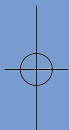


MEDIOLANUM S.P.A.

*2002
ANNUAL REPORT
AND CONSOLIDATED
ACCOUNTS*



MEDIOLANUM S.P.A. • 2002 ANNUAL REPORT AND CONSOLIDATED ACCOUNTS



MEDIOLANUM
GRUPPO MEDIOLANUM

Mediolanum's mission
is to enhance
the financial resources
of Italian families and satisfy
their insurance, pension, savings and
investment needs.

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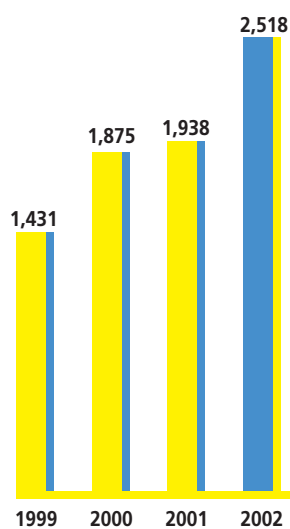
Results at a glance

<i>Euro millions</i>	2002	2001	Change
Revenues	2,518	1,938	30
Profit before taxes and extraordinary items	107	128	(16)
Taxes	27	36	(25)
Net profit	82	103	(20)
Dividends	72	72	-

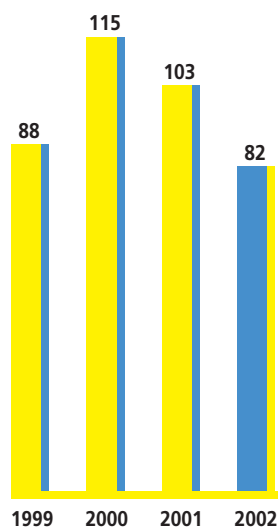
Euro

Earning per shares	0.113	0.142	(20)
Dividends per shares	0.10	0.10	-

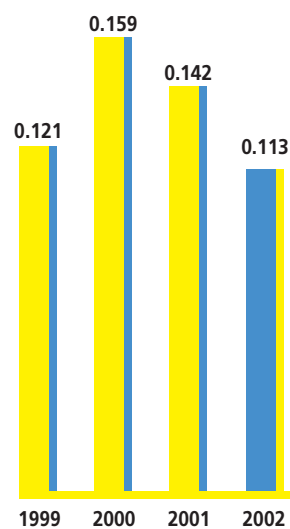
REVENUES
Euro millions



NET PROFIT
Euro millions



EARNING PER SHARES
Euro



Mediolanum S.p.A. Officers of the Company

BOARD OF DIRECTORS

Roberto Ruozi
Alfredo Messina
Edoardo Lombardi
Ennio Doris
Marina Elvira Berlusconi
Massimo Antonio Doris
Alessandro Grimaldi
Mario Molteni
Angelo Renoldi
Paolo Sciumè
Claudio Sposito
Antonio Zunino

Chairman of the Board of Directors
Deputy Chairman
Executive Vice President
Chief Executive Officer
Director
Director
Director
Director
Director
Director
Director

BOARD OF STATUTORY AUDITORS

Arnaldo Mauri
Achille Frattini
Francesco Antonio Giampaolo
Ferdinando Gatti
Francesco Vittadini

Chairman of the Board of Statutory Auditors
Statutory Auditor
Statutory Auditor
Alternate Statutory Auditor
Alternate Statutory Auditor

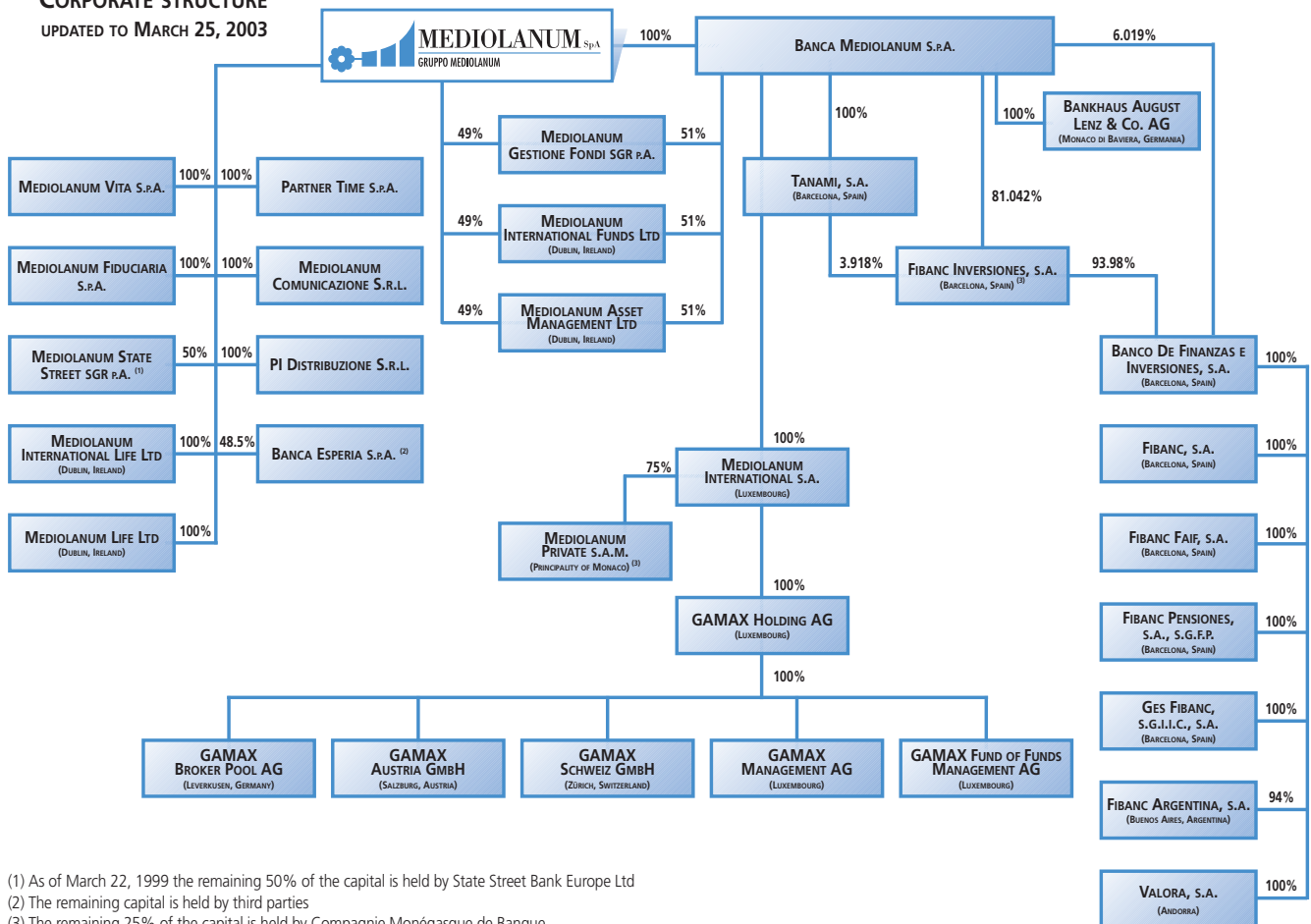
SECRETARY OF THE BOARD

Luca Maria Rovere

INDEPENDENT AUDITORS

Reconta Ernst & Young S.p.A.

CORPORATE STRUCTURE UPDATED TO MARCH 25, 2003



(1) As of March 22, 1999 the remaining 50% of the capital is held by State Street Bank Europe Ltd

(2) The remaining capital is held by third parties

(3) The remaining 25% of the capital is held by Compagnie Monégasque de Banque

Management profiles



ALFREDO MESSINA
Deputy Chairman

While at Olivetti, he held the position of Controller of the Production Group and, at Alitalia, he was Central Director of the Group responsible for administration, finance and control. From 1989 he was Central Director for Planning and Control at IRI. He joined Fininvest in 1990, first as General Manager, and then, during the period February-July 1996, he was Chief Executive Officer for the same holding company. He is currently Chairman of Mediolanum Vita S.p.A., of Mediolanum Assicurazioni S.p.A., and a member of the Board of Directors of Mediaset S.p.A.

ENNIO DORIS
Chief Executive Officer

After working as a financial consultant with Fideuram and then with the RAS Group, he marked a turning-point in his career by founding, along with Silvio Berlusconi, the Financial Brokerage network Programma Italia where he has always been Chief Executive Officer. He has control of Mediolanum S.p.A. on a par basis with the Fininvest Group, resulting from the merger of Fininvest Italia S.p.A., Fintre S.p.A. and Programma Italia S.p.A.. He is the Chairman of Banca Mediolanum S.p.A., and a member of the Board of Directors of Mediobanca S.p.A. and Banca Esperia S.p.A.

ROBERTO RUOZI
Chairman
of the Board of Directors

After having taught at the Universities of Ancona, Siena, Parma, Paris (Sorbonne) and at Politecnico University, in Milan, he is currently Chairman of the Centre for Research on Financial Innovation at Università Commerciale "L. Bocconi" in Milan. He is the author of a number of publications on banking and financial issues. He has held key administrative positions in both listed and unlisted Companies. He is currently the Chairman of Factorit S.p.A, Palladio Finanziaria S.p.A., Touring Club Italiano, Piccolo Teatro di Milano, Brevi S.p.A., Eplanet S.p.A. He is a Director on the Boards of Merloni Elettrodomestici S.p.A., Gewiss S.p.A. and Mediaset S.p.A.

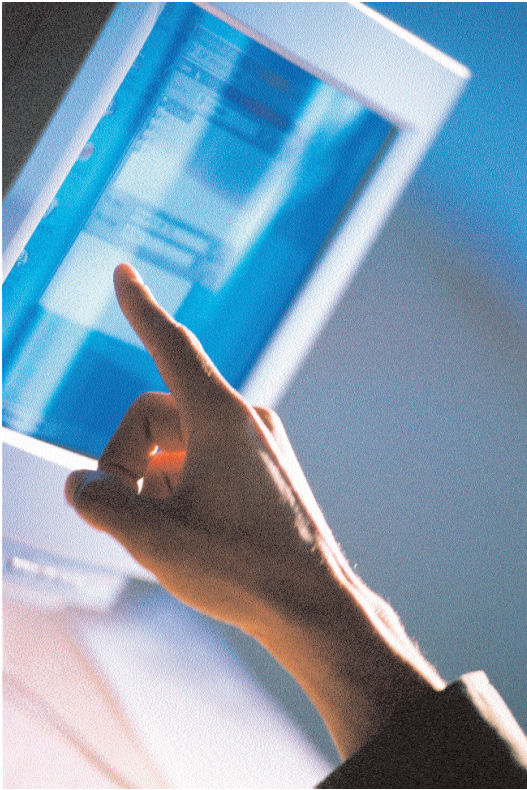
EDOARDO LOMBARDI
Executive Vice President

He held the position of Corporate General Manager at Procter & Gamble Italia, and General Manager of the Sangemini/Ferrarelle Group. In 1987 he became General Manager of Fininvest Italia S.p.A., the insurance and financial products division of the Fininvest Group, and in 1989 he became the Managing Director of Mediolanum Vita S.p.A. and Mediolanum Assicurazioni S.p.A. He is currently the Executive Vice President and Chief Executive Officer of Banca Mediolanum S.p.A. and Chief Executive Officer of Mediolanum Vita Spa; he is also a Member of the Board of Directors of Banca Esperia S.p.A. and Chief Executive Officer of Mediolanum Assicurazioni S.p.A.

Mediolanum: no longer a “one-man company”!

Companies are born, then they grow and live. Many of them just disappear: only the best - those made to last - manage to survive and regenerate themselves, day after day.

Almost all of them step into the market arena as “one-man companies”. Behind them, more often than not there is just one person - an entrepreneur, somebody with a vision of a new commodity or a new value-producing process arising from technological innovation, or simply an idea that identifies a niche, or a failing in the economic system.



This person is usually a great salesperson, capable of selling not only his product, but also his vision to customers, investors and the general public. Moreover, this person can innovate and, if necessary, modify the original plan as many times as is needed. This makes this company profoundly different from other companies with a long history, which are often limited by a “cultural block”; that is, the kind of approach which says “that’s not how we did things in the past”, one that hinders innovation. Another quality shared by all the founders of top organisations is the ability to “create” the organisation itself.

Suppose you just met a person who is out of the ordinary - somebody who can look at the sun or at the stars, at any moment, and tell you exactly what time and day it is: “It is May 19, 2003, and it is 8:00 am” This person would be an extraordinary “time teller”, and would generally be admired. But how much more extraordinary would this person be if, instead of telling the time, he was able to build a clock measuring time forever, even after he is gone?

Having a great idea and being a charismatic and visionary leader means “telling the time”; building a company to thrive with or without its creator is “building the clock”.

With Mediolanum, which celebrated its 21st birthday a few weeks ago, Ennio Doris, the founder of the company, covered the full cycle: apart from exploiting a winning idea (the “Global Advisor” concept) and affirming his charismatic personality, he achieved the biggest feat of all - he created “the Company” and all that this represents.

Companies, like computers, need three fundamental elements to work properly: “hardware”, “software” and “maintenance”: first comes the machine, with all its components, executing the programs, then come the programs and operating data that make them work, and finally all the resources and work needed to maintain both software and hardware in optimum operating conditions.

To describe the structure of Mediolanum and its way of being a company, we shall cover all three of these aspects.

“**HARDWARE**”

In a company such as Mediolanum, that supplies financial services to households, the machine includes the “front office” and the “back office”.

The “front office” - that is, that part of the organisation in contact with customers - is the engine of the company, mainly relying on two networks: first, the Banca Mediolanum network, which includes 5,000 global advisors and maintains particularly loyal relations with customers, supplies consultancy services and generates revenue for them and the company; and second, the Partner Time network, specialising in individual pension plans and using 1,300 agents, most of whom work part-time.



The complex management of the networks is entrusted to the **Commercial** department which not only has to ensure the appropriate sales-generating conditions but is also responsible for guaranteeing the qualitative and quantitative development of the networks, fundamental for the future growth of the company. This department is almost entirely made up of agents, paid on commission and on an “override” basis - that is, a totally variable remuneration system ensuring a high entrepreneurial spirit. Key managers number over one hundred, both staff and line, broken down into various levels corresponding to territorial areas of varying size. Then there are over one thousand supervisors, who are the backbone of the organisation and are responsible for the guidance, support and development of advisors. The managerial structure of the Commercial department includes line managers, providing guidance to the groups of

supervisors and advisors, and staff managers, contributing specific expertise in the recruitment and training areas. The **Internal Communication** department manages all the contact systems between networks, helping to achieve the difficult task of training, informing and motivating agents: these include in-house TV (encrypted), the satellite TV channel (non-encrypted), the Intranet, and national and local conventions.

Finally, the Commercial department also includes

a **Marketing** section, responsible for the management of individual products/business lines from a commercial perspective, for external advertising and communication and the development of new products and services. This latter activity is closely tied to the awareness of customer needs: for a company as market-oriented as Mediolanum, there is no other way of creating value for clients than developing and supplying services that satisfy their specific requirements. The creation of products relies on highly sophisticated and advanced “customer intelligence” systems, highlighting all customer features, including the assessment of their potential, making it possible to group them into segments.



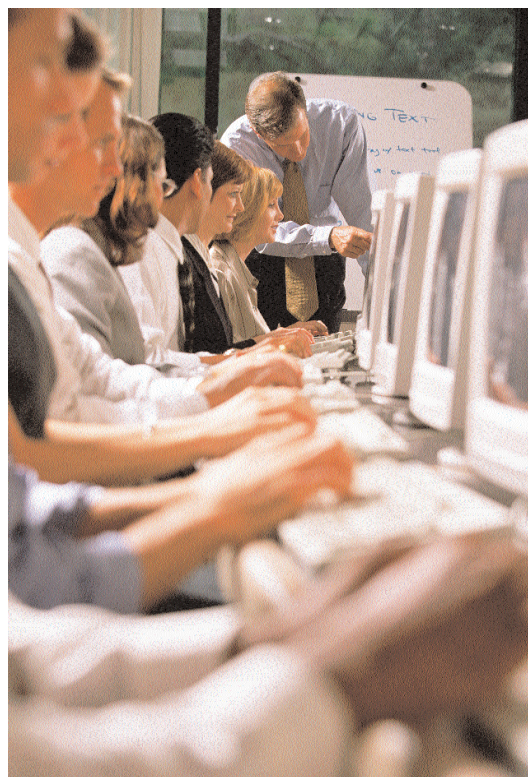
The development of products usually results from market research that identifies customer needs, recommendations from advisors with direct field experience and, sometimes, also from the identification of new financial techniques by experts.

The “front office” is completed by the **Direct Channels**, enabling customers to access the bank remotely in order to directly carry out the lower added value transactions, such as arranging for a bank transfer or making an additional mutual fund investment. Direct Channels are the Internet, the Call Center, Teletext, and SMS (mobile telephone channel).

The Direct Channels section handles a very high number of customer contacts: millions of contacts a year, both to request information and to carry out transactions. One of the most important priorities in this area is high quality service provision. Just one example: in the Call Center, it is common practice to answer 95% of telephone calls - and sometimes even more - within 20 seconds. In order to increase quality and efficiency at the same time, the whole department strives to extend the so-called “one shot” practice as

far as possible - that is, a response able to fully satisfy all the needs of a customer in one go, without the need for further contact.

The Call Center also plays a significant role in the managerial development of the Company all newly-hired young managers hold a Call Center position for a period ranging from six months to one year - an extraordinary working experience, as a result of which newcomers learn all there is to know about the company’s customers, advisors.





The other fundamental component of the machine is the “back office”, including **Product Manufacturing** and the actual **Back Office**.

The former is involved with the operating activities of Fund Management Companies, Life Insurance and Banks. It features the Project Office, where technical know-how on products and relevant financial management is concentrated, and which represents a very important contact for the Marketing

departments when developing new products.

The latter fulfils all the administrative obligations associated with customer investments, collection and payment orders and services requested by customers, as well as activities associated with the payment of commission to the networks.

“SOFTWARE”

The fundamental Mediolanum software stands out because of the way it relates to the key players in the business, a choice based on a very simple concept: corporate loyalty, applicable to customers, advisors and investors.

First of all, *customer loyalty*. It has been demonstrated that this factor can have a crucial impact on all aspects of the corporate system: it can create huge competitive advantages, generate unexpected productivity gains, and foster and speed up growth. Both revenue and market share rise as the best customers are attracted within the corporate sphere, with an increase in the number of repeat orders and the acquisition of new customers brought in by those already existing.

Customer loyalty is obtained through a strong corporate focus on customers, ensuring their satisfaction and creating value for them.

The *advisors' loyalty* is also very important, since it has often been demonstrated that it is impossible to maintain a good base of loyal customers without loyal advisors. Moreover, the best advisors would rather work for companies that develop customer loyalty.

Business growth enables the company to attract and keep the best advisors. The constant offer of excellent value strengthens their loyalty, making their work gratifying and satisfactory. Furthermore, thanks to long-term relations with customers, advisors themselves learn to offer added value, reinforcing mutual loyalty. During the course of their work, loyal advisors learn how to reduce costs and improve quality, further increasing the value offered to customers and often generating very high levels of productivity. All this produces a profit flow which is very attractive to investors, and makes it easier for the company to draw and keep the right investors over time. Nonetheless, *investors' loyalty* requires real communication and the utmost transparency. Loyal investors behave like partners: they stabilise the system, reduce the cost of capital and work so that a significant portion of profits is employed in the company to further increase its value-creating potential.

In order for this software to work efficiently, specific functions were created: one dedicated to **Quality**, and the other to **Investor Relations**.

The former, working throughout the company and collaborating mainly with the Commercial, Direct Channels and Human Resources departments, fosters and promotes customers' and advisors' loyalty. This is why it has been possible to introduce network incentives, to monitor customer contact methods, the promotion of Corporate Improvement Groups, and a whole range of activities guaranteeing high- quality service. Consequently, thanks to a range of quality services at very competitive prices, customers are satisfied and there is a retention rate of over 95% - one of the best results ever obtained by a company providing financial services worldwide.





The latter focuses on the development of an excellent relationship with the financial community: this goal is obtained by means of frequent individual and group meetings, in the company's headquarters and at the investors' premises, which are attended by the top management. In 2002, over 350 investors were directly informed about corporate trends and program. Advanced technological systems (webcast via Internet and Broadband) are available for communicating results.

Another important software element is represented by the **Planning and Control department**. This area ensures constant monitoring of the "route" in terms of development of volumes and economic results. Its task is fundamental for the company to move in the right direction.

The other software sections are: **Public and Media Relations**, and **Human Resources**, playing a fundamental role in maintaining an open, positive corporate environment, necessary to foster loyalty and enhance customer service.

"MAINTENANCE"

There is a whole set of services and functions to ensure that both the hardware and software work perfectly: among these, **Information Systems** features the highest number of operators. Its task is to keep order in the complex technology of the company, ranging from computers of varying power (from mainframe to lap top) to telecommunications, including all the ancillary protection and safety systems. Since the bank operates 24 hours a day, so also does the customer care service.

Other departments supporting the machine include: **Internal Auditing**, **Accounting**, **Purchases and General Services**, as well as **Legal**, **Corporate** and **Fiscal Services**.

Included in a total work force of approximately 6,500 agents and 1,000 employees performing all the tasks described above, there are managers - the people with particular co-ordination tasks intended to reach corporate objectives. 100 of them are agents (not counting the over 1,000 supervisors) and 185 are employed by the company.

The former have an average age of 42, and 10 years' seniority in the company; the latter (executives and middle managers) have an average age of 40, and over 8 years in the company.

This is a group of men and women, at an age of maximum productivity, with high professional skills – a strongly united group, that works with this motto in mind: “competition outside, teamwork inside”.

These are the people who – along with all the other Mediolanum advisors – will ensure the survival of the company in the stormy sea of business, and guarantee its success in the future.

We believe that Mediolanum has firmly established a company that will outlast its founder. The values and structure described above – along with the results achieved in these difficult times – are the proof that all this happened without trauma or accident, while maintaining a strong orientation towards innovation and optimum customer service.



Knowing all this, is there any point in considering Mediolanum a “one-man company”?

MEDIOLANUM GROUP

*CONSOLIDATED
FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2002*



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Directors' report on the consolidated financial statements

Drawn up pursuant
to Italian Law no.173/97

Dear Shareholders,

The Mediolanum Group obtained very satisfactory results in 2002, particularly considering the exceptionally critical situation faced by the world economy, and the uncertainties felt by both investors and depositors.

The Group was able, in terms of both volumes and results, to resist steadily negative market trends and to continue implementing strategic projects intended to strengthen its presence abroad and diversify its areas of operation.

Net profit for the period amounted to 82,049 thousand Euro (2001: 103,255 thousand Euro), after income taxes of 7,878 thousand Euro (2001: 15,426 thousand Euro).

The decline in results was mainly due to goodwill charges for the new foreign ventures (mainly Fibanc Group, Gamax Group, Bankhaus August Lenz & Co. AG) and Italian ones (Banca Esperia); without these new investments, the results of the Mediolanum Group would have been 120,659 thousand Euro, that is, higher than the 120,090 thousand Euro result of 2001.

Growth in total revenues coming from life insurance premiums was at 29.8%, from 1,938 million Euro in 2001 to 2,517 million Euro.

Total assets under administration at December 31, 2002 amounted to 21,014.3 million Euro, a 0.5% increase over the previous year, with 20,920 million Euro.

To be in compliance with current regulations, the Group must draw up the consolidated financial statements according to the accounting method for insurance companies, excluding from the consolidation the companies carrying out banking and asset management activities. Therefore, we deemed it appropriate, as in previous years, to provide a clear, overall profile of the Group activities, with the intention of highlighting the economic and financial asset data of the Group in a clear and coherent way.

Mediolanum S.p.A., and the controlled companies Mediolanum Vita S.p.A., Partner Time S.p.A and Mediolanum International Life Ltd, were consolidated on a line-by-line basis.

The controlled companies Banca Mediolanum S.p.A., Mediolanum Gestione Fondi SGR.p.A., Mediolanum International Funds Ltd, PI Distribuzione S.r.l., Mediolanum Comunicazione S.r.l., Mediolanum Fiduciaria S.p.A., Mediolanum State Street SGR.p.A., Mediolanum Asset Management Ltd, Mediolanum International S.A. were consolidated using the equity method.

**CONSOLIDATED
VALUES
ACCORDING TO
THE ACCOUNTING
METHOD FOR
INSURANCE
COMPANIES**

Similarly, the Fibanc Group companies, the Gamax Group companies, Banca Esperia S.p.A. and its controlled companies were valued using the equity method. Furthermore, following the acquisition on January 17, 2002 of the German bank Bankhaus August Lenz & Co AG, and the start-up of Mediolanum Private S.A.M, from this fiscal year these companies are also consolidated using the equity method.

THE MARKETS IN WHICH THE GROUP OPERATES

2002, which saw the advent of the Euro, was greeted with optimism and the feeling of leaving behind a negative 2001, with all its troughs hitting the markets and, even more so, with the tragic memory of the events of September 11. A possible recovery in the economy and financial markets seemed close enough - the only moot point was when it would begin. Nonetheless, one quarter after another, this recovery was constantly delayed. At the end of the year, economic forecasts very much resembled the initial scenario, with the perception of an approaching, yet not immediate, recovery, expected to resuscitate a stagnating economy unable to trigger a steady, long-lasting growth, and give new strength to financial markets, shattered by three consecutive years of crisis.

The international political scenario was unchanged, with a war of uncertain duration looming over the horizon.

During 2002, monetary policy exploited all the tools available, with a turning on of the financing tap for the economy as much as possible, and with interest rates hitting an all-time low. In spite of all this, demand and production were not significantly propelled. Growth estimates continue to be adjusted downwards, thus confirming a climate marked by constantly unfulfilled expectations.

The final balance of world GDP increase was 1.7%, falling short of expectations and only slightly higher than the previous year. The most important contribution came once again from the United States of America, with Europe and Japan unable to speed up growth rates. Japan showed some signs of recovery, but only partial and intermittent.

There is still excess production capacity in the USA, but the satisfactory level of consumption, financed by abundant bank lending, kept the overall level of demand high. The Federal Reserve opted for an extensive use of the monetary lever, while implementing a fiscal policy intended to cut taxes and expand public spending. If the low level of growth is worrisome, the deteriorating entrepreneurial climate is even more so. Corporate scandals, already

apparent at the end of 2001, exploded last year. They suggest a declining impetus and a weakening of the positive driving attitude that always characterised the US production system.

All this being said, the US economy remains the engine of the world, since the promised alternation with that of Europe did not materialise - and Germany, once the driving force, contributed to the slowdown of the European economy. Europe seems to be going through a period of very slow growth.

The changeover of European currencies to the Euro unquestionably influenced the purchasing power; yet, this was an extraordinary and unrepeatable event, already ruled out of the factors that will govern inflationary trends in the future. Oil prices, in turn, contributed to a rise in 2002 prices and, considering the international political scenario, may have a negative impact on the current year, too. The economic policy manoeuvre typically adopted in a similar scenario is deficit spending; yet, the attempt of some EU countries to increase spending to boost economies clashed with the limitations of the Stability and Growth Pact. The deficit/GDP ratio exceeded the agreed threshold in Germany (3.8%) and Portugal, and approached it in France (2.8%). Italy closed the year with a better result (2.1%), yet without managing to speed up the positive process of reducing national debt started in previous years. A debate - sometimes heated - began about the possibility of complying strictly with the threshold fixed in Maastricht, but no agreement has been reached so far about its possible review. For the development of the Union, a decision was taken which is more important than the previous debate: the expansion of the EU to include the 10 new countries that had been on the candidate list for years. This is a significant step towards strengthening the European Union which, though it entails major difficulties in terms of integration and governance in the short term, will provide significant benefits in the long run.

In contrast with the inflation and economic growth differential, the European currency gained 19% over the US dollar during 2002. The underlying reasons are mostly not economic in nature, and are mainly related once again to the social and political environment. The determination with which the Federal Reserve reduced rates (the rate on federal funds, at 1.25% from November 6, 2002, is the lowest it has been in the last 41 years) does not explain the Euro/dollar ratio trends, especially considering that, previously, the gap between interest rates, favourable to the Euro, was not in itself enough to strengthen the Euro against the US dollar.

For its part, the ECB continued to implement a cautious policy, aimed at preserving the purchasing power of the European currency, rather than fostering development. The official refinancing rate was brought from 3.25% to 2.75% on December 5, 2002.

Italy was fully in line with the economic trends observed in the rest of Europe. GDP showed a modest growth (0.4%), the inflation rate fell only slightly (2.5%), and the note of caution sounded about a possible rise in prices was somewhat exaggerated. In general, consumers' trust dwindled, and the outlook is not particularly optimistic, however, reality may turn out to be not as bad as is currently perceived.

In Germany, GDP rose even more modestly (+0.2%), while the inflation rate was at 1.3%. In Spain, the GDP growth rate (+2.0%) proved far higher than the average for EU countries, while highlighting a 3.5% inflation rate, also higher than the European average.

Against such an uncertain background, the performance of financial markets was again unsatisfactory. Considering the change of the trend in rates, investment strategies based on long-term fixed-income securities, hitting unprecedented peaks, were the only ones to gain success. The stock market itself represented a further negative element: Dow Jones Industrials -16.76%, -Nasdaq Composite 31.53%, DJ Euro Stoxx -34.52%, Nikkei 225 -18.63%, Dax -49.1% , Mib 30 -25.3%, and IBEX -28.11%.

Even though the "bubble" culminating in March 2000 has been reabsorbed, interest rates are at their lowest level for decades, and the price/earnings ratio is very low, share prices have failed to take off . On the one hand, this suggests that investors are monitoring the real trend of companies, and the forecast of scarce or nil profits; however, the stock exchange weakness and overall uncertainty mainly relate to the international social and political context - the war and the risk of terrorism. During 2002, stock exchanges repeatedly tried to regain the path of growth, but each endeavour was hindered by different reasons, and each mini-rally proved ephemeral.

On financial markets, investors turned their interest towards bonds, including those with a higher risk profile, issued by emerging countries or companies. However, these transactions proved problematic, too. The risk spread widened significantly, particularly due to some cases of default or sharp downgrading by rating agencies, and there was a high degree of volatility. The investors' search for higher returns inflated a market that was

very weak until yesterday, especially in Europe, in a quest for issuers that are still unable to nurture secondary markets of adequate weight. What is worse, transactions in these segments, characterised by a considerable lack of clarity, once again produced cases of an intermingling between issuers and investors, and conflict of interest between banks and depositors.

Financial systems suffered from the combined impact of these events. A moderate growth in aggregates, low interest rates, devaluation of the portfolio, fall in asset management and investment banking commissions all combined, produced a depressing mix for brokers' accounts. There is usually a gap of a few half-years between the profit cycle of financial brokers and that of real economy, but the downturn of industrial and financial companies has now become concurrent. In order for financial companies to recover appreciably, industrial companies must give the first signs of rebound, on the grounds that financial markets are always in advance of the real economy.

A very negative element hitting income statements is the devaluation, in some cases very dramatic, of brokers' shareholdings, which called for monetisation of reserves and capital gains that had been latent for many years. A slight recovery involved other income, while the dynamics of costs were also negative. These rose moderately but exceeded inflation, thus eroding a higher brokerage margin quota than in the past. Also in this context there seem to be no significant opportunities for recovery in either the short or the medium terms.

