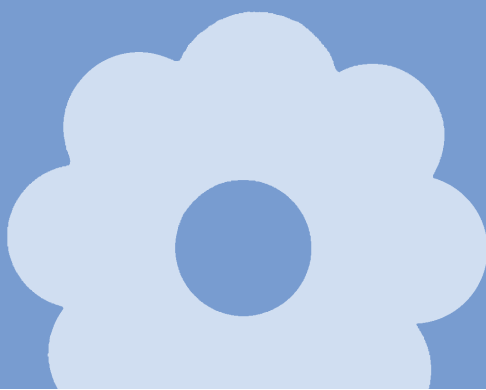


MEDIOLANUM S.P.A.

*2004
ANNUAL REPORT
AND CONSOLIDATED
ACCOUNTS*



MEDIOLANUM
MEDIOLANUM GROUP

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.

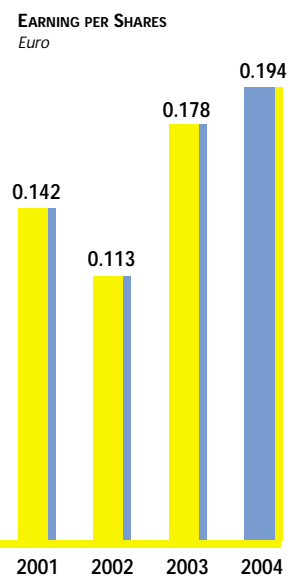
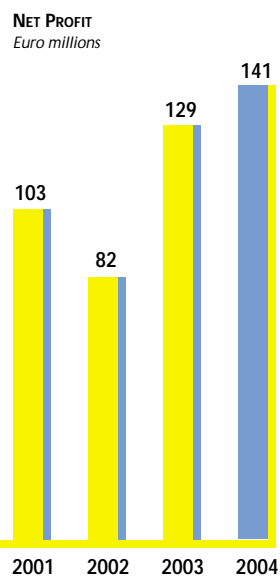
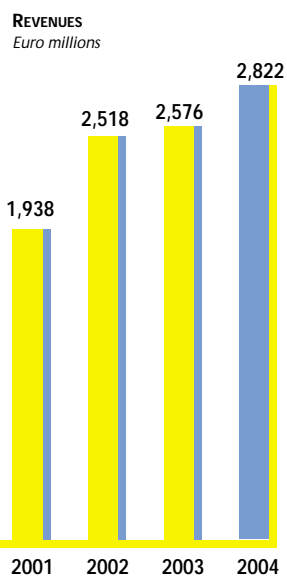
Mediolanum's mission
is to develop the financial
resources of Italian
families and satisfy their banking,
pension, savings, investment and
insurance needs.

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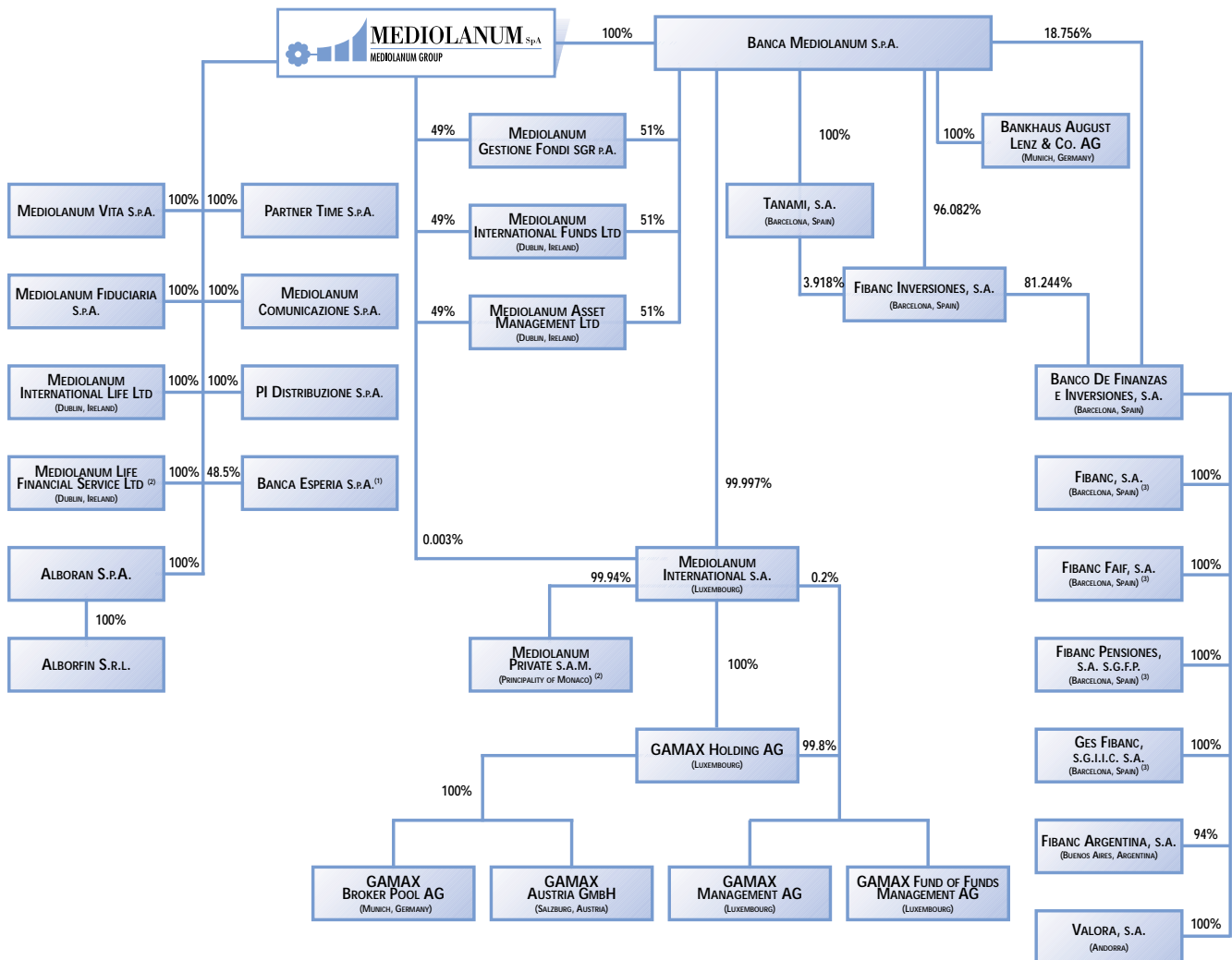
Result at a glance

<i>Euro millions</i>	2004	2003	Change %
Revenues	2,822	2,576	10
Profit before taxes and extraordinary items	189	163	16
Taxes	51	21	143
Net Profit	141	129	9
Dividends	102	80	28
<i>Euro</i>			
Earning per shares	0.194	0.178	9
Dividends per shares	0.14	0.11	27



Corporate structure

UPDATED TO DECEMBER 31, 2004



(1) The remaining capital is held by third parties.

(2) Company in liquidation.

(3) Due to regulatory obligation the directors own a symbolic participation in the Share Capital.

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 Indesit Company S.p.A., Gewiss S.p.A., Mediaset S.p.A. and Data Service 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..

People, for people

INTRODUCTION

When we talk about Corporate Social Responsibility, our starting point needs to be sustainable development, based on the principle of responsibility towards present and future generations.

For companies, this means:

- tackling and optimising the environmental, social and economic impact of their production activities;
- including a long-term view of these matters in their business strategy.

That view should range wider than the firm's specific and immediate interest.

The impact of our work on society and the environment is not limited to just one aspect.

On one hand there are direct, tangible consequences like the consumption of resources (water, energy, paper, etc.) and the production and disposal of waste. Most of all, for a service company, there is the management of internal and external human resources, of partnerships and suppliers, not to mention relationships with customers.

Still more significant, even if less obvious, is the indirect impact.

This means having a code of conduct composed of genuinely shared values and offering "socially responsible" products and services, contributing to the well-being and security of families and the financial community, as well as developing the dynamics of a human-friendly business.

So adopting a Corporate Social Responsibility plan essentially means adopting a business model that strives to produce a positive, general effect on society.



In its daily business the Mediolanum Group deals with a wide range of different situations while keeping a constant commitment to ensure ethical, responsible and correct behaviour at all levels and with all stakeholders.

Right from the beginning it has always tried to “do the right thing”, always tailoring its actions to take account of the person as a whole, whether customer, employee, collaborator, shareholder or financial stakeholder, not forgetting the environment and the community.

So in addition to products built around life, this includes providing the means for improvement, new channels of access, new jobs, new respect, new culture. All this to generate not just well-being but growth in the widest sense of the word.

The first “official” step along our path is this report, which emerges after years of silent but significant work.

**MEDIOLANUM GROUP
CORPORATE SOCIAL
RESPONSIBILITY:
A SET OF VALUES,
PUT INTO PRACTICE
ON A DAILY BASIS**

The Mediolanum Group’s mission is to help families to make the most of their economic means, embracing all their needs and hopes at every stage of their life. This means investments and saving, but also effective banking, insurance and pensions.

Our business model, different and wider ranging than the traditional banking outlook, is thus based on synergies between:

- wide-ranging products lines (banking, insurance, asset management, usually separated into distinct financial sections);
- multi-channel access to all kinds of banking information and operations, using simplified technological methods (telephone, SMS, PCs and teletext), 24 hours a day, from anywhere;
- personalised global advising, with an expert professional who assists the customer with every choice, while also helping him or her to become more skilful.

The combination of these factors gives customers a new financial competence and greater control over their own financial management, making them not just more secure, but giving them greater freedom.

THE VALUE OF THE MODEL



Another focal point is internal ethics.

CODE OF ETHICS

Among the institutional relationship arrangements within the Group, the Code of Ethics has already existed for several years. (This is complementary to the Internal Code of Behaviour, art. 58 of regulation 11522/1998 issued by Consob, the Italian Stock Exchange and Corporate Surveillance Commission). The Code of Ethics defines the principles that all managers, employees and collaborators of the Bank must comply with in carrying out their activities, including external ones, so that their behaviour is always ethical, responsible and correct with everyone they deal with.

The Mediolanum Group believes deeply in a correct, respectful and impartial mode of behaviour in everything it does and with everyone, whether internal or external to the bank.

The approach to each situation is based on relationships, beginning with the way of working: teamwork, a cross-departmental mentality, and an open-door policy.

The decisive factor in terms of real social responsibility is that the Group's strong values are shared.

BUILT AROUND YOU

Step into Banca Mediolanum and you are at the heart of everything, and not just metaphorically.

Each customer is the focus of a total care plan that makes a wide range of the best-performing instruments available. These cover savings, health and building the future for yourself and your loved ones. You are also the center of a multi-channel relationship system consisting of the personal Global Advisor (Consulente Globale®), the Customer Care Center operators, the Internet channels, SMS and teletext, continual personal customer visits all over the country, and the television channel.

We offer you the peace of mind of having your entire situation and the entire bank always available at a glance whether you are on the other side of the world or in your own living room, and to be able to interact with the bank without barriers. Banca Mediolanum's unique model makes an intangible yet invaluable contribution to your well-being, both psychologically and materially.

“The Group's ethics are reflected in each of us”

At the center of the Mediolanum Group are its internal customers, our colleagues. Great attention is paid both to the quality of their working life and to their life in general.

In addition to the high level of training (initial and continuous, specific and multi-faceted), and of motivation, provision of incentives and opportunity, each collaborator is also provided on a daily basis with numerous instruments and services to simplify and improve the time devoted to work as well as to free time.

Naturally, at the heart of this model there is the network of Global Advisors, the distinctive element in the panorama because of their special training and skills. This is also the key element in the relationship between the bank and the customer.

Last but not least there is the relationship that the Mediolanum Group maintains with the world through its attention to environmental and social matters and its solid contribution to the spreading of economic and general culture through initiatives in the country and through dedicated channels.

Customers are the strength and value of the Group. Looking after them is the focal point of the company's mission.

This statement is made concrete through products, services and behaviour that truly place the customers and their world at the heart of everything we do, so as to take care of them at every stage of life.

Answering tomorrow's questions today, we foster long-term security.

AT THE HEART OF
EVERYTHING: LIFE

A glance at our customers

In 2004 the Mediolanum Group had 921,610 customers in Italy (785,100 primary account holders), with a retention rate of 94.3% of the previous year's clientele. The marketing department of Banca Mediolanum has created a highly evolved information system that permits an extremely detailed analysis of the customers and their lifestyle, so as to respond better to their needs and to create products in advance of their expectations. Sixty-one per cent of the customers are men and 39% women, the average age being 46 years. The analysis shows that Banca Mediolanum meets the customer's need for a relationship (whether expressed or not) thanks to the accessibility of the model and through the Global Advisor.



This also leads to above-average customer loyalty (7.4 years).
The most satisfied customers are those who feel most assisted.

Humanity and technology

Banca Mediolanum takes responsibility for looking after the customers at every stage of their life cycle, while at the same time making them more competent and independent.

This involves clarity and transparency at every level of the relationship and in every kind of information. It is achieved both through the people who represent the bank (global advisors and customer care center operators) and through the ease of access and use of the technological resources.

The “humanity” of the technology optimized by Banca Mediolanum leaves all customers free to check and manage their own financial situation

without physical or time barriers, using means that are reassuringly familiar.

“If you know how to turn on the TV,
you can manage your bank”

Banca Mediolanum aims to enable

people to manage their space and time better.

Customers can manage their accounts via computer, using an easily navigable website; by telephone, through over 300 in-house customer care center operators who work in real time interacting with the customer; via SMS. Lastly, they can use the TV, through teletext, an essential instrument that Banca Mediolanum uses in a completely innovative way, giving even the least “technological” customer an upgrading of their account management.

In 2004 the ways of using the multi-channel access points increased, and customers accessed the technological channels more often (+8.2%) than the previous year, especially with the Internet site.

All the services are free.

Another way of keeping in daily touch with the bank is through the satellite-based Mediolanum Channel, which is broadcast using the SKY platform.

This station brings economic information into the home, building the user’s competence while spreading culture and positive thinking, and values throughout the community.

Customer Satisfaction

For over 10 years Mediolanum has carried out a customer satisfaction analysis through a leading research institute to find out how customers feel about a number of matters, especially their relationship with the company and their financial advisors as well as the work and advising they do, the products bought and the results achieved, the direct channels and the knowledge of their functions and of the level of service.

Each year a rotating sample of 10,000 customers is contacted to ask for their views, as well as any positive remarks or criticism in an effort to improve service.

For many years this research has enabled services and products to be adjusted to suit customers' needs.

For customers with substantial assets managed by the group a loyalty program called "Prima Fila" ("Front Row") has been set up.

The aim is to reward the most loyal customers with advantages, special arrangements and premiums.

The club also provides additional opportunities for meeting as a community, with rallies, events and other occasions to bring the customers ever closer to Mediolanum.



Ethics in investments

Banca Mediolanum invests with the same care that it devotes to guiding its customers' investments, with responsibility, clarity and insight; in other words with the ordinary diligence of a reasonable and prudent individual.

Social responsibility is accompanied by moral responsibility, which rules out unknown or risky business areas, or activities that are in any way against humanity (as regulated by the Group Articles of Association).



PATTI CHIARI PROJECT

Banca Mediolanum is one of the founding companies of "PattiChiari" consortium (Clear Pacts), a project promoted by the Italian Bankers' Association (ABI). The aim is to boost the clarity of information given to customers, so as to make banking services transparent and comparable by the public.

In a model that treats the individual as a “family” at each stage of life, the manager of the company-customer relationship naturally bears substantial social responsibility.

Therefore the role of the Global Advisor, a special feature of the Mediolanum Group, is to put customers in touch with wide-ranging new resources, in order to satisfy and enhance their needs and requirements on several fronts, both on a daily basis and over time, thanks to solutions that will give reassurance for the long-term.

It is a role that demands empathy and ethical behaviour at every stage of the relationship, and one that calls for training in a broader and deeper range of issues than the usual purely financial background.

The organization and spreading of knowledge (Knowledge Based Organization) through new forms of multi-channel learning therefore has a double strategic value: internal and external.

Training as value

The people devoted to the business relationship with customers are the focus of a continuous, multi-faceted personal training project.



Coming from different educational and working backgrounds, the Mediolanum Group advisors deeply share its values, as well as its work method.

Their training is conducted in various ways and with the help of innovative in-house technological tools, so as to generate skills

that are broad-ranging and shared, but not standardized, because of the one-to-one approach.

The goal (also from the social standpoint) is to respond today to the needs of the customer in 30 years time, spreading growing awareness of the new requirements of the future.

The training in the financial area is therefore accompanied by pensions and insurance issues, so as to put the customer at the heart of a complete growth and protection plan.

“If you want to give an answer, you have to listen to the question”

In 2004, the Banca Mediolanum “pupils” consisted of 4,637 individuals, divided into 3 categories (from Junior to Global, Supervisor/Manager/Staff, Global Banker). For each of these, there is a specific training program in addition to the institutional training. There are also single-subject courses on specific matters (such as loans, banking technique and “PattiChiari” or “Clear Pacts”), some of which are presented online.

In addition to the skills and the techniques of selling and communication, the courses also develop the ability to listen and to share. Why listening and sharing? Because the social responsibilities of the advisor involve knowing how to give answers that reflect the real world of the customer, in a way that is clear and reassuring with a closeness in both emotional and practical terms.

So the relationship also leads to the “training of the customer”, who becomes more competent, independent and secure thanks to the financial and technological instruments acquired. All in all, the customer has more freedom.

Training as evolution

Training in the classroom (also with the participation of lecturers from the Catholic University and Bocconi University in Milan) is accompanied by a multi-disciplinary updating program. This is conducted on a continuous basis and with a multi-channel approach.

The use of efficient technological aids (interactive supports, teleconferences and web TV) permits a direct relationship between the advisor and the information provided by lecturers, experts, supervisors and the management, who are personally involved through the network. In this way much of the basic training can be carried out efficiently on a distance-learning basis, such as that dealing with products and markets. It also includes preparation for the Professional Register examination (for which the pass-rate is double the average).

The advisor undergoing training then has a period of practical training, in other words field work accompanied by a supervising coach.

This integrated approach, which brings the training process to the person, while also shortening the distances between headquarters and the surrounding area, also helps to reduce the gap between theory and practice, between the virtual company of the classroom and the real one

“Communicate, to teach someone to communicate”

of the operating organization, creating efficient interacting professionals.

Subsequently the training continues with specialized meetings and communication through the technological channels. Since 1989 the Mediolanum Group has managed an encrypted internal television system dedicated to the relationship with colleagues. Each week management directly updates the network regarding the products and explains the markets, using weekly programs like “Leonardo”.

Another result of the transparent educational approach is that other programs created for internal training, such as “Campus” (dedicated to financial activities for advisors) are later broadcast in unencrypted form to the public over the company satellite channel. This contributes to the training of other would-be advisors and thus to the creation of new jobs.



The company TV

The Mediolanum Group's first television channel actually dates back to 1989, and was based on the experience of American companies.

Set up with the support of Mediaset and of the Videonews organization with the aim of generating horizontal communication, the company TV shows was originally encrypted. Today the programs

are broadcast via the web (using frequencies in IP mode transmitted by its own satellite) and reach the entire network.

This is a fully-fledged television channel run by professionals, which aims to contribute to the training of professionals, but also to bring the real issues of daily life into the ambit of financial information.

In addition to the weekly news and the training broadcasts there are TV programs for the foreign branches (broadcast by different means), which allow the new sales networks to keep in constant touch with company initiatives and values.

Sharing of the Group's values is reflected in the daily approach to the company's internal work, and is echoed in other aspects of life.

The Global Advisor works along with the employees, who are an active part of our evolution. They too are generators of value.

A GLANCE AT OUR
INTERNAL WORKINGS

The value of the Group

Inside the Group the relationship is expressed through the ability and willingness to share all the goals, working together at all levels, even overlooking company sub-divisions.

Personnel and management work together for the common good of the business, which is also helped by an "open-door" approach that fosters exchange and direct knowledge.

The practice of working in teams betters our work processes and problem solving capability. An example of the benefits of this process is optimal crisis management, without loss of value in customer service.

The value of growth

Training is the professional value that the Group makes available to its employees. Opportunities are offered to young people with different backgrounds but who demonstrate potential, offering them the educational tools to bring out the best in each individual.

Everyone receives the training package on the company's products, services, processes and institutional values, as well as teamwork training, which improves the ability of employees to work together.

After the classroom sessions the independent operational part of the training begins at the Customer Contact Center, which develops the skill of maintaining a relationship with the customer.

“Knowing means knowing how”

THE GROWTH IN NUMBERS

The starting age for new collaborators is younger (average 2004 hiring age: 27.6 years, average age on joining the Customer Contact Centre: 25.4 years). This gives an average age in the Group of 33.6 years (against the market average of 41 - figures supplied by ABI). The low starting age and the investment in internal growth create the opportunity for a younger management (average age of middle managers 38.4, senior managers 45.3).

Senior managers represent 6% of the staff and middle managers 13%; the trend shows growth in both levels.

Inside the Group the equal-opportunity principle rules; 57% of the staff are women, another figure that runs against the sector trend. Women account for 17.6% of senior managers (against the ABI benchmark of 5.3%) and 34.9% of middle managers (against 21.6%). Among the clerks women represent 63.3% of the total (against 46.7%).

Fifty-six per cent of new employees are graduates, 4% have a university degree, and 40% have a high-school diploma.

Before joining a specialized area, each employee has had an average of 18 months of global operational experience in the Customer Contact Center.

The training route can differ for specialized professionals or those with previous work experience, but it nevertheless includes the same stages, so that all the skills and ways of approach are effectively and thoroughly shared.

The total number of hours of coursework conducted in 2004 for "institutional" training (Problem Solving, Team Work, Management 2000) was 9,462.

Ninety-six training courses involved 278 people for 3,850 hours (about 513 days).

Training carried out at the Customer Contact Center occupied 27,527 hours.

Training is an essential investment for the

Group, which believes in people, fostering the growth of internal potential as much as possible.

The continual training process, boosted by a constant exchange of coaching and facilitated by the technological aids available, permits a direct internal flow of information and skills.

Remuneration of the Group's employees is based on fair criteria of both an internal and an external nature, at every level.

Benefits and opportunities for further personal growth based on results are available for many professionals and for many departments.

Since 2003 there has been a complementary pension scheme for employees, who can join on a voluntary basis. The company makes a contribution (on a commercial contract basis, while waiting for the law to be updated).

In 2004/2005 the "major events" health cover plan was put into effect for all middle managers and employees.

The total value generated by constant training, professional growth and remuneration ensures that the work relationships are more loyal, with a high interest coming from the market, and a substantial percentage of new hires arises from employees expressing their satisfaction to others outside the company.

In 2004 the Mediolanum Group created 128 new jobs, with a higher growth rate than the sector average.

Internal communication

Inside the group information is transparent and shared, with easy, direct relationships with the management and top management. Even external institutional events like the national sales network conventions are shared within the company, with days dedicated to the purpose, so that everyone is up to date with each step in the company's progress.

Weekly meetings involve senior and middle managers, department managers and work groups, to update the flow of internal information on the progress of projects and on matters of general interest.

Roughly every three months the Group figures are presented as a company report during another inter-departmental meeting.

A basic means of communication between the over-1,200 employees (2004 figure) is the Med Innova intranet website, where all the company information can be found. This includes products, procedures, administrative instruments, services, arrangements and activities outside working hours.

In this site employees can find all the instruments they need for their working life and many useful additional tools, such as the online creation of policies.

In the near future the portal will become a basic "electronic desk" for each employee, who will be able to optimize many procedures. Files that used to involve several stages and paper documents will be managed online.

Another available tool is the Help Desk, which receives and assembles the information requests and notifications of problems, concerning both the Group headquarters and the branches.

Set up in 2002, the Help Desk dealt with 10,500 calls in 2004.

Internal satisfaction

Since 1999 the Mediolanum Group has carried out a biennial survey on an anonymous basis to check the level of satisfaction among employees and the possible areas for improvement.



The 2003 questionnaire asked employees to assess 56 company items concerning various subjects (environment and resources, Group characteristics, expectations and remuneration, the employee's immediate boss, the work team, the quality of personal work and overall satisfaction). It also gave an opportunity to express ideas and opinions. Ninety-seven per cent of the personnel replied to all the questions, posting an average satisfaction level of over 3 on scale of 1 to 5 (max). Forty-seven percent also made criticisms and contributed ideas. These were a great help to the Facilities area, which handles and implements human resource services.



OUR NEWBORN BABY: THE COMPANY DAYCARE CENTER

The Mediolanum Group's employees are young (average age 33.6 years against the sector average of 41) and there is a high female component (57%). The shortage of childcare services, often a serious problem for female workers, came to management's attention following the survey carried out in 2003. This had revealed much interest in the creation of a company nursery. Forty-seven per cent of those interviewed showed great appreciation of the project, both because it would improve the company atmosphere and it would make a concrete contribution to the quality of life at work and to motivation.

In January 2004 the project was entrusted to the Banca Mediolanum Facility Management Office, with the aim of inaugurating the company daycare center by the end of the year.

The beginning of December 2004 saw the opening of "Baby Med", our dream daycare center managed by a team of trained professionals.

Situated only 50 meters from the Group's headquarters, the daycare center is most convenient for parents, allowing them to visit easily and giving peace of mind.

The daycare center has 29 children in the first half of 2005. Given the requests, expansion work began at the start of 2005, and this will bring capacity up to 60 places in 2005-2006.

The employee's family pays 50% of the monthly fees, set at 500 euros, for 11 months. The remaining 50% and the 12th month are at the company's expense.

The positive effect also touches the surrounding area.

The quality of the project, which sets aside a percentage of the available places for families living in the community of Basiglio, made it possible to obtain the maximum contribution from the Region of Lombardy (financing equal to 300,000 euros).

The daycare center has an area of 485 sq.mts, completely rebuilt and furnished in full compliance with regulation. Rigorous tendering procedures were applied.

In addition there is an external area of 300 sq.mts set up as a playground, also protected by a video surveillance system.

The daycare center is open from 8.30 a.m. to 6.30 p.m. all the year round (including August). During the summer when places are vacant because of holidays other parents can register their children for short periods.



This survey and the suggestions it prompted led to two new projects.

One was the new internal relations office for management of activities outside working hours for Group employees and collaborators; the other was “Baby Med”, the company daycare center.

The 4th survey was held in May 2005, and the assessment of the items is now being compared with an external benchmark.

Improvement groups

Another opportunity to consider the sharing of company problems and to contribute to enhancing the quality of life arises from the work of the Improvement Groups.

Set up voluntarily to tackle matters of general interest (savings on materials or processes, improvement in the service quality, new services, optimization of procedures, related projects, the Groups hold periodical meetings. After a process that involves training and includes targeted coaching, they present projects to top management. These concern a whole range of agreed items, which are individually assessed.

The work of the Groups is awarded with books and trips, and the projects are distributed through the internal communication tools.

The Improvement Groups are one of the Group's traditions, as well as an important opportunity for meetings both between colleagues in different areas and between employees and top management.

In 2004 seventeen Improvement Groups were created with 80 participants.

So far over 30% of the personnel have served on at least one Improvement Group.

People, not just workers

Treating employees as “global collaborators” means knowing them and wanting to consider them in their entirety, as complete people.

This involves the construction of a network of services and care that embrace their whole life, and not just at work.



In substance, this means trying to meet certain practical needs and certain personal requirements, accepting requests and suggestions (such as those expressed in the company climate surveys) and taking on the accountability of a solution.

In addition to the daycare center, Mediolanum has put this view into practice through a series of different initiatives over the last few years. These achievements owe much to the creation of the new department dedicated to Human Resources.

