747,324,995	1,052,088,130
Provisions for risk and charges	9.4	45,660	58,412
Total non-current liabilities		749,098,511	1,054,218,462
Current liabilities	10		
Payables to banks	10.1	6,494,067	180,107,414
<i>to suppliers</i>		2,930,318	2,449,488
<i>to subsidiaries</i>		687,042	2,942,907
<i>to affiliates</i>		11,073	10,163
<i>to parent companies</i>		36,450	17,265
Total		3,664,883	5,419,823
Provisions for risks and charges	10.3	2,501,345	61,475
Intercompany financial payables	10.5		
<i>to subsidiaries</i>		1,209,284,089	641,912,539
<i>to associates and joint ventures</i>		5,511,800	28,143,678
Total		1,214,795,889	670,056,217
Other financial liabilities	10.6	400,151,900	134,826,834
Other current liabilities	10.7	274,189,855	242,432,984
Total current liabilities		1,901,797,939	1,232,904,747
TOTAL LIABILITIES		2,650,896,450	2,287,123,209
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		4,548,835,886	4,070,456,762

MEDIASET S.p.A.

STATEMENT OF INCOME

(values in EUR)

INCOME STATEMENT	Notes	2018	2017
Revenues	12		
Revenues from sales and services	12.1	5,035,634	6,284,245
Other revenues and income	12.2	497,264	231,407
Total revenues		5,532,898	6,515,652
Costs	13		
Personnel expenses	13.1	24,624,616	18,950,130
Purchases	13.2	81,891	97,234
Services	13.5	22,217,065	14,111,764
Leasing and rentals	13.6	1,569,381	1,896,367
Provisions	13.7	(55,419)	8,764
Other operating expenses	13.8	3,671,676	1,281,900
Amortisation, depreciation and write-downs	13.9	(122,651)	33,562
Total costs		51,986,559	36,379,721
EBIT		(46,453,661)	(29,864,069)
(Expenses)/income from financial investments	15		
Financial expenses	15.1	(236,790,890)	(208,593,900)
Financial income	15.2	247,607,211	216,643,482
Income (expenses) from equity investments	15.3		
<i>dividends from subsidiaries</i>		142,969,642	88,225,411
<i>other income (expenses) from equity investments</i>		(2,234,879)	(1,346,150)
Total		140,734,763	86,879,261
Total (expenses)/income from financial investments		151,551,084	94,928,843
Earnings before tax		105,097,423	65,064,774
Income taxes for the year	16		
current taxes	16.1	(4,840,218)	(4,146,146)
deferred tax assets/liabilities	16.2	(1,905,837)	59,224
Total income taxes for the year		(6,746,055)	(4,086,922)
Net result from continuing operations		111,843,478	69,151,696
Profit (loss) for the year	18	111,843,478	69,151,696

MEDIASET S.p.A.

STATEMENT OF COMPREHENSIVE INCOME

(values in EUR)

STATEMENT OF COMPREHENSIVE INCOME	Notes	2018	2017
PROFIT (LOSS) FOR THE PERIOD (A)	8.7	111,843,478	69,151,696
Comprehensive Gains/(Losses) posted to the income statement		(570,947)	555,327
Effective portion of gains/(losses) on hedging instruments (cash flow hedge)		(751,246)	730,693
Tax effect		180,299	(175,366)
Comprehensive Gains/(Losses) not posted to the income statement		(4,356)	(9,429)
Actuarial gains/(losses) on defined benefit plans	8.5	(5,731)	(12,407)
Tax effect	8.5	1,375	2,978
TOTAL OTHER COMPREHENSIVE INCOME (LOSSES) NET OF TAX EFFECTS (B)		(575,303)	545,898
TOTAL COMPREHENSIVE INCOME (A + B)		111,268,175	69,697,594

MEDIASET S.p.A.

STATEMENT OF CASH FLOWS

(Values in EUR thousands)

OPERATING ACTIVITIES	2018	2017
EBIT	(46,454)	(29,864)
Depreciation, amortisation and write-downs	(123)	34
Allowances net of utilisation	(238)	(81)
Other non-cash movements	1,282	1,498
Change in working capital	(7,824)	53,856
Interest received/paid	39,512	(37,233)
Dividends received	142,970	88,225
Net cash flow from operating activities (A)	129,125	76,435
INVESTING/DIVESTING ACTIVITIES		
(Investments)/Divestments in equity investments	(460,127)	29,023
Total (Investments)/Divestments in fixed assets	(460,127)	29,023
Net change in other assets	649,977	(63,495)
Net cash from/used in investing activities (B)	189,850	(34,472)
FINANCING ACTIVITIES		
Net change in M/L-term borrowings	80,000	268,913
Net change in other financial assets/liabilities	(178,500)	(290,326)
Interest and other financial expenses	(26,384)	(28,435)
Net cash from/used by financing activities (C)	(124,884)	(49,848)
Change in cash and cash equivalents (D = A + B + C)	194,091	(7,885)
Cash and cash equivalents at the beginning of the year (E)	24,244	32,129
Cash and cash equivalents at end of the year (F = D + E)	218,335	24,244

Mediaset S.p.A.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Values in EUR thousands)

	Share capital	Share premium reserve	Treasury shares	Legal reserve	Other reserves	Valuation reserves	Retained earnings/los ses)	Profit (loss) for the year	Total shareholder s' equity
Balances at 1/1/2017	614,238	275,237	(416,656)	122,848	2,071,507	2,866	(808,412)	(150,985)	1,710,643
Allocation of 2016 profit									
as per the shareholders' meeting of 28/06/2017	-	-	-	-	(150,985)	-	-	150,985	-
Changes for medium/long term incentive plans	-	-	-	-	-	2,993	-	-	2,993
Total comprehensive income (loss) for the year	-	-	-	-	-	546	-	69,152	69,698
Balances at 31/12/2017	614,238	275,237	(416,656)	122,848	1,920,522	6,405	(808,412)	69,152	1,783,334
Balances at 1/1/2018	614,238	275,237	(416,656)	122,848	1,920,522	6,405	(808,412)	69,152	1,783,334
Allocation of 2017 profit									
as per the shareholders' meeting of 27/06/2018	-	-	-	-	69,152	-	-	(69,152)	-
Merger by acquisition of Videotime S.p.A. on 01/03/2018	-	-	2,081	-	(767)	-	-	-	1,314
FTA IFRS 9 reserve	-	-	-	-	-	-	(1,108)	-	(1,108)
Changes for medium/long term incentive plans	-	-	5,979	-	(3,205)	359	-	-	3,133
Total comprehensive income (loss) for the year	-	-	-	-	-	(575)	-	111,843	111,268
Balances at 31/12/2018	614,238	275,237	(408,596)	122,848	1,985,702	6,189	(809,520)	111,843	1,897,941

MEDIASET S.p.A.

STATEMENT OF FINANCIAL POSITION IN ACCORDANCE WITH CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006

(values in EUR)

ASSETS	Notes	31/12/18	of which related parties	%	31/12/17	of which related parties	%
Non-current assets	5						
Property, plant and equipment and other tangible fixed assets	5.1	4,546,601			4,576,784		
Other intangible fixed assets	5.4	-			-		
Equity investments	5.5						
In subsidiaries		2,185,871,623			2,287,783,263		
In associates and joint ventures		466,101,339			-		
In other companies		2,034			1,999		
Total		2,651,974,996			2,287,785,262		
Receivables and other non-current financial assets	5.6	7,530,712	1,129,103	15.0%	15,593,344	15,078,006	96.7%
Deferred tax assets	5.9	231,701,012			205,901,320		
Total non-current assets		2,895,753,321			2,513,856,710		
Current Assets	6						
Trade receivables	6.2						
to customers		15,167			3,857		
to subsidiaries		1,490,378	1,490,378	100.0%	5,584,109	5,584,109	100.0%
to associates and joint ventures		11,481	11,481	100.0%	5,254	5,254	100.0%
to parent companies		14,179	14,179	100.0%	-		
Total		1,531,205			5,593,220		
Tax receivables	6.3	31,648,996			29,935,536		
Other receivables and current assets	6.4	37,108,526	27,697,355	74.6%	26,667,837	24,450,284	91.7%
Intercompany financial receivables	6.5						
to subsidiaries		1,346,400,205	1,346,400,205	100.0%	1,450,611,166	1,450,611,166	100.0%
to associates and joint ventures		516,203	516,203	100.0%	1,542,259	1,542,259	100.0%
Total		1,346,916,408			1,452,153,425		
Other current financial assets	6.6	17,542,598	4,920,067	28.0%	18,005,745	17,671,888	98.1%
Cash and cash equivalents	6.7	218,334,832	9,899	0.0%	24,244,289	119,144	0.5%
Total current assets		1,653,082,565			1,556,600,052		
TOTAL ASSETS		4,548,835,886			4,070,456,762		

The related-party item of **Receivables and other non-current financial assets** amounts to EUR 1,129 thousand and refers to receivables due from the subsidiary RTI S.p.A. for derivatives hedging exchange rate risks which Mediaset S.p.A. purchases on the market and then transfers by entering into an intercompany agreement.

The related-party item **Other receivables and current assets** mainly refers to receivables due from subsidiaries amounting to EUR 17,542 thousand (relating to IRES receivables from tax consolidation), centralised Group VAT receivables amounting to EUR 9,981 thousand, and prepayments of ancillary financing costs to Mediobanca amounting to a total of EUR 130 thousand, of which EUR 96 thousand with long-term maturity.

The related-party item **Intercompany financial receivables** refers to current account relationships with subsidiaries amounting to EUR 1,346,400 thousand (EUR 1,236,857 thousand relating to the subsidiary RTI S.p.A.) and with associates and joint ventures amounting to EUR 516 thousand.

The related-party item **Other current financial assets** mainly refers to receivables due from the subsidiary RTI S.p.A. amounting to EUR 920 thousand for derivatives hedging exchange rate risks, which Mediaset S.p.A. purchases on the market and then transfers by entering into an intercompany agreement, receivables due from the joint venture Nessma S.A. amounting to EUR 1,278 thousand and receivables due from Nessma Broadcast S.a.r.l. amounting to EUR 1,749 thousand.

MEDIASET S.p.A.

STATEMENT OF FINANCIAL POSITION IN ACCORDANCE WITH CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006

(values in EUR)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	31/12/18	of which related parties	%	31/12/17	of which related parties	%
Shareholders' equity	8						
Share capital	8.1	614,238,333			614,238,333		
Share premium reserve	8.2	275,237,092			275,237,092		
Treasury shares	8.3	(408,596,243)			(416,656,052)		
Other reserves	8.4	2,108,549,204			2,043,369,941		
Valuation reserves	8.5	6,189,336			6,405,971		
Retained earnings (losses)	8.6	(809,521,764)			(808,413,428)		
Profit (loss) for the year	8.7	111,843,478			69,151,696		
TOTAL SHAREHOLDERS' EQUITY		1,897,939,436			1,783,333,553		
Non-current liabilities	9						
Post-employment benefit plans	9.1	1,043,479			1,205,608		
Deferred tax liabilities	9.2	684,377			866,312		
Financial payables and liabilities	9.3	747,324,995	102,534,390	13.7%	1,052,088,130	98,498,049	9.4%
Provisions for risk and charges	9.4	45,660			58,412		
Total non-current liabilities		749,098,511			1,054,218,462		
Current liabilities	10						
Payables to banks	10.1	6,494,067	1,404,979	21.6%	180,107,414	1,304,757	0.7%
Trade payables	10.2						
to suppliers		2,930,318			2,449,488		
to subsidiaries		687,042	687,042	100.0%	2,942,907	2,942,907	100.0%
to affiliates		11,073	11,073	100.0%	10,163	10,163	100.0%
to parent companies		36,450	36,450	100.0%	17,265	17,265	100.0%
Total		3,664,883			5,419,823		
Provisions for risks and charges	10.3	2,501,345			61,475		
Intercompany financial payables	10.5						
to subsidiaries		1,209,284,089	1,209,284,089	100.0%	641,912,539	641,912,539	100.0%
to associates and joint ventures		5,511,800	5,511,800	100.0%	28,143,678	28,143,678	100.0%
Total		1,214,795,889			670,056,217		
Other financial liabilities	10.6	400,151,900	4,844,380	1.2%	134,826,834	97,733,420	72.5%
Other current liabilities	10.7	274,189,855	270,719,773	98.7%	242,432,984	239,094,988	98.6%
Total current liabilities		1,901,797,939			1,232,904,747		
TOTAL LIABILITIES		2,650,896,450			2,287,123,209		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		4,548,835,886			4,070,456,762		

The related-party item **Non-current financial payables and liabilities** includes EUR 98,449 thousand for the contract entered into on 18 November 2016 for the disbursement of a six-year medium/long-term term loan for which Mediobanca S.p.A. is the agent bank. Moreover, the item comprises EUR 4,085 thousand for the loan to the subsidiary RTI S.p.A. for derivatives hedging exchange rate risks which Mediaset S.p.A. purchases on the market and then transfers by entering into an intercompany agreement.

The related-party item **Financial payables** refers to the short-term portion of the loan contract entered into with Mediobanca in 2016, for the interest accrued at 31 December 2018.

The related-party item **Intercompany financial payables** refers to current account relationships with subsidiaries amounting to EUR 1,209,284 thousand (of which EUR 732,428 thousand relating to the indirect subsidiary Elettronica Industriale S.p.A.) and with associates and joint ventures amounting to EUR 5,512 thousand (of which 4,329 thousand to the associate Mediamond S.p.A.).

The related-party item **Other financial liabilities** refers mainly to short-term loans to the subsidiary RTI S.p.A. amounting to EUR 4,690 thousand for derivatives hedging exchange rate risks which Mediaset S.p.A. purchases on the market and then transfers by entering into an intercompany agreement.

The related-party item **Other current liabilities** mainly refers to payables to subsidiaries and joint ventures of EUR 247,296 thousand relating to participation in the tax consolidation scheme and EUR 14,432 thousand relating to Group centralised VAT.

MEDIASET S.p.A.

INCOME STATEMENT IN ACCORDANCE WITH CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006

(values in EUR)

INCOME STATEMENT	Notes	2018	of which related parties	%	2017	of which related parties	%
Revenues	12						
Revenues from sales and services	12.1	5,035,634	5,035,643	100.0%	6,284,245	6,284,245	100.0%
Other revenues and income	12.2	497,264	262,575	52.8%	231,407	100,712	43.5%
Total revenues		5,532,898			6,515,652		
Costs	13						
Personnel expenses	13.1	24,624,616	2,023,817	8.2%	18,950,130	2,707,798	14.3%
Purchases	13.2	81,891			97,234		
Services	13.5	22,217,065	12,015,287	54.1%	14,111,764	3,791,940	26.9%
Leasing and rentals	13.6	1,569,381	1,327,159	84.6%	1,896,367	1,355,722	71.5%
Provisions	13.7	(55,419)			8,764		
Other operating expenses	13.8	3,671,676	32,041	0.9%	1,281,900	24,304	1.9%
Amortisation, depreciation and write-downs	13.9	(122,651)			33,562		
Total costs		51,986,559			36,379,721		
EBIT		(46,453,661)			(29,864,069)		
(Expenses)/income from financial investments	15						
Financial expenses	15.1	(236,790,890)	(133,143,547)	56.2%	(208,593,900)	(55,928,041)	26.8%
Financial income	15.2	247,607,211	130,304,491	52.6%	216,643,482	164,051,699	75.7%
Income (expenses) from equity investments	15.3						
dividends from subsidiaries		142,969,642	142,969,642	100.0%	88,225,411	88,225,411	100.0%
other income (expenses) from equity investments		(2,234,879)	(2,234,879)	100.0%	(1,346,150)	(1,346,150)	100.0%
Total		140,734,763			86,879,261		
Total (expenses)/income from financial investments		151,551,084			94,928,843		
Earnings before tax		105,097,423			65,064,774		
Income taxes for the year	16						
current taxes	16.1	(4,840,218)			(4,146,146)		
deferred tax assets/liabilities	16.2	(1,905,837)			59,224		
Total income taxes for the year		(6,746,055)			(4,086,922)		
Net result from continuing operations		111,843,478			69,151,696		
Profit (loss) for the year	18	111,843,478			69,151,696		

The related-party item **Revenues from sales and services** refers to EUR 4,643 thousand in accrued fees from subsidiaries for the supply of intercompany services in the areas of strategic planning, legal affairs, corporate affairs, institutional affairs, security services, personnel management and finance; EUR 393 thousand for fees on sureties and guarantees granted in favour of subsidiaries (of which EUR 256 thousand to Mediaset Premium S.p.A.).

The related-party item **Personnel expenses** refers to compensation to employed directors.

The related-party item **Services** refers mainly to services for the supply of intercompany services in the areas of legal affairs, institutional affairs, strategic direction, planning and control, procurement of goods and services, personnel management, general services, risk management, and information, administrative, fiscal and financial services supplied by the subsidiary RTI S.p.A. for EUR 1,804 thousand, as well as compensation to directors for EUR 10,108 thousand.

The related-party item **Leasing and rentals** mainly refers to property rental paid to the subsidiary RTI S.p.A. of EUR 671 thousand and the holding company Fininvest S.p.A. of EUR 191 thousand, and payment to the holding company for the use of the Fininvest trademark of EUR 465 thousand.

The related-party item **Financial expenses** mainly regards forex losses, mainly due to the subsidiary RTI S.p.A., of EUR 130,978 thousand (of which EUR 46,938 thousand from valuation) and interest expense on the short-term loan from RTI S.p.A. of EUR 526 thousand. This item also includes financial expenses due to Mediobanca S.p.A. totalling EUR 1,624 thousand, of which EUR 1,366 thousand relating to the amortised cost loan, and EUR 258 thousand relating to transaction costs for medium/long-term loans.

The related-party item **Financial income** mainly refers to intercompany current account interest income of EUR 39,499 thousand from subsidiaries and joint ventures, as well as forex gains, mainly received from the subsidiary RTI S.p.A., of EUR 90,783 thousand (of which EUR 25,134 thousand from valuation).

The related-party item ***Income (expenses) from equity investments*** refers to dividends received from the subsidiary Mediaset España Comunicación S.A. amounting to EUR 101,970 thousand and from the subsidiary Publitalia '80 S.p.A. for EUR 41,000 thousand. The item includes EUR 1,913 thousand as the capital loss from the sale of the equity investment in Videotime Produzioni S.p.A on 8 March 2018 and EUR 322 thousand as the capital loss from the disposal of the equity investment in the subsidiary Mediaset Investment S.a.r.l.

More details on transactions with Group companies are provided below.

EXPLANATORY NOTES

1. General information

Mediaset S.p.A. is a joint stock company incorporated in Italy and entered in the Milan Companies Register. Its registered office is located in Via Paleocapa, 3, Milan. Its majority shareholder is Fininvest S.p.A. The main activities of the company and its subsidiaries are described in the Report on Operations accompanying the Consolidated Financial Statements.

These Financial Statements are presented in euros, because this is the currency used for the majority of the Company's operations.

Amounts are stated in thousands of euros.

2. Adoption of international accounting standards

As of the entry into force of Italian Legislative Decree No. 38 of 28 February 2005, transposing Regulation (EC) No. 1606/2002 into Italian law, since 2006 in compliance with the obligation established in Article 4 of that Decree, the company has prepared its financial statements in accordance with the International Accounting Standards and International Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union.

The tables in the Financial Statements and the Explanatory Notes have been prepared together with the additional information required for financial statements formats and disclosures established by Consob Resolution No. 15519 of 27 July 2006 and by Consob Communication No. 6064293 of 28 July 2006.

Where possible, in order ensure better comparison and presentation of the financial statement items in the event of reclassifications, the items from the previous year have been restated accordingly. When it has not been possible to restate the comparative figures, suitable disclosure has been provided in the notes to the accounts.

Amounts reported in these Financial Statements are compared to corresponding figures for the previous year, prepared on a like basis.

3. Basis of presentation, accounting policies for the preparation of the financial statements and measurement criteria

These Financial Statements have been prepared on a going concern basis, as the Directors have verified that there are no financial, operational, or other indicators of problem issues that could affect the Company's ability to meet its obligations in the foreseeable future. The risks and uncertainties related to the business are described in the Report on Operations accompanying the Consolidated Financial Statements.

A description of how the Company manages its financial risks, including liquidity and capital risk, is provided in the section "Disclosures on financial instruments and risk management policies" in these Explanatory Notes.

The Financial Statements at 31 December 2018 have been prepared in application of the International Accounting Standards and related interpretations in force at the reporting date.

The basis of presentation for assets and liabilities is historical cost, except for certain financial instruments which have been designated at fair value, in accordance with IFRS 9 and IFRS 13.

The preparation of the Financial Statements and the Explanatory Notes has required the use of estimates and assumptions both in the measurement of certain assets and liabilities and the valuation of contingent assets and liabilities. Specifically, the current macroeconomic environment, made unstable by the impacts of the ongoing financial crisis, has meant that the estimates regarding the future progress of these items have been made taking into account this high level of uncertainty.

The main forecast data refer to the provisions for risks and charges and the provisions for equity investment write-downs.

The estimates and assumptions are periodically revised and the impacts of each individual change are posted to the income statement.

Accounting standards, amendments and interpretations applied from 1 January 2018

As of 1 January 2018, the following new accounting standards and/or interpretations and amendments to previous standards in force apply.

IFRS 15 - Revenue from Contracts with Customers

On 28 May 2014, the IASB published **IFRS 15 - "Revenue from Contracts with Customers"** which replaces IAS 18 - "Revenue" and IAS 11 - "Construction Contracts", as well as IFRIC 13 - "Customer Loyalty Programmes", IFRIC 15 - "Agreements for the Construction of Real Estate", IFRIC 18 - "Transfers of Assets from Customers" and SIC 31 - "Revenues-Barter Transactions Involving Advertising Services". The standard establishes a new model for revenue recognition, which applies to all contracts with customers, except those within the scope of other IAS/IFRS such as leases, financial instruments and insurance contracts. The fundamental steps for the recognition of revenue according to the new model are:

- identifying a contract with the customer;
- identifying the performance obligations in the contract;
- determining the transaction price;
- allocating that price to the performance obligations of the contract;
- recognising revenue when the entity satisfies each performance obligation.

The Company has adopted the standard as of 1 January 2018, with a modified retrospective approach. Based on operations carried out, the Company did not identify any impacts arising from the adoption of this standard on Shareholders' Equity at the transition date.

IFRS 9 - Financial Instruments

On 22 November 2016, the European Union approved the final version of the standard, which replaces IAS 39 "Financial Instruments: Recognition and Measurement ". The new standard introduces a new accounting model for the classification and measurement of financial instruments, the impairment of financial assets and hedge accounting. Except for the latter (which will be applied from 2021) the Company has adopted the standard as of 1 January 2018, with a modified retrospective approach.

Temporary provisions

Comparative data for the first year of adoption have not been restated, in line with the simplified approach of IFRS 9. Consequently:

- all differences in the carrying amount of financial assets and liabilities at 31 December 2017 and at 1 January 2018 are recognised in the opening balance of shareholders' equity;
- in the comparative period, financial instruments keep their previous classification;

- the effects of the impairment of financial assets were not calculated for the comparative period;
- provisions of IFRS 9 concerning hedge accounting were not adopted, as the Company decided to continue to use the hedge accounting rules of IAS 39 based on a specific exemption provided for in IFRS 9.

IFRS 9 introduces new requirements for:

- the classification and measurement of financial assets and liabilities;
- the impairment of financial assets;
- hedge accounting.

Classification and measurement

The main impacts arising from the new classification and measurement requirements concern:

- trade and financial receivables: classified in the categories required by IFRS 9 "held to collect" and "held to collect and sell". These two categories refer to financial assets held within a business model whose objective is achieved by holding financial assets to collect contractual cash flows and by selling financial assets;
- investments in equity investments: classified according to IAS 39 in the category "available for sale financial assets" are reclassified in the new IFRS 9 category of financial assets measured at fair value with the recognition of changes in other components in the statement of comprehensive income without reversal to the income statement.

The main impacts are summarised below:

IFRS 9 category	IFRS 9 categories				Fair value without being posted to the income statement	Gross FTA effect	Net FAT tax effect
	Balances financial statements December 2017	Held to collect	Held to collect and sell	Other			
Financial receivables	1,452,153	1,452,153	-	-	-	(1,453)	(1,104)
Trade receivables	5,584	5,584	-	-	-	(5)	(4)

Impairment

IFRS 9 introduces a model to measure the credit risk of financial assets based on expected credit losses (ECL). The new model applies to assets measured at amortised cost, and measured at fair value with recognition in other comprehensive income that does not comprise equity investments, loan commitments and guarantees, that were included in the scope of IAS 37 before the new standard came into force, and to assets arising from contracts with customers covered by the scope of IFRS 15.

The Company reviewed criteria for determining the deterioration of the credit rating of counterparties and measurement of expected losses, using a time horizon of 12 months in the absence of evidence of a significant increase in credit risk.

Hedge accounting

IFRS 9 introduces greater flexibility in the type of transactions that qualify as hedging, extending the types of instruments that may be designated for hedge accounting. In addition, effectiveness testing has been replaced by the principle of an "economic relationship", and the retrospective determination of the effectiveness of hedging is no longer required. Broader-ranging disclosure on risk management carried out by the Company has also been introduced. Based on IAS 39, changes in fair value of the time value of the option (the non-designated part) were immediately recognised in profit (loss) for the year. Under

IFRS 9, changes in the time value of options relative to the hedged item are recognised in other comprehensive income and are allocated to a hedging reserve in shareholders' equity. As indicated previously, the Company did not apply the hedge accounting rules of IFRS 9, as it decided to continue to adopt the hedging rules of IAS 39, based on a specific exemption provided for in IFRS 9.

IFRIC 22 - Foreign Currency Transactions and Advance Consideration (published on 8 December 2016).

This interpretation provides guidelines for foreign currency transactions when non-monetary prepayments or advances are recorded in the financial statements, before the recognition of the related asset, cost or revenue. It provides guidance on how an entity must determine the date of a transaction, and consequently, the spot exchange rate to be used for foreign currency transactions in which payment is made or received an advance. IFRIC 22 shall apply from 1 January 2018. This standard did not produce any impact for the Company.

IFRS 2 Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2

The IASB has issued amendments to **IFRS 2 Share-based Payment** that address three main areas: (a) the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; (b) the classification of a share-based payment transaction settled net of withholding tax obligations; (c) recognition if the terms and conditions of a share-based payment transaction change, amending its classification from cash-settled to settled with equity instruments.

These changes are effective for years beginning on or after 1 January 2018, but have had no impact on the Company's financial statements.

Annual Improvements to IFRSs: 2014-2016 Cycle,

The document published on 8 December 2016 partially supplements existing standards. In particular:

IFRS 1 - "First-Time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters" deletes the exemptions provided for in paragraphs E3 - E7 of IFRS 1 as their purpose no longer applies. This amendment did not have any impact on the Company's financial statements.

IAS 28 - "Investments in Associates and Joint Ventures - Measuring investees at fair value in the income statement: an investment-by-investment choice or a consistent policy choice". The amendments clarify that a venture capital entity may decide, on initial recognition and with reference to the individual investment, to measure its investments in associates and joint ventures at fair value recognised in the income statement. If an entity that does not qualify as an investment entity has an investment in an associate or joint venture which is an investment entity, the entity may, when adopting the equity method, decide to maintain the fair value measurement applied by the investment entity (associate or joint venture) when measuring its own investments in associates or joint ventures. This choice is made separately for each associate or joint venture. These amendments did not have any impact on the Company's financial statements.

Financial statement tables and formats

The **Statement of Financial Position** has been prepared according to the convention of presenting current and non-current assets and liabilities as separate classifications. An asset or liability is classified as current when it meets one of the following criteria:

- it is expected to be realized or settled, or is expected to be sold or consumed in the company's normal operating cycle;
- it is held primarily for the purpose of trading;
- it is expected to be realized or settled within 12 months after the reporting date.

If all three of the above conditions are not met, the assets and liabilities are classified as non-current.

The **Income Statement** has been prepared according to the convention of classifying costs by their nature, with components making up earnings before interest and tax and earning before tax stated separately. In order to provide a clearer measure of the performance of ordinary operations, elements of cost and revenue arising from events or transactions that are considered non-recurring due to their nature or the significance of their amount, such as the disposal of controlling interests, are stated separately.

These transactions may fall under the definition of significant non-recurring transactions and events contained in Consob Communication No. 6064293 of 28 July 2006, as opposed to the definition of "atypical and/or unusual transactions" contained in the same Consob Communication of 28 July 2006, according to which atypical and/or unusual transactions are transactions that, due to their significance/importance, the nature of the counterparties, the object of the transaction, the method of calculation of the transfer price, and the timing of the event (e.g. proximity to the financial year end), can give rise to doubts concerning the correctness/completeness of the information in the financial statements, conflicts of interest, the safeguarding of the Company's assets, or the protection of minority shareholder interests.

The **Comprehensive income statement** shows the cost and revenue items, net of tax that, as required or allowed by International Accounting Standards, are posted directly under shareholders' equity reserves.

These items are split to show those that may be reclassified to the income statement in the future and those that may not be reclassified. For each type of significant shareholders' equity reserve shown in the statement there is a reference to the explanatory notes below that contain the related information and details of their breakdowns and the changes that have taken place compared to the previous financial year.

The **Cash Flow Statement** has been prepared using the indirect method, according to which earnings before interest and tax are adjusted for the impacts of non-monetary transactions, for any deferral or allocation of previous or future operational cash receipts or payments and for elements of revenue or cost connected with cash flows from investing or financing activities. Income and expenses connected to medium/long-term financing transactions and the related hedging instruments, as well as dividends paid, are included under financing activities. The item *Cash and cash equivalents* only includes the balances of current accounts held with banks; the balance of the non-bank current account held subsidiaries, associates and joint ventures for centralized treasury management purposes is recognised under financing activities.

The **Statement of Changes in Shareholders' Equity** shows the changes that have taken place in shareholders' equity items in relation to:

- the distribution of earnings for the period;
- changes in shareholders' equity reserves (e.g. share-based payments under stock options plans and interest rate hedges);
- each item of profit or loss, net of any tax effects, that, as required by IFRS, is recognised either directly in shareholders' equity (e.g. actuarial gains and losses from the measurement of defined benefit plans) or for which a balancing entry is carried in a shareholders' equity reserve;
- comprehensive profit and loss of the period.

For each type of significant shareholders' equity reserve shown in the statement, reference is given to the explanatory notes below that contain the relative information and details of their breakdowns and the changes that have taken place compared to the previous financial year.

Moreover, to comply with the requirements of Consob Resolution No. 15519 of 27 July 2006 "Provisions regarding the structure of financial statements", specific statements of income and financial position have been prepared, in addition to the mandatory statements, showing significant amounts of related-party accounts or transactions separately from the related items.

Non-current assets

▪ Property, plant and equipment

Plant, machinery, equipment, buildings and land are recognised at purchase, production or transfer cost, including any transaction charges, dismantling costs and direct costs necessary to make the asset available for use. These fixed assets, with the exception of land, which is not subject to depreciation, are depreciated on a straight-line basis over each accounting period using depreciation rates set according to the remaining useful life of the assets.

Depreciation is calculated on a straight-line basis on the cost of the assets net of the relative residual values, if significant, according to their estimated useful lives, applying the following rates:

- | | |
|---|-----------|
| ▪ Buildings | 2.5% |
| ▪ Plant and machinery | 10% - 20% |
| ▪ Light constructions and equipment | 5% - 16% |
| ▪ Office furniture and machines | 8% - 20% |
| ▪ Motor vehicles and other means of transport | 10% - 25% |

Their recoverable amount is verified according to the criteria laid down by IAS 36, described in the section below "Impairment of assets".

Ordinary maintenance costs are recognised in full in the income statement. Incremental maintenance costs are allocated to the related assets and depreciated over their remaining useful life.

Leasehold improvements are allocated to the classes of assets to which they refer and depreciated at the lower of residual life of the lease contract and residual useful life of the type of asset to which the improvement relates.

Whenever individual components of a complex tangible asset have different useful lives, they are recognised separately in order to be depreciated according to their individual useful lives (component approach).

In particular, according to this principle, the value of land and of the buildings on it are separated and only the buildings are subject to depreciation.

Capital gains and losses resulting from sales or disposals of assets are calculated as the difference between the sale revenue and the net carrying amount of the asset and are recognised in the income statement.

▪ ***Leased-in assets***

Assets acquired through lease contracts are recognised under property, plant and equipment with the recognition of a financial payable for the same amount under liabilities. The payable is progressively reduced according to the repayment schedule for the amounts of principal included in the contract instalment payments. The interest amount, on the other hand, is kept in the income statement under financial expenses and the value of the asset recognised under tangible fixed assets is depreciated on a straight-line basis according to the economic and technical life of the asset, or, if shorter, on the basis of the expiry date of the lease contract.

The costs for lease instalments resulting from operating leases are posted at fixed amounts based on the duration of the contract.

▪ ***Impairment of assets***

The carrying amounts of tangible and intangible assets are periodically reviewed in accordance with IAS 36, which requires testing for any loss in value, where indicators suggest that such impairment may exist.

If impairment loss indicators are identified, the recoverable amounts recognised are checked by comparing the carrying amount booked in the financial statements against the greater of the net sale price (where there is an active market for the asset) and the value in use of the asset.

Value in use is determined by discounting expected future cash flows from the use of the asset (or assets grouped into cash-generating units) and from its disposal at the end of its useful life. Cash-generating units have been identified, in line with the Company's organisational and business structure, as the smallest identifiable groups of assets that generate independent cash inflows from the continuous use of the assets allocated to them.

▪ ***Equity investments in subsidiaries, associates and joint ventures***

Equity investments in subsidiaries, associates and joint ventures are measured at cost, less any impairment, determined in accordance with IAS 36. When there are specific indicators of impairment, the value of the investments in subsidiaries and associates, determined on the basis of the cost criterion, is tested for impairment.

For the impairment testing, the carrying out of the investments are compared against its recoverable amount, this defined as the greater of the fair value, less costs to sell, and the value in use. If the recoverable amount of an investment is less than its carrying amount, the carrying amount is reduced to the recoverable amount. This reduction constitutes an impairment loss, which is booked to the income statement.

For investments in listed companies, the fair value for the purposes of impairment testing is determined with reference to the market value of the investment regardless of the amount held. For investments in unlisted companies, the fair value is determined using estimates based on the best information available.

If the reasons for a previous write-down no longer apply, the carrying amount of the investment is restored with recognition in the income statement up to the original cost.

▪ **Current assets**

Trade receivables

Receivables are recognised at amortised cost which is generally their nominal amount, except in cases of significant extensions granted to customers. Their year-end value is adjusted to their estimated realisable value and written down in the event of impairment. Trade receivables in non-EMU currencies are converted at the year-end spot rates reported by the European Central Bank.

Other current financial assets

All financial assets recognised which are covered by the scope of IFRS 9 must be subsequently recognised at amortised cost or fair value based on the business model of the entity to manage financial assets and the characteristics of contractual cash flows of the financial asset.

Specifically:

- Debt instruments held within a business model whose objective is achieved by holding financial assets to collect contractual cash flows, and that have cash flows representing solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost;
- Debt instruments held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have cash flows representing solely payments of principal and interest on the principal amount outstanding, are subsequently measured at fair value with changes recognised in other components of the statement of comprehensive income;
- All other debt instruments and investments in equity instruments are subsequently measured at fair value, with changes recognised in profit (loss) for the year.

Cash and cash equivalents

This item includes petty cash, bank current accounts and deposits that are repayable on demand and other short-term and highly liquid financial investments that are readily convertible into cash, with an insignificant risk of a change in value.

▪ ***Treasury shares***

Treasury shares are recognised at cost and recorded as a reduction of shareholders' equity and all the gains and losses resulting from their trading are allocated to a specific shareholders' equity reserve.

▪ **Non-current liabilities**

▪ ***Employee benefits***

Post-Employment Benefit Plans

Employee leaving entitlements qualify as a post-employment benefit and are classified as a defined benefit plan. Using the projected unit credit method, amounts accrued are projected in order to estimate the final liability at the future time when employment will be terminated and are then discounted. The actuarial method is based on demographic and financial assumptions used to give a reasonable estimate of the benefits accrued by each employee for service.

The actuarial valuation results in the recognition of an interest cost under the item **Financial (Expenses)/Income** that represents the theoretical charge that the Company would incur if it requested a market loan for the amount of the employee leaving entitlements.

Actuarial gains and losses reflecting the impacts from changes in the actuarial assumptions used are recognised directly in shareholders' equity without ever going through the income statement.

Due to reforms to Italian employee leaving entitlements ("TFR") introduced by Law No. 296 of 27 December 2006 ("Finance Act 2007") and implemented by subsequent decrees and regulations, the accounting policies applied to TFR benefits accrued at 31 December 2006 and those accruing from 1 January 2007 were changed in accordance with IAS 19 and interpretations issued by Italian accounting standard setters in July 2007.

As a result of the Supplementary Pension Reform introduced, benefits accrued up to 31 December 2006 will continue to remain within the Company as a defined benefit plan (with the obligation for accrued benefits subject to actuarial valuation). Amounts accruing as of 1 January 2007 are either paid into supplementary pension funds or transferred by the Company to the treasury fund managed by the Italian National Social Security Institute (INPS) and are considered a defined contribution plan from the time employees have exercised their choice; accordingly, these amounts are not subject to actuarial valuation.

In the light of the reforms, it was necessary to remeasure the liability accrued at 31 December 2006 in order to update the actuarial assumptions underlying the actuarial method (the projected unit credit method) formerly used to determine the Company's future obligation and exclude the present value of future benefits accrued for service, given that the obligation had substantially matured. Remeasurement of the liability resulted in the recognition, in accordance with paragraph 109 of IAS 19, of non-recurring income from the curtailment of the obligation, debited to Personnel Expenses, and the reclassification of the valuation reserve for actuarial gains and losses at 31 December 2006 to Retained earnings.

Share-based payments

In accordance with IFRS 2, the Company classifies stock options as "share-based payments". Stock options that are "equity-settled" i.e. involving the physical delivery of the shares, are measured at the fair value at the grant date of the option rights assigned and recognised as a personnel expense to be spread evenly over the vesting period of the rights, with a corresponding reserve booked to shareholders' equity. This allocation is carried out based on the estimate of the rights that will actually accrue to the person entitled, in consideration of their vesting conditions not based on the market value of the rights. In accordance with IFRIC 11 *IFRS 2 - "Group and Treasury Shares Transactions"*, issued on 30 November 2006 and endorsed by the European Commission on 1 June 2007, stock options assigned by Mediaset S.p.A. to employees of its direct and indirect subsidiaries are accounted for as equity-settled and are recognised as equity contributions to the direct or indirect subsidiary, with a corresponding reserve booked to shareholders' equity.

▪ Provisions for risk and charges

Provisions for risks and charges include costs and charges whose existence is either certain or probable, but whose amount or date of occurrence cannot be determined at the reporting date. These provisions have been made only when there is a current obligation, resulting from past events, that can be of a legal or contractual nature, or arising from declarations or behaviour by the Company that create valid expectations in the persons concerned (implicit obligations).

The provisions are recorded at the value that represents the best possible estimate of the amount that the Company would have to pay in order to settle its obligation. When they are significant and the payment dates can be reliably estimated, the provisions are recognised at present values with the

charges resulting from the passage of time expensed in the income statement under the item "Financial (Expenses)/Income".

▪ **Non-current financial liabilities**

Non-current financial liabilities are recognised at amortised cost, using the effective interest rate method.

▪ **Current liabilities**

▪ **Trade payables**

Trade payables are recorded at their nominal amount, which is usually close to their amortised cost. Those originating in non-EMU currencies are converted at the year-end spot rates reported by the European Central Bank.

▪ **Financial derivatives and hedge accounting**

The Company conducts transactions to hedge the main financial risks associated with fluctuations in foreign exchange rates in connection with the acquisition, mainly by the direct subsidiary RTI S.p.A., of television broadcasting rights denominated in currencies other than the euro, in particular the US dollar.

Specifically, it makes use of derivative instruments (primarily currency futures) in its business to hedge the foreign currency risk associated with highly probable forecast transactions and payables for purchases that have been concluded.

These contracts are purchased on the market to hedge the foreign currency risk associated with the purchase of television broadcasting rights, but do not qualify for hedge accounting under IAS 39 in the Mediaset S.p.A. financial statements. Accordingly, they are recognised as Financial (Expenses)/Income in the income statement, with changes in their fair value recognised as realised foreign exchange gains/losses.

The fair value of currency futures is measured by discounting the difference between the **notional amount** priced at the **forward rate** of the contract, and the **notional amount** priced at the **fair forward rate** (the forward exchange rate measured at the reporting date).

The Company is exposed to interest rate risk on long-term loans subject to floating interest rates.

If an interest rate hedge is considered effective pursuant to IAS 39, the effective portion of the fair value adjustment of the derivative that is designated a hedging instrument and is eligible for hedge accounting is recognised directly in shareholders' equity, while the ineffective part is recognised in the income statement. The shareholders' equity reserve will have an impact on the income statement when the cash flows of the hedged item attributed to the hedged risk are realised, that is, when interest is paid.

As stated earlier, hedging instruments and the models used to measure them in accordance with IAS 39 are reported in Note 20 "*Disclosures on financial instruments and risk management policies*".

▪ **Revenue recognition**

Revenue is recognised at the time of transfer of control of the promised goods or services to the customer.

Revenues are shown net of returns, discounts, allowances and premiums, as well as any directly linked tax charges.

Cost recoveries are shown as a direct reduction of the related costs.

- **Cost recognition**

All costs that have a direct causal link to the revenues for the year, which can be identified specifically or based on hypotheses and assumptions, are recognised during the year. When there is no direct relationship, all costs that have been spread over time on a rational systematic basis are accrued.

- **Financial Income and Expenses**

Financial income and expenses are recognised in the income statement on an accrual basis.

- **Income taxes**

Current income taxes are recognised on the basis of the determination of taxable income in accordance with current tax rates and provisions currently in force, or essentially approved, at the end of the reporting period, taking into account any applicable exemptions and tax credits due.

Prepaid and deferred taxes are calculated based on the temporary differences between the statutory carrying amounts of balance sheet assets and liabilities and the corresponding amounts recognized for tax purposes, on the basis of the tax rates in force at the time when the temporary differences reverse. When earnings are posted directly to shareholders' equity, current taxes, prepaid tax assets and the deferred tax liabilities are also recognised in shareholders' equity.

As described in the paragraph on the tax consolidation scheme, Mediaset S.p.A. is the consolidating entity for the companies falling within this scope. Based on the existing tax consolidation contracts, the consolidating entity only remunerates losses generated by subsidiaries if they are considered recoverable within the forecast future taxable income generated within the scope of tax consolidation. The impairment and recoverability tests on deferred tax assets recorded in the financial statements at 31 December 2018 considered, with particular reference to tax losses generated under Italian tax consolidation, the taxable results derived from the five-year business plans (2019-2023) used for impairment testing over that period and, by extrapolating data from these plans, the results expected for subsequent years. The impairment test also considers the effects deriving from the temporary differences on which deferred tax liabilities are recognised.

If tax losses are transferred from subsidiaries, Mediaset S.p.A. makes a balance sheet entry, recording deferred tax assets and a tax consolidation payable with subsidiaries.

Deferred tax assets and liabilities are offset when it is lawful to offset current tax assets and liabilities, when they refer to taxes due to the same Tax Authority, and when the Company intends settling the current tax assets and liabilities on a net basis.

In the case of any changes in the carrying amount of deferred tax assets and liabilities arising from a change in tax rates or the related legislation, rules or regulations, the resulting deferred taxes are recognised in the income statement, unless they relate to items that have previously been debited or credited to shareholders' equity.

- **Dividend income**

Dividend income earned on equity investments is recognised in the income statement at the time the entitlement to a pay-out arises.

- **Foreign exchange gains and losses**

At the annual general meeting for the approval of the financial statements and the allocation of earnings, any net gains from the translation of foreign currency items at year-end exchange rates that are not absorbed to cover losses are allocated to a non-distributable reserve until their subsequent realisation.

Unrealised foreign exchange gains and losses are remeasured at the end of every year. If an overall net foreign exchange gain is found that is higher than the relative shareholders' equity reserve, the difference is added to the reserve. If a foreign exchange loss is found or a net gain that is lower than the reserve amount, the entire reserve or the surplus is released and reclassified as distributable when preparing the financial statements.

▪ **Use of estimates**

The preparation of the Financial Statements and the Explanatory Notes has required the use of estimates and assumptions both in the measurement of certain assets and liabilities and the valuation of contingent assets and liabilities. Specifically, the current macroeconomic environment, made unstable by the impacts of the ongoing financial crisis, has meant that the estimates regarding the future progress of these items have been made taking into account this high level of uncertainty.

The main estimates relate to the measurement of the recoverable amount of tax assets recognised, and of the investments in subsidiaries, associates and joint ventures.

In the presence of specific impairment indicators, the carrying amount of the investment is compared against its recoverable amount, this defined as the greater of the fair value, less costs to sell, and the value in use.

The main forecast data refer to the provisions for risks and write-downs.

The estimates and assumptions are periodically revised and the impacts of each individual change are posted to the income statement.

▪ **Changes in accounting estimates**

In accordance with IAS 8 these items are posted to the income statement on a prospective basis starting from the accounting period in which they are adopted.

New accounting standards, amendments and interpretations not yet in force and not adopted in advance by the Group

Standards which have been issued but are not yet in force at the reporting date of the Company are outlined below. The list refers to standards and interpretations that the Company reasonably expects to be applicable in the future. The Company does not intend opting for the early adoption of these standards.

IFRS 16 - Leases

On 13 January 2016, the IASB published standard IFRS 16 - "Leases", which replaces IAS 17 "Leasing", as well as the interpretations IFRIC 4 - "Determining Whether an Arrangement Contains a Lease", SIC-15 - "Operating Leases - Incentives", and SIC-27 - "Evaluating the Substance of Transactions Involving the Legal Form of a Lease".

The new standard provides a new definition of a lease and introduces a right-of-use approach to distinguish between lease agreements and service agreements, identifying as discriminatory:

- identification of the asset;
- the right to replace it;
- the right to essentially obtain all economic benefits deriving from use of the asset;
- and the right to direct the use of the asset underlying the contract.

The standard establishes a single model for the recognition and measurement of lease agreements for the lessee, whereby the leased asset, which may also refer to an operating lease, is recognised as an

asset with a financial debt recognised as an offsetting entry. In contrast, the standard does not include significant changes for lessors.

The standard applies from 1 January 2019, but early adoption is permitted.

The Company has completed the preliminary assessment of potential impacts resulting from the adoption of the new standard at the transition date (1 January 2019). This process comprised several stages, including the complete mapping of contracts that may potentially contain a lease, and their analysis, in order to understand the main clauses which are relevant for IFRS 16 purposes.

The Company has opted for retrospective adoption, however recognising the cumulative effect from adoption of the standard in shareholders' equity at 1 January 2019, according to provisions in IFRS 16, C7-C13. In particular, as regards lease agreements previously classified as operating leases, the Company will recognise:

- a financial liability, equal to the present value of future payments outstanding at the transition date, discounted using, for each agreement, the incremental borrowing rate applicable at the transition date;
- a right-of-use equal to the value of the financial liability at the transition date, net of any accruals referred to the lease and identified in the statement of financial position at the end of the reporting period.

IFRS 9 - Prepayment Features with Negative Compensation

Pursuant to IFRS 9, a debt instrument may be measured at amortised cost or at fair value in the statement of comprehensive income, on condition that contractual cash flows are "solely payments of principal and interest on the principal amount outstanding" (the SPPI test) and the instrument is classified in the appropriate business model. The amendments to IFRS 9 clarify that a financial asset meets the SPPI test regardless of the event or circumstance causing early termination of the contract and regardless of which party pays or receives reasonable compensation for early termination of the contract. The amendments must be applied retrospectively and are effective from 1 January 2019. Early adoption is permitted. These amendments did not have any impact on the Company's financial statements.

IFRIC 23 - Uncertainty over Income Tax Treatments (published on 7 June 2017)

This interpretation deals with uncertainties in the tax treatment to adopt for income taxes, stating that uncertainties in determining tax liabilities or assets should only be reflected in the financial statements when it is likely that the entity will pay or receive the amount in question. In addition, the interpretation does not contain any new disclosure requirement, but emphasises that the entity must establish whether it is necessary to provide information regarding the considerations made by management concerning the uncertainty in accounting for taxes, in accordance with IAS 1. The new interpretation applies from 1 January 2019, but early adoption is permitted.

Accounting standards, amendments and IFRS interpretations not yet endorsed by the European Union

Standards already issued but not yet endorsed for adoption at the end of the reporting period are outlined below. The list refers to standards and interpretations that the Company reasonably expects to be applicable in the future. The Company will adopt these standards when they become effective.

IAS 28: Long-term interests in associates and joint ventures

The amendments (not yet endorsed by EFRAG) state that an entity should adopt IFRS 9 for long-term interests in an associate or joint venture, for which the equity method is not adopted, but which are substantially part of the net investment in the associate or joint venture (long-term interests). This clarification is significant because it implies that the expected credit loss model of IFRS 9 should be used for such long-term interests. The amendments also clarify that an entity, in adopting IFRS 9, does not have to consider any losses of the associate or joint venture or impairment losses of the investment, identified as adjustments to the net investment in the associate or joint venture arising from the adoption of IAS 28 - *"Investments in Associates and Joint Ventures"*. The amendments must be applied retrospectively and are effective beginning on 1 January 2019. Early adoption is permitted.

On 12 December 2017, the IASB published the document **"Annual Improvements to IFRSs 2015-2017 Cycle"** which incorporates the amendments to some standards as part of the annual improvement process. The main amendments concern:

IFRS 3 - "Business Combinations" and IFRS 11 - "Joint Arrangements": the amendment clarifies that when an entity obtains control of a business that is a joint operation, it must remeasure the interest previously held in that business. This process is not, however, provided for in the event of obtaining joint control.

IAS 12 - "Income Taxes": the amendment clarifies that all tax effects related to dividends (including payments on financial instruments classified within equity) should be accounted for in a manner consistent with the transaction that generated those profits (income statement, OCI or equity).

IAS 23 - "Borrowing costs": the amendment clarifies that in the case of loans that remain in place even after the qualifying asset is ready for use or sale, these become part of the total loans used to calculate the borrowing costs.

The amendments apply from 1 January 2019, but early adoption is permitted.

IAS 19 - Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 (not yet endorsed by EFRAG) establish the accounting treatment in the case of a plan amendment, curtailment or settlement, during the reference period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the reporting period, an entity is required to:

- determine the current service cost, using the actuarial assumptions used to remeasure the liability (asset) net of defined benefits in such a way as to reflect the benefits of the plan and plan assets after such an event;
- determine the net interest for the remaining period after plan amendment, curtailment or settlement: the net liability (asset) for defined benefits which reflects the plan benefits and plan assets after such an event; and the discount rate used to remeasure the net liability (asset) for the defined benefits.

The amendments also clarify that an entity must initially quantify all costs relative to previous services, rather than the gain or loss realised at the time of settlement, without considering the effect of the asset ceiling. This amount is recognised in profit/(loss) for the year. Subsequently, after the plan amendment, curtailment or settlement, the entity quantifies the effect of the asset ceiling. Any change, with the exception of changes already accounted for in net interest, must be recognised in other components of the statement of comprehensive income. The amendments applies to plan amendments,

curtailments or settlements that occur in annual reporting periods beginning on or after 1 January 2019. Early adoption is permitted.

On 22 October 2018, the IASB published the document "**Definition of a Business (Amendments to IFRS 3)**". The document provides some clarifications regarding the definition of a business for the correct application of IFRS 3. In particular, the amendment clarifies that while a business usually produces outputs, the presence of outputs is not strictly necessary to identify a business in the presence of an integrated set of activities/processes and assets. However, to be considered a business, an acquired set of activities/processes and assets must include, at a minimum, an input and a substantive process that together contribute to the ability to create outputs. For this purpose, the IASB replaced the term "ability to create outputs" with "ability to contribute to creating outputs" to clarify that a business may also exist without the presence of all inputs and processes necessary to create output.

The amendment also introduces an optional concentration test, to determine whether an acquired set of activities/processes and assets is a business. If the test provides a positive outcome, the acquired set of activities/processes and assets does not constitute a business and the standard does not require additional controls. If the test provides a negative outcome, the entity must carry out additional analyses on the acquired activities/processes and assets to identify the presence of a business. To this end, the amendment includes numerous examples explaining IFRS 3, in order to aid understanding of the practical adoption of the new definition of business in specific cases. The amendments apply to all business combinations and acquisitions of assets after 1 January 2020, but early adoption is permitted.

On 31 October 2018, the IASB published the document "**Definition of Material (Amendments to IAS 1 and IAS 8)**". The document introduces an amendment to the definition of "material" contained in IAS 1 - "Presentation of Financial Statements" and IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors". The purpose of the amendment is to make the definition of "material" more specific and introduce the concept of "obscured information" alongside the concepts of omitted or misstated information already included in the two standards covered by the amendments. The amendment clarifies that information is obscured if it has been depicted in such a way as to produce an effect - for primary readers of financial statements - similar to that created if the information had been omitted or misstated.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments concern the conflict between IFRS 10 and IAS 28 with reference to the loss of control of a subsidiary that has been sold or contributed to an associate or a joint venture. The amendments clarify that the gain or loss resulting from the sale or disposal of assets that constitute a business, as defined by IFRS 3, between an investor and its associate or joint venture, must be wholly recognised. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, is recognised only within the limits of the portion held by third-party investors in the associate or joint venture. The IASB has indefinitely postponed the effective date of the amendments, but if an entity decides to apply them early it must do so on a forward-looking basis.

4. Other information

- *Dealings with subsidiaries, associates, holding companies, affiliates and related parties*

On 9 November 2010, the Board of Directors voted to adopt the "Procedure for Related-Party Transactions", for transactions carried out by Mediaset S.p.A. directly or through subsidiaries. This procedure was prepared in accordance with the principles set forth in the "Regulations containing Provisions on Related-Party Transactions" adopted by Consob in Resolution No. 17221 of 12 March 2010.

The procedure, which is published on the Company's website (www.mediaset.it/investor/governance/particorrelate_it.shtml), sets the rules for identifying, approving, executing and disclosing related-party transactions carried out by Mediaset S.p.A. directly or through subsidiaries, in order to ensure their transparency and substantive and procedural correctness, as well as establishing the cases where these rules do not apply.

The following tables show the breakdown of financial and business dealings with subsidiaries, associates, holding companies, affiliates and other related parties, conducted at arm's length conditions.

(Values in EUR thousands)

RECEIVABLES AND FINANCIAL ASSETS	Receivables and other non-current financial assets	Trade receivables	Other receivables and current assets	Intercompany financial receivables	Other current financial assets
Fininvest Group holding company					
Fininvest S.p.A.		14	30		
Mediaset Group subsidiaries					
Mediaset España Comunicación S.A.		13			
RTI - Reti Televisive Italiane S.p.A.	1,129	871		1,236,857	921
Medusa Film S.p.A.		82	4,666		
Publieurope Ltd.		2			
Publitalia '80 S.p.A.		175	13,965		
Digitalia '08 S.r.l.		11	100		
Elettronica Industriale S.p.A.		35			
Monradio S.r.l.		17	199	8,554	
Taodue S.r.l.		24	315	4,619	
Mediaset Premium S.p.A.		191	6,513	38,421	
RadioMediaset S.p.A.		23		46,628	
Radio Studio 105 S.p.A.		18	714		
Virgin Radio Italy S.p.A.		15	181	2,092	
RMC Italia S.p.A.				9,229	
Radio Engineering Co S.r.l.		8	138		
Radio Subasio S.r.l.		7	707		
Radio Aut S.r.l.			25		
Mediaset Group Associates					
Boing S.p.A.				516	2
Tivù S.r.l.		5			
Nessma SA					1,278
Mediamond S.p.A.					
Nessma Broadcast S.a.r.l.					1,749
El Towers S.p.A.		6			
Mediaset Group Affiliates					
Fininvest Group Affiliates					
Mediobanca S.p.A.			144		975
Banca Mediolanum S.p.A.					5

(EUR thousands)

FINANCIAL PAYABLES AND LIABILITIES	Non-current financial payables and liabilities	Trade payables	Other current payables and liabilities	Intercompany financial payables	Other current financial liabilities
Fininvest Group holding company					
Fininvest S.p.A.		36			
Mediaset Group subsidiaries					
RTI - Reti Televisive Italiane S.p.A.	4,085	659	75,018		4,690
Medusa Film S.p.A.		24	325	136,851	
Publieurope Ltd.				51,820	
Publitalia '80 S.p.A.		4	10,705	251,970	
Digitalia '08 S.r.l.			337	22,920	
Elettronica Industriale S.p.A.			23,772	732,428	
Monradio S.r.l.			1,186		
Taodue S.r.l.			4,520		
Mediaset Premium S.p.A.			144,441		
RadioMediaset S.p.A.			772		
Radio Studio 105 S.p.A.				6,161	
Radio Engineering Co S.r.l.				352	
Radio Subasio S.r.l.				3,478	
Radio Aut S.r.l.				2,667	
Mediaset Investment N.V.			9		
MC Productions S.r.l.				637	
Mediaset Group Associates					
Fascino Produzione e Gestione Teatro S.r.l.				1,135	
Boing S.p.A.			643		
Mediamond S.p.A.				4,329	
Adtech Ventures S.p.A.				47	
Mediaset Group Affiliates					
Fininvest Group Affiliates					
Mondadori Retail S.p.A.		11			
Mediobanca S.p.A.	98,449				1,559
Other related parties					
Mediafond			22		
Key management personnel		34	9,012		

(EUR thousands)

REVENUES AND COSTS	Operating revenues	Operating costs	Financial expenses	Financial income	(Expenses)/income from equity investments
Fininvest Group holding company					
Fininvest S.p.A.	47	744			
Mediaset Group subsidiaries					
Mediaset España Comunicación S.A.	214	-			101,970
Mediaset Investment S.a.r.l.		-			(322)
RTI - Reti Televisive Italiane S.p.A.	2,935	1,976	131,504	126,052	
Medusa Film S.p.A.	179	(0)			
Publieurope Ltd.	8	-			
Publitalia '80 S.p.A.	540	4			41,000
Digitalia '08 S.r.l.	38	-			
Elettronica Industriale S.p.A.	112	(0)			
Monradio S.r.l.	51	1		174	
Taodue S.r.l.	75	(13)		219	
Mediaset Premium S.p.A.	919	27	5	2,515	
RadioMediaset S.p.A.	69	6		1,048	
Radio Studio 105 S.p.A.	61	(12)		96	
Virgin Radio Italy S.p.A.	41	(4)		77	
RMC Italia S.p.A.		6		47	
Radio Engineering Co S.r.l.	26	(1)		12	
Radio Subasio S.r.l.	26	-			
R2 S.r.l.	31	-		32	
MC Productions S.r.l.		-		3	
Mediaset Group Associates					
Boing S.p.A.		2	11	8	
Tivù S.r.l.	5	-			
Nessma SA		140		12	
Mediamond S.p.A.		(6)		10	
Nessma Broadcast S.a.r.l.		192			
EI Towers S.p.A.	39	-			
Mediaset Group Affiliates					
Fininvest Group Affiliates					
Fininvest Real Estate & Services S.p.A.		6			
Mondadori Retail S.p.A.		11			
Mediobanca S.p.A.		14	1,624		
Banca Mediolanum S.p.A.					
Other related parties					
Key management personnel		12,242			

The most significant dealings between Mediaset S.p.A. and Group companies, summarised in the above tables, concerned:

- revenues from the supply of intercompany services in the areas of strategic planning, legal affairs, corporate affairs, institutional affairs, security services, personnel management and internal auditing, amounting to EUR 4,639 thousand, of which EUR 2,798 thousand to the subsidiary RTI S.p.A.;
- the licensing of the Fininvest trademark by the holding company Fininvest S.p.A. for a total of EUR 465 thousand, paid in full over the year;
- the leasing of buildings from the subsidiary RTI S.p.A. for a total of EUR 671 thousand, of which EUR 482 thousand was paid over the year;
- EUR 1,803 thousand for the supply of staff services governed by intercompany contracts to the subsidiary RTI S.p.A.;
- a term loan recorded at amortized cost, granted by Mediobanca S.p.A. on 18 November 2017 for a total contractual amount of EUR 100,000 thousand.

In 2018, intercompany dealings also concerned the management of equity investments, which in the period involved the collection of dividends from Mediaset España Comunicación S.A. for EUR 101,970

thousand and Publitalia '80 S.p.A. for EUR 41,000 thousand, as well as the capital loss from the disposal of the investment in the subsidiary Videotime Produzioni S.p.A. equal to EUR 1,913 thousand, and from the completion of the process to put Mediaset Investment S.a.r.l. in liquidation for EUR 322 thousand.

Operating revenues include fees on bank guarantees provided in favour of the indirect subsidiary Mediaset Premium S.p.A., primarily issued on behalf of UEFA, amounting to EUR 256 thousand, which ended in June 2018.

Mediaset S.p.A. provides centralised treasury services for the management of financial assets involving the use of intercompany current accounts, which generated:

- interest income from the following companies:
 - RTI S.p.A. EUR 35,269 thousand;
 - Mediaset Premium S.p.A. EUR 2,511 thousand;
 - RadioMediaset S.p.A. EUR 1,048 thousand;
 - Tao Due S.r.l. EUR 219 thousand;
 - Monradio S.r.l. EUR 174 thousand;
 - Radio Studio 105 S.p.A. EUR 96 thousand;
 - Virgin Radio Italy S.p.A. EUR 77 thousand;
 - RMC Italia S.p.A. EUR 46 thousand;
 - R2 S.r.l. EUR 32 thousand;
 - Radio Engineering Co. S.r.l. EUR 12 thousand;
 - Mediamond S.p.A. EUR 10 thousand;
 - MC Productions S.r.l. EUR 3 thousand;
 - Boing S.p.A. EUR 1 thousand.

Please note that interest expense is calculated only if the average Euribor one-month plus spread is greater than zero; no interest expense was accrued in the reporting period.

In accordance with IAS 24, compensation payable to directors is reported in the section "Other related parties".

Finally, pursuant to Consob Communication No. 1574 of 20 February 1997 and Consob Communication No. 2064231 of 30 September 2003, we report that in 2018 Mediaset S.p.A. did not incur costs for advisory services from related parties.

▪ **Treasury shares**

Treasury shares at 31 December 2018, acquired as per shareholder resolutions adopted at the annual general meetings of 16 April 2003, 27 April 2004, 29 April 2005, 20 April 2006 and 19 April 2007, totalled EUR 408,596 thousand (EUR 416,656 thousand at 31 December 2017, equivalent to 43,958,394 shares, earmarked to service approved incentive and buyback plans.

During the year, the following transactions took place concerning treasury shares:

- 223,862 treasury shares following the merger by acquisition of Videotime S.p.A., with a share swap ratio of 1 ordinary share of Videotime (nominal amount of EUR 0.52) assigned for every 0.294 ordinary shares of Mediaset of a nominal amount of EUR 0.52 each. The merger took place by assigning Videotime shareholders Mediaset treasury shares held in the portfolio, of an

amount necessary for the share swap ratio. The shares were made available to Videotime shareholders, according to the forms of the shares centralised with Monte Titoli S.p.A. and were dematerialised on 1 March 2018, the date when the merger became effective;

- 643,244 treasury shares transferred, according to conditions in the 2015 Plan regulations, which assign shares to individual plan participants, on expiry of the Plan, who may use the shares after paying relative taxes.

▪ **Stock option plans - share-based payments**

At 31 December 2018, medium/long-term incentive plans assigned for the years 2016, 2017 and 2018 were recognised in the financial statements for the purposes of IFRS 2.

