



Letter to BPM Shareholders

Extraordinary and Ordinary
Meeting

13 December 2008
fieramilanocity

Pavilion 4
V.le Scarampo-P.ta Teodorico

**Roberto
Mazzotta**

*Chairman
Banca Popolare
di Milano*

Dear Shareholders,

On 13 December 2008, you will be called to participate in an extraordinary Meeting of BPM to resolve on the proposals that the Board of Directors will submit in relation to significant amendments to the Articles of Association.

Accordingly, the work to update and expand our corporate rules, which began with the Meeting of December 2002, continues, to reach the substantially definitive structure.

Furthermore, the proposed amendments correspond with notices that the Regulatory Authority has sent specifically to BPM. They will also enable the bank to implement, in its Articles of Association, the “Supervisory provisions on the organisation and corporate governance of banks” issued with Bank of Italy measure dated 4 March 2008, including the part relating to cooperative banks. .

The objectives of the proposed amendments are to:

- *reinforce the principle of democratic pluralism in the composition of corporate bodies, to the advantage of all stakeholders, as it is the true political defence protecting the one-person one-vote system at the core of cooperative organisations;*
- *strengthen the decision-making power of the majority of Shareholders. The extraordinary Meetings will still require a qualified majority for decisions relating to the most important and delicate issues;*
- *increase the independence of general management in exercising its executive duties, to ensure business efficiency.*

The instruments that would be used to meet these objectives are many and, considered together, would bring substantial updates to the Articles of Association.

The number of members of the boards would be reduced, beginning with the Board of Directors (from 20 to 16), which would invert the trend of recent years that has spread negatively among many banks. The proposal creates a balance between the need to encourage lists that group together similar interests (customers, employees and investors) and the right of representation for all interests that can be presented and expressed in the election of directors.

Accordingly, the election system would continue to award the majority to the list that



receives the most votes, which earns the right to appoint half of the directors on the board plus one. But this majority would be limited and enough space would be given to other lists that could compete, to a better and not just a residual extent, in the creation of the board with shared interests, establishing the conditions for real social pluralism.

Given the significant shareholdings of institutional investors in the bank, the directors have proposed a mechanism that would allow them to appoint one acting auditor.

The proposal provides for institutional investors to have a voice in the board of statutory auditors but not in the Board of Directors. This is a very innovative decision that is ahead of its time. Most likely, a cooperative bank reform law will be prepared to this effect and Parliament is expected to approve it in the next few months.

As mentioned above, other amendments relate to increased powers granted to the Executive Committee and a requirement in the Articles of Association to set up an Internal Control Committee and Remuneration Committee within the Board of Directors. These proposals have all met with the approval of market players and are in line with the Authorities' recommendations.

The strengths of the bank's structure include management's autonomy and the lack of potential conflicts of interest in the exercise of the most delicate banking activities relating to the granting of credit and the management of commercial and financial business. The proposed amendment to establish management's duties in the Articles of Association is an important step in strengthening management's role and its autonomy.

The proposals to amend Meeting quorums are important and well-balanced. This is a delicate issue that requires prudence and transparency. The proposal aims to protect the majorities at extraordinary Meetings on decisions that would entail amendments to the Articles of Association (these obviously include potential mergers) from any majority shifts that could divide the shareholding base. They would be subject to the qualified voting system, which requires the participation of the main stakeholders. However these decisions could not be blocked by a minority formed for the purpose of exercising unsuitable conditions. To this end, the qualified quorum would be two-thirds of the votes.

The Board of Directors has worked for some time on these issues and the large majority of its members agree on these proposals, as they agree with and have implemented the strong recommendation of taking steps towards the reform established by the highest central Regulatory Authority.

The Shareholders at the Meeting will have an important responsibility. By approving the Board's proposals, they will make it possible to end, in the best possible way, the long, adverse period in which the focus was on BPM governance issues, with full and transparent respect for the interests of the Bank and the cooperative, putting an end clearly and decisively to an issue that has only caused harm. This step is expected to be met with the agreement of market players and the Authorities have already expressed their approval.



