

MEDIOLANUM S.p.A.

**Interim report  
and accounts  
at September 30  
2008**

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The English version of the Quarterly Report is a translation of the Italian text provided for the convenience of international readers.

**MEDIOLANUM S.p.A.**

**Interim report  
and accounts  
at September 30  
2008**

Registered Office: Pal. Meucci, Via F. Sforza 15 – Basiglio – Milano Tre (Milan)  
Share capital € 73,009,610.90 – fully paid up  
Tax, VAT and Milan Register of Companies Registration No. 11667420159

# Corporate Governance Officers

## BOARD OF DIRECTORS

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

## BOARD OF STATUTORY AUDITORS

Simonelli Ezio	Chairman
Perotta Riccardo	Standing Auditor
Vittadini Francesco	Standing Auditor
Gatti Ferdinando	Alternate Auditor

## BOARD SECRETARY

Luca Maria Rovere

## INDEPENDENT AUDITORS

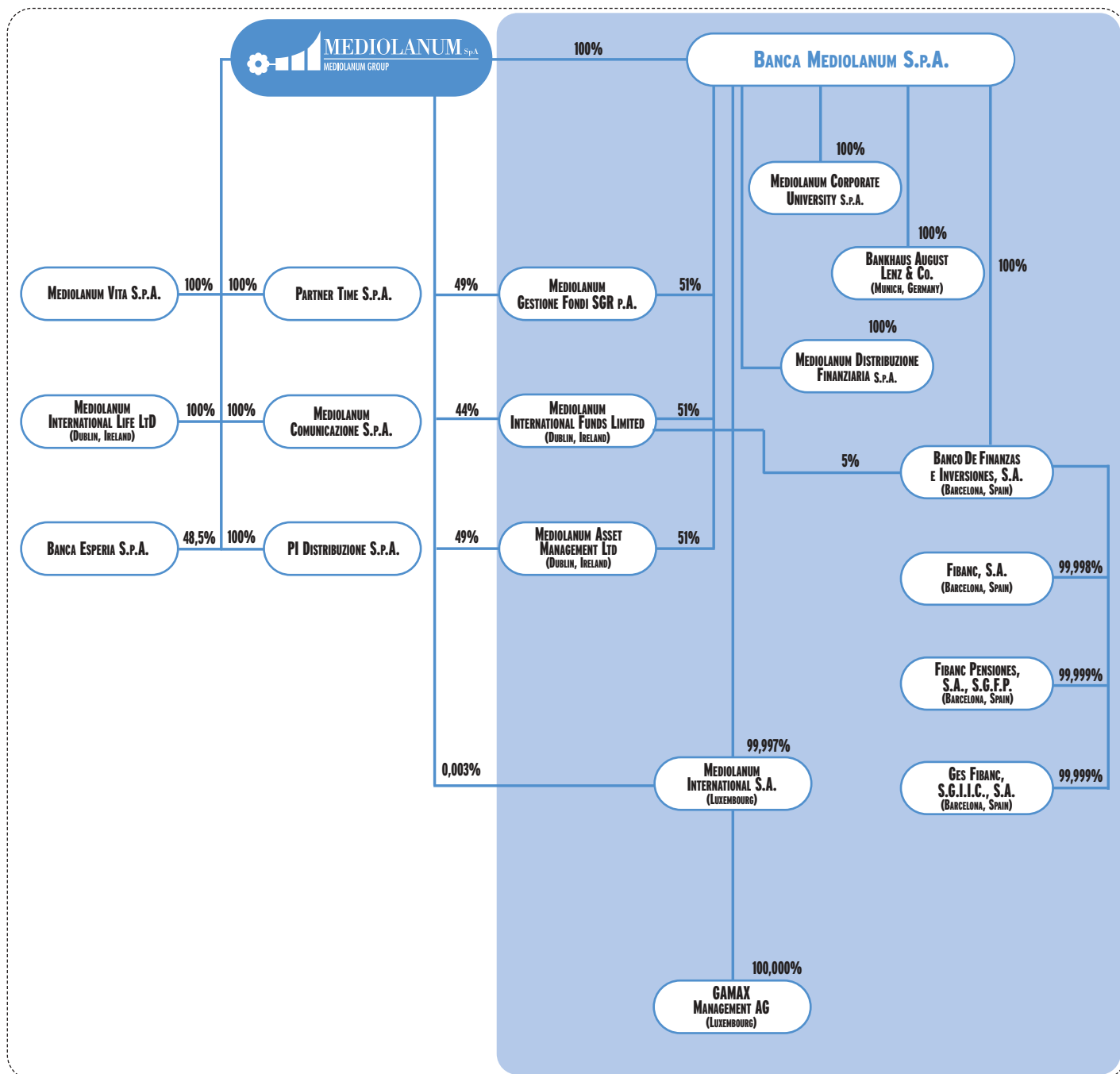
Reconta Ernst & Young S.p.A.

## OFFICER RESPONSIBLE FOR PREPARING ACCOUNTING AND FINANCIAL REPORTING DOCUMENTS

Luigi Del Fabbro

# Company structure

AS OF SEPTEMBER 30, 2008



 • THE MEDIOLANUM FINANCIAL CONGLOMERATE

 • THE MEDIOLANUM BANKING GROUP

# Mediolanum Group's Financial highlights

€/m	Sept. 30, 2008	Sept. 30, 2007	Change %
Assets under management and administration (*)	30,782.3	34,808.5	-12%
Gross Inflows	5,652.7	7,293.2	-22%
Net inflows	1,075.6	1,910.4	-44%
Profit before tax	133.7	201.0	-33%
Income tax	(30.2)	(45.8)	-34%
Net profit	103.5	155.2	-33%

€	Sept. 30, 2008	Sept. 30, 2007	Change %
Earnings per share (#)	0,142	0,213	-33%

(\*) The figures relate to retail customers only.

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

# Interim management report

## ● The macroeconomic environment

In the third quarter, the unexpected dramatic acceleration of the financial crisis and the deterioration of the economic scenario were the primary focus of attention of market participants.

The credit crisis originated in the US rapidly propagated to European financial institutions and required a series of monetary policy and government interventions both in the US and in Europe, including refinancing those institutions in financial distress. Central Banks steadily injected liquidity into the market, sometimes even without requiring the usual guarantees. Governments facilitated the acquisition of troubled entities by sounder companies, when necessary. In general, the huge requirement of fresh capital is resulting in new ownership structures.

The economic slowdown, reflected in a number of macroeconomic data, especially in the Eurozone, and the falling prices of commodities eased inflationary pressure in the medium term. The Brent crude oil price plunged from \$146 on July 3 to \$98 on September 30.

The decline in oil prices combined with the relatively greater vitality of the US economy translated into a rapid appreciation of the US dollar against the Euro up to 1.4092 on September 30.

Widespread risk aversion pushed equity markets to new lows since the beginning of the year and volatility to record highs. It also caused a significant reduction in the liquidity available to corporate issues bringing their yields above government securities' as investors flocked to buy treasuries in their flight to quality. The credit crunch brought the 3-month euro interbank rate to 5.277% on September 30, while, as of that same date, rates on 3-month, 2-year and 10-year government notes in Europe reached 4.31%, 4.60% and 4.62%, respectively.

In the year through September 30, equity markets posted dramatic losses in local currencies and volatility peaked. The S&P500 slipped 19.8%, the FTSE100 fell 21.5%, the Stoxx600 dropped 27.2%, the SPMIB plunged 30.5%, the Nikkei225 sank 25.3%. Emerging economies' equity markets on average shed 32%.

## ○ The insurance market

For the first nine months of the year, new premiums written under individual policies amounted to €26.9 billion, down 16.9% over the same period of the prior year. ANIA data show that new premiums written in the same period by EU companies conducting business in Italy declined 32.7% over the prior year to €5 billion. Including also these companies, new business written since the beginning of the year declined nearly 20% to €31.9 billion.

Premiums written by Italian and non-EU companies through banks and post offices totalled €19.4 billion, down 22.9% over the first nine months of the prior year. Premiums written since the beginning of the year through financial advisors grew 24.4% over 2007 to €2.1 billion.

The analysis by product type shows that premiums written for traditional products, in class I, rose 11.8%, while for products in class V declined 54.7%. Business written in class III, which accounts for about 52% of total life business, was down 29.1%

## ● Mediolanum Group's performance

In the third quarter of 2008, financial market conditions further deteriorated. Nonetheless, the Mediolanum Group reported net profit of €33,284 thousand, down only 21% over the same period of the prior year when the Group had posted net profit of €42,317 thousand.

Thanks to this result, consolidated net profit for the nine months ended September 30, 2008 came in at €103,519 thousand versus €155,189 thousand in the same period of the prior year. The year-on-year decline of 33% shows progressive improvement over the 38% decrease reported for the first half of 2008 and an even more significant improvement compared to the 49% decline posted in the first quarter of 2008.

The financial market collapse clearly had some repercussions on the Group's earnings for the first nine months of 2008 since it entailed declines in the market value of Group's investments, but especially lower management and performance fees due to the reduced net value of assets under management. Considering that about 70% of the mutual funds in which our customers assets are invested are equity funds, the market downturn weighed more heavily on Mediolanum Group's accounts than on the rest of the asset management industry.

In spite of the strong market turbulence, inflows of customers' assets into the Mediolanum Group continued to grow. More specifically, in the first nine months of 2008, Banca Mediolanum net inflows amounted to about €1.7 billion, jumping 55% over the notable results recorded in same period of the prior year. Net inflows into managed accounts climbed 39% over the prior year. In particular, inflows into recurring premium policies and mutual fund instalment plans - two different forms of long-term investment - rose 13% over the prior year. This is a significant indicator of Mediolanum Group's value growth and of its ability to generate value in the future.

The positive results posted by Banca Mediolanum in terms of net inflows are even more significant if compared to the market which recorded significant net outflows in 2008.

According to data released by Assoreti, the Italian Association of Sales Networks in the Financial Services Industry, in the first nine months of 2008, the Italian market recorded net outflows of €9.9 billion in stark contrast with the €867 million net inflows reported Banca Mediolanum. The ranking of domestic networks recently published by the daily financial newspaper *'Il Sole 24 Ore'* shows Mediolanum was first in terms of net inflows for the first nine months of 2008.

Analysing mutual funds in the domestic market, it should be noted that, at the end of October 2008, Banca Mediolanum recorded net inflows of €686 million versus net outflows of €121 billion posted by the Italian asset management industry, its worst results on record. In the ranking published by Assogestioni, Italy's Asset Managers Association, the Mediolanum Group is sixth in terms of assets under management moving up from the eleventh place in June 2007, tenth place in December 2007 and eighth place in June 2008 (source: Assogestioni).

The key elements which contributed to these achievements are our commercial strategy, our culture and the values that set us apart in banking. Specifically, in 2008, we took three major initiatives, i.e.:

1. we reduced mortgage spreads last June, and automatically extended the new favourable conditions to all our customers who had taken out a mortgage with our bank;
2. we included protection against total permanent disability caused by injury or illness in all our mortgages, at no charge for our customers;
3. the two major Mediolanum shareholders took action to protect customers holding index-linked policies with underlying Lehman Brothers bonds. They covered customer losses while safeguarding the interest of minority shareholders.



## Commercial initiatives taken in the third quarter

In early September we launched a new unit-linked policy named “Mediolanum Premium Plan” which invests in “Best Brands” funds. This plan allows our customers to invest in the major global equity markets, taking advantage of the technical skills of the world’s leading asset management companies, without losing the benefits typical of an insurance product, but also being awarded a very rich bonus at maturity, equal to at least all loadings paid.

Our latest initiative related once again to the ‘Mediolanum Best Brands’ product family. In mid September, we announced an agreement with 15 other world’s most prestigious and qualified asset management companies.

The agreement introduces 8 new funds of funds which add to the existing 3 single-brand ‘Global Selection’ funds, established in cooperation with Black Rock, JPMorgan & Morgan Stanley.

The 8 new funds of funds named the ‘Collection Series’ are associated with a pool of asset management companies and include 5 geographically & sector-specialised equity funds, along with 3 new balanced funds.

Finally, last August we completed the conversion of our existing ‘Top Managers’ funds into funds of funds, utilising the institutional classes of 60 world’s leading asset management companies.

## Consolidated Inflows, Assets under Management and Assets under Administration

### Gross Inflows

€/m	Sept. 30, 2008	Sept. 30, 2007	Change %
<b>ITALY</b>			
- Life Insurance products	2,100.2	2,383.0	-11.9%
- Mutual funds and managed accounts	1,698.4	2,497.0	-32.0%
- Bank accounts and securities in custody	868.9	501.2	73.4%
- Other products	11.4	14.2	
- Banca Esperia Group (48.5%)	850.7	1,602.4	-46.9%
<b>SPAIN</b>			
- Life Insurance products	54.4	109.7	-50.4%
- Mutual funds and managed accounts	172.5	306.3	-43.7%
- Bank accounts and securities in custody	(130.9)	(169.9)	-23.0%
<b>GERMANY</b>			
- Life Insurance products	6.2	7.1	-12.7%
- Mutual funds and managed accounts	29.0	40.4	-28.2%
- Bank accounts and securities in custody	(8.1)	1.8	-550.0%
<b>TOTAL</b>	<b>5,652.7</b>	<b>7,293.2</b>	<b>-22.5%</b>

### Net Inflows

€/m	Sept. 30, 2008	Sept. 30, 2007	Change %
<b>ITALY</b>			
- Life Insurance products	807.5	1,048.8	-23.0%
- Mutual funds and managed accounts	6.5	(465.0)	-101.4%
- Bank accounts and securities in custody	868.9	501.2	73.4%
- Banca Esperia Group (48.5%)	(343.4)	981.2	-135.0%
<b>SPAIN</b>			
- Life Insurance products	29.1	61.2	-52.5%
- Mutual funds and managed accounts	(104.0)	18.5	-662.2%
- Bank accounts and securities in custody	(159.0)	(178.0)	-10.7%
<b>GERMANY</b>			
- Life Insurance products	4.0	6.0	-33.3%
- Mutual funds and managed accounts	(25.5)	(65.1)	-60.8%
- Bank accounts and securities in custody	(8.5)	1.6	-631.3%
<b>TOTAL</b>	<b>1,075.6</b>	<b>1,910.4</b>	<b>-43.7%</b>

In the first nine months of the year, net inflows totalled €1,075.6 million, down from €1,910.4 million in the prior year. This was largely due to the impact of the outflows of €343.4 million posted by Banca Esperia versus the positive inflows of €981.2 million recorded in 2007.

### Consolidated Assets under Management and Assets under Administration (\*)

€/m	Sept. 30, 2008	Sept. 30, 2007	Dec. 31, 2007
- Life products	12,987.9	14,989.4	14,682.8
- Mutual funds and managed accounts	13,070.0	15,731.6	15,232.6
- Banking Products	5,740.8	5,236.4	5,596.6
- Consolidation adjustments	(7,183.9)	(8,491.7)	(8,141.4)
- Banca Esperia Group (**)	4,196.2	4,415.0	4,519.2
<b>DOMESTIC MARKET</b>	<b>28,811.0</b>	<b>31,880.7</b>	<b>31,889.8</b>
- Life products	342.9	389.5	399.7
- Mutual funds and managed accounts	901.1	1,176.7	1,113.5
- Banking Products	922.1	1,656.8	1,463.2
- Other Products	0.7	1.4	1.3
- Consolidation adjustments	(195.5)	(296.5)	(269.6)
<b>FOREIGN MARKETS</b>	<b>1,971.3</b>	<b>2,927.9</b>	<b>2,708.1</b>
<b>MEDIOLANUM GROUP</b>	<b>30,782.3</b>	<b>34,808.5</b>	<b>34,597.9</b>

(\*) The figures relate to retail customers only.

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

At September 30, 2008, total assets under management and administration amounted to €30,782.3 million down 11.6% from €34,808.5 million in the same period of the past year and down 11% from €34,597.9 million at December 31, 2007.

The analysis of new business as well as of assets under management and administration by business segment is set out below.

## Life insurance

The current financial crisis entailed the decline in the value of assets underlying life products which were down from € 15,082.5 million at year end 2007 to € 13,330.8 million at the end of the quarter under review (€ 15,378.9 million at September 30, 2007).

The analysis of life products, on a management basis, is set out in the table below:

€/m	Sept. 30, 2008	Sept. 30, 2007	Dec. 31, 2007
Unit-linked life business	7,035.4	8,194.0	8,114.9
Index-linked life business	5,001.6	5,876.9	5,615.0
Traditional products	1,293.8	1,308.0	1,352.6
<b>Total Life Products</b>	<b>13,330.8</b>	<b>15,378.9</b>	<b>15,082.5</b>

Gross premiums written in the first nine months of the year amounted to €2,159.3 million, down 13.7% from €2,501.0 million at September 30, 2007.

New life business stood at €1,266.5 million, down 22.7% from €1,638.7 million at September 30, 2007.

