

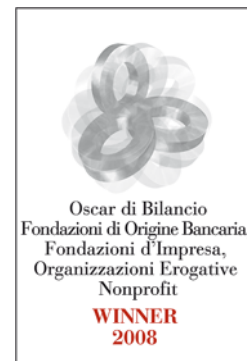


Fondazione Cariplo 2009 annual financial statements approved €186.4 million to nonprofits

2009 Annual Financial Statements approved. Funding of 1,054 projects in traditional program areas, i.e.: the environment, arts and culture, social services, scientific research, philanthropy and volunteer work. The Steering Board appointed new Board Directors. Tribute to Paola Colombo Svevo.

Milan, April 23, 2010 - Fondazione Cariplo's Steering Board today approved the 2009 Annual Financial Statements. In 2009, the Foundation awarded, in the aggregate, **€186.4 million** (€150.2 million funds generated in the year, €27.7 million provisions, €8.5 million set aside for volunteer work) **funding 1,054 projects** across its main program areas. At today's meeting, the Steering Board also appointed new members of the Board of Directors and the Board of Statutory Auditors.

"In 2009 investment management recovered - said **Giuseppe Guzzetti, President of Fondazione Cariplo** - thus, we didn't have to use funds from the Grant Stabilization Reserve as it had happened in the prior year. 2009 was another milestone year and we were able to maintain our usual steady flow of grants returning to pre-crisis levels. We confirmed our commitments to **Arts & Culture**, an area that is always hard hit in times of financial difficulties like the current cycle. We continued to support projects in the **social sphere, including social cohesion and integration**, and actually stepped up our efforts and resources in this area. In **Scientific Research** we continued to foster excellence. Our commitment to excellence is borne out by a project we have been focusing on for a number of years, 'N.O.B.E.L', that gives researchers the opportunity to work on advanced biomedicine platforms. The results of the N.O.B.E.L project are due to be presented next June. The Foundation's action in the **Environment** area includes energy efficiency projects at municipal level. In this area, too, we are seeing some notable results."



As to governance bodies, pursuant to statutory provisions incorporated into the Foundation's Bylaws, two members of the Board of Directors, Mr. Marco Spadacini and Mr. Paolo Morerio, stepped down. They were replaced by Mr. Luca Galli and Mr. Rocco Corigliano, who have been Presidents of the Varese and Ticino Olona community foundations, respectively.

The following members of the Board of Directors were confirmed in office: accountant Angelo Abbondio, lawyer Carlo Cerami, Labor Knight Bruno Ermolli and Professor Marco Frey. The Chairman, lawyer Giuseppe Guzzetti, and the two deputy chairs, Ms Mariella Enoc and Mr. Carlo Sangalli, complete the Foundation's Board of Directors. The current members of the Board of Directors will serve for the next three years.

As to the members of the Board of Statutory Auditors, the Steering Board confirmed Mr. Walter Bonardi as standing auditor, appointed Mr. Andrea Bignami and Mr. Flavio Pizzini as new standing auditors replacing Professor Mario Miscali and Mr. Paolo Corsi. The latter was appointed alternate auditor together with Prof. Carlo Bellavite Pellegrini.

"On behalf of the Steering Board and the Board of Directors - continued President Guzzetti - I wish to thank our colleagues Spadacini, Morerio, Miscali and Corsi who have contributed to the growth and success of Fondazione Cariplo's activities over these past years. I welcome the new members to the Board of Directors. Galli, Corigliano and Bignami are talented and experienced individuals who, I am sure, will give a valuable contribution to our governance bodies and organization.

I wish to take this opportunity to pay tribute to a person I was personally very close to and one to whom Fondazione Cariplo owes much: Maria Paola Colombo Svevo who recently passed away. For years she had been the Chair of Fondazione Cariplo Subcommittee on Social, Healthcare and Education Policies, to her we owe the vision and audacity of ideas and innovative programs including those promoting social cohesion, which is a crucial issue."

At the meeting, Steering Board members also discussed the framework plan setting out the strategic lines of the Foundation's action in the coming years. Steering Board members renewed their commitment to ensuring stable grant flows at around €200 million.



