

MEDIOLANUM S.P.A.

*QUARTERLY REPORT
AS AT MARCH 31,
2005*

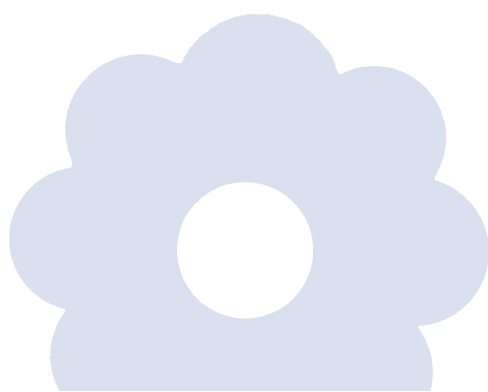


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MEDIOLANUM S.P.A.

*QUARTERLY REPORT
AS AT MARCH 31,
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MEDIOLANUM
MEDIOLANUM GROUP

Mediolanum S.p.A. Officers of the Company

BOARD OF DIRECTORS

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

BOARD OF STATUTORY AUDITORS

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

SECRETARY OF THE BOARD

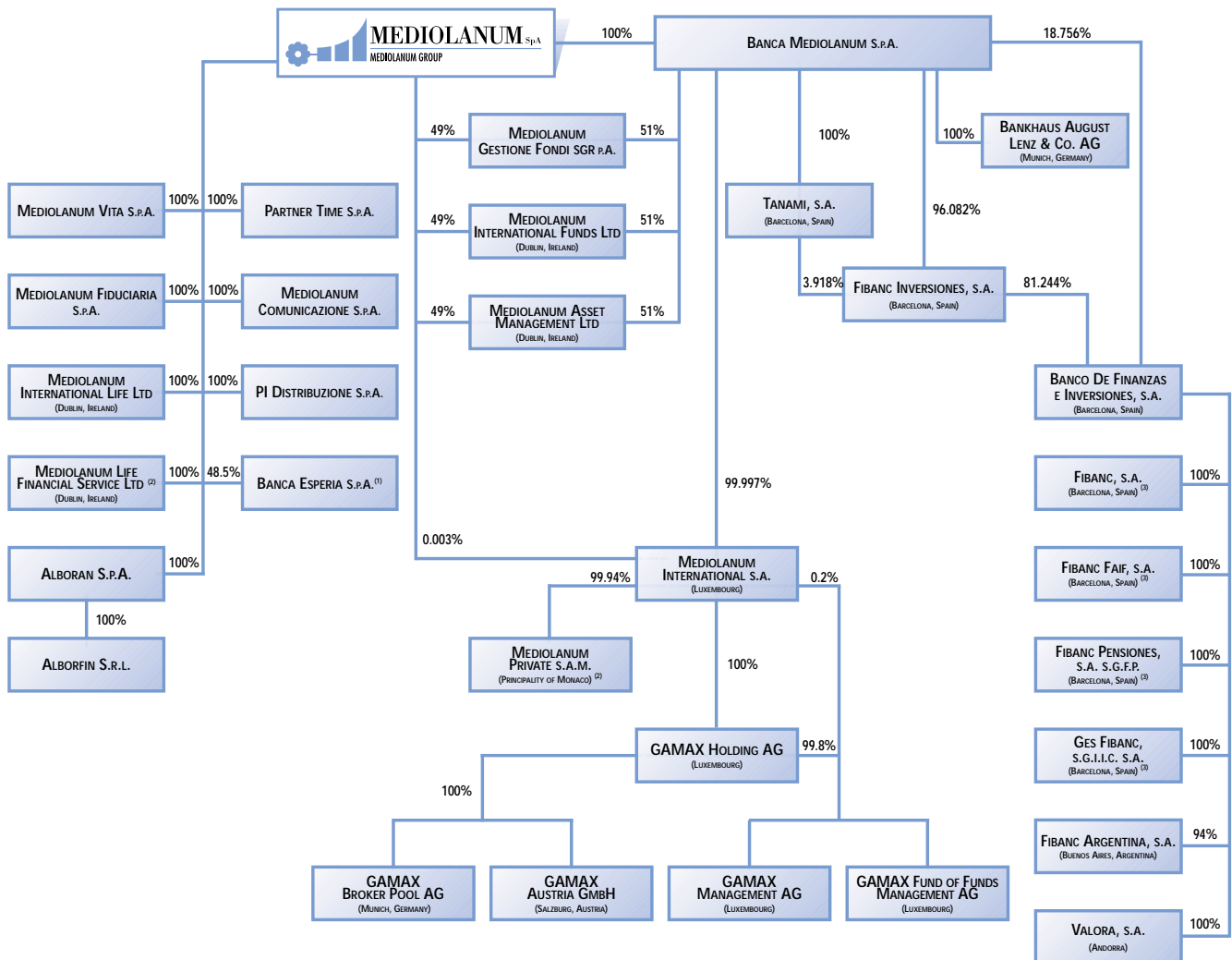
Luca Maria Rovere

INDEPENDENT AUDITORS

Reconta Ernst & Young S.p.A.

Corporate structure

UPDATED TO MARCH 31, 2005



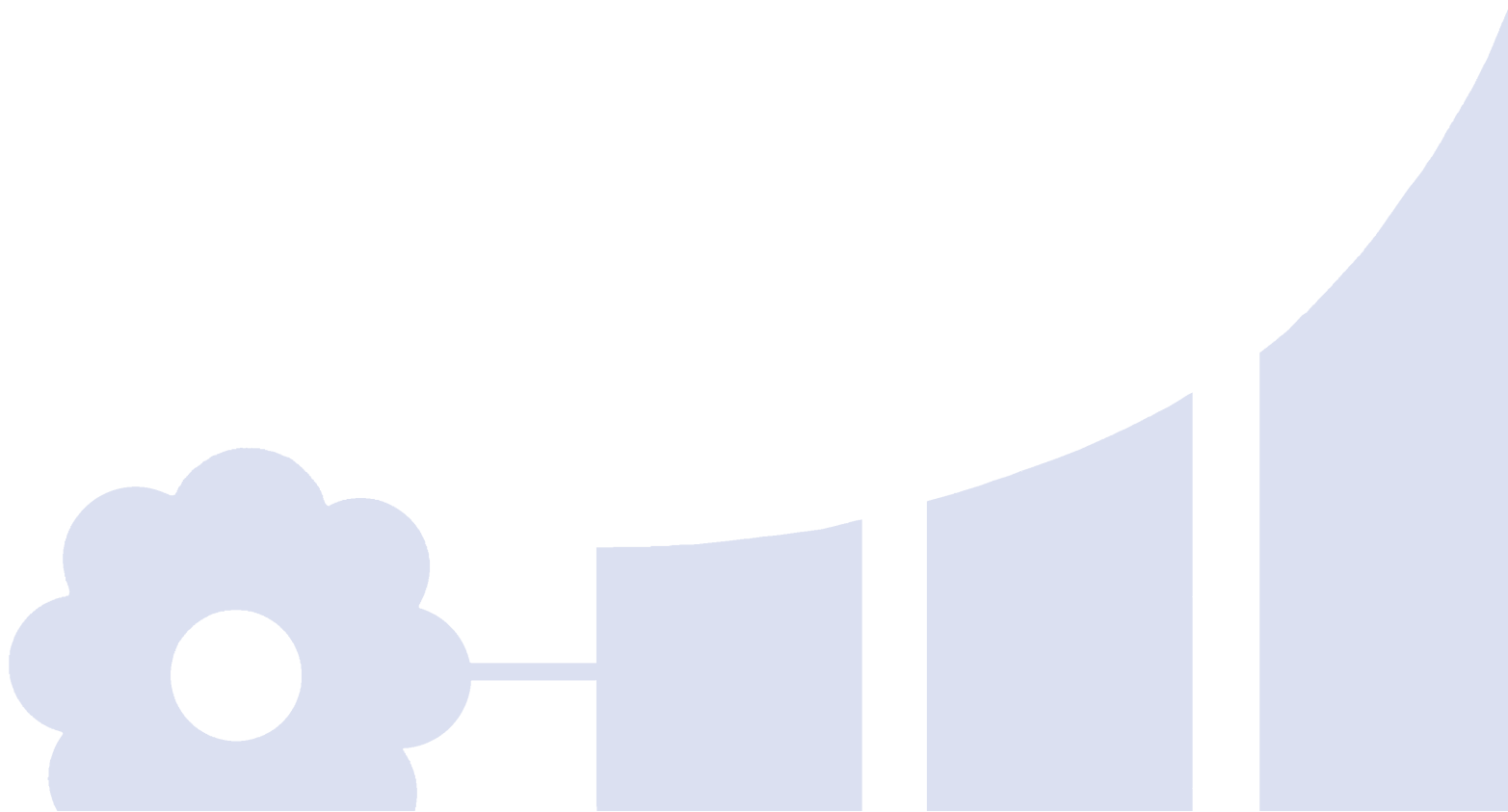
(1) The remaining capital is held by third parties.

(2) Winding-up company.

(3) Due to regular disposals, the directors own a symbolic participation share to the social capital.

MEDIOLANUM S.P.A.

