

*MEDIOLANUM S.P.A.*

*QUARTERLY REPORT  
AS OF SEPTEMBER 30,  
2001*



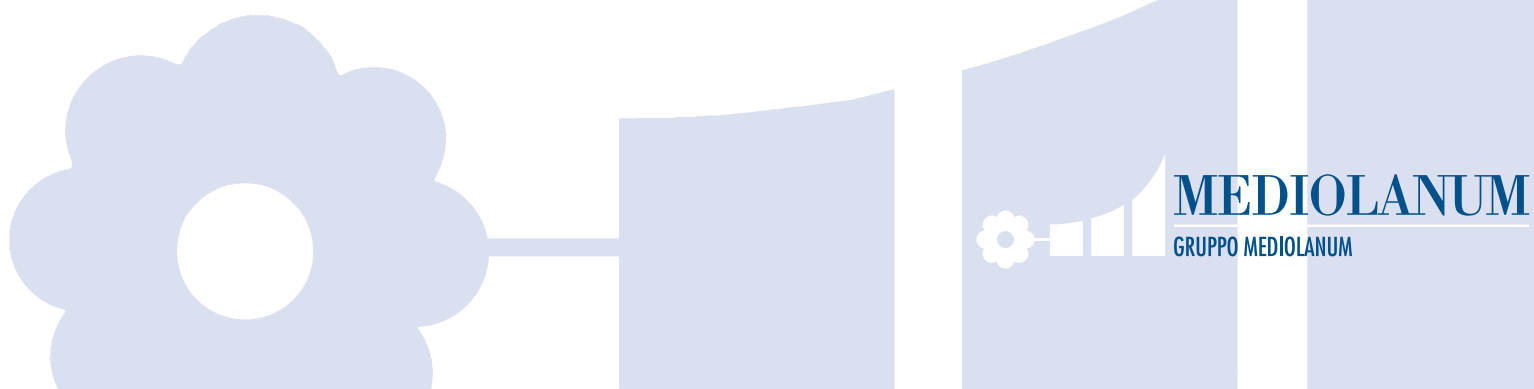
**MEDIOLANUM**  
GRUPPO MEDIOLANUM

# Summary

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*MEDIOLANUM S.P.A.*

*QUARTERLY REPORT  
AS OF SEPTEMBER 30,  
2001*



**Mediolanum  
S.p.A.  
Officers of the  
Company**

**BOARD OF  
DIRECTORS**

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

**BOARD OF STATUTORY  
AUDITORS**

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

**SECRETARY OF  
THE BOARD**

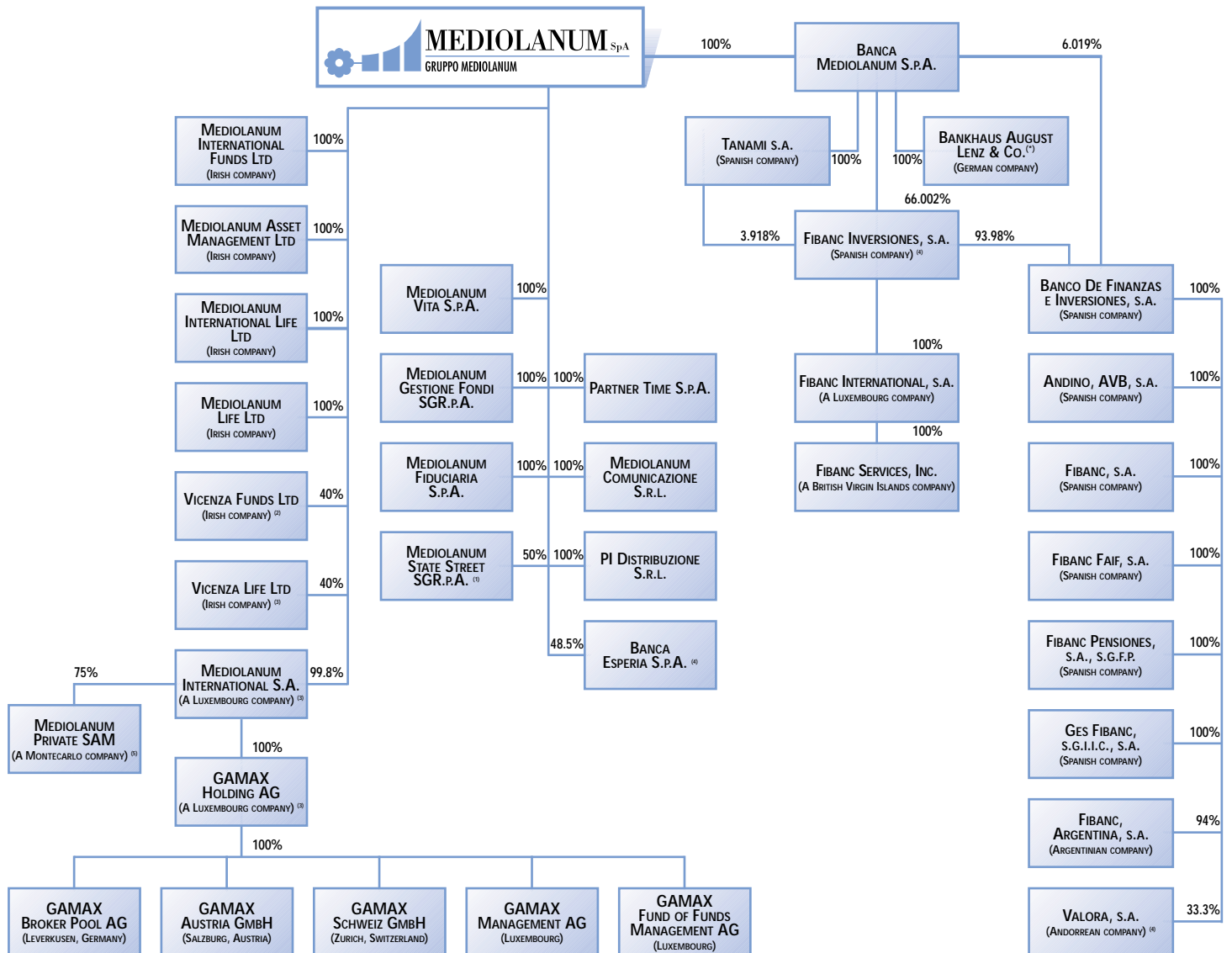
Sebastiano Unali

**INDEPENDENT AUDITORS**

Arthur Andersen S.p.A.

# Corporate structure

as at October 24, 2001



(1) As of March 22, 1999 the remaining 50% of the capital is held by State Street Bank Europe Ltd  
 (2) The remaining 60% of the capital is held by Banca Popolare di Vicenza S.c.p.a.r.l.  
 (3) The remaining 0.2% of the capital is held by Banca Mediolanum S.p.A.  
 (4) The remaining capital is held by third parties  
 (5) The remaining 25% of the capital is held by Compagnie Monegasque de Banque  
 (\*) The purchase is subject to suspension

*MEDIOLANUM GROUP*

*COSOLIDATED  
FINANCIAL STATEMENTS  
AS AT SEPTEMBER 30,  
2001*



# Balance sheet

## ASSETS

<i>Euro in thousands</i>	30.09.01	30.06.01	31.12.00	30.09.00
<b>A) Due from shareholders for share capital still to be paid in</b>	0	0	0	0
<b>B) Intangible Assets</b>				
1. Unamortised acquisition commissions	0	0	0	0
2. Other intangible assets	24,358	26,597	30,369	31,552
3. Consolidation difference	0	0	0	0
<b>TOTAL INTANGIBLE ASSETS</b>	<b>24,358</b>	<b>26,597</b>	<b>30,369</b>	<b>31,552</b>
<b>C) Investments</b>				
I - Land and building	78,915	79,143	80,190	80,474
II - Investments in Group companies and other companies				
1. Shares and quotas	542,659	438,508	422,570	387,718
2. Bonds	0	0	7,566	0
3. Financial loans	1,962	672	671	646
<b>TOTAL INVESTMENTS IN GROUP COMPANIES AND OTHER COMPANIES</b>	<b>544,621</b>	<b>439,180</b>	<b>430,807</b>	<b>388,363</b>
III - Other financial investments				
1. Shares and quotas	3,086	3,736	256	1
2. Quotas of mutual funds	223,648	257,167	343,533	397,822
3. Bonds and other fixed income securities	1,532,032	1,588,879	1,769,783	1,831,958
4. Financial loans	19,369	19,919	20,794	20,347
5. Other financial investments	146,837	178,507	175,734	244,379
<b>TOTAL OTHER FINANCIAL INVESTMENTS</b>	<b>1,924,972</b>	<b>2,048,208</b>	<b>2,310,100</b>	<b>2,494,505</b>
IV - Funds held by ceding companies	0	0	0	1
<b>TOTAL INVESTMENTS</b>	<b>2,548,508</b>	<b>2,566,531</b>	<b>2,821,097</b>	<b>2,963,343</b>
<b>D) Investments allocated to life policyholders carrying the related risk and from pension fund management</b>	3,914,997	4,208,916	3,669,596	3,528,571
<b>D b) Reinsurers' share of technical reserves</b>				
I - Non-Life	0	0	0	0
II - Life <i>(excluding technical reserves as per point III)</i>	188,076	189,786	201,489	214,201
III - Life technical reserves when the risk is carried by policyholders and reserves from pension fund management	0	0	0	0
<b>TOTAL REINSURERS' SHARE OF TECHNICAL RESERVES</b>	<b>188,076</b>	<b>189,786</b>	<b>201,489</b>	<b>214,201</b>
<b>E) Receivables</b>				
I - Due from direct insurance operations	24,502	22,321	19,501	17,834
II - Due from reinsurance operations	152	978	4	250
III - Other receivables	51,284	49,390	47,632	51,775
<b>TOTAL RECEIVABLES</b>	<b>75,938</b>	<b>72,689</b>	<b>67,137</b>	<b>69,860</b>
<b>F) Other assets</b>				
I - Tangible assets	4,081	4,222	3,461	3,518
II - Liquid assets	181,577	207,390	159,841	103,885
III - Own shares or quotas	7,271	4,202	4,094	0
IV - Other assets	17	17	17	295
<b>TOTAL OTHER ASSETS</b>	<b>192,946</b>	<b>215,831</b>	<b>167,413</b>	<b>107,698</b>
<b>G) Pre-payments and accrued income</b>	32,183	22,893	24,938	36,267
<b>TOTAL ASSETS</b>	<b>6,977,006</b>	<b>7,303,243</b>	<b>6,982,039</b>	<b>6,951,492</b>