In September 2018, a new medium/long-term incentive plan was assigned for the period 2018-2020. This Plan provides for the allocation of free rights for the granting of shares with regular dividend entitlement, subject to the achievement of performance targets, as well as the existence of an Employment Relationship with the Company at the end of the vesting period. The rights were allocated to each recipient, in exchange for the allocation by the latter of an amount corresponding alternatively to 25% or 50% of the profit bonus. The plan also provides for the granting of matching rights, free of charge, in a number equal to the basic rights.

The plans that had an impact on the income statement are those that can be exercised and which, at the reporting date, have not yet been concluded, or those that have vested during the year.

All the plans are equity-settled, i.e., they involve the allocation of treasury shares bought back from the market.

Options and the free allocation rights granted to the employee beneficiaries are linked to the Group's achievement of financial performance targets and the employee remaining with the Group for a certain length of time.

The details of the incentive plans can be summarised as follows:

	2015 Incentive Plan	2016 Incentive Plan	2017 Incentive Plan	2018 Incentive Plan
	(*)	(*)	(*)	(*)
Grant date	01/07/2015	01/07/2016	01/07/2017	11/09/2018
Vesting Period	from 01/07/2015 to 31/12/2017	from 01/07/2016 to 31/12/2018	from 01/07/2017 to 31/12/2019	from 11/09/2018 to 31/12/2020
Exercise period	from 01/08/2018	from 01/07/2019	from 01/07/2020	01/10/2021
Fair Value	4.312	3.771	3.447	2.5079

With reference to the new medium/long-term incentive plan, a total of 1,622,110 rights were assigned for ordinary shares of Mediaset S.p.A., whose grant period will start from 1 October 2021; compared to the previous year, the 2016 and 2017 incentive plans decreased by a total of 108,771 rights following the exit of Group employees from the plan.

Below is a summary of the changes to the medium/long-term incentive plans:

	2015 Incentive Plan (*)	2016 Incentive Plan (*)	2017 Incentive Plan (*)	2018 Incentive Plan (*)	Total
Options outstanding to 1/1/17	816,756	870,542	-	-	1,687,298
Assigned during the year	-	-	1,304,534	-	1,304,534
Expired during the year	(127,850)	(33,631)	-	-	(161,481)
Options outstanding to 31/12/17	688,906	836,911	1,304,534	-	2,830,351
Options outstanding to 1/1/18	688,906	836,911	1,304,534	-	2,830,351
Assigned during the year	-	-	-	1,622,110	1,622,110
Exercised during the year	(643,244)	-	-	-	(643,244)
Expired during the year	(45,662)	(51,742)	(57,029)	-	(154,433)
Options outstanding to 31/12/18	-	785,169	1,247,505	1,622,110	3,654,784

(*) Medium/long-term incentive plan with free granting of shares to the beneficiaries

The incentive plans are recognised in the financial statements at their fair value:

- Stock Option Plan 2016: EUR 3.771 per option;
- Stock Option Plan 2017: EUR 3.447 per option;
- Stock Option Plan 2018: EUR 2.5079 per option.

The fair value of the incentive plans was calculated based on the stock market price on the grant date.

▪ **Tax consolidation**

The following companies are consolidated for tax purposes under the tax consolidation regime adopted by Mediaset S.p.A. in accordance with Articles 117 *et seq.* of the Consolidated Income Tax Act:

- for the three-year period 2016-2018 Monradio S.r.l.;
- for the three-year period 2017-2019 Medusa Film S.p.A., Elettronica Industriale S.p.A., Boing S.p.A., Publitalia '80 S.p.A. and Digitalia' 08 S.r.l.;
- for the three-year period 2018/2020 RTI S.p.A., Mediaset Premium S.p.A., Tao Due S.r.l., Mediaset Investment NV, Radio Aut S.r.l. and Radio Subasio S.r.l....

▪ **Management and coordination activities**

Mediaset S.p.A. is subject to the de facto control of Fininvest S.p.A., as the latter owns 38.266% of the share capital. On 4 May 2004, Fininvest notified Mediaset that pursuant to Article 2497 *et seq.* of the Italian Civil Code, it would not conduct the management and coordination of Mediaset. The company acknowledged Fininvest's notification at the Board of Directors' meeting of 11 May 2004. Fininvest's statement is confirmed by the fact that Mediaset independently sets its own strategy and has full organisational, management and negotiating autonomy, as it is not subject to any steering or coordination of its business operations by Fininvest. Specifically, Fininvest does not issue any directives to Mediaset nor does it provide assistance or technical, administrative or financial coordination on behalf of Mediaset and its subsidiaries.

Merger by acquisition

By notarial deed of 20 February 2018, effective from 1 March 2018, the subsidiary Videotime S.p.A. was merged by acquisition.

At the date of the merger, values were as follows:

Merger by acquisition of Videotime S.p.A.		1 March 2018
Assets acquired		106,439
Equity investments in subsidiaries		99,083
Deferred tax assets		4
Trade and other current receivables		7,353
Liabilities acquired		7,895
Provision for risks and charges		2,500
Trade payables and other current liabilities		1,707
Intercompany financial payables		3,688
Costs and revenues acquired		(18)
Assets/liabilities acquired		98,562
Equity investment/Stock option plans		97,248
Treasury shares share swap		750
Merger reserve		564

NOTES ON MAIN ASSET ITEMS

(Values in EUR thousands)

5. Non-current assets

5.1. Property, plant and equipment

The tables below show the changes over the last two years in original cost, accumulated depreciation, write-downs and the net carrying amount.

Historical cost	Land and buildings	Plant and machinery	Technical and commercial equipment	Other assets	Tangible assets in progress	Total
01/01/17	6,129	733	183	3,675	-	10,719
31/12/17	6,129	733	183	3,675	-	10,719
Acquisitions	-	-	-	1	-	1
Divestments	-	-	-	(9)	-	(9)
31/12/18	6,129	733	183	3,667	-	10,712
Accumulated depreciation and impairment	Land and buildings	Plant and machinery	Technical and commercial equipment	Other assets	Tangible assets in progress	Total
01/01/17	1,560	729	174	3,646		6,109
Depreciation	24	1	1	7		33
31/12/17	1,584	730	176	3,652		6,142
Divestments	-	-	-	(9)		(9)
Depreciation	25	1	1	5		32
31/12/18	1,609	731	177	3,648		6,165
Net balance	Land and buildings	Plant and machinery	Technical and commercial equipment	Other assets	Tangible assets in progress	Total
01/01/17	4,569	4	8	29	-	4,610
Depreciation	(25)	(1)	(1)	(7)	-	(33)
31/12/17	4,545	3	7	22	-	4,577
Acquisitions	-	-	-	2	-	2
Depreciation	(25)	(1)	(1)	(5)	-	(32)
31/12/18	4,520	2	6	19	-	4,547

The item amounts to a total of EUR 4,547 thousand, down by EUR 30 thousand compared to the previous year mainly due to depreciation in the year.

The most significant item, **land and buildings**, consists entirely of the property located in Rome used as offices also by the other companies of the Group.

5.5 Equity investments

Equity investments in direct and indirect subsidiaries

	portion of ownership	31/12/18 carrying amount			portion of ownership	31/12/17 carrying amount		
		equity investment	stock opt.	total		equity investment	stock opt.	total
Videotime S.p.A.	100%	-	-	-	99,23874%	96,900	348	97,248
Mediaset España Comunicación S.A.	51.6312%	837,377	-	837,377	100.20792%	837,377	-	837,377
Mediaset Investment S.a.r.l.	100%	-	-	-	100%	8,108	-	8,108
RTI - Reti Televisive Italiane S.p.A.	100%	1,534,219	8,253	1,542,472	100%	1,534,219	7,127	1,541,346
Medusa Film S.p.A.	0%	-	982	982	0%	-	752	752
Publitalia '80 S.p.A.	100%	51,134	5,116	56,251	100%	51,134	4,320	55,455
Digitalia '08 S.r.l.	0%	-	58	58	0%	-	58	58
Elettronica Industriale S.p.A.	0%	-	111	111	0%	-	111	111
El Towers S.p.A.	0%	-	-	-	0%	-	305	305
Mediaset Premium S.p.A.	0%	-	71	71	0%	-	59	59
RadioMediaset S.p.A.	0%	-	55	55	0%	-	15	15
Mediaset Investment N.V.	100%	245	-	245	100%	45	-	45
Equity investments in subsidiaries		2,422,976	14,645	2,437,621		2,527,784	13,095	2,540,879
Provision for write-down of equity investments in subsidiaries				(251,749)				(253,095)
Total				2,185,872				2,287,783

The item amounts to a total of EUR 2,185,872 thousand, decreasing by EUR 101,911 thousand compared to the previous year and breaks down as follows:

- the merger by acquisition of the subsidiary Videotime S.p.A. on 20 February 2018 with legal effects as of 1 March 2018 and accounting effects as of 1 January 2018, for a total of EUR 96,900 thousand;
- on 1 March 2018, assets acquired following the acquisition of the subsidiary Videotime S.p.A. included 100% of the equity investment in Videotime Produzioni S.p.A. equal to EUR 99,083 thousand. On 8 March 2018, a deed of sale with the subsidiary RTI S.p.A. was signed for the sale of the equity investment for a total value of EUR 97,170 thousand, which generated a capital loss from the disposal of EUR 1,913 thousand;
- on 8 June 2018, the subsidiary Mediaset Investment S.a.r.l. in liquidation approved an advance on the liquidation surplus, amounting to EUR 5,000 thousand. On 27 September 2018, the subsidiary was removed from the Luxembourg Business Registers and the residual value of the equity investment, amounting to EUR 3,108 thousand net of the write-down of EUR 1,346 thousand, was written off, recording a loss from the equity investment of EUR 322 thousand as the differential in relation to the residual value paid;
- a payment of EUR 200 thousand to the subsidiary Mediaset Investment NV as per the shareholders' resolution of 21 September 2018, as an increase in share capital of EUR 45,000 thousand and the establishment of a share premium reserve for EUR 155,000 thousand;
- an increase of EUR 2,203 thousand as the portion accrued in the year corresponding to the value of 2016-2018, 2017-2019 and 2018-2020 medium/long-term Incentive Plan plans for employees of direct and indirect subsidiaries net of EUR 348 thousand relating to stock option plans for Videotime employees, reclassified under shareholders' equity following the merger by acquisition;
- a decrease of EUR 305 thousand due to the value of stock option plans, accrued in previous years, for employees of the indirect associate El Towers S.p.A., being reclassified under the item **Equity investments in associates and joint ventures**.

The item *Provision for the write-down of equity investments in subsidiaries* amounting to EUR 251,749 thousand (EUR 253,095 thousand at 31 December 2017) includes the write-down of the equity investment in RTI S.p.A. made during 2016.

The equity investments that had a carrying amount at 31 December 2018 exceeding the *pro rata* share of shareholders' equity, were:

- the equity investment of 51.63% in the share capital of Mediaset España Comunicación S.A., whose ordinary shares are listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges and on the Spanish electronic market (SIB); the carrying amount of the equity investment in Mediaset España Comunicación S.A. was confirmed considering, at the reporting date, the fair value assumed to be the company's market capitalization, measured on the basis of the share price at 31 December 2018. No impairment indicators were therefore identified;
- RTI S.p.A., which had shareholders' equity at 31 December 2018 of EUR 985,942 thousand and an equity investment value of EUR 1,282,470 thousand (EUR 1,534,219 thousand gross of the write-down of EUR 251,749 thousand). In this context, considering the embedded surplus values from companies which are subsidiaries, no impairment indicators were identified.

The statement of differences between the carrying amount and the share of shareholders' equity is reported in the attachment "List of equity investments in subsidiaries at 31 December 2018 (Article 2427, Paragraph 5 of the Italian Civil Code)".

Equity investments in associates and joint ventures

	31/12/18		31/12/17	
	ownership interest	carrying amount	ownership interest	carrying amount
Nessma S.A.	34.12%	-	0.00%	-
Nessma Broadcast S.a.r.l.	32.27%	468	0.00%	-
2i Towers Holding S.p.A.	40.00%	465,329	0.00%	-
El Towers S.p.A.	0.00%	305	0.00%	-
Total		466,102		-

The newly introduced item amounts to EUR 466,102 thousand and is made up as follows:

- acquisition of the equity investment of 2i Towers Holding S.p.A. for a total value of EUR 465,329 thousand as a result of the events described as follows: on 16 July 2018, Mediaset signed a partnership agreement with the infrastructure fund F2i SGR resulting in Mediaset taking an associate interest in 2i Towers Holding S.p.A., an indirect subsidiary of F2i. On the same date, 2i Towers S.p.A. (an SPV entirely owned by 2i Towers Holding S.p.A.) launched a voluntary take-over bid, subject to obtaining the required authorisations, on the entire share capital of El Towers S.p.A., in which Mediaset held a controlling interest of 40.001% through the subsidiary Elettronica Industriale S.p.A.. The offer provides for a consideration equal to EUR 57.00 for each share, entailing a premium equal to 19.2% compared to the weighted average of the prices recorded during the six months preceding the announcement of the transaction. On 5 October, the offer became fully effective after all the conditions were fulfilled and, on 12 October, the process has been completed with the payment of the consideration. On 19 October, the shares of El Towers S.p.A. were delisted. At the end of the operation, Mediaset holds an associate interest of 40% on the

share capital of 2i Towers Holding S.p.A., which holds 100% of EI Towers S.p.A.. No impairment indicators on the equity investment in 2i Towers Holding S.p.A have been identified.

- transfer from the subsidiary Mediaset Investment S.a.r.l. in liquidation of a 32.27 % share in Nessma Broadcast S.a.r.l. for a carrying amount of EUR 468 thousand, and a 34.12 % share in Nessma S.A. for a carrying amount of EUR 1;
- the reclassification of EUR 305 thousand as the value of stock option plans, accrued in previous years, for employees of the indirect associate EI Towers S.p.A..

No indicators of impairment loss relating to associates were identified.

Equity investments in other companies

	31/12/18		31/12/17	
	ownership interest	carrying amount	ownership interest	carrying amount
Auditel S.r.l.	6.45%	2	6.45%	2
Kirch Media GmbH & Co. KGaA in administration	2.28%		0%	-
Nessma Entertainment S.a.r.l.	0.00016%		0%	-
Total		2		2

This item is unchanged compared to the previous year. During the current year, the share of 2.28% in Kirch Media GmbH & Co. and the share of 0.00016% in Nessma Entertainment S.a.r.l. were transferred from the subsidiary Mediaset Investment S.a.r.l. in liquidation.

5.6 Receivables and other non-current financial assets

	31/12/18				31/12/17
		Due			
	Total	In 1 year	From 1 to 5 years	After 5 years	Total
Other non-current receivables	3,658	-	3,658	-	158
Forward derivatives from third parties amount due after 12 months	2,643	-	2,643	-	-
Forward derivatives from subsidiaries amount due after 12 months	1,129	-	1,129	-	15,078
IRS derivatives amount due from third parties after 12 months	101	-	101	-	357
Total	7,531	-	7,531	-	15,593

The item amounts to a total of EUR 7,531 thousand, decreasing by EUR 8,062 thousand compared to the previous year.

The change was made up as follows:

- EUR 3,658 thousand from non-current receivables due from others of which EUR 3,500 thousand from receivables relating to two insurance policies with a minimum guaranteed return taken out during the year and EUR 158 thousand from receivables for security deposits;
- EUR 2,643 thousand refers to the non-current portion of the fair value of derivative contracts with UniCredit S.p.A. to hedge risks resulting from fluctuations of foreign currencies in relation to highly likely future obligations, as well as payables for purchases already completed, for the Company and for its direct and indirect subsidiaries;
- EUR 1,129 thousand due to the item **Derivatives** for forward transactions with subsidiaries, which represent the non-current portion of the fair value of derivatives for forward contracts on foreign currencies that Mediaset S.p.A., after purchase on the market to hedge against risks deriving from fluctuations in foreign currencies in relation to highly likely future obligations, as well as payables for purchases already made by its direct and indirect subsidiaries, transferred to the latter by entering into an intercompany agreement at the same conditions;
- EUR 101 thousand from the non-current portion of fair value of two interest rate swaps (IRS) entered into in 2016 with UniCredit to hedge interest rate risk on a loan totalling EUR 200,000 thousand taken out during the same year with UniCredit, reported in the item **Non-current financial liabilities**.

5.9 Deferred tax assets

The amount shown in the table corresponds to the balance sheet amount for the credit from deferred tax assets calculated on the basis of temporary differences between the balance sheet figures and the corresponding amounts recognised for tax purposes, as well as tax losses transferred from Group companies that are party to the national tax consolidation scheme.

Deferred tax assets are measured on the basis of the current tax rates applicable at the time the differences are offset and are considered to be recoverable on the basis of taxable results that may be inferred from the business plans of the subsidiaries.

	31/12/18	31/12/17
Opening balance	205,901	149,852
Credits/(debits) through profit or loss	1,904	(55)
Tax charged to equity	351	3
Company incorporation	4	-
Other changes	23,541	56,101
Closing balance	231,701	205,901

The table below details the changes in deferred tax assets for the period under review.

	31/12/18		31/12/17	
	Amount of differences temporary	Effect tax	Amount of differences temporary	Effect tax
Deferred tax assets for:				
Intangible fixed assets	10	2	11	3
Provision for litigation/labour disputes	46	11	119	28
Directors' compensation	9,060	2,175	911	219
Provision for bad debts on distribution advances	-	-	-	-
Taxed provision for bad debts	152	36	156	37
Membership fees	34	8	-	-
Post-employment benefit plans	1,646	395	1,640	394
Provision for bad debts (financial receivables)	1,303	313	-	-
Tax losses from tax consolidation	953,171	228,761	855,086	205,220
Total deferred tax assets	965,422	231,701	857,923	205,901

The item amounts to a total of EUR 231,701 thousand, increasing by EUR 25,800 thousand compared to the previous year.

At 31 December 2018, the deferred tax assets relating to tax losses carried forward for an unlimited period for IRES tax purposes amounted to EUR 228,761 thousand (EUR 205,901 thousand at 31 December 2017); the impairment and recoverability tests on deferred tax assets recorded in the financial statements at 31 December 2018 considered, with particular reference to tax losses generated under Italian tax consolidation, the taxable results derived from the five-year business plans (2019-2023) used for impairment testing over that period and, by extrapolating data from these plans, the results expected for subsequent years. The impairment test also takes consideration of the effects deriving from the temporary differences on which deferred tax liabilities are recorded.

6. Current Assets

6.2 Trade receivables

At the end of the year this item was broken down as follows:

	Total	31/12/2018		31/12/2017	
		In 1 year	Due From 1 to 5 years	After 5 years	
Receivables from customers	171	171			160
Provision for bad debts	(156)	(156)			(156)
Total net receivables from customers	15	15	-	-	4
Receivables from subsidiaries	1,490	1,490			5,584
Receivables from associates and joint ventures	11	11			5
Receivables from parent companies	14	14			
Total	1,531	1,531	-	-	5,593

Trade receivables

The item, net of the provision for bad debts, amounts to EUR 15 thousand, increasing by EUR 11 thousand compared to the previous year.

The provision for bad debts amounting to EUR 156 thousand, did not change compared to the previous year and represents the write-down of receivables carried out for all customers with different percentages in relation to the receivable recovery process conducted by the area in charge, and later by the legal department.

Trade receivables from subsidiaries

Trade receivables from subsidiaries amount to EUR 1,490 thousand and mainly consisted of:

- EUR 1,280 thousand (of which EUR 767 thousand from the subsidiary RTI S.p.A.) for the supply of intercompany services in the areas of strategic planning, legal affairs, corporate affairs, institutional affairs, security services, personnel management and internal auditing;
- EUR 108 thousand (of which EUR 48 thousand from the subsidiaries Publitalia '80 S.p.A. and RTI S.p.A.) for fees for employee directors;
- EUR 102 thousand of other receivables.

Trade receivables from associates and joint ventures

Trade receivables from associates and joint ventures, amounting to EUR 11 thousand, mainly relate to the charge-backs for fees paid to directors who waived the remuneration in favour of Mediaset S.p.A.

Trade receivables from parent companies

Trade receivables from parent companies amount to EUR 14 thousand and refer to charges for property leases to the holding company Fininvest S.p.A

6.3 Tax receivables

This item was broken down as follows:

	31/12/18	31/12/17
Receivables from tax authorities for IRES tax from tax consolidation	29,882	29,265
Receivables from tax authorities for IRAP tax	1,767	671
Total	31,649	29,936

The item amounts to a total of EUR 31,649 thousand, up by EUR 1,713 thousand compared to the previous year.

Details of the items are provided below:

Receivables from tax authorities for IRES from tax consolidation

The item amounts to EUR 29,882 thousand and is made up as follows:

- EUR 13,672 thousand in receivables due as a result of the application for an IRES tax refund submitted in a capacity as consolidating entity for the deductibility of IRAP tax due on employee

expenses and other staff for the five-year period 2007-2011 (Article 2, Paragraph 1-*quater* of Decree Law 201 of 6 December 2011);

- EUR 16,210 thousand in tax receivables carried forward recognised in the Group national tax consolidation scheme.

Receivables from tax authorities for IRAP tax

The item amounts to EUR 1,767 thousand, increasing by EUR 1,096 thousand compared to the previous year, due to the merger by acquisition of the subsidiary Videotime S.p.A. on 1 March 2018.

6.4 Other receivables and current assets

Below is a breakdown of the item:

	31/12/18	31/12/17
Receivables from employees	165	13
Advances	235	547
Receivables from social security institutions	56	15
Receivables from tax authorities	8,373	684
Receivables from others	176	141
Sundry receivables from subsidiaries	27,523	21,773
Sundry receivables from associates	-	2,471
Accrued income	-	7
Prepaid expenses	581	1,017
Total	37,109	26,668

The item amounts to a total of EUR 37,109 thousand, increasing by EUR 10,441 thousand compared to the previous year.

This item includes receivables relating to future periods of over 12 months amounting to EUR 170 thousand.

The fair value of the receivables is believed to approximate their carrying amount.

Details of the items are provided below.

Other receivables due from subsidiaries

The item amounts to a total of EUR 27,523 thousand and is made up as follows:

- EUR 17,542 thousand for the IRES tax receivable resulting from tax consolidation in relation to subsidiaries that participate in the Group's tax burden pursuant to the agreement to exercise the option to use the national tax consolidation scheme, of which mainly from the subsidiary Publitalia 80 S.p.A. for the amount of EUR 13,965 thousand;
- EUR 9,981 thousand for the receivable related to the Group VAT procedure, mainly from the indirect subsidiary Mediaset Premium S.p.A. for EUR 6,513 thousand.

Receivables from tax authorities

The item amounts to EUR 8,373 thousand, increasing by EUR 7,689 thousand compared to the previous year and is made up as follows.

- EUR 2,874 thousand of tax assets mainly comprising the amount receivable following payment for tax arrears relating to the notices of assessment for the 2004 and 2005 financial years for VAT, and the amount receivable from the VAT vehicle refund for 2004, both recognised following the merger by acquisition of the subsidiary Videotime S.p.A. on 1 March 2018. The notices of assessment were appealed against in accordance with law and tax proceedings with competent bodies are pending. The item "Provisions for risks and charges" includes a provision to cover the value of deferred tax assets in the event of losing the appeal.
- EUR 5,499 thousand relating to the tax asset for Group VAT in December 2018.

Prepaid expenses

The item amounts to a total of EUR 581 thousand and is made up as follows:

- EUR 278 thousand in costs incurred to secure medium/long-term loans to Mediobanca, Intesa Sanpaolo and BNL;
- EUR 35 thousand for fees on bank guarantees paid in advance;
- EUR 268 thousand mainly consisting of costs for rental expenses and insurance premiums.

6.5 Intercompany financial receivables

Intercompany financial receivables from subsidiaries

These concerned current account relationships in place with the Group's subsidiaries as detailed below:

	31/12/18	31/12/17
Videotime S.p.A.	-	4,059
Tao Due S.r.l.	4,619	15,641
RTI S.p.A.	1,236,857	1,381,112
Mediaset Premium S.p.A.	38,421	-
Monradio S.r.l.	8,554	4,609
RadioMediaset S.p.A.	46,628	26,582
Radio Studio 105 S.p.A.	-	11,951
Virgin Radio Italy S.p.A.	2,092	5,506
Radio Engineering Co. S.p.A.	-	1,151
RMC Italia S.p.A.	9,229	-
Total	1,346,400	1,450,611

The current account relationships with subsidiaries and joint ventures are governed by a master agreement entered into on 18 December 1995 that provides for the application of interest rates for the year 2018 calculated on the basis of the average Euribor one-month plus a spread. For interest expense the spread is equal to 3% while it is 0.20% for interest income. Interest income is calculated only if the

average Euribor one-month plus spread is greater than zero. From 1 January 2017, interest is paid on 31 December of each year, while interest expense is charged on 1 March of the year following the year to which it relates. As of 1 January 2019, the spread used for rates on interest expense will be 2.30%, while it will remain unchanged for rates on interest income.

During 2018 new intercompany current accounts were opened by Mediaset S.p.A., in the names of

- the indirect subsidiary RMC Italia S.p.A. - opened on 01/09/2018;
- the indirect subsidiary cubic MC Productions S.r.l. - opened on 01/09/2018.

The current accounts in the names of the subsidiaries Videotime S.p.A. and Videotime Produzioni S.p.A. were closed on 1 March 2018 and 1 July 2018 respectively, following the mergers by acquisition with Mediaset S.p.A. and RTI S.p.A. respectively.

Intercompany financial receivables from joint ventures

This item includes current account relationships in place with the Group's joint ventures as detailed below:

	31/12/18	31/12/17
Boing S.p.A.	516	-
Mediamond S.p.A.	-	1,542
Total	516	1,542

6.6 Other current financial assets

The item is broken down as follows:

	31/12/18	31/12/17
Financial assets for non-hedging derivatives		
Derivatives for forwards from third parties	6,148	85
Derivatives for forwards to subsidiaries	921	17,670
Derivatives for forwards to associates	2	2
Total	7,071	17,757
Financial assets for hedging derivatives		
IRS derivatives to third parties	-	249
Total	-	249
Current financial assets to third parties	7,445	-
Current financial assets to associates	3,027	-
Total	10,472	-
Total	17,543	18,006

The item amounts to a total of EUR 17,543 thousand, decreasing by EUR 463 thousand compared to the previous year.

This item was broken down as follows:

Derivatives for exchange rate risk

This is the fair value of derivatives, mainly forward currency contracts, purchased by Mediaset S.p.A. on the market to hedge risks of subsidiaries resulting from fluctuations of foreign currencies in relation to highly likely future obligations, as well as payables for purchases already completed.

The fair value of currency futures is measured by discounting the difference between the notional amount priced at the forward rate of the contract, and the notional amount priced at the fair forward rate (the forward exchange rate measured at the reporting date).

In particular, Mediaset S.p.A. gathers information concerning positions subject to exchange risk from the subsidiaries RTI S.p.A., Videotime Produzioni S.p.A., Medusa Film S.p.A., Mediaset Premium S.p.A. and from the joint venture Boing S.p.A. and, once the derivative contract has been entered into on the market, it transfers it to these subsidiaries by entering into an intercompany agreement under the same terms and conditions.

In the financial statements, these contracts are classified as hedges pursuant to IAS 39, and are recorded by posting fair value changes to the income statement in the item "Realised gains and losses, and gains and losses from the valuation of foreign exchange".

Other current financial assets

The newly introduced item amounts to EUR 10,472 thousand and is made up as follows:

- EUR 7,445 thousand relating to the current financial receivable from R2 S.r.l. generated following Group deconsolidation on 30 November 2018;
- EUR 3,027 thousand relating to current financial receivables, of which EUR 1,278 thousand from Nessma S.A., recognised net of the write-down of EUR 140 thousand and EUR 1,749 thousand from the joint venture Nessma Broadcast S.a.r.l., net of the write-down of EUR 192 thousand.

6.7 Cash and cash equivalents

The item was broken down as follows:

	31/12/18	31/12/17
Bank and postal deposits	218,322	24,231
Cash and cash equivalents	13	13
Total	218,335	24,244

The item amounts to a total of EUR 218,335 thousand, increasing by EUR 194,091 thousand compared to the previous year.

The item includes current account relationships maintained with leading domestic and foreign banks for the amount of EUR 218,322 thousand and cash and revenue stamps totalling EUR 13 thousand.

For details of the increase that occurred during the year, see the statement of cash flows and comments on the net financial position.

NOTES ON MAIN SHAREHOLDERS' EQUITY AND LIABILITY ITEMS

(Values in EUR thousands)

8. Shareholders' equity

Below are comments on the main categories that make up equity and the related changes in the period.

8.1 Share capital

At 31 December 2018, share capital totalling EUR 614,238 thousand, which was fully subscribed and paid in, consisted of 1,181,227,564 ordinary shares with a nominal value of EUR 0.52 each. No change occurred in the year under review.

8.2 Share premium reserve

At 31 December 2018, the share premium reserve amounted to EUR 275,237 thousand. No change occurred in the year under review.

8.3 Treasury shares

This item includes Mediaset S.p.A. shares purchased following resolutions of the Ordinary Shareholders' Meetings of 16 April 2003, 27 April 2004, 29 April 2005, 20 April 2006 and 19 April 2007. On 27 June 2018, the Shareholders' Meeting renewed the Board of Directors' mandate to purchase treasury shares up to a maximum of 118,122,756 shares (10% of the share capital). The mandate is valid until the approval of the financial statements at 31 December 2018, or for no longer than 18 months from the date of the last shareholder resolution.

	31/12/18		31/12/17	
	Number	Carrying amount	Number	Carrying amount
Treasury shares - opening balance	44,825,500	416,656	44,825,000	416,656
decreases	(867,106)	(8,060)	-	-
Treasury shares - closing balance	43,958,394	408,596	44,825,000	416,656

At 31 December 2018, the carrying amount of the treasury shares was equal to EUR 408,596 thousand, consisting of 1,028,394 shares earmarked to service approved stock option plans and 42,930,000 shares acquired under the share buyback resolutions of 13 September 2005 and 8 November 2005. The item, compared to the previous year, registered a decrease of 867,106 shares for a value of EUR 8,060 thousand.

Changes for the period are broken down as follows:

- 223,862 treasury shares assigned to minority interests of Videotime S.p.A. following the merger by acquisition of the company, with a share swap ratio of 1 ordinary share of Videotime (nominal amount of EUR 0.52) assigned for every 0.294 ordinary shares of Mediaset for a nominal amount of EUR 0.52 each. The merger took place by assigning Videotime shareholders Mediaset treasury shares held in the portfolio, for the amount necessary for the share swap ratio. The shares were made available to Videotime shareholders, according to the forms of the shares centralised with Monte Titoli S.p.A. and were dematerialised on 1 March 2018, the date when the merger became effective;

- 643,244 treasury shares transferred to 2015 Incentive Plan participants, according to conditions in the plan regulations, which assign shares to individual plan participants, on expiry of the Plan, who may use the shares after paying related taxes.

At 31 December 2018, there were no treasury shares used to stabilise market value.

8.4 Other reserves

The item is broken down as follows:

	31/12/18	31/12/17
Legal reserve	122,848	122,848
Extraordinary reserve	1,354,876	1,285,725
Merger reserve	621,642	621,079
Reserve for profit/loss from treasury share trading	(7,141)	(2,605)
Other available reserves	16,324	16,324
Total	2,108,549	2,043,370

Legal reserve

At 31 December 2018, this reserve totalled EUR 122,848 thousand. No change occurred during the year since the reserve had already reached the level of 20% of share capital.

Extraordinary reserve

At 31 December 2018, this reserve amounted to EUR 1,354,876 thousand and increased by EUR 69,151 thousand compared to the previous year, due to 2017 profit undistributed as per the shareholders' resolution of 27 June 2018.

Merger reserve

At 31 December 2018, this item amounted to EUR 621,642 thousand, increasing by EUR 563 thousand compared to the previous year, due to the merger by acquisition of the subsidiary Videotime S.p.A. on 1 March 2018. The item mainly refers to EUR 621,071 thousand resulting from the merger of the subsidiary Mediaset Investimenti S.p.A. on 31 December 2012, showing the difference between the shareholders' equity of the merged company (EUR 1,606,837 thousand) at 31 December 2012 (less reserves for intercompany transactions) and the carrying amount of the equity investment (EUR 954,000 thousand), after tax of EUR 31,766 thousand.

Reserve for profit/loss from treasury share trading

This item has a negative balance of EUR 7,141 thousand and, compared to the previous year, increased by EUR 4,536 thousand due to the negative effects on changes during the year, already commented on in the item *Treasury shares*. This item includes EUR 2,605 thousand due to the negative impact of transactions occurring in previous periods, net of related taxes.

Other available reserves

This item, which totals EUR 16,324 thousand, is mainly related to amounts released from the Reserve for medium/long-term Incentive Plans for employees of the company and employees of subsidiaries which became available due to the expiry of the options. No change occurred in the year under review.

8.5 Valuation reserves

The item is broken down as follows:

	31/12/18	31/12/17
IRS hedging reserve	963	1,534
M/L-term incentive plans reserve	2,371	2,653
M/L-term subsidiary incentive plans reserve	3,751	3,110
Reserve for actuarial gains/(losses)	(895)	(891)
Total	6,189	6,406

The item **Hedging reserve for IRS** amounts to EUR 963 thousand and states the fair value at 31 December 2018, net of the tax effect, of three interest rate swaps hedging the interest rate risk on two loan agreements negotiated during the year with UniCredit and Intesa Sanpaolo, reported in the item **Non-current financial liabilities**.

The **Medium/long-term Incentive Plans reserves** total EUR 6,122 thousand, up by EUR 359 thousand compared to the previous year. The items include the offsetting entry of the amount accrued at 31 December 2018, determined based on the stock market price at the grant date, for the 2016-2018, 2017-2019 and 2018-2020 plans allocated by Mediaset S.p.A. to its employees and the employees of direct and indirect subsidiaries.

The **Reserve for actuarial gains (losses)**, which had a negative balance of EUR 895 thousand (negative balance of EUR 891 thousand at 31 December 2017), included actuarial components (after deferred taxes) related to the valuation of defined benefit plans. These components are allocated directly to shareholders' equity.

The table below shows the changes in these reserves over the year.

	Balance at 01/01/18	Increases/ (decreases)	Charged to income statement	Fair value changes	Deferred tax liabilities	Balance at 31/12/18
IRS hedging reserve	1,533	-	-	(751)	180	962
Employee m/l-term incentive plans	2,653	(282)	-	-	-	2,371
Subsidiary employee m/l-term incentive plans reserve	3,110	641	-	-	-	3,751
Reserve for actuarial gains/(losses)	(890)	(6)	-	-	1	(895)
Total	6,406	353	-	(751)	181	6,189

8.6 Retained earnings (losses)

This item has a negative balance of EUR 808,413 thousand and mainly refers to the combined impact of all adjustments made for **First-time adoption** and of the profit for the financial year 2005. The increase equal to EUR 1,108 thousand compared to the previous year reflects the adjustments made for the first-time adoption of IFRS 9, net of related taxes.

As required by the provisions of corporate law, the following table provides a detailed breakdown of shareholders' equity items indicating whether it is possible to use and distribute reserves:

	Amount	Possibility of use	Summary of utilisation in the three previous years	
			For hedging losses	For other reasons
Capital	614,238	=	-	-
Treasury shares	(408,596)	=	-	-
Share premium reserve	275,237	A B C	-	-
Merger reserve	621,642	A B C	-	-
Legal reserve	122,848	B	-	-
Extraordinary reserve	1,354,876	A B C	-	-
Pr. share gains/losses reserve @	(7,141)	=	-	-
Other available reserves	16,324	A B C	-	-
Valuation reserves	6,189	=	-	-
Gains/(Losses) previous years IAS/IFRS	(809,521)	=	-	-
Total	1,786,096		-	-
Profit/(loss) for the year	111,843		-	-
Distributable portion	1,154,664		-	-

Legend:

A - to increase share capital

B - to cover losses

C - to distribute to shareholders

Article 1, Paragraph 33, Letter q) of the 2008 Finance Law abolished Paragraph 4, Letter b) of Article 109 of the TUIR, which had made it possible to deduct certain income components not recognised in the income statement on an off-record basis.

As a result of the abolished regulation, there continues to be a restriction on the ability to distribute reserves for the amount of EUR 1,194 thousand originating from off-record deductions made up until 31 December 2007 and not affected by the optional exemption mechanism governed by Article 1, Paragraph 48 of the 2008 Finance Law.

8.7 Profit (loss) for the year

This item reflects the profit for the year of EUR 111,843,478.68 (profit of EUR 69,151,696.07 at 31 December 2017).

9. Non-current liabilities

9.1 Post-employment benefits plans

Employee benefits, which by Italian law are classified as leaving entitlements (TFR), are considered by IAS 19 to be "post-employment benefits" of the "defined benefit" type, and are therefore valued using the actuarial "Projected Unit Credit Method".

The valuation of Mediaset S.p.A. obligations to its employees was carried out by an independent actuary, according to the following steps:

- Projected estimate of the cost of employee leaving entitlements already accrued at the valuation date and amounts that will accrue up to the future point in time when employment contracts terminate or the when the accrued amounts are paid in part as advances on entitlements;

- Discounting, at the valuation date, of the expected cash flows Mediaset S.p.A. will pay to its employees in the future;
- Re-proportioning of the accrued benefits discounted based on length of service at the valuation date compared to the length of service expected at the hypothetical date of payment by Mediaset S.p.A.

The actuarial valuation of employee leaving entitlements in accordance with IAS 19 was conducted specifically for the closed population of current employees, i.e. detailed calculations were made for each Mediaset S.p.A. employee, without taking into account any future hires.

The actuarial valuation model is based on "technical bases" consisting of demographic, economic and financial assumptions relating to the valuation parameters.

The assumptions adopted, and confirmed for the year 2018, are summarised below:

Demographic assumptions

Probability of death	Taken from the ISTAT life expectancy table broken down by age and gender, updated at 2017.
Probability of employees leaving the Company	Percentages of retirement, resignation/dismissal and contract termination were taken from observation of the Company's historical data. The employee leaving probabilities used were broken down by age, gender and contractual job title (office workers, managers and executives/journalists). For personnel with a fixed-term contract, the time horizon was moved to the expected end of the contract and it was assumed that no employees on these contracts would leave before the end of the contract. Actuarial assessments considered the start dates for pension benefits envisaged by Decree Law No. 201 of 6 December 2011 " <i>Urgent provisions for growth, fairness and the consolidation of public accounts</i> ", converted, with amendments, by Law No. 214 of 22 December 2011, as well as regulations bringing in line requirements to access the pension system to increases in life expectancy, pursuant to Article 12 of Decree Law No. 78 of 31 May 2010, converted, with amendments, by Law No. 122 of 30 July 2010.
Advances on post-employment benefits	The frequency of advances and average percentages of accrued post-employment benefits that may be requested as an advance were taken from observation of the Company's historical data.
Supplementary pensions	Employees that have paid their entire post-employment benefits into a supplementary pension scheme have released the Company of any commitments regarding said benefits, and were not therefore considered in the assessments. For all other employees, assessments were made taking into account the decisions actually made by employees, updated to 31/12/2018.

Economic and financial assumptions

Inflation rate	The inflation scenario was taken from the " <i>2018 Economy and Finance Document</i> ", using an inflation rate equal to 1.50% as the average scheduled inflation scenario.
Discounting rates	Interest rate curve for bonds of leading companies at the measurement date. In particular, the "Composite" interest rate curve of securities issued by corporate issuers with an AA investment grade rating of the euro area at 31 December 2018 was used (source Bloomberg).

During the year, the reserve changed as follows:

Provision at 01/01/18	1,206
Amount accrued and posted to the income statement	(3)
Provision transferred from other subsidiaries, affiliates and associates	1
Indemnities paid in the year	(164)
Actuarial loss/(gain)	6
Provision transferred to other subsidiaries, affiliates and associates	(3)
Provision at 31/12/18	1,043

The table below shows the effects on the TFR reserve of the sensitivity analysis of the main demographic and economic and financial assumptions relating to the parameters involved in the calculation.

Economic and financial assumptions		DBO
Discounting rates curve	+50 bps	1,009
	-50 bps	1,080
Inflation rate	+50 bps	1,066
	-50 bps	1,022
Demographic - actuarial assumptions		DBO
Salary increases	+50 bps	1,043
	-50 bps	1,043
Probability of termination of the employment relationship	+50%	1,037
	-50%	1,051
Change in the amount of advanced post-employment benefits	+50%	1,043
	-50%	1,044

9.2 Deferred tax liabilities

The amount shown in the table corresponds to the balance sheet amount for the payable for deferred taxes calculated on the basis of temporary differences between the balance sheet figures and the corresponding amounts recognised for tax purposes.

Deferred taxes are determined on the basis of tax rates that correspond to those that will be applied at the time these differences are reversed.

The following table details the changes in deferred taxes during the period under review.

	31/12/18	31/12/17
Opening balance	866	686
Credits/(debits) through profit or loss	(2)	5
Tax charged to equity	(180)	175
Closing balance	684	866

This item is broken down as follows:

	31/12/18		31/12/17	
	Amount of differences temporary	Effect tax	Amount of differences temporary	Effect tax
Liabilities for deferred taxes on:				
Provision for bad debts	-	-	26	6
IRS hedging reserve	1,266	304	2,018	484
Post-employment benefit plans	1,585	380	1,566	376
Total deferred tax liabilities	2,851	684	3,610	866

See **Income taxes for the period** for a description of major changes in the period.

9.3 Financial payables and liabilities

The item is broken down as follows:

	Total	Balance at 31/12/18		Balance at 31/12/17
		1 to 5 years	After 5 years	
Corporate bond 24/10/2013	-	-	-	372,691
Unsecured loans				
Intesa Sanpaolo - 30/06/2016	148,712	148,712	-	148,659
UniCredit - 31/10/2016	198,160	198,160	-	198,345
Mediobanca - 18/11/2016	98,449	98,449	-	98,498
BNL - 02/12/2016	99,589	99,589	-	99,555
Pop. Bergamo - 08/02/2017	49,672	49,672	-	49,694
UniCredit - 18/07/2017	98,894	98,894	-	19,806
UBI Banca - 04/12/2017	49,603	49,603	-	49,587
Other derivatives				
Derivatives for forwards to third parties	-	-	-	15,078
Derivatives for forwards to subsidiaries	4,085	4,085	-	-
IRS to third parties	161	161	-	175
Total	747,325	747,325	-	1,052,088

The item totals EUR 747,325 thousand, decreasing by EUR 304,763 thousand compared to the previous year.

Comments on its composition are provided below.

The corporate bond issued on 24 October 2013 and maturing on 24 January 2019 for a total nominal amount of EUR 375,000 thousand, was recognised at amortised cost based on an internal rate of return

of 5.42% at 31 December 2018, and was wholly reclassified under the item ***Other current financial liabilities***.

On 30 June 2016, a loan agreement was entered into with Intesa Sanpaolo S.p.A, maturing on 30 June 2020, for a total amount of EUR 250,000 thousand, of which EUR 150,000 thousand granted as an amortised cost term loan, and EUR 100 thousand granted as a revolving credit facility.

For this agreement, the following financial covenants are required:

- net financial position/EBITDA less than 2, to be monitored every six months on the basis of Mediaset consolidated data.

On 29 September 2016, a loan agreement was entered into with UniCredit S.p.A., maturing on 29 September 2021, for a total of EUR 200,000 thousand, wholly granted as an amortised cost term loan.

For this agreement, monitoring of the following financial covenants is required:

- debit cover ratio of less than to 2, to be monitored every six months on the basis of Mediaset consolidated data;
- debit equity ratio of less than to 2, to be monitored every six months on the basis of Mediaset consolidated data.

On 18 November 2016, a loan agreement was entered into with Mediobanca S.p.A., maturing on 18 November 2022, for a total amount of EUR 150,000 thousand, of which EUR 100,000 thousand granted as an amortised cost term loan, and EUR 50 thousand granted as a revolving credit facility.

For this agreement, the following financial covenants are required:

- debit cover ratio of less than to 2, to be monitored every six months on the basis of Mediaset consolidated data;
- an interest cover ratio equal to or greater than 10, to be monitored every six months on the basis of Mediaset consolidated data.

On 2 December 2016, a loan agreement was entered into with Banca Nazionale del Lavoro S.p.A., for a total amount of EUR 150,000 thousand, of which EUR 100,000 thousand granted as an amortised cost term loan, maturing on 1 June 2020, and EUR 50 thousand granted as a revolving credit facility, maturing on 2 December 2021.

For this agreement, the following financial covenants are required:

- leverage ratio of less than to 2, to be monitored every six months on the basis of Mediaset consolidated data.
- debit equity ratio of less than to 2, to be monitored every six months on the basis of Mediaset consolidated data.

On 8 February 2017, a loan agreement was entered into with UBI Banca Popolare di Bergamo S.p.A., for a total amount of EUR 50,000 thousand, maturing on 9 February 2021, as an amortised cost term loan.

For this agreement, the following financial covenants are required:

- net financial debt/equity ratio of less than 2, to be monitored annually on the basis of Mediaset consolidated data.
- net financial debt/EBITDA ratio of less than 2, to be monitored annually on the basis of Mediaset consolidated data.

On 18 July 2017, a loan agreement was entered into with UniCredit S.p.A., for a total amount of EUR 100,000 thousand, maturing on 18 July 2022, as an amortised cost term loan. At 31 December 2018, an amount of EUR 100,000 thousand had been drawn.

For this agreement, the following financial covenants are required:

- debt cover ratio of less than 2, to be monitored every six months on the basis of Mediaset consolidated data;
- debt equity ratio of less than 2, to be monitored every six months on the basis of Mediaset consolidated data.

On 4 December 2017, a loan agreement was entered into with UBI Banca Popolare di Bergamo S.p.A., for a total amount of EUR 50,000 thousand, maturing on 14 December 2022, as an amortised cost term loan.

For this agreement, the following financial covenants are required:

- net financial debt/equity ratio of less than 2, to be monitored annually on the basis of Mediaset consolidated data.
- net financial debt/EBITDA ratio of less than 2, to be monitored annually on the basis of Mediaset consolidated data.

For the loans, as well as the credit facilities, any breach of financial covenants will require Mediaset S.p.A. to repay all amounts drawn down.

For all the loans, the first dates for revision of the rate during 2019 are the following:

- 27 March 2019 for the Intesa Sanpaolo Loan 1/2018 of 30 June 2016.
- 29 January 2019 for the UniCredit loan of 29 September 2016.
- 26 February 2019 for the Mediobanca loan of 18 November 2016.
- 20 March 2019 for the Banca Nazionale del Lavoro loan of 2 December 2016.
- 7 February 2019 for the UBI Banca Popolare di Bergamo S.p.A. loan of 8 February 2017.
- 22 January 2019 for the UniCredit loan of 18 July 2017.
- 12 March 2019 for the UBI Banca Popolare di Bergamo S.p.A. loan of 4 December 2017.

For the loan taken out with Banca Nazionale del Lavoro, the rate is not revised as it has a fixed contractual rate.

At the end of the reporting period, all covenants had been complied with and, based on future cash flows estimated by Management, it is presumed that the covenants will be complied with over the next twelve months.

The table below shows the effective interest rates (IRR) and financial charges recognised in the income statement for the loans, and the fair value of the loans calculated using the market rates at the year end.

	IRR	Financial expenses	Fair Value
Intesa Sanpaolo loan 1/2016 - 30/06/2016	0.84%	1,239	151,756
UniCredit loan - 31/10/2016	0.84%	1,650	204,212
UniCredit loan - 18/07/2017	0.99%	923	103,247
Mediobanca loan - 18/11/2016	1.38%	1,366	104,190
Banca Nazionale del Lavoro loan - 02/12/2016	0.39%	394	100,475
UBI Banca loan - 08/02/2017	0.62%	309	50,481
UBI Banca loan - 04/12/2017	0.63%	314	51,102

The item **Derivatives for forward transactions** with subsidiaries amounting to EUR 4,085 thousand refers to the non-current portion of the negative fair value of derivatives for forward contracts on foreign currencies that Mediaset S.p.A., after purchase on the market to hedge against risks deriving from fluctuations in foreign currencies in relation to highly likely future obligations, as well as payables for purchases already made by its direct and indirect subsidiaries, transferred to the latter by entering into an intercompany agreement at the same conditions;

The item **Third-party IRS** amounting to EUR 161 thousand (EUR 175 thousand at 31 December 2017), includes the current portion of the fair value of the interest rate swap contract entered into in 2016 with Intesa Sanpaolo to hedge interest rate risk on the loan agreement entered into that same year with Intesa Sanpaolo for a total of EUR 150,000 thousand.

9.4 Provisions for non current risks and charges

The amounts and changes in these provisions are as follows:

	Opening balance 01/01/18	Provisions	Uses	Financial expenses	Closing balance 31/12/18
Provisions for future risks	58	3	(17)	2	46
Total	58	3	(17)	2	46

Provisions for non-current risks, amounting to EUR 58 thousand, includes the following types of risk, whose movements are detailed below:

Type	Opening balance 01/01/18	Provision	Use	Closing balance as of 31/12/18
Legal	58	5	(17)	46
Total	58	5	(17)	46

The **Provisions for risks and charges** consist of the non-current portion of lawsuits seeking compensation for damages and disputes pending at year end.

10. Current liabilities

10.1 Payables to banks

Financial payables are broken down as follows:

	Total	Balance at 31/12/18 Due			Balance at 31/12/17
		In 1 year	1 to 5 years	After 5 years	
Financial liabilities due to banks	-	-	-	-	5
Credit facilities	-	-	-	-	175,000
Unsecured loans					
Intesa Sanpaolo 01/2016 - 30/06/2016	1,174	1,174	-	-	1,149
UniCredit 31/10/2016	1,824	1,824	-	-	1,525
Mediobanca 18/11/2016	1,405	1,405	-	-	1,305
BNL 02/12/2016	358	358	-	-	348
Pop. Bergamo 08/02/2017	329	329	-	-	289
UniCredit 18/07/2017	1,104	1,104	-	-	182
UBI Banca 04/12/2017	300	300	-	-	304
Total	6,494	6,494	-	-	180,107

The item totals EUR 6,494 thousand, decreasing by EUR 173,613 thousand compared to the previous year and attributable to the item **Credit lines**, which were settled during the year. The item includes the current portion relating to loans recognised at amortised cost. The Company believes that their fair value corresponds to their carrying amount. As at 31 December 2018, 62.70% of the credit facilities available were committed.

10.2 Trade payables

	Total	31/12/18 Due			31/12/17
		In 1 year	From 1 to 5 years	After 5 years	
Payables to suppliers	2,930	2,930			2,449
Payables to subsidiaries	687	687			2,943
Payables to affiliates	11	11			10
Payables to parent companies	36	36			17
Rounding off	1	1	-	-	1
Total	3,665	3,665	-	-	5,420

The item amounts to a total of EUR 3,665 thousand, decreasing by EUR 1,755 thousand compared to the previous year.

Details of the items are provided below.

Payables to suppliers

The item amounts to a total of EUR 2,930 thousand, increasing by EUR 481 thousand compared to the previous year.

The item refers to supplies relating to:

- consultants and external staff totalling EUR 1,785 thousand;
- EUR 1,145 thousand for other costs.

There were no payables due beyond 12 months.

The fair value of the payables is believed to approximate their carrying amount.

10.3 Provisions for current risks and charges

The amounts and changes in these provisions are as follows:

	Opening balance 01/01/18	Uses	Merger by acquisition	Closing balance 31/12/18
Current provisions for future risks	61	(60)	2,500	2,501
Total	61	(60)	2,500	2,501

The item *Provisions for current risks*, amounting to EUR 2,501 thousand, include the following types of risk, whose movements are detailed below:

Type	Opening balance 01/01/2018	Use	Merger by acquisition	Closing balance as of 31/12/2018
Legal	30	(30)	-	-
Personnel	31	(30)	-	1
Tax	0		2,500	2,500
Total	61	(60)	-	2,501

This item includes the potential losses and contingent liabilities that would presumably be incurred within 12 months, which increased by EUR 2,440 thousand compared to the previous year, due mainly to the merger by acquisition of the subsidiary Videotime S.p.A. on 1 March 2018.

Other provisions equal to EUR 2,500 thousand refer to tax litigation concerning VAT for the 2004 and 2005 tax periods, regarding VAT litigation relating to games and premiums. No updates to litigation were posted during 2018, therefore no changes to provisions were recognised.

10.5 Intercompany financial payables

This item reflects current account relationships maintained with subsidiaries and joint ventures.

For the conditions that apply to intercompany loans issued, see the comments in the asset section under item 6.5 *Intercompany financial receivables*.

Intercompany financial payables to subsidiaries

	31/12/18	31/12/17
Videotime Produzioni S.p.A.	-	81,450
Medusa Film S.p.A.	136,851	126,771
Publieurope Ltd.	51,820	47,708
Publitalia '80 S.p.A.	251,970	215,013
Digitalia '08 S.r.l.	22,920	16,266
Elettronica Industriale S.p.A.	732,428	133,407
Mediaset Premium S.p.A.	-	15,099
Radio Studio 105 S.p.A.	6,161	-
Radio Engineering Co. S.r.l.	352	-
MC Productions S.r.l.	637	-
Radio Subasio S.r.l.	3,478	3,281
Radio Aut S.r.l.	2,667	2,918
Total	1,209,284	641,913

Intercompany financial payables to associates and joint ventures

	31/12/18	31/12/17
Fascino Prod. Gest. Teatro S.r.l.	1,135	23,780
Boing S.p.A.	-	4,280
Adtech Ventures S.p.A.	47	84
Mediamond S.p.A.	4,329	-
Total	5,512	28,144

Net financial position

At 31 December 2018, the net financial position of Mediaset S.p.A. compared to the previous year was as follows:

	31/12/18	31/12/17
Cash	13	13
Bank and postal deposits	218,322	24,232
Securities and other current financial assets	-	249
Total liquidity	218,335	24,493
Financial receivables from subsidiaries	1,346,400	1,450,611
Financial receivables from associates	516	1,542
Total current financial receivables	1,346,916	1,452,153
Payables to banks	(6,494)	(180,107)
Current financial payables and liabilities	(393,414)	(117,068)
Financial payables to subsidiaries	(1,209,284)	(641,913)
Financial payables to associates	(5,512)	(28,144)
Current financial debt	(1,614,704)	(967,231)
Net current financial position	(49,453)	509,415
Non-current financial payables and liabilities	(743,240)	(1,037,010)
Non-current portion of net financial debt	(743,240)	(1,037,010)
Net Financial Position	(792,693)	(527,595)

The negative balance of the net financial position, amounting to EUR 792,693 thousand, increased by EUR 265,098 thousand compared to the previous year.

During 2018, the Company received dividends for a total of EUR 142,970 thousand, of which EUR 101,970 thousand from the subsidiary Mediaset España S.A. and EUR 41,000 thousand from the subsidiary Publitalia '80 S.p.A.. In October 2018, the acquisition of the equity investment in 2i Towers Holding S.p.A., for a total value of EUR 465,329 thousand, was finalised.

Lastly, at 31 December, short-term credit lines for EUR 175,000 thousand had been settled and the loan, calculated at amortised cost, granted by UniCredit S.p.A., was extended from EUR 20,000 thousand to EUR 100,000 thousand.

Further details of these changes are reported in the cash flow statement.

In compliance with IAS 7, the changes in financial assets and liabilities are shown below:

	Opening balance 01/01/18	Monetary flow	Non-monetary flows		Closing balance 31/12/18
			Fair value changes	Other changes	
Non-current financial liabilities					
Financial payables and liabilities	664,144	-	-	78,935	743,079
Corporate bond	372,691	-	-	(372,691)	-
Non-hedging derivatives	15,078	-	(10,993)	-	4,085
Derivatives for hedging interest rate risk	175	-	(14)	-	161
Current financial liabilities:					
Payables to banks	5	(4)	-	-	1
Credit facilities	175,000	(175,000)	-	-	-
Financial payables and liabilities	5,103	(5,689)	-	7,080	6,494
Corporate bond	19,156	(19,219)	-	392,955	392,892
Non-hedging derivatives	17,759	18,399	(29,421)	-	6,737
Derivatives for hedging interest rate risk	263	(746)	1,005	-	522
Intercompany financial payables	670,056	544,740	-	-	1,214,796
Short-term financial payables to subsidiaries	97,649	(97,649)	-	-	-
Non-current financial assets:					
Non-hedging derivatives	(15,078)	-	11,306	-	(3,772)
Derivatives for hedging interest rate risk	(357)	-	256	-	(101)
Current financial assets:					
Non-hedging derivatives	(17,757)	(18,374)	29,060	-	(7,071)
Derivatives for hedging interest rate risk	(249)	158	91	-	-
Intercompany financial receivables	(1,452,153)	144,736	-	(39,499)	(1,346,916)
Net liabilities arising from financing activities	551,484	391,352	1,290	66,780	1,010,907
Cash and cash equivalents	(24,244)	(194,091)	-	-	(218,335)
Net financial debt	527,240	197,262	1,290	66,780	792,572

10.6 Other financial liabilities

	31/12/18	31/12/17
Bonds	392,892	19,156
Derivatives for forwards to third parties	2,047	17,674
Derivatives for forwards to subsidiaries	4,690	85
Total	6,737	17,759
IRS derivatives to third parties	522	263
Total	522	263
Other short-term financial payables	-	97,649
Total	400,152	134,827

The item amounts to a total of EUR 400,152 thousand, increasing by EUR 265,325 thousand compared to the previous year, and consists of:

- a corporate bond amounting to EUR 392,892 thousand, which increased by EUR 373,736 thousand compared to the previous year. This increase is due to the corporate bond issued in 2013 for a nominal amount of EUR 375,000 thousand, that will be repaid at the beginning of 2019, being reclassified under the item *Non-current payables and liabilities*.
- financial liabilities for non-hedging derivatives, amounting to EUR 6,737 thousand, referring to the negative fair value on foreign exchange derivatives, detailed in the table;

- financial liabilities for hedging derivatives amounting to EUR 522 thousand (EUR 263 thousand at 31 December 2017), including the current portion of the fair value of the three interest rate swaps entered into with Intesa Sanpaolo S.p.A. and UniCredit S.p.A..

10.7 Other current liabilities

The item is broken down as follows:

	31/12/18	31/12/17
Due to employees for wages and salaries, accrued holiday pay and expenses	1,921	1,539
Due to insurance companies	28	28
Payables to shareholders for dividends approved	31	2
Payables to Social Security institutions	441	646
Payables to Tax Authorities	556	746
Payables to Directors	9,012	913
Payables to Statutory Auditors	285	266
Other sundry payables to third parties	188	130
Sundry payables to subsidiaries	261,084	237,807
Sundry payables to associates and joint ventures	643	349
Accrued liabilities	1	7
Total	274,190	242,433

The item amounts to a total of EUR 274,190 thousand, increasing by EUR 31,757 thousand compared to the previous year.

Details of the items are provided below.

Other payables to subsidiaries and joint ventures:

This item, which totalled EUR 261,727 thousand, increased by EUR 23,571 thousand and was broken down as follows:

- the IRES payable under the national tax consolidation scheme of EUR 246,869 thousand from subsidiaries and of EUR 427 thousand from joint ventures that participate in the Group's tax burden pursuant to the agreement to exercise the option to use the national tax consolidation scheme;
- the VAT payable of EUR 14,215 thousand transferred from subsidiaries to Mediaset S.p.A. as part of the Group's VAT procedure and of EUR 217 thousand from joint ventures.

Payables to Directors

This item, which amounts to EUR 9,012 thousand, increasing by EUR 8,099 thousand compared to the previous year, includes the severance indemnity of EUR 8,500 thousand for the Chairman of the Company to pay at the end of his current appointment. For further details, see the financial statement item **Services**.

Payables to tax authorities

The item is broken down as follows:

	31/12/2018	31/12/2017
Withholding tax on income from employment	375	502
Withholding tax on income from self-employment	59	133
Withholding tax on income equivalent to income from employment	122	111
Total	556	746

The item amounts to a total of EUR 556 thousand, decreasing by EUR 190 thousand compared to the previous year.

Payables due to employees

The item, amounting to EUR 1,921 thousand, increased by EUR 382 thousand compared to the previous year and refers to payables for the following:

- ordinary and extraordinary remuneration, contributions and provisions for holidays amounting to EUR 1,627 thousand;
- 14th-month bonus salary payments totalling EUR 290 thousand;
- other amounts due to employees totalling EUR 4 thousand.

Payables to social security institutions

This item, which amounts to EUR 441 thousand, relates to payables to pension institutions for amounts owed by both the company and employees in relation to December salaries.

This item is broken down as follows:

	31/12/2018	31/12/2017
INPS	222	398
INAIL	29	12
INPDAl/INPGI	33	32
FPDAC	153	200
CASAGIT	4	4
Total	441	646

NOTES ON THE MAIN ITEMS IN THE INCOME STATEMENT

(Values in EUR thousands)

12. Revenues

12.1 Sales of goods and services

The item amounts to a total of EUR 5,036 thousand, decreasing by EUR 1,248 thousand compared to the previous year.

Revenue categories are as follows:

	2018	2017
Services	4,643	4,273
Commissions and fees	393	2,011
Total	5,036	6,284

Other services

This item amounts to EUR 4,643 thousand and mainly consists of:

- revenues from the supply of intercompany services in the areas of strategic planning, legal affairs, corporate affairs, institutional affairs, security services, personnel management and internal auditing, amounting to EUR 4,639 thousand, of which EUR 2,798 thousand to the subsidiary RTI S.p.A.;
- revenues for technical services of EUR 4 thousand, mainly regarding the company El Towers S.p.A.;

Commissions and fees

The item includes revenues for fees on bank sureties and guarantees granted in favour of subsidiaries, decreasing from EUR 2,011 thousand in 2017 to EUR 393 thousand in 2018, of which EUR 256 thousand in favour of the indirect subsidiary Mediaset Premium S.p.A. mainly for sureties granted in the interest of UEFA which ended in June 2018.

All revenues were earned within Italy.

12.2 Other revenues and income

The item breaks down as follows:

	2018	2017
Other revenues	7	4
Contingent assets	16	108
Other proceeds	460	106
Prior year other income	14	13
Total	497	231

The item totals EUR 497 thousand, increasing by EUR 266 thousand compared to the previous year.

Details of the main items are provided below.

Other proceeds

This item amounts to EUR 460 thousand and consists of:

- EUR 46 thousand of income from the lease of the property located in Rome to the holding company Fininvest S.p.A.;
- insurance reimbursements of EUR 200 thousand;
- income from the use of the trademark amounting to EUR 50 thousand and other income of EUR 164 thousand from the subsidiary Mediaset España Comunicación S.A.

Unsubstantiated liabilities

- This item amounts to EUR 16 thousand and mainly consists of the elimination of contractual payables due to suppliers that have expired.

Prior year other income

- The balance of EUR 14 thousand reflects the repayment of settlements and related legal costs.

13. Costs

13.1 Personnel expenses

The table below provides a comparison of the number of employees at 31 December 2018 and 31 December 2017.

	Employees at 31/12/18	Average 2018	Employees at 31/12/17
Executives	16	18	19
Middle managers	21	21	19
Office staff	18	21	24
Journalists	2	2	2
	57	61	64

Personnel expenses are broken down in the table below:

	2018	2017
Wages and salaries	9,995	10,759
Social security contributions	2,671	2,665
Other personnel expenses	11,966	5,038
Ancillary personnel expenses	547	615
Contingencies on personnel costs	(414)	5
Recovery of personnel expenses	(140)	(132)
Total	24,625	18,950

The item amounts to a total of EUR 24,625 thousand.

Details of the main items are provided below.

Wages and salaries

The item amounts to a total of EUR 9,995 thousand, of which:

- EUR 8,862 thousand of ordinary and extraordinary remuneration;
- EUR 1,113 thousand of other costs for provisions for 13th-month and 14th-month bonuses and holidays;
- EUR 20 thousand for attendance allowances.