The analysis of premiums written, on a management basis, is set out in the table below:

€/m	Sept. 30, 2008	Sept. 30, 2007	Change
Recurring premiums	202.1	147.3	54.8
Single premiums and group policies	1,064.4	1,491.4	(427.0)
<b>Total new business</b>	<b>1,266.5</b>	<b>1,638.7</b>	<b>(372.2)</b>
Pensions plans in-force	299.3	241.4	57.9
Other business in-force	593.5	621.0	(27.5)
<b>Total in-force business</b>	<b>892.8</b>	<b>862.4</b>	<b>30.4</b>
<b>Total gross premiums written</b>	<b>2,159.3</b>	<b>2,501.1</b>	<b>(341.8)</b>
Ceded premiums	(3.5)	(3.7)	0.2
Premiums relating to financial contracts (IFRS4)	(5.0)	(6.8)	1.8
<b>Net Premiums Written</b>	<b>2,150.8</b>	<b>2,490.6</b>	<b>(339.8)</b>

The decline in new premiums written was mainly due to the €427 million decrease in "single premiums and group policies", of which €370 million related to unit-linked products under Investment Plans. "Recurring premiums" rose €54.8 million especially thanks to business written under the new retirement product "Tax Benefit New".

The analysis of premiums written by class clearly shows that business written by Group companies was almost exclusively in class III:

€/m	Sept. 30, 2008	Sept. 30, 2007	Change
<b>Insurance/reinsurance</b>			
Class I Traditional life policies	33.3	36.3	(3.0)
Class III Fund-related insurance	2,120.8	2,458.7	(337.9)
Class V Investment plans	4.1	4.4	(0.3)
Class VI Pension funds	1.1	1.7	(0.6)
<b>Total</b>	<b>2,159.3</b>	<b>2,501.1</b>	<b>(341.8)</b>

In the first nine months of 2008, total amounts paid and change in reserves amounted to €2,067.1 million versus €2,358.8 million in the third quarter of the prior year:

€/m	Sept. 30, 2008	Sept. 30, 2007	Change
Surrenders	593.4	905.6	(312.2)
Maturities	675.3	431.3	244.0
Claims	46.2	47.1	(0.9)
Annuities	4.8	4.6	0.2
<b>Total amounts paid</b>	<b>1,319.7</b>	<b>1,388.6</b>	<b>(68.9)</b>
<b>Change in Technical Reserves</b>	<b>752.0</b>	<b>974.1</b>	<b>(222.1)</b>
<b>Recoveries from reinsurers</b>	<b>(4.6)</b>	<b>(3.9)</b>	<b>(0.7)</b>
<b>Total amounts paid and change in reserves</b>	<b>2,067.1</b>	<b>2,358.8</b>	<b>(291.7)</b>

The decline in total amounts paid was primarily in connection with lower surrenders in the current year. The higher balance on this account in the prior year was in connection with a number of sales and marketing initiatives with customers.

## Asset Management

In the first nine months of 2008, assets under management declined from €16,346.1 million at December 31, 2007 to €13,971.0 million at the end of the quarter under review (€16,908.4 million at September 30, 2007).

€/m	Sept. 30, 2008	Sept. 30, 2007
'Best of brands' funds of funds	1,673.4	-
'Portfolio' funds of funds	898.6	1,208.0
'Elite' funds of funds	109.3	162.5
Funds of hedge funds	523.2	548.9
<b>Total funds of funds</b>	<b>3,204.5</b>	<b>1,919.4</b>
'Challenge'	8,889.0	8,877.9
'Top Managers'	-	3,902.4
Other Italy-based mutual funds	1,418.5	1,814.8
Other internationally-based mutual funds	653.8	869.7
<b>Total other mutual funds</b>	<b>10,961.3</b>	<b>15,464.8</b>
'Chorus' managed accounts	170.4	350.8
Real estate funds and others	449.6	406.4
Duplications	(814.8)	(1,233.0)
<b>Total mutual funds and managed accounts</b>	<b>13,971.0</b>	<b>16,908.4</b>
of which:		
Equity	59%	62%
Bond	14%	13%
Money market	11%	8%
Other	16%	17%

The 2008 financial market crisis entailed the decline in both assets under management and inflows of customer assets in the retail segment. Specifically, at September 30, 2008, the Group reported gross inflows of €1,900.0 million versus €2,843.5 million at September 30, 2007, and net outflows of €122.9 million versus net outflows of €511.9 million at September 30, 2007.

However, despite the adverse market conditions, total gross inflows, including both retail and institutional customers, amounted to €5,197.8 million versus €4,432.1 million in the same period of the prior year (up 17.3%). At September 30, 2008, total net inflows amounted to €483.7 million versus net outflows of €739.8 million at September 30, 2007.

The analysis of inflows into asset management products, on a management basis, is set out in the table below:

## Gross inflows

€/m	Sept. 30, 2008	Sept. 30, 2007	Change
`Best of brands' funds of funds	360.1	-	360.1
`Portfolio' funds of funds	110.8	913.0	(802.2)
`Elite' funds of funds	16.4	32.4	(16.0)
<b>Total funds of funds</b>	<b>487.3</b>	<b>945.4</b>	<b>(458.1)</b>
`Challenge'	592.4	892.1	(299.7)
`Top Managers'	360.5	320.9	39.6
Other Italy-based mutual funds	309.9	381.0	(71.1)
Other internationally-based mutual funds	88.7	228.2	(139.5)
<b>Total other mutual funds</b>	<b>1,351.5</b>	<b>1,822.2</b>	<b>(470.7)</b>
`Chorus' managed accounts	24.0	18.4	5.6
Real estate funds and others	37.2	57.5	(20.3)
<b>Total mutual funds and managed accounts</b>	<b>1,900.0</b>	<b>2,843.5</b>	<b>(943.5)</b>

## Net inflows

€/m	Sept. 30, 2008	Sept. 30, 2007	Change
`Best of brands' funds of funds	268.5	-	268.5
`Portfolio' funds of funds	(126.6)	694.2	(820.8)
`Elite' funds of funds	(10.7)	(12.9)	2.2
<b>Total funds of funds</b>	<b>131.2</b>	<b>681.3</b>	<b>(550.1)</b>
`Challenge'	(21.4)	153.8	(175.2)
`Top Managers'	49.0	(157.1)	206.1
Other Italy-based mutual funds	(78.5)	(155.9)	77.4
Other internationally-based mutual funds	(136.9)	(82.0)	(54.9)
<b>Total other mutual funds</b>	<b>(187.8)</b>	<b>(241.2)</b>	<b>53.4</b>
`Chorus' managed accounts	(84.4)	(1,003.0)	918.6
Real estate funds and others	18.1	51.0	(32.9)
<b>Total mutual funds and managed accounts</b>	<b>(122.9)</b>	<b>(511.9)</b>	<b>389.0</b>

## Banking

In the first nine months of 2008, inflows into assets under administration were up 73% to €868,9 million from €501.2 million at September 30, 2007.

The analysis of assets under administration, on a management basis, is set out in the table:

€/m	Sept. 30, 2008	Sept. 30, 2007	Dec. 31, 2007
Customer deposits	3,797.0	3,561.1	3,870.0
Securities in custody	2,354.6	3,111.0	2,935.4
Repurchase agreements	511.3	221.1	254.3
<b>Total Assets under Administration</b>	<b>6,662.9</b>	<b>6,893.2</b>	<b>7,059.7</b>
of which:			
Banca Mediolanum	5,740.8	5,236.4	5,596.6

At September 30, 2008, Banca Mediolanum bank accounts totalled about 554,800 up 7% from about 517,800 at September 30, 2007. Primary account holders amounted to 537,500 up 7% from 501,600 in the same period of the past year.

## The Sales Networks

Number	Sept. 30, 2008	Sept. 30, 2007	Dec. 31, 2007
<b>Italy</b>			
Licensed Financial Advisors	5,108	4,677	5,040
Non-licensed advisors / agents(*)	844	1,580	1,342
<b>Spain</b>	588	562	638
<b>Germany</b>	27	47	48
<b>Total</b>	<b>6,567</b>	<b>6,866</b>	<b>7,068</b>

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

At September 30, 2008, the Mediolanum Group's sales networks of tied financial advisors who apply the Mediolanum business model consisted of 6,567 financial advisors down 501 over year end 2007 largely due to the exit of non-licensed advisors.

## ● Consolidated Income Statement at September 30, 2008

€/m	Sept. 30, 2008	Sept. 30, 2007	Q3 2008	Q3 2007
Net premiums written	2,150.8	2,490.6	646.6	685.5
Amounts paid and change in reserve	(2,067.1)	(2,358.8)	(634.2)	(655.2)
<b>Net Life insurance revenues (ex. commissions)</b>	<b>83.7</b>	<b>131.7</b>	<b>12.4</b>	<b>30.3</b>
Entry fees	43.1	39.6	11.8	11.2
Management fees	222.1	252.6	71.3	84.5
Performance fees	45.9	54.4	13.7	13.9
Banking service fees	54.1	56.0	17.6	17.3
Other fees	25.1	34.3	3.5	8.9
<b>Total commission income</b>	<b>390.3</b>	<b>437.0</b>	<b>118.0</b>	<b>135.8</b>
Interest income and similar income	278.7	198.6	108.9	70.5
Interest expense and similar charges	(165.0)	(105.3)	(70.8)	(36.9)
Net income on investments at fair value	(8.9)	2.1	16.9	2.7
<b>Net financial income</b>	<b>104.8</b>	<b>95.4</b>	<b>54.9</b>	<b>36.3</b>
Realised gains/losses on other investments	5.4	16.3	0.6	5.9
Net impairment on other investments	(4.8)	(2.5)	(0.6)	(0.9)
<b>Net income on other investments</b>	<b>0.6</b>	<b>13.8</b>	<b>0.1</b>	<b>4.9</b>
<b>Other revenues</b>	<b>16.0</b>	<b>19.6</b>	<b>5.1</b>	<b>6.0</b>
<b>TOTAL REVENUES</b>	<b>595.5</b>	<b>697.6</b>	<b>190.5</b>	<b>213.3</b>
Commission expenses and acquisition costs	(201.1)	(234.4)	(55.9)	(71.5)
General and administrative expenses	(237.1)	(234.3)	(75.1)	(76.3)
Amortisation and depreciation	(12.7)	(17.9)	(4.7)	(5.1)
Provisions for risks and charges	(10.8)	(10.0)	(7.6)	(2.3)
<b>TOTAL COSTS</b>	<b>(461.8)</b>	<b>(496.6)</b>	<b>(143.4)</b>	<b>(155.2)</b>
<b>PROFIT BEFORE TAX</b>	<b>133.7</b>	<b>201.0</b>	<b>47.1</b>	<b>58.1</b>
Income tax	(30.2)	(45.8)	(13.7)	(15.8)
Minority interests	-	-	-	-
<b>NET PROFIT FOR THE PERIOD</b>	<b>103.5</b>	<b>155.2</b>	<b>33.5</b>	<b>42.3</b>

For the first nine months of the year, net premiums written amounted to €2,150.8 million, down 14% from €2,490.6 million in the prior year. For the third quarter 2008, net premiums written stood at €646.6 million, down 6% from €685.5 million recorded in the same period of 2007.

Amounts paid and change in reserve declined 12% from €2,358.8 million at September 30, 2007 to €2,067.1 million.

Net life insurance revenues before acquisition costs amounted to €83.7 million versus €131.7 million in the prior year. The lower balance was largely due to lower sales and the different loadings applied to products sold in 2008.



For the first nine months of the year, **commission income** amounted to €390.3 million versus €437.0 million in 2007. The €46.7 million decline was largely due to the negative performance of financial markets, which entailed a lower level of performance fees (down €8.5 million) and management fees (down €30.5 million) as a result of lower NAV of assets under management.

The adverse financial market conditions reverberated on **net financial income** and on **realised gains on other investments** which, in the aggregate, declined €3.8 million from €109.2 million at September 30, 2007 to €105.4 million at the end of September 2008. Net losses on investments at fair value amounted to €8.9 million versus net gains of €2.1 million in the prior year, largely due to losses on fair value measurement of positions held at the end of the third quarter. Conversely, net interest income grew from €93.3 million in the first nine months of 2007 to €113.7 million at September 30, 2008, largely due to greater lending volumes and higher interest rate spreads.

Due to lower revenues **commission expenses and acquisition costs** declined to €201.1 million from €234.4 million in the prior year.

**Other expenses** (general and administrative expenses, amortisation, depreciation and provisions for risks and charges) were down 0.6% to €260.7 million from €262.2 million in the prior year.

**Income tax** for the period declined to €30.2 million (tax rate of 22.6%) from €45.8 million at September 30, 2007.

## ● **Key corporate events and performance of companies within the Group**

### ○ **The Parent Company**

At September 30, 2008, the Parent Company reported net profit of €124.9 million versus €106.5 million at September 30, 2007. For the third quarter 2008, the parent company posted a net loss of €6.5 million versus a net loss of €4.9 million in the same period of the prior year.

The year-on-year increase in net profit at September 30, 2008 was largely in connection with the sale of the 2.5% shareholding in the subsidiary Mediolanum International Funds Ltd to the indirect subsidiary Banco de Finanzas e Inversiones S.A which generated a €25.2 million gain.

Key information on the performance of the main companies that are part of the Mediolanum Group during the period under review is set out below.

### ○ **Life Insurance Companies**

**Mediolanum Vita S.p.A.** – At the end of the third quarter 2008, the company reported net profit of €25.8 million down from €36.9 million at September 30, 2007. For the third quarter 2008, the company posted net profit of €10 million versus €17.6 million in the same period of the prior year.

For the first nine months of 2008, the company reported premiums written of €1,415.5 million (Q3 2008: €368.3 million) versus €1,379.2 million at September 30, 2007 (Q3 2007: 519 million). New business increased from €514.3 million in the first nine months of 2007 (Q3 2007: €234.5 million) to €523 million at September 30, 2008 (Q3 2008: €68.1 million). In-force business premiums rose to €892.6 million (Q3 2008: €298 million) from €864.9 million (Q3 2007: €284.5 million).

At September 30, 2008, mathematical reserves and financial liabilities to policyholders amounted to €10,094.9 million, down 16.3% over the comparative period (€12,061.2 million at September 30, 2008; €11,663.4 million at December 31, 2007).

**Mediolanum International Life Ltd** - At the end of the third quarter 2008, the Irish company reported net profit of €8.1 million versus €14 million in the same period of the prior year. For the third quarter 2008, the company posted net profit of €2 million versus a net loss of €1 million in the same period of the prior year.

For the first nine months of the year, the company reported premiums written of €740.6 million (Q3 2008: €280.3 million) versus €1,121.7 million at September 30, 2007 (Q3 2007: €169 million).

At September 30, 2008, mathematical reserves and financial liabilities to policyholders amounted to €3,182.9 million, down from €3,312.9 million at September 30, 2007 and from €3,408.4 million at December 31, 2007.

Mediolanum International Life Ltd policies are distributed in Italy by Banca Mediolanum, in Spain by Fibanc and in Germany through Bankhaus August Lenz.

## Asset Management Companies

**Mediolanum International Funds Ltd** – At the end of the third quarter 2008, the company reported net profit of €103.6 million, down €7.9 million from €111.5 million at September 30, 2007. Q3 net profit stood at €31.4 million, in line with the figure posted in the same period of the prior year (Q3 2007: €31.6 million). On October 30, 2008 the company resolved to distribute a 2008 interim dividend of €100 million. In October of the past year the company had distributed an interim dividend of €103 million.

For the first nine months of 2008, the company reported net inflows of €760.3 million (Q3 2007: €256.2 million) versus €428.2 million for the same period in the prior year (Q3 2007: €216.6 million).

At September 30, 2008, total assets under management amounted to €12,021 million down 17.4% from €14,553.6 million at September 30, 2007 and down 14.4% from €14,050 million at December 31, 2007.

The funds managed by Mediolanum International Funds are distributed in Italy, Spain and Germany. Specifically, in the Retail segment, funds are distributed through the sales network of the Mediolanum Banking Group's banks, while, in the Institutional segment, they are distributed largely to the fellow subsidiaries Mediolanum Vita S.p.A. and Mediolanum International Life Ltd.

**Mediolanum Gestione Fondi SGR p.A.** – For the first nine months of 2008, the company reported net profit of €3.4 million down from €6.1 million in the same period of the prior year. Q3 net profit amounted to €1.5 million, down 35% from €2.3 million in the third quarter of 2007.

For the first nine months of 2008, the company reported net outflows of €76.4 million (Q3 2008: - €16.1 million) versus net outflows of €122.4 million at September 30, 2007 (Q3 2007: - €34.3 million).

At September 30, 2008, assets under management declined to €1,940.6 million from €2,266.5 million at

December 31, 2007 (€2,330.9 million at September 30, 2007). Assets managed on mandates from fellow subsidiaries amounted to €10,801 million versus €12,302 million at December 31, 2007 and €12,991 million at September 30, 2007.

**Gamax Management A.G.** – For the first nine months of 2008, the Luxembourg-based company reported net profit of €1.2 million (Q3 2008: €0.5 million) versus €2.7 million in the same period of the prior year (Q3 2007: €0.9 million).

