

MEDIOLANUM S.p.A.

**Half Year  
Report  
at June 30  
2007**

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The financial statements and the consolidated financial statements have been translated from those issued in Italy, from the Italian into English language solely for the convenience of international readers.

**MEDIOLANUM S.p.A.**

**Half Year  
Report  
at June 30  
2007**



# Mediolanum Group - Financial Highlights

€/m	June 30, 2007	June 30, 2006	Change
Assets under management and administration <sup>(*)</sup>	35,314.1	30,821.5	+14.6%
Profit before tax	142.8	139.9	+2.1%
Income Tax	(30.0)	(33.4)	-10.2%
Net profit	112.9	105.5	+7.0%
Embedded Value <sup>(°)</sup>	3.173	2.974	+6.7%
€			
Earnings per share <sup>(#)</sup>	0.155	0.145	+6.9%
Embedded Value per share <sup>(§)</sup>	4.353	4.085	+6.6%

(\*) The figures relate to retail customers only. For the sake of consistency, the figure at June 30, 2006 was restated.

(°) "European Embedded Value".

(#) Net profit attributable to holders of ordinary shares divided by the weighted average number of ordinary shares in issue.

(§) Embedded value attributable to holders of ordinary shares divided by the weighted average number of ordinary shares in issue.



# Corporate Governance Officers

## BOARD OF DIRECTORS

Roberto Ruozi	Chairman of the Board
Alfredo Messina	Deputy Chairman of the Board
Edoardo Lombardi	Executive Deputy Chairman
Ennio Doris	Chief Executive Officer
Luigi Berlusconi	Director
Marina Berlusconi	Director
Pasquale Cannatelli	Director
Maurizio Carfagna	Director
Massimo Antonio Doris	Director
Bruno Ermolli	Director
Mario Molteni	Director
Angelo Renoldi	Director
Paolo Sciumè	Director
Antonio Zunino	Director

## BOARD OF STATUTORY AUDITORS

Arnaldo Mauri	Chairman
Francesco Antonio Giampaolo	Standing Auditor
Francesco Vittadini	Alternate Auditor
Ferdinando Gatti	Alternate Auditor

## BOARD SECRETARY

Luca Maria Rovere

## INDEPENDENT AUDITORS

Reconta Ernst & Young S.p.A.





MEDIOLANUM S.p.A.

**Directors' Report  
at June 30  
2007**

## Directors' Report

For the first half of 2007 the Mediolanum Group reported net profit of €112,872 thousand, up 7% from €105,519 thousand at June 30, 2006.

At June 30, 2007, total assets under management and administration amounted to €35,314.1 million, growing 14.6% over the same period of 2006 (€30,821.5 million) and 5.4% over December 31, 2006 (€33,516.4 million).

In the first half of 2007, the Mediolanum Group focused on three major strategic projects:

- the development in the number of bank accounts,
- the pursuit of sign-ups for individual pension plans,
- the conversion of as many non-licensed Family Bankers as possible into licensed .

In the first six months of the year, 70,693 new bank accounts were opened with a growth of 33% over the first half of 2006. A virtual explosion of bank accounts took place in the months of May and June with 35,000 new bank accounts opened, of which 80% opened by new customers. At June 30, 2007, the number of bank accounts totalled 501,913.

Sign-up applications for the individual pension plan *Tax Benefit New* totalled about 89,000 which, as reported by the business press, made this product the best-seller in the Italian market of individual pension plans, with a market share of about 50%.

In the first half of the year, 2,476 non-licensed Family Bankers were successfully prepared and passed the state licensing exam in the March and July sessions. Specifically, 863 non-licensed advisors passed the exam in the March session (63% of those passed in the entire industry) and 864 passed the written exam of the July session (or 46% of all those in the entire Italian industry, now waiting to take the oral exam).

In the first six months of 2007, and in particular in the last months of the period, costs, which included one-off expenses, were on the rise. The related revenues will be recorded from the second half of the year.

In spite of greater costs, financial results improved over the same period of 2006.

## ● The Macroeconomic Environment

In the first half of 2007, global equity markets were rising. Major indices grew consistently in all regions, driven by substantial liquidity inflows, improved corporate earnings and a number of M&A deals, which contributed to increase the overall value of listed companies.

The positive outlook of the global economy sparked optimism and confidence among investors and consumers. At the end of June, the International Monetary Fund (IMF) revised upwards its April projections for the full year. Global GDP growth was revised from 4.9% to 5.2% for the current year and the next year. Global growth is largely driven by emerging economies, such as India and China, while the Eurozone is estimated to grow 2.6% and the US around 2%, due to the softening of the housing market.

The growth in demand reflected also on prices of raw materials, especially oil, which soared to over \$70 per barrel from \$61 at year end 2006.

Worried about a possible surge in inflation, the world's major central banks acted on interest rates. The European Central Bank raised interest rates from 3.5% in December 2006 to 4% in June 2007, the Bank of England from 5% to 5.5%, and the Bank of Japan raised target rates from 0.25% to 0.50%. Only the Fed left rates unchanged as it had raised them in prior years.

On the currency front, the dollar weakened by about 3% against major currencies.

As to bond markets, the medium/long-term curve showed a sharp increase in yields in all regions with a corresponding decline in bond prices. In the first half of the year, the yield on 10-year Treasury notes increased from 4.7% to about 5% in the US and from 4% to 4.6% in Europe.

The best performers on equity markets were raw material-related companies, which benefited from the increases in metal prices driven by the strong global demand, especially from China. The growth of energy companies was driven by sky-rocketing oil prices, while industrials benefited from the strong demand for infrastructure in emerging countries. The relative performance of real estate, financials and pharmaceuticals was below market average.

## ● The insurance market

In the first half of 2007, new life premiums written amounted to €25.2 billion, down 4.2% over the first half of 2006. Banks and post offices, which account for almost 80% of sales, posted premiums of €19.8 billion in line with 2006 results, while premiums written through agents (€2.9 billion) and agencies (€1.3 billion) declined 2.9% and 24.4% respectively, compared to the same period of the prior year. Premiums written through financial advisors amounted to €1.2 billion, down 25% over the first half of 2006, especially as a result of lower sales of "linked" products through this channel (down 29.9%).

At June 30, 2007, premiums written for products in class I ("with profits" and "pure risk" products) and class V ("investment plans") amounted to €10 billion declining 19.3% and 57.1% respectively, over the first half of 2006. In the first 6 months of 2007, the entire "linked" segment performed well (+22.2%) with new business written equally distributed between unit-linked and index-linked policies and premiums written of €15 billion.

From January 2007, premiums/contributions to pension funds open to individual subscriptions amounted to €158 million. Including also individual pension plans, this figure increases to about €220 million.

## ● Mediolanum Group's performance

For a better understanding of the Group's performance, the analysis is organised by business segment and distribution market.

### Life Insurance

In the first half of 2007, Mediolanum Vita S.p.A. reported premiums written of €860.2 million versus €958.1 million in the past year (down 10.2%). New business declined 31.2% from €406.5 million in the first half of 2006 to €279.8 million at the end of June 2007, while the value of business already in the portfolio grew 5.2% to €580.4 million from €551.7 million at June 30, 2006.

New business was certainly impacted by the decline in recurring premiums connected to the introduction of the new supplementary pension legislation under which pension product premiums written by individuals in the employee category could be posted only from July 1, 2007.

In the recently ended first-half of the year, Mediolanum Vita S.p.A. focused on developing and promoting the new pension product *Tax Benefit New*, a Unit-linked Individual Pension Plan registered with Covip last May. The company began to receive sign-up applications for *Tax Benefit New* as early as March.

At June 30, 2007, mathematical reserves and financial liabilities to policyholders amounted to €12,029.0 million declining 2.1% from €11,783.4 million at December 31, 2006.

Net profit for the year amounted to €19.4 million, slightly down from €20.3 million in the first half of 2006.

In the first half of 2007, Mediolanum International Life Ltd reported premiums written of €952.7 million versus €706.0 million at June 30, 2006.

Mediolanum International Life Ltd policies are distributed in Italy, Spain and Germany. Premiums written in foreign markets (Spain and Germany) amounted to €87.2 million versus €89.6 million June 30, 2006.

At June 30, 2007, mathematical reserves and financial liabilities to policyholders grew to €3,233.7 million from €2,473.5 million at December 31, 2006.

For the first half of 2007 Mediolanum International Life Ltd reported net profit of €15 million versus €13 million at June 30, 2006. The improved net profit is in connection with greater business generated in the first half of the year under review.

#### Net profit (loss) of life insurance subsidiaries consolidated on a line-by-line basis:

€/000	June 30, 2007	June 30, 2006
Mediolanum Vita S.p.A.	19,413	20,261
Partner Time S.p.A.	(320)	(85)
Mediolanum International Life Ltd	14,975	13,022

## Asset Management

For the first half of 2007 inflows into Mediolanum Gestione Fondi SGR p.A. products showed a negative balance of €88.1 million versus a positive balance of €151.7 million at June 30, 2006, when the balance of this account had benefited from inflows into the newly formed Mediolanum Real Estate fund (+€220 million).

At June 30, 2007, assets invested in open-end mutual funds amounted to €2,070 million down 3.5% from €2,142 million at June 30, 2006 and 4% from €2,153 million December 31, 2006, while assets invested in the two real estate funds (Property and Real Estate) amounted to €347.1 million, up 12.9% from 307.4 million at June 30, 2006 and 10.7% from €313.5 million at December 31, 2006.

At the end of the first half 2007, total assets in the pension fund *Previgest Fund Mediolanum* amounted to €32.9 million versus €27.2 million June 30, 2006 and €30.6 million at December 31, 2006.

At June 30, 2007 assets managed on mandates from fellow subsidiaries amounted to €12,964 million (vs. €12,822 million at June 30, 2006 and €13,514 million at December 31, 2006), while assets managed by fellow subsidiaries on behalf of Mediolanum Gestione Fondi SGR p.A amounted to €162 million (vs. €160 million at June 30, 2006 and €167 million at December 31, 2006).

At June 30, 2007, the company reported net profit of €3,807 thousand down from €6,542 thousand at June 30, 2006, due to lower performance fees earned in the first half of the year.

For the first half of 2007 Mediolanum International Funds Ltd reported net inflows of €949.6 million (vs. €720.6 million at June 30, 2006), of which €622.4 million relating to the *Portfolio* fund of funds (vs. €235.5 million at June 30, 2006).

At June 30, 2007, assets under management amounted to €14,579.6 million, growing 20% from €12,142.4 million at June 30, 2006 and 9.3% from €13,337.3 million at December 31, 2006.

Net profit for the first half of the year amounted to €79,860 thousand, growing by €14,831 thousand from €65,029 thousand at June 30, 2006. The increase is in connection with larger assets under management and greater performance fees earned (up €10.9 million).

Mediolanum International Funds products are distributed in Italy, Spain and Germany.

### Net profit (loss) of asset management subsidiaries consolidated on a line-by-line basis:

€/000	June 30, 2007	June 30, 2006
Mediolanum International Funds Ltd	79,860	65,029
Mediolanum Gestione Fondi SGR p.A.	3,807	6,542
Mediolanum Asset Management Ltd	5,817	5,008

## ● Distribution Markets

### ○ Domestic Market

In the first half of the year, gross inflows grew 38% (19% excluding Banca Esperia) over the prior year, when the balance of this account had benefited from the exceptional inflows into the Mediolanum Real Estate fund (€220 million).

Net inflows grew 35%. Excluding Banca Esperia, the figure is still positive (€728.4 million) although down 20% compared to the same period of the prior year.

At June 30, 2007, total customer assets (banking, insurance and mutual funds) amounted to €27,841.5 million, up 11% from €25,070.9 million at June 30, 2006.

At June 30, 2007, sales network members increased 12% over the prior year and consisted of 6,315 Family Bankers, of whom 4,108 licensed (vs. 3,954 at June 30, 2006) and 2,207 non-licensed (vs. 1,704 at June 30, 2006).

At June 30, 2007, there were 234 Punto Mediolanum as 12 new Punto Mediolanum opened in the first half of 2007 (222 units at December 31, 2006).

## Banking

In the first half of 2007, the Group achieved remarkable results in the terms of acquisition of new customers and opening of bank accounts. Bank accounts increased by 77,237 accounts from 424,676 at June 30, 2006 to 501,913 at June 30, 2007. Special attention was given to promoting the full use of bank accounts by customers, and in particular electronic payments of wages and salaries, pensions and professional fees as well as utilities bills, and more generally the multiple channels offered by the Group (the telephone, the Internet, mobile banking, teletext).

At the end of the first half under review, the Bank's total assets and liabilities amounted to €7,825 million, growing €1,601 million over December 31, 2006. This was due partly to greater financial liabilities held for trading (up €935 million) to cover any losses on financial assets held for trading, which may arise in connection with interest rate hikes and partly to greater customer deposits which increased €719 million from €4,145 million at December 31, 2006 to €4,864 million at June 30, 2007.

At June 30, 2007, the Bank's total assets under administration (bank accounts and securities accounts) increased to €5,281 million from €5,181 million at the end of the prior year.

Loans to customers amounted to €1,514 million, growing 38.9% from €1,090 million at December 31, 2006. Direct mortgage lending contributed to this result as mortgage loans increased from €289.4 million at December 31, 2006 to €378.9 million at June 30, 2007.

At June 30, 2007, net interest income amounted to €46,372 thousand, growing 34.5% from €34,470 thousand at June 30, 2006, while profits on financial transactions climbed from €1,615 thousand in the prior year to €5,828 thousand at June 30, 2007. These two items of income added up to €52,200 thousand, growing 44.7% from €36,082 thousand at June 30, 2006.

The increase is in connection with greater inflows and customer loans as well as profitable treasury management. At June 30, 2007, commission income amounted to €56,218 thousand versus €64,660 thousand in the prior year. The 13% decline is attributable to the different mix of asset management sales in the first half of the year, which were impacted, among other things, by the decline in pension products sales, due to the introduction of the new supplementary pension legislation under which pension product premiums written by individuals in the employee category could be posted only beginning from July 1, 2007.

Administrative expenses increased from €87,260 thousand to €107,717 thousand at the end of the first half of 2007. The increase is in connection with the larger number of bank accounts and transaction volumes, which grew 30% on an annual basis, the sale of new pension products and the expansion of the sales network. All these factors entailed an increase in ordinary as well non-recurring expenses for communications, advertising and sales network training.

For the first half of 2007 Banca Mediolanum S.p.A. reported net profit of €19,868 thousand versus €37,570 thousand in the same period of the prior year. The decline in the net profit is largely due to lower dividends distributed by subsidiaries in the first half of the year (down €8,636 thousand) and lower income from pension products as a result of the reform of the supplementary pension legislation.

#### Net profit (loss) of banking subsidiaries consolidated on a line-by-line basis:

€/000	June 30, 2007	June 30, 2006
Banca Mediolanum S.p.A.	19,868	37,570
Mediolanum Distribuzione Finanziaria S.p.A.	196	(182)

#### Other businesses

Other businesses include the 48.5%-owned private banking associate Banca Esperia S.p.A., which heads a group made up of the fund manager Duemme SGR p.A., the hedge fund manager Duemme Hedge SGR p.A., the investment trust Duemme Servizi Fiduciari S.p.A., the trust company Duemme Trust Company S.p.A. and the London-based advisory firm Duemme Capital Ltd.

In the first half of 2007, gross inflows into the Banca Esperia Group climbed 152% to €2,833 million from €1,123 million in H1 2006. Net inflows soared 215% to €1,771 million from €562 million from at June 30, 2006.

Total assets under management increased to €9,130 million from €7,080 million at December 31, 2006 and €6,232 million at June 30, 2006.

At June 30, 2007, there were 54 private bankers versus 55 at December 31, 2006.

At June 30, 2007 consolidated net profit climbed 136% to €18.3 million from €7.7 million at June 30, 2006, thanks to the significant contribution of performance fees earned on hedge fund management.

## ○ Foreign Markets

### Spain

Mediolanum conducts business in Spain through the Spanish Group Fibanc (a wholly-owned subsidiary of Banca Mediolanum).

In the first half of 2007, net inflows into asset management products amounted to €61.3 million versus €76.1 million in the prior year.

Gross inflows into Mediolanum International Life products amounted to €83.0 million versus €73.7 million at June 30, 2006.

For the first half of the year net inflows into assets under administration showed a negative balance of €119.9 million versus €7.5 million in the first half of 2006. The negative balance is in connection with the poor performance of advisors who still work according to an "outdated" model focused on trading. This result, however, has no material impact on the Group due to the limited weight of these operations.

At June 30, 2007, assets under management and administration amounted to €2,684.2 million, growing 15.8% from €2,317.1 million at June 30, 2006, and 7.7% from €2,493.3 million at December 31, 2006.

At the end of the first half of the year, full-time sales network members grew to 577 people from 522 people at June 30, 2006, among these, global consultants grew from 470 people in the prior year to 528 people at June 30, 2007.

At June 30, 2007, the Fibanc Group reported net profit of €1,512 thousand versus €70 thousand at June 30, 2006. The improvement is due to greater commissions earned on the sale of asset management products.

#### Net profit (loss) of Spanish subsidiaries consolidated on a line-by-line basis:

€/000	June 30, 2007	June 30, 2006
Banco de Finanzas e Inversiones S.A. - Fibanc Group	1,512	70

### Germany

Mediolanum conducts business in Germany through Bankhaus August Lenz & Co AG and the Gamax Holding AG Group. Bankhaus August Lenz & Co AG is a Banca Mediolanum's wholly-owned bank, while the Gamax Holding AG Group is 99.997% owned by Mediolanum International S.A. and is made up of a holding company with shareholdings in a Luxembourg-based fund management company and in a distribution company operating in Austria. Effective from April 1, 2007, the entire shareholding in the German sales network Gamax Broker Pool AG was sold to Consal Makler Service GmbH, a company of the Consal Beteiligungsgesellschaft AG Group, for a consideration of €1,400,000.

The agreements in force between Gamax Broker Pool and Gamax Asset Management SA, Luxembourg, for the sale of mutual funds of the latter were confirmed and will continue to operate in the future.



For the first half of 2007 the **Gamax Group** reported net profit of €2,251 thousand versus €599 thousand in the prior year. Net profit for the period reflects the gain realised upon the sale of the shareholding in Gamax Broker Pool AG (€0.9 million).

In first half of 2007, gross inflows into Gamax funds amounted to €24.3 million versus €18.5 million in the prior year, while net inflows recorded a negative balance of €55.1 million versus a negative balance of €29.4 million at June 30, 2006.

At the end of the first half of the current year, assets invested in Gamax funds amounted to €299.6 million versus €349 million at the end of the prior year.

For the first half of 2007 **Bankhaus August Lenz** reported net inflows of €5.8 million (of which €5.1 million into managed accounts) versus €3.4 million in the prior year (of which €7.8 million into managed accounts). At June 30, 2007, the sales network consisted of 41 people versus 45 people at June 30, 2006.

At June 30, 2007, total assets under management and administration amounted to €60.7 million, growing 3% from €59.1 million at June 30, 2006.

For the first half of 2007 Bankhaus August Lenz reported a net loss of €3,971 thousand versus a loss of 3,534 thousand at the end of the first half of 2006.

#### Net profit (loss) of German subsidiaries consolidated on a line-by-line basis:

€/000	June 30, 2007	June 30, 2006
Bankhaus August Lenz & Co. AG	(3,971)	(3,534)
Gamax Holding AG Group	2,251	599

## ● THE PARENT COMPANY

As disclosed in the 2006 Annual Report, effective from January 1, 2007, Mediolanum S.p.A. amicably terminated the agency agreements with Mediolanum Vita S.p.A. and Mediolanum Assicurazioni S.p.A. and, at the same time, said companies entered into direct distribution agreements with the subsidiary Banca Mediolanum S.p.A.

From January 1, 2007 the parent company is a pure holding company heading the Mediolanum Group financial conglomerate.

At June 30, 2007, the Parent Company reported net profit of €111,431 thousand, a figure which is substantially in line with net profit of €110,539 thousand reported for the same period of 2006.

## SUMMARY KEY FINANCIALS

### Inflows

€/m	June 30, 2007	June 30, 2006	Change %
<b>DOMESTIC MARKET</b>			
<b>Italy</b>			
- Life insurance products			
gross premiums written	1,725.7	1,580.3	+9
<i>of which:</i>			
New Business	1,155.5	1,042.0	+11
Portfolio	570.2	538.3	+6
- Mutual funds and managed accounts			
gross inflows	1,894.4 *	1,647.2	+15
net inflows	(376.2)	113.6	n/a
- Bank accounts and securities in custody			
net inflows	349.3	109.7	+218
- Banca Esperia Group			
net inflows (48,5%)	858.9	272.6	+215
<b>FOREIGN MARKETS</b>			
<b>Spain</b>			
- Life insurance products			
gross premiums written	88.7	82.4	+8
- Mutual funds and managed accounts			
gross inflows	229.8	186.7	+23
net inflows	21.1	21.1	n/a
- Bank accounts and securities in custody			
net inflows	(119.9)	(7.5)	n/a
<b>Germany</b>			
- Life insurance products			
gross inflows	4.3	7.2	-40
- Mutual funds and managed accounts			
gross inflows	29.2	23.5 #	+24
net inflows	(53.3)	(28.1)	+90
- Bank accounts and securities in custody			
net inflows	1	(4.4)	n/a

(\*) Of which €582 million switched from "Chorus" to "Portfolio".

(#) Mutual Funds and Managed Accounts do not include third-party assets under delegated management. For the sake of consistency comparative information at June 30, 2006 was restated.