In addition to the two long-standing canteens (self-service and table service), a private shuttle service has been in operation for some time. This links the headquarters with Milan and, more recently, with the nearby city of Basiglio. The shuttle service is currently used by about 23% of employees, giving substantial savings in terms of both time and the use of cars, not to mention a reduction in pollution and traffic congestion. Plans are under way for a further shuttle service focused on the area surrounding Pavia to serve employees coming from nearby cities.

There is also a connection with the city of Basiglio, where Mediolanum has its headquarters. This facility also benefits the local population.

Carpooling projects are also under study (although some are already up and running, initiated by groups of employees),

“Free time should be put to better use” to improve the commuting conditions and reduce the environmental impact.

The company has made arrangements with outside organizations qualified to offer opportunities for health and leisure. In addition to agreements with the nearby “Humanitas” hospital and with two sports centers in the Basiglio area, courses in antalgic gymnastics and dance are held at the headquarters, with high attendance.

In 2004 courses in photography, wine tasting, creative writing and acting were held at the headquarters. There were also conferences of a high cultural interest, concerning for example the history and restoration of the Cenacolo (Leonardo da Vinci’s famous painting of the Last Supper at the Basilica di Santa Maria delle Grazie in Milan). Five groups totaling 136 people visited the Cenacolo in the company of an expert guide.

Another initiative, which came about in a completely spontaneous way, was the creation of a choir.

Although the choir members started as absolute beginners, they subsequently came to perform in the Basilica di Santa Maria delle Grazie and to record a CD (with technical help from Mediolanum Comunicazione).



Apart from these initiatives there have been athletic and sports tournaments, outings and group holidays (including trips abroad), as well as products and services supplied by firms the bank has arrangements with (such as Mondadori books).

A glance at the future

Further useful services are in the process of being implemented in light of new requests. These include a weekly laundry service with collection and delivery at the headquarters, postal services, and the organization of study holidays for employees' children.

The Human Resources office can also help employees coming from other areas to find a home in the area, and also to obtain a loan.

The positive effect of these activities is reflected in the internal satisfaction survey, and can be felt in the daily work atmosphere.

The opening of numerous initiatives linking the company with its surrounding area has boosted external relations, with a positive ancillary effect and appreciation of the benefits provided.

Also the suppliers are stakeholders of great importance. Mediolanum aims to establish a relationship with them based on criteria of objectivity and transparency and tries to create – where possible – stable partnership relationships. Naturally this does not rule out consideration of new suppliers who can offer competitive and advantageous services.

THE RELATIONSHIP
WITH SUPPLIERS

Suppliers: a quality relationship

The criteria for assessment of suppliers take into account their reliability, quality and the price, but also guaranteed assistance and promptness in providing the services offered.

While the price of goods or services is undoubtedly a major assessment factor, it is certainly not the only one. Purchasing has to be consistent with our philosophy of constantly seeking the Best Overall Value available on the market.

Close attention is also given to assessing the ethical behaviour of chosen suppliers in environmental and social terms.

A computerized procedure for monitoring the purchasing cycle of goods and services has been set up in the Purchasing Office. This enables the bank to follow each stage of the purchasing process, from the initial offer to issuing the invoice.

The contractual conditions are transparent, comparable, visible to the company and mandatory.

**A GLANCE AT THE
OUTSIDE WORLD
ENVIRONMENTAL MATTERS**

Mediolanum has actually increased the attention it pays to environmental matters and care of the surrounding area by applying measures to save electricity and control the production and disposal of waste.

Concrete actions

As regards energy saving in particular, for the last few years a work group has been monitoring electrical consumption, trying to reduce and optimize its use. The “Good Consumption Handbook”, issued to all employees, has produced gratifying results in terms of concrete energy savings at headquarters.

As regards paper consumption, the company has been using recycled materials for years. The work of raising awareness about paper and cardboard recycling will receive further attention during 2005 with specific communication activities.

The new “electronic desk” coming into service with the Med Innova portal, offering electronic management of operational and administrative files that previously required paper documents, will greatly assist these efforts. Even the toner for printers and photocopiers is recycled through special containers on each floor. Collection and disposal are handled by a specialized external company.

**“Examine your conscience
before you act”**

As regards health and safety at work, materials and furnishings in compliance with Italian Law 626 are provided.

Other measures include changing the air filters and conducting preventive disinfections periodically, and sanitizing the work-stations (terminals, keyboards and printers) twice a year.

Those who work at video terminals receive an annual medical check-up at headquarters.

A check on radon gas emissions from the ground was among tests carried out in 2004 which proved to be within legal limits.

The emission values of electromagnetic fields are also checked periodically, to comply with the parameters set by Law 626.

Mediolanum S.p.A. is a smoke-free company. Smoking is forbidden in the offices except in the special smoking areas provided on each floor, which are in strict compliance with the law.

Mobility and sustainability

Mediolanum S.p.A. provides a shuttle bus service linking headquarters with the main Milan subway stations, so as to give employees an incentive to use public transport, as well as providing them with a service.

A plan to optimize the service by reorganizing the timetable and possibly integrating it with the public transport service is being studied.

The shuttle now goes to the city of Basiglio too. In the future it is planned to extend the service to the south, connecting headquarters with Pavia and surrounding cities.

Another contribution to reducing traffic and pollution will be provided by carpooling, which is now at the study and experimentation stage.

This will enable groups of employees to optimize their commuting, to the benefit of all.

THE RELATIONSHIP WITH THE WORLD

Communication and the relationship are keywords in everything the Group does, in its dealings with everyone who views the Mediolanum world with goodwill and interest.

In addition to communication in the institutional sense (advertising, media relations and investor relations) and internal communication, Mediolanum is involved in a series of initiatives aimed at people in general, not just customers.

This is a way of communicating with the individual, but also with the community and the area, with the aim of spreading awareness of financial matters on one hand, and a simpler and more optimistic view of life on the other.

Various means have been used over the years to put this goal into practice.

The optimism channel

Banca Mediolanum is the only bank with its own unencrypted satellite channel, viewable outside of Italy, providing a meeting point between the community of customers, the bank, and the general public.

Mediolanum Channel (SKY platform 803) was created in 2001 to spread



the values of the Mediolanum Group, bringing economics closer to people and people closer to the world of economics.

Using the channel and its programs (divided into three areas: Economy, Community and Lifestyle), Mediolanum explains the language and world of finance in precise and accessible terms, with the help of experts and the active involvement of management. The goal is the spreading of knowledge, which is one of the Group's values.

“Transmission of values”

Certain programs (such as “Leonardo”, “Money Talk” and “Campus”) originally made for the company TV for training personnel are now scheduled in unencrypted form, as they are useful for educational purposes at various levels in the external community.

The channel offers innovative formats, such as shows entirely dedicated to poetry “Poetry Express” and “Navigatori del tempo” (Time travelers), which relates history to the dynamics of the business world.

Abundant time is dedicated to cultural communities (like “The Friends of La Scala”) and religious communities, in keeping with the company’s commitment to maximum freedom of expression.

Current affairs and trends are included in the Lifestyle area.

In 2004 the channel had an average of 200,000 viewers a week and a monthly average of 1,000,000 (source: Audistar-Eurisko), with a trend of +30% compared to previous audits.

Five million viewers have awareness of the channel.

The entrepreneurial community

An important role is given to the community of customer-entrepreneurs through initiatives known as MCI – Mediolanum Community Italy.

This is like a mirror in which small and medium enterprises can expand the awareness of their image, through the creation of dedicated programs broadcast in prime time and creative technical supports for self-promotion on their own markets.

Over time relationships have been activated within the community itself, prompting collaboration between companies that has generated new business opportunities.

Broadcasting to the area

The Mediolanum Group also communicates through a series of field events, managed in synergy with Mediolanum Comunicazione.

Since 1995 Banca Mediolanum has developed relationships with customers and people through a packed calendar of cultural and sport initiatives, as well as meetings pure and simple.

A long-standing example is the concerts staged with major artists, initially devoted to customers and later thrown open to all those in the local area, to reach out to the external world, extending the spirit of the relationship.

In addition to concerts there have been productions over the years of original music performed in theatres (some of them in support of charitable fund-raising initiatives).

A LIVE EXAMPLE

The case history that best illustrates the spirit of Banca Mediolanum and the Mediolanum Channel is its reaction to the crisis of 11 September 2001, when Ennio Doris gave a live broadcast to speak to all concerned (the network, customers, the financial community and the public).

Over a period of two hours the chairman of the Mediolanum Group explained what would and would not happen, giving advice and reassurance.

The network received advance notice of the programme by SMS and it was then widely broadcast, enabling the community to understand the events better and to avoid hasty reactions, to the benefit of all.

**“Greater margins
for growth”**

At least 6 major concerts are planned for 2005, involving about 150,000 people.

Other events for customers are cocktail concerts, theatrical premiers and film previews, organized on an exclusive basis.

Special meetings are arranged for the community of entrepreneurs (MCI).

By the same token Banca Mediolanum holds meetings with everyone interested in acquiring greater freedom in financial relationships through a widespread program of micro-events in the area, like the 1,300 “Caffé e Conto” (Coffee and Accounts) meetings.



A unifying element

In the sporting ambit Banca Mediolanum has been the sponsor of the *Giro d'Italia* (the round-Italy cycling race) since 2003.

History shows that such sponsorship creates a bond with the country.

As it follows the event the bank makes the rounds of Italy too, offering opportunities for entertainment and information to the broad public. Meetings are held with

thousands of customers along the race stages, with special dinners in which the management also takes part.

A GLANCE AT THE WORLD: SOCIAL MATTERS

The Mediolanum Group has deep roots in the real world and in community work.

The value of the relationship has always had concrete applications both in the context of communication and information (with the creation of instruments, events and methods of interaction), and in the ambit of sincere attention to social matters, with cultural activities and fund raising. It is for these purposes that the Group finances the Mediolanum Foundation, which conducts an intense program of supporting charity and cultural events.

A recent example arose from the tsunami of December 26, 2004, when the Group immediately swung into action to raise funds for the affected populations. This effort was conducted through the media, especially making use of the Banca Mediolanum website and the company TV channel.

The drive raised 210,000 euro, mostly in the form of donations from customers and employees, destined for on-site support of long-term projects.

One project, jointly managed with Caritas Ambrosiana (a major Catholic charity), is devoted to micro-credit facilities for the women of the Andaman Islands. A second project, jointly managed with the Community of Saint Egidio, makes it possible for a school in Indonesia to operate normally.

“We reflect the real world, we reflect on the real world”

This kind of active work has been a prerogative of the Group since its constitution in 1997. In fact the first fund-raising effort, organized to support the people of Umbria hit by the earthquake, goes back to that year. Subsequently there were initiatives among employees to spread and support child sponsorships. At present there are existing initiatives for supporting children in Brazil, Tanzania and Colombia.

As well as distance adoption of children there are similar efforts for mothers. Since 2004 a project in Mozambique jointly managed with the Community of Saint Egidio has provided treatment for a number of HIV-positive mothers, who receive specific medicine during and after pregnancy to prevent transmission of the virus to their children.

Another scheme currently being set up is “Little Brother”, a new multi-year project to help children abandoned in certain areas of Africa and to train local personnel to alleviate this problem. The development and results of the program, which provides for long-term logistical and technological support, will be monitored by a program on Mediolanum Channel.



Action in Italy

The Mediolanum Foundation has of course always been very active in Italy, paying great attention to health matters and involving itself in the fields of assistance and research.

This is a body that can take quick decisions, intervening promptly to support projects whose incisiveness is clear and verifiable.

In response to a growing problem in today's society, the Foundation collaborates with the Gigi Ghirotti Center in a broad-ranging project concerned with terminal illnesses. This includes dedicated services (remote assistance, home help and listening centers), and the creation of hospices in Italy.

The Mediolanum Foundation and the Community of Saint Egidio also work together in projects to help the homeless in Rome and in the management of a center that receives and provides vocational training for young foreigners in difficult situations, to help them find a place in society. Another project involves the women's section of Rebibbia prison. With collaboration from the European Design Institute the first annual course of introduction to fashion was held and included a complete fashion show.

Other kinds of contribution

At Christmas some of the gift packets are handed over to a soup kitchen for the homeless and less fortunate in Milan.

Finally, blood donations are organized at head office, in collaboration with the mobile unit of AVIS (the Italian blood donors' association). This has elicited a high response (more than 140 donors among the employees).

The Mediolanum Foundation is moreover active in sponsoring cultural events, making significant contributions to projects such as the rebuilding of the La Scala Theatre in Milan and La Fenice Theatre in Venice.

It also sponsors exhibitions, such as the one held in 2004 dedicated to Picasso and his era.

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Directors' report on the consolidated financial statements as at December 31, 2004

Drawn up pursuant
to Italian Law No.173/97

Dear Shareholders,

The Mediolanum Group obtained in 2004 a significant consolidated net result of 141,286 thousand Euro (2003: 129,427 thousand Euro), a 9% increase over the previous year.

In particular, significant results were obtained by the Core Business activities, and New Ventures also enhanced their results.

Total assets under administration at December 31, 2004 amounted to 25,791 million Euro, a 9.7 % increase over the previous year's figure of 23,514 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.p.A., Mediolanum Comunicazione S.p.A., Mediolanum Fiduciaria S.p.A., Alboran S.p.A., Mediolanum Asset Management Ltd, Mediolanum International S.A., Bankhaus August Lenz & Co. AG were consolidated using the equity method.

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 world economy in the past year has grown, but not evenly throughout the various geographic areas; growth was more substantial in the USA, UK and in Emerging Countries than in Continental Europe and Japan.

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

**THE MARKETS IN
WHICH THE GROUP
OPERATES**

The more rigid structure of the economies in these last two areas and, above all, the strengthening of the Euro and Yen against the US Dollar have worsened the terms of trade for European and Japanese goods and caused a stall in growth of export levels.

During 2004, the trend in the general consumer price index in the USA accelerated, with the rate of inflation rising to 2.7%. In the Euro Area there was average inflation of 2.1%, not far from the European Central Bank's objectives. In Italy, the rate of inflation was 2.3%.

In the main international economic areas in 2004, Anglo-Saxon countries took a stiffer approach in their monetary policies, while the Euro Area remained neutral. In the USA, the Federal Reserve increased the federal funds rate 5 times by 25 basis points each time, taking it from 1% to 2.25%. Faced with a very slow and moderate period of recovery, the ECB was far more cautious: the minimum rate on the main refinancing operations stayed at 2%.

However, Bush's election victory in the US has brought back the question of the fight against the US's excessive public deficit, as regards both the current deficit and also the trade balance, through the competitive devaluation of the dollar against the other main currencies.

The average exchange rate over the year against the US dollar was 1.244 compared to 1.132 in 2003 (+9.9%), with record levels being reached in the last part of the year (1.341 in December). The decreased value of the US currency has therefore penalised investments in the area.

The prices of bonds rose during 2004 in all the geographic areas, reaching historic maximum levels particularly in Europe. Following the economic policy applied by the Central Banks, US securities went down slightly towards the end of the year, while in Europe they remained close to their absolute maximum levels.

Shares prices sharply rose in all geographic areas, with Italy being one of the countries recording the best performance. The general index of the Italian Stock Exchange – MIBTEL – ended the year showing growth of 18.1%, while the Standard & Poor's 500 index at the New York Stock Exchange recorded a change of 7.6%, the Nikkei 225 index at Tokyo a change of 8.9% and the Dow Jones Euro Stoxx Large index of the Euro Area recorded a change of 7.5%.

The sectors to stand out most were those of power, public utility services, financial and, particularly in the last part of the year, the technological sector.

The available income of Italian households started growing again, to the highest average levels recorded in the last decade. At June 2004, the total gross financial assets of Italian households grew to 3,000 billion Euro, approximately 2.2 times the size of GDP, and they mainly directed their money towards lower risk investments than in the past.

Over the last year, bank inflows in Italy increased by over 67.7 billion Euro – an annual increase of 7.16% - thus giving total bank inflows of 1,014.5 billion Euro. Lending consolidated its position during 2004, proving the effective contribution that banks offered to businesses and households even during a period of a slump in production. Total lending by all banks in Italy at the end of 2004 amounted to 1,096.6 billion Euro, showing a growth rate of 6.03%.

The total borrowing by households and non-financial businesses showed a growth rate of 7.7% at the end of 2004, a level sharply higher than current growth of nominal GDP in Italy and than the trend in investments. Lending to households was higher than to industry/business in the last months of the year, up 13.4%. A higher pace of development continues to be featured by the consumer credit area which, at the end of 2004, recorded a growth rate of 15.4%. Also the home loans area proved to have a fairly rapid growth rate, increasing by nearly 20% at the end of 2004.

In the Euro Area, the monetary market rates remained largely stable throughout 2004: the three-month Euribor rate stood at 2.17% in December 2004, compared to 2.15% in December 2003. In Italy, as in the rest of Europe, the rates applied to customers during 2004 were generally down. The interest rates applied to new home loans were 3.68% (12 basis points below that at December 2003), and also the rate on Euro current accounts to private individuals fell (from 6.12% in December 2003 to 6% at December 2004).

Interest rates on deposits in current accounts to households and to non-financial companies fell to 0.70% in December 2004, a slight fall from the same period of 2003 (0.72%).

THE BANKING MARKET

**THE MUTUAL FUND
MARKET**

In 2004, gross inflows from Italian harmonised mutual funds (Assogestioni data) came to 164,011 million Euro (2003: 212,068 million Euro).

At December 31, 2004, total assets of harmonised mutual funds under Italian legislation amounted to 370,668 million Euro (2003: 379,044 million Euro).

THE INSURANCE MARKET

During 2004, written individual Life premiums came to approximately 47,080 million Euro, similar to the previous year.

The breakdown of insurance products shows that inflows are mainly split between line I products – Life assurance – (18,367 million Euro, +12.6%), line III – insurance connected to indices or investment funds – (21,794 million Euro, -11.7%) and line V – insurance for capitalisation – (6,902 million Euro, +29.4%).

In line III, the Index-Linked policies had inflows of 12,822 million Euro, while inflows for Unit-Linked policies were 8,972 million Euro.

The yearly insurance product analysis published in February by ANIA (association for insurance companies) revealed that, in the composition of products sold to customers, there was an increase in policies with recurring premiums (+22.78%) while inflows from single premiums remained largely unchanged.

As regards the distribution channels, as with the previous period, inflows continue to be primarily concentrated on bank and post office branches (35,253 million Euro), but there was an 11.86% increase in products placed directly through agents (5,684 million Euro) and a decrease of 18.31% in the financial advisors' channel.

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

2004 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 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 the Banca Esperia Group is covered below.

The performance and the results of the New Ventures are addressed in a separate section.

**MEDIOLANUM GROUP
EXCLUDING NEW VENTURES
(CORE BUSINESS)**

During 2004, there was a 3% increase in Banca Mediolanum's interest margin, going from 45,988 thousand Euro the previous year to 47,391 thousand Euro at December 31, 2004.

Commission margins remained largely unchanged from the previous period: commission income grew by 3.4% at 31.12.04 to 294,847 thousand Euro (31.12.03: 285,213 thousand Euro), and commission payable to the sales network went from 178,078 thousand Euro in 2003 to 187,931 thousand Euro. Overall, the assets administered by Banca Mediolanum at December 31, 2004 amounted to 4,424 million Euro as against 4,664 million Euro of the previous year (-5.1%). The decrease in assets under administration is due to the commercial policy of encouraging greater diversification of investments by giving more weight to managed savings.

As at December 31, 2004, the total number of customers – both current account holders and holders of financial/insurance products placed by Banca Mediolanum was 921,610 (917,700 at the end of 2003), of whom 785,100 current account holders.

As at December 31, 2004, as a consequence of an accurate monitoring of scarcely utilised accounts, current accounts rose to 344,100 (332,700 at the end of 2003) corresponding to 477,000 current account holders (31.12.2003: 457,300).

The percentage of current account holders as against the total number of customers is almost 52%, confirming a higher level of customer loyalty and assets, and the extensive and complete utilisation of banking services by customers.

Average assets per customer reached 26,090 Euro as against 23,980 Euro in 2003 (+8.8%). The increased number of customers also relates to numerous, differentiated advertising campaigns, in newspapers and magazines, radio and TV, as well as to the intensive use of Mediolanum Channel for TV productions dedicated to Banca Mediolanum customers.

BANKING ACTIVITY

Once again in 2004, the Bank sponsored the Maglia Verde (“green shirt”) in the Giro d'Italia cycle race, obtaining a significant return in terms of image and contracts with new customers.

Inflows from customers at December 31, 2004 amounted to 3,151.7 million Euro, against 3,109.6 million Euro at the end of the previous year (+1.4%).

Lending to retail customers significantly increased, although there was generally no change to the structure of products offered compared to previous years, intended to satisfy the liquidity needs of customers investing their assets in Group products.

In particular, personal loans totalled 38.6 million Euro as against 36.5 million Euro in the previous year (+ 5.7%).

During the second half of the year, the Bank started to issue landed-property loans directly. At year end, the loan balance was 12.7 million Euro.

The balance of current accounts with ordinary customers totalled 165.4 million Euro (31.12.2003: 167.0 million Euro).

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 110.2 million Euro (107.4 million Euro at the end of 2003).

Lending to customers, private individuals and financial institutions totalled 360.4 million Euro as at 31.12.2004, showing little difference with the balance of the previous year (31.12.2003: 356.6 million Euro).

Within the framework of a distribution agreement stipulated with Unicredit Banca per la Casa (which purchased the Italian branch of Abbey National Bank Plc at the end of 2003), the amount of home loans placed in 2004 sharply rose to 430.6 million Euro, an increase of over 41% compared to the previous year (31.12.2003: 304.9 million Euro).

As regards equity investments, Banca Mediolanum S.p.A.'s results were influenced by significant flows of dividends accounted for “on an accrual basis” relating to the Mediolanum Banking Group companies for a total of 68,647 thousand Euro (31.12.2003: 65,891 thousand Euro). Moreover, adjustments to the value of investments were also accounted for in the year for a total of 27,114 thousand Euro (31.12.2003: 40,486 thousand Euro).

Net profits of banking companies in which investments are held (valued on an equity basis):

<i>Euro in thousands</i>	31.12.2004	31.12.2003
Banca Mediolanum S.p.A.	45,489	45,010

Mediolanum Gestione Fondi SGR p.A. manages 23 funds, of which 22 mutual funds and 1 open-ended pension fund. Total assets under administration at 31.12.2004 were 1,881 million Euro (31.12.2003: 1,791 million Euro).

Assets under administration on behalf of associated companies by delegation of administration amount to 11,769 million Euro (2003: 10,600 million Euro).

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

Assets under administration totalled 9,021.2 million Euro at year end (31.12.2003: 8,139.5 million Euro).

Total gross inflows for the mutual fund and managed account business amounted to 1,410 million Euro (2003: 1,620 million Euro), whereas net inflows were negative for 53 million Euro (2003: +445 million Euro).

Total assets under administration at December 31, 2004 rose by 9.5% for a total of 10,958 million Euro (2003: 10,007 million Euro).

**MUTUAL FUNDS AND
MANAGEMENT SERVICES**

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

<i>Euro in thousands</i>	31.12.2004	31.12.2003
Mediolanum Gestione Fondi SGR p.A.	8,521	6,897
Mediolanum International Funds Ltd	122,708	119,778

Gross inflows for 2004 totalled 2,309 million Euro, a 12% increase over 2003 (2,062 million Euro).

New business, rising by 9.9%, reached 1,409 million Euro (2003: 1,282 million Euro). Deferred annuities and recurring premiums increased from 107 million Euro in the previous year to 126 million Euro in 31.12.2004 (+17.8%).

Life reserves totalled 10,107 million Euro (2003: 8,447 million Euro), a 19.7% increase over the previous year.

THE LIFE BUSINESS

As at December 31, 2004 total inflows related for 2,015 million Euro to Mediolanum Vita and for 382 million Euro to Mediolanum International Life, of which 88 million Euro (31.12.2003: 70 million Euro; +25.4%) relating to insurance products placed in Spain and Germany through the sales networks of the Fibanc and Gamax Groups, and of Bankhaus August Lenz & Co. AG.

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 period result of Partner Time S.p.A. was affected by the decrease in policy placing activities, partly as a result of the changed regulatory context which limits the placing of Life products by multilevel companies (ISVAP circular 487/D). Inflows from new business premiums went down from 8 million Euro at 31 December 2003 to 3 million Euro at the end of 2004.

Commission income amounted to 4.4 million Euro (2003: 11.3 million Euro) whereas the costs of commissions to the sales network totalled 2.6 million Euro (2003: 5.2 million Euro).

There were 628 insurance agents at 31.12.2004 (31.12.2003: 1,063).

Profits for the year of Life insurance companies (valued on a line-by-line basis):

<i>Euro in thousands</i>	31.12.2004	31.12.2003
Mediolanum Vita S.p.A.	23,484	14,865
Partner Time S.p.A.	(626)	1,548
Mediolanum International Life Ltd	4,409	1,361

OTHER PRODUCTS

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

<i>Euro in thousands</i>	31.12.2004	31.12.2003
Mediolanum Asset Management Ltd	3,378	2,525
Mediolanum Fiduciaria S.p.A.	(21)	(26)
PI Distribuzione S.p.A.	184	4
Mediolanum Comunicazione S.p.A.	57	113
Alboran S.p.A.	30	n.d.

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.

PI Distribuzione S.p.A. is involved in real estate brokerage for the tourist industry. Revenues from brokerage activity totalled 1,165 thousand Euro (2003: 971 thousand Euro) while commissions payable to the sales network totalled 595 thousand Euro (2003: 785 thousand Euro). The different mix of products sold enabled the Company to improve its commission margin over the previous year.

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

Mediolanum Comunicazione S.p.A. manages the satellite channel Mediolanum Channel and deals with producing and broadcasting the television programmes mainly commissioned by Banca Mediolanum. This company also deals with organising the main communication events for the Group companies, including the conventions with the sales network and the “Giromediolanum” event, the promotional road show which is put on to go alongside the *Giro d'Italia*.

This activity generated revenues for 15.2 million Euro (2003: 11.5 million Euro).

Alboran S.p.A. Last December, Mediolanum S.p.A. acquired control over Alboran S.p.A., the main supplier of television productions to the subsidiary Mediolanum Comunicazione.

Alboran’s operations include the creation of multimedia products, the production of television “formats” and programmes, the creation of Internet sites and Intranet networks, and the organisation of public and corporate events and advertising campaigns. Through its subsidiary Alborfin S.r.l., the company owns the property in Cologno Monzese, Milan where there are two television studios which are also used for Mediolanum Channel productions.

In order to optimise and rationalise the Group's activities in this area, reducing the costs and acquiring a range of technical skills essential for the development of certain fundamental services in the communication sector, Mediolanum S.p.A acquired 100% of the company on December 3, 2004. Total revenues generated by its operations amounted to 7.5 million Euro (2003: 6.8 million Euro).

NEW VENTURES

FIBANC GROUP

At December 31, 2004, the consolidated net results of the Fibanc Group were 450 thousand Euro, basically in line with the results of the same period in the previous year (468 thousand Euro).

There were 626 people in the sales network as at December 31, 2004 (31.12.2003: 532), among which 453 exclusive Global Advisors, following the same model of the financial advisors of Banca Mediolanum (375 at the end of 2003).

Sales mostly concentrated on the managed savings and Life areas, represented by the products of highest added value.

Gross inflows of Life products amounted to 93 million Euro, of which 16 million Euro relating to pension funds (2003: 85 million Euro, of which pension funds of 20 million Euro); the volume of recurring premiums more than doubled compared to the previous year.

Sales of funds by the Irish associated company Mediolanum International Funds have also substantially increased, reaching 26 million Euro (2003: 6 million Euro).

Managed assets amounted to 2,016 million Euro at the end of the period, an increase from the previous year's 1,942 million Euro.

The reorganisation of the structure continued in the direction of emulating the Banca Mediolanum model; there are still 8 bank branches in operation, compared to the 18 existing at the time of acquiring the Fibanc Group; there are 5 "Fibanc Points", working along the same lines as the Mediolanum Points in Italy.