Other personnel expenses

The item amounts to a total of EUR 11,966 thousand and is made up as follows:

- EUR 2,137 thousand of remuneration for employed directors;
- EUR 1,282 thousand in costs for employee incentive plans and EUR 7,925 thousand in other costs for leaving incentives to resigning employees, of which EUR 6,500 thousand relating to the additional leaving bonus for the Chairman, as proposed and approved by the Board of Directors on 27 July 2018;
- EUR 621 thousand of employee leaving entitlement expenses due to realignment of uses;

Social security charges

The item amounts to a total of EUR 2,671 thousand, of which:

- EUR 2,356 thousand of contributions accrued on salaries and wages;
- EUR 315 thousand of other costs for contributions accrued on 13th-month and 14th-month bonuses, provisions for holidays, and INAIL (National Institute for Insurance against Accidents at Work).

13.2 Purchases

The item is broken down as follows:

	2018	2017
Miscellaneous consumables	83	111
Contingencies on purchases	(1)	(14)
Total	82	97

13.5 Services

The item breaks down as follows:

	2018	2017
Maintenance and repairs	20	92
Transport and storage	1	5
Consultants and external staff	7,680	5,696
Utilities and logistics	192	259
Advertising, public relations and entertainment	227	380
Costs for insurance services	704	753
Travel and expense accounts	270	286
EDP and administrative service costs	2,126	3,751
Fees to Directors and Statutory Auditors	10,327	1,124
Other costs from television activities		-
Bank charges and commissions	381	1,766
Other services	250	318
Contingencies on services	73	(291)
Recovery on service expenses	(34)	(27)
Total	22,217	14,112

The item amounts to a total of EUR 22,217 thousand, increasing by EUR 8,105 thousand compared to the previous year.

Details of the items are provided below.

Consultants and external staff

The item amounts to EUR 7,680 thousand, increasing by EUR 1,984 thousand compared to the previous year. It relates mainly to:

- EUR 3,066 thousand for other professional and consultancy services;
- EUR 3,666 thousand for legal services;
- EUR 595 thousand for expert appraisals and certifications;

The costs for auditing services amount to EUR 476 thousand. The cost for certification services for income tax return, IRAP tax, 770 tax declaration and non-financial statements amounts to EUR 63 thousand. It should be noted that other services were provided by Companies belonging to its network.

EDP and administrative service costs

This item amounts to EUR 2,126 thousand and mainly consists of costs for:

- EUR 1,940 thousand for the supply of staff services governed by intercompany contracts to the subsidiary RTI S.p.A.;
- EUR 183 thousand for EDP services;
- EUR 3 thousand for other costs.

Bank charges and commissions

The item amounts to EUR 381 thousand, decreasing by EUR 1,385 thousand compared to the previous year and breaks down as follows:

- EUR 334 thousand of expenses and fees on bank guarantees on behalf of subsidiaries, of which EUR 211 thousand relating to the bank guarantees taken out with various agent banks in favour of UEFA;
- EUR 47 thousand of bank charges and fees.

Fees to Directors and Statutory Auditors

The item amounts to a total of EUR 10,327 thousand, increasing by EUR 9,203 thousand compared to the previous year. The item includes fees to Directors of EUR 10,109 thousand (EUR 857 thousand in 2017) and to Statutory Auditors of EUR 218 thousand (EUR 266 thousand in 2017). On 27 July 2018, the Board of Directors unanimously approved the agreement under which the executive employment contract with the Chairman of the Company ended on 31 July 2018. This agreement provided for a severance indemnity of EUR 8,500 thousand to pay at the end of the Chairman's appointment, as recognition of the extraordinary contribution made by him since the Group was established. To date, the organisational structure and powers granted to the Chairman, who will continue to provide a valuable contribution, have not changed.

13.6 Leasing and rentals

The item breaks down as follows:

	2018	2017
Leases and rentals	1,105	1,325
Royalties	465	567
Contingencies on leases and rentals	(1)	4
Total	1,569	1,896

The item amounts to a total of EUR 1,569 thousand, decreasing by EUR 327 thousand compared to the previous year.

The item mainly includes:

- EUR 1,103 thousand of costs for leases and rentals, of which EUR 671 thousand relating to the subsidiary RTI S.p.A. and EUR 191 thousand relating to the holding company Fininvest S.p.A.;
- EUR 465 thousand of costs for royalties for the use of the Fininvest brand name.

13.7 Provisions

The item breaks down as follows:

	2018	2017
Provision for future risks	(55)	9
Total	(55)	9

The item amounts to negative EUR 55 thousand, due to use in the year, and decreasing by EUR 64 thousand compared to the previous year. More details are provided in the comment on the item "Provisions for risks and charges".

13.8 Other operating expenses

The item breaks down as follows:

	2018	2017
Other tax expenses	2,431	126
Contingent liabilities	130	122
Other operating expenses	1,094	1,078
Contingencies on other operating expenses	32	(30)
Recovery of costs on other operating expenses	(15)	(14)
Total	3,672	1,282

The item totals EUR 3,672 thousand and is made up as follows:

The item "Other tax expenses", equal to EUR 2,431 thousand, mainly refers to VAT that is non-deductible on a *pro rata* basis pursuant to Article 19-bis of Presidential Decree 633/72 equal to EUR 2,228 thousand.

The main item "Other operating expenses" amounting to EUR 1,094 thousand is made up of costs of:

- EUR 702 thousand for membership fees;
- EUR 154 thousand for donations;
- EUR 137 thousand for subscriptions and magazines;
- EUR 13 thousand for sundry transactions and settlements;
- EUR 88 thousand of other operating costs.

13.9 Depreciation, amortisation and write-downs

This item refers to depreciation of tangible assets and amortisation of intangible assets.

	2018	2017
Depreciation of property, plant and equipment	32	34
Write-downs of current assets	(155)	-
Total	(123)	34

15. (Expenses)/income from financial investments

15.1 Financial charges

This item is broken down as follows:

	2018	2017
Interest expense on Mediaset c/a subsidiaries	526	749
Interest expense on bank current accounts	1	2
Interest on short term loans	11	49
Interest on IRS	589	558
Interest expense on IRR	6,194	4,894
Interest on Bond issue	20,264	21,575
Ancillary costs on loans	1,163	1,357
Exchange losses	142,918	108,982
Valuation exchange losses	65,123	70,407
Other charges	2	21
Total	236,791	208,594

The item totals EUR 236,791 thousand, increasing by EUR 28,197 thousand compared to the previous year.

Details of the items are provided below.

Interest on bonds

This item amounts to EUR 20,264 thousand and consists of interest accrued at 31 December 2018 on a corporate bond issued in 2013 for a total nominal value of EUR 375,000 thousand.

Interest on IRR

The item amounts to EUR 6,194 thousand, increasing by EUR 1,300 thousand compared to the previous year. This item is comprised of interest on loans calculated at amortised cost, and is broken down as follows:

- EUR 1,366 thousand due to Mediobanca;
- EUR 1,239 thousand due to Intesa Sanpaolo;
- EUR 2,572 thousand due to UniCredit;
- EUR 623 thousand due to UBI Banca Popolare di Bergamo;
- EUR 394 thousand due to BNL.

Ancillary costs on loans

The item amounts to EUR 1,163 thousand, decreasing EUR 194 thousand compared to the previous year. This item represents the costs attributable to fees both for the utilisation and non-utilisation of the medium/long-term loans.

The most significant amounts are as follows:

- EUR 555 thousand with Intesa Sanpaolo;
- EUR 258 thousand with Mediobanca;
- EUR 15 thousand with UniCredit;
- EUR 251 thousand with BNL;
- EUR 82 thousand with UBI Banca Popolare di Bergamo;
- EUR 2 thousand with BNP Paribas.

Interest on IRS

This item amounts to EUR 589 thousand (EUR 558 thousand in 2017) and refers to interest accrued at 31 December on three IRS contracts on rates negotiated in 2016.

Interest on short-term loans

The item amounts to EUR 11 thousand, decreasing by EUR 38 thousand compared to the previous year.

The item mainly consists of interest accrued on short-term loans with:

- Banca Nazionale del Lavoro amounting to EUR 6 thousand;
- UBI Banca Popolare di Bergamo amounting to EUR 2 thousand;
- UniCredit amounting to EUR 3 thousand;
- Intesa Sanpaolo amounting to EUR 1 thousand.

Foreign exchange gains and losses

The overall result for the year from foreign exchange gains and losses and from valuation was a loss of EUR 1 thousand (gain of EUR 4 thousand at 31 December 2017). This reflects the outcome from hedging foreign exchange risk, by entering into trading contracts with third parties, in favour of the subsidiaries RTI S.p.A., Medusa Film S.p.A. and Mediaset Premium S.p.A. and the joint venture Boing

S.p.A., which give rise to this risk. Pursuant to IAS 39, these contracts cannot be classified as hedging contracts; therefore, their changes in fair value are recognised in the income statement.

15.2 Financial income

This item is broken down as follows:

	2018	2017
Interest income Mediaset c/a subsidiaries	39,488	37,136
Interest income on Mediaset c/a associates and joint ventures	24	98
Interest income on bank current accounts	34	1
Interest income on deposits	18	7
Exchange gains	142,896	108,989
Gains from forex valuation	65,143	70,404
Other financial income	4	3
Contingencies on financial income	-	5
Total	247,607	216,643

The item amounts to a total of EUR 247,607 thousand, increasing by EUR 30,964 thousand compared to the previous year.

The table below shows financial income and expenses broken down into the categories required by IFRS 9 and other categories not required, both for the current and previous year.

IFRS 9 categories	31/12/18	31/12/17
Liabilities at amortised cost	(28,746)	(29,182)
Assets at amortised cost	39,564	37,242
Assets/(Liabilities) FVTPL	(3)	(17)
	10,815	8,043
Other financial Income and Expenses	1	7
Total	10,816	8,050

15.3 Income (expenses) from equity investments

Dividends from subsidiaries

During the year in question, dividends were received from the subsidiaries Mediaset España Comunicación S.A. for EUR 101,970 thousand and Publitalia '80 S.p.A. for EUR 41,000 thousand. Details are shown in the table.

	2018	2017
Mediaset España Comunicación S.A.	101,970	88,225
Publitalia '80 S.p.A.	41,000	-
Total dividends from subsidiaries	142,970	88,225
Total	142,970	88,225

Other income (expenses) from equity investments

	2018	2017
Provision for write-down of equity investments in subsidiaries	-	(1,346)
Capital losses from disposals of equity investments	(2,235)	-
Total	(2,235)	(1,346)

This item reflects capital losses from equity investments totalling EUR 2,235 thousand, of which EUR 1,913 thousand for the sale of the equity investment in Videotime Produzioni S.p.A. on 8 March 2018 and EUR 322 thousand from the process to dispose of the equity investment in Mediaset Investment S.a.r.l. due to cancellation from the Luxembourg Business Registers.

16. Income taxes for the year

	2018	2017
Expenses(income) for IRES tax from tax consolidation	(4,840)	(4,146)
Total current taxes	(4,840)	(4,146)
Provision for deferred tax liabilities	4	5
Use of deferred tax liabilities	(6)	-
Total deferred tax liabilities	(2)	5
Use of credit from deferred tax assets	376	299
Deferred tax assets	(2,280)	(245)
Total deferred tax assets	(1,904)	55
Total	(6,746)	(4,087)

The item *Income taxes for the period* is broken down as follows:

- income for IRES tax from tax consolidation amounting to EUR 4,840 thousand, made up of EUR 4,819 thousand of income for IRES tax for the year plus EUR 21 thousand of income for IRES tax for previous years;
- use for deferred taxes of EUR 2 thousand;
- provision of advances of EUR 1,904 thousand, comprising provisions of EUR 2,280 thousand, net of uses for EUR 376 thousand.

During the period under review, the company had no tax base for IRAP purposes.

19. Investment commitments and guarantees

Bank guarantees given

The Company took out bank guarantees on behalf of subsidiaries, associates and third parties. Mediaset S.p.A. is obliged to guarantee a total amount of EUR 21,359 thousand (EUR 122,111 thousand at 31 December 2017). During the first half of the year, the two bank guarantees issued in favour of the subsidiary Mediaset Premium S.p.A. totalling EUR 113,500 thousand with the Union of European Football Associations (UEFA) as the beneficiary ended. In September 2018, a new bank guarantee was stipulated in favour of the subsidiary RTI S.p.A. totalling EUR 13,200 thousand, with the Union of European Football Associations (UEFA) as the beneficiary.

Forward financial transactions

Mediaset S.p.A. works directly with institutional counterparts to hedge its exchange rate risk and that of its subsidiaries and associates.

The Mediaset Group's business structure clearly highlights the central role of commercial television operations. This results in the need to deal with the leading international producers of films and sport events to purchase television broadcasting rights (quantified mainly in foreign currency such as USD), exposing the Group to market risks in relation to fluctuations in exchange rates.

Financial derivative contracts are used to reduce these risks, as illustrated below.

The Mediaset Group has substantially centralised its treasury operations in Mediaset S.p.A., which operates on both the domestic and international markets.

The Board of Directors of Mediaset S.p.A. has approved a financial risks policy which establishes that the Finance Division shall quantify the maximum limits of exchange rate and interest rate risk that may be taken on, and defines the characteristics of suitable counterparts.

The commitments, amounting to EUR 1,065,352 thousand (EUR 1,162,949 thousand at 31 December 2017), refer to currency transactions to hedge exchange rate risk.

Lastly, we note that the derivatives entered into with third parties to hedge exchange rate risk are to be considered equivalent to those entered into with the individual subsidiaries RTI S.p.A., Medusa Film S.p.A., Mediaset Premium S.p.A. and the joint venture Boing S.p.A.

Other information

Interest rate hedging derivatives (IRS) include three contracts entered into during 2016 to hedge two medium/long-term loans taken out with Intesa Sanpaolo and UniCredit.

20. Disclosures on financial instruments and risk management policies

Classes of financial instruments

The breakdown of financial assets and liabilities required by IFRS 7 in the categories established by IAS 39 are illustrated below, both for the current and previous years.

2018

IFRS 9 categories			Carrying amount	Explanatory notes
FINANCIAL STATEMENT ITEM	Financial assets FVTPL	Financial assets at amortised cost		
NON-CURRENT ASSETS				
Other financial assets				
Hedging derivatives	101	-	101	5.6
Non-hedging derivatives - subsidiaries	1,129	-	1,129	5.6
Non-hedging derivatives - third parties	2,643	-	2,643	5.6
Financial receivables	-	3,658	3,658	5.6
CURRENT ASSETS				
Trade receivables				
From customers	-	15	15	6.2
To Mediaset Group companies	-	1,502	1,502	6.2
From Fininvest and Mediolanum Group companies	-	14	14	6.2
Current financial assets				
Non-hedging derivatives - third parties	6,148	-	6,148	6.6
Non-designated hedging derivatives - subsidiaries	921	-	921	6.6
Non-designated hedging derivatives - joint ventures	2	-	2	6.6
Other financial assets	-	10,472	10,472	6.6
Cash and cash equivalents				
Bank and postal deposits	-	218,322	218,322	6.7
Cash and cash equivalents	-	13	13	6.7
Intercompany financial receivables - subsidiaries	-	1,346,400	1,346,400	6.5
Intercompany financial receivables - joint ventures	-	516	516	6.5
TOTAL FINANCIAL ASSETS			1,591,856	

IFRS 9 categories				
FINANCIAL STATEMENT ITEM	Financial liabilities FVTPL	Financial liabilities at amortised cost	Carrying amount	Explanatory notes
NON-CURRENT LIABILITIES				
Financial payables and liabilities				
Payables to banks	-	743,079	743,079	9.3
Hedging derivatives	161	-	161	9.3
Non-hedging derivatives- subsidiaries	4,085	-	4,085	9.3
CURRENT LIABILITIES				
Payables to banks				
Payables to banks	-	6,494	6,494	10.1
Trade payables				
To suppliers	-	2,930	2,930	10.2
To Mediaset Group companies	-	687	687	10.2
To Fininvest and Mediolanum Group companies	-	48	48	10.2
Other financial liabilities				
Corporate bonds	-	392,892	392,892	
Hedging derivatives - third parties	522	-	522	10.6
Non-hedging derivatives - third parties	2,047	-	2,047	10.6
Non-designated hedging derivatives - subsidiaries/joint ventures	4,691	-	4,691	10.6
Intercompany financial payables - subsidiaries/joint ventures	-	1,214,796	1,214,796	10.5
TOTAL FINANCIAL LIABILITIES	11,506	2,360,925	2,372,431	

IAS 39 categories				
BALANCE SHEET ITEM	Financial instruments at fair value held for trading	Receivables and loans	Book value	Notes
NON CURRENT ASSETS				
Other financial assets				
Hedge derivatives	357	-	357	5.6
Non hedge derivatives - third parties	15,078	-	15,078	5.6
Financial receivables	-	158	158	5.6
CURRENT ASSETS				
Trade receivables				
Customers	-	4	4	6.2
Mediaset Group companies	-	5,589	5,589	6.2
Current financial assets				
Hedge derivatives - third parties	249	-	249	6.6
Non hedge derivatives - third parties	85	-	85	6.6
Non hedge derivatives - subsidiaries	17,670	-	17,670	6.6
Non hedge derivatives - joint ventures	2	-	2	6.6
Financial receivables	-	-	-	6.6
Cash and cash equivalents				
Bank and postal deposits	-	24,231	24,231	6.7
Cash in hand	-	13	13	6.7
Intercompany financial receivables - subsidiaries	-	1,450,611	1,450,611	6.5
Intercompany financial receivables - joint ventures	-	1,542	1,542	6.5
TOTAL FINANCIAL ASSETS	33,441	1,482,148	1,515,589	

IAS 39 categories				
BALANCE SHEET ITEM	Financial instruments held for trading	Liabilities at amortised cost	Book value	Notes
NON CURRENT LIABILITIES				
Financial liabilities and payables				
Payables to banks	-	664,144	664,144	9.3
Bond issue	-	372,691	372,691	9.3
Hedge derivatives	175	-	175	9.3
Non hedge derivatives - third parties	15,078	-	15,078	9.3
Non hedge derivatives - subsidiaries	-	-	-	9.3
CURRENT LIABILITIES				
Payables to banks				
Payables to banks	-	5,107	5,107	10.1
Credit lines	-	175,000	175,000	10.1
Trade payables				
Suppliers	-	2,449	2,449	10.2
Mediaset Group companies	-	2,943	2,943	10.2
Fininvest and Mediolanum Group companies	-	27	27	10.2
Other financial liabilities				
Bond issue	-	19,156	19,156	
Hedging derivatives - third partties	263	-	263	10.6
Non hedge derivatives - third parties	17,674	-	17,674	10.6
Non-hedge derivatives - subsidiaries/joint ventures	85	-	85	10.6
Short-term financial payables - subsidiaries		97,649	97,649	10.6
Intercompany financial payables - subsidiaries/associates	-	670,056	670,056	10.5
TOTAL LIABILITIES			33,275	2,009,223
			2,042,498	

Fair value of financial assets and liabilities, calculation models used and input data used

Below is an analysis of the amounts corresponding to the fair value of the classes of financial instruments broken down based on the methodologies and the models used to calculate them, both for the current and previous years.

Note that the tables do not show those financial assets and liabilities whose fair value cannot be calculated objectively, since their book value is very close to the fair value, and that the fair value of derivatives constitutes the net position between asset and liability values.

The input data used for measurement of fair value at the reporting date, obtained from the info provider Bloomberg, were as follows:

- euro curves for estimating forward rates and discount factors;
- the ECB spot exchange rates;
- forward rates calculated by Bloomberg;
- Euribor fixings;
- quoted CDS (credit default swap) mid spreads of the various counterparties (if available);
- Mediaset S.p.A. credit spread.

2018

	Carrying amount	Mark to Market	Mark to Model			Total fair value	Explanatory Notes
			Black&Scholes Model	Binomial Model	DCF Model		
Non-current financial assets	3,500	3,500	-	-	-	3,500	5.6
Payables to banks	(749,572)	-	-	-	(765,464)	(765,464)	9.3/10.1
Corporate bond	(392,892)	(393,985)	-	-	-	(393,985)	9.3/10.6
Non-designated hedging derivatives							
Forward contracts with third parties	6,744	-	-	-	6,744	6,744	6.6/10.6
Forward contracts with subsidiaries/joint ventures	(6,726)	-	-	-	(6,724)	(6,724)	6.6/10.6
Hedging derivatives							
Interest Rate Swap	(582)	-	-	-	(582)	(582)	9.3/10.6

2017

	Book value	Mark to Market	Mark to Model			Total fair value	Notes
			Black&Scholes's model	Binomial model	DCF Model		
Payables to banks	(669,247)	-	-	-	(686,494)	(686,494)	9.3/10.1
Bond issue	(391,847)	(413,365)	-	-	-	(413,365)	9.3/10.6
Non hedge derivatives							
Forward contracts - third parties	(32,667)	-	-	-	(32,667)	(32,667)	6.6/10.6
Forward contracts with subsidiaries/joint ventures	32,665	-	-	-	32,665	32,665	6.6/10.6
Hedge derivatives							
Interest Rate Swap	168	-	-	-	168	168	9.3/10.6

The fair value of amounts due to banks was calculated considering the credit spread of Mediaset S.p.A., also including the short-term portion of medium/long-term loans.

The fair value of the bond listed on the Luxembourg Stock Exchange has been determined using the market price at 31 December 2018, including the interest accrued, as shown below:

- Bond maturing in 2019 - market price EUR 105.06.

The fair value of securities that are not listed on an active market and of trading derivatives is calculated by using the measurement models and techniques most widely adopted in the market, or by using the price supplied by several independent counterparties.

The fair value of trade receivables and payables due within the financial year has not been calculated, since their carrying amount is very close to the fair value. As a result, the carrying amount stated for the receivables and payables for which the fair value was calculated, also includes the portion due within 12 months from the reporting date. The calculation of the fair value of trade receivables only takes account of creditworthiness of the counterparty when there is market information that can be used for its determination. With regard to trade payables, fair value has been adjusted taking into account the creditworthiness of Mediaset S.p.A..

The fair value of financial payables due within the financial year has not been calculated, since their carrying amount is very close to the fair value. As a result, the reporting date of those payables for which the fair value was calculated also includes the portion due within 12 months from the reporting date.

In addition, the table does not include financial assets and liabilities for which the fair value cannot be objectively calculated.

The financial assets and liabilities posted in the financial statements at fair value have also been classified based on the fair value hierarchy established by the accounting standard:

- a) **Level I:** listed prices on active markets for identical instruments;
- b) **Level II:** variables other than listed prices in active markets that may be observed either directly (as in the case of prices) or indirectly (derived from the prices);
- c) **Level III:** variables that are not based on observable market values.

Financial statement item	Carrying amount	level I	level II	level III	Total Fair Value	Explanatory notes
Derivatives not designated as cash flow hedges:						
- Forward contracts with third parties	6,744		6,744		6,744	6.6/10.6
Forward contracts with subsidiaries/joint ventures	(6,726)		(6,726)		(6,726)	6.6/10.6
Derivatives designated as cash flow hedges:						
- Interest Rate Swap	(582)		(582)		(582)	9.3/10.6

The company has identified only two levels of hierarchy for instruments measured at fair value, as it uses valuation models that are based on observable market values.

Financial charges and income recognised in compliance with IFRS 9

Financial charges and income broken down according to the categories envisaged by IFRS 9 are shown below.

2018

IFRS 9 categories	From interest	At fair value	Forex gains/(losses)	Net gains/(losses)
Assets/(Liabilities) FVTPL	-	1	(4)	(3)
Liabilities at amortised cost	(28,748)	-	3	(28,745)
Assets at amortised cost	39,564	-	-	39,564
Total IFRS 9 categories				10,816

IAS 39 categories	From interest	At Fair Value	Profit/(loss) on exchange rates	Net profit/(loss)
Financial instruments held for trading	-	(20)	3	(17)
Liabilities at amortised cost	(29,184)	-	2	(29,182)
Receivables and loans	37,242	-	-	37,242
Total IAS 39 categories				8,043

Capital management

The objectives of Mediaset S.p.A. regarding the management its capital are aimed at protecting the Group's ability continue to both guarantee profitability for shareholders, stakeholders' interests and compliance with covenants, and maintain an optimal capital structure.

Types of financial risks and related hedging

The Executive Committee of Mediaset S.p.A. has developed specific policies for the management of the Group's financial risks, aimed at reducing its exposure to exchange rate risks, interest rate risks and liquidity risks the Group is exposed to: in order to optimise the structure of operating costs and the related resources, this activity is centralised within the Parent Mediaset S.p.A., which has been tasked with collecting the information regarding the positions exposed to risk and hedging them, where necessary.

To this end, Mediaset S.p.A. interacts directly with the market and performs control and coordination of financial risks for Group companies. The selection of the financial counterparts focuses on those with a high credit standing while also ensuring a limited concentration of exposures towards them.

Exchange rate risk

Mediaset S.p.A. acts as an intermediary in managing exchange rate risk, for the purpose of eliminating the effects of exchange rate fluctuations, which mainly impact the direct subsidiary RTI S.p.A. as a result of purchases of television broadcasting rights that are mainly carried out in US dollars.

Mediaset S.p.A. collects the information pertaining to the positions of the subsidiary RTI S.p.A. that are subject to exchange rate risk and, once the derivatives are entered into on the market, transfers them to RTI S.p.A. by entering into an intercompany contract at the same terms and conditions.

The type of derivatives mainly used are forward purchases.

Mediaset S.p.A. establishes the accounting treatment for these contracts (with the market and for example with the subsidiary RTI S.p.A.) classifying them as intermediation contracts. Accordingly, these contracts are accounted for by recording the changes in fair value in the income statement as "forex gains and losses realised and forex gains and losses from valuation", under financial (expenses)/income. The fair value of forward contracts on currencies is determined as the discounted difference between the notional amount calculated using the contractual forward rate and the notional amount calculated using the forward exchange rate at the reporting date.

No sensitivity analysis has been conducted on exchange rates, as the related activities do not have significant impacts, given that they derive exclusively from intermediation, as previously illustrated.

A table of financial derivatives is attached which shows the notional amount of the related contracts.

Interest rate risk

The structure of the Mediaset Group involves the centralisation of all financial resources with the Parent Mediaset S.p.A. through the management of automated daily cash-pooling which all Group companies participate in. The Parent is fully entrusted with obtaining funding from the market by entering into medium/long term loans and formalising committed and uncommitted credit facilities.

The interest rate risk Mediaset S.p.A. is exposed to mainly originates from variable rate financial payables, which expose the company to cash flow risk. The company's objective is to limit the fluctuation of financial expenses that impact the financial result, limiting the risk of a potential rise in interest rates.

Mediaset S.p.A. manages that risk using financial derivatives contracts entered into with third parties aimed at setting in advance or reducing the variation in cash flows due to the market change in interest rates on medium/long-term debt. The time-frame considered significant for managing interest rate risk has been set at a minimum term of 18 months.

Mediaset S.p.A. adopts hedge accounting from the date the derivative contract is entered into until the date of its extinction or expiry, documenting, by way of the "hedging relationship", the risk hedged and the purposes of the hedging, periodically checking the hedge effectiveness.

Specifically, the cash flow hedge methodology set out by IAS 39 is used. Under the method, the lower, in absolute terms, of the changes in the clean fair value of the derivative, that is, the fair value less accruals of interest, or the fair value of the underlying is charged to an equity reserve. The difference between this value and the total fair value is recognised in the income statement at each valuation date. Both the fair value and the clean fair value are adjusted to take account of creditworthiness.

The effectiveness test is intended to show the high correlation between the technical and financial characteristics of the hedged liabilities (maturity, amount, etc.) and those of the hedging instrument through the application of specific retrospective and prospective tests, using the dollar offset and volatility reduction measure methods, respectively.

The fair value of derivatives (IRS) is calculated by discounting future cash flows and adjusting the value for creditworthiness.

The existing portfolio of derivative products is made up of three IRSs, the levels of which are fixed rate and floor barriers, as well as their maturity, as shown below.

	Fixed rate	Variable rate	Floor	Validity	Expiry
Interest Rate Swap - BANCA INTESA - notional amount EUR 150 million	-0.02%	Euribor 3M/365	-1.10%		
trade date 30/06/2016				04/07/2016	30/06/2020
Interest Rate Swap - UNICREDIT - notional amount EUR 50 million	-0.15%	Euribor 3M/365	-1.10%		
trade date 12/09/2016				31/01/2017	29/09/2021
Interest Rate Swap - UNICREDIT - notional amount EUR 25 million	-0.21%	Euribor 3M/365	-1.10%		
trade date 26/09/2016				31/01/2017	29/09/2021

Sensitivity analysis

Sensitivity analysis was conducted on the financial instruments exposed to interest rate risk at the time of the drafting of these Financial Statements. The assumptions upon which the model is based are illustrated below:

- Medium-to-long term payables were subject to an asymmetric change of 50 bps upwards and 20 bps downwards at the date of re-fixing of the internal rate of return posted during the year.
- Short and medium/long term revolving payables and other current financial items were subject to a recalculation of the amount of financial expenses by applying an asymmetric change of 50 bps upwards and 20 bps downwards to the values posted to the financial statements.
- Interest rate swaps were subject to recalculation of the fair value by applying an asymmetric shift of 50 bps upwards and 20 bps downwards to the interest rate curve at the reporting date. The ineffective portion was calculated based on the fair value recalculated using the adjusted interest rate curve.
- The change applied was not symmetrical, as a long section of the interest rate curve had negative values.

The table below summarises the changes in the economic result for the year and in the shareholders' equity, deriving from the sensitivity analysis carried out net of the relevant taxes calculated on the basis of the standard tax rate in force at 31 December 2018:

Years	Change in bps	Economic result	Shareholders' equity reserve	Total shareholders' equity
2018	50	527.3	516.2	1,043.5
	-20	-2,219.8	-1,643.5	-3,863.3
2017	50	3,114.3	799.6	3,913.9
	-20	-1,988.5	-2,606.3	-4,594.8

Credit risk

In relation to financial counterparties other than Group companies, Mediaset S.p.A. does not have significant concentrations of credit risk or solvency risk.

The tables below show that, due to the type of counterparty, the trade and financial receivables due from parties other than Group companies, as well as the related write-downs recorded during the year, are of an immaterial amount.

2018

RISK CLASSES	SITUATION OF RECEIVABLES						Write-down receivables
	Total receivables net	Past due				Total	
		0-30 days	30-60 days	60-90 days	Beyond		
Trade receivables							
Other receivables	27	-	-	-	155	155	156
Receivables from Fininvest Group	14	-	14	-	-	14	-
Receivables from Mediaset Group	1,490	3	1	7	62	73	1
Total	1,531	3	15	7	217	242	157
Financial receivables							
Other financial assets	13,972						
Bank deposits	218,322						
Hedging derivatives - third parties	101						
Non-hedging derivatives - third parties	8,791						
Non-designated hedging derivatives - subsidiaries and joint ventures	2,052						
Intercompany financial receivables - joint ventures	516						
intercompany financial receivables - subsidiaries	1,346,400						
Total	1,590,154						

2017

CLASSES	SITUATION OF RECEIVABLES						Bad debt
	Total net receivables	Net overdue amount					
		0-30 days	30-60 days	60-90 days	Over	Total	
Trade receivables							
Other receivables	4	-	-	-	155	155	156
Receivables due from Mediaset Group companies	5,589	-	-	-	56	56	-
Total	5,593	-	-	-	211	211	156
Financial receivables							
Bank deposits	24,232						
Hedge derivatives - third parties	606						
Non hedge derivatives - third parties	85						
Non hedge derivatives - subsidiaries and joint ventures	32,748						
Non hedge derivatives with joint ventures	2						
Intercompany financial receivables from subsidiaries/joint ventures	1,542						
Intercompany subsidiary financial receivables	1,450,611						
Total	1,509,826						

The Company has also issued guarantees - primarily unsecured - for the amount of EUR 21,359 thousand (EUR 122,111 thousand at 31 December 2017), of which EUR 20,855 thousand in favour of subsidiaries and associates; the most significant of these was the guarantee issued on behalf of the subsidiary RTI S.p.A. in favour of UEFA, amounting to EUR 13,200 thousand.

The tables show changes in the provision for bad debts (both trade and financial) for the current year and previous year.

Provision for bad debts (trade)	31/12/18	31/12/17
Opening balance	156	156
FTA	5	-
Use for the year	(4)	-
Closing balance	157	156

Provision for bad debts (financial)	31/12/18	31/12/17
Opening balance	-	-
FTA	1,453	-
Provision for the year	401	-
Use for the year	(551)	-
Closing balance	1,303	-

Liquidity risk

Liquidity risk is related to the difficulty of finding funds to meet commitments.

This may be due to the unavailability of sufficient funds to satisfy financial commitments in accordance with the established terms and due dates in case of sudden revocation of uncommitted credit lines or in the event that the Company has to settle its financial liabilities before their natural maturity.

As previously mentioned, Group treasury operations are centralised in Mediaset S.p.A., which operates on both the domestic and international markets, using automated daily cash-pooling operations.

The management of the liquidity risk involves:

- the maintenance of a substantial balance between committed and uncommitted credit facilities in order to avoid liquidity crises in the event of requests for reimbursement by the lenders;
- Average financial exposure during the year within an amount substantially equal to 80% of the total credit issued by the banks.
- The availability of financial assets that can be readily liquidated to meet any cash requirements.

Based on specific orders from Mediaset S.p.A., in order to optimise the management of liquidity, Group companies concentrate the payment dates to almost all its suppliers at the same dates as those of the most significant cash inflows.

The tables below show the Company's financial obligations, by contract maturity date considering the worst case scenario and at undiscounted values, considering the nearest date when the Company will be asked to make payment and showing the related explanatory notes for each class, for both the current and previous years.

2018

Financial statement items	Carrying amount	Time band				Total financial flows	Explanatory notes
		From 0 to 3 months	From 4 to 6 months	From 7 to 12 months	From 1 to 5 years		
Financial liabilities							
Loans and payables to banks	749,572	1,702	1,691	3,459	763,210	770,062	9.3/10.1
Corporate bond	392,892	394,219	-	-	-	394,219	9.3/10.1
Payables to other suppliers	2,930	2,646	-	284	-	2,930	10.2
Payables to Mediaset Group companies	687	687	-	-	-	687	10.2
Payables to Fininvest and Mediolanum Group companies	47	47	-	-	-	47	10.2
Intercompany financial payables - subsidiaries/joint ventures	1,214,796	1,214,796	-	-	-	1,214,796	10.5
Total	2,360,925	1,614,097	1,691	3,743	763,210	2,382,741	
Derivatives							
Non-hedging derivatives to third parties (currency purchases)	valued at contract exchange rate (6,744)	304,317	66		205,347	509,731	6.6-10.6
Non-hedging derivatives to third parties (currency availability)	recognised at the year-end exchange rate -	(309,778)	(66)		(219,186)	(529,030)	
Non-hedging derivatives to subsidiaries/associates (currency sale)	valued at the contract exchange rate 6,724	(304,343)	(66)		(205,347)	(509,756)	6.6-10.6
Non-hedging derivatives to subsidiaries/associates (currency transfer)	recognised at the year-end exchange rate -	309,785	66		219,186	529,037	
Derivatives for hedging interest rate risk with third parties	582	252	135	277	420	1,084	10.6
Total	562	234	135	277	420	1,066	

2017

Balance sheet items	Book value	Time Band				Total financial flows	Notes
		0-3 months	4-6 months	7-12 months	1-5 years		
Financial liabilities							
Loans and payables due to banks	669,247	1,575	1,565	3,168	687,879	694,187	9.3/10.1
Bond issue	391,847	19,219	-	2	394,219	413,440	9.3/10.1
Credit lines and payables due to banks	175,005	175,031	31	20	-	175,082	10.1
Payables to suppliers	2,449	2,449	-	-	-	2,449	10.2
Payables to Mediaset Group companies	2,943	2,943	-	-	-	2,943	10.2
Payables to Fininvest Group and Mediolanum Group Companies	27	27	-	-	-	27	10.2
Intercompany financial payables - subsidiaries/associates	670,056	670,056	-	-	-	670,056	10.5
Short-term financial payables to subsidiaries	97,649	97,649	-	-	-	97,649	10.6
Total	2,009,223	968,948	1,596	3,190	1,082,098	2,055,832	
Derivative instruments							
Third party non hedge derivatives (currency-denominated purchases)	valued at contract exchange rate 32,667	347,303			216,229	563,532	6.6-10.6
Third party non hedge derivatives (currency availability)	valued at end-of-period exchange rate -	(330,991)			(209,808)	(540,799)	
Subsidiary/joint venture non-hedge derivatives (currency-denominated sale)	valued at contract exchange rate (32,665)	(347,299)			(216,229)	(563,529)	6.6-10.6
Subsidiary non hedge derivatives (currency transfer)	valued at end-of-period exchange rate -	330,990			209,808	540,799	
Third party hedge derivatives (rates risk)	(168)	148	149	302	1,069	1,667	10.6
Total	(166)	150	149	302	1,069	1,670	

The difference between the book values and the total of the financial flows is mainly due to the interest calculated on the contractual duration of the amounts due to banks. In addition, with reference to loans

valued using the amortised cost method, the interest calculation method involves the use of the nominal rate instead of the actual yield rate.

With reference to the section relating to derivatives, the contractual exchange rate means the forward exchange rate set at the date of entry into the contract. The year end rate means the spot rate at the Balance Sheet date.

For the purpose of better representation in the table, considering the intermediation of exchange rate risk management performed by Mediaset S.p.A., the positive cash flows deriving from currency sales to subsidiaries and joint ventures have also been included.

EVENTS AFTER 31 DECEMBER 2018

In January 2019, the Company repaid the EUR 375,000 thousand corporate bond and during the next two months proceeded to consolidate and prolong committed lines of credit by entering into new loans with four and five-year maturity periods, for a total amount of EUR 350,000 thousand.

DRAFT RESOLUTION

Dear Shareholders,

We trust that you agree to the approach and criteria adopted in preparing the Statement of Financial Position, the Income Statement, Statement of Comprehensive Income, Cash Flow Statement, Statement of Changes in Shareholders' Equity and the Notes to the Accounts for the period ended 31 December 2018, which we ask that you approve.

In order to further strengthen the balance sheet and financial position of the Company and to ensure that we have all adequate funds with which to seize all international market opportunities, the Board of Directors has decided to put forward to the Shareholders' Meeting that the profit for the year of Mediaset S.p.A., amounting to EUR 111,843,478.68, be carried forward, while also reserving the right to review the decision during the Meeting of the Board of Directors of 25th July 2019 and, if necessary, to submit a proposal for the distribution of dividends against available reserves for approval at a possible extraordinary Shareholders' Meeting.

For the Board of Directors

The Chairman

ATTACHMENTS

The following attachments provide additional information with respect to that shown in the Explanatory Notes, of which they constitute an integral part.

- Table of derivative instruments at 31 December 2018.
- List of equity investments in subsidiaries and associates at 31 December 2018 (Article 2427 (5) of the Italian Civil Code).
- Disclosures pursuant to Article 149-*duodecies* of the Consob Issuer Regulation.

**Table of derivative instruments
at 31 December 2018**

(EUR thousands)

Underlying Type of transactions	Interest rate and debt securities			Exchange rates		
	Notional amount	Fair Value		Notional amount	Fair Value	
		Pos.	Neg.		Pos.	Neg.
Derivatives not listed OTC						
<i>Financial derivatives:</i>						
- forwards contracts vs. third parties						
USD purchases	-	-	-	613,719	8,525	2,032
USD sales	-	-	-	(13,185)	-	15
- forwards contracts vs. third parties						
JPY purchases	-	-	-	572,100	266	-
JPY sales	-	-	-	-	-	-
- forward contracts vs. Group						
USD purchases	-	-	-	13,223	15	-
USD sales	-	-	-	(613,711)	2,036	8,510
- forward contracts vs. Group						
JPY purchases	-	-	-	-	-	-
JPY sales	-	-	-	(572,100)	64	266
- IRS	225,000	24	607	-	-	-
Total	225,000	24	607	46	10,906	10,823

**List of equity investments in subsidiaries and associates
at 31 December 2018 (Art. 2427 (5) of the Italian Civil Code)**

(EUR thousands)

Name	Head office		Share capital	Face value per share	Shareholders' equity		Result for the year		% held	Carrying of shares held	Book value	Value as per art. 2426 (4) c.c.	Difference	
					Total amount (*)	Pro-quota amount	Total amount (*)	Pro-quota amount					B-A	B-C
Subsidiaries														
Publitalia '80 S.p.A.	Milan	Euro	52,000	0.52	143,635	143,635	40,897	40,897	100%	100,000,000	51,134	-	(92,501)	-
R.T.I. S.p.A.	Rome	Euro	500,000	0.52	985,942	985,942	(110,980)	(110,980)	100%	961,538,475	1,282,470	-	296,528	-
Mediaset España Comunicacion S.A.	Madrid	Euro	168,359	0.50	831,513	432,387	175,089	91,046	52%	169,058,846	837,378	-	404,991	-
Mediaset Investment NV	Amsterdam	Euro	90	1.00	184	184	(28)	(28)	100%	90,000	245	-	61	-
Associates and joint ventures														
Nessma S.A. (*)	Luxembourg	Euro	14,194	100.00	(11,019)	(3,746)	(245)	(83)	34%	48,435	-	-	3,746	-
Nessma Broadcast S.a.r.l. (*)	Tunis	Euro	998	100.00	3,133	1,003	2,182	698	32%	9,490	468	-	(535)	-
2I Towers Holding S.p.A.	Milan	Euro	10,055	1.00	1,157,608	463,043	(4,823)	(1,929)	40%	4,022,100	465,329	-	2,286	-

(*) Financial Statements at 31 December 2017

Disclosures pursuant to art. 149-duodecies of the Consob Issuer Regulation

(values in EUR thousand)

Types of assignment	Entity providing the service	Recipient	Fees for the year 2018
Auditing	Deloitte & Touche S.p.A.	Holding Company-Mediaset S.p.A.	587
Auditing	Deloitte & Touche S.p.A.	Subsidiaries	965
Auditing	Deloitte & Touche S.p.A. Network	Subsidiaries	307
Certification services	Deloitte & Touche S.p.A.	Holding Company-Mediaset S.p.A. (1)	63
Certification services	Deloitte & Touche S.p.A.	Subsidiaries (1)	65
Other services	Deloitte & Touche S.p.A. Network	Subsidiaries (1)	30
Other services	Deloitte & Touche S.p.A.	Subsidiaries	545
Total			2,562

(1) Certification services, Income Tax Return and 770 declaration

Mediaset S.p.A.

**Annual Report 2018
Report of the Statutory Auditors
and the External Auditors**



MEDIASET S.p.A.

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING CALLED FOR THE APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (pursuant to Article 153 of Legislative Decree no. 58/98)

Shareholders,

The Board of Statutory Auditors is required to report on its supervisory activities performed during the year and on any omissions and censurable facts found to the shareholders' meeting, pursuant to Article 153 of Italian Legislative Decree 58/1998 (TUF) and the Italian Civil Code. The Board of Statutory Auditors may also make comments and proposals regarding the financial statements, their approval, and the matters within its remit.

During 2018, the Board of Statutory Auditors performed its institutional tasks in compliance with the Italian Civil Code, Italian Legislative Decree 58/1998 (TUF), Italian Legislative Decree 39/2010 (Consolidated Law on statutory audits of annual accounts and consolidated accounts), as amended by Italian Legislative Decree no. 135/2016, and the statutory rules and regulations issued by the Authorities that perform supervisory and control activities, those contained in the Corporate Governance Code for Listed Companies which the Company has formally adopted, also taking into account the standards of conduct recommended by the Italian National Board of Accountants and Accounting Experts as of 26 April 2018.

The Board of Statutory Auditors was appointed by the Shareholders' Meeting on 28 June 2017 and comprises Mauro Lonardo, Chairman, and regular auditors Francesca Meneghel and Ezio Maria Simonelli.

In particular, the work of the Board of Statutory Auditors involved:

- supervising compliance with the law, bylaws and the principles of good governance;
- participating in all meetings of the Board of Directors, the Executive Committee and internal board committees set up in accordance with the Corporate Governance Code;
- periodic meetings with high level executives of the Company and its subsidiaries in order to acquire information regarding the progress and trend of general operations and the most significant operations in equity, financial and income terms;
- meetings with the Company's management aimed at examining specific issues (induction session) benefiting both the non-executive directors and the Board of Statutory Auditors;
- analysis of the main aspects of the organisational structure of the Company for the purpose of ascertaining its adequacy;
- examining the internal control and risk control system, as well as the administrative and accounting system, in order to ascertain whether it is appropriate and reliable in representing the accounting events correctly;
- examining the action plan and the results of the audits conducted by the Internal Audit function;
- monitoring the auditing of the accounts and independent of the independent auditors (Deloitte & Touche S.p.A.);
- checking the procedures put in place by the Board of Directors for evaluating the independence of the Independent Directors;
- checking the compliance with the independence criteria applied to the Board of Statutory Auditors in accordance with those set out for the directors in the Code of Corporate Governance;
- supervising procedures regarding related-party transactions;
- examining the instructions given to subsidiaries, including for the purposes of fulfilling the communication obligations;

- periodic exchanges of information with the relevant control bodies of the main subsidiaries and the Supervisory Body referred to in Italian Legislative Decree 231/2001;
- maintaining relations with the Financial Reporting Manager and the independent auditors responsible for the external audit of the annual accounts and consolidated accounts, Deloitte & Touche S.p.A.;
- supervising the financial reporting process pursuant to article 19 of Legislative Decree 39/2010 and the non-financial disclosures pursuant to Legislative Decree 254/2016.

In view of the above, information is provided below as required by the provisions contained in the Consob Communication DEM 1025564/2001, according to the numbering indicated therein, as amended and supplemented by communication no. DEM / 3021582 of 4 April 2003, and subsequently with communication no. DEM / 6031329 of 7 April 2006.

1. Transactions having a significant impact on the company's profitability, assets and liabilities or financial position and their compliance with the law and with the articles of association.

During the meetings of the Board of Directors and the Executive Committee, during which the transactions having a significant impact on the profitability, assets and liabilities and financial position of Mediaset S.p.A. and subsidiaries were reviewed, the Board of Statutory Auditors received the information referred to in Article 150, paragraph 1 of the TUF. A detailed description of these transactions may be found in the Report on Operations.

On the basis of the information obtained through its supervisory activities, the Board of Statutory Auditors is not aware of any transactions carried out during the year covered by this report, that were not executed in compliance with the law and the Company By-laws, not in line with Mediaset S.p.A.'s interests, in conflict with

resolutions passed by the Shareholders, manifestly imprudent or risky, lacking the necessary information in the event that the transactions were in the interest of Directors', or such as to compromise the integrity of company's assets.

2. and 3. Unusual, or non-recurring transactions, including intercompany or related party transactions.

In this regard, the Board specifies that:

- Based on the analyses carried out no unusual or non-recurring transactions were carried out ;
- the procedures adopted by the company with regard to transactions with related parties comply with the principles contained in Consob Regulation no. 17221 of 12 March 2010;
- intercompany transactions or transactions with related parties did not have any critical aspects, save for the customary request to management to pay attention at all times, as regards adopting internal support, control and audit procedures for transactions; moreover, the Board suggested again that IT solutions be adopted to help identify, manage and report related-party transactions;
- these transactions have been adequately disclosed in the notes to the separate and consolidated financial statements, and they are fair and consistent with the Company's interests;
- As regards transactions carried out by relevant parties and by persons closely related thereto ("Internal dealing" rules), the Board ascertained that the Company has adopted appropriate internal rules and procedures for the disclosure of such information. In this regard, the Board welcomed the update made during 2018 to the procedure for the "management and disclosure of inside information", which i) integrated the concept of significant information and the Relevant Information List (a process already overseen by competent functions); ii) implemented new legal provisions on

notifying the supervisory authorities that criteria had been met to start the procedure to delay disclosure; iii) revised legal references.

4. Oversight of the financial reporting process. Observations and proposals concerning any findings and emphasis of matter contained in the independent auditor's report .

By participating in the Control and Risk Committee Board of Statutory Auditors was able to coordinate its "Internal Control and Auditing Committee" functions with the work performed by the above Committee. In this area as well, the Board of Statutory Auditors, identified under Article 19 (2) of the Consolidated Law on statutory audits of annual accounts and consolidated accounts as the "Internal Control and Audit Committee" supervised the financial reporting process.

Moreover, the Board of Statutory Auditors, in a specific meeting with the Financial Reporting Manager, verified the existence of adequate rules and procedures to oversee the process of the "preparation" and "dissemination" of financial disclosures and deems this process to be adequate.

The Board of Statutory Auditors reviewed the process that allows the Financial Reporting Manager, appointed pursuant to Italian Law 262/2005, and the Chairman of the Board of Directors, to issue the certificates required by Article 154-bis of the Consolidated Finance Law.

The administrative and accounting procedures for preparing the separate and consolidated financial statements and any other financial communication have been prepared under the responsibility of the Financial Reporting Manager who, together with the Chairman of the Board of Directors, certifies the adequacy and effective application of these procedures.

The Board of Statutory Auditors also reviewed the independent auditor reports prepared by Deloitte & Touche S.p.A, contracted by the shareholders of Mediaset, at their meeting held on 28 June 2017, to audit the separate and consolidated financial statements for 2017/2025.

These reports, issued on 27 March 2019, pursuant to Article 14 of Italian Legislative Decree 39/2010, indicate that the Group's separate financial statements and consolidated financial statements have been prepared in accordance with the IAS/IFRS International Accounting Standards issued by the International Accounting Standards Board and adopted by the European Union and the measures adopted implementing Article 9 of Legislative Decree no. 38/2005. Therefore, they represent a true and fair view of the equity and financial position, the economic performance, and the cash flows for the year ended 31 December 2018. Furthermore, in the opinion of the auditor, the Report on Operations and the information referred to in Article 123 bis (4) of Italian Legislative Decree 58/1998 (TUF) presented in the Corporate Governance Report are consistent with the financial statements.

The Auditors, in their reports, did not present any findings or emphasis of matter.

The Auditors also issued an "Additional report for the internal control and audit committee" pursuant to article 11 of Regulation (EU) No 537/2014 which presents the results of statutory auditing and includes the statement on independence referred to in article 6, paragraph 2, letter a) of Regulation (EU) 537/2014, besides the disclosure required by article 11 of said Regulation.

The auditor has not reported any information on events or circumstances that may cast significant doubt on the entity's ability to continue as a going concern or report on any significant deficiencies in the internal financial control system, and/or in the accounting system, or any significant matters involving actual or suspected non-compliance with laws and regulations or articles of association in the course of the audit. In this context, the auditor did not prepare a letter of recommendations.

The Board of Statutory Auditors will inform the Company Board of audit findings, sending for this purpose its observations on the additional report referred to in Article 11 of Regulation (EU) No 537/2014, pursuant to Article 19 of Legislative Decree 39/2010, as updated by Legislative Decree 135/2016 implementing Directive 2014/56/EU amending Directive 2006/43/EC.

The Consolidated Non-financial statement , prepared pursuant to Legislative Decree 254/16, was reviewed by Deloitte & Touche S.p.A., which issued the limited audit report today with no exceptions. On the basis of the work carried out, the auditor has confirmed that no evidence has been brought to their attention that would suggest that the Mediaset Group's Non-Financial Statement for the year ended 31 December 2018 has not been drafted, in all material aspects, in compliance with the provisions laid down in articles 3 and 4 of the Decree and the GRI Standards. The Board of Statutory Auditors, through specific meetings with the function responsible for preparing the Statement and with the Independent Auditor, supervised compliance with the provisions of Legislative Decree no. 254/2016, within the competences assigned to them by institutionally by law.

5. and 6. Information concerning any complaints pursuant to Article 2408 of the Italian civil code and petitions

Only one complaint pursuant to article 2408 of the Italian Civil Code was received on 7 March 2018 by a shareholder concerning general, undocumented facts, which were not however identified, therefore the Board did not consider that there were grounds for said complaint.

7. and 8. Oversight of the independence of independent auditors. Information on the assignment of any additional engagements to the independent auditors or to parties tied by permanent relations with the independent auditors and the related costs.

The Board of Statutory Auditors supervised the independence of the independent auditor and, in particular, the auditor informed the Board of its other engagements for non-audit services during the 2018 financial year.

In compliance with Regulation (EU) No 537/2014 on specific requirements regarding statutory audit of public-interest entities and amendments to Legislative Decree no. 39/2010 with the issue of Legislative Decree no. 135/16, in effect since 5 August 2016, the Company updated the Guidelines for appointing auditors on 19 April 2017,

supervised by the Board of Statutory Auditors. These guidelines also set out the preliminary assessment and approval process to be followed by the Board of Statutory Auditors for non-audit services to be entrusted to the auditor, as well as monitoring the CAP laid down in the EU Regulation at Group level.

The Board reviewed the report on the independence of the independent auditor, prepared in accordance with Article 6 (2) letter a) of Regulation (EU) No 537/2014 and Article 17 of Italian Legislative Decree 39/2010, issued by the independent auditor on 27 March 2019. In this report the independent auditor certifies that on the basis of the information obtained and the verifications carried out for the purposes of paragraph 17 (a) of International Auditing Standard (ISA Italia) 260, taking into account the regulatory and professional principles regulating audit activities, until today's date, there were no situations that compromised the independence or grounds for incompatibility pursuant to Articles 10 and 17 of Legislative Decree 39/2010 and its implementing provisions.

The Board of Statutory Auditors acted as Internal Control and Audit Committee (CCIRC) and authorized the non-audit services provided by the independent auditor, making sure that they were other than those referred to in Article 5 1(1) of Regulation (EU) No 537/2014 and that they did not affect independence from the Company in carrying out the independent statutory audit.

The Board of Statutory Auditors granted its opinion in favour of the Company paying the following fees to Deloitte & Touche S.p.A., and to members of its global network, for the engagements specified below:

- services provided by Deloitte Consulting S.r.l. for EUR 50,000 to the subsidiary R.T.I .S.p.A. for benchmark analysis and consultancy services concerning the customer life cycle;
- independent audit pursuant to the international standard on assurance ISAE n. 3000, with reference to 2018 and 2019, by Deloitte S.L. regarding non-financial disclosure prepared by the subsidiary Mediaset España Comunicacion S.A. for EUR 27,400 per annum.

Moreover, the Board of Auditors expressed a favourable opinion at the Shareholders' Meeting on 27 June 2018 regarding the proposal to supplement the compensation of the independent auditors for activities carried out following the adoption of the new accounting standards IFRS 9 and 15, and for some changes made to the audit perimeter, as this is consistent with its statutory auditing appointment, considering the supplemented compensation as adequate in view of new audit activities, consistent with the professional commitment required and aligned with conditions already existing.

9. Information on the existence of opinions issued pursuant to the provisions of law during the year.

The Board of Statutory Auditors reviewed and expressed its favourable opinion to the Board of Directors on the Diversity Policy of Mediaset S.p.A.'s Board of Statutory Auditors. In this regard, the Board of Directors hoped that members of the Board of Statutory Auditors could offer diverse, complementary expertise and experience. As the Board of Statutory Auditors comprises three regular auditors (and three alternate auditors), one of which is elected from the minority, the Board considered that the following diversity aspects were met: [(i) an adequate level of experience and knowledge relative to the market in which the Company operates, the governance system, accounting and financial analysis, as well as the legal framework, i.e. long-term experience in listed companies; (ii) gender diversity which ensures that the Board of Directors - even when legal provision on gender balance no longer have effect - has at least one regular auditor and one acting auditor of the least represented gender, so that the Company may benefit from different viewpoints and experience that gender diversity can provide. For this purpose, the Board hopes that candidate lists presented by shareholders - apart from those which have less than three candidates - indicate (for both regular and alternate auditors), at least one candidate of the least represented gender; (iii) diversity in length of service, to balance the needs for continuity and renewal in control of the Company and benefit from

different viewpoints and experience that come with a shorter or longer length of service.

During the year, the Board of Statutory Auditors expressed favourable opinions concerning:

- the agreement on the overall compensation of the Chairman of the Board of Directors proposed by the Deputy Chairman and Chief Executive Officer (July 2018);
- the compensation of the Deputy Chairman of the Board of Directors and Chief Executive Officer pursuant to article 2389 of the Italian Civil Code, paragraph 3, and article 6 of the Corporate Governance Code (July 2018);
- the appointment of the Financial Reporting Manager of the Company.

During the year, the Board of Statutory Auditors did not issue any further opinions, except as required by the supervisory activity on the independent auditor.

10. Information on the frequency and number of meetings held by the Board of Directors, the Executive Committee and the Board of Statutory Auditors.

During the year, the Board of Statutory Auditors performed its activities by holding 22 meetings of the Board of Statutory Auditors, lasting an average of approximately 2 hours.

Furthermore, the Board of Statutory Auditors participated in all 13 meetings of the Board of Directors, the shareholders' meeting, the 8 meetings of the Executive Committee, the 11 meetings of the Control, Risk and Sustainability Committee (of which 5 were held jointly with the Board of Statutory Auditors), the 6 meetings of the Related Parties Committee, the 5 meetings of the Governance and Appointment Committee, and the 6 meetings of the Compensation Committee. The overall commitment of each member of the Board of Statutory Auditors, considering additional activities strictly in the Board's remit (activities prior to meetings, report on the financial statements, opinions and recording minutes) was equal to around 300 hours for each auditor and to around 400 hours for the chairman.

11. and 12. Observations on compliance with the principles of sound governance and adequacy of the organizational structure

On the basis of the information obtained through its supervisory activities, the Board of Statutory Auditors is not aware of any transactions carried out during the year covered by this report which are not based on the principles of sound governance.

The Board of Statutory Auditors monitored the adequacy of the Company's organisational structure, for areas under its responsibility, and more in general of the Mediaset Group as a whole, obtaining information and receiving continual updates provided by the Company on organisational provisions. In view of the complexity of the Company's and Mediaset Group's organisational structure, which is constantly evolving, the Board of Statutory Auditors considered the organisational structure to be adequate.

13. Oversight of the adequacy of the internal control system

Based on the data and information obtained during the work carried out in 2018, the Mediaset Group's internal control and risk management system was deemed by the internal audit function to be working, with reference to its effectiveness, and adequate with reference to its suitability to achieve an acceptable overall risk profile, consistent with the internal control system and risk management guidelines established by the Board of Directors. As regard these guidelines, the Board suggested their periodic monitoring and revision, in view of updates to the Group's organisational structure and relevant best practices.

The Board of Statutory Auditors, having taken note of the contents of the Corporate Governance Report regarding the adequacy and effective functioning of the internal control system, periodically met the head of the internal audit function of the Group and reviewed the function's 2018 report. With reference to the various Group-level reports by the internal audit function, improvement and corrective action plans have

been set up that require a timely compliance with the timetables by all involved. In compliance with recommendations of international standards on auditing, the Internal Audit Function put in place actions to ensure and improve the quality of activities carried out.

Furthermore, the Board of Statutory Auditors has reviewed and obtained information on the organizational and procedural activities carried out, pursuant to and for the purposes of Italian Legislative Decree 231/2001, as amended, on the administrative liability of entities for offences covered under this decree. No major problems were revealed during the meetings and in the reports of the Supervisory Body on the activities performed in 2018. During the year, the Compliance Programme was revised. Amendments made concern, in particular: updates to predicate offences; a complete revision of the General Part and the introduction of a section on the whistleblowing system («Reporting infringements and unlawful conduct pursuant to Legislative Decree 231/01»); an update to the Compliance Programme attachments.

The Board of Statutory Auditors also acknowledged the alignment of the Group's whistleblowing system pursuant to Law no. 179 of 30 November 2017.

Lastly, during the year, it was also considered appropriate to revise the current Code of Ethics, compared to the previous edition adopted in 2012, with the aim of clearly confirming and in some cases updating the set of values and responsibilities that the Mediaset Group recognises, accepts, shares and undertakes.

In brief, the Board of Statutory Auditors did not identify any critical situations or facts that would make the internal control system as a whole inadequate.

14. Observations on the adequacy of the administrative - accounting system and on its reliability in providing a true and fair view of the business operations.

The Board of Directors obtained information on and supervised, for the areas under their responsibility, the adequacy of the Company's administrative-accounting system in providing a true and fair view of business operations, on the effectiveness of the

internal control and risk management system of the financial reporting process through: (i) collecting information from the heads of the various functions, the independent auditors and the Financial Reporting Manager; (ii) participating in the work carried out by the Control and Risk Committee and the Related-Parties Committee; (iii) reviewing the annual report on the activities carried out by Mediaset's Internal Control function; (iv) information about the news and notifications of inspections and procedures by bodies and authorities, including independent ones.

The Board also took note of the Statements, dated 12 March 2019, on the separate and consolidated financial statements as at 31 December 2018, pursuant to Article 154-bis, paragraph 5 of Legislative Decree no. 58/1998 and Article 81-ter of the Consob Regulation no. 11971 of 14 May 1999, with which the Chairman of the Board of Directors and the Financial Reporting Manager certify, among other things, that the separate and consolidated financial statements:

- are drawn up in accordance with the International Accounting standards applicable and recognised in the European Community, pursuant to Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 and to the measures adopted in implementing of Article 9 of Legislative Decree no. 38/2005;
- are consistent with the underlying accounting records;
- are able to provide a true and fair view of the assets and liabilities, operating results and cash flows of the issuer and of the group of companies included in the consolidation.

The Chairman of the Board of Directors and the Financial Reporting Manager also certify that the Report on Operations includes a reliable analysis of the financial performance and results of operations, as well as the situation of the issuer and the group of companies included in the consolidation, together with the description of the main risks and uncertainties to which they are exposed.

15. Observations on the adequacy of the instructions imparted by the company to its subsidiaries pursuant to Article 11(2) of Legislative Decree No. 58/1998.

The Board of Statutory auditors supervised the instructions given to the Subsidiaries, which it deemed appropriate in light of the parent company's role of coordination and guidance, also at the international level. There was no need to implement corrective actions to improve the instructions given to subsidiaries pursuant to Article 114 (2) of the TUF.

Furthermore, the Board exchanged information and met with the relevant control bodies of the Group's main subsidiaries. No important aspects worth reporting resulted from these meetings.

16. Oversight of the independent statutory audit of the separate and consolidated financial statements and comments on any material aspects that emerged during the meetings held with the auditors pursuant to Article 150. (2) of Legislative Decree no. 58/1998

The meetings with the independent auditors did not reveal any critical issues during the audit of the accounts, or significant deficiencies in the internal control system related to the financial disclosure process.

The independent auditors issued today the additional report pursuant to Article 11 of Regulation (EU) No 537/14 of the European Parliament and of the Council. This report provides a clear description of the activities carried out and forms an integral part of the 2018 Audit Plan already explained by the independent auditors to the Board and to the Control, Risk and Sustainability Committee, which analysed its contents during joint meetings. The independent auditors did not issue a letter of recommendations.

No information has been reported on events or circumstances that may cast significant doubt on the entity's ability to continue as a going concern or report on any significant deficiencies in the internal financial control system, and/or in the accounting system, or any significant matters involving actual or suspected non-

compliance with laws and regulations or articles of association in the course of the audit.

17. Oversight of the company's adherence to the corporate governance code of the Corporate Governance Committee of listed companies

The Board of Statutory Auditors supervised the correct implementation of the corporate governance rules set out in the Corporate Governance Code adopted by the Company - in line with the code developed by the Corporate Governance Committee for listed companies on the initiative of Borsa Italiana S.p.A. - without any particular problems, as specified also in the Corporate Governance Report prepared by the Directors. The Board of Directors carried out an assessment on the size, composition and functioning of both itself and its committees, with the support of a leading consulting firm; the results of which are reported in the Corporate Governance Report.

In particular, the Board of Statutory Auditors verified the correct application of the criteria and procedures adopted by the Board of Directors to assess the independence of the Directors; the assessment was made taking into account the suggestion of the Board of Statutory Auditors to make such assessments also on the basis of the information available to the issuer, with reference to possible economic/financial relationships and/or relations between the Mediaset Group companies, the Directors, and any related parties, in line with the independence requirements under Article 3.C.1 subparagraph c) of the Corporate Governance Code.