## ○ Consolidated assets under management and under administration \*

€/m	June 30, 2007	June 30, 2006	Dec 31, 2006
Life products	14,886.6	12,596.9	13,922.0
Mutual funds and managed accounts	16,117.1	14,339.5	15,467.4
Banking products	5,281.2	4,794.6	5,181.4
Consolidation adjustments	(8,443.5)	(6,660.1)	(7,626.9)
Banca Esperia Group **	4,428.1	3,022.5	3,433.8
<b>Domestic market</b>	<b>32,269.6</b>	<b>28,093.4</b>	<b>30,377.7</b>
Life products	451.3	366.2	409.4
Mutual funds and managed accounts ***	1,086.1	1,097.8	1,115.0
Banking products	1,776.5	1,513.3	1,625.6
Other products	1.3	1.6	1.6
Consolidation adjustments	(270.6)	(250.8)	(252.3)
<b>Foreign markets</b>	<b>3,044.6</b>	<b>2,728.1</b>	<b>2,899.3</b>
<b>Mediolanum Group</b>	<b>35,314.1</b>	<b>30,821.5</b>	<b>33,277.0</b>

(\*) Consolidated assets under management and administration relate exclusively to retail customers. Comparative figures at March 31, 2006 were restated for the sake of consistency.

(\*\*) The figures relating to Banca Esperia are stated on a pro-rata basis according to the stake held in that entity (48.5%).

(\*\*\*) Mutual Funds and Managed Accounts do not include third-party assets under delegated management. For the sake of consistency comparative information at June 30, 2006 was restated.

## ○ The sales networks

Number	June 30, 2007	June 30, 2006	Dec 31, 2006
<b>Full Time</b>			
<b>Italy</b>			
Mediolanum Banking Group *			
- Licensed Financial Advisors	4,108	3,954	4,011
- Non-licensed FAs and Credit Executives **	2,207	1,704	2,089
<b>Spain</b>			
Fibanc	577	522	576
<b>Germany</b>			
Bankhaus August Lenz	41	45	42
<b>Total</b>	<b>6,933</b>	<b>6,225</b>	<b>6,718</b>
<b>Part-time</b>			
<b>Italy</b>			
Partner Time ***	173	100	163
<b>Spain</b>			
Gruppo Fibanc	119	133	115
<b>Total</b>	<b>292</b>	<b>233</b>	<b>278</b>
<b>Total sales networks</b>	<b>7,225</b>	<b>6,458</b>	<b>6,996</b>

(\*) All Banca Mediolanum S.p.A. non-licensed advisors work also as financial agents under a mandate from Mediolanum Distribuzione Finanziaria S.p.A.

(\*\*) The item "Non Licensed Advisors" does not include traditional agencies. For the sake of consistency comparative information at June 30, 2006 and at December 31, 2006 was restated.

(\*\*\*) The Partner Time Sales Network figures relate to advisors and soliciting agents who regularly work for this organisation and have the required qualifications for registration in the Register of Insurance and Reinsurance Intermediaries.

Following the sale of Gamax Broker Pool AG, information on the sales network of this organisation is no longer included.

## ● Post balance sheet date events

After balance sheet date, financial markets were heavily impacted by growing concerns that international financial institutions, hedge funds and other financials with large positions in securities backed by US subprime mortgages (high-risk mortgages) would find it difficult to meet their obligations toward investors, as some specialist funds investing in loans and subprime mortgages froze redemptions and filed for bankruptcy protection.

The Mediolanum Group's mutual funds and discretionary accounts do not carry any risk of such credit problems since no investment was made in securities or issues related to these high-risk mortgages.

Mediolanum S.p.A. and all companies within the Mediolanum Group:

- are not exposed to risk in relation to said high-risk mortgages, as lenders, since they did not issue nor place any subprime mortgage;
- do not hold any proprietary position in products with subprime mortgages as underlying;
- did not issue any guarantee in connection with said products;
- with regard to asset management operations investing in assets with subprime mortgages as underlying, no asset management company or insurer within the Mediolanum Group manages products with direct exposure to said underlying;
- no financial instrument with such underlying is held by any bank within the Mediolanum Group either in custody or under administration.

The risk of repercussions of the subprime mortgage crisis may arise solely from poor market performance or investments in financial instruments or products issued by entities, that, in turn, are indirectly exposed to subprime mortgages.

There were no other post-balance sheet date events which could have a material impact on the Group's financial position, result of operation or cash flows.

## ● Outlook

In the light of the results recorded in the first months of 2007 the outlook for the current year is positive.

Basiglio, September 11, 2007

For the Board of Directors  
The Chairman  
(Roberto Ruozi)

MEDIOLANUM S.p.A.

**European  
Embedded Value  
June 30**

**2007**

**Tillinghast - Towers Perrin**

# Mediolanum Group

## European Embedded Value June 30, 2007

### ● Introduction

In May 2004, the CFO Forum, a group representing the Chief Financial Officers of major European insurance groups published the European Embedded Value ("EEV") Principles with the aim of improving the transparency and consistency of embedded value reporting. Mediolanum adopted the EEV Principles for the first time with the publication of its full year 2005 results. This disclosure provides results as at June 30, 2007 and a comparison with values determined as at December 31, 2006 and as at June 30, 2006.

An embedded value is an actuarially determined estimate of the value of a company, excluding any value attributable to future new business. Embedded value is defined as the sum of shareholders' net assets, valuing assets at market value, and the value of in-force business. The value of in-force life business is the present value of the stream of future after-tax statutory profits that are expected to be generated from all the existing policies at the valuation date, adjusted for the cost of maintaining a level of required capital and for the time value of financial options and guarantees. The value of in-force asset management (mutual funds, real estate funds and managed accounts) and banking (current account, deposit account and mortgage) business is calculated in a similar way to the value of in-force life business.

In order to provide more complete information, the embedded values consolidate the value of life and asset management business distributed in Italy and Spain, together with the most significant parts of the Italian banking business,

Mediolanum has internalised the models for its unit-linked pension plans and has continued to work closely with consulting actuaries Tillinghast to develop appropriate methodology; Tillinghast has continued to calculate the embedded value for the business which has not been internalised and has undertaken an overall review of the embedded value of the Group at June 30, 2007.

Mediolanum has chosen to adopt an approach which maintains consistency with the embedded value reporting which has been a characteristic of the Group's transparent reporting since 1994. The value of in-force business continues to represent the discounted value of a stream of best estimate profits adjusted for the cost of holding a certain level of capital. The key differences between Traditional Embedded Value ("TEV") reporting used in prior reporting years and EEV reporting are in the determination of the level of required capital, and in the allowance for risk, which uses a framework based on market-consistent methodology, from which equivalent risk discount rates are derived.

In calculating the embedded value of the Group, numerous assumptions (some of which are shown below) are required concerning the Mediolanum Group's lines of business with respect to industry performance, business and economic conditions and other factors, many of which are outside the Group's control. Although the assumptions used represent estimates that the Mediolanum Group believes are appropriate for the purpose of embedded value reporting, future operating conditions may differ, perhaps significantly, from those assumed in the calculation of the embedded value. Consequently, the inclusion of embedded value herein should not be regarded as a statement by the Mediolanum Group, Tillinghast or any other entity, that the stream of future after-tax profits discounted to produce the embedded value will be achieved.

## ● Embedded Value

The following table shows the embedded values as at June 30, 2007, as at December 31, 2006 and as at June 30, 2006, all determined under the EEV Principles.

### Embedded value

Euro millions	June 30 2006	December 31 2006	June 30 2007
Published shareholders' net assets	809	904	916
adjustments to net assets <sup>1</sup>	(151)	(155)	(147)
Adjusted shareholders' net assets	658	749	769
value of in-force life business	1,802	1,895	1,861
value of in-force asset management	394	346	352
value of in-force banking business	120	132	191
Value of in-force business	2,316	2,373	2,404
<b>Embedded value</b>	<b>2,974</b>	<b>3,122</b>	<b>3,173</b>

<sup>1</sup> including elimination of goodwill.

Shareholders' net assets shown above are equal to the consolidated net assets of the Group, determined on an IFRS basis, before the distribution of dividends payable in the following year. Adjustments are required primarily to reflect the after-tax impact of (i) marking to market value any assets not considered on a market value under IFRS, (ii) the elimination of goodwill, primarily those related to the acquisitions of Fibanc, Gamax, B.A. Lenz and MILL in prior periods, (iii) the exclusion of the accounting items relating to unrealised gains in the life segregated funds, whose projected emergence over time is included in the value of the in-force life insurance business, (iv) the reversal of accounting items related to life insurance products classified under IAS 39 for which the value of in-force business is determined using the statutory profits, and (v) the impact of the taxation of life reserves.

The following table shows the reconciliation between published consolidated IFRS net equity and adjusted shareholders' net asset value.

## Reconciliation of Adjusted shareholders' net equity to IFRS net equity

Euro millions	June 30 2006	December 31 2006	June 30 2007
Consolidated IFRS net equity	809	904	916
Goodwill	(162)	(162)	(161)
Taxation on reserves	(13)	(12)	(13)
AFS & other IFRS items	13	9	14
Net UCG not in value of in-force business	11	10	13
Adjusted shareholders' net assets	658	749	769

The discount rates used under the EEV methodology vary between lines of business, since they reflect, using the methodology outlined later in this document, the risk profile of the underlying business. The average discount rates, weighted by value of in-force business are 7.42% as at June 30, 2007, 6.73% as at December 31, 2006 and 6.62% as at June 30, 2006.

### ○ Sensitivity to the risk discount rate

The discount rate appropriate for any shareholder or investor will depend on his or her specific requirements, tax position and perception of the risks associated with the realisation of future profits. To allow potential investors to analyse the effect of using various discount rates to reflect differing views on risk, the embedded value for the Group as at June 30, 2007 was calculated at discount rates respectively 1% higher and lower than the central rates. All other assumptions, in particular inflation rates and investment returns, were kept unchanged when calculating the values at alternative discount rates.

### Analysis of the sensitivity to the discount rate of embedded value at June 30, 2007

Euro millions Discount rate	-1%	central	+1%
Adjusted shareholders' net assets	769	769	769
value of in-force life business	2,051	1,861	1,703
value of in-force asset management	366	352	340
value of in-force banking business	201	191	182
Value of in-force business	2,618	2,404	2,225
<b>Embedded value</b>	<b>3,387</b>	<b>3,173</b>	<b>2,994</b>



## ● Embedded Value Earnings

Embedded value earnings, which are defined as the change in embedded value for the period, adjusted for the payment of dividends and other capital movements, provide a measure of performance during the year. The following table shows the embedded value earnings of the Mediolanum Group in the first half of 2007, in the full year 2006 and in the first half of 2006.

### Embedded value earnings

Euro millions	1 <sup>st</sup> half 2006	Full year 2006	1 <sup>st</sup> half 2007
Change in embedded value for the period	23	171	51
Dividends paid or accrued	83	146	84
Other capital movements	(2)	(5)	(2)
<b>Embedded value earnings</b>	<b>104</b>	<b>312</b>	<b>133</b>

Embedded value earnings consist of the following components:

- The expected return on embedded value at the start of the year ("expected return"), equal to the after-tax investment return assumed at the start of the year on shareholders' net assets less solvency capital, plus a return at the discount rate on the sum of in-force business and solvency capital at the start of the year.
- Variances during the period ("experience variances"), caused by differences between the actual experience of the period and the assumptions used to calculate the embedded value at the start of the year, before the impact of new sales during the period.
- The impact of changes in assumptions at the end of the period for operating experience, excluding economic or fiscal assumptions ("operating assumption changes").
- Changes in assumptions regarding future experience used to calculate the value of in-force business at the end of the period relating to economic conditions ("economic assumption changes"), including the discount rate and investment returns.
- The "value added by new business", including business transformations in the first half of 2007, initially calculated at the moment of sale using the end of period assumptions, and then capitalised at the discount rate to the end of the period.

The following table shows the components of the embedded value earnings of the Mediolanum Group in the first half of 2007, in the full year 2006 and in the first half of 2006.

## Components of embedded value earnings

Euro millions	1 <sup>st</sup> half 2006	Full year 2006	1 <sup>st</sup> half 2007
Expected return	76	153	91
Experience variances	(94)	(19)	(61)
Operating assumption changes	-	(57)	-
Economic assumption changes	(29)	(39)	(19)
<b>Earnings on initial embedded value</b>	<b>(47)</b>	<b>38</b>	<b>11</b>
New life business	110	211	88
New asset management business	32	46	26
New banking business	9	15	11
Business transformation	-	2	(3)
<b>Value added by new business</b>	<b>151</b>	<b>274</b>	<b>122</b>
<b>EMBEDDED VALUE EARNINGS</b>	<b>104</b>	<b>312</b>	<b>133</b>

### ○ Description of key embedded value earnings items in the first half of 2007

Experience variances gave rise to a decrease in the embedded value earnings for the year of 61 million Euro. The most important negative variance was 84 million Euro associated with the repricing of the portfolio of unit-linked pension plans; the recent regulatory changes induced the company to extend the benefits introduced with Tax Benefit New to policyholders with old Tax Benefit and My Pension contracts, in order to protect the in-force portfolio from the risk of early surrenders. Lower persistency than expected on asset management and financial unit-linked business had a negative impact for respectively 24 million Euro and 12 million Euro. These negative effects were partially counterbalanced by higher performance commissions than those assumed (19 million Euro), a better than expected mix of the mutual funds underlying unit-linked business (20 million Euro), increased average balances in current account business (15 million Euro) and the impact of internalising the models of the unit-linked pension plans (11 million Euro); given regulatory changes and the greater complexity of pension products, it was decided to develop an enhanced model which would allow a more precise policy-by-policy approach for the unit-linked business.. The remaining effects comprise a series of smaller positive and negative items.

The negative impact of changes to economic assumptions (approximately 19 million Euro) is due to the combined effect of the increase in the discount rate and in the projected rates of investment return.

The value added by new life business in the period was 88 million Euro of which 9 million Euro related to business distributed by Fibanc in Spain.

The value added by new asset management business in the period of 26 million Euro was almost entirely related to Italian business.

New banking business added 11 million Euro, related mostly to current account business and proprietary mortgages.

## ● Value of new business

New business comprises new life insurance policies sold during the period, excluding those resulting from the transformation or switch of existing policies, together with discretionary increases in the level of regular premiums on existing policies. New asset management business is defined as the sum of retail gross inflows net of internal switches within the mutual funds and managed accounts. New banking business comprises the new money collected in the period relating to current accounts and deposit accounts opened in the year and the volume of new mortgages issued.

The value of new business has been determined at the moment of sale using the end-year economic and operating assumptions. The following table shows the value added by new business in the first half of 2007, in the full year 2006 and in the first half of 2006.

### Value of new business at moment of sale

Euro millions	1 <sup>st</sup> half 2006	Full year 2006	1 <sup>st</sup> half 2007
Unit-linked Life business	86	164	63
Index-linked Life business	22	41	24
Asset management business	32	44	25
Banking business	9	15	11
<b>Value of new business</b>	<b>149</b>	<b>264</b>	<b>123</b>

The discount rates used under the EEV methodology vary between lines of business, since they reflect, using the methodology outlined later in this document, the risk profile of the underlying business. The average risk profile of the new business was similar to that of the in-force business and so the same discount rates were used, namely 7.30% for life business (6.60% in 2006 and 6.50% in the first half of 2006), 8.25% for asset management business (7.60% in 2006 and 7.25% in the first half of 2006) and 7.00% for banking business (6.40% in 2006 and 6.30% in the first half of 2006), giving an average, weighted by new business value of 7.47% in the first half of 2007.

In order to evaluate the effect of alternative discount rates on new business, the value of new business in the first half of 2007 was calculated using discount rates 1% lower and higher than the central rates. In calculating these values with alternative discount rates, all the other assumptions, including in particular those relating to inflation and return on investments, were kept unchanged.

### Analysis of the sensitivity to the discount rate of the value added by new business in the first half of 2007

Euro millions Discount rate	-1%	central	+1%
Unit-linked Life business	71	63	57
Index-linked Life business	25	24	23
Asset management business	26	25	24
New banking business	12	11	10
<b>Total</b>	<b>134</b>	<b>123</b>	<b>114</b>

## ○ New business margins

New business margins for the Italian Life and asset management business in the first half of 2007, in the full year 2006 and in the first half of 2006 are shown in the tables below. Profitability is expressed both in terms of a margin on APE (annual premium equivalent defined as annualised regular premiums plus 10% of single premiums) and as a percentage of PVNBP (present value of new business premiums) calculated using the expected lapse and other exit assumptions and the respective derived risk discount rates.

### New business margins in the first half of 2007 - Life and asset management

Euro millions	Unit-linked	Index-linked	Asset mgmt
Value of new business at moment of sale	59	19	25
Regular premiums / pac	64	-	43
Single premiums / pic	360	699	797
APE	100	70	123
New business margin (% APE)	58.6%	27.0%	20.5%
PVNBP	790	699	1,043
New business margin (% PVNBP)	7.4%	2.7%	2.4%

### New business margins in 2006 - Life and asset management

Euro millions	Unit-linked	Index-linked	Asset mgmt
Value of new business at moment of sale	154	34	43
Regular premiums / pac	185	-	70
Single premiums / pic	516	1,175	1,354
APE	237	118	206
New business margin (% APE)	65.1%	28.8%	20.9%
PVNBP	1,876	1,175	1,760
New business margin (% PVNBP)	8.2%	2.9%	2.4%

### New business margins in the first half of 2006 - Life and asset management

Euro millions	Unit-linked	Index-linked	Asset mgmt
Value of new business at moment of sale	81	19	31
Regular premiums / pac	90		45
Single premiums / pic	243	612	828
APE	115	61	128
New business margin (% APE)	70.8%	30.9%	24.4%
PVNBP	962	612	1,091
New business margin (% PVNBP)	8.4%	3.1%	2.9%

The margin on APE for new life business in Spain is approximately 85% in the first half of 2007.

The margin of new current accounts as a percentage of the money invested in current accounts opened in the first half of 2007 is 2.4%. The profitability of new mortgages sold in the first half of 2007 is 2.2%, which reflects a mix between mortgages intermediated for third parties and Mediolanum's proprietary mortgage book.

## ● Methodology

The traditional embedded value calculations which Mediolanum used in the past were based on detailed models of the in-force and new business developed in a deterministic environment, using a single set of best estimates for both economic and operating assumptions. In the traditional embedded value framework, risk was allowed for by the use of a single discount rate and an allowance for the cost of holding solvency capital equal to the minimum EU solvency margin. The cost of solvency capital was determined as the present value of the differences between the assumed after-tax return on the assets (mainly bonds) backing solvency capital and the discount rate applied to the projected solvency margin.

In adopting the EEV Principles, Mediolanum has chosen to adopt an approach which maintains consistency with the prior approach to embedded value reporting. The value of in-force business continues to represent the discounted value of a stream of best estimate profits adjusted for the cost of holding a certain level of capital. The key differences between the traditional reporting and EEV reporting are in the determination of the level of required capital, and in the allowance for risk, which uses a framework based on market-consistent methodology.

The embedded value has been determined using a market-consistent framework to value financial risks, an allowance for non-financial risks, and the deduction of a frictional cost of required capital. To maintain consistency with the previous approach used to report embedded values and embedded value earnings and allow like-for-like comparisons, equivalent risk discount rates have then been derived so as to produce the same results when input into the traditional deterministic models, which use best estimate assumptions, after the cost of solvency capital. This produces an average derived risk discount rate for homogeneous blocks of business.

In theory discount rates can vary between new business and in-force business, according to the respective risk profiles. In practice the derived risk discount rates for new business were very close to those calculated for in-force business, and so the same discount rates by line of business were used for both in-force and new business.

## ○ Allowance for risk

Appropriate allowance for risk in the projected profits is a key component of the EEV Principles and Guidance. Risk has been allowed for in three main ways:

Explicit risk margins in the discount rate, to allow for:

- a market-consistent approach to financial risk, which reflects the level of market risk in each cash flow;
- an allowance for non-financial risks which reflects the potential asymmetry of operational risks and the capital requirements for banking business;

Deduction of the cost of holding a level of required capital for life business:

- using EU minimum margins for unit-linked and traditional business;
- using risk-based capital for counterparty risk on index-linked business;
- assuming a frictional cost of double taxation on the required capital;

Explicit deduction for the cost of financial options and guarantees:

- relevant for the traditional life business only.

## ○ Covered business

The covered business includes all the life insurance and asset management business written in Italy and in Spain, together with the main retail banking business in Italy, consistent with these business segments under IFRS reporting. No value has been attributed to in-force or new business for the remaining lines of business, including in particular Gamax, B.A. Lenz and that part of the Irish operations MILL and MIF not related to Italy and Spain, nor to the other minor lines of business of the Mediolanum Group.

Values are reported on a look-through basis, considering all profits and losses emerging in the Group associated with the relevant line of business.

## ○ Required capital and cost of capital

In compliance with EEV Principle 5, Mediolanum has made an assessment of the amount of required capital to be attributed to the covered life business. The approach used varies by line of business. For all life business other than index-linked business, EU minimum solvency requirements have been considered appropriate. For index-linked life business, account has been taken of the counterparty risk, using a risk-based capital approach which considers the rating of the issuers of the structured bonds underlying the index-linked guarantees. This gives rise to capital requirements of approximately 3.5% of reserves for business where Mediolanum bears the full investment risk and approximately 1.75% for business where investment risk is passed to policyholders.

Total required capital for the life business as at June 30, 2007 is 169 million Euro, which corresponds to approximately 150% of the EU minimum margin.

For banking business, the minimum capital requirements based on risk weighted assets for mortgages and loans have been considered as part of the risk margin for non-financial risks, as have the requirements associated with the Basle II regulations regarding operational risk.

To determine the embedded value, the cost of required capital has been determined based on the frictional costs of holding this capital. Since financial risks are already allowed for on a market-consistent basis, these costs are represented by the taxation incurred on locked-in shareholder assets.

