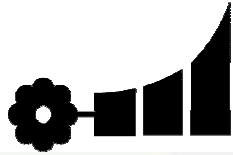


H1 2004

**Reclassified
Results**

September 9, 2004

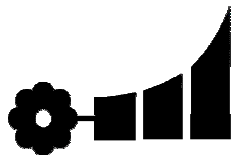
2



Alessandra Lanzone

Head of Investor Relations

3



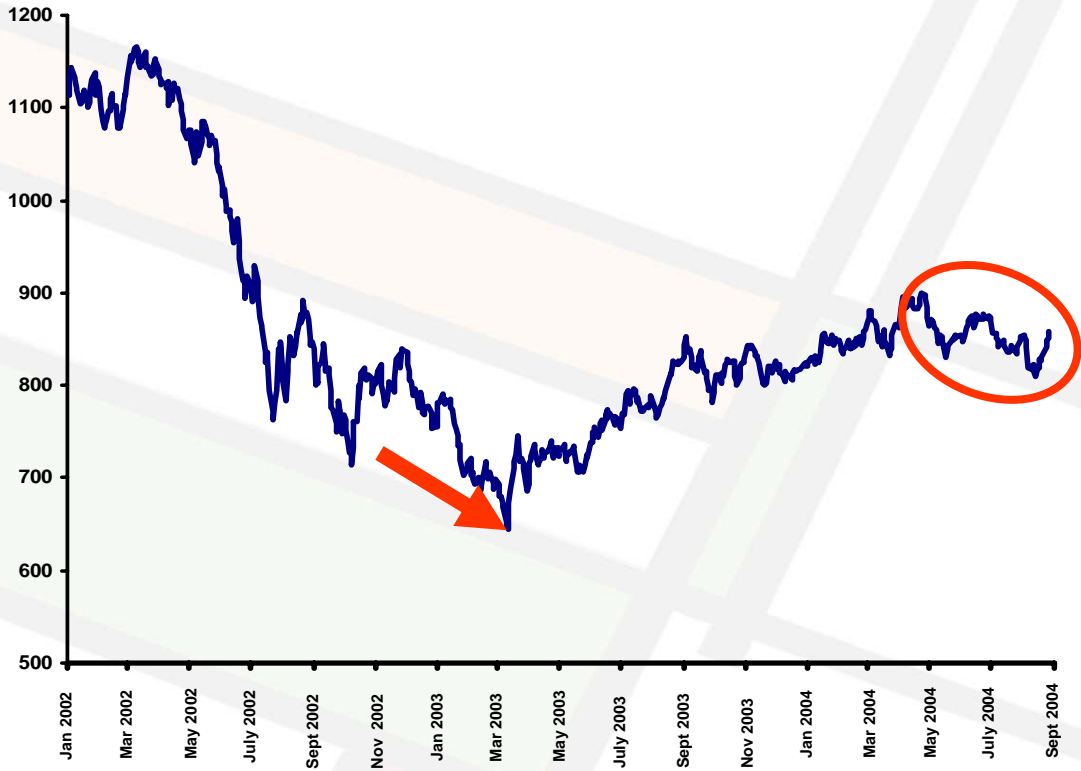
Ennio Doris

Chief Executive Officer



2

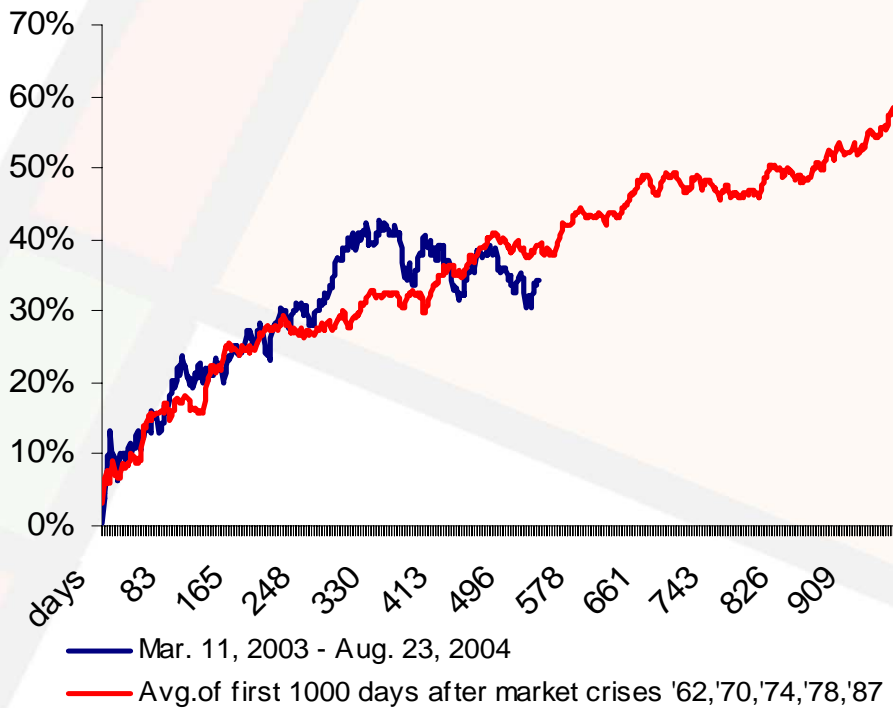
MSCI World US\$ in Euro - 2002-2004



Source: Datastream

3

Market Crises Recovery Trend Dow Jones Index



Source: Datastream



6

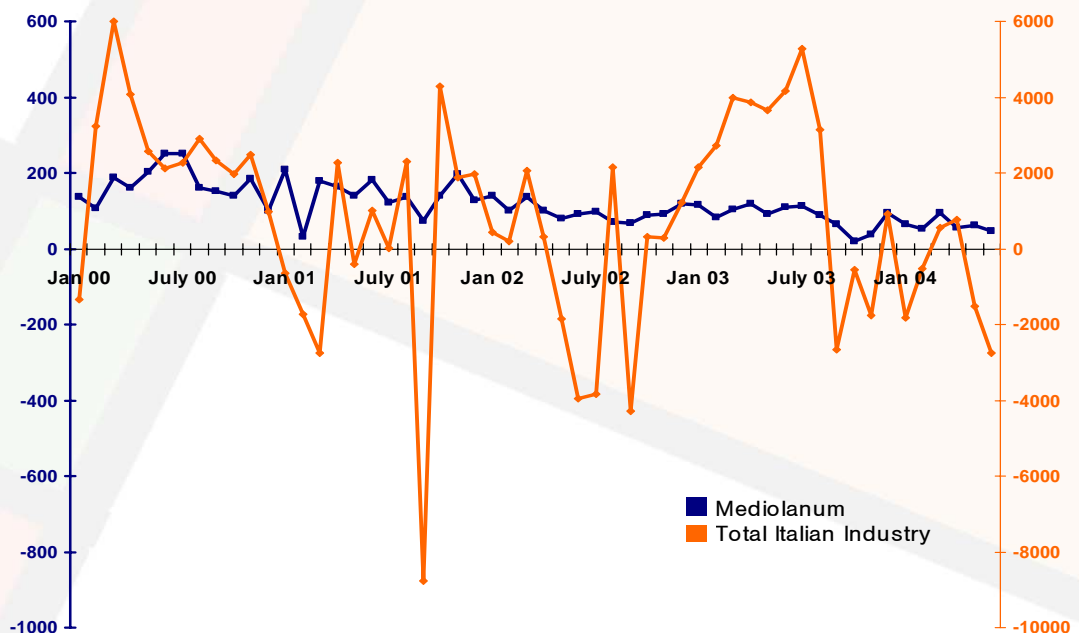
Investor Sentiment & the Market

- ✓ Disruption in growth trend: a critical point for the average investor
