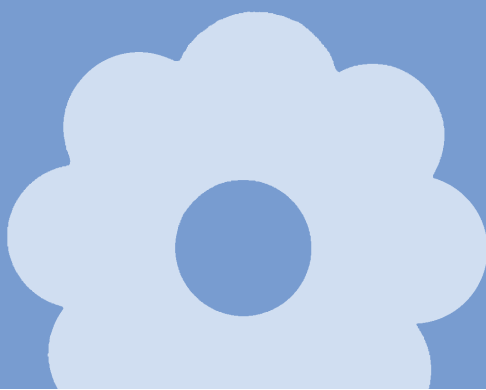


MEDIOLANUM S.P.A.

*2003
ANNUAL REPORT
AND CONSOLIDATED
ACCOUNTS*



MEDIOLANUM
GRUPPO MEDIOLANUM

The Annual Report and consolidated accounts have been translated from those issued in Italy, from the Italian to English language solely for the convenience of international readers.

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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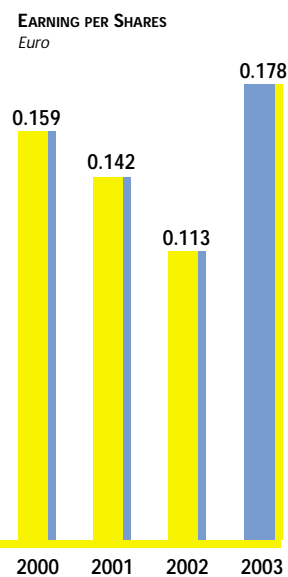
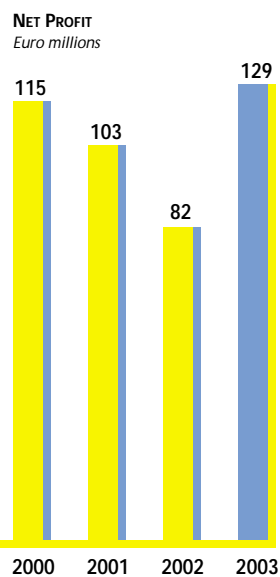
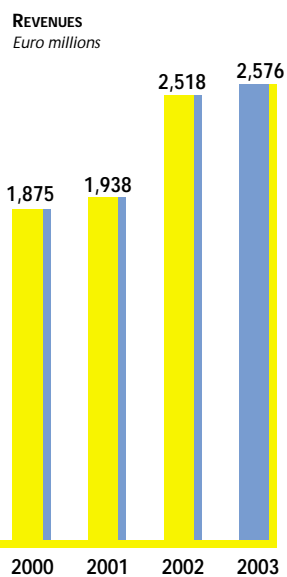
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Result at a glance

<i>Euro millions</i>	2003	2002	Change %
Revenues	2,576	2,518	2
Profit before taxes and extraordinary items	163	107	52
Taxes	21	27	(22)
Net Profit	129	82	57
Dividendes	80	72	11

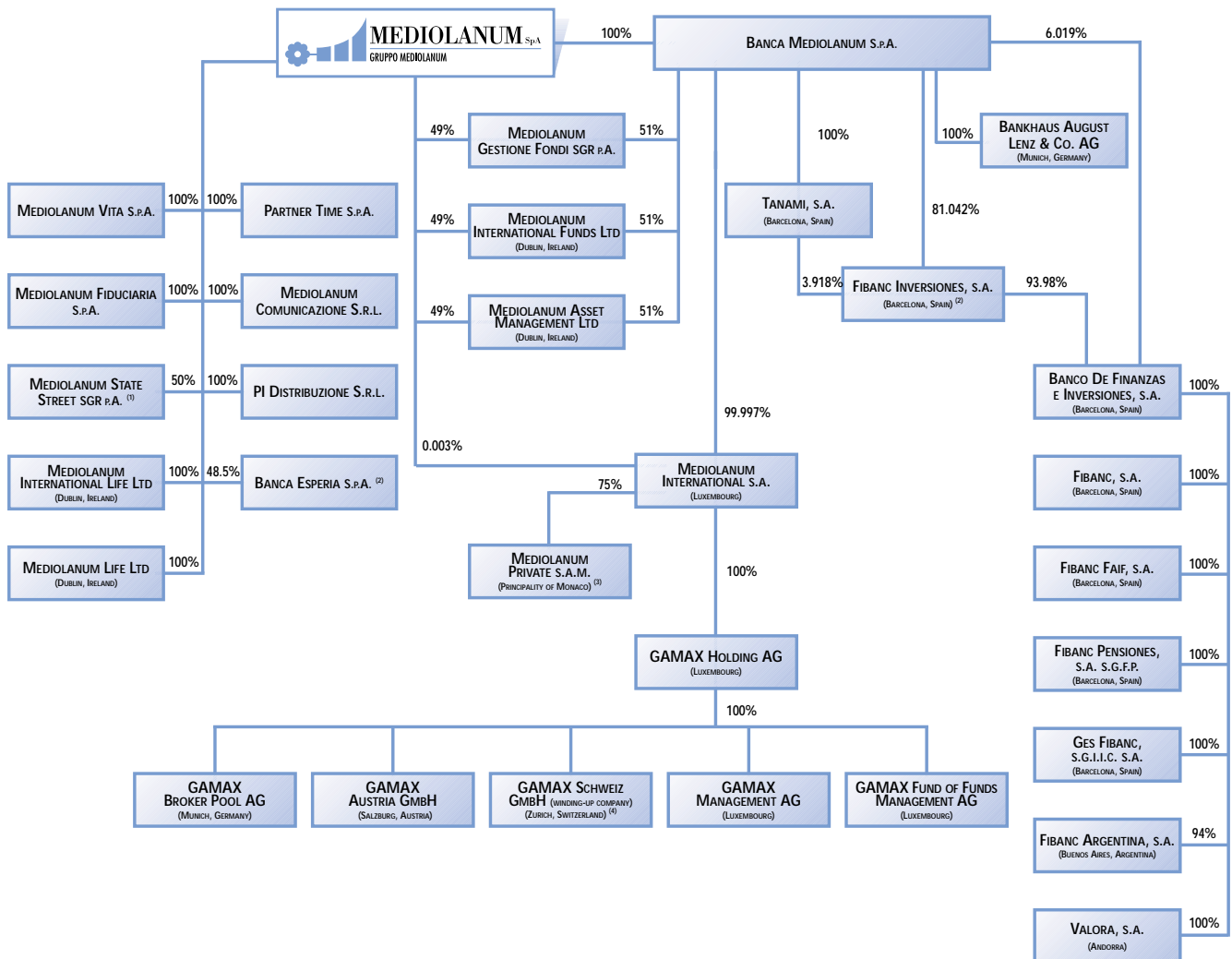
euro

Earning per shares	0.178	0.113	57
Dividends per shares	0.11	0.10	10



Corporate structure

UPDATED TO DECEMBER 31, 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.

(4) Voluntary winding-up has been completed on January 9, 2004.

Mediolanum S.p.A. Officers of the Company

BOARD OF DIRECTORS

Roberto Ruozi	Chairman of the Board of Directors
Alfredo Messina	Deputy Chairman
Edoardo Lombardi	Executive Vice President
Ennio Doris	Chief Executive Officer
Marina Elvira Berlusconi	Director
Pasquale Cannatelli	Director
Massimo Antonio Doris	Director
Mario Molteni	Director
Angelo Renoldi	Director
Paolo Sciumè	Director
Claudio Sposito	Director
Antonio Zunino	Director

BOARD OF STATUTORY AUDITORS

Arnaldo Mauri	Chairman of the Board of Statutory Auditors
Achille Frattini	Statutory Auditor
Francesco Antonio Giampaolo	Statutory Auditor
Ferdinando Gatti	Alternate Statutory Auditor
Francesco Vittadini	Alternate Statutory Auditor

SECRETARY OF THE BOARD

Luca Maria Rovere

INDEPENDENT AUDITORS

Reconta Ernst & Young S.p.A.

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, Data Service 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.

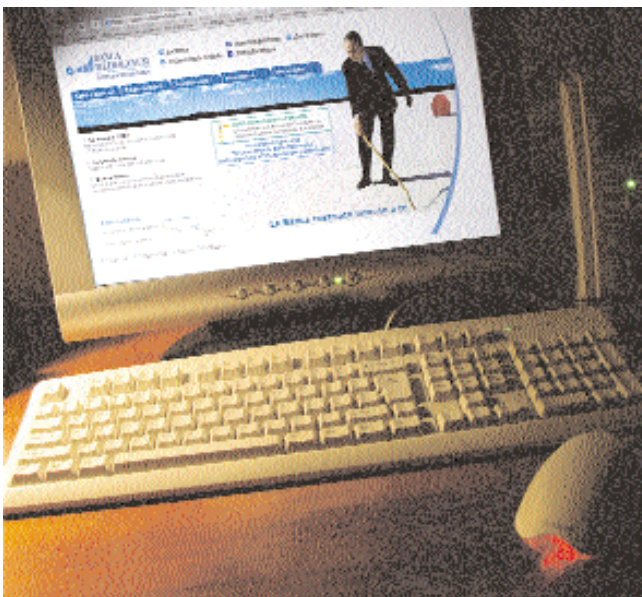
EDOARDO LOMBARDI
Executive Vice President

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 S.p.A.; 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.

Banca Mediolanum: The Ideal Current Account

If we asked Italian savers today to describe their ideal bank account, the resulting responses would be quite different from the traditional bank. Their dream bank has no limits on business hours, as several sector studies and surveys have shown. It permits transactions during weekends or in the evening after work. It is a bank that also has no geographical limits. The account holder moves to a different city? No problem: the branch “follows” him to this new residence with the same service, the same conditions, the same transaction possibilities. The “wish list” continues with the demand for a current account that is easy to read and consult at any time.



Even if a doubt arises at night, for example, the saver can have immediate confirmation. Naturally, the services of the dream bank should also be complete, versatile and reasonably economical.

The first impression, rereading these demands, is that they come an overly demanding visionary. In reality, this “wish list” is precisely the list of service benefits offered by the current accounts of Banca Mediolanum.

Banca Mediolanum current accounts are based on high-tech content and thus

transactions through various multimedia channels. But unlike the classic current accounts offered by direct banks (often only alternative, incomplete extensions of traditional banks), it offers the professionalism and human contact of Global Consultants, figures of excellence in terms of preparation and expertise in consulting for family savings.

The value added of this formula is evident. The saver can operate with a bank that makes a fair and balanced division of duties and thus can minimize costs while providing all the necessary expertise. Some transactions are low-value added, such as checking the balance or ordering a payment: thanks to the multi-channel approach, customers can effect them alone directly from their homes or offices, using the instrument most congenial to them. If, however, they need to contract a mortgage or formulate an investment plan, they certainly require the advice and support of an able professional.

In that case, they have Global Consultants at their disposal. This is the strength with respect to a traditional bank, which tends to offer the same level of expertise – that of the branch employee – for all transactions: excessive expertise for the routine transactions but probably insufficient preparation for the more complex investment transactions.

The heart of the multi-channel system, in fact, is that it enables customers to work with the bank when and where they wish, through the channel they prefer: the network of Global Consultants, as we said; the customer telephone and television service (through call center, teletext and SMS messages), capable of handling thousands of contacts daily with the utmost professionalism; the Internet channel (the Web enables customers to perform on-line banking and trading transactions with advanced features in terms of functions and personalization); the possibility of utilizing any ATM on the Italian banking network, and not just those of their own bank, at no charge (for 36 withdrawals a year and with a modest charge thereafter);

CURRENT ACCOUNT TRANSACTIONS OF BANCA MEDIOLANUM

- | | | |
|---|--|---|
| • Current account in euros | • Payment of utilities | • Family Telepass |
| • Current account in foreign currency | • Payment of F23 – F24 (tax forms) | • Physical securities storage |
| • Deposit (cash, checks, money orders)* | • Collection of ICI | • Custody and admin. of securities |
| • Deposit of checks in foreign currency and travelers' checks | • Purchase/sale of foreign currency* | • Trading in Italian/Foreign Securities |
| • Withdrawal of cash and checks at branch* | • Issue of banker's checks* | • Placement of Italian/Foreign Securities |
| • Permanent debit order (RID) Utilities | • Credit guarantees | • Wealth Management - Securities |
| • Permanent debit order (RID) Commercial | • Credit line in c/a | • Wealth Management - Funds |
| • Payment of postal giros | • Credit line with guaranty | • Tenders/IPOs |
| • Payment of MAVs | • Personal loan | • Placement of Managed Wealth |
| • Payment of RAVs | • Mortgage and property loans | • Repos |
| • Payment of bank giros | • ATM | • C/a auxiliary services via SMS |
| • Domestic payment orders | • Telephone recharging | • Securities auxiliary services via SMS |
| • Clearing account | • International ATM card | |
| • Permanent order | • Multipurpose credit card
(VISA - Mastercard - American Express) | |
| • Foreign payment orders | • Fast Pay | |
| • Issue of checkbooks | | |

** also using affiliated bank and postal branches*



a network of affiliated bank and postal branches where for making cash deposits and withdrawals (for large sums) and depositing checks. Each customer can access the channel most congenial to him, using a single code and the same passwords, another convenient feature typical of multi-channel banking. All the transactions effected with any type of channel are then reported in a single bank statement.

Precisely because of this multi-channel operation and the direct involvement of the customer, which eliminates a costly branch network, Banca Mediolanum can be absolutely competitive on costs in the Italian financial scene. *Corriere Economia*, February 2, 2004, published a periodic study that evaluates the average costs of using traditional current accounts facilitated

for families proposed by some of the leading Italian banks. The data refer to average use by an average saver (balance of EUR 10,000, annual charge for the account and for the ATM and credit cards, 122 transactions yearly).

The table developed by *Il Corriere Economia* shows that the current accounts examined had yearly costs varying from a maximum of EUR 253 to a minimum of 120, with an average of EUR 176. With the same conditions of use, a holder of the "Standard" Banca Mediolanum account currently spends only EUR 37.

HOW MUCH DOES A CURRENT ACCOUNT COST?

Yearly costs measured in February 2004 for a typical family with an average balance of EUR 10 million, 122 transactions, charge for account, ATM card and credit card

Maximum cost	EUR 253
Average cost	EUR 176
Minimum cost	EUR 120

Source: work-up of Corriere Economia data

Banca Mediolanum	
Standard Account	EUR 37

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Mediolanum S.p.A. - Financial statements as at December 31, 2003

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Directors' report on the consolidated financial statements as at December 31, 2003

Drawn up pursuant
to Italian Law No.173/97

Dear Shareholders,

The Mediolanum Group obtained exceptional results in 2003 in spite of the contrasting economic context, where general growth in Stock Exchange prices and a slow decline in interest rates – hitting their lowest point in over 50 years – were counterbalanced by the negative trends of European economies, which are far from registering a strong recovery, and particularly by the significant loss of value suffered by the dollar vis-à-vis other currencies – first of all, the Euro – that generated further difficulties for the countries of this area. Financial markets were particularly hit by this situation, which also reduced Italians' propensity to save since their incomes lost purchasing power. Despite the particular economic context, the Mediolanum Group obtained net consolidated results of 129,427 thousand Euro (2002: 82,049 thousand Euro), a 58% increase over the previous year.

This growth mainly results from improved *New Ventures* results and from the exceptional results produced by *Core Business* activities.

Total assets under administration at December 31, 2003 amounted to 23,546 million Euro, a 12.1% increase over the previous year, with 21,014.3 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. and Bankhaus August Lenz & Co. AG 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, Mediolanum Private S.A.M., Banca Esperia S.p.A. and its controlled companies were valued using the equity method.

THE MARKETS IN WHICH THE GROUP OPERATES

After two years of stagnation, 2003 was a year of economic recovery, in which the global economy registered a growth rate of 2.5%.

The first part of the year was characterised by the fears associated with the growing tension in the Middle East, especially in Iraq. The fear that the Anglo-American alliance intervention may have caused a prolonged conflict - and one with unclear boundaries, entailing the risk of a global recession - increased the level of uncertainty, which was already very high, bringing the main confidence indicators to very low levels.

Then, during the spring, the rapid conclusion of the conflict in Iraq generated a boost of confidence on the part of both entrepreneurs and consumers, particularly in North America, which resulted in a significant GDP increase during the summer.

During 2003, the monetary policy saw the rates on Fed funds fall to 1% in the United States - at their lowest level for 41 years - whereas in Europe, the European Central Bank intervened twice, reducing official rates to 2%.

The United States drove the global economic growth, thanks to a GDP increase of 3.1% for the year; the last two quarters were particularly strong: +8.2% for the third quarter and +4% for the fourth.

A fundamental component in U.S. growth has been, once again, private consumers' expenditure, benefiting from tax incentives approved by the Bush Administration. Investment expenditure and net exports also contributed to growth; in particular, exports benefited from the devaluation of the dollar (approximately -20% against the Euro, -9.6% against the Yen) and the replenishment of company stocks, that had reached particularly low levels.

The labour market still features a few factors of uncertainty: also in the second half-year, the decrease in the unemployment rate was only slight. A further element of apprehension was the "twin deficits" level reached in the United States - the public deficit, increased by the financing of the Iraq war, the growth in the health expenditure with a policy of lower taxes, and the commercial deficit, due to importation from Asian countries.

China was indeed the real surprise of 2003, with its 9% GDP growth; after recovering from the negative effects of SARS, the Chinese economy became the driving force of all the Asian economies. Also the Japanese economy, with growth in the region of 2.5%, would seem to have overcome the slackness of the last few years.

Europe brought up the rear in the global economy, penalised as it was by both the revaluation of the Euro against the main currencies and the structural rigidity of national budgets and the labour market. The European economy grew at a rate of 0.8%, mainly thanks to the growth of the United Kingdom (+2.1%) and Spain (+2.4%). The French economy hardly grew at all (+0.2%), and the German one went so far as registering negative results (-0.1%).

The European economy is facing a difficult time, and Italy is no exception. In 2003, GDP grew 0.3% over 2002. The construction sector, and to a lesser extent that of services, are fostering growth, whereas the industrial and agricultural sectors caused GDP to shrink. Internal demand provided a positive contribution, whereas external demand caused GDP to lose 0.9% in terms of growth. As for employment, its 0.4% increase is once again attributable to the construction sector. Inflation is growing at a rate of +2.7%, above the European average, standing steadily at +1.9%. This growth is mainly due to the renewal of some national collective labour agreements and to the increase in the price of energy products.

The Italian state deficit was 2.4% of GDP, higher than the 2.3% rate registered in 2002. Germany and France were even worse off than Italy, where the deficit/GDP ratio was 4% for the former (from 3.5% of 2002) and 4.2% for the latter (from 2.3% of 2002) – both exceeding the threshold set by the Maastricht parameters (3%). Spain ranked among the best performing countries in Europe, with a deficit/GDP ratio equal to zero.

The prices of raw materials registered a positive trend, following the strong growth in demand, mainly on the part of China. The expected decrease in crude oil prices after the end of the war did not occur. At year-end, the Brent crude oil price remained US\$30 per barrel, thus aligned with the prices of early 2003.

As far as the financial markets are concerned, investors' interest was mainly attracted by stocks. After three consecutive years of significant losses, the world stock markets registered a positively satisfactory performance.

The best-performing sectors were those more closely related to economic recovery, particularly materials and raw materials, as well as the technological and industrial sectors.

The results of the strongly technological Nasdaq listing was also very good (+49%), but also Standard & Poor's (+26%) and Nikkei 225 (+24%) performed well. In Europe, considering the main financial markets, the best-performing index was the German Dax (+37%). Ibex 35 (+28%), Cac 40 (+15%) and Ftse 100 (+14%) closed the year with definite upward trends. The Milan bourse closed 2003 with a 12% increase in the Mib 30 index. The index variation does not really highlight the differences registered in the various listing sections. In point of fact, the performance of Midex companies with mean capitalisation levels doubled compared to the overall list, with a rise exceeding 27% since the beginning of the year.

During 2003, the Italian financial market was in the limelight due to the financial crash of two companies operating in the food industry: Cirio and Parmalat. The impact of these events on Italian savers – on top of the non-redemption of Argentina Bonds – brought about a generalised climate of mistrust with respect to the whole domestic financial system.

Debenture markets, in spite of the significant volatility registered during the year, performed fairly well. The very good performance of corporate bonds should be highlighted, whose spreads towards the related government securities shrunk during 2003. This should be interpreted as a sign of regained investors' confidence towards those companies able to improve their financial situation and enhance their business efficiency. In Italy, the market of corporate bonds was negatively influenced by the Cirio and Parmalat cases. 2003 was a basically positive year for financial operators. In spite of shrinking interest margins, the commission element, thanks to an increase in net inflows and to the satisfactory market performance, made it possible to improve results over 2002.

As for households' savings, a 4.7% GDP growth was registered (65 billion Euro) in the first nine months of the year. The volume of financial liabilities, in its turn, notably rose due to the ongoing expansion of investments in housing relying on home loans.

In the first-year, due to constantly declining yields, Italian households partly reallocated their financial savings, privileging mutual funds to the detriment of government securities, both short and long-term. Medium and long-term government securities - accounting for 26 billion new assets of Italian households in the first half-year 2002 – registered a negative trend in the same period of 2003, with 11.1 billion Euro. This decrease - along with the fall in liquid assets, deposits and short-term securities - contributed to the stream

of 16.5 billion Euro channelled towards mutual funds, and to that of 19.6 billion Euro allocated to managed savings instruments (mainly insurance policies and pension funds). The fact that also the stream of stock investments regained ground (3.3 billion Euro) seems to suggest that Italian households are now willing to re-balance their financial portfolio, after having fled for three years towards fixed-income securities.

The reallocation of Italian households' savings revitalised the asset management sector, which was penalised in 2002 by the ongoing decline in stock markets.

The banking system suffered from its difficult operating conditions. The growth of both inflows and lending was physiological, with an increase in customer's deposits of 6.25%, very similar to the lending figure (+6.10%). Investors' tendency to liquidity registered a slight decline, even though it does not account yet for the consequences of a probable dwindling interest of savers for financial instruments following on the Parmalat crisis. As far as lending is concerned, the most dynamic element was, once again, loans to the house building sector, since the demand of funds to support corporate investments was moderate, as was that related to current needs.

Profit and loss accounts managed to preserve their interest margin thanks to an increase in volumes, compensating a further decrease in spread, but even more so, thanks to revenues from services, benefiting from price manoeuvres generally implemented by the banks. The increase in bank charges and transaction services made consumers react, especially considering the very low returns on deposits. This prevented the full utilisation of this lever, whose beneficial effects on the financial statements shall anyway be felt. In general, the focus constantly placed on the dynamics of costs and the initiatives intended to consolidate the banking system, made it possible to reduce the portion of the result allocated to paying for productive resources, particularly staff. All this, along with the physiological dynamics of outstanding credits, would have enabled the system to close the year with better results over the previous one, nonetheless, it is necessary to verify to what extent the adjustment for the Parmalat effect will influence the final results. The Governor of the Bank of Italy affirmed that these facts, though significant, will not jeopardise the stability of the banking system.

THE BANKING MARKET

**THE MUTUAL FUND
MARKET**

In 2003, gross inflows from Italian harmonised mutual funds (Assogestioni data) came to 209,368 million Euro (2002: 190,061 million Euro).

Net inflows from mutual funds managed by Italian brokers registered positive results, driven during the first half-year by subscription of O.I.C.R. quotas (savings and collective investment undertakings) in bonds and liquidity, while the second half-year saw a major contribution from equity funds, thanks to a regained appeal of stock markets.

At December 31, 2003, total assets of harmonised mutual funds under Italian legislation amounted to 379,044 million Euro (2002: 360,694 million Euro).

**THE LIFE INSURANCE
MARKET**

At the end of 2003, written Life premiums came to approximately 63,200 million Euro against 55,300 million Euro (+14%) in the previous year. New business reached approximately 49,650 million Euro (2002: 43,940 million Euro); in particular, new business on unit-linked policies (both traditional and guaranteed) totalled 14,440 million Euro (-6%), accounting for 22% thereof (34% in 2002).

Moreover, new business registered in 2003 the placing of roughly 21,875 million Euro of traditional products, a +23% increase over 2002. The PIP (personal pension schemes) totalled 335 million Euro in 2003, a -16% decrease over 2002. As for distribution channels at the end of 2003, bank branches, post offices and insurance agents registered increased inflows, whereas the results of licensed financial advisors were basically unchanged.

**PERFORMANCE OF
THE SECTORS
WHERE THE GROUP
OPERATES**

2003 results of the Mediolanum Group proved very satisfactory in terms of inflows and performance, and more than positive as far as profits were concerned.

As for activities abroad, the Fibanc Group S.A. further strengthened its operations in Spain; in Germany, Bankhaus August Lenz & Co. AG continued to develop its operations.

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.

2003 was a year of consolidation of Banca Mediolanum's presence in the Italian market.

BANKING ACTIVITY

The total number of customers – both current account holders and holders of financial/insurance products placed by Banca Mediolanum – was 917,700 at the end of 2003 (905,000 at the end of 2002).

As at December 31, 2003, as a consequence of an accurate monitoring of scarcely utilised accounts, current accounts fell to 332,700 (340,000 at the end of 2002), corresponding to 457,300 current account holders (31.12.2002: 465,000). Cash deposits at the same date totalled 2,537.2 million Euro (2002: 2,871.7 million Euro: -11.7 %). The equivalent value of securities held in safe custody amounted to 2,116.5 million Euro (2002: 2,206.3 million Euro: -4.7 %), for a total of 4,664 million Euro assets under administration (2002: 5,094.6 million Euro: -8.50%).

The percentage of current account holders as against the total number of customers is almost 50%, confirming a higher level of customer loyalty and assets, and the extensive and complete utilisation of banking services by customers.