As noted, the derived risk discount rates have been calculated so as to reproduce the value of in-force business after cost of capital using the traditional framework.

### ○ Risk discount rate - margin for financial risk

Mediolanum has adopted a bottom-up approach to allow for risk, which uses market-consistent methodology to calibrate the risk discount rate to allow for financial, or market-related risk. In principle, under a market-consistent approach each cash flow is valued in line with its specific profile in terms of financial risk, and thus in a consistent fashion with the market prices of similar cash flows which are traded in the open markets. In practice, Mediolanum has used the certainty-equivalent technique; this is an approach commonly used in the pricing of financial instruments and consists in adjusting the individual cash flows to remove the effects of financial risks, and which then allows for the resulting stream of risk-adjusted profits to be discounted at the risk-free rate. The relevant Euro swap curve was used as the appropriate risk-free rate at each valuation date.

Converting the aggregate impact of financial risks into a margin on the discount rate captures the increase in risk associated with the level of equity investments, but is also influenced by the level of underlying margins in the business, and the relative size of projected expenses compared to income.

### ○ Risk discount rate - margin for non-financial risk

In theory, an investor can diversify away the uncertainty around non-financial risks, and, according to modern finance theory, would not require an additional return for such diversifiable risk. Allowance for non-financial risk is made through the choice of best estimate assumptions, taking into account the impact that the potential variability of the assumptions has on the level and therefore cost of capital. Although Mediolanum considers that the best estimate assumptions are appropriate in this context, it is possible that the use of best estimate assumptions may fail to capture the full impact on future shareholder profits where there is the potential for asymmetry in the results, in other words where the adverse experience has a higher impact than favourable experience. Mediolanum has identified that such asymmetry may exist in the area of operational risks, including administrative expenses, management fees, and persistency.

Practice is evolving regarding the appropriate approach for considering non-financial risk, and Mediolanum is monitoring closely developments in this area, with particular regard also to the potential impacts of Solvency II on the levels of required capital.

In practice, the following approach has been taken for all lines of business. In the first instance, the amount of capital required to meet the Basle II criteria for operational risks has been determined. Secondly, using economic capital techniques, an amount of value of in-force business "at risk" has been determined by applying stress tests on the value of in-force business to the key parameters identified, namely administrative costs, management fees and persistency. The resulting amount of "economic risk capital" has been subjected to a frictional cost of capital charge equal to the impact of taxation.

In addition, the allowance for non-financial risk also incorporates the cost of holding regulatory minimum capital in respect of mortgages and loans in the banking business.

### ○ Derived risk discount rates

The following table shows the components of the derived risk discount rates used as at June 30, 2007 and December 31, 2006.

#### Derived discount rates

%	Unit-linked		Asset management		Banking Business	
	H1 2007	FY 2006	H1 2007	FY 2006	H1 2007	FY 2006
Average risk-free rate	4.95	4.25	4.85	4.20	4.70	4.20
Margin for financial risk	0.95	0.95	2.20	2.30	-	-
Margin for non-financial risks	1.40	1.40	1.20	1.10	2.30	2.20
<b>Risk discount rate</b>	<b>7.30</b>	<b>6.60</b>	<b>8.25</b>	<b>7.60</b>	<b>7.00</b>	<b>6.40</b>

The derived risk discount rates are those which reproduce the value of in-force business in the traditional deterministic framework, using best estimate assumptions, after cost of solvency capital. The average risk-free rate has been determined based on the term structure of the projected profits from the certainty equivalent projections, using the risk-free curve. The allowances for financial and non-financial risks as described above have been converted into an equivalent margin on the discount rate, to determine the final derived discount rate used in the models.

The increase in the average risk-free rates from June 30, 2007 to December 31, 2006 is due to the general increase in the forward yield curve at all durations. The margins for both financial risk and non-financial risk are stable.

### ○ Financial options and guarantees

The only material financial options and guarantees in Mediolanum's business relate to the traditional revaluable business linked to segregated funds, which have been closed to new business since 1998. The main risk to shareholders is that the return on the assets in the segregated fund is insufficient to meet the financial guarantees during the period to policy maturity, and, for deferred annuities, also during the annuity payout period.



Given the overall materiality to the Group a simplified approach has been taken, by constructing a replicating portfolio comprising risk free assets for the market value of the segregated fund assets, and simulating the purchase of floors at market prices to cover the reinvestment risk, after allowing for the effects of the reinsurance treaties in force. It has been assumed that all the deferred annuity policyholders will exercise their annuity take-up options. The time value of financial options and guarantees has been defined as the difference between a certainty-equivalent valuation and the overall valuation. The time value of financial options and guarantees, which has been deducted from the overall embedded values, is equal to approximately 32 million Euro as at June, 30 2007 (35 million Euro as at December 31, 2006). The decrease in the time value of options and guarantees during 2007 is primarily associated with the reduction in the volatility of swaption prices during the year.

### ○ Expenses and development costs

Expense assumptions are actively reviewed, and are based on the entire consolidated company costs, including depreciation and provisions, as well as all holding company and service company costs. Given the seasonality of costs, it was not considered appropriate to make changes in the parameters for the half-yearly reporting. The difference between the overall costs projected by the models and the effective costs of the Group, equal to (8) million Euro after tax, emerges as an experience variance in the half-year.

### ○ Tax

Projected profits have been subjected to normal tax rates in the country of emergence. Account has been taken of the taxation treatment of profits projected to be remitted to Italy.

### ○ Participating business

For the Italian traditional revaluable business, policyholder profit participation has been assumed to continue to follow current company practice.

### ○ Residual assets

There are no projected residual assets.

### ○ Definition of new business

New life business relates to new policies issued during the year excluding those resulting from the transformation or switch of existing policies, together with discretionary increases in the level of regular premiums on existing policies. New life business volumes used to calculate the value of new business in the first half of 2007 in Italy were 57 million Euro of annualised regular premiums (of which 13 million Euro related to discretionary increases), 367 million Euro of unit-linked single premiums, and 699 million Euro of index-linked single premiums.

New asset management business is defined as the sum of retail gross inflows net of internal switches within the mutual funds and managed accounts, and totals 43 million Euro for mutual fund instalment plans and 797 million Euro of lump-sum investments in mutual funds. Of the total mutual fund production shown above, real estate funds accounted for 7 million Euro of lump-sum investments. Portfolio accounted for 137 million Euro of new lump-sum investments; in calculating the volume and value of new business, the switches of 543 million Euro from managed accounts to Portfolio in the first months of the year have been excluded.

New life business in Spain comprised 76 million Euro of single premium business, of which index-linked comprise 75 million Euro, and regular premium unit-linked business for 3.1 million Euro. New asset management business in the first half of 2007 comprised lump-sum investments of 138 million Euro in Spanish funds, and 26 million Euro in Irish mutual fund products.

New banking business comprises new current accounts and deposit accounts in the year, for 318 million Euro, and new mortgages issued for 113 million Euro, of which 86 million Euro proprietary mortgages.

## ● Assumptions

The following section sets out the main assumptions used in the embedded value calculations at June 30, 2007, at December 31, 2006 and at June 30, 2006.

### ○ Best-estimate economic assumptions

Best-estimate economic assumptions are actively reviewed and are based on the market yields on risk-free instruments at different durations at the respective valuation dates. The projected total returns on equities have been assumed to yield a 3% margin over the 10-year Euro AAA government bond yield. The return on other assets was set using benchmarks consistent with the base scenario. The following table shows the main economic assumptions.

#### Economic assumptions

%	June 30 2006	December 31 2006	June 30 2007
<b>Pre-tax investment returns:</b>			
Benchmark 10-year BTP	4.30	4.15	4.75
Liquidity	2.90	3.65	4.15
Equity	7.10	6.95	7.60
<b>Inflation</b>			
Consumer prices	1.75	2.25	2.25
Expenses	2.25	2.25	2.50
<b>Taxation</b>			
Italy	38.25	38.25	38.25
Ireland	12.5	12.5	12.5
Spain	35.0	35.0 *	35.0 *
<b>Average RDR (in-force business)</b>	<b>6.62</b>	<b>6.73</b>	<b>7.42</b>

\* reducing to 30% from 2008.

Pre-tax rates of returns on assets backing technical reserves were set consistent with the above benchmark rates, taking into consideration the related asset mix, resulting in assumptions for the Italian segregated funds of 4.35% for the June, 30 2007 valuation (4.00% for both the full year 2006 and the first half of 2006). These rates of return already include the impact of unrealised capital gains/losses in segregated fund assets. Investment returns on unit-linked funds, and mutual funds and managed accounts business, were determined on the basis of the asset mix of each fund, with average results for the Italian business before costs and taxes, of 6.30% for unit-linked funds (5.75% for full year 2006, 5.70% in the first half of 2006) and of 6.45% for Asset management products (5.95% for full year 2006, 5.95% in the first half of 2006).

The consumer price inflation rate shown above is used to determine the projected automatic premium increases, equal to the growth in the consumer price index plus a percentage chosen by the customer (typically 3%), for products with this characteristic; the internalisation of the models has allowed this feature to be modelled for each single contract. Management expenses expressed as a per-policy amount are assumed to increase at the expense inflation rate.

### ○ Market-consistent economic assumptions

The risk-free rates used in the certainty-equivalent projections are calibrated to the Euro swap curve, and the implied swaption volatilities to market prices of swaptions for various tenors and option terms. The following table shows selected data.

#### Sample swap rates and implied volatilities

%	Term to Maturity				
	1	5	10	15	20
<b>Swap rates</b>					
June 30, 2006	3.56	4.04	4.29	4.44	4.53
December 31, 2006	4.08	4.13	4.20	4.27	4.31
30 giugno 2007	4.60	4.78	4.85	4.95	4.98
<b>15 year Swaption volatility</b>					
June 30, 2006	13.1	12.1	11.0	10.4	9.9
December 31, 2006	13.5	13.2	12.1	11.5	11.2
June 30, 2007	11.9	11.3	10.5	9.8	9.4

Source: *Bloomberg*

### ○ Other assumptions

Assumed future rates of mortality, lapse, failure to maintain recurrent premiums and other exits, including total and partial disinvestment rates for the asset management business, were derived from an analysis of the Mediolanum Group's recent operating results and, where appropriate, took into consideration the experience of the life, asset management and banking sectors.

As previously indicated, the expense parameters derived in 2006 were maintained, given the seasonality of costs.

Assumed levels of future commission and override payments to agents and sales-people were based on the Mediolanum Group's recent operating experience.

Participation rates and other charges on Life policies and management fees on funds were assumed to be maintained in the future at the prevailing levels on each valuation date. Likewise the charging structure on banking products was assumed to be maintained in the future.

It was assumed that no changes will be made in the principles and technical bases used to calculate technical reserves and surrender values.

The internalisation of the models has allowed Mediolanum to handle performance commission rates more precisely, while still maintaining a conservative approach, based on experience to date. Experience variances, in the analysis of the components of embedded value earnings, have included a positive contribution of 19 million Euro in the first half of 2007, as a result of actual experience exceeding the assumptions used at the beginning of the year.

Allowance was made for reinsurance of in-force life policies outside the Mediolanum Group, which relates mainly to various quota share financing treaties written in the years up to 1994. No new financing reinsurance arrangements have been made since 1995.

The cost of maintaining solvency capital in the traditional framework was determined on the assumption that assets (mainly bonds) backing solvency capital yielded an average annual pre-tax return of 4.35% in the first half of 2007 valuation and 4.0% in the full year 2006. Based on these assumptions, the cost of solvency capital which was deducted from the discounted value of future after-tax statutory profits to determine the value of in-force Life business reported above, is 35 million Euro as at June 30, 2007 (31 million Euro as at December 31, 2006). The cost, which is already allowed for in the value added by Life new business in the first half of 2007, is approximately 1 million Euro.

### ○ Statement by Directors

The directors confirm that the embedded value as at June 30, 2007, and the embedded value earnings including the value added by new business in the first half of 2007 have been determined using methodology and assumptions which are compliant with the EEV Principles.

### ○ External opinion

Tillinghast, the global insurance and financial services consulting business of Towers Perrin has assisted the Mediolanum Group regarding the methodology and assumptions to be used and the calculation of the European Embedded Value of the Group as at 30 June 2007, together with the embedded value earnings in the first half of 2007. In the review of the estimates of value Tillinghast has relied on data and information provided by the Mediolanum Group, which has been examined for reasonableness and consistency with industry knowledge, but Tillinghast has not undertaken independent checks of the data and other information supplied.

Tillinghast has reported that it considers that the methodology and assumptions used comply with the EEV Principles and Guidance as published by the CFO Forum, and in particular:

- that the methodology makes allowance for the aggregate risks in the covered business through:
  - (i) the incorporation of risk margins in the discount rate used to discount projected future profits determined using best estimate assumptions, using
    - a) a market-consistent valuation of financial risk,
    - b) an allowance for non-financial risk based on the frictional cost of an amount of capital that would be required to cover operational risk requirements under Basel II and the value at risk with respect to key operating variables such as persistency, costs and management fees,
  - (ii) the deduction of the cost of required capital based on minimum EU solvency margins for non-index-linked life business, and a risk-based capital allowance for index-linked business; and
  - (iii) the deduction of the time value of financial options and guarantees for traditional business;
- that the operating assumptions are reasonable in the context of recent available experience and the expected future operating environment;
- that the economic assumptions used are internally consistent and consistent with observable market data;
- for revaluable business, the assumed revaluation rates, and the retrocession rates, are consistent with the projection assumptions, established company practice and local market practice.

Based on the foregoing, Tillinghast considers that the results for the embedded value, embedded value earnings and the value of new business, as reported in this supplementary information document, have been determined, in all material respects, in accordance with the EEV Principles, using the methodology and assumptions as set out herein.

## ● Appendix 1 - Segmental reporting

The following tables show the value of in-force business as at June 30, 2007 and the value of new business in the first half of 2007, broken down by business segment.

### Value of in-force business as at June 30, 2007 by segment

Euro millions	Italy	Spain	Total
Life insurance (excluding index-linked)	1,824	24	1,848
Index-linked life insurance	13	-	13
Asset management	332	20	352
Current and deposit accounts	176	n/a	176
Mortgages	15	n/a	15
<b>Total</b>	<b>2,360</b>	<b>44</b>	<b>2,404</b>

### Value of new business in the first half of 2007 by segment

Euro millions	Italy	Spain	Total
Life insurance (excluding index-linked)	59	4	63
Index-linked life insurance	19	5	24
Asset management	25	-	25
Current and deposit accounts	8	n/a	8
Mortgages	3	n/a	3
<b>Total</b>	<b>114</b>	<b>9</b>	<b>123</b>

## ● Appendix 2 - Embedded value earnings

The following table shows the breakdown of the embedded value earnings in the first half of 2007 into its key components. Embedded value earnings are separated between the movements in adjusted shareholders' net assets and those in the value of in-force business. Opening and closing EEV are shown inclusive of dividends to be paid in the following year.

### Embedded value earnings in the first half of 2007

Euro millions	Adjusted Shareholders' net asset	Value of in-force business	EEV
<b>EEV 31.12.2006</b>	749	2,373	3,122
Expected result	136	(45)	91
Experience variances	(15)	(46)	(61)
Changes in operating assumptions	-	-	-
Changes in economic assumptions	-	(19)	(19)
Business transformation	(2)	(1)	(3)
Value added by new business	(17)	142	125
Dividends and other capital movements	(82)	-	(82)
<b>EEV 30.06.2007</b>	769	2,404	3,173
EV earnings			133
Return on EV			4.3%

Milan, 11 September 2007

Egregio signor  
Ennio Doris  
Amministratore Delegato  
Mediolanum S.p.A.  
Via F. Sforza - Milano 3 City

20080 BASIGLIO (MI)

Egregio signor Doris,

## **DISCLOSURE ON THE EMBEDDED VALUE**

Tillinghast, the global insurance and financial services consulting business of Towers Perrin, has assisted the Mediolanum Group regarding the methodology and the assumptions to be used and the calculation of the embedded value of the Group as at 30 June 2007, 31 December 2006 and 30 June 2006, together with the embedded value earnings in the first half of 2007, in the full year 2006 and in the first half 2006, concerning the life and asset management businesses distributed in Italy and Spain and the most significant parts of the Italian banking business.

For all the values shown in this document, Mediolanum has adopted the European Embedded Value (EEV) Principles published by the CFO Forum. The methodology, the main assumptions and the results are explained in more detail in the attached supplementary information disclosure document. In particular a market-consistent approach has been used in the valuation of financial risk.

## **EMBEDDED VALUE**

Using the methodology and the main assumptions summarised in the supplementary information document, the following table shows the principal results at a consolidated level as at 30 June 2007, 31 December 2006 and 30 June 2006, determined in accordance with the EEV Principles.



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**Embedded Value (Euro million)**

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	<b>30 June 2007</b>	<b>31 December 2006</b>	<b>30 June 2006</b>
Adjusted net worth	769	749	658
value of in-force life business	1,861	1,895	1,802
value of in-force asset management business	352	346	394
value of in-force banking business	191	132	120
Value of in-force business	2,404	2,373	2,316
Embedded Value	3,173	3,122	2,974

---

The discount rates vary between lines of business since they reflect the risk profile of the underlying business; the average discount rate, weighted by value of in-force business is 7.42% as at 30 June 2007 (6.73% as at 31 December 2006 and 6.62% as at 30 June 2006).

**EMBEDDED VALUE EARNINGS**

The following table shows the principal components of the Mediolanum Group's embedded value earnings in the first half of 2007, in the full year 2006 and in the first half of 2006.

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**Embedded Value Earnings (Euro million)**

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	<b>1<sup>st</sup> half 2007</b>	<b>Year 2006</b>	<b>1<sup>st</sup> half 2006</b>
Expected return	91	153	76
Experience variances	(61)	(19)	(94)
Operating assumption changes	-	(57)	-
Economic assumption changes	(19)	(39)	(29)
Business transformations	(3)	2	-
New Life business	88	211	110
New Asset Management business	26	46	32
New Banking business	11	15	9
Embedded value earnings	133	312	104

---

## OPINION

Tillinghast has assisted the Mediolanum Group regarding the methodology and assumptions to be used and the calculation of the European Embedded Value of the Group as at 30 June 2007, together with the embedded value earnings in the first half of 2007. In the review of the estimates of value, Tillinghast has relied on data and information provided by the Mediolanum Group, which has been examined for reasonableness and consistency with industry knowledge, but Tillinghast has not undertaken independent checks of the data and other information supplied.

Tillinghast considers that the methodology and assumptions used comply with the EEV Principles and Guidance as published by the CFO Forum, and in particular:

- that the methodology makes allowance for the aggregate risks in the covered business through:
  - (i) the incorporation of risk margins in the discount rate used to discount projected future profits determined using best estimate assumptions, using
    - a) a market-consistent valuation of financial risk,
    - b) an allowance for non-financial risk based on the frictional cost of an amount of capital that would be required to cover operational risk requirements under Basel II and the value at risk with respect to key operating variables such as persistency, costs and management fees,
  - (ii) the deduction of the cost of required capital based on minimum EU solvency margins for non-index-linked life business, and a risk-based capital allowance for index-linked business; and
  - (iii) the deduction of the time value of financial options and guarantees for traditional business;
- that the operating assumptions are reasonable in the context of recent available experience and the expected future operating environment;
- that the economic assumptions used are internally consistent and consistent with observable market data;
- for revaluable business, the assumed revaluation rates, and the retrocession rates, are consistent with the projection assumptions, established company practice and local market practice.

Based on the foregoing, Tillinghast considers that the results for the embedded value, embedded value earnings and the value of new business, as reported in the enclosed supplementary information, have been determined, in all material respects, in accordance with the EEV Principles, using the methodology and assumptions set out in the supplementary information disclosure document.

Yours sincerely



Andrew Milton  
Fellow of the Institute of Actuaries



Vittorio Chimenti  
Attuario

MEDIOLANUM S.p.A.