The number of staff at December 31, 2004 fell to 229 from 240 of the previous year.

In May 2004, the share capital of "Banco de Finanzas" was increased by 20 million Euro, subscribed and fully paid-in by Banca Mediolanum.

Volumes of the Fibanc Group

<i>Euro millions</i>	31.12.2004	31.12.2003
Assets under administration	2,016	1,942
Gross inflows	394	538
Net inflows	7	145

Employees

<i>Units</i>	31.12.2004	31.12.2003
Clerical personnel**	216	221
Managers	13	19
TOTAL	229	240

* Of whom 5 are sales employees. (31.12.2003: n. 5)

Net profit of the Fibanc Group

<i>Euro in thousands</i>	31.12.2004	31.12.2003
Fibanc Group	450	468

The Gamax Group consists of a holding company with an interest in two fund management companies in Luxembourg, and two distribution companies in Germany and Austria, closed 2004 with a net result of 1,591 thousand Euro, against a loss of 293 thousand Euro in the previous year.

The positive result for 2004 was reached mainly thanks to two factors. On the one hand, performance commissions on funds, that made it possible to reach 1.3 million Euro gross revenues; on the other, a steady containment of costs thanks to the corporate reorganisation plan completed last year.

Gross and net inflows of the Group decreased over the previous years, due to the persistent slump in the German market. As a consequence, assets under administration as at 31.12.2004 were 387 million Euro (430 million Euro at the end of 2003).

At December 31, 2004, the sales network consisted of 504 multi-firm agents of whom 394 were in Germany and 110 in Austria. This number decreased over last year (689 agents as at 31.12.2003), as a consequence of a strategy intended to select a lower number of agents, but with a high interest in the products marketed by the Group.

During the year, the banking platform was put in place in agreement with the company "Moventum", which, helping fund investment operations, proved a valid tool in supporting the sales activity of agents.

GAMAX GROUP

Volumes of the Gamax Group

<i>Euro millions</i>	31.12.2004	31.12.2003
Assets under administration	387	430
Gross inflows	95	113
Net inflows	(44)	(14)

Net profit of the Gamax Group

<i>Euro in thousands</i>	31.12.2004	31.12.2003
Gamax Group	1,591	(293)

Employees

<i>Units</i>	31.12.2004	31.12.2003
Clerical personnel	20	24
Managers	5	5
TOTAL	25	29

BANKHAUS AUGUST LENZ & Co. AG

During 2004, the work for creating the multi-channel bank continued, reproducing the Banca Mediolanum model in the German market.

The main work was therefore targeted on developing the sales force, partly by controlling and consolidating the agents already active, and partly by the selection process aimed at identifying and recruiting high quality people able to adapt to our model of global consultancy.

This strategy led to the hiring of 74 new people during the year, and the dismissal of 72, improving the average professional level of the sales network.

The number of sole agents at December 31, 2004 totalled 98 (2003: 96).

During the year, an agreement was reached with the company "Euronet", enabling Bankhaus Lenz to have about 400 personalised cash dispensers for its customers.

This idea will certainly act as an important vehicle for advertising the bank by offering an additional and totally free service to its customers.

In order to boost the bank's capitalisation, the capital was increased by 12 million Euro in September, taking the share capital from 8 million Euro up to 20 million Euro.

Volumes of Bankhaus August Lenz & Co. AG

<i>Euro millions</i>	31.12.2004	31.12.2003
Assets under administration	53	74
Gross inflows	(16)	75
Net inflows	(20)	75

Net profit of Bankhaus August Lenz & Co. AG

<i>Euro in thousands</i>	31.12.2004	31.12.2003
Bankhaus August Lenz & Co. AG	(11,800)	(9,374)*

* The settlement of losses as at December 31, 2003 was accounted for by the parent company for a total of 9,300 thousand Euro through purpose-made operations carried out during 2003.

During 2004, the parent company Banca Mediolanum paid 11,800 thousand Euro to cover losses for the period. This payment enabled Bankhaus August Lenz to entirely cover the period loss, booking the relative out of period revenues to the income statement, and closing the 2004 period with a breakeven result.

Employees

<i>Units</i>	31.12.2004	31.12.2003
Clerical personnel	30	30
Managers	5	2
TOTAL	35	32

The Banca Esperia Group – a joint-venture (50-50) between Mediobanca and Mediolanum – consists of the parent company Banca Esperia S.p.A. (a bank specialising in private banking) and its controlled companies, Duemme SGR p.A. (a fund management company), Duemme Hedge SGR p.A. (a Hedge fund management company) and the newly-formed Duemme Trust Company (an Italian trust company).

BANCA ESPERIA GROUP

Volumes of the Banking Group Banca Esperia

<i>Euro millions</i>	31.12.2004	31.12.2003
Assets under administration*	4,826	3,102
Gross inflows	2,531	2,421
Net inflows	1,643	1,148

* The value of assets managed is net of SICAV subscribed by Banca Esperia clients within individual management programs.

The Banca Esperia Banking Group has confirmed its strength in the private banking area, with its ability to combine asset management services and the provision of consultancy, aiming for innovative solutions for its products and services.

Regarding its banking operations, during the previous year, Banca Esperia dealt with the issue of bonds of leading banks to institutional investors on their request.

The positive growth trend of assets under administration at the Banca Esperia Group led to net profits at December 31, 2004 of 4,136 thousand Euro, some 110% up on the previous period's result (31.12.03: 1,970 thousand Euro).

At December 31, 2004, there were 48 private bankers on the payroll.

Pursuing the bank's operative strategy, which requires a direct and continuing relationship with customers, the Banca Esperia Group continued to expand in the territory by opening 2 new operative offices in Padua and Naples, which are added to the other 7 branches operating nationally in Milan, Rome, Genoa, Florence, Bologna, Turin and Brescia.

Net profit of the Banking Group Banca Esperia

<i>Euro in thousands</i>	31.12.2004	31.12.2003
Banca Esperia Banking Group	8,528	1,970

OTHER EQUITY INVESTMENTS IN "NEW VENTURES"

Net profit of the other companies:

<i>Euro in thousands</i>	31.12.2004	31.12.2003
Mediolanum International S.A.	(1,137)	(8,924)
Mediolanum Private S.A.M. (liquidation procedure)	(725)	(5)

Mediolanum Private S.A.M. ceased operations last May and, at the end of the period, all the mandates for administering customer assets were closed and the staff employment contracts terminated. The contracts for renting, utilities and supplies were also cancelled.

On December 30, 2004, the Extraordinary General Meeting of the company formally resolved the liquidation of the company, changing the registered address so that it is domiciled at the Consultancy firm dealing with the liquidation procedure.

During the period, the controlling company, Mediolanum International S.A., restored the shareholders' equity with a payment of 300 thousand Euro.

The final cancellation of the company from the Registry of Companies of the Principality of Monaco is due to take place within the first half of 2005.

EVENTS OF 2004

In February, the subsidiary Mediolanum International S.A. took over the equity investment held by Compagnie Monégasque de Banque in Mediolanum Private SAM for the symbolic amount of 1 Euro, increasing its share to 99.94%. Last May, the Board meeting of Mediolanum Private S.A.M. resolved to halt taking in new assets and to proceed with the gradual closing of existing administrative situations with customers.

On May 18, the controlling company Mediolanum S.p.A. made a payment of 10,000 thousand Euro into the share capital of Mediolanum International Life Ltd.

On August 13, authorisation was received from the Bank of Italy to transfer the investment in Mediolanum State Street SGR p.A. Pursuant to the agreement signed by the parties on June 10, 2004, the investment was transferred for a value of 2,893 thousand Euro, resulting in consolidated capital gains of 1,535 thousand Euro. The formal transfer deed was completed on October 7.

In August, the controlled bank Bankhaus August Lenz passed resolution for a capital increase of 12 million Euro, which was put into effect in September.

On September 15, Banca Mediolanum's purchase of 171,451 shares in Fibanc Inversiones S.A. was formalised, for a total value of 39.6 million Euro, giving Banca Mediolanum 100% control over the Spanish Group.

On December 3, 2004, 100% of the shares in the company Alboran S.p.A. were purchased, whose share capital was split as follows: Ennio Doris 47.9%, Giuseppe Mascitelli 47.9% and minority shareholders for the remaining 4.2%. The purchase price of 6,024 thousand Euro was determined on the basis of the evaluation performed by the merchant bank ABN AMRO.

Banca Mediolanum has also subscribed 4.89% in the share capital in the newly founded Serenissima SGR p.A. for a total of 88,000 Euro.

INVESTMENTS OF THE GROUP

The multi-channel technological and application platform, representing the most significant strategic element of the Information System, was the object of further investments aimed at completing the restyling of the Internet site and for the technological and functional reengineering project for the Call Centre Channel, for the phone operations for managing commercial outbound messages, and email and fax communications.

Other services for customers of electronic channels have been activated, such as the function of bank transfers for building renovations and payments by RID and pre-printed post office paying-in slips. Also the range of SMS text messages has been extended, now providing information on the current account balance, number of ATM withdrawals made, confirmation that general bank transfer payments have been made, and payment of salaries.

As part of the IT tools supporting the Sales Network, a project for redesigning the “Network Portal” was put into effect, adding further services for the advisors (Intranet, Commission online, Electronic contracts online) with the aim of improving the aspects of communication, completeness and usability of the IT services available to the Sales Network.

In the area of monitoring systems, the following objectives were achieved:

- within the new integrated system of Planning and Control, a data-warehouse has been created which, consolidating the data coming from commercial channels and from product systems, provides new statistics; there was then started up the development of the final models for analysing profitability and assets;
- the Dashboarding strategy has been made available which provides the management of the Network and the Head Offices with a means for periodically analysing the production and extent of the sales network.

In the area of technological infrastructure, the systems have been generally updated and boosted, which was made necessary by the programmes for developing customer expansion and by the introduction of new services. Ensuing from the Disaster Recovery plan, two new systems of data memorisation were acquired, installed in two different buildings and connected to the application servers by the “storage area network” architecture.

In the audio area, a project was begun for the adoption of the “Voice over IP” technology and the unifying of the switchboards of call centres and administrative offices on a single platform.

The aim of this project, due to be completed in the first half of 2005, is to cut operating and maintenance costs of the devices and to introduce the new services made available by integrating telephones and IT infrastructure.

Special attention has been dedicated to the aspects of IT security, with the reinforcing of the “firewalls” and the improvement of anti-virus defences.

The usage of “change management” instruments and operating procedures has been extended. These involve the development aspect and the provision of services, and the aim is to further automate the processes and to reduce the possibility of malfunctions deriving from changes and evolutions in systems.

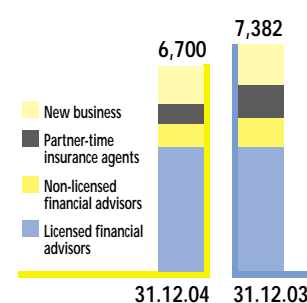
The network of financial advisors of Banca Mediolanum S.p.A. remained stable in spite of the difficult market conditions, characterised by numerous restructurings and transfers of ownership in competitors’ structures. The total number of Global Advisors fell slightly to 4,857 units (5,002 in 2003), with a limited turnover compared to the previous year, demonstrating the strong loyalty of the sales network of Banca Mediolanum S.p.A..

Within the network, the number of licensed financial advisors – that is to say, senior professionals, and those with the highest profile remained stable at 4,048 at the end of 2004 (4,052 at the end of 2003). The number of non-licensed financial advisors fell (advisors with a few months of experience) from 950 at the end of 2003 to 768 at the end of 2004. The sales networks also include 41 agents specialising in the sale of home loans.

Units	31.12.2004	31.12.2003
Licensed financial advisors (Banca Mediolanum S.p.A.)	4,048	4,052
Non-licensed financial advisors (Banca Mediolanum S.p.A.)	768	950
Credit executives	41	0
Partner Time insurance agents	628	1,063
TOTAL “CORE BUSINESS”	5,485	6,065
Fibanc Group network	626	532
Gamax Group network	491	689
Bankhaus August Lenz & Co. network	98	96
TOTAL “NEW VENTURES”	1,215	1,317
TOTAL	6,700	7,382

THE SALES NETWORKS

THE SALES NETWORK



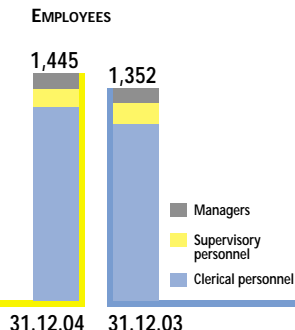
During 2004, Banca Mediolanum S.p.A. continued to strengthen its physical presence over the Italian territory through the opening of Mediolanum Points that, as at 31.12.2004, totalled 106 units (100 at the end of 2003).

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 2004 (including the aforementioned Punto Mediolanum) was 567 (602 at the end of 2003). The slight decrease results from the rationalisation of the office presence over the Italian territory that resulted in the closing down of offices not satisfying the qualitative and quantitative standards required by the company.

HUMAN RESOURCES

Special emphasis was also placed on human resource development in 2004. 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	31.12.2004	31.12.2003
Managers	69	69
Supervisory personnel	153	131
Clerical personnel	934	849
TOTAL "CORE BUSINESS" PERSONNEL	1,156	1,049
Managers	23	27
Clerical personnel	266	276
TOTAL "NEW VENTURES" PERSONNEL	289	303
TOTAL MEDIOLANUM GROUP	1,445	1,352

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

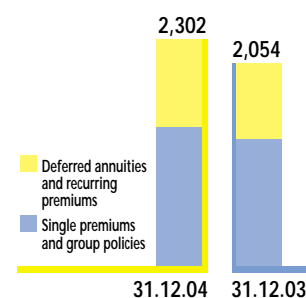
Inflows of managed accounts products

<i>Euro millions</i>	31.12.2004	31.12.2003	Change %
The "Core Business"			
MANAGED ACCOUNTS PRODUCTS			
Life insurance products			
<i>New Business</i>			
- Deferred annuities and recurring premiums	126	107	17.8
- Single premiums and group policies	1,283	1,175	9.2
TOTAL NEW BUSINESS	1,409	1,282	9.9
<i>In-force business</i>			
- Deferred annuities	750	679	10.6
- Recurring single premiums	150	102	47.1
TOTAL IN-FORCE BUSINESS	900	780	15.4
TOTAL PREMIUMS WRITTEN	2,309	2,062	12.0
(less) Premiums ceded	(7)	(8)	(12.5)
TOTAL LIFE PREMIUMS	2,302	2,054	12.1
Financial products			
<i>Mutual accounts funds and managed accounts</i>			
- Gross inflows	1,410	1,620	(13.0)
- Net inflows	(53)	445	n.d.
MANAGED SAVINGS			
<i>Current accounts and securities management</i>			
- Gross inflows	(81)	(312)	(74.0)
- Net inflows	(81)	(312)	(74.0)
"New Ventures" *			
MANAGED SAVINGS			
<i>Life insurance products</i>			
<i>New Business</i>			
- Premiums written	104.3	70	49.0
Financial products			
<i>Mutual accounts funds and managed accounts</i>			
- Gross inflows	1,500	1,103	36.0
- Net inflows	588	491	19.8
MANAGED SAVINGS			
<i>Current accounts and securities management</i>			
- Gross inflows	97	717	(86.5)
- Net inflows	63	209	(69.9)

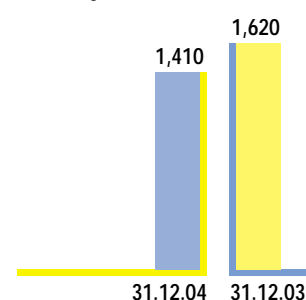
* Results pertaining to Banca Esperia were considered in proportion to the holding.

VOLUME

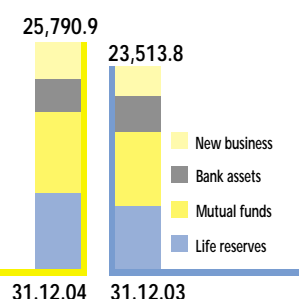
SALES LIFE (CORE BUSINESS)
Total premiums (Euro millions)



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



ASSETS UNDER ADMINISTRATION
(Euro millions)



Consolidated assets under administration

Euro millions	31.12.2004	31.12.2003	Change %
Life reserves	10,106.8	8,447.0	19.6
Mutual funds and managed accounts	10,958.4	10,007.5	9.5
Direct and indirect bank inflows	4,424.1	4,664.0	(5.1)
Pension funds	18.8	163.3	(88.5)
Consolidation adjustments	(4,514.1)	(3,732.5)	20.9
TOTAL "CORE BUSINESS"	20,994.0	19,549.3	7.4
Fibanc assets under administration *	2,016.2	1,941.9	3.8
Gamax assets under administration	387.0	430.1	(10.0)
August Lenz assets under administration**	53.1	73.8	(28.0)
Banca Esperia assets under administration ***	2,340.6	1,504.5	55.6
Private assets under administration	0	14.2	n.d.
TOTAL "NEW VENTURES"	4,796.9	3,964.5	21.0
TOTAL MEDIOLANUM GROUP	25,790.9	23,513.8	9.7

* The result includes the value of assets managed by Mediolanum International Life Ltd and placed through the Fibanc network for 142.7 million Euro (31.12.2003: 74.6 million Euro).

** The result includes the value of assets managed by Mediolanum International Life Ltd and placed through the Fibanc network for 14.5 million Euro (31.12.2003: 4.5 million Euro).

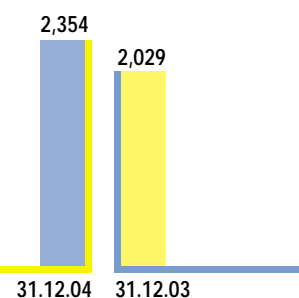
*** Results pertaining to Banca Esperia were considered in proportion to the holding.

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, the financial services consultancy division of Towers Perrin.

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, calculated using a single discount rate, of the stream of future after-tax statutory profits that are expected to be generated from all the existing policies at the valuation date, based on realistic assumptions for future experience, 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)



Euro millions	31.12.2004	31.12.2003	Chang%
Embedded value	2,354	2,029	+16.0

Embedded value already excludes the amount of unamortised goodwill, pertaining to the Fibanc, Gamax, Lenz and MILL subsidiaries amounting to 149 million Euro as at 31 December 2004.

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>	31.12.2004	31.12.2003
Change in embedded value in the year before the effects of acquisition	357	213
Dividends paid	80	72
EMBEDDED VALUE EARNINGS FOR THE YEAR PRE-ACQUISITIONS	437	285
Effects of acquisition of the year	(32)	0
EMBEDDED VALUE EARNINGS FOR THE YEAR	405	285

The increase in embedded value earnings of 42% compared with 2003 demonstrates once again the capability of the Mediolanum Group to generate new value despite the not very favourable market conditions.

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

The parent company Mediolanum S.p.A. did not trade in its own shares during the year. The balance as at December, 31 2004 was 2,045 thousand Euro, corresponding to 385,000 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.

CODE OF ETHICS

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

Mediolanum S.p.A. also adopted, on 18.12.2004, 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.

**TRANSITION
TO INTERNATIONAL
ACCOUNTING
PRINCIPLES**
(IAS/IFRS)

During 2003, the Mediolanum Group began the project for transferring to IAS/IFRS. First of all there was conducted a preliminary stage for diagnosing the accounting and organisational impact of applying the international accounting principles to the Mediolanum Group companies.

This analysis made it possible to ascertain all the actions necessary for implementing the project to convert to international accounting principles.

During 2004, the company commenced the project which was conducted by keeping the “Banking” and “Insurance” areas separate in view of the differing specific features in the two sectors.

The actions taken are still in progress and are due to be completed by the end of the first half of 2005.

Mediolanum S.p.A. envisages preparing the first accounts using the international accounting principles (IAS/IFRS) for the Consolidated Quarterly Report as at September 30, 2005.

The auditing firm, Reconta Ernst & Young S.p.A. has been engaged to check the opening accounting balances that will implement the effects of ‘first time adoption’.

According to indications received up to now, the application of the IAS/IFRS international accounting principles should not have any major impact on the financial and asset situation of the Mediolanum Group.

**OTHER
INFORMATION**

During 2004, the controlling company Mediolanum S.p.A. and its Italian subsidiaries prepared, in accordance with the provision at point 19 of the Technical Regulation on the subject of minimum security measures (Annex B – Law No. 196/2003 “Code regarding personal data protection”), the Policy Document for Security.

No significant events have occurred since December 31, 2004 that may have a significant impact on the company's financial and asset situation or the economic results.

SIGNIFICANT POST-BALANCE SHEET EVENTS

The trends observed in the companies of the Mediolanum Group during the first few months of 2005 lead us to believe that the performance of the year will be positive.

EXPECTED FUTURE TRENDS

For the Board of Directors

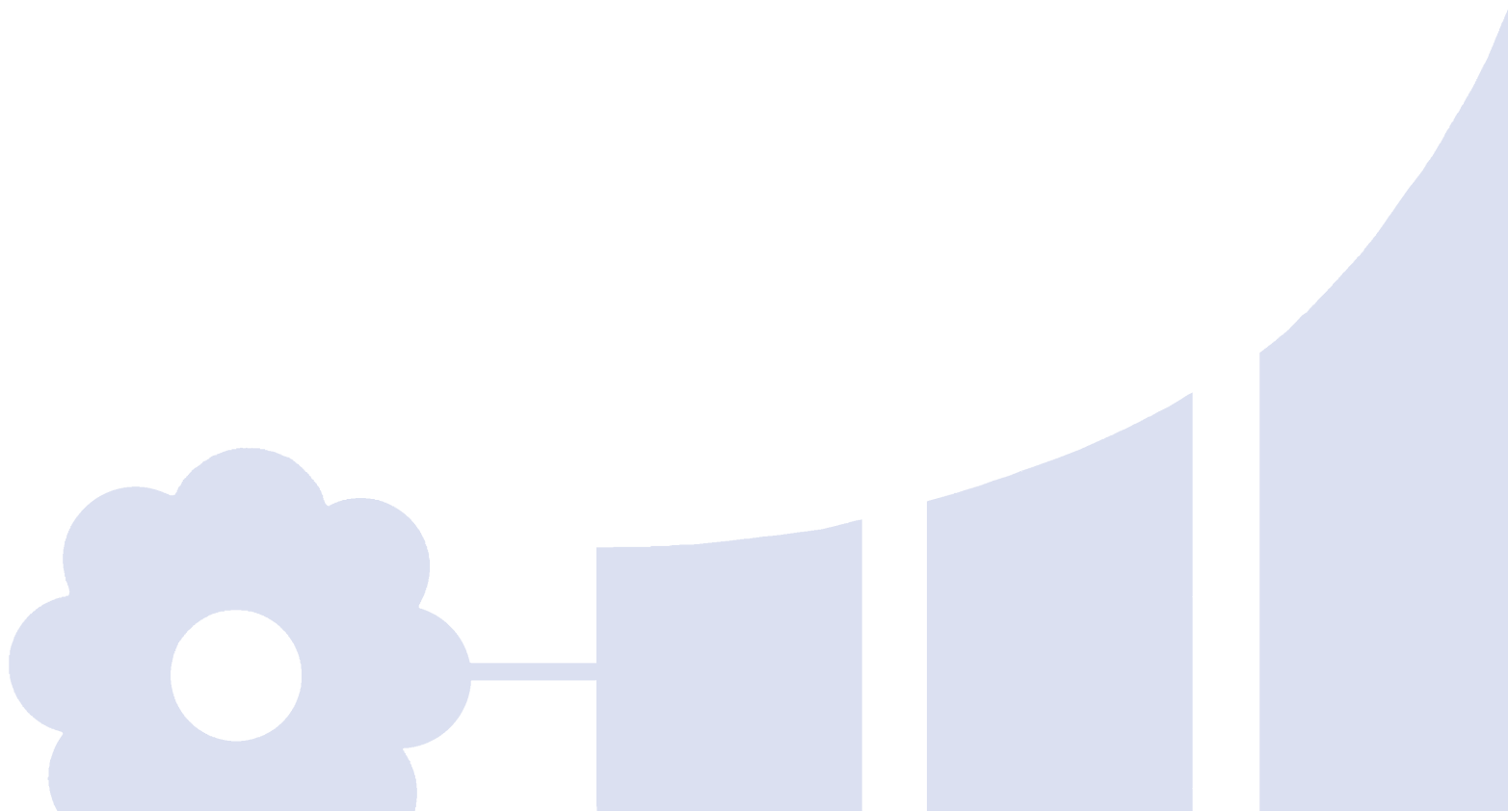
(Roberto Ruozi)

Chairman

The Mediolanum Group, following the enactment of Law Decree No.173/97 (specifically article 58, point 2), has the obligation of drawing up the consolidated financial statements according to the accounting method for insurance companies. Since it was not possible to consolidate the companies belonging to the Mediolanum Group on a line-by-line basis due to the presence of companies whose activity is not insurance related within the framework of their institutional tasks (Banca Mediolanum S.p.A., Mediolanum Gestioni Fondi SGR p.A., Mediolanum International Funds Ltd, Fibanc Inversiones S.A. and its controlled companies, Mediolanum International S.A. and its controlled companies), the consolidated financial statements contain insurance information, which calls for consolidating the above companies operating in the banking and financial fields on an equity basis. Since we felt it was fundamental to provide the reader an overall profile of the Group, we have also provided an appendix that is consolidated on a line-by-line basis: this allows a comparison of the most significant Income Statement items, reclassified using management criteria. The goal was to provide a clear, easily read document for a more accurate comprehension of the Mediolanum Group; it is not intended to provide information about the changes between the accounting balances 2004 and 2003.