The increased number of customers also relates to numerous, differentiated advertising campaigns, in newspapers and magazines, radio and TV. The Bank sponsored the Maglia Verde ("green shirt") in the Giro d'Italia 2003 cycle race, obtaining a significant return in terms of image and contracts with new customers.

Inflows from customers were down compared the previous year: 3,109.6 million Euro at 31.12.2003 against 3,357.0 million Euro at the end of the previous year (-7.4%).

The bank continued to support its customers investing their assets in Group products also lendingwise, by liquidity or signing facilities and personal loans up to 5 years. These loans are always guaranteed by the personal assets of customer deposited at the bank.

Apart from lending to private individuals, the Bank participated in pool loans granted to financial companies belonging to primary banking and insurance groups for a total of 121.3 million Euro (31.12.2002: 83.8 million Euro).

Lending to customers, private individuals and financial institutions totalled 356.4 million Euro at 31.12.2003, a 63.3% increase over the previous year (31.12.2002: 218.2 million Euro).

In 2003, Banca Mediolanum placed more interest and devoted more resources, in the context of global consultancy to households, to the home loans sector. The number of financial advisors was increased thanks to specific intervention on the network and, even more so, the processes for an effective management of these practices were enhanced, still within the framework of the distribution agreement with the Italian branch of Abbey National Bank Plc.. As a consequence, the total amount of home loans placed in 2003 leapt to 304.9 million Euro (31.12.2002: 198.9 million Euro).

Regarding the bank's profitability, the interest margin totalled 54,897 thousand Euro, with a remarkable 105% increase over the previous year (26,698 thousand Euro). This results from the new policy of customers' current account remuneration in line with market criteria, though with higher rates to customers.

Banca Mediolanum S.p.A.'s results are influenced by significant flows of dividends accounted for "on an accrual basis" relating to the Mediolanum Banking Group companies for a total of 65,894 thousand Euro (31.12.2002: 66,514 thousand Euro). Moreover, adjustments to the value of investments were also accounted for in the year for a total of 40,486 thousand Euro, following adjustment of the relevant value to market values.

The result, net of these items, significantly increased over the previous year, largely because of an increase in interest margins, thanks to both an effort to align the current account rates to the best competitors' offer, and to a fruitful management of the interest-bearing activities of the bank.

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

<i>Euro in thousands</i>	31.12.2003	31.12.2002
Banca Mediolanum S.p.A.	45,010	58,815

The results obtained confirm the performance of the previous year.

The activities of the fund management companies Mediolanum Gestione Fondi SGR p.A. and Mediolanum International Funds Ltd were carried out in synergy with Banca Mediolanum whose mandate from these companies was to be involved in product placing activities - without standing surety for - promoting the whole range of products among savers.

Mediolanum Gestione Fondi SGR p.A. manages 23 funds, of which 22 mutual funds and 1 open-ended pension fund. Total assets under administration were 1,791.3 million Euro (31.12.2002: 1,517.7 million Euro).

During the year, 6 new funds of funds (of the profit accumulation type) which are part of the "Mediolanum Elite System" were launched. These funds partly invest in OICR, also of a multi-compartment type, both harmonised and non-harmonised.

Moreover, with a view to exploiting the abilities of the whole Mediolanum Group in the best possible way, the company took up asset management tasks on behalf of Banca Mediolanum and other affiliated companies.

Through specialised companies, Mediolanum International Funds Ltd, based in Dublin, manages three families of funds (Defender, Top Managers and Challenge) with no less than 53 specialised compartments in all the commodity and geographic areas of the world.

Assets under administration totalled 8,139.5 million Euro (31.12.2002: 6,797 million Euro). The funds of Mediolanum International Funds are distributed in Italy, Spain, Germany and Austria.

Total gross inflows for the mutual fund and managed account business amounted to 1,620 million Euro (2002: 2,246 million Euro), whereas net inflows totalled 445 million Euro (2002: 558 million Euro). Total assets under administration at December 31, 2003 totalled 10,007.5 million Euro (2002: 8,411.9; +19%).

**MUTUAL FUNDS AND
MANAGED ACCOUNTS**

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

<i>Euro in thousands</i>	31.12.2003	31.12.2002
Mediolanum Gestione Fondi SGR p.A.	6,897	6,658
Mediolanum International Funds Ltd	119,778	118,469

THE LIFE BUSINESS

Gross inflows for 2003 totalled 1,990.7 million Euro, a 6.2 % decrease over 2002 (2,122.9 million Euro).

New business amounted to 1,210.3 million Euro (2002: 1,413.6 million Euro).

Deferred annuities and recurring premiums decreased from 130.5 million Euro in the previous year to 107.4 million Euro at 31.12.2003.

The decline in new business (-14%) largely results from the exceptional results obtained in the previous year by the campaign converting traditional policies into new products.

Without the effect of this conversion, the new business would have registered a 5.8% increase over the like-for-like data of the previous year.

Life reserves totalled 8,379 million Euro (2002: 6,796.3 million Euro), a 24.3 % increase.

Total payments for the year relating to individual policies for surrenders claims, maturity and income amounted to 634 million Euro (31.12.2002: 992 million Euro) whereas total payments for group policies were 6.7 million Euro (31.12.2002: 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>	31.12.2003	31.12.2002
Mediolanum Vita S.p.A.	14,865	6,965
Partner Time S.p.A.	1,548	4,317

Mediolanum Vita results were significantly higher than those of the previous year; the increase of assets under administration (Unit-linked +29%), contributed to improve results for the period, which also benefited from the positive performance of markets.

The company Partner Time S.p.A. distributes the insurance products of the affiliate Mediolanum Vita S.p.A., through a network of insurance agents in a market segment different from that of the sales network of Banca Mediolanum S.p.A.. The ongoing reform of the social security system

contributed to stir a climate of market uncertainty. This uncertainty influenced both the sales network and premiums earned.

There were 1,063 insurance agents at 31.12.2003 (31.12.2002 : 1,402).

In 2003, premiums totalled 8 million Euro (2002: 13 million Euro), commission income amounted to 11.3 million Euro (2002: 19.1 million Euro), whereas the costs of commissions to the sales network totalled 5.2 million Euro (2002: 8.2 million Euro).

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

OTHER PRODUCTS

<i>Euro in thousands</i>	31.12.2003	31.12.2002
Mediolanum Asset Management Ltd	2,525	1,619
Mediolanum State Street SGR p.A.	608	212
Mediolanum Comunicazione S.r.l.	113	11
Mediolanum Fiduciaria S.p.A.	(26)	(1)
PI Distribuzione S.r.l.	4	3

Mediolanum Asset Management Ltd provides financial consulting, treasury and asset management services to both Mediolanum Group companies and third parties.

Mediolanum Asset Management Ltd is mainly involved in the control of the performance of funds, of the underlying risks and the management of liquidity of associated companies.

The activity of Mediolanum State Street SGR p.A., after the transfer of the management of Pension Funds and Institutional Clients to the company Duemme S.p.A., solely involved the management of the closed-end mutual fund named "Fondamenta".

In September, as was deliberated by the Shareholders' Meeting held on April 23, 2003, the company lowered the share capital from 2.6 million Euro to 2 million Euro, reimbursing 0.6 million Euro to shareholders.

Assets under administration as at 31.12.2003 totalled 44.9 million Euro, whereas in 2002, the Fondo Fondamenta assets were 43.8 million Euro. The fund participants subscribed commitments for 103 million Euro (2002: 111 million Euro).

Commission revenues were equal to 1.5 million Euro (2002: 2.2 million Euro).

Mediolanum Comunicazione S.r.l. continued to provide integrated communication services within the Group. Positive results were obtained thanks to the constant improvement of the programmes produced by the satellite channel Mediolanum Channel. During the year, new activities were started involving the marketing of audiovisual material to industrial and commercial companies, going under the name of “Mediolanum Community Italia”; the sponsorship promoted by Banca Mediolanum of the *Maglia Verde* (“green shirt”) in the 86th *Giro d'Italia* cycle race “Giromediolanum” was also supported through the organisation of evening happenings opened to the public, featuring well-known faces from the world of sports and entertainment. This activity generated revenues for 11.5 million Euro (2002: 7.6 million Euro).

PI Distribuzione S.r.l. is involved in real estate brokerage for the tourist industry. Moreover, it has started to commercialise the audiovisual materials produced by the affiliated company Mediolanum Comunicazione S.r.l.. Revenues from brokerage activity totalled 971,472 Euro (2002: 754,750 Euro), while commissions payable to the sales network totalled 785,232 Euro (2002: 384,201 Euro).

Mediolanum Fiduciaria S.p.A. is a trust without discretionary power and is currently nonoperational, as it has fulfilled all the mandates received.

NEW VENTURES

FIBANC GROUP

At December 31, 2003, the consolidated net results of the Fibanc Group were 468 thousand Euro, improved over the same period in the previous year (328 thousand Euro).

The operating synergies implemented during the year within the Mediolanum Group paved the way for rearrangement process of the Fibanc structure, passing from 316 employees at 31.12.2002 to 240 employees at 31.12.2003.

The process of reorganisation of the Fibanc Group sales network begun last year, and which continued during this year, resulted in an increase in the number of Global Advisors, passing from 259 to 375, while the number of *Introducers*, deemed non-strategic for the implementation of the Mediolanum model, is gradually being decreased through termination of ongoing contracts, passing from 261 to 114 at 31.12.2003.

At December 31, 2003, the sales network consisted of 646 agents (31.12.2002: 663 agents).

Volumes of the Fibanc Group

<i>Euro in thousands</i>	31.12.2003	31.12.2002
Assets under administration	1,942	1,788
Gross inflows	538	353
Net inflows	145	59

Employees

<i>Units</i>	31.12.2003	31.12.2002
Clerical personnel*	221	297
Managers	19	19
TOTAL	240	316

* of whom 5 are sales employees (31.12.2002: 31).

Net profit of the Fibanc Group

<i>Euro in thousands</i>	31.12.2003	31.12.2002
Fibanc Group	468	328

The Luxembourg-based company carries out sub-holding activities, controlling the following companies: Mediolanum Private S.A.M. and the German Group headed by the company Gamax Holding AG.

The company closed the year with a loss of 8,924 thousand Euro, after accounting for the settlement of losses during the year for 6,200 thousand Euro.

Results for the year were largely determined by the devaluation of the interest held in Gamax Holding AG.

Such devaluation was necessary considering the evolution of the economic context of financial markets, and was calculated by the company through evaluation methods consistent with the new international accounting standards to be introduced soon.

Net profit of Mediolanum International S.A.

<i>Euro in thousands</i>	31.12.2003	31.12.2002
Mediolanum International S.A.	(8,924)	11

MEDIOLANUM
INTERNATIONAL S.A.

GAMAX GROUP

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 Munich) and Austria (based in Salzburg).

The Gamax Group registered significant results in the year 2003, in spite of consolidated losses for 293 thousand Euro, mainly due to extraordinary charges related to the corporate reorganisation plan.

During the year, Gamax Brooker Pool AG, the German distribution company, left the historical head office of Leverkusen to move to Munich. Following this transfer, approximately 20 people employed by the Leverkusen head office decided to leave the company and, thanks to the synergies with the affiliated company Bankhaus August Lenz & Co. AG, it was not necessary to hire new staff.

Nonetheless, the temporary inutilisation of the Leverkusen head office resulted in the posting of extraordinary charges for 400,000 Euro to cover future costs to be supported until the expiry of the relevant rental contract.

Gross and net inflows of the Group decreased, mainly due to the persistent slump in the German and Austrian markets.

The distribution companies continued to offer financial and social security products of the Irish affiliated companies on the German market, and started up the distribution in Germany of the fund of funds "Gamax Fund of Funds", managed by the Luxembourg affiliated company bearing the same name.

At December 31, 2003, the sales network consisted of 689 multifirm agents (1,104 agents at December 31, 2002) of whom 576 were in Germany and 113 in Austria.

In order to support the consulting activity, conventions and meetings were organised to provide training on the products and innovations of the Mediolanum world; in the next few months, information will be provided to the sales force through communication tools such as TV programmes and video tools.

Volumes of the Gamax Group

<i>Euro millions</i>	31.12.2003	31.12.2002
Assets under administration	430	427
Gross inflows *	113	136
Net inflows	(14)	23

* At 31.12.2002, data referred only to own funds. For comparative purposes, last year's value were adjusted to include third parties' funds.

Net profit of the Gamax Group

<i>Euro in thousands</i>	31.12.2003	31.12.2002
Gamax Group	(293)	(2,057)

Employees

<i>Units</i>	31.12.2003	31.12.2002
Clerical personnel	24	43
Managers	5	7
TOTAL	29	50

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 the second half of 2002, with managed assets totalling 14 million Euro at year end. The operation is supported by one manager and one member of staff.

MEDIOLANUM
PRIVATE S.A.M.

Net profit of Mediolanum Private S.A.M.

<i>Euro in thousands</i>	31.12.2003	31.12.2002
Mediolanum Private S.A.M.	(5)	(18)

Volumes of Mediolanum Private S.A.M.

<i>Euro millions</i>	31.12.2003	31.12.2002
Assets under administration	14	7
Gross inflows	10	9
Net inflows	8	8

Bankhaus August Lenz & Co. AG is a multi-channel bank, based in Munich, reproducing the Banca Mediolanum model in the German market.

The banking activity of the company, started up in the second half of 2002, is constantly evolving. The number of current accounts at 31.12.2003 totalled 4,480 (total customers: 5,390 of whom 4,480 current account holders).

During the year, the offer of financial and social security products of the Irish companies Mediolanum International Funds Ltd and Mediolanum International Life Ltd continued.

BANKHAUS AUGUST LENZ
& CO. AG

The sales network is constantly developing and reached 96 sole agents at the end of the year (31.12.2002: 36 agents); at the present date, recruiting is being focused along the Munich - Hamburg - Frankfurt axis in order to cover the most interesting areas. With a view to enhancing coverage on a national scale, training and promotional meetings started to be organised over the whole German territory so as to ensure a uniform development of the sales network.

Volumes of Bankhaus August Lenz & Co. AG

<i>Euro millions</i>	31.12.2003	31.12.2002
Assets under administration	73.8	0.6
Gross inflows	74.8	0.6
Net inflows	74.8	0.6

Net profit of Bankhaus August Lenz & Co. AG

<i>Euro in thousands</i>	31.12.2003	31.12.2002
Bankhaus August Lenz & Co. AG	(74)	(3,633)

The company closed the year with a loss of 74 thousand Euro, after accounting for the settlement of losses during the year for 9,300 thousand Euro.

Employees

<i>Units</i>	31.12.2003	31.12.2002
Clerical personnel	30	14
Managers	2	2
TOTAL	32	16

MEDIOLANUM INTERNATIONAL LIFE LTD

Mediolanum International Life Ltd, an insurance company based in Dublin, purchased by Mediolanum S.p.A. in 2001, was subject to an operational change after its acquisition, passing from an activity exclusively focused on traditional products to a more innovative approach, broadening the range of products offered with the introduction of unit-linked and index-linked products.

The placing of the Irish company's products intensified through the distribution channels of the Group, thus enabling it to start operating on the Spanish market through the network of financial advisors of the Fibanc Group and, at a later stage, also on the German market, through the commercial network of the Gamax Group and of Bankhaus August Lenz & Co.

AG; as of September 2003, operations were also extended to the domestic market with the opening of the Italian branch of the company, which relies on the distribution network of Banca Mediolanum S.p.A..

As at December 31, 2003, gross premiums issued by the company and assets totalled 141,959 thousand Euro and 150 million Euro, respectively, while gross premiums issued by the Italian Branch and assets totalled 72 million Euro, with assets under administration for 68 million Euro.

Net profit of Mediolanum International Life Ltd

<i>Euro in thousands</i>	31.12.2003	31.12.2002
Mediolanum International Life Ltd	1,361	(1,112)

Employees

<i>Units</i>	31.12.2003	31.12.2002
Clerical personnel	1	1
Managers	3	2
TOTAL	4	3

Banca Esperia S.p.A., a joint-venture (50-50) between Mediobanca and Mediolanum operating in the Private Banking sector, heads a banking group that includes a fund management company, Duemme SGR p.A., and a hedge fund management company, Duemme Hedge SGR p.A..

**BANKING GROUP
BANCA ESPERIA**

Volumes of the Banking Group Banca Esperia

<i>Euro millions</i>	31.12.2003	31.12.2002
Assets under administration*	4,595	2,859
Gross inflows	2,421	1,754
Net inflows	1,148	899

* The value of assets managed net of SICAV and hedge fund investments subscribed by Banca Esperia clients within individual management programs totalled 3,102 million Euro (31.12.2002: 2,241 million Euro).

During 2003, the Banking Group Banca Esperia increased its presence in the sector of banking services, both through the order collection activity, carried out by the parent company Banca Esperia, and in individual and Group asset management, whose mandates are entrusted to Duemme SGR p.A. and which include management and non-management financial tools designed and managed almost entirely within the Banking Group.

In particular, during last year, the controlled company Duemme Hedge SGR p.A. continued to strengthen its presence in the hedge fund sector, through the management and the placing of funds of funds, individually well-positioned in terms of size, yield and risk/return efficiency, obtaining the national leadership in terms of size.

During the year, the Turin and Brescia branches of the Bank started to operate (further to those of Milan, Rome, Genoa, Florence and Bologna) with the goal of pursuing a targeted geographic growth, so as to expand the presence over the national territory. This expansion effort falls in line with the operating strategy of the Group, calling for continuous contacts with customers.

Net profit of the Banking Group Banca Esperia

<i>Euro in thousands</i>	31.12.2003	31.12.2002
Banking Group Banca Esperia	1,970	(7,121)

EVENTS OF 2003

Mediolanum State Street SGR p.A. also transferred to Duemme SGR p.A. the line of business involved in the asset management of pension funds and of institutional investors. Currently the company is only involved in the management of the closed-end pension fund “Fondamenta”.

In July 2003, the company launched the management of 6 new fund of funds of a profit accumulation type which are part of the “Mediolanum Elite System”. These funds partly invest in OICR, also of a multi-compartment type, both harmonised and non-harmonised. Management of the closed-end fund “Mediolanum Property” is expected to start by the end of the year.

In the second part of the year, in order to optimise the abilities within the Mediolanum Group, the company was assigned asset management operations by Banca Mediolanum and other affiliated companies (Mediolanum Vita S.p.A. and Mediolanum Asset Management Ltd).

In July, Mediolanum International Life Ltd obtained the authorisation from the Italian surveillance authority ISVAP to open up a subsidiary in Italy for distribution of the products of the Irish insurance company through the Banca Mediolanum network. The launch of these products started in September.

During the year, a number of marketing projects were started, including in particular, sponsorship of the *Maglia Verde* (“green shirt”) in the *Giro d'Italia* cycle race. These projects were an effective public relations exercise in enhancing the positive image of the Mediolanum Group; the relevant costs were expended during the year.

Moreover, it should be noted that, during the year, the interest held in Consorzio Cedacri was increased to 3.45% through the purchase of 114 shares; moreover, a 1.32% interest was acquired in Nomisma - Società di studi economici S.p.A..

During 2003, new services were developed and existing ones were enhanced, to the benefit of both customers and the sales network; furthermore, new products intended to improve internal efficiency and optimise head office processes were also designed.

The multi-channel technological and application platform, representing the most significant strategic element of the Banca Mediolanum Information System, was the object of further investments aimed at completing the technological reengineering of the Internet channel, restyling the site – to improve the communication, completeness and usability aspects - and starting up the project of technological and functional reengineering of the Call Center Channel.

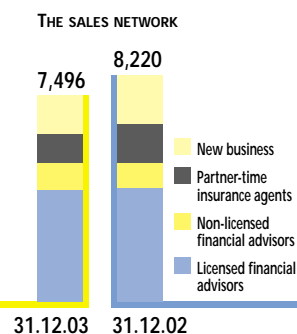
Within the framework of IT activities intended for the Sales Network, the “Network Portal” was set up – a common environment with extranet access and with the functions of a single sign-on for the services made available to financial advisors, with a clear indication of the network hierarchical levels.

The Corporate TV addressing Global Advisors underwent a radical technological renewal, passing from traditional encrypt satellite broadcasting through an external provider, to digital broadcasting accessible through satellite modem directly on one's laptop computer – a development that was implemented utilising existing infrastructures.

INVESTMENTS OF THE GROUP

THE SALES NETWORK

The sales network of financial advisors shrank due to adverse market conditions. The network of financial advisors of Banca Mediolanum S.p.A. remained stable in spite of the difficult market conditions; the total number of Global Advisors was 5,002 (2002: 5,015) with a decrease in the turnover over the previous year, demonstrating the significant loyalisation of the sales network of Banca Mediolanum S.p.A..



Units	31.12.2003	31.12.2002
Licensed financial advisors (Banca Mediolanum S.p.A.)	4,052	4,114
Non-licensed financial advisors (Banca Mediolanum S.p.A.)	950	901
Partner Time insurance agents	1,063	1,402
TOTAL "CORE BUSINESS"	6,065	6,417
Fibanc Group network *	646	663
Gamax Group network	689	1,104
Bankhaus August Lenz & Co. network	96	36
TOTAL "NEW VENTURES"	1,431	1,803
TOTAL	7,496	8,220

* of whom 5 are sales employees (2002: 31) and 114 are introducers (2002: 261).

During 2003, 23 new Mediolanum Points ("Punto Mediolanum") were opened by Banca Mediolanum S.p.A., strengthening the Group presence throughout Italy by bringing the total to 100.

These offices, all on the ground floor, in city-centre buildings in the main cities, have a standardised layout and are evenly spread throughout all Italian regions. The total number of licensed financial advisors at the end of 2003 (including the aforementioned Punto Mediolanum) was 602 (640 at the end of 2002). The slight decrease results from the rationalisation of the office presence over the Italian territory.

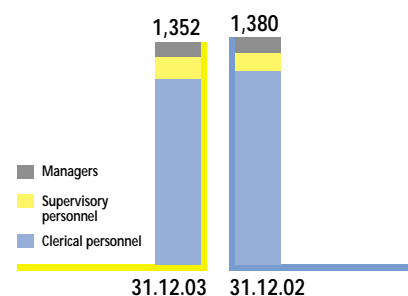
HUMAN RESOURCES

Special emphasis was also placed on human resource development in 2003. 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	31.12.2003	31.12.2002
Managers	69	61
Supervisory personnel	131	112
Clerical personnel	849	822
TOTAL "CORE BUSINESS" PERSONNEL	1,049	995
Managers	27	31
Clerical personnel	276	354
TOTAL "NEW VENTURES" PERSONNEL	240	385
TOTAL MEDIOLANUM GROUP	1,352	1,380

EMPLOYEES



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

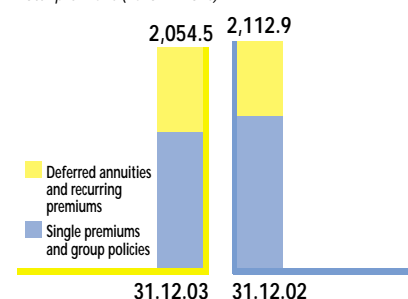
Inflows of managed accounts products

Euro millions	31.12.2003	31.12.2002	% Change
The "core business"			
Life insurance products			
<i>New business</i>			
- Deferred annuities and recurring premiums	107.3	130.5	(17.8)
- Single premiums and group policies	1,174.9	1,283.1	(8.4)
TOTAL NEW BUSINESS	1,282.2	1,413.6	(9.3)
<i>In-force business</i>			
- Deferred annuities	678.6	615.4	10.3
- Recurring single premiums	101.7	93.9	8.3
TOTAL IN-FORCE BUSINESS	780.3	709.3	10.0
TOTAL PREMIUMS WRITTEN	2,062.5	2,122.9	(2.8)
(less) Premiums ceded	(8.0)	(10)	(20.0)
TOTAL LIFE PREMIUMS	2,054.5	2,112.9	(2.8)
Financial products			
<i>Mutual accounts funds and managed accounts</i>			
- Gross consolidated inflows	1,619.8	2,246.0	(27.9)
- Net consolidated inflows	444.6	557.5	(20.24)
<i>"New ventures" *</i>			
<i>Life insurance products</i>			
<i>New business</i>			
- Premiums	70	23	n.s.
Financial products			
<i>Mutual accounts funds and managed accounts</i>			
- Gross consolidated inflows	1,194	948	25.95
- Net consolidated inflows	561	404	38.86

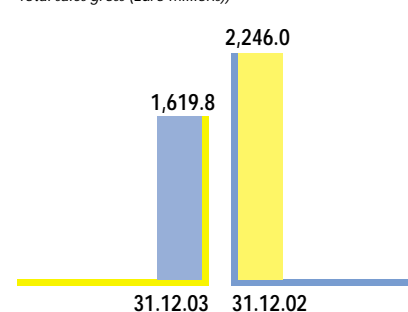
* Results pertaining to Banca Esperia were considered in proportion to the holding.

VOLUME

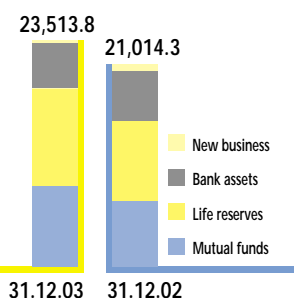
SALES LIFE (CORE BUSINESS) Total premiums (Euro millions)



SALES FUNDS (CORE BUSINESS) Total sales gross (Euro millions)



ASSET UNDER ADMINISTRATION
(Euro millions)



Consolidated assets under administration

<i>Euro/millions</i>	31.12.2003	31.12.2002	% Change
Life reserves	8,447.0	6,796.3	24.3
Mutual funds and managed accounts	10,007.5	8,411.9	19.0
Direct and indirect bank inflows	4,664.0	5,094.6	(8.5)
Pension funds	163.3	491.0	(66.7)
Consolidation adjustments	(3,732.5)	(3,090.3)	20.8
TOTAL "CORE BUSINESS"	19,549.3	17,703.5	10.4
Fibanc assets under administration *	1,941.9	1,788.3	8.6
Gamax assets under administration	430.1	427.0	0.8
August Lenz assets under administration	73.8	1.0	n.s.
Banca Esperia assets under administration **	1,504.5	1,087.3	38.4
Private assets under administration	14.2	7.2	96.5
TOTAL "NEW VENTURES"	3,964.5	3,310.8	19.7
TOTAL MEDIOLANUM GROUP	23,513.8	21,014.3	11.9

* The result includes the value of assets managed by Mediolanum International Life Ltd and placed through the Fibanc network for 74.6 million Euro (31.12.2003: 19.9 million Euro).