- ✓ Changes are not perceived as they occur: positive media & public opinion drive action
- ✓ Investor response to market upturns occurs with a considerable lag
- ✓ The recent 5-month decline has interrupted the re-gaining of investor confidence in the market, resulting in negative net inflows in mutual funds in Italy

7

Net Inflows into Mutual Funds in Italy*

€ mn



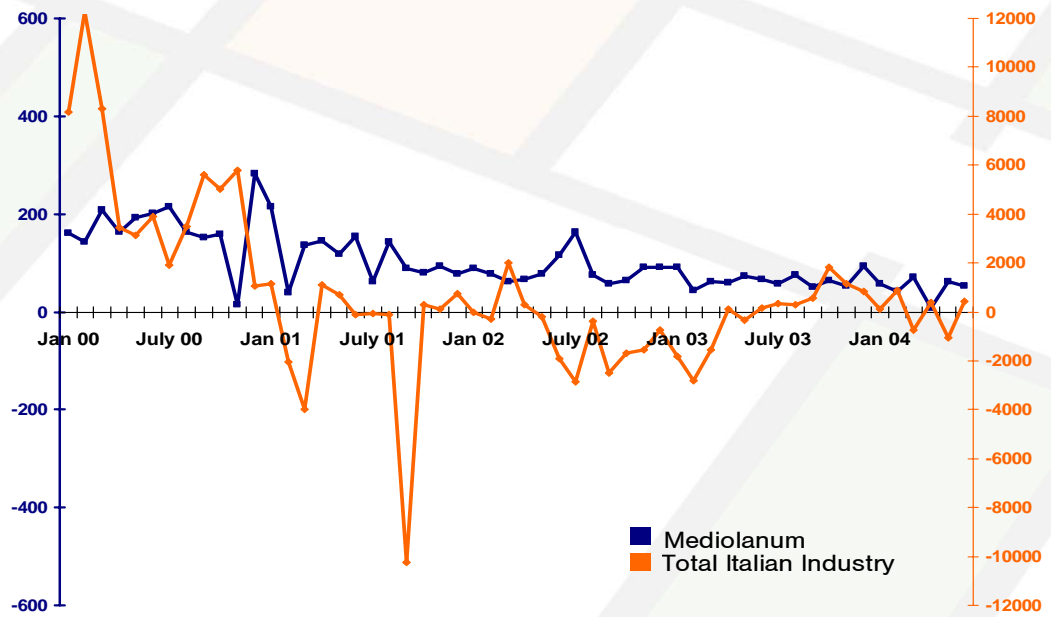
* Including Managed Accounts & Unit-linked policies
Source: Assogestioni



8

Net Inflows into Equity Mutual Funds*

€ mn



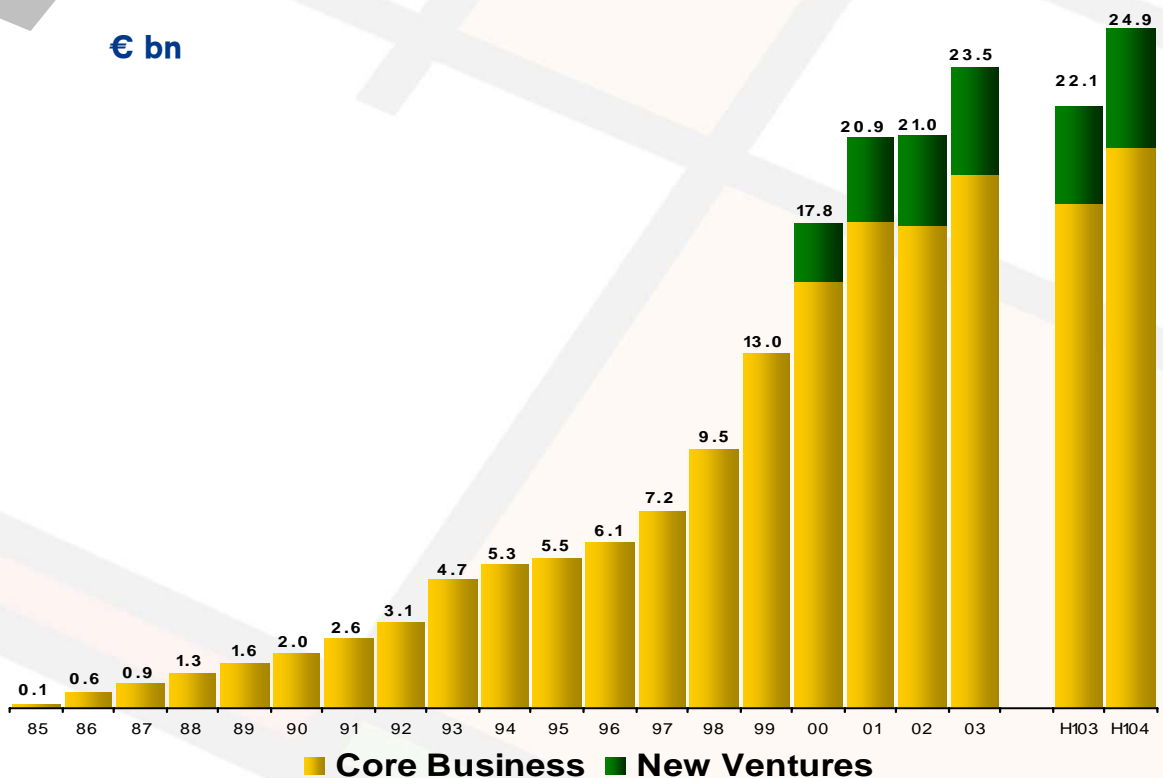
* Including Managed Accounts & Unit-linked policies

