

London, Nov. 29-30, 2006



KEEFE, BRUYETTE & WOODS LTD.
Specialists in Financial Services

**KBW European Insurance Mid/Small Cap
Conference 2006**

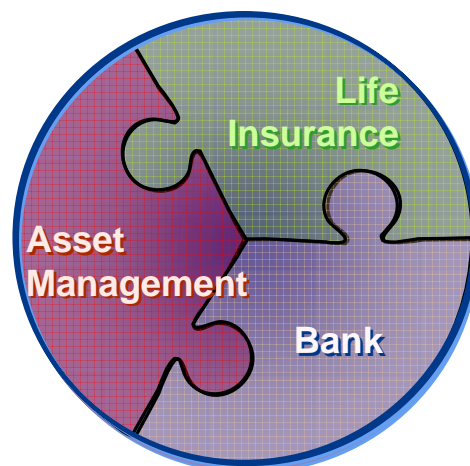
Mediolanum: the future is 'on sale' now



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What is Mediolanum?

**We are a diversified yet integrated
Financial Services Company**



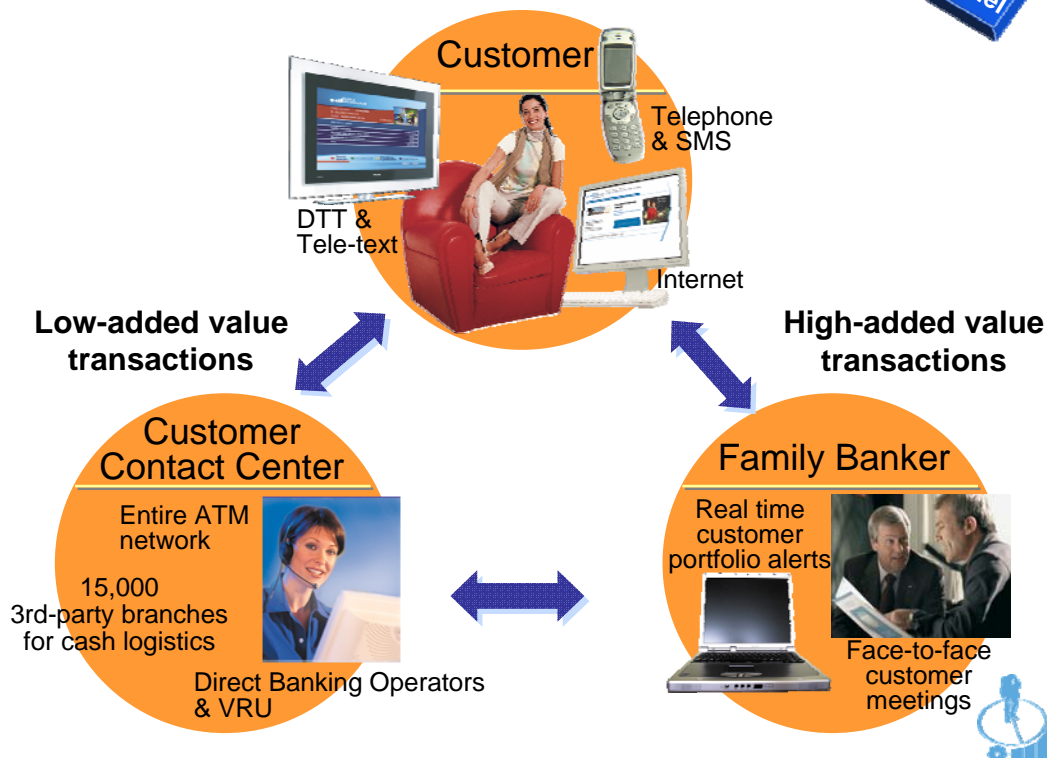
*Our job is to provide sound financial advice for households
& create new wealth for them*

Our focus is not on products, but on customer needs



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High-tech, High-touch



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Building growth



For an integrated Financial Services Company
the chief gauge of growth is the

Growth in Assets

Assets grow fuelled by **2 engines**:

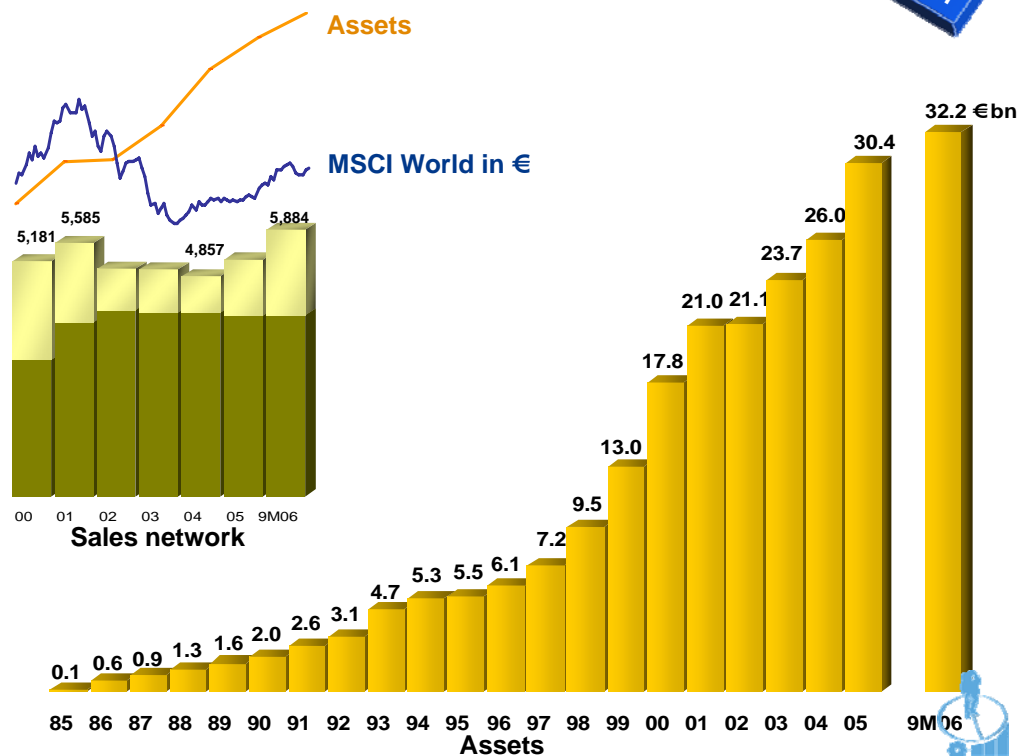
1. number of new customers
2. development of customers' 'share of wallet'

Growth in the number of new customers
is linked to the **growth of the network**



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Sales network, AUA & MSCI World



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'4Freedoms': growth strategy #1



- ▶ **Objective:** increase number of customers who have a bank account with us & use it actively
- ▶ **Fact:** customers invest their assets where they keep their bank account, often spreading their assets among more than one account
- ▶ **Our model:** multi-channel, branchless yet incorporating human touch, offers a 'low or no cost' account, high service delivery & flexibility, no dependence on 'proximity'
- ▶ **Experience:** customers who use our bank account as their primary one close other accounts & shift assets to us



Strategy rationale: our 'active' bank customers have 4 – 6 times greater assets than those without our bank account



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Key drivers of our growth strategy



The banking business is the key to Asset Growth

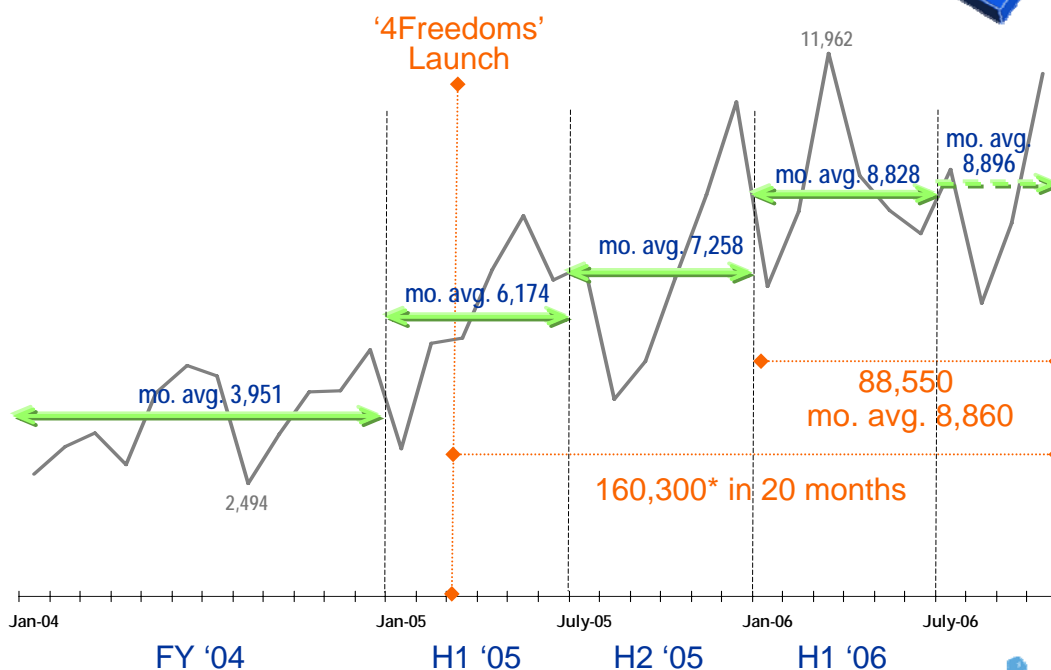
Focus is on **2 drivers**:

1. new customer acquisition via the bank account
2. development of the customer via cross selling



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New bank accounts trend all account types, excluding conversions



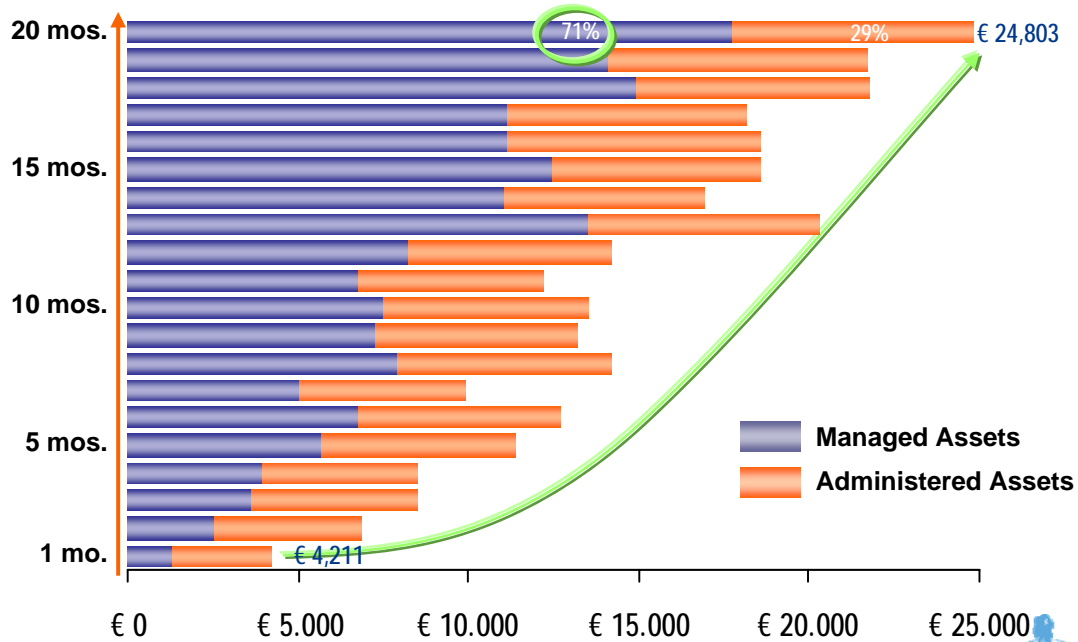
* 62% are opened by customers new to Mediolanum



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Average assets per new bank customer

by length of time as account holder (as at 31/10/06)



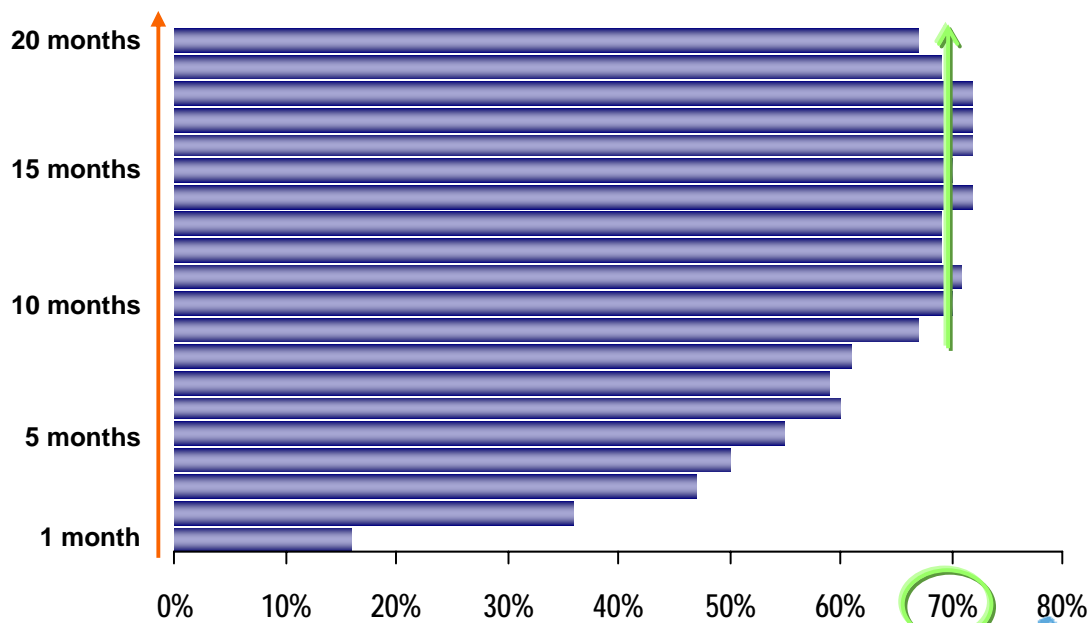
Cross-selling progresses very well



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Account activation per new bank customer

by length of time as account holder (as at 31/10/06)