Euro in thousands

	30.09.01	30.06.01	31.12.00	30.09.00
<b>A) Capital and reserves</b>				
I - Pertaining to the Group:				
1. Subscribed capital or equivalent	72,502	72,502	74,883	74,883
2. Net equity reserves	100,581	103,650	99,632	103,727
3. Consolidation reserve	103,775	103,775	95,715	95,715
4. Reserve for difference in valuation regarding shares in non-consolidated companies	109,505	109,505	73,096	73,096
5. Reserve for exchange rate difference	0	0	0	0
6. Reserves for own shares and shares of the parent company	7,271	4,202	4,094	0
7. Profit (loss) for the period	68,379	50,264	115,443	81,523
TOTAL GROUP SHAREHOLDERS' EQUITY	462,013	443,898	462,863	428,943
II - Minority interests				
1. Share capital and reserves	0	0	0	0
2. Profit (loss) for the period	0	0	0	0
TOTAL MINORITY INTERESTS	0	0	0	0
TOTAL CAPITAL AND RESERVES	462,013	443,898	462,863	428,943
<b>B) Subordinated liabilities</b>	0	0	0	0
<b>C) Technical reserves</b>				
I - Non-Life				
1. Premiums reserve	0	0	0	0
2. Claims reserve	0	0	0	0
3. Equalisation provision	0	0	0	0
4. Other	0	0	0	0
TOTAL NON-LIFE	0	0	0	0
II - Life				
1. Actuarial reserve	2,045,833	2,127,392	2,303,912	2,456,119
2. Reserve for amounts to be paid	25,577	30,964	40,652	19,462
3. Other	39,514	39,688	51,532	59,037
TOTAL LIFE	2,110,924	2,198,044	2,396,096	2,534,619
TOTAL	2,110,924	2,198,044	2,396,096	2,534,619
<b>D) Technical reserves when the risk is carried by policyholders and reserves from pension fund management</b>	3,914,997	4,208,916	3,669,596	3,528,571
<b>E) Provision for risks and charges</b>	26,303	25,994	21,818	22,157
<b>F) Deposits received from reinsurers</b>	187,123	188,444	198,010	212,880
<b>G) Payables and other liabilities</b>				
I - Due to direct insurance operations	1,917	1,928	3,691	2,067
II - Due to reinsurance operations	284	1,054	5,764	3,167
III - Debenture loans	0	0	0	0
IV - Amounts owed to credit institutions	200,772	170,882	172,939	172,969
V - Other loans and other financial debt	0	0	0	0
VI - Employee termination indemnity	4,236	4,096	4,004	3,749
VII - Other liabilities	66,710	57,516	46,588	40,704
TOTAL PAYABLES AND OTHER LIABILITIES	273,919	235,476	232,986	222,656
<b>H) Accruals and deferred income</b>	1,727	2,471	670	1,666
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>6,977,006</b>	<b>7,303,243</b>	<b>6,982,039</b>	<b>6,951,492</b>

## SHAREHOLDERS' EQUITY AND LIABILITIES



# Income statements

## TECHNICAL ACCOUNT OF LIFE BUSINESS

<i>Euro in thousands</i>	3 <sup>rd</sup> Q. 2001	3 <sup>rd</sup> Q. 2000	30.09.01	30.09.00
1. Earned premiums, net insurance	386,050	368,687	1,082,072	1,040,309
2. (+) Allocated investment return transferred from the non technical account	15,256	26,210	62,174	87,263
3. Unrealised gains on investments allocated to life policyholders carrying the related risk and from pension fund management	3,222	169,066	173,310	335,979
4. Other technical income, net of reinsurance	2,145	1,877	14,775	5,553
5. Claims incurred, net of amounts recovered and reinsurance	(129,826)	(146,147)	(373,245)	(408,878)
6. Change in mathematical reserves and other technical reserves, net of reinsurance				
a) Mathematical reserves, premium reserves of complementary insurance and other technical reserves	80,106	127,611	259,168	436,843
b) Life insurance reserves when the risk is carried by policyholders and from pension fund management	293,920	(463,162)	(245,401)	(1,194,292)
TOTAL CHANGE IN NET RESERVES	374,026	(335,551)	13,767	(757,449)
7. Refunds and profit sharing, net of reinsurance	0	0	0	0
8. Operating expensive				
a) Acquisition costs net of reinsurers' commissions and profit sharing	(36,264)	(36,197)	(118,928)	(86,714)
b) Administrative expenses	(3,114)	(2,788)	(11,616)	(9,625)
TOTAL OPERATING EXPENSIVE	(39,378)	(38,985)	(130,544)	(96,339)
9. Unrealised losses on investments allocated to life policyholders carrying the related risk and from pension fund management	(598,418)	(43,655)	(790,210)	(173,202)
10. Other technical charges, net of reinsurance	142	(68)	(2,426)	(276)
11. Total technical account of life business	13,219	1,434	49,673	32,960

## NON TECHNICAL ACCOUNT

<i>Euro in thousands</i>	3 <sup>rd</sup> Q. 2001	3 <sup>rd</sup> Q. 2000	30.09.01	30.09.00
<b>1. Total technical account of non-life business</b>	0	0	0	0
<b>2. Total technical account of life business</b>	13,219	1,434	49,673	32,960
<b>3. Investment income</b>				
a) Investment income	44,219	53,847	148,592	182,890
b) Adjustments to the value of financial investments	(130)	(30)	1,148	656
c) Gains on the realisation of investments	282	721	1,868	9,122
<b>TOTAL INVESTMENT INCOME</b>	<b>44,371</b>	<b>54,538</b>	<b>151,608</b>	<b>192,668</b>
<b>4. Financial burden and losses on assets</b>				
a) Investment management expenses and interest on bank loans	(5,260)	(4,798)	(15,269)	(14,117)
b) Adjustments to the value of investments	(9,215)	335	(17,129)	(10,686)
c) Losses on the realisation of investments	(102)	(78)	(513)	(455)
<b>TOTAL FINANCIAL PAYABLES AND LOSSES ON ASSETS</b>	<b>(14,577)</b>	<b>(4,541)</b>	<b>(32,911)</b>	<b>(25,258)</b>
<b>5. (-) Allocated investment return transferred to the technical account of life business</b>	<b>(15,256)</b>	<b>(26,210)</b>	<b>(62,174)</b>	<b>(87,263)</b>
<b>6. Other revenues</b>	2,833	1,480	7,072	5,604
<b>7. Other charges</b>	(12,584)	(10,951)	(39,677)	(33,075)
<b>8. Total ordinary operations</b>	18,006	15,750	73,591	85,636
<b>9. Extraordinary income</b>	935	380	4,244	7,449
<b>10. Extraordinary charges</b>	(28)	(12)	(431)	(1,572)
<b>11. Total extraordinary operations</b>	907	368	3,813	5,877
<b>12. Profit before taxes</b>	18,913	16,118	77,404	91,512
<b>13. Income taxes for the period</b>	(798)	1,950	(9,025)	(9,990)
<b>14. Consolidated results</b>	18,115	18,068	68,379	81,522
<b>15. Profit (loss) for the period from minority interests</b>	0	0	0	0
<b>16. Group profit (loss) for the period</b>	18,115	18,068	68,379	81,522

# Notes to the consolidated financial statements as at September 30, 2001

The consolidated financial statements as at September 30, 2001 are presented in accordance with the Consob deliberation No. 11971 of May 14, 1999, amended by deliberation No. 12475 of April 6, 2000, and as per the requirements of Law Decree no. 173/97.

The consolidation principles and criteria used for the controlled companies included in the consolidation are consistent with those used in the preparation of the consolidated financial statements as at December 31, 2000.