*CONSOLIDATED
FINANCIAL STATEMENTS
AS AT MARCH 31,
2005*



Balance sheet

ASSETS

<i>Euro in thousands</i>	31.03.2005	31.12.2004	31.03.2004
A) Due from shareholders for share capital still to be paid in	0	0	0
B) Intangible assets			
1. Unamortised acquisition commissions	0	0	0
2. Other intangible assets	7,225	7,536	7,881
3. Consolidation difference	106	110	122
TOTAL	7,331	7,646	8,003
C) Investments			
I - Land and buildings	52,246	56,830	70,576
II - Investments in Group companies and other shareholdings			
1. Shares and quotas	653,867	689,477	647,909
2. Bonds	0	0	0
3. Financial loans	0	0	0
TOTAL INVESTMENT IN GROUP COMPANIES AND OTHER COMPANIES	653,867	689,477	647,909
III - Other financial investments			
1. Shares and quotas	0	0	0
2. Mutual fund shares	61,239	58,672	49,453
3. Bonds and other fixed income securities	1,013,955	986,390	984,822
4. Financial loans	12,102	12,127	12,451
5. Other financial investments	86,743	79,330	72,538
TOTAL OTHER FINANCIAL INVESTMENTS	1,174,039	1,136,519	1,119,264
IV - Funds held by ceding companies	0	0	0
TOTAL INVESTMENTS	1,880,152	1,882,826	1,837,749
D) Investments on behalf of Life policyholders, carrying the risk and from pension fund management	9,429,444	8,994,788	7,899,925
D bis) Reinsurers' share of technical reserves			
I - Non-Life	0	0	0
II - Life <i>(excluding technical reserve as per point III)</i>	107,096	108,767	109,581
III - Technical reserves when the risk is carried by policyholders and reserves from pension fund management	0	0	0
TOTAL REINSURERS' SHARE OF TECHNICAL RESERVES	107,096	108,767	109,581
E) Receivables			
I - Due from direct insurance operations	9,751	5,138	9,149
II - Due from reinsurance operations	0	0	699
III - Other receivables	132,949	142,172	115,456
TOTAL OTHER RECEIVABLES	142,700	147,310	125,304
F) Other assets			
I - Tangible assets	1,345	1,558	2,022
II - Liquid assets	308,980	216,692	307,983
III - Own shares or quotas	2,045	2,045	2,092
IV - Other assets	150	141	718
TOTAL OTHER ASSETS	312,520	220,436	312,815
G) Prepayments and accrued income	19,207	20,893	17,460
TOTAL ASSETS	11,898,450	11,382,666	10,310,837

Euro in thousands

31.03.2005

31.12.2004

31.03.2004

**SHAREHOLDERS'
EQUITY AND
LIABILITIES****A) Capital and reserves**

I - Pertaining to the Group:

1. Subscribed capital or equivalent	72,567	72,567	72,567
2. Net equity reserves	270,181	270,181	244,397
3. Consolidation reserve	116,197	116,197	112,572
4. Reserve for difference in valuation regarding shares in non-consolidated companies	21,592	21,592	1,394
5. Reserve for exchange rate difference	77	77	77
6. Reserves for own shares and shares of the parent company	2,045	2,045	2,091
7. Consolidated profit to be allocate	141,286	0	129,427
8. Profit (loss) for the period	42,481	141,286	46,586

TOTAL GROUP SHAREHOLDERS' EQUITY	666,426	623,945	609,111
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II - Minority interests

1. Share capital and reserves	0	0	0
2. Profit (loss) for the period	0	0	0

TOTAL MINORITY INTERESTS	0	0	0
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TOTAL CAPITAL AND RESERVES	666,426	623,945	609,111
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B) Subordinated liability

	0	0	0
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C) Technical reserves

I - NON-LIFE

1. Premiums reserve	0	0	0
2. Claims reserve	0	0	0
3. Equalisation provision	0	0	0
4. Other	0	0	0

TOTAL NON-LIFE	0	0	0
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II - LIFE

1. Mathematical reserves	1,219,768	1,172,932	1,193,038
2. Reserve for amounts to be paid	50,909	49,074	51,538
3. Other	55,089	53,930	57,201

TOTALE LIFE	1,325,766	1,275,936	1,301,777
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TOTAL	1,325,766	1,275,936	1,301,777
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D) Technical reserves when the risk is carried by policyholders and reserves from pension fund management

	9,428,416	8,993,770	7,899,483
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E) Provisions for risks and charges

	38,008	27,647	48,760
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F) Deposits received from reinsurers

	106,096	107,485	108,185
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G) Payables and other liabilities

I - Due to direct insurance operations	5,918	4,897	2,199
II - Due to reinsurance operations	606	730	235
III - Debenture loans	0	0	0
IV - Amounts owed to credit institutions	250,000	250,000	280,000
V - Other loans and other financial debt	158	0	1,130
VI - Employee termination indemnity	2,823	2,923	2,874
VII - Other liabilities	71,745	93,454	56,589

TOTAL PAYABLES AND OTHER LIABILITIES	331,250	352,004	343,027
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H) Accruals and deferred income

	2,488	1,879	494
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TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	11,898,450	11,382,666	10,310,837
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Income statement

TECHNICAL ACCOUNT OF LIFE BUSINESS

<i>Euro in thousands</i>	31.03.2005	31.03.2004	31.12.2004
1. Earned premiums, net of reinsurance	715,873	569,811	2,389,907
2. Allocated investment return transferred from the Non-technical account	8,883	9,201	35,965
3. Unrealised gains on investments on behalf of Life policyholders carrying the risk and from pension fund management	289,404	389,182	848,758
4. Other technical income, net of reinsurance	17,673	15,925	62,831
5. Claims incurred, net of amounts recovered and reinsurance	(371,423)	(182,802)	(898,302)
6. Change in mathematical reserves and other technical reserves, net of reinsurance			
a) Mathematical reserves, premium reserves of complementary insurance and other technical reserves	16,170	31,113	68,059
b) Life insurance reserves when the risk is carried by policyholders and from pension fund management	(499,895)	(713,734)	(1,822,020)
TOTAL CHANGE IN NET RESERVES	(483,725)	(682,621)	(1,753,961)
7. Refunds and profit sharing, net of reinsurance	0	0	0
8. Operating expenses			
a) Acquisition costs net of reinsurers' commissions and profit sharing	(49,210)	(42,398)	(182,030)
b) Administrative expenses	(4,386)	(3,816)	(15,533)
TOTAL	(53,596)	(46,214)	(197,563)
9. Unrealised loss on investments on behalf of Life policyholders carrying the risk and from pension fund management	(97,943)	(51,029)	(430,809)
10. Other technical charges, net of reinsurance	(348)	(1,673)	(1,729)
11. Total technical account of Life business	24,798	19,780	55,097

Euro in thousands

	31.03.2005	31.03.2004	31.12.2004
1. Total technical account of Non-Life business	0	0	0
2. Total technical account of Life business	24,798	19,780	55,097
3. Investment income			
a) Investment income	36,633	47,006	161,791
b) Adjustments to the value of financial investments	749	1,214	786
c) Gains on the realisation of investments	1,261	5,878	14,401
TOTAL INVESTMENT INCOME	38,643	54,098	176,978
4. Financial burden and losses on assets			
a) Investment management expense and interest on bank loans	(1,865)	(1,923)	(8,807)
b) Adjustments to the value of investments	(3,128)	(1,655)	(2,817)
c) Losses on the realisation of investments	(614)	(714)	(11,009)
TOTAL FINANCIAL BURDEN AND LOSSES ON ASSETS	(5,607)	(4,292)	(22,633)
5. (-) allocated investment return transferred to the technical account of Life business	(8,883)	(9,201)	(35,965)
6. Other revenues	3,264	2,128	11,780
7. Other charges	(7,108)	(9,042)	(33,895)
8. Total ordinary operations	45,107	53,471	151,362
9. Extraordinary income	7,855	189	7,576
10. Extraordinary charges	(280)	(156)	(1,008)
11. Total extraordinary operations	7,575	33	6,568
12. Profit before taxes	52,682	53,504	157,930
13. Income tax for the period	(10,201)	(6,918)	(16,644)
14. Consolidated results	42,481	46,586	141,286
15. Profit (loss) for the period from minority interests	0	0	0
16. Group profit (loss) for the period	42,481	46,586	141,286

NON-TECHNICAL ACCOUNT

Notes to the consolidated financial statements as at March 31, 2005

The consolidated financial statements as at March 31, 2005 are presented in accordance with Consob decision 11971 of 14th May 1999 and pursuant to Italian Law 173/97.

The consolidated principles and criteria used for the subsidiary companies included in the consolidation are consistent with those used in the preparation of the consolidated financial statements as at December 31, 2004.

The area of consolidation of the Mediolanum Group includes all those companies operating in fields pertaining to insurance – and shown in the table below – in which Mediolanum S.p.A. directly holds the majority of voting rights at ordinary general meetings.

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

<i>Euro in thousands</i> Company	Share capital	% holding	Office	Activity
Mediolanum Vita S.p.A.	87,720	100	Basiglio	Life insurance
Partner Time S.p.A.	520	100	Basiglio	Distribution of Life insurance products
Mediolanum International Life Ltd	1,395	100	Dublin	Life insurance

List of companies directly controlled by Mediolanum S.p.A. and valued using the equity method:

<i>Euro in thousands</i> Company	Share capital	% holding	Office	Activity
Banca Mediolanum S.p.A.	341,000	100.00	Basiglio	Banking
Mediolanum Comunicazione S.p.A.	775	100.00	Basiglio	Audio/Film/TV production
Mediolanum Fiduciaria S.p.A.	510	100.00	Basiglio	Trust company without discretionary power
PI Distribuzione S.p.A.	517	100.00	Basiglio	Real estate broker
Alboran S.p.A.	1,500	100.00	Cologno M.	Audio/Film/TV production
Mediolanum Gestione Fondi SGR p.A.	5,165	49.00	Basiglio	Management of mutual funds
Mediolanum International Funds Ltd	150	49.00	Dublin	Management of mutual funds
Mediolanum Asset Management Ltd	150	49.00	Dublin	Asset management and consultancy
Mediolanum International S.A.	71,500	0.003	Luxembourg	Sub-holding company

List of companies indirectly controlled by Mediolanum S.p.A. through Banca Mediolanum S.p.A. and valued using the equity method:

<i>Euro in thousands</i> Company	Share capital	% holding	Office	Activity
Fibanc Inversiones S.A.	6,851	100.00	Barcelona	Investment company
Banco de Finanzas e Inversiones S.A.	14,032	100.00	Barcelona	Banking
Ges Fibanc S.G.I.I.C. S.A.	2,506	100.00	Barcelona	Management of mutual funds
Fibanc S.A.	301	100.00	Barcelona	Financial advisory company
Fibanc Pensiones S.G.F.P. S.A.	902	100.00	Barcelona	Management of pension funds
Fibanc Faif S.A.	60	100.00	Barcelona	Financial advisory company
Tanami S.A.	181	100.00	Barcelona	Real estate broker
Valora S.A.	421	100.00	Andorra	Asset management
Bankhaus August Lenz & Co. AG	20,000	100.00	Munich	Banking
Mediolanum Gestione Fondi SGR p.A.	5,165	51.00	Basiglio	Management of mutual funds
Mediolanum Asset Management Ltd	150	51.00	Dublin	Asset Management and consulting
Mediolanum International Funds Ltd	150	51.00	Dublin	Management of mutual funds
Mediolanum International S.A.	71,500	99.997	Luxembourg	Sub-holding company
Gamax Holding AG	5,618	100.00	Luxembourg	Sub-holding company
Gamax Management AG	125	100.00	Luxembourg	Management of mutual funds
Gamax Fund of Funds Management AG	125	100.00	Luxembourg	Management of mutual funds
Gamax Broker Pool AG	500	100.00	Munich	Fund sales network
Gamax Austria GmbH	40	100.00	Salzburg	Fund sales network
Mediolanum Private S.A.M.	500	99.94	Munich	Company in liquidation

List of companies directly controlled by Mediolanum S.p.A. that are valued at cost because not yet operational:

Company	Share capital	% holding	Office	Activity
Mediolanum Life Financial Service Ltd	Euro 5	100.00	Dublin	Life insurance
Fibanc Argentina S.A.	ARS 50,000	94.00	Buenos Aires	Business representatives

List of companies associated with Mediolanum S.p.A. that are valued using the equity method:

<i>Euro in thousands</i> Company	Share capital	% holding	Office	Activity
Banca Esperia S.p.A.	13,000	48.50	Milan	Banking

The valuation criteria applied to the items in the consolidated financial statement comply with the Law in Italy as it relates to financial statements (Article 16 of Law 173/97 and Article 2426 of the Italian Civil Code) and with the accounting standards issued by the relevant accounting bodies. They are consistent with those used in the preparation of the consolidated financial statements as at December 31, 2004.

