

MEDIOLANUM S.p.A.

**Interim
Report and
Accounts at
September 30
2010**

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The English version of the Interim Report is a translation of the Italian text provided for the convenience of international readers.

Interim Report and Accounts at September 30 2010

Registered Office: Meucci Building, Via F. Sforza, 15 – Basiglio – Milano Tre (Milan)
Share capital €73,253,168.00 – fully paid up
Tax, VAT and Milan Register of Companies Registration No. 11667420159

Corporate Governance Officers

BOARD OF DIRECTORS

Roberto Ruozi	Chairman of the Board
Messina Alfredo	Deputy Chairman of the Board
Doris Massimo Antonio	Executive Deputy Chairman
Doris Ennio	Chief Executive Officer
Berlusconi Luigi	Director
Cannatelli Pasquale	Director
Carfagna Maurizio	Director
Ermolli Bruno	Director
Lombardi Edoardo	Director
Molteni Mario	Director
Pellegrino Danilo	Director
Renoldi Angelo	Director
Sciumè Paolo	Director
Zunino Antonio	Director

BOARD OF STATUTORY AUDITORS

Simonelli Ezio Maria	Chairman
Perotta Riccardo	Standing Auditor
Vittadini Francesco	Standing Auditor
Gatti Ferdinando Giuseppe	Alternate Auditor
Marchesi Antonio	Alternate Auditor

BOARD SECRETARY

Luca Maria Rovere

INDEPENDENT AUDITORS

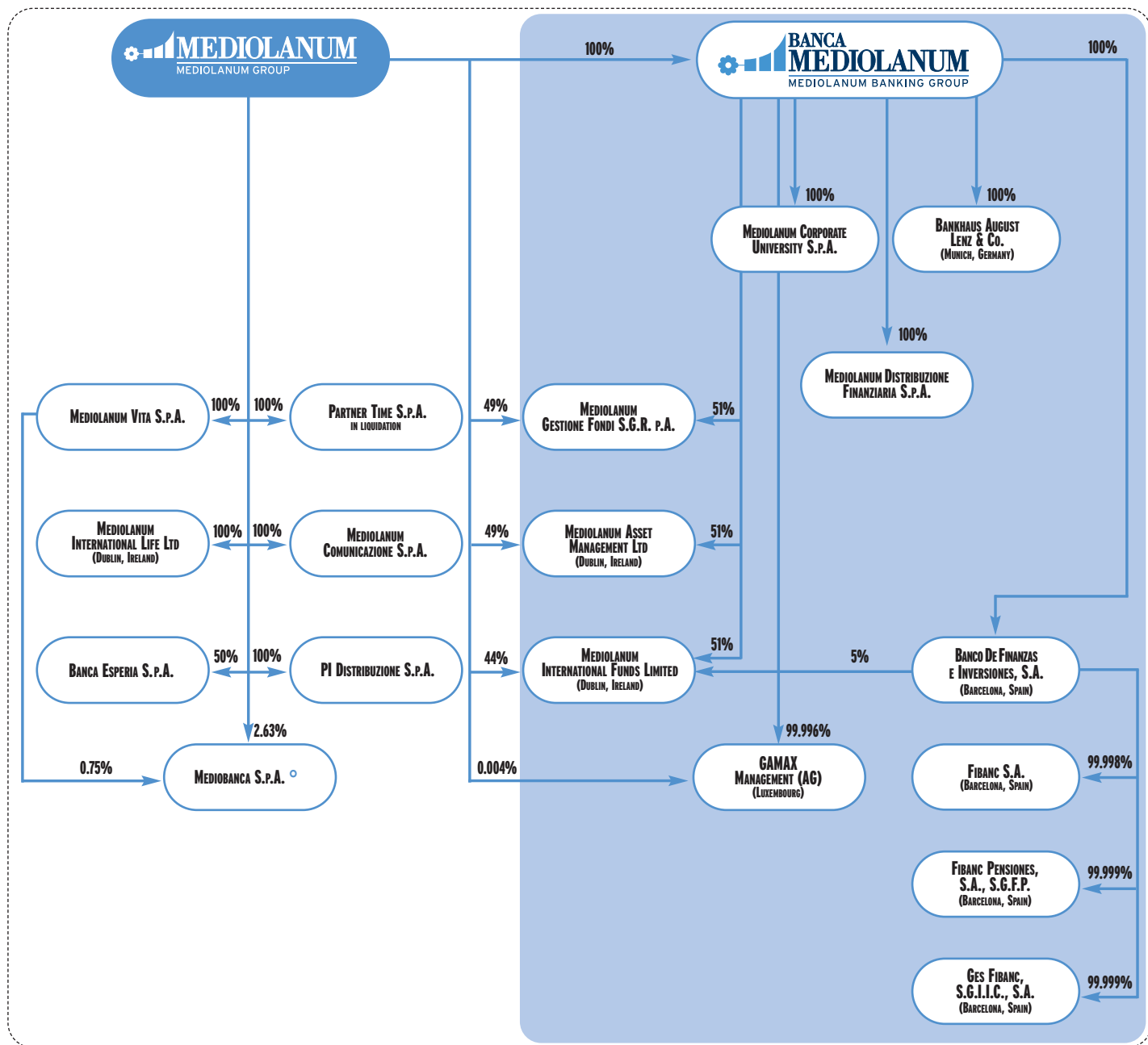
Reconta Ernst & Young S.p.A.

OFFICER RESPONSIBLE FOR PREPARING ACCOUNTING AND FINANCIAL REPORTING DOCUMENTS

Luigi Del Fabbro

Group structure

As of September 30, 2010



◻ • MEDIOLANUM FINANCIAL CONGLOMERATE

■ • MEDIOLANUM BANKING GROUP

◦ Since Mediobanca holds treasury shares, total shareholding amounts to 3.444% of voting rights.

Mediolanum Group's Financial Highlights

€/m	Sept 30, 2010	Sept 30, 2009	Change %	Dec. 31, 2009
Assets under management and administration ^(*)	44,224.2	36,894.0	20%	40,393.9
Net Inflows	3,326.5	4,094.4	(19%)	6,928.4
Profit before tax	191.9	233.6	(18%)	257.6
Income Tax	(38.4)	(41.4)	(7%)	(40.3)
Net profit	153.5	192.2	(20%)	217.3

€				
Earnings per share ^(**)	0.210	0.263	(20%)	0.297

(*) The figures relate to retail customers only.

(**) Net earnings attributable to holders of ordinary shares divided by the weighted average number of ordinary shares in issue.



**Interim
Management
Report**

Interim Management Report

For the third quarter 2010 the Mediolanum Group reported consolidated net profit of €68,819 thousand, down 19% from €84,503 thousand for the same period of the prior year.

For the nine months ended September 30, 2010 consolidated net profit stood at €153,467 thousand down 20% from €192,192 thousand for the same period of the prior year.

● The macroeconomic environment

GDP data confirm global growth in the second quarter 2010, and the results of economic analyses released in the third quarter anticipate the continuation of the current expansionary cycle. The sustainability of the current debt and public deficit levels of certain countries as well as high unemployment and its implications on consumer spending are still major concerns.

In the second quarter of 2010, GDP grew by 1.7% in the US (annualised rate) and by 1% in the Euro zone (non annualised rate), continuing the positive trend started in the second half of 2009. Specifically, in the Euro zone, GDP grew 2.2% in Germany, 0.7% in France, 0.5% in Italy and €0.2% in Spain, while shrinking by 1.8% in Greece and by 1.2% in Ireland. In the same period the UK recorded GDP growth of 1.2%.

In the third quarter of the year, business confidence remained less upbeat on growth, while the gloomy labour market landscape continued to depress consumer sentiment and demand for goods and services. In August, the unemployment rate remained at historically high levels: 9.6% in the US and 10.1% in the Euro zone.

Slow economic growth, high unemployment and low capacity utilisation rates keep inflationary risk low.

○ Financial markets

In the quarter under review, financial markets benefitted from receding risk aversion as analysts anticipated a moderately expansionary economic cycle.

In the US, the S&P500 soared 10.72%, and the NASDAQ rose 12.30%. European stock markets on average were up 6.74% (DJ STOXX 600), Italy's FTSE MIB was up 6.18%.

In the period under review German treasuries yields increased on short and medium term maturities (from 0.600% to 0.834% on 2-year notes, and from 1.458% to 1.483% on 5-year notes), while falling on longer maturities (from 2.577% to 2.278% on 10-year notes, and 3.287% to 2.868% on 30-year bonds). The yield spread between 2-year and 10-year notes declined from 198 bps at June 30, 2010 to 144 bps at September 30, 2010 (flattening of the yield curve).

The persistence of the sovereign debt crisis in some 'peripheral' Euro zone countries entailed high volatility in the spreads between German treasuries and Greek, Irish, Spanish and Portuguese treasuries. The yield spread between Italian and German treasuries on 2-year notes fell from 151 bps at June 30, 2010, to 108 bps at September 30, 2010, while marginally increasing from 152 bps to 160 bps on 10-year notes in the same period.

Owing to expectations of a slowdown in US economic growth and the additional monetary easing announced by the Federal Reserve, in the quarter under review the Euro depreciated against the US dollar from 1.2238 at June 30, 2010, to 1.3634 at September 30, 2010.

○ The Insurance Market

Data released by ANIA, the Association of Italian Insurers, show that in the first nine months of 2010 new business written rose 22% over the same period of the prior year to €50.4 billion. Specifically, new life business written in the third quarter 2010 amounted to €12.1 billion versus €14.1 billion in 2009 (down 14.2%).

Growth for the first nine months of 2010 was largely driven by unit-linked and index-linked policies (class III) that climbed 143.6% from €3.7 billion in 2009 to €9.1 billion in 2010. New premiums written under traditional policies (class I) rose 8.5% to €39 billion at the end of September 2010 compared to €36 billion for the first nine months of 2009.

The analysis by distribution channel shows banks and post offices posted 21.3% growth in new business written and their market share increased to 66%. New business written through financial advisors grew 29.8%, with a market share of 14.4%.

In the first nine months of the year, EU companies conducting business in Italy (ANIA data) posted new premiums written of €4.6 billion. Including also these companies, new business written since the beginning of the year amounted to €55 billion, up 19.8%.

● Mediolanum Group's performance

For the first nine months of 2010 the Mediolanum Group reported net profit of €153.5 million, down 20% over the same period of the prior year, yet exceeding expectations for the current year.

Mediolanum Group's growth for the current year was forecasted to be fuelled by robust net inflows which, however, were expected to be somewhat lower than in 2009. Expectations were more than confirmed as for the first nine months of 2010 the Group recorded yet again remarkable net inflows, amounting to €3,326.5 million (January through September 2009: €4,094.4 million). In the third quarter 2010, net inflows stood at €709.2 million versus exceptionally high net inflows of €1,978.6 million posted in the third quarter of 2009.

For the first nine months of the year management fees rose about €74 million thanks to solid net inflows and year-on-year average net asset value growth of 36%.

Performance fees were down about €25 million over 2009, yet their decline was contained thanks to significant asset growth. In fact, the NAV subject to performance fees amounted to about €15 billion at the end of September 2010 versus €10 billion in the prior year. Had NAV remained unchanged, performance fees for the first nine months of 2010 would have recorded a greater decline of about €30 billion. It is remarkable that, although below 2009 levels, the net inflows reported by the Mediolanum Group for the first nine months of 2010 were 1.5 times higher than net inflows posted by its main competitors.

On the other hand, the about €31.5 million decline in net interest income due to marked interest rate cuts, and the about €32.2 million decrease in net income on investments at fair value largely owed to unrealised losses on fair value measurement of these holdings at the end of September 2010, had an overall impact of about €63.7 million on the Group's net profit for the first nine months of 2010.

The Group's results were also impacted by the €7.8 million impairment of available for sale financial assets, of which €2.7 million relating to the investment in Assicurazioni Generali S.p.A..

Owing to the reduced deductibility of variations in life technical reserves introduced by Italian Government decree 78/2010 converted into Act 122/2010, net profit for the first nine months of the year was also impacted by an about €5.3 million additional tax charge.

At September 30, 2010, total assets under management and administration amounted to €44,224.2 million, growing 20% from €36,894.0 million in the same period of the prior year, 9% from €40,393.9 million at December 31, 2009 and 3% from €43,042.3 million at June 30, 2010.

For the first nine months of 2010 Banca Mediolanum reported net inflows of €2,749.1 million (Q3 2010: €564.6 million), down 22% from the exceptional figure of €3,529.8 million posted in the same period of the prior year (Q3 2009: €1,521.5 million).

The analysis of net inflows shows that net inflows generated by the insurance policy associated with the Freedom bank account amounted to €1,278.8 million euro (Q3 2010: €146.6 million) versus €3,513.7 million at September 30, 2009 (Q3 2009: €1,303.7 million). Third-party structured bonds – not distributed by the Group in the first nine months of 2009 – generated €585.1 million inflows. Due to their features, third-party structured bonds actually replaced index-linked policies that were discontinued in November 2009. Inflows into other asset management products amounted to €865.8 million (Sept. 30, 2009: €1,212.2 million). Net inflows into asset management products and third-party structured bonds in the aggregate amounted to €1,450.9 million (Q3 2010: €476.7 million) versus €1,212.2 million for asset management products only, in the first nine months of 2009 (Q3 2009: €417.6 million).

For the period under review the Group reported net inflows into administered assets of €19.4 million (Q3 2010: net outflows of €56.6 million) versus net outflows of €1,196.1 million in the same period of the prior year (Q3 2009: net outflows of €199.8 million).

○ Freedom bank account

At September 30, 2010, there were about 139,000 *Freedom* bank accounts, of which about 50% were new accounts, for a total balance of €7.34 billion, of which €5.84 billion invested in the *Mediolanum Plus* policy. About 66% of said total balance consisted of new deposits made by either new or existing customers.

The *Freedom* bank account is a key platform for growth in asset management which continues to be Mediolanum Group's core business.

The *Freedom* bank account certainly played a key role in the generation of the tremendously high net inflows recorded in financial year 2009 as it accounted for €4.6 billion out of total net inflows of about €5.8 billion.

The slowing down of net inflows into the *Freedom* bank account in 2010 was due to the inevitable reduction in net interest paid on the account from 3% in the prior year to 2% as of April 2010, which made the product less attractive although it still is the bank account offering the best returns.

To attract new customers, last September a new commercial initiative was launched entailing the payment of 2.2% net interest through March 2011 to new customers opening a *Freedom* bank account. The initiative was communicated via a specific advertising campaign.

Net interest of 2.2% will also be paid on new deposits made by existing customers investing in 4-month repurchase agreements, while net interest paid on existing *Freedom* accounts balances for the current (fourth) quarter is

1.82%. Although net interest paid on *Freedom* bank accounts balances is lower than the net interest paid in the last six months, i.e. 2%, *Freedom* is still the bank account product offering the best returns. In fact, other banks offer higher interest on time deposits only.

Freedom new commercial initiative goes hand in hand with a charitable project coordinated by 'Francesca Rava Foundation' whereby for each new *Freedom* account opened Banca Mediolanum will cover one-month schooling for a child in Haiti.