Source: Assogestioni

9

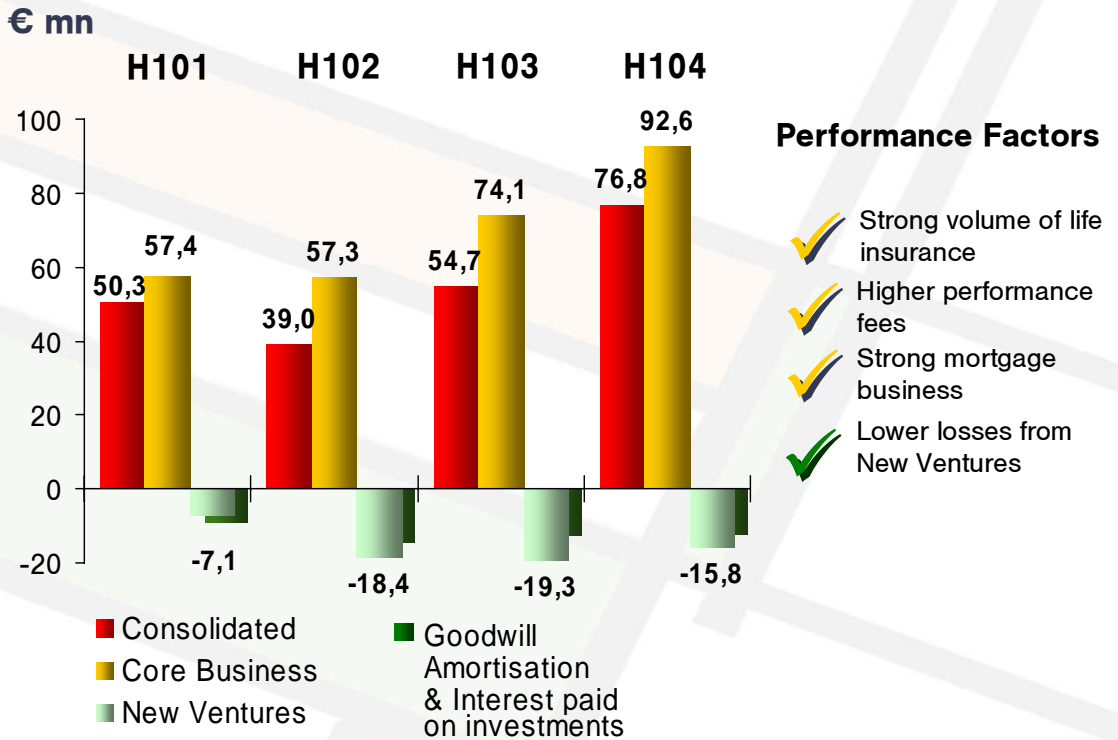
Assets under Administration Trend

€ bn



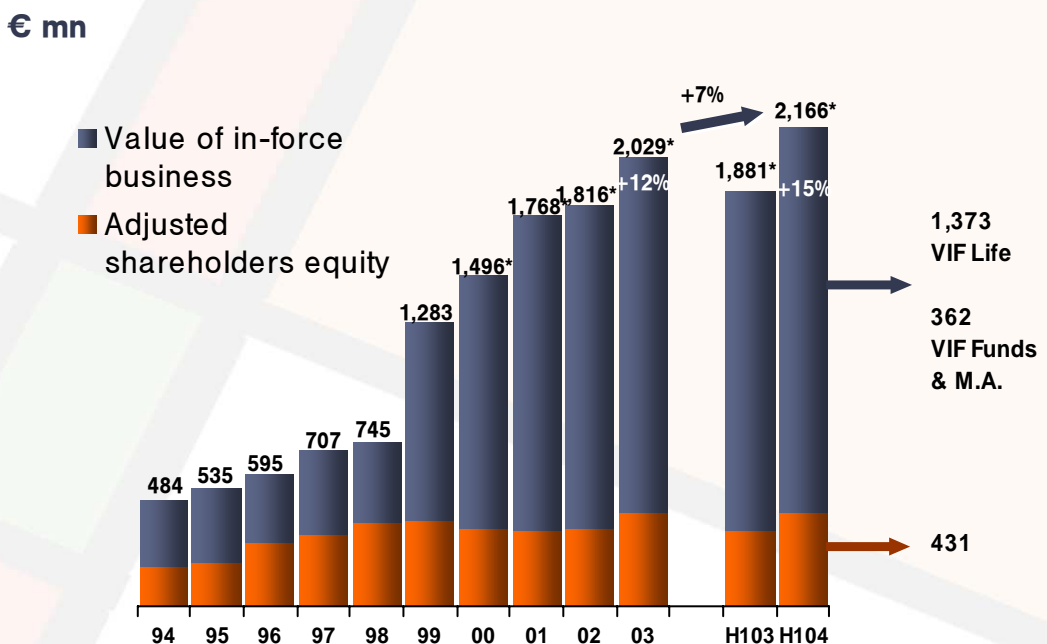
10

Net Profit Trend & Performance Factors



11

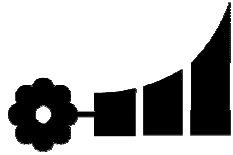
Embedded Value Growth Post-acquisition Effect*



* after excluding residual New Ventures Goodwill



12



Edoardo Lombardi
Chief Operating Officer

13

Agenda

- ✓ Group Consolidated Results
- ✓ Core Business
- ✓ New Ventures
- ✓ Embedded Value
- ✓ 2004 – Upcoming Activities



14

H1 2004 Reclassified Results

Group Consolidated

15

Net Profit

€ mn

	H1 04	H1 03	Change
Total revenues	1,425.1	1,075.7	+32.5%
Total costs	(1,325.2)	(1,017.2)	+30.3%
Net investment income	4.1	18.9	-78.3%
Profit before Tax & E.I.	104.0	77.4	+34.4%
Extraordinary items	(0.6)	(4.9)	n.s.
Profit before Tax	103.4	72.6	+42.5%
Tax	(26.6)	(17.9)	+48.6%
Profit from minority interests	0.0	0.0	n.s.
NET PROFIT	76.8	54.7	+40.5%



16

Net Profit in Detail

€ mn

	H1 04	H1 03	Change
Net Premiums written	1,194.5	863.3	+38.4%
Commission income	146.6	126.9	+15.5%
Bank revenues	73.6	76.7	-4.0%
Other revenues/commissions	10.4	8.8	+18.2%
Total Revenues	1,425.1	1,075.7	+32.5%
Net change in reserves	(1,071.5)	(767.8)	+39.6%
Acquisition costs	(107.9)	(97.7)	+10.4%
G&A expenses	(116.5)	(111.7)	+4.3%
Amortisation/depreciation	(29.3)	(40.0)	-26.8%
Total Costs	(1,325.2)	(1,017.2)	+30.3%
Net investment income	4.1	18.9	-78.3%
Profit before Tax & E.I.	104.0	77.4	+34.4%
Extraordinary items	(0.6)	(4.9)	n.s.
Profit Before Tax	103.4	72.6	+42.5%
Tax	(26.6)	(17.9)	+48.6%
Profit /Loss from minority interests	0.0	0.0	n.s.
NET PROFIT	76.8	54.7	+40.5%