**Consolidated  
Accounts  
at June 30  
2007**

# Balance sheet

## Assets

€/’000	June 30, 2007	Dec. 31, 2006	June 30, 2006
<b>1. Intangible assets</b>			
1.1 Goodwill	161,502	162,414	162,414
1.2 Other intangible assets	13,779	19,327	24,685
<b>Total intangible assets</b>	<b>175,281</b>	<b>181,741</b>	<b>187,099</b>
<b>2. Tangible assets</b>			
2.1 Property	57,065	57,680	58,099
2.2 Other tangible assets	16,708	17,180	15,788
<b>Total tangible assets</b>	<b>73,773</b>	<b>74,860</b>	<b>73,887</b>
<b>3. Reinsurers’ share of technical reserves</b>	<b>100,757</b>	<b>103,176</b>	<b>103,811</b>
<b>4. Investments</b>			
4.1 Investment property	5,083	6,967	6,997
4.2 Investments in subsidiaries, associates and jvs	48,935	39,326	34,333
4.3 Held to maturity investments	607,265	567,544	566,965
4.4 Loans and receivables	3,799,435	3,311,815	3,128,203
4.5 Available for sale financial assets	1,143,013	959,715	886,753
4.6 Financial assets at fair value through profit and loss	17,178,577	15,233,145	14,066,935
<b>Total investments</b>	<b>22,782,308</b>	<b>20,118,512</b>	<b>18,690,186</b>
<b>5. Receivables</b>			
5.1 Arising out of direct insurance business	19,472	13,806	32,551
5.2 Arising out of reinsurance business	305	-	299
5.3 Other receivables	1,898	1,214	1,630
<b>Total receivables</b>	<b>21,675</b>	<b>15,020</b>	<b>34,480</b>
<b>6. Other assets</b>			
6.1 Non current assets or assets of disposal groups, held for sale	-	414	372
6.2 Deferred acquisition costs	-	-	-
6.3 Deferred tax assets	46,610	45,181	43,628
6.4 Current tax assets	120,530	145,208	101,905
6.5 Other assets	288,124	191,989	283,952
<b>Total other assets</b>	<b>455,264</b>	<b>382,792</b>	<b>429,857</b>
<b>7. Cash and cash equivalents</b>	<b>440,525</b>	<b>441,012</b>	<b>307,828</b>
<b>TOTAL ASSETS</b>	<b>24,049,583</b>	<b>21,317,113</b>	<b>19,827,148</b>

## Shareholders' equity and liabilities

€/000	June 30, 2007	Dec. 31, 2006	June 30, 2006
<b>1. Shareholders' equity</b>			
1.1 Group shareholders' equity			
1.1.1 Share capital	72,889	72,884	72,840
1.1.2 Other equity instruments	-	-	-
1.1.3 Capital reserves	52,799	52,561	51,033
1.1.4 Retained earnings and other equity reserves	581,467	439,761	500,813
1.1.5 Treasury shares (-)	(2,045)	(2,045)	(2,045)
1.1.6 Exchange difference reserves	-	-	-
1.1.7 Gains or losses on available for sale financial assets	97,826	117,465	80,412
1.1.8 Other gains or losses recognised directly in equity	-	-	-
1.1.9 Net profit (loss) for the year attributable to the Group	112,872	223,678	105,519
<b>Total capital and reserves attributable to the Group</b>	<b>915,808</b>	<b>904,304</b>	<b>808,572</b>
1.2 Attributable to minority interests			
1.2.1 Capital and reserves attributable to minority interests	-	-	-
1.2.2 Gains (losses) recognised directly in equity	-	-	-
1.2.3 Net profit (loss) for the year attributable to minority interests	-	-	-
<b>Total capital and reserves attributable to minority interests</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholders' equity</b>	<b>915,808</b>	<b>904,304</b>	<b>808,572</b>
<b>2. Provisions</b>	<b>73,408</b>	<b>67,598</b>	<b>60,011</b>
<b>3. Technical reserves</b>	<b>14,363,533</b>	<b>13,306,917</b>	<b>11,885,594</b>
<b>4. Financial liabilities</b>			
4.1 Financial liabilities at fair value through profit and loss	1,980,107	1,100,993	1,327,450
4.2 Other financial liabilities	6,301,774	5,489,093	5,318,732
<b>Total financial liabilities</b>	<b>8,281,881</b>	<b>6,590,086</b>	<b>6,646,182</b>
<b>5. Payables</b>			
5.1 Arising out of direct insurance business	21,339	13,489	11,666
5.2 Arising out of reinsurance business	366	1,663	109
5.3 Other payables	190,720	248,461	183,944
<b>Total payables</b>	<b>212,425</b>	<b>263,613</b>	<b>195,719</b>
<b>6. Other liabilities</b>			
6.1 Liabilities of disposal groups held for sale	-	-	-
6.2 Deferred tax liabilities	20,303	19,630	15,689
6.3 Current tax liabilities	33,761	40,570	34,594
6.4 Other liabilities	148,464	124,395	180,787
<b>Total other liabilities</b>	<b>202,528</b>	<b>184,595</b>	<b>231,070</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>24,049,583</b>	<b>21,317,113</b>	<b>19,827,148</b>

# Income statement

€/000	June 30, 2007	June 30, 2006	Dec. 31, 2006
<b>1. Revenues</b>			
1.1 Net premiums written			
1.1.1 Gross premiums written	1,807,511	1,655,090	3,350,402
1.1.2 Reinsurance premiums	(2,467)	(2,631)	(6,072)
<b>Total premiums written</b>	<b>1,805,044</b>	<b>1,652,459</b>	<b>3,344,330</b>
1.2 Commission income	301,137	289,070	579,030
1.3 Net income on financial instruments at fair value through profit and loss	302,469	(216,547)	431,769
1.4 Income on investments in subsidiaries, associates and jvs	9,609	3,178	8,180
1.5 Income on other financial instruments and investment property			
1.5.1 Interest income	109,359	70,159	162,469
1.5.2 Other income	1,534	4,416	26,319
1.5.3 Realised gains	2,998	10,513	11,328
1.5.4 Unrealised gains	3,192	2,622	5,632
<b>Total income on other financial instruments and investment property</b>	<b>117,083</b>	<b>87,710</b>	<b>205,748</b>
1.6 Other revenues	13,354	12,505	26,063
<b>Total revenues and income</b>	<b>2,548,696</b>	<b>1,828,375</b>	<b>4,595,120</b>
<b>2. Costs</b>			
2.1 Net claims and benefits			
2.1.1 Amounts paid and change in technical reserves	(1,990,810)	(1,329,884)	(3,529,051)
2.1.2 Reinsurers' share	2,739	3,594	7,988
<b>Net claims and benefits</b>	<b>(1,988,071)</b>	<b>(1,326,290)</b>	<b>(3,521,063)</b>
2.2 Commission expense	(102,483)	(112,880)	(201,807)
2.3 Losses on investments in subsidiaries, associates and jvs	-	-	-
2.4 Loss on other financial instruments and investment property			
2.4.1 Interest expense	(68,215)	(38,236)	(92,881)
2.4.2 Other expenses	(255)	(613)	(1,122)
2.4.3 Realised losses	(159)	(91)	(7,600)
2.4.4 Unrealised losses	(4,681)	(3,178)	(9,271)
<b>Loss on other financial instruments and investment property</b>	<b>(73,310)</b>	<b>(42,118)</b>	<b>(110,874)</b>
2.5 Operating expenses			
2.5.1 Agents' commissions and other acquisition costs	(65,040)	(62,366)	(156,824)
2.5.2 Investment management expenses	(109)	(219)	(339)
2.5.3 Other administrative expenses	(140,957)	(118,417)	(252,393)
<b>Total operating expenses</b>	<b>(206,106)</b>	<b>(181,002)</b>	<b>(409,556)</b>
2.6 Other costs	(35,948)	(26,155)	(65,377)
<b>Total costs</b>	<b>(2,405,918)</b>	<b>(1,688,445)</b>	<b>(4,308,677)</b>
Profit (loss) before tax for the period	142,778	139,930	286,443
<b>3. Income tax</b>	<b>(30,007)</b>	<b>(33,434)</b>	<b>(61,492)</b>
Profit(loss) for the period	112,771	106,496	224,951
<b>4. Profit (loss) from discontinued operations</b>	<b>101</b>	<b>(977)</b>	<b>(1,273)</b>
<b>Consolidated profit (loss) for the period</b>	<b>112,872</b>	<b>105,519</b>	<b>223,678</b>
<b>Earnings per share (in euro)</b>	<b>0.155</b>	<b>0.145</b>	<b>0.310</b>

## Statement of changes in shareholders' equity

€/000	Balance at Dec. 31, 2005	Adjustment to closing balance	Amount credited	Transferred to the Income Statement	Other movements	Balance at June 30, 2006
<b>Shareholders' equity attributable to the Group</b>						
Share capital	72,738	-	102	-	-	72,840
Other equity instruments	-	-	-	-	-	-
Capital reserves	50,358	-	675	-	-	51,033
Retained earnings and other equity reserves (Treasury shares)	349,518 (2,045)	-	151,295	-	-	500,813 (2,045)
Exchange difference reserve	-	-	-	-	-	-
Gains (losses) on available-for-sale financial assets	104,105	-	(20,933)	(2,760)	-	80,412
Other gains (losses) recognised directly in equity						
Gains (losses) on cash flow hedges	-	-	-	-	-	-
Gains (losses) on hedges of a net investment in a foreign operation	-	-	-	-	-	-
Reserve relating to changes in the equity of investees	-	-	-	-	-	-
Intangible assets revaluation reserve	-	-	-	-	-	-
Tangible assets revaluation reserve	-	-	-	-	-	-
Gains (losses) on non-current assets or disposal groups held for sale	-	-	-	-	-	-
Other reserves	-	-	-	-	-	-
Net profit (loss) for the period	233,312	-	(44,189)	-	(83,604)	105,519
<b>Total shareholders' equity attributable to the Group</b>	<b>807,986</b>	<b>-</b>	<b>86,950</b>	<b>(2,760)</b>	<b>(83,604)</b>	<b>808,572</b>
<b>Shareholders' equity attributable to minority interest</b>						
Share capital and reserves	-	-	-	-	-	-
Gains (losses) recognised directly in equity	-	-	-	-	-	-
Net profit (loss) for the period	-	-	-	-	-	-
<b>Total shareholders' equity attributable to minority interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>807,986</b>	<b>-</b>	<b>86,950</b>	<b>(2,760)</b>	<b>(83,604)</b>	<b>808,572</b>

€/000	Balance at Dec. 31, 2006	Adjustment to closing balance	Amount credited	Transferred to the Income Statement	Other movements	Balance at June 30, 2007
<b>Shareholders' equity attributable to the Group</b>						
Share capital	72,884	-	5	-	-	72,889
Other equity instruments	-	-	-	-	-	-
Capital reserves	52,561	-	238	-	-	52,799
Retained earnings and other equity reserves (Treasury shares)	439,761 (2,045)	-	141,706	-	-	581,467 (2,045)
Exchange difference reserve	-	-	-	-	-	-
Gains (losses) on available-for-sale financial assets	117,465	-	(18,347)	(1,292)	-	97,826
Other gains (losses) recognised directly in equity						
Gains (losses) on cash flow hedges	-	-	-	-	-	-
Gains (losses) on hedges of a net investment in a foreign operation	-	-	-	-	-	-
Reserve relating to changes in the equity of investees	-	-	-	-	-	-
Intangible assets revaluation reserve	-	-	-	-	-	-
Tangible assets revaluation reserve	-	-	-	-	-	-
Gains (losses) on non-current assets or disposal groups held for sale	-	-	-	-	-	-
Other reserves	-	-	-	-	-	-
Net profit (loss) for the period	223,678	-	(27,035)	-	(83,771)	112,872
<b>Total shareholders' equity attributable to the Group</b>	<b>904,304</b>	<b>-</b>	<b>96,567</b>	<b>(1,292)</b>	<b>(83,771)</b>	<b>915,808</b>
<b>Shareholders' equity attributable to minority interest</b>						
Share capital and reserves	-	-	-	-	-	-
Gains (losses) recognised directly in equity	-	-	-	-	-	-
Net profit (loss) for the period	-	-	-	-	-	-
<b>Total shareholders' equity attributable to minority interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>904,304</b>	<b>-</b>	<b>96,567</b>	<b>(1,292)</b>	<b>(83,771)</b>	<b>915,808</b>

# Consolidated cash flow statement

## Indirect method

€/000	June 30, 2007	June 30, 2006
Profit (loss) before tax for the period	142,778	139,930
Changes in non-monetary items	1,252,218	364,817
Change in unearned premiums reserve (general business)	-	-
Change in outstanding claims reserve and other technical reserves (general business)	-	-
Change in mathematical reserves and other technical reserves (Life business)	1,059,035	686,138
Change in deferred acquisition costs	-	-
Change in provisions	5,810	2,589
Non-monetary income (losses) on financial instruments, investment property and equity investments	187,373	(323,910)
Other changes	-	-
<b>Changes in receivables and payables arising out of operating activities</b>	<b>(111,399)</b>	<b>(107,659)</b>
Changes in receivables and payables arising out of direct insurance and reinsurance operations	582	(18,789)
Changes in other receivables and payables	(111,981)	(88,870)
<b>Income tax paid</b>	<b>(30,889)</b>	<b>(35,330)</b>
<b>Net cash from monetary items relating to investment and financial activities</b>	<b>1,204,081</b>	<b>467,665</b>
Liabilities on financial contracts issued by insurance companies	(56,437)	(72,242)
Amounts due to banks and banking customers	812,681	347,417
Loans to and receivables from banks and banking customers	447,158	213,306
Other financial instruments at fair value through profit or loss	679	(20,816)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>2,456,789</b>	<b>829,423</b>
Net cash from investment property	1,884	15,279
Net cash from subsidiaries, associates and <i>joint ventures</i>	(9,609)	(4,979)
Net cash from loans and receivables	773	883
Net cash from held-to-maturity investments	(39,721)	166,715
Net cash from available-for-sale financial assets	(183,298)	(41,587)
Net cash from tangible and intangible assets	7,547	4,010
Other cash flows from investment activities	(2,133,484)	(1,079,854)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(2,355,908)</b>	<b>(939,533)</b>
Net cash from equity instruments attributable to the Group	(17,597)	(21,329)
Net cash from treasury shares	-	-
Distribution of dividends attributable to the Group	(83,771)	(83,604)
Net cash from capital and reserves attributable to minority interests	-	-
Net cash from subordinated liabilities and quasi-equity instruments	-	-
Net cash from miscellaneous financial liabilities	-	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(101,368)</b>	<b>(104,933)</b>
Effect of exchange rate changes on cash and cash equivalents	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE OF THE PERIOD	441,012	522,869
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(487)	(215,041)
CASH AND CASH EQUIVALENTS AT END OF THE OF THE PERIOD	440,525	307,828



MEDIOLANUM S.p.A.

**Notes to the  
Consolidated  
Financial Statements  
at June 30  
2007**

# Notes to the consolidated financial statements at June 30, 2007

## ACCOUNTING BASIS AND SCOPE OF CONSOLIDATION

The Group's interim report at June 30, 2007 was prepared applying the international accounting and financial reporting standards as set out in article 81 of Consob Regulation No. 11971 of May 14, 1999, as subsequently amended by Consob Regulation No.14990 of April 14, 2005, in accordance with IAS 34 (Interim Financial Reporting), and in compliance with supplementary disclosure requirements set out in Consob Communication DEM/6064293 of July 28, 2006.

The accounting policies applied in the preparation of the interim report are consistent with those applied in the preparation of the consolidated financial statements for the year ended December 31, 2006 except for Completion-of-Service Entitlements.

Pursuant to the new supplementary pension legislation (Legislative Decree 252/2005) completion-of-service entitlements accrued up until December 31, 2006 remain with the employer, while from January 1, 2007 the employee may decide to either keep them with the employer, that, in turn will transfer them to INPS (Italian Social Security and Pension Agency) or allocate them to a private supplementary pension plan.

The introduction of the new supplementary pension legislation entails certain changes in accounting for completion-of-service entitlements, i.e.

- entitlements accrued up until December 31, 2006 are accounted for based on actuarial values;
- entitlements accrued from January 1, 2007, allocated either to INPS or private pension plans, are accounted for on the basis of contributions due for each year.

Entitlements accrued up until December 31, 2006 are defined benefit payment obligations. The change in accounting policy over reporting periods prior to December 31, 2006, relates to actuarial assumptions, which are to include assumptions for pay hikes pursuant to section 2120 of the Italian Civil Code (application of a fixed rate of 1.5 percent and a rate equal to 75 percent of ISTAT inflation rate) and can no longer be based on the company's assumptions.

To determine the present value of benefit obligations the Projected Unit Credit Method is used, applying a discount rate, which is determined on the basis of market yields and reflects the estimated timing of benefit payments.

Entitlements accrued from January 1, 2007 allocated to either INPS or private pension plans are defined contribution payment obligations, since the company's obligation is limited to the amount it agrees to contribute to the fund.

The difference resulting from the change in accounting policy over the amounts reported in the financial statements at December 31, 2006 is posted to the income statement as a single entry.

## ● Accounting basis

The Group's interim report consists of the Balance Sheet, the Income Statement, the Statement of Changes in Shareholders' Equity, the Statement of Cash Flows and Explanatory Notes in addition to the Directors' Report.

The Group's interim report for the six-month period ended June 30, 2007 was prepared in compliance with ISVAP Regulation No. 2460 of August 10, 2006 (Interim financial reporting rules. Amendments to ISVAP Regulation No. 1207-G of July 6, 1999) using the formats indicated in the "Instructions for the preparation of IFRS consolidated accounts" issued by ISVAP under Regulation No. 2404 of December 22, 2005, exercising its authority pursuant to art. 9 of Legislative Decree No. 38/2005.

The accounts include comparative information at June 30, 2006 and at December 31, 2006.

In accordance with IFRS 5, following the sale of the shareholding in Gamax Broker Pool AG in 2007, comparative income statement information was restated. For a more accurate presentation of balance sheet and income statement information at June 30, 2007, certain reclassifications were made with respect to prior reporting periods. When significant, those reclassifications are detailed in the notes.

In accordance with art. 5 of Legislative Decree No. 38 of February 28, 2005 the Group's interim report was prepared using the euro as reporting currency. Except where otherwise stated, the amounts set out herein are presented in thousands of euro.

## ● Use of estimates

The preparation of interim financial statements generally requires a greater use of estimation methods than annual financial statements in relation to certain items of assets and liabilities as well as certain effects on income of measurement processes. That does not affect the reliability of the financial statement.

## ● Scope of consolidation

The Group's interim financial statements include the accounts of Mediolanum S.p.A. and those of its directly or indirectly controlled subsidiaries, including subsidiaries whose business activities are dissimilar from those of the Parent Company, as expressly required by the international accounting standards.

The subsidiaries which are consolidated on a line-by-line basis in accordance with the international accounting standards are set of in the table below.

Group companies owned directly by Mediolanum S.p.A. and consolidated on line-by-line basis

€/000 Company	Share capital	% holding	Registered Office	Business
Mediolanum Vita S.p.A.	87,720	100.00	Basiglio	Life Insurance
Partner Time S.p.A.	520	100.00	Basiglio	Life insurance distribution
Mediolanum Comunicazione S.p.A.	775	100.00	Basiglio	Audio/Film/TV Production
PI Distribuzione S.p.A.	517	100.00	Basiglio	Real Estate brokerage
Mediolanum International Life Ltd	1,395	100.00	Dublin	Life Insurance
Banca Mediolanum S.p.A.	371,000	100.00	Basiglio	Banking
Mediolanum Gestione Fondi SGR p.A.	5,165	49.00	Basiglio	Fund Management
Mediolanum International Funds Ltd	150	46.50	Dublin	Fund Management
Mediolanum Asset Management Ltd	150	49.00	Dublin	Asset management and advice

Gamax Broker Pool AG was excluded from consolidation following its sale on April 1, 2007.

Group companies that are indirectly owned by Mediolanum S.p.A. through Banca Mediolanum S.p.A. and consolidated on line-by-line basis:

€/000 Company	Share capital	% holding	Registered Office	Business
Mediolanum Distribuz. Finanz. S.p.A.	1,000	100.00	Basiglio	Financial Brokerage
Mediolanum Gestione Fondi SGR p.A.	5,165	51.00	Basiglio	Fund Management
Mediolanum International Funds Ltd	150	53.50	Dublin	Fund Management
Mediolanum Asset Management Ltd	150	51.00	Dublin	Asset management and advice
Banco de Finanzas e Inversiones S.A.	66,032	100.00	Barcelona	Banking
Ges Fibanc SGIIC S.A.	2,506	100.00	Barcelona	Fund Management
Fibanc S.A.	301	100.00	Barcelona	Financial Advice
Fibanc Pensiones S.G.F.P. S.A.	902	100.00	Barcelona	Pension Fund Management
Fibanc Faif S.A.	60	100.00	Barcelona	Financial Advice
Mediolanum International S.A.	71,500	99.997	Luxemburg	Sub-holding company
Gamax Holding AG	5,618	100.00	Luxemburg	Sub-holding company
Gamax Management AG	125	100.00	Luxemburg	Fund Management
Gamax Austria GmbH	40	100.00	Salzburg	Fund Distribution
Bankhaus August Lenz & Co. AG	20,000	100.00	Munich	Banking

Mediolanum S.p.A. associates accounted for using the equity method:

€/000 Company	Share capital	% holding	Registered Office	Business
Banca Esperia S.p.A.	13,000	48.50	Milan	Banking

## INFORMATION ON THE CONSOLIDATED BALANCE SHEET

### ASSETS

#### ● INTANGIBLE ASSETS

€/000	June 30, 2007	Dec. 31, 2006	June 30, 2006
Goodwill	161,502	162,414	162,414
Other intangible assets	13,779	19,327	24,685
<b>Total</b>	<b>175,281</b>	<b>181,741</b>	<b>187,099</b>

In accordance with IAS 36 goodwill is not amortised but tested for impairment at least annually. To that end goodwill is allocated to a cash-generating unit (CGU) which is not larger than a business segment based on the primary reporting format determined in accordance with IAS 14.

The smallest CGU was identified to be the individual company which always coincides with a single business segment.

The carrying amounts of goodwill as allocated to the individual cash-generating units are as follows:

€/000	June 30, 2007
CGU Fibanc	122,809
CGU Gamax	30,589
Other CGU	8,104
<b>Total</b>	<b>161,502</b>

The €912 thousand decline is in connection with the sale of the shareholding in Gamax Broker Pool AG (a wholly-owned subsidiary of Gamax Holding AG), which entailed a reduction of goodwill allocated to the CGU Gamax.