The restructuring of the system has not been completed yet, and its achievement will involve major organisational costs.

The difficult moment faced by the international economy also influenced the banking sector.

In Italy, the profitability of banks declined at the same rate as market trends - that is, interest rates and the negative behaviour of financial markets, significantly cutting down asset management commission.

During 2002, a significant recovery in direct inflows was registered; the difficulties continuously hitting financial markets pushed depositors towards traditional products while waiting for more remunerative products, increasing customer deposits compared to last year.

THE BANKING MARKET

The good result of direct inflows was countered by the not-so-good result of indirect inflows, especially in asset management.

The profitability of the banking system also suffered from reduced brokerage margins due to a smaller spread and decreased commission income from asset management and private banking.

Lending progressed rather slowly; corporate loan demand was negligible, while medium and long-term household demand maintains a steady level.

THE MUTUAL FUND MARKET

In 2002, gross inflows from Italian mutual funds (Assogestioni data) came to 190,061 million Euro (2001: 214,706 million Euro).

At December 31, 2002, the total assets of mutual funds under Italian legislation amounted to 360,694 million Euro (2001: 403,678 million Euro).

In 2002, managed fund assets fell considerably, due to the loss of value of financial instruments, and an increased tendency for savers to turn to different forms of investments, such as government securities, real estate, liquidity in current accounts and deposits.

THE LIFE INSURANCE MARKET

In 2002, the insurance market was influenced, in addition to the turbulence hitting financial markets, by uncertainty about the future social security picture. At the end of 2002, written Life premiums came to 55,750 million Euro (+17%) against 47,514 million Euro in the previous year. New business reached approximately 43,940 million Euro (2001: 35,809 million Euro, that is, +23%).

New business on unit-linked policies (both traditional and guaranteed) totalled 15,035 million Euro, (+3% over 2001).

The new index-linked business decreased approximately by 5%, with premiums in the region of 10,753 million Euro.

Traditional products also regained ground in 2002, totalling approximately 17,765 million Euro (+86% over 2001), equal to 40% of total new business sold compared to 27% in 2001.

As for distribution channels at the end of 2002, post offices maintained last year's 7%, bank branches fell to 66% (2001: 68%), agents remained unchanged at 14%, while the licensed financial advisors' quota rose to 13% (2001: 11%).

Despite a very negative international scenario, 2002 results of the Mediolanum Group proved very satisfactory in terms of inflows and performance, and more than positive as far as profits were concerned.

PERFORMANCE OF THE SECTORS WHERE THE GROUP OPERATES

As for activities abroad, the Fibanc Inversiones S.A. Group strengthened its operations in Spain; in Germany, Bankhaus August Lenz & Co. AG, a multi-channel bank with a network of licensed financial advisors of its own, began operations towards the end of the year, exporting the Banca Mediolanum model to Germany.

In order to facilitate a comparison with the previous year's results and to better understand the managerial aspects, the performance of the Mediolanum Group excluding the Fibanc Group, Mediolanum International S.A, Mediolanum Private S.A.M., Bankhaus August Lenz & Co. AG, the Gamax Group and Banca Esperia S.p.A. is covered below.

MEDIOLANUM GROUP EXCLUDING NEW VENTURES (CORE BUSINESS)

The performance and the results of the new ventures are addressed in a separate section.

Within the framework of strategies intended to broaden the range of customer services and improve the profitability of its activities, Banca Mediolanum continued to develop customer lending activities, while being backed by the assets deposited at the bank itself. As a consequence, total lending to customers almost doubled: over 218.2 million Euro at December 31, 2002, compared to 114.2 million Euro of the previous year.

BANKING ACTIVITY

Lending by the bank, in the form of loans or credit opening on current accounts, are solely intended for private individuals, except some pool financings granted to leasing, factoring or consumer credit companies belonging to Italian banking groups.

The percentage of current account holders as against the total number of customers continues to grow, confirming a higher level of customer loyalty and assets. As at December 31, 2002, there were approximately 340,000 current accounts (2001: 297,000: +14%), corresponding to 465,000 current account holders. Cash deposits at the same date totalled 2,871.7 million Euro (2001: 2,075.16 million Euro: +38.4%). The equivalent value of securities held in safe custody amounted to 2,206.3 million Euro (2001: 2,239.9 million Euro: -1.5 %), for a total of 5,094.6 million Euro assets under administration (2001: 4,315 million Euro: +17.3%).

Banca Mediolanum S.p.A. results are influenced by the acquisition of Italian and foreign companies involved in asset management and distribution of financial products, previously held by Mediolanum S.p.A.. The significant flows of dividends accounted for “on an accrual basis” relate to these companies. The result, net of these items, decreased over the previous year, largely because of a reduction in interest margins, due to a commercial policy on current accounts that entails attractive rates, and decreased insurance commission received due to lower deferred annuities inflows.

Net profits of companies operating in the management field in which investments are held (valued on an equity basis):

<i>Euro in thousands</i>	31.12.2002	31.12.2001
Banca Mediolanum S.p.A.	58,815	6,506

**MUTUAL FUNDS AND
MANAGED ACCOUNTS**

The results obtained were more than satisfactory despite the very difficult economic context, confirming the reactive ability of Group companies operating in these markets.

During the year, a new service was introduced called “Big Chance”, which gives customers who have subscribed to a liquidity or bond fund the opportunity to gradually invest on share markets, taking advantage of low share prices determined by persistent negative trends in stock exchanges.

Total gross inflows for the mutual fund and managed account business amounted to 2,246 million Euro (2001: 3,116.5 million Euro), whereas net inflows totalled 557 million Euro (2001: 1,024 million Euro). Total assets under management at December 31, 2002 totalled 8,411.9 million Euro (-12.8 % over December 31, 2001).

Net profits of companies operating in the management field in which investments are held (valued on an equity basis):

<i>Euro in thousands</i>	31.12.2002	31.12.2001
Mediolanum Gestione Fondi SGRp.A.	6,658	12,783
Mediolanum International Funds Ltd	118,469	76,785

The decreased earnings of Mediolanum Gestione Fondi mostly relate to appreciably lower managed assets, substantially reduced due to a loss of financial instruments value, as well as to a greater tendency for depositors to turn to different forms of investment, such as government securities and liquidity.

The good performance of the controlled company Mediolanum International Funds Ltd stems from increased managed assets and enhanced cost management efficiency, as well as from lower commission to external managers.

The Mediolanum Group's capacity to penetrate the market in the Life and insurance business was yet again confirmed, with the launch of products and services able to promptly satisfy customers' needs.

THE LIFE BUSINESS

A new product was launched called "My Pension", a new social security product enabling customers to make payments, on an annual basis and according to their preferences, to create a supplementary pension with the products Europension and Tax Benefit.

Total gross inflows for 2002 totalled 2,122.9 million Euro, a 32.50% increase over 2001 (1,602.2 million Euro).

New business amounted to 1,413.6 million Euro (2001: 1,022.9 million Euro).

Deferred annuities and recurring premiums decreased 33.2%.

Life reserves totalled 6,796.3 million Euro (2001: 6,661 million Euro), a 2.03 % increase.

Total payments for the year relating to individual policies for surrenders, claims, maturity and income amounted to 992 million Euro, whereas total payments for group policies were 13.7 million Euro.

Net profit for the period of companies operating in the Life insurance sector in which investments are held (valued on a line-by-line basis):

<i>Euro in thousands</i>	31.12.2002	31.12.2001
Mediolanum Vita S.p.A.	6,965	10,382
Partner Time S.p.A.	4,317	7,066

The reduction in Mediolanum Vita S.p.A. earnings relates to lower margins caused by the unfavourable economic context. This reduction was partly compensated for by the intense commercial activity during the year, which brought about a strong spurt in new business.

The adverse financial markets scenario and a decidedly uncertain outlook for the future of social security also influenced Partner Time results.

OTHER PRODUCTS In 2002, the distribution continued among Group clients of Abbey National Bank plc home loans, for about 198.2 million Euro (2001: 127 million Euro).

Profits for the year of other companies (valued on an equity basis):

<i>Euro in thousands</i>	31.12.2002	31.12.2001
Mediolanum State Street SGR p.A.	212	444
Mediolanum Asset Management Ltd	1,619	447
Mediolanum Comunicazione S.r.l.	11	102
Mediolanum Fiduciaria S.p.A.	(1)	(15)
PI Distribuzione S.r.l.	3	(187)

It should be noted that Mediolanum Fiduciaria S.p.A. is now inactive and its future utilisation is under evaluation.

NEW VENTURES

THE FIBANC GROUP The interest held in the Spanish Group controlled by Fibanc Inversiones S.A., based in Barcelona, was further increased 15.04%, thus reaching 84.96%. During 2002, the multi-channel project was started up (Internet, licensed financial advisors, teletext, call centre and branches) to integrate all sales channels, catering for customers 24 hours a day, 365 days a year. The range of services in the insurance, social security and financial domains was also broadened with products from the Group's Irish companies: Mediolanum International Life Ltd and Mediolanum International Funds Ltd. The sales network was strengthened to 663 agents and commercial employees, compared to 464 in the previous year. The number of exclusive financial advisors grew (155 at December 31, 2002) in accordance with the Banca Mediolanum model. In relation to the institutional recognition of the role of licensed financial advisors on the Spanish market, Fibanc has from the outset promoted the setting up in Spain of a branch of the locally-chaired European Financial Planning Association (EFPA).

Volumes of the Fibanc Group

<i>Euro in millions</i>	31.12.2002	31.12.2001
Assets under administration	1,788.3	1,944.2
Gross inflows	353	315
Net inflows	59	(119)

Employees

<i>Units</i>	31.12.2002	31.12.2001
Clerical personnel*	297	287
Managers	19	20
TOTAL	316	307

(*) of whom 31 are commercial employees.

Net profit of the Fibanc Group

<i>Euro in thousands</i>	31.12.2002	31.12.2001
Fibanc Group	328	305

The Luxembourg-based company carries out sub-holding activities, coordinating the business of the companies it directly controls: Mediolanum Private S.A.M. and the German Group headed by the company Gamax Holding AG.

MEDIOLANUM
INTERNATIONAL S.A.

Net profit of Mediolanum International S.A.

<i>Euro in thousands</i>	31.12.2002
Mediolanum International S.A.	11

The Gamax Group consists of a holding company with an interest in two fund management companies in Luxembourg, and two distribution companies in Germany (based in Leverkusen) and Austria (based in Salzburg).

GAMAX GROUP

The offer of Mediolanum Group financial and social security products began during 2002, laying the foundation for a more direct and efficient management of commercial networks, implementing collaborative activities with Bankhaus August Lenz & Co. AG, which will be further developed in 2003.

Volumes of the Gamax Group

<i>Euro in millions</i>	31.12.2002	31.12.2001
Assets under administration	427	623
Gross inflows	110	151
Net inflows	23	113

At December 31, 2002, the sales network consisted of independent agents, of whom 985 were in Germany and 119 in Austria.

Net profit of the Gamax Group

<i>Euro in thousands</i>	31.12.2002	31.12.2001
Gamax Group	(2,057)	1,684

The loss incurred in 2002 by Gamax Group companies mainly relates to the results of the two distribution companies, which suffered, on the one hand, from lower revenues resulting from decreased volumes, and lower management commission due to shrinking managed assets, and on the other, from the higher structural costs resulting from an initially oversized organisation. In this connection, a corporate reorganisation plan is currently being implemented.

Employees

<i>Units</i>	31.12.2002	31.12.2001
Clerical personnel	43	40
Managers	7	8
TOTAL	50	48

MEDIOLANUM PRIVATE S.A.M.

This company, based in Montecarlo, is 75% controlled by Mediolanum International S.A.; the remaining 25% is held by Compagnie Monégasque de Banque. Corporate activity started in 2002, with managed assets totalling 7.3 million Euro at year end. The operation is supported by one member of staff.

Net profit of Mediolanum Private S.A.M.

<i>Euro in thousands</i>	31.12.2002
Mediolanum Private S.A.M.	(18)

Volumes of Mediolanum Private S.A.M.

<i>Euro in millions</i>	31.12.2002
Assets under administration	7
Gross inflows	9
Net inflows	8

During the first half-year, Mediolanum International Life Ltd started to operate; its products are also placed through the Fibanc Group network.

MEDIOLANUM
INTERNATIONAL LIFE LTD

At December 31, 2002, gross premiums totalled 22,704 thousand Euro, and assets 24 million Euro.

Net profit of Mediolanum International Life Ltd

<i>Euro in thousands</i>	31.12.2002	31.12.2001
Mediolanum International Life Ltd	(1,112)	(362)

Employees

<i>Units</i>	31.12.2002
Clerical personnel	1
Managers	2
TOTAL	3

During January, 2002, the acquisition of the Munich-based bank August Lenz & Co. AG was finalised. During the year, technical and organisational infrastructure was put in place for the start up of banking activity according to the multi-channel model, and the first group of licensed financial advisors was selected and trained.

BANKHAUS AUGUST LENZ
& Co AG

In the second half of December, the bank officially started operating with the placing of the first funds and insurance products of the Group's Irish companies, Mediolanum International Life Ltd and Mediolanum International Funds Ltd.

However, the above structural costs, relating to the significant structural investments in the start-up phase of the German company, had a negative impact on results, entailing losses of 3,633 thousand Euro.

The sales network, still at a start-up stage, consists of 36 people at December 31, 2002.

Volumes of Bankhaus August Lenz & Co. AG

<i>Euro in thousands</i>	31.12.2002
Assets under administration	570
Gross inflows	630
Net inflows	630

Net profit of Bankhaus August Lenz & Co. AG

<i>Euro in thousands</i>	31.12.2002
Bankhaus August Lenz & Co. AG	(3,633)

Employees

<i>Units</i>	31.12.2002
Clerical personnel	14
Managers	2
TOTAL	16

BANCA ESPERIA S.P.A.

Volumes of the banking Group Banca Esperia

<i>Euro in millions</i>	31.12.2002	31.12.2001
Assets under administration (*)	2,859	1,211
Gross inflows	1,754	207
Net inflows	899	35

(*) the value of assets managed net of SICAV subscribed by Banca Esperia clients within individual management programs totalled 617.4 million Euro.

Net profit of the banking Group Banca Esperia

<i>Euro in thousands</i>	31.12.2002	31.12.2001
Gruppo Bancario Banca Esperia	(7,121)	(6,305)

- In January 2002, the direct and indirect interest held by Banca Mediolanum S.p.A. in Fibanc Inversiones S.A. was increased to 84.96%, entailing costs of 30,216 thousand Euro.
- In the same month, Banca Mediolanum acquired the banking company Bankhaus August Lenz & Co. AG, based in Munich (Germany), at a price of 12,651 thousand Euro.
- On February 5, 2002, Mediolanum S.p.A. purchased 1,281,350 Mediobanca S.p.A. shares, at a price of 14,862 thousand Euro; following this acquisition, the interest held in the controlled company reached 1.981%.
- At the beginning of March 2002, the Spanish company Andino AVB. S.A. was incorporated in the controlling company Banco de Finanzas e Inversiones S.A..
- On March 21, 2002 and on June 12, 2002, in two successive operations, two further share capital increases of 24,228 thousand Euro were subscribed and paid-in by Mediolanum S.p.A. Of these, 5,671 shares were subscribed on December 18, 2002 and paid in January. These operations were undertaken in order to provide the controlled company Banca Mediolanum S.p.A. with the assets necessary to continue its development.
- On June 27, 2002, the interest held in the company Tredicimarzo S.r.l. was sold, with a capital gain of 1 thousand Euro.

Mediolanum Private S.A.M., a company operating in the private banking domain and based in Monte Carlo, also began operations during the first half-year.

- In September 2002, as per the resolution by the parent company Mediolanum S.p.A. of March 26, 2002, an inter-company operation was carried out, in which Mediolanum S.p.A. transferred to Banca Mediolanum S.p.A. control over the companies Mediolanum Gestione Fondi SGRp.A. (51%), Mediolanum International Funds (51%), Mediolanum Asset Management Ltd (51%) and Mediolanum International S.A. (99.8%).

This transaction, intended to enable Banca Mediolanum S.p.A. to exert an effective strategic, management and operational control of Group companies that provide asset management and financial services, generated no capital gains resulting from the transfer of the holdings.

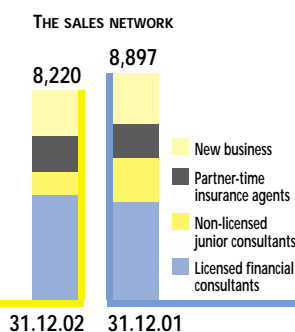
INVESTMENTS OF THE GROUP

During 2002, various projects were started with a view to rationalising and enhancing the information system supporting the multi-channel model. In particular, a technological re-engineering project was started involving the Internet channel - a first step in the process intended to review the underlying service architecture, from which the multi-channel service will gradually be consolidated.

Investments were also made, within the framework of basic technological infrastructures, to improve and enhance the performance and safety of data storage and access to the Internet site.

THE SALES NETWORK

The sales network of financial advisors shrank due to adverse market conditions. However, the number of licensed financial advisors - that is, senior consultants with a solid professional background - went from 3,842 in 2001 to 4,114 at the end of 2002.



Units	31.12.2002	31.12.2001
Licensed financial advisors (Banca Mediolanum S.p.A.)	4,114	3,842
Non-licensed financial advisors (Banca Mediolanum S.p.A.)	901	1,743
Partner Time insurance agents	1,402	1,308
TOTAL "CORE BUSINESS"	6,417	6,893
Fibanc network	663	464
Gamax network	1,104	1,540
Bankhaus August Lenz network	36	0
TOTAL "NEW VENTURES"	1,803	2,004
TOTAL	8,220	8,897

* of whom 31 were commercial employees in 2002 (2001: 47).

During 2002, 30 new Mediolanum Points ("Punto Mediolanum") were opened by Banca Mediolanum S.p.A., strengthening the Group presence throughout Italy by bringing the total to 77. These offices, which provide financial consultancy, have a uniform layout and a coordinated corporate design and image. Some are ATM-equipped.

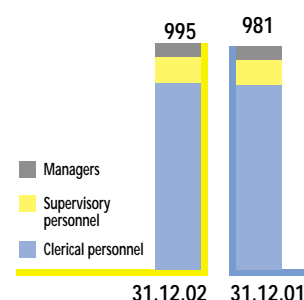
Special emphasis was also placed on human resource development in 2002. Training and development of newcomers' teamwork skills continued, and corporate job rotation has now become standard practice, enabling employees to enhance their profile and increase their professional growth through new experience.

The number of Mediolanum Group employees grew as follows:

Units	31.12.2002	31.12.2001
Clerical personnel	822	811
Supervisory personnel	112	106
Managers	61	64
TOTAL	995	981

HUMAN RESOURCES

EMPLOYEES



Volume is broken down by main business lines and developed as follows:

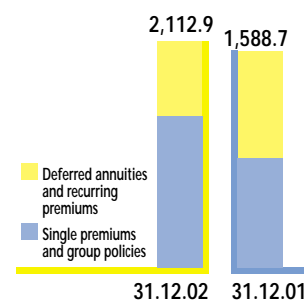
Inflows of managed accounts products

Euro in millions	31.12.2002	31.12.2001	% change
The "core business"			
Life insurance products			
<i>New business</i>			
- Deferred annuities and recurring premiums	130.5	195.5	(33,2)
- Single premiums and group policies	1,283.1	827.4	55.1
TOTAL NEW BUSINESS	1,413.6	1,022.9	38.2
<i>In-force business</i>			
- Deferred annuities	615.4	521.1	18.1
- Recurring single premiums	93.9	58.1	61.5
TOTAL IN-FORCE BUSINESS	709.3	579.3	22.4
TOTAL PREMIUMS WRITTEN	2,122.9	1,602.2	32.5
(less) premiums ceded	(10)	(13.5)	(25.92)
TOTAL LIFE PREMIUMS	2,112.9	1,588.7	34.27
Financial products			
<i>Mutual accounts funds and managed accounts</i>			
- Gross consolidated inflows	2,246.0	3,116.5	(27.93)
- Net consolidated inflows	557.5	1,024.0	(45.56)
"New ventures"			
<i>Life insurance products</i>			
<i>New business</i>			
- Single premiums	23	5	440
Financial products			
<i>Mutual accounts funds and managed accounts</i>			
- Gross consolidated inflows	2,855.5	673	324
- Net consolidated inflows	1,618.9	29	n.a.

VOLUME

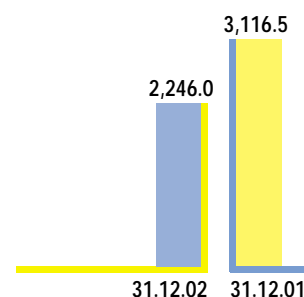
SALES LIFE

Total premiums (Euro millions)

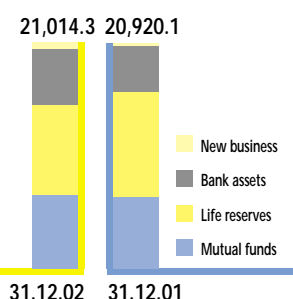


SALES FUNDS

Total sales gross (Euro millions)



ASSET UNDER ADMINISTRATION
(Euro millions)



Consolidated assets under administration

Euro in millions	31.12.2002	31.12.2001	% change
- Life reserves	6,796.3	6,661.0	2.0
- Mutual funds and managed accounts	8,411.9	9,645.8	(12.8)
- Direct and In Direct bank inflows	5,094.6	4,341.4	17.4
- Pension funds	491	428.7	14.53
- Consolidation adjustments	(3,090.3)	(3,232.5)	(4.3)
TOTAL "CORE BUSINESS"	17,703.5	17,844.5	(0.08)
- Fibanc assets under administration (*)	1,788.3	1,950	(8.3)
- Gamax assets under administration	427	623.3	31.5
- August lenz assets under administration	1	n.a.	n.a.
- Banca esperia assets under administration (**)	1,087.3	502.3	116.5
- M. Private assets under administration	7.2	n.a.	n.a.
TOTAL "NEW VENTURES"	3,310.8	3,075.6	7.7
TOTAL MEDIOLANUM GROUP	21,014.3	20,920.1	0.5

(*) The result includes the value of assets managed by Mediolanum International Life Ltd and placed through the Fibanc network for 19.9 million Euro (31.12.2001: 4 million Euro).

(**) Results pertaining to Banca Esperia were considered in proportion to the holding.

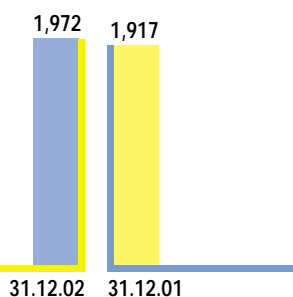
EMBEDDED VALUE

Considering the importance embedded value has for a more meaningful interpretation of the development of the Mediolanum Group, the following information regarding embedded value is provided, calculated by Tillinghast-Towers Perrin, the insurance consultancy division of Towers, Perrin, Forster & Crosby Inc.

Embedded value is defined as the sum of shareholders' net assets, valuing assets at market value and the value of in-force business. The value of in-force Life business is the present value of the stream of future after-tax statutory profits that are expected to be generated from all the existing policies at the valuation date, adjusted for the cost of holding an appropriate level of solvency capital. The value of in-force mutual fund and managed accounts business is calculated in a similar way to the value of in-force Life business, without an adjustment for the cost of capital, since this business does not require solvency margins. The results of such a valuation are shown in the following table:

Euro in millions	31.12.2002	31.12.2001	% change
Embedded value	1,972	1,917	+2.87

EMBEDDED VALUE
(Euro millions)



Embedded value includes goodwill pertaining to the Fibanc, Gamax, Lenz and MILL controlled companies of 156 million Euro, not yet amortised as at December 31, 2002.

Embedded value earnings, which are defined as the change in embedded value for the year, adjusted for dividends paid or the contribution of new capital, provide a measure of performance of the Group in terms of the generating of new value.

Embedded value earnings for the year

<i>Euro in millions</i>	31.12.2002	31.12.2001
Change in embedded value in the year before the effects of acquisition	75	341
Dividends paid	72	69
Embedded value earnings for the year before Fibanc and Gamax acquisition	147	410

Embedded value earnings for the year, after the year's acquisitions (increase in the interest held in Fibanc and acquisition of Bankhaus Lenz totalling 27 million Euro) and taking into account the goodwill effect, are 120 million Euro. Even with a 64% reduction in embedded value earnings over 2001, the significance of such performance should be noted, as it confirms once again the capability of the Mediolanum Group to generate new value even in an environment as complex and turbulent as the one we are currently experiencing.

The main bases and assumptions used in calculating embedded value in greater detail compared to the above are included in the appendix.

Over the year, the parent company Mediolanum S.p.A. purchased 315,000 of its own shares (corresponding to 31.5 thousand Euro of nominal value, equal to 0.0434% of share capital), for a total of 1,775 thousand Euro, following the appropriate shareholder decision. The balance at December 31, 2002 was 2,284 thousand Euro, equal to 365,000 shares at a nominal value of 36.5 thousand Euro, representing 0.0960% of the share capital.

696,500 shares were sold during the year with a net capital gain of 153 thousand Euro.

No significant events have occurred since December 31, 2002 that may have a significant impact on the company's financial and asset situation or the economic results.

The trends observed in the companies of the Mediolanum Group during the first few months of 2003 lead us to believe that the performance of the year will be positive.

OWN SHARES

SIGNIFICANT POST BALANCE SHEET EVENTS

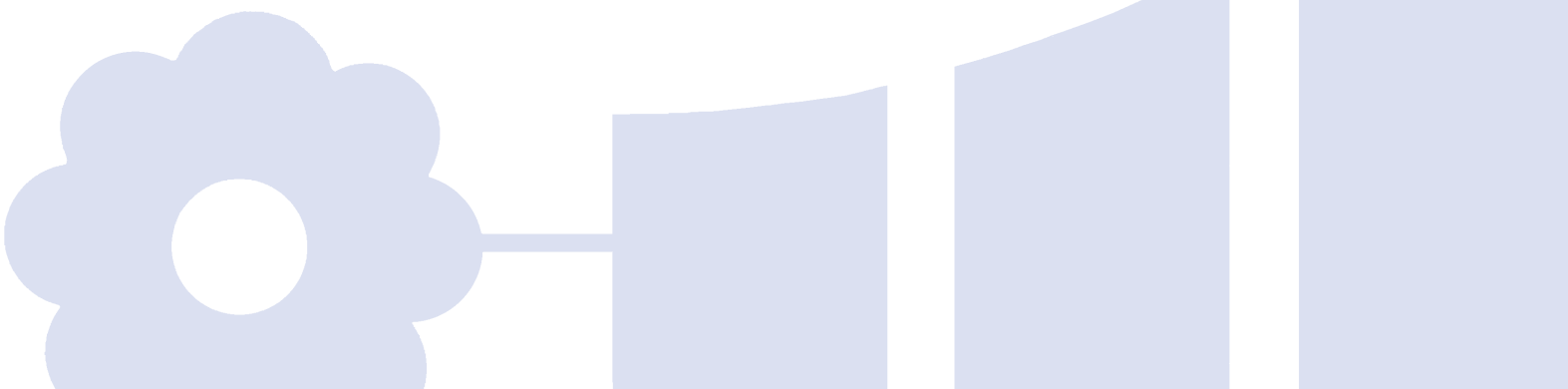
EXPECTED FUTURE TRENDS

For the Board of Directors
(Roberto Ruozi)
Chairman

The Mediolanum Group, following the enactment of Law Decree no.173/97 (specifically article 58, point 2), has the obligation of drawing up the consolidated financial statements according to the accounting method for insurance companies. Since it was not possible to consolidate the companies belonging to the Mediolanum Group on a line-by-line basis due to the presence of companies whose activity is not insurance related within the framework of their institutional tasks (Banca Mediolanum S.p.A., Mediolanum Gestioni Fondi SGR.p.A., Mediolanum International Funds Ltd, Fibanc Inversiones S.A. and its controlled companies, Mediolanum International S.A. and its controlled companies), the consolidated financial statements contain insurance information, which calls for consolidating the above companies operating in the banking and financial fields on an equity basis. Since we felt it was fundamental to provide the reader an overall profile of the Group, we have also provided an appendix that is consolidated on a line-by-line basis: this allows a comparison of the most significant Income Statement items, reclassified using management criteria. The goal was to provide a clear, easily read document for a more accurate comprehension of the Mediolanum Group; it is not intended to provide information about the changes between the accounting balances 2002 and 2001.

MEDIOLANUM GROUP

*ATTACHMENTS
TO THE DIRECTORS'
REPORT:
RECLASSIFIED
FINANCIAL STATEMENT*



RECLASSIFIED BALANCE SHEET

Consolidated financial statement of the Group, including the statements of subsidiaries excluded from consolidation drawn up on a line-by-line basis according to the accounting method for insurance companies

ASSETS	Mediolanum Group		Core Business		
	<i>Euro in thousands</i>	31.12.2002 (*)	31.12.2001 (*)	31.12.2002 (**)	31.12.2001 (**)
Tangible and Intangible assets		180,209	199,949	142,674	171,745
Consolidation difference		160,476	153,491	0	0
Shareholdings		190,810	193,017	479,368	421,788
Financial investments		4,623,632	5,020,652	4,457,577	4,820,150
Company's own shares		2,014	7,598	2,014	7,598
Investments on behalf of Life policyholders, carrying the risk and from pension fund management		5,353,599	4,611,622	5,353,599	4,611,622
Financial receivables		94,219	65,226	94,219	65,226
Due from reinsurers					
Current and deposit accounts		0	0	0	0
Loans to customers		341,343	254,742	129,778	92,274
Loans to Fininvest Group and Doris Group companies		9,467	2,785	6,663	2,785
Sundry assets		369,818	127,210	129,233	89,652
Liquid assets		1.068.163	476.395	1.026.034	256.646
Accrued income and pre-paid expenses		34.394	2.304	29.984	1.215
TOTAL ASSETS		12,428,144	11,114,991	11,851,143	10,540,701

(*) Consolidated Mediolanum Group with "new ventures" Fibanc Group, Gamax Group, Banca Esperia, Mediolanum International Life Ltd, Bankhaus August Lenz & Co. AG (only 2002), Mediolanum Private S.A.M (only 2002), Mediolanum International S.A. (only 2002).

(**) Consolidated Mediolanum Group "core business" only.

SHAREHOLDERS' EQUITY AND LIABILITIES

<i>Euro in thousands</i>	Mediolanum Group		Core Business	
	31.12.2002 (*)	31.12.2001 (*)	31.12.2002 (**)	31.12.2001 (**)
Share capital	72,537	72,502	72,537	72,502
Other reserves	350,820	319,986	366,371	324,267
Minority interest in capital and reserves	6,359	11,637	0	0
Profit for the year	82,049	103,255	120,658	120,090
Life insurance technical reserves net of reinsurance	1,334,194	1,874,691	1,334,266	1,873,399
Life insurance technical reserves, when the risk is carried by policyholders, and reserve from pension fund management	5,353,223	4,611,366	5,330,802	4,606,973
Risk and contingency fund	39,518	27,370	28,038	22,211
Employee severance fund	9,497	8,291	9,497	7,837
Due to reinsurers				
Current and deposit accounts	133,509	182,395	133,393	182,395
Subordinated loans	0	0	0	0
Utilisation of credit lines	300,000	277,022	300,000	277,022
Due to credit institutions/ customer deposits	4,503,637	3,427,114	3,951,830	2,889,431
Due to suppliers and financial consultants	68,645	58,115	67,849	55,466
Due to Fininvest Group and Doris Group companies	1,337	2,364	1,054	2,364
Due to Shareholders	0	0	0	0
Due to tax authorities	28,829	20,553	23,531	20,539
Payables and other liabilities	132,252	114,977	105,265	83,100
Accruals and deferred income	11,738	3,353	6,052	3,105
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	12,428,144	11,114,991	11,851,143	10,540,701

(*) Consolidated Mediolanum Group with "new ventures" Fibanc Group, Gamax Group, Banca Esperia, Mediolanum International Life Ltd, Bankhaus August Lenz & Co. AG (only 2002), Mediolanum Private S.A.M (only 2002), Mediolanum International S.A. (only 2002).