Moreover, on 18 December 2018, the Board of Statutory Auditors verified the correct application of the criteria and procedures adopted by the Board of Directors to assess the independence of the Directors. In particular, with reference to the assessment made by the Governance and Appointment Committee on whether a director still meet independence requirements, after appointment, following marriage to an employee of the holding company, the Board of Statutory Auditors, regarding duties

assigned by law, ascertained that the procedure adopted by the board to assess independence had been correctly adopted.

The Board of Statutory Auditors also verified that its members fulfilled the same independence requirements as those required for the Directors; the verification of the fulfilment of such requirements, as required under both the Consolidated Law on Finance and by the Corporate Governance Code, was carried out also taking into account the findings reported by the issuer - as requested by the Board of Statutory Auditors- concerning any economic/financial relations and/or other relationships with Mediaset Group companies. The outcome of the verification was notified to the Board of Directors on 12 March 2019.

As regards activities required by the Corporate Governance Code, during the year the Board of Statutory Auditors met 22 times and attended all meetings of the Board of Directors, of the Executive committee and of all Board committees, as well as shareholders' meeting, for a grand total of 67 meetings.

Pursuant to the corporate governance code, over the course of 2018, the Board of Statutory Auditors was also heard by the Board of Directors on the following activities:

- definition of the 2018 audit plan;
- appointment of the head of the Internal Audit department and relative compensation;
- assessment of the results presented by the Independent auditor on the additional report pursuant to article 11 of Regulation EU 537/2014 on the 2017 financial statements;
- evaluation of the correct use of accounting standards and their homogeneity for the purpose of preparing the consolidated financial statements.

Lastly, the Board of Statutory Auditors, pursuant to provisions in the new code of conduct for Boards of Statutory Auditors of listed companies of April 2018, with reference to the 2018 financial year, carried out a self-assessment, the outcome of which was positive in terms of the qualitative/quantitative profile of the Board of

Statutory Auditors and its functioning: the members of the Board of Statutory Auditors considered the board to be fully adequate for its duties and responsibilities assigned overall. In this regard, the Board appreciated the adequacy of information made available to it by units, through the portal and Committee activities, and during specific induction sessions. As regards areas for improvement, the Board requested that summary documents be made available in the case of particularly large volumes.

18. and 19 Final assessments on the supervision activity carried out and indication of any proposals to be submitted at the Shareholders' meeting pursuant to Article 153 (2) of Legislative Decree No. 58/1998.

In accordance with Consob rules, we hereby state that our activities did not reveal any omissions, facts worthy of censure, irregularities or instances of inadequacy of the organisational structure, of the internal control system or of the administration/accounting system.

As regards the individual financial statements for the year ended 31 December 2018, which recorded a net profit of EUR 111,843,478.68 we verified compliance with applicable laws regulating their preparation and presentation.

In light of the foregoing, the Board of Statutory Auditors, given the content of the reports drawn up by the independent auditor, having taken note of the statements issued jointly by the Chairman of the Board of Directors and the Financial Reporting Manager, has no reason, with regard to the areas under its remit, to impede the approval of the draft separate financial statements at 31 December 2018 and the draft resolution to retain profit for the year as formulated by the Board of Directors.

Rome, 27 March 2019

for The Board of Statutory Auditors

The Chairman

Signed Mauro Lonardo

**INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014**

**To the Shareholders of
Mediaset S.p.A.**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Mediaset S.p.A. (the "Company"), which comprise the statement of financial position as at December 31, 2018, and the statement of income, statement of comprehensive income, statement of cash flows and statement of changes in shareholders' equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of the associate investment in 2i Towers Holding S.p.A.

Description of the key audit matter

On July 16, 2018, Mediaset S.p.A. signed a partnership agreement with the infrastructure fund F2i SGR in relation to the investment in EI Towers S.p.A. (at that date, indirectly controlled by Mediaset S.p.A. through Elettronica Industriale S.p.A., and Listed at Italian Market Stock Exchange).

The partnership agreement resulted in Mediaset S.p.A. taking an associate interest of 40% in 2iTowers Holding S.p.A., an indirect subsidiary of F2i SGR that, at the same date, launched a voluntary take-over bid through an SPV (2i Towers S.p.A.) on the entire share capital of EI Towers S.p.A. The take-over bid process has been completed with the payment of the considerations on October 12, 2018, while, on October 19, 2018, EI Towers S.p.A shares were delisted. At the end of the operation ("EI Towers Operation"), Mediaset S.p.A. now holds an associate interest amounting to 40% of the share capital of 2i Towers Holding S.p.A., which totals Euro 465,3 million and is included in the caption "Equity investments in associates and joint ventures".

Given the significance of the associate investment in 2i Towers Holding S.p.A., we considered the valuation of this investment a key audit matter of the financial statements of the Mediaset S.p.A.

Note 5.5 "Equity Investments", at paragraph "Equity investments in associates and joint ventures", includes the disclosure on the associate investment in 2i Towers Holding S.p.A. including Management's conclusions on its valuation.

Audit procedures performed

In performing our activities we, among others, carried out the following procedures:

- Obtaining a sufficient understanding of the EI Towers Operation through, among other procedures, meetings with the Management;
- Obtaining and analyzing the related documentation (shareholders agreements, take-over bid document, bank receipts, Fairness Opinions);
- Verification of absence of impairment indicators on the associate investment in 2i Towers Holding S.p.A.;
- Verification of the adequacy of the disclosure reported by the Directors with respect to IFRS accounting principles requirements.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Mediaset S.p.A. has appointed us on June 28, 2017 as auditors of the Company for the years from January 1, 2017 to December 31, 2025.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Mediaset S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of Mediaset S.p.A. as at December 31, 2018, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the financial statements of Mediaset S.p.A. as at December 31, 2018 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and ownership structure are consistent with the financial statements of Mediaset S.p.A. as at December 31, 2018 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Patrizia Arienti
Partner

Milan, Italy
March 27, 2019

This report has been translated into the English language solely for the convenience of international readers.

Mediaset S.p.A.
Annual Report 2018
Certification on the Annual Financial Statements
pursuant art. 154-bis of Legislative Decree 58/98





Attestation of the Yearly Financial Statements pursuant to article 154, part two, of the Legislative Decree 58/98

1. The undersigned persons Fedele Confalonieri, Chairman of the Board of Directors and Luca Marconcini, the Assigned Executive for the drafting of the company accounting documents of Mediaset S.p.A. attest, also taking into account what is laid down by article 154, part two, paragraphs 3 and 4, of the Legislative Decree of 24th February 1998, n° 58,

- to the adequacy relative to the characteristics of the Company and
- the effective application

of the administrative and accounting procedures for building up the Yearly Financial Statements, during the financial year 2018.

2. The evaluation of the adequacy of the administrative and accounting procedures for building up the Yearly Financial Statements at 31st December 2018 was carried out based on the rules and methodologies defined by Mediaset S.p.A. in line with the model *Internal Control - Integrated Framework* issued by the *Committee of Sponsoring Organizations of the Treadway Commission*, which represents a body of general reference principles for the system of internal controls that is generally accepted at international level.

3. Furthermore, it is also attested that:

3.1 The Yearly Financial Statements:

- a) Are drawn up in conformity with the applicable International Accounting Standards recognised within the European Community, pursuant to the regulation (EC) n° 1606/2002 of the European Parliament and Council, of 19th July 2002, as well as with the measures issued to actuate article 9 of the Legislative Decree n° 38/2005;
- b) reflect the balances in the books and the accounting postings;
- c) are suitable and appropriate in order to give a true and fair view of the Balance Sheet, Income Statement and Financial situations of the Issuer;

3.2 The Board of Directors Report on Operations contains a trustworthy analysis of the progress and result of operations, as well as of the situation of the Issuer, together with the description of the main risks and uncertainties to which it is exposed.

12th March 2019

For the Board of Directors
The Chairman

(Fedele Confalonieri)

The Assigned Executive for the drafting
of the company accounting documents

(Luca Marconcini)

MEDIASET S.P.A.

Summary tables of main economic and financial data of companies included in the consolidation area

ASSETS	Publitalia '80 S.p.A.	Digitalia '08 S.r.l.	Adtech Ventures S.p.A.	R.T.I. S.p.A.	Mediaset Premium S.p.A.	Monradio S.r.l.	Elettronica Industriale S.p.A.	MC Productions S.r.l.	RMC Italia S.p.A.
Non-current assets									
Property, plant and equipment	3,026		-	100,924	555	3,103	32,922	26	1,091
Television and movie rights	-	-	-	939,097	3	-	-	-	-
Goodwill and other intangible assets	5,611	-	-	32,295	144	38,818	153,430	5	7,737
Equity investments and other non-current financial assets	21,011		338	867,318	60	124	116	-	405
Other non-current assets	-	-	-	-	-	-	-	-	16
Deferred tax assets	5,133	426	-	116,801	3,431	84	15,307	-	257
Total non-current assets	34,782	426	338	2,056,435	4,193	42,129	201,775	31	9,506
Current Assets									
Inventories	1,529	60	-	29,971		-	-	-	-
Trade receivables	463,132	14,765	-	640,223	33,897	9,142	54,121	965	4,283
Tax receivables	73	241	-	2,180	-	-	1,262	234	351
Other receivables and current assets	68,520	2,761		150,102	146,487	1,271	47,040	6	225
Intercompany financial receivables	251,794	22,903	-	-	-	-	731,915	-	-
Current financial assets	-	-	-	5,671	-	-	-	-	-
Cash and cash equivalents	2,471	1	47	322	13	1	-	-	
Total current assets	787,519	40,732	48	828,468	180,398	10,414	834,338	1,204	4,859
TOTAL ASSETS	822,300	41,157	385	2,884,904	184,591	52,543	1,036,113	1,235	14,365

MEDIASET S.P.A.

Summary tables of main economic and financial data of companies included in the consolidation area

LIABILITIES AND SHAREHOLDERS' EQUITY	Publitalia '80 S.p.A.	Digitalia '08 S.r.l.	Adtech Ventures S.p.A.	R.T.I. S.p.A.	Mediaset Premium S.p.A.	Monradio S.r.l.	Elettronica Industriale S.p.A.	MC Productions S.r.l.	RMC Italia S.p.A.
Shareholders' equity									
Share capital	52,000	10,339	50	500,000	141,000	3,030	363,167	10	1,100
Share premium reserve	-	-	-	-	-	11,771	-	-	-
Treasury shares	-	-	-	-	-	-	-	-	-
Other reserves	67,799	4,156	593	687,971	49	-	203,463	515	3,882
Valuation reserve	(4,982)	(543)	-	(21,858)	58	(89)	(74)	-	90
Retained earnings	(12,080)	5,579	-	(69,191)	(75,409)	17,840	22,628	34	(86)
Losses covered during the year	-	-	-	-	-	-	-	-	-
Profit (loss) for the year	40,897	564	(264)	(110,980)	(24,466)	(2,198)	439,396	(166)	(4,646)
TOTAL SHAREHOLDERS' EQUITY	143,635	20,095	379	985,942	41,232	30,355	1,028,580	394	340
Non-current liabilities									
Post-employment benefit plans	11,802	1,212	-	49,674	-	502	423	305	238
Deferred tax liabilities	595	39	-	5,679	-	7,707	137	-	28
Financial payables and liabilities	-	-	-	1,129	-	-	-	-	-
Provisions for risk and charges	5,554	337	-	42,811	2,335	134	1,009	80	181
Total non-current liabilities	17,952	1,588	-	99,293	2,335	8,343	1,569	385	448
Current liabilities									
Payables to banks	2	1	-	13	44	-	4	-	-
Trade payables	628,612	18,666	-	436,749	65,040	4,202	2,396	283	13,284
Provisions for risk and charges	-	-	-	56,203	683	-	-	-	-
Current tax payables	-	-	-	-	-	-	-	68	101
Intercompany financial payables	-	-	-	1,237,724	38,448	8,560	-	-	-
Other financial liabilities	4,079	8	-	1,193	-	-	-	-	-
Other current liabilities	28,021	800	6	67,788	36,808	1,083	3,565	104	193
Total current liabilities	660,714	19,475	6	1,799,669	141,024	13,845	5,965	456	13,578
TOTAL LIABILITIES	678,666	21,063	6	1,898,961	143,359	22,188	7,533	841	14,025
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	822,300	41,157	385	2,884,904	184,591	52,543	1,036,113	1,235	14,365

MEDIASET S.P.A.

Summary tables of main economic and financial data of companies included in the consolidation area

INCOME STATEMENT	Publitalia '80 S.p.A.	Digitalia '08 S.r.l.	Adtech Ventures S.p.A.	R.T.I. S.p.A.	Mediaset Premium S.p.A.	Monradio S.r.l.	Elettronica Industriale S.p.A.	MC Productions S.r.l.	RMC Italia S.p.A.
Revenues									
Revenues from sales of goods and services	1,679,173	66,498	-	1,605,797	396,799	15,082	206,559	2,530	11,391
Other revenues and income	2,783	28	-	42,865	10,567	900	65	70	495
Total revenues	1,681,956	66,526	-	1,648,662	407,366	15,982	206,624	2,600	11,886
Costs									
Personnel expenses	56,343	2,095	-	261,395	14,284	1,653	1,473	816	2,281
Purchases, services, other costs	1,561,381	63,594	41	953,355	260,660	14,649	192,760	1,939	13,061
Amortisation, depreciation and write-downs	6,879	75	-	606,373	175,378	2,461	25,188	4	832
Impairment losses and reversal of impairment on fixed assets	-	-	-	-	-	-	-	-	-
Total costs	1,624,603	65,764	41	1,821,123	450,322	18,763	219,420	2,759	16,173
EBIT	57,352	763	(41)	(172,461)	(42,955)	(2,782)	(12,797)	(159)	(4,287)
(Expenses)/Income from financial investments									
Financial expenses	(3)	0	-	(76,029)	(2,519)	(174)	0	(6)	(71)
Financial income	290	12	-	54,469	131	1	199	-	
(Expenses)/Income from equity investments	354	-	(223)	33,957	10,000	-	454,476	-	(166)
Total (expenses)/income from financial investments	641	12	(223)	12,396	7,612	(173)	454,675	(6)	(237)
EBT	57,993	775	(264)	(160,065)	(35,343)	(2,955)	441,878	(165)	(4,524)
Income taxes	17,096	211	-	(49,085)	(10,877)	(757)	2,483	2	122
Net profit from continuing operations	40,897	564	(264)	(110,980)	(24,466)	(2,198)	439,396	(166)	(4,646)
Profit (loss) for the year	40,897	564	(264)	(110,980)	(24,466)	(2,198)	439,396	(166)	(4,646)

MEDIASET S.P.A.

Summary tables of main economic and financial data of companies included in the consolidation area

ASSETS	Medusa Film S.p.A.	Taodue S.r.l.	Mediaset Investment NV	RadioMediaset S.p.A.	Radio Engineering Co S.r.l.	Radio Studio 105 S.r.l.	Radio Subasio S.r.l.	Radio Aut S.r.l.	Virgin Radio Italy S.p.A.
Non-current assets									
Property, plant and equipment	2	113	-	1,436	939	2,649	3,505	70	2,132
Television and movie rights	32,342		-	-	-	-	-	-	-
Goodwill and other intangible assets	11,505	6,058	-	46	30	10,442	1,282	109	9,520
Equity investments and other non-current financial assets		573	-	107,941	3	131	11	6	25
Other non-current assets	2	-	-	-	-	-	-	-	-
Deferred tax assets	5,144	1,035	-	236	-	221	366	3	191
Total non-current assets	48,995	7,780	-	109,658	972	13,444	5,163	188	11,868
Current Assets									
Inventories	-	438	-	23	-	-	-	-	-
Trade receivables	27,845	5,009	-	27,180	1,042	9,845	4,696	235	3,281
Tax receivables	62	1,377	-	19	5		-	-	62
Other receivables and current assets	2,381	7,382	9	4,421	66	239	125	1	567
Intercompany financial receivables	136,755	-	-	-	364	6,157	-	-	-
Current financial assets	5,466	2,252	-	-	-	-	3,478	2,667	-
Cash and cash equivalents	6	3	191	1	-		1		-
Total current assets	172,514	16,460	200	31,644	1,477	16,240	8,299	2,903	3,910
TOTAL ASSETS	221,510	24,240	200	141,301	2,449	29,684	13,463	3,091	15,778

MEDIASET S.P.A.

Summary tables of main economic and financial data of companies included in the consolidation area

LIABILITIES AND SHAREHOLDERS' EQUITY	Medusa Film S.p.A.	Taodue S.r.l.	Mediaset Investment NV	RadioMediaset S.p.A.	Radio Engineering Co S.r.l.	Radio Studio 105 S.r.l.	Radio Subasio S.r.l.	Radio Aut S.r.l.	Virgin Radio Italy S.p.A.
Shareholders' equity									
Share capital	120,000	51	90	7,378	52	780	260	10	10,063
Share premium reserve	-	2,056	155	10,851	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-	-
Other reserves	58,488	19,875	-	44,816	563	6,337	7,356	2,243	397
Valuation reserve	144	(3)	-	(177)	-	(137)	-	-	(7)
Retained earnings	(128)	(17)	(34)	459	494	7,302	-	-	503
Losses covered during the year	-	-	-	-	-	-	-	-	-
Profit (loss) for the year	12,141	(8,811)	(28)	3,160	49	5,885	1,783	(64)	(1,556)
TOTAL SHAREHOLDERS' EQUITY	190,646	13,151	184	66,487	1,158	20,167	9,399	2,189	9,401
Non-current liabilities									
Post-employment benefit plans	362	19	-	1,024	376	1,183	474	6	76
Deferred tax liabilities	-	2	-	-	-	123	-	-	419
Financial payables and liabilities	950	-	-	-	-	-	-	-	-
Provisions for risk and charges	-	77	-	85	-	152	472	426	4
Total non-current liabilities	1,312	98	-	1,109	376	1,458	946	432	498
Current liabilities									
Payables to banks	7	1	-	-	-	-	-	-	-
Trade payables	21,996	5,001	16	19,151	564	4,650	3,056	468	3,277
Provisions for risk and charges	1,528	-	-	-	-	-	-	-	-
Current tax payables	-	-	-	961	8	26	-	-	-
Intercompany financial payables	-	4,622	-	46,660	12	-	-	-	2,093
Other financial liabilities	317	347	-	-	-	121	-	-	-
Other current liabilities	5,703	1,020	-	6,932	331	3,261	62	2	508
Total current liabilities	29,551	10,991	16	73,705	915	8,059	3,118	470	5,879
TOTAL LIABILITIES	30,863	11,089	16	74,814	1,291	9,517	4,064	902	6,377
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	221,510	24,240	200	141,301	2,449	29,684	13,463	3,091	15,778

MEDIASET S.P.A.

Summary tables of main economic and financial data of companies included in the consolidation area

INCOME STATEMENT	Medusa Film S.p.A.	Taodue S.r.l.	Mediaset Investment NV	RadioMediaset S.p.A.	Radio Engineering Co S.r.l.	Radio Studio 105 S.r.l.	Radio Subasio S.r.l.	Radio Aut S.r.l.	Virgin Radio Italy S.p.A.
Revenues									
Revenues from sales of goods and services	62,223	12,122	-	17,642	2,984	27,142	8,975	60	8,564
Other revenues and income	4,715	159	-	4,520	76	1,106	824	74	315
Total revenues	66,938	12,281	-	22,163	3,060	28,248	9,799	134	8,878
Costs									
Personnel expenses	3,326	4,764	-	3,496	599	2,105	1,152	94	868
Purchases, services, other costs	21,113	11,455	37	12,447	2,298	17,067	4,812	108	9,272
Amortisation, depreciation and write-downs	26,612	7,293	-	340	59	895	1,304	25	686
Impairment losses and reversal of impairment on fixed assets	-	-	-	-	-	-	-	-	-
Total costs	51,052	23,512	37	16,283	2,955	20,067	7,268	226	10,826
EBIT	15,886	(11,231)	(37)	5,880	105	8,181	2,532	(92)	(1,948)
(Expenses)/Income from financial investments									
Financial expenses	(1)	(224)	-	(1,050)	(12)	(142)	(2)	(1)	(80)
Financial income	14		-	3	-	10	1	-	
(Expenses)/Income from equity investments	-	-	-	(933)	-	107	-	-	-
Total (expenses)/income from financial investments	13	(224)	-	(1,980)	(12)	(24)	(1)	(1)	(80)
EBT	15,899	(11,455)	(37)	3,900	92	8,157	2,531	(94)	(2,028)
Income taxes	3,757	(2,644)	(9)	740	43	2,271	748	(30)	(472)
Net profit from continuing operations	12,141	(8,811)	(28)	3,160	49	5,885	1,783	(64)	(1,556)
Profit (loss) for the year	12,141	(8,811)	(28)	3,160	49	5,885	1,783	(64)	(1,556)

MEDIASET S.P.A.

Summary tables of main economic and financial data of companies included in the consolidation area

ASSETS	Advertisement 4 Adventures SLU	Concursos Multiplataformas S.A.	Conecta 5 Telecinco S.A.U.	Grupo Editorial Tele 5 SAU	Medset Film Sas	Mediacinco Cartera SL	Mediaset Espana Comunicacion S.A.	Mediaset Investment SARL
Non current assets								
Land, plants, equipment and other tangible fixed assets	-	-	193	-	-	-	57,686	1
Television and cinema rights	-	-	-	-	-	-	123,817	-
Goodwill and other intangible fixed assets	-	-	1,598	-	4,416	-	360,990	2
Equity investments and other financial non current assets	15,299	-	21	-	35	-	157,921	2,094
Tax assets	643	4	0	-	-	22,512	57,364	143
Total non current assets	15,941	4	1,812	-	4,451	22,512	757,778	2,239
Current assets								
Inventories	-	-	-	-	-	-	9,753	-
Trade receivables	-	-	221	2,544	1	-	8,009	-
Other receivables and current assets	9	-	80	-	961	-	19,724	761
Intercompany current receivables	-	1,677	11,063	5,169	-	1,399	226,448	-
Current Financial Assets	-	-	-	-	-	14,890	30,762	818
Cash and cash equivalent	23	174	918	15	277	7	131,316	3,794
Total current assets	32	1,851	12,281	7,727	1,239	16,295	426,011	5,373
Non current assets available for sale	-	-	-	-	-	-	-	-
TOTAL ASSETS	15,973	1,855	14,093	7,727	5,689	38,808	1,183,790	7,612

MEDIASET S.P.A.

Summary tables of main economic and financial data of companies included in the consolidation area

LIABILITIES AND SHAREHOLDERS' EQUITY	Advertisement 4 Adventures SLU	Concursos Multiplataformas S.A.	Conecta 5 Telecinco S.A.U.	Grupo Editorial Tele 5 SAU	Medset Film Sas	Mediacinco Cartera SL	Mediaset Espana Comunicacion S.A.	Mediaset Investment SARL
Shareholders' Equity								
Share Capital	55	60	62	120	545	50	163,718	21,471
Share premium reserve	10,941	-	1,301	-	-	189,953	313,235	-
Treasury shares	-	-	-	-	-	-	(0)	-
Profit/(loss) brought forward and other reserves	(4,396)	1,986	(405)	(1,677)	-	(153,929)	179,472	(11,465)
Evaluation reserves	1,820	-	-	-	-	-	-	-
Profit/(loss) for the year	106	(256)	1,456	5,967	(0)	(137)	175,089	(3,244)
TOTAL SHAREHOLDERS' EQUITY	8,526	1,790	2,414	4,410	545	35,937	831,513	6,762
Non Current Liabilities								
Post-employment benefit plans	-	-	-	-	-	-	-	-
Non Current Tax Liabilities	237	-	-	-	-	-	-	143
Loan and financial liabilities	-	-	6,000	-	-	-	9	-
Non Current Provision for risk and charges	-	-	11	-	-	-	10,555	-
Other Non Current Liabilities	-	-	-	-	-	-	100	-
Total Non Current Liabilities	237	-	6,011	-	-	-	10,663	143
Current Liabilities								
Due to banks	-	16	-	-	-	-	-	-
Trade payables	11	87	1,939	63	210	-	133,885	12
Current Provision for Risk and Charges	-	-	-	-	-	-	-	-
Tax liabilities	0	0	128	1,169	-	0	21,495	449
Intecompany Current Liabilities	7,198	44	3,260	2,085	-	2,870	172,752	-
Other current financial liabilities	-	-	-	-	3,935	-	-	-
Other current liabilities	-	-	342	-	999	-	13,482	245
Total Current Liabilities	7,210	146	5,668	3,317	5,144	2,871	341,613	707
Non current liabilities related to current assets available for sale	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	7,447	146	11,680	3,317	5,144	2,871	352,277	850
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	15,973	1,936	14,093	7,727	5,689	38,808	1,183,790	7,612

MEDIASET S.P.A.

Summary tables of main economic and financial data of companies included in the consolidation area

STATEMENT OF INCOME	Advertisement 4 Adventures SLU	Concursos Multiplataformas S.A.	Conecta 5 Telecinco S.A.U.	Grupo Editorial Tele 5 SAU	Medset Film Sas	Mediacinco Cartera SL	Mediaset Espana Comunicacion S.A.	Mediaset Investment SARL
Revenues								
Revenues from the sale of goods and services	-	115	14,021	10	-	-	787,031	-
Other revenues and income	-	0	3,309	8,246	-	0	17,480	20
Total Revenues	-	115	17,330	8,256	-	0	804,512	20
Costs								
Personnel expenses	-	-	934	-	2,307	-	91,441	589
Purchases, services, other costs	49	147	13,642	300	(2,315)	2	401,740	753
Amortisation, depreciation and write-downs	-	309	1,153	-	-	-	192,851	8
Impairment losses and reversal of impairment on fixed assets	-	-	-	-	-	-	-	-
TOTAL COSTS	49	456	15,729	300	(8)	2	686,031	1,351
Gains/(Losses) from disposal of non current assets								
EBIT	(49)	(340)	1,601	7,956	8	(2)	118,480	(1,331)
Income/(losses) from financing activity								
Financial losses	(172)	(1)	(151)	(0)	(8)	(181)	(7,536)	(574)
Financial income	-	0	280	-	-	-	76,933	1,346
Income/(losses) from equity investments	-	-	-	-	-	-	17,930	(2,524)
Other income/(losses) from financing activity	363	-	(2)	-	-	-	268	2
Total Income/(Losses) from financing activity	190	(1)	127	(0)	(8)	(181)	87,595	(1,750)
EBT	141	(341)	1,728	7,956	(0)	(183)	206,075	(3,081)
Income taxes	35	(85)	272	1,989		(46)	30,986	163
NET RESULT FROM CONTINUING OPERATIONS	106	(256)	1,456	5,967	(0)	(137)	175,089	(3,244)
Gains/(Losses) from disposal of assets available for sale								
NET RESULT FOR THE YEAR	106	(256)	1,456	5,967	(0)	(137)	175,089	(3,244)

MEDIASET S.P.A.

Summary tables of main economic and financial data of companies included in the consolidation area

ASSETS	Netsonic SL	Premiere Megaplex SA	Publiespaña SAU	Publieurope Ltd	Publimedia Gestion SAU	Radio 105 USA Corp.	Sogecable Editorial S.L.U.	Telecinco Cinema SAU
Non current assets								
Land, plants, equipment and other tangible fixed assets	-	-	31	50	-	-	-	-
Television and cinema rights	-	-	-	-	-	-	-	15,062
Goodwill and other intangible fixed assets	-	-	346	-	-	-	-	0
Equity investments and other financial non current assets	-	-	2,090	-	-	-	6,655	-
Tax assets	-	-	1	-	-	-	-	-
Total non current assets	-	-	2,468	50	-	-	6,655	15,062
Current assets								
Inventories	-	-	-	-	-	-	-	-
Trade receivables	-	-	200,765	1,619	-	-	-	9,877
Other receivables and current assets	-	-	261	866	1	13	0	147
Intercompany current receivables	-	-	121,908	6,412	2,690	-	-	4,908
Current Financial Assets	-	-	3,575	47,708	-	-	-	-
Cash and cash equivalent	-	-	32,395	1,402	7	124	16	366
Total current assets	-	-	358,904	58,007	2,698	137	17	15,298
Non current assets available for sale	-	-	-	-	-	-	-	-
TOTAL ASSETS	-	-	361,372	58,057	2,698	137	6,672	30,360

MEDIASET S.P.A.

Summary tables of main economic and financial data of companies included in the consolidation area

LIABILITIES AND SHAREHOLDERS' EQUITY	Netsonic SL	Premiere Megaplex SA	Publiespaña SAU	Publieurope Ltd	Publimedia Gestion SAU	Radio 105 USA Corp.	Sogecable Editorial S.L.U.	Telecinco Cinema SAU
Shareholders' Equity								
Share Capital	-	-	601	7,697	61	-	331	160
Share premium reserve	-	-	-	-	-	-	-	4,877
Treasury shares	-	-	-	-	-	-	-	-
Profit/(loss) brought forward and other reserves	-	-	(14,626)	40,649	2,620	65	6,315	(8,774)
Evaluation reserves	-	-	-	-	-	-	-	-
Profit/(loss) for the year	-	-	64,495	5,897	13	29	4	1,969
TOTAL SHAREHOLDERS' EQUITY	-	-	50,469	54,243	2,694	94	6,650	(1,768)
Non Current Liabilities								
Post-employment benefit plans	-	-	-	-	-	-	-	-
Non Current Tax Liabilities	-	-	-	2	-	-	-	0
Loan and financial liabilities	-	-	-	-	-	-	-	28,500
Non Current Provision for risk and charges	-	-	1,503	-	-	-	-	28
Other Non Current Liabilities	-	-	-	-	-	-	-	1
Total Non Current Liabilities	-	-	1,503	2	-	-	-	28,529
Current Liabilities								
Due to banks	-	-	-	-	-	-	-	-
Trade payables	-	-	13,703	420	-	43	-	1,828
Current Provision for Risk and Charges	-	-	40,148	-	-	-	-	-
Tax liabilities	-	-	732	607	0	-	0	54
Intecompany Current Liabilities	-	-	249,427	1,218	4	-	22	1,309
Other current financial liabilities	-	-	-	-	-	-	-	-
Other current liabilities	-	-	5,389	1,568	-	-	-	409
Total Current Liabilities	-	-	309,400	3,813	4	43	22	3,599
Non current liabilities related to current assets available for sale	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	310,903	3,814	4	43	22	32,128
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	-	-	361,372	58,057	2,698	137	6,672	30,360

MEDIASET S.P.A.

Summary tables of main economic and financial data of companies included in the consolidation area

STATEMENT OF INCOME	Netsonic SL	Premiere Megaplex SA	Publiespaña SAU	Publieurope Ltd	Publimedia Gestion SAU	Radio 105 USA Corp.	Sogecable Editorial S.L.U.	Telecinco Cinema SAU
Revenues								
Revenues from the sale of goods and services	-	-	928,218	33,082	(5)	520	-	23,766
Other revenues and income	-	-	52	-	10	6	10	354
Total Revenues	-	-	928,270	33,082	4	526	10	24,120
Costs								
Personnel expenses	-	-	16,705	2,815	-	-	-	1,250
Purchases, services, other costs	-	-	821,792	22,920	336	492	3	5,197
Amortisation, depreciation and write-downs	-	-	(90)	34	(349)	5	-	14,806
Impairment losses and reversal of impairment on fixed assets	-	-	-	-	-	-	-	-
TOTAL COSTS	-	-	838,407	25,769	(13)	497	3	21,253
Gains/(Losses) from disposal of non current assets								
EBIT	-	-	89,863	7,313	17	29	7	2,867
Income/(losses) from financing activity								
Financial losses	-	-	(222)	-	(0)	-	(0)	(735)
Financial income	-	-	413	59	0	-	0	0
Income/(losses) from equity investments	-	-	-	-	-	-	-	-
Other income/(losses) from financing activity	-	-	(3,090)	157	-	-	(1)	(1)
Total Income/(Losses) from financing activity	-	-	(2,899)	216	(0)	-	(1)	(736)
EBT	-	-	86,964	7,529	17	29	6	2,131
Income taxes	-	-	22,469	1,632	4	-	2	162
NET RESULT FROM CONTINUING OPERATIONS	-	-	64,495	5,897	13	29	4	1,969
Gains/(Losses) from disposal of assets available for sale								
NET RESULT FOR THE YEAR	-	-	64,495	5,897	13	29	4	1,969

EXTRACT FROM THE RESOLUTIONS
ADOPTED BY THE SHAREHOLDERS' MEETING

The Shareholders' Meeting was held in single call on 18 April 2019.

Ordinary Part

A. Financial Statements at 31 December 2018

With regard to *item 1* on the approval of the Financial Statements at 31 December 2018 and allocation of profit for the year; Report on operations of the Board of Directors, of the Board of Statutory Auditors and of the Independent Auditors; presentation of the Consolidated financial statements at 31 December 2018; presentation of the Consolidated non-financial report at 31 December 2018, the Shareholders' Meeting resolved:

to approve the Financial Statements at 31 December 2018, which closed with a profit for the year of EUR 111,843,478.68 (one hundred eleven million eight hundred forty-three thousand four hundred seventy-eight euro and seventy-eight cents), and the Report on operations of the Board of Directors, as well as to retain the earnings.

B. Compensation Report, pursuant to article 123-ter of Italian Legislative Decree no. 58/1998

With regard to *item 2*, having taken into account the Compensation Report prepared by the Board of Directors in accordance with article 123-ter of the Italian Consolidated Finance Law and the implementation provisions issued by CONSOB, the Shareholders' Meeting resolved:

to approve the first section of the report, which illustrates the Company's policy on compensation paid to directors and key management personnel, in compliance with the above mentioned article 123-ter of the Consolidated Finance Law.

C. Authorisation for the Board of Directors to purchase and dispose of treasury shares

With regard to *item 3*, concerning the authorisation for the Board of Directors to purchase and dispose of treasury shares, including in order to service stock option plans and other share-based medium-long term incentive and retention plans, after revoking the previous shareholders' meeting authorisation given on 27 June 2018, the Shareholders' Meeting resolved:

to grant the Board of Directors the power, including through trading in options or financial instruments, including derivatives, relative to the Mediaset share, to purchase up to a maximum of 118,122,756 (118 million 122 hundred 756) ordinary treasury shares of a nominal value of EUR 0.52 (zero point 52) each - amounting to 10% (ten per cent) of the share capital - in one or more lots, until the approval of the Financial Statements at 31 December 2019 and, in any case, for a period of no longer than 18 (eighteen) months from the date of the relative resolution of the General Meeting. The above amount is covered by available reserves as shown in the latest set of approved Financial Statements. Treasury shares already held in the portfolio will also be included in the calculation of the 10% limit of share capital.

- Purchase transactions shall be effected as follows:
 - purchases will have to be effected in line with the operating methods detailed in Article 144-bis letter a), b), c) and d) ter of the Issuers' Regulation. The acquisition price of the shares will be determined from time to time, considering the method chosen for executing the transaction, in compliance with

legal and regulatory provisions or permitted market practices, between a minimum and a maximum price that can be calculated based on the following criteria;

- if the treasury shares are bought on regulated markets, the purchase must take place at a price that meets the requirements of Art. 3(2) of Delegated Regulation 2016/1052/EU, i.e. at a price not exceeding the higher of the price of the last independent transaction and the price of the highest independent purchase offer on the market on which the offers to purchase are made, or conforming to the laws in force from time to time;
 - in any case the purchases must be made at a price per share that is not more than 10% higher or lower than the price that the share would have recorded on the trading day prior to each operation, or the date on which the price was set;
 - pursuant to Article 132, paragraph 3, of the Consolidated Finance Law, the aforementioned operating methods shall not apply to the purchase of treasury shares held by employees of the company or its subsidiaries and allocated or subscribed pursuant to Articles 2349 and 2441, paragraph eight, of the Italian Civil Code or part of compensation schemes based of financial instruments approved pursuant to Article 114-bis of the Consolidated Finance Law;
 - purchases would have to be effected so as to ensure the equal treatment of all shareholders and in compliance with the methods provided for by law, including relevant EU law, as referred to in the Board of Directors' Report to this Shareholders' Meeting about this item on the agenda.
- In accordance with Art. 2357-ter of the Italian Civil Code, in compliance with current legislation and all regulations that may be applicable from time to time, as well as with the regulations issued by Borsa Italiana and all relevant EU regulations, the Board of Directors is authorised to:
 - a) transfer treasury shares, whether purchased based on this resolution or already held by the Company, to the participants in the compensation plans, against payment or free of charge, at the terms and conditions - including the price, where applicable - established by those plans and their regulations. The authorisation referred to in this paragraph will be granted within the time limits set by the compensation plans;
 - b) dispose of the shares, either purchased based on this resolution or already held by the Company, in accordance with one of the following procedures:
 - i) via cash transactions; in this case, the shares will be sold either through the stock exchange the shares are listed on, and/or over the counter at a price not lower than 90% of the price of the shares quoted on the stock exchange on the trading day preceding each individual transaction;
 - ii) through swap, exchange, contribution or through other acts of disposition, within the context of business plans or corporate financing operations. If the financial terms and conditions of the transfer transactions, including the valuation of shares swapped, are not established by law they will be determined, with the aid of independent experts, based on the nature and characteristics of the transactions, taking into account the performance of Mediaset shares on the market.

The authorisation under this paragraph b) is granted with no time limit;

the Board of Directors and, through it, the Chairman, Deputy Chairman and Chief Executive Officer, separately and with powers of sub-delegation, are hereby granted all necessary powers to execute the resolutions under the above points, taking all required, appropriate, instrumental and/or relevant actions for their successful implementation thereof, as well as to comply with market disclosures required by relevant laws, including EU laws and admitted market practices applicable from time to time;

- it is expressly acknowledged that in application of the “whitewash” (Art. 44-bis, paragraph 2, Consob Resolution no. 11971/1999), the decision to authorise the purchase of treasury shares was approved by the majorities required by that provision and therefore the treasury shares purchased by the Company in execution of that authorisation resolution will not be excluded from the ordinary share capital (and will therefore be calculated within it) if, as a result of the purchases of treasury shares, a shareholder exceeds the material limits for the purposes of Article 106 of the Consolidated Finance Law.

Extraordinary Part

D. Proposal to amend Article 7 of the Company Bylaws

With reference to *point 4* on the amendment of Article 7 of the Company Bylaws concerning the increase in voting rights pursuant to Article 127-quinquies of Legislative Decree no. 58 of 24 February 1998, the Shareholders’ Meeting has resolved

1. to amend Article 7 of the Company Bylaws as follows:

Article 7

- " 1. The shares are registered, indivisible and freely transferable.
2. Each share affords one voting right.
3. In derogation of the provisions of paragraph 2 above, each share shall be entitled to a double vote (thus each share will be afforded two votes) if both of the following conditions are met: (a) the share was owned by the same person by virtue of a right in rem conferring the right to vote (full ownership with voting rights or bare ownership with voting rights or usufruct with voting rights) for a continuous period of at least twenty-four months; (b) fulfilment of condition (a) is confirmed by continuous registration in the special list specifically established for this purpose (the "Special List") for a period of at least twenty-four months and also by a specific communication issued by the intermediary with whom the shares are deposited in accordance with current legislation, confirming the ownership of the shares as at the expiration date of the continuous period.
4. The increase in voting rights will become effective at the earliest of: (i) the third day the market is open for business of the calendar month following that in which the conditions required by the company bylaws for the increase in voting rights have been fulfilled; or (ii) the “record date” of any meeting, determined in accordance with current legislation, subsequent to the date on which the conditions required by the company bylaws for the increase in voting rights have been met.
5. The Company establishes and maintains the Special List at its registered office, in the form and with the content dictated by the applicable regulations and each shareholders wishing to benefit from the increase in voting rights must register on this list. To register on the Special List, entitled persons as per this article must submit a special application, attaching a communication confirming their share ownership, issued by the intermediary with whom the shares are deposited in accordance with current legislation. This confirmation can also cover only a part of the shares held by the holder. The increase may also be requested only for part of the shares held by the holder. For parties other than natural persons, the request must specify whether the party is subject to direct or indirect control by third parties and include the identification details of any parent company.

6. The Special List is updated by the Company by the third trading day after the end of each calendar month and, in any case, by the "record date" provided for by the applicable regulations, regarding the right to attend and vote at the shareholders' meeting.
7. The Company shall proceed with the removal of parties from the Special List in the following cases:
 - (i) waiver by the interested party;
 - (ii) communication from the interested party or the intermediary proving that the conditions for the increase in voting rights or the loss of ownership of the legitimate right in rem and/or of the relative right to vote no longer exist;
 - (iii) ex officio, if the Company is informed of the occurrence of events indicating that the conditions required for incrementation of the voting right are no longer fulfilled or that ownership of the legitimating real right has been relinquished ad/or of the relative voting right has been lost.
8. The increase in voting rights is no longer valid:
 - a) if the share is transferred, whether against consideration or free of charge, it being understood that the term "transfer" also means the establishment of a pledge, usufruct or other lien on the share where this results in the loss of the shareholder's voting rights. In the event of a sale against consideration or free of charge involving only a portion of the shares with increased voting rights, the transferor shall retain the increased vote on the shares that were not sold;
 - b) in the case of direct or indirect transfer of controlling shareholdings in companies or entities that hold shares with increased voting rights in excess of the threshold provided for by Article 120, paragraph 2 of Legislative Decree no. 58/1998 (hereinafter, the "Change of Control").
9. The increased voting right:
 - a) will be retained by the heir and/or legatee in the event of inheritance by reason of death;
 - b) shall be retained the company resulting from the merger or beneficiary of the division, in the event of a merger or division of the shareholder;
 - c) extends proportionally to newly issued shares in the event of a capital increase pursuant to Article 2442 of the Italian Civil Code and a capital increase through new contributions made through the exercise of the option right;
 - d) may also be afforded to the shares allotted in exchange for those to which the increased voting rights are attributed in the event of a merger or division, where the draft terms of the merger or division so provide;
 - e) it shall be retained in the event of a transfer from one portfolio to another of the UCITS managed by the same entity.
10. In the cases referred to in points (c) and (d) of paragraph 9. above, the new shares shall acquire the majority of the voting rights: (i) for newly issued shares due to the holder in relation to shares for which the increase in voting rights has already vested, from the time of registration in the Special List, without the need for a completion of a further period of continuous possession; (ii) for newly issued shares due to the holder in relation to shares for which the voting majority has not yet vested (but is in the process of vesting), from the time of completion of the period of membership calculated from the original entry in the Special List.
11. The right of the holder of the increased voting right to irrevocably renounce, at any time, in whole or in part, the increase in voting rights by means of a written communication to be sent to the

Company always applies, it being understood that the increase in voting rights may be regained with respect to the shares for which it was renounced with a new entry in the Special List and the fulfilment of continuous membership of not less than 24 months.

12. The increase in voting rights is also taken into account in determining the constituent and deliberative quorums that refer to share capital rates, but has no effect on the rights, other than voting rights, that accompany the possession of certain share capital rates.
13. For the purposes of this Article, the concept of control shall be as described in the regulatory framework for listed issuers.
14. The above is subject to the provisions regarding representation, entitlement and circulation of the shares applicable to securities traded on regulated markets."
2. a mandate is granted to the Board of Directors, with the right to sub-delegate, for the possible adoption of regulations for the management of the Special List referred to in art. 143-quater of the Issuers' Regulations, which regulates the procedures for registration, keeping and updating it in compliance with the applicable rules and regulations and in any case, in such a way as to ensure the timely exchange of information between shareholders, issuer and intermediary and for the appointment of the person in charge of keeping the Special List;
3. to grant the Board of Directors, with the right to sub-delegate, all the broadest powers necessary or appropriate to implement the above resolution, and to pursue all the actions and transactions necessary or appropriate for this purpose, including, by way of example only, those relating to:
 - managing relations with any relevant body and/or authority;
 - obtaining legal approval for the above resolution, with the right to introduce any amendments that may be required by the relevant authorities and/or by the Register of Companies when these are recorded therein.

Mediaset Group

Compensation Report



Written pursuant to Article 123-ter of Legislative Decree No. 58 of 24 February 1998, and pursuant to Article 84-quater of the Issuers Regulations, Consob Resolution No.11971 of 14 May 1999 and in accordance with Attachment 3A Charts 7-bis and 7-ter of said Regulations.



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Letter from the Chairman of the Compensation Committee

Dear Shareholders,

I am pleased to present the Compensation Report of Mediaset S.p.A. for the 2019 financial year, submitted to the vote of the Ordinary Shareholders' Meeting of 18 April. I would like to take this opportunity to thank Committee members Marina Brogi and Francesca Mariotti for their valuable work and contributions.

The Compensation Committee, appointed following the renewal of the Board of Directors on 27 June 2018, continued the approach adopted in recent years to seek opportunities for improvement, with the objective of ensuring alignment with national and international best practices and guaranteeing a policy consistent with the Group's structure and corporate strategy.

The positive reception of the Compensation Policy during the Shareholders' meeting of 27 June 2018 confirmed the importance and effectiveness of continual engagement with shareholders and investors, which has led to a gradual and considerable increase in recent years in the level of disclosure concerning compensation packages for Company senior management and their relative evolution.

The Policy will therefore keep to this same approach, so it is always clearer and more transparent, and compensation tools can be even more effective as alignment with the strategy of attracting and retaining key resources and the creation of value for shareholders, also pursuing the objective of medium/long-term sustainability for the Group's operations.

The 2019 Compensation Policy, in keeping with recent years, is extensive and includes advanced short and medium/long-term variable incentive systems, which have been revised in full with a view to continual improvement.

In a year that has been so significant for the Group in terms of financial performance, the Policy has been effective at correlating management salary levels with company results. All variable parts of compensation became operational for the first time, with the first-time issue of shares servicing the three-year incentive and loyalty plan approved by the Shareholders' Meeting in 2015.

For 2019, proposals have been made to improve the mechanism for correlating the Group's financial results and level of incentives that may be paid in the short term incentive system, identifying a single, standard mechanism between the Deputy Chairman and Chief Executive Officer and Key Management Personnel, in order to share the Group's profitability objectives and make the operating profitability parameter more challenging compared to the system in use last year. The share-based medium/long-term Incentive and Loyalty Plan, approved by the Shareholders' Meeting last year, also continued, with the second three-year cycle starting. Lastly, aspects related to the pay mix of various company performance scenarios were represented more clearly. I am convinced that the Policy for the 2019 financial year, which has been prepared following guidelines approved in the last shareholders' meetings, will be understood and appreciated by you and I would like to thank you for your approval of them at the next Shareholders' Meeting.

Milan, 12 March 2019

The Chairman of the Compensation Committee
Andrea Canepa

SECTION I

1. Introduction

This Report, approved by the Board of Directors on 12 March 2019, describes the principles and guidelines of Mediaset S.p.A.'s compensation policy and its implementation, on a transparent basis and in compliance with applicable standards and regulations.

On 4 March 2019, the Compensation Committee submitted to the Board of Directors a proposal for a general compensation policy.

The compensation policy is based on the conviction that there is a close connection between the compensation of delegated bodies and key managers, company performance and the creation of value over the medium and long term.

In this regard, the pursuit of a policy capable of ensuring full consistency between overall "management" compensation and company performance is a key element for meeting investor expectations and strengthening the confidence of all stakeholders.

The compensation policy, developed pursuant to the provisions of Consob Resolution no. 18049 of 23 December 2011 to implement Article 123-ter of Legislative Decree 58/1998 concerning the transparency of compensation paid to directors of listed companies, in accordance with the Procedure for Transactions with Related Parties adopted by the Group on 9 November 2010, is submitted for the approval of shareholders at the Shareholders' Meeting also called to approve the 2018 Financial Statements.

1.1. Key elements of the compensation policy

Component	Purposes and main features		Chairman	Deputy Chairman and Chief Executive Officer	Key Management Personnel
Fixed	Compensates responsibilities assigned, experience and distinctive skills possessed. Is in line with the best market practices and such as to guarantee an adequate level of retention.		1.875.000 €	1.408.000 €	Compensation linked to the significance of the position
Variable short-term	Ensures a direct link between compensation and performance results; its purpose is to reward the achievement of corporate and personal objectives. The system of correlation with the Group's results ensures financial balance and the incentive function of the plan	<i>Mechanism of correlation with Group results</i>		Group Net Profit and EBIT Italy	
		<i>Performance Objectives</i>		Net financial position (50%) Group EBIT (50%)	Defined according to the scope of assigned responsibility
		<i>Reference</i>		Budget (which corresponds to a 100% payout)	
		<i>Payout scale</i>		Performance range: 91% - 105% Payout range: 10% - 125%	
		<i>Target value (before LTI allocation)</i>		500.000 €	EUR 480,000 (average)
		<i>Target effect on fixed compensation assuming 25% allocation to LTI</i>		27%	26%
		<i>Maximum effect on fixed component assuming 25% allocation to LTI</i>		33%	32%
		<i>Target effect on fixed compensation assuming 50% allocation to LTI</i>		18%	17%
		<i>Maximum effect on fixed component assuming 50% allocation to LTI</i>		22%	22%
		<i>Claw-back and Malus</i>		The plan's regulations allow the Company to utilise the claw-back and malus clauses, which make it possible, when some circumstances occur, to request the return, in whole or in part, of sums already paid or to not pay them.	
Variable medium/long-term	Ensures the growth of the company's value and the achievement of results sustainable over time, the loyalty of the key personnel and the alignment of the objectives of management with those of the shareholders. The plan is activated by allocating a share of 25% or 50% SIA target bonus. This share is converted into rights to receive shares of the Company; at the same time, Mediaset attributes a corresponding number of rights to the beneficiary (matching).	<i>Performance Objectives</i>		Free Cash Flow of the Group accumulated during the three-year period (50%) Net result of the Group accumulated during the three-year period (50%)	
		<i>Reference</i>		Budget accumulated during the three-year period (which corresponds to a 100% payout)	
		<i>Payout scale</i>		Performance range: 75% - 100%	
		<i>Target value</i>		according to individual choice	
		<i>Target effect (same as maximum) on fixed compensation assuming 25% allocation to LTI</i>		18%	17%
		<i>Target effect (same as maximum) on fixed compensation assuming 50% allocation to LTI</i>		36%	34%
		<i>Vesting</i>		The performance is assessed with a time horizon of three years for each assignment cycle.	
		<i>Lock-Up</i>		20% of the shares earned are subject to a lock-up period of one year	
		<i>Claw-back and Malus</i>		The plan's regulations allow the Company to utilise the claw-back and malus clauses, which make it possible, when some circumstances occur, to request the return, in whole or in part, of shares already assigned or to not assign them	

2. Governance model

2.1. Bodies and/or individuals involved

Mediaset's compensation policy is defined clearly and transparently through a shared process involving the Board of Directors, the Compensation Committee, the Shareholders' Meeting and the relevant company department (Human Resources and Operations Department).

The Board of Directors, following proposals by the Compensation Committee, establishes the general compensation policy for delegated bodies and Key Management Personnel.

On an annual basis, the Directors submit the Report on the compensation policy for directors and Key Management Personnel to the Shareholders' Meeting for approval.

The Board of Directors is also directly responsible for implementing the policy for the compensation of delegated bodies.

Delegated bodies, within their area of responsibility, and the Human Resources and Operations Department, are responsible for the compensation policy for Key Management Personnel.

2.2. Compensation Committee

The Compensation Committee includes three non-executive, independent directors whose term in office lasts three years until the end of the term of office of the entire Board of Directors. Committee members include experts on financial matters. The Committee currently comprises:

Compensation Committee members		
Andrea Canepa	Chairman	Independent Director
Marina Brogi	Member	Independent Director
Francesca Mariotti	Member	Independent Director

The Board of Directors assigned the following responsibilities to the Compensation Committee:

- to periodically review the adequacy, overall consistency and actual application of the general policy adopted for the compensation of the Chairman, Deputy Chairman and Chief Executive Officer, and Key Management Personnel, using, as regards the latter, information supplied by the Chairman, Deputy Chairman and Chief Executive Officer, and submitting the related proposals to the Board of Directors;
- to provide advance opinions on the proposals of the Board of Directors, and, on its behalf, of the Chairman and/or Deputy Chairman and Chief Executive Officer concerning the compensation of the Chairman, Deputy Chairman and Chief Executive Officer and on setting performance objectives related to the variable component of the compensation. It also monitors the application of decisions taken by the Board;
- to provide advance opinions on the proposals of the Board of Directors, and on its behalf, of the Chairman and/or Deputy Chairman and Chief Executive Officer concerning the definition by Mediaset S.p.A.'s delegated bodies on the compensation of Key Management Personnel and of the other key executives of the Mediaset Group;
- to provide advance opinions on proposals of the Board of Directors, and on its behalf, of the Chairman and/or Deputy Chairman and Chief Executive Officer concerning general regulations for allocating compensation (allocation, rejection or reversal) to employees of the companies of the Mediaset Group

designated to fill positions in administrative and control bodies and/or in committees appointed by administrative bodies of Italian or foreign subsidiaries or investee companies;

- to make proposals to the Board of Directors concerning the criteria, beneficiary categories, quantities, terms, conditions and procedures for share-based compensation plans.

The Committee meets at the frequency required to fulfil its functions.

Normally, the Chairman and/or other members of the Board of Statutory Auditors participate in the meetings.

When fulfilling its functions, the Committee has the right to access the corporate information and departments as required to accomplish its tasks, and to utilise outside consultants who are not in a situation that would compromise the independence of their opinion, at the terms and within the limits set by the Board of Directors.

None of the directors participate in the meetings of the Committee in which proposals regarding their compensation are formulated.

During 2018, the Committee carried out the activities under its responsibility; among other things, it:

- carried out a market analysis on the remuneration of the Board of Directors and Committees, with the help of Willis Towers Watson, a specialized consulting firm, whose results were brought to the attention of the Board of Directors for the implementation of final considerations;
- examined the proposal to renew a three-year medium/long-term incentive plan, having essentially the same characteristics as the previous one;
- approved the proposal of the Compensation Report.

Since its appointment, on 28 June 2018, the Committee has:

- approved its Regulations;
- expressed a favourable opinion concerning the overall compensation of the Chairman, proposed by the Deputy Chairman and Chief Executive Officer, considering it appropriate and fitting for the executive position held; this agreement was assessed, also based on an opinion of market analysis from the consulting firm Willis Towers Watson; this opinion was then given to the Related Parties Committee and Board in order to determine compensation¹;

¹ Further information is available in the press release of 27 July 2018 published on the Company's website

- acknowledged that on 27 June 2018 the Shareholders' Meeting approved the 2018/2020 medium/long-term Loyalty and Incentive Plan and proposed that the Board of Directors approve the Plan Regulations, objectives and categories of beneficiaries for 2018, and subsequently took note of the allocation, by beneficiaries, of the part of annual variable compensation of the short term incentive;
- expressed a favourable opinion on the Chairman's proposal concerning the compensation of the Deputy Chairman and Chief Executive Officer, considering the level of compensation commensurate with the role held and relative responsibilities;
- expressed a favourable opinion regarding the SIA (Annual Incentive System) performance objectives set for the 2018 financial year in connection with the variable component of the compensation of the Deputy Chairman and Chief Executive Officer;
- assessed the achievement of the financial objectives of the 2015-2017 medium/long-term Loyalty and Incentive Plan, at the end of the third and last year of the three-year cycle of the Plan approved by the Shareholders' Meeting in 2015;
- conducted in-depth analyses following the vote of the Shareholders' Meeting of 27 June 2018 on the agenda item relating to the Compensation Report, the positive outcome of which was the result of an improvement process started in 2016 with the help of the company Georgeson Srl, a company tasked with verifying the alignment of the Mediaset Group's Compensation Policy with national and international best market practices and with the Proxy Advisor guidelines; in this regard, the Compensation Committee further developed actions taken, in which the Company redefined the Compensation Report over the last three years, also reviewing analyses on the observations of the Proxy Advisors;
- approved the proposal of the Deputy Chairman and Chief Executive Officer to pay a one-off bonus to the Key Executive Marco Giordani, for his involvement in the extraordinary review of the industrial perimeter and ownership structure of the Mediaset Group, carried out in 2018;
- assessed, also on the basis of information exchanged with the central Human and Operations Department, that the compensation policy approved by the Shareholders' Meeting is consistently and actually applied.

During 2019, the Committee:

- monitored the ongoing engagement of competent functions with Proxy Advisors;
- made a proposal for the objectives and categories of beneficiaries of the 2018/2020 medium/long-term incentive plan, for the 2019 financial year;
- expressed a favourable opinion regarding the payment of the variable component to Key Management Personnel, as proposed by the Deputy Chairman and Chief Executive Officer;
- expressed a favourable opinion regarding the SIA (Annual Incentive System) performance objectives set for the 2019 financial year, in connection with the variable component of the compensation of the Deputy Chairman and Chief Executive Officer;
- approved the proposal of the Compensation Report.

2.3. Involvement of independent experts

On a regular basis, both the relevant company department (Human Resources and Operations) and the Compensation Committee analyse the fairness and competitiveness of the compensation packages of the Chairman and of the Deputy Chairman and Chief Executive Officer, in overall terms and for each component. They also consult independent outside advisors and/or companies specialised in executive compensation that are recognised for their reliability and for the comprehensive nature of their databases used for national and international comparisons and their use of standard methodologies to assess the complexity of assigned roles and powers.

Although no independent experts took part in the preparation of the compensation policy, this report was defined also taking into account the results of activities carried out by the company Georgeson S.r.l., appointed as from 2016 to identify the main critical aspects of the Mediaset compensation policy with respect to the "suggested guidelines for professional investors and proxy advisors", referred to in the previous paragraph.

3. Scope, purposes and principles of the compensation policy

Mediaset compensation policy sets principles and guidelines for establishing the compensation of:

- Delegated bodies
- Key Management Personnel
- Non-executive and independent directors.

With specific reference to the delegated bodies and key management personnel, it is inspired by the following guiding principles:

<i>Alignment with the business strategy</i>	Strengthening values, capabilities, and conducts, aligning them with the business strategies, by recognising the responsibility and crucial nature of the position held, results achieved, and quality of professional contribution. The structure of the overall compensation includes a balanced package of fixed and variable, material and non-material components.
<i>Attract and retain high-value personnel</i>	Mediaset believes the compensation policy is a key vehicle for attracting, retaining and motivating key resources and for contributing to the creation of sustainable value over the medium and long term for all stakeholders. To this end, the compensation policy is structured to guarantee competitiveness with the outside market and to ensure internal equity, also consistently with the defined performance levels.

<i>Link with performance and value creation</i>	The ongoing use of a variable component of the compensation, split into a short-term and a medium/long-term (share-based) component, makes the compensation policy consistent with the medium/long-term interest of the Company and its shareholders.
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4. Compensation of the delegated bodies and key management personnel

4.1. Structure of compensation

The structure of the compensation of delegated bodies, with the exception of the Chairman, and Key Management Personnel, comprises the following components:

Fixed part	<ul style="list-style-type: none"> • it is defined with reference to the responsibilities assigned and distinctive competencies possessed • it is monitored periodically against market benchmarks to guarantee an adequate level of retention
Variable short-term	<ul style="list-style-type: none"> • it ensures a direct link between compensation and performance results; its purpose is to reward the achievement of corporate and personal objectives
Variable medium/long-term	<ul style="list-style-type: none"> • it ensures the growth of the company's value and the achievement of results sustainable over time, the loyalty of the key personnel and the alignment of the objectives of management with those of the shareholders
Benefits	<ul style="list-style-type: none"> • they include non-monetary forms of compensation, complementing the other compensation elements; they provide competitive advantage and address the various needs of the executive (welfare and improved quality of life)

With reference to the **Chairman**, as part of the overall agreement to revise his appointment made in July 2018², his salary package was reviewed to include a single fixed part (compensation for the position) and benefits.

4.2. Fixed part

The fixed compensation of the delegated bodies and key management personnel is defined in relation to the responsibilities assigned, the complexity of the position, the experience and distinctive competence of each person. It is periodically monitored against market benchmarks, in particular through the use of compensation databases prepared by a leading consulting firm specialized in compensation, in order to ensure adequate retention. The weight of the fixed component, a distinctive characteristic of Mediaset, is instrumental in preventing actions based on short-term opportunities.

² Further information is available in the press release of 27 July 2018 published on the Company's website

The fixed part is subdivided into:

- **Gross annual compensation (GAC)**, related to the significance of the position, which the Delegated Bodies and Key Management Personnel receive if they are employees of the company
- **Compensation** the delegated bodies receive for the position of directors charged with specific tasks and key management personnel as directors. For the latter, in addition, from time to time, the pertinent company body can set compensations for directors charged with specific tasks.

4.3. Variable short-term

Starting from 2017, the Mediaset Group has introduced a new Annual Incentive System, called SIA, applicable to the Deputy Chairman and Chief Executive Officer, Key Management Personnel and to all Group executives. This system has the main objective of strengthening and guaranteeing the alignment between how individuals act and short-term company objectives.

The SIA plan is governed by a specific Regulation, distributed to each participant, which details all the principles underlying the system, including the accessory clauses provided by the best practices on incentive matters.

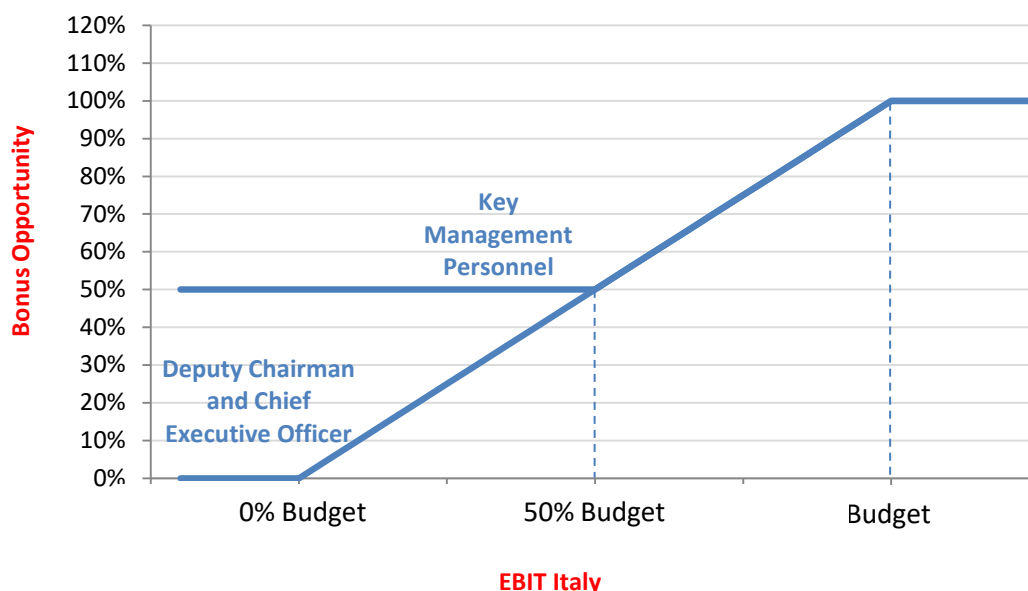
In particular, the system assigns objectives to each participant, referred to their areas of organisational responsibility; the level of attainment of these individual objectives determines the actual level of the bonus awarded in relation to a target value assigned to each manager. This target value may be penalised if certain levels of profitability are not reached, as explained below.