Amounts are expressed in thousands of Euro.

**CONSOLIDATED
BALANCE SHEET
INFORMATION**

ASSETS

**INTANGIBLE FIXED ASSETS
(ITEM B)**

Item B2 *Other intangible assets* includes

<i>Euro in thousands</i>	31.03.05	31.12.04	31.03.04
Start-up and expansion costs	61	72	587
Concessions, licences, trademarks and similar rights	7,034	7,319	7,071
Improvements on leased goods	64	80	145
Intangible assets under formation and advances	65	65	78
TOTAL	7,225	7,536	7,881

“Concessions, licences, trademarks and similar rights” consist primarily of software user licences.

Full details of the changes in these items are shown in Attachment 1.

Item B3 *Consolidation difference* relates to the difference between the price paid by Mediolanum S.p.A. to acquire the shareholding in Mediolanum International Life Ltd and the net asset value of the latter at the time of the acquisition. This positive consolidation difference is amortised over a ten-year period, considered representative of the future income flows from the acquired company. The amortisation charged over the quarter against this positive consolidation difference amounts to 4 thousand Euro.

**INVESTMENTS
(ITEM C)**

Item C I *Land and buildings* includes:

<i>Euro in thousands</i>	31.03.05	31.12.04	31.03.04
Company buildings	17,275	17,456	17,858
Residential buildings leased to third parties	32,882	37,253	48,526
Industrial buildings leased to third parties	2,089	2,121	4,109
Intangible assets under formation	0	0	83
TOTAL	52,246	56,830	70,576

The buildings, all owned by Mediolanum Vita S.p.A., periodically undergo examination pursuant to the provisions of Article. 18 Legislative Decree 173/97. The examinations carried out are in line with the indications given in ISVAP provision 1915 G of July 20, 2001.

The total market value of the buildings is 66,332 thousand Euro and exceeds their value as stated in the balance sheet.

Regarding the real estate section, a number of buildings leased to third parties and having a carrying value of 4,373 thousand Euro were sold. As a result of these sales a net capital gain was booked of 2,040 thousand Euro.

In addition by the end of the quarter preliminary sales contracts had been signed for 41 residential units with a carrying value of 7,231 thousand Euro. The potential capital gain on the contracts is about 2,822 thousand Euro. Depreciation on the industrial buildings is applied at the fiscally allowed rate of 3%, which is judged to be in line with the service life of these properties. Accumulated depreciation in respect of real estate totals 211 thousand Euro.

Full details of the changes in these items are shown in Attachment 2.

Item C II *Investments in Group companies and other shareholdings – Shares and quotas* is made up as follows:

a) “Shares in subsidiary companies”: this item includes the value of Group companies valued with the equity method in that they conduct operations that do not assimilate with the insurance business and the value of the investment in Mediolanum Life Ltd is disclosed at cost because it is not operational.

Details of shareholdings valued by the equity method:

<i>Euro in thousands</i>	31.03.05	31.12.04	31.03.04
Banca Mediolanum S.p.A.	419,606	411,541	421,503
Mediolanum International Funds Ltd	17,091	61,371	19,112
Mediolanum Gestione Fondi SGR p.A.	10,391	9,705	9,752
Alboran S.p.A.	5,999	5,897	0
Mediolanum Comunicazione S.p.A.	1,017	1,011	958
Mediolanum Asset Management Ltd	853	2,096	840
PI Distribuzione S.p.A.	646	593	393
Mediolanum Fiduciaria S.p.A.	484	491	506
Mediolanum International S.A.	2	2	2
Mediolanum State Street SGR p.A.	0	0	1,429
TOTAL	456,089	492,707	454,495

The valuation of Banca Mediolanum S.p.A. by the equity method reflects the effects of valuing its subsidiaries by the same method. Account is accordingly taken of the amortisation of the goodwill attributable to the shareholdings in the Fibanc Grop, in Bankhaus August Lenz & Co. AG, and in the Gamax Group.

b) “Shares and quotas in associated companies” refer, for 24,203 thousand Euro, to a 48.50% interest in Banca Esperia S.p.A., a 50-50 joint-venture with Mediobanca S.p.A. in the private banking sector, valued using the equity method.

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

c) “Shares and quotas in other companies” totals 173,575 thousand Euro and relates to holdings in:

<i>Euro in thousands</i>	31.03.05	31.12.04	31.03.04
Mediobanca S.p.A.	129,907	129,907	129,907
Consortium S.r.l.	28,798	28,798	28,798
SIA S.p.A.	12,407	12,407	12,407
Cedacri S.p.A.	2,364	2,364	2,364
Nomisma Società di Studi Economici	71	71	71
Rita S.r.l.	14	14	14
Europa Invest S.A.	14	14	14
TOTAL	173,575	173,575	173,575

and details of the respective holdings are as follows:

<i>Euro in thousands</i> Company	Share capital	% holding	Office
Mediobanca S.p.A.	392,391	1.813	Via Filodrammatici 10 Milan
Consortium S.r.l.	487,540	3.860	Via Filodrammatici 10 Milan
SIA S.p.A.	18,124	4.999	Via Taramelli 26 Milan
Cedacri S.p.A.	12,609	3.450	Via Conventino 1 Collecchio (PR)
Nomisma Società di Studi Economici	5,345	1.320	Strada Maggiore 44 Bologna
Rita S.r.l.	5,720	0.010	P.zza S. Babila 1 Milan
Europa Invest S.A.	125	14.000	4 rue Aldringen Luxembourg

Item C III *Other financial Investments* includes, among others, “Mutual fund shares” (item CIII 2) and “Bonds and other fixed income securities” (item C III 3). The former is made up almost entirely of shares in Italian and foreign mutual funds managed by Mediolanum Gestione Fondi SGR p.A.. The latter mostly comprises fixed income securities issued by the Government and public bodies traded on regulated markets.

Details of “Other financial investments” as allocated between the different portfolio types are set out below.

<i>Euro in thousands</i>	Long-term investments		Short-term investments		Total	
	Book value	Current value	Book value	Current value	Book value	Current value
1. Shares and quotas	0	0	0	0	0	0
a) shares traded						
on regulated markets	0	0	0	0	0	0
b) unlisted shares	0	0	0	0	0	0
c) quotas	0	0	0	0	0	0
2. Mutual fund shares	0	0	61,239	61,735	61,239	61,735
3. Bonds and other fixed income securities	564,526	582,037	449,429	449,856	1,013,955	1,031,893
a1) Government securities						
traded on regulated markets	419,941	429,949	330,929	330,981	750,870	760,930
a2) other securities traded on regulated markets	125,420	132,546	111,551	111,926	236,971	244,472
b1) unlisted Government securities	682	682	0	0	682	682
b2) other unlisted securities	18,483	18,860	6,949	6,949	25,432	25,809
c) convertible bonds	0	0	0	0	0	0
4. Financial loans	0	0	12,102	12,102	12,102	12,102
5. Other financial investments	0	0	86,743	86,743	86,743	86,743
TOTAL	564,526	582,037	609,513	610,436	1,174,039	1,192,473

Long-term financial investments, amounting to 564,526 thousand Euro and included in the item “Bonds and other fixed-income securities” (item C III 3), mainly consist of fixed-income securities issued by the Government and by public bodies traded on regulated markets.

Accounting for long-term financial investments at current value shows a potential capital gain of 17,511 thousand Euro.

Accounting for short-term financial investments at current value shows a potential capital gain of 923 thousand Euro. Value adjustments net of write-backs for the period total 2,168 thousand Euro.

Other financial investments that are short-term investments total 609,513 thousand Euro and are spread between the following categories:

<i>Euro in thousands</i>	31.03.05	31.12.04	31.03.04
Bonds and other fixed-income securities	449,429	314,495	331,979
Deposits at credit institutions	81,620	26,419	69,537
Mutual fund shares	61,239	58,672	49,453
Financial loans	12,102	12,127	12,451
Sundry financial investments	5,123	52,911	3,001
TOTAL	609,513	464,624	466,421

Financial loans (item III. 4) comprise:

<i>Euro in thousands</i>	31.03.05	31.12.04	31.03.04
Loans on policies	11,939	11,964	11,863
Financial loans to agents	58	58	397
Sundry financial loans	105	105	191
TOTAL	12,102	12,127	12,451

Item III 5 *Other financial investments* mainly consists of demand and time deposits placed by Mediolanum International Life Ltd totalling 81,609 thousand Euro, and of 5,119 thousand Euro in *Sundry financial investments* linked to derivative transactions entered into by Mediolanum Vita S.p.A..

**RECEIVABLES AND
OTHER ASSET HEADS
(ITEMS E - F - G)**

Item E I *Due from direct insurance operations* is made up of:

<i>Euro in thousands</i>	31.03.05	31.12.04	31.03.04
Due from policy holders for premiums in the year	8,614	1,752	6,383
Due from policy holders for previous years' premiums	0	0	528
Due from intermediaries	1,133	3,381	2,228
Due from intermediaries for portfolio compensations	4	5	10
TOTAL	9,751	5,138	9,149

The item "due from policy holders for premiums" chiefly concerns premium payments owed in relation to line III products and which were duly received during April.