(**) Consolidated Mediolanum Group "core business" only.

RECLASSIFIED INCOME STATEMENT

<i>Euro in thousands</i>	Mediolanum Group		Core Business	
	31.12.2002 (*)	31.12.2001 (*)	31.12.2002 (**)	31.12.2001 (**)
Premiums from insurance activities				
- Gross premiums written	2,145,697	1,607,588	2,122,993	1,602,176
- Reinsurance ceded	(10,183)	(13,511)	(9,969)	(13,511)
Commission income from financial activities and other income				
- Entry fees	35,512	47,690	30,458	45,796
- Management fees	164,803	160,182	145,372	137,392
- Performance fees	41,248	19,488	41,248	19,488
- Bank service margin	82,255	62,034	68,739	53,006
- Bank interest spread	38,245	42,774	26,698	31,596
- Other commissions	8,675	6,536	8,423	6,440
- Other revenues	11,263	5,586	10,333	2,791
TOTAL REVENUES	2,517,515	1,938,367	2,444,295	1,885,174
Change in Life insurance reserves and service to policyholders, net of reinsurance	(1,911,894)	(1,343,401)	(1,890,573)	(1,338,268)
Acquisition costs, net of reinsurance	(213,357)	(232,838)	(194,657)	(218,192)
General costs	(219,394)	(204,609)	(178,629)	(177,355)
Amortisation/depreciation and provisions	(72,165)	(54,468)	(46,446)	(38,975)
Net investment and asset income	22,180	39,208	20,463	41,988
Interest paid on investments	0	0	11,148	8,307
Adjustments to the value of financial investments	(15,587)	(14,633)	(15,587)	(15,745)
OPERATING PROFIT	107,298	127,626	150,014	146,934
Non-recurring extraordinary income and charges	1,732	11,653	1,414	11,519
PROFIT BEFORE TAXES	109,030	139,279	151,428	158,453
Taxes for the year	(27,083)	(35,996)	(30,769)	(38,363)
Profits from minority interests	(102)	28	0	0
PROFITS FROM MINORITY INTERESTS	82,049	103,255	120,659	120,090

(*) Consolidated Mediolanum Group with "new ventures" Fibanc Group, Gamax Group, Banca Esperia Mediolanum International Life Ltd, Bankhaus August Lenz & Co. AG (only 2002), Mediolanum Private S.A.M (only 2002), Mediolanum International S.A. (only 2002).

(**) Consolidated Mediolanum Group "core business" only.

Embedded value and embedded value earnings of the Life insurance, mutual funds and managed accounts business of the Mediolanum Group

EMBEDDED VALUE

Embedded value is an actuarial estimate of the value of a company, excluding any value attributable to future new business.

Embedded value is defined as the sum of shareholders' net assets, valuing assets at market value, and the value of in-force business. The value of in-force Life business is the present value of the stream of future after-tax statutory profits that are expected to be generated from all the existing policies at the valuation date, adjusted for the cost of maintaining a level of solvency capital. The value of in-force mutual fund and managed accounts business is calculated in a similar way to the value of in-force Life business, without an adjustment for the cost of capital in this case, since this business does not require solvency margins.

The embedded value of the Group at December 31, 2002 was calculated by Tillinghast-Towers Perrin, the financial services consultancy division of Towers, Perrin, Forster & Crosby Inc. The values attributable to the Life insurance and asset management businesses are shown separately; figures for 2000 and 2001 are also shown for comparative purposes.

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

In order to provide more complete information, the embedded value for the year 2002 is shown both before and after the elimination of the goodwill included in the consolidated financial statements relating to the recent acquisitions of the Group (Fibanc in Spain, Gamax Group and B.A. Lenz in Germany and Mediolanum International Life in Ireland) and not yet amortised at December 31, 2002.

The values shown in the following table were calculated using economic assumptions and discount rates which were considered appropriate at the respective valuation dates. All values were calculated assuming current taxation on the streams of future statutory profits and, for in-force Life insurance business, are net of the cost of maintaining solvency capital at 100% of the EU minimum margin.

Embedded value at December 31

<i>Euro millions</i>	2000	2001	2002
Adjusted Shareholders' net assets	453	494	508
Value of in-force Life business	873	1,076	1,168
Value of in-force mutual funds and managed accounts	262	347	296
EMBEDDED VALUE INCLUDING GOODWILL FOR ACQUISITIONS	1,588	1,917	1,972
Goodwill for acquisitions (Fibanc, Gamax, B.A. Lenz, MILL)	(92)	(149)	(156)
EMBEDDED VALUE EXCLUDING GOODWILL FOR ACQUISITIONS	1.496	1,768	1,816

Adjusted Shareholders' net assets shown above are equal to the consolidated net assets of the Group adjusted to reflect the market value of the underlying assets, net of any implicit Life policyholder interest in such revaluation, and net of tax. To calculate the values shown above, projected future after-tax profits were discounted at 7.75% for 2000 and 2001, and 7.25% for 2002. These discount rates vary from year to year to reflect changes in the prevailing level of interest rates, which, in turn, form the basis for the assumptions used to project future investment returns on the assets backing the technical reserves of the Life business and on the investments of the various mutual funds and fund management businesses.

The discount rate appropriate for any shareholder or investor will depend on his or her specific requirements, tax position and perception of the risks associated with the realisation of future profits. To allow potential investors to analyse the effect of using various discount rates, the embedded value for the Group as at December 31, 2002 was calculated at discount rates of 6.75% and 7.75%, respectively, net of the cost of maintaining solvency capital at 100% of

the EU minimum required for Life business. All other assumptions, in particular inflation rates and investment returns, were kept unchanged when calculating the values at alternative discount rates.

Analysis of the sensitivity to the discount rate of embedded value at December 31, 2002

Euro millions

	7.75%	7.25%	6.75%
Discount rate	7.75%	7.25%	6.75%
Adjusted Shareholders' net assets	508	508	508
Value of in-force Life business	1,112	1,168	1,228
Value of in-force mutual funds and managed accounts business	289	296	304
EMBEDDED VALUE INCLUDING GOODWILL	1,909	1,972	2,040
Goodwill for acquisitions	(156)	(156)	(156)
EMBEDDED VALUE EXCLUDING GOODWILL	1,753	1,816	1,884

Embedded value earnings, which are defined as the change in embedded value for the year, adjusted for the payment of dividends and other capital movements, provide a measure of performance during the year.

EMBEDDED VALUE EARNINGS FOR THE YEAR

The following table shows the embedded value earnings of the Mediolanum Group in the years 2000, 2001 and 2002.

Embedded value earnings for the year

<i>Euro millions</i>	2000	2001	2002
Change in embedded value for the year	305	329	55
Goodwill amortisation in the year	4	12	20
Dividends paid	51	69	72
EMBEDDED VALUE FOR THE YEAR BEFORE ACQUISITIONS	360	410	147
Fibanc, B.A. Lenz and MILL effect in the year	(97)	(68)	(27)
EMBEDDED VALUE FOR THE YEAR AFTER ACQUISITIONS	263	342	120

Embedded value earnings for the year consist of the following components:

- The expected return on embedded value at the start of the year (“expected return”), equal to the after-tax investment return assumed at the start of the year on shareholders’ net assets less solvency capital, plus a return at the discount rate on the sum of in-force business and solvency capital at the start of the year.
- Variances during the year (“experience variances”), caused by differences between the actual experience of the year and the assumptions used to calculate the embedded value at the start of the year, before the impact of new sales during the year.
- The impact of changes in assumptions at the end of the year for operating experience, excluding economic or fiscal assumptions (“operating assumption variances”).
- Changes in assumptions regarding future experience used to calculate the value of in-force business at the end of the year relating to economic conditions (“economic assumption variances”), including the discount rate and investment returns.
- The effect of the decrease in the IRPEG tax rate from 2003 and the increase in the overall tax rate on Banca Mediolanum following a reduction in the Dual Income Tax (DIT) and the “Visco” tax breaks (“tax assumption variances”).
- The conversion of mutual funds, which consists of the net impact on value (“net result of fund conversion”) relating to the switch from mutual funds into managed accounts and into Irish “Mix” funds.
- The transformation of the value of “traditional” Life products (“Life transformation”) into new, mainly “Index-linked”, Life products.
- The “value added by new business”, initially calculated at the instant of sale using year-end assumptions, and then capitalised at the discount rate to the end of the year.
- The effect of the elimination of the goodwill associated, respectively, with the acquisition of and the increase in the interest held in Fibanc, that took place in the period 2000-2002, with the acquisition of 100% of Gamax in 2001 and of 100% of B.A. Lenz and MILL in 2002.

The following table shows the embedded value earnings of the Mediolanum Group for the years 2000, 2001 and 2002.

Components of embedded value earnings

<i>Euro millions</i>	2000	2001	2002
Expected return	90	99	126
Experience variances	(22)	(68)	(265)
Operating assumption variances	(60)	38	111
Economic assumption variances	8	(14)	(62)
Tax assumption variances	8	0	1
EARNINGS ON INITIAL EMBEDDED VALUE	24	55	(89)
Value of conversion from mutual Funds (into Mix Funds and managed accounts)	0	(22)	(16)
Value of investments into Mix Funds and managed accounts	0	87	35
Net result of fund conversion	0	65	19
Life business transformation	0	4	5
Life New business	195	222	161
New mutual fund and managed accounts business	141	64	51
VALUE ADDED BY NEW BUSINESS	336	355	236
EMBEDDED VALUE EARNINGS BEFORE GOODWILL	360	410	147
Effect of Fibanc on the year	(97)	(8)	(23)
Effect of Gamax, Lenz and MILL on the year	0	(60)	(4)
EMBEDDED VALUE EARNINGS AFTER GOODWILL	263	342	120

Description of key embedded value elements for 2002

Experience variances resulted in a decrease in the embedded value earnings for the year, mainly due to reductions in asset values related to mutual funds and managed accounts, and in the assets underlying the life technical reserves, arising from lower actual returns than those assumed, for a total of 255 million Euro.

Changes in operating assumptions which generated an increase in embedded value earnings of 111 million Euro, are mainly due to a change in the criteria used in the calculation of fund performance fees, and to the reduction in the costs of external fund managers.

The negative impact of changes to economic assumptions is mainly due to a reduction in projected returns, partly offset by lower discount rates.

The value added by new Life business decreased by 27% compared to 2001. This result is attributable to a different mix for the new business, which in 2002 was strongly concentrated in index-linked products that have lower profitability than Life products with recurring premiums. Life New business relates to new policies issued during the year excluding those resulting from the transformation or switch of existing policies.

The value added by new mutual fund and managed accounts business is 20% lower than 2001 due to lower inflows into mutual funds and managed accounts. Funds and managed accounts new business, defined as the sum of retail gross inflows net of internal switches within the mutual funds and managed accounts, totals 52 million Euro for mutual fund instalment plans, 853 million Euro of lump-sum investments in mutual funds and 319 million Euro for managed accounts.

This decrease was partly offset by the value generated by the conversion of mutual funds into “Mix” compartments of Irish funds and into managed accounts, consisting of 35 million Euro of new investments in “Mix” and managed accounts, net of 16 million Euro from the converted mutual funds.

In order to evaluate the effect of other discount rates on the new Life, mutual fund and managed accounts business, the value added by the 2002 new business was calculated using discount rates of 6.75% and 7.75%, respectively, net of the cost of maintaining solvency capital at 100% of the EU minimum required for Life business. In calculating these values with alternative discount rates, all the other assumptions - including in particular those relating to inflation and return on investments - were kept unchanged.

Analysis of the sensitivity to the discount rate of the value added by new business

Euro millions

Discount rate	7.75%	7.25%	6.75%
New Life business	153	161	169
New mutual fund and fund management business	51	51	52

ASSUMPTIONS

Following common embedded value reporting practice, assumptions were defined in a deterministic way, and thus do not reflect the natural volatility of a number of the operating assumptions, in particular those concerning investment returns. The main assumptions used in the embedded value calculations are set out below:

- Average gross returns for new investments in 10-year fixed rate government bonds were set at 5.25% in the 2000 valuation, at 5.2% in the 2001 valuation and at 4.5% in the 2002 valuation. Total gross return on equities was assumed at 7.75% for 2000 and 2001, and 7.0% for 2002. Pre-tax rate of returns on assets backing technical reserves were set consistent with the above rates, taking into consideration the related asset mix, resulting in assumptions of 5.10%, 4.85% and 4.15% per annum for the segregated funds. The rate of

return already includes the impact of unrealised capital gains/losses in segregated fund assets. Investment returns on unit-linked funds, and mutual funds and managed accounts business, were determined on the basis of the asset mix of each fund, with average results, for 2002, of 5.45% for both business lines.

- Profits from in-force business coming from Group companies subject to Italian taxation were assumed, in the 2000 and 2001 valuations, to be subject to an average tax rate of 41% for 2000 and 2001, decreasing to 40% from 2003 onwards. For the 2002 valuation, a tax rate of 39.25% was applied from 2003 onwards. Considering the effect of the Dual Income Tax (DIT), the tax rate assumed for Banca Mediolanum (managed accounts business) was 24% for the 2000 and 2001 valuations, and 34% for 2002. Since 2000, future profits projected for companies operating under Irish legislation have been subjected to the effective tax regime, equal to 10% up until 2005, and 12.5% from 2006 onwards, plus the impact of the treatment of repatriated profits in Italy.
- Assumed future rates of mortality, lapse, and other discontinuances, including total and partial disinvestment rates for the funds business were derived from an analysis of the Mediolanum Group's recent operating results and, where appropriate, took into consideration the experience of the life and mutual funds sector. In the Life business, in light of current statistics, a margin for potential adverse mortality rates due to AIDS has been allowed for.
- The inflation rate used to project future increases in the policy premiums which are linked to the consumer price index, was set at 2.5% per annum for each valuation.
- The general and administrative costs incurred by the Group for the Life and Funds business were subdivided by business line, and within each line into the costs pertaining to investment, the acquisition of new business and the management of the in-force business. Management expenses expressed as a per-policy amount are assumed to increase by 3% per annum in each valuation.
- Assumed levels of future commission and override payments to agents and sales-people were based on the Mediolanum Group's recent operating experience.
- Participation rates and other charges on Life policies and management fees on funds were assumed to be maintained in the future at the prevailing levels on each valuation date.

- It was assumed that no changes will be made in the principles and technical bases used to calculate technical reserves and surrender values.
- For performance fees, a series of conservative rates, based on experience to date, were assumed. Experience variances, in the analysis of the components of embedded value earnings, have included positive contributions of 26 million Euro in 2000, 9 million Euro in 2001 and 29 million Euro in 2002, as a result of actual experience exceeding the assumptions used at the beginning of the year. Following a change in the fee calculation method in 2002, the parameters were increased.
- Allowance was made for reinsurance of in-force Life policies outside the Mediolanum Group, and mainly relates to various quota share financing treaties written in the years up to 1994. No new financing reinsurance arrangements have been made since 1995.
- The cost of maintaining solvency capital was determined on the assumption that the required level of solvency capital is 100% of the minimum EU solvency margin, and that assets (mainly bonds) backing solvency capital yielded an average annual pre-tax return of 5.1% in the 2000 valuation, of 4.85% in 2001 and 4.15% in 2002. Based on these assumptions, the cost of solvency capital which was deducted from the discounted value of future after-tax statutory profits to determine the value of in-force Life business reported above, was 39 million Euro in 2000, 46 million Euro in 2001 and 41 million Euro in 2002. The cost, which is already allowed for in the value added by Life new business for 2002, is approximately 2 million Euro.

Tillinghast-Towers Perrin

Milan, 25 March 2003

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

20080 **BASIGLIO** (MI)

Egregio signor Doris,

EMBEDDED VALUE AND EMBEDDED VALUE EARNINGS

Tillinghast, management consultants and actuaries, has assisted the Mediolanum Group regarding the methodology to be used, the derivation of the assumptions and the calculation of the embedded value of the Group as at 31 December 2001 and 2002 and of the embedded value earnings in the years 2001 and 2002. The estimates of value calculated by Tillinghast are based on information provided by the Group, we have reviewed this information for reasonableness and consistency with our knowledge of the industry, without undertaking independent checks of the data and other information supplied.

The principal results at a consolidated level, calculated using realistic operating, fiscal and economic assumptions considered appropriate at the respective valuation dates, are shown in the following table. The discount rate used was 7.25% in 2002 (7.75% in 2001) and the value of in-force life business is shown after the cost of holding solvency capital at 100% of the EU minimum margin.

Embedded Value (Euro million)		
31 December	2002	2001
Adjusted net worth (including goodwill)	508	494
Elimination of outstanding goodwill	(156)	(149)
Value of in-force Life business	1,168	1,076
Value of in-force Asset Management business	296	347
Embedded Value	1,816	1,768

Egregio signor Doris
Milan, 25 March 2003
Page 2

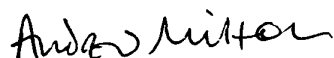
Tillinghast - Towers Perrin

The following table shows the principal components of the Group's embedded value earnings in the years 2001 and 2002.

Embedded Value Earnings (Euro million)	2002	2001
Expected return	126	99
Experience variances	(265)	(68)
Operating assumption changes	111	38
Economic and tax assumption changes	(61)	(14)
Conversion of fund business	(16)	(22)
Reinvestment of fund conversions in GPF/Mix	35	87
Life business transformations	5	4
New Life business	161	222
New Asset Management business	51	64
Impact of acquisitions in the period	(27)	(68)
Embedded value earnings	120	342

Tillinghast considers that the methodology and the assumptions used to calculate the embedded values and the embedded value earnings are reasonable and in accordance with sound actuarial principles and the resulting values, as shown in this letter, are reasonable.

Yours sincerely



Andrew Milton
Fellow of the Institute of Actuaries



Vittorio Chimenti
Attuario

MEDIOLANUM GROUP

*CONSOLIDATED
FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2002*



Balance sheet

ASSETS

<i>Euro in thousands</i>	31.12.02	31.12.01
A) Due from shareholders for share capital still to be paid in	0	0
B) Intangible assets		
1. Unamortised acquisition commissions	0	0
2. Other acquisition costs	0	0
3. Goodwill	0	0
4. Other intangible assets	15,305	22,720
5. Consolidation difference	143	159
TOTAL INTANGIBLE ASSETS	15,448	22,879
C) Investments		
I - Land and buildings	71,588	77,472
II - Investments in Group companies and other shareholdings		
1. Shares and quotas in		
a) parent companies	0	0
b) controlled companies	455,949	429,313
c) affiliated companies	99	99
d) associated companies	18,079	21,637
e) other companies	172,496	171,282
2. Bonds	0	0
3. Financial loans	1,291	2,066
TOTAL INVESTMENT IN GROUP COMPANIES AND OTHER SHAREHOLDINGS	647,914	624,397
III - Other financial investments		
1. Shares and quotas	2,790	4,206
2. Mutual fund shares	60,035	194,524
3. Bonds and other fixed income securities	1,063,319	1,185,239
4. Financial loans	16,268	16,818
5. Quotas of common investments	0	0
6. Deposits with credit institutions	7,003	54,808
7. Other financial investments	0	374,993
TOTAL OTHER FINANCIAL INVESTMENTS	1,149,415	1,830,588
IV - Funds held by ceding companies	0	0
TOTAL INVESTMENTS	1,868,917	2,532,457
D) Investments on behalf of life policyholders, carrying the risk and from pension fund management	5,353,526	4,611,622
D bis) Reinsurers' share of technical reserves		
I - NON-LIFE		
1. Premiums reserve	0	0
2. Claims reserve	0	0
3. Others	0	0
TOTAL NON-LIFE	0	0
II - LIFE		
1. Mathematical reserves	126,853	179,449
2. Reserves for amounts to be paid	4,407	1,225
3. Others	1,693	0
4. Technical reserves when the risk is carried by policyholders and reserves from pension fund management	0	0
TOTAL LIFE	132,953	180,674
TOTAL REINSURERS' SHARE OF TECHNICAL RESERVES	132,953	180,674
E) Receivables		
I - Due from direct insurance operations	16,537	37,472
II - Due from reinsurance operations	0	0
III - Other receivables	81,174	50,891
TOTAL RECEIVABLES	97,711	88,363
F) Other assets		
I - Tangible assets	3,237	3,932
II - Liquid assets	368,855	278,913
III - Own shares or quotas	2,014	7,598
IV - Other assets	1,359	17
TOTAL OTHER ASSETS	375,465	290,460
G) Pre-payments and accrued income	14,619	21,973
TOTAL ASSETS	7,858,639	7,748,428

Euro in thousands

31.12.02

31.12.01

**SHAREHOLDERS'
EQUITY AND
LIABILITIES**

A) Capital and reserves		
I - Pertaining to the Group:		
1. Subscribed capital or equivalent	72,537	72,502
2. Net equity reserves	131,131	100,254
3. Consolidation reserve	118,388	103,775
4. Reserve for difference in valuation regarding shares in non-consolidated companies	99,210	108,282
5. Reserve for exchange rate difference	77	77
6. Reserves for own shares and shares of the parent company	2,014	7,598
7. Profit (loss) for the period	82,049	103,255
TOTAL GROUP SHAREHOLDERS' EQUITY	505,406	495,743
II - Minority interests		
1. Share capital and reserves	0	0
2. Profit (loss) for the period	0	0
TOTAL MINORITY INTERESTS	0	0
TOTAL CAPITAL AND RESERVES	505,406	495,743
B) Subordinated liabilities	0	0
C) Technical reserves		
I - NON-LIFE		
1. Premiums reserve	0	0
2. Claims reserve	0	0
3. Equalisation provision	0	0
4. Others	0	0
TOTAL NON-LIFE	0	0
II - LIFE		
1. Mathematical reserves	1,359,415	1,965,869
2. Reserve for amounts to be paid	52,800	44,939
3. Others	54,932	44,557
TOTAL LIFE	1,467,147	2,055,365
TOTAL TECHNICAL RESERVES	1,467,147	2,055,365
D) Technical reserves when the risk is carried by policyholders and reserves from pension fund management	5,353,223	4,611,366
E) Provisions for risks and charges		
1. Provisions for retirement pensions and similar obligations	0	0
2. Provision for taxes	18,345	29,126
3. Consolidation provision for future risks and charges	0	0
4. Other provisions	2,129	2,206
TOTAL PROVISIONS FOR RISKS AND CHARGES	20,474	31,332
F) Deposits received from reinsurers	126,814	179,387
G) Payables and other liabilities		
I - Due to direct insurance operations	4,424	3,804
II - Due to reinsurance operations	6,695	3,009
III - Debenture loans	0	0
IV - Amounts owed to credit institutions	300,000	277,022
V - Secured debt	0	0
VI - Other loans and other financial debt	0	0
VII - Employee termination indemnity	4,567	4,362
VIII - Other payables	66,098	81,329
IX - Other liabilities	1,584	5,420
TOTAL PAYABLES AND OTHER LIABILITIES	383,368	374,946
H) Accruals and deferred income	2,207	289
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	7,858,639	7,748,428
Off-balance sheet items		
I - Guarantees given	1,119	2,919
II - Guarantees received	11,362	12,455
III - Guarantees given by third parties		
IV - Obligations	55,300	0
V - Third party assets	168	95
VI - Pension fund assets managed on behalf of third parties	0	0
VII - Securities in the hands of third parties	7,267,993	5,834,283
VIII - Other off-balance sheet items	0	0
TOTAL OFF-BALANCE SHEET ITEMS	7,335,942	5,849,752

Income statement

TECHNICAL ACCOUNT OF LIFE BUSINESS

<i>Euro in thousands</i>	31.12.02	31.12.01
1. Earned premiums, net of reinsurance		
a) Gross premiums written	2,145,697	1,607,587
b)(-) reinsurance premiums	(10,184)	(13,511)
TOTAL NET PREMIUMS	2,135,513	1,594,076
2. (+) allocated investment return transferred from the non-technical account	56,579	85,851
3. Unrealised gains on investments on behalf of life policyholders carrying the risk and from pension fund management	360,859	307,467
4. Other technical income, net of reinsurance	15,525	12,700
5. Claims incurred, net of amounts recovered and reinsurance		
a) Claims paid		
aa) Gross amount	(1,000,456)	(563,418)
bb) (-) Reinsurers' share	62,491	37,248
b) Change in amount recovered, net of reinsurance		
aa) Gross amount	(7,796)	(4,286)
bb) (-) Reinsurers' share	3,182	(2,145)
TOTAL NET CLAIMS INCURRED	(942,579)	(532,601)
6. Change in mathematical reserves and other technical reserves, net of reinsurance		
a) Mathematical reserves		
aa) Gross amount	608,011	338,043
bb) (-) Reinsurers' share	(52,598)	(18,670)
b) Other reserves		
aa) Gross amount	(12,696)	7,437
bb) (-) Reinsurers' share	160	0
c) Life insurance reserves when the risk is carried by policyholders and from pension fund management		
aa) Gross amount	(742,235)	(941,770)
bb) (-) Reinsurers' share	0	0
TOTAL CHANGE IN NET RESERVES	(199,358)	(614,960)
7. Refunds and profit sharing, net of reinsurance	0	0
8. Operating expenses		
a) Acquisition commissions	(161,324)	(187,482)
b) Other acquisition costs	(2,148)	(1,567)
c) Change in unamortised acquisition commissions and costs	0	0
d) Collection commissions	(1,521)	(446)
e) Other administrative expenses	(13,403)	(17,839)
f) (-) reinsurers' commissions and profit sharing	1,654	2,064
TOTAL OPERATING EXPENSES	(176,742)	(205,270)
9. Unrealised loss on investments on behalf of life policyholders carrying the risk and from pension fund management	(1,194,367)	(589,717)
10. Other technical charges, net of reinsurance	(10,548)	(2,583)
11. Total technical account of life business	44,882	54,963

Euro in thousands

31.12.02

31.12.01

**INCOME
STATEMENT**

	31.12.02	31.12.01
1. Total technical account of non-life business	0	0
2. Total technical account of life business	44,882	54,963
3. Investment income		
a) Investment income from shares and quotas		
aa) Results for the year on investments valued using the equity method	97,045	85,295
bb) Other	3,088	3,164
b) Other investment income		
aa) Land and buildings	3,140	3,243
bb) Other investments	70,824	111,976
c) Adjustments to the value of financial investments	2,707	822
d) Gains on the realisation of investments	5,943	6,957
TOTAL INVESTMENT INCOME	182,747	211,457
4. Financial burden and losses on assets		
a) Investment management expense and interest on bank loans	(9,214)	(19,475)
b) Adjustments to the value of investments	(21,012)	(16,242)
c) Losses on the realisation of investments	(5,769)	(2,401)
TOTAL FINANCIAL BURDEN AND LOSSES ON ASSETS	(35,995)	(38,118)
5. (-) Allocated investment return transferred to the technical account of life business	(56,579)	(85,851)
6. Other revenues	11,535	11,408
7. Other charges		
a) Interest payable on other financial debt	(5,784)	(462)
b) Other costs	(58,698)	(53,505)
TOTAL OTHER CHARGES	(64,482)	(53,967)
8. Total ordinary operations	82,108	99,892
9. Extraordinary income	12,611	22,833
10. Extraordinary charges	(4,792)	(4,044)
11. Total extraordinary operations	7,819	18,789
12. Profit before taxes	89,927	118,681
13. Income tax for the period	(7,878)	(15,426)
14. Consolidated results	82,049	103,255
15. Profit (loss) for the year from minority interests	0	0
16. Group profit (loss) for the period	82,049	103,255

Notes to the
consolidated
financial
statements
as at
December 31, 2002

**PART A - GENERAL
CRITERIA AND
CONSOLIDATION
AREA**

The consolidated financial statements at December 31, 2002, which consist of the Balance Sheet, the Income Statement and accompanying Notes, are presented in accordance with the requirements of Italian Law no. 173/97.

The Notes to the consolidated financial statements also include a consolidated Cash Flow Statement, as provided for in the -abovementioned Law.

All amounts are expressed in thousands of Euro.

The consolidated financial statements were prepared based on the individual financial statements at December 31, 2002 of Mediolanum S.p.A. and its controlled companies, and were approved by the respective Boards of Directors.

The financial statements of Group companies which are engaged in the transaction of insurance or related businesses were appropriately reclassified and adjusted to comply with the Group's principles of uniformity and clarity.

All balance sheets, guarantees, obligations and off-balance sheet items as well as revenues and expenses of the companies included in the consolidation were included in their entirety in the preparation of the consolidated financial statements.

All receivables and payables, guarantees, obligations and other off-balance sheet items, revenues and expenses between the companies in the consolidation were excluded from the aggregation process, as were all inter-company gains and losses, as well as dividends posted in 2002 by the parent company.

The book value of tangible fixed assets was then adjusted to exclude internal profits generated by the transfer of fixed assets between consolidated companies.

The carrying value of the consolidated investments was offset by the corresponding shareholders' equity on the date the companies were acquired by or became controlled companies of Mediolanum S.p.A.

Subsequent variations in the carrying value of investments and shareholders' equity in the companies included in the line-by-line consolidation were allocated to consolidation reserves.

The difference between the purchasing cost of companies consolidated on a line-by-line basis and the corresponding share of shareholders' equity was accounted for as a gain from consolidation differences, to be amortised over a ten-year period.

Investments in controlled companies which are not engaged in the transaction of insurance were calculated according to the equity method.

The financial statements of companies drawn up according to the equity method were appropriately rectified in order to apply uniform accounting principles within the Group.

Subsequent variations in shareholders' equity in companies evaluated using the equity method were attributed to the *Reserve for difference in valuation regarding shares in non-consolidated companies*, with the exception of the part deriving from profits for the year that were included in the income statement under the line item *Results for the year on investments valued using the equity method*.

The difference between the purchasing cost of indirectly controlled companies, through companies valued using the equity method, and the corresponding share of shareholders' equity was attributed, wherever possible, to real estate owned by those companies to adjust the accounting value to the current value, whereas the remainder was accounted for as a gain from consolidation differences, to be amortised over a ten-year period. The overall economic effect influenced the results of the company directly controlled and valued using the equity method, and thus were posted under *Results for the year on investments valued using the equity method*.

The consolidation area of the Mediolanum Group includes all companies that are engaged in the transaction of insurance or related business, and these are included in the list below of the companies which are consolidated on a line-by-line basis, of which the parent company Mediolanum S.p.A. directly holds the majority of voting rights that can be used at the ordinary shareholders' meeting.