4.3.1. Correlation mechanism

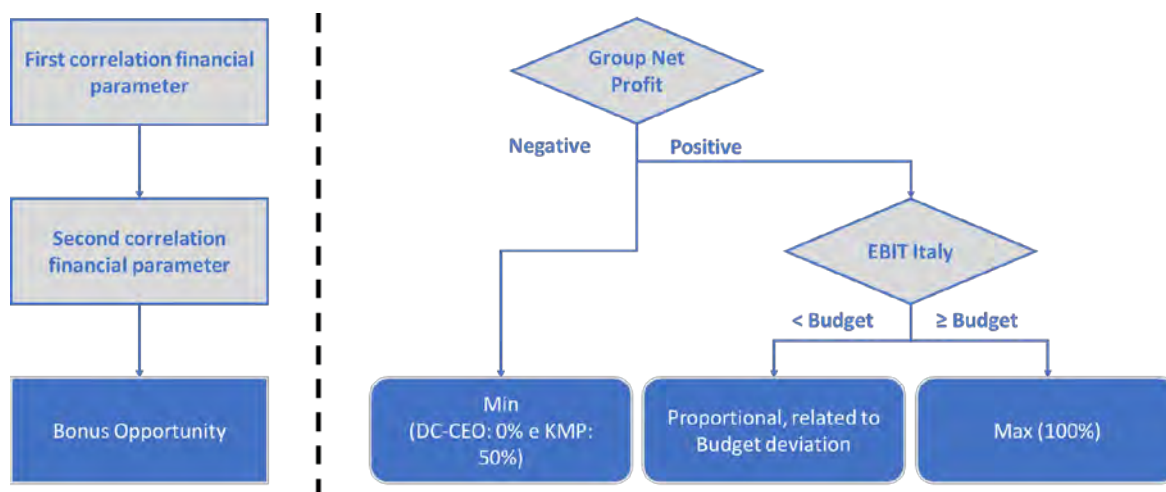
As from 2019, the plan has a single mechanism, for the Deputy Chairman and Chief Executive Officers and for Key Management Personnel, to correlate the Group's financial results and level of incentives to award, that may be determined by reducing the target value based on the trend of two financial parameters, Group Net Profit and EBIT for Italy. Besides being consistent with the principle of internal fairness, this single mechanism makes it possible to align managerial action with achieving challenging, shared performance goals, for all system participants.

In particular:

- If Group Net Profit is negative, the short term variable part will not be paid for the Deputy Chairman and Chief Executive Officer, while it will be decreased by 50% for Key Management Personnel
- If Group Net Profit is positive, the target value may be reduced based on the deviation of EBIT Italy from the company budget value, according to the following scale:



The mechanism of correlating the system with company results, described above and illustrated below, makes it possible - in the case of unsatisfactory company results - to reduce the actual chance of receiving a bonus to nil for the Deputy Chairman and Chief Executive Officer, and to 50% for Key Management Personnel.



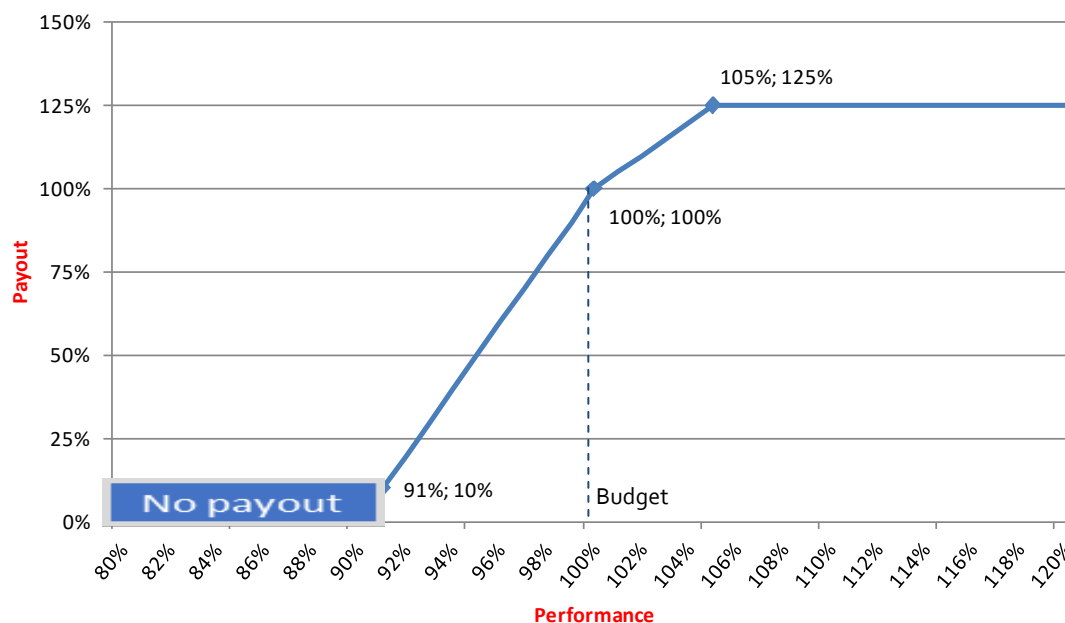
4.3.2. Objectives assigned

Depending on the responsibilities associated with the role, quantitative objectives of a mainly financial nature, set out in a specific sheet and each with a defined relative weight, are assigned to each recipient of the system, as explained in the following paragraphs.

For the purpose of paying the incentive, relative performance in percentage terms is measured independently for each objective, after applying any penalisation based on the mechanism of correlating the target to company results. A correlation scale is applied to it which determines the relative payout level. This scale rewards performance at least equal to 91%, which corresponds to the payment of 10% of the value of the bonus associated with each objective. On the other hand, the maximum payment is earned

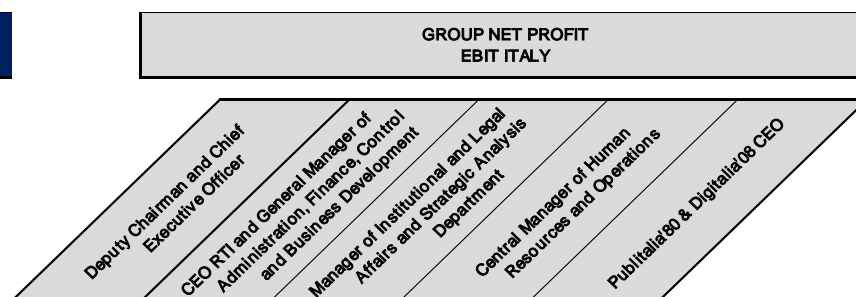
when a performance of 105% is achieved; this level corresponds to the payment of 125% of the bonus value associated with each objective.

The following graph shows the relation between system payout and performance, which is applied to all objectives assigned for all system participants:



The quantitative objectives are assigned to the Deputy Chairman and Chief Executive Officer and Key Management Personnel depending on the responsibilities related to the role and mainly consist of financial objectives. The objectives allocated for 2019 to the Deputy Chairman and Chief Executive Officer and each Key Manager who is a beneficiary of the SIA system are summarized below, aggregated by type:

Correlation parameters with company results, to redetermine the target if necessary



Group EBIT	50%				
Group Financial Position	50%	40%			
EBIT of the relevant Business Unit		60%			
Consolidated advertising revenues					80%
Costs per area of responsibility			100%	80%	20%
Efficiency per area of responsibility				20%	

To each indicator, the performance-payout correlation scale is applied, which can increase by up to 125% the maximum payout associated with the achievement of each objective.

The target performance objective of each indicator is represented by the annual Budget value approved by the Board of Directors, which is associated with a 100% payout. These values are not explained as they are price sensitive information.

4.3.3. Plan clauses

The Plan regulation provides for a **malus** clause that gives the Company the right not to award the bonus, in whole or in part, in the event of deterioration of the Group's financial position and/or if the Performance Objectives were determined based on data that have subsequently proved to be manifestly incorrect. In the latter case, a **claw-back** clause is also provided, which also applies if it is found that performance targets have been achieved on the basis of fraudulently falsified data.

Upon the occurrence of extraordinary events that have a material impact on the relevance and consistency of the Performance Targets, the Company's Board of Directors may consider whether to make appropriate adjustments to the final figures of the correlation parameters and/or performance targets aimed at keeping the Plan's material and economic content unchanged.

4.4. Variable long term

On 27 June 2018, the Shareholders' Meeting approved a new medium/long-term incentive plan, with the same characteristics and aims as the previous plan approved in 2015. The main targets are:

- to ensure the growth of the value of the Company by aligning the interest of management with those of the shareholders;
- to motivate management to achieve results that can be sustained over time

- to ensure the loyalty of key personnel in order that they remain within the Group;
- to ensure an adequate level of competitiveness of the compensation in the employment market.

The Plan is intended for the Deputy Chairman and Chief Executive Officer, Key Management Personnel and executives in first and second line management who hold strategically important positions, with a major impact on value creation for the Mediaset Group and shareholders. Recipients, who were 29 last year, are selected by the Board of Directors on the proposal of the Compensation Committee.

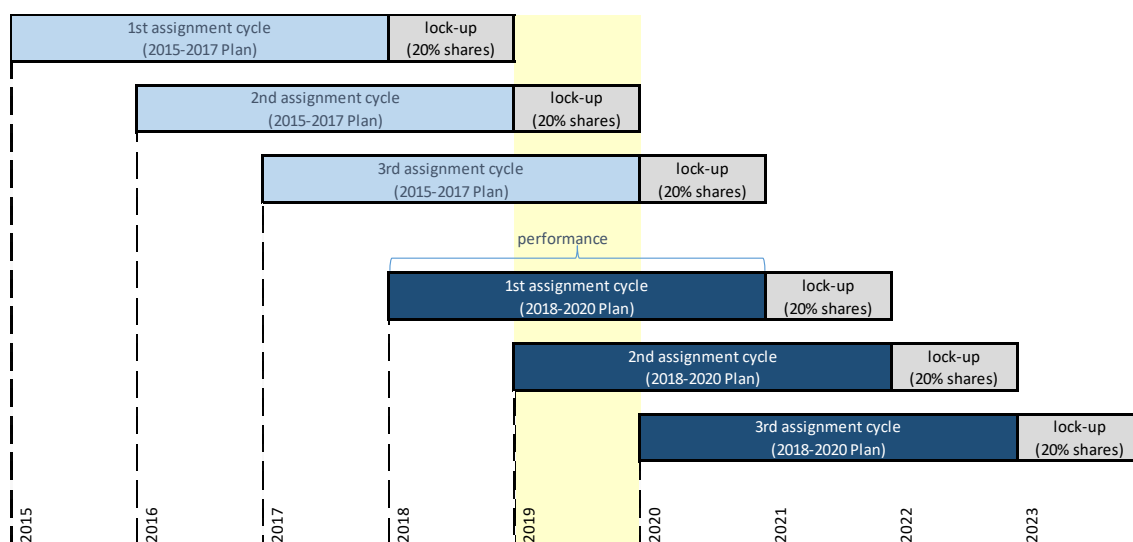
The plan consists in granting rights to receive free common shares of Mediaset S.p.A. (performance shares) at the end of a three-year vesting period, on condition of achieving pre-determined performance levels. More specifically, the plan provides for the attribution of base rights and matching rights.

Base rights are determined depending on the choice of each recipient to assign one quarter or one half of the target bonus of his/her short-term incentive plan to the medium/long-term incentive plan. The beneficiary receives 1 additional matching right for each base right deriving from deferring one share of his/her short-term target bonus.

One common share of Mediaset corresponds to each right. The actual maturing of the rights, and therefore of the corresponding shares, is subject to:

- continuity of the employment relationship during the three-year vesting period
- degree of achievement of the performance objectives of the plan.

The plan operates over three three-year granting cycles with assignment of the rights in the years 2018, 2019, and 2020 and provides, at the end of the 36-month vesting period, for a one-year lock-up period for 20% of any shares that might be assigned. The graph below shows the operating mechanism of the Plan, also in relation to the implementation of the medium/long-term incentive plan in force in 2015, 2016 and 2017.



In 2019:

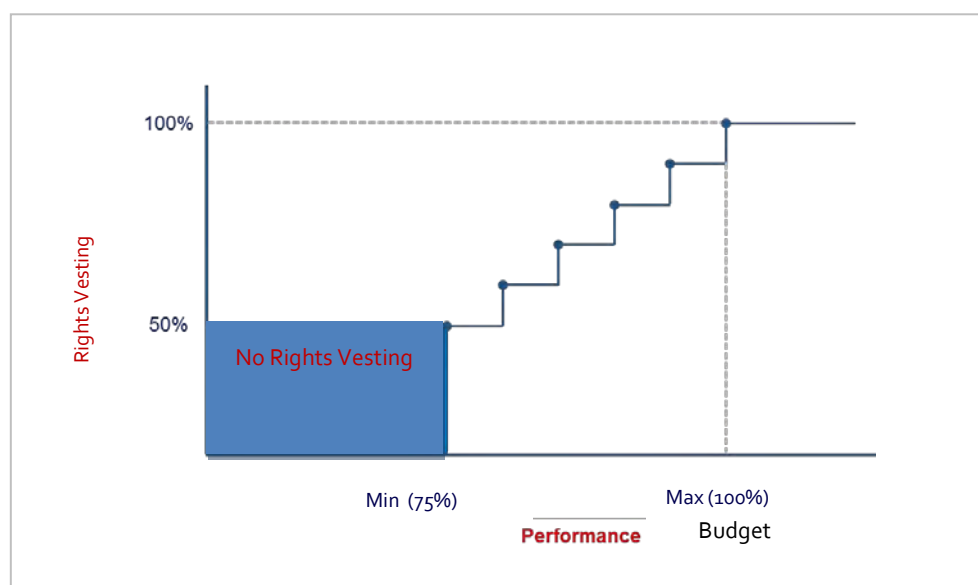
- the lock-up clause relative to shares assigned in 2018 (rights assigned in the first cycle of the 2015-2017 Plan), will expire
- rights relative to the second cycle of the 2015-2017 Plan will be converted into shares, based on the level of achievement of company objectives and employment relationship
- rights relative to the second three-year cycle of the 2018-2020 Plan will be assigned

4.4.1. Objectives assigned to the Deputy Chairman and Chief Executive Officer and Key Management Personnel

For all recipients, the plan is linked to the following performance objectives:

	Indicator	Weight
Performance Objectives	Three-year cumulative net Group profit	50%
	Three-year cumulative Group Free Cash Flow	50%

The medium/long-term incentive system rewards a performance range (calculated as the weighted average of the 2 objectives) between 75% and 100%, corresponding respectively to the vesting of 50% and 100% of the assigned rights. In the event of intermediate results, a share of the rights will vest while no rights will vest over 100% in case of over-performance.



The plan regulation includes a **malus** clause that allows the Company to not assign, in whole or in part, the shares matured, if the financial or balance sheet situation of the Group deteriorates significantly. In addition, there are **claw-back** clauses in the event that rights mature on the basis of data that turn out to be incorrect or forged.

20% of the shares deriving from the plan are subject to a 12 month lock-up period, during which the beneficiaries may not dispose of the shares matured (no-sale or no-transfer constraint).

4.5. Benefits

To complement the compensation package, Mediaset offers ***non-monetary benefits*** mostly in the area of social security and assistance and to supplement the provisions of national employment agreements: supplementary health care plan, insurance for accidents, life and permanent disability caused by illness, company vehicle. In keeping with best practices, a third-party civil liability insurance policy is also offered to executives covering their duties in their capacity both as managers and directors.

4.6. Other payments

Key Management Personnel are the beneficiaries of a non-compete agreement which provides for a consideration paid annually and based on the duration and scope of the obligation derived from the agreement. By this agreement, beneficiaries undertakes not to perform their activity in competition with those carried out within the sphere of their responsibilities in the Mediaset Group, in Italy and in foreign countries where the Group has operations, under penalty of returning all the shares received under the non-compete agreement.

These agreements, that are entered into during the working relationship, have been in force for several years. The Company has established that starting from 2017 any new non-compete agreements signed will provide for the payment to be made at the end of the employment relationship, at which time the non-competition constraint will become effective.

No payment is envisaged of discretionary bonuses rewarding performance that refer to previously planned objectives, which will be managed through short and long-term incentive plans.

In the event an Executive Director has to be rewarded for exceptional results obtained as part of extraordinary transactions (concerning for example revision of the Group's scope), such decision will be the subject of a specific resolution by the Board of Directors, after consulting with the Compensation Committee. In any case, payments may not exceed the annual target value of the short term incentive system.

4.7. Pay-mix

The following graphs illustrate the overall Pay-mix, target and maximum, of the Deputy Chairman and Chief Executive Officer and Key Management Personnel, determined by the compensation components described in the previous paragraphs.

The Pay-mix composition is shown in the different scenarios that may occur:

- based on the individual choice of the short-term incentive share (SIA) to be allocated to the medium/long-term incentive system (LTI);
- based on the values that the short-term incentive can take based on the performance obtained.

For the purposes of representation, full satisfaction of conditions for access to the incentive system are hypothesized, excluding therefore any ex ante penalties on the target.

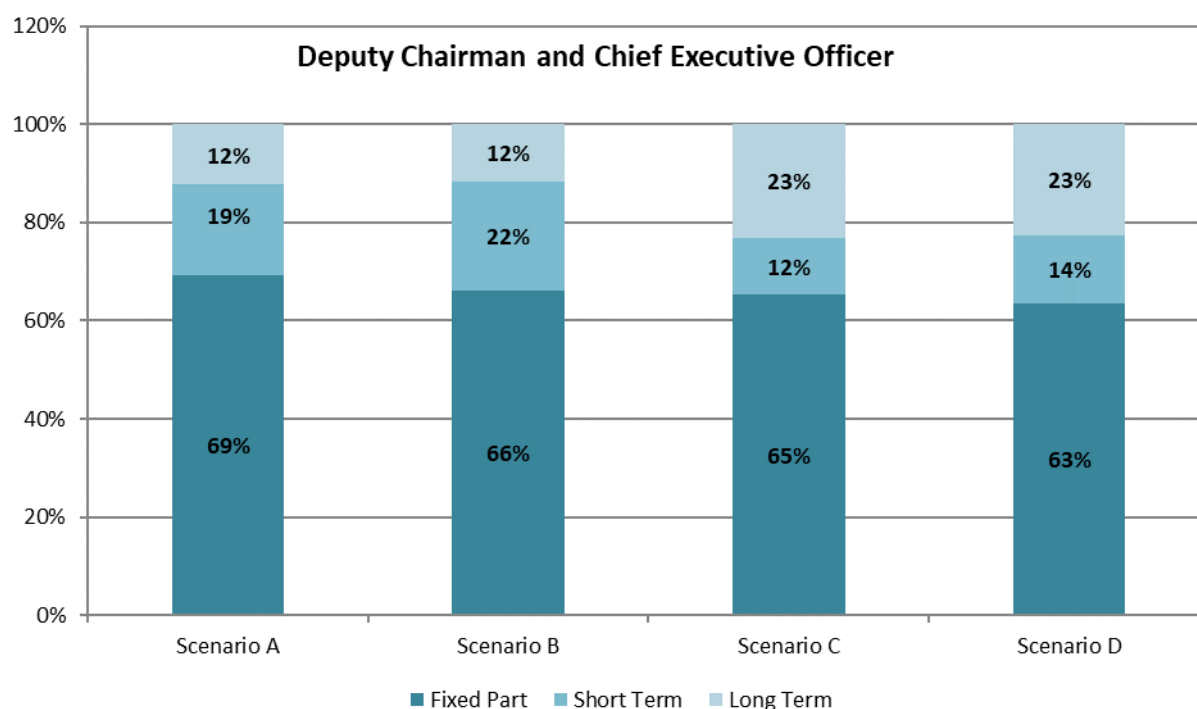
More specifically, the pay-mix results of the following 4 cases are presented:

		<i>SIA Performance</i>	
		<i>Target</i>	<i>Maximum (≥105%)</i>
<i>Share of SIA allocated to LTI</i>	<i>25%</i>	Scenario A	Scenario B
	<i>50%</i>	Scenario C	Scenario D

If company and individual objectives are not met or not met to a sufficient extent, both the short and medium/long-term variable components may be entirely cancelled, with compensation only comprising the fixed components.

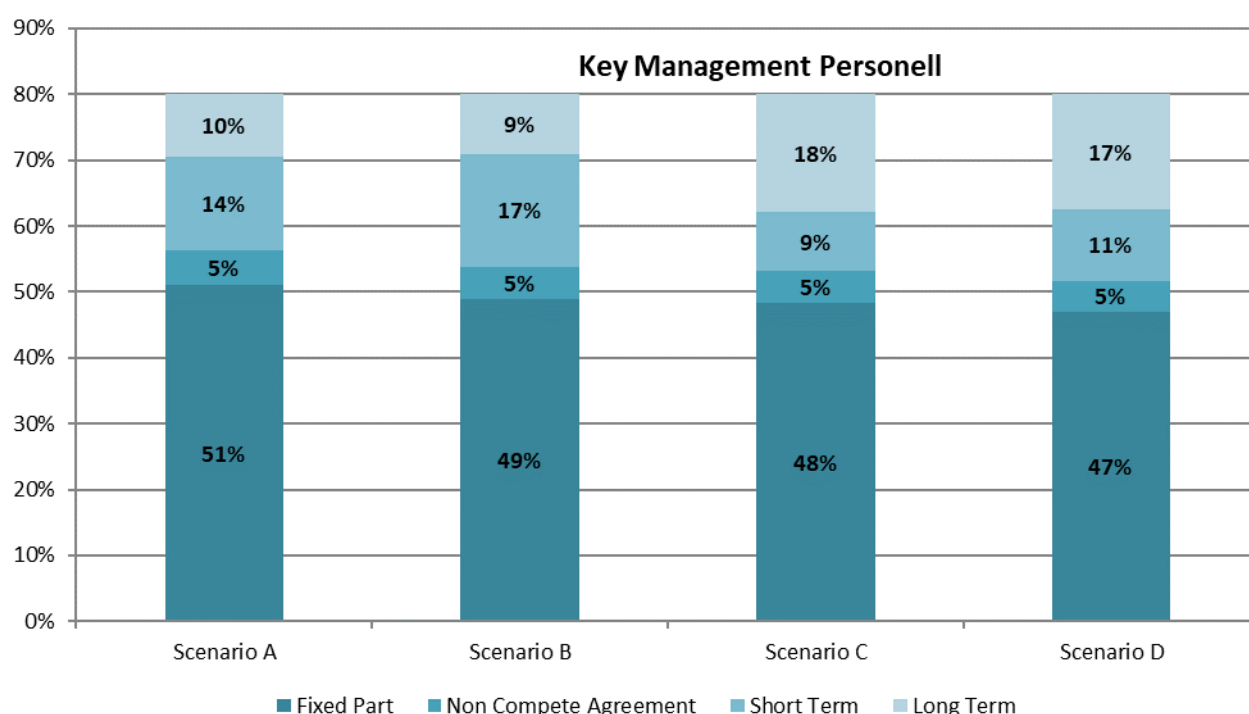
4.7.1. Pay-mix of the Deputy Chairman and Chief Executive Officer

The following graphs show the overall pay-mix of the Deputy Chairman and Chief Executive Officers in the four scenarios examined.



4.7.2. Pay-mix of Key Management Personnel

As in the previous paragraph on delegated bodies, the following graphs show the overall pay-mix of key management personnel in the four scenarios examined



4.8. Pay in the event of the termination of a position or work relationship

The Company policy is to not set in advance the financial aspects of any early termination of the relationship or mandate³. However, in line with market practice, compensation paid in case of termination/resolution of the work relationship does not exceed 24 months of overall compensation, in addition to the amounts provided for by applicable legislation on the termination of employment in case the key manager is an employee of the company.

5. Policy for non-executive directors

Non-executive and/or independent directors receive fixed annual compensation and a fee for attending meetings of the bodies concerned. This compensation is commensurate with the obligation required and the performance of assigned activities.

However, there is no variable compensation component.

The annual fixed compensation set in the Shareholders' Meeting of 27 June 2018 is EUR 40,000, in addition to an attendance fee of EUR 3,000 (increased to EUR 4,000 for the position of Chair) for attending each meeting of the Related Parties Committee and Board Committees with advisory functions. Pursuant to the Bylaws, the members of the Board of Directors are entitled to be reimbursed the expenses incurred for reasons due to the exercise of their position.

³ As disclosed to the market, on 27 July 2018, in the agreement terminating the employment of the senior executive Fedele Confalonieri a "severance indemnity" was established in advance and on an exceptional basis, to be paid when the Chairman steps down from office or if he is not re-appointed. This amount, totalling EUR 8.5 million gross, was determined as recognition of the extraordinary contribution made by the Chairman since the Group was established.

6. Other information

This policy was prepared with regard to the Issuer and taking into consideration the characteristics and unique features of the situation as well as specific activities without using other companies as a reference.

SECTION II

Part one

This section of the report describes the implementation of the 2018 policy for delegated bodies and for key management personnel; the purpose is to highlight its consistency with the general policy described in Section I.

1. Delegated bodies

1.1. The Chairman

Mr Fedele Confalonieri received a compensation broken down as follows:

- **fixed component:** equal to EUR 2,568,274.13, of which gross annual compensation (GAC) equal to EUR 906,274.13, compensation for the position held throughout 2018 equal to EUR 1,662,000 (including compensation for the position of Chairman of the Board of Directors). The Chairman also received compensation of EUR 75,000 as director of the subsidiary Mediaset España;
 - **benefits:** the non-monetary benefits package allocated to the Chairman was valued at EUR 8,917.59
 - **other payments:** in 2018 the Chairman was paid the consideration for the non-compete agreement amounting to EUR 300,000 (in Table 1, shown in the second part of the Section, this amount is included in fixed compensation as an employee).
- No one-off bonus was paid in 2018.

Moreover, on 27 July 2018, as disclosed to the market⁴, an agreement was signed with the Chairman for the termination of his contract as an executive employed by the company, waiving all rights related to variable components of compensation, including rights relative to medium/long-term incentive plans assigned in previous years, which provided for the payment of EUR 6,500,000 as "additional post-employment benefit". At the same time as the termination of the employment relationship, Fedele Confalonieri received post-employment benefit of EUR 22,500.82.

1.2. Deputy Chairman and Chief Executive Officer

Pier Silvio Berlusconi received a compensation broken down as follows:

- **fixed component:** equal to EUR 1,402,914.21, of which gross annual compensation (GAC) equal to EUR 374,914.21, compensation for the position held throughout 2018 equal to EUR 1,028,000 (including compensation for the position of Director);
- **variable short-term component:** equal to EUR 312,500;
- **variable medium/long-term component:** on 11 September 2018, the Board of Directors of Mediaset attributed 191,740 rights, implementing the medium/long-term plan, which are added

⁴ Further information is available in the press release of 27 July 2018 published on the Company's website

to the 271,925 rights attributed in 2016 and 2017; 114,154 Mediaset shares relative to rights attributed in 2015 were also assigned;

- **benefits:** the non-monetary benefits package allocated to the Deputy Chairman was valued at EUR 3,507.96;
- **other payments:** no one-off bonus was paid in 2018.

2. Key Management Personnel

Key managers are:

Last name	First name	Position at company
Marco	Giordani	Central Manager of Administration, Finance, Control, and Business Development of Mediaset S.p.A., Chief Executive Officer of RTI S.p.A., Chairman of Mediaset Premium S.p.A., Chairman of Monradio S.r.l., Chairman of RadioMediaset S.p.A and Chairman of Radio Virgin Italy S.p.A.
Gina	Nieri	Manager Institutional and Legal Affairs and Strategic Analysis Department of Mediaset S.p.A. and Deputy Chairman of RTI S.p.A.
Niccolò	Querci	Central Manager of Human Resources and Operations of Mediaset S.p.A., Deputy Chairman of RTI S.p.A., and Deputy Chairman of Publitalia '80 S.p.A.
Stefano	Sala	Chief Executive Officer of Publitalia '80 S.p.A., Chief Executive Officer of Digitalia '08 S.r.l., Chief Executive Officer of Publieurope Limited and Deputy Chairman of Mediamond S.p.A.

Marco Giordani received a compensation broken down as follows:

- **fixed component:** equal to EUR 846,101.76, of which gross annual compensation (GAC) of EUR 818,101.76 received as an employee of Mediaset and compensation as director of EUR 28,000. He also received compensation of EUR 75,000 as director of the subsidiary Mediaset España;
- **variable short-term component:** equal to EUR 250,000;
- **variable medium/long-term component:** on 11 September 2018, the Board of Directors of Mediaset attributed 153,392 rights, implementing the medium/long-term plan, which are added to the 217,540 rights attributed in 2016 and 2017; 57,076 Mediaset shares relative to rights attributed in 2015 were also assigned;

- **benefits:** the non-monetary benefits package allocated was valued at EUR 4,795.25;
- **other payments:** equal to EUR 100,000, as compensation for the Non-Compete Agreement (in Table 1, in the second part of the Section, this amount is included in fixed compensation as an employee).

Moreover, Marco Giordani received a one-off bonus of EUR 150,000 for his involvement in the extraordinary review of the industrial perimeter and ownership structure of the Mediaset Group, carried out in 2018. In keeping with the compensation policy, this bonus was specifically approved by the Board of Directors, after consulting with the Compensation Committee.

Gina Nieri received a compensation broken down as follows:

- **fixed component:** equal to EUR 797,493.66, of which gross annual compensation (GAC) of EUR 769,493.66 received as an employee of Mediaset and compensation as director of EUR 28,000. She also received compensation of EUR 52,500 as director of the subsidiary Mediaset España;
- **variable short-term component:** equal to EUR 156,250;
- **variable medium/long-term component:** on 11 September 2018, the Board of Directors of Mediaset attributed 95,870 rights, implementing the medium/long-term plan, which are added to the 135,962 rights attributed in 2016 and 2017; 57,076 Mediaset shares relative to rights attributed in 2015 were also assigned;
- **benefits:** the non-monetary benefits package allocated was valued at EUR 4,703.76;
- **other payments:** equal to EUR 100,000, as compensation for the Non-Compete Agreement (in Table 1, in the second part of the Section, this amount is included in fixed compensation as an employee).

No one-off bonus was paid in 2018.

Mr Niccolò Querci received a compensation broken down as follows:

- **fixed component:** of EUR 885,417.70 of which gross annual compensation (GAC) of EUR 857,417.70 received as an employee of R.T.I. and compensation as director of Mediaset of EUR 28,000. He also received compensation of EUR 52,500 as director of the subsidiary Mediaset España;
- **variable short-term component:** equal to EUR 241,313;
- **variable medium/long-term component:** on 11 September 2018, the Board of Directors of Mediaset attributed 52,728 rights, implementing the medium/long-term plan, which are added to the 74,779 rights attributed in 2016 and 2017; 28,538 Mediaset shares relative to rights attributed in 2015 were also assigned;
- **benefits:** the non-monetary benefits package allocated was valued at EUR 5,005.65;
- **other payments:** equal to EUR 100,000, as compensation for the Non-Compete Agreement (in Table 1, in the second part of the Section, this amount is included in fixed compensation as an employee).

No one-off bonus was paid in 2018.

Stefano Sala received a compensation broken down as follows:

- **fixed component:** amounting to EUR 1,552,310.59, of which the gross annual compensation (GAC) was EUR 1,224,310.59 received as employee of Publitalia '80, compensation as director of Mediaset amounting to EUR 28,000, and compensation for the position held at Publitalia '80 amounting to EUR 300,000.
- **variable short-term component:** equal to EUR 404,000;
- **variable medium/long-term component:** on 11 September 2018, the Board of Directors of Mediaset attributed 306,784 rights, implementing the medium/long-term plan, which are added to the 305,727 rights attributed in 2016 and 2017; 68,492 Mediaset shares relative to rights attributed in 2015 were also assigned;
- **benefits:** the non-monetary benefits package allocated was valued at EUR 3,714.44.
- **other payments:** equal to EUR 200,000, as compensation for the Non-Compete Agreement (in Table 1, in the second part of the Section, this amount is included in fixed compensation as an employee).

No one-off bonus was paid in 2018.

Moreover, the compensation received by the following Key Management Personnel, only for the period when they were on the Board of Mediaset is indicated below:

Last name	First name	Position at company
Giuliano Adreani		Chairman of Publitalia '80 S.p.A., Digitalia '08 S.r.l., Mediamond S.p.A. and Publieurope Limited, <u>Board Director of Mediaset S.p.A. until 27/06/2018.</u> <u>Board Director of Mediaset España until 18 April 2018.</u>
Mauro Crippa		News General Manager for R.T.I. S.p.A., <u>Board Director of Mediaset S.p.A. until 27/06/2018</u>

Giuliano Adreani received the following **compensation**:

- for his position as board director of Mediaset EUR 8,000;
- for his position as Chairman of Publitalia, EUR 500,000 and of Digitalia, EUR 100,000;
- **benefits:** the non-monetary benefits package allocated was valued at EUR 17,088.65.

He also received compensation of EUR 22,500 as director of the subsidiary Mediaset España.

Mauro Crippa received a compensation broken down as follows:

- **fixed component:** of EUR 338,983.34 of which gross annual compensation (GAC) of EUR 330,983.34 received as an employee of R.T.I. and compensation as director of Mediaset of EUR 8,000.
- **variable short-term component:** equal to EUR 96,938;
- **benefits:** the non-monetary benefits package allocated was valued at EUR 2,349.43;
- **other payments:** equal to EUR 50,000, as compensation for the Non-Compete Agreement (in Table 1, in the second part of the Section, this amount is included in fixed compensation as an employee).

3. Board of Statutory Auditors

The Shareholders' Meeting allocates fixed compensation to each member of the Board of Statutory Auditors.

The Shareholders' Meeting of 28 June 2017 confirmed Mr Mauro Lonardo as the Chairman of the Board of Statutory Auditors and appointed Ezio Maria Simonelli and Francesca Meneghel as regular auditors, establishing an annual gross compensation of EUR 60,000 for the regular auditors and of EUR 90,000 for the Chairman. Pursuant to the Bylaws, the members of the Board of Statutory Auditors are entitled to being reimbursed the expenses incurred to fulfil the assignment.

The Board of Statutory Auditors as appointed will remain in office until the Shareholders' Meeting to approve the 2019 financial statements.

Part two

4. Compensation tables

Part two provides a breakdown of compensation paid during the Reference Year, for any purpose and in any form, by the company, subsidiaries and associates.

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation	Compensation for participation in committees	Variable non equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits (***)
						Bonuses and other incentives	Share of profits					
Fedele Confalonieri	Chairman BOD	01/01/2018 31/12/2018	Approval 2020 financial statements									
				(ShC)	42.000,00	(EC)	9.000,00					
				(Att)	21.000,00	(RCC)						
				(Lre)		(GNC)						
				(Csr)	1.620.000,00	(CC)						
				(Sal)	1.206.274,13	(IC)						
(I) Compensation in company preparing the accounts					2.889.274,13		9.000,00			8.917,59		2.907.191,72
												6.522.500,82
				(ShC)	75.000,00	(EC)	4.000,00					
				(Att)	24.000,00	(RCC)	20.000,00					
				(Lre)		(GNC)						
				(Csr)		(CC)	8.000,00					
				(Sal)		(IC)						
(II) Compensation from subsidiaries and associates					99.000,00		32.000,00				131.000,00	
(III) Total					2.988.274,13		41.000,00			8.917,59		3.038.191,72
												6.522.500,82

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.

(**) The amount was paid as an employee

(***) the amount paid as Severance Indemnity is equal to EUR 6,500,000.00, of which EUR 200,000.00 as a settlement bonus, in addition to the amount paid as post-employment benefit amounting to EUR 22,500.82

(ShC) compensation assigned by shareholders

(Att) Attendance fees for participation at Board of Directors meetings

(Lre) lump-sum expense reimbursement

(SR) remuneration for performance of specific responsibilities (pursuant to article 2389 paragraph 3 "Civil Code")

(Sal) Fixed employee compensation including non-compete agreement

(EC) Executive Committee

(RCC) Control, Risk and Sustainability Committee

(CG) Governance and Appointments Committee

(CR) Compensation Committee

(CI) Related Parties Committee

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation	Compensation for participation in committees	Variable non equity compensation		Non-monetary benefits (***)	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
						Bonuses and other incentives (**)	Share of profits					
Pier Silvio Berlusconi	Deputy Chairman and Chief Executive Officer	01/01/2018 31/12/2018	Approval 2020 financial statements									
Partial compensation in company preparing the accounts				(ShC)	28.000,00 (EC)	4.000,00						
				(Att)	14.000,00 (RCC)							
				(Lre)		(GNC)						
				(Csr)	1.000.000,00 (CC)							
				(Sal)	374.914,21 (IC)							
(I) Compensation in company preparing the accounts					1.416.914,21	4.000,00	312.500,00	3.507,96		1.736.922,17	460.392,00	
Partial compensation from subsidiaries and associates				(ShC)		(EC)						
				(Att)		(RCC)						
				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)		(IC)						
(II) Compensation from subsidiaries and associates												
(III) Total					1.416.914,21	4.000,00	312.500,00	3.507,96		1.736.922,17	460.392,00	

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.

(**) Amount, arising from the Annual Incentive System, was paid as an employee

(accrued 2018 paid 2019)

(***) The amount was paid as an employee

(ShC) compensation assigned by shareholders

(Att) Attendance fees for participation at Board of Directors meetings

(Lre) lump-sum expense reimbursement

(SR) remuneration for performance of specific responsibilities (pursuant to article 2389 paragraph 3 "Civil Code")

(Sal) Fixed employee compensation

(EC) Executive Committee

(RCC) Control, Risk and Sustainability Committee

(CG) Governance and Appointments Committee

(CR) Compensation Committee

(CI) Related Parties Committee

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation	Compensation for participation in committees	Variable non equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
						Bonuses and other incentives	Share of profits					
Marina Berlusconi	Director	01/01/2018 31/12/2018	Approval 2018 financial statements									
Partial compensation in company preparing the accounts				(ShC)	28.000,00 (EC)							
				(Att)	6.000,00 (RCC)							
				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)		(IC)						
(I) Compensation in company preparing the accounts					34.000,00					34.000,00		
Partial compensation from subsidiaries and associates				(ShC)		(EC)						
				(Att)		(RCC)						
				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)		(IC)						
(II) Compensation from subsidiaries and associates												
(III) Total					34.000,00					34.000,00		

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.

(ShC) compensation assigned by shareholders

(Att) Attendance fees for participation at Board of Directors meetings

(Lre) lump-sum expense reimbursement

(SR) remuneration for performance of specific responsibilities (pursuant to Article 2389 paragraph 3 "Civil Code")

(Sal) Fixed employee compensation

(EC) Executive Committee

(RCC) Risk and Control Committee

(CNG) Governance and Appointments Committee

(CC) Compensation Committee

(IC) Committee of Independent Directors for Related-Party Transactions

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation (**)	Compensation for participation in committees	Variable non equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
						Bonuses and other incentives	Share of profits					
Marina Brogi	Director	27/06/2018 31/12/2018	Approval 2020 financial statements									
Partial compensation in company preparing the accounts				(ShC)	20.000,00	(EC)						
				(Att)	20.000,00	(RCC)	12.000,00					
				(Lre)		(GNC)						
				(Csr)		(CC)	12.000,00					
				(Sal)		(IC)	16.000,00					
(I) Compensation in company preparing the accounts					20.000,00		40.000,00			60.000,00		
Partial compensation from subsidiaries and associates				(ShC)		(EC)						
				(Att)		(RCC)						
				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)		(IC)						
(II) Compensation from subsidiaries and associates												
(III) Total					20.000,00		40.000,00			60.000,00		

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.

(ShC) compensation assigned by shareholders

(Att) Attendance fees for participation at Board of Directors meetings

(Lre) lump-sum expense reimbursement

(SR) remuneration for performance of specific responsibilities (pursuant to article 2389 paragraph 3 "Civil Code")

(Sal) Fixed employee compensation

(**) The expenses incurred as a result of the office amount to EUR 2,380.35 of which EUR 749.75 paid in 2019

(EC) Executive Committee

(RCC) Control, Risk and Sustainability Committee

(CG) Governance and Appointments Committee

(CR) Compensation Committee

(CI) Related Parties Committee

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation	Compensation for participation in committees	Variable non equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
						Bonuses and other incentives	Share of profits					
Andrea Canepa	Director	27/06/2018 31/12/2018	Approval 2020 financial statements									
Partial compensation in company preparing the accounts				(ShC)	20.000,00	(EC)						
				(Att)		(RCC)						
				(Lre)		(GNC)						
				(Csr)		(CC)	16.000,00					
				(Sal)		(IC)						
(I) Compensation in company preparing the accounts					20.000,00		16.000,00			36.000,00		
Partial compensation from subsidiaries and associates				(ShC)		(EC)						
				(Att)		(RCC)						
				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)		(IC)						
(II) Compensation from subsidiaries and associates												
(III) Total					20.000,00		16.000,00			36.000,00		

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.

(ShC) compensation assigned by shareholders

(Att) Attendance fees for participation at Board of Directors meetings

(Lre) lump-sum expense reimbursement

(SR) remuneration for performance of specific responsibilities (pursuant to article 2389 paragraph 3 "Civil Code")

(Sal) Fixed employee compensation

(EC) Executive Committee

(RCC) Control, Risk and Sustainability Committee

(CG) Governance and Appointments Committee

(CR) Compensation Committee

(CI) Related Parties Committee

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation (**)	Compensation for participation in committees	Variable non equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
						Bonuses and other incentives	Share of profits					
Raffaele Cappiello	Director	27/06/2018 31/12/2018	Approval 2020 financial statements									
				(ShC)	20.000,00	(EC)						
				(Att)		(RCC)						
Partial compensation in company preparing the accounts				(Lre)		(GNC)	12.000,00					
				(Csr)		(CC)						
				(Sal)		(IC)						
(I) Compensation in company preparing the accounts					20.000,00		12.000,00			32.000,00		
				(ShC)		(EC)						
				(Att)		(RCC)						
Partial compensation from subsidiaries and associates				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)		(IC)						
(II) Compensation from subsidiaries and associates												
(III) Total					20.000,00		12.000,00			32.000,00		

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.

(ShC) compensation assigned by shareholders

(Att) Attendance fees for participation at Board of Directors meetings

(Lre) lump-sum expense reimbursement

(SR) remuneration for performance of specific responsibilities (pursuant to article 2389 paragraph 3 "Civil Code")

(Sal) Fixed employee compensation

(**) The expenses incurred as a result of the office amount to EUR 2,990.35

(EC) Executive Committee

(RCC) Control, Risk and Sustainability Committee

(CG) Governance and Appointments Committee

(CR) Compensation Committee

(CI) Related Parties Committee

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation	Compensation for participation in committees	Variable non equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
						Bonuses and other incentives	Share of profits					
Costanza Esclapon de Villeneuve	Director	27/06/2018 31/12/2018	Approval 2020 financial statements									
				(ShC)	20.000,00	(EC)						
				(Att)		(RCC)	9.000,00					
Partial compensation in company preparing the accounts				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)		(IC)						
(I) Compensation in company preparing the accounts					20.000,00		9.000,00			29.000,00		
				(ShC)		(EC)						
				(Att)		(RCC)						
Partial compensation from subsidiaries and associates				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)		(IC)						
(II) Compensation from subsidiaries and associates												
(III) Total					20.000,00		9.000,00			29.000,00		

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.

(ShC) compensation assigned by shareholders

(Att) Attendance fees for participation at Board of Directors meetings

(Lre) lump-sum expense reimbursement

(SR) remuneration for performance of specific responsibilities (pursuant to article 2389 paragraph 3 "Civil Code")

(Sal) Fixed employee compensation

(EC) Executive Committee

(RCC) Control, Risk and Sustainability Committee

(CG) Governance and Appointments Committee

(CR) Compensation Committee

(CI) Related Parties Committee

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation	Compensation for participation in committees	Variable non equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
						Bonuses and other incentives	Share of profits					
Giulio Gallazzi	Director	27/06/2018 31/12/2018	Approval 2020 financial statements									
				(ShC)	20.000,00	(EC)						
				(Att)		(RCC)						
				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)		(IC)	12.000,00					
(I) Compensation in company preparing the accounts					20.000,00		12.000,00			32.000,00		
				(ShC)		(EC)						
				(Att)		(RCC)						
				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)		(IC)						
(II) Compensation from subsidiaries and associates												
(III) Total					20.000,00		12.000,00			32.000,00		

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.
 (ShC) compensation assigned by shareholders
 (Att) Attendance fees for participation at Board of Directors meetings
 (Lre) lump-sum expense reimbursement
 (SR) remuneration for performance of specific responsibilities (pursuant to article 2389 paragraph 3 "Civil Code")
 (Sal) Fixed employee compensation

(EC) Executive Committee
 (RCC) Control, Risk and Sustainability Committee
 (CG) Governance and Appointments Committee
 (CR) Compensation Committee
 (CI) Related Parties Committee

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation	Compensation for participation in committees	Variable non equity compensation		Non-monetary benefits (***)	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
						Bonuses and other incentives	Share of profits					
Marco Giordani	Director	01/01/2018 31/12/2018	Approval 2020 financial statements									
				(ShC)	28.000,00	(EC)	8.000,00					
				(Att)	12.000,00	(RCC)						
				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)	918.101,76	(IC)						
(I) Compensation in company preparing the accounts					958.101,76		8.000,00	400.000,00	4.795,25	1.370.897,01	382.053,00	
				(ShC)	75.000,00	(EC)						
				(Att)	24.000,00	(RCC)	20.000,00					
				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)		(IC)						
(II) Compensation from subsidiaries and associates					99.000,00		20.000,00			119.000,00		
(III) Total					1.057.101,76		28.000,00	400.000,00	4.795,25	1.489.897,01	382.053,00	

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.
 (**) Amount, arising from the Annual Incentive System, was paid as an employee for EUR 250,000.00 and EUR 150,000.00 as a one-off bonus (relative to 2018, paid in 2019)
 (***) The amount was paid as an employee
 (ShC) compensation assigned by shareholders
 (Att) Attendance fees for participation at Board of Directors meetings
 (Lre) lump-sum expense reimbursement
 (SR) remuneration for performance of specific responsibilities (pursuant to article 2389 paragraph 3 "Civil Code")
 (Sal) Fixed employee compensation including non-compete agreement

(EC) Executive Committee
 (RCC) Control, Risk and Sustainability Committee
 (CG) Governance and Appointments Committee
 (CR) Compensation Committee
 (CI) Related Parties Committee

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation	Compensation for participation in committees	Variable non equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
						Bonuses and other incentives	Share of profits					
Francesca Mariotti	Director	27/06/2018 31/12/2018	Approval 2020 financial statements									
Partial compensation in company preparing the accounts				(ShC)	20.000,00	(EC)						
				(Att)		(RCC)						
				(Lre)		(GNC)	9.000,00					
				(Csr)		(CC)	12.000,00					
				(Sal)		(IC)						
(I) Compensation in company preparing the accounts					20.000,00		21.000,00			41.000,00		
Partial compensation from subsidiaries and associates				(ShC)		(EC)						
				(Att)		(RCC)						
				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)		(IC)						
(II) Compensation from subsidiaries and associates												
(III) Total					20.000,00		21.000,00			41.000,00		

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.

(ShC) compensation assigned by shareholders

(Att) Attendance fees for participation at Board of Directors meetings

(Lre) lump-sum expense reimbursement

(SR) remuneration for performance of specific responsibilities (pursuant to article 2389 paragraph 3 "Civil Code")

(Sal) Fixed employee compensation

(EC) Executive Committee

(RCC) Control, Risk and Sustainability Committee

(CG) Governance and Appointments Committee

(CR) Compensation Committee

(CI) Related Parties Committee

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation	Compensation for participation in committees	Variable non equity compensation		Non-monetary benefits (***)	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
						Bonuses and other incentives (**)	Share of profits					
Gina Neri	Director	01/01/2018 31/12/2018	Approval 2020 financial statements									
Partial compensation in company preparing the accounts				(ShC)	28.000,00	(EC)	8.000,00					
				(Att)	14.000,00	(RCC)						
				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)	869.493,66	(IC)						
(I) Compensation in company preparing the accounts					911.493,66		8.000,00	156.250,00	4.703,76	1.080.447,42	436.288,00	
Partial compensation from subsidiaries and associates (appointed Board Director of Mediaset España Comunicacion, SA on 18/04/2018)				(ShC)	52.500,00	(EC)						
				(Att)	16.000,00	(RCC)						
				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)		(IC)						
(II) Compensation from subsidiaries and associates					68.500,00					68.500,00		
(III) Total					979.993,66		8.000,00	156.250,00	4.703,76	1.148.947,42	436.288,00	

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.

(**) Amount, arising from the Annual Incentive System, was paid as an employee

(accrued 2018 paid 2019)

(***) The amount was paid as an employee

(ShC) compensation assigned by shareholders

(Att) Attendance fees for participation at Board of Directors meetings

(Lre) lump-sum expense reimbursement

(SR) remuneration for performance of specific responsibilities (pursuant to article 2389 paragraph 3 "Civil Code")

(Sal) Fixed employee compensation including non-compete agreement

(EC) Executive Committee

(RCC) Control, Risk and Sustainability Committee

(CG) Governance and Appointments Committee

(CR) Compensation Committee

(CI) Related Parties Committee

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation (**)	Compensation for participation in committees	Variable non equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
						Bonuses and other incentives	Share of profits					
Danilo Pellegrino	Director	27/06/2018 31/12/2018	Approval 2020 financial statements									
				(ShC)	20.000,00	(EC)						
				(Att)		(RCC)						
				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)		(IC)						
(I) Compensation in company preparing the accounts					20.000,00					20.000,00		
				(ShC)		(EC)						
				(Att)		(RCC)						
				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)		(IC)						
(II) Compensation from subsidiaries and associates												
(III) Total					20.000,00					20.000,00		

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.

(**) for the officeholder the compensation is paid directly to the person's company

(ShC) compensation assigned by shareholders

(Att) Attendance fees for participation at Board of Directors meetings

(Lre) lump-sum expense reimbursement

(SR) remuneration for performance of specific responsibilities (pursuant to article 2389 paragraph 3 "Civil Code")

(Sal) Fixed employee compensation

(EC) Executive Committee

(RCC) Control, Risk and Sustainability Committee

(CG) Governance and Appointments Committee

(CR) Compensation Committee

(CI) Related Parties Committee

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period of office held	Termination of office	Fixed compensation	Compensation for participation in committees	Variable non equity compensation		Non-monetary benefits (***)	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
						Bonuses and other incentives (**)	Share of profits					
Niccolo' Querci	Director	01/01/2018 31/12/2018	Approval 2020 financial statements									
				(ShC)	28.000,00	(EC)						
				(Att)	14.000,00	(RCC)						
				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)		(IC)						
(I) Compensation in company preparing the accounts					42.000,00					42.000,00	126.608,00	
				(ShC)	52.500,00	(EC)						
				(Att)	16.000,00	(RCC)						
				(Lre)		(GNC)						
				(Csr)		(CC)	4.000,00					
				(Sal)	957.417,70	(IC)						
(II) Compensation from subsidiaries and associates					1.025.917,70		4.000,00	241.313,00	5.005,65	1.276.236,35		
(III) Total					1.067.917,70		4.000,00	241.313,00	5.005,65	1.318.236,35	126.608,00	

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.

(**) Amount, arising from the Annual Incentive System, was paid as an employee (accrued 2018 paid 2019)

(***) The amount was paid as an employee

(ShC) compensation assigned by shareholders

(Att) Attendance fees for participation at Board of Directors meetings

(Lre) lump-sum expense reimbursement

(SR) remuneration for performance of specific responsibilities (pursuant to article 2389 paragraph 3 "Civil Code")

(Sal) Fixed employee compensation including non-compete agreement

(EC) Executive Committee

(RCC) Control, Risk and Sustainability Committee

(CG) Governance and Appointments Committee

(CR) Compensation Committee

(CI) Related Parties Committee

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period of office held	Termination of office	Fixed compensation	Compensation for participation in committees	Variable non equity compensation		Non-monetary benefits (***)	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
						Bonuses and other incentives	Share of profits					
Stefano Sala	Director	01/01/2018 31/12/2018	Approval 2020 financial statements									
				(ShC)	28.000,00	(EC)						
				(Att)	14.000,00	(RCC)						
				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)		(IC)						
(I) Compensation in company preparing the accounts					42.000,00					42.000,00	281.045,00	
				(ShC)	16.000,00	(EC)						
				(Att)		(RCC)						
				(Lre)		(GNC)						
				(Csr)	284.000,00	(CC)						
				(Sal)	1.424.310,59	(IC)						
(II) Compensation from subsidiaries and associates					1.724.310,59			404.000,00	3.714,44	2.132.025,03		
(III) Total					1.766.310,59			404.000,00	3.714,44	2.174.025,03	281.045,00	

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.

(**) Amount, arising from the Annual Incentive System, was paid as an employee (accrued 2018 paid 2019)

(***) The amount was paid as an employee

(ShC) compensation assigned by shareholders

(Att) Attendance fees for participation at Board of Directors meetings

(Lre) lump-sum expense reimbursement

(SR) remuneration for performance of specific responsibilities (pursuant to article 2389 paragraph 3 "Civil Code")

(Sal) Fixed employee compensation including non-compete agreement

(EC) Executive Committee

(RCC) Control, Risk and Sustainability Committee

(CG) Governance and Appointments Committee

(CR) Compensation Committee

(CI) Related Parties Committee

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation	Compensation for participation in committees	Variable non equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
						Bonuses and other incentives	Share of profits					
Carlo Secchi	Director	01/01/2018 31/12/2018	Approval 2020 financial statements									
Partial compensation in company preparing the accounts				(ShC)	28.000,00	(EC)						
				(Att)	14.000,00	(RCC)	37.000,00					
				(Lre)		(GNC)	15.000,00					
				(Csr)		(CC)						
				(Sal)		(IC)	16.000,00					
(I) Compensation in company preparing the accounts					42.000,00		68.000,00			110.000,00		
Partial compensation from subsidiaries and associates				(ShC)		(EC)						
				(Att)		(RCC)						
				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)		(IC)						
(II) Compensation from subsidiaries and associates												
(III) Total					42.000,00		68.000,00			110.000,00		

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.

(ShC) compensation assigned by shareholders

(Att) Attendance fees for participation at Board of Directors meetings

(Lre) lump-sum expense reimbursement

(SR) remuneration for performance of specific responsibilities (pursuant to Article 2389 paragraph 3 "Civil Code")

(Sal) Fixed employee compensation

(EC) Executive Committee

(RCC) Risk and Control Committee

(GNC) Governance and Appointments Committee

(CC) Compensation Committee

(IC) Committee of Independent Directors for Related-Party Transactions

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation	Compensation for participation in committees	Variable non equity compensation		Non-monetary benefits (***)	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
						Bonuses and other incentives	Share of profits					
Giuliano Adreani (**)	Director	01/01/2018 27/06/2018	Approval 2018 financial statements									
Partial compensation in company preparing the accounts				(ShC)	8.000,00	(EC)	8.000,00					
				(Att)	14.000,00	(RCC)						
				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)		(IC)						
(I) Compensation in company preparing the accounts					22.000,00		8.000,00			30.000,00		
Partial compensation from subsidiaries and associates (position in the company Mediaset España Comunicación, SA which ended on 18/04/2018)				(ShC)	33.000,00	(EC)	4.000,00					
				(Att)	4.000,00	(RCC)						
				(Lre)		(GNC)						
				(Csr)	589.500,00	(CC)	4.000,00					
				(Sal)		(IC)						
(II) Compensation from subsidiaries and associates					626.500,00		8.000,00	17.088,65		651.588,65		
(III) Total					648.500,00		16.000,00	17.088,65		681.588,65		

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.

(**) The Director stepped down from office on 27 June 2018. The amounts under the items Fixed compensation from subsidiaries and associates and non-monetary benefits refer to the date when the position ended (27 June 2018)

(***) this amount was paid by virtue of an administrative relationship

(ShC) compensation assigned by shareholders

(Att) Attendance fees for participation at Board of Directors meetings

(Lre) lump-sum expense reimbursement

(SR) remuneration for performance of specific responsibilities (pursuant to article 2389 paragraph 3 "Civil Code")

(Sal) Fixed employee compensation

(EC) Executive Committee

(RCC) Control, Risk and Sustainability Committee

(GNC) Governance and Appointments Committee

(CC) Compensation Committee

(IC) Related Parties Committee

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation	Compensation for participation in committees	Variable non equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
						Bonuses and other incentives	Share of profits					
Franco Bruni	Director	01/01/2018 27/06/2018	Approval 2018 financial statements									
Partial compensation in company preparing the accounts				(ShC)	8.000,00	(EC)						
				(Att)	12.000,00	(RCC)	14.000,00					
				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)		(IC)	12.000,00					
(I) Compensation in company preparing the accounts					20.000,00		14.000,00			34.000,00		
Partial compensation from subsidiaries and associates				(ShC)		(EC)						
				(Att)		(RCC)						
				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)		(IC)						
(II) Compensation from subsidiaries and associates												
(III) Total					20.000,00		14.000,00			34.000,00		

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.

(ShC) compensation assigned by shareholders

(Att) Attendance fees for participation at Board of Directors meetings

(Lre) lump-sum expense reimbursement

(SR) remuneration for performance of specific responsibilities (pursuant to article 2389 paragraph 3 "Civil Code")

(Sal) Fixed employee compensation

(EC) Executive Committee

(RCC) Control, Risk and Sustainability Committee

(CG) Governance and Appointments Committee

(CR) Compensation Committee

(CI) Related Parties Committee

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation	Compensation for participation in committees	Variable non equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
						Bonuses and other incentives	Share of profits					
Pasquale Cannatelli	Director	01/01/2018 25/01/2018	Approval 2018 financial statements									
				(ShC)	1.333,33	(EC)						
				(Att)	2.000,00	(RCC)						
				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)		(IC)						
(I) Compensation in company preparing the accounts					3.333,33					3.333,33		
				(ShC)		(EC)						
				(Att)		(RCC)						
				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)		(IC)						
(II) Compensation from subsidiaries and associates												
(III) Total					3.333,33					3.333,33		

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.

(EC) Executive Committee

(ShC) compensation assigned by shareholders

(RCC) Control, Risk and Sustainability Committee

(Att) Attendance fees for participation at Board of Directors meetings

(CG) Governance and Appointments Committee

(Lre) lump-sum expense reimbursement

(CR) Compensation Committee

(SR) remuneration for performance of specific responsibilities (pursuant to article 2389 paragraph 3 "Civil Code")

(CI) Related Parties Committee

(Sal) Fixed employee compensation

On 25/01/2018 the Director Pasquale Cannatelli resigned

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation	Compensation for participation in committees	Variable non equity compensation		Non-monetary benefits (****)	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
						Bonuses and other incentives	Share of profits					
Mauro Crippa (**)	Director	01/01/2018 27/06/2018	Approval 2018 financial statements									
				(ShC)	8.000,00	(EC)						
				(Att)	14.000,00	(RCC)						
				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)		(IC)						
(I) Compensation in company preparing the accounts					22.000,00					22.000,00		
				(ShC)		(EC)						
				(Att)		(RCC)						
				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)	380.983,34	(IC)						
(II) Compensation from subsidiaries and associates					380.983,34		96.938,00	2.349,43		480.270,77		
(III) Total					402.983,34		96.938,00	2.349,43		502.270,77		

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.

(**) The Director stepped down from office on 27 June 2018. Amounts as of the items Compensation from paid employment, Bonuses and other incentives and non-monetary benefits refer to the date when the position ended (27 June 2018)

(****) Amount, arising from the Annual Incentive System, was paid as an employee (accrued 2018 paid 2019)

(EC) Executive Committee

(****) The amount was paid as an employee

(RCC) Control, Risk and Sustainability Committee

(ShC) compensation assigned by shareholders

(CG) Governance and Appointments Committee

(Att) Attendance fees for participation at Board of Directors meetings

(CR) Compensation Committee

(Lre) lump-sum expense reimbursement

(CI) Related Parties Committee

(SR) remuneration for performance of specific responsibilities (pursuant to article 2389 paragraph 3 "Civil Code")

(Sal) Fixed employee compensation including non-compete agreement

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation	Compensation for participation in committees	Variable non equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
						Bonuses and other incentives	Share of profits					
Bruno Ermolli	Director	01/01/2018 27/06/2018	Approval 2018 financial statements									
Partial compensation in company preparing the accounts				(ShC)	8.000,00	(EC)						
				(Att)	2.000,00	(RCC)						
				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)		(IC)						
(I) Compensation in company preparing the accounts					10.000,00					10.000,00		
Partial compensation from subsidiaries and associates				(ShC)		(EC)						
				(Att)		(RCC)						
				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)		(IC)						
(II) Compensation from subsidiaries and associates												
(III) Total					10.000,00					10.000,00		

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.
 (ShC) compensation assigned by shareholders
 (Att) Attendance fees for participation at Board of Directors meetings
 (Lre) lump-sum expense reimbursement
 (SR) remuneration for performance of specific responsibilities (pursuant to article 2389 paragraph 3 "Civil Code")
 (Sal) Fixed employee compensation

(EC) Executive Committee
 (RCC) Control, Risk and Sustainability Committee
 (CG) Governance and Appointments Committee
 (CR) Compensation Committee
 (CI) Related Parties Committee

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation on (**)	Compensation for participation in committees	Variable non equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
						Bonuses and other incentives	Share of profits					
Fernando Napolitano	Director	01/01/2018 27/06/2018	Approval 2018 financial statements									
Partial compensation in company preparing the accounts				(ShC)	8.000,00	(EC)						
				(Att)	14.000,00	(RCC)	10.000,00					
				(Lre)		(GNC)						
				(Csr)		(CC)	4.000,00					
				(Sal)		(IC)						
(I) Compensation in company preparing the accounts					22.000,00		14.000,00			36.000,00		
Partial compensation from subsidiaries and associates				(ShC)		(EC)						
				(Att)		(RCC)						
				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)		(IC)						
(II) Compensation from subsidiaries and associates												
(III) Total					22.000,00		14.000,00			36.000,00		

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.
 (ShC) compensation assigned by shareholders
 (Att) Attendance fees for participation at Board of Directors meetings
 (Lre) lump-sum expense reimbursement
 (SR) remuneration for performance of specific responsibilities (pursuant to article 2389 paragraph 3 "Civil Code")
 (Sal) Fixed employee compensation
 (**) The expenses incurred as a result of the office amount to EUR 3,200.48

(EC) Executive Committee
 (RCC) Control, Risk and Sustainability Committee
 (CG) Governance and Appointments Committee
 (CR) Compensation Committee
 (CI) Related Parties Committee

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period of office held	Termination of office	Fixed compensation	Compensation on for participation in committees	Variable non equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
						Bonuses and other incentives	Share of profits					
Michele Perini	Director	01/01/2018 27/06/2018	Approval 2018 financial statements									
Partial compensation in company preparing the accounts				(ShC)	8.000,00	(EC)						
				(Att)	12.000,00	(RCC)						
				(Lre)		(GNC)	4.000,00					
				(Csr)		(CC)	6.000,00					
				(Sal)		(IC)	6.000,00					
(I) Compensation in company preparing the accounts					20.000,00		16.000,00			36.000,00		
Partial compensation from subsidiaries and associates				(ShC)		(EC)						
				(Att)		(RCC)						
				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)		(IC)						
(II) Compensation from subsidiaries and associates												
(III) Total					20.000,00		16.000,00			36.000,00		

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.
 (ShC) compensation assigned by shareholders
 (Att) Attendance fees for participation at Board of Directors meetings
 (Lre) lump-sum expense reimbursement
 (SR) remuneration for performance of specific responsibilities (pursuant to article 2389 paragraph 3 "Civil Code")
 (Sal) Fixed employee compensation

(EC) Executive Committee
 (RCC) Control, Risk and Sustainability Committee
 (CG) Governance and Appointments Committee
 (CR) Compensation Committee
 (CI) Related Parties Committee

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period of office held	Termination of office	Fixed compensation	Compensation on for participation in committees	Variable non equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
						Bonuses and other incentives	Share of profits					
Alessandra Piccinino	Director	01/01/2018 27/06/2018	Approval 2018 financial statements									
Partial compensation in company preparing the accounts				(ShC)	8.000,00	(EC)						
				(Att)	14.000,00	(RCC)						
				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)		(IC)	4.000,00					
(I) Compensation in company preparing the accounts					22.000,00		4.000,00			26.000,00		
Partial compensation from subsidiaries and associates				(ShC)		(EC)						
				(Att)		(RCC)						
				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)		(IC)						
(II) Compensation from subsidiaries and associates												
(III) Total					22.000,00		4.000,00			26.000,00		

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.
 (ShC) compensation assigned by shareholders
 (Att) Attendance fees for participation at Board of Directors meetings
 (Lre) lump-sum expense reimbursement
 (SR) remuneration for performance of specific responsibilities (pursuant to article 2389 paragraph 3 "Civil Code")
 (Sal) Fixed employee compensation

(EC) Executive Committee
 (RCC) Control, Risk and Sustainability Committee
 (CG) Governance and Appointments Committee
 (CR) Compensation Committee
 (CI) Related Parties Committee

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation on (**)	Compensation for participation in committees	Variable non equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
						Bonuses and other incentives	Share of profits					
Wanda Ternau	Director	01/01/2018 27/06/2018	Approval 2018 financial statements									
Partial compensation in company preparing the accounts				(ShC)	8,000.00	(EC)						
				(Att)	14,000.00	(RCC)						
				(Lre)		(GNC)	4,000.00					
				(Csr)		(CC)						
				(Sal)		(IC)						
(I) Compensation in company preparing the accounts					22,000.00		4,000.00			26,000.00		
Partial compensation from subsidiaries and associates				(ShC)		(EC)						
				(Att)		(RCC)						
				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)		(IC)						
(II) Compensation from subsidiaries and associates												
(III) Total					22,000.00		4,000.00			26,000.00		

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.