Account activation reaches a level of 70% in about six-months time



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Account activation & asset growth



New customers acquired Mar. 05 - Oct. 06

	no.	%	Avg. Assets	Index 1
Non-active	37,785	41%	9,800 €	100
Active	53,434	59%	15,700 €	160
TOTAL	91,219	100%	13,200 €	118

*Our capacity to capture more assets
when the account is active is confirmed*







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'ICoNA': growth strategy #2 Network recruiting project



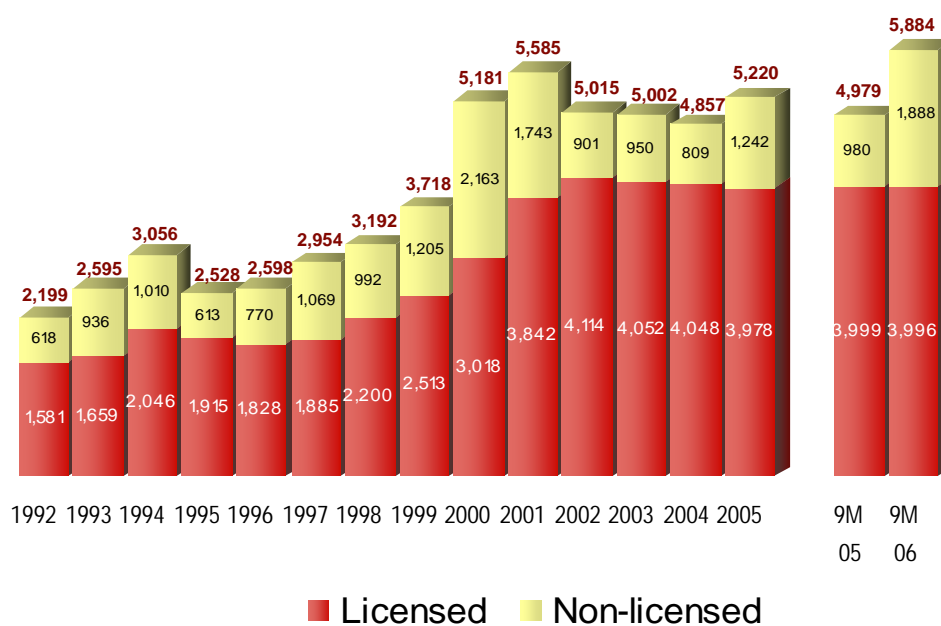
To present the advisor profession using the image of 'Family Banker'

-  Project first implemented in Oct. 2005
by **pilot group (2%** of supervisory force)
Number of advisors increased by 50% in 7 months
-  Second step May 2006
15% of total supervisory force involved
Same results as pilot group achieved on grander scale
-  National roll-out Sept. 2006
Extended approach to an additional **43%** of supervisors
Introducing concept of 'Family Banker' on a national scale
-  By end of Q1 2007
Remaining **40%** of supervisors slated to use ICoNA
recruiting approach



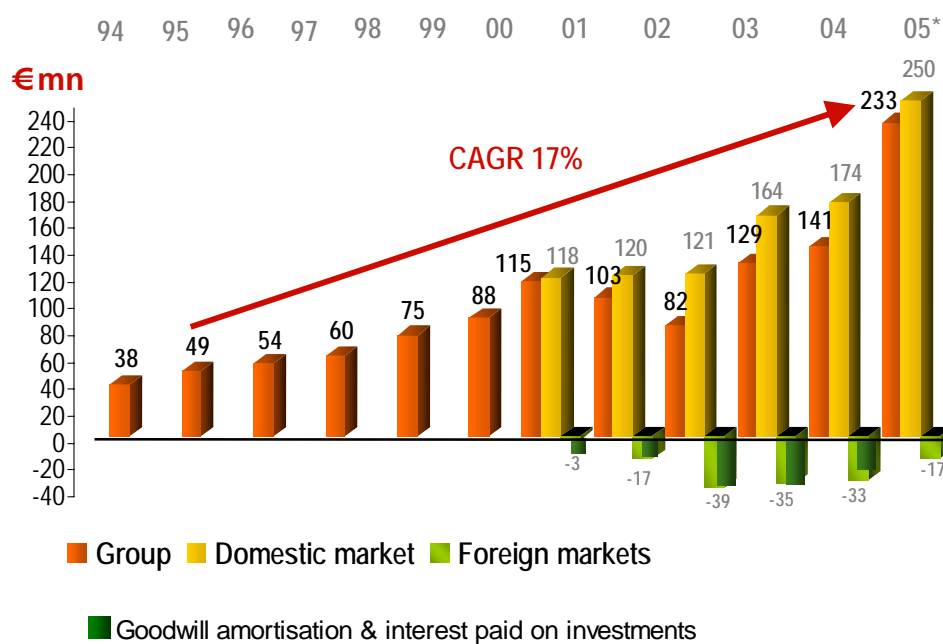
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Dedicated sales network trend