List of the companies which are consolidated on a line-by-line basis:

<i>Euro in thousands</i> Company	Share capital	% holding	Office	Activity
Mediolanum Vita S.p.A.	87,720	100	Basiglio	Life insurance
Partner Time S.p.A.	520	100	Basiglio	Distribution of Life insurance products
Mediolanum International Life Ltd	1,395	100	Dublin	Life insurance

List of companies directly controlled by Mediolanum S.p.A. and valued using the equity method:

<i>Euro in thousands</i> Company	Share capital	% holding	Office	Activity
Banca Mediolanum S.p.A.	335,329	100	Basiglio	Banking
Mediolanum State Street SGR.p.A.	2,600	50	Basiglio	Stockbrokerage company
Mediolanum Comunicazione S.r.l.	775	100	Basiglio	Audio/Film/TV production
Mediolanum Fiduciaria S.p.A.	510	100	Basiglio	Trust company without discretionary power
PI Distribuzione S.r.l.	517	100	Basiglio	Real estate broker
Mediolanum Gestione Fondi SGR.p.A.	5,165	49	Basiglio	Management of mutual funds
Mediolanum International Funds Ltd	150	49	Dublin	Management of mutual funds
Mediolanum Asset Management Ltd	150	49	Dublin	Asset management and consultancy

List of companies indirectly controlled by Mediolanum S.p.A. through Banca Mediolanum S.p.A. and valued using the equity method:

<i>Euro in thousands</i> Company	Share capital	% share	Office	Activity
Fibanc Inversiones. S.A.	6,852	84.96	Barcelona	Investment company
Banco de Finanzas e Inversiones S.A.	12,130	85.86	Barcelona	Banking
Ges Fibanc S.G.I.I.C. S.A.	2,506	85.86	Barcelona	Management of mutual funds
Fibanc S.A.	301	85.86	Barcelona	Financial advisory company
Fibanc Pensiones S.G.F.P. S.A.	902	85.86	Barcelona	Management of pension funds
Fibanc Faif S.A.	60	85.86	Barcelona	Financial consulting company
Fibanc Argentina S.A.	ARS 50,000	80.70	Buenos Aires	Business representatives
Valora S.A.	421	85.86	Andorra	Asset management
Bankhaus August Lenz & Co AG	8,000	100.00	Munich	Banking
Tanami S.A.	181	100.00	Barcelona	Real estate broker
Mediolanum Gestione Fondi SGR p.A.	5,165	51.00	Basiglio	Management of mutual funds
Mediolanum Asset Management Ltd	150	51.00	Dublin	Asset management and consultancy
Mediolanum International Funds Ltd	150	51.00	Dublin	Management of mutual funds
Mediolanum International S.A.	71,500	100.00	Luxembourg	Sub-holding company
Gamax Holding AG	5,618	100,00	Luxembourg	Sub-holding company
Gamax Management AG	125	100.00	Luxembourg	Management of mutual funds
Gamax Fund of Funds Management AG	125	100.00	Luxembourg	Management of mutual funds
Gamax Broker Pool AG	500	100.00	Leverkusen	Fund sales network
Gamax Austria GmbH	40	100.00	Salzburg	Fund sales network
Gamax Schweiz GmbH	CHF 20,000	100.00	Zürich	Fund sales network
Mediolanum Private S.A.M.	500	75.00	Principality of Monaco	Asset management

The list of companies directly and indirectly controlled by the parent company and valued using the equity method changed with respect to December 31, 2001 as a consequence of the acquisition of Bankhaus August Lenz & Co on January 17, 2002, the incorporation of Andino AVB in Banco de Finanzas e Inversiones S.A. on March 2, 2002, and the inclusion of Mediolanum Private S.A.M., previously valued at cost.

On September 1, 2002, an inter-company operation was carried out, in which Mediolanum S.p.A. transferred to Banca Mediolanum S.p.A. the control over the asset management companies Mediolanum Gestione Fondi SGR p.A. (51%), Mediolanum International Funds Ltd (51%), Mediolanum Asset Management Ltd (51%) and Mediolanum International S.A. (99.8%). This transaction generated no effects on the consolidated financial statements.

List of companies directly controlled that are valued at cost since they are not yet fully operational:

<i>Euro in thousands</i> Company	Share capital	% holding	Office	Activity
Mediolanum Life Ltd	5	100	Dublin	Life insurance

List of companies associated to Mediolanum S.p.A. that are valued using the equity method:

<i>Euro in thousands</i> Company	Share capital	% holding	Office	Activity
Banca Esperia S.p.A.	13,000	48.5	Milan	Banking

The consolidated financial statements were prepared in accordance with the Italian law relating to financial statements (Article 16 of Italian Law no. 173/97, Article 2426 of the Italian Civil Code) and with the accounting standards issued by the relevant professional bodies. They are consistent with those used in the preparation of the consolidated financial statements at December 31, 2001, and are shown here for comparison.

These are recorded at purchase cost including incidental expenses and are amortised on a consistent basis over their expected useful life (since they are considered to be used for a long time span). Start-up and expansion costs are systematically amortised for no more than 5 years. Improvements on leased properties are amortised over the duration of the respective lease contracts.

PART B - VALUATION CRITERIA

SECTION 1 - VALUATION CRITERIA

INTANGIBLE ASSETS

INVESTMENTS AND OTHER
LONG-TERM ASSETS

These are recorded at purchase cost, including incidental expenses.

Investments in industrial real estate and other durable assets are depreciated on a straight-line basis using rates that reflect the expected residual lives of the assets.

Residential property is not depreciated, given its continued maintenance and the fact that its current market value exceeds its carrying value.

In some cases, the cost was increased following specific regulations on monetary revaluation, and revaluation gains were credited to shareholders' equity.

The cost of ordinary maintenance is charged in full to the income statement in the year in which it is incurred.

The cost of incremental maintenance work is charged to the investment and to the related asset account and depreciated over the residual life of the asset concerned.

Investments in controlled companies which are not included in line-by-line consolidation are valued according to shareholders' equity since they are not engaged in the transaction of insurance.

Investments in controlled companies not yet operational are valued at cost, since their effect on compiling the consolidated financial statements in a truthful and correct manner was negligible.

Investments in associated companies are valued using the equity method.

Investments in affiliated companies and in other companies held by consolidated companies are valued at cost, which is lower than their realisable value.

Bonds and other fixed-income securities are stated at purchase cost or prior-year carrying value, calculated using the weighted average method, and are adjusted for the accrued portion of premiums or discounts to the par value that arise when securities are subscribed or purchased. Their sale is allowed only in exceptional cases for company operational purposes, when a framework decision from the Board of Directors of Mediolanum Vita S.p.A. has been made to permit such a sale.

Bonds and other fixed income securities are recorded at the lower value of either the purchase or subscription cost, which is determined using the weighted average method, adjusted to account for the accrued portion of premiums or discounts to the par value, arising when the securities are subscribed, and their realisable value.

Quoted shares are recorded at the lower value of the purchase or subscription cost, determined using the weighted average method and their realisable value.

The realisable value of bonds, fixed income securities and quoted shares is calculated according to their market trend, using the arithmetic average of the prices in the last month of the year.

The realisable value of bonds, fixed income securities and non-quoted shares is based on a prudent estimate, taking into consideration prices related to negotiation for investments traded in non-regulated markets.

The realisable value of investments in shares of mutual funds is based on the published share value at year-end.

Securities which have been written down in previous periods as a result of applying the above valuation method, but which are no longer affected by the reasons which caused them to be written down, have been restored to their original cost, as appropriate.

Amounts paid under repurchase agreements are treated as other financial investments. Income from such transactions is spread over the term of the transaction, taking into account interest accrued on the securities and the difference between spot and forward prices.

Financial derivatives, as established in ISVAP provision No. 297 of 19/07/1996, are used solely for hedging purposes, in order to reduce the risk profile of hedged assets/liabilities, that is, to optimise the risk/return profile.

For futures contracts, the initial margin is posted under "liquid assets"; variation margins are considered among other assets and liabilities and accounted for in the income statement as gains or losses on the realisation of investments only when closing the contract. Futures contracts in course at year end are valued as the lower between the cost and the market value, registering any write-down under adjustments to the value of investments. In the case of related transactions, the evaluation takes into account the combined effects of opposite transactions.

Regarding options, premiums paid relating to purchased options are posted among other financial investments. Premiums received for options sold are posted under other loans and other financial debt. Premiums relating to options exercised at maturity adjust the carrying value or the sales price of assets, whereas premiums pertaining to options discarded are posted as gains or losses on the realisation of investments.

Transactions in derivatives aimed at effective management of in-force business are valued as the lower between the cost and market values.

INVESTMENTS ON BEHALF OF
LIFE POLICYHOLDERS CARRYING
THE RISK AND FROM PENSION
FUND MANAGEMENT

These are recorded at their current value, which is their value on the last working day of the year for investments in regulated markets, and is their average negotiation price on the last working day in the year for investments in non-regulated markets.

RECEIVABLES AND PAYABLES

Receivables are recorded at their presumed realisable value, while payables are recorded at their nominal value.

PREPAYMENTS AND ACCRUED
INCOME

These reflect adjustments to match costs and revenues to the two or more accounting periods to which they relate.

LIFE INSURANCE RESERVES

Life insurance reserves include the mathematical reserve, which is determined for each policy on the basis of the specific obligation and the actuarial assumptions underlying the premiums. The reserves reflect all revaluations under the policy terms, in addition to allocations that take into account demographic risk, and are maintained at or above total surrender value.

These reserves also include deferred premiums relating to the following year and cover future costs relating to the administration of policies.

The ceded portion of the reserves, with respect to business ceded to reinsurers, is determined on a basis similar to that used in determining the Life insurance reserves.

Following the enforcement of ISVAP provision no. 1801 G of February 21, 2001, the technical reserve return was estimated in accordance with the calculation method thereby established. This operation concerned the separate internal administration of Medinvest, accounting for over 80% of the company's portfolio. Since the estimated realisable return, diminished by one fifth, was not lower than the corresponding average rate utilised (for the

current year and for the next four years taken as a reference in the calculation, and for all guarantee lines included in separate administrations) the additional reserve as per Article 25 of Italian Law 174/95 was not set up.

These reserves represent the value of shares in investment funds or indexed funds as closely as possible, and are linked to the assets held to cover these liabilities, which are recorded according to their current value.

TECHNICAL RESERVES WHEN THE RISK IS CARRIED BY POLICYHOLDERS AND RESERVES FROM PENSION FUND MANAGEMENT

These provisions cover likely losses, the timing and extent of which cannot be determined at the closing of the accounting period, and reflect a realistic estimate of expected losses to be borne by the companies included in the consolidation area.

PROVISIONS FOR RISKS AND CHARGES

This provision covers liabilities for employee termination indemnities accrued, in accordance with existing laws and national and company-specific labour contracts. This liability is subject to annual adjustment based on official indices.

EMPLOYEE TERMINATION INDEMNITY

Revenues and expenses are recorded on an accrual basis.

REVENUES AND EXPENSES

Life policy acquisition commissions are fully posted in the income statement for the year in which they were incurred.

Dividends and the relevant tax credit received by companies not part of the Mediolanum Group are recorded in the accounting period in which they are received. As of 2002, dividends received by companies included in the consolidation area are posted in the financial statements of Mediolanum S.p.A. on an accrual basis. Since these dividends were inter-company items, they were removed from the consolidated financial statements along with those recorded in the accounting period in which they are received.

Current taxes are recorded on the basis of estimated taxable income calculated for each company in accordance with current tax laws, taking into account any available exemptions, tax relief and credits.

TAXES

Accounting principle no. 25 issued by the National Council of Professional Accountants and Bookkeepers in relation to income taxes establishes the use of prepaid and deferred taxes. Both prepaid and deferred taxes were assessed using the balance sheet liability method.

Deferred taxes must be calculated every year using the rates applicable when the temporary differences apply. Prepaid taxes are posted to the extent that they are reasonably expected to be recovered in case of future taxable income not lower than the amount of temporary deductible differences.

Moreover, in compliance with the above-mentioned accounting principle which indicates that deferred and prepaid taxes must be calculated every year using the rates applicable when the temporary differences apply, necessary adjustments were introduced to the amounts accrued in previous years.

For the foreign controlled companies and associated companies, deferred taxes were also accrued on profits made and not yet distributed and were valued using the equity method.

OFF-BALANCE SHEET ITEMS

Guarantees given are stated on the basis of the nominal value of the obligation undertaken.

CRITERIA AND RATES APPLICABLE
IN THE CONVERSION OF
FINANCIAL STATEMENTS
EXPRESSED IN CURRENCIES OF
NON-EURO COUNTRIES

Indirectly controlled companies whose accounting is expressed in non-Euro currency were valued using the equity method, converting the financial statements expressed in local currency into Euro, and applying the spot cash exchanges at year-end.

Profit for the year was converted at the average exchange rate for the year, whereas the other shareholders' equity items were converted using the historical exchange rates.

SECTION 2 -
ADJUSTMENTS AND
PROVISIONS FOR TAXES

VALUE ADJUSTMENTS
AND PROVISIONS EXCLUSIVELY
MADE IN ACCORDANCE
WITH FISCAL LAWS

Not made.

Other intangible assets includes:

<i>Euro in thousands</i>	31.12.02	31.12.01
Start-up and expansion costs	8,689	16,644
Concessions, licences, trademarks and similar rights	6,311	5,457
Improvements on leased goods	224	396
Intangible assets under formation and advances	81	223
TOTAL	15,305	22,720

“Start-up and expansion costs” is as follows:

<i>Euro in thousands</i>	31.12.02	31.12.01
Sales network contests	2,401	4,775
Commissions to be returned to reinsurers	6,130	11,644
Other start-up and expansion costs	158	225
TOTAL	8,689	16,644

The item “Sales network contests” constitutes premiums paid to the sales network which relate to the transformation of the traditional portfolio of Mediolanum Vita S.p.A. into unit-linked policies.

The item “Commissions to be returned to reinsurers” is for initial commissions received from reinsurers which must be returned to them for the portion not yet accrued as at the transformation date, in compliance with the agreements currently in force.

These costs were capitalised in compliance with accounting principle no. 24 CNDC, being a one-time charge to account for the change in the type of economic activity - from one producing financial income, to one producing operating income.

The so-called costs for the renewal of the portfolio are systematically amortised over a period of five years, which is shorter than the inflow period of benefits associated with the transformation operation.

Other start-up and expansion costs concern ancillary charges related to the acquisition of a controlling interest in the company Mediolanum International Life Ltd, and are systematically amortised over a period of five years.

“Concessions, licences, trademarks and similar rights” mainly consist of software used under licence.

Total movements in the above items are shown in detail in Attachment 1.

PART C CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT INFORMATION

ASSETS

SECTION 1 - INTANGIBLE ASSETS (ITEM B)

Item B5 *Consolidation difference* relates to the difference between the price paid by Mediolanum S.p.A. for the acquisition of an interest in the company Mediolanum International Life Ltd and the net value of this second company's assets and liabilities. Positive consolidation differences were systematically amortised over a period of ten years, which is considered to be representative of the future profitability of the company purchased. Amortisation for the positive consolidation difference for the year amounted to 16 thousand Euro.

Item C.I *Land and buildings* includes:

SECTION 2 - INVESTMENTS
(ITEM C)

<i>Euro in thousands</i>	31.12.02	31.12.01
Company buildings	18,736	19,447
Residential buildings leased to third parties	48,526	48,526
Industrial buildings leased to third parties	4,326	9,499
Total	71,588	77,472

All buildings owned by Mediolanum Vita S.p.A. were subject to examination: market value totalled 88,108 thousand Euro. The evaluation was carried out using both the comparative - or market - method, and the revenue method. For such buildings, the market value proved to be higher than the accounting value.

In industrial buildings leased to third parties, the following were sold during the year: a building located in Venice was sold for 3,108 thousand Euro and amortised for 791 thousand Euro, at a gain of 7 thousand Euro, and is posted in the income statement; a building in Rome was sold for 3,599 thousand Euro and amortised for 918 thousand Euro, at a gain of 2,219 thousand Euro, and is posted in the income statement.

Depreciation of industrial buildings is calculated using the fiscal depreciation rate of 3%, which is considered representative of the useful life of these assets. Depreciation of buildings totals 895 thousand Euro.

No differences for consolidation were recorded.

Total movements in the above items are shown in detail in the Attachment 2.

Item C II *Investments in Group companies and other shareholdings* consists of:

a) “*Shares of controlled companies*”: this relates to the interest in Mediolanum Life Ltd, valued at cost since it is not yet fully operational, and, for 455,949 thousand Euro, to Group companies which are not engaged in the transaction of insurance or related business and were therefore evaluated using the equity method, as detailed in the following table:

<i>Euro in thousands</i>	31.12.02
Banca Mediolanum S.p.A.	382,982
Mediolanum State Street SGR p.A.	1,741
Mediolanum Comunicazione S.r.l.	985
Mediolanum Fiduciaria S.p.A.	539
Mediolanum Gestione Fondi SGR p.A.	8,768
Mediolanum International Funds Ltd	59,294
Mediolanum Asset Management Ltd	1,235
PI Distribuzione S.r.l.	405
TOTAL	455,949

The increase over the previous year is mainly due to:

- 18,557 thousand Euro increase in the share capital of Banca Mediolanum S.p.A. aimed at strengthening its assets to allow the acquisition of 100% of the share capital of the Munich-based German bank, Bankhaus August Lenz & Co. AG, which occurred on January 17, 2002. It was also aimed at increasing the controlling interest in the Fibanc Group through the acquisition of a further 15.04% of the share capital of Fibanc Inversiones S.A., based in Barcelona. As a result of this operation, Banca Mediolanum S.p.A. holds 84.96% of the share capital of Fibanc Inversiones S.A.
- 5,671 thousand Euro for an increase in company capital subscribed on December 18, 2002 and fully paid in January 2003.

The evaluation of Banca Mediolanum S.p.A. with the equity method is influenced by the inter-company transaction in which Mediolanum S.p.A. transferred to Banca Mediolanum S.p.A. the control over the companies Mediolanum Gestione Fondi SGR p.A., Mediolanum International Funds Ltd, Mediolanum Asset Management Ltd, Mediolanum International S.A. and its controlled companies, the Gamax Group and Mediolanum Private S.A.M.. The value of Banca Mediolanum S.p.A. includes the effect deriving from the evaluation with the equity method of the companies it controls; it therefore takes into account the amortisation of goodwill relating to the interest held in the Fibanc Group, Bankhaus August Lenz & Co. AG and in the Gamax Group.

b) *Fininvest* Group shares and quotas of 99 thousand Euro relate to:

<i>Euro in thousands</i> Company	Share capital	% holding	Office
Consorzio Aeromobili Fininvest	520	19	Via Paleocapa 3 Milan

c) Shares and quotas in associated companies refer to 18,079 thousand Euro for a 48.5% interest in Banca Esperia S.p.A., a 50-50 joint-venture with Mediobanca S.p.A. in the private banking sector, valued using the equity method.

The change over the previous year relates to a Banca Esperia Group loss recorded in 2002.

<i>Euro in thousands</i> Company	Share capital	% holding	Office
Banca Esperia S.p.A.	13,000	48.5	Via Del Lauro 7 Milan

d) Shares and quotas in other companies totalling 172,496 thousand Euro relate to:

<i>Euro in thousands</i> Company	Share capital	% holding	Office
Cedacri Ovest S.p.A.	7,461	12.308	Via Liguria 33 Castellazzo B.da (AL)
Europa Invest S.A.	125	14	14 rue Aldringen Luxembourg
Mediobanca S.p.A.	389,275	1.813	Via Filodrammatici 10 Milan
Consortium S.r.l.	561,600	3.4	Via Filodrammatici 10 Milan
Sia S.p.A.	18,124	4.999	Via Taramelli 26 Milan
Rita S.r.l.	5,720	0.01	P.zza S. Babila 1 Milan

and consist of:

<i>Euro in thousands</i>	31.12.02	31.12.01
Cedacri Ovest S.p.A.	1,357	1,007
Europa Invest S.A.	14	14
Mediobanca S.p.A.	129,907	115,045
Consortium S.r.l.	28,798	28,795
SIA S.p.A.	12,407	12,407
Rita S.r.l.	13	13
Tredicimarzo S.r.l.	0	14,002
TOTAL	172,496	171,283

On February 5, 2002, 1,281,350 Mediobanca shares were acquired for a total cost of 14,862 thousand Euro, with the intention of maintaining the Group's weight within the voting block of Mediobanca S.p.A..

On May 10, 2002 a further 2.308% of Cedacri Ovest S.p.A. was acquired, and on June 27, 2002, transfer of the interest held in Tredicimarzo S.r.l. was finalised at a gain of 1 thousand Euro.

Item C II 3 *Financial loans* consist of one credit line with a due date of December 31, 2003 and remunerated at the official discount rate, given by Mediolanum S.p.A to Mediolanum Comunicazione S.r.l for 1,291 thousand Euro. This is a controlled company valued using the equity method.

Item C III *Other financial investments* includes:

Item C III 2 Mutual fund shares includes shares of foreign mutual funds managed by Mediolanum International Funds totalling 59,961 thousand Euro.

Long term financial investments amount to 438,940 thousand Euro and are principally fixed income securities issued by the Government and public bodies. The carrying value, apart from sales and purchases intended to optimise asset allocation, was mainly increased to account for the accrued portion of premiums or discounts to the par value for 2,454 thousand Euro, arising when the securities are subscribed, and decreased to account for the accrued portion of premiums or discounts to the par value, when the securities are purchased or subscribed, for 4,212 thousand Euro and 233 thousand Euro, respectively. Reimbursement of securities totalled 79,957 thousand Euro.

The evaluation of long term financial investments at current value that are to remain in the Group's assets, shows a potential loss of 7,178 thousand Euro and a potential gain of 2,750 thousand Euro; the adjustments to the value of financial investments totalled 17,141 thousand Euro, of which 800 thousand Euro relate to margins on futures.

The financial investments that are not to remain a part of Group's assets amount to 710,475 thousand Euro and consist of:

<i>Euro in thousands</i>	31.12.02	31.12.01
Shares and quotas	2,790	4,206
Mutual fund shares	60,035	194,524
Bonds and other fixed income securities	624,379	216,828
Deposits with credit institutions	7,003	54,808
Financial loans	16,268	16,818
Other financial investments	0	374,993
TOTAL	710,475	845,359

The evaluation of financial investments at current value that are not to remain a part of Group's assets shows a potential gain of 626 thousand Euro.

<i>Euro in thousands</i>	Long-term investments		Short-term investments		Total	
	Book value	Current value	Book value	Current value	Book value	Current value
1. Shares and quotas:			2,790	2,790	2,790	2,790
a) shares traded on regulated markets			2,790	2,790	2,790	2,790
b) unlisted shares						
c) quotas						
2. Mutual fund shares			60,035	60,035	60,035	60,035
3. Bonds and other fixed income securities	438,940	434,512	624,379	625,005	1,063,319	1,059,517
a1) Government securities traded on regulated markets	323,434	319,734	527,112	527,639	850,546	847,373
a2) other securities traded on regulated markets	95,505	94,316	96,617	96,699	192,122	191,015
b1) unlisted Government securities	751	751			751	751
b2) other unlisted securities	19,250	19,711	650	667	19,900	20,378
c) convertible bonds						
4. Financial loans			16,268	16,268	16,268	16,268
5. Other financial investments			7,003	7,003	7,003	7,003
TOTAL	438,940	434,512	710,475	711,101	1,149,415	1,145,613

Financial loans (item C III 4) consist of:

<i>Euro in thousands</i>	31.12.02	31.12.01
Secured loans on insurance policies	15,643	16,138
Loans to consultants	397	397
Other loans	228	283
TOTAL	16,268	16,818

Amounts receivable as per item C. III. 4. *Financial loans* will all fall due after more than one year.

Item C. III 6. *Deposits with credit institutions* includes deposits subject to time constraints greater than 15 days; 6,542 thousand Euro relate to deposits of the company Mediolanum International Life Ltd. held in Irish banks, and 450 thousand Euro relate to deposits with the affiliated company Banca Mediolanum S.p.A..

Item C.III.7 *Other financial investments* related, at December 31, 2001, to the full amounts paid under repurchase agreements of Mediolanum Vita S.p.A. with the company Banca Mediolanum S.p.A. during the second half of 2002.

The increase in *Invesments on behalf of Life policyholders carrying the risk and from pension fund management* (item D) is due to the great success the unit and index-linked products have had with depositors and the resulting notable increase in inflows.

SECTION 3 -
OTHER ASSETS (ITEMS D -
D BIS - E - F - G)

Item E I *Due from direct insurance operations* is analysed as follows:

<i>Euro in thousands</i>	31.12.02	31.12.01
Due from policyholders in the year	10,319	27,181
Due from policyholders from previous years' premiums	1,373	288
Due from intermediaries	4,828	9,980
Due from intermediaries for portfolio compensations	17	23
Other due from intermediaries	0	0
TOTAL	16,537	37,472

Item E III *Other receivables* is analysed as follows:

<i>Euro in thousands</i>	31.12.02	31.12.01
Due from real estate leases	1,214	834
Due from Mediolanum Group companies	3,163	2,666
Due from Fininvest Group and Doris Group companies	6,043	2,231
Due from tax authorities	69,542	44,324
Due from employees	116	32
Guarantee deposits	82	82
Advances to suppliers and professionals	124	173
Other receivables	890	549
TOTAL	81,174	50,891

“Due from Mediolanum Group companies” consists of the receivables related to recharge of costs for seconded employees of Mediolanum S.p.A. sent to controlled companies to carry out their work duties on behalf of the controlled company, as well as receivables relating to the funds of employees transferred from other Group companies, valued using the equity method.

“Due from Fininvest Group and Doris Group companies” consists of an amount due from the associated company Mediaset S.p.A. to Mediolanum Vita S.p.A. of 5,390 thousand Euro relating to the sale of a building in Largo Nazareno (Rome) and amounts due from Mediolanum Assicurazioni S.p.A. of 636 thousand Euro relating to commissions on the sale of insurance policies and to the recharge of costs for seconded employees.

“Due from tax authorities” is analysed as follows:

<i>Euro in thousands</i>	31.12.02	31.12.01
Tax reimbursements	13,868	13,552
Advance payments and amounts brought forward	39,615	11,114
Tax withholdings	2,862	4,168
Tax credits on dividends and mutual funds	12,816	15,160
Other	381	330
TOTAL	69,542	44,324

“Advance payments and amounts brought forward” significantly increased following the advance payment made by Mediolanum Vita S.p.A. in relation to Life Mathematical Reserves and the allocation for the balance of the income tax being paid (Italian Law No. 209, 24.09.2002, converted into Italian Law No. 265, 22.11.2002)

Item F I *Tangible assets* is analysed as follows:

<i>Euro in thousands</i>	31.12.02	31.12.01
Furniture and fittings	937	1,290
Systems	44	42
Equipment	636	632
Electric and electronic equipment	1,609	1,948
Other assets	11	20
TOTAL	3,237	3,932

Depreciation is calculated using the following fiscal depreciation rates, which are considered to be representative of the useful life of each asset category:

Furniture and fittings	12% - 15%
Systems	30% - 25%
Equipment	15%
Electric and electronic equipment	20%
Other assets	15%

Total movements in the above items are shown in detail in Attachment 2.

Liquid assets (item F II) represents the balance in ordinary current accounts with Banca Mediolanum S.p.A. (136,427 thousand Euro) and with other credit institutions for the remaining amount, and are mainly employed in hot money operations of less than 15 days' duration.

Item F III *Own shares or quotas* includes 365,000 shares at a nominal value of 36.5 thousand Euro of Mediolanum S.p.A..

Trading operations concluded during the year resulted in capital gains of 153 thousand Euro.

Item F IV *Other assets* increased 1,342 thousand Euro during the year in relation to initial margins and daily variation margins on futures entered in Mediolanum Vita S.p.A. accounts.

Item G *Prepayments and accrued income* is analysed as follows:

<i>Euro in thousands</i>	31.12.02	31.12.01
Accrued interest on securities	14,058	20,442
Other accrued income	365	796
Prepayments for insurance	63	67
Prepayments for rent	2	7
Other prepayments	131	661
TOTAL	14,619	21,973

The decrease in accrued interest on securities is correlated to the decrease in fixed income securities in the portfolio.

**SHAREHOLDERS'
EQUITY AND
LIABILITIES**

Changes in consolidated capital and reserves are in Attachment 3.

	<i>Euro in thousands</i>	Capital and reserves	Profit for the period	Total shareholders' equity
SECTION 4 - CAPITAL AND RESERVES (ITEMS A - B)				
RECONCILIATION BETWEEN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY AND THE CONSOLIDATED FINANCIAL STATEMENTS				
Parent company financial statements for the year 2001		180,354	97,712	278,066
Subsequent changes in carrying value and Shareholders' equity in companies included in consolidation		101,274	17,086	118,360
Differences in investments valued by the equity method		21,858	95,506	117,364
Conversion difference of companies included in consolidation area		77	0	77
Consolidation with the equity method of companies previously valued at cost		(1,223)	0	(1,223)
Inter-company dividends		96,561	(96,561)	0
Application of group-wide accounting policies		(1,476)	1,671	195
Elimination inter-company transactions		(817)	(15)	(832)
Amortisation of consolidation differences in the company's equity investments valued using the equity method		(4,021)	(11,926)	(15,947)
Amortisation of capital gains attributed to buildings as at the date of acquisition of the company valued using the equity method		(99)	(213)	(312)
Amortisation of consolidation difference of companies consolidated on a line-by-line basis		0	(5)	(5)
Consolidated financial statements for the year 2001		392,488	103,255	495,743

<i>Euro in thousands</i>	Capital and reserves	Profit for the period	Total shareholders' equity
Parent company financial statements for the year 2002	205,682	185,839	391,520
Subsequent changes in carrying value and Shareholders' equity in companies included in consolidation	111,358	10,169	121,527
Differences in investments valued by the equity method	27,425	111,342	138,767
Conversion difference of companies included in consolidation area	77	0	77
Consolidation with the equity method of companies previously valued at cost	(1,223)	0	(1,223)
Received inter-company dividends	96,939	(96,939)	0
Accrued inter-company dividends		(105,666)	(105,666)
Application of group-wide accounting policies	195	(3,372)	(3,177)
Elimination inter-company transactions	(832)	97	(735)
Amortisation of consolidation differences in the company's equity investments valued using the equity method	(15,947)	(19,150)	(35,097)
Amortisation of capital gains attributed to buildings as at the date of acquisition of the company valued using the equity method	(312)	(255)	(567)
Amortisation of consolidation difference of companies consolidated on a line-by-line basis	(5)	(16)	(21)
Consolidated financial statements for the year 2002	423,357	82,049	505,406

The amortisation of positive consolidation differences in the company's equity investments valued using the equity method refers to 12,695 thousand Euro for interest in the Fibanc Group, to 5,972 thousand Euro for interest held in the Gamax Group, and to 483 thousand Euro for interest held in Bankhaus August Lenz & Co AG.

The positive consolidation difference quotas to be amortised that pertain to interests held in companies valued using the equity method as at December 31, 2002, relate to the Gamax Group for 52,253 thousand Euro, to the Fibanc Group for 99,815 thousand Euro and to Bankhaus August Lenz & Co. AG for 4,343 thousand Euro.

Such consolidation differences are amortised over a ten-year period, which is considered to be representative of the future profitability of the companies purchased, and take into account the life span of the investment as well as the sectors and markets in which the companies operate.

**SECTION 5 - TECHNICAL
RESERVES
AND OTHER PROVISIONS
(ITEMS C - D - E)**

Item C Mathematical reserves

Technical reserves were calculated using methods in line with those adopted when drawing up the financial statements at December 31, 2001. In applying these methods, as is the usual practice, information inferred from an analysis of the insurance portfolio was taken into account, with particular reference to the estimated tendency of policyholders toward an annuity, and to the impact of management costs on index-linked products. The parameters adopted in calculating technical reserves were thus aligned with the information gathered. The calculation of integration reserves as at December 31, 2002, with reference to obligations already in place at the beginning of the year, brought about a negative effect on changes to such reserves, in the region of 2,561 thousand Euro.