● Consolidated Inflows, Assets under Management and Assets under Administration

○ Net Inflows

€/million	Sept 30, 2010	Sept 30, 2009	Change %
<i>Life insurance products</i>	(637.3)	498.9	<i>n.s.</i>
<i>Asset Management Products</i>	1,503.2	713.3	111%
Total managed assets inflows	865.8	1,212.2	(29%)
<i>Freedom Life Policies</i>	1,278.8	3,513.7	(64%)
Third-party structured bonds	585.1	-	<i>n.s.</i>
Administered assets	19.4	(1,196.1)	<i>n.s.</i>
BANCA MEDIOLANUM	2,749.1	3,529.8	(22%)
BANCA ESPERIA (*)	540.0	600.5	(10%)
Total - ITALY	3,289.1	4,130.3	(20%)
SPAIN	14.5	(17.6)	<i>n.s.</i>
GERMANY	22.9	(18.3)	<i>n.s.</i>
Total FOREIGN MARKETS	37.4	(35.9)	<i>n.s.</i>
TOTAL NET INFLOWS	3,326.5	4,094.4	(19%)

○ Assets under Management and under Administration (**)

€/million	Sept 30, 2010	Dec 31, 2009	Sept 30, 2009
Life Products	14,701.6	14,988.8	14,513.5
<i>Freedom Life Policies</i>	5,850.6	4,571.8	3,514.8
Asset Management products	17,990.7	15,759.2	14,423.0
Banking products	6,264.5	5,785.8	5,382.7
Consolidation adjustments	(8,707.0)	(8,167.0)	(7,719.8)
BANCA MEDIOLANUM	36,100.4	32,938.6	30,114.1
Banca Esperia Group (**)	6,215.3	5,591.3	4,955.2
Total - ITALY	42,315.7	38,529.9	35,069.3
SPAIN	1,593.1	1,583.0	1,563.4
GERMANY	315.3	281.0	261.3
Total FOREIGN MARKETS	1,908.4	1,864.0	1,824.7
TOTAL ASSETS UNDER MANAGEMENT & ADMINISTRATION	44,224.2	40,393.9	36,894.0

(*) The figures relate to retail customers only.

(**) The figures relating to the Banca Esperia Group are stated on a pro-rata basis according to the stake held by the Mediolanum Group in that entity, i.e. 50%.

At September 30, 2010, total assets under management and administration amounted to €44,222.5 million up 9% from €40,393.9 million at December 31, 2009 and up 20% from €36,894 million at September 30, 2009.

The analysis of new business as well as of assets under management and administration by operating segment is set out below.

○ Italy - Life

At September 30, 2010, total life products amounted to €14,701.6 million versus €14,988.8 million at year end 2009 and €14,513.5 million at September 30, 2009.

€/million	Sept 30, 2010	Dec 31, 2009	Sept 30, 2009
Unit-linked life products	8,715.7	8,128.5	7,678.0
Index-linked life products	4,661.8	5,485.8	5,529.9
Traditional life products	1,324.2	1,374.5	1,305.7
Total Life Products (ex- " <i>Freedom</i> ")	14,701.6	14,988.8	14,513.5
<i>Freedom Life Policies</i>	5,850.6	4,571.8	3,514.8

Gross premiums written in the first nine months of the year amounted to €6,735.4 million, up 5% from €6,435.3 million in the same period of the prior year.

€/million	Sept 30, 2010	Sept 30, 2009	Change
Recurring premiums	73.3	97.6	(25%)
Single premiums and group policies	169.4	797.0	(79%)
Total new business	242.7	894.6	(73%)
Pension plans in force	396.1	368.1	8%
Other business in force	462.6	499.3	(7%)
Total in-force business	858.7	867.4	(1%)
Total Premiums Written (ex- " <i>Freedom</i> ")	1,101.4	1,762.0	(37%)
<i>Freedom Premiums Written</i>	5,634.0	4,673.3	21%
Total Gross Premiums Written	6,735.4	6,435.3	5%

New business stood at €242.7 million, down 73% from €894.6 million at September 30, 2009.

Excluding *Freedom*, i.e. the *Mediolanum Plus* policy, gross premiums written in the period under review were down 37% to €1,101.4 million. Specifically, single premiums declined about 79%, yet the decline was offset by sales of third-party structured bonds in the banking segment. The new unit-linked policy 'Synergy' (€85.3 million), that replaced index-linked products, is expected to generate significant business as soon as financial markets pick up momentum.

Recurring premiums were down 25% from €97.6 million at September 30, 2009 to €73.3 million at September 30, 2010. The decline was due to customers shifting to Best Brands accumulation plans.

Total in-force business amounted to €858.7 million, remaining essentially in line with the prior year's balance of €867.4 million (-1%).

Excluding *Freedom*, amounts paid increased 38% from €1,263.3 million in the first nine months of 2009 to €1,738.8 million at the end of the period under review.

€/million	Sept 30, 2010	Sept 30, 2009	Change
Claims	58.9	55.5	6%
Coupons	134.2	157.8	(8%)
Maturities	908.3	682.3	33%
Surrenders	637.4	367.7	73%
Amounts paid (ex- <i>Freedom</i>)	1,738.8	1,263.3	38%
Amounts paid under " <i>Freedom</i> " contracts	4,455.9	1,194.8	273%

Maturities were up 33% to €908.3 million, of which €742.7 million relating to index-linked policies. Surrenders increased 73% especially on whole life policies as customers took profits on financial market rebounds.

○ Italy - Asset management

The analysis of assets under management in the retail segment is set out below.

€/million	Sept 30, 2010	Dec 31, 2009	Sept 30, 2009
<i>Best brands</i> funds of funds	3,246.4	2,322.6	2,101.5
<i>Portfolio</i> funds of funds	807.3	834.2	833.7
<i>Elite</i> funds of funds	-	108.9	105.2
<i>Funds of hedge funds</i>	367.1	437.2	433.5
Total Funds of Funds	4,420.8	3,702.9	3,473.9
<i>Challenge</i> funds	11,386.6	10,327.6	9,383.0
Other Italy-based mutual funds	2,131.9	1,802.7	1,642.6
Other internationally-based mutual funds	243.1	271.6	279.2
Total Other Mutual Funds	13,761.6	12,401.8	11,304.8
<i>Chorus</i> managed accounts	75.1	86.4	88.0
Real estate funds and others	536.0	431.8	427.6
Duplication adjustments	(802.8)	(863.6)	(871.4)
Total asset management products	17,990.7	15,759.2	14,423.0
of which (*):			
Equity	61%	60%	61%
Bond	26%	15%	15%
Money market	4%	7%	8%
Other	9%	18%	16%

At September 30, 2010, total assets under management amounted to €17,990.7 million, growing 14% from €15,759.2 million at December 31, 2009.

The analysis of inflows into asset management products, in the retail segment, on a management basis, is set out in the table below.

NET INFLOWS

€/million	Sept 30, 2010	Sept 30, 2009	Change
<i>Best brands</i> funds of funds	771.1	344.0	124%
<i>Portfolio</i> funds of funds	(65.8)	(53.4)	23%
<i>Elite</i> funds of funds	(3.9)	(1.3)	192%
Total Funds of Funds	701.4	289.3	142%
<i>Challenge</i> funds	489.0	185.9	163%
Other Italy-based mutual funds	245.7	220.6	11%
Total Other Mutual Funds	734.7	406.6	81%
<i>Chorus</i> managed accounts	(13.2)	(9.1)	46%
Real estate funds and others	80.3	26.5	203%
Total asset management products	1,503.2	713.3	111%

GROSS INFLOWS

€/million	Sept 30, 2010	Sept 30, 2009	Change
<i>Best brands</i> funds of funds	1,445.7	583.7	148%
<i>Portfolio</i> funds of funds	44.4	53.5	(17%)
<i>Elite</i> funds of funds	3.8	11.2	(66%)
Total Funds of Funds	1,493.9	648.4	130%
<i>Challenge</i> funds	1,238.2	629.5	97%
Other Italy-based mutual funds	723.2	572.8	26%
Total Other Mutual Funds	1,961.4	1,202.4	63%
<i>Chorus</i> managed accounts	0.5	1.2	(55%)
Real estate funds and others	99.6	56.6	76%
Total asset management products	3,555.4	1,908.5	86%

In the period under review gross inflows amounted to €3,555.4 million, climbing 86% from €1,908.5 million reported for the same period of the prior year. Growth was mostly driven by *Best Brands* funds of funds (up €862 million; +148%) and *Challenge* funds (up €608.7 million; +97%), particularly *Challenge* Flexible and Equity funds.

○ Italy - Banking

At the end of the first nine months of 2010, the Group reported net inflows into administered assets of €19.4 million versus net outflows of €1,196.1 million in the same period of 2009.

Sales of third-party structured bonds generated €585.1 million inflows.

The analysis of assets under administration, on a management basis, is set out in the table below.

€/million	Sept 30, 2010	Dec 31, 2009	Sept 30, 2009
Customer Deposits	3,981.7	3,976.9	3,588.7
Banca Mediolanum Bonds	171.9	175.1	72.0
Third-party Structured Bonds	564.0	42.5	-
Securities in custody	1,476.4	1,541.2	1,570.8
Repurchase agreements	70.6	50.1	151.1
Total Assets under Administration	6,264.5	5,785.8	5,382.7

At September 30, 2010, there were about 573,694 Banca Mediolanum bank accounts and 551,200 primary account holders, essentially unchanged over the same period of the prior year (573,043 bank accounts and 552,500 account holders at September 30, 2009), owing, in part, to the closure of inactive bank accounts.

Spain

€/million	Sept 30, 2010	Sept 30, 2009	Change	Dec 31, 2009
Assets under Management & Administration	1,593.1	1,563.4	2%	1,583.0
<i>Assets under Management</i>	<i>962.2</i>	<i>888.1</i>	-	<i>930.3</i>
<i>Assets under Administration</i>	<i>630.9</i>	<i>675.3</i>	-	<i>652.7</i>
Gross Inflows	180.2	96.5	87%	180.4
<i>Assets under Management</i>	<i>198.6</i>	<i>150.6</i>	-	<i>247.6</i>
<i>Assets under Administration</i>	<i>(18.4)</i>	<i>(54.1)</i>	-	<i>(67.2)</i>
Net Inflows	14.5	(17.6)	<i>n.s.</i>	5.6
<i>Assets under Management</i>	<i>32.9</i>	<i>36.5</i>	-	<i>72.8</i>
<i>Assets under Administration</i>	<i>(18.4)</i>	<i>(54.1)</i>	-	<i>(67.2)</i>

Assets under Management and under Administration were up 2% over the same period of the prior year, while remaining essentially in line with the balance reported at December 31, 2009.

Gross inflows for the period jumped 87% over the same period of the prior year. Net inflows amounted to €14.5 million versus net outflows of €17.6 million at September 30, 2009. Specifically, net inflows into asset management products amounted to €32.9 million versus €36.5 million at September 30, 2009.

At September 30, 2010, the number of Fibanc customers was down 1% to 86,797 from 87,257 at September 30, 2009, while primary account holders were up 1% to 66,291 from 65,725 in the same period of the prior year.

● Germany

€/million	Sept 30, 2010	Sept 30, 2009	Change	Dec 31, 2009
Assets under Management & Administration	315.3	261.3	21%	281.0
<i>Assets under Management</i>	<i>293.4</i>	<i>250.3</i>	-	<i>268.4</i>
<i>Assets under Administration</i>	<i>21.9</i>	<i>11.0</i>	-	<i>12.6</i>
Gross Inflows	60.8	17.5	247%	28.6
Net Inflows	22.9	(18.3)	n.s.	(16.1)
<i>Assets under Management</i>	<i>12.8</i>	<i>(3.3)</i>	-	<i>(3.1)</i>
<i>Assets under Administration</i>	<i>10.0</i>	<i>(15.0)</i>	-	<i>(13.0)</i>

Assets under Management and under Administration grew 21% over the same period of the prior year.

Net inflows for the period under review amounted to €22.9 million compared to net outflows of €18.3 million for the same period of the prior year. Specifically, net inflows into asset management products were €12.8 million compared to net outflows of €3.3 million at September 30, 2009.

At September 30, 2010 the number of customers was up 6% to 3,468 from 3,281 at September 30, 2009.

● The Sales Networks

Number	Sept 30, 2010	Dec 31, 2009	Sept 30, 2009
Licensed financial advisors	4,833	4,945	4,903
Non-licensed advisors / agents (*)	90	358	498
BANCA MEDIOLANUM	4,923	5,303	5,401
SPAIN	472	454	413
GERMANY	36	43	33
Total	5,431	5,800	5,847

(*) Banca Mediolanum S.p.A. non-licensed advisors work also as financial agents under a mandate from Mediolanum Distribuzione Finanziaria S.p.A.

In the period under review the number of Banca Mediolanum licensed financial advisors was down 2% (112 people) and the number of non-licensed advisors/agents declined 75% (268 people). Since the new recruitment policy entails the hiring of licensed advisors only, the number of non-licensed advisors/agents will gradually go down to zero.

Based on the new recruitment policy, candidates will be trained by Banca Mediolanum and only those passing the state exam will qualify as Mediolanum Family Bankers. At the latest exam session 86% of Banca Mediolanum candidates passed the exam.

● Consolidated Income Statement (*)

€/m	Sept 30, 2010	Sept 30, 2009	Q3 2010	Q3 2009
Net premiums written	6,807.8	6,484.1	1,819.2	2,563.1
Amounts paid and change in technical reserves	(6,778.1)	(6,410.5)	(1,811.4)	(2,539.6)
Net life insurance revenues (ex-commissions)	29.7	73.6	7.8	23.5
Entry fees	86.5	51.7	23.8	20.8
Management fees	270.8	197.0	93.6	71.7
Performance fees	96.6	121.6	27.9	48.4
Banking service fees	102.4	64.3	32.1	22.6
Other fees	22.3	20.3	6.0	5.6
Total commission income	578.7	454.9	183.6	169.0
Net interest income	100.4	131.9	34.8	40.8
Net income (loss) on investments at fair value	15.3	47.5	14.3	26.4
Net financial income	115.7	179.4	49.1	67.2
Equity contribution	9.5	4.3	6.1	5.5
Realised gains (losses) on other investments	9.9	14.2	5.0	3.9
Impairment of loans	(3.9)	(11.3)	(0.3)	(6.3)
Impairment of other investments	(7.8)	(0.2)	(4.1)	(0.2)
Net income (loss) on other investments	(1.9)	2.7	0.5	(2.6)
Other revenues	16.1	17.3	5.5	7.1
TOTAL REVENUES	747.8	732.2	252.6	269.7
Acquisition costs & Sales network commission expenses	(234.6)	(198.2)	(70.7)	(73.3)
Other commission expenses	(43.1)	(33.3)	(15.4)	(12.8)
General and Administrative expenses	(256.4)	(251.0)	(76.8)	(75.3)
Amortisation and depreciation	(14.0)	(13.7)	(4.5)	(4.9)
Net provisions for risks	(7.8)	(2.4)	(1.3)	(0.4)
TOTAL COSTS	(556.0)	(498.6)	(168.8)	(166.7)
PROFIT BEFORE TAX	191.9	233.6	83.9	103.0
Income tax	(38.4)	(41.4)	(15.1)	(18.5)
Minority interests	-	-	-	-
NET PROFIT FOR THE PERIOD	153.5	192.2	68.9	84.5

(*) This consolidated income statement presents financial information in a manner that reflects the management reporting approach of the Group and entails the reclassification of income and expense items before tax by nature and the recognition of financial income/expense on policyholders' assets/liabilities relating to contracts under which the investment risk is borne by the policyholder under 'Amounts paid and change in technical reserves'.