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>	31.12.2004 *	31.12.2003 *	31.12.2004 **	31.12.2003 **
Tangible and Intangible assets		139,395	156,902	107,766	124,224
Consolidation difference		157,264	140,689	4,984	0
Shareholdings		197,009	192,887	591,447	495,945
Financial investments		4,332,406	4,582,373	4,375,384	4,470,126
Company's own shares		2,045	2,092	2,045	2,092
Investments on behalf of Life policyholders, carrying the risk and from pension fund management		8,924,569	7,187,768	8,765,365	7,106,972
Financial receivables		196,548	159,569	196,548	159,597
Due from reinsurers current and deposit accounts		0	3	0	3
Loans to customers		367,998	376,760	170,323	178,754
Loans to Fininvest Group and Doris Group companies		17,783	1,771	18,851	1,605
Sundry assets		278,489	217,127	228,814	170,712
Liquid assets		601,447	467,292	390,692	279,135
Accrued income and pre-paid expenses		36,845	40,326	35,343	38,274
TOTAL ASSETS		15,251,798	13,525,559	14,887,562	13,027,439

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

** Consolidated Mediolanum Group - "Core Business".

SHAREHOLDERS' EQUITY AND LIABILITIES

<i>Euro in thousands</i>	Mediolanum Group		Core Business	
	31.12.2004 *	31.12.2003 *	31.12.2004 **	31.12.2003 **
Share capital	72,567	72,567	72,567	72,567
Other reserves	410,094	354,469	488,454	402,924
Minority interest in capital and reserves	0	5,977	0	0
Profit for the year	141,286	129,427	174,259	164,417
Life insurance technical reserves net of reinsurance	1,167,169	1,231,232	1,163,456	1,229,640
Life insurance technical reserves, when the risk is carried by policyholders, and reserves from pension fund management	8,993,770	7,187,025	8,834,566	7,106,229
Risk and contingency fund	45,325	42,517	36,132	33,671
Employee severance fund	11,605	10,450	11,605	10,450
Due to reinsurers current and deposit accounts	108,215	110,544	108,215	110,439
Utilisation of credit lines	250,000	290,000	250,000	290,000
Due to customers and financial institutions	3,828,555	3,907,189	3,563,407	3,448,758
Due to suppliers and financial consultants	73,404	82,880	75,483	75,347
Due to Fininvest Group and Doris Group companies	17,262	3,857	4,084	4,038
Due to tax authorities	32,262	35,844	33,587	36,037
Payables and other liabilities	96,336	54,189	67,577	38,640
Accruals and deferred income	3,949	7,392	4,170	4,282
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	15,251,798	13,525,559	14,887,562	13,027,439

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

** Consolidated Mediolanum Group - "Core Business".

RECLASSIFIED INCOME STATEMENT

<i>Euro in thousands</i>	Mediolanum Group		Core Business	
	31.12.2004 *	31.12.2003 *	31.12.2004 **	31.12.2003 **
Premiums from insurance activities				
Gross premiums written	2,396,996	2,132,664	2,309,146	2,062,828
Reinsurance ceded	(7,090)	(7,687)	(7,062)	(7,675)
Commission income from financial activities and other income				
Entry fees	28,422	34,676	24,884	31,477
Management fees	186,152	161,183	168,201	142,811
Performance fees	56,792	85,435	55,390	84,496
Bank service margin	80,064	80,657	66,546	69,779
Bank interest spread	60,258	69,609	51,970	54,897
Other commissions	11,283	13,156	10,292	9,827
Other revenues	9,135	6,705	10,119	7,980
TOTAL REVENUES	2,822,012	2,576,398	2,689,486	2,456,420
Change in Life insurance reserves and service to policyholders, net of reinsurance				
	(2,159,128)	(1,923,019)	(2,081,721)	(1,861,135)
Acquisition costs, net of reinsurance	(213,962)	(209,961)	(192,770)	(189,073)
General costs	(225,438)	(226,048)	(187,600)	(184,621)
Amortisation/depreciation and provisions	(56,705)	(78,303)	(27,194)	(49,857)
Net investment and asset income	23,578	24,723	16,048	18,004
Figurative proceeds from shareholdings in New Ventures ***	0	0	8,480	8,103
Adjustments to the value of financial investments	(979)	(686)	(1,077)	(686)
OPERATING PROFIT	189,378	163,104	223,652	197,155
Non-recurring extraordinary income and charges				
	2,486	(12,332)	2,837	(8,629)
PROFIT BEFORE TAXES	191,864	150,772	226,489	188,526
Taxes for the year	(50,578)	(21,360)	(52,230)	(24,109)
Profit for minority interests	0	(15)	0	0
PROFIT FOR THE YEAR PERTAINING TO THE GROUP	141,286	129,427	174,259	164,417

* Consolidated Mediolanum Group (also including the "New Ventures" Fibanc Group, Gamax Group, Banca Esperia, Mediolanum International Life Ltd, Bankhaus August Lenz & Co. AG, Mediolanum Private S.A.M., 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 is an actuarial estimate of the value of a company, excluding any value attributable to future new business.

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

The embedded value of the Group at December 31, 2004 was calculated by Tillinghast, the division of Towers Perrin for management and actuarial consultancy for financial institutions. The values attributable to the Life insurance and asset management businesses are shown separately; figures for 2002 and 2003 are also shown for comparative purposes.

The valuations make use of actuarial methodology commonly adopted in traditional embedded value reporting, based on deterministic projections of future after-tax profits, with an allowance for risk through the use of a single 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, or to that necessary to comply with the European Embedded Value Principles published by CFO Forum.

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 2004 is shown both before and after the elimination of the goodwill included in the consolidated financial statements relating to the recent acquisitions of the Group (Fibanc in Spain, Gamax Group and B.A. Lenz in Germany and Mediolanum International Life in Ireland) and not yet amortised at December 31, 2004.

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>	2002	2003	2004
Adjusted Shareholders' net assets	508	564	667
Value of in-force Life business	1,168	1,263	1,477
Value of in-force mutual funds and managed accounts	296	339	359
EMBEDDED VALUE INCLUDING GOODWILL FOR ACQUISITIONS	1,972	2,166	2,503
Goodwill for acquisitions (Fibanc, Gamax, B.A. Lenz, MILL)	(156)	(137)	(149)
EMBEDDED VALUE EXCLUDING GOODWILL FOR ACQUISITIONS	1,816	2,029	2,354

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 7.25% for 2002 and 2003, and at 6.60% for 2004. 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 business.

The discount rate appropriate for any shareholder or investor will depend on his or her specific requirements, tax position and perception of the risks associated with the realisation of future profits. To allow potential investors to analyse the effect of using various discount rates, the embedded value for the Group as at December 31, 2004 was calculated at discount rates of 6.1% and 7.1%, respectively, net of the cost of maintaining solvency capital at 100% of the EU minimum required for Life business. All other assumptions, in particular inflation rates and investment returns, were kept unchanged when calculating the values at alternative discount rates.

Analysis of the sensitivity to the discount rate of embedded value at December 31, 2004

Euro millions

	6.1%	6.6%	7.1%
Discount rate	6.1%	6.6%	7.1%
Adjusted Shareholders' net assets	667	667	667
Value of in-force Life business	1,549	1,477	1,410
Value of in-force mutual funds and managed accounts business	367	359	351
EMBEDDED VALUE INCLUDING GOODWILL FOR ACQUISITIONS	2,583	2,503	2,428
Goodwill for acquisitions (Fibanc, Gamax, B.A. Lenz, MILL)	(149)	(149)	(149)
EMBEDDED VALUE EXCLUDING GOODWILL FOR ACQUISITIONS	2,434	2,354	2,279

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.

The following table shows the embedded value earnings of the Mediolanum Group in the years 2002, 2003 and 2004.

Embedded value earnings for the year

<i>Euro millions</i>	2002	2003	2004
Change in embedded value for the year	55	194	337
Goodwill amortisation in the year	20	19	20
Dividends paid	72	72	80
EMBEDDED VALUE EARNINGS FOR THE YEAR BEFORE ACQUISITIONS	147	285	437
Fibanc, B.A. Lenz and MILL effect in the year	(27)	0	(32)
EMBEDDED VALUE EARNINGS FOR THE YEAR AFTER ACQUISITIONS	120	285	405

EMBEDDED VALUE EARNINGS FOR THE YEAR

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

- The expected return on embedded value at the start of the year (“expected return”), equal to the after-tax investment return assumed at the start of the year on shareholders’ net assets less solvency capital, plus a return at the discount rate on the sum of in-force business and solvency capital at the start of the year.
- Variances during the year (“experience variances”), caused by differences between the actual experience of the year and the assumptions used to calculate the embedded value at the start of the year, before the impact of new sales during the year.
- The impact of changes in assumptions at the end of the year for operating experience, excluding economic or fiscal assumptions (“operating assumption variances”).
- Changes in assumptions regarding future experience used to calculate the value of in-force business at the end of the year relating to economic conditions (“economic assumption variances”), including the discount rate and investment returns.
- The effect at December 31, 2003 of the decrease in the tax rate with the introduction of IRES, as well as the elimination of the Dual Income Tax (DIT) and the “Visco” tax breaks, that were applied to Banca Mediolanum, thus increasing the fiscal burden on managed accounts and, in 2004, the effect of the change in the taxation of reserves introduced by Law Decree 168/2004 (“tax assumption variances”).
- The impact in 2002 of the conversion from mutual funds into managed accounts and into Irish “Mix” funds (“net result of fund conversion”).
- The transformation of the value of “traditional” Life products (“Life business transformation”) into new, mainly “Index-linked”, Life products.
- The “value added by new business”, initially calculated at the moment 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 of, and the increase in, the interests held in Fibanc, Gamax, B.A. Lenz and MILL during the period 2002-2004.

The following table shows the embedded value earnings of the Mediolanum Group for the years 2002, 2003 and 2004.

Components of embedded value earnings

<i>Euro millions</i>	2002	2003	2004
Expected return	126	120	132
Experience variances	(265)	20	106
Operating assumption variances	111	15	(10)
Economic assumption variances	(62)	(30)	38
Tax assumption variances	1	5	(5)
EARNINGS ON INITIAL EMBEDDED VALUE	(89)	130	261
Net result of fund conversion	19	0	0
Life business transformation	5	0	0
New Life business	161	124	151
New mutual fund and managed accounts business	51	31	25
VALUE ADDED BY NEW BUSINESS	236	155	176
EMBEDDED VALUE EARNINGS BEFORE GOODWILL	147	285	437
Fibanc, Gamax, Lenz and MILL effect in the year	(27)	0	(32)
EMBEDDED VALUE EARNINGS AFTER GOODWILL	120	285	405

Description of key embedded value elements for 2004

Experience variances gave rise to an increase in the embedded value earnings for the year of 106 million Euro, mainly due to a reduction in costs of Irish mutual fund managers, for 53 million Euro, an increase in the market value of the Mediobanca shareholding for 40 million Euro and higher performance commissions than those assumed.

Changes in operating assumptions which generated a decrease in embedded value earnings of 10 million Euro, are mainly due to an increase in the cost structure relating to Life business.

The positive impact of changes to economic assumptions (approximately 38 million Euro) is due to the combined effect of the reduction in the discount rate and in the projected rates of investment return.

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 increased by 22% compared to 2003. This result is attributable to a favourable volume effect and to increased profitability resulting from a reduction in the costs of Irish mutual fund managers and from the combined effect of changes to economic assumptions. These effects were partially offset by a sales mix concentrated in products with lower profitability than Life products with recurring premiums. Overall, the profitability of new Life business was in line with that of the previous year.

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 34 million Euro for mutual fund instalment plans, 725 million Euro of lump-sum investments in mutual funds and 80 million Euro for managed accounts. The value added by new mutual fund and managed accounts business shows a decrease in profitability compared to 2003 primarily due to lower inflows.

In order to evaluate the effect of alternative discount rates on the new Life, mutual fund and managed accounts business, the value added by the 2004 new business was calculated using discount rates of 6.1% and 7.1%, 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	6.1%	6.6%	7.1%
New Life business	159	151	144
New mutual fund and fund management business	25	25	24

ASSUMPTIONS

Following common practice for traditional embedded value reporting, assumptions were defined in a deterministic way, and thus do not reflect the natural volatility of a number of the operating assumptions, in particular those concerning investment returns. The main assumptions used in the embedded value calculations at December 31, 2004 are set out below:

- Average gross returns for new investments in 10-year fixed rate government bonds were set at 4.50% in the 2002 and 2003 valuations, and at 3.85% in the 2004 valuation. Total gross return on equities was assumed at 7.00% for 2002 and 2003, and 6.35% for 2004. Pre-tax rates of returns on assets backing technical reserves were set consistent with the above rates, taking into consideration the related asset mix, resulting in assumptions for the segregated funds of 4.15% for 2002 and 4.00% for the 2003 and 2004 valuations. 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 2004, before costs and taxes, of 4.85% for unit-linked funds (5.40% for 2003) and of 5.25% for Asset management products (5.75% for 2003).

- Profits from in-force business coming from Group companies subject to Italian taxation were assumed, in the 2002 valuation, to be subject to an average tax rate of 39.25% from 2003 onwards. For the 2003 and 2004 valuations, the new Financial Law introducing IRES was applied; therefore, a tax rate of 38.25% was applied from 2004 onwards. Considering the effect of the DIT, the tax rate assumed for Banca Mediolanum (managed accounts business) was 34% for the 2002 valuation. For 2003 and 2004, following the elimination of the DIT and “Visco” tax breaks, a tax rate of 38.25% was applied. Companies operating under Irish legislation domiciled in the IFSC have been subjected to the effective tax regime, equal to 12.5% (reduced to 10% up until 2005), plus the impact of the treatment of repatriated profits in Italy (5% of profit is subject to the IRPEG/IRES tax rate).
- Assumed future rates of mortality, lapse and failure to maintain recurrent premiums and other exits, 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 sectors.
- 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 and 2004 (2.5% for 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 the in-force business. Management expenses expressed as a per-policy amount are assumed to increase by 2.5% for 2003 and 2004 (3.0% for 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 29 million Euro in 2002, 53 million Euro in 2003 and 28 million Euro in 2004, as a result of actual experience exceeding the assumptions used at the beginning of the year. Following a change in the fee calculation method in 2002, the parameters were increased as at December 31, 2002. In the 2004 valuation, allowance has been made for the increase, already approved by the Bank of Italy, in ordinary management commissions for Italian mutual funds, and a simultaneous reduction in the level of performance commissions projected to be received in the future.
- Allowance was made for reinsurance of in-force Life policies outside the Mediolanum Group, and mainly relates to various quota share financing treaties written in the years up to 1994. No new financing reinsurance arrangements have been made since 1995.
- The cost of maintaining solvency capital was determined on the assumption that the required level of solvency capital is 100% of the minimum EU solvency margin, and that assets (mainly bonds) backing solvency capital yielded an average annual pre-tax return of 4.15% in the 2002 valuation, of 4.00% in 2003 and 2004. Based on these assumptions, the cost of solvency capital which was deducted from the discounted value of future after-tax statutory profits to determine the value of in-force Life business reported above, was 41 million Euro in 2002, 38 million Euro in 2003 and 34 million Euro in 2004. The cost, which is already allowed for in the value added by Life new business for 2004, is approximately 2.3 million Euro.



Milan, 22 March 2005

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, the global actuarial and management consulting business of Towers Perrin, has assisted the Mediolanum Group regarding the methodology and the assumptions to be used, and has calculated the embedded value of the Group as at 31 December 2003 and 2004, together with the embedded value earnings in the years 2003 and 2004. The estimates of value determined 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, but have not undertaken 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% as at 31 December 2003 and 6.60% as at 31 December 2004, and the value of in-force life business is shown after the cost of holding solvency capital at 100% of the EU minimum margin.

Towers, Perrin, Forster & Crosby, Inc., Capitale Sociale: USD 38.280,00 i.v.
Sede secondaria per l'Italia — Registro imprese di Milano, C.F. e P. IVA IT 08946420158 R.E.A. 1260190

Via Pontaccio, 10 - 20121 Milano tel (39) 02 863 921 fax (39) 02 809 753 www.towersperrin.com
Ufficio di Roma: Via Boezio, 6 - 00192 Roma tel (39) 06 3280 3420 fax (39) 06 3280 3501 www.towersperrin.com

Embedded Value (Euro million)		
31 December	2004	2003
Adjusted net worth (including goodwill)	667	564
Elimination of outstanding goodwill	(149)	(137)
Value of in-force Life business	1,477	1,263
Value of in-force Asset Management business	359	339
Embedded Value	2,354	2,029

The following table shows the principal components of the Group's embedded value earnings in the year 2003 and 2004.

Embedded Value Earnings (Euro million)		
	2004	2003
Expected return	132	120
Experience variances	106	20
Operating assumption changes	(10)	15
Economic assumption changes	38	(30)
Tax assumption changes	(5)	5
New Life business	151	124
New Asset Management business	25	31
Embedded value earnings before acquisitions	437	285
Impact of acquisitions in the period	(32)	-
Embedded value earnings	405	285

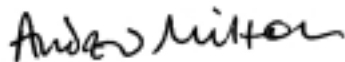
The valuations make use of actuarial methodology typically used in traditional embedded value reporting, based on deterministic projections of future after-tax profits, with an allowance for risk through the use of a single risk discount rate and an explicit assumption for the level and cost of holding capital. The allowance for risk may not correspond to a capital markets based valuation of such risk or to that required to comply with the European Embedded Value Principles published by the CFO Forum.

Egregio signor Doris
Milan, 22 March 2005
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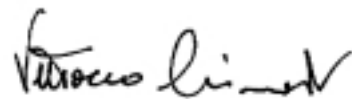


In this context, Tillinghast considers that the methodology and the assumptions used to calculate the embedded values and the embedded value earnings are reasonable and consistent with the recent operating experience of the Group, and that the resulting values, as shown in this letter, are reasonable.

Yours sincerely



Andrew Milton
Fellow of the Institute of Actuaries



Vittorio Chimenti
Attuario

MEDIOLANUM GROUP

*CONSOLIDATED
FINANCIAL STATEMENTS
AND NOTES TO THE ACCOUNTS*



Balance sheet

ASSETS

<i>Euro in thousands</i>	31.12.2004	31.12.2003
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	7,536	8,566
5. Consolidation difference	110	126
TOTAL INTANGIBLE ASSETS	7,646	8,692
C) Investments		
I - Land and buildings	56,830	70,800
II - Investments in Group companies and other shareholdings		
1. Shares and quotas in		
a) parent companies	0	0
b) controlled companies	492,707	479,110
c) affiliated companies	0	99
d) associated companies	23,195	19,059
e) other companies	173,575	173,575
2. Bonds	0	0
3. Financial loans	0	50,489
TOTAL INVESTMENT IN GROUP COMPANIES AND OTHER SHAREHOLDINGS	689,477	722,332
III - Other financial investments		
1. Shares and quotas	0	0
2. Mutual fund shares	58,672	46,862
3. Bonds and other fixed income securities	986,390	1,017,041
4. Financial loans	12,127	13,181
5. Quotas of common investments	0	0
6. Deposits with credit institutions	26,419	1,105
7. Other financial investments	52,911	1,141
TOTAL OTHER FINANCIAL INVESTMENTS	1,136,519	1,079,330
IV - Funds held by ceding companies	0	0
TOTAL INVESTMENTS	1,882,826	1,872,462
D) Investments on behalf of life Policyholders carrying the risk and from pension fund management	8,994,788	7,187,635
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	107,594	109,021
2. Reserves for amounts to be paid	1,173	2,153
3. Other	0	351
4. Technical reserves when the risk is carried by policyholders and reserves from pension fund management	0	0
TOTAL LIFE	108,767	111,525
TOTAL REINSURERS' SHARE OF TECHNICAL RESERVES	108,767	111,525
E) Receivables		
I - Due from direct insurance operations	5,138	6,287
II - Due from reinsurance operations	0	3
III - Other receivables	142,172	114,797
TOTAL RECEIVABLES	147,310	121,087
F) Other assets		
I - Tangible assets	1,558	2,231
II - Liquid assets	216,692	284,177
III - Own shares or quotas	2,045	2,092
IV - Other assets	141	321
TOTAL OTHER ASSETS	220,436	288,821
G) Pre-payments and accrued income	20,893	20,698
TOTAL ASSETS	11,382,666	9,610,920

Euro in thousands

31.12.2004

31.12.2003

SHAREHOLDERS' EQUITY AND LIABILITIES

A) Capital and reserves		
I - Pertaining to the Group:		
1. Subscribed capital or equivalent	72,567	72,567
2. Net equity reserves	270,181	244,397
3. Consolidation reserve	116,197	112,485
4. Reserve for difference in valuation regarding shares in non-consolidated companies	21,592	1,394
5. Reserve for exchange rate difference	77	77
6. Reserves for own shares and shares of the parent company	2,045	2,091
7. Profit (loss) for the period	141,286	129,427
TOTAL GROUP SHAREHOLDERS' EQUITY	623,945	562,438
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	623,945	562,438
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	1,172,932	1,224,294
2. Reserve for amounts to be paid	49,074	61,850
3. Others	53,930	56,613
TOTAL LIFE	1,275,936	1,342,757
TOTAL TECHNICAL RESERVES	1,275,936	1,342,757
D) Technical reserves when the risk is carried by policyholders and reserves from pension fund management	8,993,770	7,187,025
E) Provisions for risks and charges		
1. Provisions for retirement pensions and similar obligations	0	0
2. Provision for taxes	27,104	40,868
3. Consolidation provision for future risks and charges	0	0
4. Other provisions	543	946
TOTAL PROVISIONS FOR RISKS AND CHARGES	27,647	41,814
F) Deposits received from reinsurers	107,485	109,000
G) Payables and other liabilities		
I - Due to direct insurance operations	4,897	3,674
II - Due to reinsurance operations	730	1,544
III - Debenture loans	0	0
IV - Amounts owed to credit institutions	250,000	290,000
V - Secured debt	0	0
VI - Other loans and other financial debt	0	0
VII - Employee termination indemnity	2,923	3,103
VIII - Other payables	85,376	65,293
IX - Other liabilities	8,078	2,859
TOTAL PAYABLES AND OTHER LIABILITIES	352,004	366,473
H) Accruals and deferred income	1,879	1,413
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	11,382,666	9,610,920
Off-balance sheet items		
I - Guarantees given	539	1,119
II - Guarantees received	11,362	11,362
III - Guarantees given by third parties	0	0
IV - Obligations	228,810	20,000
V - Third party assets	262	53
VI - Pension fund assets managed on behalf of third parties	0	0
VII - Securities in the hands of third parties	12,072,880	10,023,500
VIII - Other off-balance sheet items	0	0
TOTAL OFF-BALANCE SHEET ITEMS	12,313,853	10,056,034

Income statement

TECHNICAL ACCOUNT OF LIFE BUSINESS

<i>Euro in thousands</i>	31.12.2004	31.12.2003
1. Earned premiums, net of reinsurance		
a) Gross premiums written	2,396,997	2,132,664
b)(-) reinsurance premiums	(7,090)	(7,687)
TOTAL NET PREMIUMS	2,389,907	2,124,977
2. (+) allocated investment return transferred from the non-technical account	35,965	40,313
3. Unrealised gains on investments on behalf of Life policyholders carrying the risk and from pension fund management	848,695	841,673
4. Other technical income, net of reinsurance	62,831	55,266
5. Claims incurred, net of amounts recovered and reinsurance		
a) Claims paid		
aa) Gross amount	(921,797)	(650,425)
bb) (-) Reinsurers' share	11,467	28,763
b) Change in amount recovered, net of reinsurance		
aa) Gross amount	13,008	(8,943)
bb) (-) Reinsurers' share	(980)	(2,254)
TOTAL NET CLAIMS INCURRED	(898,302)	(632,859)
6. Change in mathematical reserves and other technical reserves, net of reinsurance		
a) Mahemathical reserves		
aa) Gross amount	66,541	137,981
bb) (-) Reinsurers' share	(1,427)	(17,832)
b) Other reserves		
aa) Gross amount	2,945	(1,667)
bb) (-) Reinsurers' share	0	(1,340)
c) Life insurance reserves when the risk is carried by policyholders and from pension fund management		
aa) Gross amount	(1,822,020)	(1,836,680)
bb) (-) Reinsurers' share	0	0
TOTAL CHANGE IN NET RESERVES	(1,753,961)	(1,719,538)
7. Refunds and profit sharing, net of reinsurance	0	0
8. Operating expenses		
a) Acquisition commissions	(179,534)	(158,179)
b) Other acquisition costs	(2,164)	(2,737)
c) Change in unamortised acquisition commissions and costs	0	0
d) Collection commissions	(1,541)	(2,069)
e) Other administrative expenses	(15,533)	(13,405)
f) (-) Reinsurers' commissions and profit sharing	1,209	1,257
TOTAL OPERATING EXPENSES	(197,563)	(175,133)
9. Unrealised loss on investments on behalf of Life policyholders carrying the risk and from pension fund management	(430,809)	(484,353)
10. Other technical account of Life business	(1,729)	(3,182)
11. Total technical account of Life business	55,034	47,164

Euro in thousands

31.12.2004

31.12.2003

**NON-TECHNICAL
ACCOUNT**

1. Total technical account of Non-life-business	0	0
2. Total technical account of Life business	55,034	47,164
3. Investment income		
a) Investment income from shares and quotas		
aa) Results for the year on investments valued using the equity method	110,813	119,910
bb) Other	5,970	2,802
b) Other investment income		
aa) Land and buildings	2,103	2,650
bb) Other investments	42,905	44,450
c) Adjustments to the value of financial investments	786	1,928
d) Gains on the realisation of investments	14,401	21,334
TOTAL INVESTMENT INCOME	176,978	193,074
4. Financial burden and losses on assets		
a) Investment management expense and interest on bank loans	(8,807)	(7,605)
b) Adjustments to the value of investments	(2,817)	(2,460)
c) Losses on the realisation of investments	(11,009)	(17,941)
TOTAL FINANCIAL BURDEN AND LOSSES ON ASSETS	(22,633)	(28,006)
5. (-) Allocated investment return transferred to the technical account to the technical account of Life business	(35,965)	(40,313)
6. Other revenues	11,780	12,125
7. Other charges		
a) Interest payable on other financial debt	(6,259)	(8,019)
b) Other costs	(27,573)	(44,991)
TOTAL OTHER CHARGES	(33,832)	(53,010)
8. Total ordinary operations	151,362	131,034
9. Extraordinary income	7,576	13,427
10. Extraordinary charges	(1,008)	(6,036)
11. Total extraordinary operations	6,568	7,391
12. Profit before taxes	157,930	138,425
13. Income tax for the period	(16,644)	(8,998)
14. Consolidated results	141,286	129,427
15. Profit (loss) for the year from minority interests	0	0
16. Group profit (loss) for the period	141,286	129,427

Notes to the consolidated financial statements as at December 31, 2004

PART A GENERAL CRITERIA AND CONSOLIDATION AREA

The consolidated financial statements at December 31, 2004, which consist of the Balance Sheet, the Income Statement and accompanying Notes, are presented in accordance with the requirements of Italian Law No. 173/97.

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

All amounts are expressed in thousands of Euro.

The consolidated financial statements were prepared based on the individual financial statements at December 31, 2004 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 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 intercompany gains and losses, as well as dividends posted in 2004 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 controlled 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 investment 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	100.00	Basiglio	Banking
Mediolanum Comunicazione S.p.A.	775	100.00	Basiglio	Audio/Film/TV production
Mediolanum Fiduciaria S.p.A.	510	100.00	Basiglio	Trust company without discretionary power
PI Distribuzione S.p.A.	517	100.00	Basiglio	Real estate broker
Mediolanum Gestione Fondi SGR p.A.	5,165	49.00	Basiglio	Management of mutual funds
Alboran S.p.A.	1,500	100.00	Cologno M.	Audio/Film/TV production
Mediolanum International Funds Ltd	150	49.00	Dublin	Management of mutual funds
Mediolanum Asset Management Ltd	150	49.00	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	100.00	Barcelona	Investment company
Banco de Finanzas e Inversiones S.A.	14,032	100.00	Barcelona	Banking
Ges Fibanc SGIC S.A.	2,506	100.00	Barcelona	Management of mutual funds
Fibanc S.A.	301	100.00	Barcelona	Financial advisory company
Fibanc Pensiones S.G.F.P. S.A.	902	100.00	Barcelona	Management of pension funds
Fibanc Faif S.A.	60	100.00	Barcelona	Financial consulting company
Tanami S.A.	181	100.00	Barcelona	Real estate broker
Valora S.A.	421	100.00	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	Sub-holding company
Gamax Holding AG	5,618	100.00	Luxembourg	Sub-holding company
Gamax Management AG	125	100.00	Luxembourg	Management of mutual funds
Gamax Fund of Funds Management AG	125	100.00	Luxembourg	Management of mutual funds
Gamax Broker Pool AG	500	100.00	Munich	Fund sales network
Gamax Austria GmbH	40	100.00	Salzburg	Fund sales network
Bankhaus August Lenz & Co. AG	20,000	100.00	Munich	Banking
Mediolanum Private S.A.M.	500	99.94	Princ. of Monaco	Asset management

List of companies directly controlled that are valued at cost:

Company	Share capital	% holding	Office	Activity
Mediolanum Life Financial Service Ltd	Euro 5	100.00	Dublin	Life insurance
Fibanc Argentina S.A.	ARS 50,000	94.00	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	48.50	Milan	Banking

The consolidated financial statements were prepared in accordance with the Italian law relating to financial statements (Article 16 of Italian Law No. 173/97, Article 2426 of the Italian Civil Code) and with the accounting standards issued by the relevant professional bodies. They are consistent with those used in the preparation of the consolidated financial statements at December 31, 2003, 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.

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.

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.

PART B VALUATION CRITERIA

SECTION 1 VALUATION CRITERIA

INTANGIBLE ASSETS

LAND AND BUILDINGS

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, 2004; further details thereabout are included in these Notes.

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 write-downs 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 held 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 (net of withholding tax accrued until the implementation of Legislative Decree 239/96) 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 write-downs 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 (net of withholding tax accrued until the implementation of Legislative Decree 239/96).

