

Milan, 11 September 2006

Egregio signor
Ennio Doris
Amministratore Delegato
Mediolanum S.p.A.
Via F. Sforza - Milano 3 City

20080 BASIGLIO (MI)

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 30 June 2006, 31 December 2005 and 30 June 2006, together with the embedded value earnings in the first half of 2006, in the full year 2005, and in the first half 2005, 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 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 30 June 2006, 31 December 2005 and 30 June 2005, determined in accordance with the EEV Principles.

Embedded Value (Euro million)			
	30 June 2006	31 December 2005	30 June 2005
Adjusted net worth	658	648	570
value of in-force life business	1,802	1,793	1,757
value of in-force asset management business	394	410	397
value of in-force banking business	120	100	83
Value of in-force business	2,316	2,303	2,237
Embedded Value	2,974	2,951	2,807

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 is 6.62% as at 30 June 2006 (5.80% as at 31 December 2005 and 5.48% as at 30 June 2005).

EMBEDDED VALUE EARNINGS

The following table shows the principal components of the Mediolanum Group's embedded value earnings in the first half of 2006, in the full year 2005, and in the first half of 2005.

Embedded Value Earnings (Euro million)			
	1st half 2006	Year 2005	1st half 2005
Expected return	76	143	71
Experience variances	(94)	259	163
Operating assumption changes	-	(43)	(8)
Economic assumption changes	(29)	31	94
Life business transformations	-	-	1
New Life business	110	162	77
New Asset Management business	32	52	11
New Banking business	9	10	3
Embedded value earnings	104	614	412

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 30 June 2006, 31 December 2005 and 30 June 2005, together with the embedded value earnings in the first half of 2006, in the full year 2005, and in the first half of 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:

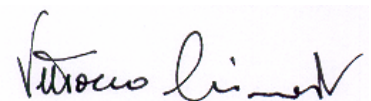
- that the methodology makes allowance for the aggregate risks in the covered business through:
 - (i) the incorporation of risk margins in the discount rate used to discount projected future profits determined using best estimate assumptions, using
 - a) a market-consistent valuation of financial risk,
 - 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