

Milan, 27 March 2006

Egregio signor
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Egregio signor Doris,

DISCLOSURE ON THE EMBEDDED VALUE

Tillinghast, the global insurance and financial services consulting business of Towers Perrin, has assisted the Mediolanum Group regarding the methodology and the assumptions to be used, and has calculated the embedded value of the Group as at 31 December 2004 and 2005, together with the embedded value earnings in the year 2005, concerning the life and asset management businesses distributed in Italy and Spain and the most significant parts of the Italian banking business.

For the financial year ending 31 December 2005, Mediolanum has adopted the European Embedded Value (EEV) Principles published by the CFO Forum in May 2004. The methodology, the main assumptions and the results are explained in more detail in the attached supplementary information disclosure document. In particular a market-consistent approach has been used in the valuation of financial risk.

EMBEDDED VALUE

Using the methodology and the main assumptions summarised in the supplementary information document, the following table shows the principal results at a consolidated level as at 31 December 2005 and 2004 determined in accordance with the EEV Principles.

Embedded Value (Euro million)		
31 December	2004	2005
Adjusted net worth	501	648
value of in-force life business	1,552	1,793
value of in-force asset management business	368	410
value of in-force banking business	72	100
Value of in-force business	1,992	2,303
Embedded Value	2,493	2,951

The discount rates vary between lines of business since they reflect the risk profile of the underlying business; the average discount rates, weighted by value of in-force business are 6.27% and 5.80% as at 31 December 2004 and 2005 respectively.

EMBEDDED VALUE EARNINGS

The following table shows the principal components of the Mediolanum Group's embedded value earnings in the year 2005.

Embedded Value Earnings (Euro million)	
	2005
Expected return	143
Experience variances	259
Operating assumption changes	(43)
Economic assumption changes	31
Tax assumption changes	-
New Life business	162
New Asset Management business	52
New Banking business	10
Embedded value earnings	614

OPINION

Tillinghast has assisted the Mediolanum Group regarding the methodology and assumptions to be used, and has calculated the European Embedded Value of the Group as at 31 December 2004 and 2005, together with the embedded value earnings in 2005. The estimates of value determined by Tillinghast are based on information provided by the Mediolanum Group which has been reviewed for reasonableness and consistency with industry knowledge, but Tillinghast has not undertaken independent checks of the data and other information supplied.

Tillinghast considers that the methodology and assumptions used comply with the EEV Principles and Guidance as published by the CFO Forum, and in particular:

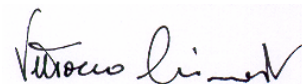
- that the methodology makes allowance for the aggregate risks in the covered business through:
 - (i) the incorporation of risk margins in the discount rate used to discount projected future profits determined using best estimate assumptions, using
 - a) a market-consistent valuation of financial risk,
 - b) an allowance for non-financial risk based on the frictional cost of an amount of capital that would be required to cover operational risk requirements under Basle II and the value at risk with respect to key operating variables such as persistency, costs and management fees,
 - (ii) the deduction of the cost of required capital based on minimum EU solvency margins for non-index-linked life business, and a risk-based capital allowance for index-linked business; and
 - (iii) the deduction of the time value of financial options and guarantees for traditional business;
- that the operating assumptions are reasonable in the context of recent available experience and the expected future operating environment;
- that the economic assumptions used are internally consistent and consistent with observable market data.
- for revaluable business, the assumed revaluation rates, and the retrocession rates, are consistent with the projection assumptions, established company practice and local market practice.

Tillinghast considers that the results for the embedded value, embedded value earnings and the value of new business, reported in the enclosed supplementary information, are reasonable in the context of embedded value reporting under the EEV Principles.

Yours sincerely



Andrew Milton
Fellow of the Institute of Actuaries



Vittorio Chimenti
Attuario