Both the Policyholders and the Intermediaries items are stated net of provisions of 51 thousand Euro and 459 thousand Euro respectively.

Item E III *Other receivables* is made up as follows:

<i>Euro in thousands</i>	31.03.05	31.12.04	31.03.04
Due from tax authorities	116,779	125,006	108,886
Due from Mediolanum Group companies	14,367	13,578	3,842
Due from real estate leases	472	1,391	1,075
Advances to suppliers and professionals	332	841	415
Due from Fininvest Group and Doris Group companies	385	625	140
Due from employees	115	103	139
Guarantee deposits	40	40	82
Other receivables	459	588	877
TOTAL	132,949	142,172	115,456

“Due from tax authorities” is made up as follows:

<i>Euro in thousands</i>	31.03.05	31.12.04	31.03.04
Due from tax on mathematical reserves	70,236	77,377	49,383
Tax reimbursements	14,555	14,410	14,316
Advance payments and amounts brought forward	13,718	13,717	9,070
Tax withholdings	621	228	7,644
Tax credits on dividends and mutual funds	0	0	28,012
Other	17,649	19,274	461
TOTAL	116,779	125,006	108,886

The bulk of receivables under “Due from Mediolanum Group companies” are charges levied on other Group companies valued with the equity method to recover the cost of personnel on secondment at those companies.

The main head under “Due from Fininvest Group and Doris Group Companies” is made up of receivables from Mediolanum Assicurazioni S.p.A. in respect of charges to recover the costs of personnel on secondment and commissions for the sale of insurance policies.

Item F I *Tangible assets* breaks down as follows:

<i>Euro in thousands</i>	31.03.05	31.12.04	31.03.04
Systems	8	10	18
Equipment	351	387	493
Electric and electronic equipment	617	745	1,030
Furniture and fittings	369	416	470
Other tangible assets	0	0	7
Assets under formation and advances	0	0	4
TOTAL	1,345	1,558	2,022

Full details of the changes in these items are shown in Attachment 2.

Item F II *Liquid assets* is made up of the balances on ordinary current accounts, of which 217,044 thousand Euro with Banca Mediolanum S.p.A.. Of the remainder, held with other banks, 9,193 thousand Euro are employed in hot money operations lasting no more than 15 days.

Item F III *Own shares or quotas* refers to 385,000 shares in Mediolanum S.p.A., the total nominal value of which is 38.5 thousand Euro.

Item G *Prepayments and accrued income* are as detailed below:

<i>Euro in thousands</i>	31.03.05	31.12.04	31.03.04
Accrued interest on securities	8,815	13,064	8,905
Accrued rights	7,940	7,771	7,785
Other accrued income	733	9	491
Prepayments for administrative services	1,170	0	0
Prepayments for insurance	88	1	44
Prepayments for rents	2	0	2
Other Prepayments	459	48	233
Total	19,207	20,893	17,460

SHAREHOLDERS' EQUITY AND LIABILITIES

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

CAPITAL AND RESERVES (ITEMS A - B)

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

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

<i>Euro in thousands</i>	Capital and reserves	Profit for the period	Total shareholders' equity
Parent company financial statements at 31 March 2005	469,957	244	470,201
Subsequent changes in carrying value and shareholders' equity in companies included in the consolidation	155,985	16,079	172,064
Differences in investments valued by the equity method	139,538	32,183	171,721
Conversion difference of companies included in consolidation area	77	0	77
Inter-company dividends	(62,259)	0	(62,259)
Other consolidation adjustments	(2,754)	(161)	(2,915)
Elimination of inter-company transactions	(966)	(84)	(1,050)
Amortisation of consolidation differences in the company's investments valued using the equity method	(74,543)	(5,701)	(80,244)
Amortisation of capital gains attributed to buildings as at the date of acquisition of the company valued using the equity method	(1,037)	(74)	(1,111)
Amortisation of consolidation difference of companies consolidated on a line-by-line basis	(53)	(4)	(57)
Consolidated financial statements at 31 March 2005	623,945	42,481	666,426

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

<i>Euro in thousands</i>	Capital and reserves	Profit for the period	Total shareholders' equity
Parent company financial statements at 31 March 2004	423,180	(1,545)	421,635
Subsequent changes in carrying value and shareholders' equity in companies included in the consolidation	128,717	12,242	140,959
Differences in investments valued by the equity method	122,349	40,872	163,221
Conversion difference of companies included in consolidation area	77	0	77
Inter-company dividends	(53,357)	0	(53,357)
Other consolidation adjustments	(2,665)	(129)	(2,794)
Elimination of inter-company transactions	(752)	(4)	(756)
Amortisation of consolidation differences in the company's investments valued using the equity method	(54,227)	(4,787)	(59,014)
Amortisation of capital gains attributed to buildings as at the date of acquisition of the company valued using the equity method	(760)	(59)	(819)
Amortisation of consolidation difference of companies consolidated on a line-by-line basis	(37)	(4)	(41)
Consolidated financial statements at 31 March 2004	562,525	46,586	609,111

The amortisation of positive consolidation differences in the company's equity investments valued using the equity method is summed as follows: 3,984 thousand Euro in respect of investments in Fibanc Group, 1,493 thousand Euro in respect of investments in the Gamax Group, 121 thousand Euro in respect of investments in Bankhaus August Lenz & Co. AG, and 103 thousand Euro in respect of investments in Alboran S.p.A..

The above positive consolidation differences are amortised over a ten-year period, this being viewed as representative of the future profitability of the companies purchased and consideration having been given to the life span of the investment as well as to the sectors and markets in which the companies operate.

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

Item C Technical reserves is made up as follows:

<i>Euro in thousands</i>	31.03.05	31.12.04	31.03.04
Mathematical reserves	1,219,768	1,172,932	1,193,038
Reserves for amounts to be paid	50,909	49,074	51,538
Other	55,089	53,930	57,201
TOTAL	1,325,766	1,275,936	1,301,777

The actuarial methods used and the underlying assumptions made are unchanged as regards those adopted at year-end 2004.

Item D Technical reserves when the risk is carried by policyholders and reserves from pension fund management is as set out below:

<i>Euro in thousands</i>	31.03.05	31.12.04	31.03.04
Technical reserves on unit-linked products	4,591,677	4,488,229	4,106,570
Technical reserves on index-linked products	4,831,343	4,500,586	3,789,226
Technical reserves resulting from pension fund management	5,396	4,955	3,687
TOTAL	9,428,416	8,993,770	7,899,483

Item E Provisions for risks and charges is made up as follows:

<i>Euro in thousands</i>	31.03.05	31.12.04	31.03.04
Provision for taxes	37,449	27,104	47,767
Other provisions	559	543	993
Total	38,008	27,647	48,760

“Provision for taxes” comprises the following totals:

<i>Euro in thousands</i>	31.03.05	31.12.04	31.03.04
Provision for Irpeg-Irap (corporate income tax-tax on productive activities)	37,634	26,188	47,554
Provision for deferred taxes	(401)	679	(87)
Provision for taxes for assessments	216	237	300
TOTAL	37,449	27,104	47,767

In calculating the provision for deferred taxes the deferred-tax and prepaid-tax totals arising from companies consolidated on a line-by-line basis and from consolidation adjustments were offset, as is legally proper with these totals under accounting principle no. 25 of the National Council of Professional Accountants and Bookkeepers. Fuller information of this setoff is set out below.

<i>Euro in thousands</i>	31.03.05	31.12.04	31.03.04
Deferred taxes	502	1,552	970
Prepaid taxes	(903)	(873)	(1,057)
TOTAL	(401)	679	(87)

The composition of “Other provisions” is as below:

<i>Euro in thousands</i>	31.03.05	31.12.04	31.03.04
Agents premium loyalty provision	359	343	371
Other funds, risks and charges	200	200	622
Total	559	543	993

Item G IV *Amounts owed to credit institutions* relates to drawings on credit lines made available to Mediolanum S.p.A. by leading banks. At the end of the quarter the level of borrowings was broadly consistent with that at the end of the previous financial year.

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

Item G VII *Other payables* is made up as below:

<i>Euro in thousands</i>	31.03.05	31.12.04	31.03.04
Payable to Mediolanum Group companies	38,856	55,745	24,831
Taxes	8,974	10,250	19,643
Other liabilities	8,067	8,078	3,849
Payables to shareholders as dividends	7,432	7,432	8
Trade accounts	3,521	4,630	3,685
Down payments received	2,214	3,721	0
Taxes charged to policyholders	948	1,727	970
Payable to Fininvest Group and Doris Group companies	108	143	539
Payable to social security institutions	177	362	296
Other	1,448	1,366	2,768
TOTAL	71,745	93,454	56,589

Most of the amount for “Payable to Mediolanum Group” derives from commissions due to Banca Mediolanum S.p.A. for its sale of insurance products. Payment of these commissions was made in April.

The major item included in “Taxes” is the allocation calculated at December 31, 2004 in respect of the newly imposed tax on mathematical reserves brought in by Decree Law 209 of 24/09/2002 (later to become Law 265 of 22/11/2002).

“Other liabilities” are made up as below:

<i>Euro in thousands</i>	31.03.05	31.12.04	31.03.04
Outstanding earned commissions	6,203	5,004	1,272
Provision for charges in respect of employees	1,051	731	1,126
Commissions for unearned premiums	517	577	1,433
Other sundry liabilities	296	1,766	18
TOTAL	8,067	8,078	3,849

“Trade accounts” comprise:

<i>Euro in thousands</i>	31.03.05	31.12.04	31.03.04
Services received	1,456	2,639	1,910
Invoices to be received	1,645	1,535	1,403
Emoluments to directors and statutory auditors	100	208	112
Professional services	320	248	260
TOTAL	3,521	4,630	3,685

“Payable to Fininvest and Doris Group companies” is for the most part made up of amounts owed to Mediolanum Assicurazioni S.p.A. to repay the costs of its personnel on secondment and amounts owed to Fininvest Group companies for the provision under contract of publishing, communication, and transport services. The cost of these services reflects the standard market rates.

Item H *Accruals and deferred income* are as below:

<i>Euro in thousands</i>	31.03.05	31.12.04	31.03.04
Sundry accrued expenses	2,379	1,630	372
Sundry deferred income	109	249	122
TOTAL	2,488	1,879	494

The largest amount under “sundry accrued expenses” is the interest accrued by the end of the quarter on lines of credit.