For the first nine months of 2008, the company reported net outflows of €26.9 million (Q3 2008: -€3.7 million) versus net outflows of €67.3 million at September 30, 2007 (Q3 2007: -€12.2 million). At September 30, 2008 assets under management amounted to €194.8 million versus €274.9 million in the prior year.

### **Banking operations (including Group product distribution)**

**Banca Mediolanum S.p.A.** – For the first nine months of 2008, the bank reported net profit of €2.2 million versus €11.4 million in the same period of the prior year. For the third quarter the bank posted a net loss of €6 million versus a net loss of €8.5 million in third quarter 2007.

At the end of the period under review loans to both institutional and retail customers amounted to €2,030.6 million versus €1,553.4 million at September 30, 2007 and €1,523.2 million at December 31, 2007.

Customer deposits grew to €5,183.5 million from €4,690.6 million at September 30, 2007 and from €5,044 million at year end 2007. At September 30, 2008, there were 554,783 active bank accounts (Q3 2008: +6,473) versus 517,830 at September 30, 2007 (Q3 2007: +15,917).

At September 30, 2008, the balance on retail customers' securities accounts amounted to €1,718.7 million versus €1,787.6 million in the same period of the prior year (€1,814.2 million at December 31, 2007).

At the end of September, net financial income was €102 million (Q3 2008: €42.1 million) versus €81 million in the comparative period (Q3 2007: €28.8 million).

For the first nine months of the year, net commission income amounted to €55.7 million (Q3 2008: €13.4 million) versus €75.1 million in the same period of the prior year (Q3 2007: €18.9 million). The decline was largely in connection with lower commissions earned on life products and mutual funds due to the different mix of insurance products sold in the period as well as the decline in the value of assets under management due to the financial market downturn.

**Banco de Finanzas e Inversiones S.A. (Fibanc)** – For the first nine months of 2008, the Spanish bank reported a net loss of €3.0 million versus net profit of €1.3 million in the same period of the prior year. For the third quarter 2008, the bank posted a net loss of €2.5 million versus a net loss of €0.2 million in the third quarter of 2007

For the first nine months of 2008, the bank reported net outflows of €233.9 million (Q3 2008: -€73.2 million) versus net outflows of €98.3 million in the same period of the prior year (Q3 2007: -€39.7 million), especially from assets under administration (-€159 million).

At September 30, 2008, total assets under administration amounted to €1,709.3 million versus €2,588.6 million at September 30, 2007.

**Bankhaus August Lenz & Co.** – For the first nine months of 2008, the German bank reported a net loss of €5.3 million, slightly improving on the €6.1 million loss reported for the same period of the prior year. For the third quarter 2008, this bank posted a net loss €1.4 million versus a net loss of €2.1 million in the third quarter 2007. For the period under review, Bankhaus August Lenz reported net outflows of €3 million (Q3 2008: -€9.9 million) versus net inflows of €9.8 million in the same period of prior year (Q3 2007: + €4 million). At September 30, 2008, assets under administration amounted to €67.2 million versus €64.4 million at September 30, 2007.

## Associates

This account relates exclusively to the 48.5%-owned associate Banca Esperia S.p.A..

For the first nine months of 2008, the Banca Esperia Group reported net outflows of €708 million (Q3 2008: -€139 million) versus net inflows of €2,023 million at September 30, 2007 (Q3 2007: +€252 million).

At the end of the period under review, total assets under management and administration amounted to €8,652 million versus €9,318 million at December 31, 2007 and €9,103 million at September 30, 2007.

At September 30, 2008, there were 50 private bankers versus 54 at September 30, 2007.

At September 30, 2008, the Group reported net profit of €8.3 million versus €22.2 million at September 30, 2007.

For the third quarter 2008, the Group posted net profit of €1.5 million versus €4.2 million in the same quarter of the prior year.

## Post balance sheet date events

Implementing the resolution passed by the Board of Directors on January 24, 2008, in October 2008, Banca Mediolanum share capital was increased by €30 million to strengthen its capital base and prudential ratios in connection with the growth in banking activities and the introduction of new regulatory capital requirements.

In October, Banca Mediolanum S.p.A. also signed an agreement with Fonspabank, a Morgan Stanley Group company, for the acquisition of a portfolio of mortgages extended by Fonspabank to Banca Mediolanum customers from 2005 to 2007. The portfolio is worth about €170 million and includes mortgages taken out by 1,742 customers. The agreement above will become effective on November 1, 2008.

On October 21, 2008, at its extraordinary meeting, the Board of Directors of Mediolanum S.p.A. resolved to mandate the Group's Insurance Companies to promote initiatives to protect customers who held index-linked policies with Lehman Brothers bonds as underlying assets. Subsequently, the Boards of Directors of the Group's Insurance Companies, Mediolanum Vita S.p.A. and Mediolanum International Life Ltd, approved the transformation of these policies with the objective of returning all net amounts invested to customers holding policies with capital protection and the net amounts invested less any amounts corresponding to declines in the benchmark index to the holders of policies without capital protection.

Regulatory approvals for this initiative have already been received.

The cost of the initiative will be borne entirely and solely by the two majority shareholders of Mediolanum S.p.A., Doris Group and Fininvest S.p.A., without any disbursements by minority shareholders.

The contribution of the two majority shareholders will reflect their stake in Mediolanum S.p.A., i.e. 47.05% by Fininvest S.p.A and 52.95% by the Doris Group.

The majority shareholders, Doris Group and Fininvest S.p.A., committed to make a capital contributions to Mediolanum S.p.A. for a total amount of €120 million which is the total estimated cost of the initiative.

For that purpose, the shareholders Doris and Fininvest committed to:

- waive their 2008 interim dividend;
- contribute into Mediolanum S.p.A. the difference between the total estimated cost of the initiative, €120 million, and the amount of their 2008 interim dividend under a subordinated non-interest-bearing facility.

The amount of the subordinated facility put in place to cover Mediolanum Group's losses in relation to the initiative will be recognised under a special Mediolanum S.p.A. equity reserve. Today, the shareholders Doris and Fininvest will pay in the sum of €72,482,121.73 under the subordinated non-interest-bearing facility, while the balance of €47,517,878.27, which is the amount of their 2008 interim dividend they waived their rights to receive, is going to be voted today by the Board of Directors together with the Mediolanum S.p.A.'s interim financial statements for the period ended September 30, 2008.

The subordinated facility, like the waived interim dividend, is intended to cover the Group's expenses for the initiative and will be recognised under a special equity reserve.

You are reminded that, as clearly stated in the policy contracts, the risk of default rests solely on the policyholder, and at the time when the index-linked policies were issued Lehman Brothers was rated A+ and was universally considered to be a sound, reliable institution.

The notional value of 'Lehman' index-linked policies totals €213 million and these policies have a marginal weight as they account for less than 1% of the Group's total assets under management.

Specifically, the plan entails:

- the commitment, through the transformation of in-force policies, to return all net amounts invested to the holders of capital-protected policies and the net amounts invested less any amounts corresponding to declines in the "benchmark index in the month of October 2008" to the holders of policies without capital protection;
- retention in the free capital of the Insurance Companies of the Lehman Brothers bonds until they are realised.

The costs connected with the initiatives to be put in place by the Group's Insurance Companies will be fully recognised in the income statement for the current year and therefore in the Group's consolidated financial statements for the year ending December 31, 2008. In the meantime, the amounts paid in by majority shareholders will increase Mediolanum S.p.A. equity reserves neutralizing the impact of the initiative on the accounts.

The initiative will have no impact on the separate income statement of the Parent Company Mediolanum S.p.A. nor on its 2008 dividend distribution.

After September 30, 2008 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

The outlook for the fourth quarter of 2008 appears to be still characterised by uncertainties over when financial markets are actually going to rebound.

In the light of these market conditions, assets under management may not be able to revalue in the short term and year-on-year performance of commission income may show a decline. However, the outstanding results achieved in

terms of net inflows and the numerous commercial initiatives launched in the past few months justify expectations for positive developments in business performance in the final part of the current year.

Owing to the effects of the 'Lehman Brothers initiative' on the Mediolanum Group's consolidated accounts we expect positive financial results for financial year 2008 although they may be lower than in the previous year. It should be noted that, thanks to the intervention of the majority shareholders, Doris and Fininvest, the 'Lehman Brothers initiative' will have no impact on the Group's equity, as the lower financial results are going to be offset by the concurrent increase in equity reserves which neutralises any impact thereof.

Basiglio, November 12, 2008

For the Board of Directors  
The Chairman  
(*Roberto Ruozzi*)

MEDIOLANUM S.p.A.

**Schedules  
at September 30  
2008**





## ● **Note on the method applied to the income statement reclassification**

The income statement set out herein was prepared by reclassifying income and expense items before tax by nature and recognising financial income/expense on policyholders' assets/liabilities relating to contracts where the investment risk is born by the policyholder under "Amounts paid and change in technical reserves".

The reclassified income statement reflects the management reporting system of the Mediolanum Group.

The reconciliation of the consolidated income statement prepared on a statutory basis to the reclassified income statement at September 30, 2008 is set out below.

## Reconciliation of the income statement prepared on a statutory basis to the reclassified income statement at September 30, 2008

€/000	Consolidated income statement
<b>1.1 Premiums written, net of reinsurance</b>	
1.1.1 Gross premiums written	2,154,305
1.1.2 Reinsurance premiums	(3,497)
<b>Total premiums written, net of reinsurance</b>	<b>2,150,808</b>
<b>1.2 Commission income</b>	<b>390,334</b>
<b>1.3 Income on financial instruments at fair value through profit/loss</b>	<b>(2,684,420)</b>
<b>1.4 Income on investments in subsidiaries, associates and joint ventures</b>	<b>4,030</b>
<b>1.5 Income on other financial instruments and investment property</b>	
1.5.1 Interest income	236,870
1.5.2 Other income	1,651
1.5.3 Realized gains	2,954
1.5.4 Unrealized gains	4,138
<b>Total income on other financial instruments and investment property</b>	<b>245,613</b>
<b>1.6 Other revenues</b>	<b>15,989</b>
<b>Total revenues and income</b>	<b>122,354</b>
<b>2. Costs</b>	
<b>2.1 Claims incurred</b>	
2.1.1 Claims paid and change in technical reverses	626,126
2.1.2 Reinsurers' share	4,664
<b>Total claims incurred, net of reinsurance</b>	<b>630,790</b>
<b>2.2 Commission expense</b>	<b>(141,711)</b>
<b>2.3 Loss on investments in subsidiaries, associates and joint ventures</b>	<b>-</b>
<b>2.4 Loss on other financial instruments and investment property</b>	
2.4.1 Interest expense	(144,845)
2.4.2 Other expense	(110)
2.4.3 Realized losses	(2,962)
2.4.4 Unrealized losses	(9,016)
<b>Loss on the other financial instruments and investment property</b>	<b>(156,933)</b>
<b>2.5 Operating expenses</b>	
2.5.1 Agents' commissions and other acquisition costs	(63,818)
2.5.2 Investment management costs	(296)
2.5.3 Other administrative expenses	(215,678)
<b>Total operating expenses</b>	<b>(279,792)</b>
<b>2.6 Other costs</b>	<b>(41,004)</b>
<b>Total costs</b>	<b>11,350</b>
<b>Pre-tax profit (loss) for the year</b>	<b>133,704</b>
<b>3. Income taxes</b>	<b>(30,185)</b>
<b>4. Profit (loss) of discontinued operations</b>	<b>-</b>
<b>Consolidated profit (loss) for the year</b>	<b>103,519</b>
<b>RECLASSIFICATIONS</b>	
Interest income and expenses on assets/liabilities pertaining to policyholders (including policies classified as financial contracts under IFRS 14)	
<b>Other reclassifications</b>	
<b>TOTAL RECLASSIFICATIONS</b>	

## RECLASSIFIED INCOME STATEMENT - REVENUES

Net premiums written	Amounts paid and change in reserves	Commission Income	Interest income and similar income	Interest expenses and similar charges	Net income on investments at fair value	Net income on other investments	Other revenues
2,154,305	-	-	-	-	-	-	-
(3,497)	-	-	-	-	-	-	-
2,150,808	-	-	-	-	-	-	-
-	-	390,334	-	-	-	-	-
-	-	-	188,393	(48,357)	(2,824,456)	-	-
-	-	-	-	-	-	4,030	-
-	-	-	236,870	-	-	-	-
-	-	-	1,383	-	-	268	-
-	-	-	-	-	-	2,954	-
-	-	-	-	-	-	-	-
-	-	-	238,253	-	-	3,222	-
-	-	-	-	-	-	-	15,989
2,150,808	-	390,334	426,646	(48,357)	(2,824,456)	7,252	15,989
-	627,100	-	-	-	-	-	-
-	4,664	-	-	-	-	-	-
-	631,764	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	(144,845)	-	-	-
-	-	-	-	(4)	-	(106)	-
-	-	-	-	-	-	(2,962)	-
-	-	-	-	-	-	-	-
-	-	-	-	(144,849)	-	(3,068)	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	631,764	-	-	(144,849)	-	(3,068)	-
2,150,808	631,764	390,334	426,646	(193,206)	(2,824,456)	4,184	15,989
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,150,808	631,764	390,334	426,646	(193,206)	(2,824,456)	4,184	15,989
-	(2,697,242)	-	(146,585)	28,221	2,815,606	-	-
-	(1,635)	-	(1,377)	-	-	1,244	-
2,150,808	(2,067,113)	390,334	278,684	(164,985)	(8,850)	5,428	15,989

## Reconciliation of the income statement prepared on a statutory basis to the reclassified income statement at September 30, 2008

€/000

1.1	Premiums written, net of reinsurance
1.1.1	Gross premiums written
1.1.2	Reinsurance premiums
	Total premiums written, net of reinsurance
1.2	Commission income
1.3	Income on financial instruments at fair value through profit/loss
1.4	Income on investments in subsidiaries, associates and joint ventures
1.5	Income on other financial instruments and investment property
1.5.1	Interest income
1.5.2	Other income
1.5.3	Realized gains
1.5.4	Unrealized gains
	Total income on other financial instruments and investment property
1.6	Other revenues
	Total revenues and income
2.	Costs
2.1	Claims incurred
2.1.1	Claims paid and change in technical reverses
2.1.2	Reinsurers' share
	Total claims incurred, net of reinsurance
2.2	Commission expense
2.3	Loss on investments in subsidiaries, associates and joint ventures
2.4	Loss on other financial instruments and investment property
2.4.1	Interest expense
2.4.2	Other expense
2.4.3	Realized losses
2.4.4	Unrealized losses
	Loss on the other financial instruments and investment property
2.5	Operating expenses
2.5.1	Agents' commissions and other acquisition costs
2.5.2	Investment management costs
2.5.3	Other administrative expenses
	Total operating expenses
2.6	Other costs
	Total costs
	Pre-tax profit (loss) for the year
3.	Income taxes
4.	Profit (loss) of discontinued operations
	Consolidated profit (loss) for the year

### RECLASSIFICATIONS

Interest income and expenses on assets/liabilities pertaining to policyholders  
(including policies classified as financial contracts under IFRS 14)

Other reclassifications

**TOTAL RECLASSIFICATIONS**

## RECLASSIFIED INCOME STATEMENT - EXPENSES AND INCOME TAX

Acquisition costs and commission expenses	Net impairment of financial assets	G&A expenses	Amortisation and depreciation	Provision for risk and charges	Income tax	Net profit
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	4,138	-	-	-	-	-
-	4,138	-	-	-	-	-
-	4,138	-	-	-	-	-
-	-	-	-	-	-	-
-	-	(974)	-	-	-	-
-	-	-	-	-	-	-
-	-	(974)	-	-	-	-
(141,711)	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(8,971)	-	(45)	-	-	-
-	(8,971)	-	(45)	-	-	-
(59,415)	-	(4,403)	-	-	-	-
-	-	(296)	-	-	-	-
-	-	(215,678)	-	-	-	-
(59,415)	-	(220,377)	-	-	-	-
-	(2)	(17,536)	(12,623)	(10,843)	-	-
(201,126)	(8,973)	(238,887)	(12,668)	(10,843)	-	-
(201,126)	(4,835)	(238,887)	(12,668)	(10,843)	-	-
-	-	-	-	-	(30,185)	-
-	-	-	-	-	-	-
(201,126)	(4,835)	(238,887)	(12,668)	(10,843)	(30,185)	-
-	-	-	-	-	-	-
-	-	1,768	-	-	-	-
(201,126)	(4,835)	(237,119)	(12,668)	(10,843)	(30,185)	103,519



MEDIOLANUM S.p.A.