#### Analysis of intangible assets

€/000	June 30, 2007		Dec. 31, 2006		June 30, 2006	
	Finite life	Indefinite life	Finite life	Indefinite life	Finite life	Indefinite life
<b>Goodwill</b>						
- Group	-	161,502	-	162,414	-	162,414
- minorities	-	-	-	-	-	-
<b>Other intangible assets</b>						
Measured at cost:						
- Internally generated intangible assets	-	-	-	-	-	-
- other intangible assets	13,779	-	19,327	-	24,685	-
<b>Total</b>	<b>13,779</b>	<b>161,502</b>	<b>19,327</b>	<b>162,414</b>	<b>24,685</b>	<b>162,414</b>

## ● TANGIBLE ASSETS

### ○ Property

€/000	June 30, 2007	Dec. 31, 2006	June 30, 2006
Land	20,100	20,100	20,100
Buildings	36,965	37,580	37,999
<b>Total</b>	<b>57,065</b>	<b>57,680</b>	<b>58,099</b>

### ○ Other tangible assets

€/000	June 30, 2007	Dec. 31, 2006	June 30, 2006
Furnishings	3,290	3,019	2,734
Electronic equipment	9,935	10,713	9,777
Other	3,483	3,448	3,277
<b>Total</b>	<b>16,708</b>	<b>17,180</b>	<b>15,788</b>

## ● ANALYSIS OF REINSURERS' SHARE OF TECHNICAL RESERVES

€/000	June 30, 2007	Dec. 31, 2006	June 30, 2006
Life business reserves			
Mathematical reserves	100,177	101,360	103,265
Reserve for outstanding claims	580	1,816	546
<b>Total reinsurers' share of Life technical reserves</b>	<b>100,757</b>	<b>103,176</b>	<b>103,811</b>

## ● INVESTMENTS

### ○ Investment property

€/000	June 30, 2007	Dec. 31, 2006	June 30, 2006
Land	3,993	5,454	5,454
Buildings	1,090	1,513	1,543
<b>Total</b>	<b>5,083</b>	<b>6,967</b>	<b>6,997</b>

At June 30, 2007 the market value of investment property was €9,280 thousand.

### ○ Investments in subsidiaries, associates and joint ventures

Investments in associates amounted to €48,935 thousand and relate to the 48.5% shareholding in Banca Esperia S.p.A., which is accounted for under the equity method (Dec. 31, 2006: €39,326 thousand).

## ○ Held-to-maturity investments

€/000	June 30, 2007	Dec. 31, 2006	June 30, 2006
Debt securities	350,989	367,748	566,965
Assets sold but not derecognised	256,276	199,796	-
<b>Book value</b>	<b>607,265</b>	<b>567,544</b>	<b>566,965</b>
<b>Fair value</b>	<b>598,774</b>	<b>570,706</b>	<b>566,355</b>

The time to maturity of held-to-maturity investments is set out in the table below:

€/000	June 30, 2007
Time to maturity	
1-5 years	387,623
5-10 years	91,106
over 10 years	128,536
<b>Total</b>	<b>607,265</b>

## ○ Loans and receivables

€/000	June 30, 2007	Dec. 31, 2006	June 30, 2006
Banks	2,060,658	1,976,514	2,114,060
Banking customers	1,728,215	1,323,966	1,002,111
Other	10,562	11,335	12,032
<b>Total</b>	<b>3,799,435</b>	<b>3,311,815</b>	<b>3,128,203</b>

### Loans and receivables: banks

€/000	June 30, 2007	Dec. 31, 2006	June 30, 2006
Deposits with Central Banks			
- for reserve requirements	17,355	25,548	8,101
Loans to banks			
- time deposits	1,432,335	1,726,331	1,797,262
- other loans	610,968	224,635	308,697
<b>Total</b>	<b>2,060,658</b>	<b>1,976,514</b>	<b>2,114,060</b>
<b>Fair value</b>	<b>2,060,658</b>	<b>1,976,514</b>	<b>2,114,060</b>

At June 30, 2007, the item "Other loans" includes repurchase agreements in the amount of €547,698 thousand.

### Loans and receivables: banking customers

€/000	June 30, 2007	Dec. 31, 2006	June 30, 2006
Current accounts	253,996	206,870	186,962
Repurchase agreements	584,831	100,538	54,214
Mortgage loans	440,797	351,739	259,013
Credit cards, personal loans and salary-guaranteed loans	65,681	84,165	85,700
Finance leases	1,390	1,504	1,741
Other	367,350	562,567	394,775
Impaired assets	14,170	16,583	19,706
<b>Total</b>	<b>1,728,215</b>	<b>1,323,966</b>	<b>1,002,111</b>
<b>Fair value</b>	<b>1,728,215</b>	<b>1,353,703</b>	<b>1,002,111</b>

### ○ Available-for-sale financial assets

€/000	June 30, 2007	Dec. 31, 2006	June 30, 2006
Debt securities	605,414	481,381	487,546
Equities	293,623	308,882	303,610
Holdings in UCITS	220,122	169,452	95,597
Assets sold but not derecognised	23,854	-	-
<b>Total</b>	<b>1,143,013</b>	<b>959,715</b>	<b>886,753</b>

### ○ Financial assets at fair value through profit and loss

€/000	June 30, 2007	Dec. 31, 2006	June 30, 2006
<b>Financial assets held for trading</b>			
Debt securities	2,235,930	1,594,286	2,470,560
Equities	411	421	1,086
Holdings in UCITS	6,239	56,100	61,853
Trading derivatives	23,832	14,628	20,814
Assets sold but not derecognised	1,156,624	831,047	-
<b>Total financial assets held for trading</b>	<b>3,423,036</b>	<b>2,496,482</b>	<b>2,554,313</b>

### Financial assets at fair value through profit and loss

Debt securities	4,989,715	4,842,369	4,676,447
Holdings in UCITS	7,994,618	7,296,832	6,376,900
Trading derivatives	771,208	597,462	459,275
<b>Total</b>	<b>13,755,541</b>	<b>12,736,663</b>	<b>11,512,622</b>

<b>Total financial assets at fair value through profit and loss</b>	<b>17,178,577</b>	<b>15,233,145</b>	<b>14,066,935</b>
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## Financial assets held for trading: trading derivatives

€/000	Interest rate	Currencies and gold	Equities	Other	June 30, 2007	Dec. 31, 2006	June 30, 2006
<b>Listed derivatives</b>							
<i>Financial derivatives</i>							
- Without exchange of principal							
- Options purchased	6,852	-	-	9,335	16,187	8,791	14,170
- Other derivatives	205	-	-		205	9	(137)
<b>Total listed derivatives</b>	<b>7,057</b>	<b>-</b>	<b>-</b>	<b>9,335</b>	<b>16,392</b>	<b>8,800</b>	<b>14,033</b>
<b>Unlisted derivatives</b>							
<i>Financial derivatives</i>							
- With exchange of principal							
- Options purchased	-	-	474	22	496	-	-
- Other derivatives	-	3,372	-	-	3,372	2,813	3,928
- Without exchange of principal							
- Options purchased	770	-	-	-	770	1,500	218
- Other derivatives	2,802	-	-	-	2,802	1,515	2,635
<b>Total unlisted derivatives</b>	<b>3,572</b>	<b>3,372</b>	<b>474</b>	<b>22</b>	<b>7,440</b>	<b>5,828</b>	<b>6,781</b>
<b>Total derivatives</b>	<b>10,629</b>	<b>3,372</b>	<b>474</b>	<b>9,357</b>	<b>23,832</b>	<b>14,628</b>	<b>20,814</b>

## ● ANALYSIS OF OTHER ASSETS

### ○ Other Assets

€/000	June 30, 2007	Dec. 31, 2006	June 30, 2006
Items in transit relating to lending	139,778	92,114	148,985
Counterparties for transactions to be settled	56,957	-	-
Due from tax authorities	20,958	32,338	19,626
Security deposits	9,991	18,177	16,588
Investment contracts Deferred Acquisition Costs (DAC)	7,229	10,303	14,353
Other	53,211	39,057	84,400
<b>Total</b>	<b>288,124</b>	<b>191,989</b>	<b>283,952</b>

## SHAREHOLDERS' EQUITY AND LIABILITIES

### ● SHAREHOLDERS' EQUITY

€/000	June 30, 2007	Dec. 31, 2006	June 30, 2006
Share capital	72,889	72,884	72,840
Capital reserves	52,799	52,561	51,033
Retained earnings and other equity reserves	581,467	439,761	500,813
Treasury shares	(2,045)	(2,045)	(2,045)
Gains (losses) on available-for-sale financial assets	97,826	117,465	80,412
Group's profit (loss) for the year	112,872	223,678	105,519
<b>Group's capital and reserves</b>	<b>915,808</b>	<b>904,304</b>	<b>808,572</b>

Share capital is fully paid up and amounts to €72,888,531.70 divided into 728,885,317 shares.

Please note that there are no equity holders other than the Group. For information on movements in the period readers are referred to the Statement of Changes in Shareholders' Equity herein.

### ○ Gains (losses) on available for sale financial assets

€/000	June 30, 2007		Dec. 31, 2006		June 30, 2006	
	Gains	Losses	Gains	Losses	Gains	Losses
Debt securities	-	(11,478)	-	(5,029)	324	(7,043)
Equities	105,023	-	120,564	-	88,112	(981)
Holdings in UCITS	4,484	(203)	1,955	(25)	-	-
<b>Total</b>	<b>109,507</b>	<b>(11,681)</b>	<b>122,519</b>	<b>(5,054)</b>	<b>88,436</b>	<b>(8,024)</b>

### ○ Earnings

#### Earnings per share

€/000	June 30, 2007	June 30, 2006
Profit for the year	112,872	105,519
Weighted average number of shares outstanding	728,860	727,999
<b>Earnings per share (in euro)</b>	<b>0.155</b>	<b>0.145</b>

#### Diluted earnings per share

€/000	June 30, 2007	June 30, 2006
Profit for the year	112,872	105,519
Weighted average number of shares outstanding	728,860	727,999
Adjustments for stock options with potential dilution effect	2,788	1,149
Weighted average number of shares outstanding for diluted earnings per share	731,648	729,148
<b>Diluted earnings per share (in euro)</b>	<b>0.154</b>	<b>0.145</b>

## ○ Reconciliation of the parent company's shareholders' equity to consolidated shareholders' equity

€/000	Capital and reserves	Net profit	Shareholders' equity
<b>Parent Company Accounts at June 30, 2007</b>	449,323	111,431	560,754
Successive changes in carrying amount and equity of companies consolidated on a line-by-line basis	187,339	149,271	336,610
Differences on investments accounted for by the equity method	13,514	9,609	23,123
Intercompany dividends	154,833	(154,833)	-
Elimination of intercompany transactions	(453)	(1,427)	(1,880)
Amortisation of greater value attributed to property on the date of acquisition of investments consolidated on a line-by-line basis	(966)	(78)	(1,044)
Other	(654)	(1,101)	(1,755)
<b>Consolidated accounts at June 30, 2007</b>	<b>802,936</b>	<b>112,872</b>	<b>915,808</b>

## ● PROVISIONS

€/000	June 30, 2007	Dec. 31, 2006	June 30, 2006
Provision for tax claims	153	153	2,124
Other provisions	73,255	67,445	57,887
<b>Total</b>	<b>73,408</b>	<b>67,598</b>	<b>60,011</b>

### Analysis of other provisions

€/000	June 30, 2007	Dec. 31, 2006	June 30, 2006
Provision for other completion-of-service entitlements and similar obligations	1,688	1,695	836
Provision for sales network benefits	40,195	38,530	31,950
Provision for risks related to sales network's illegal actions	17,448	17,274	15,018
Other provisions for risks and charges	13,924	9,946	10,083
<b>Total</b>	<b>73,255</b>	<b>67,445</b>	<b>57,887</b>

## ● TECHNICAL RESERVES

€/000	June 30, 2007	Dec. 31, 2006	June 30, 2006
Mathematical reserves	1,293,560	1,255,651	1,210,453
Reserve for outstanding claims	84,368	78,039	50,086
Technical reserves for contracts under which the investment risk is borne by the policyholder and in connection with pension fund management	12,954,604	11,939,212	10,590,242
Other reserves	31,001	34,015	34,813
of which for deferred liabilities to policyholders	-	-	-
<b>Total</b>	<b>14,363,533</b>	<b>13,306,917</b>	<b>11,885,594</b>

## ● FINANCIAL LIABILITIES

### ○ Financial liabilities at fair value through profit and loss

€/000	June 30, 2007	Dec. 31, 2006	June 30, 2006
<b>Financial liabilities held for trading</b>			
Short positions on debt securities	1,053,806	120,278	286,636
Trading derivatives	24,409	28,425	35,506
Other financial liabilities	438	1,149	444
<b>Total Financial liabilities held for trading</b>	<b>1,078,653</b>	<b>149,852</b>	<b>322,586</b>
<b>Financial liabilities at fair value through profit and loss</b>			
Liabilities arising on financial contracts issued by insurance companies:			
- under which the investment risk is borne by the policyholder	886,020	938,285	995,841
- in connection with pension fund management	13,152	11,703	9,023
Securities issued	2,282	1,153	-
<b>Total financial liabilities at fair value through profit and loss</b>	<b>901,454</b>	<b>951,141</b>	<b>1,004,864</b>
<b>Total financial liabilities at fair value through profit and loss</b>	<b>1,980,107</b>	<b>1,100,993</b>	<b>1,327,450</b>

### Financial liabilities held for trading: trading derivatives

€/000	Interest rate	Currencies and gold	Equities	Other	June 30, 2007	Dec. 31, 2006	June 30, 2006
<b>Listed derivatives</b>							
<i>Financial derivatives</i>							
- Without exchange of principal							
- Options issued	-	-	-	275	275	-	-
- Other derivatives	20,430	-	-	-	20,430	26,344	32,108
<b>Total listed derivatives</b>	<b>20,430</b>	<b>-</b>	<b>-</b>	<b>275</b>	<b>20,705</b>	<b>26,344</b>	<b>32,108</b>
<b>Unlisted derivatives</b>							
<i>Financial derivatives</i>							
- With exchange of principal							
- Options issued	-	-	305	22	327	-	-
- Other derivatives	-	1,860	-	-	1,860	798	877
- Without exchange of principal							
- Options issued	-	-	-	-	-	735	110
- Other derivatives	1,517	-	-	-	1,517	548	2,411
<b>Total unlisted derivatives</b>	<b>1,517</b>	<b>1,860</b>	<b>305</b>	<b>22</b>	<b>3,704</b>	<b>2,081</b>	<b>3,398</b>
<b>Total derivatives</b>	<b>21,947</b>	<b>1,860</b>	<b>305</b>	<b>297</b>	<b>24,409</b>	<b>28,425</b>	<b>35,506</b>

### ○ Other financial liabilities

€/000	June 30, 2007	Dec. 31, 2006	June 30, 2006
Banks	1,246,232	1,123,420	1,414,321
Banking customers	4,955,383	4,264,332	3,801,165
Reinsurers' deposits	100,159	101,341	103,246
<b>Total</b>	<b>6,301,774</b>	<b>5,489,093</b>	<b>5,318,732</b>

**Financial liabilities: Banks**

€/000	June 30, 2007	Dec. 31, 2006	June 30, 2006
<b>Central Banks</b>	350,120	560,172	854,508
<b>Other banks</b>			
- Current accounts and demand deposits	289,860	186,113	80,357
- Time deposits	216,871	152,135	254,315
- Loans	275,000	225,000	225,141
- Liabilities for assets that were sold but not derecognised	114,381	-	-
<b>Total</b>	1,246,232	1,123,420	1,414,321

**Financial liabilities: Banking customers**

€/000	June 30, 2007	Dec. 31, 2006	June 30, 2006
<b>Current accounts</b>	3,875,636	3,619,336	3,404,098
<b>Liabilities for assets that were sold but not derecognised (Repurchase agreements)</b>	1,021,244	575,113	330,843
<b>Other liabilities</b>	58,503	69,883	66,224
<b>Total</b>	4,955,383	4,264,332	3,801,165

**PAYABLES****Other payables**

€/000	June 30, 2007	Dec. 31, 2006	June 30, 2006
<b>Employee completion-of-service entitlements</b>	13,713	14,772	14,318
<b>Payables to suppliers</b>	104,446	129,442	87,962
<b>Due to tax authorities</b>	31,209	51,212	24,350
<b>Other payables</b>	41,352	53,035	57,314
<b>Total</b>	190,720	248,461	183,944

**OTHER LIABILITIES****Other liabilities**

€/000	June 30, 2007	Dec. 31, 2006	June 30, 2006
<b>Deferred liabilities relating to investment contracts (DIR)</b>	15,781	23,044	32,023
<b>Items in transit relating to lending</b>	109,885	78,146	122,609
<b>Other</b>	22,798	23,205	26,155
<b>Total</b>	148,464	124,395	180,787

## INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

### ● TECHNICAL ACCOUNT - LIFE INSURANCE

#### Analysis of the account at June 30, 2007

€/000	Gross	Reinsurance	Net
Gross premiums written less reinsurance premiums			
- Premiums written	1,807,511	(2,467)	1,805,044
<b>Total premiums written</b>	<b>1,807,511</b>	<b>(2,467)</b>	<b>1,805,044</b>
Gross amounts paid less recoveries from reinsurers			
- Amounts paid	(869,248)	5,158	(864,090)
- Change in reserve for outstanding claims	(6,284)	(1,237)	(7,521)
- Change in mathematical reserves	(28,922)	(1,182)	(30,104)
- Change in other technical reserves	2,730	-	2,730
- Change in technical reserves for contracts under which the investment risk is borne by the policyholder and reserves relating to pension fund management	(1,089,086)	-	(1,089,086)
<b>Total amounts paid and change in technical reserves</b>	<b>(1,990,810)</b>	<b>2,739</b>	<b>(1,988,071)</b>
<b>Life Insurance net income (expense)</b>	<b>(183,299)</b>	<b>272</b>	<b>(183,027)</b>

#### Gross premiums written

€/000	June 30, 2007	June 30, 2006
Class III products	1,779,327	1,624,997
Traditional products	28,184	30,093
<b>Total gross premiums written</b>	<b>1,807,511</b>	<b>1,655,090</b>

#### Analysis of the account at June 30, 2006

€/000	Gross	Reinsurance	Net
Gross premiums written less reinsurance premiums			
- Premiums written	1,655,090	(2,631)	1,652,459
<b>Total premiums written</b>	<b>1,655,090</b>	<b>(2,631)</b>	<b>1,652,459</b>
Gross amounts paid less recoveries from reinsurers			
- Amounts paid	(637,577)	5,521	(632,056)
- Change in reserve for outstanding claims	3,911	(822)	3,089
- Change in mathematical reserves	(14,126)	(1,105)	(15,231)
- Change in other technical reserves	(261)	-	(261)
- Change in technical reserves for contracts under which the investment risk is borne by the policyholder and reserves relating to pension fund management	(681,831)	-	(681,831)
<b>Total amounts paid and change in technical reserves</b>	<b>(1,329,884)</b>	<b>3,594</b>	<b>(1,326,290)</b>
<b>Life Insurance net income (expense)</b>	<b>325,206</b>	<b>963</b>	<b>326,169</b>

## ● COMMISSION INCOME

€/000	June 30, 2007	June 30, 2006
Management, brokerage and consulting services	265,316	251,677
Collection and payment services	13,099	12,171
Loadings on investment contracts	7,371	12,786
Other services	15,351	12,436
<b>Total</b>	<b>301,137</b>	<b>289,070</b>

## ● COMMISSION EXPENSE

€/000	June 30, 2007	June 30, 2006
Management, brokerage and consulting services	68,999	82,553
Collection and payment services	12,412	11,212
Commissions on the acquisition of investment contracts	3,099	4,239
Other services	17,973	14,876
<b>Total</b>	<b>102,483</b>	<b>112,880</b>

## ● NET INCOME FROM FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

€/000	June 30, 2007	June 30, 2006
<b>Financial assets</b>		
Interest income and other investment income:		
- from financial assets held for trading	34,501	27,307
- from financial assets at fair value through profit or loss	110,727	99,444
Net income from financial assets held for trading	(21,675)	(19,258)
Net income from financial assets at fair value through profit or loss	188,052	(344,726)
<b>Financial liabilities</b>		
Interest expense and similar charges:		
- on financial liabilities at fair value through profit or loss	(19,334)	(28,072)
Net income from financial liabilities held for trading	20,987	8,429
Net loss on financial liabilities at fair value through profit or loss	(10,789)	40,329
<b>Total</b>	<b>302,469</b>	<b>(216,547)</b>

## Analysis of net income from financial assets held for trading

### Analysis of the account at June 30, 2007

€/'000	Unrealised gains (A)	Realised trading profits (B)	Unrealised losses (C)	Realised losses (D)	June 30, 2007	June 30, 2006
<b>Financial assets held for trading</b>						
Debt securities	1,737	12,590	(27,351)	(14,834)	(27,858)	(21,397)
Equities	7	347	(58)	(106)	190	-
Holdings in UCITS	129	1,761	(2)	(20)	1,868	(388)
<b>Other financial assets and liabilities: exchange differences</b>						
	-	-	-	-	117	584
<b>Derivatives</b>						
Financial derivatives:						
- debt securities and interest rates	1,380	25,341	(1,446)	(21,763)	3,512	1,932
- equities and stock indices	-	7	-	-	7	-
- other	40,107	43	(39,629)	(32)	489	11
<b>Total</b>	<b>43,360</b>	<b>40,089</b>	<b>(68,486)</b>	<b>(36,755)</b>	<b>(21,675)</b>	<b>(19,258)</b>

## Analysis of net income from financial assets through profit or loss

€/'000	Unrealised gains (A)	Realised trading profits (B)	Unrealised losses (C)	Realised losses (D)	Net income [(A+B)-(C+D)]
Financial assets at fair value	104,812	28,254	(140,267)	(2,482)	(9,683)
Holdings in UCITS	241,801	6,614	(18,973)	(31,707)	197,735
<b>Total</b>	<b>346,613</b>	<b>34,868</b>	<b>(159,240)</b>	<b>(34,189)</b>	<b>188,052</b>