17

Assets under Administration

€ mn

	H1 04	H1 03	Change
Life reserves	9,370.6	7,366.9	+27.2%
Mutual funds & managed accounts	10,812.0	9,090.3	+18.9%
Bank deposits	4,503.0	5,169.9	-12.9%
Institutional assets	162.9	164.8	-1.2%
Consolidation adjustments	(4,253.9)	(3,257.0)	+30.6%
Core Business Assets	20,594.6	18,534.9	+11.1%
Spain	1,953.2	1,943.6	+0.5%
Germany	588.9	424.5	+38.7%
Banca Esperia*	1,798.9	1,190.3	+51.1%
Mediolanum Private	10.7	9.4	+13.8%
New Ventures Assets	4,351.7	3,567.8	+22.0%
TOTAL AUA	24,946.3	22,102.7	+12.9%

* Mediolanum Group's share (48.5%)



18

Net Inflows

€ mn

	H1 04	H1 03	Change
Life policies	739.2	529.4	+39.6%
Mutual funds & managed accounts	279.8	552.3	-49.3%
Managed Savings	1,019.0	1,081.7	-5.8%
Administered Savings	28.7	224.2	n.s.
NET INFLOWS	1,047.7	1,305.8	-19.8%

19

Sales Network

	H1 04	H1 03	Change
Italy: Banca Mediolanum	4,858	4,855	+0.1%
Spain: Fibanc (Mediolanum model)	407	260	+56.5%
Spain: Fibanc (Traditional model)	62	77	-19.5%
Germany: B.A. Lenz	86	84	+2.4%
Full Time Exclusive advisor	5,413	5,276	+2.6%
Italy: Partner Time	939	1,167	-19.5%
Spain: Fibanc Part-Time agents	99	68	+45.6%
Germany: Gamax	573	892	-35.8%
Part-Time / Non Exclusive advisors	1,611	2,127	-24.3%
TOTAL SALES NETWORK	7,024	7,403	-5.1%



H1 2004 Reclassified Results

Core Business

21

Net Profit

€ mn

	H1 04	H1 03	Change
Total revenues	1,351.5	1,020.9	+32.4%
Profit before Tax & E.I.	119.8	98.4	+21.7%
Extraordinary items	0.3	(5.2)	n.s.
Profit before Tax	120.1	93.2	+28.9%
Tax	(27.5)	(19.1)	+44.0%
NET PROFIT	92.6	74.1	+25.0%



22

Performance Factors

- ✓ Solid gross inflows in life businesses
- ✓ Strong commission income, with a solid contribution coming from management fees

23

Net Inflows

€ mn

	H1 04	H1 03	Change
Life policies	693.1	498.7	+39.0%
Mutual funds & managed accounts	75.8	319.5	-76.3%
Managed Savings	768.9	818.2	-6.0%
Securities	(104.7)	106.7	-198.1%
Cash	65.1	(92.3)	-170.5%
Repurchase agreements	(35.1)	137.2	-125.6%
Administered Savings	(74.7)	151.6	-149.3%
NET INFLOWS	694.2	969.8	-28.4%



24

Assets under Administration

€ mn

	H1 04	H1 03	Change
Life reserves	9,370.6	7,366.9	+27.2%
Mutual funds & managed accounts	10,812.0	9,090.3	+18.9%
Institutional assets	162.9	164.8	-1.2%
Consolidation adjustments	(4,253.9)	(3,257.0)	+30.6%
Managed Savings Assets	16,091.6	13,365.0	+20.4%
Bank deposits	4,503.0	5,169.9	-12.9%
Administered Savings Assets	4,503.0	5,169.9	-12.9%
TOTAL AUA	20,594.6	18,534.9	+11.1%

25

Life Reserves

€ mn

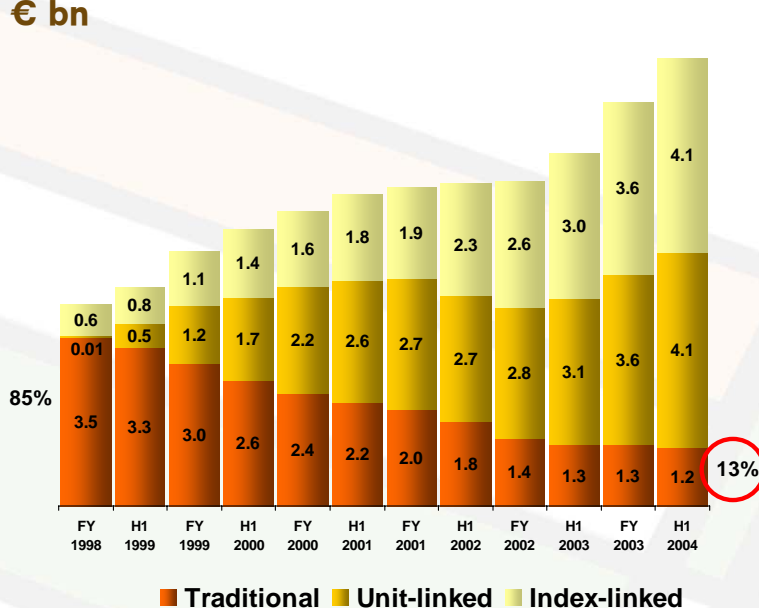
	H1 04	H1 03	Change
Traditional Reserves	1,229.4	1,280.1	-4.0%
Index-linked Reserves	4,064.0	3,014.1	+34.8%
Unit-linked Reserves	4,077.2	3,072.7	+32.7%
LIFE RESERVES	9,370.6	7,366.9	+27.2%



26

Life Reserves Trend

€ bn



✓ Decline in traditional reserves sensitive to low interest rates

✓ Guarantees relate only to traditional reserves: 13% of Life assets

✓ Unit & Index-linked don't require solvency margins

✓ Cost & availability of capital present no issue: network commissions financed by 1st-year loadings