However, it is important to understand the intrinsic value of the proposed amendments before evaluating the opportunities and advantages of a favourable decision.

These amendments would enable the cooperative to strengthen its operations and reputation. A cooperative is a structure that requires transparency and substantial democracy. It cannot have owners, nor predominant or conditioning corporate interests. The legal mechanisms that govern it should encourage pluralism and the free and positive participation of Shareholders. Our cooperative takes this one step further, which should make it even stronger and more representational: it has experimented with the principle of worker participation in the shareholding base and business future for many years.

This principle is consolidated and validated when it becomes the spirit of shareholding pluralism and the responsible gauge for a balance of interests. These are the ideas at the foundation of our proposals.

13 December 2008 will be an important day for BPM if the Meeting jointly looks towards the future and puts its trust in the work of the Board. It should not focus on outdated positions that will do nothing to further the interests of a large group which, in these difficult economic circumstances, needs a strong corporate image to take full advantage of its competitive edge on the market.

We ask all Shareholders to fully understand the great importance of the Meeting to be held on 13 December 2008 and to help the Cooperative and the Bank by attending and voting. I am confident that attendance will be high and our joint efforts will lead to success.

Sincerely,

Roberto Mazzotta

Chairman

Banca Popolare di Milano



Proposed amendments to the Articles of Association

Also considering the Bank of Italy's recommendations in the Inspection Report concluding assessments conducted at the parent bank up to 16 May 2008, during the Meeting of 11 November 2008, the Board of Directors of Banca Popolare di Milano resolved to call an extraordinary and ordinary Meeting for 12/13 December 2008 to amend Articles 31, 32, 33, 36, 41, 44 and 45 of the Articles of Association and introduce a new Article 50, with the consequent amendments to the Meeting Regulation as well.

In particular, the amendments to the Articles of Association relate to the following:

- a reduction in the number of members of the Board of Directors from 20 to 16, to which two additional directors appointed by strategic and industrial partners are currently added under contractual obligations assumed by the bank;
- an increase in the minimum number of independent directors pursuant to Article 147-ter of the Consolidated Finance Act to four;
- the establishment of the number of directors elected from the list that received the majority of votes equal to half of the total number of elected directors plus one;
- a reduction in the maximum number of Executive Committee members to seven;
- the appointment of one acting auditor (and one replacement auditor) from a list presented by undertakings for collective investment in transferable securities to the Board of Statutory Auditors, as long as the list has received at least 5% of total votes cast;
- a more detailed regulation for the powers of the General Manager included in the Articles of Association;
- a reduction in the quorum required for resolutions entailing changes to the Articles of Association, even in the case of mergers, to 2/3;
- the application of the quorums provided for ordinary Meetings in the event of resolutions to be passed to meet the provisions of the supervisory board issued for the purposes of stability or alignment with legislative regulations.

With these proposals, the Board has sought to confirm its openness to the market, customers and investors by introducing new governance structures that also meet the recommendations of the Regulatory Authorities.

Calling of the Extraordinary and Ordinary Meeting

The Shareholders of Banca Popolare di Milano s.c.ar.l. are called to meet in an extraordinary and ordinary Meeting in first call on 12 December 2008, at 9:00 a.m., at the Head Office in Milan, Piazza Filippo Meda 4, to resolve on the following

agenda

1. the amendment of Articles 31, 32, 33, 36, 41, 44 and 45 and introduction of Article 50 of the Articles of Association. Any other resolutions arising therefrom and related thereto;
2. the consequent modifications of the Meeting Regulation, following the approval of the aforementioned amendments as per point 1. Any other resolutions arising therefrom and related thereto.

The Meeting shall be attended by Shareholders that:

- have been registered in the Register of Shareholders for at least ninety days prior to the date scheduled for the Meeting in first call, and, therefore, since no later than 12 September 2008;
- have a copy of the notice issued as per Article 85, paragraph 4 of Legislative Decree no. 58 of 24 February 1998 and Article 23 of the Regulation jointly issued by Bank of Italy and CONSOB of 22 February 2008, issued by an Intermediary adhering to the centralised management system of Monte Titoli SpA.