## ● INVESTMENT INCOME AND EXPENSE

€/'000	June 30, 2007	June 30, 2006
Interest income and other income	110,893	74,575
Realised gains	2,998	10,513
Unrealised gains	3,192	2,622
<b>Total income</b>	<b>117,083</b>	<b>87,710</b>
Interest expense and other expenses	(68,470)	(38,849)
Realised losses	(159)	(91)
Unrealised losses	(4,681)	(3,178)
<b>Total expense</b>	<b>(73,310)</b>	<b>(42,118)</b>
<b>Total net investment income</b>	<b>43,773</b>	<b>45,592</b>
<b>Net investment income from:</b>		
Investment property	1,432	7,155
Held-to-maturity investments	11,402	9,859
Available-for-sale financial assets	11,323	15,985
Loans and receivables	87,503	50,475
Financial liabilities	(67,887)	(37,882)
<b>Total net investment income</b>	<b>43,773</b>	<b>45,592</b>



**Investment property**

€/000	June 30, 2007	June 30, 2006
Realised gains	1,547	7,673
Other income	78	98
Other expenses	(162)	(616)
Unrealised losses	(31)	-
<b>Total</b>	<b>1,432</b>	<b>7,155</b>

**Held-to-maturity investments**

€/000	June 30, 2007	June 30, 2006
Interest income and other income	11,402	9,859
<b>Total</b>	<b>11,402</b>	<b>9,859</b>

**Available-for-sale financial assets**

€/000	June 30, 2007	June 30, 2006
Interest income and other income	10,031	13,225
Realised gains	1,451	2,840
Realised losses	(159)	(80)
<b>Total</b>	<b>11,323</b>	<b>15,985</b>

**Loans and receivables**

€/000	June 30, 2007	June 30, 2006
Interest income and other income	88,961	50,963
Unrealised gains	3,192	2,622
Realised losses	-	(11)
Unrealised losses	(4,650)	(3,099)
<b>Total</b>	<b>87,503</b>	<b>50,475</b>

**Interest income and other income**

€/000	June 30, 2007	June 30, 2006
Loans to banks	50,820	30,472
Loans to customers	38,141	20,491
<b>Total</b>	<b>88,961</b>	<b>50,963</b>

**Financial liabilities**

€/000	June 30, 2007	June 30, 2006
Interest expense and other expenses	(67,887)	(37,882)
<b>Total</b>	<b>(67,887)</b>	<b>(37,882)</b>

**Interest expense and other expenses**

€/000	June 30, 2007	June 30, 2006
Due to Banks	23,111	13,414
Due to customers	37,843	19,441
Other liabilities	6,933	5,027
<b>Total</b>	<b>67,887</b>	<b>37,882</b>

## ● OPERATING EXPENSES

€/000	June 30, 2007	June 30, 2006
Commissions and other expenses relating to the acquisition of insurance contracts	65,040	62,366
Investment management expenses	109	219
<b>Other administrative expenses</b>		
Employees	60,619	55,677
Advertising and promotions	11,803	8,461
Advisory services and collaborations	15,803	11,745
IT systems	18,111	13,674
Miscellaneous communications services	11,334	8,520
Other general expenses	23,287	20,340
<b>Total other administrative expenses</b>	<b>140,957</b>	<b>118,417</b>
<b>Total</b>	<b>206,106</b>	<b>181,002</b>

### Average number of employees by category

Number	June 30, 2007	June 30, 2006
<b>Employees:</b>		
a) senior management	109	103
b) middle management	261	264
c) other employees	1,385	1,126
<b>Total employees</b>	<b>1,755</b>	<b>1,493</b>
Other personnel	66	119
<b>Total</b>	<b>1,821</b>	<b>1,612</b>

## ● OTHER EXPENSES

€/000	June 30, 2007	June 30, 2006
Employees	2,602	1,976
Amortisation of intangible assets	8,990	7,051
Depreciation of investment property and other assets	3,782	3,852
Provisions for risks and charges	7,770	5,964
Other miscellaneous expenses	12,804	7,312
<b>Total</b>	<b>35,948</b>	<b>26,155</b>

### Provisions for risks and charges

€/000	June 30, 2007	June 30, 2006
Provision for sales network benefits	2,171	5,132
Provision for risks related to financial advisors' illegal actions	1,326	325
Other provisions for risks and charges	4,273	507
<b>Total</b>	<b>7,770</b>	<b>5,964</b>

## ● INCOME TAXES

€/000	June 30, 2007	June 30, 2006
Current taxes	(27,503)	(33,899)
Deferred taxes	(2,504)	465
<b>Total</b>	<b>(30,007)</b>	<b>(33,434)</b>

MEDIOLANUM S.p.A.

**Segment  
Reporting  
at June 30  
2007**



## SEGMENT REPORTING

This section presents consolidated financial data reported by segment. Segment reporting entailed certain reclassifications of financial information in comparison with the Consolidated Income Statement included in the consolidated accounts at June 30, 2007.

In compliance with IAS 14, segment reporting reflects the management reporting system of the Mediolanum Group, and is consistent with the information disclosed to the market and to the various stakeholders.

This section presents consolidated financial results reported by business segment (primary format), i.e. Life Insurance, Banking, Asset Management and Other, and then by geographical segment (secondary segment) by reference to the Group markets, i.e. Domestic and Foreign markets.

The policies adopted in the reclassification of income and expense items include the presentation of balances by nature and the recognition of financial income/expense on policyholders' assets under "Amounts paid and change in technical reserves".

The reconciliation of the consolidated income statement at June 30, 2007 to the reclassified income statement prepared for segment reporting purposes is set out below.

## Reconciliation of the income statement at June 30, 2007 to the reclassified income statement for segment reporting purposes

€/'000	Consolidated income statements
<b>1. Revenues</b>	
1.1 Net premiums written	
1.1.1 Gross premiums written	1,807,511
1.1.2 Reinsurance premiums	(2,467)
<b>Total premiums written</b>	<b>1,805,044</b>
1.2 Commission income	301,137
1.3 Net income on financial instruments at fair value through profit and loss	302,469
1.4 Income on investments in subsidiaries, associates and jvs	9,609
1.5 Income on other financial instruments and investment property	
1.5.1 Interest income	109,359
1.5.2 Other income	1,534
1.5.3 Realised gains	2,998
1.5.4 Unrealised gains	3,192
<b>Total income on other financial instruments and investment property</b>	<b>117,083</b>
1.6 Other revenues	13,354
<b>Total revenues</b>	<b>2,548,696</b>
<b>2. Costs</b>	
2.1 Net claims and benefits	
2.1.1 Amounts paid and change in technical reserves	(1,990,810)
2.1.2 Reinsurers' share	2,739
<b>Net claims and benefits</b>	<b>(1,988,071)</b>
2.2 Commission expense	(102,483)
2.3 Losses on investments in subsidiaries, associates and jvs	-
2.4 Loss on other financial instruments and investment property	
2.4.1 Interest expense	(68,215)
2.4.2 Other expenses	(255)
2.4.3 Realised losses	(159)
2.4.4 Unrealised losses	(4,681)
<b>Loss on other financial instruments and investment property</b>	<b>(73,310)</b>
2.5 Operating expenses	
2.5.1 Agents' commissions and other acquisition costs	(65,040)
2.5.2 Investment management expenses	(109)
2.5.3 Other administrative expenses	(140,957)
<b>Total operating expenses</b>	<b>(206,106)</b>
2.6 Other costs	(35,948)
<b>Total costs</b>	<b>(2,405,918)</b>
Profit (loss) before tax for the period	142,778
<b>3. Income tax</b>	<b>(30,007)</b>
Profit(loss) for the period	101
<b>4. Profit (loss) from discontinued operations</b>	<b>112,872</b>

### RECLASSIFICATIONS

Interest income and expense on assets/liabilities pertaining to policyholders  
(including policies classified as financial contracts under IFRS4)

Other reclassifications

### TOTAL RECLASSIFIED AMOUNT

RECLASSIFIED INCOME STATEMENT - REVENUES							RECLASSIFIED INCOME STATEMENT - EXPENSES AND INCOME TAX							
Net premiums written	Commission income	Interest income and similar income	Interest expense and similar charges	Net income on investments at fair value	Net income on other investments	Other revenues	Amounts paid and change in technical reserves	Acquisition costs & other commission expense	Net impairment of financial investments	G&A expenses	Amortisation and depreciation	Provision for risks and charges	Income tax	Net profit
1,807,511	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(2,467)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1,805,044	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	301,137	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	145,228	(19,334)	176,575	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	9,609	-	-	-	-	-	-	-	-	-
-	-	109,359	-	-	-	-	-	-	-	-	-	-	-	-
-	-	1,456	-	-	78	-	-	-	-	-	-	-	-	-
-	-	-	-	-	2,998	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	3,192	-	-	-	-	-
-	-	110,815	-	-	3,076	-	-	-	3,192	-	-	-	-	-
-	-	-	-	-	-	13,354	-	-	-	-	-	-	-	-
1,805,044	301,137	256,043	(19,334)	176,575	12,685	13,354	-	-	3,192	-	-	-	-	-
-	-	-	-	-	-	-	(1,990,073)	-	-	(737)	-	-	-	-
-	-	-	-	-	-	-	2,739	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(1,987,334)	-	-	(737)	-	-	-	-
-	-	-	-	-	-	-	-	(102,483)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	(68,215)	-	-	-	-	-	-	-	-	-	-	-
-	-	-	(93)	-	(162)	-	-	-	-	-	-	-	-	-
-	-	-	-	-	(159)	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	(4,650)	-	(31)	-	-	-
-	-	-	(68,308)	-	(321)	-	-	-	(4,650)	-	(31)	-	-	-
-	-	-	-	-	-	-	-	(60,372)	-	(4,668)	-	-	-	-
-	-	-	-	-	-	-	-	-	-	(109)	-	-	-	-
-	-	-	-	-	-	-	-	-	-	(140,957)	-	-	-	-
-	-	-	-	-	-	-	-	(60,372)	-	(145,734)	-	-	-	-
-	-	-	-	-	-	-	-	-	(96)	(15,309)	(12,773)	(7,769)	-	-
-	-	-	(68,308)	-	(321)	-	(1,987,334)	(162,855)	(4,746)	(161,780)	(12,804)	(7,769)	-	-
1,805,044	301,137	256,043	(87,642)	176,575	12,364	13,354	(1,987,334)	(162,855)	(1,554)	(161,780)	(12,804)	(7,769)	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	(30,008)	-
-	-	-	-	-	-	101	-	-	-	-	-	-	-	-
1,805,044	301,137	256,043	(87,642)	176,575	12,364	13,455	(1,987,334)	(162,855)	(1,554)	(161,780)	(12,804)	(7,769)	(30,008)	112,872
-	-	(126,451)	19,224	(177,213)	-	-	284,440	-	-	-	-	-	-	-
-	-	(1,438)	-	-	(1,938)	205	(684)	1	-	3,853	1	-	-	-
1,805,044	301,137	128,154	(68,418)	(638)	10,426	13,660	(1,703,578)	(162,854)	(1,554)	(157,927)	(12,803)	(7,769)	(30,008)	112,872

## INCOME STATEMENT AT JUNE 30, 2007

### Segment reporting by business sector

€/000	LIFE INSURANCE			ASSET MANAGEMENT		
	2007	2006	delta	2007	2006	delta
Net premiums written	1,805,044	1,652,459	152,585	-	-	-
Entry fees	-	-	-	28,421	36,045	(7,624)
Management fees	84,629	69,255	15,374	83,516	86,968	(3,452)
Performance fees	21,099	14,376	6,723	19,369	18,949	420
Banking service fees	-	-	-	1,042	657	385
Other fees	8,983	12,813	(3,830)	14,645	11,839	2,806
<b>Total commission income</b>	<b>114,711</b>	<b>96,444</b>	<b>18,267</b>	<b>146,993</b>	<b>154,458</b>	<b>(7,465)</b>
Interest income and similar income	13,733	9,338	4,395	1,955	1,300	655
Interest expense and similar charges	(2,469)	(2,306)	(163)	(119)	(234)	115
Net income on investments at fair value	(6,262)	(11,219)	4,957	50	38	12
<b>Net financial income</b>	<b>5,002</b>	<b>(4,187)</b>	<b>9,189</b>	<b>1,886</b>	<b>1,104</b>	<b>782</b>
Net income on other investments	1,437	9,816	(8,379)	1,110	(836)	1,946
Other revenues	7,988	8,504	(516)	188	(51)	239
<b>TOTAL REVENUES</b>	<b>1,934,182</b>	<b>1,763,036</b>	<b>171,146</b>	<b>150,177</b>	<b>154,675</b>	<b>(4,498)</b>
Amounts paid and change in technical reserves	(1,703,578)	(1,543,376)	(160,202)	-	-	-
Acquisition costs & other commission expense	(83,489)	(90,128)	6,639	(50,679)	(58,310)	7,631
Net impairment of financial investments	-	-	-	1	-	1
G&A expenses	(54,613)	(43,643)	(10,970)	(41,066)	(35,268)	(5,798)
Amortisation and depreciation	(4,566)	(3,195)	(1,371)	(2,328)	(2,189)	(139)
Provision for risks and charges	(4,030)	(3,501)	(529)	(2,132)	(1,660)	(472)
<b>PROFIT BEFORE TAX</b>	<b>83,906</b>	<b>79,193</b>	<b>4,713</b>	<b>53,973</b>	<b>57,248</b>	<b>(3,275)</b>
Income tax						
<b>NET PROFIT</b>						



BANKING			OTHER			CONSOLIDATION ADJUSTMENTS			TOTAL		
2007	2006	delta	2007	2006	delta	2007	2006	delta	2007	2006	delta
-	-	-	-	-	-	-	-	-	1,805,044	1,652,459	152,585
-	-	-	-	-	-	-	-	-	28,421	36,044	(7,623)
-	-	-	-	-	-	(2)	-	(2)	168,143	156,223	11,920
-	-	-	-	-	-	1	(1)	2	40,469	33,324	7,145
38,187	37,156	1,031	-	-	-	(484)	(715)	231	38,745	37,098	1,647
69	172	(103)	1,882	1,928	(46)	(220)	(371)	151	25,359	26,381	(1,022)
38,256	37,328	928	1,882	1,928	(46)	(705)	(1,087)	382	301,137	289,070	12,067
126,854	79,652	47,202	1,135	699	436	(15,523)	(9,726)	(5,797)	128,154	81,263	46,891
(74,807)	(40,789)	(34,018)	(6,547)	(4,792)	(1,755)	15,524	9,747	5,777	(68,418)	(38,374)	(30,044)
5,569	1,448	4,121	4	(2)	6	1	(20)	21	(638)	(9,755)	9,117
57,616	40,311	17,305	(5,408)	(4,095)	(1,313)	2	1	1	59,098	33,134	25,964
1,207	110	1,097	6,672	6,344	328	-	-	-	10,426	15,434	(5,008)
3,480	2,389	1,091	2,458	1,930	528	(454)	(641)	187	13,660	12,131	1,529
100,559	80,138	20,421	5,604	6,107	(503)	(1,157)	(1,727)	570	2,189,365	2,002,228	187,137
-	-	-	-	-	-	-	-	-	(1,703,578)	(1,543,376)	(160,202)
(27,302)	(23,971)	(3,331)	(1,606)	(1,484)	(122)	222	376	(154)	(162,854)	(173,518)	10,664
(1,555)	(513)	(1,042)	-	-	-	-	-	-	(1,554)	(513)	(1,041)
(62,234)	(50,295)	(11,939)	(949)	(1,068)	119	935	1,351	(416)	(157,927)	(128,920)	(29,007)
(5,839)	(5,520)	(319)	(70)	(78)	8	-	-	-	(12,803)	(10,982)	(1,821)
(1,551)	(708)	(843)	(56)	(95)	39	-	-	-	(7,769)	(5,964)	(1,805)
2,078	(869)	2,947	2,923	3,382	(459)	-	-	-	142,880	138,955	3,925
									(30,008)	(33,436)	3,428
									112,872	105,519	7,353

## INCOME STATEMENT AT JUNE 30, 2007

### Segment reporting by business sector / domestic market

€/000	LIFE INSURANCE			ASSET MANAGEMENT		
	2007	2006	delta	2007	2006	delta
Net premiums written	1,720,326	1,571,584	148,742	-	-	-
Entry fees	-	-	-	24,493	32,961	(8,468)
Management fees	84,629	69,255	15,374	74,640	77,910	(3,270)
Performance fees	21,099	14,376	6,723	17,605	17,969	(364)
Banking service fees	-	-	-	-	-	-
Other fees	5,158	9,971	(4,813)	14,645	11,828	2,817
<b>Total commission income</b>	<b>110,886</b>	<b>93,602</b>	<b>17,284</b>	<b>131,383</b>	<b>140,668</b>	<b>(9,285)</b>
Interest income and similar income	12,968	9,276	3,692	1,612	1,115	497
Interest expense and similar charges	(2,469)	(2,306)	(163)	(87)	(75)	(12)
Net income on investments at fair value	(6,262)	(11,219)	4,957	1	2	(1)
<b>Net financial income</b>	<b>4,237</b>	<b>(4,249)</b>	<b>8,486</b>	<b>1,526</b>	<b>1,042</b>	<b>484</b>
Net income on other investments	1,437	9,816	(8,379)	216	142	74
Other revenues	7,988	8,504	(516)	93	101	(8)
<b>TOTAL REVENUES</b>	<b>1,844,874</b>	<b>1,679,257</b>	<b>165,617</b>	<b>133,218</b>	<b>141,953</b>	<b>(8,735)</b>
Amounts paid and change in technical reserves	(1,630,672)	(1,470,998)	(159,674)	-	-	-
Acquisition costs & other commission expense	(76,951)	(84,457)	7,506	(43,606)	(51,754)	8,148
Net impairment of financial investments	-	-	-	-	-	-
G&A expenses	(51,260)	(41,372)	(9,888)	(36,160)	(30,928)	(5,232)
Amortisation and depreciation	(3,355)	(2,871)	(484)	(2,206)	(2,083)	(123)
Provision for risks and charges	(4,030)	(3,501)	(529)	(2,132)	(1,660)	(472)
<b>PROFIT BEFORE TAX</b>	<b>78,606</b>	<b>76,058</b>	<b>2,548</b>	<b>49,114</b>	<b>55,528</b>	<b>(6,414)</b>
Income tax						
<b>NET PROFIT</b>						

BANKING			OTHER			CONSOLIDATION ADJUSTMENTS			TOTAL		
2007	2006	delta	2007	2006	delta	2007	2006	delta	2007	2006	delta
-	-	-	-	-	-	-	-	-	1,720,326	1,571,584	148,742
-	-	-	-	-	-	-	-	-	24,493	32,961	(8,468)
-	-	-	-	-	-	-	-	-	159,269	147,165	12,104
-	-	-	-	-	-	-	-	-	38,704	32,345	6,359
22,328	21,103	1,225	-	-	-	(481)	(714)	233	21,847	20,389	1,458
15	3	12	1,882	1,928	(46)	-	1	(1)	21,700	23,731	(2,031)
22,343	21,106	1,237	1,882	1,928	(46)	(481)	(713)	232	266,013	256,591	9,422
114,621	70,923	43,698	1,135	699	436	(10,401)	(6,063)	(4,338)	119,935	75,950	43,985
(68,248)	(36,453)	(31,795)	(6,547)	(4,792)	(1,755)	10,401	6,063	4,338	(66,950)	(37,563)	(29,387)
5,828	1,615	4,213	4	(2)	6	-	-	-	(429)	(9,604)	9,175
52,201	36,085	16,116	(5,408)	(4,095)	(1,313)	-	-	-	52,556	28,783	23,773
981	-	981	6,672	6,344	328	-	-	-	9,306	16,302	(6,996)
2,590	1,727	863	2,458	1,930	528	-	(1)	1	13,129	12,261	868
78,115	58,918	19,197	5,604	6,107	(503)	(481)	(714)	233	2,061,330	1,885,521	175,809
-	-	-	-	-	-	-	-	-	(1,630,672)	(1,470,998)	(159,674)
(13,840)	(11,833)	(2,007)	(1,606)	(1,484)	(122)	(1)	-	(1)	(136,004)	(149,528)	13,524
(1,961)	16	(1,977)	-	-	-	-	-	-	(1,961)	16	(1,977)
(48,201)	(37,386)	(10,815)	(949)	(1,068)	119	482	714	(232)	(136,088)	(110,040)	(26,048)
(4,841)	(4,516)	(325)	(70)	(78)	8	-	-	-	(10,472)	(9,548)	(924)
(684)	(235)	(449)	(56)	(95)	39	-	-	-	(6,902)	(5,491)	(1,411)
8,588	4,964	3,624	2,923	3,382	(459)	-	-	-	139,231	139,932	(701)
									(28,622)	(32,885)	4,263
									110,609	107,047	3,562

## INCOME STATEMENT AT JUNE 30, 2007

### Segment reporting by business sector / foreign market

€/000	LIFE INSURANCE			ASSET MANAGEMENT		
	2007	2006	delta	2007	2006	delta
Net premiums written	84,718	80,875	3,843	-	-	-
Entry fees	-	-	-	3,928	3,083	845
Management fees	-	-	-	8,875	9,058	(183)
Performance fees	-	-	-	1,764	980	784
Banking service fees	-	-	-	1,042	657	385
Other fees	3,825	2,842	983	-	11	(11)
<b>Total commission income</b>	<b>3,825</b>	<b>2,842</b>	<b>983</b>	<b>15,609</b>	<b>13,789</b>	<b>1,820</b>
Interest income and similar income	765	62	703	343	185	158
Interest expense and similar charges	-	-	-	(32)	(159)	127
Net income on investments at fair value	-	-	-	49	36	13
<b>Net financial income</b>	<b>765</b>	<b>62</b>	<b>703</b>	<b>360</b>	<b>62</b>	<b>298</b>
Net income on other investments	-	-	-	894	(978)	1,872
Other revenues	-	-	-	95	(152)	247
<b>TOTAL REVENUES</b>	<b>89,308</b>	<b>83,779</b>	<b>5,529</b>	<b>16,958</b>	<b>12,721</b>	<b>4,237</b>
Amounts paid and change in technical reserves	(72,906)	(72,378)	(528)	-	-	-
Acquisition costs & other commission expense	(6,537)	(5,670)	(867)	(7,073)	(6,556)	(517)
Net impairment of financial investments	-	-	-	1	-	1
G&A expenses	(3,353)	(2,271)	(1,082)	(4,906)	(4,340)	(566)
Amortisation and depreciation	(1,211)	(324)	(887)	(122)	(106)	(16)
Provision for risks and charges	-	-	-	-	-	-
<b>PROFIT BEFORE TAX</b>	<b>5,301</b>	<b>3,136</b>	<b>2,165</b>	<b>4,858</b>	<b>1,719</b>	<b>3,139</b>
Income tax						
<b>NET PROFIT</b>						

