

Milan, 28 March 2007

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 2005 and 2006 together with the embedded value earnings in the years 2005 and 2006, concerning the life and asset management businesses distributed in Italy and Spain and the most significant parts of the Italian banking business.

For all the values shown in this document, Mediolanum has adopted the European Embedded Value (EEV) Principles published by the CFO Forum. 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 2006, determined in accordance with the EEV Principles.

Embedded Value (Euro million)

	31 December 2005	31 December 2006
Adjusted net worth	648	749
value of in-force life business	1,793	1,895
value of in-force asset management business	410	346
value of in-force banking business	100	132
Value of in-force business	2,303	2,373
Embedded Value	2,951	3,122

The discount rates vary between lines of business since they reflect the risk profile of the underlying business; the average discount rate, weighted by value of in-force business is 6.73% as at 31 December 2006 (5.80% as at 31 December 2005).

EMBEDDED VALUE EARNINGS

The following table shows the principal components of the Mediolanum Group's embedded value earnings in the years 2005 and 2006.

Embedded Value Earnings (Euro million)

	2005	2006
Expected return	143	153
Experience variances	259	(19)
Operating assumption changes	(43)	(57)
Economic assumption changes	31	(39)
Business transformations	-	2
New Life business	162	211
New Asset Management business	52	46
New Banking business	10	15
Embedded value earnings	614	312

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 2005 and 2006, together with the embedded value earnings in the years 2005 and 2006. In determining the estimates of value Tillinghast has relied on data and 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 Basel 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 have been set with appropriate regard to past, current and expected future experience;
- 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