(ShC) compensation assigned by shareholders

(Att) Attendance fees for participation at Board of Directors meetings

(Lre) lump-sum expense reimbursement

(SR) remuneration for performance of specific responsibilities (pursuant to article 2389 paragraph 3 "Civil Code")

(Sal) Fixed employee compensation

(**) The expenses incurred as a result of the office amount to EUR 9,234.93

(EC) Executive Committee

(RCC) Control, Risk and Sustainability Committee

(CG) Governance and Appointments Committee

(CR) Compensation Committee

(C) Related Parties Committee

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation on (**)	Compensation for participation in committees	Variable non equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
						Bonuses and other incentives	Share of profits					
Mauro Lonardo	Chmn BSA.	01/01/2018 31/12/2018	Approval 2019 financial statements									
Partial compensation in company preparing the accounts				(ShC)	90,000.00	(EC)						
				(Att)		(RCC)						
				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)		(IC)						
(I) Compensation in company preparing the accounts					90,000.00					90,000.00		
Partial compensation from subsidiaries and associates				(ShC)		(EC)						
				(Att)		(RCC)						
				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)		(IC)						
(II) Compensation from subsidiaries and associates												
(III) Total					90,000.00					90,000.00		

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.

(ShC) compensation assigned by shareholders

(Att) Attendance fees for participation at Board of Directors meetings

(Lre) lump-sum expense reimbursement

(SR) remuneration for performance of specific responsibilities (pursuant to Article 2389 paragraph 3 "Civil Code")

(Sal) Fixed employee compensation

(**) The expenses incurred as a result of the office amount to EUR 9,335.71

(EC) Executive Committee

(RCC) Risk and Control Committee

(GNC) Governance and Appointments Committee

(CC) Compensation Committee

(IC) Committee of Independent Directors for Related-Party Transactions

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation	Compensation for participation in committees	Variable non equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
						Bonuses and other incentives	Share of profits					
Francesca Meneghel	Director	01/01/2018 31/12/2018	Approval 2019 financial statements									
Partial compensation in company preparing the accounts				(ShC)	60.000,00	(EC)						
				(Att)		(RCC)						
				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)		(IC)						
(I) Compensation in company preparing the accounts					60.000,00					60.000,00		
Partial compensation from subsidiaries and associates				(ShC)	33.333,33	(EC)						
				(Att)		(RCC)						
				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)		(IC)						
(II) Compensation from subsidiaries and associates					33.333,33					33.333,33		
(III) Total					93.333,33					93.333,33		

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.

(ShC) compensation assigned by shareholders

(Att) Attendance fees for participation at Board of Directors meetings

(Lre) lump-sum expense reimbursement

(SR) remuneration for performance of specific responsibilities (pursuant to Article 2389 paragraph 3 "Civil Code")

(Sal) Fixed employee compensation

(EC) Executive Committee

(RCC) Risk and Control Committee

(GNC) Governance and Appointments Committee

(CC) Compensation Committee

(IC) Committee of Independent Directors for Related-Party Transactions

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation	Compensation for participation in committees	Variable non equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
						Bonuses and other incentives	Share of profits					
Ezio Maria Simonelli	Director	01/01/2018 31/12/2018	Approval 2019 financial statements									
Partial compensation in company preparing the accounts				(ShC)	60.000,00	(EC)						
				(Att)		(RCC)						
				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)		(IC)						
(I) Compensation in company preparing the accounts					60.000,00					60.000,00		
Partial compensation from subsidiaries and associates				(ShC)		(EC)						
				(Att)		(RCC)						
				(Lre)		(GNC)						
				(Csr)		(CC)						
				(Sal)		(IC)						
(II) Compensation from subsidiaries and associates												
(III) Total					60.000,00					60.000,00		

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.

(ShC) compensation assigned by shareholders

(Att) Attendance fees for participation at Board of Directors meetings

(Lre) lump-sum expense reimbursement

(SR) remuneration for performance of specific responsibilities (pursuant to Article 2389 paragraph 3 "Civil Code")

(Sal) Fixed employee compensation

(EC) Executive Committee

(RCC) Risk and Control Committee

(GNC) Governance and Appointments Committee

(CC) Compensation Committee

(IC) Committee of Independent Directors for Related-Party Transactions

TABLE 3A: Incentive plans based on financial instruments, other than stock options, in favour of the members of the Board of Directors, general managers and other key management personnel

First and last name	Office	Plan	Financial instruments assigned during the preceding financial years not vested during the financial year		Financial instruments assigned during the financial year					Financial instruments vested during the financial year and not attributed	Financial instruments vested during the financial year and that can be attributed		Financial instruments for the financial year
			Number and type of financial instruments	Vesting Period	Number and type of financial instruments	Fair value at the Allotment Date	Vesting Period	Allotment Date	Market price of shares underlying the assignment of options	Number and type of financial instruments	Number and type of financial instruments	Value at maturity date (*)	Fair value
Pier Silvio Berlusconi	Deputy Chairman and Chief Executive Officer												
(I) Compensation in the company preparing the accounts		2015 - 2017 Plan (General Meeting resolution of 29 April 2015)										114.154	296.560,68
		2015 - 2017 Plan (General Meeting resolution of 29 April 2015)	129.353 Rights for the assignment of free shares	21/06/2016 30/06/2019									195.116
		2015 - 2017 Plan (General Meeting resolution of 29 April 2015)	142.572 Rights for the assignment of free shares	27/06/2017 30/06/2020									196.578
(II) Compensation from subsidiaries and associates		2018 - 2020 Plan (General Meeting resolution of 27 June 2018)			191.740 Rights for the assignment of free shares	2.508	11/09/2018 30/09/2021	11/09/2018	2.6077				68.698
(II) Total			271.925		191.740							296.560,68	460.392

(*) further information on plans is available in specific information documents on the company

's website(www.mediaset.it)

(**) lock-up clauses

TABLE 3A: Incentive plans based on financial instruments, other than stock options, in favour of the members of the Board of Directors, general managers and other key management personnel

First and last name	Office	Plan	Financial instruments assigned during the preceding financial years not vested during the financial year		Financial instruments assigned during the financial year					Financial instruments vested during the financial year and not attributed	Financial instruments vested during the financial year and that can be attributed		Financial instruments for the financial year
			Number and type of financial instruments	Vesting Period	Number and type of financial instruments	Fair value at the Allotment Date	Vesting Period	Allotment Date	Market price of shares underlying the assignment of options	Number and type of financial instruments	Number and type of financial instruments	Value at maturity date (*)	Fair value
Marco Giordani	Director												
(I) Compensation in the company preparing the accounts		2015 - 2017 Plan (General Meeting resolution of 29 April 2015)										57.076	148.277,74
		2015 - 2017 Plan (General Meeting resolution of 29 April 2015)	103.482 Rights for the assignment of free shares	21/06/2016 30/06/2019									156.092
		2015 - 2017 Plan (General Meeting resolution of 29 April 2015)	114.058 Rights for the assignment of free shares	27/06/2017 30/06/2020									157.263
(II) Compensation from subsidiaries and		2018 - 2020 Plan (General Meeting resolution of 27 June 2018)			153.392 Rights for the assignment of free shares	2.508	11/09/2018 30/09/2021	11/09/2018	2.6077				68.698
(II) Total			217.540		153.392							148.277,74	382.053

(*) further information on plans is available in specific information documents on the company

's website(www.mediaset.it)

(**) lock-up clauses

TABLE 3A: Incentive plans based on financial instruments, other than stock options, in favour of the members of the Board of Directors, general managers and other key management personnel

First and last name	Office	Plan	Financial instruments assigned during the preceding financial years not vested during the financial year		Financial instruments assigned during the financial year					Financial instruments vested during the financial year and not attributed	Financial instruments vested during the financial year and that can be attributed		Financial instruments for the financial year
			Number and type of financial instruments	Vesting Period	Number and type of financial instruments	Fair value at the Allotment Date	Vesting Period	Allotment Date	Market price of shares underlying the assignment of options	Number and type of financial instruments	Number and type of financial instruments	Value at maturity date (*)	Fair value
Gina Neri	Director												
(i) Compensation in the company preparing the accounts		2015 - 2017 Plan (General Meeting resolution of 29 April 2015)										57,076	148,277.74
		2015 - 2017 Plan (General Meeting resolution of 29 April 2015)	64,676 Rights for the assignment of free shares	21/06/2016 30/06/2019									97,557
		2015 - 2017 Plan (General Meeting resolution of 29 April 2015)	71,286 Rights for the assignment of free shares	27/06/2017 30/06/2020									98,289
(ii) Compensation from subsidiaries and		2018 - 2020 Plan (General Meeting resolution of 27 June 2018)			95,870 Rights for the assignment of free shares	2,508	11/09/2018 30/09/2021	11/09/2018	2,6077				240,442
(ii) Total			135,962		95,870							148,277.74	436,288

(*) further information on plans is available in specific information documents on the company

s website(www.mediaset.it)

(**) lock-up clauses

TABLE 3A: Incentive plans based on financial instruments, other than stock options, in favour of the members of the Board of Directors, general managers and other key management personnel

First and last name	Office	Plan	Financial instruments assigned during the preceding financial years not vested during the financial year		Financial instruments assigned during the financial year					Financial instruments vested during the financial year and not attributed	Financial instruments vested during the financial year and that can be attributed		Financial instruments for the financial year
			Number and type of financial instruments	Vesting Period	Number and type of financial instruments	Fair value at the Allotment Date	Vesting Period	Allotment Date	Market price of shares underlying the assignment of options	Number and type of financial instruments	Number and type of financial instruments	Value at maturity date (*)	Fair value
Niccolò Querci	Director												
(i) Compensation in the company preparing the accounts		2015 - 2017 Plan (General Meeting resolution of 29 April 2015)										28,538	74,138.87
		2015 - 2017 Plan (General Meeting resolution of 29 April 2015)	35,572 Rights for the assignment of free shares	21/06/2016 30/06/2019									53,657
		2015 - 2017 Plan (General Meeting resolution of 29 April 2015)	39,207 Rights for the assignment of free shares	27/06/2017 30/06/2020									54,059
(ii) Compensation from		2018 - 2020 Plan (General Meeting resolution of 27 June 2018)			52,728 Rights for the assignment of free shares	2,508	11/09/2018 30/09/2021	11/09/2018	2,6077				18,892
(ii) Total			74,779		52,728							74,138.87	126,608

(*) further information on plans is available in specific information documents on the company

s website(www.mediaset.it)

(**) lock-up clauses

TABLE 3A: Incentive plans based on financial instruments, other than stock options, in favour of the members of the Board of Directors, general managers and other key management personnel

First and last name	Office	Plan	Financial instruments assigned during the preceding financial years not vested during the financial year		Financial instruments assigned during the financial year					Financial instruments vested during the financial year and not attributed	Financial instruments vested during the financial year and that can be attributed		Financial instruments for the financial year
			Number and type of financial instruments	Vesting Period	Number and type of financial instruments	Fair value at the Allotment Date	Vesting Period	Allotment Date	Market price of shares underlying the assignment of options	Number and type of financial instruments	Number and type of financial instruments	Value at maturity date (**)	Fair value
Stefano Sala	Director												
(I) Compensation in the company preparing the accounts		2015 - 2017 Plan (General Meeting resolution of 29 April 2015)									68.492	177.935,37	
		2015 - 2017 Plan (General Meeting resolution of 29 April 2015)	77.612 Rights for the assignment of free shares	21/06/2016 30/06/2019									117.070
		2015 - 2017 Plan (General Meeting resolution of 29 April 2015)	228.115 Rights for the assignment of free shares	27/06/2017 30/06/2020									54.059
(II) Compensation from subsidiaries and		2018 - 2020 Plan (General Meeting resolution of 27 June 2018)			306.784 Rights for the assignment of free shares	2.508	11/09/2018 30/09/2021	11/09/2018	2.6077				109.916
(II) Total			305.727		306.784							177.935,37	281.045

(*) further information on plans is available in specific information documents on the company

's website(www.mediaset.it)

(**) lock-up clauses

TABLE 3B:

Monetary incentive plans for members of the administrative body, general directors and other key management personnel

First and last name	Office	Plan	2018 bonus			Bonuses of previous years			Other bonuses
			Payable/Paid (*)	Deferred	Deferral period	Can no longer be paid	Payable/Paid	Still deferred	
Pier Silvio Berlusconi	Deputy Chairman and Chief Executive Officer								
(I) Compensation in the company preparing the accounts	Plan A (date of relative resolution)		312.500,00						
	Plan B (date of relative resolution)								
	Plan C (date of relative resolution)								
(II) Compensation from subsidiaries and associates	Plan A (date of relative resolution)								
	Plan B (date of relative resolution)								
III) Total			312.500,00						

(*) Amount, arising from the new Annual Incentive System, was paid as an employee (accrual 2018 payment 2019)

TABLE 3B

Monetary incentive plans for members of the administrative body, general directors and other key management personnel

First and last name	Office	Plan	2018 bonus			Bonuses of previous years			Other bonuses (**)
			Payable/Paid (*)	Deferred	Deferral period	Can no longer be paid	Payable/Paid	Still deferred	
Marco Giordani	Director								
(I) Compensation in the company preparing the accounts	Plan A (date of relative resolution)		250.000,00						150.000,00
	Plan B (date of relative resolution)								
	Plan C (date of relative resolution)								
(II) Compensation from subsidiaries and associates	Plan A (date of relative resolution)								
	Plan B (date of relative resolution)								
III) Total			250.000,00						150.000,00

(*) Amount, arising from the new Annual Incentive System, was paid as an employee (accrual 2018 payment 2019)

(**) The amount was paid as an employee. The compensation is a one-time bonus paid in 2019(**) The amount was paid as an employee. The compensation is a one-time bonus paid in 2019

TABLE 3B

Monetary incentive plans for members of the administrative body, general directors and other key management personnel

First and last name	Office	Plan	2018 bonus			Bonuses of previous years			Other bonuses
			Payable/Paid (*)	Deferred	Deferral period	Can no longer be paid	Payable/Paid	Still deferred	
Gina Nieri	Director								
(I) Compensation in the company preparing the accounts	Plan A (date of relative resolution)		156.250,00						
	Plan B (date of relative resolution)								
	Plan C (date of relative resolution)								
(II) Compensation from subsidiaries and associates	Plan A (date of relative resolution)								
	Plan B (date of relative resolution)								
III) Total			156.250,00						

(*) Amount, arising from the new Annual Incentive System, was paid as an employee (accrual 2018 payment 2019)

TABLE 3B

Monetary incentive plans for members of the administrative body, general directors and other key management personnel

First and last name	Office	Plan	2018 bonus			Bonuses of previous years			Other bonuses
			Payable/Paid (*)	Deferred	Deferral period	Can no longer be paid	Payable/Paid	Still deferred	
Niccolò Querci	Director								
(I) Compensation in the company preparing the accounts	Plan A (date of relative resolution)								
	Plan B (date of relative resolution)								
	Plan C (date of relative resolution)								
(II) Compensation from subsidiaries and associates	Plan A (date of relative resolution)		241.313,00						
	Plan B (date of relative resolution)								
III) Total			241.313,00						

(*) Amount, arising from the new Annual Incentive System, was paid as an employee (accrual 2018 payment 2019)

TABLE 3B

Monetary incentive plans for members of the administrative body, general directors and other key management personnel

First and last name	Office	Plan	2018 bonus			Bonuses of previous years			Other bonuses
			Payable/Paid (*)	Deferred	Deferral period	Can no longer be paid	Payable/Paid	Still deferred	
Stefano Sala	Director								
(I) Compensation in the company preparing the accounts	Plan A (date of relative resolution)								
	Plan B (date of relative resolution)								
	Plan C (date of relative resolution)								
(II) Compensation from subsidiaries and associates	Plan A (date of relative resolution)		404.000,00						
	Plan B (date of relative resolution)								
III) Total			404.000,00						

(*) Amount, arising from the new Annual Incentive System, was paid as an employee (accrual 2018 payment 2019)

TABLE 3B

Monetary incentive plans for members of the administrative body, general directors and other key management personnel

First and last name	Office	Plan	2018 bonus			Bonuses of previous years			Other bonuses
			Payable/Paid (**)	Deferred	Deferral period	Can no longer be paid	Payable/Paid	Still deferred	
Mauro Crippa (*)	Director								
(I) Compensation in the company preparing the accounts	Plan A (date of relative resolution)								
	Plan B (date of relative resolution)								
	Plan C (date of relative resolution)								
(II) Compensation from subsidiaries	Plan A (date of relative resolution)		96.938,00						
	Plan B (date of relative resolution)								
III) Total			96.938,00						

(*) situation at 27 June 2018, date of termination of the appointment.

(**) Amount, arising from the new Annual Incentive System, was paid as an employee (accrual 2018 payment 2019)

SCHEDULE NO. 7, PART THREE: Schedule with information on shareholdings of members of administrative and control bodies, general managers and other key managers.

Table 1

SHAREHOLDINGS OF MEMBERS OF ADMINISTRATIVE AND CONTROL BODIES AND GENERAL MANAGERS

First and last name	Office	Investee	Number of shares held at the end of the previous year	Number of shares purchased	Number of shares sold	Number of shares held at the end of the current year
			(31/12/2017)			(31/12/2018)
Fedele Confalonieri	Chairman of the Board	Mediaset S.p.A.	400.000	-	-	400.000
Pier Silvio Berlusconi	Deputy Chairman and Chief Executive Officer		-	114,154 (1)	51.170	62.984
Giuliano Adreani	Director	Mediaset S.p.A.	329,100 (2)	-	-	329,100 (2) (3)
Marina Berlusconi	Director	Mediaset S.p.A.	320,000 (4)		-	320,000 (4)
Cannatelli Pasquale	Director	Mediaset S.p.A.	116.500	-	-	116,500 (5)
Mauro Crippa	Director	Mediaset S.p.A.	3.595	-	-	3,595 (3)
Bruno Ermolli	Director	Mediaset S.p.A.	19.000	-	-	19,000 (3)
Marco Giordani	Director	Mediaset S.p.A.	38.500	57,076 (1)	25.585	69.991
Gina Nieri	Director	Mediaset S.p.A.	5.500	57,076 (1)	45.660	16.916
Niccolò Querci	Director	Mediaset S.p.A.	15.000	28,538 (1)	22.830	20.708
Stefano Sala	Director	Mediaset S.p.A.	-	68,492 (1)	54.793	13.699

(1) shares assigned from the accrual of rights (2015 financial year) assigned by the 2015 - 2017 medium/long-term incentive and loyalty plan.

(2) of which 7,000 shares held by their spouse.

(3) situation at 27 June 2018, date of termination of the appointment.

(4) shares purchased through the subsidiary.

(5) situation at 25 June 2018, date of termination of the appointment.

The information in Table 2 is included in Table 1 as key management personnel of the Mediaset Group are also Directors of Mediaset S.p.A.

For the Board of Directors

The Chairman

Mediaset Group

Report on corporate governance and ownership structure



The report, written pursuant to Article 123-bis of the TUF [Consolidated Law on Finance] is made available at the registered office, published in the Company's website, and available on the authorised storage mechanism eMarket Storage (www.emarketstorage.com) in accordance with the methods and terms required by the regulations in effect.

Issuer: Mediaset S.p.A..

Website: www.mediaset.it

Financial year to which the report refers: ending on 31 December 2018

Date of approval of the report: 12 March 2019



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GLOSSARY

Board of Directors/board: The Board of Directors of Mediaset S.p.A.

Board of Statutory Auditors/Board: the Board of Statutory Auditors of Mediaset S.p.A.

Code/Corporate Governance Code: the Corporate Governance Code for Listed Companies approved in July 2015 and supplemented in 2018 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime, and Confindustria, which is available on the website www.borsaitaliana.it/comitato-corporate-governance/codice/2018clean.pdf

Company Bylaws: the Company Bylaws of Mediaset S.p.A., which are available on the website www.mediaset.it/investor/governance/statuto_it.shtml.

Consob Issuers' Regulations: the Regulation issued by CONSOB with resolution no. 11971 of 1999 (subsequently amended) regarding Issuers.

Consob Markets Regulation: the Regulation issued by Consob with resolution no. 20249/2017 regarding the markets.

Consob Related Party Regulation: the regulation issued by Consob with resolution No.17221 of 12 March 2010 (as amended) concerning transactions with related parties.

Consob: the Italian Securities and Exchange Commission.

Consolidated Finance Law/TUF: Legislative Decree 58 of 24 June 1998.

Diversity policy/policy: Policy on the composition of the Board of Directors and Board of Statutory Auditors pursuant to paragraph 2, d-bis of Article 123 of the TUF as well as recommendations of the Corporate Governance Code for Listed Companies of July 2018

Executive Committee/: the Executive Committee of Mediaset S.p.A.

Financial Reporting Officer: the Financial Reporting Officer with responsibility for producing the Company's accounting documents of Mediaset S.p.A.

Financial Year / Financial Year 2018: the 2018 financial year.

Group: the Mediaset Group.

Inside Information Procedure: the Procedure for the management and disclosure of inside information of Mediaset S.p.A. which regulates, pursuant to the Market Abuse Regulation, the internal management and disclosure of inside information.

Internal Control and Risk Management System Director: the Director appointed to oversee the functioning of the internal control and risk management system of Mediaset S.p.A..

Internal Dealing Procedure: the Internal Dealing Procedure of Mediaset S.p.A. which regulates, pursuant to the Market Abuse Regulation, the transactions carried out by relevant persons and closely related persons, available on the website www.mediaset.it/investor/governance/internaldealing_it.shtml.

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

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

MAR / Market Abuse Regulation: Regulation no. 596/2014 of the European Parliament and related Implementing Regulations.

Non-Financial Statement: the Consolidated Non-Financial Statement prepared in implementation of European Directive 2014/95/EU, transposed into national law with Legislative Decree no. 254/2016.

Organisational Model: the Organization, Management and Control Model of Mediaset S.p.A., pursuant to Legislative Decree 231/2001, available on the website www.mediaset.it/corporate/impresa/modello231_01_it.shtml.

Related Parties Committee the Related Parties Committee of Mediaset S.p.A.

Related party procedure: the related party procedure, available on the website www.mediaset.it/investor/governance/particorrelate_it.shtml.it

Report: the report on corporate governance and ownership structure pursuant to Article 123 bis of the TUF.

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

Shareholders' Meeting: the Meeting Regulation approved by the Shareholders' Meeting of Mediaset on 9 April 2001, available on the website [www.mediaset.it/gruppomediaset/bin/47.\\$split/Regolamento_Assembleare.pdf](http://www.mediaset.it/gruppomediaset/bin/47.$split/Regolamento_Assembleare.pdf).

Supervisory and Control Body: the Supervisory and Control Body appointed by the Board of Directors of Mediaset S.p.A., pursuant to Article 6 of Legislative Decree 231/01.

System: the internal control and risk management system.

The information in this Report refers to the 2018 Financial Year, and some specific matters were updated to 12 March 2019, the date the Report was approved by the Board of Directors, together with the Financial Statements.

1. PROFILE OF THE ISSUER¹

Mediaset is a multinational media group listed on the Milan Stock Exchange since 1996, operating mainly in the television sector in Italy and Spain.

In Italy, Mediaset operates in the sector of *integrated television operations*, which include commercial TV broadcasting with three of the largest Italian generalist networks and an extensive portfolio of free and paid thematic channels (both in linear, non-linear and OTTV modes) with a wide range of content also exclusive, centered on football, cinema, TV series, documentaries and children's channels; Over the last two years, Mediaset has also created a radio broadcasting segment comprising five of Italy's biggest broadcasters.

In Spain, Mediaset is the main shareholder of Mediaset España Comunicación S.A, with an interest of 50.208% at 31 December 2018 (51.63% interest net of treasury shares). Mediaset España is the leading Spanish commercial television broadcaster with two main general interest channels (Telecinco and Cuatro) and a range of free-to-air thematic channels. Mediaset España is listed on the Madrid stock exchange.

Following the completion of the take-over bid to purchase the shares of El Towers S.p.A., Mediaset holds a minority stake of 40% in the share capital of 2i Towers Holding S.p.A., held 100% by El Towers S.p.A., the leading independent tower operator in Italy, engaged in network infrastructure management and the provision of electronic communications services for television and radio broadcasting and mobile transmissions.

Following the agreement reached between Mediaset and Sky Italia during the Financial Year, the Company has expanded its multi-platform coverage of pay, and free-to-view channels, also for Sky Italia

¹ Refer also to the financial statements and to the Mediaset website for the Issuer's profile.

satellite platform customers. The partnership also covers "Pay Operations", the business unit disposed of by Mediaset Premium and relative to: technical maintenance, commercial and other similar areas.

Media and distribution platforms are becoming more and more integrated in response to developments in the advertising market. In the television sector, in particular, competition has led to a proliferation of multichannel and multi-platform offerings, which has influenced advertising as much as production and editorial strategies.

For advertising, different media need to be managed jointly to maximize their viewer reach and leverage information profiling of the various target audience segments. Production and editorial operations, on the other hand, require coordination and synergy for content planning and strategies acquisition.

In this environment, the Mediaset Group has developed an integrated television free-to-air/pay television, linear/non-linear content model, which generates synergies and leverages the know-how gained over the years from producing entertainment, news and analysis programmes, together with the distinctive expertise developed by the Medusa and Taodue subsidiaries in movie distribution and the production of films and television dramas, in addition to the acquisition of sports, film and television series content from third-parties.

Also in keeping with this model is the development of web activities, increasingly oriented towards free online television-based video - with the capacity to rebroadcast and amplify content and supply, as well as launching original products - and the offering of pay videostreaming on demand.

The integrated television model consists of the following main activities:

- content production and third-party acquisition;
- content distribution in linear and non-linear, and free-to-air and pay-per-view format;
- other activities: radio stations, movie production and distribution, teleshopping, publishing activities, licensing and merchandising, foreign advertising concessions under the umbrella of the subsidiary Publieurope.

Mediaset has adopted a traditional administration and control system consisting of the following company bodies: the Shareholders' Meeting, the Board of Directors, the Executive Committee and the Board of Statutory Auditors. In accordance with relative laws in force, accounts are audited by independent auditors listed in the register held by Consob.

The Board of Directors has established, from among its members, three committees with advisory functions: the Compensation Committee, the Control, Risk and Sustainability Committee and the Governance and Appointments Committee.

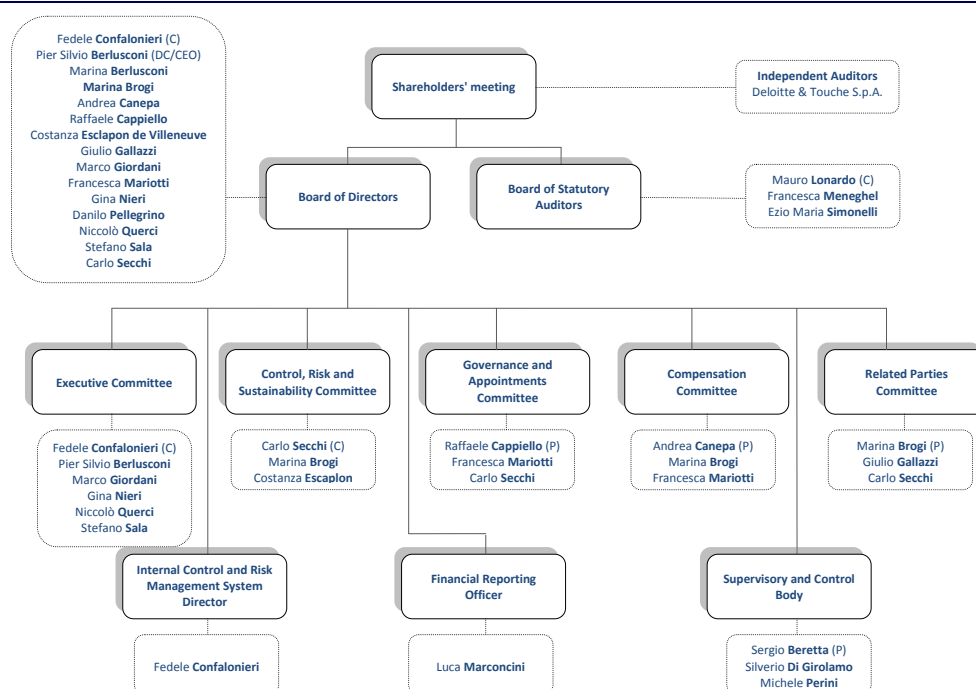
The powers and operations of company bodies and committees are governed by law, by the company's Bylaws, the resolutions passed by competent company bodies, and the principles and criteria set down in the Code of the Stock Exchange on which the company is listed.

The Board also appointed the Financial Reporting Officer², the Internal Control and Risk Management System Director, the Supervisory and Control Body³ and the Related Parties Committee⁴.

²Pursuant to Article 154 - bis of the TUF and Article 29 of the Bylaws.

³ Pursuant to Legislative Decree 231/2001.

⁴ Pursuant to Consob resolution no. 17221 of 12 March 2010 as amended.



Following changes in the composition of the FTSE-Mib index, at the close of trading on 21 December 2018, i.e. as from 27 December 2018, the Company has been listed in the FTSE Italia Mid Cap Index.

2. INFORMATION ON OWNERSHIP STRUCTURE AS OF 12 MARCH 2019

Structure of share capital

The share capital of Mediaset S.p.A. is EUR 614,238,333.28 fully paid up and subscribed; it consists of common shares, as shown below:

TABLE 1: INFORMATION ON OWNERSHIP STRUCTURES

STRUCTURE OF SHARE CAPITAL				
	Number of shares	Percentage of Share Capital	Listed / non-listed	Rights and obligations
Ordinary shares	1,181,227,564* (nominal amount EUR 0.52 each)	100%	Borsa Italiana - Italy Mid Cap segment -	Pursuant to Law and and the Bylaws

* At 12.03.2019 the company held 44,078,036.00 treasury shares, equal to 3.731% of the share capital, the voting rights of which are suspended in accordance with Article 2357 ter of the Italian Civil Code.

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

No share-based incentive plans have been established that would increase share capital, even without any consideration.⁵

American Depositary Receipts programme

In 2015 Mediaset renewed the ADR (American Depositary Receipts) programme, introduced in 2005 in the US market. The ADR are certificates representing Mediaset shares exchanged in the USA market in accordance with the Level 1 programme. JP Morgan Chase Bank N.A. is the bank depositary of the

⁵ The Shareholders' Meeting of 27 June 2018 approved a medium/long-term loyalty and incentive plan for the three-year period 2018-2020 pursuant to Article 114-bis of the TUF based on the Company's own shares. Additional information on the plan is available on the Company's website.

Mediaset ADR. Three common shares traded in the Milan stock exchange correspond to each Mediaset ADR⁶.

Restrictions on the transfer of securities

Pursuant to the Company Bylaws, shares are registered, indivisible and freely transferable. Provisions regarding representation, legitimisation and the circulation of equity investments for securities that are traded on regulated markets are applied.

Significant equity investments in share capital

According to the communications received pursuant to Article 120 of the TUF, as of 12 March 2019 and based on Consob's website, significant equity investments in the share capital of Mediaset S.p.A. were as follows:

RELEVANT SHAREHOLDINGS		
Declarer	Direct Shareholder	% ownership of ordinary capital
Berlusconi Silvio	Fininvest S.p.A.	44,175
Vivendi S.A. (*)	Vivendi S.A.	28,804
Ersel SIM S.p.A. (*)	Simon Fiduciaria S.p.A.	19.193
Mediaset S.p.A. (**)	Mediaset S.p.A.	3,731

(*) On 12 April 2018 Vivendi S.A. announced, as required by Article 120 of the Consolidation Act and in compliance with the Italian Media Authority Decision No. 178/17/CONS, that it had signed a consulting agreement with Simon Fiduciaria S.p.A. and its sole shareholder Ersel Sim S.p.A., relating to the exercise of voting rights for the shares held by the fiduciary company according to the instructions given by Ersel Sim, through its Chairman. Vivendi S.A. has retained the right to give instructions to the trust company on the exercise of voting rights in the shareholders' meeting of Mediaset S.p.A. on topics in relation to which the shareholders who did not take part in the resolution are entitled to exercise the right to withdraw.

(**) without voting rights

Securities with special rights

No securities with any special control rights have been issued. The Bylaws do not envisage multiple vote shares.

Employee shareholdings: mechanism for exercising voting rights

There is no employee shareholding system with a mechanism for exercising voting rights, other than that established for all other shareholders of the Company.

Restrictions on the right to vote

All ordinary shares that are currently in circulation have voting rights, with the exception of treasury shares held by the Company for which voting rights are suspended pursuant to Article 2357-ter of the Italian Civil Code.⁷

Agreements between shareholders

There are no shareholders' agreements concerning the Company, pursuant to Article 122 of the TUF.

Change of control clauses and provisions of Company Bylaws regarding Public Purchase Offers

As part of its normal business, the Company has loan contracts in place⁸, which provide, as is customary in financial market practice, specific effects on the occurrence of a "change of control" (such as for

⁶ Additional information is available at www.mediaset.it.

⁷ Further information is available in the press release of 26 and 29 October 2018, 27 November 2018 and 25 January 2019 published on the website www.mediaset.it.

⁸ The contract relating to the issue of the bond of 17 October 2013 expired on 24 January 2019

example the repayment or change in the event of a change in control of the Company). However, none of these contracts may be considered significant by itself⁹.

Agreements between the Company and directors

No agreements exist between the Company and directors, as of Article 123-bis, paragraph one, letter i) of the TUF.

Legislation and regulations applicable to the appointment and replacement of Directors and changes to the Company Bylaws

As regards regulations applicable to the appointment and replacement of directors, reference is made to paragraph 4) relative to the Board of Directors. Pursuant to the Company Bylaws and without prejudice to the areas of responsibility of the Extraordinary Shareholders' Meeting, which maintains powers to pass resolutions thereon, the Board of Directors has the power to pass resolutions regarding mergers and demergers in cases established by Articles 2505, 2505-bis and 2506-ter of the Italian Civil Code, the establishment or closure of secondary sites, the appointment of directors to represent the Company, the reduction of share capital in the case of withdrawal of a shareholder and amendments to the Company Bylaws to legal provisions.

Powers to increase share capital and authorisation to purchase treasury shares

No powers to increase share capital pursuant to Article 2443 of the Italian Civil Code, or to issue any financial instruments that would constitute equity investments, have been granted.

The Shareholders' Meeting of 27 June 2018 passed a resolution to grant the Board of Directors the power, also through trading in options or financial instruments, including derivatives, relative to the Mediaset share, to buy up to a maximum number of 118,122,756 ordinary shares of a nominal value of EUR 0.52 each - amounting to 10% of the share capital - in one or more lots, until the approval of the Financial Statements at 31 December 2018 and, in any case, for a period of no longer than 18 months from the date of the relative resolution of the Shareholders' Meeting. The above amount is covered by available reserves as shown in the last approved Financial Statements¹⁰. The purchases shall be carried out in compliance with Articles 2357 and following of the Italian Civil Code, Article 132 of Legislative Decree 58/98, Article 144-bis of the Consob Issuer Regulation, (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 and any other applicable regulations and relative EU and Italian implementing rules¹¹.

From the date of the Shareholders' Meeting to date, no treasury shares have been purchased.

Following the merger by acquisition of Videotime S.p.A. with Mediaset, effective as from 1 March 2018, shareholders of Videotime S.p.A. were assigned a quantity of Mediaset shares to meet the Swap Ratio. These ordinary Mediaset shares were made available to Videotime shareholders according to the procedures for dematerialised shares held centrally by Monte Titoli S.p.A. on the date when the merger became effective¹².

In accordance applicable law and based on the medium/long-term incentive and loyalty plan for 2015-2017, the Company transferred the ordinary shares from accrued rights relative to 2015, attributed by this Plan, to the safe custody account of individual recipients¹³.

⁹The Company Bylaws do not provide for any departures from provisions concerning Public Purchase Offers and the passivity rule pursuant to Article 104, paragraph 1 and I-bis of the TUF, or the application of neutralisation rules pursuant to Article 104-bis, paragraphs 2 and 3 of the TUF.

¹⁰ If derivatives are used – within the limits of the authorisation of 10% of the share capital – the shares underlying the derivatives must not exceed the limit of 5% of the share capital or the limit of 1%, if those shares are used to service the incentive plans.

¹¹ Additional information is available at www.mediaset.it.

¹² Additional information is available at www.mediaset.it.

¹³ Additional information is available at www.mediaset.it.

Therefore, as at 12 March 2019, the Company held 44.078.036 treasury shares, amounting to 3.731% of the share capital.

Management and coordination activities (pursuant to Article 2497 et seq. of the Italian Civil Code)

Mediaset S.p.A. is subject to the de facto control of Fininvest S.p.A., as the latter owns 44.175 % of the share capital. On 4 May 2004 Fininvest S.p.A. informed Mediaset that it does not carry out any management and coordination activities, pursuant to Article 2497 et seq. of the Italian Civil Code, regarding Mediaset. The Company acknowledged the notice of Fininvest S.p.A. in the meeting of the Board of Directors of 11 May 2004.

Fininvest's statement is still confirmed by the fact that Mediaset independently sets its own strategy and has full organisational, management and negotiating autonomy, as it is not subject to any steering or coordination of its business operations by Fininvest. Specifically, Fininvest does not issue any directives to Mediaset nor does it provide assistance or technical, administrative or financial coordination on behalf of Mediaset and its subsidiaries.

Pursuant to Article 2497 and following of the Italian Civil Code, Mediaset currently manages and coordinates Mediaset Group companies¹⁴. During the year, it stopped managing and coordinating the company El Towers S.p.A.

3. COMPLIANCE

Mediaset endorses the Corporate Governance Code of Borsa Italiana S.p.A..¹⁵

The Annual Report on Corporate Governance and Ownership Structure is also drawn up on the basis of the "Format for the Report on Corporate Governance and Ownership Structure" (VIII edition - January 2019) issued by Borsa Italiana S.p.A., which adopts the recommendations of the Corporate Governance Code, supplemented by the Corporate Governance Committee in July 2018.

The subsidiary Mediaset España Comunicación S.A., listed on the Madrid, Barcelona, Bilbao, and Valencia Stock Exchanges and on the Spanish electronic stock market - Ibex 35 and its subsidiaries are subject to Spanish Law and to the Spanish corporate governance system.

4. BOARD OF DIRECTORS

4.1 APPOINTMENT AND REPLACEMENT

The appointment and replacement of directors are regulated by Article 17 of the Company Bylaws, included in Attachment A to this Report.¹⁶

Based on the Company Bylaws, lists may only be presented by shareholders who have voting rights and who, either alone or together with other shareholders, represent at least the percentage of subscribed share capital at the time of presenting the list as, from time to time, specified in the notice of Shareholders' Meeting called to resolve on the appointment of the Board of Directors¹⁷.

No other rules apply to Mediaset with regard to the composition of the Board, besides those set out in the TUF, the Consob Issuer Regulation, the Corporate Governance Code for Listed Companies and legal provisions.

¹⁴More specifically with regard to the following companies: Digitalia '08 S.r.l., Elettronica Industriale S.p.A., Mediaset Premium S.p.A., Medusa Film S.p.A., Monradio S.r.l., Publitalia '80 S.p.A., R.T.I. S.p.A., Radio Aut S.r.l., RadioMediaset S.p.A., RMC Italia S.p.A., Radio Studio 105 S.p.A., Radio Subasio S.r.l., Taodue S.r.l., and Virgin Radio Italy S.p.A.

¹⁵The Code is accessible to the public on the website of the Corporate Governance Committee at <http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.htm>

¹⁶ The Bylaws were last amended by the extraordinary Shareholders' Meeting of 15 December 2017.

¹⁷In compliance with Consob's provisions dated 24 January 2018 with Resolution no. 20273, for 2018 the minimum shareholding required for submitting candidate lists is 1%.

Succession Plans

At this stage, the Board does not deem it necessary to adopt a succession plan for executive directors, given the stable shareholding structure that can ensure swift appointments and the current delegation of powers; the company can count on directors with a long and established experience in running the company and on first-line managers with reliable experience and management skills who can ensure continuity in the company management. Therefore, no succession plans for directors exist.

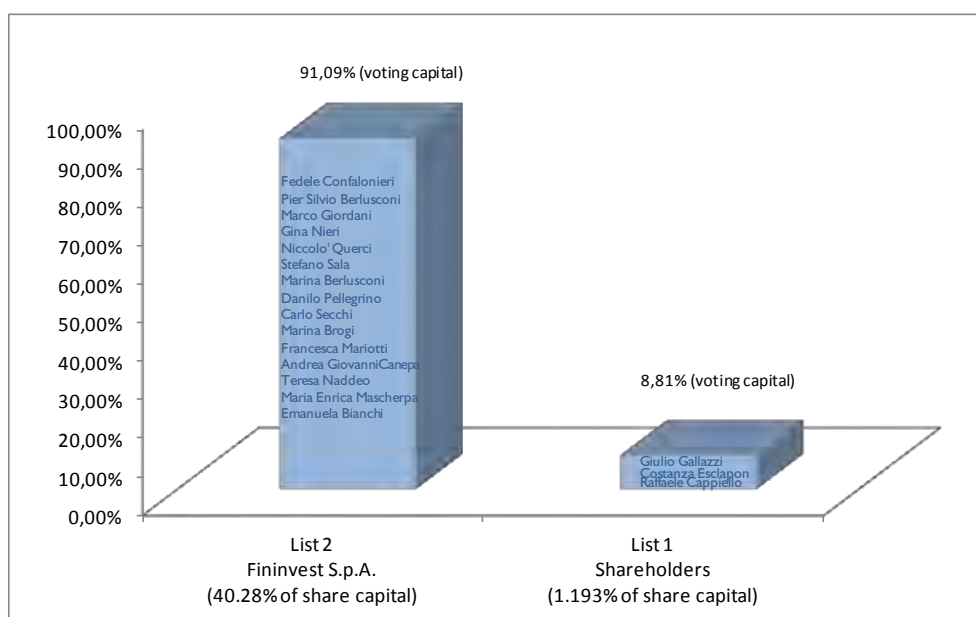
4.2 COMPOSITION

Article 17 of the Company Bylaws establishes that the Company is administered by a Board of Directors consisting of seven to fifteen directors.

Two lists were presented at the Shareholders' Meeting of 27 June 2018 (564,061,021 shares, or 47.75% of the share capital)¹⁸.

As of today, the members of the Board of Directors are¹⁹:

- ✓ Fedele Confalonieri, Pier Silvio Berlusconi, Marco Giordani, Gina Nieri, Niccolò Querci, Stefano Sala, Marina Berlusconi, Marina Brogi, Andrea Canepa, Francesca Mariotti, Danilo Pellegrino, Carlo Secchi, (taken from the majority list no. 2); Raffaele Cappiello, Costanza Esclapon de Villeneuve and Giulio Gallazzi (taken from the minority list no. 1).



¹⁸ The first list was presented by the following shareholders:

ANIMA SGR S.p.A. (Fund Manager: Anima Geo Italia, Anima Iniziativa Italia, Anima Crescita Italia and Anima Star Italia Alto Potenziale), ARCA FONDI S.G.R. S.p.A. (Arca Azioni Italia fund manager), EURIZON CAPITAL SGR S.p.A. (Fund manager: Eurizon Progetto Italia 40, Eurizon Azioni Italia, Eurizon Progetto Italia 70 and Eurizon PIR Azioni Italia, Eurizon Investment SICAV - PB Equity EUR; EURIZON CAPITAL SA (Eurizon Fund - Equity Italy), FIDEURAM ASSET MANAGEMENT (Ireland): (Fonditalia Equity Italy and Fideuram Fund Equity Italy), FIDEURAM INVESTIMENTI SGR S.p.A. (Fund manager: Fideuram Italia and Piano Azioni Italia), INTERFUND SICAV (Interfund Equity Italy), KAIROS PARTNERS SGR S.p.A. (in a capacity as management company of Kairos, International Sicav segments: Target Italy Alpha, Risorgimento and Italy), LEGAL & GENERAL ASSURANCE (Pension Management) Limited, MEDIOLANUM GESTIONE FONDI SGR S.p.A. (Fund manager: Mediolanum Flessibile Futuro Italia, Mediolanum Flessibile Globale e Mediolanum Flessibile Sviluppo Italia) MEDIOLANUM INTERNATIONAL FUNDS (Challenge Funds - Challenge Italian Equity), PLANETARIUM FUND ANTHILIA SILVER, AMBER CAPITAL UK LLP (Fund manager of Amber Active Investors Ltd).

The second list was presented by the shareholder Fininvest S.p.A.

¹⁹ The sixteen members that composed the Board of Directors whose term ended with the Shareholders' Meeting of 27 June 2018 were: Fedele Confalonieri, Pier Silvio Berlusconi, Giuliano Adreani, Marina Berlusconi, Franco Bruni, Mauro Crippa, Bruno Ermolli, Marco Giordani, Fernando Napolitano, Gina Nieri, Michele Perini, Alessandra Piccinino, Niccolò Querci, Stefano Sala, Carlo Secchi, Wanda Ternau. Pasquale Cannatelli handed in his resignation on 25 January 2018.

The curricula vitae of the members of the Board may be consulted on the Company's website and are also shown in Attachment B to this report.

DIVERSITY CRITERIA AND POLICIES

On 24 April 2018, the Board approved the adoption of a Diversity Policy. The Governance and Appointments Committee and the Control and Risks Committee, the latter having advisory functions in the area of sustainability, were involved in the adoption of the Policy on Diversity and both expressed prior favourable opinion to the Board regarding the Policy. The Policy is in Attachment C to this Report.

On 24 April 2018, the Board, also considering the assessments made following the outcome of the previous self-assessment, and in line with the Policy, established its own guidelines on the dimension and composition of the board, to notify to shareholders in view of renewal of its term of office scheduled for the Shareholders' Meeting of 27 June 2018. In brief, from a quantitative point of view, the Board of Directors considered that the number of members must be adequate for the size and complexity of the organizational structure of the company and the Group; as regards the composition, it hoped shareholders would consider the reduction in the number of executive directors, increasing the number of independent and women directors, and that a set of diverse, complementary skills and expertise would be represented on the board. Lastly, the Board hoped for a balanced combination of different lengths of service and age groups, to cater for the need to have management continuity and renewal, and benefit from different points of view and experiences that characterize a greater or lesser length of service and individual age brackets.

On 19 February 2019, during its self-assessment²⁰, the Board noted that the current composition with the new directors appointed by the Shareholders' Meeting met these recommendations in full, attaining the objectives in the Policy on diversity.

Maximum number of positions held in other companies

On 24 March 2015, the Governance and Appointments Committee confirmed the preference already expressed on 11 March 2008 regarding the maximum number of director or statutory auditor positions compatible with an efficient performance of the mandate. In particular:

- an executive director should not hold:
 - I. the position of executive director in any other listed company, either Italian or foreign, or in a finance, banking or insurance company, or in large-sized companies (with shareholders' equity of more than EUR 10 Billion);
 - II. the position of non-executive director or statutory auditor, or member of another control body, in more than five listed companies, either Italian or foreign, or in finance, banking or insurance companies, or in large-sized companies (with shareholders' equity of more than EUR 10 Billion);
- a non-executive director should not hold:
 - I. the position of executive director in more than three listed companies, either Italian or foreign, or in finance, banking or insurance companies, or in large-sized companies (with shareholders' equity of more than EUR 10 Billion) and the position of non-executive director or statutory auditor, or member of another control body, in more than five listed companies,

²⁰ See paragraph 4.3

- either Italian or foreign, or in finance, banking or insurance companies, or in large-sized companies (with shareholders' equity of more than EUR 10 billion).
- II. the position of non-executive director or statutory auditor, or member of another control body in more than ten listed companies, either Italian or foreign, or in finance, banking or insurance companies, or in large-sized companies (with shareholders' equity of more than EUR 10 Billion).

The acceptance of a position, for all directors of the Company, requires their prior evaluation as to the possibility of being able to dedicate the time needed to diligently carry out the high-level duties entrusted to them and undertake consequent responsibilities. This means taking into account, among other things, the number of positions held as director and/or statutory director in other companies listed on regulated markets (including foreign markets), and in finance, banking or insurance companies, or in large-sized companies.

Positions held in Mediaset and companies of the Mediaset Group are excluded from limits on the number of positions held.

If the above limits are exceeded, directors shall promptly inform the Board, which will evaluate the situation in the light of the Company's interests and request the director involved to take ensuing decisions.

Annually and based on information received from each director, the Board of Directors identifies the positions held as director and/or statutory auditor in other companies, as per Attachment D to this Report.

Induction Programme

Consistently with Company practice, in order to enhance the awareness of all directors and statutory auditors of the Company's dynamics and reality and encourage greater knowledge of the Company's sector of activity, and of the regulatory and self-regulatory framework, several meetings were held during the Financial Year, aimed at discussing in depth specific business and corporate governance topics, through a structured Induction programme also with the support of external consultants.

During 2018, the Directors took part in Induction sessions, involving management (Broadcasting Rights, Legal Affairs, Personnel, Organisation and Technologies, Corporate Affairs, Strategic Marketing, Internal Auditing, Administration, Finance and Business Development, Investor Relations and Consolidated Accounts, Accounting Principles and Risk Officer) addressing issues concerning governance, organisation and internal control, as well as the business, in order to explain the sector in which the company operates, oversight and company dynamics.

The 2018 Induction programme was further consolidated to facilitate new incoming directors. Induction sessions were held on the company business, market trends, management of relations with the financial market as well as an introduction to the Mediaset Financial Statements (structure and valuation) (from 2016 to the current Financial Year) and the Non-Financial Statement.

The statutory auditors of the company were invited to attend all the above meetings.

The Board of Directors and Board of Statutory Auditors are informed at all times of main laws and regulations concerning the Group and any legal developments occurring during the Financial Year, by the Corporate Affairs Department, also in specific induction sessions. In addition, independent directors had the chance to take part in a training programme organised by Assogestioni on the "board of statutory auditors and control and risk committee: synergies and divergences".

The Company organised the annual “Strategy Day”, preceded by Market Workshop sessions, dedicated to market developments and challenges for broadcasters in an integrated video/television context, attended by directors and auditors, all first-line management of Mediaset, including executive directors of main subsidiaries, and external consultants.

The Company has already scheduled more induction sessions for 2019²¹.

4.3. THE ROLE OF THE BOARD OF DIRECTORS

The Board of Directors is the collective body of the Company responsible for its management. The Board plays a key role in the Company’s organisation; the functions and responsibilities for strategic and organisational guidelines fall under its supervision as well as the controls necessary to monitor the Company’s and the Group’s performance. The system of delegation of powers is such that the central role of the Board is maintained within the Company’s organisation. The powers provided by the law and by Article 23 of the Bylaws belong to the Board²². In addition, the Board performs the activities assigned to it by the Code.

The Board meets on a regular basis, observing the deadlines established by law and a working calendar. It is organised and operates in such a way as to guarantee it perform its functions effectively and efficiently.

The Board met thirteen times during the Financial Year. The average duration of each meeting was about 1.5 hours. The overall percentage of directors attending during the Financial Year was approximately 90%, while the percentage of independent directors attending was approximately 94% overall²³.

The Board devoted to the topics in the agenda the time required to allow a constructive debate, encouraging the input of the individual directors.

Three board meetings were held in 2019 and four more have been scheduled and notified to the market, to approve the financial statements for the respective periods²⁴.

The Chairman ensures timely and complete information is given to directors prior to board meetings; parties concerned receive documents about items on the agenda, in the days immediately before the scheduled date of the Board Meeting (usually 4 days before), so they have useful elements enabling them to participate effectively in the proceedings of the Meeting. This documentation is also made available through electronic media provided to the directors and statutory auditors at each meeting, enabling the use of documents in electronic format. For this purpose, the Chairman is assisted by the Secretary of the Board of Directors. In relation to the meetings held in 2018, the 4-day deadline was complied with, except in cases of urgency or when special confidentiality requirements were to be met. In these circumstances, the Chairman made sure that adequate and detailed analyses were carried out during Board meetings, encouraging the directors to take part in the discussion and the Committees to contribute to the decisions.

²¹ A meeting on “Advertising – Strategy, Implementation and Business results (2017 London Plan)” has already been held, and the following induction sessions, to fully review the company’s core business, have been scheduled for the first half of the year: Mediaset News – General Management IT; Big Data; Cologno Monzese Production Centre – “Striscia la Notizia” and Palatino Roma Production Centre – “TG5”.

²² The Board of Directors may, pursuant to the Company Bylaws, appoint one or more Deputy Chairmen and delegate all or part of its powers to one or more of its members, including the Chief Executive Officer, without prejudice to the provisions in Article 2381 of the Italian Civil Code and Article 23 of the Company Bylaws, and may also appoint an Executive Committee to which its powers can be delegated, except those falling within the exclusive responsibility of the Board. The Board of Directors may also establish other Committees, comprising persons that are not necessarily Board members, defining their duties, powers, compensation, if any, composition and operating procedures.

²³ The percentage of each director attending Board Meetings is shown in Attachment D to this Report.

²⁴ In this regard, Mediaset has published a calendar, which is available on the Company’s website.

The Board has taken appropriate measures regarding the organization of board meetings, also in light of the additional measures to ensure confidentiality of inside information introduced by the European regulatory provisions on market abuse.

Information to the Board was facilitated by the establishment of the "Mediaset BoD Portal" on which the documents related to the meetings of the Board and its committees can be made available to the directors and the statutory auditors through secure access by browser from a device connected to the internet. The "Mediaset BoD Portal" also provides access to the document kit, the Group press review, the Communication Library and the Info Stock section, dedicated to the performance of Mediaset shares, and Info Advertising, dedicated to the Strategic Market with a focus on competition in the Total Video and in Total Audience.

The Chairman encourages the involvement of company executives responsible for company departments in Board Meetings, so they may give board members appropriate in-depth information to fully understand items on the agenda. In 2018, the following company executives took part in Board meetings: the Financial Reporting Officer and the Head of Consolidated Accounts, Accounting Principles and Risk Officer, the Head of the Communication and Image Department, the Head of the Legal Affairs Department and the Head of the Corporate Affairs Department (who also acts as Secretary of the Board). For an optimal participation of Directors, meetings prior to Board meetings were held.

During the year, the Board unanimously carried out the following activities:

- examined and approved the strategic, industrial and financial plans of the Company and the Group and periodically monitored their implementation;
- defined strategic objectives, the nature and level of risk compatible with them, and monitored their implementation during the year; based on the above, it examined and approved the three-year economic/financial forecasts of the Group;
- reviewed the adequacy of the organisational, administrative and general accounting arrangements of the Company and subsidiaries with strategic relevance, with particular reference to the internal control system and risk management. This review, with a positive outcome, was supported by specific explanatory reports, relative to the different operational and control structures of the companies, drawn up by delegated bodies;
- positively reviewed the general progress of operations, specifically taking into account information from the Executive Committee, Chairman, Deputy Chairman and Chief Executive Officer, Control, Risk and Sustainability Committee, and periodically comparing actual and planned results;
- examined and approved, in advance, all operations that were significant from a strategic, economic and financial viewpoint for the Company and its subsidiaries and, specifically, related-party transactions;
- defined the Company's Policy for the compensation of directors and key managers, on the proposal of the Compensation Committee;
- reviewed the functioning of the Board and its committees;
- based on reports from entities appointed to supervise the internal control and risk management system, the Supervisory and Control Body and after consulting with the Control, Risk and Sustainability Committee, reviewed the internal control and risk management system, which in overall terms is adequate and effective for the business and risk profile of the Company;
- after consulting with the Control, Risk and Sustainability Committee, the Board of Statutory Auditors and Internal Control and Risk Management System Director, approved the work plan

prepared by the Internal Audit Function; it also reviewed the Internal Audit Function's Report on its activities carried out during the Financial Year and considered the resources assigned to the Function as appropriate;

- after consulting with the Board of Statutory Auditors and the Control, Risk and Sustainability Committee, it took note of the additional Report from the independent auditors in favour of the Board of Statutory Auditors in its capacity as Audit Committee. It approved the interim financial reports. On these occasions, the Board was given information on the results achieved, compared with historical data and budget objectives;
- after hearing the recommendations of the Compensation Committee, it approved a loyalty and medium/ long-term incentive plan for the three-year period 2018-2020, pursuant to Article 114-bis of TUF; this plan was approved by the Shareholders' Meeting of 27 June 2018.

Lastly, on 12 March 2019, the Board, among others:

- approved the Non-Financial Statement²⁵ at 31 December 2018;
- reviewed the Compensation Report concerning directors and Key Management Personnel for the 2019 financial year;
- approved by a majority the proposal to amend article 7 of the Bylaws, concerning multiple-share votes, pursuant to Article 127 of the Consolidated Finance Law.

Self-assessment of the Board of Directors

Since 2006, the Board has annually carried out the self-assessment process in accordance with the provisions of the Code. In this process, the number of board members and operation of the Board and its committees are assessed, as well as the directors' contributions to Board activities. As in prior years, in 2018 the Board carried out the self-assessment process.

On the proposal of the Governance and Appointments Committee and taking into account the positive experience of recent years, the Board considered it appropriate to perform the self-assessment using the same procedures adopted in previous years, by relying on the support of the Advisor Spencer Stuart (a company specializing in the sector which has no other professional or commercial relations with the Company and with other Group companies) to continue the work carried out.

The self-assessment process started with the preparation of a guide to support the discussion among the directors, which took place during a meeting held on 5 February 2019; said meeting was attended by the majority of the directors in office (13 out of 15), including the Chairman, the Deputy Chairman and the Chief Executive Officer, with the presence of the Advisor Spencer Stuart as facilitator of the process²⁶.

During the meeting some specific aspects were analysed including:

- the topics identified in the prior self-assessment;
- the operation of the Board as a whole;
- the recommendations of the Corporate Governance Committee of 21 December 2018;
- the size and composition of the Board.

The results of the self-assessment process are summarized below.

Board Directors expressed a positive opinion on the effectiveness of actions carried out by the Company in the Financial Year to improve some specific operating aspects of the Board which came to light during the previous self-assessment. In particular, they were in favour of the format, times and overall

²⁵ In compliance with new provisions of Directive 2014/95/EU implemented into Italian legislation by Legislative Decree no. 254/20166 and available on the website www.mediaset.it.

²⁶ The Directors who were unable to attend the meeting were given the opportunity to express their thoughts to the Committee or to Spencer Stuart's representatives. Absent board directors did not take up this opportunity.

usefulness of the induction sessions organised by the Company for new Directors; they were also in favour of meetings prior to Board meetings to examine issues of particular significance, the prompt involvement of and valid contribution from Directors in main decisions taken by the Board of Directors, the focus on corporate governance issues, including the management of related party transactions, disclosure on shareholder relations and the organisation of the Strategy Day. These activities were adopted by the Company, to the satisfaction of Directors; management provided in-depth, transparent replies and was willing to further investigate issues.

All Directors consider the work climate to be positive, and activities take place effectively, with everyone's contribution based on respective experience and expertise. The frequency and duration of Board and Committee meetings are considered adequate, also considering the other opportunities to exchange information. The work of Board Committees was considered useful and thorough. At the end of intense, lively debate, the Directors confirmed their appreciation of how the Board operates.

As regards size and composition, the current Board, in line with the Diversity policy, comprises 15 Directors, which is a number considered adequate and which allows for effective debate and engagement within the Board. A diversity of expertise is represented with different professional positions, useful for a thorough review of the various issues the Board is required to consider. During the meeting, the "Main areas for improvement identified in 2018", contained in the letter of the Corporate Governance Committee were reviewed; Directors contributed opinions concerning these areas for improvement, confirming the adequacy of measures adopted by the Board; more details on each of the four areas are given in chapter 18²⁷.

In brief, the following actions were suggested by the Board to continue the improvement process:

- organization of the 2019 Strategy Day, with in-depth analysis and updating, overseen by Top Management, of strategic alternatives and of the approach of main competitors at an international level;
- analysis of strategic alternatives, in meetings organised by the Deputy Chairman and Chief Executive Officer with non-executive Directors;
- ensuring continual information exchange between Management and the Board, with meetings held prior to Board meetings to ensure executive and non-executive directors are fully informed;
- confirming the current practice whereby Independent directors may take part in meetings of Committed they are not members of, if issues of particular interest are discussed.

Article 2390 of the civil code

The Shareholders' Meeting has not authorised any departures from the prohibition on competition established by Article 2390 of the Italian Civil Code.

4.4 DELEGATED BODIES

The Chairman

Traditionally, the Chairman is appointed by the Shareholders' Meeting. The Shareholders' Meeting of 27 June 2018 confirmed Fedele Confalonieri as Chairman of the Company.

At its meeting of 28 June 2018, the Board of Directors assigned to the Chairman²⁸ all ordinary and extraordinary administration powers within a maximum limit of EUR 15,000,000.00 for an individual

²⁷ considerations on the letter of 21 December 2018 of the Chairman of the Corporate Governance Committee

²⁸ On 27 July 2018, the Board of Directors accepted Fedele Confalonieri's wish to terminate his contract of employment as an executive on 31 July 2018, while remaining in office and without changing the organisational structure and powers granted to him.

transaction, except those under the exclusive jurisdiction of the Board of Directors and Executive Committee.

Pursuant to the Company Bylaws, the Chairman represents the Company.

Board members are required to know the duties and responsibilities of their position. The Chairman ensures that the Board is constantly kept informed on the main changes in laws and regulations that concern the Company, also in collaboration with the Corporate Affairs manager and the Board's secretary.

The Chairman coordinates the activities of the Board of Directors and chairs the Board Meetings. The Chairman, or person acting on his behalf, convenes Board Meetings.

Deputy Chairman and Chief Executive Officer

In the meeting of 28 June 2018, the Board of Directors appointed Pier Silvio Berlusconi as Deputy Chairman and Chief Executive Officer, giving him all powers of ordinary and extraordinary administration within a maximum limit of EUR 15,000,000.00 for an individual transaction, except those under the exclusive jurisdiction of the Board of Directors and Executive Committee. Pursuant to the Bylaws, the Deputy Chairman and Chief Executive Officer has the power to represent the Company²⁹.

The Board of Directors unanimously considered that the above division of powers to the Chairman and the Deputy Chairman and Chief Executive Officer best meets the needs of organisational efficiency as evidenced by the historical collaboration between the two roles which did not generate any conflict.