**Consolidated  
Accounts  
at September 30  
2008**

# Balance sheet

## Assets

€/’000	Sept. 30, 2008	June. 30, 2008	Dec. 31, 2007
<b>1. Intangible assets</b>			
1.1 Goodwill	161,302	161,302	161,422
1.2 Other intangible assets	16,732	14,257	13,963
<b>Total intangible assets</b>	<b>178,034</b>	<b>175,559</b>	<b>175,385</b>
<b>2. Tangible assets</b>			
2.1 Property	64,037	63,539	56,458
2.2 Other tangible assets	21,039	19,563	19,400
<b>Total tangible assets</b>	<b>85,076</b>	<b>83,102</b>	<b>75,858</b>
<b>3. Reinsurers’ share of technical reserves</b>	<b>100,212</b>	<b>100,034</b>	<b>100,870</b>
<b>4. Investments</b>			
4.1 Investment property	4,288	4,303	4,214
4.2 Investments in subsidiaries, associated and JVs	54,773	56,016	53,205
4.3 Held to maturity investments	524,664	590,999	592,324
4.4 Loans and receivables	4,907,335	4,688,843	4,581,998
4.5 Available for sale financial assets	1,837,129	1,414,945	1,338,611
4.6 Financial assets at fair value through profit and loss	14,346,578	15,673,043	16,185,536
<b>Total investments</b>	<b>21,674,767</b>	<b>22,428,149</b>	<b>22,755,889</b>
<b>5. Receivables</b>			
5.1 Arising out of direct insurance business	10,120	9,519	11,504
5.2 Arising out of reinsurance business	354	182	-
5.3 Other receivables	3,000	4,848	1,839
<b>Total receivables</b>	<b>13,474</b>	<b>14,549</b>	<b>13,343</b>
<b>6. Other assets</b>			
6.1 Non current assets or assets of discontinued operations, held for sale	-	-	1,042
6.2 Deferred acquisition costs	-	-	-
6.3 Defferend tax assets	52,694	52,855	38,366
6.4 Current tax assets	128,208	133,688	157,587
6.5 Other assets	249,054	241,799	220,455
<b>Total other assets</b>	<b>429,956</b>	<b>428,342</b>	<b>417,449</b>
<b>7. Cash and cash equivalents</b>	<b>253,684</b>	<b>317,786</b>	<b>245,370</b>
<b>TOTAL ASSETS</b>	<b>22,735,203</b>	<b>23,547,521</b>	<b>23,784,163</b>



## Liabilities

€/’000	Sept. 30, 2008	June. 30, 2008	Dec. 31, 2007
<b>1. Capital and reserves</b>			
1.1 Group shareholders’ equity			
1.1.1 Share capital	73,010	73,001	72,948
1.1.2 Other equity instruments	-	-	-
1.1.3 Capital reserves	51,960	51,863	51,277
1.1.4 Retained earnings and other equity reserves	654,561	653,676	523,613
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	(108,688)	(73,223)	36,997
1.1.8 Other gains or losses recognised directly in equity	-	-	-
1.1.9 Profit (loss) for the year attributable to the Group	103,519	70,235	212,243
<b>Total capital and reserves attributable to the Group</b>	<b>772,317</b>	<b>773,507</b>	<b>895,033</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 capital and reserves</b>	<b>772,317</b>	<b>773,507</b>	<b>895,033</b>
<b>2. Provisions</b>	<b>86,873</b>	<b>81,875</b>	<b>78,875</b>
<b>3. Technical reserves</b>	<b>13,010,500</b>	<b>13,604,495</b>	<b>14,457,087</b>
<b>4. Financial liabilities</b>			
4.1 Financial liabilities at fair value through profit and loss	1,227,002	1,485,886	1,350,199
4.2 Other financial liabilities	7,216,765	7,231,478	6,554,078
<b>Total financial liabilities</b>	<b>8,443,767</b>	<b>8,717,364</b>	<b>7,904,277</b>
<b>5. Payables</b>			
5.1 Arising out of direct insurance business	24,220	7,084	18,662
5.2 Arising out of reinsurance business	560	208	1,339
5.3 Other payables	145,953	165,824	234,466
<b>Total payables</b>	<b>170,733</b>	<b>173,116</b>	<b>254,467</b>
<b>6. Other liabilities</b>			
6.1 Liabilities of disposal groups held for sale	-	-	905
6.2 Deferred tax liabilities	12,667	12,103	11,602
6.3 Current tax liabilities	39,271	25,894	46,563
6.4 Other liabilities	199,075	159,167	135,354
<b>Total other liabilities</b>	<b>251,013</b>	<b>197,164</b>	<b>194,424</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY</b>	<b>22,735,203</b>	<b>23,547,521</b>	<b>23,784,163</b>

# Income statement

€/’000	Q3 2008	Q3 2007	Sept. 30, 2008	Sept. 30, 2007
<b>1. Revenues</b>				
1.1 Net premiums written				
1.1.1 Gross premium written	647,860	686,777	2,154,305	2,494,288
1.1.2 Reinsurance premiums	(1,230)	(1,264)	(3,497)	(3,731)
<b>Net premiums written</b>	<b>646,630</b>	<b>685,513</b>	<b>2,150,808</b>	<b>2,490,557</b>
1.2 Commission income	119,008	135,823	390,334	436,960
1.3 Net income on financial instruments at fair value through profit and loss	(1,116,842)	(234,445)	(2,684,420)	68,024
1.4 Income on investments in subsidiaries, associates and JVs	1,219	1,868	4,030	11,477
1.5 Income on other financial instruments and investment property				
1.5.1 Interest income	90,119	58,630	236,870	167,989
1.5.2 Other income	314	737	1,651	2,271
1.5.3 Realised gains	39	3,415	2,954	6,413
1.5.4 Unrealised gains	1,853	601	4,138	3,793
<b>Total income on other financial instruments and investment property</b>	<b>92,325</b>	<b>63,383</b>	<b>245,613</b>	<b>180,466</b>
1.6 Other revenues	5,061	6,280	15,989	19,634
<b>Total revenues</b>	<b>(252,599)</b>	<b>658,422</b>	<b>122,354</b>	<b>3,207,118</b>
<b>2. Costs</b>				
2.1 Net claims and benefits				
2.1.1 Amounts paid and change in technical reserves	497,256	(407,049)	626,126	(2,397,859)
2.1.2 Reinsurers’ share/recoveries from reinsurers	1,456	1,171	4,664	3,910
<b>Net claims and benefits</b>	<b>498,712</b>	<b>(405,878)</b>	<b>630,790</b>	<b>(2,393,949)</b>
2.2 Commission expense	(43,712)	(47,613)	(141,711)	(150,096)
2.3 Loss on other investments in subsidiaries, associates and JVs	-	-	-	-
2.4 Loss on other financial instruments and investment property				
2.4.1 Interest expense	(50,812)	(36,823)	(144,845)	(105,038)
2.4.2 Other expenses	(1)	(136)	(110)	(391)
2.4.3 Realised losses	112	(144)	(2,962)	(303)
2.4.4 Unrealised losses	(3,456)	(1,534)	(9,016)	(6,215)
<b>Loss on other financial instruments and investment property</b>	<b>(54,157)</b>	<b>(38,637)</b>	<b>(156,933)</b>	<b>(111,947)</b>
2.5 Operating expenses				
2.5.1 Agents’ commissions and other acquisition costs	(18,854)	(25,184)	(63,818)	(90,224)
2.5.2 Investment management costs/expenses	(97)	(33)	(296)	(142)
2.5.3 Other administrative expense	(68,228)	(70,423)	(215,678)	(211,380)
<b>Total operating expenses</b>	<b>(87,179)</b>	<b>(95,640)</b>	<b>(279,792)</b>	<b>(301,746)</b>
2.6 Other costs	(16,074)	(12,580)	(41,004)	(48,528)
<b>Total costs</b>	<b>297,590</b>	<b>(600,348)</b>	<b>11,350</b>	<b>(3,006,266)</b>
<b>Profit (loss) before tax for the period</b>	<b>44,991</b>	<b>58,074</b>	<b>133,704</b>	<b>200,852</b>
<b>3. Income tax</b>	<b>(11,707)</b>	<b>(15,757)</b>	<b>(30,185)</b>	<b>(45,764)</b>
<b>Profit (loss) for the period</b>	<b>33,284</b>	<b>42,317</b>	<b>103,519</b>	<b>155,088</b>
<b>4. Profit (loss) from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>101</b>
<b>Group net profit (loss)</b>	<b>33,284</b>	<b>42,317</b>	<b>103,519</b>	<b>155,189</b>
<b>Earning per share (in euro)</b>	<b>0.046</b>	<b>0.058</b>	<b>0.142</b>	<b>0.213</b>

# Statement of changes in shareholder's equity

€/000	Balance at Dec. 31, 2006	Adjustment to closing balance	Amount credit	Transferred to the Income Statement	Other Movements	Balance at Sept. 30, 2007
<b>Shareholders' equity pertaining to the Group</b>						
Share capital	72,884	-	58	-	-	72,942
Other equity instruments	-	-	-	-	-	-
Capital reserves	52,561	(2,077)	742	-	-	51,226
Retained earnings and other equity reserves	439,761	2,077	142,675	-	-	584,513
(Treasury shares)	(2,045)	-	-	-	-	(2,045)
Exchange difference reserve	-	-	-	-	-	-
Gains (losses) on available-for-sale financial assets	117,465	-	(36,052)	(4,361)	-	77,052
Other gains (losses) recognized 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 year	223,678	-	15,282	-	(83,771)	155,189
<b>Total shareholders' equity pertaining to the Group</b>	<b>904,304</b>	<b>-</b>	<b>122,705</b>	<b>(4,361)</b>	<b>(83,771)</b>	<b>938,877</b>
<b>Shareholders' equity pertaining to minority interest</b>						
Share capital and reserves	-	-	-	-	-	-
Gains (losses) recognized directly in equity	-	-	-	-	-	-
Net profit (loss) for the year	-	-	-	-	-	-
<b>Total shareholders' equity pertaining 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>122,705</b>	<b>4,361</b>	<b>83,771</b>	<b>938,877</b>

€/000	Balance at Dec. 31, 2007	Adjustment to closing balance	Amount credit	Transferred to the Income Statement	Other Movements	Balance at Sept. 30, 2008
<b>Shareholders' equity pertaining to the Group</b>						
Share capital	72,948	-	62	-	-	73,010
Other equity instruments	-	-	-	-	-	-
Capital reserves	51,277	-	683	-	-	51,960
Retained earnings and other equity reserves	523,613	-	130,948	-	-	654,561
(Treasury shares)	(2,045)	-	-	-	-	(2,045)
Exchange difference reserve	-	-	-	-	-	-
Gains (losses) on available-for-sale financial assets	36,997	-	(145,693)	8	-	(108,688)
Other gains (losses) recognized 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 year	212,243	-	(24,879)	-	(83,845)	103,519
<b>Total shareholders' equity pertaining to the Group</b>	<b>895,033</b>	<b>-</b>	<b>(38,879)</b>	<b>8</b>	<b>(83,845)</b>	<b>772,317</b>
<b>Shareholders' equity pertaining to minority interests</b>						
Share capital and reserves	-	-	-	-	-	-
Gains (losses) recognized directly in equity	-	-	-	-	-	-
Net profit (loss) for the year	-	-	-	-	-	-
<b>Total shareholders' equity pertaining to minority interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>895,033</b>	<b>-</b>	<b>(38,879)</b>	<b>8</b>	<b>(83,845)</b>	<b>772,317</b>

# Consolidated cash flow statement

## Indirect method

€/’000	Sept. 30, 2008	Sept. 30, 2007
Pre-tax profit (loss) for the year	133,704	200,852
Changes in non-monetary items	(3,664,205)	1,187,266
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)	(1,445,929)	1,232,428
Change in deferred acquisition costs	-	-
Change in provisions	7,998	7,945
Non-monetary income (losses) on financial instruments, investment property and equity investments	(2,226,274)	(53,107)
Other changes	-	-
Changes in receivables and payables arising out of operating activities	(36,765)	(50,974)
Changes in receivables and payables arising out of direct insurance and reinsurance operations	5,809	(1,401)
Changes in other receivables and payables	(42,574)	(49,573)
Income taxes paid	(33,203)	(30,889)
<b>Net cash from monetary items relating to investment and financial activities</b>	<b>(230,424)</b>	<b>363,940</b>
Liabilities on financial contracts issued by insurance companies	(123,197)	763,303
Amounts due to banks and banking customers	662,687	608,342
Loans to and receivables from banks and banking customers	(300,085)	(998,657)
Other financial instruments at fair value through profit or loss	(469,829)	(9,048)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(3,830,893)</b>	<b>1,670,195</b>
Net cash from investment property	(74)	2,194
Net cash from subsidiaries, associates and <i>joint ventures</i>	(1,568)	(11,477)
Net cash from loans and receivables	(25,252)	1,093
Net cash from held-to-maturity investments	67,660	(37,223)
Net cash from available-for-sale financial assets	(498,518)	(170,755)
Net cash from tangible and intangible assets	(11,868)	8,209
Other cash flows from investment activities	4,535,061	(1,491,071)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>4,065,442</b>	<b>(1,699,031)</b>
Net cash from equity instruments pertaining to the Group	(142,390)	(36,845)
Net cash from treasury shares	-	-
Distribution of dividends pertaining to the Group	(83,845)	(83,771)
Net cash from capital and reserves pertaining 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>(226,235)</b>	<b>(120,616)</b>
Effect of exchange rate changes on cash and cash equivalents	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	245,370	441,012
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,314	(149,452)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	253,684	291,560

MEDIOLANUM S.p.A.

**Notes  
to the financial  
statements  
2008**

# Accounting policies

## GENERAL

The Mediolanum Group's interim report and accounts at September 30, 2008 were prepared in compliance with section 154 – ter of Legislative Decree 58/98 (Consolidated Finance Act) entitled "*Relazioni finanziarie*" (Financial Reporting), as amended by Legislative Decree 195/2007 (Transparency), and Consob Regulations for Issuers.

### ● General principles

The consolidated interim financial statements consist of:

- a **balance sheet** for the relevant interim period (ended September 30, 2008), a comparative balance sheet for the prior financial year (ended December 31, 2007) and for the first half of the current year (ended June 30, 2008);
- an **income statement** for the relevant interim periods (third quarter 2008 and nine months ended September 30, 2008) and a comparative income statement for the same interim periods of the prior year (third quarter 2007 and nine months ended September 30, 2007);
- a **statement of changes in shareholders' equity** for the period spanning from the beginning of the financial year to the end of the relevant interim period as well as a comparative statement of changes in shareholders' equity for the same period of the prior year;
- a **cash flow statement** for the period spanning from the beginning of the financial year to the end of the relevant interim period as well as a comparative cash flow statement for the same period of the prior year;
- **notes**, comprising a summary of significant accounting policies and other explanatory notes.

### ● Accounting standards

These consolidated interim financial statements were prepared applying the international accounting and financial reporting standards (IAS/IFRS). The accounting policies applied in the preparation of these financial statements are consistent with those applied in the preparation of the consolidated financial statements for the year ended December 31, 2007, except for hedge accounting for which the relevant new policy began to be applied during 2008. Hedging transactions are intended to neutralise potential losses on an item or group of items, that are attributable to a particular risk, in the event that risk materialises.

Pursuant to IAS 39 the Company adopted fair value hedging to cover exposure to changes in the fair value of a financial item, that is attributable to a particular risk. Specifically, the Company entered into fair value hedges of the interest rate exposure of a variety of financial assets.

Only instruments that involve a party external to the Group can be designated as hedging instruments. A hedge of an overall net position in a portfolio of financial instruments does not qualify for hedge accounting.

Hedging derivatives are measured at fair value. As they are accounted for as fair value hedges, the changes in the

fair value of the hedged item are offset by the changes in the fair value of the hedging instrument. Hedge accounting recognises the offsetting effects on profit or loss of changes in the fair values of the hedging instrument and the hedged item (in relation to changes generated by the underlying risk). Any resulting difference, which represents the partial ineffectiveness of the hedge, is the net effect on profit or loss.

Fair value is determined on the basis of quoted prices in an active market, prices quoted by market participants or internal valuation models commonly used in financial practice, which take into account all risk factors associated with the instruments and based on market information.

Derivatives are recognised as hedging derivatives if there is formal documentation of the hedging relationship between the hedging instrument and the hedged item and if, at the inception of the hedge and prospectively, the hedge is expected to be effective during the period for which the hedge is designated.

A hedge is effective if it achieves offsetting changes in the fair value of the hedged risk.

The hedging relationship is considered effective if, at the inception of the hedge and in subsequent periods, the changes in the fair value of the hedged item are offset by the changes in fair value of the hedging instrument and if the actual results of the hedge are within a range of 80% - 125%.

Hedge effectiveness is assessed at the date the entity prepares its annual or interim financial statements, using:

- prospective tests which support hedge accounting in terms of expected effectiveness;
- retrospective tests which show the degree of hedge effectiveness in the relevant past periods.

In other words, they measure how much actual results differed from perfect hedging.

If the tests do not confirm hedge effectiveness, hedge accounting is discontinued, the hedging derivative is reclassified into trading instruments while the hedged item is again recognised according to its usual classification in the balance sheet; successive changes in fair value are recognised in profit or loss.

The Mediolanum Group decided to apply as early as in these consolidated interim financial statements the reclassifications of financial instruments allowed following the amendments to IAS 39 and IFRS 7 passed by the IASB and adopted by the European Commission on October 15, 2008 with Commission Regulation (EC) No. 1004/2008.