**CONSOLIDATED
INCOME
STATEMENT
INFORMATION**

**INFORMATION ON
TECHNICAL ACCOUNTS**

Gross premiums written represents income from the following lines of business:

<i>Euro in thousands</i>	Direct operations	Indirect operations	Total
I - Life insurance	16,718	4	16,722
III - Unit-linked insurance as per I and II	697,316		697,316
V - Capitalisation operations	2,794		2,794
VI - Fund management	362		362
GROSS PREMIUMS	717,190	4	717,194

Gross premiums, collected for the most part in Italy and also in Spain and Ireland, were spread over the following categories:

<i>Euro in thousands</i>	31.03.05	31.03.04	31.12.04
Single premiums	463,832	337,476	1,367,969
First year premiums	58,764	63,722	233,555
Subsequent year premiums	194,595	170,051	795,460
Indirect premiums	3	4	13
(less) reinsurance ceded	(1,321)	(1,442)	(7,090)
NET PREMIUMS	715,873	569,811	2,389,907

Allocated investment return transferred from technical Life Account is calculated in accordance with the criteria laid down in ISVAP Provision 1140 G of 8th March 1999.

Other technical income, net of reinsurance includes fixed management commissions that are normally charged for unit-linked funds and management commissions paid by Mediolanum International Funds Ltd to Mediolanum Vita S.p.A.. The increase in this item as compared against the first quarter of 2004 mainly reflects the greater volume of assets under management.

The increase in *Claims incurred, net of amounts recovered and reinsurance* is partly attributable to the marketing activity started in the first quarter of 2005 and the associated sale of new products.

Item 3 a) *Investment income* is made up as below:

<i>Euro in thousands</i>	31.03.05	31.03.04	31.12.04
Shares and quotas:			
Operating income in proportion to shareholders' equity	26,171	35,891	110,813
Bonds and other fixed-income securities	9,759	9,555	39,891
Dividends from other investments	0	0	5,970
Land and buildings	496	409	2,103
Bank deposits	77	983	2,042
Other financial investments	42	20	0
Shares in mutual funds	0	0	471
Loans	88	148	501
TOTAL	36,633	47,006	161,791

INFORMATION ON THE
NON-TECHNICAL ACCOUNT

Item 3 b) Adjustments to the values of financial investments is made up as below:

<i>Euro in thousands</i>	31.03.05	31.03.04	31.12.04
Bonds and other fixed-income securities	423	724	389
Shares in mutual funds	310	490	397
Other financial investments	16	0	0
TOTAL	749	1,214	786

Gains on the realisation of investments (item 3 c) arise from:

<i>Euro in thousands</i>	31.03.05	31.03.04	31.12.04
Bonds and other fixed-income securities	1,110	5,876	11,958
Other financial investments	151	2	2,443
TOTAL	1,261	5,878	14,401

Investment management expenses and interest on bank loans (item 4 a) comprise the following:

<i>Euro in thousands</i>	31.03.05	31.03.04	31.12.04
Interest on deposit accounts with reinsurance companies	1,060	1,133	4,454
Management expenses from real estate investments	58	123	752
Other investment management expenses	735	659	3,551
Interest payable	12	8	50
TOTAL	1,865	1,923	8,807

Adjustments to the value of investments (item 4 b) is detailed below:

<i>Euro in thousands</i>	31.03.05	31.03.04	31.12.04
Bonds and other fixed-income securities	2,511	862	1,742
Futures	362	549	100
Building depreciation	211	224	841
Mutual funds	44	20	85
Shares and quotas	0	0	49
TOTAL	3,128	1,655	2,817

Losses on the realisation of investments (item 4 c) arises from:

<i>Euro in thousands</i>	31.03.05	31.03.04	31.12.04
Bonds and other fixed-income securities	554	262	6,682
Other financial investment	60	452	4,327
TOTAL	614	714	11,009

Other revenues (item 6) are sourced from:

<i>Euro in thousands</i>	31.03.05	31.03.04	31.12.04
Interest from current account	1,040	265	3,156
Commission income for the sale of non-Life policies	944	968	4,158
Charge back for cost of employees seconded to Mediolanum Group companies valued by the equity method	669	526	2,859
Interest from the tax authorities	145	145	291
Charge back for cost of employees seconded to Fininvest Group and Doris Group companies	71	60	235
Recovery of costs	38	42	138
Other revenues	357	122	943
TOTAL	3,264	2,128	11,780

The “commission income for the sale of non-Life policies”, charged at market rates, is for the sale of Mediolanum Assicurazioni S.p.A. insurance policies. Mediolanum Assicurazioni S.p.A. is owned 50-50 by the Fininvest Group and the Doris Group. The same amount is included in item 7, *Other charges*, as being retroceded to Banca Mediolanum S.p.A., a company valued using the equity method.

The “charge back for cost of employees seconded to Fininvest Group and Doris Group companies” is levied on Mediolanum Assicurazioni S.p.A..

Other charges (item 7) comprises:

<i>Euro in thousands</i>	31.03.05	31.03.04	31.12.04
Other administration expenses of Mediolanum S.p.A.	2,080	3,314	11,245
Cost of Mediolanum S.p.A. employees	1,712	1,789	6,359
Interest on loans payable	1,509	1,759	6,259
Commission income for the sale of non-Life policies	944	967	4,158
Amortisation of intangible assets	669	976	4,420
Other costs	194	237	1,454
TOTAL	7,108	9,042	33,895

Extraordinary income (item 9) is made up of:

<i>Euro in thousands</i>	31.03.05	31.03.04	31.12.04
Gain on the sale of bonds and other fixed-income securities	5,778	118	136
Gain on the sale of long-term investments	1,747	0	5,025
Gain on the sale of assets	307	12	551
Out-of-period revenues	23	59	329
Gain on the sale of shareholdings	0	0	1,535
TOTAL	7,855	189	7,576

The 5,778 thousand Euro in gains on the sale of bonds and other fixed-income securities are the result of divesting part of the long-term portfolio of Mediolanum Vita S.p.A., following a revision of the future commitments of that company.

Extraordinary charges (item 10) are made up as follows:

<i>Euro in thousands</i>	31.03.05	31.03.04	31.12.04
Loss on the sale of bonds and other fixed-income securities	14	0	81
Other extraordinary charges	0	0	114
Out-of-period expenses	266	156	813
TOTAL	280	156	1,008

In the light of the results of the first quarter of 2005 the result for the financial year is expected to be positive.

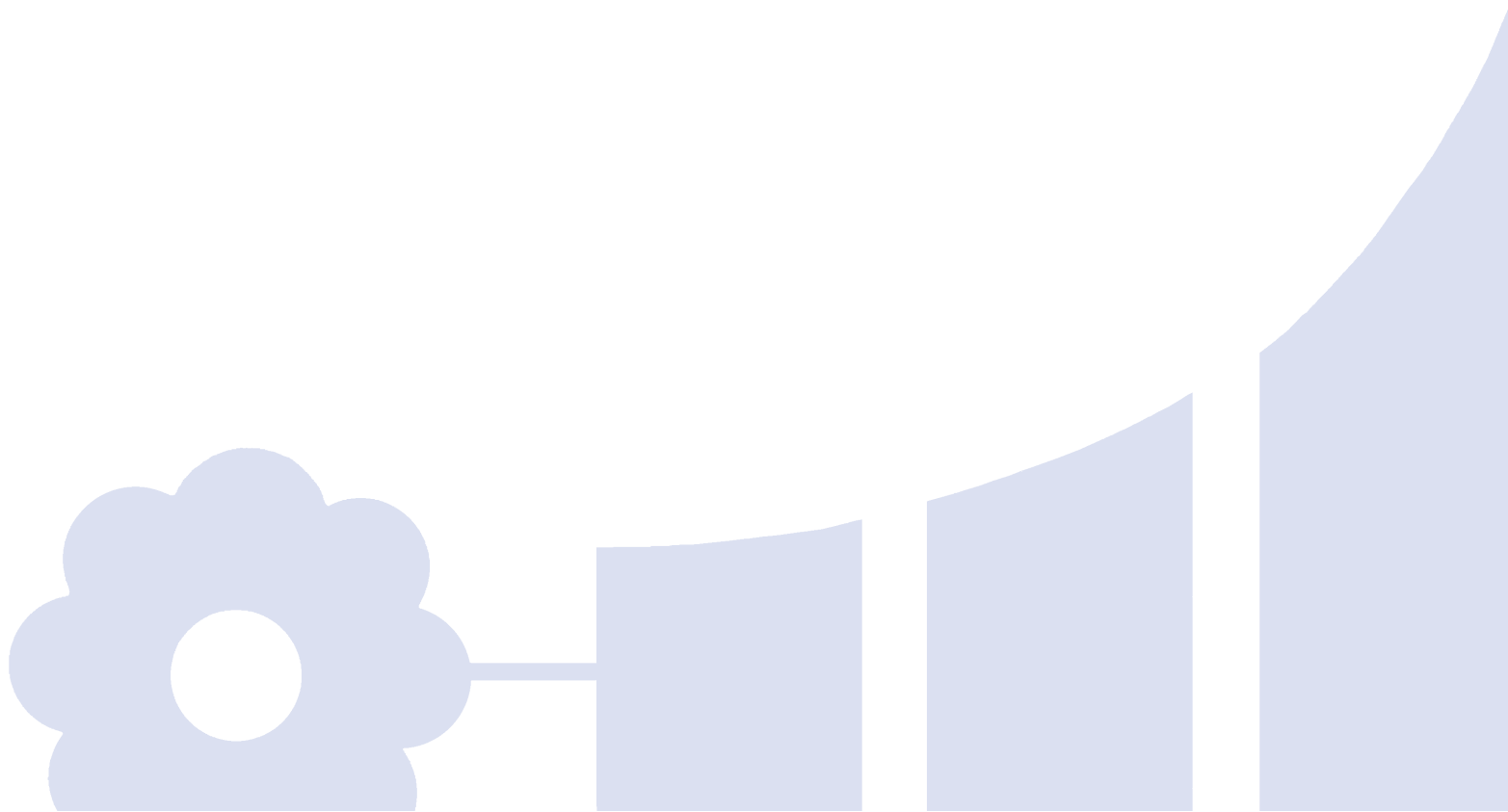
For the Board of Directors

Roberto Ruozi

Chairman

MEDIOLANUM S.P.A.