27

Mutual Funds & M.A. Assets

€ mn

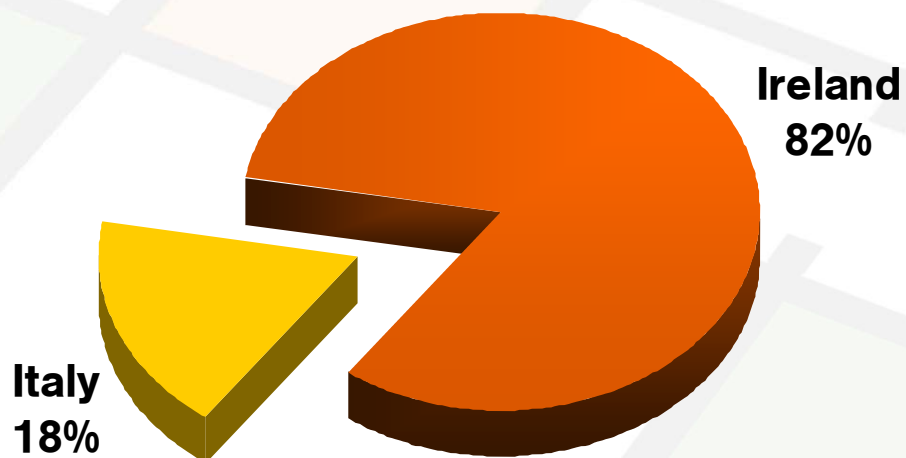
	H1 04	H1 03	Change
Equity funds	6,545.0	5,198.4	+25.9%
Bond funds	1,848.0	1,920.0	-3.8%
Monetary funds	827.0	678.0	+22.0%
Total "unbundled" mutual funds	9,220.0	7,796.4	+18.3%
"Elite" fund of funds	95.1	0.0	n.s.
o/w equity	58.1	0.0	n.s.
"Mix" accounts	1,415.8	1,210.3	+17.0%
o/w equity	951.3	746.9	+27.4%
"Chorus" managed accounts	1,831.1	1,843.7	-0.7%
o/w equity	1,217.4	1,129.9	+7.7%
Total "bundled" mutual funds	3,342.0	3,054.0	+9.4%
Managed accts in own mutual funds	(1,750.0)	(1,760.1)	-0.6%
MUTUAL FUND & MA ASSETS	10,812.0	9,090.3	+18.9%
o/w equity	70.0%	65.0%	+7.7%



28

Mutual Funds Assets by Location

as at 30/06/04



29

Bank Deposits

€ mn

	H1 04	H1 03	Change
Cash under deposit	2,602.2	2,779.4	-6.4%
Securities under deposit	1,744.8	2,033.1	-14.2%
Repurchase agreements	145.7	340.9	-57.3%
Subordinated loans	10.3	16.5	-37.6%
BANK DEPOSITS	4,503.0	5,169.9	-12.9%



30

Gross Premiums Written

€ mn

	H1 04	H1 03	Change
U-L Pension plans	30.5	43.8	-30.4%
Pension plans: automatic increase in premiums*	15.0	13.0	+15.4%
U-L Investment policies (Life Funds)	43.9	12.0	+265.8%
Recurring Policies (AP)	89.4	68.8	+29.9%
Trad/Group/Investment policies	4.9	5.4	-9.3%
Unit-linked policies (Life Funds, Oro Funds)	66.9	63.4	+5.5%
Index-linked policies (Dipiù)	598.9	360.6	+66.1%
Single Premium Policies (SP)	670.7	429.4	+56.2%
TOTAL NEW BUSINESS	760.1	498.2	+52.6%
Pension plans in-force	319.0	291.6	+9.4%
Investment policies in-force	67.5	46.3	+45.8%
TOTAL IN-FORCE BUSINESS	386.5	337.9	+14.4%
TOTAL GROSS PREMIUMS WRITTEN	1,146.6	836.1	+37.1%

* Included in In.force Business in the Embedded Value calculation

31

Recurring Policies in Detail (AP)

€ mn

	H1 04
U-L Pension plans (My Pension)	22.3
<i>o/w automatic increase in premiums</i>	3.9
<i>o/w discretionary increase in premiums already paid</i>	1.9
U-L Pension plans (Europension)	20.5
<i>o/w automatic increase in premiums</i>	8.4
<i>o/w discretionary increase in premiums already paid</i>	3.4
Traditional Pension Plan	1.2
<i>o/w automatic increase in premiums</i>	1.2
U-L Investment policies (Life Funds)	45.4
<i>o/w automatic increase in premiums</i>	1.5
CORE Recurring Policies (AP)	89.4
<i>o/w automatic increase in premiums</i>	15.0
<i>o/w discretionary increase in premiums already paid*</i>	5.3

* 8 Euro/mn of discretionary increase in premiums written but not yet paid are not included in the slide



32

Gross Inflows into Retail Mutual Funds & Managed Accounts

€ mn

	H1 04	H1 03	Change
Equity funds	244.7	220.6	+10.9%
Bond funds	122.1	158.0	-22.7%
Monetary funds	253.5	241.4	+5.0%
Total "unbundled" mutual funds	620.3	620.0	+0.1%
"Elite" fund of funds <i>o/w equity</i>	32.0 21.8	0.0 0.0	n.s. n.s.
"Mix" accounts <i>o/w equity</i>	123.7 97.4	112.1 51.6	+10.3% +88.8%
"Chorus" managed accounts <i>o/w equity</i>	65.1 35.4	88.6 39.6	-26.5% -10.6%
Total "bundled" mutual funds	220.8	200.7	+10.0%
TOTAL GROSS INFLOWS INTO MF & MA	841.1	820.7	+2.5%
<i>o/w equity</i>	399.3	311.8	+28.1%

33

Bank Accounts & Account Holders

	H1 04	H1 03	Change
Active bank accounts	334,000	332,700	+0.4%
Primary account holders (unduplicated)	782,000	766,000	+2.1%



34

Primary Account Holders

	H1 04	H1 03	Change
Life	592,800	559,900	+5.9%
Mutual funds & managed accounts	284,400	286,100	-0.6%
Bank	301,000	298,800	+0.7%
Other	61,800	62,600	-1.3%
Unduplicated Primary Account Holders	782,000	766,000	+2.1%

35

Total Account Holders

	H1 04	H1 03	Change
Life	592,800	559,900	+5.9%
Mutual funds & managed accounts	433,600	439,900	-1.4%
Bank	460,000	456,800	+0.7%
Other	64,100	65,100	-1.5%
Total Account Holders	919,200	904,300	+1.6%



36

Sales Network

	H1 04	H1 03	Change
Licensed Financial Advisors	4,055	4,130	-1.8%
Non-Licensed Financial Advisors	803	725	+10.8%
Banca Mediolanum	4,858	4,855	+0.1%
<i>o/w financial executives</i>	777	845	-8.0%
Partner Time	939	1,167	-19.5%
TOTAL NETWORK	5,797	6,022	-3.7%

37

Total Revenues

€ mn

	H1 04	H1 03	Change
Premium income	1,146.6	836.1	+37.1%
Re-insurance ceded	(3.1)	(3.5)	-11.4%
Commission income	135.1	116.5	+16.0%
Bank revenues	62.4	63.5	-1.7%
Other commission & revenues	10.5	8.3	+26.5%
TOTAL REVENUES	1,351.5	1,020.9	+32.4%



38

Adjusted Premium Income

€ mn

	H1 04	H1 03	Change
Recurring policies*	74.4	55.8	+33.3%
Single premium policies x 1/10	67.1	42.9	+56.2%
NEW BUSINESS APE*	141.5	98.7	+43.3%