Shareholders whose shares have already been entered in deposits for custody and administration with the Bank shall in any case request the notice in writing and may contextually collect it at the Bank's Branches or, from 9:00 a.m. to 1:30 p.m., at the Shareholders Office located in Milan, Piazza Meda 4.

The above requests may be made starting from 13 November 2008 until 10 December 2008.

To obtain the necessary certification, Shareholders holding shares that have not yet been dematerialised must deliver the shares to an Intermediary for entry in the centralised management system for dematerialisation pursuant to the laws in force.

If the Meeting quorum as per Article 30 of the Articles of Association is not met to validly constitute the Meeting in first call scheduled for 12 December 2008, the Meeting will be held in

second call
on 13 December 2008
at 9:00 a.m.
Fieramilanocity Pavilion 4
Viale Scarampo - Porta Teodorico
Milan,
with the same agenda.

In relation to participation in the Meeting by means of proxy, pursuant to the Articles of Association and the Meeting Regulation currently in force, the following should be noted.

Each Shareholder with a right to attend Meetings may act as proxy, in accordance with the Articles of Association, for only two other Shareholders and proxies cannot be given to persons who are not allowed to be proxy-holders pursuant to applicable regulations.

Proxies cannot be given with the name of the representative left blank and the signature of the person delegating has to be authenticated by an Officer at the Head Office or at one of the Branches of the Bank, or by the Intermediary

who issued the attendance certification, or by a Public Official.

Legal entities, with the exception of foreign and Italian mutual funds, as well as foreign collective entities and legal entities, can only attend the Meeting in the person of their legal representative, alternatively, the legal representative can give a proxy to another Shareholder in accordance with the two previous paragraphs.

For attendance purposes, only the certifications and proxies handed over by each participant when registering for the first time that they enter the Meeting will be considered valid.

Shareholders are hereby duly informed that they must file the documentation relating to the items on the agenda pursuant to law at the Head Office of the Bank and at the Italian Stock Exchange starting from 27 November 2008. Shareholders may view and obtain a copy thereof at their own expense.

The above documentation will also be available before the Meeting is held in the Shareholders and Members section of the Bank's website at www.bpm.it.

Further information on the methods for participating in the Meeting may be requested to the Shareholders Office of the Bank in Milan, Piazza Meda 4, or by calling the free phone number 800-013090 on business days from 9:00 a.m. to 5 p.m.

On behalf of the Board of Directors
The Chairman
dott. Roberto Mazzotta

Milan, 11 November 2008



BANCA POPOLARE DI MILANO

Parent Bank of the BPM - Banca Popolare di Milano - Banking Group

Useful information for participation in the Meeting

The BPM Meeting is regulated by the "Regulations for shareholders' Meetings" approved by the Shareholders on 19 April 2008. The most important information and provisions are provided below to facilitate participation.

**The Meeting will be held in second call
on 13 December 2008, at 9:00 a.m.
at Fieramilanocity Pav. 4**

Viale Scarampo - Porta Teodorico 11, Milan

with the agenda indicated in the notice of call.

Those with the right to attend are

all Shareholders included in the Register of Shareholders by 12 September 2008 with a copy of the "Certification" that certifies their shareholding and right to attend.

The required documents for participation are

1. an identification document
2. a copy of the "Attendance certification"
3. any proxies
4. to exercise the rights of minority Shareholders, self-certification, to be filled out upon entering the Meeting by the Shareholder with authority
5. for companies, chamber of commerce documentation attesting to the power of representation.

How to request a copy of the "Attendance certification" and where it is issued

The "Attendance certification" is the document that certifies the shareholding and rights related to the shares. A joint Bank of Italy - CONSOB measure regulates the methods for requesting and issuing it. It is issued from 13 November to 10 December by BPM or another banking intermediary where the shares are on deposit. Shareholders should request, in writing, the "Attendance certification" from the bank where the shares are on deposit and the bank is required to issue the document within two business days of receiving the request.