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

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

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

## List of the companies directly controlled by Mediolanum S.p.A. which are consolidated using the equity method:

<i>Euro in thousands</i> Company	Share capital	% holding	Head office	Activity
Banca Mediolanum S.p.A.	195,000	100	Basiglio	Banking
Mediolanum State Street SGR.p.A.	2,600	50	Basiglio	Stockbrokerage company
Mediolanum Comunicazione S.r.l.	775	100	Basiglio	Audio/Film/TV production
Mediolanum Fiduciaria S.p.A.	510	100	Basiglio	Trust company without discretionary power
Mediolanum Gestione Fondi SGR.p.A.	5,165	100	Basiglio	Management of mutual funds
Mediolanum International Funds Ltd	152	100	Dublin	Management of mutual funds
Mediolanum Asset Management Ltd	150	100	Dublin	Asset management and consultancy
PI Distribuzione S.r.l.	517	100	Basiglio	Real Estate Broker

List of the companies directly controlled by Mediolanum S.p.A. which are consolidated using the equity method:

<i>Euro in thousands</i> Company	Share capital	% holding	Head office	Activity
Fibanc Inversiones S.A.	6,852	69.92	Barcelona	Investment company
Banco de Fianzas e Inversiones S.A.	12,130	71.73	Barcelona	Banking
Ges.Fibanc SGIIC S.A.	2,506	71.73	Barcelona	Mutual fund management
Fibanc S.A.	301	71.73	Barcelona	Financial advisory company
Fibanc Pensiones S.A. S.G.F.P.	902	71.73	Barcelona	Mutual fund management
Fibanc Faif S.A.	60	71.73	Barcelona	Financial consulting company
Andino AVB S.A.	902	71.73	Madrid	Stockbrokerage
Fibanc International S.A.	USD 50,000	69.92	Luxembourg	In liquidation
Fibanc Services Inc.	Euro 19,110	69.92	B.V.I.	In liquidation
Fibanc Argentina S.A.	USD 50,000	65.72	Buenos Aires	Business representatives
Valora S.A. *	421	23.90	Andorra	Asset management
Tanami S.A.	181	100.00	Barcelona	Real estate

(\*) formerly Ranking Capital S.A.

The list of the companies indirectly controlled by the parent company during the half-year changed with respect to that at December 31, 2000, due to the transfer to third parties of the interest held in Fibanc Valores Avb S.A., which took place on September 25, 2001.

List of the controlled companies valued at cost, since they are not yet fully operational:

<i>Euro in thousands</i> Company	Share capital	% holding	Head office	Activity
Mediolanum International S.A.	500	100.00	Luxembourg	Sub-holding company
Mediolanum Life Ltd	lep 1	100.00	Dublin	Life insurance
Mediolanum International Life Ltd	USD 1,250,000	100.00	Dublin	Life insurance

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

<i>Euro in thousands</i> Company	Share capital	% holding	Head office	Activity
Vicenza Life Ltd	635	40.00	Dublin	Life insurance/Reinsurance
Vicenza Funds Ltd	127	40.00	Dublin	Management of mutual funds

List of the associated companies valued at cost, since they are not yet fully operational:

<i>Euro in thousands</i> Company	Share capital	% holding	Head office	Activity
Banca Esperia S.p.A.*	12.911	48,50	Milan	Banking

(\*) formerly DueMme S.p.A.

The valuation criteria applied in the assessment of the consolidated financial statement items conform to the Italian law relating to financial statements (Article 16 of Law Decree no. 173/97, Article 2426 of the Italian Civil Code) and with the accounting standards issued by the relevant professional bodies. They are consistent with those used in the preparation of the consolidated financial statements as at December 31, 2000.

Amounts are expressed in thousands of euro.

Value adjustments and provisions exclusively made in accordance to fiscal laws were not recorded.

## CONSOLIDATE BALANCE SHEET INFORMATION

### ASSETS

*Other intangible assets include:*

#### INTANGIBLE ASSETS (ITEM B)

<i>Euro in thousands</i>	30.09.01	30.06.01	31.12.00	30.09.00
Start-up and expansion costs	18,414	20,410	24,113	25,922
Concessions, licences, trademarks and similar rights	5,250	5,605	5,783	5,222
Improvements on third parties properties	456	489	381	402
Intangible assets under formation and advances	238	93	93	6
TOTAL	24,358	26,597	30,370	31,552

“Start-up and expansion costs “ are as follows:

<i>Euro in thousands</i>	30.09.01	30.06.01	31.12.00	30.09.00
Sales network contests	5,368	5,962	7,149	7,742
Commissions to be returned to reinsurers	13,022	14,401	16,824	17,905
Other start-up and expansion costs	24	47	140	275
TOTAL	18,414	20,410	24,113	25,922

The item “Sales network contests” and “Commissions to be returned to reinsurers” constitute charges relating to the transformation of the traditional portfolio of Mediolanum Vita S.p.A. into unit-linked policies.

These costs were capitalised in compliance with accounting principle No. 24 C.N.D.C. since this is a one-time charge to account for the change in the type of business activity - from one producing financial income to one producing operating income.

These costs for the renewal of the portfolio are systematically amortized over a period of five years, which is shorter than the period of the inflows of benefits associated with the transformation of the operation.

“Other start-up costs” largely concerns the costs incurred for the share capital increase of Mediolanum Vita S.p.A.

“Concessions, licences, trademarks and similar rights” mainly consists of software used under licence, for the development of software for the management of new insurance products, as well as for the implementation of further SAP R3 modules.

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

Item C I *Land and buildings* includes:

<i>Euro in thousands</i>	30.09.01	30.06.01	31.12.00	30.09.00
Company building	19,627	19,807	20,167	20,342
Residential buildings leased to third parties	48,399	43,338	48,808	48,808
Industrial buildings leased to third parties	10,889	10,998	11,215	11,324
TOTAL	78,915	79,143	80,190	80,474

INVESTMENTS  
(ITEM C)

All buildings owned by the company Mediolanum Vita S.p.A. were subject to valuation resulting in a total market value of 97,636 thousand euro. For all buildings subject to valuation, the market value proved higher than the accounting value.

In residential buildings leased to third parties, part of a residential complex owned was sold for 470 thousand euro during the year, leading to a capital gain of 98 thousand euro which is posted in the income statement.

In accordance with Italian law 413/1991, the net book value of monetary revaluations made in previous years in the item *Land and buildings* is 406 thousand euro.

No consolidation differences were recorded.

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

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

Item C II 1 *Shares and quotas* is analysed as follows:

a) “Shares of controlled companies”: 71,357 thousand euro relates to Mediolanum International S.A. and Mediolanum Life Ltd, based in Luxembourg and Dublin respectively and entirely controlled by Mediolanum S.p.A., valued at cost since not yet fully operational, while 15,098 thousand euro relates to 100% of Mediolanum International Life Ltd, a Dublin-based insurance company acquired by Mediolanum S.p.A. on August 23, 2001 and

valued at cost; 282,217 thousand euro relates to Group companies listed in the following table that are not engaged in insurance related activities and were therefore valued using the equity method.

b) “Fininvest Group shares and quotas” of 99 thousand euro relates to:

<i>Euro in thousands</i> Company	Share capital	% holding	Head office
Consorzio Aeromobili Fininvest	520	15	Via Paleocapa 3 Milan

c) “Shares and quotas in associated companies”: 25,811 thousand euro concerns the 48.5% share in Banca Esperia S.p.A., a 50-50 joint-venture with Mediobanca S.p.A. operating in the private banking sector, valued at cost since not yet fully operational, and 5,589 thousand euro relates to companies listed in the following table, and are valued using the equity method:

<i>Euro in thousands</i>	30.09.01
Vicenza Life Ltd	5,501
Vicenza Funds Ltd	88
TOTAL	5,589

d) “Shares and quotas of other companies in which investments are held” of 142,488 thousand euro relates to:

<i>Euro in thousands</i> Company	Share capital	% holding	Head office
Cedacri Ovest S.p.A.	Lit. 14,448,000,000	10	Via Liguria, 33 Castellazzo B.da (AL)
Europa Invest S.A.	125	14	14 rue Aldringen Luxembourg
Mediobanca S.p.A.	321,168	1.99	Piazzetta Cuccia, 1 Milan
Tredicimarzo S.r.l.	10	10	Galleria del Corso, 2 Milan
SIA S.p.A.	18,124	4.999	Viale Certosa, 218 Milan
Rita S.r.l.	6	0.239	Piazza S. Babila, 1 Milan

and consists of:

<i>Euro in thousands</i>	30.09.01	30.06.01	31.12.00	30.09.00
Cedacri Ovest S.p.A.	1,007	1,007	1,007	1,007
Europa Invest S.A.	14	14	14	14
Mediobanca S.p.A.	115,045	115,045	115,045	115,045
Tredicimarzo S.r.l.	14,002	14,002	0	0
SIA S.p.A.	12,407	12,407	12,407	12,407
Rita S.r.l.	13	13	13	13
TOTAL	142,488	142,488	128,486	128,486

On May 4, 2001, a 10% interest was acquired in the company Tredicimarzo S.r.l. with the objective of maintaining the Group's weight within the voting block of Mediobanca S.p.A.

Debt securities issued by the affiliated company Banca Mediolanum S.p.A. and posted under Bonds C.II.2 as at December 31, 2000 were reimbursed in the initial months of 2001.

Item C II 3 *Loans* relates to two credit lines falling due December 31, 2001, both granted by Mediolanum S.p.A. respectively to PI Distribuzione S.r.l. for 671 thousand euro and to Mediolanum Comunicazione S.r.l. for 1,291 thousand euro, and are valued using the equity method.

Item C III *Other financial investments* includes:

Shares of foreign mutual funds managed by Mediolanum International Funds Ltd totalling 223,551 thousand euro.

Investment bonds also include convertible bonds in foreign currency totalling 153 thousand euro.

*Loans* (item III. 4) is as follows:

<i>Euro in thousands</i>	30.09.01	30.06.01	31.12.00	30.09.00
Secured loans against life insurance policies	18,658	19,202	20,037	19,583
Loans to consultants	397	397	397	524
Other loans	314	320	360	240
TOTAL	19,369	19,919	20,794	20,347

Other loans (item III 5) consists of deposits with credit institutions subject to a duration of more than 15 days.

Changes are a result of the current cash investment strategy.