Item D Technical reserves when the risk is carried by policyholders and reserves from pension fund management is analysed as follows:

<i>Euro in thousands</i>	31.12.02	31.12.01
Technical reserves on unit-linked products	2,775,195	2,736,958
Technical reserves on index-linked products	2,575,799	1,872,405
Technical reserves resulting from pension fund management	2,229	2,003
TOTAL	5,353,223	4,611,366

Provision for taxes (item E 2) is analysed as follows:

<i>Euro in thousands</i>	31.12.02	31.12.01
Provision for Irpeg-Irap (corporate income tax-tax on productive activities)	13,111	24,115
Provision for taxes for assessments	1,975	220
Provision for deferred taxes	3,259	4,791
TOTAL	18,345	29,126

“Provision for deferred taxes” was determined by compensating the balances of prepaid taxes with deferred taxes of the fully consolidated companies and of the consolidation adjustments, according to the legal right to compensate balances as established by the accounting principle no. 25 set out by the National Councils of Professional Accountants and Bookkeepers, as illustrated in the following table:

<i>Euro in thousands</i>	31.12.02	31.12.01
Deferred taxes	3,783	5,576
Prepaid taxes	(524)	(785)
TOTAL	3,259	4,791

Other provisions (item E 4) is analysed as follows:

<i>Euro in thousands</i>	31.12.02	31.12.01
Provision for future risks	405	405
Provision against illegal acts by agents	125	125
Agents loyalty provision	160	199
Employee holiday pay accrual	1,425	1,463
Sundry provisions	14	14
TOTAL	2,129	2,206

Changes in *Other provisions* during the period are as follows:

<i>Euro in thousands</i>	31.12.01	Accrued	Utilisation	Recl.	31.12.02
Provision for future risks	405	0	0		405
Provision against illegal acts by agents	125	0	0		125
Agents loyalty provision	199	161	(200)		160
Employee holiday pay accrual	1,463	398	(436)		1,425
Sundry provisions	14	0	0		14
TOTAL	2,206	559	(636)	0	2,129

The decrease in *F Deposits received from reinsurers* relates to the credit item “Reinsurers’ share of technical reserves” commented on above.

**SECTION 6 - PAYABLES
AND OTHER LIABILITIES
(ITEMS F - G - H)**

Item G IV *Amounts owed to credit institutions* is due to the utilisation of loans given to Mediolanum S.p.A. by leading banks.

Changes in item G VII *Employee termination indemnity* is analysed as follows:

<i>Euro in thousands</i>	
Opening balance at 31.12.01	4,362
Contractual adjustments	0
Provision for the period	1,054
Transfers from Mediolanum and Fininvest Group companies	3
Utilisation	(339)
Advances to employees	(104)
Transfers to Mediolanum and Fininvest Group companies	(409)
Closing balance at 31.12.02	4,567

Other payables (item G VIII) is analysed as follows:

<i>Euro in thousands</i>	31.12.02	31.12.01
Taxes charged to policyholders	1,745	2,091
Taxes	21,355	4,549
Payable to social security institutions	939	998
Trade accounts	6,030	7,966
Payable to Mediolanum Group companies	32,567	62,720
Payable to Fininvest Group and associated companies and Doris Group companies	442	807
Other	3,020	2,198
TOTAL	66,098	81,329

“Taxes” mainly refers to the allocation for the balance of the tax on mathematical reserves in compliance with Italian Law No. 209 of 24/09/2002 converted into Italian Law No. 265 del 22/11/2002.

“Payable to social security institutions” refers to social security contributions made with reference to December wages which are regularly paid the following January.

“Trade accounts” is analysed as follows:

<i>Euro in thousands</i>	31.12.02	31.12.01
Services received	4,009	4,346
Invoices to be received	1,765	3,147
Emoluments to Directors and Statutory Auditors	208	376
Professional services	48	97
TOTAL	6,030	7,966

“Payable to Mediolanum Group companies” refers almost entirely to commissions paid by Mediolanum S.p.A. to Banca Mediolanum S.p.A. for the marketing of insurance products.

“Payable to Fininvest Group and Doris Group companies” mainly consists of recharge costs due to Mediolanum Assicurazioni S.p.A. for seconded employees, and amounts due to companies linked to the Fininvest Group for contractually defined services for computer services and telecommunications. All services are in line with the best market conditions.

Other liabilities (item IX) relates to:

<i>Euro in thousands</i>	31.12.02	31.12.01
Commissions for unearned premiums	211	3,898
Outstanding earned premiums	702	832
Provision for 14 th month salary and production premiums	536	555
Other	135	135
TOTAL	1,584	5,420

Accruals and deferred income (item H) is analysed as follows:

<i>Euro in thousands</i>	31.12.02	31.12.01
Other accrued expenses	2,135	202
Deferred income on lease instalments	72	87
TOTAL	2,207	289

Receivables and payables in items C and E of assets and in items F and G of shareholders' equity and liabilities all fall due within the following year.

Guarantees given

Guarantees given include:

Guarantees given to Fininvest Group companies refers to counter-guarantees issued to Fininvest S.p.A. totalling 64 thousand Euro.

Guarantees given to other companies relates mainly to guarantees of 516 thousand Euro for contracts between financial consultants and Origin Italia S.r.l. for the rental of computer equipment and the telematic link with Banca Mediolanum, and to 539 thousand Euro as a guarantee for on-time payment of fees for the rental of management offices to the company Stodiek Immobiliare S.r.l.

Guarantees received

Guarantees received are policies received by third parties as guarantees of the correct fulfilment of contractual obligations taken on for real estate investments of Mediolanum Vita S.p.A.

Obligations

This item relates to obligations for futures contracts concluded by Mediolanum Vita S.p.A.

Securities in the hands of third parties

Securities in the hands of third parties mainly refer to the nominal value of other financial investments, including securities deposited at Banca Mediolanum S.p.A. at a par value of 3,865,678 thousand Euro.

Gross premiums written is analysed as follows:

<i>Euro in thousands</i>	Direct operations	Reinsurance operations	Total
I - Life insurance	99,541	20	99,561
II - Marriage and birth insurance	0	0	0
III - Unit-linked insurance as per I and II	2,041,035	0	2,041,035
IV - Health insurance	0	0	0
V - Capitalisation operations	4,284	0	4,284
VI - Fund management	817	0	817
GROSS PREMIUM	2,145,677	20	2,145,697

INCOME STATEMENT

SECTION 8 - INFORMATION ON TECHNICAL ACCOUNTS

Premiums were collected mainly in Italy, as well as in Spain and Ireland, and are analysed as follows:

<i>Euro in thousands</i>	31.12.02	31.12.01
First year premiums	262,961	302,014
Subsequent year premiums	575,172	471,256
Single premiums	1,307,544	834,293
Indirect premiums	20	24
(less) reinsurance ceded	(10,184)	(13,511)
NET PREMIUMS	2,135,513	1,594,076

Allocated investment return transferred to technical Life account is determined as per the ISVAP Provision dated March 8, 1999, no. 1140 G.

Other technical income, net of reinsurance relates mainly to rights on unit and index-linked policies at a total of approximately 13,762 thousand Euro (31.12.2001: 11,500 thousand Euro).

Commissions paid by Mediolanum Vita S.p.A. to Mediolanum S.p.A. and Partner Time S.p.A. for their activities as insurance agents totalling 190,094 thousand Euro were not included in the consolidation. This explains the improved result in the Life technical account of the consolidated financials statements vis-à-vis the result of Mediolanum Vita S.p.A.

Acquisition commissions left over after consolidation cancellations were those commissions paid to Banca Mediolanum S.p.A. and totalled 155,828 thousand Euro.

Other technical charges mainly relates to the cancellation of first year premiums issued in previous years totalling approximately 9,431 thousand Euro, as per ISVAP circular letter No. 360 D.

SECTION 9 - INFORMATION ON THE NON-TECHNICAL ACCOUNT

Other investment income (item 3 b) bb)) is analysed as follows:

<i>Euro in thousands</i>	31.12.02	31.12.01
Mutual fund shares	4,151	14,380
Bonds and other fixed income securities	51,043	78,687
Financial investments	659	1,713
Deposits at credit institutions	8,410	15,096
Other financial investments	6,561	2,100
TOTAL	70,824	111,976

“Other financial investments” includes interest received by Mediolanum Group companies valued by the equity method.

Proceeds from “deposits at credit institutions” includes interest from deposits at Banca Mediolanum S.p.A. totalling 3,241 thousand Euro. For a more correct posting, the amount of interest from ordinary current accounts was reclassified under *Other revenues*.

Adjustments to the value of financial investments (item 3 c)) is analysed as follows:

<i>Euro in thousands</i>	31.12.02	31.12.01
Shares in mutual funds	0	0
Bonds and other fixed income securities	2,707	822
TOTAL	2,707	822

Gains on the realisation of investments (item 3 d)) is set out below:

<i>Euro in thousands</i>	31.12.02	31.12.01
Shares and quotas	350	910
Bonds and other fixed income securities	4,361	6,046
Other financial investments	1,233	1
TOTAL	5,943	6,957

Other financial investments rose during the year when positive margins on futures from the company Mediolanum Vita S.p.A. were accounted for.

Investment management expenses and interest on bank loans (item 4 a)) is as follows:

<i>Euro in thousands</i>	31.12.02	31.12.01
Management expenses from real estate investments	1,126	985
Other investment management expenses	983	441
Interest on deposit accounts with reinsurance companies	7,032	9,437
Interest on financial payables	0	8,331
Interest payable on other amounts payable	73	281
TOTAL	9,214	19,475

For a more correct posting, interest payable on ordinary current accounts previously posted under interest on financial payables was reclassified to *Other charges*

Adjustments to the value of investments (item 4 b)) is analysed as follows:

<i>Euro in thousands</i>	31.12.02	31.12.01
Building depreciation	895	1,096
Shares and quotas	1,294	1,112
Mutual funds and tax credits	8,210	6,148
Bonds and other fixed-income securities	9,813	7,886
Futures	800	0
TOTAL	21,012	16,242

Losses on the realisation of investments (item 4 c) is shown below:

<i>Euro in thousands</i>	31.12.02	31.12.01
Shares and quotas	12	23
Mutual funds	2,249	1,670
Bonds and other fixed-income securities	1,511	703
Other financial investments	1,997	5
TOTAL	5,769	2,401

Other revenues is analysed as follows

<i>Euro in thousands</i>	31.12.02	31.12.01
Commission income for the sale of non-Life policies	4,294	4,511
Recharge of cost of employees seconded to Mediolanum Group companies valued by the equity method	2,485	2,942
Recharge of cost of employees seconded to Fininvest Group and Doris Group companies	421	537
Recuperation of costs	397	1,074
Interest from the tax authorities	318	369
Utilisation of provision for specific risks	11	159
Other revenues	3,609	1,816
TOTAL	11,535	11,408

“Commission income for the sale of non-Life policies”, determined at market conditions, relates to the sale of insurance policies by Mediolanum Assicurazioni S.p.A., which is jointly owned (50-50) by the Fininvest Group and the Doris Group. These commissions are also entered under item 7 “Other charges” since they are retroceded by Mediolanum S.p.A. to Banca Mediolanum S.p.A., a company valued using the equity method.

“Recharge of cost of employees seconded to the Fininvest Group and Doris Group companies” relates to Mediolanum Assicurazioni S.p.A., which is jointly owned (50-50) by the Fininvest Group and the Doris Group.

For a more correct posting, interest on ordinary current accounts including “Other revenues” previously posted under *Other investment income* was reclassified.

Interest on financial payables consists of interest accrued on loans granted by primary banks.

Other costs consist of:

<i>Euro in thousands</i>	31.12.02	31.12.01
Commission income for the sale of non-Life policies	4,299	4,511
Cost of Mediolanum S.p.A. employees	20,072	19,165
Other administrative expenses of Mediolanum S.p.A.	17,748	18,317
Amortisation of intangible assets	11,415	10,989
Accruals to the bad debts fund	18	37
Other costs	5,146	486
TOTAL	58,698	53,505

Other costs includes 76 thousand Euro of interest payable to Mediolanum Group companies valued using the equity method, reclassified from *Investment management expenses and interest on bank loans* for a more correct posting.

Extraordinary income (item III 9) is analysed as follows:

<i>Euro in thousands</i>	31.12.02	31.12.01
Gain on the sale of long-term investments	2,227	15,440
Gain on the sale of assets	16	72
Gain on the sale of bonds and other fixed-income securities	9,298	6,913
Out of period revenues	1,070	408
TOTAL	12,611	22,833

“Gain on the sale of long-term investments” relates to a 2,219 Euro capital gain from Mediolanum Vita S.p.A. from the sale of a building in Rome, and to 7 thousand Euro from the sale of a building in Venice.

Extraordinary charges (item III 10) is analysed as follows:

<i>Euro in thousands</i>	31.12.02	31.12.01
Loss on the sale of assets	20	1
Loss on the sale of bonds and other fixed-income securities	2,197	3,119
Other extraordinary charges	1,757	424
Out of period expenses	818	500
TOTAL	4,792	4,044

“Other extraordinary charges” includes 1,755 thousand Euro allocated by Mediolanum Vita for the settlement of outstanding fiscal claims, in compliance with Art. 16 of the 2003 Financial Law (Italian Law No. 289 of December 27, 2002).

**PART D
OTHER
INFORMATION**

Employee information

The average number of employees of the Group during the year was as follows:

<i>Units</i>	31.12.02	31.12.01
Managers	36	49
Non-management employees	251	251
TOTAL	287	300

Directors' and statutory auditors' emoluments

The "emoluments" paid to directors and statutory auditors of Mediolanum S.p.A., as well as in other companies that are included in consolidation, to carry out their duties are as follows:

<i>Euro in thousands</i>	For services rendered to the parent company	For services rendered to other companies
Directors	1,118	833
Statutory auditors	87	92
TOTAL	1,205	925

Information on the size and activity of controlled companies

Commissions for the management of mutual funds of Mediolanum Gestioni Fondi SGR.p.A. and Mediolanum International Funds Ltd, which are companies valued by the equity method, totalled:

<i>Euro in thousands</i>	31.12.02	31.12.01
Entry fees	30,458	45,796
Management fees	145,372	137,392
Performance fees	41,248	19,488
TOTAL	217,078	202,676

The two companies managed assets totalling 8,306 million Euro (31.12.2001: 9,489 million Euro) including investments made by Mediolanum Vita S.p.A.

Commissions resulting from the subscription and management of mutual funds from the companies belonging to the Gamax Group amount respectively to 4,894.8 thousand Euro (31.12.2001: 1,894 thousand Euro) and 8,375.9 thousand Euro (31.12.2001: 2,536 thousand Euro), whereas assets under administration total 427 million Euro (31.12.2001: 623.3 thousand Euro).

Assets under administration by the pension fund Previgest Fund Mediolanum, introduced onto the market by the company Mediolanum Gestione Fondi SGR.p.A. amounted to 9,519 thousand Euro (31.12.2001: 9,666 thousand Euro).

Mediolanum State Street SGR.p.A. operated in the pension fund and closed-end mutual fund management areas and is valued according to the equity method.

Assets under administration came to 481.5 million Euro (31.12.2001: 419 million Euro), and management fees were 1,588 thousand Euro (31.12.2001: 1,455 thousand Euro).

Direct and indirect inflows of Banca Mediolanum S.p.A., valued according to the equity method, reached 5,094.6 million Euro (31.12.2001: 4,341.4 million Euro) with 339,993 current accounts, and generated an interest margin of 26,698 thousand Euro (31.12.2001: 31,596 thousand Euro), including net profits from financial operations.

Administered securities of third parties at market price amounted to 1,900.6 million Euro (31.12.2001: 2,054 million Euro).

Revenues from banking services totalled 68,739 thousand Euro (31.12.2001: 53,006 thousand Euro).

<i>Euro in thousands</i>	Fininvest Group and associated companies	Doris Group
Financial receivables	0	0
Commercial receivables	5,724	318
Financial payables	0	0
Commercial payables	345	97

ACCOUNTS RECEIVABLE
FROM AND PAYABLE
TO FININVEST GROUP
AND DORIS GROUP COMPANIES

“Commercial receivables” mainly refers to the recharge of personnel costs and insurance commissions of 636 thousand Euro of Mediolanum Assicurazioni S.p.A., which is jointly owned (50-50) by the Fininvest Group and the Doris Group, as well as to amounts due from Mediaset S.p.A. to Mediolanum Vita S.p.A. of 5,390 thousand Euro, relating to the sale of an industrial building leased to third parties in Rome.

“Commercial payables” mainly covers contractually defined provisions for computer services, telecommunications, and the use of services by the Fininvest Group companies and their associated companies (R.T.I. S.p.A. for 17 thousand Euro, Alba Servizi S.p.A. for 18 thousand Euro, Ground Immobiliare S.p.A. (formerly Edilnord 2000 S.p.A.) for 9 thousand Euro, Sperling & Kupfer S.p.A. for 10 thousand Euro, Mondadori Pubblicità S.p.A. for 12 thousand Euro, Consorzio Aeromobili Fininvest for 101 thousand Euro). The costs came to 180 thousand Euro and were recharged by Mediolanum Assicurazioni S.p.A..

REVENUES/COSTS WITH
FININVEST GROUP AND DORIS
GROUP COMPANIES

<i>Euro in thousands</i>	Fininvest Group and associated companies	Doris Group
Commercial revenues	2,930	2,515
Commercial costs	2,021	133
Investment income	0	0
Investment charges	0	0
Extraordinary income	2,219	0
Extraordinary charges	0	0

“Commercial revenues” mainly relates to real estate lease instalments and shared expenses totalling 315 thousand Euro, recharged personnel costs and recovery costs of 421 thousand Euro and commissions on the sale of non-Life insurance policies of 4,294 thousand Euro by Mediolanum Assicurazioni S.p.A. which is jointly owned (50-50) by the Fininvest Group and the Doris Group companies, and to real estate lease instalments and shared expenses of 378 thousand Euro from R.T.I. S.p.A..

“Commercial costs” mainly relates to advertising and property management services provided by Fininvest Group companies (Mondadori Pubblicità S.p.A. for 119 thousand Euro, R.T.I. S.p.A. for 11 thousand Euro, Albacom S.p.A. for 5 thousand Euro, Sperling & Kupfer S.p.A for 10 thousand Euro, Arnaldo Mondadori Editore S.p.A. for 35 thousand Euro, Alba Servizi S.p.A. for 144 thousand Euro, Consorzio Aereomobili Fininvest per 1,549 thousand Euro, Mondadori Informatica S.p.A. for 13 thousand Euro, Fininvest S.p.A. for 40 thousand Euro), for 59 thousand Euro relating to Alboran S.p.A., a company in which the Doris Group has an interest, and for 148 thousand Euro relating to Mediolanum Assicurazioni S.p.A., which is jointly owned (50-50) by the Fininvest Group and the Doris Group companies.

“Extraordinary income” relates to income that Mediolanum Vita S.p.A. received for the sale of a building in Rome to Mediaset S.p.A., a company belonging to the Fininvest Group.

There were no atypical or unusual transactions with associated parties in the year.

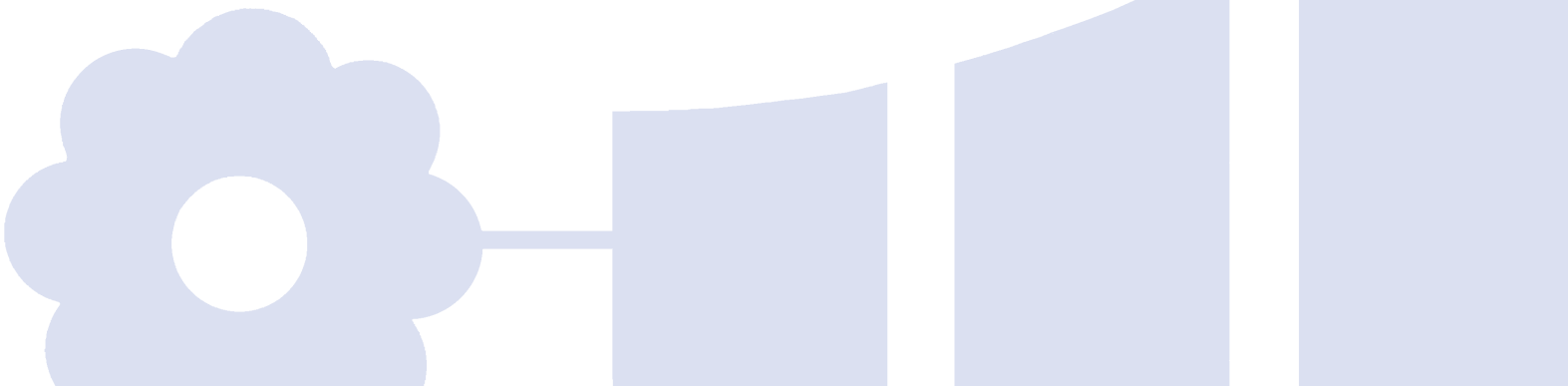
ATTACHMENTS

The consolidated cash flow statement is attached (Attachment 4).

For the Board of Directors
(Roberto Ruozzi)
Chairman

MEDIOLANUM GROUP

ATTACHMENTS



ATTACHMENT 1

ANALYSIS OF CHANGES IN OTHER INTANGIBLE ASSETS AT DECEMBER 31, 2002

Euro in thousands

Intangible assets	Opening situation			
	Historic cost	Accum. Amortis.	Opening balance	Additions
Start-up and expansion costs	44,815	(28,171)	16,644	0
Concessions, licences, trademarks and similar rights	14,447	(8,990)	5,457	3,617
Improvements on leased properties	2,620	(2,224)	396	22
Assets under formation and advances	223	0	223	369
Consolidation difference	164	(5)	159	0
TOTAL	62,269	(39,390)	22,879	4,008

ATTACHMENT 2

ANALYSIS OF CHANGES IN TANGIBLE FIXED ASSETS AT DECEMBER 31, 2002

Euro in thousands

Tangible fixed assets	Opening situation			
	Historic cost	Accum. Amortis.	Opening balance	Additions
Land and buildings	85,059	(7,587)	77,472	9
Plant and machinery	190	(149)	41	30
Industrial and trade equipment	1,542	(910)	632	160
Other tangible fixed assets	13,654	(10,396)	3,258	432
Assets under formation and advances	1	0	1	0
TOTAL	100,446	(19,042)	81,404	631

Movements for the period			Closing situation		
Net disposals	Amortisation	Net reclassifications	Historic cost	Accum. Amortis.	Closing balance
(24)	(7,931)	0	44,791	(36,102)	8,689
0	(3,288)	525	18,589	(12,278)	6,311
0	(180)	(13)	2,629	(2,404)	225
0	0	(512)	80	0	80
0	(16)	0	164	(21)	143
(24)	(11,415)	0	66,253	(50,805)	15,448

Movements for the period			Closing situation		
Net disposals	Amortisation	Net reclassifications	Historic cost	Accum. Amortis.	Closing balance
(4,998)	(895)	0	78,361	(6,773)	71,588
0	(28)	1	221	(177)	44
(16)	(140)	0	1,673	(1,037)	636
(16)	(1,117)	0	14,025	(11,468)	2,557
0	0	(1)	0	0	0
(5,030)	(2,180)	0	94,280	(19,455)	74,825

ATTACHMENT 3

ANALYSIS OF CHANGES IN CONSOLIDATED CAPITAL AND RESERVES AT DECEMBER 31, 2002

<i>Euro in thousands</i>	Share capital	Net equity reserves	Consolidation reserve
Consolidated balance at December 31, 2001	72,502	100,255	103,775
Increase of paid-in share capital	35	70	
Decrease of share capital			
Allocation of profit for the period:			
- payment of dividends out of profits			
- reserve		25,222	14,613
Creation of reserve for own shares		5,584	
Consolidation of Mediolanum International Life Ltd			
Consolidation by the equity method of companies previously valued at cost			
Profit (loss) for the period			
Consolidated balance at December 31, 2002	72,537	131,131	118,388

Reserve diff. val. of non-consolidated companies	Reserve for exchange rate difference	Reserve for own shares and shares of parent company	Consolidated profit	Total shareholders' equity
108,282	77	7,598	103,255	495,744
				105
				0
				0
			(72,492)	(72,492)
(9,072)			(30,763)	0
		(5,584)		0
				0
				0
			82,049	82,049
99,210	77	2,014	82,049	505,406

ATTACHMENT 4

Euro in thousands

31.12.02

CONSOLIDATED CASH FLOW STATEMENT AT DECEMBER 31, 2002

Opening cash	278,913
Group profit (loss) for the period	82,049
Net amortisation, depreciation and provisions for risks and charges	14,572
Net gains on the disposal of fixed assets	(2,226)
Change in technical reserves net of reinsurance	201,360
Change in tax provision and other specific provisions	(10,704)
Net change in employee termination indemnity	(849)
Net change in payables and receivables with insurers and reinsurers	(27,332)
Net change in other receivables and payables and other assets and liabilities	(50,697)
Net change in accruals and prepayments and deferrals	9,272
Cash flow from operating activities	215,445
Net investments in intangible assets	(3,985)
Net investments in tangible fixed assets	6,625
Net increase in equity interests held	(24,292)
Own shares acquired	5,584
Net increase in other financial investments	(59,956)
Cash flow from investing activities	(76,024)
Utilisation of credit lines	22,978
Share capital increase	35
Cash flow from financing activities	23,013
Dividends distributed	(72,492)
Cash flow for the period	89,942
Closing cash and cash equivalents	368,855

AUDITORS' REPORT
pursuant to article 156 of Legislative Decree of February 24, 1998, n. 58
(Translation from the original Italian text)

To the Shareholders
of Mediolanum S.p.A.

1. We have audited the consolidated financial statements of Mediolanum S.p.A. as of and for the year ended December 31, 2002. These consolidated financial statements are the responsibility of the Mediolanum S.p.A.'s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. Our audit was made in accordance with auditing standards and procedures recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards and procedures we planned and performed our audit to obtain the information necessary in order to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes as required by the law, reference should be made to the auditors' report dated March 29, 2002, issued by other auditors.

3. In our opinion, the consolidated financial statements of Mediolanum S.p.A. comply with the Italian regulations governing consolidated financial statements; accordingly, they clearly present and give a true and fair view of the consolidated financial position of Mediolanum S.p.A. as of December 31, 2002, and the consolidated results of its operations for the year then ended.

Milan, Italy
April 10, 2003

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



MEDIOLANUM S.P.A.

*FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2002*



Ordinary Shareholders' Meeting of April 29, 2003

SUMMARY OF DECISIONS

74.02% of the company's share capital was represented at the Ordinary Shareholders' Meeting, and decided the following:

- Approval of the financial statements as at December 31, 2002, as well as the Report of the Board of Directors on Operations;
- Allocation of operating profit of 185,839,177.49 Euro as follows:
 - Distribution of dividends of 0.10 Euro per share at a nominal value of 0.10 Euro, gross of withholding tax according to the law, with the exclusion of the company's own shares held as at the evening of May 16, 2003;
 - The remaining amount to the extraordinary reserve, since the legal reserve has already reached the limit established by the law;
 - Payment of the proposed dividend to the shareholders as of May 22, 2003.
- Authorisation of the Board of Directors to acquire own shares up to a maximum of 3,000,000 shares at a nominal value of 0.1 Euro, equal to 0.41% of share capital, for a maximum amount of 50 million Euro, for a period of one year, and in any case until the date of the Shareholders' meeting approving the financial statements 2003, and to sell the same shares.

The purchase and sale transactions shall be made at a price not higher and not lower than 10% of the official price of the previous day.
- Entrusting to the Board of Directors the broadest powers to enforce the decisions taken.

Finally, the Shareholders' Meeting acknowledged the "Report on Compliance to Recommendations Contained in the Code of Conduct of Listed Companies".

With reference to the Consob notice indicated in the margin, it is hereby confirmed that the delegations of authority granted to each member of the Board are specified as follows:

- It is the Chairman's legal right, under the articles of incorporation, to undertake the legal representation of the Company, with power of attorney.
- It is the Deputy Chairman's legal right, under the articles of incorporation, to undertake the legal representation of the Company, with power of attorney, and to take the place of the Chairman in the event of the latter's absence or impediment. The Deputy Chairman also has conferred on him all ordinary administration powers, with power of attorney, as well as functional and managerial responsibility in the following areas: fiscal matters, corporate matters, business administration and control, finance, legal matters and internal auditing.
- It is the Executive Vice-President's legal right, under the articles of incorporation, to undertake the legal representation of the Company, with power of attorney, and to take the place of the Chairman in the event of his and the Deputy Chairman's absence or impediment. The actual exercise of the corporate representation powers by an Executive Vice-President is evidence in itself of the Chairman's absence or impediment.
- It is the Chief Executive Officer's legal right, under the articles of incorporation, to undertake the legal representation of the company, with power of attorney. The Chief Executive Officer is also conferred all ordinary and extraordinary administrative powers, within the limits stated in the company's articles of incorporation.

Directors' report on the financial statements as at December 31, 2002

Dear Shareholders,

The financial statements at December 31, 2002 that are presented here for your examination and approval show a net profit of 185,839,177 Euro (2001: 97,714,102 Euro), after taxes of 30,356,120 Euro (2001: 17,232,504 Euro). In order to compare results for 2002 with those of the previous year, it is necessary to neutralise the effect produced by the change in the accounting policies regarding the posting of dividends distributed by controlled companies, which were accounted for on an "accrual" basis. If these policies had not been adopted, profit for the year, after taxes of 4,481,469 Euro, would total 79,710,722. This decrease relates to lower deferred annuities and recurring premiums for new Life business, lower dividend revenues and higher financial charges. Moreover, it should be remembered that 2001 results also included extraordinary income relating to the sale of interest held for 11 million Euro.

The consolidated financial statements, which are covered in the Directors' Report on the Group, show a net profit of 82,049 thousand Euro (2001: 103,255 thousand Euro). This decrease is mainly influenced by the goodwill for new acquisitions abroad, (Fibanc Group, Gamax Group and Bankhaus August Lenz & Co AG) and in Italy (Banca Esperia S.p.A.).

Assets under administration at December 31 totalled 21,014.3 million Euro (+ 0.5% over December 31, 2001).

THE ACTIVITIES OF THE MEDIOLANUM GROUP

During the year, the company and its controlled companies - despite an exceptionally critical situation in the international financial arena - demonstrated their ability to challenge negative market trends, continuing to strengthen the presence of the Mediolanum Group abroad, and to diversify operating fields in Italy.

The good results achieved were the result of a continuous offer of innovative and competitive products in the financial, pension and banking domains, received positively by customers, who continued to appreciate the products of your Group.

During 2002, your company took a further step in defining the structure and enlarging the Mediolanum Banking Group, through a further strengthening of the asset and income profile of the controlled company Banca Mediolanum S.p.A.

All this enabled Banca Mediolanum S.p.A. to devote further resources to the implementation of expansion projects aimed in particular at the development of Mediolanum's presence in Spain, through the Fibanc Group, and in Germany, through Bankhaus August Lenz & Co AG and Gamax. During 2002, the technical-functional coordination of the Group's companies was continued.