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Net Profit 10-year CAGR

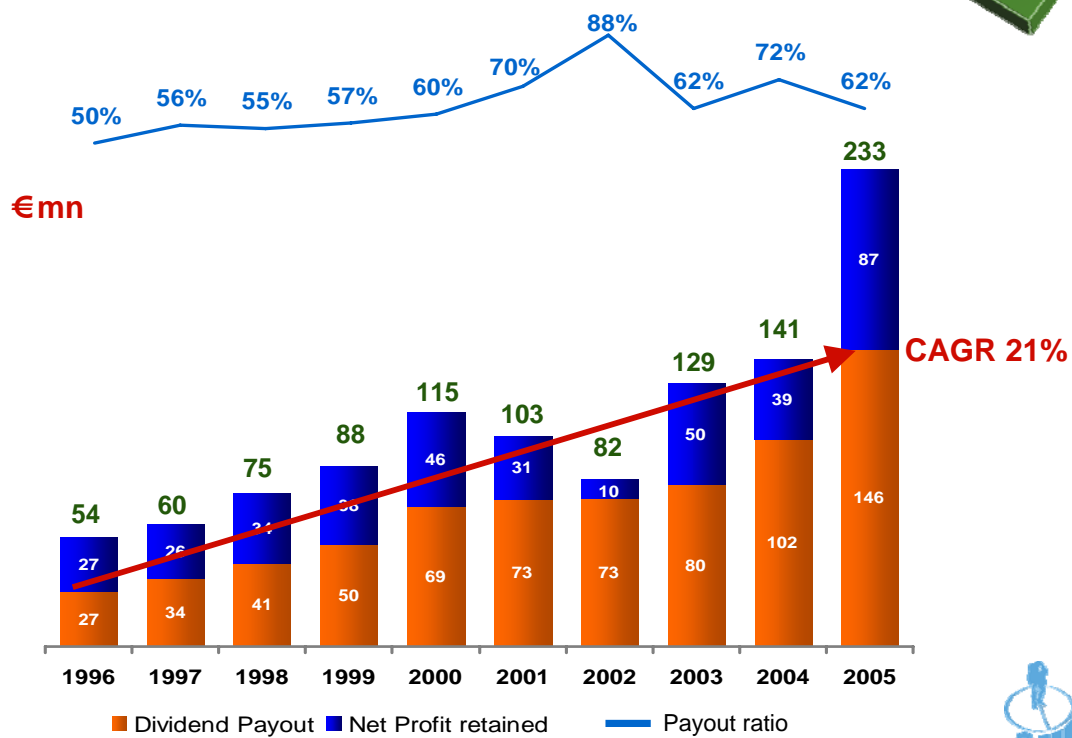


* IAS/IFRS



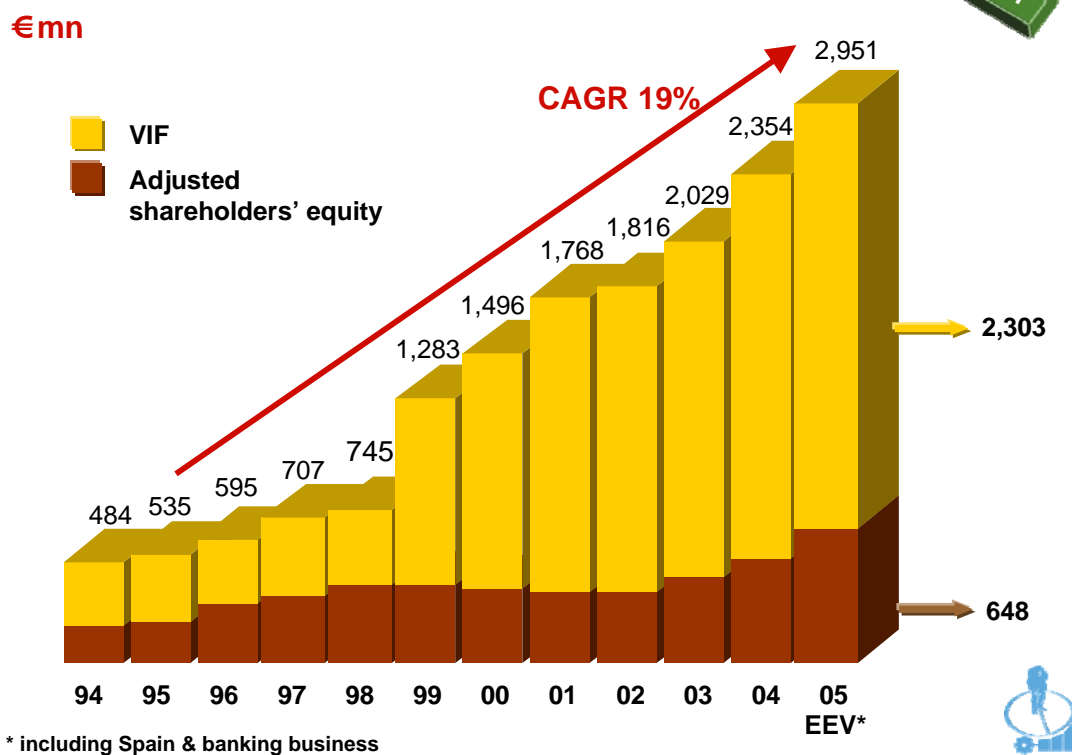
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Dividend Payout 10-year CAGR



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Embedded Value 10-year CAGR



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Share Price 10-year CAGR



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Indices* vs. Competitors



	Mediolanum	Alleanza	B. Fideuram	Generali
2000				
P/EV	6.5	3.1	3.2	2.3
P/EVNB	28.9	70.4	17.6	75.7
2006				
P/EV	1.5	1.4	1.9	1.5
P/EVNB	14.7	30.1	22.7	45.9

* annualised

source: Companies data, broker notes, Mediolanum estimates

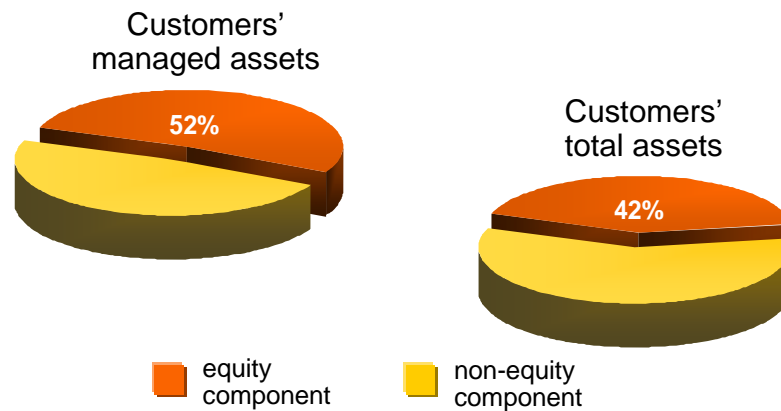


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Issue: we offer risky investment instruments to our customers



Our customers' have a high equity exposure



Do our customers run an higher risk than customers of the competition?

This % must be given a context... the '5D' strategy



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'5D' investment strategy



Customers are advised to invest following a series of diversification criteria

- 1 'Time Horizon' diversification
- 2 'Securities' diversification
- 3 'Geographic/Sector' diversification
- 4 'Growth Potential' diversification
- 5 'Financial Instruments' diversification

Equity for long-term investments only (c. 10 yrs.)

'5D' strategy helps to manage our customers' emotions



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Dalbar quantitative analysis of investor behaviour



"Investment return
is far more dependent upon
investor behaviour
than on fund performance"



DALBAR, Inc.
The Measurement of Success



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Dalbar quantitative analysis applied



	Annualised return 1995-2004
USA*	
US equity fund investor average	6.2%
S&P 500 Index	12.1%
Italy - Mediolanum	
RICRE fund investor average	14.6%
RICRE technical performance	11.1%
MIBTEL	8.7%

* Source: Dalbar, Inc. 'The Quantitative Analysis of Investor Behavior Study 2005'



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Issue: our margins are too high & cannot be maintained



There is often confusion between price & margin

Price is what a customer pays for a product or service

Margin is what the company obtains from its business acumen with respect to this same product or service

High margins necessitate high prices only when there is lack of innovation at the managerial, operational or product level



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High margins = High prices? an example



Our unit-linked individual pension plans represent:

for the Industry: a benchmark for profitability, they deliver about 90% of 1st-year premiums in terms of distributable earnings

for the Customer: not among the most expensive products on the Italian market - thanks to bonuses






Where do our margins come from?