For the first nine months of the year, net premiums written amounted to €6,807.8 million (Q3 2010: €1,819.2 million) versus €6,484.1 million in the same period of the prior year (Q3 2009: €2,563.1 million).

Total amounts paid and change in technical reserves increased from €6,410.5 million at September 30, 2009 (Q3 2009: €2,539.6 million) to €6,778.1 million at September 30, 2010 (Q3 2010: €1,811.4 million), of which €4,455.9 million relating to the policies associated with the *Freedom* bank account (September 30, 2009: €1,194.8 million).

Net life insurance revenues before acquisition costs amounted to €29.7 million (Q3 2010: €7.8 million) versus €73.6 million in the prior year (Q3 2009: €23.5 million), owing to the different product structures and, especially, the discontinuation of index-linked policies.

For the first nine months of the year total commission income amounted to €578.7 million (Q3 2010: €183.6 million) versus €454.9 million at September 30, 2009 (Q3 2009: €169.0 million). The €123.8 million increase was largely due to greater management fees (+€73.8 million) and entry fees (+€38.1 million), while performance fees were down €25 million.

Net financial income was down from €179.4 million at September 30, 2009 (Q3 2009: €67.2 million) to €115.7 million at the end of the period under review (Q3 2010: €49.1 million), reflecting the marked interest rate declines and unrealised losses on measurement of securities in portfolio at September 30, 2010.

For the period under review the Group recorded a net loss on other investments of €1.9 million (Q3 2010: net income of €0.5 million) versus net income of €2.7 million at September 30, 2009 (Q3 2009: net loss of €2.6 million). This was due to lower realised gains for the period (-€4.3 million) as well as impairment of available for sale financial assets (-€7.6 million), of which €2.7 million relating to the investment in Generali.

Acquisition costs & Sales network commission expenses amounted to €234.6 million at the end of the period under review (Q3 2010: €70.7 million) versus €198.2 million at September 30, 2009 (Q3 2009: €73.3 million). Other commission expenses amounted to €43.1 million (Q3 2010: €15.4 million) versus €33.3 million for the same period of the prior year (Q3 2009: €12.8 million).

Other expenses (administrative expenses, amortisation, depreciation and provisions for risks) increased €11.1 million to €278.2 million (Q3 2010: €82.6 million) from €267.1 million in the same period of the prior year (Q3 2009: €80.6 million). Specifically, in the period under review, the Group recorded greater provisions for risks for a total amount of €5.4 million largely in connection with contractual obligations to the sales network and to cover any risks of financial advisors' misconduct.

Income tax for the period declined from €41.4 million at September 30, 2009 (Q3 2009: €18.5 million) to €38.4 million at the end of the period under review (Q3 2010: €15.1 million) the tax rate averaged 20%. For the period under review there was an about €5.3 million additional charge in connection with the reduced deductibility (down to 1.5%) of variations in life technical reserves introduced by Italian Government decree 78 converted into Act 122/2010.

The analysis of income statement data by operating segment is set out below.

● Italy - Life

€/000	Sept 30, 2010	Sept 30, 2009	Q3 2010	Q3 2009
Net premiums written	6,720,251	6,431,299	1,791,116	2,549,455
Amounts paid & change in technical reserves	(6,701,910)	(6,365,917)	(1,787,554)	(2,528,910)
Net life insurance revenues (ex-commissions)	18,341	65,382	3,562	20,545
Total commission income	193,864	186,296	61,978	68,496
Net interest income	9,729	16,191	3,091	4,889
Net income (loss) on investments at fair value	13,445	25,185	11,934	14,908
Net financial income	23,174	41,376	15,025	19,797
Net income (loss) on other investments	2,620	5,329	(1,554)	414
Other revenues	9,624	10,343	3,025	3,346
TOTAL REVENUES	247,622	308,725	82,035	112,597
Acquisition costs & Sales network commission expenses	(71,645)	(92,161)	(21,681)	(32,006)
Other commission expenses	(4,588)	(4,779)	(1,487)	(2,418)
General and Administrative expenses	(71,954)	(64,732)	(20,637)	(18,614)
Amortisation and depreciation	(3,228)	(2,874)	(1,083)	(1,085)
Net provisions for risks	(2,652)	(1,160)	(484)	695
TOTAL COSTS	(154,067)	(165,705)	(45,371)	(53,427)
PROFIT BEFORE TAX	93,555	143,020	36,664	59,169

In the 'Italy – Life' operating segment, profit before tax amounted to €93.6 million (Q3 2010: €36.7 million), down 35% over the same period of the prior year (Q3 2009: €59.2 million), impacted, in particular, by the discontinuation of index-linked policies and lower income from the policy associated with the *Freedom* bank account.

In fact, net life insurance revenues before acquisition costs totalled €18.3 million (Q3 2010: €3.6 million) versus €65.4 million in the same period of the prior year (Q3 2009: €20.5 million).

Total commission income for the first nine months of 2010 amounted to €193.9 million euro (Q3 2010: €62 million), growing €7.6 million over the same period of the prior year (Q3 2009: €68.5 million). The increase was largely owed to greater management fees earned in the Life segment in the period under review, offset, in part, by lower performance fees.

Acquisition costs & Sales network commission expenses declined €20.5 million to €71.6 million (Q3 2010: €21.7 million) from €92.2 million in the same period of the prior year (Q3 2009: €32 million).

At September 30, 2010, net financial income amounted to €23.2 million (Q3 2010: €15.0 million) versus €41.4 million at September 30, 2009 (Q3 2009: €19.8 million). Net financial income for the period was impacted by greater net unrealised losses arising on the valuation of securities in portfolio for the period under review.

Other Expenses for the first nine months of the year amounted to €77.8 million (Q3 2010: €22.2 million) versus €68.8 million at September 30, 2009 (Q3 2009: €19 million).

● Italy - Asset management

€/000	Sept 30, 2010	Sept 30, 2009	Q3 2010	Q3 2009
Entry fees	83,279	49,990	22,844	20,100
Management fees	115,797	75,761	40,920	28,081
Performance fees	43,968	46,559	13,939	19,215
Other fees	15,967	13,868	4,414	3,873
Total commission income	259,010	186,178	82,116	71,269
Net interest income	1,001	810	427	267
Net income (loss) on investments at fair value	(10)	(5)	5	2
Net financial income	991	805	432	269
Net income (loss) on other investments	46	247	150	247
Other revenues	118	242	46	144
TOTAL REVENUES	260,166	187,471	82,745	71,929
Acquisition costs & Sales network commission expenses	(116,923)	(69,771)	(34,900)	(27,906)
Other commission expenses	(5,772)	(3,254)	(2,016)	(573)
General and Administrative expenses	(57,962)	(48,529)	(17,222)	(12,841)
Amortisation and depreciation	(2,507)	(2,169)	(793)	(786)
Net provisions for risks	(4,127)	(2,171)	(627)	(950)
TOTAL COSTS	(187,292)	(125,894)	(55,559)	(43,056)
PROFIT BEFORE TAX	72,874	61,578	27,186	28,874

In the 'Italy – Asset Management' segment, profit before tax amounted to €72.9 million (Q3 2010: €27.2 million) growing 18% over the same period of the prior year (Q3 2009: €28.9 million).

Total commission income was up €72.8 million to €259 million (Q3 2010: €82.1 million) from €186.2 million in the same period of the prior year (Q3 2009: €71.3 million).

In the period under review, commission income benefitted in particular from growth in entry fees (up 67%) and management fees (up 53%).

Costs for the first nine months of the year totalled €187.3 million (Q3 2010: €55.6 million) versus €125.9 million in the same period of the prior year (Q3 2009: €43.1 million). In particular, acquisition costs & sales network commission expenses increased €47.2 million (Q3 2010: up €7.0 million) largely in connection with greater entry fees earned in the period under review.

The ratio of commission expenses to commission income (ex-performance fees) increased to 57% from 52% in the first nine months of the prior year.

● Italy - Banking

€/000	Sept 30, 2010	Sept 30, 2009	Q3 2010	Q3 2009
Banking service fees	73,817	43,632	22,249	13,809
Other fees	5,043	3,507	1,570	1,072
Total commission income	78,861	47,139	23,820	14,881
Net interest income	85,531	111,829	29,895	34,845
Net income (loss) on investments at fair value	1,820	21,753	1,712	10,912
Net financial income	87,351	133,582	31,607	45,757
Net income (loss) on other investments	(2,000)	(5,468)	1,325	(3,020)
Other revenues	5,918	5,921	2,184	3,255
TOTAL REVENUES	170,131	181,174	58,937	60,872
Acquisition costs & Sales network commission expenses	(31,783)	(24,617)	(9,530)	(9,284)
Other commission expenses	(9,573)	(9,312)	(3,556)	(3,164)
General and Administrative expenses	(96,785)	(106,530)	(28,836)	(33,328)
Amortisation, depreciation and provisions	(6,304)	(6,640)	(1,936)	(2,297)
Net provisions for risks	(1,172)	(605)	(186)	(281)
TOTAL COSTS	(145,619)	(147,704)	(44,047)	(48,353)
PROFIT BEFORE TAX	24,512	33,470	14,890	12,519

In the 'Italy – Banking' segment profit before tax amounted to €24.5 million (Q3 2010: €14.9 million), down 27% over the same period of the prior year (Q3 2009: €12.5 million), mainly due to the decline in net financial income.

Net financial income declined €46.2 million (35%) to €87.4 million from €133.6 million at September 30, 2009 (Q3 2009: €45.8 million), largely impacted by interest rate cuts.

Total commission income amounted to €78.9 million (Q3 2010: €23.8 million) growing 67% especially thanks to commissions earned on sales of third-party structured bonds (+€29.6 million).

Acquisition costs & Sales network commission expenses increased 29% to €31.8 million (Q3 2010: €9.5 million). Other commission expenses remained essentially in line with the balance reported in the same period of the prior year.

At the end of the period under review other expenses declined €9.5 million to €104.3 million (Q3 2010: €30.9 million) from €113.8 million at September 30, 2009 (Q3 2009: €35.9 million).

● Italy - Other

€/000	Sept 30, 2010	Sept 30, 2009	Q3 2010	Q3 2009
Net interest income	(176)	(3,257)	(168)	(950)
Net income (loss) on investments at fair value	-	23	-	5
Net financial income	(176)	(3,234)	(168)	(945)
Equity contribution	9,540	4,336	6,129	5,553
Net income (loss) on other investments	(3,562)	2,477	159	70
Other revenues	427	776	91	121
TOTAL REVENUES	6,229	4,354	6,211	4,798
Acquisition costs & Sales network commission expenses	-	-	-	-
Other commission expenses	-	(188)	-	(160)
General and Administrative expenses	(1,076)	(1,550)	(175)	(504)
Amortisation and depreciation	(40)	(90)	(12)	(29)
Net provisions for risks	-	(89)	-	(16)
TOTAL COSTS	(1,116)	(1,917)	(187)	(709)
PROFIT BEFORE TAX	5,113	2,437	6,024	4,089

For the first nine months of 2010, net financial income in this segment showed a negative balance of only €176 thousand (Q3 2010: €168 thousand) versus a negative balance of €3.2 million in the same period of the prior year (Q3 2009: negative balance of €0.9 million), benefitting from the marked decline in interest rates.

'Equity contribution' relates to the share of profits in Mediobanca amounting to €8.9 million thousand (September 30, 2009: €3.5 million), and in Banca Esperia amounting to €0.6 million (September 30, 2009: €0.8 million).

● Spain

€/000	Sept 30, 2010	Sept 30, 2009	Q3 2010	Q3 2009
Net premiums written	69,055	43,713	20,586	10,704
Amounts paid and change in technical reserves	(59,390)	(36,663)	(17,144)	(8,087)
Net life insurance revenues (ex-commissions)	9,665	7,050	3,442	2,617
Total commission income	17,506	15,210	5,460	5,755
Net interest income	4,004	5,740	1,474	1,541
Net income (loss) on investments at fair value	163	422	476	472
Net financial income	4,167	6,162	1,950	2,013
Net income (loss) on other investments	1,023	333	456	(11)
Other revenues	361	420	89	192
TOTAL REVENUES	32,722	29,175	11,397	10,566
Acquisition costs & Sales network commission expenses	(11,263)	(9,333)	(3,500)	(3,225)
Other commission expenses	(1,958)	(1,084)	(890)	(365)
General and administrative expenses	(19,671)	(21,289)	(6,390)	(6,770)
Amortisation, depreciation and provisions	(1,202)	(1,095)	(409)	(380)
Net provisions for risks	121	1,596	8	129
TOTAL COSTS	(33,973)	(31,205)	(11,181)	(10,611)
PROFIT (LOSS) BEFORE TAX	(1,251)	(2,030)	216	(45)

The 'Spain' segment recorded a loss before tax of €1.3 million (Q3 2010: €0.2 million), improving by €0.7 million over the same period of the prior year (September 30, 2009: loss of €2 million; Q3 2009: loss of €0.05 million), in spite of the decline in net financial income (down 32%) in connection with low interest rate levels.

Net life insurance revenues before acquisition costs amounted to €9.7 million (Q3 2010: €3.4 million) up €2.6 million from €7.1 million in the same period of the prior year (Q3 2009: €2.6 million).

Total commission income grew from €15.2 million for the first nine months of the prior year (Q3 2009: €5.8 million) to €17.5 million at the end of the period under review (Q3 2010: €5.5 million). Acquisition costs & Sales network commission expenses amounted to €11.3 million (Q3 2010: €3.5 million) versus €9.3 million at September 30, 2009 (Q3 2009: €3.2 million).

Other expenses remained essentially unchanged.

● Germany

€/000	Sept 30, 2010	Sept 30, 2009	Q3 2010	Q3 2009
Net premiums written	18,483	9,111	7,524	2,957
Amounts paid and change in technical reserves	(16,833)	(7,960)	(6,733)	(2,645)
Net life insurance revenues (ex-commissions)	1,650	1,151	791	312
Total commission income	30,024	20,735	10,450	8,810
Net interest income	287	581	75	155
Net income (loss) on investments at fair value	(88)	89	185	116
Net financial income	199	670	260	271
Net income (loss) on other investments	(1)	(248)	-	(301)
Other revenues	89	104	5	18
TOTAL REVENUES	31,961	22,412	11,506	9,110
Acquisition costs & Sales network commission expenses	(3,038)	(2,320)	(1,080)	(769)
Other commission expenses	(21,212)	(14,875)	(7,482)	(6,344)
General and Administrative expenses	(9,911)	(9,261)	(3,776)	(3,317)
Amortisation and depreciation	(724)	(837)	(245)	(278)
Net provisions for risks	-	-	-	(2)
TOTAL COSTS	(34,885)	(27,293)	(12,583)	(10,710)
PROFIT (LOSS) BEFORE TAX	(2,924)	(4,881)	(1,077)	(1,600)

The 'Germany' segment recorded a loss before tax of €2.9 million (Q3 2010: loss of €1.1 million) improving by €2 million over the same period of the prior year (September 30, 2009: loss of €4.9 million; Q3 2009: loss of €1.6 million).