The other long-term financial investments, all included in *Bonds and other fixed income securities*, amount to 1,307,533 thousand euro and mostly concern fixed income securities issued by the Government and public entities.



The other financial investments which will not remain in company assets amount to 598,069 thousand euro and consist of:

<i>Euro in thousands</i>	30.09.01	30.06.01	31.12.00	30.09.00
Shares and quotas	3,086	3,736	256	1
Mutual fund shares	223,648	257,167	343,533	397,821
Bonds and other fixed income securities	224,498	229,683	287,534	251,816
Deposits with credit institutions	146,837	178,507	175,734	244,379
Total	598,069	669,093	807,057	894,017

The evaluation at current value of financial investments which will not remain in Group's assets shows a potential gain of 3,345 thousand euro, and adjustments to the value net of increases shown in accounts for the period totalled 13,226 thousand euro.

The evaluation at current value of long-term financial investments shows a potential loss of 68,820 thousand euro and a potential gain of 5,495 thousand euro.

**RECEIVABLES AND  
OTHERS ASSETS  
(ITEM E - F - G)**

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

<i>Euro in thousands</i>	30.09.01	30.06.01	31.12.00	30.09.00
Due from policyholders during the year	21,822	19,269	8,792	14,310
Due from policyholders from previous years premiums	389	389	389	378
Due from agents	2,268	2,638	10,146	2,977
Due from agents for portfolio compensations	23	25	26	21
Other receivables from agents	0	0	148	148
TOTAL	24,502	22,321	19,501	17,834

Item E III Other receivables is analysed as follows:

<i>Euro in thousands</i>	30.09.01	30.06.01	31.12.00	30.09.00
Due from real estate leases	1,461	1,353	767	736
Due from Mediolanum Group companies	2,986	2,498	1,009	1,207
Due from Fininvest Group and Doris Group companies	2,809	2,619	1,462	1,736
Due from tax authorities	41,646	40,321	43,430	41,098
Due from employees	0	0	37	85
Guarantee deposits	82	80	80	80
Advances to suppliers and professionals	407	199	128	203
Other receivables	1,893	2,320	719	6,630
TOTAL	51,284	49,390	47,632	51,775

“Due from Mediolanum Group companies” consists of the recharge of costs for employees of Mediolanum S.p.A. seconded to controlled companies, as well as amounts concerning the funds of employees transferred from other Group companies.

“Due from Fininvest Group and Doris Group companies” consists of an amount due from Mediolanum Assicurazioni S.p.A. and relates to the recharge of costs for seconded employees and to commissions for the sales of insurance policies.

"Other receivables" mainly refers to revenues from securities sold at the beginning of October.

“Due from tax authorities” is analysed as follows:

<i>Euro in thousands</i>	30.09.01	30.06.01	31.12.00	30.09.00
Tax reimbursements	13,552	13,369	13,186	13,147
Advance payments and amounts carried forward	10,058	10,140	11,430	10,963
Tax withholdings	3,665	2,462	3,020	2,043
Tax credits on dividends and mutual funds	14,041	14,041	15,411	14,437
Other	330	309	383	508
<b>TOTAL</b>	<b>41,646</b>	<b>40,321</b>	<b>43,430</b>	<b>41,098</b>

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

<i>Euro in thousands</i>	30.09.01	30.06.01	31.12.00	30.09.00
Furniture and fittings	1,324	1,421	1,525	1,770
Facility systems	48	54	67	49
Equipment	623	644	453	314
Office and electronic equipment	2,059	2,071	1,329	1,307
Other goods	27	32	87	78
<b>TOTAL</b>	<b>4,081</b>	<b>4,222</b>	<b>3,461</b>	<b>3,518</b>

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

Item F II *Liquid assets* represents the balance in ordinary current accounts with Banca Mediolanum S.p.A. and with other credit institutions. It is mainly employed in hot money operations with a duration of less than 15 days.

Item F III *Own shares* consists of 896,500 shares of Mediolanum S.p.A. at a par value of 89 thousand euro.

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

<i>Euro in thousands</i>	30.09.01	30.06.01	31.12.00	30.09.00
Accrued interest on securities	30,756	21,321	24,343	35,357
Other accrued income	968	1,204	453	521
Prepayments for insurance	104	116	73	107
Prepayments for leases and rentals	40	12	8	8
Other prepayments	315	240	61	274
<b>TOTAL</b>	<b>32,183</b>	<b>22,893</b>	<b>24,938</b>	<b>36,267</b>

## SHAREHOLDERS' EQUITY AND LIABILITIES

### CAPITAL AND RESERVES (ITEMS A - B)

Changes in consolidated capital and reserves are in Attachment No. 3.

#### CHANGES IN CONSOLIDATED CAPITAL AND RESERVES IN THE YEAR

<i>Euro in thousands</i>	Capital and reserves	Profit for the period	Total shareholders' equity
<b>Parent company financial statements as at September 30, 2000</b>	178,610	69,244	247,854
Subsequent changes in carrying value and shareholders' equity in companies included in consolidation	95,706	1,674	97,381
Difference in investments valued by the equity method	14,890	70,793	85,683
Infra-group dividends	59,702	(59,702)	0
Application of Group-wide accounting policies	(798)	(366)	(1,164)
Elimination infra-group transactions	(690)	(121)	(811)
<b>Consolidated financial statements as at September 30, 2000</b>	<b>347,420</b>	<b>81,522</b>	<b>428,943</b>

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

<i>Euro in thousands</i>	Capital and reserves	Profit for the period	Total shareholders' equity
<b>Parent company financial statements as at December 31, 2000</b>	178,610	70,974	249,584
Subsequent changes in carrying value and shareholders' equity in companies included in consolidation	95,706	9,421	105,127
Difference in investments valued by the equity method	14,890	99,674	114,564
Infra-group dividends	59,702	(59,702)	0
Application of Group-wide accounting policies	(798)	(678)	(1,476)
Elimination infra-group transactions	(690)	(127)	(817)
Amortization of consolidation differences in the company's equity investments valued by the equity method	0	(4,021)	(4,021)
Amortization of capital gains attributed to buildings at the date of acquisition of the company, valued by the equity method	0	(99)	(99)
<b>Consolidated financial statements as at December 31, 2000</b>	<b>347,420</b>	<b>115,443</b>	<b>462,863</b>

<i>Euro in thousands</i>	Capital and reserves	Profit for the period	Total shareholders' equity
<b>Parent company financial statements as at June 30, 2001</b>	180,355	90,749	271,104
Subsequent changes in carrying value and shareholders' equity in company included in consolidation	101,274	14,833	116,107
Difference in investments valued by the equity method	21,856	45,876	67,732
Infra-group dividends	96,561	(96,561)	0
Application of Group-wide accounting policies	(1,476)	688	(788)
Elimination infra-group transactions	(816)	(7)	(823)
Amortization of consolidation differences in the company's equity investments valued by the equity method	(4,021)	(5,208)	(9,229)
Amortization of capital gains attributed to buildings at the date of acquisition of the company, valued by the equity method	(99)	(106)	(205)
<b>Parent company financial statements as at June 30, 2001</b>	<b>393,634</b>	<b>50,264</b>	<b>443,898</b>

<i>Euro in thousands</i>	Capital and reserves	Profit for the period	Total shareholders' equity
<b>Parent company financial statements as at September 30, 2001</b>	180,355	85,975	266,330
Subsequent changes in carrying value and shareholders' equity in companies included in consolidation	101,274	19,883	121,157
Difference in investments valued by the equity method	21,856	66,732	88,588
Infra-group dividends	96,561	(96,561)	0
Application of Group-wide accounting policies	(1,476)	332	(1,144)
Elimination infra-group transactions	(816)	(11)	(827)
Amortization of consolidation differences in the company's equity investments valued by the equity method	(4,021)	(7,811)	(11,832)
Amortization of capital gains attributed to buildings at the date of acquisition of the company, valued by the equity method	(99)	(160)	(259)
<b>Parent company financial statements as at September 30, 2001</b>	<b>393,634</b>	<b>68,379</b>	<b>462,013</b>

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

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

<i>Euro in thousands</i>	30.09.01	30.06.01	31.12.00	30.09.00
Technical reserves on unit-linked products	2,230,014	2,484,974	2,141,278	2,013,529
Technical reserves on index-linked products	1,683,604	1,722,412	1,527,129	1,514,285
Technical reserves resulting from pension fund management	1,379	1,530	1,189	757
<b>TOTAL</b>	<b>3,914,997</b>	<b>4,208,916</b>	<b>3,669,596</b>	<b>3,528,571</b>

Technical reserves were calculated using the same methods as those implemented in the preparation of the financial statements as at December 31, 2000. As is the usual practice, the information resulting from an analysis of the insurance portfolio was taken into account, in particular, that regarding the estimates of insurers' potential income and the level of operating expenses for index-linked products. The parameters applied to the calculation of technical reserves as at September 30, 2001 with respect to the obligations already undertaken at the beginning of the year, resulted in a positive variation of 27.7 million euro of such reserves.

Item E *Provision for risks and charges* is analysed as follows:

<i>Euro in thousands</i>	30.09.01	30.06.01	31.12.00	30.09.00
Provision for taxes	24,150	23,434	19,732	20,244
Other provisions	2,153	2,560	2,086	1,913
<b>TOTAL</b>	<b>26,303</b>	<b>25,994</b>	<b>21,818</b>	<b>22,157</b>

The "Provision for taxes" is analysed as follows:

<i>Euro in thousands</i>	30.09.01	30.06.01	31.12.00	30.09.00
Provision for Irpeg-Irap (corporate income tax-tax on productive activities)	21,634	20,921	15,842	18,848
Provision for assessment taxes	220	220	220	220
Provision for deferred taxes	2,296	2,293	3,670	1,176
<b>TOTAL</b>	<b>24,150</b>	<b>23,434</b>	<b>19,732</b>	<b>20,244</b>

Deferred taxes are net of tax advances and amounted to 536 thousand euro.