ATTACHMENTS



ATTACHMENT 1

ANALYSIS OF CHANGES IN OTHER INTANGIBLE ASSETS AS AT MARCH 31, 2005

Euro in thousands

Intangible assets	Opening situation		
	Historic cost	Accum. Amortis.	Balance as at 31.12.2004
Start-up and expansion costs	44,791	(44,719)	72
Concessions, licences, trademarks and similar rights	26,612	(19,293)	7,319
Improvements on leased properties	2,673	(2,593)	80
Intangible assets in progress	65	0	65
Consolidation difference	164	(54)	110
TOTAL	74,305	(66,659)	7,646

ATTACHMENT 2

ANALYSIS OF CHANGES IN TANGIBLE FIXED ASSETS AS AT MARCH 31, 2005

Euro in thousands

Land and buildings	Opening situation		
	Historic cost	Accum. Amortis.	Balance as at 31.12.2004
Land and buildings	65,339	(8,509)	56,830
Tangible assets in progress	0	0	0
TOTAL LAND AND BUILDINGS	65,339	(8,509)	56,830

Euro in thousands

Other tangible assets	Opening situation		
	Historic cost	Accum. Amortis.	Balance as at 31.12.2004
Plant and machinery	224	(214)	10
Industrial and trade equipment	1,733	(1,346)	387
Other tangible fixed assets	13,709	(12,548)	1,161
Fixed assets in progress	0	0	0
TOTAL OTHER TANGIBLE FIXED ASSETS	15,666	(14,108)	1,558

Movements for the period			Closing situation		
Additions	Net disposals	Amortisation	Historic cost	Accum. Amortis.	Balance as at 31.03.2005
		(11)	44,791	(44,730)	61
353		(638)	26,965	(19,931)	7,034
		(16)	2,673	(2,609)	64
		0	65	0	65
		(4)	164	(58)	106
353	0	(669)	74,658	(67,328)	7,331

Movements for the period			Closing situation		
Additions	Net disposals	Amortisation	Historic cost	Accum. Amortis.	Balance as at 31.03.2005
0	(4,373)	(211)	60,966	(8,720)	52,246
0	0	0	0	0	0
0	(4,373)	(211)	60,966	(8,720)	52,246

Movements for the period			Closing situation		
Additions	Net disposals	Amortisation	Historic cost	Accum. Amortis.	Balance as at 31.03.2005
0	0	(2)	224	(216)	8
0	0	(36)	1,733	(1,382)	351
7	(10)	(172)	13,706	(12,720)	986
0	0	0	0	0	0
7	(10)	(209)	15,663	(14,317)	1,345

ATTACHMENT 3

ANALYSIS OF SHAREHOLDERS' EQUITY AS AT MARCH 31, 2005

<i>Euro in thousands</i>	31.03.2005	31.12.2004	31.03.2004
Subscribed capital or equivalent	72,567	72,567	72,567
Net equity reserves	270,181	270,181	244,397
Consolidation reserve	116,197	116,197	112,572
Reserve for difference in valuation regarding shares in non-consolidated companies	21,592	21,592	1,394
Reserve for exchange rate difference	77	77	77
Reserves for own shares and shares of the parent company	2,045	2,045	2,091
Consolidated profit to be allocate	141,286	0	129,427
Profit (loss) for the period	42,481	141,286	46,586
TOTAL GROUP SHAREHOLDERS' EQUITY	666,426	623,945	609,111

Euro in thousands

31.03.2005

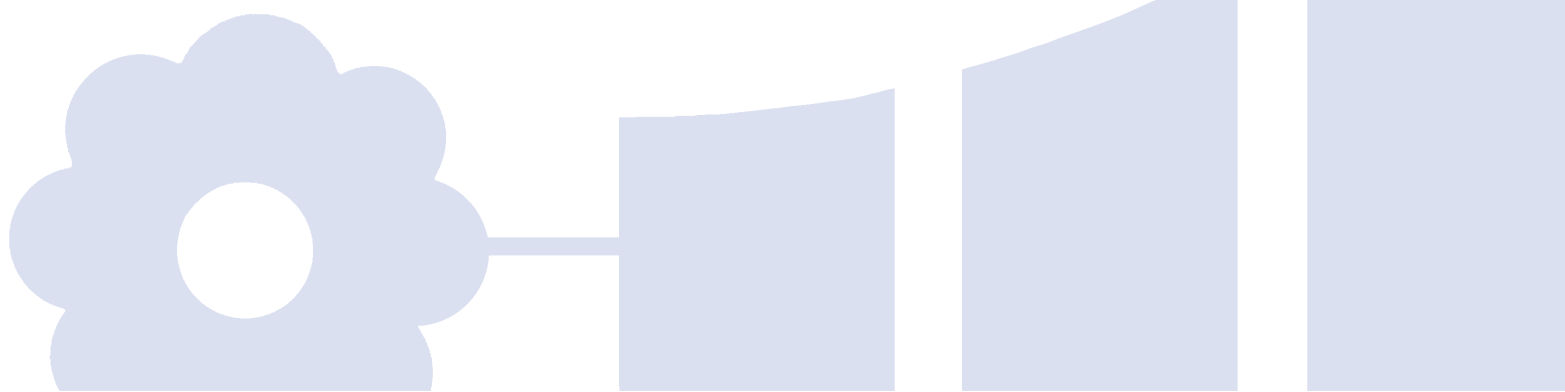
ATTACHMENT 4

CONSOLIDATED CASH FLOW STATEMENT AS AT MARCH 31, 2005

A) SOURCE OF FINANCE	
Cash flows generated by operations:	
Group profit (loss) for the period	42,481
Change in technical reserves net of reinsurance	486,147
Amortisation, depreciation of tangible and intangible assets	1,095
Net Provision for risks and charges	10,361
Net change in employee termination indemnity	(100)
Net change in other receivables and payables and other assets and liabilities	(15,147)
TOTAL CASH FLOWS GENERATED BY OPERATIONS	524,837
Decrease in tangible and intangible assets	4,382
Decrease own shares	0
Decrease in other financial investments	35,610
Share capital increase	0
TOTAL CASH FLOW GENERATED	564,829
B) APPLICATION OF FUNDS	
Increase in tangible and intangible assets	365
Increase in other financial investments	472,176
Distributed dividends	0
TOTAL APPLICATION OF FUNDS	472,541
C) CASH FLOW FOR THE PERIOD (A-B)	92,288
D) Cash and liquid assets (opening balance)	216,692
E) Cash and liquid assets (closing balance)	308,980
F) CHANGE IN CASH AND LIQUID ASSETS (E-D)	92,288

MEDIOLANUM S.P.A.

*DIRECTORS' REPORT
ON OPERATIONS
AS AT MARCH 31,
2005*



The Mediolanum Group in the 1st quarter 2005

At the end of the 1st Quarter 2005 the Mediolanum Group posted a net profit of 42,481 thousand Euro, marginally down on the outstanding result in the 1st Quarter 2004, when the state of the financial markets was notably propitious (31.03.2004: 46,586 thousand Euro; -8.8%).

The main factors underlying this successful quarterly performance are a result of the appreciably higher inflows recorded. Life products, in particular, attracted inflows that were up by 26% for the quarter as against the corresponding period in 2004. Concurrently, the result for the quarter was influenced by the greater costs that were incurred in the marketing thrust, still in course, to promote the launch of the new current account and the new “Riflex” credit card.

THE MARKET IN WHICH THE GROUP OPERATES

The first months of 2005 saw a continuation of the general improvement in the global economy at a macroeconomic level, though over the last weeks in the quarter the pace of growth slowed in all the major geographical regions. In the 1st Quarter 2005 GDP in the United States rose by 3.1% as compared with 3.8% in the 4th Quarter 2004 and many sectors in the economy expanded though not at the rate expected by the more bullish economists. In particular, GDP growth was not accompanied by a substantial improvement in the jobs market, a *sine qua non* for the long-term sustainability of private-sector consumption. The end of the extraordinary policy of tax benefits for the automotive industry together with fierce competition from the Asiatic countries resulted, from the start of the year, in a severe contraction in car sales, with negative repercussions throughout industry at large.

In the United States inflationary pressures began to feed through into producer prices, vindicating the timely reversion to normal interest rate levels by the Federal Reserves, which at the end of March increased the rate for federal funds to 2.75% (3% at the start of May).

In Asia, despite a tightening of monetary policy by the Authorities aimed at checking run-away growth, GDP in China continues to surge ahead and economic expansion proceeds in those countries most dependent on exports to the United States. By contrast, and amid universal disappointment, the revival of the Japanese economy, overdue following a decade of stagnation, still shows no sign of taking place.

The European economy, held back by its structural rigidities and an exchange rate for the Euro against the major currencies that does little to help exports, is still struggling. Leaving aside the United Kingdom, where the economy appears to be more closely in step with the United States, growth forecasts appear to be very modest and are continuously revised downwards.

Moreover, the steep hike in oil prices and its implications for inflationary growth now makes any monetary policy move by the European Central Bank to boost growth a distant prospect.

The Italian economy – assailed by aggressive sales penetration from Asian manufacturers, especially in those sectors most closely linked with the output of flagship Italian exports – offers nothing in the way of relief from this overall picture.

While the initial reports of first-quarter results from companies are not at odds with analyst predictions, the signs that macroeconomic variables are worsening and that confidence is waning has pushed up the risk premium for equity investors and strengthened their propensity to seek safe returns, with the result that bonds have risen in value.

There appears to be little real change in the macro-economic outlook for the next few months: namely, growth should pick up but less than expected, interest rates will be low, and the presence of liquidity in the system should favour investment in equities. The risk/return ratio of the latter, given the expectations, lend them a competitive appeal as against other forms of investment.

To facilitate an appreciation of the progress of the Group, the section below, “Group performance: Core Business”, covers the performance of the Mediolanum Group, leaving aside the Fibanc Group, Mediolanum International S.A., Mediolanum Private S.A.M., Bankhaus August Lenz & Co. AG, the Gamax Group, and the Banca Esperia Group.

The performance and the results of those concerns not included in the core business are examined in the section “Group performance: New Ventures”.

PERFORMANCE OF THE GROUP

**GROUP
PERFORMANCE:
CORE BUSINESS**

BANKING ACTIVITY

During the first three months of the year gross inflows to the bank for asset management services were 1,048 million Euro (as compared with 1,005 million Euro at 31st March 2004), matched by net inflows of 305 million Euro (as compared with 422 million Euro at March 31, 2004).