Grantmaking in 2009

In 2009, Fondazione Cariplo made:

- 106 grants for a total amount of €11.5 million to nonprofits in the **Environment** area (6.5%)
- 488 grants for a total amount of €60.4 million to nonprofits in the **Arts & Culture** area (34.4%)
- 105 grants for a total amount of €32.9 million in the **Scientific Research** area (18.8%)
- 263 grants for a total amount of €44.3 million in the **Social Services** area (25.2%)
- 67 grants for a total amount of €21.7 million in the **Philanthropy and Volunteer Work** area (12.4%)
- 25 grants for a total amount of €4.7 million in **Other Areas** (2.7%)

after adding the statutory share of funds for **Volunteer Work Centers**, the total amount of philanthropic funds exceeds €185 million.

Asset Management in 2009

At December 31, 2009, the market value of the Foundation's net assets was about **€6.96 billion**. In 2009, the after-tax rate of return on Fondazione Cariplo's assets was about **9.54%**¹ (market prices).

At December 31, 2009, the market value of the Foundation's portfolio of shareholdings in listed companies was about €2.29 billion. The Foundation's portfolio of shareholdings largely consists of financial stocks (Intesa Sanpaolo, Assicurazioni Generali, Mediaset, A2A, Fiera Milano and ACSM-AGAM) that yielded an annual return of 18.71% (market value). In 2009, the **rate of return** on cash funds was **4.48%**, well above the benchmark that stood at 0.95%. The rate of return on balanced funds was 6.60%, in line with the benchmark of 6.77%.

From **1998 through 2009**, the market value of the Foundation's net assets increased from €6.18 billion to €6.97 billion, **growing about 12.63%** versus a cumulative inflation rate (Italy CPI FOI Ex Tobacco) of about 27.51%. Over the same period the Foundation awarded funds for a total amount of about €2.11 billion (including provisions), i.e. an average annual amount of over €176 million (3% of the book value of its net assets).

¹ All rates of return set out herein are *time weighted*. Net annual rates of return are calculated by geometrically linking net weekly returns.



Analysis

The rate of return on the Foundation's investments was therefore in line with the Foundation's goal (i.e., grants equal to 2% of the book value of its net assets up until July 24, 2007, and to 3% of the book value of its net assets thereafter, owing to growth in the market value of the Foundation's net assets in line with inflation). This result was obtained in spite of two severe financial crises, adopting a grantmaking policy that has been very generous, yet sustainable in the long haul, to respond to the deep needs of the Third Sector.

This notable achievement was made possible thanks to the Foundation's disciplined approach and adoption of conservative principles, recently further tightened by the Steering Board, e.g. marking-to-market off-balance sheet items, taking a long-term approach, diversifying investments, having stable asset allocation and assets largely managed by third-party specialists.

The Foundation never invested in 'fashionable' financial instruments, such as structured notes, hedged funds or global private equity funds, nor did it ever hold derivative instruments for speculative purposes. For the management of its liquidity the Foundation relies on the *multi-asset*, *multi-style* and *multimanager* platform of Polaris Investment Italia SGR.

By a resolution dated October 27, 2009 the Steering Board approved the transfer of all the Foundation's shareholdings in listed companies - except for its investment in Intesa Sanpaolo SPA - into a Luxembourg-based investment fund administered by Polaris SA but managed by a third-party manager with a proven track record. The fund investment strategy features broad flexibility in terms of hedging and transformation of the financial profile of the assets transferred to the fund in order to take full advantage of the asset manager's professional dexterity in managing the significant risk associated with this type of investments.

The Steering Board also adopted a new benchmark made up as follows: 40% diversified equity investments that carry no currency risk; 53% diversified cash-bond investments that carry no currency risk; 7% mission connected investments.

The new benchmark will be effective upon the aforesaid transfer.

The Steering Board has also set out an investment commitment target of €470 million net of cash distribution to mission connected investments, and financial and social programs that pursue goals consistent with Fondazione Cariplo's mission, with a clear-cut asset allocation policy, i.e.:

- Investments in domestic private equity and venture capital funds for a total amount of €180 million, of which €70 million available for new programs headed by Futura Invest, the holding company of Fondamenta SGR and a number of other asset managers



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- Investments in domestic social housing & urban regeneration funds as well as other domestic property funds supporting nonprofit organizations for a total of €80 million, of which 70 million available for new programs headed by Polaris SGR
 - Investments in infrastructure including the long-standing investments in Cassa Depositi e Prestiti and F21, for a total amount of €110 million.
 - Investments connected to the implementation of the Foundation's Action Plans for a total amount of €90 million, of which €70 million in Microfinance Fund 1, a new fund promoted by Polaris SGR and managed by Fondamenta SGR whose purpose is fostering microcredit growth in developing countries.

The complete 2009 annual financial statements are available on www.fondazionecariplo.it

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