Executive Committee

At its meeting of 28 June 2018, the Board of Directors appointed the Executive Committee which consists of six members who will remain in office for the duration of the mandate of the Board, appointing as members by right, besides the Chairman Fedele Confalonieri and the Deputy Chairman and Chief Executive Officer Pier Silvio Berlusconi, the directors Marco Giordani, Gina Nieri, Niccolò Querci and Stefano Sala.

The Board assigned to the Executive Committee all powers of ordinary and extraordinary administration within the maximum limit of EUR 130,000,000.00 for an individual transaction, excluding the matters under the exclusive jurisdiction of the Board.

In 2018, the Committee met eight times and systematically involved the Company's executives responsible for the pertinent departments. The average duration of the meetings was about one hour.

As a rule, all members of the Board of Statutory Auditors participate in Committee meetings.

The percentage of each director attending Committee meetings is shown in Attachment C to this Report.

²⁹ Pursuant to the Bylaws, the Deputy Chairman replaces the Chairman if the latter is absent or incapacitated. The actual exercising of the power of representation by the Deputy Chairman indicates per se the absence or impediment of the Chairman and exonerates third parties from any verification or responsibility thereof.

Reporting to the Board of Directors

In compliance with laws and the Company Bylaws, the Board of Directors and Board of Statutory Auditors are informed of the activities carried out, operations, their outlook, and the most important strategic, economic, balance sheet, and financial operations carried out by the Company or subsidiaries.

During Board Meetings, each item is reviewed thoroughly, to enable the directors to make an informed decision on the matters under discussion.

Information on the delegated activities is constantly reported by the delegated bodies to the Board of Directors and the Board of Statutory Auditors during board meetings, in accordance with the methods provided by the Bylaws and by the legislation in effect. During the first available board meeting, the Chairman, Deputy Chairman and Chief Executive Officer, Executive Committee, directors with special assignments, and, more generally, the delegated bodies report to the Board of Directors and Board of Statutory Auditors on the progress of the projects assigned to them and of the activities performed when fulfilling the mandates assigned to them, as provided by the Bylaws.

4.5. OTHER EXECUTIVE DIRECTORS

In addition to the Chairman and the Deputy Chairman and Chief Executive Officer, the following four executive directors are members of the Board:

Marco Giordani	Central Manager of Administration, Finance, Control, and Business Development of Mediaset S.p.A., Chief Executive Officer of RTI S.p.A., Chairman of Mediaset Premium S.p.A., Chairman of Monradio S.r.l., Chairman of RadioMediaset S.p.A and Chairman of Radio Virgin Italy S.p.A.
Gina Nieri	Manager Institutional and Legal Affairs and Strategic Analysis Department of Mediaset S.p.A. and Deputy Chairman of RTI S.p.A.
Niccolo' Querci	Central Manager of Human Resources and Operations of Mediaset S.p.A., Deputy Chairman of RTI S.p.A., and Deputy Chairman of Publitalia '80 S.p.A.
Stefano Sala	Chief Executive Officer of Publitalia '80 S.p.A., Chief Executive Officer of Digitalia '08 S.r.l., Chief Executive Officer of Pulieurope Limited and Deputy Chairman of Mediamond S.p.A.

4.6. INDEPENDENT DIRECTORS

The seven independent Directors appointed by the Shareholders' Meeting of 27 June 2018 are: Marina Brogi, Andrea Canepa, Raffaele Cappiello, Costanza Esclapon de Villeneuve, Giulio Gallazzi, Francesca Mariotti and Carlo Secchi.

At its meeting of 28 June 2018, the Board assessed the independence of its directors pursuant to Article 147 ter of the TUF and of the Code on the basis of the statements provided by the concerned parties and considered that the directors Marina Brogi, Andrea Canepa, Raffaele Cappiello, Costanza Esclapon de Villeneuve, Giulio Gallazzi and Francesca Mariotti meet the independence requirements set forth in Article 148, paragraph 3 of the TUF, as well as the independence requirements envisaged by the Code. With regard to the latter requirement, it is pointed out that the Board recognised the director Carlo Secchi as independent director, although he has held the office of director of the Company for over nine years during the past twelve years, in consideration of the independent judgement that he displays continuously and of his professional qualities.

The Board assesses the independence of its non-executive members paying attention more to the substance than to form and taking into account that normally a director does not appear independent in the cases contemplated by the Code.

Each independent director has undertaken to communicate promptly to the Board the occurrence of situations that cause the requirement not to be satisfied.

The Board of Directors periodically reviews the independence of the directors, also assisted by the Governance and Appointments Committee. During the meeting of 18 December 2018, the Board of Directors, with the favourable opinion of the Governance and Appointments Committee, ascertained that the director Francesca Mariotti met the requirements of independence, even though she has married an employee of Fininvest S.p.A.

The Board of Statutory Auditors has verified the correct application of the verification criteria and procedures adopted by the Board of Directors to assess the independence of the directors during the Financial Year.

The number of Independent Directors and their expertise are appropriate for the size of the Board and operations carried out by Mediaset, and are such as to enable Committees to be established within the Board of Directors, as described in full in this report.

The Chairman operates so that the Board, as a whole, is updated on an ongoing basis and during board meetings on main legal and regulatory developments concerning the Company; this occurs regularly during the Board meetings. It is a consolidated practice for the Independent Directors to periodically meet with the Chief Financial Officer and management of the Company and its subsidiaries to provide an overview of the Group's structure and knowledge of its business operations, in order to further investigate specific economic, financial and corporate governance issues. As a rule, all members of the Board of Statutory Auditors participate in these initiatives.

During the Financial Year, the independent directors participated in various initiatives³⁰ intended to inform them on the main aspects of the Company's activities and to increase their knowledge of the Company's dynamics.

Independent Directors' Meeting

Independent Directors' meetings were convened and held, without other directors, twice in the year, on 14 February and 13 December, and once during in the current year, on 5 February 2019.

4.7 LEAD INDEPENDENT DIRECTOR

The Board decided not to implement the recommendation of the Code that provides for the office of "lead independent director," as the prerequisites for this office are not in place. At their meeting of 5 February 2019, the independent directors deemed the appointment of a Lead Independent Director unnecessary in consideration of the current arrangement of delegated powers.

The current corporate governance structure guarantees not only constant information flows to all executive and non-executive directors, both independent and non-independent, but also the broad-ranging and proactive involvement of all directors in the operations of the Company.

5. THE PROCESSING OF COMPANY INFORMATION

Since 3 July 2016, provisions on market abuse have been in force. The provisions constitute a complex - and, for some aspects, innovative - regulatory framework on insider trading and market manipulation. The main changes concerned, inter alia, the extension of the concept of inside information and the regulation of delay, the Insider List and managers' transactions.

³⁰ Can be consulted at chapter 4.2 Composition - "Induction Programme".

The Board has been constantly updated on changes in the legal framework and has taken measures to protect the areas affected by the MAR by adopting specific procedures.

Inside information

The Inside Information Procedure was adopted pursuant to the Market Abuse Regulation, to comply with the laws and regulations in force, also at European level, on the abuse of inside information.

On 13 November 2018, with the favourable opinion of the Control, Risk and Sustainability Committee, the Board approved the update to the Inside Information Procedure³¹, supplemented with the process to manage Significant Information, in keeping with Consob Guidelines issued on October 2017, formalising practices already in use and already monitored by competent functions as regards Significant Information.

The Inside Information Procedure governs the internal management and disclosure to the public of inside information regarding the Company and its subsidiaries, as well as the functioning of the "Register of persons having access to inside information". The Inside Information Procedure is an essential component of the internal control and risk management system of Mediaset and forms part of the rules and regulations adopted by Mediaset pursuant to Legislative Decree 231/01 with the aim of preventing the commission of offences.

The Inside Information Procedure applies to directors, statutory auditors, employees of the Company and its subsidiaries, as well as to external parties acting in the name and on behalf of the company and its subsidiaries - with the exception of the listed subsidiary Mediaset España Comunicación S., required to keep its own Insider List and to comply with related obligations and disclosures to the relevant market.

The directors and statutory auditors of the Company and, in general, all other recipients of the aforesaid Inside Information Procedure are required to keep all documents and information that come to their knowledge when carrying out their duties strictly confidential, with particular reference to inside information. Disclosure to the authorities and public takes place according to the deadlines and procedures set forth by the laws in force, in compliance with information parity and the above cited procedure.

The Company distributed the Inside Information Procedure to its own and its subsidiaries' employees, also publishing it on the company intranet and continued to train competent units on the process to manage significant/inside information.

The Chief Financial Officer of the Company, instructed by the Board, constantly monitors the application of the Inside Information Procedure, periodically reporting to the Control, Risk and Sustainability Committee, and its updated status, assisted by relevant internal functions and taking into account best practices in the area.

Internal dealing

On 28 February 2017, on the proposal of the Control, Risk and Sustainability Committee, the Board approved the new institutional "Internal Dealing" Procedure pursuant to the Market Abuse Regulation. The Internal Dealing Procedure is intended to regulate the transactions carried out, including through third parties, by relevant persons and closely related persons, as identified by the aforementioned

³¹ The Company carried out assessments, gap analysis and the mapping of significant information flows intended to identify any opportunities to improve the inside information management process. Analyses identified that the process to manage and disclose inside information is effectively monitored, correctly set out and formalised in a process/procedure that clearly identifies roles and responsibilities, in compliance with Regulation (EU) and the Consob Issuer Regulation.

regulations, as well as the obligations, terms and methods of publication of transactions performed by the said parties on the Company's financial instruments.

More specifically, the "Internal Dealing Officer" was identified in the Corporate Affairs Department of Mediaset who is charged with receiving, managing and disclosing communications to the market.

Relevant persons are required to forward to the Internal Dealing Officer, according to a specific procedure, the information on transactions carried out in order to comply with the obligations established by the legislation in force.

As instructed by the Board, the Chief Financial Officer of the Company constantly monitors the application of the Internal Dealing Procedure, periodically reporting to the Control, Risk and Sustainability Committee, and its updating status, making use of the relevant internal functions and taking into account the best practices in the area, in order to ascertain its effectiveness.

Lastly, in compliance with the Market Abuse Regulation and the Internal Dealing Procedure, the prohibition was introduced for relevant persons to carry out transactions within the 30 calendar days preceding the announcement of the annual financial statements and the half-yearly financial report published by the company pursuant to law or on a voluntary basis (Black Out Periods).

In compliance with Consob recommendations, the Company has created a specific section "Internal dealing" on its website, where the Institutional Internal Dealing Procedure may be consulted.

6. BOARD COMMITTEES

The Board of Directors³² established the following internal committees, all with advisory functions:

- the Control, Risk and Sustainability Committee was assigned the responsibilities of the Code by the Board on 28 June 2018; duties to "supervise sustainability issues related to business operations and interaction with shareholders" were also assigned to the committee;
- the Board meeting of 28 June 2018 confirmed the Compensation Committee the responsibilities assigned to it in on 20 December 2011;
- the Governance and Appointments Committee retained existing responsibilities, that are appropriate for guaranteeing updates to governance rules as well as their adequacy, implementation and enforcement, in addition to the responsibilities contemplated by the Code for the Nominations Committee.

The Committees established within the Board have investigative and/or advisory duties regarding aspects requiring further examination, in order to exchange actual and informed opinions. The establishment and operation of the Board of Director's internal committees satisfy the Code's criteria.

In carrying out their functions, the Committees may access the information and company functions necessary to perform their duties, and may be assisted by external consultants at the Company's expense, within the limits of the budget approved by the Board of Directors.

The Committees, which report on a timely basis to the Board on the activities carried out, have adopted their own operating regulations, in accordance with the new provisions regarding board meetings shared by the Board of Directors and extended to all Committees, and a calendar of meetings scheduled for each Financial Year. The regulations of the Committees were approved by the Board.

³² Pursuant to the Company Bylaws, the Board of Directors may establish Committees, also comprising persons who are not Board members, identifying their duties, powers, compensation and number. The Committees, if comprising persons who are not Board members, only have advisory powers.

When adopting the procedure to regulate transactions with related parties (addressing Consob's requirements) the Board established a Related Parties Committee³³; the latter is asked to express specific opinions regarding transactions with related parties carried out by the Company, either directly or through subsidiaries, in the cases indicated and in accordance with the methods required by the above-mentioned procedure.

7. GOVERNANCE AND APPOINTMENTS COMMITTEE

The Governance and Appointments Committee³⁴ includes three non-executive, independent directors whose term in office lasts until the end of the mandate of the entire Board of Directors.

Raffaele Capiello	Chairman - Independent Director
Francesca Mariotti	Independent Director
Carlo Secchi	Independent Director

The Committee met five times in 2018. Minutes were taken of all meetings. The Manager of the Corporate Affairs Department, appointed as Committee Secretary, attended the meetings. In the days preceding meetings, sufficiently in advance of the meeting, the Secretary, as agreed with the Committee Chairman, sends to the Governance Committee members all available documents and information on items on the agenda. The average duration of each meeting is about one hour. The percentage of each director attending Committee meetings is shown in Attachment D to this Report. Six meetings have been scheduled for the 2019 financial year and two of them have already been held.

As a rule, all members of the Board of Statutory Auditors take part in the meetings, and the managers of specific company departments and external consultants may be invited to attend by the Committee Secretary, to explain particular issues.

The Committee members are given a fee for attending each meeting, in the amount set by the Shareholders' Meeting of 27 June 2018.

Functions and activities of the Governance and Appointments Committee

The Board attributed the Committee the responsibilities of Governance Committee and the responsibilities of Appointments Committee established by the Code. Specifically, it carries out the following:

- monitor compliance with and the periodic updating of corporate governance rules and compliance with the principles of conduct adopted by the Company, reporting to the Board of Directors;
- propose procedures and deadlines for the annual self-assessment of the Board of Directors;
- review, in advance, the contents of the Annual Report on Corporate Governance and Ownership Structures;
- assist the Board in evaluating whether Independent Directors meet requirements for independence, on an ongoing basis.
- give to the Board of Directors opinions on the size and composition of the Board, and recommendations on the types of professional positions considered appropriate to sit on the Board, as well as the maximum number of positions as director or statutory auditor compatible with being able to effectively fulfil the mandate of director of the issuer, and on any departures from the prohibition on competition established by Article 2390 of the Italian Civil Code;

³³ Previously called the Committee of Independent Directors for Related-Party Transactions. See chapter 12 Interests of Directors and Transactions with Related Parties in the section "Committee of Independent Directors for Related Party Transactions".

³⁴ The previous Governance and Appointments Committee, whose term of office ended with the Shareholders' Meeting of 27 June 2018, consisted of Carlo Secchi (Chairman), Michele Perini and Wanda Ternau, all independent directors.

- propose to the Board candidates to the office of director in the case that directors need to be co-opted, when it becomes necessary to replace independent directors.

During 2018, the Committee carried out its activities; among others, it:

- examined the report on the Board Performance Evaluation for the 2017 financial year;
- expressed a favourable opinion on the Board adopting the Diversity policy for the Board of Directors and Board of Statutory Auditors;
- carried out differential analysis on compliance regarding the letter of 13 December 2017 of the Chairman of the Corporate Governance Committee of Borsa Italiana, based on which governance of the Company was aligned overall with the recommendations provided;
- reviewed the "2017 Report on corporate governance and ownership structure".

Since its appointment, on 28 June 2018, the Committee has:

- approved its Regulations;
- reviewed and noted updates to the Corporate Governance Code for Listed Companies - July 2018 edition;
- considered the issue of the status of independent director of the Board Director Francesca Mariotti, following notification to the company that she had married an employee of Fininvest S.p.A. who does not have key management duties nor holds positions in Fininvest S.p.A. or its subsidiaries; After carefully analysing the application criteria of the Corporate Governance Code for Listed Companies, the Committee expressed a favourable opinion on the status of the Director, based on her proven financial and professional independence enabling her to continue to adopt an independent conduct and make independent judgements. The Committee proposed to the Board that it certified the director in question continued to meet independence requirements;
- prepared, with the support of Spencer Stuart, a company specialised in the sector, the methods and items covered by the Board's self-assessment process for the Financial Year.

During 2019, the Committee:

- reviewed the Report on Board Performance Evaluation for 2018, which included a review of the letter of 21 December 2018 of the Chairman of the Corporate Governance Committee of Borsa Italiana;
- reviewed the "2018 Report on corporate governance and ownership structure";

The Committee Chairman informs the Board of the meetings held at the first available Board meeting.

When fulfilling its functions, the Committee had full access to the information and corporate departments of the Company and/or Group needed for the purpose, with the assistance of the secretary.

The Committee is given funding of EUR 100 thousand per annum for expenses related to its duties.

The Committee members are given a fee for attending each meeting, in the amount set by the Shareholders' Meeting of 27 June 2018.

8. COMPENSATION COMMITTEE

The Compensation Committee³⁵ consists of three independent, non-executive directors who remain in office until the term of office of the entire Board ends. Committee members include experts in accounting and financial matters.

Andrea Canepa	Chairman - Independent Director
Marina Brogi	Independent Director
Francesca Mariotti	Independent Director

No directors concerned took part in meetings of the Compensation Committee, when proposals to the Board of Directors concerning their compensation were discussed.

The Committee met six times in 2018. Minutes were taken of all meetings. The average duration of each meeting is about one hour. The percentage of each director attending Committee meetings is shown in Attachment D to this Report. Seven meetings have been scheduled for the 2019 financial year and three of them have already been held.

The Chairman of the Board and/or other designated members attend Committee meetings, as well as the Manager of the Corporate Affairs Department, in a capacity as Committee Secretary; the managers of specific company departments are invited to attend to illustrate specific topics.

The Committee members are given a fee for attending each meeting, in the amount set by the Shareholders' Meeting of 27 June 2018.

Functions and activities of the Compensation Committee

The following responsibilities of the Compensation Committee were confirmed by the Board:

- to periodically review the adequacy, overall consistency and actual application of the general policy adopted for the compensation of the Chairman, Deputy Chairman and Chief Executive Officer, and Key Management Personnel, using, as regards the latter, information supplied by the Chairman, Deputy Chairman and Chief Executive Officer, and submitting the related proposals to the Board of Directors;
- to provide advance opinions on the proposals of the Board of Directors, and, on its behalf, of the Chairman and/or Deputy Chairman and Chief Executive Officer concerning the compensation of the Chairman, Deputy Chairman and Chief Executive Officer and on setting performance objectives related to the variable component of the compensation. It also monitors the application of decisions taken by the Board;
- to provide advance opinions on the proposals of the Board of Directors, and on its behalf, of the Chairman and/or Deputy Chairman and Chief Executive Officer concerning the definition by Mediaset S.p.A.'s delegated bodies on the compensation of key management personnel and of the other key executives of the Mediaset Group;
- to provide advance opinions on proposals of the Board of Directors, and on its behalf, of the Chairman and/or Deputy Chairman and Chief Executive Officer concerning general regulations for allocating compensation (allocation, rejection or reversal) to employees of the companies of the Mediaset Group designated to fill positions in administrative and control bodies and/or in committees appointed by administrative bodies of Italian or foreign subsidiaries or investee companies;

³⁵ The previous Compensation Committee, whose term of office ended with the Shareholders' Meeting of 27 June 2018, comprised Michele Perini (Chairman), Bruno Ermolli and Fernando Napolitano.

- to make proposals to the Board of Directors concerning the criteria, beneficiary categories, quantities, terms, conditions and procedures for share-based compensation plans.

During 2018, the Committee carried out the activities under its responsibility; among other things, it:

- carried out a market analysis on the remuneration of the Board of Directors and the Committees, with the help of Willis Towers Watson, a specialized consulting firm, whose results were brought to the attention of the Board of Directors for the implementation of the final considerations;
- examined the proposal to renew a three-year medium/long-term incentive plan, having essentially the same characteristics as the previous one;
- approved the proposal of the Compensation Report.

Since its appointment, on 28 June 2018, the Committee has:

- approved its Regulations;
- expressed a favourable opinion concerning the overall compensation of the Chairman, proposed by the Deputy Chairman and Chief Executive Officer, considering its apportionment and fitting for the executive position held; this agreement was assessed, also based on an opinion of market analysis from the consulting firm Willis Towers Watson; this opinion was then given to the Related Parties Committee and Board in order to determine compensation³⁶;
- acknowledged that on 27 June 2018 the Shareholders' Meeting approved the 2018/2020 medium/long-term loyalty and incentive plan and proposed that the Board of Directors approve the Plan Regulations, objectives and categories of beneficiaries for 2018, and subsequently took note of the allocation, by beneficiaries, of the part of annual variable compensation of the short term incentive;
- expressed a favourable opinion on the Chairman's proposal concerning the compensation of the Deputy Chairman and Chief Executive Officer, considering this level of compensation commensurate with the role held and relative responsibilities;
- expressed a favourable opinion regarding the SIA (Annual Incentive System) performance objectives set for the 2018 Financial Year in connection with the variable component of the compensation of the Deputy Chairman and Chief Executive Officer;
- assessed the achievement of the financial objectives of the 2015-2017 medium/long-term Loyalty and Incentive Plan, at the end of the third and last year of the three-year cycle of the Plan approved by the Shareholders' Meeting in 2015;
- conducted in-depth analyses following the vote of the Shareholders' Meeting of 27 June 2018 on the agenda item relating to the Compensation Report, the positive outcome of which was the result of an improvement process started in 2016 with the help of the company Georgeson Srl, a company tasked with verifying the alignment of the Mediaset Group's Compensation Policy with national and international best market practices and with the Proxy Advisors guidelines; in this regard, the Compensation Committee further developed actions taken in which the Company redefined the Compensation Report over the last three years, also reviewing analyses on the observations of Proxy Advisors;
- approved the proposal of the Deputy Chairman and Chief Executive Officer to pay a one-off bonus to the Key Executive Marco Giordani, for his involvement in the extraordinary review of the industrial perimeter and ownership structure of the Mediaset Group, carried out in 2018;

³⁶ Further information is available in the press release of 27 July 2018 published on the website www.mediaset.it.

- assessed, also on the basis of information exchanged with the central Human and Operations Department, that the compensation policy approved by the Shareholders' Meeting of 27 June 2018 is consistently and actually applied.

During 2019, the Committee:

- monitored the ongoing engagement of competent functions with Proxy Advisors;
- made a proposal on the objectives and categories of beneficiaries of the 2018/2020 medium/long-term incentive plan, for 2019;
- expressed a favourable opinion regarding the payment of the variable component to key management personnel, as proposed by the Deputy Chairman and Chief Executive Officer;
- expressed a favourable opinion regarding the SIA (Annual Incentive System) performance objectives set for the 2019 financial year, in connection with the variable component of the compensation of the Deputy Chairman and Chief Executive Officer;
- approved the proposal of the Compensation Report.

The Committee Chairman informs the Board of the meetings held at the first available Board meeting.

The Committee is given funding of EUR 200 thousand per annum for expenses related to its duties.

The Committee members are given a fee for attending each meeting, in the amount set by the Shareholders' Meeting of 27 January 2018.

9. COMPENSATION OF DIRECTORS

On 27 June 2018, the Shareholders' Meeting approved the first section of the Compensation Report, pursuant to article 123-ter of Legislative Decree no. 58/1998, with 97.31% of votes in favour.

On 24 April 2018, the Board of Directors established a general policy for the compensation of executive directors, directors with special duties and Key Management Personnel.

For further information relative to this section, reference is made to the relevant parts of the Report on Compensation, published pursuant to Article 123-ter of the TUF.

10. CONTROL, RISK AND SUSTAINABILITY COMMITTEE

³⁷The Control, Risk and Sustainability Committee consists of three independent, non-executive directors who remain in office for three years until the term of office of the entire Board ends; experts in accounting and financial matters are among them.

Carlo Secchi	Chairman - Independent Director
Marina Brogi	Independent Director
Costanza Esclapon	Independent Director

During 2018, eleven meetings of the Control, Risk and Sustainability Committee were held. The Committee requested the following non-members to attend meetings, concerning individual items on the agenda and related to their area of responsibility: the Supervisory and Control Body, the Financial Reporting Officer, the Internal Audit Manager, representatives from the independent auditors, managers of specific departments of the Company and/or Group companies, as well as external consultants when deemed appropriate. On some occasions, again at the invitation of the Committee,

³⁷ The previous Control, Risk and Sustainability Committee, whose term of office ended with the Shareholders' Meeting of 27 June 2018, consisted of Carlo Secchi (Chairman), Franco Bruni and Fernando Napolitano, all independent directors.

some Independent Directors also took part in meetings dealing with issues of common interest. Minutes were taken of all meetings. The Manager of the Corporate Affairs Department, appointed as Committee Secretary, attends the meetings. In the days preceding meetings, sufficiently in advance of the meeting, the Secretary, as agreed with the Committee Chairman, sends to the Governance Committee members all available documents and information on items on the agenda.

The average duration of each meeting was about 1.5 hours. The percentage of each director attending Committee meetings is shown in Attachment D to this Report. Nine meetings have been scheduled for the 2019 financial year and four of them have already been held.

As a rule, all members of the Board of Statutory Auditors participate in Committee meetings.

The Committee members are given a fee for attending each meeting, in the amount set by the Shareholders' Meeting of 27 June 2018.

Functions and activities of the Control, Risk and Sustainability Committee

The Control, Risk and Sustainability Committee, besides assisting the Board in fulfilling the tasks assigned to the latter on matters of internal control, fulfils the functions in line with those indicated in the Code.

On 20 December 2016, the Board identified the Control, Risk and Sustainability Committee as the Committee responsible, in accordance with Borsa Italiana Code, for supervising the sustainability issues related to the exercise of business activities and its interaction with stakeholders; these duties were confirmed by the Board on 28 June 2018.

To enable the Board of Directors to provide guidelines and evaluate the adequacy of the Internal Control and Risk Management System, the Committee systematically provided assistance during the year, carrying out preparatory activities concerning evaluations and decisions of the Board (and the Internal Control and Risk Management System) with regard to the approval of financial data, including the Financial Statements.

During the year, the Committee examines, usually every six months, the periodic reports prepared by the Supervisory and Control Body of Mediaset on audit outcomes and on the actions taken pursuant to Legislative Decree 231/01, which are subsequently presented to the Board of Directors.

The Committee annually reviews activities carried out by the Financial Reporting Officer, pursuant to Law 262/2005 on the Protection of Savings, for the purposes of issuing certification relative to the Financial Statements and Consolidated Financial Statements, and the Risk Officer's update on the assessment and procedures for the management of main company, strategic and process risks, of the Mediaset Group, carried out on an "Enterprise Risk Management" basis; this annual update is usually carried out by respective managers of the listed subsidiaries El Towers S.p.A. and Mediaset España Comunicación S.A. On a quarterly basis, the Committee, on the basis of the report prepared by the Internal Audit Department, acknowledges that there are no significant changes compared to the forecasts of the Annual Audit Plan.

During the year, the Committee, among others:

- took note of the summary of reports issued by the Internal Audit Function and Final 2017 Report, as well as the findings for 2017 of the "Quality Assurance and Improvement Plan." The Committee monitored the work of the Internal Audit Function, also through periodic audit reports, and the implementation of action plans on corrective measures necessary to ensure continual improvement of the system;

- approved the “2018 Audit Plan”, and also examined and took note of the Report on the Internal Control and Risk Management System as of 31 December 2017, prepared by the Internal Audit Function;
- examined and took note of the “2018 Audit Plan” of the listed subsidiaries EI Towers S.p.A. and Mediaset España Comunicación S.A. submitted by the respective managers;
- evaluated, together with the Financial Reporting Officer, the independent auditors Deloitte & Touche S.p.A. and the Board of Statutory Auditors, the accounting standards adopted by the Mediaset Group and their uniformity for the purposes of preparing the 2017 Consolidated Financial Statements, and found them to have been correctly applied; it also launched the examination activity in view of the approval of the 2017 financial statements;
- took note of and agreed with the methodology adopted and the various plan assumptions supporting the evaluations relative to the annual impairment testing;
- expressed a favourable opinion on the Board's adoption of the Diversity Policy;
- examined the Non-Financial Statement for the 2017 financial year drawn up pursuant to Legislative Decree 254/2016, expressing to the Board its positive assessment on the analysis and contents of the document as regards the sustainability issues that were found to be material for the Mediaset Group, taking into account the related activities and characteristics, and, overall, on the data and information collection process;
- approved Sections 10 and 11 of the 2017 Report on corporate governance and ownership structure, relative to the Internal Control and Risk Management System;
- took note of the Additional Report of the independent auditors Deloitte & Touche S.p.A. for the Board of Statutory Auditors in a capacity as internal audit committee pursuant to Article 11, Regulation 537/2014, which identifies the main issues relative to the Consolidated Financial Statements. In the report, the independent auditors explained activities carried out to assess procedures adopted; no major shortcomings or nonconformities were identified. No suggestions were made. The Committee also acknowledged that the independent auditors, in the absence of observations to bring to the attention of Management, did not issue the Management Letter at 31 December 2017;
- took note of periodic updates to the “List of broadcasting rights suppliers”, prepared by the Rights Department, to complete the company procedure for the planning, acquisition and management of rights, and gave it a positive rating;
- took note of the Report "summary of the main results of the audits (three years 2015-2017)" prepared by the Internal Audit Department;
- took note of the findings in the Report concerning the period from 19 March to 25 June 2018 received by the Supervisory and Control Body on audit outcomes and actions taken pursuant to Legislative Decree 231/2001

Since its appointment, on 28 June 2018, the Committee has:

- approved its Regulations;
- expressed a favourable opinion on the reconfirmation of the manager of the Internal Audit Department and the compensation paid to the latter, which was considered to be consistent with the Company's policies;
- took note of the summary of reports issued by the Internal Audit Department in the period from January to July 2018;

- took note of periodic updates to the “List of broadcasting rights suppliers”, prepared by the Rights Department, to complete the company procedure for the planning, acquisition and management of rights, and gave it a positive rating;
- examined and approved the “Project to revise processes and procedures on the Market Abuse Regulation” prepared with the assistance of Pricewaterhousecoopers Advisory S.p.A. and the new institutional procedure “Management and disclosure of inside information”;
- reviewed and acknowledged the update to the "2018 Audit Plan" and ERM monitoring of the listed subsidiary Mediaset España Comunicación S.A.;
- conducted preliminary analysis on procedures to prepare the Non-Financial Statement of the Mediaset Group, pursuant to Legislative Decree no. 254/2016 for the 2018 Financial Year;
- monitored the adequacy, effectiveness and efficiency of the Internal Audit Function.

In 2019, the Control, Risk and Sustainability Committee, among others:

- acknowledged and approved the alignment of the Group's whistleblowing system pursuant to Law no. 179 of 30 November 2017;
- took note of the summary of reports issued by the Internal Audit Function and Final 2018 Report, as well as the findings for 2018 of the “Quality Assurance and Improvement Plan.” The Committee monitored the work of the Internal Audit Function, also through periodic audit reports, and the implementation of action plans on corrective measures necessary to ensure continual improvement of the system;
- approved the “2019 Audit Plan”, and also examined and took note of the Report on the Internal Control and Risk Management System as of 31 December 2018, prepared by the Internal Audit Function;
- acknowledged and shared the materiality matrix relative to the non-financial statement at 31 December 2018 pursuant to Legislative Decree 254/2016;
- approved the proposal to revise objectives in 2019 relative to the SIA (Annual Incentive System) for the Internal Audit Manager and Financial reporting Officer, in a way that is more consistent with best practices, by establishing efficiency and effectiveness indicators of the monitored function, considering organisational responsibilities;
- evaluated, together with the Financial Reporting Officer, the independent auditors Deloitte& Touche S.p.A. and the Board of Statutory Auditors, the accounting standards adopted by the Mediaset Group and their uniformity for the purposes of preparing the 2018 Consolidated Financial Statements, and found them to have been correctly applied; it also launched the examination activity in view of the approval of the 2018 financial statements;
- took note of and agreed with the methodology adopted and the various plan assumptions supporting the evaluations relative to the annual impairment testing;
- carried out activities prior to preparing the Non-Financial Statement for the 2018 Financial Year drawn up pursuant to Legislative Decree 254/2016, informing the Board of its positive assessment on the analysis and contents of the document as regards the sustainability issues that were found to be material for the Mediaset Group, taking into account the related activities and characteristics, and, overall, the data and information collection process;
- approved Sections 10 and 11 of this Report relative to the Internal Control and Risk Management System.

The Committee Chairman informs the Board of the meetings held at the first available Board meeting. When the semi-annual financial statements and management letter are approved, the Committee reports to the Board on the adequacy of the internal control system. During the activity described above and also in view of the policy manage the control system adopted by the Internal Control and Risk Management System Director on the basis of the guidelines of the Internal Control and Risk Management System of the Mediaset Group issued by the latest Board of Directors meeting of 20 December 2016, the Committee recommended to the Board to consider the Internal Control and Risk Management System to be adequate and effective overall, with respect to the profile and characteristics of the Company and to the profile of risk assumed.

In carrying out its functions, the Committee accessed all necessary information and/or functions of the Company and/or Group and/or was assisted by external consultants, as well as the Company Secretary.

The Committee is given funding of EUR 350,000 per annum for expenses related to its duties.

The Committee members are given a fee for attending each meeting, in the amount set by the Shareholders' Meeting of 27 June 2018.

11. THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The internal control and risk management system comprises all rules, procedures and organisational structures to perform business operations that are consistent with established objectives, through an adequate process that identifies, measures, manages and monitors main risks.

The Board exercises the functions listed by the Code, with the assistance of the Control, Risk and Sustainability Committee.

The Board of Directors carries out its functions related to the internal control and risk management system taking into consideration reference models and existing best practices at the national and international level and in compliance with the organisation and management models adopted pursuant to Legislative Decree 231/2001.

On 24 April 2018, the Board of Directors, with the favourable opinion of the Control, Risk and Sustainability Committee, examined the results of the Risk Officer's annual update on the assessment and methods of managing the main company, strategic and process risks, assessing the nature and level of compatible risk also with a view to sustainability with the strategic objectives established in the meeting of 22 January 2018 and with the medium/long-term guidelines defined by the Board at the meeting of 17 January 2017 and subsequently presented to the market.

During the meeting of 27 March 2018, the Board, based on Control, Risk and Sustainability Committee Reports, after consulting with the Board of Statutory Auditors and Financial Reporting Officer, took note, with no observations made, of the final data of the Audit Plan updated on 31 December 2017, and approved the 2018 Audit Plan prepared by the Internal Audit department Manager.

On 22 January 2018, the Board of Directors, with the approval of the Control, Risk and Sustainability Committee and as part of activities to monitor objectives and results, reviewed the main actions taken by the Group during the year as regards the strategic objectives previously established and the relative risk level accepted; it also updated the strategic objectives for the subsequent annual assessment of related risks.

The Guidelines of the Internal Control and Risk Management System of the Group, which identify the Enterprise Risk Management Framework as the reference methodology³⁸ for monitoring the internal

³⁸ According to the Enterprise Risk Management methodology, the internal control system starts from the definition of the Company's strategy. The Company's objectives are taken into consideration by the methodology according to the following categories:

control system, are implemented, by the Internal Control and Risk Management System Director, through the "Enterprise Risk Management Policy", which defines the main methodological aspects of the risk management process, as well as the roles, responsibilities and main activities involved in risk management.

The internal control and risk management system of the Mediaset Group is able to identify and measure the main company risks, including those that may be relevant for medium/long-term sustainability, that could undermine the achievement of established objectives, taking into account the characteristics of activities carried out by Mediaset and its subsidiaries, based on the following criteria:

- the nature of the risk, with reference to strategic and operating risks and risks concerning reporting and compliance with laws in force;
- the possibility of risk affecting the ability to achieve company objectives;
- the organisation's ability to properly manage identified risk;
- the correct monitoring of company risks, by checking the suitability of the internal control and risk management system to provide an acceptable profile of overall risk. Specifically, the internal control and risk management system of the Mediaset Group establishes the following:
 - the systematic monitoring by management of main company risks, in order to identify and implement any corrective actions for existing control processes;
 - periodic independent checks of the adequacy and effectiveness of the internal control system, as well as the timely adoption of specific corrective actions if weaknesses are identified;
 - rules for reporting on the adequacy and effectiveness of the internal control and risk management system.

For this purpose, the Internal Control and Risk Management System Director supervises the management of the Internal Control and Risk Management System of the Mediaset Group, to ensure the system can:

- promptly react to significant risk situations, establishing adequate control mechanisms;
- guarantee, within the context of company processes, an adequate level of separation between operating and control functions, thus preventing conflicts of interest arising regarding assigned responsibilities;
- guarantee, within the context of operating and administrative/accounting activities, the use of systems and procedures that ensure the accurate recording of company events and operations, as well as the production of reliable, timely information flows, both in and outside the Group;
- establish methodologies for the timely communication of significant risks and control anomalies identified in relation to appropriate Group levels, allowing for the identification and timely adoption of corrective actions.

This model is adopted for listed subsidiaries, also in line with the management and coordination activities of the parent company, giving them Guidelines and related policies for implementation.

- strategic objectives: high level objectives, aligned with and supporting the Company's mission;
- operational objectives: objectives related to the efficient and effective use of resources;
- reporting objectives: objectives related to the reliability of reporting external and internal to the Company;
- compliance objectives: objectives related to compliance with applicable laws and regulations.

With particular reference to financial reporting processes, the main characteristics of the Internal Control and Risk Management System relative to such risks pursuant to Article 123-bis, paragraph 2, letter b) of the TUF are described below.

Main characteristics of risk management and internal control systems in relation to the financial reporting system process

1. Introduction

The risk management and internal control system in relation to the financial reporting process³⁹, developed within the Mediaset Group, aims to guarantee the dependability, accuracy, reliability and timeliness of financial reporting.

Mediaset, in defining its own system, has aligned it with laws and regulations currently in force.

As reference standards do not explicitly establish specific criteria for the design, implementation, evaluation and monitoring of the Risk Management and Internal Control System relative to financial reporting, Mediaset has opted for the application of a model that is universally recognised as one of the most accredited: the CoSO (Committee of Sponsoring Organizations) Framework. Furthermore, implementation of the System takes into account the guidelines of some industry organisations regarding the activities of the Appointed Director (the Italian Confederation of Industry, Confindustria, and the National Association of Finance and Administration Managers, Andaf).

Article 154-bis of the TUF has established the position of Financial Reporting Office for issuers with shares listed on regulated markets. This Officer is responsible, among others, in conjunction with relevant functions, for developing adequate administrative and accounting procedures for the production of financial statements, consolidated financial statements and interim reports, as well as all other information disclosed to the market and relative to accounting disclosure and the issue of specific certification.

2. Description of the main characteristics of the Internal Control and Risk Management System in relation to the financial reporting system process

Roles and Functions involved

The Financial Reporting Officer is assisted by a specifically established company structure for the purpose and by the Organisation Department: these structures support the Financial Reporting Officer in designing, implementing and maintaining adequate administrative and accounting procedures to draft the financial statements and the consolidated financial statements and supply the Financial Reporting Officer with elements to evaluate their adequacy and effective functioning.

The structure assisting the Financial Reporting Officer works with process owners to promptly identify events that may impact or change the reference framework, update administrative accounting procedures, implement new controls and carry out any improvement plans within their own processes.

The Internal Audit Function periodically carries out independent checks on the adequacy and actual functioning of the control model adopted by the Company to ensure compliance with the requirements of the Law on the Protection of Savings in relation to obligations of the Financial Reporting Officer.

Stages of the Internal Control and Risk Management System in relation to the financial reporting process

³⁹Financial reporting means, for example, periodic accounting information, annual and interim financial reports, additional financial interim disclosures – including with reference to consolidation – ongoing disclosure and press releases

The risk management and internal control system, relative to the financial reporting process, basically comprises a number of administrative accounting procedures and tools to evaluate the adequacy and actual functioning of procedures, which contribute to establishing an internal control model that is maintained, updated and, where concrete opportunities for rationalisation and optimisation are identified, is further developed.

The model is structured in three main stages:

- a) definition of the scope of analysis with the identification and evaluation of risks;
- b) identification and documentation of controls;
- c) evaluation of the adequacy and actual application of administrative and accounting procedures and relative controls.

a) Definition of the scope of analysis, with the identification and evaluation of risks

To determine and plan activities to check the adequacy and actual application of the Group's administrative and accounting procedures, the definition of the scope of analysis describes the process to adopt when determining the level of complexity, identifying and assessing risks and assessing the materiality of financial statement areas. This process aims to assess controls of transactions generated from company processes that supply accounting data and record them in financial reporting.

Significant processes that are representative of the business are identified based on the quantitative analysis of financial statement items, applying the concept of materiality to aggregate items contained in the Consolidated Financial Statements of the Mediaset Group, and on a qualitative analysis of processes based on their level of complexity.

For each process identified as significant, the "generic" risks of the unreliability of financial reporting inherent in the process itself are determined, referring to financial statement assertions (existence and occurrence, completeness, rights and obligations valuation and recognition, presentation and reporting), which constitute control objectives.

The Financial Reporting Officer defines the reference context, at least annually and whenever elements occur that may considerably change the analysis carried out.

To complete scope analysis, a summary and overall analysis at a Group level is also carried out on the internal control system at a functional and/or organisational level (entity level control). This analysis breaks down each component of the CoSO framework in supervisory areas that, based on the Risk Assessment carried out, should be covered by the Group and monitored by management.

For each of the identified supervisory areas, actual risk coverage connected with it is tested, checking the existence of company procedures and practices adopted by the Group.

b) Identification and documentation of controls

Controls are defined by a process that identifies administrative and accounting procedures that meet various control assertions ⁴⁰.

⁴⁰ Reference control assertions are the following:

accuracy: this control ensures that all details of the individual transaction have been correctly processed;

completeness: this control ensures that all transactions are processed and are only processed once;

validity: this control ensures that the processed transaction has passed adequate authorisation levels and is effectively referable to company operations;

restricted access: this control ensures that access to information and transactions is adequately configured according to the roles and responsibilities recognised by the Company.

The controls identified and specifically applied when carrying out activities are formalised in a specific matrix (the "Risk and Control Matrix") and, in this matrix are related to the "generic" risks of the unreliability of financial reporting.

Administrative and accounting procedures and relative controls are periodically monitored and updated through a process that involves the Financial Reporting Officer, his/her support structure and process owners. Specifically, process owners inform the Financial Reporting Officer, on a regular basis, of events that may impact and change the frame of reference of significant procedures, and on an annual basis, the support structure of the Financial Reporting Officer reviews and validates the entire control model, involving all process owners in reviewing processes in their area of responsibility.

c) Evaluation of the adequacy and actual application of administrative and accounting procedures and relative controls

The adequacy and actual application of administrative and accounting procedures is evaluated by specific testing, and aims to guarantee the design and operational ability of identified controls.

The Group has adopted a testing strategy which basically involves defining the approach and criteria used for testing: the frequency of analysis, sizing of the sample, types of tests to carry out, formalisation of tests carried out and information flows to notify test outcomes.

The purpose of testing is to guarantee the actual application of controls in compliance with the defined testing strategy. On a six-monthly basis, the support structure of the Financial Reporting Officer prepares a report indicating activities carried out and test outcomes.

Based on testing results, the Financial Reporting Officer, assisted by his/her support structure, defines a plan to remedy any deficiencies that may have a negative impact on the effectiveness of the risk management and internal control system relative to financial reporting.

The Financial Reporting Officer's support structure, in conjunction with process owners, for areas in their responsibility, coordinates improvement plans and guarantees their implementation.

On at least an annual basis, the Financial Reporting Officer reports to the Control, Risk and Sustainability Committee, the Board of Statutory Auditors and the Supervisory Bodies of Group companies, with reference to procedures used to evaluate the adequacy and actual application of controls and administrative/accounting procedures, as well as compliance with remedial plans defined, and rates the adequacy of the accounting and administrative control system.

11.1. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM DIRECTOR

During its meeting of 27 June 2018, the Board confirmed the Chairman as Internal Control and Risk Management System Director.

During 2018 and the first few months of 2019, the Internal Control and Risk Management System Director Officer:

- implemented the guidelines issued by the Board and verified their adequacy and effectiveness;
- supervised amendments to the system concerning the dynamics of operating conditions and the legal and regulatory framework;
- oversaw the identification of the main company risks (strategic, operational, financial and concerning compliance) taking into account the characteristics of the activities carried out by the Company and its subsidiaries, and based on the guidelines for the Internal Control and Risk Management System established by the Board of Directors.

The analysis and evaluation of main business processes and processes supporting the business, with the involvement of the Group's management, the Internal Audit Function, and the Risk Officer, made it possible to give an overall evaluation of the Internal Control and Risk Management System (which was finalised with the presentation of the Report by the Internal Control and Risk Management System Officer to the Board of Directors during the meeting of 24 April 2018).

11.2. INTERNAL AUDIT FUNCTION MANAGER

The Issuer has established an Internal Audit Function to ensure that the internal control and risk management system is both functioning and adequate.

The Board of Directors, following the proposal of the Control, Risk and Sustainability Committee and after consulting with the Board of Statutory Auditors, confirmed Angelo Iacobbi as Internal Audit department manager, defining his compensation as being consistent with company policies and ensuring he has adequate resources to undertake his responsibilities. Incentive mechanisms for the Manager of the Internal Audit Department were last revised in the meeting of the Board of 19 February 2019, and considered consistent by the Board with assigned duties.

To ensure an adequate level of independence and objectivity in internal audit activities, the Internal Audit Function Manager is not responsible for any operational area.

The Internal Auditing department reports to the Chairman, who informs the Board.

In compliance with international reference standards on auditing, the Internal Audit Function checks, both on an ongoing basis and in relation to specific needs, the functioning and adequacy of the internal control and risk management system, implementing an Audit Plan approved by the Board of Directors, based on a structured process, analysing and prioritising the main company risks.

The scope of the activities carried out by the Internal Audit⁴¹ Function include Mediaset and all the Group Companies directly or indirectly controlled by it, with the exception of the listed companies and their subsidiaries or investee companies. In addition, with reference to the Group's investee companies and joint ventures, the Internal Audit Department activities can be carried out on the basis of a specific request by the Board of said companies.

In 2018, the Internal Audit Function carried out mandates of:

- Assurance, which consists in an objective review of evidence and findings, through analyses, assessments, recommendations and qualified comments, in order to obtain an independent evaluation of the internal control and risk management system;
- advice, which consists of methodological support and assistance to provide added value and improve governance, risk management and control processes.

In its activities carried out during 2018, the Internal Audit Function had free and direct access to data, documents, information and personnel useful to carrying out its duties.

During the reporting period, the Internal Audit Function Manager prepared periodic reports⁴² containing information on: the activities carried out, including activities relating to the reliability of the company information systems, including the accounting systems, the methods used to manage risks as well as compliance with plans to limit risks; the reports also contained an assessment of the suitability (adequacy and effective functioning) of the internal control and risk management system.

⁴¹in accordance with the Mandate granted to it by the Board of Directors on 17 December 2013

⁴² Sent to the Chairmen of the Board of Statutory Auditors, Control, Risk and Sustainability Committee and Board of Directors, as well as to the Internal Control and Risk Management System Director of Mediaset S.p.A..

As regards the Financial Year, the Internal Audit department considered the internal control and risk management system to be operational and adequate.

The Internal Audit Function Manager also maintained periodic communication flows with other company bodies and units that have supervisory and monitoring functions in relation to the internal control and risk management system, such as the Financial Reporting Officer, the Risk Officer and the Supervisory and Control Bodies of the Group.

In compliance with recommendations of international standards on auditing, the Internal Audit Function put in place actions to ensure and improve the quality of activities carried out, also considering the last Quality Assurance Review of the Internal Audit Function carried out in 2017 by a qualified, independent external auditor who, along with results of internal audits, confirmed the general conformity of the internal audit structure and activities carried out in accordance with international standards and the code of ethics issued by the Institute of Internal Auditors.

11.3. COMPLIANCE PROGRAMME

The internal control system was consolidated by adopting a Compliance Programme, with the first draft approved by the Board of Directors on 29 July 2003. This version was then amended and supplemented, up to the current version⁴³.

Updates of the Compliance Programme, made gradually, mainly took into account, among other things, legislative changes and the ensuing broadening of the range of "predicate offences;" internal organisational changes; and ongoing case law precedents being established regarding compliance programmes.

With the adoption of its own Compliance Programme, Mediaset has sought to establish a structured and organic system of general and operational rules and principles of conduct which are adopted in the framework of the Company organisation, the system of mandates and powers, organisational guidelines and operating practices, the disciplinary system, etc., and which meet the purposes and provisions of Legislative Decree 231/01, in terms of the prevention of crimes and administrative offences (preventive controls), and control of the programme's implementation and any application of fines and sanctions (ex post controls).

The Compliance Programme comprises principles, company rules and provisions relative to the management and control of the Company's activities and includes a summary document, explaining the general regulations that are appropriate for preventing the commission of offences indicated in Legislative Decree 231/01 and a number of attachments (including, among others, the updated wording of Legislative Decree 231/01, a description of all criminal offences envisaged by the decree, a summary of so-called "*areas of activities at risk of offences being committed*" concerning the Company and relative organisational oversight, as well as general controls of single areas).

During 2018, the need to revise the Compliance Programme was evaluated, with a risk assessment conducted as well as analyses on provisions in Law no. 179 of 30 November 2017 "*Provisions to protect persons reporting offences or irregularities that come to their knowledge during public or private*

⁴³The Compliance Programme that Mediaset adopted in 2016 refers, specifically, to the following types of "predicate offence": offences that may take place during relations with the Public Administration, corporate crimes, market abuse, offences of organised crime, computer crime, negligent offences infringing occupational health and safety laws, crimes against industry and trade, handling stolen goods, money laundering and the use of any monies, goods or other utilities from illicit sources, self-laundering, and offences concerning copyright, the offence of omitting to make or making false statements to the judicial authorities, environmental offences, offences in employing citizens from third-party countries without valid permits, corruption among private entities. The Compliance Programme adopted by Mediaset in 2014 includes, as an integral part, the document "*General Guidelines on Anti-Corruption matters*", adopted as early as 2014, in order to align the Mediaset Group with the best practices developed at the international level to counter corruption. The document describes the general principles which (in compliance with provisions in the Code of Ethics and in order to prevent unlawful or improper behaviour, including acts of corruption for any reason) shall inspire the conduct and actions of all persons who work for the Company or the Mediaset Group, in particular in "areas of activities in which there is a risk that offences may be committed."

employment". Based on these assessments, a new version of the Compliance Programme was prepared, and approved by the Board on 5 February 2019.

During 2018, in view of a growing focus on corporate governance and considering the complexity of the sectors in which the Media Group operates on a daily basis, analysis was conducted to assess the feasibility of revising the current Code of Ethics, adopted in 2012, in order to clearly confirm and in some cases update the set of values and responsibilities which the Mediaset Group acknowledges, accepts, shares and undertakes. The text of a new Code of Ethics was therefore prepared, rewording some articles and introducing new ones (for example on the prevention of corruption, the use of social networks, internal control and risk management, public security, alignment with regulations on whistleblowing). The new Code of Ethics of the Group was approved by the Board on 5 February 2019.

Italian subsidiaries have adopted the new version of the Compliance Programme and the Group's Code of Ethics.

The Supervisory and Control Body

The Compliance Programme requires the Supervisory and Control Body to have several members appointed by the Board, after ensuring they meet the same integrity standards as directors of the Company and professional standards commensurate with the position they will hold. In addition they must not be ineligible for any reason or have conflicts of interest with other company departments and/or positions that could undermine their independence and freedom of action and judgement.

The Supervisory and Control Body, confirmed by the Board of Directors on 28 June 2018, after ensuring that it met the same requirements concerning reputation applicable to directors of the Company and requirements concerning adequate professional competence, and also after ensuring the absence of incompatibility and conflicts of interest with other company functions and/or positions that would undermine its independence, freedom of action and judgement, will expire from office with the approval of the Financial Statements to 31 December 2020⁴⁴. The Committee comprises three members:

Sergio Beretta	Chairman - Consultant
Silverio Di Girolamo	Consultant
Michele Perini	Consultant

The composition of the Supervisory and Control Body was considered appropriate to satisfy the requirement that this role and the ensuing responsibility must be assigned to persons that can wholly guarantee the necessary autonomy and independence that such body must possess.

Mediaset decided not to assign the Supervisory and Control Body functions to the Board of Statutory Auditors, as it considered it appropriate to keep a Body with specific responsibilities for *compliance* with Legislative Decree 231/01 and entirely dedicated to this activity.

In carrying out its activities, the Supervisory and Control Body is supported mainly by the Internal Audit department and - where necessary - it may be assisted by other company departments or outside consultants.

The Supervisory and Control Body carries out the duties and has the powers established in the Compliance Programme. To undertake its responsibilities, the Supervisory and Control Body may, at any time whatsoever, at its own discretion and independently, verify the application of the Compliance Programme and procedures relative to it, also regarding each member separately.

⁴⁴ The previous Supervisory and Control Body, whose term of office ended with the Shareholders' Meeting of 27 June 2018, comprised Sergio Beretta (Chairman), Aldo Tani and Davide Attilio Rossetti.

As a result of the audits conducted (on specific company operations and the procedures/rules of conduct adopted), and in relation to legal and/or organisational developments, or to the identification of new areas of activities at risk of serious infringements of provisions of the Compliance Programme, and/or of company procedures that refer to it, the Supervisory and Control Body also informs the Company of the advisability of making changes and updates to the Compliance Programme and/or relative procedures. With subsequent follow-up activities, the Supervisory and Control Body ensures that any corrective actions recommended to the Company have been adopted by relative company functions.

During 2018, the Supervisory and Control Body met six times and reported, every six months, to the Board of Directors, Control, Risk and Sustainability Committee, and Board of Statutory Auditors.

11.4. INDEPENDENT AUDITORS

The Shareholders' Meeting of 28 June 2017, having examined the recommendation made by the Board of Statutory Auditors, appointed Deloitte & Touche SpA. as independent auditors in charge of auditing the annual and consolidated financial statements and of performing the limited audit of the half year report for the financial years 2017/2025, pursuant to law. The Financial Statements of subsidiaries are audited.

Subsequently, on 27 June 2018 the Board, based on recommendations of the Board of Statutory Auditors, decided to supplement the auditing fees of Deloitte & Touche S.p.A. for activities carried out following the adoption of the new accounting standards IFRS 9 and 15, as well as some changes to the scope of auditing.

On 26 September 2017, the Board of Directors appointed Deloitte & Touche S.p.A. to provide services for the issue of a limited audit report on the Non-Financial Statement for the 2017-2025 period.

11.5. THE FINANCIAL REPORTING OFFICER

The Board of Directors, during its meeting of 28 June 2018, upon favourable recommendation of the Board of Statutory Auditors, confirmed Luca Marconcini, manager of the Consolidated Accounts, Accounting Principles and Risk Office department as Mediaset Financial Reporting Officer. All powers and responsibilities needed to fulfil the assignment and related tasks were attributed to the Financial Reporting Officer⁴⁵.

For the Financial Year, the Financial Reporting Officer, assisted by the Risk Office and Organisation departments, implemented, in relation to main company processes within the operating companies of the Group⁴⁶, the activities⁴⁷ required to assess, adapt, and document the Internal Control System as required by Law 262/05.

The 2018 Financial Statements and Consolidated Financial Statements of the Company include statements issued based on the programme established according to CONSOB regulations on the adequacy and actual application of procedures, as well as their consistency with accounts and adequacy in giving a true and fair view of the equity, economic and financial standing of the Company and of

⁴⁵ pursuant to Article 154-bis of Legislative Decree No. 58 of 24 February 1998 and to Article 28 of the Bylaws.

⁴⁶ With reference to listed subsidiaries, the Financial Reporting Officer of the Mediaset Group coordinates with the financial reporting officers of these companies, in order to have appropriate evidence of the activities they perform to evaluate the adequacy of controls.

⁴⁷ Specifically, the following activities were carried out:

the identification and evaluation of company processes and relative risks;

the updating of identified processes and controls;

the analysis of the adequacy of controls adopted relative to administrative/accounting and financial aspects;

testing and relative documentation of controls to check the actual application of administrative/accounting procedures;

formalisation of the remedial plan to eliminate any deficiencies identified during controls;

monitoring of the status of remedial activities and testing of relative controls implemented.

companies included in the scope of consolidation, signed by the Financial Reporting Office and Chairman of the Company.

The Financial Reporting Officer, together with the Control, Risk and Sustainability Committee and the independent auditors, assesses the correct use of the accounting standards and, in the case of the Group, their uniformity for the purpose of preparing the Consolidated Financial Statements, an activity that is performed during the first few months of each Financial Year.

In its meeting of 24 April 2018, the Board of Directors allocated funding of EUR 350 thousand per annum to the Financial Reporting Officer for expenses related to his duties.

The Board found the incentive mechanisms for the Financial Reporting Officer, last reviewed on 19 February 2019, to be commensurate to the tasks assigned to him.

11.6. COORDINATION BETWEEN PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The coordination between parties involved in the internal control and risk management system is ensured by a steady flow of information between those parties, on an ongoing and timely basis through:

- participation of the Board of Statutory Auditors in the meetings of the Control, Risk and Sustainability Committee;
- frequent participation of the Financial Reporting Officer in the meetings of the Control, Risk and Sustainability Committee; periodic information to the Control, Risk and Sustainability Committee, the Board of Statutory Auditors and the Internal Control and Risk Management System Director appointed by the Internal Audit Manager, regarding the activities performed within the internal control and risk management system;
- exchange of information between the Control, Risk and Sustainability Committee, the independent auditors and the Financial Reporting Manager with regard to the accounting principles applied in the Mediaset group and their uniformity for the purposes of preparing the consolidated financial statements;
- periodic reporting by the Supervisory Body to the Board of Directors and the Board of Statutory Auditors.

12. INTERESTS OF DIRECTORS AND RELATED-PARTY TRANSACTIONS

Procedure for related-party transactions

The Board meeting of 9 November 2010, with the favourable opinion of the Governance Committee, approved the "Procedure for transactions with related parties"⁴⁸ and established the Committee of Independent Directors (now the Related Parties Committee).

Subsequently, in its meeting of 17 December 2013, taking note of the favourable opinion of the Committee, the Board of Directors amended article 7 letter a) of the Related Parties Procedure, effective as from 1 January 2014⁴⁹. During 2017, the Committee carried out three-year analysis,

⁴⁸ Implementing the provisions of the "Regulations on transactions with related parties," adopted by Consob with resolution No. 17221 of 12 March 2010, and later amended by resolution No.17389 of 23 June 2010, the procedure, which can be consulted on the website, sets forth the rules to identify, approve, perform, and publish transactions with related parties conducted by Mediaset S.p.A., either directly or through subsidiaries, in order to ensure the transparency and substantial and procedural correctness of said transactions, as well as the cases of exclusion from the implementation of said rules.

⁴⁹ The amendment concerned the introduction of the threshold for transactions of low value with counterparts that are natural persons. Specifically, the Procedure identifies material and non-material transactions, establishing the rules for carrying them out and identifying transactions to which the foregoing regulations do not apply. Excluded transactions include, in particular, non-material transactions (of a total value not above EUR 300,000.00 if

confirming the effectiveness and suitability of the Procedure to guarantee the substantial and procedural fairness of related-party transactions with Mediaset and expressed a positive opinion on the decision to not make any amendments to the Procedure in effect.

Related Parties Committee

The Related Parties Committee, appointed on 28 June 2018, consists of three independent directors who will remain in office until the term of office of the entire Board expires⁵⁰.

Marina Brogi	Chairman - Independent Director
Giulio Gallazzi	Independent Director
Carlo Secchi	Independent Director

The Committee has its own operating regulations and minutes are taken of all meetings. The Manager of the Company's Affairs Department, appointed as Committee Secretary, attends the meetings. In the days preceding meetings, sufficiently in advance of the meeting, the Secretary, as agreed with the Committee Chairman, sends to the Governance Committee members all available documents and information on items on the agenda.

The Committee met six times during 2018.

The percentage of each director attending Committee meetings is shown in Attachment D to this Report.

As a rule, all members of the Board of Statutory Auditors take part in the meetings, and the managers of specific company departments and external consultants were invited to attend by the Committee Secretary, to explain particular issues.

The Related Parties Committee carries out the duties established by the Regulation on Related-Party Transactions and the Related-Party Procedure. Specifically, as regards non-material transactions, its opinions are non-binding; as regards material transactions, its opinions are binding.

The Committee expressed opinions on minor related-party transactions, including the favourable opinion on the compensation package of the Chairman Fedele Confalonieri, defined during the agreed on termination of the executive employment contract between the Chairman and the Company as from 31 July 2018⁵¹, and the favourable opinion on the variable component of compensation to give to key management personnel, as proposed by the Deputy Chairman and Chief Executive Officer.

The Committee also carries out periodic analyses and controls based on reports.

The Committee also carries out periodic analyses and controls based on reports prepared by the Corporate Affairs Department, pursuant to Article 8.5 of the Related-Party Procedure.

In its meeting of 28 June 2018, the Board of Directors allocated funding of EUR 100 thousand per annum to the Related Parties Committee for expenses related to its duties.

The Committee members are given a fee for attending each meeting, in the amount set by the Shareholders' Meeting of 27 June 2018.

the counterpart is a natural person and not above EUR 500,000.00 if the counterpart is a corporate body), transactions with, or between, subsidiaries and affiliated companies, and normal transactions.

⁵⁰ The previous Committee of Independent Directors for Related-Party Transactions, whose term of office ended with the Shareholders' Meeting of 27 June 2018, comprised Michele Perini (Chairman), Alessandra Piccinino and Carlo Secchi.

⁵¹ Further information is available in the press release of 27 July 2018 published on the Company's website.

Directors with interests

Before dealing with transactions, the Directors shall give exhaustive information to other Directors and to the Board of Statutory Auditors of all interests, even potential, which they have in a specific transaction of the Company, on their own behalf or that of third parties, independently of any situation of conflict; they shall also specify the nature, terms, origin, and scale of said interests; if the Director involved is the Chief Executive Officer, he shall also refrain from carrying out the transaction.

13. APPOINTMENT OF STATUTORY AUDITORS

The appointment of Statutory Auditors is regulated by Article 28 of the Company Bylaws given in Attachment E to this Report.

The Shareholders' Meeting elects the Board of Statutory Auditors, consisting of three regular auditors and three alternate auditors, who remain in office for three financial years until the date of the Shareholders' Meeting convened to approve the Financial Statements of the third financial year. The auditors may be re-elected.

All Statutory Auditors shall be included in the Register of Auditors established by the Ministry of Justice and have carried out auditing for a minimum of three years. In addition, the Statutory Auditors must satisfy the requirements of the laws and regulations in effect and the Board makes sure that said requirements are satisfied.

Based on the Company Bylaws, lists may only be presented by shareholders who have voting rights and who, either alone or together with other shareholders, hold the amount of share capital required by the Company Bylaws to present lists for the appointment of members of the Board of Directors. Pursuant to Consob resolution No. 19856/2017, the shareholding percentage required to present lists of candidates for the Board of Statutory Auditors at the Shareholders' Meeting of 28 June 2017 amounted to 1%.

14. STATUTORY AUDITORS

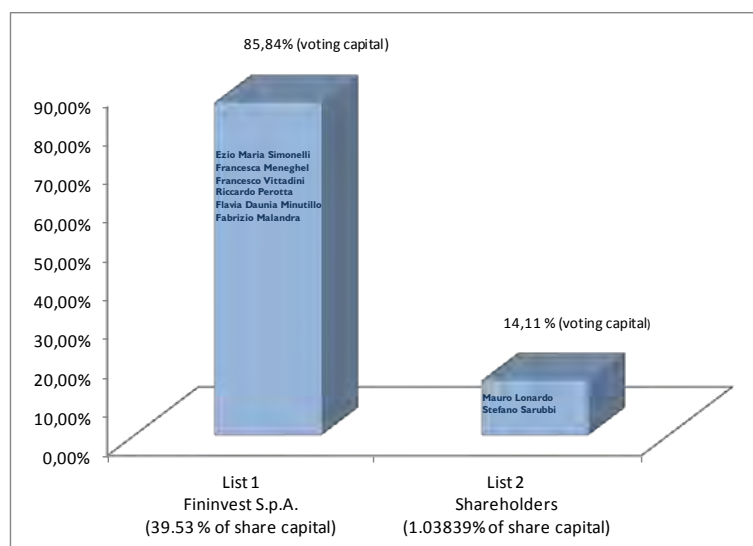
Pursuant to the legal provisions in force, the Board of Statutory Auditors supervises: compliance with law and Company Bylaws, compliance with the principles of fair and proper administration, the adequacy of the Company's organisational structure for areas under its responsibility, the internal control system, the administrative/accounting system, as well as the reliability of the latter in correctly representing operating data, the procedures to implement corporate governance regulations required by governance codes prepared by companies managing regulated markets or trade associations, which the Company, through disclosure to the public, declares it adopts, and the adequacy of provisions issued by the Company to subsidiaries.