Specifically, the reclassifications adopted are as follows:

- reclassification out of the 'available-for-sale' and 'held for trading' categories into the 'loans and receivables' category of financial instruments whose markets have become inactive and which the entity has no intention to sell in the near term or in the foreseeable future;
- reclassification out of the 'loans and receivables' category into the 'available-for-sale' and 'held for trading' categories of financial instruments whose markets are active and in relation to which the entity's original intent has changed;
- reclassification of financial instruments out of the 'held for trading' category into the 'available-for-sale' financial instruments and 'held-to-maturity' investments category, which is allowed only in rare circumstances. "Rare circumstance" means a single unusual event which is unlikely to occur again in the near future. The global market turmoil in the third quarter of 2008 is an example of a 'rare circumstance' which led to the amendments to IAS 39 and IFRS 7 expanding the possibilities to reclassify financial instruments and allowing the entity to reclassify the financial instrument with effect from 1 July 2008.

For a detailed presentation of the accounting policies applied in the preparation of these consolidated interim financial statements, readers are referred to part B of the annual consolidated report and accounts.

These consolidated interim financial statements were prepared applying the international accounting and financial reporting standards (IAS/IFRS) and in accordance with ISVAP regulation N. 7 of July 13, 2007.

For the measurement of certain items reasonable estimates were made to ensure the consistent application of accounting policies. Said estimates do not compromise the reliability of interim financial reporting.

The report and the accounts include prior periods' comparative information (at September 30, 2007 and December 31, 2007). Certain reclassifications were made with respect to prior reporting periods, where necessary, for the sake of consistency of financial information.

In accordance with art. 5 of Legislative Decree No. 38 of February 28, 2005 these financial statements were prepared using the euro as reporting currency. Except where otherwise stated the amounts set out herein are presented in thousands of euro.

### Scope of consolidation

The consolidated interim financial statements include the accounts of Mediolanum S.p.A. and those of its directly or indirectly controlled subsidiaries.

*Group companies directly owned by Mediolanum S.p.A consolidated on a line-by-line basis are set out in the table below:*

€/000 Company	Share capital	% holding	Registered Office	Business
Mediolanum Vita S.p.A.	87,720	100.000%	Basiglio	Life Insurance
Partner Time S.p.A.	520	100.000%	Basiglio	Life Insurance distribution
Mediolanum Comunicazione S.p.A.	775	100.000%	Basiglio	Audio/film/TV production
PI Distribuzione S.p.A.	517	100.000%	Basiglio	Real estate brokerage
Mediolanum International Life Ltd	1,395	100.000%	Dublin	Life Insurance
Banca Mediolanum S.p.A.	400,000	100.000%	Basiglio	Banking
Mediolanum Gestione Fondi SGR p.A.	5,165	49.000%	Basiglio	Fund Management
Mediolanum International Funds Ltd	150	44.000%	Dublin	Fund Management
Mediolanum Asset Management Ltd	150	49.000%	Dublin	Asset management and advice



Group companies indirectly owned by Mediolanum S.p.A. through Banca Mediolanum S.p.A. consolidated on a line-by-line basis are set out in the table below:

€/000 Company	Share capital	% holding	Registered Office	Business
Mediolanum Distribuz. Finanz. S.p.A.	1,000	100.000%	Basiglio	Financial Brokerage
Mediolanum Gestione Fondi SGR p.A.	5,165	51.000%	Basiglio	Fund management
Mediolanum Corporate University S.p.A.	20,000	100.000%	Basiglio	Education and Training
Mediolanum International Funds Ltd	150	56.00%	Dublin	Fund management
Mediolanum Asset Management Ltd	150	51.000%	Dublin	Asset management and advice
Banco de Finanzas e Inversiones S.A.	86,032	100.000%	Barcelona	Banking
Ges Fibanc SGIIC S.A.	2,506	100.000%	Barcelona	Fund management
Fibanc S.A.	301	100.000%	Barcelona	Financial Advice
Fibanc Pensiones S.G.F.P. S.A.	902	100.000%	Barcelona	Pension Fund management
Mediolanum International S.A.	71,500	99.997%	Luxembourg	Sub-holding company
Gamax Management AG	7,161	100.000%	Luxembourg	Fund management
Bankhaus August Lenz & Co. AG	20,000	100.000%	Munich	Banking

After December 31, 2007 the companies Fibanc Faif S.A. and Gamax Austria GmbH were excluded from consolidation as Fibanc Faif S.A. was liquidated and Gamax Austria GmbH was sold in the first half of 2008. The consolidated accounts include the accounts of the newly formed entity Mediolanum Corporate University S.p.A.. The accounts of the company Gamax Holding A.G. were consolidated into Mediolanum International S.A. following the merger between these two companies effective for accounting purposes from January 1, 2008.

Mediolanum S.p.A. associates accounted for using the equity method are set out in the table below:

€/000 Company	Share capital	% holding	Registered Office	Business
Banca Esperia S.p.A.	13,000	48.500%	Milan	Banking

## KEY BALANCE SHEET INFORMATION

### Investment, Cash and Cash Equivalents

€/000	Sept. 30, 2008	%	June 30, 2008	%	Dec. 31, 2007	%
Investment property	4,288	0.0	4,303	0.0	4,214	0.0
Investments in subsidiaries, Associates and JVs	54,773	0.2	56,016	0.2	53,205	0.2
Loans and receivables	524,664	2.4	590,999	2.6	592,324	2.6
Held to maturity investments	4,907,335	22.3	4,688,843	20.5	4,581,998	19.9
Available for sale financial assets	1,837,129	8.3	1,414,945	6.2	1,338,611	5.8
Financial assets at fair value through profit and loss	14,346,578	65.2	15,673,043	68.7	16,185,536	70.1
<b>Total investments</b>	<b>21,674,767</b>	<b>98.5</b>	<b>22,428,149</b>	<b>98.2</b>	<b>22,755,889</b>	<b>98.6</b>
<b>Tangible Assets:</b>						
Property and other tangible assets	85,076	0.4	83,102	0.4	75,858	0.3
Cash and cash equivalents	253,684	1.2	317,786	1.4	245,370	1.1
<b>Total investments, cash and cash equivalents</b>	<b>22,013,527</b>	<b>100.0</b>	<b>22,829,037</b>	<b>100.0</b>	<b>23,077,117</b>	<b>100.0</b>

“Investments in subsidiaries, associates and joint ventures” amounted to €54.8 million versus €53.2 million at December 31, 2007, and related exclusively to the 48.5% shareholding in Banca Esperia S.p.A. accounted for under the equity method.

The analysis of Loans and Receivables is set out in the table below:

€/000	Sept. 30, 2008	June 30, 2008	Dec. 31, 2007
<b>Banks</b>	<b>2,664,613</b>	<b>2,398,695</b>	<b>2,882,087</b>
Time deposits	1,663,587	1,340,074	2,241,765
Other loans	978,559	1,047,925	612,206
Reserve requirements	22,467	10,696	28,116
<b>Banking customers</b>	<b>2,207,172</b>	<b>2,279,745</b>	<b>1,689,613</b>
Current accounts	331,666	301,226	267,910
Repurchase agreements	131,622	215,428	362,293
Mortgage loans	851,469	756,175	573,801
Other	892,415	1,006,916	485,609
<b>Other loans and receivables</b>	<b>35,550</b>	<b>10,403</b>	<b>10,298</b>
<b>Total loans and receivables</b>	<b>4,907,335</b>	<b>4,688,843</b>	<b>4,581,998</b>

Loans and Receivables increased from €4,582.0 million at December 31, 2007 to €4,907.3 million at the end of the period under review. The increase is largely in connection with greater interbank lending and loans extended to customers by the subsidiary Banca Mediolanum S.p.A.

It should be noted that following the amendments to IAS 39 and IFRS 7, the company Mediolanum Vita reclassified part of the financial instruments in its ‘held-for-trading’ portfolio into the ‘loans and receivables’ category for

a nominal amount of €26.2 million. The reclassification relates to those financial instruments whose market has become inactive following the global market turmoil in the third quarter 2008 and the concurrent default of the issuer Lehman Brothers, which worsened the liquidity crisis on financial markets.

The analysis by type of instrument of **Held-to-Maturity Investments, Available-for-Sale Financial Assets and Financial Assets at fair value through profit or loss** is set out in the tables below.

€/000	Sept. 30, 2008	June 30, 2008	Dec. 31, 2007
<b>Held to maturity investments</b>	524,664	590,999	592,324
Debt securities	328,565	322,383	298,542
Assets sold but not derecognised (debt securities)	196,099	268,616	293,782
<b>Available-for-sale financial assets</b>	1,837,129	1,414,945	1,338,611
Debt securities	736,680	635,770	582,389
Assets sold but not derecognised (debt securities)	558,788	243,893	100,816
Equities	296,360	332,567	426,447
Holdings in UCITS	245,301	202,715	228,959
€/000	Sept. 30, 2008	June 30, 2008	Dec. 31, 2007
<b>Financial assets at fair value through profit and loss</b>	14,346,578	15,673,043	16,185,536
Debt securities	1,741,164	1,958,584	1,583,865
Assets sold but not derecognised (debt securities)	779,928	1,018,947	1,023,968
Equities	40	45	83
Holdings in UCITS	14,912	15,349	12,524
Trading derivatives	9,645	29,241	41,960
Hedging derivatives	57	5,548	-
Contracts under which the investment risk is borne by the policyholder	11,800,832	12,645,329	13,523,136

At the end of the period under review, financial assets at fair value through profit or loss amounted to €14,346.6 million versus €16,185.5 million at the end of the prior year. The decline was largely in connection with the write-downs of "contracts under which the investment risk is borne by the policyholder" (investments underlying unit-linked and index linked insurance contracts) due to the financial market crisis.

Following amendments to IAS 39 and IFRS 7, the company Banca Mediolanum reclassified - with effect from September 1, 2008 - part of the financial instruments in its 'held-for-trading' portfolio into the 'available-for-sale' category as they are no longer held for the original purpose. These financial instruments, largely Italian treasuries, used in repurchase agreements with the bank's customers have a nominal amount of €415 million. Following the reclassification an amount of €2.6 million was recognised in the relevant equity reserve (AFS negative reserve).

## ● Net technical reserves

€/000	Sept. 30, 2008	June 30, 2008	Dec. 31, 2007
Mathematical reserves	1,298,805	1,265,337	1,268,031
Reserve for outstanding claims	64,137	62,843	130,414
Technical reserves for contracts under which the investment risk is borne by the policyholder and in connection with pension fund management	11,620,351	12,246,883	13,027,317
Other reserves	27,207	29,432	31,325
<b>Total Life Business reserves</b>	<b>13,010,500</b>	<b>13,604,495</b>	<b>14,457,087</b>

At the end of the quarter under review, **technical reserves net of reinsurers' share** amounted to €13,010.5 million versus €14,457 million at year end 2007. The €1,446.6 million decline largely relates to technical reserves for contracts under which the investment risk is borne by the policyholder and in connection with pension fund management (down €1,407 million), and is closely connected to the write-downs of underlying investments recognised as "Financial assets at fair value through profit or loss" and "Financial liabilities at fair value through profit or loss".

## ● Financial Liabilities

### Financial liabilities at fair value through profit or loss

€/000	Sept. 30, 2008	June 30, 2008	Dec. 31, 2007
<b>Financial liabilities at fair value through profit and loss</b>			
- Total	1,227,002	1,485,886	1,350,199
Short positions on debt securities	932,181	991,923	714,771
Trading derivatives	24,585	19,639	17,378
Securities issued	2,657	2,922	2,974
Other financial liabilities	304	556	282
Financial liabilities on contracts under which the investment risk is borne by the policyholder and pension fund management	267,275	470,846	614,794

At the end of the period under review **financial liabilities at fair value through profit or loss** amounted to €1,227 million, up €123.2 million from €1,350.2 million at December 31, 2007. The increase was mainly due to larger short positions on debt securities held by Banca Mediolanum at the end of the period (+ €216.4 million).

The decline in financial liabilities arising on contracts under which the investment risk is borne by the policyholder and pension fund management was in connection with the reduced assets and the write-downs of related financial instruments due to the financial market downturn.

The analysis of Other Financial Liabilities is set out below:

€/000	Sept. 30, 2008	June 30, 2008	Dec. 31, 2007
<b>Banks</b>	1,914,153	1,951,462	1,446,463
Central Banks	-	200,028	290,465
Bank accounts and demand deposits	331,731	412,882	494,826
Time deposits	690,076	744,991	99,464
Loans	415,000	375,000	375,000
Other liabilities	477,346	218,561	186,708
<b>Banking customers</b>	5,202,910	5,180,600	5,007,974
Bank accounts	3,898,418	3,876,572	3,897,118
Liabilities for assets that were sold but not derecognised	1,296,603	1,295,616	1,101,794
Other liabilities	7,889	8,412	9,062
<b>Other liabilities</b>	99,702	99,416	99,641
<b>Total</b>	7,216,765	7,231,478	6,554,078

At September 30, 2008, Other Financial Liabilities amounted to €7,216.8 million versus €6,554.1 million at December 31, 2007. The increase was largely in connection with Banca Mediolanum S.p.A.'s greater interbank transactions.

## Shareholders' Equity

€/000	Sept. 30, 2008	June 30, 2008	Dec. 31, 2007
Share capitale	73,010	73,001	72,948
Equity reserves	51,960	51,863	51,277
Retained earnings and other equity reserves	654,561	653,676	523,613
Treasury shares	(2,045)	(2,045)	(2,045)
Gains (losses) on available for sale financial assets	(108,688)	(73,223)	36,997
Net profit (loss) for the year attributable to the Group	103,519	70,235	212,243
<b>Total capital and reserves attributable to the Group</b>	772,317	773,507	895,033

At September 30, 2008, total capital and reserves attributable to the Group amounted to €772.3 million versus €895.0 million at December 31, 2007.

At September 30, 2008, the net balance of gains and losses on available for sale financial assets after benefit participations of life policyholders and deferred taxation was negative in the amount of €108.7 million versus a positive balance of €37.0 million at December 31, 2007. The decline was essentially due to the negative performance of financial markets and its impact on the Group's portfolio.

## KEY INCOME STATEMENT INFORMATION

### Technical account - Life insurance

€/000	Gross	Reinsurance	Net Sept. 30, 2008	Net Sept. 30, 2007
Gross premiums written less reinsurance premiums				
- premiums written	2,154,305	(3,497)	2,150,808	2,490,557
<b>Total premiums written</b>	<b>2,154,305</b>	<b>(3,497)</b>	<b>2,150,808</b>	<b>2,490,557</b>
Gross amounts paid less recoveries from reinsurers				
- Amounts paid	(1,100,287)	5,322	(1,094,965)	(1,287,493)
- Change in reserve for outstanding claims	65,008	(713)	64,295	3,242
- Change in mathematical reserves	(17,003)	55	(16,948)	(43,572)
- Change in other technical reserves	3,863	-	3,863	3,868
- Change in technical reserves for contracts under which the investment risk is borne by the policyholder and reserves relating to pension fund management	1,674,545	-	1,674,545	(1,069,994)
	626,126	4,664	630,790	(2,393,949)
<b>Life Insurance net income (expense)</b>	<b>2,780,431</b>	<b>1,167</b>	<b>2,781,598</b>	<b>96,608</b>

€/000	Gross	Reinsurance	Net Q3 2008	Net Q3 2007
Gross premiums written less reinsurance premiums				
- premiums written	647,860	(1,230)	646,630	685,513
<b>Total premiums written</b>	<b>647,860</b>	<b>(1,230)</b>	<b>646,630</b>	<b>685,513</b>
Gross amounts paid less recoveries from reinsurers				
- Amounts paid	(338,080)	1,278	(336,802)	(423,403)
- Change in reserve for outstanding claims	7,930	(108)	7,822	10,763
- Change in mathematical reserves	(15,880)	286	(15,594)	(13,468)
- Change in other technical reserves	2,221	-	2,221	1,138
- Change in technical reserves for contracts under which the investment risk is borne by the policyholder and reserves relating to pension fund management	841,065	-	841,065	19,092
	497,256	1,456	498,712	(405,878)
<b>Life Insurance net income (expense)</b>	<b>1,145,116</b>	<b>226</b>	<b>1,145,342</b>	<b>279,635</b>

In the period under review, net premiums written amounted to €646.6 million (vs. €685.5 million at September 30, 2007), of which €639.1 thousand in class III (vs. €675.2 thousand at September 30, 2007).