Total commission income increased €9.3 million (45%) from €20.7 million at September 30, 2009 (Q3 2009: €8.8 million) to €30 million at the end of the period under review (Q3 2010: €10.5 million), mainly due to greater commissions in connection with ATM business growth.

Acquisition costs & Sales network commission expenses amounted to €3.0 million (Q3 2010: €1.1 million) versus €2.3 million at September 30, 2009 (Q3 2009: €0.8 million). Other commission expenses increased from €14.9 million in the first nine months of the prior year (Q3 2009: €6.3 million) to €21.2 million at September 30, 2010 (Q3 2010: €7.5 million), largely in connection with ATM business growth.

● Key corporate events and performance of companies within the Group

Following the tax audit of Mediolanum Vita S.p.A. in relation to tax years 2006 and 2005, the Large Corporations unit of the Lombardy Office of Italy's Internal Revenue Service (IRS) notified the company an Audit Report claiming a total adjustment of €86 million to IRES (corporate income tax) and IRAP (regional business tax) taxable income. The claim relates in particular to commissions rebated from the fellow subsidiary Mediolanum International Fund (MIF) to Mediolanum Vita S.p.A. on certain unit-linked funds invested in UCITS promoted by the Irish asset management company.

In addition, in September 2010, Italy's Tax Police started a field audit of Banca Mediolanum S.p.A. in relation to IRES – IRAP, social security and pension contributions for tax years 2005-2010. The audit is focused on the relationship between the Bank and MIF, deductibility of costs borne in relation to companies domiciled in blacklisted tax havens and the tax treatment of write-backs from repayment of loans that had been written down.

The audit has already been completed for tax year 2005 and the related Audit Report notified to Banca Mediolanum. The Audit Report contains a single significant claim in relation to the quantification of commissions rebated by MIF to the Bank for the distribution of and investments in mutual funds, pursuant to section 110, paragraph 7 of Decree 917/1973.

Italy's Tax Police claim a total adjustment of €48.3 million to IRES and IRAP taxable income, of which €28.9 million relating to management fees and €19.4 million to performance fees. The Audit Report was notified also to the parent company Mediolanum S.p.A. as under Italy's tax consolidation regime it is jointly responsible for payment of adjustments and penalties under section 127, first paragraph of Italy's Presidential Decree 917/1973.

In relation to the foregoing, it should be noted that for both Mediolanum Vita and Banca Mediolanum, transfer pricing for intercompany services was determined based on economic analyses and opinions provided by third party experts.

The method applied by the respective companies for the determination of the rebates was judged to be correct by the tax administration and differences relate merely to the quantification of amounts.

The matter is objectively complex as testified by the recent introduction of a new tax rule into Italian law setting forth that the tax penalty does not apply when certain conditions are met.

Specifically under paragraph 2 of section 26, Legislative Decree 78 of May 31, 2010, as amended and converted into Act 122 of July 30, 2010, the tax penalty is waived when the taxpayer shows to have acted in good faith, is cooperative and voluntarily files the set of documents required under Italy's IRS Commissioner Decision of September 29, 2010 with the IRS.

Mediolanum Vita and Banca Mediolanum have both filed a comprehensive set of documents as per the IRS Commissioner Decision satisfying the conditions under the new tax rule and are therefore confident the penalty will be waived.

The examination of the Audit Report reveals the items used by the tax examiners to determine the taxable income adjustments are not valid as they are not compliant with the correct tax criteria for the identification of the rebates in question and therefore the claim is expected to be judged unfounded.

As to Mediolanum S.p.A. it should be noted that the Parent Company is responsible only for the payment of tax adjustments and penalties that may ultimately arise from the IRS Lombardy Office claim in relation to the taxable income reported by Banca Mediolanum S.p.A.

In the light of the foregoing, based on the opinion issued by Prof. Guglielmo Maisto partner in the Milan's Tax Law Firm bearing the same name, who is representing the Company in the tax disputes illustrated above, said tax disputes should conclude in favour of Mediolanum therefore no amount was set aside to cover any costs thereof in the accounts for the period ended September 30, 2010.

○ The Parent Company

At September 30, 2010, the Parent Company Mediolanum S.p.A. reported net profit of €50.4 million (Q3 2010: -€2.1 million) versus €32.5 million at September 30, 2009 (Q3 2009: -€2.9 million).

Dividends for the period amounted to €63.1 million versus €40.9 million for the same period of 2009.

Key information on the performance of the main companies that are part of the Mediolanum Group during the period under review is set out below.

○ Life Insurance Companies

Mediolanum Vita S.p.A. – At the end of the third quarter 2010, this company reported net profit of €13.9 million down from €35.5 million at September 30, 2009. Third quarter net profit amounted to €9.4 million versus €15.8 million in the same period of the prior year.

In the first nine months of 2010, the company reported premiums written of €6,584.4 million (Q3 2010: €1.762 million) versus €5,682.2 million in the same period of the prior year (Q3 2009: €2,342.2 million).

New business increased 19.1% from €4,807.3 million in the first nine months of 2009 (Q3 2009: €2,057.1 million) to €5,725.8 million at September 30, 2010 (Q3 2010: €1.482.7 million). Growth in new business was largely due to the *Mediolanum Plus* policy associated with the Banca Mediolanum *Freedom* bank account that generated €5,634 million in new business premiums (up 20.6%), while for other products, new business was down €42.2 million.

In-force business premiums were down €16.7 million to €861.7 million (Q3 2010: €280.5 million) from €878.3 million in the same period of the prior year (Q3 2009: €286 million).

At September 30, 2010, mathematical reserves and financial liabilities to policyholders amounted to €17,093.8 million, up 18.4% over the prior year (September 30, 2009: €14,440.1 million; December 31, 2009: €15,869.2 million).

Mediolanum International Life Ltd – At the end of the third quarter 2010, the Irish company reported net profit of €8.1 million versus €30.8 million in the same period of the prior year. For the third quarter 2010, the company posted net profit of €4.3 million versus €12 million in the same quarter of the prior year.

For the first nine months of the year, the company reported premiums written of €224.4 million versus €803 million at September 30, 2009, largely in connection with discontinued sales of index-linked policies in the Italian market.

At September 30, 2010, mathematical reserves and financial liabilities to policyholders amounted to €4,019.8 million, down from €4,204.6 million at December 31, 2009.

Mediolanum International Life Ltd policies are distributed in Italy by Banca Mediolanum, in Spain by Fibanc and in Germany through Bankhaus August Lenz.

On October 28, 2010, the company resolved to distribute a 2010 interim dividend for a total amount of €3.8 million.

○ Asset Management Companies

Mediolanum International Funds Ltd – At September 30, 2010, the company reported net profit of €155.2 million, down €1.7 million from €156.9 million at September 30, 2009.

For the first nine months of 2010, the company reported net inflows of €1,467.1 million versus €941.3 million for the same period of the prior year .

At September 30, 2010, total assets under management were up 13% to €16,368.0 million from €14,460.8 million at December 31, 2009.

On October 28, 2010, the company resolved to distribute a 2010 interim dividend for a total amount of €143.0 million. In October of the prior year the company had distributed interim dividend for a total amount of €155 million.

Mediolanum Gestione Fondi SGR p.A. – At September 30, 2010, the company reported net profit of €12.1 million up €7.3 million from €4.8 million in the same period of the prior year.

For the first nine months of 2010, the company reported net inflows of €315 million versus €239 million at September 30, 2009.

At September 30, 2010, assets under management grew to €2,657.9 million from €2,343.4 million at December 31, 2009. Assets managed on mandates from fellow subsidiaries amounted to €17,548.7 million versus €16,132.3 million at December 31, 2009.

Gamax Management A.G. – At September 31, 2010, the Luxembourg-based company reported net profit of €4.2 million versus €6.1 million in the same period of the prior year.

At September 30, 2010, total assets under management (retail and institutional segments) amounted to €449 million versus €463 million at December 31, 2009.

For the period under review, in the retail segment, the company recorded net inflows of €0.1 million versus net outflows of €10.1 million at September 30, 2009.

○ Banking operations (including Group product distribution)

Banca Mediolanum S.p.A. – At September 30, 2010, the bank reported net profit of €11.9 million (Q3 2010: -€3 million) versus a net loss of €16.4 million for the same period of the prior year (Q3 2009: loss of €8 million). Net commission income grew €44.1 million from €37.1 million at September 30, 2009 (Q3 2009: €8.6 million) to €81.2 million at the end of the period under review (Q3 2010: €27.8 million), especially thanks to greater management fees resulting from strong inflows and net asset value growth, as well as commissions earned on sales of third-party structured bonds.

Net financial income stood at €88.3 million (Q3 2010: €32.7 million), down €49.3 million over the same period of the prior year (Q3 2009: €48.3 million) due to the lower interest rate levels and unrealised losses on the valuation of securities at the end of the period under review amounting to €10.7 million.

Dividends for the period grew from €19.5 million in the prior year to €51.4 million at the end of September 2010, benefitting from the extraordinary dividend distribution made by the subsidiary Gamax Management AG amounting to €16.5 million, as well as greater dividends from the subsidiary Mediolanum International Funds Ltd compared to the same period of the prior year (+€13.3 million).

Direct funding from customers – excluding operations with *Cassa di Compensazione e Garanzia* – stood at €5,949.6 million versus €6,058.5 at September 30, 2009.

The balance on retail customers' securities accounts grew 26% from €1,698 million at year end 2009 to €2,145 million at the end of the period under review (September 30, 2009: €1,583 million; +35.5%).

Lending to customers, excluding securities lending, grew from €3,065.8 million at December 31, 2009 to €3,380.3 million at September 30, 2010, especially due to growth in repurchase agreements (+€130 million) and residential mortgage loans (+€205 million).

At September 30, 2010, the number of Banca Mediolanum bank accounts and primary account holders remained essentially unchanged over the same period of the prior year at 573,964 bank accounts and 551,200 primary account holders (573,043 bank accounts and 552,500 primary account holders at September 30, 2009) owing in part to the closure of inactive bank accounts.

Banco de Finanzas e Inversiones S.A. – Fibanc (Banco Mediolanum) – At September 30, 2010 Fibanc recorded net inflows of €14.5 million versus net outflows of €17.6 million in the same period of the prior year.

At September 30, 2010, assets under management and administration amounted to €1,593 million versus €1,583 million at December 31, 2009.

At the end of the period under review, the sales network consisted of 472 people (454 at year end 2009), of whom 427 tied advisors (407 at year end 2009).

For the first nine months of 2010, the entity reported consolidated net loss of €2.9 million yet improving by €2.3 million compared to the net loss of €5.2 million reported for the first nine months of the prior year.

Following the dividend distribution approved by Mediolanum International Funds Ltd. last October on the basis of results of operation at September 30, 2010, in November 2010, the Spanish bank received €7.2 million dividends from Mediolanum International Funds Ltd. (€7.7 million in the prior year).

Factoring in said dividend the Fibanc Group would report net profit of €4.3 million versus €2.5 million in the same period of the prior year.

Bankhaus August Lenz & Co. – At September 30, 2010, the German bank reported net loss of €4.6 million, improving by €1.2 million compared to the net loss of €5.8 million reported for the same period of the prior year.

In the period under review, the German bank recorded net inflows of €22.7 million versus net outflows of €8.1 million in the same period of the prior year.

At September 30, 2010, assets under administration amounted to €94.7 million versus €67.4 million at the end of September 2009 (€75 million at December 31, 2009).

At the end of the period under review, the sales force consisted of 36 people (September 30, 2009: 43 people).

○ Associates and joint ventures

For the first nine months of 2010, the Banca Esperia Group reported consolidated net profit of €1 million versus €1.6 million at September 30, 2009.

For the period under review net inflows amounted to €1,080 million (Q3 2010: €289 million) versus €1,201 million in the same period of the prior year (Q3 2009: €896 million).

At the end of the period under review, total assets under management and administration amounted to €12,431 million versus €11,183 million at December 31, 2009 and €9,910 million at September 30, 2009.

At September 30, 2010, Banca Esperia had 66 private bankers versus 58 at September 30, 2009. The customer base grew 26% over the same period of the prior year to 3,897 customers.

For the period ended September 30, 2010, the first quarter of its financial year (July through September 2010), the Mediobanca Group reported net profit of €127.6 million versus €200.6 million at September 30, 2009.

The decrease in net profit over the same period of the prior year reflects the poorer market performance as well as the following developments: decrease in commissions and other income (-21.8%) and lower gains on trading (-70.1%) partly offset by growth in net interest income (+22.5%). Overheads remained essentially unchanged. Write-downs of loans declined 20% and there were virtually no write-downs of available-for-sale equity investments.

At September 30, 2010, consolidated shareholders' equity after minority interests and net profit for the year amounted to €6,584.6 million versus €5,959.5 million at September 30, 2009 and €6,201.5 million at December 31, 2009.

At September 30, 2010, the impact of entities accounted for by the equity method on the Mediolanum Group's income statement was a positive balance of €9.5 million (Q3 2010: €6.1 million) versus €4.3 million for the first nine months of 2009 (Q3 2009: €5.5 million).

● Post Balance Sheet Date Events

From October 25 through November 2, 2010 the Group companies Mediolanum Vita and Mediolanum International Life sold their portfolio of Lehman Brothers securities, which were recognised in Free Capital and had, in part, already matured. Said securities were sold for a total of €41,343 thousand, generating a €30,758 thousand gain. Lehman Brothers securities had been held in connection with the operation conducted in 2008 by Mediolanum Group companies to safeguard customers holding 'index-linked policies with Lehman Brothers bonds as underlying assets'. The 'Lehman Brothers operation' had entailed the recognition of €107,600 losses, net of related taxation, in 2008. Said amount had been calculated on the basis of the estimated realisable value of the securities.

Readers are reminded that there was no disbursements by minority shareholders as the cost of the operation was fully covered by Mediolanum S.p.A.'s two majority shareholders, the Doris Group and Fininvest S.p.A., through a capital injection of up to €120 million – i.e. the estimated maximum cost of the operation – according to their stake in Mediolanum S.p.A., i.e. 47.05% for Fininvest S.p.A. and 52.95% for the Doris Group.

The capital injection was recognised as follows: €107.6 million, i.e. the amount of the total net losses reported by the Group's company under the operation, was recognised in a specific equity reserve of Mediolanum S.p.A., while the balance of €12.4 million was recognised in a specific liabilities account.

The €22.8 million gain after related taxation generated by the sale of Lehman Brothers securities entailed a decrease of equal amount in the relevant equity reserve.