The operational activities of the controlled companies Mediolanum Vita S.p.A. and Mediolanum Assicurazioni S.p.A., jointly owned (50-50) by the Fininvest Group and the Doris Group, were carried out either directly or indirectly through the controlled companies to which the sales network reports.

Revenues from this activity totalled 177 million Euro (2001: 214 million Euro). Of this amount, 173 million Euro came from business carried out by the controlled company Mediolanum Vita S.p.A., and 4 million Euro came from Mediolanum Assicurazioni S.p.A., based on contractually defined relationships, and stated at market value.

The costs related to this activity consist of commissions paid to the controlled company Banca Mediolanum S.p.A. for a total of 157 million Euro (2001: 180 million Euro). This represents remuneration that is determined on a contractual basis for brokerage activities performed as an insurance sub-agent. General costs amounted to 39 million Euro (2001: 40 million Euro).

The relationships with controlled companies, as per Article 2428, clause 2, point 2 of the Italian Civil Code, will be commented on in the Notes.

In February 2002, Mediolanum S.p.A. purchased 1,281,350 Mediobanca S.p.A. shares, at a price of 14,862,118 Euro; following this acquisition, the interest held in the controlled company reached 1.981%.

Also in February, the company Tredicimarzo S.r.l. reimbursed the amount paid into the equity investments fund of 14 million Euro.

In March 2002, within the framework of a project reorganising the Mediolanum Group, the majority interest in the companies Mediolanum International Funds Ltd, Mediolanum Gestione Fondi SGR p.A., Mediolanum Asset Management Ltd and Mediolanum International S.A. was transferred to the controlled company Banca Mediolanum S.p.A.

This transaction, carried out at book value on September 1, 2002, increased Banca Mediolanum's share capital by 75,552,112 Euro. During the year, further share capital increases were made totalling 24,227,888 Euro, in accordance with resolutions of the company's Board of Directors.

In May 2002, 4,846 shares were purchased in the company Cedacri Ovest S.p.A. for 350,385 Euro, bringing the interest held in the company to 12.308%.

In June 2002, the interest held in the company Tredicimarzo S.r.l. was sold.

ACTIVITY AS THE GROUP'S PARENT COMPANY

OPERATING ACTIVITY

THE MOST SIGNIFICANT EVENTS OF 2002

During the year under review, with the establishment of the “Reserve for Company’s own shares”, 315,000 own shares (amounting to 31,500 Euro at nominal value, equal to 0.0434% of Share Capital) were purchased at a total cost of 1,775,168 Euro, following the specific resolution passed at the Shareholders’ meeting. Deducting the 696,500 shares disposed of (amounting to 69,650 Euro at nominal value, equal to 0.0960% of Share Capital), a net gain of 152,509 Euro was obtained. At the end of the year, the 365,000 own shares held amounted to 36,500 Euro at nominal value, representing 0.0503% of Share Capital.

**THE PERFORMANCE
OF COMPANIES
IN WHICH
INVESTMENTS
ARE HELD**

Banca Mediolanum S.p.A. (100% owned)

Head office: Basiglio (Milan) - Share Capital 341,000,000 Euro wholly paid-up.

The financial statements as at December 31, 2002, approved by the Board of Directors, show a profit for the year of 58,814,704 Euro (2001: 6,506,036 Euro).

With effect from September 1, 2002, the company took over direct control of companies that provide asset management services, previously held by Mediolanum S.p.A. The company’s activity focuses on the global offer of banking, financial and pension plan services to households through financial advisors, the Call Center, the Internet and Teletext. The number of current accounts with the bank at year end was 339,993 (2001: 297,252) totalling 3,357 million Euro (2001: 2,924.6 million Euro).

Gross sales in the mutual funds area amounted to 2,246.1 million Euro (2001: 3,116.5 million Euro).

Inflows of new Life recurring premiums were 130.5 million Euro, a 32.5% rise over last year. Total inflows of new Life premiums totalled 1,413.7 million Euro (2001: 1,022.9 million Euro).

Commission income totalled 264.8 million Euro (2001: 295.2 million Euro), against commission payable for 180.5 million Euro (2001: 195.4 million Euro).

Dividends, posted on an accrual basis, totalled 64.6 million Euro.

There were 5,015 advisors in the sales network as at December 31, 2002 (2001: 5,585).

Post-balance sheet events suggest a positive future operating trend.

Mediolanum Vita S.p.A. (100% owned)

Head office: Basiglio (Milan) - Share Capital 87,720,000 Euro wholly paid-up.

The financial statements at December 31, 2002, approved by the Board of Directors, show a profit for the year of 6,965,068 Euro (2001: 10,381,742 Euro).

Premiums issued rose by 33% over 2001. Once again, the capacity to launch new products was welcomed by customers. 73 new index-linked products of the Di Più series were launched, as well as a new unit-linked product, My Pension: a new pension product enabling customers to select, on an annual basis, the most suitable fiscal treatment available.

Summary of balance sheet and income statement information

The main balance sheet categories are summarised as follows:

Euro in thousands	31.12.2002	31.12.2001
Real estate investments	78,365	85,063
Security investments	1,611,681	2,199,040
Gross Life insurance reserves	1,411,237	2,009,134
Index/unit-linked reserves	5,330,125	4,604,969
Pension fund reserves	2,229	2,003
Net shareholders' equity	234,898	227,933

At December 31, 2002, mathematical reserves amounted to 1,464 million Euro.

The solvency margin amounts to 111 million Euro, while net assets available to cover it amounted to 216 million Euro, around 1.9 times the solvency margin.

Based on the performance in the first few months of 2003, a positive result for the year seems likely.

Mediolanum Gestione Fondi SGR p.A. (49% owned)

Head office: Basiglio (Milan) - Share Capital 5,164,600 Euro wholly paid-up.

The financial statements at December 31, 2002, approved by the Board of Directors, show a profit for the year of 6,657,762 Euro (2001: 12,783,110 Euro).

As of September 1, 2002, the majority interest held in the company was given to Banca Mediolanum S.p.A.

The company manages open-ended mutual funds and closed pension funds and, from the year under review, also a closed-end property fund directed at institutional investors: "Mediolanum Property", that has already recorded inflows of 150 million Euro.

Gross inflows of mutual funds in the year amounted to 348 million Euro (2001: 437 million Euro) while net inflows of mutual funds were negative at 205 million Euro (2001: -492 million Euro); managed assets as at December 31, 2002, amounted to 1,508 million Euro (2001: 2,019 million Euro).

Commission income totalled 38 million Euro (-33% over 2001), management commission payable amounted to 18 million Euro (2001: 27 million Euro), and other administration expenses were limited to 8.3 million Euro (2001: 8.5 million Euro).

The decrease in managed assets resulted from the severe crisis that hit financial markets, leading subscribers to favour new forms of investment.

A positive result for the year 2003 seems likely.

Partner Time S.p.A. (100% owned)

Head office: Basiglio (Milan) - Share Capital 520,000 Euro wholly paid-up.

The financial statements at December 31, 2002, approved by the Board of Directors, show a profit for the year of 4,316,781 Euro (2001: 7,066,463 Euro).

The company distributes the insurance products of the affiliate Mediolanum Vita S.p.A., through a network of insurance agents in a market segment different from the sales network of Banca Mediolanum S.p.A. During the year, inflows of new business premiums totalled 13 million Euro (2001: 17 million Euro), commission income totalled 19.1 million Euro (2001: 25.8 million Euro) and commissions to the sales network totalled 8.2 million Euro (2001: 11.2 million Euro).

There were 1,402 insurance agents at December 31, 2002 (31.12.2001: 1,308).

A positive result for the year 2003 seems likely.

Mediolanum State Street SGR p.A. (50% owned)

Head office in Basiglio (Milan) - Share Capital 2,600,000 Euro wholly paid-up.

The financial statements as at December 31, 2001, approved by the Board of Directors, show a profit for the year of 211,976 Euro (2001: 443,533 Euro).

The company manages a closed-end mutual fund named "Fondamenta" and also manages pension funds assets and the assets of public bodies and foundations.

Managed assets as at December 31, 2002 totalled 370 million Euro (2001: 283 million Euro). The obligations subscribed by the closed-end mutual fund participants totalled 111 million Euro.

Commission income totalled 2.2 million Euro (2001: 1.9 million Euro).

A positive result for the year 2003 seems likely.

Mediolanum International Funds Limited (49% owned)

Head office: Dublin (Ireland) - Share Capital 150,000 Euro wholly paid-up.

On September 1, 2002, 51% of the share capital was given to Banca Mediolanum S.p.A.

The financial statements as at December 31, 2002, approved by the Board of Directors, show a profit for the year of 118,469,138 Euro (2001: 76,784,667 Euro).

The company manages mutual funds in accordance with Irish law. Entry fees amounted to 20.6 million Euro (2001: 32.7 million Euro), and management fees totalled 158.3 million Euro (2001: 113.3 million Euro). Managed assets as at December 31, 2002 totalled 6,797 million Euro.

A positive result for the year 2003 seems likely.

Mediolanum Asset Management Ltd (49% owned)

Head office: Dublin (Ireland) - Share Capital 150,000 Euro.

On September 1, 2002, 51% of the share capital was given to Banca Mediolanum S.p.A.

The financial statements at December 31, 2002, approved by the Board of Directors, show a profit for the year of 1,619,352 Euro (2001: 371,768 Euro).

The company provides asset management and consulting services.

Mediolanum International Life Ltd (100% owned)

Head office: Dublin - Share Capital 1,394,750 Euro wholly paid-up.

The financial statements at December 31, 2002, approved by the Board of Directors, show a loss of 1,112,461 Euro (2001: 396,365 Euro).

The company is incorporated under Irish law, and in 2001 it started the sale of its Life insurance products in Spain, using its own stable organisation. It uses the Fibanc network for distribution.

Mediolanum Comunicazione S.r.l. (100% owned)

Head office: Basiglio (Milan) - Share Capital 775,000 Euro wholly paid-up.

The financial statements as at December 31, 2002, approved by the Board of Directors, show a profit for the year of 11,408 Euro (2001: 101,780 Euro).

The company continued to provide integrated communication services within the Group. In the course of the year, the Intranet portal devoted to Banca Mediolanum financial advisors was enhanced with new functions and content. TV production continued, with Gente di Mediolanum, Campus, MBN (Mediolanum Buone Notizie) and Fiere, and new productions started, featuring well-known faces from the world of culture, entertainment and current affairs.

Total revenues were 7.6 million Euro (2001: 6.5 million Euro).

A positive result for the year 2003 seems likely.

PI Distribuzione S.r.l. (100% owned)

Head office: Basiglio (Milan) - Share Capital 517,000 Euro wholly paid-up

The financial statements at December 31, 2002, approved by the Board of Directors, show a profit of 2,558 Euro (2001: -186,543 Euro).

The company is involved in real estate brokerage for the tourist industry. Commercial activities for the sale of portions of “timeshare properties” and the increase in second market sales brought in total revenues for 754,750 Euro (2001: 297,204 Euro), compared to commissions allocated to the sales network for 384,201 Euro (2001: 73,629 Euro).

Mediolanum Fiduciaria S.p.A. (100% owned)

Head office: Basiglio (Milan) - Share Capital 510,000 Euro wholly paid-up

The financial statements at December 31, 2002, approved by the Board of Directors, show a loss for the year of 1,335 Euro (2001: -14,927 Euro). The company is a trust without discretionary power and is currently non-operational, as it has fulfilled all the mandates received.

No major events occurred after the end of the year.

SIGNIFICANT POST-BALANCE SHEET EVENTS

Based on the results of the first months of the year, positive results are expected for 2003.

EXPECTED FUTURE TRENDS

There were no atypical or unusual transactions with associated parties.

On June 19, 2002, the Board of Directors decided:

INFORMATION ON THE EMPLOYEES STOCK OPTION PLAN

- in relation to the shares assigned to employees in 2000 as part of the Employees Stock Option Plan approved by the Extraordinary Meeting of October 13, 1998, to reduce the duration of the non-availability limit expiring on June 19, 2002;

- to bring forward the exercise period of options assigned on December 28, 1999 of the Consultants Stock Option Plan approved by the Extraordinary Meeting of October 13, 1998, starting from June 19, 2002, thus modifying point d) of the previous decision of the Board of Directors of December 28, 1999, establishing that the exercise of the options and the consequent increase in share capital, as established in point b) of the same decision, must occur between the date of the decision and December 31, 2002. Should the capital not be completely subscribed by December 31, 2002, it will be regarded as underwritten for an amount equal to the subscriptions made.

- to make a paid increase in share capital, according to the powers delegated by the Extraordinary Meeting on April 12, 2001, of maximum 82,750 (eighty-two thousand, seven hundred and fifty) Euro by the issue of maximum 827,500 (eight hundred and twenty seven thousand, five hundred) shares at a nominal value of 0.1 (zero point one) Euro each, dividends payable from January 1 of the current year to the date of issue, excluding shareholders' stock rights, pursuant to Article 2441, clause 8 of the Italian Civil Code, and Article 134, clause 3 of Italian Law 58/98, to be offered to employees of the company and/or of the controlled companies thereof, pursuant to Article 2359, clause 1, no.1 of the Italian Civil Code;

- to make a paid increase in share capital, according to the powers delegated by the Extraordinary Meeting on April 12, 2001, of maximum 20,000 (twenty thousand) Euro by the issue of maximum 200,000 shares at a nominal value of 0.1 (zero point one) Euro each, dividends payable from January 1 of the

current year to the date of issue, excluding shareholders' stock rights, pursuant to Article 2441, clause 5, of the Italian Civil Code, to be offered to the directors who are not employees of the company and/or companies controlled thereby, pursuant to Article 2359, clause 1, No.1 of the Italian Civil Code.

In compliance with the provisions of Article 79 of Consob decision No. 11971 of May 14, 1999, we enclose Table 3, which relates to the investments held by the Directors and Statutory Auditors of the company and its subsidiaries, and which were drawn up in compliance with the criteria established in Attachment 3C pursuant to the above decision.

Annual statement of directors' positions pursuant to Article 1.3 of the Code of Conduct of Public Listed Companies

On March 25, 2003, the Board of Directors of the Company, in compliance with the Code of Conduct, verified the positions held by Directors as Directors and Auditors in other companies not belonging to the Mediolanum Group, listed in regulated markets, including those abroad, in financial, banking, insurance or large-size companies. These are detailed as follows:

Roberto Ruozi - Chairman

Chairman of the Board of Directors of:

- Factorit S.p.A. – Factoring company of Banche Popolari Italiane, Palladio Finanziaria S.p.A., Axa Assicurazioni S.p.A., Axa Interlife S.p.A., Axa Sim S.p.A., Uap Vita S.p.A., Touring Club Italiano (Association), Touring Servizi S.r.l., Touring Editore S.r.l., Brevi S.p.A., Eplanet S.p.A.

On the Board of Directors of:

- Banca per il Leasing – Italease S.p.A., Mediaset S.p.A., Merloni Elettrodomestici S.p.A., Lanificio Fratelli Cerruti S.p.A., Gewiss S.p.A., Data Service S.p.A., L'Oreal Italia S.p.A.

Chairman of the Board of Statutory Auditors of:

- Borsa Italiana S.p.A.

Alfredo Messina - Deputy Chairman

Chairman of the Board of Directors and Chief Executive Officer of:

- Mediolanum Assicurazioni S.p.A., Euridea S.p.A..

Chairman of the Board of Directors of:

- Vacanze Italia S.p.A.

On the Board of Directors of:

- Mediaset S.p.A.

Edoardo Lombardi - Executive Vice-President

Chief Executive Officer of:

- Mediolanum Assicurazioni S.p.A.

On the Board of Directors of:

- Banca Esperia S.p.A.

Ennio Doris - Chief Executive Officer

Chief Executive Officer of:

- Mediolanum Assicurazioni S.p.A., Vacanze Italia S.p.A..

On the Board of Directors of:

- Banca Esperia S.p.A., Mediobanca S.p.A., Serenissima Infracom S.p.A..

Marina Berlusconi - Director

Chairman of the Board of Directors of

- Arnoldo Mondadori Editore S.p.A..

Vice Chairman of the Board of Directors of:

- Fininvest S.p.A.

On the Board of Directors of:

- Mediaset S.p.A., Medusa S.p.A., 21 Investimenti S.p.A.

Massimo Antonio Doris - Director

Holds no significant positions in non-Group companies

Alessandro Grimaldi - Director

Holds no significant positions in non-Group companies

Mario Molteni - Director

Holds no significant positions in non-Group companies

Angelo Renoldi - Director

Holds no significant positions in non-Group companies

Paolo Sciumè - Director

Chairman of the Board of Directors of:

- Serfactoring S.p.A. (ENI Group).

Vice Chairman of the Board of Directors of:

- Cremonini S.p.A.

On the Board of Directors of:

- Parmalat Finanziaria S.p.A., Laura G. S.p.A. (Giò Style Group), Italtractor
ITM S.p.A. (Passini Group), Ifitalia – International Factors Italia S.p.A. (BNL
Group).

Claudio Sposito - Director

Chairman of the Board of Directors of:

- Medusa S.p.A.

Chief Executive Officer of

Fininvest S.p.A.

On the Board of Directors of:

- Mediaset S.p.A., Arnoldo Mondadori Editore S.p.A.

Antonio Zunino - Director

Holds no significant positions in non-Group companies.

Dear Shareholders,

We can confirm that the financial statements at December 31, 2002, presented here for your examination and approval, have been prepared in accordance with legal requirements. We invite you to approve the financial statements and this Directors' report and we propose to allocate the profit for the year of 185,839,177.49 Euro as follows:

- 0.10 Euro dividend per share before taxes to the shareholders with a nominal value of 0.10 Euro, with the exception of own shares held on the evening of May 16, 2003;
- the remaining amount to go to the Extraordinary Reserve, since the legal reserve has already reached the amount established by law.

For the Board of Directors

(Roberto Ruozi)

Chairman

CHART 1

DIRECTORS', AUDITORS', GENERAL MANAGERS' FEES

(A) Name	(B) Position	(C) Duration of the position	(D) Term of the position (*)
RUOZI ROBERTO	Chairman of the Board of Directors Mediolanum S.p.A.	01.01.2002/31.12.2002	31.12.2004
MESSINA ALFREDO	Deputy Chairman Mediolanum S.p.A. Other positions held in controlled companies	01.01.2002/31.12.2002 01.01.2002/31.12.2002	31.12.2004
LOMBARDI EDOARDO	Executive Vice President Mediolanum S.p.A. Other positions held in controlled companies	01.01.2002/31.12.2002 01.01.2002/31.12.2002	31.12.2004
DORIS ENNIO	Chief Executive Officer Mediolanum S.p.A. Other positions held in controlled companies	01.01.2002/31.12.2002 01.01.2002/31.12.2002	31.12.2004
BERLUSCONI MARINA	Director Mediolanum S.p.A.	01.01.2002/31.12.2002	31.12.2004
DORIS MASSIMO ANTONIO	Director Mediolanum S.p.A.	01.01.2002/31.12.2002	31.12.2004
GRIMALDI ALESSANDRO	Director Mediolanum S.p.A. Other positions held in controlled companies	01.01.2002/31.12.2002 01.01.2002/31.12.2002	31.12.2004
MOLTENI MARIO	Director Mediolanum S.p.A.	01.01.2002/31.12.2002	31.12.2004
RENOLDI ANGELO	Director Mediolanum S.p.A.	01.01.2002/31.12.2002	31.12.2004
SCIUME' PAOLO	Director Mediolanum S.p.A.	01.01.2002/31.12.2002	31.12.2004
SPOSITO CLAUDIO	Director Mediolanum S.p.A.	01.01.2002/31.12.2002	31.12.2004
ZUNINO ANTONIO	Director Mediolanum S.p.A. Other positions held in controlled companies	01.01.2002/31.12.2002 01.01.2002/31.12.2002	31.12.2004
MAURI ARNALDO	Chairman of the Board of Statutory Auditors Mediolanum S.p.A. Other positions held in controlled companies	01.01.2002/31.12.2002 01.01.2002/31.12.2002	31.12.2004
FRATTINI ACHILLE	Statutory Auditor Mediolanum S.p.A. Other positions held in controlled companies	01.01.2002/31.12.2002 01.01.2002/31.12.2002	31.12.2004
GIAMPAOLO FRANCESCO ANTONIO	Statutory Auditor Mediolanum S.p.A. Other positions held in controlled companies	01.01.2002/31.12.2002 01.01.2002/31.12.2002	31.12.2004

(*) The term relates to the date of the Meeting to approve Financial Statements of the year under review

(a) professional service provided by a subsidiary

(b) employees

(c) professional service

(1) Fees for position held in the company drawing up financial statements	(2) Fringe benefits	(3) Bonuses and other incentives	(4) Other fees
93,654.08			
154,979.02			
16,531.11			
265,991.76			(a) 57,636.56
422,031.37			
516,818.97			
193,051.85			
10,776.38			
10,776.38			(b) 53,312.00
			(c) 2,269.50
10,776.38			
3,554.47			
10,776.38			
10,776.38			
10,776.38			(c) 301,677.94
10,776.38			
10,776.38			
197,549.15			
37,662.47			
30,987.00			
24,886.09			
23,890.30			
24,886.09			
28,977.42			

CHART 2

STOCK OPTIONS GIVEN TO DIRECTORS AND GENERAL MANAGERS

(A) Name	(B) Position	Options held at beginning of year		
		(1) Number of options	(2) Average exercise price	(3) Average expiry
Edoardo Lombardi	Executive Vice President	60,000	0.344	1,069
Alfredo Messina	Deputy Chairman	20,000	0.344	1,069

Note:

Each option relates to the purchase or underwriting of a share

The allotment of shares on a non-paying basis shall be entered as allotment and exercise of options with exercise price equal to zero

This table must be filled in for all Directors and General Managers involved in a stock-option plan, even if they are employed by the company

Options allocated in the year			Options exercised in the year			Options expired in the year	Options held at end of year		
(4) Number of options	(5) Average exercise price	(6) Average expiry	(7) Number of options	(8) Average exercise price	(9) Average exercise market price	(10) Number of options	(11)=1+4-7-10 Number of options	(12) Average exercise price	(13) Average expiry
120,000	0.384	1,264	0	0	0	0	180,000	0.371	1,199
30,000	0.384	1,264	0	0	0	0	50,000	0.368	1,186

CHART 3

STAKES HELD BY DIRECTORS, AUDITORS AND GENERAL MANAGERS

Name	Company	
LOMBARDI EDOARDO	MEDIOLANUM S.p.A.	(di)
DORIS ENNIO	MEDIOLANUM S.p.A.	(di) (*)
		(ii) (^)
		(u) (*)
		(s)
DORIS MASSIMO ANTONIO	MEDIOLANUM S.p.A.	(bo)
		(di)
		(s)
MAURI ARNALDO	MEDIOLANUM S.p.A.	(di)
		(s)
FRATTINI ACHILLE	MEDIOLANUM S.p.A.	(s)

(di) direct equity interest

(ii) indirect equity interest

(u) usufruct

(s) spouse

(bo) bare ownership

(uc) usufruct consolidation

(*) of which 3,250,000 transferred to controlled companies

(^) of which 17,490,000 purchased and sold between controlled companies

(*) shared usufruct with spouse Tombolato Lina

Number of shares held at the end of the previous year (31.12.2001)		Number of shares purchased in 2002	Number of shares sold in 2002	Number of shares owned at the end of the current year (31.12.2002)
541,750		60,750	70,000	532,500
25,520,070		1,939,000	3,250,000	24,209,070
131,858,075		27,934,839	17,652,500	142,140,414
75,210,000			28,950,000	46,260,000
25,108,205			10,610	25,097,595
14,475,000	(uc)	14,475,000		
10,550		30,630		14,516,180
		2,000		2,000
700				700
500				500
6,000				6,000

STOCK OPTION

WITH REFERENCE TO THE INFORMATION
ON THE EMPLOYEES SAVINGS-RELATED
SHARE AND STOCK OPTION PLAN
ILLUSTRATED IN THE DIRECTORS' REPORT
OF THE FINANCIAL STATEMENTS AT
DECEMBER 31, 2001
AND DECEMBER 31, 2002

Table 1	Year 2002		
	Number of shares	Average exercise price	Market price
(1) Options existing as at 1/1	1,136,500	10.327	10.097
(2) New options assigned during the period	1,265,000	3.215	5.585
(3) (Options exercised during the period)			
(4) (Options expired during the period) (385,000)		16.424	4.894
(5) Options existing as at 31/12	2,016,500	6.382	4.894
(6) Of which: exercisable as at 31/12			

Note:

(5) = (1)+(2)+(3)+(4)

market price is the weighted average as at the various dates for items (2), (3) and 4 and as at the date indicated for (1) and (5).

Year 2001

Number of shares	Average exercise price	Market price
363,000	17.515	12.555
775,500	6.981	13.717
(2,000)	17.515	13.717
1,136,500	10.327	10.097

OPTIONS AT THE END
OF THE PERIOD

Table 2

Exercise price:	Options granted as of 31.12.2002		
	residual contractual life		
	< 1 year	1 - 2 years	> 2 years
13.357		371,500	
0.344		300,000	
0.344			80,000
7.337			515,000
0.384			750,000
TOTAL	0	671,500	1,345,000

Of which exercisable (vested)

Total	Total	average residual life of contract
4,962,125.00	4,962,125.00	24 months
103,200.00	103,200.00	24 months
27,520.00	27,520.00	18 months
3,778,555.00	3,778,555.00	36 months
288,000.00	288,000.00	36 months
9,159,400.00	9,159,400.00	0

MEDIOLANUM S.P.A.

*FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2002*



Balance sheet

ASSETS

Euro	31.12.02	31.12.01
A) Due from shareholders for share capital still to be paid in	0	0
B) Fixed assets:		
I - Intangible assets:		
Start-up and expansion costs	860	1,347
Concessions, licences, trademarks and similar rights	1,670,252	1,291,766
Other intangible assets	136,500	269,202
Intangible assets under formation and advances	68,293	112,314
TOTAL INTANGIBLE ASSETS	1,875,905	1,674,629
II - Tangible fixed assets:		
Other assets	2,178,519	2,727,536
Assets under formation/Payments on account	0	1,275
TOTAL TANGIBLE FIXED ASSETS	2,178,519	2,728,811
III - Financial assets:		
Investments in:		
Controlled companies	475,454,677	456,897,676
Paid into fund for investment - controlled companies	5,670,888	0
Affiliated companies	25,811,586	25,811,586
Other companies	172,582,147	157,367,721
Paid into fund for investment - other companies	0	14,000,000
Accounts receivable:		
Due from controlled companies	1,328,908	2,102,658
<i>of which 1,291,142 due within one year</i>		
Due from other companies	502,223	540,733
TOTAL FINANCIAL ASSETS	681,350,429	656,720,374
TOTAL FIXED ASSETS	685,404,853	661,123,814
C) Current assets		
I - Inventory	0	0
II - Accounts receivable:		
Due from customers	168,625	162,124
Due from controlled companies	134,113,848	52,016,405
Due from associated companies	33,835	33,835
Due from Fininvest Group and Doris Group companies	631,908	2,158,433
Due from others	50,532,901	17,778,537
TOTAL ACCOUNTS RECEIVABLE	185,481,117	72,149,334
III - Current financial assets		
Other investments	589	589
Own shares (total nom. Value 36,500 Euro)	2,014,439	7,597,873
Other securities	0	0
TOTAL FINANCIAL ASSETS	2,015,028	7,598,462
IV - Liquid assets		
Bank and postal deposits	5,872,532	4,857,160
Cash	10,552	10,544
TOTAL LIQUID ASSETS	5,883,084	4,867,704
TOTAL CURRENT ASSETS	193,379,229	84,615,500
D) Prepayments and accrued income		
Accrued income	6,881	6,881
Prepayments	135,862	115,992
TOTAL PREPAYMENTS AND ACCRUED INCOME	142,743	122,873
TOTAL ASSETS	878,926,825	745,862,187

Euro	31.12.02	31.12.01
A) Capital and reserves		
I - Share capital	72,537,050	72,502,050
II - Share premium reserve	45,689,097	45,619,053
III - Revaluation reserve	0	0
IV - Legal reserve	17,362,794	17,362,794
V - Reserve for company's own shares	2,014,439	7,597,873
VI - Statutory reserve	0	0
VII - Other reserves:		
extraordinary reserve	68,078,368	37,272,882
VIII - Retained earnings (loss)	0	0
IX - Profit (loss) for the period	185,839,177	97,714,102
TOTAL CAPITAL AND RESERVES	391,520,925	278,068,754
B) Provisions for risks and charges		
Provision for deferred taxes	25,874,651	0
Other	1,662,858	1,701,249
TOTAL PROVISIONS FOR RISKS AND CHARGES	27,537,509	1,701,249
C) Employee termination indemnity	3,370,070	3,199,685
D) Accounts payable		
Bank debt	130,001,127	175,021,555
Due to other financiers	170,000,000	102,000,000
Debiti verso fornitori	2,942,757	3,711,896
Due to controlled companies	148,587,311	178,361,609
Due to Fininvest Group and Doris Group companies	232,963	491,848
Due to shareholders	4,851	4,851
Due to tax authorities	1,383,461	1,639,330
Due to social security institutions	827,396	900,026
Other accounts payable	116,338	202,147
TOTAL ACCOUNTS PAYABLE	454,096,204	462,333,262
E) Accruals and deferred income		
Accrued expenses	2,402,117	559,237
TOTAL ACCRUALS AND DEFERRED INCOME	2,402,117	559,237

SHAREHOLDERS' EQUITY AND LIABILITIES

TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	878,926,825	745,862,187
OFF-BALANCE SHEET ITEMS	9,120,719	10,314,691

Income statement

Euro	31.12.02	31.12.01
A) Value of production		
1) Revenues from sales and services	177,424,718	214,471,863
5) Other revenues	3,693,211	5,428,672
TOTAL VALUE OF PRODUCTION	181,117,929	219,900,535
B) Cost of production		
6) Raw, ancillary and consumable materials and goods	482,245	318,118
7) Services received	169,573,100	194,669,973
8) Leases and rentals	4,124,893	4,003,968
9) Personnel costs:		
wages and salaries	12,816,141	12,966,905
social security contributions	4,282,746	4,443,954
employee termination indemnity	1,495,186	1,052,482
other personnel costs	169,141	39,785
10) Depreciation, amortisation and write-downs:		
amortisation of intangible assets	842,841	793,352
depreciation of tangible fixed assets	842,082	807,164
14) Sundry operating costs	1,057,823	1,022,806
TOTAL COST OF PRODUCTION	195,686,198	220,118,507
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION	(14,568,269)	(217,972)
C) Investment income and charges		
15) Income from investments:	136,535,391	114,305,709
<i>of which 132,003,106 from controlled companies</i>		
gain on disposal of non-investment securities included in current assets	152,509	719,878
16) Other investment income:		
from receivables from controlled companies included in fixed assets	64,235	43,279
from non-investment securities included in current assets other financial income proventi diversi dai precedenti	817,048	1,237,316
17) Interest and other investment charges:		
paid to banks	(10,717,242)	(8,601,658)
paid to controlled companies	(4,230,226)	(3,778,520)
discounts and other investment charges	(664)	(28,043)
TOTAL INVESTMENT INCOME AND CHARGES	122,621,051	103,897,961
D) Adjustments to the value of financial investments		
18) Write-ups		
19) Write-downs:		
of non-investment financial assets	0	(37,701)
of non-investment securities included in current assets	(269,625)	(28,815)
TOTAL ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(269,625)	(66,516)
E) Extraordinary income and charges		
20) Income:		
gain on disposals	9,890	11,556,271
out of period revenues	576,057	82,920
other for change in dividend accounting criteria	108,051,581	0
21) Charges:		
loss on disposals	(19,882)	(1,402)
out of period expenses	(205,506)	(304,656)
TOTAL EXTRAORDINARY ITEMS	108,412,140	11,333,133
Profit before taxes	216,195,297	114,946,606
22) Income taxes for the period	(30,356,120)	(17,232,504)
PROFIT (LOSS) FOR THE PERIOD	185,839,177	97,714,102

Notes to the financial statements as at December 31, 2002

The financial statements have been prepared in accordance with the provisions of the Italian Civil Code (CC). They consist of the balance sheet (prepared in the format required by Article 2424 and 2424 II of the CC), the income statement (prepared in the format required by Article 2425 and 2425 II of the CC) and these notes, which provide the information required by Article 2427 of the CC, by other provisions of the CC which relate to financial reporting and by other prior legislation. In addition, such information is provided as is considered necessary to give a true and fair representation, even though it may not be required by law. Specifically, a cash flow statement and an analysis of movements in capital and reserves are provided.