## Commission income

€/000	Q3 2008	Q3 2007	Sept. 30, 2008	Sept. 30, 2007
Management, brokerage and consulting services	105,957	123,960	348,217	389,276
Collection and payment services	6,356	7,165	19,097	20,264
Loadings on investment contracts	891	2,132	3,932	9,503
Other services	5,804	2,566	19,088	17,917
<b>Total</b>	<b>119,008</b>	<b>135,823</b>	<b>390,334</b>	<b>436,960</b>

## Commission expense

€/000	Q3 2008	Q3 2007	Sept. 30, 2008	Sept. 30, 2007
Management, brokerage and consulting services	32,195	33,806	102,580	102,805
Collection and payment services	6,941	7,123	20,374	19,535
Loadings on investment contracts	326	559	1,276	3,658
Other services	4,250	6,125	17,481	24,098
<b>Total</b>	<b>43,712</b>	<b>47,613</b>	<b>141,711</b>	<b>150,096</b>

## Net income from financial instruments at fair value through profit

€/000	Q3 2008	Q3 2007	Sept. 30, 2008	Sept. 30, 2007
<b>Financial assets</b>				
Interest income and other investment income:				
- from financial assets held for trading	2,082	19,028	66,549	76,583
- from financial assets at fair value through profit or loss	42,007	43,741	121,843	154,468
Net income from financial assets held for trading	37,159	14,763	(18,198)	(6,912)
Net income from financial assets at fair value through profit or loss	(1,073,043)	(250,207)	(2,696,103)	(62,155)
<b>Financial liabilities</b>				
Interest expense and similar charges:				
- on financial liabilities held for trading	4,830	554	(20,126)	(22,500)
- on financial liabilities at fair value through profit or loss	(7,850)	(10,271)	(28,231)	(29,605)
Net income from financial liabilities held for trading	(20,345)	(12,062)	9,349	8,925
Net loss on financial liabilities at fair value through profit or loss	(101,682)	(39,991)	(119,503)	(50,780)
<b>Total</b>	<b>(1,116,842)</b>	<b>(234,445)</b>	<b>(2,684,420)</b>	<b>68,024</b>

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

€/000	Unrealised gains (A)	Realised trading profits (B)	Unrealised losses (C)	Realised losses (D)	Sept. 30/08 Net income [(A+B)-(C+D)]	Sept. 30/07 Net income
<b>Financial assets held for trading</b>						
Debt securities	9,034	7,409	(18,794)	(16,624)	(18,975)	(12,833)
Equities	-	76	(8)	(34)	34	113
Holdings in UCITS	150	4	(729)	(4)	(579)	961
<b>Other financial assets and liabilities: exchange differences</b>						
	-	-	-	-	72	112
<b>Financial derivatives:</b>						
Derivatives:						
- debt securities and interest rates	1,728	44,772	(3,182)	(42,367)	951	3,059
- equities and stock indices	-	-	-	-	-	4
- other	144,812	231	(144,729)	(15)	299	1,672
<b>Total</b>	<b>155,724</b>	<b>52,492</b>	<b>(167,442)</b>	<b>(59,044)</b>	<b>(18,198)</b>	<b>(6,912)</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	22,017	15,970	(1,086,172)	(27,899)	(1,076,084)
Holdings in UCITS	36,110	3,167	(1,198,229)	(461,067)	(1,620,019)
<b>Total</b>	<b>58,127</b>	<b>19,137</b>	<b>(2,284,401)</b>	<b>(488,966)</b>	<b>(2,696,103)</b>

### Investment income and expense

€/000	Q3 2008	Q3 2007	Sept. 30, 2008	Sept. 30, 2007
Interest income and other income	90,433	59,367	238,521	170,260
Realised gains	39	3,415	2,954	6,413
Unrealised gains	1,853	601	4,138	3,793
<b>Total income</b>	<b>92,325</b>	<b>63,383</b>	<b>245,613</b>	<b>180,466</b>
Interest expense and other charges	(50,813)	(36,959)	(144,955)	(105,429)
Realised losses	112	(144)	(2,962)	(303)
Unrealised losses	(3,456)	(1,534)	(9,016)	(6,215)
<b>Total expense</b>	<b>(54,157)</b>	<b>(38,637)</b>	<b>(156,933)</b>	<b>(111,947)</b>
<b>Total net investment income</b>	<b>38,168</b>	<b>24,746</b>	<b>88,680</b>	<b>68,519</b>
<b>Net investment income from</b>				
Investment property	113	124	117	1,556
Held-to-maturity investments	6,152	6,191	18,147	17,593
Available-for-sale financial assets	22,046	8,740	37,944	20,063
Loans and receivables	60,659	46,524	177,321	134,448
Financial liabilities	(50,802)	(36,833)	(144,849)	(105,141)
<b>Total net investment income</b>	<b>38,168</b>	<b>24,746</b>	<b>88,680</b>	<b>68,519</b>



**Net income from investment property**

€/000	Q3 2008	Q3 2007	Sept. 30, 2008	Sept. 30, 2007
Realised gains	-	202	-	1,749
Other income	142	59	268	137
Other expenses	(11)	(126)	(106)	(288)
Unrealised losses	(18)	(11)	(45)	(42)
<b>Total</b>	<b>113</b>	<b>124</b>	<b>117</b>	<b>1,556</b>

**Net income from investment property**

€/000	Q3 2008	Q3 2007	Sept. 30, 2008	Sept. 30, 2007
Interest income and other income	6,152	6,191	18,147	17,593
<b>Total</b>	<b>6,152</b>	<b>6,191</b>	<b>18,147</b>	<b>17,593</b>

**Net income from available-for-sale financial assets**

€/000	Q3 2008	Q3 2007	Sept. 30, 2008	Sept. 30, 2007
Interest income and other income	22,811	5,671	38,868	15,702
Realised gains	39	3,213	2,954	4,664
Realised losses	112	(144)	(2,962)	(303)
Unrealised losses	(916)	-	(916)	-
<b>Total</b>	<b>22,046</b>	<b>8,740</b>	<b>37,944</b>	<b>20,063</b>

**Net income from loans and receivables**

€/000	Q3 2008	Q3 2007	Sept. 30, 2008	Sept. 30, 2007
Interest income and other income	61,328	47,446	181,238	136,828
Unrealised gains	1,853	601	4,138	3,793
Unrealised losses	(2,522)	(1,523)	(8,055)	(6,173)
<b>Total</b>	<b>60,659</b>	<b>46,524</b>	<b>177,321</b>	<b>134,448</b>

**Interest income and other income**

€/000	Q3 2008	Q3 2007	Sept. 30, 2008	Sept. 30, 2007
Loans to banks	27,935	26,278	95,516	77,099
Loans to customers	32,753	20,681	84,269	58,822
Other assets	640	487	1,453	907
<b>Total</b>	<b>61,328</b>	<b>47,446</b>	<b>181,238</b>	<b>136,828</b>

**Financial liabilities**

€/000	Q3 2008	Q3 2007	Sept. 30, 2008	Sept. 30, 2007
Interest expense and other expenses	(50,802)	(36,833)	(144,849)	(105,141)
<b>Total</b>	<b>(50,802)</b>	<b>(36,833)</b>	<b>(144,849)</b>	<b>(105,141)</b>

### Interest expense and other expenses

€/000	Q3 2008	Q3 2007	Sept. 30, 2008	Sept. 30, 2007
Due to Banks	17,693	10,785	49,632	33,896
Due to customers	27,420	21,833	78,624	59,676
Other liabilities	5,689	4,215	16,593	11,569
<b>Total</b>	<b>50,802</b>	<b>36,833</b>	<b>144,849</b>	<b>105,141</b>

### Operating expenses

€/000	Q3 2008	Q3 2007	Sept. 30, 2008	Sept. 30, 2007
Commissions and other expenses relating to the acquisition of insurance contracts	18,854	25,184	63,818	90,224
Investment management expenses	97	33	296	142
<b>Other administrative expenses</b>				
Employees	30,369	28,363	98,339	88,982
Advertising and promotions	2,805	7,062	11,671	18,865
Advisory services and collaborations	7,325	7,645	19,938	23,448
IT systems	8,854	8,545	27,521	26,656
Miscellaneous communications services	5,398	5,069	16,744	16,403
Other general expenses	13,477	13,739	41,465	37,026
<b>Total other administrative expenses</b>	<b>68,228</b>	<b>70,423</b>	<b>215,678</b>	<b>211,380</b>
<b>Total</b>	<b>87,179</b>	<b>95,640</b>	<b>279,792</b>	<b>301,746</b>

### Other expenses

€/000	Q3 2008	Q3 2007	Sept. 30, 2008	Sept. 30, 2007
Employees	906	866	3,224	3,468
Amortisation of intangible assets	2,732	3,230	6,782	12,220
Depreciation of investment property and other assets	1,917	1,843	5,841	5,625
Provisions for risks and charges	5,719	2,277	10,843	10,047
Other miscellaneous expenses	4,800	4,364	14,314	17,168
<b>Total</b>	<b>16,074</b>	<b>12,580</b>	<b>41,004</b>	<b>48,528</b>

### Provisions for risks and charges

€/000	Q3 2008	Q3 2007	Sept. 30, 2008	Sept. 30, 2007
Provision for sales network benefits	1,625	1,017	3,392	3,188
Provision for risks related to financial advisors' illegal actions	3,159	1,702	4,336	3,028
Other provisions for risks and charges	935	(442)	3,115	3,831
<b>Total</b>	<b>5,719</b>	<b>2,277</b>	<b>10,843</b>	<b>10,047</b>

## Income tax

€/000	Q3 2008	Q3 2007	Sept. 30, 2008	Sept. 30, 2007
Current tax	(12,608)	(18,562)	(35,681)	(46,065)
Deferred tax	901	2,805	5,496	301
<b>Total</b>	<b>(11,707)</b>	<b>(15,757)</b>	<b>(30,185)</b>	<b>(45,764)</b>

## SEGMENT REPORTING

This section presents consolidated financial data reported by segment.

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. Segment reporting of consolidated financial data for the period enables readers and users to assess the quality and sustainability over time of the financial results generated by the Mediolanum Group in its different business segments.

### Note on the method applied to segment reporting

In compliance with IAS 14, segment reporting presents consolidated income statement data by business segment (primary format), i.e. Life Insurance, Banking, Asset Management and Other, and then by geographic segment (secondary segment) by reference to the Group markets, i.e. Domestic market and Foreign market. Financial information is reported according to the management reporting system of the Mediolanum Group and is consistent with the information disclosed to the market and to the various stakeholders.

For the purpose of segment reporting income and expense items were directly assigned to the various segments by product type. Indirect costs and other residual items were spread over the various segments applying allocation policies.

## INCOME STATEMENT AT SEPTEMBER 30, 2008

### Segment Reporting - consolidated account

€/000	LIFE INSURANCE			ASSET MANAGEMENT		
	2008	2007	delta	2008	2007	delta
<b>Net premiums written</b>	2,150,808	2,490,557	(339,749)	-	-	-
Amounts paid and change in technical reserves	(2,067,113)	(2,358,816)	291,703	-	-	-
Life revenues ex-commission	83,695	131,741	(48,046)	-	-	-
Entry fees	-	-	-	43,113	39,640	3,473
Management fees	124,285	129,866	(5,581)	97,874	122,737	(24,863)
Performance fees	24,442	29,333	(4,891)	21,504	25,059	(3,555)
Banking service fees	-	-	-	375	824	(449)
Other fees	4,023	10,702	(6,679)	18,124	20,876	(2,752)
<b>Total commission income</b>	152,750	169,901	(17,151)	180,990	209,136	(28,146)
Interest income and similar income	21,441	20,466	975	3,539	3,464	75
Interest expense and similar charges	(3,381)	(3,459)	78	(52)	(101)	49
Net income on investments at fair value	(15,858)	(2,984)	(12,874)	(35)	75	(110)
<b>Net financial income</b>	2,202	14,023	(11,821)	3,452	3,438	14
Realized profit on other investment	(1,018)	1,459	(2,477)	-	122	(122)
Net impairment of financial investments	(916)	-	(916)	-	-	-
<b>Net income on other investments</b>	(1,934)	1,459	(3,393)	-	122	(122)
Other revenues	10,315	12,610	(2,295)	206	134	72
<b>TOTAL REVENUES</b>	247,028	329,734	(82,706)	184,648	212,830	(28,182)
Acquisition costs & other commission expenses	(92,099)	(116,656)	24,557	(62,813)	(75,690)	12,877
G&A expenses	(76,759)	(79,191)	2,432	(56,679)	(58,877)	2,198
Amortisation and depreciation	(3,269)	(6,043)	2,774	(2,727)	(3,471)	744
Provisions for risks and charges	(5,592)	(5,512)	(80)	(3,739)	(2,939)	(800)
<b>TOTAL COST</b>	(177,719)	(207,402)	29,683	(125,958)	(140,977)	15,019
<b>PROFIT BEFORE TAX</b>	69,309	122,332	(53,023)	58,690	71,853	(13,163)
Income tax	-	-	-	-	-	-
<b>NET PROFIT</b>	-	-	-	-	-	-

BANKING			OTHER			consolidation adjustments			TOTAL		
2008	2007	delta	2008	2007	delta	2008	2007	delta	2008	2007	delta
-	-	-	-	-	-	-	-	-	2,150,808	2,490,557	(339,749)
-	-	-	-	-	-	-	-	-	(2,067,113)	(2,358,816)	291,703
-	-	-	-	-	-	-	-	-	83,695	131,741	(48,046)
-	-	-	-	-	-	-	-	-	43,113	39,640	3,473
-	-	-	-	-	-	(87)	-	(87)	222,072	252,603	(30,531)
-	-	-	-	-	-	-	-	-	45,946	54,392	(8,446)
53,922	55,873	(1,951)	317	-	317	(546)	(668)	122	54,068	56,029	(1,961)
265	362	(97)	2,732	2,712	20	(9)	(356)	347	25,135	34,296	(9,161)
54,187	56,235	(2,048)	3,049	2,712	337	(642)	(1,024)	382	390,334	436,960	(46,626)
269,773	194,649	75,124	2,540	1,969	571	(18,609)	(21,942)	3,333	278,684	198,606	80,078
(166,472)	(113,437)	(53,035)	(13,690)	(10,231)	(3,459)	18,610	21,943	(3,333)	(164,985)	(105,285)	(59,700)
7,050	4,990	2,060	(8)	5	(13)	1	-	1	(8,850)	2,086	(10,936)
110,351	86,202	24,149	(11,158)	(8,257)	(2,901)	2	1	1	104,849	95,407	9,442
1,947	5,356	(3,409)	4,499	9,354	(4,855)	-	-	-	5,428	16,291	(10,863)
(3,911)	(2,483)	(1,428)	(8)	-	(8)	-	-	-	(4,835)	(2,483)	(2,352)
(1,964)	2,873	(4,837)	4,491	9,354	(4,863)	-	-	-	593	13,808	(13,215)
4,513	4,589	(76)	1,609	2,993	(1,384)	(654)	(692)	38	15,989	19,634	(3,645)
167,087	149,899	17,188	(2,009)	6,802	(8,811)	(1,294)	(1,715)	421	595,460	697,550	(102,090)
(42,328)	(40,097)	(2,231)	(3,989)	(2,315)	(1,674)	103	360	(257)	(201,126)	(234,398)	33,272
(103,574)	(96,004)	(7,570)	(1,298)	(1,548)	250	1,191	1,355	(164)	(237,119)	(234,265)	(2,854)
(6,601)	(8,263)	1,662	(71)	(110)	39	-	-	-	(12,668)	(17,887)	5,219
(1,259)	(1,485)	226	(253)	(111)	(142)	-	-	-	(10,843)	(10,047)	(796)
(153,762)	(145,849)	(7,913)	(5,611)	(4,084)	(1,527)	1,294	1,715	(421)	(461,756)	(496,597)	34,841
13,325	4,050	9,275	(7,620)	2,718	(10,338)	-	-	-	133,704	200,953	(67,249)
-	-	-	-	-	-	-	-	-	(30,185)	(45,764)	15,579
-	-	-	-	-	-	-	-	-	103,519	155,189	(51,670)

## ● Life insurance business segment

€/000	Sept. 30, 2008	Sept. 30, 2007	Q3 2008	Q3 2007
Net premiums written	2,150,808	2,490,557	646,630	685,513
Reserves	(2,067,113)	(2,358,816)	(634,199)	(655,238)
<b>Net life insurance revenues (ex.commissions)</b>	<b>83,695</b>	<b>131,741</b>	<b>12,431</b>	<b>30,275</b>
Commission income	152,750	169,901	48,549	55,190
Net financial income	2,202	14,023	12,110	9,021
Net income on other investments	(1,934)	1,459	(582)	23
Other revenues	10,315	12,610	3,538	4,622
<b>TOTAL REVENUES</b>	<b>247,028</b>	<b>329,734</b>	<b>76,046</b>	<b>99,131</b>
Commission expenses & acquisition costs	(92,099)	(116,656)	(26,254)	(33,167)
General and administrative expenses	(76,759)	(79,191)	(25,292)	(24,577)
Amortisation, depreciation and provisions	(8,861)	(11,555)	(4,042)	(2,959)
<b>TOTAL COSTS</b>	<b>(177,719)</b>	<b>(207,402)</b>	<b>(55,588)</b>	<b>(60,703)</b>
<b>PROFIT BEFORE TAX</b>	<b>69,309</b>	<b>122,332</b>	<b>20,458</b>	<b>38,428</b>

In the third quarter **net life insurance revenues** before acquisition costs amounted to €12.4 million versus €30.3 million in the same period of the prior year. The decline was largely due to lower loadings earned on products sold in the period under review and to the decline in technical reserves owed to the decrease in the value of underlying instruments.