Active current accounts at 31 March 2005 numbered 349,190 (31.03.2004: 331,639), while the total number of customers named as the lead account holders of products sold by Banca Mediolanum was 784,900 (31.03.2004 : n. 780,700). Balances in customer accounts fell from 3,064 million Euro at March 31, 2004 to 2,973 million Euro at the end of the 1st Quarter 2005.

In total, assets under administration by the Bank at March 31, 2005 (deposits in current accounts plus holdings of securities) were 4,422 million Euro as against 4,490 million Euro for the corresponding period in the previous year (-1.5%).

Lending to customers rose from 335 million Euro at March 31, 2004 to 542 million Euro at the end of the quarter under review.

Direct lending by the Bank in the quarter totalled 17 million Euro, while the value of placements of home loans issued by Unicredit *Banca per la Casa* fell, down from 121 million Euro a year ago to 52 million Euro in the quarter under review.

The number of licensed financial advisors in the sales network remained broadly steady at 4,015 (31.03.2004: 4,049) while that of non-licensed financial advisors was scaled back to 730 (31.03.2004: 929).

As regards the profitability of the Bank, the interest margin at March 31, 2005 was 12,324 thousand Euro, representing an advance of 6.8% on the same period in the previous year (31.03.2004: 11,539 thousand Euro).

Net commission margins declined from 27,141 thousand Euro at March 31, 2004 to 23,546 thousand Euro at the end of the 1st Quarter 2005. This decrease is due in particular to the fall in commission income from placing home loans and to the changed mix of commissions for the services distributed.

The quarterly result of Banca Mediolanum S.p.A. was further conditioned by its higher costs over this period – some 5 million Euro – incurred through its marketing efforts, still in progress, to promote the launch of its new current account and the new “Riflex” credit card.

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

<i>Euro in thousands</i>	1 st Q 05	1 st Q 04	31.12.2004
Banca Mediolanum S.p.A.	(4,325)	783	45,489

In the 1st Quarter 2005 total gross inflows for the mutual fund and managed account business were 349.2 million Euro (31.03.2004: 451.8 million Euro), while net inflows were lower by 20.9 million Euro (31.03.2004: +56.5 million Euro).

Total assets under management at March 31, 2005 amounted to 11,350.6 million Euro (31.12.2004: 10,958.4 million Euro; 31.03.2004: 10,668.8 million Euro), an increase of 3.6% on 31 December 2004 and of 6.4% as against the corresponding period in the previous year.

**MUTUAL FUNDS
AND MANAGED ACCOUNTS**

Net profit of companies operating in the “Management” field in which investments are held (valued on an equity basis):

<i>Euro in thousands</i>	1 st Q 05	1 st Q 04	31.12.2004
Mediolanum Gestione Fondi SGR p.A	1,399	1,722	8,521
Mediolanum International Funds Ltd	32,340	36,465	122,708

The difference between the results in the 1st Quarter 2005 and the 1st Quarter 2004 reflects the lower performance commission income earned during the quarter under review.

Gross inflows for the quarter were 695.1 million Euro, a rise of 26.6% as compared with the 1st Quarter 2004 (549.1 million Euro). New Business amounted to 482.6 million Euro, an increase of 35% as compared with the 1st Quarter 2004 (357.6 million Euro).

Single premiums increased by 40% as against 1st Quarter 2004, their total value moving up to 443 million Euro (31.03.2004: 316 million Euro).

At 39.7 million Euro, deferred annuities were broadly on a par with their level in the corresponding period of the previous year.

Life reserves stood at 10,572 million Euro (31.03.2004: 9,097 million Euro), representing a rise of 16.2%.

THE LIFE BUSINESS

At March 31, 2005 the value of gross inflows to Mediolanum Vita was 570 million Euro. Those to Mediolanum International Life totalled 147 million Euro, of which 22 million Euro (31.03.2004: 22 million Euro) was sourced from insurance products sold in Spain and Germany through the sales networks of the Fibanc and Gamax Groups and that of Bankhaus August Lenz & Co. AG.

Net profit for the period of companies operating in the Life insurance sector in which investments are held (valued on a line-by-line basis):

<i>Euro in thousands</i>	1 st Q 05	1 st Q 04	31.12.2004
Mediolanum Vita S.p.A.	16,715	11,627	23,484
Partner Time S.p.A.	(359)	2	(626)
Mediolanum International Life Ltd	(277)	613	4,409

(*) The entire loss at December 2004 was made good by the parent company which disbursed 800 thousand Euro booked as a payment to cover losses.

OTHER PRODUCTS

Net profit for the period of other companies (valued on an equity basis):

<i>Euro in thousands</i>	1 st Q 05	1 st Q 04	31.12.2004
Mediolanum Asset Management Ltd	841	815	3,378
Mediolanum Comunicazione S.p.A.	22	(140)	57
Mediolanum Fiduciaria S.p.A.	(7)	(6)	(21)
PI Distribuzione S.p.A.	53	(16)	184
Alboran S.p.A.	169	n.d.	30

NEW VENTURES

FIBANC GROUP

At March 31, 2005 the sales network fielded a total of 596 sales persons (31.03.2004: 560), of which 411 were Global Consultants operating on a sole basis and modelled on the licensed financial advisors of Banca Mediolanum (407 at March 31, 2004).

The first few months of 2005 saw a strong emphasis placed on training of Global Consultants with regard both to their knowledge of the new products and their sales technique and this yielded appreciable results in terms of individual sales productivity. On the other hand, training specifically for supervisory personnel will enable recruitment plans to be made and the numerical strength of the sales force to be enhanced.

Volumes of the Fibanc Group

<i>Euro in millions</i>	1 st Q 05	1 st Q 04	31.12.2004
Assets under administration	2,093	1,966	2,016
Gross inflows	152	78	394
Net inflows	20	1	7

Employees

<i>Units</i>	I st Q 05	I st Q 04	31.12.2004
Clerical personnel	211	221	216
Managers	12	17	13
TOTAL	223	238	229

Net profit of the Fibanc Group

<i>Euro in thousands</i>	I st Q 05	I st Q 04	31.12.2004
Fibanc Group	140	288	445

The Gamax Group, comprising a holding company with interests in two Luxembourg fund management companies and in two distribution companies operating in Germany and in Austria, ended the quarter with a net result of 700 thousand Euro. This was broadly in line with the result in the corresponding period in the previous year.

GAMAX GROUP

I volumi del Gruppo Gamax

<i>Euro in millions</i>	I st Q 05	I st Q 04	31.12.2004
Assets under administration	379	427	387
Gross inflows	21	33	95
Net inflows	(15)	(13)	(44)

Employees

<i>Units</i>	I st Q 05	I st Q 04	31.12.2004
Clerical personnel	22	21	20
Managers	5	5	5
TOTAL	27	26	25

The strength of the sales network as determined by the monthly average number of business finders in service during the quarter was 151 as compared with 163 in the corresponding period in the previous year.

Net profit of the Gamax Group

<i>Euro in thousands</i>	I st Q 05	I st Q 04	31.12.2004
Gamax Group	700	695	1,587

Work continued throughout the quarter on creating a multi-channel bank that reproduces the Banca Mediolanum model on the German market.

The main thrust of the work during the quarter was to build up the sales network through intensive training and to identify and select high-quality personnel.

Net profit of Bankhaus August Lenz & Co. AG

<i>Euro in thousands</i>	I st Q 05	I st Q 04	31.12.2004
Bankhaus August Lenz & Co. AG	(2,267)	(2,360)	(11,800)

(*) The entire loss at December 2004 was made good by the parent company through specific measures adopted during 2004.

In April 2005 the respective parent company, Banca Mediolanum, provided an overall total of 2,300 thousand Euro as a payment to cover losses for the year.

Volumes of Bankhaus August Lenz & Co. AG

<i>Euro in millions</i>	I st Q 05	I st Q 04	31.12.2004
Assets under administration	49	177	53
Gross inflows	(5)	104	(16)
Net inflows	(5)	104	(20)

The reason behind the marginally negative inflows and their much reduced level as against the 1st Quarter 2004 is the policy change regarding the returns paid on the bank's current accounts.

Employees

<i>Units</i>	I st Q 05	I st Q 04	31.12.2004
Clerical personnel	31	31	30
Managers	5	4	5
TOTAL	36	35	35

The number of sole agents working for the sales network at the end of the 1st Quarter 2005 was 95 (31.03.2004: 83).

The Banca Esperia Group (a 50-50 joint-venture between Mediobanca and Mediolanum) brings together a parent company, Banca Esperia S.p.A. (a bank specialising in private banking) and its subsidiary companies, Duemme SGR p.A. (a fund management company), Duemme Hedge SGR p.A. (a hedge fund management company) and the newly formed Duemme Trust Company (a trust company under Italian law).

In the 1st Quarter 2005 the Banking Group Banca Esperia achieved a substantial profit of 2,079 thousand Euro, which compares with 1,372 thousand Euro in the corresponding period in the previous year.

Inflows continue to mark out a positive trend, with net inflows totalling 153 million Euro (31.03.2004: 308 million Euro). At the same time assets under administration amount to 5,006 million Euro. This compares with 3,448 million Euro for the corresponding period in the previous year (+45.2%).

Volumes of the Banking Group Banca Esperia

<i>Euro in millions</i>	I st Q 05	I st Q 04	31.12.2004
Assets under administration *	5,023	3,448	4,826
Gross inflows	532	338	2,531
Net inflows	153	308	1,643

(*) The value of the assets under administration is stated net of subscription payments into SICAVs made by Banca Esperia customers under their individual managed accounts.

Net profit of the Banking Group Banca Esperia

<i>Euro in thousands</i>	I st Q 05	I st Q 04	31.12.2004
Banking Group Banca Esperia	2,079	1,372	8,528

Net profit of the other companies:

<i>Euro in thousands</i>	I st Q 05	I st Q 04	31.12.2004
Mediolanum International S.A.	(172)	(177)	(1,137)
Mediolanum Private S.A.M. in liquidation	(18)	(123)	(725)

NEW INITIATIVES: OTHER COMPANIES

Mediolanum Private S.A.M. ceased trading in the last financial year and on December 30, 2004 the Extraordinary Meeting of Shareholders formally voted to wind up the company. It is expected that the company will be definitively deleted from the Monaco Company Register by the end of the first half of 2005.