At present, the Board, whose term of office will end with the Shareholders' approval of the Financial Statements at 31 December 2019, comprised:

Mauro Lonardo, Francesca Meneghel, Ezio Maria Simonelli, Regular Auditors; Stefano Sarubbi, Flavia Daunia Minutillo and Riccardo Perotta, Alternate Auditors. Attachment F to this report shows the composition of the Board of Statutory Auditors.

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

Two lists were presented at the Shareholders' Meeting of 28 June 2017 (610,567,493 shares, or 51.69% of the share capital)⁵².



The curricula vitae of the members of the Board of Statutory Auditors may be consulted on the Company's website and are also shown in Attachment G to this report.

The composition of the Board of Statutory Auditors has not changed since the end of the reporting period.

DIVERSITY CRITERIA AND POLICIES

On 24 April 2018 the Board of Directors approved the adoption of a policy on the composition of the Board of Statutory Auditors pursuant to the provisions of paragraph 2, letter d-bis of Article 123 of the TUF, as well as the recommendations of the Corporate Governance Code for Listed Companies. The Board of Statutory Auditors, the Governance and Appointments Committee and the Control and Risks Committee, the latter having advisory functions in the area of sustainability, were involved in the adoption of the Policy on the Board of Statutory Auditors' Diversity and expressed prior favourable opinion to the Board regarding the Policy. This policy, set out in Attachment H to this Report, contains guidelines and recommendations that have been considered functional to achieving the objective of a Board of Statutory Auditors made up of individuals capable of effectively carrying out their mandate.

The Board of Statutory Auditors ascertained that the current composition met recommendations, and that objectives of the Policy on diversity had been met.

During 2018, the Board of Statutory Auditors met 22 times. On average, each meeting lasted approximately 2 hours. For 2019, 16 meetings have been scheduled, of which 5 have already been held.

⁵²The first list was presented by the shareholder Fininvest S.p.A. The second list was presented by the following shareholders:

ALETTI GESTIELLE SGR S.P.A. (Fund manager: Gestielle Cedola Italy Opportunity and Gestielle Obiettivo Italia), ANIMA SGR S.P.A. (Fund manager: Anima Italia, Anima Geo Italia and Anima Iniziativa Italia), ARCA S.G.R. S.P.A. (Fund manager: Arca Azioni Italia), FIDEURAM ASSET MANAGEMENT (IRELAND) (Fund Manager: Fonditalia Equity Italy and Fideuram Fund Equity Italy), FIDEURAM INVESTIMENTI SGR (Manager of Fideuram Italia fund), INTERFUND SICAV (INTERFUND EQUITY ITALY), GENERALI INVESTMENTS LUXEMBURG SA (Fund manager: GIS Euro Equity Mid Cap), LEGAL & GENERAL ASSURANCE (Pensions Management) LIMITED, MEDIOLANUM GESTIONE FONDI SGR SPA (Fund manager: Mediolanum Flessibile Futuro Italia, Mediolanum Flessibile Globale e Mediolanum Flessibile Sviluppo Italia), MEDIOLANUM INTERNATIONAL FUNDS – CHALLENGE FUND – CHALLENGE ITALIAN EQUITY, PLANETARIUM FUND ANTHILIA SILVER

As disclosed to the market upon appointment by the Shareholders' Meeting of 28 June 2017, all the Statutory Auditors declared that they met the requirements for the office set forth by law and by the by-laws. On 18 December 2018, in accordance with the requirements of the Code, aimed at ensuring that the statutory auditors satisfy the independence requirements, the Board of Statutory Auditors assessed whether its members satisfy said independence requirements. Outcomes were notified to the Board on 12 March 2019.

On 18 December 2018, the Board of Statutory Auditors verified the correct application of the criteria and procedures used by the Board to evaluate the independence of directors. In particular, with reference to assessments made by the Governance and Appointments Committee, concerning the Director Francesca Mariotti still meeting independence requirements, following her notification that she had married an employee of Fininvest S.p.A., the Board considered the assessment in line with recommendations of the Corporate Governance Code.

Before meetings, Statutory Auditors are given documents on items to evaluate and resolutions to be passed.

The Board of Statutory Auditors also monitored the independence of the independent auditors, verifying compliance with relevant regulatory provisions regarding the nature and extent of the various services supplied to Mediaset and its subsidiaries by the independent auditors and by entities belonging to their network. The Board of Statutory Auditors had no objections to report.

With regard to the requirements for the Statutory Auditors, it is reported that the Board of Statutory Auditors currently in office satisfies all legal requirements.

When performing its activities, the Board of Statutory Auditors coordinated with the Internal Audit department, the Control, Risk and Sustainability Committee, the Governance and Appointments Committee and Related Parties Committee, and also participated in all Committee meetings, including Compensation Committee meetings.

Information is exchanged regularly between the Board of Statutory Auditors and the Chairmen of the Boards of Statutory Auditors of the subsidiaries. The Board also met with the Supervisory and Control Body of Mediaset.

The Chairman of the Board of Directors ensured that the Statutory Auditors, after their appointment and during their term of office, were able to take part in initiatives designed to give them adequate knowledge of the business sector in which the Group operates, of the company dynamics and their development, as well as of the legal and regulatory framework⁵³.

The Board of Statutory Auditors' compensation is determined, pursuant to the Bylaws, by the Shareholders' Meeting. For detailed information on the compensation of members of the Board of Statutory Auditors, reference is made to the Compensation Report of the Company⁵⁴.

15. RELATIONS WITH SHAREHOLDERS

The Company's website publishes financial information (financial statements, half-year reports and periodic additional financial information, presentations to the financial community and the performance of Stock Exchange transactions involving financial instruments issued by the Company) as well as data and documents that are of interest to shareholders (press releases, the composition of Company bodies and committees, the Company Bylaws, the regulations of the Shareholders' Meeting and minutes of General Meetings, as well as documents and information on corporate governance and the compliance programme pursuant to Legislative Decree no. 231/2001). On the same website, in the "Corporate / Sustainability" section, the Non-Financial Statement is also available.

⁵³ Can be consulted at chapter 4.2 Composition - "Induction Programme".

⁵⁴ Additional information is available at the website www.mediaset.it

In order to establish an ongoing relationship with the shareholders, based on an understanding of the respective roles, the Board of Directors identified the Chief Financial Officer of the Group Marco Giordani as the officer in charge of managing relations with the shareholders.

For this purpose the Chief Financial Officer is assisted by the following two functions that report directly to him:

- the Company Affairs Department, which oversees relations with Retail Investors and Institutional Entities (CONSOB, Borsa Italiana);
- The Investor Relations Department, which oversees relations with the financial community (financial analysts, institutional investors and ratings agencies).

In January, the financial calendar with details of main financial events, is reported to the market and published on the Company's website.

The contact details and telephone numbers of the Corporate Affairs Department and Investor Relations Department are also published on the Company's website.

16. SHAREHOLDERS' MEETINGS

The Shareholders' Meeting brings together the Company's management and shareholders.

In convening, planning and managing Shareholders' Meetings, particular attention is paid to encouraging Shareholder involvement, and to guaranteeing the highest standards of information given during meetings, in compliance with restrictions and procedures for disseminating price-sensitive information.

The Shareholders' Meeting, when duly established, represents all shareholders and its resolutions, passed in conformity to law, are binding on all shareholders, even if absent or in disagreement. The Shareholders' Meeting meet in cases and according to procedures established by law, at the registered office of the Company or elsewhere, provided the venue is in Italy. As established by Article 9 of the Company Bylaws, the Shareholders' Meeting shall be convened by a notice published according to law, containing the date, time and venue, items to discuss, as well as any other information that is required by laws in force. The notice and documentation concerning the items in the agenda must be published on the Company's website within the terms required by the law, in accordance with the methods established by the legislation in effect.

The Board of Directors promotes initiatives to encourage the utmost shareholder involvement in meetings and facilitate the exercise of their rights, acting to limit restrictions and obligations that make it difficult or expensive for them to take part in the Shareholders' Meeting and exercise their right to vote regulated by Article 11 of the Company Bylaws.

Each shareholder who has the right to take part in the Shareholders' Meeting may be represented by written proxy, pursuant to law. According to the provisions of Article 135 - undecies of the TUF, the Company has identified as delegated representative for the 2018 shareholders' meetings the company Computershare S.p.A. with registered office in Milan, via Lorenzo Mascheroni 19 to which the shareholders can grant a proxy, with voting instructions on all or some of the proposals on the agenda. The notice convening the Shareholders' Meeting indicates all relevant information.

Generally, all directors take part in Shareholders' Meetings. The Meetings are an opportunity to inform shareholders about the Company, in compliance with regulations on inside information.

The Shareholders' Meeting is chaired by the Chairman of the Board of Directors, and, in his absence, by the Deputy Chairman.

During the Shareholders' Meeting, the Board of Directors reports on activities carried out, referring to Directors' Reports, previously published in accordance with the law and regulations, and replying to requests for clarifications from shareholders. The draft financial statements and consolidated financial statements, and relative reports, as well as the Directors' report on proposals concerning items on the agenda is handed out to those attending the meeting and sent to Shareholders who have taken part in previous meetings, to ensure they are given adequate information on the elements necessary to make informed decisions.

The purpose of the voting system used at the Shareholders' Meeting (remote control) is to facilitate shareholders in exercising their rights and guarantee that voting results are immediately available.

The Shareholders' Meeting has all powers established by law⁵⁵. The Shareholders' Meeting's Regulations govern the proceedings of the Shareholders' Meeting.

In the Shareholders' Meeting of 27 June 2018, 13 directors took the floor.

17. CHANGES AFTER THE END OF THE REPORTING PERIOD

No changes to the corporate governance structure took place after the end of the 2018 reporting period.

18. CONSIDERATIONS ON THE LETTER OF 21 DECEMBER 2018 OF THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

During the meeting on the Board's self-assessment, the "Main areas for improvement identified in 2018", contained in the letter of the Chairman of the Corporate Governance Committee of 21 December 2018 were reviewed; Directors contributed opinions concerning these areas for improvement, confirming the adequacy of measures adopted by the Board; in more detail, as regards each of the four areas, the following information is reported:

1. Pre-board meeting disclosure: the assessment of Directors on the adequacy and timeliness of information flows was positive, also considering findings described in the section on self-assessment.
2. Independence: the Directors considered the analysis of criteria to be accurate and in-depth, in formal and substantial terms, resulting in a thorough assessment of the independence of each Director.
3. Board evaluation: procedures are structured and explained well in the Report on corporate governance and ownership structure, with the actual involvement of the Governance and Appointments Committee in coordinating the annual self-assessment process.
4. Adequacy of compensation policies: directors were satisfied with the work carried out by the Compensation Committee and Board on remuneration policies.

⁵⁵Pursuant to the Company Bylaws, assigning powers to the administrative body to resolve on matters that by law are assigned to the Extraordinary Shareholders' Meeting (resolutions regarding mergers and demergers in cases provided for by Articles 2505, 2505-bis and 2506-ter of the Italian Civil Code, the opening or closing of secondary sites, appointing directors to represent the Company, reducing share capital in the case of withdrawal of a shareholder, making amendments to the Company Bylaws to take into account legal provisions), do not diminish the powers of the Shareholders' Meeting to pass resolutions on such matters. As regards the establishment and resolutions of the Ordinary and Extraordinary Shareholders' Meetings, on first and subsequent calls, relative legal provisions apply.

ATTACHMENT A

Company Bylaws

Board of Directors

Article 17)

1. The Company is managed by a Board of Directors, consisting of seven to fifteen Directors, who may be re-elected.
2. Before appointing the Board, the Shareholders' Meeting determines the number of members of the Board and their term of office, in compliance with the time limits established by law.
3. The Board of Directors is appointed by the Shareholders' Meeting based on lists, which may contain a maximum of twenty-one candidates, each numbered consecutively, from one to the number of candidates specified in the list. Lists can be presented by the shareholders or by the Board of Directors.
4. Each candidate may only be in one list. Failure to observe this provision will make the candidate ineligible for election.
5. Each shareholder may not present, or contribute to present, or vote for more than one list, even through an intermediary or trust company. Shareholders belonging to the same group - namely the parent company, subsidiaries and companies subject to joint control - and shareholders that take part in a shareholders' agreement pursuant to Article 122 of Italian Legislative Decree 58/1998 relative to shares of the Company, may not present, or take part in presenting, or vote for more than one list, even through an intermediary or trust company.
6. Lists may only be presented by shareholders who have voting rights and who, either alone or together with other shareholders, represent at least the percentage of subscribed share capital at the time of presenting the list, established and published by Consob pursuant to regulation adopted by resolution no. 11971 of 14 May 1999 as amended, as, from time to time, specified in the notice of Shareholders' Meeting called to resolve on the appointment of the Board of Directors.
7. Ownership of the minimum amount of shares as per paragraph 6, required to present the lists, shall be calculated by taking into account the shares that are registered in the shareholder's name on the day when the lists are filed at the Company.
Certification proving ownership may also be presented after the list has been filed, provided this is within the deadline for the company to publish the lists.
8. In order to decide on directors to elect, lists that do not have a number of votes at least equal to half that required by the Company Bylaws or by pro tempore laws in force on the presentation of lists, will not be considered.
9. Each list shall include at least two candidates who meet the requirements for independence established by pro tempore laws in force, indicating them separately. Moreover, each list with at least three candidates shall indicate candidates of different gender, as indicated in the notice convening the meeting, in order to comply with pro tempore laws on gender balance.
10. Each list must be accompanied by (i) the professional curricula of the candidates, containing exhaustive information on their personal and professional characteristics, (ii) the certification of their eligibility, if any, to qualify as independent, in accordance with the pro tempore law in force, (iii) the statements by which individual candidates accept their candidature and declare, under their own responsibility, that no reasons exist preventing them from being elected or making them incompatible as established by law, and that they meet the requirements of law and regulations for members of the Board of Directors and (iv) the additional information required by the pro tempore laws in force and by the by-laws, which shall be specified in the notice of call.
11. Each list must be signed by the shareholders presenting them, and filed at the Company's registered office within twenty-five days prior to the date of the Shareholders' Meetings on first or single call, without prejudice to the terms established by law for filing notices convening meetings subsequent to meetings on first call, and made available to the public, according to pro tempore laws in force.
12. Without prejudice to the possibility to produce certification proving the ownership of shares according to the terms in paragraph 7 herein, when presenting lists, information shall be given relative to the identity of shareholders submitting the list, indicating the percentage of their total shareholding.
13. Shareholders other than those that hold, also jointly, a controlling or relative majority shareholding shall also present a statement certifying the absence of any relationships with the latter, as provided for by law.
14. The list presented by the Board of Directors must (i) be filed and made public, in accordance with the regulations as from time to time applicable to the lists presented by shareholders, within thirty days prior to the date of the Shareholders' Meetings on first or single call, without prejudice to the terms established by law for filing notices convening meetings subsequent to meetings on first call, and made

available to the public, according to pro tempore laws in force and (ii) satisfy, mutatis mutandis, the requirements established for the submission of lists by shareholders.

15. Any lists presented without observing the above provisions shall be intended as not presented and not included in the voting.

16. The election of the Board of Directors shall take place as follows:

(a) from the list that obtained the highest number of votes (the "Majority List"), according to the progressive order in which they were listed, all the directors to be elected are drawn minus two, if the number of members of the Board of Directors to be elected is between seven and eleven, or three if the number of members of the Board of Directors to be elected is between twelve and fifteen. The office of Chairman of the Board of Directors will be assigned to the candidate listed first in the Majority List;

(b) the remaining members of the Board of Directors are drawn from the lists that are not connected in any way, including indirectly, with the shareholders who presented or voted for the Majority List (the "Minority Lists").

17. The votes obtained by each of the Minority Lists are divided by whole consecutive numbers from one up to the number of directors to be elected. The quotients obtained in this way are progressively attributed to the candidates of each Minority List, following the order in each list. The quotients attributed to the candidates of the Minority Lists are put in a single ranking in decreasing order. Those who obtained the highest quotients are elected as Directors, up to the number required to complete the composition of the Board of Directors.

18. If more than one candidate in the Minority Lists have obtained the same quotient, the candidate in the list from which no director has yet been elected or from which the lowest number of directors has been elected, shall be elected. If none of these lists have elected a director or have all elected the same number of directors, the candidate from these lists with the highest number of votes will be elected. In the event of a tied vote between lists and with the same quotient, a second ballot shall be held by a new vote by the entire Shareholders' Meeting, with the candidate obtaining the simple majority of votes being elected.

19. If, by following the previously defined procedure, the composition of the Board cannot be completed, the additional members shall be elected by taking candidates from the Majority List, in the order in which they are listed, not yet elected who fulfil the independence and gender requirements set forth by the pro tempore law in force.

20. If the composition of the Board obtained by applying the preceding paragraphs does not ensure gender balance, taking into account the order in which they are listed, the last elected in the Majority List of the most represented gender shall be removed by a number necessary to ensure compliance with the requirement, and shall be replaced by the first non-elected candidates from the same list of the less represented gender. In the absence of a sufficient number of candidates of the less represented gender in the Majority List, the shareholders' meeting shall appoint the missing directors according to the majority established by law, ensuring satisfaction of the requirement. The replacement of elected members of the most represented gender who satisfy the independence requirements prescribed by the pro tempore laws in force must in any case be made with candidates who meet the same requirements.

21. The same procedure shall apply mutatis mutandis if the number of independent directors required by the pro tempore laws in force has not been elected.

22. If only one list has been presented, the Shareholders' Meeting votes on the list and if the relative majority is obtained, candidates listed in consecutive order, up to the number established by the General Meeting, are elected, without prejudice to compliance with requirements established by pro tempore laws in force and the Company Bylaws on the composition of the Board of Directors, and in particular on gender balance. The candidate in first place on the list shall be elected as Chairman of the Board of Directors.

23. If no lists are presented or if application of the criteria referred to in the preceding paragraphs does not allow for all the members of the Board of Directors to be elected, the Shareholders' Meeting shall forthwith appoint the missing directors by resolution adopted by simple majority, on the proposal of those in attendance who have the right to vote, ensuring compliance with the requirements set forth by the pro tempore laws in force and by the Bylaws with regard to the composition of the Board of Directors and, especially, with regard to gender balance.

24. The voting procedure with lists is only applied in the case of renewal of the entire Board of Directors.

25. If one or more directors no longer holds office, for any reason whatsoever, directors remaining in office shall replace them by co-option, ensuring, in any case, compliance with requirements established by pro tempore laws in force and by the Company Bylaws on the composition of the Board of Directors, and in particular, concerning gender balance. Directors, appointed pursuant to Article 2386 of the Italian Civil Code, are elected by the Shareholders' Meeting with the majorities established by law, so as to ensure compliance with requirements established by pro tempore laws in force and by the Company

Bylaws on the composition of the Board of Directors, and in particular, concerning gender balance; directors appointed in this manner remain in office until the term of office of other directors expires.

ATTACHMENT B**Personal and professional profiles of Directors**

FEDELE CONFALONIERI - Fedele Confalonieri was born in Milan on 6 August 1937. He graduated with a degree in Law from Milan University. He is a member of the Advisory Board of Confindustria and Assolombarda. He is a Board Member of the Italian daily newspaper "Il Giornale", Chairman of the Veneranda Fabbrica del Duomo in Milan and a member of the General Council of Confindustria Radio Televisioni. He is also Director and Deputy Chairman of the Board of Mediaset España Comunicación S.A.

PIER SILVIO BERLUSCONI - Pier Silvio Berlusconi was born in Milan on 28 April 1969. He began his professional career in 1992 in the marketing department of Publitalia, moving on to the Italia 1 television network. In November 1996 he became Manager for the coordination of content and programmes of Mediaset networks. In 1999 he was appointed Deputy Director General of Content R.T.I. He has been Deputy Chairman of the Mediaset Group since April 2000, besides being Chairman and Chief Executive Officer of R.T.I. In April 2015, he was appointed Chief Executive Officer of Mediaset S.p.A. He is also on the Board of Directors of the following companies: Arnoldo Mondadori Editore S.p.A., Fininvest S.p.A. and Publitalia '80 S.p.A.

MARINA BERLUSCONI - Marina Berlusconi was born in Milan on 10 August 1966. She joined the company at a very young age and has always been deeply interested and involved in the management and development of the Group's economic and financial strategies. In July 1996, she was appointed Deputy Chairman of Fininvest S.p.A., a position she held until October 2005, when she was appointed Chairman of the holding company. Since February 2003 she has been the Chairman of Arnoldo Mondadori Editore S.p.A. She is also a Director of Mondadori France SAS.

MARINA BROGI - Marina Brogi was born in Rome on 15 July 1967. She holds a Degree in Economics and Politics from Bocconi University, awarded in 1988 with Professor Tancredi Bianchi as supervisor, and completed her studies at the London Business School. She is Full Professor in International Banking and Capital Markets at the Faculty of Economics, La Sapienza University Rome, where she held the post of Deputy Dean from 2011 to 2017. She is Chair of the Technical/Scientific Committee of the Italian Association of Financial Industry Risk Managers (AIFIRM). She is a Member of the Scientific Committee of the Confindustria Studies centre. From 2014 to 2016 she was with the Securities and Markets Stakeholder Group of ESMA. She has been a committee member for numerous competitive state examinations for CONSOB, and has acted as expert for the Ministry of the Interior and assisted the XI Labour Commission of the Senate and VI Finance Commission of the Chamber of Deputies. Since 2008, she has been a board member of listed and unlisted companies. At present she holds the position of Independent Director and Chairman of the Remuneration and Appointments Committee of Salini-Impregilo; She is an Independent Director and Chairman of the Related Parties Committee of Banco di Desio e della Brianza. She has previously been Lead Independent Director for Luxottica; She is on the supervisory board of A2A and UBI Banca; she is an Independent Director of Prelios; UBI Pramerica SGR.

ANDREA CANEPA - Andrea Canepa was born in Milan on 21 November 1961. Andrea Canepa holds a Degree in Law from Milan University, and attended a specialist post-graduate course at Bocconi University SDA "Corporate General Counsel", qualifying as a lawyer. His professional experience has mainly been in corporate law, with a particular focus on regulation and the corporate governance of listed issuers and management of extraordinary transactions. He held corporate management positions for Montedison S.p.a. from 1989 to 1996, was Legal and Corporate Affairs Manager of the Manuli Group

from 1997 to 1999, and Corporate Affairs Manager from 2000 to 2008, becoming General Counsel Legal and Corporate Affairs Director from 2008 to 2013 for the Mondadori Group. He is a corporate consultant with the Studio Legale Spada legal practice in Milan and is a consultant for Corporate Affairs and Governance of the Reno de Medici Group.

RAFFAELE CAPIELLO - Born in Rome on 17 September 1968. Raffaele Capiello holds a First-Class Degree in Law from La Sapienza University, Rome. Since 1992 he has been a legal consultant, also acting as counsel in legal proceedings regarding corporate, banking, financial and insolvency law for the legal practice of Professor Libonati, Rome. He was partner of the "Libonati-Jaeger" professional association until 2010, when he set up his own practice in Rome. He is a Lecturer of Business Law at the School for Legal Professional Specialisation of La Sapienza University, Rome (2013/2018) and of Insolvency Law for the Master's Course for insolvency practitioners at the Università degli Studi Niccolò Cusano University (since 2018). He has been a member of the Financial Banking Arbitration Board of Rome since 2015. He has been appointed to act in insolvency proceedings by Courts, the Italian Ministry of Economic Development and Bank of Italy, in a capacity as: Receiver of Gruppo Cotorossi (in extraordinary administration), Gruppo Cogolo (in extraordinary administration), Gruppo Altiforni e Ferriere di Servola (in extraordinary administration), Cavirivest s.p.a. (in extraordinary administration); Liquidator of Il Manifesto soc coop (in compulsory liquidation) and Official Receiver in the creditor arrangement proceedings of Acqua Marcia RE spa.. He has held positions as independent director in financial and listed companies. At present, he holds the following positions: Minority interest-appointed independent director of B&C Speakers SpA, listed on the Milan Stock Exchange, Director of the S.I.A.E. Pension Fund. Chairman of the Advisory Board of Fondo Igea - the mutual investment fund for qualified investors of Prelios SGR spa, Member of the Advisory Board of Fondo Tessalo - the closed, reserved alternative investment fund managed by DeA Capital Real Estate SGR SpA.

COSTANZA ESCLAPON DE VILLENEUVE - Costanza Esclapon De Villeneuve was born in Florence on 28 September 1965. She is the Founder and Chair of Csc Vision, a strategic communication consulting company, and was Director of Communications and External Relations for RAI, from 2012 to 2016. She previously held the position of Director of External Relations for Wind and Alitalia, and was press office director for Intesa Sanpaolo and Enel.

She has taught Communication at La Sapienza University, Rome. She received the Bellisario Award in 2013 and is on the board of FAI.

GIULIO GALLAZZI - Giulio Gallazzi was born in Bologna on 8 January 1964. He was awarded a Degree in Business and Economics in 1987, and an MBA from SDA Bocconi Milan in 1990, and went on to be a Visiting Scholar at the Harvard Business School. He is the founder and current Chairman and CEO of SRI Group, an international holding which controls nine operating companies with strong links on a strategic business level, based in London and with offices in Milan, Rome, Brussels, Shanghai and Beijing, active in numerous joint ventures set up in 15 countries across the globe. The Group is a major player for European companies that put international development at the centre of their own strategies. The SRI Group operates in areas including Business Development, Corporate Finance, International Business Management, Corporate and Governance Restructuring. Over the years, it has gained considerable experience in private equity operations in the banking and insurance, industrial hi-tech and sports and entertainment sectors, gaining considerable experience in managing strategic change from the traditional economy to the digital economy, in international finance and industry. He was a Board Director of Ansaldo STS from 2014 to 2016, a leading Italian company at international level in railway and underground transport signalling technologies.

He served on the board of the Banca Carige Group from 2016 to 2018, where he oversaw a governance crisis and was appointed Chairman of the Board to run the bank up to the shareholders' meeting, at a particular time of transition with the Bank involved in a difficult turnaround strategy, which is still ongoing. He has published numerous papers and articles on company development and sustainable finance. He had an important sporting career in his youth and was European American football champion playing for Italy as captain in 1987. He was also Italian champion in 1986 with the Bologna Warriors team. In 1988 he was voted MVP of the championships.

MARCO GIORDANI - Marco Giordani was born in Milan on 30 November 1961. He was awarded a degree in Economics and Business from Bocconi University, Milan. Since 2000 he has been Chief Financial Officer of the Mediaset Group. He is Chairman of Mediaset Premium S.p.A., Monradio S.r.l., RadioMediaset S.p.A. and Virgin Radio Italy S.p.A. He is also Chief Executive Officer of R.T.I., Board Director of Mediaset S.p.A., Mediaset España Comunicación S.A., Publitalia '80 S.p.A., Medusa Film S.p.A., 2i Towers Holding S.p.A. and 2i Towers S.p.A., as well as a member of the Mediaset Executive Committee. From 1998 to 2000, he worked for IFIL S.p.A., as Head of Investment Control, and was subsequently appointed Board Director and Executive Committee member of LA RINASCENTE S.p.A., as well as Director of S.I.B. (Società Italiana Bricolage). In 1991 he became Finance Manager of the RINASCENTE Group and Chief Financial Officer in 1997.

FRANCESCA MARIOTTI - Francesca Mariotti was born in Frosinone on 16 March 1973. She is a lawyer and registered auditor. She has been Director of Tax Policies for Confindustria, the main association representing manufacturing and service companies in Italy, bringing together other 150,000 member businesses, since 2014. She has been responsible for the technical definition of the tax policies promoted by the Association; she has analysed and steered economic and accounting policy for member businesses, engaging with national and international organisations. She served on the ministerial committee to align regulations on business income with international accounting standards, and with the commission on tax erosion and tax expenditure revision set up by the Ministry for Economy and Finance, in 2007 and 2011 respectively. Before arriving at Confindustria, she gained over ten years' experience in taxation, initially with KPMG International Studio Associato, and later in the banking and cooperation industries, at Federcasse - the Italian Federation of Cooperative and Small Banks. She has written various articles and papers on taxation and been a speaker at conferences. She lectures on masters courses and is also a trainer.

GINA NIERI - Born in Lucca on 2 December 1953, she has two daughters. She earned a degree in Political Sciences from Pisa University and specialised in journalism and mass communication at Luiss University, Rome. She has been working in commercial television since 1977, firstly as General Secretary of FIEL, the first association of "free" broadcasters. She then joined FRT - the Federation of Radio and Television Operators - as Director remaining until 1990, when she joined the FININVEST GROUP as Manager for Relations with Trade Associations. Currently at MEDIASET, she holds the position of Director of Institutional and Legal Affairs and Strategic Analysis. Since June 2007 she has been Deputy Chairman of R.T.I. S.p.A., and a board member since 1999. In June 2018 she was confirmed member of the Board of Directors of Mediaset S.p.A., a position that she has held since 1998, and member of the Executive Committee. In April 2017, she was appointed to the Board of Directors of Publitalia '80 2018 S.p.A.. In April 2018, she was appointed Director of Mediaset España Comunicación S.A. She serves on the Board of Directors of Class CNBC S.p.A.. From 2000 to 2005 she was a member of the Board of Directors of ALBACOM S.p.A representing Mediaset. She is member of the General Council of CONFINDUSTRIA. She is member of the President's Committee of the Master in Marketing, Digital Communication and Sales Management di PUBLITALIA. She has participated and participates in

work groups at the European Commission, on matters concerning the protection of minors, also on the Internet, pluralism of the media, management of the radio spectrum and copyright. On 27 December 2012 she was awarded the title "Commendatore dell'Ordine al Merito della Repubblica Italiana" (Commander of the Order of Merit of the Italian Republic).

DANILO PELLEGRINO - Danilo Pellegrino was born in Milan on 18 September 1957. While studying Business and Economics at Cattolica University, Milan, he joined Magneti Marelli S.p.A., a Fiat Group company, in 1975, holding various positions in Administration and Control. At present he is Chief Executive Officer of Fininvest S.p.A., Chairman of Il Teatro Manzoni, Milan, Alba Servizi Aerotrasporti and ISIM and is on the board of Società Sportiva Monza 1912 S.p.A., a Fininvest Group company. He is a Board Director of Arnoldo Mondadori Editore S.p.A.

NICCOLO' QUERCI - Niccolò Querci was born in Florence on 10 May 1961. He was awarded a degree in Law from Siena University in 1986 and a Master's in Business Communication in 1988. Since 2007 he has been Central Manager of Human Resources and Operations in the Mediaset Group and Deputy Chairman of Publitalia '80 S.p.A.. Since late 2014, he has been Central Manager, Procurement. From 2006 to 2010 he was Chairman of Media Shopping S.p.A.. Since 2003 he has been Managing Director of R.T.I. S.p.A. for Human Resources, General Services and Safety. Since 2001 he has been Deputy Chairman of R.T.I. S.p.A.; from 1999 to 2006 he was Director of artistic resources, productions, entertainment and sport and, until 2008, he was Manager for diversified and new business activities of the Group. From 1992 to 1999 he was Assistant and Secretarial Officer of Silvio Berlusconi, holding various organisational positions over the years. From 1989 to 1992 he was Key Account Manager and assistant Chairman and Chief Executive Officer of Publitalia '80, and Account Executive from 1987 to 1988 at P. T. Needham. He is also director of Mediaset S.p.A. and on the Executive Committee of Mediaset España Comunicación S.A..

STEFANO SALA - Born in Milan on 23 September 1962; he is married and has three children. He holds a degree in business management from "Luigi Bocconi" University in Milan. He has been Board Director of Mediaset S.p.A. (since April 2015) and is on the Executive Committee. He has been a Director of RTI S.p.A (since April 2017), Chief Executive Officer of Publitalia '80 (since April 2014), Chief Executive Officer of Digitalia '08 S.r.l (since December 2012), Chief Executive Officer of Publieurope Lmt (since April 2017), Deputy Chairman of Mediamond (since February 2015), Director of RadioMediaset S.p.A. (since June 2016). From December 2012 to March 2014 he was Commercial Managing Director of Publitalia '80 S.p.A. From January 2009 to November 2012 he held the office of and Chief Executive Officer of GroupM Italy. Between March 2006 and December 2008 he was Chairman and Chief Executive Officer of Mediaedge: Cia Italy and Executive Vice President of Groupm Italy. From January 2004 to February 2006, he was Chairman and Chief Executive Officer of Mindshare Italy; earlier, from May 2001 to December 2003, he was Managing Director of Mindshare Italy. From May 1999 to April 2001 he was Managing Director of CIA Italy; earlier, from April 1998 to April 1999, he was Sales manager for CIA Italy. From April 1996 to March 1998 he was Sales manager with Cairo Pubblicità. From March 1991 to March 1996, he worked with Telepiù Pubblicità as Sales Manager and earlier as Sales Executive.

CARLO SECCHI - Born in Mandello del Lario (Lecco) on 4 February 1944. He is an Emeritus Professor of European Political Economy at Bocconi University Milan, also acting as Rector from 2000 to 2004. He was a Member of the European Parliament during the fourth legislature (1994-1999), where he was Deputy Chairman of the Economic and Monetary Commission. He was a Senator of the Italian Republic during the twelve legislature (1994-96). He is a member of governing bodies of technical/scientific Foundations and Institutes. He is Deputy Chairman of ISPI (Institute for International Political Studies of

Milan). He was a member of the Board of Directors of Veneranda Fabbrica del Duomo (1996-2017). He is on the Board of Mediaset S.p.A.. In 2014 he was appointed Chairman of the Supervisory Board of Pirelli S.p.A. Since 2009 he has been European Coordinator of TEN - T priority projects (Atlantic Corridor). He is the author of books and numerous articles on international commerce and economy, economic integration and European issues.

The company Arnoldo Mondadori Editore S.p.A. belongs to the Fininvest Group, of which Mediaset S.p.A. is a part.

ATTACHMENT C**Diversity Policy of the Board of Directors of Mediaset S.p.A.**

This Policy is adopted by the Board of Directors of Mediaset S.p.A. (the "Board" and the "Company"), in compliance with the laws, including Community law, on sustainability and the provisions of the Governance Code for Listed Companies (the "Board's Diversity Policy"). More specifically, the Board's Diversity Policy has been adopted in implementation of the provisions of Article 123-bis, paragraph 2, letter d-bis) of Legislative Decree no. 58 of 24 February 1998 ("TUF").

The Governance and Appointments Committee and the Control, Risks and Sustainability Committee, the latter having advisory functions in the area of sustainability, were involved in the adoption of the Policy on Board Diversity and both expressed prior favourable opinion to the Board regarding the Policy.

Objectives of the policy

Some objectives were set regarding the composition and functioning of the Board of Directors. In particular:

- A) from a quantitative point of view, the number of Board members must be adequate for the size and complexity of the organizational structure of the company and the Group;
- B) in terms of quality, in relation to the functioning of the body, it is proposed that the members of the Board should:
 - be fully aware of the duties that are required to perform and the associated responsibilities;
 - have professional skills that are adequate for the role to be filled, including in any of the Board's internal committees, and calibrated in relation to the characteristics of the Company;
 - have diversified and suitably distributed expertise among the members of the body, so that each of them, regardless of the sector of operation (Board or internal committee) can provide an effective contribution, including in identifying and pursuing appropriate strategies and ensuring effective corporate governance;
 - devote adequate time and resources with respect to the complexity of their task;

The guidelines and recommendations contained in this document have been considered functional to achieving the objective of a Board made up of individuals capable of effectively carrying out their mandate. This is considered possible only by taking measures both with respect to their candidacy and appointment, which involves various persons with different tasks (internal committees, Board, shareholders' meeting), and after the appointment, during the exercise of their duties in the continuous management of activities. To this end, the professional skills necessary to achieve this result must be clearly defined ex ante - and possibly reviewed over time to take account of any new situations or changes to be addressed - and the selection of candidates for the position of Directors and their appointment must take into account these guidelines and recommendations.

Elements of diversity

The Board, also based on the long-term experience gained during the board performance evaluation, recommends that the board structure includes a set of different and complementary expertise and experiences. To this end, the Board has identified the following elements of diversity:

- (i) consolidated experience - gained as executive director or manager with top management functions within industrial groups of significant size and/or complexity, operating in one or more of the business sectors comprised in the corporate purpose - and in-depth knowledge of

the market in which the Company carries out its activities and of the developments in the said market in order for the Company's management to be entrusted to people with extensive expertise, experience, ability and strategic vision;

- (ii) consolidated experience - gained in professional firms, auditing firms, consulting firms or in the academic or institutional field - in legal, economic, financial and internal control and risk matters, in order to make a contribution to the knowledge of these matters that is relevant for the Company's activities and complementary to managerial experience.
- (iii) consolidated managerial or professional international experience in the field of innovation applied to the media sector and knowledge of the international market so that the Company can benefit from such knowledge;
- (iv) keeping an adequate number of Directors of the less represented gender - including when the legal provisions on gender balance cease to be effective - so that the Company can take advantage of the different points of view and experiences offered by gender diversity;
- (v) majority of non-executive directors, with at least one third of them meeting the independence requirements established by law and by the Corporate Governance Code for the purposes identified by the mentioned Code;
- (vi) balanced combination of different length of service and age groups, to balance the need for management continuity and renewal and to benefit from the different points of view and experiences that characterize the greater or lesser length of service and the individual age brackets.

Implementation of the Policy

In accordance with the Shareholders' prerogatives in the designation and appointment of the members of the Board, upon renewal of the management body, the Board shall express its view on the composition of the management body in the report to the shareholders, in order to make known the diversity criteria and objectives set out in the Board's diversity policy.

The Board of Directors shall take into account the indications contained in the Board's Diversity Policy in the event it is called to co-opt one or more members of the Board pursuant to Article 17 of the Bylaws.

The Governance and Appointments Committee shall take into account the indications set out in the Board's Diversity Policy in case it has to propose candidates to the Board for the purpose of replacing independent Directors.

The Governance and Appointments Committee and the Board of Directors shall take into account the indications contained in the Board's Diversity Policy if they have to identify candidates for the position of Director in case, upon renewal of the body, the outgoing Board decides to make use of the option provided for in Article 17 of the Bylaws to present its own list of candidates.

Monitoring the implementation of the Policy and its updating

The Board, with the support of the Governance and Appointments Committee and the Control, Risk and Sustainability Committee with advisory functions on sustainability, is responsible for monitoring the results achieved from implementation of this Policy and the updating thereof.

The results deriving from the implementation of this Policy will be included in the corporate governance and ownership structure report envisaged by Article 123-bis of the Consolidated Law on Finance, starting from the year following the application of the policies described in this document.

ATTACHMENT D

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

Board of Directors												Control, Risk and Sustainability Committee (2)		Compensation Committee (1)		Governance and Appointments Committee(4)		Executive Committee (5)		Related Parties Committee (4)	
Office	Members	Year of birth	Date of first appointment *	In office since	In office until	List **	Exec.	Non exec.	Indep. per Code	Indep. per TUF	Number other offices ***	(*) (1)	(*) (2)	(**) (3)	(**) (4)	(*) (5)	(**) (5)	(*) (6)	(**) (6)		
Chairman (*)	Fedele Confalonieri	06/08/1937	16/12/1994	27/06/2018	31/12/2020	M	X					13/13					7/8	P			
Deputy Chairman Chief Executive Officer	Berlusconi Pier Silvio	28/04/1969	28/07/1995	28/06/2018	31/12/2020	M	X				2	13/13					4/8	M			
Director	Marina Berlusconi	10/08/1966	28/07/1995	27/06/2018	31/12/2020	M		X			2	6/13									
Director	Marina Brogi (1)	15/07/1967	27/06/2018	27/06/2018	31/12/2020	M		X	X	X	2	5/6	4/4	M	4/4	M			4/4	P	
Director	Andrea Canepa(1)	21/11/1961	27/06/2018	27/06/2018	31/12/2020	M		X	X	X		6/6			4/4	P					
Director	Raffaele Cappelletti (1)	17/09/1968	27/06/2018	27/06/2018	31/12/2020	m		X	X	X	1	6/6					3/3	P			
Director	Costanza Esclapon de Villeneuve (1)	28/09/1965	27/06/2018	27/06/2018	31/12/2020	m		X	X	X		6/6	3/4	M							
Director	Giulio Gallazzi(1)	08/01/1964	27/06/2018	27/06/2018	31/12/2020	m		X	X	X		5/6							4/4	M	
Director	Marco Giordani	30/11/1961	20/03/2001	27/06/2018	31/12/2020	M	X					12/13					8/8	M			
Director	Francesca Mariotti(1)	16/03/1973	27/06/2018	27/06/2018	31/12/2020	M		X	X	X		6/6			4/4	M	3/3	M			
Director	Gina Neri	02/12/1953	28/09/1998	27/06/2018	31/12/2020	M	X					13/13						8/8	M		
Director	Daniilo Pellegrino(1)	18/09/1957	27/06/2018	27/06/2018	31/12/2020	M		X			2	5/6									
Director	Niccolò Querci	10/05/1961	22/04/2009	27/06/2018	31/12/2020	M	X					13/13						4/4	M		
Director	Stefano Sala	23/09/1962	29/04/2015	27/06/2018	31/12/2020	M	X					12/13						3/4	M		
Director	Carlo Secchi	04/02/1944	20/04/2006	27/06/2018	31/12/2020	M		X	X	X		12/13	11/11	P		2/2 P 3/3 M			6/6	M	
DIRECTORS NO LONGER IN OFFICE DURING THE REPORTING PERIOD																					
Director	Giuliano Adriani	27/08/1942	29/05/1996	29/04/2015	31/12/2017	M	X					7/7						4/4			
Director	Franco Bruni	12/04/1948	29/04/2015	29/04/2015	31/12/2017	m		X	X	X		6/7	7/7	M							
Director	Pasquale Carnatelli****	08/09/1947	30/04/1997	29/04/2015	31/12/2017	M		X				1/1									
Director	Mauro Crippa	26/04/1959	28/09/1998	29/04/2015	31/12/2017	M	X					7/7									
Director	Bruno Ermoli	06/06/1939	22/02/2001	29/04/2015	31/12/2017	M		X				1/7			0/2	M					
Director	Fernando Napolitano	15/09/1964	29/04/2015	29/04/2015	31/12/2017	m		X	X	X		7/7	5/7	M	2/2	M					
Director	Michele Perini	12/03/1952	22/03/2011	29/04/2015	31/12/2017	M		X	X	X		6/7			2/2	P	2/2	M		2/2	P
Director	Alessandra Piccinino	31/08/1962	29/04/2015	29/04/2015	31/12/2017	m		X	X	X		7/7								2/2	M
Director	Wanda Ternau	24/09/1960	29/04/2015	29/04/2015	31/12/2017	m		X	X	X		7/7					2/2	M			
Number of meetings held during the reporting period: 13												Control, Risk and Sustainability Committee: 11		Compensation Committee: 6		Governance and Appointments Committee: 5		Executive Committee: 8		Related Parties Committee: 6	
Indicate the quorum required for the presentation of lists by minorities for the appointment of one or more members (pursuant to Article 147-ter of the TUF): 1% (***)																					

NOTE

* This symbol indicates the internal control and risk management system director.

(1) The term of office of the Board of Directors ended with the Shareholders' Meeting of 27 June 2018. 7 meetings of the Board of Directors were held before this date and 6 meetings of the new Board of Directors were held after this date. Previously appointed directors - Marina Brogi, Andrea Canepa, Raffaele Cappelletti, Costanza Esclapon de Villeneuve, Giulio Gallazzi, Francesca Mariotti and Daniilo Pellegrino, are indicated, who took part in the 6 meetings held during the year.

(2) The term of office of the Control, Risk and Sustainability Committee ended with the Shareholders' Meeting of 27 June 2018. Before this meeting, 7 Committee meetings were held, and 4 meetings were held afterwards. The participation of the directors is calculated on the basis of 11 meetings for Carlo Secchi, 7 meetings for Franco Bruni and Fernando Napolitano, and 4 meetings for Costanza Esclapon de Villeneuve and Marina Brogi.

(3) The term of office of the Compensation Committee ended with the Shareholders' Meeting of 27 June 2018. Before this meeting, 2 Committee meetings were held, and 4 meetings were held afterwards. The participation of the directors is calculated on the basis of 2 meetings for Michele Perini, Bruno Ermoli and Fernando Napolitano and 4 meetings for Andrea Canepa, Marina Brogi and Francesca Mariotti.

(4) The term of office of the Governance and Appointments Committee ended with the Shareholders' Meeting of 27 June 2018. Before this meeting, 2 Committee meetings were held, and 3 meetings were held afterwards. The participation of the Directors is calculated on the basis of 5 meetings for Carlo Secchi, 2 meetings for Michele Perini and Wanda Ternau and 4 meetings for Marina Brogi and Giulio Gallazzi.

(5) The term of office of the Executive Committee ended with the Shareholders' Meeting of 27 June 2018. Before this meeting, 4 Committee meetings were held, and 4 meetings were held afterwards. The participation of the Directors is calculated on the basis of 8 meetings for Fedele Confalonieri, Pier Silvio Berlusconi, Marco Giordani, Gina Neri, 4 meetings for Niccolò Querci, Stefano Sala and Giuliano Adriani.

(6) The term of office of the Related Parties Committee ended with the Shareholders' Meeting of 27 June 2018. Before this meeting, 2 Committee meetings were held, and 4 meetings were held afterwards. The participation of the Directors is calculated on the basis of 6 meetings for Carlo Secchi, 2 meetings for Michele Perini and Alessandra Piccinino, and 3 meetings for Raffaele Cappelletti and Francesca Mariotti.

* The date of the first appointment of each director means the date when the director was appointed for the first time (in absolute terms) to the Board of Directors of the issuer.

** This column shows the list from where each director was taken (*): majority list; "m": minority list; "BOD": list presented by the Board of Directors.

*** This column shows the number of offices of director or statutory auditor held by the person concerned in other companies listed on regulated markets, also outside Italy, in the financial, banking, and insurance companies all companies of a significant size. In the Corporate Governance Report, appointments are indicated in full. Data on Directors no longer in office are not indicated.

**** Stepped down from office on 25 January 2018

(*) This column shows the participation of directors in Board meetings and Committee meetings respectively (indicate the number of meetings attended compared to the total number of those which they could have attended);

(**) This column shows the qualification of the director on the Committee: "P": Chairman "M": member.

(***) Shareholders' resolution on the Company for presentation of lists by minorities as per Company Resolution no. 30373 of 24 January 2018

ATTACHMENT E

Company Bylaws Board of Statutory Auditors

Article 28)

1. The ordinary Shareholders' Meeting elects the Board of Statutory Auditors, consisting of three regular auditors and three alternate auditors, who remain in office for three financial years until the date of the Shareholders' Meeting convened to approve the Financial Statements of the third financial year. The auditors may be re-elected.

All Statutory Auditors shall be included in the register of auditors established pursuant to law and have carried out auditing for a minimum of three years.

Statutory Auditors shall meet requirements established by laws and by regulations in force, which shall be verified by the Board of Directors.

2. Statutory Auditors are appointed based on lists presented by shareholders, with the procedure established below. The lists shall indicate at least one candidate for the position of Regular Auditor and one candidate for the position of Alternate Auditor and may contain up to a maximum of three candidates for the position of Regular Auditor and a maximum of three candidates for the position of Alternate Auditor. The candidates are listed in consecutive order.

Each list consists of two sections. One is for candidates for the position of regular Auditor and the other for candidates for the position of alternate Auditor. Each candidate may only be in one list. Failure to observe this regulation will make the candidate ineligible.

Lists which, in the section for regular auditors, have at least three candidates shall include in the first two places of the same section, and in the first two places of the section of alternate auditors, candidates of a different gender.

3. Lists may only be presented by shareholders who have voting rights and who, either alone or together with other shareholders, represent the amount of share capital indicated in the Company Bylaws to present lists for the appointment of members of the Board of Directors. Each shareholder may not present, or take part in presenting, or vote for, more than one list, even through an intermediary or trust company. Shareholders belonging to the same group - namely the parent company, subsidiaries and companies subject to joint control - and shareholders that take part in a shareholders' agreement pursuant to Article 122 of Legislative Decree 58/1998 relative to shares of the Company, may not present, or take part in presenting, or vote for, more than one list, even through an intermediary or trust company.

Ownership of the minimum amount of shares required to present the lists, shall be calculated by taking into account (i) the shares that are registered in the shareholder's name on the day when the lists are filed at the Company and (ii) the share capital of the Company at such date.

The certification proving ownership may also be presented after the list has been filed, provided this is within the deadline for the company to publish the lists.

4. The lists, which shall include the professional curricula of candidates and be signed by the shareholders presenting them, shall be filed at the Company's registered office within twenty-five days prior to the date of the Shareholders' Meetings on first or single call, without prejudice to the terms established by law for filing notices convening meetings subsequent to meetings on first call, and made available to the public, according to pro tempore laws in force.

Without prejudice to the possibility to produce certification proving the ownership of shares according to the terms in paragraph three herein, when presenting lists, (i) information shall be given relative to the identity of shareholders submitting the list, indicating the percentage of their total shareholding, (ii) curricula of all candidates shall be submitted containing exhaustive information on their personal and professional profiles and (iii) additional information, required by pro tempore laws in force shall be provided, indicated in the notice convening the Shareholders' Meeting. Shareholders other than those that hold, also jointly, a controlling or relative majority shareholding shall also present a statement certifying the absence of any relationships with the latter, as provided for by law. Within the same deadline, statements shall be filed by which the individual candidates accept their candidature and declare, under their own responsibility, that no reasons exist preventing them from being elected or making them incompatible as established by law, and comply with limits on the number of positions held as per paragraph 5 hereinafter, and that they meet the requirements of laws, regulations and the Company Bylaws for members of the Board of Statutory Auditors, and the list of administration and control positions they hold in other companies.

5. Persons who hold a number of administration and control positions that exceeds limits established by pro tempore laws in force may not be elected as Statutory Auditors.

6. Lists presented without observing the above provisions shall be intended as not presented and not included in the voting.

7. Statutory Auditors are elected as follows:

a) from the list that obtained the highest number of votes, two regular auditors and two alternate auditors are selected, based on the consecutive order in which they appear in sections of the list;

b) from the second list which obtained the highest number of votes in the Shareholders' Meeting, of lists presented and voted by shareholders who are not related to reference shareholders, pursuant to Article 148, paragraph 2 of the TUF, the other regular auditor and other alternate auditor are selected, based on the consecutive order in which they appear in sections of the list.

8. If several lists have obtained the same number of votes, a ballot will be voted between these lists, in compliance with pro tempore laws in force, with the candidates from the list obtaining the simple majority of votes being elected.

9. The candidate in first place in the section of candidates for the position of regular auditor, elected pursuant to paragraph 7. b) above shall be appointed as Chairman of the Board of Statutory Auditors.

10. If the composition of the Board of Statutory Auditors obtained by applying the preceding paragraphs does not ensure gender balance, taking into account the order in which they are listed, the last elected in the list that has obtained the highest number of votes of the most represented gender shall be removed by a number necessary to ensure compliance with the requirement, and shall be replaced by the first non-elected candidates from the same list of the less represented gender. In the absence of a sufficient number of candidates of the less represented gender in the List that has obtained the highest number of votes, the shareholders' meeting shall appoint the missing directors according to the majority established by law, ensuring satisfaction of the requirement.

11. If only one list is presented, the General Meeting votes on it. If the list obtains the relative majority, the three candidates in consecutive order in the relative section will be elected as regular auditors, and the three candidates in consecutive order in the relative section will be elected as alternate auditors; the Board of Statutory Auditors is chaired by the person ranking first in the section of candidates to this position in the presented listed.

In the event of the death, resignation or end of the term of office of a regular auditor, the alternate auditor elected in first place will take over, provided this replacement ensures a gender balance. Otherwise, the auditor elected in second place will be appointed.

If the Chairman steps down from office, the Statutory Board of Auditors chooses and appoints a new Chairman from its members, who shall remain in office until the first subsequent Shareholders' Meeting, which shall make appointments to make up the numbers of the Board of Statutory Auditors.

12. Where no lists exist, the Board of Statutory Auditors and its Chairman are appointed by the Shareholders' Meeting with relative majorities established by law and in compliance with pro tempore laws in force, also concerning gender balance.

13. If a number of lists are presented, and in the case of the death, resignation or end of the term of office of a regular auditor, the alternate auditor from the same list elected in first place will take over, provided this replacement ensures a gender balance. Otherwise, the auditor elected in second place will be appointed.

The following procedure is adopted by the Shareholders' Meeting to appoint auditors to make up the numbers of the Board of Statutory Auditors: if auditors elected from the majority list are to be replaced, the appointment takes place with a relative majority vote, without any list restrictions in compliance with pro tempore laws in force, also concerning gender balance; when, instead, auditors from the minority list have to be appointed, appointment is by relative majority vote, selecting candidates from the list in which the auditor to replace was included, or, subordinate to this, candidates of any other minority lists, in compliance with pro tempore laws in force, also concerning gender balance.

If there are no candidates from minority lists, the appointment takes place voting for one or more lists, comprising a number of candidates no greater than the number to be elected, presented before the date of the Shareholders' Meeting, and in compliance with provisions in this article for appointing the Board of Statutory Auditors, without prejudice to the fact that lists by reference shareholders or shareholders related to them, as defined by laws and regulations in force, may not be presented (and if presented will be void). Candidates in the list with the highest number of votes will be elected.

14. The Shareholders' determines the fees of auditors, in addition to expenses incurred for carrying out their duties.

15. The powers and the duties of the Statutory Auditors are established by law.

16. The Board of Statutory Auditors may also be held by teleconference or videoconference, on the condition that all participants may be identified and are able to follow the discussion and speak

concerning the items on the agenda in real time. The Shareholders' meetings are considered to have taken place where the Chairman and the secretary are located.

ATTACHMENT F

TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Board of Statutory Auditors									
Office	Members	Year of birth	Date of first appointment *	In office since	In office until	List **	Independence per Civil Code	Participation in Board meetings ***	Number of other appointments ****
Chairman	Mauro Lonardo	16/04/1969	20/04/2011	28 June 2017	31 December 2019	m	X	22/22	10
Regular auditor	Francesca Meneghel	02/12/1961	29/04/2014	28 June 2017	31 December 2019	M	X	17/22	7
Regular auditor	Ezio Maria Simonelli	12/02/1958	29/04/2014	28 June 2017	31 December 2019	M	X	18/22	17
Alternate auditor	Sarubbi Stefano	06/12/1965	28/06/2017	28 June 2017	31 December 2019	m	X		
Alternate auditor	Minuttillo Flavia Daunia	24/05/1971	20/04/2011	28 June 2017	31 December 2019	M	X		
Alternate auditor	Riccardo Perotta	21/04/1949	19/01/1996	28 June 2017	31 December 2019	M	X		
Number of meetings held during the reporting year: 22									
Indicate the quorum required for the presentation of lists by minorities for the appointment of one or more members (pursuant to Article 148-ter of the TUF): 1% (*)									

NOTE

* The date of the first appointment of each statutory auditor means the date when the statutory auditor was appointed for the first time (in absolute terms) to the Board of Statutory Auditors of the issuer.

** This column shows the list from where each auditor was taken ("M": majority list; "m": minority list).

(*) This column shows the participation of statutory auditors in meetings of the Board of Statutory Auditors (indicate the number of meetings attended compared to the total number of those which they could have attended).

*** This column shows the number of offices as director or statutory auditor held by the person concerned pursuant to article 148 bis of the TUF.

(*) Shareholding applicable to the Company for presentation of lists by minorities as per French Resolution no. 198CA/2017

ATTACHMENT G**PERSONAL AND PROFESSIONAL PROFILES OF THE BOARD OF STATUTORY AUDITORS**

MAURO LONARDO - Mauro Lonardo was born in Rome on 16 April 1969. He holds a degree in Economics and Business from Sapienza University, Rome. He has been a certified public accountant and registered auditor since 1999. He is a professional chartered accountant and partner of Studio RSM - Palea Lauri Gerla, where he mainly carries provides corporate and tax advisory services. He is a member of various associations involved in corporate governance. He carries out preliminary activities for judicial authorities in revenue proceedings. He is on several boards of statutory auditors and supervisory bodies pursuant to Legislative Decree 231/2001, among which Poste Italiane S.p.A., Ama S.p.A., Neep AS Roma Holding S.p.A., Stadio TDV S.p.A., Roma Multiservizi S.p.A., Intec Telecom Systems S.p.A., Unicompany S.p.A.. He has been Chairman of the Board of Statutory Auditors of Mediaset S.p.A S.p.A. since April 2011.

EZIO MARIA SIMONELLI - Ezio Maria Simonelli was born in Macerata on 12 February 1958. He holds a degree in Economics and Business from Perugia University. He has been a certified public accountant since 1982, he is an auditor and freelance journalist. By appointment of the Ministry of Foreign Affairs on 6 March 2013 he took up the position of Honorary Consul of Canada in Milan. He is Managing Partner of Simonelli Associati, a Legal/Tax Advisory Practice. He is Chairman of the Board of Statutory Auditors of Alba Leasing S.p.A., and SISAL S.p.A. and regular auditor of the joint stock company Mediaset S.p.A. and Marr S.p.A. He is a liquidator of the Lega Nazionale Professionisti [National League].

FRANCESCA MENEGHEL - Born in Treviso on 2 December 1961. She holds a degree in Business Economics from Bocconi University Milan. She has been a certified public accountant since 1993 and is a registered auditor. She practices the profession of chartered accountant and has acquired experience in the industrial, commercial, banking, financial, and advertising sectors. She is an Independent Director, Chairman of the Control, Risk and Sustainability Committee and Leader Independent Director of Geox S.p.A. (listed). She is Chairman of the Board of Statutory Auditors of Avon Cosmetics S.r.l.. She is regular auditor of Mediaset S.p.A.(listed), Mediolanum Comunicazione S.p.A., Mediolanum Fiduciaria S.p.A., Mediolanum Gestione Fondi SGR S.p.A., Direct Channel S.p.A., Immobiliare Idra S.p.A.. She is a member of the Supervisory Board of Mediolanum Gestione Fondi SGR S.p.A. and Mediolanum Fiduciaria S.p.A.

STEFANO SARUBBI - Born in Milan on 6 December 1965. He holds a degree in Economics and Business from Cattolica University, Milan. He has been a Certified Public Accountant since 1991 and registered in the Register of Auditors of the State General Accounting Department since 1995 and in the National Register of Journalists since 1997. From 2005 to 2007 he was a member of the Regional Tax Committee of Lombardy. He is Chairman of the Board of Statutory Auditors of INWIT S.p.A., Coca-Cola Italia S.r.l. and Comfactor S.p.A.. He is also a regular auditor for a number of companies including SMA S.p.A., Mattel Italy S.r.l. and Shiseido Group Italy S.p.A. Since 1993, he has been founding member and Chief Executive Officer of Sigmagest S.p.A. Since June 2017, he has been an alternate auditor of Mediaset S.p.A.

FLAVIA DAUNIA MINUTILLO - Flavia Daunia Minutillo was born in Milan on 24 May 1971. She holds a degree in Economics and Business from Cattolica University, Milan. She has been a Certified Public Accountant since 1996 and a registered auditor since 1999. Since 1998 she has been in the Boards of Statutory Auditors, Supervisory Boards, and Oversight Bodies of leading companies, including banks and

securitisation, factoring, trust, financial, brokerage, and asset management companies. She is alternate auditor of Mediaset S.p.A.

RICCARDO PEROTTA - Born on 21 April 1949. He was awarded a degree in Economics and Business from Bocconi University, Milan. He is a certified public accountant and auditor. He is Associate Professor of Methodologies and Quantitative Determinations for Businesses (Accounting and Financial Statements) at Bocconi University, where he is responsible for teaching courses on Financial Statements and extraordinary operations. He has been a certified public accountant in Milan since 1975, where he mainly provides management, business and tax advisory services for companies, with a particular focus on extraordinary financial operations. He is a regular auditor of Boing S.p.A. and Saipem S.p.A., Chairman of the Board of Statutory Auditors of Cassa Lombarda S.p.A. and MolMed S.p.A., Director of Mittel S.p.A. and alternate auditor of Mediaset S.p.A.

ATTACHMENT H**Diversity Policy of the Board of Statutory Auditors of Mediaset S.p.A.**

This Policy is adopted by the Board of Directors of Mediaset S.p.A. (hereinafter the "Board" and the "Company"), in compliance with the laws on sustainability (the "Board of Statutory Auditors' Diversity Policy"). More specifically, the Board of Statutory Auditors' Diversity Policy has been adopted in implementation of the provisions of Article 123-bis, paragraph 2, letter d-bis) of Legislative Decree no. 58 of 24 February 1998 ("TUF").

The Board of Statutory Auditors, the Governance and Appointments Committee and the Control, Risks and Sustainability Committee, the latter having advisory functions in the area of sustainability, were involved in the adoption of the Diversity Policy of the Board of Statutory Auditors and expressed [prior favourable opinion] to the Board regarding the Policy.

Purpose of the policy and elements of diversity

The purpose of the Board of Statutory Auditors' Diversity Policy is to identify the elements of diversity necessary to ensure that the statutory auditors contribute to the decisions of the body with different and qualified points of view and is therefore intended to indicate the experiences and skills of the statutory auditors that are considered functional to achieving an optimal composition of the Board of Statutory Auditors.

The Board recommends that the Board of Statutory Auditors includes a set of different and complementary expertise and experiences. Given that the Board of Statutory Auditors is composed of three regular auditors (and three alternate auditors), one of whom was elected by the minority shareholders, the Board identified the following elements of diversity:

- (i) an adequate level of experience and knowledge regarding the market in which the Company operates, the governance system, accounting and financial analysis as well as the regulatory framework, plus long-term experience working for listed companies;
- (ii) gender diversity so that the Board of Statutory Auditors comprises - including when the legal provisions on gender balance cease to be effective - at least one regular auditor and one alternate auditor of the least represented gender so that the Company can take advantage of the different points of view and experiences offered by gender diversity. To this end, the Board recommends that the lists of candidates presented by the shareholders - excluding those containing less than three candidates - indicate (for both the regular and alternate auditors) at least one candidate of the less represented gender;
- (iii) different length of service to balance the need for control continuity and renewal and to benefit from the different points of view and experiences that characterize the greater or lesser length of service.

Implementation of the Policy

In accordance with the Shareholders' prerogatives in the designation and appointment of the members of the Board of Statutory Auditors, upon renewal of the body, the outgoing Board of Statutory Auditors shall express their view on the composition of the body, in keeping with this policy. This view shall be reflected in the Board of Statutory Auditors' report to the shareholders in order to disclose the diversity criteria and objectives set out in the Diversity Policy of the Board of Statutory Auditors.

Monitoring the implementation of the Policy and its updating

The Board, with the support of the Board of Statutory Auditors, Governance and Appointments Committee and the Control, Risk and Sustainability Committee with advisory functions on sustainability,

is responsible for monitoring the results achieved from implementation of this Policy and the updating thereof.

The results deriving from the implementation of this Policy will be included in the corporate governance and ownership structure report envisaged by Article 123-bis of the Consolidated Law on Finance, starting from the year following the application of the policies described in this document.

For the Board of Directors

The Chairman