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Margin source Mediolanum pension plans



-  **Long duration** (on average 23 years)
-  **Resilient** performance in terms of **lapse rate**
-  **Tax advantage** due to underlying mutual funds domiciled in Ireland
-  **Efficiency of operations** that result in low administrative expenses
-  **'Automatic increase in premiums'** (linked to the cost of living index plus a certain number of bps) resulting in a premium more than doubling over the life of the policy



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Issue: our surrenders performance is worsening



Our persistency variance in the past 3 years has been negative

€mn

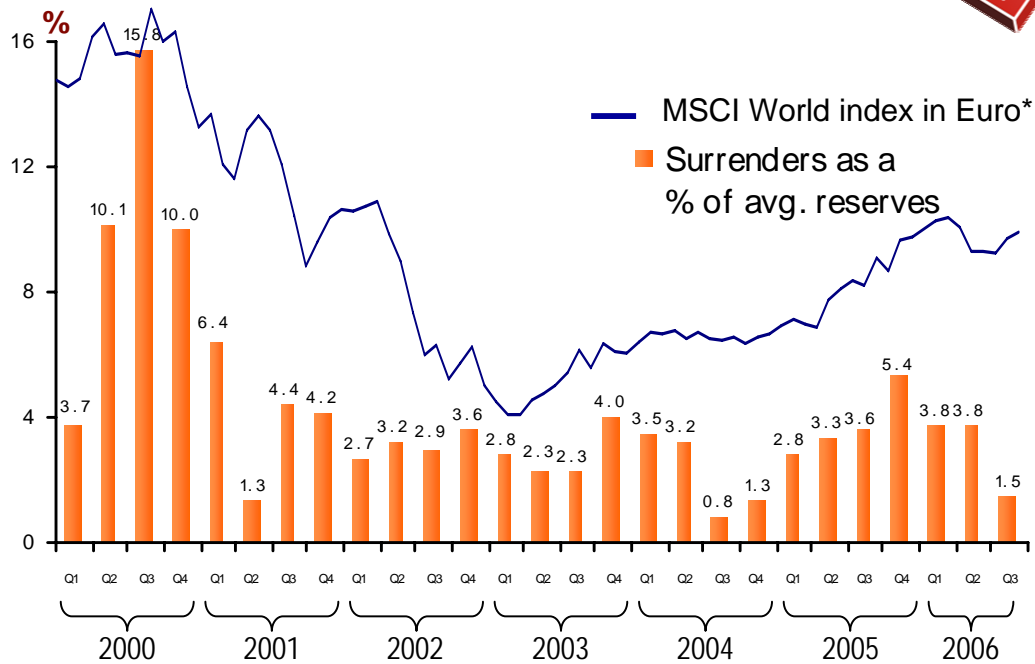
Product category	2001	2002	2003	2004	2005	H1 2006
U-L Pension Plans	12	12	(30,0)	(8,0)	(11,0)	(11,0)
of which surrenders	12	15	15	(3)	(21)	(20)
of which paid-ups		(3)	(45)	(5)	10	9
U-L Investment Pol.						(8,0)
Mutual Funds			7	5	0	(1)
Managed Accounts			2	(7)	(17)	(11)
Persistency variance	12	12	(21)	(10)	(28)	(31)

Are current assumptions too aggressive?



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Surrenders trend U-L investment policies