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 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.

Payables are reported at their nominal value.

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.

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

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

Revenues and expenses are recorded under the accrual basis.

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.

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.

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

PAYABLES

ACCRUALS AND
DEFERRED INCOME

PROVISIONS FOR RISKS
AND CHARGES

EMPLOYEE TERMINATION
INDEMNITY

REVENUES AND EXPENSES

TAXES

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.

Having applied nationwide consolidated taxes, the payables for income tax (IRES) and the receivables for advance payments and IRES withholding tax of the companies fiscally consolidated were posted separately to receivables from and payables to Group companies.

**GUARANTEES AND
COMMITMENTS**

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.

**PART C
CONSOLIDATED
BALANCE SHEET
AND INCOME
STATEMENT
INFORMATION**

ASSETS

**SECTION 1
INTANGIBLE ASSETS
(ITEM B)**

Other intangible assets include:

<i>Euro in thousands</i>	31.12.04	31.12.03
Start-up and expansion costs	72	759
Concessions, licences, trademarks and similar rights	7,319	7,477
Improvements on leased goods	80	167
Intangible assets under formation and advances	65	163
TOTAL	7,536	8,566

“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.

**SECTION 2
INVESTMENTS
(ITEM C)**

Item C.I *Land and buildings* includes:

<i>Euro in thousands</i>	31.12.04	31.12.03
Company buildings	17,456	18,038
Residential buildings leased to third parties	37,253	48,526
Industrial buildings leased to third parties	2,121	4,153
Assets under formation	0	83
TOTAL	56,830	70,800

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 72,854 thousand Euro and is higher than the book value.

The substantial drop since the previous period is primarily due to the sale of buildings leased to third parties, for a total book value of 13,215 thousand Euro. As a result of these sales, net capital gains of 4,028 thousand Euro were posted. The decrease in industrial buildings leased out is due to the change of their designation from industrial to civil use.

At the end of the period, there were preliminary sales agreements for 65 dwellings, with a total book value of 11,602 thousand Euro, resulting in a potential capital gain net of agency costs amounting to 4.6 million Euro.

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 841 thousand Euro.

No differences for consolidation were recorded for land and buildings.

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

Item C II *Investments in Group companies and other shareholdings - shares and quotas* 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>	31.12.04	31.12.03
Banca Mediolanum S.p.A.	411,541	405,209
Mediolanum International Funds Ltd	61,371	59,935
Mediolanum Gestione Fondi SGR p.A.	9,705	8,908
Mediolanum Asset Management Ltd	2,096	1,678
Mediolanum Comunicazione S.p.A.	1,011	1,098
Alboran S.p.A.	5,897	0
Mediolanum Fiduciaria S.p.A.	491	513
PI Distribuzione S.p.A.	593	409
Mediolanum International S.A.	2	2
Mediolanum State Street SGR p.A.	0	1,358
TOTAL	492,707	479,110

In May 2004, Mediolanum S.p.A. made a capital contribution of 10 million Euro to the controlled company Mediolanum International Life Ltd. to upwardly adjust the assets of the company to its progressive development of operations.

On August 13, authorisation was received from the Bank of Italy to transfer the investment in Mediolanum State Street SGR p.A. Pursuant to the agreement signed by the parties on June 10, 2004, the investment was transferred for a value of 2,893 thousand Euro, resulting in consolidated capital gains of 1,535 thousand Euro. The formal transfer deed was completed on October 7.

On December 3, 2004, Mediolanum S.p.A. acquired 100% of the company Alboran S.p.A. for a total of 6,024 thousand Euro. As main supplier to the Mediolanum Group of television productions and the organisation of events, Alboran was acquired in order to optimise and rationalise the Group's activities in this area, reducing costs and acquiring a range of technical skills essential for the development of certain fundamental services in the communication sector.

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 Mediolanum International S.A. Group.

With reference to these Groups, it should be remembered that:

- on January 9, the process for winding up Gamax Schweiz GmbH came to a conclusion;
- in February, the controlled company Mediolanum International S.A. increased its equity investment in Mediolanum Private S.A.M. to 99.94%, taking over the portion held by Compagnie Monégasque de Banque. Last May, the Board meeting of Mediolanum Private S.A.M. resolved to halt taking in new assets and to proceed with the gradual closing of existing administrative situations with customers;
- in May, the controlled company Banco de Finanzas e Inversiones S.A. passed resolution to increase its share capital by 20 million Euro, fully subscribed by Banca Mediolanum. As a result of this operation, the portion held by the Mediolanum Group in the Banco de Finanzas Group went from 85.865% to 87.781%. In addition, on September 15, Banca Mediolanum's purchase of 171,451 shares in Fibanc Inversiones S.A. was formalised, for a total value of 39.6 million Euro, giving Banca Mediolanum 100% control over the Spanish Group;
- in August, the controlled company Bankhaus August Lenz passed resolution for a capital increase of 12 million Euro, which was put into effect in September.

c) Fininvest Group shares and quotas

During the third quarter 2004, the company Consorzio Aeromobili Fininvest, already in liquidation, was dissolved and the quotas reimbursed to the consortium members. This operation led to a capital loss of 36 thousand Euro.

d) Shares and quotas in associated companies refer to 23,195 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>	31.12.04	31.12.03
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	2,364
Nomisma Società di studi economici S.p.A.	71	71
Rita S.r.l.	14	14
Europa Invest S.A.	14	14
TOTAL	173,575	173,575

and consist of:

<i>Euro in thousands</i> Company	Share capital	% holding	Office
Mediobanca S.p.A.	392,391	1.813	Via Filodrammatici 10 Milan
Consortium S.r.l.	487,540	3.860	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	P.zza S. Babila 1 Milan
Europa Invest S.A.	125	14.000	14 rue Aldringen Luxembourg

Item C II 3 *Financial loans* shows no balance at the end of the year under review. In the financial statements as at December 31, 2003, this item included repurchase agreements stipulated by Mediolanum Vita S.p.A. with the affiliated company Banca Mediolanum S.p.A..

Item C III *Other financial investments* includes:

Item C III 2 *Mutual fund shares* includes shares of mutual funds managed by the companies Mediolanum International Funds Ltd totalling 54,903 thousand Euro and Mediolanum Gestione Fondi SGR p.A. totalling 3,700 thousand Euro.

Long term financial investments amount to 671,895 thousand Euro and are principally fixed income securities issued by the Government and public bodies.

The evaluation of long term financial investments at current value that are to remain in the Group's assets, shows a potential gain of 23,310 thousand Euro over the average December value.

The financial investments that are not to remain a part of Group's assets amount to 464,624 thousand Euro and consist of:

<i>Euro in thousands</i>	31.12.04	31.12.03
Shares and quotas	0	0
Mutual fund shares	58,672	46,862
Bonds and other fixed income securities	314,495	380,458
Deposits with credit institutions	26,419	1,105
Financial loans	12,127	13,181
Other financial investments	52,911	1,141
TOTAL	464,624	442,747

The evaluation at current value of financial investments that are not to remain a part of Group's assets shows a potential gain of 923 thousand Euro. Gains for write-downs on trading portfolio total 786 thousand Euro and losses for write-downs on investment portfolio total 1,976 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	58,672	58,922	58,672	58,922
3. Bonds and other fixed income securities	671,895	695,205	314,495	314,995	986,390	1,010,200
a1) Government securities traded on regulated markets	518,505	532,106	247,734	247,883	766,239	779,989
a2) other securities traded on regulated markets	136,207	145,549	66,759	67,110	202,966	212,659
b1) unlisted Government securities	682	682			682	682
b2) other unlisted securities	16,501	16,868	2	2	16,503	16,870
c) convertible bonds						
4. Financial loans	0	0	12,127	12,127	12,127	12,127
5. Quotas of common investments	0	0	0	0	0	0
6. Deposits with credit institutions	0	0	26,419	26,419	26,419	26,419
7. Other financial investments	0		52,911	53,084	52,911	53,084
TOTAL	671,895	695,205	464,624	465,547	1,136,519	1,160,752

Financial loans (item C III 4) consist of:

<i>Euro in thousands</i>	31.12.04	31.12.03
Secured loans on insurance policies	11,964	12,593
Loans to consultants	58	397
Other loans	105	191
TOTAL	12,127	13,181

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

The balance of “loans on policy to insured parties” refers to loans to Life insurance policyholders.

Item C. III 6. *Deposits with credit institutions* mainly includes deposits subject to time limits greater than 15 days; the item balance mostly relates to deposits of the company Mediolanum International Life Ltd held in Irish banks.

Item C.III.7 *Other financial investments* as at December 31, 2004, totalled 52,911 thousand Euro. 3,852 thousand Euro of this total relates to options aimed at an effective portfolio management, and 49,059 thousand Euro to a repurchase transaction outstanding at year-end.

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

Compared to the previous year, *Investments on behalf of Life policyholders carrying the risk and from pension fund management* (item D) grew significantly as the outcome of improved trends in investments and the new issues during the year from Mediolanum Vita S.p.A. and Mediolanum International Life Ltd.

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

<i>Euro in thousands</i>	31.12.04	31.12.03
Due from insurance brokers	3,381	3,349
Due from policyholders in the year	1,752	2,399
Due from policyholders from previous years' premiums	0	528
Due from intermediaries for portfolio compensations	5	11
TOTAL	5,138	6,287

Amounts due from policyholders represent a very marginal part of total business for the company.

The amounts due from policyholders in previous years, totalling 51 thousand Euro, are fully covered using the Credit Risk Fund.

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

<i>Euro in thousands</i>	31.12.04	31.12.03
Due from tax authorities	125,006	107,987
Due from Mediolanum Group companies	13,578	2,922
Due from real estate leases	1,391	995
Advances to suppliers and professionals	841	791
Due from Fininvest Group and Doris Group companies	625	458
Due from employees	103	128
Guarantee deposits	40	82
Other receivables	588	1,434
TOTAL	142,172	114,797

“Due from tax authorities” is analysed as follows:

<i>Euro in thousands</i>	31.12.04	31.12.03
Due from tax on mathematical reserves	77,377	49,383
Advance payments and amounts brought forward	13,717	9,070
Tax credits on dividends and mutual funds	0	28,012
Tax reimbursements	14,410	14,171
Tax withholdings	228	6,870
Other	19,274	481
TOTAL	125,006	107,987

“Due from tax on mathematical reserves” 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 (Legislative Decree No. 209, 24.09.2002, converted into Italian Law No. 265, 22.11.2002)

“Due from Mediolanum Group companies” mainly increased (9,697 thousand Euro) following the transfer of amounts due to tax authorities by controlled companies, not consolidated on a line-by-line basis, for the effect of applying the nationwide consolidated taxes.

<i>Euro in thousands</i>	31.12.04	31.12.03
Due from companies for consolidated taxes		
Banca Mediolanum S.p.A.	5,119	0
Mediolanum Gestione Fondi SGR p.A.	4,323	0
Mediolanum Comunicazione S.p.A.	143	0
PI Distribuzione S.p.A.	112	0
TOTAL DUE FROM COMPANIES FOR CONSOLIDATED TAXES	9,697	0

“Due from Fininvest Group and Doris Group companies” consists of amounts due from Mediolanum Assicurazioni S.p.A. (600 thousand Euro) relating to commissions on the sale of insurance policies and to the recharge of costs for seconded employees and miscellaneous services.

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

<i>Euro in thousands</i>	31.12.04	31.12.03
Electric and electronic equipment	745	1,111
Furniture and fittings	416	568
Equipment	387	531
Systems	10	17
Assets under formation and advances	0	4
TOTAL	1,558	2,231

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

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

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. (138,561 thousand Euro), Bankhaus August Lenz & Co. AG (13 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.. During the year, no changes in own shares occurred in the portfolio.

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

<i>Euro in thousands</i>	31.12.04	31.12.03
Accrued interest on securities	13,064	12,691
Accrued rights	7,771	7,485
Other accrued income	9	195
Prepayments for insurance	1	129
Other prepayments	48	198
TOTAL	20,893	20,698

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 2004	343,398	126,559	469,957
Subsequent changes in carrying value and Shareholders' equity in companies included in consolidation	128,717	27,268	155,985
Differences in investments valued by the equity method	68,909	132,411	201,320
Conversion difference of companies included in consolidation area	77	0	77
Accrued inter-company dividends	0	(124,041)	(124,041)
Other consolidation adjustments	(2,666)	(88)	(2,754)
Elimination inter-company transactions	(752)	(214)	(966)
Amortisation of consolidation differences in the company's equity investments valued using the equity method	(54,227)	(20,316)	(74,543)
Amortisation of capital gains attributed to buildings as at the date of acquisition of the company valued using the equity method	(760)	(277)	(1,037)
Amortisation of consolidation difference of companies consolidated on a line-by-line basis	(37)	(16)	(53)
Consolidated financial statements for the year 2004	482,659	141,286	623,945

<i>Euro in thousands</i>	Capital and reserves	Profit for the period	Total shareholders' equity
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	182,190
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

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 mainly refers to 13,825 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, 2004, relate to the Gamax Group for 40,309 thousand Euro, to the Fibanc Group for 119,153 thousand Euro, to Bankhaus August Lenz & Co. AG for 3,378 thousand Euro, and to Alboran S.p.A. for 4,982 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>	31.12.04	31.12.03
Mathematical reserves	1,172,932	1,224,294
Reserve for amounts to be paid	49,074	61,850
Other	53,930	56,613
TOTAL	1,275,936	1,342,757

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, 2004.

The decrease in the traditional reserves is related to effects of the natural expiry of the portfolio, which was not offset by an equivalent increase in new business; all this is in line with the strategic guidelines, privileging class D products.

It should be noted that other technical reserves include an additional reserve (Rates Decrease Reserve), according to ISVAP provision 1801.

The following table details the *Technical reserves when the risk is carried by policyholders and reserves from pension fund management*; the balance as at December 31, 2004 was 8,993,770 thousand Euro (2003: 7,187,025 thousand Euro), an increase of 1,806,745 thousand Euro mainly as a result of new business commitments for 2004.

<i>Euro in thousands</i>	31.12.04	31.12.03
Technical reserves on index-linked products	4,500,586	3,477,137
Technical reserves on unit-linked products	4,488,229	3,706,657
Technical reserves resulting from pension fund management	4,955	3,231
TOTAL	8,993,770	7,187,025

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

<i>Euro in thousands</i>	31.12.04	31.12.03
Provision for Irpeg-Irap (corporate income tax-tax on productive activities)	26,188	39,587
Provision for deferred taxes	679	961
Provision for taxes for assessments	237	320
TOTAL	27,104	40,868

“Provision for deferred taxes” was determined by compensating the balances of prepaid taxes with deferred taxes of the companies consolidated on a line-by-line basis 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 Council of Professional Accountants and Bookkeepers, as illustrated in the following table:

<i>Euro in thousands</i>	31.12.04	31.12.03
Deferred taxes	1,552	1,923
Prepaid taxes	(873)	(962)
TOTAL	679	961

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

<i>Euro in thousands</i>	31.12.04	31.12.03
Agents premium loyalty provision	343	324
Other funds, risks and charges	200	622
TOTAL	543	946

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

<i>Euro in thousands</i>	31.12.03	Accrued	Utilisation	Recl.	31.12.04
Agents premium loyalty provision	324	19	0	0	343
Other funds, risks and charges	622	0	(422)	0	200
TOTAL	946	19	(422)	0	543

The decrease of funds for risks and charges is due to the wiping off of non-recoverable debts.

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. In 2004, the net borrowing position was reduced by 40 million Euro.

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

Euro in thousands

Opening balance at 31.12.03	3,103
Provision for the period	453
Severance payment indemnity supplement	624
Advances to employees	(91)
Indemnity paid during the year	(876)
Substitute tax	(8)
Transfers to Mediolanum Group and Fininvest Group companies	(282)
Closing balance at 31.12.04	2,923

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

<i>Euro in thousands</i>	31.12.04	31.12.03
Payable to Mediolanum Group companies	55,745	34,069
Taxes	10,250	19,669
Payable to shareholders as dividends	7,432	0
Trade accounts	4,630	6,617
Taxes charged to policyholders	1,727	1,933
Payable to Fininvest Group and Doris Group companies	143	731
Payable to social security institutions	362	509
Downpayments received	3,721	224
Other	1,366	1,541
TOTAL	85,376	65,293

“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. Moreover, this item includes 14,085 thousand Euro of tax credit from controlled companies not consolidated on a line-by-line basis, as a result of these applying nationwide consolidated taxes:

<i>Euro in thousands</i>	31.12.04	31.12.03
Due to companies for consolidated taxes		
Banca Mediolanum S.p.A.	9,766	0
Mediolanum Gestione Fondi SGR p.A.	4,095	0
PI Distribuzione S.p.A.	133	0
Mediolanum Comunicazione S.p.A.	91	0
TOTAL DUE TO COMPANIES FOR CONSOLIDATED TAXES	14,085	0

“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>	31.12.04	31.12.03
Services received	2,639	4,125
Invoices to be received	1,535	2,118
Emoluments to Directors and Statutory Auditors	208	218
Professional services	248	156
TOTAL	4,630	6,617

“Payable to Fininvest Group and Doris Group companies” mainly consists of recharge costs due to Mediolanum Assicurazioni S.p.A. and to Fininvest Group companies for lease of means of transport, seconded employees, and advertising costs. All services are in line with standard 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>	31.12.04	31.12.03
Advanced policyholder payments	5,004	1,265
Commissions for unearned premiums	577	654
Provision for employee charges	204	254
Other sundry liabilities	2,293	686
TOTAL	8,078	2,859

“Other sundry liabilities” include 1,767 thousand Euro for swap operations outstanding at year end.

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

<i>Euro in thousands</i>	31.12.04	31.12.03
Sundry accrued expenses	1,630	1,286
Deferred income on lease instalments	249	127
TOTAL	1,879	1,413

“Sundry accrued expenses” mainly relates to interest accrued at year end on credit lines.

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, except item C.III.4.

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

Securities in the hands of third parties.

This item relates to securities deposited at banks (of which 884,939 thousand Euro at Banca Mediolanum S.p.A.).

Guarantees given

This item refers to *Guarantees given to other companies* for the prompt payment of rent for 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 (5,000 thousand Euro) and for swap contracts (223,810 thousand Euro) concluded by Mediolanum Vita S.p.A..

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	68,899	13	68,912
III- Unit-linked insurance as per I and II	2,321,980	0	2,321,980
V- Capitalisation operations	4,480	0	4,480
VI- Fund management	1,625	0	1,625
GROSS PREMIUMS	2,396,984	13	2,396,997

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

<i>Euro in thousands</i>	31.12.04	31.12.03
Single premiums	1,367,969	1,244,213
First year premiums	233,555	200,473
Subsequent year premiums	795,460	687,963
Indirect premiums	13	15
(less) reinsurance ceded	(7,090)	(7,687)
NET PREMIUMS	2,389,907	2,124,977

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 an increase in managed assets during the year.

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 182,320 thousand Euro were not included in the consolidation. Acquisition commissions remaining after consolidation eliminations totalled 179,435 thousand Euro, and mainly relate to commissions paid to Banca Mediolanum S.p.A. for 171,265 thousand Euro.

Other technical charges mainly relates to the cancellation of first year premiums issued in previous years as per ISVAP circular letter No. 360 D; the provision for policyholders credit risk fund has been recorded in this item, for 24 thousand Euro.

SECTION 9
INFORMATION ON THE
NON-TECHNICAL ACCOUNT

Investment income

<i>Euro in thousands</i>	31.12.04	31.12.03	Change
Shares and quotas:			
Operating income in proportion to shareholders' equity	110,813	119,910	(9,097)
Dividends from other investments	5,970	2,802	3,168
Land and buildings	2,103	2,650	(547)
Other investments	42,905	44,450	(1,545)
Adjustments to the value of financial investments	786	1,928	(1,142)
Gains on the realisation of investments	14,401	21,334	(6,933)
TOTAL	176,978	193,074	(16,096)

There was a reduction in financial revenues in the year, mainly due to lower gains on the realisation of investments compared to the previous year. As a result, the item "gains on the realisation of investments" totalled 14,401 thousand Euro as against 21,334 thousand Euro in 2003.

Exchange rate gains posted to the item *Adjustments to the value of financial investments* totalled 112 thousand Euro.

<i>Euro in thousands</i>	31.12.04	31.12.03
Mutual fund shares	471	194
Bonds and other fixed income securities	39,891	38,421
Financial investments	501	592
Deposits at credit institutions	2,042	5,243
Other financial investments	0	0
TOTAL	42,905	44,450

Proceeds from "deposits at credit institutions" includes interest from deposits at Banca Mediolanum S.p.A. totalling 1,107 thousand Euro.

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

<i>Euro in thousands</i>	31.12.04	31.12.03
Shares in mutual funds	397	718
Bonds and other fixed income securities	389	1,210
TOTAL	786	1,928

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

<i>Euro in thousands</i>	31.12.04	31.12.03
Shares and quotas	0	457
Bonds and other fixed income securities	11,958	15,388
Other financial investments	2,443	5,489
TOTAL	14,401	21,334

<i>Euro in thousands</i>	31.12.04	31.12.03
Investment management expenses and interest on bank loans	8,807	7,605
Adjustments to the value of financial investments	2,817	2,460
Losses on the realisation of investments	11,009	17,941
TOTAL	22,633	28,006

CAPITAL AND FINANCIAL CHARGES

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

<i>Euro in thousands</i>	31.12.04	31.12.03
Management expenses from real estate investments	752	897
Other investment management expenses	3,551	1,762
Interest on deposit accounts with reinsurance companies	4,454	4,905
Interest payable on other amounts payable	50	41
TOTAL	8,807	7,605

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

<i>Euro in thousands</i>	31.12.04	31.12.03
Building depreciation	841	895
Shares and quotas	49	0
Mutual funds and tax credits	85	53
Bonds and other fixed-income securities	1,742	1,371
Futures	100	141
TOTAL	2,817	2,460

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

<i>Euro in thousands</i>	31.12.04	31.12.03
Shares and quotas	0	54
Bonds and other fixed-income securities	6,682	7,295
Other financial investments	4,327	10,592
TOTAL	11,009	17,941

During this accounting period, there was a decrease in losses on the realisation of financial investments; charges posted in 2004 total 11,009 thousand Euro, as against 17,941 thousand Euro in 2003.

Other revenues is analysed as follows:

<i>Euro in thousands</i>	31.12.04	31.12.03
Commission income for the sale of non-Life policies	4,158	4,185
Recharge of cost of employees seconded to Mediolanum		
Group companies valued by the equity method	2,859	4,675
Recharge of cost of employees seconded to Fininvest Group and Doris Group companies	235	340
Recuperation of costs	138	693
Interest from the tax authorities	291	304
Other revenues	4,099	1,928
TOTAL	11,780	12,125

“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>	31.12.04	31.12.03
Commission income for the sale of non-Life policies	4,158	4,185
Other administrative expenses of Mediolanum S.p.A.	11,245	15,747
Cost of Mediolanum S.p.A. employees	6,359	11,198
Amortisation of intangible assets	4,420	11,434
Other costs	1,391	2,427
TOTAL	27,573	44,991

Other costs shows a significant decrease in amortisation of intangible assets, particularly with reference to start-up and expansion costs whose amortisation quota was 687 thousand Euro, as against 7,930 thousand Euro in the previous year.

In addition, the centralisation of a range of services at Group level to the controlled company Banca Mediolanum S.p.A. resulted in lower general administrative costs for the parent company Mediolanum S.p.A..

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

<i>Euro in thousands</i>	31.12.04	31.12.03
Gain on the sale of long-term investments	5,025	0
Gain on the sale of shareholdings	1,535	0
Gain on the sale of assets	551	3
Gain on the sale of bonds and other fixed-income securities	136	12,962
Out of period revenues	329	462
TOTAL	7,576	13,427

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

<i>Euro in thousands</i>	31.12.04	31.12.03
Out of period expenses	813	2,234
Loss on the sale of bonds and other fixed-income securities	81	292
Other extraordinary income	114	3,510
TOTAL	1,008	6,036

Employee information

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

<i>Units</i>	31.12.04	31.12.03
Managers	18	16
Non-management employees	122	143
TOTAL	140	159

The reduction in the number of employees 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. to carry out their duties also in other companies included in consolidation are as follows:

<i>Euro in thousands</i>	For services rendered to the parent company	For services rendered to other companies
Directors	1,120	512
Statutory Auditors	95	87
TOTAL	1,215	599

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>	31.12.04	31.12.03
Entry fees	24,884	31,477
Management fees	168,201	142,811
Performance fees	55,390	84,496
TOTAL	248,474	258,784

PART D OTHER INFORMATION

The two companies managed assets totalling 10,883 million Euro (31.12.2003: 9,916 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 11,454 thousand Euro (31.12.2003: 11,637 thousand Euro) and 713 thousand Euro (31.12.2003: 206 thousand Euro).

Interest margin from the companies belonging to the Fibanc Group amounted to 8,881 thousand Euro (31.12.2003: 11,064 thousand Euro), whereas assets under administration totalled 2,016 million Euro (31.12.2003: 1,942 million Euro).

Commissions resulting from the subscription, management and performance of mutual funds from the companies belonging to the Gamax Group amounted respectively to 2,506 thousand Euro (31.12.2003: 2,903 thousand Euro), 6,572 thousand Euro (31.12.2003: 6,726 thousand Euro), and 1,366 thousand Euro (31.12.2003: 939 thousand Euro), whereas assets under administration totalled 387 million Euro (31.12.2003: 430 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 19 million Euro (31.12.2003: 15 million Euro).

Direct and indirect inflows of Banca Mediolanum S.p.A., valued according to the equity method, reached 4,424 million Euro (31.12.2003: 4,664 million Euro) with 344,100 current accounts, and generated an interest margin of 47,391 thousand Euro (31.12.2003: 45,988 thousand Euro).

Revenues from banking services totalled 73,078 thousand Euro (31.12.2003: 74,368 thousand Euro).

<i>Euro in thousands</i>	Fininvest Group and associated companies	Doris Group
Commercial receivables	313	313
Commercial payables	101	42

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

“Commercial receivables” mainly refers to Mediolanum Assicurazioni S.p.A., which is jointly owned (50-50) by the Fininvest Group and the Doris Group, for 600 thousand Euro.

<i>Euro in thousands</i>	Fininvest Group and associated companies	Doris Group
Commercial revenues	2,203	2,203
Commercial costs	1,750	51

REVENUES/COSTS WITH FININVEST GROUP AND DORIS GROUP COMPANIES

“Commercial revenues” relates to recharged personnel costs and costs recovered of 248 thousand Euro and commissions on the sale of non-Life insurance policies of 4,158 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 companies of the Gruppo Arnoldo Mondadori Editore S.p.A. for 44 thousand Euro, Alba Servizi S.p.A. for 1,604 thousand Euro, Fininvest S.p.A. for 32 thousand Euro, Milan A.C. S.p.A. for 19 thousand Euro) and for 102 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.

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

Att. 1: Analysis of changes in other intangible assets as at December 31, 2004.

Att. 2: Analysis of changes in tangible fixed assets as at December 31, 2004.

Att. 3: Analysis of changes in consolidated capital reserves as at December 31, 2004.

Att. 4: Consolidated cash flow statements as at December 31, 2004.