* excluding automatic increases in premiums

39

Commission Income

€ mn

	H1 04	H1 03	Change
Entry fees	13.7	14.5	-5.5%
Management fees	83.2	66.4	+25.3%
Performance fees	38.2	35.6	+7.3%
TOTAL COMMISSION INCOME*	135.1	116.5	+16.0%

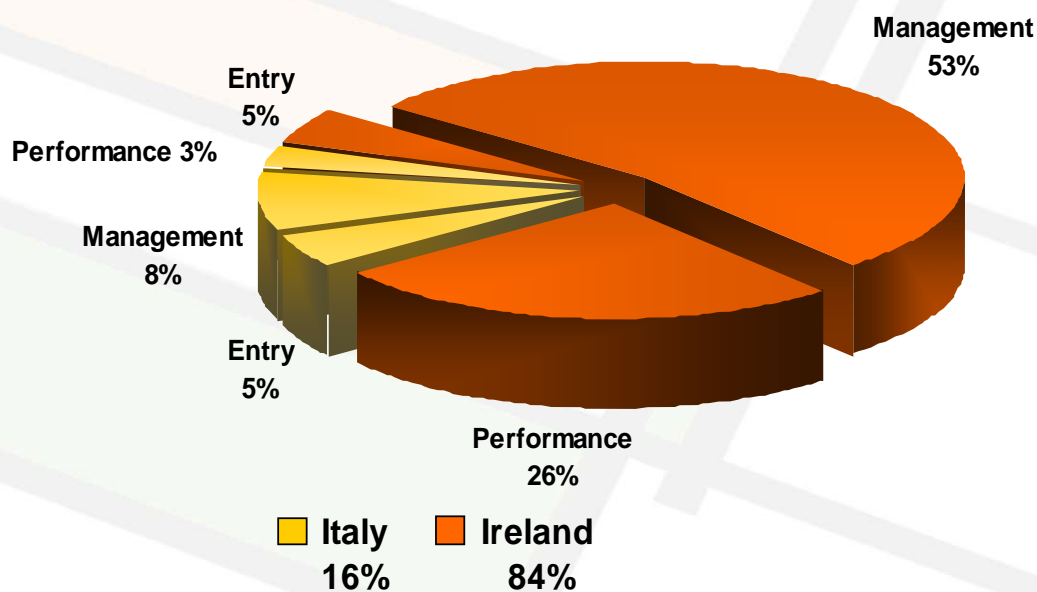
* on all products with mutual funds underlying



40

Commission Income by Location

as at 30/06/2004



41

Bank Revenues

€ mn

	H1 04	H1 03	Change
Interest Spread	25.1	31.8	-21.1%
Securities	6.4	8.3	-22.9%
Service fees on managed accounts	10.5	11.4	-7.9%
Other services	20.4	12.0	+70.0%
-o/w mortgages	11.8	4.4	+168.2%
Service Margin	37.3	31.7	+17.7%
BANK REVENUES	62.4	63.5	-1.7%



42

Claims, Benefits Paid & Change in Reserves

€ mn

	H1 04	H1 03	Change
Claims & maturities	229.6	158.3	+45.0%
Natural surrenders	193.1	89.6	+115.5%
Surrenders from transformation	40.0	109.7	-63.5%
Benefits Paid	462.7	357.6	+29.4%
Change in Reserves	567.8	385.0	+47.5%
Recovery from reinsurance	(4.1)	(2.3)	+78.0%
BENEFITS PAID & CHANGE IN RESERVES	1,026.4	740.3	+38.6%

43

Surrenders*

€ mn

	H1 04	H1 03	Change
Surrenders from Transformation	11.1	109.7	-89.9%
Natural Surrenders*	144.7	76.2	+89.9%
% of reserves	2.9%	1.8%	+61.3%
TOTAL SURRENDERS	155.8	185.9	-16.2%

* excluding index-linked & group policies



44

Surrenders of Investment Policies

€ mn

	H1 04	H1 03	Change
Surrenders of Traditional invest. pol.	23.1	35.9	-35.7%
% of reserves	11.2%	14.3%	-21.7%
<i>o/w Natural Surrenders</i>	19.5	18.5	+5.4%
% of reserves	9.4%	7.1%	+32.4%
Surrenders of Unit-linked invest. pol.	53.6	30.2	+77.5%
% of reserves	6.1%	4.4%	+38.6%
SURRENDERS OF INVEST. POL.*	76.7	66.1	+16.0%
% of reserves	7.0%	7.0%	+0.0%
<i>o/w Natural Surrenders</i>	73.1	48.7	+50.1%
% of reserves	6.7%	5.1%	+31.4%

* excluding group policies

45

Surrenders of Pension Plans

€ mn

	H1 04	H1 03	Change
Surrenders of Traditional pension plans	18.7	104.3	-82.1%
% of reserves	2.0%	10.5%	-81.0%
<i>o/w Natural Surrenders</i>	11.2	12.0	-6.7%
% of reserves	1.2%	1.1%	+9.1%
Surrenders of Unit-linked pension plans	60.4	15.5	+289.7%
% of reserves	2.1%	0.7%	+200.0%
SURRENDERS OF PENSION PLANS*	79.1	119.8	-34.0%
% of reserves	2.0%	3.7%	-45.9%
<i>o/w Natural Surrenders</i>	71.6	27.5	+160.4%
% of reserves	1.9%	0.8%	+137.5%

* excluding group policies



46

Costs

€ mn

	H1 04	H1 03	Change
Net claims, benefits paid, changes in reserves	1,026.4	740.3	+38.6%
Acquisition costs (commission expense)	97.3	87.3	+11.5%
G&A expenses	95.1	88.0	+8.1%
Advertising expenses	2.6	2.5	+4.0%
Depreciation & provisions	14.7	24.3	-39.5%

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Net Investment Income

€ mn

	H1 04	H1 03	Change
Investment income - Life	26.6	38.4	-30.7%
Adjustments to financial investments	(4.8)	0.7	n.s.
Adjusted investment income - Life	21.8	39.1	-44.2%
Policyholders' interest	(18.2)	(20.6)	-11.7%
Net Investment Income - Life	3.6	18.5	-80.5%
Net Investment Income - other	(3.0)	(3.0)	n.s.
Interest paid on investments	3.8	4.3	-11.6%
NET INVESTMENT INCOME	4.4	19.8	-77.7%



48

Profit by Business Line

€ mn

	H1 04	H1 03	Change
Life insurance	58.2	48.3	+20.5%
Mutual funds	36.8	23.9	+54.0%
Bank business	24.5	27.9	-12.3%
Other operations	0.3	(1.7)	-116.5%
PROFIT BEFORE TAX & E.I.	119.8	98.4	+21.7%



H1 2004 Reclassified Results

New Ventures

50

Net Profit

€ mn

	H1 04	H1 03	Change
Spain	1.4	0.1	n.s.
Germany: Gamax	0.8	(0.7)	n.s.
Germany: B.A. Lenz	(5.5)	(3.9)	+41.0%
Banca Esperia	0.9	(1.6)	n.s.
Mediolanum Private & Others	(0.7)	(0.4)	n.s.
NET PROFIT/LOSS	(3.1)	(6.4)	-52.4%