"Other provisions" is analysed as follows:

<i>Euro in thousands</i>	30.09.01	30.06.01	31.12.00	30.09.00
Provision for future risks	405	405	405	413
Provision for illegal acts by agents	125	125	125	125
Staff loyalty provision	160	125	108	71
Employee holiday pay accrual	1,449	1,891	1,434	1,290
Sundry provisions	14	14	14	14
<b>TOTAL</b>	<b>2,153</b>	<b>2,560</b>	<b>2,086</b>	<b>1,913</b>

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

**PAYABLES AND OTHER  
LIABILITIES  
(ITEMS G - H)**

Item G VII *Other liabilities* is analysed as follows:

<i>Euro in thousands</i>	30.09.01	30.06.01	31.12.00	30.09.00
Taxes allocated to policyholders	1,876	1,173	4,296	5,127
Other taxes	1,977	3,592	3,982	2,654
Due to social security authorities	625	952	891	532
Trade accounts payable	6,955	6,792	6,445	4,837
Due to Mediolanum Group companies	46,072	31,929	20,956	19,351
Due to Fininvest Group and companies connected to Doris Group	980	1,022	817	1,031
Other accounts payable	1,342	5,860	3,388	1,718
Other liabilities	6,883	6,196	5,813	5,454
<b>TOTAL</b>	<b>66,710</b>	<b>57,516</b>	<b>46,588</b>	<b>40,704</b>

“Other taxes” for the current year mainly relates to advance withholding tax.

“Due to social security institutions” pertains to social security contributions for September wages paid in October.

“Trade accounts payable” are as follows:

<i>Euro in thousands</i>	30.09.01	30.06.01	31.12.00	30.09.00
Services received	4,255	3,448	3,442	2,573
Invoices to be received	2,306	3,092	2,600	1,741
Emoluments of Directors and Statutory Auditors	266	211	311	401
Professional services	128	41	92	122
<b>TOTAL</b>	<b>6,955</b>	<b>6,792</b>	<b>6,445</b>	<b>4,837</b>

“Due to Mediolanum Group companies” relates almost entirely to commissions paid by Mediolanum S.p.A. to Banca Mediolanum S.p.A. for the marketing of insurance products in October.

“Due to Fininvest Group and Doris Group companies” consists mainly of amounts due to Mediolanum Assicurazioni S.p.A. for recharge costs for seconded employees (275 thousand euro), as well as amounts due to companies associated to Fininvest Group, Consorzio Aeromobili Fininvest, Edilnord 2000 S.p.A., Mondadori Pubblicità S.p.A., Edilnord Gestione S.p.A., Arnoldi Mondadori Editore S.p.A., pertaining to supplies on contract. Such services are in line with the best market terms.

**CONSOLIDATED  
INCOME  
STATEMENT  
INFORMATION**

**INFORMATION ON  
TECHNICAL ACCOUNTS**

“Other liabilities” relates to:

<i>Euro in thousands</i>	30.09.01	30.06.01	31.12.00	30.09.00
Commissions on unearned premiums	4,610	4,563	1,608	3,570
Earned premiums outstanding	952	952	3,682	830
Provision for 13/14th month salary and production premiums	1,186	546	523	1,054
Other	135	135	0	0
<b>TOTAL</b>	<b>6,883</b>	<b>6,196</b>	<b>5,813</b>	<b>5,454</b>

Item H *Accruals and deferred income* is analysed as follows:

<i>Euro in thousands</i>	30.09.01	30.06.01	31.12.00	30.09.00
Deferred income	830	1,869	588	1,666
Deferred income on lease instalments	897	602	82	0
<b>TOTAL</b>	<b>1,727</b>	<b>2,471</b>	<b>670</b>	<b>1,666</b>

*Gross premiums* is analysed as follows:

<i>Euro in thousands</i>	Direct operations	Reinsurance operations	Total
I - Life insurance	96,998	22	97,020
II - Marriage and birth insurance	0	0	0
III - Unit-linked insurance as per I and II	989,664	0	989,664
IV - Health insurance	0	0	0
V - Capitalisation operations	3,841	0	3,841
VI - Fund management	488	0	488
<b>GROSS PREMIUMS</b>	<b>1,090,991</b>	<b>22</b>	<b>1,091,013</b>

Premiums are collected entirely in Italy and are analysed as follows:

<i>Euro in thousands</i>	3 <sup>rd</sup> quarter 01	3 <sup>rd</sup> quarter 00	30.09.01	30.09.00
First year premiums	62,095	33,223	194,385	90,323
Subsequent year premiums	100,991	96,553	309,561	297,968
Single premiums	225,917	242,200	587,045	662,837
Indirect premiums	8	0	22	0
(less) Premiums ceded to reinsurers	(2,961)	(3,289)	(8,941)	(10,819)
<b>NET PREMIUM</b>	<b>386,050</b>	<b>368,687</b>	<b>1,082,072</b>	<b>1,040,309</b>

The *Return on investments transferred from the Non-life technical account* is determined as per the ISVAP Provision dated March 8, 1999 No. 1140 G.

Acquisition commissions include the commissions paid to Banca Mediolanum S.p.A. totalling 113,491 thousand euro.

*Investment income (item 3 a) is analysed as follows:*

<i>Euro in thousands</i>	3 <sup>rd</sup> quarter 01	3 <sup>rd</sup> quarter 00	30.09.01	30.09.00
Results for the year on investments valued by the equity method	18,195	22,492	58,750	70,793
Other investment income	0	0	223	0
Income from land and buildings	1,115	1,038	2,485	2,304
Quotas in mutual funds	556	1,201	11,634	22,594
Bonds and other fixed income securities	19,874	22,732	62,242	67,473
Financial loans	459	195	992	798
Deposits with credit institutions	3,954	4,956	12,200	12,560
Other financial investments	66	1,233	66	6,368
TOTAL	44,219	53,847	148,592	182,890

Income from “deposits with credit institutions” includes interest from deposits at Banca Mediolanum S.p.A. for 4,639 thousand euro.

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

<i>Euro in thousands</i>	3 <sup>rd</sup> quarter 01	3 <sup>rd</sup> quarter 00	30.09.01	30.09.00
Quotas in mutual funds	(38)	0	0	0
Bonds and other fixed income securities	(92)	(30)	1,148	656
TOTAL	(130)	(30)	1,148	656

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

<i>Euro in thousands</i>	3 <sup>rd</sup> quarter 01	3 <sup>rd</sup> quarter 00	30.09.01	30.09.00
Shares and quotas	39	649	823	3,510
Bonds and other fixed income securities	243	72	1,044	632
Other financial investments	0	0	1	4,980
TOTAL	282	721	1,868	9,122

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

<i>Euro in thousands</i>	3 <sup>rd</sup> quarter 01	3 <sup>rd</sup> quarter 00	30.09.01	30.09.00
Expense for the management of real estate investments	127	164	751	713
Other expenses for management of investments	59	15	217	305
Interest on deposit accounts with reinsurance companies	2,418	2,794	7,629	11,139
Interest on financial debt	2,623	1,821	6,411	1,948
Interest payable on other financial debt	33	4	261	12
TOTAL	5,260	4,798	15,269	14,117



*Adjustments to the value of financial investments (item 4 b) is shown below:*

<i>Euro in thousands</i>	3 <sup>rd</sup> quarter 01	3 <sup>rd</sup> quarter 00	30.09.01	30.09.00
Fixed asset depreciation	289	287	867	862
Shares and quotas	2,954	0	3,321	0
Mutual funds	4,026	(3,123)	8,713	5,384
Bonds and other fixed income securities	1,946	2,501	4,228	4,440
<b>TOTALE</b>	<b>9,215</b>	<b>(335)</b>	<b>17,129</b>	<b>10,686</b>

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

<i>Euro in thousands</i>	3 <sup>rd</sup> quarter 01	3 <sup>rd</sup> quarter 00	30.09.01	30.09.00
Mutual funds	57	77	440	224
Bonds and other fixed income securities	45	0	50	227
Other financial investments	0	1	23	4
<b>TOTAL</b>	<b>102</b>	<b>78</b>	<b>513</b>	<b>455</b>

*Other revenues (item 6) is analysed as follows:*

<i>Euro in thousands</i>	3 <sup>rd</sup> quarter 01	3 <sup>rd</sup> quarter 00	30.09.01	30.09.00
Commission income for the sale of non-Life policies	988	885	3,086	2,958
Recharge of cost of employees seconded to Mediolanum Group companies valued by the equity method	611	361	2,030	1,225
Recharge of cost of employees seconded to Fininvest Group and Doris Group companies	120	87	401	257
Recovery of sustained costs	90	42	346	291
Interest from tax authorities	183	93	368	378
Utilisation of holiday provision	6	0	6	0
Other revenues	835	12	835	495
<b>TOTAL</b>	<b>2,833</b>	<b>1,480</b>	<b>7,072</b>	<b>5,604</b>

“Commission income for the sale of non-Life policies”, calculated at market rate, relates to the sale of insurance policies by Mediolanum Assicurazioni S.p.A., which is jointly owned (50-50) by the Fininvest Group and the Doris Group. These commissions are also entered at the same amount in item 7, “Other charges” since they are re-assigned from Mediolanum S.p.A. to Banca Mediolanum S.p.A, which is valued using the equity method.