The final net cost of the Lehman Brothers operation has therefore been €84.8 million. The residual balance of the interest-free financing facility extended by the majority shareholders, Doris Group and Fininvest S.p.A., amounting to €35.2 million, can be returned to them since there is no reason for keeping it.

After September 30, 2010, there was no other event which could have a significant impact on the financial position, result of operations and cash flows of the Mediolanum Group.

Outlook

The policy responses of the world's main governments and central bankers have reached their target of reversing the economic cycle and putting an end to a deep prolonged recession. The economic recovery that should follow the current phase of stabilisation may be slowed down by production overcapacity, sluggish consumer spending and the austerity measures that less disciplined governments need to take to restore public finances to good health. On equity markets valuations are still low and stock prices could still benefit remarkably from a definite improvement of the overall economic landscape. Main treasuries do not offer attractive yields in absolute terms and may expose investors to the risk of potential future inflation.

In the light of the foregoing and of the positive results recorded in the recently ended period in terms of both net inflows and earnings, the outlook for the final part of the year is positive for our Group.

Basiglio, November 10, 2010

For the Board of Directors
The Chairman
(Roberto Ruozi)



**Consolidated
Accounts**

Balance Sheet

Assets

€/'000	Sept 30, 2010	June 30, 2010	Dec 31, 2009
1 Intangible assets			
1.1 Goodwill	157,264	157,264	157,264
1.2 Other intangible assets	14,354	13,004	14,649
Total intangible assets	171,618	170,268	171,913
2 Tangible assets			
2.1 Property	61,287	61,540	62,259
2.2 Other tangible assets	18,105	19,095	21,704
Total tangible assets	79,392	80,635	83,963
3 Reinsurers' share of technical reserves	97,884	98,298	100,277
4 Investments			
4.1 Investment property	90,899	91,202	90,518
4.2 Investments in subsidiaries, associates and joint ventures	446,711	440,438	432,684
4.3 Held to maturity investments	1,575,631	1,582,774	1,581,409
4.4 Loans and receivables	6,367,875	5,397,380	4,847,829
4.5 Available for sale financial assets	4,540,063	4,229,172	2,956,206
4.6 Financial assets at fair value through profit or loss	18,277,396	17,945,613	17,798,081
Total investments	31,298,575	29,686,579	27,706,727
5 Receivables			
5.1 Arising out of direct insurance business	7,841	7,889	8,340
5.2 Arising out of reinsurance business	-	-	-
5.3 Other receivables	1,778	1,494	1,273
Total receivables	9,619	9,383	9,613
6 Other assets			
6.1 Non current assets or assets of disposal groups held for sale	1,450	1,471	1,521
6.2 Deferred acquisition costs	-	-	-
6.3 Deferred tax assets	115,174	117,956	99,196
6.4 Current tax assets	198,367	203,019	210,970
6.5 Other assets	318,024	295,993	293,611
Total other assets	633,015	618,439	605,298
7 Cash and cash equivalents	407,927	404,647	213,764
TOTAL ASSETS	32,698,030	31,068,249	28,891,555

Liabilities

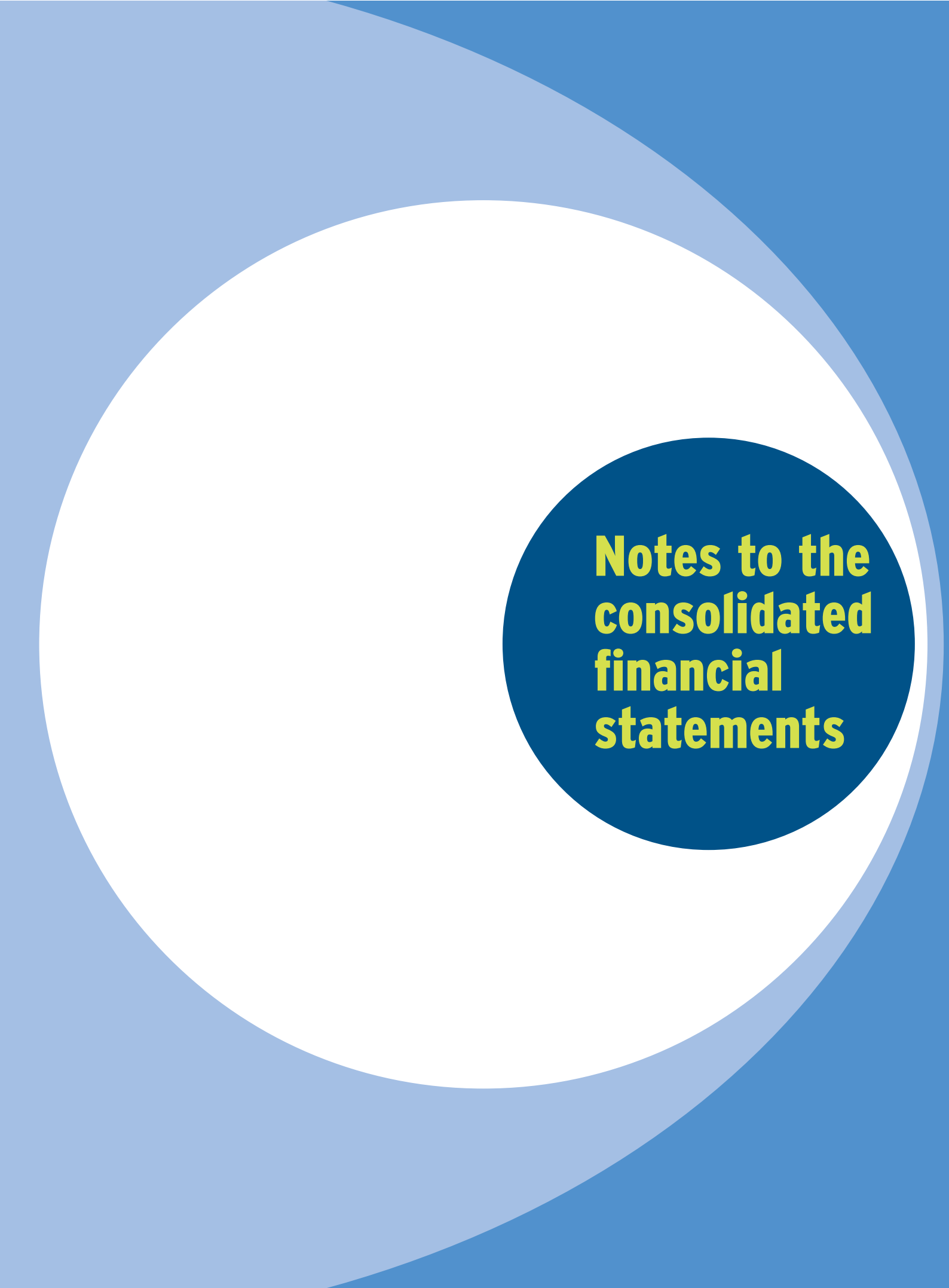
€/000	Sept 30, 2010	June 30, 2010	Dec 31, 2009
1 Shareholders' equity			
1.1 Group			
1.1.1 Share capital	73,253	73,142	73,140
1.1.2 Other equity instruments	-	-	-
1.1.3 Capital reserves	54,742	54,383	53,477
1.1.4 Retained earnings and other equity reserves	795,584	789,342	618,584
1.1.5 Treasury shares (-)	(2,045)	(2,045)	(2,045)
1.1.6 Exchange difference reserves	-	-	-
1.1.7 Gains or losses on available for sale financial assets	(20,550)	(30,922)	8,931
1.1.8 Other gains or losses recognised directly in equity	21,752	27,462	23,051
1.1.9 Net profit (loss) attributable to the group	153,467	84,648	217,280
Total capital and reserves attributable to the group	1,076,203	996,010	992,418
1.2 Minority interests			
1.2.1 Capital and reserves attributable to minority interests	-	-	-
1.2.2 Gains and losses recognised directly in equity	-	-	-
1.2.3 Net profit (loss) attributable to minority interests	-	-	-
Total capital and reserves attributable to minority interest	-	-	-
Total shareholders' equity	1,076,203	996,010	992,418
2 Provisions	126,347	121,174	109,869
3 Technical reserves	21,037,422	20,724,087	20,002,983
4 Financial liabilities			
4.1 Financial liabilities at fair value through profit or loss	864,545	704,143	367,748
4.2 Other financial liabilities	8,987,186	7,937,756	6,941,286
Total financial liabilities	9,851,731	8,641,899	7,309,034
5 Payables			
5.1 Arising out of direct insurance business	32,939	29,804	9,440
5.2 Arising out of reinsurance business	532	1,283	1,697
5.3 Other payables	158,134	211,963	244,633
Total payables	191,605	243,050	255,770
6 Other liabilities			
6.1 Liabilities of disposal groups held for sale	730	732	732
6.2 Deferred tax liabilities	53,583	49,607	49,893
6.3 Current tax liabilities	22,868	13,712	34,820
6.4 Other liabilities	337,541	277,978	136,036
Total other liabilities	414,722	342,029	221,481
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	32,698,030	31,068,249	28,891,555

Income statement

€/000	Q3 2010	Q3 2009	Sept 30, 2010	Sept 30, 2009
1. Revenues				
1.1 Net premiums written				
1.1.1 Gross premium written	1,820,293	2,564,265	6,810,889	6,487,499
1.1.2 Reinsurance premiums	(1,067)	(1,149)	(3,100)	(3,376)
Net premiums written	1,819,226	2,563,116	6,807,789	6,484,123
1.2 Commission income	183,475	168,812	578,142	454,295
1.3 Net income on financial instruments at fair value through profit or loss	252,831	1,038,498	465,121	1,936,669
1.4 Income on investments in subsidiaries, associates and joint ventures	6,129	3,437	9,540	4,336
1.5 Income on other financial instruments and investment property				
1.5.1 Interest income	74,011	70,215	206,670	224,095
1.5.2 Other income	2,890	2,695	8,366	5,775
1.5.3 Realised gains	6,610	8,528	23,055	19,872
1.5.4 Unrealised gains	1,469	3,891	7,556	8,270
Income on other financial instruments and investment property	84,980	85,329	245,647	258,012
1.6 Other revenues	5,403	7,040	16,088	19,236
Total revenues	2,352,044	3,866,232	8,122,327	9,156,671
2. Costs				
2.1 Net claims and benefits				
2.1.1 Amounts paid and change in technical reserves	(2,076,497)	(3,569,890)	(7,302,964)	(8,330,489)
2.1.2 Reinsurers' share	1,318	1,332	3,869	4,276
Net claims and benefits	(2,075,179)	(3,568,558)	(7,299,095)	(8,326,213)
2.2 Commission expenses	(63,166)	(61,648)	(207,680)	(158,457)
2.3 Loss on investments in subsidiaries, associates and joint ventures	-	2,116	-	-
2.4 Loss on other financial instruments and investment property				
2.4.1 Interest expense	(18,018)	(17,108)	(50,521)	(72,678)
2.4.2 Other expenses	(122)	(94)	(290)	(321)
2.4.3 Realised losses	(1,776)	(2,851)	(6,231)	(5,821)
2.4.4 Unrealised losses	(6,269)	(10,527)	(20,247)	(20,269)
Loss on other financial instruments and investment property	(26,185)	(30,580)	(77,289)	(99,089)
2.5 Operating expenses				
2.5.1 Sales network commissions and other acquisition costs	(18,285)	(21,369)	(58,606)	(65,195)
2.5.2 Investment management expenses	(47)	(100)	(116)	(317)
2.5.3 Other administrative expenses	(71,180)	(69,253)	(236,975)	(230,917)
Total operating expenses	(89,512)	(90,722)	(295,697)	(296,429)
2.6 Other costs	(14,081)	(13,807)	(50,618)	(42,777)
Total costs	(2,268,123)	(3,763,199)	(7,930,379)	(8,922,965)
Profit (loss) before tax	83,921	103,033	191,948	233,706
3. Income tax	(15,083)	(18,503)	(38,412)	(41,402)
Net profit (loss) for the period	68,838	84,530	153,536	192,304
4. Profit (loss) from discontinued operations	(19)	(27)	(69)	(112)
Consolidated net profit (loss)	68,819	84,503	153,467	192,192
of which attributable to the group	68,819	84,503	153,467	192,192
Earnings per share (in euro)	0,094	0,116	0,210	0,263

Statement of Comprehensive Income

€/000	Q3 2010	Q3 2009	Sept 30, 2010	Sept 30, 2009
CONSOLIDATED NET PROFIT (LOSS)	68,819	84,503	153,467	192,192
Changes in exchange difference reserve	-	-	-	-
Profit (loss) on available for sale financial assets	10,372	9,350	(29,481)	23,096
Profit (loss) on cash flow hedges	-	-	-	-
Profit (loss) on hedges of investments in foreign operations	-	-	-	-
Changes in the equity of investees	(5,710)	25,708	(1,299)	20,453
Changes in intangible assets revaluation reserve	-	-	-	-
Changes in tangible assets revaluation reserve	-	-	-	-
Gains (losses) on non current assets or disposal groups held for sale	-	-	-	-
Actuarial gains (losses) and adjustments on defined benefit plans	-	-	-	-
TOTAL OTHER COMPONENTS OF COMPREHENSIVE INCOME	4,662	35,058	(30,780)	43,549
TOTAL CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD	73,481	119,561	122,687	235,741
of which attributable to the Group	73,481	119,561	122,687	235,741
of which attributable to minority interests	-	-	-	-



**Notes to the
consolidated
financial
statements**

Notes to the Consolidated Financial Statements

ACCOUNTING POLICIES

● General

The Mediolanum Group interim report at September 30, 2010 was prepared in compliance with section 154-ter of Legislative Decree 58/98 (Consolidated Finance Act) entitled "Relazioni finanziarie" (Financial Reporting), as amended by Legislative Decree 195/2007 (Transparency), and Consob Regulations for Issuers.

● Accounting standards

The balance sheet and income statement for the period ended September 30, 2010 were prepared applying the international accounting and financial reporting standards (IAS/IFRS), consolidation, measurement and recognition policies consistent with those applied in the preparation of the consolidated financial statements for the year ended December 31, 2009.

For a detailed presentation of the accounting policies applied in the preparation of the consolidated interim report and accounts at September 30, 2010, readers are referred to part B of the annual report and accounts 2009.

The balance sheet and the income statement were prepared also in accordance with ISVAP Regulation No. 7 of July 13, 2007, as subsequently amended by ISVAP Regulation 2784 of March 8, 2010.

For the measurement of certain items reasonable estimates were made to ensure the consistent application of accounting policies. Said estimates do not compromise the reliability of interim financial reporting.

Where necessary, for the sake of consistency of financial information, certain reclassifications were made with respect to prior periods' comparative information (at September 30, 2009 and December 31, 2009).

In accordance with art. 5 of Legislative Decree No. 38 of February 28, 2005, the interim report and accounts at September 30, 2010 were prepared using the euro as reporting currency. Except where otherwise stated the amounts set out herein are presented in thousands of euro.

● Scope of consolidation

The consolidated interim financial statements include the accounts of Mediolanum S.p.A. and those of its directly or indirectly controlled subsidiaries.