The financial statements are in Euro.

FORM AND CONTENT OF THE FINANCIAL STATEMENTS

The accounting policies adopted in the preparation of the financial statements are in line with those of previous years, with the exception of dividends distributed by directly and indirectly controlled companies, which were accounted for on an “accrual” basis, that is, they are recorded in the accounting period in which they are received, and not according to the “collection” principle previously adopted. This policy, allowed for by Accounting Principle No. 21 and adopted by Consob with communications SOC/RM/94004765 and DAC/RM/95002194 of May 11, 1994 and March 16 1995, respectively, ensures a better representation of the economic and asset situation, through a time-based correlation of the results of the parent company and controlled companies.

ACCOUNTING POLICIES

In compliance with the provisions of Consob communication 59009 of July 30, 1999, a pro-forma financial situation was prepared as at December 31, 2002 and 2001 (Attachment 8), highlighting the change in the balance sheet and income statement items if the new accounting policies had been constantly applied over time. Had the policy adopted in previous years been maintained, profit for the current year would have been 79,710,122 instead of 185,839,177 Euro, with a difference of 106,128,455 Euro.

Intangible assets are recorded at cost, including incidental expenses, and are directly adjusted by amortisation that is systematically calculated over a five-year period, except for trademarks which are amortised over ten years, in line with tax regulations.

INTANGIBLE ASSETS

TANGIBLE FIXED ASSETS	<p>Tangible fixed assets are recorded at purchase cost, including incidental expenses and direct and indirect costs that are chargeable to the asset in question, and net of accumulated depreciation. Tangible fixed assets are depreciated on a straight-line basis at depreciation rates that reflect the remaining useful life of the asset concerned. Tangible fixed assets purchased during the year are depreciated at 50% of the rate normally used to reflect their reduced utilisation.</p> <p>There have been no changes to depreciation policy.</p>
INVESTMENTS (INCLUDED IN FIXED ASSETS)	<p>Investments are valued at historic cost and are reduced only in the event of permanent loss of value in the investments.</p>
RECEIVABLES	<p>Receivables are included at their estimated realisable value.</p>
SHORT-TERM INVESTMENTS AND SECURITIES	<p>These are shown at the lower of purchase cost (calculated using the weighted average cost criterion) or value brought forward from last year, and market value which, for listed investments, is calculated on the basis of the average listed price for the month of December. Non-listed investments are shown at nominal value, but not higher than their estimated realisable value.</p>
ACCRUALS AND DEFERRALS	<p>These consist of adjustments made to match costs and revenues to the accounting periods to which they are associated.</p>
PROVISIONS FOR RISKS AND CHARGES	<p>These provisions cover known or likely losses and reflect the best estimate of the expected losses, based on information available. The timing and extent of these losses cannot be determined at year-end.</p>
EMPLOYEE TERMINATION INDEMNITY	<p>This provision covers the liability to all employees for termination indemnities accrued in accordance with existing laws (Article 2120 CC) and specific national or company wage-bargaining contracts. This liability is subject to annual adjustments based on official indices.</p>
INCOME TAXES	<p>These are stated based on estimated taxable income in accordance with current tax laws, taking into account any available exemptions. In addition, deferred taxes are stated taking into account timing differences between reported results and taxable income.</p>

These are stated at nominal value.

PAYABLES

Securities and other assets of third parties in the safekeeping and guarantees are stated at face value, while leased or hired assets are shown at contractual value.

OFF-BALANCE SHEET ITEMS

Revenues and expenses are recorded on an accrual basis. Dividends from investments in controlled companies are recorded when they are accrued; dividends from investments in other companies are recorded in the accounting period in which they are received.

REVENUES AND EXPENSES

In accordance with the provisions of Consob Article 78 by (no. 11971 of May 14, 1999), Tables 1 and 2 are added to the financial statements. These are drafted following the criteria given in Attachment 3c of the abovementioned Article 78 regarding fees paid to directors and auditors, as well as the stock-options awarded to directors in 2002.

OTHER INFORMATION

There were no exceptional circumstances which required departure from the legislation regarding financial statements (under Article 2423, clause 4 CC).

Attachments showing historic cost, accumulated depreciation and amortisation, changes for the year and the closing balance are provided for in the three fixed asset categories (intangible assets, tangible fixed assets and financial assets).

COMMENTS ON THE
BALANCE SHEET ASSETS
LINE ITEMS

Intangible assets (Attachment 1)

INTANGIBLE ASSETS

Intangible assets include:

Start-up and expansion costs: 860 Euro (2001: 1,347 Euro)

The decrease was due to the amortisation charge for the year.

These costs are amortised over five years, since it is believed that they will continue to produce economic benefits for at least five fiscal periods.

Under Italian law (Article 2426 CC), so long as such costs are not fully amortised, dividends can be distributed only if there are residual reserves sufficient to cover the amount of capitalised costs.

Concessions, licences, trademarks**and similar rights: 1,670,252 Euro (2001: 1,291,766 Euro)**

The increase relates to new software, rights and trademarks purchased (804,631 Euro), the finalising and use of the new SAP accounting software (283,508 Euro) - previously shown in part in the financial statements under *Intangible assets under formation and advances* - and to the personnel management and communication network package.

The amortisation charge for the year was 709,653 Euro.

Other intangible assets: 136,500 Euro (2001: 269,202 Euro)

The decrease of 132,701 Euro is due to the amortisation charge for the year.

Intangible assets under formation**and advances: 68,293 Euro (2001: 112,314 Euro)**

These mainly relate to SAP system implementation for the development of purchase and treasury procedures.

Tangible fixed assets (Attachment 2)

These are analysed as follows:

Other tangible fixed assets: 2,178,519 Euro (2001: 2,727,536 Euro)

The additions for the year relate to:

<i>Euro</i>	31.12.02
Personal computer	213,286
Fax machines, modems, data transmission equipment and cellular phones	47,371
Sundry equipment	19,779
Office furniture	11,598
Fittings	3,046
Motor vehicles	11,720

Disposals for the year relate to:

<i>Euro</i>	31.12.02
Personal computer	3,326
Sundry equipment	15,803
Motor vehicles	11,521

The above disposals resulted in a total capital loss of 19,882 Euro.

The following ordinary depreciation rates were applied:

Other plant and machinery - general and specific	15%
Various equipment	15%
Personal computers, terminals, printers and office machinery	20%
Data transmission equipment and cellular phones	25%
Furniture	12%
Fittings	15%
Motor vehicles	25%

Assets under formation/payments on account: 0 Euro (2001: 1,275 Euro)

The decrease relates to the new personnel management system, completed during the accounting period under review.

Financial assets

Investments (Attachment 3)

Controlled companies: 481,125,565 Euro (2001: 456,897,676 Euro)

As a consequence of the creation of the Banking Group, in which Mediolanum S.p.A. transferred to Banca Mediolanum S.p.A. the control over the asset management companies, the company's assets changed as follows:

- 51% decrease in the interest held in the company Mediolanum International Funds Ltd for 1,346,414 Euro.
- 51% decrease in the interest held in the company Mediolanum Asset Management Ltd for 459,000 Euro.
- 51% decrease in the interest held in the company Mediolanum Gestione Fondi SGR p.A. for 2,609,698 Euro.
- Transfer of 100% of the interest held in the company Mediolanum International S.A. for 71,357,000 Euro.

Since the transaction was carried out at book value, the share capital of the controlled company Banca Mediolanum increased by 75,772,112 Euro.

In the year under review, Euro 18,557,000 was paid in to the share capital of the controlled company Banca Mediolanum, and Euro 5,670,888 was allocated for future share capital increase. The operation was recorded on January 8, 2003.

Associated companies: 25,811,586 Euro (2001: 25,811,586 Euro)

A list is provided herein specifying the information required pursuant to Article 2427 CC, point 5 (Attachment 4) for each of the companies directly or indirectly controlled and associated.

Other companies: 172,582,147 Euro (2001: 157,367,721 Euro)

These are analysed as follows:

- Increase relating to the purchase of 1,281,350 shares in Mediobanca S.p.A. for 14,862,118 Euro.
- Increase relating to the purchase of 4,846 shares in Cedacri Ovest S.p.A. for 350,385 Euro.
- Increase relating to ancillary charges for the acquisition of the company Consortium S.r.l. for 2,923 Euro.
- Decrease relating to the transfer of the interest held in the company Tredicimarzo S.r.l. for 1,000 Euro.

Amount paid into fund for investments: 0 Euro (2001: 14,000,000 Euro)

This line item was cancelled out following reimbursement by the company Tredicimarzo S.r.l..

Accounts receivable

Due from controlled companies: 1,328,908 Euro (2001: 2,102,658 Euro)

These relate to the repayment of the credit line given to the controlled company Programma Italia Distribuzione S.r.l. for 774,685 Euro. The capitalisation of interest on the guarantee deposits accrued during the period in relation to Mediolanum Vita S.p.A. increased by 935 Euro.

Due from other companies: 502,223 Euro (2001: 540,733 Euro)

These are analysed as follows:

<i>Euro</i>	31.12.02	31.12.01
Due from intermediaries	397,043	397,043
Guarantee deposits	78,826	78,826
Tax paid in advance on employee termination indemnity	26,354	64,864

The reduction in the tax paid in advance on employee termination indemnity relates to amounts received during the period; the revaluation of residual credit was 892 Euro.

The above mentioned receivables, except the tax paid in advance on employee termination indemnity, are due after the following year.

Receivables include:

CURRENT ASSETS

Due from customers: 168,625 Euro (2001: 162,124 Euro)

The increase relates to trading. Amounts due from customers are posted net of accruals to the bad debts fund of 15,983 Euro.

Due from controlled companies: 134,113,848 Euro (2001: 52,016,405 Euro)

Analysed as follows:

Trade receivables:

<i>Euro</i>	31.12.02	31.12.01
Mediolanum Vita S.p.A.	25,705,614	49,375,800
Partner Time S.p.A.	0	37,195
Banca Mediolanum S.p.A.	2,623,697	2,454,901
Mediolanum Gestione Fondi SGR p.A.	54,118	52,787
Mediolanum Comunicazione S.r.l.	53,292	36,380
PI Distribuzione S.r.l.	11,530	50,154
Mediolanum State Street SGR p.A.	0	9,188

Receivables from Mediolanum Vita S.p.A. relate to insurance agent activities and amounted to 25,705,614 Euro, receivables from other companies mainly relate to the recharge of cost of management staff.

Receivables related to controlled company dividends:

<i>Euro</i>	31.12.02	31.12.01
Mediolanum International Funds Ltd	58,049,878	0
Partner Time S.p.A.	4,004,000	0
Banca Mediolanum S.p.A.	33,000,000	0
Mediolanum Gestione Fondi SGR p.A.	3,239,237	0
Mediolanum Asset Management Ltd	793,482	0
Mediolanum Vita S.p.A.	6,579,000	0

These relate to dividends for the year, posted on an accrual basis.

Due from associated companies: 33,835 Euro (2001: 33,835 Euro)

These are all receivables from Banca Esperia S.p.A. relating to the recharge of the cost of management staff.

Due from Fininvest Group**and Doris Group companies: 631,908 Euro****(2001: 2,158,433 Euro)**

Analysed as follows:

Fininvest Group and Doris Group companies <i>Euro</i>	31.12.02	31.12.01
Mediolanum Assicurazioni S.p.A.	623,878	2,158,391
Fininvest Group companies <i>Euro</i>	31.12.02	31.12.01
Alba Servizi Aerotrasporti S.p.A.	8,030	0
Pagine Italia S.p.A.	0	42

Receivables from Mediolanum Assicurazioni S.p.A. relate to insurance agent activities and to the recharge of the cost of management personnel.

Due from others: 50,532,901 Euro**(2001: 17,778,537 Euro)**

Analysed as follows:

<i>Euro</i>	31.12.02	31.12.01
Due from tax authorities	50,363,864	17,393,712
Advances to employees	29,289	27,563
Advances to suppliers and consultants	58,657	142,296
Others	81,091	214,966

The significant increase in the item "due from tax authorities" mainly relates to the tax credit on dividends accrued for 26,626,356 Euro, and to the tax credit on dividends received for 12,477,689 Euro, net of IRPEG-corporate tax payables.

None of the receivables line items in current assets includes accounts receivables due after the following year.

Current financial assets**Other investments: 589 Euro****(2001: 589 Euro)****Own shares: 2,014,439 Euro****(2001: 7,597,873 Euro)**

These are held to ensure stability on the stock market in accordance with the resolutions made during the shareholders' meeting of May 4, 2001.

Buy and sell operations during the year generated a gain of 152,509 Euro.

The average share price in December, lower than the average carrying price, showed a loss of 269,625 Euro, and is posted in the income statement.

Liquid assets

Bank deposits: 5,872,532 Euro (2001: 4,857,160 Euro)

These relate to year-end bank account balances including accrued interest. The liquid funds deposited with the controlled company Banca Mediolanum S.p.A. amount to 4,274,292 Euro.

Accrued income: 6,881 Euro (2001: 6,881 Euro)

PRE-PAYMENTS AND ACCRUED
INCOME

Pre-payments: 135,862 Euro (2001: 115,992 Euro)

These mainly consist of insurance costs totalling 42,643 Euro, services and maintenance for 91,883 Euro, incurred within the accounting period but relating to the following year.

The changes for the year in the line items that make up capital and reserves are shown in Attachment 5.

COMMENTS ON LINE
ITEMS IN SHAREHOLDERS'
EQUITY AND LIABILITIES

The following comments relate to the main line items and their respective variations:

CAPITAL AND RESERVES

Share capital

During the year, *Share capital* was increased by 35,000 Euro in accordance with the Board of Directors' resolution made on June 19, 2002, relating to 350,000 shares. These were provided in relation to the options previously given to consultants participating in the Consultants Stock Option Plan. After this operation, the wholly paid-up *Share capital* amounts to 72,537,050 Euro, consisting of 725,370,500 ordinary shares with a nominal value of 0.10 Euro each.

Share premium reserve

The increase relates to the underwriting of new shares issued for the participants in the Consultants' Stock Option Plan.

Legal reserve

As compared with the previous year, the legal reserve was unchanged, having reached the limit established by the law.

Reserve for Company's own shares

This was created out of the "extraordinary reserve" pursuant to Article 2357 III CC; movements in the accounting period reflect movements in the current assets line item "own shares".

Other reserves

The changes in this line item reflect the creation of the "Reserve for Company's own shares", as well as the increase following the allocation of 2001 profits, in accordance with the resolution of the Shareholders' Meeting of April 23, 2002.

Profit for the period: 185,839,177 Euro

(2001: 97,714,102 Euro)

This includes the current year profit.

PROVISIONS FOR RISKS AND CHARGES

The composition of and changes in these provisions are as follows:

<i>Euro</i>	31.12.01	Increases	Utilisation	31.12.02
Employee's holiday pay accrual	1,278,967	374,993	(413,384)	1,240,576
Staff loyalty provision	18,591	0	0	18,591
Provision for future risks	263,643	0	0	263,643
Provision for transactions in options	14,620	0	0	14,620
Provision against agents' illegal acts	125,428	0	0	125,428
Provision for deferred taxes	0	25,874,651	0	25,874,651
TOTAL	1,701,249	26,224,973	(413,384)	27,537,509

The "Employee's holiday pay accrual" relates to the amount accrued by employees as at December 31. Provision for deferred taxes relates to taxes on dividends from controlled companies, posted in the financial statements on an accrual basis.

EMPLOYEE TERMINATION INDEMNITY

Changes in employee termination indemnity during the period were as follows:

<i>Euro</i>	Managers	Employees
Balance at 31.12.01	1,733,870	1,465,815
Increase in incoming employees	0	3,478
Promotions to managerial level	7,302	(7,302)
Provision for the period	360,015	541,013
Transfers to other companies	(403,160)	(5,738)
Decrease due to staff attrition	(189,493)	(73,880)
Advances made during the year	0	(52,950)
Decrease from employee termination indemnity substitute tax	(4,357)	(4,543)
Balance at 31.12.02	1,504,177	1,865,893

Bank debt: 130,001,127 Euro

(2001: 175,021,555 Euro)

ACCOUNTS PAYABLE

This relates to credit lines received as at December 31, 2002.

Due to other financiers: 170,000,000 Euro

(2001: 102,000,000 Euro)

These relate to the credit line, falling due March 2003, given by Mediobanca S.p.A.

Due to trade accounts: 2,942,757 Euro

(2001: 3,711,896 Euro)

This relates to supplies and services received (2,644,353 Euro), professional services (97,411 Euro), fees (132,853 Euro) and agents (68,140 Euro).

Due to controlled companies: 148,587,311 Euro

(2001: 178,361,609 Euro)

Analysed as follows:

<i>Euro</i>	31.12.02	31.12.01
Banca Mediolanum S.p.A.	31,504,484	62,332,878
Partner Time S.p.A.	0	4,369
Bankhaus August Lenz	54,658	0
Mediolanum Comunicazione S.r.l.	205,398	82,373
Mediolanum Gestione Fondi SGR p.A.	10,383	27,277
Mediolanum Vita S.p.A.	116,812,388	115,914,712

The amount due to Banca Mediolanum S.p.A. mainly relates to commissions for the sale of insurance products. The decrease over the previous year reflects the decrease in the corresponding item for commissions receivable.

The amount due to Mediolanum Comunicazione S.r.l. relates to services received, and to the costs of borrowed staff for the last quarter.

The amount due to Mediolanum Gestione Fondi SGR p.A. relates to the costs of borrowed staff for the last quarter.

The amount due to Mediolanum Vita S.p.A. relates almost entirely to a loan granted during the year by the controlled company which is subject to a three-month Euribor rate plus 30 basis points, and which expires on July 1, 2003.

Due to Fininvest Group and**Doris Group companies: 232,963 Euro****(2001: 491.848 Euro)**

Analysed as follows:

Fininvest Group and Doris Group companies <i>Euro</i>	31.12.02	31.12.01
Mediolanum Assicurazioni S.p.A.	59,033	20,103

Fininvest Group companies <i>Euro</i>	31.12.02	31.12.01
Edilnord Gestioni S.p.A.	0	123,127
Edilnord 2000	9,290	17,344
Consorzio Aeromobili Fininvest	100,600	150,884
R.T.I. S.p.A.	16,733	16,733
Alba Servizi Autotrasporti S.p.A.	17,894	68,685
Mediaset S.p.A.	6,445	6,445
Mediatrade S.p.A.	152	0
Mondadori Pubblicità S.p.A.	11,860	43,346
Arnoldo Mondadori Editore S.p.A.	0	2,582
Sperling & Kupfer Editore S.p.A.	10,296	0
Servizi Milan S.r.l.	660	651
E.I.S. S.r.l.	0	38,723
Edilnord S.p.A.	0	3,071

These relate to services received in relation to the activities carried out by these companies.

Due to shareholders: 4,851 Euro**(2001: 4,851 Euro)**

This amount is owed to Fininvest S.p.A. for services received.

Due to tax authorities: 1,383,461 Euro**(2001: 1,639,330 Euro)**

These relate to tax withheld at source as substitute tax on income for employee and freelance work, withholding tax on commissions and VAT regularly paid in January 2003.

Due to social security institutions: 827,396 Euro**(2001: 900,026 Euro)**

This represents the accrued amounts due and paid at expiration to Inps, Inail, Fasi, Fpdac and Fasdac.

Other accounts payable: 116,338 Euro**(2001: 202,147 Euro)**

These relate to:

Amounts due to employees totalling 58,618 Euro and relating to overtime payments and expense claims for December; 9,012 Euro due to shareholders for dividends not yet paid, 48,708 Euro for "other amounts".

There are no amounts payable due after the following year.

Accrued expenses: 2,402,117 Euro

(2001: 559,237 Euro)

ACCRUALS AND DEFERRED
INCOME

This consists of interest on credit lines of 1,905,271 Euro and the accrual of the employees' 14th month salary for 496,846 Euro.

These are made up as follows:

OFF-BALANCE SHEET
ITEMS

Guarantees given

A guarantee of 516,457 Euro was given by Banca Mediolanum S.p.A. in favour of Origin Italia S.r.l. with respect to instalment payments of the rental of hardware products and services.

Counter-guarantees were given to Fininvest S.p.A. (63,583 Euro), with respect to guarantees given by those companies for supplies to the company.

A guarantee of 538,819 Euro was given by Intesabci S.p.A., on our behalf, in favour of the company Stodiek Immobiliare S.r.l. for on-time payment of fees for the rental of management offices to the company.

Other off-balance sheet items

These relate to:

Securities and assets in the hands of third parties totalling 8,001,858 Euro; these represent the face value of shares that form part of current assets for 36,500 Euro, Mediobanca shares for 7,059,175 Euro and SIA shares for 906,183 Euro.

Revenues from sales and services: 177,424,718 Euro

(2001: 214,471,863 Euro)

COMMENTS ON THE MAIN
LINE ITEMS IN THE INCOME
STATEMENT

These relate to commissions and rappels for the sale of insurance products, of which 173,130,557 Euro came from the controlled company Mediolanum Vita S.p.A. and 4,294,161 Euro came from Mediolanum Assicurazioni S.p.A.

VALUE OF PRODUCTION

Other revenues: 3,693,211 Euro

(2001: 5,428,672 Euro)

These mainly include the recovery of costs incurred for personnel at controlled and associated companies, 3,183,728 Euro (2001: 4,066,363 Euro), and Fininvest Group and Doris Group companies, 370,787 Euro.

COST OF PRODUCTION

Raw, ancillary and consumable materials: 482,245 Euro (2001: 318,118 Euro)

These relate to the purchase of various consumables, books, magazines and newspapers, stationery and printed materials.

Services received: 169,573,100 Euro (2001: 194,669,973 Euro)

These include:

<i>Euro</i>	31.12.02	31.12.01
Commissions	156,923,945	180,858,663
Advertising, public relations and entertainment expenses	1,085,619	821,456
Consultancy and professional services	3,671,314	4,756,144
Emoluments to Directors and Statutory Auditors	1,229,503	1,180,104
Insurance costs	260,520	210,627
Travel and subsistence expenses	497,930	530,830
Other services	5,465,599	6,203,003
Other costs	438,670	109,146

“Commissions” are paid in total to the controlled company Banca Mediolanum S.p.A. as payment for brokerage activities as agreed by contract. The decrease was in direct proportion to the decrease in the corresponding revenue item.

“Advertising, public relations and entertainment expenses” increased by 264,163 Euro; Fininvest Group companies charged 118,596 Euro.

“Consultancy and professional services” includes legal assistance, technical and administrative consultation, the costs for auditing the financial statements, and for professional services.

“Other services” include EDP services, administrative services, staff training, the canteen service, security services, maintenance, printing and other general services. This item includes services received from controlled companies (562,121 Euro) and Fininvest Group and Doris Group companies (231,759 Euro).

Leases and rentals: 4,124,893 Euro (2001: 4,003,968 Euro)

This line item relates to rental costs and rentals. Services received from controlled companies total 200,072 Euro, while those from Fininvest Group companies total 1,786,361 Euro.

Personnel costs: 18,763,214 Euro (2001: 18,503,126 Euro)

Sundry operating costs: 1,057,823 Euro (2001: 1,022,806 Euro)

This item mainly includes a services fee of 363,689 Euro to Borsa Italiana S.p.A., the contribution to the Consob supervisory committee, taxes and Government licenses, stamp duties and registration taxes, local taxes, and Chamber of Commerce fees and donations.

Income from investments: 136,535,391 Euro (2001: 114,305,709 Euro)

INVESTMENT INCOME
AND CHARGES

This line item includes dividends from directly and indirectly controlled companies accounted for on an accrual basis for 105,665,597 Euro. It also includes tax credit totalling 26,337,509, dividends posted on collection relating to other companies for 2,900,663 Euro, and relevant tax credits totalling 1,631,622 Euro.

Gain on disposal of non-investment securities

included in current assets: 152,509 Euro (2001: 719,878 Euro)

These relate to the gains from the sales of own shares during the year.

Other investment income

From receivables from controlled companies

included in fixed assets: 64,235 Euro (2001: 43,279 Euro)

These mainly relate to interest for the year on the loans granted to controlled companies for 63,300 Euro.

Other financial income: 817,048 Euro (2001: 1,237,316 Euro)

This includes:

<i>Euro</i>	31.12.02	31.12.01
Bank account interest	496,030	865,626
Interest on amount due from tax authorities	317,401	368,678
Other interest	3,617	3,012

“Bank account interest” includes 487,870 Euro from the controlled company Banca Mediolanum S.p.A., of which 354,300 Euro came from hot money transactions.

Interest and other investment charges: 14,948,132 Euro (2001: 12,408,221 Euro)

This item includes interest accrued of 6,708,247 Euro on bank loans and a credit line of 4,230,226 Euro given by the controlled company Mediolanum Vita S.p.A. and by third parties for 4,008,977 Euro.

ADJUSTMENTS TO THE VALUE OF
FINANCIAL INVESTMENTS

Write-downs

Of non-investment financial assets: 0 Euro (2001: 37,701 Euro)

Of non-investment securities included

in current assets: 269,625 Euro (2001: 28,815 Euro)

This line item includes the write-down resulting from the adjustment of the value of own shares held to their market value, calculated on the average of December prices.

EXTRAORDINARY INCOME
AND CHARGES

Income

Gain on disposals: 9,890 Euro (2001: 11,556,271 Euro)

These include mainly the gain on the disposal of own shares for 1,131 Euro and of tangible fixed assets for 8,759 Euro.

Other income for change in dividend

accounting criteria: 108,051,581 Euro (2001: 0 Euro)

These relate to dividends from controlled companies posted "on collection" and the relevant tax credit, reclassified under this item as a consequence of the change in accounting policies previously commented upon.

Out-of-period revenues: 576,057 Euro (2001: 82,920 Euro)

These revenues mainly came from the closing of excess funding.

Out-of-period expenses: 205,506 Euro (2001: 304,656 Euro)

These expenses relate exclusively to minor appropriated funds taken.

Income taxes: 30,356,120 Euro

(2001: 17,232,504 Euro)

This line item includes the fiscal burden relating to current taxes, of which 4,307,955 Euro was for IRPEG and 173,514 Euro for IRAP. Deferred taxes were allocated on dividends accounted for on an accrual basis for 25,874,651 Euro. Dividends that contribute to revenues totalled 39,261,012 Euro. Moreover, in order to provide information in compliance with statutory accounting and fiscal requirements, the theoretical tax liabilities were reconciled with those accounted for (Attachment 6).

As required by law (Article 10 of Italian Law no. 72/83), we point out that none of the assets were subject to any monetary or economic revaluation.

The Cash Flow Statement is also provided (Attachment 7).

The average number of employees by category is as follows:

<i>Units</i>	2002	2001
Managers	34	47
Non-management employees	198	193

The Board of Directors has 12 members and there are 3 Statutory Auditors.

Their fees totalled 1,205,090 Euro and can be broken down as follows:

<i>Euro</i>	
Directors	1,117,655
Statutory Auditors	87,435

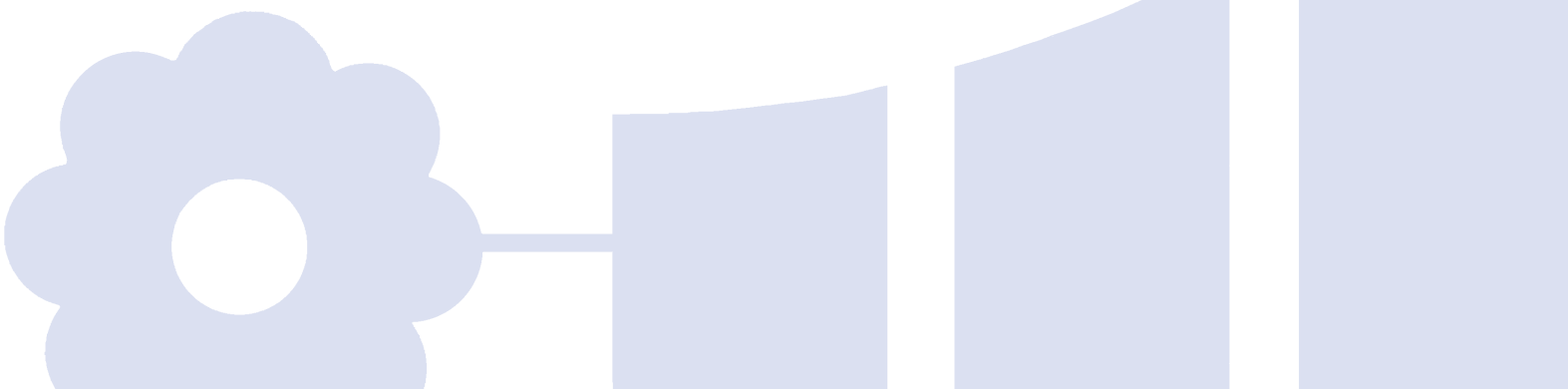
For the Board of Directors

(Roberto Ruozi)

Chairman

MEDIOLANUM S.P.A.