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

*Other costs (item 7) consists of:*

<i>Euro in thousands</i>	3 <sup>rd</sup> quarter 01	3 <sup>rd</sup> quarter 00	30.09.01	30.09.00
Commission income for the sale of non-Life policies	988	885	3,086	2,958
Cost of Mediolanum S.p.A. employees	4,379	3,807	15,055	10,968
Other administrative expenses of Mediolanum S.p.A.	4,499	3,456	13,398	10,792
Amortisation of intangible assets	2,718	2,775	8,100	8,293
Accruals to the provision for specific risks	0	0	38	0
Other costs	0	28	0	64
TOTAL	12,584	10,951	39,677	33,075

*Extraordinary income (item 9) is as follows:*

<i>Euro in thousands</i>	3 <sup>rd</sup> quarter 01	3 <sup>rd</sup> quarter 00	30.09.01	30.09.00
Gain on the sale of long-term investments	0	0	98	0
Gain on the sale of assets	0	254	59	262
Gain on the sale of bonds and other fixed income securities	909	40	3,951	6,653
Out of period revenues	26	86	136	534
TOTAL	935	380	4,244	7,449

*Extraordinary charges (item 10) are analysed as follows:*

<i>Euro in thousands</i>	3 <sup>rd</sup> quarter 01	3 <sup>rd</sup> quarter 00	30.09.01	30.09.00
Loss on the sale of assets	0	1	2	2
Loss on the sale of bonds and other fixed income securities	0	0	0	1,284
Out of period expenses	28	11	429	286
TOTAL	28	12	431	1,572

In the light of the positive results of the first nine months, it is expected that the results for the year will be positive.

For the Board of Directors

The Chairman

Prof. Roberto Ruozi

*MEDIOLANUM GROUP*

*ATTACHMENTS*



## ATTACHMENT 1

### ANALYSIS OF CHANGES IN INTANGIBLE ASSETS AS AT SEPTEMBER 30,2001

*Euro in thousands*

Intangible assets	Opening situation			Acquisitions
	Historic cost	Accum Amortisation	Balance 31.12.00	
Start-up and expansion costs	44,243	(20,130)	24,113	334
Concessions, licences, trademarks and similar rights	12,134	(6,351)	5,783	1,633
Improvements on leased properties	2,355	(1,974)	381	262
Assets under formation and advances	93	0	93	76
<b>TOTAL</b>	<b>58,825</b>	<b>(28,455)</b>	<b>30,370</b>	<b>2,305</b>

## ATTACHMENT 2

### ANALYSIS OF CHANGES IN TANGIBLE FIXED ASSETS AS AT SEPTEMBER 30,2001

*Euro in thousands*

Tangible fixed assets	Opening situation			Acquisitions
	Historic cost	Accum. Amortisation	Balance 31.12.00	
Land and buildings	87,345	(7,154)	80,191	61
Plant and machinery	190	(124)	66	0
Industrial and trade equipment	1,233	(780)	453	271
Other tangible fixed assets	12,359	(9,418)	2,941	1,504
Assets under formation and advances	0	0	0	0
<b>TOTAL</b>	<b>101,127</b>	<b>(17,476)</b>	<b>83,651</b>	<b>1,836</b>

Movements in the period			Closing situation		
Net disposals	Amortisation	Net reclassification	Historic cost	Accum. Amortisation	Balance 30.09.01
0	(6,032)	0	44,577	(26,162)	18,414
(217)	(1,881)	(69)	13,428	(8,178)	5,250
0	(187)	0	2,617	(2,161)	456
0	0	69	238	0	238
(217)	(8,100)	0	60,860	(36,501)	24,358

Movements in the period			Closing situation		
Net disposals	Amortisation	Net reclassification	Historic cost	Accum. Amortisation	Balance 30.09.01
(470)	(867)	0	86,936	(8,021)	78,915
0	(18)	0	190	(142)	48
0	(101)	0	1,504	(881)	623
(43)	(991)	0	13,556	(10,146)	3,410
0	0	0	0	0	0
(513)	(1,977)	0	102,186	(19,190)	82,996

## ATTACHMENT 3

### ANALYSIS OF CHANGES IN CONSOLIDATED CAPITAL AND RESERVES AS AT SEPTEMBER 30, 2001

<i>Euro in thousands</i>	Share capital	Net equity reserves	Consolidation reserves
<b>Consolidated balance as at December 31, 2000</b>	74,883	99,632	95,715
Increase of paid-in share capital	5	10	
Decrease of share capital	(2,386)	2,386	
Allocation of profit for the period:			
- for payout of dividends			
- for reserve		1,730	8,060
Creation of reserve for own shares		(3,177)	
Profit (loss) for the period			
<b>Consolidated balance as at September 30, 2001</b>	72,502	100,581	103,775

Reserve diff. val. companies not incl. in consol. area	Reserve for exchange rate difference	Reserve for own shares and shares of parent company	Consolidated profit	Total shareholders' equity
73,096	0	4,094	115,443	462,863
				15
			(69,244)	(69,244)
36,409			(46,199)	0
		3,177		0
			68,378	68,378
109,505	0	7,271	68,378	462,012

## ATTACHMENT 4

*Euro in thousands*

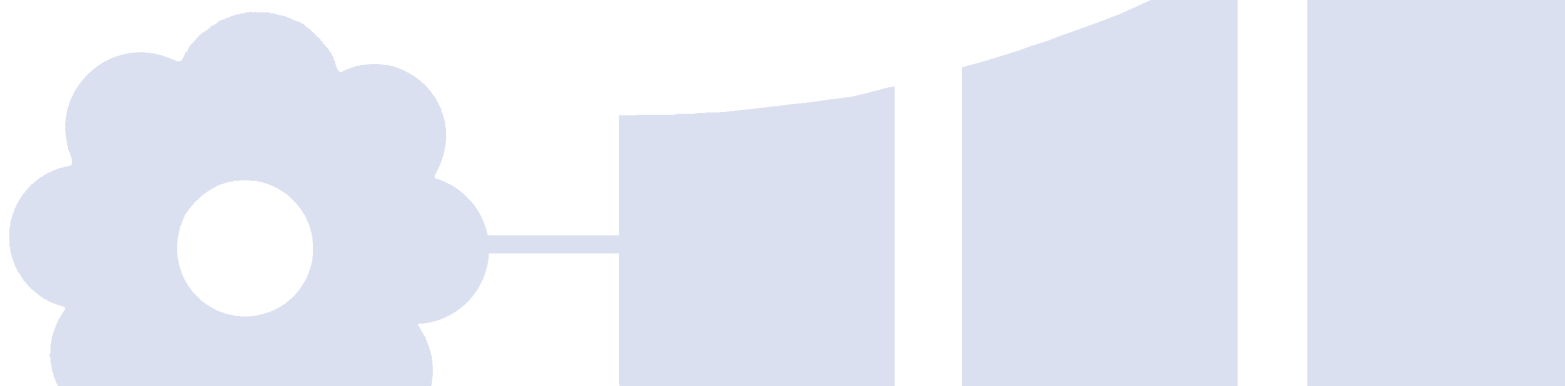
### CONSOLIDATED CASH FLOW STATEMENT AS AT SEPTEMBER 30,2001

	30.09.01
<b>OPENING CASH</b>	159,841
Group profit (loss) for the period	68,379
Net amortisation, depreciation and provisions for risks and charges	10,828
Net gains on the disposal of fixed assets	(157)
Change in technical reserves net of reinsurance	(26,358)
Change in tax provision and other specific provisions	4,418
Net change in employee termination indemnity	(452)
Net change in payables and receivables with insurers and reinsurers	(23,290)
Net change in other receivables and payables and other assets and liabilities	16,469
Net change in accruals and prepayments and deferrals	(6,187)
<b>Cash flow from operating activities</b>	43,650
Net investments in intangible assets	(2,089)
Net investments in tangible fixed assets	(1,165)
Net increase in equity interests held	(120,089)
Own shares acquired	(3,177)
Net increase in other financial investments	146,002
<b>Cash flow from investing activities</b>	19,482
Share capital increase	15
Utilisation of credit lines	27,833
<b>Cash flow from financing activities</b>	27,848
Dividends distributed	(69,244)
<b>CASH FLOW FOR THE PERIOD</b>	21,736
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	181,577



*MEDIOLANUM GROUP*

*DIRECTORS' REPORT  
ON OPERATIONS  
AS AT SEPTEMBER 30,  
2001*



# The Mediolanum Group in the 3<sup>rd</sup> quarter 2001

## INFORMATIONS ON OPERATIONS

In the first nine months of 2001, the Group achieved very satisfactory results in spite of the negative trends in the main financial markets.

Third quarter 2001, in particular, saw a net result of 18,115 thousand euro (30.09.00: 18,068 thousand euro), thus bringing the results of the first nine months of the year to 68,379 thousand euro (30.09.00: 81,522 thousand euro).

Total revenues for the quarter, in the form of insurance premiums and management commissions, totalled 464,745 thousand euro (30.09.00: 440,164 thousand euro). In the first nine months of 2001, total revenues were 1,330,284 thousand euro (30.09.00: 1,293,675 thousand euro).

Total assets under administration as at September 30, 2001, amounted to 18,115.5 million euro, a 15% increase over the same period of the previous year (30.09.00: 15,758.4 million euro) and a 1.5% increase over December 31, 2000 (31.12.00: 17,852.2 million euro). During the third quarter, a decrease of 1,704.8 million euro was registered (3<sup>rd</sup> quarter 2000: increase of 1,025.9 million euro), due to a sharp downturn in share markets in September.