VOLUMES

Volumes, broken down by main business lines, show the following trends:

The “Core Business”

<i>Euro in millions</i>	I st Q 05	I st Q 04	% change
MANAGED SAVINGS			
<i>LIFE INSURANCE PRODUCTS</i>			
Life premiums written	695.1	549.1	26.6
Of which:			
New business	482.6	357.6	35.0
In-force business	212.5	191.5	11.0
<i>MUTUAL FUNDS AND MANAGED ACCOUNTS</i>			
Consolidated net inflows	(20.9)	56.5	n.d.
Of which:			
Consolidated gross inflows	349.2	451.8	(22.7)
ADMINISTERED SAVINGS			
<i>CURRENT ACCOUNTS AND SECURITIES</i>			
Consolidated net inflows	14.1	(104.1)	n.d.

The “New Initiatives”

<i>Euro in millions</i>	I st Q 05	I st Q 04	% change
MANAGED SAVINGS			
<i>LIFE INSURANCE PRODUCTS</i>			
Life premiums written	22.1	22.1	0
<i>MUTUAL FUNDS AND MANAGED ACCOUNTS</i>			
Consolidated net inflows	89.6	144.4	(38.0)
Of which:			
Consolidated gross inflows	426.3	260.2	63.8
ADMINISTERED SAVINGS			
<i>CURRENT ACCOUNTS AND SECURITIES</i>			
Consolidated net inflows	(24.7)	95.8	n.d.

Consolidated assets under administration

<i>Euro in millions</i>	I st Q 05	I st Q 04	% change
Life reserves	10,571.9	9,097.0	16.2
Mutual funds and managed accounts	11,350.6	10,668.8	6.4
Direct and indirect bank inflows	4,422.8	4,489.9	(1.5)
Pension funds	20.7	164.2	(87.4)
Consolidation adjustments	(4,837.6)	(4,080.3)	18.6
TOTAL “CORE BUSINESS”	21,528.4	20,339.6	5.8
Fibanc assets under administration*	2,092.9	1,965.9	6.5
Gamax assets under administration	379.3	427.4	(11.2)
Bankhaus August Lenz assets under administration	48.6	177.3	(72.6)
Banca Esperia assets under administration**	2,436.2	1,672.3	45.7
Med. Private assets under administration	0	14.7	n.d.
TOTAL “NEW VENTURES”	4,957.0	4,257.6	16.4
GROUP TOTAL	26,485.4	24,597.2	7.7

(*) This figures includes 161.1 million Euro in assets managed by Mediolanum International Life Ltd and placed through the Fibanc network (31.03.2004: 95.1 million Euro).

(**) The figures shown for Banca Esperia are pro rata to the holdings in it.

The sales network

Units	1 st Q 05	1 st Q 04	31.12.2004
Licensed financial advisors (Banca Mediolanum)	4,015	4,049	4,048
Non-licensed financial advisors (Banca Mediolanum)	730	929	768
Credit executives	51	0	41
Partner Time insurance agents *	802	862	628
TOTAL "CORE BUSINESS"	5,598	5,840	5,485
Fibanc Group network	596	560	626
Gamax Group network **	151	163	147
Bankhaus August Lenz & Co. network	95	83	98
TOTAL "NEW VENTURES"	842	806	871
TOTAL	6,440	6,646	6,356

(*) The strength of the Partner Time network is quantified according to the number of advisors and partners who were operative during the last half-year. To enable a comparison the number relating to March 31, 2004, previously calculated applying a different method, has been re-stated.

(**) The strength of the Gamax Group network is quantified on the basis of the average number of business finders operative per month during the period under review. To enable a comparison the numbers relating to March 31, 2004 and to 31 December, 2004, numbers that had previously been calculated applying a different method, have been re-stated.

Employees

The trend in the number of Mediolanum Group employees is as below:

Units	1 st Q 05	1 st Q 04	31.12.2004
Managers	71	73	69
Supervisory personnel	151	140	153
Clerical personnel	972	894	934
TOTAL "CORE BUSINESS"	1,194	1,107	1,156
Managers	22	27	23
Clerical personnel	264	274	266
TOTAL "NEW VENTURES"	286	301	289
TOTAL	1,480	1,408	1,445

During the 1st Quarter 2005 Banca Mediolanum embarked on its *4Freedoms* operation, a major marketing push aimed at attracting new custom.

The operation presents a new range of innovative products and, in particular, introduces the new Reflex current account and the new Mediolanum Reflexcard multi-functional credit card.

Support was provided in March with a big advertising campaign in the media-mainstream and satellite television, daily newspapers, periodicals, radio, Internet, and maxi-sized billboards.

Other initiatives will entail organising a host of events so that the new products can be presented to Mediolanum customers and to potential customers who can be introduced to the Mediolanum product range.

Operation *4Freedoms* also includes a series of incentives in the form of commissions to sales network personnel.

EVENTS DURING
THIS PERIOD

CHANGEOVER TO
INTERNATIONAL
ACCOUNTING PRINCIPLES
(IAS/IFRS)

The first effects of the launch, already observable in April, are judged to be positive and highly encouraging for the future.

Finally, in February Mediolanum Gestione Fondi SGR adopted resolutions setting up a new closed-end real estate fund that can issue shares at subsequent six-monthly intervals and approving the fund rules. The fund will be targeted at the general savings public and professional investors.

At the end of the 1st Quarter 2005 work to enable the Mediolanum Group to move over to the IAS/IFRS principles is still in progress. These quarterly accounts are therefore presented on the basis of the same accounting principles as in the 2004 Financial Statements.

In its Resolution 14990 of April 14, 2005, CONSOB, the stock market regulator, amended the regulations for issuers of financial instruments and in so doing updated the rules on financial statement information following the introduction of the IAS/IFRS international accounting principles. The CONSOB resolution brought in transitional arrangements that give issuers a choice either of preparing the first two quarterly reports and the half-year report in accordance with the previous standards or of applying the new accounting principles, and it sets out the timescale and the content. In particular, issuers have the option of approving the half-year report based on IAS/IFRS no later than September 30, 2005 and this will dispense them from having to publish the second quarterly report, conditional on giving notice to this effect to CONSOB and the public.

In applying the new accounting principles the Mediolanum Group has had to make organisational and procedural changes and the attendant process of readying the computer procedures to output the income-statement and balance-sheet data is not yet complete. Nor, pending the imminent definition of the relevant regulations, have the forms and the content of the financial statements been finalised.

As things stand, it may reasonably be anticipated that there will be changes in the presentation of financial statement items relating to goodwill, to financial assets, notably securities and derivatives, and to technical insurance items concerned with financial Life policies. Less significant alterations concerning financial statements regard duties on companies arising from the allocation of stock options, the presentation of real-estate assets, and valuation of bank lending.

It is anticipated that further effort will be called for to meet the requirements set by the new accounting principles for the full-year and interim disclosure.

In view of the progress in the work to effect the changeover to the IAS/IFRS principles and of the option issuers have been granted by CONSOB to approve the half-year report by September 30, 2005 (a condition for being dispensed from publishing the second quarterly report), Mediolanum S.p.A. expects to be able to bring forward the preparation of its first IAS/IFRS-based accounts and make them concurrent with the consolidated half-year report at June 30, 2005, rather than start with the quarterly report at September 30, 2005, as was previously announced

No significant events have occurred since March 31, 2005 such as might have a significant impact on the company's financial and asset situation or its economic results.

SIGNIFICANT
POST-BALANCE SHEET
EVENTS

Given the results by the Mediolanum Group in the first few months of 2005, the consolidated full-year results for 2005 are expected to be positive.

EXPECTED FUTURE TRENDS

For the Board of Directors

Roberto Ruozi

Chairman

Following the enactment of Law Decree 173/97 (specifically article 58, point 2), the Mediolanum Group has a duty to draw up the consolidated financial statements according to the form adopted by 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 business does not come within that of insurance companies in a strict and proper sense (Banca Mediolanum S.p.A., Mediolanum Gestioni Fondi SGR p.A., Mediolanum Asset Management Ltd, Mediolanum International Funds Ltd, Fibanc Inversiones S.A. and its subsidiary companies, Mediolanum International S.A. and its subsidiary companies) the consolidated financial statements adopt the form of insurance company accounts that allows for an equity-based consolidation of the above companies operating in banking and financial services. Since we felt it was essential to provide readers with 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 appreciation of the Mediolanum Group; it is not intended to provide information on the changes between the accounting balances.

Consolidated income statement of the Group, including the financial statements of controlled companies excluded from consolidation of insurance companies, drawn up on a line-by-line basis.

RECLASSIFIED INCOME STATEMENTS

<i>Euro in thousands</i>	Mediolanum Group		Core Business	
	31.03.2005 (*)	31.03.2004 (*)	31.03.2005 (* *)	31.03.2004 (* *)
Premiums from insurance activities				
Gross premiums written	717,193	571,253	695,105	549,112
Reinsurance ceded	(1,321)	(1,442)	(1,307)	(1,437)
Commission income from financial activities and other income				
Entry fees	8,582	7,971	7,392	7,144
Management fees	48,858	45,392	44,804	40,786
Performance fees	15,679	24,780	15,179	24,311
Bank service margin	16,975	22,593	12,815	18,805
Bank interest spread	14,648	15,358	12,810	13,306
Other commissions	2,210	2,694	2,296	2,647
Other revenues	3,333	1,294	2,469	1,252
TOTAL REVENUES	826,158	689,893	791,563	655,925
Change in Life insurance reserve and service to policyholders, net of reinsurance	(644,576)	(509,752)	(624,882)	(490,352)
Acquisition costs, net of reinsurance	(58,154)	(54,498)	(52,705)	(49,267)
General costs	(62,059)	(53,456)	(52,202)	(44,247)
Amortisation/depreciation and provisions	(13,336)	(15,114)	(5,956)	(8,201)
Net investment and asset income	11,963	6,587	9,401	5,913
Figurative proceeds from shareholdings in New Ventures ***	0	0	2,065	1,925
Adjustments to the value of financial investments	(2,181)	(1,316)	(2,181)	(1,316)
OPERATING PROFIT	57,815	62,345	65,103	70,381
Non-recurring extraordinary income and charges	7	(101)	7	(101)
PROFIT BEFORE TAXES	57,822	62,244	65,109	70,280
Taxes for the year	(15,341)	(15,670)	(14,848)	(16,480)
Profits from minority interests	(0)	(12)	0	0
PROFIT FOR THE YEAR PERTAINING TO THE GROUP	42,481	46,586	50,262	53,801

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

(* *) Consolidated Mediolanum Group – "Core Business".

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