For the Board of Directors
(Roberto Ruozi)
Chairman

MEDIOLANUM GROUP

ATTACHMENTS



ATTACHMENT 1

ANALYSIS OF CHANGES IN OTHER INTANGIBLE ASSETS AS AT DECEMBER 31, 2004

Euro in thousands

Intangible assets	Opening situation			
	Historic cost	Cumulative Amortisation	Balance as at 31.12.2003	Additions
Start-up and expansion costs	44,791	(44,032)	759	
Concessions, licences, trademarks and similar rights	23,140	(15,663)	7,477	3,536
Improvements on leased properties	2,673	(2,506)	167	
Intangible assets in progress	163		163	37
Consolidation difference	164	(38)	126	
TOTAL	70,931	(62,239)	8,692	3,573

ATTACHMENT 2

ANALYSIS OF CHANGES IN TANGIBLE FIXED ASSETS AS AT DECEMBER 31, 2004

Euro in thousands

Land and buildings	Opening situation			
	Historic cost	Cumulative Depreciation	Balance as at 31.12.2003	Additions
Land and buildings	78,385	(7,668)	70,717	169
Tangible assets in progress	83	0	83	0
TOTAL LAND AND BUILDINGS	78,468	(7,668)	70,800	169

Euro in thousands

Other tangible fixed assets	Opening situation			
	Historic cost	Cumulative Depreciation	Balance as at 31.12.2003	Additions
Plant and machinery	221	(204)	17	3
Industrial and trade equipment	1,728	(1,197)	531	5
Other tangible fixed assets	14,181	(12,502)	1,679	342
Fixed assets in progress	4	0	4	0
TOTAL OTHER TANGIBLE FIXED ASSETS	16,134	(13,903)	2,231	350

Movements for the period			Closing situation		
Net disposals	Amortisation	Net reclassifications	Historic cost	Cumulative Amortisation	Balance as at 31.12.2004
	(687)		44,791	(44,719)	72
(172)	(3,630)	108	26,612	(19,293)	7,319
	(87)		2,673	(2,593)	80
(27)		(108)	65	0	65
	(16)		164	(54)	110
(199)	(4,420)	0	74,305	(66,659)	7,646

Movements for the period			Closing situation		
Net disposals	Depreciation	Net reclassifications	Historic cost	Cumulative Depreciation	Balance as at 31.12.2004
(13,215)	(841)	0	65,339	(8,509)	56,830
(83)	0	0	0	0	0
(13,298)	(841)	0	65,339	(8,509)	56,830

Movements for the period			Closing situation		
Net disposals	Depreciation	Net reclassifications	Historic cost	Cumulative Depreciation	Balance as at 31.12.2004
0	(10)	0	224	(214)	10
0	(149)	0	1,733	(1,346)	387
(814)	(46)	0	13,709	(12,548)	1,161
(4)	0	0	0	0	0
(818)	(205)	0	15,666	(14,108)	1,558

ATTACHMENT 3

ANALYSIS OF CHANGES IN CONSOLIDATED CAPITAL AND RESERVES AS AT DECEMBER 31, 2004

<i>Euro in thousands</i>	Share capital	Net equity reserves	Consolidation reserve
Consolidated balance as at December 31, 2003	72,567	244,397	112,485
Increase of paid-in share capital			
Decrease of share capital			
Allocation of profit for the period:			
- payment of dividends out of profits			
- reserve	0	25,694	3,712
Creation of reserve for own shares		90	
Other variations			
Profit (loss) for the period			
Consolidated balance as at December 31, 2004	72,567	270,181	116,197

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
1,394	77	2,091	129,427	562,438
				0
				0
				0
			(79,824)	(79,824)
20,197			(49,603)	0
		(46)		44
1				1
			141,286	141,286
21,592	77	2,045	141,286	623,945

ATTACHMENT 4

Euro in thousands

31.12.04

CONSOLIDATED CASH FLOW STATEMENT AS AT DECEMBER 31, 2004

A) SOURCE OF FINANCE	
Cash flows generated by operations:	
Group profit (loss) for the period	141,286
Change in technical reserves net of reinsurance	1,742,682
Amortisation, depreciation of tangible and intangible assets	5,466
Net provision for risk and charges	(14,167)
Net change in employee termination indemnity	(180)
Net change in other receivables and payables, assets and liabilities	(41,575)
TOTAL CASH FLOW GENERATED BY OPERATIONS	1,833,512
Decrease in tangible and intangible assets	14,316
Decrease in own shares	47
Increase in reserve for Company's own shares	44
TOTAL CASH FLOW GENERATED	1,847,919
B) APPLICATION OF FUNDS	
Increase in equity investments	17,634
Increase in tangible and intangible assets	4,093
Increase in other financial investments	1,813,853
Distributed dividend	79,824
TOTAL APPLICATION OF FUNDS	1,915,404
C) CASH FLOW FOR THE PERIOD (A-B)	(67,485)
D) Cash and liquid assets (opening balance)	284,177
E) Cash and liquid assets (closing balance)	216,692
F) CHANGE IN CASH AND LIQUID ASSETS (E-D)	(67,485)

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, 2004. 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 9, 2004.

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, 2004, and the consolidated results of its operations for the year then ended.

Milan, Italy
April 8, 2005

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

Ordinary and extraordinary meeting of Shareholders of April 26, 2005

SUMMARY OF RESOLUTIONS

With 68.95% of the share capital in attendance, the meeting of shareholders adopted the following resolutions:

- as regards the ordinary business:
 - to approve the Financial Statements at 31 December 2004 together with the Directors' Report and the Report of the Board of Statutory Auditors;
 - to allocate the net profit for the year of 126,558,619.55 Euro as follows:
 - to the shareholders, a dividend of 0.14 Euro for each share of nominal value 0.10 Euro before statutory withholdings, excluding own shares held on the evening of May 20, 2005;
 - the remainder to the extraordinary reserve, the statutory limit for the legal reserve having already been reached;
 - to pay out the dividend as from May 26, 2005;

- to entrust the administration of the company to a Board of Directors comprising 12 members;
- to appoint the following persons as directors for the year in course and for the following two years and in all cases up to the approval of the Financial Statements at December 31, 2007:
 - Marina Elvira Berlusconi;
 - Pasquale Cannatelli;
 - Ennio Doris;
 - Massimo Antonio Doris;
 - Bruno Ermolli;
 - Edoardo Lombardi;
 - Alfredo Messina;
 - Mario Marco Molteni;
 - Angelo Renoldi;
 - Roberto Ruozi;
 - Paolo Sciume';
 - Antonio Zunino;

- to re-elect Mr. Roberto Ruozi as the Chairman of the Board of Directors;
- to fix, pending any new resolution, the overall gross annual emoluments payable to the Board of Directors in the sum of 1,381,000.00 and to authorise the board to decide as to its allocation among the board members.

- To appoint the following persons to the Board of Statutory Auditors for three financial years and in any case up to the approval of the Financial Statements at 31 December, 2007:
 - Arnaldo Mauri, Chairman;
 - Achille Frattini, Standing Auditor;
 - Francesco Antonio Giampaolo, Standing Auditor;
 - Francesco Vittadini, Alternate;
 - Ferdinando Gatti, Alternate.

 - To fix as indicated below the gross annual remuneration payable to the Statutory Auditors, over and above the reimbursement of their expenses in carrying out their appointment:
 - 45,000 Euro to the Chairman of the Board of Statutory Auditors;
 - 30,000 Euro to each of the Standing Auditors.

 - To appoint Reconta Ernst & Young S.p.A., pursuant to Article 159 of Legislative Decree 58/98, to audit the accounting, inclusive of the audit of the Company and Consolidated Financial Statements for financial years 2005, 2006 and 2007, in return for an overall annual fee of 84,000 Euro, net of VAT and out-of-pocket expenses, in respect of a total of 840 hours of work and, in relation solely to financial year 2005, a payment of 30,000 Euro, again net of VAT and expenses, for its audit work on the opening balance sheets for 2004 and 2005 and the comparative data for 2004;
 - to appoint Reconta Ernst & Young S.p.A. to carry out the audit solely of the consolidated half-year report at June 30, 2005, 2006 and 2007 for an overall annual fee of 34,000 Euro, net of VAT and out-of-pocket expenses, in respect of a total of 360 hours;
 - to give authorisation to the Board of Directors, for a one-year period and in any case up to the date of the shareholder meeting to approve the 2005 Financial Statements, to purchase own shares until it reaches a maximum holding of 3,000,000 shares each of nominal value 0.10 Euro, corresponding to 0.41% of the share capital, for a sum not in excess of 50 million Euro, and to likewise dispose of said shares.
- The above limit shall not be subject to adjustment in respect of any own shares resold during the period.

No purchase or sale transaction shall be made at a price 10% higher or lower than the official price on the previous day. Transactions are not to be made through a public offer but shall be carried out in the market in the manner indicated by Borsa Italiana S.p.A. and in compliance with Article 132 of Legislative Decree 58/98 as well as with regard to the limits applying at the time of the transactions;

- to confer the fullest powers on the Board of Directors to give effect to the resolution above.

– As regards the extraordinary business:

- to annul the power of the Board of Directors as in Article 2443 of the Italian Civil Code – a power conferred for five years through a resolution of the ordinary and extraordinary meeting of shareholders of the Company of April 12, 2001, and in part exercised – to effect a paid increase in the share capital corresponding to a maximum total of 3,000,000 ordinary shares to be offered to the employees of the Company and its subsidiaries, shareholder pre-emption rights being excluded;
- to annul the power of the Board of Directors as in Article 2443 of the Italian Civil Code – a power conferred for five years through a resolution of the ordinary and extraordinary meeting of shareholders of the Company of April 12, 2001, and in part exercised – to effect a paid increase in the share capital corresponding to a maximum total of 1,500,000 ordinary shares to be offered to the non-employee directors of the Company and its subsidiaries, shareholder pre-emption rights being excluded;
- to approve the introduction of a new stock option plan;
- to give authorisation to the directors, as in paragraphs one and two, Article 2443 of the Italian Civil Code, for a maximum period of five years as from the date of this resolution, to effect, all at once or at different times, a paid increase in the share capital totalling at most 400,000.00 Euro and, therefore, through the issue of a maximum total of 4,000,000 ordinary shares each of nominal value 0.10 Euro and carrying normal entitlement, to be offered for subscription – shareholder pre-emption rights having been excluded as in paragraph eight, Article 2441 of the Italian Civil Code – to employees of the Company and of its subsidiaries who are included in the

stock option plan. The shares shall be offered for subscription at a unit price equal to their fair market value – as defined in tax legislation – as at the dates of the respective resolutions by the Board of Directors to increase the capital, the offer being effected through the provision of option rights that may be exercised on different occasions and in different years. The option rights on said shares shall be in the name of the assignee and may not be transferred *inter vivos*. The resolutions by the Board of Directors shall set specific dates by which the shares must be subscribed for and shall provide that if the increase voted is not subscribed for by the final subscription date set, the share capital shall be increased in the amount of the subscriptions received by that final date.

- To give authorisation to the directors, as in paragraphs one and two, Article 2443 of the Italian Civil Code, for a maximum period of five years as from the date of this resolution, to effect, all at once or at different times a paid increase in the share capital totalling at most 400,000.00 Euro and, therefore, through the issue of a maximum total of 4,000,000 ordinary shares each of nominal value 0.10 Euro and carrying normal entitlement – shareholder pre-emption rights having been excluded as in paragraph five, Article 2441 of the Italian Civil Code – to non-employee personnel working for the Company and for its subsidiaries who are included in the stock option plan. The shares shall be offered for subscription at a unit price equal to the weighted average between (i) the value of shareholders' equity per share of the Company based on the last approved financial statements prior to the assignment of the Options and (ii) the average stock-market value of the shares of Mediolanum S.p.A. in the last half year prior to the date of assignment, applying respectively a weighting coefficient of 90% to the value of net worth and of 10% to the average stock-market price in the last half year, said offer being effected through the provision of option rights that may be exercised on different occasions and in different years. The option rights on said shares shall be in the name of the assignee and may not be transferred *inter vivos*. The resolutions by the Board of Directors shall set specific dates by which the shares must be subscribed for and shall provide that if the increase voted is not subscribed for by the final subscription date set, the share capital shall be increased in the amount of the subscriptions received by that date;

- to give authorisation to the directors, as in paragraphs one and two, Article 2443 of the Italian Civil Code, for a maximum period of five years as from the date of this resolution, to effect, all at once or at different times, a paid increase in the share capital totalling at most 150,000.00 Euro and, therefore, through the issue of a maximum total of 1,500,000 ordinary shares each of nominal value 0.10 Euro and carrying normal entitlement to be offered for subscription – shareholder pre-emption rights having been excluded as in paragraph five, Article 2441 of the Italian Civil Code – to non-employee directors working for the Company and for its subsidiaries who are included in the stock option plan. The shares shall be offered for subscription at a unit price equal to the weighted average between (i) the value of shareholders' equity per share of the Company based on the last approved financial statements prior to the assignment of the Options and (ii) the average stock-market value of the shares of Mediolanum S.p.A. in the last half year prior to the date of assignment, applying respectively a weighting coefficient of 90% to the value of net worth and of 10% to the average stock-market price in the last half year, said offer being effected through the provision of option rights that may be exercised on different occasions and in different years. The option rights for said shares shall be in the name of the assignee and may not be transferred *inter vivos*. The resolutions by the Board of Directors shall set specific dates by which the shares must be subscribed for and shall provide that if the increase voted is not subscribed for by the final subscription date set, the share capital shall be increased in the amount of the subscriptions received by that date;
- to confer powers on the Stock Option Plan Committee to draw up the rules for implementing the Plan, which shall, *inter alia*, lay down the criteria for identifying the persons concerned by the Plan, establish how it is to be organised, set the criteria for identifying and quantifying the performance parameters to be attained in order for the Options to be exercised. To entrust the Stock Option Plan Committee, more generally, with full powers to implement the plan, including deciding on the number of options assigned to each person concerned and the rules governing cases where their working relationship is terminated or altered;

- to confer full powers on the Board of Directors to give effect to the resolutions above and, in particular, to fulfil all formal requirements such that the resolutions adopted secure the statutory approvals, with discretion to introduce any changes or additions as may be necessary or of assistance to that end;
- to amend Article 6 of the Articles of Association of the Company on the basis of the resolutions in points 1), 2), 4), 5) and 6);
- confer the appropriate powers on the Board of Directors for the filing and publication of the text of the Articles of Association as updated in Article 6 and to make the changes to it consequent of the resolutions adopted.

Lastly, the meeting of shareholders took note of the “annual report on Corporate Governance” approved by the Board of Directors on March 22, 2005.

The meeting of the Board of Directors of April 27, 2005 re-elected the following persons to their previous office:

Alfredo Messina – Deputy Chairman;

Edoardo Lombardi – Executive Vice President;

Ennio Doris – Managing Director.

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, 2004 that are presented here for your examination and approval show a net profit of 126,559 thousand Euro (2003: 104,054 thousand Euro).

The improvement in operating results relates to higher dividends generated by controlled companies, as well as to the company's lower financial charges and operating costs.

The consolidated financial statements, which are covered in the Directors' report on the Group, show a net profit of 141,286 thousand Euro, a 9% increase over the previous year (2003: 129,427 thousand Euro).

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 182,049 thousand Euro (2003: 165,661 thousand Euro).

Of this amount, 177,891 thousand Euro came from business carried out by the controlled company Mediolanum Vita S.p.A., and 4,158 thousand 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 161,741 thousand Euro (2003: 147,899 thousand Euro). This represents remuneration that is determined on a contractual basis for brokerage activities performed as an insurance subagent. General costs fell from 27,837 thousand Euro in the previous year to 18,296 thousand Euro as at December 31, 2004.

The transfer of a series of activities and services of the group into Banca Mediolanum last year enabled the Parent company Mediolanum S.p.A. to significantly decrease these general costs.

Financial charges to the company improved from the figure of 11,145 million Euro at December 31, 2003, falling to 9,013 thousand Euro at the end of 2004 (-19%).

OPERATING PERFORMANCE

EQUITY INVESTMENTS

Dividends from controlled companies amounted to 124,041 thousand Euro, against 113,674 thousand Euro a year earlier.

Dividends from other equity investments amounted to 5,969 thousand Euro, a 118% increase over the previous year (2003: 2,733 thousand Euro).

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, 2004.

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

On May 18, 10,000 thousand Euro was paid into the share capital of the controlled company Mediolanum International Life Ltd.

On October 7, the contract was concluded to sell the investment in Mediolanum State Street SGRp.a. for a total of 2,893 thousand Euro to State Street Bank Europe. This resulted in a capital gain of 1,622 thousand Euro.

On December 3, 100% of the shares in Alboran S.p.A. were acquired. The purchase price of 6,024 thousand Euro was determined from the appraisal made by the merchant bank ABN AMRO Bank.

Alboran is a company operating in the creation of multimedia products, the production of television "formats" and programmes, the creation of Internet sites and Intranet networks, and the organisation of public and corporate events and advertising campaigns. Through its subsidiary Alborfin S.r.l., the company owns the property in Cologno Monzese, Milan, where there are two television studios which are also used for Mediolanum Channel productions.

On December 16, a payment of 800 thousand Euro was made to the controlled company Partner Time S.p.A. in order to cover losses.

It should also be noted that the investment in the controlled company Mediolanum Fiduciaria S.p.A. was written down by 184 thousand Euro, reducing the book value to 541 thousand Euro, to take account of the market value deriving from the negotiations in progress for the sale of this investment.

Included in investments in other companies is the Consorzio Aeromobili Fininvest which has been put into liquidation.

Transactions with Group companies and those subject to “significant influence”, and information concerning operations with associated parties

In 2004, the Company exercised the right to apply the Nationwide Consolidated Taxes for calculating a single overall income which sums up the individual income from the Parent company, Mediolanum S.p.A. with those of the subsidiaries: Banca Mediolanum S.p.A., Mediolanum Vita S.p.A., Mediolanum Gestione Fondi SGR p.A., Partner Time S.p.A., PI Distribuzione S.p.A. and Mediolanum Comunicazione S.p.A.. At December 31, 2004, the amounts payable for income taxes (IRES) and the receivables for advances and withholding IRES taxes of the companies fiscally consolidated were posted separately under payables to and receivables from Group companies.

During the 2004 period, the Parent company, Mediolanum S.p.A., performed “management and coordination activities” for the following controlled companies: Mediolanum Vita S.p.A., Mediolanum Fiduciaria S.p.A., Mediolanum Comunicazione S.p.A., Partner Time S.p.A. and PI Distribuzione S.p.A.

At the end of the period, there was a loan in progress from the subsidiary Mediolanum Vita S.p.A. totalling 113,621 thousand Euro.

Relations with the companies subjected to “management and coordination activities”, as provided for by Article 2497 (II) of the Italian Civil Code, with controlled, associated and affiliated companies, as provided for by point 2 of the 2nd paragraph of Article 2428 of the Italian Civil Code, and with related parties as defined in the CONSOB communication of 30/09/02, are shown in the following tables.

For information purposes, it is pointed out that, on December 3, 2004, the investment in the company Alboran S.p.A. was acquired from the previous shareholders, 47.9% of which represented by Ennio Doris, 47.9% by Giuseppe Mascitelli, and 4.2% by minority shareholders. The purchase price of 6,024 thousand Euro was defined on the basis of the appraisal carried out by the merchant bank ABN AMRO.

All transactions were carried out at market conditions.

Analysis of the main capital relationships with companies in the Mediolanum Group and the Fininvest/Doris Groups

Transactions with Group companies in progress at December 31, 2004 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	60,127	0
Banca Mediolanum S.p.A.	35,805	0
Mediolanum Vita S.p.A.	22,281	0
Mediolanum Gestione Fondi SGR p.A.	4,173	0
Mediolanum Asset Management Ltd	1,655	0
With controlled companies:		
For other transactions		
Mediolanum Vita S.p.A.	42,843	13,972
Banca Mediolanum S.p.A.	5,603	46,294
Mediolanum Gestione Fondi SGR p.A.	4,424	4,145
Mediolanum Comunicazione S.p.A.	179	93
PI Distribuzione S.p.A.	128	133
Partner Time S.p.A.	30	286
With associated companies (Fininvest and Doris Groups):		
Mediolanum Assicurazioni S.p.A.	600	0
Alba Servizi Aerotrasporti S.p.A.	0	35
R.T.I. S.p.A.	0	17
Mediaset S.p.A.	0	7

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 seconding out of staff from and to controlled and associated companies;
- the hire of means of transport through the company Alba Servizi Aerotrasporti S.p.A..

Costs and revenues arising from operations in 2004 with controlled and associated companies are shown in the table below:

Analysis of the main economic relationships with Companies of the Mediolanum Group and the Fininvest/Doris Groups

<i>Euro in thousands</i>	Controlled companies	Associated companies
Revenues		
Insurance commission		
Mediolanum Vita S.p.A.	177,891	
Mediolanum Assicurazioni S.p.A.		4,158
Seconded personnel		
Banca Mediolanum S.p.A.	1,610	
Mediolanum Gestione Fondi SGR p.A.	337	
Mediolanum Vita S.p.A.	236	
Mediolanum Comunicazione S.p.A.	130	
Partner Time S.p.A.	75	
PI Distribuzione S.p.A.	52	
Mediolanum Assicurazioni S.p.A.		127
Services rendered		
Banca Mediolanum S.p.A.	260	
Mediolanum Vita S.p.A.	260	
Mediolanum Gestione Fondi SGR p.A.	60	
Partner Time S.p.A.	40	
Mediolanum Comunicazione S.p.A.	15	
PI Distribuzione S.p.A.	8	
Mediolanum Assicurazioni S.p.A.		10
Interest on loans and current accounts		
Banca Mediolanum S.p.A.	499	
Costs		
Commission for acquisition		
Banca Mediolanum S.p.A.	161,741	
Seconded personnel		
Banca Mediolanum S.p.A.	169	
Mediolanum Assicurazioni S.p.A.		9
Rents		
Mediolanum Gestione Fondi SGR p.A.	168	
Hire of transport		
Alba Servizi Aerotrasporti S.p.A.		1,599
Interest on loans		
Mediolanum Vita S.p.A.	2,754	
Other costs		
Banca Mediolanum S.p.A.	701	
Alboran S.p.A.	50	
Mediolanum Comunicazione S.p.A.	8	
Fininvest S.p.A.		32
Arnoldo Mondadori Editore S.p.A.		44
Alba Servizi Aerotrasporti S.p.A.		5
Milan A.C. S.p.A.		19

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, 2003.

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, 2004.

POST-BALANCE SHEET EVENTS

No major events occurred after the end of the year.

EXPECTED FUTURE TRENDS

Based on the results of the first months of the year, positive results are expected for 2005.

INFORMATION ON THE EMPLOYEE STOCK OPTION

On May 12, 2004, the Board of Directors decided:

- to change the share vesting period – in the “Regulation of the Stock option plan 2001 – Employees” and in the “Regulation of the Stock Option plan 2001 – Directors” reducing it from three to two years, for both old and new allocations;
- to change the “Regulation of the Stock option plan 2001 – Employees”, the “Regulation of the Stock option plan 2001 – Directors” and the “Regulation of the Stock option plan 2001 – Consultants”, extending the period for the exercise of the options from the current “first five working days of each of the six calendar months following the Date of Exercise Commencement” to the “first five working days of each of the thirty-six months calendar months following the Date of Exercise Commencement”, for both old and new allocations;
- to make a paid increase in share capital of maximum 75,900 Euro (seventy-five thousand nine hundred) by the issue of maximum 759,000 (seven hundred and fifty-nine thousand) 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 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 May 12 2004 to the same day in the previous month;
- to make a paid increase in share capital of maximum 72,934 Euro (seventy-two thousand nine hundred thirty four) by the issue of maximum 729,340

(seven hundred twenty-nine thousand three hundred and forty) 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 5 of the Italian Civil Code, to be offered to consultants 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 of 0.583 Euro (zero point five eight three);

- to make a paid increase in share capital of maximum 18,000 Euro (eighteen thousand) by the issue of maximum 180,000 (one hundred and eighty thousand) 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 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 0.583 Euro (zero point five eight three).

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 in 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, 2004, 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 126,558,619.55 Euro as follows:

- 0.14 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 20, 2005;
- 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.	01.01.2004/31.12.2004	31.12.2004
MESSINA ALFREDO	Deput Chairman Mediolanum S.p.A. Other position held in controlled companies	01.01.2004/31.12.2004 01.01.2004/31.12.2004	31.12.2004
LOMBARDI EDOARDO	Executive Vice President Mediolanum S.p.A. Other position held in controlled companies	01.01.2004/31.12.2004 01.01.2004/31.12.2004	31.12.2004
DORIS ENNIO	Chief Executive Officer Mediolanum S.p.A. Other position held in controlled companies	01.01.2004/31.12.2004 01.01.2004/31.12.2004	31.12.2004
BERLUSCONI MARINA	Director Mediolanum S.p.A.	01.01.2004/31.12.2004	31.12.2004
CANNATELLI PASQUALE	Director Mediolanum S.p.A.	01.01.2004/31.12.2004	31.12.2004
DORIS MASSIMO ANTONIO	Director Mediolanum S.p.A.	01.01.2004/31.12.2004	31.12.2004
MOLTENI MARIO	Director Mediolanum S.p.A.	01.01.2004/31.12.2004	31.12.2004
RENOLDI ANGELO	Director Mediolanum S.p.A. Member of surveillance and supervision committee of Mediolanum S.p.A. Other position held in controlled companies	01.01.2004/31.12.2004 01.01.2004/31.12.2004	31.12.2004
SCIUME' PAOLO	Director Mediolanum S.p.A. Other position held in controlled companies	01.01.2004/31.12.2004 01.01.2004/31.12.2004	31.12.2004
SPOSITO CLAUDIO	Director Mediolanum S.p.A.	01.01.2004/31.12.2004	31.12.2004
ZUNINO ANTONIO	Director Mediolanum S.p.A. Other position held in controlled companies	01.01.2004/31.12.2004 01.01.2004/31.12.2004	31.12.2004
MAURI ARNALDO	Chairman of the Board of Statutory Auditors Mediolanum S.p.A. Other position held in controlled companies	01.01.2004/31.12.2004 01.01.2004/31.12.2004	31.12.2004
FRATTINI ACHILLE	Statutory Auditor Mediolanum S.p.A. Other position held in controlled companies	01.01.2004/31.12.2004 01.01.2004/31.12.2004	31.12.2004
GIAMPAOLO FRANCESCO ANTONIO	Statutory Auditor Mediolanum S.p.A. Other position held in controlled companies	01.01.2004/31.12.2004 01.01.2004/31.12.2004	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) professional service

(c) 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			
14,575.37			
266,000.00			(a) 135,636.56
489,545.70			
517,000.00			
191,963.00			
11,000.00			
11,000.00			
11,000.00			(b) 261,289.86
11,000.00			
11,000.00			
25,000.00			
35,000.00			
11,000.00			
10,000.00			(c) 137,697.67
11,000.00			
11,000.00			
197,770.44			
41,000.00			
43,795.00			
27,000.00			
22,707.76			
27,000.00			
25,333.98			

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	360,000	0.455	344
Alfredo Messina	Deputy Chairman	120,000	0.468	372

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 expired in the year		
(4) Number of options	(5) Average exercise price	(6) Average expire	(7) Number of options	(8) Average exercise price	(9) Average expire	(10) Number of options	(11)=1+4-7-10 Number of options	(12) Average exercise price	(13) Average expire market price
120,000	0.583	748	0	0	0	60,000	420,000	0.507	212
50,000	0.583	748	0	0	0	20,000	150,000	0.522	242

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)
MAURI ARNALDO	MEDIOLANUM S.p.A.	(di)
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 (31.12.2003)	Number of shares purchased in 2004	Number of shares sold in 2004	Number of shares owned at the end of the current year (31.12.2004)
532,500	47,500	197,500	382,500
24,209,070			24,209,070
143,960,414	439,500		144,399,914
46,260,000			46,260,000
25,097,595			25,097,595
14,507,180			14,507,180
7,000			7,000
1,300	500	1,000	800
6,000			6,000

TABLE 1**STOCK OPTION PLAN**

Year 2004

	Number of shares	Average exercise price	Market price
(1) Options existing as at 1/1	4,144,065	3.692	6.254
(2) New options assigned during the period	1,660,340	2.747	5.247
(3) (Options exercised during the period)	0		
(4) (Options expired during the period)	(1,114,500)	4.966	5.385
(5) Options existing as at 31/12	4,689,905	3.054	5.269
(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 2003

	Number of shares	Average exercise price	Market price
	2,525,000	6.833	4.894
	2,183,065	2.049	4.440
	(298,110)	0.344	4.190
	(265,890)	17.515	5.120
	4,144,065	3.692	6.254

TABLE 2
OPTIONS AT THE END
OF THE PERIOD

Exercise price	Options granted as at 31.12.04 (granted)		
	Residual contractual life		
	< 1 year	1 - 2 years	> 2 years
7.337	732,500		
0.539	1,204,565		
0.583		909,340	
0.384	150,000		
3.907		942,500	
5.368		751,000	
TOTAL	2,087,065	2,602,840	

Of which exercisable (vested)

Total	Total	Average residual life of contract
5,374,353	5,374,353	30 months
649,261		
530,145		
57,600	57,600	30 months
3,682,348		
4,031,368		
14,325,074	5,431,953	

MEDIOLANUM S.P.A.