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

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

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

Likewise, the Fibanc Group companies that Banca Mediolanum acquired a controlling interest in last year were consolidated using the equity method, as were the investment shares in the associated companies Vicenza Life Ltd and Vicenza Funds Ltd.

Finally, the following companies were valued at cost:

- The controlled company Mediolanum International S.A., since its operations were only marginal
- The controlled company Mediolanum Life Ltd, since it is not yet operational
- The controlled company Mediolanum International Life Ltd (formerly Western International Life Ltd) acquired on August 23, since its operations were only marginal

- The associated company Banca Esperia S.p.A. (formerly DueMme S.p.A.), since the company's operations and those of controlled companies were only marginal during the period.

Gross premiums for the quarter amounted to 389,011 thousand euro (3<sup>rd</sup> quarter 2000: 371,976 thousand euro) and in the first nine months of 2001 they totalled 1,091,013 thousand euro (30.09.00: 1,051,128 thousand euro).

Investment income for the quarter totalled 44,371 thousand euro (3<sup>rd</sup> quarter 2000: 54,538 thousand euro), amounting to 151,608 thousand since the beginning of the year (30.09.00:192,668 thousand euro).

Claims incurred, net of amounts recovered and reinsurance, totalled 129,826 thousand euro (3<sup>rd</sup> quarter 2000: 146,147 thousand euro), totalling 373,245 thousand euro in the first nine months of the year (30.09.00: 408,878 thousand euro).

Operating and acquisition costs for the quarter amounted to 39,378 thousand euro (3<sup>rd</sup> quarter 2000: 38,985 thousand euro), and 130,544 thousand euro for the first nine months of the year (30.09.00: 96,339 thousand euro).

The Fibanc Group was consolidated in September 2000. Therefore, in order to make a comparison with the prior year's results easier, and to better understand the operational aspects, the following discussion of the Mediolanum Group's performance excludes the Fibanc Group.

The performance and results of the Fibanc Group are reviewed in a separate section.

The results achieved in the first nine months of 2001 by the Mediolanum Group are viewed positively considering the ongoing crises faced by the international financial markets.

The Mediolanum Group reached a new record in terms of inflows, even in excess of those for 2000, which was unanimously viewed as one of the best years in national and international history of finance.

PERFORMANCE IN THE  
SECTORS WHERE THE  
GROUP OPERATES

Total net inflows, including Life insurance, mutual funds and managed accounts and direct and indirect bank inflows, reached an unprecedented peak of 2,480.3 million euro, exceeding the already high net inflows of the first nine months of last year by 4% (30.09.00: 2,384 million euro).

#### THE BANKING ACTIVITY

The performance of Banca Mediolanum S.p.A. was very good; as at September 30, 2001, there were 281,273 current accounts (30.09.00: 199,419). There were a total of 105,186 safe-custody accounts at the same date (30.09.00: 82,612).

#### **Profits of companies operating in the banking sector in which investments are held, valued on an equity basis:**

<i>Euro in thousands</i>	3 <sup>rd</sup> quarter 01	3 <sup>rd</sup> quarter 00	30.09.01	30.09.00
Banca Mediolanum S.p.A.	(643)	34	1,293	366

#### MUTUAL FUNDS AND MANAGED ACCOUNTS

During the quarter, total gross inflows for the mutual funds and managed accounts business amounted to 584.2 million euro (3<sup>rd</sup> quarter 2000: 652.8 million euro), whereas net inflows were 226.2 million euro (3<sup>rd</sup> quarter 2000: 288.9 million euro).

During the first nine months of 2001, total gross inflows for the mutual funds and managed accounts business amounted to 2,443.7 million euro (first nine months of 2000: 2,644.4 million euro), whereas net inflows were 765.6 million euro (first nine months of 2000: 877 million euro).

Total assets under administration as at September 30, 2001 were 8,443.2 million euro (30.09.00: 9,076.5 million euro), with a decrease over the quarter of 1,210.1 million euro (in the same period of the previous year there was an increase of 652.9 million euro).

#### **Profits of companies operating in the asset management sector in which investments are held, valued on an equity basis:**

<i>Euro in thousands</i>	3 <sup>rd</sup> quarter 01	3 <sup>rd</sup> quarter 00	30.09.01	30.09.00
Mediolanum Gestione Fondi SGR.p.A.	1,926	3,651	9,527	14,862
Mediolanum International Funds Ltd	19,536	17,901	55,119	55,415
Vicenza Funds Ltd	34	65	92	72

The capacity of the Life business for market penetration was confirmed. Total inflows for the quarter totalled 389 million euro, thus a 4.6% increase over the third quarter 2000.

New business totalled 263.4 million euro (3<sup>rd</sup> quarter 2000: 271 million euro). In the first nine months of 2001, total inflows were 1,091 million euro (30.09.00: 1,051.1 million euro), with 711.3 million euro referring to new production (30.09.00: 738 million euro).

Recurring premiums reached 124.6 million euro, a 66.6% increase over the same period of the previous year (37.7 million euro for the quarter, with a 32.3% increase on the third quarter 2000).

**Profits of companies in which investments are held operating in the Life insurance sector, valued on an equity basis:**

<i>Euro in thousands</i>	3 <sup>rd</sup> quarter 01	3 <sup>rd</sup> quarter 00	30.09.01	30.09.00
Vicenza Life Ltd	674	495	1,054	1,271

During the first nine months of the year, the Group increased its presence in the sector of pension fund management and closed-end mutual funds intended for institutional investors through the companies Mediolanum State Street SGR.p.A., Mediolanum Gestione Fondi SGR.p.A. and Mediolanum Vita S.p.A. As at September 30, 2001, assets under management totalled 407.6 million euro (30.09.00: 352.4 million euro). Growth for the quarter was 20.6 million euro.

**Profits for the year of other companies operating in the banking and securities sector in which investments are held, valued on an equity basis:**

<i>Euro in thousands</i>	3 <sup>rd</sup> quarter 01	3 <sup>rd</sup> quarter 00	30.09.01	30.09.00
Mediolanum State Street SGR.p.A.	17	(75)	273	(302)
Mediolanum Asset Management Ltd	12	(55)	15	(111)
Mediolanum Comunicazione S.r.l.	(8)	871	(75)	70
Mediolanum Fiduciaria S.p.A.	(3)	(12)	(7)	(10)
PI Distribuzione S.r.l.	(51)	(83)	(202)	(184)

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

The loss relating to PI Distribuzione S.r.l is attributable to the stagnation of the hotel and tourist resort market and the resulting drop in volume.

## THE GROUP PERFORMANCE

### VOLUME

Volume is broken down by the main business lines:

#### Inflows of managed savings products (\*)

<i>Euro in millions</i>	3 <sup>rd</sup> quarter 01	3 <sup>rd</sup> quarter 00	30.09.2001	30.09.2000
<b>Life insurance products</b>				
<i>New business</i>				
- Recurring premiums	37.7	28.5	124.6	74.8
- Single premiums and group policies	225.7	242.5	586.7	663.2
<b>TOTAL NEW BUSINESS</b>	<b>263.4</b>	<b>271</b>	<b>711.3</b>	<b>738</b>
<i>In Force Business</i>				
- Recurring premiums	118.7	92.3	357.5	284.6
- Single recurring premiums	6.9	8.7	22.2	28.5
<b>TOTAL IN FORCE BUSINESS</b>	<b>125.6</b>	<b>101</b>	<b>379.7</b>	<b>313.1</b>
<b>GROSS PREMIUMS WRITTEN</b>	<b>389</b>	<b>372</b>	<b>1,091</b>	<b>1,051.1</b>
(less) Premiums ceded	(3)	(3.3)	(8.9)	(10.8)
<b>NET LIFE PREMIUMS</b>	<b>386</b>	<b>368.7</b>	<b>1,082.1</b>	<b>1,040.3</b>
<b>Financial products</b>				
<i>Mutual funds and managed accounts</i>				
- Gross consolidated inflows	584.2	652.8	2,443.7	2,644.4
- Net consolidated inflows	226.2	288.9	765.6	877

(\*) The data above do not include the Fibanc Group

#### Consolidated assets under administration

<i>Euro in millions</i>	3 <sup>rd</sup> quarter 01	3 <sup>rd</sup> quarter 00	30.09.2001	30.09.2000
- Life reserves	(381.3)	361	6,131.8	6,160.3
- Mutual funds and managed accounts	(1,210.1)	652.9	8,443.2	9,076.5
- Direct and indirect bank inflows	(290.6)	344	3,979.3	2,961.9
- Pension funds	20.6	52.3	407.6	352.4
- Consolidation adjustments	336	(384.3)	(2,797.2)	(2,792.7)
<b>MEDIOLANUM TOTAL</b>	<b>(1,525.4)</b>	<b>1,025.9</b>	<b>16,164.7</b>	<b>15,758.4</b>
- Fibanc assets under administration	(179.4)	0	1,953.8	0
<b>CONSOLIDATED TOTAL</b>	<b>(1,704.8)</b>	<b>1,025.9</b>	<b>18,118.5</b>	<b>15,758.4</b>

## THE SALES NETWORK

### The sales network

<i>Unità</i>	3 <sup>rd</sup> quarter 01	3 <sup>rd</sup> quarter 00	30.09.2001	30.09.2000
Licensed financial (Banca Mediolanum S.p.A.)	282	80	3,755	2,962
Non-licensed financial advisors (Banca Mediolanum)	(172)	182	1,862	1,910
Partner Time insurance agents	(383)	109	1,255	772
<b>TOTAL</b>	<b>(273)</b>	<b>371</b>	<b>6,872</b>	<b>5,644</b>

## Employees

The number of employees of the Mediolanum Group evolved as follows:

<i>Units</i>	3 <sup>rd</sup> quarter 01	3 <sup>rd</sup> quarter 00	30.09.2001	30.09.2000
Non-management personnel	(12)	90	838	905
Supervisor	(3)	13	97	99
Managers	(1)	4	66	55
TOTAL	(16)	107	1,001	1,059

Spain was also affected by the negative trend in the international stock markets, which adversely affected the revenues of all the brokerage companies operating in the Spanish market.