In the third quarter **commission income** amounted to €48.5 million, declining €6.6 million from €55.2 million in the third quarter of the prior year, largely due to the lower level of performance fees earned on life business in the period under review.

In the third quarter **net financial income** amounted to €12.1 million versus €9 million in the same period of prior year. For the nine months ended September 30, 2008 net financial income stood at €2.2 million versus €14 million in the same period of the prior year. In 2008 net financial income was largely affected by losses resulting from the fair value measurement of financial assets at September 30, 2008.

In the period under review, **costs** declined from €60.7 million in the prior year to €55.6 million at September 30, 2008. The decline was largely in connection with commission expenses decreasing from €33.2 million to €26.3 million due to lower sales volumes.

## ● Asset management business segment

€/000	Sept. 30, 2008	Sept. 30, 2007	Q3 2008	Q3 2007
Entry fees	43,113	39,640	11,829	11,219
Management fees	97,874	122,737	31,357	39,223
Performance fees	21,504	25,059	6,079	5,689
Banking service fees	375	824	85	(218)
Other fees	18,124	20,876	2,951	6,231
<b>Total commission income</b>	<b>180,990</b>	<b>209,136</b>	<b>52,301</b>	<b>62,144</b>
Net financial income	3,452	3,438	1,282	1,551
Net income on other investments	-	122	-	(989)
Other revenues	206	134	11	(54)
<b>TOTAL REVENUES</b>	<b>184,648</b>	<b>212,830</b>	<b>53,594</b>	<b>62,652</b>
Commission expenses & acquisition costs	(62,813)	(75,690)	(19,450)	(25,010)
General and administrative expenses	(56,679)	(58,877)	(14,944)	(17,811)
Amortisation, depreciation and provisions	(6,466)	(6,410)	(2,889)	(1,950)
<b>TOTAL COSTS</b>	<b>(125,958)</b>	<b>(140,977)</b>	<b>(37,283)</b>	<b>(44,771)</b>
<b>PROFIT BEFORE TAX</b>	<b>58,690</b>	<b>71,853</b>	<b>16,311</b>	<b>17,881</b>

In the third quarter 2008, **commission income** amounted to €52.3 million down €9.8 million from €62.1 million in the same period of the prior year. The decline in commission income was largely due to the negative performance of financial markets in the current year, which entailed lower management fees by €7.9 million due to the decreased value of assets under management.

In the third quarter 2008, **costs** in this business segment amounted to €37.3 million versus €44.8 million in the same period of the prior year. The decrease was largely due to lower **commission expenses** which declined from €25 million in the prior year to €19.4 million at September 30, 2008, in connection with lower commission income earned in the quarter under review. The ratio of commission expenses to commission income (ex. performance fees) was 42.1% versus 44.33 % in the third quarter 2007.

## Banking Business Segment

€/000	Sept. 30, 2008	Sept. 30, 2007	Q3 2008	Q3 2007
<b>Commission Income</b>	54,187	56,235	17,448	17,979
Interest income and similar income	269,773	194,649	80,065	67,795
Interest expense and similar charges	(166,472)	(113,437)	(45,520)	(38,630)
Net income on investments at fair value	7,050	4,990	10,588	(579)
<b>Net financial income</b>	110,351	86,202	45,133	28,586
<b>Net income on other investments</b>	(1,964)	2,873	(649)	3,221
<b>Other revenues</b>	4,513	4,589	1,231	1,109
<b>TOTAL REVENUES</b>	167,087	149,899	63,163	50,895
Commission expenses & acquisition costs	(42,328)	(40,097)	(12,735)	(12,795)
General and administrative expenses	(103,574)	(96,004)	(34,665)	(33,771)
Amortisation, depreciation and provisions	(7,860)	(9,748)	(3,245)	(2,358)
<b>TOTAL COSTS</b>	(153,762)	(145,849)	(50,645)	(48,924)
<b>PROFIT BEFORE TAX</b>	13,325	4,050	12,518	1,971

In the third quarter 2008, **net financial income** amounted to €45.1 million, up €16.5 million from €28.6 million in the third quarter 2007. Although adversely impacted by the losses arising on fair value measurement of securities at the end of the period under review, net financial income rose thanks to greater loans extended to retail and institutional customers, wider spreads as a result of interest rate hikes and significant gains on trading, despite the severe financial crisis.

At September 30, 2008, **costs** amounted to €50.6 million versus €48.9 million in the prior year.





## INCOME STATEMENT AT SEPTEMBER 30, 2008

### Segment Reporting - Domestic Market (Italy)

€/000	LIFE INSURANCE			ASSET MANAGEMENT		
	2008	2007	delta	2008	2007	delta
Net premiums written	2,094,936	2,376,930	(281,994)	-	-	-
Amounts paid and change in technical reserves	(2,013,762)	(2,260,678)	246,916	-	-	-
Life revenues ex-commission	81,174	116,252	(35,078)	-	-	-
Entry fees	-	-	-	40,047	34,451	5,596
Management fees	124,285	129,866	(5,581)	86,893	109,614	(22,721)
Performance fees	24,442	29,333	(4,891)	20,670	22,600	(1,930)
Banking service fees	-	-	-	-	-	-
Other fees	2,963	6,659	(3,696)	17,646	20,155	(2,509)
<b>Total commission income</b>	<b>151,690</b>	<b>165,858</b>	<b>(14,168)</b>	<b>165,256</b>	<b>186,820</b>	<b>(21,564)</b>
Interest income and similar income	21,304	19,589	1,715	2,974	3,004	(30)
Interest expense and similar charges	(3,369)	(3,438)	69	(51)	(97)	46
Net income on investments at fair value	(14,209)	(2,984)	(11,225)	(6)	2	(8)
<b>Net financial income</b>	<b>3,726</b>	<b>13,167</b>	<b>(9,441)</b>	<b>2,917</b>	<b>2,909</b>	<b>8</b>
Realized profit on other investment	(1,018)	1,459	(2,477)	-	324	(324)
Net impairment of financial investments	-	-	-	-	-	-
<b>Net income on other investments</b>	<b>(1,018)</b>	<b>1,459</b>	<b>(2,477)</b>	<b>-</b>	<b>324</b>	<b>(324)</b>
Other revenues	10,313	12,610	(2,297)	199	121	78
<b>TOTAL REVENUES</b>	<b>245,885</b>	<b>309,346</b>	<b>(63,461)</b>	<b>168,372</b>	<b>190,174</b>	<b>(21,802)</b>
Acquisition costs & other commission expenses	(87,797)	(108,303)	20,506	(56,970)	(65,893)	8,923
G&A expenses	(72,677)	(75,417)	2,740	(48,169)	(52,023)	3,854
Amortisation and depreciation	(3,050)	(4,721)	1,671	(2,346)	(2,933)	587
Provisions for risks and charges	(5,592)	(5,512)	(80)	(3,739)	(2,919)	(820)
<b>TOTAL COST</b>	<b>(169,116)</b>	<b>(193,953)</b>	<b>24,837</b>	<b>(111,224)</b>	<b>(123,768)</b>	<b>12,544</b>
<b>PROFIT BEFORE TAX</b>	<b>76,769</b>	<b>115,393</b>	<b>(38,624)</b>	<b>57,148</b>	<b>66,406</b>	<b>(9,258)</b>

BANKING			OTHER			consolidation adjustments			TOTAL		
2008	2007	delta	2008	2007	delta	2008	2007	delta	2008	2007	delta
-	-	-	-	-	-	-	-	-	2,094,936	2,376,930	(281,994)
-	-	-	-	-	-	-	-	-	(2,013,762)	(2,260,678)	246,916
-	-	-	-	-	-	-	-	-	81,174	116,252	(35,078)
-	-	-	-	-	-	-	-	-	40,047	34,451	5,596
-	-	-	-	-	-	-	-	-	211,178	239,480	(28,302)
-	-	-	-	-	-	-	-	-	45,112	51,933	(6,821)
36,141	32,815	3,326	317	-	317	(541)	(663)	122	35,917	32,152	3,765
8	24	(16)	2,732	2,712	20	-	-	-	23,349	29,550	(6,201)
36,149	32,839	3,310	3,049	2,712	337	(541)	(663)	122	355,603	387,566	(31,963)
249,840	176,056	73,784	2,187	1,816	371	(13,458)	(15,549)	2,091	262,847	184,916	77,931
(155,667)	(103,503)	(52,164)	(13,690)	(10,222)	(3,468)	13,458	15,549	(2,091)	(159,319)	(101,711)	(57,608)
7,099	5,315	1,784	(8)	5	(13)	-	-	-	(7,124)	2,338	(9,462)
101,272	77,868	23,404	(11,511)	(8,401)	(3,110)	-	-	-	96,404	85,543	10,861
1,680	4,822	(3,142)	4,499	8,257	(3,758)	-	-	-	5,161	14,862	(9,701)
(4,573)	(2,742)	(1,831)	(8)	-	(8)	-	-	-	(4,581)	(2,742)	(1,839)
(2,893)	2,080	(4,973)	4,491	8,257	(3,766)	-	-	-	580	12,120	(11,540)
3,460	3,632	(172)	1,522	2,899	(1,377)	-	-	-	15,494	19,262	(3,768)
137,988	116,419	21,569	(2,449)	5,467	(7,916)	(541)	(663)	122	549,255	620,743	(71,488)
(27,776)	(20,899)	(6,877)	(3,987)	(2,314)	(1,673)	-	-	-	(176,530)	(197,409)	20,879
(84,871)	(73,888)	(10,983)	(1,010)	(1,469)	459	541	663	(122)	(206,186)	(202,134)	(4,052)
(5,487)	(7,071)	1,584	(71)	(110)	39	-	-	-	(10,954)	(14,835)	3,881
(1,132)	(735)	(397)	(253)	(111)	(142)	-	-	-	(10,716)	(9,277)	(1,439)
(119,266)	(102,593)	(16,673)	(5,321)	(4,004)	(1,317)	541	663	(122)	(404,386)	(423,655)	19,269
18,722	13,826	4,896	(7,770)	1,463	(9,233)	-	-	-	144,869	197,088	(52,219)

## INCOME STATEMENT AT SEPTEMBER 30, 2008

### Segment Reporting - Foreign Market

€/000	LIFE INSURANCE			ASSET MANAGEMENT		
	2008	2007	delta	2008	2007	delta
Net premiums written	55,872	113,627	(57,755)	-	-	-
Amounts paid and change in technical reserves	(53,351)	(98,138)	44,787	-	-	-
Life revenues ex-commission	2,521	15,489	(12,968)	-	-	-
Entry fees	-	-	-	3,066	5,189	(2,123)
Management fees	-	-	-	10,981	13,123	(2,142)
Performance fees	-	-	-	834	2,459	(1,625)
Banking service fees	-	-	-	375	824	(449)
Other fees	1,060	4,043	(2,983)	478	721	(243)
<b>Total commission income</b>	<b>1,060</b>	<b>4,043</b>	<b>(2,983)</b>	<b>15,734</b>	<b>22,316</b>	<b>(6,582)</b>
Interest income and similar income	137	877	(740)	565	460	105
Interest expense and similar charges	(12)	(21)	9	(1)	(4)	3
Net income on investments at fair value	(1,649)	-	(1,649)	(29)	73	(102)
<b>Net financial income</b>	<b>(1,524)</b>	<b>856</b>	<b>(2,380)</b>	<b>535</b>	<b>529</b>	<b>6</b>
Realized profit on other investment	-	-	-	-	(202)	202
Net impairment of financial investments	(916)	-	(916)	-	-	-
<b>Net income on other investments</b>	<b>(916)</b>	<b>-</b>	<b>(916)</b>	<b>-</b>	<b>(202)</b>	<b>202</b>
Other revenues	2	-	2	7	13	(6)
<b>TOTAL REVENUES</b>	<b>1,143</b>	<b>20,388</b>	<b>(19,245)</b>	<b>16,276</b>	<b>22,656</b>	<b>(6,380)</b>
Acquisition costs & other commission expenses	(4,302)	(8,353)	4,051	(5,843)	(9,797)	3,954
G&A expenses	(4,082)	(3,774)	(308)	(8,510)	(6,854)	(1,656)
Amortisation and depreciation	(219)	(1,322)	1,103	(381)	(538)	157
Provisions for risks and charges	-	-	-	-	(20)	20
<b>TOTAL COST</b>	<b>(8,603)</b>	<b>(13,449)</b>	<b>4,846</b>	<b>(14,734)</b>	<b>(17,209)</b>	<b>2,475</b>
<b>PROFIT BEFORE TAX</b>	<b>(7,460)</b>	<b>6,939</b>	<b>(14,399)</b>	<b>1,542</b>	<b>5,447</b>	<b>(3,905)</b>

BANKING			OTHER			consolidation adjustments			TOTAL		
2008	2007	delta	2008	2007	delta	2008	2007	delta	2008	2007	delta
-	-	-	-	-	-	-	-	-	55,872	113,627	(57,755)
-	-	-	-	-	-	-	-	-	(53,351)	(98,138)	44,787
-	-	-	-	-	-	-	-	-	2,521	15,489	(12,968)
-	-	-	-	-	-	-	-	-	3,066	5,189	(2,123)
-	-	-	-	-	-	-	-	-	10,981	13,123	(2,142)
-	-	-	-	-	-	-	-	-	834	2,459	(1,625)
17,781	23,058	(5,277)	-	-	-	-	-	-	18,156	23,882	(5,726)
257	338	(81)	-	-	-	(9)	-	(9)	1,786	5,102	(3,316)
18,038	23,396	(5,358)	-	-	-	(9)	-	(9)	34,823	49,755	(14,932)
19,933	18,593	1,340	353	153	200	-	-	-	20,988	20,083	905
(10,805)	(9,934)	(871)	-	(9)	9	-	-	-	(10,818)	(9,968)	(850)
(49)	(325)	276	-	-	-	-	-	-	(1,727)	(252)	(1,475)
9,079	8,334	745	353	144	209	-	-	-	8,443	9,863	(1,420)
267	534	(267)	-	1,097	(1,097)	-	-	-	267	1,429	(1,162)
662	259	403	-	-	-	-	-	-	(254)	259	(513)
929	793	136	-	1,097	(1,097)	-	-	-	13	1,688	(1,675)
1,053	957	96	87	94	(7)	(135)	(115)	(20)	1,014	949	65
29,099	33,480	(4,381)	440	1,335	(895)	(144)	(115)	(29)	46,814	77,744	(30,930)
(14,552)	(19,198)	4,646	(2)	(1)	(1)	9	-	9	(24,690)	(37,349)	12,659
(18,703)	(22,116)	3,413	(288)	(79)	(209)	135	115	20	(31,448)	(32,708)	1,260
(1,114)	(1,192)	78	-	-	-	-	-	-	(1,714)	(3,052)	1,338
(127)	(750)	623	-	-	-	-	-	-	(127)	(770)	643
(34,496)	(43,256)	8,760	(290)	(80)	(210)	144	115	29	(57,979)	(73,879)	15,900
(5,397)	(9,776)	4,379	150	1,255	(1,105)	-	-	-	(11,165)	3,865	(15,030)



MEDIOLANUM S.p.A.

**Interim  
dividend  
2008**

## Directors' Report pursuant to art. 2433 - bis Italian Civil Code

This report was prepared for the purpose of voting on the distribution of a 2008 interim dividend in accordance with art. 2433 – bis of the Italian Civil Code. Mediolanum S.p.A. meets all the requirements of said article of the Italian Civil Code for the distribution of an interim dividend for the current year, specifically:

- As required by the law, the company's financial statements are audited by independent auditors, namely Reconta Ernst & Young S.p.A.;
- Article 31 of the company's Bylaws allows the distribution of interim dividends;
- In their report, the independent auditors stated their positive opinion on the 2007 annual financial statements;
- No losses were reported by the company in its financial statements neither for financial year ended December 31, 2007, nor for previous financial years

Article 2433 – bis, paragraph 4, of the Italian Civil Code requires that interim dividends do not exceed the lower of the net profit earned since the end of the prior year less the amount that under the Bylaws or regulatory requirements is to be appropriated to reserves, and distributable reserves.

As disclosed in the section "Financial position, result of operations and cash-flows of Mediolanum S.p.A. and of the Mediolanum Group" below, in assessing the limit above, the €46,205 thousand interim dividend from the subsidiaries Mediolanum International Funds Ltd and Mediolanum Asset Management Ltd resolved on October 30, 2008 and received on November 10, 2008, was added to net profit at September 30, 2008, as reported in the Interim Report and Accounts at September 30, 2008.