Shareholders whose shares are on deposit with Banca Popolare di Milano should still request the "Attendance certification" and, to facilitate the process, can go directly to any bank branch during normal operating hours or the bank's Shareholders Office in Piazza Meda 4, Milan, from 9 a.m. to 1:30 p.m. to request and pick it up at the same time.

To encourage maximum attendance of Meetings, for Shareholders whose shares are on deposit with the Banca Popolare di Milano, in waiver of the general rules and if they are unable to go directly to pick up their certification, the Shareholders' office will accept requests for the "Attendance certification" (from 8 a.m. to 5 p.m. by fax 02 77005729 or hand delivered by third parties), as long as the specific form (available at www.bpm.it - "Shareholders and Members" section) has been fully filled out and signed by the requesting Shareholder. Once it has carried out the necessary identification checks, the Shareholders Office will send the "Certification" by registered **letter directly** to each Shareholder's place of domicile.

Call the free phone number 800-013090 for additional information (Monday-Friday from 9 a.m. to 5 p.m.).

Proxies

- Shareholders may be represented by another Shareholder with written proxy. No Shareholder may represent more than two Shareholders.
- The proxy cannot be conferred on people who cannot be delegated under applicable regulations (e.g., employees and directors of the bank and group - Article 2372 of the Italian Civil Code).

- Proxies cannot be given with the name of the representative left blank and the signature of the person delegating has to be authenticated by an Officer at a bank office or branch, the intermediary that issued the "Attendance certification" or by a Public Official.

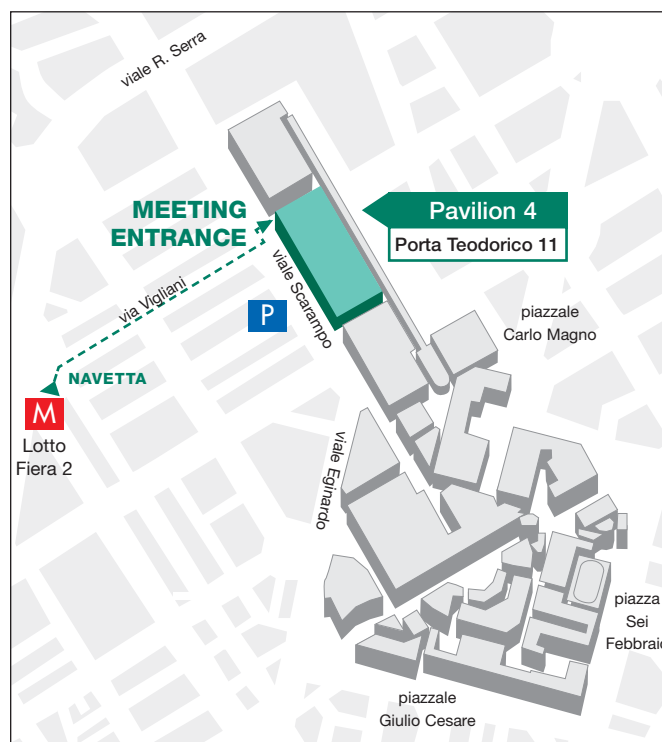
- Legal entities, with the exception of foreign and Italian mutual funds, as well as foreign collective entities and legal entities, can only attend the Meeting in the person of their legal representative, alternatively, the legal representative can give a proxy to another Shareholder in accordance with the Articles of Association.

How to use proxies

The "Attendance certification" includes a space in which Shareholders may appoint a proxy to exercise their right to participate and vote in the Meeting. To prevent multiple trips to bank branches, Shareholders who plan to appoint proxies should fill out the space with the necessary information when they pick up the certification, so they can have their signature authenticated at the same time.

For attendance purposes, only the certifications and proxies handed over by each participant when registering for the first time that they enter the Meeting will be considered valid.

How to get to the Meeting



Underground line 1 (Red) Direction: Molino Dorino

Stop: LOTTO FIERA 2.

A public bus service is available from the **underground**

Lotto Fiera 2 stop

(Last stop: Teodorico/Scarampo)

to the pavilion where the Meeting will be held.



90 - 91 - 68 - 48 - 78



The "Scarampo" car park is open with a cost of 13.50 for the day.