Also the Fibanc Group, whose results currently depend on stock brokerage activity, recorded a drop in the volume of transactions and a consequent reduction in profits.

THE FIBANC GROUP

## Volume of the Fibanc Group

<i>Euro in millions</i>	3 <sup>rd</sup> quarter 01	3 <sup>rd</sup> quarter 00	30.09.2001	30.09.2000
- Assets under administration	(179)	1,954	2,133	2,113
- Net inflows	(123)	(68)	55	185

VOLUME OF THE  
FIBANC GROUP

## Employees

The number of employees of the Fibanc Group evolved as follows:

<i>Units</i>	3 <sup>rd</sup> quarter 01	3 <sup>rd</sup> quarter 00	30.09.2001	30.09.2000
Non-management personnel	2	308	306	314
Managers	0	17	17	19
TOTAL	2	325	323	333

## Net profit of the Fibanc Group

<i>Euro in thousands</i>	3 <sup>rd</sup> quarter 01	3 <sup>rd</sup> quarter 00	30.09.2001	30.09.2000
FIBANC Group	(301)	508	809	2,483*

\* Profit for the period 21.07.00-31.12.00.

## EVENTS IN THIS PERIOD

The Mediolanum Channel was inaugurated on January 10, 2001 with the aim of reaching viewers consisting mainly of Mediolanum Group customers who would have an interest in issues related to managed savings, pension plans and asset management.

In February 2001, a further share capital increase of 38.7 million euro was subscribed and paid-in in order to provide the controlled Banca Mediolanum S.p.A. with the assets necessary to support the development of its activity.

A further investment of 15.3 million euro was made to the associated company Banca Esperia S.p.A. (formerly DueMme S.p.A) for a share capital increase.

Also in February 2001, a new version of Chorus was launched, which is a managed account in funds, enhancing the existing lines with additional risk profiles.

The Irish funds Challenge and Top Managers were also enhanced with new compartments.

In the insurance area, Tax Benefit was launched, which is a new version of the existing product Europension and which satisfies the requirements set by the new fiscal regulation that permits the tax deduction of contributions made into Individual Pension Plans.

In June, Mediolanum Vita S.p.A. further expanded its line of products through Life Funds, a unit-linked whole life policy. Customers choose the allocation of their investments, selecting one or more of the seven internal funds available, according to their tolerance to volatility and their time horizon objectives for the investment. The customer is free at any time to request the full or partial liquidation of the capital corresponding to the counter-value of the portions of internal insurance funds allocated by the contract.

The advertising campaign was carried on with during the third quarter of 2001 and continued to be effective in increasing the brand awareness of Banca Mediolanum. The related advertising expenses came to approximately 9.6 million euro as at September 30, 2001 (30.09.00: 13.9 million euro) and were entirely expensed during the year.

In March 2001, the interest in Fibanc Inversiones S.A. was increased to 69.92% through the acquisition of minor shareholdings, entailing costs of an additional 6.5 million euro.



Banca Mediolanum executed a fully subscribed share capital increase of Banco de Finanzas e Inversiones S.A. for a total amount of 2,000 million Pesetas (equal to approximately 12 million euro) in order to increase the TIER 1 capital of the company.

On May 7, a 10% interest was acquired in the company Tredicimarzo S.r.l. for approximately 14 million euro, with the intention of maintaining the Group's weight within the voting block of Mediobanca S.p.A.

On July 25, Mediolanum Private S.a.m. was set up as a joint venture with Compagnie Monégasque de Banque. This company provides management, brokerage and consultancy activities to private customers in Monte Carlo. The company's share capital is 500,000 euro, 75% of which is held by Mediolanum and 25% by CMB.

On July 27, a preliminary contract was signed for the purchase of a 100% interest in the Luxembourg company Gamax Holding AG, which controls distribution companies in Germany and Austria, Gamax Finanzdienste Vermittlungs GmbH and Gamax Austria and the management company Gamax Management AG. This entailed approximately a 70 million euro financial investment. In the case that the growth targets specified in the plan for the three-year period 2002/2004 are attained, this price will be increased.

The German market was the focus of another acquisition: an agreement was signed on July 30, 2001 for the acquisition of Bankhaus August Lenz & Co for 12.5 million euro.

These two acquisitions were made with the objective of replicating the Mediolanum model both in Germany and Austria.

These transactions are subject to authorisation being obtained from the competent supervisory bodies.

On August 23, a 100% interest was acquired in Western International Life Ltd, a Dublin-based insurance company, for 3.8 million euro. The company, subsequently named Mediolanum International Life Ltd, was strengthened with a 11.2 million euro share capital contribution.

**EVENTS IN  
SUCCESSIVE  
PERIODS**

On October 1st, a 100% interest was acquired in the Luxembourg company Gamax Holding AG, which controls the distribution companies Gamax Broker Pool Ag (formerly Gamax Finanzdienste Vermittlungs GmbH), Gamax Austria GmbH, Gamax Schweiz GmbH and the management companies Gamax management AG and Gamax Fund of funds Management AG.

On October 3, the decision was made to transfer the equity investment held by Mediolanum S.p.A. in the Irish companies Vicenza Life Ltd and Vicenza Funds Ltd to the Gruppo Banca Popolare di Vicenza.

This investment was transferred on request from the BPV Group as part of a programme aimed at the reorganisation of its equity investments, and in light of the limited strategic interest currently attributed by Mediolanum to this project.

The transfer of the two stakes will occur against the payment of 16.78 million euro.

In the light of the positive results of the first nine months of 2001, it is expected that the results for the year will be positive.

For the Board of Directors  
The Chairman  
Prof. Roberto Ruozi

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

The goal was to provide a clear, easily read document for a more accurate comprehension of the Mediolanum Group; it is not intended to provide information about the changes between the accounting balances.

## RECLASSIFIED INCOME STATEMENT IN EURO

<i>Euro in thousands</i>	30.09.01/ 30.06.01 (*)	30.09.01/ 30.06.01 (**)	30.09.00/ 30.06.00	30.09.1 (*)	30.09.01 (**)	30.09.00
<b>Premiums from insurance activities</b>						
- Gross premiums written	389,011	389,011	371,976	1,091,013	1,091,013	1,051,128
- Reinsurance ceded	(2,962)	(2,962)	(3,289)	(8,942)	(8,942)	(10,819)
<b>Commission income from financial activities and other income</b>						
- Underwriting commissions	8,356	8,356	18,391	36,197	36,197	76,896
- Management commissions	37,331	34,033	34,310	112,670	102,577	94,581
- Performance commissions	2,053	2,053	5,135	12,581	12,581	34,387
- Bank service margin	17,407	16,922	6,881	39,161	38,159	27,749
- Bank interest spread	8,828	6,164	4,791	30,958	22,369	14,784
- Other commissions	3,985	1,218	1,077	15,469	4,053	3,571
- Other revenues	737	619	892	1,177	869	1,398
<b>TOTAL REVENUES</b>	<b>464,745</b>	<b>455,414</b>	<b>440,164</b>	<b>1,330,284</b>	<b>1,298,876</b>	<b>1,293,675</b>
Changes in technical reserves and services to policyholders, net of reinsurance	(329,743)	(329,743)	(331,155)	(904,748)	(904,748)	(924,462)
Acquisition costs, net of reinsurance	(49,776)	(47,078)	(51,058)	(161,164)	(152,572)	(159,748)
Overhead	(45,299)	(39,889)	(33,896)	(145,357)	(127,427)	(110,558)
Amortisation/depreciation and provisions	(13,871)	(9,514)	(7,971)	(38,711)	(26,214)	(20,880)
Net investment and asset income	4,670	4,628	4,891	27,420	27,018	41,439
Adjustments to the value of financial investments	(8,399)	(8,399)	337	(15,890)	(15,890)	(10,682)
<b>OPERATING PROFIT</b>	<b>22,327</b>	<b>25,418</b>	<b>21,312</b>	<b>91,834</b>	<b>99,043</b>	<b>108,784</b>
Non-recurring extraordinary income and charges			81	72		1,652
<b>PROFIT BEFORE TAXES</b>	<b>22,327</b>	<b>25,418</b>	<b>21,393</b>	<b>91,906</b>	<b>99,043</b>	<b>110,436</b>
Taxes for the period	(4,259)	(4,441)	(3,326)	(23,395)	(23,159)	(28,913)
Minority interest in profits	(46)			132		
<b>PROFIT FOR THE PERIOD PERTAINING TO THE GROUP</b>	<b>18,115</b>	<b>20,977</b>	<b>18,068</b>	<b>68,379</b>	<b>75,884</b>	<b>81,522</b>

(\*) Consolidated Mediolanum Group and Fibanc Group

(\*\*) Consolidated Mediolanum Group for the purpose of comparison with the previous year

*Progetto grafico  
e consulenza editoriale*

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