BANKING			OTHER			CONSOLIDATION ADJUSTMENTS			TOTAL		
2007	2006	delta	2007	2006	delta	2007	2006	delta	2007	2006	delta
-	-	-	-	-	-	-	-	-	84,718	80,875	3,843
-	-	-	-	-	-	-	-	-	3,928	3,083	845
-	-	-	-	-	-	-	-	-	8,875	9,058	(183)
-	-	-	-	-	-	-	-	-	1,764	980	784
15,858	16,053	(195)	-	-	-	-	-	-	16,900	16,710	190
55	169	(114)	-	-	-	-	-	-	3,880	3,022	858
15,913	16,222	(309)	-	-	-	-	-	-	35,347	32,853	2,494
12,233	8,729	3,504	-	-	-	-	-	-	13,341	8,976	4,365
(6,559)	(4,336)	(2,223)	-	-	-	-	-	-	(6,591)	(4,495)	(2,096)
(259)	(167)	(92)	-	-	-	-	-	-	(210)	(131)	(79)
5,415	4,226	1,189	-	-	-	-	-	-	6,540	4,350	2,190
226	110	116	-	-	-	-	-	-	1,120	(868)	1,988
890	662	228	-	-	-	(55)	(190)	135	930	320	610
22,444	21,220	1,224	-	-	-	(55)	(190)	135	128,655	117,530	11,125
-	-	-	-	-	-	-	-	-	(72,906)	(72,378)	(528)
(13,462)	(12,138)	(1,324)	-	-	-	-	-	-	(27,072)	(24,364)	(2,708)
406	(529)	935	-	-	-	-	-	-	407	(529)	936
(14,033)	(12,908)	(1,125)	-	-	-	55	191	(136)	(22,237)	(19,328)	(2,909)
(998)	(1,004)	6	-	-	-	-	(1)	1	(2,331)	(1,435)	(896)
(867)	(473)	(394)	-	-	-	-	-	-	(867)	(473)	(394)
(6,510)	(5,832)	(678)	-	-	-	-	-	-	3,649	(977)	4,626
									(1,386)	(551)	(835)
									2,263	(1,528)	3,791

## ATYPICAL AND/OR UNUSUAL TRANSACTIONS

In the reporting period there were no atypical and/or unusual transactions which for significance, nature of the counterparties, subject of the transaction, pricing method and timing, could raise doubts as to the accuracy and completeness of the information disclosed herein, conflicts of interest, the safeguarding of corporate assets, the protection of minority shareholders (cf. Consob Communication No. DEM/6064293 of July 28, 2006).

## NON-RECURRING TRANSACTIONS

In the reporting period there were no non-recurring events or transactions, i.e. event or transactions which do not occur frequently in the ordinary course of business (cf. Consob Communication No. DEM/6064293 of July 28, 2006).

## RELATED PARTY TRANSACTIONS

### ● Related Party Transactions

Transactions with related parties are part of the ordinary business of companies within the Group. These transactions are made at arm's length and in the interests of the individual entities.

Key financial information on related-party transactions, relating to companies of the Banca Esperia Group and Mediolanum Assicurazioni S.p.A., is set out below:

€/000	Associates companies	Other related parties
Loans to customers	18,000	-
Loans to banks	300,364	-
Amounts due from customers	(1,513)	(5,922)
Net interest	1,265	(165)
Net commissions	-	(1,880)
Services rendered	-	(713)
Other Income	-	357

## ● Key management compensation

€/000	Directors, Statutory Auditors, Deputy/ General Managers	Other key managers
Emoluments and social security contributions	3,192	637
Non-cash benefits	23	-
End-of-service allowance	285	-
Share-based awards (stock options)	561	157

In the first half of 2007, the subsidiary Mediolanum Vita S.p.A. sold properties, previously let to third parties, to certain related parties:

- to a Chief Executive Officer for a sale price of €540 thousand (€172 thousand gain realised by the company);
- to other related parties for a sale price of €2,860 thousand (€1,132 thousand gain realised by the company).

After the balance sheet date, certain properties, previously let to third parties, were sold to the Chairman of the Board of Directors of Mediolanum Vita S.p.A. for a sale price of €500 thousand (€163 thousand gain realised by the company).

The sales above were made at arm's length according to valuations made by independent valuers.

## EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

Exercising the authority delegated to it by the shareholders at the Extraordinary General Meeting of April 26, 2005, at its Meeting held on May 10, 2006, the Board of Directors resolved:

- to increase share capital for a consideration by a maximum amount of €76,025.00 through the issue of up to 760,250 dividend-bearing ordinary shares, par value of €0.1 each, to be allotted to the employees of the Company and/or its subsidiaries pursuant to article 2359, paragraph 1, No. 1), of the Italian Civil Code, waiving any shareholders' pre-emptive rights pursuant to art. 2441, paragraph eight of the Italian Civil Code and article 134, paragraph three, of Legislative Decree 58/98. Those shares will be offered for subscription at a share price, including share premium, equal to the arithmetic mean of the MEDIOLANUM S.p.A. share prices on the electronic trading system of Borsa Italiana S.p.A. (Italian Stock Exchange) in the period from the tenth day of the preceding calendar month to May 10, 2007;
- to increase share capital for a consideration by a maximum amount of €90,731.10 through the issue of up to 907,311 dividend-bearing ordinary shares, par value of €0.1 each, to be allotted to contract workers of the Company and/or its subsidiaries pursuant to article 2359, paragraph 1, No. 1), of the Italian Civil Code, waiving any shareholders' pre-emptive rights pursuant to art. 2441, paragraph five of the Italian Civil Code. Those shares will be offered for subscription at a share price of 1.30 including a share premium of €1.20 per share (price determined in accordance with the EGM resolution);

- to increase share capital for a consideration by a maximum amount of €78,380.00 through the issue of up to 783,800 dividend-bearing ordinary shares, par value of €0.1 each, to be allotted to the Directors of the Company and/or its subsidiaries pursuant to article 2359, paragraph 1, No. 1 of the Italian Civil Code, waiving any shareholders' pre-emptive rights pursuant to article 2441 paragraph five, of the Italian Civil Code. Those shares will be offered for subscription at a share price of €1.30 including a share premium of €1.20 per share (price determined in accordance with the EGM resolution);
- that the subscription to the share capital increases above is to be made on a single occasion in the first five business days of each of the sixty calendar months subsequent to the expiration of the two-year term, except for any exceptional circumstances as set out in the regulations. The final term for exercising the Options with respect to the share capital increases above, is the fifth business day in the sixtieth month subsequent to the expiration of the two-year term. In the event that the capital increases are not fully subscribed within the prescribed term, share capital will be increased by the amount of the subscriptions received as of that date.

In the first half of 2007, 50,000 stock options granted in 2003 and 2004 were exercised for a total of 50,000 shares, and 724,500 unexercised options lapsed.

#### Analysis of movements in option holdings in the first half of 2007:

Number of options and exercise price	Options held at the beginning of the period			Options granted in the period			Options exercised in the period			Options lapsed in the period	Options held at the end of the period		
	Number of options	Average exercise price	Average expiration	Number of options	Average exercise price	Average expiration	Number of options	Average exercise price	Average market price		Number of options	Average exercise price	Average expiration
Employees	2,786,500	6.097	2007-13	760,250	6.352	2010-11	(50,000)	4.871	6.325	(724,500)	2,772,250	5.865	2007-13
Directors	999,000	1.174	2007-13	783,800	1.300	2009-14	-	-	-	-	1,782,800	1.229	2007-14
Contract workers	870,316	1.162	2007-14	907,311	1.300	2010-15	-	-	-	-	1,777,627	1.233	2007-15
<b>Total</b>	<b>4,655,816</b>	<b>4.118</b>		<b>2,451,361</b>	<b>2.867</b>		<b>(50,000)</b>	<b>4.871</b>	<b>5.685</b>	<b>(724,500)</b>	<b>6,332,677</b>	<b>3.260</b>	



MEDIOLANUM S.p.A.

SCHEDULES

**Information  
pursuant to ISVAP  
requirements  
at June 30  
2007**



## INFORMATION PURSUANT TO ISVAP REQUIREMENTS

This section sets out the statements required by supervisory authorities as minimum disclosure in financial reporting pursuant to ISVAP Regulation No. 2460 of August 10, 2006 (Interim financial reporting rules. Amendments to ISVAP Regulation No. 1207-G of July 6, 1999).

In accordance with the regulations mentioned above, for segment reporting purposes, the various companies were allocated to their respective business segment. That entailed, on the one hand, the elimination of inter-company balances within the same segment and, on the other hand, the inclusion of inter-segment transaction balances.

This presentation of segment results is different from the presentation of financial information in the section "Segment Reporting" of the Notes to the consolidated interim accounts at June 30, 2007 since segment reporting in that section reflects the management reporting system of the Mediolanum Group which entails, *inter alia*, a different classification of income and expense items.

## BALANCE SHEET AS AT JUNE 30, 2007

### Mediolanum Group - Financial information by Business Segment (ISVAP)

€/000	LIFE INSURANCE	
	June 30, 2007	Dec. 31, 2006
1. Intangible assets	3,263	6,276
2. Tangible assets	19,874	20,260
3. Reinsurers' share of technical reserves	100,757	103,176
4. Investments	15,781,838	14,923,947
4.1 Investment property	5,083	6,967
4.2 Investments in subsidiaries, associates and joint ventures	408,564	408,565
4.3 Held-to-maturity investments	234,565	234,632
4.4 Loans and receivables	10,573	11,346
4.5 Available-for-sale financial assets	788,396	753,707
4.6 Financial assets at fair value through profit or loss	14,334,657	13,508,730
5. Receivables	23,424	30,571
6. Other assets	243,626	201,386
6.1 Deferred acquisition costs	-	-
6.2 Other	243,626	201,386
7. Cash and cash equivalents	349,800	300,039
<b>Total assets</b>	<b>16,522,582</b>	<b>15,585,655</b>
1. Shareholders' equity	-	-
2. Provisions	875	771
3. Technical reserves	14,363,533	13,306,917
4. Financial liabilities	1,295,058	1,314,993
4.1 Financial liabilities at fair value through profit or loss	919,877	976,332
4.2 Other financial liabilities	375,181	338,661
5. Payables	92,333	148,826
6. Other liabilities	47,036	84,422
<b>Total liabilities and shareholders' equity</b>	<b>15,798,835</b>	<b>14,855,929</b>

BANKING		OTHER		INTERSEGMENT		TOTAL	
June 30, 2007	Dec. 31, 2006	June 30, 2007	Dec. 31, 2006	June 30, 2007	Dec. 31, 2006	June 30, 2007	Dec. 31, 2006
147,478	151,027	143	41	24,397	24,397	175,281	181,741
51,200	51,837	1,798	1,862	901	901	73,773	74,860
-	-	-	-	-	-	100,757	103,176
7,485,521	5,743,036	40	40	(485,091)	(548,511)	22,782,308	20,118,512
-	-	-	-	-	-	5,083	6,967
-	-	-	-	(359,629)	(369,239)	48,935	39,326
372,700	332,912	-	-	-	-	607,265	567,544
3,790,013	3,301,459	-	-	(1,151)	(990)	3,799,435	3,311,815
354,577	205,968	40	40	-	-	1,143,013	959,715
2,968,231	1,902,697	-	-	(124,311)	(178,282)	17,178,577	15,233,145
185	207	1,581	920	(3,515)	(16,678)	21,675	15,020
260,897	276,076	4,769	3,138	(54,028)	(97,808)	455,264	382,792
-	-	-	-	-	-	-	-
260,897	276,076	4,769	3,138	(54,028)	(97,808)	455,264	382,792
331,058	379,640	(854)	1,830	(239,479)	(240,497)	440,525	441,012
8,276,339	6,601,823	7,477	7,831	(756,815)	(878,196)	24,049,583	21,317,113
-	-	-	-	-	-	915,808	904,304
72,517	66,811	16	16	-	-	73,408	67,598
-	-	-	-	-	-	14,363,533	13,306,917
7,349,986	5,673,544	4	-	(363,167)	(398,451)	8,281,881	6,590,086
1,060,230	124,661	-	-	-	-	1,980,107	1,100,993
6,289,756	5,548,883	4	-	(363,167)	(398,451)	6,301,774	5,489,093
172,320	223,348	4,138	4,922	(56,366)	(113,483)	212,425	263,613
157,084	121,361	585	359	(2,177)	(21,547)	202,528	184,595
7,751,907	6,085,064	4,743	5,297	(421,710)	(533,481)	24,049,583	21,317,113

## INCOME STATEMENT AS AT JUNE 30, 2007

### Mediolanum Group - Financial information by Business Segment (ISVAP)

€/000	LIFE INSURANCE	
	June 30, 2007	June 30, 2006
<b>1. Revenues</b>		
1.1 Net premiums written	-	-
1.1.1 Gross premiums written	1,807,511	1,655,090
1.1.2 Reinsurance premiums	(2,467)	(2,631)
<b>Total premiums written</b>	<b>1,805,044</b>	<b>1,652,459</b>
1.2 Commission income	61,188	57,089
1.3 Net income on financial instruments at fair value through profit and loss	271,651	(238,160)
1.4 Income on investments in subsidiaries, associates and jvs	-	-
1.5 Income on other financial instruments and investment property	-	-
1.5.1 Interest income	20,726	17,874
1.5.2 Other income	1,055	4,834
1.5.3 Realised gains	1,559	10,386
1.5.4 Unrealised gains		
<b>Total income on other financial instruments and investment property</b>	<b>23,340</b>	<b>33,094</b>
1.6 Other revenues	8,294	8,728
<b>Total revenues and income</b>	<b>2,169,517</b>	<b>1,513,210</b>
<b>2. Costs</b>		
2.1 Net claims and benefits		
2.1.1 Amounts paid and change in technical reserves	(1,991,295)	(1,330,260)
2.1.2 Reinsurers' share	2,739	3,594
<b>Net claims and benefits</b>	<b>(1,988,556)</b>	<b>(1,326,666)</b>
2.2 Commission expense	(4,318)	(5,252)
2.3 Losses on investments in subsidiaries, associates and jvs	-	-
2.4 Loss on other financial instruments and investment property	-	-
2.4.1 Interest expense	(7,521)	(5,472)
2.4.2 Other expenses	(162)	(529)
2.4.3 Realised losses	(38)	(11)
2.4.4 Unrealised losses	(31)	(79)
<b>Loss on other financial instruments and investment property</b>	<b>(7,752)</b>	<b>(6,091)</b>
2.5 Operating expenses		
2.5.1 Agents' commissions and other acquisition costs	(107,874)	(115,223)
2.5.2 Investment management expenses	(1,627)	(1,268)
2.5.3 Other administrative expenses	(16,714)	(13,813)
<b>Total operating expenses</b>	<b>(126,215)</b>	<b>(130,304)</b>
2.6 Other costs	(8,888)	(2,364)
<b>Total costs</b>	<b>(2,135,729)</b>	<b>(1,470,676)</b>
Profit (loss) before tax for the period	33,788	42,533
<b>3. Income tax</b>	<b>(13,552)</b>	<b>(13,356)</b>
Profit(loss) for the period	20,235	29,177
<b>4. Profit (loss) from discontinued operations</b>	<b>-</b>	<b>-</b>
Consolidated profit (loss) for the period	20,235	29,177
of which pertaining to the Group	20,235	29,177

BANKING		OTHER		INTERSEGMENT		TOTAL	
June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,807,511	1,655,090
-	-	-	-	-	-	(2,467)	(2,631)
-	-	-	-	-	-	1,805,044	1,652,459
371,470	370,635	2	16	(131,523)	(138,670)	301,137	289,070
34,706	23,510	-	-	(3,888)	(1,897)	302,469	(216,547)
-	-	9,609	3,178	-	-	9,609	3,178
-	-	-	-	-	-	-	-
95,240	55,270	16	12	(6,623)	(2,997)	109,359	70,159
1,020	158	-	-	(541)	(576)	1,534	4,416
1,439	127	-	-	-	-	2,998	10,513
3,192	2,622	-	-	-	-	3,192	2,622
100,891	58,177	16	12	(7,164)	(3,573)	117,083	87,710
8,158	5,167	10,143	8,008	(13,241)	(9,398)	13,354	12,505
515,225	457,489	19,770	11,214	(155,816)	(153,538)	2,548,696	1,828,375
-	-	-	-	485	376	(1,990,810)	(1,329,884)
-	-	-	-	-	-	2,739	3,594
-	-	-	-	485	376	(1,988,071)	(1,326,290)
(128,033)	(132,042)	(1)	(7)	29,869	24,421	(102,483)	(112,880)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(69,390)	(37,116)	(4)	(11)	8,700	4,363	(68,215)	(38,236)
(93)	(76)	-	(8)	-	-	(255)	(613)
(121)	(80)	-	-	-	-	(159)	(91)
(4,641)	(3,098)	(9)	(1)	-	-	(4,681)	(3,178)
(74,245)	(40,370)	(13)	(20)	8,700	4,363	(73,310)	(42,118)
(59,705)	(61,033)	-	-	102,539	113,890	(65,040)	(62,366)
-	-	-	-	1,518	1,049	(109)	(219)
(135,962)	(113,254)	-	-	11,719	8,650	(140,957)	(118,417)
(195,667)	(174,287)	-	-	115,776	123,589	(206,106)	(181,002)
(17,887)	(15,822)	(10,159)	(8,758)	986	789	(35,948)	(26,155)
(415,832)	(362,521)	(10,173)	(8,785)	155,816	153,538	(2,405,918)	(1,688,445)
99,393	94,968	9,597	2,429	-	-	142,778	139,930
(16,346)	(19,879)	(109)	(199)	-	-	(30,007)	(33,434)
83,047	75,090	9,489	2,230	-	-	112,771	106,496
101	(977)	-	-	-	-	101	(977)
83,148	74,113	9,489	2,230	-	-	112,872	105,519
83,148	74,113	9,489	2,230	-	-	112,872	105,519

## Scope of consolidation

Company	State	Method (1)	Type of business (2)	Direct holding %	Total holding % (3)	Notes available at the Ordinary General Meeting (4) %	% of consolidation
Mediolanum Vita S.p.A.	86	G	1	100.00	100.00	100.00	100.00
Partner Time S.p.A.	86	G	11	100.00	100.00	100.00	100.00
Mediolanum International S.A.	92	G	9	0.00	100.00	100.00	100.00
Banca Mediolanum S.p.A.	86	G	7	100.00	100.00	100.00	100.00
Mediolanum Comunicazione S.p.A.	86	G	11	100.00	100.00	100.00	100.00
Mediolanum Gestione Fondi SGR p.A.	86	G	8	49.00	100.00	100.00	100.00
Mediolanum International Funds Ltd	40	G	8	46.50	100.00	100.00	100.00
Mediolanum Asset Management Ltd	40	G	11	49.00	100.00	100.00	100.00
P.I. Distribuzione S.p.A.	86	G	11	100.00	100.00	100.00	100.00
Banco de Finanzas e Inversiones S.A.	67	G	7	0.00	100.00	100.00	100.00
Fibanc Faif S.A.	67	G	11	0.00	100.00	100.00	100.00
Fibanc Pensiones S.G.F.P. S.A.	67	G	8	0.00	100.00	100.00	100.00
Fibanc S.A.	67	G	11	0.00	100.00	100.00	100.00
Ges Fibanc S.G.I.I.C. S.A.	67	G	8	0.00	100.00	100.00	100.00
Mediolanum International Life Ltd	40	G	2	100.00	100.00	100.00	100.00
Bankhaus August Lenz & Co. AG	94	G	7	0.00	100.00	100.00	100.00
Gamax Holding AG	92	G	9	0.00	100.00	100.00	100.00
Gamax Management AG	92	G	8	0.00	100.00	100.00	100.00
Gamax Austria GmbH	8	G	11	0.00	100.00	100.00	100.00
Mediolanum Distribuzione Finanziaria S.p.A.	86	G	11	0.00	100.00	100.00	100.00

(1) Consolidation method: on a line-by-line basis =G, proportional method=P, on a line-by-line basis as per coordinated management=U.

(2) 1=Italian insurers; 2=EU insurers 3=Non EU insurers; 4= insurance holding companies; 5=EU reinsurers; 6=Non EU reinsurers; 7=banks; 8=Asset management companies ; 9=sundry holdings; 10=property companies 11=other.

(3) is the product of the percentage holdings relating to all the companies that may come somewhere along the chain between the company that draws up the consolidated accounts and the company in question. If the latter is a direct participating interest of several subsidiaries the individual products must be added up.

(4) Total percentage of votes available at the ordinary General Meeting if different from the direct or indirect holding.

## Details of unconsolidated shareholdings

Company	State	Method (1)	Type of business (2)	Direct holding %	Total holding % (3)	Notes available at the Ordinary General Meeting (4) %	% of consolidation
Banca Esperia S.p.A.	86	7	B	48.50	48.50	48.50	25,811,586.00

(1) 1=Italian insurers; 2=EU insurers; 3=non-EU insurers; 4=insurance holding companies; 5=EU reinsurers; 6=non-EU reinsurers; 7=banks; 8=asset management companies; 9=sundry holdings; 10=property companies; 11=other.