ATTACHMENTS



ATTACHMENT 1

ANALYSIS OF CHANGES IN INTANGIBLE ASSETS AS AT DECEMBER 31, 2002

Euro	Opening situation		
	Historic cost	Accum. Amortisation	Balance at 01.01.02
Intangible assets			
Start-up and expansion costs	4,743,422	4,742,074	1,347
Patents and intellectual property rights	223,347	223,347	0
Concessions, licences, trademarks and similar rights	2,971,329	1,679,563	1,291,766
Other intangible assets	1,109,294	840,093	269,202
Assets under formation and advances	112,314	0	112,314
TOTAL	9,159,706	7,485,077	1,674,629

ATTACHMENT 2

ANALYSIS OF CHANGES IN TANGIBLE FIXED ASSETS AS AT DECEMBER 31, 2002

Euro	Opening situation		
	Historic cost	Accum. Amortisation	Balance at 01.01.02
Tangible fixed assets			
Tangible fixed assets	20,629	20,629	0
Alarm and security equipment	25,472	25,472	0
Other specific plant and machinery	23,767	23,767	0
General plant/machinery	32,898	32,898	0
Telecasting equipment	2,226	2,226	0
TOTAL PLANT AND MACHINERY	104,992	104,992	0
Personal computers	2,512,497	1,514,218	998,278
Terminals and printers	24,369	24,369	0
Data transmission equipment and cellular phones	879,257	340,417	538,840
Various equipment	687,436	297,085	390,350
Office fittings, furniture and equipment	713,038	599,230	113,808
Furniture	1,354,250	686,444	667,805
Ordinary office machinery	1,417	1,417	0
Electric and electronic office machinery	9,946	9,946	0
Motor vehicles	105,814	87,359	18,454
TOTAL OTHER ASSETS	6,288,025	3,560,487	2,727,536
Assets under formation and advances	1,275	0	1,275
TOTAL	6,394,292	3,665,480	2,728,811

Movements in the period				Closing situation		
Additions	Net disposals	Amortisation	Change +/-	Historic cost	Accum. Amortisation	Balance at 31.12.2002
0	0	488	0	4,743,422	4,742,562	860
0	0	0	0	223,347	223,347	0
806,102	0	709,653	282,037	4,059,468	2,389,216	1,670,252
0	0	132,701	0	1,109,294	972,793	136,501
238,015	0	0	(282,037)	68,292	0	68,292
1,044,117	0	842,842	0	10,203,823	8,327,918	1,875,905

Movements in the period				Closing situation		
Additions	Net disposals	Amortisation	Change +/-	Historic cost	Accum. Amortisation	Balance at 31.12.2002
0	0	0	0	20,629	20,629	0
0	0	0	0	25,472	25,472	0
0	0	0	0	23,767	23,767	0
0	0	0	0	32,898	32,898	0
0	0	0	0	2,226	2,226	0
0	0	0	0	104,992	104,992	0
213,286	3,326	318,967	0	2,722,088	1,832,816	889,272
0	0	0	0	24,369	24,369	0
47,371	0	173,647	0	926,628	514,064	412,564
19,779	15,803	78,195	0	678,293	362,162	316,131
11,598	0	47,903	0	724,636	647,133	77,503
3,046	0	198,794	0	1,357,296	885,238	472,058
0	0	0	0	1,417	1,417	0
0	0	0	0	9,946	9,946	0
11,720	11,521	7,663	0	62,087	51,096	10,990
306,800	30,650	825,169	0	6,506,761	4,328,241	2,178,519
0	0	0	(1,275)	0	0	0
306,800	30,650	825,169	(1,275)	6,611,753	4,433,234	2,178,519

ATTACHMENT 3
ANALYSIS OF CHANGES IN
INVESTMENTS HELD AT
DECEMBER 31, 2002

<i>Euro Company</i>	<i>Share capital</i>	<i>% holding</i>	<i>Shares quotas</i>
Controlled companies			
Banca Mediolanum S.p.A. Via F. Sforza P.zzo Meucci Basiglio (MI)	335,329,112	100.00	335,929,112
Mediolanum Vita S.p.A. Via F. Sforza P.zzo Meucci Basiglio (MI)	87,720,000	100.00	87,720,000
Mediolanum Gestione Fondi SGR p.A. Via F. Sforza P.zzo Meucci Basiglio (MI)	5,164,600	49.00	2,530,654
Mediolanum State Street SGR p.A. Via F. Sforza P.zzo Meucci Basiglio (MI)	2,600,000	50.00	1,300,000
Mediolanum Comunicazione S.r.l. Via F. Sforza n.15 P.zzo Meucci Basiglio (MI)	775,000	100.00	1
Partner Time S.p.A. Via F. Sforza P.zzo Meucci Basiglio (MI)	520,000	100.00	520,000
PI Distribuzione S.r.l. Via F. Sforza P.zzo Meucci Basiglio (MI)	517,000	100.00	1
Mediolanum Fiduciaria S.p.A. Via F. Sforza P.zzo Meucci Basiglio (MI)	510,000	100.00	510,000
Mediolanum International S.A. 69 Route D'Esch Luxembourg	71,500,000	0	0
Mediolanum International Life Ltd Alexandra house - Sweepstakes Ballsbridge Dublin 4 Ireland	1,394,750	100.00	1,394,750
Mediolanum Asset Management Ltd Alexandra house - Sweepstakes Ballsbridge Dublin 4 Ireland	150,000	49.00	73,500
Mediolanum International Funds Ltd Alexandra house - Sweepstakes Ballsbridge Dublin 4 Ireland	150,000	49.00	73,500
TOTAL CONTROLLED COMPANIES			
Associated companies			
Banca Esperia S.p.A. Via Del Lauro 7 Milan	13,000,000	48.50	12,125,000
TOTAL ASSOCIATED COMPANIES			
Other companies			
Consorzio Aeromobili Fininvest Via Paleocapa 3 Milan	520,000	19.00	19
Europa Invest S.A. Luxembourg 14, Rue Aldringen	125,000	14.00	700
Cedacri Ovest S.p.A. Via Liguria 33 Castellazzo B.da (AL)	7,461,300	12.308	25,846
Mediobanca S.p.A. Via Filodrammatici, 10 Milan (MI)	389,274,707	1.813	14,118,350
SIA S.p.A. Via Taramelli 26 Milan (MI)	18,123,684	4.999	1,742,660
Tredicimarzo S.r.l. Galleria del Corso, 2 Milan (MI)	10,000	10.00	1
Consortium S.r.l. Via Filodrammatici, 10 Milan (MI)	561,600,000	3.40	36,209,600
TOTAL OTHER COMPANIES			
TOTAL			

(*) to obtain balance sheet data, allocations for future share capital increase in Banca Mediolanum must also be considered.

Nominal values	Book value at 01.01.02	Increase	Decrease write-downs	Book value at 31.12.02
335,329,112	241,239,300	94,329,112		335,568,412
87,720,000	116,681,041			116,681,041
2,530,654	5,117,055		2,609,698	2,507,357
1,300,000	1,570,473			1,570,473
775,000	762,002			762,002
520,000	258,168			258,168
517,000	516,457			516,457
510,000	725,605			725,605
0	71,357,000		71,357,000	0
1,394,750	15,130,548			15,130,548
73,500	900,000		459,000	441,000
73,500	2,640,027		1,346,414	1,293,613
	456,897,676	94,329,112	75,772,112	475,454,676 (*)
6,305,000	25,811,586			25,811,586
	25,811,586	0	0	25,811,586
98,800	98,801			98,801
17,500	13,839			13,839
918,301	1,006,384	350,385		1,356,769
7,059,175	115,045,194	14,862,118		129,907,312
906,003	12,407,739			12,407,739
1,000	1,000	319	1,319	0
18,828,992	28,794,764	2,923		28,797,687
	157,367,721	15,215,745	1,319	172,582,147
	640,076,983	109,544,857	75,773,431	673,848,409

ATTACHMENT 4

LIST OF INVESTMENTS IN DIRECTLY AND INDIRECTLY CONTROLLED COMPANIES AND IN ASSOCIATED COMPANIES

Euro	Shareholders' equity		
	Share capital	Total amount	Pro-quota amount
Company name and head office			
Controlled companies			
Banca Mediolanum S.p.A.	335,329,112	420,971,021	420,971,021
Via F. Sforza P.zzo Meucci Basiglio (MI)			
Mediolanum Vita S.p.A.	87,720,000	234,897,605	234,897,605
Via F. Sforza P.zzo Meucci Basiglio (MI)			
Mediolanum Gestione Fondi SGR p.A.	5,164,600	17,893,631	8,767,879
Via F. Sforza P.zzo Meucci Basiglio (MI)			
Mediolanum State Street SGR p.A.	2,600,000	3,466,889	1,733,445
Via F. Sforza P.zzo Meucci Basiglio (MI)			
Mediolanum Comunicazione S.r.l.	775,000	985,277	985,277
Via F. Sforza n.15 P.zzo Meucci Basiglio (MI)			
Partner Time S.p.A.	520,000	5,046,747	5,046,747
Via F. Sforza P.zzo Meucci Basiglio (MI)			
PI Distribuzione S.r.l.	517,000	404,867	404,867
Via F. Sforza P.zzo Meucci Basiglio (MI)			
Mediolanum Fiduciaria S.p.A.	510,000	538,624	538,624
Via F. Sforza P.zzo Meucci Basiglio (MI)			
Mediolanum International Life Ltd	1,394,750	13,366,979	13,366,979
Alexandra house - Sweepstakes Ballsbridge Dublin 4 Ireland			
Mediolanum Asset Management Ltd	150,000	2,519,352	1,234,482
Alexandra house - Sweepstakes Ballsbridge Dublin 4 Ireland			
Mediolanum International Funds Ltd	150,000	121,008,615	59,294,221
Alexandra house - Sweepstakes Ballsbridge Dublin 4 Ireland			

(1) this amount partly includes profit from companies indirectly controlled by the Group.

Profit (loss) for the year

Total amount	Pro-quota amount	% holding	Carrying value
58,814,704	58,814,704 (1)	100	335,568,412
6,965,068	6,965,068	100	116,681,041
6,657,762	3,262,303	49	2,507,357
195,992	97,996	50	1,570,473
11,408	11,408	100	762,002
4,316,781	4,316,781	100	258,168
2,558	2,558	100	516,457
(1,335)	(1,335)	100	725,605
(1,112,461)	(1,112,461)	100	15,130,548
1,619,352	793,482	49	441,000
118,469,138	58,049,878	49	1,293,613

ATTACHMENT 4 (FOLLOWED)

LIST OF INVESTMENTS IN DIRECTLY AND INDIRECTLY CONTROLLED COMPANIES AND IN ASSOCIATED COMPANIES

Euro	Shareholders' equity		
	Share capital	Total amount	Pro-quota amount
Companies indirectly controlled through Banca Mediolanum			
Gamax Holding AG 47 Boulevard Royal L-2449 Luxembourg	5,618,000	6,585,459	6,585,459
Gamax Broker Pool AG Heinrich-von-Stephan-Strafse 6/a 51373 Leverkusen	100,000	(2,302,859)	(2,302,859)
Gamax Austria GmbH Rainerstrabe 7 A-5020 Salzburg Austria	40,000	15,032	15,032
Gamax Schweiz GmbH Letzigraben 89 CH-8040 Zürich	CHF 20,000	(21,735)	(21,735)
Gamax Management AG 47 Boulevard Royal L-2449 Luxembourg	125,000	524,844	524,844
Gamax Fund of Funds Management AG 47 Boulevard Royal L-2449 Luxembourg	125,000	101,289	101,289
Tanami S.A. Capitan Arenas n.1 Barcelona	180,601	905,651	905,651
Fibanc Inversiones S.A. Avda Diagonal 668/670 Barcelona	6,851,538	11,611,879	9,865,452
Bankhaus August Lenz & Co. AG Germania - 80333 Munchen, Promenadeplatz 9	4,090,335	14,548,000	14,548,000
Banco de Finanzas e Inversiones S.A. Avda Diagonal 668/670 Barcelona	12,130,159	40,746,556	34,984,993
Fibanc Argentina S.A. Calle Cerrito 1136 piso12° Buenos Aires Argentina	ARS 50,000	69,637	56,197
Fibanc Faif S.A. Avda Diagonal 668/670 Barcelona	60,200	50,919	43,719
Fibanc Pensiones S.G.F.P., S.A. Avda Diagonal 668/670 Barcelona	901,500	1,275,937	1,095,520
Fibanc S.A. Avda Diagonal 668/670 Barcelona	300,500	669,615	574,931
Ges Fibanc S.G.I.I.C., S.A. Calle Enteza 325/335 Barcelona	2,506,170	3,128,119	2,685,803
Valora S.A. Calle de La Crue Grossa 4 Andorra La Vella	420,708	253,766	217,883
Mediolanum Gestione Fondi SGR p.A. Via F. Sforza P.zzo Meucci Basiglio (MI)	5,164,600	17,893,631	9,125,752
Mediolanum Asset Management Ltd Alexandra house - Sweepstakes Ballsbridge Dublin 4 Ireland	150,000	2,519,352	1,284,870
Mediolanum International Funds Ltd Alexandra house - Sweepstakes Ballsbridge Dublin 4 Ireland	150,000	121,008,615	61,714,394
Mediolanum International S.A. Luxembourg - 69 Route d'Esch	71,500,000	71,474,000	71,474,000
Mediolanum Private S.A.M. Principality of Monaco - 2 Avenue de la Madone MC 98000 Monaco	500,000	482,000	361,500
Associated companies			
Banca Esperia S.p.A. Via Del Lauro, 7 Milan	13,000,000	37,458,183	18,167,219

Profit (loss) for the year

Total amount	Pro-quota amount	% holding	Carrying value
3,127,896	3,127,896	100.00	0
(2,357,560)	(2,357,560)	100.00	0
(255,633)	(255,633)	100.00	0
(6,068)	(6,068)	100.00	0
2,674,525	2,674,525	100.00	0
18,516	18,516	100.00	0
(4,737)	(4,737)	100.00	0
(299,875)	(254,774)	84.96	0
(3,633,000)	(3,633,000)	100.00	0
628,250	539,415	85.86	0
0	0	80.70	0
(9,295)	(7,981)	85.86	0
8,699	7,469	85.86	0
48,297	41,468	85.86	0
466	400	85.86	0
(88,533)	(76,014)	85.86	0
6,657,762	3,395,459	51.00	0
1,619,352	825,870	51.00	0
118,469,138	60,419,260	51.00	0
12,000	12,000	100.00	0
(18,000)	(13,500)	75.00	0
(7,222,643)	(3,502,982)	48.50	25,811,586

ATTACHMENT 5

ANALYSIS OF CHANGES IN SHAREHOLDERS' EQUITY AS AT DECEMBER 31, 2002

<i>Euro</i>	Share capital	Legal reserve	Share premium reserve
Balance at 01.01.02	72,502,050	17,362,794	45,619,053
Allocation of 2001 profit and reserves as decided at the Shareholders' meeting of 23.04.02:			
- legal reserve		0	
- dividends paid			
- extraordinary reserve			
Increase of share capital paid-up	35,000		70,044
Creation of reserve for Company's own shares as per Art. 2357 III of the Italian Civil Code			
Profit (loss) for the period			
Balance at 31.12.02	72,537,050	17,362,794	45,689,097

The legal reserve and the reserve for own shares are made up of profit.

The extraordinary reserve is made up of a profit of 67,805,679 Euro and profit under deferred taxes of 272,689 Euro.

Taxes under Art. 105 clause 1a of the Budget amount to 1,880,015 Euro.

Taxes under Art.105 clause 1b of the Budget amount to 59,311,447 Euro.

Following the distribution of the profit for the year, recipients will be given a tax credit in accordance with Art. 105 clause 1b.

Note that taxes under Art.105 clause 1a and b do not include the tax balance, which will be determined when compiling the income tax return.

Extraordinary reserve	Reserve for own shares	Profit for the period	Total
37,272,882	7,597,873	97,714,102	278,068,754
			0
		(72,492,050)	(72,492,050)
25,222,052		(25,222,052)	0
			105,044
5,583,434	(5,583,434)		0
		185,839,177	185,839,177
68,078,368	2,014,439	185,839,177	391,520,925

ATTACHMENT 6

Euro

RECONCILIATION BETWEEN THEORETICAL TAX LIABILITIES AND THOSE ACCOUNTED FOR (IRPEG)

Profit before taxes including tax credit	216,195,297	
Theoretical fiscal liabilities (rate 36%)		77,830,307
Temporary differences taxable in subsequent years:		
Dividends including tax credit accrued in 2002	(132,003,106)	
TOTAL		(132,003,106)
Temporary differences deductible in subsequent years:		
Unpaid fees due to Directors	13,190	
Write-downs and provisions	0	
inment expenses for 2002	76,963	
TOTAL		90,153
Temporary differences from previous years:		
Directors' fees for 2001	0	
Extraordinary profit for pre-paid taxes	0	
Other	(84,832)	
TOTAL		(84,832)
Differences not to be carried forward in subsequent years:		
Charity donations	387,535	
Non-deductible amortisation/depreciation	4,243	
Costs and other liabilities concerning other years	178,635	
Entertainment expenses for 2002	192,406	
Other	(72,994,623)	
TOTAL		(72,231,804)
Taxable income		11,965,708
Current taxes on profit for the year		4,307,655

DETERMINATION OF IRAP TAXABLE INCOME

Difference between value and cost of production	(14,568,269)	
Costs not relevant for IRAP purposes	18,577,447	
TOTAL	4,009,178	
Theoretical tax liabilities (rate 4.25%)		170,390
Temporary differences taxable in subsequent years:		
Entertainment expenses for 2001	76,963	
IRAP taxable income	4,086,141	
IRAP for the current year		173,661

Euro	31.12.02
A) Opening cash	4,867,704
Share capital increase	35,000
Increase in share premium reservei	70,044
TOTAL	4,972,748
B) Cash flow from operating activities	
Profit (loss) for the period	185,839,177
Net change in provision for deferred taxes	25,874,651
Amortisation and depreciation	1,684,923
(Gains) losses on the disposal of fixed assets	11,123
Net change in employee termination indemnity	170,385
Profit (loss) from ordinary activities before changes in working capital	213,580,259
(Increase) decrease in current receivables	(113,331,783)
(Increase) decrease in inventory	0
Increase (decrease) in trade and other payables	(6,432,569)
(Increase) decrease in other working capital balances	5,563,564
TOTAL	(114,200,788)
C) Cash flow from investing activities	
Fixed assets investments	
intangible	(1,044,117)
tangible	(306,800)
financial	(24,630,055)
Amount realised from fixed asset disposal	19,527
TOTAL	(25,961,445)
D) Cash flow from financing activities	
Distribution of profits	(72,507,690)
TOTAL	(72,507,690)
E) Cash flow for the period	(B+C+D)
	910,336
F) Closing cash and cash equivalents	(A+E)
	5,883,084

ATTACHMENT 7

CASH FLOW STATEMENT AT DECEMBER 31, 2002

ATTACHMENT 8**PRO-FORMA BALANCE SHEET****This pro-forma Balance Sheet is drawn up in relation to a change in posting dividends from controlled companies**

ASSETS	<i>Euro</i>	31.12.02	31.12.01
A) Due from shareholders for share capital still to be paid in		0	0
B) Fixed assets			
I - Intangible assets		1,875,905	1,674,629
II - Tangible fixed assets		2,178,519	2,728,811
III - Financial assets		681,350,429	656,720,374
TOTAL FIXED ASSETS		685,404,853	661,123,814
C) Current assets			
II - Accounts receivable:			
Due from customers		168,625	162,124
Due from controlled companies		134,113,848	148,954,919
Due from associated companies		33,835	33,835
Due from Fininvest Group and Doris Group companies		631,908	2,158,433
Due from others		50,532,901	28,891,603
TOTAL ACCOUNTS RECEIVABLE		185,481,117	180,200,914
III - Current financial assets			
Other investments		589	589
Own shares (total nom. value 36,500)		2,014,439	7,597,873
TOTAL FINANCIAL ASSETS		2,015,028	7,598,462
IV - Liquid assets		5,883,084	4,867,704
TOTAL CURRENT ASSETS		193,379,229	192,667,080
D) Prepayments and accrued income		142,743	122,873
Total assets		878,926,825	853,913,767

Euro	31.12.02	31.12.01
A) Capital and reserves		
I - Share capital	72,537,050	72,502,050
II - Share premium reserve	45,689,097	45,619,053
IV - Legal reserve	17,362,794	17,362,794
V - Reserve for company's own shares	2,014,439	7,597,873
VII - Other reserves:		
extraordinary reserve	68,078,368	37,272,882
VIII - Retained earnings (loss)	95,549,241	95,132,955
IX - Profit (loss) for the period	90,289,936	98,130,386
TOTAL CAPITAL AND RESERVES	391,520,925	373,617,993
B) Provisions for risks and charges		
Provision for deferred taxes	25,874,651	12,502,341
Other	1,662,858	1,701,249
TOTAL PROVISIONS FOR RISKS AND CHARGES	27,537,509	14,203,590
C) Employee termination indemnity	3,370,070	3,199,685
D) Accounts payable		
Due to tax authorities	1,383,461	1,639,330
Other accounts payable	452,712,743	460,693,932
TOTAL ACCOUNTS PAYABLE	454,096,204	462,333,262
E) Accruals and deferred income		
Accrued expenses	2,402,117	559,237
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	878,926,825	853,913,767
OFF-BALANCE SHEET ITEMS	9,120,719	10,314,691

**SHAREHOLDERS' EQUITY AND
LIABILITIES**

ATTACHMENT 8
(FOLLOWED)

This pro-forma Balance Sheet is drawn up in relation to a change in posting dividends from controlled companies

**PRO-FORMA
INCOME STATEMENT**

<i>Euro</i>	31.12.02	31.12.01
A) Value of production		
1) Revenues from sales and services	177,424,718	214,471,863
5) Other revenues	3,693,211	5,428,672
TOTAL VALUE OF PRODUCTION	181,117,929	219,900,535
B) Cost of production		
6) Raw, ancillary and consumable materials and goods	482,245	318,118
7) Services received	169,573,100	194,669,973
8) Leases and rentals	4,124,893	4,003,968
9) Personnel costs:	18,763,214	18,503,126
10) Depreciation, amortisation and write-downs	1,684,923	1,600,516
14) Sundry operating costs	1,057,823	1,022,806
TOTAL COST OF PRODUCTION	195,686,198	220,118,507
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION	(14,568,269)	(217,972)
C) Investment income and charges		
15) Income from investments:	136,535,391	112,387,474
gain on disposal of non-investment securities included in current assets	152,509	719,878
16) Other investment income	881,283	1,280,595
17) Interest and other investment charges:	(14,948,132)	(12,408,221)
TOTAL INVESTMENT INCOME AND CHARGES	122,621,051	101,979,726
D) Adjustments to the value of financial investments		
19) Write-downs	(269,625)	(66,516)
TOTAL ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(269,625)	(66,516)
E) Extraordinary income and charges		
20) Income:	585,947	11,639,191
other for change in dividend accounting criteria	0	0
21) Charges:	(225,388)	(306,058)
TOTAL EXTRAORDINARY ITEMS	360,559	11,333,133
Profit before taxes	108,143,716	113,028,371
22) Income taxes for the period	(17,853,780)	(14,897,985)
PROFIT (LOSS) FOR THE PERIOD	90,289,936	98,130,386

**TABLE OF SHAREHOLDINGS
AS PER ART. 125 OF
CONSOB REGULATION
NO.11971/1999**

**REFERENCE DATE
DECEMBER 31, 2002**

Company name	Country	Total % holding
Banca Esperia S.p.A.	Italy	48.50
Banca Mediolanum S.p.A.	Italy	100.00
Banco De Finanzas e Inversiones S.A.	Spain	100.00
Bankaus August Lenz & Co AG	Germany	100.00
Cedacri Ovest S.p.A.	Italy	12.308
Europa Invest S.A.	Luxembourg	14.00
Fibanc Argentina S.A.	Argentina	94.00
Fibanc Faif S.A.	Spain	100.00
Fibanc Inversiones S.A.	Spain	84.96
Fibanc Pensiones S.A. S.G.F.P.	Spain	100.00
Fibanc S.A.	Spain	100.00
Gamax Austria GmbH	Austria	100.00
Gamax Broker Pool AG	Germany	100.00
Gamax Fund of Funds Management AG	Luxembourg	100.00
Gamax Holding AG	Luxembourg	100.00
Gamax Management AG	Luxembourg	100.00
Gamax Schweiz GmbH	Switzerland	100.00
Ges.Fibanc S.G.I.I.C. S.A.	Spain	100.00
Mediolanum Asset Management Ltd	Ireland	100.00
Mediolanum Comunicazione S.r.l.	Italy	100.00
Mediolanum Fiduciaria S.p.A.	Italy	100.00
Mediolanum Gestione Fondi SGR p.A.	Italy	100.00
Mediolanum International Funds Ltd	Ireland	100.00
Mediolanum International Life Ltd	Ireland	100.00
Mediolanum International S.A.	Luxembourg	100.00
Mediolanum Life Ltd	Ireland	100.00
Mediolanum Private S.A.M.	Principality of Monaco	75.00
Mediolanum State Street SGR p.A.	Italy	50.00
Mediolanum Vita S.p.A.	Italy	100.00
Partner Time S.p.A.	Italy	100.00
PI Distribuzione S.r.l.	Italy	100.00
Tanami S.A.	Spain	100.00
Valora S.A.	Andorra la Vella	100.00

Type of control	Holding Company	Interest %
direct control	Mediolanum S.p.A.	48.50
direct control	Mediolanum S.p.A.	100.00
indirect control	Fibanc Inversiones S.A. Banca Mediolanum S.p.A.	93.98 6.02
indirect control	Banca Mediolanum S.p.A.	100.00
direct control	Mediolanum S.p.A.	12.308
direct control	Mediolanum S.p.A.	14.00
indirect control	Banco De Finanzas e Inversiones S.A.	94.00
indirect control	Banco De Finanzas e Inversiones S.A.	100.00
indirect control	Banca Mediolanum S.p.A. Tanami S.A.	81.04 3.92
indirect control	Banco De Finanzas e Inversiones S.A.	100.00
indirect control	Banco De Finanzas e Inversiones S.A.	100.00
indirect control	Gamax Holding AG	100.00
indirect control	Gamax Holding AG	100.00
indirect control	Gamax Holding AG	100.00
indirect control	Mediolanum International S.A.	100.00
indirect control	Gamax Holding AG	100.00
indirect control	Gamax Holding AG	100.00
indirect control	Banco De Finanzas e Inversiones S.A.	100.00
direct control	Mediolanum S.p.A.	49.00
indirect control	Banca Mediolanum S.p.A.	51.00
direct control	Mediolanum S.p.A.	100.00
direct control	Mediolanum S.p.A.	100.00
direct control	Mediolanum S.p.A.	49.00
indirect control	Banca Mediolanum S.p.A.	51.00
direct control	Mediolanum S.p.A.	49.00
indirect control	Banca Mediolanum S.p.A.	51.00
direct control	Mediolanum S.p.A.	100.00
indirect control	Banca Mediolanum S.p.A.	100.00
direct control	Mediolanum S.p.A.	100.00
indirect control	Mediolanum International S.A.	75.00
direct control	Mediolanum S.p.A.	50.00
direct control	Mediolanum S.p.A.	100.00
direct control	Mediolanum S.p.A.	100.00
direct control	Mediolanum S.p.A.	100.00
indirect control	Banca Mediolanum S.p.A.	100.00
indirect control	Banco De Finanzas e Inversiones S.A.	100.00

Statutory auditors'
report on the
financial
statements
as at
December 31, 2002

(Article 153,
Italian Law no. 58/98)

Dear Shareholders,

During the year we carried out the supervisory activity established by the law, taking into account the principles of conduct recommended by the National Councils of Professional Accountants and Bookkeepers. In particular, we:

- Took part in the meetings of the Board of Directors, and gathered information from directors on the activities carried out and the major economic, financial and balance sheet operations performed by the company, ensuring that the decisions taken would comply with the law and the company by-laws, would not be imprudent or risky, or represent any potential conflict of interests, would not be in conflict with the resolutions, or detrimental to the integrity of corporate assets;
- Investigated and supervised, as far as required, the adequacy of the company's organisational structure and compliance with the principles of proper administration, through direct observation, through the collection of information and by meetings with the auditing company Reconta Ernst & Young S.p.A. For the purposes of exchanging information and data, which did not bring to light any significant aspects;
- We assessed and supervised the adequacy of the company's internal control system, of the activity carried out by the person in charge of internal control and the administrative and accounting system, as well as their reliability for correctly representing the operating data, through the collection of information, the evaluation of corporate documents and the analysis of the results of the work carried out by the auditing company. Moreover, we periodically met the person in charge of the company's internal control system, with whom we exchanged information on the outcome of the checks performed at the parent and controlled companies, and participated in the Internal Control Committee meetings;
- We verified compliance with legislation currently in force regarding the form and the compilation of the financial statements of December 31, 2002 and the report on the financial statements, through direct checks and the information gathered by the auditing company. As regards the financial statements, we point out that the evaluation principle applicable to the posting of dividends from controlled companies was changed from "accrual" to "collection"; the relevant effect on corporate assets and results is duly registered in the Notes to the financial statements;

- We assessed and supervised the adequacy and compliance of requirements to be satisfied by controlled companies. These requirements enabled them to provide the parent company with the information needed in a timely manner in order to meet the communication requirements established by the law.

During the course of this supervisory activity, no questionable or significant facts, omissions or irregularities were observed that need to be brought to the attention of the external control and supervisory bodies, or that require comment here.

Moreover, in compliance with the recommendations from CONSOB, the Statutory Auditors state that:

- No atypical and/or unusual operations - including inter-company and related parties operations - were observed;
- The information provided by the Board of Directors, with specific reference to inter-company transactions and transactions with related parties, is adequate; in particular, these operations are considered associated with the fulfilment of the business purpose. The features and economic effects of an ordinary nature are illustrated in the Notes, and are deemed consistent with and corresponding with the interests of the company.

There have been no conflicts of interest nor have there been any operations which might significantly affect the economic, balance sheet and financial situation of the parent company;

- During the year information has been exchanged and meetings periodically held with the representatives of Reconta Ernst & Young S.p.A. Although no Auditors' opinion has been issued at this date on the financial statements and consolidated financial statements, there is no reason to believe that any such opinion would be qualified by any significant matter, and with reference being made to the "accrual" principle for the posting of dividends of controlled companies;

- During the year, no opinions were issued pursuant to Article 2389 of the Italian Civil Code, and Article 158 of Italian Law 58/98;
- During 2002, eleven Board of Directors' meetings, and thirteen Statutory Auditors' meetings were held;
- During 2002 the company, apart from the task of auditing the financial statements, the consolidated financial statements and the half-year results, entrusted Reconta Ernst & Young S.p.A with no other tasks, neither were any tasks entrusted to entities linked to this auditing company by ongoing relations;
- The company adjusted its code of conduct to incorporate the amendments suggested by the Committee for Corporate Governance of listed companies in July 2002, as set out in a specific Board of Directors' report;
- The Statutory Auditors agree with the amount of the dividend proposed for distribution by the Board of Directors, having regard to available asset reserves.

In conclusion, in reporting that we did not receive any complaint or statement under article 2408 of the Italian Civil Code, we would like to express a favourable opinion regarding the approval of the financial statements at December 31, 2002 showing a profit for the year of 185,839,177,= Euro.

Milan, April 4, 2003

The Board of Statutory Auditors
(Arnaldo Mauri, Chairman)
(Achille Frattini)
(Francesco Antonio Giampaolo)

AUDITORS' REPORT
pursuant to article 156 of Legislative Decree of February 24, 1998, n. 58
(Translation from the original Italian text)

To the Shareholders
of Mediolanum S.p.A.

1. We have audited the financial statements of Mediolanum S.p.A. as of and for the year ended December 31, 2002. These financial statements are the responsibility of the Mediolanum S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. Our audit was made in accordance with auditing standards and procedures recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards and procedures we planned and performed our audit to obtain the information necessary in order to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the financial statements of the prior year, which are presented for comparative purposes as required by the law, reference should be made to the auditors' report dated March 29, 2002, issued by other auditors.

3. In our opinion, the financial statements of Mediolanum S.p.A. comply with the Italian regulations governing financial statements; accordingly, they clearly present and give a true and fair view of the financial position of Mediolanum S.p.A. as of December 31, 2002, and the results of its operations for the year then ended.
4. Mediolanum S.p.A. has changed its accounting principles with respect to the income recognition of dividends distributed by subsidiaries, passing from the cash basis to the accrual basis method. The reason of such change and the accounting effects are disclosed in the notes to the financial statements and in the Directors' report.

Milan, Italy
April 10, 2003

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

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e consulenza editoriale*

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