*FINANCIAL STATEMENTS
AND NOTES TO THE ACCOUNTS*



Balance sheet

ASSETS

<i>Euro</i>	31.12.2004	31.12.2003
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	0	372
Concessions, licenses, trademarks and similar rights	665,350	1,261,953
Other intangible assets	41,153	88,216
Intangible assets under formation and advances	0	121,515
TOTAL INTANGIBLE ASSETS	706,503	1,472,056
II - Tangible fixed assets		
Other assets	1,103,106	1,484,436
Assets under formation/Payments on account	0	4,704
TOTAL TANGIBLE FIXED ASSETS	1,103,106	1,489,140
III - Financial assets		
Investments in:		
controlled companies	495,571,064	480,827,565
affiliated companies	25,811,586	25,811,586
other companies	173,561,371	173,660,171
Accounts receivable:		
due from controlled companies	39,480	38,701
due from other companies	94,052	476,011
TOTAL FINANCIAL ASSETS	695,077,553	680,814,034
TOTAL FIXED ASSETS	696,887,162	683,775,230
C) Current assets		
I - Inventory	0	0
II - Accounts receivable:		
Due from customers	4,500	166,585
Due from controlled companies	177,208,914	142,852,578
Due from Fininvest Group and Doris Group companies	599,922	425,744
Due from tax authorities	18,770,070	21,738,100
Prepaid taxes		
<i>of which 48,184 due after the following year</i>	75,581	273,203
Due from others	120,281	308,060
TOTAL ACCOUNTS RECEIVABLE	196,779,268	165,764,270
III - Current financial assets		
Other securities	589	589
Own shares (total nom. value 38,500 Euro)	2,045,116	2,091,739
TOTAL FINANCIAL ASSETS	2,045,705	2,092,328
IV - Liquid assets		
Bank and postal deposits	17,034,814	17,492,066
Cash	6,483	13,950
TOTAL LIQUID ASSETS	17,041,297	17,506,016
TOTAL CURRENT ASSETS	215,866,270	185,362,614
D) Prepayments and accrued income		
Accrued income	6,881	6,881
Prepayments	19,895	253,520
TOTAL PREPAYMENTS AND ACCRUED INCOME	26,776	260,401
TOTAL ASSETS	912,780,208	869,398,245

Euro	31.12.2004	31.12.2003
A) Capital and reserves		
I - Share capital	72,566,861	72,566,861
II - Share premium reserve	45,761,836	45,761,836
III - Revaluation reserve	0	0
IV - Legal reserve	17,362,794	17,362,794
V - Reserve for company's own shares	2,045,116	2,091,739
VI - Statutory reserve	0	0
VII - Other reserves:		
extraordinary reserve	205,661,365	181,341,696
VIII - Retained earnings (loss)	0	0
IX - Profit (loss) for the period	126,558,620	104,054,243
TOTAL CAPITAL AND RESERVES	469,956,592	423,179,169
B) Provisions for risks and charges		
Provision for deferred taxes	1,019,460	988,666
Other	0	422,282
TOTAL PROVISIONS FOR RISKS AND CHARGES	1,019,460	1,410,948
C) Employee termination indemnity	1,551,793	1,828,099
D) Accounts payable		
Bank debt	250,000,000	160,000,000
Due to other financiers	0	130,000,000
Due to trade accounts	1,307,244	2,785,943
Due to controlled companies	178,543,628	146,059,309
Due to Fininvest Group and Doris Group companies	58,689	669,139
Due to tax authorities	743,415	1,030,945
Due to social security institutions	241,127	396,085
Other accounts payable	7,831,032	582,629
TOTAL ACCOUNTS PAYABLE	438,725,135	441,524,050
E) Accruals and deferred income		
Accrued expenses	1,527,228	1,455,979
TOTAL ACCRUALS AND DEFERRED INCOME	1,527,228	1,455,979

SHAREHOLDERS' EQUITY AND LIABILITIES

TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	912,780,208	869,398,245
OFF-BALANCE SHEET ITEMS	8,542,677	9,122,719

Income statement

Euro	31.12.2004	31.12.2003
A) Value of production		
Revenues from sales and services	182,049,023	165,661,442
Other revenues	3,335,910	5,550,186
TOTAL VALUE OF PRODUCTION	185,384,933	171,211,628
B) Cost of production		
Raw, ancillary and consumable materials and goods	56,906	127,555
Services received	169,494,202	158,498,591
Leases and rentals	2,199,049	4,536,992
Personnel costs:		
wages and salaries	4,012,609	6,949,056
social security contributions	1,404,824	2,353,171
employee termination indemnity	933,029	921,726
other personnel costs	8,549	19,608
Depreciation, amortisation and write-downs:		
amortisation of intangible assets	671,675	835,094
depreciation of tangible fixed assets	705,146	822,021
Sundry operating costs	551,408	672,505
TOTAL COST OF PRODUCTION	180,037,397	175,736,319
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION	5,347,536	(4,524,691)
C) Investment income and charges		
Income from investments	130,010,473	118,042,866
<i>of which 124,040,868 from controlled companies</i>		
Other investment income:		
from receivables from controlled companies		
included in fixed assets	780	30,189
other financial income	790,991	713,707
Interest and other investment charges:		
paid to banks	(6,258,666)	(8,019,854)
paid to controlled companies	(2,754,308)	(3,124,801)
discounts and other investment charges	(744)	(257)
TOTAL INVESTMENT INCOME AND CHARGES	121,788,526	107,641,850
D) Adjustments to the value of financial investments		
Write-ups		
Write-downs		
settlement of losses in controlled companies	(625,615)	0
of investments in controlled companies	(184,414)	0
of non-investment securities included in current assets	(46,624)	0
TOTAL ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(856,653)	0
E) Extraordinary income and charges		
Income:		
gain on disposals	1,634,545	3,000
out of period revenues	69,941	63,937
Charges:		
out of period expenses	(243,726)	(297,693)
other expenses	(170,102)	0
tax amnesty previous year	0	(1,211,246)
TOTAL EXTRAORDINARY ITEMS	1,290,658	(1,442,002)
Profit before taxes	127,570,067	101,675,157
Income taxes for the period	(828,652)	(22,641,251)
deferred and prepaid taxes	(182,795)	25,020,337
PROFIT (LOSS) FOR THE PERIOD	126,558,620	104,054,243

Notes to the financial statements as at december 31, 2004

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 as at December 31, 2003 were subject to some reclassification as detailed in the Notes, for better comparison with the financial statements as at December 31, 2004.

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 financial statements at December 31, 2003, 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.

In particular, concessions, licences, trademarks and similar rights are 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.

FORM AND CONTENT OF THE FINANCIAL STATEMENTS

VALUATION CRITERIA

SECTION 1 VALUATION CRITERIA

BALANCE SHEET

INTANGIBLE ASSETS

TANGIBLE FIXED ASSETS	<p>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.</p> <p>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.</p>
FINANCIAL ASSETS INVESTMENTS IN GROUP COMPANIES AND IN OTHER COMPANIES	<p>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.</p> <p>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.</p> <p>Dividends from investments in other companies are recorded in the accounting period in which they are received.</p>
RECEIVABLES	<p>Receivables are reported at their estimated realisable value.</p>
SHORT-TERM INVESTMENTS AND SECURITIES	<p>Short-term investments are valued at the lower of cost or market value.</p> <p>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.</p> <p>Market value is determined as follows:</p> <p>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.</p>
ACCRUED INCOME AND EXPENSES	<p>Accrued income and expenses, prepaid expenses and deferred income are booked on an accruals basis with reference to the conditions established for each transaction.</p>
PROVISIONS FOR RISKS AND CHARGES	<p>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.</p>

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 COSTS

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.

After applying the system of consolidated taxes at national level, payables and receivables resulting from the transfer of balances of companies complying thereto were entered.

Tables and comments to the Notes are in thousand Euro.

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 stockoptions awarded to Directors in 2004.

OTHER INFORMATION

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

BALANCE SHEET**Intangible assets****COMMENTS ON
ASSET ITEMS***Intangible assets includes:***B) INTANGIBLE ASSETS**

<i>Euro in thousands</i>	31.12.04	31.12.03
Concessions, licences, trademarks and similar rights	665	1,262
Other intangible assets	41	88
Intangible assets under formation and advances	0	122
TOTAL	706	1,472

Changes in the above items are shown in Attachment 1.

Tangible assets*Tangible assets item is analysed as follows:*

<i>Euro in thousands</i>	31.12.04	31.12.03
Personal computers	349	609
Data transmission equipment	274	293
Miscellaneous equipment	189	266
Office fittings	17	36
Furniture	157	273
Motor vehicles	117	8
Assets under formation and advances	0	4
TOTAL	1,103	1,489

Depreciation criteria used are as follows:

Miscellaneous equipment	15%
Personal computers, terminals, printers and office machinery	20%
Data transmission equipment	25%
Office fittings	12%
Furniture	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 495,571 thousand Euro (31.12.2003: 480,828 thousand Euro) is reported in the table below:

<i>Euro in thousands</i>	31.12.04	31.12.03
Banca Mediolanum S.p.A.	341,239	341,239
Mediolanum Vita S.p.A.	116,681	116,681
Mediolanum International Life Ltd	25,131	15,131
Alboran S.p.A.	6,024	0
Mediolanum Gestione Fondi SGR p.A.	2,507	2,507
Mediolanum International Funds Ltd	1,294	1,294
Mediolanum State Street SGR p.A.	0	1,271
Mediolanum Comunicazione S.p.A.	762	762
Mediolanum Fiduciaria S.p.A.	541	726
PI Distribuzione S.p.A.	516	516
Mediolanum Asset Management Ltd	441	441
Partner Time S.p.A.	433	258
Mediolanum International S.A.	2	2
TOTAL	495,571	480,828

The following changes took place in equity investments:

In May, a capital payment of 10,000 thousand Euro was made to Mediolanum International Life Ltd.

In October, the interest in Mediolanum State Street SGR p.A. was sold, resulting in capital gains of 1,622 thousand Euro.

The acquisition of 100% of the Share Capital in Alboran S.p.A. for 6,024 thousand Euro was completed in December.

In the same month, a contribution was made to cover losses of the controlled company Partner Time S.p.A. amounting to 800 thousand Euro.

Equity investments were written down by a total of 810 thousand Euro at the end of the period, of which 626 thousand Euro for Partner Time S.p.A. to cover losses as at 31.12.2004, and 184,000 Euro referring to the subsidiary Mediolanum Fiduciaria S.p.A. to adjust the book value to its estimated worth.

Investments in associated companies were unchanged compared to the previous year:

<i>Euro in thousands</i>	31.12.04	31.12.03
Banca Esperia S.p.A.	25,812	25,812

The detail of item Other companies, showing a balance of 173,561 thousand Euro (31.12.2003: 173,660 thousand Euro), is reported in the table below:

<i>Euro in thousands</i>	31.12.04	31.12.03
Mediobanca S.p.A.	129,907	129,907
Consortium S.r.l.	28,798	28,798
Sia S.p.A.	12,408	12,408
Cedacri S.p.A.	2,364	2,364
Consorzio Aeromobili Fininvest	0	99
Nomisma S.p.A.	71	71
Europa Invest S.A.	13	13
TOTAL	173,561	173,660

The decrease recorded in 2004 is a result of winding-up Consorzio Aeromobili Fininvest.

Changes in the above items are shown in Attachment 3.

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

Due from controlled companies

<i>Euro in thousands</i>	31.12.04	31.12.03
Mediolamun Vita S.p.A.	39	39
TOTAL	39	39

Due from other companies

<i>Euro in thousands</i>	31.12.04	31.12.03
Due from financial advisors	58	397
Guarantee deposits	36	79
TOTAL	94	476

Due from financial advisors decreased as a consequence of wiping off non-recoverable debt. Liability provisions set up in previous years to cover such risks were utilised for the purpose.

II - Accounts receivable

C) CURRENT ASSETS

Due from customers, at 4 thousand Euro (31.12.2003: 167 thousand Euro) is related to trade credits.

Due from controlled companies is analysed as follow:

<i>Euro in thousands</i>	31.12.04	31.12.03
Trade receivables		
Mediolanum Vita S.p.A.	29,063	28,715
Banca Mediolanum S.p.A.	484	675
Mediolanum Gestione Fondi SGR p.A.	101	89
Mediolanum Comunicazione S.p.A.	37	37
Partner Time S.p.A.	30	23
PI Distribuzione S.p.A.	15	12
Mediolanum State Street SGR p.A.	0	16
TOTAL TRADE RECEIVABLES	29,730	29,567
Receivables related to controlled company dividends		
Mediolanum International Funds Ltd	60,127	58,692
Banca Mediolanum S.p.A.	35,805	34,441
Mediolanum Vita S.p.A.	22,281	14,035
Mediolanum Gestione Fondi SGR p.A.	4,173	3,378
Mediolanum Asset Management Ltd	1,655	1,237
Partner Time S.p.A.	0	1,503
TOTAL RECEIVABLES RELATED TO CONTROLLED COMPANY DIVIDENDS	124,041	113,286
Due from companies for consolidated taxes		
Mediolanum Vita S.p.A.	13,742	0
Banca Mediolanum S.p.A.	5,119	0
Mediolanum Gestione Fondi SGR p.A.	4,323	0
Mediolanum Comunicazione S.p.A.	142	0
PI Distribuzione S.p.A.	112	0
TOTAL DUE FROM COMPANIES FOR CONSOLIDATED TAXES	23,438	0
TOTAL RECEIVABLES FROM CONTROLLED COMPANIES	177,209	142,853

“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, posted on an accrual basis, to be paid in the first months of 2005 and relating to Group company profits as at December 31, 2004.

“Due from companies for consolidated taxes” refers to IRES tax pertaining to controlled companies that have accepted to apply the system of consolidated taxes at national level.

Due from Fininvest Group and Doris Group companies is analysed as follows:

<i>Euro in thousands</i>	31.12.04	31.12.03
Fininvest Group and Doris Group		
Mediolanum Assicurazioni S.p.A.	600	426

These include commission for activities as insurance agents, for recharged personnel costs and miscellaneous services.

Tax credit is analysed as follows:

<i>Euro in thousands</i>	31.12.04	31.12.03
Due within one year		
Receivables awaiting reimbursement	14,588	14,297
Receivables for consolidated taxes	3,992	0
Due from tax authorities (VAT)	83	183
Due from tax authorities (IRAP)	63	514
IRES carried forward	44	0
Due from tax authorities (IRES)	0	6,744
TOTAL	18,770	21,738

Receivables for consolidated taxes concern the transfer of the balances of companies that have accepted to apply the system of consolidated taxes, net of tax debit, as follows:

<i>Euro in thousands</i>	31.12.04
Payables related to consolidated taxes for the year	(24,656)
Consolidation adjustments	1,223
Receivables related to advances paid	10,448
Receivables related to tax withholdings	16,977
TOTAL	3,992

Prepaid taxes:

<i>Euro in thousands</i>	31.12.04	31.12.03
Prepaid taxes	76	273
TOTAL	76	273

The decrease in prepaid taxes is due to the utilisation of the provision for risks and charges during the year.

Due from others is analysed as follows:

<i>Euro in thousands</i>	31.12.04	31.12.03
Due within one year		
Advances to suppliers and professionals	57	182
Due from employees	23	40
Other receivables	40	86
TOTAL	120	308

IV - Liquid assets

<i>Euro in thousands</i>	31.12.04	31.12.03
Bank deposits	17,035	17,492
Cash and cash equivalents	6	14
TOTAL	17,041	17,506

“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 16,750 thousand Euro.

Pre-payments for a total amount of 20 thousand Euro (31.12.2003: 254 thousand Euro) relate to costs pertaining to the following accounting period, mainly referring to supply of services and maintenance.

D) PREPAYMENTS
AND ACCRUED INCOME

COMMENTS ON LINE
ITEMS IN SHAREHOLDERS'
EQUITY AND LIABILITIES

The changes for the year in the line items that make up capital and reserves are shown in Attachment 5; the table illustrating the analysis of capital and reserves is included in Attachment 6.

A) CAPITAL AND RESERVES

The following comments relate to the main line items and their respective Variations.

Share capital

Share capital is wholly paid-up and 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

As compared with the previous year, the share premium reserve was unchanged.

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 of the Italian Civil Code; 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 variation of the “reserve for Company’s own shares”, as well as the increase following the allocation of 2003 profits, in accordance with the resolution of the Shareholders’ Meeting of April 27, 2004.

B) PROVISION FOR RISKS AND CHARGES

Provision for risks and charges are as follows:

<i>Euro in thousands</i>	31.12.04	31.12.03
Provision for deferred taxes	1,019	989
Other provisions	0	422
TOTAL	1,019	1,411

Changes in “Provision for deferred taxes” are as follows:

<i>Euro in thousands</i>	31.12.03	Accrued	Utilisation	31.12.04
Provision for deferred taxes	989	1,019	989	1,019

The provision 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.

Other provisions was cleared during the year, due to its use to cover credit considered unrecoverable.

c) EMPLOYEE TERMINATION INDEMNITY

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

<i>Euro in thousands</i>	
Opening balance at 31.12.03	1,828
Provision for the period	309
Employee severance indemnity supplement	624
Transfers to Mediolanum Group and Fininvest Group companies	(282)
Indemnity paid during the year	(832)
Advances to employees	(91)
Taxes on employee severance indemnity revaluation	(4)
Closing balance at 31.12.04	1,552

Bank debt

This item relates to the credit lines received amounting to 250,000 thousand Euro as at December 31, 2004 (31.12.2003: 160,000 thousand Euro).

Due to other financiers

The outstanding amount payable at the end of the previous period – 130,000 thousand Euro – was discharged in March 2004.

Due to suppliers

“Due to suppliers”, for a total amount of 1,307 thousand Euro (31.12.2003: 2,786 thousand Euro) relates to supplies and services received for 1,033 thousand Euro, professional services for 142 thousand Euro and Directors and Statutory Auditors’ emoluments for 132 thousand Euro.

Due to controlled companies

This item is analysed as follows:

<i>Euro in thousands</i>	31.12.04	31.12.03
Trade payables		
Mediolanum Vita S.p.A.	114,330	114,326
Banca Mediolanum S.p.A.	36,529	31,714
Mediolanum Gestione Fondi SGR p.A.	50	11
Mediolanum Comunicazione S.p.A.	2	8
TOTAL TRADE PAYABLES	150,911	146,059
Due to companies for consolidated taxes		
Mediolanum Vita S.p.A.	13,262	0
Banca Mediolanum S.p.A.	9,766	0
Mediolanum Gestione Fondi SGR p.A.	4,095	0
Partner Time S.p.A.	286	0
PI Distribuzione S.p.A.	133	0
Mediolanum Comunicazione S.p.A.	91	0
TOTAL DUE TO COMPANIES FOR CONSOLIDATED TAXES	27,633	0
TOTAL DUE TO CONTROLLED COMPANIES	178,544	146,059

Due to Mediolanum Vita S.p.A. mainly relates to a loan granted by Mediolanum Vita S.p.A. quarterly remunerated at the three-month Euribor rate plus 30 basis points, which expires on June 30, 2006, the balance of which amounted to 113,621 thousand Euro as at December 31, 2004.

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 controlled companies mainly relate to the costs of seconded staff in the last quarter of the year.

Due to companies for consolidated taxes relate to the transfer of tax credit for advances and tax withholdings to be offset when taxes for 2004 are paid.

Due to Fininvest Group and Doris Group companies

This item is analysed as follows:

<i>Euro in thousands</i>	31.12.04	31.12.03
Fininvest Group and Doris Group companies		
Mediolanum Assicurazioni S.p.A.	0	79
Fininvest Group companies		
Alba Servizi Aerotrasporti S.p.A.	35	56
R.T.I. S.p.A.	17	17
Mediaset S.p.A.	7	6
Consorzio Aeromobili Fininvest	0	500
Mondadori Pubblicità S.p.A.	0	11
TOTAL DUE TO FININVEST GROUP AND DORIS GROUP COMPANIES	59	669

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 in thousands</i>	31.12.04	31.12.03
Debt for withholding taxes	741	981
Other taxes	2	50
TOTAL	743	1,031

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, 2005.

Due to social security institutions

<i>Euro in thousands</i>	31.12.04	31.12.03
Payable to INPS	215	267
Payable to other social security institutions	26	129
TOTAL	241	396

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

Other accounts payable

<i>Euro in thousands</i>	31.12.04	31.12.03
Due to employees	26	20
Employees' holiday pay accrual	367	485
Other payables	7,438	78
TOTAL	7,831	583

Other payables mainly relate to amounts due to shareholders for dividends not yet paid for 7,434 thousand Euro.

Due to employees relates to overtime and expense accounts of December.

Item E) *Accruals and deferred income* is as follows:

<i>Euro in thousands</i>	31.12.04	31.12.03
Accrued expenses to employees' 14 th month salary	167	207
Other accrued expenses	1,360	1,249
TOTAL	1,527	1,456

E) ACCRUALS AND
DEFERRED INCOME

The item "other accrued expenses" mainly 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 already detailed in the financial statements.

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

A guarantee of 539 thousand Euro was given to Banca Intesa 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.

OFF-BALANCE SHEET
ITEMS

Other off-balance sheet items

This item relates to the nominal value of owned securities in the hands of third parties as at the date of the financial statements, amounting to 8,004 thousand 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 182,049 thousand Euro (31.12.2003: 165,661 thousand Euro) and they relate to commissions 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 in thousands</i>	31.12.04	31.12.03
Recharge of cost of employees seconded to controlled companies	2,440	4,755
Recharge of cost of employees seconded to Fininvest Group and Doris Group companies	127	222
Recuperation of costs	100	386
Other revenues	669	187
TOTAL	3,336	5,550

Other revenues mainly relates to amounts due from controlled companies for fiscal and corporate services provided, totalling 653 thousand Euro.

B) COST OF PRODUCTION

Raw, ancillary and consumable materials and goods

Costs for raw materials, ancillary consumables and goods include the costs for consumables, stationery and printed matter. In the previous year, the balances at December 31, 2003 had been reclassified to *Other operating costs*.

Services received

<i>Euro in thousands</i>	31.12.04	31.12.03
Commissions	161,741	147,899
Consultancy and professional services	1,983	2,754
Emoluments to Directors and Statutory Auditors	1,274	1,246
Advertising, public relations and entertainment expenses	367	1,107
Insurance costs	204	278
Travel and subsistence expenses	153	213
Other services	3,675	4,862
Other costs	97	140
TOTAL	169,494	158,499

“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 936 thousand Euro and Fininvest Group and Doris Group companies for 14 thousand Euro.

Leases and rentals

Lease and rentals are analysed as follows:

<i>Euro in thousands</i>	31.12.04	31.12.03
Rentals and operating expenses	221	1,608
Leasing and hiring	1,978	2,929
TOTAL	2,199	4,537

The services supplied by the controlled companies belonging to the Mediolanum Group amount to 168 thousand Euro, while the services supplied by the companies belonging to Fininvest Group amount to 1,631 thousand Euro.

Personnel costs

Personnel costs consist of:

<i>Euro in thousands</i>	31.12.04	31.12.03
Wages and salaries	4,013	6,949
Social welfare charges	1,405	2,353
Severance indemnity	933	922
Other personnel costs	8	20
TOTAL	6,359	10,244

Average number of employees

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

<i>Units</i>	31.12.04	31.12.03
Managers	11	14
Non-management employees	65	94
TOTAL	76	108

Depreciation, amortisation and write-downs

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

Sundry operating costs

The item is analysed as follows:

<i>Euro in thousands</i>	31.12.04	31.12.03
Membership fees	223	216
Donations	194	292
Other charges	134	165
TOTAL	551	673

C) INVESTMENT INCOME AND CHARGES

Income from investments

This item includes the dividends from the directly and indirectly controlled companies, recorded on an accrual basis for 124,041 thousand Euro and dividends recorded on a cash basis during the year related to other companies for 5,969 thousand Euro.

Other investment income

These include:

<i>Euro in thousands</i>	31.12.04	31.12.03
Bank account interest	499	404
Interest on amount due from tax authorities	291	304
Other interests	1	6
TOTAL	791	714

“Bank account interest” includes 499 thousand Euro from the controlled company Banca Mediolanum S.p.A. of which 352 thousand Euro came from hot money transactions.

Interest and other investment charges

Interest and other investment charges amounted to 9,014 thousand Euro ((31.12.2003: 11.145 thousand Euro) and mainly relate to interest accrued on loans given by the controlled company Mediolanum Vita S.p.A. for 2,754 thousand Euro and by third parties for 6,259 thousand Euro.

D) ADJUSTMENTS TO THE VALUE OF FINANCIAL INVESTMENTS

This item is commented on in the part relating to changes in financial assets.

Own shares held were written down by 47 thousand Euro to bring the book value in line with their market value.

Gain on disposals

A capital gain of 1,622 thousand Euro resulted from the transfer of the interest held in Mediolanum State Street SGR p.A..

Out of period revenues

Out of period revenues amount to 70 thousand Euro (31.12.2003: 64 thousand Euro) and are mainly due to the closing of provisions made in excess in previous years.

Out of period expenses and other charges

Out of period expenses and other charges amount to 414 thousand Euro (31.12.2003: 298 thousand Euro) and they relate to smaller provisions made in the previous years and to losses arising from the elimination of unrecoverable credit.

Loss on disposals

The voluntary liquidation of Consorzio Aeromobili Fininvest resulted in a capital loss of 36 thousand Euro.

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

INCOME TAXES

<i>Euro in thousands</i>	31.12.04	31.12.03
Current taxes IRES	337	22,504
Changes in prepaid taxes IRES	193	3
Total income taxes for the year IRES	530	22,507
Current taxes IRAP	492	137
Use of IRAP tax provision	(41)	(137)
Total income taxes for the year IRAP	451	0
Changes in deferred taxes	30	(24,886)
TOTAL	1,011	(2,379)

The significant difference against the previous accounting period is due to the introduction of Legislative Decree 344/2003 implementing the first phase of the fiscal reform providing for the tax remission of dividends (95%) through the non-acknowledgement of the tax credit to the beneficiary companies.

The company and some of its controlled companies decided to apply the nationwide consolidated taxes, thus benefiting, for the year under review, by a 5% tax rebate on dividends related to interests held in companies included in the consolidation area. This amounted to 880 thousand Euro.

Reconciliation between theoretical tax liabilities and those accounted for are shown in detail in Attachment 7.

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 1,240 thousand Euro and can be broken down as follows:

<i>Euro in thousands</i>	31.12.04
Directors and Supervisory authority	1,145
Statutory Auditors	95

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.