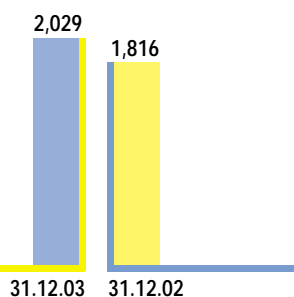
** Results pertaining to Banca Esperia were considered in proportion to the holding.

EMBEDDED VALUE

Considering the importance embedded value has for a more meaningful interpretation of the development of the Mediolanum Group, the following information is provided regarding the embedded value, which has been calculated by Tillinghast-Towers Perrin, the financial services 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 the valuation are shown in the following table:

EMBEDDED VALUE
(Euro millions)



<i>Euro millions</i>	31.12.2003	31.12.2002	% Change
Embedded value	2,029	1,816	+11.7

Embedded value already excludes the amount of unamortised goodwill, pertaining to the Fibanc, Gamax, Lenz and MILL subsidiaries amounting to 137 million Euro as at 31 December 2003.

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 millions</i>	31.12.2003	31.12.2002
Change in embedded value in the year before the effects of acquisition	213	75
Dividends paid	72	72
Effects of acquisition of the year	0	(27)
EMBEDDED VALUE EARNINGS FOR THE YEAR	285	120

The increase in embedded value earnings of 138% compared with 2002 demonstrates once again the capability of the Mediolanum Group to generate new value despite the complex and turbulent condition we have experienced.

The appendix provides greater details regarding the main bases and assumptions used in calculating the embedded value.

Over the year, the parent company Mediolanum S.p.A. purchased 20,000 of its own shares (corresponding to 20.0 thousand Euro of nominal value, equal to 0.0276% of share capital), for a total of 77 thousand Euro, following the appropriate Shareholder decision. The balance at December 31, 2003 was 2,091 thousand Euro, equal to 385,000 shares at a nominal value of 38.5 thousand Euro, representing 0.5305% of the share capital.

OWN SHARES

Mediolanum S.p.A. and the Mediolanum Group companies have adopted an “Ethical Code of Conduct”. This Code establishes a set of principles that must be complied with to guarantee the proper operation and the reliability of the management of the Group. These principles shall inspire the transactions, behaviours and relations both inside and outside the Group. Each and every administrative and control body, employee, licensed financial advisor, insurance agent and all the co-workers of the Company and of the Group companies shall engage to comply with the principles set forth in the Code of Conduct.

ETHICAL CODE OF CONDUCT

**ADMINISTRATIVE
RESPONSIBILITY**
(LEGISLATIVE DECREE
231/2001)

Mediolanum S.p.A. also adopted, on 18.12.2003, a set of “Models of Organisation, Management and Control pursuant to Legislative Decree of June 8, 2001, No. 231” for the purposes of preventing crimes that may be committed during the exercise of the corporate activity. As part of this, in compliance with Article 6 of the above Decree, a special Supervisory and Control Body was appointed, entrusted with the task of watching over the efficacy, compliance and updating of such models.

**OTHER
INFORMATION**

In the light of the changing legislative framework, both at a national and international level, the company started up a project intended to implement the International Accounting Standards (formerly IAS, now IFRS - International Financial Reporting Standards) in the course of 2003.

**SIGNIFICANT
POST BALANCE
SHEET EVENTS**

No significant events have occurred since December 31, 2003 that may have a significant impact on the company’s financial and asset situation or the economic results.

By way of information, the following events occurred.

On January 9, 2004, the winding-up process of Gamax Schweiz GmbH was concluded.

On February 20, 2004, the interest held in the company Mediolanum Private S.A.M. was increased to 99.94%. Within the first half-year 2004, voluntary winding-up will be started, since this investment is no longer regarded as strategic.

**EXPECTED
FUTURE TRENDS**

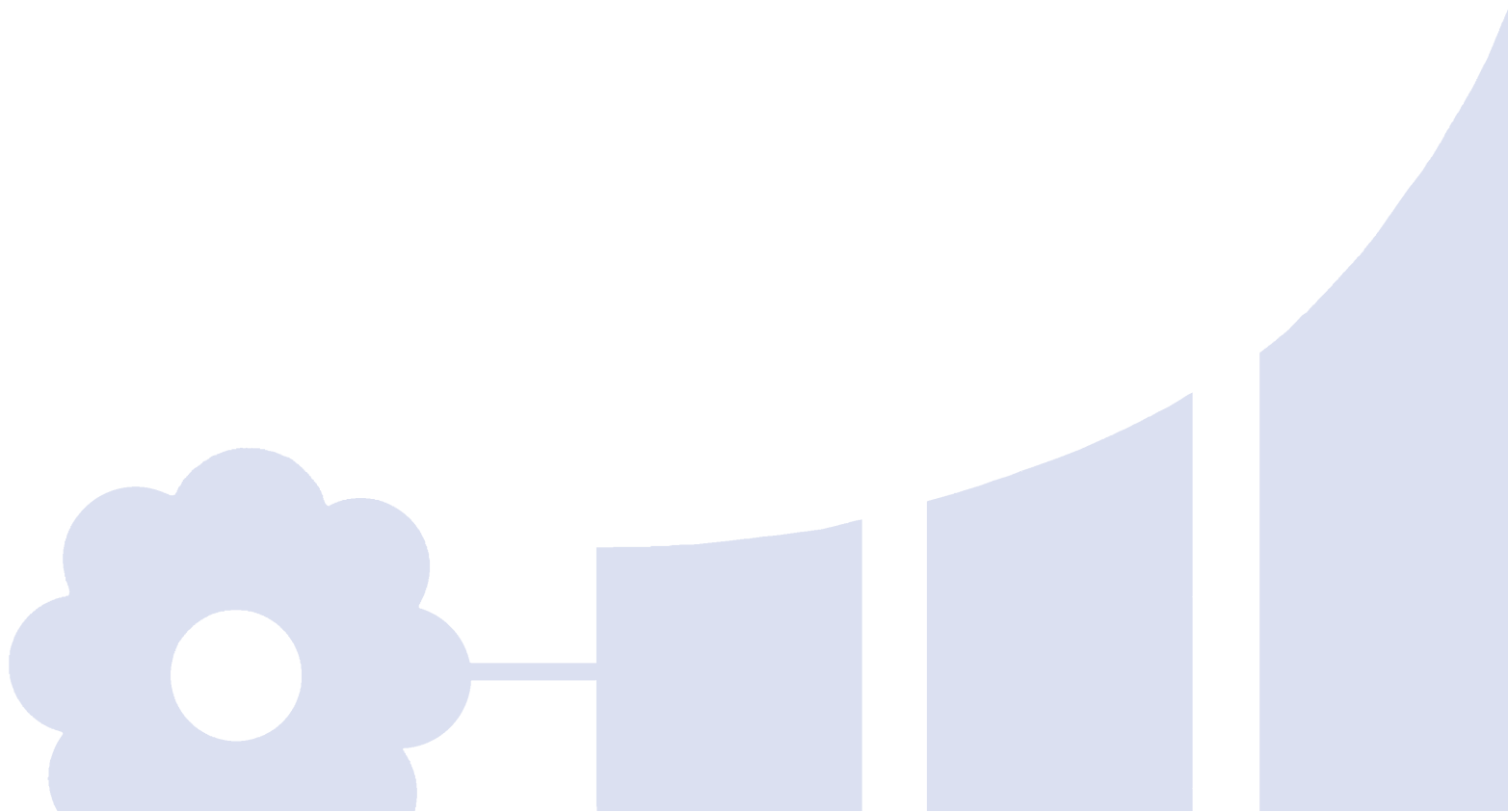
The trends observed in the companies of the Mediolanum Group during the first few months of 2004 lead us to believe that the performance of the year will be positive.

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 2003 and 2002.

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>	31.12.2003 *	31.12.2002 *	31.12.2003 **	31.12.2002 **
Tangible and Intangible assets		156,902	180,209	124,224	142,674
Consolidation difference		140,689	160,476	0	0
Shareholdings		192,887	190,810	495,945	479,368
Financial investments		4,582,373	4,623,632	4,470,126	4,457,577
Company's own shares		2,092	2,014	2,092	2,014
Investments on behalf of Life policyholders, carrying the risk and from pension fund management		7,187,768	5,353,599	7,106,972	5,353,599
Financial receivables		159,569	94,219	159,597	94,219
Due from reinsurers current and deposit accounts		3	0	3	0
Loans to customers		376,760	341,343	178,754	129,778
Loans to Fininvest Group and Doris Group companies		1,771	9,467	1,605	6,663
Sundry assets		217,127	369,818	170,712	129,233
Liquid assets		467,292	1,068,163	279,135	1,026,034
Accrued income and pre-paid expenses		40,326	34,394	38,274	29,984
TOTAL ASSETS		13,525,559	12,428,144	13,027,439	11,851,143

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

** Consolidated Mediolanum Group – "core business".

SHAREHOLDERS' EQUITY AND LIABILITIES

<i>Euro in thousands</i>	Mediolanum Group		Core Business	
	31.12.2003 *	31.12.2002 *	31.12.2003 **	31.12.2002 **
Share capital	72,567	72,537	72,567	72,537
Other reserves	354,469	350,820	402,924	366,371
Minority interest in capital and reserves	5,977	6,359	0	0
Profit for the year	129,427	82,049	164,417	120,658
Life insurance technical reserves net of reinsurance	1,231,232	1,334,194	1,229,640	1,334,266
Life insurance technical reserves, when the risk is carried by policyholders, and reserves from pension fund management	7,187,025	5,353,223	7,106,229	5,330,802
Risk and contingency fund	42,517	36,569	33,671	25,089
Employee severance fund	10,450	9,497	10,450	9,497
Due to reinsurers current and deposit accounts	110,544	133,509	110,439	133,393
Subordinated loans	0	0	0	0
Utilizzo linee di fido	290,000	300,000	290,000	300,000
Utilisation of credit lines	3,907,189	4,503,637	3,448,758	3,951,830
Due to suppliers and financial consultants	82,880	68,645	75,347	67,849
Due to Fininvest Group and Doris Group companies	3,857	1,337	4,038	1,054
Due to Shareholders	0	0	0	0
Due to tax authorities	35,844	28,829	36,037	23,531
Payables and other liabilities	54,189	135,201	38,640	108,214
Accruals and deferred income	7,392	11,738	4,282	6,052
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	13,525,559	12,428,144	13,027,439	11,851,143

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

** Consolidated Mediolanum Group – "core business".

RECLASSIFIED INCOME STATEMENT

<i>Euro in thousands</i>	Mediolanum Group		Core Business	
	31.12.2003 *	31.12.2002 *	31.12.2003 **	31.12.2002 **
Premiums from insurance activities				
Gross premiums written	2,132,664	2,145,697	2,062,828	2,122,993
Reinsurance ceded	(7,687)	(10,183)	(7,675)	(9,969)
Commission income from financial activities and other income				
Entry fees	34,676	35,512	31,477	30,458
Management fees	161,183	164,803	142,811	145,372
Performance fees	85,435	41,248	84,496	41,248
Bank service margin	80,657	82,255	69,779	68,739
Bank interest spread	69,609	38,245	54,897	26,698
Other commissions	13,156	8,675	9,827	8,423
Other revenues	6,705	11,263	7,980	10,333
TOTAL REVENUES	2,576,398	2,517,515	2,456,420	2,444,295
Change in Life insurance reserves and service to policyholders, net of reinsurance	(1,923,019)	(1,911,894)	(1,861,135)	(1,890,573)
Acquisition costs, net of reinsurance	(209,961)	(213,357)	(189,073)	(194,657)
General costs	(226,048)	(219,394)	(184,621)	(178,629)
Amortisation/depreciation and provisions	(78,303)	(72,165)	(49,857)	(46,446)
Net investment and asset income	24,723	22,180	18,004	20,463
Figurative proceeds from shareholdings in New Ventures ***	0	0	8,103	11,148
Adjustments to the value of financial investments	(686)	(15,587)	(686)	(15,587)
OPERATING PROFIT	163,104	107,298	197,155	150,014
Non-recurring extraordinary income and charges	(12,332)	1,732	(8,629)	1,414
PROFIT BEFORE TAXES	150,772	109,030	188,526	151,428
Taxes for the year	(21,360)	(27,083)	(24,109)	(30,769)
Profits from minority interests	(15)	(102)	0	0
PROFIT FOR THE YEAR PERTAINING TO THE GROUP	129,427	82,049	164,417	120,659

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

** Consolidated Mediolanum Group – "core business".

*** For the purpose of drawing up the consolidated income statement relating to the "core business", these proceeds are figurative. The amount is equal to the financial burden coming from the related investment.

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 31 December 2003 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 2001 and 2002 are also shown for comparative purposes.

The valuations make use of actuarial methodology typically used in embedded value reporting, based on deterministic projections of future after-tax profits, with an allowance for risk through the use of a single risk discount rate and an explicit assumption for the level and cost of holding capital. The allowance for risk may not correspond to a capital markets valuation of such risk.

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 Tillinghast and the Mediolanum Group believe 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, Tillinghast 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 2003 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 31 December 2003.

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>	2001	2002	2003
Adjusted Shareholders' net assets	494	508	564
Value of in-force Life business	1,076	1,168	1,263
Value of in-force mutual funds and managed accounts	347	296	339
EMBEDDED VALUE INCLUDING GOODWILL FOR ACQUISITIONS	1,917	1,972	2,166
Goodwill for acquisitions (Fibanc, Gamax, B.A. Lenz, MILL)	(149)	(156)	(137)
EMBEDDED VALUE EXCLUDING GOODWILL FOR ACQUISITIONS	1,768	1,816	2,029

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 2001, and 7.25% for 2002 and 2003. 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 31 December 2003 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 31 December 2003

Euro millions

	7.75%	7.25%	6.75%
Discount rate	7.75%	7.25%	6.75%
Adjusted Shareholders' net assets	564	564	564
Value of in-force Life business	1,205	1,263	1,325
Value of in-force mutual funds and managed accounts business	331	339	347
EMBEDDED VALUE INCLUDING GOODWILL	2,100	2,166	2,236
Goodwill for acquisitions	(137)	(137)	(137)
Embedded value excluding goodwill	1,963	2,029	2,099

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 2001, 2002 and 2003.

Embedded value earnings for the year

<i>Euro millions</i>	2001	2002	2003
Change in embedded value for the year	329	55	194
Goodwill amortisation in the year	12	20	19
Dividends paid	69	72	72
EMBEDDED VALUE FOR THE YEAR BEFORE ACQUISITIONS	410	147	285
Fibanc, B.A. Lenz and MILL effect in the year	(68)	(27)	0
EMBEDDED VALUE FOR THE YEAR AFTER ACQUISITIONS	342	120	285

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 value 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 as at 31 December 2003 of the decrease in the tax rate with the introduction of IRES, together with the abolition of the Dual Income Tax (DIT) and the “Visco” tax breaks from which Banca Mediolanum previously benefited and the consequent increase in the tax rate on managed account business (“tax assumption variances”).
- The impact in 2001 and 2002 of the conversion of mutual funds into managed accounts and Irish “Mix” funds (“net result of fund conversion”).
- 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 point 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 with the acquisition and the increase in the shareholdings held in Fibanc, Gamax, B.A. Lenz and MILL in 2001 and 2002.

The following table shows the embedded value earnings of the Mediolanum Group for the years 2001, 2002 and 2003.

Components of embedded value earnings

<i>Euro millions</i>	2001	2002	2003
Expected return	99	126	120
Experience variances	(68)	(265)	20
Operating assumption variances	38	111	15
Economic assumption variances	(14)	(62)	(30)
Tax assumption variances	0	1	5
EARNINGS ON INITIAL EMBEDDED VALUE	55	(89)	130
Net result of fund conversion	65	19	0
Life business transformation	4	5	0
Life New business	222	161	124
New mutual fund and managed accounts business	64	51	31
VALUE ADDED BY NEW BUSINESS	355	236	155
EMBEDDED VALUE EARNINGS BEFORE GOODWILL	410	147	285
Effect of Fibanc, Gamax, Lenz and MILL on the year	(68)	(27)	0
EMBEDDED VALUE EARNINGS AFTER GOODWILL	342	120	285

Description of key embedded value elements for 2003

Experience variances resulted in an increase of 20 million Euro in the embedded value earnings for the year, mainly due to greater than expected performance fees in the year, for 53 million Euro, partially offset by slightly lower premium recurrence than expected.

Changes in operating assumptions, which generated an increase in embedded value earnings of 15 million Euro, are mainly due to an improvement in the cost structure of asset management business.

The negative impact of changes to economic assumptions is mainly due to a reduction in the assumption for inflation, which has an impact on the expected level of future premiums on inflation-indexed products, as well as to a reduction in the projected returns on short-term investments.

New life 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 Life business decreased by 23% compared to 2002, principally as a result of the trend in the mix of new business, which was again strongly concentrated in index-linked products that have lower profitability than Life products with recurring premiums.

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 61 million Euro for mutual fund instalment plans, 897 million

Euro of lump-sum investments in mutual funds and 149 million Euro in managed accounts. The value added by new mutual fund and managed accounts business shows a decline with respect to 2002 mostly due to lower inflows into managed accounts and to client preference for more conservative products.

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 2003 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	118	124	130
New mutual fund and fund management business	30	31	31

ASSUMPTIONS

Following common embedded value reporting practice, assumptions were defined in a deterministic fashion, 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 as at 31 December 2003 are set out below:

- Average gross returns for new investments in 10-year fixed rate government bonds were set at 5.2% in the 2001 valuation and at 4.5% in the 2002 and 2003 valuations. Total gross return on equities was assumed at 7.75% for 2001, and 7.0% for 2002 and 2003. 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 4.85%, 4.15% and 4.00% 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 2003, gross of costs and taxes of 5.40% for unit-linked business (5.45% for 2002) and 5.75% for asset management business (5.80% for 2002).

- Profits from in-force business coming from Group companies subject to Italian taxation were assumed in the 2001 valuation to be subject to an average tax rate of 41% decreasing to 40% from 2003 onwards. For the 2002 valuation, a tax rate of 39.25% was applied from 2003 onwards. For the 2003 valuation, allowance was made for the new Finance bill which introduces IRES, and a rate of 38.25% was used from 2004 onwards. The tax rate used for Banca Mediolanum on managed account business, allowing for the effect of the Dual Income Tax (DIT), was 24% for the 2001 valuation and 34% for 2002. For 2003, following the abolition of the DIT and “Visco” tax regimes, a tax rate of 38.25% was used. Companies operating under Irish IFSC legislation have been subjected to the effective tax regime of 12.5% on profits (reduced rate of 10% applies up until 2005) plus the impact of the treatment of repatriated profits in Italy (5% of profits taxed at IRPEG/IRES rates).
- 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.
- The inflation rate used to project future increases in the policy premiums which are linked to the consumer price index, was set at 2.0% per annum for 2003 (2.5% for 2001 and 2002).
- 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 in-force business. Management expenses expressed as a per-policy amount are assumed to increase by 2.5% per annum (3.0% for 2001 and 2002).
- 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 9 million Euro in 2001, 29 million Euro in 2002, and 53 million Euro in 2003 as a result of actual experience exceeding the assumptions used at the beginning of the year. Note that, following a change in the fee calculation method in 2002, the parameters were increased as at 31 December 2002.
- 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 yield an average annual pre-tax return of 4.85% in the 2001 valuation, 4.15% in 2002, and 4.00% for 2003. Based on these assumptions, the cost of solvency capital which has been deducted from the discounted value of future after-tax statutory profits to determine the value of in-force Life business reported above, was 46 million Euro in 2001, 41 million Euro in 2002, and 38 million Euro in 2003. The cost, which is already allowed for in the value added by Life new business for 2003, is approximately 2.4 million Euro.

Tillinghast-Towers Perrin

Milan, 23 March 2004

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 2002 and 2003 and of the embedded value earnings in the years 2002 and 2003. 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% for both 2002 and 2003 and the value of in-force life business is shown after the cost of holding solvency capital at 100% of the EU minimum margin.

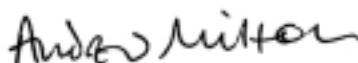
Embedded Value (Euro million)		
31 December	2003	2002
Adjusted net worth (including goodwill)	564	508
Elimination of outstanding goodwill	(137)	(156)
Value of in-force Life business	1,263	1,168
Value of in-force Asset Management business	339	296
Embedded Value	2,029	1,816

The following table shows the principal components of the Group's embedded value earnings in the years 2002 and 2003.

Embedded Value Earnings (Euro million)		
	2003	2002
Expected return	120	126
Experience variances	20	(265)
Operating assumption changes	15	111
Economic and tax assumption changes	(25)	(61)
Net value from conversion of fund business	-	19
Life business transformations	0	5
New Life business	124	161
New Asset Management business	31	51
Impact of acquisitions in the period	-	(27)
Embedded value earnings	285	120

Tillinghast considers that the methodology used to determine the embedded values is reasonable and in accordance with sound actuarial principles, typical of those used in the context of embedded value and value-added reporting. On the basis of the data made available, Tillinghast considers that the assumptions used are reasonable and consistent with the Mediolanum Group's recent operating experience, and that the resulting embedded values and embedded value earnings, including the value added by new business, as shown above, are reasonable.

Yours sincerely



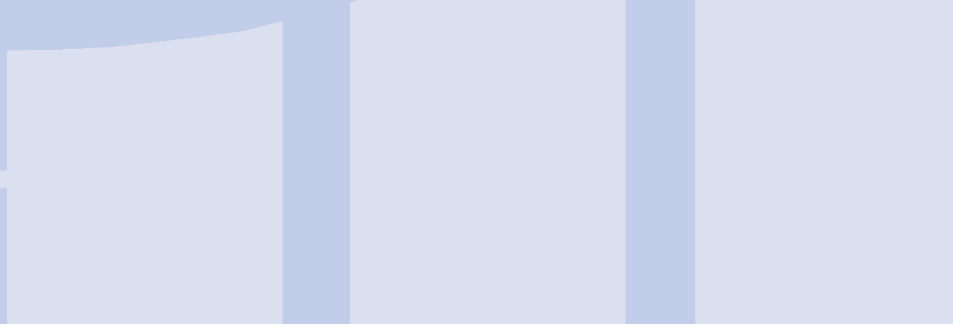
Andrew Milton
Fellow of the Institute of Actuaries



Vittorio Chimenti
Attuario

MEDIOLANUM GROUP

*FINANCIAL STATEMENTS
AND NOTES TO THE ACCOUNTS*



Balance sheet

ASSETS

<i>Euro in thousands</i>	31.12.2003	31.12.2002
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	8,566	15,305
5. Consolidation difference	126	143
TOTAL INTANGIBLE ASSETS	8,692	15,448
C) Investments		
I - Land and buildings	70,800	71,588
II - Investments in Group companies and other shareholdings		
1. Shares and quotas in		
a) parent companies	0	0
b) controlled companies	479,110	455,949
c) affiliated companies	99	99
d) associated companies	19,059	18,079
e) other companies	173,575	172,496
2. Bonds	0	0
3. Financial loans	50,489	1,291
TOTAL INVESTMENT IN GROUP COMPANIES AND OTHER SHAREHOLDINGS	722,332	647,914
III - Other financial investments		
1. Shares and quotas	0	2,790
2. Mutual fund shares	46,862	60,035
3. Bonds and other fixed income securities	1,017,041	1,063,319
4. Financial loans	13,181	16,268
5. Quotas of common investments	0	0
6. Deposits with credit institutions	1,105	7,003
7. Other financial investments	1,141	0
TOTAL OTHER FINANCIAL INVESTMENTS	1,079,330	1,149,415
IV - Funds held by ceding companies	0	0
TOTAL INVESTMENTS	1,872,462	1,868,917
D) Investments on behalf of Life policyholders, carrying the risk and from pension fund management	7,187,635	5,353,526
D bis) Reinsurers' share of technical reserves		
I - NON-LIFE		
1. Premiums reserve	0	0
2. Claims reserve	0	0
3. Other	0	0
TOTAL NON-LIFE	0	0
II - LIFE		
1. Mathematical reserves	109,021	126,853
2. Reserves for amounts to be paid	2,153	4,407
3. Other	351	1,693
4. Technical reserves when the risk is carried by policyholders and reserves from pension fund management	0	0
TOTAL LIFE	111,525	132,953
TOTAL REINSURERS' SHARE OF TECHNICAL RESERVES	111,525	132,953
E) Receivables		
I - Due from direct insurance operations	6,287	9,855
II - Due from reinsurance operations	3	0
III - Other receivables	114,797	81,174
TOTAL RECEIVABLES	121,087	91,029
F) Other assets		
I - Tangible assets	2,231	3,237
II - Liquid assets	284,177	368,855
III - Own shares or quotas	2,092	2,014
IV - Other assets	321	1,359
TOTAL OTHER ASSETS	288,821	375,465
G) Pre-payments and accrued income	20,698	21,301
TOTAL ASSETS	9,610,920	7,858,639

