
THE SOLIDARITY FUND AGREEMENT IS SIGNED

During the meeting held today, the Board of Directors analysed the conclusive terms of the agreement reached with the trade unions as part of the mandate given to BPM management to implement the Solidarity Fund pursuant to Ministerial decree no. 158 of 28 April 2000.

In particular, a maximum of 715 people from the BPM Group’s commercial banks will have access to the Solidarity Fund, with the end aim of reducing group personnel by 515 resources over three years.

Access to the fund will be voluntary and will take place in five different periods, beginning 1 December 2009 and ending 1 October 2011, based on applications due by 30 September 2009.

This agreement will enable the BPM Group to significantly reduce labour costs. In addition, the costs usually incurred for incentives for personnel to leave the company will decrease in the first five years as well.

Not only will the group enjoy these economic advantages, but the reduction in its workforce will give it the opportunity to optimise organisational structures, boosting the level of operating efficiency within the BPM Group.

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In addition, the Board of Directors examined the results of the option offered to shareholders of Banca Popolare di Milano S.C.a r.l. (“BPM”) and bondholders of the “Banca Popolare di Milano/CIC 2004-2009 Convertible” bond (“Option”) for a maximum number of 6,955,352 “Convertendo BPM 2009/2013 – 6.75%” bonds (“Mandatory Convertible Notes”), along with the related “azioni ordinarie BPM 2009/2013” warrants for ordinary BPM shares (the “Warrants”), which took place from 15 June 2009 to 3 July 2009 (the “Offer Period”).

In particular, the first stage of the offer saw the subscription of roughly one-third of the total offer, despite market trends.

Indeed, 138,360,978 options were exercised, accounting for 31.58% of the options offered and corresponding to 2,196,206 Mandatory Convertible Notes, for a total value of €219,620,600.

On the other hand, 299,826,254 options were not exercised, accounting for 68.42% of the options offered and corresponding to 4,759,146 Mandatory Convertible Notes, for a total value of €475,914,600.
The offer was very successful with BPM customers and retail customers in general, in line with its forecasts and objectives. The aim of the offer, as is widely known, is to strengthen equity by broadening the bank’s member base.

In the light of the above, once the stock market offer period for unexercised options ends and, as described below, if CONSOB approves the related information memorandum, the Board of Directors plans to launch a new offer of unsubscribed Mandatory Convertible Notes until 31 December 2009, in order to increase the number of participants and make the most of a possible recovery on equity markets.

Moreover, pursuant to article 2441.3 of the Italian Civil Code, the unexercised options will be offered on Borsa Italiana S.p.A.’s Italian equities market (MTA) on BPM’s behalf through Banca Akros S.p.A. on 10, 13, 14, 15 and 16 July 2009 (the “Stock Market Offer”). All options will be offered on the first available trading day, while any options not previously placed will be offered on subsequent days.

The options will be made available to buyers through Monte Titoli S.p.A. and may be used to subscribe Mandatory Convertible Notes for €100 each, plus an accrual of €0.2589 for interest accrued from 3 July 2009 (that day included) to 17 July 2009 (not included) at a subscription ratio of 1 (one) Mandatory Convertible Notes for every 63 (sixty-three) options exercised. Mandatory Convertible Notes should be subscribed with Monte Titoli S.p.A., through the respective depositary banks, by and no later than 17 July 2009, or they will lapse. Mandatory Convertible Notes subscribed before the end of the Stock Market Offer – along with the Warrants assigned free of charge at a ratio of 1 (one) Warrant for each 1 (one) Mandatory Convertible Notes – will be made available to the rightful parties through the authorised intermediaries participating in the Monte Titoli S.p.A. centralised management system.

The information memorandum for the Mandatory Convertible Notes Option, on file with CONSOB since 12 June 2009, following the announcement of its authorisation on 10 June 2009, record no. 9054707, can be viewed at the BPM headquarters in Milan, Piazza Filippo Meda 4, on the company’s web site www.bpm.it, and on Borsa Italiana S.p.A.’s web site www.borsaitaliana.it.

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