51

Net Consolidated Effect

€ mn

	H1 04	H1 03	Change
Net profit/loss	(3.1)	(6.4)	-52.4%
Goodwill amortisation	(10.1)	(10.1)	+0.0%
Interest paid on investments	(2.6)	(2.8)	-7.1%
NET CONSOLIDATED EFFECT	(15.8)	(19.3)	-18.5%

52

Spain Net Profit

€ mn

	H1 04	H1 03	Change
Total revenues	73.2	52.4	+39.7%
Total costs*	(28.7)	(29.5)	-2.7%
Net changes in reserves	(45.1)	(27.5)	+64.1%
Capital gain/loss	2.5	4.8	-47.9%
Profit before Tax & E.I.	1.8	0.2	n.s.
Extraordinary items	(0.5)	0.2	n.s.
Profit before Tax	1.3	0.4	+230.0%
Tax	0.2	(0.2)	n.s.
Profit from minority interests	0.1	0.1	+56.3%
SPAIN NET PROFIT	1.4	0.1	+944.1%
* o/w start-up costs	(1.5)	(2.0)	-25.0%



53

Spain Net Effect

€ mn

	H1 04	H1 03	Change
Net profit/loss	1.4	0.1	n.s.
Goodwill amortisation	(6.8)	(6.8)	+0.0%
Interest paid on investments	(1.5)	(1.7)	-11.8%
SPAIN NET EFFECT	(6.9)	(8.4)	-17.7%

54

Spain Embedded Value*

€ mn

	H1 04	FY 03
In-force Value Life & Mutual Funds	20	16
New Business Life & Mutual Funds	4	7

* gross of minorities



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Spain Sales Network

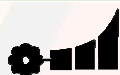
	H1 04	H1 03	Change
Financial Advisors (Mediolanum model)	407	260	+56.5%
Commercial Agents & Employees (Traditional model)	62	77	-19.5%
Part-time Agents	99	68	+45.6%
SPAIN TOTAL NETWORK	568	405	+40.2%

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Spain Gross Inflows

€ mn

	H1 04	H1 03	Change
Gross Premiums written	53.0	39.1	+35.5%
<i>o/w Recurring Policies (AP)</i>	2.7	1.1	+145.5%
<i>o/w Single Premium Policies (SP)</i>	50.3	38.0	+32.4%
Mutual funds & managed accounts	101.8	201.5	-49.5%
Managed Savings	154.8	240.6	-35.7%
Securities	10.6	67.1	-84.2%
Cash	1.7	(37.9)	n.s.
Administered Savings	12.3	29.2	-57.9%
SPAIN GROSS INFLOWS	167.1	269.8	-38.1%



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Spain Net Inflows

€ mn

	H1 04	H1 03	Change
Life policies	41.0	29.1	+40.9%
Mutual funds & managed accounts	(24.9)	51.0	-148.8%
Managed Savings	16.1	80.1	-79.9%
Securities	10.6	67.1	-84.2%
Cash	(15.6)	(43.7)	-64.3%
Administered Savings	(5.0)	23.4	n.s.
SPAIN NET INFLOWS	11.1	103.5	-89.3%

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Spain Assets under Administration

€ mn

	H1 04	H1 03	Change
Life & pension funds*	175.5	103.9	+68.9%
Mutual funds**	718.9	742.5	-3.2%
Bank deposits	1,251.8	1,208.9	+3.5%
Institutional Assets	58.2	95.4	-39.0%
Consolidation adjustments	(251.2)	(207.1)	+21.3%
SPAIN AUA	1,953.2	1,943.6	+0.5%
<i>*o/w Ireland-based assets</i>	113.9	46.2	+146.5%
<i>**o/w Ireland-based assets</i>	20.3	8.1	+150.6%



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Gamax Highlights

€ mn

	H1 04	H1 03	Change
Net profit/loss	0.8	(0.7)	n.s.
Assets under Administration	419.8	420.1	-0.1%
Gross inflows	56.2	55.1	+2.0%
Net inflows	(24.9)	(8.0)	+211.3%

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B.A. Lenz Highlights

€ mn

	H1 04	H1 03	Change
Net profit/loss	(5.5)	(3.9)	n.s.
Assets under Administration	169.1	4.5	n.s.
Gross inflows	97.3	4.6	n.s.
Net inflows	95.8	4.6	n.s.
<i>o/w Managed Savings</i>	7.3	2.0	n.s.
<i>o/w Administered Savings</i>	88.5	2.6	n.s.
Financial Advisors	86	84	+2.4%
Clients	7,427	1,234	n.s.



Banca Esperia Highlights (100%)

€ mn

	H1 04	H1 03	Change
Net profit/loss	1.8	(3.3)	n.s.
<i>o/w Mediolanum share (48.5%)</i>	0.9	(1.6)	<i>n.s.</i>
Assets under Administration	3,709.0	2,454.2	+51.1%
<i>% in Managed Savings</i>	82.8%	81.7%	+1.3%
Net inflows	570.0	481.3	+18.4%
<i>o/w Managed Savings</i>	528.0	385.3	+37.0%
Private Bankers	44	35	+25.7%
Clients	1,574	1,185	+32.8%



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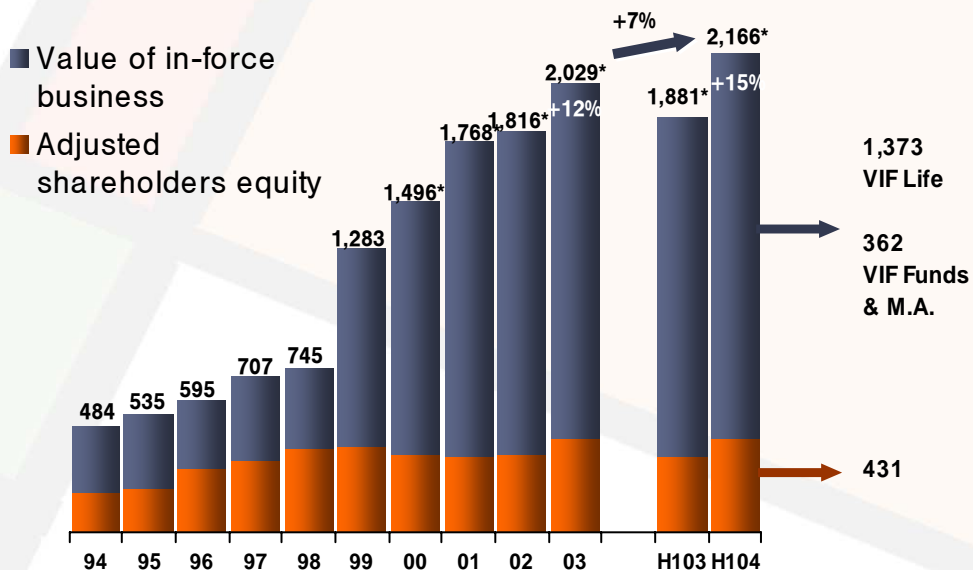
H1 2004 Reclassified Results