Euro in thousands

31.12.2003

31.12.2002

**SHAREHOLDERS'
EQUITY AND
LIABILITIES**

A) Capital and reserves		
I - Pertaining to the Group:		
1. Subscribed capital or equivalent	72,567	72,537
2. Net equity reserves	244,397	131,131
3. Consolidation reserve	112,485	118,388
4. Reserve for difference in valuation regarding shares in non-consolidated companies	1,394	99,210
5. Reserve for exchange rate difference	77	77
6. Reserves for own shares and shares of the parent company	2,091	2,014
7. Profit (loss) for the period	129,427	82,049
TOTAL GROUP SHAREHOLDERS' EQUITY	562,438	505,406
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	562,438	505,406
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	1,224,294	1,359,415
2. Reserve for amounts to be paid	61,850	52,800
3. Others	56,613	54,932
TOTAL LIFE	1,342,757	1,467,147
TOTAL TECHNICAL RESERVES	1,342,757	1,467,147
D) Technical reserves when the risk is carried by policyholders and reserves from pension fund management	7,187,025	5,353,223
E) Provisions for risks and charges		
1. Provisions for retirement pensions and similar obligations	0	0
2. Provision for taxes	40,868	18,345
3. Consolidation provision for future risks and charges	0	0
4. Other provisions	946	704
TOTAL PROVISIONS FOR RISKS AND CHARGES	41,814	19,049
F) Deposits received from reinsurers	109,000	126,814
G) Payables and other liabilities		
I - Due to direct insurance operations	3,674	4,424
II - Due to reinsurance operations	1,544	6,695
III - Debenture loans	0	0
IV - Amounts owed to credit institutions	290,000	300,000
V - Secured debt	0	0
VI - Other loans and other financial debt	0	0
VII - Employee termination indemnity	3,103	4,567
VIII - Other payables	65,293	66,098
IX - Other liabilities	2,859	3,009
TOTAL PAYABLES AND OTHER LIABILITIES	366,473	384,793
H) Accruals and deferred income	1,413	2,207
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	9,610,920	7,858,639
Off-balance sheet items		
I - Guarantees given	1,119	1,119
II - Guarantees received	11,362	11,362
III - Guarantees given by third parties	0	0
IV - Obligations	20,000	55,300
V - Third party assets	53	168
VI - Pension fund assets managed on behalf of third parties	0	0
VII - Securities in the hands of third parties	10,023,500	7,267,993
VIII - Other off-balance sheet items	0	0
TOTAL OFF-BALANCE SHEET ITEMS	10,056,034	7,335,942

Income statement

TECHNICAL ACCOUNT OF LIFE BUSINESS

<i>Euro in thousands</i>	31.12.2003	31.12.2002
1. Earned premiums, net of reinsurance		
a) Gross premiums written	2,132,664	2,145,697
b)(-) reinsurance premiums	(7,687)	(10,184)
TOTAL NET PREMIUMS	2,124,977	2,135,513
2. (+) allocated investment return transferred from the non-technical account	40,313	56,579
3. Unrealised gains on investments on behalf of Life policyholders carrying the risk and from pension fund management	841,673	360,859
4. Other technical income, net of reinsurance	55,266	29,952
5. Claims incurred, net of amounts recovered and reinsurance		
a) Claims paid		
aa) Gross amount	(650,425)	(1,000,456)
bb) (-) Reinsurers' share	28,763	62,491
b) Change in amount recovered, net of reinsurance		
aa) Gross amount	(8,943)	(7,796)
bb) (-) Reinsurers' share	(2,254)	3,182
TOTAL NET CLAIMS INCURRED	(632,859)	(942,579)
6. Change in mathematical reserves and other technical reserves, net of reinsurance		
a) Mathematical reserves		
aa) Gross amount	137,981	608,011
bb) (-) Reinsurers' share	(17,832)	(52,598)
b) Other reserves		
aa) Gross amount	(1,667)	(12,696)
bb) (-) Reinsurers' share	(1,340)	160
c) Life insurance reserves when the risk is carried by policyholders and from pension fund management		
aa) Gross amount	(1,836,680)	(742,235)
bb) (-) Reinsurers' share	0	0
TOTAL CHANGE IN NET RESERVES	(1,719,538)	(199,358)
7. Refunds and profit sharing, net of reinsurance	0	0
8. Operating expenses		
a) Acquisition commissions	(158,179)	(161,324)
b) Other acquisition costs	(2,737)	(2,839)
c) Change in unamortised acquisition commissions and costs	0	0
d) Collection commissions	(2,069)	(2,761)
e) Other administrative expenses	(13,405)	(11,472)
f) (-) Reinsurers' commissions and profit sharing	1,257	1,654
TOTAL OPERATING EXPENSES	(175,133)	(176,742)
9. Unrealised loss on investments on behalf of life policyholders carrying the risk and from pension fund management	(484,353)	(1,208,794)
10. Other technical charges, net of reinsurance	(3,182)	(10,548)
11. Total technical account of Life business	47,164	44,882

Euro in thousands

31.12.2003

31.12.2002

**NON-TECHNICAL
ACCOUNT**

1. Total technical account of Non-life business	0	0
2. Total technical account of Life business	47,164	44,882
3. Investment income		
a) Investment income from shares and quotas		
aa) Results for the year on investments valued using the equity method	119,910	97,045
bb) Other	2,802	3,088
b) Other investment income		
aa) Land and buildings	2,650	3,140
bb) Other investments	44,450	70,824
c) Adjustments to the value of financial investments	1,928	2,707
d) Gains on the realisation of investments	21,334	5,943
TOTAL INVESTMENT INCOME	193,074	182,747
4. Financial burden and losses on assets		
a) Investment management expense and interest on bank loans	(7,605)	(9,214)
b) Adjustments to the value of investments	(2,460)	(21,012)
c) Losses on the realisation of investments	(17,941)	(5,769)
TOTAL FINANCIAL BURDEN AND LOSSES ON ASSETS	(28,006)	(35,995)
5. (-) Allocated investment return transferred to the technical account of Life business	(40,313)	(56,579)
6. Other revenues	12,125	11,535
7. Other charges		
a) Interest payable on other financial debt	(8,019)	(5,784)
b) Other costs	(44,991)	(58,698)
TOTAL OTHER CHARGES	(53,010)	(64,482)
8. Total ordinary operations	131,034	82,108
9. Extraordinary income	13,427	12,611
10. Extraordinary charges	(6,036)	(4,792)
11. Total extraordinary operations	7,391	7,819
12. Profit before taxes	138,425	89,927
13. Income tax for the period	(8,998)	(7,878)
14. Consolidated results	129,427	82,049
15. Profit (loss) for the year from minority interests	0	0
16. Group profit (loss) for the period	129,427	82,049

Notes to the consolidated financial statements as at December 31, 2003

The consolidated financial statements at December 31, 2003, 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.

PART A GENERAL CRITERIA AND CONSOLIDATION AREA

The consolidated financial statements were prepared based on the individual financial statements at December 31, 2003 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 2003 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.	341,000	100	Basiglio	Banking
Mediolanum State Street SGR p.A.	2,000	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
Mediolanum International S.A.	71,500	0.003	Luxembourg	Sub-holding company

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	% holding	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
Tanami S.A.	181	100.00	Barcelona	Real estate broker
Valora S.A.	421	85.86	Andorra	Asset management
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	99.997	Luxembourg	ub-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	Munich	Fund sales network
Gamax Austria GmbH	40	100.00	Salzburg	Fund sales network
Gamax Schweiz GmbH	CHF 20,000	100.00	Zurich	Company on winding-up
Bankhaus August Lenz & Co AG	8,000	100.00	Munich	Banking
Mediolanum Private S.A.M.	500	75.00	Principality of Monaco	Asset management

List of companies directly controlled that are valued at cost:

Company	Share capital	% holding	Office	Activity
Mediolanum Life Ltd	Euro 5	100.00	Dublin	Life insurance
Fibanc Argentina S.A.	ARS 50,000	80.70	Buenos Aires	Business representatives

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

PART B VALUATION CRITERIA

SECTION 1 VALUATION CRITERIA

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, 2002, and are shown here for comparison.

Intangible fixed assets are stated at cost including any related charges and are amortised on a straight-line basis in accordance with their remaining useful life.

INTANGIBLE ASSETS

Goodwill is amortised over a period not to exceed ten years.

Start-up and expansion costs are amortised over a period not to exceed five years.

Improvements on leased buildings are amortised over the duration of the respective lease contracts.

The value of intangible fixed assets is reduced in the event of permanent losses of value.

Buildings are stated at cost including any related charges and are depreciated on a straight-line basis in accordance with their remaining useful life.

LAND AND BUILDINGS

Real estate for residential purposes is not depreciated if the current market value exceeds its book value.

The cost also includes the revaluation performed in accordance with specific regulations. Revaluation gains are credited to the Shareholder's equity.

Ordinary maintenance costs, which do not increase the value of assets, are fully charged to the income statement.

Extraordinary maintenance costs and any other incremental investment costs are charged to the asset account and depreciated over the residual life of the asset concerned.

In accordance with article 18 of Italian Law No. 173/97, real estate has been valued as at December 31, 2003.

INVESTMENTS IN
GROUP COMPANIES AND
OTHER SHAREHOLDINGS

Investments in non-consolidated controlled companies and in associated companies are valued according to shareholders' equity, except for companies not yet operational that are maintained at cost.

Equities and other shareholdings are valued at purchase cost and historical exchange rate. This amount is adjusted by any writedowns needed to incorporate any permanent loss of value.

All or part of the write-downs carried out are eliminated when the reasons giving rise to them no longer apply.

OTHER FINANCIAL INVESTMENTS

Shares, investments in shares of mutual funds, bonds and other fixed income securities.

Securities transactions are recorded at the contractual value date.

Bonds and other fixed income securities considered as durable investments are classified in long-term investments; other securities hold for trading purposes are considered as current assets.

Bonds and other fixed income securities considered as durable investments are valued at cost using the principle of "weighted average price".

Cost is adjusted for the applicable portion of the net issuance premium/discount and the related portion of the (negative/positive) difference between the cost and issuance amount of the securities.

Their sale is allowed only in exceptional cases for company operational purposes.

Issue premiums/discounts and difference between cost and issuance amount are recorded in interest income.

The amounts of bonds considered as durable investments are adjusted by any writedowns needed to incorporate any permanent loss of value.

Short-term investments are valued at the lower of cost or market value.

Cost is determined using the principle of “weighted average price” adjusted for the applicable portion, during the period, of the issuance premium/discount of the securities.

Issue premiums/discounts are recorded as interest in income statement.

Market value is determined as follows:

- a) for securities listed on regulated markets, using the average market price of the last month of the year;
- b) for securities not listed on regulated Italian and foreign markets, using the estimated realisable value.

The estimated realisable value is determined on the basis of the following measures:

- market performance for similar securities listed in regulated Italian and foreign markets;
- the discounting of future cash flows on the basis of projected market returns;
- the solvency of the issuers;
- any difficulty servicing debt in country where issuers reside;
- other information that can be determined objectively.

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

All or part of the write-downs carried out are eliminated when the reasons giving rise to them no longer apply.

Unsettled securities transactions are valued at the lower of contract value and market value for purchases, and at the higher of the above values for sales. To determine market value, reference is made to the above mentioned criteria.

Amounts paid under repurchase agreements (Repos) are reported as “Other financial investments”. The difference between forward and spot consideration is recorded as interest on an accrual basis.

Interest income on debt securities is recorded as interest on an accrual basis.

Dividends and the related tax credits are recorded on a cash basis.

Investments in financial derivatives

Financial derivatives 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.

Derivatives contracts open at year-end are valued at the lower of cost or market value, recording 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.

With reference to options, premiums paid relating to purchased options are reported as "Other financial investments". Premiums received for options sold are reported as "Other loans and other financial debt". Premiums relating to exercised options adjust the carrying value or the sales price of assets, whereas premiums pertaining to options discarded are booked as "gains or losses on the realisation of investments".

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

These investments are recorded at their current value, as represented by their market value on the last working day of the year for investments negotiated in regulated markets, and by their average negotiation price of the last working day of the year for investments traded in non-regulated markets.

RECEIVABLES

Receivables are reported at their estimated realisable value, by writing down their nominal value where necessary.

OTHER ASSETS

Tangible fixed assets are stated at cost including any related charges and are depreciated on a straight-line basis in accordance with their remaining useful life.

Any tangible fixed assets that, at year end, have experienced a permanent reduction in value, which is lower than the cost or value above mentioned, are reported at such lower value.

The other items are entered at their face value, except when depreciated.

LIFE INSURANCE RESERVES

Life insurance reserves include the mathematical reserve, which is determined for each contract on the basis of the specific obligations and the actuarial assumptions underlying the premiums. The reserves reflect all revaluation under the contract 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 contracts.

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.

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.

Open Pension Fund Previgest Mediolanum is determined on a similar basis.

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

Payables are reported at their nominal value.

PAYABLES

Accrued income and expenses, prepaid expenses and deferred income are booked on an accruals basis with reference to the conditions established for each transaction.

ACCRUED INCOME AND EXPENSE

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 on the basis of the information available.

PROVISIONS FOR RISKS AND
CHARGES

This provision covers liabilities for employee termination indemnities accrued, in accordance with existing laws and current, national and internal, labour agreements.

EMPLOYEE TERMINATION
INDEMNITY

This liability is subject to annual adjustment based on official cost-of-living indices.

Revenues and expenses are recorded under the accrual basis.

REVENUES AND EXPENSES

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

Other commissions are recorded when the related service is provided.

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

Deferred income taxes are assessed using the balance sheet liability method. Deferred taxes are calculated every year on temporary differences between book basis and tax basis. 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.

Deferred tax assets and deferred tax liabilities are evaluated periodically to take into consideration changes in tax laws.

OFF-BALANCE SHEET ITEMS These are reported at the contractual value of the commitment assumed by the company.

**ASSETS AND LIABILITIES
DENOMINATED IN FOREIGN
CURRENCIES** Assets and liabilities denominated in foreign currencies are expressed in Euro using the spot exchange rates at year end.

SEZIONE 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>	31.12.03	31.12.02
Start-up and expansion costs	759	8,689
Concessions, licences, trademarks and similar rights	7,477	6,311
Improvements on leased goods	167	224
Intangible assets under formation and advances	163	81
TOTAL	8,566	15,305

“Star-up and expansion costs” mainly consist (for 617 thousand Euro) of “commissions to be returned to reinsurers”, capitalized during previous years. 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, and 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.

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:

<i>Euro in thousands</i>	31.12.03	31.12.02
Company buildings	18,038	18,736
Residential buildings leased to third parties	48,526	48,526
Industrial buildings leased to third parties	4,153	4,326
Assets under formation	83	0
TOTAL	70,800	71,588

All buildings owned by Mediolanum Vita S.p.A. are periodically subject to examination, in compliance with Article 18 of Italian Law 173/97 and ISVAP provision No. 1915 G of 20/07/2001. Market value totals 88,108 thousand Euro and is higher than the book value.

PART C CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT INFORMATION

ASSETS

SECTION 1 INTANGIBLE ASSETS (ITEM B)

SECTION 2 INVESTMENTS (ITEM C)

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.

“Assets under formation” concern costs for improvements to company buildings.

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:

b) Shares of controlled companies: this relates to the interest in Mediolanum Life Ltd, valued at cost since it is not yet fully operational, and 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>	31.12.03	31.12.02
Banca Mediolanum S.p.A.	405,209	382,982
Mediolanum International Funds Ltd	59,935	59,294
Mediolanum Gestione Fondi SGR p.A.	8,908	8,768
Mediolanum Asset Management Ltd	1,678	1,235
Mediolanum State Street SGR p.A.	1,358	1,741
Mediolanum Comunicazione S.r.l.	1,098	985
Mediolanum Fiduciaria S.p.A.	513	539
PI Distribuzione S.r.l.	409	405
Mediolanum International S.A.	2	0
TOTAL	479,110	455,949

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.

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

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

d) Shares and quotas in associated companies refer to 19,059 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.

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

e) Shares and quotas in other companies totalling 173,575 thousand Euro relate to:

<i>Euro in thousands</i>	31.12.03	31.12.02
Mediobanca S.p.A.	129,907	129,907
Consortium S.r.l.	28,798	28,798
SIA S.p.A.	12,407	12,407
Cedacri S.p.A.	2,364	1,357
Nomisma Società di studi economici S.p.A.	71	0
Rita S.r.l.	14	13
Europa Invest S.A.	14	14
TOTAL	173,575	172,496

and consist of:

<i>Euro in thousands</i> Company	Share capital	% holding	Office
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
Cedacri S.p.A.	12,609	3.450	Via Conventino 1 Collecchio (PR)
Nomisma Società di studi economici S.p.A.	5,345	1.320	Strada Maggiore 44 Bologna
Rita S.r.l.	5,720	0.010	Pzza S. Babila 1 Milan
Europa Invest S.A.	125	14	14 rue Aldringen Luxembourg

On July 14, 2003, a further 0.9% of Cedacri S.p.A. (114 shares) was acquired for a total cost of 1,007 thousand Euro.

On December 5, 2003 a further 1.320% of Nomisma Società di Studi Economici S.p.A. (190,720 shares) was acquired for a total cost of 71 thousand Euro.

Item C II 3 *Financial loans* consist of purchase agreements with Mediolanum Vita S.p.A..

During the year, the credit line given by Mediolanum S.p.A to Mediolanum Comunicazione S.r.l, a company valued using the equity method, was terminated.

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 46,593 thousand Euro and shares of Italian mutual funds managed by Mediolanum Gestione Fondi SGR p.A. totalling 198 thousand Euro.

Long term financial investments amount to 636,583 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 issue and trading discounts for 4,285 thousand Euro and 403 thousand Euro, and decreased to account for the accrued portion of premiums or discounts to the par value, when the securities are purchased or subscribed, for 2,981 thousand Euro and 358 thousand Euro, respectively. Reimbursement of securities totalled 5,789 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 24,402 thousand Euro, which is not to be considered as a permanent loss because of being related to securities issued by the Italian Government. In addition, during the first months of the year, the potential loss has been considerably reduced, totalling 14,402 thousand Euro on the prices of March 2, 2004.

The financial investments that are not to remain a part of Group's assets amount to 442,747 thousand Euro and consist of:

<i>Euro in thousands</i>	31.12.03	31.12.02
Shares and quotas	0	2,790
Mutual fund shares	46,862	60,035
Bonds and other fixed income securities	380,458	624,379
Deposits with credit institutions	1,105	7,003
Financial loans	13,181	16,268
Other financial investments	1,141	0
TOTAL	442,747	710,475

The evaluation at current value of financial investments that are not to remain a part of Group's assets shows a potential gain of 711 thousand Euro. Gains for write-downs on trading portfolio total 1,928 thousand Euro and losses for write-downs on investment portfolio total 1,564 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:	0	0	0	0	0	0
a) shares traded on regulated markets						
b) unlisted shares						
c) quotas						
2. Mutual fund shares	0	0	46,862	46,949	46,862	46,949
3. Bonds and other fixed income securities	636,583	612,181	380,458	380,982	1,017,041	993,163
a1) Government securities traded on regulated market	514,724	491,931	319,269	319,505	833,993	811,436
a2) other securities traded on regulated market	106,439	104,643	61,187	61,475	167,626	166,118
b1) unlisted Government securities	698	698			698	698
b2) other unlisted securities	14,722	14,909	2	2	14,724	14,911
c) convertible bonds						
4. Financial loans	0	0	13,181	13,181	13,181	13,181
5. Quotas of common investments	0	0	0	0	0	0
6. Deposits with credit institutions	0	0	1,105	1,105	1,105	1,105
7. Other financial investments	0	0	1,141	1,241	1,141	1,241
TOTAL	636,583	612,181	442,747	443,458	1,079,330	1,055,639

Financial loans (item C III 4) consist of:

<i>Euro in thousands</i>	31.12.03	31.12.02
Secured loans on insurance policies	12,593	15,643
Loans to consultants	397	397
Other loans	191	228
TOTAL	13,181	16,268

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

The decrease in item “loans on policy to insured parties” is due to write-downs in previous years, for 1,813 thousand Euro.

Item C. III 6. *Deposits with credit institutions* includes deposits subject to time limits greater than 15 days; 844 thousand Euro relates to deposits of the company Mediolanum International Life Ltd held in Irish banks, 225 thousand Euro relates to deposits with the affiliated company Banca Mediolanum S.p.A., 24 thousand Euro with the affiliated company Bankhaus August Lenz & Co. AG.

Item C.III.7 *Other financial investments* related to the full amounts paid under derivatives of Mediolanum Vita S.p.A..

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

The increase in *Investments on behalf of Life policyholders carrying the risk and from pension fund management* (item D) is due to the positive trend in DI PIU' bonds and to the new issues of Mediolanum Vita S.p.A..

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

<i>Euro in thousands</i>	31.12.03	31.12.02
Due from policyholders in the year	2,399	3,637
Due from policyholders from previous years' premiums	528	1,373
Due from intermediaries	3,349	4,828
Due from intermediaries for portfolio compensations	11	17
TOTAL	6,287	9,855

"Due from policyholders from previous years' premiums" decreased because Mediolanum Vita S.p.A. wrote off the arrears relating to securities issued from 01/01/2002, partially using the Credit Risk Fund as at December 31, 2003, for 361 thousand Euro.

A provision for Credit Risk Fund, for 256 thousand Euro, was allocated for outstanding premiums issued in the previous year.

"Coming to maturity rights", related to fixed operating expenses drawn from assets under administration in Unit Linked funds, were reclassified from "due from policyholders in the year" to "other accrued income". For purpose of comparison, the maturity rights as at December 31, 2002, totalling 6,682 thousand Euro, have been reclassified.

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

<i>Euro in thousands</i>	31.12.03	31.12.02
Due from tax authorities	107,987	69,542
Due from Mediolanum Group companies	2,922	3,163
Due from real estate leases	995	1,214
Advances to suppliers and professionals	791	124
Due from Fininvest Group and Doris Group companies	458	6,043
Due from employees	128	116
Guarantee deposits	82	82
Other receivables	1,434	890
TOTAL	114,797	81,174

“Due from tax authorities” is analysed as follows:

<i>Euro in thousands</i>	31.12.03	31.12.02
Advance payments and amounts brought forward	58,453	39,615
Tax credits on dividends and mutual funds	28,012	12,816
Tax reimbursements	14,171	13,868
Tax withholdings	6,870	2,862
Other	481	381
TOTAL	107,987	69,542

“Advance payments and amounts brought forward” significantly increased following the advance payment made by Mediolanum Vita S.p.A. and the permanent establishment in Italy of Mediolanum International Ltd, in relation to Life Mathematical Reserves and the allocation for the balance of the income tax being paid, for 49,383 thousand Euro (Italian Law No. 209, 24.09.2002, converted into Italian Law No. 265, 22.11.2002)

“Due from Mediolanum Group companies” mainly 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 valued using the equity method.

“Due from Fininvest Group and Doris Group companies” consists of amounts due from Mediolanum Assicurazioni S.p.A. relating to commissions on the sale of insurance policies and to the recharge of costs for seconded employees.

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

<i>Euro in thousands</i>	31.12.03	31.12.02
Systems	17	44
Equipment	531	636
Electric and electronic equipment	1,111	1,609
Furniture and fittings	568	937
Other assets	0	11
Assets under formation and advances	4	0
TOTAL	2,231	3,237

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

Systems	30% - 25%
Equipment	15%
Electric and electronic equipment	20%
Furniture and fittings	12% - 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. (82,402 thousand Euro), Bankhaus August Lenz & Co. AG (55 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 385,000 shares at a nominal value of 38.5 thousand Euro of Mediolanum S.p.A..

Item F IV *Other assets* totally consists of 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>	31.12.03	31.12.02
Accrued interest on securities	12,691	14,058
Accrued rights	7,485	6,682
Other accrued income	195	365
Prepayments for insurance	129	63
Prepayments for rent	15	2
Other prepayments	183	131
TOTAL	20,698	21,301

For purpose of comparison, “coming to maturity rights” at 31 December 2002, are reclassified from “due from policyholders in the year” to “other accrued income”.

Changes in consolidated capital and reserves are shown in Attachment 3.

<i>Euro in thousands</i>	Capital and reserves	Profit for the period	Total shareholders' equity
Parent company financial statements for the year 2003	319,126	104,054	423,180
Subsequent changes in carrying value and Shareholders' equity in companies included in consolidation	110,944	17,773	128,717
Differences in investments valued by the equity method	42,072	140,118	182,180
Conversion difference of companies included in consolidation area	77	0	77
Received inter-company dividends	389	(389)	0
Accrued inter-company dividends	0	(113,285)	(113,285)
Other consolidation adjustments	(3,239)	573	(2,666)
Elimination inter-company transactions	(735)	(17)	(752)
Amortisation of consolidation differences in the company's equity investments valued using the equity method	(35,078)	(19,149)	(54,227)
Amortisation of capital gains attributed to buildings as at the date of acquisition of the company valued using the equity method	(524)	(236)	(760)
Amortisation of consolidation difference of companies consolidated on a line-by-line basis	(21)	(16)	(37)
Consolidated financial statements for the year 2003	433,011	129,427	562,438

<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	391,521
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)
Other consolidation adjustments	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

SHAREHOLDERS' EQUITY AND LIABILITIES

SECTION 4 CAPITAL AND RESERVES (ITEMS A - B)

SUMMARY OF THE CHANGES IN THE INDIVIDUAL ITEMS OF THE CONSOLIDATED CAPITAL AND RESERVES DURING THE PERIOD

RECONCILIATION BETWEEN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY AND THE CONSOLIDATED FINANCIAL STATEMENTS

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 482 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, 2003, relate to the Gamax Group for 46,281 thousand Euro, to the Fibanc Group for 87,120 thousand Euro and to Bankhaus August Lenz & Co. AG for 3,860 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 Technical reserves

<i>Euro in thousands</i>	31.12.03	31.12.02
Mathematical reserves	1,224,294	1,359,415
Reserve for amounts to be paid	61,850	52,800
Other	56,613	54,932
TOTAL	1,342,757	1,467,147

Technical reserves were calculated using methods in line with those adopted when drawing up the financial statements in previous years and conform to the commitments as at December 31, 2003.