The assessment of the limit above was based on the following financial data:

€/000

<b>Mediolanum S.p.A. – Net profit at September 30, 2008 as reported in Interim Report and Accounts at September 30, 2008</b>	124,874
2008 Interim dividend after tax (received)	45,570
<b>Pro forma net profit (a)</b>	<b>170,444</b>
<b>Net profit to be appropriated to the Legal Reserve (b) (*)</b>	<b>-</b>
<b>Distributable pro forma net profit (a-b)</b>	<b>170,444</b>

€/000

<b>Distributable reserves at September 30, 2008</b>	
Equity reserves (Share Premium Account)	51,959
Retained earnings (Extraordinary Reserve – FTA Reserve)	226,259
<b>Distributable reserves at September 30, 2008</b>	<b>278,218</b>
<b>Distributable Interim Dividend</b>	<b>170,444</b>

(\*) The legal Reserve is fully provided and there are no other statutory reserves.

Therefore, the 2008 interim dividend shall not exceed €170,444 thousand.



The calculation of the proposed interim dividend was based on the balance sheet, income statement and cash flow statement of Mediolanum S.p.A. at September 30, 2008 prepared in accordance with international accounting and financial reporting standards IAS/IFRS. Those accounting and financial reporting standards have been applied by the Company since January 1, 2005 and will therefore be applied also in the preparation of the company's 2008 annual financial statements.

In consideration of the foregoing and in the light of the information set out in the section "Financial position, result of operations and cash-flows of Mediolanum S.p.A. and of the Mediolanum Group" below, the Board of Directors recommends the distribution of an interim dividend of 8.5 eurocents per share outstanding on November 27, 2008 (the ex-dividend date), except for treasury shares held after the close of business on November 24, 2008.

Considering that there are 730,096,109 outstanding shares, interim dividend totals €62,058,169.27. However, since the majority shareholders Doris Group and Fininvest, that in the aggregate own 559,033,862 shares, waived their rights to receive the interim dividend, the total interim dividend that will be distributed amounts to €14,540,291.00.

### **Financial position, result of operations and cash-flows of Mediolanum S.p.A. and of the Mediolanum Group**

In accordance with art. 2433 – bis, paragraph 5, of the Italian Civil Code, Mediolanum S.p.A. prepared pro forma accounts applying the same accounting standards and policies adopted in the preparation of the Interim Report and Accounts at September 30, 2008. In the pro forma accounts the interim dividend received from subsidiaries on November 10, 2008 was added to net profit as reported at September 30, 2008. After September 30, 2008 there were no other events which had a material impact on the financial position, result of operations and cash-flows of the Company.

The pro forma accounts show pro forma net profit of €170,444 thousand.

'Pro forma cash and cash equivalents' at September 30, 2008 (which includes exclusively the aforesaid interim dividend received from subsidiaries) is as follows:

€/000

Net cash at September 30, 2008	19,564
Interim dividend received	46,205
<b>Pro forma net cash</b>	<b>65,769</b>

Considering that Mediolanum S.p.A. is a Holding Company, readers are referred to the Interim Report and Accounts at September 30, 2008, as approved by the Board of Directors today, for full details on the performance of the Mediolanum Group in the period.

The strength of Mediolanum S.p.A. and of the Mediolanum Group, as indicated by their financial position and result of operations as reported in the Interim Report and Accounts at September 30, 2008, as of today enables the distribution of an interim dividend.

The Company and the Group it heads are expected to report further earnings growth for the full year 2008.

## **Independent auditors' opinion**

The independent auditors Reconta Ernst & Young S.p.A. (the auditors responsible for auditing the company's accounts under art. 155 of Legislative Decree No. 58 of February 24, 1998) expressed their opinion on this report and the accounts attached hereto pursuant to article 2433 – bis, paragraph 5, of the Italian Civil Code.

Basiglio, November 12, 2008

For the Board of Directors  
The Chairman  
(*Roberto Ruozzi*)

# Balance sheet

## Assets

€	Sept. 30, 2008	Dec. 31, 2007
<b>Non current assets</b>		
Fixed assets		
Intangible assets	13,352	30,242
Tangible assets	155,876	229,934
Investments in subsidiaries and associates	610,275,472	550,750,434
Available-for-sale financial assets	226,222,976	327,995,622
<b>Total non current assets</b>	<b>836,667,675</b>	<b>879,006,232</b>
<b>Current assets</b>		
Receivables from		
Subsidiaries	733,924	758,478
Related parties	11,920	11,986
Others	13,766,529	15,495,370
<b>Total - Receivables</b>	<b>14,512,373</b>	<b>16,265,834</b>
Cash and cash equivalents		
Bank deposits	19,564,225	16,998,441
Cash	13,125	12,187
<b>Total - Cash and cash equivalents</b>	<b>19,577,350</b>	<b>17,010,628</b>
Tax Assets		
Current	11,537,351	67,279,305
Deferred	699,179	94,427
<b>Total - Tax Assets</b>	<b>12,236,531</b>	<b>67,373,732</b>
Other assets	155,466	60,313
<b>TOTAL CURRENT ASSETS</b>	<b>46,481,720</b>	<b>100,710,507</b>
<b>TOTAL ASSETS</b>	<b>883,149,395</b>	<b>979,716,739</b>

## Shareholders' equity and liabilities

€	Sept. 30, 2008	Dec. 31, 2007
<b>Shareholders' equity and liabilities</b>		
<b>Capital and reserves</b>		
Share capital	73,009,611	72,947,593
Treasury shares	(2,045,116)	(2,045,116)
Share premium account	51,959,505	51,277,388
Retained earnings	245,667,186	161,436,788
Valuation reserve for AFS financial instruments	(42,542,038)	57,831,234
Net profit (loss) for the period	124,874,776	167,564,088
<b>Total - Capital and reserves</b>	<b>450,923,924</b>	<b>509,011,975</b>
<b>Non current liabilities</b>		
Completion-of-service entitlements	1,187,011	1,225,350
<b>Total - Non current liabilities</b>	<b>1,187,011</b>	<b>1,225,350</b>
<b>Liabilities</b>		
Due to banks	415,681,101	375,669,654
Other financial liabilities at amortised cost	-	13,620,518
Due to suppliers	643,550	779,934
Other payables	1,544,746	2,014,270
<b>Tax liabilities</b>		
Current	10,493,828	60,517,490
Deferred	21,597	834,896
<b>Other liabilities</b>	<b>2,653,638</b>	<b>16,042,652</b>
<b>Total - Current liabilities</b>	<b>431,038,460</b>	<b>469,479,414</b>
<b>TOTAL LIABILITIES</b>	<b>432,225,471</b>	<b>470,704,764</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>883,149,395</b>	<b>979,716,739</b>

# Income Statement

€	Sept. 30, 2008	Dec. 31, 2007
Interest income and similar income	1,728,847	1,742,027
Interest expense and similar charges	(13,833,655)	(10,430,619)
Gains/losses from trading	-	429
Income from equity investments		
dividends from subsidiaries	121,365,444	123,693,073
gains on sale of equity investments	25,204,040	12,035
Income from other financial instruments		
dividends from available-for-sale financial assets	442,632	453,094
gains from available-for-sale financial assets	-	-
Impairment		
equity investments	(1,180,024)	(700,000)
Other income	1,069,504	650,531
Staff costs	(5,679,424)	(4,962,653)
Other administrative expenses	(4,505,268)	(5,642,049)
Other expenses		
losses on disposal of property, plant and equipment	-	(11,924)
other expenses	(133,340)	(3,360,489)
Amortisation and depreciation		
intangible assets	(16,890)	(72,955)
tangible assets	(75,347)	(155,176)
Tax expense		
Current	469,580	5,312,326
Deferred	18,678	(52,855)
Total tax expense	488,258	5,259,471
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>	<b>124,874,776</b>	<b>106,474,795</b>

## Statement of changes in shareholders' equity

€	Balance at Jan 1, 2007	Appropriation of prior year's profit	
		Reserves	Dividends and other
Share capital	72,883,532	-	-
Share premium account	50,484,670	-	-
Reserves :			
a) retained earnings	112,648,114	109,968,185	-
b) other	-	-	-
Valuation reserves:			
a) AFS fin. instruments	120,485,331	-	-
Treasury shares	(2,045,116)	-	-
Net profit (loss)	193,739,971	(109,968,185)	(83,771,786)
<b>Shareholders' equity</b>	<b>548,196,502</b>	<b>-</b>	<b>(83,771,786)</b>

€	Balance at Jan 1, 2008	Appropriation of prior year's profit	
		Reserves	Dividends and other
Share capital	72,947,593	-	-
Share premium account	51,277,388	-	-
Reserves:			
a) retained earnings	161,436,788	83,718,631	-
b) other	-	-	-
Valuation reserves:			
a) AFS fin. instruments	57,831,234	-	-
Treasury shares	(2,045,116)	-	-
Net profit (loss)	167,564,088	(83,718,631)	(83,845,457)
<b>Shareholders' equity</b>	<b>509,011,975</b>	<b>-</b>	<b>(83,845,457)</b>

Movements in the year							
Shareholders' Equity						Net profit for the year Dec. 31, 2007	Shareholders' equity at Dec. 31, 2007
Change in reserves	Share issues	Purchase of treasury shares	Extraordinary dividend distribution	Change in equity instruments	Stock options		
-	64,061	-	-	-	-	-	72,947,593
-	792,718	-	-	-	-	-	51,277,388
-	-	-	(61,972,729)	-	793,218	-	161,436,788
-	-	-	-	-	-	-	-
Total							
(62,654,097)	-	-	-	-	-	-	57,831,234
-	-	-	-	-	-	-	(2,045,116)
						167,564,088	167,564,088
(62,654,097)	856,779	-	(61,972,729)	-	793,218	167,564,088	509,011,975

Movements in the year							
Shareholders' Equity						Net profit for the year Sept. 30, 2008	Shareholders' equity at Sept. 30, 2007
Change in reserves	Share issues	Purchase of treasury shares	Extraordinary dividend distribution	Change in equity instruments	Stock options		
-	62,018	-	-	-	-	-	73,009,611
-	682,117	-	-	-	-	-	51,959,505
-	-	-	-	-	511,767	-	245,667,186
-	-	-	-	-	-	-	-
Total							
(100,373,272)	-	-	-	-	-	-	(42,542,038)
Total							
-	-	-	-	-	-	-	(2,045,116)
-	-	-	-	-	-	124,874,776	124,874,776
(100,373,272)	744,135	-	-	-	511,767	124,874,776	450,923,924

# Cash flow statement

## Indirect method

€/’000	Sept. 30, 2008	Dec. 31, 2007
Profit (loss) before tax for the period	124,387	101,215
<b>Changes in non-monetary items</b>		
Completion-of-service entitlements	(38)	(334)
Amortisation and depreciation	92	228
Stock Options	512	598
<b>Changes in receivables and payables relating to operating activities</b>		
Changes in other receivables and payables	(6,150)	(3,053)
<b>Income tax paid</b>	-	(1,320)
<b>Net cash from monetary items relating to investment and financial activities</b>	-	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>118,803</b>	<b>97,334</b>
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(59,526)</b>	<b>431</b>
Net cash from subsidiaries, associates and joint ventures	(59,525)	-
Net cash from available-for-sale financial assets	-	422
Net cash from tangible and intangible assets	(1)	9
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(56,711)</b>	<b>(81,940)</b>
Net cash from equity instruments	744	800
Net cash from treasury shares	-	-
Distribution of dividends	(83,845)	(83,772)
Net cash from subordinated liabilities	-	-
Net cash from other financial liabilities	26,390	1,032
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>17,011</b>	<b>27,678</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,566</b>	<b>43,468</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>19,577</b>	<b>71,146</b>



# Pro forma Balance sheet

## Assets

Euro	Sept. 30, 2008(*)	Dividend received	Pro forma
<b>NON CURRENT ASSETS</b>			
<b>FIXED ASSETS</b>			
Intangible assets	13,352	-	13,352
Tangible assets	155,876	-	155,876
Investments in subsidiaries and associates	610,275,472	-	610,275,472
Available-for-sale financial assets	226,222,976	-	226,222,976
<b>TOTAL NON CURRENT ASSETS</b>	<b>836,667,675</b>	<b>-</b>	<b>836,667,675</b>
<b>CURRENT ASSETS</b>			
<b>Receivables</b>			
Subsidiaries	733,924	-	733,924
Related parties	11,920	-	11,920
Others	13,766,529	-	13,766,529
<b>TOTAL - Receivables</b>	<b>14,512,373</b>	<b>-</b>	<b>14,512,373</b>
<b>Cash and cash equivalents</b>			
Bank deposits	19,564,225	46,205,000	65,769,225
Cash	13,125	-	13,125
<b>TOTAL - Cash and cash equivalents</b>	<b>19,577,350</b>	<b>46,205,000</b>	<b>65,782,350</b>
<b>Tax Assets</b>			
Current	11,537,351	-	11,537,351
Deferred	699,179	-	699,179
<b>TOTAL - Tax Assets</b>	<b>12,236,531</b>	<b>-</b>	<b>12,236,531</b>
Other assets	155,466	-	155,466
<b>TOTAL CURRENT ASSETS</b>	<b>46,481,720</b>	<b>46,205,000</b>	<b>92,686,720</b>
<b>TOTAL ASSETS</b>	<b>883,149,395</b>	<b>46,205,000</b>	<b>929,354,395</b>

(\*) Accounts at September 30, 2008 included in the Group's Quarterly Report at September 30, 2008

## Shareholders' equity and liabilities

€	Sept. 30, 2008(*)	Dividend received	Pro forma
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Share capital	73,009,611	-	73,009,611
Treasury shares	(2,045,116)	-	(2,045,116)
Share premium account	51,959,505	-	51,959,505
Retained earnings	245,667,186	-	245,667,186
Valuation reserve for AFS financial instruments	(42,542,038)	-	(42,542,038)
Net profit (loss) for the period	124,874,776	45,569,681	170,444,457
<b>TOTAL - Capital and reserves</b>	<b>450,923,924</b>	<b>45,569,681</b>	<b>496,493,605</b>
<b>NON CURRENT LIABILITIES</b>			
Completion-of-service entitlements	1,187,011	-	1,187,011
<b>TOTAL - Non current liabilities</b>	<b>1,187,011</b>	<b>-</b>	<b>1,187,011</b>
<b>CURRENT LIABILITIES</b>			
Due to banks	415,681,101	-	415,681,101
Other financial liabilities at amortised cost	-	-	-
Due to suppliers	643,550	-	643,550
Other payables	1,544,746	-	1,544,746
<b>Tax liabilities</b>			
Current	10,493,828	-	10,493,828
Deferred	21,597	635,319	656,916
<b>Other liabilities</b>	<b>2,653,638</b>	<b>-</b>	<b>2,653,638</b>
<b>TOTAL - Current liabilities</b>	<b>431,038,460</b>	<b>635,319</b>	<b>431,673,779</b>
<b>TOTAL LIABILITIES</b>	<b>432,225,471</b>	<b>635,319</b>	<b>432,860,789</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>883,149,395</b>	<b>46,205,000</b>	<b>929,354,395</b>

(\*) Accounts at September 30, 2008 included in the Group's Quarterly Report at September 30, 2008

## Pro forma Income Statement

€	Sept. 30, 2008 (*)	Dividend received	Pro forma
Interest income and similar income	1,728,847	-	1,728,847
Interest expense and similar charges	(13,833,655)	-	(13,833,655)
Gains/losses from trading	-	-	-
<b>Income from equity investments</b>			
dividends from subsidiaries	121,365,444	46,205,000	167,570,444
gains on sale of equity investments	25,204,040	-	25,204,040
<b>Income from other financial instruments</b>			
dividends from available-for-sale financial assets	42,632	-	442,632
gains from available-for-sale financial assets	-	-	-
<b>Impairment</b>			
equity investments	(1,180,024)	-	(1,180,024)
<b>Other income</b>	1,069,504	-	1,069,504
<b>Staff costs</b>	(5,679,424)	-	(5,679,424)
<b>Other administrative expenses</b>	(4,505,268)	-	(4,505,268)
<b>Other expenses</b>			
losses on disposal of property, plant and equipment	-	-	-
other expenses	(133,340)	-	(133,340)
<b>Amortisation and depreciation</b>			
intangible assets	(16,890)	-	(16,890)
tangible assets	(75,347)	-	(75,347)
<b>Tax expense</b>			
Current	469,580	-	469,580
Deferred	18,678	(635,319)	(616,641)
<b>Total tax expense</b>	488,258	(635,319)	(147,061)
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>	124,874,776	45,569,681	170,444,457

(\*) Accounts at September 30, 2008 included in the Group's Quarterly Report at September 30, 2008



**Responsibility Statement  
pursuant to section 154 - bis,  
paragraph 2,  
Legislative Decree 58/98**

## Responsibility Statement pursuant to section 154 - bis, paragraph 2, Legislative Decree 58/98

I, the undersigned Luigi Del Fabbro, Chief Financial Officer responsible for Mediolanum S.p.A. accounting and financial reporting, pursuant to section 154 bis, second paragraph, of Legislative Decree 58 of February 24, 1998 (Consolidated Finance Act)

HEREBY CONFIRM

that the financial information contained in the Consolidated Interim Report and Accounts at September 30, 2008, including schedules and annexes, reflects the accounting entries, records and books.

Basiglio, November 12, 2008

The Chief Financial Officer  
(*Luigi Del Fabbro*)