Group companies directly owned by Mediolanum S.p.A. consolidated on a line-by-line basis are set out in the table below.

€/000 Company	Share capital	% holding	Registered Office	Business
Mediolanum Vita S.p.A.	87,720	100.000%	Basiglio	Life Insurance
Partner Time S.p.A. (in liquidation)	520	100.000%	Basiglio	Life Insurance distribution
Mediolanum Comunicazione S.p.A.	775	100.000%	Basiglio	Audio/film/TV production
PI Distribuzione S.p.A.	517	100.000%	Basiglio	Real estate brokerage
Mediolanum International Life Ltd	1,395	100.000%	Dublin	Life Insurance
Banca Mediolanum S.p.A.	450,000	100.000%	Basiglio	Banking
Mediolanum Gestione Fondi SGR p.A.	5,165	49.000%	Basiglio	Fund Management
Mediolanum International Funds Ltd	150	44.000%	Dublin	Fund Management
Mediolanum Asset Management Ltd	150	49.000%	Dublin	Asset management and advice
Gamax Management AG	7,161	0.004%	Luxemburg	Fund Management

Group companies indirectly owned by Mediolanum S.p.A. through Banca Mediolanum S.p.A. consolidated on a line-by-line basis are set out in the table below.

€/000 Company	Share capital	% holding	Registered Office	Business
Mediolanum Distribuzione Finanziaria S.p.A.	1,000	100.000%	Basiglio	Financial Brokerage
Mediolanum Gestione Fondi SGR p.A.	5,165	51.000%	Basiglio	Fund Management
Mediolanum International Funds Ltd	150	51.000%	Dublin	Fund Management
Mediolanum Asset Management Ltd	150	51.000%	Dublin	Asset management and advice
Gamax Management AG	7,161	99.996%	Luxemburg	Fund Management
Banco de Finanzas e Inversiones S.A.	86,032	100.000%	Barcelona	Banking
Bankhaus August Lenz & Co. AG	20,000	100.000%	Munich	Banking
Mediolanum Corp. University S.p.A.	20,000	100.000%	Basiglio	Education and Training

Group companies indirectly owned by Banca Mediolanum S.p.A. through Banco de Finanzas e Inversiones S.A., consolidated on a line-by-line basis are set out in the table below.

€/’000 Company	Share capital	% holding	Registered Office	Business
Ges Fibanc SGIIC S.A.	2,506	99.999%	Barcelona	Fund Management
Fibanc S.A.	301	99.998%	Barcelona	Financial Advice
Fibanc Pensiones S.G.F.P. S.A.	902	99.999%	Barcelona	Pension Fund Management
Mediolanum International Funds Ltd	150	5.000%	Dublin	Fund Management

Mediolanum S.p.A. associates accounted for using the equity method are set out in the table below.

€/’000 Company	Share capital	% holding	Registered Office	Business
Banca Esperia S.p.A.	13,000	50.000%	Milan	Banking
Mediobanca S.p.A.	430,551	3.444%	Milan	Banking

KEY BALANCE SHEET INFORMATION

● Investments, cash and cash equivalents

€/’000	Sept 30, 2010	%	June 30, 2010	%	Dec 31, 2009	%
Investment property	90,899	0.3	91,202	0.3	90,518	0.3
Investments in subsidiaries, associates and joint venture	446,711	1.4	440,438	1.5	432,684	1.5
Held to Maturity investments	1,575,631	5.0	1,582,774	5.2	1,581,409	5.6
Loans and Receivables	6,367,875	20.0	5,397,380	17.9	4,847,829	17.3
Available for sale financial assets	4,540,063	14.3	4,229,172	14.0	2,956,206	10.6
Financial assets at fair value through profit or loss	18,277,396	57.5	17,945,613	59.5	17,798,081	63.6
Total investments	31,298,575	98.5	29,686,579	98.4	27,706,727	98.9
Tangible assets: property and other tangible assets	79,392	0.2	80,635	0.3	83,963	0.3
Cash and cash equivalents	407,927	1.3	404,647	1.3	213,764	0.8
Total investments, cash and cash equivalents	31,785,894	100.0	30,171,861	100.0	28,004,454	100.0

● Investments in subsidiaries, associates and joint ventures

€/’000	Sept 30, 2010	June 30, 2010	Dec 31, 2009
Mediobanca S.p.A.	389,719	383,746	376,543
Banca Esperia S.p.A.	56,992	56,692	56,141
Total	446,711	440,438	432,684

The movements in this account in the period under review relate to the investments in Mediobanca and Banca Esperia accounted for under the equity method in accordance with the respective share of equity included in the consolidated accounts at September 30, 2010.

At September 30, 2010, the impact of these investments accounted for by the equity method on the income statement was a positive balance of €9.5 million versus €4.3 million in the same period of the prior year.

The analysis of Loans and Receivables is set out in the table below.

€/000	Sept 30, 2010	June 30, 2010	Dec 31, 2009
Banks	2,106,905	1,465,987	1,587,902
Debt securities	927,165	731,026	685,299
Repurchase agreements	470,053	474,833	243,492
Time deposits	619,761	183,489	492,413
Others	28,358	33,326	110,473
Reserve requirements	61,568	43,313	56,225
Banking customers	4,251,401	3,921,547	3,249,900
Mortgage loans	2,270,624	2,203,875	2,065,563
Debt securities	783,817	648,992	113,466
Current accounts	357,809	357,387	350,814
Repurchase agreements	173,970	95,240	44,366
Others	665,181	616,053	675,691
Other loans and receivables	9,569	9,846	10,027
Total	6,367,875	5,397,380	4,847,829

Loans and Receivables amounted to €6,367.9 million, up €1,520.1 million from €4,847.8 million at December 31, 2009.

Interbank lending grew €519 million compared to the balance reported at December 31, 2009, mainly due to the increase in time deposits (up €127.3 million), repurchase agreements (up €226.6 million) and debt securities (up €241.9 million). Other interbank lending ('Banks -Others') declined €82.1 million.

Interbank debt securities amounted to €927 million up €242 million from €685 million at the end of the prior year.

Loans to customers grew €1,001.5 million from €3,249.9 million at December 31, 2009 to €4,251.4 million at September 30, 2010.

Banking customers' debt securities amounted to €784 million up €671 million from €113 at the end of the prior year.

The analysis of 'Held-to-Maturity Investments', 'Available-for-Sale Financial Assets' and 'Financial Assets at fair value through profit or loss' is set out in the table below.

€/000	Sept 30, 2010	June 30, 2010	Dec 31, 2009
Held to Maturity investments	1,575,631	1,582,774	1,581,409
Debt securities	1,575,631	1,582,774	1,581,409
Available for sale financial assets	4,540,063	4,229,172	2,956,206
Debt securities	4,328,282	4,015,928	2,734,058
Equities	33,594	33,703	37,345
Holdings in UCITS	178,187	179,541	184,803
Financial assets at fair value through profit or loss	18,277,396	17,945,613	17,798,081
Debt securities	9,617,765	9,520,725	9,635,699
Equities	3	19	10
Holdings in UCITS	8,645,538	8,416,424	8,152,066
Trading derivatives	14,090	8,445	9,127
Hedging derivatives	-	-	1,179
Total	24,393,090	23,757,559	22,335,696

Financial assets at fair value through profit or loss and Held to Maturity investments, amounting to €18,277.4 million and €1,575.6 million, respectively, remained essentially unchanged over the end of the prior year.

Available for sale financial assets increased €1,583.9 million to €4,540.1 million. The increase was largely due to investments in the "MEDIOLANUM FREEDOM FUND" segregated funds associated with the *Mediolanum Plus* policy.

● Net technical reserves

€/000	Sept 30, 2010	June 30, 2010	Dec 31, 2009
Mathematical reserves	7,121,672	6,972,287	5,836,372
Reserve for outstanding claims	118,248	155,969	155,955
Technical reserves for contracts under which the investment risk is borne by the policyholder and in connection with pension fund management	13,738,308	13,563,743	13,914,643
Other reserves	59,194	32,088	96,013
Total Life Business reserves	21,037,422	20,724,087	20,002,983

Technical reserves net of reinsurers' share increased from €20,003 million at year end 2009 to €21,037 million at September 30, 2010. The balance includes the policyholders' share of valuation gains on 'available-for-sale financial assets' and 'securities at fair value through profit or loss', amounting to €46,382 thousand.

● Financial Liabilities

Financial liabilities at fair value through profit or loss

€/000	Sept 30, 2010	June 30, 2010	Dec 31, 2009
Total financial liabilities at <i>fair value</i> through profit or loss	864,545	704,143	367,748
Short positions on debt securities	603,193	483,645	258,251
Trading derivatives	101,045	93,005	22,689
Hedging derivatives	71,436	51,623	15,906
Other financial liabilities	13,012	9,563	383
Financial liabilities on contracts under which the investment risk is borne by the policyholder and in connection with pension fund management	75,859	66,307	70,519

For the first nine months of 2010, financial liabilities at fair value through profit or loss amounted to €864.5 million, up €496.8 million from €367.7 million at December 31, 2009. The increase was mainly in connection with short positions on debt securities held by Banca Mediolanum at the end of the period (up €344.9 million).

The analysis of Other Financial Liabilities is set out below.

€/000	Sept 30, 2010	June 30, 2010	Dec 31, 2009
Banks	3,082,412	1,974,397	1,644,362
Time deposits	850,217	603,765	1,055,615
Loans	525,000	465,000	445,000
Central Banks	1,400,310	429,947	135,345
Repurchase agreements	285,540	205,432	3,551
Current accounts and demand deposits	20,581	269,485	4,103
Other liabilities	764	768	748
Banking customers	5,807,194	5,865,521	5,197,242
Bank accounts	4,772,150	5,083,329	4,861,050
Loans	65,401	55,161	60,141
Repurchase agreements	757,855	518,851	67,209
Securities issued	176,045	176,307	179,450
Interest-free financing facility	12,400	12,400	12,400
Other liabilities	23,343	19,473	16,992
Other financial liabilities	97,580	97,838	99,682
Total	8,987,186	7,937,756	6,941,286

Other Financial Liabilities increased €2,045.9 million from €6,941.3 million at December 31, 2009 to €8,987.2 million at September 30, 2010.

The analysis of this account shows an increase in amounts due to Banks (up €1,438.0 million) mainly as a result of greater amounts due to Central Banks (up €1,264.9 million) relating to Banca Mediolanum S.p.A..

Amounts due to banking customers rose from €5,197.2 million at December 31, 2009 to €5,807.2 million at the end of the period under review, largely owed to the increase in repurchase agreements between Cassa Compensazione e Garanzia and Banca Mediolanum (up €664 million).

● Shareholders' equity

€/000	Sept 30, 2010	June 30, 2010	Dec 31, 2009
Share capital	73,253	73,142	73,140
Equity reserves	54,742	54,383	53,477
Retained earnings and other reserves	795,584	789,342	618,584
Treasury shares	(2,045)	(2,045)	(2,045)
Gains (losses) on available for sale financial assets	(20,550)	(30,922)	8,931
Other gains (losses) recognised directly in equity	21,752	27,462	23,051
Net profit (loss) for the period attributable to the Group	153,467	84,648	217,280
Total capital and reserves attributable to the Group	1,076,203	996,010	992,418

At September 30, 2010, total capital and reserves attributable to the Group amounted to €1,076.2 million versus €992.4 million at the end of the prior year.

For the period under review the Group posted net losses on available for sale financial assets of €20.5 million down €29.5 million from €8.9 million net gains at year end 2009. The balance is stated net of the share of valuation gains recognised to policyholders amounting to €10,373 thousand (Shadow Accounting Reserve) and the related taxation (-€3,353 thousand).

KEY INCOME STATEMENT INFORMATION

● Technical account - Life insurance

€/000	Gross	Reinsurance	Net Sept 30, 2010	Net Sept 30, 2009
Gross premiums written less reinsurance premiums				
- Premiums written	6,810,889	(3,100)	6,807,789	6,484,123
Total premiums written	6,810,889	(3,100)	6,807,789	6,484,123
Gross amounts paid less recoveries from reinsurers				
- Amounts paid	(6,198,420)	6,290	(6,192,130)	(2,316,395)
- Change in reserve for outstanding claims	61,117	(323)	60,794	23,661
- Change in mathematical reserves	(1,310,461)	(2,098)	(1,312,559)	(3,506,682)
- Change in other technical reserves	9,725	-	9,725	(34,857)
- Change in technical reserves for contracts under which the investment risk is borne by the policyholder and reserves relating to pension fund management	135,075	-	135,075	(2,491,940)
Total amounts paid and change in technical reserves	(7,302,964)	3,869	(7,299,095)	(8,326,213)
Life Insurance net income (expense)	(492,075)	769	(491,306)	(1,842,090)

€/000	Gross	Reinsurance Q3 2010	Net Q3 2009	Net
Gross premiums written less reinsurance premiums				
– Premiums written	1,820,293	(1,067)	1,819,226	2,563,116
Total premiums written	1,820,293	(1,067)	1,819,226	2,563,116
Gross amounts paid less recoveries from reinsurers				
– Amounts paid	(1,774,992)	1,760	(1,773,232)	(1,087,203)
– Change in reserve for outstanding claims	51,802	(183)	51,619	38,235
– Change in mathematical reserves	(165,647)	(259)	(165,906)	(1,305,002)
– Change in other technical reserves	(14,145)	-	(14,145)	(36,491)
– Change in technical reserves for contracts under which the investment risk is borne by the policyholder and reserves relating to pension fund management	(173,515)	-	(173,515)	(1,178,097)
Total amounts paid and change in technical reserves	(2,076,497)	1,318	(2,075,179)	(3,568,558)
Life Insurance net income (expense)	(256,204)	251	(255,953)	(1,005,442)

Net premiums written in the first nine months of the year were up €323,666 thousand to €6,807,789 thousand from €6,484,123 thousand in the same period of the prior year.

● Commission income

€/000	Q3 2010	Q3 2009	Sept 30, 2010	Sept 30, 2009
Management, brokerage and consulting services	163,710	151,963	519,958	406,052
Collection and payment services	11,005	9,446	31,011	23,559
Loadings on investment contracts	(320)	305	144	1,672
Other services	9,080	7,098	27,029	23,012
Total	183,475	168,812	578,142	454,295

The €123,847 thousand (27.3%) increase in commission income was largely owed to growth in management fees (+€73.8 million), banking services fees (+€38.1 million) and entry fees (+€34.8 million).

For enhanced accurateness of September 30, 2009 comparative balances, a €1,405 thousand amount was reclassified out of 'Commission Income' to 'Other Revenues'.

● Commission expenses

€/000	Q3 2010	Q3 2009	Sept 30, 2010	Sept 30, 2009
Management, brokerage and consulting service	47,721	47,367	160,330	120,381
Collection and payment services	10,194	9,220	28,615	23,156
Loadings on investment contracts	(53)	159	298	638
Other services	5,304	4,902	18,437	14,282
Total	63,166	61,648	207,680	158,457

At September 30, 2010 commission expenses amounted to €207,680 thousand. The €49,223 thousand increase over the balance reported at the end of September 2009 was largely due to greater entry fees rebated during 2010.