The increase in "Mathematical Reserves" (class C and class D) is due to:

- the decrease recorded in Class C Mathematical Reserve, related to the restricted traditional portfolio transformation, in comparison with extraordinary result of the previous year
- the increase recorded in Class D Mathematical Reserve, related to revaluation of branch III assets and the new production issued.

During the accounting period, there has been a review of the additional reserves, in order to consider further analysis on the calculation methodology adopted in previous years, and new requirements related to the development in demographic and financial risks.

An additional reserve (Rates Decrease Reserve) has been set up, according to ISVAP provision 1801.

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>	31.12.03	31.12.02
Technical reserves on unit-linked products	3,706,657	2,775,195
Technical reserves on index-linked products	3,477,137	2,575,799
Technical reserves resulting from pension fund management	3,231	2,229
TOTAL	7,187,025	5,353,223

The increase in *Technical reserves when the risk is carried by policyholders* is mainly due to commitments related to the production issued in the period and to the revaluation of assets related to Index and Unit Linked products.

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

<i>Euro in thousands</i>	31.12.03	31.12.02
Provision for Irpeg-Irap (corporate income tax-tax on productive activities)	39,587	13,111
Provision for deferred taxes	961	3,259
Provision for taxes for assessments	320	1,975
TOTAL	40,868	18,345

“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>	31.12.03	31.12.02
Deferred taxes	1,923	3,783
Prepaid taxes	(962)	(524)
TOTAL	961	3,259

The decrease in Provision for taxes assessments is mainly due to the use of the provision by Mediolanum Vita S.p.A. for the payment of disputed INVIM for 1,573 thousand Euro.

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

<i>Euro in thousands</i>	31.12.03	31.12.02
Provision for future risks	464	405
Agents premium loyalty provision	324	0
Provision against illegal acts by agents	125	125
Agents loyalty provision	19	160
Sundry provisions	14	14
TOTAL	946	704

For a more correct posting, the employee holiday pay accrual under G VII *Other payables*, “Other liabilities” was reclassified: by 1,425 thousand Euro compared to the financial statements drawn up as at December 31, 2002 and approved on April 29, 2003 by the Shareholders’ meeting.

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

<i>Euro in thousands</i>	31.12.02	Accrued	Utilisation	Recl.	31.12.03
Provision for future risks	405	59	0	0	464
Agents premium loyalty provision	0	324	0	0	324
Provision against illegal acts by agents	125	0	0	0	125
Agents loyalty provision	160	0	(141)	0	19
Sundry provisions	14	0	0	0	14
TOTAL	704	383	(141)	0	946

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

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

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 31.12.02	4,567
Contractual adjustments	1
Provision for the period	670
Utilisation	(64)
Advances to employees	(482)
Substitute tax	(13)
Transfers to Mediolanum and Fininvest Group companies	(1,576)
Closing balance at 31.12.03	3,103

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

<i>Euro in thousands</i>	31.12.03	31.12.02
Payable to Mediolanum Group companies	34,069	32,567
Taxes	19,669	21,355
Trade accounts	6,617	6,030
Taxes charged to policyholders	1,933	1,745
Payable to Fininvest Group and associated companies and Doris Group companies	731	442
Payable to social security institutions	509	939
Other	1,765	3,020
TOTAL	65,293	66,098

“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.

“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 of 22/11/2002.

“Trade accounts” is analysed as follows:

<i>Euro in thousands</i>	31.12.03	31.12.02
Services received	4,125	4,009
Invoices to be received	2,118	1,765
Emoluments to Directors and Statutory Auditors	218	208
Professional services	156	48
TOTAL	6,617	6,030

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

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

Other liabilities (item IX) relates to:

<i>Euro in thousands</i>	31.12.03	31.12.02
Outstanding earned premiums	1,265	702
Commissions for unearned premiums	654	211
Provision for 14 th month salary and production premiums	254	536
Other	686	1,560
TOTAL	2,859	3,009

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

<i>Euro in thousands</i>	31.12.03	31.12.02
Other accrued expenses	1,286	2,135
Deferred income on lease instalments	127	72
TOTAL	1,413	2,207

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.

SECTION 7
GUARANTEES,
OBLIGATIONS AND OTHER
OFF-BALANCE SHEET ITEMS

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..

Commitment

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 4,591,280 thousand Euro.

INCOME STATEMENT

SECTION 8 INFORMATION ON TECHNICAL ACCOUNTS

Gross premiums written is analysed as follows:

<i>Euro in thousands</i>	Direct operations	Reinsurance operations	Total
I - Life insurance	75,301	15	75,316
II - Marriage and birth insurance	0	0	
III - Unit-linked insurance as per I and II	2,051,889	0	2,051,889
IV - Health insurance	0	0	0
V - Capitalisation operations	4,593	0	4,593
VI - Fund management	866	0	866
GROSS PREMIUMS	2,132,649	15	2,132,664

Premiums were collected mainly in Italy, as well as in Spain, Germany and Austria, and are analysed as follow:

<i>Euro in thousands</i>	31.12.03	31.12.02
Single premiums	1,244,213	1,307,544
First year premiums	200,473	262,961
Subsequent year premiums	687,963	575,172
Indirect premiums	15	20
(less) reinsurance ceded	(7,687)	(10,184)
NET PREMIUMS	2,124,977	2,135,513

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

The increase in *Other technical income, net of reinsurance* is mainly due to management commissions recognized from Mediolanum International Funds Ltd to Mediolanum Vita S.p.A..

Gains related to fixed management commissions in unit linked funds are reclassified from “capital and financial charges and unrealized capital losses related to investment in favour of policyholders carrying the risk” to “other technical income, net of insurance”. For purposes of comparison, the item as at December 31, 2002, totalling 14,427 thousand Euro, has been reclassified.

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 172,869 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 150,424 thousand Euro.

Other technical charges mainly relates to the cancellation of first year premiums issued in previous years totalling approximately 2,547 thousand Euro, as per ISVAP circular letter No. 360 D; the provision for policyholders credit risk fund has been recorded in this item, for 336 thousand Euro.

SECTION 9
INFORMATION ON THE
NON-TECHNICAL ACCOUNT

Investment income

<i>Euro in thousands</i>	31.12.03	31.12.02	Change
Shares and quotas	122,712	100,133	22,579
Land and buildings	2,650	3,140	(490)
Other investments	44,450	70,824	(26,374)
Adjustments to the value of financial investments	1,928	2,707	(779)
Gains on the realisation of investments	21,334	5,943	15,391
TOTAL	193,074	182,747	10,327

The decrease in “other investment income” relates to the decrease in rate interest of the bonds section; furthermore, the reduction of profit margins was partially offset by the improvement in markets that has produced an important increase in realized profits. In fact, item “gains on the realisation of investments” totalled 21,334 thousand Euro as at December 31 2003, versus 5,943 thousand Euro in the previous year.

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

<i>Euro in thousands</i>	31.12.03	31.12.02
Mutual fund shares	194	4,151
Bonds and other fixed income securities	38,421	51,043
Financial investments	592	659
Deposits at credit institutions	5,243	8,410
Other financial investments	0	6,561
TOTAL	44,450	70,824

Proceeds from “deposits at credit institutions” includes interest from deposits at Banca Mediolanum S.p.A. totalling 2,250 thousand Euro.

“Other financial investments” recorded as at December 31, 2002 related to interest from Group companies, valued using the equity method.

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

<i>Euro in thousands</i>	31.12.03	31.12.02
Shares in mutual funds	718	0
Bonds and other fixed income securities	1,210	2,707
TOTAL	1,928	2,707

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

<i>Euro in thousands</i>	31.12.03	31.12.02
Shares and quotas	457	350
Bonds and other fixed income securities	15,388	4,361
Other financial investments	5,489	1,232
TOTAL	21,334	5,943

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

<i>Euro in thousands</i>	31.12.03	31.12.02
Management expenses from real estate investments	897	1,126
Other investment management expenses	1,762	983
Interest on deposit accounts with reinsurance companies	4,905	7,032
Interest payable on other amounts payable	41	73
TOTAL	7,605	9,214

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

<i>Euro in thousands</i>	31.12.03	31.12.02
Building depreciation	895	895
Shares and quotas	0	1,294
Mutual funds and tax credits	53	8,210
Bonds and other fixed-income securities	1,371	9,813
Futures	141	800
TOTAL	2,460	21,012

The substantial decrease in adjustments to the value of bonds and other fixed-interest securities is due to the reduction in the capital loss of securities in portfolio, thanks to the recovery of the bond markets.

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

<i>Euro in thousands</i>	31.12.03	31.12.02
Shares and quotas	54	12
Mutual funds	0	2,249
Bonds and other fixed-income securities	7,295	1,511
Other financial investments	10,592	1,997
TOTAL	17,941	5,769

During this accounting period, there was a significant increase in losses on the realisation of other financial investments, 6,231 thousand Euro of which was related to losses on future agreements, 3,654 thousand Euro to gains from foreign exchange trading and 707 thousand Euro to losses on issued options.

Other revenues is analysed as follows:

<i>Euro in thousands</i>	31.12.03	31.12.02
Commission income for the sale of non-Life policies	4,185	4,294
Recharge of cost of employees seconded to Mediolanum Group companies valued by the equity method	4,675	2,485
Recharge of cost of employees seconded to Fininvest Group and Doris Group companies	340	421
Recuperation of costs	693	397
Interest from the tax authorities	304	318
Utilisation of provision for specific risks	17	11
Other revenues	1,911	3,609
TOTAL	12,125	11,535

“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.

Other costs consist of:

<i>Euro in thousands</i>	31.12.03	31.12.02
Commission income for the sale of non-Life policies	4,185	4,299
Other administrative expenses of Mediolanum S.p.A.	15,747	17,748
Cost of Mediolanum S.p.A. employees	11,198	20,072
Amortisation of intangible assets	11,434	11,415
Other costs	2,427	5,164
TOTAL	44,991	58,698

In 2003, as a consequence of the growth in banking Mediolanum Group during the last four months of 2002, human resources for co-ordination, management and administration have been shifted from Mediolanum S.p.A. to Banca Mediolanum S.p.A.. This caused a reduction of approximately 8.5 million Euro in personnel costs.

Other costs includes 1,813 thousand Euro of adjustments on policy loans related to previous years.

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

<i>Euro in thousands</i>	31.12.03	31.12.02
Gain on the sale of bonds and other fixed-income securities	12,962	9,298
Gain on the sale of long-term investments	0	2,227
Gain on the sale of assets	3	16
Out of period revenues	462	1,070
TOTAL	13,427	12,611

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

<i>Euro in thousands</i>	31.12.03	31.12.02
Charges for fiscal amnesty	3,510	1,755
Loss on the sale of bonds and other fixed-income securities	292	2,197
Loss on the sale of assets	0	20
Out of period expenses	2,234	820
TOTAL	6,036	4,792

**PART D
OTHER
INFORMATION**

Employee information

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

<i>Units</i>	31.12.03	31.12.02
Managers	16	36
Non-management employees	143	251
TOTAL	159	287

The reduction in working force is due to the transfer from one company in the Group to another.

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	1,124	889
Statutory Auditors	95	104
TOTAL	1,219	993

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>	31.12.03	31.12.02
Entry fees	31,477	30,458
Management fees	142,811	145,372
Performance fees	84,496	41,248
TOTAL	258,784	217,078

The two companies managed assets totalling 9,916 million Euro (31.12.2002: 8,306 million Euro) including investments made by Mediolanum Vita S.p.A.. Commissions resulting from the management and subscription of mutual funds from the companies belonging to the Fibanc Group amounted respectively to 11,637 thousand Euro (31.12.2002: 11,362 thousand Euro) and 206 thousand Euro (31.12.2002: 159 thousand Euro).

Interest margin from the companies belonging to the Fibanc Group amounted to 11,064 thousand Euro (31.12.2002: 11,072 thousand Euro), whereas assets under administration totalled 1,941.9 million Euro (31.12.2002: 1,788 million Euro).

Commissions resulting from the subscription and management of mutual funds from the companies belonging to the Gamax Group amounted respectively to 2,903 thousand Euro (31.12.2002: 4,895 thousand Euro) and 6,726 thousand Euro (31.12.2002: 8,376 thousand Euro), whereas assets under administration totalled 430.1 million Euro (31.12.2002: 427 million Euro).

Assets under administration by the pension fund Previgest Fund Mediolanum, introduced into the market by the company Mediolanum Gestione Fondi SGR.p.A., amounted to 15 million Euro (31.12.2002: 9.5 million Euro).

Mediolanum State Street SGR p.A. operates in the pension fund and closed-end mutual fund management areas and is valued according to the equity method. Assets under administration amount to 148 million Euro (31.12.2002: 481 million Euro); the reduction in this item is due to the transfer of a line of business to Duemme SGR p.A., company belonging to the Banca Esperia Group. In particular, the transfer concerns the management of pension funds and the portfolio related to institutional customers. Management fees were 1,513 thousand Euro (31.12.2002: 1,588 thousand Euro).

Direct and indirect inflows of Banca Mediolanum S.p.A., valued according to the equity method, reached 4,664 million Euro (31.12.2002: 5,094.6 million Euro) with 332,700 current accounts, and generated an interest margin of 54,897 thousand Euro (31.12.2002: 26,698 thousand Euro), including net profits from financial operations.

Revenues from banking services totalled 69,779 thousand Euro (31.12.2002: 68,739 thousand Euro).

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

<i>Euro in thousands</i>	Fininvest Group and associated companies	Doris Group
Financial receivables	0	0
Commercial receivables	229	229
Financial payables	0	0
Commercial payables	653	63

“Commercial receivables” exclusively refers to Mediolanum Assicurazioni S.p.A., which is jointly owned (50-50) by the Fininvest Group and the Doris Group.

“Commercial payables” mainly refer to accounts payable of the Fininvest Group companies and their associated companies (Consorzio Aeromobili Fininvest for 499 thousand Euro, Alba Servizi S.p.A. for 56 thousand Euro, R.T.I. S.p.A. for 17 thousand Euro, Mondadori Pubblicità S.p.A. for 11 thousand Euro, and Mediaset S.p.A. for 6 thousand Euro) and of Mediolanum Assicurazioni S.p.A. for 127 thousand Euro.

REVENUES/COSTS
WITH FININVEST GROUP AND
DORIS GROUP COMPANIES

<i>Euro in thousands</i>	Fininvest Group and associated companies	Doris Group
Commercial revenues	2,317	2,311
Commercial costs	2,525	153
Investment income	0	0
Investment charges	0	0
Extraordinary income	0	0
Extraordinary charges	0	0

“Commercial revenues” mainly relates to real estate lease instalments and shared expenses totalling 110 thousand Euro, recharged personnel costs and recovery costs of 320 thousand Euro and commissions on the sale of non-Life insurance policies of 4,185 thousand Euro by Mediolanum Assicurazioni S.p.A. which is jointly owned (50-50) by the Fininvest Group and the Doris Group companies.

“Commercial costs” mainly relates to lease of means of transportation, recharge of personnel costs and advertising provided by Fininvest Group companies (Mondadori Pubblicità S.p.A. for 132 thousand Euro, R.T.I. S.p.A. for 17 thousand Euro, Arnoldo Mondadori Editore S.p.A. for 36 thousand Euro, Alba Servizi S.p.A. for 101 thousand Euro, Consorzio Aereomobili Fininvest for 2,030 thousand Euro, Fininvest S.p.A. for 40 thousand Euro, Servizi Milan S.r.l. for 16 thousand Euro), for 11 thousand Euro relating to Alboran S.p.A., a company in which the Doris Group has an interest, and for 316 thousand Euro relating to Mediolanum Assicurazioni S.p.A., which is jointly owned (50-50) by the Fininvest Group and the Doris Group companies).

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

The following attachments include additional information in comparison with that included in Notes, of which they form integral part:

ATTACHMENTS

Att. 1 : Analysis of changes in other intangible assets as at December 31, 2003.

Att. 2 : Analysis of changes in tangible fixed assets as at December 31, 2003.

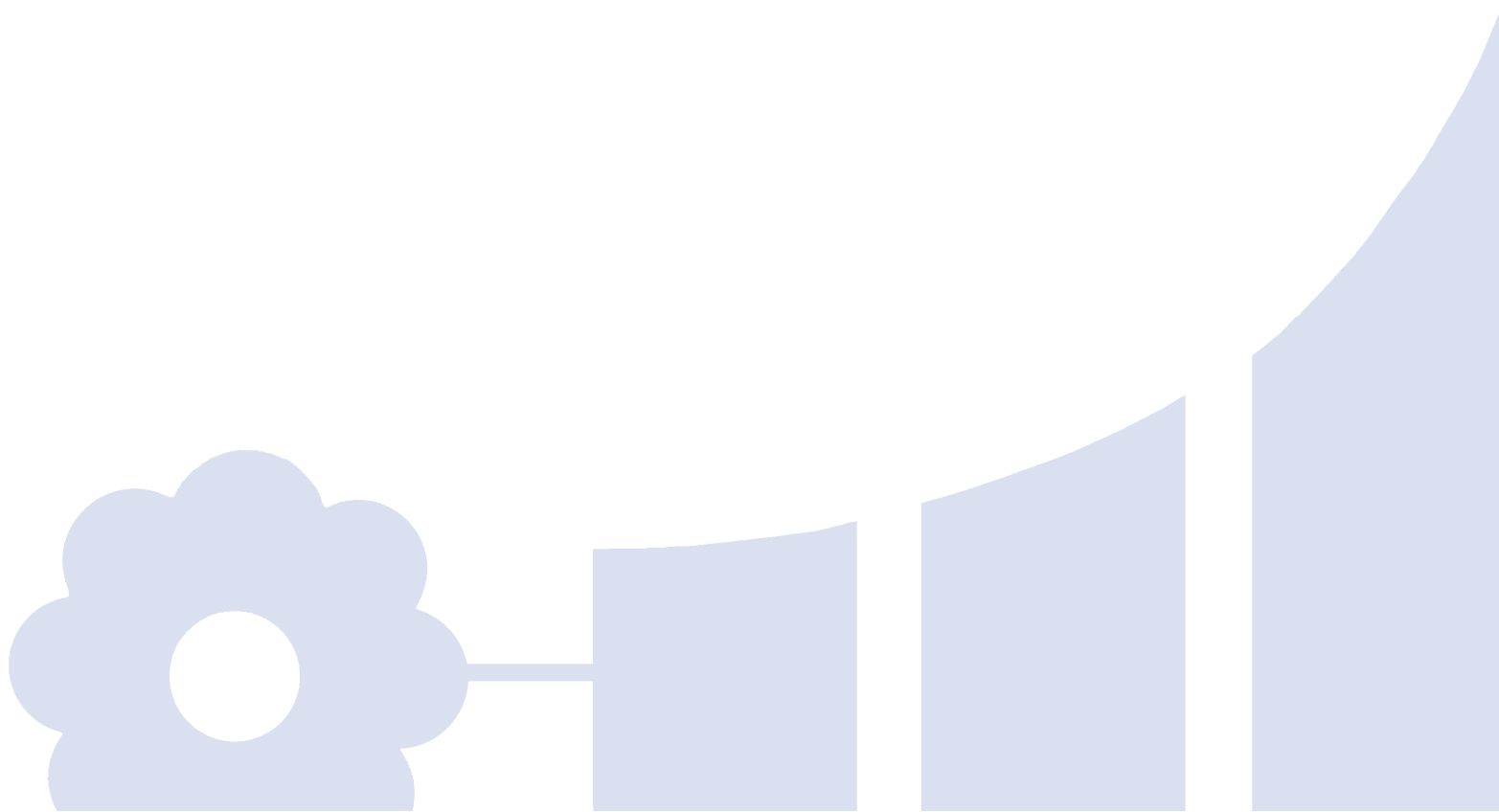
Att. 3 : Analysis of changes in consolidated capital reserves as at December 31, 2003.

Att. 4 : Consolidated cash flow statements as at December 31, 2003.

For the Board of Directors
(Roberto Ruozi)
Chairman

MEDIOLANUM GROUP

ATTACHMENTS



ATTACHMENT 1

ANALYSIS OF CHANGES IN OTHER INTANGIBLE ASSETS AS AT DECEMBER 31, 2003

Euro in thousands

Intangible assets	Opening situation			
	Historic cost	Cumulative Amortisation	Balance as at 01.01.2003	Additions
Start-up and expansion costs	44,791	(36,102)	8,689	
Concessions, licences, trademarks and similar rights	18,589	(12,278)	6,311	4,513
Improvements on leased properties	2,629	(2,404)	225	44
Intangible assets in progress	80		80	148
Consolidation difference	164	(21)	143	
TOTAL	66,253	(50,805)	15,448	4,705

ATTACHMENT 2

ANALYSIS OF CHANGES IN TANGIBLE FIXED ASSETS AS AT DECEMBER 31, 2003

Euro in thousands

Land and buildings	Opening situation			
	Historic cost	Cumulative Depreciation	Balance as at 01.01.2003	Additions
Land and buildings	78,361	(6,773)	71,588	24
Tangible assets in progress	0	0	0	83
TOTAL LAND AND BUILDINGS	78,361	(6,773)	71,588	107

Euro in thousands

Other tangible fixed assets	Opening situation			
	Historic cost	Cumulative Depreciation	Balance as at 01.01.2003	Additions
Plant and machinery	221	(177)	44	0
Industrial and trade equipment	1,673	(1,037)	636	55
Other tangible fixed assets	14,025	(11,468)	2,557	156
Fixed assets in progress	0	0	0	4
TOTAL OTHER TANGIBLE FIXED ASSETS	15,919	(12,682)	3,237	215

Movements for the period			Closing situation		
Net disposals	Amortisation	Net reclassifications	Historic cost	Cumulative Amortisation	Balance as at 31.12.2003
	(7,930)		44,791	(44,032)	759
	(3,385)	38	23,140	(15,663)	7,477
	(102)		2,673	(2,506)	167
(27)		(38)	163	0	163
	(17)		164	(38)	126
(27)	(11,434)	0	70,931	(62,239)	8,692

Movements for the period			Closing situation		
Net disposals	Depreciation	Net reclassifications	Historic cost	Cumulative Depreciation	Balance as at 31.12.2003
	(895)		78,385	(7,668)	70,717
	0		83	0	83
0	(895)	0	78,468	(7,668)	70,800

Movements for the period			Closing situation		
Net disposals	Depreciation	Net reclassifications	Historic cost	Cumulative Depreciation	Balance as at 31.12.2003
	(27)		221	(204)	17
	(160)		1,728	(1,197)	531
	(1,034)		14,181	(12,502)	1,679
	0		4	0	4
0	(1,221)	0	16,134	(13,903)	2,231

ATTACHMENT 3

ANALYSIS OF CHANGES IN CONSOLIDATED CAPITAL AND RESERVES AS AT DECEMBER 31, 2003

<i>Euro in thousands</i>	Share capital	Net equity reserves	Consolidation reserve
Consolidated balance as at December 31, 2002	72,537	131,131	118,388
Increase of paid-in share capital	30	73	
Decrease of share capital			
Allocation of profit for the period:			
- payment of dividends out of profits			
- reserve		113,270	(5,903)
Creation of reserve for own shares		(77)	
Consolidation of Mediolanum International Life Ltd			
Consolidation by the equity method of companies previously valued at cost			
Profit (loss) for the period			
Consolidated balance as at December 31, 2003	72,567	244,397	112,485

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
99,210	77	2,014	82,049	505,406
				103
				0
				0
			(72,498)	(72,498)
(97,816)			(9,551)	0
		77		0
				0
			0	
			129,427	129,427
1,394	77	2,091	129,427	562,438

ATTACHMENT 4

Euro in thousands

31.12.03

CONSOLIDATED CASH FLOW STATEMENT AS AT DECEMBER 31, 2003

A) SOURCE OF FINANCE	
Cash flows generated by operations:	
Group profit (loss) for the period	129,427
Change in technical reserves net of reinsurance	1,730,840
Amortisation, depreciation of tangible and intangible assets	13,550
Net provision for risks and charges	22,765
Net change in employee termination indemnity	(1,464)
Net change in other receivables and payables, assets and liabilities	(63,884)
TOTAL CASH FLOW GENERATED BY OPERATIONS	1,831,234
Decrease in tangible and intangible assets	27
Decrease in other financial investments	70,085
Gains on disposal of investments	3
Share capital increase	103
TOTAL CASH FLOW GENERATED	1,901,452
B) APPLICATION OF FUNDS	
Increase in tangible and intangible assets	5,027
Increase in equity investments	25,220
Own shares acquired	77
Increase in other financial investments	1,883,307
Distributed dividend	72,499
TOTAL APPLICATION OF FUNDS	1,986,130
C) CASH FLOW FOR THE PERIOD (A-B)	(84,678)
D) Cash and liquid assets (opening balance)	368,855
E) Cash and liquid assets (closing balance)	284,177
F) CHANGE IN CASH AND LIQUID ASSETS (E-D)	(84,678)

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, 2003. 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 our 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 our report dated April 10, 2003.

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, 2003, and the consolidated results of its operations for the year then ended.

Milan, Italy
April 9, 2004

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

Ordinary and extraordinary Shareholders' Meeting of April 27, 2004

SUMMARY OF DECISIONS

74.69% 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, 2003, as well as the Report of the Board of Directors on Operations;
- Allocation of operating profit of 104,054,243.03 Euro as follows:
 - Distribution of dividends of 0.11 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 21, 2004;
 - 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 27, 2004;
- To confirm Mr. Pasquale Cannatelli as a Director on the Board, who will hold office until expiry of the entire Board's mandate at the time of approving the financial statements as at December 31, 2004;
- 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 2004, and to sell the same shares.

Such a limit is to be intended in absolute terms, that is to say, without taking into account own shares that may have been sold meanwhile.