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

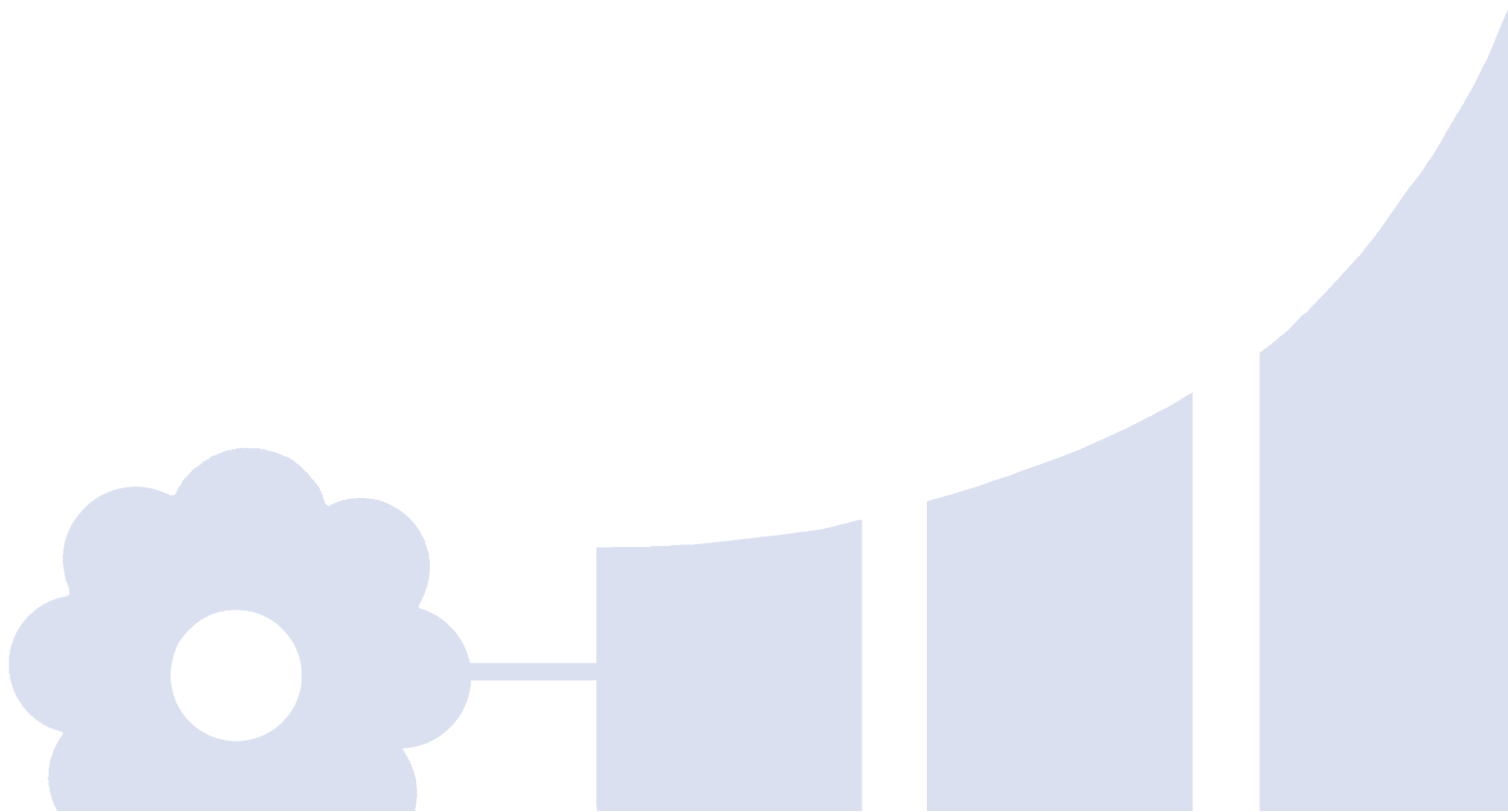
ATTACHMENTS

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, 2004 (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. Analysis of capital and reserves (Attachment 6)
7. Reconciliation between theoretical tax liabilities and those accounted for under IRPEG and IRAP (Attachment 7) as at December 31, 2004
8. Analysis of deferred taxes (Attachment 8)
9. Cash flow statements (Attachment 9)
10. Table of shareholdings as per art. 125 of CONSOB regulation No.11971/1999 (Attachment 10)

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, 2004

Euro	Opening situation		
	Historic cost	Cumulative Amortisation	Balance as at 01.01.2004
Intangible assets			
Start-up and expansion costs	4,743,422	4,743,050	372
Patents and intellectual property rights	223,347	223,347	0
Concessions, licences, trademarks and similar rights	4,436,038	3,174,085	1,261,953
Other intangible assets	1,110,746	1,022,530	88,216
Intangible assets in progress	121,515	0	121,515
TOTAL	10,635,068	9,163,012	1,472,056

ATTACHMENT 2

ANALYSIS OF CHANGES IN TANGIBLE FIXED ASSETS AS AT DECEMBER 31, 2004

Euro	Opening situation		
	Historic cost	Cumulative Depreciation	Balance as at 01.01.2004
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 MACHINERY	104,992	104,992	0
Personal computer	2,751,494	2,142,292	609,202
Terminals and printers	24,369	24,369	0
Data transmission equipment and cellular phones	980,267	687,507	292,760
Various equipment	719,150	453,144	266,006
Office fittings, furniture and equipment	728,672	692,893	35,779
Other furniture	1,357,296	1,084,178	273,118
Ordinary office machinery	1,417	1,417	0
Electric and electronic office machinery	9,946	9,946	0
Motor vehicles	36,743	29,172	7,571
TOTAL OTHER ASSETS	6,609,355	5,124,918	1,484,436
Fixed assets in progress	4,704	0	4,704
TOTAL	6,719,051	5,229,911	1,489,140

Movements for the period				Closing situation		
Additions	Net disposals	Amortisation	Change +/-	Historic cost	Cumulative Amortisation	Balance as at 31.12.2004
0	0	372	0	4,743,422	4,743,422	0
0	0	0	0	223,347	223,347	0
0	0	624,240	27,637	4,463,675	3,798,325	665,350
0	0	47,063	0	1,110,746	1,069,593	41,153
0	0	0	(121,515)	0	0	0
0	0	671,675	(93,878)	10,541,190	9,834,687	706,503

Movements for the period				Closing situation		
Additions	Net disposals	Depreciation	Change +/-	Historic cost	Cumulative Depreciation	Balance as at 31.12.2004
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
2,744	0	267,774	4,704	2,758,942	2,410,066	348,876
0	0	0	0	24,369	24,369	0
81,264	0	193,516	93,878	1,155,409	881,023	274,386
2,619	0	79,785	0	721,769	532,929	188,840
5,223	0	23,789	0	733,895	716,682	17,213
5,132	0	121,175	0	1,362,428	1,205,353	157,075
0	0	0	0	1,417	1,417	0
0	0	0	0	9,946	9,946	0
128,365	113	19,107	0	142,766	26,050	116,716
225,347	113	705,146	98,582	6,910,941	5,807,836	1,103,106
0	0	0	(4,704)	0	0	0
225,347	113	705,146	93,878	7,015,934	5,912,828	1,103,106

ATTACHMENT 3

ANALYSIS OF CHANGES IN INVESTMENTS HELD AS AT DECEMBER 31, 2004

<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	341,000,000
Mediolanum Vita S.p.A. Via F. Sforza P.zzo Meucci Basiglio (MI)	87,720,000	100	87,720,000
Mediolanum Gestione Fondi SGR p.A. Via F. Sforza P.zzo Meucci Basiglio (MI)	5,164,600	49	2,530,654
Mediolanum State Street SGR p.A. Via F. Sforza P.zzo Meucci Basiglio (MI)			
Mediolanum Comunicazione S.p.A. Via F. Sforza P.zzo Meucci Basiglio (MI)	775,000	100	775,000
Partner Time S.p.A. Via F. Sforza P.zzo Meucci Basiglio (MI)	520,000	100	520,000
PI Distribuzione S.p.A. Via F. Sforza P.zzo Meucci Basiglio (MI)	517,000	100	517,000
Mediolanum Fiduciaria S.p.A. Via F. Sforza P.zzo Meucci Basiglio (MI)	510,000	100	510,000
Mediolanum International S.A. 180, Rue des Aubèpines L-1145 Luxembourg	71,500,000	0.003	2,145
Mediolanum International Life Ltd Iona Building, Block B, 4 th Floor, Shelbourne Road Dublin 4 Ireland	1,394,750	100	1,394,750
Alboran S.p.A. Viale Spagna, 74 Cologno Monzese (MI)	1,500,000	100	150,000
Mediolanum Asset Management Ltd Iona Building, Block B, 4 th Floor, Shelbourne Road Dublin 4 Ireland	150,000	49	73,500
Mediolanum International Funds Ltd Iona Building, Block B, 4 th Floor, Shelbourne Road Dublin 4 Ireland	150,000	49	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
TOTALE ASSOCIATED COMPANIES			
Other companies			
Consorzio Aeromobili Fininvest Via Paleocapa 3 Milan			
Europa Invest S.A. Luxembourg 14, Rue Aldringen	125,000	14	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 (MI)	392,390,582	1.805	14,118,350
SIA S.p.A. Via Taramelli 26 Milan (MI)	18,123,684	4.999	1,742,660
Consortium S.r.l. Via Filodrammatici, 10 Milan (MI)	487,540,248	3.86	36,209,600
Nomisma S.p.A. Strada Maggiore, 44 Bologna (BO)	5,345,327	1.320	190,720
TOTAL OTHER COMPANIES			
TOTAL			

Nomial values	Book value as at 01.01.04	Increase	Decrease/ write-downs	Book value as at 31.12.04
341,000,000	341,239,300			341,239,300
87,720,000	116,681,041			116,681,041
2,530,654	2,507,357			2,507,357
	1,270,473		1,270,473	0
0	762,002			762,002
520,000	258,168	800,000	625,615	432,553
0	516,457			516,457
510,000	725,605		184,414	541,191
2,145,000	2,000			2,000
1,394,750	15,130,548	10,000,000		25,130,548
150,000	0	6,024,002		6,024,002
73,500	441,000			441,000
73,500	1,293,613			1,293,613
	480,827,564	16,824,002	2,080,502	495,571,064
6,305,000	25,811,586			25,811,586
	25,811,586	0	0	25,811,586
	98,801	15,600	114,401	0
17,500	13,839			13,839
435,000	2,364,227			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
	173,660,171	15,600	114,401	173,561,370
	680,299,321	16,839,602	2,194,903	694,944,020

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	444,028,711	444,028,711
Mediolanum Vita S.p.A. Via F. Sforza P.zzo Meucci Basiglio (MI)	87,720,000	252,632,139	252,632,139
Mediolanum Gestione Fondi SGR p.A. Via F. Sforza P.zzo Meucci Basiglio (MI)	5,164,600	19,806,632	9,705,250
Mediolanum Comunicazione S.p.A. Via F. Sforza P.zzo Meucci Basiglio (MI)	775,000	1,154,967	1,154,967
Partner Time S.p.A. Via F. Sforza P.zzo Meucci Basiglio (MI)	520,000	1,262,086	1,262,086
PI Distribuzione S.p.A. Via F. Sforza P.zzo Meucci Basiglio (MI)	517,000	593,254	593,254
Mediolanum Fiduciaria S.p.A. Via F. Sforza P.zzo Meucci Basiglio (MI)	510,000	491,191	491,191
Mediolanum International S.A. 180, Rue des Aubèpines L-1145 Luxembourg	71,500,000	61,411,994	1,842
Mediolanum International Life Ltd Iona Building, Block B, 4 th Floor, Shelbourne Road Dublin 4 Ireland	1,394,750	29,136,829	29,136,829
Alboran S.p.A. Viale Spagna 74 Cologno Monzese (MI)	1,500	1,035,385	1,035,385
Mediolanum Asset Management Ltd Iona Building, Block B, 4 th Floor, Shelbourne Road Dublin 4 Ireland	150,000	4,278,056	2,096,247
Mediolanum International Funds Ltd Iona Building, Block B, 4 th Floor, Shelbourne Road Dublin 4 Ireland	150,000	125,247,013	61,371,036

(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
45,488,925	45,488,925 (1)	100	341,239,300
23,484,039	23,484,039	100	116,681,041
8,521,073	4,175,326	49	2,507,357
56,672	56,672	100	762,002
(625,615)	(625,615)	100	432,553
184,408	184,408	100	516,457
(21,199)	(21,199)	100	541,191
(1,137,334)	(34)	0.003	2,000
4,409,130	4,409,130	100	25,130,548
30,358	30,358	100	6,024,002
3,378,056	1,655,247	49	441,000
122,707,536	60,126,693	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 47 Boulevard Royal L-2449 Luxembourg	5,618,000	6,047,223	6,047,223
Gamax Broker Pool AG Holbeinstrasse 11 81679 Munich	500,000	599,569	599,569
Gamax Austria GmbH Rainerstrabe 7 A-5020 Salzburg Austria	40,000	(188,852)	(188,852)
Gamax Management AG 69, Route d'Esch 1470 Luxembourg	125,000	4,574,562	4,574,562
Gamax Fund of Funds Management AG 69, Route d'Esch 1470 Luxembourg	125,000	69,654	69,654
Tanami S.A. Capitan Arenas n.1 Barcelona	180,601	904,154	904,154
Fibanc Inversiones S. A. Avenida Diagonal 668/670 Barcelona	6,851,400	10,990,000	10,990,000
Bankhaus August Lenz & Co. AG Holbeinstrasse 11 81679 Munich	20,000,000	26,473,751	26,473,751
Banco de Finanzas e Inversiones S.A. Avenida Diagonal 668/670 Barcelona	14,031,829	62,315,344	62,315,344
Fibanc Argentina S.A. Calle Cerrito 1136 piso12° Buenos Aires Argentina	ARS 50,000	29,642	27,863
Fibanc Faif S.A. Avenida Diagonal 668/670 Barcelona	60,200	46,304	46,304
Fibanc Pensiones S.G.F.P., S.A. Avenida Diagonal 668/670 Barcelona	901,500	1,285,431	1,285,431
Fibanc S.A. Avenida Diagonal 668/670 Barcelona	30,500	129,988	129,988
Ges Fibanc S.G.I.I.C., S.A. Calle Enteza 325/335 Barcelona	2,506,170	3,138,057	3,138,057
Valora S.A. Avenida Verge del Pilar 5 Andorra La Vella	420,708	283,089	283,089
Mediolanum Gestione Fondi SGR p.A. Via F. Sforza P.zzo Meucci Basiglio (MI)	5,164,600	19,806,632	10,101,382
Mediolanum Asset Management Ltd Iona Building, Block B, 4 th Floor, Shelbourne Road Dublin 4 Ireland	150,000	4,278,056	2,181,809
Mediolanum International Funds Ltd Iona Building, Block B, 4 th Floor, Shelbourne Road Dublin 4 Ireland	150,000	125,247,013	63,875,977
Mediolanum International S.A. 180, Rue des Aubépines L-1145 Luxembourg	71,500,000	61,411,994	61,410,152
Mediolanum Private S.A.M. 2, Rue de la Lujerneta 98000 Monaco	500,000	(249,686)	(249,536)
Companies indirectly controlled through Alboran S.p.A.			
Alborfin S.r.l. Viale Spagna 74 Cologno Monzese (MI)	100,000	614,151	614,151
Associated companies			
Banca Esperia S.p.A. Via Del Lauro, 7 Milan	13,000,000	46,731,829	22,664,937

(2) Available data are related to december 31, 2003.

Profit (loss) for the year

Total amount	Pro-quota amount	% holding	Carrying value
(54,296)	(54,296)	100	0
(1,558,645)	(1,558,645)	100	0
(601,717)	(601,717)	100	0
3,825,516	3,825,516	100	0
(20,163)	(20,163)	100	0
(210)	(210)	100	0
(349,210)	(349,210)	100	0
0	0	100	0
776,611	776,611	100	0
3,867	3,635 (2)	94	0
7	7	100	0
3,815	3,815	100	0
922	922	100	0
3,284	3,284	100	0
1,845	1,845	100	0
8,521,073	4,345,747	51	0
3,378,056	1,722,809	51	0
122,707,536	62,580,843	51	0
(1,137,334)	(1,137,300)	99.997	0
(724,847)	(724,412)	99.94	0
30,358	30,358	100	0
7,867,404	3,815,691	48.5	25,811,586

ATTACHMENT 5

ANALYSIS OF CHANGES IN SHAREHOLDERS' EQUITY AS AT DECEMBER 31, 2004

<i>Euro</i>	Share capital	Legal reserve	Share premium reserve
Balance as at January 1, 2004	72,566,861	17,362,794	45,761,836
Allocation of 2003 profit and reserves as decided at the Shareholders' meeting of 27.04.2004			
- legal reserve			
- dividends paid			
- extraordinary reserve			
Increase of share capital paid-up			
Variation for evaluation own shares			
Profit (loss) for the period			
Balance as at December 31, 2004	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 205,388,675 Euro and profit under deferred taxes of 272,689 Euro.

Extraordinary reserve	Reserve for own shares	Profit for the period	Total Shareholders' Equity
181,341,696	2,091,739	104,054,243	423,179,169
			0
		(79,781,197)	(79,781,197)
24,273,046		(24,273,046)	0
			0
46,623	(46,623)		0
		126,558,620	126,558,620
205,661,365	2,045,116	126,558,620	469,956,592

ATTACHMENT 6

Euro

ANALYSIS SHAREHOLDERS' EQUITY RESERVES

Nature/Description	Amount	Possibility of using (A, B, C)	Share available	Report of utilizations effected during three previous years	
				for coverage losses	for other reasons
Share capital:	72,566,861				
Capital reserve of which:					
- share premium reserve	45,761,836	A B C	45,761,836		
- reserve for own share shares	2,045,116				
Profit reserve of which:					
- legal reserve	17,362,794	B	17,362,794		
- extraordinary reserve	205,661,365	A B C	205,661,365		
TOTAL	343,397,972		268,785,995	0	0
Of which non distributable share			17,362,794		
Of which remaining distributable share			251,423,201		

Notes:

A: for capital increase

B: for coverage losses

C: for shareholder assignment

Euro

	2003			2004		
	% rate	Amount	Taxation	% rate	Amount	Taxation
Determination of IRES taxable income						
Profit before taxes		101,675,157			127,570,067	
Theoretical fiscal charges	34		34,569,553	33		42,098,122
Temporary differences taxable in subsequent years		(2,995,958)			(3,089,274)	
Temporary differences deductible in subsequent years		71,913			79,124	
Temporary differences from previous years		76,018,779			2,918,949	
Permanent differences		(108,581,096)			(126,458,279)	
Total taxable income		66,188,795			1,020,587	
Taxable income	34	66,188,795		33	1,020,587	
IRES of the current year			22,504,190			336,794
Average tax-rate on profit before taxes	22.13			0.26		
Determination of IRAP taxable income						
Difference between value and cost of production					5,347,536	
Costs not relevant for IRAP purposes					6,359,010	
TOTAL					11,706,546	
Theoretical fiscal charges liabilities				4.25		497,528
Temporary differences taxable in subsequent years					0	
Temporary differences deductible in subsequent years					74,184	
Temporary differences from previous years					(70,130)	
Permanent differences					(137,463)	
Total taxable income				4.25	11,573,137	
IRAP of the current year						491,858

ATTACHMENT 7

RECONCILIATION BETWEEN THEORETICAL TAX LIABILITIES AND THOSE ACCOUNTED FOR YEAR 2004

ATTACHMENT 8

ANALYSIS OF DEFERRED TAXES

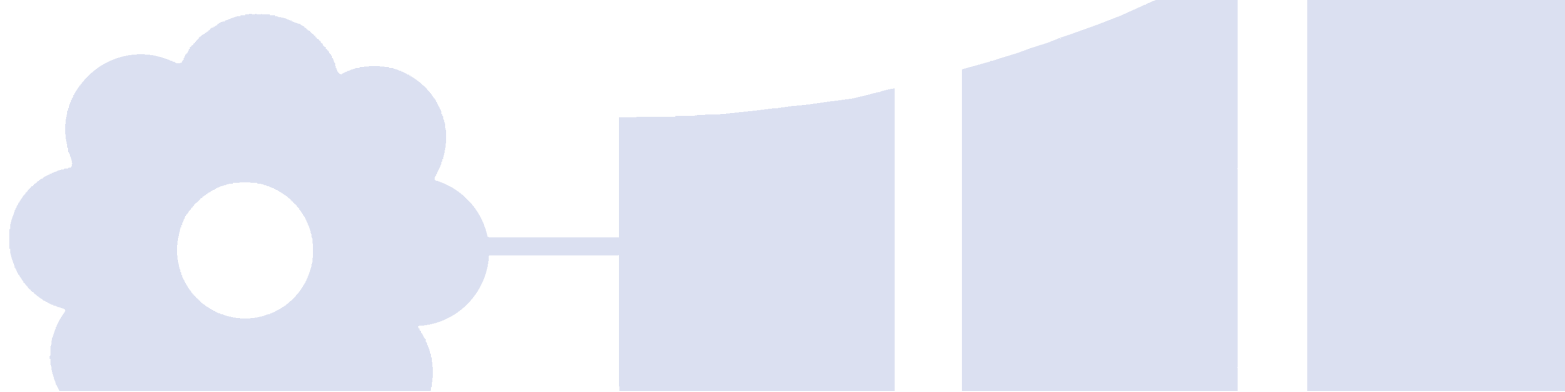
Euro	2003		2004	
	Amount of temporary differences	Fiscal effect (% rate)	Amount of temporary differences	Fiscal effect (% rate)
Prepaid taxes of which:				
Devaluations for durable depreciations in value on tangible assets				
Devaluations for durable depreciations in value on intangible assets				
Provisions for risks and charges	628,477	33.00	25,046	33.00
Entertainment expenses	176,658	37.25	180,712	37.25
TOTAL	805,135		205,758	
Deferred taxes of which:				
Accelerated amortizations				
Exceeding amortizations				
Credit devaluations				
Dividends	2,995,960	33.00	3,089,274	33.00
TOTAL	2,995,960		3,089,274	
Deferred (prepaid) net taxes		(715,463)		(943,879)
Prepaid taxes related to fiscal losses of the current year				
Prepaid taxes related to fiscal losses of the previous year				
Temporary differences excluded from the deferred and prepaid tax computation	7,333		(7,333)	
Fiscal losses that can be carried forward of which:				
Net	7,333		(7,333)	

ATTACHMENT 9**CASH FLOW STATEMENT
AS AT DECEMBER 31, 2004**

A) SOURCE OF FINANCE	
Cash flows generated by operations:	
Profit (loss) for the period	126,559
Amortisation, depreciation of tangible and intangible assets	1,377
Net provision for risk and charges	(391)
Net change in employee termination indemnity	(276)
Net change in other receivables and payables and other assets and liabilities	(33,511)
TOTAL CASH FLOWS GENERATED	93,758
Decrease in other financial investments	381
TOTAL CASH FLOW GENERATED	94,139
B) APPLICATION OF FUNDS	
Increase in tangible and intangible assets	225
Increase in equity investments	14,645
Increase/decrease in own shares	(47)
Distributed dividends	79,781
TOTAL APPLICATION OF FUNDS	94,604
C) CASH FLOW FOR THE PERIOD (A - B)	(465)
D) Cash and liquid assets (opening balance)	17,506
E) Cash and liquid assets (closing balance)	17,041
F) CHANGE IN CASH AND LIQUID ASSETS (E - D)	(465)

MEDIOLANUM S.P.A.

*TABLE OF
SHAREHOLDINGS*



ATTACHMENT 10

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

REFERENCE DATE
DECEMBER 31, 2004

Company name	Country	Total % holding
Alboran S.p.A.	Italy	100.00
Alborfin S.r.l.	Italy	100.00
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
Bankhaus 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	99.99
Fibanc Inversiones S.A.	Spain	100.00
Fibanc Pensiones S.A. S.G.F.P.	Spain	99.999
Fibanc S.A.	Spain	99.998
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	99.998
Gamax Management AG	Luxembourg	100.00
Ges. Fibanc S.G.I.I.C. S.A.	Spain	99.999
Mediolanum Asset Management Ltd	Ireland	100.00
Mediolanum Comunicazione S.p.A.	Italy	100.00
Mediolanum 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 Financial Service Ltd in liq.	Ireland	100.00
Mediolanum Private S.A.M. in liq.	Principality of Monaco	99.94
Mediolanum Vita S.p.A.	Italy	100.00
Partner Time S.p.A.	Italy	100.00
PI Distribuzione S.p.A.	Italy	100.00
Tanami S.A.	Spain	100.00
Valora S.A.	Andorra	100.00

* Due to regulatory obligation the directors own a symbolic participation in the share capital.

Type of control	Holding company	Interest %
direct control	Mediolanum S.p.A.	100.00
indirect control	Alboran S.p.A.	100.00
direct control	Mediolanum S.p.A.	48.50
direct control	Mediolanum S.p.A.	100.00
indirect control	Banca Mediolanum S.p.A.	18.756
indirect control	Fibanc Inversiones S.A.	81.244
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.	99.99 *
indirect control	Banca Mediolanum S.p.A.	96.082
indirect control	Tanami S.A.	3.918
indirect control	Banco de Finanzas e Inversiones S.A.	99.999 *
indirect control	Banco de Finanzas e Inversiones S.A.	99.998 *
indirect control	Gamax Holding AG	100.00
indirect control	Gamax Holding AG	100.00
indirect control	Gamax Holding AG	99.80
indirect control	Mediolanum International S.A.	0.20
indirect control	Mediolanum International S.A.	99.998 *
indirect control	Gamax Holding AG	99.80
indirect control	Mediolanum International S.A.	0.20
indirect control	Banco de Finanzas e Inversiones S.A.	99.999
indirect control	Banca Mediolanum S.p.A.	51.00
direct control	Mediolanum S.p.A.	49.00
direct control	Mediolanum S.p.A.	100.00
direct control	Mediolanum S.p.A.	100.00
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.	49.00
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.	99.94
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,
2004

(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:

- supervised compliance with the law, the By-laws and the principles of correct administration;
- took part in Shareholders' meetings and in the meetings of the Board of Directors, and periodically gathered information from Directors on general operations, on their trends, as well as on the major economic, financial and capital operations performed by the company, ensuring that the decisions taken would not be imprudent or risky, or represent any potential conflict of interests, and that they 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 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;
- 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;
- 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;

- verified compliance with legislation currently in force regarding the form of the financial statements of December 31, 2004 and the report on the financial statements, through direct checks and the information gathered by the auditing company.

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.

During 2004, the Supervisory Body appointed to monitor the effectiveness, compliance and updating of the organisation, management and control models established by Legislative Decree 231/2001 did not highlight any significant event.

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 to 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 Reconta Ernst & Young S.p.A.. Although no Auditors' opinion has been issued at this date on the financial statements and consolidated financial statements, it is reasonable to assume that any such opinion would not be qualified by any significant matter;

- the board of Statutory Auditors issued no opinions pursuant to Article 2389, clause 3, of the Italian Civil Code, and Article 159 of Legislative Decree 58/98;
- seven Board of Directors' meetings, and ten Statutory Auditors' meetings were held;
- the company did not engage Reconta Ernst & Young S.p.A. for any further assignment, apart from the task of auditing the financial statements, the consolidated financial statements and the half-year results;
- the company appointed Ernst & Young Financial Business Advisors S.p.A., in continual contact with Reconta, Ernst & Young S.p.A., and belonging to the same international network, to provide professional support in the implementation of the international accounting principles (IAS/IFRS) at a cost of 35,000.00, expensed during the year.

In conclusion, we would like to express a favourable opinion regarding the approval of the financial statements at December 31, 2004 showing a profit for the year of 126,558,620 Euro, and agree with the amount of the dividend proposed for distribution by the Board of Directors, having regard to available asset reserves.

Milan, April 5, 2005

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, 2004. 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 9, 2004.

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, 2004, and the results of its operations for the year then ended.

Milan, Italy
April 8, 2005

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

Progetto grafico

Marilena Magnoni
Milano