● Net income from financial instruments at fair value through profit or loss

€/’000	Q3 2010	Q3 2009	Sept 30, 2010	Sept 30, 2009
Financial assets				
Interest income and other investment income:				
– from financial assets held for trading	22,724	20,698	65,911	50,592
– from financial assets at fair value through profit or loss	36,439	46,595	134,125	155,923
Net income (loss) on financial assets held for trading	33,666	74,139	21,536	101,410
Net income (loss) on financial assets at fair value through profit or loss	184,726	899,887	260,002	1,642,990
Financial liabilities				
Interest expense and similar charges:				
– on financial liabilities held for trading	(5,845)	(5,990)	(14,679)	(20,897)
– on financial liabilities at fair value through profit or loss	(32)	(2,819)	(129)	(5,037)
Net income (loss) on financial liabilities held for trading	(87)	(3,727)	(4,548)	(7,023)
Net income (loss) on financial liabilities at fair value through profit or loss	(18,760)	9,715	2,903	18,711
Total	252,831	1,038,498	465,121	1,936,669

At September 30, 2010, the Group reported net income from financial instruments at fair value through profit or loss of €465,121 thousand (September 30, 2009: €1,936,669 thousand).

Net income from financial assets/liabilities held for trading amounted to €16,988 thousand (September 30, 2009: €94,387 thousand) largely from debt securities (+€17.6 million).

At September 30, 2010, the Group recorded €10,473 thousand unrealised gains on financial assets held for trading (September 30, 2009: €65,034 thousand).

● Net income on other instruments and investment property

€/’000	Q3 2010	Q3 2009	Sept 30, 2010	Sept 30, 2009
Interest income and other income	76,901	72,910	215,036	229,870
Realised gains	6,610	8,528	23,055	19,872
Unrealised gains	1,469	3,891	7,556	8,270
Total income	84,980	85,329	245,647	258,012
Interest expense and other charges	(18,140)	(17,202)	(50,811)	(72,999)
Realised losses	(1,776)	(2,851)	(6,231)	(5,821)
Unrealised losses	(6,269)	(10,527)	(20,247)	(20,269)
Total expense	(26,185)	(30,580)	(77,289)	(99,089)
Total net income on investments	58,795	54,749	168,358	158,923

Net income from

€/000	Q3 2010	Q3 2009	Sept 30, 2010	Sept 30, 2009
Investment property	1,287	1,683	3,764	2,428
Held-to-maturity investments	13,212	16,556	38,215	53,283
Available-for-sale financial assets	30,961	25,257	89,263	61,817
Loans and receivables	31,355	28,364	87,643	114,082
Financial liabilities	(18,020)	(17,111)	(50,527)	(72,687)
Total net income on investments	58,795	54,749	168,358	158,923

For enhanced accurateness of September 30, 2009 comparative balances, a €848 thousand amount was reclassified out of 'Other Expenses' to 'Net income on other financial instruments and investment property'.

Net income from investment property

€/000	Q3 2010	Q3 2009	Sept 30, 2010	Sept 30, 2009
Realised gains	-	240	-	240
Other income	1,710	1,686	4,943	2,956
Other expenses	(120)	(91)	(284)	(312)
Unrealised losses	(303)	(152)	(895)	(456)
Total	1,287	1,683	3,764	2,428

Net income from held-to-maturity investments

€/000	Q3 2010	Q3 2009	Sept 30, 2010	Sept 30, 2009
Interest income and other income	13,212	16,504	38,215	52,768
Realised gains	-	(44)	-	515
Realised losses	-	96	-	-
Total	13,212	16,556	38,215	53,283

Net income from available-for-sale financial assets

€/000	Q3 2010	Q3 2009	Sept 30, 2010	Sept 30, 2009
Interest income and other income	30,284	19,954	80,438	48,603
Realised gains	6,501	8,332	22,831	19,117
Realised losses	(1,709)	(2,851)	(6,164)	(5,725)
Unrealised losses	(4,115)	(178)	(7,842)	(178)
Total	30,961	25,257	89,263	61,817

Net income from loans and receivables

€/000	Q3 2010	Q3 2009	Sept 30, 2010	Sept 30, 2009
Interest income and other income	31,695	34,766	91,440	125,543
Realised gains	109	-	224	-
Unrealised gains	1,469	3,891	7,556	8,270
Realised losses	(67)	(96)	(67)	(96)
Unrealised losses	(1,851)	(10,197)	(11,510)	(19,635)
Total	31,355	28,364	87,643	114,082

Due to the low interest rate levels, 'interest income and other income' declined from €125,543 thousand at September 30, 2009 to €91,440 thousand at the end of the period under review. This item mainly relates to loans to banking customers for €69,564 thousand and loans to banks for €20,865 thousand.

Net expense from financial liabilities

€/000	Q3 2010	Q3 2009	Sept 30, 2010	Sept 30, 2009
Interest expense and other expenses	(18,020)	(17,111)	(50,527)	(72,687)
Total	(18,020)	(17,111)	(50,527)	(72,687)

Operating expenses

€/000	Q3 2010	Q3 2009	Sept 30, 2010	Sept 30, 2009
Commissions and other expenses relating to the acquisition of insurance contracts	18,285	21,369	58,606	65,195
Investment management expenses	47	100	116	317
Other administrative expenses	71,180	69,253	236,975	230,917
Total	89,512	90,722	295,697	296,429

For enhanced accurateness of September 30, 2009 comparative information, a €192 thousand amount was reclassified out of 'Other administrative expenses' to 'Other revenues'.

Other expenses

€/000	Q3 2010	Q3 2009	Sept 30, 2010	Sept 30, 2009
Total	14,081	13,807	50,618	42,777

The increase in 'Other Expenses' mainly relates to greater provisions for risks and charges (+€7,756 thousand) especially amounts set aside for contractual obligations to the sales network and to cover the risk of financial advisors' misconduct.

For enhanced accurateness of September 30, 2009 comparative information, a €848 thousand amount was reclassified out of 'Other Expenses' to 'Net income on other financial instruments and investment property'.

INCOME STATEMENT BY OPERATING SEGMENT

This section presents consolidated financial information by operating segment. In compliance with IFRS 8, segment reporting reflects the management reporting approach of the Mediolanum Group, and is consistent with the information disclosed to the market and to the various stakeholders.

To ensure utmost consistency of data and comparability with balances at September 30, 2009, in accordance with IFRS 8, the Group reclassified prior year's data as per the new segment reporting approach.

● Note on the method applied to segment reporting

Pursuant to IFRS 8, for the purpose of segment reporting of consolidated results the Mediolanum Group identified the following operating segments:

- ITALY – LIFE
- ITALY – ASSET MANAGEMENT
- ITALY – BANKING
- ITALY – OTHER
- SPAIN
- GERMANY

For the purpose of segment reporting income and expense items were directly assigned to the various segments by product type. Indirect costs and other residual items were spread over the various segments applying allocation policies.

INCOME STATEMENT BY OPERATING SEGMENT AT SEPTEMBER 30, 2010

€/000	ITALY					Consolidation adjustments	Total
	Life	Banking	Asset Mng.	Other			
Net premiums written	6,720,251	-	-	-	-	-	6,720,251
Amounts paid and change in technical reserves	(6,701,910)	-	-	-	-	-	(6,701,910)
Net life insurance revenues (ex-commissions)	18,341	-	-	-	-	-	18,341
Entry fees	-	-	83,279	-	-	-	83,279
Management fees	143,943	-	115,797	-	-	-	259,740
Performance fees	49,840	-	43,968	-	-	-	93,808
Banking service fees	-	73,817	-	-	(509)	-	73,308
Other fees	81	5,043	15,967	-	-	-	21,091
Total commission income	193,864	78,861	259,010	-	(509)	-	531,226
Net interest income	9,729	85,531	1,001	(176)	-	-	96,085
Interest income and similar income	17,615	143,357	1,007	3,588	(7,598)	-	157,969
Interest expense and similar charges	(7,886)	(57,826)	(6)	(3,764)	7,598	-	(61,884)
Net income on investments at fair value	13,445	1,820	(10)	-	-	-	15,255
Net financial income	23,174	87,351	991	(176)	-	-	111,340
Equity contribution	-	-	-	9,540	-	-	9,540
Realised gains (losses) on other investments	6,384	3,305	46	(752)	-	-	8,983
Impairment of loans	-	(3,875)	-	(162)	-	-	(4,037)
Impairment of other investments	(3,764)	(1,430)	-	(2,647)	-	-	(7,842)
Net income (loss) on other investments	2,620	(2,000)	46	(3,562)	-	-	(2,896)
Other revenues	9,624	5,918	118	427	-	-	16,087
TOTAL REVENUES	247,622	170,131	260,166	6,229	(509)	-	683,638
Acquisition costs & Sales network commission expenses	(71,645)	(31,783)	(116,923)	-	-	-	(220,352)
Other commission expenses	(4,588)	(9,573)	(5,772)	-	-	-	(19,934)
General and Administrative expenses	(71,954)	(96,785)	(57,962)	(1,076)	509	-	(227,268)
Amortisation and depreciation	(3,228)	(6,304)	(2,507)	(40)	-	-	(12,079)
Net provisions for risks	(2,652)	(1,172)	(4,127)	-	-	-	(7,951)
TOTAL COSTS	(154,067)	(145,619)	(187,292)	(1,116)	509	-	(487,584)
PROFIT (LOSS) BY SEGMENT BEFORE TAX	93,555	24,512	72,874	5,113	-	-	196,054
Income Tax	-	-	-	-	-	-	(39,697)
NET PROFIT (LOSS)	-	-	-	-	-	-	156,357

FOREIGN

Spain	Germany	Consolidation adjustments	Total
69,055	18,483	-	6,807,789
(59,390)	(16,833)	-	(6,778,133)
9,665	1,650	-	29,656
3,090	141	-	86,510
7,763	3,366	(28)	270,841
1,687	1,123	-	96,618
3,948	25,172	(5)	102,423
1,018	222	-	22,331
17,506	30,024	(33)	578,723
4,004	287	-	100,376
7,367	515	(265)	165,586
(3,363)	(228)	265	(65,210)
163	(88)	-	15,330
4,167	199	-	115,706
-	-	-	9,540
941	(1)	-	9,923
82	-	-	(3,955)
-	-	-	(7,842)
1,023	(1)	-	(1,874)
361	89	(449)	16,088
32,722	31,961	(482)	747,839
(11,263)	(3,038)	7	(234,646)
(1,958)	(21,212)	28	(43,076)
(19,671)	(9,911)	447	(256,403)
(1,202)	(724)	-	(14,005)
121	-	-	(7,830)
(33,973)	(34,885)	482	(555,960)
(1,251)	(2,924)	-	191,879
1,485	(200)	-	(38,412)
234	(3,124)	-	153,467

INCOME STATEMENT BY OPERATING SEGMENT AT SEPTEMBER 30, 2009

€/000	ITALY				Consolidation adjustments	Total
	Life	Banking	Asset Mng.	Other		
Net premiums written	6,431,299	-	-	-	-	6,431,299
Amounts paid and change in technical reserves	(6,365,917)	-	-	-	-	(6,365,917)
Net life insurance revenues (ex-commissions)	65,382	-	-	-	-	65,382
Entry fees	-	-	49,990	-	-	49,990
Management fees	111,953	-	75,761	-	-	187,714
Performance fees	72,661	-	46,559	-	-	119,220
Banking service fees	-	43,632	-	-	(494)	43,138
Other fees	1,681	3,507	13,868	-	-	19,056
Total commission income	186,296	47,139	186,178	-	(494)	419,118
Net interest income	16,191	111,829	810	(3,257)	-	125,573
Interest income and similar income	19,547	201,197	820	1,906	(7,225)	216,245
Interest expense and similar charges	(3,356)	(89,368)	(10)	(5,163)	7,225	(90,672)
Net income on investments at fair value	25,185	21,753	(5)	23	-	46,956
Net financial income	41,376	133,582	805	(3,234)	-	172,529
Equity contribution	-	-	-	4,336	-	4,336
Realised gains (losses) on other investments	5,329	5,869	247	2,477	-	13,921
Impairment of loans	-	(11,337)	-	-	-	(11,337)
Impairment of other investments	-	-	-	-	-	-
Net income (loss) on other investments	5,329	(5,468)	247	2,477	-	2,584
Other revenues	10,343	5,921	242	776	-	17,281
TOTAL REVENUES	308,725	181,174	187,471	4,354	(494)	681,230
Acquisition costs & Sales network commission expenses	(92,161)	(24,617)	(69,771)	-	-	(186,549)
Other commission expenses	(4,779)	(9,312)	(3,254)	(188)	-	(17,533)
General and Administrative expenses	(64,732)	(106,530)	(48,529)	(1,550)	494	(220,846)
Amortisation and depreciation	(2,874)	(6,640)	(2,169)	(90)	-	(11,772)
Net provisions for risks	(1,160)	(605)	(2,171)	(89)	-	(4,025)
TOTAL COSTS	(165,705)	(147,704)	(125,894)	(1,917)	494	(440,725)
PROFIT (LOSS) BY SEGMENT BEFORE TAX	143,020	33,470	61,578	2,437	-	240,505
Income Tax	-	-	-	-	-	(43,004)
NET PROFIT (LOSS)	-	-	-	-	-	197,501

FOREIGN

Spain	Germany	Consolidation adjustments	Total
43,713	9,111	-	6,484,123
(36,663)	(7,960)	-	(6,410,540)
7,050	1,151	-	73,583
1,509	194	-	51,693
6,752	2,672	(143)	196,995
2,044	363	-	121,627
3,897	17,281	(4)	64,312
1,008	225	-	20,289
15,210	20,735	(147)	454,916
5,740	581	-	131,894
9,605	916	(1,290)	225,476
(3,865)	(335)	1,290	(93,582)
422	89	1	47,468
6,162	670	1	179,362
-	-	-	4,336
539	(248)	-	14,212
(28)	-	-	(11,365)
(178)	-	-	(178)
333	(248)	-	2,669
420	104	(496)	17,309
29,175	22,412	(642)	732,175
(9,333)	(2,320)	4	(198,198)
(1,084)	(14,875)	143	(33,349)
(21,289)	(9,261)	495	(250,901)
(1,095)	(837)	-	(13,704)
1,596	-	-	(2,429)
(31,205)	(27,293)	642	(498,581)
(2,030)	(4,881)	-	233,594
1,812	(210)	-	(41,402)
(218)	(5,091)	-	192,192

The image features a large white circle on a blue background. Inside the white circle is a smaller dark blue circle containing the text "Interim dividend 2010" in yellow. The background is a gradient of blue, with a lighter shade in the top-left and bottom-right corners.

**Interim
dividend
2010**

● Directors' Report pursuant to art. 2433-bis Italian Civil Code

This report was prepared for the purpose of voting on the distribution of a 2010 interim dividend in accordance with art. 2433-bis of the Italian Civil Code.