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. Such transactions shall not be made through public offer, but will be carried out on the market, according to the instructions provided by Borsa Italiana S.p.A. and in compliance with Article 132 of Legislative Decree 58/98;

- Entrusting to the Board of Directors the broadest powers to enforce the decisions taken.

In the extraordinary meeting :

- To adopt a new By-laws text, as proposed by the Board of Directors in its Report, partly to comply with the provisions set forth in Legislative Decree 6/2003, as amended by legislative Decree 37/2004 (New Corporate Law).

Finally, the Shareholders' meeting acknowledged the "Annual report on Corporate Governance" approved by the Board of Directors on March 23, 2004.

Consob notice
Dated
February 20, 1997

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.

Dear Shareholders,

The financial statements at December 31, 2003 that are presented here for your examination and approval show a net profit of 104,054,243 Euro (2002: 185,839,177 Euro).

In order to compare results for 2003 with those of the previous year, it is necessary to neutralise the effect produced by the change in the accounting policies in the previous period regarding the posting of dividends distributed by controlled companies, which were accounted for on an "accrual" basis. It is recalled that, in the last period, the income statement for the company included the 2002 dividends posted in accordance with the new criterion and the dividends relating to the profits made in 2001, collected in the year. Excluding the last of these, the profit for the year 2002 would have been 90,289,936 Euro.

The improvement in the period result led to higher dividends being generated by controlled companies and lower financial charges and operating costs for the company.

The consolidated financial statements, which are covered in the Directors' report on the Group, show a net profit of 129,427 thousand Euro (2002: 82,049 thousand Euro).

The main factors for this growth can be attributed to an improvement in the result of New Ventures and to the significant results achieved by the Core Business.

The operational activities as insurance agent of the controlled company 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 166 million Euro (2002: 177 million Euro). Of this amount, 162 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 148 million Euro (2002: 157 million Euro). This represents remuneration that is determined on a contractual basis for brokerage activities performed as an insurance subagent. General costs amounted to 28 million Euro (2002: 39 million Euro).

OPERATING PERFORMANCE

Following the expansion of the Mediolanum Group in the last quarter 2002, human resources were transferred to Banca Mediolanum during 2003. These resources included those for coordination and management, and also administration staff, who were previously positioned in Mediolanum S.p.A. This led to a reduction in personnel costs, down from 18.7 million Euro in 2002 to 10.2 million Euro at December 31, 2003.

Financial charges to the company improved from the figure of 15 million Euro at December 31, 2002, falling to 11.1 million Euro at the end of 2003.

Dividends from controlled companies amounted to 118 million Euro, against 110 million Euro a year earlier.

EQUITY INVESTMENTS

With regards the operating performance of the companies belonging to the Mediolanum Group, reference should be made to the Directors' report on operations included in the consolidated financial statements as at December 31, 2003.

The changes taking place in the equity investments held directly by Mediolanum S.p.A. included the following:

On January 8, following approval, the investment in Banca Mediolanum was increased by using the 5,670,888 Euro of the capital contribution.

March 1 saw the conclusion of the acquisition of 0.003% of the share capital for 2,000 Euro in Mediolanum International S.A., as approved by the Board of Director's meeting of November 11, 2002.

On April 23, after the resolution passed by the extraordinary shareholders' meeting, Mediolanum State Street SGR p.A. reduced its share capital to 2 million Euro, and reimbursed the rest to shareholders.

It should also be noted that, during the year, our investment in Consorzio Cedacri was increased to 3.45% through the purchase of 114 shares for 1,007 thousand Euro, while 190,720 shares in Nomisma – Società di studi economici S.p.A. were bought for 71 thousand Euro, taking the investment to 1.32%

During the year under review, with the establishment of the "Reserve for Company's own shares", 20,000 own shares (amounting to 20 thousand Euro at nominal value, equal to 0.434% of Share Capital) were purchased at a total cost of 77 thousand Euro, following the specific resolution at the Shareholders' meeting. At the end of the year, the 385,000 own shares held amounted to 38,500 Euro at nominal value, with a book value of 2,091 thousand Euro, and represented 0.0503% of Share Capital.

Transactions with Group companies in progress at December 31, 2003 are shown in the table below:

<i>Euro in thousands</i>	Assets	Liabilities
With controlled companies:		
For financing		
Mediolanum Vita S.p.A.	0	113,621
For dividends to be received		
Mediolanum International Funds Ltd	58,691	0
Banca Mediolanum S.p.A.	34,441	0
Mediolanum Vita S.p.A.	14,035	0
Mediolanum Gestione Fondi SGR p.A.	3,378	0
Partner Time S.p.A.	1,503	0
Mediolanum Asset Management Ltd	1,237	0
For other transactions		
Mediolanum Vita S.p.A.	28,715	705
Banca Mediolanum S.p.A.	675	31,715
Mediolanum Gestione Fondi SGR p.A.	89	11
Mediolanum State Street SGR p.A.	16	0
Mediolanum Comunicazione S.r.l.	37	8
Partner Time S.p.A.	23	0
PI Distribuzione S.r.l.	12	0
With associated companies (Fininvest and Doris Groups):		
Mediolanum Assicurazioni S.p.A.	426	79
Consorzio Aeromobili Fininvest	0	500
Alba Servizi Aerotrasporti S.p.A.	0	56
R.T.I. S.p.A.	0	17
Mediaset S.p.A.	0	6
Mondadori Pubblicità S.p.A.	0	11
Guarantees given:		
for controlled companies:		
Banca Mediolanum S.p.A.	516	0

The inter-company operations mainly concerned:

- operations by Mediolanum S.p.A. as the insurance agent of the controlled company Mediolanum Vita S.p.A. and of Mediolanum Assicurazioni S.p.A.;
- the brokerage activities carried out by Banca Mediolanum S.p.A. as an insurance subagent;
- the loan granted by Mediolanum Vita S.p.A. to Mediolanum S.p.A. for an amount up to 120 million Euro;
- the loan granted by Mediolanum S.p.A. to Mediolanum Comunicazione S.r.l., amounting to 1 million Euro and discharged in December 2003;
- the seconding out of staff from and to controlled and associated companies;
- the hire of means of transport through Consorzio Aeromobile Fininvest and the company Alba Servizi Aerotrasporti S.p.A..

TRANSACTIONS WITH GROUP COMPANIES AND THOSE SUBJECT TO "SIGNIFICANT INFLUENCE", AND INFORMATION CONCERNING OPERATIONS WITH ASSOCIATED PARTIES

Costs and revenues arising from operations in 2003 with controlled and associated companies are shown in the table below:

<i>Euro in thousands</i>	Controlled companies	Associated companies
Revenues		
Insurance commission		
Mediolanum Vita S.p.A.	161,463	
Mediolanum Assicurazioni S.p.A.		4,185
Seconded personnel		
Banca Mediolanum S.p.A.	3,343	
Mediolanum Gestione Fondi SGR p.A.	611	
Mediolanum Vita S.p.A.	470	
Partner Time S.p.A.	52	
Mediolanum Comunicazione S.r.l.	47	
Mediolanum State Street SGR p.A.	39	
Mediolanum Assicurazioni S.p.A.		223
Rents		
Mediolanum Assicurazioni S.p.A.		110
Reimbursement of advertising costs		
Banca Mediolanum S.p.A.	323	
Interest on loans and current accounts		
Banca Mediolanum S.p.A.	398	
Mediolanum Comunicazione S.r.l.	29	
Other revenues		
Duemme SGR p.A.	20	
Mediolanum Assicurazioni S.p.A.		10
Costs		
Commission for acquisition		
Banca Mediolanum S.p.A.	147,899	
Seconded personnel		
Banca Mediolanum S.p.A.	95	
Mediolanum Assicurazioni S.p.A.		269
Rents		
Banca Mediolanum S.p.A.	147	
Mediolanum Vita S.p.A.	58	
Advertising costs		
Mondadori Pubblicità S.p.A.		132
Hire of transport		
Consorzio Aeromobili Fininvest		2,030
Alba Servizi Aerotrasporti S.p.A.		101
Interest on loans		
Mediolanum Vita S.p.A.	3,125	
Other costs		
Mediolanum Comunicazione S.r.l.	49	
Banca Mediolanum S.p.A.	15	
Fininvest S.p.A.		40
Arnoldo Mondadori Editore S.p.A.		36
R.T.I. S.p.A.		17
Servizi Milan S.r.l.		16
Alboran S.p.A.		11

Apart from the operations within the Group described above, Mediolanum S.p.A. does not have any significant operations in course with associated parties, as defined by Article 2359 of the Italian Civil Code, by international

accounting principle No. 24 from the International Accounting Standards Board and by the CONSOB Communication No. 2064231 of September 30, 2002.

There were no atypical or unusual transactions with associated parties.

As regards transactions currently in place with Directors and Statutory Auditors, refer to Tables 1 and 3 attached to the Directors' report on operations in the financial statements as at December 31, 2003.

No major events occurred after the end of the year.

Based on the results of the first months of the year, positive results are expected for 2004.

On March 25, 2003, the Board of Directors decided:

- a) "to bring forward the exercise period of options assigned on May 8, 2001 of the Consultants Stock Option Plan approved by the Extraordinary Meeting of October 13, 1998, starting from this date, thus modifying the previous decision by the Board of Directors on May 8, 2001, establishing that the exercise of the options and the consequent increase in share capital must occur between the date of the decision and December 31, 2003. Should the capital not be completely subscribed by December 31, 2003, it will be regarded as underwritten for an amount equal to the subscriptions made".
- b) "to make a paid increase in share capital, according to the powers delegated by the Extraordinary Meeting of April 12, 2001, of maximum 99,150 Euro by the issue of maximum 991,500 shares at a nominal value of 0.1 (zero point one) Euro each, dividends payable from January 1 of the year pertaining 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 at a price, inclusive of share premium, amounting to the

POST-BALANCE SHEET EVENTS

EXPECTED FUTURE TRENDS

INFORMATION ON THE EMPLOYEE STOCK OPTION

arithmetic average of “MEDIOLANUM S.p.A.” share prices listed by the electronic system of Borsa Italiana S.p.A. in the period going from the date of the decision to the same day in the previous month”.

On May 13, 2003, the Board of Directors decided:

- a) “to make a paid increase in share capital, according to the powers delegated by the Extraordinary Meeting of April 12, 2001, of maximum 96,000 (ninety-six thousand) Euro by the issue of maximum 960,000 shares at nominal value of 0.1 (zero point one) Euro each, dividends payable from January 1 of the year pertaining 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 consultants of the company and/or companies controlled thereby, pursuant to Article 2359, clause 1, No. 1 of the Italian Civil Code, at a price of 0.539 (zero point five three nine) Euro and thus inclusive of a share premium of 0.439 (zero point four three nine) Euro for each share (the price calculated, in compliance with the shareholders’ delegation of powers, on the basis of the net equity per share, as resulting from the last financial statements approved relating to December 31, 2002)”.
- b) “to make a paid increase in share capital, according to the powers delegated by the Extraordinary Meeting of April 12, 2001, of maximum 25,000 (twenty-five thousand) Euro by the issue of maximum 250,000 shares at nominal value of 0.1 (zero point one) Euro each, dividends payable from January 1 of the year pertaining 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, at a price of 0.539 (zero point five three nine) Euro and thus inclusive of a share premium of 0.439 (zero point four three nine) Euro for each share (the price calculated, in compliance with the shareholders’ delegation of powers, on the basis of the net equity per share, as resulting from the last financial statements approved relating to December 31, 2002)”.
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 was drawn up in compliance with the criteria established in Attachment 3C of the above decision.

Dear Shareholders,

We can confirm that the financial statements at December 31, 2003, 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 104,054,243.03 Euro as follows:

- 0.11 Euro dividend before taxes to the shareholders for each share with nominal value of 0.10 Euro, with the exception of own shares held on the evening of May 21, 2004;
- 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.	01.01.2003/31.12.2003	31.12.2004
MESSINA ALFREDO	Deputy Chairman Mediolanum S.p.A. Other positions held in controlled companies	01.01.2003/31.12.2003 01.01.2003/31.12.2003	31.12.2004
LOMBARDI EDOARDO	Executive Vice President Mediolanum S.p.A. Other positions held in controlled companies	01.01.2003/31.12.2003 01.01.2003/31.12.2003	31.12.2004
DORIS ENNIO	Chief Executive Officer Mediolanum S.p.A. Other positions held in controlled companies	01.01.2003/31.12.2003 01.01.2003/31.12.2003	31.12.2004
BERLUSCONI MARINA	Director Mediolanum S.p.A.	01.01.2003/31.12.2003	31.12.2004
DORIS MASSIMO ANTONIO	Director Mediolanum S.p.A.	01.01.2003/31.12.2003	31.12.2004
CANNATELLI PASQUALE	Director Mediolanum S.p.A.	13.05.2003/31.12.2003	31.12.2003
GRIMALDI ALESSANDRO	Director Mediolanum S.p.A.	01.01.2003/30.04.2003	
MOLTENI MARIO	Director Mediolanum S.p.A.	01.01.2003/31.12.2003	31.12.2004
RENOLDI ANGELO	Director Mediolanum S.p.A. Other positions held in controlled companies	01.01.2003/31.12.2003 28.04.2003/31.12.2003	31.12.2004
SCIUME' PAOLO	Director Mediolanum S.p.A. Other positions held in controlled companies	01.01.2003/31.12.2003 28.04.2003/31.12.2003	31.12.2004
SPOSITO CLAUDIO	Director Mediolanum S.p.A.	01.01.2003/31.12.2003	31.12.2004
ZUNINO ANTONIO	Director Mediolanum S.p.A. Other positions held in controlled companies	01.01.2003/31.12.2003 01.01.2003/31.12.2003	31.12.2004
MAURI ARNALDO	Chairman of the Board of Statutory Auditors Mediolanum S.p.A. Other positions held in controlled companies	01.01.2003/31.12.2003 01.01.2003/31.12.2003	31.12.2004
FRATTINI ACHILLE	Statutory Auditor Mediolanum S.p.A. Other positions held in controlled companies	01.01.2003/31.12.2003 01.01.2003/31.12.2003	31.12.2004
GIAMPAOLO FRANCESCO ANTONIO	Statutory Auditor Mediolanum S.p.A. Other positions held in controlled companies	01.01.2003/31.12.2003 01.01.2003/31.12.2003	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

(d) professional service provided by Associated Office

(1) Fees for position held in the company drawing up financial statements	(2) Fringe benefits	(3) Bonuses and other incentives	(4) Other fees
94,000.00			
155,000.00			
16,533.35			
266,000.00			(a) 57,636.56
459,999.78			
517,000.00			
192,326.00			
10,776.38			
11,000.00			(b) 53,931.00
			(c) 2,882.58
7,333.33			
3,666.67			
11,000.00			
15,166.67			
15,833.33			
11,000.00			
6,667.67			(d) 322,904.30
11,000.00			
11,000.00			
197,551.34			
41,000.00			
40,130.67			
27,000.00			
23,898.13			
27,000.00			
26,669.72			

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 expire
Edoardo Lombardi	Executive Vice President	180,000	0.371	1,199
Alfredo Messina	Deputy Chairman	50,000	0.368	1,186

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 allotted 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 expire	(7) Number of options	(8) Average exercise price	(9) Average expire market price	(10) Number of options	(11)=1+4-7-10 Number of options	(12) Average exercise price	(13) Average expire market price
180,000	0.539	749	0	0	0	0	360,000	0.455	974
70,000	0.539	749	0	0	0	0	120,000	0.468	931

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.	(di)
		(s)
MESSINA ALFREDO	MEDIOLANUM S.p.A.	(di)
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

* shared usufruct with spouse Tombolato Lina

Number of shares held at the end of the previous year (31.12.2002)	Number of shares purchased in 2003	Number of shares sold in 2003	Number of shares owned at the end of the current year (31.12.2003)
532,500			532,500
24,209,070			24,209,070
142,140,414	1,820,000		143,960,414
46,260,000			46,260,000
25,097,595			25,097,595
14,516,180		9,000	14,507,180
2,000	5,000		7,000
0	2,000,000	2,000,000	0
700	600		1,300
500		500	0
6,000			6,000

TABLE 1

STOCK OPTION PLAN

WITH REFERENCE TO THE INFORMATION ON THE EMPLOYEES SAVINGS-RELATED SHARE AND STOCK OPTION PLAN ILLUSTRATED IN THE DIRECTORS' REPORT OF THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2002 AND DECEMBER 31, 2003

	Year 2003		
	Number of shares	Average exercise price	Market price
(1) Options existing as at 1/1	2,525,000	6.833	4.894
(2) New options assigned during the period	2,183,065	2.049	4.440
(3) (Options exercised during the period)	(298,110)	0.344	4.190
(4) (Options expired during the period)	(265,890)	17.515	5.120
(5) Options existing as at 31/12	4,144,065	3.692	6.254
(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 2002

Number of shares	Average exercise price	Market price
1,136,500	10.327	10.097
1,509,500	3.867	5.585
(121,000)	5.958	4.894
2,525,000	6.833	4.894

TABLE 2
OPTIONS AT THE END
OF THE PERIOD

Exercise price	Options granted as at 31.12.2003 (granted)		
	Residual contractual life		
	< 1 year	1 - 2 years	> 2 years
13.357	371,500		
0.344	680,000		
7.337		759,500	
0.539		1,204,565	
0.384		150,000	
3.907			978,500
TOTAL	1,051,500	2,114,065	978,500

Of which exercisable (vested)

Total	Total	Average residual life of contract
4,962,126	4,962,126	5 months
233,920	233,920	8 months
5,572,452	5,572,452	18 months
649,261	649,261	20 months
57,600	57,600	24 months
3,823,000	3,823,000	27 months
15,298,357	15,298,357	

MEDIOLANUM S.P.A.

*FINANCIAL STATEMENTS
AND NOTES TO THE ACCOUNTS*



Balance sheet

ASSETS

<i>Euro</i>	31.12.2003	31.12.2002
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	372	860
Concessions, licences, trademarks and similar rights	1,261,953	1,670,252
Other intangible assets	88,216	136,500
Intangible assets under formation and advances	121,515	68,293
TOTAL INTANGIBLE ASSETS	1,472,056	1,875,905
II - Tangible fixed assets		
Other assets	1,484,436	2,178,519
Assets under formation/Payments on account	4,704	0
TOTAL TANGIBLE FIXED ASSETS	1,489,140	2,178,519
III - Financial assets		
Investments in:		
controlled companies	480,827,565	475,454,677
paid into fund for investment - controlled companies	0	5,670,888
affiliated companies	25,811,586	25,811,586
other companies	173,660,171	172,582,147
Accounts receivable:		
due from controlled companies	38,701	1,328,908
due from other companies	476,011	502,223
TOTAL FINANCIAL ASSETS	680,814,034	681,350,429
TOTAL FIXED ASSETS	683,775,230	685,404,853
C) Current assets		
I - Inventory	0	0
II - Accounts receivable:		
Due from customers	166,585	168,625
Due from controlled companies	142,852,578	134,113,848
Due from associated companies	0	33,835
Due from Fininvest Group and Doris Group companies	425,744	631,908
Due from others	22,319,363	50,532,901
TOTAL ACCOUNTS RECEIVABLE	165,764,270	185,481,117
III - Current financial assets		
Other securities	589	589
Own shares (total nom. value 38,500 Euro)	2,091,739	2,014,439
TOTAL FINANCIAL ASSETS	2,092,328	2,015,028
IV - Liquid assets		
Bank and postal deposits	17,492,066	5,872,532
Cash	13,950	10,552
TOTAL LIQUID ASSETS	17,506,016	5,883,084
TOTAL CURRENT ASSETS	185,362,614	193,379,229
D) Prepayments and accrued income		
Accrued income	6,881	6,881
Prepayments	253,520	135,862
TOTAL PREPAYMENTS AND ACCRUED INCOME	260,401	142,743
TOTAL ASSETS	869,398,245	878,926,825

Euro	31.12.2003	31.12.2002
A) Capital and reserves		
I - Share capital	72,566,861	72,537,050
II - Share premium reserve	45,761,836	45,689,097
III - Revaluation reserve	0	0
IV - Legal reserve	17,362,794	17,362,794
V - Reserve for company's own shares	2,091,739	2,014,439
VI - Statutory reserve	0	0
VII - Other reserves:		
extraordinary reserve	181,341,696	68,078,368
VIII - Retained earnings (loss)	0	0
IX - Profit (loss) for the period	104,054,243	185,839,177
TOTAL CAPITAL AND RESERVES	423,179,169	391,520,925
B) Provisions for risks and charges		
Provision for deferred taxes	988,666	25,874,651
Other	422,282	422,282
TOTAL PROVISIONS FOR RISKS AND CHARGES	1,410,948	26,296,933
C) Employee termination indemnity	1,828,099	3,370,070
D) Accounts payable		
Bank debt	160,000,000	130,001,127
Due to other financiers	130,000,000	170,000,000
Due to trade accounts	2,785,943	2,942,757
Due to controlled companies	146,059,309	148,587,311
Due to Fininvest Group and Doris Group companies	669,139	232,963
Due to shareholders	0	4,851
Due to tax authorities	1,030,945	1,383,461
Due to social security institutions	396,085	827,396
Other accounts payable	582,629	1,356,913
TOTAL ACCOUNTS PAYABLE	441,524,050	455,336,779
E) Accruals and deferred income		
Accrued expenses	1,455,979	2,402,117
TOTAL ACCRUALS AND DEFERRED INCOME	1,455,979	2,402,117

SHAREHOLDERS' EQUITY AND LIABILITIES

TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	869,398,245	878,926,824
OFF-BALANCE SHEET ITEMS	9,122,719	9,120,719

Income statement

Euro	31.12.2003	31.12.2002
A) Value of production		
Revenues from sales and services	165,661,442	177,424,718
Other revenues	5,550,186	3,693,211
TOTAL VALUE OF PRODUCTION	171,211,628	181,117,929
B) Cost of production		
Raw, ancillary and consumable materials and goods	0	0
Services received	158,430,836	169,573,100
Leases and rentals	4,536,992	4,124,893
Personnel costs:		
wages and salaries	6,949,056	12,816,141
social security contributions	2,353,171	4,282,746
employee termination indemnity	921,726	1,495,186
other personnel costs	19,608	169,141
Depreciation, amortisation and write-downs:		
amortisation of intangible assets	835,094	842,841
depreciation of tangible fixed assets	822,021	842,082
Sundry operating costs	867,815	1,540,068
TOTAL COST OF PRODUCTION	175,736,319	195,686,198
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION	(4,524,691)	(14,568,269)
C) Investment income and charges		
Income from investments:	118,042,866	136,535,391
<i>of which 113,674,374 from controlled companies</i>		
gain on disposal of non-investment securities included in current assets	0	152,509
Other investment income:		
from receivables from controlled companies included in fixed assets	30,189	64,235
other financial income	713,707	817,048
Interest and other investment charges:		
paid to banks	(8,019,854)	(10,717,242)
paid to controlled companies	(3,124,801)	(4,230,226)
discounts and other investment charges	(257)	(664)
TOTAL INVESTMENT INCOME AND CHARGES	107,641,850	122,621,051
D) Adjustments to the value of financial investments		
Write-ups		
Write-downs:		
of non-investment securities included in current assets	0	(269,625)
TOTAL ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	0	(269,625)
E) Extraordinary income and charges		
Income:		
gain on disposals	3,000	9,890
out of period revenues	63,937	576,057
other for change in dividend accounting criteria	0	108,051,581
Charges:		
loss on disposals	0	(19,882)
out of period expenses	(297,693)	(205,506)
tax amnesty previous year	(1,211,246)	0
TOTAL EXTRAORDINARY ITEMS	(1,442,002)	108,412,140
Profit before taxes	101,675,157	216,195,297
Income taxes for the period	2,379,086	(30,356,120)
PROFIT (LOSS) FOR THE PERIOD	104,054,243	185,839,177

Notes to the financial statements as at December 31, 2003

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.

Criteria applied to the valuation of the balance-sheet items are in accordance with the Italian Law (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, 2002, and are shown here for comparison.

A pro-forma income statement is enclosed in order to be able to compare the results for the period with those of the previous year on a like-for-like basis. This is because of the change in the accounting criteria for dividends of controlled companies where, in 2002, there were included the 2001 dividends collected in the year and the 2002 dividends booked according to the new criteria.

The Income Statement, as a consequence of the change in Italian Law on income taxes due to come into force in 2004 which provides the tax remission for dividends through the non-acknowledgement of the tax credit for the beneficiary companies, also includes a reclassification of the tax credit on the dividends recorded on an accrual basis in reduction of the income taxes.

Intangible fixed assets are stated at cost including any related charges and are amortised on a straight-line basis in accordance with their remaining useful life.

In particular, goodwill is amortised over a period not to exceed ten years; start-up and expansion costs are amortised over a period not to exceed five

FORM AND CONTENT OF THE FINANCIAL STATEMENTS

VALUATION CRITERIA

SECTION 1 VALUATION CRITERIA

BALANCE SHEET

INTANGIBLE ASSETS

years; improvements on leased buildings are amortised over the duration of the respective lease contracts.

The value of intangible fixed assets is reduced in the event of permanent losses of value.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost including any related charges and are depreciated on a straight-line basis in accordance with their remaining useful life.

Any tangible fixed assets that, at year-end, have experienced a permanent reduction in value, which is lower than the cost or value as calculated above, are reported at such lower value.

FINANCIAL ASSETS
INVESTMENTS IN
GROUP COMPANIES AND IN
OTHER COMPANIES

Equities and other shareholdings are valued at purchase cost and historical exchange rate. This amount is adjusted by any write downs needed to incorporate any permanent loss of value.

Dividends distributed by directly and indirectly controlled companies are recorded on an accrual basis, a policy permitted 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.

Dividends and related tax credit from investments in other companies are recorded in the accounting period in which they are received.

