

Milan, 24 March 2009

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

20080 **BASIGLIO** (MI)

Egregio signor Doris,

## **DISCLOSURE OF EMBEDDED VALUE INFORMATION**

Tillinghast, the insurance and financial services consulting business of Towers Perrin, has been engaged by Mediolanum S.p.A. in relation to the disclosure of embedded value information of the Mediolanum Group for 2008, and relating in particular to the life and asset management businesses distributed in Italy and Spain and the most significant parts of the Italian banking business.

We have provided assistance to Mediolanum regarding the methodology and the derivation of assumptions to be used. Mediolanum has calculated values in respect of the most significant parts of its life insurance and asset management businesses, and we have carried out a review of these results, without however undertaking detailed checks of all the models, processes and calculations involved. We have calculated the values for the remaining business, and have undertaken an overall review of the embedded value and the embedded value earnings of the Group.

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**

The following table shows the principal components of the Mediolanum Group's consolidated embedded value as at 31 December 2007 and 2008, as provided in the Supplementary Information document.

<b>Embedded Value (Euro million)</b>		
<b>31 December</b>	<b>2007</b>	<b>2008</b>
Adjusted net worth	740	502
value of in-force life business	1,938	1,662
value of in-force asset management business	313	251
value of in-force banking business	173	129
Value of in-force business	2,424	2,042
Embedded Value	3,164	2,544

### **EMBEDDED VALUE EARNINGS**

The following table shows the principal components of the Mediolanum Group's embedded value earnings in the years 2007 and 2008.

<b>Embedded Value Earnings (Euro million)</b>		
	<b>2007</b>	<b>2008</b>
Expected return	176	193
Experience variances	(284)	(730)
Operating assumption changes	(89)	(97)
Economic assumption changes	(21)	(35)
Tax assumption changes	12	-
New Life business	319	133
New Asset Management business	52	51
New Banking business	18	7
<b>Embedded value earnings (before 'Lehman Bros.' operation)</b>	<b>183</b>	<b>(478)</b>
Impact of 'Lehman Bros.' operation		(108)
<b>Embedded value earnings (incorporating 'Lehman Bros.' operation)</b>		<b>(586)</b>

### **OPINION**

We have assisted the Mediolanum Group regarding the methodology and the derivation of the assumptions to be used, and have reviewed the calculation of the European Embedded Value of the Group as at 31 December 2008 and 2007, together with the embedded value earnings in the year 2008, including the value of 2008 new business.

We consider 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 a market-consistent 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; and
- for revaluable business, the assumed revaluation rates, and the retrocession rates, are consistent with the projection assumptions, established company practice and local market practice.

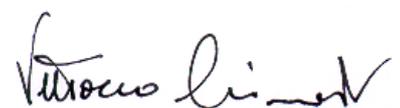
We have reviewed the calculations of the embedded value, embedded value earnings and value of new business reported above and consider that these results have been determined, in all material respects, in accordance with the methodology and assumptions set out in the Supplementary Information disclosure document.

In arriving at these conclusions, we have relied on data and information made available by Mediolanum S.p.A. and its subsidiaries, which has been examined for reasonableness and consistency with our industry knowledge, but we have not undertaken independent checks of the data and other information supplied. This opinion is made solely to Mediolanum S.p.A. in accordance with the terms of our engagement letter. To the fullest extent permitted by applicable law, we do not accept or assume any responsibility, duty of care or liability to anyone other than Mediolanum S.p.A. for or in connection with our review work, the opinions we have formed, or for any statement set forth in this letter.

Yours sincerely



Andrew Milton  
Fellow of the Institute of Actuaries



Vittorio Chimenti  
Attuario