* source: Datastream

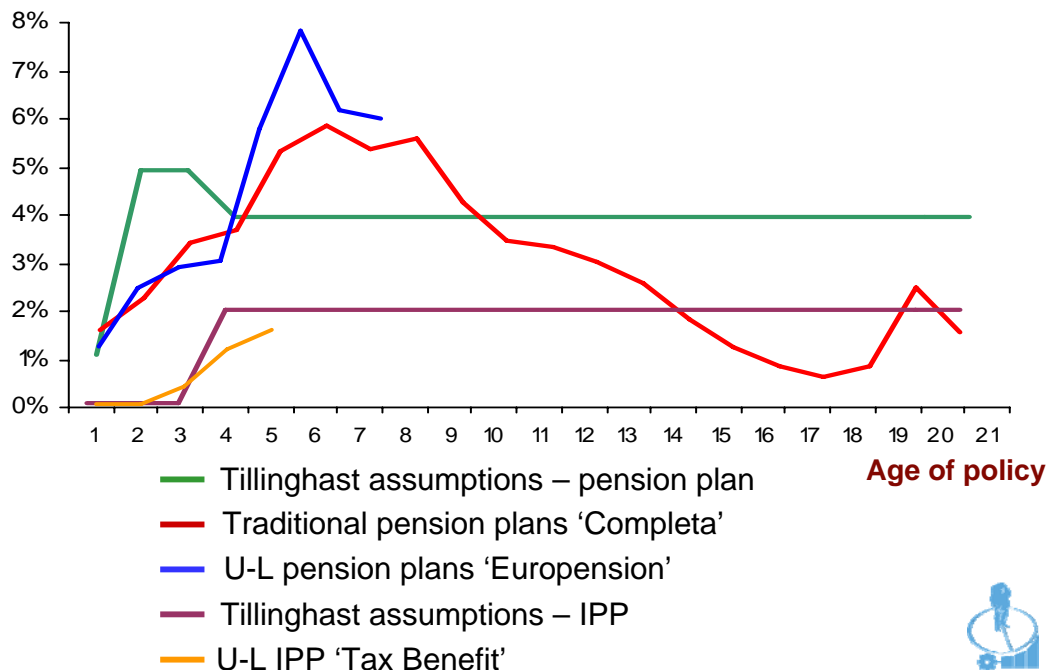


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Surrenders trend pension plan



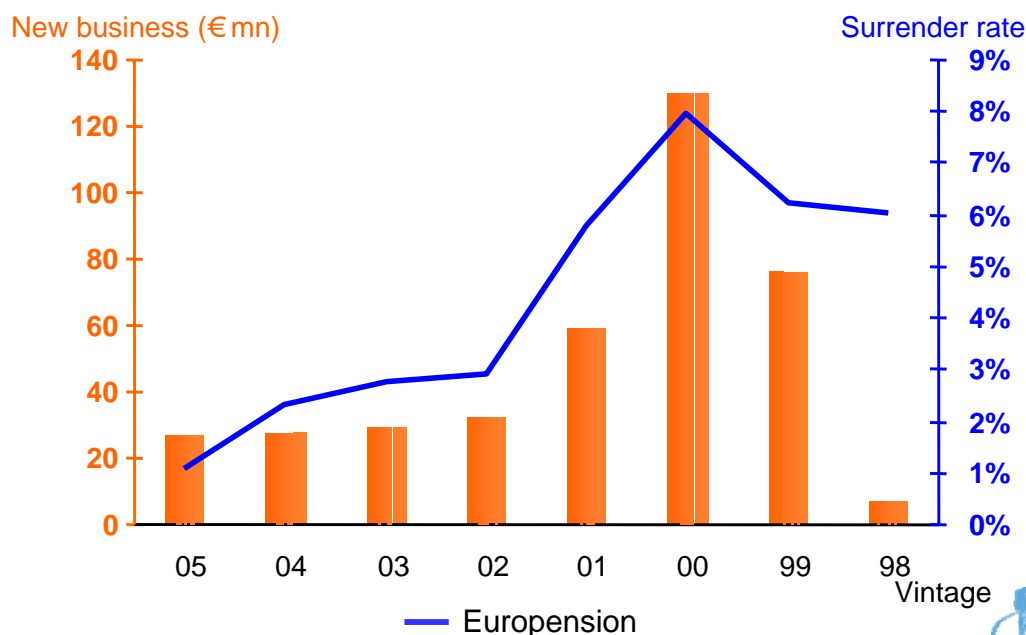
Surrender rate



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Surrenders trend U-L 'Europension' (by vintage)

as at 2006








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Issue: the advantage of the lower Irish corporate tax rate could vanish



Many factors make this highly improbable:

-  The Irish tax rate for both foreign & domestic companies is unified with a tax rate of 12.5%.
Ireland was able to do this thanks to a budget surplus
-  Irish authorities are committed to maintaining the tax rate until 2025
-  We are a part of the European establishment & tax differences are a part of the competitive environment
-  Italian authorities have no plans for tax unification at the European level
-  Our manufacturing in Ireland provides products for Italy, Spain and Germany, responding to UCITS III regulations



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Issue: pension reform will bring negative effects for the company



COVIP guidelines less restricted than anticipated

- Level loadings required
- No double commissions
- No caps on total commission levels
- Guarantees not required
- Complete disclosure is a priority
- Life cycle aspect of product must be implemented automatically
- Portability allows roll-overs after 2 years instead of 3
- Surrenders charges not allowed
- 11% tax on capital gains on life products maintained
- 5,000 € tax deduction permitted with no restrictions
- 9% tax on annuities on L-T accumulation plans

...the last episode in the "Pension Reform" series!



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Thank you!

Any questions?



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