RECEIVABLES

Receivables are reported at their estimated realisable value.

SHORT-TERM INVESTMENTS
AND SECURITIES

Short-term investments are valued at the lower of cost or market value.

Cost is determined using the principle of “weighted average price” adjusted for the applicable portion, during the period, of the issuance premium/discount of the securities.

Market value is determined as follows:

For securities listed on regulated markets, using the average market price of the last month of the year; for securities not listed on regulated Italian and foreign markets, using the estimated realisable value.

ACCRUAL INCOME
AND EXPENSES

Accrued income and expenses, prepaid expenses and deferred income are booked on an accruals basis with reference to the conditions established for each transaction.

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 on the basis of the information available.

PROVISIONS FOR RISKS
AND CHARGES

This provision covers liabilities for employee termination indemnities accrued, in accordance with existing laws and current, national and internal, labour agreements.

EMPLOYEE TERMINATION
INDEMNITY

This liability is subject to annual adjustment based on official cost-of-living indices.

Payables are reported at their nominal value.

PAYABLES

Revenues and expenses are recorded under the accrual basis.

INCOME STATEMENT

Other commissions are recorded when the related service is provided.

REVENUES AND EXPENSES

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

CURRENT INCOME TAXES

Deferred income taxes are assessed using the balance sheet liability method.

Deferred taxes are calculated every year on temporary differences between the value of assets and liabilities entered and their tax value. Prepaid taxes are posted to the extent that they are reasonably expected to be recovered through future taxable income no lower than the amount of temporary deductible differences.

Deferred and prepaid taxes allocated in previous periods are evaluated annually to take changes in tax laws into consideration.

In accordance with the provisions of CONSOB Article 78 (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 2003.

OTHER INFORMATION

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

BALANCE SHEETCOMMENTS ON THE
BALANCE SHEETS ASSETS
LINE ITEMS

B) INTANGIBLE ASSETS

Intangible assets*Intangible assets* includes:

<i>Euro</i>	31.12.03	31.12.02
Start-up and expansion costs	372	860
Concessions, licences, trademarks and similar rights	1,261,953	1,670,252
Other intangible assets	88,216	136,500
Intangible assets under formation and advances	121,515	68,293
TOTAL	1,472,056	1,875,905

Under Italian Law (Article 2426 CC), until such time as start-up and expansion costs are fully amortised, dividends can only be distributed if there are residual reserves sufficient to cover the amount of capitalised costs.

Changes in the above items are shown in Attachment 1.

Tangible assetsItem B II *Tangible assets* item is analysed as follows:

<i>Euro</i>	31.12.03	31.12.02
Personal Computers	609,202	889,272
Fax machines, modems, data transmission equipment and cellular phones	292,760	412,564
Miscellaneous equipment	266,006	316,131
Office fittings	35,779	77,503
Furniture	273,118	472,058
Motor vehicles	7,571	10,990
Assets under formation and advances	4,704	0
TOTAL	1,489,140	2,178,519

The additions of the year included personal computers (29,406 Euro), fax machines, modem, data transmission equipment and mobiles phones (53,639 Euro), miscellaneous equipment (40,857 Euro), furniture and fittings (4,036 Euro).

Depreciation criteria used are as follows:

Miscellaneous equipment	15%
Personal computers, terminals, printers and office machinery	20%
Data transmission equipment and cellular phones	25%
Furniture	12%
Office fittings	15%
Motor vehicles	25%

The changes in the above items are shown in Attachment 2.

Investments

The detail of *Controlled companies* item, showing a balance of 480,827,564 Euro (31.12.2002: 481,125,565 Euro), is reported in the table below:

<i>Euro</i>	31.12.03	31.12.02
Banca Mediolanum S.p.A. (*)	341,239,300	341,239,300
Mediolanum Vita S.p.A.	116,681,041	116,681,041
Mediolanum International Life Ltd	15,130,548	15,130,548
Mediolanum Gestione Fondi SGR p.A.	2,507,357	2,507,357
Mediolanum International Funds Ltd	1,293,613	1,293,613
Mediolanum State Street SGR p.A.	1,270,473	1,570,473
Mediolanum Comunicazione S.r.l.	762,002	762,002
Mediolanum Fiduciaria S.p.A.	725,605	725,605
PI Distribuzione S.r.l.	516,457	516,457
Mediolanum Asset Management Ltd	441,000	441,000
Partner Time S.p.A.	258,168	258,168
Mediolanum International S.A.	2,000	0
TOTAL	480,827,564	481,125,565

* Of which 5,670,888 was entered under "future share capital increase" as at 31.12.2002.

Following ratification, on January 8th the shareholding in Banca Mediolanum was increased by 5,670,888 Euro, previously paid as capital contribution.

On March 1st, the purchase of 0.003% share capital in Mediolanum International S.A. was perfected, as approved by the Board of Directors on November 11th, 2002, totalling 2,000 Euro.

On April 23rd, Mediolanum State Street SGR p.A., by extraordinary resolution, reduced the share capital to 2 million Euro with related reimbursement to shareholders.

The detail of item *Associated companies*, showing a balance of 25,811,586 Euro (unchanged respect the previous year), is reported in the table below:

<i>Euro</i>	31.12.03	31.12.02
Banca Esperia S.p.A.	25,811,586	25,811,586

The detail of item *Other companies*, showing a balance of 173,660,171 Euro (31.12.2002: 172,582,147 Euro), is reported in the table below:

<i>Euro</i>	31.12.03	31.12.02
Mediobanca S.p.A.	129,907,312	129,907,312
Consortium S.r.l.	28,797,687	28,797,687
Sia S.p.A.	12,407,739	12,407,739
Cedacri S.p.A.	2,364,227	1,356,769
Consorzio Aeromobili Fininvest	98,801	98,801
Nomisma S.p.A.	70,566	0
Europa Invest S.A.	13,839	13,839
TOTAL	173,660,171	172,852,147

Changes in the period relate to the purchase of 114 Cedacri shares (1,007,458 Euro) and 190,720 Nomisma shares (70,566 Euro).

Changes in the above items are shown in Attachment 3.

Attachment 4 shows, for each directly and indirectly controlled subsidiary, the information requested by the Article 2427, point 5, of the Italian Civil Code.

Receivables due from controlled companies

<i>Euro</i>	31.12.03	31.12.02
Mediolanum Comunicazione S.r.l.	0	1,291,142
Mediolanum Vita S.p.A.	38,701	37,766
TOTAL	38,701	1,328,908

The decrease of the balance with Mediolanum Comunicazione S.r.l. is due the extinction of the credit line.

Due from other companies

<i>Euro</i>	31.12.03	31.12.02
Due from financial advisors	397,043	397,043
Guarantee deposits	78,826	78,826
Tax paid in advance on employee termination indemnity	142	26,354
TOTAL	476,011	502,223

The decrease of this item by 26,212 Euro is due to the utilization of prepaid taxes on Employee Termination Indemnity.

At the moment, legal actions is underway to recover the amounts booked in “due from agents”.

II - Receivables

C) CURRENT ASSETS

Due from customers, at 166,585 Euro (168,625 Euro as at December 31, 2002) is related to trade credits and is posted after a provision for bad debts of 15,983 Euro.

Due from controlled companies is analysed as follow:

<i>Euro</i>	31.12.03	31.12.02
Trade receivables		
Mediolanum Vita S.p.A.	28,715,391	25,705,614
Banca Mediolanum S.p.A.	675,150	2,623,697
Mediolanum Gestione Fondi SGR p.A.	88,892	54,118
Mediolanum Comunicazione S.r.l.	36,706	53,292
Partner Time S.p.A.	22,518	0
Mediolanum State Street SGR p.A.	16,282	0
PI Distribuzione S.r.l.	11,965	11,530
TOTAL TRADE RECEIVABLES	29,566,904	28,448,251
Receivables related to controlled company dividends		
Mediolanum International Funds Ltd	58,691,014	58,049,878
Banca Mediolanum S.p.A.	34,441,000	33,000,000
Mediolanum Vita S.p.A.	14,035,200	6,579,000
Mediolanum Gestione Fondi SGR p.A.	3,378,423	3,239,237
Partner Time S.p.A.	1,502,800	4,004,000
Mediolanum Asset Management Ltd	1,237,237	793,482
TOTAL RECEIVABLES RELATED TO CONTROLLED COMPANY DIVIDENDS	113,285,674	105,665,597
TOTAL RECEIVABLES FROM CONTROLLED COMPANIES	142,852,578	134,113,848

“Trade receivables” mainly relate to commission paid to controlled company for their activities as insurance agents and for recharged personnel costs.

“Receivables related to controlled company dividends” relate to dividends for the year, posted on an accrual basis.

Due to Fininvest Group and Doris Group is analysed as follows:

<i>Euro</i>	31.12.03	31.12.02
Fininvest Group and Doris Group		
Mediolanum Assicurazioni S.p.A.	425,744	623,878

<i>Euro</i>	31.12.03	31.12.02
Fininvest Group		
Alba Servizi Aerotrasporti S.p.A.	0	8,030

These receivables mainly relate both to commission paid to insurance agents and recharged personnel costs.

Due from others is analysed as follow:

<i>Euro</i>	31.12.03	31.12.02
Due within one year:		
Due from tax authorities (VAT and income taxes)	21,738,100	23,737,507
Advances to suppliers and professionals	181,564	58,657
Due from employees	39,860	29,289
Other receivables	86,619	81,012
TOTAL	22,046,143	23,906,465

The item “Due from tax authorities” relates to the residual credit after the taxes recorded in the accounting period.

<i>Euro</i>	31.12.03	31.12.02
Due after the following year:		
Prepaid taxes	273,203	26,626,356
Guarantee deposits	17	80
TOTAL	273,220	26,626,436

The decrease in prepaid taxes is due to the change in Italian Fiscal Law on taxation of dividends.

IV - Liquid assets

<i>Euro</i>	31.12.03	31.12.02
Bank deposits	17,492,066	5,872,532
Cash and cash equivalents	13,950	10,552
TOTAL	17,506,016	5,883,084

“Bank deposits” relate to year-end bank account balances including accrued interest. The liquid assets deposited with the controlled company Banca Mediolanum S.p.A. amount to 16,653,155 Euro.

During the accounting period, in order to optimize returns on liquidity, some short money transactions were done.

D) PRE-PAYMENTS AND ACCRUED INCOME

Pre-payments for a total amount of 260,401 Euro (31.12.2002: 142,743 Euro) relate to costs pertaining to the following accounting period, mainly referring to insurance costs totalling 102,762 Euro and supply of services and maintenance for 144,131 Euro.

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

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

COMMENTS ON LINE
ITEMS IN SHAREHOLDERS'
EQUITY AND LIABILITIES

A) CAPITAL AND RESERVES

Share capital

During the year, Share capital was increased by 29,811 Euro in accordance with the Board of Directors' resolution passed on March 25, 2003, through the issue of 298,110 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 72,566,861 Euro, consisting of 725,668,610 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; changes 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 2002 profits, in accordance with the resolution of the Shareholders' Meeting of April 29, 2003.

**B) PROVISION FOR RISKS
AND CHARGES**

The compositions of these provisions are as follows:

<i>Euro</i>	31.12.03	31.12.02
Tax provision	988,666	25,874,651
Other provisions	422,282	422,282
TOTAL	1,410,948	26,296,933

Changes in *Tax provision* during the period were as follows:

<i>Euro</i>	31.12.02	Increases	Utilisation	31.12.03
Provision for deferred taxes	25,874,651	988,666	25,874,651	988,66

The decrease in this item is due to the cancellation of the residual amount of deferred taxes allocated in the previous year; the provision of this accounting period relates to deferred taxes calculated after the booking, on an accrual basis, of the dividends of the foreign subsidiaries. No provision for taxes has been made in relation to the booking on an accrual basis of the dividends of Italian subsidiaries, as there is the intention to apply the right of consolidated taxes at national level.

The detail of “other provisions”, showing no changes from the previous year, is as follows:

<i>Euro</i>	
Staff loyalty provision	18,591
Provision for future risks	263,643
Provision for transactions in options	14,620
Provision against illegal acts by agents	125,428
TOTAL OTHER PROVISIONS	422,282

For a more correct posting, the employee holiday provision was reclassified under item D) *Accounts payables*, Other accounts payable (31.12.2002: 1,240,576 Euro).

**C) EMPLOYEE TERMINATION
INDEMNITY**

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

<i>Euro</i>	
Opening balance at 01.01.03	3,370,070
Provision for the period	527,838
Transfers from Mediolanum and Fininvest Group companies	355
Transfers to Mediolanum and Fininvest Group companies	(1,563,287)
Indemnity paid during the year	(28,772)
Advances to employees	(470,295)
Taxes on employee severance indemnity revaluation	(7,810)
Closing balance at 31.12.03	1,828,099

Bank debt

This item relates to the credit line received amounting to 160 million Euro (31.12.2002: 130 million Euro).

Due to other financial institutions

This item relates to the credit line given by Mediobanca S.p.A. amounting to 130 million Euro (31.12.2002: 170 million Euro).

Due to suppliers

“Due to suppliers”, for a total amount of 2,785,943 Euro (31.12.2002: 2,942,757) relates to supplies and services received for 2,575,497 Euro, professional services for 73,369 Euro and Directors and Statutory Auditors’ emoluments for 137,077 Euro.

Due to controlled companies

This item is analysed as follows:

<i>Euro</i>	31.12.03	31.12.02
Mediolanum Vita S.p.A.	114,325,886	116,812,388
Banca Mediolanum S.p.A.	31,714,610	31,504,484
Mediolanum Gestione Fondi SGR p.A.	10,616	10,383
Mediolanum Comunicazione S.r.l.	8,197	205,398
Bankhaus August Lenz & Co. AG	0	54,658
TOTAL	146,059,309	148,587,311

Due to Mediolanum Vita S.p.A. mainly relates to a loan granted by Mediolanum Vita S.p.A. (113,620,518 Euro), quarterly remunerated at the three-month Euribor rate plus 30 basis points, which expires on June 30, 2006.

Due to Banca Mediolanum S.p.A. mainly relates to the commissions acknowledged for the marketing of insurance products.

The amounts due to the other companies mainly relate to the costs of seconded staff in the last quarter of the year.

Due to Fininvest Group and Doris Group Companies

This item is analysed as follows:

<i>Euro</i>	31.12.03	31.12.02
Fininvest Group and Doris Group companies		
Mediolanum Assicurazioni S.p.A.	79,103	59,033
Fininvest Group companies		
Consorzio Aeromobili Fininvest	499,784	100,600
Alba Servizi Aerotrasporti S.p.A.	55,511	17,894
R.T.I. S.p.A.	16,733	16,733
Mondadori Pubblicità S.p.A.	11,411	11,860
Mediaset S.p.A.	6,445	6,445
Mediatrade S.p.A.	152	152
Sperling & Kupfer Editore S.p.A.	0	10,296
Edilnord 2000	0	9,290
Servizi Milan S.r.l.	0	660
TOTAL DUE TO FININVEST GROUP AND DORIS GROUP COMPANIES	669,139	232,963

They are mainly related to charges for the rent of motor-vehicles, costs of seconded staff and advertising costs.

Due to tax authorities

<i>Euro</i>	31.12.03	31.12.02
Debt for withholding taxes	563,403	475,462
IRPEF payables	417,542	710,745
Other taxes	50,000	0
VAT	0	197,254
TOTAL	1,030,945	1,383,461

The item includes withholding taxes made as withholding agents on income for employee and freelance work, and withholding tax on commission regularly paid in January, 2004.

Other debts relate to the 'amnesty' supplement for IRPEG and IRAP allocated for the accounting period.

Due to social security institutions

<i>Euro</i>	31.12.03	31.12.02
Payable to INPS	267,293	608,075
Payable to INAIL	75,617	92,207
Payable to other social security institutions	53,175	127,114
TOTAL	396,085	827,396

These are debts are accrued to social security institutions settled at their maturity.

Other amounts payable

<i>Euro</i>	31.12.03	31.12.02
Due to employees	19,679	58,618
Employee's holiday pay accrual	485,004	1,240,576
Other payables	77,946	57,719
TOTAL	582,629	1,356,913

For a more correct classification of the balance sheet, the item “employee’s holiday pay accrual” has been reclassified from the item B) “provisions for risks and charges”, to “other provisions”.

Due to employees relates to overtime and expense accounts of December; other debts relate to “due to shareholders for dividends not yet paid” amounting to 8,443 Euro, caution money on the lease to Mediolanum Assicurazioni S.p.A. for 22,398 Euro, duties to settle to Monte Titoli for 46,135 Euro and to other parties for 970 Euro.

Item E) *The Accruals and deferred expenses* item is as follows:

<i>Euro</i>	31.12.03	31.12.02
Accrued expenses to employees' 14 th month salary	206,929	496,846
Other accrued expenses	1,249,050	1,905,271
TOTAL	1,455,979	2,402,117

E) ACCRUALS AND DEFERRED EXPENSES

The item “other accrued expenses” relates to interest accrued on credit lines.

Credit and debts recorded in items C and D of the Assets and items D and E of the Liabilities are all due in the following period, with the exception of receivables for prepaid taxes and caution money of 273,220 Euro under assets and caution money of 22,398 Euro under liabilities.

In accordance with the Italian Civil Code, Article 2427, point 6, clause 1, there are no payables or receivables with a residual duration over 5 years, nor are there debts assured by real guarantees on company properties.

Guarantees given

OFF-BALANCE SHEET ITEMS

A guarantee of 516,457 Euro was given by Banca Mediolanum S.p.A. in favour of Origin Italia S.r.l. as security for the payment of the lease rents for hardware products and services.

Counter-guarantees were given to Fininvest S.p.A. for 63,583 Euro, against guarantees given as security for supplies to the company.

A guarantee of 538,819 Euro was given to Intesa BCI S.p.A., on our behalf, in favour of the company Stodiek Immobiliare S.r.l. as security for punctual payment of fees for the rental of management offices of the company.

Other off-balance sheet items

These relate to:

Securities and assets in the hands of third parties totalling 8,003,858 Euro; these represent the face value of shares that form part of current assets for 38,500 Euro, Mediobanca shares for 7,059,175 Euro and SIA shares for 906,183 Euro.

COMMENTS ON THE MAIN LINE ITEMS IN THE INCOME STATEMENT

A) VALUE OF PRODUCTION

Revenues from sales and services

Revenues from sales and services were 165,661,442 Euro (31.12.2002: 177,424,718 Euro) and they relate to commissions and rappels for the sale of insurance products coming from the controlled company Mediolanum Vita S.p.A. and from Mediolanum Assicurazioni S.p.A..

Other revenues

<i>Euro</i>	31.12.03	31.12.02
Recharge of cost of employees seconded to controlled companies	4,754,624	3,183,728
Recharge of cost of employees seconded to Fininvest Group and Doris Group	222,664	370,787
Recuperation of costs	386,320	137,395
Other revenues	186,578	1,301
TOTAL	5,550,186	3,693,211

The item “recuperation of costs” mainly relates to the controlled company Mediolanum S.p.A. for 323,669 Euro; “other revenues” mainly relate to the charge for space occupied by Mediolanum Assicurazioni S.p.A. for 109,854 Euro.

B) COST OF PRODUCTION

For a more correct classification, consumer goods for a total amount of 482,245 Euro were reclassified to “other operating costs” as compared to the financial statements as at December 31, 2002 and approved by the AGM on April 29, 2004.

Services received

<i>Euro</i>	31.12.03	31.12.02
Commissions	147,898,746	156,923,945
Advertising, public relations and entertainment expenses	1,106,911	1,085,619
Consultancy and professional services	2,754,123	3,671,314
Emoluments to Directors and Statutory Auditors	1,246,308	1,229,503
Insurance costs	277,798	260,520
Travel and subsistence expenses	213,124	497,930
Other services	4,794,384	5,465,599
Other costs	139,442	438,670
TOTAL	158,430,836	169,573,100

“Commissions” are paid in total to the controlled company Banca Mediolanum S.p.A. as payment for brokerage activities, as agreed by contract.

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

“Other services” include data processing services, administrative services, staff training, the canteen service, security services, maintenance, printing and other general services. This item includes services received from controlled companies for 166,601 Euro and Fininvest Group and Doris Group companies for 316,318 Euro.

Leases and rentals

Leases and rentals are analysed as follows:

<i>Euro</i>	31.12.03	31.12.02
Rent paid	1,466,792	1,455,186
Service charges on buildings	141,498	150,032
Leasing and hiring	2,878,172	2,468,965
Software license fees	50,530	50,710
TOTAL	4,536,992	4,124,893

The services supplied by the controlled companies belonging to the Mediolanum Group amount to 205,474 Euro, while the services supplied by the companies belonging to Fininvest Group amount to 2,165,282 Euro.

Personnel costs

Personnel costs consist of:

<i>Euro</i>	31.12.03	31.12.02
Wages and salaries	6,949,056	12,816,141
Social welfare charges	2,353,171	4,282,746
Severance indemnity	921,726	1,495,186
Other personnel costs	19,608	169,141
TOTAL	10,243,561	18,763,214

Average numbers of employees

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

<i>Units</i>	31.12.03	31.12.02
Managers	14	34
Non-management employees	94	198
TOTAL	108	232

During 2003, as a consequence of the expansion of the Mediolanum Banking Group in the last four months of 2002, both coordination and management human resources, and also administrative human resources that before were allocated to Mediolanum S.p.A. were transferred to Banca Mediolanum S.p.A..

Amortisation and depreciation

Total changes in the above items are shown in detail in Attachments 1 and 2.

Other investment charges

The item is analysed as follows:

<i>Euro</i>	31.12.03	31.12.02
Raw, ancillary and consumables materials	52,956	71,773
Stationery	8,554	11,902
Printing and stationery	66,048	77,720
Books, financial magazine and newspapers	54,321	104,900
Fuels	67,752	108,784
Vehicle fuel costs	71,032	107,165
Government concession taxes	516	516
Registration dues	6,729	939
Stamp duties	2,631	2,835
Local taxes	21,628	21,628
Non-deductible Taxes	1,240	187
Car tax	1,191	1,696
Membership fees	216,184	400,116
Donations	292,176	624,192
Penalties	2,945	3,279
Chamber of Commerce Duties	1,901	2,095
Discount and allowances	11	341
TOTAL	867,815	1,540,068

Income from investments

This item includes the dividends from the directly and indirectly controlled companies, recorded on an accrual basis for 113,285,674 Euro, dividends recorded on a cash basis related to directly and indirectly controlled companies for 388,700 Euro and to other companies for 2,732,996 Euro, as well as the tax credit due to the dividends recorded on a cash basis for 1,635,496 Euro. This balance as at December 31, 2003, including the recorded tax credits, was 136,535,391 Euro.

Other investment income**From receivables from controlled companies included in fixed assets.**

These mainly relate to interest for the year on the loans granted to the controlled company, Mediolanum Comunicazione S.r.l., amounting to 29,254 Euro, and interest on the guarantee deposit to the controlled company Mediolanum Vita S.p.A..

Other financial income

<i>Euro</i>	31.12.03	31.12.02
Bank account interest	403,469	496,030
Interest on amount due from tax authorities	304,164	317,401
Other interests	6,074	3,617
TOTAL	713,707	817,048

“Bank account interest” includes 397,546 Euro from the controlled company Banca Mediolanum S.p.A. of which 234,800 Euro came from hot money transactions.

Interest and other investment charges

Interest and other investment charges amounted to 11,144,912 Euro (31.12.2002: 14,948,132 Euro) and mainly relate to interest accrued on loans given by the controlled company Mediolanum Vita S.p.A. for 3,124,801 Euro and by third parties for 8,019,001 Euro.

E) EXTRAORDINARY INCOME
AND CHARGES

Gains on disposals

The capital gain of 3,000 Euro is due to the sale of tangible assets.

Extraordinary income

The contingent assets amount to 63,937 Euro (31.12.2002: 576,057 Euro) and are mainly due to the closing of provisions made in excess.

Extraordinary charges

The contingent liabilities amount to 297,693 Euro (31.12.2002: 205,506 Euro) and they relate to smaller provisions made in the previous years.

Tax amnesty of previous year

Italian Law No. 289 of December 27, 2002 and subsequent amendments has provided, at Articles No. 8 et seq., for special measures aimed at facilitating the settlement of previous irregular situations and outstanding amounts in fiscal matters for the fiscal years from 1997 to 2001 for direct taxes, from 1998 to 2001 for VAT. Thereafter, Italian Law No. 350 of December 24, 2003, extended these tax provisions to the fiscal year 2002.

The company therefore decided to comply with some of these tax facilitations for the fiscal years from 1997 to 2002, with a total tax charge of 1,211,246 Euro.

INCOME TAXES

This item relates to IRPEG and IRAP of the accounting period in accordance with tax provisions in force:

<i>Euro</i>	31.12.03	31.12.02
Current taxes IRPEG	22,504,190	4,307,655
Changes in prepaid taxes IRPEG	2,479	300
Total income taxes for the year IRPEG	22,506,669	4,307,955
Current taxes IRAP	137,060	173,880
Changes in prepaid taxes IRAP	229	(147)
Use of IRAP tax provision	(137,060)	(219)
Total income taxes for the year IRAP	229	173,514
Changes in deferred taxes	(24,885,984)	25,874,651
TOTAL	(2,379,086)	30,356,120

The accounting period 2003 records a positive balance for taxes at 2,379,086 Euro against a charge of the previous year of 30,356,120 Euro.

The significant difference against the previous accounting period is due to the change in the Consolidated Text on tax income that comes into force in 2004, providing for the tax remission of dividends through the non-acknowledgement of the tax credit to the beneficiary companies. This causes a different representation in Income Statement of costs and incomes of the company.

In order to compare with the previous year's result on a like-for-like basis, we enclose the pro-forma Income Statement for 2002 that reclassifies the tax credit on dividends recorded on an accrual basis in reduction of income taxes.