(2) a=subsidiaries (IAS27); b=associates (IAS28); c=joint ventures (IAS 31); please mark with (\*) the companies available for sale in accordance with IFRS 5 and write the legend at the foot of the statement.

(3) is the product of the percentage holdings relating to all the companies that may come somewhere along the chain between the company that draws up the consolidated accounts and the company in question. If the latter is a direct participating interest of several subsidiaries the individual products must be added up.

(4) Total percentage of votes available at the ordinary General Meeting if different from the direct or indirect holding.



### Analysis of tangible and intangible assets

€/000	At cost	Remeasured or at fair value	Book value
Investment property	5,083	-	5,083
Other property	57,065	-	57,065
Other tangible assets	16,708	-	16,708
Other intangible assets	13,779	-	13,779

### Analysis of reinsurers' share of technical reserves

€/000	Book value	
	June 30, 2007	Dec. 31, 2006
General business reserves	-	-
Life business reserves	100,757	103,176
Technical reserves for contracts under which the investment risk is borne by the policyholder and for pension fund management	-	-
Mathematical reserves and other reserves	100,757	103,176
<b>Total reinsurers' share of technical reserves</b>	<b>100,757</b>	<b>103,176</b>

## Analysis of financial assets

€/000	Held-to-maturity investments		Loans and receivables	
	June 30, 2007	Dec. 31, 2006	June 30, 2007	Dec. 31, 2006
Equity instruments and derivatives at cost	-	-	-	-
Equity instruments at fair value	-	-	-	-
of which listed	-	-	-	-
Debt instruments	350,989	367,748	-	-
of which listed	350,989	367,748	-	-
Holdings in UCITS	-	-	-	-
Loans to and receivables from banking customers	-	-	1,728,215	1,323,966
Loans to and receivables from banks	-	-	2,060,658	1,976,514
Deposits with cedents	-	-	-	-
Financial assets of insurance contracts	-	-	-	-
Other loans and receivables	-	-	10,562	11,335
Trading derivatives	-	-	-	-
Hedging derivatives	-	-	-	-
Other financial investments	256,276	199,796	-	-
<b>Total</b>	<b>607,265</b>	<b>567,544</b>	<b>3,799,435</b>	<b>3,311,815</b>

## Assets and liabilities relating to contracts issued by insurance companies under which the investment risk is borne by the policyholder and to pension fund management

€/000	Investment funds & indices		Pension funds		Total	
	June 30, 2007	Dec. 31, 2006	June 30, 2007	Dec. 31, 2006	June 30, 2007	Dec. 31, 2006
On-balance sheet assets	13,740,108	12,718,984	13,152	11,703	13,753,260	12,730,687
Intercompany assets *	124,311	184,901	-	-	124,311	184,901
<b>Total Assets</b>	<b>13,864,419</b>	<b>12,903,885</b>	<b>13,152</b>	<b>11,703</b>	<b>13,877,571</b>	<b>12,915,588</b>
On-balance sheet financial assets	906,290	964,223	13,152	11,703	919,442	975,926
On-Balance sheet technical reserves	12,954,604	11,939,212	-	-	12,954,604	11,939,212
Intercompany liabilities *	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>13,860,894</b>	<b>12,903,435</b>	<b>13,152</b>	<b>11,703</b>	<b>13,874,046</b>	<b>12,915,138</b>

\* Asset and liabilities eliminated upon consolidation.

Available-for-sale financial assets		Financial assets at fair value through profit or loss				Book value	
		Financial assets held for trading		Financial assets at fair value through profit or loss			
June 30, 2007	Dec. 31, 2006	June 30, 2007	Dec. 31, 2006	June 30, 2007	Dec. 31, 2006	June 30, 2007	Dec. 31, 2006
-	-	-	-	-	-	-	-
293,623	308,882	411	421	-	-	294,034	309,303
267,684	284,070	406	412	-	-	268,090	284,482
605,414	481,381	2,235,930	1,594,286	4,989,715	4,842,369	8,182,048	7,285,784
601,388	480,415	2,093,277	1,224,971	4,987,433	4,841,216	8,033,087	6,914,350
220,122	169,452	6,239	56,100	7,994,618	7,296,832	8,220,979	7,522,384
-	-	-	-	-	-	1,728,215	1,323,966
-	-	-	-	-	-	2,060,658	1,976,514
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	10,562	11,335
-	-	23,832	14,628	771,208	597,462	795,040	612,090
-	-	-	-	-	-	-	-
23,854	-	1,156,624	831,047	-	-	1,436,754	1,030,843
1,143,013	959,715	3,423,036	2,496,482	13,755,541	12,736,663	22,728,290	20,072,219

## Analysis of technical reserves

€/000	Book value	
	June 30, 2007	Dec. 31, 2006
<b>General Business reserves</b>	-	-
Unearned premiums	-	-
Outstanding claims	-	-
Other reserves	-	-
<i>of which amounts set aside following liability adequacy testing</i>	-	-
<b>Life Business reserves</b>	14,363,533	13,306,917
Outstanding claims	84,368	78,039
Mathematical reserves	1,293,560	1,255,651
Technical reserves for contracts under which the investment risk is borne by the policyholder and for pension fund management	12,954,604	11,939,212
Other reserves	31,001	34,015
<i>of which amounts set aside following liability adequacy testing</i>	-	-
<i>of which deferred liabilities to policyholders</i>	-	-
<b>Total Technical reserves</b>	14,363,533	13,306,917

## Analysis of financial liabilities

€/000	Financial liabilities at fair value through profit or loss			
	Financial liabilities held for trading		Financial liabilities at fair value through profit or loss	
	June 30, 2007	Dec. 31, 2006	June 30, 2007	Dec. 31, 2006
Quasi-equity instruments	-	-	-	-
Subordinated liabilities	-	-	-	-
Liabilities under financial contracts issued by insurance companies of which	-	-	899,172	949,988
contracts under which the investment risk is borne by the policyholder	-	-	886,020	938,285
pension fund management	-	-	13,152	11,703
other contracts	-	-	-	-
Deposits received from reinsurers	-	-	-	-
Financial liabilities of insurance contracts	-	-	-	-
Debt securities issued	-	-	2,282	1,153
Amounts due to banking customers	-	-	-	-
Amounts due to banks	-	-	-	-
Other financing received	-	-	-	-
Trading derivatives	24,409	28,425	-	-
Hedging derivatives	-	-	-	-
Other financial liabilities	1,054,244	121,427	-	-
<b>Total</b>	<b>1,078,653</b>	<b>149,852</b>	<b>901,454</b>	<b>951,141</b>

## Analysis of technical account items

€/000	June 30, 2007	June 30, 2006
<b>General Business</b>		
Net premiums written		
a) Premiums written	-	-
b) Change in unearned premiums reserve	-	-
Net claims incurred	-	-
a) Claims paid	-	-
b) Change in outstanding claims reserve	-	-
c) Change in recoveries	-	-
d) Change in other technical reserves	-	-
<b>Life Business</b>		
Net premiums written	1,805,044	1,652,459
Net claims and benefits		
a) Amounts paid	(864,090)	(632,056)
b) Change in outstanding claims reserve	(7,521)	3,089
c) Change in mathematical reserves	(30,104)	(15,231)
d) Change in technical reserves for contracts under which the investment risk is borne by the policyholder and for pension fund management	(1,089,086)	(681,831)
e) Change in other technical reserves	2,730	(261)

Other financial liabilities		Book value	
June 30, 2007	Dec. 31, 2006	June 30, 2007	Dec. 31, 2006
-	-	-	-
-	-	-	-
-	-	899,172	949,988
-	-	886,020	938,285
-	-	13,152	11,703
-	-	-	-
100,159	101,341	100,159	101,341
-	-	-	-
-	-	2,282	1,153
4,955,383	4,264,332	4,955,383	4,264,332
1,246,232	1,123,420	1,246,232	1,123,420
-	-	-	-
-	-	24,409	28,425
-	-	-	-
-	-	1,054,244	121,427
6,301,774	5,489,093	8,281,881	6,590,086

## Analysis of net interest income and investment income

€/000	Interest income (expense)	Other income	Other expenses
<b>Investment income</b>	203,320	1,560	(162)
a) from investment property	-	78	(162)
b) from investments in subsidiaries, associates and joint ventures	-	-	-
c) from held-to-maturity investments	11,402	-	-
d) from loans and receivables	38,141	-	-
e) from available-for-sale financial assets	8,592	1,439	-
f) from financial assets held for trading	34,458	43	-
g) from financial assets at fair value through profit or loss	110,727	-	-
<b>Income on amounts receivable</b>	403	17	-
<b>Net cash and cash equivalents</b>	50,820	-	-
<b>Loss on financial liabilities</b>	(26,594)	-	-
a) on financial liabilities held for trading	-	-	-
b) on financial liabilities at fair value through profit or loss	(19,334)	-	-
c) on other financial liabilities	(7,260)	-	-
<b>Expense on amounts payable</b>	(60,954)	-	(93)
<b>Total</b>	166,995	1,577	(255)

## Insurance - Analysis of expenses

€/000	General Business		Life Business	
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006
Gross agents' commissions & other acquisition costs less commissions and profit sharing from reinsurers	-	-	107,874	115,223
Investment management expenses	-	-	1,627	1,268
Other administrative expenses	-	-	16,714	13,813
<b>Total</b>	-	-	126,215	130,304

Realised gains	Realised losses	Gains on Total	Unrealised gains		Unrealised losses		Total	Net income (loss) at June 30, 2007	Net income (loss) at June 30, 2006
			Reversal of measurement	Losses on impairment	Measurement	Impairment			
87,681	(71,103)	221,296	389,973	3,192	(227,726)	(4,681)	160,758	382,054	(172,624)
1,547	-	1,463	-	-	-	(31)	(31)	1,432	7,155
9,609	-	9,609	-	-	-	-	-	9,609	3,178
-	-	11,402	-	-	-	-	-	11,402	9,859
-	-	38,141	-	3,192	-	(4,650)	(1,458)	36,683	20,003
1,451	(159)	11,323	-	-	-	-	-	11,323	15,985
40,206	(36,755)	37,952	43,360	-	(68,486)	-	(25,126)	12,826	8,049
34,868	(34,189)	111,406	346,613	-	(159,240)	-	187,373	298,779	(245,282)
-	-	420	-	-	-	-	-	420	433
-	-	50,820	-	-	-	-	-	50,820	30,472
5,587	(1,151)	(22,158)	16,790	-	(11,028)	-	5,762	(16,396)	6,869
5,587	(1,151)	4,436	16,790	-	(239)	-	16,551	20,987	8,429
-	-	(19,334)	-	-	(10,789)	-	(10,789)	(30,123)	12,257
-	-	(7,260)	-	-	-	-	-	(7,260)	(5,388)
-	-	(61,047)	-	-	-	-	-	(61,047)	(32,927)
93,268	(72,254)	189,331	406,763	3,192	(238,754)	(4,681)	166,520	355,851	(167,777)





MEDIOLANUM S.p.A.

**Parent Company's  
Balance Sheet  
and Income Statement  
at June 30  
2007**

# Balance sheet

## Assets

€	June 30, 2007	Dec. 31, 2006
<b>Non current assets</b>		
Receivables from shareholders for unpaid calls	-	-
<b>Fixed assets</b>		
Intangible assets	76,240	124,735
Tangible assets	181,446	302,004
Investments in subsidiaries and associates	550,809,118	550,809,118
Available-for-sale financial assets	282,416,239	299,465,421
<b>Total Non current assets</b>	<b>833,483,043</b>	<b>850,701,278</b>
<b>Current assets</b>		
<b>Current assets</b>		
Subsidiaries	686,006	37,995,253
Related parties	19,806	264,086
Others	17,933,602	17,377,027
<b>Total Receivables</b>	<b>18,639,414</b>	<b>55,636,366</b>
<b>Cash and cash equivalents</b>		
Bank deposits	49,697,309	27,664,748
Cash	19,661	12,817
<b>Total Cash and cash equivalents</b>	<b>49,716,970</b>	<b>27,677,565</b>
<b>Tax Assets</b>		
Current	7,200,678	56,474,713
Deferred	137,899	166,477
<b>Total Tax Assets</b>	<b>7,338,577</b>	<b>56,641,190</b>
<b>Other assets</b>	<b>178,578</b>	<b>60,069</b>
<b>Total Current assets</b>	<b>75,873,539</b>	<b>140,015,190</b>
<b>TOTAL ASSETS</b>	<b>909,356,582</b>	<b>990,716,468</b>

## Shareholders' equity and liabilities

€	June 30, 2007	Dec. 31, 2006
<b>Shareholders' equity and liabilities</b>		
<b>Capital and reserves</b>		
Share capital	72,888,532	72,883,532
Treasury shares	(2,045,116)	(2,045,116)
Share premium account	50,723,233	50,484,670
Retained earnings	223,019,712	112,648,114
Valuation reserve for AFS financial instruments	104,736,086	120,485,331
Net profit (loss) for the period	111,431,432	193,739,971
<b>Total Capital and reserves</b>	<b>560,753,879</b>	<b>548,196,502</b>
<b>Non current liabilities</b>		
Completion-of-service entitlements	1,470,200	1,679,544
<b>Total Non current liabilities</b>	<b>1,470,200</b>	<b>1,679,544</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Due to banks	277,523,538	226,999,684
Other financial liabilities at amortised cost	43,620,518	93,620,518
Due to suppliers	1,111,573	919,371
Other payables	2,135,506	47,881,821
<b>Tax liabilities</b>		
Current	3,644,417	54,924,506
Deferred	5,838,329	6,716,243
<b>Other liabilities</b>	<b>13,258,622</b>	<b>9,778,279</b>
<b>Current liabilities</b>	<b>347,132,503</b>	<b>440,840,422</b>
<b>TOTAL LIABILITIES</b>	<b>348,602,703</b>	<b>442,519,966</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>909,356,582</b>	<b>990,716,468</b>

# Income Statement

€	June 30, 2007	June 30, 2006
Commission income	-	86,302,718
Commission expense		
acquisition of insurance contracts	-	(84,327,301)
other	-	(22,469)
Interest income and similar income	1,087,760	669,030
Interest expense and similar charges	(6,758,675)	(4,833,561)
Gains/losses from trading	702	161
Income from equity investments		
dividends from subsidiaries	123,693,073	117,481,038
gains on sale of equity investments	-	-
Income from other financial instruments		
dividends from available-for-sale financial assets	453,094	4,222,511
gains from available-for-sale financial assets	12,035	-
Impairment		
equity investments	(200,000)	-
Other income	447,827	373,343
Staff costs	(3,562,479)	(3,556,213)
Other administrative expenses	(3,675,415)	(3,341,632)
Other expenses		
losses on disposal of property, plant and equipment	(3,140)	-
other expenses	(3,173,807)	(2,856,000)
Amortisation and depreciation		
intangible assets	(48,495)	(123,628)
tangible assets	(111,885)	(193,262)
Tax expense		
current	3,299,415	-
deferred	(28,578)	743,984
Total tax expense	3,270,837	743,984
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>	<b>111,431,432</b>	<b>110,538,719</b>

MEDIOLANUM S.p.A.

**Statement  
of the Officer  
responsible for  
preparing corporate  
accounting and  
financial reporting  
documents**

# Statement of the Officer responsible for preparing corporate accounting and financial reporting documents,

**pursuant to section 154-bis, second paragraph of Legislative Decree 58  
of February 24, 1998**

The undersigned, Luigi Del Fabbro, Officer responsible for preparing Mediolanum S.p.A. accounting and financial reporting documents hereby

CERTIFIES

pursuant to section 154 bis, second paragraph, of Legislative Decree 58 of February 24, 1998 (Consolidated Finance Act), that the financial information contained herein reflects the accounting entries, records and books.

Basiglio, September 11, 2007

The Officer responsible  
for preparing corporate accounting  
and financial reporting documents  
(Luigi Del Fabbro)

MEDIOLANUM S.p.A.

**Analysis  
of significant  
investments**

**under art. 125  
of Consob Regulation  
No. 11971/1999**

## Analysis of significant investments under art. 125 of Consob Regulation No.11971/1999

as of June 30, 2007

Company name	Country	Total holding %
Banca Esperia S.p.A. (*)	Italy	45.70
Banca Mediolanum S.p.A.	Italy	100.00
Banco de Finanzas e Inversiones S.A.	Spain	100.00
Bankhaus August Lenz & Co. AG	Germany	100.00
Fibanc Faif S.A.	Spain	99.990
Fibanc Pensiones S.A. S.G.F.P.	Spain	99.999
Fibanc S.A.	Spain	99.998
Gamax Austria GmbH	Austria	100.00
Gamax Holding AG	Luxembourg	99.998
Gamax Management AG	Luxembourg	100.00
Ges. Fibanc S.G.I.I.C. S.A.	Spain	99.999
Mediolanum Asset Management Ltd	Ireland	100.00
Mediolanum Comunicazione S.p.A.	Italy	100.00
Mediolanum Distribuzione Finanziaria S.p.A.	Italy	100.00
Mediolanum Gestione Fondi SGR p.A.	Italy	100.00
Mediolanum International Funds Ltd	Ireland	100.00
Mediolanum International Life Ltd	Ireland	100.00
Mediolanum International S.A.	Luxembourg	100.00
Mediolanum Vita S.p.A.	Italy	100.00
Partner Time S.p.A.	Italy	100.00
PI Distribuzione S.p.A.	Italy	100.00

(\*) Shareholding to be increased by 2.80% in connection with Banca Esperia Stock Options, under an irrevocable commitment to buy.



Type of holding	Shareholder	% holding
direct ownership	Mediolanum S.p.A.	45.70
direct ownership	Mediolanum S.p.A.	100.00
indirect ownership	Banca Mediolanum S.p.A.	100.00
indirect ownership	Banca Mediolanum S.p.A.	100.00
indirect ownership	Banco de Finanzas e Inversiones S.A.	99.990
indirect ownership	Banco de Finanzas e Inversiones S.A.	99.999
indirect ownership	Banco de Finanzas e Inversiones S.A.	99.998
indirect ownership	Gamax Holding AG	100.00
indirect ownership	Mediolanum International S.A.	99.998
indirect ownership	Gamax Holding AG	99.800
indirect ownership	Mediolanum International S.A.	0.20
indirect ownership	Banco de Finanzas e Inversiones S.A.	99.999
indirect ownership	Banca Mediolanum S.p.A.	51.00
direct ownership	Mediolanum S.p.A.	49.00
direct ownership	Mediolanum S.p.A.	100.00
indirect ownership	Banca Mediolanum S.p.A.	100.00
indirect ownership	Banca Mediolanum S.p.A.	51.00
direct ownership	Mediolanum S.p.A.	49.00
indirect ownership	Banca Mediolanum S.p.A.	51.00
direct ownership	Mediolanum S.p.A.	46.50
indirect ownership	Banco de Finanzas e Inversiones S.A.	2.50
direct ownership	Mediolanum S.p.A.	100.00
indirect ownership	Banca Mediolanum S.p.A.	99.997
direct ownership	Mediolanum S.p.A.	0.003
direct ownership	Mediolanum S.p.A.	100.00
direct ownership	Mediolanum S.p.A.	100.00
direct ownership	Mediolanum S.p.A.	100.00

**AUDITORS' REVIEW REPORT ON THE CONSOLIDATED REPORT AS OF AND FOR  
THE SIX MONTHS ENDED JUNE 30, 2007 PREPARED PURSUANT TO ARTICLE 81 OF  
THE CONSOB REGULATION ADOPTED BY THE RESOLUTION NO. 11971 OF  
MAY 14, 1999 AND SUBSEQUENT MODIFICATIONS AND INTEGRATIONS**

(Translation from the original Italian text)

To the Shareholders of  
Mediolanum S.p.A.

1. We have reviewed the interim consolidated financial statements, consisting of the balance sheet, the statement of income, the statement of changes in shareholders' equity and the statement of cash flows (the "Statements") and the related explanatory notes, included in the consolidated report of Mediolanum S.p.A. as of and for the six months ended June 30, 2007. The consolidated report is the responsibility of Mediolanum S.p.A.'s management. Our responsibility is to issue this review report based on our review. We have also examined that part of the information included in the management's discussion and analysis of operations solely for the purpose of evaluating its consistency with the remaining part of the consolidated report.
2. We conducted our review in accordance with auditing standards governing the review of interim financial statements recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of July 31, 1997. The review consisted mainly of obtaining information with respect to the accounts included in the Statements and the consistency of the accounting principles applied, through discussions with management, and analytical procedures applied to the financial data presented in such Statements. The review did not include performing auditing procedures such as tests of compliance of internal controls and substantive procedures on assets and liabilities, and the scope of the work performed provides significant less assurance than a full scope audit performed in accordance with generally accepted auditing standards. Accordingly, we do not express an audit opinion on the six months consolidated report as we do in connection with reporting on our full scope audit of the annual consolidated financial statements.
3. With respect to the comparative data related to the consolidated financial statements of the preceding year and to the consolidated report for the same period of the preceding year presented in the Statements, reference should be made to our audit and review reports issued on April 3, 2007 and on October 2, 2006, respectively.

4. Based on our review, we are not aware of any significant modifications that should be made to the Statements and the related explanatory notes, identified in paragraph 1. above, in order for them to be in conformity with IAS 34 and with the criteria for the preparation of the six months consolidated report required by Article 81 of Consob Regulation as adopted in its Resolution no. 11971 of May 14, 1999 and subsequent modifications and integrations.

Milan, September 28, 2007

Reconta Ernst & Young S.p.A.  
Signed by: Natale Freddi, Partner