Mediolanum S.p.A. meets all the requirements of said article of the Italian Civil Code for the distribution of an interim dividend for the current year, specifically:

- as required by the law, the company's financial statements are audited by independent auditors, namely Reconta Ernst & Young S.p.A.;
- article 31 of the company's Bylaws allows the distribution of interim dividends;
- in their report, the independent auditors stated their positive opinion on the 2009 annual financial statements;
- no losses were reported by the company in its financial statements neither for financial year ended December 31, 2009, nor for previous financial years.

Article 2433-bis, paragraph 4, of the Italian Civil Code requires that interim dividends do not exceed the lower of the net profit earned since the end of the prior year less the amount that under the Bylaws or regulatory requirements is to be appropriated to reserves, and distributable reserves.

As set out below in the section "Financial position, result of operations and cash-flows of Mediolanum S.p.A.", the basis for assessing the limit above were the accounts at October 31, 2010. Therefore, the assessment was based on the following financial data:

€/000

Mediolanum S.p.A. – Net profit at October 31, 2010 as reported in its Accounts at October 31, 2010 - (a)	117,937
Net profit to be appropriated to the Legal Reserve (b) (*)	-
Distributable net profit (a-b)	117,937
Distributable reserves at October 31, 2010	
Equity reserves (Share Premium Account)	54,755
Retained earnings (Extraordinary Reserve – FTA Reserve)	297,129
Distributable reserves at October 31, 2010	351,884
Distributable Interim Dividend	117,937

(*) the legal Reserve is fully provided and there are no other statutory reserves.

Based on the foregoing, the 2010 interim dividend shall not exceed €117,937 thousand.

The calculation of the proposed interim dividend was based on the balance sheet, income statement and cash flow statement of Mediolanum S.p.A. at October 31, 2010 prepared in accordance with international accounting and financial reporting standards (IAS/IFRS) that were consistent with those applied by the Company in the preparation of the financial statements for the year ended December 31, 2009 and with those that would be applied in the preparation of the company's financial statements for the year ending December 31, 2010.

The distribution of the interim dividend is also allowed by the availability of adequate net cash. As shown in the accounts at October 31, 2010, the net cash as of that date, amounting to €15,159 thousand, grows to €84,427 thousand following the addition of the interim dividend received from foreign subsidiaries in early November for a total amount of €69,268 thousand:

€/000	
Net cash at October 31, 2010	15,159
Interim dividend received from subsidiaries	69,268
Total net cash	84,427

In consideration of the foregoing and in the light of the information set out below in the section "Financial position, result of operations and cash-flows of Mediolanum S.p.A.", the Board of Directors recommends the distribution of an interim dividend of 8.5 eurocents per share outstanding on November 22, 2010 (the ex-dividend date), except for treasury shares held after the close of business on November 19, 2010.

Considering that there are 732,545,052 outstanding shares, interim dividend totals €62,266,329.42.

● Financial position, result of operations and cash-flows of Mediolanum S.p.A.

In accordance with art. 2433-bis, paragraph 5, of the Italian Civil Code, the accounts at October 31, 2010 show net profit of €117,937 thousand.

The accounts consist of:

- a balance sheet at October 31, 2010 and a comparative balance sheet at the end of the prior financial year (December 31, 2009);
- an income statement for the period spanning from the beginning of the financial year to October 31, 2010 (10 months) and a comparative income statement for the same interim period in the prior financial year (October 31, 2009);
- a statement of comprehensive income for the period spanning from the beginning of the financial year to October 31, 2010 (10 months) and a comparative statement of comprehensive income for the same interim period in the prior financial year (October 31, 2009);
- a statement of changes in shareholders' equity for the period spanning from the beginning of the financial year to October 31, 2010 and a comparative statement of changes in shareholders' equity for the same interim period in the prior financial year (October 31, 2009).

● Business review

At October 31, 2010, net profit amounted to €117,937 thousand in line with net profit reported at October 31 of the prior year amounting to €117,883 thousand against which the company resolved to distribute and paid out 2009 interim dividends for a total of €62,115 thousand.

During 2010, the capital of the subsidiary Mediolanum Vita was strengthened by contributing funds for future capital increases in the amount of €50 million. In addition, the final tranche of the indefinite maturity subordinated loan amounting to €30 million was issued.

As to other Group companies, the subsidiaries Mediolanum Comunicazione S.p.A. and PI Distribuzione S.p.A. received funds in the amount of €1,500 thousand and 100 thousand, respectively.

At October 31, 2010, amounts due to banks amounted to €525,476 thousand, up €80,385 thousand from €445,091 thousand at December 31, 2009.

At October 31, 2010, dividends from subsidiaries and associates amounted to €135,609 thousand versus €130,199 thousand at October 31, 2009.

In the period under review losses on equity investments totalled €1,703 thousand.

In the period under review, the Company received dividends from investments recognised as 'available-for-sale financial assets' amounting to €455 thousand versus €383 thousand in the same period of the prior year, and recognised impairment of the investment in Assicurazioni Generali S.p.A. in the amount of €2,747 thousand.

At October 31, 2010, interest expense amounted to €4,387 thousand benefitting from the general decline in interest rates (October 31, 2009: €5,573 thousand). Interest income increased to €4,038 thousand (October 31, 2009: €1,888 thousand) largely owed to interest on the subordinated loan extended to Mediolanum Vita (+€3,939 thousand).

At October 31, 2010, staff costs and other administrative expenses, in the aggregate, amounted to €9,746 thousand down €984 thousand from €10,730 thousand at October 31, 2009.

For the period under review the company reported other losses of €1,107 thousand versus other income of €2,211 thousand at October 31, 2009. This development was largely in connection with the effects of the valuation of commitments under Banca Esperia stock options plans and lower income from intercompany services following the transfer of Tax Management Services to Banca Mediolanum.

For information on the performance of the companies that are part of the Mediolanum Group, readers are referred to the interim report and accounts at September 30, 2010.

● Significant events after October 31, 2010

From October 25 through November 2, 2010 the Group companies Mediolanum Vita and Mediolanum International Life sold their portfolio of Lehman Brothers securities, which were recognised in Free Capital and had, in part, already matured. Said securities were sold for a total of €41,343 thousand, generating a €30,758 thousand gain. Lehman Brothers securities had been held in connection with the operation conducted in 2008 by Mediolanum Group companies to safeguard customers holding 'index-linked policies with Lehman Brothers bonds as underlying assets'. The 'Lehman Brothers operation' had entailed the recognition of €107,600 losses, net of related taxation, in 2008. Said amount had been calculated on the basis of the estimated realisable value of the securities.

Readers are reminded that there was no disbursements by minority shareholders as the cost of the operation was fully covered by Mediolanum S.p.A.'s two majority shareholders, the Doris Group and Fininvest S.p.A., through a capital injection of up to €120 million – i.e. the estimated maximum cost of the operation – according to their stake in Mediolanum S.p.A., i.e. 47.05% for Fininvest S.p.A. and 52.95% for the Doris Group.

The capital injection was recognised as follows: €107.6 million, i.e. the amount of the total net losses reported by the Group's company under the operation, was recognised in a specific equity reserve of Mediolanum S.p.A, while the balance of €12.4 million was recognised in a specific liabilities account.

The €22.8 million gain after related taxation generated by the sale of Lehman Brothers securities entailed a decrease of equal amount in the relevant equity reserve.

The final net cost of the Lehman Brothers operation has therefore been €84.8 million. The residual balance of the interest-free financing facility extended by the majority shareholders, Doris Group and Fininvest S.p.A., amounting to €35.2 million, can be returned to them since there is no reason for keeping it.

After October 31, 2010, there was no other event which could have a significant impact on the financial position, result of operations and cash flows of the Company.

● Outlook

In the light of the results recorded at October 31, 2010 and the performance of Mediolanum Group companies at September 30, 2010, the result of operations for financial year 2010 is expected to be positive.

The strength of the financial position and result of operations of Mediolanum S.p.A. and of the Mediolanum Group, as reported in the interim report and accounts at September 30, 2010, as of today allows the distribution of an interim dividend.

● Independent auditors' opinion

The independent auditors Reconta Ernst & Young S.p.A. (the auditors responsible for auditing the company's accounts under art. 14 of Legislative Decree No. 39 of January 27, 2010) expressed their opinion on this report and the accounts attached hereto pursuant to article 2433-bis, paragraph 5, of the Italian Civil Code.

Basiglio, November 10, 2010

For the Board of Directors
The Chairman
(Roberto Ruozi)

Balance Sheet

Assets

€	October 31, 2010	December 31, 2009
NON CURRENT ASSETS		
Intangible assets	4,155	5,719
Tangible assets	90,469	116,257
Investments in subsidiaries and associates	972,697,388	922,800,280
Loans to subsidiaries	120,547,397	90,033,288
Available for sale financial assets	20,758,474	23,479,672
TOTAL NON CURRENT ASSETS	1,114,097,883	1,036,435,216
CURRENT ASSETS		
Receivables		
Subsidiaries	69,480,241	809,446
Related parties	21,061	25,948
Others	5,474,290	3,375,487
Cash and cash equivalents		
Bank deposits	15,146,752	10,325,837
Cash	12,527	14,672
Tax assets		
Current	68,959,470	71,260,045
Deferred	4,953,607	4,248,703
Other assets	286,034	78,268
TOTAL CURRENT ASSETS	164,333,982	90,138,406
TOTAL ASSETS	1,278,431,865	1,126,573,622

Shareholders' equity and liabilities

€	October 31, 2010	December 31, 2009
SHAREHOLDERS' EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Share capital	73,254,505	73,140,058
Treasury shares	(2,045,116)	(2,045,116)
Share premium account	54,755,413	53,477,108
Lehman Brothers operation equity reserve	94,924,656	107,599,550
Retained earnings	320,102,053	254,128,539
Valuation reserve for AFS financial instruments	697,234	72,263
Net profit (loss) for the period	117,937,053	113,350,017
TOTAL CAPITAL AND RESERVES	659,625,798	599,722,419
NON CURRENT LIABILITIES		
Completion-of-service entitlements	641,960	939,776
Other funds	525,000	525,000
TOTAL NON CURRENT LIABILITIES	1,166,960	1,464,776
CURRENT LIABILITIES		
Amounts due to		
Banks	525,475,548	445,090,599
Shareholders	25,075,344	12,400,450
Subsidiaries	373,973	402,607
Other related parties	255,185	445,535
Others	1,486,092	2,026,844
Tax liabilities		
Current	63,789,691	63,323,594
Deferred	155,437	754,879
Other liabilities	1,027,837	941,919
TOTAL CURRENT LIABILITIES	617,639,107	525,386,427
TOTAL LIABILITIES	618,806,067	526,851,203
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,278,431,865	1,126,573,622

Income Statement

€	October 31, 2010	October 31, 2009
Dividends and similar income		
from subsidiaries and associates	135,609,273	130,199,438
from available for sale financial assets	455,265	383,314
Interest income and similar income	4,038,375	1,887,813
Interest expense and similar charges	(4,387,254)	(5,573,184)
Impairment/reversal of impairment of:		
Available for sale financial assets	(2,746,726)	-
Loans and financial instruments	(420)	-
NET INCOME FROM FINANCIAL OPERATIONS	132,968,513	126,897,381
Staff costs	(5,060,289)	(5,503,633)
Other administrative expenses	(4,685,401)	(5,226,280)
Amortisation and depreciation		
intangible assets	(1,564)	(2,869)
tangible assets	(25,788)	(29,936)
Other income (expenses)	(1,106,989)	2,210,847
OPERATING EXPENSES	(10,880,031)	(8,551,871)
Profit (loss) on investments in subsidiaries and associates	(1,702,892)	-
PROFIT (LOSS) BEFORE TAX ON CONTINUING OPERATIONS	120,385,590	118,345,510
Income Tax	(2,448,537)	(462,573)
PROFIT (LOSS) AFTER TAX ON CONTINUING OPERATIONS	117,937,053	117,882,937
NET PROFIT (LOSS) FOR THE PERIOD	117,937,053	117,882,937

Statement of Comprehensive Income

€	October 31, 2010	October 31, 2009
NET PROFIT (LOSS) FOR THE PERIOD	117,937,053	117,882,937
OTHER COMPREHENSIVE INCOME AFTER TAX		
AVAILABLE FOR SALE FINANCIAL ASSETS	624,971	(266,366)
TOTAL OTHER COMPREHENSIVE INCOME AFTER TAX	624,971	(266,366)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	118,562,024	117,616,571

Statements of changes in shareholders' equity

€	Balance at Jan 1, 2009	Appropriation of prior year's profit	
		Reserves	Dividends and others
Share capital	73,009,611		
Share premium account	51,959,505		
Reserves:			
a) retained earnings	183,792,880	131,902,121	
b) other	107,599,550		
Valuation reserves:			
a) AFS fin instruments	(1,622,674)		
Treasury shares	(2,045,116)		
Net profit (loss)	179,333,313	(131,902,121)	(47,431,192)
Shareholders' equity	592,027,069	-	(47,431,192)

€	Balance at Jan 1, 2010	Appropriation of prior year's profit	
		Reserves	Dividends and others
Share capital	73,140,058		
Share premium account	53,477,108		
Reserves:			
a) retained earnings	254,128,539	65,834,034	
b) other	107,599,550		
Valuation reserves:			
a) AFS fin instruments	72,263		
Treasury shares	(2,045,116)		
Net profit (loss)	113,350,017	(65,834,034)	(47,515,983)
Shareholders' equity	599,722,419	-	(47,515,983)

Movements in the year							
Shareholders' equity							
Changes in reserves	Share issues	Purchase of treasury shares	Extraordinary dividend distribution	Change in equity instruments	Stock options	Comprehensive income Oct 31, 2009	Shareholders' equity at Oct 31, 2009
	105,097						73,114,708
	1,213,944						53,173,449
					427,729		316,122,730
							107,599,550
						Total	
						(266,366)	(1,889,040)
						Total	
							(2,045,116)
						117,882,937	117,882,937
-	1,319,041	-	-	-	427,729	117,616,571	663,959,217

Movements in the year							
Shareholders' equity							
Changes in reserves	Share issues	Purchase of treasury shares	Extraordinary dividend distribution	Change in equity instruments	Stock options	Comprehensive income Oct 31, 2010	Shareholders' equity at Oct 31, 2010
	114,447						73,254,505
	1,278,305						54,755,413
					139,480		320,102,053
(12,674,894)							94,924,656
						Total	
						624,971	697,234
						Total	
							(2,045,116)
						117,937,053	117,937,053
(12,674,894)	1,392,752	-	-	-	139,480	118,562,024	659,625,798



**Responsibility
Statement**

Responsibility Statement

I, the undersigned Luigi Del Fabbro, Chief Financial Officer responsible for Mediolanum S.p.A. accounting and financial reporting, pursuant to section 154 bis, second paragraph, of Legislative Decree 58 of February 24, 1998 (Consolidated Finance Act)

HEREBY CONFIRM

that the financial information contained in the Consolidated Interim Report and Accounts at September 30, 2010, and in the Mediolanum S.p.A.'s accounts at October 31, 2010, reflects the accounting entries, records and books.

Basiglio, November 10, 2010

The Chief Financial Officer
(Luigi Del Fabbro)