Reconciliation between theoretical tax liabilities and those accounted for are shown in detail 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.

OTHER INFORMATION

DIRECTORS AND STATUTORY AUDITORS

Directors and Statutory Auditors' emoluments

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

Their fees totalled 1,219,167 Euro and can be broken as follows:

<i>Euro</i>	31.12.03
Directors and Supervisory authority	1,124,167
Statutory Auditors	95,000

Credits and guarantees given in favour of Directors and Statutory Auditors.

As at the date of the financial statements, there were no credits or guarantees given in favour of Directors and Statutory Auditors.

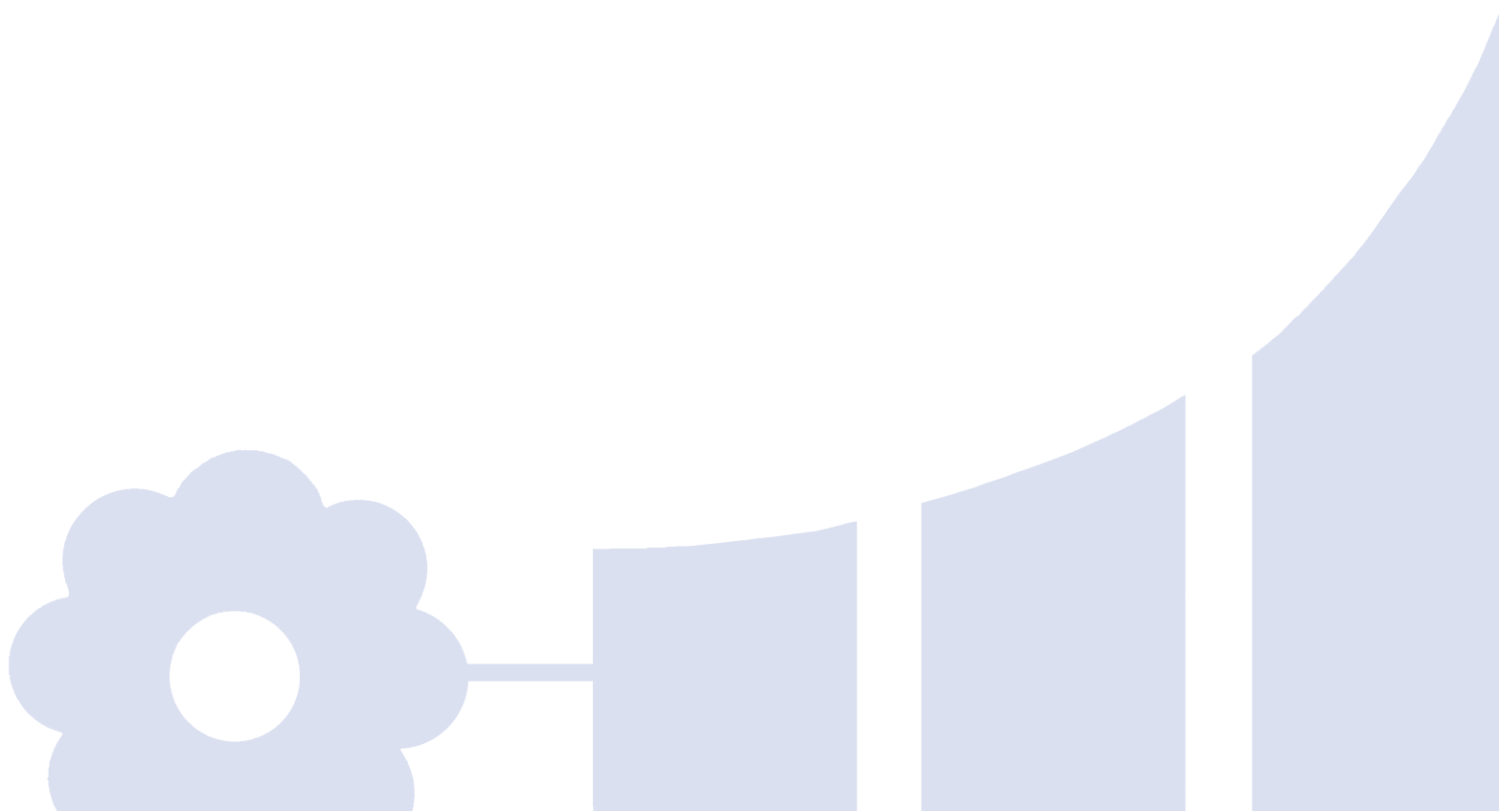
ATTACHMENTS The following attachments include additional information to that contained in the Notes to the financial statements, of which they form integral part.

1. Analysis of changes in intangible assets (Attachment 1)
2. Analysis of changes in tangible fixed assets (Attachment 2)
3. Analysis of changes in investments held at December 31, 2003 (Attachment 3)
4. List of investments in directly and directly controlled companies and in associated companies (Attachment 4)
5. Analysis of changes in shareholders' equity (Attachment 5)
6. Reconciliation between theoretical tax liabilities and those accounted for under IRPEG and IRAP (Attachment 6)
7. Cash flow statements (Attachment 7)
8. Pro-forma Income Statement (Attachment 8)
9. Table of shareholdings as per art. 125 of CONSOB regulation No.11971/1999 (Attachment 9)

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, 2003

Euro	Opening situation		
	Historic cost	Cumulative Amortisation	Balance as at 01.01.2003
Intangible assets			
Start-up and expansion costs	4,743,422	4,742,562	860
Patents and intellectual property rights	223,347	223,347	0
Concessions, licences, trademarks and similar rights	4,059,468	2,389,216	1,670,252
Other intangible assets	1,109,294	972,793	136,501
Intangible assets in progress	68,292	0	68,292
TOTAL	10,203,823	8,327,918	1,875,905

ATTACHMENT 2

ANALYSIS OF CHANGES IN TANGIBLE FIXED ASSETS AS AT DECEMBER 31, 2003

Euro	Opening situation		
	Historic cost	Cumulative Depreciation	Balance as at 01.01.2003
Tangible fixed assets			
Plant and machinery, telephone equipment	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 MACHINER	104,992	104,992	0
Personal computers	2,722,088	1,832,816	889,272
Terminals and printers	24,369	24,369	0
Data transmission equipment and cellular phones	926,628	514,064	412,564
Various equipment	678,293	362,162	316,131
Office fittings, furniture and equipment	724,636	647,133	77,503
Other furniture	1,357,296	885,238	472,058
Ordinary office machinery	1,417	1,417	0
Electric and electronic office machinery	9,946	9,946	0
Motor vehicles	62,087	51,096	10,990
TOTAL OTHER ASSETS	6,506,761	4,328,241	2,178,519
Fixed Assets in progress	0	0	0
TOTAL	6,611,753	4,433,234	2,178,519

Movements for the period				Closing situation		
Additions	Net disposals	Amortisation	Net Reclassifications	Historic cost	Cumulative Amortisation	Balance as at 31.12.2003
0	0	488	0	4,743,422	4,743,050	372
0	0	0	0	223,347	223,347	0
335,609	0	784,869	40,961	4,436,038	3,174,085	1,261,953
1,452	0	49,737	0	1,110,746	1,022,530	88,216
121,515	(27,331)	0	(40,961)	121,515	0	121,515
458,576	(27,331)	835,094	0	10,635,068	9,163,012	1,472,056

Movements for the period				Closing situation		
Additions	Net disposals	Depreciation	Net Reclassifications	Historic cost	Cumulative Depreciation	Balance as at 31.12.2003
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
29,406	0	309,476	0	2,751,494	2,142,292	609,202
0	0	0	0	24,369	24,369	0
53,639	0	173,443	0	980,267	687,507	292,760
40,857	0	90,982	0	719,150	453,144	266,006
4,036	0	45,760	0	728,672	692,893	35,779
0	0	198,940	0	1,357,296	1,084,178	273,118
0	0	0	0	1,417	1,417	0
0	0	0	0	9,946	9,946	0
0	0	3,420	0	36,743	29,172	7,571
127,938	0	822,021	0	6,609,354	5,124,918	1,484,436
4,704	0	0	0	4,704	0	4,704
132,642	0	822,021	0	6,719,050	5,229,910	1,489,140

ATTACHMENT 3

ANALYSIS OF CHANGES IN INVESTMENTS HELD AS AT DECEMBER 31, 2003

<i>Euro</i> Company name and head office	Share capital	% holding	Shares/quotas
Controlled companies			
Banca Mediolanum S.p.A. Via F. Sforza P.zzo Meucci Basiglio (MI)	341,000,000	100.00	341,000,000
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)	2,000,000	50.00	1,000,000
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	0.003	2,145
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 S.p.A. Via del Conventino 1 Collecchio (PR)	12,609,000	3.4499	435
Mediobanca S.p.A. Via Filodrammatici, 10 Milan	389,274,707	1.813	14,118,350
SIA S.p.A. Via Taramelli 26 Milan	18,123,684	4.999	1,742,660
Consortium S.r.l. Via Filodrammatici, 10 Milan	561,600,000	3.40	36,209,600
Nomisma S.p.A. Strada Maggiore, 44 Bologna (BO)	5,345,327	1.320	190,720
TOTAL OTHER COMPANIES			
TOTAL			

Nominal values	Book value as at 01.01.2003	Increase	Decrease/ write-downs	Book value as at 31.12.2003
341,000,000	335,568,412	5,670,888		341,239,300
87,720,000	116,681,041			116,681,041
2,530,654	2,507,357			2,507,357
1,000,000	1,570,473		300,000	1,270,473
775,000	762,002			762,002
520,000	258,168			258,168
517,000	516,457			516,457
510,000	725,605			725,605
2,145,000	0	2,000		2,000
1,394,750	15,130,548			15,130,548
73,500	441,000			441,000
73,500	1,293,613			1,293,613
	475,454,676	5,672,888	300,000	480,827,564
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
435,000	1,356,769	1,007,458		2,364,227
7,059,175	129,907,312			129,907,312
906,003	12,407,739			12,407,739
18,828,992	28,797,687			28,797,687
70,566		70,566		70,566
	172,582,147	1,007,458	0	173,660,171
	673,848,409	6,680,346	300,000	680,299,321

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. Via F. Sforza P.zzo Meucci Basiglio (MI)	341,000,000	432,980,786	432,980,786
Mediolanum Vita S.p.A. Via F. Sforza P.zzo Meucci Basiglio (MI)	87,720,000	234,183,300	234,183,300
Mediolanum Gestione Fondi SGR p.A. Via F. Sforza P.zzo Meucci Basiglio (MI)	5,164,600	18,180,300	8,908,347
Mediolanum State Street SGR p.A. Via F. Sforza P.zzo Meucci Basiglio (MI)	2,000,000	2,715,314	1,357,657
Mediolanum Comunicazione S.r.l. Via F. Sforza n.15 P.zzo Meucci Basiglio (MI)	775,000	1,098,295	1,098,295
Partner Time S.p.A. Via F. Sforza P.zzo Meucci Basiglio (MI)	520,000	2,590,501	2,590,501
PI Distribuzione S.r.l. Via F. Sforza P.zzo Meucci Basiglio (MI)	517,000	408,847	408,847
Mediolanum Fiduciaria S.p.A. Via F. Sforza P.zzo Meucci Basiglio (MI)	510,000	512,390	512,390
Mediolanum International S.A. 69 Route D'Esch Luxembourg	71,500,000	62,549,329	1,876
Mediolanum International Life Ltd Alexandra house - Sweepstakes Ballsbridge Dublin 4 Ireland	1,394,750	14,727,698	14,727,698
Mediolanum Asset Management Ltd Alexandra house - Sweepstakes Ballsbridge Dublin 4 Ireland	150,000	3,424,973	1,678,237
Mediolanum International Funds Ltd Alexandra house - Sweepstakes Ballsbridge Dublin 4 Ireland	150,000	122,317,058	59,935,358

(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
45,009,765	45,009,765 (1)	100	341,239,300
14,864,695	14,864,695	100	116,681,041
6,897,357	3,379,705	49	2,507,357
609,841	304,921	50	1,270,473
113,018	113,018	100	762,002
1,547,754	1,547,754	100	258,168
3,979	3,979	100	516,457
(26,234)	(26,234)	100	725,605
(8,923,825)	(268)	0.003	2,000
1,360,720	1,360,720	100	15,130,548
2,524,973	1,237,237	49	441,000
119,777,581	58,691,015	49	1,293,613

ATTACHMENT 4 (FOLLOWED)

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

Euro Company name and head office	Shareholders' equity		
	Share capital	Total amount	Pro-quota amount
Companies indirectly controlled through Banca Mediolanum			
Gamax Holding AG 180 Rue des Aubepines L-1145 Luxembourg	5,618,000	6,101,519	6,101,519
Gamax Broker Pool AG Holbeinstrasse 11- 81679 Munchen	500,000	(341,786)	(341,786)
Gamax Austria GmbH Rainerstrabe 7 A-5020 Salzburg Austria	40,000	217,162	217,162
Gamax Schweiz GmbH Letzigraben 89 CH-8040 Zürich	CHF 20,000	0	0
Gamax Management AG 69, Route d'Esch L-1470 Luxembourg	125,000	3,949,046	3,949,046
Gamax Fund of Funds Management AG 69, Route d'Esch L-1470 Luxembourg	125,000	75,328	75,328
Tanami S.A. Capitan Arenas n.1 Barcelona	180,601	904,348	904,348
Fibanc Inversiones S.A. Avda Diagonal 668/670 Barcelona	6,851,538	11,339,210	9,633,793
Bankhaus August Lenz & Co. AG Holbeinstrasse 11 - 81679 Munchen	8,000,000	14,473,751	14,473,751
Banco de Finanzas e Inversiones S.A. Avda Diagonal 668/670 Barcelona	12,130,159	41,538,733	35,665,156
Fibanc Argentina S.A. Calle Cerrito 1136 piso12° Buenos Aires Argentina	ARS 50,000	37,223	30,039
Fibanc Faif S.A. Avda Diagonal 668/670 Barcelona	60,101	46,297	39,751
Fibanc Pensiones S.G.F.P., S.A. Avda Diagonal 668/670 Barcelona	901,518	1,281,616	1,100,395
Fibanc S.A. Avda Diagonal 668/670 Barcelona	300,506	669,067	600,219
Ges Fibanc S.G.I.I.C., S.A. Calle Enteza 325/335 Barcelona	2,506,220	3,134,773	2,691,516
Valora S.A. Calle de La Crue Grossa 4 Andorra La Vella	420,708	281,244	241,476
Mediolanum Gestione Fondi SGR p.A. Via F. Sforza P.zzo Meucci Basiglio (MI)	5,164,600	18,180,300	9,271,953
Mediolanum Asset Management Ltd Alexandra house - Sweepstakes Ballsbridge Dublin 4 Ireland	150,000	3,424,973	1,746,736
Mediolanum International Funds Ltd Alexandra house - Sweepstakes Ballsbridge Dublin 4 Ireland	150,000	122,317,058	62,381,700
Mediolanum International S.A. Luxembourg - 69 Route d'Esch	71,500,000	62,549,329	62,547,453
Mediolanum Private SAM Principality of Monaco - 2 Avenue de la Madone MC 98000 Monaco	500,000	475,162	356,372
Associated companies			
Banca Esperia S.p.A. Via Del Lauro, 7 Milan	13,000,000	38,864,425	18,849,246

(2) Voluntary winding-up has been completed on January 9, 2004.

Profit (loss) for the year

Total amount	Pro-quota amount	% holding	Carrying value
(5,877,375)	(5,877,375)	100.00	0
(3,038,927)	(3,038,927)	100.00	0
(597,870)	(597,870)	100.00	0
23,302	23,302 (2)	100.00	0
3,424,187	3,424,187	100.00	0
(25,961)	(25,961)	100.00	0
(1,303)	(1,303)	100.00	0
(272,668)	(231,659)	84.96	0
(73,576)	(73,576)	100.00	0
751,726	645,432	85.86	0
3,654	2,949	80.70	0
(4,622)	(3,968)	85.86	0
5,680	4,877	85.86	0
29,452	25,287	85.86	0
6,653	5,712	85.86	0
27,478	23,593	85.86	0
6,897,357	3,517,652	51.00	0
2,524,973	1,287,736	51.00	0
119,777,581	61,086,566	51.00	0
(8,923,825)	(8,923,557)	99.997	0
(7,017)	(5,263)	75.00	0
1,406,242	682,027	48.50	25,811,586

ATTACHMENT 5

ANALYSIS OF CHANGES IN SHAREHOLDERS' EQUITY AS AT DECEMBER 31, 2003

<i>Euro</i>	Share capital	Legal reserve	Share premium reserve
Balance as at January 1, 2003	72,537,050	17,362,794	45,689,097
Allocation of 2002 profit and reserves as decided at the Shareholders' meeting of 29.04.03:			
- legal reserve			
- dividends paid			
- extraordinary reserve			
Increase of share capital paid-up	29,811		72,739
Creation of reserve for Company's own shares as per Art. 2357 III of the Italian Civil Code			
Profit (loss) for the period			
Balance as at December 31, 2003	72,566,861	17,362,794	45,761,836

The legal reserve and the reserve for own shares are made up of profit.
The extraordinary reserve is made up of a profit of 181,069,006 Euro and profit under deferred taxes of 272,689 Euro.
Taxes under Art. 105 clause 1a of the Budget amount to 2,671,000 Euro.
Taxes under Art.105 clause 1b of the Budget amount to 63,853,161 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 Shareholders' Equity
68,078,368	2,014,439	185,839,177	391,520,925
			0
		(72,498,550)	(72,498,550)
113,340,627		(113,340,627)	0
			102,550
(77,300)	77,300		0
		104,054,243	104,054,243
181,341,695	2,091,739	104,054,243	423,179,168

ATTACHMENT 6

RECONCILIATION BETWEEN THEORETICAL TAX LIABILITIES AND THOSE ACCOUNTED FOR YEAR 2003

	% rate	Amount	Taxation
Determination of IRPEG taxable income			
Profit before taxes including tax credit	34	101,675,157	
Theoretical fiscal charges			34,569,553
Temporary differences taxable in subsequent years		(2,995,958)	
Temporary differences deductible in subsequent years		71,913	
Temporary differences from previous years		76,018,779	
Permanent differences		(108,581,096)	
Total taxable income		66,188,795	
Taxable income 34%	34	66,188,795	
IRPEG of the current year			22,504,190
Determination of IRAP taxable income			
Difference between value and cost of production		(4,524,691)	
Costs not relevant for IRAP purposes		10,243,561	
TOTAL		5,718,870	
Theoretical fiscal charges liabilities (rate 4.25%)	4.25		243,052
Temporary differences taxable in subsequent years		0	
Temporary differences deductible in subsequent years		64,582	
Temporary differences from previous years		(69,973)	
Permanent differences		(2,488,524)	
Total taxable income		3,224,955	
IRAP of the current year	4.25		137,060

ATTACHMENT 7**CASH FLOW STATEMENT
AS AT DECEMBER 31, 2003**

A) SOURCE OF FINANCE	
Cash flows generated by operations:	
Profit (loss) for the period	104,054
Amortisation, depreciation of tangible and intangible assets	1,657
Net Provision for risks and charges	(24,886)
Net change in employee termination indemnity	(1,542)
Net change in other receivables and payables and other assets and liabilities	4,837
TOTAL CASH FLOW GENERATED BY OPERATIONS	84,120
Decrease in tangible and intangible assets	27
Decrease in other financial investments	1,316
Gains on disposal of investments	3
Share Capital increase	30
Increase in share premium reserve	73
TOTAL CASH FLOW GENERATED	85,569
B) APPLICATION OF FUNDS	
Increase in tangible and intangible assets	
Increase in equity investments	591
Own shares acquired	780
Increase in other financial investments	77
Distributed dividends	72,498
TOTAL APPLICATION OF FUNDS	73,946
C) CASH FLOW FOR THE PERIOD (A-B)	11,623
D) Cash and liquid assets (opening balance)	5,883
E) Cash and liquid assets (closing balance)	17,506
F) CHANGE IN CASH AND LIQUID ASSETS (E-D)	11,623

ATTACHMENT 8

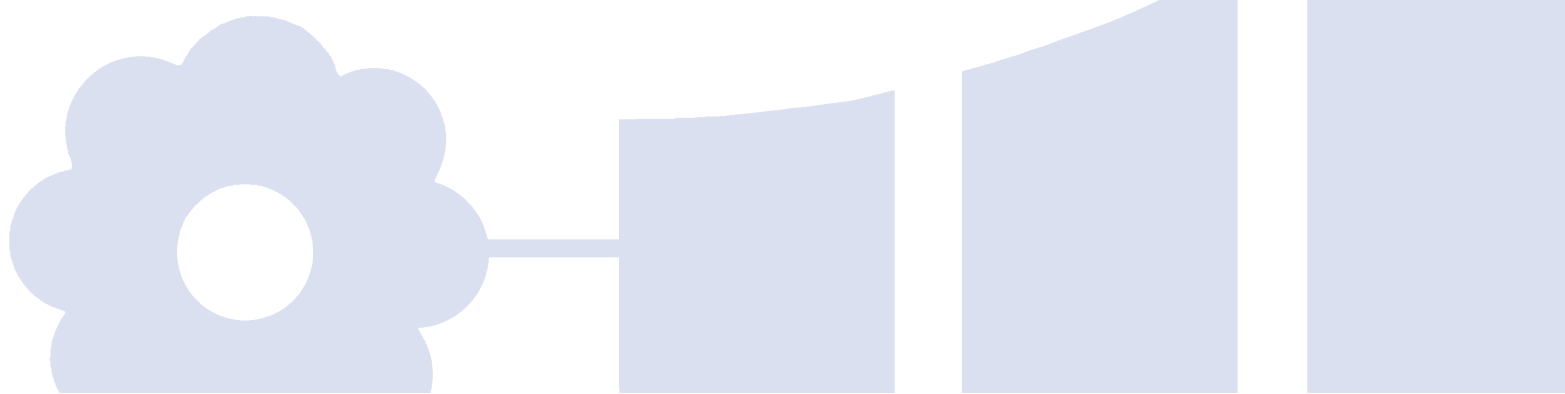
This pro-forma Income statement is drawn up in relation to a change in posting dividends from controlled companies.

PRO-FORMA INCOME STATEMENT

<i>Euro</i>	31.12.2003	31.12.2002
A) Value of production		
1) Revenues from sales and services	165,661,442	177,424,718
5) Other revenues	5,550,186	3,693,211
TOTAL VALUE OF PRODUCTION	171,211,628	181,117,929
B) Cost of production		
6) Raw, ancillary and consumable materials and goods	0	0
7) Services received	158,430,836	169,573,100
8) Leases and rentals	4,536,992	4,124,893
9) Personnel costs	10,243,561	18,763,214
10) Depreciation, amortisation and write-downs	1,657,115	1,684,923
14) Sundry operating costs	867,815	1,540,068
TOTAL COST OF PRODUCTION	175,736,319	195,686,198
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION	(4,524,691)	(14,568,269)
C) Investment income and charges		
15) Income from investments:	118,042,866	110,197,883
gain on disposal of non-investment securities included in current assets	0	152,509
16) Other investment income	743,896	881,283
17) Interest and other investment charges	(11,144,912)	(14,948,132)
TOTAL INVESTMENT INCOME AND CHARGES	107,641,850	96,283,543
D) Adjustments to the value of financial investments		
19) Write-downs	0	(269,625)
TOTAL ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	0	(269,625)
E) Extraordinary income and charges		
20) Income:	66,937	585,947
other for change in dividend accounting criteria	0	0
21) Charges	(1,508,939)	(225,388)
TOTAL EXTRAORDINARY ITEMS	(1,442,002)	360,559
Profit before taxes	101,675,157	81,806,208
22) Income taxes for the period	2,379,086	8,483,728
PROFIT (LOSS) FOR THE PERIOD	104,054,243	90,289,936

MEDIOLANUM S.P.A.

*TABLE OF
SHAREHOLDINGS*



**TABLE OF SHAREHOLDINGS
AS PER ART. 125 OF
CONSOB REGULATION
NO.11971/1999**

**REFERENCE DATE
DECEMBER 31, 2003**

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
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.	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.	99.997
direct control	Mediolanum S.p.A.	0.003
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 to the
shareholders'
meeting called
to approve the
financial
statements at
December 31, 2003

(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 Shareholders' meetings and 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, 2003 and the report on the financial statements, through direct checks and the information gathered by the auditing company.

- 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.

We wish to point out that, during 2003, the company adopted the organisation, management and control models established by Legislative Decree 231/2001 and appointed a Supervisory Body to monitor the effectiveness, compliance and updating of such models.

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;
 - a favourable opinion was issued regarding the remuneration attributed by the Board of Directors to a Director appointed as Chairman of the Supervisory Body set up pursuant to Legislative Decree 231/2001, whereas

no opinions were issued pursuant to Article 2389 of the Italian Civil Code, and Article 158 of Italian Law 58/98;

- ten Board of Directors' meetings, and thirteen Statutory Auditors' meetings were held;
 - 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 the further task of providing a preliminary analysis of the impact of the IAS/IFRS accounting principles, at a cost of 85,900.00 Euro plus VAT, expensed during the year;
 - The company appointed Ernst, Young Financial Business Advisors S.p.A., in continual contact with Reconta, Ernst & Young S.p.A., to analyse the project of converting to IAS/IFRS accounting principles, at a cost of 252,000.00 plus VAT, expensed during the year;
- The company adjusted its code of conduct to that suggested by the Committee for *Corporate Governance* of the listed companies of Borsa Italiana S.p.A., 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, 2003 showing a profit for the year of 104,054,243.= Euro.

Milan, March 30, 2004

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, 2003. 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 our 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 our report dated April 10, 2003.

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, 2003, and the results of its operations for the year then ended.

Milan, Italy
April 9, 2004

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

Progetto grafico

Marilena Magnoni
Milano