Embedded Value

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Embedded Value Growth Post-acquisition Effect*

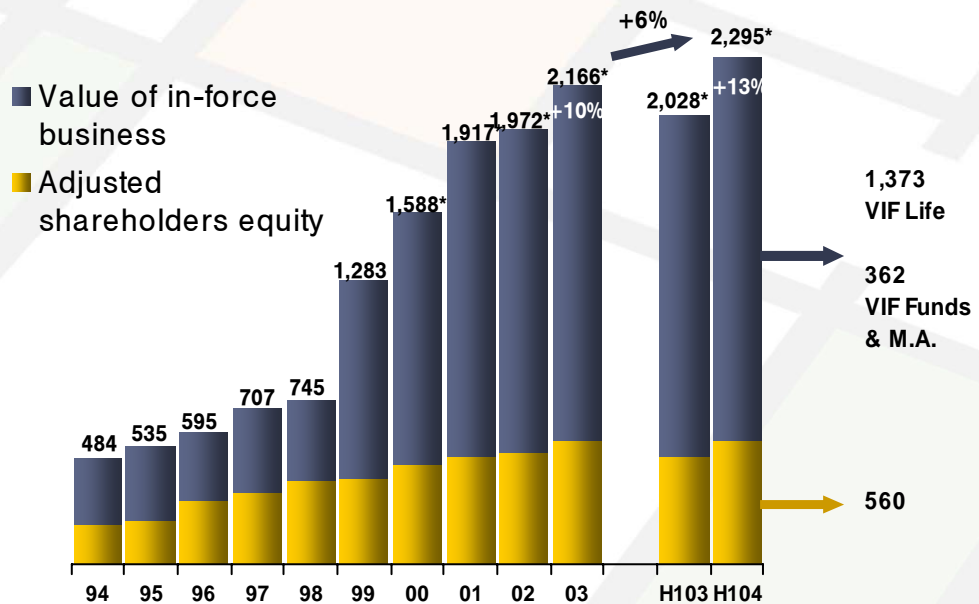
€ mn



* after excluding residual New Ventures Goodwill

Embedded Value Growth Pre-acquisition Effect*

€ mn



* before excluding residual New Ventures Goodwill

EV Economic Assumptions

Investment Return

	H1 04	FY 03	H1 03
Liquidity	2.00%	2.25%	+2.00%
Long-term bonds	4.50%	4.50%	+4.00%
Equity	7.00%	7.00%	+6.50%

Own portfolio

Segregated funds	4.00%	4.00%	+3.75%
Unit-linked funds	5.40%	5.40%	+4.90%
Mutual funds & managed accounts	5.75%	5.75%	+5.25%

Discount rate

Expense inflation rate

	H1 04	FY 03	H1 03
Discount rate	7.25%	7.25%	+6.75%
Expense inflation rate	2.50%	2.50%	+3.00%



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Embedded Value Earnings

€ mn

	H1 04	H1 03	Change
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Change over period	129	56	+130%
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Dividends paid	80	72	+11%
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Goodwill amortisation - New Ventures	10	9	+1%
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EV Earnings Pre-Acquisition Effect	219	137	+60%
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(before excluding residual NV goodwill)

Goodwill Increase over the period	(2)	---	n.s.
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EV Earnings Post-Acquisition Effect	217	137	+58%
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(after excluding residual NV Goodwill)

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**EV Earnings Components (1):
Earnings on Initial EV**

€ mn

	H1 04	H1 03	Change
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Expected return on EV - unwind	65	59	+10%
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Experience variances (see next slide)	75	26	+188%
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Operating assumption changes	---	---	n.s.
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Economic assumption changes	---	(21)	n.s.
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Tax assumption changes	(4)	---	n.s.
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Earnings on Initial EV	136	64	+112%
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Value-Added New Business	83	73	+14%
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EV Earnings Pre-Acquisition Effect	219	137	+60%
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EV Earnings on Initial EV: Experience Variances in detail

€ mn

	H1 04	H1 03
Investment return variance on NAV	26	(19)
Asset mix variance	37	35
Performance fees variance	23	22
Persistency/paid-up variance	(16)	(1)
Bank net profit/loss variance (excl MA)	1	4
Other operations net profit/loss variance	2	(7)
Other	2	(8)
EV Experience Variances	75	26

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EV Earnings Components (2): Value-added New Business

€ mn

	H1 04	H1 03	Change
Earnings on Initial EV	136	64	+112%
Life New Business	69	61	+13%
Mutual Fund & managed account New Business	14	12	+17%
Value-Added New Business	83	73	+14%
EV Earnings Pre-Acquisition Effect	219	137	+60%
(before excluding residual NV goodwill)			



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2004 – Upcoming Activities

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Product Development Innovation

Mediolanum traditionally the
“**product innovator**” in the Italian market



September 2004

First **Insurance products** in Italy bringing
Hedge Funds to the mass market



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Product Development: Innovation New Insurance Products



DiPiù Alternative:

- index-linked policy
- principal-protected product investing in "funds of hedge funds"
- 6 & 9 year maturities



Mediolanum Alternative Funds:

- unit-linked investment policy
 - offers the choice among 3 different funds
 - 50% investing in "funds of hedge funds" and 50% in diversified mutual funds
-

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Product Development Responsiveness

Active product development to take advantage of
& respond to regulatory agency changes



UCIT 3 regulation recently enforced in Europe



Guideline Law regarding the new regime of **private pensions** in Italy



New set of rules issued by **Bank of Italy** in line with the IOSCO recommendations regarding **performance fees** on the Italy based funds



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Product Development - Responsiveness New Fee structure on Italy-based funds

- ✓ We changed Performance fee calculation method drastically according to new regulations
- ✓ We increased Management fees to offset performance fees reduction, as our TER is lower than the market average



- Neutral effect on margins
- Stabilise revenues over time
- Increase in Embedded Value

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Product & Service Development Focus on Affluent Segment

Development of products specifically designed for **affluent customers**



- ✓ Banca Esperia “funds of hedge funds” available for our affluent customers
- ✓ Highly personalised investment products in the pipeline
- ✓ Special loyalty program called “PrimaFila” developed with American Express Reward Program
- ✓ New division of the Banca Mediolanum network dedicated to affluent customers



2004 – Key Business Priorities



Recovery of Volumes:

- aggressively grow the life insurance business
- market behavior determining factor in mutual funds business growth



Recruitment of Advisors:

- planning a major effort in September/October



Resurgence of the Current Accounts:

- preparing a comprehensive plan

